



SUMITOMO MITSUI FINANCIAL GROUP
SUMITOMO MITSUI BANKING CORPORATION

2016 ANNUAL REPORT

YEAR ENDED MARCH 31, 2016

Editorial Policy

This annual report conveys financial and non-financial information about the overall picture, business strategy, and corporate infrastructure of Sumitomo Mitsui Financial Group (SMFG). It has been compiled with reference to the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) in December 2013.

Scope of Report

Period covered: Fiscal 2015 (April 2015 to March 2016)

Some subsequent information is also included.

Organizations covered: Sumitomo Mitsui Financial Group and its subsidiaries and affiliates

Published

August 2016

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995) regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include: deterioration of Japanese and global economic conditions and financial markets; declines in the value of our securities portfolio; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; exposure to new risks as we expand the scope of our business; and incurrence of significant credit-related costs. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements.

Please refer to our most recent disclosure documents such as our annual report or registration statement on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as our earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and our operating results, and investors’ decisions.

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Financial and Non-Financial Highlights (Fiscal 2015)

(SMFG consolidated basis unless stated otherwise)

Fiscal 2015 Performance

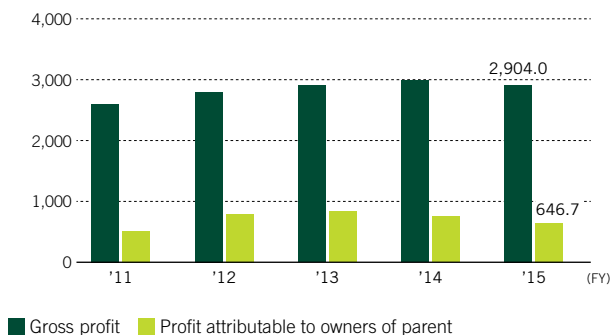
Consolidated gross profit

¥2,904.0 billion

Profit attributable to owners of parent

¥646.7 billion

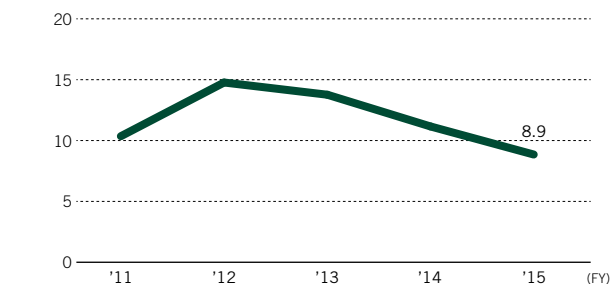
(Billions of yen)



ROE*

8.9%

(%)

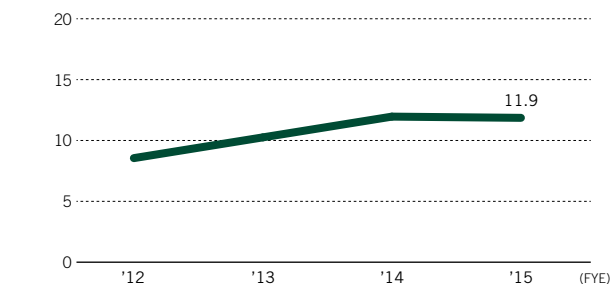


* Calculated using stockholders' equity as the denominator

Common Equity Tier 1 capital ratio*

11.9%

(%)

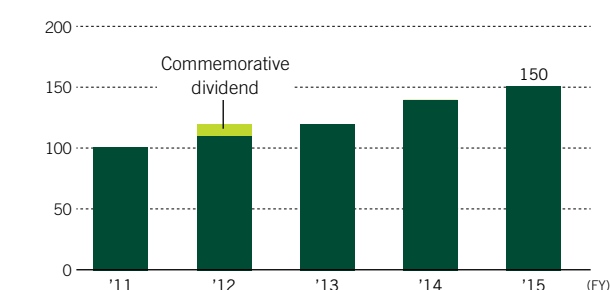


* Basel III fully-loaded basis, based on the definition applicable at March 31, 2019

Dividend per share

¥150

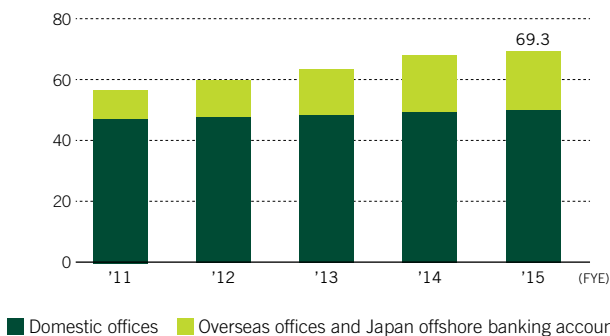
(Yen)



Loan balance (SMBC non-consolidated)

¥69.3 trillion

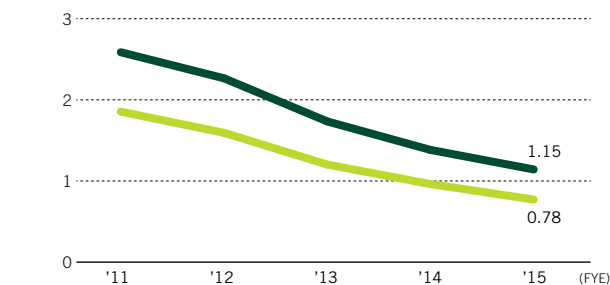
(Trillions of yen)



Non-performing loan ratio

1.15% (SMBC non-consolidated: 0.78%)

(%)



Domestic Business

Number of offices

506 main office and branches (SMBC)
123 branches (SMBC Nikko Securities)

Number of ATMs (including partner ATMs)

Approx. 50,000 (SMBC)

Number of corporate loan clients

Approx. 90,000 (SMBC)

Operating assets

Approx. ¥2.5 trillion
(Sumitomo Mitsui Finance and Leasing)

Number of retail banking accounts

Approx. 27 million (SMBC)

Number of brokerage accounts

Approx. 3 million
(SMBC Nikko Securities + SMBC Friend Securities)

Number of cardholders

Approx. 41 million
(Sumitomo Mitsui Card Company + Cedyne (cumulative number))

Number of consumer finance customers

Approx. 1.6 million
(SMBC Consumer Finance consolidated)

International Business

Number of overseas offices

72 offices in 38 countries and regions
(SMBC and others*)

* Includes SMBC's overseas offices and major overseas banking subsidiaries and affiliates, etc.

Overseas banking profit ratio

Approx. 35%
(Managerial accounting basis, net business profit)

→ Approx. 10 percentage point increase from fiscal 2013



Environment, Social, Governance (ESG)

Assessment Loans / Private Placement Bonds*

Approx. ¥1.6 trillion (SMBC)

Number of participants at financial and economic education programs organized by SMFG companies

Approx. 170,000 (cumulative number)

Number of staff participating in voluntary activities

Approx. 6,100 (cumulative number)

→ Approx. 9% of the workforce

Number of directors and outside directors
(As of June 30, 2016)

14 directors
Of whom 5 are outside directors (SMFG)

* Cumulative, from commencement of financing to March 31, 2016



Human Resources

Number of employees

Approx. 70,000

Number and ratio of female managers

743
15.7% (SMBC)

Male recipients of childcare leave

466 (SMBC)



To our stakeholders

Koichi Miyata

President
Sumitomo Mitsui
Financial Group, Inc.

Takeshi Kunibe

President and CEO
Sumitomo Mitsui
Banking Corporation

**We will become a global financial group that,
by earning the highest trust of our customers,
leads the growth of Japan and the Asian region**

We sincerely thank you for your continued support and patronage. The 2016 Annual Report summarizes our initiatives aimed at increasing corporate value, together with financial and non-financial information. We would like to explain about (a) the progress of the medium-term management plan and the financial results of fiscal 2015 (fiscal year ended March 2016), (b) the current business environment, (c) our management policy going forward and, (d) delivering value to stakeholders.

Progress of the medium-term management plan and financial results of fiscal 2015

As part of the current medium-term management plan (from fiscal 2014 to 2016), Sumitomo Mitsui Financial Group, Inc. (SMFG) and Sumitomo Mitsui Banking Corporation (SMBC) set four three-year management goals in order to realize our vision for the next decade: “We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and Asian region”. While we are making solid progress in many areas, adjustments need to be made in some areas due to changes in the business environment.

Vision for the next decade

We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region

We will become a truly Asia-centric institution

We will develop the best-in-class earnings base in Japan

We will realize true globalization and continue to evolve our business model

Three-year management goals

- (1) Develop and evolve client-centric business models for main domestic and international businesses
- (2) Build a platform for realizing Asia-centric operations and capture growth opportunities
- (3) Realize sustainable growth of top-line profit while maintaining soundness and profitability
- (4) Upgrade corporate infrastructure to support next stage of growth



“While we are making solid progress in many areas, adjustments need to be made in some areas due to changes in the business environment.”

We will now go over the initiatives we have implemented in accordance with each of the three-year management goals.

(1) Develop and evolve client-centric business models for main domestic and international businesses

First, as for developing and evolving client-centric business models, we have bolstered our capabilities as a group by strengthening collaboration and integration between our banking and securities businesses, domestic and international offices, and wholesale and retail operations to enhance our ability to meet our clients' needs which are becoming more diverse and sophisticated. In the international business, we are promoting cross-selling of products and services, such as securities and transaction-related services, to our clients and making efforts to improve the profitability and diversity of our portfolio by increasing high-profit assets.

These initiatives have led to an increase in (a) domestic loans, (b) individual clients' assets under management, and (c) profits from our overseas securities operations as well as securing margins in our international businesses, which have steadily enhanced SMFG's competitiveness.

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For more about BTPN, please see page 40.

(2) Build a platform for realizing Asia-centric operations and capture growth opportunities

With the aim of realizing Asia-centric operations, we have strengthened our presence in Asia by opening new offices in the region and turning local banks such as the Bank of East Asia of Hong Kong and ACLEDA Bank of Cambodia into equity-method affiliates. In Indonesia, where we are aiming to create a new franchise in addition to our franchise in Japan, we are collaborating with PT Bank Tabungan Pensiunan Nasional (BTPN), a local bank and our equity-method affiliate, in the mobile banking business. We are making steady progress in becoming a leading financial group in Asia and establishing the reputation that we are the Asia experts.

(3) Realize sustainable growth of top-line profit while maintaining soundness and profitability

While we made a good start in the first year of the medium-term management plan, growth in our top-line profit slowed down in fiscal 2015, the second year of the plan. The main reason behind the slowdown was the deterioration of market conditions, especially in the second half of the fiscal year; for example declining stock prices and the yen's appreciation. In addition, one-off factors such as provisions for losses on interest repayments at our consumer finance subsidiaries and an impairment loss on goodwill of investments in BTPN resulted in consolidated ordinary profit of ¥985.3 billion and consolidated net income^{*1} of ¥646.7 billion. We feel that the progress made against our financial targets, apart from financial soundness, were disappointing. As we will explain in more detail later on, we believe that it is important to place more focus on our bottom-line profit given the significant changes in our business environment since we developed the medium-term management plan.

*1 Profit attributable to owners of parent

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For more about financial review, please see page 68.

Progress on financial targets

		FY 3/15	FY 3/16	FY 3/17 Targets
Growth	Growth rate of Consolidated gross profit	+2.8%	+0.2% ^{*2}	around+15% ^{*2}
	Consolidated ROE	11.2%	8.9%	around 10%
Profitability	Consolidated net income RORA	1.1%	0.97%	around 1%
	Consolidated overhead ratio	55.7%	59.4%	in the mid 50%
Soundness	Common Equity Tier 1 capital ratio ^{*3}	12.0%	11.9%	around 10%

*2 Consolidated gross profit increase in comparison with FY 3/14 figure

*3 Basel III fully-loaded basis. Based on the definition as of March 31, 2019

(4) Upgrade corporate infrastructure to support the next stage of growth

We implemented various initiatives aimed at enhancing corporate governance and promoting diversity as part of our efforts to upgrade our corporate infrastructure. In May 2015 we established the "SMFG Corporate Governance Guideline", which sets out SMFG's principles and guidelines on corporate governance. We also increased the number of external board members in June 2015 with the aim of bringing more varied external perspectives into management. We believe that we have been able to establish a more effective corporate governance framework through these initiatives.

To our stakeholders

In the promoting of diversity, we are continuously working to create an environment that enables women to actively participate in the workplace. For example, we established a “Diversity and Inclusion Committee” at SMBC chaired by the President and CEO to implement a variety of measures to support the career development of female employees. Such initiatives have led to solid results as the percentage of women in managerial positions increased from 10.5% as of March 31, 2014 to 15.7% as of March 31, 2016. We also introduced initiatives overseas to appoint locally hired officers to senior positions. The number of locally hired executive officers at SMBC has increased from two at the start of the medium-term management plan to seven as of June 30, 2016. We can confidently say that we have made steady progress in the diversification of human resources.

Current business environment

When we turn our eyes to the current business environment, we see a lot of uncertainty in the global economy given the slowdown of emerging markets, including China, and resource exporting countries, in addition to the rise of geopolitical risks. Also, although maintaining a virtuous cycle, the Japanese economy lacks momentum due to the sluggish global economy and financial markets. Consequently, our business environment is becoming increasingly challenging. Moreover, we cannot ignore the tremendous pace at which IT is evolving. While the spread of IT in the finance industry has great potential to drastically improve client experience and reduce our costs, we must keep in mind that such trends may lead to intensifying competition between not only established industry players, but also with non-financial corporates.

Furthermore, we are seeing uncertainty in the regulatory environment surrounding financial institutions. An international regulatory framework, referred to as “Basel III”, was introduced in fiscal 2012 in response to the global financial crisis of 2008 to 2009. There are now ongoing discussions on further tightening of regulations. While the regulations of financial institutions have a stabilizing affect on the financial system, introduction of excessive regulations may limit the financial intermediary function of such institutions. To this end, we will work with relevant authorities as well as other financial institutions, and voice our opinion when necessary.

On the other hand, “change” brings opportunity. For example, one of the major changes that occurred in fiscal 2015 was the Bank of Japan introducing the negative interest rate policy. Although it may take some time for the policy to show effects on the real economy, as long as we fully address our clients’ needs, the policy should act as a tailwind in the “shift from savings to investments”, as we will explain in more detail later.

Our management policy going forward

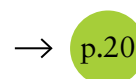
Next, we will explain our management policy from the following three perspectives: “Business strategy”, “Enhancing corporate governance and business management framework” and, “Capital policy”.

Business strategy

Although the business environment has changed since we announced our medium-term management plan, the set of medium- to long-term assumptions such as a maturing domestic market with an aging population, the shift from savings to investments, growth in Asia, and technological innovation have not changed. Consequently, our visions for the future such as “becoming a truly Asia-centric institution” and “developing the best-in-class earnings base in Japan” also remain unchanged. However, taking into consideration the current changes in the economic and regulatory environments, we believe it is necessary to become more risk sensitive and to strengthen our focus on bottom-line profit, instead of aggressively pursuing top-line growth. We will prioritize our efforts on further solidifying our strengths – profitability and efficiency.

Specifically, we will work to expand non-interest income and secure margins both in our domestic and international businesses by continuing to focus on promoting collaboration and integrating operations within the group.

Some examples of our domestic initiatives are (a) providing appropriate consulting services and investment products to individual clients who are having difficulty in investing under the current negative interest rate environment and (b) increasing loans that provide solutions such as cross-border M&A finance to Japanese corporate clients whose operations are increasingly becoming more global. The objective of the merger between SMBC Nikko Securities and SMBC Friend Securities, and the consolidation of Sumitomo Mitsui Asset Management Company, both announced in May 2016, was to enhance our ability to respond to our clients’ needs.



For more about business strategy, please see page 20.

“We will prioritize our efforts on further solidifying our strengths—profitability and efficiency.”



To our stakeholders

In regards to our international business, our overall policy is to expand cross-selling to non-Japanese clients and improve the profitability of our asset portfolio, while paying close attention to credit and foreign currency liquidity risks given the current business environment. As for the Asia region, we will set priorities and allocate resources to capture Asia's growth over the medium to long term as well as globally enhance the services we offer to our global clients by leveraging our strengths in the region.

We will also make efforts to reduce expenses. In addition to our on-going efforts to control expenses on a group basis, we established a group-wide expense reduction committee this fiscal year to thoroughly review our medium- to long-term expense structure. We will review and eliminate redundant operations and functions in areas such as administration, systems, personnel and Corporate Real Estate (CRE) within the group. We will also share business infrastructure and further prioritize strategic areas.

With regard to IT, we engaged in various new initiatives including the introduction of electronic loan contracts and the establishment of a joint venture with GMO Payment Gateway, a major E-Commerce payment services company. Moving forward, under the open innovation concept, we will continue to proactively utilize both internal and external expertise and resources, including forming cross-industrial alliances, so that we can provide cutting-edge services that address our clients' changing needs in a timely manner. We believe that amendments to Japan's Banking Act enacted in the Diet this year, which included provisions facilitating investments in FinTech companies by financial groups, will also boost SMFG's initiatives.

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For more about corporate governance, please see page 48.

Enhancing corporate governance and business management framework

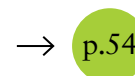
The year 2015 is said to be year one for corporate governance in Japan. In June 2015, "Japan's Corporate Governance Code" formulated by The Tokyo Stock Exchange became effective. We believe that robust corporate governance and business management framework play an extremely important role in increasing corporate value in the medium to long term. We will continue to make every effort to enhance these two areas.

In order to further enhance our corporate governance framework, SMFG announced in May 2016 the transformation into a Company with Three Committees, subject to approval by its ordinary general meeting of shareholders scheduled in June 2017. While we already had been working to establish a robust corporate governance framework, we believe that this change will improve accountability towards our stakeholders, strengthen the supervisory function of the Board of Directors, and further expedite the execution of operations. We will continue our efforts to reinforce corporate governance as one of the Global Systemically Important Financial Institutions ("G-SIFIs").

In addition, we announced (a) the implementation of a CxO⁴ system in which the CxO will oversee the respective planning and administrative functions of the group and (b) the setting up of group-wide business units, both of which will be introduced in April 2017. The objective is to implement an integrated business management framework, strategy planning and business promotion on a group-wide basis. We will strive to enhance the profitability and efficiency of our group by establishing a framework that is both highly effective and enables us to fully address our clients' needs.

Moreover, we have implemented the Risk Appetite Framework (“RAF”) in order to secure an appropriate risk-return profile. RAF is a framework used to control risk on a group-wide basis, based on the proper understanding of the current business environment, by clarifying the category and quantity of risk (“risk appetite”) that will be taken to achieve profit growth, and managing these risk through the application of certain measures (risk appetite measures). RAF is becoming increasingly important amid the rapidly changing business environment and we will strive to achieve sustainable growth by continuously upgrading this framework.

*4 General term for group chief officers such as Chief Financial Officer and Chief Risk Officer

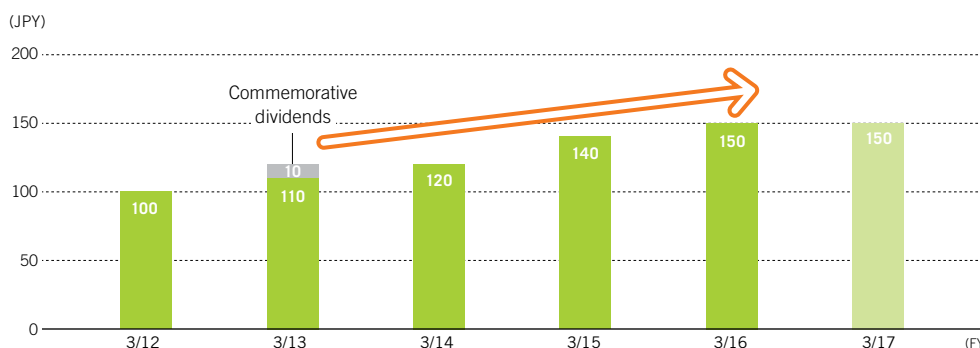


For more about risk management initiatives, please see page 54.

Capital policy

Capital policy is an important factor that affects corporate value. As mentioned earlier, regulatory authorities are undertaking an ongoing review of international financial regulations which may affect the adequacy of financial institutions’ capital; however, the impact of such discussions is still unclear. Under such circumstances, we will continue to pay close attention to regulatory trends and implement a capital policy that strikes an appropriate balance between investments in growth opportunities, return to shareholders, and capital accumulation while working to secure financial soundness so that we can fulfill our role in society. We will strengthen shareholder returns by aiming to increase the dividend per share in a stable manner. For the fiscal year ending March 31, 2017, our dividend payout ratio forecast is 30.2% based on our earnings and dividend targets. We have stated that we are targeting a dividend payout ratio of 30% in the medium to long term, and we are honoring our commitment to our shareholders.

Dividend per share



To our stakeholders

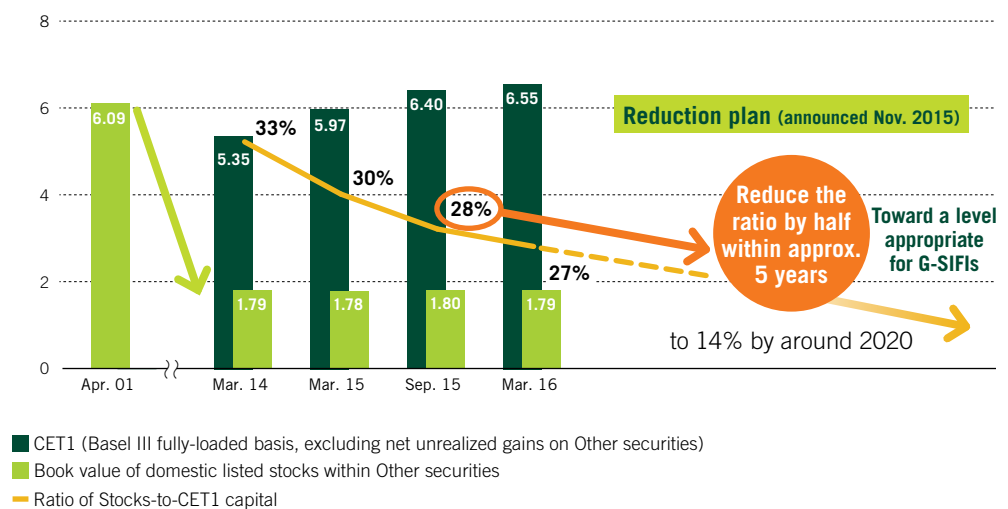
From the standpoint of strengthening our capital base and corporate governance, we also view the reduction of strategic shareholdings as a key management issue. We will continue our efforts to reduce strategic shareholdings to a level appropriate for a G-SIFI in order to mitigate the impact of stock price fluctuations on our capital. As a first step, we aim to have the assurance of reducing the Ratio of Stocks^{*5}-to-CET1 capital^{*6} from 28% at the end of September 2015 to 14% within approximately five years. We will also annually examine the rationale of individual strategic shareholdings for our major counterparties at the Board of Directors meeting. We feel that our clients are becoming more open to giving us consent on selling their shares as a result of the introduction and spread of the corporate governance code in Japan.

*5 Domestic listed stocks held by the group

*6 Basel III fully-loaded basis, excluding net unrealized gains on Other securities

Transition and reduction plan of strategic shareholdings (SMFG consolidated basis)

(JPY tn)



Delivering value to stakeholders

To achieve sustainable growth of our corporate value, it is important to deliver value not only to shareholders but also to various stakeholders including clients, society, and employees.

“Our Mission” states, “We grow and prosper together with our customers, by providing services of greater value to them.” We also set forth “Customer First” as the first of the “Five Values” which are shared among our employees. Using such values as a basis, we will consistently and sincerely work with our clients to address their various needs. In March 2016, we announced “Our commitment to fiduciary duties” that describes our client oriented approach in our wealth management business. In accordance with this announcement, we will strive to further improve the quality of our services.

Moreover, contributing to the sustainable growth of society is an essential mission for us. As for our Corporate Social Responsibility (CSR) initiatives, we have identified three priority themes, “Environment,” “Next Generation”, and “Community”, that we need to address.

Based on the themes, we have implemented various initiatives such as using financial services to address global environmental issues and contributing to the development of a safe community in which the next generation can play an active part vigorously. In fiscal 2015, our eight major group companies obtained or renewed the ISO 14001 environmental certification and SMBC issued a green bond, which limits the use of funds to environmentally friendly projects. Furthermore, we are engaging in financial and economic education initiatives in response to the increasing needs of society for such education, and also playing an active part in supporting rebuilding efforts following the Great East Japan Earthquake and Kumamoto Earthquake. These efforts are made on a group-wide basis.

From the standpoint of delivering value to employees, it is important to create a work environment in which a diversified workforce can fully demonstrate their characteristics and skills. This will lead to the enhancement of our competitiveness. In addition to implementing various measures supporting women's career development, we announced numerical targets and action plans regarding the appointing of women to managerial positions in response to the Act to Advance Women's Success in their Working Life. We have also implemented initiatives to support the balancing of work with caring for elder parents, the reduction of excessive working hours, and the introduction of flexible working hours. We will continue to make every effort to ensure that such initiatives are maintained and strengthened.

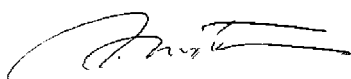
In closing

Japan is now facing a crucial moment of whether it will be able to exit from its long-lasting deflation and return to sustainable growth. We believe it is our mission to support Japan revitalize its economy and beat deflation by supporting the growth of our clients and their innovation related initiatives by actively responding to changes in the business environment and firmly carrying out our responsibilities as a financial intermediary. Furthermore, we are supporting the Tokyo 2020 Olympic and Paralympic Games as a Gold Partner in the Banking category. We are further strengthening our will to "create a new Japan with you" before the upcoming nationwide major event.

We will make every effort to create value for all our stakeholders while ensuring that the "Five Values" (Customer First, Proactive and Innovative, Speed, Quality, Team SMBC / SMFG) are shared by all SMFG members. We hope that we can earn your continued understanding and support.

August 2016

Koichi Miyata
President
Sumitomo Mitsui Financial Group, Inc.



Takeshi Kunibe
President and CEO
Sumitomo Mitsui Banking Corporation



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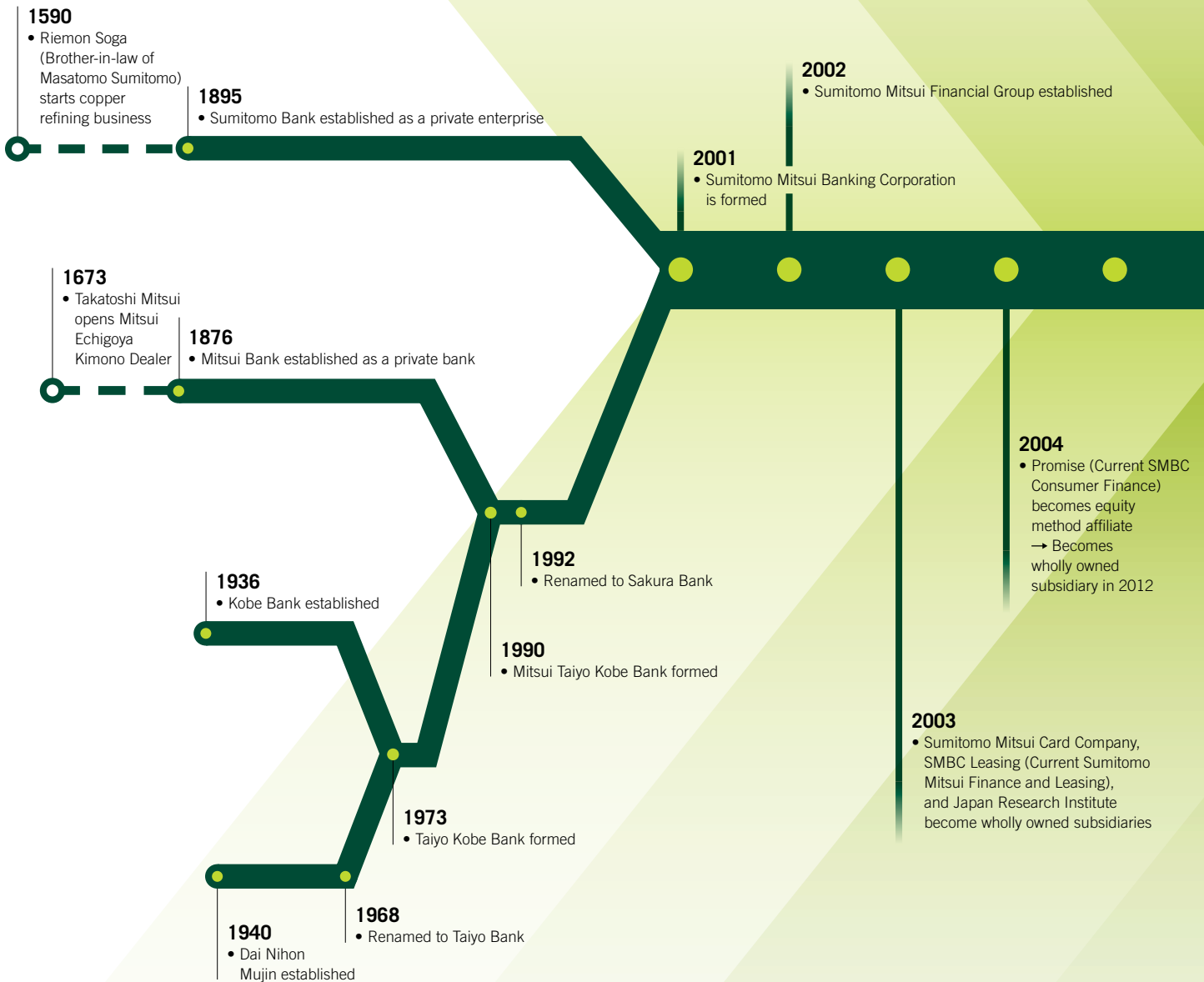
For more about CSR,
please see page 64.

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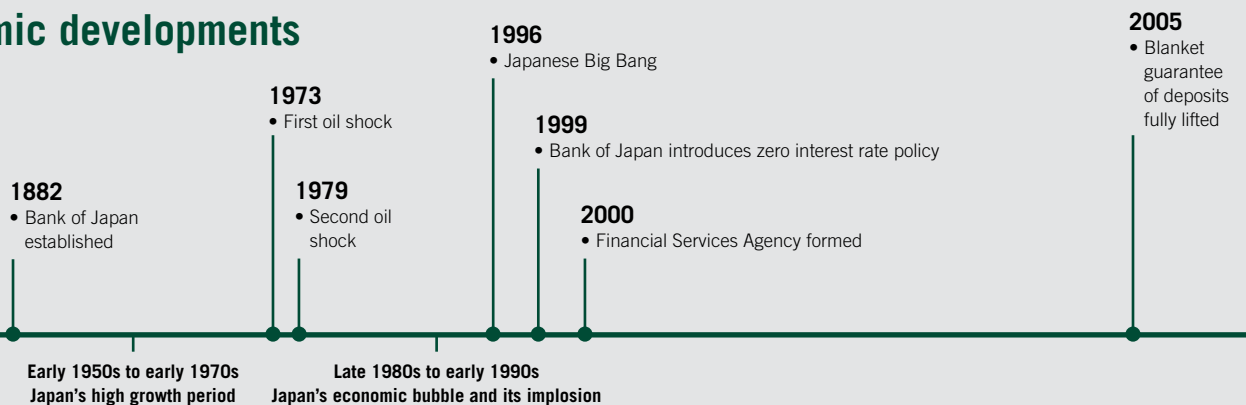
For more about human
resources strategy,
please see page 62.

SMFG's History

Our business can be traced back more than 400 years.



Key economic developments



2006

- Public offering
- Fully repaid public funds

2009

- Public offering

2010

- Public offering
- Listed on New York Stock Exchange
- Relocated Head Office

2006

- SMBC Friend Securities becomes wholly owned subsidiary

2009

- Nikko Cordial Securities (Current SMBC Nikko Securities) joins SMFG
- Cedyna is formed (Equity method affiliate) → Becomes wholly owned subsidiary in 2011

2013

- Societe Generale Private Banking Japan joins SMFG (Current SMBC Trust Bank)
- Bank Tabungan Pensiunan Nasional (BTPN), of Indonesia, becomes equity method affiliate

2015

- Citibank Japan's retail banking operations are integrated into SMBC Trust Bank (Current SMBC Trust Bank PRESTIA)

2007

- Sumitomo Mitsui Finance and Leasing is formed from merger of SMBC Leasing and Sumisho Lease

2008

- Vietnam Exim Bank becomes equity method affiliate

2012

- Royal Bank of Scotland's aircraft leasing business is acquired and integrated into SMFG (Current SMBC Aviation Capital)

2007

- Subprime mortgage crisis

2006

- Bank of Japan rescinds zero interest rate policy

2008

- Financial crisis

2010

- European sovereign debt crisis
- Dodd-Frank Act comes into force in U.S.

2013

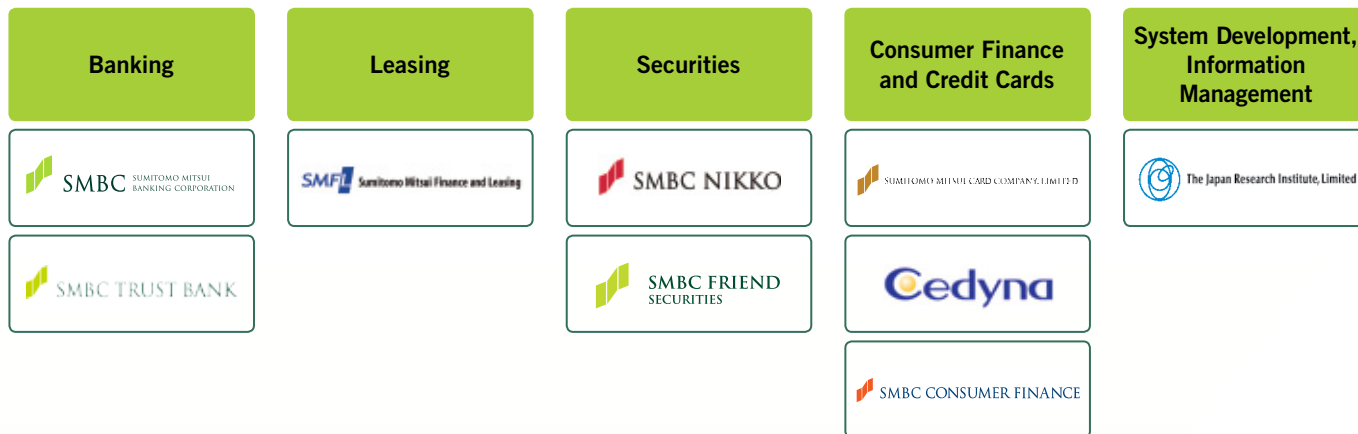
- Bank of Japan introduces quantitative and qualitative monetary easing

2016

- Bank of Japan introduces negative interest rate policy

SMFG Group Outline

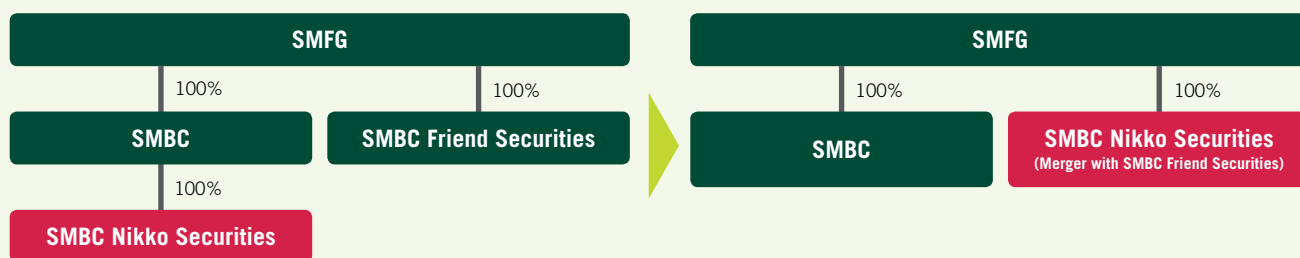
The companies of SMFG offer a wide range of financial services, centered on banking operations.



► Strengthening our competitiveness as a financial services group

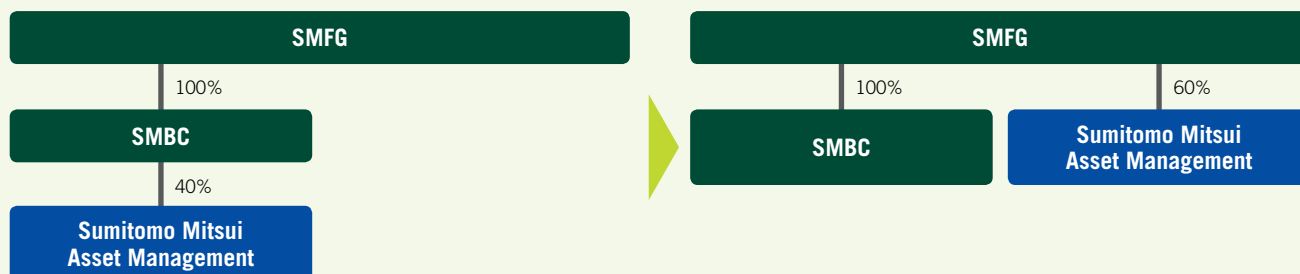
(1) Merger of SMBC Nikko Securities and SMBC Friend Securities

- SMBC Nikko Securities and SMBC Friend Securities are scheduled to merge with the aim of further strengthening SMFG's securities business. We are targeting January 2018 for the merger after a process of consideration and discussions.
- Prior to the merger, our plans call for the holding company SMFG to make SMBC Nikko Securities a direct wholly owned subsidiary in October 2016.



(2) Consolidation of Sumitomo Mitsui Asset Management

- The holding company SMFG is to make Sumitomo Mitsui Asset Management a directly owned subsidiary. The conversion is scheduled for October 2016. In taking this step, we will reinforce efforts to fulfill our fiduciary duty to provide enhanced customer-oriented investment services.



► **SMBC Network** (As of June 30, 2016)

(1) Domestic network

506
main office
and branches

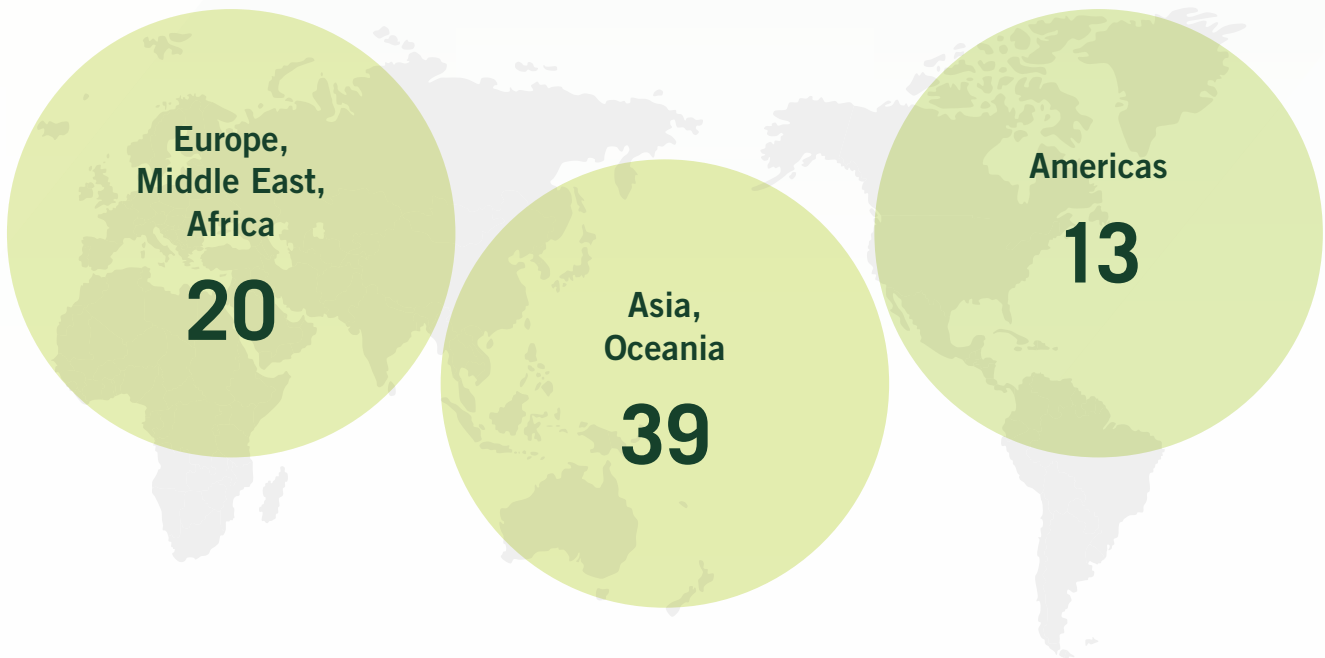
32
sub-branches

107
Area Main
Offices

171
Corporate
Business
Offices

(2) Overseas network*

* Includes SMBC's overseas offices and major overseas banking subsidiaries and affiliates, etc. (excludes offices planned to be closed)



Total
72

SMBC overseas offices

Branches	17
Sub-branches	17
Representative offices	3

Major overseas subsidiaries and affiliates, etc.

Sumitomo Mitsui Banking Corporation Europe Limited	7
Sumitomo Mitsui Banking Corporation (China) Limited	16
Others	12

SMFG's Value Creation Process

SMFG, guided by “Our Mission,” strives to achieve sustainable corporate value growth.

Our Mission

We grow and prosper together with our customers, by providing services of greater value to them.

We aim to maximize our shareholders' value through the continuous growth of our business.

We create a work environment that encourages and rewards diligent and highly-motivated employees.

Five Values

Values shared by our staff and directors in Japan and overseas to guide us in our client-centric approach

Customer First

Proactive and Innovative

Speed

Quality

Team SMBC / SMFG

Sources of Value Creation

Solid customer base

Domestic and international network

Specialized and wide-ranging know-how

Diverse, dedicated, and highly-motivated workforce

Long history and strong brand

Stable financial base

Value Creation Process

Business Strategy

→ p.20

Vision for the next decade*

.....
We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region

Corporate Infrastructure

→ p.46

Value We Create

Greater value of services

Maximization of our shareholders' value

Positive contribution to society as a good corporate citizen

Work environment that allows employees to fully exert their ability

* Announced in May 2014

▶ Business Strategy

21	Business Outline
22	Wholesale Banking Unit (SMBC)
24	Retail Banking Unit (SMBC)
26	International Banking Unit (SMBC)
28	Treasury Unit (SMBC)
30	Sumitomo Mitsui Finance and Leasing
32	SMBC Nikko Securities
34	Consumer finance / Credit card
36	Competitive Advantage in Services, New Businesses
38	Support for Mid-Sized Corporations and SMEs, Vitalization of Local Regions in Japan
40	Special Feature: BTPN—"Do Good and Do Well"
42	Special Feature: PRESTIA—the New Brand Launch
44	Special Feature: FinTech—Promoting Innovation with IT

Business Outline

Wholesale Banking Unit (SMBC)

The Wholesale Banking Unit provides services primarily for large and mid-sized corporate clients in Japan. The services include financing, investment management, hedging, and settlement, in addition to a variety of solutions such as assisting overseas business development, M&A and advising on corporate turnarounds and restructuring.

Consolidated gross profit **¥721.2 billion**
 Consolidated net business profit **¥421.8 billion**

→ p.22

Retail Banking Unit (SMBC)

The Retail Banking Unit provides loans, investment products, and insurance products primarily for individuals and SMEs in Japan in accordance with their financial needs. The unit also offers inheritance and business succession support.

Consolidated gross profit **¥481.5 billion**
 Consolidated net business profit **¥98.3 billion**

→ p.24

International Banking Unit (SMBC)

The International Banking Unit is a growth driver for SMFG. The unit responds to the needs of international companies operating mainly outside of Japan and that are active in Japan by utilizing our global network.

Consolidated gross profit **¥644.8 billion**
 Consolidated net business profit **¥397.9 billion**

→ p.26

Treasury Unit (SMBC)

The Treasury Unit offers services to meet the needs of clients for transactions in the money, foreign exchange, bond, and derivative markets. The unit also undertakes banking operations for balance sheet control and trading operations for trading marketable financial products.

Consolidated gross profit **¥325.6 billion**
 Consolidated net business profit **¥286.8 billion**

→ p.28

Sumitomo Mitsui Finance and Leasing

Sumitomo Mitsui Finance and Leasing is a leading, full-service leasing company in Japan providing financial products and services to assist domestic and overseas corporate clients cope with capital expenditure and financial issues.

Consolidated gross profit **¥142.8 billion**
 Consolidated net business profit **¥80.7 billion**

→ p.30

SMBC Nikko Securities

SMBC Nikko Securities is a leading, full-service securities company in Japan providing sophisticated retail and wholesale services in collaboration with SMBC.

Consolidated gross profit **¥318.0 billion**
 Consolidated net business profit **¥60.8 billion**

→ p.32

Consumer finance / Credit card

This business centers on Sumitomo Mitsui Card Company, Cedyne, and SMBC Consumer Finance, which undertake credit card, installment, and consumer finance businesses.

Consolidated gross profit **¥607.1 billion**
 Consolidated net business profit **¥221.0 billion**

→ p.34

Note: Consolidated gross profit and consolidated net business profit stated in "Business Strategy" pages are on a SMFG managerial accounting basis. Also, year-on-year changes are adjusted for changes in interest rates and exchange rates, etc.

Wholesale Banking Unit (SMBC)



Masaki Tachibana
Deputy President,
Co-Head of Wholesale Banking Unit,
Sumitomo Mitsui Banking Corporation



Fumiaki Kurahara
Senior Managing Director,
Co-Head of Wholesale Banking Unit,
Sumitomo Mitsui Banking Corporation

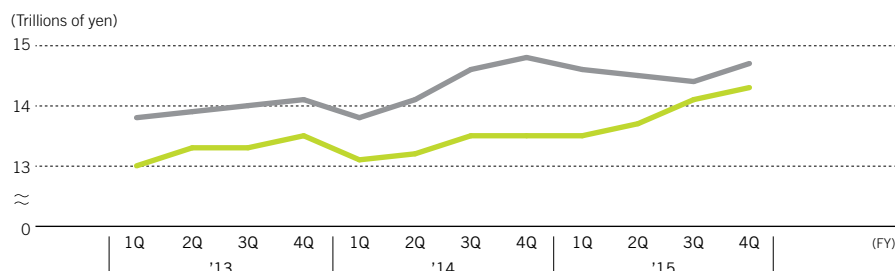
Fiscal 2015 performance

While the first half of fiscal 2015 showed strong results with favorable market conditions, the second half was effected by the significant change of business environment, including the shift of the market triggered by falling resource prices, slowdown of the Chinese economy, and the introduction of the negative interest policy in Japan. As a result, consolidated gross profit of the Wholesale Banking Unit declined by ¥1.5 billion from fiscal 2014, to ¥721.2 billion, and consolidated net business profit declined by ¥6.0 billion, to ¥421.8 billion.

Business environment and strategy going forward

Globalization is accelerating among large companies in particular and the value and number of M&A, including cross-border transactions, is on the rise. With a lot of growth companies emerging, the number of IPO transactions has reached a high level in recent years. These trends are expected to continue and the Wholesale Banking Unit will seek to provide solutions that are finely tuned to companies' business content and growth stage amid diversification in client business strategies and issues. The unit aims to grow with its clients and contribute to development of the Japanese economy.

Lending in the Wholesale Banking Unit (SMBC non-consolidated)*1 *2



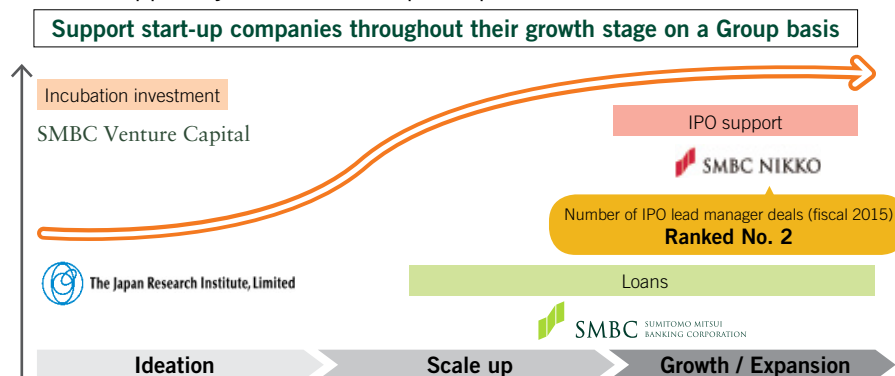
— Mid-sized corporations and SMEs (Corporate Banking Division)

— Large corporations (Global Corporate Banking Division)

*1 Managerial accounting rules were revised.

*2 Quarterly average

SMFG's support system for start-up companies



➡ Please see SMBC Nikko Securities on page 32 for SMFG's wholesale securities business.

► Business matching

In fiscal 2015, we arranged business matching for more than 10,000 businesses in response to client needs for sales channel expansion and collaboration. We also hosted an event on the themes of inbound business and aging society business, which are of great corporate interest. The event was well received by the many companies that participated.



Aging society business matching



SMBC inbound business matching

► Assessment loans / Private Placement bonds

SMBC provides assessment loans / bonds to support client involvement in social issues, such as environmental matters, the role of women workforces, natural disaster response, and food safety. As of March 2016, this funding amounted to ¥1.6 trillion.

* Assessment loans / bonds are a product that provide assessment and consulting for our clients' social initiatives. These are conducted through collaboration with external think tanks.

Year	Name of launched products	Description
2010	SMBC Environmental Friendliness Assessment Loans and Private Placement Bonds (Eco Value-up)	Support for mid-sized corporation and SME environment management
2011	SMBC Food and Agriculture Assessment Loans and Private Placement Bonds	Evaluation of / support for food safety and food culture initiatives
	SMBC Sustainable Building Assessment Loans and Private Placement Bonds	Evaluation of / support for buildings' environmental performance and earthquake resistance
2013	SMBC Business Sustainability Assessment Loans and Private Placement Bonds	Evaluation of / support for business continuity initiatives for such events as earthquakes and floods
	SMBC Sustainability Assessment Loans and Private Placement Bonds	Evaluation of / support for ESG (environment, society, governance) initiatives and the disclosure's appropriateness
2015	SMBC Nadeshiko Loans and Private Placement Bonds	Evaluation of / support for clients' initiatives to promote the role of women

► Support for overseas business development

SMBC holds seminars to provide clients with information about global economic trends, the foreign exchange market, and investment conditions in individual countries. Clients considering starting a business overseas are encouraged to come to us at an early stage so that we can provide tailored information on local laws and regulations and on Japanese companies already present in the country.

For clients who already have business overseas, our Japan and overseas business units collaborate to provide high-quality solutions in such areas as business expansion and reorganization. We also provide wide-ranging advice and practical seminars on foreign trade to support clients in foreign exchange transactions generally.



Nikkei and Nikko joint seminar



Southeast Asian subsidiary management seminar

Retail Banking Unit (SMBC)



Yukihiro Onishi

Senior Managing Director,
Consumer Business Planning Dept.,
Consumer Finance & Transaction
Business Dept.,
Sumitomo Mitsui Financial Group, Inc.

Senior Managing Director,
Head of Retail Banking Unit,
Sumitomo Mitsui Banking Corporation

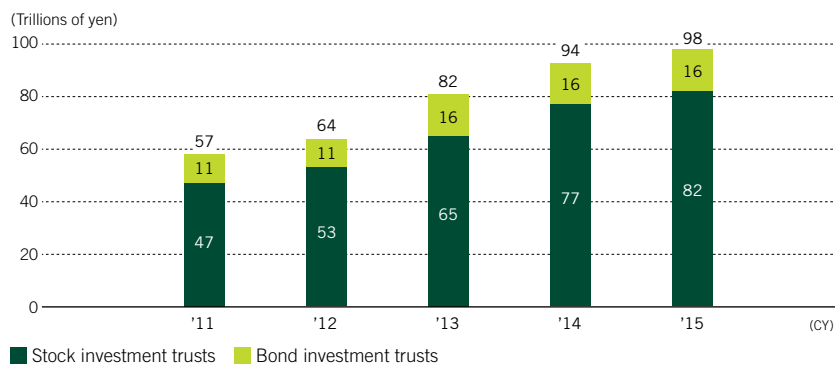
Fiscal 2015 performance

Consolidated gross profit of the Retail Banking Unit increased by ¥4.4 billion from fiscal 2014, to ¥481.5 billion in fiscal 2015. This was a result of an increase in sales of investment products while spreads of mortgage loans declined. However, consolidated net business profit declined by ¥3.3 billion, to ¥98.3 billion, due to higher expenses.

Business environment and strategy going forward

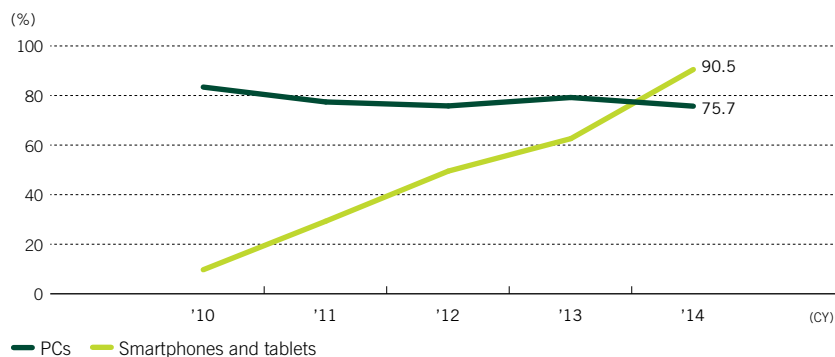
The business environment is changing, driven by factors such as a prolonged period of extremely low interest rates, an accelerating shift from saving to investments, the evolution of IoT, particularly rapid advances in digitization on the spread of smartphones, the advent of a major inheritance phase, and changes in lifestyle. We expect these trends to continue. The Retail Banking Unit is constantly refining its customer-oriented business model as it assesses change in the business environment with the aim of enhancing its level of service. The unit is working with SMFG companies, such as SMBC Nikko Securities and SMBC Trust Bank, to pinpoint the evolving needs of clients with the aim of becoming the most-trusted and No. 1 comprehensive financial service institution.

Total net assets of publicly offered investment trusts



Source: The Investment Trusts Association, Japan

Transitions in household ownership rates for ICT devices

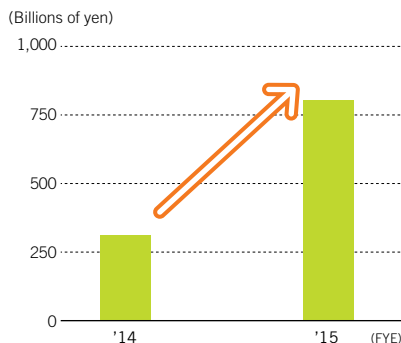


Source: Ministry of Internal Affairs and Communications

▶ Asset growth driven by banking-securities collaboration

SMBC and SMBC Nikko Securities are promoting a new business model (Bank-securities integration model) that fully leverages the specialties of the two companies in all of our branches, which is leading to an increase of assets under management.

Increase balance of investment products*

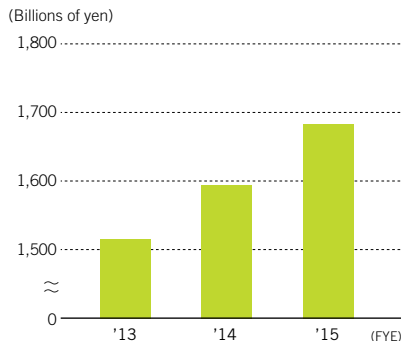


* The net value of SMBC investment product sales and maturities / cancellations plus SMBC Nikko Securities assets, including the assets of customers introduced by SMBC

▶ Card loan growth (Unsecured)

Card loans (unsecured) posted strong growth, reaching approximately ¥1.7 trillion as of March 31, 2016 (the aggregate of SMBC, SMBC Consumer Finance, and Mobit). We will continue to operate with a view to contribute for the sound development of the consumer finance market, seeking to enhance convenience for card loan customers while also protecting them. Appropriate response to customer needs is our underlying approach.

Card loan balance (Unsecured)



▶ “SMBC” brand enhancements

As part of raising brand awareness to the younger generation, SMBC opened an official account on LINE in September 2014 and now has more than 10 million friends. In tandem, we developed an image character called “Midosuke.” We have also worked on increasing convenience for customers by making our smartphone app screen friendlier, with an emphasis on simplicity and easy understanding.

Midosuke



LINE friends

More than 10 million

(As of March 31, 2016)

SMBC smartphone app screen



International Banking Unit (SMBC)



Yasuyuki Kawasaki
Senior Managing Director,
Global Business Planning Dept.,
Sumitomo Mitsui Financial Group, Inc.

Senior Managing Director,
Co-Head of International Banking Unit
(Planning Dept., International Banking Unit,
Emerging Markets Business Division,
Asia Pacific, East Asia),
Sumitomo Mitsui Banking Corporation



Makoto Takashima
Senior Managing Director,
Co-Head of International Banking Unit
(Europe, Middle East and Africa, Americas),
Sumitomo Mitsui Banking Corporation

Fiscal 2015 performance

International Banking Unit was a growth driver for SMFG in fiscal 2015, with consolidated gross profit increasing by ¥58.3 billion, to ¥644.8 billion, and consolidated net business profit by ¥28.1 billion, to ¥397.9 billion. This growth was achieved through expansion of M&A financing for clients and businesses other than loans, such as securities, deposits, and foreign exchange as well as the acquisition of LBO^{*1} assets in Europe from the General Electric Group (GE Group). Overseas deposits reached a record high, reflecting our constant efforts to increase deposits with a view to fleshing out stable foundations for foreign currency financing.

Business environment and strategy going forward

The business environment for financial institutions is characterized by worsening visibility and growing uncertainty due to such factors as U.S. monetary policy, China's economy, resource price movement, and geopolitical risk. Against this backdrop, we will tighten controls for credit, liquidity, and other categories of risk.

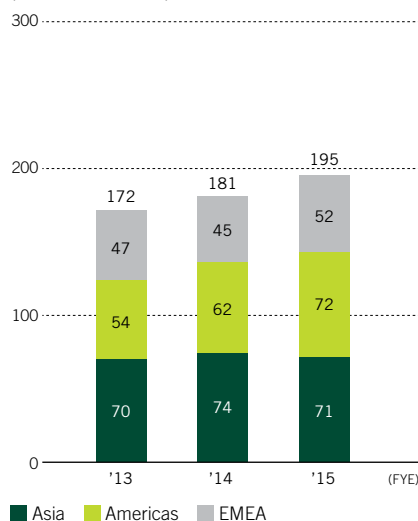
We will play our part fully as an SMFG growth driver, maintaining our “Asia-centric” efforts while clarifying priority segments in Asia. In this way, we aim to engage with Asian growth over the medium to long term and also expand our services for clients in Europe and the Americas on the basis of our advantage in Asia. We will step up cross-selling in securities, deposits, and foreign exchange, which are central to overseas banking, while working to increase the profitability and diversity of our portfolio in areas of SMFG strength. These areas include subscription finance^{*2}, asset finance, such as aircraft and railcar leasing, and LBO assets (for example, the above mentioned assets in Europe acquired from the GE Group in fiscal 2015).

*1 LBO (leveraged buyout): An M&A method used, for example, by private equity funds

*2 Subscription finance: Bridge finance provided, for example, to real estate funds

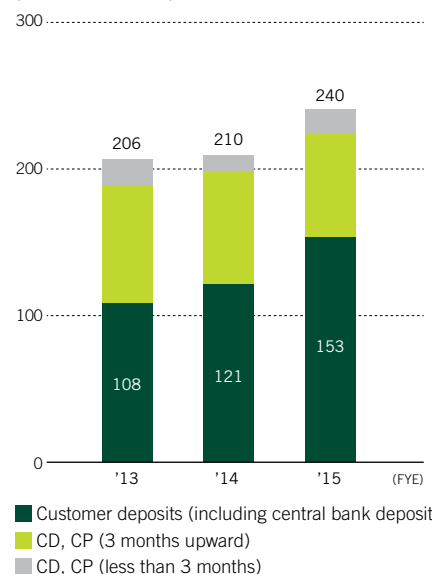
Overseas lending

(Billions of U.S. dollars)



Foreign deposits

(Billions of U.S. dollars)



► Expansion of our global network

Our global network has increased to 72 offices in 38 countries and regions. In 2015, we added the Yangon Branch in Myanmar in April, the Manila Branch in the Philippines in September, and the Frankfurt Branch in Germany in December. In April 2016, we added the Dalian Branch in China. We will use our network to provide wide-ranging responses to the needs of clients developing business in all parts of the world.

Note: In April 2016, we obtained approval to open a front office in the Thilawa Special Economic Zone in Myanmar. In May 2016, we received approval for a sub-branch in Mumbai in India.



► Pursuit of inorganic growth

We are pursuing inorganic growth to expand our business base and diversify and increase the profitability of our asset portfolio in the interests of sustainable growth.

Examples of inorganic growth in fiscal 2015

June 2015	Investment in Financiera de Desarrollo Nacional S.A., of Colombia
September 2015	Acquisition of LBO assets of non-Japanese, mid-sized corporations in Europe from the GE Group
September 2015	Purchase of additional shares of ACLEDA Bank Plc., of Cambodia, which became an equity method affiliate of SMBC
March 2016	Investment in Indonesian automotive finance companies PT Oto Multiartha and PT Summit Oto Finance, which became equity method affiliates of SMBC

► Asset finance

We are developing SMFG's strength in asset finance centered on SMBC Aviation Capital, which has become a leading global aircraft leasing company, and SMBC Rail Services, the North American railcar leasing business we acquired in December 2013.

SMBC Aviation Capital	Ranking for number of aircraft owned and managed ^{*1} : No. 3
SMBC Rail Services	North American railcar lease ranking ^{*2} : No. 6

*1 Sources: *Ascend and Airline Business* (as of December 2015)

*2 Source: *Progressive Railroadings* (as of July 2015)



➔ Please see page 31 for details of aircraft leasing.

Treasury Unit (SMBC)



Seiichiro Takahashi
Deputy President,
Head of Treasury Unit,
Sumitomo Mitsui Banking Corporation

Fiscal 2015 performance

Consolidated gross profit of the Treasury Unit declined by ¥58.1 billion from fiscal 2014, to ¥325.6 billion, and consolidated net business profit declined by ¥60.6 billion, to ¥286.8 billion. Concerns over global economic slowdown and weakening commodity prices made financial markets unstable beginning in the summer, but we were able to secure steady profits through investments mainly in stock index funds.

Business environment and strategy going forward

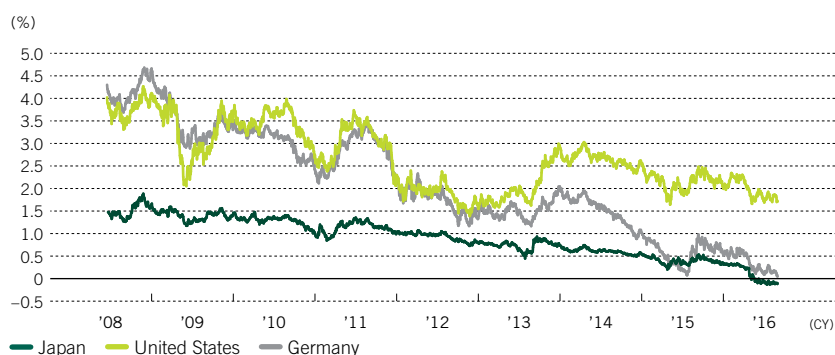
We anticipate further heightened volatility in markets due to factors such as monetary policies in developed countries, economic trends in emerging countries, and geopolitical risks. We also expect global financial regulations to cause reduced market liquidity, making markets even more volatile.

Under such market conditions, we will strengthen our global Asset Liability Management (ALM) by enhancing our funding capabilities as well as expanding our investment portfolio to steadily secure profits while retaining appropriate risk controls. We will also apply our expertise gained from dealing to offer solutions to the sophisticated and diversified needs of our clients.

USD / JPY, Nikkei Stock Average Index



Long-term government bond yields in Japan, the United States, and Germany



► **Providing market-oriented solutions**

In the Treasury Unit, our global network provides robust hedging solutions to our clients based on their needs and global market conditions. We are continuously improving the functionality of our electronic foreign exchange execution platform, i-Deal, to further enhance our clients' experience. We will remain committed to continually providing our clients with industry-leading services.



► **Market sensitive strategic portfolio rebalancing**

By conducting various scenario analyses by dealers around the globe, we strive to find opportunities to optimize our risk-rewards. We identify signs of market change to take advantage of opportunities through dynamic but well-calculated market operations.



► **Sustainable ALM operation**

By diversifying our investment portfolio and enhancing our funding sources, we seek to maximize earnings even under constraints of ever strengthening financial regulations.

Since April 2016, we have established new departments in both SMFG and SMBC in order to enhance group-wide ALM operations. While applying appropriate balance sheet controls in accordance with financial regulations, we are increasing our funding stability by issuing senior debt, including TLAC bonds^{*1}.

Increasing sources of stable funding

We will secure steady funding by catering to a broad range of investor needs.

Issuance record in fiscal 2015

- Green bonds^{*2} **First issuer among Japanese megabanks**
- Formosa bonds^{*3} **First issuer among Japanese megabanks**
- Interbank Renminbi CD..... **First issuer among Japanese banks**
- TLAC bonds^{*1}



^{*1} TLAC (Total Loss Absorbing Capacity) bonds: Bonds issued by holding company of Global Systemically Important Banks (G-SIBs), which covers losses if it defaults.

^{*2} Green bonds: Bonds whose proceeds are mainly used for environmentally friendly projects.

^{*3} Formosa bonds: Bonds issued in Taiwan but denominated in another currency other than the New Taiwanese dollar.

Sumitomo Mitsui Finance and Leasing



Yoshinori Kawamura
President and Representative Director,
Sumitomo Mitsui Finance and
Leasing Company, Limited

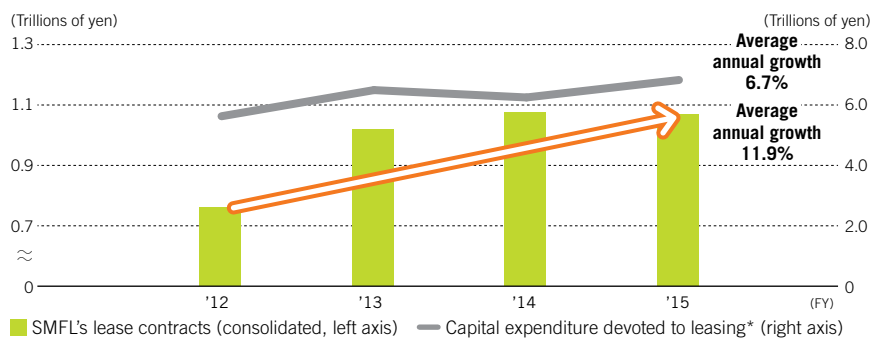
Fiscal 2015 performance

In fiscal 2015, leasing transactions at Sumitomo Mitsui Finance and Leasing (SMFL) amounted to ¥1,994.8 billion and year-end consolidated operating assets was ¥4,192.6 billion. Consolidated gross profit increased by ¥5.8 billion from fiscal 2014, to ¥142.8 billion, and consolidated net business profit increased by ¥0.1 billion, to ¥80.7 billion. In Japan, demand for capital expenditure was firm and led to brisk business in rental and installment sales. Overseas, our aircraft leasing business expanded, we also acquired majority ownership of a German sales finance company as we pursued diversification in the sales finance business.

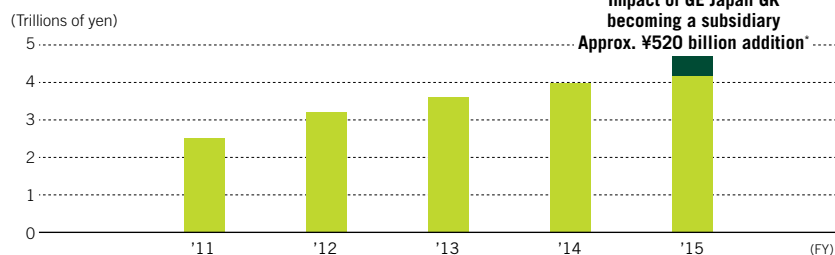
Business environment and strategy going forward

Outlook of the business environment has worsened due to weak recovery momentum in the Japanese economy and continuing concerns of economic slowdown overseas. Against this backdrop, SMFL acquired the General Electric Group's Leasing Business in Japan on April 1, 2016. We will aim to reinforce our position as a leader in Japanese leasing by drawing on our respective expertise and resources to realize synergies. We are seeking business in growth areas including hydrogen and agriculture, and we will tighten risk management especially in our overseas business. In aircraft leasing, we will collaborate with SMFG group companies and the Sumitomo Corporation Group to offer solutions to airlines and investors in Japan and overseas.

Capital expenditure devoted to leasing* and SMFL's lease contracts



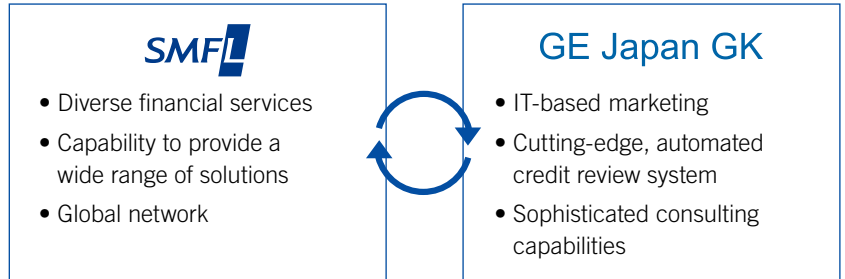
SMFL consolidated operating assets



► **Collaboration with GE Japan GK to realize synergies**

SMFL and GE Japan GK will leverage their strengths and expertise to realize synergies in providing new value for an increased number of clients.

Note: GE Japan GK is scheduled to change its name to SMFL Capital Company, Limited, on September 5, 2016.



► **Involvement in growth sectors**

SMFL is pursuing business in hydrogen. We were responsible for the first mobile hydrogen fuel station lease in Japan and we are also involved in smart hydrogen station leasing.

In agriculture, we have created the Agri Assist Program for leasing to farmers in support of their diversification into related sixth sector industrialization, the introduction of larger-scale farming, and the introduction of cutting-edge technology.



Involves in the hydrogen business

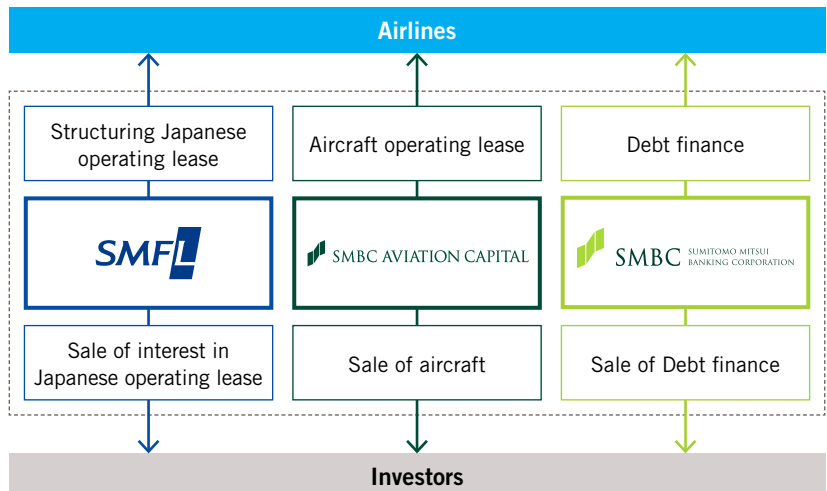


Creates a leasing program for farmers

► **Aircraft leasing**

SMBC Aviation Capital ranks third globally for the number of aircraft owned and managed.

The company is working alongside SMFL and SMBC to harness the comprehensive power of SMFG in meeting the diverse needs of airlines and investors in Japan and overseas.



SMBC Nikko Securities (Scheduled to merge with SMBC Friend Securities in 2018)



Yoshihiko Shimizu
President & CEO,
SMBC Nikko Securities Inc.

Fiscal 2015 performance

In fiscal 2015, consolidated gross profit declined by ¥31.7 billion from fiscal 2014, to ¥318.0 billion, and consolidated net business profit declined by ¥39.6 billion, to ¥60.8 billion. Earnings were strong in the first quarter, when markets were buoyant. However, markets started falling in August due to the impact from China's slowing economy and we experienced a downturn in sales of investment products, such as investment trusts and bonds, and in our net trading income.

Business environment and strategy going forward

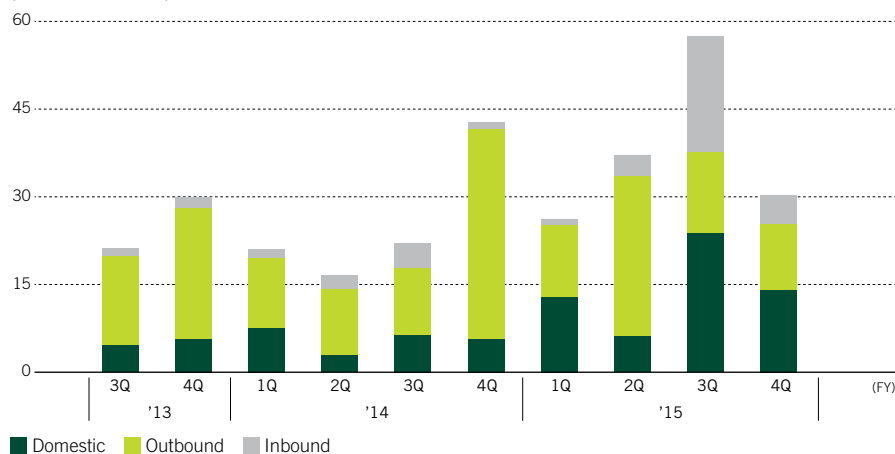
Uncertain market conditions have persisted in fiscal 2016 due to such factors as concern over the global economic slowdown and the Bank of Japan's negative interest rate policy. However, we see current conditions as an opportunity to demonstrate our true consulting abilities as we seek to provide optimal products and solutions for clients.

In our retail operations, we have been conducting a strategic review of our staff allocation since April 2016 and we have moved a large number of staff to branches. In continuing our pursuit of retail banking-securities integration, we will pay even closer attention to our customers' views and provide high-quality solutions. On the wholesale side, we expect negative interest rate conditions to increase the importance of the bond market and we will therefore strengthen our bond underwriting operations. We have also established the Investment Banking Group in the United States based on the prospects for growth driven by our tie-up with SMBC. We intend to strengthen our businesses in bonds and M&A as we globally offer various solutions with SMFG group.

SMBC Nikko Securities is scheduled to merge with SMBC Friend Securities in 2018. We plan to leverage our respective strengths in realizing synergies and increasing our competitiveness.

M&A involving Japanese companies

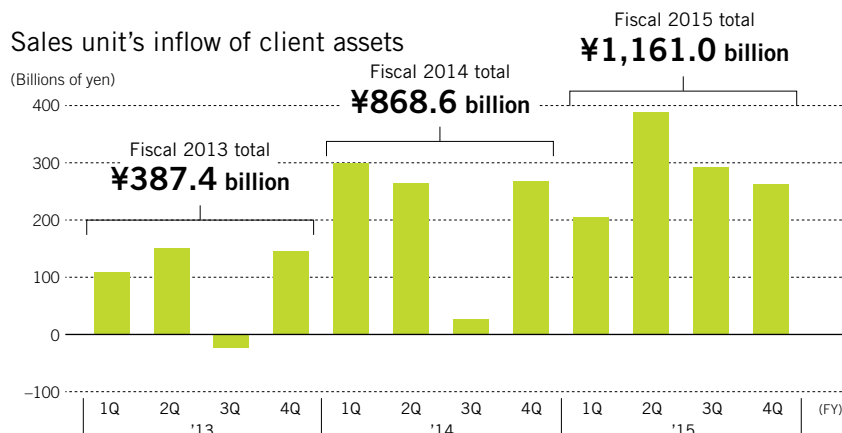
(Billions of U.S. dollars)



Source: Thomson Reuters (Values are based on ranking dates and exclude share repurchasing and real estate acquisition.)

► Strengthened inflow of client assets

We are working as a company to increase client assets with the aim of achieving sustained, steady growth in our assets under management. In fiscal 2015, the sales unit's inflow of client assets increased by 34% from fiscal 2014, to ¥1,161.0 billion.



► League tables

In fiscal 2015 also, we were able to become lead manager for several major equity and bond issues. The strengthening of our underwriting operations for IPOs resulted in the No. 2 ranking for the number of IPOs lead managed.

We rose to No. 3 in the M&A league table, assisted by our joint position with Citigroup Global Markets Japan as financial advisor for the New Kansai International Airport.

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Equity-related (book runner, underwriter, by value) ^{*1}	No. 3	No. 2	No. 4
Yen bonds (lead manager, underwriter, by value) ^{*2}	No. 5	No. 5	No. 5
IPO (lead manager, by number of IPOs) ^{*3}	No. 2	No. 3	No. 2
M&A (financial advisor, by deal value) ^{*4}	No. 3	No. 13	No. 3

*1 Involving Japanese companies, includes overseas offices

*2 Corporate bonds, FILP bonds, regional government bonds (lead manager), and samurai bonds

*3 Excludes REITs

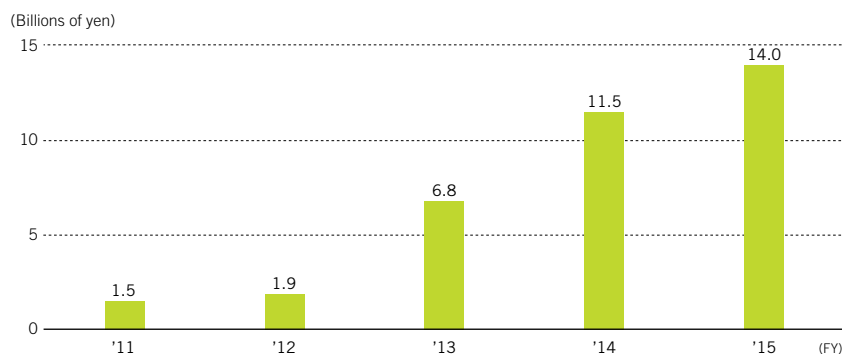
*4 Announced deals involving Japanese firms, Group total

Source: Thomson Reuters

► Growth in overseas profit

Our four key overseas operations—in the United Kingdom, the United States, Hong Kong, and Singapore—in aggregate, are sustaining steady profits. In fiscal 2015, their total profit increased by 22% from fiscal 2014, to ¥14.0 billion. Our ties with SMBC were particularly beneficial for our fixed income earnings in the United States.

Overseas profit (Aggregate of four overseas operations)*



* Aggregate of SMBC Nikko Capital Markets Limited, SMBC Nikko Securities America, Inc., SMBC Nikko Securities (Hong Kong) Limited, and SMBC Nikko Securities (Singapore) Pte. Ltd.

Consumer finance / Credit card



Ken Kubo
President & CEO,
Sumitomo Mitsui Card Company, Limited



Satoru Nakanishi
President & CEO,
Cedyne Financial Corporation



Ryoji Yukino
President & CEO,
SMBC Consumer Finance Co., Ltd.

Fiscal 2015 performance

Sumitomo Mitsui Card Company's growth in payment volume exceeded the market as the company captured opportunities in the expanding cashless market and demand from inbound tourists in Japan. Cedyne Financial Corporation focused on co-branded cards and also increased its consumer credit transactions. SMBC Consumer Finance's loan guarantee amount reached the ¥1 trillion mark as a result of growth in card loans of partner banks. As a result, consolidated gross profit of the three companies increased by ¥30.9 billion from fiscal 2014, to ¥607.1 billion and consolidated net business profit increased by ¥8.6 billion to ¥221.0 billion.

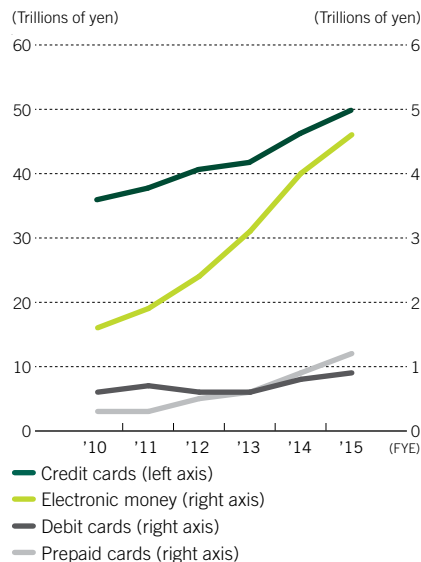
Business environment and strategy going forward

The government and the private sector are united in providing infrastructure for cashless payment ready for the Tokyo 2020 Olympic and Paralympic Games. At the same time, the fusion of finance and information and communications technology (ICT) is accelerating. In this environment, Sumitomo Mitsui Card Company will work on providing high-convenience payment services, seeking to further strengthen its acquiring of merchants and contracting business for partners.

Cedyne Financial Corporation will draw on its combined strengths in credit cards, consumer credit business, and financing solutions to continue building up its comprehensive payment business.

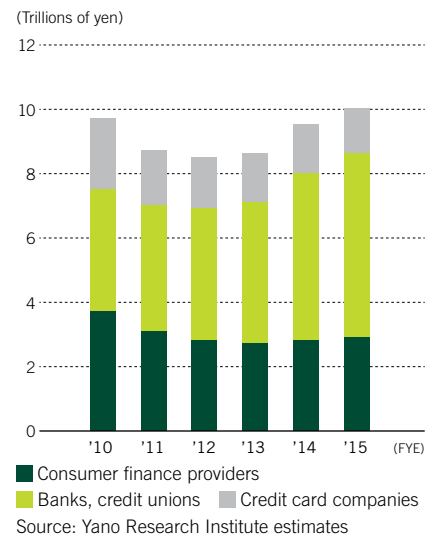
As the decline in the unsecured card loan market levels out, SMBC Consumer Finance will seek to increase card loans in proprietary channels and to promote guarantee business using the channels of partner banks. The overall aim is to provide wide-ranging responses to customer needs and enhance the services it offers on a steady and sustained basis.

Cashless payment (market size)



Sources: Japan Consumer Credit Association, Bank of Japan, Japan Debit Card Promotion Association, and SMFG estimates

Consumer loans (market size)

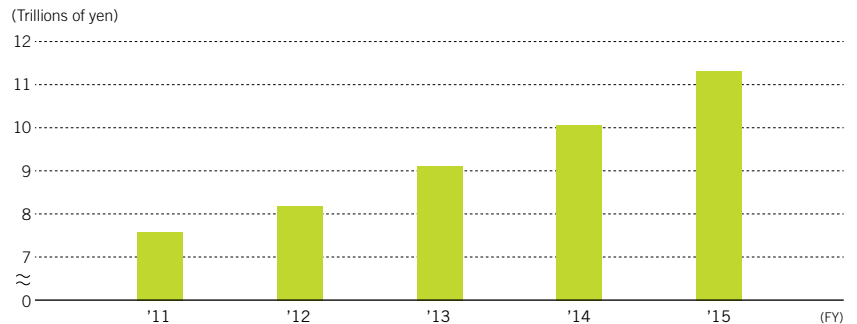


Source: Yano Research Institute estimates

► Sumitomo Mitsui Card Company

Sumitomo Mitsui Card Company, a pioneer in bringing “Visa” into Japan has been in operation for more than 40 years. As a leader in the credit card industry, the company has been active in providing its traditional credit card services with new settlement services, such as smart phone payment utilizing FinTech and other cutting-edge technology.

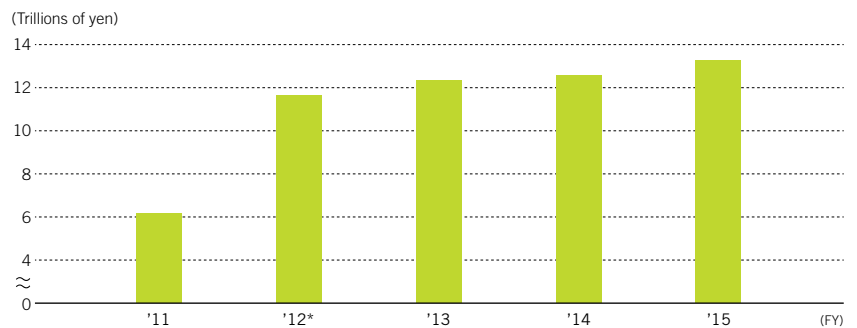
Credit card payment volume



► Cedyne Financial Corporation

Cedyne Financial Corporation is a comprehensive payment financing company offering a full range of payment methods to meet customers’ diverse needs, including credit cards for daily payments, installment payment for high-value products and services, and collection agency services and factoring for recurring payments.

Transaction volume

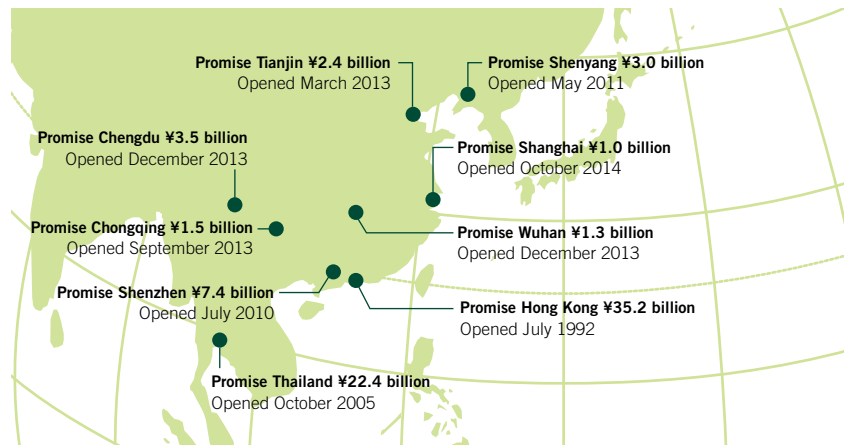


* Includes growth resulting from the conversion of SMBC Finance Service to a consolidated subsidiary

► SMBC Consumer Finance

SMBC Consumer Finance provides small-scale finance for consumers and loan guarantee services to business partner financial institutions. Leveraging the expertise gained in Japan in extending credit, managing debt, and marketing, the company is expanding its business, providing unsecured / unguaranteed small loans to local consumers in China and Thailand.

Loan balance of SMBC Consumer Finance’s subsidiaries overseas



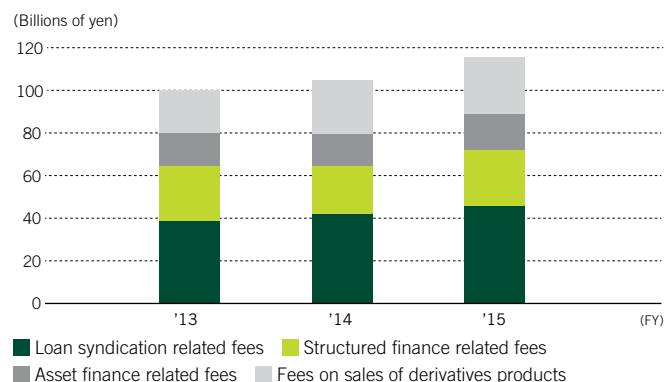
Note: Loan values are as of March 31, 2016 (yen conversions from local currency).

Services with Competitive Advantage, New Businesses

► Services with competitive advantage

SMFG is harnessing the combined strength of SMBC and other Group companies to provide solutions to the varied needs of its clients, such as fund raising, investment, M&A, and risk-hedging activities.

Non-interest income by product (SMBC non-consolidated)



1. Syndicated loan league table (Japan)^{*1}

Rank	Proceeds (¥ billion)	Market share	Number of deals
2	6,961.7	28%	621

Mandated Arrangers, April 2015 to March 2016

2. Project finance league table (Global)^{*2}

Rank	Proceeds (US\$ million)	Market share	Number of deals
2	12,832	4.6%	108

Mandated Arrangers, January 2015 to December 2016

3. M&A financial advisor league table (number of deals)^{*3}

Rank	Number of deals	Transaction volume (¥ billion)
2	164	5,397.4

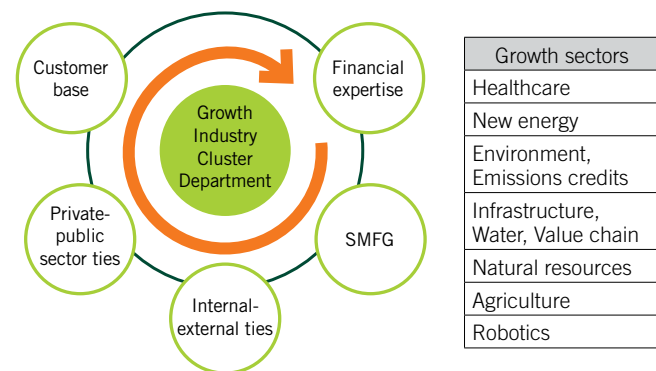
Announced deals involving Japanese companies, April 2015 to March 2016

*1,3 Sources: Thomson Reuters

*2 *Project Finance International* published by Thomson Reuters

► New endeavors in growth areas

The Growth Industry Cluster Department of SMBC provides financial support for growing industries, thereby contributing to the development and growth of our clients and the Japanese economy at large.



In the “Robotics” sector, SMBC formed a business alliance with Silicon Valley Robotics (SVR) in May 2015. SMBC is also taking measures to address the aging society by providing financial assistance for the provision of care facilities via a healthcare REIT.



Business alliance with SVR

► Fund for raising corporate value

SMBC, Mitsui & Co., Ltd., and the Development Bank of Japan Inc. jointly established a private equity fund in October 2015. Named MSD Fund, it is aimed at resolving management issues and raising corporate value for mid-sized

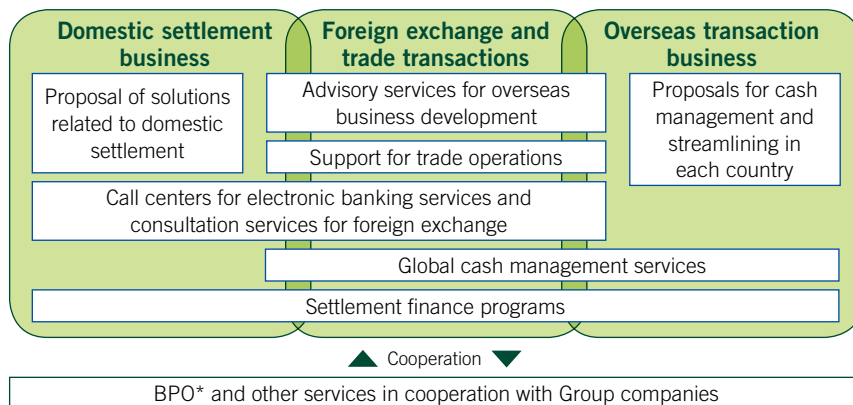
corporations and SMEs in Japan. Also, in November 2015, SMBC invested in SPARX Group's Mirai Creation fund* with Toyota Motor.

* *Mirai* means “future” in Japanese and the fund’s investment aim is to support the spread of advanced technologies for the future generation. Core target fields for the fund will include AI (artificial intelligence), robotics, and technologies to help realize a hydrogen-fueled society.

► **Transaction business overview**

SMBC has the Transaction Business Division, which crosses business units and is working on providing new, high-value-added services that foresee the needs of clients in Japan and overseas, without being caught up in traditional business models. One such example is the establishment of SMBC GMO Payment, a joint venture with GMO Payment Gateway, in November 2015.

Domestic-overseas integrated framework for promotion in the Transaction Business Division



* BPO: Business Process Outsourcing

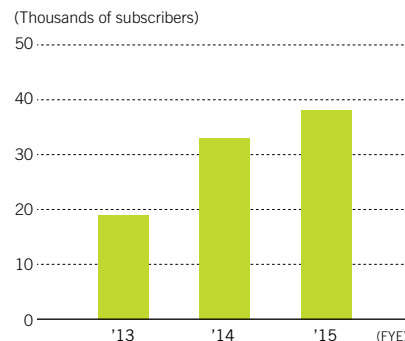
► **Transaction business in Japan**

To meet corporate client needs for payment and cash management in Japan, SMBC offers “PC Bank Web21” for domestic bank transfers and balance inquiries, “SMBC *Densai Net*,” and online overseas remittance services. Constant addition of new functions is leading to increasing numbers of customers subscribing to these services.

Number of “PC Bank Web21” subscribers

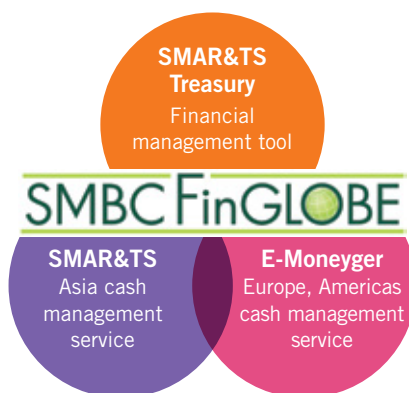


Number of “SMBC *Densai Net*” subscribers

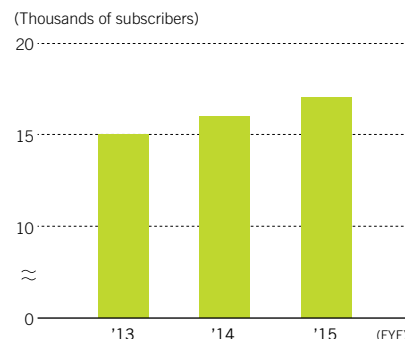


► **Transaction business overseas**

The number of subscribers to SMBC’s online overseas banking services, such as “SMAR&TS” and “E-Moneyger,” is increasing in response to growing requirements for the enhancement of cash management and internal controls among overseas subsidiaries of Japanese companies. These services enable clients to create a global cash-monitoring system and to streamline settlement operations at the subsidiaries.



Number of corporate subscribers to online banking for overseas operations



Support for Mid-Sized Corporations and SMEs, Vitalization of Local Regions in Japan

Support capabilities and policy for mid-sized corporations and SMEs

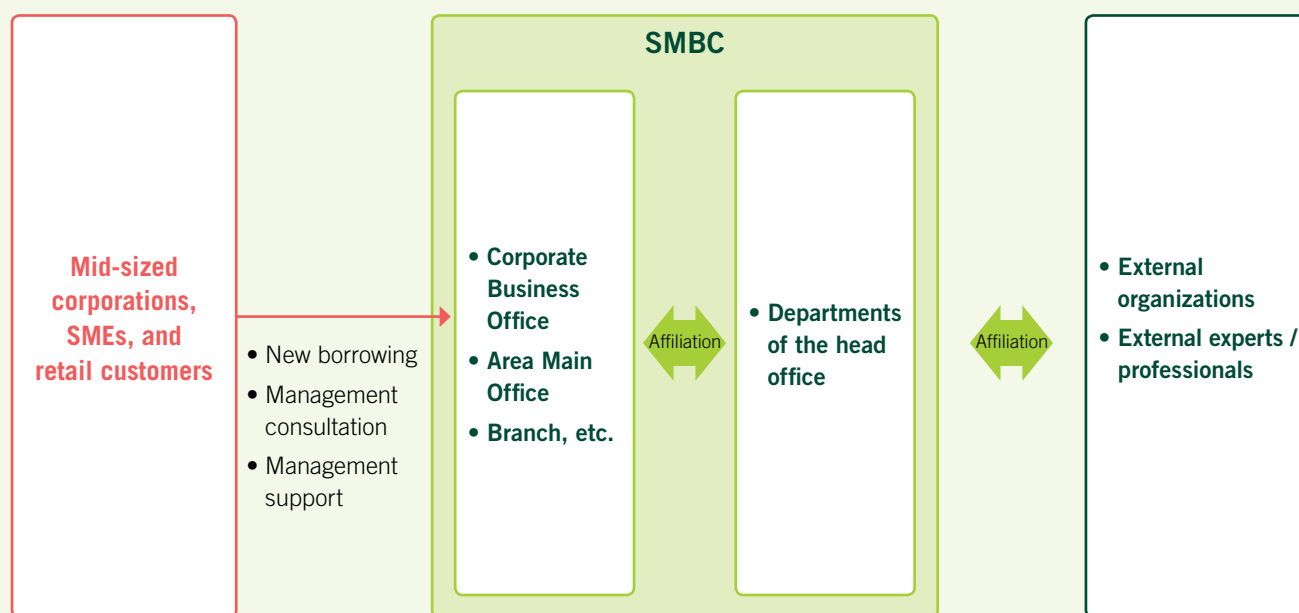
In April 2014, SMBC established its Area Main Offices to more fully address the wholesale-retail integral needs of mid-sized corporations and SME clients, including the aspect of business succession. Area Main Offices enable us to offer integrated corporate and personal consulting and draw on SMFG company networks to provide specialist services. In addition to providing business loans, SMFG companies offer tailored support, including consultation on overseas business development, business matching, business succession, and internal company reforms, alongside consultation on personal asset management, loans, inheritance, and asset succession.

Mid-sized corporations and SMEs are a key support for the Japanese economy and SMBC will maintain its endeavors to meet their and their clients' wide-ranging needs.

Support for new ventures, new business development, and growth companies

SMBC offers support in accordance with clients' stage of growth; SMBC Venture Capital provides incubation investment, SMBC provides growth assessment financing through the "Growth Potential Evaluation Loan," and SMBC Nikko Securities and SMBC Friend Securities provide support for public share offerings. Taking account of the growing need for alliances between venture businesses and large corporates, we host such events as the Open Innovation Meetup for exchanging ideas and technology. Events have also included the Mirai 2016 business pitch competition arranged by the cross-industry Triple I consortium. At the same time, we aim to assist in the creation of a venture creation ecosystem in Japan by promoting ties with leading venture capital providers, universities, and research institutes.

► Operational support structure for mid-sized corporations and SMEs



Support for management improvements, business regeneration, and business conversion

Along with its efforts to fulfill its intermediary function smoothly, SMBC seeks to provide solutions to management issues, putting itself in the position of the client to devise optimum proposals based on the nature of the issues and the client's stage in life. Ample time is spent on the provision of support, and in this respect we are making increasing use of consultation. Examples include offering a full range of loan products devised to meet funding needs and address management issues. We also provide solutions in such areas as business matching, overseas business development, and business succession.

Our assistance in business operating improvements and regeneration involves links with external experts / professionals^{*1} and external organizations^{*2} to provide support in drawing up plans for improvement and advice in such areas as cost cutting and asset sales.

For clients that have suffered damage in natural disasters, we propose optimal solutions and effect help in rebuilding lives and business.

*1 SMBC Consulting, certified tax accountants, certified public accountants, etc.
*2 Council supporting revitalization of SMEs, Regional Economy Vitalization Corporation of Japan, etc.

Involvement in regional stimulus

Change in the Japanese economy is leading to more diverse roles for local government entities and regional financial institutions and raising expectations for support for local industrial development and overseas business development. Local government entities and regional financial institutions need to have extensive networks encompassing countries overseas and to collect accurate and up-to-date information. To serve such needs, SMFG is linking with local government entities and regional financial institutions to provide services that draw on its network in Japan and overseas.

Vitalization of local regions in Japan is a key theme for the Japanese government. Related "regional comprehensive strategy" plans drawn up by local government entities are moving to their implementation stage. SMBC has entered into cooperation agreements with local government and other entities as part of its efforts to assist in local industrial development, and in May 2016 it added an industrial development cooperation agreement with the city of Kobe.

We will continue to work with local government entities and regional financial institutions across Japan, drawing on the SMBC network to contribute to local economies.

► Measures for finance facilitation

SMBC's "Basic Policy for Finance Facilitation" underlies efforts to be diligent and thorough in the provision of funding and consultation.

"Basic Policy for Finance Facilitation"

1. Conduct appropriate review of applications submitted for a new loan or requests to modify loan conditions
2. Provide appropriate management consultation and guidance for clients and appropriate support for management improvements
3. Strive to improve the ability to assess the value of a client's business appropriately
4. Provide appropriate and thorough explanations to clients in consultations and applications for new loans or modification of loan conditions
5. Respond appropriately and adequately to client inquiries regarding new loan and modification consultations and applications and to consulting requests or complaints
6. Liaise closely with other financial institutions involved in applications for modifying loan conditions or other applications
7. Respond appropriately in respect of business manager guarantees in accordance with the "Guidelines for Guarantees for Business Managers"

BTPN—“Do Good and Do Well”

In May 2013, SMBC acquired the initial stake in Indonesia’s PT Bank Tabungan Pensiunan Nasional Tbk (hereinafter, BTPN). In March 2014, SMBC carried out additional investment in BTPN and established a platform for full-fledged cooperation between SMBC and BTPN. To highlight the concrete cooperation efforts and the company's aim, this section provides an interview with Mr. Jerry Ng, BTPN’s President Director.



Snapshot of BTPN

Establishment	Total Assets
1958	JPY 713.1 billion
Number of Employees	IDR 81,040 billion
27,247	Business Locations
SMBC’s Investment	1,317
40%	

BTPN, which was established in 1958 to only serve retired military personnel, now offers a wide range of financial services with primary focus on the mass market. Listed on the Indonesia Stock Exchange (IDX ticker: BTPN)

(As of December 31, 2015)



Q Would you tell me about Indonesia’s market situation? And the business strategy of BTPN?

Driven by its large and young population of more than 250 million people, Indonesia is poised for a sustainable and quality growth over the next 10-15 years. In general, the market can be divided into two large segments: the rising middle-consuming class and the under-served mass market segment. It is estimated that 60% of adults in Indonesia are yet to have access to banking services, which in turn provides a tremendous mass market banking opportunity. The rest of the population then forms the middle-consuming class who are gaining sophistication and becoming comfortable in the new world of digital economy.

BTPN, which has been one of the leading banks focusing on the mass market segments, will continue to do so by building this mass market mobile banking platform called BTPN Wow! This platform is designed by using the mobile phone as a means to deliver financial services and products to the mass market in a very cost-effective way. The reach to the

mass market customers is greatly enhanced by the Agent Bank networks which BTPN started building since last year.

Meanwhile, to cater for the rising consumer class, BTPN is building one of its kind digital banking platform.

We believe that the two platforms will provide BTPN with a unique proposition in serving the two large segments of the Indonesian population.

Q Would you tell me about the vision of BTPN?

We have been known as one of the more innovative banks in Indonesia. We believe that to stay ahead we should continue to embrace next new technologies and launch innovative business models and find relevant ways to serve our customers. Over the years, we have pioneered and introduced new ways to better serve and engage with our customers. Just to name a few examples, (i) we introduced the use of psychometric data to underwrite micro businesses which are considered unbankable by most banks; (ii) we reconfigured



Pension business

Serves pensioners and pre-pensioners by offering loans both for business and personal use

Micro / SME business

Offers business loans to micro traders and Small Medium Enterprises (SME), mainly located in local traditional markets and tier-1 and tier-2 cities

Syariah business

Provides financial services to lower income communities in rural areas utilizing islamic financing scheme

SMBC's Collaboration with BTPN

Purpose of investment

- Considering market size, competitiveness, and potential growth, SMBC aims to expand our businesses in emerging countries and grow to become a globally active diversified financial services group with Asia as our home market. Indonesia is one of our target countries.
- By investing in BTPN and leveraging on SMBC's Indonesian platform, SMBC aims to provide full-fledged financial services, from corporate transaction to retail banking business.
- Starting from long-term funding support and technical support, SMBC will collaborate with BTPN to further promote building a strong business platform in Indonesia such as developing a branchless retail banking model.

and redesigned our branches serving pensioners to become community centers, opening at 5:30 in the morning, and even operating medical clinics in those branches as part of the added value to our customers; and (iii) we launched combined package of financial products and capacity building by providing various practical trainings to help our micro and SME customers improve the ways they run their businesses. The core of our business philosophy is to grow together with our customers and their communities – “Do Good and Do Well”.

In Indonesia, we may not be one of the largest banks, but we would like to be known as a bank which remains relevant and provides cutting edge solutions through technology and added value services to the customer segments we serve.

Q Would you describe your collaboration with SMBC? Why is SMBC a strategic partner for BTPN?

SMBC is a large global bank with lots of strengths and resources. Since SMBC became our major shareholder,

we have benefited tangibly through the upgrade of our rating to an AAA-rating*. I believe this reflects the level of confidence of our rating agency has on having SMBC as a strategic shareholder of BTPN.

We then received a sizable long-term structured funding facility from SMBC, which enables BTPN to further diversify our sources of funding. SMBC has been instrumental in assisting BTPN as we move to become a foreign-exchange bank.

We also embarked on strategic projects by jointly combining our resources to design new digital banking platforms for the future.

Our vision is that at the right time we will expand into other markets in the ASEAN region together with SMBC. I believe that the combination of SMBC / SMFG's networks and resources with BTPN's innovation and agility in business building capabilities, there are clear opportunities to expand into other markets with similar characteristics.

* Fitch ratings, Indonesian domestic ratings

PRESTIA—the New Brand Launch

SMBC Trust Bank Ltd. (hereinafter SMBC Trust) integrated the retail banking business of Citibank Japan Ltd. (hereinafter Citibank Japan) on November 1, 2015. Since the integration, SMBC Trust has been operating the retail banking business under the new brand, PRESTIA, to retain the distinctive consumer business features developed by Citibank Japan and ensure clear differentiation from SMBC Trust's existing products and services.

From November 1, 2015, PRESTIA, the bank that knows the world

At the time of the integration, PRESTIA's share of individual foreign currency deposits was approximately 20%^{*1}, which gives testimony to PRESTIA's responsiveness to customers' foreign currency asset needs.

^{*1} Estimation based on the market's size of the deposits in foreign currencies as of September 30, 2015. Calculated using the balance of foreign currency deposits held by households from "Amounts Outstanding of Deposits by Depositor (Domestically Licensed Banks)" by the Bank of Japan

Strength in Foreign Currency Transactions

- Top-class level of foreign currency balances in Japan
- Wide foreign currency product lineup for customers interested in foreign currency investments or those not aware of their foreign currency needs
- Full range of settlement services in foreign currencies to support the lifestyle of customers with global access

Multi-Channel Deployment

- Branch network encompassing Japan's major cities
- Manned call centers accessible from Japan and overseas 24 hours a day, 365 days a year
- Convenient overseas remittances and online banking for yen and foreign currency transactions and settlement

Unsurpassed Consultation

- Consultation proposing asset management plans in line with customer needs and lifestyles, providing swift analysis and a wide variety of information

Exclusive Services Offered to Selected Customers

The PRESTIA GOLD and PRESTIA GOLD PREMIUM programs offer preferential fees in accordance with account balances, asset management consultations with dedicated consultants, and a variety of special services.

■ PRESTIA GOLD

- PRESTIA GOLD Executives to support customers in asset management
- Preferential service fees

■ PRESTIA GOLD PREMIUM

- Relationship Managers to support customers in asset management
- Free or discounted service fees
- Exclusive products for PRESTIA GOLD PREMIUM customers (Mutual Funds, Bonds, and Loans)



Distinctive Service Lineup

■ Foreign currencies' settlement services, such as cash cards that can be used overseas and overseas remittance

Banking Card

- Local currency withdrawals from Yen Savings Accounts available from over two million CDs and ATMs in more than 200 countries and regions

PRESTIA Gaika Cash Card

- U.S. Dollar withdrawals from U.S. Dollar Savings Accounts available from CDs and ATMs throughout the United States

Overseas Remittance

- Choice of channels: branches and mini branches, PRESTIA Phone Banking / PRESTIA Online

■ Wide variety of foreign currency products (Deposits, Mutual Funds, Insurance, and Intermediation of financial products)

- Foreign Currency Deposits (10 major currencies)
- Cross Currency Transactions*²
- Structured Deposits with FX Option (Deposits can be made in foreign currencies.)
- Mutual Funds and Insurance in foreign currencies

*² Transactions in which customers convert one foreign currency into another, for example, U.S. Dollar to Euro or Australian Dollar to British Pound

■ Market information from expert analysts

Information provided to assist customers in their asset management and foreign exchange transactions includes *PRESTIA Insight*, a publication containing views of financial markets by experienced analysts, and *PRESTIA Global Research Monthly Digest*, which describes SMBC Trust's outlook and economic and market trends.

■ Affiliate services

PRESTIA GOLD customers can directly contact PRESTIA GOLD dedicated operators in Japan from as many as 39 different countries and regions without being charged for the call. Citigold lounges at Citibank branches overseas are also available for their use.

New affiliated credit cards were launched in February 2016, PRESTIA Visa GOLD CARD and PRESTIA Visa PLATINUM CARD, as part of the business partnership with Sumitomo Mitsui Card Company Ltd.

FinTech—Promoting Innovation with IT

FinTech, the fusion of finance and technology, is a new business model that is attracting great attention. At SMFG, our efforts on this front are led by the IT Innovation Department, which in 2015 took over the functions of the project team we formed in 2012.

Our new IT Innovation Department

In October 2015, holding company SMFG and SMBC formed the IT Innovation Department to strengthen FinTech-related efforts across the Group.

The project team formed in 2012 was designed to use IT and the Internet for investigative research into new services and their commercialization. Our new arrangement is designed to accelerate the original project team's work. We position the department as the innovation hub for activities across all Group companies.

The new department is based on a concept of open innovation, with an emphasis on making active use of external knowledge and pursuing new business models through alliances with non-financial companies. Agile development, another key concept, relates to speeding up our planning and prototyping / testing cycles for new financial services.

Ties with companies and institutions outside Japan

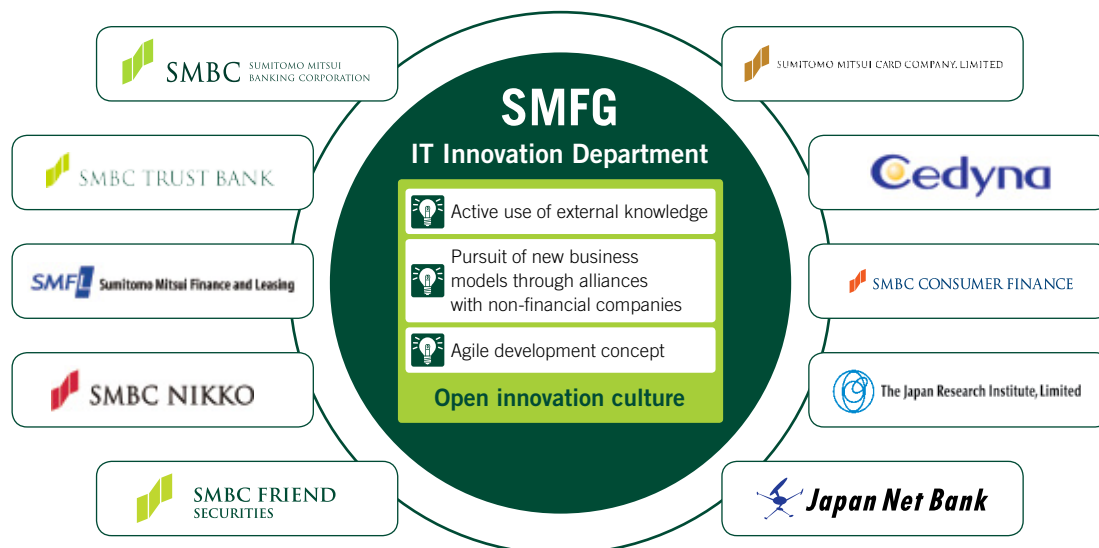
SMBC and Sumitomo Mitsui Card Company spearhead our efforts to study the latest trends and to find partners by sending staff to Silicon Valley to network with leading-edge start-ups and IT vendors and hence expand the SMFG network.

As a means to cultivate ties with high-quality venture companies in FinTech in particular, we have ties with Plug and Play Tech Center, which is renowned for incubation, and we make strategic investments in local venture capital funds.



Plug and Play Tech Center (Santa Clara, U.S.)

► IT Innovation Department—Our innovation hub



Ties with Japanese ventures

To create ties with venture businesses, we host such events as the Open Innovation Meetup and the Mirai 2016 business pitch competition arranged by the cross-industry Triple I consortium. We draw on our resulting venture network in our promotion of innovation.



Final screening at Mirai 2016

► Examples of our activities

We are working with other companies in such areas as the introduction and testing of leading-edge services and technologies. At the same time, we are seeking to promote design thinking with help from outside experts to create ideas from our customers' perspective.

Higher levels of convenience

We are collaborating on biometric identification with leading venture companies. One example is a project to test identification using veins in the palm with an ordinary smartphone camera.



Palm authentication testing

Machine learning and neuroscience

SMBC is testing IBM's Watson in its contact centers. Watson is able to respond to customer inquiries with optimum answers, and we see it as a tool for raising the quality of our response to customers.

We have embarked on a project with a major IT vendor on neuroscience applications in financial services. We are looking at the use of neuroscience to provide optimum asset management assistance to customers.



Watson trial in a contact center

Blockchain

We have commenced joint research on blockchain technology with the National Institute of Informatics and Kinki University. Reflecting this technology's significant influence on financial infrastructure, we are also collaborating with expert companies in the field on technology testing for financial services.

Design thinking

We have begun working with Tokyo Institute of Technology on design thinking, which is an approach for creating ideas from our customers' perspective. Regular sessions are held to reflect on the image we should aim for as a financial institution and create new business ideas.



Design thinking session



Vision produced at a design thinking session

▶ Corporate Infrastructure

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Corporate Governance

Our basic position on corporate governance

We are working to improve the effectiveness of corporate governance as we consider the strengthening and enhancement of corporate governance to be one of our top priorities in realizing “Our mission.” Further, SMFG has established its “SMFG Corporate Governance Guideline” as its principles and guidelines to be referred to for corporate governance.

➔ **Please follow the link below for the SMFG Corporate Governance Guideline.**

http://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf

SMFG's corporate governance system

As a holding company with a board of corporate auditors, SMFG has the following system in place.

Board of Directors

The Board of Directors makes key decisions on company business execution and oversees the executive officers responsible for execution as they carry out their duties. The chairman of SMFG serves as the chairman of the Board of Directors. The role of the chairman is clearly separated from that of the president, who oversees the overall business operations. The Board has 14 members, of whom five are outside directors (as of June 30, 2016).

The Board has established four discretionary internal committees: the Nominating Committee, the Compensation Committee, the Auditing Committee, and the Risk Committee. Outside directors are appointed to all the committees to promote objective deliberations outside the sphere of business execution. The Nominating Committee, the Compensation Committee, and the Auditing Committee are chaired by outside directors for the purpose of further strengthening the governance function.

Corporate auditors and Board of Corporate Auditors

SMFG has a corporate auditor system whereby independent auditors audit directors' performance in carrying out their duties in accordance with the policies established by the Board of Corporate Auditors, to which all the auditors belong. Three of the six corporate auditors are outside auditors.

Management Committee

The Management Committee is set up under the Board to serve as the top decision-making body. The Management Committee is chaired by the president of SMFG and the directors are appointed by the president. The committee members consider important management issues based on policies set by the Board of Directors, and the president has the authority to make the final decision after considering the committee's recommendations.

▶ Internal committee composition (all committees discretionary)

◎ : Chairman ○ : Member

		Nominating Committee (1 inside director, 5 outside directors)	Compensation Committee (3 inside directors, 5 outside directors)	Auditing Committee (4 inside directors, 3 outside directors)	Risk Committee (3 inside directors, 4 outside directors)
Yoshinori Yokoyama	Outside director	◎	◎	○	○
Kuniaki Nomura	Outside director	○	○	◎	○
Arthur M. Mitchell	Outside director	○	○		
Masaharu Kono	Outside director	○	○	○	○
Eriko Sakurai	Outside director	○	○		
Masayuki Oku	Chairman of the Board	○	○	○	◎
Koichi Miyata	President		○	○	○
Takeshi Kunibe	Director		○	○	○
Kozo Ogino	Director			○	
Hirohide Yamaguchi*	Outside expert				○

* Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan

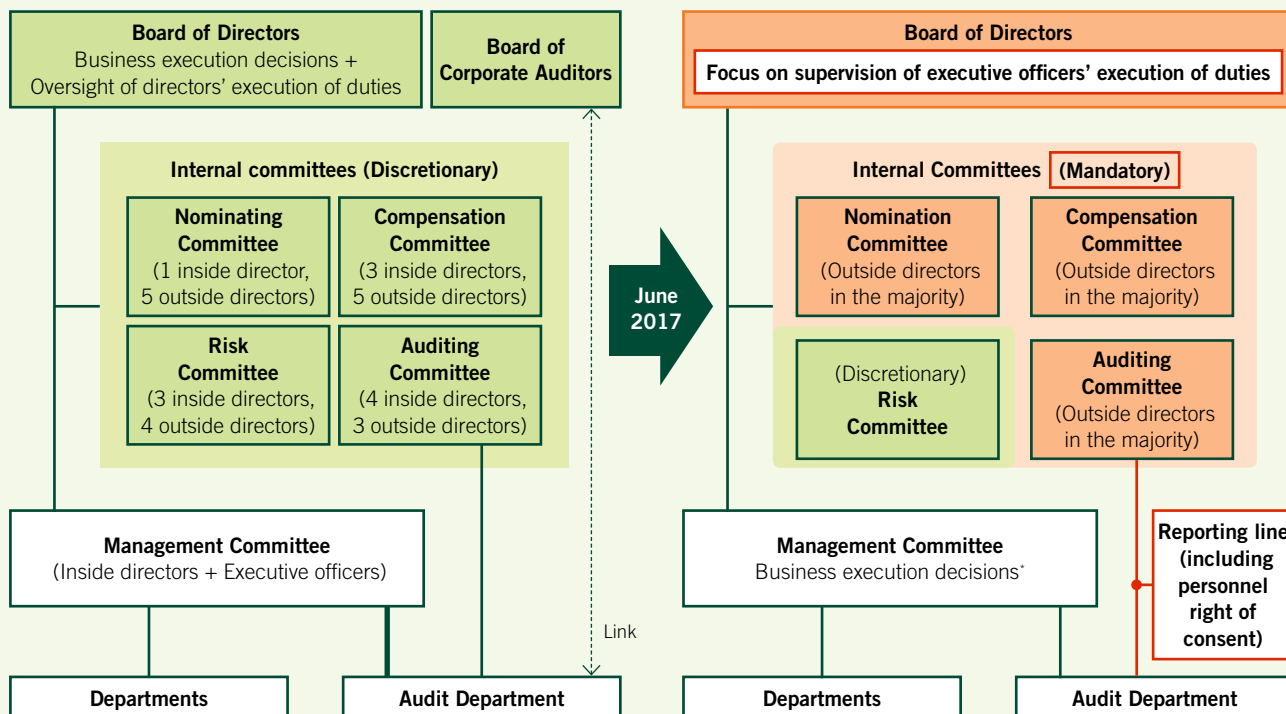
SMBC's corporate governance system

The corporate governance system of SMBC is almost the same as holding company SMFG's except that the Board of Directors has no internal committees. Three of SMBC's 17

directors are outside directors and three of SMBC's six corporate auditors are outside auditors. The oversight of business operations as a whole, which is the role of the president at SMFG, is the role of the SMBC president and CEO.

► Conversion to a Company with Three Committees

To date, SMFG has established a solid corporate governance system as a holding company with a board of corporate auditors. In order to further enhance this solid framework, SMFG decided to convert to a Company with Three Committees, subject to approval at the ordinary general meeting of shareholders scheduled for June 2017. This framework is globally recognized and is aligned with international banking regulations and supervision.



* Excludes areas designated by laws and ordinances as the jurisdiction of the Board of Directors

Outside Director Interview

We asked Mr. Arthur M. Mitchell, who became an outside director of SMFG in fiscal 2015, about corporate governance at SMFG and issues going forward. (Interview date: May 2016)



Bio

- 1976** New York State Bar (current position)
- 2003** General Counsel of the Asian Development Bank
- 2007** Joined White & Case LLP
- 2008** Foreign Attorney in Japan registration (current position)
White & Case LLP
Registered Foreign Attorney in Japan (current position)
- 2015** SMFG Outside Director (current position)

Arthur M. Mitchell

Director, Sumitomo Mitsui Financial Group, Inc.
Registered attorney admitted in New York State
Registered Foreign Attorney in Japan

“I feel strongly that SMFG is making serious efforts to make corporate governance better on a company-wide basis.”

Q How do you feel about corporate governance at SMFG after a year as an outside director?

There have been significant changes in Japan’s corporate governance framework; the Stewardship Code and the Corporate Governance Code have been introduced and the Companies Act has been amended. However, the new rules only provide principles. It is up to companies themselves to decide how to respond and how to increase their corporate value over the medium to long term.

I feel strongly that SMFG is making serious efforts to make corporate governance better on a company-wide basis. In addition to increasing the number of outside directors in fiscal 2015 and drawing up the SMFG Corporate Governance Guideline, SMFG has created opportunities for outside directors to have a dialogue with both external auditors and corporate auditors, so that outside directors can gather information without their independence being impacted. I feel that such dialogue is very meaningful.

Also, the Board of Directors’ meeting has an atmosphere that encourages active discussion among directors. And when outside directors ask questions

or make suggestions, the director in charge and people from related departments are quick and diligent in responding. This is another factor that shows how much the company intends to utilize outsiders' perspectives in its management.

SMFG announced its intention to convert to a Company with Three Committees, subject to approval by the ordinary general meeting of shareholders scheduled in June 2017. I think the role of outside directors will become even more important when SMFG has legally sanctioned internal committees where outside directors hold majority.

Q What do you think is needed to increase SMFG's corporate value? And what role would you like to play in this?

I think it comes down to realizing its vision for the next decade which says, "We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region."

SMFG is seeking to become a truly Asia-centric institution, expanding its network of offices in Asia, promoting ties with Asian banks, and strengthening its business in Asia to become a leading financial group in the region. Amid the general globalization of Japanese companies, I do not think the globalization trend at SMFG will change and I therefore think it is necessary to push ahead with further globalization in human resources and other areas of the corporate infrastructure.

On the other hand, I do not think the importance of SMFG's domestic business will change. When I talk with people from outside of Japan, they often tell me that they look to SMFG for contributions to the Japanese economy. Finance is an economy's lifeblood, and SMFG must fulfill its mission of keeping the Japanese economy's blood circulating to promote healthy growth. The recent amendments of the Japanese Banking Act have relaxed the conditions for financial groups investing in FinTech companies, and I think that the fusion of IT and finance will make further advances. I also think adaptation to such changes in business holds the key to SMFG's future growth.

Based on this awareness, in my position as an independent outside director I will draw on my experience as an attorney in Japan and overseas to point out risks and make suggestions regarding new business opportunities to SMFG's management and contribute to increasing SMFG's corporate value as a global financial group.

"I think it comes down to realizing its vision for the next decade which says, 'We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region.'"

SMFG Directors and Corporate Auditors (As of June 30, 2016)

Directors



Masayuki Oku
Chairman of the Board



Koichi Miyata
President
(Representative Director)
Director at SMBC



Takeshi Kunibe
Director
President and CEO
(Representative Director) at SMBC



Yujiro Ito
Director
(Representative Director)
Deputy President
(Representative Director) at SMBC



Kozo Ogino
Director
Senior Managing Director at SMBC



Jun Ohta
Director
Senior Managing Director at SMBC



Katsunori Tanizaki
Director
Senior Managing Director at SMBC



Koichi Noda
Director
Senior Managing Director at SMBC



Tetsuya Kubo
Director
Chairman of the Board
(Representative Director) at
SMBC Nikko Securities Inc.



Yoshinori Yokoyama*¹
Director



Kuniaki Nomura^{*1}
Director



Arthur M. Mitchell^{*1}
Director



Masaharu Kohno^{*1}
Director



Eriko Sakurai^{*1}
Director

Corporate Auditors



Toshiyuki Teramoto
Corporate Auditor
Corporate Auditor at SMBC



Kazuhiko Nakao
Corporate Auditor



Toru Mikami
Corporate Auditor



Ikuo Uno^{*2}
Corporate Auditor



Satoshi Itoh^{*2}
Corporate Auditor



Rokuro Tsuruta^{*2}
Corporate Auditor

*1 Messrs. and Ms. Yokoyama, Nomura, Mitchell, Kohno and Sakurai satisfy the requirements for an "outside director" under the Companies Act.

*2 Messrs. Uno, Itoh and Tsuruta satisfy the requirements for an "outside corporate auditor" under the Companies Act.

➔ Please see page 100 for SMBC directors and corporate auditors.

Risk Management

Our basic position

Major change in the business environment for financial institutions, including economic, financial, and regulatory conditions, has increased the importance of promoting appropriate risk-taking practices at a diversified financial services company like SMFG as we have developed our businesses and pursue our management and financial targets. We need to be accurate in our perception of the business environment and risk and rigorous in our risk analysis and management.

Business and risk view is shared across the SMFG Group, and we have an overarching Risk Appetite Framework (RAF) for systematic management of risk. RAF guides us in conducting business by clarifying the type and amount of risk we should take to expand earnings.

SMFG's Risk Appetite Framework

Within the SMFG Group's overall exercise of risk controls, we seek to secure appropriate risk / return by clarifying the types and levels of risk that we are willing to take on or prepared to tolerate for profit growth (risk appetite).

Risk Appetite Framework (RAF) plays a key role in SMFG's realization of sustainable growth, and we position RAF and business strategy as the two pivots of our business management.

Our basic position and risk appetite specifics are set out in an internal document for group-wide use.

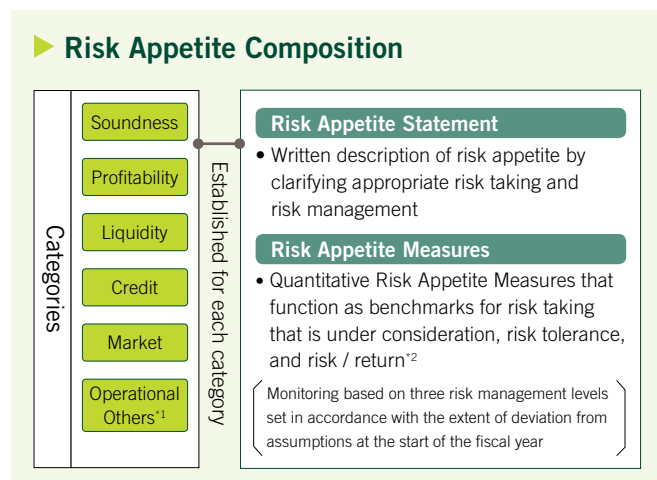
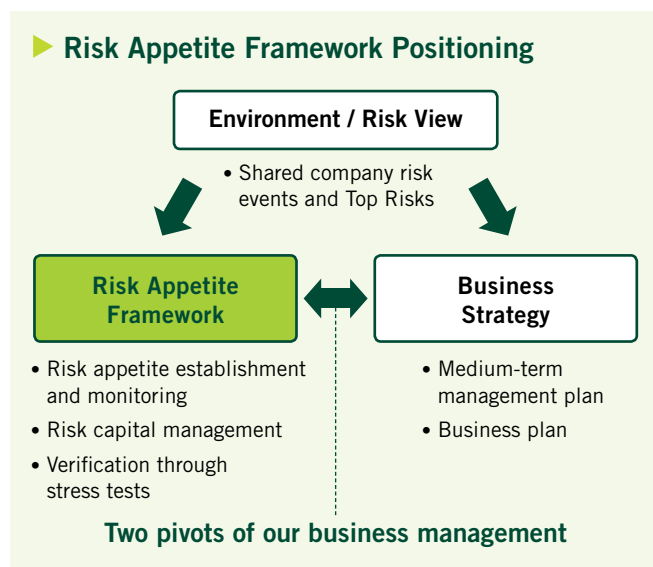
Risk appetite

At SMFG, we have a Risk Appetite Statement that provides a qualitative explanation of our approach to risk taking and risk management for such categories as soundness, profitability, and liquidity. We also have quantitative Risk Appetite Measures that function as benchmarks for risks that we are considering taking and for risk / return.

As an illustration, for the soundness category, our Risk Appetite Statement has "maintain a sufficient level of capital to support sustainable growth" as the overall policy. It also includes specific policies for the fiscal year in question based on our view of the environment and risk. The Risk Appetite Measures are numerous and include the common equity Tier 1 (CET1) ratio.

Operation of Risk Appetite Framework

The process of setting risk appetite for each fiscal year begins with discussions on the current and future business environment and risks by the Management Committee and the Board of Directors. Based on their shared view of risks, they select Top Risks, that is to say the risks that may have a material impact on SMFG. Risk appetite is then decided on the basis of stress test results and other risk analysis that illustrates impact if risks should be realized. Business strategy and policies for the conduct of business are drawn up on the basis of the risk appetite decisions.



¹ Items related to compliance, processing risk, system risk, and others

² Separately, measures are established for use in predicting change in Risk Appetite Measures and understanding the current risk situation. Monitoring is conducted based on these measures.

Views of the environment and risks, including Top Risks, are continuously updated in the course of the fiscal year's business and the risk appetite situation is monitored regularly through the medium of Risk Appetite Measures and other controls. The results are reported to the Management Committee and the Board of Directors.

If risk appetite monitoring reveals notable deviation from the measures set at the start of the fiscal year, consideration is given to revising risk appetite and business strategy as required.

Comprehensive risk management

Risk is managed systematically at SMFG. Thorough assessments of the environment and risk, including Top Risks, are carried out to ensure effective operation of RAF, and there is a framework for risk analysis (stress tests) and risk capital management.

Our basic position

At SMFG, we classify group-wide risk into credit risk, market risk, liquidity risk, and operational risk, and we manage each risk according to its particular characteristics.

Holding company SMFG provides guidance to Group companies in identifying categories of risk they need to address

for their particular businesses. These risk categories are continuously reviewed and new risks are added when they arise due to changes in the operating environment.

Top Risks

We select the risks that may have a material impact on business management, mainly from the potential risks for the next 12 months, and label these Top Risks. The selection of Top Risks involves a wide-range screening for candidates, an evaluation of each risk's potential impact and probability of occurrence, and full discussion by the Risk Committee (see page 57), the Management Committee, and the Board of Directors.

Environment and risk views are shared across the Group by means of this process, and we seek to refine our risk management by continually checking on the status of our responses to each Top Risk.

Cyber risk is one of our selections for Top Risk. Based on the growing sophistication and variety of cyber-attacks and the scale of their social impact in case they cause information systems to crash, we have made reinforcement for attacks a top management priority.

► Risk Management Categories

Risk Management Framework	Categories	
Risk Capital-Based Management	Credit Risk	Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.
	Market Risk	Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, stock prices, or other market prices will change the market value of financial products, leading to a loss. (Categories include banking risk, trading risk, and strategic equity investment risk.)
	Operational Risk	Operational risk is the possibility of losses arising from inadequate or failed internal processes, people, and systems or from external events. (Categories include processing risk and system risk.)
ALM / Funding Gap	Liquidity Risk	Liquidity risk is defined as uncertainty around the ability of the firm to meet debt obligations without incurring unacceptably large losses. Examples of such risk include the possible inability to meet current and future cash flow / collateral needs, both expected and unexpected. In such cases, the firm may be required to raise funds at less than favorable rates or be unable to raise sufficient funds for settlement.
Management by Risk Type	Other Risks (Settlement Risk and Others)	—

Risk Management

Stress testing

Financial institutions' business environment is constantly changing and can sometimes impact heavily on operations. At SMFG, we use stress testing for forward-looking risk management, seeking to analyze and comprehend the effect on SMFG's soundness if such risks as recession or market turbulence should materialize.

In our stress tests, we use the previously explained Top Risks as well as multiple scenarios produced in discussions with experts and related business units and departments.

For business strategy, we use stress tests to assess risk-taking capabilities at SMFG and verify the appropriateness of strategies based on whether adequate soundness can be maintained under stress.

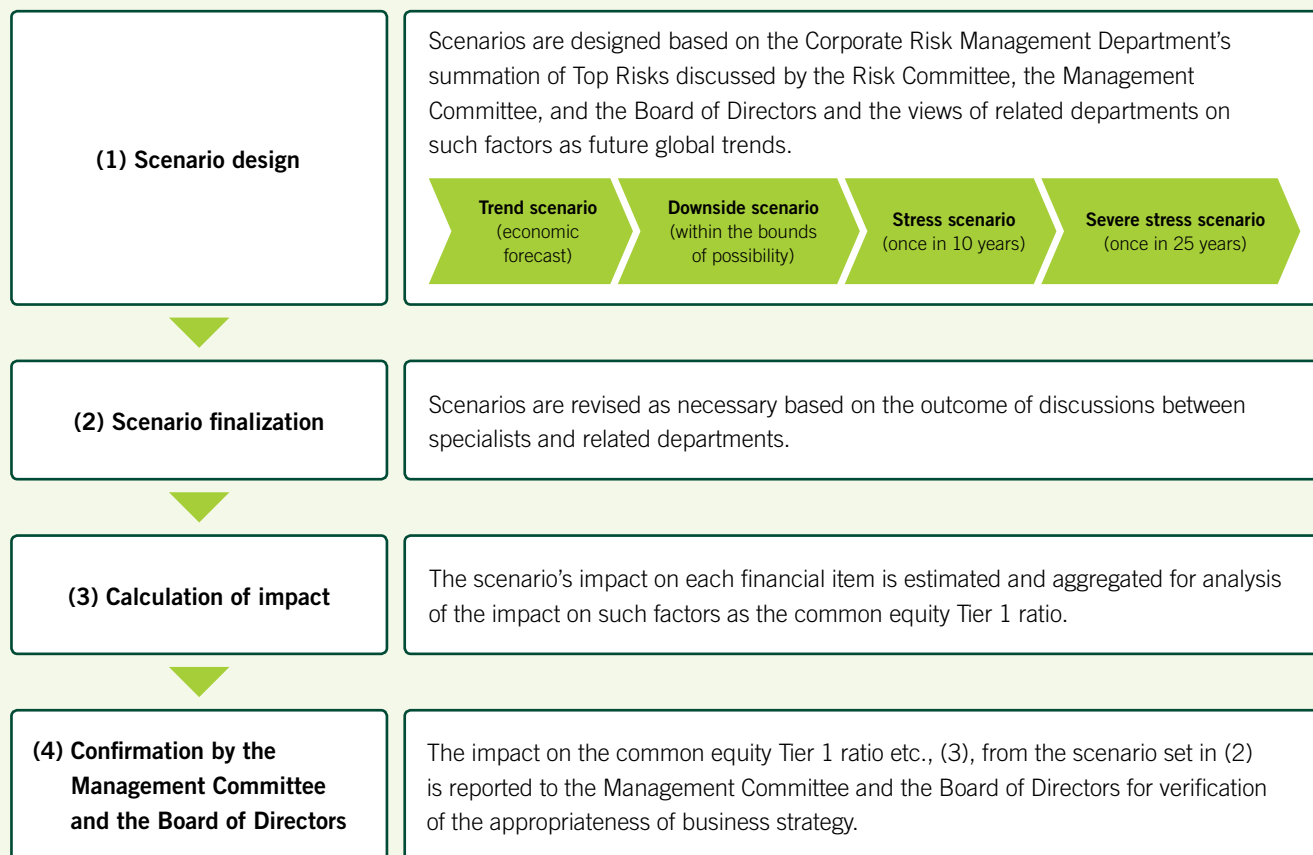
Risk capital management

In managing the risk categories shared by the SMFG Group as a whole, we apply a uniform standard, risk capital*¹ based on VaR (value at risk)*². This measurement is applied to credit, market, and operational risk, taking account of each risk's particular characteristics and individual Group company business characteristics, and used to set upper limits within the scope of our resources (capital). Risk capital is also used in optimizing capital allocation on a Group consolidated basis.

*1 Risk capital: The amount of capital required to cover the theoretical maximum potential loss arising from risks of business operations.

*2 VaR: The maximum loss expectation for a portfolio of financial assets for a given probability.

► Stress Testing Process



SMFG's risk management system

Risk management system

Reflecting the importance of risk management, top management plays an active role in the process. The group-wide basic policies for risk management are determined by the Management Committee before being authorized by the Board of Directors.

In line with SMFG's group-wide basic policies for risk management, the functions for managing major risks are consolidated at the Corporate Risk Management Department, and we seek to refine our risk management system by such means as cross-the-board reviews for each risk category. In addition, the Internal Audit Unit audits risk management to verify whether the system is working properly.

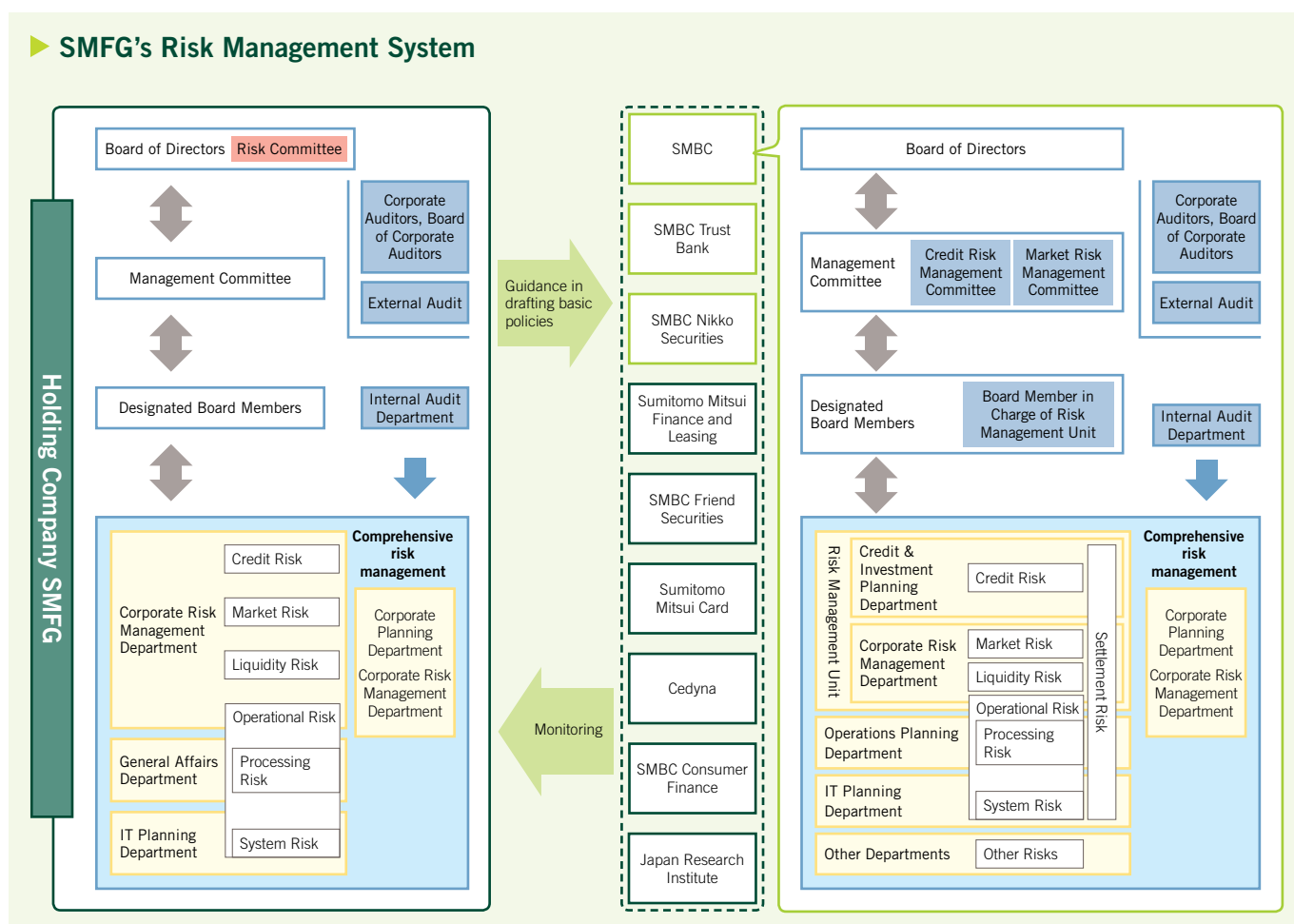
Risk management systems are in place at the individual Group companies for their particular businesses in

accordance with the basic policies. At SMBC, for example, specific departments have been appointed for risks associated with settlement in addition to the overall handling of such categories as credit and market risk. Each risk category is managed in accordance with its particular characteristics.

Risk Committee

The Risk Committee is an internal committee of the Board of Directors, composed of outside directors as well as inside and outside experts.

The Risk Committee meets regularly to discuss a wide range of risk management and compliance topics, including Top Risks and RAF, from a specialist viewpoint. The results are reported to the Management Committee and the Board of Directors for reflection in SMFG Group operations.



Compliance

Compliance Systems at SMFG

Basic compliance policies

Management positions the strengthening of compliance as a key issue in enabling SMFG to fulfill its public mission and social responsibilities as a global financial group. We are increasing our efforts to ensure that compliance policies are followed properly as we aim to become a truly outstanding global group.

Group management from the compliance perspective

As a financial holding company, SMFG seeks to maintain a compliance system that provides appropriate instructions, guidance, and monitoring for Group company compliance to maintain sound and proper business operations across the Group as a whole.

Specifically, SMFG manages and monitors the self-sustaining compliance functions of individual Group companies through regular meetings attended by all Group companies and meetings with individual companies.

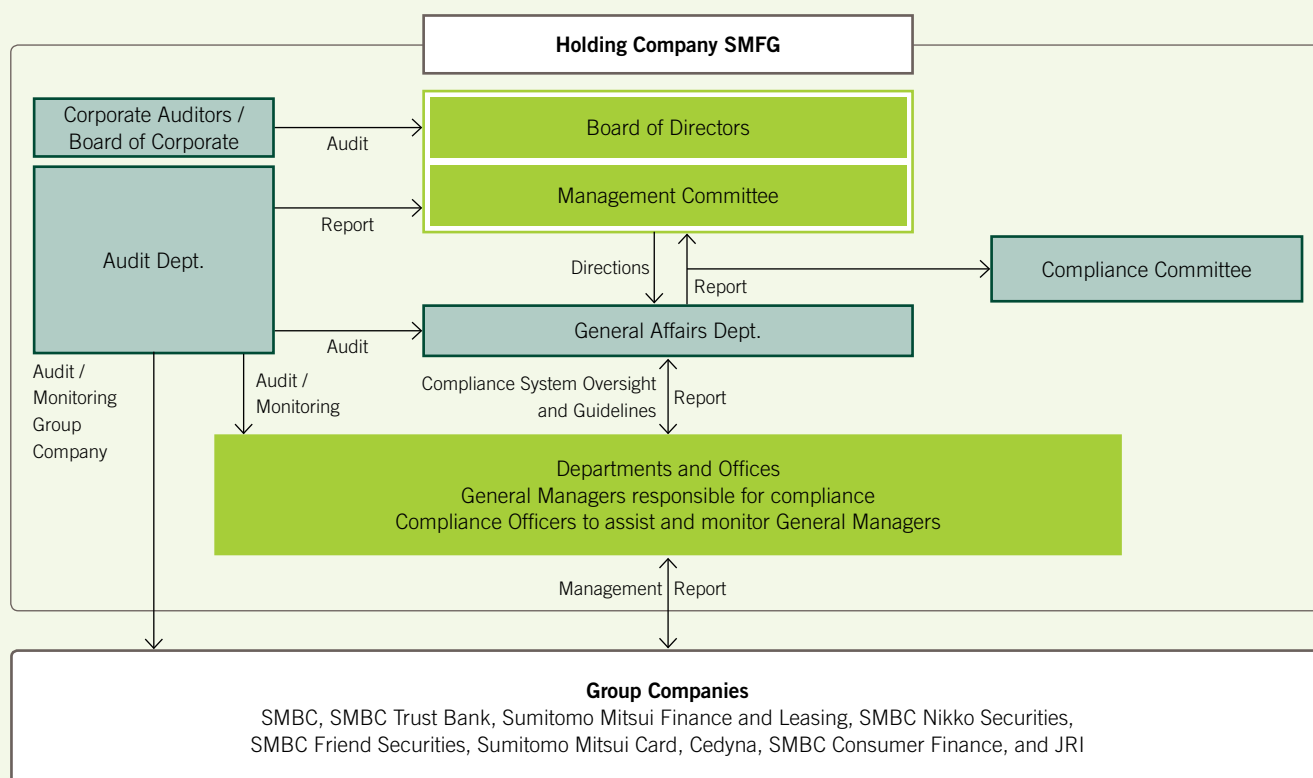
Reporting system for inappropriate accounting and auditing activities

The SMFG Group Alarm Line is intended to promote self-cleansing through early detection and rectification of actions that may violate laws and regulations. All Group company employees can use this internal means of reporting from inside and outside their company.

The SMFG Accounting and Auditing Hotline is aimed at strengthening the Group's self-cleansing function by encouraging early detection and rectification of improper actions relating to accounting, accounting internal controls, and auditing at holding company SMFG and its consolidated subsidiaries. The hotline can be used from inside or outside the Group to report accounting and auditing irregularities.

➔ For more about the SMFG Accounting and Auditing Hotline, please see page 93.

► Compliance Systems at SMFG



Compliance Systems at SMBC

Strengthening of the compliance system

It is generally required for all corporations to be in compliance with laws, regulations, and other social standards. It is essential for banks to be fully in compliance to fulfill their public missions and corporate social responsibilities as financial institutions.

In accordance with the basic policies of SMFG, SMBC requires its management and staff to give utmost consideration to people's trust in the bank, abide by laws and regulations, maintain high ethical standards, and act fairly and sincerely. Therefore, SMBC considers that being fully compliant with laws and regulations is one of the most critical issues for management to deal with such as issues related to the Banking Law, the Financial Instruments and Exchange Act, compliance with any other related ordinances, and the elimination of anti-social organizations.

Compliance system and its management

The basic structure of SMBC's compliance system is a dual structure whereby, firstly, each department and office will be individually responsible for making preliminary decisions to ensure that its conduct is in compliance with laws and regulations and, secondly, an independent Internal Audit Unit will conduct impartial audits of observance of the compliance system by individual departments and offices.

In order for the basic dual structure to be maintained and to effectively function, the Compliance Unit, consisting of the General Affairs Department and the Legal Department, will, at the direction of management, plan and promote systems to ensure observance of the compliance system. The Compliance Unit will issue instructions to and monitor the conduct of each department and office in SMBC and assist such departments and offices to make appropriate judgments regarding their observance of the compliance system.

SMBC commits to the following operations for the said compliance structure to work effectively.

Preparation of the compliance manual

SMBC has prepared its Compliance Manual by stating its objectives, guiding rules, and 60 rules of action in order to assist management and staff in selecting optimal actions. This manual has been approved by its Board of Directors.

Development of a compliance program

The SMBC Board of Directors develops the detailed annual

plan for compliance-related activities for each fiscal year, including amendments to the rules and regulations as well as training, for the effective operation of the compliance system for SMBC and its consolidated subsidiaries.

In fiscal 2016, our efforts to strengthen the compliance system are focused on the five areas of money laundering prevention and management of terrorism financing countermeasures, bribery prevention, customer information management, management of conflicts of interest, and Banking Law management.

Appointment of compliance officers

In addition to appointing compliance officers to each branch and department of the bank, "Area Compliance Officers," operating independently from areas of business promotion, are appointed to the branches and offices of the Wholesale Banking Unit and the Retail Banking Unit to directly supervise and manage compliance activities.

Set up of the Compliance Committee

The Compliance Committee, which consists of cross-departmental compliance members, chaired by the director in charge of compliance, has been created in order to comprehensively review and discuss compliance related issues. To enhance fair and objective deliberations by the Compliance Committee, outside members are also invited to participate in Compliance Committee meetings.

For the handling of any complaints received from and conflicts with our clients, SMBC has executed agreements, respectively, with the Japanese Bankers Association, a designated dispute resolution agency under the Banking Act; the Trust Companies Association of Japan, a Designated Dispute Resolution Organization under the Trust Business Act and Act on Provision, etc. of Trust Business by Financial Institutions; and the specified non-profit organization of "Financial Instruments Mediation Assistance Center," one of the "Designated Dispute Resolution Agencies" under the Financial Instruments and Exchange Act.

➡ For more about designated dispute resolution agencies and organizations, please see page 93.

Internal Audit System

Outline of the group's internal audit system

At SMFG, in addition to the Auditing Committee of the Board of Directors, the Internal Auditing Committee is established as part of the Management Committee, where the members discuss important auditing matters reported by the relevant departments. Under such a structure, the Audit Department is established as an internal auditing function, which is independent of business units.

The Audit Department conducts internal audits for each unit and department to verify the soundness and effectiveness of internal control systems, including compliance and risk management. It is also responsible for the overall supervision of internal audit functions at Group companies, and it verifies the appropriateness and effectiveness of their internal control systems by monitoring the performance of internal audit activities and conducting group-wide audits on common subjects. On the basis of its monitoring and group-wide audit, the Audit Department provides recommendation and guidance to the business units and departments as well as to Group companies. Also, the department is working to strengthen cooperation with corporate auditors and accounting auditors through frequent exchanges of information for appropriate audit practices.

SMBC has similar internal audit systems to those of SMFG, where the Internal Audit Unit is established and the Internal Auditing Committee is convened for discussions and reporting. The Internal Audit Unit conducts audits of operations at both domestic and overseas head offices, branches, and

SMBC Group companies in order to verify compliance and risk management systems. It also carries out “theme audit,” which focuses on a particular business or specific risk management issue to test cross-organizational conditions of internal control. Each audit practice is not limited to simple inspection of deficiency but points out issues and makes suggestions for future improvement on the basis of root-cause analysis.

Internal audit units are also established in other group companies according to their respective business characteristics.

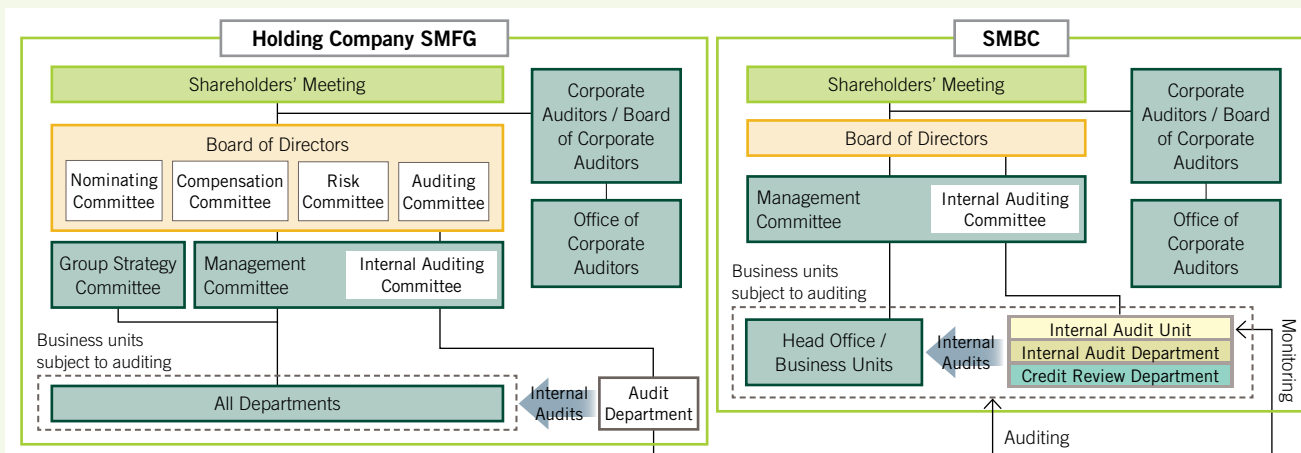
Enhancing the quality and efficiency of internal audit

The SMFG Audit Department has adopted auditing methods in accordance with the standards of the Institute of Internal Auditors (IIA)*. The department conducts risk-based audits and expands the same approach to group companies as well. It seeks to enhance the expertise of internal auditors in Group companies as it gathers up-to-date information on internal audits and offers that information to Group companies, organizes training programs, and promotes the obtaining of international certification as an auditor.

Moreover, it is proactively working on a group-wide quality assessment of internal audits based on the IIA standards.

* The Institute of Internal Auditors, Inc. (IIA), was founded in 1941 in the United States as an organization dedicated to helping raise the level of specialization and the status of professionalism of internal auditing staff. Its main activity is to hold examinations and approve licenses for Certified Internal Auditor (CIA), which is an internationally recognized qualification in both theoretical and practical knowledge for internal auditor.

Internal Audit System at SMFG and SMBC



Customer Satisfaction (CS) and Quality Improvement

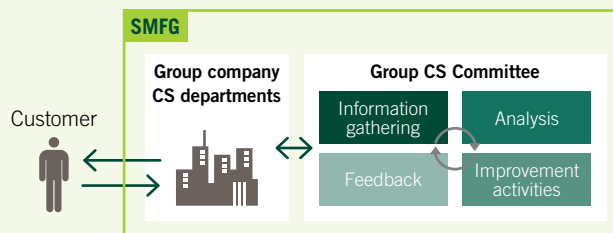
Our basic position

SMFG group companies are united in their efforts for customer satisfaction and quality improvement in line with “Our Mission” that states “We grow and prosper together with our customers, by providing services of greater value to them.”

Our system

SMFG has the Group CS Committee to promote cooperation across the group and holds regular meetings where group companies can exchange information on feedback from customers and exchange ideas on measures for promoting customer satisfaction. As such, the whole group is involved in customer satisfaction and quality improvement.

▶ Group CS Committee



Fiduciary Duty Declaration

SMFG has made a policy declaration for customer orientation in the asset management and asset formation business.

➔ For more about the **Fiduciary Duty Declaration**, please see page 94.

Measures taken by SMBC

SMBC takes active steps to utilize customer feedback in its operations.

Responding to customers’ opinions and requests

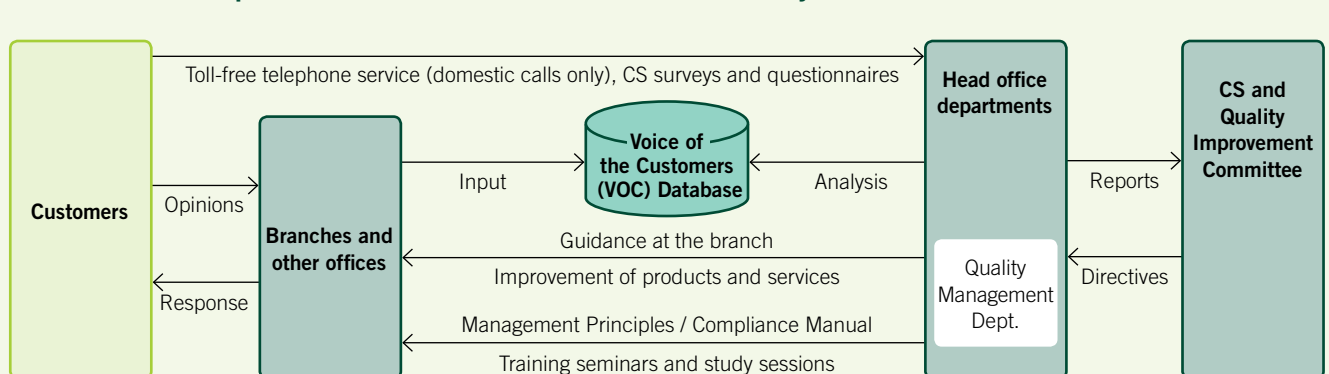
Customers’ opinions and requests are entered into the “Voice of the Customers” (VOC) database and shared widely across the bank. The data are analyzed by all departments of the bank and channeled into enhancing our response to customers through use in improving products and services and in staff training.

The Quality Management Department is responsible for developing plans, proposals, and systems for the improvement of customer satisfaction and quality. In addition, this department hosts meetings of the CS and Quality Improvement Committee, which is chaired by the president, to discuss appropriate cross-departmental measures for the entire bank to enable us to provide services that enhance customer satisfaction.

Clients always come first

SMBC sets forth detailed action principles under the “Clients always come first” of the Compliance Manual, along with “Our Mission” mentioned earlier, in order to enforce “Clients always come first” (CCF) marketing attitude. Furthermore, the bank raises awareness of the CCF attitude among all employees through Group training seminars and study sessions conducted at branches. During such training seminars and study sessions, the bank specifically incorporates clients’ opinions and requests for the implementation of the CCF attitude into daily business activities.

▶ Measures to improve Customer Satisfaction (CS) and Quality of SMBC



Human Resources

Human resources development that embodies our Five Values

Initiatives to promote our Five Values

To enable our Five Values to permeate group-wide, we have SMFG joint training seminars where new hires across group companies come together and a joint SMFG management program for Group company managers to engage in discussions about SMFG's future.



SMFG joint program for new hires

► Five Values

Values shared by our staff and directors in Japan and overseas to guide us in our client-centric approach

- Customer First
- Proactive and Innovative
- Speed
- Quality
- Team SMBC / SMFG

Initiatives to foster a Team SMFG spirit

To foster a Team SMFG spirit, we arrange for interchanges between employees of different Group companies and seek to promote Group ties through human resources strategies, such as joint activities for new hires.



SMFG joint company briefing

Initiatives to promote “Proactive & Innovative”

SMBC has set its sights on becoming a “Proactive & Innovative head office” where high sensitivity to change in the environment feeds into early response in effecting measures and producing ideas.

In fiscal 2016, the expectations of main office staff are being symbolized as an “Aggressively Proactive and Innovative head office,” creating a platform for thinking with unprecedented freedom and working in a spirit of positive challenge and tireless enthusiasm. In tandem with this initiative, SMFG is building an in-house body of knowledge and increasing its hiring and utilization of external personnel.



Poster for employees

► Added value for customers from a workforce instilled with the Five Values

SMFG's success in increasing its capability as a global financial group year by year is the result not only of our wide-ranging products and services but also of growth in the number of colleagues who provide us with “intelligence” we can utilize in resolving customer problems based on the use of diverse information. The Five Values are the summation of this “intelligence” expressed as an ethic and action plan.

As each one of us practices the Five Values, we believe we can provide added value that exceeds our clients' expectations by orchestrating “intelligence” through Group company or cross-border collaboration.



Takeshi Kunibe
President and CEO,
Sumitomo Mitsui Banking Corporation

A business environment where diversity is a strength

Initiatives to promote female participation

We hold SMFG joint women's career forums each year for young female employees with the aim of giving them a clear focus in their work at an early stage. The Group is also united in its response to the Act concerning Promotion of Women's Career Activities, with each company having set targets for its female manager ratio.



SMFG joint women's career forum

Message from an outside expert

As the female participation situation at SMBC varies widely from department to department, SMBC has set challenges on an individual department basis.

The SMBC President and CEO is watching with close interest, which has fostered a positive spirit of competition among departments.

SMBC has also commenced group-wide initiatives and I am looking to results from the mutual stimulus they provide.



Outside member of Diversity and Inclusion Committee* at SMBC

Kimie Iwata
President, Japan Institute for Women's Empowerment & Diversity Management

* The Diversity and Inclusion Committee was formed in May 2014 to speed up the promotion of diversity at SMBC as a whole. It is chaired by the SMBC President and members include a deputy president, general managers, and outside experts. The committee is promoting multiple initiatives to assist women in their careers and reform working practices for all employees.

Reforms to working practices

To provide an environment for participation by employees working limited hours, we have introduced awareness training and telecommuting and we are seeking to rectify long working hours and introduce flextime.

Promotion of globalization

At SMFG, we are working on staff development to support the rapid globalization of our business. SMBC offers a variety of global training programs in which staff from all over the world participate, including a program jointly developed with a world-leading business school. We are also promoting staff exchanges between Japan and overseas to encourage mutual understanding. By creating an environment where employees from different backgrounds work together and inspire each other, we seek to provide services of greater value to our customers.



Global Leadership Program

Jobs for those with disabilities

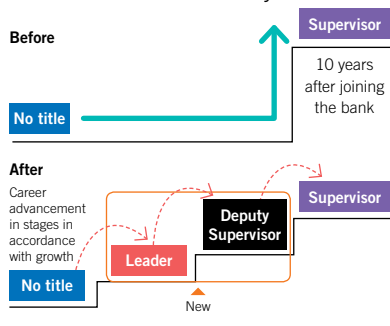
SMBC Nikko Securities employs athletes with disabilities, and it has set up Nikko MiRun, a company that provides jobs for people with disabilities. In March 2016, its efforts were recognized by the Ministry of the Environment as Good Practice in accordance with the ministry's Principles for Financial Action for the 21st Century.

► Promotion of the role of women

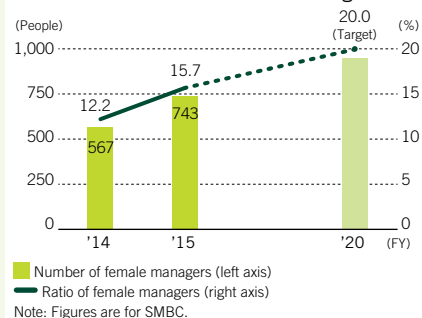
In July 2015, SMBC made changes to its personnel system to provide more career positions for women.

Under the revised system, careers can be advanced in stages in accordance with the individual's growth, thus providing a rewarding workplace for long-term participation.

Reforms to the Personnel System



Number and Ratio of Female Managers



Corporate Social Responsibility (CSR)

Aiming to contribute to the sustained development of society as a whole

Society today is confronting numerous and wide-ranging issues, including global warming, rapid population growth, growth in poverty, and low birthrates and aging populations in developed countries. As a global financial group, at SMFG we regard it as our social responsibility to remind ourselves of our role and play our part in addressing such issues.

Basic CSR policies

SMFG has a CSR definition and CSR “business ethics” to make the position of CSR clear and promote CSR effectively.

- ➔ Please follow the link to read about our CSR “business ethics.”
<http://www.smfg.co.jp/english/responsibility/smfgcdsr/csr.html>

▶ SMFG’s definition of CSR

In the conduct of its business activities, SMFG fulfills its social responsibilities by contributing to the sustainable development of society as a whole through offering higher added value to customers; shareholders and the market; the environment and society; and employees.

Priority issues (Materiality) that SMFG should address

SMFG has designated “Environment,” “Next Generation,” and “Community” as its three priority issues (Materiality) for the medium to long term.

Environment

Toward a sustainable world that all can share

Where we want to be ten years from now

A financial services group that takes the lead in tackling global environmental issues

Issues we should address

- Promotion of environmental management integrated with business
- Reducing environmental impact
- Managing environmental risks
- Promotion of environmental businesses
- Environment-related social contribution activities

Next Generation

Toward a vibrant society that balances maturity and growth

Where we want to be ten years from now

A financial services group that helps create a society where the next generation can also play an active part vigorously

Issues we should address

- Support for next generation asset inheritance and business succession
- Contributing as a financial institution to emerging countries
- Contribution to raising the level of financial literacy
- Global HR development
- Work-life balance and workplace with diversity

Community

Toward a healthy and distinctive community in which everyone can participate

Where we want to be ten years from now

A financial services group that contributes to the creation and further development of safe communities, which are the bedrock of Japanese society as a whole

Issues we should address

- Reconstruction for the Great East Japan Earthquake
- Contribute to achieving and developing safe and secure communities
- Community-based activities led by officers and employees
- Efforts to solve social issues by collaborating with NGOs and NPOs

Endorsement of initiatives in Japan and overseas

As a global corporate citizen, SMFG is fully aware of the social influence of financial institutions, and it endorses the following initiatives in Japan and overseas (action guidelines and principles for corporate activities).

- ➔ Please follow the link to read about initiatives endorsed by SMFG.

<http://www.smfg.co.jp/english/responsibility/smfgcdsr/structure.html>

Environment

Our basic position

SMFG recognizes the environment as one of its most important management issues. We are implementing initiatives to harmonize environmental preservation with corporate activities based on our Group Environmental Policy.

➔ Please follow the link to read about our Group

Environmental Policy.

<http://www.smfg.co.jp/english/responsibility/environment/index.html>

Environmental Management System (EMS) based on ISO 14001 certification

In 1998, SMBC became the first Japanese bank to obtain ISO 14001* certification. This certification is now held by holding company SMFG and eight major Group companies.

* International standard for environmental management systems

Three pillars of the Group's activities

The three pillars of our environmental action plan are: "Reduction of impacts on environment," "Management of environmental risks," and "Promotion of environmental businesses." We have set environmental objectives for each environmental activity and follow the procedures of Plan, Do, Check, and Act (PDCA) in conducting such activities.

Reducing environmental impact

SMFG sets objectives for reducing electricity and other energy consumption each year and seeks to be proactive in reaching its goals.

The SMBC East Tower, which opened in summer 2015 in Tokyo's Marunouchi district, pays heed to nature conservation and utilization; the installation and use of highly efficient systems; the reduction of adverse effects on the environment; and the creation and maintenance of a sustainable building. As a result of the utilization of diverse energy-saving technologies, we expect the



SMBC East Tower

SMBC East Tower's CO₂ emissions to be approximately 35% lower than an average office building.

SMFG organized an "SMFG Clean-Up Day" in which approximately 1,400 employees and their families participated in four locations.

Managing environmental risk

SMBC's Credit Policy, which sets out universal and basic philosophies, guidelines, and rules for credit operations, makes explicit reference to environmental risk in credit assessment.

In addition, in its environmental and risk assessment, SMBC follows the Equator Principles, which provide private-sector financial institutions a framework for environmental and social risk in financing large-scale development projects.



Equator Principles

Promoting environmental businesses

SMFG positions environmental businesses as a means to preserve and improve the global environment through its core business operations. SMFG's commitment extends from the global environment to individual countries' economic development. Examples include the SMBC Environmental Assessment Loan / Private Placement Bond to assist clients in promoting their environmental management, support for environmental infrastructure improvement projects in emerging countries, and support for renewable energy projects in emerging countries. Additionally, in 2015 SMBC became the first private-sector Japanese bank to issue green bonds.

Corporate Social Responsibility

Next Generation

Our basic position

SMFG draws on its financial functions to the full in the development of industries and personnel that will support the next generation. It is also engaged in the improvement of financial literacy and the development of markets that support healthy economic growth in emerging countries. We seek to make use of our financial functions and financial knowledge to assist in the creation of a vibrant society where the next generation can flourish.

Improvements to financial literacy

SMFG Group companies each provide financial and economic education in accordance with their category of business. SMBC and SMBC Nikko Securities accept visits to their branches by students from elementary to high school. SMBC Consumer Finance organizes financial and economic seminars for college students and those who have entered the workforce.

SMBC is the publisher of *What Does a Bank Do?*, a book for elementary school students, and *JUNIOR SAFE*, a children's magazine about the environment. Its activities also include the co-sponsorship of the KidZania work experience theme park and support for the Finance Park economic educational program for middle school students.



Natsuyasumi Kodomo Ginko Tankentai workplace experience for elementary school students organized by SMBC

Global human resources development

The SMBC Foundation for International Cooperation provides scholarships every year to 7 or 8 students coming from Asia to attend graduate schools in Japan. The objectives of the scholarships are the development of human resources that may contribute to the economic development of emerging countries and international exchange. The foundation also provides subsidies to research institutes and researchers that undertake projects contributing to economic development in emerging countries.

The SMBC Global Foundation, based in the United States, has provided scholarships to more than 6,000 university students in Asian countries since its establishment in 1994. In the United States, it supports educational trips to Japan organized by a high school in Harlem, New York City, and participation in school beautification programs by volunteers from SMBC. The foundation also matches donations from employees.



Event for foreign students in Japan

Community

Our basic position

In addition to the social contribution of its daily business, SMFG strives to be a good corporate citizen and fulfill its social responsibilities by undertaking a wide variety of activities to help society prosper.

Support for areas affected by natural disasters

As of March 2016, more than 890 SMFG executives, employees, and members of their families had participated in voluntary activities in areas affected by the Great East Japan Earthquake.

The Group has donated approximately ¥80 million for the Kumamoto Earthquake, which occurred in April 2016, and executives and employees are also volunteering of their own accord. SMBC has housing loans with special rates and a special corporate fund for clients affected by the earthquake. SMBC has also organized a special summer schedule for job applicant screening for students affected by the earthquake in addition to its usual selection process.



Social event at post-quake housing in Ishinomaki

Resolution of social issues in conjunction with NGOs and NPOs

Approximately 10,000 executives and employees participate in SMBC's voluntary scheme for deductions from salary for donations to charitable organizations. In fiscal 2015, donations were made to 30 organizations working on the resolution of social issues in Japan and overseas. Many executives and employees of other Group companies are also enrolled in volunteer funds that contribute to welfare and environmental activities.

SMFG arranges volunteer activities for staff in collaboration with organizations engaged in social problem solving, primarily recipients of volunteer funds. In fiscal 2015, approximately 2,600 executives, employees, and members of their families participated.



Volunteering with NPOs

Initiatives to assist the elderly and people with cognitive impairment and disabilities

As of March 2016, SMFG had trained approximately 9,100 staff to assist people with cognitive impairment. SMBC has training programs, such as Universal Manner, for the assistance of the elderly and people with disabilities.

Initiatives targeted at social issues in Asia

In March 2015, SMBC and PT Bank Sumitomo Mitsui Indonesia signed a memorandum of understanding with the Indonesian major Djarum Group's Djarum Foundation for the promotion of CSR activities in Indonesia. In the sphere of education, equipment has been donated to vocational schools.

In July 2015, SMBC became the first Japanese company to sign a memorandum of understanding with the Japan Committee for UNICEF. The agreement concerns a training program for elementary and middle school teachers in Myanmar that gives SMBC the opportunity to contribute to development in Myanmar over the next three years.



Marine vocational school in Indonesia

Financial Review

Operating Results

Income Summary (SMFG consolidated)

Year ended March 31	2015 (A)	2016 (B)	Increase (decrease) (B) – (A)
Consolidated gross profit	2,980.4	2,904.0	▲ 76.4
General and administrative expenses	▲ 1,659.3	▲ 1,724.8	▲ 65.5
Equity in gains (losses) of affiliates	▲ 10.6	▲ 36.2	▲ 25.6
Consolidated net business profit	1,310.5	1,142.9	▲ 167.5
Total credit cost	▲ 7.8	▲ 102.8	▲ 95.0
Gains (losses) on stocks	66.7	69.0	+2.3
Others	▲ 48.2	▲ 123.9	▲ 75.7
Ordinary profit	1,321.2	985.3	▲ 335.9
Profit attributable to owners of parent	753.6	646.7	▲ 106.9

(Reference) Income Summary (SMBC non-consolidated)

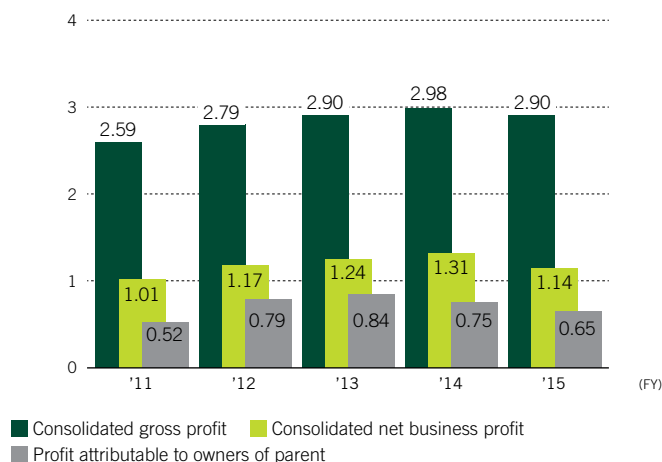
Year ended March 31	2015 (A)	2016 (B)	Increase (decrease) (B) – (A)
Gross banking profit	1,634.3	1,534.3	▲ 100.0
Expenses ^{*1}	▲ 791.2	▲ 805.5	▲ 14.3
Banking profit ^{*2}	843.1	728.8	▲ 114.3
Credit cost	80.1	3.2	▲ 76.9
Gains (losses) on stocks	52.6	35.3	▲ 17.3
Others	▲ 19.8	▲ 19.4	+0.4
Ordinary profit	956.0	747.9	▲ 208.1
Net income	643.0	609.2	▲ 33.8

*1 Excluding non-recurring losses

*2 Before provision for general reserve for possible loan losses

► Consolidated gross profit / Consolidated net business profit / Profit attributable to owners of parent (SMFG Consolidated)

(Trillions of yen)



Consolidated net business profit

Despite an increase in revenue from credit card operations at Sumitomo Mitsui Card Company, consolidated gross profit decreased by ¥76.4 billion year-on-year to ¥2,904.0 billion. The primary reasons for the decrease were the fall in net interest income at SMBC due to decreases in interest on loans and discounts, interest and dividends on securities, and an increase in interest on deposits. Sluggish growth in sales of foreign bonds and investment trusts at SMBC Nikko Securities was also a critical factor behind the said decrease.

General and administrative expenses increased by ¥65.5 billion year-on-year to ¥1,724.8 billion mainly due to ongoing investments by SMBC and other subsidiaries to enhance top-line growth. Equity in gains (losses) of affiliates decreased by ¥25.6 billion year-on-year to loss of ¥36.2 billion primarily due to a goodwill impairment loss of investments in PT Bank Tabungan Pensiunan Nasional Tbk (BTPN) resulting from a decline in its share price, offsetting contribution of earnings of The Bank of East Asia, which had become an equity method affiliate in March 2015.

As a result, consolidated net business profit decreased by ¥167.5 billion year-on-year to ¥1,142.9 billion.

Credit cost

Total credit cost increased by ¥95.0 billion year-on-year to ¥102.8 billion. This increase was mainly due to a decrease in gains on reversal of reserve for possible loan losses recognized and for other reasons by SMBC.

Gains (losses) on stocks

Gains (losses) on stocks increased by ¥2.3 billion year-on-year to ¥69.0 billion.

Ordinary profit

Ordinary profit decreased by ¥335.9 billion year-on-year to ¥985.3 billion. This decrease was mainly due to the provisions for losses on interest repayments and for other reasons.

Profit attributable to owners of parent

Profit attributable to owners of parent decreased by ¥106.9 billion year-on-year to ¥646.7 billion, after adjustments of ordinary profit for extraordinary gains and losses and income taxes.

Financial Position

Consolidated Balance Sheet (SMFG consolidated)

(Billions of yen)

March 31	2015 (A)	2016 (B)	Increase (decrease) (B) – (A)
Assets	183,442.6	186,585.8	+3,143.3
Loans and bills discounted	73,068.2	75,066.1	+1,997.8
Securities	29,633.7	25,264.4	▲4,369.2
Liabilities	172,746.3	176,138.2	+3,391.9
Deposits	101,047.9	110,668.8	+9,620.9
Negotiable certificates of deposit	13,825.9	14,250.4	+424.5
Net assets	10,696.3	10,447.7	▲248.6

NPLs based on the Financial Reconstruction Act (SMFG consolidated)

(Billions of yen)

March 31	2015 (A)	2016 (B)	Increase (decrease) (B) – (A)
NPLs based on the Financial Reconstruction Act (A)	1,174.8	992.7	▲182.0
Normal assets	83,475.6	85,579.4	+2,103.8
Total (B)	84,650.3	86,572.2	+1,921.8
NPL ratio (A/B)	1.39%	1.15%	▲0.24%

Unrealized Gains (Losses) on Other Securities (SMFG consolidated)

(Billions of yen)

March 31	2015		2016		Increase (decrease)
	Consolidated balance sheet amount	Net unrealized gains (losses) (A)	Consolidated balance sheet amount	Net unrealized gains (losses) (B)	
Stocks	4,066.0	2,054.3	3,511.9	1,573.0	▲481.3
Bonds	13,699.6	50.0	10,893.1	109.2	+59.2
Others	8,497.9	500.6	8,728.5	225.3	▲275.3
Total	26,263.4	2,605.0	23,133.4	1,907.5	▲697.5

Note: The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Cash and due from banks" and "Deposits with banks" and beneficiary claims on loan trusts in "Monetary claims bought," etc.

Loans and bills discounted

Loans and bills discounted increased by ¥1,997.8 billion year-on-year to ¥75,066.1 billion. This increase was mainly due to increases in domestic corporate loans and overseas loans, primarily in the Americas, by SMBC.

Deposits

Deposits increased by ¥9,620.9 billion year-on-year to ¥110,668.8 billion. This increase was mainly due to increases in both individual and corporate deposits in Japan and to an increase in overseas deposits resulting from business expansion overseas. Negotiable certificates of deposit increased by ¥424.5 billion year-on-year to ¥14,250.4 billion.

NPLs based on the Financial Reconstruction Act

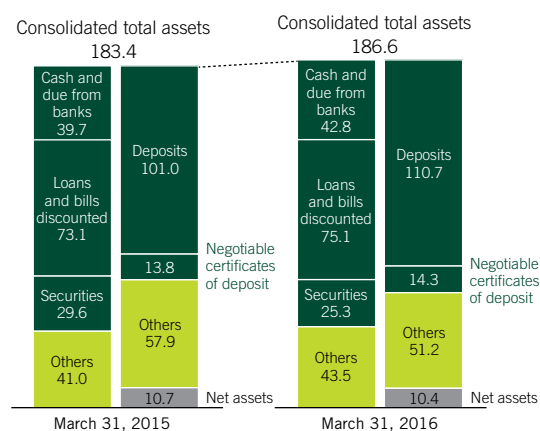
NPLs based on the Financial Reconstruction Act decreased by ¥182.0 billion year-on-year to ¥992.7 billion. As a result, NPL ratio decreased by 0.24 percentage points year-on-year to 1.15%.

Securities

Securities decreased by ¥4,369.2 billion year-on-year to ¥25,264.4 billion. Net unrealized gains on other securities decreased by ¥697.5 billion year-on-year to ¥1,907.5 billion.

Consolidated Balance Sheet (SMFG consolidated)

(Trillions of yen)



Financial Review

Capital

Consolidated capital ratio (international standard) (SMFG consolidated)

March 31	2015 (A)	2016 (B)	(Billions of yen) Increase (decrease) (B) – (A)
Common equity Tier 1 capital	7,476.5	7,796.5	+320.0
Additional Tier 1 capital	1,052.1	1,235.2	+183.1
Tier 1 capital	8,528.6	9,031.7	+503.1
Tier 2 capital	2,437.3	2,204.3	▲ 233.0
Total capital	10,965.9	11,235.9	+270.0
Risk weighted assets	66,136.8	66,011.6	▲ 125.2
Common equity Tier 1 capital ratio	11.30%	11.81%	+0.51%
Tier 1 capital ratio	12.89%	13.68%	+0.79%
Total capital ratio	16.58%	17.02%	+0.44%

Basel III fully-loaded basis (Based on the definition as of March 31, 2019)

Common equity Tier 1 capital	7,917.7	7,901.0	▲ 167
Common equity Tier 1 capital ratio	12.0%	11.9%	▲ 0.1%
(Excludes net unrealized gains (losses) on other securities)	9.0%	9.9%	+0.9%

Capital

Common equity Tier 1 capital increased by ¥320.0 billion year-on-year to ¥7,796.5 billion, and total capital increased by ¥270.0 billion year-on-year to ¥11,235.9 billion, due to an increase in profit attributable to owners of parent.

Risk weighted assets

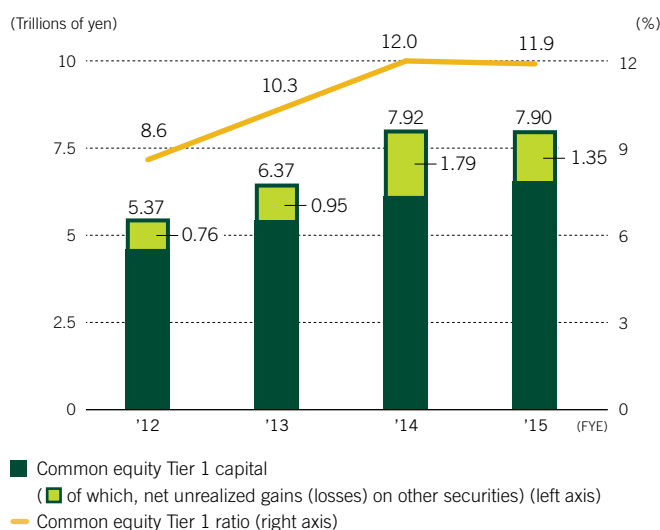
Risk weighted assets decreased by ¥125.2 billion year-on-year to ¥66,011.6 billion. The decrease was mainly due to an influence of yen appreciation, despite assets investments in the Americas and Europe by the International Banking Unit.

Capital ratio

The common equity Tier 1 ratio increased by 0.51 percentage points year-on-year to 11.81%, and the total capital ratio increased by 0.44 percentage points year-on-year to 17.02%.

Calculated on a Basel III fully-loaded basis (based on the definition as of March 31, 2019), the common equity Tier 1 ratio decreased by 0.1 percentage points year-on-year to 11.9%

Common equity Tier 1 ratio (Fully-loaded basis, SMFG consolidated)

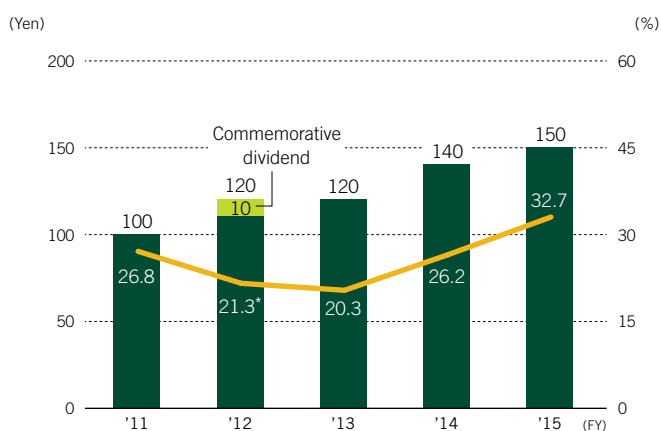


Dividend

Our basic policy is to achieve a sustainable increase in shareholder value and raise dividend per share in a stable manner by realizing higher profitability and growth through growth investments with the focus on efficiency of our capital, while enhancing retained earnings to maintain financial soundness.

In line with this policy, SMFG decides the ordinary dividend per share on common stock was ¥150 in fiscal 2015, a year-on-year increase of ¥10.

► Ordinary dividend per share



■ Dividend per share (left axis) — Dividend payout ratio (right axis)

* Dividend payout ratio including commemorative dividend (¥10 per share)

Websites

SMFG

Home Page



<http://www.smfg.co.jp/> (Japanese)
<http://www.smfg.co.jp/english/> (English)

IR Information



<http://www.smfg.co.jp/investor/> (Japanese)
<http://www.smfg.co.jp/english/investor/> (English)

Corporate Social Responsibility



<http://www.smfg.co.jp/responsibility/> (Japanese)
<http://www.smfg.co.jp/english/responsibility/> (English)

SMBC

Global Site



<http://www.smbc.co.jp/global/>

About SMBC



<http://www.smbc.co.jp/aboutus/english/>

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Group Companies (as of March 31, 2016)



www.smfg.co.jp/english/

The companies of the Sumitomo Mitsui Financial Group (SMFG) primarily conduct commercial banking through the following financial services: leasing, securities, consumer finance, system development and data processing.

Business Mission

- We grow and prosper together with our customers, by providing services of greater value to them.
- We aim to maximize our shareholders' value through the continuous growth of our business.
- We create a work environment that encourages and rewards diligent and highly-motivated employees.

Company Name: Sumitomo Mitsui Financial Group, Inc.

Business Description:

Management of banking subsidiaries (under the stipulations of Japan's Banking Act) and of non-bank subsidiaries, as well as the performance of ancillary functions

Establishment: December 2, 2002

Head Office: 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Chairman of the Board: Masayuki Oku

President: Koichi Miyata

(Concurrent Director at Sumitomo Mitsui Banking Corporation)

Capital: ¥2,337.8 billion

Stock Exchange Listings:

Tokyo Stock Exchange (First Section)

Nagoya Stock Exchange (First Section)

Note: American Depositary Receipts (ADRs) are listed on the New York Stock Exchange.



SUMITOMO MITSUI BANKING CORPORATION

www.smbc.co.jp/global/index.html



Sumitomo Mitsui Banking Corporation ("SMBC") was established in April 2001 through the merger of two leading banks of The Sakura Bank, Limited and The Sumitomo Bank, Limited. Sumitomo Mitsui Financial Group, Inc. was established in December 2002 as a bank holding company through the share transfer, and SMBC became a wholly owned subsidiary of SMFG. In March 2003, SMBC merged with The Wakashio Bank, Ltd.

SMBC's competitive advantages include its solid and extensive client base, the expeditious implementation of strategies, and also the service providing capability of its predominant Group companies. SMBC, as a core member of SMFG, integrally work with other Group companies to provide highly sophisticated and comprehensive financial services to clients.

Company Name: Sumitomo Mitsui Banking Corporation

Business Profile: Commercial banking

Establishment: June 6, 1996

Head Office: 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

President and CEO: Takeshi Kunibe (Concurrent Director at Sumitomo Mitsui Financial Group)

Number of Employees: 28,002

Number of branches and other business locations:

In Japan:	2,080*
Branches:	506
(Including 46 specialized deposit account branches)	
Sub-branches:	469
Banking agencies:	2
Offices handling non-banking business:	24
Automated service centers:	1,079
Overseas:	38
Branches:	17
Sub-branches:	17
Representative offices:	4

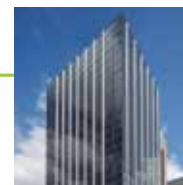
*The number of domestic branches excludes ATMs located at retail convenience stores. The number of overseas branches excludes branches to be closing and locally-incorporated companies in overseas.

Credit Ratings (as of June 30, 2016)

	Long-term	Short-term
Moody's	A1	P-1
Standard & Poor's	A	A-1
Fitch Ratings	A	F1
R&I	AA-	a-1+
JCR	AA	J-1+

Financial Information (Consolidated basis, years ended March 31)

	Billions of yen			
	2016	2015	2014	2013
For the Year:				
Ordinary income..... ¥	3,059.0	¥ 3,199.4	¥ 3,105.9	¥ 2,810.6
Ordinary profit	930.3	1,198.9	1,298.7	928.7
Net income.....	680.1	736.9	785.6	734.5
At Year-End:				
Net assets..... ¥	9,446.1	¥ 10,036.0	¥ 8,640.7	¥ 8,257.0
Total assets	180,408.6	177,559.1	155,824.1	143,203.1



SMBC Trust Bank was founded in February 1986. As well as our corporate trust operations, we have worked to develop personalized retail banking and asset management operations that utilize trust systems and functions. SMBC Trust Bank became part of the Sumitomo Mitsui Financial Group in October 2013. We are now making a fresh start following the integration of the retail banking operations of Citibank Japan Ltd. under the new PRESTIA brand in November 2015.

SMBC Trust Bank service will be offered to a customer by combining our high-level expertise and experience in trust services, built up through our track record in this area, with the extensive information capabilities and solid organizational skills of the Sumitomo Mitsui Financial Group.

Company Name: SMBC Trust Bank Ltd.
Business Profile: Commercial banking and Trust Banking
Establishment: February 25, 1986
Head Office: 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo
President & CEO: Hidetoshi Furukawa
Number of Employees: 2,041
Number of branches: In Japan: 36
(Including Internet Branch and Sub-Branches)

Financial Information (Years ended March 31)

	Billions of yen		
	2016	2015	2014
For the Year:			
Ordinary income.....	¥ 20.5	¥ 7.3	¥ 5.6
Ordinary profit (loss).....	(9.5)	(1.1)	(0.9)
Net income (loss).....	(10.8)	(1.3)	(0.9)
At Year-End:			
Total assets.....	¥2,517.2	¥224.2	¥187.4



Sumitomo Mitsui Finance and Leasing ("SMFL") is a leading Japanese leasing company with an extensive history going back to its origination of the leasing business in 1968. SMFL provides financial solutions and services appropriate to diversifying needs of clients by taking advantage of its abundant experiences and past performance results accumulated over the years.

SMFL proactively works on the areas with high social needs such as environment/energy, medical/nursing care, leasing, or sale of secondhand machines, while appropriately responding to the globalization of capital expenditures and sales activities in overseas.

SMFL develops along with its clients by being swift to provide them with diverse products and services that address their management issues.

Company Name: Sumitomo Mitsui Finance and Leasing Company, Limited
Business Profile: Leasing
Establishment: February 4, 1963
Head Office:
Tokyo Head Office: 3-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Osaka Head Office: 3-10-19, Minami-Semba, Chuo-ku, Osaka
President & CEO: Yoshinori Kawamura
Number of Employees: 2,481

Credit Ratings (as of June 30, 2016)

	Long-term	Short-term
R&I	A+	a-1
JCR	AA-	J-1+

Financial Information (Consolidated basis, years ended March 31)

	Billions of yen			
	2016	2015	2014	2013
For the Year:				
Leasing transaction volume.....	¥1,994.8	¥1,865.8	¥1,767.0	¥1,335.4
Operating revenue....	1,147.8	1,152.0	1,037.2	992.2
Operating profit.....	79.6	84.8	75.6	57.6



www.smbcnikko.co.jp/en



SMBC Nikko Securities Inc. (formerly Nikko Cordial Securities Inc.), is approaching its centenary in 2018. During its almost 100 years in business, it has built strong relationships founded on trust with individual and corporate clients. Since bringing its long experience and solid customer base into the SMFG Group in October 2009, the company has pursued banking-securities collaboration with SMBC in its role as core Group member, seeking to leverage on collective strengths to provide financial services of the highest quality. 'Share the Future' is the brand slogan as SMBC Nikko Securities strives to be a leading Japanese full-line securities company capable of offering high quality financial products and services globally.

Company Name: SMBC Nikko Securities Inc.
Business Profile: Securities
Establishment: June 15, 2009
Head Office: 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
President & CEO: Yoshihiko Shimizu (Appointed on April 1, 2016)
Number of Employees: 8,363

Credit Ratings (as of June 30, 2016)

	Long-term	Short-term
Moody's	A1	P-1
Standard & Poor's	A	A-1
R&I	AA-	a-1+
JCR	AA	-

Financial Information (Years ended March 31)

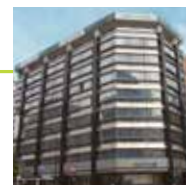
	Billions of yen			
	2016	2015	2014	2013
For the Year:				
Operating revenue...	¥297.9	¥332.6	¥333.4	¥280.5
Operating income ...	46.9	89.1	96.6	72.7



SMBC FRIEND SECURITIES CO., LTD.

www.smbc-friend.co.jp

(Japanese only)



SMBC Friend Securities Co., Ltd. is a securities company with one of the best financial foundations and efficient operations in the industry, and provides a full range of securities services focusing mainly on retail clients. SMBC Friend Securities provides highly efficient nationwide network operations offering services closely tailored to the needs of its clients and the communities while operating a new business model of online financial consulting services.

SMBC Friend Securities will continue to develop consistently toward its goal of becoming "the securities company especially appreciated by clients," offering high-quality products and services accommodating the needs of its clients and building trust for its clients.

Company Name: SMBC Friend Securities Co., Ltd.
Business Profile: Securities
Establishment: March 2, 1948
Head Office: 7-12, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo
President & CEO: Koichi Danno
Number of Employees: 1,890

Financial Information (Years ended March 31)

	Billions of yen			
	2016	2015	2014	2013
For the Year:				
Operating revenue...	¥43.0	¥50.0	¥57.7	¥59.6
Operating profit	4.1	9.8	15.0	18.0



SUMITOMO MITSUI CARD COMPANY, LIMITED

www.smbc-card.com

(Japanese only)



As the pioneer in the issuance of the Visa Card in Japan and a leader in the domestic credit card industry, Sumitomo Mitsui Card Company, Limited, enjoys the strong support of its many customers and plays a major role as one of the strategic businesses of SMFG.

Leveraging its strong brand image and its excellent capabilities across a wide range of card-related services, the company provides settlement and financing services focused around providing credit services that meet customer needs. Through its credit card business operations, the company aims to actively contribute to the realization of comfortable and affluent consumer lifestyles and make further dramatic advances as a leading brand in its industry sector.

Company Name: Sumitomo Mitsui Card Company, Limited

Business Profile: Credit card

Establishment: December 26, 1967

Head Office:

Tokyo Head Office: 1-2-20, Kaigan,
Minato-ku, Tokyo

Osaka Head Office: 4-5-15, Imabashi,
Chuo-ku, Osaka

President & CEO: Ken Kubo

Number of Employees: 2,440

Credit Ratings (as of June 30, 2016)

	Long-term	Short-term
R&I	AA-	a-1+
JCR	AA-	J-1+

Financial Information (Years ended March 31)

	Billions of yen			
	2016	2015	2014	2013
For the Year:				
Revenue from credit card operations	¥11,360.6	¥10,091.0	¥9,131.5	¥8,194.6
Operating revenue	210.1	198.4	191.4	185.6
Operating profit	40.5	41.9	43.6	44.7
At Year-End:				
Number of cardholders (in thousands)	24,239	23,490	22,994	22,400



www.cedyna.co.jp/english/



Cedyna Financial Corporation was formed in April 2009 as a result of the merger of OMC Card, Inc., Central Finance Co., Ltd. and QUOQ Inc., consolidating their client bases, marketing capabilities and expert knowledge. As a member of SMFG, it strives to become “the number one credit card business entity in Japan” by closely working with Sumitomo Mitsui Card.

Cedyna strives to become SMFG’s comprehensive payment finance company in the consumer finance business by integrating the credit card, consumer credit and financing solution core businesses, and providing individual clients with secure and convenient payment methods means for making payments.

Company Name: Cedyna Financial Corporation

Business Profile: Credit card and installment

Establishment: September 11, 1950

Head Office:

Head Office: 3-23-20, Marunouchi,
Naka-ku, Nagoya

Tokyo Head Office: 2-16-4, Konan,
Minato-ku, Tokyo

President & CEO: Satoru Nakanishi

Number of Employees: 3,283

Financial Information (Years ended March 31)

	Billions of yen			
	2016	2015	2014	2013
For the Year:				
Operating revenue	¥149.9	¥149.8	¥160.0	¥164.0
Operating profit	0.4	1.0	10.7	13.4
At Year-End:				
Number of cardholders (in thousands)	17,020	17,633	18,412	19,480



SMBC CONSUMER FINANCE

www.smbc-cf.com/english/

Since its establishment in 1962, with the original goal of striving to be the best in offering innovative financial services for consumers, Promise Co., Ltd., currently known as SMBC Consumer Finance Co., Ltd., has developed convenient loan products for individuals to accommodate to the changing times and has created an appropriate system for offering loan consultation services and executing loan agreements.

SMBC Consumer Finance strives to become the kind of global consumer finance company which "would be able to earn the utmost trust of clients" by consistently and sincerely working with clients as an expert in the consumer finance business.

Company Name: SMBC Consumer Finance Co., Ltd.
Business Profile: Consumer lending
Establishment: March 20, 1962
Head Office: 4-12-15, Ginza, Chuo-ku, Tokyo
President & CEO: Ryoji Yukino
Number of Employees: 2,240

Cooperation:
 SHOCHIKU Co., Ltd.,
 Kabuki-za Co., Ltd.



Credit Ratings (as of June 30, 2016)

	Long-term	Short-term
R&I	A	—
JCR	A-	—

Financial Information (Years ended March 31)

	Billions of yen			
	2016	2015	2014	2013
For the Year:				
Operating revenue...	¥178.3	¥168.6	¥164.7	¥164.6
Operating profit (loss) ...	(72.3)	3.7	15.9	42.3



The Japan Research Institute, Limited

www.jri.co.jp/english/

The Japan Research Institute, Limited (JRI) is a comprehensive information services company with information systems, consulting, and think-tank functions. In addition to providing IT-based strategic data systems planning and development and outsourcing services, JRI offers consultation in areas such as management strategy and admin reforms. It also engages in activities ranging from economic research and analysis on Japan and other countries and policy recommendation to business incubation.

Company Name: The Japan Research Institute, Limited
Business Profile: System development, data processing, management consulting and economic research
Establishment: November 1, 2002
Head Office:
Tokyo Head Office: 2-18-1, Higashi-Gotanda, Shinagawa-ku, Tokyo
Osaka Head Office: 2-2-4, Tosabori, Nishi-ku, Osaka
President & CEO: Masahiro Fuchizaki
Number of Employees: 2,349



Financial Information (Years ended March 31)

	Billions of yen			
	2016	2015	2014	2013
For the Year:				
Operating revenue...	¥125.0	¥111.1	¥106.0	¥96.2
Operating profit	2.2	1.7	1.7	1.8



Risk Management

Basic Approach

As risks in the financial services increase in diversity and complexity, risk management—identifying, measuring, and controlling risk—has never been more important in the management of a financial holding company.

SMFG has established the basic principles of group-wide risk management in the “Policies on Comprehensive Risk Management.” In the policies, we identify the location and the type of risk to be managed in accordance with strategic goals and business structures. We have set forth the fundamental principles for comprehensive risk management as shown in the Table below and manage each risk appropriately according to its characteristics. We share the principles internally to foster a sound risk culture.

In addition, SMFG has established the “Principal Policy on Group Risk Management” which sets forth the specific operational policies for appropriately conducting risk management in line with the basic principles across all companies. The Principal Policy is reviewed regularly and as necessary (see page 57).

■ Fundamental Principles on Comprehensive Risk Management (Excerpt major principles)

Basic Principles	Description
Risk management on a consolidated basis	Various risks taken at the SMFG and the Group companies to be managed on a consolidated basis according to the business and importance in conformity with the relevant laws and regulations.
Risk management based on quantification	The risks subject to control to be quantitatively managed according to the relevant risk characteristics after specifying the scope of quantification.
Ensuring consistency with the business strategy	Risk management to be consistent with the business strategy.
System for check and balance	The risk management framework to be developed to ensure effective check and balance function for business operations.
Measures for emergencies and critical situations	Necessary measures to be developed by assuming situations, scenarios etc. as to materialization of risk which would have a significant impact on the business and financial management of SMFG
Verification of the actual situation	The actual risk management process to be verified by the Internal Audit Unit.

Comprehensive Risk Management

Based on the Principal Policy, SMFG takes a comprehensive and systematic approach to risk management, with risk analysis by stress testing and risk capital management following ascertainment of environment and risk view, including top risks (see page 55).

Risk Management System

Reflecting the importance of risk management, top management plays an active role in the process. The “Principal Policy on Group Risk Management” is determined by the Management Committee before being authorized by the Board. In addition, the Board has a risk committee that meets regularly to review and discuss a wide range of topics related to risk management and compliance issues in the aim of continuously raising the level of risk governance at SMFG (see page 57).

Implementation of Basel Capital Accord

The Basel III regulatory framework consists of capital, leverage, and liquidity ratios designed to maintain sound operating standards for internationally active banks. SMFG calculates its ratios in accordance with the standards for Japanese banks. Risk assets subject to the Basel Capital Accord totaled ¥66,011.6 billion as of March 31, 2016, down ¥125.2 billion from March 31, 2015. The main factors behind the decrease in risk-weighted assets were a decrease in the balance of equity and fund investment (credit risk), a decrease in trading positions (market risk), and a revision in the methodology for risk quantification of tangible asset damages from earthquakes (operational risk).

Capital ratio and other regulations are currently under review by the Basel Committee on Banking Supervision (BCBS). SMFG plans to respond appropriately to revisions after conducting comprehensive impact analysis.

As of March 31, 2016, SMFG was designated a Globally Systemically Important Bank (G-SIB) by the Financial Stability Board (FSB) and SMFG is subject to the phase in of the add-on to the minimum capital ratio requirement (for the current bucket, 1.0%).

■ Risk-Weighted Assets as of March 31, 2016

(Trillions of yen)

	March 31, 2015	March 31, 2016	Increase (decrease)
Credit risk	61.3	61.2	(0.1)
Market risk	2.0	1.5	(0.5)
Operational risk	2.8	3.3	+0.5
Total	66.1	66.0	(0.1)

■ Risk Assets at Individual Departments

(Trillions of yen)

Sumitomo Mitsui Financial Group	Wholesale	15.9
	Credit risk	15.6
	Retail	7.2
	Credit risk	7.0
	International	18.1
	Credit risk	17.1
Other	24.9	
	Credit risk	21.5

Note: Other includes Treasury Unit, Investment Banking Unit and Group companies.

Credit Risk

1. Basic Approach to Credit Risk Management

(1) Definition of Credit Risk

Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.

Overseas credits also include an element of country risk, which is closely related to credit risk. This is the risk of loss caused by changes in foreign exchange, or political or economic situations.

(2) Fundamental Principles for Credit Risk Management

All Group companies follow the fundamental principles established by SMFG to assess and manage credit risk on a group-wide basis and further raise the level of accuracy and comprehensiveness of group-wide credit risk management. Each Group company must comprehensively manage credit risk according to the nature of its business, and assess and manage credit risk of individual loans and credit portfolios quantitatively and using consistent standards.

Credit risk is the most significant risk to which SMFG is exposed. Without effective credit risk management, the impact of

the corresponding losses on operations can be overwhelming.

The purpose of credit risk management is to keep credit risk exposure to a permissible level relative to capital, to maintain the soundness of group-wide assets, and to ensure returns commensurate with risk. This leads to a loan portfolio that achieves high returns on capital and assets.

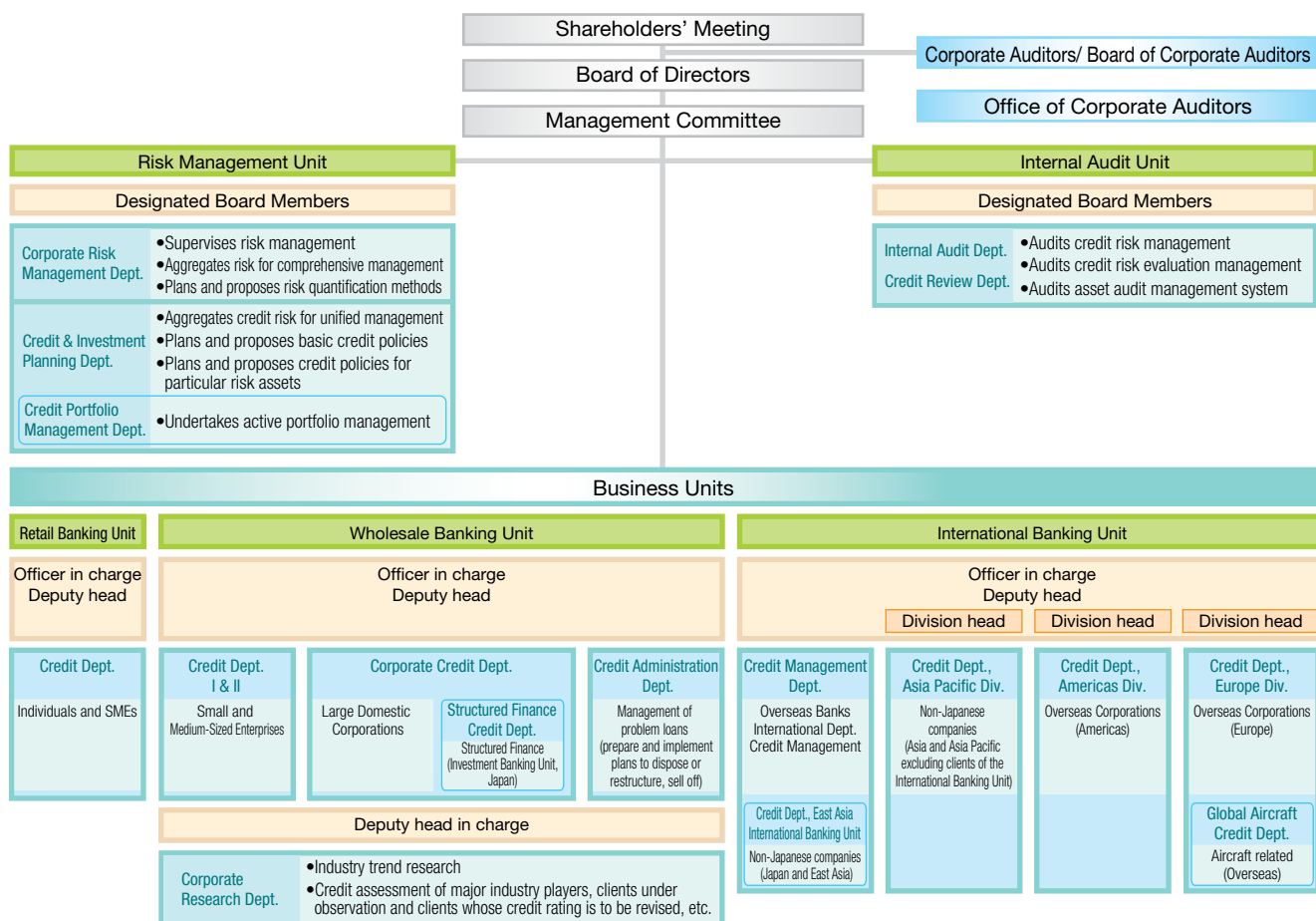
(3) Credit Policy

SMFG's Group credit policy comprises clearly stated universal and basic operating concepts, policies, and standards for credit operations, in accordance with our business mission and rules of conduct. SMFG is promoting the understanding of and strict adherence to its Group credit policy among all its managers and employees. By fostering a culture of appropriate levels of risk-taking, and by providing still high-value-added financial services, SMFG aims to enhance shareholder value and play a key contributory role in the community.

2. Credit Risk Management System

At SMBC, the Credit & Investment Planning Department within the Risk Management Unit is responsible for the comprehensive management of credit risk. This department drafts and administers credit policies, the internal rating system, credit authority guidelines,

■ SMBC's Credit Risk Management System



and credit application guidelines, and manages non-performing loans (NPLs) and other aspects of credit portfolio management. The department also cooperates with the Corporate Risk Management Department in quantifying credit risk (risk capital and risk-weighted assets) and controls the bank's entire credit risk. Further, the Credit Portfolio Management Department within the Credit & Investment Planning Department has been strengthening its active portfolio management function for stable credit portfolios mainly through credit derivatives and the sales of loans.

The Credit Departments within each business unit conduct credit risk management, along with the branches, for loans handled by their units and manage their units' portfolios. The credit approval authority is determined based on the credit amount and internal grades, while credit departments focus on the analysis and management of customers and transactions with relatively high credit risk.

The Credit Administration Department is responsible for handling NPLs of borrowers classified as potentially bankrupt or lower, and draws up plans for their workouts, including write-offs. It works to efficiently reduce the amount of NPLs through Group company SMBC Servicer Co., Ltd., which engages in related services, and by such means as the sell-off of claims.

Through industrial and sector-specific surveys, and studies of individual companies, the Corporate Research Department works to form an accurate idea of the circumstances of borrower companies and quickly identify those with potentially troubled credit positions as well as promising growth companies.

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

SMBC has established the Credit Risk Committee, as a consultative body, to round out its oversight system for undertaking flexible and efficient control of credit risk, and ensuring the overall soundness of the bank's loan operations.

3. Credit Risk Management Methods

(1) Credit Risk Assessment and Quantification

At SMBC, to effectively manage the risk involved in individual loans as well as the credit portfolio as a whole, we first acknowledge that every loan entails credit risks, assess the credit risk posed by each borrower and loan using an internal rating system, and quantify that risk for control purposes.

(a) Internal Rating System

There is an internal rating system for each asset control category set according to portfolio characteristics. For example, credits to commercial and industrial (C&I)

companies, individuals for business purposes (domestic only), sovereigns, public-sector entities, and financial institutions are assigned an "obligor grade," which indicates the borrower's creditworthiness, and/or "facility grade," which indicates the collectibility of assets taking into account transaction conditions such as guarantee/collateral, and tenor. An obligor grade is determined by first assigning a financial grade using a financial strength grading model and data obtained from the obligor's financial statements. The financial grade is then adjusted taking into account the actual state of the obligor's balance sheet and qualitative factors to derive the obligor grade. In the event that the borrower is domiciled overseas, internal ratings for credit are made after taking into consideration country rank, which represents an assessment of the credit quality of each country, based on its political and economic situation, as well as its current account balance and external debt. Self-assessment is the obligor grading process for assigning lower grades, and the borrower categories used in self-assessment are consistent with the obligor grade categories.

Obligor grades and facility grades are reviewed once a year, and, whenever necessary, such as when there are changes in the credit situation.

There are also grading systems for loans to individuals, and project finance and other structured finance tailored according to the risk characteristics of these types of assets.

■ SMBC's Obligor Grading System

Obligor Grade		Definition	Borrower Category	Financial Reconstruction Act Based Disclosure Category (Domestic)
Domestic (C&I), etc.	Overseas (C&I), etc.			
J1	G1	Very high certainty of debt repayment	Normal Borrowers	Normal Assets
J2	G2	High certainty of debt repayment		
J3	G3	Satisfactory certainty of debt repayment		
J4	G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment		
J5	G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of significant changes in economic trends or business environment		
J6	G6	Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems		
J7	G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Borrowers Requiring Caution	Substandard Loans
J7R	G7R	(Of which Substandard Borrowers)	Substandard Borrowers	
J8	G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers	Doubtful Assets
J9	G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Effectively Bankrupt Borrowers	Bankrupt and Quasi-Bankrupt Assets
J10	G10	Legally or formally bankrupt	Bankrupt Borrowers	

The Credit & Investment Planning Department centrally manages the internal rating systems, and properly designs, operates, supervises, and validates the grading models. It validates the grading models (including statistical validation) of main assets following the procedures manual once a year, to ensure their effectiveness and suitability.

(b) Quantification of Credit Risk

Credit risk quantification refers to the process of estimating the degree of credit risk of a portfolio or individual loan taking into account not just the obligor's Probability of Default (PD), but also the concentration of risk in a specific customer or industry and the loss impact of fluctuations in the value of collateral, such as real estate and securities.

Specifically, first, the PD by grade, Loss Given Default (LGD), credit quality correlation among obligors, and other parameter values are estimated using historical data of obligors and facilities stored in a database to calculate the credit risk. Then, based on these parameters, we run a simulation of simultaneous default using the Monte Carlo method to calculate our maximum loss exposure to the estimated amount of the maximum losses that may be incurred. Based on these quantitative results, we allocate risk capital.

Risk quantification is also executed for purposes such as to determine the portfolio's risk concentration, or to simulate economic movements (stress tests), and the results are used for making optimal decisions across the whole range of business operations, including formulating business plans and providing a standard against which individual credit applications are assessed.

(2) Framework for Managing Individual Loans

(a) Credit Assessment

At SMBC, credit assessment of corporate loans involves a variety of financial analyses, including cash flow, to predict an enterprise's capability of loan repayment and its growth prospects. These

quantitative measures, when combined with qualitative analyses of industrial trends, the enterprise's R&D capabilities, the competitiveness of its products or services, and its management caliber, result in a comprehensive credit assessment. The loan application is analyzed in terms of the intended utilization of the funds and the repayment schedule. Thus, SMBC is able to arrive at an accurate and fair credit decision based on an objective examination of all relevant factors.

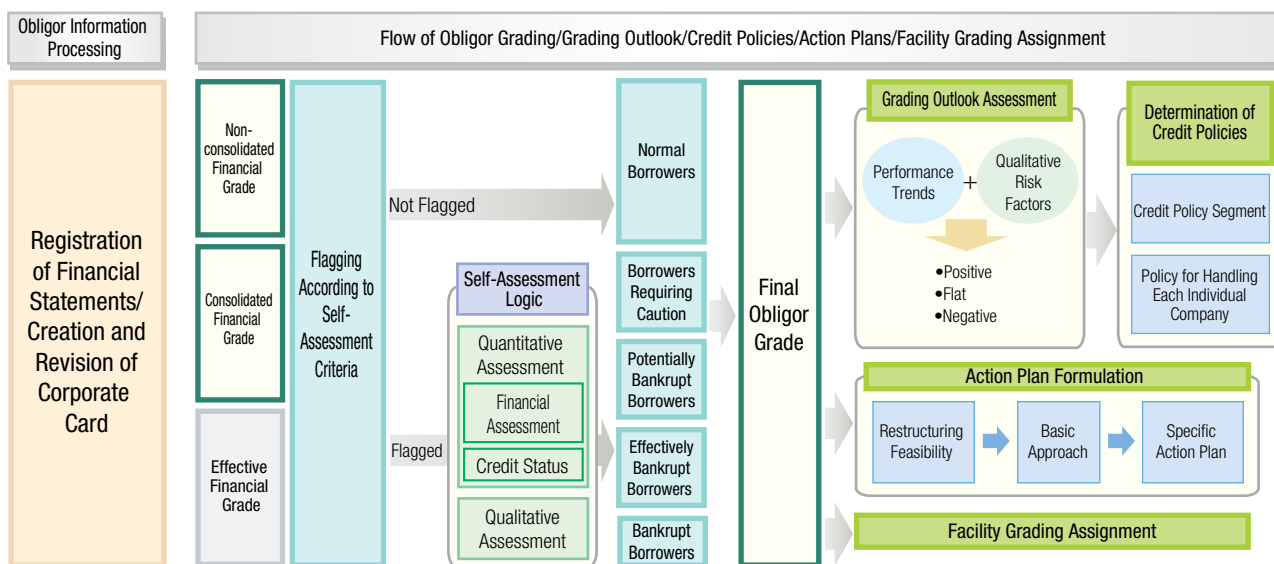
Increasing the understandability to customers of loan conditions and approval standards for specific borrowing purposes and loan categories is a part of SMBC's ongoing review of lending practices, which includes the revision of loan contract forms with the chief aim of clarifying lending conditions utilizing financial covenants.

SMBC is also making steady progress in streamlining its credit assessment process. To respond proactively and promptly to customers' funding needs—particularly those of SMEs—we employ a standardized credit risk assessment process for SMEs that uses a credit-scoring model. With this process, we are building a regime for efficiently marketing our Business Select Loan and other SME loans.

In the field of housing loans for individuals, we employ a credit assessment model based on credit data amassed and analyzed by SMBC over many years. This model enables our loan officers to efficiently make rational decisions on housing loan applications, and to reply to the customers without delay. It also facilitates the effective management of credit risk, as well as the flexible setting of interest rates.

We also provide loans to individuals who rent out properties such as apartments. The loan applications are subjected to a precise credit risk assessment process utilizing a risk assessment model that factors in the projected revenue from the rental business. The process is also used to provide advice to such customers on how to revise their business plans.

■ SMBC's Credit Monitoring System



(b) Credit Monitoring System

At SMBC, in addition to analyzing loans at the application stage, the Credit Monitoring System is utilized to reassess obligor grades and review self-assessment and credit policies so that problems can be detected at an early stage, and quick and effective action can be taken. The system includes periodic monitoring carried out each time an obligor enterprise discloses financial results, as well as continuous monitoring performed each time credit conditions change, as indicated in the diagram on page 82.

(3) Framework for Credit Portfolio Management

In addition to managing individual loans, SMBC applies the following basic policies to the management of the entire credit portfolio to maintain and improve its soundness and profitability over the mid to long term.

(a) Risk-Taking within the Scope of Capital

To keep credit risk exposure to a permissible level relative to capital, SMBC sets a credit risk capital limit for internal control purposes. Under this limit, sub-limits are set for each business unit. Regular monitoring is conducted to make sure that these limits are being followed, thus ensuring appropriate overall management of credit risk.

(b) Controlling Concentration Risk

As the equity capital of the bank may be materially impaired in the event that the credit concentration risk becomes apparent, SMBC implements measures to manage credit towards an industrial sector with excessive risk concentration, introduces large exposure limit lines and conducts intensive loan review for obligors with large exposure.

To manage country risk, SMBC also has credit limit guidelines based on each country's creditworthiness.

(c) Researching Borrowers More Rigorously and Balancing Risk and Returns

Against a backdrop of drastic change in the business environment, SMBC rigorously researches borrower companies' actual conditions. It 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.

(d) Prevention and Reduction of Non-Performing Loans

On NPLs and potential NPLs, SMBC carries out regular loan reviews to clarify handling policies and action plans, enabling it to swiftly implement measures to prevent deterioration of borrowers' business situations, support business recoveries, collect on loans, and enhance loan security.

(e) Toward Active Portfolio Management

SMBC makes active use of credit derivatives, loan asset sales, and other instruments to proactively and flexibly manage its portfolio to stabilize credit risk.

(4) Self-Assessment, Asset Write-Offs and Provisions, and Disclosure of Problem Assets

(a) Self-Assessment

SMBC conducts rigorous self-assessment of asset quality using

criteria based on the *Financial Inspection Manual* of the Financial Services Agency and the *Practical Guideline* published by the Japanese Institute of Certified Public Accountants. Self-assessment is the latter stage of the obligor grading process for determining the borrower's ability to fulfill debt obligations, and the obligor grade criteria are consistent with the categories used in self-assessment.

At the same time, self-assessment is a preparatory task for ensuring SMBC's asset quality and calculating the appropriate level of write-offs and provisions. Each asset is assessed individually for its security and collectibility. Depending on the borrower's current situation, the borrower is assigned to one of five categories: Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, and Bankrupt Borrowers. Based on the borrower's category, claims on the borrower are classified into Classification I, II, III, and IV assets according to their default and impairment risk levels, taking into account such factors as collateral and guarantees. As part of our efforts to bolster risk management throughout the Group, our consolidated subsidiaries carry out self-assessment in substantially the same manner.

Borrower Categories, Defined	
Normal Borrowers	Borrowers with good earnings performances and no significant financial problems
Borrowers Requiring Caution	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	Borrowers perceived to have a high risk of falling into bankruptcy
Effectively Bankrupt Borrowers	Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt
Bankrupt Borrowers	Borrowers that have been legally or formally declared bankrupt

Asset Classifications, Defined	
Classification I	Assets not classified under Classifications II, III, or IV
Classification II	Assets perceived to have an above-average risk of uncollectibility
Classification III	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	Assets assessed as uncollectible or worthless

(b) Asset Write-Offs and Provisions

In cases where claims have been determined to be uncollectible, or deemed to be uncollectible, write-offs signify the recognition of losses on the account books with respect to such claims. Write-offs can be made either in the form of loss recognition by offsetting uncollectible amounts against corresponding balance sheet items, referred to as a direct write-off, or else by recognition of a loan loss provision on a contra-asset account in the amount deemed uncollectible, referred to as an indirect write-off. Recognition of indirect write-offs is generally known as provision for the reserve for possible loan losses.

SMBC's write-off and provision criteria for each self-assessment borrower category are shown in the next page. As part of our overall measures to strengthen risk management throughout the Group,

all consolidated subsidiaries use substantially the same standards as SMBC for write-offs and provisions.

Self-Assessment Borrower Categories	Standards for Write-Offs and Provisions
Normal Borrowers	The expected loss amount for the next 12 months is calculated for each grade based on the grade's historical bankruptcy rate, and the total amount is recorded as "provision for the general reserve for possible loan losses."
Borrowers Requiring Caution	These assets are divided into groups according to the level of default risk. Amounts are recorded as provisions for the general reserve in proportion to the expected losses based on the historical bankruptcy rate of each group. The groups are "claims on Substandard Borrowers" and "claims on other Borrowers Requiring Caution." The latter group is further subdivided according to the borrower's financial position, credit situation, and other factors. Further, when cash flows can be estimated reasonably accurately, the discounted cash flow (DCF) method is applied mainly to large claims for calculating the provision amount.
Potentially Bankrupt Borrowers	A provision for the specific reserve for possible loan losses is made for the portion of Classification III assets (calculated for each borrower) not secured by collateral, guarantee, or other means. Further, when cash flows can be estimated reasonably accurately, the DCF method is applied mainly to large claims for calculating the provision amount.
Effectively Bankrupt/ Bankrupt Borrowers	Classification III asset and Classification IV asset amounts for each borrower are calculated, and the full amount of Classification IV assets (deemed to be uncollectible or of no value) is written off in principle and provision for the specific reserve is made for the full amount of Classification III assets.
Notes	General reserve
	Specific reserve

Discounted Cash Flow Method

SMBC uses the discounted cash flow (DCF) method to calculate the provision amounts for large claims on Substandard Borrowers and Potentially Bankrupt Borrowers when the cash flow from repayment of principal and interest received can be estimated reasonably accurately. SMBC then makes provisions equivalent to the excess of the book value of the claims over the said cash inflow discounted by the initial contractual interest rate or the effective interest rate at the time of origination. One of the major advantages of the DCF method over conventional methods of calculating the provision amount is that it enables effective evaluation of each individual borrower. However, as the provision amount depends on the future cash flow estimated on the basis of the borrower's business reconstruction plan and the DCF formula input values, such as the discount rate and the probability of the borrower going into bankruptcy, SMBC makes every effort to utilize up-to-date and correct data to realize the most accurate estimates possible.

(c) Disclosure of Problem Assets

Problem assets are loans and other claims of which recovery of either principal or interest appears doubtful, and are disclosed in accordance with the Banking Act (in which they are referred to as "risk-monitored loans") and the Financial Reconstruction Act (where they

are referred to as "problem assets"). Problem assets are classified based on the borrower categories assigned during self-assessment. For detailed information on results of self-assessments, asset write-offs and provisions, and disclosure of problem assets at March 31, 2016, please refer to page 263.

4. Risk Management of Marketable Credit Transactions

Financial products, such as investments in 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 marketable credit risk.

For these types of products, we manage credit risk analyzing and assessing the characteristics of the underlying assets, but, for the sake of complete risk management, we also apply the methods for management of market and liquidity risks.

In addition, we have established guidelines based on the characteristics of these types of risk and appropriately manage the risk of losses.

Market and Liquidity Risks

1. Basic Approach to Market and Liquidity Risk Management

(1) Definitions of Market and Liquidity Risks

Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, stock prices, or other market prices will change the market value of financial products, leading to a loss.

Liquidity risk is defined as the uncertainty around the ability of the firm to meet debt obligations without incurring unacceptably large losses. Examples of such risk include the possible inability to meet current and future cash flow/collateral needs, both expected and unexpected. In such cases, the firm may be required to raise funds at less than favorable rates or be unable to raise sufficient funds for settlement.

(2) Fundamental Principles for Market and Liquidity Risk Management

SMFG is working to further enhance the effectiveness of its quantitative management of market and liquidity risks across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; clearly separating front-office, middle-office and back-office operations; and establishing a highly efficient system of mutual checks and balances.

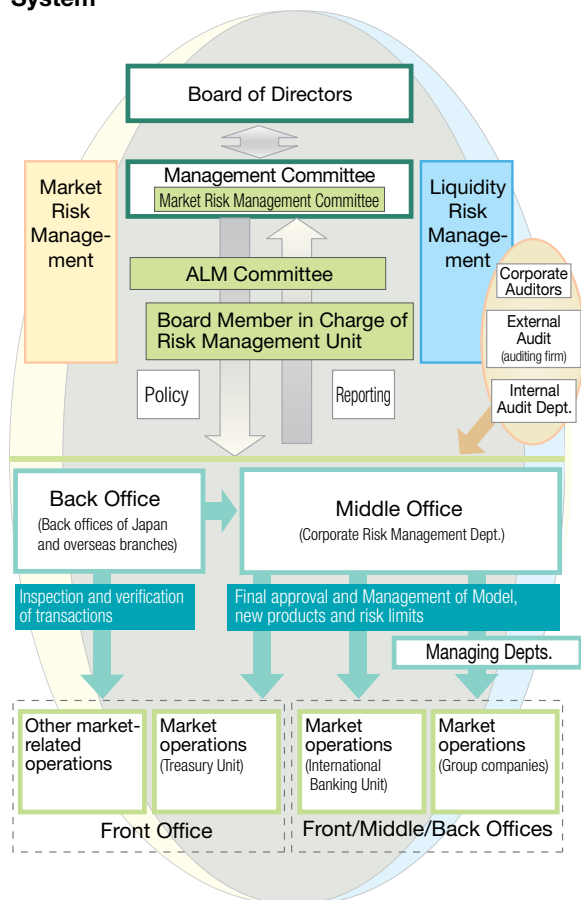
2. Market and Liquidity Risk Management System

On the basis of SMFG's group-wide basic policies for risk management, SMBC's Board of Directors authorizes important matters relating to the management of market and liquidity risks, such as basic policies and risk limits, which are decided by the

Management Committee. Additionally, at SMBC, the Corporate Risk Management Department, which is the planning department of the Risk Management Unit, an independent of the business units that directly handle market transactions, manages market and liquidity risks in an integrated manner. The Corporate Risk Management

Department not only monitors the current risk situations, but also reports regularly to the Management Committee and the Board of Directors. Furthermore, SMBC's ALM Committee meets on a monthly basis to examine reports on the state of observance of SMBC's limits on market and liquidity risks, and to review and discuss the SMBC's ALM operation.

■ SMBC's Market Risk and Liquidity Risk Management System



To prevent unforeseen processing errors as well as fraudulent transactions, it is important to establish a system of checks on the business units (front office). At SMBC, both the processing departments (back office) and the administrative departments (middle office) conduct the checks. In addition, the Internal Audit Unit of SMBC periodically performs comprehensive internal audits to verify that the risk management framework is functioning properly.

3. Market and Liquidity Risk Management Methods

(1) Market Risk Management

SMBC manages market risk by setting maximum limits for VaR and maximum loss. These limits are set within the "risk capital limit" which is determined taking into account the bank's shareholders' equity and other principal indicators of the bank's financial position and management resources.

Market risk can be divided into various factors: foreign exchange rates, interest rates, equity prices and option risks. SMBC manages each of these risk categories by employing the VaR method as well as supplemental indicators suitable for managing the risk of each risk factor, such as the BPV.

Please note that, in the case of interest rate fluctuation risk, the methods for recognizing the dates for maturity of demand deposits (current accounts and ordinary deposit accounts that can be withdrawn at any time) and the method for estimating the time of cancellation prior to maturity of time deposits and consumer loans differ substantially. At SMBC, the maturity of demand deposits that are expected to be left with the bank for a prolonged period is regarded to be five years (2.5 years on average). The cancellation prior to maturity of time deposits and consumer loans is estimated based on historical data.

■ VaR for Trading Activities

(Billions of yen)

	fiscal 2015					March 31, 2015
	March 31, 2016	September 30, 2015	Maximum	Minimum	Average	
SMFG (consolidated)	11.0	15.6	22.5	9.6	14.2	14.5
Interest rates	8.1	13.0	16.5	7.0	10.6	7.2
Foreign exchange	1.1	1.1	3.7	0.3	1.4	1.3
Equities, commodities, etc.	2.5	2.3	7.9	1.6	3.2	6.9
SMBC (consolidated)	10.4	14.9	21.4	8.6	13.3	13.8
SMBC (non-consolidated)	1.3	1.8	6.2	0.8	2.4	1.7

Note: VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using the historical simulation method (based on four years of historical observations)].

(a) Market Risks

a. Trading activities

Trading activities are market operations which gain profits by taking advantage of fluctuations of market prices in the short-term or price differences among markets. At SMFG, we assess and manage the market risk of trading activities on a daily basis, by utilizing VaR and other tools.

The table on the previous page shows the VaR results of the Group's trading activities during fiscal 2015. Because of the nature of trading, the VaR fluctuated sharply during fiscal 2015, in line with changes in our investment positions.

b. Banking activities

Banking activities are market operations which gain profits by controlling interest rates and term period for assets (loans, bonds, etc.) and liabilities (deposits, etc.). At SMFG, in the same way as in the case of trading activities, we assess and manage the market risk of banking activities on a daily basis, utilizing VaR and other tools.

The following table shows the VaR results of the Group's banking activities during fiscal 2015. The VaR of the Group decreased on March 31, 2016 compared with on March 31, 2015 primarily reflecting an decreased position in equities.

(b) Market Risk Volume Calculation Model

a. Presuppositions and limits of model

In SMBC's internal VaR model, various market fluctuation scenarios are drawn up on the basis of past data, and the historical simulation method is used to run profit-and-loss movement simulations that enable us to forecast probable maximum losses. The appropriateness of the model is later verified through back-testing.

However, as back-testing cannot take into account major market fluctuations that have not actually occurred historically, we supplement this method with the use of stress testing.

This internal model employed by SMBC undergoes regular auditing by an independent auditing firm to ensure that it operates appropriately.

b. Validity verification process

i Outline of validity verification

SMBC uses back-testing as a method for verification of the validity of the internal model. VaR figures calculated by the internal model are compared with actual portfolio profit-and-loss figures on a given day, to compute an appropriate VaR level and confirm the adequacy of risk capital management.

ii Back-testing results

The results of back-testing on SMBC's trading book conducted in fiscal 2015 are shown below. A data point under the diagonal line indicates a loss exceeding VaR for that day. Five such data points were observed and SMBC is accordingly making conservative amendments to VaR values.

■ VaR for Banking Activities

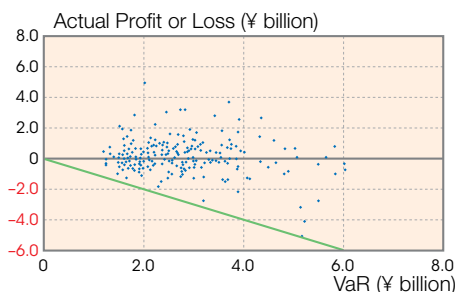
(Billions of yen)

	fiscal 2015					March 31, 2015
	March 31, 2016	September 30, 2015	Maximum	Minimum	Average	
SMFG (consolidated)	34.0	40.4	48.9	23.5	38.7	39.0
Interest rates	18.7	21.1	26.9	14.1	20.8	18.0
Equities, etc.	27.5	28.9	34.6	17.5	28.7	31.1
SMBC (consolidated)	33.6	39.5	48.0	23.1	37.8	37.8
SMBC (non-consolidated)	29.0	35.2	43.4	19.3	33.9	34.9

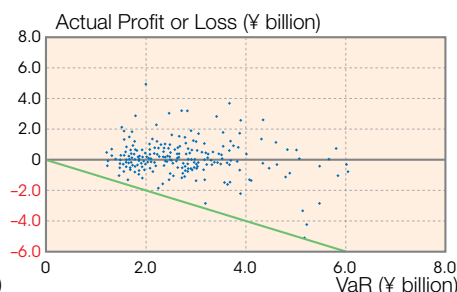
Notes: 1. VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using the historical simulation method (based on four years of historical observations)].
2. The above category of "Equities" does not include stocks held for long-term strategic purposes.

■ Back-Testing Results (Trading Book)

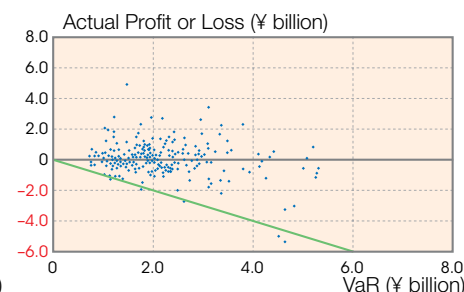
SMFG (consolidated)



SMBC (consolidated)



SMBC (non-consolidated)



iii Reasons for losses exceeding the VaR

In all cases, these were the result of significant fluctuations on the foreign exchange and interest rate and stock markets.

c. Indicators substitute for the back-testing method

SMFG employs, as a method substitute for the back-testing method, the VaR wherein presumption for the model such as observation period changes.

d. Changes in model from previous fiscal year

The model in use remains unchanged from that employed in the previous fiscal year.

(c) Stress Testing

The market occasionally undergoes extreme fluctuations that exceed projections. To manage market risk, therefore, it is important to run simulations of unforeseen situations that may occur in financial markets (stress testing). SMBC conducts stress tests regularly, assuming various scenarios, and has measures in place for irregular events.

(d) Outlier Framework

In the event the economic value of a bank declines by more than 20% of total capital as a result of interest rate shocks, that bank would fall into the category of “outlier bank,” as stipulated under the Pillar 2 of Basel Framework.

Decline in economic value as of March 31, 2016 was around 2% of total capital, substantially below the 20% criterion.

(e) Management of Stocks Held for Strategic Purposes

SMBC establishes risk allowance limits on stocks held for strategic purposes and monitors the observance of these limits in order to control stock price fluctuation risk appropriately. More specifically, VaR (1 year holding period) computed from profit and loss simulations based on historical market fluctuation data and aggregated fluctuation in market price from the beginning of the fiscal year are subject to the risk capital limit management and monitored on a daily basis.

To diminish the impact of stock price movement on capital, SMBC has drawn up plans for reducing equity holdings. In accordance with these plans, which were announced in November 2015, SMBC is seeking to reduce its holdings^{*1} to a common equity Tier 1

(CET1) ratio of 14% over approximately five years from September 2015, when the level was 28%.

*1: Holdings refers to Group holdings of stocks listed in Japan.

*2: Based on full implementation under the Basel III framework

(2) Liquidity Risk Management

At SMBC, liquidity risk is regarded as one of the major risks. SMBC’s liquidity risk management is based on a framework consisting of “setting upper limits for funding gaps,” “maintaining supplementary liquidity,” and “establishing contingency plans.”

A funding gap is defined as the maturity mismatch between source of funds and use of funds, and shows forthcoming funding requirements. SMBC manages this funding gap properly by setting limits on the size of the gap and limiting reliance on short-term funding. These limits are set in place on both a bank-wide basis and individual branch basis, and take into account funding status, cash management planning, economic environments, and individual currency characteristics and other factors. Additionally, funding gap limits are set for individual currencies if necessary. SMBC monitors the funding gap on a daily basis.

Further, stress tests are regularly carried out by simulating the impact triggered, for example, by deposit outflows or difficulties in money market funding, in order to appraise and manage the amount of funding required when liquidity risk is realized. Additionally, supplementary liquidity is maintained by holding assets, such as U.S. government bonds, which can be immediately converted to cash, or establishing borrowing facilities to be used as supplementary funding sources in an emergency, in order to raise the required funds smoothly even during market disruption.

Furthermore, contingency plans are developed to respond to the liquidity risk when being realized, by creating detailed action plans such as lowering the upper limit for the funding gap, depending on the existing situation (i.e. normal, concerned, or critical) and the respective circumstances.

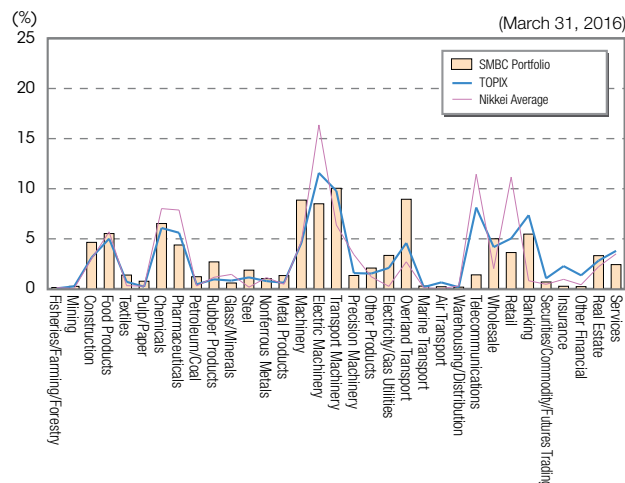
■ Decline in Economic Value Based on Outlier Framework

(Billions of yen)

	SMBC (consolidated)		SMBC (non-consolidated)	
	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016
Total	132.6	215.0	117.9	193.4
Impact of Yen interest rates	21.2	48.0	17.3	43.9
Impact of U.S. dollar interest rates	57.4	109.7	52.6	99.6
Impact of Euro interest rates	25.5	40.1	24.5	38.7
Percentage of total capital	1.3%	2.1%	1.2%	2.0%

Note: “Decline in economic value” is the decline of present value after interest rate shocks (1st and 99th percentile of observed interest rate changes using a 1-year holding period and 5 years of observations).

■ Composition, by Industry, of Listed Equity Portfolio



Operational Risk

1. Basic Approach to Operational Risk Management

(1) Definition of Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Specifically, Basel Capital Accord—which, in addition to processing risk and system risk, also covers legal risk, personnel risk, and physical asset risk—defines the following seven types of events that may lead to the risk of loss: (1) internal fraud, (2) external fraud, (3) employment practices and workplace safety, (4) clients, products and business practices, (5) damage to physical assets, (6) business disruption and system failures, and (7) execution, delivery, and process management.

(2) Fundamental Principles for Operational Risk Management

SMFG and SMBC have set forth the Regulations on Operational Risk Management to define the basic rules to be observed in the conduct of operational risk management across the entire Group. Under these regulations, SMFG and SMBC have been working to enhance the operational risk management framework across the whole Group by establishing an effective system for identification, assessment, controlling, and monitoring of material operational risks and a system for executing contingency and business continuity plans. Based on the framework of Basel Capital Accord, SMFG has been continuously pursuing sophisticated quantification of operational risks and advanced group-wide management.

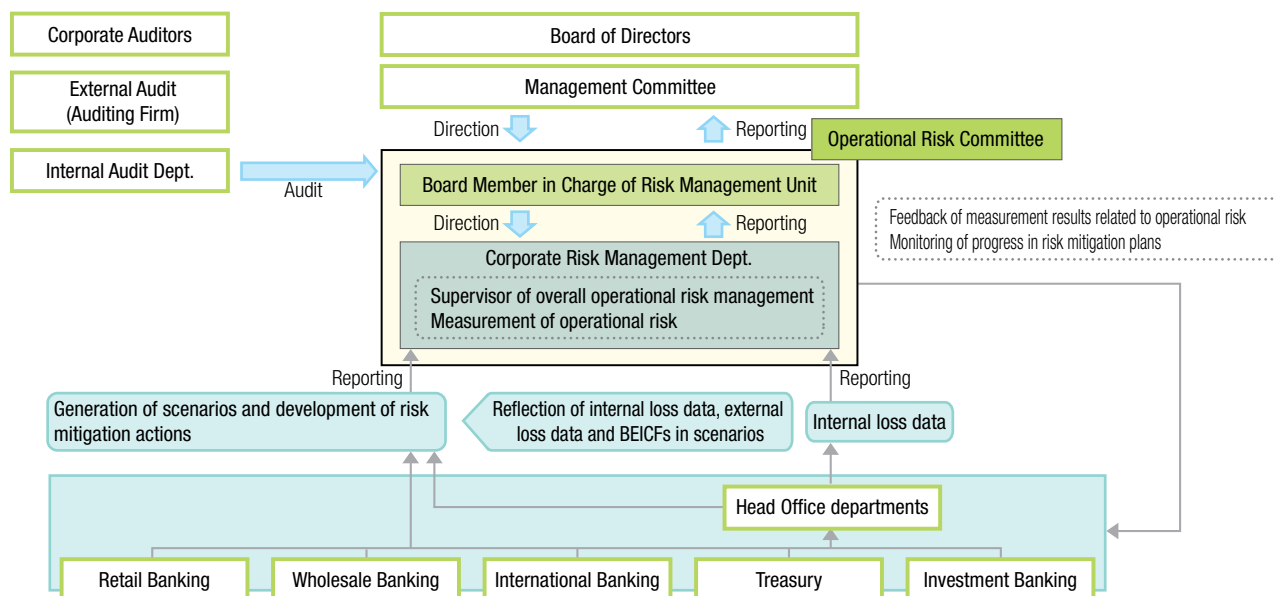
2. Operational Risk Management System

SMFG has designed and implemented an operational risk management framework for group-wide basic policies for risk management.

At SMBC, the Management Committee makes decisions on important matters such as basic policies for operational risk management, and these decisions are authorized by the SMBC's Board of Directors. In addition, SMBC has established the system to comprehensively manage operational risks by setting up the Corporate Risk Management Department to oversee overall management of operational risks together with other departments responsible for processing risks and system risks.

As a brief overview, this system operates by collecting and analyzing internal loss data occurred at each department or branch as well as comprehensively specifying scenarios involving operational risks based on the operational procedures of each branch on regular-basis and estimating the loss amount and frequency of the occurrence of such losses based on each scenario. Risk severities are quantified for each scenario and for those scenarios having high severities the risk mitigation plan will be developed by the relevant department and the status on the progress of such risk mitigation plan will be followed up by the Corporate Risk Management Department. Furthermore, operational risks are quantified, and quantitatively managed by utilizing the collected internal loss data and scenarios.

■ SMBC's Operational Risk Management System



These occurrences of internal loss data, severity of scenarios and status on risk mitigation are regularly reported to the director in charge of the Corporate Risk Management Department. In addition, there is the Operational Risk Committee, comprising all relevant units of the bank, where operational risk information is reported and risk mitigation plans are discussed. In this way, we realize a highly effective operational risk management framework. The operational risk situation is also reported to the Management Committee and the Board of Directors on a regular basis, for review of the basic policies on operational risk management. Moreover, the bank's independent Internal Audit Department conducts periodic audits to ensure that the operational risk management system is functioning properly.

3. Operational Risk Management Methodology

As previously defined, operational risks cover a wide-range of cases, including the risks of losses due to errors in operation, system failures, and natural disasters. Also, operational risk events can occur virtually anywhere and everywhere. Thus, it is essential to check whether material operational risks have been overlooked, monitor the overall status of risks, and manage/control them. To this end, it is necessary to be able to quantify risks using a measurement methodology that can be applied to all types of operational risks, and to comprehensively and comparatively capture the status of and changes in potential operational risks of business processes. Also, from the viewpoint of internal control, the measurement methodology used to create a risk mitigation plan must be such that the implementation of the plan quantitatively reduces operational risks.

At the end of March 2008, SMFG and SMBC adopted the Advanced Measurement Approach (AMA) set forth by Basel Capital Accord for calculation of operational risk equivalent amount. The approach has been utilized for the management of operational risks since then.

The basic framework for quantifying operational risks consists of internal loss data, external loss data, Business Environment and Internal Control Factors (BEICFs) and scenario analysis. Out of the above-mentioned four factors, internal loss data and the results of scenario analysis (hereinafter, the "assumption data") are input into the internal measurement system (hereinafter, the "quantification model") developed by SMBC; and operational risk equivalent amount and risk asset (operational risk equivalent amount is divided by 8%) is calculated. In addition, external loss data and BEICFs along with internal loss data are used for verifying the assessment of scenarios to increase objectivity, accuracy and completeness. SMFG, including the Group companies to which the AMA is applied, collect the four elements.

This is outlined as follows.

(1) Internal Loss Data

Internal loss data are defined as "the information for events which SMFG incur losses due to operational risks."

(2) External Loss Data

External loss data are defined as "the information for events which other banks, etc. incur losses due to operational risks."

(3) Business Environment and Internal Control Factors (BEICFs)

BEICFs are defined as "factors affecting operational risks which are associated with conditions of business environment and internal control of SMFG."

(4) Scenario Analysis

Scenario analysis is defined as a "methodology which identifies assumed cases involving any material operational risks and describe them in terms of risk scenario, and estimate the frequency and severity of risk scenarios." SMFG's principal business operations are applicable for this methodology.

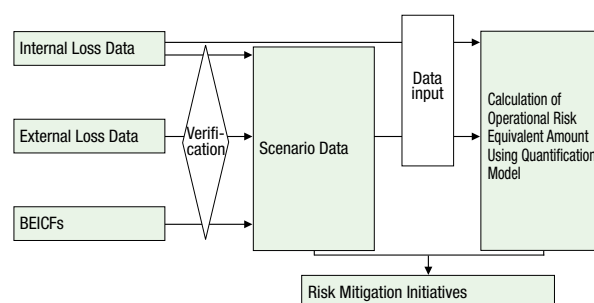
The purposes of scenario analysis are to identify any potential risks underlying in our business operations; to measure risks based on the possibility of occurrence of the said potential risks; and to review and execute any required measures. Furthermore, another purpose of the scenario analysis is to estimate the frequency of low frequency and high-severity events for each scenario (which may be difficult to estimate using internal loss data alone).

(5) Measurement Using the Quantification Model

The quantification model produces the distribution of loss frequency and loss severity based on the internal loss data and scenario data; and it also produces the loss distribution based on the said distribution of loss frequency (distribution of losses in a year) and the distribution of loss severity (distribution of loss amount per case) by making scenarios of the various combination of frequencies and amount of losses according to the Monte Carlo simulations; and it calculates the maximum amount of loss expected, due to operational risks, based on the assumption of one-sided confidence interval of 99.9% and the holding period of one year. Regarding the Consumer finance of a certain subsidiary, expected losses are excluded in calculating the operational risk equivalent amount of the repayment of excess interest.

Operational risk equivalent amount in respect of the "tangible asset damages" that occurred by earthquakes are measured using

Basic Framework of Operational Risk Measurement



the probability data of earthquake occurrence in each part of Japan and the distribution of loss amount by those earthquake occurrences.

The measurement units are SMFG consolidated basis, SMBC consolidated basis and SMBC non-consolidated basis. The operational risk equivalent amount based on AMA is calculated as the simple aggregate of the amount of the seven event types set forth by the Basel Capital Accord and of the “tangible asset damages” by earthquakes. However, in the case of SMFG consolidated basis, the risk of losses on repayment of excess interest is added on. The measurement accuracy is ensured by implementing the regularly conducted verifications of the quantification models pre- and post-measurement.

Meanwhile, as for the operational risk equivalent amount of other Group companies not applicable for AMA and in preparation to become applicable for AMA, it is calculated according to the Basic Indicator Approach (BIA), and the operational risk equivalent amount for SMFG consolidated basis and SMBC consolidated basis are calculated by consolidating such amount calculated based on BIA with the operational risk equivalent amount calculated based on AMA.

(6) Risk Mitigation Initiatives

To mitigate risks using the quantitative results of the AMA, SMFG and SMBC implement risk mitigation measures for high severity scenarios. Furthermore, the risk assets calculated by quantification are allocated to each business unit of SMBC and other Group companies for increasing awareness of operational risks internally in the Group companies, improving the effectiveness of their operational risk management and mitigating operational risks of the entire Group.

4. Processing Risk Management

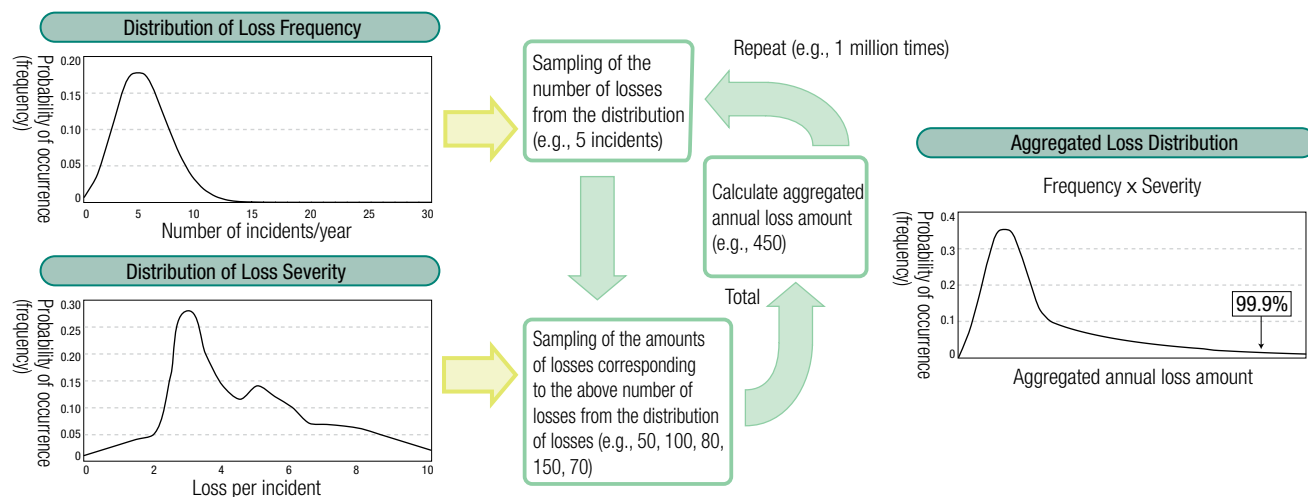
Processing risk is the possibility of losses arising from negligent processing by employees, accidents, or unauthorized activities.

SMFG recognizes that all operations entail processing risk. We are, therefore, working to raise the level of sophistication of our management of processing risk across the whole Group by ensuring that each branch conducts its own regular investigations of processing risk; minimizing losses in the event of processing errors or negligence by drafting exhaustive contingency plans; and carrying out thorough quantification of the risk under management.

In the administrative regulations of SMBC, in line with SMFG’s group-wide basic policies for risk management, the basic administrative regulations are defined as “comprehending the risks and costs of administration and transaction processing, and managing them accordingly,” and “seeking to raise the quality of administration to deliver high-quality service to customers.” Adding new policies or making major revisions to existing ones for processing risk management requires the approval of both the Management Committee and the Board of Directors.

In the administrative regulations, SMBC has also defined specific rules for processing risk management. The rules allocate processing risk management tasks among six types of departments: operations planning departments, compliance departments, operations departments, transaction execution departments (primarily front-office departments, branches, and branch service offices), internal audit departments, and the customer support departments. In addition, there is a specialized group within the Operations Planning Department to strengthen administrative procedures throughout the Group.

Measurement Using the Quantification Model



5. System Risk Management

System risk is the risk of loss arising from the failure, malfunction, or unauthorized use of information systems.

SMFG recognizes that the IT revolution makes reliable information systems essential for the effective implementation of management strategy. We strive to minimize system risk by drafting regulations and specific management standards, including a security policy. We also have contingency plans targeted at minimizing losses in the event of a system failure. This risk management system is designed to ensure that the Group as a whole is undertaking adequate risk management.

At SMBC, safety measures are strengthened according to risk assessment based on the Financial Services Agency's Financial Inspection Manual, and the Security Guidelines published by the Center for Financial Industry Information Systems (FISC). Systems trouble at financial institutions has the potential to impact heavily on society as system risk diversifies owing to advances in IT and financial institutions expand their fields of business. We have numerous measures in place for system breakdown prevention, including constant maintenance to ensure stable and uninterrupted operation, duplication of the various system categories and infrastructure, and a disaster-prevention system consisting of computer centers in eastern and western Japan. To maintain the confidentiality of customer data and prevent leaks of information, sensitive information is encrypted, unauthorized external access is blocked, and all possible measures are taken to secure data. We also have contingency plans and hold training sessions as necessary to ensure full preparedness in the event of an emergency. To maintain security, we will continue to revise countermeasures as new technologies and usage formats emerge.

Taking into account the growing sophistication and diversification of cyberattacks globally, the increasing social impact from damage inflicted by such attacks, and the risk to our reputation and credit standing, we deploy governance and technologies for identification, protection, and detection and we are continuously tightening this cyber security management in preparedness for attacks.

Settlement Risk

Settlement risk is the possibility of a loss arising from a transaction that cannot be settled as planned. As this risk crosses over numerous risks, including credit, liquidity, processing and system risks, it is required to appropriately manage according to characteristics of such risks.

At SMBC, the Corporate Risk Management Department is in overall charge of settlement risk, while settlement risk included within the various other risk categories is managed by the respective department in charge: the Credit & Investment Planning Department for credit risk, the Corporate Risk Management Department for liquidity risk, the Operations Planning Department for processing risk, and the IT Planning Department for system risk.

Glossary

ALM

Abbreviation for Asset Liability Management
Method for comprehensive management of assets and liabilities, with appropriate controls on market risk (interest rates, exchange rates, etc.).

Advanced Measurement Approach (AMA)

Based on the operational risk measurement methods used in the internal management of financial institutions, this is a method for obtaining the operational risk equivalent amount by calculating the maximum amount of operational risk loss expected over a period of one year, with a one-sided confidence interval of 99.9%.

Back-testing

Method of verifying the validity of models by comparing the model value and actual value. For instance, in the case of VaR, comparing and verifying the value of VaR and the profit or loss amount.

Basel III

The Basel Capital Accord, an international agreement, was amended in December 2010 for ensuring the soundness of banks (minimum capital requirements) for the purpose of enhancing the capabilities of appropriately responding to any financial and economic crisis and reducing risks which may have originated from financial sector to adversely affect the actual economy. It has been implemented incrementally since 2013.

Basic Indicator Approach (BIA)

A calculation approach in which an average value for the most recent three years derived by multiplying gross profit for the financial institution as a whole by certain level (15%) is deemed to be the operational risk equivalent amount.

BPV

Abbreviation for Basis Point Value
Potential change in present value of financial product corresponding to 0.01-percentage-point increase in interest rates.

Credit cost

Average losses expected to occur during the coming year.

Historical simulation method

Method of simulating future fluctuations without the use of random numbers, by using historical data for risk factors.

LGD

Abbreviation for Loss Given Default
Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default.

Monte Carlo simulation method

General term used for a simulation method which uses random numbers.

Outlier framework

Monitoring standard for interest rate risk in the banking book, as set forth in the Pillar 2 of the Basel Capital Accord.

Operational risk equivalent amount

Operational risk capital requirements under the Basel Capital Accord capital adequacy regulations.

PD

Abbreviation for Probability of Default
Probability of becoming default by obligor during one year.

Present value

A future amount of money that has been discounted to reflect its current value taking into account the interest rate and the extent of credit risk.

Risk appetite

Types and levels of risk that SMFG is willing to take on or tolerate to drive earnings growth.

Risk appetite framework

A framework in which SMFG's risk appetite is clarified and appropriately applied to its business operation.

Risk capital

The amount of capital required to cover the theoretical maximum potential loss arising from operational risk. It differs from the minimum regulatory capital requirements, and it is being used in the risk management framework voluntarily developed by financial institutions for the purpose of internal management.

Risk factor

Anything which may become a factor for risk. In the case of market risk, it would be the share price or interest rate; in the case of credit risk, it would be the default rate or economic environment.

Risk-weighted assets

- Credit risk
Total assets (lending exposures, including credit equivalent amount of off-balance sheet transactions, etc.) which is reevaluated according to the level of credit risk.
- Operational risk
Amount derived by dividing the operational risk equivalent amount by 8%.

Sound risk culture


Business culture in which SMFG seeks to achieve the appropriate balance between risk and return after determining the degree of risk that is acceptable.

Underlying assets

General term used for assets which serve as the source of payments for principal and interest for securitization exposures, etc.

VaR

Abbreviation for Value at Risk
The maximum loss expectation for a portfolio of financial assets for a given probability.



SMFG Accounting and Auditing Hotline/ Designated Dispute Resolution Agencies

SMFG Accounting and Auditing Hotline

Reports may be submitted by regular mail or e-mail to the following addresses.

Mailing address:

**SMFG Accounting and Auditing Hotline
Iwata Godo Attorneys and Counselors at Law
10th floor, Marunouchi Building
2-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-6310**

E-mail address:

smfghotline@iwatagodo.com

* The hotline accepts any alerts of inappropriate activities concerning accounting and auditing at SMFG or its consolidated subsidiaries.

* Anonymous reports are also accepted; however, if possible, providing personal information such as your name and contact information would be appreciated and helpful.

* Please provide as much detail as possible for such inappropriate activities. An investigation may not be feasible if adequate information is not provided.

* Personal information will not be disclosed to any third parties without your consent, unless such disclosure is required by law.

Designated Dispute Resolution Agencies

For the handling of any complaints received from and conflicts with our clients, SMBC has executed agreements, respectively, with the Japanese Bankers Association, a designated dispute resolution agency under the Banking Act, and the Trust Companies Association of Japan, a Designated Dispute Resolution Organization under the Trust Business Act and Act on Provision, etc. of Trust Business by Financial Institutions and the specified non-profit organization of "Financial Instruments Mediation Assistance Center," one of "Designated Dispute Resolution Agencies" under the Financial Instruments and Exchange Act.

Japanese Bankers Association:

Contact information: Consultation office,
Japanese Bankers Association

Telephone numbers: (Japan) 0570-017109 or 03-5252-3772

Business hours: Mondays through Fridays
(except public and bank holidays)
9:00 am to 5:00 pm

Trust Companies Association of Japan:

Contact information: Consultation office, Trust Companies
Association of Japan

Telephone numbers: (Japan) 0120-817335 or 03-6206-3988

Business hours: Mondays through Fridays
(except public and bank holidays)
9:00 am to 5:15 pm

Financial Instruments Mediation Assistance Center

Contact information: Financial Instruments Mediation
Assistance Center

Telephone numbers: (Japan) 0120-64-5005

Fax: (Japan) 03-3669-9833

Business hours: Mondays through Fridays
(except public and bank holidays)
9:00 am to 5:00 pm



SMFG Fiduciary Duty Declaration

Based on the Customer First management principle, SMFG Group companies* make the following undertakings as best partner to clients in asset management and formation.

1. Develop a range of products that is closely aligned with client requirements

- Develop products that are based on accurate perception of clients' needs and meet high global standards, and assemble a range of products from a wide selection of investment management and insurance companies that takes account of economic conditions and market trends and meets client requirements.
- Work toward ensuring appropriate product development and selection.

2. Increase the information provided and its understandability

- Increase the information the company provides to clients on product characteristics, risks, commissions, and economic conditions and market trends.
- Provide product information in ways that are easy to understand and follow up closely with clients after sales.
- Create a fee structure that is easy to understand from a client's viewpoint.

3. Develop a client-oriented sales approach

- Use training and other means to make sure the customer orientation that is one of the management principles permeates throughout the company and reflect this in the performance evaluation structure and other aspects of sales.
- After careful inquiry into client requirements, seek to obtain client understanding of appropriate products based on the clients' knowledge, investment experience, financial asset situation, and objectives.
- Respond as a group to client needs, including introductions to SMFG Group companies if necessary.

4. Work constantly toward providing the highest levels of service to clients

- Structure business so that customer views are reflected in improvements to service.
- Seek to increase convenience by expanding access channels.
- In addition to investment products, offer services and products that are appropriate to the clients' stage in life.
- Use training and other means to build a professional team, deploy new technologies, and review internal company arrangements based on the PDCA (Plan, Do, Check, and Act) procedures.

SMFG Group companies will deploy these efforts in contributing to Japan's shift from saving to investment.

* The SMFG Group companies that are parties to this declaration are Sumitomo Mitsui Banking Corporation, SMBC Trust Bank Ltd., SMBC Nikko Securities Inc., SMBC Friend Securities Co., Ltd., The Minato Bank, Ltd., and Kansai Urban Banking Corporation.



Employees

◆ SMBC

March 31	2014	2015	2016
Number of employees*	23,926	25,963	26,950
Male	12,493	13,087	13,196
Percentage of total	52.22%	50.41%	48.96%
Female	11,433	12,876	13,754
Percentage of total	47.78%	49.59%	51.04%
Average age	37 yrs 1 mos.	37 yrs 6 mos.	37 yrs 4 mos.
Male	40 yrs 3 mos.	41 yrs 1 mos.	40 yrs 11 mos.
Female	33 yrs 8 mos.	33 yrs 11 mos.	33 yrs 10 mos.
Average years of service	14 yrs 0 mos.	13 yrs 3 mos.	13 yrs 2 mos.
Male	16 yrs 7 mos.	16 yrs 0 mos.	15 yrs 11 mos.
Female	11 yrs 2 mos.	10 yrs 7 mos.	10 yrs 6 mos.
Number of women in managerial positions	480	567	743
Ratio of employees with disabilities (% of total)**	2.10%	2.07%	2.14%

* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

** As of March 1 of respective years

April 1	2014	2015	2016
Number of new hires	652	787	893
Number of newly employed female graduates***	231	256	225
Ratio of newly employed females to total new employees	35.4%	32.5%	25.2%

*** Including *Sogoshoku* staff and *Sogoshoku* (retail course) employees. Excluding Business Career employees.

Fiscal	2013	2014	2015
Number of employees taking parental leave	1,127	1,513	2,188
<Men taking such leave>	<30>	<85>	<466>
Number of career hires	26	88	153

◆ SMBC Trust Bank

March 31	2016
Number of employees*	1,786
Male	719
Percentage of total	40.26%
Female	1,067
Percentage of total	59.74%
Average age	41 yrs 1 mos.
Male	42 yrs 5 mos.
Female	40 yrs 2 mos.
Average years of service	9 yrs 2 mos.
Male	9 yrs 6 mos.
Female	8 yrs 11 mos.
Number of women in managerial positions	89

* The number of full-time employees, including employees seconded to other companies and organizations. The number excludes employees seconded from other companies and organizations, directors, employees on short-term contracts, part-time employees, and employees of temporary employment agencies.

April 1	2016
Number of new hires	24
Number of newly employed female graduates***	13
Ratio of newly employed females to total new employees	54.2%

Fiscal	2015
Number of employees taking parental leave	106
<Men taking such leave>	<1>
Number of career hires	60

Note: Numbers are shown from fiscal 2015 as there were changes due to the integration of Citibank Japan's retail banking business in November 2015.

◆ Sumitomo Mitsui Finance and Leasing

March 31	2014	2015	2016
Number of employees*	1,606	1,618	1,677
Male	1,019	1,034	1,069
Percentage of total	63.45%	63.91%	63.74%
Female	587	584	608
Percentage of total	36.55%	36.09%	36.26%
Average age	39 yrs 8 mos.	40 yrs 5 mos.	40 yrs 9 mos.
Male	41 yrs 11 mos.	42 yrs 5 mos.	42 yrs 9 mos.
Female	35 yrs 10 mos.	36 yrs 10 mos.	37 yrs 4 mos.
Average years of service	14 yrs 9 mos.	15 yrs 2 mos.	15 yrs 4 mos.
Male	16 yrs 9 mos.	17 yrs 0 mos.	17 yrs 3 mos.
Female	11 yrs 2 mos.	11 yrs 11 mos.	12 yrs 0 mos.
Number of women in managerial positions	24	29	41
Ratio of employees with disabilities (% of total)**	2.14%	2.22%	2.18%

* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: employees seconded from other companies and organizations, executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and full-time employees of affiliates (including overseas subsidiaries).

** As of March 1 of respective years

April 1	2014	2015	2016
Number of new hires	24	41	43
Number of newly employed female graduates	6	11	16
Ratio of newly employed females to total new employees	25.0%	26.8%	37.2%

Fiscal	2013	2014	2015
Number of employees taking parental leave	51	58	68
<Men taking such leave>	<0>	<0>	<0>

◆ SMBC Nikko Securities

March 31	2014	2015	2016
Number of employees*	7,764	8,188	8,522
Male	4,939	5,166	5,347
Percentage of total	63.61%	63.09%	62.74%
Female	2,825	3,022	3,175
Percentage of total	36.39%	36.91%	37.26%
Average age	39 yrs 9 mos.	39 yrs 7 mos.	39 yrs 7 mos.
Male	40 yrs 9 mos.	40 yrs 8 mos.	40 yrs 7 mos.
Female	37 yrs 11 mos.	37 yrs 10 mos.	37 yrs 9 mos.
Average years of service	12 yrs 9 mos.	12 yrs 9 mos.	12 yrs 11 mos.
Male	12 yrs 11 mos.	13 yrs 0 mos.	13 yrs 1 mos.
Female	12 yrs 6 mos.	12 yrs 5 mos.	12 yrs 7 mos.
Number of women in managerial positions	75	114	139
Ratio of employees with disabilities (% of total)**	2.00%	1.94%	2.24%

* The number of full-time employees. The following list of employees is deducted from the total number of employees: executive officers, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

** As of March 1 of respective years

April 1	2014	2015	2016
Number of new hires***	516	617	593
Number of newly employed female graduates	224	285	270
Ratio of newly employed females to total new employees	43.4%	46.2%	45.5%

*** Professional employees (Classes I-II), FA, and specialists

Fiscal	2013	2014	2015
Number of employees taking parental leave	287	289	316
<Men taking such leave>	<3>	<12>	<15>

◆ SMBC Friend Securities

March 31	2014	2015	2016
Number of employees*	1,855	1,862	1,769
Male	1,316	1,321	1,261
Percentage of total	70.94%	70.95%	71.28%
Female	539	541	508
Percentage of total	29.06%	29.05%	28.72%
Average age	38 yrs 11 mos.	37 yrs 10 mos.	38 yrs 10 mos.
Male	41 yrs 1 mos.	39 yrs 10 mos.	40 yrs 5 mos.
Female	33 yrs 8 mos.	32 yrs 11 mos.	33 yrs 9 mos.
Average years of service	15 yrs 3 mos.	14 yrs 11 mos.	14 yrs 8 mos.
Male	17 yrs 1 mos.	15 yrs 11 mos.	16 yrs 4 mos.
Female	10 yrs 6 mos.	9 yrs 8 mos.	10 yrs 6 mos.

* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

April 1	2014	2015	2016
Number of new hires	245	180	239
Number of newly employed female graduates**	95	71	116
Ratio of newly employed females to total new employees	38.8%	39.4%	48.5%

** Both non-area specified and area specified staff

Fiscal	2013	2014	2015
Number of employees taking parental leave <Men taking such leave>	21 <0>	28 <0>	48 <6>

◆ Sumitomo Mitsui Card

March 31	2014	2015	2016
Number of employees*	2,367	2,402	2,447
Male	1,176	1,190	1,210
Percentage of total	49.68%	49.54%	49.45%
Female	1,191	1,212	1,237
Percentage of total	50.32%	50.46%	50.55%
Average age	38 yrs 1 mos.	39 yrs 1 mos.	39 yrs 5 mos.
Male	40 yrs 11 mos.	41 yrs 9 mos.	41 yrs 11 mos.
Female	35 yrs 4 mos.	36 yrs 5 mos.	36 yrs 11 mos.
Average years of service	12 yrs 8 mos.	13 yrs 4 mos.	13 yrs 8 mos.
Male	13 yrs 7 mos.	14 yrs 0 mos.	14 yrs 4 mos.
Female	11 yrs 10 mos.	12 yrs 7 mos.	13 yrs 1 mos.
Number of women in managerial positions**	26	26	30
Ratio of employees with disabilities (% of total)***	2.30%	2.24%	2.30%

* The number of full-time employees. This excludes directors, consultants, advisors, part-time employees, affiliated companies (including employees seconded from other companies and organizations), and national staff at overseas branches.

** Total of senior staff and group managers (including credit officers)

*** Computed based on single month of March

April 1	2014	2015	2016
Number of new hires	59	72	78
Number of newly employed female graduates	32	39	45
Ratio of newly employed females to total new employees	54.2%	54.2%	57.7%

Fiscal	2013	2014	2015
Number of employees taking parental leave <Men taking such leave>	65 <9>	71 <13>	88 <14>
Number of career hires	16	24	147

◆ Cedyňa

March 31	2014	2015	2016
Number of employees*	3,192	3,213	3,258
Male	1,967	1,962	1,966
Percentage of total	61.62%	61.06%	60.34%
Female	1,225	1,251	1,292
Percentage of total	38.38%	38.94%	39.66%
Average age	41 yrs 2 mos.	41 yrs 7 mos.	41 yrs 9 mos.
Male	43 yrs 4 mos.	43 yrs 9 mos.	44 yrs 0 mos.
Female	37 yrs 6 mos.	38 yrs 0 mos.	38 yrs 4 mos.
Average years of service**	17 yrs 5 mos.	17 yrs 9 mos.	18 yrs 0 mos.
Male	19 yrs 5 mos.	19 yrs 10 mos.	20 yrs 1 mos.
Female	14 yrs 2 mos.	14 yrs 6 mos.	14 yrs 9 mos.
Number of women in managerial positions	29	38	48
Ratio of employees with disabilities (% of total)***	1.81%	2.06%	2.10%

* Excluding employees seconded from other companies, employees on short-term contracts and part-time employees.

** Retroactive revisions have been made to previous fiscal years due to change in calculation methodology.

*** As of March 1 of respective years

April 1	2014	2015	2016
Number of new hires	69	87	114
Number of newly employed female graduates	45	54	68
Ratio of newly employed females to total new employees	65.2%	62.1%	59.6%

Fiscal	2013	2014	2015
Number of employees taking parental leave**** <Men taking such leave>	89 <4>	94 <1>	89 <2>
Number of career hires	27	24	35

**** Including employees on short-term childcare leave. Retroactive revisions have been made to previous fiscal years due to change in calculation methodology.

◆ SMBC Consumer Finance

March 31	2014	2015	2016
Number of employees*	2,531	2,582	2,682
Male	1,426	1,445	1,485
Percentage of total	56.34%	55.96%	55.37%
Female	1,105	1,137	1,197
Percentage of total	43.66%	44.04%	44.63%
Average age	38 yrs 2 mos.	38 yrs 5 mos.	38 yrs 11 mos.
Male	39 yrs 11 mos.	40 yrs 3 mos.	40 yrs 10 mos.
Female	36 yrs 2 mos.	36 yrs 5 mos.	36 yrs 8 mos.
Average years of service	11 yrs 4 mos.	11 yrs 7 mos.	12 yrs 0 mos.
Male	14 yrs 1 mos.	14 yrs 6 mos.	14 yrs 11 mos.
Female	7 yrs 8 mos.	7 yrs 11 mos.	8 yrs 3 mos.
Number of women in managerial positions	39	49	76
Ratio of employees with disabilities (% of total)**	1.86%	2.09%	2.12%

* The number of full-time employees on a non-consolidated basis, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: employees seconded from other companies, national staff at overseas branches, executive officers, part-time employees, and employees of temporary employment agencies.

** As of March 1 of respective years

April 1	2014	2015	2016
Number of new hires	40	49	55
Number of newly employed female graduates	26	30	31
Ratio of newly employed females to total new employees	65.0%	61.2%	56.4%

Fiscal	2013	2014	2015
Number of employees taking parental leave*** <Men taking such leave>	68 <1>	66 <1>	81 <1>
Number of career hires	5	3	8

*** Including employees who retired during the fiscal year

◆ Japan Research Institute

March 31	2014	2015	2016
Number of employees*	2,247	2,288	2,397
Male	1,705	1,722	1,796
Percentage of total	75.88%	75.26%	74.93%
Female	542	566	601
Percentage of total	24.12%	24.74%	25.07%
Average age	40 yrs 3 mos.	40 yrs 6 mos.	40 yrs 6 mos.
Male	41 yrs 0 mos.	41 yrs 2 mos.	41 yrs 1 mos.
Female	38 yrs 1 mos.	38 yrs 7 mos.	38 yrs 10 mos.
Average years of service	11 yrs 3 mos.	11 yrs 5 mos.	11 yrs 5 mos.
Male	11 yrs 7 mos.	11 yrs 10 mos.	11 yrs 9 mos.
Female	10 yrs 0 mos.	10 yrs 4 mos.	10 yrs 6 mos.
Ratio of employees with disabilities (% of total)**	1.98%	2.00%	2.14%

* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and national staff at overseas branches.

** As of March 31 of respective years

April 1	2014	2015	2016
Number of new hires	68	86	118
Number of newly employed female graduates***	17	23	41
Ratio of newly employed females to total new employees	25.0%	26.7%	34.7%

*** Including only *Sogoshoku* employees. *Ippanshoku* employees are excluded.

Fiscal	2013	2014	2015
Number of employees taking parental leave <Men taking such leave>	35 <7>	49 <12>	53 <10>

◆ THE MINATO BANK

March 31	2014	2015	2016
Number of employees*	1,928	1,949	1,960
Male	1,215	1,211	1,180
Percentage of total	63.02%	62.13%	60.20%
Female	713	738	780
Percentage of total	36.98%	37.87%	39.80%
Average age	40 yrs 11 mos.	40 yrs 11 mos.	40 yrs 11 mos.
Male	44 yrs 1 mos.	43 yrs 11 mos.	44 yrs 0 mos.
Female	35 yrs 7 mos.	36 yrs 0 mos.	36 yrs 4 mos.
Average years of service	16 yrs 7 mos.	16 yrs 7 mos.	16 yrs 6 mos.
Male	19 yrs 8 mos.	19 yrs 8 mos.	19 yrs 9 mos.
Female	11 yrs 3 mos.	11 yrs 5 mos.	11 yrs 6 mos.
Number of women in managerial positions**	91	97	109

* The number of full-time employees including employees seconded to other companies or organizations. The following list of employee is deducted from the total number of employees: executive officers, employees on short-term contracts, and part-time employees.

** As of March 31. Number of employees from supervisor level upwards.

April 1	2014	2015	2016
Number of new hires	88	111	130
Number of newly employed female graduates	41	64	71
Ratio of newly employed females to total new employees	46.6%	57.7%	54.6%

Fiscal	2013	2014	2015
Number of employees taking parental leave*** <Men taking such leave>	69 <0>	84 <0>	108 <15>

*** Retroactive revisions have been made to previous fiscal years due to change in calculation methodology.

◆ Kansai Urban Banking

March 31	2014	2015	2016
Number of employees*	2,567	2,513	2,546
Male	1,701	1,628	1,603
Percentage of total	66.26%	64.78%	62.96%
Female	866	885	943
Percentage of total	33.74%	35.22%	37.04%
Average age	40 yrs 2 mos.	40 yrs 0 mos.	39 yrs 10 mos.
Male	43 yrs 3 mos.	42 yrs 11 mos.	42 yrs 10 mos.
Female	34 yrs 3 mos.	34 yrs 8 mos.	34 yrs 9 mos.
Average years of service	16 yrs 11 mos.	16 yrs 8 mos.	16 yrs 6 mos.
Male	19 yrs 5 mos.	19 yrs 2 mos.	19 yrs 5 mos.
Female	11 yrs 9 mos.	12 yrs 2 mos.	12 yrs 2 mos.
Number of women in managerial positions**	138	150	164
Ratio of employees with disabilities (% of total)***	1.68%	1.85%	2.22%

* The number of full-time employees, including employees seconded to other companies and organizations. The following list of employee is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, and employees of temporary employment agencies.

** As of March 31; however, it is applicable only to those employees with deputy positions or any other positions higher than deputy position

*** As of March 1 of respective years

April 1	2014	2015	2016
Number of new hires	118	169	194
Number of newly employed female graduates	70	105	119
Ratio of newly employed females to total new employees	59.3%	62.1%	61.3%

Fiscal	2013	2014	2015
Number of employees taking parental leave <Men taking such leave>	91 <0>	99 <1>	101 <0>

* The combined employment ratio for persons with disabilities for the above 11 companies was 2.11% as of March 2016.



Main Work-Life Balance Support System (Employee Support Program)

	Parental leave	Leave for taking care of sick children	Shorter working hours	Restrictions on overtime	Exemption from late-night work	Other principal systems
SMBC	18 months or maximum of 2 years in case of inability to place in daycare center	Until March 31 of the 6th grade (10 days per annum per child; 20 days for two or more children)	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> • Short-term childcare leave • Work relocations • Childcare subsidies • Leave for nursing care • Shorter working hours allowed for nursing care • System for rehiring former employees
SMBC Trust Bank	1 year or maximum of 18 months in case of inability to place in daycare center	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Until 3 years of age Employees can set working hours at a minimum 6 hours per day and a minimum 60% of the standard working hours per week	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> • Flextime System • Flexibility in working hours • Flexibility in the work place • Nursing time • Paternity leave (3 days) • Half-day paid leave • Nursing Leave • Shorter working hours allowed for nursing care • Nursing care leave • Babysitter services provided
Sumitomo Mitsui Finance and Leasing	1 year or maximum of 18 months in case of inability to place in daycare center	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children) *May be extended as needed	Employees can reduce daily working hours to a minimum of 5 hours 30 minutes until March 31 of the 6th grade	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> • Work relocations • System for rehiring former employees • Short-term childcare leave • Leave for nursing care • Shorter working hours allowed for nursing care
SMBC Nikko Securities	Until 3 years of age	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Employees may reduce daily working hours in increments of 30 minutes up to 2.5 hours until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> • Short-term childcare leave • Discounted rates for contracted daycare service • Nursing care leave • Special days off for nursing care • Shorter working hours allowed for nursing care • Short-term leave for nursing care • Staggered working hours (working in shifts) • Rehiring former employees
SMBC Friend Securities	18 months or maximum of 2 years in case of inability to place in daycare center	Until March 31 of the 3rd grade (5 days per annum per child; 10 days for two or more children)	Employees can reduce daily working hours to between 6 hours and 6 hours 50 minutes until March 31 of the 3rd grade	Until March 31 of the 3rd grade	Until March 31 of the 3rd grade	<ul style="list-style-type: none"> • Leave for nursing care • Shorter working hours allowed for nursing care • System for rehiring former employees
Sumitomo Mitsui Card	18 months or maximum of 2 years in case of inability to place in daycare center	Until March 31 of the 6th grade (5 days per annum per child; 10 days for two or more children)	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable until March 31 of the 3rd grade	Until March 31 of the 3rd grade	Until March 31 of the 3rd grade	<ul style="list-style-type: none"> • Work relocations • Childcare subsidies • Nursing care leave, days off for nursing care • Shorter working hours for nursing care • Rehiring former employees • Special leave (for spouse's childbirth)
Cedyna	Until 3 years of age	Until March 31 of the 6th grade (Employees can choose to work 5, 6, or 7 hours a day), children)	Until March 31 of the 3rd grade (Employees can choose to work 5, 6, or 7 hours a day),	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> • Maternity leave and work • Short-term childcare leave • Leave for nursing care • Shorter working hours allowed for nursing care • System for rehiring former employees • Maternity leave (for men)
SMBC Consumer Finance	1 year or maximum of 18 months in case of inability to place in daycare center	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Until March 31 of the 3rd grade Employees can reduce daily working hours to a minimum of 6 hours (and a maximum of 8 hours), by taking off 30-minute blocks	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> • Personnel system being employed under the regional system of no possibility of transfers with movings • Rehiring retirees • A grace period for job rotation • Leave for nursing care • Shorter working hours allowed for nursing care • Paid leave by the hour • Half-day paid leave • Leave before and after maternity • Childcare leave (2 days) • School-visiting day (2 days a year) • Rehiring of former employees who quit for childcare or care-giving reasons • Husband's maternity leave (3 days)
Japan Research Institute	18 months or maximum of 2 years in case of inability to place in daycare center	Until March 31 of the 6th grade (5 days per annum per child; no upper limit)	Employees can choose to work 4, 5, 6 or 7 hours per day until March 31 of the 3rd grade (this system can be combined with flextime).	Until the entry into elementary school	For employees who are pregnant or have given birth within previous 12 months	<ul style="list-style-type: none"> • Childcare subsidies • Nursing care leave • Shorter working hours (for nursing care, etc.) • Time off and shorter working hours • Days off for nursing care • Special leave (for spouse's childbirth) • Paid leave for initial 15 days of childcare
THE MINATO BANK	Until 3 years of age	Until March 31 of the 6th grade (5 days per annum per child; 10 days for two or more children)	Employees may select either of shorter working hours for each day of the week (employees may select to work for either 6, 6.5 or 7 hours per day), or working 4 days per week; both cases are applicable until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> • 10 days paid childcare leave • Maternity leave (for assisting spouse) • Nursing care leave • Shorter working hours allowed for nursing care • Childcare allowance • Rehiring former employees • Support for early return to work after childcare leave
Kansai Urban Banking	18 months or maximum of 2 years in case of inability to place in daycare center	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Employees may select either of shorter working hours for each day of the week (employees may select to work for 6 or 7 hours per day), or fewer working days per week; both cases are applicable until March 31 of the 1st grade	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> • Paid leave for initial 5 days of childcare • Rehiring former employees • Nursing care leave • Shorter working hours for nursing care • Provision of home helpers • Counseling service on childcare • Paternity and special childcare leave (5 days)

Corporate Data

Sumitomo Mitsui Financial Group, Inc.

Board of Directors, Corporate Auditors and Executive Officers (as of June 30, 2016)

BOARD OF DIRECTORS

Masayuki Oku

Chairman of the Board

Koichi Miyata

President

Takeshi Kunibe

Director

Yujiro Ito

Director General Affairs Dept., Human Resources Dept.

Kozo Ogino

Director Audit Dept.

Jun Ohta

Director
Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept., Subsidiaries & Affiliates Dept.,
IT Innovation Dept., Transaction Business Planning Dept.
Data Management Dept.

Katsunori Tanizaki

Director
IT Planning Dept., Data Management Dept.
IT Innovation Dept.

Koichi Noda

Director Corporate Risk Management Dept.

Tetsuya Kubo

Director

Yoshinori Yokoyama⁽¹⁾

Director

Kuniaki Nomura⁽¹⁾

Director

Arthur M. Mitchell⁽¹⁾

Director

Masaharu Kohno⁽¹⁾

Director

Eriko Sakurai⁽¹⁾

Director

(1) Messrs. and Ms. Yokoyama, Nomura, Mitchell, Kohno and Sakurai satisfy the requirements for an "outside director" under the Companies Act.

CORPORATE AUDITORS

Toshiyuki Teramoto

Corporate Auditor

Kazuhiko Nakao

Corporate Auditor

Toru Mikami

Corporate Auditor

Ikuo Uno⁽²⁾

Corporate Auditor

Satoshi Itoh⁽²⁾

Corporate Auditor

Rokuro Tsuruta⁽²⁾

Corporate Auditor

(2) Messrs. Uno, Itoh and Tsuruta satisfy the requirements for an "outside corporate auditor" under the Companies Act.

EXECUTIVE OFFICERS

Nobuaki Kurumatani

Deputy President Securities Business Dept.

Yasuyuki Kawasaki

Senior Managing Director Global Business Planning Dept.

Yukihiko Onishi

Senior Managing Director
Consumer Business Planning Dept.,
Consumer Finance & Transaction Business Dept.

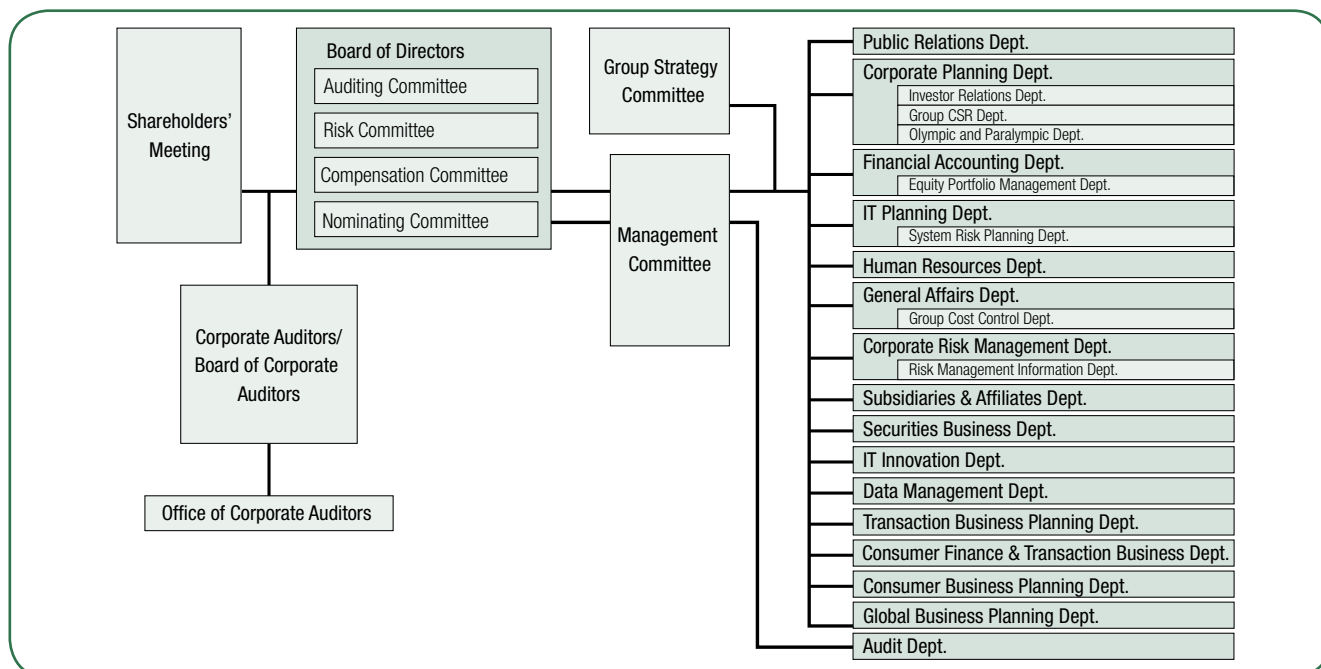
Toshikazu Yaku

Managing Director
General Affairs Dept.
Olympic and Paralympic Dept.

Haruyuki Nagata

Managing Director Financial Accounting Dept.

SMFG Organization (as of June 30, 2016)



Sumitomo Mitsui Banking Corporation

■ Board of Directors, Corporate Auditors and Executive Officers (as of June 30, 2016)

BOARD OF DIRECTORS

Chairman of the Board

Teisuke Kitayama

President and CEO

Takeshi Kunibe*

Director

Koichi Miyata

Vice Chairman of the Board

Shuichi Kageyama

Located at Osaka

Deputy Presidents

Yujiro Ito*

Human Resources Dept., Human Resources Development Dept., Quality Management Dept., General Affairs Dept., Legal Dept., Administrative Services Dept.

Seiichiro Takahashi*

Head of Treasury Unit

Nobuaki Kurumatani*

Head of Investment Banking Unit
Securities Business Dept.

Masaki Tachibana*

Co-Head of Wholesale Banking Unit (Planning Dept., Wholesale Banking Unit, Strategic Corporate Business Dept., Public & Financial Institutions Banking Dept., Wholesale Banking Unit)
Head of Corporate Banking Division

Senior Managing Directors

Kozo Ogino*

Internal Audit Dept., Credit Review Dept.
Human Resources Dept., Human Resources Development Dept.

Jun Ohta*

Public Relations Dept., Corporate Planning Dept., Financial Accounting Dept., Subsidiaries & Affiliates Dept., IT Innovation Dept.
Transaction Business Division.
Data Management Dept.

Yasuyuki Kawasaki*

Co-Head of International Banking Unit (Planning Dept., International Banking Unit, Emerging Markets Business Division, Asia Pacific, East Asia)

Katsunori Tanizaki*

IT Planning Dept., Data Management Dept., Operations Planning Dept., Operations Support Dept., Inter-Market Settlement Dept.
IT Innovation Dept.

Yukihiko Onishi*

Head of Retail Banking Unit

Koichi Noda*

Risk Management Unit (Corporate Risk Management Dept., Credit & Investment Planning Dept.)

Directors

Shigeru Iwamoto⁽¹⁾

Masayuki Matsumoto⁽¹⁾

Yuko Nakahira⁽¹⁾

* Executive Officers

(1) Messrs. and Ms. Iwamoto, Matsumoto and Nakahira satisfy the requirements for an "outside director" under the Companies Act.

CORPORATE AUDITORS

Corporate Auditors

Mitsuru Ono

Yuichi Shimane

Hiroshi Takahashi⁽²⁾

Katsuyoshi Shinbo⁽²⁾

Masaaki Oka⁽²⁾

Toshiyuki Teramoto

(2) Messrs. Takahashi, Shinbo and Oka satisfy the requirements for an "outside corporate auditor" under the Companies Act.

EXECUTIVE OFFICERS

Senior Managing Directors

Atsuhiko Inoue

Deputy Head of Wholesale Banking Unit
(Credit Administration Dept., Corporate Credit Dept.)
Corporate Research Dept.
Deputy Head of Investment Banking Unit (Trust Services Dept.)

Manabu Narita

Head of Corporate Advisory Division
Deputy Head of Wholesale banking Unit (Strategic Corporate Business Dept.)
Private Advisory Division
Global Advisory Dept.

Fumiaki Kurahara

Co-Head of Wholesale Banking Unit
Head of Global Corporate Banking Division

Makoto Takashima

Co-Head of International Banking Unit
(Europe, Middle East and Africa, Americas)

Managing Directors

Hitoshi Ishii

Deputy Head of Wholesale Banking Unit (in charge of East Japan)

Gotaro Michihiro

Tokyo Corporate Banking Division
(Tokyo Corporate Banking Depts. I, V, VII and VIII)

Shosuke Mori

Head of The Asia Pacific Division and Emerging Markets Business Division

Masahiko Oshima

Head of Europe, Middle East and Africa Division
CEO of Sumitomo Mitsui Banking Corporation Europe Limited

Naoki Ono

Tokyo Corporate Banking Division
(Tokyo Corporate Banking Depts. IV, VI, IX and XI)

Kimio Matsuura

Deputy Head of Wholesale Banking Unit (in charge of West Japan)

Toshikazu Yaku

General Affairs Dept., Legal Dept., Administrative Services Dept., Quality Management Dept.
Olympic and Paralympic Dept.

Ryohei Kaneko

Deputy Head of Retail Banking Unit (in charge of East Japan)

Hisanori Kokuga

Deputy Head of International Banking Unit, Wholesale Banking Unit (in charge of East Asia)
Head of East Asia Division
Global Advisory Dept.
Chairman of Sumitomo Mitsui Banking Corporation (China) Limited

Atsushi Oku

Deputy Head of Retail Banking Unit (in charge of West Japan)

Naoki Tamura

Public Relations Dept., Corporate Planning Dept., Subsidiaries & Affiliates Dept.

Toshihiro Isshiki

General Manager, Operations Planning Dept.

Haruyuki Nagata

Financial Accounting Dept.

Ryuji Nishisaki

Deputy Head of Emerging Markets Business Division

Akihiro Fukutome

Nagoya Corporate Banking Division (Nagoya Corporate Banking Dept.)
Head of Nagoya Middle Market Banking Division

Hiroshi Munemasa

Deputy Head of Treasury Unit

Toshikazu Takeichi

Head of Kobe Middle Market Banking Division

Keiji Kakumoto

Osaka Corporate Banking Division
(Osaka Corporate Banking Depts. I, II and III)

Kenichi Hosomi

General Manager, Planning Dept., International Banking Unit

Hitoshi Minami

Tokyo Corporate Banking Division
(Tokyo Corporate Banking Depts. II, III, X and XII)

Nobuyuki Kawabata

Head of The Americas Division

Toru Sawada

General Manager, General Affairs Dept.

Toru Nakashima

General Manager, Corporate Planning Dept.

CHOW Ying Hoong

Deputy Head of Emerging Markets Business Division and
The Asia Pacific Division

*Directors***Takashi Inagaki**

Deputy Head of Wholesale Banking Unit (Credit Dept. I, Wholesale
Banking Unit)

Deputy Head of Retail Banking Unit (Credit Dept., Retail Banking Unit)

Atsushi Takada

Head of Higashinohon Daiichi Middle Market Banking Division

Akio Koizumi

Head of Shibuya Middle Market Banking Division and Yokohama Middle
Market Banking Division

Eiji Omori

Head of Higashinohon Daini Middle Market Banking Division

Noburu Kato

Deputy Head of Investment Banking Unit

Toshiyuki Tatsuta

President of Sumitomo Mitsui Banking Corporation (China) Limited

Tetsuro Imaeda

(Director without portfolio)

Kengo Nakagawa

Head of Osaka Daiichi Middle Market Banking Division and Chushikoku
Middle Market Banking Division

Teiko Kudo

Unit Leader, Growth Industry Cluster Dept.

William Karl

General Manager, Real Estate Finance Dept., Americas Division

Stanislas Roger

Deputy Head of Europe, Middle East and Africa Division and
Co-General Manager, Global Aviation and Maritime Finance Department

Kiyoshi Kageyama

Deputy Head of Wholesale Banking Unit (Credit Dept. II, Wholesale
Banking Unit)

Deputy Head of Retail Banking Unit (Credit Dept., Retail Banking Unit)

Yoza Takigawa

Deputy Head of International Banking Unit (Credit Depts., Americas
Division, Europe, Middle East and Africa Division and Asia Pacific Division,
Credit Management Dept., International Banking Unit)

Ryo Suzuki

Deputy Head of The Americas Division and General Manager, Finance
Strategy Dept., Americas Division

Toshiaki Nakai

General Manager, Credit & Investment Planning Dept.

Takashi Arima

Head of Kyoto Hokuriku Middle Market Banking Division and
General Manager, Kyoto Corporate Business Office-I

Iwao Kawaharada

Head of Kyushu Middle Market Banking Division and General Manager,
Fukuoka Corporate Business Office

Fumiharu Kozuka

General Manager, Corporate Credit Dept.

Hiroyoshi Korusue

Country Head of Thailand and General Manager, Bangkok Branch

Masaaki Sasai

General Manager, Structured Finance Dept.

Eiichi Sekiguchi

General Manager, Planning Dept., Wholesale Banking Unit

Reiji Domoto

General Manager, Osaka Corporate Banking Dept. I

Yusuke Hirako

General Manager, Tokyo Corporate Banking Dept. VII

Narumitsu Yoshioka

General Manager, Seoul Branch and Global Korea Corporate Banking
Department

Rie Asayama

General Manager, Quality Management Dept.

Akira Ueda

General Manager, Tokyo Corporate Banking Dept. IV

Muneo Kanamaru

General Manager, Human Resources Dept.

Masamichi Koike

General Manager, International Treasury Dept.

Hideo Goto

General Manager, Planning Dept., Investment Banking Unit

Toshihiro Sato

General Manager, Planning Dept., Treasury Unit

Rajeev Kannan

General Manager, Investment Banking Dept., Asia

Isaac Deutsch

General Manager, Specialized Finance Dept., Americas Division

John Ferreira

Deputy Head of The Asia Pacific Division

Etsunori Sakai

Head of Shinjuku Middle Market Banking Division and Saitama Ikebukuro
Middle Market Banking Division

Hiroyuki Miyajima

General Manager, Tokyo Corporate Banking Dept. V

Masataka Asagami

Head of Tokyo Toshin Middle Market Banking Division and Tokyo Higashi
Middle Market Banking Division

Shoji Masuda

General Manager, IT Planning Dept.

Yukiko Yoritaka

General Manager, Training Institute, Human Resources Dept.

Hiroshi Irie

General Manager, Singapore Branch

Takaki Ono

General Manager, Shinjuku Corporate Business Office-I

Kotaro Hagiwara

General Manager, Subsidiaries & Affiliates Dept.

Yoshihiro Hyakutome

General Manager, Emerging Markets Business Division

Takeshi Mikami

General Manager, Financial Accounting Dept.

Takashi Yamashita

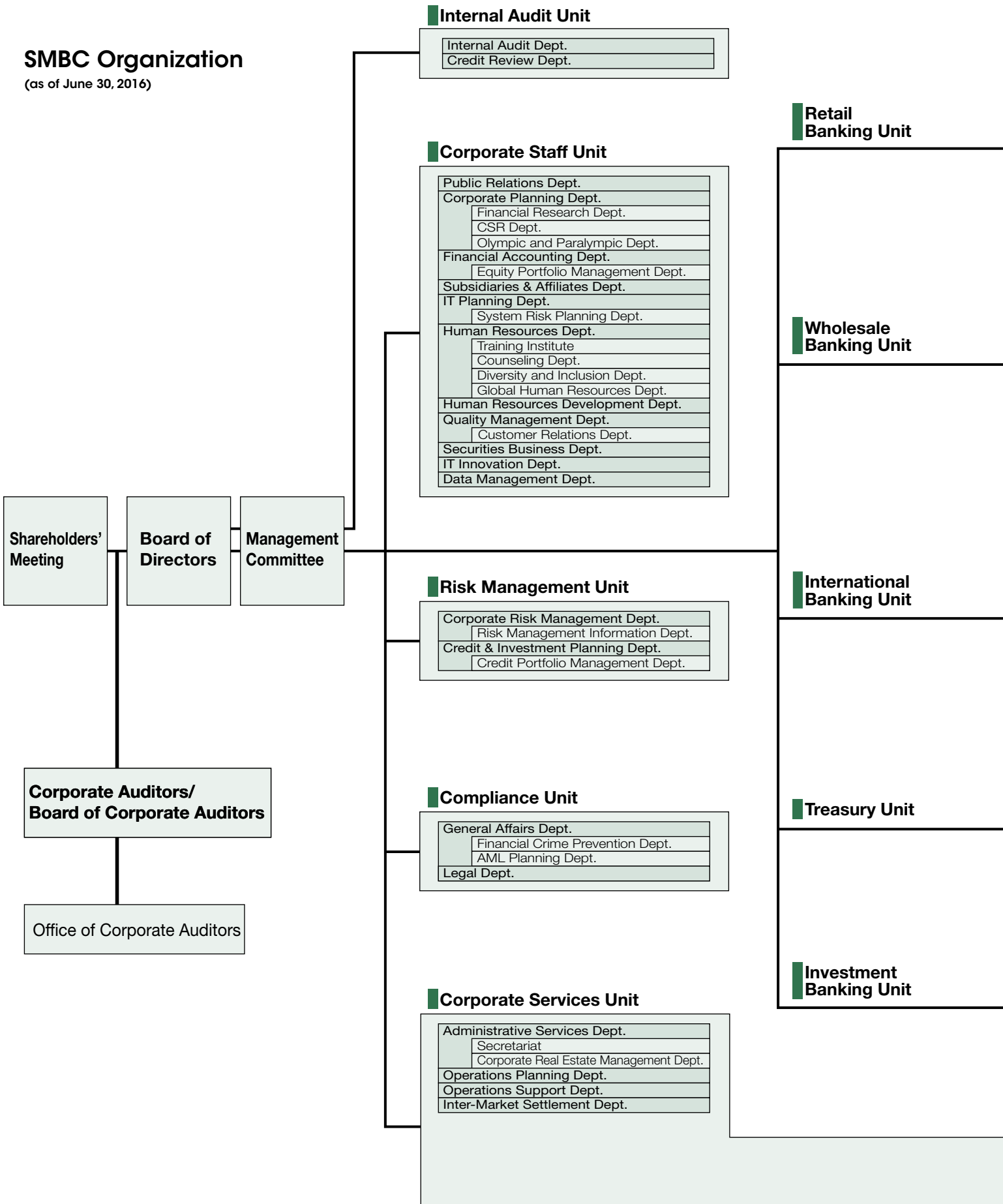
General Manager, Planning Dept., Retail Banking Unit

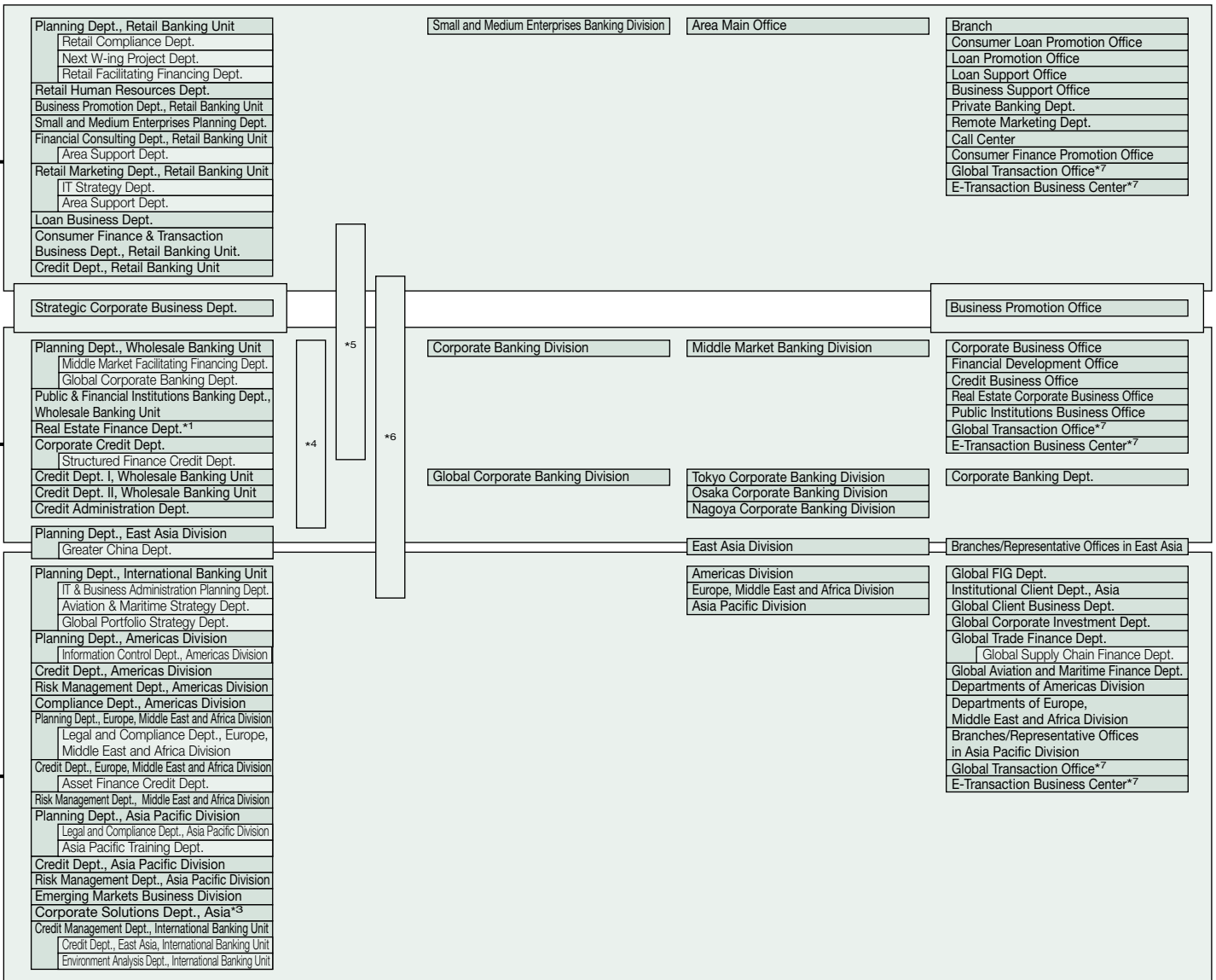
Antony Yates

Chairman of SMBC Capital Markets, Inc.
and President of SMBC Nikko Capital Markets Limited

SMBC Organization

(as of June 30, 2016)





Planning Dept., Treasury Unit ALM Planning Dept. Treasury Dept. International Treasury Dept. Trading Dept. Treasury Marketing Dept. Treasury Dept., Asia Pacific Division
Planning Dept., Investment Banking Unit Structured Finance Dept. Shipping Finance Dept. Debt Finance Dept. Investment Banking Services Dept. Real Estate Finance Dept.*1 M&A Advisory Services Dept. Merchant Banking Dept. Financial Products Dept. Securities Direct Sales Dept. Distribution Dept. Financial Solution Dept. Growth Industry Cluster Dept.*2 Trust Services Dept. Trust Business Operations Dept. Investment Banking Dept., Asia Corporate Solutions Dept., Asia *3

- *1 Belongs to both Investment Banking Unit and Wholesale Banking Unit.
- *2 Belongs to both Investment Banking Unit and Corporate Advisory Division.
- *3 Belongs to both International Banking Unit and Investment Banking Unit
- *4
 - Corporate Advisory Division
 - Advisory Dept. I
 - Advisory Dept. II
 - Advisory Dept. III
 - Corporate Research Dept.
 - Growth Industry Cluster Dept.*2
- *5
 - Private Advisory Division
 - Private Advisory Business Dept.
 - Testamentary Trust Dept.
 - Private Banking Planning Dept.
 - Corporate Employees Business Dept.
 - Defined Contribution Dept.
- *6
 - Transaction Business Division
 - Transaction Business Planning Dept.
 - Asset Finance Dept.
 - Transaction Banking Dept.
 - Global Transaction Banking Dept.
 - Global Advisory Dept.
 - Global Business Promotion Dept.
 - Global Transaction Support Dept.
 - Foreign Exchange Insourcing Business Dept.
- *7 • Belongs to Retail Banking Unit, Wholesale Banking Unit and International Banking Unit.

Branch Service Office Head/Main Service Office Public Institutions Operations Office Souzoku-office Sub-Branch

Principal Subsidiaries and Affiliates (as of March 31, 2016)

All companies shown hereunder are consolidated subsidiaries or affiliates of Sumitomo Mitsui Financial Group, Inc. Those printed in green ink are consolidated subsidiaries or affiliates of Sumitomo Mitsui Banking Corporation.

Principal Domestic Subsidiaries

Note: Figures in parentheses () in the voting rights columns indicate voting rights held indirectly via subsidiaries and affiliates.

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
Sumitomo Mitsui Banking Corporation	1,770,996	100	—	Jun. 6, 1996	Commercial banking
SMBC Trust Bank Ltd.	27,550	0 (100)	100	Feb. 25, 1986	Trust service and commercial banking
Sumitomo Mitsui Finance and Leasing Company, Limited	15,000	60	—	Feb. 4, 1963	Leasing
SMBC Nikko Securities Inc.	10,000	0 (100)	100	Jun. 15, 2009	Securities
SMBC Friend Securities Co., Ltd.	27,270	100	—	Mar. 2, 1948	Securities
Sumitomo Mitsui Card Company, Limited	34,000	0 (65.99)	—	Dec. 26, 1967	Credit card services
Cedyna Financial Corporation	82,843	0 (100)	—	Sep. 11, 1950	Credit card services, Installment
SMBC Consumer Finance Co., Ltd.	140,737	100	—	Mar. 20, 1962	Consumer loans
The Japan Research Institute, Limited	10,000	100	—	Nov. 1, 2002	System engineering, data processing, management consulting, and economic research
THE MINATO BANK, LTD.	27,484	0 (46.43)	45.09 (1.33)	Sep. 6, 1949	Commercial banking
Kansai Urban Banking Corporation	47,039	0 (60.15)	49.36 (0.35)	Jul. 1, 1922	Commercial banking
SMBC Guarantee Co., Ltd.	187,720	0 (100)	0 (99.99)	Jul. 14, 1976	Credit guarantee
SMFG Card & Credit, Inc.	49,859	100	—	Oct. 1, 2008	Business management
SAKURA CARD CO., LTD.	7,438	0 (100)	100	Feb. 23, 1983	Credit card services
SMM Auto Finance, Inc.	7,700	0 (51)	41	Sep. 17, 1993	Automotive financing
SMBC Finance Service Co., Ltd.	71,705	0 (100)	—	Dec. 5, 1972	Collecting agent and factoring
Mobit Co., Ltd.	20,000	0 (100)	—	May 17, 2000	Consumer lending
SAKURA KCS Corporation	2,054	0 (50.21)	28.52 (4.01)	Mar. 29, 1969	System engineering and data processing
JAIS, Limited	450	0 (100)	—	Oct. 16, 1990	System engineering and data processing
Financial Link Co., Ltd.	10	0 (100)	100	Apr. 1, 2004	Data processing service and e-trading consulting
SMBC GMO PAYMENT, Inc.	312	0 (80)	80	Nov. 2, 2015	Settlement agent
SMBC Venture Capital Co., Ltd.	500	0 (40)	0 (40)	Sep. 22, 2005	Venture capital
SMBC Consulting Co., Ltd.	1,100	0 (100)	50 (1.63)	May 1, 1981	Management consulting and seminar organizer
Japan Pension Navigator Co., Ltd.	1,600	0 (69.71)	69.71	Sep. 21, 2000	Defined contribution plan administrator
SMBC Loan Business Planning Co., Ltd.	100,010	0 (100)	100	Apr. 1, 2004	Management support services
SMBC Servicer Co., Ltd.	1,000	0 (100)	100	Mar. 11, 1999	Servicer
SMBC Electronic Monetary Claims Recording Co., Ltd.	500	0 (100)	100	Apr. 16, 2009	Electronic monetary claims recording
SMBC Principal Finance Co., Ltd.	100	0 (100)	100	Mar. 8, 2010	Investments for corporate revitalization and other related investments
SMBC Staff Service Co., Ltd.	90	0 (100)	100	Jul. 15, 1982	Banking clerical work
SMBC Learning Support Co., Ltd.	10	0 (100)	100	May 27, 1998	Seminar organizer
SMBC PERSONNEL SUPPORT CO., LTD.	10	0 (100)	100	Apr. 15, 2002	Banking clerical work
SMBC Center Service Co., Ltd.	100	0 (100)	100	Oct. 16, 1995	Banking clerical work
SMBC Delivery Service Co., Ltd.	30	0 (100)	100	Jan. 31, 1996	Banking clerical work
SMBC Green Service Co., Ltd.	30	0 (100)	100	Mar. 15, 1990	Banking clerical work
SMBC International Business Co., Ltd.	20	0 (100)	100	Sep. 28, 1983	Banking clerical work
SMBC Loan Business Service Co., Ltd.	70	0 (100)	100	Sep. 24, 1976	Banking clerical work
SMBC Loan Administration and Operations Service Co., Ltd.	10	0 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Property Research Service Co., Ltd.	30	0 (100)	100	Feb. 1, 1984	Banking clerical work

■ Principal Overseas Subsidiaries

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
Sumitomo Mitsui Banking Corporation Europe Limited	U.K.	US\$3,200 million	0 (100)	100	Mar. 5, 2003	Commercial banking
Sumitomo Mitsui Banking Corporation (China) Limited	China	CNY10.0 billion	0 (100)	100	Apr. 27, 2009	Commercial banking
Manufacturers Bank	U.S.A.	US\$80.786 million	0 (100)	100	Jun. 26, 1962	Commercial banking
Sumitomo Mitsui Banking Corporation of Canada	Canada	C\$344 million	0 (100)	100	Apr. 1, 2001	Commercial banking
Banco Sumitomo Mitsui Brasileiro S.A.	Brazil	R\$667.806 million	0 (100)	100	Oct. 6, 1958	Commercial banking
JSC Sumitomo Mitsui Rus Bank	Russia	RUB6.4 billion	0 (100)	99 (1)	May 8, 2009	Commercial banking
PT Bank Sumitomo Mitsui Indonesia	Indonesia	Rp2,873.9 billion	0 (98.47)	98.47	Aug. 22, 1989	Commercial banking
Sumitomo Mitsui Banking Corporation Malaysia Berhad	Malaysia	MYR1,575 million	0 (100)	100	Dec. 22, 2010	Commercial banking
SMBC Leasing and Finance, Inc.	U.S.A.	US\$4,350	0 (100)	94.89 (3.81)	Nov. 9, 1990	Leasing, investments
SMBC Aviation Capital Limited	Ireland	US\$187 million	0 (90)	30	Aug. 14, 1997	Leasing
SMBC Rail Services LLC	U.S.A.	US\$40.911 million	0 (100)	0 (100)	May 11, 2011	Leasing
SMBC Nikko Securities America, Inc.	U.S.A.	US\$388	0 (100)	77.65 (22.35)	Aug. 8, 1990	Securities, investments
SMBC Nikko Capital Markets Limited	U.K.	US\$1,139 million	0 (100)	85 (15)	Mar. 13, 1990	Derivatives and investments, securities services
SMBC Capital Markets, Inc.	U.S.A.	US\$100	0 (100)	90 (10)	Dec. 4, 1986	Derivatives and investments
SMBC Financial Services, Inc.	U.S.A.	US\$300	0 (100)	100	Aug. 8, 1990	Investments, investment advisor
SMBC Cayman LC Limited*	Cayman Islands	US\$500	0 (100)	100	Feb. 7, 2003	Credit guarantee, bond investment
SMBC MVI SPC	Cayman Islands	US\$195 million	0 (100)	100	Sep. 9, 2004	Loans, buying/selling of monetary claims
SMBC DIP Limited	Cayman Islands	US\$8 million	0 (100)	100	Mar. 16, 2005	Loans, buying/selling of monetary claims
SFVI Limited	British Virgin Islands	US\$3,000	0 (100)	100	Jul. 30, 1997	Investments
SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.	Mexico	MXN360 million	0 (100)	100	Sep. 18, 2014	Money lending business
SMBC International Finance N.V.	Curaçao	US\$200,000	0 (100)	100	Jun. 25, 1990	Finance
SMFG Preferred Capital USD 1 Limited	Cayman Islands	US\$649.491 million	100	—	Nov. 28, 2006	Finance
SMFG Preferred Capital GBP 1 Limited	Cayman Islands	£73.676 million	100	—	Nov. 28, 2006	Finance
SMFG Preferred Capital JPY 1 Limited	Cayman Islands	¥135,000 million	100	—	Jan. 11, 2008	Finance
SMFG Preferred Capital USD 3 Limited	Cayman Islands	US\$1,350 million	100	—	Jul. 8, 2008	Finance
SMFG Preferred Capital GBP 2 Limited	Cayman Islands	£250 million	100	—	Oct. 25, 2007	Finance
SMFG Preferred Capital JPY 2 Limited	Cayman Islands	¥286,000 million	100	—	Nov. 3, 2008	Finance
SMFG Preferred Capital JPY 3 Limited	Cayman Islands	¥268,400 million	100	—	Aug. 12, 2009	Finance
SMBC Preferred Capital USD 1 Limited	Cayman Islands	US\$662.647 million	0 (100)	100	Nov. 28, 2006	Finance
SMBC Preferred Capital GBP 1 Limited	Cayman Islands	£78.121 million	0 (100)	100	Nov. 28, 2006	Finance
SMBC Preferred Capital JPY 1 Limited	Cayman Islands	¥137,000 million	0 (100)	100	Jan. 11, 2008	Finance

* SMBC Cayman LC Limited, like other subsidiaries of SMBC, is a separate corporate entity with its own separate creditors and the claims of such creditors are prior to the claims of SMBC, as the direct or indirect holder of the equity in such subsidiary.

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
SMBC Preferred Capital USD 3 Limited	Cayman Islands	US\$1,358 million	0 (100)	100	Jul. 8, 2008	Finance
SMBC Preferred Capital GBP 2 Limited	Cayman Islands	£251.5 million	0 (100)	100	Oct. 25, 2007	Finance
SMBC Preferred Capital JPY 2 Limited	Cayman Islands	¥293,600 million	0 (100)	100	Nov. 19, 2008	Finance
Sumitomo Mitsui Finance Dublin Limited	Ireland	US\$18 million	0 (100)	100	Sep. 19, 1989	Finance
Sakura Finance Asia Limited	Hong Kong	US\$65.5 million	0 (100)	100	Oct. 17, 1977	Investments
SMBC Capital India Private Limited	India	Rs400 million	0 (100)	99.99 (0.00)	Apr. 3, 2008	Advisory services
SMBC Leasing Investment LLC	U.S.A.	US\$490.5 million	0 (100)	0 (100)	Apr. 7, 2003	Investments in leasing
SMBC Capital Partners LLC	U.S.A.	US\$10,000	0 (100)	100	Dec. 18, 2003	Holding and trading securities
SMBC Derivative Products Limited	U.K.	US\$200 million	0 (100)	0 (100)	Apr. 18, 1995	Derivatives and investments

■ Principal Affiliates

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
The Japan Net Bank, Limited	37,250	0 (41.16)	41.16	Sep. 19, 2000	Commercial banking
PT Bank Tabungan Pensiunan Nasional Tbk	Rp116,805 million	0 (40.45)	40.45	Feb. 5, 1958	Commercial banking
PT Oto Multiartha	Rp928,707 million	0 (35.10)	35.10	Mar. 28, 1994	Automotive financing
PT Summit Oto Finance	Rp 2,442,060 million	0 (35.10)	35.10	Sep. 20, 1990	Motorcycle financing
Vietnam Export Import Commercial Joint Stock Bank	VND12,526.947 billion	0 (15.07)	15.07	May 24, 1989	Commercial banking
ACLEDA Bank Plc.	US\$ 266 million	0 (18.25)	18.25	Dec. 1, 2003	Commercial banking
The Bank of East Asia, Limited	HKD33,815 million	0 (18.10)	18.10	Nov. 14, 1918	Commercial banking
Sumitomo Mitsui Auto Service Company, Limited	6,950	33.99	—	Feb. 21, 1981	Leasing
POCKET CARD CO., LTD.	14,374	0 (35.54)	35.54	May 25, 1982	Credit card services
JSOL CORPORATION	5,000	0 (50)	—	Jul. 3, 2006	System engineering and data processing
Sakura Information Systems Co., Ltd.	600	0 (49)	49	Nov. 29, 1972	System engineering and data processing
Daiwa SB Investments Ltd.	2,000	43.96	—	Apr. 1, 1999	Investment advisory and investment trust management
Sumitomo Mitsui Asset Management Company, Limited	2,000	0 (40)	40	Dec. 1, 2002	Investment advisory and investment trust management
China Post & Capital Fund Management Co., Ltd.	CNY300 million	0 (24)	24	Apr. 24, 2012	Investment management
Daiwa Securities SMBC Principal Investments Co., Ltd.	100	0 (40)	40	Feb. 1, 2010	Investments, fund management

International Directory (as of June 30, 2016)

Asia and Oceania

SMBC Branches and Representative Offices

Hong Kong Branch

7th & 8th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong Special Administrative Region, The People's Republic of China
Tel: 852-2206-2000

Taipei Branch

3F, Walsin Lihwa Xinyi Building, No. 1 Songzhi Road, Xinyi District, Taipei 110, Taiwan
Tel: 886 (2) 2720-8100

Seoul Branch

12F, Mirae Asset CENTER1 Bldg. West Tower, 26, Eulji-ro 5-gil, Jung-gu Seoul, 04539, The Republic of Korea
Tel: 82 (2) 6364-7000

Singapore Branch

3 Temasek Avenue #06-01, Centennial Tower, Singapore 039190, Republic of Singapore
Tel: 65-6882-0001

Sydney Branch

Level 35, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Tel: 61 (2) 9376-1800

Perth Branch

Level 19, Exchange Tower, 2 The Esplanade, Perth, Western Australia 6000, Australia
Tel: 61 (8) 9492-4900

New Delhi Branch

13th Floor, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi 110001, India
Tel: 91 (11) 4768-9111

Bangkok Branch

8th-10th Floor, Q.House Lumpini Building, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Tel: 66 (2) 353-8000

Chonburi Branch

Harbor Office 14th Floor, 4/222 Moo. 10 Sukhumvit Road, Tungsukla, Sriracha, Chonburi 20230, Thailand
Tel: 66 (38) 400-700

Ho Chi Minh City Branch

15th Floor, Times Square Building, 22-36 Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam
Tel: 84 (8) 3520-2525

Hanoi Branch

Unit 1201, 12th Floor, Lotte Center Hanoi, 54 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi, Vietnam
Tel: 84 (4) 3946-1100

Manila Branch

21st Floor, Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, The Philippines 1226
Tel: 63 (2) 8807100

Yangon Branch

Level #5 Strand Square, No.53 Strand Road, Pabedan Township, Yangon, Myanmar
Tel: 95 (1) 2307380

Labuan Branch

Level 12 (B&C), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, Federal Territory, Malaysia
Tel: 60 (87) 410955

Labuan Branch Kuala Lumpur Office

Suite 22-03, Level 22, Integra Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Tel: 60 (3) 2176-1700

Ulaanbaatar Representative Office

Unit 1011, 10F, Central Tower, 2 Chinggis Square, 8th Khoroo, Sukhbaatar District, Ulaanbaatar, 14200, Mongolia
Tel: 976-7011-8950

Phnom Penh Representative Office

Phnom Penh Tower (13 Floor) No.445, Preah Monivong Blvd corner with Street 232, Sangkat Boeung Pralit, Khan 7 Makara, Phnom Penh, Cambodia
Tel: 855 (23) 964-080

SMBC Principal Subsidiaries/ Affiliates SMFG Network

Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)

11F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China
Tel: 86 (21) 3860-9000

Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch

12F, International Finance Place, No.8 Huaxia Road, Tianhe District, Guangzhou 510623, The People's Republic of China
Tel: 86 (20) 3819-1888

Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch

5F, Offices At Kerry Centre, 385 Yan An Road, Xia Cheng District, Hangzhou, Zhejiang Province, The People's Republic of China*
Tel: 86 (571) 2889-1111

Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch

Unit 2, 34F, Tower1, River International, 22 Nanbin Road, Nan'an District, Chongqing 400060, The People's Republic of China
Tel: 86 (23) 8812-5300

Sumitomo Mitsui Banking Corporation (China) Limited Shenzhen Branch

23/F, Tower Two, Kerry Plaza, 1 Zhongxinsi Road, Futian District, Shenzhen 518048, The People's Republic of China
Tel: 86 (755) 2383-0980

Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch

1606, 1 Building, Forum 66, No.1 Qingnian Street, Shenhe District, Shenyang, Liaoning Province, The People's Republic of China
Tel: 86 (24) 3128-7000

* SMBCCN Hangzhou Branch was relocated on July 11, 2016.

Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch

12F, SND International Commerce Tower, No.28 Shishan Road, Suzhou New District, Suzhou, Jiangsu 215011, The People's Republic of China
Tel: 86 (512) 6606-6500

Sumitomo Mitsui Banking Corporation (China) Limited Dalian Branch

Senmao Building 4F-A, 147 Zhongshan Road, Xigang District, Dalian, The People's Republic of China
Tel: 86 (411) 3905-8500

Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch

12F, The Exchange Tower 2, 189 Nanjing Road, Heping District, Tianjin 300051, The People's Republic of China
Tel: 86 (22) 2330-6677

Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch

Unit1601,16F, North Tower, Beijing Kerry Centre, No.1, Guang Hua Road, Chao Yang District, Beijing 100020, The People's Republic of China
Tel: 86 (10) 5920-4500

Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch

Room 2001-2005, Taiwan Business Association International Plaza, No. 399 Qianjin East Road, Kunshan, Jiangsu 215300, The People's Republic of China
Tel: 86 (512) 3687-0588

Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch

1F 7, 8 Building, No. 88, Ma Ji Road, China (Shanghai) Pilot Free Trade Zone, Shanghai 200131, The People's Republic of China
Tel: 86 (21) 2067-0200

Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Puxi Sub-Branch

1, 12, 13, 12F, Maxdo Center, 8 Xingyi Road, Changning District, Shanghai, The People's Republic of China
Tel: 86 (21) 2219-8000

Sumitomo Mitsui Banking Corporation (China) Limited Changshu Sub-Branch

8F, Science Innovation Building (Kechuang Building), No.333 Dongnan Road, Changshu Southeast Economic Development Zone of Jiangsu, Changshu, Jiangsu, The People's Republic of China
Tel: 86 (512) 5235-5553

Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch

16F, International Building, No.2, Suzhou Avenue West, Suzhou Industrial Park, Jiangsu 215021, The People's Republic of China
Tel: 86 (512) 6288-5018

Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Binhai Sub-Branch

8F, E2B, Binhai Financial Street, No.20, Guangchang East Road, TEDA, Tianjin 300457, The People's Republic of China
Tel: 86 (22) 6622-6677

PT Bank Sumitomo Mitsui Indonesia

Summitmas II, 10th Floor, Jl. Jend. Sudirman Kav. 61-62, Jakarta 12190, Indonesia
Tel: 62 (21) 522-7011

Sumitomo Mitsui Banking Corporation Malaysia Berhad

Suite 22-03, Level 22, Integra Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
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SMBC Capital Markets (Asia) Limited

7th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong Special Administrative Region, The People's Republic of China
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SBCS Co., Limited

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PT. SBCS Indonesia

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Tel: 62 (21) 252-3711

BSL Leasing Co., Ltd.

19th Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120, Thailand
Tel: 66 (2) 670-4700

SMBC SSC Sdn. Bhd.

Level 21, Integra Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Tel: 60 (3) 2176-1600

SMBC Metro Investment Corporation

20th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, Metro Manila, The Philippines
Tel: 63 (2) 811-0845

The Bank of East Asia, Limited

10 Des Voeux Road, Central, Hong Kong
Tel: 852-3608-3608

Vietnam Export Import Commercial Joint Stock Bank

8th Floor, Vincom Center Building, 72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Tel: 84 (8) 3821-0056

PT Bank Tabungan Pensiunan Nasional Tbk

Menara BTPN, CBD Mega Kuningan Jl. Dr. Ide Anak Agung Gde Agung, Kav 5.5-5.6 Jakarta 12950, Indonesia
Tel: 62 (21) 300-26200

PT Oto Multiartha

Summitmas II, 18th floor, Jl. Jend. Sudirman Kav. 61-62, Jakarta 12190, Indonesia
Tel: 62 (21) 522-6410

PT Summit Oto Finance

Summitmas II, 8th floor, Jl. Jend. Sudirman Kav. 61-62, Jakarta 12190, Indonesia
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ACLEDA Bank Plc.

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The Japan Research Institute (Shanghai) Solution Co., Ltd.

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Sumitomo Mitsui Finance and Leasing (Singapore) Pte. Ltd.

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Sumitomo Mitsui Finance and Leasing (Hong Kong) Ltd.

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Tel: 852-2523-4155

SMFL Leasing (Thailand) Co., Ltd.

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Sumitomo Mitsui Finance and Leasing (China) Co., Ltd.

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Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.

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Shanghai Sumitomo Mitsui Finance and Leasing Co., Ltd.

Room 723, 7/F, No. 6 Ji Long Rd, China (Shanghai) Pilot Free Trade Zone, Shanghai 200131, The People's Republic of China
Tel: 86 (21) 5065-6052

Sumitomo Mitsui Finance and Leasing (China) Co., Ltd. Beijing Branch

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Tel: 86 (10) 8529-7887

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Room 1305, YanLord Landmark, No.1, Section 2, Renmin South Road, Chengdu, The People's Republic of China
Tel: 86 (28) 8691-7181

SMFL Leasing (Malaysia) Sdn. Bhd.

Letter Box No.58, 11th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
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PT. SMFL Leasing Indonesia

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Tel: 62 (21) 520-2083

Sumitomo Mitsui Auto Leasing & Service (Thailand) Co., Ltd.

161, Nantawan Building, 17th Floor, Rajdamri Road, Lumpinee, Pathumwan, Bangkok 10330, Thailand
Tel: 66-2252-9511

Summit Auto Lease Australia Pty Ltd.

Unit 7, 38-46 South Street Rydalmere, NSW 2116 Australia
Tel: 61 (2) 9638-7833

SMAS Auto Leasing India Private Limited

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Tel: 91 (11) 4828-8300

PROMISE (HONG KONG) CO., LTD.

14th Floor, Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong Special Administrative Region, The People's Republic of China
Tel: 852 (3199) 1000

Liang Jing Co., Ltd.

8FI, No.6, Sec 3, Min Chuan E. Rd., Taipei, Taiwan 10477, R.O.C.
Tel: 886 (2) 2515-1598

PROMISE (THAILAND) CO., LTD.

12th, 15th, 22nd Floor, Capital Tower, All Seasons Place, 87/1 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
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PROMISE (SHENZHEN) CO., LTD.

1001, 10/F, Tower A, Kingkey 100 Building, No. 5016 Shennan East Road, Luohu District, Shenzhen 518000, The People's Republic of China
Tel: 86 (755) 2396-6200

PROMISE (SHENYANG) CO., LTD.

5F, No.1 Yuebin Street, Shenhe District, Shenyang, Liaoning Province 110013, The People's Republic of China
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Promise Consulting Service (Shenzhen) Co., Ltd.

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PROMISE (CHONGQING) CO., LTD.

38F, Xinhua International Mansion, No.27, Minquan Road, Yuzhong District, Chongqing, 400010, The People's Republic of China
Tel: 86 (23) 6037-5200

PROMISE (CHENGDU) CO., LTD.

Level 18, Minyoun Financial Plaza, No.35 Zidong Section Dongda Street, Jinjiang District, Chengdu, 610061, The People's Republic of China
Tel: 86 (28) 6528-5000

PROMISE (WUHAN) CO., LTD.

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Tel: 86 (27) 8711-6300

PROMISE (SHANGHAI) CO., LTD.

Room 03-10, Floor 14, China Insurance Building No.166, East Lujiazui Road, Pudong New Area, Shanghai 200120, The People's Republic of China
Tel: 86 (21) 2066-6262

PROMISE ASSET MANAGEMENT (TAIWAN) CO., LTD.

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SMCC Consulting (Shanghai) Co., Ltd.

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Tel: 86 (21) 2312-7632

The Americas

SMBC Branches and Representative Offices

New York Branch

277 Park Avenue, New York, NY 10172, U.S.A.
Tel: 1 (212) 224-4000

Cayman Branch

P.O. Box 694, Edward Street, George Town, Grand Cayman, Cayman Islands

Los Angeles Branch

601 South Figueroa Street, Suite 1800, Los Angeles, CA 90017, U.S.A.
Tel: 1 (213) 452-7800

San Francisco Branch

555 California Street, Suite 3350, San Francisco, CA 94104, U.S.A.
Tel: 1 (415) 616-3000

Houston Representative Office

Two Allen Center, 1200 Smith Street, Suite 1140, Houston, Texas 77002, U.S.A.
Tel: 1 (713) 277-3500

Mexico City Representative Office

Torre Altiva Boulevard Manuel Avila Camacho 138 Piso 2, Loc. B Lomas de Chapultepec, 11000 Mexico, D.F., Mexico
Tel: 52 (55) 2623-0200

Bogota Representative Office

Carrera 9 #113-52, Oficina 808, Bogotá D.C., Colombia
Tel: 57 (1) 619-7200

Lima Representative Office

Avenida Canaval y Moreyra 380, Oficina 702, San Isidro, Lima 27, Peru
Tel: 51 (1) 200-3600

Santiago Representative Office

Av. El Golf 82, Of. 1001, Las Condes, Santiago, Chile
Tel: 56 (2) 2896-8440

SMBC Principal Subsidiaries/ Affiliates SMFG Network

Manufacturers Bank

515 South Figueroa Street, Los Angeles, CA 90071, U.S.A.
Tel: 1 (213) 489-6200

Sumitomo Mitsui Banking Corporation of Canada

Ernst & Young Tower, Toronto Dominion Centre, Suite 1400, P.O. Box 172, 222 Bay Street, Toronto, Ontario M5K 1H6, Canada
Tel: 1 (416) 368-4766

Banco Sumitomo Mitsui Brasileiro S.A.

Avenida Paulista, 37-11 e 12 andar Sao Paulo-SP-CEP 01311-902, Brazil
Tel: 55 (11) 3178-8000

Banco Sumitomo Mitsui Brasileiro S. A. Cayman Branch

11 Dr. Roy's Drive, George Town, Grand Cayman, Cayman Islands

SMBC Capital Markets, Inc.

277 Park Avenue, New York, NY 10172, U.S.A.
Tel: 1 (212) 224-5100

SMBC Leasing and Finance, Inc.

277 Park Avenue, New York, NY 10172, U.S.A.
Tel: 1 (212) 224-5200

SMBC Rail Services LLC

300 S. Riverside Plaza, Suite 1925, Chicago, IL 60606, U.S.A.
Tel: 1 (312) 559-4800

SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.

Torre Altiva Boulevard Manuel Avila Camacho 138 Piso 2, Loc. B Lomas de Chapultepec, 11000 Mexico, D.F., Mexico
Tel: 52 (55) 2623-1373

SMBC Nikko Securities America, Inc.

277 Park Avenue, New York, NY 10172, U.S.A.
Tel: 1 (212) 224-5300

JRI America, Inc.

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-4200

Sumitomo Mitsui Finance and Leasing Company, Limited New York Branch

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-4844

Europe, Middle-East and Africa

SMBC Branches and Representative Offices

Düsseldorf Branch

Prinzenallee 7, 40549 Düsseldorf,
Germany
Tel: 49 (211) 36190

Frankfurt Branch

Opernturm, 16th Floor,
Bockenheimer Landstrasse 2-4,
60306, Frankfurt am Main, Germany
Tel: 49 (69) 667748-245

Brussels Branch

Neo Building, Rue Montoyer 51,
Box 6, 1000 Brussels, Belgium
Tel: 32 (2) 551-5000

Dubai Branch

Building One, 5th Floor, Gate
Precinct, Dubai International
Financial Centre, PO Box 506559
Dubai, United Arab Emirates
Tel: 971 (4) 428-8000

Abu Dhabi Representative Office

Office No.801, Makeen Tower,
Al Zahiyah, Abu Dhabi,
United Arab Emirates
Tel: 971 (2) 495-4000

Istanbul Representative Office

Metrocity Is Merkezi, Kirgulu Sokak
No:4 Kat:7/A D Blok, Esentepe
Mahallesi, Sisli 34394, Istanbul,
Republic of Turkey
Tel: 90 (212) 371-5900

Doha QFC Office

Office 1901, 19th Floor, Qatar
Financial Centre Tower,
Diplomatic Area-West bay, Doha,
Qatar, P.O.Box 23769
Tel: 974-4496-7572

Bahrain Representative Office

No.406 & 407 (Entrance 3, 4th
Floor) Manama Centre,
Government Road, Manama,
State of Bahrain
Tel: 973-17223211

Johannesburg Representative Office

Building Four, First Floor,
Commerce Square,
39 Rivonia Road, Sandhurst,
Sandton 2196, South Africa
Tel: 27 (11) 219-5300

Cairo Representative Office

23rd Floor, Nile City Towers,
North Tower, 2005C, Cornish El Nile,
Ramlet Boulak, Cairo, Egypt
Tel: 20 (2) 2461-9566

Tehran Representative Office

First Floor, No. 17, Haghani
Expressway (north side),
Between Modarres & Africa,
Tehran 1518858136,
Islamic Republic of Iran
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SMBC Principal Subsidiaries/ Affiliates SMFG Network

Sumitomo Mitsui Banking Corporation Europe Limited Head Office

99 Queen Victoria Street, London
EC4V 4EH, U.K.
Tel: 44 (20) 7786-1000

Sumitomo Mitsui Banking Corporation Europe Limited Amsterdam Branch

World Trade Center, Tower D, Level
12, Strawinskyalaan 1733, 1077 XX
Amsterdam, The Netherlands
Tel: 31 (20) 718-3888

Sumitomo Mitsui Banking Corporation Europe Limited Dublin Branch

IFSC House, IFSC, Dublin 1, Ireland
Tel: 353 (1) 859-9300

Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch

1/3/5 rue Paul Cézanne, 75008,
Paris, France
Tel: 33 (1) 44 (90) 48-00

Sumitomo Mitsui Banking Corporation Europe Limited Prague Branch

International Business Centre,
Pobrezni 3 186 00 Prague 8,
Czech Republic
Tel: 420 (295) 565-800

Sumitomo Mitsui Banking Corporation Europe Limited Madrid Branch

Calle Pedro Teixeira 8, Edificio Iberia
Mart I, planta 4a., 28020 Madrid,
Spain
Tel: 34 (91) 312-7300

Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch

Via della Spiga 30/ Via Senato 25,
20121 Milan, Italy
Tel: 39 (02) 7636-1700

JSC Sumitomo Mitsui Rus Bank

Presnenskaya naberezhnaya,
house 10, block C, Moscow,
123317 Russian Federation
Tel: 7 (495) 287-8200

SMBC Nikko Capital Markets Limited

One New Change, London EC4M
9AF, U.K.
Tel: 44 (20) 3527-7000

SMBC Derivative Products Limited

One New Change, London
EC4M 9AF, U.K.
Tel: 44 (20) 3527-7000

Sumitomo Mitsui Finance Dublin Limited

La Touche House, I.F.S.C.,
Custom House Docks, Dublin 1,
Ireland
Tel: 353 (1) 670-0066

JRI Europe, Limited

99 Queen Victoria Street, London
EC4V 4EH, U.K.
Tel: 44 (20) 7406-2700

SMBC Aviation Capital Limited

IFSC House, IFSC, Dublin 1, Ireland
Tel: 353 (1) 859-9000



GLOBAL NETWORK

Asia and Oceania

- Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)
- Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenzhen Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Dalian Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Puxi Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Changshu Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Binhai Sub-Branch
- PT Bank Sumitomo Mitsui Indonesia
- Sumitomo Mitsui Banking Corporation Malaysia Berhad
- Hong Kong Branch
- Taipei Branch
- Seoul Branch
- Singapore Branch
- Sydney Branch
- Perth Branch
- New Delhi Branch
- Bangkok Branch
- Chonburi Branch
- Ho Chi Minh City Branch
- Hanoi Branch
- Manila Branch
- Yangon Branch
- Labuan Branch
- Labuan Branch Kuala Lumpur Office
- Ulaanbaatar Representative Office
- Phnom Penh Representative Office
- SMBC Capital Markets (Asia) Limited
- SMBC Nikko Capital Markets Limited (Sydney Office)
- SBSC Co., Limited
- PT. SBSC Indonesia
- SMBC SSC Sdn. Bhd.
- SMBC Metro Investment Corporation
- The Bank of East Asia, Limited
- Vietnam Export Import Commercial Joint Stock Bank
- PT Bank Tabungan Pensiunan Nasional Tbk
- ACLEDA Bank Plc.

Overseas service network (as of June 30, 2016)

Total: 72

**(including banking subsidiaries and their branches/
sub-branches/rep. offices)**

Also showing principal overseas subsidiaries



★ Indicates branch or sub-branch of Sumitomo Mitsui Banking Corporation (China) Limited

The Americas

- New York Branch
- San Francisco Branch
- Los Angeles Branch
- Cayman Branch
- Houston Representative Office
- Mexico City Representative Office
- Santiago Representative Office
- Bogota Representative Office
- Lima Representative Office
- Manufacturers Bank
- Sumitomo Mitsui Banking Corporation of Canada
- Banco Sumitomo Mitsui Brasileiro S.A.
- Banco Sumitomo Mitsui Brasileiro S.A. Cayman Branch
- SMBC Capital Markets, Inc.
- SMBC Nikko Securities America, Inc.
- SMBC Leasing and Finance, Inc.
- SMBC Rail Services LLC
- SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.

Europe, Middle East and Africa

- Sumitomo Mitsui Banking Corporation Europe Limited Head Office
- Sumitomo Mitsui Banking Corporation Europe Limited Amsterdam Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Dublin Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Prague Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Madrid Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch
- Dusseldorf Branch
- Frankfurt Branch
- Brussels Branch
- Dubai Branch
- Abu Dhabi Representative Office
- Istanbul Representative Office
- Doha QFC Office
- Bahrain Representative Office
- Johannesburg Representative Office
- Cairo Representative Office
- Tehran Representative Office
- JSC Sumitomo Mitsui Rus Bank
- SMBC Nikko Capital Markets Limited
- Sumitomo Mitsui Finance Dublin Limited
- SMBC Aviation Capital Limited



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SMBC

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Financial Highlights

Sumitomo Mitsui Financial Group (Consolidated)

Year ended March 31	Millions of yen				
	2016	2015	2014	2013	2012
For the Year:					
Ordinary income.....	¥ 4,772,100	¥ 4,851,202	¥ 4,641,880	¥ 4,326,424	¥ 3,945,282
Ordinary profit	985,284	1,321,156	1,432,332	1,073,745	935,571
Profit attributable to owners of parent	646,687	753,610	835,357	794,059	518,536
Comprehensive income	178,328	2,063,510	1,303,295	1,458,107	665,232
At Year-End:					
Total net assets	¥ 10,447,669	¥ 10,696,271	¥ 9,005,019	¥ 8,443,218	¥ 7,254,976
Total assets	186,585,842	183,442,585	161,534,387	148,696,800	143,040,672
Capital ratio	/	/	/	/	16.93%
Total capital ratio (International Standard)	17.02%	16.58%	15.51%	14.71%	/
Tier 1 capital ratio (International Standard)	13.68%	12.89%	12.19%	10.93%	/
Common equity Tier 1 capital ratio (International Standard)	11.81%	11.30%	10.63%	9.38%	/
Number of employees.....	73,652	68,739	66,475	64,635	64,225

Note: "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.

Consolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars	
	2015	2016	2015	2016
Assets:				
Cash and due from banks	*8 ¥ 39,748,979	*8 ¥ 42,789,236	\$ 379,943	
Call loans and bills bought	*8 1,326,965	*8 1,291,365	11,467	
Receivables under resale agreements	746,431	494,949	4,395	
Receivables under securities borrowing transactions	6,477,063	7,972,918	70,795	
Monetary claims bought	*8 4,286,592	*8 4,350,012	38,626	
Trading assets	*8 7,483,681	*8 8,063,281	71,597	
Money held in trust	7,087	5,163	46	
Securities	*1, *2, *8, *15 29,633,667	*1, *2, *8, *15 25,264,445	224,334	
Loans and bills discounted	*3, *4, *5, *6, *7, *8, *9 73,068,240	*3, *4, *5, *6, *7, *8, *9 75,066,080	666,543	
Foreign exchanges	*7 1,907,667	*7 1,577,167	14,004	
Lease receivables and investment assets	*8 1,909,143	*8 1,987,034	17,644	
Other assets	*8 6,156,091	*8 6,702,774	59,517	
Tangible fixed assets	*8, *10, *11, *12 2,770,853	*8, *10, *11, *12 2,919,424	25,923	
Assets for rent	1,790,787	1,884,778	16,736	
Buildings	313,381	386,222	3,429	
Land	469,167	489,144	4,343	
Lease assets	8,368	7,558	67	
Construction in progress	76,413	27,188	241	
Other tangible fixed assets	112,735	124,531	1,106	
Intangible fixed assets	819,560	878,265	7,798	
Software	359,216	408,272	3,625	
Goodwill	351,966	339,185	3,012	
Lease assets	307	268	2	
Other intangible fixed assets	108,070	130,538	1,159	
Net defined benefit asset	376,255	203,274	1,805	
Deferred tax assets	127,841	125,832	1,117	
Customers' liabilities for acceptances and guarantees	7,267,713	7,519,635	66,770	
Reserve for possible loan losses	(671,248)	(625,019)	(5,550)	
Total assets	¥183,442,585	¥186,585,842	\$1,656,774	

(Continued)

March 31	Millions of yen		Millions of
	2015	2016	U.S. dollars
			2016
Liabilities and net assets:			
Liabilities:			
Deposits	*8 ¥101,047,918	*8 ¥110,668,828	\$ 982,675
Negotiable certificates of deposit	13,825,898	14,250,434	126,536
Call money and bills sold	*8 5,873,123	1,220,455	10,837
Payables under repurchase agreements	*8 991,860	*8 1,761,822	15,644
Payables under securities lending transactions	*8 7,833,219	*8 5,309,003	47,141
Commercial paper	3,351,459	3,017,404	26,793
Trading liabilities	*8 5,664,688	*8 6,112,667	54,277
Borrowed money	*8, *13 9,778,095	*8, *13 8,571,227	76,108
Foreign exchanges	1,110,822	1,083,450	9,620
Short-term bonds	1,370,800	1,271,300	11,288
Bonds	*14 6,222,918	*14 7,006,357	62,212
Due to trust account	718,133	944,542	8,387
Other liabilities	*8 6,728,951	*8 6,632,027	58,889
Reserve for employee bonuses	73,359	68,476	608
Reserve for executive bonuses	3,344	2,446	22
Net defined benefit liability	38,096	48,570	431
Reserve for executive retirement benefits	2,128	2,202	20
Reserve for point service program	19,050	19,706	175
Reserve for reimbursement of deposits	20,870	16,979	151
Reserve for losses on interest repayment	166,793	228,741	2,031
Reserves under the special laws	1,124	1,498	13
Deferred tax liabilities	601,393	348,190	3,092
Deferred tax liabilities for land revaluation	*10 34,550	*10 32,203	286
Acceptances and guarantees	*8 7,267,713	*8 7,519,635	66,770
Total liabilities	172,746,314	176,138,173	1,564,004
Net assets :			
Capital stock	2,337,895	2,337,895	20,759
Capital surplus	757,329	757,306	6,724
Retained earnings	4,098,425	4,534,472	40,263
Treasury stock	(175,261)	(175,381)	(1,557)
Total stockholders' equity	7,018,389	7,454,294	66,190
Net unrealized gains (losses) on other securities	1,791,049	1,347,689	11,967
Net deferred gains (losses) on hedges	(30,180)	55,130	490
Land revaluation excess	*10 39,014	*10 39,416	350
Foreign currency translation adjustments	156,309	87,042	773
Accumulated remeasurements of defined benefit plans	47,667	(69,811)	(620)
Total accumulated other comprehensive income	2,003,859	1,459,467	12,959
Stock acquisition rights	2,284	2,884	26
Non-controlling interests	1,671,738	1,531,022	13,595
Total net assets	10,696,271	10,447,669	92,769
Total liabilities and net assets	¥183,442,585	¥186,585,842	\$1,656,774

Consolidated Statements of Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Ordinary income	¥4,851,202	¥4,772,100	\$42,373
Interest income	1,891,932	1,868,313	16,590
Interest on loans and discounts	1,312,629	1,326,402	11,778
Interest and dividends on securities	336,345	303,132	2,692
Interest on call loans and bills bought	19,599	20,457	182
Interest on receivables under resale agreements	9,640	10,100	90
Interest on receivables under securities borrowing transactions..	7,826	10,747	95
Interest on deposits with banks	43,147	37,537	333
Interest on lease transactions	62,097	59,366	527
Other interest income	100,645	100,567	893
Trust fees	2,890	3,681	33
Fees and commissions	1,126,285	1,134,463	10,073
Trading income	252,976	225,481	2,002
Other operating income	1,359,109	1,342,665	11,922
Lease-related income	189,261	197,699	1,755
Installment-related income	692,151	743,815	6,605
Other	477,695	401,150	3,562
Other income	218,008	197,494	1,754
Gains on reversal of reserve for possible loan losses	61,158	—	—
Recoveries of written-off claims	15,979	19,735	175
Other	*1 140,870	*1 177,759	1,578
Ordinary expenses	3,530,046	3,786,815	33,625
Interest expenses	386,753	445,385	3,955
Interest on deposits	126,371	140,633	1,249
Interest on negotiable certificates of deposit	43,904	49,319	438
Interest on call money and bills sold	4,201	5,360	48
Interest on payables under repurchase agreements	4,921	8,077	72
Interest on payables under securities lending transactions	5,036	6,726	60
Interest on commercial paper	8,047	10,415	92
Interest on borrowed money	34,814	39,825	354
Interest on short-term bonds	1,393	1,400	12
Interest on bonds	110,461	129,295	1,148
Other interest expenses	47,602	54,331	482
Fees and commissions payments	129,609	130,625	1,160
Trading losses	57,856	—	—
Other operating expenses	1,078,570	1,094,630	9,720
Lease-related expenses	89,310	91,017	808
Installment-related expenses	650,913	698,904	6,206
Other	338,346	304,708	2,706
General and administrative expenses	*2 1,659,341	*2 1,724,836	15,316
Other expenses	217,914	391,338	3,475
Provision for reserve for possible loan losses	—	34,842	309
Other	*3 217,914	*3 356,495	3,165
Ordinary profit	1,321,156	985,284	8,749

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Extraordinary gains.....	¥ 538	¥ 3,911	\$ 35
Gains on disposal of fixed assets	538	3,714	33
Gains on negative goodwill	—	138	1
Reversal of reserve for eventual future operating losses from financial instruments transactions.....	—	0	0
Other extraordinary gains.....	—	58	1
Extraordinary losses.....	12,316	9,026	80
Losses on disposal of fixed assets	6,853	4,289	38
Losses on impairment of fixed assets.....	*4 5,109	*4 4,362	39
Provision for reserve for eventual future operating losses from financial instruments transactions.....	353	374	3
Income before income taxes	1,309,377	980,170	8,703
Income taxes-current	325,341	244,223	2,169
Income taxes-deferred	116,020	(19,175)	(170)
Income taxes	441,362	225,047	1,998
Profit	868,015	755,123	6,705
Profit attributable to non-controlling interests.....	114,405	108,435	963
Profit attributable to owners of parent	¥ 753,610	¥ 646,687	\$ 5,742

Consolidated Statements of Comprehensive Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Profit	¥ 868,015	¥ 755,123	\$ 6,705
Other comprehensive income (losses)	*1 1,195,494	*1 (576,794)	(5,122)
Net unrealized gains (losses) on other securities	864,496	(444,981)	(3,951)
Net deferred gains (losses) on hedges	29,458	82,552	733
Land revaluation excess	3,604	1,705	15
Foreign currency translation adjustments	175,840	(92,121)	(818)
Remeasurements of defined benefit plans	122,552	(121,933)	(1,083)
Share of other comprehensive income of affiliates	(458)	(2,016)	(18)
Total comprehensive income	2,063,510	178,328	1,583
Comprehensive income attributable to owners of parent	1,879,838	103,599	920
Comprehensive income attributable to non-controlling interests	183,672	74,728	664

Consolidated Statements of Changes in Net Assets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2015	Millions of yen				
	Stockholders' equity				Total
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the fiscal year	¥2,337,895	¥758,349	¥3,480,085	¥(175,115)	¥6,401,215
Cumulative effects of changes in accounting policies ...			35,459		35,459
Restated balance	2,337,895	758,349	3,515,544	(175,115)	6,436,674
Changes in the fiscal year					
Cash dividends.....			(170,908)		(170,908)
Profit attributable to owners of parent			753,610		753,610
Purchase of treasury stock.....				(161)	(161)
Disposal of treasury stock.....		2		15	17
Changes in shareholders' interest due to transaction with non-controlling interests		(1,021)			(1,021)
Increase due to increase in subsidiaries			38		38
Increase due to decrease in subsidiaries			5		5
Decrease due to increase in subsidiaries			(165)		(165)
Decrease due to decrease in subsidiaries			(20)		(20)
Reversal of land revaluation excess.....			321		321
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	—	(1,019)	582,880	(146)	581,715
Balance at the end of the fiscal year	¥2,337,895	¥757,329	¥4,098,425	¥(175,261)	¥7,018,389

Year ended March 31, 2015	Millions of yen					
	Accumulated other comprehensive income					Total
	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	
Balance at the beginning of the fiscal year	¥ 949,508	¥(60,946)	¥35,749	¥ 27,239	¥ (73,579)	¥ 877,971
Cumulative effects of changes in accounting policies ...						
Restated balance	949,508	(60,946)	35,749	27,239	(73,579)	877,971
Changes in the fiscal year						
Cash dividends.....						
Profit attributable to owners of parent						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Changes in shareholders' interest due to transaction with non-controlling interests						
Increase due to increase in subsidiaries						
Increase due to decrease in subsidiaries						
Decrease due to increase in subsidiaries.....						
Decrease due to decrease in subsidiaries						
Reversal of land revaluation excess.....						
Net changes in items other than stockholders' equity in the fiscal year.....	841,541	30,766	3,265	129,070	121,246	1,125,888
Net changes in the fiscal year	841,541	30,766	3,265	129,070	121,246	1,125,888
Balance at the end of the fiscal year.....	¥1,791,049	¥(30,180)	¥39,014	¥156,309	¥ 47,667	¥2,003,859

Year ended March 31, 2015	Millions of yen		
	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	¥1,791	¥1,724,041	¥ 9,005,019
Cumulative effects of changes in accounting policies ...		(431)	35,027
Restated balance	1,791	1,723,610	9,040,047
Changes in the fiscal year			
Cash dividends.....			(170,908)
Profit attributable to owners of parent			753,610
Purchase of treasury stock.....			(161)
Disposal of treasury stock.....			17
Changes in shareholders' interest due to transaction with non-controlling interests			(1,021)
Increase due to increase in subsidiaries			38
Increase due to decrease in subsidiaries			5
Decrease due to increase in subsidiaries.....			(165)
Decrease due to decrease in subsidiaries			(20)
Reversal of land revaluation excess.....			321
Net changes in items other than stockholders' equity in the fiscal year.....	492	(51,872)	1,074,509
Net changes in the fiscal year	492	(51,872)	1,656,224
Balance at the end of the fiscal year.....	¥2,284	¥1,671,738	¥10,696,271

Year ended March 31, 2016	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥2,337,895	¥757,329	¥4,098,425	¥(175,261)	¥7,018,389
Changes in the fiscal year					
Cash dividends.....			(211,921)		(211,921)
Profit attributable to owners of parent			646,687		646,687
Purchase of treasury stock.....				(191)	(191)
Disposal of treasury stock.....		(17)		71	54
Changes in shareholders' interest due to transaction with non-controlling interests.....		(5)			(5)
Increase due to increase in subsidiaries			50		50
Increase due to decrease in subsidiaries			3		3
Decrease due to increase in subsidiaries.....			(16)		(16)
Decrease due to decrease in subsidiaries			(51)		(51)
Reversal of land revaluation excess.....			1,295		1,295
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	—	(23)	436,047	(119)	435,904
Balance at the end of the fiscal year	¥2,337,895	¥757,306	¥4,534,472	¥(175,381)	¥7,454,294

Year ended March 31, 2016	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	¥1,791,049	¥(30,180)	¥39,014	¥156,309	¥ 47,667	¥2,003,859
Changes in the fiscal year						
Cash dividends.....						
Profit attributable to owners of parent						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Changes in shareholders' interest due to transaction with non-controlling interests.....						
Increase due to increase in subsidiaries						
Increase due to decrease in subsidiaries						
Decrease due to increase in subsidiaries.....						
Decrease due to decrease in subsidiaries						
Reversal of land revaluation excess.....						
Net changes in items other than stockholders' equity in the fiscal year.....	(443,359)	85,310	401	(69,266)	(117,478)	(544,392)
Net changes in the fiscal year	(443,359)	85,310	401	(69,266)	(117,478)	(544,392)
Balance at the end of the fiscal year	¥1,347,689	¥ 55,130	¥39,416	¥ 87,042	¥ (69,811)	¥1,459,467

Year ended March 31, 2016	Millions of yen		
	Stock acquisition rights	Non-controlling interests	Total net assets
	Balance at the beginning of the fiscal year	¥2,284	¥1,671,738
Changes in the fiscal year			
Cash dividends.....			(211,921)
Profit attributable to owners of parent			646,687
Purchase of treasury stock.....			(191)
Disposal of treasury stock.....			54
Changes in shareholders' interest due to transaction with non-controlling interests.....			(5)
Increase due to increase in subsidiaries			50
Increase due to decrease in subsidiaries			3
Decrease due to increase in subsidiaries.....			(16)
Decrease due to decrease in subsidiaries			(51)
Reversal of land revaluation excess.....			1,295
Net changes in items other than stockholders' equity in the fiscal year.....	600	(140,715)	(684,507)
Net changes in the fiscal year	600	(140,715)	(248,602)
Balance at the end of the fiscal year	¥2,884	¥1,531,022	¥10,447,669

Year ended March 31, 2016	Millions of U.S. dollars				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	\$20,759	\$6,725	\$36,392	\$(1,556)	\$62,319
Changes in the fiscal year					
Cash dividends.....			(1,882)		(1,882)
Profit attributable to owners of parent			5,742		5,742
Purchase of treasury stock.....				(2)	(2)
Disposal of treasury stock.....		(0)		1	0
Changes in shareholders' interest due to transaction with non-controlling interests.....		(0)			(0)
Increase due to increase in subsidiaries			0		0
Increase due to decrease in subsidiaries			0		0
Decrease due to increase in subsidiaries.....			(0)		(0)
Decrease due to decrease in subsidiaries			(0)		(0)
Reversal of land revaluation excess.....			11		11
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	—	(0)	3,872	(1)	3,871
Balance at the end of the fiscal year.....	\$20,759	\$6,724	\$40,263	\$(1,557)	\$66,190

Year ended March 31, 2016	Millions of U.S. dollars					
	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	\$15,903	\$(268)	\$346	\$1,388	\$ 423	\$17,793
Changes in the fiscal year						
Cash dividends.....						
Profit attributable to owners of parent						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Changes in shareholders' interest due to transaction with non-controlling interests.....						
Increase due to increase in subsidiaries						
Increase due to decrease in subsidiaries						
Decrease due to increase in subsidiaries.....						
Decrease due to decrease in subsidiaries						
Reversal of land revaluation excess.....						
Net changes in items other than stockholders' equity in the fiscal year.....	(3,937)	758	4	(615)	(1,043)	(4,834)
Net changes in the fiscal year	(3,937)	758	4	(615)	(1,043)	(4,834)
Balance at the end of the fiscal year.....	\$11,967	\$ 490	\$350	\$ 773	\$ (620)	\$12,959

Year ended March 31, 2016	Millions of U.S. dollars		
	Stock acquisition rights	Non-controlling interests	Total net assets
	Balance at the beginning of the fiscal year	\$20	\$14,844
Changes in the fiscal year			
Cash dividends.....			(1,882)
Profit attributable to owners of parent			5,742
Purchase of treasury stock.....			(2)
Disposal of treasury stock.....			0
Changes in shareholders' interest due to transaction with non-controlling interests.....			(0)
Increase due to increase in subsidiaries			0
Increase due to decrease in subsidiaries			0
Decrease due to increase in subsidiaries.....			(0)
Decrease due to decrease in subsidiaries			(0)
Reversal of land revaluation excess.....			11
Net changes in items other than stockholders' equity in the fiscal year.....	5	(1,249)	(6,078)
Net changes in the fiscal year	5	(1,249)	(2,207)
Balance at the end of the fiscal year.....	\$26	\$13,595	\$92,769

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Cash flows from operating activities:			
Income before income taxes.....	¥ 1,309,377	¥ 980,170	\$ 8,703
Depreciation.....	222,195	238,348	2,116
Losses on impairment of fixed assets.....	5,109	4,362	39
Amortization of goodwill.....	26,521	27,670	246
Gains on negative goodwill.....	—	(138)	(1)
Gains on step acquisitions.....	—	(58)	(1)
Equity in losses of affiliates.....	10,600	36,196	321
Net change in reserve for possible loan losses.....	(81,146)	(48,022)	(426)
Net change in reserve for employee bonuses.....	2,722	(5,077)	(45)
Net change in reserve for executive bonuses.....	(1,576)	(946)	(8)
Net change in net defined benefit asset and liability.....	(47,765)	(23,434)	(208)
Net change in reserve for executive retirement benefits.....	130	68	1
Net change in reserve for point service program.....	(1,305)	656	6
Net change in reserve for reimbursement of deposits.....	6,012	(4,138)	(37)
Net change in reserve for losses on interest repayment.....	(23,388)	61,947	550
Interest income.....	(1,891,932)	(1,868,313)	(16,590)
Interest expenses.....	386,753	445,385	3,955
Net gains on securities.....	(115,802)	(126,398)	(1,122)
Net gains from money held in trust.....	(0)	(0)	(0)
Net exchange (gains) losses.....	(717,621)	445,713	3,958
Net losses from disposal of fixed assets.....	6,315	575	5
Net change in trading assets.....	(423,811)	(579,837)	(5,149)
Net change in trading liabilities.....	797,462	448,508	3,982
Net change in loans and bills discounted.....	(4,500,362)	(2,223,331)	(19,742)
Net change in deposits.....	6,639,769	7,646,207	67,894
Net change in negotiable certificates of deposit.....	71,330	442,445	3,929
Net change in borrowed money (excluding subordinated borrowings).....	2,656,388	(1,119,170)	(9,938)
Net change in deposits with banks.....	117,475	849,019	7,539
Net change in call loans and bills bought and others.....	(857,503)	157,822	1,401
Net change in receivables under securities borrowing transactions..	(2,696,803)	(1,495,854)	(13,282)
Net change in call money and bills sold and others.....	922,181	(3,838,358)	(34,082)
Net change in commercial paper.....	924,066	(346,866)	(3,080)
Net change in payables under securities lending transactions.....	2,502,245	(2,524,215)	(22,414)
Net change in foreign exchanges (assets).....	(105,639)	314,707	2,794
Net change in foreign exchanges (liabilities).....	624,705	(22,636)	(201)
Net change in lease receivables and investment assets.....	(59,744)	(41,649)	(370)
Net change in short-term bonds (liabilities).....	225,600	(99,500)	(884)
Issuance and redemption of bonds (excluding subordinated bonds)....	1,038,047	420,778	3,736
Net change in due to trust account.....	18,803	226,408	2,010
Interest received.....	1,903,720	1,875,947	16,657
Interest paid.....	(375,300)	(438,246)	(3,891)
Other, net.....	87,971	(649,079)	(5,763)
Subtotal.....	8,605,805	(832,332)	(7,391)
Income taxes paid.....	(365,578)	(294,976)	(2,619)
Net cash provided by (used in) operating activities.....	8,240,226	(1,127,308)	(10,010)

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Cash flows from investing activities:			
Purchases of securities	¥(36,624,383)	¥(27,007,243)	\$(239,809)
Proceeds from sale of securities	27,845,192	22,537,031	200,116
Proceeds from redemption of securities	7,854,257	7,992,771	70,971
Purchases of money held in trust.....	(0)	(1)	(0)
Proceeds from sale of money held in trust	3,523	1,925	17
Purchases of tangible fixed assets	(578,968)	(529,264)	(4,700)
Proceeds from sale of tangible fixed assets	188,309	147,995	1,314
Purchases of intangible fixed assets.....	(145,090)	(158,779)	(1,410)
Proceeds from sale of intangible fixed assets	28	223	2
Purchases of stocks of subsidiaries resulting from their merger	—	(860)	(8)
Proceeds from acquisition of business	—	*2 2,251,106	19,989
Purchases of stocks of subsidiaries resulting in change in scope of consolidation	(58)	(652)	(6)
Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation	—	6,698	59
Net cash provided by (used in) investing activities	(1,457,188)	5,240,950	46,537
Cash flows from financing activities:			
Proceeds from issuance of subordinated borrowings	40,011	18,000	160
Redemption of subordinated borrowings	(5,000)	(39,696)	(352)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	326,350	577,142	5,125
Repayment of subordinated bonds and bonds with stock acquisition rights	(288,158)	(182,617)	(1,622)
Dividends paid.....	(170,917)	(211,952)	(1,882)
Repayments to non-controlling stockholders	(124,500)	(142,000)	(1,261)
Dividends paid to non-controlling stockholders	(79,752)	(74,891)	(665)
Purchases of treasury stock.....	(161)	(191)	(2)
Proceeds from disposal of treasury stock.....	17	54	0
Purchase of stocks of subsidiaries not resulting in change in scope of consolidation	(1,951)	(6)	(0)
Proceeds from sale of stocks of subsidiaries not resulting in change in scope of consolidation	1,473	162	1
Net cash used in financing activities.....	(302,589)	(55,995)	(497)
Effect of exchange rate changes on cash and cash equivalents.....	177,706	(99,579)	(884)
Net change in cash and cash equivalents.....	6,658,153	3,958,066	35,145
Cash and cash equivalents at the beginning of the fiscal year.....	26,993,164	33,598,680	298,337
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	59	1
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation.....	(52,637)	—	—
Cash and cash equivalents at the end of the fiscal year.....	*1 ¥ 33,598,680	*1 ¥ 37,556,806	\$ 333,483

Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Basis of presentation)

Sumitomo Mitsui Financial Group, Inc. (“SMFG”) was established on December 2, 2002 as a holding company for the SMFG group through a statutory share transfer (*kabushiki iten*) of all of the outstanding equity securities of Sumitomo Mitsui Banking Corporation (“SMBC”) in exchange for SMFG’s newly issued securities. SMFG is a joint stock corporation with limited liability (*Kabushiki Kaisha*) incorporated under the Companies Act of Japan. Upon formation of SMFG and completion of the statutory share transfer, SMBC became a direct wholly owned subsidiary of SMFG.

SMFG 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 are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (“IFRS”).

The accounts of overseas subsidiaries and affiliated companies, are, in principle, integrated with those of SMFG’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 Instrument and Exchange Act of Japan (“FIEA based financial statements”) except for the addition of the non-consolidated financial statements and US dollar figures.

Amounts less than 1 million yen 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 the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2016 which was ¥112.62 to US\$1. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

As of and for the years ended March 31, 2015 and 2016

(Significant accounting policies for preparing consolidated financial statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

The number of consolidated subsidiaries at March 31, 2016 is 341.

Principal companies:	Sumitomo Mitsui Banking Corporation (“SMBC”)
	SMBC Trust Bank Ltd. (“SMBC Trust”)
	Sumitomo Mitsui Finance and Leasing Company, Limited (“SMFL”)
	SMBC Nikko Securities Inc. (“SMBC Nikko”)
	SMBC Friend Securities Co., Ltd. (“SMBC Friend”)
	Sumitomo Mitsui Card Company, Limited (“SMCC”)
	Cedyna Financial Corporation (“Cedyna”)
	SMBC Consumer Finance Co., Ltd. (“SMBCCF”)
	The Japan Research Institute, Limited
	THE MINATO BANK, LTD. (“MINATO”)
	Kansai Urban Banking Corporation (“KUBC”)
	Sumitomo Mitsui Banking Corporation Europe Limited
	Sumitomo Mitsui Banking Corporation (China) Limited
	SMBC Guarantee Co., Ltd.
	SMBC Capital Markets, Inc.

Changes in the consolidated subsidiaries in the fiscal year ended March 31, 2016 are as follows:

54 companies were newly included in the scope of consolidation as a result of the establishment and for other reasons.

30 companies were excluded from the scope of consolidation because of liquidation and for other reasons.

(2) Unconsolidated subsidiaries

Principal company:	SBCS Co., Ltd.
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180 unconsolidated subsidiaries are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have been excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Other unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income and retained earnings are immaterial, as such, they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of consolidation.

2. Application of the equity method

(1) Unconsolidated subsidiaries accounted for by the equity method

The number of unconsolidated subsidiaries accounted for by the equity method at March 31, 2016 is 5.

Principal company:	SBCS Co., Ltd.
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(2) Affiliates accounted for by the equity method 54 companies

Principal companies:	PT Bank Tabungan Pensiunan Nasional Tbk.
	Sumitomo Mitsui Auto Service Company, Limited
	Daiwa SB Investments Ltd.

Changes in the equity method affiliates in the fiscal year ended March 31, 2016 are as follows:

ACLEDA Bank Plc. and other 9 companies newly became equity method affiliates due to the acquisition of stocks and for other reasons.

1 company was excluded from the scope of equity method because of liquidation.

- (3) Unconsolidated subsidiaries that are not accounted for by the equity method
 180 unconsolidated subsidiaries that are not accounted for by the equity method are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have not been accounted for by the equity method pursuant to Article 10 Paragraph 1 Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.
- (4) Affiliates that are not accounted for by the equity method
 Principal company: Daiwa SB Investments (USA) Ltd.
 Affiliates that are not accounted for by the equity method are also excluded from the scope of equity method because their total amounts in terms of net income and retained earnings are immaterial, and as such, they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of equity method.

3. The balance sheet dates of consolidated subsidiaries

- (1) The balance sheet dates of the consolidated subsidiaries at March 31, 2016 are as follows:

April 30.....	1
May 31.....	1
June 30.....	6
October 31.....	3
November 30.....	6
December 31.....	144
January 31.....	14
February 29.....	6
March 31.....	160

- (2) The subsidiaries with balance sheets dated April 30, May 31, June 30 and November 30 are consolidated using the financial statements as of March 31. The subsidiaries with balance sheets dated October 31 are consolidated using the financial statements as of January 31. Certain subsidiaries with balance sheets dated December 31 and January 31 are consolidated using the financial statements as of March 31. Other subsidiaries are consolidated using the financial statements as of their respective balance sheet dates.

Appropriate adjustments were made to material transactions during the periods between their respective balance sheet dates and the consolidated closing date.

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."
 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 year-on-year valuation differences of securities and monetary claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.
- (2) Standards for recognition and measurement of securities
- 1) Debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method. Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method. Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "Other securities" (available-for-sale securities). Stocks (including foreign stocks) in Other securities are carried at their average market prices during the final month of the fiscal year, and bonds and others are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities which are extremely difficult to determine fair value are carried at cost using the moving-average method.
 Net unrealized gains (losses) on other securities, net of income taxes, are included in "Net assets," after deducting the amount that is reflected in the fiscal year's earnings by applying fair value hedge accounting.
- 2) Securities included in "Money held in trust" are carried in the same method as in (1) and (2) 1) above.
- (3) Standards for recognition and measurement of derivative transactions
 Derivative transactions, excluding those classified as trading derivatives, are carried at fair value.

(4) Depreciation

1) Tangible fixed assets (excluding assets for rent and lease assets)

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

Buildings:	7 to 50 years
Others:	2 to 20 years

Other 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 SMFG and its consolidated domestic subsidiaries is depreciated over its estimated useful life (basically 5 years).

3) Assets for rent

Assets for rent are depreciated using the straight-line method, assuming that lease terms are, in principle, their depreciation period and the salvage is estimated disposal value when the lease period expires.

4) Lease assets

Lease assets with respect to non-transfer ownership finance leases, which are recorded in "Tangible fixed assets," are depreciated using the straight-line method, assuming that lease terms are their expected lifetime and salvage values are zero.

(5) Reserve for possible loan losses

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

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 substantially in the same situation ("effectively bankrupt borrowers"), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy ("potentially bankrupt borrowers"), a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the borrowers, net of the expected amount of recoveries from collateral and guarantees.

Discounted Cash Flows ("DCF") method is used for claims on borrowers whose cash flows from collection of principals and interest can be rationally estimated and SMBC applies it to claims on large potentially bankrupt borrowers and claims on large borrowers requiring close monitoring that have been classified as "Past due loans (3 months or more)" or "Restructured loans," whose total loans from SMBC exceed a certain amount. SMBC establishes a reserve for possible loan losses using the DCF method for such claims in the amount of the difference between the present value of principal and interest (calculated using the rationally estimated cash flows discounted at the initial contractual interest rate) and the book value.

For other claims, a reserve is provided based on the historical loan-loss ratio. 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, independent from these operating sections, audits their assessment.

The reserve for possible loan losses of SMFG and other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratios, and for doubtful claims in the amount deemed uncollectible based on 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 amount of write-off for the years ended March 31, 2015 and 2016 were ¥363,585 million and ¥301,983 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 directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end based on our internal regulations.

(9) Reserve for point service program

The reserve for point service program is provided for the potential future redemption of points awarded to customers under the "SMBC Point Pack," credit card points programs, and other customer points award programs. The amount is calculated by converting the outstanding points into a monetary amount, and rationally estimating and recognizing the amount that will 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 the possible losses on the future claims of withdrawal based on the historical reimbursements.
- (11) Reserve for losses on interest repayment
The reserve for losses on interest repayment is provided for the possible losses on future claims of repayment of interest based on historical interest repayment experience.
- (12) Reserve under the special laws
The reserve under the special laws is a reserve for contingent liabilities and provided for compensation for losses from securities related transactions or derivative transactions, pursuant to Article 46-5 of the Financial Instruments and Exchange Act.
- (13) Employee retirement benefits
In calculating the projected benefit obligation, mainly the benefit formula basis is used to calculate the expected benefit attributable to the respective 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 incurrence.
Unrecognized net actuarial gain (loss) is amortized on a straight-line basis, primarily over 9 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.
- (14) Translation of foreign currency assets and liabilities
Assets and liabilities of SMFG and SMBC denominated in foreign currencies and accounts of SMBC overseas branches are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.
Other 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.
- (15) Lease transactions
- 1) Recognition of income on finance leases
Interest income is allocated to each period.
 - 2) Recognition of income on operating leases
Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.
 - 3) Recognition of income and expenses on installment sales
Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full period of the installment sales.
- (16) Hedge accounting
- 1) Hedging against interest rate changes
As for 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 Audit Committee Report No. 24, February 13, 2002) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.
As for 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. As for 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.
As for 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 Audit Committee Report No. 25, July 29, 2002) to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.
Pursuant to JICPA Industry Audit Committee Report 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 risk arising from volatility of 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, on the conditions 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

As for 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 Audit Committee Report 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 other consolidated subsidiaries apply the deferred hedge accounting, fair value hedge accounting or the special treatment for interest rate swaps.

(17) 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.

(18) Scope of "Cash and cash equivalents" on consolidated statements of cash flows

For the purposes of presenting the consolidated statements of cash flows, "Cash and cash equivalents" are cash on hand, non-interest earning deposits with banks and deposits with the Bank of Japan.

(19) Consumption taxes

National and local consumption taxes of SMFG and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.

(Unapplied Accounting Standard and Others)

"Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 issued on March 28, 2016)

(1) Outline

The Guidance supersedes the guidance on recoverability of deferred tax assets stipulated in "Auditing Treatment for Judgment of Recoverability of Deferred Assets" (JICPA Industry Committee Report No. 66).

(2) Date of application

SMFG intends to apply the Guidance from the fiscal years beginning on April 1, 2016.

(3) Effects of Application of the Guidance

The effects of application of the Guidance are currently being examined.

(Changes in presentation)

In accordance with the provision set forth in Paragraph 39 of the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued on September 13, 2013) and other relevant provisions, changes are made to the presentation of "Net income" and other relevant items, and "Minority interests" is changed to "Non-controlling interests" from the fiscal year ended March 31, 2016. Figures for the fiscal year ended March 31, 2015 in the consolidated financial statements reflect these changes.

(Additional information)

Effect of a change in the corporate income tax rule

In accordance with the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 15, 2016) and the "Act to Amend the Local Taxation Act, etc." (Act No. 13, 2016) promulgated on March 29, 2016, the corporate income tax rate will be lowered from fiscal years beginning on or after April 1, 2016. Additionally, beginning from fiscal years starting on or after April 1, 2016, the use of tax loss carryforwards will be limited to the equivalent of 60% of taxable income before deducting tax loss carryforwards, and beginning from fiscal years starting on or after April 1, 2017, the use of tax loss carryforwards will be limited to the equivalent of 55% of taxable income before deducting tax loss carryforwards.

As a result of these changes, profit attributable to owners of parent decreased by ¥12,094 million and total accumulated other comprehensive income increased by ¥30,164 million.

(Notes to consolidated balance sheets)***1 Japanese stocks and investments in unconsolidated subsidiaries and affiliates**

Japanese stocks and investments in unconsolidated subsidiaries and affiliates at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Japanese stocks	¥583,382	¥609,830
Investments	336	592

Japanese stocks of jointly controlled entities were as follows:

March 31	Millions of yen	
	2015	2016
Japanese stocks of jointly controlled entities	¥100,102	¥104,779

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

The amount of unsecured loaned securities for which borrowers have the right to sell or pledge at March 31, 2015 and 2016 were as follows:

March 31, 2015	Millions of yen	March 31, 2016	Millions of yen
Japanese government bonds and other securities in “Securities”	¥1,540	Japanese government bonds in “Securities”	¥900

As for the unsecured borrowed securities, securities under resale agreements and securities borrowed with cash collateral with rights to sell or pledge without restrictions, those securities pledged and those securities held without being disposed at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Securities pledged	¥3,181,553	¥5,245,608
Securities held without being disposed	3,087,292	3,152,831

***3 Bankrupt loans and non-accrual loans**

Bankrupt loans and non-accrual loans at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Bankrupt loans	¥ 35,861	¥ 44,748
Non-accrual loans	774,058	594,077

“Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of “Order for Enforcement of the Corporation Tax Act” (Cabinet Order No. 97 of 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

“Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.

***4 Past due loans (3 months or more)**

Past due loans (3 months or more) at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Past due loans (3 months or more)	¥13,714	¥19,845

“Past due loans (3 months or more)” are loans on which the principal or interest payment is past due for 3 months or more, excluding “Bankrupt loans” and “Non-accrual loans.”

***5 Restructured loans**

Restructured loans at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Restructured loans	¥278,622	¥266,698

“Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (*e.g.* reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”

***6 Risk-monitored loans**

The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Risk-monitored loans	¥1,102,256	¥925,370

The amounts of loans presented in Notes *3 to *6 above are the amounts before deduction of reserve for possible loan losses.

***7 Bills discounted**

Bills discounted are accounted for as financial transactions in accordance with the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002). SMBC and its banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions, etc. The total face value at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Bills discounted	¥950,790	¥820,990

***8 Assets pledged as collateral**

Assets pledged as collateral at March 31, 2015 and 2016 consisted of the following:

March 31, 2015	Millions of yen	March 31, 2016	Millions of yen
Assets pledged as collateral:		Assets pledged as collateral:	
Cash and due from banks	¥ 61,093	Cash and due from banks	¥ 75,954
Call loans and bills bought	478,457	Call loans and bills bought	433,224
Monetary claims bought	75,556	Monetary claims bought	49,961
Trading assets	1,712,885	Trading assets	2,531,750
Securities	10,445,190	Securities	5,560,230
Loans and bills discounted	2,803,237	Loans and bills discounted	2,609,736
Lease receivables and investment assets	3,163	Lease receivables and investment assets	2,467
Tangible fixed assets	9,969	Tangible fixed assets	9,557
Other assets (installment account receivable, etc.)	172	Other assets (installment account receivable, etc.)	135
Liabilities corresponding to assets pledged as collateral:		Liabilities corresponding to assets pledged as collateral:	
Deposits	33,800	Deposits	39,403
Call money and bills sold	1,095,000	Payables under repurchase agreements	448,908
Payables under repurchase agreements	406,212	Payables under securities lending transactions	3,307,827
Payables under securities lending transactions	4,121,603	Trading liabilities	430,159
Trading liabilities	480,464	Borrowed money	4,922,927
Borrowed money	6,099,726	Other liabilities	28,710
Other liabilities	35,952	Acceptances and guarantees	194,035
Acceptances and guarantees	207,009		

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 at March 31, 2015 and 2016:

March 31, 2015	Millions of yen	March 31, 2016	Millions of yen
Cash and due from banks	¥ 13,580	Cash and due from banks	¥ 12,731
Trading assets	2,271	Trading assets	13,026
Securities	6,067,851	Securities	6,284,022

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

March 31, 2015	Millions of yen	March 31, 2016	Millions of yen
Collateral money deposited for financial instruments	¥410,317	Collateral money deposited for financial instruments	¥873,964
Surety deposits	119,525	Surety deposits	114,976
Margins of futures markets	63,433	Margins of futures markets	47,015
Other margins	27,819	Other margins	35,058

*9 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 at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
The amounts of unused commitments	¥53,473,427	¥57,798,996
The amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time.....	40,386,315	42,315,486

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when such need arises and securing claims after the contracts are made.

*10 Land revaluation excess

SMBC and other consolidated subsidiaries revalued their own land for business activities in accordance with "Act on Revaluation of Land" (the "Act") (Act No. 34, effective March 31, 1998) and "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 excess," and SMFG's share of the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Net assets."

Certain affiliates also revalued its own land for business activities in accordance with the Act. SMFG's share of the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Net assets."

Date of the revaluation

SMBC: March 31, 1998 and March 31, 2002

Other consolidated subsidiaries and affiliates: March 31, 1999 and March 31, 2002

Method of revaluation (stipulated in Article 3-3 of the Act)

SMBC: Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of "Order for Enforcement of Act on Revaluation of Land" (Cabinet Order No. 119 effective March 31, 1998).

Other consolidated subsidiaries and affiliates: Fair values were determined based on the values stipulated in Article 2-3 and 2-5 of "Order for Enforcement of Act on Revaluation of Land" (Cabinet Order No. 119 effective March 31, 1998).

*11 Accumulated depreciation on tangible fixed assets

Accumulated depreciation on tangible fixed assets at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Accumulated depreciation	¥944,545	¥977,479

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

Deferred gain on tangible fixed assets deductible for tax purposes at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Deferred gain on tangible fixed assets deductible for tax purposes.....	¥62,704	¥62,665
{The consolidated fiscal year concerned}.....	{145}	{—}

***13 Subordinated borrowings**

The balance of subordinated borrowings with the special clause specifying that the repayment order of the borrowing subordinate to other borrowings included in “Borrowed money” at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Subordinated borrowings.....	¥317,461	¥295,199

***14 Subordinated bonds**

The balance of subordinated bonds included in “Bonds” at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Subordinated bonds.....	¥1,777,502	¥2,142,286

***15 Guaranteed amount to privately-placed bonds**

The amount guaranteed by SMBC and its banking subsidiaries to privately-placed bonds (stipulated by Article 2-3 of the Financial Instruments and Exchange Act) in “Securities” at March 31, 2015 and 2016 were as follows:

March 31	Millions of yen	
	2015	2016
Guaranteed amount to privately-placed bonds.....	¥2,030,463	¥2,004,096

(Notes to consolidated statements of income)***1 Other income**

“Other” in “Other income” for the fiscal years ended March 31, 2015 and 2016 included the following:

Year ended March 31, 2015	Millions of yen	Year ended March 31, 2016	Millions of yen
Gains on sales of stocks.....	¥83,503	Gains on sales of stocks.....	¥100,302

***2 General and administrative expenses**

“General and administrative expenses” for the fiscal years ended March 31, 2015 and 2016 included the following:

Year ended March 31, 2015	Millions of yen	Year ended March 31, 2016	Millions of yen
Salaries and related expenses	¥610,998	Salaries and related expenses	¥626,149
Research and development costs	171	Research and development costs	207

***3 Other expenses**

“Other expenses” for the fiscal years ended March 31, 2015 and 2016 included the following:

Year ended March 31, 2015	Millions of yen	Year ended March 31, 2016	Millions of yen
Provision for reserve for losses on interest repayment	¥64,836	Provision for reserve for losses on interest repayment	¥140,264
Write-off of loans.....	76,997	Write-off of loans.....	74,180
		Equity in losses of affiliates	36,196

*4 Losses on impairment of fixed assets

The differences between the recoverable amounts and the book value of the following asset is recognized as "Losses on impairment of fixed assets," and included in "Extraordinary losses" for the fiscal year ended March 31, 2015 and 2016.

Year ended March 31, 2015			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (3 items)	Land and buildings, etc.	¥ 77
	Idle assets (36 items)		3,019
	Other (1 item)		0
Kinki area	Branches (4 items)	Land and buildings, etc.	137
	Corporate assets (2 items)		12
	Idle assets (29 items)		1,802
Other	Corporate asset (1 item)	Land and buildings, etc.	0
	Idle assets (11 items)		59
Year ended March 31, 2016			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (3 items)	Land and buildings, etc.	¥ 45
	Idle assets (26 items)		2,265
	Other (1 item)		0
Kinki area	Branches (14 items)	Land and buildings, etc.	649
	Corporate asset (1 item)		349
	Idle assets (24 items)		628
Other	Branches (1 item)	Land and buildings, etc.	6
	Idle assets (11 items)		416
	Others (4 items)		0

At SMBC, a branch, which continuously manages and determines its income and expenses, is the smallest unit of asset group for recognition and measurement of impairment loss of fixed assets. Assets such as corporate headquarters facilities, training facilities, data and system centers, and health and recreational facilities which do not produce cash flows that can be attributed to individual assets are treated as corporate assets. As for idle assets, impairment loss is measured individually. At SMFG and other consolidated subsidiaries, a branch or other group is the smallest asset grouping unit as well.

The carrying amounts of idle assets at SMBC are reduced to their recoverable amounts, and the decreased amounts are included in "Extraordinary losses" as "Losses on impairment of fixed assets," if there are indicators that the invested amounts may not be recoverable. And the carrying amounts of branches, corporate assets and idle assets at other consolidated subsidiaries are reduced in the same method as at SMBC.

The recoverable amount is calculated using net realizable value which is basically determined by subtracting the expected disposal cost from the appraisal value based on the Real Estate Appraisal Standard.

(Notes to consolidated statements of comprehensive income)

*1 Reclassification adjustment and tax effect of other comprehensive income

Year ended March 31	Millions of yen	
	2015	2016
Net unrealized gains (losses) on other securities:		
Amount arising during the fiscal year	¥1,403,111	¥(467,311)
Reclassification adjustments	(215,162)	(201,084)
Before adjustments to tax effect	1,187,948	(668,396)
Tax effect	(323,451)	223,414
Net unrealized gains (losses) on other securities	864,496	(444,981)
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	26,574	88,104
Reclassification adjustments	23,028	31,934
Adjustment on the cost of the assets	0	—
Before adjustments to tax effect	49,603	120,038
Tax effect	(20,144)	(37,486)
Net deferred gains (losses) on hedges	29,458	82,552
Land revaluation excess:		
Amount arising during the fiscal year	—	—
Reclassification adjustments	—	—
Before adjustments to tax effect	—	—
Tax effect	3,604	1,705
Land revaluation excess	3,604	1,705
Foreign currency translation adjustments:		
Amount arising during the fiscal year	178,283	(84,007)
Reclassification adjustments	(2,443)	(8,114)
Before adjustments to tax effect	175,840	(92,121)
Tax effect	—	—
Foreign currency translation adjustments	175,840	(92,121)
Remeasurements of defined benefit plans:		
Amount arising during the fiscal year	163,011	(206,195)
Reclassification adjustments	22,633	31,776
Before adjustments to tax effect	185,645	(174,418)
Tax effect	(63,093)	52,485
Remeasurements of defined benefit plans	122,552	(121,933)
Share of other comprehensive income of affiliates:		
Amount arising during the fiscal year	952	(659)
Reclassification adjustments	(1,410)	(1,357)
Before adjustments to tax effect	(458)	(2,016)
Tax effect	—	—
Share of other comprehensive income of affiliates	(458)	(2,016)
Total other comprehensive income	¥1,195,494	¥(576,794)

(Notes to consolidated statements of changes in net assets)*Fiscal year ended March 31, 2015***1. Type and number of shares issued and treasury stock**

Year ended March 31, 2015	Number of shares			At the end of the fiscal year	Notes
	At the beginning of the fiscal year	Increase	Decrease		
Shares issued					
Common stock	1,414,055,625	—	—	1,414,055,625	
Total	1,414,055,625	—	—	1,414,055,625	
Treasury stock					
Common stock	46,781,669	37,310	4,778	46,814,201	1,2
Total	46,781,669	37,310	4,778	46,814,201	

Notes: 1. Increase of 37,310 shares in the number of treasury common stock was due to purchases of fractional shares.

2. Decrease of 4,778 shares in the number of treasury common stock was due to sales of fractional shares and exercise of stock options.

2. Information on stock acquisition rights

Year ended March 31, 2015	Details of stock acquisition rights	Type of shares	Number of shares			Millions of yen		Notes
			At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	At the end of the fiscal year	
SMFG	Stock acquisition rights as stock options	—	—	—	—	—	¥2,085	
Consolidated subsidiaries	—	—	—	—	—	—	198	
Total							¥2,284	

3. Information on dividends**(1) Dividends paid in the fiscal year**

Date of resolution	Type of shares	Millions of yen, except per share amount				Record date	Effective date
		Cash dividends	Cash dividends per share				
Ordinary general meeting of shareholders held on June 27, 2014	Common stock	¥91,656	¥65			March 31, 2014	June 27, 2014
Meeting of the Board of Directors held on November 13, 2014	Common stock	84,604	60			September 30, 2014	December 3, 2014

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount				Record date	Effective date
		Cash dividends	Source of dividends	Cash dividends per share			
Ordinary general meeting of shareholders held on June 26, 2015	Common stock	¥112,804	Retained earnings	¥80		March 31, 2015	June 26, 2015

*Fiscal year ended March 31, 2016***1. Type and number of shares issued and treasury stock**

Year ended March 31, 2016	Number of shares			At the end of the fiscal year	Notes
	At the beginning of the fiscal year	Increase	Decrease		
Shares issued					
Common stock	1,414,055,625	—	—	1,414,055,625	
Total	1,414,055,625	—	—	1,414,055,625	
Treasury stock					
Common stock	46,814,201	39,113	22,432	46,830,882	1,2
Total	46,814,201	39,113	22,432	46,830,882	

Notes: 1. Increase of 39,113 shares in the number of treasury common stock was due to purchases of fractional shares.

2. Decrease of 22,432 shares in the number of treasury common stock was due to sales of fractional shares and exercise of stock options.

2. Information on stock acquisition rights

Year ended March 31, 2016	Details of stock acquisition rights	Type of shares	Number of shares			Millions of yen		Notes
			At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	At the end of the fiscal year	
SMFG	Stock acquisition rights as stock options	—	—	—	—	—	¥2,635	
Consolidated subsidiaries.....	—			—			249	
Total.....							¥2,884	

3. Information on dividends

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount				Effective date
		Cash dividends	Cash dividends per share	Record date		
Ordinary General Meeting of Shareholders held on June 26, 2015	Common stock	¥112,804	¥80	March 31, 2015		June 26, 2015
Meeting of the Board of Directors held on November 12, 2015	Common stock	105,753	75	September 30, 2015		December 3, 2015

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount				Effective date
		Cash dividends	Source of dividends	Cash dividends per share	Record date	
Ordinary general meeting of shareholders held on June 29, 2016	Common stock	¥105,753	Retained earnings	¥75	March 31, 2016	June 29, 2016

(Notes to consolidated statements of cash flows)

*1 The relation between the amounts of accounts listed on the consolidated financial statements and “Cash and cash equivalents”

Year ended March 31	Millions of yen	
	2015	2016
Cash and due from banks	¥39,748,979	¥42,789,236
Interest earning deposits with banks (excluding the deposit with the Bank of Japan).....	(6,150,298)	(5,232,430)
Cash and cash equivalents.....	¥33,598,680	¥37,556,806

*2 The major components of increased assets and liabilities by succession

The major components of increased assets and liabilities due to the integration of the retail banking business of Citibank Japan Ltd. by SMBC Trust and the relation between the acquisition cost of the acquired business and net gains from acquisition of business were as follow;

Year ended March 31, 2016	Millions of yen
Assets	¥ 2,407,085
Cash and due from banks	2,296,106
Liabilities	(2,376,561)
Deposits	(2,361,907)
Goodwill	14,476
Acquisition cost.....	45,000
Cash and cash equivalents included in acquired asset	(2,296,106)
Proceeds from acquisition of business	¥ 2,251,106

(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 are software.

2) Depreciation method of lease assets

Depreciation method of lease assets is reported in 4. Accounting policies (4) Depreciation.

(2) Lessor side

1) Breakdown of lease investment assets

March 31	Millions of yen	
	2015	2016
Lease receivables	¥1,187,853	¥1,239,009
Residual value	107,078	120,223
Unearned interest income	(167,407)	(215,850)
Total	¥1,127,525	¥1,143,383

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

March 31	Millions of yen			
	2015		2016	
	Lease payments receivable related to lease receivables	Lease payments receivable related to investment assets	Lease payments receivable related to lease receivables	Lease payments receivable related to investment assets
Within 1 year	¥295,756	¥ 337,777	¥297,221	¥ 320,674
More than 1 year to 2 years	205,864	258,682	209,762	253,931
More than 2 years to 3 years	127,113	194,449	149,792	198,762
More than 3 years to 4 years	82,174	138,694	91,901	143,147
More than 4 years to 5 years	47,544	99,092	65,764	93,905
More than 5 years	135,539	159,157	145,560	228,588
Total	¥893,993	¥1,187,853	¥960,003	¥1,239,009

3) Non-transfer ownership finance leases, which commenced in fiscal years beginning before April 1, 2008, are valued at their appropriate book value, net of accumulated depreciation, as of March 31, 2008, and recorded as the beginning balance of "Lease receivables and investment assets."

Moreover, interest on such non-transfer ownership finance leases during the remaining term of the leases is allocated over the lease term using the straight-line method.

As a result of this accounting treatment, "Income before income taxes" for the fiscal years ended March 31, 2015 and 2016 were ¥2,347 million and ¥1,759 million, respectively, more than it would have been if such transactions had been treated in a similar way to sales of the underlying assets.

2. Operating leases

(1) Lessee side

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

March 31	Millions of yen	
	2015	2016
Due within 1 year	¥ 44,637	¥ 42,254
Due after 1 year	239,659	213,401
Total	¥284,296	¥255,656

(2) Lessor side

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

March 31	Millions of yen	
	2015	2016
Due within 1 year	¥ 165,897	¥ 186,113
Due after 1 year	1,027,007	1,218,850
Total	¥1,192,904	¥1,404,963

Future lease payments receivable on operating leases which were not cancelable at March 31, 2015 and 2016 amounting to ¥0 million and ¥0 million, respectively, on the lessor side were pledged as collateral for borrowings.

(Notes to financial instruments)

1. Status of financial instruments

(1) Policies on financial instruments

SMFG Group conducts banking and other financial services such as leasing, securities, consumer finance, system development and information processing. 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 of financial assets such as loans and bills discounted, bonds, and stocks. Meanwhile, SMFG 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, SMFG's major consolidated subsidiary, derivative transactions for ALM purposes are undertaken by the Treasury Dept. and the International Treasury Dept. of the Treasury Unit, while derivative transactions for trading purposes are undertaken by the Trading Dept. of the Treasury Unit (in Asia and Oceania regions, the Asia and Oceania Treasury Dept. is responsible for derivative transactions for both ALM and trading purposes).

(2) Details of financial instruments and associated risks

1) Financial assets

The main financial assets held by SMFG 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 both trading and ALM purposes, and certain bonds are held as held-to-maturity securities. Stocks are held mainly for strategic purposes. These assets expose SMFG 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 SMFG 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. Also, financial liabilities, like financial assets, expose SMFG to not only market risk but also funding liquidity risk: the risk of SMFG not being able to raise funds due to market turmoil, deterioration in its 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 SMFG 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 "(Notes to significant accounting policies for preparing consolidated financial statements), 4. Accounting policies, (16) Hedge accounting."

(3) Risk management framework for financial instruments

The fundamental matters on risk management for the entire Group are set forth in "Regulations on Risk Management." SMFG'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. SMFG Group has a risk management system based on the basic policy. The Corporate Risk Management Dept., which, together with the Corporate Planning Dept., controls risk management across SMFG Group by monitors the development and implementation of SMFG Group's risk management system, and gives appropriate guidance as needed. Under this framework, SMFG comprehensively and systematically manages risks on a Group basis.

1) Management of credit risk

SMFG has established fundamental principles on credit risk management to thoroughly manage the credit risk of the entire Group. Each group company conducts integrated management of credit risk according to its operational characteristics, and the credit risk inherent in the entire portfolio as well as the risk in individual credits are managed quantitatively and continuously.

(a) Credit risk management system

At SMBC, SMFG's major consolidated subsidiary, basic policies on credit risk management and other significant matters require the resolution of Management Committee and the approval of Board of Directors.

The Credit & Investment Planning Dept. of the Risk Management Unit is 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 controls SMBC's total credit risk by quantifying credit risk (*i.e.* calculating risk capital and risk-weighted assets) in cooperation with the Corporate Risk Management Dept. The department also monitors risk situations and regularly

reports to the Management Committee and the Board of Directors.

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

The Credit Departments of Wholesale Banking Unit, Retail Banking Unit and other business units play a central role in credit screening and managing their units' credit portfolios. In the Wholesale Banking Unit, the Credit Administration Dept. is responsible for formulating and implementing measures to reduce SMBC's exposures mainly to borrowers classified as potentially bankrupt or lower. Each business unit establishes its credit limits based on the baseline amounts for each borrower's grading category. Borrowers or loans perceived to have high credit risk undergo intensive evaluation and administration by the unit's Credit Department. The Corporate Research Dept. analyzes industries as well as investigates individual borrowers' business situations to detect early signs of problems.

Moreover, the Credit Risk Management Committee, a consultative body straddling the business units, rounds out SMBC's oversight system for undertaking flexible and efficient control of credit risk and ensuring the overall soundness of the bank's loan operations.

In addition to these, the Internal Audit Unit, operating independently of the business units, audits asset quality, grading accuracy, self-assessment, and appropriateness of the credit risk management system, and reports the results directly to the Board of Directors and the Management 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 scope of capital

To keep credit risk exposure to a permissible level relative to capital, SMBC sets "credit risk capital limit" for internal control purposes. Under these limits, separate guidelines are issued for each business unit and marketing unit. SMBC regularly monitors compliance with these guidelines.

- Controlling concentration of risk

Because concentration of credit risk in an industry or corporate group has the potential to impair a bank'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.

- Greater understanding of actual corporate conditions and balancing returns and risks

SMBC runs credit operations on the basic principle of thoroughly understanding actual corporate conditions and gaining profit commensurate with the level of credit risk entailed, and makes every effort to improve profit at after-cost (credit cost, capital cost and overhead) level.

- Reduction and prevention of non-performing loans

For non-performing loans and potential non-performing loans, SMBC carries out loan reviews to clarify credit policies and action plans, enabling it to swiftly implement measures to prevent deterioration of borrowers' business situations, support business recoveries, collect on loans, and enhance loan security.

In regards to financial instruments such as investments in certain funds, securitized products and credit derivatives that indirectly retain risks related to assets such as corporate bonds and loan claims (underlying assets), such instruments entail market and liquidity risks in addition to credit risk, since such instruments are traded on the market. Credit risk management for these instruments involving detailed analysis and evaluation of characteristics of underlying assets is performed while market risk is comprehensively managed within the framework for managing market and liquidity risks. Moreover, guidelines have been established based on the characteristics of each type of risk to appropriately manage risks of incurring losses.

In regards 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 whom SMBC frequently conducts derivative transactions, measures such as a close-out netting provision, which provide that offsetting credit exposures between the two parties will be combined into 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

SMFG 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 for a highly efficient system of mutual checks and balances.

(a) Market and liquidity risk management systems

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

The aforementioned Corporate Risk Management Dept., which is independent of the business units that directly handle business transactions and manages market and liquidity risks in an integrated manner. The department also monitors market and liquidity risk situations and regularly reports to the Management Committee and the Board of Directors.

Furthermore, its cross-departmental “ALM Committee” reports on the state of observance of SMBC’s market and liquidity risk capital limits, and deliberates on administration of ALM policies. It also has a system whereby front-office departments, middle-office departments and back-office departments check each other’s work in order to prevent clerical errors, unauthorized transactions, etc.

In addition, its 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, the Board of Directors and other concerned committees and departments.

(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 market transaction 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 of 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 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, 2016, total VaR of SMBC and its major consolidated subsidiaries was ¥34.0 billion for the banking activities, ¥11.0 billion for the trading activities and ¥1,387.6 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 figures that change according to changes in assumptions and calculation methods, and may not cover the risk of future market conditions fluctuating drastically compared to market fluctuations of the past.

• Liquidity risk management

At SMBC, funding liquidity risk is managed based on a framework consisting of setting funding gap limits, establishing contingency plans, and maintaining a system of highly liquid supplementary funding sources. A funding gap is the amount of funds needed in the future to cover duration mismatch between required investments and funding resources. SMBC tries to avoid excessive reliance on short-term funds by managing funding gap limits and has established a contingency plan covering emergency action plans such as reducing funding gap limits. In addition, to ensure smooth fulfillment of transactions in face of market turmoil, it holds assets such as U.S. treasuries that can be sold immediately and emergency committed lines as supplemental liquidity.

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. As for financial futures, etc., risks are managed by restricting positions to within a certain percentage of open interest in the entire market.

(4) Supplementary explanations about matters concerning fair value of financial instruments

Fair values of financial instruments are based on their market prices and, in cases where market prices are not available, on reasonably calculated prices. These prices have been calculated using certain assumptions, and may differ if calculated based on different assumptions.

2. Fair value of financial instruments

- (1) “Consolidated balance sheet amount”, “Fair value” and “Net unrealized gains (losses)” of financial instruments as of March 31, 2015 and 2016 are as follows:

The amounts shown in the following tables do not include financial instruments (see (3) below) whose fair values are extremely difficult to determine, such as unlisted stocks classified as Other securities, and stocks of subsidiaries and affiliates.

March 31, 2015	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks *1	¥ 39,739,777	¥ 39,746,763	¥ 6,986
2) Call loans and bills bought *1	1,326,280	1,327,080	800
3) Receivables under resale agreements	746,431	747,509	1,077
4) Receivables under securities borrowing transactions	6,477,063	6,477,657	593
5) Monetary claims bought *1	4,282,392	4,293,764	11,371
6) Trading assets			
Securities classified as trading purposes	3,235,701	3,235,701	—
7) Money held in trust	7,087	7,087	—
8) Securities			
Bonds classified as held-to-maturity	3,397,151	3,417,732	20,580
Other securities	25,031,810	25,031,810	—
9) Loans and bills discounted	73,068,240		
Reserve for possible loan losses *1	(461,747)		
	72,606,492	74,598,557	1,992,064
10) Foreign exchanges *1	1,903,702	1,907,769	4,066
11) Lease receivables and investment assets *1	1,899,760	1,974,558	74,798
Total assets	¥160,653,651	¥162,765,990	¥2,112,338
1) Deposits	¥101,047,918	¥101,053,137	¥ 5,219
2) Negotiable certificates of deposit	13,825,898	13,829,279	3,381
3) Call money and bills sold	5,873,123	5,873,118	(5)
4) Payables under repurchase agreements	991,860	991,860	—
5) Payables under securities lending transactions	7,833,219	7,833,219	—
6) Commercial paper	3,351,459	3,351,431	(27)
7) Trading liabilities			
Trading securities sold for short sales	2,193,399	2,193,399	—
8) Borrowed money	9,778,095	9,828,014	49,918
9) Foreign exchanges	1,110,822	1,110,822	—
10) Short-term bonds	1,370,800	1,370,799	(0)
11) Bonds	6,222,918	6,437,691	214,772
12) Due to trust account	718,133	718,133	—
Total liabilities	¥154,317,650	¥154,590,909	¥ 273,259
Derivative transactions *2			
Hedge accounting not applied	¥ 593,008	¥ 593,008	¥ —
Hedge accounting applied	[861,906]	[861,906]	—
Total	¥ [268,898]	¥ [268,898]	¥ —

*1 The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses. The reserves for possible losses on “Cash and due from banks,” “Call loans and bills bought,” “Monetary claims bought,” “Foreign exchanges” and “Lease receivables and investment assets” are deducted directly from “Consolidated balance sheet amount” since they are immaterial.

*2 The amounts collectively represent the derivative transactions which are recorded on “Trading assets,” “Trading liabilities,” “Other assets” and “Other liabilities.” Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

March 31, 2016	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks *1	¥ 42,776,432	¥ 42,783,707	¥ 7,274
2) Call loans and bills bought *1	1,290,196	1,291,525	1,329
3) Receivables under resale agreements	494,949	494,867	(82)
4) Receivables under securities borrowing transactions *1	7,972,679	7,973,016	337
5) Monetary claims bought *1	4,345,143	4,354,958	9,814
6) Trading assets			
Securities classified as trading purposes	3,634,054	3,634,054	—
7) Money held in trust	5,163	5,163	—
8) Securities			
Bonds classified as held-to-maturity	2,267,598	2,284,166	16,568
Other securities	21,980,120	21,980,120	—
9) Loans and bills discounted	75,066,080		
Reserve for possible loan losses *1	(415,728)		
	74,650,351	76,996,975	2,346,623
10) Foreign exchanges *1	1,574,079	1,576,439	2,359
11) Lease receivables and investment assets *1	1,977,899	2,081,232	103,333
Total assets	¥162,968,668	¥165,456,227	¥2,487,558
1) Deposits	¥110,668,828	¥110,672,780	¥ 3,951
2) Negotiable certificates of deposit	14,250,434	14,258,203	7,769
3) Call money and bills sold	1,220,455	1,220,455	(0)
4) Payables under repurchase agreements	1,761,822	1,761,822	—
5) Payables under securities lending transactions	5,309,003	5,309,003	—
6) Commercial paper	3,017,404	3,017,372	(32)
7) Trading liabilities			
Trading securities sold for short sales	2,197,673	2,197,673	—
8) Borrowed money	8,571,227	8,635,608	64,380
9) Foreign exchanges	1,083,450	1,083,450	—
10) Short-term bonds	1,271,300	1,271,295	(4)
11) Bonds	7,006,357	7,258,216	251,858
12) Due to trust account	944,542	944,542	—
Total liabilities	¥157,302,500	¥157,630,423	¥ 327,923
Derivative transactions *2			
Hedge accounting not applied	¥ 492,569	¥ 492,569	¥ —
Hedge accounting applied	[207,696]	[207,696]	—
Total	¥ 284,872	¥ 284,872	¥ —

*1 The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses. The reserves for possible losses on "Cash and due from banks," "Call loans and bills bought," "Receivables under securities borrowing transactions," "Monetary claims bought," "Foreign exchanges" and "Lease receivables and investment assets" are deducted directly from consolidated balance sheet amount since they are immaterial.

*2 The amounts collectively represent the derivative transactions which are recorded in "Trading assets," "Trading liabilities," "Other assets" and "Other liabilities." Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

(2) Fair value calculation methodology for financial instruments

Assets

1) Cash and due from banks, 2) Call loans and bills bought, 3) Receivables under resale agreements, 4) Receivables under securities borrowing transactions, 9) Loans and bills discounted, 10) Foreign exchanges and 11) Lease receivables and investment assets:

Of these transactions, for dues from banks without maturity and overdrafts with no specified repayment dates, the book values are used as fair value as they are considered to approximate their fair value.

For short-term transactions with remaining maturity not exceeding 6 months, in principle, the book values are used as fair value as they are considered to approximate their fair value.

The fair value of those with a remaining maturity of more than 6 months is, in principle, the present value of future cash flows (calculated by discounting estimated future cash flows, taking into account factors such as the borrower's internal rating and pledged collateral, using a rate comprising of a risk-free interest rate and an adjustment). Certain consolidated subsidiaries of SMFG calculate the present value by discounting the estimated future cash flows computed based on the contractual interest rate, using a rate comprising a risk-free 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. Since the claims' balance sheet amounts minus the expected amount of loan losses approximate their fair values, such amounts are considered to be their fair values.

5) Monetary claims bought:

The fair values of monetary claims bought, such as subordinated trust beneficiary interests related to securitized housing loans, are based on the assessed value of underlying housing loans securitized through the trust scheme minus the assessed value of senior beneficial interests, etc. The fair values of other transactions are, in principle, based on prices calculated using methods similar to the methods applied to 9) Loans and bills discounted.

6) Trading assets:

The fair values of bonds and other securities held for trading purposes are, in principle, based on their market price at the end of the fiscal year.

7) Money held in trust:

The fair values of money held in trust are, in principle, based on the market prices of securities held in trust calculated using methods similar to the methods applied to 8) Securities.

8) Securities:

In principle, the fair values of stocks (including foreign stocks) are based on the average market price during 1 month before the end of the fiscal year. The fair values of bonds and securities with market prices other than stocks are prices calculated based on their market prices as of the end of the fiscal year.

In light of the "Practical Solution on Measurement of Fair Value for Financial Assets" (ASBJ Practical Issue Task Force No. 25), the fair values of floating rate government bonds are based on the present value of future cash flows (the government bond yield is used to discount and estimate future cash flows). Bond yield and yield volatility are the main price parameters. The fair values of those without market prices, such as private placement bonds, are based on the present value of future cash flows calculated by discounting estimated future cash flows taking into account the borrower's internal rating and pledged collateral by a rate comprising a risk-free interest rate and an adjustment. However, the fair values of bonds, such as private placement bonds issued by bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers are based on the bond's book value after the deduction of the expected amount of a loss on the bond computed by using the same method applied to the estimation of a loan loss. Meanwhile, the fair values of publicly offered investment trusts are calculated based on the published net asset value (NAV) per share, while those of private placement investment trusts are calculated based on the NAV published by securities firms and other financial institutions.

Liabilities

1) Deposits, 2) Negotiable certificates of deposit and 12) Due to trust account:

The fair values of demand deposits and deposits without maturity are based on their book values. The fair values of short-term transactions with remaining maturity not exceeding 6 months are also based on their book values, as their book values are regarded to approximate their market values. The fair values of transactions with a remaining maturity of more than 6 months are, in principle, based on the present value of estimated future cash flows calculated using the rate applied to the same type of deposits that are newly accepted until the end of the remaining maturity.

3) Call money and bills sold, 4) Payables under repurchase agreements, 5) Payables under securities lending transactions, 6)

Commercial paper, 8) Borrowed money, 10) Short-term bonds and 11) Bonds:

The fair values of short-term transactions with remaining maturity not exceeding 6 months are based on their book values, as their book values are considered to approximate their fair values. For transactions with a remaining maturity of more than 6 months, their fair values are, in principle, based on the present value of estimated future cash flows calculated using the refinancing rate applied to the same type of instruments for the remaining maturity. The fair values of bonds are based on the present value of future cash flows calculated using the rate derived from the data on the yields of benchmark bonds and publicly-offered subordinated bonds published by securities firms.

7) 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.

9) Foreign exchanges:

The fair values of foreign currency-denominated deposits without maturity received from other banks are based on their book values.

The fair values of foreign exchange related short-term borrowings are based on their book values, as their book values are regarded to approximate their fair values.

Derivatives transactions

The fair values of exchange-traded derivatives are based on their closing prices. With regard to OTC transactions, the fair values of interest rate, currency, stock, bond and credit derivatives are based on their prices calculated based on the present value of the future cash flows, option valuation models, etc. The fair values of commodity derivatives transactions are based on their prices calculated based on the derivative instrument's components, including price and contract term.

(3) Consolidated balance sheet amount of financial instruments whose fair values are extremely difficult to determine are as follows:

March 31	Millions of yen	
	2015	2016
Monetary claims bought:		
Monetary claims bought without market prices *1.....	¥ 2,537	¥ 2,460
Securities:		
Unlisted stocks, etc. *2 *4	361,541	157,382
Investments in partnership, etc. *3 *4	259,445	248,921
Total.....	¥623,523	¥408,764

*1 They are beneficiary claims on loan trusts (a) that behave more like equity than debt, (b) that do not have market prices, and (c) for which it is difficult to rationally estimate their fair values.

*2 They are not included in the scope of fair value disclosure since there are no market prices and it is extremely difficult to determine their fair values.

*3 They are capital contributions with no market prices. The above-stated amount includes the book value amount of investments in the partnership of which SMFG records net changes in their balance sheets and statements of income.

*4 Unlisted stocks and investments in partnership totaling ¥12,762 million and ¥7,618 million were written-off in the fiscal year ended March 31, 2015 and 2016, respectively.

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

March 31, 2015	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥38,506,416	¥ 46,508	¥ 20,911	¥ 1,241
Call loans and bills bought	1,272,265	51,242	3,456	—
Receivables under resale agreements	674,341	72,090	—	—
Receivables under securities borrowing transactions ..	6,427,273	49,790	—	—
Monetary claims bought*1	3,378,992	597,974	48,832	221,903
Securities*1	5,656,240	14,446,962	2,311,100	758,126
Bonds classified as held-to-maturity.....	1,392,417	2,001,567	—	—
Japanese government bonds.....	1,300,000	1,980,000	—	—
Japanese local government bonds.....	51,347	16,356	—	—
Japanese corporate bonds.....	41,070	5,210	—	—
Other	—	—	—	—
Other securities with maturity.....	4,263,823	12,445,395	2,311,100	758,126
Japanese government bonds.....	1,715,975	8,893,500	369,500	—
Japanese local government bonds.....	28,278	21,904	1,224	35
Japanese corporate bonds.....	452,917	1,584,554	503,625	31,767
Other	2,066,652	1,945,436	1,436,750	726,322
Loans and bills discounted*1 *2.....	16,197,047	30,706,918	10,754,197	9,205,773
Foreign exchanges*1	1,883,491	21,463	—	—
Lease receivables and investment assets*1.....	547,109	1,005,281	156,851	50,521
Total.....	¥74,543,178	¥46,998,231	¥13,295,349	¥10,237,565

*1 The amounts shown in the table above do not include amounts for claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers and other claims for which redemption is unlikely. The amounts for such claims are Monetary claims bought: ¥21 million, Securities: ¥44,760 million, Loans and bills discounted: ¥756,824 million, Foreign exchanges: ¥2,712 million and Lease receivables and investment assets: ¥19,460 million.

*2 "Loans and bills discounted" without the maturity dates are not included. Such amount is totaled to ¥5,445,535 million at March 31, 2015.

March 31, 2016	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥41,764,849	¥ 33,628	¥ 24,213	¥ 1,329
Call loans and bills bought	1,235,295	50,706	5,363	—
Receivables under resale agreements	427,377	67,572	—	—
Receivables under securities borrowing transactions ...	7,961,878	11,040	—	—
Monetary claims bought* ¹	3,349,198	678,150	43,207	235,211
Securities* ¹	5,125,770	10,864,943	2,047,674	1,712,001
Bonds classified as held-to-maturity.....	1,093,340	1,172,636	—	—
Japanese government bonds.....	1,080,000	1,160,000	—	—
Japanese local government bonds.....	13,340	7,426	—	—
Japanese corporate bonds.....	—	5,210	—	—
Other	—	—	—	—
Other securities with maturity.....	4,032,430	9,692,306	2,047,674	1,712,001
Japanese government bonds.....	1,548,400	6,172,500	11,000	239,400
Japanese local government bonds.....	12,838	14,197	3,855	33
Japanese corporate bonds.....	476,283	1,558,803	555,748	96,278
Other	1,994,907	1,946,805	1,477,070	1,376,289
Loans and bills discounted* ¹ * ²	16,340,462	31,637,487	11,694,402	9,085,329
Foreign exchanges* ¹	1,572,622	2,557	—	—
Lease receivables and investment assets* ¹	531,712	1,039,875	155,118	102,003
Total.....	¥78,309,168	¥44,385,961	¥13,969,979	¥11,135,875

*¹ The amounts shown in the table above do not include amounts for claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers and other claims for which redemption is unlikely. The amounts for such claims are Monetary claims bought: ¥0 million, Securities: ¥33,496 million, Loans and bills discounted: ¥608,928 million, Foreign exchanges: ¥1,987 million, Lease receivables and investment assets: ¥18,510 million.

*² "Loans and bills discounted" without the maturity dates are not included. Such amount is totaled to ¥5,697,958 million at March 31, 2016.

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

March 31, 2015	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥ 95,917,733	¥4,284,380	¥ 497,816	¥ 347,987
Negotiable certificates of deposit	13,518,726	304,980	2,170	20
Call money and bills sold.....	5,873,123	—	—	—
Payables under repurchase agreements	991,860	—	—	—
Payables under securities lending transactions	7,833,219	—	—	—
Commercial paper	3,351,459	—	—	—
Borrowed money	7,158,084	1,306,961	824,115	488,932
Foreign exchanges	1,110,822	—	—	—
Short-term bonds.....	1,370,800	—	—	—
Bonds.....	1,023,264	2,742,910	2,034,764	426,306
Due to trust account.....	718,133	—	—	—
Total.....	¥138,867,230	¥8,639,233	¥3,358,866	¥1,263,246

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

March 31, 2016	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥105,655,087	¥4,098,017	¥ 468,420	¥ 447,303
Negotiable certificates of deposit	13,740,528	506,777	3,125	1
Call money and bills sold.....	1,219,196	1,259	—	—
Payables under repurchase agreements	1,761,822	—	—	—
Payables under securities lending transactions	5,309,003	—	—	—
Commercial paper	3,017,404	—	—	—
Borrowed money	5,790,740	1,292,699	1,018,602	469,186
Foreign exchanges	1,083,450	—	—	—
Short-term bonds.....	1,271,300	—	—	—
Bonds	985,979	3,213,584	2,094,283	716,106
Due to trust account.....	944,542	—	—	—
Total.....	¥140,779,055	¥9,112,338	¥3,584,431	¥1,632,598

* 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 and short-term bonds classified as “Trading assets,” negotiable certificates of deposit classified as “Cash and due from banks,” and beneficiary claims on loan trust classified as “Monetary claims bought,” in addition to “Securities” stated in the consolidated balance sheets.

1. Securities classified as trading purposes

March 31	Millions of yen	
	2015	2016
Valuation gains (losses) included in the earnings for the fiscal year.....	¥72,389	¥(32,241)

2. Bonds classified as held-to-maturity

March 31, 2015		Millions of yen		
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds.....	¥3,283,044	¥3,303,228	¥20,183
	Japanese local government bonds.....	67,843	68,065	221
	Japanese corporate bonds.....	46,263	46,438	175
	Other.....	—	—	—
	Subtotal.....	3,397,151	3,417,732	20,580
Bonds with unrealized losses:	Japanese government bonds.....	—	—	—
	Japanese local government bonds.....	—	—	—
	Japanese corporate bonds.....	—	—	—
	Other.....	—	—	—
	Subtotal.....	—	—	—
Total.....		¥3,397,151	¥3,417,732	¥20,580

March 31, 2016		Millions of yen		
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds.....	¥2,241,546	¥2,258,065	¥16,518
	Japanese local government bonds.....	16,460	16,485	25
	Japanese corporate bonds.....	5,202	5,230	27
	Other.....	—	—	—
	Subtotal.....	2,263,208	2,279,780	16,572
Bonds with unrealized losses:	Japanese government bonds.....	—	—	—
	Japanese local government bonds.....	4,389	4,385	(3)
	Japanese corporate bonds.....	—	—	—
	Other.....	—	—	—
	Subtotal.....	4,389	4,385	(3)
Total.....		¥2,267,598	¥2,284,166	¥16,568

3. Other securities

		Millions of yen		
March 31, 2015		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks.....	¥ 3,726,432	¥ 1,653,065	¥2,073,367
	Bonds.....	11,259,951	11,199,114	60,837
	Japanese government bonds.....	8,953,781	8,935,132	18,649
	Japanese local government bonds.....	49,123	48,842	281
	Japanese corporate bonds.....	2,257,045	2,215,139	41,905
	Other.....	6,024,855	5,505,092	519,762
	Subtotal.....	21,011,239	18,357,271	2,653,967
Other securities with unrealized losses:	Stocks.....	119,767	138,826	(19,059)
	Bonds.....	2,439,610	2,450,418	(10,808)
	Japanese government bonds.....	2,053,225	2,058,905	(5,680)
	Japanese local government bonds.....	3,026	3,039	(12)
	Japanese corporate bonds.....	383,358	388,473	(5,114)
	Other.....	2,069,284	2,088,398	(19,113)
	Subtotal.....	4,628,662	4,677,644	(48,981)
Total.....		¥25,639,901	¥23,034,915	¥2,604,985

- Notes: 1. Net unrealized gains (losses) on other securities shown above include gains of ¥29,870 million for the fiscal year ended March 31, 2015 that are recognized in the earnings by applying fair value hedge accounting.
2. Consolidated balance sheet amounts of other securities whose fair values are extremely difficult to determine are as follows:

March 31, 2015	Millions of yen
Stocks.....	¥219,799
Other.....	403,724
Total.....	¥623,523

These amounts are not included in "3. Other securities" since there are no market prices and it is extremely difficult to determine their fair values.

		Millions of yen		
March 31, 2016		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks.....	¥ 3,103,065	¥ 1,480,085	¥1,622,980
	Bonds.....	9,870,848	9,759,438	111,410
	Japanese government bonds.....	7,380,250	7,317,408	62,842
	Japanese local government bonds.....	26,353	26,195	157
	Japanese corporate bonds.....	2,464,245	2,415,834	48,411
	Other.....	5,318,399	5,027,532	290,867
	Subtotal.....	18,292,314	16,267,055	2,025,258
Other securities with unrealized losses:	Stocks.....	277,214	327,194	(49,979)
	Bonds.....	1,022,241	1,024,465	(2,223)
	Japanese government bonds.....	724,800	725,202	(402)
	Japanese local government bonds.....	4,867	4,885	(17)
	Japanese corporate bonds.....	292,573	294,377	(1,803)
	Other.....	3,132,891	3,198,433	(65,542)
	Subtotal.....	4,432,347	4,550,093	(117,745)
Total.....		¥22,724,662	¥20,817,149	¥1,907,512

- Notes: 1. Net unrealized gains (losses) on other securities shown above include gains of ¥871 million for the fiscal year ended March 31, 2016 that are recognized in the earnings by applying fair value hedge accounting.
2. Consolidated balance sheet amounts of other securities whose fair values are extremely difficult to determine are as follows:

March 31, 2016	Millions of yen
Stocks.....	¥131,602
Other.....	277,161
Total.....	¥408,764

These amounts are not included in "3. Other securities" since there are no market prices and it is extremely difficult to determine their fair values.

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

Fiscal year ended March 31, 2015

There are no corresponding transactions.

Fiscal year ended March 31, 2016

There are no corresponding transactions.

5. Other securities sold during the fiscal year

Year ended March 31, 2015	Millions of yen		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 113,544	¥ 45,455	¥ (1,890)
Bonds.....	13,407,655	9,406	(5,699)
Japanese government bonds.....	13,142,974	8,939	(5,593)
Japanese local government bonds.....	63,699	37	(94)
Japanese corporate bonds.....	200,981	429	(11)
Other.....	14,275,561	98,168	(16,739)
Total.....	¥27,796,760	¥153,030	¥(24,329)

Year ended March 31, 2016	Millions of yen		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 161,735	¥ 42,097	¥ (2,784)
Bonds.....	12,304,977	25,883	(1,520)
Japanese government bonds.....	12,079,605	25,531	(237)
Japanese local government bonds.....	61,407	23	(98)
Japanese corporate bonds.....	163,963	329	(1,185)
Other.....	10,175,242	117,516	(28,467)
Total.....	¥22,641,955	¥185,497	¥(32,773)

6. Change of classification of securities

Fiscal year ended March 31, 2015

There are no significant corresponding transactions to be disclosed.

Fiscal year ended March 31, 2016

There are no significant corresponding transactions to be disclosed.

7. Write-down of securities

Bonds classified as held-to-maturity and other securities (excluding securities whose fair values are extremely difficult to determine) are considered as impaired if the fair value decreases materially below the acquisition cost and such decline is not considered as recoverable. The fair value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation losses for the fiscal years ended March 31, 2015 and 2016 were ¥5,992 million and ¥4,838 million, respectively. The rule for determining “material decline” is as follows and is based on the classification of issuers under the rules of self-assessment of assets.

Bankrupt/Effectively bankrupt/Potentially bankrupt issuers:	Fair value is lower than acquisition cost.
Issuers requiring caution:	Fair value is 30% or lower than acquisition cost.
Normal issuers:	Fair value is 50% or lower than acquisition cost.
Bankrupt issuers:	Issuers that are legally bankrupt or formally declared bankrupt.
Effectively bankrupt issuers:	Issuers that are not legally bankrupt but regarded as substantially bankrupt.
Potentially bankrupt issuers:	Issuers that are not bankrupt now, but are perceived 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, 2015*

There are no corresponding transactions.

Fiscal year ended March 31, 2016

There are no corresponding transactions.

2. Money held in trust classified as held-to-maturity*Fiscal year ended March 31, 2015*

There are no corresponding transactions.

Fiscal year ended March 31, 2016

There are no corresponding transactions.

3. Other money held in trust

	Millions of yen		
March 31, 2015	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥7,087	¥7,087	—

	Millions of yen		
March 31, 2016	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥5,163	¥5,163	—

(Notes to net unrealized gains (losses) on other securities and other money held in trust)

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

March 31, 2015	Millions of yen
Net unrealized gains (losses)	¥2,575,489
Other securities	2,575,489
Other money held in trust	—
(-) Deferred tax liabilities	727,559
Net unrealized gains (losses) on other securities (before following adjustments)	1,847,929
(-) Non-controlling interests	59,441
(+) SMFG’s interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	2,560
Net unrealized gains (losses) on other securities	¥1,791,049

- Notes: 1. Net unrealized gains of ¥29,870 million for the fiscal year ended March 31, 2015 recognized in the fiscal year’s earnings by applying fair value hedge accounting are deducted from net unrealized gains on other securities.
2. Net unrealized gains (losses) on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is extremely difficult to determine.

March 31, 2016	Millions of yen
Net unrealized gains (losses)	¥1,907,093
Other securities	1,907,093
Other money held in trust	—
(-) Deferred tax liabilities	504,144
Net unrealized gains (losses) on other securities (before following adjustments)	1,402,948
(-) Non-controlling interests	57,075
(+) SMFG’s interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	1,817
Net unrealized gains (losses) on other securities	¥1,347,689

- Notes: 1. Net unrealized gains of ¥871 million for the fiscal year ended March 31, 2016 recognized in the fiscal year’s earnings by applying fair value hedge accounting are deducted from net unrealized gains on other securities.
2. Net unrealized gains (losses) on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is extremely difficult to determine.

(Notes to derivative transactions)**1. Derivative transactions to which the hedge accounting method is not applied**

The following tables set forth the contract amount or the amount equivalent to the notional amount, fair value, valuation gains (losses) and fair value calculation methodologies by type of derivative with respect to derivative transactions to which the hedge accounting method is not applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

(1) Interest rate derivatives

March 31, 2015	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold	¥ 72,417,655	¥ 27,182,460	¥ (63,824)	¥ (63,824)
Bought	70,808,254	25,824,043	58,948	58,948
Interest rate options:				
Sold	345,874	36,168	(110)	(110)
Bought	36,305,940	16,041,662	6,990	6,990
Over-the-counter				
Forward rate agreements:				
Sold	6,869,797	35,565	606	606
Bought	6,747,669	377,473	(604)	(604)
Interest rate swaps:				
Receivable fixed rate/payable floating rate	449,422,723	374,591,082	124,036	124,036
Receivable floating rate/payable fixed rate	211,594,325	176,500,223	6,138,890	6,138,890
Receivable floating rate/payable floating rate	209,580,904	175,966,222	(6,018,957)	(6,018,957)
Receivable floating rate/payable floating rate	28,142,407	22,028,051	(2,593)	(2,593)
Interest rate swaptions:				
Sold	3,595,666	2,228,852	19,802	19,802
Bought	2,131,049	1,590,233	(12,738)	(12,738)
Caps:				
Sold	21,514,098	16,330,540	(18,189)	(18,189)
Bought	7,165,728	5,603,385	(4,231)	(4,231)
Floors:				
Sold	594,392	417,517	(533)	(533)
Bought	98,034	98,034	2,659	2,659
Other:				
Sold	1,004,262	885,363	(6,496)	(6,496)
Bought	3,924,935	3,249,593	9,944	9,944
Total	/	/	¥ 116,260	¥ 116,260

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on an exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold.....	¥ 63,471,276	¥ 7,435,505	¥ (79,505)	¥ (79,505)
Bought.....	57,572,037	4,357,650	75,639	75,639
Interest rate options:				
Sold.....	44,716	24,106	(8)	(8)
Bought.....	33,993,010	14,119,537	6,597	6,597
Over-the-counter				
Forward rate agreements:				
Sold.....	7,874,784	148,664	(1,288)	(1,288)
Bought.....	7,963,487	220,176	1,352	1,352
Interest rate swaps:	396,761,415	332,313,682	176,265	176,265
Receivable fixed rate/payable floating rate.....	183,975,452	154,668,295	6,357,881	6,357,881
Receivable floating rate/payable fixed rate.....	180,604,918	151,380,739	(6,206,980)	(6,206,980)
Receivable floating rate/payable floating rate.....	32,005,448	26,092,014	14,589	14,589
Interest rate swaptions:				
Sold.....	4,681,782	2,792,669	(7,029)	(7,029)
Bought.....	3,416,990	2,680,830	(22,676)	(22,676)
Caps:				
Sold.....	27,745,929	20,292,051	(13,737)	(13,737)
Bought.....	8,098,947	6,390,955	(6,724)	(6,724)
Floors:				
Sold.....	623,291	431,693	(596)	(596)
Bought.....	275,954	274,754	4,193	4,193
Other:				
Sold.....	1,412,146	1,128,576	(433)	(433)
Bought.....	5,480,980	4,930,203	484	484
Total.....	/	/	¥ 132,532	¥ 132,532

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on an exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

(2) Currency derivatives

March 31, 2015	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Currency futures:				
Sold.....	¥ 80,931	¥ —	¥ 180	¥ 180
Bought.....	497	—	0	0
Over-the-counter				
Currency swaps.....	27,035,522	20,122,147	694,080	10,572
Currency swaptions:				
Sold.....	308,906	304,563	(559)	(559)
Bought.....	451,270	443,519	(397)	(397)
Forward foreign exchange.....	62,599,180	5,225,986	(141,028)	(141,028)
Currency options:				
Sold.....	2,723,327	1,495,074	(181,167)	(181,167)
Bought.....	2,395,875	1,248,848	121,468	121,468
Total.....	/	/	¥ 492,576	¥(190,931)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value, option pricing models and other methodologies.

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Currency futures:				
Sold.....	¥ 658	¥ —	¥ 17	¥ 17
Bought.....	32	—	0	0
Over-the-counter				
Currency swaps.....	33,811,276	24,295,023	387,527	15,992
Currency swaptions:				
Sold.....	621,538	576,940	(5,697)	(5,697)
Bought.....	785,064	735,396	5,823	5,823
Forward foreign exchange.....	56,831,766	7,266,262	7,441	7,441
Currency options:				
Sold.....	2,692,132	1,560,230	(138,718)	(138,718)
Bought.....	2,558,291	1,381,862	112,318	112,318
Total.....	/	/	¥ 368,712	¥ (2,822)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value, option pricing models and other methodologies.

(3) Equity derivatives

March 31, 2015	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Equity price index futures:				
Sold.....	¥995,977	¥ —	¥(11,341)	¥(11,341)
Bought.....	278,331	—	6,718	6,718
Equity price index options:				
Sold.....	169,645	68,750	(16,412)	(16,412)
Bought.....	153,942	59,715	11,545	11,545
Over-the-counter				
Equity options:				
Sold.....	225,859	218,338	(23,558)	(23,558)
Bought.....	233,896	218,338	24,976	24,976
Equity index forward contracts:				
Sold.....	16,717	—	126	126
Bought.....	33,481	499	500	500
Equity price index swaps:				
Receivable equity index/payable short-term floating rate.....	31,690	31,225	(1,262)	(1,262)
Receivable short-term floating rate/payable equity index.....	59,675	58,570	1,942	1,942
Total.....	/	/	¥ (6,764)	¥ (6,764)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Equity price index futures:				
Sold.....	¥739,284	¥ —	¥ (4,371)	¥ (4,371)
Bought.....	350,541	23,912	804	804
Equity price index options:				
Sold.....	211,201	118,394	(19,465)	(19,465)
Bought.....	146,407	67,456	8,512	8,512
Over-the-counter				
Equity options:				
Sold.....	225,296	207,647	(20,896)	(20,896)
Bought.....	220,558	209,864	20,609	20,609
Equity index forward contracts:				
Sold.....	4,236	—	152	152
Bought.....	7,722	400	333	333
Equity price index swaps:				
Receivable equity index/payable short-term floating rate.....	65,728	51,288	(12,612)	(12,612)
Receivable short-term floating rate/payable equity index.....	136,471	113,501	21,211	21,211
Total.....	/	/	¥ (5,723)	¥ (5,723)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

(4) Bond derivatives

March 31, 2015	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Bond futures:				
Sold.....	¥3,261,725	¥ —	¥(23,171)	¥(23,171)
Bought.....	2,668,201	—	15,828	15,828
Bond futures options:				
Sold.....	38,448	—	(40)	(40)
Bought.....	39,048	—	107	107
Over-the-counter				
Bond options:				
Sold.....	39,607	—	(123)	(123)
Bought.....	174,030	134,394	655	655
Total.....	/	/	¥ (6,743)	¥ (6,743)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using option pricing models.

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Bond futures:				
Sold.....	¥2,881,937	¥ —	¥(11,472)	¥(11,472)
Bought.....	2,533,396	—	10,038	10,038
Bond futures options:				
Sold.....	158,794	—	(362)	(362)
Bought.....	31,426	—	26	26
Over-the-counter				
Bond options:				
Sold.....	455,731	—	(11)	(11)
Bought.....	382,507	119,292	737	737
Total.....	/	/	¥ (1,043)	¥ (1,043)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using option pricing models.

(5) Commodity derivatives

March 31, 2015	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Commodity futures:				
Sold.....	¥ 14,001	¥ —	¥ 1,546	¥ 1,546
Bought.....	15,703	—	(2,183)	(2,183)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	111,581	72,095	7,608	7,608
Receivable floating price/payable fixed price	87,933	62,634	(5,971)	(5,971)
Receivable floating price/payable floating price.....	3,922	3,384	(132)	(132)
Commodity options:				
Sold.....	15,529	13,787	(506)	(506)
Bought.....	9,095	7,946	(108)	(108)
Total.....	/	/	¥ 253	¥ 253

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchange is calculated using the closing price on the New York Mercantile Exchange or other relevant exchanges. Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.
3. Underlying assets of commodity derivatives are fuels and metals.

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Commodity futures:				
Sold.....	¥ 7,458	¥ —	¥ 377	¥ 377
Bought.....	7,841	—	(590)	(590)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	82,658	54,945	21,539	21,539
Receivable floating price/payable fixed price	80,511	52,227	(19,680)	(19,680)
Receivable floating price/payable floating price.....	3,141	3,061	299	299
Commodity options:				
Sold.....	19,191	16,972	(967)	(967)
Bought.....	15,141	13,044	(1)	(1)
Total.....	/	/	¥ 975	¥ 975

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchange is calculated using the closing price on the New York Mercantile Exchange or other relevant exchanges. Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.
3. Underlying assets of commodity derivatives are fuels and metals.

(6) Credit derivative transactions

March 31, 2015	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter				
Credit default options:				
Sold.....	¥491,723	¥397,171	¥ 6,882	¥ 6,882
Bought.....	652,486	520,233	(9,456)	(9,456)
Total.....	/	/	¥(2,574)	¥(2,574)

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value is calculated using discounted present value and option pricing models.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter				
Credit default options:				
Sold.....	¥583,300	¥482,110	¥ 3,336	¥ 3,336
Bought.....	765,485	611,156	(6,221)	(6,221)
Total.....	/	/	¥(2,885)	¥(2,885)

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value is calculated using discounted present value and option pricing models.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

2. Derivative transactions to which the hedge accounting method is applied

The following tables set forth the contract amount or the amount equivalent to the notional amount, fair value and fair value calculation methodologies by type of derivative and hedge accounting method with respect to derivative transactions to which the hedge accounting method is applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

(1) Interest rate derivatives

March 31, 2015		Millions of yen			
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit	¥ 9,431,618	¥ 6,067,453	¥ (5,029)
	Sold				
	Bought				
	Interest rate swaps:		31,042,631	26,461,484	718,262
	Receivable fixed rate/payable floating rate				
	Receivable floating rate/payable fixed rate				
	Receivable floating rate/payable floating rate				
			3,604	—	4
	Interest rate swaptions:		12,344	12,344	89
	Sold				
	Bought		—	—	—
	Caps:		65,156	61,248	135
	Sold				
Bought		65,156	61,248	(135)	
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted			
	Receivable floating rate/payable fixed rate		148,693	91,040	728
Special treatment for interest rate swaps	Interest rate swaps:	Loans and bills discounted; borrowed money, corporate bonds	167,412	149,076	(Note 3)
	Receivable floating rate/payable fixed rate				
	Receivable floating rate/payable floating rate				
	Total		3,000	1,000	
			/	/	¥ 47,425

- Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002).
2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.
3. Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the borrowed money or other transactions that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant transaction subject to the hedge in the "(Notes to financial instruments) 2. Fair value of financial instruments."

March 31, 2016		Millions of yen			
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit			
	Sold		¥ 469,759	¥ 20,000	¥ (853)
	Bought		466,100	—	176
	Interest rate swaps:				
	Receivable fixed rate/payable floating rate		30,806,710	27,874,743	873,379
	Receivable floating rate/payable fixed rate		17,287,315	15,999,299	(746,964)
	Receivable floating rate/payable floating rate		—	—	—
	Interest rate swaptions:				
	Sold		75,230	75,230	4,382
	Bought		—	—	—
Caps:					
Sold	61,472	50,267	5		
Bought	61,472	50,267	(5)		
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted			
	Receivable floating rate/payable fixed rate		121,347	118,381	(4,850)
Special treatment for interest rate swaps	Interest rate swaps:	Loans and bills discounted; borrowed money, corporate bonds			
	Receivable floating rate/payable fixed rate		446,074	430,758	(Note 3)
	Receivable floating rate/payable floating rate		1,000	—	
	Total		/	/	¥ 125,268

- Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002).
2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.
3. Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the borrowed money or other transactions that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant transaction subject to the hedge in the "(Notes to financial instruments) 2. Fair value of financial instruments."

(2) Currency derivatives

March 31, 2015			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Currency swaps.....	Foreign currency denominated loans and bills discounted, other securities, deposits, foreign currency exchange, etc.	¥6,727,385	¥4,770,873	¥(911,989)
	Forward foreign exchange.....		8,980	—	(36)
Recognition of gain or loss on the hedged items	Currency swaps.....	Loans and bills discounted, foreign exchange	100,155	84,886	16,193
	Forward foreign exchange.....		813,122	16,526	(173)
Allocation method	Currency swaps.....	Borrowed money	39,455	36,397	(Note 3)
	Total.....		/	/	¥(896,005)

- Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002).
2. Fair value is calculated using discounted present value.
3. Forward foreign exchange amounts treated by the allocation method are treated with other securities or other transactions that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant transaction subject to the hedge in the "(Notes to financial instruments) 2. Fair value of financial instruments."

March 31, 2016			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Currency swaps.....	Foreign currency denominated loans and bills discounted, other securities deposits, foreign currency exchange, etc.	¥9,600,108	¥4,735,539	¥(364,414)
	Forward foreign exchange.....		8,052	—	158
Recognition of gain or loss on the hedged items	Currency swaps.....	Loans and bills discounted, foreign exchange	90,378	69,277	22,037
	Forward foreign exchange.....		494,141	—	8,939
Allocation method	Currency swaps.....	Borrowed money	46,415	44,900	(Note 3)
	Total.....		/	/	¥(333,280)

- Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002).
2. Fair value is calculated using discounted present value.
3. Forward foreign exchange amounts treated by the allocation method are treated with other securities or other transactions that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant transaction subject to the hedge in the "(Notes to financial instruments) 2. Fair value of financial instruments."

(3) Equity derivatives

March 31, 2015			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Recognition of gain or loss on the hedged items	Equity price index futures: Other securities				
		Sold.....	¥118,375	¥ —	¥ 1,687
		Bought.....	—	—	—
	Equity price index swaps:				
		Receivable equity index/payable floating rate.....	—	—	—
		Receivable floating rate/payable equity index.....	65,978	8,769	(15,013)
		<u>Total.....</u>	<u>/</u>	<u>/</u>	<u>¥(13,326)</u>

Note: Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value.

March 31, 2016			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Recognition of gain or loss on the hedged items	Equity price index swaps: Other securities				
		Receivable equity index/payable floating rate.....	—	—	—
		Receivable floating rate/payable equity index.....	9,929	—	315
		<u>Total.....</u>	<u>/</u>	<u>/</u>	<u>¥315</u>

Note: Fair value of OTC transactions is calculated using discounted present value.

(Notes to employee retirement benefits)**1. Outline of employee retirement benefits**

SMFG's 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 trust scheme.

Some consolidated subsidiaries adopt the simplified method in calculating the projected benefit obligation. Additional benefits may also be granted when employees retire.

2. Contributory defined benefit pension plan**(1) Reconciliation of beginning and ending balances of projected benefit obligation**

Year ended March 31	Millions of yen	
	2015	2016
Beginning balance of projected benefit obligation.....	¥1,089,286	¥1,083,109
Cumulative effects of changes in accounting policies.....	(52,699)	—
Restated balance.....	1,036,587	1,083,109
Service cost.....	31,681	34,653
Interest cost on projected benefit obligation.....	13,913	11,735
Unrecognized net actuarial gain or loss incurred.....	50,926	114,691
Payments of retirement benefits.....	(50,266)	(51,724)
Unrecognized prior service cost.....	60	(31)
Net change as a result of business combinations.....	—	13,477
Other.....	206	(3,438)
Ending balance of projected benefit obligation.....	¥1,083,109	¥1,202,471

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

Year ended March 31	Millions of yen	
	2015	2016
Beginning balance of plan assets.....	¥1,163,834	¥1,421,268
Expected return on plan assets.....	34,677	39,543
Unrecognized net actuarial gain or loss incurred.....	213,991	(91,563)
Contributions by the employer.....	48,937	45,233
Payments of retirement benefits.....	(40,973)	(66,589)
Net change as a result of business combinations.....	—	12,281
Other.....	801	(2,998)
Ending balance of plan assets.....	¥1,421,268	¥1,357,175

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

March 31	Millions of yen	
	2015	2016
Funded projected benefit obligation.....	¥(1,049,307)	¥(1,166,606)
Plan assets.....	1,421,268	1,357,175
	371,961	190,568
Unfunded projected benefit obligation.....	(33,802)	(35,864)
Net amount of asset and liability reported on the consolidated balance sheet.....	¥ 338,159	¥ 154,704

March 31	Millions of yen	
	2015	2016
Net defined benefit asset.....	¥376,255	¥203,274
Net defined benefit liability.....	(38,096)	(48,570)
Net amount of asset and liability reported on the consolidated balance sheet.....	¥338,159	¥154,704

(4) Pension expenses

Year ended March 31	Millions of yen	
	2015	2016
Service cost	¥ 31,681	¥ 34,653
Interest cost on projected benefit obligation.....	13,913	11,735
Expected return on plan assets	(34,677)	(39,543)
Amortization of unrecognized net actuarial gain or loss	22,763	31,956
Amortization of unrecognized prior service cost.....	(129)	(179)
Other (nonrecurring additional retirement allowance paid and other)	6,850	4,672
Pension expenses	¥ 40,402	¥ 43,294

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

(5) Remeasurements of defined benefit plans

The breakdown of "Remeasurements of defined benefit plans" (before deducting tax effect) is as shown below:

Year ended March 31	Millions of yen	
	2015	2016
Prior service cost.....	¥ 190	¥ 148
Net actuarial gain or loss	(185,835)	174,270
Total.....	¥(185,645)	¥174,418

(6) Accumulated remeasurements of defined benefit plans

The breakdown of "Accumulated remeasurements of defined benefit plans" (before deducting tax effect) is as shown below:

March 31	Millions of yen	
	2015	2016
Unrecognized prior service cost	¥ (956)	¥ (808)
Unrecognized net actuarial gain or loss.....	(69,637)	104,633
Total.....	¥(70,594)	¥103,824

(7) Plan assets

1) Major asset classes of plan assets

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

March 31	2015	2016
Stocks.....	62.8%	61.3%
Bonds.....	21.5%	27.3%
Other	15.7%	11.4%
Total.....	100.0%	100.0%

Note: The retirement benefit trusts set up for employee pension plans and lump-sum severance indemnity plans account for 37.9% and 34.0% of the total plan assets at March 31, 2015 and 2016, 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 are as follows:

1) Discount rate

Year ended March 31, 2015	Percentages	Year ended March 31, 2016	Percentages
Domestic consolidated subsidiaries	0.4% to 1.6%	Domestic consolidated subsidiaries	(0.1)% to 1.5%
Overseas consolidated subsidiaries	3.1% to 12.0%	Overseas consolidated subsidiaries	3.3% to 12.8%

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

Year ended March 31, 2015	Percentages	Year ended March 31, 2016	Percentages
Domestic consolidated subsidiaries	0% to 6.1%	Domestic consolidated subsidiaries	0% to 4.3%
Overseas consolidated subsidiaries	3.1% to 12.0%	Overseas consolidated subsidiaries	3.5% to 12.8%

3. Defined contribution plan

Fiscal year ended March 31, 2015

The amount required to be contributed by the consolidated subsidiaries is ¥6,770 million.

Fiscal year ended March 31, 2016

The amount required to be contributed by the consolidated subsidiaries is ¥7,060 million.

(Notes to stock options)**1. Amount of stock options expenses**

Stock options expenses which were accounted for as general and administrative expenses for the fiscal years ended March 31, 2015 and 2016 are as follows:

Year ended March 31	Millions of yen	
	2015	2016
General and administrative expenses.....	¥510	¥652

2. Amount of profit by non-exercise of stock acquisition rights

Profit by non-exercise of stock acquisition rights which were accounted for as other income for the fiscal years ended March 31, 2015 and 2016 are as follows:

Year ended March 31	Millions of yen	
	2015	2016
Other income	¥14	¥6

3. Outline of stock options and changes**(1) SMFG****1) Outline of stock options**

Date of resolution	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013
Title and number of grantees	Directors of SMFG 8 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 69	Directors of SMFG 9 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of SMFG 9 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of SMFG 9 Corporate auditors of SMFG 3 Executive officers of SMFG 3 Directors, corporate auditors and executive officers of SMBC 67
Number of stock options*	Common shares 102,600	Common shares 268,200	Common shares 280,500	Common shares 115,700
Grant date	August 13, 2010	August 16, 2011	August 15, 2012	August 14, 2013
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.
Requisite service period	From June 29, 2010 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2011	From June 29, 2011 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2012	From June 28, 2012 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2013	From June 27, 2013 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2014
Exercise period	August 13, 2010 to August 12, 2040	August 16, 2011 to August 15, 2041	August 15, 2012 to August 14, 2042	August 14, 2013 to August 13, 2043

Date of resolution	July 30, 2014	July 31, 2015
Title and number of grantees	Directors of SMFG 10 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 67	Directors of SMFG 8 Corporate auditors of SMFG 3 Executive officers of SMFG 4 Directors, corporate auditors and executive officers of SMBC 68
Number of stock options*	Common shares 121,900	Common shares 132,400
Grant date	August 15, 2014	August 18, 2015
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.
Requisite service period	From June 27, 2014 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2015	From June 26, 2015 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2016
Exercise period	August 15, 2014 to August 14, 2044	August 18, 2015 to August 17, 2045

* Number of stock options has been converted and stated as number of shares.

2) Stock options granted and changes

(a) Number of stock options

Date of resolution	Number of stock options					
	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013	July 30, 2014	July 31, 2015
Before vested						
Previous fiscal year-end	38,400	151,300	232,500	111,600	121,600	—
Granted	—	—	—	—	—	132,400
Forfeited	—	—	—	—	800	—
Vested	9,400	20,100	86,200	22,100	11,100	—
Outstanding	29,000	131,200	146,300	89,500	109,700	132,400
After vested						
Previous fiscal year-end	58,800	110,500	44,600	3,700	200	—
Vested	9,400	20,100	86,200	22,100	11,100	—
Exercised	7,600	2,200	9,000	900	700	—
Forfeited	—	—	—	—	—	—
Exercisable	60,600	128,400	121,800	24,900	10,600	—

Note: Number of stock options has been converted and stated as number of shares.

(b) Price information

Date of resolution	Yen					
	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013	July 30, 2014	July 31, 2015
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average exercise price	3,726	3,418	5,263	3,605	3,604	—
Fair value at the grant date	2,215	1,872	2,042	4,159	3,661	4,904

3) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year were valuated using the following valuation technique.

- Valuation technique: Black-Scholes option-pricing model
- Principal parameters used in the option-pricing model

Date of resolution	July 31, 2015
Expected volatility *1	27.38%
Average expected life *2	4 years
Expected dividends *3	¥150 per share
Risk-free interest rate *4	0.05%

*1. Calculated based on the actual stock prices during 4 years from August 19, 2011 to August 18, 2015.

*2. The average expected life could not be estimated rationally due to insufficient amount of data.

Therefore, it was estimated based on average assumption periods of directors of SMFG and SMBC.

*3. Expected dividends are based on the expected dividends on common stock for the fiscal year ended March 31, 2016 of the date of grant.

*4. Japanese government bond yield corresponding to the average expected life.

4) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(2) Consolidated subsidiary, KUBC

1) Outline of stock options

Date of resolution	June 29, 2005	June 29, 2006	June 29, 2006	June 28, 2007
Title and number of grantees	Directors and employees 183	Directors 9	Officers not doubling as directors 14 Employees 46	Directors 10
Number of stock options*	Common shares 46,400	Common shares 16,200	Common shares 11,500	Common shares 17,400
Grant date	July 29, 2005	July 31, 2006	July 31, 2006	July 31, 2007
Condition for vesting	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.	N.A.
Exercise period	June 30, 2007 to June 29, 2015	June 30, 2008 to June 29, 2016	June 30, 2008 to June 29, 2016	June 29, 2009 to June 28, 2017

Date of resolution	June 28, 2007	June 27, 2008	June 26, 2009
Title and number of grantees	Officers not doubling as directors 14 Employees 48	Directors 9 Officers not doubling as directors 16 Employees 45	Directors 11 Officers not doubling as directors 14 Employees 57
Number of stock options*	Common shares 11,200	Common shares 28,900	Common shares 35,000
Grant date	July 31, 2007	July 31, 2008	July 31, 2009
Condition for vesting	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.
Exercise period	June 29, 2009 to June 28, 2017	June 28, 2010 to June 27, 2018	June 27, 2011 to June 26, 2019

* Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2014.

2) Stock options granted and changes

(a) Number of stock options

Date of resolution	Number of stock options						
	June 29, 2005	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008	June 26, 2009
Before vested							
Previous fiscal year-end.....	—	—	—	—	—	—	—
Granted.....	—	—	—	—	—	—	—
Forfeited.....	—	—	—	—	—	—	—
Vested.....	—	—	—	—	—	—	—
Outstanding.....	—	—	—	—	—	—	—
After vested							
Previous fiscal year-end.....	22,600	6,200	5,700	7,800	7,000	22,700	31,900
Vested.....	—	—	—	—	—	—	—
Exercised.....	—	—	—	—	—	—	—
Forfeited.....	22,600	—	1,700	—	1,900	2,700	3,100
Exercisable.....	—	6,200	4,000	7,800	5,100	20,000	28,800

Note: Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2014.

(b) Price information

Date of resolution	Yen						
	June 29, 2005	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008	June 26, 2009
Exercise price.....	¥3,130	¥4,900	¥4,900	¥4,610	¥4,610	¥3,020	¥1,930
Average exercise price.....	—	—	—	—	—	—	—
Fair value at the grant date.....	—	1,380	1,380	960	960	370	510

3) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(3) Consolidated subsidiary, MINATO

1) Outline of stock options

Date of resolution	June 28, 2012	June 27, 2013	June 27, 2014	June 26, 2015
Title and number of grantees.....	Directors 7 Officers 12	Directors 7 Officers 12	Directors 7 Officers 16	Directors 7 Officers 17
Number of stock options*.....	Common shares 368,000	Common shares 334,000	Common shares 320,000	Common shares 200,000
Grant date.....	July 20, 2012	July 19, 2013	July 18, 2014	July 17, 2015
Condition for vesting.....	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.
Requisite service period.....	June 28, 2012 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2013.	June 27, 2013 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2014.	June 27, 2014 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2015.	June 26, 2015 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2016.
Exercise period.....	July 21, 2012 to July 20, 2042	July 20, 2013 to July 19, 2043	July 19, 2014 to July 18, 2044	July 18, 2015 to July 17, 2045

* Number of stock options has been converted and stated as number of shares.

2) Stock options granted and changes

(a) Number of stock options

Date of resolution	Number of stock options			
	June 28, 2012	June 27, 2013	June 27, 2014	June 26, 2015
Before vested				
Previous fiscal year-end.....	202,000	223,000	262,000	—
Granted.....	—	—	—	200,000
Forfeited.....	—	—	6,000	5,000
Vested.....	71,000	81,000	70,000	19,000
Outstanding.....	131,000	142,000	186,000	176,000
After vested				
Previous fiscal year-end.....	143,000	105,000	46,000	—
Vested.....	71,000	81,000	70,000	19,000
Exercised.....	—	—	—	—
Forfeited.....	—	—	—	—
Exercisable.....	214,000	186,000	116,000	19,000

Note: Number of stock options has been converted and stated as number of shares.

(b) Price information

Date of resolution	June 28, 2012	June 27, 2013	June 27, 2014	June 26, 2015
Exercise price.....	¥ 1	¥ 1	¥ 1	¥ 1
Average exercise price.....	—	—	—	—
Fair value at the grant date.....	132	166	181	309

3) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year were valuated using the following valuation technique.

- Valuation technique: Black-Scholes option-pricing model
- Principal parameters used in the option-pricing model

Date of resolution	June 26, 2015
Expected volatility*1.....	24.38%
Average expected life*2.....	2 years
Expected dividends*3.....	¥5 per share
Risk-free interest rate*4.....	0.005%

*1 Calculated based on the actual stock prices during 2 years from July 18, 2013 to July 17, 2015.

*2 The average expected life could not be estimated rationally due to insufficient amount of data. Therefore, it was estimated based on average assumption periods of directors of MINATO.

*3 Expected dividends are based on the actual dividends on common stock for the fiscal year ended March 31, 2015.

*4 Japanese government bond yield corresponding to the average expected life.

4) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(Notes to deferred tax assets and liabilities)**1. Significant components of deferred tax assets and liabilities**

March 31, 2015	Millions of yen	March 31, 2016	Millions of yen
Deferred tax assets:		Deferred tax assets:	
Net operating loss carryforwards.....	¥ 320,680	Net operating loss carryforwards.....	¥ 319,801
Reserve for possible loan losses and write-off of loans.....	290,628	Reserve for possible loan losses and write-off of loans.....	246,676
Write-off of securities.....	113,876	Write-off of securities.....	115,451
Net defined benefit liability.....	35,174	Net defined benefit liability.....	33,116
Deferred losses on hedges.....	14,082	Remeasurements of defined benefit plans.....	32,331
Other.....	248,581	Other.....	261,905
Subtotal.....	1,023,023	Subtotal.....	1,009,283
Valuation allowance.....	(568,997)	Valuation allowance.....	(517,459)
Total deferred tax assets.....	454,026	Total deferred tax assets.....	491,823
Deferred tax liabilities:		Deferred tax liabilities:	
Net unrealized gains on other securities.....	(731,045)	Net unrealized gains on other securities.....	(498,610)
Gains on securities contributed to employee retirement benefits trust.....	(35,492)	Gains on securities contributed to employee retirement benefits trust.....	(33,593)
Remeasurements of defined benefit plans.....	(23,160)	Deferred gains on hedges.....	(30,151)
Leveraged lease.....	(22,513)	Undistributed earnings of subsidiaries.....	(19,284)
Other.....	(115,367)	Other.....	(132,542)
Total deferred tax liabilities.....	(927,578)	Total deferred tax liabilities.....	(714,182)
Net deferred tax assets (liabilities).....	¥ (473,551)	Net deferred tax assets (liabilities).....	¥ (222,358)

2. Significant components of difference between the statutory tax rate used by SMFG and the effective income tax rate

March 31, 2015	Percentages	March 31, 2016	Percentages
Statutory tax rate.....	35.64%	Statutory tax rate.....	33.06%
Difference between SMFG and overseas consolidated subsidiaries.....	(2.34)	Valuation allowance.....	(8.06)
Dividends exempted for income tax purposes.....	(2.05)	Difference between SMFG and overseas consolidated subsidiaries.....	(2.42)
Valuation allowance.....	(0.48)	Difference of the scope of taxable income between corporate income tax and enterprise income tax ...	(1.08)
Effects of changes in the corporate income tax rate.....	2.10	Dividends exempted for income tax purposes.....	(0.61)
Other.....	0.84	Effects of changes in the corporate income tax rate.....	1.34
Effective income tax rate.....	33.71%	Equity in losses of affiliates.....	1.22
		Other.....	(0.49)
		Effective income tax rate.....	22.96%

3. Adjustments to deferred tax assets and liabilities arising from a change in the income tax rate

In accordance with the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 15, 2016) and the Act to Amend the Local Taxation Act, etc. (Act No.13, 2016) on March 29, 2016, the corporate income tax rate is lowered from fiscal years beginning on or after April 1, 2016. As a result of these changes, the effective statutory tax rate used by SMFG and its consolidated domestic subsidiaries for the calculation of deferred tax assets and liabilities was changed from the current rate of 32.26 % to 30.86 % for temporary differences and other items expected to be realized during the period beginning from the fiscal year beginning on April 1, 2016 or April 1 2017, and to 30.62 % for temporary differences and other items expected to be realized in the fiscal year beginning on or after April 1, 2018. As a result of these changes in tax rates, "Net deferred tax assets (liabilities)" increased by ¥16,552 million, "Net unrealized gains (losses) on other securities" increased by ¥26,903 million, "Net deferred gains (losses) on hedges" increased by ¥1,305 million, "Remeasurements of defined benefit plans" increased by ¥1,289 million, and "Income tax deferred" increased by ¥12,946 million before considering about non-controlling interests. "Deferred tax liabilities for land revaluation excess" decreased by ¥1,705 million, while "Land revaluation excess" increased by the same amount before considering about non-controlling interests.

(Notes to asset retirement obligations)*Fiscal year ended March 31, 2015*

There is no significant information to be disclosed.

Fiscal year ended March 31, 2016

There is no significant information to be disclosed.

(Notes to real estate for rent)*Fiscal year ended March 31, 2015*

There is no significant information to be disclosed.

Fiscal year ended March 31, 2016

There is no significant information to be disclosed.

(Notes to segment and other related information)

{Segment information}

1. Summary of reportable segment

SMFG 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 SMFG's Management Committee regularly in order to make decisions about resources to be allocated to the segment and assess its performance.

Besides commercial banking, SMFG Group companies conduct businesses such as leasing, securities, consumer finance, system development and data processing. The primary businesses, "Commercial banking," "Leasing," "Securities" and "Consumer Finance," are separate reportable segments, and other businesses are aggregated as "Other business."

SMBC assesses business performance by classifying "Commercial banking" into the following 4 business units: "Wholesale banking unit," "Retail banking unit" and "International banking unit" that are based on the client segment, and "Treasury unit" that is based on the financial markets.

2. Method of calculating profit and loss amount by reportable segment

Accounting methods applied to the reported business segment are the same as those described in "(Notes to significant accounting policies for preparing consolidated financial statements)."

SMFG does not assess assets by business segments.

3. Information on profit and loss amount by reportable segment

Year ended March 31, 2015	Millions of yen							
	Commercial banking							
	SMBC							
	SMBC Sub-total	Wholesale Banking Unit	Retail Banking Unit	International Banking Unit	Treasury Unit	Head office account	Others	Total
Gross profit	¥1,634,284	¥ 555,429	¥ 386,784	¥ 345,332	¥353,990	¥ (7,250)	¥ 289,397	¥1,923,682
Interest income.....	1,121,428	315,796	313,171	227,808	212,361	52,292	171,222	1,292,650
Non-interest income.....	512,856	239,633	73,613	117,524	141,629	(59,542)	118,175	631,032
Expenses, etc.	(791,211)	(206,778)	(350,047)	(106,637)	(25,918)	(101,831)	(202,923)	(994,135)
Depreciation	(82,976)	(23,281)	(31,317)	(10,195)	(4,682)	(13,501)	(10,041)	(93,018)
Consolidated net business profit.....	¥ 843,073	¥ 348,651	¥ 36,737	¥238,695	¥328,072	¥(109,081)	¥ 86,473	¥ 929,547

Year ended March 31, 2015	Millions of yen						
	Leasing			Securities			
	SMFL	Others	Total	SMBC Nikko	SMBC Friend	Others	Total
Gross profit	¥136,965	¥12,325	¥149,290	¥ 346,294	¥ 50,393	¥ (2,799)	¥ 393,888
Interest income.....	19,311	5,132	24,443	1,498	1,246	1,015	3,759
Non-interest income.....	117,654	7,193	124,847	344,796	49,146	(3,814)	390,128
Expenses, etc.	(56,497)	(4,244)	(60,742)	(248,680)	(39,993)	(13,238)	(301,913)
Depreciation.....	(3,555)	(4,720)	(8,275)	(2,720)	(1,707)	(677)	(5,105)
Consolidated net business profit.....	¥ 80,467	¥ 8,081	¥ 88,548	¥ 97,613	¥ 10,399	¥(16,037)	¥ 91,974

Year ended March 31, 2015	Millions of yen						Grand Total
	Consumer Finance					Other Business	
	SMCC	Cedyna	SMBCCF	Others	Total		
Gross profit	¥ 196,462	¥ 164,205	¥215,559	¥ 661	¥ 576,889	¥(63,347)	¥ 2,980,403
Interest income.....	13,667	25,916	149,016	(9,943)	178,657	5,668	1,505,178
Non-interest income.....	182,794	138,289	66,543	10,605	398,232	(69,015)	1,475,224
Expenses, etc.	(146,087)	(121,750)	(96,123)	(17,944)	(381,906)	68,754	(1,669,942)
Depreciation.....	(11,577)	(8,686)	(5,942)	(2,178)	(28,385)	(11,423)	(146,209)
Consolidated net business profit.....	¥ 50,375	¥ 42,455	¥119,436	¥(17,283)	¥ 194,982	¥ 5,407	¥ 1,310,461

Notes: 1. Figures shown in the parenthesis represent the loss.

2. "SMFL" and "SMBCCF" represent consolidated figures of SMFL and SMBCCF.

"SMBC Nikko" represents non-consolidated figures of SMBC Nikko plus figures of the overseas incorporated securities companies.

"Cedyna" represents consolidated figures of Cedyna excluding figures of the immaterial subsidiaries.

3. "Other business" includes profit or loss to be eliminated as inter-segment transactions.

Year ended March 31, 2016	Millions of yen							
	Commercial banking							
	SMBC							
	SMBC Sub-total	Wholesale Banking Unit	Retail Banking Unit	International Banking Unit	Treasury Unit	Head office account	Others	Total
Gross profit	¥1,534,271	¥ 545,350	¥ 372,811	¥ 355,994	¥293,570	¥ (33,453)	¥ 302,987	¥ 1,837,258
Interest income.....	1,023,576	300,125	302,025	225,437	168,190	27,799	174,431	1,198,007
Non-interest income.....	510,694	245,225	70,786	130,557	125,380	(61,253)	128,555	639,250
Expenses, etc.	(805,483)	(205,095)	(354,116)	(116,484)	(29,074)	(100,714)	(218,991)	(1,024,475)
Depreciation	(92,376)	(23,592)	(35,577)	(10,934)	(5,473)	(16,800)	(11,597)	(103,974)
Consolidated net business profit.....	¥ 728,787	¥ 340,255	¥ 18,695	¥ 239,510	¥264,496	¥(134,168)	¥ 83,995	¥ 812,783

Year ended March 31, 2016	Millions of yen							
	Leasing			Securities				
	SMFL	Others	Total	SMBC Nikko	SMBC Friend	Others	Total	
Gross profit	¥142,813	¥19,740	¥162,553	¥ 316,329	¥ 43,771	¥ (2,971)	¥ 357,130	
Interest income.....	17,847	5,053	22,900	1,605	1,499	1,531	4,636	
Non-interest income.....	124,965	14,686	139,652	314,724	42,271	(4,502)	352,493	
Expenses, etc.	(62,140)	(4,944)	(67,084)	(255,820)	(38,797)	(12,652)	(307,270)	
Depreciation.....	(3,170)	(5,487)	(8,658)	(2,895)	(1,291)	(755)	(4,942)	
Consolidated net business profit.....	¥ 80,673	¥14,795	¥ 95,468	¥ 60,509	¥ 4,974	¥(15,624)	¥ 49,859	

Year ended March 31, 2016	Millions of yen							
	Consumer Finance					Other Business	Grand Total	
	SMCC	Cedyna	SMBCCF	Others	Total			
Gross profit	¥208,514	¥ 165,143	¥ 233,388	¥ 4,467	¥ 611,512	¥(64,490)	¥ 2,903,964	
Interest income.....	13,579	23,685	156,985	(5,382)	188,867	8,515	1,422,928	
Non-interest income.....	194,934	141,458	76,402	9,849	422,645	(73,005)	1,481,036	
Expenses, etc.	(157,112)	(124,151)	(104,843)	(11,118)	(397,225)	35,023	(1,761,032)	
Depreciation.....	(12,865)	(7,896)	(7,028)	(824)	(28,615)	(12,373)	(158,564)	
Consolidated net business profit	¥ 51,402	¥ 40,991	¥ 128,544	¥ (6,651)	¥ 214,287	¥(29,467)	¥ 1,142,931	

Notes: 1. Figures shown in the parenthesis represent the loss.

2. "SMFL" and "SMBCCF" represent consolidated figures of SMFL and SMBCCF.

"SMBC Nikko" represents non-consolidated figures of SMBC Nikko plus figures of the overseas incorporated securities companies.

"Cedyna" represents consolidated figures of Cedyna excluding figures of the immaterial subsidiaries.

3. "Other business" includes profit or loss to be eliminated as inter-segment transactions.

4. Difference between total amount of consolidated net business profit by reportable segment and ordinary profit on consolidated statements of income (adjustment of difference)

Year ended March 31, 2015	Millions of yen
Consolidated net business profit.....	¥1,310,461
Other ordinary income	218,008
Other ordinary expenses (excluding equity in losses of affiliates)	(207,313)
Ordinary profit on consolidated statements of income.....	¥1,321,156
Year ended March 31, 2016	Millions of yen
Consolidated net business profit.....	¥1,142,931
Other ordinary income	197,494
Other ordinary expenses (excluding equity in losses of affiliates)	(355,141)
Ordinary profit on consolidated statements of income.....	¥ 985,284

[Related information]

Fiscal year ended March 31, 2015

1. Information on each service

	Millions of yen					Total
	Commercial banking	Leasing	Securities	Consumer Finance	Other business	
Ordinary income to external customers	¥2,557,945	¥691,177	¥494,779	¥1,013,679	¥93,620	¥4,851,202

Note: Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Geographic information

(1) Ordinary income

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥3,783,696	¥294,216	¥387,251	¥386,037	¥4,851,202

Notes: 1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income from transactions of SMFG and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their 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, France and others; Asia and Oceania includes China, Singapore, Australia and others except Japan.

(2) Tangible fixed assets

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥1,360,804	¥191,232	¥1,201,437	¥17,378	¥2,770,853

3. Information on major customers

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

Fiscal year ended March 31, 2016

1. Information on each service

	Millions of yen					Total
	Commercial banking	Leasing	Securities	Consumer Finance	Other business	
Ordinary income to external customers	¥2,481,366	¥671,074	¥368,052	¥1,106,836	¥144,771	¥4,772,100

Note: Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Geographic information

(1) Ordinary income

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥3,592,825	¥370,538	¥419,241	¥389,495	¥4,772,100

Notes: 1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income from transactions of SMFG and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their 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, France and others; Asia and Oceania includes China, Singapore, Australia and others except Japan.

(2) Tangible fixed assets

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥1,479,043	¥238,373	¥1,181,711	¥20,296	¥2,919,424

3. Information on major customers

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

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

Year ended March 31, 2015	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Impairment loss.....	¥4,906	¥—	¥173	¥29	¥—	¥5,109

Year ended March 31, 2016	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Impairment loss.....	¥4,076	¥—	¥241	¥0	¥43	¥4,362

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

Year ended March 31, 2015	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Amortization of goodwill	¥ 2,010	¥ 6,446	¥ 14,013	¥ 4,025	¥23	¥ 26,521
Unamortized balance	22,098	75,414	188,202	66,180	71	351,966

Year ended March 31, 2016	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Amortization of goodwill	¥ 3,237	¥ 6,375	¥ 14,013	¥ 4,019	¥23	¥ 27,670
Unamortized balance	34,262	68,526	174,188	62,160	47	339,185

[Information on gains on negative goodwill by reportable segment]

Fiscal year ended March 31, 2015

There are no corresponding transactions.

Fiscal year ended March 31, 2016

There is no significant information to be disclosed.

[Information on total credit cost by reportable segment]

Year ended March 31, 2015	Millions of yen					
	Commercial banking	Leasing	Securities	Consumer finance	Other business	Total
Total credit cost.....	¥(68,299)	¥(6,066)	¥(212)	¥78,780	¥3,644	¥7,847

Notes: 1. Total credit cost = Write-off loans + Losses on sales of delinquent loans – Gains on reversal of reserve for possible loan losses – Recoveries of written-off claims.

2. "Other business" includes profit or loss to be eliminated as inter-segment transactions.

3. Figures shown in the parenthesis represent the reversal of total credit cost.

Year ended March 31, 2016	Millions of yen					
	Commercial banking	Leasing	Securities	Consumer finance	Other business	Total
Total credit cost.....	¥10,333	¥(1,491)	¥(197)	¥91,425	¥2,750	¥102,820

Notes: 1. Total credit cost = Provision for reserve for possible loan losses + Write-off loans + Losses on sales of delinquent loans – Recoveries of written-off claims.

2. "Other business" includes profit or loss to be eliminated as inter-segment transactions.

3. Figures shown in the parenthesis represent the reversal of total credit cost.

[Information on related parties]

Fiscal year ended March 31, 2015

There is no significant information to be disclosed.

Fiscal year ended March 31, 2016

There is no significant information to be disclosed.

(Business Combinations)

<Business combination through acquisition>

The integration of Citibank's retail banking business by SMBC Trust Bank

SMBC Trust Bank Ltd. ("SMBC Trust"), a wholly owned subsidiary of SMFG, succeeded the retail banking business from Citibank Japan Ltd. ("Citibank"), a wholly owned subsidiary of Citigroup Inc., through the absorption-type split on November 1, 2015 (effective date). The outline of the business combination through acquisition is as follows:

1. Outline of the business combination

- (1) Name of the acquired company and its business
Citibank Japan Ltd. (Retail banking business)
- (2) Main reasons for the business combination
The acquisition is aimed at achieving sustainable growth at SMFG, through expansion of the customer base with the integration of retail customers acquired from Citibank; further strengthening of overseas operations through the acquisition of approximately 1 trillion yen in foreign currency deposits; and the sharing of expertise in various areas, including foreign currency investment management and marketing.
- (3) Date of the business combination
November 1, 2015
- (4) Legal form of the business combination
This is an absorption-type split in which SMBC Trust is the successor company.
- (5) Name of the entity after the business combination
SMBC Trust Bank Ltd.
- (6) Grounds for deciding on the acquirer
SMBC Trust allocated non-voting stocks to Citibank as the consideration of the acquisition.

2. Period of the acquired company's financial result included in the consolidated statements of income of SMFG

From November 1, 2015 to March 31, 2016

3. Acquisition cost and consideration of the acquired business

Consideration	Non-voting stocks (900,000 shares)	¥45,000 million
Acquisition cost		¥45,000 million

Note that SMBC Trust allocated its non-voting stocks to Citibank and SMBC, a wholly owned subsidiary of SMFG, acquired them in cash.

4. Major acquisition-related costs

Advisory fees etc., ¥286 million

5. Amount of goodwill, reason for recognizing goodwill, amortization method and the period

- (1) Amount of goodwill
¥14,476 million
- (2) Reason for recognizing goodwill
SMFG accounted for the difference between the acquisition cost and fair value of the acquired net assets on the date of the business combination as goodwill.
- (3) Amortization method and the period
Straight-line method over 20 years

6. Amounts of assets and liabilities acquired on the date of the business combination

- (1) Assets

	Millions of yen
Total assets	2,407,085
Cash and due from banks.....	2,296,106

(2) Liabilities

	Millions of yen
Total liabilities	2,376,561
Deposits	2,361,907

7. The amounts allocated to intangible fixed assets other than goodwill, breakdown by component and the weighted average amortization period by component

Intangible fixed assets, other than goodwill	¥36,807 million	(20 years)
Core deposits	¥27,487 million	(20 years)
Assets related to customers	¥9,320 million	(20 years)

8. Approximate amounts and their calculation method of impact on the consolidated statements of income for the fiscal year ended March 31, 2016, assuming that the business combination had been completed at the beginning of the fiscal year

The approximate amounts have not been disclosed since they are immaterial.

(Per Share Data)

As of and year ended March 31	Yen	
	2015	2016
Net assets per share	¥6,598.87	¥6,519.60
Earnings per share	551.18	472.99
Earnings per share (diluted)	550.85	472.67

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	
	2015	2016
Earnings per share:		
Profit attributable to owners of parent	¥ 753,610	¥ 646,687
Amount not attributable to common stockholders	—	—
Profit attributable to owners of parent attributable to common stock	¥ 753,610	¥ 646,687
Average number of common stock during the fiscal year (in thousand)	1,367,258	1,367,228
Earnings per share (diluted):		
Adjustment for profit attributable to owners of parent	¥ (0)	¥ (0)
Adjustment of dilutive shares issued by subsidiaries and affiliates	(0)	(0)
Increase in number of common stock (in thousand)	816	928
Stock acquisition rights	816	928
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	
	2015	2016
Net assets	¥10,696,271	¥10,447,669
Amounts excluded from Net assets	1,674,022	1,533,907
Stock acquisition rights	2,284	2,884
Non-controlling interests	1,671,738	1,531,022
Net assets attributable to common stock at the fiscal year-end	¥ 9,022,249	¥ 8,913,761
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands)	1,367,241	1,367,224

(Significant Subsequent Events)

There is no significant subsequent event to be disclosed.

[Consolidated supplementary financial schedules]
[Schedule of bonds]

Company	Type of bonds	Date of issuance	Millions of yen		Percentages		Collateral	Date of maturity
			At the beginning of the fiscal year	At the end of the fiscal year	Interest rate (Note 1)			
SMFG	Straight bonds, payable in U.S. dollars (Note 3)	Mar. 9, 2016	—	450,480	2.3161 ~	None	Mar. 2021 ~ Mar. 2026	
		Sep. 2014 ~ Sep. 2015	—	(\$4,000,000 thousand)	3.784			
	Subordinated bonds, payable in Yen ...	Sep. 2014 ~ Sep. 2015	99,399	255,815	0.849 ~	None	Sep. 2024 ~ May. 2030	
		Sep. 2014 ~ Sep. 2015	34,800	153,531	0.59 ~			
	Perpetual subordinated bonds, payable in Yen	Jul. 30, 2015	—	300,000	2.49 ~	None	Perpetual	
Subordinated bonds, payable in U.S. dollars (Note 3)	Apr. 2, 2014	209,788	196,717	2.88				
SMBC	Short-term bonds, payable in Yen (Note 4)	Mar. 31, 2015	25,000 [25,000]	—	—	None	—	
	Straight bonds, payable in Yen (Note 4)	Aug. 2004 ~ Sep. 2004	35,000	35,000 [35,000]	-0.03943 ~ -0.03914			
	Straight bonds, payable in Yen (Note 4)	Apr. 2010 ~ Apr. 2014	729,974 [370,000]	359,992 [200,000]	0.254 ~	None	Apr. 2016 ~ Apr. 2019	
	Straight bonds, payable in Euroyen (Note 4)	May. 8, 2006	500 [500]	—	0.69			
	Straight bonds, payable in U.S. dollars (Notes 3 and 4)	Jul. 2010 ~ Jan. 2016	2,562,816 (\$21,330,140 thousand)	2,538,524 (\$22,540,617 thousand)	0.9411 ~	None	Jul. 2016 ~ Mar. 2030	
		Subordinated bonds, payable in U.S. dollars (Note 3)	May. 28, 2015	—	73,766 (\$655,000 thousand)			4.13
	Straight bonds, payable in British pound sterling (Notes 3 and 4)	Mar. 18, 2013	44,502 (£250,000 thousand)	—	—	None	—	
		Straight bonds, payable in Euro (Note 3)	Jul. 2013 ~ Nov. 2015	259,206 (€1,989,456 thousand)	445,008 (€3,491,084 thousand)			0.085 ~
	Straight bonds, payable in Australian dollars (Notes 3 and 4)	Jun. 2012 ~ Aug. 2015	137,981 (A\$1,499,469 thousand)	131,958 (A\$1,529,597 thousand)	2.75	None	Sep. 2017 ~ Jul. 2023	
		Straight bonds, payable in Hong Kong dollars (Note 3)	Mar. 2015 ~ Apr. 2015	13,392 (HK\$864,000 thousand)	34,348 (HK\$2,364,000 thousand)			2.97 ~
	Subordinated bonds, payable in Yen (Note 4)	Aug. 2005 ~ Dec. 2011	583,046 [50,000]	534,055 [70,000]	4.13	None	Jun. 2016 ~ Mar. 2025	
		Subordinated bonds, payable in Yen	Nov. 2011 ~ Jan. 2013	354,715	354,651			2.09 ~
	Subordinated bonds, payable in Euroyen	Jun. 2005 ~ Jun. 2008	12,000	2,000	2.92	None	Apr. 2020 ~ Apr. 2025	
		Perpetual subordinated bonds, payable in U. S. dollars (Note 3)	Mar. 1, 2012	178,636 (\$1,486,780 thousand)	168,794 (\$1,498,795 thousand)			1.43 ~
	Perpetual subordinated bonds, payable in U. S. dollars (Note 3)	Jul. 22, 2005	39,309 (\$327,169 thousand)	—	2.8	None	Feb. 2017 ~ Dec. 2026	
		Subordinated bonds, payable in Euro (Note 3)	Nov. 9, 2010	96,452 (€740,294 thousand)	94,421 (€740,733 thousand)			0.87 ~
	Perpetual subordinated bonds, payable in Euro (Note 3)	Jul. 22, 2005	43,152 (€331,204 thousand)	—	1.1	None	Nov. 2021 ~ Feb. 2023	
		Subordinated bonds, payable in Euroyen	Jun. 2005 ~ Jun. 2008	12,000	2,000			2.564
	Consolidated subsidiaries, straight bonds, payable in Yen (Notes 2 and 4)	Apr. 2010 ~ Mar. 2016	629,682 [91,114]	746,465 [139,660]	4.85	None	Jun. 16, 2023	
		Perpetual subordinated bonds, payable in U. S. dollars (Note 3)	Jul. 22, 2005	39,309 (\$327,169 thousand)	—			0.01 ~
	Consolidated subsidiaries, straight bonds, payable in U. S. dollars (Notes 2,3 and 4)	Apr. 2014 ~ Mar. 2016	1,457 (\$13,000 thousand)	3,294 (\$32,530 thousand)	19.2	None	Apr. 2016 ~ Mar. 2046	
		Perpetual subordinated bonds, payable in U. S. dollars (Note 3)	Jul. 22, 2005	39,309 (\$327,169 thousand)	—			5
	Consolidated subsidiaries, straight bonds, payable in Australian dollars (Notes 2 and 3)	Mar. 29, 2016	—	89 (A\$1,040, thousand)	0.01	None	Mar. 29, 2019	
		Consolidated subsidiaries, straight bonds, payable in Renminbi (Notes 2,3 and 4)	Aug. 3, 2012	11,616 (RMB600,000 thousand)	—			—
	Consolidated subsidiaries, straight bonds, payable in Renminbi (Notes 2,3 and 4)	May. 2014 ~ Mar. 2016	19,287 (RMB996,255 thousand)	36,365 (RMB2,093,569 thousand)	2.809 ~	None	May. 2016 ~ Jun. 2016	
		Consolidated subsidiaries, straight bonds, payable in Indonesia rupiah (Notes 2 and 3)	Feb. 3, 2015	—	8,778 (IDR997,500,994 thousand)			5.8
	Consolidated subsidiaries, subordinated bonds, payable in Yen (Notes 2 and 4)	Mar. 1996 ~ Dec. 2012	126,200 [10,000]	82,300 [11,250]	9.85	None	Feb. 3, 2018	
Consolidated subsidiaries, subordinated bonds, payable in Yen (Notes 2 and 4)		Mar. 1996 ~ Dec. 2012	126,200 [10,000]	82,300 [11,250]	2.19 ~			
Consolidated subsidiaries, short-term bonds, payable in Yen (Notes 2 and 4)	Apr. 2014 ~ Mar. 2016	1,345,800 [1,345,800]	1,271,300 [1,271,300]	4.5	None	Mar. 2016 ~ Perpetual		
	Consolidated subsidiaries, short-term bonds, payable in Yen (Notes 2 and 4)	Apr. 2014 ~ Mar. 2016	1,345,800 [1,345,800]	1,271,300 [1,271,300]			-0.001 ~	
Total		—	¥ 7,593,718	¥ 8,277,657	—	—	—	

- 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 an aggregate of straight bond issued in yen by SMFL, SMBC Nikko and SMBCCF, domestic consolidated subsidiaries.
 (*2) This represents an aggregate of straight bond issued in U.S. dollar by SMBC Nikko, a domestic consolidated subsidiary.
 (*3) This is a straight bond issued in Australian dollars by SMBC Nikko, a domestic consolidated subsidiary.
 (*4) This is a straight bond issued in Renminbi by SMFL, a domestic consolidated subsidiary.
 (*5) This represents an aggregate of straight bond issued in Renminbi by Sumitomo Mitsui Banking Corporation (China) Limited, an overseas consolidated subsidiary.
 (*6) This is a straight bond issued in Indonesia rupiah by PT Bank Sumitomo Mitsui Indonesia, an overseas consolidated subsidiary.
 (*7) This represents an aggregate of perpetual subordinated bonds and subordinated term bonds issued in yen by SMBC International Finance N.V., an overseas consolidated subsidiary and KUBC and MINATO, domestic consolidated subsidiaries.
 (*8) This represents an aggregate of short-term bond issued in yen by SMCC, SMFL and SMBC Nikko, domestic consolidated subsidiaries.
3. Figures showed in () in "At the beginning of the fiscal year" and "At the end of the fiscal year" are in foreign currency.
4. Figures showed 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 over the next 5 years after respective balance sheet dates of the consolidated subsidiaries was 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
¥2,257,279	¥1,025,581	¥674,297	¥539,293	¥974,411

[Schedule of borrowings]

Classification	Millions of yen		Percentages	
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rate	Repayment Term
Borrowed money	¥9,778,095	¥8,571,227	0.65	—
Other borrowings	9,778,095	8,571,227	0.65	Jan. 2016 ~ Perpetual
Lease obligations	101,840	105,691	4.62	Apr. 2016 ~ Jul. 2032

- 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 over the next 5 years on Borrowings and Lease obligations after respective balance sheet dates of the consolidated subsidiaries was 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	¥5,790,740	¥210,316	¥482,027	¥345,289	¥255,066
Lease obligations	23,399	21,651	19,304	17,035	14,984

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 purpose as a normal course of business is as follows:

	Millions of yen		Percentages	
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rate	Repayment Term
Commercial paper	¥3,351,459	¥3,017,404	0.53	Apr. 2016 ~ Mar. 2017

[Schedule of asset retirement obligations]

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

[Others]

Quarterly consolidated financial information in the fiscal year ended March 31, 2016 is as follows;

	Millions of yen (except Earnings per share)			
	First quarter consolidated total period	Second quarter consolidated total period	Third quarter consolidated total period	Fiscal year ended March 31, 2016
Ordinary income	¥1,259,549	¥2,388,800	¥3,574,474	¥4,772,100
Income before income taxes	406,501	630,832	897,938	980,170
Profit attributable to owners of parent	267,869	388,137	626,242	646,687
Earnings per share	195.92	283.89	458.04	472.99

	Yen			
	First quarter consolidated accounting period	Second quarter consolidated accounting period	Third quarter consolidated accounting period	Fourth quarter consolidated accounting period
Earnings per share	¥195.92	¥87.96	¥174.15	¥14.95

(Non-consolidated financial statements)**1. Non-consolidated balance sheets**

March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Assets:			
Current assets			
Cash and due from banks.....	¥ 201,862	¥ 502,449	\$ 4,461
Prepaid expenses.....	61	139	1
Accrued income.....	4,786	8,940	79
Accrued income tax refunds.....	102,966	110,953	985
Other current assets.....	2,275	2,661	24
Total current assets.....	311,951	625,144	5,551
Fixed assets			
Tangible fixed assets			
Buildings.....	30	41	0
Equipment.....	0	1	0
Total tangible fixed assets.....	31	43	0
Intangible fixed assets			
Software.....	265	318	3
Total intangible fixed assets.....	265	318	3
Investments and other assets			
Investments in subsidiaries and affiliates.....	6,155,487	6,155,487	54,657
Long-term loans receivable from subsidiaries and affiliates.....	376,262	1,406,565	12,489
Other investments and other assets.....	—	0	0
Total investments and other assets.....	6,531,750	7,562,053	67,147
Total fixed assets.....	6,532,046	7,562,414	67,150
Total assets.....	¥6,843,998	¥8,187,559	\$72,701
Liabilities:			
Current liabilities			
Short-term borrowings.....	¥1,228,030	¥1,228,030	\$10,904
Accounts payable.....	870	839	7
Accrued expenses.....	7,084	11,268	100
Income taxes payable.....	21	31	0
Business office taxes payable.....	7	8	0
Reserve for employee bonuses.....	180	203	2
Reserve for executive bonuses.....	97	88	1
Other current liabilities.....	961	898	8
Total current liabilities.....	1,237,253	1,241,369	11,023
Fixed liabilities			
Bonds.....	611,962	1,624,265	14,423
Long-term borrowings.....	31,000	49,000	435
Total fixed liabilities.....	642,962	1,673,265	14,858
Total liabilities.....	1,880,215	2,914,634	25,880
Net assets:			
Stockholders' equity			
Capital stock.....	2,337,895	2,337,895	20,759
Capital surplus			
Capital reserve.....	1,559,374	1,559,374	13,846
Other capital surplus.....	24,349	24,332	216
Total capital surplus.....	1,583,723	1,583,706	14,062
Retained earnings			
Other retained earnings			
Voluntary reserve.....	30,420	30,420	270
Retained earnings brought forward.....	1,022,371	1,331,100	11,819
Total retained earnings.....	1,052,791	1,361,520	12,090
Treasury stock.....	(12,713)	(12,833)	(114)
Total stockholders' equity.....	4,961,697	5,270,289	46,797
Stock acquisition rights.....	2,085	2,635	23
Total net assets.....	4,963,782	5,272,925	46,821
Total liabilities and net assets.....	¥6,843,998	¥8,187,559	\$72,701

3. Non-consolidated Statements of changes in net assets

Year ended March 31, 2015	Millions of yen						
	Stockholders' equity						
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
	Voluntary reserve	Retained earnings brought forward					
Balance at the beginning of the fiscal year ...	¥2,337,895	¥1,559,374	¥24,347	¥1,583,721	¥30,420	¥ 712,661	¥ 743,081
Changes in the fiscal year:							
Cash dividends						(176,260)	(176,260)
Net income						485,970	485,970
Purchase of treasury stock							
Disposal of treasury stock			2	2			
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	2	2	—	309,709	309,709
Balance at the end of the fiscal year	¥2,337,895	¥1,559,374	¥24,349	¥1,583,723	¥30,420	¥1,022,371	¥1,052,791

Year ended March 31, 2015	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Balance at the beginning of the fiscal year ...	¥(12,566)	¥4,652,131	¥1,634	¥4,653,766
Changes in the fiscal year:				
Cash dividends		(176,260)		(176,260)
Net income		485,970		485,970
Purchase of treasury stock	(161)	(161)		(161)
Disposal of treasury stock	15	17		17
Net changes in items other than stockholders' equity in the fiscal year			451	451
Net changes in the fiscal year	(146)	309,565	451	310,016
Balance at the end of the fiscal year	¥(12,713)	¥4,961,697	¥2,085	¥4,963,782

Year ended March 31, 2016	Millions of yen						
	Stockholders' equity						
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
	Voluntary reserve	Retained earnings brought forward					
Balance at the beginning of the fiscal year ...	¥2,337,895	¥1,559,374	¥24,349	¥1,583,723	¥30,420	¥1,022,371	¥1,052,791
Changes in the fiscal year:							
Cash dividends						(218,558)	(218,558)
Net income						527,288	527,288
Purchase of treasury stock							
Disposal of treasury stock			(17)	(17)			
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	(17)	(17)	—	308,729	308,729
Balance at the end of the fiscal year	¥2,337,895	¥1,559,374	¥24,332	¥1,583,706	¥30,420	¥1,331,100	¥1,361,520

Year ended March 31, 2016	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Balance at the beginning of the fiscal year ...	¥(12,713)	¥4,961,697	¥2,085	¥4,963,782
Changes in the fiscal year:				
Cash dividends		(218,558)		(218,558)
Net income		527,288		527,288
Purchase of treasury stock	(191)	(191)		(191)
Disposal of treasury stock	71	54		54
Net changes in items other than stockholders' equity in the fiscal year			549	549
Net changes in the fiscal year	(119)	308,592	549	309,142
Balance at the end of the fiscal year	¥(12,833)	¥5,270,289	¥2,635	¥5,272,925

	Millions of U. S. dollars						
	Stockholders' equity						
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
Voluntary reserve					Retained earnings brought forward		
Year ended March 31, 2016							
Balance at the beginning of the fiscal year ...	\$20,759	\$13,846	\$216	\$14,063	\$270	\$ 9,078	\$ 9,348
Changes in the fiscal year:							
Cash dividends						(1,941)	(1,941)
Net income						4,682	4,682
Purchase of treasury stock							
Disposal of treasury stock			(0)	(0)			
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	(0)	(0)	—	2,741	2,741
Balance at the end of the fiscal year	\$20,759	\$13,846	\$216	\$14,062	\$270	\$11,819	\$12,090

	Millions of U. S. dollars			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Year ended March 31, 2016				
Balance at the beginning of the fiscal year ...	\$(113)	\$44,057	\$19	\$44,075
Changes in the fiscal year:				
Cash dividends		(1,941)		(1,941)
Net income		4,682		4,682
Purchase of treasury stock	(2)	(2)		(2)
Disposal of treasury stock	1	0		0
Net changes in items other than stockholders' equity in the fiscal year			5	5
Net changes in the fiscal year	(1)	2,740	5	2,745
Balance at the end of the fiscal year	\$(114)	\$46,797	\$23	\$46,821

Independent Auditor's Report

To the Board of Directors of
Sumitomo Mitsui Financial Group, Inc.:

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Financial Group, Inc. ("SMFG") and subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2016, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and basis of presentation, significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SMFG and subsidiaries as at March 31, 2015 and 2016, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 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.

KPMG AZSA LLC

June 28, 2016
Tokyo, Japan

Supplemental Information

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Assets:			
Cash and due from banks	¥ 39,569,276	¥ 42,594,225	\$ 378,212
Call loans and bills bought	1,326,965	1,291,365	11,467
Receivables under resale agreements	746,431	494,949	4,395
Receivables under securities borrowing transactions.....	6,447,116	7,964,208	70,718
Monetary claims bought.....	4,128,907	4,183,995	37,151
Trading assets	7,364,988	7,980,971	70,866
Money held in trust.....	1	3	0
Securities.....	29,559,334	25,153,750	223,351
Loans and bills discounted	75,119,565	77,331,124	686,655
Foreign exchanges	1,907,667	1,577,167	14,004
Lease receivables and investment assets.....	252,213	269,429	2,392
Other assets	3,422,970	3,697,438	32,831
Tangible fixed assets.....	1,073,206	1,167,627	10,368
Assets for rent	158,224	206,419	1,833
Buildings.....	287,583	357,116	3,171
Land	468,728	488,708	4,339
Lease assets	11,270	10,885	97
Construction in progress.....	75,883	27,084	240
Other tangible fixed assets	71,515	77,413	687
Intangible fixed assets.....	454,584	526,112	4,672
Software	261,433	299,159	2,656
Goodwill	157,350	160,067	1,421
Lease assets	140	136	1
Other intangible fixed assets.....	35,660	66,749	593
Net defined benefit asset	367,953	198,637	1,764
Deferred tax assets	68,265	66,570	591
Customers' liabilities for acceptances and guarantees	6,289,881	6,407,272	56,893
Reserve for possible loan losses.....	(540,134)	(496,178)	(4,406)
Total assets.....	¥177,559,197	¥180,408,672	\$1,601,924

(Continued)

March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Liabilities and net assets:			
Liabilities:			
Deposits	¥101,503,889	¥111,238,673	\$ 987,735
Negotiable certificates of deposit	14,032,798	14,740,434	130,886
Call money and bills sold	5,873,123	1,220,455	10,837
Payables under repurchase agreements.....	991,860	1,761,822	15,644
Payables under securities lending transactions.....	7,833,219	5,309,003	47,141
Commercial paper.....	3,352,662	3,018,218	26,800
Trading liabilities	5,636,406	6,105,982	54,218
Borrowed money.....	8,223,808	8,058,848	71,558
Foreign exchanges	1,110,822	1,083,450	9,620
Short-term bonds.....	545,700	367,000	3,259
Bonds	5,663,566	5,450,145	48,394
Due to trust account.....	718,133	944,542	8,387
Other liabilities.....	5,098,781	4,853,664	43,098
Reserve for employee bonuses.....	59,893	54,925	488
Reserve for executive bonuses	2,567	1,767	16
Net defined benefit liability.....	12,641	17,844	158
Reserve for executive retirement benefits.....	759	743	7
Reserve for point service program	1,798	1,249	11
Reserve for reimbursement of deposits	20,870	16,979	151
Reserve for losses on interest repayment	632	234	2
Reserve under the special laws.....	755	1,129	10
Deferred tax liabilities	514,070	275,887	2,450
Deferred tax liabilities for land revaluation excess	34,550	32,203	286
Acceptances and guarantees.....	6,289,881	6,407,272	56,893
Total liabilities	167,523,193	170,962,478	1,518,047
Net assets :			
Capital stock	1,770,996	1,770,996	15,725
Capital surplus	2,717,421	2,702,093	23,993
Retained earnings	2,751,080	2,909,898	25,838
Treasury stock	(210,003)	(210,003)	(1,865)
Total stockholders' equity.....	7,029,494	7,172,985	63,692
Net unrealized gains (losses) on other securities	1,756,894	1,255,877	11,151
Net deferred gains (losses) on hedges.....	(27,049)	61,781	549
Land revaluation excess.....	38,943	39,348	349
Foreign currency translation adjustments	114,413	58,693	521
Accumulated remeasurements of defined benefit plans.....	44,216	(65,290)	(580)
Total accumulated other comprehensive income.....	1,927,419	1,350,409	11,991
Stock acquisition rights.....	198	249	2
Non-controlling interests.....	1,078,891	922,549	8,192
Total net assets.....	10,036,003	9,446,193	83,877
Total liabilities and net assets.....	¥177,559,197	¥180,408,672	\$1,601,924

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries
(Consolidated Statements of Income)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Ordinary income	¥3,199,409	¥3,059,022	\$27,162
Interest income	1,690,086	1,652,508	14,673
Interest on loans and discounts	1,170,833	1,167,181	10,364
Interest and dividends on securities	335,694	302,821	2,689
Interest on call loans and bills bought	19,600	20,457	182
Interest on receivables under resale agreements	9,640	10,100	90
Interest on receivables under securities borrowing transactions	7,813	10,740	95
Interest on deposits with banks	42,649	37,097	329
Interest on lease transactions	7,494	7,565	67
Other interest income	96,359	96,543	857
Trust fees	2,795	3,587	32
Fees and commissions	782,349	779,388	6,921
Trading income	235,239	209,722	1,862
Other operating income	279,857	232,513	2,065
Lease-related income	13,882	16,203	144
Installment-related income	18,956	18,139	161
Other	247,018	198,170	1,760
Other income	209,080	181,301	1,610
Gains on reversal of reserve for possible loan losses	73,566	—	—
Recoveries of written-off claims	6,619	10,324	92
Other	128,894	170,976	1,518
Ordinary expenses	2,000,453	2,128,690	18,902
Interest expenses	365,074	426,091	3,783
Interest on deposits	126,966	141,085	1,253
Interest on negotiable certificates of deposit	44,065	49,561	440
Interest on call money and bills sold	4,200	5,360	48
Interest on payables under repurchase agreements	4,921	8,077	72
Interest on payables under securities lending transactions	5,029	6,724	60
Interest on commercial paper	8,047	10,415	92
Interest on borrowed money	29,312	44,514	395
Interest on short-term bonds	433	573	5
Interest on bonds	99,581	110,489	981
Other interest expenses	42,516	49,290	438
Fees and commissions payments	145,171	150,788	1,339
Trading losses	57,856	—	—
Other operating expenses	94,424	86,746	770
Lease-related expenses	2,022	2,159	19
Installment-related expenses	11,148	9,837	87
Other	81,253	74,749	664
General and administrative expenses	1,261,746	1,314,581	11,673
Other expenses	76,179	150,482	1,336
Provision for reserve for possible loan losses	—	5,632	50
Other	76,179	144,850	1,286
Ordinary profit	1,198,955	930,332	8,261
Extraordinary gains	452	3,777	34
Gains on disposal of fixed assets	452	3,709	33
Gains on negative goodwill	—	20	0
Other extraordinary gains	—	46	0
Extraordinary losses	11,326	8,136	72
Losses on disposal of fixed assets	5,893	3,400	30
Losses on impairment of fixed assets	5,080	4,361	39
Provision for reserve for eventual future operating losses from financial instruments transactions	353	374	3
Income before income taxes	1,188,081	925,972	8,222
Income taxes-current	276,257	205,051	1,821
Income taxes-deferred	106,233	(24,868)	(221)
Income taxes	382,490	180,183	1,600
Profit	805,591	745,788	6,622
Profit attributable to non-controlling interests	68,686	65,626	583
Profit attributable to owners of parent	¥ 736,904	¥ 680,162	\$ 6,039

(Continued)

(Consolidated Statements of Comprehensive Income)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Profit	¥ 805,591	¥ 745,788	\$ 6,622
Other comprehensive income (losses)	1,131,783	(602,702)	(5,352)
Net unrealized gains (losses) on other securities.....	829,208	(503,395)	(4,470)
Net deferred gains (losses) on hedges	32,956	89,188	792
Land revaluation excess	3,604	1,705	15
Foreign currency translation adjustments.....	145,730	(73,687)	(654)
Remeasurements of defined benefit plans	120,738	(113,411)	(1,007)
Share of other comprehensive income of affiliates.....	(454)	(3,101)	(28)
Total comprehensive income	1,937,374	143,086	1,271
Comprehensive income attributable to owners of parent.....	1,818,350	104,454	927
Comprehensive income attributable to non-controlling interests.....	119,024	38,631	343

Non-consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen		Millions of U.S. dollars
	2015	2016	2016
Assets:			
Cash and due from banks	¥ 37,008,665	¥ 38,862,725	\$ 345,078
Call loans	539,916	899,594	7,988
Receivables under resale agreements	417,473	359,318	3,191
Receivables under securities borrowing transactions.....	2,012,795	2,798,855	24,852
Monetary claims bought.....	1,047,498	950,106	8,436
Trading assets	3,627,862	3,511,957	31,184
Securities.....	29,985,267	25,602,156	227,332
Loans and bills discounted	68,274,308	69,276,735	615,137
Foreign exchanges	1,798,843	1,558,252	13,836
Other assets	2,460,344	2,131,869	18,930
Tangible fixed assets	812,383	831,326	7,382
Intangible fixed assets.....	200,966	220,174	1,955
Prepaid pension cost	293,082	279,917	2,485
Customers' liabilities for acceptances and guarantees	6,721,131	6,737,089	59,821
Reserve for possible loan losses.....	(394,140)	(357,186)	(3,172)
Reserve for possible losses on investments	(82,321)	(21,465)	(191)
Total assets	¥154,724,079	¥153,641,430	\$1,364,246
Liabilities and net assets:			
Liabilities:			
Deposits	¥ 91,337,714	¥ 98,839,722	\$ 877,639
Negotiable certificates of deposit	14,022,064	14,428,338	128,115
Call money.....	4,579,940	1,107,825	9,837
Payables under repurchase agreements.....	350,010	496,236	4,406
Payables under securities lending transactions.....	5,113,896	1,374,280	12,203
Commercial paper.....	2,551,652	1,980,153	17,583
Trading liabilities	2,754,739	2,987,815	26,530
Borrowed money	8,096,070	7,868,311	69,866
Foreign exchanges	1,172,969	1,131,796	10,050
Short-term bonds.....	25,000	—	—
Bonds	5,095,577	4,775,072	42,400
Due to trust account.....	717,529	921,320	8,181
Other liabilities.....	3,672,970	2,924,495	25,968
Reserve for employee bonuses.....	13,738	13,869	123
Reserve for executive bonuses	644	566	5
Reserve for point service program	1,119	1,086	10
Reserve for reimbursement of deposits	19,589	15,374	137
Deferred tax liabilities	444,863	249,427	2,215
Deferred tax liabilities for land revaluation	34,141	31,837	283
Acceptances and guarantees.....	6,721,131	6,737,089	59,821
Total liabilities	146,725,363	145,884,620	1,295,370
Net assets:			
Capital stock	1,770,996	1,770,996	15,725
Capital surplus	2,481,273	2,470,198	21,934
Retained earnings	2,327,186	2,414,989	21,444
Treasury stock	(210,003)	(210,003)	(1,865)
Total stockholders' equity	6,369,453	6,446,181	57,238
Net unrealized gains (losses) on other securities	1,726,573	1,233,910	10,956
Net deferred gains (losses) on hedges.....	(124,906)	48,706	432
Land revaluation excess.....	27,593	28,011	249
Total valuation and translation adjustments	1,629,261	1,310,628	11,638
Total net assets	7,998,715	7,756,810	68,876
Total liabilities and net assets	¥154,724,079	¥153,641,430	\$1,364,246

Income Analysis (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2016				2015			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥1,241,523	¥699,307	¥(72,518)	¥1,868,313	¥1,288,486	¥707,196	¥(103,750)	¥1,891,932
Interest expenses	268,976	228,429	(52,020)	445,385	254,843	209,420	(77,510)	386,753
Net interest income	972,546	470,878	(20,497)	1,422,928	1,033,643	497,775	(26,240)	1,505,178
Trust fees	3,681	—	—	3,681	2,890	—	—	2,890
Fees and commissions	946,124	202,621	(14,282)	1,134,463	934,396	206,274	(14,385)	1,126,285
Fees and commissions payments	97,907	37,190	(4,472)	130,625	92,048	40,906	(3,346)	129,609
Net fees and commissions	848,216	165,431	(9,809)	1,003,838	842,347	165,367	(11,039)	996,676
Trading income	221,701	37,330	(33,549)	225,481	297,967	44,531	(89,522)	252,976
Trading losses	5,655	27,894	(33,549)	—	95,388	51,990	(89,522)	57,856
Net trading income	216,045	9,436	—	225,481	202,578	(7,459)	—	195,119
Other operating income	1,059,947	283,600	(882)	1,342,665	1,106,301	253,900	(1,092)	1,359,109
Other operating expenses	939,328	156,041	(738)	1,094,630	924,058	155,049	(536)	1,078,570
Net other operating income	120,619	127,559	(144)	248,034	182,242	98,850	(555)	280,538

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Inter-segment transactions are reported in the "Elimination" column.

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥ 87,513,636	¥1,241,523	1.42%	¥ 84,712,912	¥1,288,486	1.52%
Loans and bills discounted	52,187,299	846,804	1.62	51,247,709	861,937	1.68
Securities	22,510,229	267,665	1.19	23,023,102	297,680	1.29
Call loans and bills bought	147,992	861	0.58	226,408	1,176	0.52
Receivables under resale agreements	32,450	15	0.05	22,061	48	0.22
Receivables under securities borrowing transactions	6,722,143	10,747	0.16	4,745,783	7,826	0.16
Deposits with banks	826,050	5,088	0.62	792,696	4,942	0.62
Lease receivables and investment assets	1,480,695	40,742	2.75	1,444,682	41,751	2.89
Interest-bearing liabilities	¥120,395,742	¥ 268,976	0.22%	¥111,286,366	¥ 254,843	0.23%
Deposits	84,632,369	40,303	0.05	80,783,198	43,595	0.05
Negotiable certificates of deposit	7,027,344	5,466	0.08	5,969,372	5,375	0.09
Call money and bills sold	2,295,334	1,523	0.07	2,040,724	1,503	0.07
Payables under repurchase agreements	1,281,321	3,714	0.29	782,571	1,314	0.17
Payables under securities lending transactions	6,795,925	6,726	0.10	5,278,677	5,036	0.10
Commercial paper	145,053	203	0.14	192,088	282	0.15
Borrowed money	9,777,958	77,974	0.80	8,830,463	76,433	0.87
Short-term bonds	1,451,156	1,400	0.10	1,255,740	1,393	0.11
Bonds	6,177,841	119,326	1.93	5,647,401	113,814	2.02

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.

2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or quarterly balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2016, ¥28,376,025 million; 2015, ¥22,049,623 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥37,621,327	¥699,307	1.86%	¥36,521,313	¥707,196	1.94%
Loans and bills discounted	22,365,670	528,869	2.36	21,676,966	519,030	2.39
Securities	3,154,767	49,677	1.57	3,328,456	54,772	1.65
Call loans and bills bought.....	918,358	19,596	2.13	1,046,258	18,423	1.76
Receivables under resale agreements	1,521,170	11,934	0.78	921,297	9,888	1.07
Receivables under securities borrowing transactions	—	—	—	—	—	—
Deposits with banks.....	5,678,537	32,833	0.58	5,918,336	38,765	0.66
Lease receivables and investment assets	444,069	18,624	4.19	400,645	20,345	5.08
Interest-bearing liabilities	¥28,979,734	¥228,429	0.79%	¥28,006,363	¥209,420	0.75%
Deposits	15,827,172	100,722	0.64	13,367,188	83,631	0.63
Negotiable certificates of deposit	6,502,114	43,853	0.67	8,945,965	38,528	0.43
Call money and bills sold	525,808	3,836	0.73	925,341	2,697	0.29
Payables under repurchase agreements	1,934,523	6,212	0.32	1,165,238	3,902	0.33
Payables under securities lending transactions ..	—	—	—	—	—	—
Commercial paper.....	2,807,578	10,211	0.36	2,744,976	7,764	0.28
Borrowed money.....	752,364	10,861	1.44	662,081	10,376	1.57
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	77,162	3,934	5.10	58,407	2,736	4.69

- Notes: 1. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or quarterly balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2016, ¥1,732,890 million; 2015, ¥1,519,693 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥123,153,560	¥1,868,313	1.52%	¥119,166,662	¥1,891,932	1.59%
Loans and bills discounted	73,713,490	1,326,402	1.80	71,417,716	1,312,629	1.84
Securities	25,450,418	303,132	1.19	26,030,785	336,345	1.29
Call loans and bills bought.....	1,066,351	20,457	1.92	1,272,667	19,599	1.54
Receivables under resale agreements	727,468	10,100	1.39	776,681	9,640	1.24
Receivables under securities borrowing transactions	6,722,143	10,747	0.16	4,745,783	7,826	0.16
Deposits with banks.....	6,421,181	37,537	0.58	6,645,194	43,147	0.65
Lease receivables and investment assets	1,924,764	59,366	3.08	1,845,302	62,097	3.37
Interest-bearing liabilities	¥148,078,275	¥ 445,385	0.30%	¥138,047,887	¥ 386,753	0.28%
Deposits	100,364,107	140,633	0.14	94,110,334	126,371	0.13
Negotiable certificates of deposit	13,529,459	49,319	0.36	14,915,337	43,904	0.29
Call money and bills sold	2,821,143	5,360	0.19	2,966,065	4,201	0.14
Payables under repurchase agreements	2,389,693	8,077	0.34	1,781,132	4,921	0.28
Payables under securities lending transactions ..	6,795,925	6,726	0.10	5,278,677	5,036	0.10
Commercial paper.....	2,952,632	10,415	0.35	2,937,065	8,047	0.27
Borrowed money.....	9,731,272	39,825	0.41	8,624,212	34,814	0.40
Short-term bonds.....	1,451,156	1,400	0.10	1,255,740	1,393	0.11
Bonds.....	6,698,959	129,295	1.93	5,588,700	110,461	1.98

- Notes: 1. The figures above comprise totals for domestic and overseas operations after inter-segment eliminations.
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or quarterly balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2016, ¥30,098,341 million; 2015, ¥23,551,730 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2016				2015			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥946,124	¥ 202,621	¥(14,282)	¥1,134,463	¥934,396	¥206,274	¥(14,385)	¥1,126,285
Deposits and loans	21,076	110,113	(5,079)	126,111	20,893	110,261	(4,711)	126,444
Remittances and transfers.....	114,071	17,867	(14)	131,924	113,596	17,143	(15)	130,723
Securities-related business.....	110,138	35,935	(3,194)	142,880	109,754	41,832	(5,124)	146,462
Agency	16,380	—	—	16,380	16,905	—	—	16,905
Safe deposits	5,509	2	—	5,512	5,746	2	—	5,749
Guarantees.....	74,257	12,369	(1,541)	85,085	70,065	15,275	(768)	84,572
Credit card business.....	255,217	1	—	255,218	243,633	3	—	243,636
Investment trusts	112,928	3,128	—	116,057	145,016	2,009	(1)	147,024
Fees and commissions payments.....	¥ 97,907	¥ 37,190	¥ (4,472)	¥ 130,625	¥ 92,048	¥ 40,906	¥ (3,346)	¥ 129,609
Remittances and transfers.....	29,282	8,507	(0)	37,789	28,219	9,335	(236)	37,318

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Inter-segment transactions are reported in the "Elimination" column.

Trading Income

Year ended March 31	Millions of yen							
	2016				2015			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥221,701	¥37,330	¥(33,549)	¥225,481	¥297,967	¥44,531	¥(89,522)	¥252,976
Gains on trading securities	77,921	—	(5,795)	72,125	264,068	—	(14,189)	249,878
Gains on securities related to trading transactions.....	115	—	(49)	65	3,054	—	(109)	2,944
Gains on trading-related financial derivatives.....	143,554	37,330	(27,704)	153,180	30,691	44,531	(75,222)	—
Others	110	—	—	110	153	—	—	153
Trading losses.....	5,655	27,894	(33,549)	—	95,388	51,990	(89,522)	57,856
Losses on trading securities	—	5,795	(5,795)	—	—	14,189	(14,189)	—
Losses on securities related to trading transactions.....	—	49	(49)	—	—	109	(109)	—
Losses on trading-related financial derivatives.....	5,655	22,048	(27,704)	—	95,388	37,691	(75,222)	57,856
Others	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Inter-segment transactions are reported in the "Elimination" column.

Assets and Liabilities (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen	
	2016	2015
Domestic operations:		
Liquid deposits	¥ 62,436,739	¥ 55,897,677
Fixed-term deposits	22,898,011	24,167,542
Others	7,242,799	5,724,501
Subtotal	92,577,550	85,789,720
Negotiable certificates of deposit	6,451,869	5,705,861
Total	¥ 99,029,420	¥ 91,495,582
Overseas operations:		
Liquid deposits	¥ 11,763,251	¥ 10,243,488
Fixed-term deposits	6,222,716	4,897,880
Others	105,310	116,829
Subtotal	18,091,277	15,258,197
Negotiable certificates of deposit	7,798,564	8,120,036
Total	¥ 25,889,842	¥ 23,378,233
Grand total	¥124,919,262	¥114,873,816

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

3. Fixed-term deposits = Time deposits + Installment savings

Balance of Loan Portfolio, Classified by Industry

Year-End Balance

March 31	Millions of yen			
	2016		2015	
Domestic operations:				
Manufacturing	¥ 6,372,033	12.00%	¥ 5,975,126	11.52%
Agriculture, forestry, fisheries and mining	126,815	0.24	135,284	0.26
Construction	918,357	1.73	913,596	1.76
Transportation, communications and public enterprises	4,633,300	8.73	4,606,952	8.89
Wholesale and retail	4,392,082	8.28	4,429,816	8.54
Finance and insurance	2,565,738	4.83	2,721,873	5.25
Real estate, goods rental and leasing	8,237,116	15.52	7,642,781	14.74
Services	4,613,843	8.69	4,232,714	8.16
Municipalities	1,265,341	2.38	1,243,108	2.40
Others	19,960,159	37.60	19,949,501	38.48
Subtotal	¥53,084,789	100.00%	¥51,850,756	100.00%
Overseas operations:				
Public sector	¥ 173,548	0.79%	¥ 71,691	0.34%
Financial institutions	1,347,443	6.13	1,348,888	6.36
Commerce and industry	17,787,538	80.92	17,224,073	81.18
Others	2,672,760	12.16	2,572,829	12.12
Subtotal	¥21,981,290	100.00%	¥21,217,483	100.00%
Total	¥75,066,080	—	¥73,068,240	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Japan offshore banking accounts are included in overseas operations' accounts.

Reserve for Possible Loan Losses

March 31	Millions of yen	
	2016	2015
General reserve	¥395,546	¥387,047
Specific reserve	228,161	283,481
Loan loss reserve for specific overseas countries	1,311	719
Reserve for possible loan losses	¥625,019	¥671,248
Amount of direct reduction	¥301,983	¥363,585

Risk-Monitored Loans

March 31	Millions of yen	
	2016	2015
Bankrupt loans	¥ 44,748	¥ 35,861
Non-accrual loans	594,077	774,058
Past due loans (3 months or more)	19,845	13,714
Restructured loans	266,698	278,622
Total	¥925,370	¥1,102,256
Amount of direct reduction	¥273,009	¥ 325,980

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Act

March 31	Millions of yen	
	2016	2015
Bankrupt and quasi-bankrupt assets	¥ 178,059	¥ 152,036
Doubtful assets	526,763	727,986
Substandard loans	287,921	294,756
Total of problem assets	992,743	1,174,779
Normal assets	85,579,406	83,475,568
Total	¥86,572,150	¥84,650,348
Amount of direct reduction	¥ 301,983	¥ 363,585

Notes: Definition of problem asset categories

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above

Securities

Year-End Balance

March 31	Millions of yen	
	2016	2015
Domestic operations:		
Japanese government bonds	¥10,346,596	¥14,290,051
Japanese local government bonds	52,070	119,993
Japanese corporate bonds	2,679,706	2,634,119
Japanese stocks	3,698,605	4,248,281
Others	5,087,628	5,103,864
Subtotal	¥21,864,608	¥26,396,309
Overseas operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	82,314	52,548
Japanese stocks	—	—
Others	3,263,832	3,133,532
Subtotal	¥ 3,346,147	¥ 3,186,081
Unallocated corporate assets:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	53,689	51,276
Others	—	—
Subtotal	¥ 53,689	¥ 51,276
Total	¥25,264,445	¥29,633,667

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

March 31	Millions of yen							
	2016				2015			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets	¥7,176,926	¥942,823	¥(56,468)	¥8,063,281	¥6,752,166	¥787,124	¥(55,609)	¥7,483,681
Trading securities	3,431,314	138,744	—	3,570,058	3,057,436	76,279	—	3,133,716
Derivatives of trading securities	13,581	—	—	13,581	16,803	—	—	16,803
Securities related to trading transactions	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	18,098	120	—	18,218	24,343	293	—	24,637
Trading-related financial derivatives	3,649,936	803,958	(56,468)	4,397,427	3,551,598	710,550	(55,609)	4,206,539
Other trading assets	63,995	—	—	63,995	101,984	—	—	101,984
Trading liabilities	¥5,361,628	¥807,507	¥(56,468)	¥6,112,667	¥5,038,136	¥682,161	¥(55,609)	¥5,664,688
Trading securities sold for short sales	2,153,965	43,707	—	2,197,673	2,169,647	23,752	—	2,193,399
Derivatives of trading securities	29,724	—	—	29,724	25,816	—	—	25,816
Securities related to trading transactions sold for short sales	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	17,275	80	—	17,356	26,580	298	—	26,878
Trading-related financial derivatives	3,160,662	763,719	(56,468)	3,867,913	2,816,092	658,109	(55,609)	3,418,593
Other trading liabilities	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Inter-segment transactions are reported in the "Elimination" column.

Capital (Non-consolidated)

Sumitomo Mitsui Financial Group, Inc.

Changes in Number of Shares Issued and Capital Stock

	Millions of yen					
	Number of shares issued		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
April 1, 2011*	(70,001)	1,414,055,625	—	2,337,895	—	1,559,374

Remarks:

* The number of shares of preferred stock (Type 6) decreased by 70,001 as a result of repurchase and cancellation of all the shares of preferred stock (1st series Type 6)

Number of Shares Issued

March 31, 2016	Number of shares issued
Common stock	1,414,055,625
Total	1,414,055,625

Stock Exchange Listings

Tokyo Stock Exchange (First Section)
Nagoya Stock Exchange (First Section)
New York Stock Exchange*

* SMFG listed its ADRs on the New York Stock Exchange.

Number of Common Shares, Classified by Type of Shareholders

March 31, 2016	Number of shareholders	Number of units	Percentage of total
Japanese government and local government.....	7	4,774	0.03%
Financial institutions.....	350	4,086,694	28.94
Securities companies.....	102	648,686	4.60
Other institutions.....	7,097	1,357,155	9.61
Foreign institutions.....	1,108	6,342,641	44.92
Foreign individuals.....	337	4,015	0.03
Individuals and others.....	278,835	1,675,796	11.87
Total.....	287,836	14,119,761	100.00%
Fractional shares (shares).....	—	2,079,525	—

Notes: 1. Of 4,010,018 shares in treasury stock, 40,100 units are included in "Individuals and others" and the remaining 18 shares are included in "Fractional shares."
2. "Other institutions" and "Fractional shares" includes 29 units and 48 shares, held at Japan Securities Depository Center, Incorporated.
3. In the row "Fractional shares," title in the Register of Shareholders is in the name of Sumitomo Mitsui Banking Corporation, but 60 of the shares listed are not substantially in the ownership of the bank.

Principal Shareholders

March 31, 2016	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account).....	71,063,600	5.02%
The Master Trust Bank of Japan, Ltd. (Trust Account).....	51,171,600	3.61
Sumitomo Mitsui Banking Corporation.....	42,820,924	3.02
STATE STREET BANK AND TRUST COMPANY 505223*.....	35,764,641	2.52
Japan Trustee Services Bank, Ltd. (Trust Account 9).....	27,917,100	1.97
THE BANK OF NEW YORK MELLON SA/NV 10**.....	27,518,378	1.94
NATSCUMCO***.....	24,593,200	1.73
STATE STREET BANK AND TRUST COMPANY 505001****.....	19,426,073	1.37
STATE STREET BANK WEST CLIENT - TREATY 505234*****.....	18,341,126	1.29
STATE STREET BANK AND TRUST COMPANY*****.....	17,518,902	1.23
Total.....	336,135,544	23.77%

* Standing agent: Mizuho Bank, Ltd. Settlement Service Department

** Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.

*** Standing agent: Sumitomo Mitsui Banking Corporation

**** Standing agent: Mizuho Bank, Ltd. Settlement Service Department

***** Standing agent: Mizuho Bank, Ltd. Settlement Service Department

***** Standing agent: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch Custody Department

Notes: 1. Pursuant to Article 67 of the Enforcement Ordinance of the Companies Act, the exercise of voting rights of common shares held by Sumitomo Mitsui Banking Corporation is restricted. Likewise, for common shares held by the bank, title in the Register of Shareholders is in the name of the bank, but 60 of the shares listed are not substantially in the ownership of the bank.

2. BlackRock Japan Co., Ltd. has submitted a Report of Possession of Large Volume regarding its shareholding as of January 21, 2015. It stated that BlackRock Japan Co., Ltd. and eight other shareholders hold common shares in SMFG as of January 15, 2015. But these nine are not included in the above Principal Shareholders because SMFG was unable to confirm the number of shares owned by them at the end of the fiscal year under review. The Report of Possession of Large Volume is detailed as follows:

Principal Shareholder: BlackRock Japan Co., Ltd. (and eight other joint holders)

Number of share held: 70,812,990 shares (including joint ownership)

Shareholding ratio: 5.01%

Stock Options

March 31	2016
Number of shares granted.....	89,600 shares
Type of stock	Common stock
Issue price	¥2,216 per share
Amount capitalized when shares are issued	¥1,108 per share
Exercise period of stock options.....	From August 13, 2010 to August 12, 2040

Date of resolution: Meeting of the Board of Directors held on July 28, 2010

March 31	2016
Number of shares granted.....	259,600 shares
Type of stock	Common stock
Issue price	¥1,873 per share
Amount capitalized when shares are issued	¥937 per share
Exercise period of stock options.....	From August 16, 2011 to August 15, 2041

Date of resolution: Meeting of the Board of Directors held on July 29, 2011

March 31	2016
Number of shares granted.....	268,100 shares
Type of stock	Common stock
Issue price	¥2,043 per share
Amount capitalized when shares are issued	¥1,022 per share
Exercise period of stock options.....	From August 15, 2012 to August 14, 2042

Date of resolution: Meeting of the Board of Directors held on July 30, 2012

March 31	2016
Number of shares granted.....	114,400 shares
Type of stock	Common stock
Issue price	¥4,160 per share
Amount capitalized when shares are issued	¥2,080 per share
Exercise period of stock options.....	From August 14, 2013 to August 13, 2043

Date of resolution: Meeting of the Board of Directors held on July 29, 2013

March 31	2016
Number of shares granted.....	120,300 shares
Type of stock	Common stock
Issue price	¥3,662 per share
Amount capitalized when shares are issued	¥1,831 per share
Exercise period of stock options.....	From August 15, 2014 to August 14, 2044

Date of resolution: Meeting of the Board of Directors held on July 30, 2014

March 31	2016
Number of shares granted.....	132,400 shares
Type of stock	Common stock
Issue price	¥4,905 per share
Amount capitalized when shares are issued	¥2,453 per share
Exercise period of stock options.....	From August 18, 2015 to August 17, 2045

Date of resolution: Meeting of the Board of Directors held on July 31, 2015

Common Stock Price Range

Stock Price Performance

		Yen			
Year ended March 31	2016	2015	2014	2013	2012
High	¥5,770.0	¥4,915.0	¥5,470	¥4,255	¥2,933
Low	2,819.5	3,800	3,545	2,231	2,003

Note: Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

Six-Month Performance

	Yen					
	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016
High	¥4,950.0	¥5,220.0	¥4,833.0	¥4,640.0	¥3,745.0	¥3,802.0
Low	4,549.0	4,691.0	4,471.0	3,781.0	2,819.5	3,126.0

Note: Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

Basel III Information

Capital Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The consolidated capital ratio is calculated using the method stipulated in “Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, Etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Act” (Notification No. 20 issued by the Japanese Financial Services Agency in 2006; hereinafter referred to as “the Notification”).

In addition to the method stipulated in the Notification to calculate the consolidated capital ratio (referred to as “International Standard” in the Notification), SMFG has adopted the Advanced Internal Ratings-Based (AIRB) approach for calculating credit risk-weighted asset amounts and the Advanced Measurement Approach (AMA) for calculating the operational risk equivalent amount.

“Consolidated Capital Ratio Information” was prepared principally based on the Notification, and the terms and details in the section may differ from those in other sections of this report.

■ Scope of Consolidation

1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 341
Please refer to “Principal Subsidiaries and Affiliates” on page 104 for their names and business outline.
- Scope of consolidated subsidiaries for calculation of the consolidated capital ratio is based on the scope of consolidated subsidiaries for preparing consolidated financial statements.
- There are no affiliates to which the proportionate consolidation method is applied.

2. Restrictions on Movement of Funds and Capital within Holding Company Group

There are no special restrictions on movement of funds and capital among SMFG and its group companies.

3. Names of companies among subsidiaries of bank-holding companies (other financial institutions), with the Basel Capital Accord required amount, and total shortfall amount

Not applicable.

■ Capital Structure Information (Consolidated Capital Ratio (International Standard))

Regarding the calculation of the capital ratio, certain procedures were performed by KPMG AZSA LLC pursuant to “Treatment of Inspection of the Capital Ratio Calculation Framework Based on Agreed-Upon Procedures” (JICPA Industry Committee Practical Guideline No. 30).

The certain procedures performed by the external auditor are not part of the audit of consolidated financial statements. The certain procedures performed on our internal control framework for calculating the capital ratio are based on procedures agreed upon by SMFG and the external auditor and are not a validation of appropriateness of the capital ratio itself or opinion on the internal controls related to the capital ratio calculation.

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Common Equity Tier 1 capital: instruments and reserves					
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,351,752		6,909,010	
1a	of which: capital and capital surplus	3,095,202		3,095,225	
2	of which: retained earnings	4,534,472		4,098,425	
1c	of which: treasury stock (-)	175,381		175,261	
26	of which: cash dividends to be paid (-)	102,541		109,379	
	of which: other than the above	-		-	
1b	Stock acquisition rights to common shares	2,635		2,085	
3	Accumulated other comprehensive income and other disclosed reserves	875,680	583,787	801,543	1,202,315
5	Adjusted non-controlling interests, etc. (amount allowed to be included in group Common Equity Tier 1)	164,550		153,863	
	Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	48,257		70,451	
	of which: non-controlling interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	48,257		70,451	
6	Common Equity Tier 1 capital: instruments and reserves (A)	8,442,875		7,936,954	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Total intangible assets (excluding those relating to mortgage servicing rights)	451,805	301,203	303,449	455,174
8	of which: goodwill (including those equivalent)	223,573	149,048	174,118	261,177
9	of which: other intangible assets other than goodwill and mortgage servicing rights	228,232	152,154	129,330	193,996
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,282	855	2,003	3,004
11	Net deferred gains or losses on hedges	34,278	22,852	(11,477)	(17,216)
12	Shortfall of eligible provisions to expected losses	34,496	22,997	12,822	19,233
13	Gain on sale on securitization transactions	30,051	20,034	18,683	28,025
14	Gains and losses due to changes in own credit risk on fair valued liabilities	5,089	3,392	2,597	3,896
15	Net defined benefit asset	84,995	56,663	102,160	153,241
16	Investments in own shares (excluding those reported in the Net assets section)	4,424	2,949	3,954	5,931
17	Reciprocal cross-holdings in common equity	-	-	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	-	-	26,239	39,359
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	-	-
19	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
20	of which: mortgage servicing rights	-	-	-	-
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
22	Amount exceeding the 15% threshold on specified items	-	-	-	-
23	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
24	of which: mortgage servicing rights	-	-	-	-
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	646,423		460,433	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	7,796,451		7,476,520	

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015		
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Additional Tier 1 capital: instruments						
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		—	
	31b	Stock acquisition rights to Additional Tier 1 instruments	—		—	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	300,000		—	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—	
34-35	Adjusted non-controlling interests, etc. (amount allowed to be included in group Additional Tier 1)	183,267		182,251		
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	961,997		1,124,296		
33	of which: instruments issued by bank holding companies and their special purpose vehicles	961,997		1,124,296		
35	of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	—		—		
	Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	34,817		93,785		
	of which: foreign currency translation adjustments	34,817		93,785		
36	Additional Tier 1 capital: instruments (D)	1,480,082		1,400,333		
Additional Tier 1 capital: regulatory adjustments						
37	Investments in own Additional Tier 1 instruments	—	—	—	—	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	—	—	
39	Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	—	203	304	
40	Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	48,032	32,021	63,453	95,180	
	Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	196,827		284,571		
	of which: goodwill and others	165,294		246,929		
	of which: gain on sale on securitization transactions	20,034		28,025		
	of which: amount equivalent to 50% of shortfall of eligible provisions to expected losses	11,498		9,616		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		
43	Additional Tier 1 capital: regulatory adjustments (E)	244,860		348,227		
Additional Tier 1 capital (AT1)						
44	Additional Tier 1 capital ((D)-(E)) (F)	1,235,221		1,052,105		
Tier 1 capital (T1 = CET1 + AT1)						
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	9,031,672		8,528,626		
Tier 2 capital: instruments and provisions						
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	—		—		
	Stock acquisition rights to Tier 2 instruments	—		—		
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	655,064		374,988		
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—		
48-49	Adjusted non-controlling interests, etc. (amount allowed to be included in group Tier 2)	42,036		39,348		
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	1,220,569		1,423,997		
47	of which: instruments issued by bank holding companies and their special purpose vehicles	—		—		
49	of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	1,220,569		1,423,997		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	78,017		64,776		
50a	of which: general reserve for possible loan losses	78,017		64,776		
50b	of which: eligible provisions	—		—		
	Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	345,673		699,394		
	of which: unrealized gains on other securities after 55% discount	332,809		679,578		
	of which: land revaluation excess after 55% discount	12,863		19,816		
51	Tier 2 capital: instruments and provisions (H)	2,341,360		2,602,505		

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	–	–	–	–
53	Reciprocal cross-holdings in Tier 2 instruments	–	–	–	–
54	Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	–	–	4,043	6,065
55	Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	75,000	50,000	50,023	75,034
	Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	62,109		111,149	
	of which: Tier 2 and deductions under Basel II	62,109		111,149	
57	Tier 2 capital: regulatory adjustments (I)	137,109		165,216	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I)) (J)	2,204,250		2,437,289	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J)) (K)	11,235,923		10,965,916	
Risk weighted assets					
	Total of items included in risk weighted assets subject to transitional arrangements	68,865		210,891	
	of which: intangible assets (excluding those relating to mortgage servicing rights)	31,824		32,434	
	of which: net defined benefit asset	16,093		33,867	
	of which: Non-significant Investments in the capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	–		64,835	
	of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	83		52,936	
	of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)	16,156		17,981	
60	Risk weighted assets (L)	66,011,621		66,136,801	
Capital ratio (consolidated)					
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	11.81%		11.30%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	13.68%		12.89%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	17.02%		16.58%	
Regulatory adjustments					
72	Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	620,209		798,335	
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	522,466		477,320	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	–		–	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	9,700		5,285	
Provisions included in Tier 2 capital: instruments and provisions					
76	Provisions (general reserve for possible loan losses)	78,017		64,776	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	88,359		84,065	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–		–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	309,031		312,347	
Capital instruments subject to transitional arrangements					
82	Current cap on Additional Tier 1 instruments subject to transitional arrangements	975,514		1,138,100	
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	–		–	
84	Current cap on Tier 2 instruments subject to transitional arrangements	1,220,569		1,423,997	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	30,203		43,258	

(Millions of yen)

Items	As of March 31, 2016	As of March 31, 2015
Required capital ((L) × 8%)	5,280,929	5,290,944

Capital Requirements

March 31	Billions of yen	
	2016	2015
Capital requirements for credit risk:		
Internal ratings-based approach	4,954.4	5,093.8
Corporate exposures:	3,102.8	3,091.1
Corporate exposures (excluding specialized lending)	2,645.2	2,588.4
Sovereign exposures	43.1	42.1
Bank exposures	136.5	183.2
Specialized lending	278.1	277.4
Retail exposures:	623.1	661.2
Residential mortgage exposures	373.1	404.9
Qualifying revolving retail exposures	134.9	127.4
Other retail exposures	115.1	128.9
Equity exposures:	459.5	498.3
PD/LGD approach	317.6	374.7
Market-based approach	141.9	123.6
Simple risk weight method	92.4	87.7
Internal models method	49.4	35.9
Credit risk-weighted assets under Article 145 of the Notification	252.6	324.0
Securitization exposures	78.6	75.5
Other exposures	437.8	443.6
Standardized approach	547.2	519.6
Amount corresponding to CVA risk	197.0	179.5
CCP-related exposures	8.3	8.2
Total capital requirements for credit risk	5,706.9	5,801.1
Capital requirements for market risk:		
Standardized method	64.7	74.6
Interest rate risk	38.0	42.0
Equity position risk	17.6	26.0
Foreign exchange risk	2.2	1.9
Commodities risk	0.2	1.4
Options	6.7	3.3
Internal models approach	52.3	82.7
Securitization exposures	—	—
Total capital requirements for market risk	116.9	157.3
Capital requirements for operational risk:		
Advanced measurement approach	226.7	193.3
Basic indicator approach	40.6	33.1
Total capital requirements for operational risk	267.2	226.4
Total amount of capital requirements	6,091.1	6,184.8

Notes: 1. Capital requirements for credit risk are capital equivalents to "credit risk-weighted assets × 8%" under the standardized approach and "credit risk-weighted assets × 8% + expected loss amount" under the Internal-Ratings Based (IRB) approach.
2. Portfolio classification is after CRM.
3. "Securitization exposures" includes such exposures based on the standardized approach.
4. "Other exposures" includes estimated lease residual values, purchased receivables (including exposures to qualified corporate enterprises and others), long settlement transactions and other assets.

Internal Ratings-Based (IRB) Approach

1. Scope

SMFG and the following consolidated subsidiaries have adopted the Advanced Internal Ratings-Based (AIRB) approach for exposures as of March 31, 2009.

(1) Domestic Operations

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited and SMBC Guarantee Co., Ltd.

(2) Overseas Operations

Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, Sumitomo Mitsui Banking Corporation of Canada, Banco Sumitomo Mitsui Brasileiro S.A., JSC Sumitomo Mitsui Rus Bank, PT Bank Sumitomo Mitsui Indonesia, Sumitomo Mitsui Banking Corporation Malaysia Berhad, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited and SMBC Capital Markets (Asia) Limited

THE MINATO BANK, LTD., Kansai Urban Banking Corporation, SMBC Finance Service Co., Ltd. and Sumitomo Mitsui Finance and Leasing Co., Ltd. have adopted the Foundation Internal Ratings-Based (FIRB) approach.

Note: Directly controlled SPCs and limited partnerships for investment of consolidated subsidiaries using the AIRB approach have also adopted the AIRB approach. Further, the AIRB approach is applied to equity exposures on a group basis, including equity exposures of consolidated subsidiaries applying the standardized approach.

2. Exposures by Asset Class

(1) Corporate Exposures

A. Corporate, Sovereign and Bank Exposures

(A) Rating Procedures

- “Corporate, sovereign and bank exposures” includes credits to domestic and overseas commercial/industrial (C&I) companies, individuals for business purposes (domestic only), sovereigns, public sector entities, and financial institutions. Business loans such as apartment construction loans are, in principle, included in “retail exposures.” However, credits of more than ¥100 million are treated as corporate exposures in accordance with the Notification.
- An obligor is assigned an obligor grade by first assigning a financial grade using a financial strength grading model and data obtained from the obligor’s financial statements. The financial grade is then adjusted taking into account the actual state of the obligor’s balance sheet and qualitative factors to derive the obligor grade (for details, please refer to “Credit Risk Assessment and Quantification” on page 81). Different rating series are used for domestic and overseas obligors — J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors — as shown in the table below due to differences in actual default rate levels and portfolios’ grade distribution. Different Probability of Default (PD) values are applied also.
- In addition to the above basic rating procedure which builds on the financial grade assigned at the beginning, in some cases, the obligor grade is assigned based on the parent company’s credit quality or credit ratings published by external rating agencies. The Japanese government, local authorities and other public sector entities with special basis for existence and unconventional financial statements are assigned obligor grades based on their attributes (for example, “local municipal corporations”), as the data on these obligors are not suitable for conventional grading models. Further, credits to individuals for business purposes and business loans are assigned obligor grades using grading models developed specifically for these exposures.
- PDs used for calculating credit risk-weighted assets are estimated based on the default experience for each grade and taking into account the possibility of estimation errors. In addition to internal data, external data are used to estimate and validate PDs. The definition of default is the definition stipulated in the Notification (an event that would lead to an exposure being classified as “substandard loans,” “doubtful assets” or “bankrupt and quasi-bankrupt assets” occurring to the obligor).
- Loss Given Defaults (LGDs) and exposure at default (EAD) used in the calculation of credit risk-weighted assets are estimated based on historical loss experience of credits in default, taking into account the possibility of estimation errors.

Obligor Grade		Definition	Borrower Category
Domestic Corporate	Overseas Corporate		
J1	G1	Very high certainty of debt repayment	Normal Borrowers
J2	G2	High certainty of debt repayment	
J3	G3	Satisfactory certainty of debt repayment	
J4	G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	
J5	G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of significant changes in economic trends or business environment	
J6	G6	Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems	
J7	G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Borrowers Requiring Caution
J7R	G7R	Of which Substandard Borrowers	Substandard Borrowers
J8	G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
J9	G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Effectively Bankrupt Borrowers
J10	G10	Legally or formally bankrupt	Bankrupt Borrowers

(B) Portfolio

a. Domestic Corporate, Sovereign and Bank Exposures

	Billions of yen								
	Exposure amount			Undrawn amount			Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD			
March 31, 2016									
J1-J3	25,425.1	20,176.1	5,249.0	5,214.0	49.47%	0.07%	35.03%	—%	19.36%
J4-J6	16,856.1	14,637.0	2,219.1	1,070.1	49.97	0.74	34.65	—	50.60
J7 (excluding J7R)	791.2	745.3	45.9	24.2	49.39	15.69	34.24	—	149.46
Japanese government and local municipal corporations	45,890.5	45,414.0	476.5	106.1	49.39	0.00	35.31	—	0.01
Others	4,874.7	4,346.0	528.7	253.7	49.86	0.81	44.36	—	54.86
Default (J7R, J8-J10)	732.3	692.3	40.1	0.6	96.36	100.00	47.52	46.87	8.15
Total	94,570.0	86,010.6	8,559.4	6,668.8	—	—	—	—	—

	Billions of yen								
	Exposure amount			Undrawn amount			Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD			
March 31, 2015									
J1-J3	24,669.4	19,660.6	5,008.8	4,323.8	50.41%	0.07%	34.52%	—%	19.82%
J4-J6	16,265.1	14,077.4	2,187.7	844.1	50.85	0.78	33.10	—	49.61
J7 (excluding J7R)	936.5	894.2	42.2	9.8	50.72	15.42	33.77	—	146.52
Japanese government and local municipal corporations	47,942.0	47,447.1	494.9	237.9	50.32	0.00	35.31	—	0.03
Others	5,070.3	4,575.3	495.1	158.7	50.41	0.84	43.50	—	50.10
Default (J7R, J8-J10)	914.4	873.8	40.7	1.3	98.50	100.00	46.88	45.98	11.21
Total	95,797.7	87,528.3	8,269.4	5,575.6	—	—	—	—	—

Note: "Others" includes exposures guaranteed by credit guarantee corporations, exposures to public sector entities and voluntary organizations, exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies), as well as business loans of more than ¥100 million.

b. Overseas Corporate, Sovereign and Bank Exposures

	Billions of yen								
	Exposure amount			Undrawn amount			Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD			
March 31, 2016									
G1-G3	38,146.3	28,329.7	9,816.6	8,977.6	49.39%	0.14%	30.26%	—%	17.98%
G4-G6	2,100.5	1,461.7	638.9	347.0	49.39	2.87	24.37	—	69.62
G7 (excluding G7R)	490.0	386.6	103.4	129.0	49.39	14.86	26.66	—	132.5
Others	314.3	117.8	196.5	193.3	49.39	2.59	25.04	—	73.14
Default (G7R, G8-G10)	119.3	89.8	29.6	26.6	100.00	100.00	54.56	50.41	51.88
Total	41,170.4	30,385.5	10,785.0	9,673.5	—	—	—	—	—

	Billions of yen								
	Exposure amount			Undrawn amount			Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD			
March 31, 2015									
G1-G3	36,212.6	26,970.0	9,242.7	8,406.7	50.32%	0.13%	30.44%	—%	17.93%
G4-G6	2,610.0	1,255.5	1,354.5	383.2	50.32	3.07	18.42	—	50.47
G7 (excluding G7R)	396.6	355.2	41.4	58.1	50.32	13.98	27.59	—	132.48
Others	341.8	143.3	198.5	49.0	50.32	2.44	31.65	—	92.25
Default (G7R, G8-G10)	114.6	86.7	27.8	25.4	100.00	100.00	48.94	44.68	53.25
Total	39,675.6	28,810.6	10,865.0	8,922.4	—	—	—	—	—

B. Specialized Lending (SL)

(A) Rating Procedures

- “Specialized lending” is sub-classified into “project finance,” “object finance,” “commodity finance,” “income-producing real estate” (IPRE) and “high-volatility commercial real estate” (HVCRE) in accordance with the Notification. Project finance is financing of a single project, such as a power plant or transportation infrastructure, and cash flows generated by the project are the primary source of repayment. Object finance includes aircraft finance and ship finance, and IPRE and HVCRE include real estate finance (a primary example is non-recourse real estate finance). There were no commodity finance exposures as of March 31, 2016.
- Each SL product is classified as either a facility assigned a PD grade and LGD grade or a facility assigned a grade based primarily on the expected loss ratio, both using grading models and qualitative assessment. The former has the same grading structure as that of corporate, and the latter has ten grade levels as with obligor grades but the definition of each grade differs from that of the obligor grade which is focused on PD.

For the credit risk-weighted asset amount for the SL category, the former facility is calculated in a manner similar to corporate exposures, while the latter facility is calculated by mapping the expected loss-based facility grades to the below five categories (hereinafter the “slotting criteria”) of the Notification because it does not satisfy the requirements for PD application specified in the Notification.

(B) Portfolio

a. Slotting Criteria Applicable Portion

(a) Project Finance, Object Finance and Income-Producing Real Estate (IPRE)

March 31	Risk weight	Billions of yen					
		2016			2015		
		Project finance	Object finance	IPRE	Project finance	Object finance	IPRE
Strong:							
Residual term less than 2.5 years	50%	0.0	—	2.5	0.0	—	0.3
Residual term 2.5 years or more	70%	28.2	2.8	11.5	15.5	3.0	12.2
Good:							
Residual term less than 2.5 years	70%	33.2	—	5.0	35.9	—	2.7
Residual term 2.5 years or more	90%	20.6	—	5.4	27.8	—	4.7
Satisfactory	115%	4.5	0.9	23.4	29.2	—	10.3
Weak	250%	20.9	—	0.7	—	—	—
Default	—	3.5	—	0.0	3.8	—	1.6
Total		110.8	3.6	48.6	112.4	3.0	31.7

(b) High-Volatility Commercial Real Estate (HVCRE)

March 31	Risk weight	Billions of yen	
		2016	2015
Strong:			
Residual term less than 2.5 years	70%	8.7	3.6
Residual term 2.5 years or more	95%	4.8	6.6
Good:			
Residual term less than 2.5 years	95%	113.7	94.9
Residual term 2.5 years or more	120%	71.1	48.7
Satisfactory	140%	156.5	103.0
Weak	250%	1.8	—
Default	—	—	—
Total		356.7	256.7

b. PD/LGD Approach Applicable Portion, Other Than Slotting Criteria Applicable Portion

(a) Project Finance

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2016									
G1-G3.....	3,279.4	2,279.7	999.8	1,039.7	49.39%	0.29%	27.51%	—%	42.48%
G4-G6.....	214.3	168.8	45.5	44.4	49.39	3.16	33.98	—	113.01
G7 (excluding G7R)	21.8	21.2	0.6	—	—	19.28	27.45	—	148.59
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	29.3	29.1	0.1	0.1	100.00	100.00	53.30	49.15	51.88
Total.....	3,544.9	2,498.8	1,046.0	1,084.2	—	—	—	—	—

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2015									
G1-G3.....	3,069.8	2,184.3	885.5	914.9	50.32%	0.29%	29.91%	—%	41.97%
G4-G6.....	210.5	178.8	31.7	41.8	50.32	2.46	22.83	—	74.63
G7 (excluding G7R)	33.0	30.9	2.1	0.1	50.32	17.45	45.64	—	254.13
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	15.1	15.1	—	—	—	100.00	62.68	58.42	53.25
Total.....	3,328.3	2,409.0	919.3	956.8	—	—	—	—	—

(b) Object Finance

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2016									
G1-G3.....	226.1	183.8	42.4	33.8	49.39%	0.32%	13.04%	—%	19.02%
G4-G6.....	19.2	18.2	1.0	—	—	3.43	22.46	—	83.48
G7 (excluding G7R)	0.6	0.6	—	—	—	14.44	45.00	—	246.61
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	0.0	0.0	—	—	—	100.00	91.00	86.85	51.88
Total.....	246.0	202.6	43.4	33.8	—	—	—	—	—

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2015									
G1-G3.....	198.9	151.0	47.9	42.0	50.32%	0.26%	17.70%	—%	25.08%
G4-G6.....	11.0	11.0	—	—	—	4.05	14.31	—	50.86
G7 (excluding G7R)	0.7	0.7	—	—	—	13.71	5.00	—	22.09
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	1.3	1.3	—	—	—	100.00	62.77	58.51	53.25
Total.....	211.8	163.9	47.9	42.0	—	—	—	—	—

(c) Income-Producing Real Estate (IPRE)

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2016									
J1-J3	850.1	746.8	103.3	2.6	49.39%	0.04%	22.28%	—%	9.95%
J4-J6	469.2	376.8	92.4	1.2	49.39	1.16	27.60	—	61.50
J7 (excluding J7R)	12.6	5.4	7.2	—	—	25.57	19.95	—	110.47
Others.....	301.7	290.7	11.0	14.5	49.39	0.81	30.05	—	26.31
Default (J7R, J8-J10)	20.4	—	20.4	—	—	100.00	35.12	34.27	10.63
Total.....	1,654.0	1,419.8	234.3	18.4	—	—	—	—	—

	Billions of yen									
	Exposure amount			Undrawn amount			Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF					
March 31, 2015										
J1-J3	504.9	459.1	45.8	2.2	50.32%	0.05%	29.91%	—%	14.12%	
J4-J6	859.5	717.1	142.4	—	—	1.20	33.11	—	76.26	
J7 (excluding J7R)	5.5	5.5	—	—	—	10.38	1.00	—	4.45	
Others	250.1	242.6	7.5	11.7	50.32	1.18	33.84	—	30.59	
Default (J7R, J8-J10)	27.0	0.7	26.3	—	—	100.00	37.73	36.55	14.75	
Total	1,647.0	1,425.0	222.0	13.9	—	—	—	—	—	

(2) Retail Exposures

A. Residential Mortgage Exposures

(A) Rating Procedures

- “Residential mortgage exposures” includes mortgage loans to individuals and some real estate loans in which the property consists of both residential and commercial facilities such as a store or rental apartment units, but excludes apartment construction loans.
- Mortgage loans are rated as follows.

Mortgage loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of an exclusive grading model and a borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk at the time of default determined using Loan To Value (LTV) calculated based on the assessment value of collateral real estate. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the portfolio is subdivided based on the lapse of years from the contract date, and the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

	Billions of yen						
	Exposure amount			Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets				
March 31, 2016							
Mortgage loans							
PD segment:							
Not delinquent							
Use model	12,005.4	11,980.6	24.9	0.45%	34.20%	—%	23.75%
Others	428.3	428.3	—	1.05	51.55	—	69.54
Delinquent	86.5	82.3	4.2	19.54	37.29	—	194.86
Default	184.0	183.9	0.1	100.00	35.15	33.64	18.95
Total	12,704.3	12,675.1	29.2	—	—	—	—

	Billions of yen						
	Exposure amount			Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets				
March 31, 2015							
Mortgage loans							
PD segment:							
Not delinquent							
Use model	12,134.0	12,104.3	29.8	0.45%	35.37%	—%	24.77%
Others	473.2	473.2	—	1.07	53.26	—	73.55
Delinquent	97.2	92.4	4.8	20.59	38.08	—	202.39
Default	201.0	200.8	0.2	100.00	36.70	34.86	22.99
Total	12,905.4	12,870.6	34.8	—	—	—	—

Notes: 1. “Others” includes loans guaranteed by employers.

2. “Delinquent” loans are past due loans and loans to obligors categorized as “Borrowers Requiring Caution” that do not satisfy the definition of default stipulated in the Notification.

B. Qualifying Revolving Retail Exposures (QRRE)

(A) Rating Procedures

- “Qualifying revolving retail exposures” includes card loans and credit card balances.
- Card loans and credit card balances are rated as follows.

Card loans and credit card balances are allocated to a portfolio segment with similar risk characteristics determined based, for card loans, on the credit quality of the loan guarantee company, credit limit, settlement account balance and payment history, and, for credit card balances, on repayment history and frequency of use.

PDs and LGDs used to calculate credit risk-weighted asset amounts are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

	Billions of yen									
	Exposure amount				Undrawn amount					
	Total	On-balance sheet assets		Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2016										
Card loans										
PD segment:										
Not delinquent	846.6	736.4	108.4	1.8	233.1	46.51%	2.63%	83.31%	—%	62.07%
Delinquent.....	16.0	15.4	0.6	—	3.1	20.67	28.09	77.69	—	213.34
Credit card balances										
PD segment:										
Not delinquent	1,514.6	893.4	334.0	287.2	4,368.5	7.65	1.00	71.74	—	22.63
Delinquent.....	6.2	5.3	0.9	—	—	—	77.63	72.21	—	122.12
Default	25.7	22.9	2.8	—	—	—	100.00	80.60	74.17	80.39
Total	2,409.2	1,673.4	446.8	289.0	4,604.7	—	—	—	—	—

	Billions of yen									
	Exposure amount				Undrawn amount					
	Total	On-balance sheet assets		Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2015										
Card loans										
PD segment:										
Not delinquent	789.4	683.5	103.9	2.0	221.3	46.97%	2.49%	83.32%	—%	59.90%
Delinquent.....	15.0	14.4	0.6	—	3.1	19.50	26.61	77.40	—	210.88
Credit card balances										
PD segment:										
Not delinquent	1,506.1	845.6	333.8	326.7	4,243.4	7.87	0.99	72.92	—	22.93
Delinquent.....	6.8	5.7	1.1	—	—	—	76.40	72.98	—	126.20
Default	24.6	21.7	2.9	—	—	—	100.00	80.99	74.75	77.94
Total	2,341.9	1,570.9	442.3	328.7	4,467.8	—	—	—	—	—

Notes: 1. The on-balance sheet exposure amount is estimated by estimating the amount of increase in each transaction balance and not by multiplying the undrawn amount by the CCF.

2. “Weighted average CCF” is “On-balance sheet exposure amount ÷ Undrawn amount” and provided for reference only. It is not used for estimating on-balance sheet exposure amounts.

3. Past due loans of less than three months are recorded in “Delinquent.”

C. Other Retail Exposures

(A) Rating Procedures

- “Other retail exposures” includes business loans such as apartment construction loans and consumer loans such as My Car Loan.
- Business loans and consumer loans are rated as follows.
 - a. Business loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of exclusive grading model and borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk determined based on LTV for business loans.

PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.
 - b. Rating procedures for consumer loans depends on whether the loan is collateralized. Collateralized consumer loans are allocated to a portfolio segment using the same standards as for mortgage loans of “A. Residential Mortgage Exposures.” Uncollateralized consumer loans are allocated to a portfolio segment based on account history. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Exposure amount						
	Total	On-balance sheet assets	Off-balance sheet assets				
March 31, 2016							
Business loans							
PD segment:							
Not delinquent							
Use model.....	1,024.3	1,006.1	18.1	0.93%	48.13%	—%	41.99%
Others	214.4	213.3	1.1	0.78	41.51	—	33.56
Delinquent.....	92.5	91.1	1.4	6.43	42.63	—	67.78
Consumer loans							
PD segment:							
Not delinquent							
Use model.....	323.6	323.1	0.5	0.78	42.07	—	33.84
Others	133.3	131.9	1.5	1.64	53.77	—	64.94
Delinquent.....	24.5	24.3	0.2	16.94	45.78	—	94.52
Default	67.1	67.0	0.1	100.00	52.55	48.90	45.60
Total	1,879.7	1,856.9	22.8	—	—	—	—

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Exposure amount						
	Total	On-balance sheet assets	Off-balance sheet assets				
March 31, 2015							
Business loans							
PD segment:							
Not delinquent							
Use model.....	1,029.5	1,012.5	17.0	0.99%	47.87%	—%	43.26%
Others	210.5	209.2	1.3	0.82	42.77	—	35.64
Delinquent.....	111.0	109.6	1.4	6.50	43.40	—	69.19
Consumer loans							
PD segment:							
Not delinquent							
Use model.....	324.2	323.5	0.7	0.87	43.25	—	36.25
Others	138.5	136.8	1.7	1.67	55.52	—	67.59
Delinquent.....	30.6	30.5	0.2	16.69	46.73	—	95.47
Default	80.1	79.9	0.2	100.00	53.54	49.81	46.69
Total	1,924.3	1,901.9	22.5	—	—	—	—

Notes: 1. “Business loans” includes apartment construction loans. Following implementation of our domestic business structure revision started in April 2014, “Domestic Corporate Exposures” includes SME loans because their grading system is integrated into that of Corporate loans.

2. “Others” includes loans guaranteed by employers.

3. “Delinquent” loans are past due loans and loans to obligors categorized as “Borrowers Requiring Caution” that do not satisfy the definition of default stipulated in the Notification.

(3) Equity Exposures and Credit Risk-Weighted Assets under Article 145 of the Notification

A. Equity Exposures

(A) Rating Procedures

When acquiring equities subject to the PD/LGD approach, issuers are assigned obligor grades using the same rules as those of general credits to C&I companies, sovereigns and financial institutions. The obligors are monitored (for details, please refer to page 83) and their grades are revised if necessary (credit risk-weighted asset amount is set to 1.5 times when they are not monitored individually). In the case there is no credit transaction with the issuer or it is difficult to obtain financial information, internal grades are assigned using ratings of external rating agencies if it is a qualifying investment.

In the case it is difficult to obtain financial information and it is not a qualifying investment, the simple risk weight method under the market-based approach is applied.

(B) Portfolio

a. Equity Exposure Amounts

March 31	Billions of yen	
	2016	2015
Market-based approach.....	532.6	809.1
Simple risk weight method.....	322.0	305.2
Listed equities (300%).....	197.9	185.9
Unlisted equities (400%).....	124.1	119.3
Internal models method.....	210.6	503.9
PD/LGD approach.....	3,514.6	4,093.4
Total.....	4,047.2	4,902.5

Note: The above exposures are "equity exposures" stipulated in the Notification and differ from "stocks" described in the consolidated financial statements.

b. PD/LGD Approach

March 31	Billions of yen					
	2016			2015		
	Exposure amount	Weighted average PD	Weighted average risk weight	Exposure amount	Weighted average PD	Weighted average risk weight
J1-J3.....	3,229.5	0.05%	100.45%	3,687.2	0.06%	100.55%
J4-J6.....	195.5	0.45	161.79	240.5	0.47	166.81
J7 (excluding J7R).....	2.5	10.56	561.96	5.0	10.88	570.39
Others.....	86.7	0.45	192.60	160.4	0.36	172.78
Default (J7R, J8-J10).....	0.4	100.00	1,125.00	0.3	100.00	1,125.00
Total.....	3,514.6	—	—	4,093.4	—	—

Notes: 1. The above exposures are "equity exposures" stipulated in the Notification to which the PD/LGD approach is applied and differ from "stocks" described in the consolidated financial statements.

2. "Others" includes exposures to overseas corporate entities.

3. Weighted average risk weight is calculated by including the amount derived by multiplication of the expected loss by a risk weight of 1250% in the credit risk-weighted assets.

B. Credit Risk-Weighted Assets under Article 145 of the Notification

(A) Outline of Method for Calculating Credit Risk Assets

Exposures under Article 145 of the Notification include credits to funds. In the case of such exposures, in principle, each underlying asset of the fund is assigned an obligor grade to calculate the asset's credit risk-weighted asset amount and the amounts are totaled to derive the credit risk-weighted asset amount of the fund. When equity exposures account for more than half of the underlying assets of the fund, or it is difficult to directly calculate the credit risk-weighted asset amount of individual underlying assets, the credit risk-weighted asset amount of the fund is calculated using the simple majority adjustment method, in which credit risk-weighted assets are calculated using a risk weight of 400% (when the risk-weighted average of individual assets underlying the portfolio is less than 400%) or a risk weight of 1250% (in other cases).

(B) Portfolio

March 31	Billions of yen	
	2016	2015
Exposures under Article 145 of the Notification.....	1,317.3	1,763.4

(4) Analysis of Actual Losses

A. Year-on-Year Comparison of Actual Losses

SMFG recorded an increase of ¥95.0 billion in total credit costs (the total of the general reserve, non-performing loan write-offs and gains on collection of written-off claims) compared to the previous fiscal year, amounting to ¥102.8 billion on a consolidated basis for fiscal year 2015.

SMBC recorded an increase of ¥76.9 billion in total credit costs compared to the previous fiscal year, which resulted in a gain on reversal of allowance for loan losses of ¥3.2 billion on a non-consolidated basis in fiscal year 2015. This was due primarily to a decrease in a gain on reversal of allowance for loan losses and the recognition of expenses derived from the deterioration in credit quality of natural resources-related borrowers, mainly overseas.

Total Credit Costs

	Billions of yen			
	Fiscal 2015 (A)	Fiscal 2014 (B)	Fiscal 2013	Increase (decrease) (A) – (B)
SMFG (consolidated) total.....	102.8	7.8	(49.1)	95.0
SMBC (consolidated) total	13.9	(65.4)	(113.3)	79.3
SMBC (non-consolidated) total.....	(3.2)	(80.1)	(123.9)	76.9
Corporate exposures.....	0.1	(40.6)	(122.8)	40.7
Sovereign exposures.....	(1.7)	(6.0)	0.3	4.3
Bank exposures.....	(0.1)	(0.7)	(0.9)	0.6
Residential mortgage exposures.....	0.0	(0.3)	(0.1)	0.4
QRRE.....	0.0	(0.1)	(0.0)	0.1
Other retail exposures	(1.8)	(2.6)	(0.5)	0.8

- Notes: 1. The above amounts do not include gains/losses on “equity exposures,” “exposures on capital market-driven transactions (such as bonds)” and “exposures under Article 145 of the Notification” that were recognized as gains/losses on bonds and stocks in the statements of income.
2. Exposure category amounts do not include general reserve for Normal Borrowers.
3. Bracketed fiscal year amounts indicate gains generated by the reversal of reserve, etc.
4. Credit costs for “Residential mortgage exposures” and “QRRE” guaranteed by consolidated subsidiaries are not included in the total credit costs of SMBC (non-consolidated).

B. Comparison of Estimated and Actual Losses

	Billions of yen					
	Fiscal 2015			Fiscal 2014		
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts
	After deduction of reserves			After deduction of reserves		
SMFG (consolidated) total.....	—	—	102.8	—	—	7.8
SMBC (consolidated) total	—	—	13.9	—	—	(65.4)
SMBC (non-consolidated) total.....	513.1	153.9	(3.2)	642.5	171.1	(80.1)
Corporate exposures.....	483.0	139.0	0.1	523.6	128.1	(40.6)
Sovereign exposures.....	9.1	3.8	(1.7)	12.7	1.4	(6.0)
Bank exposures.....	10.7	7.2	(0.1)	8.5	4.2	(0.7)
Residential mortgage exposures.....	3.9	3.5	0.0	2.9	2.3	(0.3)
QRRE.....	0.0	0.0	0.0	0.0	(0.0)	(0.1)
Other retail exposures	6.4	5.5	(1.8)	94.8	40.7	(2.6)

	Billions of yen					
	Fiscal 2013			Fiscal 2012		
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts
	After deduction of reserves			After deduction of reserves		
SMFG (consolidated) total.....	—	—	(49.1)	—	—	173.1
SMBC (consolidated) total	—	—	(113.3)	—	—	70.6
SMBC (non-consolidated) total.....	871.2	171.2	(123.9)	940.1	245.4	19.5
Corporate exposures.....	734.0	123.6	(122.8)	765.9	164.9	10.7
Sovereign exposures.....	5.6	4.1	0.3	22.0	11.4	(0.3)
Bank exposures.....	11.4	6.1	(0.9)	14.9	5.5	(0.4)
Residential mortgage exposures.....	5.2	4.3	(0.1)	3.7	2.9	0.2
QRRE.....	0.0	(0.0)	(0.0)	0.1	(0.0)	0.1
Other retail exposures	114.9	38.2	(0.5)	133.5	65.6	9.7

	Billions of yen					
	Fiscal 2011			Fiscal 2010		
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts
	After deduction of reserves			After deduction of reserves		
SMFG (consolidated) total.....	—	—	121.3	—	—	217.3
SMBC (consolidated) total	—	—	91.7	—	—	159.8
SMBC (non-consolidated) total.....	1,062.7	213.9	58.6	1,204.3	417.2	94.3
Corporate exposures.....	889.3	132.2	57.5	1,021.1	277.4	71.9
Sovereign exposures.....	12.4	1.8	(0.2)	7.8	6.3	5.4
Bank exposures.....	14.9	4.7	(0.0)	30.5	19.2	(14.0)
Residential mortgage exposures.....	3.8	2.9	0.2	4.1	3.2	0.3
QRRE.....	0.1	(0.0)	(0.0)	0.1	(0.0)	(0.1)
Other retail exposures	142.3	77.4	10.5	140.8	111.2	34.0

Notes: 1. Amounts on consumer loans guaranteed by consolidated subsidiaries or affiliates as well as on “equity exposures” and “exposures under Article 145 of the Notification” are excluded.

2. “Estimated loss amounts” are the EL at the beginning of the term.

3. “After deduction of reserves” represents the estimated loss amounts after deduction of reserves for possible losses on substandard borrowers or below.

■ Standardized Approach

1. Scope

The following consolidated subsidiaries have adopted the standardized approach for exposures as of March 31, 2016 (i.e. consolidated subsidiaries not listed in the “Internal Ratings-Based (IRB) Approach: 1. Scope” on page 213).

(1) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the IRB Approach

Cedyna Financial Corporation, SMBC Aviation Capital Limited

(2) Other Consolidated Subsidiaries

These are consolidated subsidiaries judged not to be significant in terms of credit risk management based on the type of business, scale, and other factors. These subsidiaries will adopt the standardized approach on a permanent basis.

2. Credit Risk-Weighted Asset Calculation Methodology

A 100% risk weight is applied to claims on corporates in accordance with Article 45 of the Notification, and risk weights corresponding to country risk scores published by the Organization for Economic Co-operation and Development (OECD) are applied to claims on sovereigns and financial institutions.

3. Exposure Balance by Risk Weight Segment

March 31	Billions of yen			
	2016		2015	
		Of which assigned country risk score		Of which assigned country risk score
0%	8,337.8	598.7	6,992.0	639.0
10%	0.2	—	0.1	—
20%	1,209.2	724.8	1,189.6	639.6
35%	51.5	—	0.5	—
50%	109.0	10.6	99.5	20.2
75%	3,381.0	—	3,231.1	—
100%	3,589.6	3.9	3,446.3	2.2
150%	96.6	0.0	93.1	0.0
250%	117.5	—	97.5	—
1250%	0.1	—	0.1	—
Others	0.0	—	0.0	—
Total	16,892.6	1,338.1	15,149.7	1,300.9

Notes: 1. The above amounts are exposures after CRM (but before deduction of direct write-offs). Please note that for off-balance sheet assets the credit equivalent amount has been included.

2. “Securitization exposures” have not been included.

■ Credit Risk Mitigation (CRM) Techniques

1. Risk Management Policy and Procedures

In calculating credit risk-weighted asset amounts, SMFG takes into account credit risk mitigation (CRM) techniques. Specifically, amounts are adjusted for eligible financial or real estate collateral, guarantees, and credit derivatives. The methods and scope of these adjustments and methods of management are as follows.

(1) Scope and Management

A. Collateral (Eligible Financial or Real Estate Collateral)

SMBC designates deposits and securities as eligible financial collateral, and land and buildings as eligible real estate collateral.

Real estate collateral is evaluated by taking into account its fair value, appraisal value, and current condition, as well as our lien position. Real estate collateral must maintain sufficient collateral value in the event security rights must be exercised due to delinquency. However, during the period from acquiring the rights to exercising the rights, the property may deteriorate or suffer damage from earthquakes or other natural disasters, or there may be changes in the lien position due to, for example, attachment or establishment of liens by a third party. Therefore, the regular monitoring of collateral is implemented according to the type of property and the type of security interest.

B. Guarantees and Credit Derivatives

Guarantors are sovereigns, municipal corporations, credit guarantee corporations and other public entities, financial institutions, and C&I companies. Counterparties to credit derivative transactions are mostly domestic and overseas banks and securities companies.

Credit risk-weighted asset amounts are calculated taking into account credit risk mitigation of guarantees and credit derivatives acquired from entities with sufficient ability to provide protection such as sovereigns, municipal corporations and other public sector entities of comparable credit quality, and financial institutions and C&I companies with sufficient credit ratings.

(2) Concentration of Credit Risk and Market Risk Accompanying Application of Credit Risk Mitigation Techniques

At SMBC, there is a framework in place for controlling concentration of risk in obligors with large exposures which includes large exposure limit lines, risk concentration monitoring, and reporting to the Credit Risk Committee (please refer to pages 80 to 84). Further, exposures to these obligors are monitored on a group basis, taking into account risk concentration in their parent companies in cases of guaranteed exposures.

When marketable financial products (for example, credit derivatives) are used as credit risk mitigants, market risk generated by these products is controlled by setting upper limits.

2. Exposure Balance after CRM

	Billions of yen			
	2016		2015	
	Eligible financial collateral	Other eligible IRB collateral	Eligible financial collateral	Other eligible IRB collateral
March 31				
Advanced Internal Ratings-Based (AIRB) approach.....	—	—	—	—
Foundation Internal Ratings-Based (FIRB) approach.....	134.3	56.0	84.3	55.0
Corporate exposures.....	46.4	56.0	44.9	55.0
Sovereign exposures.....	—	—	—	—
Bank exposures.....	87.8	—	39.5	—
Standardized approach.....	5,409.5	—	5,040.9	—
Total.....	5,543.8	56.0	5,125.2	55.0

Note: For exposures to which the AIRB approach was applied, eligible collateral is separately taken into account in Loss Given Default (LGD) estimates.

	Billions of yen			
	2016		2015	
	Guarantee	Credit derivative	Guarantee	Credit derivative
March 31				
Internal Ratings-Based (IRB) approach.....	8,955.9	373.8	8,966.1	374.2
Corporate exposures.....	8,377.2	373.8	8,083.1	374.2
Sovereign exposures.....	305.7	—	522.7	—
Bank exposures.....	168.1	—	242.1	—
Residential mortgage exposures.....	104.9	—	118.3	—
QRRE.....	—	—	—	—
Other retail exposures.....	—	—	—	—
Standardized approach.....	34.1	—	43.3	—
Total.....	8,990.0	373.8	9,009.4	374.2

■ Derivative Transactions and Long Settlement Transactions

1. Risk Management Policy and Procedures

(1) Policy on Collateral Security and Impact of Deterioration of Our Credit Quality

Collateralized derivative is a CRM technique in which collateral is delivered or received regularly in accordance with replacement cost. The Group conducts collateralized derivative transactions as necessary, thereby reducing credit risk. In the event our credit quality deteriorates, however, the counterparty may demand additional collateral, but its impact is deemed to be insignificant.

(2) Netting

Netting is another CRM technique, and “close-out netting” is the main type of netting. In close-out netting, when a default event, such as bankruptcy, occurs to the counterparty, all claims against, and obligations to, the counterparty, regardless of maturity and currency, are netted out to create a single claim or obligation. Close-out netting is applied to foreign exchange and swap transactions covered under a master agreement with a net-out clause or other means of securing legal effectiveness, and the effect of CRM is taken into account only for such claims and obligations.

2. Credit Equivalent Amounts

(1) Derivative Transactions and Long Settlement Transactions

A. Calculation Method

Current exposure method

B. Credit Equivalent Amounts

March 31	Billions of yen	
	2016	2015
Gross replacement cost	6,182.7	6,629.6
Gross add-on amount	4,302.9	4,718.7
Gross credit equivalent amount	10,485.6	11,348.4
Foreign exchange related transactions	3,397.0	3,365.0
Interest rate related transactions	6,809.2	7,680.5
Gold related transactions	—	—
Equities related transactions	158.7	194.5
Precious metals (excluding gold) related transactions	—	—
Other commodity related transactions	75.3	74.6
Credit default swaps	45.3	33.8
Reduction in credit equivalent amount due to netting	4,895.2	5,869.0
Net credit equivalent amount	5,590.3	5,479.3
Collateral amount	20.9	35.2
Eligible financial collateral	20.9	35.2
Other eligible IRB collateral	—	—
Net credit equivalent amount (after taking into account the CRM effect of collateral)	5,569.4	5,444.1

(2) Notional Principal Amounts of Credit Derivatives

Credit Default Swaps

March 31	Billions of yen			
	2016		2015	
	Notional principal amount		Notional principal amount	
	Total	Of which for CRM	Total	Of which for CRM
Protection purchased	719.8	373.8	605.4	370.2
Protection provided	373.4	—	332.9	—

Note: “Notional principal amount” is defined as the total of “amounts subject to calculation of credit equivalents” and “amounts employed for CRM.”

■ Securitization Exposures

1. Risk Management Policy

Definition of securitization exposure has been clarified in order to properly identify, measure, evaluate and report risks, and a risk management department, independent of business units, has been established to centrally manage risks from recognizing securitization exposures to measuring, evaluating and reporting risks.

Securitization transactions are subject to the following policies.

- Undertake those which allow separate assessment of underlying short-term assets by making credit decisions on individual underlying assets.
- Undertake those which cover short-term receivables, etc., by creating a framework mainly to estimate the default rate of the underlying assets based on the historical loan-loss ratio and ensure that they have sufficient subordination.
- Undertake others such as those requiring special management by implementing additional management, such as an analysis of the market environment. Particularly, with respect to securitization transactions backed by retail loans whose creditworthiness is relatively inferior, such as subprime loans in the U.S., the Group deals only with transactions that are sufficiently structured by taking into account not only the above policies, but others such as the underlying asset selection criteria of the originator and the average life.

The Group shall basically not conduct resecuritization transactions.

Its policy is to conduct securitization transactions by verifying effectiveness in mitigating credit risk through the use of the asset transfer type or synthetic type securitization transactions covering domestic and foreign exposures and using them as underlying exposures if securitization transactions are used as an approach for credit risk mitigation.

The Group takes one of the following positions for securitization transactions.

- Originator (a direct or indirect originator of underlying assets or a sponsor of an ABCP conduit or a similar program that acquires exposures from third-party entities)
- Investor
- Others (for example, provider of swap for preventing a mismatch between the dividend on trust beneficiary rights and cash flows generated by underlying assets on which the rights are issued)

2. Overview of Risk Characteristics

Securitization exposures have, in addition to credit risk and market risk, the following intrinsic risks, which are properly managed based on the nature of each risk.

(1) Dilution Risk

Means the risk of a decrease in purchased receivables due to cancellation or termination of the original contract for the purchased receivables, or netting of debts between the original obligor and the original obligee.

(2) Servicer Risk

A. Commingling Risk

Means the risk of uncollectible funds, which should be collected from the underlying assets, due to the bankruptcy of the servicer before the delivery of the funds collected from the obligor of the receivables.

B. Performance Risk

Means the risk of difficulty in maintenance and collection due to the servicer's failure to properly and accurately perform its clerical duties and procedures.

(3) Liquidity Risk

Means the risk that cash flows related to the underlying assets may be insufficient for paying the principal and interest of the securitization exposure due to a timing mismatch between the securitization conduit's receipt of the cash flows related to the underlying assets and payment of the securitization exposure of the principal and interest, etc.

(4) Fraud Risk

Means the risk of a decrease in or complete loss of the receivables subject to collection due to a fraud, prejudicial or other malicious act by a customer or a third-party obligor.

3. Calculation Methodology for Credit Risk-Weighted Assets and Market Risk Equivalent Amount

There are three methods of calculating the credit risk-weighted asset amount of securitization exposures subject to the IRB approach: the ratings-based approach, the supervisory formula, and the internal assessment approach. The methods are used as follows.

- First, securitization exposures are examined and the ratings-based approach is applied to qualifying exposures.
- The remaining exposures are examined and the supervisory formula is applied to qualifying exposures.
- In cases where neither the ratings-based approach nor the supervisory formula can be applied, a risk weight of 1250% is applied.

Note that the application of the ratings-based approach is subject to monitoring in accordance with the “Regulations Concerning the Distribution, etc. of Securitized Products” and the “Standardized Information Reporting Package (SIRP)” published by the Japan Securities Dealers Association. The same applies to resecuritized products.

The credit risk-weighted asset amount for securitization exposures subject to the standardized approach is calculated mostly using ratings published by qualifying rating agencies or based on weighted average risk weights of underlying assets as stipulated in the Notification.

In order to determine market risk equivalent amounts of “securitization exposures,” general market risk is subject to the standardized measurement method while specific risk is based on the risk weights corresponding to the ratings published by qualifying rating agencies pursuant to the regulations set forth in the Notification.

4. Type of Securitization Conduit Used in Securitization Transactions Associated with Third Party Assets and Status of Holdings of Securitization Exposures Related to Such Transactions

In order to undertake securitization transactions related to third-party assets, the Group mainly uses a special purpose company (SPC) as a securitization conduit.

If such transactions are undertaken, the following securitization exposures result.

- Backup line to the ABCP issued by the securitization conduit (off-balance sheet assets)
- ABL to the securitization conduit (on-balance sheet assets), etc.

5. Names of Subsidiaries and Affiliated Companies Holding Securitization Exposures Related to Securitization Transactions Conducted by Holding Company Group

No securitization exposures related to the security transactions conducted by the Holding Company Group are held by the subsidiaries or affiliated companies excluding consolidated subsidiaries.

6. Accounting Policy on Securitization Transactions

The recognition of the generation and extinguishment of financial assets and financial liabilities associated with securitization transactions and the valuation and accounting treatment thereof are mainly governed by the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

7. Qualifying External Ratings Agencies

In order to apply the rating-based approach under the IRB approach or standardized approach or to calculate an amount of market risk associated with specific risk, the risk weights are determined by mapping the ratings of qualifying rating agencies to the risk weights stipulated in the Notification. The qualifying rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), and Fitch Ratings Ltd. (Fitch).

When more than one rating is available for an exposure, the second smallest risk weight is used, in accordance with the Notification.

8. Portfolio (Credit Risk)

(1) Securitization Transactions as Originator

A. As Originator (Excluding as Sponsor)

(A) Underlying Assets

	Billions of yen						
	March 31, 2016			Fiscal 2015			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates	9.1	0.0	9.1	—	4.4	24.3	—
Mortgage loans	1,278.1	1,278.1	—	164.7	1.5	0.4	12.5
Retail loans (excluding mortgage loans)	—	—	—	—	—	—	—
Other claims	0.4	0.4	—	—	—	—	—
Total	1,287.5	1,278.5	9.1	164.7	5.9	24.7	12.5

	Billions of yen						
	March 31, 2015			Fiscal 2014			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates	10.8	0.1	10.7	—	4.9	24.1	—
Mortgage loans	1,277.6	1,277.6	—	182.6	1.4	0.3	14.5
Retail loans (excluding mortgage loans)	—	—	—	—	—	—	—
Other claims	87.6	2.5	85.1	—	—	—	—
Total	1,376.0	1,280.2	95.8	182.6	6.3	24.4	14.5

Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing "securitization exposures."

2. "Default amount" is the total of underlying assets which are past due three months or more and defaulted underlying assets.

3. Asset type classification is based on the major items in the underlying assets for each transaction.

4. "Other claims" includes claims on Private Finance Initiative (PFI) businesses and lease fees.

5. Following Articles 230 and 248 of the Notification, there are no amounts that represent "exposure to products subject to early amortization provisions" to investors.

6. There are no amounts that represent "assets held for securitization transactions."

(B) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

	Billions of yen									
	2016					2015				
	Term-end balance		Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance		Amounts subject to a 1250% risk weight	Increase in capital equivalent		
Total	On-balance sheet assets	Off-balance sheet assets			Total	On-balance sheet assets				
March 31										
Claims on corporates	4.7	1.5	3.2	2.1	—	4.9	1.6	3.4	2.3	—
Mortgage loans	289.2	289.2	—	24.0	50.1	272.7	272.7	—	25.7	46.7
Retail loans (excluding mortgage loans)	—	—	—	—	—	—	—	—	—	—
Other claims	0.3	0.3	—	0.0	—	36.1	0.5	35.6	0.7	—
Total	294.2	291.0	3.2	26.1	50.1	313.8	274.8	39.0	28.7	46.7

b. Risk Weights

	Billions of yen							
	2016				2015			
	Term-end balance		Required capital	Term-end balance		Required capital		
Total	On-balance sheet assets	Off-balance sheet assets						
March 31								
20% or less	0.0	—	0.0	0.0	34.6	—	34.6	0.1
100% or less	0.3	—	0.3	0.0	0.3	—	0.3	0.0
650% or less	0.7	—	0.7	0.1	1.1	—	1.1	0.2
Less than 1250%	0.0	—	0.0	0.0	—	—	—	—
1250%	293.2	291.0	2.2	27.7	277.7	274.8	3.0	30.4
Total	294.2	291.0	3.2	27.8	313.8	274.8	39.0	30.7

(C) Resecuritization Exposures

There are no amounts that represent "resecuritization exposures."

B. As Sponsor

(A) Underlying Assets

	Billions of yen					
	March 31, 2016			Fiscal 2015		
	Underlying asset amount			Securitized amount	Default amount	Loss amount
Total	Asset transfer type	Synthetic type				
Claims on corporates	883.6	883.6	—	7,138.8	75.8	104.0
Mortgage loans	—	—	—	—	—	—
Retail loans (excluding mortgage loans)....	583.5	583.5	—	477.7	2.7	7.3
Other claims	10.4	10.4	—	10.6	0.0	0.0
Total	1,477.6	1,477.6	—	7,627.1	78.5	111.4

	Billions of yen					
	March 31, 2015			Fiscal 2014		
	Underlying asset amount			Securitized amount	Default amount	Loss amount
Total	Asset transfer type	Synthetic type				
Claims on corporates	1,059.5	1,059.5	—	7,849.0	63.3	91.4
Mortgage loans	—	—	—	—	—	—
Retail loans (excluding mortgage loans)....	404.5	404.5	—	300.2	0.6	3.0
Other claims	31.8	31.8	—	10.7	1.2	0.3
Total	1,495.8	1,495.8	—	8,160.0	65.2	94.7

Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing "securitization exposures."

2. "Default amount" is the total of underlying assets which are past due three months or more and defaulted underlying assets.

3. "Default amount" and "Loss amount" when acting as a sponsor of securitization of customer claims are estimated using the following methods and alternative data, as in some cases it can be difficult to obtain relevant data in a timely manner because the underlying assets have been recovered by the customer.

(1) "Default amount" estimation method

- For securitization transactions subject to the ratings-based approach, the amount is estimated based on information on underlying assets obtainable from customers, etc.
- For securitization transactions subject to the supervisory formula, the amount is estimated based on obtainable information on, or default rate of, each obligor. Further, when it is difficult to estimate the amount using either method, it is conservatively estimated by assuming that the underlying asset is a default asset.

(2) "Loss amount" estimation method

- For securitization transactions subject to the ratings-based approach, the amount is the same amount as the "Default amount" estimated conservatively in (1) above.
- For securitization transactions subject to the supervisory formula, when expected loss ratios of defaulted underlying assets can be determined, the amount is estimated using the ratios. When it is difficult to determine the ratios, the amount is the same amount as the "Default amount" estimated conservatively in (1) above.

4. Asset type classification is based on the major items in the underlying assets for each transaction.

5. "Other claims" includes lease fees.

6. Following Articles 230 and 248 of the Notification, there are no amounts that represent "exposure to products subject to early amortization provisions" to investors.

7. There are no amounts that represent "assets held for securitization transactions."

(B) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

	Billions of yen									
	2016					2015				
	Term-end balance		Amounts subject to a 1250% risk weight	Increase in capital equivalent	Total	Term-end balance		Amounts subject to a 1250% risk weight	Increase in capital equivalent	
Total	On-balance sheet assets	Off-balance sheet assets				Total	On-balance sheet assets			Off-balance sheet assets
March 31										
Claims on corporates	681.7	681.7	—	1.5	—	826.3	826.3	—	0.3	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans).....	497.7	497.7	—	—	—	375.0	375.0	—	—	—
Other claims	5.9	5.9	—	—	—	25.1	25.1	—	—	—
Total	1,185.2	1,185.2	—	1.5	—	1,226.4	1,226.4	—	0.3	—

b. Risk Weights

	Billions of yen							
	2016				2015			
	Term-end balance				Term-end balance			
March 31	Total	On-balance sheet assets	Off-balance sheet assets	Required capital	Total	On-balance sheet assets	Off-balance sheet assets	Required capital
20% or less	1,158.9	1,158.9	—	7.1	1,218.7	1,218.7	—	7.3
100% or less	24.9	24.9	—	0.9	7.5	7.5	—	0.4
650% or less	—	—	—	—	—	—	—	—
Less than 1250%	—	—	—	—	—	—	—	—
1250%	1.5	1.5	—	1.6	0.3	0.3	—	0.3
Total	1,185.2	1,185.2	—	9.7	1,226.4	1,226.4	—	8.0

(C) Resecuritization Exposures

There are no amounts that represent “resecuritization exposures.”

(2) Securitization Transactions in which the Group is the Investor

(A) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

	Billions of yen									
	2016					2015				
	Term-end balance			Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance			Amounts subject to a 1250% risk weight	Increase in capital equivalent
March 31	Total	On-balance sheet assets	Off-balance sheet assets			Total	On-balance sheet assets	Off-balance sheet assets		
Claims on corporates	685.5	303.2	382.3	32.1	—	533.6	201.0	332.6	30.9	—
Mortgage loans	83.6	83.6	—	—	—	76.9	76.9	—	—	—
Retail loans (excluding mortgage loans)	338.1	325.5	12.5	—	—	192.4	190.0	2.4	—	—
Other claims	8.4	8.2	0.3	0.1	—	—	—	—	—	—
Total	1,115.6	720.5	395.2	32.2	—	802.9	467.9	335.0	30.9	—

Notes: 1. Asset type classification is based on the major items in the underlying assets for each transaction.

2. “Retail loans (excluding mortgage loans)” includes balances of ¥5.6 billion as of March 31, 2016 and ¥3.6 billion as of March 31, 2015 for the securitization exposures which includes loans whose credit risk are relatively high, such as U.S. subprime loans.

b. Risk Weights

	Billions of yen							
	2016				2015			
	Term-end balance				Term-end balance			
March 31	Total	On-balance sheet assets	Off-balance sheet assets	Required capital	Total	On-balance sheet assets	Off-balance sheet assets	Required capital
20% or less	976.3	688.7	287.6	5.1	682.7	462.4	220.3	3.4
100% or less	31.7	31.7	—	1.7	5.5	5.5	—	0.3
650% or less	—	—	—	—	—	—	—	—
Less than 1250%	—	—	—	—	—	—	—	—
1250%	107.6	0.1	107.5	34.2	114.7	—	114.7	32.8
Total	1,115.6	720.5	395.2	41.0	802.9	467.9	335.0	36.4

Note: The risk weight of “100% or less” includes balances of ¥5.6 billion as of March 31, 2016 and ¥3.6 billion as of March 31, 2015 for the securitization exposures which includes loans whose credit risk are relatively high, such as U.S. subprime loans.

(B) Resecuritization Exposures

a. Underlying Assets by Asset Type

	Billions of yen									
	2016					2015				
	Term-end balance			Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance			Amounts subject to a 1250% risk weight	Increase in capital equivalent
Total	On-balance sheet assets	Off-balance sheet assets	Total			On-balance sheet assets	Off-balance sheet assets			
March 31										
Claims on corporates	0.2	0.1	0.1	0.1	—	0.5	0.5	—	0.1	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	0.3	—	0.3	—	—	—	—	—	—	—
Other claims	0.1	0.1	—	0.0	—	0.7	0.3	0.4	0.3	—
Total	0.6	0.3	0.4	0.1	—	1.2	0.9	0.4	0.4	—

Notes: 1. Asset type classification is based on the major items in the underlying assets for each transaction.

2. "Other claims" includes securitization products.

3. Credit risk mitigation (CRM) techniques are not applied to the resecuritization exposures.

b. Risk Weights

	Billions of yen							
	2016				2015			
	Term-end balance			Required capital	Term-end balance			Required capital
Total	On-balance sheet assets	Off-balance sheet assets	Total		On-balance sheet assets	Off-balance sheet assets		
March 31								
20% or less	0.4	0.1	0.4	0.0	0.7	0.5	0.2	0.0
100% or less	—	—	—	—	0.1	—	0.1	0.0
650% or less	—	—	—	—	0.1	—	0.1	0.0
Less than 1250%	—	—	—	—	—	—	—	—
1250%	0.2	0.2	—	0.1	0.4	0.4	—	0.4
Total	0.6	0.3	0.4	0.1	1.2	0.9	0.4	0.5

9. Portfolio (Market Risk)

(1) Securitization Transactions as Originator

There are no amounts that represent "securitization transactions where the Group serves as the originator."

(2) Securitization Transactions as Investor

There are no amounts that represent "securitization transactions where the Group serves as the investor."

■ Equity Exposures in Banking Book

1. Risk Management Policy and Procedures

Securities in the banking book are properly managed, for example, by setting upper limits on the allowable amount of risk under the market or credit risk management framework selected according to their holding purpose and risk characteristics.

For securities held as “available-for-sale securities,” the upper limits are also set in terms of price fluctuation risk and default risk.

Regarding stocks of subsidiaries, assets and liabilities of subsidiaries are risk-managed on a consolidated basis. As for stocks of affiliates, risks related to gains and losses from investments are recognized separately. As in each case maximum allowable amount of risk is managed individually, risks as stocks are not measured.

The limits are established within the “risk capital limit” of SMFG, taking into account the financial and business situations of the subsidiaries and affiliates.

2. Valuation of Securities in Banking Book and Other Significant Accounting Policies

Stocks of subsidiaries and affiliates are carried at amortized cost using the moving-average method. Available-for-sale securities with market prices (including foreign stocks) are carried at their average market prices during the final month of the fiscal year. Securities other than these securities are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method), and those with no available market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities and net of income taxes are reported as a component of “net assets.” Derivative transactions are carried at fair value.

3. Consolidated Balance Sheet Amounts and Fair Values

	Billions of yen			
	2016		2015	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
March 31				
Listed equity exposures	3,811.3	3,811.3	4,383.7	4,383.7
Equity exposures other than above.....	227.2	—	276.9	—
Total	4,038.5	—	4,660.6	—

4. Gains (Losses) on Sale and Devaluation of Equity Exposures

	Billions of yen	
	Fiscal 2015	Fiscal 2014
Gains (losses)	69.0	66.7
Gains on sale	100.3	83.5
Losses on sale	20.8	4.0
Devaluation	10.4	12.8

Note: The above amounts are gains (losses) on stocks and available-for-sale securities in the consolidated statements of income.

5. Unrealized Gains (Losses) Recognized on Consolidated Balance Sheets but Not on Consolidated Statements of Income

	Billions of yen	
	2016	2015
March 31		
Unrealized gains (losses) recognized on consolidated balance sheets but not on consolidated statements of income.....	1,734.3	2,259.1

Note: The above amount is for stocks of Japanese companies and foreign stocks with market prices.

6. Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheets or Consolidated Statements of Income

	Billions of yen	
	2016	2015
March 31		
Unrealized gains (losses) not recognized on consolidated balance sheets or consolidated statements of income.....	(25.6)	(50.1)

Note: The above amount is for stocks of affiliates with market prices.

■ Exposure Balance by Type of Assets, Geographic Region, Industry and Residual Term

1. Exposure Balance by Type of Assets, Geographic Region and Industry

March 31, 2016	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	9,649.7	140.2	240.4	2,661.0	12,691.3
Agriculture, forestry, fishery and mining.....	368.2	8.2	3.1	30.1	409.7
Construction.....	1,238.9	22.8	4.6	242.5	1,508.8
Transport, information, communications and utilities.....	6,124.1	51.3	164.0	1,131.7	7,471.2
Wholesale and retail.....	6,130.8	38.1	182.7	898.2	7,249.8
Financial and insurance.....	42,235.4	418.2	1,637.7	1,382.3	45,673.7
Real estate, goods rental and leasing.....	9,438.2	411.9	64.7	422.9	10,337.7
Services.....	5,627.8	30.9	59.1	649.9	6,367.7
Local municipal corporations.....	1,558.8	56.8	11.8	20.7	1,648.1
Other industries.....	27,111.3	13,380.7	338.7	5,630.9	46,461.5
Subtotal.....	109,483.2	14,559.1	2,706.7	13,070.2	139,819.3
Overseas operations and offshore banking accounts					
Sovereigns.....	7,755.5	1,190.7	21.8	21.8	8,989.7
Financial institutions.....	5,882.2	557.9	1,849.3	915.7	9,205.2
C&I companies.....	22,624.1	164.0	903.0	899.6	24,590.7
Others.....	5,288.5	829.4	84.4	2,356.9	8,559.2
Subtotal.....	41,550.2	2,742.0	2,858.5	4,194.0	51,344.7
Total.....	151,033.4	17,301.2	5,565.3	17,264.2	191,164.0

March 31, 2015	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	9,095.1	143.2	204.1	2,980.0	12,422.4
Agriculture, forestry, fishery and mining.....	189.5	3.7	8.1	36.7	238.1
Construction.....	1,217.2	18.3	2.9	221.6	1,460.0
Transport, information, communications and utilities.....	6,018.7	54.6	115.6	1,052.6	7,241.5
Wholesale and retail.....	6,119.0	37.5	148.1	859.8	7,164.4
Financial and insurance.....	39,834.8	358.6	1,919.6	1,804.0	43,917.1
Real estate, goods rental and leasing.....	8,784.0	394.0	47.8	442.6	9,668.4
Services.....	5,244.2	36.4	63.5	668.0	6,012.1
Local municipal corporations.....	1,864.7	156.0	10.4	18.4	2,049.5
Other industries.....	27,552.6	16,690.0	189.7	6,115.3	50,547.6
Subtotal.....	105,919.6	17,892.4	2,709.9	14,199.2	140,721.1
Overseas operations and offshore banking accounts					
Sovereigns.....	7,453.1	1,080.3	22.7	22.7	8,578.7
Financial institutions.....	6,008.0	429.3	1,762.6	801.3	9,001.2
C&I companies.....	21,393.5	233.1	850.2	841.1	23,317.8
Others.....	5,050.7	879.7	98.3	2,447.9	8,476.6
Subtotal.....	39,905.3	2,622.4	2,733.7	4,113.0	49,374.4
Total.....	145,824.9	20,514.9	5,443.6	18,312.2	190,095.6

Notes: 1. The above amounts are exposures after CRM.

2. The above amounts do not include "securitization exposures" and "credit risk-weighted assets under Article 145 of the Notification."

3. "Loans, etc." includes loans, commitments and off-balance sheet assets except derivatives, and "Others" includes equity exposures, standardized approach applied funds, and CVA risk equivalent amount exposures, etc.

4. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Exposure Balance by Type of Assets and Residual Term

March 31, 2016	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year	39,469.8	4,442.1	826.9	1,003.6	45,742.3
More than 1 year to 3 years.....	18,046.6	3,550.6	1,243.0	1,393.3	24,233.5
More than 3 years to 5 years.....	17,316.5	5,449.0	1,356.7	1,256.8	25,379.0
More than 5 years to 7 years.....	7,318.5	564.1	576.6	507.3	8,966.4
More than 7 years.....	25,408.3	3,295.4	1,562.1	1,363.4	31,629.2
No fixed maturity	43,473.7	—	—	11,739.8	55,213.5
Total	151,033.4	17,301.2	5,565.3	17,264.2	191,164.0

March 31, 2015	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year	40,443.4	4,621.5	750.0	891.5	46,706.4
More than 1 year to 3 years.....	16,895.6	7,981.9	1,494.2	1,660.5	28,032.1
More than 3 years to 5 years.....	16,656.4	4,787.3	1,364.7	1,314.0	24,122.4
More than 5 years to 7 years.....	6,652.4	1,006.1	512.6	524.3	8,695.4
More than 7 years.....	25,508.1	2,117.9	1,322.3	1,134.6	30,082.9
No fixed maturity	39,669.0	—	—	12,787.3	52,456.3
Total	145,824.9	20,514.9	5,443.6	18,312.2	190,095.6

Notes: 1. The above amounts are exposures after CRM.

2. The above amounts do not include "securitization exposures" and "credit risk-weighted assets under Article 145 of the Notification."

3. "Loans, etc." includes loans, commitments and off-balance sheet assets except derivatives, and "Others" includes equity exposures, standardized approach applied funds, and CVA risk equivalent amount exposures, etc.

4. "No fixed maturity" includes exposures not classified by residual term.

3. Term-End Balance of Exposures Past Due 3 Months or More or Defaulted and Their Breakdown

(1) By Geographic Region

March 31	Billions of yen	
	2016	2015
Domestic operations (excluding offshore banking accounts)	1,301.9	1,526.4
Overseas operations and offshore banking accounts.....	177.9	171.5
Asia.....	47.3	46.8
North America.....	67.8	42.9
Other regions.....	62.8	81.8
Total.....	1,479.8	1,697.9

Notes: 1. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.

2. The above amounts include partial direct write-offs (direct reductions).

3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.

(2) By Industry

March 31	Billions of yen	
	2016	2015
Domestic operations (excluding offshore banking accounts)		
Manufacturing.....	173.1	190.0
Agriculture, forestry, fishery and mining	3.0	7.4
Construction	34.0	44.5
Transport, information, communications and utilities.....	130.9	185.7
Wholesale and retail	171.6	191.1
Financial and insurance.....	9.1	10.4
Real estate, goods rental and leasing	233.7	304.1
Services	137.6	169.0
Other industries	408.9	424.2
Subtotal	1,301.9	1,526.4
Overseas operations and offshore banking accounts		
Financial institutions.....	2.8	1.0
C&I companies	123.8	152.5
Others.....	51.3	18.0
Subtotal	177.9	171.5
Total.....	1,479.8	1,697.9

Notes: 1. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.

2. The above amounts include partial direct write-offs (direct reductions).

3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

4. Term-End Balances of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and Loan Loss Reserve for Specific Overseas Countries

(1) By Geographic Region

March 31	Billions of yen			Increase (decrease) (A) – (B)
	2016 (A)	2015 (B)	2014	
General reserve for possible loan losses.....	395.5	387.0	473.2	8.5
Loan loss reserve for specific overseas countries	1.3	0.7	0.7	0.6
Specific reserve for possible loan losses	530.1	647.1	784.6	(117.0)
Domestic operations (excluding offshore banking accounts)	457.9	590.0	745.6	(132.1)
Overseas operations and offshore banking accounts.....	72.2	57.1	39.0	15.1
Asia	19.0	28.6	14.3	(9.6)
North America.....	15.3	5.4	3.3	9.9
Other regions	37.9	23.1	21.4	14.8
Total	926.9	1,034.8	1,258.5	(107.9)

Notes: 1. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).

2. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.

(2) By Industry

March 31	Billions of yen			Increase (decrease) (A) – (B)
	2016 (A)	2015 (B)	2014	
General reserve for possible loan losses.....	395.5	387.0	473.2	8.5
Loan loss reserve for specific overseas countries	1.3	0.7	0.7	0.6
Specific reserve for possible loan losses	530.1	647.1	784.6	(117.0)
Domestic operations (excluding offshore banking accounts)	457.9	590.0	745.6	(132.1)
Manufacturing.....	60.0	83.7	110.0	(23.7)
Agriculture, forestry, fishery and mining	2.6	2.9	3.0	(0.3)
Construction	13.7	20.0	38.4	(6.3)
Transport, information, communications and utilities.....	69.8	81.9	63.7	(12.1)
Wholesale and retail.....	63.9	79.2	115.1	(15.3)
Financial and insurance	6.7	8.2	10.9	(1.5)
Real estate, goods rental and leasing	81.3	109.1	173.0	(27.8)
Services	48.0	68.1	89.9	(20.1)
Other industries	111.9	136.9	141.6	(25.0)
Overseas operations and offshore banking accounts.....	72.2	57.1	39.0	15.1
Financial institutions	0.3	0.3	2.9	0.0
C&I companies	65.9	43.7	34.1	22.2
Others	6.0	13.1	2.0	(7.1)
Total	926.9	1,034.8	1,258.5	(107.9)

Notes: 1. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).

2. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

5. Loan Write-Offs by Industry

	Billions of yen	
	Fiscal 2015	Fiscal 2014
Domestic operations (excluding offshore banking accounts)		
Manufacturing.....	(0.3)	(0.3)
Agriculture, forestry, fishery and mining	0.0	(0.0)
Construction	0.1	(0.1)
Transport, information, communications and utilities.....	1.3	0.1
Wholesale and retail	0.5	(0.9)
Financial and insurance.....	(0.1)	0.0
Real estate, goods rental and leasing	0.1	0.1
Services	(0.0)	0.2
Other industries	64.8	74.5
Subtotal	66.4	73.6
Overseas operations and offshore banking accounts		
Financial institutions.....	—	—
C&I companies	0.6	0.0
Others	7.2	3.4
Subtotal	7.8	3.4
Total	74.2	77.0

Note: "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

■ Market Risk

1. Scope

The following approaches are used to calculate market risk equivalent amounts.

(1) Internal Models Method

General market risk of SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited

(2) Standardized Measurement Method

- Specific risk
- General market risk of consolidated subsidiaries other than SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited
- A portion of general market risk of SMBC

2. Valuation Method Corresponding to Transaction Characteristics

All assets and liabilities held in the trading book — therefore, subject to calculation of the market risk equivalent amount — are transactions with high market liquidity. Securities and monetary claims are carried at the fiscal year-end market price, and 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.

3. VaR Results (Trading Book)

	Billions of yen			
	Fiscal 2015		Fiscal 2014	
	VaR	Stressed VaR	VaR	Stressed VaR
Fiscal year-end	1.7	1.9	2.7	3.5
Maximum	5.9	11.7	5.6	13.2
Minimum	1.2	1.8	1.7	2.3
Average	2.6	4.4	3.2	7.1

- Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using the historical simulation method based on four years of historical observations.
 2. The stressed VaR is calculated on a daily basis by using the historical simulation method for the holding period of one day, one-sided confidence interval of 99.0%, and measurement period of 12 months (including the stress period).
 3. Specific risks for the trading book are excluded.
 4. Principal consolidated subsidiaries are included.

■ Interest Rate Risk in Banking Book

Interest rate risk in the banking book fluctuates significantly depending on the method of recognizing maturity of demand deposits (such as current accounts and ordinary deposits from which funds can be withdrawn on demand) and the method of predicting early withdrawal from fixed-term deposits and prepayment of consumer loans. Key assumptions made by SMBC in measuring interest rate risk in the banking book are as follows.

1. Method of Recognizing Maturity of Demand Deposits

The total amount of demand deposits expected to remain with the bank for the long term (with 50% of the lowest balance during the past 5 years as the upper limit) is recognized as a core deposit amount and interest rate risk is measured for each maturity with 5 years as the maximum term (the average is 2.5 years).

2. Method of Estimating Early Withdrawal from Fixed-term Deposits and Prepayment of Consumer Loans

The rate of early withdrawal from fixed-term deposits and the rate of prepayment of consumer loans are estimated and the rates are used to calculate cash flows used for measuring interest rate risk.

3. VaR Results (Banking Book)

	Billions of yen	
	Fiscal 2015	Fiscal 2014
Fiscal year-end	34.0	39.0
Maximum	48.9	46.1
Minimum	23.5	36.6
Average	38.7	41.7

- Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using the historical simulation method based on four years of historical observations.
 2. Principal consolidated subsidiaries are included.

■ Operational Risk

1. Operational Risk Equivalent Amount Calculation Methodology

SMFG adopted the Advanced Measurement Approach (AMA) for exposures as of March 31, 2008. The following consolidated subsidiaries have also adopted the AMA, and the remaining consolidated subsidiaries have adopted the Basic Indicator Approach (BIA).

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited, The Japan Research Institute, Limited, SMBC Friend Securities Co., Ltd., Sumitomo Mitsui Finance and Leasing Co., Ltd., SMBC Finance Service Co., Ltd., Kansai Urban Banking Corporation, SMBC Guarantee Co., Ltd., THE MINATO BANK, LTD., SMBC Center Service Co., Ltd., SMBC Delivery Service Co., Ltd., SMBC Green Service Co., Ltd., SMBC International Business Co., Ltd., SMBC Loan Business Service Co., Ltd., SMBC Loan Administration and Operations Service Co., Ltd., Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Nikko Securities Inc., Cedyna Financial Corporation and SMBC Consumer Finance Co., Ltd.

2. Outline of the AMA

For the "Outline of the AMA," please refer to pages 88 to 90.

3. Usage of Insurance to Mitigate Risk

SMFG had not taken measures to mitigate operational risk through insurance coverage for exposures.

■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (As of March 31, 2015 and 2016)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Items	(Millions of yen)		Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Consolidated balance sheet as in published financial statements			
	As of March 31, 2016	As of March 31, 2015		
(Assets)				
Cash and due from banks	42,789,236	39,748,979		
Call loans and bills bought	1,291,365	1,326,965		
Receivables under resale agreements	494,949	746,431		
Receivables under securities borrowing transactions	7,972,918	6,477,063		
Monetary claims bought	4,350,012	4,286,592		
Trading assets	8,063,281	7,483,681	7-a	
Money held in trust	5,163	7,087		
Securities	25,264,445	29,633,667	3-b, 7-b	
Loans and bills discounted	75,066,080	73,068,240	7-c	
Foreign exchanges	1,577,167	1,907,667		
Lease receivables and investment assets	1,987,034	1,909,143		
Other assets	6,702,774	6,156,091		
Tangible fixed assets	2,919,424	2,770,853		
Intangible fixed assets	878,265	819,560	3-a	
Net defined benefit asset	203,274	376,255	4	
Deferred tax assets	125,832	127,841	5-a	
Customers' liabilities for acceptances and guarantees	7,519,635	7,267,713		
Reserve for possible loan losses	(625,019)	(671,248)		
Total assets	186,585,842	183,442,585		
(Liabilities)				
Deposits	110,668,828	101,047,918		
Negotiable certificates of deposit	14,250,434	13,825,898		
Call money and bills sold	1,220,455	5,873,123		
Payables under repurchase agreements	1,761,822	991,860		
Payables under securities lending transactions	5,309,003	7,833,219		
Commercial paper	3,017,404	3,351,459		
Trading liabilities	6,112,667	5,664,688	7-d	
Borrowed money	8,571,227	9,778,095	9-a	
Foreign exchanges	1,083,450	1,110,822		
Short-term bonds	1,271,300	1,370,800		
Bonds	7,006,357	6,222,918	9-b	
Due to trust account	944,542	718,133		
Other liabilities	6,632,027	6,728,951		
Reserve for employee bonuses	68,476	73,359		
Reserve for executive bonuses	2,446	3,344		
Net defined benefit liability	48,570	38,096		
Reserve for executive retirement benefits	2,202	2,128		
Reserve for point service program	19,706	19,050		
Reserve for reimbursement of deposits	16,979	20,870		
Reserve for losses on interest repayment	228,741	166,793		
Reserve under the special laws	1,498	1,124		
Deferred tax liabilities	348,190	601,393	5-b	
Deferred tax liabilities for land revaluation	32,203	34,550	5-c	
Acceptances and guarantees	7,519,635	7,267,713		
Total liabilities	176,138,173	172,746,314		
(Net assets)				
Capital stock	2,337,895	2,337,895	1-a	
Capital surplus	757,306	757,329	1-b	
Retained earnings	4,534,472	4,098,425	1-c	
Treasury stock	(175,381)	(175,261)	1-d	
Total stockholders' equity	7,454,294	7,018,389		
Net unrealized gains on other securities	1,347,689	1,791,049		
Net deferred gains or losses on hedges	55,130	(30,180)	6	
Land revaluation excess	39,416	39,014		
Foreign currency translation adjustments	87,042	156,309		
Remeasurements of defined benefit plans	(69,811)	47,667		
Total accumulated other comprehensive income	1,459,467	2,003,859		3
Stock acquisition rights	2,884	2,284	2, 8-a	
Non-controlling interests	1,531,022	1,671,738	8-b	
Total net assets	10,447,669	10,696,271		
Total liabilities and net assets	186,585,842	183,442,585		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appended Table)

1. Stockholders' equity

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Capital stock	2,337,895	2,337,895		1-a
Capital surplus	757,306	757,329		1-b
Retained earnings	4,534,472	4,098,425		1-c
Treasury stock	(175,381)	(175,261)		1-d
Total stockholders' equity	7,454,294	7,018,389		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,454,294	7,018,389	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,095,202	3,095,225		1a
of which: retained earnings	4,534,472	4,098,425		2
of which: treasury stock (-)	175,381	175,261		1c
of which: other than the above	—	—		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Stock acquisition rights

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Stock acquisition rights	2,884	2,284		2
of which: Stock acquisition rights issued by bank holding company	2,635	2,085		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Stock acquisition rights to common shares	2,635	2,085		1b
Stock acquisition rights to Additional Tier 1 instruments	—	—		31b
Stock acquisition rights to Tier 2 instruments	—	—		46

3. Intangible assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Intangible fixed assets	878,265	819,560		3-a
Securities	25,264,445	29,633,667		3-b
of which: goodwill attributable to equity-method investees	46,540	92,771		
Income taxes related to above	171,796	153,707		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Goodwill (including those equivalent)	372,622	435,296		8
Other intangible assets other than goodwill and mortgage servicing rights	380,386	323,327	Software and other	9
Mortgage servicing rights	—	—		
Amount exceeding the 10% threshold on specified items	—	—		20
Amount exceeding the 15% threshold on specified items	—	—		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—		74

4. Net defined benefit asset

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Net defined benefit asset	203,274	376,255		4
Income taxes related to above	61,615	120,853		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks
Net defined benefit asset	141,659	255,401	

Basel III Template No.	
	15

5. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks
Deferred tax assets	125,832	127,841	
Deferred tax liabilities	348,190	601,393	
Deferred tax liabilities for land revaluation	32,203	34,550	

Ref. No.	
	5-a
	5-b
	5-c

Tax effects on other intangible assets	171,796	153,707	
Tax effects on net defined benefit asset	61,615	120,853	

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,137	5,008	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Deferred tax assets arising from temporary differences (net of related tax liability)	9,700	5,285	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Amount exceeding the 10% threshold on specified items	—	—	
Amount exceeding the 15% threshold on specified items	—	—	
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	9,700	5,285	

Basel III Template No.	
	10
	21
	25
	75

6. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks
Net deferred gains or losses on hedges	55,130	(30,180)	

Ref. No.	
	6

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks
Net deferred gains or losses on hedges	57,131	(28,694)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"

Basel III Template No.	
	11

7. Items associated with investments in the capital of financial institutions

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks
Trading assets	8,063,281	7,483,681	Including trading account securities and derivatives for trading assets
Securities	25,264,445	29,633,667	
Loans and bills discounted	75,066,080	73,068,240	Including subordinated loans
Trading liabilities	6,112,667	5,664,688	Including trading account securities sold and derivatives for trading liabilities

Ref. No.	
	7-a
	7-b
	7-c
	7-d

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Investments in own capital instruments	7,374	9,886		
Common Equity Tier 1 capital	7,374	9,886		16
Additional Tier 1 capital	—	—		37
Tier 2 capital	—	—		52
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	—	—		
Common Equity Tier 1 capital	—	—		17
Additional Tier 1 capital	—	—		38
Tier 2 capital	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	620,209	874,552		
Common Equity Tier 1 capital	—	65,599		18
Additional Tier 1 capital	—	507		39
Tier 2 capital	—	10,109		54
Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deductions (before risk weighting)	620,209	798,335		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	727,520	761,011		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	80,053	158,633		40
Tier 2 capital	125,000	125,057		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deductions (before risk weighting)	522,466	477,320		73

8. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Stock acquisition rights	2,884	2,284		8-a
Non-controlling interests	1,531,022	1,671,738		8-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	164,550	153,863		5
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—		30-31ab-32
Amount allowed to be included in group Additional Tier 1	183,267	182,251		34-35
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—		46
Amount allowed to be included in group Tier 2	42,036	39,348		48-49

9. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Borrowed money	8,571,227	9,778,095		9-a
Bonds	7,006,357	6,222,918		9-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	300,000	—		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	655,064	374,988		46

Note:

Amounts in the "Composition of capital disclosure" are based on those before considering under transitional arrangements and includes "Amounts excluded under transitional arrangements" disclosed in "Capital Structure Information" as well as amounts included as regulatory capital. In addition, items for regulatory purpose under transitional arrangement are excluded from this table.

Leverage Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

■ Composition of Leverage Ratio

(In million yen, %)				
Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Item	As of March 31, 2016	As of March 31, 2015
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	162,192,848	160,371,631
1a	1	Total assets reported in the consolidated balance sheet	186,585,842	183,442,585
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	—	—
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	—	—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)	24,392,993	23,070,954
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	625,036	514,287
3		Total on-balance sheet exposures (a)	161,567,811	159,857,344
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc.	2,296,889	2,197,309
5		Add-on amount associated with derivatives transactions, etc.	3,047,557	3,322,792
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	533,429	615,854
6		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	533,429	615,854
8		The amount of client-cleared trade exposures for which a bank or bank holding company acting as clearing member is not obliged to make any indemnification (-)		
9		Adjusted effective notional amount of written credit derivatives	583,300	491,723
10		The amount of deductions from effective notional amount of written credit derivatives (-)	459,631	294,754
11	4	Total exposures related to derivative transactions (b)	5,468,116	5,717,070
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	8,467,867	7,223,495
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	52,386	59,050
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	8,520,253	7,282,545
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	59,207,893	56,677,029
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	39,001,675	38,217,588
19	6	Total exposures related to off-balance sheet transactions (d)	20,206,217	18,459,440
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	9,031,672	8,528,626
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	195,762,400	191,316,401
22		Leverage ratio on a consolidated basis ((e)/(f))	4.61%	4.45%

Liquidity Risk Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMFG calculates its consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank Holding Company as a Benchmark for Judging the Soundness of Management of Itself and its Subsidiaries, etc., Based on the Provision of Article 52-25 of the Banking Act, and Which Are Also the Criteria to be Referred to for Judging the Soundness of Management in Banks” (Notification No. 62 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “LCR Notification”). Meanwhile, SMFG discloses its liquidity risk management and LCR in compliance with “Matters Related to the Status of the Soundness of Management Concerning Liquidity Separately Specified by the Commissioner of the Japanese Financial Services Agency, Based on the Provision of Article 19-2, Paragraph 1, Item 5 (e) of the Ordinance for Enforcement of the Banking Act, etc.” (Notification No. 7 issued by the Japanese Financial Services Agency in 2015).

■ Disclosure of Liquidity Risk Management

1. Liquidity Risk Management Policy and Procedures

At SMFG, liquidity risk is centrally managed by the Corporate Risk Management Department, which is operated independently of business units engaged in market transactions. The department is responsible for the measurement of funding gaps and monitoring of the risk status through stress tests and other means, in addition to the development and analysis of risk appetite indicators, with a view to maintaining a stable balance between the lending and funding structure. It reports these sets of information to the Management Committee and Board of Directors, etc. In addition, in accordance with SMFG’s “Principal Policy for Group Risk Management,” principle policies of liquidity risk management and important risk-related matters, such as a risk tolerance, are determined by the Management Committee before they are approved by the Board of Directors.

2. Indicators for Assessing Liquidity Risk and Other Liquidity Risk Management

(1) Risk appetite indicator

This indicator demonstrates the degree of deviance from the quantitative risks (e.g. LCR) estimated at the beginning of the fiscal year. SMFG has set three alert levels of deviance to monitor the status of the liquidity risk it exposes.

(2) Maintaining supplementary liquidity

Supplementary liquidity is maintained by holding assets, such as U.S. government bonds, which can be immediately converted to cash in order to smoothly raise the required funds even during market disruption, and these asset holdings are monitored regularly.

(3) Funding gap management

A funding gap is defined as the maturity mismatch between source of funds and use of funds and shows forthcoming funding requirements. SMFG manages this funding gap properly by setting limits on the size of the gap and limiting reliance on short-term funding. These limits are set in place on both a bank-wide basis and individual branch basis, and take into account funding status, cash management planning, economic environments, and individual currency characteristics and other factors. Additionally, funding gap limits are set for individual currencies if necessary. SMFG monitors the funding gap on a daily basis.

(4) Stress tests

Stress tests are designed to ensure the development of a robust liquidity structure to cope with substantial cash outflows in a stress period. The test is regularly carried out by simulating the impact triggered, for example, by deposit outflows or difficulties in money market funding, in order to appraise and manage the amount of funding required when liquidity risk is realized.

(5) Measures against realized liquidity stress

Contingency plans are developed to respond to the liquidity risk when being realized, by creating detailed action plans such as lowering the upper limit for the funding gap, depending on the existing situation (i.e. normal, concerned, or critical) and the respective circumstances.

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Consolidated LCR

As described in “Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)” on the following page, the LCR has remained stable with no significant fluctuation following the introduction of the liquidity regulation on March 31, 2015.

2. Assessment of Consolidated LCR

The LCR Notification stipulates that the minimum requirement of LCR for 2016 is set at 70.0% and from 2017 onwards, the LCR is raised in increments of 10.0% in stages, reaching 100.0% in and after 2019 (see table below).

	2015	2016	2017	2018	2019 onwards
The minimum requirement of LCR	60.0%	70.0%	80.0%	90.0%	100.0%

Consolidated LCR of SMFG exceeds the minimum requirements of LCR for 2016 (70.0%) and for 2019 onwards (100.0%), having no cause for concern. SMFG does not expect that the future LCR forecasts will differ significantly from the announced ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

The consolidated high-quality liquid assets held by SMFG that are allowed to be included in the calculation of LCR include deposits with central banks, highly-rated bonds and cash. As described in “Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)” in the following table, the amount of such high-quality liquid assets exceed the amount of net cash outflows. Meanwhile, currency denominations, categories and location, etc. of the high-quality liquid assets allowed to be included in the calculation have not shown any significant changes. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5.0 % or more of SMFG’s total liabilities on the consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Consolidated LCR

SMFG has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 28 of the LCR Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 37 of the same Notification. Meanwhile, SMFG records “cash outflows related to small-sized consolidated subsidiaries,” etc. under “cash outflows based on other contracts” prescribed in Article 59 of the same Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2016/1/1 To 2016/3/31)		Prior Quarter (From 2015/10/1 To 2015/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	49,664,698		48,621,338	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	49,743,188	3,892,979	48,865,918	3,843,214
3	of which, Stable deposits	15,459,536	463,846	14,915,420	447,463
4	of which, Less stable deposits	34,283,652	3,429,132	33,950,498	3,395,751
5	Cash outflows related to unsecured wholesale funding	55,311,931	30,862,377	54,687,009	31,318,058
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	48,108,832	23,659,278	47,298,845	23,929,893
8	of which, Debt securities	7,203,099	7,203,099	7,388,165	7,388,165
9	Cash outflows related to secured funding, etc.		64,128		71,137
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	20,118,571	6,911,940	20,510,320	6,848,060
11	of which, Cash outflows related to derivative transactions, etc.	1,845,259	1,845,259	1,588,137	1,588,137
12	of which, Cash outflows related to funding programs	582,882	582,882	632,800	632,800
13	of which, Cash outflows related to credit and liquidity facilities	17,690,430	4,483,799	18,289,383	4,627,123
14	Cash outflows related to contractual funding obligations, etc.	8,969,609	5,828,019	8,008,212	5,286,320
15	Cash outflows related to contingencies	65,635,893	917,321	64,204,284	919,477
16	Total cash outflows		48,476,765		48,286,266
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	4,900,450	262,466	4,018,112	221,480
18	Cash inflows related to collection of loans, etc.	4,372,853	2,918,343	4,523,449	2,985,454
19	Other cash inflows	4,276,699	2,210,086	3,988,910	2,042,753
20	Total cash inflows	13,550,002	5,390,895	12,530,470	5,249,686
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		49,664,698		48,621,338
22	Net cash outflows		43,085,870		43,036,580
23	Consolidated liquidity coverage ratio (LCR)		115.2%		112.9%
24	The number of data used to calculate the average value		3		3

The data following the introduction of the liquidity regulation on March 31, 2015 is available on SMFG’s website. (http://www.smfg.co.jp/english/investor/financial/basel_3.html)

Indicators for assessing Global Systemically Important Banks (G-SIBs)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

■ Indicators for assessing Global Systemically Important Banks (G-SIBs)

(In 0.1 billion yen)

Item No.	Description	As of March 31, 2016	As of March 31, 2015
1	Total exposures (a + b + c + d): a. On-balance sheet assets (other than assets specifically identified below b., c. and contra-account of guarantees) b. Sum of counterparty exposure of derivatives contracts, capped notional amount of written credit derivatives and potential future exposure of derivatives contracts c. Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs d. Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs)	1,967,830	1,911,845
2	Intra-financial system assets (a + b + c + d): a. Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions b. Holdings of securities issued by other financial institutions (Note 1) c. Net positive current exposure of SFTs with other financial institutions d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value	290,434	298,339
3	Intra-financial system liabilities (a + b + c): a. Deposits due to, and loans and undrawn committed lines obtained from, other financial institutions b. Net negative current exposure of SFTs with other financial institutions c. OTC derivatives with other financial institutions that have a net negative fair value	184,610	216,396
4	Securities outstanding (Note 1)	303,703	312,779
5	Assets under custody	121,293	128,754
6	Notional amount of OTC derivatives	6,237,931	6,569,083
7	Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts (Note 2)	99,021	118,027
8	Level 3 assets (Note 3)	8,309	10,938
9	Cross-jurisdictional claims	442,652	424,438
10	Cross-jurisdictional liabilities	222,418	213,958

Item No.	Description	FY ended March 31, 2016	FY ended March 31, 2015
11	Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	31,745,875	27,326,202
12	Underwritten transactions in debt and equity markets (Note 4)	72,413	47,619

- Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and common equities.
2. Level 1 and Level 2 assets with haircuts are defined in the Basel III Liquidity Coverage Ratio (LCR).
3. The amount is calculated in accordance with the International Financial Reporting Standards.
4. This refers to underwriting of securities defined in article 2 paragraph 8 item 6 of the Financial Instruments and Exchange Act.

Financial Highlights

Sumitomo Mitsui Banking Corporation

■ Consolidated

Year ended March 31	Millions of yen				
	2016	2015	2014	2013	2012
For the Year:					
Ordinary income.....	¥ 3,059,022	¥ 3,199,409	¥ 3,105,992	¥ 2,810,681	¥ 2,687,911
Ordinary profit.....	930,332	1,198,955	1,298,738	928,713	857,919
Profit attributable to owners of parent.....	680,162	736,904	785,687	734,514	533,816
Comprehensive income.....	143,086	1,937,374	1,174,292	1,373,623	632,889
At Year-End:					
Total net assets.....	¥ 9,446,193	¥ 10,036,003	¥ 8,640,763	¥ 8,257,091	¥ 7,276,706
Total assets.....	180,408,672	177,559,197	155,824,141	143,203,127	138,251,602
Capital ratio (International standard).....	/	/	/	/	19.63%
Total capital ratio (International standard).....	18.19%	17.93%	17.08%	16.84%	/
Tier 1 capital ratio (International standard).....	14.58%	13.91%	13.43%	12.69%	/
Common equity Tier 1 capital ratio (International standard).....	13.04%	12.61%	12.27%	11.26%	/
Number of employees.....	54,192	50,249	48,824	47,852	50,768

Note: "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.

■ Non-consolidated

Year ended March 31	Millions of yen				
	2016	2015	2014	2013	2012
For the Year:					
Ordinary income.....	¥ 2,277,812	¥ 2,370,998	¥ 2,342,582	¥ 2,121,369	¥ 2,018,585
Trust fees.....	2,589	1,872	1,972	1,823	1,736
Gross banking profit (A).....	1,534,271	1,634,284	1,558,184	1,540,095	1,532,511
Expenses (excluding nonrecurring losses) (B).....	805,483	791,211	745,745	727,736	719,495
Overhead ratio (B) / (A).....	52.5%	48.4%	47.9%	47.3%	46.9%
Banking profit.....	728,787	843,073	812,438	812,358	856,796
Banking profit (before provision for general reserve for possible loan losses).....	728,787	843,073	812,438	812,358	813,015
Ordinary profit.....	747,892	955,992	952,516	670,852	695,342
Net income.....	609,171	643,015	605,255	617,791	477,973
At Year-End:					
Total net assets.....	¥ 7,756,810	¥ 7,998,715	¥ 7,077,360	¥ 6,554,446	¥ 5,709,663
Total assets.....	153,641,430	154,724,079	135,966,434	125,910,020	119,037,469
Deposits.....	98,839,722	91,337,714	84,137,339	80,006,438	75,804,088
Loans and bills discounted.....	69,276,735	68,274,308	63,370,678	59,770,763	56,411,492
Securities.....	25,602,156	29,985,267	27,317,549	41,347,000	42,441,134
Trust assets and liabilities.....	3,394,170	3,542,957	3,108,012	2,693,092	1,891,853
Loans and bills discounted.....	537,839	373,230	143,469	131,913	235,829
Securities.....	1,305,284	1,451,206	1,420,372	1,076,225	424,478
Capital stock.....	1,770,996	1,770,996	1,770,996	1,770,996	1,770,996
Number of shares issued (in thousands)					
Common stock.....	106,248	106,248	106,248	106,248	106,248
Preferred stock.....	70	70	70	70	70
Dividend payout ratio.....	67.02%	77.18%	75.92%	29.04%	33.00%
Capital ratio (International standard).....	/	/	/	/	21.91%
Total capital ratio (International standard).....	19.47%	18.89%	18.30%	18.62%	/
Tier 1 capital ratio (International standard).....	15.29%	14.26%	14.02%	13.92%	/
Common equity Tier 1 capital ratio (International standard).....	13.44%	12.80%	12.47%	11.75%	/
Number of employees.....	28,002	26,416	22,915	22,569	22,686

Note: "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who are not also Board members.

Income Analysis (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2016				2015			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥1,035,709	¥678,627	¥(61,828)	¥1,652,508	¥1,098,229	¥667,869	¥(76,011)	¥1,690,086
Interest expenses	263,226	222,074	(59,208)	426,091	238,131	202,461	(75,518)	365,074
Net interest income	772,483	456,552	(2,619)	1,226,416	860,097	465,407	(493)	1,325,011
Trust fees	3,587	—	—	3,587	2,795	—	—	2,795
Fees and commissions	590,211	202,620	(13,444)	779,388	589,311	206,271	(13,233)	782,349
Fees and commissions payments	117,909	37,190	(4,310)	150,788	107,477	40,906	(3,212)	145,171
Net fees and commissions	472,302	165,430	(9,133)	628,599	481,834	165,364	(10,021)	637,178
Trading income	205,942	37,330	(33,549)	209,722	280,230	44,531	(89,522)	235,239
Trading losses	5,655	27,894	(33,549)	—	95,388	51,990	(89,522)	57,856
Net trading income	200,286	9,436	—	209,722	184,842	(7,459)	—	177,382
Other operating income	176,824	56,453	(764)	232,513	246,129	34,401	(673)	279,857
Other operating expenses	80,709	6,674	(637)	86,746	85,867	8,946	(389)	94,424
Net other operating income	96,115	49,779	(126)	145,767	160,262	25,455	(284)	185,433

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Inter-segment transactions are reported in the "Elimination" column.

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥ 87,277,238	¥1,035,709	1.19%	¥ 84,231,395	¥1,098,229	1.30%
Loans and bills discounted	53,632,502	683,057	1.27	52,422,192	711,603	1.36
Securities	22,503,531	267,401	1.19	22,967,038	297,093	1.29
Call loans and bills bought	147,527	861	0.58	226,408	1,177	0.52
Receivables under resale agreements	32,450	15	0.05	22,061	48	0.22
Receivables under securities borrowing transactions	6,694,461	10,740	0.16	4,712,301	7,813	0.17
Deposits with banks	763,613	5,001	0.65	761,822	4,818	0.63
Interest-bearing liabilities	¥119,039,647	¥263,226	0.22	¥109,010,312	¥ 238,131	0.22%
Deposits	84,841,300	40,376	0.05	80,981,456	43,657	0.05
Negotiable certificates of deposit	7,422,076	5,708	0.08	6,207,049	5,536	0.09
Call money and bills sold	2,295,143	1,523	0.07	2,040,532	1,503	0.07
Payables under repurchase agreements	1,281,197	3,714	0.29	782,372	1,314	0.17
Payables under securities lending transactions	6,791,583	6,724	0.10	5,267,621	5,029	0.10
Commercial paper	145,053	203	0.14	192,088	282	0.15
Borrowed money	9,157,549	88,978	0.97	7,529,796	77,864	1.03
Short-term bonds	598,174	573	0.10	430,553	433	0.10
Bonds	5,700,673	106,825	1.87	5,064,906	96,844	1.91

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or quarterly balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2016, ¥28,295,713 million; 2015, ¥21,948,242 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥37,624,624	¥678,627	1.80%	¥35,770,885	¥667,869	1.87%
Loans and bills discounted	22,900,739	534,084	2.33	21,538,900	512,068	2.38
Securities	2,886,777	38,103	1.32	2,957,732	39,150	1.32
Call loans and bills bought.....	918,358	19,596	2.13	1,046,258	18,423	1.76
Receivables under resale agreements	1,521,170	11,934	0.78	921,297	9,888	1.07
Receivables under securities borrowing transactions	—	—	—	—	—	—
Deposits with banks.....	5,645,875	32,480	0.58	5,874,640	38,325	0.65
Interest-bearing liabilities	¥28,578,720	¥222,074	0.78%	¥27,687,592	¥202,461	0.73%
Deposits	15,875,574	101,157	0.64	13,447,542	83,859	0.62
Negotiable certificates of deposit	6,502,114	43,853	0.67	8,945,965	38,528	0.43
Call money and bills sold	525,808	3,836	0.73	925,341	2,697	0.29
Payables under repurchase agreements	1,934,523	6,212	0.32	1,165,238	3,902	0.33
Payables under securities lending transactions.....	—	—	—	—	—	—
Commercial paper.....	2,807,578	10,211	0.36	2,744,976	7,764	0.28
Borrowed money.....	310,574	5,495	1.77	263,837	4,284	1.62
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	67,592	3,664	5.42	57,527	2,736	4.76

Notes: 1. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or quarterly balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2016, ¥1,730,410 million; 2015, ¥1,518,716 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥123,077,998	¥1,652,508	1.34%	¥118,839,156	¥1,690,086	1.42%
Loans and bills discounted	75,626,679	1,167,181	1.54	73,051,387	1,170,833	1.60
Securities	25,390,309	302,821	1.19	25,924,771	335,694	1.29
Call loans and bills bought.....	1,065,886	20,457	1.92	1,272,667	19,600	1.54
Receivables under resale agreements	727,468	10,100	1.39	776,681	9,640	1.24
Receivables under securities borrowing transactions	6,694,461	10,740	0.16	4,712,301	7,813	0.17
Deposits with banks.....	6,335,306	37,097	0.59	6,556,848	42,649	0.65
Interest-bearing liabilities	¥145,790,207	¥ 426,091	0.29%	¥135,572,201	¥ 365,074	0.27%
Deposits	100,632,418	141,085	0.14	94,391,674	126,966	0.13
Negotiable certificates of deposit	13,924,191	49,561	0.36	15,153,014	44,065	0.29
Call money and bills sold	2,820,952	5,360	0.19	2,965,873	4,200	0.14
Payables under repurchase agreements	2,389,569	8,077	0.34	1,780,933	4,921	0.28
Payables under securities lending transactions.....	6,791,583	6,724	0.10	5,267,621	5,029	0.10
Commercial paper.....	2,952,632	10,415	0.35	2,937,065	8,047	0.27
Borrowed money.....	8,561,582	44,514	0.52	6,924,199	29,312	0.42
Short-term bonds.....	598,174	573	0.10	430,553	433	0.10
Bonds.....	5,768,265	110,489	1.92	5,122,433	99,581	1.94

Notes: 1. The figures above comprise totals for domestic and overseas operations after inter-segment eliminations.

2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or quarterly balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2016, ¥30,015,849 million; 2015, ¥23,464,258 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2016				2015			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥590,211	¥202,620	¥(13,444)	¥779,388	¥589,311	¥206,271	¥(13,233)	¥782,349
Deposits and loans	21,087	110,113	(4,766)	126,435	20,902	110,261	(4,413)	126,751
Remittances and transfers.....	116,425	17,867	(1)	134,291	114,823	17,143	(1)	131,965
Securities-related business.....	99,357	35,935	(3,194)	132,098	95,244	41,832	(5,124)	131,952
Agency	15,146	—	—	15,146	15,605	—	—	15,605
Safe deposits	5,509	2	—	5,512	5,746	2	—	5,749
Guarantees.....	36,974	12,369	(1,275)	48,068	36,373	15,275	(211)	51,438
Credit card business.....	3,834	—	—	3,834	6,536	—	—	6,536
Investment trusts	101,211	3,128	—	104,339	128,829	2,009	(1)	130,837
Fees and commissions payments.....	¥117,909	¥ 37,190	¥ (4,310)	¥150,788	¥107,477	¥ 40,906	¥ (3,212)	¥145,171
Remittances and transfers.....	29,282	8,507	(0)	37,789	28,219	9,335	(236)	37,318

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Inter-segment transactions are reported in the "Elimination" column.

Trading Income

Year ended March 31	Millions of yen							
	2016				2015			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥205,942	¥37,330	¥(33,549)	¥209,722	¥280,230	¥44,531	¥(89,522)	¥235,239
Gains on trading securities	62,162	—	(5,795)	56,366	246,331	—	(14,189)	232,141
Gains on securities related to trading transactions.....	115	—	(49)	65	3,054	—	(109)	2,944
Gains on trading-related financial derivatives.....	143,554	37,330	(27,704)	153,180	30,691	44,531	(75,222)	—
Others	110	—	—	110	153	—	—	153
Trading losses.....	¥ 5,655	¥27,894	¥(33,549)	¥ —	¥ 95,388	¥51,990	¥(89,522)	¥ 57,856
Losses on trading securities	—	5,795	(5,795)	—	—	14,189	(14,189)	—
Losses on securities related to trading transactions.....	—	49	(49)	—	—	109	(109)	—
Losses on trading-related financial derivatives.....	5,655	22,048	(27,704)	—	95,388	37,691	(75,222)	57,856
Others	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Inter-segment transactions are reported in the "Elimination" column.

Assets and Liabilities (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen	
	2016	2015
Domestic operations:		
Liquid deposits	¥ 62,952,848	¥ 56,265,737
Fixed-term deposits	22,909,471	24,177,202
Others	7,246,396	5,731,119
Subtotal	93,108,716	86,174,059
Negotiable certificates of deposit	6,941,869	5,912,761
Total	¥100,050,586	¥ 92,086,821
Overseas operations:		
Liquid deposits	¥ 11,796,260	¥ 10,296,949
Fixed-term deposits	6,228,385	4,916,051
Others	105,310	116,829
Subtotal	18,129,956	15,329,830
Negotiable certificates of deposit	7,798,564	8,120,036
Total	¥ 25,928,521	¥ 23,449,866
Grand total	¥125,979,107	¥115,536,687

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
 2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
 3. Fixed-term deposits = Time deposits + Installment savings

Balance of Loan Portfolio, Classified by Industry

Year-End Balance

March 31	Millions of yen			
	2016		2015	
Domestic operations:				
Manufacturing	¥ 6,365,352	11.60%	¥ 5,968,319	11.18%
Agriculture, forestry, fisheries and mining	125,724	0.23	134,045	0.25
Construction	918,357	1.67	913,596	1.71
Transportation, communications and public enterprises	4,619,874	8.42	4,588,546	8.59
Wholesale and retail	4,388,586	8.00	4,423,655	8.29
Finance and insurance	5,456,967	9.94	5,387,024	10.09
Real estate, goods rental and leasing	8,401,005	15.31	7,770,408	14.55
Services	4,601,322	8.39	4,214,981	7.90
Municipalities	1,265,341	2.31	1,243,108	2.33
Others	18,730,598	34.13	18,742,690	35.11
Subtotal	¥54,873,131	100.00%	¥53,386,375	100.00%
Overseas operations:				
Public sector	¥ 173,548	0.77%	¥ 71,691	0.33%
Financial institutions	1,351,816	6.02	1,354,146	6.23
Commerce and industry	18,336,668	81.65	17,805,942	81.93
Others	2,595,939	11.56	2,501,409	11.51
Subtotal	¥22,457,993	100.00%	¥21,733,190	100.00%
Total	¥77,331,124	—	¥75,119,565	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
 2. Japan offshore banking accounts are included in overseas operations' accounts.

Risk-Monitored Loans

March 31	Millions of yen	
	2016	2015
Bankrupt loans	¥ 44,732	¥ 35,630
Non-accrual loans	547,362	710,773
Past due loans (3 months or more)	12,695	6,071
Restructured loans	208,691	224,707
Total	¥813,481	¥977,183
Amount of direct reduction	¥249,567	¥307,412

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Securities

Year-End Balance

March 31	Millions of yen	
	2016	2015
Domestic operations:		
Japanese government bonds	¥10,346,596	¥14,290,030
Japanese local government bonds	52,070	119,993
Japanese corporate bonds	2,679,207	2,634,819
Japanese stocks	3,748,625	4,337,096
Others	4,982,142	4,991,120
Subtotal	¥21,808,642	¥26,373,060
Overseas operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	82,314	52,548
Japanese stocks	—	—
Others	3,262,793	3,133,725
Subtotal	¥ 3,345,108	¥ 3,186,274
Total	¥25,153,750	¥29,559,334

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

March 31	Millions of yen							
	2016				2015			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets	¥7,094,562	¥942,877	¥(56,468)	¥7,980,971	¥6,633,222	¥787,375	¥(55,609)	¥7,364,988
Trading securities	3,348,958	138,744	—	3,487,702	2,938,860	76,279	—	3,015,139
Derivatives of trading securities	13,573	—	—	13,573	16,429	—	—	16,429
Securities related to trading transactions	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	18,098	120	—	18,218	24,343	293	—	24,637
Trading-related financial derivatives	3,649,936	804,012	(56,468)	4,397,481	3,551,604	710,801	(55,609)	4,206,797
Other trading assets	63,995	—	—	63,995	101,984	—	—	101,984
Trading liabilities	¥5,354,889	¥807,561	¥(56,468)	¥6,105,982	¥5,009,602	¥682,412	¥(55,609)	¥5,636,406
Trading securities sold for short sales	2,147,529	43,707	—	2,191,237	2,141,153	23,752	—	2,164,905
Derivatives of trading securities	29,421	—	—	29,421	25,770	—	—	25,770
Securities related to trading transactions sold for short sales	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	17,275	80	—	17,356	26,580	298	—	26,878
Trading-related financial derivatives	3,160,662	763,773	(56,468)	3,867,967	2,816,098	658,361	(55,609)	3,418,850
Other trading liabilities	—	—	—	—	—	—	—	—

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Inter-segment transactions are reported in the "Elimination" column.

Income Analysis (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Gross Banking Profit, Classified by Domestic and International Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	¥ 854,216	¥581,173	¥1,422,367	¥ 926,308	¥542,110	¥1,455,992
			[13,021]			[12,426]
Interest expenses	66,604	345,208	398,791	62,770	284,220	334,564
			[13,021]			[12,426]
Net interest income	787,611	235,964	1,023,576	863,538	257,890	1,121,428
Trust fees	2,550	38	2,589	1,841	31	1,872
Fees and commissions	347,923	179,392	527,316	337,140	180,387	517,528
Fees and commissions payments	126,929	41,867	168,796	121,569	45,978	167,548
Net fees and commissions	220,993	137,525	358,519	215,570	134,409	349,979
Trading income	5,102	61,491	66,593	3,380	9,418	12,799
Trading losses	—	—	—	—	—	—
Net trading income	5,102	61,491	66,593	3,380	9,418	12,799
Other operating income	39,882	83,723	123,606	27,321	166,738	194,059
Other operating expenses	25,978	14,634	40,613	13,928	31,927	45,855
Net other operating income	13,903	69,089	82,992	13,393	134,810	148,204
Gross banking profit	¥1,030,162	¥504,108	¥1,534,271	¥1,097,724	¥536,560	¥1,634,284
Gross banking profit rate (%)	1.43%	1.25%	1.42%	1.55%	1.41%	1.56%

Notes: 1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign-currency-denominated transactions by domestic branches and operations by overseas branches. Yen-denominated nonresident transactions and Japan offshore banking accounts are included in international operations.

2. Figures in brackets [] indicate interest payments between domestic and international operations. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

3. Gross banking profit rate = Gross banking profit / Average balance of interest-earning assets × 100

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥71,694,907	¥854,216	1.19%	¥70,641,557	¥926,308	1.31%
	[4,503,590]	[13,021]		[4,225,764]	[12,426]	
Loans and bills discounted	45,425,766	556,364	1.22	45,297,845	593,408	1.31
Securities	19,490,418	245,712	1.26	20,185,808	289,726	1.43
Call loans	53,089	108	0.20	99,639	259	0.26
Receivables under resale agreements	2	0	0.07	—	—	—
Receivables under securities borrowing transactions	1,842,235	1,990	0.10	456,748	957	0.20
Bills bought	—	—	—	14,850	390	2.62
Deposits with banks	12,067	6	0.05	7,757	1	0.01
Interest-bearing liabilities	¥94,110,848	¥ 66,604	0.07%	¥87,716,915	¥ 62,770	0.07%
Deposits	73,328,279	21,733	0.02	70,404,105	23,868	0.03
Negotiable certificates of deposit	7,701,125	5,907	0.07	6,486,838	5,788	0.08
Call money	1,655,876	864	0.05	1,398,849	683	0.04
Payables under repurchase agreements	38,649	28	0.07	53,749	47	0.08
Payables under securities lending transactions	2,761,590	1,512	0.05	1,767,038	961	0.05
Borrowed money	6,376,138	18,868	0.29	4,946,776	10,570	0.21
Short-term bonds	18,218	12	0.06	24,999	17	0.07
Bonds	1,457,179	16,605	1.13	1,824,687	19,811	1.08

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2016, ¥26,578,642 million; 2015, ¥20,982,578 million).

2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

International Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥40,309,868	¥581,173	1.44%	¥37,906,621	¥542,110	1.43%
Loans and bills discounted.....	22,679,209	424,239	1.87	20,797,386	397,077	1.90
Securities.....	6,529,804	80,365	1.23	6,338,457	67,027	1.05
Call loans.....	620,731	4,057	0.65	369,455	5,272	1.42
Receivables under resale agreements.....	497,349	5,540	1.11	412,957	4,760	1.15
Receivables under securities borrowing transactions.....	283,887	1,195	0.42	294,806	1,407	0.47
Deposits with banks.....	6,548,702	30,854	0.47	6,538,186	27,241	0.41
Interest-bearing liabilities.....	¥39,908,088	¥345,208	0.86%	¥36,790,634	¥284,220	0.77%
	[4,503,590]	[13,021]		[4,225,764]	[12,426]	
Deposits.....	16,198,658	71,524	0.44	13,603,482	47,719	0.35
Negotiable certificates of deposit.....	7,392,396	42,343	0.57	8,671,748	37,351	0.43
Call money.....	868,088	4,085	0.47	608,136	1,947	0.32
Payables under repurchase agreements....	1,128,307	4,087	0.36	1,260,612	3,248	0.25
Payables under securities lending transactions.....	1,031,227	2,989	0.28	904,212	1,592	0.17
Borrowed money.....	2,139,371	69,366	3.24	1,987,396	66,250	3.33
Bonds.....	3,659,097	87,852	2.40	2,795,189	74,317	2.65

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2016, ¥104,906 million; 2015, ¥93,568 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method, under which the TT middle rate at the end of the previous month is applied to nonexchange transactions of the month concerned.

Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥107,501,185	¥1,422,367	1.32%	¥104,322,413	¥1,455,992	1.39%
Loans and bills discounted.....	68,104,976	980,604	1.43	66,095,232	990,485	1.49
Securities.....	26,020,222	326,077	1.25	26,524,265	356,754	1.34
Call loans.....	673,821	4,165	0.61	469,094	5,532	1.17
Receivables under resale agreements.....	497,352	5,540	1.11	412,957	4,760	1.15
Receivables under securities borrowing transactions.....	2,126,123	3,185	0.14	751,554	2,365	0.31
Bills bought.....	—	—	—	14,850	390	2.62
Deposits with banks.....	6,560,770	30,860	0.47	6,545,943	27,242	0.41
Interest-bearing liabilities.....	¥129,515,345	¥ 398,791	0.30%	¥120,281,785	¥ 334,564	0.27%
Deposits.....	89,526,938	93,258	0.10	84,007,587	71,588	0.08
Negotiable certificates of deposit.....	15,093,522	48,250	0.31	15,158,586	43,140	0.28
Call money.....	2,523,964	4,949	0.19	2,006,986	2,630	0.13
Payables under repurchase agreements....	1,166,957	4,116	0.35	1,314,362	3,295	0.25
Payables under securities lending transactions.....	3,792,817	4,501	0.11	2,671,250	2,554	0.09
Borrowed money.....	8,515,510	88,235	1.03	6,934,173	76,821	1.10
Short-term bonds.....	18,218	12	0.06	24,999	17	0.07
Bonds.....	5,116,277	104,458	2.04	4,619,876	94,128	2.03

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2016, ¥26,683,548 million; 2015, ¥21,076,146 million).
2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

Breakdown of Interest Income and Interest Expenses

Domestic Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥12,550	¥(84,642)	¥(72,092)	¥(23,587)	¥ 950	¥(22,636)
Loans and bills discounted.....	1,566	(38,610)	(37,043)	(1,022)	(43,057)	(44,080)
Securities.....	(9,712)	(34,301)	(44,014)	(28,810)	50,454	21,643
Call loans.....	(103)	(47)	(151)	77	(34)	43
Receivables under resale agreements.....	0	0	0	—	—	—
Receivables under securities borrowing transactions.....	1,496	(463)	1,032	76	(142)	(66)
Bills bought.....	(195)	(195)	(390)	(358)	(15)	(374)
Deposits with banks.....	1	4	5	0	0	0
Interest expenses.....	¥ 4,524	¥ (691)	¥ 3,833	¥ 4,910	¥(10,437)	¥ (5,527)
Deposits.....	866	(3,001)	(2,134)	538	(3,078)	(2,540)
Negotiable certificates of deposit.....	931	(812)	118	570	(1,016)	(445)
Call money.....	131	49	181	207	(15)	192
Payables under repurchase agreements....	(12)	(6)	(18)	14	(2)	11
Payables under securities lending transactions.....	544	6	550	651	(46)	605
Borrowed money.....	3,558	4,739	8,297	7,187	(3,740)	3,447
Short-term bonds.....	(4)	(0)	(5)	0	(0)	0
Bonds.....	(3,990)	783	(3,206)	(4,958)	(1,778)	(6,736)

International Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥34,617	¥ 4,446	¥39,063	¥92,859	¥ 7,653	¥100,512
Loans and bills discounted.....	35,201	(8,039)	27,162	80,210	8,900	89,111
Securities.....	2,075	11,262	13,337	6,641	(6,285)	356
Call loans.....	1,642	(2,857)	(1,214)	(254)	850	596
Receivables under resale agreements.....	940	(159)	780	924	(810)	114
Receivables under securities borrowing transactions.....	(50)	(161)	(212)	462	50	512
Deposits with banks.....	43	3,569	3,613	3,615	(161)	3,454
Interest expenses.....	¥25,278	¥35,710	¥60,988	¥46,828	¥(19,946)	¥ 26,881
Deposits.....	10,103	13,702	23,805	8,026	3,318	11,344
Negotiable certificates of deposit.....	(5,510)	10,502	4,991	7,272	(2,223)	5,049
Call money.....	1,018	1,119	2,137	44	23	67
Payables under repurchase agreements....	(340)	1,179	838	(142)	309	166
Payables under securities lending transactions.....	249	1,147	1,396	219	171	391
Commercial paper.....	(98)	1,537	1,438	1,082	97	1,179
Borrowed money.....	4,927	(1,811)	3,116	573	(5,561)	(4,987)
Bonds.....	20,741	(7,206)	13,535	18,452	(2,277)	16,175

Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2016			2015		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥42,058	¥(75,682)	¥(33,624)	¥ 56,094	¥ 32,295	¥88,390
Loans and bills discounted.....	28,937	(38,818)	(9,881)	62,037	(17,006)	45,031
Securities.....	(6,678)	(23,998)	(30,676)	(21,301)	43,300	21,999
Call loans.....	1,265	(2,631)	(1,366)	92	547	639
Receivables under resale agreements.....	940	(159)	780	924	(810)	114
Receivables under securities borrowing transactions.....	2,059	(1,239)	820	421	25	446
Bills bought.....	(195)	(195)	(390)	(358)	(15)	(374)
Deposits with banks.....	61	3,556	3,618	3,616	(161)	3,454
Interest expenses.....	¥26,831	¥ 37,396	¥ 64,227	¥ 34,143	¥ (2,274)	¥31,869
Deposits.....	4,941	16,728	21,670	3,177	5,626	8,803
Negotiable certificates of deposit.....	(185)	5,295	5,110	6,625	(2,021)	4,603
Call money.....	792	1,526	2,318	575	(315)	260
Payables under repurchase agreements....	(369)	1,189	820	(102)	281	178
Payables under securities lending transactions.....	1,236	710	1,947	1,270	(274)	996
Commercial paper.....	(98)	1,537	1,438	1,082	97	1,179
Borrowed money.....	16,385	(4,971)	11,414	37,454	(38,995)	(1,540)
Short-term bonds.....	(4)	(0)	(5)	0	(0)	0
Bonds.....	10,134	194	10,329	4,898	4,539	9,438

Note: Volume/rate variance is prorated according to changes in volume and rate.

Fees and Commissions

Year ended March 31	Millions of yen					
	2016			2015		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions.....	¥347,923	¥179,392	¥527,316	¥337,140	¥180,387	¥517,528
Deposits and loans.....	12,011	98,975	110,986	11,806	96,126	107,933
Remittances and transfers.....	91,858	36,407	128,265	91,204	34,602	125,806
Securities-related business.....	10,797	1,929	12,727	12,485	2,620	15,105
Agency.....	10,358	—	10,358	11,955	—	11,955
Safe deposits.....	5,094	—	5,094	5,325	—	5,325
Guarantees.....	16,669	19,888	36,558	17,212	22,160	39,373
Fees and commissions payments.....	¥126,929	¥ 41,867	¥168,796	¥121,569	¥ 45,978	¥167,548
Remittances and transfers.....	23,534	12,386	35,920	22,532	13,505	36,037

Trading Income

Year ended March 31	Millions of yen					
	2016			2015		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading income.....	¥5,102	¥61,491	¥66,593	¥3,380	¥9,418	¥12,799
Gains on trading securities.....	4,992	—	4,992	3,227	—	3,227
Gains on securities related to trading transactions.....	—	65	65	—	2,944	2,944
Gains on trading-related financial derivatives.....	—	61,424	61,424	—	6,474	6,474
Others.....	109	0	110	153	—	153
Trading losses.....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Losses on trading securities.....	—	—	—	—	—	—
Losses on securities related to trading transactions.....	—	—	—	—	—	—
Losses on trading-related financial derivatives.....	—	—	—	—	—	—
Others.....	—	—	—	—	—	—

Note: Figures represent net gains after offsetting income against expenses.

Net Other Operating Income (Expenses)

Year ended March 31	Millions of yen					
	2016			2015		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income (expenses).....	¥13,903	¥69,089	¥82,992	¥13,393	¥134,810	¥148,204
Gains (losses) on bonds.....	3,390	50,613	54,003	3,341	44,558	47,899
Gains (losses) on derivatives.....	(394)	(1,397)	(1,791)	(3,596)	(16,342)	(19,939)
Gains on foreign exchange transactions....	—	22,831	22,831	—	107,262	107,262

General and Administrative Expenses

Year ended March 31	2016		2015	
	Millions of yen			
	2016	2015	2016	2015
Salaries and related expenses.....	¥283,791	¥270,814		
Retirement benefit cost.....	(289)	4,162		
Welfare expenses.....	44,487	42,902		
Depreciation.....	92,376	82,976		
Rent and lease expenses.....	63,026	64,934		
Building and maintenance expenses.....	8,484	5,405		
Supplies expenses.....	5,920	5,202		
Water, lighting, and heating expenses.....	5,601	5,757		
Traveling expenses.....	6,053	6,005		
Communication expenses.....	7,106	7,117		
Publicity and advertising expenses.....	16,553	12,522		
Taxes, other than income taxes.....	46,629	42,859		
Deposit insurance.....	30,290	49,063		
Others.....	195,450	191,487		
Total.....	¥805,483	¥791,211		

Deposits (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen			
	2016		2015	
Domestic operations:				
Liquid deposits	¥ 58,803,480	67.9%	¥ 53,460,725	65.7%
Fixed-term deposits	19,099,675	22.0	20,328,986	25.0
Others	1,648,767	1.9	1,424,917	1.7
Subtotal	79,551,923	91.8	75,214,629	92.4
Negotiable certificates of deposit	7,090,524	8.2	6,186,789	7.6
Total	¥ 86,642,448	100.0%	¥ 81,401,419	100.0%
International operations:				
Liquid deposits	¥ 9,288,738	34.9%	¥ 8,026,383	33.5%
Fixed-term deposits	5,083,772	19.1	3,743,876	15.6
Others	4,915,287	18.4	4,352,824	18.2
Subtotal	19,287,798	72.4	16,123,085	67.3
Negotiable certificates of deposit	7,337,814	27.6	7,835,274	32.7
Total	¥ 26,625,613	100.0%	¥ 23,958,359	100.0%
Grand total	¥113,268,061	—	¥105,359,778	—

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. Fixed-term deposits = Time deposits + Installment savings

Average Balance

Year ended March 31	2016		2015	
	Millions of yen			
Domestic operations:				
Liquid deposits	¥ 52,992,916		¥49,585,981	
Fixed-term deposits	19,806,534		20,305,098	
Others	528,829		513,025	
Subtotal	73,328,279		70,404,105	
Negotiable certificates of deposit	7,701,125		6,486,838	
Total	¥ 81,029,405		¥76,890,943	
International operations:				
Liquid deposits	¥ 8,262,536		¥ 7,022,248	
Fixed-term deposits	3,894,999		2,599,982	
Others	4,041,122		3,981,250	
Subtotal	16,198,658		13,603,482	
Negotiable certificates of deposit	7,392,396		8,671,748	
Total	¥ 23,591,054		¥22,275,230	
Grand total	¥104,620,460		¥99,166,173	

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. Fixed-term deposits = Time deposits + Installment savings
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Deposits, Classified by Type of Depositor

March 31	Millions of yen			
	2016		2015	
Individual	¥42,312,525	51.5%	¥41,768,103	53.7%
Corporate	39,822,162	48.5	36,020,995	46.3
Total	¥82,134,687	100.0%	¥77,789,098	100.0%

Note: The figures above exclude negotiable certificates of deposit and Japan offshore banking accounts.

Balance of Investment Trusts, Classified by Type of Customer

March 31	Millions of yen	
	2016	2015
Individual	¥2,077,514	¥2,689,700
Corporate	364,493	390,369
Total	¥2,442,007	¥3,080,069

Note: Balance of investment trusts is recognized on a contract basis and measured according to each fund's net asset balance at the fiscal year-end.

Balance of Time Deposits, Classified by Maturity

March 31	Millions of yen	
	2016	2015
Less than three months	¥10,054,986	¥ 9,789,514
Fixed interest rates	6,254,255	6,780,000
Floating interest rates	54,567	71,389
Others	3,746,162	2,938,125
Three — six months	4,165,144	4,302,602
Fixed interest rates	3,558,214	3,755,675
Floating interest rates	35,037	180,469
Others	571,891	366,457
Six months — one year	5,433,077	5,467,537
Fixed interest rates	5,056,580	5,195,839
Floating interest rates	58,896	125,714
Others	317,600	145,983
One — two years	1,784,267	1,822,536
Fixed interest rates	1,630,848	1,719,362
Floating interest rates	31,282	79,026
Others	122,137	24,146
Two — three years	1,186,316	1,221,641
Fixed interest rates	1,045,544	977,282
Floating interest rates	23,075	26,424
Others	117,696	217,934
Three years or more	1,559,617	1,468,992
Fixed interest rates	571,234	666,721
Floating interest rates	780,099	796,859
Others	208,283	5,412
Total	¥24,183,409	¥24,072,824
Fixed interest rates	18,116,678	19,094,881
Floating interest rates	982,959	1,279,883
Others	5,083,772	3,698,059

Note: The figures above do not include installment savings.

Loans (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

March 31	Millions of yen	
	2016	2015
Domestic operations:		
Loans on notes	¥ 534,074	¥ 675,286
Loans on deeds	35,801,510	35,669,028
Overdrafts	9,856,733	9,704,976
Bills discounted	88,554	106,324
Subtotal	¥46,280,872	¥46,155,615
International operations:		
Loans on notes	¥ 912,383	¥ 1,127,209
Loans on deeds	21,934,123	20,845,536
Overdrafts	149,356	145,946
Bills discounted	—	—
Subtotal	¥22,995,862	¥22,118,693
Total	¥69,276,735	¥68,274,308

Average Balance

Year ended March 31	Millions of yen	
	2016	2015
Domestic operations:		
Loans on notes	¥ 616,951	¥ 739,344
Loans on deeds	35,366,905	35,366,084
Overdrafts	9,354,814	9,090,851
Bills discounted	87,094	101,565
Subtotal	¥45,425,766	¥45,297,845
International operations:		
Loans on notes	¥ 1,033,312	¥ 1,139,269
Loans on deeds	21,477,275	19,492,102
Overdrafts	168,621	166,013
Bills discounted	—	—
Subtotal	¥22,679,209	¥20,797,386
Total	¥68,104,976	¥66,095,232

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Loans and Bills Discounted, Classified by Purpose

March 31	Millions of yen			
	2016		2015	
Funds for capital investment	¥20,875,436	30.1%	¥21,002,318	30.8%
Funds for working capital	48,401,299	69.9	47,271,990	69.2
Total	¥69,276,735	100.0%	¥68,274,308	100.0%

Balance of Loans and Bills Discounted, Classified by Collateral

March 31	Millions of yen	
	2016	2015
Securities	¥ 570,049	¥ 614,963
Commercial claims	1,170,056	1,096,237
Commercial goods	—	—
Real estate	6,766,633	6,579,256
Others	1,278,085	1,260,709
Subtotal	9,784,824	9,551,166
Guaranteed	23,589,094	23,562,770
Unsecured	35,902,816	35,160,371
Total	¥69,276,735	¥68,274,308

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2016	2015
One year or less	¥10,578,408	¥10,629,695
One — three years	11,434,150	10,834,296
Floating interest rates	9,138,844	8,580,386
Fixed interest rates	2,295,305	2,253,910
Three — five years	11,868,263	11,700,384
Floating interest rates	9,540,806	9,349,175
Fixed interest rates	2,327,457	2,351,208
Five — seven years	5,333,958	5,030,127
Floating interest rates	4,392,917	4,314,552
Fixed interest rates	941,041	715,574
More than seven years	20,055,864	20,228,880
Floating interest rates	18,903,945	19,038,738
Fixed interest rates	1,151,919	1,190,142
No designated term	10,006,090	9,850,923
Floating interest rates	10,006,090	9,850,923
Fixed interest rates	—	—
Total	¥69,276,735	¥68,274,308

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

Balance of Loan Portfolio, Classified by Industry

March 31	Millions of yen			
	2016		2015	
Domestic operations:				
Manufacturing	¥ 5,968,107	11.9%	¥ 5,622,478	11.4%
Agriculture, forestry, fisheries and mining	121,805	0.2	129,596	0.3
Construction	711,002	1.4	713,769	1.4
Transportation, communications and public enterprises	4,294,743	8.6	4,322,866	8.8
Wholesale and retail	3,949,130	7.9	4,015,619	8.1
Finance and insurance	7,042,440	14.1	7,284,507	14.8
Real estate, goods rental and leasing	7,014,185	14.0	6,524,281	13.2
Services	3,954,330	7.9	3,634,027	7.4
Municipalities	1,087,248	2.2	1,070,825	2.2
Others	15,929,369	31.8	16,028,577	32.4
Subtotal	¥50,072,362	100.0%	¥49,346,549	100.0%
Overseas operations:				
Public sector	¥ 164,623	0.8%	¥ 52,598	0.3%
Financial institutions	1,362,414	7.1	1,557,891	8.2
Commerce and industry	15,876,722	82.7	15,603,083	82.4
Others	1,800,612	9.4	1,714,185	9.1
Subtotal	¥19,204,373	100.0%	¥18,927,759	100.0%
Total	¥69,276,735	—	¥68,274,308	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches). Overseas operations comprise the operations of SMBC's overseas branches.

2. Japan offshore banking accounts are included in overseas operations' accounts.

Loans to Individuals/Small and Medium-Sized Enterprises

March 31	Millions of yen	
	2016	2015
Total domestic loans (A)	¥50,072,362	¥49,346,549
Loans to individuals, and small and medium-sized enterprises (B)	33,860,723	33,498,552
(B) / (A)	67.6%	67.9%

Notes: 1. The figures above exclude the outstanding balance of loans at overseas branches and of Japan offshore banking accounts.

2. Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Consumer Loans Outstanding

March 31	Millions of yen	
	2016	2015
Consumer loans	¥14,148,084	¥14,347,459
Housing loans	13,207,194	13,437,910
Residential purpose	10,598,147	10,788,338
Others	940,889	909,548

Note: Housing loans include general-purpose loans used for housing purposes as well as housing loans and apartment house acquisition loans.

Breakdown of Reserve for Possible Loan Losses

Year ended March 31, 2016	Millions of yen				Balance at end of the fiscal year
	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		
			Objectives	Others	
General reserve for possible loan losses	¥225,897	¥221,297	¥ —	¥225,897*	¥221,297
	[5,133]				
Specific reserve for possible loan losses	161,627	134,708	24,269	137,357*	134,708
	[763]				
For nonresident loans	36,337	39,550	12,223	24,113*	39,550
	[761]				
Loan loss reserve for specific overseas countries ...	719	1,179	—	719*	1,179
Total	¥388,243	¥357,186	¥24,269	¥363,974	¥357,186
	[5,896]				

* Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Year ended March 31, 2015	Millions of yen				Balance at end of the fiscal year
	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		
			Objectives	Others	
General reserve for possible loan losses	¥322,558	¥231,030	¥ —	¥322,558*	¥231,030
	[(9,782)]				
Specific reserve for possible loan losses	159,423	162,390	9,579	149,843*	162,390
	[(397)]				
For nonresident loans	32,106	37,099	24	32,082*	37,099
	[(394)]				
Loan loss reserve for specific overseas countries ...	747	719	—	747*	719
Total	¥482,729	¥394,140	¥9,579	¥473,149	¥394,140
	[(10,180)]				

* Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Write-Off of Loans

Year ended March 31	Millions of yen	
	2016	2015
Write-off of loans	¥805	¥417

Note: Write-off of loans include amount of direct reduction.

Specific Overseas Loans

March 31	Millions of yen	
	2016	2015
Azerbaijan	¥10,631	¥ —
Egypt	9,112	11,552
Argentina	11	5
Total	¥19,755	¥11,557
Ratio of the total amounts to total assets	0.01%	0.00%
Number of countries	3	2

Risk-Monitored Loans

March 31	Millions of yen	
	2016	2015
Bankrupt loans	¥ 39,906	¥ 30,122
Non-accrual loans	410,020	552,933
Past due loans (3 months or more)	4,574	4,932
Restructured loans	106,071	115,919
Total	¥560,573	¥703,907
Amount of direct reduction	¥121,686	¥149,442

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Act

March 31	Millions of yen	
	2016	2015
Bankrupt and quasi-bankrupt assets	¥ 135,604	¥ 92,996
Doubtful assets	376,366	555,150
Substandard loans	110,646	120,851
Total of problem assets	622,617	768,998
Normal assets	79,046,057	78,132,366
Total	¥79,668,674	¥78,901,365
Amount of direct reduction	¥ 129,826	¥ 160,661

Notes: Definition of problem asset categories

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Act (Act No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Act. Assets in question include private placement bonds, loans and bills discounted, foreign exchanges, accrued interest, and suspense payment in "other assets," customers' liabilities for acceptances and guarantees, and securities lent under the loan for consumption or leasing agreements.

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above

Problem Assets Based on the Financial Reconstruction Act, and Risk-Monitored Loans

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Act		Risk-monitored loans		
	Total loans	Other assets	Total loans	Other assets	
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	©	
Effectively Bankrupt Borrowers			Non-accrual loans		
Potentially Bankrupt Borrowers			Past due loans (3 months or more)		
Borrowers Requiring Caution	Substandard loans	Restructured loans			
	(Normal assets)				
Normal Borrowers					
		Ⓐ	Ⓑ	=	Ⓒ

Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves

March 31, 2016		Classification under self-assessment				Reserve for possible loan losses		Reserve ratio
Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Act	Classification I	Classification II	Classification III	Classification IV			
		Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥135.6	Portion of claims secured by collateral or guarantees, etc. (5) ¥101.1	Fully reserved ¥34.5	Direct write-offs (Note 1)	Specific reserve	¥37.3 (Note 2)
Effectively Bankrupt Borrowers	Potentially Bankrupt Borrowers	¥97.1 (Note 2)						71.48% (Note 3)
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥376.4	Portion of claims secured by collateral or guarantees, etc. (6) ¥240.6	Necessary amount reserved ¥135.8		General reserve	General reserve for substandard loans ¥24.6		40.73% (Note 3)
Borrowers Requiring Caution	Substandard loans (3) ¥110.6 (Claims to substandard borrowers)	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥49.3				¥221.7 (Note 6)		4.83% (9.70%) (Note 4)
Normal Borrowers	Normal assets ¥79,046.1	Claims to borrowers requiring caution, excluding claims to substandard borrowers	Claims to normal borrowers					0.13% (Note 4)
						Loan loss reserve for specific overseas countries ¥1.2		
NPL ratio (A) / (4) 0.78% (Note 5)	Total (4) ¥79,668.7	Total reserve for possible loan losses				¥357.2		Reserve ratio (B) / (D) 68.62% (Note 7)
	(A) = (1) + (2) + (3) ¥622.6	Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥391.0	Unsecured portion (D) = (A) - (C) ¥231.7			¥159.0		
				Coverage ratio {(B) + (C)} / (A)				88.32%

- Notes: 1. Includes amount of direct reduction totaling ¥129.8 billion.
2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Act. (Bankrupt/Effectively Bankrupt Borrowers: ¥2.7 billion; Potentially Bankrupt Borrowers: ¥4.8 billion)
3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.
4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.
5. Ratio of problem assets to total assets subject to the Financial Reconstruction Act.
6. Includes Specific reserve for Borrowers Requiring Caution totaling ¥0.4 billion.
7. Reserve ratio = (Specific reserve + General reserve for substandard loans) / (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans - Portion secured by collateral or guarantees, etc.)

Off-Balancing Problem Assets

	Billions of yen						March 31, 2016 ③
	March 31, 2014 ①	Fiscal 2014		March 31, 2015 ②	Fiscal 2015		
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets...	¥114.3	¥ 23.3	¥ (44.6)	¥ 93.0	¥ 40.7	¥ 1.9	¥135.6
Doubtful assets	574.4	167.3	(186.6)	555.1	98.5	(277.2)	376.4
Total	¥688.7	¥190.6	¥(231.2)	¥648.1	¥139.2	¥(275.3)	¥512.0
				Increase/ Decrease ② - ①			Increase/ Decrease ③ - ②
Bankrupt and quasi-bankrupt assets...				¥(21.3)			¥ 42.6
Doubtful assets				(19.3)			¥(178.7)
Total				¥(40.6)			¥(136.1)

- Notes: 1. The off-balancing (also known as "final disposal") of problem assets refers to the removal of such assets from the bank's balance sheet by way of sale, direct write-off or other means.
2. The figures shown in the above table under "new occurrences" and "off-balanced" are simple additions of the figures for the first and second halves of fiscal 2015. Amount of ¥27.8 billion in fiscal 2015, recognized as "new occurrences" in the first half of the term, was included in the amounts off-balanced in the second half.

Securities (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Balance of Securities

Year-End Balance

March 31	Millions of yen	
	2016	2015
Domestic operations:		
Japanese government bonds.....	¥ 9,797,359	¥13,970,107
Japanese local government bonds	7,734	32,589
Japanese corporate bonds	2,465,960	2,386,604
Japanese stocks.....	4,642,919	5,180,246
Others.....	813,099	1,319,934
Foreign bonds.....	/	/
Foreign stocks	/	/
Subtotal	¥17,727,073	¥22,889,483
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	—	—
Others.....	7,875,082	7,095,783
Foreign bonds.....	5,153,769	4,238,647
Foreign stocks	2,721,313	2,857,136
Subtotal	¥ 7,875,082	¥ 7,095,783
Total	¥25,602,156	¥29,985,267

Average Balance

Year ended March 31	Millions of yen	
	2016	2015
Domestic operations:		
Japanese government bonds.....	¥12,943,834	¥13,479,162
Japanese local government bonds	11,525	43,599
Japanese corporate bonds	2,346,113	2,378,427
Japanese stocks.....	3,243,272	3,227,368
Others.....	945,671	1,057,250
Foreign bonds.....	/	/
Foreign stocks	/	/
Subtotal	¥19,490,418	¥20,185,808
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	—	—
Others.....	6,529,804	6,338,457
Foreign bonds.....	3,723,634	3,739,007
Foreign stocks	2,806,170	2,599,449
Subtotal	¥ 6,529,804	¥ 6,338,457
Total	¥26,020,222	¥26,524,265

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Securities Held, Classified by Maturity

March 31	Millions of yen	
	2016	2015
One year or less		
Japanese government bonds.....	¥2,522,716	¥ 2,988,136
Japanese local government bonds	—	31,944
Japanese corporate bonds	255,302	253,859
Others.....	1,424,612	1,163,927
Foreign bonds.....	1,422,111	1,153,064
Foreign stocks	—	—
One — three years		
Japanese government bonds.....	2,376,765	6,769,101
Japanese local government bonds	89	—
Japanese corporate bonds	764,905	761,548
Others.....	1,011,379	852,950
Foreign bonds.....	942,788	713,223
Foreign stocks	593	—
Three — five years		
Japanese government bonds.....	4,644,981	3,872,810
Japanese local government bonds	4,491	125
Japanese corporate bonds	716,150	796,838
Others.....	408,506	858,640
Foreign bonds.....	366,158	706,363
Foreign stocks	5,587	77
Five — seven years		
Japanese government bonds.....	—	340,059
Japanese local government bonds	—	478
Japanese corporate bonds	306,821	262,889
Others.....	393,875	506,117
Foreign bonds.....	381,139	484,599
Foreign stocks	—	5,932
Seven — 10 years		
Japanese government bonds.....	—	—
Japanese local government bonds	3,114	—
Japanese corporate bonds	281,105	244,804
Others.....	902,795	790,603
Foreign bonds.....	782,801	641,970
Foreign stocks	7,305	—
More than 10 years		
Japanese government bonds.....	252,896	—
Japanese local government bonds	39	40
Japanese corporate bonds	141,675	66,664
Others.....	1,384,013	715,754
Foreign bonds.....	1,258,768	539,425
Foreign stocks	91,292	134,782
No designated term		
Japanese government bonds.....	—	—
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	4,642,919	5,180,246
Others.....	3,163,000	3,527,724
Foreign bonds.....	—	—
Foreign stocks	2,616,534	2,716,343
Total		
Japanese government bonds.....	¥9,797,359	¥13,970,107
Japanese local government bonds	7,734	32,589
Japanese corporate bonds	2,465,960	2,386,604
Japanese stocks.....	4,642,919	5,180,246
Others.....	8,688,182	8,415,718
Foreign bonds.....	5,153,769	4,238,647
Foreign stocks	2,721,313	2,857,136

Ratios (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Income Ratio

Year ended March 31	Percentage	
	2016	2015
Ordinary profit to total assets.....	0.48%	0.67%
Ordinary profit to stockholders' equity.....	9.49	12.65
Net income to total assets	0.39	0.45
Net income to stockholders' equity	7.73	8.51

Notes: 1. Ordinary profit (net income) to total assets = Ordinary profit (net income) / Average balance of total assets excluding customers' liabilities for acceptances and guarantees × 100

2. Ordinary profit (net income) to stockholders' equity = (Ordinary profit (net income) – Preferred dividends) / {(Net assets at the beginning of the fiscal year – Number of shares of preferred stock outstanding at the beginning of the fiscal year × Issue price) + (Net assets at the end of the fiscal year – Number of shares of preferred stock outstanding at the end of the fiscal year × Issue price)} divided by 2 × 100

Yield/Interest Rate

Year ended March 31	Percentage	
	2016	2015
Domestic operations:		
Interest-earning assets (A).....	1.19%	1.31%
Interest-bearing liabilities (B)	0.74	0.79
(A) – (B)	0.45	0.52
International operations:		
Interest-earning assets (A).....	1.44%	1.43%
Interest-bearing liabilities (B)	1.27	1.18
(A) – (B)	0.17	0.25
Total:		
Interest-earning assets (A).....	1.32%	1.39%
Interest-bearing liabilities (B)	0.92	0.93
(A) – (B)	0.40	0.46

Loan-Deposit Ratio

March 31	Millions of yen	
	2016	2015
Domestic operations:		
Loans and bills discounted (A)	¥ 46,280,872	¥ 46,155,615
Deposits (B)	86,642,448	81,401,419
Loan-deposit ratio (%)		
(A) / (B)	53.41%	56.70%
Ratio by average balance for the fiscal year.....	56.06	58.91
International operations:		
Loans and bills discounted (A)	¥ 22,995,862	¥ 22,118,693
Deposits (B)	26,625,613	23,958,359
Loan-deposit ratio (%)		
(A) / (B)	86.36%	92.32%
Ratio by average balance for the fiscal year.....	96.13	93.36
Total:		
Loans and bills discounted (A)	¥ 69,276,735	¥ 68,274,308
Deposits (B)	113,268,061	105,359,778
Loan-deposit ratio (%)		
(A) / (B)	61.16%	64.80%
Ratio by average balance for the fiscal year.....	65.09	66.65

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

March 31	Millions of yen	
	2016	2015
Domestic operations:		
Securities (A).....	¥ 17,727,073	¥ 22,889,483
Deposits (B).....	86,642,448	81,401,419
Securities-deposit ratio (%)		
(A) / (B).....	20.46%	28.11%
Ratio by average balance for the fiscal year.....	24.05	26.25
International operations:		
Securities (A).....	¥ 7,875,082	¥ 7,095,783
Deposits (B).....	26,625,613	23,958,359
Securities-deposit ratio (%)		
(A) / (B).....	29.57%	29.61%
Ratio by average balance for the fiscal year.....	27.67	28.45
Total:		
Securities (A).....	¥ 25,602,156	¥ 29,985,267
Deposits (B).....	113,268,061	105,359,778
Securities-deposit ratio (%)		
(A) / (B).....	22.60%	28.45%
Ratio by average balance for the fiscal year.....	24.87	26.74

Note: Deposits include negotiable certificates of deposit.

Capital (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Changes in Number of Shares Issued and Capital Stock

	Millions of yen					
	Number of shares issued		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
February 16, 2010*	20,016,015	106,318,401	484,037	1,770,996	484,037	1,771,043

Remarks:

* Allotment to third parties: Common stock: 20,016,015 shares

Issue price: ¥48,365

Capitalization: ¥24,182.5

Number of Shares Issued

March 31, 2016	Number of shares issued
Common stock	106,248,400
Preferred stock (1st series Type 6)	70,001
Total	<u>106,318,401</u>

Note: The shares above are not listed on any stock exchange.

Principal Shareholders

a. Common Stock

March 31, 2016	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	106,248,400	100.00%

b. Preferred Stock (1st series Type 6)

March 31, 2016	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Banking Corporation	70,001	100.00%

Others (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Employees

March 31	2016	2015
Number of employees	28,002	26,416
Average age (years–months)	36-6	36-5
Average length of employment (years–months)	13-4	13-4
Average annual salary (thousands of yen)	¥8,301	¥8,437

Notes: 1. Temporary and part-time staff are excluded from the above calculations but includes overseas local staff. Executive officers who do not concurrently serve as Directors are excluded from "Number of employees."
 2. "Average annual salary" includes bonus, overtime pay and other fringe benefits.
 3. Overseas local staff are excluded from the above calculations other than "Number of employees."

Number of Offices

March 31	2016	2015
Domestic network:		
Main offices and branches	506	507
Subbranches	469	475
Agency	2	2
Overseas network:		
Branches	17	15
Subbranches	17	17
Representative offices	5	7
Total	1,016	1,023

Notes: 1. "Main offices and branches" includes the International Business Operations Dept. (2016, 2 branches; 2015, 2 branches), specialized deposit account branches (2016, 46 branches; 2015, 46 branches) and ATM administration branches (2016, 17 branches; 2015, 17 branches).
 2. "Subbranches" includes Corporate Business Office, etc. from beginning of the fiscal year ended March 31, 2015.

Number of Automated Service Centers

March 31	2016	2015
Automated service centers	46,408	44,232

Domestic Exchange Transactions

Year ended March 31	Millions of yen	
	2016	2015
Exchange for remittance:		
Destined for various parts of the country:		
Number of accounts (thousands)	400,108	367,767
Amount	¥ 567,440,690	¥ 577,687,912
Received from various parts of the country:		
Number of accounts (thousands)	302,632	300,453
Amount	¥ 968,425,075	¥ 989,403,191
Collection:		
Destined for various parts of the country:		
Number of accounts (thousands)	2,240	2,366
Amount	¥ 5,425,339	¥ 6,137,295
Received from various parts of the country:		
Number of accounts (thousands)	797	901
Amount	¥ 1,710,056	¥ 2,166,712
Total	¥1,543,001,161	¥1,575,395,111

Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars	
	2016	2015
Outward exchanges:		
Foreign bills sold.....	\$2,294,970	\$2,225,773
Foreign bills bought.....	1,777,561	1,836,710
Incoming exchanges:		
Foreign bills payable.....	\$ 901,403	\$ 963,513
Foreign bills receivable.....	30,044	37,385
Total.....	\$5,003,979	\$5,063,382

Note: The figures above include foreign exchange transactions by overseas branches.

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

March 31	Millions of yen	
	2016	2015
Securities.....	¥ 26,695	¥ 23,399
Commercial claims.....	122,716	40,391
Commercial goods.....	—	—
Real estate.....	55,060	64,614
Others.....	21,074	14,405
Subtotal.....	¥ 225,547	¥ 142,810
Guaranteed.....	762,878	898,719
Unsecured.....	5,748,664	5,679,600
Total.....	¥6,737,089	¥6,721,131

Trust Assets and Liabilities (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Statements of Trust Assets and Liabilities

March 31	Millions of yen	
	2016	2015
Assets:		
Loans and bills discounted.....	¥ 537,839	¥ 373,230
Loans on deeds	537,839	373,230
Securities	1,305,284	1,451,206
Japanese government bonds	221,728	320,619
Corporate bonds.....	1,073,615	1,055,893
Japanese stocks.....	—	1,931
Foreign securities.....	9,940	72,762
Trust beneficiary right	36,269	42,402
Entrusted securities.....	7,123	—
Monetary claims	474,129	552,911
Monetary claims for housing loans.....	15,964	9,690
Other monetary claims	458,165	543,220
Other claims	1,429	1,579
Call loans	—	244,248
Due from banking account	920,070	716,289
Cash and due from banks	112,024	161,090
Deposits with banks	112,024	161,090
Total assets.....	¥3,394,170	¥3,542,957
Liabilities:		
Designated money trusts.....	¥1,059,035	¥1,217,532
Specified money trusts.....	1,750,117	1,671,868
Money in trusts other than money trusts.....	100,000	100,000
Securities in trusts	7,123	—
Monetary claims trusts	477,772	552,391
Composite trusts	122	1,165
Total liabilities	¥3,394,170	¥3,542,957

Notes: 1. Amounts less than 1 million yen have been rounded down.

2. SMBC has no co-operative trusts under any other trust bank's administration as of the year-end.

3. Excludes trusts whose monetary values are difficult to calculate.

Basel III Information

Capital Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

■ Capital Structure Information (Consolidated Capital Ratio (International Standard))

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Common Equity Tier 1 capital: instruments and reserves					
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,955,707		6,697,893	
1a	of which: capital and capital surplus	4,263,087		4,278,414	
2	of which: retained earnings	2,909,898		2,751,080	
1c	of which: treasury stock (-)	-		-	
26	of which: cash dividends to be paid (-)	217,277		331,601	
	of which: other than the above	-		-	
1b	Stock acquisition rights to common shares	-		-	
3	Accumulated other comprehensive income and other disclosed reserves	810,245	540,163	770,967	1,156,451
5	Adjusted non-controlling interests, etc. (amount allowed to be included in group Common Equity Tier 1)	175,353		163,992	
	Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	5,276		7,344	
	of which: non-controlling interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	5,276		7,344	
6	Common Equity Tier 1 capital: instruments and reserves (A)	7,946,582		7,640,198	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Total intangible assets (excluding those relating to mortgage servicing rights)	266,335	177,557	175,288	262,932
8	of which: goodwill (including those equivalent)	110,209	73,473	92,138	138,208
9	of which: other intangible assets other than goodwill and mortgage servicing rights	156,126	104,084	83,149	124,724
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	927	618	1,048	1,572
11	Net deferred gains or losses on hedges	38,273	25,515	(10,225)	(15,338)
12	Shortfall of eligible provisions to expected losses	15,573	10,382	887	1,330
13	Gain on sale on securitization transactions	30,051	20,034	18,683	28,025
14	Gains and losses due to changes in own credit risk on fair valued liabilities	5,089	3,392	2,597	3,896
15	Net defined benefit asset	83,065	55,376	99,911	149,866
16	Investments in own shares (excluding those reported in the Net assets section)	29	19	55	83
17	Reciprocal cross-holdings in common equity	-	-	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	-	-	-	-
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	-	-
19	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
20	of which: mortgage servicing rights	-	-	-	-
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
22	Amount exceeding the 15% threshold on specified items	-	-	-	-
23	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
24	of which: mortgage servicing rights	-	-	-	-
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	439,345		288,245	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	7,507,237		7,351,952	

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015		
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Additional Tier 1 capital: instruments						
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		—	
	31b	Stock acquisition rights to Additional Tier 1 instruments	—		—	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	300,000		—	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—	
34-35	Adjusted non-controlling interests, etc. (amount allowed to be included in group Additional Tier 1)	17,660		25,321		
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	698,497		860,796		
33	of which: instruments issued by banks and their special purpose vehicles	698,497		860,796		
35	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		
	Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	23,477		68,648		
	of which: foreign currency translation adjustments	23,477		68,648		
36	Additional Tier 1 capital: instruments (D)	1,039,636		954,766		
Additional Tier 1 capital: regulatory adjustments						
37	Investments in own Additional Tier 1 instruments	—	—	—	—	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	—	—	
39	Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	—	—	—	
40	Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	48,032	32,021	63,453	95,180	
	Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	102,270		131,540		
	of which: goodwill and others	77,045		102,850		
	of which: gain on sale on securitization transactions	20,034		28,025		
	of which: amount equivalent to 50% of shortfall of eligible provisions to expected losses	5,191		665		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		
43	Additional Tier 1 capital: regulatory adjustments (E)	150,303		194,994		
Additional Tier 1 capital (AT1)						
44	Additional Tier 1 capital ((D)-(E)) (F)	889,332		759,772		
Tier 1 capital (T1 = CET1 + AT1)						
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	8,396,570		8,111,724		
Tier 2 capital: instruments and provisions						
46		Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	—		—	
		Stock acquisition rights to Tier 2 instruments	—		—	
		Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	655,064		374,988	
		Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—	
48-49	Adjusted non-controlling interests, etc. (amount allowed to be included in group Tier 2)	3,069		2,359		
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	1,220,717		1,424,169		
47	of which: instruments issued by banks and their special purpose vehicles	1,220,717		1,424,169		
49	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	7,666		9,848		
50a	of which: general reserve for possible loan losses	7,666		9,848		
50b	of which: eligible provisions	—		—		
	Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	319,291		671,467		
	of which: unrealized gains on other securities after 55% discount	306,445		651,680		
	of which: land revaluation excess after 55% discount	12,845		19,787		
51	Tier 2 capital: instruments and provisions (H)	2,205,808		2,482,833		

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	—	—	—	—
53	Reciprocal cross-holdings in Tier 2 instruments	—	—	—	—
54	Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	—	—	—
55	Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	75,000	50,000	50,000	75,000
	Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	51,809		95,379	
	of which: Tier 2 and deductions under Basel II	51,809		95,379	
57	Tier 2 capital: regulatory adjustments (I)	126,809		145,379	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I)) (J)	2,078,998		2,337,454	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J)) (K)	10,475,569		10,449,179	
Risk weighted assets					
	Total of items included in risk weighted assets subject to transitional arrangements	58,545		132,839	
	of which: intangible assets (excluding those relating to mortgage servicing rights)	24,719		25,478	
	of which: net defined benefit asset	15,658		32,903	
	of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	83		52,936	
	of which: significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	16,156		17,835	
60	Risk weighted assets (L)	57,558,088		58,277,062	
Capital ratio (consolidated)					
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	13.04%		12.61%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.58%		13.91%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	18.19%		17.93%	
Regulatory adjustments					
72	Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	445,253		691,075	
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	729,943		748,706	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		—	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	3,700		6,443	
Provisions included in Tier 2 capital: instruments and provisions					
76	Provisions (general reserve for possible loan losses)	7,666		9,848	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	24,487		22,831	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		—	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	293,681		299,355	
Capital instruments subject to transitional arrangements					
82	Current cap on Additional Tier 1 instruments subject to transitional arrangements	742,714		866,500	
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		—	
84	Current cap on Tier 2 instruments subject to transitional arrangements	1,220,717		1,424,169	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	31,434		44,040	

(Millions of yen)

Items	As of March 31, 2016	As of March 31, 2015
Required capital ((L) × 8%)	4,604,647	4,662,165

■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (As of March 31, 2015 and 2016)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Items	(Millions of yen)		Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Consolidated balance sheet as in published financial statements			
	As of March 31, 2016	As of March 31, 2015		
(Assets)				
Cash and due from banks	42,594,225	39,569,276		
Call loans and bills bought	1,291,365	1,326,965		
Receivables under resale agreements	494,949	746,431		
Receivables under securities borrowing transactions	7,964,208	6,447,116		
Monetary claims bought	4,183,995	4,128,907		
Trading assets	7,980,971	7,364,988	6-a	
Money held in trust	3	1		
Securities	25,153,750	29,559,334	2-b, 6-b	
Loans and bills discounted	77,331,124	75,119,565	6-c	
Foreign exchanges	1,577,167	1,907,667		
Lease receivables and investment assets	269,429	252,213		
Other assets	3,697,438	3,422,970		
Tangible fixed assets	1,167,627	1,073,206		
Intangible fixed assets	526,112	454,584	2-a	
Net defined benefit asset	198,637	367,953	3	
Deferred tax assets	66,570	68,265	4-a	
Customers' liabilities for acceptances and guarantees	6,407,272	6,289,881		
Reserve for possible loan losses	(496,178)	(540,134)		
Total assets	180,408,672	177,559,197		
(Liabilities)				
Deposits	111,238,673	101,503,889		
Negotiable certificates of deposit	14,740,434	14,032,798		
Call money and bills sold	1,220,455	5,873,123		
Payables under repurchase agreements	1,761,822	991,860		
Payables under securities lending transactions	5,309,003	7,833,219		
Commercial paper	3,018,218	3,352,662		
Trading liabilities	6,105,982	5,636,406	6-d	
Borrowed money	8,058,848	8,223,808	8	
Foreign exchanges	1,083,450	1,110,822		
Short-term bonds	367,000	545,700		
Bonds	5,450,145	5,663,566		
Due to trust account	944,542	718,133		
Other liabilities	4,853,664	5,098,781		
Reserve for employee bonuses	54,925	59,893		
Reserve for executive bonuses	1,767	2,567		
Net defined benefit liability	17,844	12,641		
Reserve for executive retirement benefits	743	759		
Reserve for point service program	1,249	1,798		
Reserve for reimbursement of deposits	16,979	20,870		
Reserve for losses on interest repayment	234	632		
Reserve under the special laws	1,129	755		
Deferred tax liabilities	275,887	514,070	4-b	
Deferred tax liabilities for land revaluation	32,203	34,550	4-c	
Acceptances and guarantees	6,407,272	6,289,881		
Total liabilities	170,962,478	167,523,193		
(Net assets)				
Capital stock	1,770,996	1,770,996	1-a	
Capital surplus	2,702,093	2,717,421	1-b	
Retained earnings	2,909,898	2,751,080	1-c	
Treasury stock	(210,003)	(210,003)	1-d	
Total stockholders' equity	7,172,985	7,029,494		
Net unrealized gains on other securities	1,255,877	1,756,894		
Net deferred gains or losses on hedges	61,781	(27,049)	5	
Land revaluation excess	39,348	38,943		
Foreign currency translation adjustments	58,693	114,413		
Remeasurements of defined benefit plans	(65,290)	44,216		
Total accumulated other comprehensive income	1,350,409	1,927,419		3
Stock acquisition rights	249	198	7-a	
Non-controlling interests	922,549	1,078,891	7-b	
Total net assets	9,446,193	10,036,003		
Total liabilities and net assets	180,408,672	177,559,197		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appended Table)

1. Stockholders' equity

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Capital stock	1,770,996	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	2,702,093	2,717,421	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	2,909,898	2,751,080		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	7,172,985	7,029,494		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,172,985	7,029,494	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	4,263,087	4,278,414		1a
of which: retained earnings	2,909,898	2,751,080		2
of which: treasury stock (-)	—	—		1c
of which: other than the above	—	—		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Intangible assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Intangible fixed assets	526,112	454,584		2-a
Securities	25,153,750	29,559,334		2-b
of which: goodwill attributable to equity-method investees	36,559	82,257		
Income taxes related to above	118,778	98,622		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Goodwill (including those equivalent)	183,682	230,346		8
Other intangible assets other than goodwill and mortgage servicing rights	260,210	207,873	Software and other	9
Mortgage servicing rights	—	—		
Amount exceeding the 10% threshold on specified items	—	—		20
Amount exceeding the 15% threshold on specified items	—	—		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—		74

3. Net defined benefit asset

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Net defined benefit asset	198,637	367,953		3
Income taxes related to above	60,195	118,175		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Net defined benefit asset	138,441	249,777		15

4. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Deferred tax assets	66,570	68,265		4-a
Deferred tax liabilities	275,887	514,070		4-b
Deferred tax liabilities for land revaluation	32,203	34,550		4-c
Tax effects on other intangible assets	118,778	98,622		
Tax effects on net defined benefit asset	60,195	118,175		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,545	2,620	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	3,700	6,443	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	—	—		21
Amount exceeding the 15% threshold on specified items	—	—		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	3,700	6,443		75

5. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Net deferred gains or losses on hedges	61,781	(27,049)		5

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	63,789	(25,563)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Items associated with investments in the capital of financial institutions

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Trading assets	7,980,971	7,364,988	Including trading account securities and derivatives for trading assets	6-a
Securities	25,153,750	29,559,334		6-b
Loans and bills discounted	77,331,124	75,119,565	Including subordinated loans	6-c
Trading liabilities	6,105,982	5,636,406	Including trading account securities sold and derivatives for trading liabilities	6-d

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Investments in own capital instruments	49	139		
Common Equity Tier 1 capital	49	139		16
Additional Tier 1 capital	—	—		37
Tier 2 capital	—	—		52
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	—	—		
Common Equity Tier 1 capital	—	—		17
Additional Tier 1 capital	—	—		38
Tier 2 capital	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	445,253	691,075		
Common Equity Tier 1 capital	—	—		18
Additional Tier 1 capital	—	—		39
Tier 2 capital	—	—		54
Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	445,253	691,075		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	934,997	1,032,340		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	80,053	158,633		40
Tier 2 capital	125,000	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	729,943	748,706		73

7. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Stock acquisition rights	249	198		7-a
Non-controlling interests	922,549	1,078,891		7-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	175,353	163,992		5
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—		30-31ab-32
Amount allowed to be included in group Additional Tier 1	17,660	25,321		34-35
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—		46
Amount allowed to be included in group Tier 2	3,069	2,359		48-49

8. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Borrowed money	8,058,848	8,223,808		8

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	300,000	—		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	655,064	374,988		46

Note:

Amounts in the "Composition of capital disclosure" are based on those before considering under transitional arrangements and includes "Amounts excluded under transitional arrangements" disclosed in "Capital Structure Information" as well as amounts included as regulatory capital. In addition, items for regulatory purpose under transitional arrangement are excluded from this table.

Leverage Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

■ Composition of Leverage Ratio

			(In million yen, %)	
Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Item	As of March 31, 2016	As of March 31, 2015
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	157,139,218	155,497,153
1a	1	Total assets reported in the consolidated balance sheet	180,408,672	177,559,197
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	—	—
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	—	—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)	23,269,453	22,062,043
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	413,963	340,643
3		Total on-balance sheet exposures (a)	156,725,255	155,156,510
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc.	2,318,694	2,208,431
5		Add-on amount associated with derivatives transactions, etc.	3,050,084	3,326,000
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	533,429	615,854
6		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	533,429	615,854
8		The amount of client-cleared trade exposures for which a bank acting as clearing member is not obliged to make any indemnification (-)		
9		Adjusted effective notional amount of written credit derivatives	583,300	491,723
10		The amount of deductions from effective notional amount of written credit derivatives (-)	459,631	294,754
11	4	Total exposures related to derivative transactions (b)	5,492,448	5,731,400
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	8,459,158	7,193,548
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	52,367	58,999
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	8,511,525	7,252,547
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	53,385,837	51,113,302
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	34,955,755	34,046,090
19	6	Total exposures related to off-balance sheet transactions (d)	18,430,082	17,067,211
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	8,396,570	8,111,724
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	189,159,312	185,207,669
22		Leverage ratio on a consolidated basis ((e)/(f))	4.43%	4.37%

Liquidity Risk Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “LCR Notification”). Meanwhile, SMBC discloses its liquidity risk management and LCR in compliance with “Matters Related to the Status of the Soundness of Management Concerning Liquidity Separately Specified by the Commissioner of the Japanese Financial Services Agency, Based on the Provision of Article 19-2, Paragraph 1, Item 5 (e) of the Ordinance for Enforcement of the Banking Act, etc.” (Notification No. 7 issued by the Japanese Financial Services Agency in 2015).

■ Disclosure of Liquidity Risk Management

1. Liquidity Risk Management Policy and Procedures

At SMBC, liquidity risk is centrally managed by the Corporate Risk Management Department, which is operated independently of business units engaged in market transactions. The department is responsible for the measurement of funding gaps and monitoring of the risk status through stress tests and other means, in addition to the development and analysis of risk appetite indicators, with a view to maintaining a stable balance between the lending and funding structure. It reports these sets of information to the Management Committee and Board of Directors, etc. In addition, in accordance with SMFG’s “Principal Policy for Group Risk Management,” principle policies of liquidity risk management and important risk-related matters, such as a risk tolerance, are determined by the Management Committee before they are approved by the Board of Directors.

2. Indicators for Assessing Liquidity Risk and Other Liquidity Risk Management

(1) Risk appetite indicator

This indicator demonstrates the degree of deviance from the quantitative risks (e.g. LCR) estimated at the beginning of the fiscal year. SMBC has set three alert levels of deviance to monitor the status of the liquidity risk it exposes.

(2) Maintaining supplementary liquidity

Supplementary liquidity is maintained by holding assets, such as U.S. government bonds, which can be immediately converted to cash in order to smoothly raise the required funds even during market disruption, and these asset holdings are monitored regularly.

(3) Funding gap management

A funding gap is defined as the maturity mismatch between source of funds and use of funds and shows forthcoming funding requirements. SMBC manages this funding gap properly by setting limits on the size of the gap and limiting reliance on short-term funding. These limits are set in place on both a bank-wide basis and individual branch basis, and take into account funding status, cash management planning, economic environments, and individual currency characteristics and other factors. Additionally, funding gap limits are set for individual currencies if necessary. SMBC monitors the funding gap on a daily basis.

(4) Early Warning Indicator

SMBC monitors various indicators and carries out quantitative management of alert indications in order to promptly and systematically detect liquidity risks.

(5) Stress tests

Stress tests are designed to ensure the development of a robust liquidity structure to cope with substantial cash outflows in a stress period. The test is regularly carried out by simulating the impact triggered, for example, by deposit outflows or difficulties in money market funding, in order to appraise and manage the amount of funding required when liquidity risk is realized.

(6) Measures against realized liquidity stress

Contingency plans are developed to respond to the liquidity risk when being realized, by creating detailed action plans such as lowering the upper limit for the funding gap, depending on the existing situation (i.e. normal, concerned, or critical) and the respective circumstances.

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Consolidated LCR

As described in “Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)” on the following page, the LCR has remained stable with no significant fluctuation following the introduction of the liquidity regulation on March 31, 2015.

2. Assessment of Consolidated LCR

The LCR Notification stipulates that the minimum requirement of LCR for 2016 is set at 70.0% and from 2017 onwards, the LCR is raised in increments of 10.0% in stages, reaching 100.0% in and after 2019 (see table below).

	2015	2016	2017	2018	2019 onwards
The minimum requirement of LCR	60.0%	70.0%	80.0%	90.0%	100.0%

Consolidated LCR of SMBC exceeds the minimum requirements of LCR for 2016 (70.0%) and for 2019 onwards (100.0%), having no cause for concern. SMBC does not expect that the future LCR forecasts will differ significantly from the announced ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

The consolidated high-quality liquid assets held by SMBC that are allowed to be included in the calculation of LCR include deposits with central banks, highly-rated bonds and cash. As described in “Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)” in the following table, the amount of such high-quality liquid assets exceed the amount of net cash outflows. Meanwhile, currency denominations, categories and location, etc. of the high-quality liquid assets allowed to be included in the calculation have not shown any significant changes. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5.0 % or more of SMBC’s total liabilities on the consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Consolidated LCR

SMBC has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 29 of the LCR Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 38 of the same Notification. Meanwhile, SMBC records “cash outflows related to small-sized consolidated subsidiaries,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the same Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2016/1/1 To 2016/3/31)		Prior Quarter (From 2015/10/1 To 2015/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	49,567,386		48,516,872	
Cash Outflows (2)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	49,743,188	3,892,979	48,865,918	3,843,214
3	of which, Stable deposits	15,459,536	463,846	14,915,420	447,463
4	of which, Less stable deposits	34,283,652	3,429,132	33,950,498	3,395,751
5	Cash outflows related to unsecured wholesale funding	54,893,877	30,435,718	54,735,053	31,350,957
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	47,937,845	23,479,686	46,982,821	23,598,726
8	of which, Debt securities	6,956,032	6,956,032	7,752,231	7,752,231
9	Cash outflows related to secured funding, etc.		56,794		63,200
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	20,185,491	6,935,130	20,605,440	6,876,173
11	of which, Cash outflows related to derivative transactions, etc.	1,843,173	1,843,173	1,585,784	1,585,784
12	of which, Cash outflows related to funding programs	582,028	582,028	631,821	631,821
13	of which, Cash outflows related to credit and liquidity facilities	17,760,290	4,509,930	18,387,835	4,658,568
14	Cash outflows related to contractual funding obligations, etc.	7,164,474	4,058,041	6,319,492	3,644,803
15	Cash outflows related to contingencies	59,316,445	743,378	57,842,965	744,453
16	Total cash outflows		46,122,040		46,522,800
Cash Inflows (3)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	4,866,642	262,466	3,985,540	221,480
18	Cash inflows related to collection of loans, etc.	3,968,312	2,708,564	4,130,242	2,785,951
19	Other cash inflows	4,045,022	1,997,997	3,857,502	1,922,684
20	Total cash inflows	12,879,976	4,969,026	11,973,284	4,930,114
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		49,567,386		48,516,872
22	Net cash outflows		41,153,013		41,592,686
23	Consolidated liquidity coverage ratio (LCR)		120.4%		116.6%
24	The number of data used to calculate the average value		3		3

The data following the introduction of the liquidity regulation on March 31, 2015 is available on SMFG’s website.
(http://www.smfg.co.jp/english/investor/financial/basel_3.html)

Capital Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

■ Capital Structure Information (Non-consolidated Capital Ratio (International Standard))

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Common Equity Tier 1 capital: instruments and reserves					
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,228,421		6,038,295	
1a	of which: capital and capital surplus	4,031,192		4,042,266	
2	of which: retained earnings	2,414,507		2,327,629	
1c	of which: treasury stock (-)	-		-	
26	of which: cash dividends to be paid (-)	217,277		331,601	
	of which: other than the above	-		-	
1b	Stock acquisition rights to common shares	-		-	
3	Valuation and translation adjustment and other disclosed reserves	785,705	523,803	651,493	977,239
	Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	-		-	
6	Common Equity Tier 1 capital: instruments and reserves (A)	7,014,126		6,689,788	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Total intangible assets (excluding those relating to mortgage servicing rights)	91,707	61,138	54,502	81,753
8	of which: goodwill (including those equivalent)	-	-	-	-
9	of which: other intangible assets other than goodwill and mortgage servicing rights	91,707	61,138	54,502	81,753
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
11	Net deferred gains or losses on hedges	30,158	20,105	(49,439)	(74,159)
12	Shortfall of eligible provisions to expected losses	43,929	29,286	25,304	37,957
13	Gain on sale on securitization transactions	30,051	20,034	18,683	28,025
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
15	Prepaid pension cost	116,591	77,727	79,484	119,226
16	Investments in own shares (excluding those reported in the Net assets section)	-	-	-	-
17	Reciprocal cross-holdings in common equity	-	-	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	-	-	-	-
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	2,040	3,060
19	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	2,040	3,060
20	of which: mortgage servicing rights	-	-	-	-
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
22	Amount exceeding the 15% threshold on specified items	-	-	-	-
23	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
24	of which: mortgage servicing rights	-	-	-	-
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	312,437		130,575	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	6,701,689		6,559,212	

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015		
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Additional Tier 1 capital: instruments						
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	/	-	/
	31b	Stock acquisition rights to Additional Tier 1 instruments	-	/	-	/
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	300,000	/	-	/
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	/	-	/
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	698,497	/	860,796	/	
	Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(268)	/	(210)	/	
	of which: foreign currency translation adjustments	(268)	/	(210)	/	
36	Additional Tier 1 capital: instruments (D)	998,229	/	860,586	/	
Additional Tier 1 capital: regulatory adjustments						
37	Investments in own Additional Tier 1 instruments	-	-	-	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	-	-	
39	Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	-	-	-	-	
40	Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	45,756	30,504	63,692	95,538	
	Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	34,677	/	47,003	/	
	of which: gain on sale on securitization transactions	20,034	/	28,025	/	
	of which: amount equivalent to 50% of shortfall of eligible provisions to expected losses	14,643	/	18,978	/	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	/	-	/	
43	Additional Tier 1 capital: regulatory adjustments (E)	80,434	/	110,695	/	
Additional Tier 1 capital (AT1)						
44	Additional Tier 1 capital ((D)-(E)) (F)	917,795	/	749,890	/	
Tier 1 capital (T1 = CET1 + AT1)						
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	7,619,484	/	7,309,102	/	
Tier 2 capital: instruments and provisions						
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	-	/	-	/	
	Stock acquisition rights to Tier 2 instruments	-	/	-	/	
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	656,085	/	376,262	/	
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	/	-	/	
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	1,210,344	/	1,412,068	/	
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	-	/	-	/	
50a	of which: general reserve for possible loan losses	-	/	-	/	
50b	of which: eligible provisions	-	/	-	/	
	Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	310,455	/	654,063	/	
	of which: unrealized gains on other securities after 55% discount	299,682	/	637,394	/	
	of which: land revaluation excess after 55% discount	10,772	/	16,668	/	
51	Tier 2 capital: instruments and provisions (H)	2,176,885	/	2,442,394	/	

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	—	—	—	—
53	Reciprocal cross-holdings in Tier 2 instruments	—	—	—	—
54	Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	—	—	—
55	Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	75,000	50,000	50,000	75,000
	Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	14,643		18,978	
	of which: Tier 2 and deductions under Basel II	14,643		18,978	
57	Tier 2 capital: regulatory adjustments (I)	89,643		68,978	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I)) (J)	2,087,242		2,373,415	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J)) (K)	9,706,726		9,682,518	
Risk weighted assets					
	Total of items included in risk weighted assets subject to transitional arrangements	140,505		252,584	
	of which: intangible assets (excluding those relating to mortgage servicing rights)	16,700		17,689	
	of which: prepaid pension cost	21,232		25,797	
	of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	86,416		183,151	
60	Risk weighted assets (L)	49,829,205		51,232,836	
Capital ratio					
61	Common Equity Tier 1 risk-weighted capital ratio ((C)/(L))	13.44%		12.80%	
62	Tier 1 risk-weighted capital ratio ((G)/(L))	15.29%		14.26%	
63	Total risk-weighted capital ratio ((K)/(L))	19.47%		18.89%	
Regulatory adjustments					
72	Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	336,156		524,368	
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	657,720		734,569	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		—	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	—		—	
Provisions included in Tier 2 capital: instruments and provisions					
76	Provisions (general reserve for possible loan losses)	—		—	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	2,295		2,386	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		—	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	269,384		278,163	
Capital instruments subject to transitional arrangements					
82	Current cap on Additional Tier 1 instruments subject to transitional arrangements	742,414		866,150	
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		—	
84	Current cap on Tier 2 instruments subject to transitional arrangements	1,210,344		1,412,068	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	42,804		60,062	

(Millions of yen)

Items	As of March 31, 2016	As of March 31, 2015
Required capital ((L) × 8%)	3,986,336	4,098,626

■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (As of March 31, 2015 and 2016)

Sumitomo Mitsui Banking Corporation

Items	(Millions of yen)		Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Balance sheet as in published financial statements			
	As of March 31, 2016	As of March 31, 2015		
(Assets)				
Cash and due from banks	38,862,725	37,008,665		
Call loans	899,594	539,916		
Receivables under resale agreements	359,318	417,473		
Receivables under securities borrowing transactions	2,798,855	2,012,795		
Monetary claims bought	950,106	1,047,498		
Trading assets	3,511,957	3,627,862	6-a	
Securities	25,602,156	29,985,267		
Loans and bills discounted	69,276,735	68,274,308	6-c	
Foreign exchanges	1,558,252	1,798,843		
Other assets	2,131,869	2,460,344		
Tangible fixed assets	831,326	812,383		
Intangible fixed assets	220,174	200,966	2	
Prepaid pension cost	279,917	293,082	3	
Customers' liabilities for acceptances and guarantees	6,737,089	6,721,131		
Reserve for possible loan losses	(357,186)	(394,140)		
Reserve for possible losses on investments	(21,465)	(82,321)		
Total assets	153,641,430	154,724,079		
(Liabilities)				
Deposits	98,839,722	91,337,714		
Negotiable certificates of deposit	14,428,338	14,022,064		
Call money	1,107,825	4,579,940		
Payables under repurchase agreements	496,236	350,010		
Payables under securities lending transactions	1,374,280	5,113,896		
Commercial paper	1,980,153	2,551,652		
Trading liabilities	2,987,815	2,754,739	6-d	
Borrowed money	7,868,311	8,096,070		
Foreign exchanges	1,131,796	1,172,969		
Short-term bonds	—	25,000		
Bonds	4,775,072	5,095,577		
Due to trust account	921,320	717,529		
Other liabilities	2,924,495	3,672,970		
Reserve for employee bonuses	13,869	13,738		
Reserve for executive bonuses	566	644		
Reserve for point service program	1,086	1,119		
Reserve for reimbursement of deposits	15,374	19,589		
Deferred tax liabilities	249,427	444,863	4-a	
Deferred tax liabilities for land revaluation	31,837	34,141	4-b	
Acceptances and guarantees	6,737,089	6,721,131		
Total liabilities	145,884,620	146,725,363		
(Net assets)				
Capital stock	1,770,996	1,770,996	1-a	
Capital surplus	2,470,198	2,481,273	1-b	
Retained earnings	2,414,989	2,327,186		
Treasury stock	(210,003)	(210,003)	1-d	
Total stockholders' equity	6,446,181	6,369,453		
Net unrealized gains on other securities	1,233,910	1,726,573		
Net deferred gains or losses on hedges	48,706	(124,906)		
Land revaluation excess	28,011	27,593		
Total valuation and translation adjustments	1,310,628	1,629,261		
Total net assets	7,756,810	7,998,715		
Total liabilities and net assets	153,641,430	154,724,079		

Note: The non-consolidated capital ratio is calculated based on the consolidated financial statements which include special purpose vehicles and other equivalent entities in accordance with Article 15 of "Criteria for Judging Whether A Financial Institution's Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Act" (Notification No. 19 of 2006, the Financial Services Agency). The above capital ratio is calculated using the following balance sheet accounts reported on the consolidated financial statements.

Balance sheet account	(Millions of yen)		Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Amount reported on the consolidated financial statements			
Securities	25,588,578	29,971,688	6-b	3
Borrowed money	7,162,861	7,226,652	7	
Retained earnings	2,414,507	2,327,629	1-c	
Net deferred gains or losses on hedges	48,257	(125,084)	5	
Total valuation and translation adjustments	1,309,508	1,628,732		

(Appended Table)

1. Stockholders' equity

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Capital stock	1,770,996	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	2,470,198	2,481,273	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	2,414,507	2,327,629		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,445,699	6,369,896		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,445,699	6,369,896	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	4,031,192	4,042,266		1a
of which: retained earnings	2,414,507	2,327,629		2
of which: treasury stock (-)	—	—		1c
of which: other than the above	—	—		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Intangible assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Intangible fixed assets	220,174	200,966		2
Income taxes related to above	67,329	64,711		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Goodwill (including those equivalent)	—	—		8
Other intangible assets other than goodwill and mortgage servicing rights	152,845	136,255	Software and other	9
Mortgage servicing rights	—	—		
Amount exceeding the 10% threshold on specified items	—	—		20
Amount exceeding the 15% threshold on specified items	—	—		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—		74

3. Prepaid pension cost

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Prepaid pension cost	279,917	293,082		3
Income taxes related to above	85,598	94,372		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Prepaid pension cost	194,318	198,710		15

4. Deferred tax assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Deferred tax liabilities	249,427	444,863		4-a
Deferred tax liabilities for land revaluation	31,837	34,141		4-b
Tax effects on other intangible assets	67,329	64,711		
Tax effects on prepaid pension cost	85,598	94,372		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	—	—	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	—	—		21
Amount exceeding the 15% threshold on specified items	—	—		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	—	—		75

5. Deferred gains or losses on derivatives under hedge accounting

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Net deferred gains or losses on hedges	48,257	(125,084)		5

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	50,264	(123,598)	Excluding those items whose valuation differences arising from hedged items are recognized as "Total valuation and translation adjustments"	11

6. Items associated with investments in the capital of financial institutions

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Trading assets	3,511,957	3,627,862	Including trading account securities and derivatives for trading assets	6-a
Securities	25,588,578	29,971,688		6-b
Loans and bills discounted	69,276,735	68,274,308	Including subordinated loans	6-c
Trading liabilities	2,987,815	2,754,739	Including trading account securities sold and derivatives for trading liabilities	6-d

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Investments in own capital instruments	—	—		
Common Equity Tier 1 capital	—	—		16
Additional Tier 1 capital	—	—		37
Tier 2 capital	—	—		52
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	—	—		
Common Equity Tier 1 capital	—	—		17
Additional Tier 1 capital	—	—		38
Tier 2 capital	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	336,156	524,368		
Common Equity Tier 1 capital	—	—		18
Additional Tier 1 capital	—	—		39
Tier 2 capital	—	—		54
Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	336,156	524,368		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	858,981	1,023,901		
Amount exceeding the 10% threshold on specified items	—	5,101		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	76,261	159,230		40
Tier 2 capital	125,000	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	657,720	734,569		73

7. Other capital instruments

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Borrowed money	7,162,861	7,226,652		7

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	300,000	—		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	656,085	376,262		46

Note:

Amounts in the "Composition of capital disclosure" are based on those before considering under transitional arrangements and includes "Amounts excluded under transitional arrangements" disclosed in "Capital Structure Information" as well as amounts included as regulatory capital. In addition, items for regulatory purpose under transitional arrangement are excluded from this table.

Liquidity Risk Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its non-consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “LCR Notification”). Meanwhile, SMBC discloses its liquidity risk management and LCR in compliance with “Matters Related to the Status of the Soundness of Management Concerning Liquidity Separately Specified by the Commissioner of the Japanese Financial Services Agency, Based on the Provision of Article 19-2, Paragraph 1, Item 5 (e) of the Ordinance for Enforcement of the Banking Act, etc.” (Notification No. 7 issued by the Japanese Financial Services Agency in 2015).

■ Disclosure of Liquidity Risk Management

1. Liquidity Risk Management Policy and Procedures

At SMBC, liquidity risk is centrally managed by the Corporate Risk Management Department, which is operated independently of business units engaged in market transactions. The department is responsible for the measurement of funding gaps and monitoring of the risk status through stress tests and other means, in addition to the development and analysis of risk appetite indicators, with a view to maintaining a stable balance between the lending and funding structure. It reports these sets of information to the Management Committee and Board of Directors, etc. In addition, in accordance with SMFG’s “Principal Policy for Group Risk Management,” principle policies of liquidity risk management and important risk-related matters, such as a risk tolerance, are determined by the Management Committee before they are approved by the Board of Directors. Furthermore, SMBC holds ALM Committee on a monthly basis to report on the compliance status of the liquidity risk tolerance and deliberate on the ALM management policy.

2. Indicators for Assessing Liquidity Risk and Other Liquidity Risk Management

(1) Risk appetite indicator

This indicator demonstrates the degree of deviance from the quantitative risks (e.g. LCR) estimated at the beginning of the fiscal year. SMBC has set three alert levels of deviance to monitor the status of the liquidity risk it exposes.

(2) Maintaining supplementary liquidity

Supplementary liquidity is maintained by holding assets, such as U.S. government bonds, which can be immediately converted to cash in order to smoothly raise the required funds even during market disruption, and these asset holdings are monitored regularly.

(3) Funding gap management

A funding gap is defined as the maturity mismatch between source of funds and use of funds and shows forthcoming funding requirements. SMBC manages this funding gap properly by setting limits on the size of the gap and limiting reliance on short-term funding. These limits are set in place on both a bank-wide basis and individual branch basis, and take into account funding status, cash management planning, economic environments, and individual currency characteristics and other factors. Additionally, funding gap limits are set for individual currencies if necessary. SMBC monitors the funding gap on a daily basis.

(4) Early Warning Indicator

SMBC monitors various indicators and carries out quantitative management of alert indications in order to promptly and systematically detect liquidity risks.

(5) Stress tests

Stress tests are designed to ensure the development of a robust liquidity structure to cope with substantial cash outflows in a stress period. The test is regularly carried out by simulating the impact triggered, for example, by deposit outflows or difficulties in money market funding, in order to appraise and manage the amount of funding required when liquidity risk is realized.

(6) Measures against realized liquidity stress

Contingency plans are developed to respond to the liquidity risk when being realized, by creating detailed action plans such as lowering the upper limit for the funding gap, depending on the existing situation (i.e. normal, concerned, or critical) and the respective circumstances.

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Non-consolidated LCR

As described in “Disclosure of Quantitative Information about Liquidity Coverage Ratio (Non-Consolidated)” on the following page, the LCR has remained stable with no significant fluctuation following the introduction of the liquidity regulation on March 31, 2015.

2. Assessment of Non-consolidated LCR

The LCR Notification stipulates that the minimum requirement of LCR for 2016 is set at 70.0% and from 2017 onwards, the LCR is raised in increments of 10.0% in stages, reaching 100.0% in and after 2019 (see table below).

	2015	2016	2017	2018	2019 onwards
The minimum requirement of LCR	60.0%	70.0%	80.0%	90.0%	100.0%

Non-consolidated LCR of SMBC exceeds the minimum requirements of LCR for 2016 (70.0%) and for 2019 onwards (100.0%), having no cause for concern. SMBC does not expect that the future LCR forecasts will differ significantly from the announced ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

The non-consolidated high-quality liquid assets held by SMBC that are allowed to be included in the calculation of LCR include deposits with central banks, highly-rated bonds and cash. As described in “Disclosure of Quantitative Information about Liquidity Coverage Ratio (Non-Consolidated)” in the following table, the amount of such high-quality liquid assets exceed the amount of net cash outflows. Meanwhile, currency denominations, categories and location, etc. of the high-quality liquid assets allowed to be included in the calculation have not shown any significant changes. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5.0 % or more of SMBC’s total liabilities on the non-consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Non-consolidated LCR

SMBC has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 29 of the LCR Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 38 of the same Notification. Meanwhile, SMBC records “due to trust account,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the same Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Non-Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2016/1/1 To 2016/3/31)		Prior Quarter (From 2015/10/1 To 2015/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	43,742,724		42,471,573	
Cash Outflows (2)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	42,308,517	3,284,834	42,163,262	3,273,642
3	of which, Stable deposits	13,519,383	405,581	13,471,285	404,139
4	of which, Less stable deposits	28,789,133	2,879,253	28,691,978	2,869,503
5	Cash outflows related to unsecured wholesale funding	51,050,633	28,598,144	50,823,997	29,507,820
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	44,520,049	22,067,560	43,657,242	22,341,065
8	of which, Debt securities	6,530,584	6,530,584	7,166,755	7,166,755
9	Cash outflows related to secured funding, etc.		38,136		55,817
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	18,357,313	6,076,970	18,931,915	6,146,168
11	of which, Cash outflows related to derivative transactions, etc.	1,096,661	1,096,661	933,343	933,343
12	of which, Cash outflows related to funding programs	582,028	582,028	631,821	631,821
13	of which, Cash outflows related to credit and liquidity facilities	16,678,625	4,398,281	17,366,751	4,581,004
14	Cash outflows related to contractual funding obligations, etc.	4,272,403	2,205,538	3,246,393	1,955,181
15	Cash outflows related to contingencies	57,729,061	708,821	56,243,348	711,567
16	Total cash outflows		40,912,443		41,650,195
Cash Inflows (3)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	1,378,581	255,452	960,237	220,347
18	Cash inflows related to collection of loans, etc.	4,406,020	3,376,101	4,609,058	3,484,455
19	Other cash inflows	2,477,219	1,650,840	2,521,906	1,911,910
20	Total cash inflows	8,261,821	5,282,393	8,091,200	5,616,713
Non-Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		43,742,724		42,471,573
22	Net cash outflows		35,630,050		36,033,482
23	Non-consolidated liquidity coverage ratio (LCR)		122.7%		117.8%
24	The number of data used to calculate the average value		3		3

The data following the introduction of the liquidity regulation on March 31, 2015 is available on SMFG’s website.
(http://www.smfg.co.jp/english/investor/financial/basel_3.html)

Glossary

ABL

Abbreviation for Asset Based Lending of having movable assets as collateral such as accounts receivable and/or inventory.

Advanced Measurement Approach (AMA)

Based on the operational risk measurement methods used in the internal management of financial institutions, this is a method for obtaining the operational risk equivalent amount by calculating the maximum amount of operational risk loss expected over a period of one year, with a one-sided confidence interval of 99.9%.

Basic Indicator Approach (BIA)

A calculation approach in which an average value for the most recent three years derived by multiplying gross profit for the financial institution as a whole by certain level (15%) is deemed to be the operational risk equivalent amount.

Calculation of credit risk-weighted assets under Article 145 of the Notification

Method used for calculating the credit risk-weighted assets for the fund exposure, etc. There is a method of making the total credit risk-weighted asset of individual underlying asset of funds, etc. as the relevant exposure of the credit risk-weighted asset; or a method of applying the risk weight determined based on the formation of underlying assets to the relevant exposure.

Capital adequacy ratio notification (“the Notification”)

Administrative action or written ordinance by which the Financial Services Agency officially informs Japanese banks of regulations regarding capital adequacy ratio.

CCF

Abbreviation for Credit Conversion Factor
Ratio required for converting off-balance sheet items such as guarantees or derivatives into on-balance sheet credit exposure equivalents.

CCP-related exposure

Exposure to a central counterparty (CCP) that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the future performance of open contracts.

CDS

Abbreviation for Credit Default Swap
Derivative transactions which transfer the credit risk.

Credit Risk Mitigation (CRM) Techniques

Method of reducing credit risk by guarantees, collateral and purchase of credit derivatives, etc.

Credit risk-weighted assets

Total assets (lending exposures, including credit equivalent amount of off-balance sheet transactions, etc.) which is reevaluated according to the level of credit risk.

Current exposure method

One of the methods for calculating the credit exposure equivalents of derivative transactions, etc. Method of calculating the equivalents by adding the amount (multiplying the notional amount by certain rate, and equivalent to the future exposure fluctuation amount) to the mark-to-market replacement cost calculated by evaluating the market price of the transaction.

CVA (credit value adjustment) amount

Capital charges for market-price fluctuation of derivatives transaction due to deteriorated creditworthiness of a counterparty.

EL

Abbreviation for Expected Loss
Average loss expected to occur over the coming one year.

High-quality liquid assets (HQLA)

Assets that can be converted into cash without significant loss of value under stress events, and for which there is no impediment to conversion into cash.

Historical simulation method

Method of simulating future fluctuations without the use of random numbers, by using historical data for risk factors.

Internal models approach

Methods of measuring market risk equivalent amount as the value at risk (VaR) calculated with models determined by each bank.

Internal models method

One of the methods of market-based approach using the VaR model to calculate the loss for shares held by the bank applying the Internal Ratings-Based Approach, and dividing such loss amount by 8% to obtain the credit risk-weighted asset of the equity exposure.

The Internal Ratings-Based (IRB) Approach

A method of calculating the risk asset by applying PD (Probability of Default) estimated internally by financial institution which conducts sophisticated risk management. There are two methods to calculate exposures to corporate client, etc.: the Advanced Internal Ratings-Based (AIRB) Approach and the Foundation Internal Ratings-Based (FIRB) Approach. The former uses self-estimated LGD and EAD values, while the latter uses LGD and EAD values designated by the authorities.

LCR Notification

Administrative action and written ordinance for official notification to the general public of regulations concerning LCR of financial institutions in Japan which are decided by the Japanese Financial Services Agency based on the Basel Agreement.

LGD

Abbreviation for Loss Given Default
Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default.

Liquidity Coverage Ratio (LCR)

Indicator of liquidity regulations under the Basel III which has been applied in stages starting from March 31, 2015.
LCR regulations require banks to hold high-quality liquid assets more than a certain amount in order to cover total cash outflows over a 30-day period under stress events.

Market-based approach

Method of calculating the risk assets of equity exposures, etc., by using the simple risk weight method or internal model method.

Market risk equivalent amount

Pursuant to the Basel Capital Accord, the required capital amount imposed on the market-related risk calculated for the four risk categories of mainly the trading book: interest rates, stocks, foreign exchange and commodities.

Net cash outflows

Amount obtained after subtracting the amount of cash inflows from the amount of cash outflows under stress events.

Object finance

For providing credit for purchasing ships or aircrafts, the only source of repayments for the financing should be profits generated from the said tangible assets; and the said tangible assets serve as collaterals, and having an appreciable extent of control over the said tangible assets and profits generated from the said tangible assets.

Operational risk equivalent amount

Operational risk capital requirements under the Basel Capital Accord.

Originator

The term “originator” is used in the case that SMFG is directly or indirectly involved in the formation of underlying assets for securitization transactions when SMFG has the securitization exposure; or the cases of providing the back-up line for ABCP issued by the securitization conduit for the purpose of obtaining exposure from the third party, or providing ABL to the securitization conduit (as sponsor).

PD

Abbreviation for Probability of Default
Probability of becoming default by obligor during one year.

Phased rollout

Under the Basel Capital Accord (credit risk, operational risk), it is a transition made by certain group companies planning to apply the Internal Ratings-Based Approach or the Advanced Measurement Approach after the implementation of such methods on consolidated-basis.

Project finance

Out of credit provided for specified businesses such as electric power plants and transportation infrastructure, the only source of repayments is profits generated from the said businesses, and the collateral is tangible assets of the said businesses, and having an appreciable extent of control over the said tangible assets and profits generated from the said tangible assets.

Qualifying Revolving Retail Exposures (QRRE)

Exposure which may fluctuate up to the upper limit set forth by an agreement according to the individual's voluntary decision, such as card loan and credit card, etc., and the upper limit of the exposure without any collateral is 10 million yen or less.

Resecuritization transaction

Out of securitization transactions, it is a transaction with securitization exposure for part of or entire underlying assets. However, in the case that all of underlying assets is the single securitization exposure and the transaction's risk characteristics are substantively unchanged prior to or after the securitization, the transaction is excluded from the resecuritization transactions.

Risk capital

The amount of required capital, which is statistically calculated from the historical market fluctuations, default rates, etc., to cover an unexpected loss arising from risks of business operations. It differs from the minimum regulatory capital requirements, and it is being used in the risk management framework voluntarily developed by financial institutions for the purpose of internal management.

Risk weight

Indicator which indicates the extent of credit risk determined by the types of assets (claims) owned. Risk weight becomes higher for assets with high risk of default.

Securitization transaction

It is a transaction which stratifies the credit risk for the underlying assets into more than two exposures of senior/subordinated structure and has the quality of transferring part of or entire exposure to the third party.

Servicer risk

The risk of becoming unable to claim for the collectives, in cases of which bankruptcy of the supplier/servicer occurs prior to collecting receivables, in securitization and purchased claims transactions.

Simple risk weight method

One of market-based approaches for calculating the risk-weighted asset amount for the equity exposure, etc. by multiplying the listed shares and unlisted shares with the risk weights of 300% and 400%, respectively.

Slotting criteria

For risk-weighted asset calculation under the Internal Ratings-Based (IRB) Approach, it is a method of mapping the credit rating to the risk-weight in 5 levels set forth by the Financial Services Agency for Specialised Lending.

Small-sized consolidated subsidiaries

Small-sized consolidated subsidiaries that have extremely small impact on the level of consolidated LCR.

Specialized Lending (SL)

General term used for project finance, object finance, commodity finance and lending for commercial real estate.

The Standardized Approach (SA)

Method of calculating risk-weighted assets by multiplying each obligor classification (corporation, financial institution, country, retail, etc.) by the risk-weight designated by the authorities.

Standardized method

Method of calculating market risk using formula determined by the Financial Services Agency.

Underlying assets

General term used for assets which serve as the source of payments for principal and interest for securitization exposures, etc.

VaR

Abbreviation for Value at Risk
Forecasted maximum loss incurred by the relevant portfolio under certain probability.

Compensation

Sumitomo Mitsui Financial Group (SMFG)

■ Compensation Framework of SMFG and Its Group Companies

1. Scope of Officers, Employees and Others

The scope of officers, employees and others whose compensation is subject to disclosure under the revised Cabinet Office 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 SMFG (excluding outside directors and corporate auditors).

(2) Scope of Employees and Others

Employees and others subject to compensation disclosure are employees of SMFG 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 SMFG and its major consolidated subsidiaries.

a) Scope of major consolidated subsidiaries

A major consolidated subsidiary is a consolidated subsidiary of SMFG with total assets accounting for more than 2% of the total consolidated assets of SMFG and has a material influence on the management of SMFG and its group companies. Specifically, they are Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities Inc., Kansai Urban Banking Corporation, Sumitomo Mitsui Finance and Leasing Company, Limited 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 SMFG or its major subsidiaries is equal to or more than the base amount. The base amount of SMFG 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 SMFG and its major consolidated subsidiaries

A person has a material influence on the business management or assets of SMFG 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 SMFG and its group companies, or losses incurred through such actions have a significant impact on the financial situation of SMFG and its group companies. Specifically, persons having such influence are directors, corporate auditors and corporate officers of SMFG and its major consolidated subsidiaries, both domestic and overseas.

2. Determination of Compensation

(1) For Officers

The compensation committee of SMFG, a majority of which is comprised of outside directors, deliberates on the compensation structure and the amount and type of compensation paid to directors and corporate officers of SMFG and SMBC, independent from the influence of business units of SMBC. The committee deliberates on the amount and type of compensation paid to directors and corporate officers within the maximum total amount of compensation approved at an ordinary general meeting of shareholders. The amount and type of compensation paid to corporate auditors is determined through discussions among the corporate auditors, within the maximum total amount of compensation approved at an ordinary general meeting of shareholders, in accordance with the provisions of Article 387 (2) of the Companies Act.

(2) For Employees and Others

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

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

	Number of Meetings Held (April 1, 2015 to March 31, 2016)
Compensation Committee (SMFG)	2
Compensation Committee (SMBC Nikko Securities Inc.)	1

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

■ Assessment of Design and Operation of Compensation Structure

Compensation Policy

(1) For Officers

SMFG has designed its compensation system for officers in accordance with its management plan based on its vision for the next decade of becoming a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region by enhancing its corporate value over the medium to long term. Specifically, the compensation paid to officers consists of:

- base salary;
- bonuses; and
- stock options

The base salary is determined based on job responsibilities, business performance and other factors, and bonuses are determined based on the assessment of business results for the fiscal year and the performance status of job responsibilities in the short term as well as the medium to long term for individual officers. Stock options are granted to officers (excluding outside directors and corporate auditors) according to their positions, subject to an exercise period, to foster the creation of long-term corporate value.

The amount and type of compensation for each fiscal year, which is set within the maximum total amount of compensation approved at an ordinary general meeting of shareholders, are examined by a third party for appropriateness; deliberated by the compensation committee chaired by an outside director; and submitted to the board of directors for approval. In addition, the amount and type of compensation to corporate auditors are determined through discussions among the corporate auditors, including outside corporate auditors, within the maximum total amount of compensation approved at an ordinary general meeting of shareholders.

(2) For Employees and Others

SMFG and its major consolidated subsidiaries pay compensation to domestic employees and others consisting of:

- base salary;
- bonuses and other benefits

In order to link the business philosophy and strategy of the company to the roles and responsibilities of the employees and others, SMFG and its major consolidated subsidiaries determine the amount and type of compensation taking into account their job responsibilities, business performance and other factors. In addition, the HR departments of respective companies determine the amount and type of compensation based on the overall company situation, including the business environment, business trends, and past payments of compensation. The compensation policies for overseas employees and others have been established based on the domestic compensation policies and taking into account local laws, regulations, employment practices and other relevant factors.

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

1. SMFG

SMFG determines the amount and type of compensation paid to officers within the maximum total amount of compensation approved at an ordinary general meeting of shareholders. SMFG also sets a budget for paying compensation to employees taking into account the group's financial situation and other factors. Performance-based compensation accounts for a relatively small percentage of total compensation, and SMFG has not adopted a compensation structure that could affect the risk management of the group.

2. Major Consolidated Subsidiaries

The amount and type of compensation for officers and employees of a major subsidiary are determined by comprehensively taking into account the assessment of the subsidiary's medium- and long-term earnings, and in the case of an overseas subsidiary, local laws, regulations and employment practices, and a compensation structure that could affect the risk management of the group has not been adopted. In addition, expenses for employee retention are recorded for employees of certain major consolidated subsidiaries.

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

Total Amount of Compensation Paid to Officers, Employees and Others (April 1, 2015 to March 31, 2016)

	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).....	12	900	773	659	108	5	127	127	—	—
Employees and others.....	88	7,294	3,620	3,504	111	4	3,288	3,288	—	385

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

2. The total amount of fixed compensation includes ¥219 million in deferred compensation accrued during the fiscal year (officers: ¥108 million; employees and others: ¥111 million).

3. The total amount of variable compensation includes ¥598 million in deferred compensation accrued during the fiscal year (officers: ¥- million; employees and others: ¥598 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

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

Type of compensation, etc.	Millions of yen	
	March 31, 2016	Payment during the fiscal year
1st series of stock acquisition rights of SMFG.....	60	—
2nd series of stock acquisition rights of SMFG	140	—
3rd series of stock acquisition rights of SMFG	138	—
4th series of stock acquisition rights of SMFG	118	—
5th series of stock acquisition rights of SMFG	178	—

■ Other Information Regarding Compensation Structures of SMFG and its Group Companies

Not applicable

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 SMBC (excluding outside directors and corporate auditors).

(2) Scope of Employees and Others

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

a) Scope of major consolidated subsidiaries

A major consolidated subsidiary is a consolidated subsidiary of SMBC with total assets accounting for more than 2% of the total consolidated assets of SMBC and has a material influence on the management of SMBC and its group companies. Specifically, they are SMBC Nikko Securities Inc., Kansai Urban Banking Corporation 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

(1) For Officers

The compensation committee of SMFG, a majority of which is comprised of outside directors, deliberates on the compensation structure and the amount and type of compensation paid to directors and corporate officers of SMFG and SMBC, independent from the influence of business units of SMBC. The committee deliberates on the amount and type of compensation paid to directors and corporate officers within the maximum total amount of compensation approved at an ordinary general meeting of shareholders. The amount and type of compensation paid to corporate auditors is determined through discussions among the corporate auditors, within the maximum total amount of compensation approved at an ordinary general meeting of shareholders, in accordance with the provisions of Article 387(2) of the Companies Act.

(2) For Employees and Others

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

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

	Number of Meetings Held (April 1, 2015 to March 31, 2016)
Compensation Committee (SMFG)	2
Compensation Committee (SMBC Nikko Securities Inc.)	1

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

■ Assessment of Design and Operation of Compensation Structure

Compensation Policy

(1) For Officers

SMBC has designed its compensation system for officers in accordance with SMFG's management plan based on its vision for the next decade of becoming a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region by enhancing its corporate value over the medium to long term. Specifically, the compensation paid to officers consists of:

- base salary;
- bonuses; and
- stock options

The base salary is determined based on job responsibilities, business performance and other factors, and bonuses are determined based on the assessment of business results for the fiscal year and the performance status of job responsibilities in the short term as well as the medium to long term for individual officers. Stock options are granted to officers (excluding outside directors and corporate auditors) according to their positions, subject to an exercise period, to foster the creation of long-term corporate value.

The amount and type of compensation for each fiscal year, which is set within the maximum total amount of compensation approved at an ordinary general meeting of shareholders, are examined by a third party for appropriateness; deliberated by the compensation committee of SMFG, chaired by an outside director; and submitted to the board of directors for approval. In addition, the amount and type of compensation to corporate auditors are determined through discussions among the corporate auditors, including outside corporate auditors, within the maximum total amount of compensation approved at an ordinary general meeting of shareholders.

(2) For Employees and Others

SMBC and its major consolidated subsidiaries pay compensation to domestic employees and others consisting of:

- base salary;
- bonuses and other benefits

In order to link the business philosophy and strategy of the company to the roles and responsibilities of the employees and others, SMBC and its major consolidated subsidiaries determine the amount and type of compensation taking into account their job responsibilities, business performance and other factors. In addition, the HR departments of respective companies determine the amount and type of compensation based on the overall company situation, including the business environment, business trends, and past payments of compensation. The compensation policies for overseas employees and others have been established based on the domestic compensation policies and taking into account local laws, regulations, employment practices and other relevant factors.

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

1. SMBC

SMBC determines the amount and type of compensation paid to officers within the maximum total amount of compensation approved at an ordinary general meeting of shareholders. SMBC also sets a budget for paying compensation to employees taking into account the group's financial situation and other factors. Performance-based compensation accounts for a relatively small percentage of total compensation, and SMBC has not adopted a compensation structure that could affect the risk management of the group. In addition, expenses for employee retention are recorded for certain employees.

2. Major Consolidated Subsidiaries

The amount and type of compensation for officers and employees of a major subsidiary are determined by comprehensively taking into account the assessment of the subsidiary's medium- and long-term earnings, and in the case of an overseas subsidiary, local laws, regulations and employment practices, and a compensation structure that could affect the risk management of the group has not been adopted. In addition, expenses for employee retention are recorded for employees of certain major consolidated subsidiaries.

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

1. Total Amount of Compensation Paid to Officers, Employees and Others (SMBC consolidated, April 1, 2015 to March 31, 2016)

	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).....	23	1,431	1,204	1,056	144	4	210	210	16	—
Employees and others.....	81	6,685	3,121	3,067	49	4	3,179	3,179	—	385

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

2. The total amount of fixed compensation includes ¥193 million in deferred compensation accrued during the fiscal year (officers: ¥144 million; employees and others: ¥49 million).

3. The total amount of variable compensation includes ¥598 million in deferred compensation accrued during the fiscal year (officers: ¥- million; employees and others: ¥598 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

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

Type of compensation, etc.	Millions of yen	
	March 31, 2016	Payment during the fiscal year
1st series of stock acquisition rights of SMFG.....	49	—
2nd series of stock acquisition rights of SMFG.....	151	—
3rd series of stock acquisition rights of SMFG.....	151	—
4th series of stock acquisition rights of SMFG.....	110	—
5th series of stock acquisition rights of SMFG.....	148	—

2. Total Amount of Compensation Paid to Officers, Employees and Others (SMBC non-consolidated, April 1, 2015 to March 31, 2016)

	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).....	23	1,431	1,204	1,056	144	4	210	210	16	—
Employees and others.....	75	6,089	2,863	2,808	49	4	2,840	2,840	—	385

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

2. The total amount of fixed compensation includes ¥193 million in deferred compensation accrued during the fiscal year (officers: ¥144 million; employees and others: ¥49 million).

3. The total amount of variable compensation includes ¥504 million in deferred compensation accrued during the fiscal year (officers: ¥- million; employees and others: ¥504 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

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

Type of compensation, etc.	Millions of yen	
	March 31, 2016	Payment during the fiscal year
1st series of stock acquisition rights of SMFG.....	49	—
2nd series of stock acquisition rights of SMFG.....	151	—
3rd series of stock acquisition rights of SMFG.....	151	—
4th series of stock acquisition rights of SMFG.....	110	—
5th series of stock acquisition rights of SMFG.....	148	—

■ Other Information Regarding Compensation Structures of SMFG and its Group Companies

Not applicable





SMFG