



SMFG SUMITOMO MITSUI  
FINANCIAL GROUP

# 2014

ANNUAL REPORT

YEAR ENDED MARCH 31, 2014

SUMITOMO MITSUI FINANCIAL GROUP  
SUMITOMO MITSUI BANKING CORPORATION



All banks offer reliability.  
It takes reliability and speed to  
create value.

**LEAD THE VALUE**  
SUMITOMO MITSUI FINANCIAL GROUP

 **SMBC** SUMITOMO MITSUI  
BANKING CORPORATION

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## 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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August 2014

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# Message from Top Management

Dear Fellow Stakeholders,

We sincerely thank you for your continued support and patronage. We would like to present the initiatives we implemented in fiscal 2013 (fiscal year ended March 2014) and our management policies going forward.

## Principal Initiatives in Fiscal 2013

In fiscal 2013, the Japanese economy continued to recover moderately as capital spending increased on improved corporate earnings, and consumer spending stayed firm reflecting an improvement in employment and household income, among other factors. Although some emerging countries experienced an economic slowdown, overall, the global economy also continued to recover mainly due to an economic pickup in developed countries, including a continued moderate recovery in the U.S. and an improvement in Europe.

Against this backdrop, we had set fiscal 2013 as the year to “proactively contribute to the revitalization of the Japanese economy, and as a result achieve the growth of SMFG” and “create new business models and take on the challenge of innovation for our next leap forward.” We continued to proactively support the revitalization of the Japanese economy through financing, and implemented initiatives to accommodate changes in the

financial needs of our clients and business environment in order to achieve our medium- to long-term growth.

Specifically, in the consumer business, in May 2013, we launched on a trial basis a bank-securities integration model between SMBC and SMBC Nikko Securities to better meet the needs of our consumer clients for asset management and increased the number of trial offices in October 2013. In addition, we acquired Société Générale Private Banking Japan and commenced its operation as SMBC Trust Bank, a wholly-owned subsidiary of SMBC, on October 1, 2013, to strengthen our wealth management business.

In the corporate business, SMBC actively extended loans by utilizing the loan support program of the Bank of Japan and through other measures, and also supported growth industries by investing in a regenerative medicine fund and an agricultural fund, and arranging project finance for solar energy projects. Furthermore, in November 2013, we established a new bank-securities dual-role department within SMBC, functioning also as a department of SMBC Nikko Securities, and enhanced our capability to address various needs of our corporate clients such as for loans, corporate bond issuance, new share issuance, and M&As through one-stop services.

In the international business, we continued to increase our overseas loan balance and diversified our foreign currency funding for the sustainable growth of our business, and also obtained FHC status in the U.S. We also expanded our global network. SMBC and SMBC (China) established six representative offices in emerging markets mainly in Asia, and Sumitomo Mitsui Finance & Leasing and SMBC Consumer Finance set up offices in China. Moreover, we made progress in our Multi-Franchise strategy, which calls for firmly establishing



**Koichi Miyata**

President  
Sumitomo Mitsui Financial Group, Inc.

a full-scale commercial banking franchise in Asia and other rapidly growing emerging markets. As part of this strategy, we acquired a stake in PT Bank Tabungan Pensiunan Nasional Tbk in Indonesia. Furthermore, we expanded our U.S. business and diversified our business portfolio by acquiring the ninth largest railcar leasing company in the U.S. in December 2013, which commenced its operation as SMBC Rail Services LLC.

We also continued to strengthen our corporate infrastructure. We advanced human resources development through personnel exchanges across borders, group companies and business units, in addition to expanding training programs.

In fiscal 2013, SMBC recorded net reversal of total credit cost mainly due to individualized efforts to assist borrowers to improve their business and financial conditions. In addition, other group companies, such as SMBC Nikko Securities, which increased equity commissions, showed steady results. As a result, SMFG's consolidated ordinary profit increased by ¥358.6 billion to a record-high ¥1,432.3 billion and net income increased by ¥41.3 billion to a record-high ¥835.4 billion with an ROE of 13.8%. We also achieved all of the financial targets of the medium-term management plan for the three years from fiscal 2011 to 2013.

#### Achievement of financial targets in the medium-term management plan (fiscal 2011 to 2013)

Common Equity Tier 1 capital ratio*1	Mar. 2011	Mar. 2014	Mar. 2014 Target
Basel III fully-loaded basis*2	above 6%	10.3%	8%

	FY3/2011	FY3/2014	FY3/2014 Target
Consolidated net income RORA	0.8%	1.4%	0.8%
Consolidated overhead ratio	52.5%	53.0%	50%-55%
SMBC non-consolidated overhead ratio	45.6%	47.9%	45%-50%
Overseas banking profit ratio*3	23.3%	33.0%	30%

\*1 SMFG consolidated

\*2 Based on the definition as of Mar. 31, 2019

\*3 Based on the medium-term management plan assumed exchange rate of 1USD = JPY85 for FY3/2012 to FY3/2014

## Management Policies Going Forward -Overview of the Medium-term Management Plan-

We have launched a new medium-term management plan for the three years from fiscal 2014 to 2016. The new medium-term management plan was developed as the first step toward realizing our vision for the next decade: the growth of the SMFG group amid the dynamically changing economic, financial and regulatory environment. In the next three years, we will further evolve our client-centric business models, revise our portfolio structure, and enhance our client base with speed in order to achieve the sustainable growth of our top-line profit and further increase our enterprise value.

### © Vision for the next decade

In view of the changing business environment, including the growth of Asia's emerging countries, the aging and shrinking Japanese population, and the global financial regulatory reform, we have set our vision for the next decade as follows.

“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.”



**Takeshi Kunibe**

President and CEO

Sumitomo Mitsui Banking Corporation

Specifically, we aim to achieve the following three points.

- 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

We have also set the following four management goals of the three-year medium-term management plan as the first step toward realizing our vision for the next decade.

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

The initiatives we will implement are as follows.

#### ○ Develop and evolve client-centric business models for main domestic and international businesses

We will develop new client-centric business models and implement strategies with speed in order to create a stronger franchise both domestically and internationally and enhance our capability to address the needs of our clients, which are becoming more diverse and sophisticated.

For our large corporate clients, whose activities are becoming more global and cross-border, we are creating a unique business model to meet their needs, thereby enhancing our business base. Specifically, we are strengthening the collaboration between SMBC and SMBC Nikko Securities and accelerating the integration of the business activities of domestic and international offices for a more seamless operation. Further, we will offer higher quality services to a wider range of clients by leveraging our extensive knowledge of domestic and overseas industries.

For medium and small-sized corporate clients, we will meet the financial needs of each individual company while comprehensively addressing the needs of business owners, both as corporate managers and as individuals,

under the newly launched marketing structure for one-stop services. At the same time, we seek to proactively contribute to the revitalization of the Japanese economy by nurturing and supporting growth industries and companies.

For individual clients, whose needs are changing due to the accelerated shift from savings to investment and changing lifestyles, we will meet their needs through a group-wide effort. Specifically, we will expand the bank-securities integration model between SMBC and SMBC Nikko Securities, leveraging their respective strengths of a broad client base and a high advisory capability. Further, we will strengthen our unique private banking business model combining the capabilities of our group companies. In the consumer finance and credit card businesses, we aim to win the top share in the domestic markets and manage the businesses on a group basis. Specifically, SMBC, SMBC Consumer Finance and Mobit will leverage their strengths as major players in the consumer finance business and promote their own brand strategies. In the credit card business, Sumitomo Mitsui Card and Cedyne will harness their respective strengths as bank-based and retailer-based credit card companies.

For globally operating non-Japanese corporate clients, we will enhance our capability to address their needs by expanding our global network, while enhancing our product line-up and promoting cross-selling. Further, we will establish a group-wide framework, centered on SMBC and SMBC Nikko Securities, to enhance our ability to originate and distribute financial products to our institutional investors.

We will utilize information and communication technology (ICT) and build on our transaction banking business, both necessary underpinnings for creating new businesses, to meet the needs of our clients. We will offer new leading-edge services through various measures, including alliances with leading ICT players.

#### ○ Build a platform for realizing Asia-centric operations and capture growth opportunities

The enhancement of our Asia business is the principal strategy for the whole group. To this end, we will steadily build a business platform in Asia by prioritize the

allocation of resources, including human resources and infrastructure, to the region. Specifically, we will increase our group's presence in Asia through the development and expansion of our existing businesses and the acceleration of our Multi-Franchise strategy.

○ **Realize sustainable growth of top-line profit while maintaining soundness and profitability**

Underpinned by the stable financial base built during the previous years, we will focus more on growth in the coming years. We will achieve the sustainable growth of our consolidated gross profit by developing our business models and allocating resources in growth fields.

○ **Upgrade corporate infrastructure to support next stage of growth**

We will strengthen our management platform to support the global growth of our business. Specifically, we believe the diversity of human resources is a source of competitiveness, and SMBC has established "Diversity and Inclusion Committee" and set a target for the percentage of women in managerial positions to be 20% by the end of fiscal 2020. We are also upgrading our risk management system and strengthening our compliance framework by streamlining the anti-money laundering system, among other measures.

◎ **Financial targets**

We have five financial targets as shown below.

We aim to realize the steady growth of our top-line profit, while focusing on profitability and efficiency as demonstrated by our newly established consolidated ROE target of around 10%.

**Financial targets for fiscal 2016  
(SMFG consolidated basis)**

Growth	Growth rate of Consolidated gross profit	Around +15%*1
	Consolidated ROE	Around 10%
Profitability	Consolidated net income RORA	Around 1%
	Consolidated overhead ratio	In the mid 50%
Soundness	Common Equity Tier 1 Capital Ratio*2	Around 10%

\*1 Fiscal 2016 targeted consolidated gross profit in comparison with fiscal 2013 figure.

\*2 Basel III fully-loaded basis (based on the definition as of March 31, 2019)

◎ **Capital and shareholder return policies**

Hitherto, the policy of SMFG was to steadily increase returns to shareholders through the sustainable growth of our enterprise value, while enhancing our capital to maintain financial soundness in light of the public nature of our business as a bank holding company, and to realize a payout ratio of over 20% on a consolidated net income basis. In line with this policy, we decided to pay an ordinary dividend per share on common stock of ¥120 for fiscal 2013, a year-on-year increase of ¥10.

Going forward, we aim to achieve a sustainable increase in shareholder value by realizing higher profitability and growth through investments for the future. We also intend to enhance shareholder return by implementing measures such as raising dividend per share in a stable manner.

For fiscal 2014, we forecast consolidated ordinary profit of ¥1,110 billion and net income of ¥680 billion, and an annual dividend per share of ¥120, the same as in fiscal 2013 and the half of which, ¥60, will be paid as an interim dividend.

We believe that we can meet your expectations through the initiatives we have described. We hope that we can continue to count on your understanding and support in the years ahead.

August 2014



Koichi Miyata  
President  
Sumitomo Mitsui  
Financial Group, Inc.



Takeshi Kunibe  
President and CEO  
Sumitomo Mitsui  
Banking Corporation

## ■ Consumer Banking

SMFG group companies work cooperatively to provide better and highly appreciated services for individual clients.

In April 2014, SMBC reviewed and improved its marketing system to appropriately accommodate individual clients' diversifying financial needs, reflecting the accelerated trend of "Saving to Investment," at the times of major inheritance and changes in clients' lifestyles. Under the new system, SMBC strives to enhance its products and services to accommodate the diverse needs of individual clients by giving even further attention to details.

### Asset Management

SMBC has a wide range of investment trust products to meet the diversifying asset management needs of its clients.

In fiscal 2013, we enhanced our portfolio for publicly offered investment trust in Japan by implementing investment funds, including bonds denominated in U.S. dollars, high-yielding stocks and REIT; investment funds for domestic corporate stocks which benefited from the "Abenomics" growth strategy; and balanced funds assuming investment needs due to NISA.

As for deposits in foreign currencies, we added to the portfolio with standard medium- to long-term fixed-term deposits denominated in foreign currency (commonly called "Nice Flight") (in U.S. or Australian dollars) in 2013, in order to be able to accommodate clients' needs for the management of assets in foreign currencies in the medium- to long-term.

We accommodate clients' needs by implementing measures to offer preferential interest rates. Working with SMBC Nikko Securities, SMBC continues to offer its wide-ranging clients intermediary services for financial products in areas such as foreign-currency and yen-denominated bonds.

In fiscal 2013, we began offering, for the first time for yen-denominated bonds, the "Green Bond" which supports the realization of an environmentally conscious society. In order for more clients to be able to capitalize our product of "SMBC Fund Wrap" (the discretionary management through investment trust taking into account clients' particular needs) for their asset management, we decided to lower the minimum requirement for initial contract amount from ¥10 million to ¥3 million for that product.

SMBC and SMBC Nikko Securities strive to provide products and services able to accommodate individual clients' diverse needs by taking advantage of both companies' know-how for the consulting business accumulated over the years and through integration of their clients base and office networks.



In May 2013, we began trial business operations under the new business promotion model ("Integrated model for retail in banking and securities businesses") which makes maximum utilization of the respective characteristics of SMBC and SMBC Nikko Securities. As clients responded positively to such new business operations, we plan to increase the number of branch offices under new business operations for the scheduled implementation in all branch offices by the end of fiscal 2014. We, the SMFG Group, will continue to provide high-value services to clients.

### Life Insurance and Estate

SMBC offers life insurance policies over the counter at its branches throughout Japan. We additionally provide services enabling our clients to request information materials without visiting our branches, as long as they make such requests by using ATMs, the internet or the telephone by consulting with experienced operators. In fiscal 2013, we began handling the permanent life insurance, which ensures the security for death and disability for a lifetime and enables savings for the future, and also individual variable annuity insurance denominated in foreign currency to accommodate clients' needs for asset growth while protecting their valuable assets from inflation due to economic recovery and growth in the future. In addition, we meet the inheritance-related needs of clients by offering testamentary trust services for drafting, storage and execution of wills, including "inheritance disposition" services by assisting with complicated procedures required for inheritance or "Relay of Trust to Family" services enabling clients and family to regularly receive funds.



### Consumer Loans and Settlement

In February 2014, SMBC began providing the "Housing Loan with special provision for partial exemption for payments in case of natural disasters" and added another special provision of "Guaranteeing the balance." In October 2013, we released the "Housing loan with major illnesses security insurance" by raising the eligible age to 55 for the coverage of eight major illnesses (our popular loan product with provision which covers eight major illnesses (three potentially fatal and five serious and chronic illnesses)); and by also increasing the coverage



for daily illnesses and injuries. In addition, we handle the “Life Event Support Pack” as the card loan with special interest rates especially made for clients who plan to take housing loans, in order to accommodate financial needs for such as childbirth, education or renovation after acquiring a house. We are working to develop products and enhance our services in order to accommodate the diverse needs of clients.



We also substantially improved the convenience for clients requesting housing loans by enabling them to complete their applications for making either full or partial prepayments, or changing the interest rate to floating or fixed, by utilizing SMBC Direct, the online banking service.

In other improvements, SMBC has assigned “Financing Facilitation Consultant Experts” at all branches and eight other locations throughout Japan where a special department is established for loan support services to provide consultations for clients. For housing finance for clients affected by the Great East Japan Earthquake, we offer housing loans with special rates, and we also offer our existing clients consultation services on more flexible loan repayments for those who have already taken out SMBC housing loans. We continue to provide meticulous support for, and promptly and appropriately respond to, clients who have difficulties making housing loan repayments.

As for SMBC unsecured consumer loans (card loans), guaranteed by SMBC Consumer Finance Co., Ltd., the total loan balance as of March 2014 has exceeded ¥460 billion due to the steady increase of loans. Further, in October 2013, a new series of television commercials started to be on air, emphasizing the simplicity of application for card loans.



## Topics

### ◆Extension of Business Hours (Weeknights and Holidays)

To enhance services for individual clients, SMBC has branches with extended business hours for weekdays and holidays.

In April 2014, we newly added 26 branches with extended business hours for weekdays and holidays, in addition to 74 branches (resulting in a total of 100 such branches throughout Japan).

As for any other branches, we periodically hold consultation sessions on holidays in order to appropriately accommodate diverse lifestyles of clients.



### ◆Improvement of the Call Center System

Clients are able to easily contact and access SMBC call centers to accommodate their diverse financial needs. We reviewed the call center system in April 2014 in order for our clients to be fully satisfied with our services. In particular, we clearly divided roles and responsibilities of the call center operations and developed the system to contribute to clients satisfaction. Accordingly, we established the Remote Business Department which is the call center specializing in “out bound” business of providing comprehensive financial consultations on telephone to those clients who did not have opportunities to discuss with the bank on effective utilization of their assets on daily basis. Another call center specializes in “in bound” business of promptly responding to clients’ inquiries.

For those clients who are busy at work and unable to go down to the bank, we provide consultation services by telephone on Saturdays, Sundays and evenings. We will fulfill new and challenging roles and responsibilities of the call centers in order to make clients satisfied.

## ■ Services for corporate clients

### Providing funding to medium-sized companies and SMEs

SMBC implements appropriate measures for finance facilitation and economic vitalization by meticulously understanding circumstances of each client and making diverse proposals for finance facilitation, as we strongly believe that our social responsibilities are to proactively provide funding to meet the needs of our medium-sized and SME clients and to support measures for their management improvement.

Specifically, our product of “Business Select Loan,” which offers unsecured or unguaranteed loans to clients, is being utilized by many clients.

Additionally, in conjunction with the Business Select Loan, as for the loans guaranteed by the National Federation of Credit Guarantee Corporations, SMBC accommodates the funding needs of clients by offering our specially-designed loans jointly guaranteed by SMBC and the local credit guarantee corporation of each region.

We continue to provide funds and support the management of medium-sized companies and SMEs which support the Japanese economy.

### Support for the establishment of new industry, new businesses and growing company

At SMBC, a department specializing in supporting clients of growing companies has been established at its head office. By cooperating with SMBC Venture Capital Co., Ltd. and SMBC Nikko Securities, we provide solutions appropriate to the specific growth stage, such as providing loans especially made for growing companies, supporting the initial public offering of shares, or supporting the alliance with the major company.

We provided loans to companies engaged in cloud computing and recycling businesses through the “Growth Potential Evaluation Loan” which was launched for the purpose of strengthening lending to clients of growing companies. A venture fund, which was jointly established in April 2012 by SMBC and NEC group for the purpose of supporting technology venture companies since their establishment, invested in venture companies of communications of next generations and of life science-related businesses.

SMBC and the Group are committed to supporting growing companies while cooperatively working with diverse external entities by investing agricultural companies through SMBC Agricultural Fund invested in July 2013.

### Support for IPOs (IPO Navigator)

SMBC and SMBC Nikko Securities jointly started providing free information service exclusively for the registered members of the “IPO Navigator” since July 2010, for consistently and comprehensively supporting clients who are considering going public. The IPO Navigator has become the one-stop platform

for enabling clients to access any necessary information for IPO, enhanced by information provided by ten affiliated advisory companies and one sponsoring company. As of March 2014, the IPO Navigator is registered by clients of approximately 750 companies.

IPO Seminars, which have been regularly held since February 2011 by inviting business managers of IPO companies to speak at the seminars, have been received positively by participants who plan to make an initial public offering.

In fiscal 2013, Mr. Shuichi Takenaga, the president of Aucfan Co., Ltd. (SMBC Nikko Securities acted as the lead manager for the listing on the Tokyo Stock Exchange Mothers market in April 2013) and Mr. Norimichi Soga, the president of Nitta Gelatin Inc. (listed on the Tokyo Stock Exchange, Second Section and First Section in December 2011 and December 2012, respectively) were invited as speakers at the seminars. The seminars were well received by participants.

SMBC and SMBC Nikko Securities continue to support clients who wish to go public.



### Development of solutions for clients dealing with environment, risk management and food safety issues

SMBC develops solutions for clients dealing with diverse social issues, such as of environmental problems for resource and energy conservation, or global warming; countermeasures for natural disasters; or ensuring food safety.

In 2006, SMBC offered the “SMBC-ECO Loan” for SMEs which obtained the certification for environment management system; and Japan Research Institute subsequently developed the “SMBC Environmental Assessment Loans and Private Placement Bonds” to assess and rate the measures taken by clients for environment, and determine terms and conditions for loans according to the rating.

Subsequently, we derived from the similar arrangement to enhance the assessment-type loan products such as “SMBC Sustainable Building Assessment Loans and Private Bonds,” “SMBC Food and Agriculture Assessment Loans and Private Placement Bonds,” “SMBC Business Sustainability Assessment Loans and Private Placement Bonds” and “SMBC Sustainability Assessment Loans and Private Placement Bonds,” for supporting clients to promote their initiatives for social issues.

As of March 2014, the amount of assessment-type loans provided has exceeded JPY 1 trillion.

We will continue to support clients for their further advancement through development of these solutions.

FY2008:	"SMBC Environmental Assessment Loans and Private Placement Bonds"	which assess the measures taken by clients for environment
FY2010:	"SMBC Environmental Assessment Loans and Private Placement Bonds, eco Value-Up"	
FY2011:	"SMBC Food and Agriculture Assessment Loans and Private Placement Bonds"	which assesses the measures taken by clients for safety and security of food, and agriculture
	"SMBC Sustainable Building Assessment Loans and Private Placement Bonds"	which assesses environment-friendliness and measures taken for risk management for the building owned or to be constructed by clients
	"SMBC Business Sustainability Assessment Loans and Private Placement Bonds"	which assesses the measures taken by clients for business sustainability in the event of emergencies such as earthquakes, floods, etc.
FY2013:	"SMBC Sustainability Assessment Loans and Private Placement Bonds"	which assesses and supports the measures taken for Environment, Society, and Governance (ESG) and appropriateness of information disclosure



## Measures for finance facilitation

### Basic policy

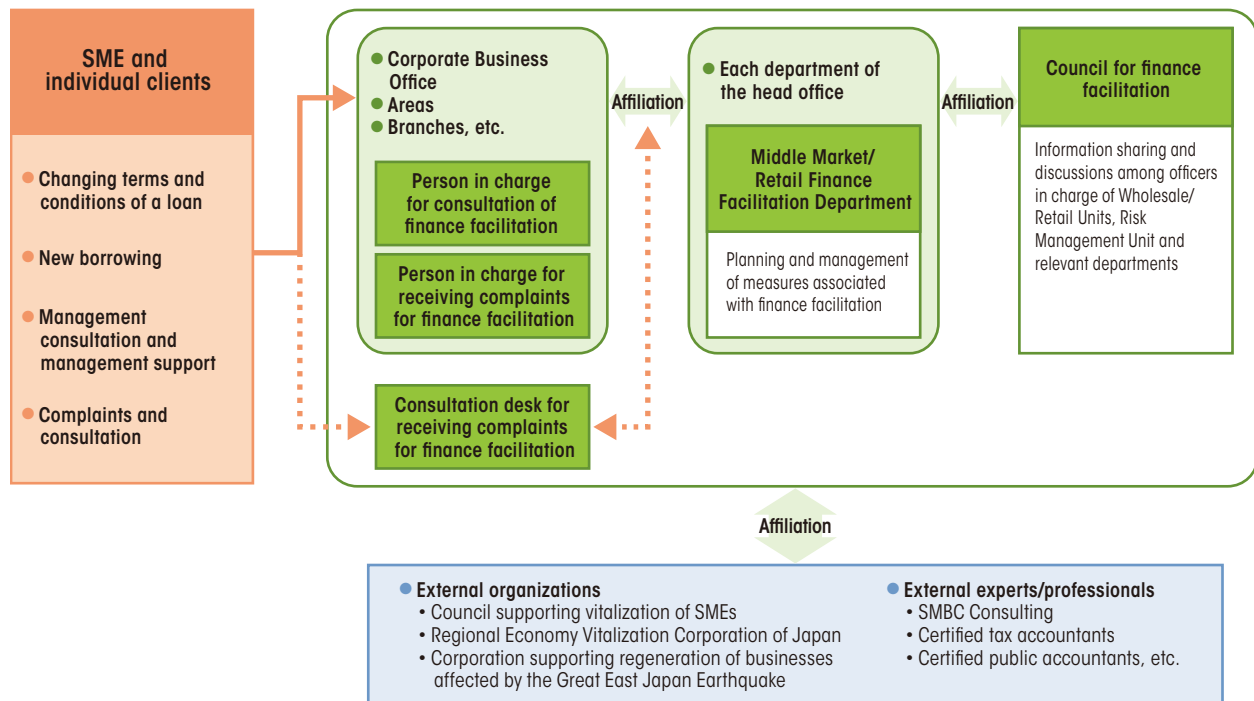
SMBC strives to provide sincere and meticulous services to clients, facilitate funding, and enhance consultation services, in accordance with SMBC's "Basic Policy for Finance Facilitation."

### Basic policy for finance facilitation

1. Conduct appropriate review of applications submitted to apply for a new loan or request to ease loan conditions
2. Provide support appropriate to the measures taken by clients for management consultation, management guidance and management improvement
3. Strive to improve the ability to appropriately assess the value of client's business
4. Provide appropriate and thorough explanations to clients for the consultation and application for new loans or for easing loan conditions
5. Respond appropriately and adequately to clients for their requests or complaints regarding the consultation or application for a new loan or for easing loan conditions
6. In case that there are other relevant financial institutions involved in the consultation for easing loan conditions or any other requests, we maintain close liaison with such financial institutions
7. We appropriately respond as to guarantee for business manager in accordance with the "Guidelines for Guarantee for Business Manager."

### System improvement

Head office and branches of SMBC continue to provide consultation services in an integrated manner.



## Support for management improvement, business regeneration and business conversion

Even after the expiry of the SME Financing Facilitation Act, SMBC continues to provide efficient financial intermediary services and focus on management issues which clients are faced with, and to propose solutions appropriate to respective management issues or life phase in the client's perspective. We strive to improve our consultation services by spending adequate time with the clients. Specifically, we provide numerous and diverse loan products in order to accommodate the needs of clients for financing and resolving management issues; and we also provide solutions for business referrals (as explained below), overseas business development, or support for business succession (please refer to p.12 for "Support for business and asset succession.") Further, we also support clients for management improvement or business regeneration, while cooperating with external experts/professionals\*<sup>1</sup> or external organizations\*<sup>2</sup>, by supporting measures for the plan of management improvement or giving advices for management improvement issues such as expense reduction or sale of assets.

\*<sup>1</sup> SMBC Consulting, certified tax accountants, certified public accountants, etc.

\*<sup>2</sup> Council supporting revitalization of SMEs, Regional Economy Vitalization Corporation of Japan, etc.

In particular, we continue to propose the most appropriate solutions and provide support for execution, while cooperating with the corporation supporting regeneration of businesses affected by the Great East Japan Earthquake or industrial restoration organizations, in order to provide solutions for clients affected by the Great East Japan Earthquake.

## Measures for business referrals

SMBC strives to refer or introduce new business partners appropriate to the needs of clients by utilizing SMBC's "business referral service" for individually referring and introducing clients individually, in addition to referring or introducing a group of clients to the purchasing department of major corporations, and holding the "Business Negotiation Session"\* of specific subject matter to refer or introduce a group of clients.

\* In December 2013, the "Agribusiness-Matching" was held.

Under the current trend of globalization, the needs are even more diversified such as expanding distribution channels to a new overseas market or increasing suppliers mainly in the emerging countries.

In fiscal 2012, SMBC started to offer the "global business referral" service which is the business-matching with non-Japanese companies overseas to provide support and solutions for clients' overseas business development through the process of business referral with non-Japanese companies overseas.

Currently, the business-referral is limited in certain areas of Asia; however, we are in the process of expanding the service by making an alliance with the Industrial Technology Research Institute in Taiwan, in order to appropriately accommodate the diverse needs of clients, through the global business-referral by taking advantage of SMFG's domestic and overseas network.

## Support for career education

In accordance with the amendment adopted for the University Establishment Criteria in April 2011, the "Career Education/Guidance Program" of each university is being enhanced.

SMBC puts its efforts into connecting the "needs of career education of universities" and "industrial affiliated needs of clients."

Specifically, SMBC cooperates with each university to support career education, and we also ask our clients to become instructors for the education programs to support the program.

For instance, our client presents the business issue of "marketing of a new product development." Students and the person in charge of the company discuss in the program to jointly come up with the proposal for resolving such issue. Our clients also speak on the trends of industry or business.

Through this practical experience of working with participating companies, students may be able to increase their social awareness and develop their abilities required in the society for "working as a team, such as expressing and listening abilities," "the ability to think to identify an issue, and creativity." On the other hand, our clients appreciate unconventional concepts and ideas of students which may give our clients new ideas or perspectives for their businesses.

We continue to contribute to our clients' business development by providing assistance and support while cooperating beyond our business framework.

## Support for overseas development

As the number of clients expanding into overseas markets increases, clients' needs for not limited to fund procurement and management but also for understanding of the local business customs, cultures and respective systems are further increasing.

SMBC's Global Advisory Department responds, in an integrated manner, to resolving issues for clients by transmitting overseas information of respective economy and holding seminars prepared for respective country in China, Asia, Europe and U.S.

We provide clients with the up-to-date information of local conditions, relevant regulations and industrial trends. As for clients who have already developed their business in overseas, we provide high-quality support and solutions for their business expansion and business reorganizational needs. Further, we also support clients' general foreign exchange transactions by giving advices with respect to their trading transactions or holding practical seminars.



## Measures for the Greater China region (People's Republic of China, Hong Kong and Taiwan)

In order to be able to provide attentive services for integrated domestic and overseas offices by taking advantage of know-how accumulated in Japan for the Greater China region where many Japanese companies have expanded into, SMBC's domestic department has proceeded to plan and promote transactions with Japanese companies for Sumitomo Mitsui Banking Corporation (China) Limited, and Hong Kong and Taipei branches since 2010 and 2011, respectively.

The Free Trade Experimental District was established in Shanghai in September 2013 to proceed with liberalization in the areas of finance and trading. SMBC (China) established a representative office in that district in February 2014, and we are accommodating clients' new needs for such as cross-border fund management and support for new investments in deregulated businesses.

In February 2014, a representative office was also opened in Kunshan in Jiangsu Province. This brought our total number of offices in China to 16 offices, consisting of 9 branches, 6 representative offices and the Dalian Representative Office of SMBC. Together with the Hong Kong and Taipei branches, we continue to develop a solid network in the Greater China region. As for additional internationalized renminbi business, the South China Department of Transaction Business Division established in Hong Kong mainly handles such business, the business results of which are steadily increasing. We will continue to provide up-to-date information and services in Japan and overseas, and focus to promote renminbi businesses.

SMBC strives to further improve its integrated services in Japan and overseas while cooperating with the SMFG Group companies that have expanded into the Greater China region such as SMBC Nikko Securities, Sumitomo Mitsui Finance and Leasing, and Sumitomo Mitsui Card.

## Measures taken for vitalization of local regions in Japan

### Measures taken jointly with local government entities and regional financial institutions

As the economy changes, the responsibilities and roles of local government entities and regional financial institutions are also diversifying. Consequently, the expectation for the support for local industrial development and overseas development of local companies continues to increase. The extensive network overseas and accurate and timely information collection will become necessary for such local government entities and regional financial institutions. To serve such needs, we are forming partnerships with local governments and regional financial institutions using SMFG networks within Japan and overseas to provide a wide range of services.

SMBC has been proactively involved since the conceptual phase of the industrial development for the accumulation of medical-related industries in Kobe and other areas.

We continue to financially assist the restoration plan of local governments affected by the Great East Japan Earthquake,

including the Miyagi Prefecture which has executed the industrial development cooperation agreement with SMBC; and we also support economic recovery of the affected areas through transactions with clients who utilize the special reconstruction district system.

Furthermore, since 2010, SMBC has executed business alliance agreements to support overseas businesses with THE MINATO BANK, LTD., Kansai Urban Banking Corporation, Mie Bank, Ltd. and six other banks.

## Topics

### ◆SMBC Agricultural Fund

In response to the measures taken by the government in easing regulations in the agriculture sector, agricultural corporations are expanding and the number of companies newly entering into the agriculture sector are increasing. As SMBC considers agriculture as a growing sector, SMBC and SMBC Venture Capital invested in the "SMBC Agricultural Fund" in July 2013.

In November 2013, an investment was made to Kajitsudo Co., Ltd, in Kumamoto Prefecture as the first project for the "SMBC Agricultural Fund."

In addition to investments made to the fund, SMBC enhances support for fund procurement by setting credit lines for growth sectors including agriculture and utilizing public loan insurance system.

SMBC provides support to increase competitiveness for Japanese agriculture not only in financing but also in management by providing solutions such as business-matching and consultation provided by the Japan Research Institute.

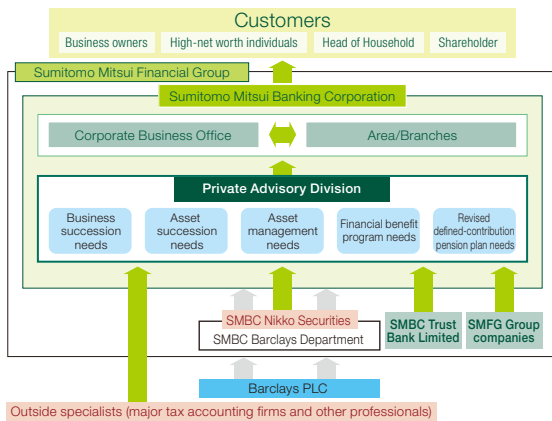


## Services for Business Owners, High-Net Worth Individuals and Employees

### Private Advisory Division

SMBC's Private Advisory Division ("PAD") provides services for both individuals and corporate clients by working with other SMBC Group companies and alliance partners.

To ensure that business owners and high-net worth individuals can facilitate succession of their important businesses and assets, PAD provides support for business and asset transfers for which we present proposals and provide information based on our extensive experience and knowledge accumulated over the years, and the additional expertise provided through alliance partners with major tax accounting firms. Additionally, PAD offers asset management and associated support services which provide comprehensive financial services tailored to meet the financial asset needs of high-net worth individuals. Further, as part of our corporate employees business which support HR and financial strategies of our corporate clients, PAD assists with the development and management of benefit programs and defined-contribution pension systems.



### Support for Business and Asset Succession

PAD presents customized proposals, including testamentary trust business, for clients who may be concerned or have problems with succession of their businesses and assets. We also offer a variety of seminars to provide our clients with up-to-date information and advice. We are also asked to provide consultations from many business owners and high-net worth individuals.

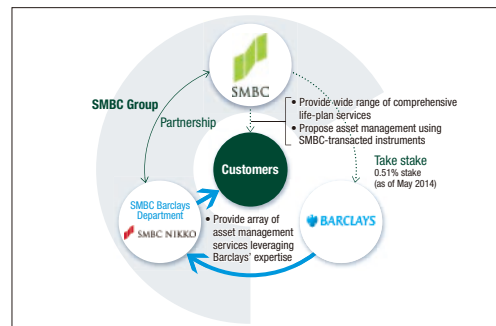
#### Topics

In October 2013, SMBC assigned a "succession adviser" who has the primary mission of providing support for specialized field in inheritance business and passing on know-how. By this assignment, we hope to improve the quality of its consultation services by enhancing the proposal and resolution capabilities associated with inheritance for the entire bank.

### Support for Asset Management

Understanding and sharing the client's attitude towards financial assets, we offer comprehensive financial advice on asset allocation and appropriate management. In June 2010, SMBC, SMBC Nikko Securities Inc. and Barclays PLC of Great Britain collaborated to establish the "SMBC Barclays Department" in SMBC Nikko Securities Inc. for better accommodating the diverse asset management needs of our clients.

Specifically, we offer products and asset-allocation proposals appropriate for our clients and their portfolio performance by efficiently utilizing Barclays' global research capabilities and the Financial Personality Assessment ("FPA") based on behavioral economics (the tool used for understanding investment preferences and behaviors), and also taking advantage of the diverse products and services created by the product development team in the SMBC Barclays Department.



#### Topics

In October 2013, SMBC was successful in making Société Générale Private Banking Japan a wholly-owned subsidiary of SMBC, renaming it as SMBC Trust Bank which provides a portfolio of diverse investment products by taking advantage of its trust-banking functions.

### Life Planning Support for Employees

Changes in the social environment, such as the increasing aged population and greater mobility in employment and diversification in life planning, may substantially affect corporate clients' management strategies.

PAD supports clients in creating and managing employees' financial benefit programs and defined-contribution pension plans by using the products and services offered by the bank and its affiliated companies, and it also supports employees to realize their life plan.

#### Topics

As part of reorganization of group companies associated with defined contribution pension business, Japan Pension Navigator Co., Ltd. and Nikko Pension Consulting Co., Ltd. are scheduled to be merged in November 2014. We plan to provide higher-value added services to clients by combining human resources and know-how of both companies.

## ■ Investment Banking

SMFG offers and provides the forward-looking financial products and comprehensive solutions for our clients' diverse needs, such as fund raising and fund management, M&A, and risk hedging, in order to assist their business development or enhancement of their corporate value. This is achieved by consolidating resources of the Group companies, including SMBC and SMBC Nikko Securities Inc.

### Cooperation with SMBC Nikko Securities

As a core securities brokerage within the Group, SMBC Nikko Securities has been expanding operations in partnership with the bank.

The Group was ranked 3rd in the "league table" for fiscal 2013 prepared by SMBC Nikko Securities based on information provided by Thomson Reuters (Global Equity & Equity-Related; Bookrunner in Japan) with a market share of 13.9%. It also ranked 4th in the "M&A advisory services category for publicly announced mergers involving Japanese companies," with a market share of 17.1% (Thomson Reuters). As for analyst ranking, the SMBC Nikko Securities ranked overall 3rd for both Institutional Investor magazine and Nikkei Veritas magazine. Similarly, overseas businesses have steadily enhanced its structure by establishing a San Francisco office in October 2013, and SMBC Nikko Securities obtained a mandate for several projects such as becoming the lead manager for underwriting its first global offering and collaborating with Moelis for large-scaled cross-border mergers and acquisitions.

The number of corporate client referrals made by the bank to SMBC Nikko Securities is increasing, due to the measures taken for corporate clients. In fiscal 2013, the total number of client referrals made reached approximately 5,200, an increase of 23%, compared to the previous fiscal year. Our entire Group continues to integrally work to enhance services provided to corporate clients.

## SMBC Nikko Securities: Medium-Term Management Plan (during fiscal years of 2014 to 2016)

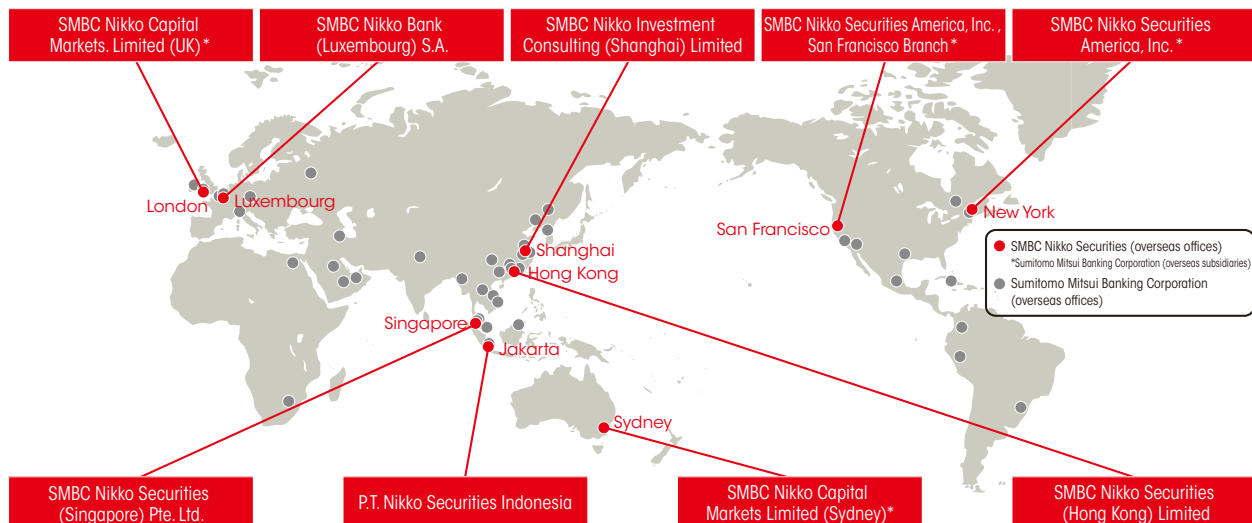
Based on the SMFG Medium-Term Management Plan starting fiscal 2014, SMBC Nikko Securities plans to increase its exposure in finance and securities markets in Japan and overseas by promoting growth strategies, based on its concept of "Speed and Scale," and to strive to provide further value-added services to clients.

- Retail unit: Expand the client base by aggressive injecting resources and strengthening cooperation between banking and securities operations while maintaining earning capacity.
- Wholesale Unit: Realization of competitive front-office operational structure, increase of earning capacity for sales and trading businesses, and selective and effective overseas business expansion by taking advantage of SMBC's business operations and alliances.

### Topics

#### ◆ IFR Awards 2013 "Yen Bond House of the Year"

SMBC Nikko Securities won the "Yen Bond House of the year 2013" award for securities companies with the liveliest profile in the Samurai bond and Euroyen markets. The award is made by the leading Thomson Reuters financial services magazine International Financing Review.



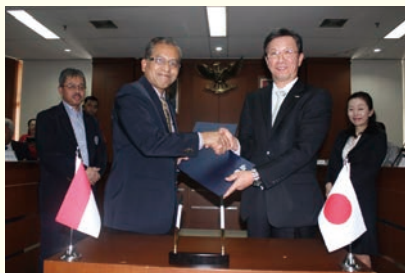
## Topics

### ◆ Initiatives for New Businesses

As the aging process in Japan further progresses, demand for healthcare facilities has increased in recent years. In order to provide financial support for care facilities which are the important social infrastructure, SMBC has initiated healthcare REIT specializing in care facilities such as paid nursing homes and serviced residences for the elderly. In November 2013, we established an asset management company for a healthcare REIT, and we are in the process of preparing for its listing.

Furthermore, to further enhance initiatives for growth industries and to contribute to the recovery of the Japanese economy, we have established the "Growth Industry Cluster," formerly placed within the Project Finance Department, as an independent unit.

We are taking the initiative to create new businesses in areas such as "New Energy," "Environment," "Water," "Resources," "Healthcare" and "Agriculture". We executed a memorandum on agricultural matters with Bogor Agricultural University, the largest agricultural University in Indonesia in March 2014, and a memorandum primarily for the life sciences, agriculture and food products with a regional government organization in Belgium in April 2014. SMBC will continue to provide support for clients for increasing new business opportunities in Japan and overseas by taking advantage of its wide range of knowledge and the network built over alliances among industry-government-academia.



Execution of a memorandum with Bogor Agricultural University

## ■ International Banking

SMFG strives to provide high value-added services tailored to the specific local needs of its globally-operating clients, including business corporations, financial institutions, governmental organizations and public entities, mainly through the International Banking Unit of SMBC.

SMBC strives to become a global commercial bank capable of consistently providing up-to-date information and services by closely cooperating with other SMFG group companies and overseas subsidiaries throughout the world, concentrating mainly on the three regional divisions of Asia-Pacific, Americas and EMEA.

### Strengthening relationships with local financial institutions

SMBC continues to strengthen its relations with local banks and banking organizations in emerging growth markets. In June 2013, the business alliance for supporting clients' overseas expansion entered with Absa Bank Limited, a South African subsidiary of the Barclays Bank PLC of Great Britain, was expanded to include up to 13 countries centering on Sub-Saharan African region. In January 2014, we dispatched our employees to ACLEDA Bank Plc., the largest private bank in Cambodia, as part of our business linkage with ACLEDA Bank, to support business operations of specialized sections of assist foreign companies, including Japanese clients. In December 2013, we executed a memorandum of understanding with Myanmar Banks Association (consisting of 25 major local banks in Myanmar) with respect to the development of financial human resources, to mutually plan and provide training curriculum and seminars for employees of Myanmar Banks Association and local banks in Myanmar.

### Enhancing Initiatives for Asia

SMBC promotes the local development of "Multi-Franchise Strategy" which broadly covers commercial banking business for individual and corporate clients. In May 2013, we announced the acquisition of up to 40% stake in PT Bank Tabungan Pensiunan Nasional Tbk, Indonesia's national pension savings bank, subsequently completed in March 2014. We will proceed to diversify our business operations in Asia, including Indonesia, by promoting and enhancing cooperation with Bank Tabungan Pensiunan Nasional Tbk, leveraging its strength in retail businesses.

Further, in March 2014, SMBC Malaysia Berhad began its Islamic financial business operations, led by the Sumitomo Mitsui Banking Corporation Europe. As Malaysia plays a leading role in the Islamic financial market in Asia, we will be able to broadly accommodate clients' needs by providing Islamic financial services in Malaysia.



## Expansion of overseas networks

SMBC is expanding its overseas networks, to provide further services for Japanese corporate clients operating overseas and to strengthen its capability to develop banking businesses in emerging and growth markets.

SMBC provides support for clients' global business development by leveraging our expanding worldwide network.

Date of establishment	Country	
April 2013	Australia	Perth Branch
May 2013	Chile	Santiago Representative Office
May 2013	Thailand	Chonburi Exchange Office (changed status to branch in April 2014)
October 2013	Mongolia	Ulaanbaatar Representative Office
January 2014	Ireland	Sumitomo Mitsui Banking Corporation Europe Limited Dublin Branch
February 2014	China	Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch
February 2014	China	Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch
March 2014	United Arab Emirates	Abu Dhabi Representative Office
June 2014	Czech Republic	Sumitomo Mitsui Banking Corporation Europe Limited Prague Branch



## Enhancement of Aircraft-Related Businesses

In April 2014, SMBC consolidated marketing functions for aircraft-related businesses in its respective overseas regions by establishing the Global Aircraft Finance Department in order to globally promote its aircraft-related businesses. As the establishment of this department promotes the business alliance with the aircraft leasing company of SMBC Aviation Capital, we will strive to further improve comprehensive financial services in aircraft finance area for our Group.

### Topics

#### ◆ Acquisition of U.S. Railroad Freight Car Leasing Company

In December 2013, SMBC acquired a major railroad freight car leasing company in U.S. through SMBC's leasing subsidiary, SMBC Leasing and Finance, Inc. Its operations commenced as SMBC Rail Services LLC. As the railway transportation is superior compared to truck transportation in terms of transportation efficiency and environmental conservation, needs for such railway transportation is increasing. With the acquisition of this company, we will enhance our railroad freight car leasing business in the United States where its demand is expected to increase.



## Treasury Markets

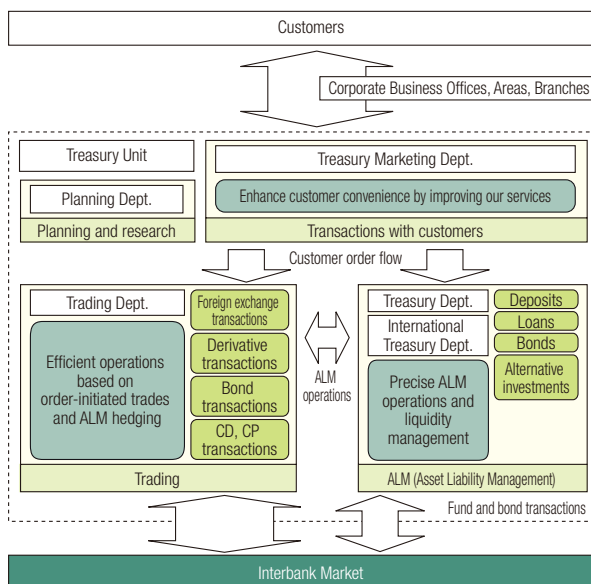
Through the Treasury Unit of SMBC, the Group offers higher value-added services to meet the sophisticated and diverse needs of its clients for transactions in the money, foreign exchange, bond and derivative markets.

### More Solutions and Services for Clients' Market Transactions

SMBC's Treasury Unit offers solutions through its network in Japan and overseas to present its corporate clients with proposals for hedging transactions taking into account changes in the financial markets. Further, to improve the convenience of market transactions, the Unit continues to develop the functions of i-Deal, a system which allows our clients to execute their foreign exchange transactions on the Internet. It will continue to support clients by meeting their market transactional needs and offering the highest level of services in the industry.

### ALM and Trading Operations

The Treasury Unit strives to ensure sound Asset-Liability Management ("ALM") and stable earnings by comprehensively controlling the balance of assets, such as loans' and liabilities' including deposits, through ALM operations. The Unit is committed to maximizing its earnings in trading operations by the accurate assessment made on the trends of the global financial market by experts of diverse products such as interest-rate, foreign-exchange and commodity derivatives.



## Topics

### ◆ Responding to Clients' Diversifying Needs for Emerging Market Currency Transactions

We are committed to enhancing hedging schemes for cross-border transactions through providing forward exchange contracts for currencies of emerging countries in Asia and presenting proposals for increasing fund efficiency. We also take the initiative in providing information to clients on market trends and currency regulations especially of Asia and Central and South America, and holding seminars on emerging economies and market trends presented by the analysts residing in Asia.

### ◆ Expanded Online Foreign Exchange Transaction Services

Having provided to over 15,000 clients the "i-Deal system," we continue to improve its convenience for clients. In March 2014, we began handling transactions in the prevailing market rate of Chinese yuan, thereby accommodating clients' requests. We will continue to respond attentively to clients' needs by improving the price-quoting function and enhancing the leave-order function.

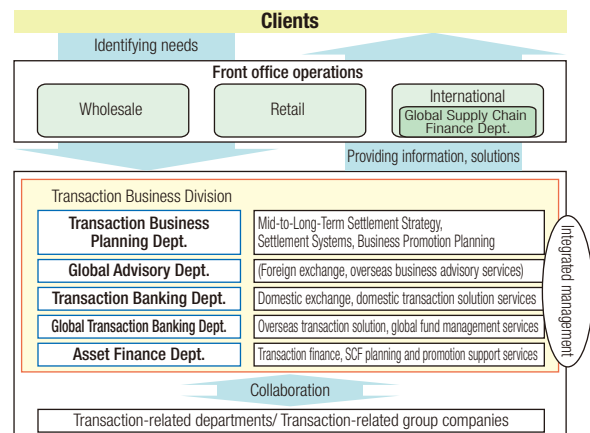
## Transaction Banking Business

### Strengthening Transaction Banking Business

At SMBC, the "Transaction Business Division," consisting of the "Transaction Business Planning Department," the "Global Advisory Department," the "Transaction Banking Department," the "Global Transaction Banking Department" and the "Asset Finance Department," is being established to enhance transaction banking businesses.

The respective departments of the Transaction Business Division integrally and flexibly provide support for diverse businesses associated with transaction banking for our domestic and overseas clients in the medium- to long-term and from a cross-departmental perspective.

### Transaction Business



## Strengthening Transaction Banking Products to Respond to Clients' Needs

SMBC is enhancing transaction banking products to respond to domestic and overseas clients' transactions and cash management needs.

We continue to improve and enhance electronic banking services, for the "PC Bank Web21" and a new means of settlement of "Densai Net" in order to support our clients' daily cash management, "Global e-Trade Service" in order to support foreign exchange and trade transactions in Japan, and "SMAR&TS" in overseas etc.

We also continue to strengthen our support for our clients in Japan and overseas by providing high value-added information; providing the system to support cash and financial management for the corporate group; improving foreign currency transactions including renminbi; and allocating specialized professionals.



## Topics

### ◆New Treasury Management System of "SMAR&TS Treasury"

In October 2013, SMBC began offering its new treasury management system of "SMAR&TS Treasury," which enables forecasting future cash management and integrated management of pooling, group-financing and netting, in addition to monitoring current cash flow conditions of globally developed group companies. We will continue to accommodate the diverse needs of clients.

### ◆Consecutively highly evaluated for customer satisfaction survey of ASIAMONEY magazine

We were consecutively highly evaluated for the "Customer Satisfaction for Cash Management Survey" in Asia and Japan, annually conducted by the "ASIAMONEY magazine."



## High Value-Added Services integrally provided by SMFG

SMFG works at providing high value-added services with respect to the transaction banking business of clients.

SMBC and SMBC Financial Link newly set up a specialized desk in the bank to integrally provide "SMFG-BPO Services" (BPO: Business Process Outsourcing) in order to appropriately accommodate substantial needs for outsourcing administrative services associated with fund collection and repayment.

The services provided by SMBC Finance Service are mainly the "Convenience store's payment collection agency business" and "Collection agency service (account transfer payment)." The handling volumes for these services are the largest in Japan.

Additionally, for the yearly expanding EC market, we provide diverse settlement solutions as one of core companies in charge of transaction banking business for SMFG, by providing the "Settlement Station" which collectively manages multiple means of settlements.

## Enhancing each Settlement System and Settlement Infrastructure

It is imperative that we appropriately enhance the settlement system and settlement infrastructure which support the provision of secure settlement services for our clients. We are involved in developing settlement system having a high degree of security and convenience for such as the Japanese Government Bond settlement cycle reform, in addition to services for SWIFT\* and BOJ-Net.

\* Society for Worldwide Interbank Financial Telecommunication  
A member-owned cooperative that provides the communications platform connected more than 10,000 financial institutions in 210 countries.

## Group Companies mainly associated with Settlement

SMBC FINANCE SERVICE CO., LTD.

**Corporate Name:** SMBC Finance Service Co., Ltd.  
**Business Description:** Collecting agent, factoring business  
**Establishment Date:** December 5, 1972  
**Location of Head Office:** 5-27, Mita 3-chome, Minato-ku, Tokyo  
**Representative Director:** Kazuhiko Kashikura  
**Number of Employees:** 445



## Financial Link

**Corporate Name:** Financial Link Company, Limited  
**Business Description:** Data processing service and consultation business  
**Establishment Date:** April 1, 2004  
**Location of Head Office:** 1-11, Shinbashi 3-chome, Minato-ku, Tokyo  
**Representative Director:** Akihiro Kitahara  
**Number of Employees:** 14

# Group Companies (as of March 31, 2014)



[www.smfg.co.jp/english/](http://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

- To found our own prosperity on providing valuable services which help our customers to build their prosperity
- To create sustainable value for our shareholders founded on growth in our business
- To provide a challenging and professionally rewarding work environment for our dedicated 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)

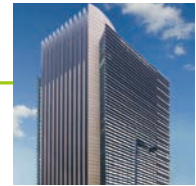
Nagoya Stock Exchange (First Section)

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



## SUMITOMO MITSUI BANKING CORPORATION

[www.smbc.co.jp/global/index.html](http://www.smbc.co.jp/global/index.html)



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

SMBC's competitive advantages include a strong customer base, the quick implementation of strategies, and an extensive lineup of financial products and services that leverage the expertise of strategic Group companies in specialized areas. SMBC, as a core member of SMFG, works together with other members of the Group to offer customers highly sophisticated, comprehensive financial services.

**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:** 22,915

**Number of branches and other business locations:**

In Japan:	1,540*
Branches:	505
(Including 46 specialized deposit account branches)	
Sub-branches:	150
Banking agencies:	4
Offices handling non-banking business:	24
Automated service centers:	857
Overseas:	41
Branches:	16
Sub-branches:	17
Representative offices:	8

\*The number of domestic branches excludes ATMs located at the business sites of companies and at retail convenience stores. The number of overseas branches excludes overseas subsidiaries.

**Credit Ratings** (as of June 30, 2014)

	Long-term	Short-term
Moody's	Aa3	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			
	2014	2013	2012	2011
For the Year:				
Ordinary income .....	¥3,105.9	¥2,810.6	¥2,687.9	¥2,711.3
Ordinary profit .....	1,298.7	928.7	857.9	751.2
Net income .....	785.6	734.5	533.8	450.8
At Year-End:				
Net assets .....	¥8,640.7	¥8,257.0	¥7,276.7	¥6,983.1
Total assets .....	155,824.1	143,203.1	138,251.6	132,715.6

## SMFL Sumitomo Mitsui Finance and Leasing

[www.smfl.co.jp/english/](http://www.smfl.co.jp/english/)



Sumitomo Mitsui Finance and Leasing Company, Limited (SMFL) was formed in October 2007 as a result of the merger of SMBC Leasing Company, Limited and Sumisho Lease Co., Ltd., striving to become one of the top leasing companies in Japan in terms of both quantity and quality. SMFL meets the diversifying needs of our clients by consolidating and leveraging the client portfolios and expert knowledge of the bank-affiliated leasing company, SMBC Leasing Company and the trading-firm-affiliated leasing company, Sumisho Lease Company.

In June 2012, SMFL acquired a globally renowned aircraft leasing company, as part of our progression to a new stage of growth. Through provision of global

leasing and other financial solutions, SMFL aims to establish a reputation for unrivaled excellence.

**Company Name:** Sumitomo Mitsui Finance and Leasing Company, Limited

**Business Profile:** Leasing

**Establishment:** February 4, 1963

**Head Office:**

Tokyo Head Office: 3-9-4, Nishi-Shimbashi, Minato-ku, Tokyo

Osaka Head Office: 3-10-19, Minami-Semba, Chuo-ku, Osaka

**President & CEO:** Yoshinori Kawamura

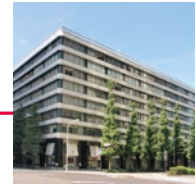
**Number of Employees:** 1,471

**Credit Ratings** (as of June 30, 2014)

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

**Financial Information** (Years ended March 31)

	Billions of yen			
	2014	2013	2012	2011
For the Year:				
Leasing transaction volume .....	¥1,007.7	¥855.1	¥770.9	¥800.8
Operating revenue .....	752.0	754.6	816.8	812.8
Operating profit .....	55.9	48.6	59.4	50.2



SMBC Nikko Securities Inc. (formerly Nikko Cordial Securities Inc.), which was established in July 1918, has developed solid relationships of trust with its individuals and corporate clients over the last nine decades. It became a member of the SMFG Group in October 2009. In April 2011, its corporate name was changed to SMBC Nikko Securities from Nikko Cordial Securities. Consistently working closely with SMBC, SMBC Nikko Securities provides comprehensive and highly sophisticated securities and investment banking services.

As a core member of SMFG, SMBC Nikko Securities strives to become the leading securities and investment banking company in Japan.

**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:** Tetsuya Kubo  
**Number of Employees:** 7,685

**Credit Ratings** (as of June 30, 2014)

	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			
	2014	2013	2012	2011
For the Year:				
Operating revenue...	¥333.4	¥280.5	¥233.6	¥218.6
Operating income ...	96.6	72.7	39.9	38.5


**SMBC FRIEND SECURITIES CO., LTD.**

(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 "one of the leading Japanese securities companies in the retail securities market," offering high-quality products and services accommodating the needs of its clients and building trust for its clients.

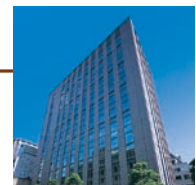
**Company Name:** SMBC Friend Securities Co., Ltd.  
**Business Profile:** Securities  
**Establishment:** March 2, 1948  
**Head Office:** 7-12, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo  
**President & CEO:** Koichi Danno  
**Number of Employees:** 1,878

**Financial Information** (Years ended March 31)

	Billions of yen			
	2014	2013	2012	2011
For the Year:				
Operating revenue...	¥57.7	¥59.6	¥47.5	¥53.2
Operating profit .....	15.0	18.0	8.3	10.2


**SUMITOMO MITSUI CARD COMPANY, LIMITED**

(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:** Hideo Shimada  
**Number of Employees:** 2,361

**Credit Ratings** (as of June 30, 2014)

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

**Financial Information** (Years ended March 31)

	Billions of yen			
	2014	2013	2012	2011
For the Year:				
Revenue from credit card operations .....	¥9,131.5	¥8,194.6	¥7,560.6	¥6,896.2
Operating revenue.....	191.4	185.6	182.2	185.2
Operating profit .....	43.6	44.7	43.1	32.6
At Year-End:				
Number of cardholders (in thousands).....	22,994	22,400	21,647	20,770



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:** 3,061

**Credit Ratings** (as of June 30, 2014)

	Long-term	Short-term
JCR	A+	J-1

**Financial Information** (Years ended March 31)

	Billions of yen			
	2014	2013	2012	2011
For the Year:				
Operating revenue.....	¥160.0	¥164.0	¥176.2	¥203.2
Operating profit (loss)...	10.7	13.4	(27.6)	0.8
At Year-End:				
Number of cardholders (in thousands) .....	18,412	19,480	21,091	22,513

 **SMBC CONSUMER FINANCE**



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:** 2,136

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

**Credit Ratings** (as of June 30, 2014)

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

**Financial Information** (Years ended March 31)

	Billions of yen			
	2014	2013	2012	2011
For the Year:				
Operating revenue....	¥164.7	¥164.6	¥172.2	¥187.5
Operating profit (loss)...	15.9	42.3	(166.6)	(54.1)

 **The Japan Research Institute, Limited**



The Japan Research Institute, Limited (JRI), an intelligence engineering company, provides high value-added information system, consultation and think-tank services. In addition to providing financial consultation services on management reform, IT, the planning and development of strategic information systems and outsourcing, it also conducts diverse activities including domestic and international economic research and analysis, policy recommendations and 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:** Junsuke Fujii  
**Number of Employees:** 2,124

**Financial Information** (Years ended March 31)

	Billions of yen			
	2014	2013	2012	2011
For the Year:				
Operating revenue....	¥106.0	¥96.2	¥87.5	¥84.8
Operating profit .....	1.7	1.8	0.8	1.5



# Financial Highlights



## Sumitomo Mitsui Financial Group

### ◆ Consolidated

Year ended March 31	Millions of yen				
	2014	2013	2012	2011	2010
<b>For the Year:</b>					
Total income .....	¥ 4,647,109	¥ 4,326,809	¥ 3,973,075	¥ 3,862,660	¥ 3,184,688
Total expenses.....	3,224,414	3,262,775	3,020,108	3,035,346	2,626,590
Net income.....	835,357	794,059	518,536	475,895	271,559
Comprehensive income .....	1,303,295	1,458,107	665,232	413,375	803,705
<b>At Year-End:</b>					
Total net assets.....	¥ 9,005,019	¥ 8,443,218	¥ 7,254,976	¥ 7,132,073	¥ 7,000,805
Total assets.....	161,534,387	148,696,800	143,040,672	137,803,098	123,159,513
Risk-monitored loans.....	1,320,695	1,687,049	1,804,951	1,646,369	1,529,484
Reserve for possible loan losses .....	747,536	928,866	978,933	1,058,945	1,068,329
Net unrealized gains on other securities.....	1,404,992	1,121,598	474,984	370,899	586,414
Number of employees.....	66,475	64,635	64,225	61,555	57,888
<b>Selected Ratios:</b>					
Capital ratio.....	/	/	16.93%	16.63%	15.02%
Total capital ratio (International Standard).....	15.51%	14.71%	/	/	/
Tier 1 capital ratio (International Standard).....	12.19%	10.93%	/	/	/
Common equity Tier 1 capital ratio (International Standard).....	10.63%	9.38%	/	/	/
Return on Equity .....	12.26%	13.74%	10.27%	9.76%	7.63%
Price Earnings Ratio.....	7.21x	6.44x	7.28x	7.68x	12.44x
<b>Per Share (Yen):</b>					
Net assets .....	¥5,323.87	¥4,686.69	¥3,856.37	¥3,533.47	¥3,391.75
Net income.....	611.45	586.49	374.26	336.85	248.40
Net income — diluted .....	611.14	585.94	373.99	336.78	244.18

- Notes: 1. "Net unrealized gains on other securities" represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month. For details, please refer to page 26.
2. "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.
3. For the calculation of consolidated comprehensive income for fiscal 2009, SMFG has retroactively adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, issued on June 30, 2010).
4. SMFG has retroactively adopted the "Guidance on Accounting Standard for Earnings per Share," (ASBJ Guidance No. 4) to "Net income — diluted" per share for fiscal 2010. This change has a little impact on the calculation of diluted net income per share.

◆ Nonconsolidated

Year ended March 31	Millions of yen				
	2014	2013	2012	2011	2010
For the Year:					
Operating income .....	¥ 220,309	¥ 179,560	¥ 181,372	¥ 222,217	¥ 133,379
Dividends on investments in subsidiaries and affiliates...	206,833	165,441	166,272	206,865	118,818
Operating expenses .....	25,256	24,341	24,902	24,467	16,641
Net income.....	189,018	147,981	149,919	191,539	66,176
At Year-End:					
Total net assets.....	¥4,653,766	¥4,641,005	¥4,527,629	¥4,842,914	¥4,805,574
Total assets.....	6,279,799	6,266,864	6,153,461	6,237,655	6,152,774
Capital stock .....	2,337,895	2,337,895	2,337,895	2,337,895	2,337,895
Number of shares issued					
Common stock.....	1,414,055,625	1,414,055,625	1,414,055,625	1,414,055,625	1,414,055,625
Preferred stock.....	—	—	—	70,001	70,001
Number of employees.....	251	231	215	192	183
Selected Ratios:					
Net assets ratio .....	74.08%	74.04%	73.57%	77.64%	78.10%
Return on Equity .....	4.07%	3.23%	3.27%	4.02%	1.59%
Price Earnings Ratio.....	32.89x	35.98x	25.43x	19.68x	57.41x
Dividend payout ratio.....	89.52%	114.36%	92.55%	76.09%	213.41%
Per Share (Yen):					
Net assets .....	3,299.16	¥3,290.23	¥3,317.44	¥3,282.75	¥3,256.32
Dividends:					
Common stock .....	120	120	100	100	100
Preferred stock (1st series Type 4).....	/	/	/	/	67,500
Preferred stock (2nd series Type 4).....	/	/	/	/	67,500
Preferred stock (3rd series Type 4).....	/	/	/	/	67,500
Preferred stock (4th series Type 4).....	/	/	/	/	67,500
Preferred stock (9th series Type 4).....	/	/	/	/	67,500
Preferred stock (10th series Type 4).....	/	/	/	/	67,500
Preferred stock (11th series Type 4).....	/	/	/	/	67,500
Preferred stock (12th series Type 4).....	/	/	/	/	67,500
Preferred stock (1st series Type 6).....	/	/	/	88,500	88,500
Net income .....	134.04	104.93	107.06	131.42	53.82
Net income — diluted .....	133.98	104.89	107.04	131.42	—

Notes: 1. All SMFG employees are on secondment assignment from SMBC, etc.

2. "Net income — diluted" per share for fiscal 2010 was calculated by retroactive application of "Guidance on Accounting Standard for Earnings per Share," (ASBJ Guidance No. 4). Had this Guidance not been applied, "Net income — diluted" per share would have come to ¥131.41 in fiscal 2010.

3. The ¥120 dividend per share for the fiscal year ended March 31, 2013 includes a ¥10 commemorative dividend.



**◆ Consolidated**

Year ended March 31	Millions of yen				
	2014	2013	2012	2011	2010
<b>For the Year:</b>					
Total income .....	¥ 3,108,619	¥ 2,810,902	¥ 2,715,700	¥ 2,714,944	¥ 2,597,675
Total expenses.....	1,816,681	1,889,068	1,838,390	1,972,065	2,039,296
Net income.....	785,687	734,514	533,816	450,832	332,497
Comprehensive income .....	1,174,292	1,373,623	632,889	363,689	835,851
<b>At Year-End:</b>					
Total net assets.....	¥ 8,640,763	¥ 8,257,091	¥ 7,276,706	¥ 6,983,132	¥ 6,894,564
Total assets.....	155,824,141	143,203,127	138,251,602	132,715,674	120,041,369
Risk-monitored loans.....	1,166,764	1,493,807	1,659,306	1,529,587	1,498,271
Reserve for possible loan losses .....	623,876	806,702	867,653	943,077	1,007,160
Net unrealized gains on other securities.....	1,315,157	1,072,906	390,602	305,968	523,444
Number of employees.....	48,824	47,852	50,768	48,219	47,837
<b>Selected Ratios:</b>					
Capital ratio (International standard).....	/	/	19.63%	19.16%	16.68%
Total capital ratio (International standard) .....	17.08%	16.84%	/	/	/
Tier 1 capital ratio (International standard) .....	13.43%	12.69%	/	/	/
Common equity Tier 1 capital ratio (International standard) .....	12.27%	11.26%	/	/	/
Return on Equity .....	10.92%	11.72%	9.63%	8.42%	8.64%
<b>Per Share (Yen):</b>					
Net assets .....	¥71,465.80	¥64,031.58	¥53,960.98	¥50,344.52	¥49,036.12
Net income.....	7,394.82	6,913.18	5,024.23	4,184.89	4,240.20
Net income — diluted .....	7,394.81	6,908.19	5,023.33	4,184.07	4,236.01

- Notes: 1. "Net unrealized gains on other securities" represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month.
2. "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.
3. For the calculation of consolidated comprehensive income for fiscal 2009, SMBC has retroactively adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, issued on June 30, 2010).

◆ Nonconsolidated

Year ended March 31	Millions of yen				
	2014	2013	2012	2011	2010
<b>For the Year:</b>					
Total income .....	¥ 2,344,948	¥ 2,121,412	¥ 2,021,042	¥ 2,110,588	¥ 2,087,777
Total expenses.....	1,398,464	1,456,011	1,329,050	1,521,748	1,633,026
Net income.....	605,255	617,791	477,973	421,180	317,995
<b>(Appendix)</b>					
Gross banking profit (A).....	1,558,184	1,540,095	1,532,511	1,531,759	1,455,275
Banking profit .....	812,438	812,358	856,796	844,897	778,589
Banking profit (before provision for general reserve for possible loan losses) .....	812,438	812,358	813,015	832,562	769,522
Expenses (excluding nonrecurring losses) (B).....	745,745	727,736	719,495	699,197	685,752
<b>At Year-End:</b>					
Total net assets.....	¥ 7,077,360	¥ 6,554,446	¥ 5,709,663	¥ 5,559,293	¥ 5,397,949
Total assets.....	135,966,434	125,910,020	119,037,469	115,484,907	103,536,394
Deposits.....	98,157,844	91,928,337	84,392,835	82,443,286	77,630,639
Loans and bills discounted.....	63,370,678	59,770,763	56,411,492	55,237,613	56,619,058
Securities .....	27,317,549	41,347,000	42,441,134	39,853,432	28,536,200
Risk-monitored loans.....	837,221	1,062,290	1,143,053	1,090,605	1,068,017
Problem assets based on the Financial Reconstruction Act .....					
Reserve for possible loan losses .....	881,413	1,093,465	1,182,847	1,126,269	1,100,685
Net unrealized gains on other securities.....	472,548	616,593	689,215	711,522	758,178
Trust assets and liabilities.....	1,284,779	1,040,660	388,982	305,621	521,377
Trust assets and liabilities.....					
Loans and bills discounted.....	3,108,012	2,693,092	1,891,853	1,576,094	1,403,236
Securities.....	143,469	131,913	235,829	237,383	221,970
Capital stock.....	1,420,372	1,076,225	424,478	444,664	457,585
Capital stock.....					
Number of shares issued (in thousands)	1,770,996	1,770,996	1,770,996	1,770,996	1,770,996
Common stock.....					
Preferred stock.....	106,248	106,248	106,248	106,248	106,248
Preferred stock.....					
Number of employees.....	70	70	70	70	70
Number of employees.....					
Number of employees.....	22,915	22,569	22,686	22,524	22,460
<b>Selected Ratios:</b>					
Capital ratio (International standard).....	/	/	21.91%	21.45%	18.28%
Total capital ratio (International standard) .....	18.30%	18.62%	/	/	/
Tier 1 capital ratio (International standard) .....	14.02%	13.92%	/	/	/
Common equity Tier 1 capital ratio (International standard) .....	12.47%	11.75%	/	/	/
Return on Equity .....	8.88%	10.07%	8.64%	7.87%	8.28%
Dividend payout ratio.....	75.92%	29.04%	33.00%	35.53%	48.06%
Overhead ratio (B) / (A).....	47.9%	47.3%	46.9%	45.6%	47.1%
<b>Per Share (Yen):</b>					
Net assets.....	¥66,611.45	¥61,689.83	¥53,738.81	¥50,317.86	¥48,799.31
<b>Dividends:</b>					
Common stock .....	4,325	1,689	1,485	1,388	1,620
Preferred stock (1st series Type 6).....	/	/	/	88,500	88,500
Net income.....	5,696.60	5,814.59	4,498.64	3,905.80	4,051.75
Net income — diluted .....	—	—	—	—	—

- Notes: 1. Please refer to page 170 for the definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Act.  
2. "Net unrealized gains on other securities" represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." The values of stocks are calculated using the average market prices during the final month. For details, please refer to page 31.  
3. "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.  
4. "Net income — diluted" per share is not reported because no potentially dilutive shares have been issued.



# Financial Review

## Sumitomo Mitsui Financial Group (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The following is a summary of SMFG's consolidated financial results for the fiscal year ended March 31, 2014.

### 1. Operating Results

Operating results for fiscal 2013 include the results of 324 consolidated subsidiaries and 46 subsidiaries and affiliates accounted for by the equity method.

In fiscal 2013, consolidated gross profit increased by ¥105.3 billion year-on-year to ¥2,898.2 billion. This was largely due to an increase in profits at SMBC Nikko Securities driven by a surge in equity commissions, reflecting an improved market environment, and steady results of other major subsidiaries such as Sumitomo Mitsui Finance

and Leasing. Ordinary profit after adjustment for general and administrative expenses, total credit cost, net gains on stocks, equity in gains of affiliates and other items increased by ¥358.5 billion year-on-year to ¥1,432.3 billion. Net income after adjustment for extraordinary gains (losses) and income taxes increased by ¥41.2 billion to ¥835.3 billion.

### Number of Consolidated Subsidiaries, and Subsidiaries and Affiliates Accounted for by the Equity Method

March 31	2014 (A)	2013 (B)	Increase (decrease) (A) – (B)
Consolidated subsidiaries .....	324	323	1
Subsidiaries and affiliates accounted for by the equity method .....	46	44	2

### Income Summary

	Millions of yen		
Year ended March 31	2014 (A)	2013 (B)	Increase (decrease) (A) – (B)
Consolidated gross profit .....	¥2,898,233	¥2,792,891	¥105,342
Net interest income .....	1,484,169	1,392,636	91,533
Trust fees .....	2,472	1,871	601
Net fees and commissions .....	984,589	908,168	76,421
Net trading income .....	211,881	166,617	45,264
Net other operating income .....	215,120	323,597	(108,477)
General and administrative expenses .....	(1,569,945)	(1,496,294)	(73,651)
Net total credit cost .....	49,073	(173,115)	222,188
Credit costs .....	(96,797)	(183,552)	86,755
Gains on reversal of reserve for possible loan losses .....	136,212	—	136,212
Recoveries of written-off claims .....	9,657	10,436	(779)
Gains (losses) on stocks .....	89,243	(20,973)	110,216
Equity in gains of affiliates .....	10,241	5,309	4,932
Net other expenses .....	(44,514)	(34,072)	(10,442)
Ordinary profit .....	1,432,332	1,073,745	358,587
Extraordinary gains (losses) .....	(9,637)	(9,711)	74
Losses on disposal of fixed assets .....	(8,595)	(5,480)	(3,115)
Losses on impairment of fixed assets .....	(3,348)	(4,314)	966
Income before income taxes and minority interests .....	1,422,694	1,064,033	358,661
Income taxes-current .....	(290,186)	(279,898)	(10,288)
Income taxes-deferred .....	(168,618)	133,930	(302,548)
Income before minority interests .....	963,889	918,065	45,824
Minority interests in net income .....	(128,532)	(124,006)	(4,526)
Net income .....	¥ 835,357	¥ 794,059	¥ 41,298
[Reference]			
Consolidated net business profit (Billions of yen) .....	¥ 1,242.4	¥ 1,166.2	¥ 76.2

- Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + Trust fees + (Fees and commissions – Fees and commissions payments) + (Trading income – Trading losses) + (Other operating income – Other operating expenses)
2. Credit costs = Write-off of loans + Provision for reserve for possible loan losses + Others (Losses on sales of delinquent loans)
3. Consolidated net business profit = SMBC's nonconsolidated banking profit (before provision for general reserve for possible loan losses) + SMFG's ordinary profit + Other subsidiaries' ordinary profit (excluding nonrecurring factors) + Equity method affiliates' ordinary profit × Ownership ratio – Internal transactions (dividends, etc.)

Deposits as of March 31, 2014 increased by ¥5,250.1 billion year-on-year to ¥94,331.9 billion, and negotiable certificates of deposit increased by ¥1,957.8 billion to ¥13,713.5 billion.

Loans and bills discounted as of March 31, 2014 totaled ¥68,227.6 billion, a year-on-year increase of ¥2,595.5 billion, as lending increased in Asia and the Americas, and securities

totalled ¥27,152.7 billion, a decrease of ¥14,153.9 billion.

Net assets were ¥9,005.0 billion. Of this amount, stockholders' equity was ¥6,401.2 billion mainly due to the recording of net income and the payment of cash dividends.

## Assets, Liabilities and Net Assets

March 31	Millions of yen		
	2014 (A)	2013 (B)	Increase (decrease) (A) – (B)
Assets.....	<b>¥161,534,387</b>	¥148,696,800	¥12,837,587
Securities.....	<b>27,152,781</b>	41,306,731	(14,153,950)
Loans and bills discounted.....	<b>68,227,688</b>	65,632,091	2,595,597
Liabilities.....	<b>152,529,368</b>	140,253,582	12,275,786
Deposits.....	<b>94,331,925</b>	89,081,811	5,250,114
Negotiable certificates of deposit.....	<b>13,713,539</b>	11,755,654	1,957,885
Net assets.....	<b>9,005,019</b>	8,443,218	561,801
Stockholder's equity.....	<b>6,401,215</b>	5,680,627	720,588

## 2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of March 31, 2014 increased by ¥256.0 billion year-on-year to ¥1,438.7 billion, as a result of an increase in unrealized gains on stocks reflecting the improvement in the Japanese stock market.

## Unrealized Gains (Losses) on Securities

March 31	Millions of yen								
	2014					2013			
	Consolidated balance sheet amount	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Consolidated balance sheet amount	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥ 4,536,849	¥ 33,797	¥ (27,353)	¥ 33,950	¥ 153	¥ 5,852,111	¥ 61,150	¥ 61,191	¥ 41
Other securities.....	<b>22,866,288</b>	<b>1,404,992</b>	<b>283,394</b>	<b>1,523,711</b>	<b>118,718</b>	35,776,786	1,121,598	1,256,572	134,973
Stocks.....	<b>3,185,495</b>	<b>1,131,143</b>	<b>359,906</b>	<b>1,186,150</b>	<b>55,006</b>	2,806,706	771,237	867,109	95,872
Bonds.....	<b>12,897,704</b>	<b>65,592</b>	<b>(42,728)</b>	<b>69,838</b>	<b>4,245</b>	24,525,328	108,320	112,202	3,881
Others.....	<b>6,783,089</b>	<b>208,255</b>	<b>(33,785)</b>	<b>267,722</b>	<b>59,466</b>	8,444,750	242,040	277,260	35,220
Other money held in trust.....	<b>23,120</b>	–	(10)	–	–	22,789	10	10	–
Total.....	<b>27,426,258</b>	<b>1,438,789</b>	<b>256,030</b>	<b>1,557,661</b>	<b>118,872</b>	41,651,687	1,182,759	1,317,774	135,015
Stocks.....	<b>3,185,495</b>	<b>1,131,143</b>	<b>359,906</b>	<b>1,186,150</b>	<b>55,006</b>	2,806,706	771,237	867,109	95,872
Bonds.....	<b>17,425,753</b>	<b>99,388</b>	<b>(70,079)</b>	<b>103,787</b>	<b>4,398</b>	30,365,341	169,467	173,390	3,922
Others.....	<b>6,815,009</b>	<b>208,257</b>	<b>(33,797)</b>	<b>267,723</b>	<b>59,466</b>	8,479,639	242,054	277,274	35,220

- Notes: 1. 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.
2. Unrealized gains (losses) on stocks (including foreign stocks) are mainly calculated using the average market price during the final month of the respective reporting period. The rest of the securities are valued at the market price as of the balance sheet date.
3. "Other securities" and "Other money held in trust" are valued and recorded on the consolidated balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the consolidated balance sheet amounts.
- Net unrealized gains (losses) on other securities, as of March 31, 2014 and 2013, included gains of ¥17,031 million and ¥29,831 million, respectively, which were recognized in the statements of income by applying fair value hedge accounting. As a result, the amounts recorded in net assets, as of March 31, 2014 and 2013, were reduced by ¥17,031 million and ¥29,831 million, respectively.
4. Floating-rate Japanese government bonds which SMFG held as "Other securities" are carried on the consolidated balance sheet at their reasonably estimated amounts in accordance with the "Practical Solution on Measurement of Fair Value for Financial Assets" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 25).

### 3. Consolidated Capital Ratio

Total capital ratio as of March 31, 2014 increased 0.8% year-on-year to 15.51%, reflecting the recording of net income and other factors. Tier I capital ratio increased 1.26% to 12.19%, and Common equity Tier I capital ratio rose 1.25% to 10.63%.

#### Consolidated Capital Ratio (International Standard)

March 31	Millions of yen		
	2014 (A)	2013 (B)	Increase (decrease) (A) – (B)
Common equity Tier 1 capital .....	<b>6,550,796</b>	5,855,852	694,944
Common equity Tier 1 capital ratio .....	<b>10.63%</b>	9.38%	1.25%
Additional Tier 1 capital .....	<b>963,538</b>	973,168	(9,630)
Tier 1 capital .....	<b>7,514,335</b>	6,829,021	685,314
Tier 1 capital ratio .....	<b>12.19%</b>	10.93%	1.26%
Tier 2 capital .....	<b>2,047,083</b>	2,356,989	(309,906)
Total capital .....	<b>9,561,418</b>	9,186,010	375,408
Total capital ratio .....	<b>15.51%</b>	14.71%	0.80%
Risk weighted assets .....	<b>61,623,294</b>	62,426,124	(802,830)

### 4. Dividend Policy

Dividends from retained earnings are basically distributed twice a year in the form of an interim dividend and a yearend dividend. An interim dividend can be declared by the Board of Directors, with September 30 of each year as the recorded date, but the approval of shareholders at the annual general meeting is required to pay a yearend dividend.

SMFG had a basic policy of steadily increasing returns to shareholders through the sustainable growth of its enterprise value, while enhancing its capital to maintain financial soundness in light of the public nature of its business as a bank holding company, and aimed to realize a payout ratio of over 20% on a consolidated net income basis.

In line with this policy, the annual dividend per share of common stock at the end of fiscal 2013 was increased by ¥10 year-on-year to ¥120, in view of the fiscal 2013 operating results.

SMFG aims to increase the dividend per share in a stable manner by implementing measures for the sustainable growth of shareholder value. To this end, we aim to achieve higher profitability and growth through growth investments with the focus on efficiency of our capital, while enhancing retained earnings to maintain financial soundness.

# Sumitomo Mitsui Banking Corporation (Nonconsolidated)

## Sumitomo Mitsui Banking Corporation

The following is a summary of SMBC's nonconsolidated financial results for the fiscal year ended March 31, 2014.

### 1. Operating Results

In fiscal 2013, gross banking profit increased by ¥18.0 billion year-on-year to ¥1,558.1 billion, and expenses (excluding nonrecurring losses) increased by ¥18.0 billion to ¥745.7 billion. As a result, banking profit (before provision for general reserve for possible loan losses) remained steady from the previous fiscal year at ¥812.4 billion.

Ordinary profit, after the adjustment of banking profit (before provision for general reserve for possible loan losses) for non-recurring items such as credit costs and net gains on stocks, increased by ¥281.6 billion year-on-year to ¥952.5 billion.

Net income after the adjustment of ordinary profit for extraordinary gains and losses, and income taxes and other taxes decreased by ¥12.5 billion year-on-year to ¥605.2 billion.

### 2. Income Analysis

#### Gross Banking Profit

Gross banking profit increased by ¥18.0 billion year-on-year to ¥1,558.1 billion despite a ¥113.1 billion decrease in gains on bonds. This was due mainly to an increase in net interest income due to profits from equity index-linked investment trusts, and an increase in net interest income and net fees and commissions included in gross international profit in line with asset growth mainly in Asia and the Americas.

#### Expenses

Expenses (excluding non-recurring losses) increased by ¥18.0 billion year-on-year to ¥745.7 billion, despite a reduction in ordinary expenses. This was mainly attributable to an increase in personnel and business promotion expenses accompanying the expansion of overseas business, and an increase in depreciation arising from previous fiscal years' investments in systems and facilities.

#### Banking Profit

Banking profit (before provision for general reserve for possible loan losses) remained steady from the previous fiscal year at ¥812.4 billion.

### Banking Profit

Year ended March 31	Millions of yen		
	2014 (A)	2013 (B)	Increase (decrease) (A) – (B)
Gross banking profit	¥1,558,184	¥1,540,095	¥ 18,089
[Gross domestic banking profit]	[1,112,008]	[1,098,912]	[13,096]
[Gross international banking profit]	[446,175]	[441,182]	[4,993]
Net interest income	1,064,906	971,202	93,704
Trust fees	1,972	1,823	149
Net fees and commissions	357,351	343,738	13,613
Net trading income	36,779	(3,781)	40,560
Net other operating income	97,172	227,112	(129,940)
[Gains (losses) on bonds]	[734]	[113,849]	[(113,115)]
Expenses (excluding nonrecurring losses)	(745,745)	(727,736)	(18,009)
Personnel expenses	(283,236)	(270,091)	(13,145)
Nonpersonnel expenses	(425,140)	(419,203)	(5,937)
Taxes	(37,368)	(38,440)	1,072
<b>Banking profit (before provision for general reserve for possible loan losses)</b>	<b>812,438</b>	<b>812,358</b>	<b>80</b>
[Gains (losses) on bonds]	[734]	[113,849]	[(113,115)]
Provision for general reserve for possible loan losses	—	—	—
<b>Banking profit</b>	<b>812,438</b>	<b>812,358</b>	<b>80</b>

<Reference>

### Banking Profit by Business Unit

Year ended March 31, 2014	Billions of yen						
	Consumer Banking Unit	Middle Market Banking Unit	Corporate Banking Unit	International Banking Unit	Treasury Unit	Head Office Account	Total
Banking profit (before provision for general reserve for possible loan losses)	¥54.3	¥180.2	¥185.3	¥206.7	¥302.5	¥(116.6)	¥812.4
Year-on-year increase (decrease)	(23.8)	(9.2)	(6.6)	9.1	28.5	(11.2)	0.0

Notes: 1. Year-on-year comparisons are those used for internal reporting and exclude changes due to interest rate and foreign exchange rate fluctuations.

2. "Head Office Account" consists of (1) financing costs on preferred securities and subordinated debt, (2) profit earned on investing the Bank's own capital, and (3) adjustment of inter-unit transactions, etc.

### Nonrecurring Losses (Credit Costs, etc.)

Non-recurring gains were ¥140.0 billion compared with the previous fiscal year, an improvement of ¥281.5 billion. This was due chiefly to an increase in gains on sales of stocks reflecting the improvement in the Japanese stock market, and an increase in gains on reversal of reserve for possible loan losses as a result of individualized efforts to assist borrowers to improve their business and financial conditions.

Total credit cost — the total of provision for general reserve for possible loan losses, credit costs, gains on reversal of reserve for possible loan losses and recoveries of written-off claims — decreased by ¥143.4 billion year-on-year to a net reversal of ¥123.9 billion.

### Ordinary Profit

As a result, ordinary profit increased by ¥281.6 billion year-on-year to ¥952.5 billion.

### Extraordinary Gains (Losses)

Extraordinary losses increased by ¥0.5 billion year-on-year to ¥6.0 billion.

### Net Income

Current income taxes totaled ¥182.8 billion. Deferred income taxes increased by ¥320.4 billion to an expense of ¥158.3 billion, due chiefly to the absence of special factors in the previous fiscal year following a revision of the criteria under which SMBC recognized deferred tax assets. As a result, net income for the period decreased ¥12.5 billion year-on-year to ¥605.2 billion.

### Ordinary Profit and Net Income

Year ended March 31	Millions of yen		
	2014 (A)	2013 (B)	Increase (decrease) (A) – (B)
Banking profit (before provision for general reserve for possible loan losses).....	¥812,438	¥812,358	¥ 80
Provision for general reserve for possible loan losses (A).....	—	—	—
Banking profit .....	812,438	812,358	80
Nonrecurring gains (losses).....	140,078	(141,505)	281,583
Credit costs (B).....	(8,945)	(46,326)	37,381
Gains on reversal of reserve for possible loan losses (C).....	132,784	26,747	106,037
Recoveries of written-off claims (D).....	82	54	28
Net gains (losses) on stocks.....	106,410	(35,662)	142,072
Gains on sales of stocks and other securities.....	112,682	469	112,213
Losses on devaluation of stocks and other stocks .....	(6,272)	(36,131)	29,859
Others.....	(90,252)	(86,319)	(3,933)
Ordinary profit .....	952,516	670,852	281,664
Extraordinary gains (losses).....	(6,033)	(5,451)	(582)
Losses on disposal of fixed assets .....	(3,604)	(2,200)	(1,404)
Losses on impairment of fixed assets.....	(2,428)	(3,250)	822
Income taxes-current .....	(182,869)	(209,704)	26,835
Income taxes-deferred .....	(158,358)	162,095	(320,453)
Net income .....	¥605,255	¥617,791	¥ (12,536)
Net total credit cost (A) + (B) + (C) + (D).....	¥123,920	¥ (19,523)	¥143,443
Provision for general reserve for possible loan losses .....	66,627	71,680	(5,053)
Write-off of loans .....	(4,520)	(40,258)	35,738
Provision for specific reserve for possible loan losses.....	66,899	(45,102)	112,001
Losses on sales of delinquent loans .....	(4,425)	(6,067)	1,642
Provision for loan loss reserve for specific overseas countries.....	(742)	168	(910)
Recoveries of written-off claims .....	82	54	28

### 3. Assets, Liabilities and Net Assets

#### Assets

Total assets as of March 31, 2014 increased by ¥10,056.4 billion year-on-year to ¥135,966.4 billion. Of this amount, loans and bills discounted increased by ¥3,599.9 billion to ¥63,370.6 billion, mainly in Asia and the Americas.

#### Liabilities

Liabilities as of March 31, 2014 increased by ¥9,533.5 billion year-on-year to ¥128,889.0 billion. Deposits increased by ¥4,130.9 billion to ¥84,137.3 billion due to an increase in deposits both domestic and overseas.

#### Net Assets

Net assets as of March 31, 2014 amounted to ¥7,077.3 billion. Of this amount, stockholders' equity was ¥6,179.5 billion mainly due to the recording of net income, and the payment of cash dividends, comprising ¥1,770.9 billion in capital stock, ¥2,481.2 billion in capital surplus (including ¥710.2 billion in other capital surplus), ¥2,137.2 billion in retained earnings, and a deduction of ¥210.0 billion in treasury stock.

Valuation and translation adjustments were ¥897.8 billion, comprising ¥926.8 billion in net unrealized gains on other securities, ¥53.1 billion in net deferred losses on hedges, and ¥24.1 billion in land revaluation excess.

### Assets, Liabilities and Net Assets

March 31	Millions of yen		
	2014 (A)	2013 (B)	Increase (decrease) (A) – (B)
Assets.....	<b>¥135,966,434</b>	¥125,910,020	¥10,056,414
Securities.....	<b>27,317,549</b>	41,347,000	(14,029,451)
Loans and bills discounted.....	<b>63,370,678</b>	59,770,763	3,599,915
Liabilities.....	<b>128,889,073</b>	119,355,573	9,533,500
Deposits.....	<b>84,137,339</b>	80,006,438	4,130,901
Negotiable certificates of deposit.....	<b>14,020,505</b>	11,921,899	2,098,606
Net assets.....	<b>7,077,360</b>	6,554,446	522,914
Stockholder's equity.....	<b>6,179,502</b>	5,762,995	416,507



#### 4. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of March 31, 2014 increased by ¥161.2 billion year-on-year to ¥1,245.4 billion, as a result of an increase in unrealized gains on stocks reflecting the improvement of stock market.

#### Unrealized Gains (Losses) on Securities

March 31	Millions of yen								
	2014					2013			
	Non-consolidated balance sheet amount	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Non-consolidated balance sheet amount	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥ 4,436,939	¥ 33,115	¥ (26,789)	¥ 33,240	¥ 124	¥ 5,735,948	¥ 59,904	¥ 59,941	¥ 37
Stocks of subsidiaries and affiliates...	3,148,478	(72,421)	(56,095)	7,158	79,579	2,474,054	(16,326)	7,274	23,600
Other securities .....	20,288,361	1,284,779	244,119	1,391,833	107,054	33,655,434	1,040,660	1,165,723	125,062
Stocks.....	3,118,385	1,109,090	339,405	1,159,836	50,746	2,792,916	769,685	862,237	92,551
Bonds .....	11,831,122	59,993	(35,268)	63,934	3,940	23,126,292	95,261	98,552	3,291
Others .....	5,338,853	115,695	(60,018)	168,062	52,367	7,736,225	175,713	204,933	29,219
Other money held in trust.....	2,060	—	(10)	—	—	2,372	10	10	—
Total .....	27,875,841	1,245,474	161,225	1,432,232	186,758	41,867,810	1,084,249	1,232,949	148,699
Stocks.....	4,287,847	1,104,367	340,081	1,166,995	62,627	3,900,774	764,286	869,511	105,224
Bonds .....	16,268,062	93,109	(62,056)	97,174	4,065	28,862,241	155,165	158,494	3,328
Others .....	7,319,931	47,997	(116,800)	168,062	120,065	9,104,794	164,797	204,943	40,146

- Notes: 1. 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.
2. Unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates) (including foreign stocks) are mainly calculated using the average market price during the final month of the respective reporting period. The rest of the securities are valued at the market price as of the balance sheet date.
3. "Other securities" and "Other money held in trust" are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.
- Net unrealized gains (losses) on other securities, as of March 31, 2014 and 2013, included gains of ¥17,031 million and ¥29,831 million, respectively, which were recognized in the statements of income by applying fair value hedge accounting. As a result, the amounts recorded in net assets, as of March 31, 2014 and 2013, were reduced by ¥17,031 million and ¥29,831 million, respectively.
4. Floating-rate Japanese government bonds which SMBC held as "Other securities" are carried on the balance sheet at their reasonably estimated amounts in accordance with the "Practical Solution on Measurement of Fair Value for Financial Assets" (ASBJ Practical Issues Task Force No. 25).

## ► Exposure of Securitized Products (Sumitomo Mitsui Financial Group (Consolidated))

The figures contained in this section have been compiled on a managerial accounting basis.

### 1. Securitized Products

(Billions of yen)

	March 31, 2014						March 31, 2013		
	Balances (after provisions and write-offs)	Change from Mar. 31, 2013	Overseas	Change from Mar. 31, 2013	Net unrealized		Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)
					gains/losses (after write-offs)	Change from Mar. 31, 2013			
Cards	¥147.2	¥49.4	¥139.1	¥41.3	¥1.0	¥0.7	¥ 97.8	¥ 97.8	¥0.4
CLO	0.6	0.1	0.6	0.1	2.0	(0.1)	0.5	0.5	2.1
CMBS	9.3	0.8	9.3	0.8	0.5	(0.0)	8.5	8.5	0.5
RMBS, etc.	24.2	24.1	24.2	24.1	0.2	(0.0)	0.1	0.1	0.2
<b>Total</b>	<b>¥181.3</b>	<b>¥74.4</b>	<b>¥173.1</b>	<b>¥66.2</b>	<b>¥3.7</b>	<b>¥0.5</b>	<b>¥106.9</b>	<b>¥106.9</b>	<b>¥3.2</b>

Notes: 1. There is no amount of ABCP.

2. Excludes RMBS issued by GSE and Japan Housing Finance Agency, and SMBC's exposure to subordinated beneficiaries owned through the securitization of SMBC's loan receivables.

### 2. Leveraged Loans

(Billions of yen)

	March 31, 2014				March 31, 2013	
	Loans	Change from Mar. 31, 2013	Undrawn commitments	Change from Mar. 31, 2013	Loans	Undrawn commitments
Europe	¥145.5	¥ 36.1	¥ 22.3	¥ 5.7	¥109.4	¥ 16.6
Japan	276.2	95.4	25.3	(11.0)	180.8	36.2
United States	123.9	50.1	108.0	31.4	73.8	76.5
Asia (excluding Japan)	57.4	(2.4)	4.8	(0.8)	59.8	5.6
<b>Total</b>	<b>¥603.0</b>	<b>¥179.2</b>	<b>¥160.4</b>	<b>¥25.4</b>	<b>¥423.8</b>	<b>¥135.0</b>



# 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 Groupwide risk management in the “Regulations on Integrated Risk Management.”

In the regulations, 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 integrated risk management and manage each risk appropriately according to its characteristics. Through this approach, we aim to develop sound risk culture.

### (1) Types of Risk to Be Managed

At SMFG, we classify risk into the following categories: (1) credit risk, (2) market risk, (3) liquidity risk and (4) operational risk (including processing risk and system risk). In addition, we provide individually tailored guidance to help Group companies identify categories of risk that need to be addressed. Risk categories are constantly reviewed, and new categories may be added in response to changes in the operating environment. The Corporate Risk Management Department works with the Corporate Planning Department to comprehensively and systematically manage all these categories of risk across the entire Group.

### (2) Basic Policies for Risk Management

SMFG has established the “Principal Policy for Group Risk Management” for the comprehensive risk and risks to be managed, and we set forth the specific operational policies for appropriately conducting the risk management of the Group companies. Further, the Principal Policy is being reviewed regularly and as necessary.

Under SMFG’s Groupwide basic policies for risk management, all Group companies periodically carry out reviews of the basic management policies for each risk category, or whenever deemed necessary, thus ensuring that the policies followed at any time are the most appropriate. The management of SMFG constantly monitors the conduct of risk management at Group companies, providing guidance when necessary.

## Risk Management System

Top management plays an active role in determining SMFG’s Groupwide basic policies for risk management. The system works as follows: The basic policies for risk management are determined by the Management Committee before being authorized by the Board. The Management Committee, the designated board members, and the relevant risk management departments perform risk management according to the basic policies.

Risk management systems are in place at the individual Group companies in accordance with SMFG’s Groupwide basic policies for risk management. For example, at SMBC, specific departments have been appointed to oversee the handling of the four risk categories listed above, in addition to risks associated with settlement. Each risk category is managed taking into account the particular characteristics of that category. In addition, the Risk Management Unit has been established—independent of the business units—and the risk management framework has been strengthened by consolidating the functions for managing major risks—credit, market, liquidity and operational—into the Risk Management Unit and enhancing our across-the-board risk monitoring ability. A board member is assigned to oversee the Risk Management Unit comprising the Corporate Risk Management Department and Credit & Investment Planning Department. The Corporate Risk Management

## ■ Fundamental Principles for Integrated Risk Management (Excerpt major principles)

Basic Principles	Description
Risk management on a consolidated basis	Various risks taken at the affiliates 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 the Bank.
Verification of the actual situation	The actual risk management process to be verified by the Internal Audit Unit.

Department—the unit’s planning department—comprehensively and systematically manages all categories of risk in cooperation with the Corporate Planning Department. Moreover, the Internal Audit Unit—independent of all business units—conducts periodic audits to ensure that the management system is functioning properly.

Furthermore, under our system top management plays an active role in the approval of basic policies for risk management. The decision-making process for addressing credit, market, and liquidity risk at the operating level is strengthened by the Credit Risk Management Committee and the Market Risk Management Committee, which are subcommittees of the Management Committee. The Management Committee is also attended by the relevant department heads.

## Integrated Risk Management

### (1) Risk Capital-Based Management

In order to maintain a balance between risk and return as well as ensure the soundness of the Group from an overall perspective, we employ the risk capital-based management method. We measure “risk capital” based on value at risk (VaR), etc. as a uniform basic measure of credit, market, and operational risk, taking account of

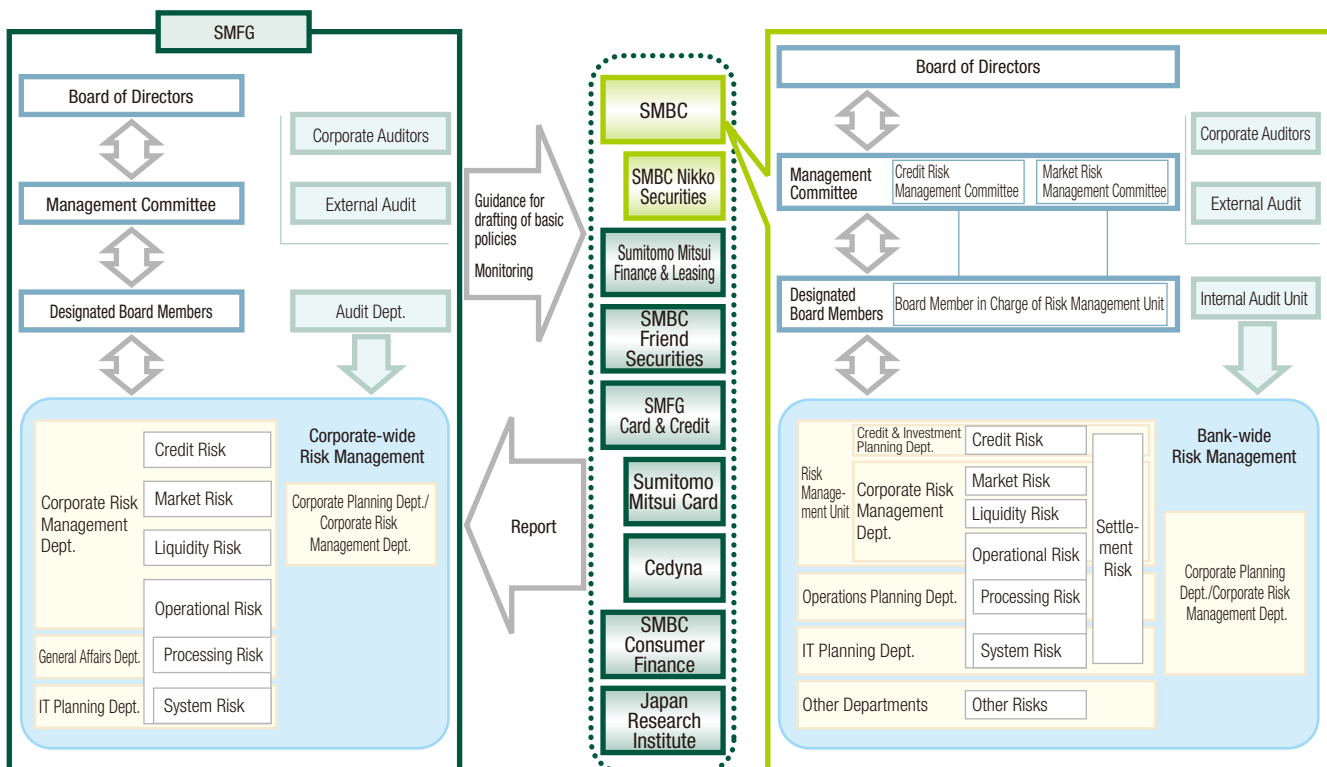
the special characteristics of each type of risk and the business activities of each Group company. We then allocate capital appropriately and effectively to each unit to keep total exposure to various risks within the scope of our resources, i.e., capital.

In the case of credit and market risk, we set maximum risk capital limits, which indicate the maximum risk that may be taken during the period, taking account the level of stress stipulated in business plans. In addition, for operational risk, we also allocate risk capital, and, for the Group as a whole, we set total risk capital allocations within SMFG’s capital. Risk capital limits are subdivided into upper limits for each business and unit including VaR and loss limits. Therefore, by strictly observing these frameworks, SMFG maintains the soundness of the Group as a whole.

In this framework, risk capital includes credit concentration risk and interest rate risk in the banking book which are taken into account under the Pillar 2 of Basel Capital Accord. In addition, we conduct risk capital-based management activities on a consolidated basis, including each Group company.

Liquidity risk is managed based on a framework consisting of setting upper limit for funding gaps, etc. Other risk categories are managed with procedures closely attuned to the nature of the risk.

## SMFG’s Risk Management System



## (2) Stress Testing

In the current volatile business environment, stress testing to analyze and estimate the adverse effects of events such as an economic recession and market volatility on the business and financial conditions of financial institutions is increasingly essential.

When establishing the medium-term management plan or annual business plan, we create some scenarios such as a global economic slowdown or a JGB rate rising sharply, and conduct stress testing to appraise the likely financial impact on the Group, so

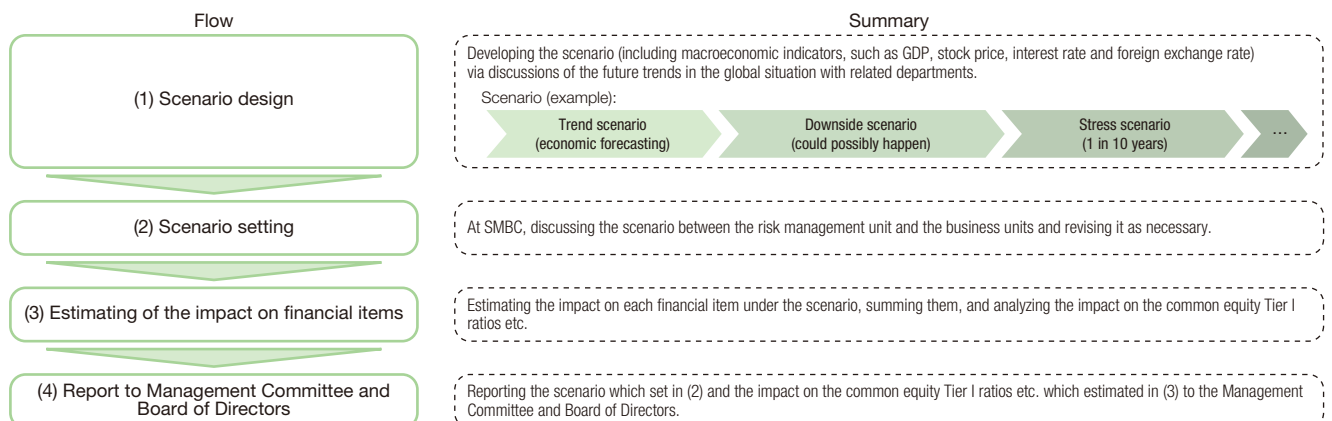
that we can prepare action to deal with emerging stress events as they occur in advance.

Furthermore, SMBC has in place a system enabling flexible control of operations at a time of sudden changes in our business environment. Joint platforms have been created for regularly bringing together the Risk Management Unit, business units and other affected units, where discussions are held, based on a shared appraisal of the macro-environment, on responding to a hypothetical stress event assumed to have impact on conduct of operations.

## ■ Risk Management Framework

Framework	Risk Category		
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	Banking Risk/Trading 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.
		Strategic Equity Investment Risk	
		Other Market-Related Risks	
	Operational Risk		Operational risk is the possibility of losses arising from inadequate or failed internal processes, people, and systems or from external events.
		Processing Risk	Processing risk is the possibility of losses arising from negligent processing by employees, accidents, or unauthorized activities.
System Risk		System risk is the possibility of a loss arising from the failure, malfunction, or unauthorized use of computer systems.	
ALM/ Funding Gap	Liquidity Risk	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.	
Management by Risk Type	Other Risks (Settlement Risk and Others)	—	

## ■ Process of Stress Testing



### (3) Risk Appetite Framework

To ensure an appropriate risk-return balance, and to avoid enormous unforeseen losses, SMFG has in place the risk appetite framework. Specifically, we define risk appetite as the types and levels of risk we are willing to undertake to drive earnings growth and incorporate it into business operations to establish the framework which is consistent across the elements indicated in the diagram below.

Furthermore, to quantitatively grasp the risk appetite, we set risk appetite indicators from each category; financial soundness, profitability, and liquidity.

#### 1) Setting risk appetite indicators

The target levels and limits of risk appetite indicators are decided by the Management Committee and the Board of Directors at the beginning of each fiscal year to be consistent with management targets, financial objectives and business plans, based on the portfolio planning which reflects our risk-taking policy.

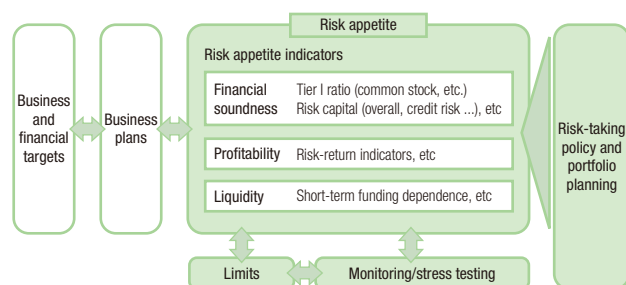
When setting the target levels and limits, we conduct stress testing and examine whether the risk-taking is managed within our scope of financial soundness, profitability and liquidity under stress conditions.

We also set various risk capital limits and upper limits for credit, market and liquidity risks as to be consistent with business plans, management targets and financial objectives of risk appetite indicators.

#### 2) Validation by Stress Testing and Monitoring

During the period, we monitor the risk appetite indicators and conduct stress testing to validate it. In case of the deviation from the target levels and breach of the limits occur, we will review the business plans as necessary. Specifically, we periodically monitor the values of risk appetite indicators, and validate that the results of stress testing are within our scope of the target levels and limits of risk appetite indicators for financial soundness or other categories which we set at the beginning of the fiscal year.

### ■ Overview of Risk Appetite Framework at SMFG



### Implementation of Basel Capital Accord

Basel III is an international agreement on minimum capital requirements for internationally active banks. The standard has been applied in Japan since March 31, 2013.

The framework of Basel III is a continuation of Basel II, with multiple approaches to calculating capital requirements. With regard to credit risk, SMFG has been using the Advanced Internal Ratings-Based (AIRB) approach since March 31, 2009, and for operational risk the Advanced Measurement Approach (AMA), since March 31, 2008.

Risk assets subject to the Basel Capital Accord totaled ¥61,623.3 billion as of March 31, 2014, down ¥802.8 billion from March 31, 2013. Main factors in the decrease included improvement in the Probability of Default rate and Loss Given Default rate (credit risk), reduced trading book positions (market risk) and improved measurement methods at a part of Group companies (operational risk).

### ■ Risk-Weighted Assets as of March 31, 2014

(Trillions of yen)

	March 31, 2013	March 31, 2014	Increase (decrease)
Credit risk	57.1	57.0	(0.1)
Market risk	2.0	1.7	(0.3)
Operational risk	3.3	2.8	(0.4)
Total	62.4	61.6	(0.8)

### ■ Risk Assets at Individual Departments

(Trillions of yen)

Department	Total Risk Assets	Credit Risk
Wholesale	15.6	15.2
Retail	7.5	7.3
International	14.9	14.2
Other	23.7	20.3
<b>Sumitomo Mitsui Financial Group</b>	<b>57.0</b>	<b>57.0</b>
Market risk	1.7	
Operational risk	2.8	

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 Groupwide basis and further raise the level of accuracy and comprehensiveness of Groupwide 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 Groupwide 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

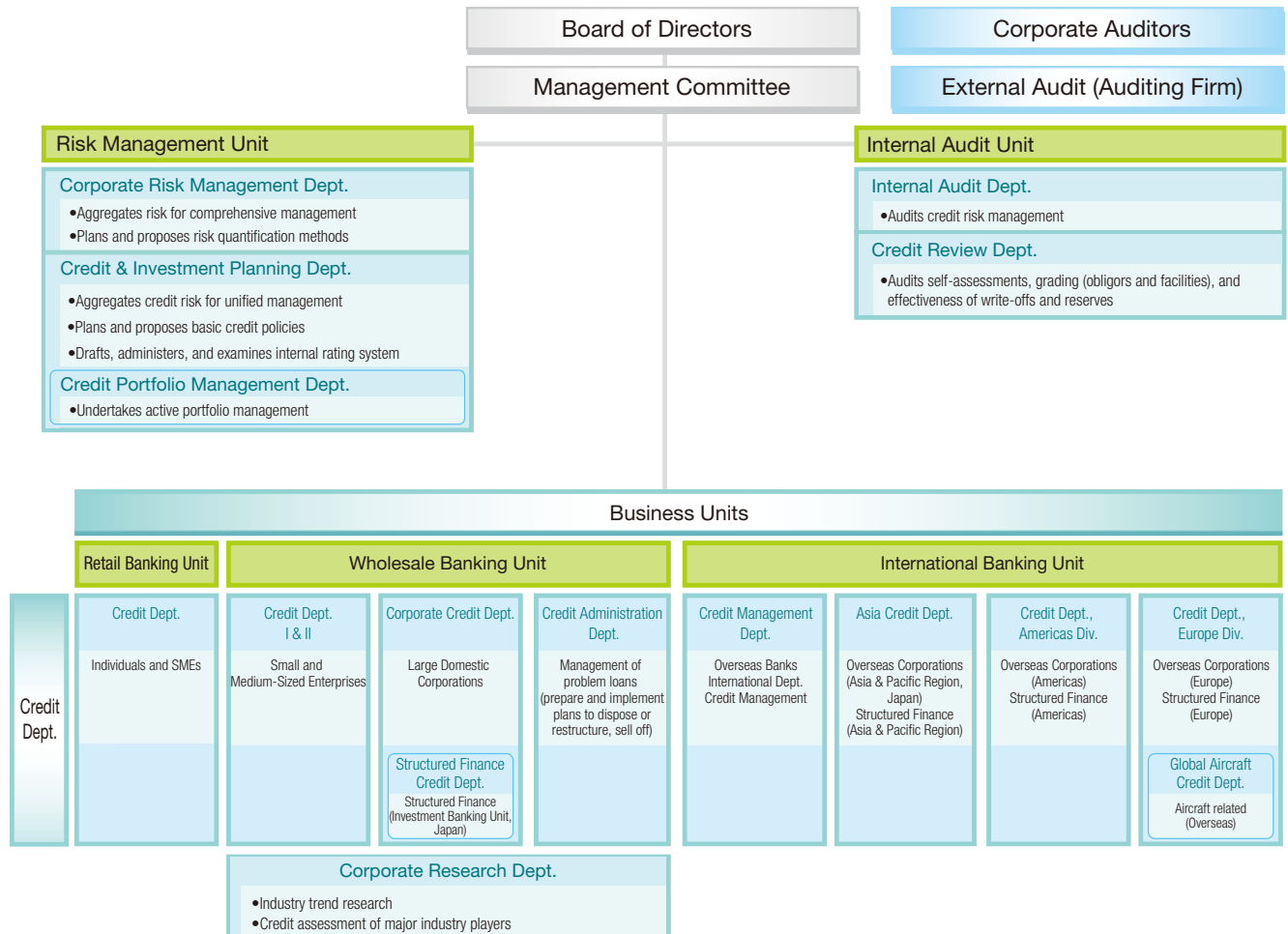
SMFG's Group credit policy comprises clearly stated universal and basic operating concepts, policies, and standards for credit operations, in accordance with our business mission and rules of conduct.

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, 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

### ■ SMBC's Credit Risk Management System



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 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.

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

#### ■ 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 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.

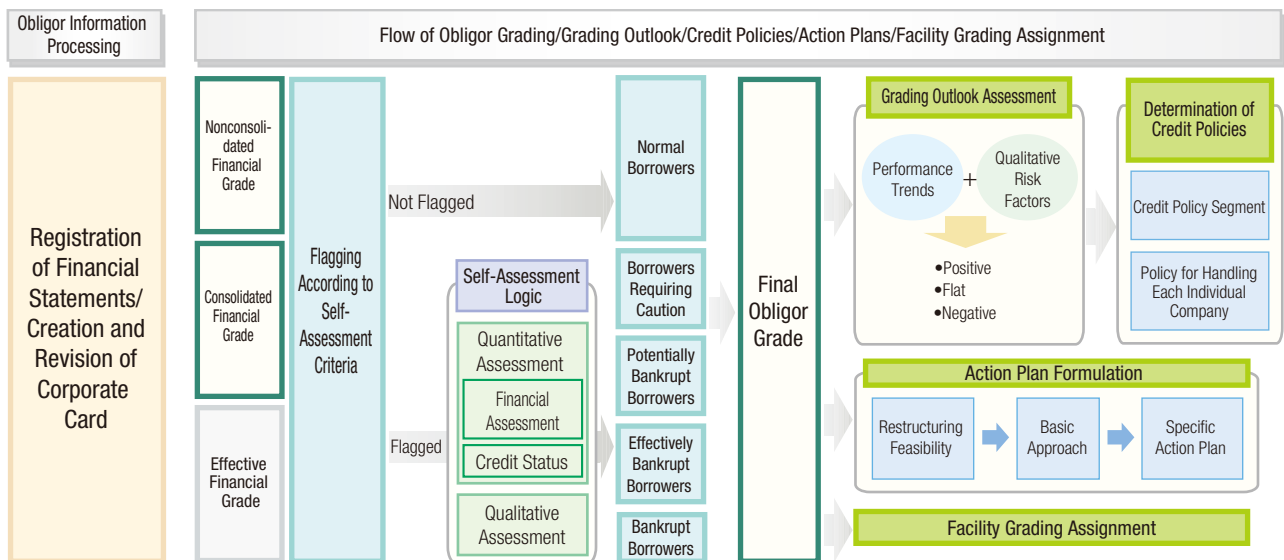
In the field of housing loans for individuals, we employ a credit assessment model based on credit data amassed and analyzed by SMBC over many years. This model enables our loan officers to efficiently make rational decisions on housing loan applications, and to reply to the customers without delay. 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.

**(b) Credit Monitoring System**

At SMBC, in addition to analyzing loans at the application stage,

**■ SMBC’s Credit Monitoring System**



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 39.

### (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	Provisions made in accordance with general inherent default risk of loans, unrelated to specific individual loans or other claims
	Specific reserve	Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims)

**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, 2014, please refer to page 171.

**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**

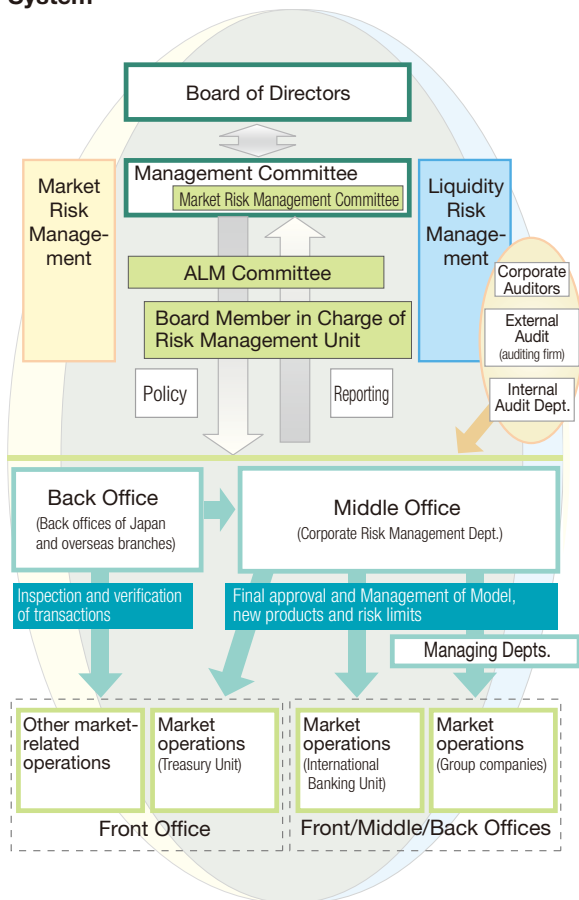
SMFG is working to further enhance the effectiveness of its quantitative management of market and liquidity risks across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; clearly separating front-office, middle-office and back-office operations;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

**2. Market and Liquidity Risk Management System**

On the basis of SMFG's Groupwide 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

## ■ SMBC's Market Risk and Liquidity Risk Management System



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.

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 2013					March 31, 2013
	March 31, 2014	September 30, 2013	Maximum	Minimum	Average	
SMFG (consolidated)	9.5	9.1	28.8	8.2	14.6	15.0
Interest rates	5.2	4.6	8.3	4.2	5.7	6.3
Foreign exchange	0.6	0.8	4.6	0.5	2.0	1.6
Equities, commodities, etc.	4.1	4.3	20.4	3.2	8.1	8.1
SMBC (consolidated)	8.5	8.4	27.9	7.6	13.7	14.3
SMBC (non-consolidated)	1.1	1.2	9.2	1.1	4.0	2.5

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 at the bottom of the previous page shows the VaR results of the Group's trading activities during fiscal 2013. Because of the nature of trading, the VaR fluctuated sharply during fiscal 2013, 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 2013. The VaR of the Group increased sharply on March 31, 2014 compared with on March 31, 2013 primarily reflecting an increased 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 2013 are shown below. The data point under the diagonal line indicates a loss exceeding VaR for that day. Only two data points under the diagonal line have been observed, which demonstrates that the SMBC VaR model with a one-side confidence interval of 99.0% is sufficiently reliable.

■ VaR for Banking Activities

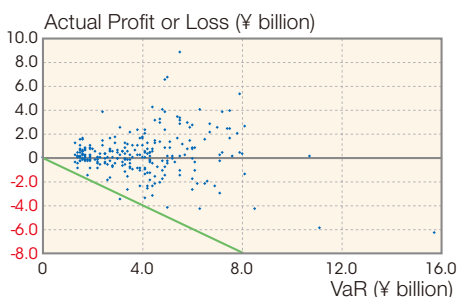
(Billions of yen)

	fiscal 2013					March 31, 2013
	March 31, 2014	September 30, 2013	Maximum	Minimum	Average	
SMFG (consolidated)	41.5	37.7	49.2	29.9	40.2	31.1
Interest rates	18.6	18.9	29.0	13.9	20.0	16.2
Equities, etc.	32.8	28.6	40.0	21.1	30.6	22.0
SMBC (consolidated)	40.3	36.6	48.0	29.3	39.1	30.4
SMBC (non-consolidated)	35.9	33.0	43.8	26.3	35.0	27.4

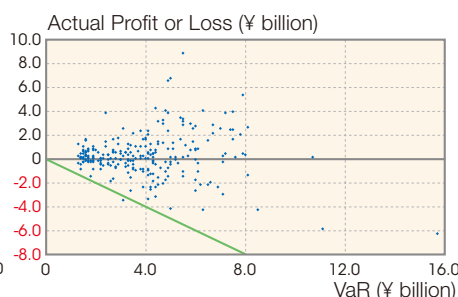
Notes: 1. VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using the historical simulation method (based on four years of historical observations)].  
2. The above category of "Equities" does not include stocks held for long-term strategic purposes.

■ Back-Testing Results (Trading Book)

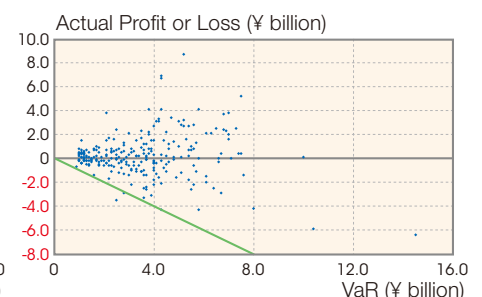
SMFG (consolidated)



SMBC (consolidated)



SMBC (nonconsolidated)



iii Reasons for losses exceeding the VaR

In all cases, these were the result of significant fluctuations on the foreign exchange 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.

This ratio, known as the outlier ratio, was around 1% at SMBC on a consolidated basis at March 31, 2014, substantially below the 20% criterion.

(e) Managing Risk of Stocks Held for Strategic Purposes

The Corporate Risk Management Department establishes limits on allowable risk for strategic equity investments, and monitors the observance of those limits in order to control stock price fluctuation risk.

SMBC has been reducing its strategic equity investments and the outstanding amount is now significantly below the amount of Tier 1 capital, the maximum level permitted under the Act on Financial Institutions (.etc.)’, Limits for Share, etc. Holdings.

■ Decline in Economic Value Based on Outlier Framework

(Billions of yen)

	SMBC (consolidated)		SMBC (nonconsolidated)	
	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014
Total	96.2	83.0	88.6	66.7
Impact of Yen interest rates	60.5	31.1	56.3	23.8
Impact of U.S. dollar interest rates	6.8	25.7	4.6	21.5
Impact of Euro interest rates	16.5	18.6	16.5	18.2
Percentage of total capital	1.0%	0.9%	1.0%	0.8%

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).

(2) Liquidity Risk Management

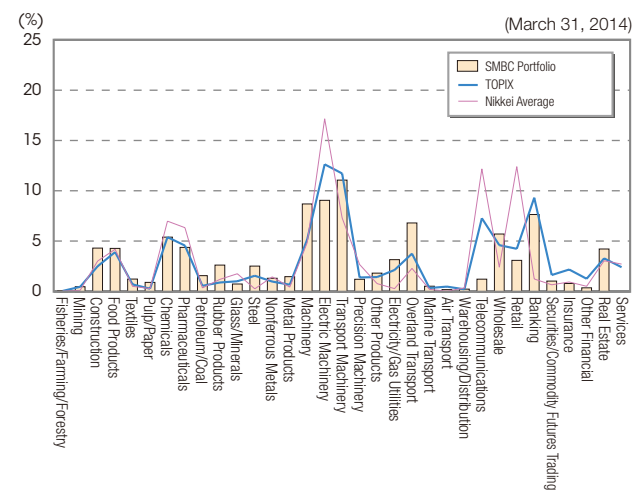
At SMBC, liquidity risk is regarded as one of the major risks. SMBC’s liquidity risk management is based on a framework consisting of “setting upper limits for funding gaps,” “maintaining highly liquid supplementary funding sources,” and “establishing contingency plans.”

A funding gap is defined as the maturity mismatch between source of funds and use of funds. SMBC actively manages this funding gap by setting limits on the size of the gap over a given time horizon 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 cash management planning, systemic factors, and funding status, among other factors. Additionally, funding gap limits are set for individual currencies if necessary. SMBC actively monitors the funding gap on a daily basis.

Further, stress tests are regularly carried out by simulating the impact triggered, for example, by the outflow of deposits or having difficulties in funding from money markets, in order to thoroughly comprehend the amount required to fund when the liquidity risk is realized. Additionally, funding 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 smoothly raise the required fund 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.

■ 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 Groupwide management.

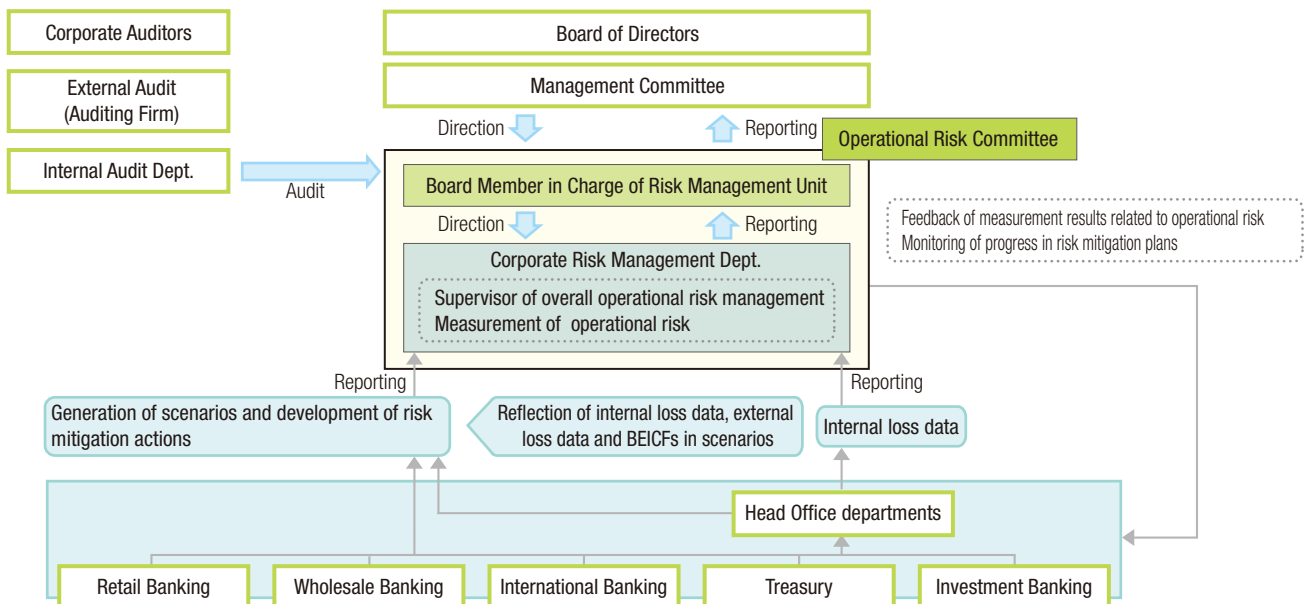
### 2. Operational Risk Management System

SMFG has designed and implemented an operational risk management framework for Groupwide 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 the 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

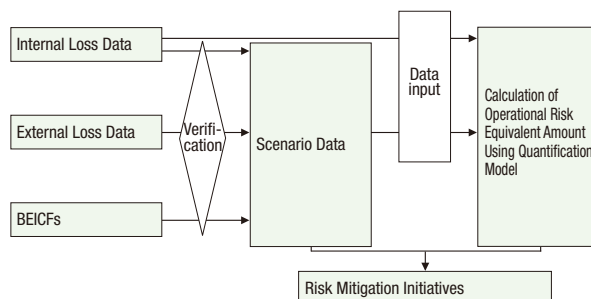
Scenario analysis is defined as a "methodology which identifies assumed cases involving any material operational risks and describe them in terms of risk scenario, and estimate the frequency and severity of risk scenarios." SMFG's principal business operations are applicable for this methodology.

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. The measurement units are SMFG consolidated basis, SMBC consolidated basis and SMBC non-consolidated basis; and it is measured according to each of seven

### Basic Framework of Operational Risk Measurement





event types set forth by Basel Capital Accord. The operational risk equivalent amount is calculated based on AMA by simply consolidating the amounts of all event types. For the measurement of SMFG consolidated basis, however, the operational risk equivalent amount is calculated by simply consolidating the amounts of all eight event types consisting of the seven event types and losses relating to the repayment of excess interest.

The measurement accuracy is ensured by implementing the regularly conducted verifications of the said quantification model at pre- and post-occurrences.

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

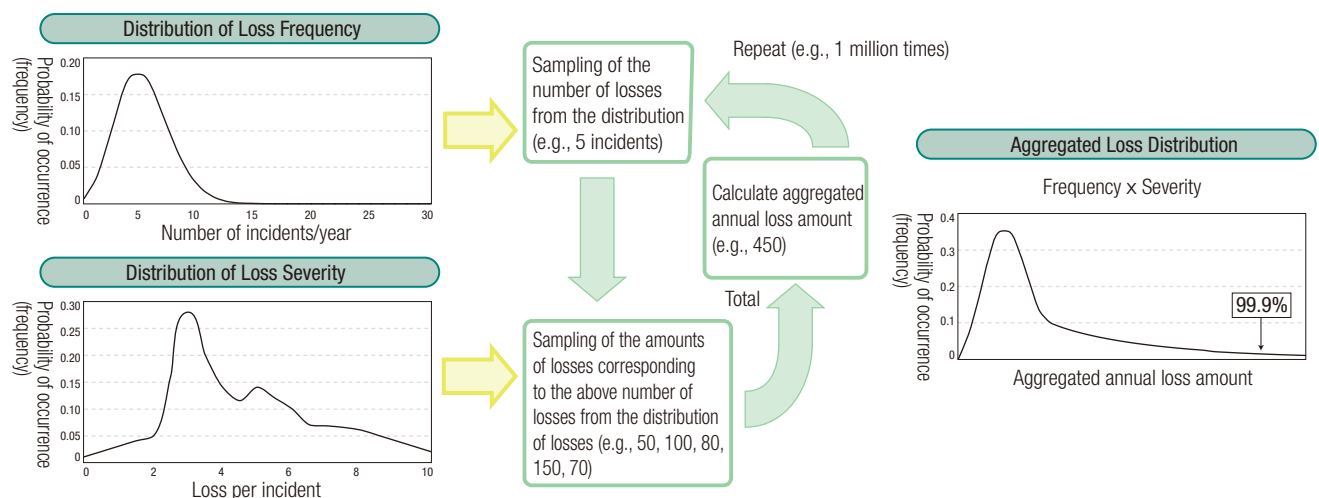
Processing risk is the possibility of losses arising from negligent processing by employees, accidents, or unauthorized activities.

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 Groupwide 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 possibility of a loss arising from the failure, malfunction, or unauthorized use of computer systems.

SMFG recognizes that reliable computer systems are essential for the effective implementation of management strategy in view of the IT revolution. We strive to minimize system risk by drafting regulations and specific management standards, including a security policy. We also have contingency plans with the goal of minimizing losses in the event of a system failure. The development of such a system risk management system ensures 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).

Computer-related trouble at financial institutions now has great potential to impact society, with system risk diversifying owing to advances in IT and expansion of business fields. To prevent any computer system breakdowns, we have taken numerous measures, including constant maintenance of our computer system to ensure steady and uninterrupted operation, duplication of various systems and infrastructures, and the establishment of a disaster-prevention system consisting of computer centers in eastern and western Japan. And to maintain the confidentiality of customer information and prevent information leaks, sensitive information is encrypted, unauthorized external access is blocked, and all known countermeasures to secure data are implemented. There are also contingency plans and training sessions held as necessary to ensure full preparedness in the event of an emergency. To maintain security, countermeasures are revised as new technologies and usage patterns emerge.

## Settlement Risk

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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 the bank is willing to undertake to drive earnings growth.

### Risk appetite framework

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

### 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 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 bank seeks to set the risk-return balance at an appropriate level 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  
Forecasted maximum loss incurred by the relevant portfolio under certain probability.



# Corporate Social Responsibility (CSR)

## Contributing to the Sustainable Development of Society

Today, mankind is faced with diverse issues such as global warming, rapid population growth, and a declining birthrate and aging of the population in advanced countries. How can we, as a provider of comprehensive financial services, contribute to resolving such social issues for the sustainable development of the society. We believe that it would be our corporate social responsibility to practice by asking ourselves what we could and should do.

## Basic CSR Policies

SMFG has set forth the definition and common principles for “business ethics” for CSR in order to clearly describe and effectively promote CSR activities in the Group.

### 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 (i) customers, (ii) shareholders and the market, (iii) the environment and society, and (iv) employees.

### SMFG’s Group-Wide CSR Philosophy: “Business Ethics”

#### I. Satisfactory Customer Services

We intend to be a financial services group that has the complete trust and support of our customers. For this purpose, we will always provide services that meet the true needs of our customers to assure their satisfaction and earn confidence in the Group.

#### II. Sound Management

We intend to be a financial services group that maintains fair, transparent, and sound management based on the principle of self-responsibility. For this purpose, along with earning the firm confidence of our shareholders, our customers, and the general public, we take a long-term view of our business and operate it efficiently, and actively disclose accurate business information about the Group. Through these activities, we work to maintain continued growth based on a sound financial position.

#### III. Contributing to Social Development

We intend to be a financial services group that contributes to the healthy development of society. For this purpose, we recognize the importance of our mission to serve as a crucial part of the public infrastructure and also our social responsibilities. With such recognition, we undertake business operations that contribute to the steady development of Japan and the rest of the world, and endeavor, as a good corporate citizen, to make a positive contribution to society.

#### IV. Free and Active Business Environment

We intend to be a financial services group for which all officers and employees work with pride and commitment. For this purpose, we respect people and develop employees with extensive professional knowledge and capabilities, thereby creating a free and active business environment.

#### V. Compliance

We intend to be a financial services group that always keeps in mind the importance of compliance. For this purpose, we reflect our awareness of Business Ethics in our business activities at all times. In addition, we respond promptly to directives from auditors and inspectors. Through these actions, we observe all laws and regulations, and uphold moral standards in our business practices.

## Key Items of CSR Activities

The key items of our CSR activities are as follows:

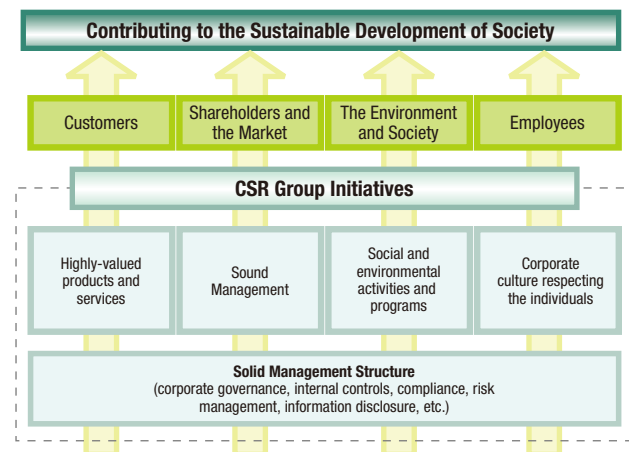
First, we shall develop a solid management system by improving and enhancing corporate governance, internal audit, compliance and risk management systems.

Second, we shall provide greater value for our four major groups of stakeholders as follows:

- We shall advance together with our clients by providing highly valued products and services.
- We shall strive to maintain a sound management and maximize shareholder value by having appropriate disclosure of information and improving the internal control system.
- We shall strive to contribute to the society and preserve the earth’s environment by consistently and proactively involving and participating in the social and environmental activities and programs.
- We shall promote free-spirited and open-minded business culture under which individual employees are respected and allowed to exercise each individual’s full potential.

Lastly, we shall strive to ultimately contribute to the sustainable development of society through such activities.

## CSR Values for SMFG



## Integral Implementation of CSR Activities and Business Strategies

CSR activities are the foundation for SMFG Group’s business strategies as well as the management policies and goals.

Completely and fully achieving CSR is truly the “management itself,” and we also believe that seriously committing to the implementation of CSR is thought to be the shortest path for achieving our management policies and goals.

## Support for initiatives in Japan and overseas

As a corporate citizen of the global society, SMFG is fully aware of the social impact of the financial institution, and it shall support the following initiatives in Japan and overseas (the action guidelines for the corporate activities and principles).

### Initiatives supported by SMFG in Japan and overseas

- **United Nations Global Compact**

Ten principles proposed by the United Nations concerning human rights, labor, environment and corruption prevention

- **UNEP Finance Initiative (UNEP FI)**

Organization which pursues, develops and promotes the ideal financial institutions which pay attention to the environment and sustainability

- **CDP (Carbon Disclosure Project)**

Initiatives which measures, manages and reduces effects of climate changes by prompting institutional investors and business managers to have dialogues regarding such climate changes

- **Equator Principles**

Environmental and social standards which are set forth based on the International Finance Corporation (IFC) guidelines for project finance projects

- **Principles for Financial Action toward a Sustainable Society (Principles for Financial Action for the 21st Century)**

Principles of action for financial institutions in Japan for the purpose of expanding and improving the quality of environmental finance

## Guidelines Used for Reference

The Group refers to the following guidelines in its promotion development, and information disclosure for CSR.

- **ISO26000**

This is the "guidance document" with respect to social responsibilities, consisting of basic principles and seven core subjects (governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development).

- **GRI Guidelines**

"Sustainability Reporting Guidelines (G3.1)" of GRI (Global Reporting Initiative) is referred to for editing of CSR website and preparation of CSR reports.

\*GRI (Global Reporting Initiative): International organization established in 1997 for the purpose of creating and promoting global guidelines for the "Sustainability Report."

- **United Nations Global Compact, COP (Communication on Progress), Advanced Level Criteria**

24 evaluation criteria provided for reporting performance status of 10 principles of the signed United Nations Global Compact.

## SRI Indexes

The Group is included in internationally-known, major SRI Indexes. SRI (Socially Responsible Investment) Index is a standard for investment decisions that are based not only on financial perspectives, but also on important views including environmental considerations and social contributions. We believe that this is an endorsement by the market of the Group's future corporate social responsibility activities.



## Review of Priority Issues (Materiality) which SMFG Should Address

In fiscal 2013, the Group has reviewed the previously-raised priority issues according to changes in social trends, and newly identified three subject matters of "Environment," "Next Generations" and "Community" as the medium- to long-term priority issues (Materiality).



As for identifying these priority issues, we broadly selected issues according to the above-mentioned guidelines and prioritized them based on the degree of importance from perspectives of each SMFG Group company and stakeholders. Concurrently, the final priority issues were determined taking into account opinions of experts through discussions. We will continue to promote implementing measures for resolving priority issues through discussions with internal and external stakeholders and Group companies.



# Initiatives for Enhancing Customer Satisfaction (CS) and Quality

## SMFG's Initiatives

SMFG shall implement measures to improve CS and Quality while cooperating among group companies by setting forth as one of our management principles: "To found our own prosperity on providing valuable services which help our customers to build their prosperity."

SMFG regularly holds meetings for the "Group CS Committee" which is chaired by the senior management executive of the general affairs section of the Group for promoting cooperation among group companies. The committee discusses and exchanges opinions and ideas regarding opinions and suggestions received from our clients or CS promotion policies, and it strives to further improve CS and Quality of the entire Group.

## Measures Taken by SMBC

The head office of SMBC analyzes opinions and suggestions received from our clients and incorporates such opinions and suggestions received from our clients into our management and training seminars for employees for improvement of products and services based on such analysis.

## Responding to customers' opinions and requests

The customers' opinions and requests, which are received at branches or made through our toll-free telephone service, are collected and registered into the database for "Voice of the Customers" (VOC), along with data received from CS surveys and questionnaires conducted by our bank. The registered data are widely shared among all departments of the Bank.

Based on such registered data for VOC, there may be cases in which the head office departments may advise branches, review individual products and services, or consider measures to be taken for the entire bank.

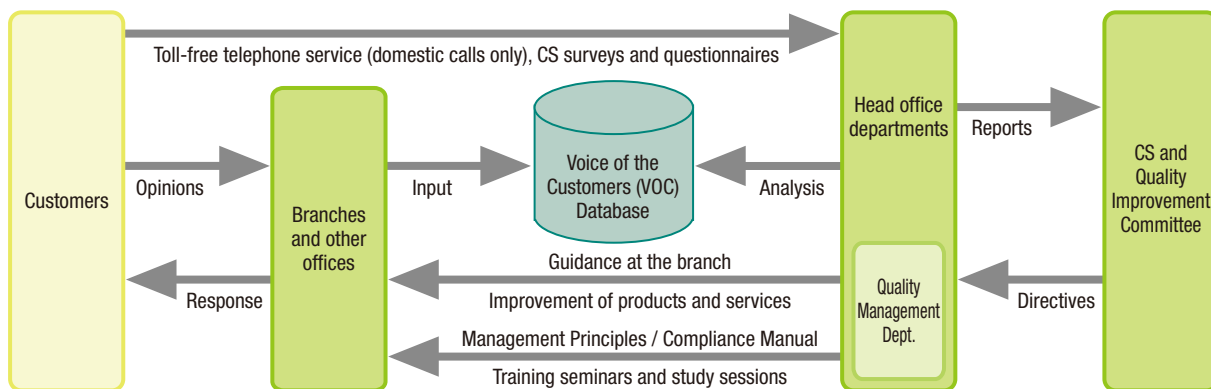
The bank has set up the Quality Management Department which is responsible for developing plans and preparing systems for improvement of CS and Quality. Additionally, this department holds meetings for the "CS and Quality Improvement Committee," which is chaired by the President, to discuss appropriate cross-departmental measures for the entire bank in order to achieve greater satisfaction by customers.

## Clients always come first

SMBC sets forth detailed action principles under the "Clients always come first" of the "Compliance Manual," along with the above-mentioned "Management Principles," in order to enforce the attitude of "Clients always come first." Furthermore, the bank raises awareness for the attitude of "Clients always come first" for 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 "Clients always come first" attitude into daily business activities.

SMFG strives to improve CS and Quality of the entire Group and to become the "highly-trusted" financial services group, through implementation of such measures.

## Measures to improve Customer Satisfaction (CS) and Quality of the Bank



## Our Position on Corporate Governance

SMFG and its Group companies follow the SMFG management philosophy set forth as the universal guide for the Group management and consider this philosophy as the foundation for any corporate activities. We believe that the strengthening and enhancement of corporate governance is one of the top prioritized issues in order to achieve the management philosophy.

## The SMFG Corporate Governance System

SMFG implements the corporate auditor system, whereby six corporate auditors are appointed, out of which three are outside auditors. The said appointed corporate auditors audit business operations conducted by SMFG directors by attending important meetings including the Board of Directors meetings and receiving reports from directors on the business operations and reviewing material documents for major business decisions while reading reports on interviews conducted by the internal audit department, subsidiaries and external accounting auditors.

As for the Board, the chairman of SMFG serves as the chairman of the Board of Directors for SMFG. The role of the chairman is clearly separated from responsibilities of the president who oversees the overall business operations.

Furthermore, the establishment of internal governance committees under the Board and appointment of outside directors enhance the effectiveness of the Board.

The Board set up four internal committees: the Auditing Committee, the Risk Management Committee, the Compensation Committee, and the Nominating Committee. All three outside directors have been appointed for these committees in order to objectively oversee corporate governance.

As the objectivity is explicitly required for both Auditing Committee and Compensation Committee, the outside directors are appointed as the chairmen for these committees to further enhance such required objectivity.

The outside directors, who are expert professionals (certified public accountants, attorneys, business management consultants), are selected to ensure the execution of the Group's business operations in conformity with both legal regulations and generally accepted practices.

The Group Management Committee is set up under the Board to serve as the top decision-making body. The Group 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. The Group Strategy Committee is set up for matters related to business plans of each Group company and to exchange opinions, discuss and report on the management of SMFG and each of the Group companies. Furthermore, eleven directors (out

of which three directors are outside directors) out of thirteen directors (out of which three directors are outside directors) of SMFG also serve as the directors for SMBC to oversee its business execution. As for the four major Group companies of Sumitomo Mitsui Finance and Leasing Company, Limited, SMFG Card & Credit, Inc., SMBC Consumer Finance Co., Ltd., and The Japan Research Institute, Limited the SMFG directors also serve as the directors for each of these subsidiaries to oversee their business. Furthermore, in order to maintain the sound management, SMFG sets forth a system, which firmly maintains the appropriateness of SMFG's business operations, as the internal control regulations, pursuant to the Japanese Company Law; and SMFG considers that the development of a solid management system is an important management issue by further improving the internal control system.

## The SMBC Corporate Governance System


SMBC implements the corporate auditor system by appointing six corporate auditors, out of which three corporate auditors are outside auditors. SMBC implements the executive officer system by dividing functions of "business execution" and "overseeing function" in order to increase the transparency and soundness of management. The executive officers execute business operations and the Board serves mainly as the overseeing function.

The chairman of the bank also serves as the chairman of the Board; segregates his functions and duties from the president of the bank who controls the overall business operations; does not concurrently hold the position of executive officer; and mainly oversees the business execution. Furthermore, SMBC further strengthens the overseeing function by appointing three outside directors out of twenty directors for the bank. The executive officers, who manage business operations, are appointed by the Board. There are a total of seventy-five executive officers, including the president, as of June 30, 2014 (out of seventy-five executive officers, thirteen executive officers concurrently serve as directors).

The Management Committee is set up under the Board to serve as the highest decision-making body for the bank. The Management Committee is chaired by the president of the bank, and the executive officers 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.

Furthermore, pursuant to the decisions made by the Board, the president designates certain members of the Management Committee to be Authorized Management Committee members in charge of particular Head Office departments or units. All of these designated individuals are in charge of implementing the directives of the Management Committee within the businesses they oversee.



# Internal Audit System

## An Outline of the Group's Internal Audit System

In addition to the SMFG Auditing Committee, which functions as a governance committee reporting to the Board of Directors, the Internal Auditing Committee is set up as part of the Management Committee, taking into consideration its critical role and responsibility for the internal audit for the management, in order to effectively facilitate the internal audits. The Internal Auditing Committee meets every quarter, and its members discuss on important internal auditing matters based on reports prepared by the departments responsible for conducting internal audits. Under such structure, the Audit Department is set up as the independently operated internal auditing unit of the Group.

The Audit Department conducts internal audits on the operations of all of the Group's units and departments for optimal management, proper operations of the Group and the soundness of their assets. These audits also have the functions of verifying whether the Group's internal control systems, including compliance and risk management, are appropriately and effectively operated. Additionally the Audit Department is responsible for the overall supervision of the internal audit functions of the Group companies, for appropriateness and effectiveness by monitoring the progress and performance of each company's internal auditing activities and conducting audits on the common subject among groups as deemed necessary. Based on these activities, the Audit Department provides recommendations and guidance to the business units and departments as well as to the Group companies.

At SMBC, we have established the Internal Audit which is independently operated from other business activities. Under the said Internal Audit Unit, the Internal Audit Department and the Credit Review Department are set up. Similarly for SMFG, SMBC also sets up an Internal Auditing Committee, which is responsible for discussing and reporting important matters proposed by the Internal Audit Unit, as the committee partially constituting its Management Committee.

The Internal Audit Unit is responsible for auditing compliance and risk management at SMBC (head office departments, domestic and overseas branches) and SMBC Group companies. The audit of operations of the head office departments is conducted by assessing for appropriateness of overall internal control systems of each department, in perspective of

functionality of procedures for the "Plan, Do, Check and Act" (PDCA) method. In addition to these individual audits for each department, we also focus on specific businesses or specified critical issues associated with risk management to conduct the "Audit of Targeted Items" for verifying the bank's overall or cross-departmental conditions of the internal control systems. Moreover, audits of branches and offices are not limited to simply inspecting for any inadequacies but also specifying and pointing out issues for the overall internal control systems, including any problem items associated with compliance and risk management; and making proposals for improvement measures or corrective actions.

For other Group companies, internal audit departments have been set up according to the respective business characteristics of such Group companies.

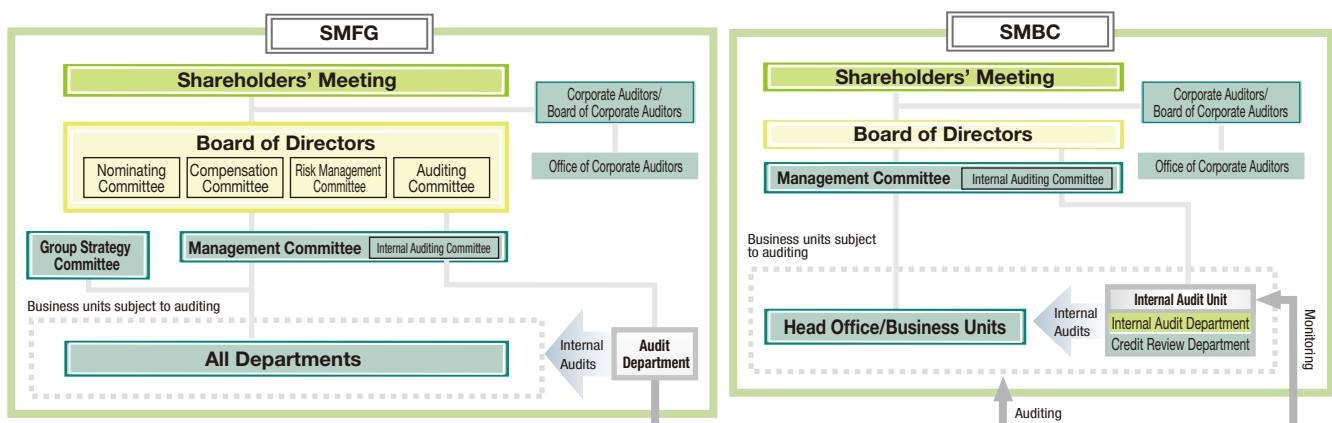
## Initiatives to Enhance the Sophistication and Efficiency of Internal Audit

The Audit Department has adopted methods in accordance with the standards of the Institute of Internal Auditors (IIA)\*, an international organization. The Audit Department conducts risk-based audits and the Group companies also conduct the same.

The Audit Department, as the controlling department for the Group's overall internal audit systems, strives to enhance the expertise of internal auditors such as collection of internal and external up-to-date information related to internal audit and forwarding such information to the Group companies; implementation of seminars conducted by outside professionals for the Group companies; and promoting the acquisition of international qualification for internal audit. Also, the Audit Department organizes training programs taught by outside experts for the staff of the Group companies, encouraging them to learn international standards to enhance their professional knowledge and skills for internal audit.

To further improve the effectiveness of audit, we also proactively take measures on a group-wide basis to assess the quality of our internal audit while taking into account 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 professionalism of internal auditing staff. In addition to conducting theoretical and practical research on internal auditing, the IIA administers examinations for Certified Internal Auditor (CIA), which is the internationally recognized qualification in this field.





## Compliance Systems at SMFG

### Basic Compliance Policies

SMFG strives to further strengthen its compliance systems to be able to fulfill its public mission and corporate social responsibilities as a financial services group offering diversified products and services for becoming a truly outstanding global corporate group.

For compliance policies, SMFG sets forth its “Business Ethics” (on page 50) as the common CSR principles for the Group and considers the strengthening of such Business Ethics as one of the critical issues for management.

### Group Management in Compliance Perspective

As a financial holding company, SMFG strives to maintain a compliance system which provides the appropriate directions, guidance and monitoring for compliance for its Group companies.

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.

In fiscal 2014, the entire Group focused on enhancing efforts in severing any connections or relations with anti-social forces.

### Basic Policy for Anti-social Forces

SMFG’s publicly announced basic policy for anti-social forces are as follows:

1. Completely sever any connections or relations with anti-social forces.
2. Repudiate any unjustifiable claims, and do not engage in any “backroom” deals whatsoever. Further, promptly take legal actions as necessary.
3. Appropriately respond to any anti-social forces as an organization by cooperating with outside professional agencies.

### Reporting System for Inappropriate Accounting and Auditing Activities

SMFG has established the “SMFG Group Alarm Line,” the whistle-blowing system which can be used by all employees, including employees of group companies, for a self-control effect by promptly detecting and rectifying any actions which may violate laws and regulations. SMFG has implemented the “SMFG Accounting and Auditing Hotline” to provide the means for individuals in and out of the Group to report inappropriate accounting and auditing activities. This hotline quickly identifies and takes appropriate actions against any purported fraudulent activities or any misconduct associated with accounting and auditing at SMFG and its consolidated subsidiaries.

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:

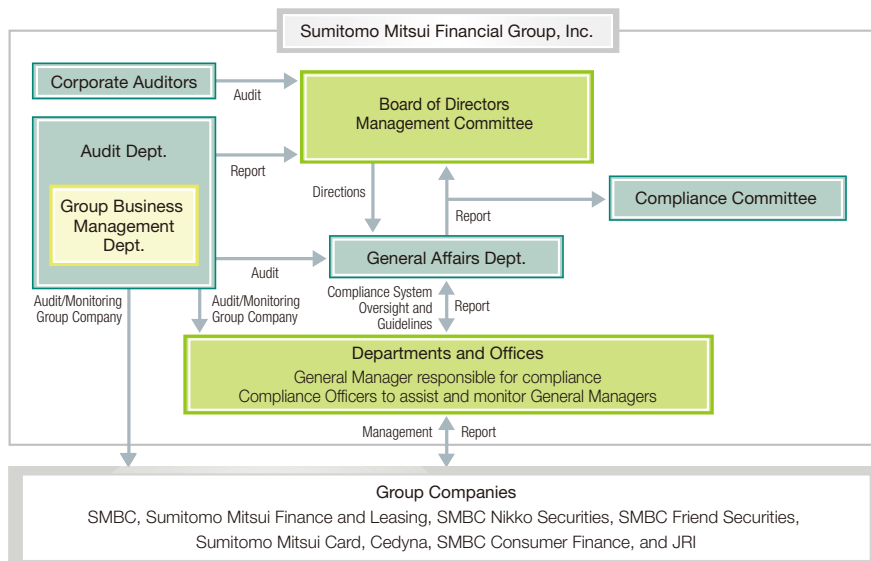
**smfghotline@iwatagodo.com**

\* 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.



## Compliance Systems at SMBC

### Strengthening 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 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 conducts are 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 department 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 a Compliance Manual

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

### Development of Compliance Program

The Board of Directors develops the detailed annual plan for compliance-related activities for each fiscal year, including amendments to the rules and regulations, training, etc. for the effective operation of the compliance system for SMBC and its consolidated subsidiaries. Especially during fiscal 2014, SMBC is currently in the process of reviewing its sales/marketing system; enhancing its compliance system for financial products; improving its information management system; improving its response for global rules and regulations; enhancing efforts for severing

any relations with anti-social forces; and strengthening measures for preventing anti-money laundering and financial crimes.

### Appointment of Compliance Officers

In addition to appointing compliance officers to each branch and department of the bank, the "Area Compliance Officers," operating independently from areas of business promotion, are appointed for the Wholesale Banking Unit and Retail Banking Unit of branches and offices 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 such 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, 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 03-3241-7335  
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: 03-3669-9833  
Business hours: Mondays through Fridays  
(except public and bank holidays)  
9:00 am to 5:00 pm



# Environmental Preservation Initiatives

## Basic views for environmental preservation

The Group recognizes environmental preservation as one of its most important management issues. Based on our Group Environmental Policy, we are implementing initiatives to harmonize environmental preservation and corporate activities.

### The Group Environmental Policy

#### Basic concepts

Recognizing the importance of realizing a sustainable society, SMFG is continuously making efforts to harmonize environmental preservation and pollution control with corporate activities, in order to support the economy and contribute to the betterment of society as a whole.

#### Specific environmental policies

- We provide environment-friendly financial products, information and solutions which support our clients in their efforts to preserve the eco-system.
- We devise means to reduce environmental risks posed by our own activities and the society.
- We are determined to fulfill our social responsibilities through the conservation of resources and energy, and the reduction of waste.
- We strictly comply with environment-related laws and regulations.
- We practice the highest level of information disclosure related to the Group's environmental activities and consistently improve our efforts to contribute to environmental preservation by communicating with our staff as well as the third parties.
- We place high priority on thoroughly educating our staff about our environmental principles to ensure that they conform to these principles in the performance of their work.
- We actively and effectively implement "environmental management," and make continuous efforts to improve our system to deal with environmental issues by setting goals and targets for every fiscal year and reviewing them as deemed necessary.
- These policies are disclosed on the Group's website, and the printed version is available upon request.

### Three pillars of the Group's activities

The three pillars of our environmental action plan are: 1) "Reduction of impacts on environment," 2) "Management of environmental risks," and 3) "Promotion of environmental businesses." We have set environmental objectives for each environmental activity and follow the procedures of Plan, Do, Check, and Act (PDCA) for such environmental activities.

### Environmental Management System (EMS) based on ISO14001 certification

The environmental management certification of ISO14001 has been obtained by SMFG and its major companies (SMBC, Sumitomo Mitsui Finance and Leasing ("SMFL,") SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card and JRI). In 1998, SMBC was the first bank in Japan to obtain this certification. The Group has developed the structure to promote EMS which is organized and managed mainly by the Corporate Planning Department and senior environmental officers.

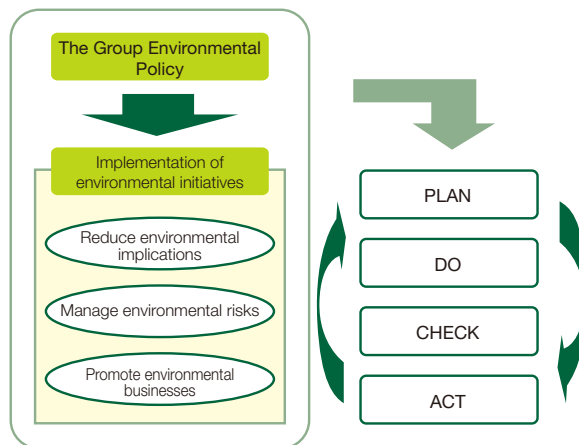
### Signing of the "Principles for Financial Actions (the principles for financial actions for the 21st Century) for achieving the sustainable society"

"Principles for Financial Action towards a Sustainable Society," which were adopted in October 2011, are signed by SMBC, SMBC Nikko Securities, SMBC Friend Securities, Minato Bank, Kansai Urban Banking Corporation ("KUBC") and Japan Net Bank.

The principles have been set forth for the purposes of making the environmental financing widely-known and improving the quality of environmental financing. SMBC has participated since 2012 as a steering member for the Steering Committee which is made up of 188 financial institutions (as of May 31, 2014).

The Group continues to expand its environmental financing activities in Japan based on these principles.

### Environmental Action Plan and PDCA Procedures



## Reducing Environmental Impact

### ● Initiatives for Carbon Neutrality

SMFG sets environmental objectives for reducing energy consumption each fiscal year such as electricity, and it assertively strives to implement energy-saving measures to reach the targeted goal.

SMBC has made its Head Office carbon neutral through purchases of green energies, while SMFL has made its Osaka Head Office carbon neutral.

### ● Proactively using clean energies

At the renovated and reopened environment-friendly SMBC model branches in Shimo-Takaido (Tokyo) and Konan (Hyogo), we are working to reduce the electricity used for lighting of the branch by combining the solar concentrating equipment and LED lighting, and to reduce the electricity used for air-conditioning and other equipment by using solar panels and wall greening. We are proactively proceeding to install LED lighting and energy-saving air-conditioning facilities at other branches taking into account the fact that approximately 40% reduction of CO<sub>2</sub> emissions was achieved after renovation.



SMBC Konan Branch

In July 2012, SMFG, SMBC and JRI, as part of their own energy-saving initiatives, implemented the solar power generation equipment in the SMFG's main computer center for providing energy during peak business hours.

SMBC Friend Securities converts its branches, at the time of relocation or renovation, to more environment-friendly interiors with such as LED lightnings and tiled carpets made of carbon credits materials; and it also converts to ecologically-friendly automobiles for business use reducing environmental burden.

SMBC Consumer Finance also converts its branches, at the time of relocation or renovation, to more environment-friendly interiors with such as LED lightnings.



Renovated branches of SMBC Consumer Finance

## Managing Environmental Risks

### ● Environmental and social risks in loan (credit) activities

SMBC believes it is important to take into account the environmental risks for conducting credit assessment. Factoring environmental risks in the credit assessment (environmental credit risks) is stipulated in SMBC's Credit Policy, which sets forth the universal and basic philosophies, guidelines and rules for credit operations taking into consideration the management principle and the rules of conduct. For example, to deal with the risks of soil and asbestos contamination in real estate pledged as collateral, SMBC requires contamination risk assessment for such real estate collateral meeting certain criteria. If contamination risks are found to be high, the assessed value of the potential risks will be deducted from its value. Furthermore, our Credit Policy clearly stipulates that the credit, which is used for the production of cluster bombs and mass-destructive weapons, is prohibited.

### ● Managing environmental and social risks in large-scale development projects

Large-scale development projects may have significant impacts on society and the environment; therefore, the international civil society requires financial institutions to fully consider social and environmental impacts of the projects when providing financial support. SMBC has adopted the Equator Principles, a set of principles for determining, assessing and managing environmental and social risks in project financing and has established the Environment Analysis Department (EAD) to assess the environmental and social risks of large-scale development projects in accordance with the principles. In June 2013, as the Equator Principles were revised to expand its scope and strengthen the assessment standard, SMBC also revised its internal procedures in accordance with revised Equator Principles to improve its system for assessing environmental and social risks.



### ● Lawful disposal of properties at the expiration of leases

SMFL is completely in compliance with environment-related laws and regulations to prevent contamination of the environment due to illegal disposals of industrial waste materials triggered by the expiration of leases. In addition, multi-phased assessment mainly in terms of compliance, local research and interviews are conducted annually in order to prudently select the most appropriate company which handles transportation and disposing of waste materials at the time of expiration of lease.

## Environmental Businesses

### ● Environmental contributions through core businesses

The Group considers that environmental businesses are means to preserve and improve the global environment while pursuing its core business operations as a financial institution. Some of the examples are: SMBC Environmental Assessment Loan/Private Placement Bond is provided for clients for promoting their environmental management. Further, Growth Industry Cluster Department works on not limited to the maintenance

or improvement of the global environment but also including the economic development of each country through providing support for environment infrastructure improvement projects in emerging countries mainly in Asia, or renewable energy projects.

### ● Initiatives for Environmental Businesses by Group Companies

Please refer to the chart shown below for details of the measures taken for environmental businesses.

## Initiatives for Environmental Businesses by Group Companies

Company	Program / Product	Description
SMFG	SAFE, corporate environmental magazine	Started in 1996, this magazine contains interviews with top management of environmentally advanced companies, analyses of business and regulatory trends, and other beneficial information for corporate environmental activities. Presently, more than 100 issues of the magazine have been published. It can be viewed online at SMFG's website (in Japanese).
	SMFG Environmental Business Forum	SMFG organized a three-day event at Eco-Products, one of Japan's largest environmental exhibitions. More than 20 of our clients' companies set up booths with "Environment," "Water, Resources, New Energies" as themes, and each client presented or demonstrated respective environmental initiatives.
	Eco-Products International Fair (EPIF)	SMFG sets up exhibition booths and cooperates at the international conferences held at the international environmental exhibitions in order to vitalize eco-businesses in Asian regions and increase international competition by greening of supply-chains. At the 9th EPIF held in Taiwan, SMBC and JRI jointly set up booths to present environmental businesses. It became the largest exhibition held participated by more than 20 Japanese companies of total of 207 companies and organizations from 15 countries and regions.
SMBC*1 / JRI*2	SMBC Environmental Assessment Loan/Private Placement Bond	Terms and conditions for these loans and bonds are set forth according to the assessment conducted on the company's environmental measures, pursuant to the environmental assessment standards originally created by SMBC and JRI, and SMBC determines terms and conditions for loans or private placement bonds according to the results of such assessment.
	SMBC Environmental Assessment Loan/Private Placement Bond Eco Value-up	SMBC revised and improved evaluation methods for existing "SMBC Environment Friendliness Assessment Loans and Private Placement Bonds" especially made for medium-sized and small-to-medium-sized companies which have more assessment needs for the degree of environment friendliness. As for the fund raising, SMBC conducts quantitative assessment according to the assessment criteria created by SMBC and follows with the qualitative assessment based on interviews conducted by environment friendliness assessment agency, and the final and comprehensive assessment results will be provided to clients in the form of "Environmental Management Analysis Report."
	SMBC Sustainable Building Assessment Loan/Private Placement Bond	Terms and conditions for those loans and bonds are set forth according to the assessment conducted on the buildings owned or to be constructed by companies, pursuant to the assessment criteria created by SMBC and CSR Design & Landscape Co., Ltd., for environment friendliness for "energy" and "water," etc., seismic adequacy required to maintain the sustainability, measures taken for "risk management" of such as BCP; and "business manager's policies and practices" promoting such assessment criteria.
	SMBC Sustainability Assessment Loan/Private Placement Bond	Terms and conditions for those loans and bonds are set forth by SMBC, according to the assessment conducted on the measures taken by clients for the Environment, Society and Governance ("ESG") and appropriateness of information disclosure, pursuant to the assessment criteria created by SMBC and JRI.
	SMBC Environmental Assessment Loans/Private Placement Bonds (Malaysia and Thailand)	Terms and conditions for those loans are set forth according to the assessment conducted on the environmental measures taken by companies in Malaysia and Thailand utilizing the scheme as set forth in the "SMBC Environmental Assessment Loans/Private Placement Bonds" since 2008. The assessment report is also provided to further enhance the company's eco-management related activities.
SMBC	SMBC-ECO Loan	This loan product offers reductions of interest rates up to 0.25% for SMEs certified with environmental management systems by more than 20 organizations, including NPOs and local governments.
	Ministry of the Environment and Ministry of Economy, Trade and Industry subsidized-interest financing program	Under this program, companies may conditionally receive loans from financial institutions, with interest subsidized by the government, to finance capital investment which reduces CO <sub>2</sub> emissions. SMBC supports companies taking environmental initiatives as one of the financial institutions authorized to provide loans under this program.
	Emissions trading related business (advisory services)	In the field of energy conservation, in which Japanese corporations especially excel, SMBC provides support and financial advisory services for "Joint Crediting Mechanism," for the purpose of contributing to the reduction of greenhouse gasses due to technology exportation to underdeveloped countries. In Brazil, SMBC has a consultancy subsidiary supporting the Clean Development Mechanism project. SMBC's Brazilian subsidiary has invested in the sustainability fund managed by the Brazilian Development Bank (Banco Nacional de Desenvolvimento Economico e Social), and it also serves as the environment adviser for the said fund. It also provides consultation services for the environmental innovation fund which was set up mainly by the Brazilian Development Bank and other banks.
	Strengthening alliances with international and financial institutions	In March 2012, SMBC executed a Memorandum of Understanding with Development Bank of Mongolia for financial cooperation for environment and infrastructure projects which reduce greenhouse gas emissions. SMBC continues to develop the solid global network by MOUs similarly executed with local major corporations and financial institutions in Mexico and other countries for promoting financing for renewable energy projects and carbon credits trading businesses.
	Environmental campaign program for JGBs for individuals	We have contributed to global environmental protection by: (1) trading the amount equivalent to 100kg of carbon credits; or (2) forestation in the area equivalent to 1m <sup>2</sup> per each individual who purchased JGBs. Concurrently, we also have initiatives for supporting the recovery and reconstruction of areas affected by the Great East Japan Earthquake by obtaining the partial domestic credits generated from northeastern Japan.
	DWS New Resource Technology Fund	This fund invests mainly in shares of companies around the world with growth potential which conduct businesses associated with three most discussed issues of (1) local infrastructure; (2) food; and (3) clean energy, in order to accommodate the fluctuating and/or increasing global demand.
	Participation in the Tokyo Eco Finance Project	SMBC has been selected as the main financial institution in the Tokyo Eco Finance Project which was implemented in 2009 and in operation for five years. This project supports individual and corporate clients to accommodate their diverse environmental needs by providing loan, lease, housing loan, automobile loan and fixed-term deposit by utilizing the deposits accumulated by Tokyo.

## Initiatives for Environmental Businesses by Group Companies

Company	Program / Product	Description
SMBC / Nikko*3	SMBC Nikko World Bank Bond Fund	SMBC and SMBC Nikko Securities Inc. offer the Nikko World Bank Bond Fund which is the first fund in the world to invest in green bonds* issued by the World Bank (data provided by Nikko Asset Management Co., Ltd.). A portion of earnings from the fund is donated to the Japan Committee for UNICEF and the Japanese Red Cross Society to be used to resolve any social conflicts around the world. *This fund invests in green bond which is one of the bonds issued by the World Bank
SMFL*4	Consultation Business for the Amended Energy Saving Act	It strengthens its advisory services by appropriately accommodating the Amended Energy Saving Act for proposing comprehensive energy-saving measures by utilizing leases.
	Purchase and Sale of Second-Hand Machinery and Equipment	Real property with expired leases or machinery and equipment purchased from clients are being sold to other clients. SMFL strives to become a leasing company which is environment-friendly implementing measures for recycling and reuse by purchasing and selling the second-hand machinery.
	Support Program conducted by the Ministry of the Environment	It promotes the implementation of leasing low-carbon emission equipment which meets the criteria set forth by the Ministry of the Environment, by utilizing the subsidies provided by the Ministry for such leases.
Nikko	Nikko Eco Fund	This is the SRI fund, which was first offered in Japan in 1999, takes into account the environmental perspectives and invests in shares of potential growth companies which either excel in appropriately responding to environment-related issues or conducting businesses associated with environment.
	Nikko DWS New Resources Fund	This fund invests mainly in shares of companies around the world with growth potential which conduct businesses associated with the three most discussed issues of (1) water; (2) agriculture; and (3) alternate energy, in order to accommodate the fluctuating and/or increasing global demand.
	UBS Climate Change Fund	This fund invests in shares of countries around the world which have innovative technology with respect to preventive measures for global warming and which are anticipated to have substantial growth in the future.
	Nikko World Trust-Nikko Green New Deal Fund	This fund invests in shares of companies located in countries where high growth is anticipated through their environmental preservation activities, focusing on the "Green New Deal" policy for economic recovery based on measures required for global environment.
Nikko / Friend*5	Promotion of electronic statement service	Promoting electronic statement services (online account statements) for clients.
Friend	Environmental Sustainability Bonds	SMBC Friend Securities sells "Environmental Sustainability Bonds" issued by the European Bank for Reconstruction and Development (EBRD). The funds raised by such bonds are used to support natural energy development, forestry regeneration and other environmental projects selected by EBRD based on its evaluation standards.
SMCC*6 / Cedyne	Promotion of online account activity statement	SMCC and Cedyne are promoting the use of online account statements (notice for the final account statement is sent by e-mail and details to be confirmed on its website) for conserving paper and helping to reduce CO2 emissions.
Cedyne	Environment conservation activities offered by socially contributing credit cards	Cedyne issues socially contributing credit cards for the environment such as "Chikyuni Yasashii Card" and "Cedyne Card AXU," and the part of payments for such cards are donated to environmental preservation organizations.
SMBCF*7	Promotion of online account statement	It strives to reduce the consumption of paper resources and CO2 emissions, in addition to increasing convenience for clients by electronically converting documents. The ratio of contracts made on the internet out of new applications submitted has increased yearly.
JRI	Promotion of CSR and environmental management	JRI supports companies in their CSR and environmental management by assisting them with the development of CSR management strategies and conducting carbon-credit research and investigation.
	Environmental advisory business	It engages in numerous environmental projects mainly in the energy and smart community fields. It strives to contribute to the resolution of global-warming issues and development of environment-friendly businesses by the creation of new businesses.
	Proposals for energy-related policies	The Great East Japan Earthquake led to the substantial review of the Japan's energy policy. JRI makes recommendations and proposals for energy systems of next-generation and energy strategies for Japan.
Minato*8	"Minato Eco-Monogatari" Carbon Offset Time Deposits	"Forestry carbon offset usage fee," a sum equivalent to 0.05% of ¥6 billion (an amount of money to be raised), will be released by Minato Bank. The money released will be used to maintain the forest environment in Hyogo Prefecture through Hyogo Prefectural Federations of Forest Owners' Cooperative Associations.
	Minato ECO Loan/Private Placement Bond	In certain cases, Minato Bank offers preferential interest rates for loans or preferential underwriting fees for private placement bonds only for corporations which have obtained certification for an environmental management system.
	Minato ECO product purchase loan/Minato ECO housing loan	Minato Bank offers environment-friendly loans especially made for clients who plan to purchase and install new-energy or energy-saving equipment (solar power generation systems, ECOWILL, ENE-FARM, etc). It additionally offers housing loans with discounted interest rates to clients who plan to purchase a home installed with such equipment or renovate the home with such equipment; or for those clients who plan to purchase newly-constructed home which met the certain criteria set forth by Kobe city for residential environment-friendliness.
KJBC*9	Eco-time deposit	This fixed-term deposit makes donations to organizations in Osaka Prefecture, Osaka City and Shiga Prefecture engaged in environmental protection activities, with the amount equivalent to a certain percentage of deposits received from clients.
	Housing loans for smart homes	It is the loan to offer the same terms and conditions for such as loan term and interest rate for loans to purchase residences preinstalled with solar power generation systems or for installation costs of such systems.
	Environmental Assessment Loan/Private Placement Bond	Terms and conditions, and interest rates for those loans and bonds are set forth according to the assessment conducted on the measures taken by clients for environment-friendliness. The financing method may be selected from either loan or private placement bond.
	Kansai Urban Environment Support Loan	The predetermined, preferential interest rate for the loan is given to clients who met certain requirements for environment (receipt of certification for ISO14001 or Eco Action 21, etc.).

\*1 Sumitomo Mitsui Banking Corporation \*2 The Japan Research Institute, Limited \*3 SMBC Nikko Securities Inc. \*4 Sumitomo Mitsui Finance and Leasing Company, Limited

\*5 SMBC Friend Securities Co., Ltd. \*6 Sumitomo Mitsui Card Company, Limited \*7 SMBC Consumer Finance Co., Ltd. \*8 The MINATO BANK, LTD. \*9 Kansai Urban Banking Corporation

# Social Contribution Activities

## Fundamental approach for social contribution activities

SMFG and its Group companies recognize that it is important to consider the public nature of the financial institution and contribute to the development of society through business operations. In addition to the contribution to society through daily business operations, we should act as a “responsible corporate citizen” by engaging in activities which may assist in making the better society in the future. SMFG and its Group companies will pursue diverse social contribution activities in order to fulfill responsibilities as a “responsible corporate citizen.”

## Policy for social contribution activities

SMFG and its Group companies fully understand their roles as responsible corporate citizens, and perform social contribution activities for realizing a prosperous and sustainable society. We continue to plan and execute social contribution activities as the corporate citizen while supporting volunteer activities of employees, in order to proactively perform social contribution activities.

## The backbone for our social contribution activities

SMFG and its Group companies consider the following four areas as the core areas for social contributions activities:

- 1) social welfare;
- 2) local and international communities;
- 3) the environment;
- and 4) cultures, arts and education.

### Social Welfare Activities

#### ● Collection and Donation of Mistakenly-Written Postage-Prepaid Postcards and Recycling of Other Used Items

SMFG collects mistakenly-written postage-prepaid postcards from employees of the Group companies, exchanges them for new postage stamps, and donates the stamps to volunteer organizations to help them cover their postage costs. In addition, SMBC collects unused prepaid telephone cards, and Sumitomo Mitsui Finance and Leasing (“SMFL”), SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card, Cedyne, and SMBC Consumer Finance collect PET bottle caps. SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card, Cedyne, and SMBC Consumer Finance collect used postage stamps from employees, donating them to volunteer organizations. SMBC and SMBC Friend Securities also donate products given by the companies to their shareholders.

#### ● Group Blood Donation Program

SMBC, SMFL, Sumitomo Mitsui Card, SMBC Consumer Finance, SMBC Nikko Securities and Cedyne encourage employees to donate their blood at the workplace. The total of 868 employees from six companies participated in the program in fiscal 2013.

#### ● Installation of Charitable Vending Machines; Sale of Products Made by Social Welfare Organizations

The head office of SMBC is installed with vending machines which make contributions to welfare organizations every time a drink is purchased from these vending machines. The head office and the centers of SMBC Consumer Finance are installed with vending machines which contribute to the Japan Hearing Dogs for Deaf People. The bank also sells products made by organizations which assist and support the physically-challenged.

### Local and Overseas Communities

#### ● SMBC Volunteer Fund

SMBC has a system for volunteering executives and employees to have ¥100 deducted from their monthly salaries to donate to

volunteer organizations. More than 11,000 employees participate in this program, as of April 2014. The organizations are selected based on thorough investigations and discussions by the panel of experts and volunteering employees. In fiscal 2013, donations were made to 38 organizations which are supported by the volunteer employees and work to resolve economic issues in Japan and overseas.

#### Overseas

- Organizations which provide support for nursery school and school meal for slum areas in Cambodia, education for minorities in Myanmar, and social rehabilitation of former child soldiers in Uganda

#### Japan

- Organizations which provide support for awareness-raising activities for the prevention of child abuse, local community-based childcare for women, food assistance for homeless people, and visually-impaired to become socially independent



Meal provided at the nursery school in the slum of the Cambodian capital

A total of 936 employees of Group company Sakura KCS (approximately 80% of the workforce), have volunteered (as of May 2014) for welfare and environmental contribution activities.

#### ● Volunteering programs for executives and employees

In fiscal 2013, SMFG presented to its executives and employees with volunteer activities of organizations, which work to resolve social issues, of mostly recipients of volunteer funds, and conducted the program for supporting activities of the organizations. The total of 31 programs were developed during summer (of June to August) and fall and winter (of October to December), participated by the total of 270 people.



Cleaning of facilities for supporting the visually-impaired

### ● Opening of Emergency Accounts and Accepting Donations for Major Disasters

SMBC has set up an account (with no transfer charge) through which clients may make donations in the event of major disasters in Japan and overseas. Concurrently, it encourages employees of SMBC and the Group to make donations. In fiscal 2013, we accepted donations for damages caused by the Sichuan earthquake in China and typhoon Man-yi. We are continuing to accept donations for the Great East Japan Earthquake. SMBC and SMBC Nikko Securities made donations for damages caused by the Sichuan earthquake. For victims of the typhoon Haiyan in Philippines, SMBC, SMBC Nikko Securities and Sumitomo Mitsui Card made monetary contributions, and Minato Bank donated emergency food.

### ● SMBC Pro Bono Project

The bank is also engaged in pro bono activities as the SMBC Pro Bono Project for which volunteers offer their business and professional expertise and skills for the public. In fiscal 2013, the Pro Bono Team, made up of volunteer employees, gave advices to strengthen the NPOs' business infrastructure such as organization and improvement of necessary bookkeeping and administrative procedures for handling donations and expenses, and information and data management of contributors. It supported two NPOs in Tokyo which support children-related issues and another NPO which deals with international health issues. It provided support for NPOs which strive to resolve homeless issues in Kansai region, and in fiscal 2013, it provided support 4 NPOs with volunteer employees.

### ● Activities of YUI, SMBC's Volunteer Organization

SMBC also provides support through the volunteer activities of YUI, an in-house volunteer organization which provides opportunities for SMBC employees to plan and perform volunteer activities. YUI regularly performs volunteer activities in the community, including social events at schools for the hearing impaired, beach cleaning, and the singing performances for senior citizens.

### ● Contributing to Local Communities

SMBC has been promoting and performing volunteer activities planned by its branches and other offices in Japan to contribute to local communities. These activities include branch tours, clean-ups of the local environment such as parks and other areas in the vicinity of SMBC branches, and participation in local events. Similarly, SMBC Nikko Securities is proactively involved in local clean-ups and volunteer activities.

SMBC Consumer Finance operates the Customer Service Plaza, which serves as a place for people in the region to communicate, as part of the community-based business activities, in order to appropriately perceive the needs of the society and clients. The company strives to sustainably develop with the society, through providing counseling services such as household budget analysis, and educational activities associated with money matters or financial and economic educational activities made for people in the region or students. The Minato Bank began its operation of "Kodomo 110" (Children's shelter) at 38 branches throughout Kobe city as part of making branches comfortable by giving the feeling of safety and security.

### ● Donation Activities of Foreign Currency Coins

SMBC, as a corporate member of the UNICEF foreign coins donation executive committee, cooperates with the donation activities of UNICEF. All monies donated will be sent to UNICEF after coins are sorted out by respective currency.

### ● Donation Support through Products and Services

SMBC offers clients an ordinary deposit account of which the accrued interest (after tax) is donated to the UNICEF Donation Account, and SMBC also matches the donations to the amount donated by its clients.

Sumitomo Mitsui Card collected donations from cardholders through the World Gifts Point Service of VJA group companies to provide to UNICEF, UNESCO, the World Wildlife Fund Japan and the World Food Program. Sumitomo Mitsui Card made some donations to UNICEF as well. It also accepts online credit card donations, and it issues socially-contributing type credit cards and donates the part of the amount spent by clients using such credit cards.

Cedyna contributes to the Japan National Council of Protective Care Homes for Children and other organizations by issuing social contribution credit cards such as the ATOM Card, which supports "Realizing children's dreams." It also collects donations from cardholders using "points" accumulated from their purchases, and also accepts online donations.

Kansai Urban Banking Corporation has contributed more than the cumulative total of ¥50 million since fiscal 2003, by annually contributing to environment conservation organizations according to the balance for environment-related deposits

### ● Participation in the "TABLE FOR TWO" Program

The head offices of SMBC, SMFL, and Sumitomo Mitsui Card participate in the program which provides donations to the non-profit organization of the "TABLE FOR TWO International" to fund school meals in developing countries, for every low-calorie meal ordered for lunch at company cafeteria. All SMBC branches participate in this program. SMBC, SMFL, SMBC Nikko Securities, SMBC Friend Securities, and Sumitomo Mitsui Card have also installed vending machines which sell drinks donating part of their sales to TABLE FOR TWO International.

### ● Social Contribution Activities of In-House Foundations

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 located in Harlem, New York City, and the participation in school beautification programs by volunteers from SMBC. The foundation also provides matching gifts for SMBC employees. SMBC Foundation for International Cooperation assists in developing human resources required to achieve sustainable growth in developing economies as well as to promote international exchange activities. Since its establishment in 1990, the foundation has provided financial support for 7-8 students from Asian countries every year, enabling them to attend graduate schools in Japan. The foundation also offers subsidies to research institutes and researchers undertaking projects which result in economic development of underdeveloped countries.



## Environmental Activities

### ● Participation in Environmental Preservation Initiatives

SMFG organizes “SMFG Clean-Up Day” on which Group employees volunteer to clean up beaches and river beds. In fiscal 2013, approximately 1,500 employees and their family members participated in this activity at four locations of Arakawa in Tokyo, Yodogawa in Osaka, Suma Beach in Hyogo and Fujimae-higata near Nagoya.

SMBC Friend Securities organized its own clean-up activities at two locations in Tokyo and Osaka, and 134 people participated. In addition, Kansai Urban Banking Corporation participated in the clean-up activities along the shore of Lake Biwa in Shiga Prefecture. In fall 2010, SMBC Nikko Securities has designated a “Green Week” as the week for enhancement of environmental protection and social contribution activities.

In fiscal 2013, the cumulative total of 6,678 employees and their family members participated in the clean-up activities and the collection of PET bottle caps. Similarly, SMFL, Cedyne and SMBC Consumer Finance continuously conduct the clean-up activities in the vicinity of their offices.



### ● SMBC Environmental Program NPO C.C.C Furano Field

SMBC also provides support to the environmental project in Furano in Hokkaido implemented by screenwriter Soh Kuramoto. SMBC is providing support for forestation in the closed-down golf course in Furano. It also supports environmental education programs under which children explore nature by using their five senses.

### ● Support for the EARTH PHOTO CONTEST

SMFL supports a photography contest for communicating the importance of resolving environmental problems and encouraging people to take action. The company presents the Sumitomo Mitsui Finance and Leasing Prize for outstanding photographic entries.

### ● Support for Junior Eco Clubs' All-Japan Festival

SMBC supported the 2014 Junior Eco Club's All-Japan Festival, organized by Japan Environment Association, by providing an information booth at the event.

### ● Environmental Education

Kansai Urban Banking Corporation organizes the “Lake Biwa Learning Experience in Summer” for elementary school children at the Lake Biwa in Shiga Prefecture for educating children the environmental awareness through such experience.

## Contributing to Cultural, Artistic, and Educational Activities

### ● SMBC Charity Concert – A Toy Box of Favorite Works

Since fiscal 2006, SMBC has been inviting our clients for free of charge to the annually held musical concerts for charity performed by volunteer employees. The donations are collected from the audiences of concerts and also from the sales of employees' handcrafted products. In fiscal 2014, donations were sent to children affected by the Great East Japan Earthquake and to children in Cambodia and Vietnam.

### ● Musical Concerts Held in the Reception Lobbies of Branches

At the SMBC Tokyo Head Office, Osaka Head Office, KUBC's Head Office and Biwako Main Office, lobby concerts are held for the general public with free of charge.

### ● Support for Cultural and Artistic Ventures

SMBC Friend Securities supports cultural and artistic activities by sponsoring special art exhibitions at the Yamatane Museum of Art. For supporting Kabuki and other traditional performing arts in Japan, Sumitomo Mitsui Card donates stage curtains to the National Theatre and the National Engei Hall. The company also supports the development of classical arts and talented performers by co-sponsoring children's Kabuki performances. SMBC, SMBC Nikko Securities and Minato Bank support the promotion of music culture by sponsoring classical music concerts.

### ● Financial and Economic Education

SMBC and SMBC Nikko Securities organize vocational workshops for elementary school students to experience working in the financial industry. In addition to inviting students of elementary school up to high school to visit the office as well as having a special tour program of “Natsuyasumi Kodomo Ginko Tankentai” participated by elementary school students, the bank supports diverse financial and economic educational activities, including publishing a book titled “What Does a Bank Do?,” cosponsoring Kidzania (a vocational experience theme park for children), and supporting Shinagawa Financial Park (economic training programs for junior high school students).

SMBC Nikko Securities held the “Families' Exciting Experience Day” event during summer holidays, in which 1,912 elementary school students and their families participated in fiscal 2013. SMBC Consumer Finance organized the event of card games for elementary school students to teach the origin and the functions of money and offered lectures on economy and finance for students and adults, primarily at its “Customer Service Plaza” offices. The total of 2,740 of such events were held in fiscal 2013, with the participation of 126,270 people.

Kansai Urban Banking Corporation organizes a tour of the bank for elementary school students, and also offers a work experience program for junior high school students. SMBC, SMFL, SMBC Nikko Securities, Sumitomo Mitsui Card, JRI, and Minato Bank also sent instructors to teach classes at universities.

## Measures for Addressing Decreasing Birth Rate and Aging Population

### ● Implementation of Universal Design and Universal Service at branches

The following initiatives were undertaken to assist clients at branches of SMBC, Minato Bank and KUBC. All ATMs in domestic branches and ATMs located outside of SMBC branches can appropriately respond to vision- and hearing-impaired clients.

- Installation of ATMs for the visually-impaired
- Installation of communication boards and similar devices for writing messages for those clients having difficulties hearing
- Installation of Automated External Defibrillators (AEDs)\*

- Installation of hearing aids at branches (Minato Bank)
  - Installation of walking-stick holding brackets (SMBC and Minato Bank), the board with ear-mark logo, and writing tables for sofa (SMBC)
  - Establishment of priority seating for senior citizens and mobility-impaired people (Minato Bank)
- \* AEDs are also installed at SMBC Nikko Securities and SMBC Friend Securities

Additionally, personnel trained in the knowledge and the means to support senior citizens and physically-challenged clients are allocated to all branches of SMBC and Minato Bank.

### ● Business development for accommodating the society with extremely large number of senior citizens

SMBC has clarified guidelines for collateral management and other matters to support building of rental housing for senior citizens, demand for which is expected to increase hereafter. In May 2013, we started to offer loans (loans affiliated with nursing-care facilities) especially made for real estate properties of pay nursing homes or serviced elderly homes.

We plan to assist and support in developing the system for senior citizens to have safe and meaningful lives by adapting to the needs of the society.

## Supporting the Recovery after the Great East Japan Earthquake

### ● Volunteer Activities for the areas affected by the Great East Japan Earthquake

In April 2011, SMBC established the “special leave of absence for disaster relief volunteer activities,” and it began allowing executives and employees to regularly go to the disaster affected areas for volunteering activities in May that year. Volunteer activities are still ongoing at Ishinomaki, Watari-cho and Higashi-Matsushima in Miyagi Prefecture. Approximately 420 employees participated in total between fiscal years of 2011 and 2013. In August 2012 and 2013, approximately 45 families or 120 people in total participated in the programs.



SMBC Nikko Securities implemented the volunteer vacation

system in April 2011, and newly hired employees and attending executives and regular staff participated in the volunteer activities in the disaster-affected areas. During fiscal 2011 to 2013, the cumulative of 947 people participated in the volunteer activities.

### ● Support for the Affected Areas by staff of “Customer Service Plaza”

SMBC Consumer Finance provided, out of all 18 customer service plaza nationwide, the free rental space in Sendai Service Plaza to the organization for supporting activities in the disaster-affected areas conducted by the said organization.

### ● Donation Activities by Using Credit Cards

Sumitomo Mitsui Card accepted donations from clients using their credit cards, and also conducted forestation campaign for the disaster affected areas.

### ● Support Fund for Great East Japan Earthquake

SMBC established the system of “Great East Japan Earthquake Support Fund” for making donations to the disaster affected areas by deducting ¥400 from employee’s monthly salaries. In fiscal 2013, we made donations collected from our employees and the matching donations made by the bank to NPO, with which executives and employees cooperated for volunteer activities in the disaster-affected areas.

### ● Inviting disaster-affected people to performance for supporting reconstruction

Sumitomo Mitsui Card invited 100 disaster-affected people who have evacuated to the Tokyo metropolitan areas for the performance held at the National Theatre, for free of charge. The performance titled “Tohoku no Geino IV” was on the traditional arts of the disaster-affected areas.

### ● Donation of extra food supply

SMBC Friend Securities has donated dry bread and mineral water to disaster-affected areas to replace the existing such supplies earlier than their expiration dates.

### ● Volunteering for interaction with evacuees in Tokyo

The social meetings to interact with the people evacuated to Tokyo from disaster affected areas have been regularly held, participated by YUI volunteer members of SMBC.

## Contributions Made to Local Communities by Overseas Offices

Overseas offices of the Group support projects which contribute to resolving poverty in developing countries, supporting education and medical services, and supporting women for advancement or achieving equal treatment, through contributions made to non-profit and non-governmental organizations, including SMBC’s Volunteer Fund, in addition to independent initiatives tailored to specific issues and cultures of individual countries and regions.

- SMBC (China) established a scholarship program for students of Zhejiang University, Sun Yat-sen University, Soochow University, East China Normal University, Shanghai International Studies University and Tianjin Foreign Studies University.
- SMBC (China) conducted forestation activities in Shanghai, Beijing, Suzhou, Tianjin and Guangzhou.
- SMBC’s Hong Kong Branch gave donations to support an orchestra made up of young Asian musicians.
- SMBC’s Seoul Branch gave donations to the “National Japanese Drama Competition for Students” to provide opportunities for Korean students to learn Japanese and further understand Japanese cultures.
- SMBC’s Singapore Branch contributed to local communities through organized and participated in blood donation drive, charity marathon and food donation to support children.
- SMBC’s Sydney Branch participated in volunteer and donation activities associated with children, intractable diseases, refugees and earthquake disasters, provided by its CSR committee.
- Manufacturers Bank employees participated in events which raise awareness for the prevention of heart disease and made donations to event-sponsoring groups.
- Employees of Sumitomo Mitsui Banking Corporation Europe (SMBCE) conducted volunteer activities in their spare time. SMBCE contributed to charitable organizations through an in-house fund, and also used a matching-gift program under which it donated a certain amount for every donation made by its employees.
- SMBCE provided opportunities for students to gain work experience and business skills and also provided opportunities for underprivileged young people to participate in the student work experience program.

SMFG and its Group companies strive to create the kind of work environment in which every employee feels proud and is able to develop his or her full potential and capabilities. In the following pages, we describe some of the activities initiated by SMBC and other Group companies, including Sumitomo Mitsui Finance and Leasing (“SMFL”), SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card, Cedyne, SMBC Consumer Finance, the Japan Research Institute (“JRI”), The Minato Bank, and Kansai Urban Banking Corporation.

## Five Goals of SMBC’s Human Resources Development

1. To develop professional and specialized employees who can provide our clients with highly valued products and services.
2. To maintain and strengthen our sound business management enabling SMBC to globally compete in the market.
3. To cultivate the kind of corporate culture which encourages values of forward-looking, creative attitudes and mutual cooperation.
4. To be conscious of the social responsibilities of the Group, and cultivate the kind of corporate culture that contributes to the sound development of society.
5. To encourage employees to respect their individuality based on an understanding of diversity, and personal fulfillment.

## Training Employees with Specialized Professional Skills

### ● Education and Training System

SMBC considers a month-long training seminar for newly-hired employees and any other human resources development as essential. The education programs for younger staff proceed to improve the educational system to be more practical by putting emphasis on the integration of OJT and group training seminars, educating basics of deposit and exchange operations on the job, and developing the system to support such training seminars and the instructor system.

SMFL has established “SMFL Standards,” which set forth the human resources development plan and the procedures to develop the kind of human resources preferred and particularly made for *sogoshoku* (management-track) employees of not more than five years with the company. SMFL has created the “Young Employees’ Growth Plan & Guide,” based on the SMFL Standards, and it has also established an in-house business school which supplements OJT training. SMBC Nikko Securities, as a comprehensive securities and investment banking firm, is further strengthening its educational programs to develop employees with expert knowledge and to improve their professional skills by providing its newly-hired employees with OJT personally assisted by instructors, follow-up seminars and other programs such as the “new employee instructor program.” SMBC Friend Securities is proactively working on the development of highly-specialized younger staff through internally-certified corporate skill course, training seminar and OJT at work

as well as improving coaching and human resources development capabilities and management capabilities of managers and supervisors in order to become the kind of securities firm which would be most appreciated by clients. Following the amendments to the Money Lending Business Act, Sumitomo Mitsui Card has enhanced the development of professional expert employees in the credit business. It has taken measures to proactively support its employees in becoming licensed money lending officers by holding in-house seminars to educate them to become the credit business professionals. Cedyne strives to “take the initiative to develop the highly motivated professional human resources who produce results accordingly”; to strengthen business execution capabilities and provide the type of education by level, department and subject for increasing earnings; and to work on the organizational human resources development (development of OJD system). SMBC Consumer Finance is implementing the competency-development training based on its personnel system for training human resources to have high market values and responsibilities. Furthermore, we help employees grow and advance by promoting education that teaches those subject matters required to be in full compliance with the Money Lending Business Act and other legislation. SMBC Consumer Finance has been supporting the development of employees. JRI recognizes that the source for the added values of its solutions and proposals is human resources; therefore, it works on the well-planned development of human resources by establishing the Human Resources Development Department and Human Resources Planning Department under Systems Development Unit and Research and Consulting Unit, respectively. Minato Bank implements the training system according to work types and level of positions into the Minato Retail-business College (“MRC”) system which improves the quality of consultation services offered to its individual clients. Kansai Urban Banking works on well-planned human resources development by establishing “Kansai Urban Business School” to teach basic education and enhance personal development especially designed for staff in their first six years of employment with the bank in order to pursue its management policy of development of energetic group of employees. The bank is also creating locally based exams as a measure to become a bank which puts more emphasis on the local area and which prospers with the local community. We are further strengthening the training systems in respective Group companies.



Employees’ Training Seminar at SMBC Nikko Securities

Training Seminar at Kansai Urban Banking

### ● SMFG Joint Training Program

As Team SMFG, eight major group companies (SMBC, SMFL, SMBC Nikko Securities, SMBC Friend Securities, Sumitomo Mitsui Card, Cedyne, SMBC Consumer Finance, and JRI) jointly conducted training seminars and sports events for newly-hired employees of those group companies to be able to understand the SMFG's vision and management policy and to increase the sense of identity as "Team SMFG."

## Creating a Corporate Culture which Derives Strength from Diversity

### ● Human Resources Diversity

The Group is committed to providing workplace with diversity in gender, nationality, and other areas. SMBC in April 2008, SMBC Nikko Securities in July 2013, and The Minato Bank in October 2013, respectively established the "Diversity and Inclusion Department" within the Human Resources Department, in order to develop corporate culture having strength in diversity including the promotion of manifold roles and responsibilities for women.

SMBC newly established the "Diversity and Inclusion Committee" headed by the bank President in order to enhance initiatives for the entire bank. It is currently working on the initiative for women to be able to actively participate in the workplace by inviting outside expert professional to participate in the committee.

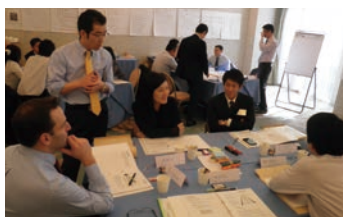
We hope that 20% of managerial positions to be held by women by the end of fiscal 2020.

### ● Personnel System

In order to motivate employees to take more challenges in performing difficult tasks for promotion, SMBC has introduced a new workplace hierarchy system in which job rankings are more finely subdivided. This system will make it possible for talented individuals to be quickly promoted to mid-management levels. In order to enhance a sense of unity as "Team SMBC" and to achieve a proactive and energetic bank, our employees' performances are evaluated not simply in terms of one fiscal year's achievements but also on their overall contributions to the company.

### ● Developing Employees for Global Operations

SMBC newly established the "Global Human Resources Department" in the Human Resources Department and "Global Training Group" at the Training Institute, respectively, for improving and promoting the human resources system from the bank's overall perspective in order to realize the "true globalization." In order to enhance development of global human resources, SMFL and SMBC Nikko Securities improved the overseas trainee system mainly for younger employees, in addition to sending employees to attend language schools.



SMBC's Global Corporate Banker Training Seminar

### ● Employing Persons with Disabilities

SMBC has established a special company called SMBC Green Service Co., Ltd. which provides employment opportunities for the physically-challenged. In December 2008, the company began the operations of its Kobe Branch, followed by its Unagidani Office in Osaka, February 2009, and Chiba Office, March 2013. They created jobs not only for the physically-challenged but also for the mentally challenged. As of March 2014, physically- and mentally-challenged employees accounted for 2.10% of our total number of employees, above than the legally mandated level of 2.0%.

### ● Providing Support for a Good Work-Life Balance

The Group is improving its "Employees Support Program" to support balancing of both work and childcare. We are preparing a guidebook describing the system for employees to take advantage of the system according to their stage of life.

#### ■ Preparation of "Work-Life Balance Guidebook"

SMBC, SMFL, SMBC Friend Securities, Sumitomo Mitsui Card, JRI, Kansai Urban Banking (fiscal 2013)

Group companies have already implemented programs for parental leave, leave for nursing, shorter working hours and other programs providing better benefits than those mandated by law. Further, these programs improve the support system for balancing both work and childcare by implementing the childcare allowance system and rehiring former employees system (for details, refer to page 70).

Additionally, these companies organize the "Visit the Workplace Day" event for their children to visit the workplace of parents for children to gain an understanding of the workplace. They also encourage their employees to take summer vacations and reduce their working hours.

#### ■ Organization of the "Visit the Workplace Day" event for children to visit their parents' workplace

SMBC, Sumitomo Mitsui Finance and Leasing, SMBC Friend Securities, Sumitomo Mitsui Card, SMBC Consumer Finance, JRI, Kansai Urban Banking

#### ■ Encouraging employees to take summer vacation and reduce working hours

Sumitomo Mitsui Finance and Leasing, Cedyne

#### ■ "Go Home Early with Family Day" event

SMBC, SMBC Nikko Securities

We also provide venues for working mothers and fathers to be able to exchange and share information on childcare.

#### ■ "Working Mothers' Meeting"

SMBC

#### ■ "Mom & Dad Luncheon"

JRI

We also support facilitating the smooth return to work for those who have taken time off from work for childcare.

- Implementation of online support programs for employees who have taken time off for childcare  
SMBC Nikko Securities
- Regular training seminars conducted for employees on leave for childcare  
SMBC, SMBC Consumer Finance, Minato Bank, Kansai Urban Banking
- Seminars for those planning to take maternity leave  
SMBC, SMBC Nikko Securities, Kansai Urban Banking

Group companies have been certified with “Kurumin” which is given to those companies that support their employees ability to manage both work and childcare, pursuant to the Act for Measures to Support the Development of the Next Generation, as a result of these initiatives implemented.

- “Kurumin certification” pursuant to the Act for Measures to Support the Development of the Next Generation  
SMBC, SMBC Nikko Securities, Sumitomo Mitsui Card, Cedyne, SMBC Consumer Finance, JRI, Minato Bank, Kansai Urban Banking



Children's Visitation Day

SMBC Consumer Finance recovery support seminar

## Enhancing Awareness of Individual Rights

SMBC has implemented in its corporate principles of action the statements that “we will respect the individual human dignity of our clients and employees” and “we will not allow any discrimination.” Training seminars and study sessions on human rights issues and discrimination are organized for general managers of branches and departments, employees newly-appointed to management positions, and newly hired employees. The promotional campaigns for promoting individual human rights are also organized to motivate our employees to reflect on individual human rights and to come up with the statement for such campaigns. Kansai Urban Banking is implementing measures to further develop the awareness of individual human rights by organizing human rights awareness study sessions for each regional group and by inviting employees to come up with an individual human rights statement. SMFG and its Group companies participate in the “United Nations Global Compact,” and also support the Compact’s 10 principles in the areas of human rights, labor standards, environment and anti-corruption measures.

## Employees

### ◆ SMBC

March 31	2012	2013	2014
Number of employees*	24,602	24,212	23,926
Male	13,274	13,014	12,493
Percentage of total	53.95%	53.75%	52.22%
Female	11,328	11,198	11,433
Percentage of total	46.05%	46.25%	47.78%
Average age	36 yrs 9 mos.	37 yrs 0 mos.	37 yrs 1 mos.
Male	40 yrs 4 mos.	40 yrs 3 mos.	40 yrs 3 mos.
Female	32 yrs 8 mos.	33 yrs 3 mos.	33 yrs 8 mos.
Average years of service	13 yrs 9 mos.	14 yrs 0 mos.	14 yrs 0 mos.
Male	16 yrs 8 mos.	16 yrs 8 mos.	16 yrs 7 mos.
Female	10 yrs 3 mos.	10 yrs 11 mos.	11 yrs 2 mos.
Number of women in managerial positions**	398	447	480
Ratio of employees with disabilities (% of total)***	1.99%	2.03%	2.10%

\* 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 each March 31

\*\*\* As of March 1 of the respective years

April 1	2012	2013	2014
Number of new hires	610	661	652
Number of newly employed female graduates****	199	245	231
Ratio of newly employed females to total new employees	32.6%	37.1%	35.4%

\*\*\*\* Includes *sogoshoku* staff, *sogoshoku* (retail course) staff and consumer service staff. Business Career Path employees are excluded.

Fiscal	2011	2012	2013
Number of employees taking parental leave	683	920	1,127
<Men taking such leave>	<27>	<55>	<30>
Number of career hires	11	17	26

### ◆ Sumitomo Mitsui Finance and Leasing

March 31	2012	2013	2014
Number of employees*	1,618	1,620	1,606
Male	1,007	1,017	1,019
Percentage of total	62.24%	62.78%	63.45%
Female	611	603	587
Percentage of total	37.76%	37.22%	36.55%
Average age	38 yrs 2 mos.	38 yrs 11 mos.	39 yrs 8 mos.
Male	40 yrs 10 mos.	41 yrs 5 mos.	41 yrs 11 mos.
Female	33 yrs 10 mos.	34 yrs 9 mos.	35 yrs 10 mos.
Average years of service	13 yrs 4 mos.	14 yrs 0 mos.	14 yrs 9 mos.
Male	15 yrs 9 mos.	16 yrs 3 mos.	16 yrs 9 mos.
Female	9 yrs 5 mos.	10 yrs 2 mos.	11 yrs 2 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: 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).

April 1	2012	2013	2014
Number of new hires	19	20	24
Number of newly employed female graduates	3	4	6
Ratio of newly employed females to total new employees	15.8%	20.0%	25.0%

Fiscal	2011	2012	2013
Number of employees taking parental leave	39	40	51
<Men taking such leave>	<0>	<0>	<0>

### ◆ SMBC Nikko Securities

March*	2012	2013	2014
Number of employees**	7,513	7,656	7,811
Male	4,771	4,863	4,981
Percentage of total	63.50%	63.52%	63.77%
Female	2,742	2,793	2,830
Percentage of total	36.50%	36.48%	36.23%
Average age	38 yrs 11 mos.	39 yrs 3 mos.	39 yrs 8 mos.
Male	40 yrs 2 mos.	40 yrs 4 mos.	40 yrs 8 mos.
Female	36 yrs 10 mos.	37 yrs 3 mos.	37 yrs 10 mos.
Average years of service	11 yrs 10 mos.	12 yrs 3 mos.	12 yrs 8 mos.
Male	12 yrs 2 mos.	12 yrs 6 mos.	12 yrs 11 mos.
Female	11 yrs 4 mos.	11 yrs 10 mos.	12 yrs 4 mos.

\* As of March 1 of the respective years

\*\* 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.

April 1	2012	2013	2014
Number of new hires***	388	293	516
Number of newly employed female graduates	165	111	224
Ratio of newly employed females to total new employees	42.5%	37.9%	43.4%

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

Fiscal	2011	2012	2013
Number of employees taking parental leave	248	262	287
<Men taking such leave>	<1>	<0>	<3>

### ◆ SMBC Friend Securities

March 31	2012	2013	2014
Number of employees*	1,846	1,814	1,855
Male	1,336	1,309	1,316
Percentage of total	72.37%	72.16%	70.94%
Female	510	505	539
Percentage of total	27.63%	27.84%	29.06%
Average age	38 yrs 4 mos.	38 yrs 11 mos.	38 yrs 11 mos.
Male	40 yrs 4 mos.	40 yrs 11 mos.	41 yrs 1 mos.
Female	33 yrs 1 mos.	33 yrs 9 mos.	33 yrs 8 mos.
Average years of service	14 yrs 9 mos.	15 yrs 3 mos.	15 yrs 3 mos.
Male	16 yrs 6 mos.	17 yrs 1 mos.	17 yrs 1 mos.
Female	10 yrs 2 mos.	10 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	2012	2013	2014
Number of new hires	151	159	245
Number of newly employed female graduates**	74	74	95
Ratio of newly employed females to total new employees	49.0%	46.5%	38.8%

\*\* Both non-area specified and area specified staff

Fiscal	2011	2012	2013
Number of employees taking parental leave	25	25	21
<Men taking such leave>	<5>	<0>	<0>

### ◆ Sumitomo Mitsui Card

March 31	2012	2013	2014
Number of employees*	2,323	2,353	2,367
Male	1,141	1,157	1,176
Percentage of total	49.12%	49.17%	49.68%
Female	1,182	1,196	1,191
Percentage of total	50.88%	50.83%	50.32%
Average age	37 yrs 1 mos.	37 yrs 7 mos.	38 yrs 1 mos.
Male	40 yrs 4 mos.	40 yrs 6 mos.	40 yrs 11 mos.
Female	34 yrs 0 mos.	34 yrs 8 mos.	35 yrs 4 mos.
Average years of service	11 yrs 7 mos.	12 yrs 2 mos.	12 yrs 8 mos.
Male	12 yrs 8 mos.	13 yrs 1 mos.	13 yrs 7 mos.
Female	10 yrs 7 mos.	11 yrs 4 mos.	11 yrs 10 mos.
Number of women in managerial positions**	23	24	26
Ratio of employees with disabilities (% of total)***	1.88%	2.24%	2.30%

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

\*\*\* Computed based on single month of March

April 1	2012	2013	2014
Number of new hires	49	55	59
Number of newly employed female graduates	24	29	32
Ratio of newly employed females to total new employees	49.0%	52.7%	54.2%

Fiscal	2011	2012	2013
Number of employees taking parental leave	59	63	65
<Men taking such leave>	<6>	<5>	<9>
Number of career hires	12	18	16

### ◆ Cedyne

March 31	2012	2013	2014
Number of employees*	3,192	3,095	3,192
Male	1,980	1,948	1,967
Percentage of total	62.03%	62.94%	61.62%
Female	1,212	1,147	1,225
Percentage of total	37.97%	37.06%	38.38%
Average age	39 yrs 6 mos.	40 yrs 5 mos.	41 yrs 2 mos.
Male	42 yrs 1 mos.	42 yrs 8 mos.	43 yrs 4 mos.
Female	35 yrs 5 mos.	36 yrs 6 mos.	37 yrs 6 mos.
Average years of service	15 yrs 5 mos.	16 yrs 4 mos.	17 yrs 4 mos.
Male	17 yrs 4 mos.	18 yrs 1 mos.	19 yrs 4 mos.
Female	12 yrs 1 mos.	13 yrs 4 mos.	14 yrs 1 mos.
Number of women in managerial positions **	19	22	29

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

\*\* As of March 31

April 1	2012	2013	2014
Number of new hires	16	20	35
Number of newly employed female graduates	0	3	34
Ratio of newly employed females to total new employees	0.0%	15.0%	97.1%

Fiscal	2011	2012	2013
Number of employees taking parental leave	63	71	100
<Men taking such leave>	<0>	<0>	<4>
Number of career hires	—	—	120

### ◆ SMBC Consumer Finance

March 31	2012	2013	2014
Number of employees*	1,971	2,121	2,531
Male	1,234	1,299	1,426
Percentage of total	62.61%	61.24%	56.34%
Female	737	822	1,105
Percentage of total	37.39%	38.76%	43.66%
Average age	37 yrs 2 mos.	37 yrs 9 mos.	38 yrs 2 mos.
Male	38 yrs 9 mos.	39 yrs 5 mos.	39 yrs 11 mos.
Female	34 yrs 5 mos.	35 yrs 1 mos.	36 yrs 2 mos.
Average years of service	13 yrs 1 mos.	12 yrs 11 mos.	11 yrs 4 mos.
Male	15 yrs 1 mos.	15 yrs 2 mos.	14 yrs 1 mos.
Female	9 yrs 9 mos.	9 yrs 5 mos.	7 yrs 8 mos.
Number of women in managerial positions**	—	—	39
Ratio of employees with disabilities (% of total)***	2.39%	2.12%	1.86%

\* 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

\*\*\* As of March 1 of each respective fiscal year

April 1	2012	2013	2014
Number of new hires	16	28	40
Number of newly employed female graduates	11	14	26
Ratio of newly employed females to total new employees	68.8%	50.0%	65.0%

Fiscal	2011	2012	2013
Number of employees taking parental leave <Men taking such leave>	83 <0>	88 <1>	68 <1>
Number of career hires	—	14	5

### ◆ Japan Research Institute

March 31	2012	2013	2014
Number of employees*	2,272	2,265	2,247
Male	1,726	1,705	1,705
Percentage of total	75.97%	75.28%	75.88%
Female	546	560	542
Percentage of total	24.03%	24.72%	24.12%
Average age	39 yrs 3 mos.	39 yrs 9 mos.	40 yrs 3 mos.
Male	40 yrs 1 mos.	40 yrs 6 mos.	41 yrs 0 mos.
Female	36 yrs 7 mos.	37 yrs 3 mos.	38 yrs 1 mos.
Average years of service	10 yrs 2 mos.	10 yrs 8 mos.	11 yrs 3 mos.
Male	10 yrs 6 mos.	11 yrs 1 mos.	11 yrs 7 mos.
Female	8 yrs 11 mos.	9 yrs 6 mos.	10 yrs 0 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	2012	2013	2014
Number of new hires	43	48	68
Number of newly employed female graduates**	17	15	17
Ratio of newly employed females to total new employees	39.5%	31.3%	25.0%

\*\* Includes only *sogoshoku* staff. *Ippanshoku* staff are excluded.

Fiscal	2011	2012	2013
Number of employees taking parental leave <Men taking such leave>	54 <6>	50 <4>	35 <7>

### ◆ THE MINATO BANK

March 31	2012	2013	2014
Number of employees*	1,911	1,921	1,928
Male	1,225	1,220	1,215
Percentage of total	64.10%	63.51%	63.02%
Female	686	701	713
Percentage of total	35.90%	36.49%	36.98%
Average age	41 yrs 0 mos.	41 yrs 3 mos.	40 yrs 11 mos.
Male	44 yrs 5 mos.	44 yrs 8 mos.	44 yrs 1 mos.
Female	34 yrs 11 mos.	35 yrs 5 mos.	35 yrs 7 mos.
Average years of service	17 yrs 1 mos.	17 yrs 4 mos.	16 yrs 7 mos.
Male	20 yrs 4 mos.	20 yrs 7 mos.	19 yrs 8 mos.
Female	11 yrs 4 mos.	11 yrs 8 mos.	11 yrs 3 mos.

\* 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.

April 1	2012	2013	2014
Number of new hires	68	82	88
Number of newly employed female graduates	36	37	41
Ratio of newly employed females to total new employees	52.9%	45.1%	46.6%

Fiscal	2011	2012	2013
Number of employees taking parental leave** <Men taking such leave>	26 <2>	21 <1>	31 <0>

\*\* Selected from those whose leave began during the fiscal year

### ◆ Kansai Urban Banking

March 31	2012	2013	2014
Number of employees*	2,712	2,661	2,567
Male	1,850	1,788	1,701
Percentage of total	68.22%	67.19%	66.26%
Female	862	873	866
Percentage of total	31.78%	32.81%	33.74%
Average age	40 yrs 1 mos.	40 yrs 3 mos.	40 yrs 2 mos.
Male	43 yrs 5 mos.	43 yrs 5 mos.	43 yrs 3 mos.
Female	32 yrs 11 mos.	33 yrs 6 mos.	34 yrs 3 mos.
Average years of service	16 yrs 11 mos.	17 yrs 0 mos.	16 yrs 11 mos.
Male	19 yrs 10 mos.	19 yrs 8 mos.	19 yrs 5 mos.
Female	10 yrs 9 mos.	11 yrs 3 mos.	11 yrs 9 mos.
Number of women in managerial positions**	117	124	138

\* 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, employees of temporary employment agencies.

\*\* As of March 31, but applies only to those with deputy positions and higher rank

April 1	2012	2013	2014
Number of new hires	91	96	118
Number of newly employed female graduates	55	55	70
Ratio of newly employed females to total new employees	60.4%	57.3%	59.3%

Fiscal	2011	2012	2013
Number of employees taking parental leave <Men taking such leave>	37 <0>	54 <1>	91 <0>

• The combined employment ratio for persons with disabilities for the above 10 companies was 2.02% as of March 2014.

## Main Work-Life Balance Support Systems (Employee Support Programs)

	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"> <li>• Short-term childcare leave</li> <li>• Work relocations</li> <li>• Child-care subsidies</li> <li>• Leave for nursing care</li> <li>• Shorter working hours allowed for nursing care</li> <li>• System for rehiring former employees</li> </ul>
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"> <li>• Work relocations</li> <li>• System for rehiring former employees</li> </ul>
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"> <li>• Short-term childcare leave</li> <li>• Use of designated day-care center at discounted rates</li> <li>• Leave for nursing care</li> <li>• Special days off for nursing care</li> <li>• Shorter working hours allowed for nursing care</li> <li>• Short-term leave for nursing care</li> <li>• Staggered working hours (shift system)</li> </ul>
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)	Until March 31 of the 3rd grade 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"> <li>• Short-term childcare leave</li> <li>• Leave for nursing care</li> <li>• Shorter working hours allowed for nursing care</li> <li>• System for rehiring former employees</li> </ul>
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"> <li>• Work relocations</li> <li>• Child-care subsidies</li> <li>• Leave for nursing care</li> <li>• Shorter working hours allowed for nursing care</li> <li>• System for rehiring former employees</li> </ul>
Cedyna	Until 3 years of age	Until March 31 of the 3rd grade (5 days per annum per child; no upper limit)	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"> <li>• Maternity leave and work</li> <li>• Short-term childcare leave</li> <li>• Leave for nursing care</li> <li>• Shorter working hours allowed for nursing care</li> <li>• System for rehiring former employees</li> <li>• Maternity leave (for men)</li> </ul>
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"> <li>• A grace period for job rotation</li> <li>• Leave for nursing care</li> <li>• Shorter working hours allowed for nursing care</li> <li>• Paid leave by the hour</li> <li>• Half-day paid leave</li> <li>• Leave before and after maternity</li> <li>• Child-care leave (2 days)</li> <li>• Company-visiting day (2 days a year)</li> <li>• Rehiring of former employees who quit for child-care or care-giving reasons</li> <li>• Husband's maternity leave (3 days)</li> </ul>
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"> <li>• Child-care subsidies</li> <li>• Leave for nursing care</li> <li>• Shorter working hours allowed for nursing care, etc</li> <li>• More time off and shorter working hours allowed for nursing care</li> <li>• Days off for nursing care</li> </ul>
THE MINATO BANK	Until 3 years of age	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Until the entry into elementary school, employees can opt for 6-hour working day	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> <li>• Maternity leave (to help spouse)</li> <li>• Leave for nursing care</li> <li>• Shorter working hours allowed</li> <li>• Child-care allowance</li> <li>• System for rehiring former employees</li> </ul>
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)	Until the entry into elementary school, employees can opt for 6-hour working day	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> <li>• Short-term childcare leave (5 days)</li> <li>• System for rehiring former employees</li> <li>• Leave for nursing care</li> <li>• Home helpers provided</li> </ul>





# Financial Section and Corporate Data

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# Consolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	2014
<b>Assets</b>			
Cash and due from banks (Notes 9 and 27).....	¥ 26,993,164	¥ 5,202,119	\$ 262,375
Deposits with banks (Notes 9 and 27).....	5,997,949	5,597,172	58,300
Call loans and bills bought (Notes 9 and 27).....	1,248,235	1,353,746	12,133
Receivables under resale agreements (Note 27).....	522,860	273,217	5,082
Receivables under securities borrowing transactions (Note 27).....	3,780,260	3,494,398	36,744
Monetary claims bought (Notes 9 and 27).....	3,552,658	1,540,516	34,532
Trading assets (Notes 3, 9 and 27).....	6,957,419	7,765,554	67,627
Money held in trust (Notes 27 and 28).....	23,120	22,789	225
Securities (Notes 4, 9, 27 and 28).....	27,152,781	41,306,731	263,927
Loans and bills discounted (Notes 5, 9 and 27).....	68,227,688	65,632,091	663,177
Foreign exchanges (Note 27).....	1,790,406	2,226,427	17,403
Lease receivables and investment assets (Notes 9, 26 and 27).....	1,827,251	1,684,800	17,761
Other assets (Notes 6, 9 and 29).....	4,181,512	4,367,634	40,645
Tangible fixed assets (Notes 7, 9 and 15).....	2,346,788	1,983,772	22,811
Intangible fixed assets (Note 8).....	819,895	790,860	7,969
Net defined benefit asset (Note 30).....	119,932	—	1,166
Deferred tax assets (Note 32).....	173,180	374,258	1,683
Customers' liabilities for acceptances and guarantees.....	6,566,818	6,009,575	63,830
Reserve for possible loan losses (Note 27).....	(747,536)	(928,866)	(7,266)
<b>Total assets</b> .....	<b>¥161,534,387</b>	<b>¥148,696,800</b>	<b>\$1,570,124</b>

(Continued)

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	2014
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits (Notes 9, 10 and 27).....	¥108,045,465	¥100,837,465	\$1,050,209
Call money and bills sold (Notes 9 and 27).....	4,112,428	2,954,051	39,973
Payables under repurchase agreements (Notes 9 and 27).....	1,710,101	2,076,791	16,622
Payables under securities lending transactions (Notes 9 and 27).....	5,330,974	4,433,835	51,817
Commercial paper (Note 27).....	2,374,051	1,499,499	23,076
Trading liabilities (Notes 9, 11 and 27).....	4,779,969	6,119,631	46,462
Borrowed money (Notes 9, 12 and 27).....	7,020,841	4,979,460	68,243
Foreign exchanges (Note 27).....	451,658	337,901	4,390
Short-term bonds (Notes 13 and 27).....	1,145,200	1,126,300	11,131
Bonds (Notes 13 and 27).....	5,090,894	4,750,806	49,484
Due to trust account (Note 27).....	699,329	643,350	6,798
Other liabilities (Notes 9, 14, 26 and 29).....	4,712,069	3,989,794	45,802
Reserve for employee bonuses.....	69,419	59,855	675
Reserve for executive bonuses.....	4,921	4,037	48
Reserve for employee retirement benefits (Note 30).....	—	44,579	—
Net defined benefit liability (Note 30).....	45,385	—	441
Reserve for executive retirement benefits.....	2,004	2,420	19
Reserve for point service program.....	20,355	19,319	198
Reserve for reimbursement of deposits.....	14,858	11,195	144
Reserve for losses on interest repayment.....	190,182	245,423	1,849
Reserve under the special laws.....	771	481	7
Deferred tax liabilities (Note 32).....	103,390	68,120	1,005
Deferred tax liabilities for land revaluation (Note 15).....	38,276	39,683	372
Acceptances and guarantees (Note 9).....	6,566,818	6,009,575	63,830
<b>Total liabilities</b> .....	<b>152,529,368</b>	<b>140,253,582</b>	<b>1,482,595</b>
<b>Net assets (Note 24)</b>			
Capital stock (Note 16).....	2,337,895	2,337,895	22,724
Capital surplus.....	758,349	758,630	7,371
Retained earnings.....	3,480,085	2,811,474	33,827
Treasury stock.....	(175,115)	(227,373)	(1,702)
<b>Total stockholders' equity</b> .....	<b>6,401,215</b>	<b>5,680,627</b>	<b>62,220</b>
Net unrealized gains on other securities (Notes 28 and 32).....	949,508	755,753	9,229
Net deferred losses on hedges (Notes 29 and 32).....	(60,946)	(32,863)	(592)
Land revaluation excess (Note 15).....	35,749	39,129	347
Foreign currency translation adjustments.....	27,239	(97,448)	265
Remeasurements of defined benefit plans.....	(73,579)	—	(715)
<b>Total accumulated other comprehensive income</b> .....	<b>877,971</b>	<b>664,570</b>	<b>8,534</b>
Stock acquisition rights (Note 31).....	1,791	1,260	17
Minority interests.....	1,724,041	2,096,760	16,758
<b>Total net assets</b> .....	<b>9,005,019</b>	<b>8,443,218</b>	<b>87,529</b>
<b>Total liabilities and net assets</b> .....	<b>¥161,534,387</b>	<b>¥148,696,800</b>	<b>\$1,570,124</b>

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

## (Consolidated Statements of Income)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	2014
<b>Income</b>			
Interest income.....	¥1,805,015	¥1,707,513	\$17,545
Interest on loans and discounts .....	1,267,568	1,292,930	12,321
Interest and dividends on securities.....	343,905	251,675	3,343
Interest on receivables under resale agreements.....	7,749	6,240	75
Interest on receivables under securities borrowing transactions .....	7,293	6,565	71
Interest on deposits with banks .....	38,162	33,191	371
Interest on lease transactions.....	60,545	64,425	589
Other interest income .....	79,790	52,483	776
Trust fees.....	2,472	1,871	24
Fees and commissions (Note 17).....	1,112,429	1,040,126	10,813
Trading income (Note 18).....	211,881	206,741	2,059
Other operating income (Note 19).....	1,203,500	1,283,776	11,698
Gains on reversal of reserve for possible loan losses .....	136,212	—	1,324
Other income (Note 21).....	175,595	86,780	1,707
<b>Total income</b> .....	<b>4,647,109</b>	<b>4,326,809</b>	<b>45,170</b>
<b>Expenses</b>			
Interest expenses .....	320,846	314,876	3,119
Interest on deposits.....	144,147	137,802	1,401
Interest on borrowings and rediscounts.....	44,913	56,530	437
Interest on payables under repurchase agreements.....	4,106	6,301	40
Interest on payables under securities lending transactions .....	3,494	6,284	34
Interest on bonds and short-term bonds .....	92,423	87,755	898
Other interest expenses .....	31,761	20,200	309
Fees and commissions payments (Note 17).....	127,840	131,957	1,243
Trading losses (Note 18).....	—	40,124	—
Other operating expenses (Note 20).....	988,380	960,179	9,607
General and administrative expenses .....	1,569,945	1,496,294	15,260
Provision for reserve for possible loan losses .....	—	36,475	—
Other expenses (Note 22).....	217,402	282,867	2,113
<b>Total expenses</b> .....	<b>3,224,414</b>	<b>3,262,775</b>	<b>31,342</b>
<b>Income before income taxes and minority interests</b> .....	<b>1,422,694</b>	<b>1,064,033</b>	<b>13,829</b>
Income taxes (Note 32):			
Income taxes-current .....	290,186	279,898	2,821
Income taxes-deferred .....	168,618	(133,930)	1,639
<b>Income before minority interests</b> .....	<b>963,889</b>	<b>918,065</b>	<b>9,369</b>
Minority interests in net income .....	128,532	124,006	1,249
<b>Net income</b> .....	<b>¥ 835,357</b>	<b>¥ 794,059</b>	<b>\$ 8,120</b>

## (Consolidated Statements of Comprehensive Income)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	2014
<b>Income before minority interests</b> .....	<b>¥ 963,889</b>	<b>¥ 918,065</b>	<b>\$ 9,369</b>
<b>Other comprehensive income</b> (Note 23).....	<b>339,405</b>	<b>540,041</b>	<b>3,299</b>
Net unrealized gains on other securities .....	201,566	445,678	1,959
Net deferred losses on hedges .....	(27,473)	(1,076)	(267)
Land revaluation excess.....	18	—	0
Foreign currency translation adjustments .....	170,062	99,626	1,653
Share of other comprehensive income of affiliates .....	(4,768)	(4,187)	(46)
<b>Total comprehensive income</b> .....	<b>1,303,295</b>	<b>1,458,107</b>	<b>12,668</b>
Comprehensive income attributable to shareholders of the parent .....	1,125,735	1,262,572	10,942
Comprehensive income attributable to minority interests .....	177,559	195,534	1,726

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Changes in Net Assets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2014	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the fiscal year .....	¥2,337,895	¥758,630	¥2,811,474	¥(227,373)	¥5,680,627
Adjustment due to changes in accounting policies as a result of revisions to accounting standards .....			(168)		(168)
Changes in the fiscal year:					
Cash dividends.....			(169,973)		(169,973)
Net income .....			835,357		835,357
Purchase of treasury stock.....				(500)	(500)
Disposal of treasury stock.....		(281)		52,759	52,477
Increase due to increase in subsidiaries .....			6		6
Increase due to decrease in subsidiaries .....			4		4
Decrease due to increase in subsidiaries.....			(5)		(5)
Decrease due to decrease in subsidiaries.....			(7)		(7)
Transfer from land revaluation excess.....			3,398		3,398
Net changes in items other than stockholders' equity in the fiscal year .....					
Net changes in the fiscal year .....	—	(281)	668,779	52,258	720,755
Balance at the end of the fiscal year .....	¥2,337,895	¥758,349	¥3,480,085	¥(175,115)	¥6,401,215

Year ended March 31, 2014	Millions of yen					
	Accumulated other comprehensive income					
	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of the fiscal year .....	¥755,753	¥(32,863)	¥39,129	¥ (97,448)	¥ —	¥664,570
Adjustment due to changes in accounting policies as a result of revisions to accounting standards .....						
Changes in the fiscal year:						
Cash dividends.....						
Net income .....						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Increase due to increase in subsidiaries .....						
Increase due to decrease in subsidiaries .....						
Decrease due to increase in subsidiaries.....						
Decrease due to decrease in subsidiaries.....						
Transfer from land revaluation excess.....						
Net changes in items other than stockholders' equity in the fiscal year .....	193,754	(28,082)	(3,380)	124,687	(73,579)	213,400
Net changes in the fiscal year .....	193,754	(28,082)	(3,380)	124,687	(73,579)	213,400
Balance at the end of the fiscal year .....	¥949,508	¥(60,946)	¥35,749	¥ 27,239	¥(73,579)	¥877,971

Year ended March 31, 2014	Millions of yen		
	Stock acquisition rights	Minority interests	Total net assets
Balance at the beginning of the fiscal year .....	¥1,260	¥2,096,760	¥8,443,218
Adjustment due to changes in accounting policies as a result of revisions to accounting standards .....		802	634
Changes in the fiscal year:			
Cash dividends.....			(169,973)
Net income .....			835,357
Purchase of treasury stock.....			(500)
Disposal of treasury stock.....			52,477
Increase due to increase in subsidiaries .....			6
Increase due to decrease in subsidiaries .....			4
Decrease due to increase in subsidiaries.....			(5)
Decrease due to decrease in subsidiaries.....			(7)
Transfer from land revaluation excess.....			3,398
Net changes in items other than stockholders' equity in the fiscal year .....	531	(373,521)	(159,589)
Net changes in the fiscal year .....	531	(373,521)	561,166
Balance at the end of the fiscal year .....	¥1,791	¥1,724,041	¥9,005,019

See accompanying notes to consolidated financial statements.

	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Year ended March 31, 2013					
Balance at the beginning of the fiscal year .....	¥2,337,895	¥759,800	¥2,152,654	¥(236,037)	¥5,014,313
Changes in the fiscal year:					
Cash dividends.....			(135,252)		(135,252)
Net income .....			794,059		794,059
Purchase of treasury stock.....				(263)	(263)
Disposal of treasury stock.....		(1,170)		8,927	7,756
Increase due to increase in subsidiaries .....			10		10
Increase due to decrease in subsidiaries .....			0		0
Decrease due to increase in subsidiaries.....			(9)		(9)
Decrease due to decrease in subsidiaries.....			(16)		(16)
Transfer from land revaluation excess.....			29		29
Net changes in items other than stockholders' equity in the fiscal year .....			658,820	8,663	666,313
Net changes in the fiscal year .....	—	(1,170)	658,820	8,663	666,313
Balance at the end of the fiscal year .....	¥2,337,895	¥758,630	¥2,811,474	¥(227,373)	¥5,680,627

	Millions of yen				
	Accumulated other comprehensive income				
	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total accumulated other comprehensive income
Year ended March 31, 2013					
Balance at the beginning of the fiscal year .....	¥330,433	¥(32,122)	¥39,158	¥(141,382)	¥196,087
Changes in the fiscal year:					
Cash dividends.....					
Net income .....					
Purchase of treasury stock.....					
Disposal of treasury stock.....					
Increase due to increase in subsidiaries .....					
Increase due to decrease in subsidiaries .....					
Decrease due to increase in subsidiaries.....					
Decrease due to decrease in subsidiaries.....					
Transfer from land revaluation excess.....					
Net changes in items other than stockholders' equity in the fiscal year .....	425,320	(741)	(29)	43,933	468,483
Net changes in the fiscal year .....	425,320	(741)	(29)	43,933	468,483
Balance at the end of the fiscal year .....	¥755,753	¥(32,863)	¥39,129	¥(97,448)	¥664,570

	Millions of yen		
	Stock acquisition rights	Minority interests	Total net assets
	Year ended March 31, 2013		
Balance at the beginning of the fiscal year .....	¥ 692	¥2,043,883	¥7,254,976
Changes in the fiscal year:			
Cash dividends.....			(135,252)
Net income .....			794,059
Purchase of treasury stock.....			(263)
Disposal of treasury stock.....			7,756
Increase due to increase in subsidiaries .....			10
Increase due to decrease in subsidiaries .....			0
Decrease due to increase in subsidiaries.....			(9)
Decrease due to decrease in subsidiaries.....			(16)
Transfer from land revaluation excess.....			29
Net changes in items other than stockholders' equity in the fiscal year .....	567	52,877	521,928
Net changes in the fiscal year .....	567	52,877	1,188,242
Balance at the end of the fiscal year .....	¥1,260	¥2,096,760	¥8,443,218

See accompanying notes to consolidated financial statements.

## Millions of U.S. dollars (Note 1)

Year ended March 31, 2014	Stockholders' equity				Total stockholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the fiscal year .....	\$22,724	\$7,374	\$27,328	\$(2,210)	\$55,216
Adjustment due to changes in accounting policies as a result of revisions to accounting standards .....			(2)		(2)
Changes in the fiscal year:					
Cash dividends.....			(1,652)		(1,652)
Net income .....			8,120		8,120
Purchase of treasury stock.....				(5)	(5)
Disposal of treasury stock.....		(3)		513	510
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)
Transfer from land revaluation excess.....			33		33
Net changes in items other than stockholders' equity in the fiscal year .....					
Net changes in the fiscal year .....	—	(3)	6,501	508	7,006
Balance at the end of the fiscal year .....	\$22,724	\$7,371	\$33,827	\$(1,702)	\$62,220

## Millions of U.S. dollars (Note 1)

Year ended March 31, 2014	Accumulated other comprehensive income					Total accumulated other comprehensive income
	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Remeasurements of defined benefit plans	
Balance at the beginning of the fiscal year .....	\$7,346	\$(319)	\$380	\$ (947)	\$ —	\$6,460
Adjustment due to changes in accounting policies as a result of revisions to accounting standards .....						
Changes in the fiscal year:						
Cash dividends.....						
Net income .....						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Increase due to increase in subsidiaries .....						
Increase due to decrease in subsidiaries .....						
Decrease due to increase in subsidiaries.....						
Decrease due to decrease in subsidiaries.....						
Transfer from land revaluation excess.....						
Net changes in items other than stockholders' equity in the fiscal year .....	1,883	(273)	(33)	1,212	(715)	2,074
Net changes in the fiscal year .....	1,883	(273)	(33)	1,212	(715)	2,074
Balance at the end of the fiscal year .....	\$9,229	\$(592)	\$347	\$ 265	\$(715)	\$8,534

## Millions of U.S. dollars (Note 1)

Year ended March 31, 2014	Stock acquisition rights	Minority interests	Total net assets
Balance at the beginning of the fiscal year .....	\$12	\$20,381	\$82,069
Adjustment due to changes in accounting policies as a result of revisions to accounting standards .....		8	6
Changes in the fiscal year:			
Cash dividends.....			(1,652)
Net income .....			8,120
Purchase of treasury stock.....			(5)
Disposal of treasury stock.....			510
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)
Transfer from land revaluation excess.....			33
Net changes in items other than stockholders' equity in the fiscal year .....	5	(3,631)	(1,551)
Net changes in the fiscal year .....	5	(3,631)	5,455
Balance at the end of the fiscal year .....	\$17	\$16,758	\$87,529

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	2014
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests .....	¥ 1,422,694	¥ 1,064,033	\$ 13,829
Depreciation .....	201,421	184,400	1,958
Losses on impairment of fixed assets .....	3,348	4,314	33
Amortization of goodwill .....	29,033	25,329	282
Gains on negative goodwill .....	(1,031)	(3)	(10)
Gains on step acquisitions .....	(1,564)	(140)	(15)
Equity in gains of affiliates .....	(10,241)	(5,309)	(100)
Net change in reserve for possible loan losses .....	(191,436)	(45,596)	(1,861)
Net change in reserve for employee bonuses .....	8,833	11,328	86
Net change in reserve for executive bonuses .....	848	1,162	8
Net change in reserve for employee retirement benefits .....	—	(1,572)	—
Net change in net defined benefit asset and liability .....	(9,477)	—	(92)
Net change in reserve for executive retirement benefits .....	(423)	(98)	(4)
Net change in reserve for point service program .....	1,036	(30)	10
Net change in reserve for reimbursement of deposits .....	3,662	214	36
Net change in reserve for losses on interest repayment .....	(55,241)	(155,083)	(537)
Interest income .....	(1,805,015)	(1,707,513)	(17,545)
Interest expenses .....	320,846	314,876	3,119
Net gains on securities .....	(90,773)	(91,432)	(882)
Net (gains) losses from money held in trust .....	(69)	1,587	(1)
Net exchange gains .....	(436,009)	(859,265)	(4,238)
Net losses from disposal of fixed assets .....	8,595	5,480	84
Net change in trading assets .....	962,762	508,869	9,358
Net change in trading liabilities .....	(1,496,425)	(217,461)	(14,545)
Net change in loans and bills discounted .....	(3,514,311)	(2,837,157)	(34,159)
Net change in deposits .....	4,804,365	4,601,549	46,699
Net change in negotiable certificates of deposit .....	1,938,016	3,122,529	18,838
Net change in borrowed money (excluding subordinated borrowings) .....	1,841,210	(4,349,415)	17,897
Net change in deposits with banks .....	(106,782)	(2,195,718)	(1,038)
Net change in call loans and bills bought and others .....	(158,611)	(187,455)	(1,542)
Net change in receivables under securities borrowing transactions .....	(103,076)	1,045,156	(1,002)
Net change in call money and bills sold and others .....	728,086	1,163,090	7,077
Net change in commercial paper .....	325,572	306,250	3,165
Net change in payables under securities lending transactions .....	897,138	(1,376,894)	8,720
Net change in foreign exchanges (assets) .....	521,251	(912,372)	5,067
Net change in foreign exchanges (liabilities) .....	75,411	33,865	733
Net change in lease receivables and investment assets .....	(113,452)	27,486	(1,103)
Net change in short-term bonds (liabilities) .....	18,900	216,900	184
Issuance and redemption of bonds (excluding subordinated bonds) .....	648,969	505,627	6,308
Net change in due to trust account .....	53,680	199,626	522
Interest received .....	1,840,198	1,732,270	17,887
Interest paid .....	(324,535)	(323,687)	(3,155)
Other, net .....	466,620	415,235	4,536
<b>Subtotal .....</b>	<b>8,704,024</b>	<b>224,976</b>	<b>84,604</b>
Income taxes paid .....	(400,272)	(133,520)	(3,891)
<b>Net cash provided by operating activities .....</b>	<b>8,303,752</b>	<b>91,455</b>	<b>80,713</b>



(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	2014
<b>Cash flows from investing activities:</b>			
Purchases of securities .....	¥(19,929,619)	¥(52,234,418)	\$(193,717)
Proceeds from sale of securities .....	26,799,071	46,632,816	260,489
Proceeds from maturity of securities.....	8,130,520	7,224,688	79,029
Purchases of money held in trust.....	(1,010)	(3,791)	(10)
Proceeds from sale of money held in trust.....	367	3,191	4
Purchases of tangible fixed assets.....	(465,147)	(291,609)	(4,521)
Proceeds from sale of tangible fixed assets.....	160,832	96,692	1,563
Purchases of intangible fixed assets.....	(127,664)	(106,291)	(1,241)
Proceeds from sale of intangible fixed assets.....	5	212	0
Purchases of stocks of subsidiaries.....	(825)	(7,549)	(8)
Purchases of stocks of subsidiaries resulting in change in scope of consolidation .....	(46,678)	(95,721)	(454)
Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation .....	672	34,916	7
<b>Net cash provided by investing activities .....</b>	<b>14,520,523</b>	<b>1,253,136</b>	<b>141,140</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of subordinated borrowings.....	—	33,200	—
Repayment of subordinated borrowings .....	(32,000)	(93,000)	(311)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights.....	2,111	127,263	21
Repayment of subordinated bonds and bonds with stock acquisition rights .....	(349,910)	(561,289)	(3,401)
Dividends paid.....	(169,983)	(135,202)	(1,652)
Proceeds from contributions paid by minority stockholders.....	1	—	0
Repayment to minority stockholders.....	(452,868)	(12,500)	(4,402)
Dividends paid to minority stockholders .....	(96,492)	(101,352)	(938)
Purchases of treasury stock.....	(500)	(263)	(5)
Proceeds from disposal of treasury stock.....	60,666	23	590
Purchases of treasury stock of subsidiaries.....	(10)	(5)	(0)
Proceeds from sale of treasury stock of subsidiaries.....	172	178	2
<b>Net cash used in financing activities.....</b>	<b>(1,038,814)</b>	<b>(742,948)</b>	<b>(10,097)</b>
<b>Effect of exchange rate changes on cash and due from banks.....</b>	<b>5,583</b>	<b>11,616</b>	<b>54</b>
<b>Net change in cash and due from banks .....</b>	<b>21,791,044</b>	<b>613,260</b>	<b>211,810</b>
<b>Cash and due from banks at the beginning of the year .....</b>	<b>5,202,119</b>	<b>4,588,858</b>	<b>50,565</b>
<b>Increase in cash and due from banks from newly consolidated subsidiaries.....</b>	<b>—</b>	<b>0</b>	<b>—</b>
<b>Cash and due from banks at the end of the year .....</b>	<b>¥ 26,993,164</b>	<b>¥ 5,202,119</b>	<b>\$ 262,375</b>

See accompanying notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Years ended March 31, 2014 and 2013

## 1. 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.

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 International Financial Reporting Standards, in which case a certain limited number of items are adjusted based on their materiality.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of SMFG prepared in accordance with Japanese GAAP.

Some supplementary information included in the statutory Japanese language consolidated financial statements, but not necessarily required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than 1 million yen have been omitted. 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, 2014, which was ¥102.88 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.

## 2. Significant Accounting Policies

### (1) Consolidation and equity method

#### (a) Scope of consolidation

Japanese accounting standards on consolidated financial statements require a company to consolidate any subsidiary when the company substantially controls the operations of the enterprise, even if it is not a majority owned subsidiary. Control is defined as the power to govern the decision-making body of an enterprise.

#### (i) Consolidated subsidiaries

324 companies

Principal companies:

Sumitomo Mitsui Banking Corporation  
Sumitomo Mitsui Finance and Leasing Company, Limited  
SMBC Nikko Securities Inc.  
SMBC Friend Securities Co., Ltd.  
Sumitomo Mitsui Card Company, Limited

Cedyna Financial Corporation  
SMBC Consumer Finance Co., Ltd.  
The Japan Research Institute, Limited  
THE MINATO BANK, LTD.  
Kansai Urban Banking Corporation  
Sumitomo Mitsui Banking Corporation Europe Limited  
Sumitomo Mitsui Banking Corporation (China) Limited  
SMBC Finance Service Co., Ltd.  
SMBC Capital Markets, Inc.

Changes in the consolidated subsidiaries in the fiscal year ended March 31, 2014 are as follows:

35 companies including SMBC Trust Bank Ltd. were newly included in the scope of consolidation as a result of the acquisition of stocks and for other reasons. 13 companies including Chelsea Capital Corporation were also newly consolidated in accordance with the revision to the Accounting Standard for Consolidated Financial Statements effective March 25, 2011 (ASBJ Statement No. 22) and related rules, which are applied from fiscal years beginning on or after April 1, 2013.

28 companies including PROCENT Inc. were excluded from the scope of consolidation because they ceased to be SMFG's subsidiaries due to mergers and for other reasons.

19 companies including Ivory Leasing Co., Ltd. were excluded from the scope of consolidation and became unconsolidated subsidiaries that are not accounted for by the equity method because they became operators of silent partnerships for the lease business.

#### (ii) Unconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

195 subsidiaries including SMLC MAHOGANY CO., LTD. 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 including SBCS Co., Ltd. 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.

#### (b) Application of the equity method

Japanese accounting standards also require that any unconsolidated subsidiaries and affiliates which SMFG is able to exercise material influence over their financial and operating policies be accounted for by the equity method.

#### (i) Unconsolidated subsidiaries accounted for by the equity method

5 companies

Principal company:

SBCS Co., Ltd.

## (ii) Equity method affiliates

41 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, 2014 are as follows:

7 companies including PT Bank Tabungan Pensiunan Nasional Tbk newly became equity method affiliates due to the acquisition of stocks and for other reasons.

Mobit Co., Ltd. was excluded from the scope of affiliates accounted for by the equity method, because it became a subsidiary as a result of an increase in the ratio of voting rights. 4 companies including Shimizu Sogo Lease Co., Ltd. were also excluded from the scope because they ceased to be SMFG's affiliates due to mergers and for other reasons.

Toyota Asset Management Co., Ltd. became an equity method affiliate on April 1, 2013 through the acquisition of stocks. However, since it merged with Sumitomo Mitsui Asset Management Company, Limited on the same day, it was excluded from the scope of affiliates.

## (iii) Unconsolidated subsidiaries that are not accounted for by the equity method

195 subsidiaries including SMLC MAHOGANY CO., LTD. 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.

## (iv) 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.

## (c) The balance sheet dates of consolidated subsidiaries

## (i) The balance sheet dates of the consolidated subsidiaries are as follows:

June 30 .....	5 companies
October 31 .....	3 companies
November 30 .....	3 companies
December 31 .....	130 companies
January 31 .....	25 companies
February 28 .....	4 companies
March 31 .....	154 companies

## (ii) The subsidiaries with balance sheets dated June 30 are consolidated using the financial statements as of December

31 or March 31 for the purpose of consolidation. The subsidiaries with balance sheets dated October 31 are consolidated using the financial statements as of January 31. The subsidiaries with balance sheets dated November 30 are consolidated using the financial statements as of March 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 them on their respective balance sheet dates.

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

## (2) 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" or "Trading losses" on the consolidated statements of income.

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

"Trading income" and "Trading losses" include interest received or paid during the fiscal year. The 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.

## (3) Securities

(a) 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 (based on 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 those classified for 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 for which it is 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.

(b) Securities included in money held in trust are carried in the same method used for securities mentioned above.

(4) Derivative transactions

Derivative transactions, excluding those for trading purposes, are carried at fair value.

(5) Depreciation

(a) 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 their tangible fixed assets primarily using the straight-line method over the estimated useful lives of the respective assets.

(b) 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).

(c) Assets for rent

Assets for rent are depreciated using the straight-line method, assuming that lease terms are, in principle, their depreciation period and salvage value is the estimated disposal value when the lease period expires.

(d) 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.

(6) Reserve for possible loan losses

The reserve for possible loan losses of major consolidated subsidiaries is provided for as described 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 claims, 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 amounts of write-off were ¥511,043 million (\$4,967 million) and ¥653,146 million for the years ended March 31, 2014 and 2013, respectively.

(7) 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 respective fiscal year.

(8) Reserve for executive bonuses

The reserve for executive bonuses is provided for payment of bonuses to directors, corporate auditors and other executive officers, in the amount of estimated bonuses, which are attributable to the respective fiscal year.

(9) 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 the internal regulations.

(10) 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.

(11) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits which were derecognized from liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on historical reimbursements.

(12) 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.

## (13) 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.

## (14) Employee retirement benefits

In calculating the projected benefit obligation, the straight-line basis is used to attribute the expected benefit to each service period.

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.

## (15) 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 rates 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 rates prevailing at their respective balance sheet dates.

## (16) Lease transactions

## (a) Recognition of income on finance leases

Interest income is allocated to each period.

## (b) Recognition of income on operating leases

Primarily, lease-related income is recognized on a straight-line basis over the term of the lease, based on the contractual amount of lease fees per month.

## (c) Recognition of income and expenses on installment sales

Primarily, installment-sales-related income and expenses are recognized on a due-date basis over the contract period for collection from the installment sales.

## (17) Hedge accounting

## (a) 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" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24) 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.

As a result of the application of JICPA Industry Audit Committee Report No. 24, SMBC discontinued the application of hedge accounting or applied fair value hedge accounting to a portion of the hedging instruments using "macro hedge," which had been applied in order to manage interest rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives pursuant to "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 15). The deferred hedge losses and gains related to such a portion of hedging instruments are charged to "Interest income" or "Interest expenses" over a 12-year period (maximum) according to their maturity from the fiscal year ended March 31, 2004. Gross amounts of deferred hedge losses on "macro hedge" (before deducting tax effect) at March 31, 2014 and 2013 were ¥40 million (\$0 million) and ¥70 million, respectively. Gross amounts of deferred hedge gains on "macro hedge" (before deducting tax effect) at March 31, 2014 and 2013 were ¥14 million (\$0 million) and ¥17 million, respectively.

## (b) 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) 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.

## (c) 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 that are held for the purpose of strategic investment, and accordingly evaluates the effectiveness of such individual hedges.

## (d) 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 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 consolidated subsidiaries apply the deferred hedge accounting, the fair value hedge accounting or the special treatment for interest rate swaps.

(18) 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 expensed when incurred.

(19) Statements of cash flows

For the purposes of presenting the consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

(20) Consumption taxes

National and local consumption taxes of SMFG and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.

(21) Changes in accounting policies

(a) Revision of the Accounting Standard for Consolidated Financial Statements and related rules

(Changes in accounting policies due to application of new or revised accounting standards)

SMFG has adopted the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, revised on March 25, 2011, the "Accounting Standard") applicable from fiscal years commencing on or after April 1, 2013. Accordingly, 13 companies including Chelsea Capital Corporation were newly included in the scope of consolidation since the beginning of the fiscal year ended March 31, 2014.

In accordance with the transitional treatment stipulated in Paragraph 44-4 (3) of the Accounting Standard, assets, liabilities and minority interests of those newly consolidated subsidiaries are valued by the appropriate book values reported in the consolidated financial statements at the beginning of the period.

As a result, retained earnings at the beginning of this fiscal year decreased by ¥168 million (\$2 million).

(b) Accounting Standard for Retirement Benefits and related guidance

(Changes in accounting policies due to application of new or revised accounting standards)

SMFG has adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, issued on May 17, 2012, the "Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, the "Guidance") applicable from the fiscal year ended March 31, 2014 (excluding the provisions set out in the main text of Paragraph 35 and Paragraph 67 of the Accounting Standard and the

Guidance, respectively). Accordingly, the difference between the projected benefit obligation and plan assets is reported as Net defined benefit asset or Net defined benefit liability from the fiscal year ended March 31, 2014.

In accordance with the transitional treatment stipulated in Paragraph 37 of the Accounting Standard, unrecognized net actuarial gain or loss and unrecognized prior service cost, after adjusting tax effect, are reported as Remeasurements of defined benefit plans in Accumulated other comprehensive income from the fiscal year ended March 31, 2014.

As a result, ¥119,932 million (\$1,166 million) and ¥45,385 million (\$441 million) were recorded as Net defined benefit asset and Net defined benefit liability, respectively. Accumulated other comprehensive income decreased by ¥73,579 million (\$715 million).

The effect of this change on net assets per share is disclosed in Note 35. Per share data.

(22) Unapplied Accounting Standards

(a) Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, issued on May 17, 2012) and related guidance

(i) Outline

The accounting standard has been revised in light of improving financial reporting and the trend toward international convergence, mainly on i) changes in accounting methods for unrecognized net actuarial gains or losses and unrecognized prior service cost, ii) enhancement of disclosure items, and iii) changes in calculation methods for projected benefit obligation and service cost.

(ii) Date of application

SMFG intends to adopt iii) from the fiscal year beginning on April 1, 2014. The method for attributing the expected benefit to periods of service will be primarily changed from the straight-line basis to the benefit formula basis.

(iii) Effects of adoption of the revised accounting standard  
Effects of adoption of the accounting standard are currently being examined.

(b) Revision of Accounting Standard for Business Combinations (ASBJ Statement No. 21, revised on September 13, 2013) and related rules

(i) Outline

The accounting standard has been revised mainly on i) the treatment of a change in the parent company's ownership interest in a subsidiary in the case where the parent company continues to control the subsidiary upon additionally acquiring the shares of the subsidiary or other cases, ii) the treatment of acquisition cost, iii) the treatment of the transitional accounting, and iv) the presentation of net income and the change in presentation from minority interests to non-controlling interests.

(ii) Date of application

SMFG intends to adopt i) to iii) from the fiscal year beginning on April 1, 2014, and iv) from the fiscal year beginning on April 1, 2015.

(iii) Effects of adoption of the revised accounting standard  
Effects of adoption of the revised accounting standard are not yet determined.

## (23) Additional information

Effect of a change in the corporate income tax rate  
In accordance with the Act for Partial Revision of the Income  
Tax Act, etc. (2014 Act No. 10) promulgated on March 31,

2014, the special corporate tax for reconstruction will be  
abolished from fiscal years beginning on or after April 1,  
2014. As a result, net income decreased by ¥10,797 million  
(\$105 million).

### 3. Trading Assets

Trading assets at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Trading securities .....	¥3,350,242	¥3,220,858	\$32,565
Derivatives of trading securities .....	6,462	3,614	63
Derivatives of securities related to trading transactions .....	6,086	26,044	59
Trading-related financial derivatives .....	3,477,646	4,327,085	33,803
Other trading assets .....	116,981	187,952	1,137
	¥6,957,419	¥7,765,554	\$67,627

### 4. Securities

Securities at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Japanese government bonds*1 .....	¥14,242,395	¥26,994,438	\$138,437
Japanese local government bonds .....	227,128	355,883	2,208
Japanese corporate bonds*2 .....	2,956,229	3,015,019	28,735
Japanese stocks*1, 3, 4 .....	3,391,701	3,035,072	32,968
Other*1, 3, 4 .....	6,335,326	7,906,318	61,580
	¥27,152,781	¥41,306,731	\$263,927

\*1 Unsecured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥28,995 million (\$282 million) and ¥50,716 million are included in Japanese government bonds and other trading assets at March 31, 2014 and 2013, respectively.

SMBC has the right to sell or pledge, some of the unsecured borrowed securities, securities under resale agreements and securities borrowed with cash collateral. Of these securities, ¥1,462,265 million (\$14,213 million) are pledged, and ¥2,482,406 million (\$24,129 million) are held in hand at March 31, 2014. The respective amounts at March 31, 2013 were ¥1,238,199 million and ¥821,378 million.

\*2 Japanese corporate bonds include privately-placed bonds (stipulated by Article 2-3 of the Financial Instruments and Exchange Act) which are guaranteed by banking subsidiaries in the amount of ¥1,885,300 million (\$18,325 million) and ¥1,823,931 million at March 31, 2014 and 2013, respectively.

\*3 Japanese stocks and other include investments in unconsolidated subsidiaries and affiliates of ¥372,377 million (\$3,619 million) and ¥257,871 million at March 31, 2014 and 2013, respectively.

\*4 Japanese stocks and other include investments in jointly controlled entities of ¥99,691 million (\$969 million) and ¥125,057 million at March 31, 2014 and 2013, respectively.

### 5. Loans and Bills Discounted

(1) Loans and bills discounted at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Bills discounted .....	¥ 180,549	¥ 199,057	\$ 1,755
Loans on notes .....	2,151,154	2,163,861	20,909
Loans on deeds .....	60,430,958	56,620,452	587,393
Overdrafts .....	5,465,025	6,648,720	53,120
	¥68,227,688	¥65,632,091	\$663,177

(2) Loans and bills discounted included the following "Risk-monitored loans" stipulated in the Banking Act:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Bankrupt loans*1 .....	¥ 39,601	¥ 55,479	\$ 385
Non-accrual loans*2 .....	877,325	1,130,562	8,528
Past due loans (3 months or more)*3 .....	14,679	16,044	143
Restructured loans*4 .....	389,089	484,963	3,782
	¥1,320,695	¥1,687,049	\$12,837

\*1 "Bankrupt loans" are loans, after write-off, to legally bankrupt borrowers as defined in Articles 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.

\*2 "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.

\*3 "Past due loans (3 months or more)" are loans on which the principal or interest is past due for 3 months or more, excluding "Bankrupt loans" and "Non-accrual loans."

\*4 "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)."

(3) Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. SMFG's banking subsidiaries have rights to sell or pledge without restrictions bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought, etc. The total face value at March 31, 2014 and 2013 was ¥1,019,215 million (\$9,907 million) and ¥887,690 million, respectively.

(4) 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, 2014 and 2013 were ¥49,167,754 million (\$477,914 million) and ¥49,706,886 million, respectively, and the amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time at March 31, 2014 and 2013 were ¥38,010,372 million (\$369,463 million) and ¥40,403,061 million, respectively.

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.

## 6. Other Assets

Other assets at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Prepaid expenses.....	¥ 44,627	¥ 38,273	\$ 434
Accrued income.....	313,866	290,923	3,051
Deferred assets.....	919,230	819,984	8,935
Financial derivatives* .....	681,783	785,820	6,627
Other .....	2,222,004	2,432,633	21,598
	<b>¥4,181,512</b>	<b>¥4,367,634</b>	<b>\$40,645</b>

\* Referred to in Note 29

## 7. Tangible Fixed Assets

Tangible fixed assets at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Assets for rent.....	¥1,436,703	¥1,102,755	\$13,965
Buildings .....	302,220	298,620	2,938
Land* .....	445,043	455,420	4,326
Lease assets .....	8,529	9,065	83
Construction in progress.....	55,920	20,123	544
Other tangible fixed assets.....	98,369	97,786	956
Total.....	<b>¥2,346,788</b>	<b>¥1,983,772</b>	<b>\$22,811</b>
Accumulated depreciation .....	<b>¥ 884,257</b>	<b>¥ 857,513</b>	<b>\$ 8,595</b>

\* Includes land revaluation excess referred to in Note 15.



## 8. Intangible Fixed Assets

Intangible fixed assets at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Software .....	¥328,251	¥296,770	\$3,191
Goodwill .....	377,145	385,625	3,666
Lease assets .....	80	104	1
Other intangible fixed assets.....	114,418	108,359	1,112
	<b>¥819,895</b>	<b>¥790,860</b>	<b>\$7,969</b>

## 9. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Assets pledged as collateral:			
Cash and due from banks and Deposits with banks .....	¥ 98,101	¥ 207,675	\$ 954
Call loans and bills bought .....	347,681	496,342	3,379
Monetary claims bought .....	76,437	1,744	743
Trading assets .....	2,245,525	2,528,418	21,827
Securities .....	7,431,341	5,343,900	72,233
Loans and bills discounted .....	2,278,931	1,649,598	22,151
Lease receivables and investment assets .....	4,036	5,463	39
Tangible fixed assets .....	10,411	12,496	101
Other assets (installment account receivable, etc.).....	276	790	3
Liabilities corresponding to assets pledged as collateral:			
Deposits .....	29,933	20,968	291
Call money and bills sold.....	745,000	1,045,000	7,241
Payables under repurchase agreements .....	1,664,002	2,067,392	16,174
Payables under securities lending transactions.....	5,317,793	3,520,709	51,689
Trading liabilities .....	350,379	502,841	3,406
Borrowed money.....	3,561,623	1,202,622	34,619
Other liabilities .....	35,014	41,407	340
Acceptances and guarantees .....	187,730	125,009	1,825

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, variation margins of futures market transactions and certain other purposes at March 31, 2014 and 2013:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Cash and due from banks and Deposits with banks .....	¥ 11,658	¥ 17,766	\$ 113
Trading assets .....	21,939	28,128	213
Securities .....	8,018,590	24,871,082	77,941
Loans and bills discounted .....	—	735,230	—

Moreover, other assets included surety deposits, margins of futures market transactions, cash collateral paid for financial instruments, and other margins, etc. The amount of at March 31, 2014 and 2013 is as follows.

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Surety deposits .....	¥121,613	¥120,705	\$1,182
Margins of futures market transactions .....	22,677	17,507	220
Cash collateral paid for financial instruments.....	152,163	255,863	1,479
Other margins .....	1,362	2,414	13

## 10. Deposits

Deposits at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Current deposits .....	¥ 8,641,851	¥ 8,232,048	\$ 83,999
Ordinary deposits .....	45,172,830	42,424,870	439,083
Savings deposits.....	728,432	704,081	7,080
Deposits at notice.....	7,370,774	6,106,278	71,644
Time deposits .....	27,324,639	27,687,948	265,597
Negotiable certificates of deposit.....	13,713,539	11,755,654	133,296
Other deposits.....	5,093,395	3,926,583	49,508
	<b>¥108,045,465</b>	<b>¥100,837,465</b>	<b>\$1,050,209</b>

## 11. Trading Liabilities

Trading liabilities at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Trading securities sold for short sales .....	¥1,865,242	¥1,910,129	\$18,130
Derivatives of trading securities.....	7,547	11,727	73
Derivatives of securities related to trading transactions.....	7,578	29,396	74
Trading-related financial derivatives.....	2,899,601	4,168,379	28,184
	<b>¥4,779,969</b>	<b>¥6,119,631</b>	<b>\$46,462</b>

## 12. Borrowed Money

Borrowed money at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars	Average interest rate*1	Due
	2014	2013	2014	2014	
Borrowed money*2 .....	¥7,020,841	¥4,979,460	\$68,243	0.48%	Jan. 2014–Perpetual

\*1 Average interest rate represents the weighted average interest rate based on the balances and rates at respective year-end of SMBC and other consolidated subsidiaries.

\*2 Includes subordinated borrowings of ¥282,449 million (\$2,745 million) and ¥314,450 million at March 31, 2014 and 2013, respectively.

The repayment schedule over the next 5 years on borrowed money at March 31, 2014 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2014	2014
Within 1 year .....	¥4,825,675	\$46,906
After 1 year through 2 years .....	464,890	4,519
After 2 years through 3 years.....	278,299	2,705
After 3 years through 4 years.....	133,272	1,295
After 4 years through 5 years.....	171,338	1,665

### 13. Bonds

Bonds at March 31, 2014 and 2013 consisted of the following:

March 31

Issuer	Description	Millions of yen*1		Millions of	Interest rate*2	Due
		2014	2013	U.S. dollars	(%)	
				2014	2014	
<b>SMBC:</b>						
Short-term bonds, payable in Yen .....		¥ 25,000	¥ 20,000	\$ 243	0.07	Apr. 2014
		[25,000]	[20,000]			
Straight bonds, payable in Yen .....		926,808	1,070,929	9,009	0.06929-1.26	Apr. 2014–Apr. 2018
		[226,396]	[187,091]			
Straight bonds, payable in Euroyen.....		12,900	12,900	125	0.06893-3.4	Mar. 2036–Feb. 2037
Straight bonds, payable in U.S. dollars .....		1,618,005	1,138,357	15,727	0.6704-3.95	Jul. 2014–Jan. 2024
		(\$15,727,110 thousand)	(\$12,108,898 thousand)			
		[144,015]	[155,095]			
Straight bonds, payable in British pound sterling .....		42,805	35,772	416	1.07	Mar. 2016
		(£250,000 thousand)	(£250,000 thousand)			
Straight bonds, payable in Euro .....		175,822	—	1,709	2.25-2.75	Dec. 2020–Jul. 2023
		(€1,242,032 thousand)				
Straight bonds, payable in Australian dollars.....		139,961	116,439	1,360	3.29-4.28	Dec. 2014–Mar. 2019
		(A\$1,469,873 thousand)	(A\$1,189,854 thousand)			
		[40,942]				
Subordinated bonds, payable in Yen .....		1,094,793	1,339,476	10,641	0.87-2.8	Oct. 2014–Dec. 2026
		[49,997]	[109,491]			
Subordinated bonds, payable in Euroyen.....		130,800	229,400	1,271	0.80786-2.97	May 2019–Jun. 2035
Subordinated bonds, payable in U.S. dollars.....		187,407	169,904	1,822	4.85-5.625	Mar. 2022–Perpetual
		(\$1,821,609 thousand)	(\$1,807,298 thousand)			
Subordinated bonds, payable in Euro .....		152,231	129,375	1,480	4-4.375	Nov. 2020–Perpetual
		(€1,075,384 thousand)	(€1,072,231 thousand)			
<b>Other consolidated subsidiaries:</b>						
Straight bonds, payable in Yen .....		458,299	349,386	4,454	0.1-17	Apr. 2014–Mar. 2044
		[51,250]	[58,950]			
Straight bonds, payable in Renminbi.....		14,931	16,665	145	3-4	Sep. 2014–Aug. 2015
		(RMB¥900,000 thousand)	(RMB¥1,100,000 thousand)			
		[4,977]	[3,030]			
Subordinated bonds, payable in Yen .....		136,200	142,200	1,324	2.19-4.5	Feb. 2020–Perpetual
Short-term bonds, payable in Yen .....		1,120,200	1,106,300	10,888	0.085-0.2	Apr. 2014–Nov. 2014
		[1,120,200]	[1,106,300]			
		¥6,236,094	¥5,877,106	\$60,615		

\*1 Figures in ( ) are the balances in the original currency of the foreign currency denominated bonds, and figures in { } are the amounts to be redeemed within 1 year.

\*2 Interest rates indicate nominal interest rates which are applied at the consolidated balance sheet dates. Therefore, they may differ from actual interest rates.

The redemption schedule over the next 5 years on bonds at March 31, 2014 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2014	2014
Within 1 year .....	¥1,662,803	\$16,163
After 1 year through 2 years .....	913,557	8,880
After 2 years through 3 years .....	823,193	8,001
After 3 years through 4 years .....	425,984	4,141
After 4 years through 5 years .....	311,378	3,027

## 14. Other Liabilities

Other liabilities at March 31, 2014 and 2013 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Accrued expenses.....	¥ 153,753	¥ 155,892	\$ 1,494
Unearned income.....	155,699	148,938	1,513
Income taxes payable.....	94,584	206,968	919
Financial derivatives*1.....	1,294,664	932,404	12,584
Lease liabilities*2.....	93,622	97,954	910
Other.....	2,919,744	2,447,635	28,380
	<b>¥4,712,069</b>	<b>¥3,989,794</b>	<b>\$45,802</b>

\*1 Referred to in Note 31

\*2 Average interest rate on lease liabilities for the year ended March 31, 2014 was 4.60%. Non-transfer ownership finance lease with the lease term commenced before April 1, 2008 is excluded from calculations of average interest rate.

The repayment schedule over the next 5 years on lease liabilities at March 31, 2014 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2014	2014
Within 1 year.....	¥18,597	\$181
After 1 year through 2 years.....	16,245	158
After 2 years through 3 years.....	12,587	122
After 3 years through 4 years.....	10,803	105
After 4 years through 5 years.....	9,692	94

## 15. Land Revaluation Excess

SMBC and another consolidated subsidiary revaluated 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,” and the net unrealized gains, net of deferred taxes, are reported as “Land revaluation excess” in “Net assets.”

A certain affiliate revaluated its own land for business activities in accordance with the Act. 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

Another consolidated subsidiary and an affiliate:

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 of March 31, 1998).

Another consolidated subsidiary and an affiliate:

Fair values were determined based on the values stipulated in Articles 2-3 and 2-5 of “Order for Enforcement of Act on Revaluation of Land” (Cabinet Order No. 119 of March 31, 1998).

## 16. Capital Stock

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2014 and 2013 were as follows:

March 31	Number of shares			
	2014		2013	
	Authorized	Issued	Authorized	Issued
Common stock.....	3,000,000,000	1,414,055,625	3,000,000,000	1,414,055,625
Preferred stock (Type 5).....	167,000	—	167,000	—
Preferred stock (Type 6).....	—	—	70,001	—
Preferred stock (Type 7).....	167,000	—	167,000	—
Preferred stock (Type 8).....	115,000	—	115,000	—
Preferred stock (Type 9).....	115,000	—	115,000	—
Total.....	<b>3,000,564,000</b>	<b>1,414,055,625</b>	<b>3,000,634,001</b>	<b>1,414,055,625</b>

## 17. Fees and Commissions

Fees and commissions for the fiscal years ended March 31, 2014 and 2013 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Fees and commissions:			
Deposits and loans .....	¥ 116,893	¥ 112,723	\$ 1,136
Remittances and transfers .....	131,239	130,742	1,276
Securities-related business.....	150,000	91,999	1,458
Agency .....	17,968	18,172	175
Safe deposits .....	5,833	5,991	57
Guarantees.....	76,687	79,376	745
Credit card business.....	236,230	225,444	2,296
Investment trusts.....	159,425	162,951	1,550
Other.....	218,150	212,725	2,120
	<b>¥1,112,429</b>	<b>¥1,040,126</b>	<b>\$10,813</b>
Fees and commissions payments:			
Remittances and transfers .....	¥ 36,698	¥ 44,244	\$ 357
Other.....	91,141	87,712	886
	<b>¥ 127,840</b>	<b>¥ 131,957</b>	<b>\$ 1,243</b>

## 18. Trading Income

Trading income for the fiscal years ended March 31, 2014 and 2013 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Trading income:			
Gains on trading securities.....	¥161,901	¥202,087	\$1,574
Gains on securities related to trading transactions.....	20,277	4,286	197
Gains on trading-related financial derivatives .....	29,491	—	287
Other.....	210	367	2
	<b>¥211,881</b>	<b>¥206,741</b>	<b>\$2,059</b>
Trading losses:			
Losses on trading-related financial derivatives.....	¥ —	¥ 40,124	\$ —
	<b>¥ —</b>	<b>¥ 40,124</b>	<b>\$ —</b>

## 19. Other Operating Income

Other operating income for the fiscal years ended March 31, 2014 and 2013 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Gains on sale of bonds .....	¥ 41,594	¥ 161,423	\$ 404
Gains on redemption of bonds .....	121	114	1
Lease-related income.....	950,375	879,822	9,238
Gains on financial derivatives .....	1,912	—	19
Gains on foreign exchange transactions.....	103,272	125,348	1,004
Other .....	106,223	117,068	1,032
	<b>¥1,203,500</b>	<b>¥1,283,776</b>	<b>\$11,698</b>

## 20. Other Operating Expenses

Other operating expenses for the fiscal years ended March 31, 2014 and 2013 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Losses on sale of bonds .....	¥ 25,734	¥ 34,825	\$ 250
Losses on redemption of bonds.....	13,427	6,614	131
Losses on devaluation of bonds.....	162	12	2
Bond issuance costs.....	3,756	3,235	37
Lease-related expenses.....	826,116	781,211	8,030
Losses on financial derivatives.....	—	6,040	—
Other .....	119,183	128,239	1,158
	<b>¥988,380</b>	<b>¥960,179</b>	<b>\$9,607</b>

## 21. Other Income

Other income for the fiscal years ended March 31, 2014 and 2013 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Gains on sale of stocks and other securities .....	¥108,183	¥38,412	\$1,052
Gains on money held in trust.....	79	71	1
Equity in gains of affiliates .....	10,241	5,309	100
Gains on disposal of fixed assets.....	2,632	240	26
Recoveries of written-off claims .....	9,657	10,436	94
Gains on step acquisitions .....	1,564	140	15
Other .....	43,235	32,168	420
	<b>¥175,595</b>	<b>¥86,780</b>	<b>\$1,707</b>

## 22. Other Expenses

Other expenses for the fiscal years ended March 31, 2014 and 2013 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Write-off of loans.....	¥ 84,933	¥133,639	\$ 826
Losses on sale of stocks and other securities.....	8,721	29,440	85
Losses on devaluation of stocks and other securities.....	10,218	29,944	99
Losses on money held in trust .....	10	1,659	0
Losses on sale of delinquent loans.....	9,127	10,532	89
Losses on disposal of fixed assets .....	11,227	5,721	109
Losses on impairment of fixed assets* .....	3,348	4,314	33
Other .....	89,813	67,614	873
	<b>¥217,402</b>	<b>¥282,867</b>	<b>\$2,113</b>

\*Losses on impairment of fixed assets consisted of the following:

Year ended March 31	Area	Purpose of use 2014	Type	Millions of yen		Millions of U.S. dollars
				2014	2013	2014
Tokyo metropolitan area .....		Corporate assets (3 items)	Land and buildings, etc.	¥ 146	¥ —	\$ 1
		Idle assets (38 items)		1,836	2,523	18
		Other (1 item)		23	55	0
Kinki area .....		Branches (—)	Land and buildings, etc.	—	206	—
		Idle assets (37 items)		965	1,169	9
		Other (—)		—	22	—
Other .....		Corporate assets (1 item)	Land and buildings, etc.	37	—	0
		Idle assets (10 items)		232	274	2
		Other (1 item)		107	62	1

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.

SMBC and other consolidated subsidiaries reduced the carrying amounts of long-lived assets of which investments are not expected to be fully recovered to their recoverable amounts, and recognized the losses as "losses on impairment of fixed assets," which is included in "Other expenses." SMBC reduced the carrying amounts of idle assets, and other consolidated subsidiaries reduced the carrying amounts of their branches, corporate assets and idle assets.

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.

## 23. Other Comprehensive Income

Reclassification adjustment and tax effect of other comprehensive income

Years ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Net unrealized gains on other securities:			
Amount arising during the fiscal year .....	¥518,567	¥696,090	\$5,041
Reclassification adjustment .....	(223,029)	(78,619)	(2,168)
Before adjustment to tax effect .....	295,537	617,471	2,873
Tax effect .....	(93,971)	(171,793)	(913)
Net unrealized gains on other securities .....	201,566	445,678	1,959
Net deferred losses on hedges:			
Amount arising during the fiscal year .....	(59,541)	(4,728)	(579)
Reclassification adjustment .....	17,840	3,658	173
Adjustment on the cost of the assets .....	(1,332)	(260)	(13)
Before adjustment to tax effect .....	(43,032)	(1,329)	(418)
Tax effect .....	15,559	253	151
Net deferred losses on hedges .....	(27,473)	(1,076)	(267)
Land revaluation excess:			
Amount arising during the fiscal year .....	—	—	—
Reclassification adjustment .....	—	—	—
Before adjustment to tax effect .....	—	—	—
Tax effect .....	18	—	0
Land revaluation excess .....	18	—	0
Foreign currency translation adjustments:			
Amount arising during the fiscal year .....	170,926	99,611	1,661
Reclassification adjustment .....	(863)	15	(8)
Before adjustment to tax effect .....	170,062	99,626	1,653
Tax effect .....	—	—	—
Foreign currency translation adjustments .....	170,062	99,626	1,653
Share of other comprehensive income of affiliates:			
Amount arising during the fiscal year .....	(1,349)	(1,135)	(13)
Reclassification adjustment .....	(3,418)	(3,051)	(33)
Before adjustment to tax effect .....	(4,768)	(4,187)	(46)
Tax effect .....	—	—	—
Share of other comprehensive income of affiliates .....	(4,768)	(4,187)	(46)
Total other comprehensive income .....	¥339,405	¥540,041	\$3,299

## 24. Changes in Net Assets

## (1) Type and number of shares issued and treasury stock

Year ended March 31, 2014	Number of shares			At the end of the fiscal year
	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.....	60,179,376	105,441* <sup>1</sup>	13,503,148* <sup>2</sup>	46,781,669
Total .....	60,179,376	105,441	13,503,148	46,781,669

\*<sup>1</sup> Increase of 105,441 shares in the number of treasury common stock was due to the purchase of fractional shares.

\*<sup>2</sup> Decrease of 13,503,148 shares in the number of treasury common stock was due to reduction of 5,108 shares through the sale of fractional shares and exercise of stock options, and reduction of 13,498,040 shares through the sale of SMFG shares held by SMBC and other subsidiaries.

Year ended March 31, 2013	Number of shares			At the end of the fiscal year
	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.....	62,939,559	88,729* <sup>1</sup>	2,848,912* <sup>2</sup>	60,179,376
Total .....	62,939,559	88,729	2,848,912	60,179,376

\*<sup>1</sup> Increase of 88,729 shares in the number of treasury common stock due to increase of 85,533 shares through purchase of fractional shares, increase of 396 shares through acquisition of fractional shares incurred as a result of a share exchange associated with SMBC Consumer Finance Co., Ltd. (formerly Promise Co., Ltd.) becoming a wholly-owned subsidiary and increase of 2,800 shares through acquisition of treasury stock associated with dissenting shareholders' share purchase demand against such share exchange.

\*<sup>2</sup> Decrease of 2,848,912 shares in number of treasury common stock due to sale of fractional shares, reduction of 8,836 shares through exercise of stock options and reduction of 2,840,076 shares through the issuance of treasury stock as a result of a share exchange associated with SMBC Consumer Finance Co., Ltd. (formerly Promise Co., Ltd.) becoming a wholly-owned subsidiary.

## (2) Information on stock acquisition rights

Year ended March 31, 2014	Detail of stock acquisition rights	Type of shares	Number of shares			Millions of yen	Millions of U.S. dollars
			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 options	—	—	—	—	¥1,634	\$16
Consolidated subsidiaries...	—	—	—	—	—	157	2
Total.....						¥1,791	\$17

Year ended March 31, 2013	Detail of stock acquisition rights	Type of shares	Number of shares			Millions of yen
			At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year
SMFG.....	Stock options	—	—	—	—	¥1,140
Consolidated subsidiaries...	—	—	—	—	—	120
Total.....						¥1,260

## (3) Information on dividends

## (a) Dividends paid in the fiscal year ended March 31, 2013

Type of shares	Cash dividends	Millions of yen, except per share amount		
		Cash dividends per share	Record date	Effective date
Common stock * <sup>1</sup> .....	¥68,230	¥50	March 31, 2012	June 28, 2012
Common stock * <sup>2</sup> .....	70,513	50	September 30, 2012	December 4, 2012

\*<sup>1</sup> Date of resolution: Ordinary general meeting of shareholders held on June 28, 2012

\*<sup>2</sup> Date of resolution: Meeting of the Board of Directors held on November 14, 2012



## (b) Dividends paid in the fiscal year ended March 31, 2014

Type of shares	Millions of yen, except per share amount			
	Cash dividends	Cash dividends per share* <sup>3</sup>	Record date	Effective date
Common stock * <sup>1</sup> .....	¥98,713	¥70	March 31, 2013	June 27, 2013
Common stock * <sup>2</sup> .....	77,556	55	September 30, 2013	December 3, 2013

\*<sup>1</sup> Date of resolution: Ordinary general meeting of shareholders held on June 27, 2013\*<sup>2</sup> Date of resolution: Meeting of the Board of Directors held on November 12, 2013\*<sup>3</sup> Cash dividends per share of ¥70 resolved at the ordinary general meeting of shareholders held on June 27, 2013 includes ¥10 of the commemorative dividend.

## (c) Dividends to be paid in the fiscal year ending March 31, 2015

Type of shares	Millions of yen, except per share amount				
	Cash dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock* .....	¥91,656	Retained earnings	¥65	March 31, 2014	June 27, 2014

\* Date of resolution: Ordinary general meeting of shareholders held on June 27, 2014

## 25. Cash Flows

Fiscal year ended March 31, 2013

8 companies including SMBC Aviation Capital Limited were newly consolidated following the acquisition of shares by SMBC and Sumitomo Mitsui Finance and Leasing Company, Limited. Major assets and liabilities as of the beginning of consolidation and a summary of share acquisition cost and net expenses for the acquisition are as follows:

	Millions of yen
Assets .....	¥668,091
[Tangible fixed assets].....	568,479
Liabilities .....	(571,377)
[Borrowed money].....	(478,581)
Minority interests .....	(9,453)
Goodwill .....	7,484
Stock acquisition cost of the 8 companies .....	94,745
Cash and cash equivalents of the 8 companies .....	—
Difference: Expenses required for acquisition of the 8 companies .....	¥ 94,745

## 26. Lease Transactions

## (1) Financing leases

## (a) Lessee side

## (i) Lease assets

Tangible fixed assets mainly consisted of branches and equipment. Intangible fixed assets are software.

## (ii) Depreciation method of lease assets

Depreciation method of lease assets is reported in Note 2. (5) Depreciation.

## (b) Lessor side

## (i) Breakdown of lease investment assets

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Lease receivables .....	¥1,174,517	¥1,123,573	\$11,416
Residual value .....	102,853	88,530	1,000
Unearned interest income .....	(169,452)	(164,413)	(1,647)
Total.....	¥1,107,918	¥1,047,691	\$10,769

(ii) The scheduled collections of lease receivables and investment assets are as follows:

Lease payments receivable related to lease receivables

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Within 1 year .....	¥266,118	¥244,425	\$2,587
More than 1 year to 2 years .....	191,627	153,383	1,863
More than 2 years to 3 years .....	129,777	101,441	1,261
More than 3 years to 4 years .....	66,044	73,707	642
More than 4 years to 5 years .....	46,480	37,667	452
More than 5 years .....	123,437	111,437	1,200
Total .....	¥823,487	¥722,062	\$8,004

Lease payments receivable related to investment assets

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Within 1 year .....	¥ 332,508	¥ 355,846	\$ 3,232
More than 1 year to 2 years .....	264,101	246,504	2,567
More than 2 years to 3 years .....	194,146	186,131	1,887
More than 3 years to 4 years .....	134,726	127,014	1,310
More than 4 years to 5 years .....	86,255	73,846	838
More than 5 years .....	162,778	134,230	1,582
Total .....	¥1,174,517	¥1,123,573	\$11,416

(iii) 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 fiscal 2008 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 and minority interests" for the fiscal year ended March 31, 2014 and 2013 were ¥2,988 million (\$29 million) and ¥5,940 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

(a) Lessee side

Future minimum lease payments on operating leases which were not cancelable at March 31, 2014 and 2013 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Due within 1 year .....	¥ 43,498	¥ 45,180	\$ 423
Due after 1 year .....	265,182	286,516	2,578
Total .....	¥308,681	¥331,697	\$3,000

(b) Lessor side

Future minimum lease payments on operating leases which were not cancelable at March 31, 2014 and 2013 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Due within 1 year .....	¥140,569	¥113,679	\$1,366
Due after 1 year .....	790,238	467,799	7,681
Total .....	¥930,807	¥581,478	\$9,048

Future lease payments receivable on operating leases which were not cancelable at March 31, 2014 and 2013 amounting to ¥0 million (\$0 million) and ¥0 million, respectively, on the lessor side were pledged as collateral for borrowings.

## 27. Financial Instruments

### (1) Status of financial instruments

#### (a) Policies on financial instruments

SMFG conducts banking and other financial services such as leasing, securities, consumer finance, and 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 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.

#### (b) Details of financial instruments and associated risks

##### (i) Financial assets

The main financial assets held by SMFG 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 "(c) Risk management framework for financial instruments" below.

##### (ii) Financial liabilities

Financial liabilities of SMFG 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 "(c) Risk management framework for financial instruments" below.

##### (iii) Derivative transactions

Derivatives handled by SMFG 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 "(c) 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 the method to assess the effectiveness of hedging are described in Note 2. (17) Hedge accounting.

##### (c) Risk management framework for financial instruments

The fundamental matters on risk management for SMFG are set forth in "Regulations on Risk Management." SMFG's Management Committee establishes the basic risk management policy, based on the Regulations, which is then approved by the Board of Directors. SMFG 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 by monitoring the development and implementation of SMFG's risk management system, and gives appropriate guidance as needed. Under this framework, SMFG comprehensively and systematically manages risks.

##### (i) Management of credit risk

SMFG conducts integrated management of credit risk according to its operational characteristics, and the credit risk inherent in its entire portfolio as well as the risk in individual credits are managed quantitatively and continuously.

##### i. Credit risk management system

At SMBC, basic policies on credit risk management and other significant matters require the resolution of the Management Committee and the approval of the 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 using credit derivatives and selling loan claims.

In the Corporate Services 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.

The Credit Departments of Consumer Banking Unit, Middle Market Banking Unit and other business units play a central role in credit screening and managing their units' credit portfolios. Each business unit establishes its credit limits based on the baseline amounts for each borrower 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 the borrower's business situation to detect early signs of problems.

Moreover, the Credit Risk 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 SMBC's loan operations.

In addition to these, the Internal Audit Unit, operating independently from 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.

#### ii. 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 limit credit risks to a permissible level relative to capital, "credit risk capital limit" has been established for internal control purposes. Based on this limit, guidelines are set for each business unit. Regular monitoring is conducted to ensure that these guidelines are being followed.

— Controlling concentration of risk

Concentration of risk in specific borrowers/industries/countries could severely reduce a bank's capital should it materialize. SMBC therefore implements measures to prevent concentration of credit risk in specific industries, and control large exposures to individual borrowers by setting maximum loan amounts and

conducting thorough loan reviews. 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 2 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.

#### (ii) Management of market and liquidity risks

SMFG manages market and liquidity risks 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.

##### i. 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 from the business units

that directly handle business transactions, 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, SMBC's cross-departmental "ALM Committee" reports on the state of observance of market risk capital and liquidity risk capital limits, and deliberates on administration of ALM policies. SMBC 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, SMBC's Internal Audit Unit, which is independent from 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.

ii. 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 assets such as loans and bonds and liabilities such as deposits) 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, share price, 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, 2014, total VaR of SMBC and other major consolidated subsidiaries was ¥41.5 billion (\$0.4 billion) for the banking activities, ¥9.5 billion (\$0.1 billion) for the trading activities, and ¥1,142.2 billion (\$11.1 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 the assumptions and the 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, maintaining a system of highly liquid supplementary funding sources, and establishing contingency plans. 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 the allowable funding gap limits. In addition, to ensure smooth fulfillment of transactions in face of market turmoil, SMBC 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 within a certain percentage of open interest in the entire market.

(d) 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

(a) "Consolidated balance sheet amount," "Fair value" and "Net unrealized gains (losses)" of financial instruments as of March 31, 2014 and 2013 are as follows. The amounts shown in the following table do not include financial instruments whose fair values are extremely difficult to determine, such as unlisted stocks classified as "Other securities," and stocks of subsidiaries and affiliates.

March 31	Millions of yen		
	2014		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks and Deposits with banks*1.....	¥ 32,980,901	¥ 32,988,091	¥ 7,189
2) Call loans and bills bought*1.....	1,247,326	1,248,436	1,110
3) Receivables under resale agreements.....	522,860	528,406	5,545
4) Receivables under securities borrowing transactions.....	3,780,260	3,780,887	627
5) Monetary claims bought*1.....	3,545,953	3,559,390	13,437
6) Trading assets			
Securities classified as trading purposes.....	3,467,223	3,467,223	—
7) Money held in trust.....	23,120	23,120	—
8) Securities			
Bond classified as held-to-maturity.....	4,528,549	4,562,347	33,797
Other securities.....	21,656,818	21,656,818	—
9) Loans and bills discounted.....	68,227,688		
Reserve for possible loan losses*1.....	(538,691)		
	67,688,996	69,440,340	1,751,343
10) Foreign exchanges*1.....	1,786,063	1,790,855	4,792
11) Lease receivables and investment assets*1.....	1,816,624	1,893,207	76,582
Total assets.....	¥143,044,698	¥144,939,126	¥1,894,428
1) Deposits.....	¥ 94,331,925	¥ 94,334,169	¥ 2,244
2) Negotiable certificates of deposit.....	13,713,539	13,716,899	3,359
3) Call money and bills sold.....	4,112,428	4,112,428	(0)
4) Payables under repurchase agreements.....	1,710,101	1,710,101	—
5) Payables under securities lending transactions.....	5,330,974	5,330,974	—
6) Commercial paper.....	2,374,051	2,374,049	(2)
7) Trading liabilities			
Trading securities sold for short sales.....	1,865,242	1,865,242	—
8) Borrowed money.....	7,020,841	7,050,354	29,513
9) Foreign exchanges.....	451,658	451,658	—
10) Short-term bonds.....	1,145,200	1,145,195	(4)
11) Bonds.....	5,090,894	5,240,321	149,426
12) Due to trust account.....	699,329	699,329	—
Total liabilities.....	¥137,846,188	¥138,030,724	¥ 184,536
Derivative transactions*2			
Hedge accounting not applied.....	¥ 440,101	¥ 440,101	¥ —
Hedge accounting applied.....	{477,513}	{477,513}	—
Total.....	¥ {37,411}	¥ {37,411}	¥ —

March 31	Millions of yen		
	2013		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks and Deposits with banks*1.....	¥ 10,790,611	¥ 10,798,156	¥ 7,544
2) Call loans and bills bought*1.....	1,352,783	1,354,011	1,228
3) Receivables under resale agreements.....	273,217	274,216	998
4) Receivables under securities borrowing transactions.....	3,494,398	3,494,398	—
5) Monetary claims bought*1.....	1,533,638	1,545,517	11,879
6) Trading assets			
Securities classified as trading purposes.....	3,408,810	3,408,810	—
7) Money held in trust.....	22,789	22,789	—
8) Securities			
Bond classified as held-to-maturity.....	5,840,512	5,901,662	61,150
Other securities.....	34,597,867	34,597,867	—
9) Loans and bills discounted.....	65,632,091		
Reserve for possible loan losses*1.....	(695,077)		
	64,937,014	66,306,879	1,369,865
10) Foreign exchanges*1.....	2,220,409	2,224,866	4,457
11) Lease receivables and investment assets*1.....	1,674,220	1,742,524	68,303
Total assets.....	¥130,146,271	¥131,671,699	¥1,525,427
1) Deposits.....	¥ 89,081,811	¥ 89,084,089	¥ 2,277
2) Negotiable certificates of deposit.....	11,755,654	11,755,929	275
3) Call money and bills sold.....	2,954,051	2,954,050	(0)
4) Payables under repurchase agreements.....	2,076,791	2,076,791	—
5) Payables under securities lending transactions.....	4,433,835	4,433,835	—
6) Commercial paper.....	1,499,499	1,499,503	4
7) Trading liabilities			
Trading securities sold for short sales.....	1,910,129	1,910,129	—
8) Borrowed money.....	4,979,460	5,016,127	36,666
9) Foreign exchanges.....	337,901	337,901	—
10) Short-term bonds.....	1,126,300	1,126,291	(8)
11) Bonds.....	4,750,806	4,920,741	169,935
12) Due to trust account.....	643,350	643,350	—
Total liabilities.....	¥125,549,591	¥125,758,742	¥ 209,150
Derivative transactions*2			
Hedge accounting not applied.....	¥ 167,039	¥ 167,039	¥ —
Hedge accounting applied.....	[166,382]	[166,382]	—
Total.....	¥ 657	¥ 657	¥ —

March 31	Millions of U.S. dollars		
	2014		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks and Deposits with banks*1.....	\$ 320,576	\$ 320,646	\$ 70
2) Call loans and bills bought*1.....	12,124	12,135	11
3) Receivables under resale agreements.....	5,082	5,136	54
4) Receivables under securities borrowing transactions.....	36,744	36,750	6
5) Monetary claims bought*1.....	34,467	34,597	131
6) Trading assets			
Securities classified as trading purposes.....	33,702	33,702	—
7) Money held in trust.....	225	225	—
8) Securities			
Bond classified as held-to-maturity.....	44,018	44,346	329
Other securities.....	210,506	210,506	—
9) Loans and bills discounted.....	663,177		
Reserve for possible loan losses*1.....	(5,236)		
	657,941	674,964	17,023
10) Foreign exchanges*1.....	17,361	17,407	47
11) Lease receivables and investment assets*1.....	17,658	18,402	744
Total assets.....	\$1,390,403	\$1,408,817	\$18,414
1) Deposits.....	\$ 916,912	\$ 916,934	\$ 22
2) Negotiable certificates of deposit.....	133,296	133,329	33
3) Call money and bills sold.....	39,973	39,973	(0)
4) Payables under repurchase agreements.....	16,622	16,622	—
5) Payables under securities lending transactions.....	51,817	51,817	—
6) Commercial paper.....	23,076	23,076	(0)
7) Trading liabilities			
Trading securities sold for short sales.....	18,130	18,130	—
8) Borrowed money.....	68,243	68,530	287
9) Foreign exchanges.....	4,390	4,390	—
10) Short-term bonds.....	11,131	11,131	(0)
11) Bonds.....	49,484	50,936	1,452
12) Due to trust account.....	6,798	6,798	—
Total liabilities.....	\$1,339,874	\$1,341,667	\$ 1,794
Derivative transactions*2			
Hedge accounting not applied.....	\$ 4,278	\$ 4,278	\$ —
Hedge accounting applied.....	[4,641]	[4,641]	—
Total.....	\$ [364]	\$ [364]	\$ —

\*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 and Deposits with 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.

(b) Fair value calculation methodology for financial instruments

Assets

1) Cash and due from banks and Deposits with 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 considered to approximate their fair 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 considered 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 amounts of financial instruments whose fair values are extremely difficult to determine are as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Monetary claims bought:			
Monetary claims bought without market prices*1	¥ 5,168	¥ 5,845	\$ 50
Securities:			
Unlisted stocks, etc.*2, 4	261,627	268,535	2,543
Investments in partnership, etc.*3, 4	333,409	341,945	3,241
<b>Total</b>	<b>¥600,204</b>	<b>¥616,326</b>	<b>\$5,834</b>

\*1 They are beneficiary claims that (a) behave more like equity than debt, (b) do not have market prices, and (c) it is difficult to rationally estimate 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 the SMFG records net changes in their balance sheets and statements of income.

\*4 Unlisted stocks and investments in partnership totaling ¥9,781 million (\$95 million) and ¥5,603 million were written-off in the fiscal years ended March 31, 2014 and 2013, respectively.

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

March 31	Millions of yen			
	2014			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥31,693,895	¥ 33,586	¥ 24,359	¥ 841
Call loans and bills bought	1,189,456	57,267	1,511	—
Receivables under resale agreements	360,564	162,296	—	—
Receivables under securities borrowing transactions	3,726,510	53,750	—	—
Monetary claims bought*1	2,799,998	466,522	62,526	213,170
Securities*1	6,951,602	11,799,348	2,863,479	544,298
Bonds classified as held-to-maturity	1,105,218	3,394,784	22,000	—
Japanese government bonds	1,045,000	3,260,000	20,000	—
Japanese local government bonds	32,783	69,504	—	—
Japanese corporate bonds	27,434	65,280	1,500	—
Other	—	—	500	—
Other securities with maturity	5,846,384	8,404,564	2,841,479	544,298
Japanese government bonds	3,672,565	4,740,788	1,429,700	30,000
Japanese local government bonds	45,454	58,074	5,323	13,688
Japanese corporate bonds	584,032	1,680,106	479,465	68,137
Other	1,544,332	1,925,594	926,991	432,472
Loans and bills discounted*1, 2	14,389,526	28,161,118	10,388,550	9,118,951
Foreign exchanges*1	1,777,457	10,651	—	—
Lease receivables and investment assets*1	522,275	972,413	151,545	42,117
<b>Total</b>	<b>¥63,411,286</b>	<b>¥41,716,955</b>	<b>¥13,491,972</b>	<b>¥9,919,379</b>

	Millions of yen			
	2013			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
March 31				
Deposits with banks .....	¥ 9,772,670	¥ 11,211	¥ —	¥ —
Call loans and bills bought .....	1,333,721	20,024	—	—
Receivables under resale agreements .....	205,025	68,192	—	—
Receivables under securities borrowing transactions .....	3,494,398	—	—	—
Monetary claims bought* <sup>1, 2</sup> .....	1,013,317	216,129	86,143	200,559
Securities* <sup>1</sup> .....	9,733,436	23,314,246	3,146,358	635,641
Bonds classified as held-to-maturity .....	1,314,759	4,403,679	112,000	—
Japanese government bonds .....	1,180,000	4,215,000	110,000	—
Japanese local government bonds .....	57,477	101,175	—	—
Japanese corporate bonds .....	77,282	87,504	1,500	—
Other .....	—	—	500	—
Other securities with maturity .....	8,418,676	18,910,566	3,034,358	635,641
Japanese government bonds .....	6,935,299	12,023,326	2,381,700	5,000
Japanese local government bonds .....	28,145	163,468	1,289	40
Japanese corporate bonds .....	527,501	1,908,257	287,634	61,081
Other .....	927,729	4,815,515	363,734	569,519
Loans and bills discounted* <sup>1, 2</sup> .....	14,162,034	25,421,519	9,822,057	8,662,488
Foreign exchanges* <sup>1</sup> .....	2,221,938	1,868	—	—
Lease receivables and investment assets* <sup>1</sup> .....	529,689	877,062	122,531	36,684
Total .....	¥42,466,232	¥49,930,255	¥13,177,090	¥9,535,374

	Millions of U.S. dollars			
	2014			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
March 31				
Deposits with banks .....	\$308,067	\$ 326	\$ 237	\$ 8
Call loans and bills bought .....	11,562	557	15	—
Receivables under resale agreements .....	3,505	1,578	—	—
Receivables under securities borrowing transactions .....	36,222	522	—	—
Monetary claims bought* <sup>1</sup> .....	27,216	4,535	608	2,072
Securities* <sup>1</sup> .....	67,570	114,690	27,833	5,291
Bonds classified as held-to-maturity .....	10,743	32,998	214	—
Japanese government bonds .....	10,157	31,687	194	—
Japanese local government bonds .....	319	676	—	—
Japanese corporate bonds .....	267	635	15	—
Other .....	—	—	5	—
Other securities with maturity .....	56,827	81,693	27,619	5,291
Japanese government bonds .....	35,698	46,081	13,897	292
Japanese local government bonds .....	442	564	52	133
Japanese corporate bonds .....	5,677	16,331	4,660	662
Other .....	15,011	18,717	9,010	4,204
Loans and bills discounted* <sup>1, 2</sup> .....	139,867	273,728	100,977	88,637
Foreign exchanges* <sup>1</sup> .....	17,277	104	—	—
Lease receivables and investment assets* <sup>1</sup> .....	5,077	9,452	1,473	409
Total .....	\$616,362	\$405,491	\$131,143	\$96,417

\*<sup>1</sup> 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 as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Monetary claims bought .....	¥ 924	¥ 69	\$ 9
Securities .....	18,145	33,995	176
Loans and bills discounted .....	891,610	1,080,983	8,667
Foreign exchanges .....	2,297	2,620	22
Lease receivables and investment assets .....	20,595	20,513	200

\*<sup>2</sup> Does not include "Loans and bills discounted" without tenure totaling ¥5,272,610 million (\$51,250 million) at March 31, 2014. Does not include "Monetary claims bought" and "Loans and bills discounted" without tenure totaling ¥8,277 million and ¥6,482,020 million at March 31, 2013, respectively.

## (5) Redemption schedule of bonds, borrowed money and other interest-bearing debts

March 31	Millions of yen			
	2014			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits*	¥ 89,294,943	¥4,255,371	¥ 469,026	¥ 312,583
Negotiable certificates of deposit	12,969,724	739,755	3,948	111
Call money and bills sold	4,112,428	—	—	—
Payables under repurchase agreements	1,710,101	—	—	—
Payables under securities lending transactions	5,330,974	—	—	—
Commercial paper	2,374,051	—	—	—
Borrowed money	4,825,675	1,047,801	795,200	352,164
Foreign exchanges	451,658	—	—	—
Short-term bonds	1,145,200	—	—	—
Bonds	517,603	2,474,114	1,742,962	359,825
Due to trust account	699,329	—	—	—
Total	¥123,431,691	¥8,517,041	¥3,011,137	¥1,024,684

March 31	Millions of yen			
	2013			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits*	¥ 84,003,627	¥4,504,407	¥ 310,546	¥263,230
Negotiable certificates of deposit	11,266,119	489,535	—	—
Call money and bills sold	2,954,051	—	—	—
Payables under repurchase agreements	2,076,791	—	—	—
Payables under securities lending transactions	4,433,835	—	—	—
Commercial paper	1,499,499	—	—	—
Borrowed money	2,845,802	1,224,348	573,101	336,207
Foreign exchanges	337,901	—	—	—
Short-term bonds	1,126,300	—	—	—
Bonds	513,696	2,314,988	1,615,690	308,847
Due to trust account	643,350	—	—	—
Total	¥111,700,975	¥8,533,279	¥2,499,338	¥908,285

March 31	Millions of U.S. dollars			
	2014			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits*	\$ 867,952	\$41,362	\$ 4,559	\$3,038
Negotiable certificates of deposit	126,067	7,190	38	1
Call money and bills sold	39,973	—	—	—
Payables under repurchase agreements	16,622	—	—	—
Payables under securities lending transactions	51,817	—	—	—
Commercial paper	23,076	—	—	—
Borrowed money	46,906	10,185	7,729	3,423
Foreign exchanges	4,390	—	—	—
Short-term bonds	11,131	—	—	—
Bonds	5,031	24,049	16,942	3,498
Due to trust account	6,798	—	—	—
Total	\$1,199,764	\$82,786	\$29,268	\$9,960

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

## 28. Securities and Money Held in Trust

### (1) Securities

The amounts shown in the following tables include trading securities and short-term bonds classified as “Trading assets,” negotiable certificates of deposit bought classified as “Deposits with banks,” and beneficiary claims on loan trusts classified as “Monetary claims bought,” in addition to “Securities” stated in the consolidated balance sheets.

#### (a) Securities classified as trading purposes

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Valuation gains (losses) included in the earnings for the fiscal year.....	¥(14,077)	¥36,731	\$(137)

#### (b) Bonds classified as held-to-maturity

March 31	Millions of yen		
	2014		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:			
Japanese government bonds .....	¥4,061,397	¥4,093,197	¥31,800
Japanese local government bonds .....	100,697	101,543	845
Japanese corporate bonds .....	86,478	87,781	1,303
Other.....	500	501	1
Subtotal .....	¥4,249,072	¥4,283,023	¥33,950
Bonds with unrealized losses:			
Japanese government bonds .....	¥ 269,773	¥ 269,649	¥ (124)
Japanese local government bonds .....	1,883	1,881	(1)
Japanese corporate bonds .....	7,820	7,793	(26)
Other.....	8,300	8,300	—
Subtotal .....	¥ 287,777	¥ 287,623	¥ (153)
Total .....	¥4,536,849	¥4,570,647	¥33,797

March 31	Millions of yen		
	2013		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:			
Japanese government bonds .....	¥5,244,786	¥5,301,500	¥56,714
Japanese local government bonds .....	158,758	160,657	1,899
Japanese corporate bonds .....	165,154	167,728	2,574
Other.....	500	503	3
Subtotal .....	¥5,569,198	¥5,630,390	¥61,191
Bonds with unrealized losses:			
Japanese government bonds .....	¥ 269,713	¥ 269,676	¥ (37)
Japanese local government bonds .....	373	372	(0)
Japanese corporate bonds .....	1,227	1,223	(3)
Other.....	11,599	11,599	—
Subtotal .....	¥ 282,913	¥ 282,871	¥ (41)
Total .....	¥5,852,111	¥5,913,262	¥61,150

March 31	Millions of U.S. dollars		
	2014		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:			
Japanese government bonds .....	\$39,477	\$39,786	\$309
Japanese local government bonds .....	979	987	8
Japanese corporate bonds .....	841	853	13
Other .....	5	5	0
Subtotal .....	\$41,301	\$41,631	\$330
Bonds with unrealized losses:			
Japanese government bonds .....	\$ 2,622	\$ 2,621	\$ (1)
Japanese local government bonds .....	18	18	(0)
Japanese corporate bonds .....	76	76	(0)
Other .....	81	81	—
Subtotal .....	\$ 2,797	\$ 2,796	\$ (1)
Total .....	\$44,098	\$44,427	\$329

## (c) Other securities

March 31	Millions of yen		
	2014		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:			
Stocks .....	¥ 2,578,401	¥ 1,392,250	¥1,186,150
Bonds .....	11,619,291	11,549,452	69,838
Japanese government bonds .....	8,875,576	8,852,077	23,499
Japanese local government bonds .....	117,529	116,816	713
Japanese corporate bonds .....	2,626,184	2,580,558	45,625
Other .....	3,743,438	3,475,716	267,722
Subtotal .....	¥17,941,130	¥16,417,419	¥1,523,711
Other securities with unrealized losses:			
Stocks .....	¥ 359,736	¥ 414,743	¥ (55,006)
Bonds .....	1,278,413	1,282,658	(4,245)
Japanese government bonds .....	1,035,648	1,036,692	(1,044)
Japanese local government bonds .....	7,017	7,045	(27)
Japanese corporate bonds .....	235,747	238,920	(3,173)
Other .....	2,686,803	2,746,270	(59,466)
Subtotal .....	¥ 4,324,953	¥ 4,443,672	¥ (118,718)
Total .....	¥22,266,083	¥20,861,091	¥1,404,992

March 31	Millions of yen		
	2013		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:			
Stocks .....	¥ 2,143,981	¥ 1,276,872	¥ 867,109
Bonds .....	22,538,258	22,426,056	112,202
Japanese government bonds .....	19,823,867	19,759,082	64,785
Japanese local government bonds .....	194,380	192,766	1,614
Japanese corporate bonds .....	2,520,010	2,474,207	45,802
Other .....	5,705,192	5,427,931	277,260
Subtotal .....	¥30,387,433	¥29,130,860	¥1,256,572
Other securities with unrealized losses:			
Stocks .....	¥ 403,579	¥ 499,451	¥ (95,872)
Bonds .....	1,987,069	1,990,951	(3,881)
Japanese government bonds .....	1,656,071	1,656,285	(214)
Japanese local government bonds .....	2,371	2,384	(13)
Japanese corporate bonds .....	328,627	332,281	(3,653)
Other .....	2,382,377	2,417,597	(35,220)
Subtotal .....	¥ 4,773,026	¥ 4,908,000	¥ (134,973)
Total .....	¥35,160,459	¥34,038,861	¥1,121,598

March 31	Millions of U.S. dollars		
	2014		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:			
Stocks .....	\$ 25,062	\$ 13,533	\$11,529
Bonds .....	112,940	112,261	679
Japanese government bonds .....	86,271	86,043	228
Japanese local government bonds .....	1,142	1,135	7
Japanese corporate bonds .....	25,527	25,083	443
Other .....	36,386	33,784	2,602
Subtotal .....	\$174,389	\$159,578	\$14,811
Other securities with unrealized losses:			
Stocks .....	\$ 3,497	\$ 4,031	\$ (535)
Bonds .....	12,426	12,468	(41)
Japanese government bonds .....	10,067	10,077	(10)
Japanese local government bonds .....	68	68	(0)
Japanese corporate bonds .....	2,291	2,322	(31)
Other .....	26,116	26,694	(578)
Subtotal .....	\$ 42,039	\$ 43,193	\$ (1,154)
Total .....	\$216,428	\$202,771	\$13,657

Notes: 1. Net unrealized gains (losses) on other securities shown above include gains of ¥17,031 million (\$166 million) for the fiscal year ended March 31, 2014 and ¥29,831 million for the fiscal year ended March 31, 2013 that are recognized in the fiscal year's 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	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Stocks .....	¥247,357	¥259,145	\$2,404
Other .....	352,847	357,180	3,430
Total .....	¥600,204	¥616,326	\$5,834

These amounts are not included in "(c) Other securities" since there are no market prices and it is extremely difficult to determine their fair values.

(d) Held-to-maturity bonds sold during the fiscal year ended March 31, 2014 and 2013

There are no corresponding transactions.

(e) Consolidated balance sheet amounts of other securities sold during the fiscal year ended March 31, 2014 and 2013

Year ended March 31	Millions of yen		
	2014		
	Sales amount	Gains on sales	Losses on sales
Stocks .....	¥ 95,368	¥ 40,211	¥ (6,797)
Bonds .....	16,975,280	14,767	(8,338)
Japanese government bonds .....	16,603,340	13,195	(7,591)
Japanese local government bonds .....	139,552	350	(294)
Japanese corporate bonds .....	232,386	1,220	(453)
Other .....	9,561,019	93,937	(19,319)
Total .....	¥26,631,667	¥148,915	¥(34,455)

Year ended March 31	Millions of yen		
	2013		
	Sales amount	Gains on sales	Losses on sales
Stocks .....	¥ 85,334	¥ 19,436	¥(25,912)
Bonds .....	26,982,437	60,772	(7,845)
Japanese government bonds .....	26,558,059	59,471	(7,730)
Japanese local government bonds .....	140,003	542	(85)
Japanese corporate bonds .....	284,375	758	(29)
Other .....	19,715,537	110,118	(29,874)
Total .....	¥46,783,309	¥190,326	¥(63,632)

Year ended March 31	Millions of U.S. dollars		
	2014		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	\$ 927	\$ 391	\$ (66)
Bonds.....	165,001	144	(81)
Japanese government bonds.....	161,385	128	(74)
Japanese local government bonds.....	1,356	3	(3)
Japanese corporate bonds.....	2,259	12	(4)
Other.....	92,934	913	(188)
Total.....	\$258,861	\$1,447	\$(335)

## (f) Change of classification of securities

There are no corresponding transactions.

## (g) Write-down of securities

Bonds classified as held-to-maturity and other securities (excluding securities whose fair value are extremely difficult to determine) are considered as impaired if the fair value of the securities declines materially below the acquisition cost and such decline is not considered to be recoverable. The securities are recognized at fair value on the consolidated balance sheet 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, 2014 and 2013 were ¥7,250 million (\$70 million) and ¥34,340 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 more lower than acquisition cost.
Normal issuers:	Fair value is 50% or more 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 four categories of issuers.

## (2) Money held in trust

## (a) Money held in trust classified as trading purposes

There are no corresponding transactions.

## (b) Money held in trust classified as held-to-maturity

There are no corresponding transactions.

## (c) Other money held in trust

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Consolidated balance sheet amount.....	¥23,120	¥22,789	\$225
Acquisition cost.....	23,120	22,778	225
Net unrealized gains (losses).....	—	10	—
Unrealized gains.....	—	10	—
Unrealized losses.....	—	—	—

Note: "Unrealized gains" and "Unrealized losses" are breakdowns of "Net unrealized gains (losses)" respectively.

## (3) Net unrealized gains on other securities and other money held in trust

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Net unrealized gains.....	¥1,388,101	¥1,092,274	\$13,492
Other securities.....	1,388,101	1,092,264	13,492
Other money held in trust.....	—	10	—
(-) Deferred tax liabilities.....	404,307	310,233	3,930
Net unrealized gains on other securities (before following adjustment).....	983,793	782,041	9,563
(-) Minority interests.....	35,188	29,086	342
(+) SMFG's interest in net unrealized gains on valuation of other securities held by the equity method affiliates.....	902	2,798	9
Net unrealized gains on other securities.....	¥ 949,508	¥ 755,753	\$ 9,229

Notes: 1. Gains of ¥17,031 million (\$166 million) for the fiscal year ended March 31, 2014 and ¥29,831 million for the fiscal year ended March 31, 2013 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 on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is extremely difficult to determine.



## 29. 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.

#### (a) Interest rate derivatives

March 31	Millions of yen			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Interest rate futures:				
Sold.....	¥ 28,829,810	¥ 13,631,032	¥ (8,873)	¥ (8,873)
Bought.....	28,567,999	13,072,376	8,388	8,388
Interest rate options:				
Sold.....	782,288	443,131	(66)	(66)
Bought.....	26,838,675	14,265,117	4,243	4,243
<b>Over-the-counter</b>				
Forward rate agreements:				
Sold.....	5,077,154	—	301	301
Bought.....	4,789,752	—	(224)	(224)
Interest rate swaps:	429,987,250	351,524,820	86,984	86,984
Receivable fixed rate/payable floating rate .....	201,751,044	167,035,674	4,013,795	4,013,795
Receivable floating rate/payable fixed rate .....	201,398,583	164,390,178	(3,930,933)	(3,930,933)
Receivable floating rate/payable floating rate.....	26,692,561	19,955,612	(2,864)	(2,864)
Interest rate swaptions:				
Sold.....	2,742,490	1,537,970	5,529	5,529
Bought.....	1,925,738	1,418,490	12,574	12,574
Caps:				
Sold.....	14,761,826	10,254,207	(24,927)	(24,927)
Bought.....	6,463,984	4,583,241	4,137	4,137
Floors:				
Sold .....	578,076	328,062	(885)	(885)
Bought.....	158,814	48,770	2,282	2,282
Other:				
Sold.....	768,378	665,087	11,697	11,697
Bought.....	3,107,097	2,364,787	(134)	(134)
Total.....	/	/	¥ 101,027	¥ 101,027

March 31	Millions of yen			
	2013		Fair value	Valuation gains (losses)
	Contract amount			
	Total	Over 1 year		
<b>Listed</b>				
Interest rate futures:				
Sold.....	¥ 21,572,140	¥ 4,963,621	¥ (5,339)	¥ (5,339)
Bought.....	20,511,203	4,707,254	4,575	4,575
Interest rate options:				
Sold.....	254,486	123,780	(65)	(65)
Bought.....	11,402,713	4,063,212	450	450
<b>Over-the-counter</b>				
Forward rate agreements:				
Sold.....	3,097,651	—	461	461
Bought.....	2,649,874	—	(507)	(507)
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	396,830,384	316,834,888	68,978	68,978
Receivable floating rate/payable fixed rate.....	184,255,645	150,002,766	6,851,752	6,851,752
Receivable floating rate/payable fixed rate.....	186,042,853	148,516,797	(6,780,304)	(6,780,304)
Receivable floating rate/payable floating rate.....	26,416,803	18,223,607	(7,528)	(7,528)
Interest rate swaptions:				
Sold.....	2,921,053	1,712,745	711	711
Bought.....	2,404,120	1,656,899	11,641	11,641
Caps:				
Sold.....	13,771,179	7,555,232	(624)	(624)
Bought.....	7,023,311	4,411,178	(2,553)	(2,553)
Floors:				
Sold.....	212,166	143,963	(3,534)	(3,534)
Bought.....	154,884	133,779	4,009	4,009
Other:				
Sold.....	171,867	139,814	22,927	22,927
Bought.....	2,310,792	1,698,266	(6,433)	(6,433)
Total.....	/	/	¥ 94,697	¥ 94,697

March 31	Millions of U.S. dollars			
	2014		Fair value	Valuation gains (losses)
	Contract amount			
	Total	Over 1 year		
<b>Listed</b>				
Interest rate futures:				
Sold.....	\$ 280,228	\$ 132,494	\$ (86)	\$ (86)
Bought.....	277,683	127,064	82	82
Interest rate options:				
Sold.....	7,604	4,307	(1)	(1)
Bought.....	260,874	138,658	41	41
<b>Over-the-counter</b>				
Forward rate agreements:				
Sold.....	49,350	—	3	3
Bought.....	46,557	—	(2)	(2)
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	4,179,503	3,416,843	845	845
Receivable floating rate/payable fixed rate.....	1,961,033	1,623,597	39,014	39,014
Receivable floating rate/payable fixed rate.....	1,957,607	1,597,883	(38,209)	(38,209)
Receivable floating rate/payable floating rate.....	259,453	193,970	(28)	(28)
Interest rate swaptions:				
Sold.....	26,657	14,949	54	54
Bought.....	18,718	13,788	122	122
Caps:				
Sold.....	143,486	99,672	(242)	(242)
Bought.....	62,830	44,549	40	40
Floors:				
Sold.....	5,619	3,189	(9)	(9)
Bought.....	1,544	474	22	22
Other:				
Sold.....	7,469	6,465	114	114
Bought.....	30,201	22,986	(1)	(1)
Total.....	/	/	\$ 982	\$ 982

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 prices on the Tokyo Financial Exchange or other relevant exchanges.

Fair value of OTC transactions is calculated using discounted present value and option pricing models.

## (b) Currency derivatives

March 31	Millions of yen			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Currency futures:				
Sold.....	¥ 70,439	¥ —	¥ 31	¥ 31
Bought.....	13	—	0	0
<b>Over-the-counter</b>				
Currency swaps.....	22,084,755	15,372,964	445,125	31,029
Currency swaptions:				
Sold.....	202,168	196,919	(101)	(101)
Bought.....	338,266	313,407	480	480
Forward foreign exchange.....	50,921,507	3,687,400	(68,956)	(68,956)
Currency options:				
Sold.....	2,567,685	1,238,886	(163,998)	(163,998)
Bought.....	2,386,911	1,096,745	121,475	121,475
Total .....	/	/	¥334,057	¥ (80,039)

March 31	Millions of yen			
	2013			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Currency futures:				
Sold.....	¥ 47,549	¥ —	¥ 45	¥ 45
Bought.....	21	—	0	0
<b>Over-the-counter</b>				
Currency swaps.....	21,453,976	14,141,154	(4,479)	(21,243)
Currency swaptions:				
Sold.....	422,405	271,989	(3,142)	(3,142)
Bought.....	809,571	478,117	8,197	8,197
Forward foreign exchange.....	42,212,725	3,549,857	64,824	64,824
Currency options:				
Sold.....	2,770,832	1,481,667	(179,925)	(179,925)
Bought.....	2,651,869	1,363,754	181,758	181,758
Total .....	/	/	¥ 67,277	¥ 50,513

March 31	Millions of U.S. dollars			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Currency futures:				
Sold.....	\$ 685	\$ —	\$ 0	\$ 0
Bought.....	0	—	0	0
<b>Over-the-counter</b>				
Currency swaps.....	214,665	149,426	4,327	302
Currency swaptions:				
Sold.....	1,965	1,914	(1)	(1)
Bought.....	3,288	3,046	5	5
Forward foreign exchange.....	494,960	35,842	(670)	(670)
Currency options:				
Sold.....	24,958	12,042	(1,594)	(1,594)
Bought.....	23,201	10,660	1,181	1,181
Total .....	/	/	\$3,247	\$ (778)

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 prices on the Tokyo Financial Exchange or other relevant exchanges.

Fair value of OTC transactions is calculated using discounted present value and option pricing models.

## (c) Equity derivatives

March 31	Millions of yen			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Equity price index futures:				
Sold.....	¥487,519	¥ —	¥ (2,819)	¥ (2,819)
Bought.....	205,511	—	920	920
Equity price index options:				
Sold.....	83,309	31,150	(4,733)	(4,733)
Bought.....	66,046	18,150	3,107	3,107
<b>Over-the-counter</b>				
Equity options:				
Sold.....	220,479	220,479	(25,656)	(25,656)
Bought.....	227,041	223,876	26,751	26,751
Equity index forward contracts:				
Sold.....	—	—	—	—
Bought.....	14,995	381	(262)	(262)
Equity index swaps:				
Receivable equity index/payable short-term floating rate.....	9,270	9,020	(975)	(975)
Receivable short-term floating rate/payable equity index.....	22,313	20,530	1,497	1,497
Total.....	/	/	¥ (2,169)	¥ (2,169)
Millions of yen				
2013				
Contract amount				
Total Over 1 year Fair value Valuation gains (losses)				
<b>Listed</b>				
Equity price index futures:				
Sold.....	¥302,369	¥ —	¥ (9,376)	¥ (9,376)
Bought.....	94,137	—	1,391	1,391
Equity price index options:				
Sold.....	24,887	4,350	(860)	(860)
Bought.....	17,906	1,250	436	436
<b>Over-the-counter</b>				
Equity options:				
Sold.....	206,603	206,351	(47,769)	(47,769)
Bought.....	210,013	204,754	47,653	47,653
Equity index forward contracts:				
Sold.....	—	—	—	—
Bought.....	16,984	—	745	745
Equity index swaps:				
Receivable equity index/payable short-term floating rate.....	13,650	12,000	(101)	(101)
Receivable short-term floating rate/payable equity index.....	21,885	19,485	84	84
Total.....	/	/	¥ (7,796)	¥ (7,796)

March 31	Millions of U.S. dollars			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Equity price index futures:				
Sold.....	\$4,739	\$ —	\$ (27)	\$ (27)
Bought.....	1,998	—	9	9
Equity price index options:				
Sold.....	810	303	(46)	(46)
Bought.....	642	176	30	30
<b>Over-the-counter</b>				
Equity options:				
Sold.....	2,143	2,143	(249)	(249)
Bought.....	2,207	2,176	260	260
Equity index forward contracts:				
Sold.....	—	—	—	—
Bought.....	146	4	(3)	(3)
Equity index swaps:				
Receivable equity index/payable short-term floating rate.....	90	88	(9)	(9)
Receivable short-term floating rate/payable equity index.....	217	200	15	15
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>\$ (21)</b>	<b>\$ (21)</b>

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 and other relevant exchanges at March 31, 2014. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Stock Exchange and other relevant exchanges at March 31, 2013. Fair value of OTC transactions is calculated using option pricing models.

(d) Bond derivatives

March 31	Millions of yen			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Bond futures:				
Sold.....	¥1,347,967	¥ —	¥4,517	¥4,517
Bought.....	1,291,682	—	(4,845)	(4,845)
Bond futures options:				
Sold.....	6,172	—	(13)	(13)
Bought.....	10,172	—	7	7
<b>Over-the-counter</b>				
Forward bond agreements:				
Sold.....	302	—	2	2
Bought.....	—	—	—	—
Bond options:				
Sold.....	77,673	—	(61)	(61)
Bought.....	199,487	121,065	880	880
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>¥ 487</b>	<b>¥ 487</b>

March 31	Millions of yen			
	2013			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Bond futures:				
Sold.....	¥4,093,218	¥ —	¥(28,436)	¥(28,436)
Bought.....	3,875,544	—	23,993	23,993
Bond futures options:				
Sold.....	57,278	—	(145)	(145)
Bought.....	26,980	—	2	2
<b>Over-the-counter</b>				
Bond options:				
Sold.....	138,870	—	(102)	(102)
Bought.....	198,900	104,126	558	558
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>¥ (4,130)</b>	<b>¥ (4,130)</b>

March 31	Millions of U.S. dollars			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Bond futures:				
Sold.....	\$13,102	\$ —	\$44	\$44
Bought.....	12,555	—	(47)	(47)
Bond futures options:				
Sold.....	60	—	(0)	(0)
Bought.....	99	—	0	0
<b>Over-the-counter</b>				
Forward bond agreements:				
Sold.....	3	—	0	0
Bought.....	—	—	—	—
Bond options:				
Sold.....	755	—	(1)	(1)
Bought.....	1,939	1,177	9	9
Total.....	/	/	\$ 5	\$ 5

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 and other relevant exchanges at March 31, 2014. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Stock Exchange and other relevant exchanges at March 31, 2013. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

(e) Commodity derivatives

March 31	Millions of yen			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Commodity futures:				
Sold.....	¥ 6,564	¥ —	¥ (88)	¥ (88)
Bought.....	7,201	—	90	90
<b>Over-the-counter</b>				
Commodity swaps:				
Receivable fixed price/payable floating price.....	95,227	71,255	(9,702)	(9,702)
Receivable floating price/payable fixed price.....	86,006	58,936	19,770	19,770
Receivable floating price/payable floating price.....	7,016	5,408	(668)	(668)
Commodity options:				
Sold.....	8,771	6,631	(197)	(197)
Bought.....	2,282	1,327	47	47
Total.....	/	/	¥ 9,250	¥ 9,250

March 31	Millions of yen			
	2013			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Commodity futures:				
Sold.....	¥ 2,472	¥ —	¥ (84)	¥ (84)
Bought.....	913	—	43	43
<b>Over-the-counter</b>				
Commodity swaps:				
Receivable fixed price/payable floating price.....	115,493	85,791	(18,951)	(18,951)
Receivable floating price/payable fixed price.....	95,861	69,325	37,496	37,496
Receivable floating price/payable floating price.....	11,303	9,556	(333)	(333)
Commodity options:				
Sold.....	12,132	9,191	(99)	(99)
Bought.....	3,559	2,832	109	109
Total.....	/	/	¥18,181	¥18,181

March 31	Millions of U.S. dollars			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Commodity futures:				
Sold.....	\$ 64	\$ —	\$ (1)	\$ (1)
Bought.....	70	—	1	1
<b>Over-the-counter</b>				
Commodity swaps:				
Receivable fixed price/payable floating price.....	926	693	(94)	(94)
Receivable floating price/payable fixed price.....	836	573	192	192
Receivable floating price/payable floating price.....	68	53	(6)	(6)
Commodity options:				
Sold.....	85	64	(2)	(2)
Bought.....	22	13	0	0
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>\$ 90</b>	<b>\$ 90</b>

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 prices 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. Commodity derivatives are transactions on fuel and metal.

(f) Credit derivative transactions

March 31	Millions of yen			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Over-the-counter</b>				
Credit default options:				
Sold.....	¥810,582	¥440,541	¥ 4,484	¥ 4,484
Bought.....	925,268	522,885	(7,037)	(7,037)
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>¥(2,552)</b>	<b>¥(2,552)</b>

March 31	Millions of yen			
	2013			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Over-the-counter</b>				
Credit default options:				
Sold.....	¥876,007	¥622,577	¥ (744)	¥ (744)
Bought.....	930,144	668,544	(444)	(444)
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>¥(1,189)</b>	<b>¥(1,189)</b>

March 31	Millions of U.S. dollars			
	2014			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Over-the-counter</b>				
Credit default options:				
Sold.....	\$7,879	\$4,282	\$ 44	\$ 44
Bought.....	8,994	5,082	(68)	(68)
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>\$(25)</b>	<b>\$(25)</b>

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, valuation gains (losses) 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.

## (a) Interest rate derivatives

			Millions of yen		
			2014		
			Contract amount		Fair value
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities			
	Sold.....	such as loans and bills	¥ 823,040	¥ 823,040	¥ 24
	Bought.....	discounted, other securities (bonds), deposits and negotiable certificates of deposit	—	—	—
	Interest rate swaps:		45,269,809	40,624,307	19,873
	Receivable fixed rate/payable floating rate.....		29,012,108	25,144,657	393,005
	Receivable floating rate/payable fixed rate.....		16,247,276	15,479,650	(373,123)
	Receivable floating rate/payable floating rate.....		10,423	—	(8)
	Interest rate swaptions:				
	Sold.....		11,543	11,543	154
	Bought.....		—	—	—
	Caps:				
	Sold.....		23,267	18,139	383
	Bought.....		23,267	18,139	(383)
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted	211,678	173,544	(4,588)
	Receivable floating rate/payable fixed rate.....		18,475	8,581	(482)
	Receivable floating rate/payable floating rate.....		193,202	164,962	(4,105)
Special treatment for interest rate swaps	Interest rate swaps:	Loans and bills discounted; borrowed money; bonds	90,591	76,689	
	Receivable floating rate/payable fixed rate.....		85,591	73,689	(Note 3)
	Receivable floating rate/payable floating rate.....		5,000	3,000	
Total.....		/	/	¥ 15,464	

			Millions of yen		
			2013		
			Contract amount		Fair value
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities			
	Sold.....	such as loans and bills	¥ 94,056	¥ 94,056	¥ (18)
	Bought.....	discounted, other securities (bonds), deposits and negotiable certificates of deposit	1,985,000	—	675
	Interest rate swaps:		39,492,082	36,189,984	49,356
	Receivable fixed rate/payable floating rate.....		25,598,136	23,250,742	601,178
	Receivable floating rate/payable fixed rate.....		13,877,319	12,922,615	(551,782)
	Receivable floating rate/payable floating rate.....		16,626	16,626	(39)
	Interest rate swaptions:				
	Sold.....		11,222	11,222	262
	Bought.....		—	—	—
	Caps:				
	Sold.....		4,112	4,112	251
	Bought.....		4,112	4,112	(251)
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted	83,607	76,029	(6,879)
	Receivable floating rate/payable fixed rate.....		83,607	76,029	(6,879)
Special treatment for interest rate swaps	Interest rate swaps:	Loans and bills discounted; borrowed money; bonds	98,437	51,391	
	Receivable fixed rate/payable floating rate.....		1,000	—	(Note 3)
	Receivable floating rate/payable fixed rate.....		89,437	46,391	
Receivable floating rate/payable floating rate.....		8,000	5,000		
Total.....		/	/	¥ 43,395	



			Millions of U.S. dollars		
			2014		
			Contract amount		Fair value
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing			
	Sold.....	financial assets/liabilities	\$ 8,000	\$ 8,000	\$ 0
	Bought.....	such as loans and bills	—	—	—
	Interest rate swaps: .....	discounted, other securi-	440,025	394,871	193
	Receivable fixed rate/payable floating rate .....	ties (bonds), deposits and	281,999	244,408	3,820
	Receivable floating rate/payable fixed rate .....	negotiable certificates of	157,925	150,463	(3,627)
	Receivable floating rate/payable floating rate...	deposit	101	—	(0)
	Interest rate swaptions:				
	Sold.....		112	112	1
	Bought.....		—	—	—
Caps:					
Sold.....		226	176	4	
Bought.....		226	176	(4)	
Recognition of gain or loss on the hedged items	Interest rate swaps: .....	Loans and bills discounted	2,058	1,687	(45)
	Receivable floating rate/payable fixed rate .....		180	83	(5)
	Receivable floating rate/payable floating rate...		1,878	1,603	(40)
Special treatment for interest rate swaps	Interest rate swaps: .....	Loans and bills discounted;	881	745	
	Receivable floating rate/payable fixed rate .....	borrowed money; bonds	832	716	(Note 3)
	Receivable floating rate/payable floating rate...		49	29	
Total.....		/	/	\$ 150	

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).

2. Fair value of transactions listed on exchange is calculated using the closing prices 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 "27. Financial Instruments."

#### (b) Currency derivatives

			Millions of yen		
			2014		
			Contract amount		Fair value
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	
Deferral hedge method	Currency swap .....	Foreign currency denomi-	¥5,002,828	¥3,567,270	¥(500,931)
	Forward foreign exchange .....	nated loans and bills	24,659	—	208
		discounted; other securities			
		(bonds); deposits; foreign			
		currency exchange, etc.			
Recognition of gain or loss on the hedged items	Currency swaps.....	Loans and bills discounted;	34,642	6,075	3,350
	Forward foreign exchange .....	foreign currency exchange	309,265	14,658	910
Allocation method	Currency swap .....	Other securities (bonds);	28,466	24,870	
	Forward foreign exchange .....	borrowed money	3,720	—	(Note 3)
Total.....			/	/	¥(496,461)

			Millions of yen		
			2013		
			Contract amount		
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	Fair value
Deferral hedge method	Currency swap	Foreign currency denominated loans and bills discounted; other securities (bonds); deposits; foreign currency exchange, etc.	¥4,439,554	¥2,856,987	¥(180,171)
	Forward foreign exchange		18,153	—	(492)
Recognition of gain or loss on the hedged items	Currency swaps	Loans and bills discounted; foreign currency exchange	31,665	28,208	(2,342)
	Forward foreign exchange		277,155	—	(2,671)
Allocation method	Currency swap	Other securities (bonds); borrowed money	10,897	9,087	(Note 3)
	Forward foreign exchange		3,179	3,179	
Total			/	/	¥(185,677)

			Millions of U.S. dollars		
			2014		
			Contract amount		
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	Fair value
Deferral hedge method	Currency swap	Foreign currency denominated loans and bills discounted; other securities (bonds); deposits; foreign currency exchange, etc.	\$48,628	\$34,674	\$(4,869)
	Forward foreign exchange		240	—	2
Recognition of gain or loss on the hedged items	Currency swap	Loans and bills discounted; foreign currency exchange	337	59	33
	Forward foreign exchange		3,006	142	9
Allocation method	Currency swap	Other securities (bonds); borrowed money	277	242	(Note 3)
	Forward foreign exchange		36	—	
Total			/	/	\$(4,826)

Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

2. Fair value is calculated using discounted present value.

3. Forward foreign exchange amounts treated by the allocation method are treated with the 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 "27. Financial Instruments."

### (c) Equity derivatives

			Millions of yen		
			2014		
			Contract amount		
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	Fair value
Recognition of gain or loss on the hedged items	Equity price index swaps:	Other securities (equity)			
	Receivable equity index/payable floating rate...		¥ —	¥ —	¥ —
	Receivable floating rate/payable equity index...		115,244	59,945	3,483
Total			/	/	¥3,483

			Millions of yen		
			2013		
			Contract amount		
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	Fair value
Recognition of gain or loss on the hedged items	Equity price index swaps:	Other securities (equity)			
	Receivable equity index/payable floating rate...		¥ —	¥ —	¥ —
	Receivable floating rate/payable equity index...		158,716	66,668	(24,100)
Total			/	/	¥(24,100)

			Millions of U.S. dollars		
			2014		
			Contract amount		
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	Fair value
Recognition of gain or loss on the hedged items	Equity price index swaps:	Other securities (equity)			
	Receivable equity index/payable floating rate...		\$ —	\$ —	\$—
	Receivable floating rate/payable equity index...		1,120	583	34
Total			/	/	\$34

Note: Fair value is calculated using discounted present value.

### 30. Employee Retirement Benefits

Fiscal year ended March 31, 2014

(1) Outline of employee retirement benefits

Consolidated subsidiaries of SMFG 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

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

Year ended March 31	Millions of yen	Millions of U.S. dollars
	2014	2014
Beginning balance of projected benefit obligation .....	¥1,117,085	\$10,858
Service cost .....	30,713	299
Interest cost on projected benefit obligation.....	17,115	166
Unrecognized net actuarial gain or loss incurred .....	(19,815)	(193)
Payments of retirement benefits.....	(56,367)	(548)
Unrecognized prior service cost.....	(74)	(1)
Other.....	631	6
Ending balance of projected benefit obligation .....	¥1,089,286	\$10,588

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

Year ended March 31	Millions of yen	Millions of U.S. dollars
	2014	2014
Beginning balance of plan assets .....	¥1,036,130	\$10,071
Expected return on plan assets .....	31,068	302
Unrecognized net actuarial gain or loss incurred .....	90,050	875
Contributions by the employer .....	46,496	452
Payments of retirement benefits.....	(41,077)	(399)
Other.....	1,165	11
Ending balance of plan assets.....	¥1,163,834	\$11,313

(c) Reconciliation of the projected benefit obligation and plan assets to net defined benefit asset and net defined benefit liability reported on the consolidated balance sheet

March 31	Millions of yen	Millions of U.S. dollars
	2014	2014
Funded projected benefit obligation .....	¥(1,055,829)	\$(10,263)
Plan assets .....	1,163,834	11,313
	108,004	1,050
Unfunded projected benefit obligation .....	(33,457)	(325)
Net amount of asset and liability reported on the consolidated balance sheet .....	¥ 74,547	\$ 725

March 31	Millions of yen	Millions of U.S. dollars
	2014	2014
Net defined benefit asset .....	¥119,932	\$1,166
Net defined benefit liability .....	(45,385)	(441)
Net amount of assets and liability reported on the consolidated balance sheet .....	¥ 74,547	\$ 725

## (d) Pension expenses

Year ended March 31	Millions of yen	Millions of U.S. dollars
	2014	2014
Service cost .....	¥30,713	\$299
Interest cost on projected benefit obligation .....	17,115	166
Expected return on plan assets .....	(31,068)	(302)
Amortization of unrecognized net actuarial gain or loss .....	36,294	353
Amortization of unrecognized prior service cost .....	(182)	(2)
Other (nonrecurring additional retirement allowance paid and other) .....	1,325	13
Pension expenses .....	¥54,197	\$527

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

## (e) Remeasurements of defined benefit plans

The breakdown of "Remeasurements of defined benefit plans" (before deducting tax effect) is as shown below:

March 31	Millions of yen	Millions of U.S. dollars
	2014	2014
Unrecognized prior service cost .....	¥ (1,146)	\$ (11)
Unrecognized net actuarial gain or loss .....	116,198	1,129
Total .....	¥115,051	\$1,118

## (f) Plan assets

## (i) Major asset classes of plan assets

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

Year ended March 31	2014
Stocks .....	59.4%
Bonds .....	22.9
Other .....	17.7
Total .....	100.0%

Note: The retirement benefit trusts set up for employee pension plans and lump-sum severance indemnity plans account for 34.1% of the total plan assets.

## (ii) 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.

## (g) Actuarial assumptions

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

## (i) Discount rate

Year ended March 31	2014
Domestic consolidated subsidiaries .....	0.4% to 2.0%
Overseas consolidated subsidiaries .....	3.5% to 11.3%

## (ii) Long-term expected rate of return on plan assets

Year ended March 31	2014
Domestic consolidated subsidiaries .....	0% to 4.0%
Overseas consolidated subsidiaries .....	4.3% to 10.5%

## (3) Defined contribution plan

The amount required to be contributed by consolidated subsidiaries is ¥5,936 million (\$58 million) at March 31, 2014.

Fiscal years ended March 31, 2013

(1) Outline of employee retirement benefits

Domestic consolidated subsidiaries of SMFG have contributory and non-contributory funded or unfunded defined benefit pension plans such as employee pension plans, qualified pension plans and lump-sum severance indemnity plans. Certain domestic consolidated subsidiaries adopt defined contribution pension plan. Certain domestic consolidated subsidiaries have a general type of employee pension plans. They may grant additional benefits in cases where certain requirements are met when employees retire.

Some overseas consolidated subsidiaries adopt defined benefit pension plans and defined contribution pension plans.

SMBC and some domestic consolidated subsidiaries contributed some of their marketable equity securities to employee retirement benefits trusts.

(2) Projected benefit obligation

		Millions of yen
March 31		2013
Projected benefit obligation	(A).....	¥(1,117,085)
Plan assets	(B).....	1,036,130
Unfunded projected benefit obligation	(C)=(A)+(B).....	(80,955)
Unrecognized net actuarial gain or loss	(D).....	262,349
Unrecognized prior service cost	(E).....	(1,254)
Net amount recorded on the consolidated balance sheet	(F)=(C)+(D)+(E).....	180,139
Prepaid pension cost	(G).....	224,719
Reserve for employee retirement benefits	(F)-(G).....	¥ (44,579)

Note: Certain consolidated subsidiaries adopt the simplified method in calculating the projected benefit obligation.

(3) Pension expenses

		Millions of yen
Year ended March 31		2013
Service cost.....		¥25,350
Interest cost on projected benefit obligation.....		23,988
Expected return on plan assets.....		(27,788)
Amortization of unrecognized net actuarial gain or loss.....		29,296
Amortization of unrecognized prior service cost.....		(4,773)
Other (nonrecurring additional retirement allowance paid and other).....		6,201
Pension expenses.....		¥52,274

Notes: 1. Pension expenses of consolidated subsidiaries which adopt the simplified method are included in "Service cost."

2. Premium paid to defined contribution pension is included in "Other."

(4) Assumptions

The principal assumptions used in determining benefit obligation and pension expenses at or for the fiscal year ended March 31, 2013 was as follows:

Year ended March 31		2013	
Discount rate.....	Domestic consolidated subsidiaries	0.9% to 2.0%	
	Overseas consolidated subsidiaries	4.1% to 6.0%	
Expected rate of return on plan assets.....	Domestic consolidated subsidiaries	0% to 4.3%	
	Overseas consolidated subsidiaries	3.8% to 4.5%	

Estimated amounts of retirement benefits are allocated to each period by the straight-line method.

Unrecognized prior service cost is amortized using the straight-line method within the employees' average remaining service period from the fiscal year of its incurrence, over mainly 9 years for the fiscal year ended March 31, 2013.

Unrecognized net actuarial gain or loss is amortized using the straight-line method within the employees' average remaining service period, commencing from the next fiscal year of incurrence, over mainly 9 years for the fiscal year ended March 31, 2013.

### 31. Stock Options

- (1) Share-based compensation expenses which were accounted for as general and administrative expenses in the fiscal years ended March 31, 2014 and 2013 are as follows:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Share-based compensation expenses .....	¥549	¥584	\$5

- (2) Amount of profit by non-exercise of stock options in the fiscal year

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Other income .....	¥13	¥10	\$0

- (3) Outline of stock options and changes is as follows:

(a) SMFG

(i) Outline of stock options

Date of resolution	July 28, 2010	July 29, 2011
Title and number of grantees ...	Directors of SMFG: 8 Corporate auditors of SMFG: 3 Executive officers of SMFG: 2 Directors, corporate auditors, executive officers of SMBC: 69	Directors of SMFG: 9 Corporate auditors of SMFG: 3 Executive officers of SMFG: 2 Directors, corporate auditors, executive officers of SMBC: 71
Number of stock options* .....	Common shares: 102,600	Common shares: 268,200
Grant date .....	August 13, 2010	August 16, 2011
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 .....	June 29, 2010 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2011.	June 29, 2011 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2012.
Exercise period .....	August 13, 2010 to August 12, 2040	August 16, 2011 to August 15, 2041

Date of resolution	July 30, 2012	July 29, 2013
Title and number of grantees ...	Directors of SMFG: 9 Corporate auditors of SMFG: 3 Executive officers of SMFG: 2 Directors, corporate auditors, executive officers of SMBC: 71	Directors of SMFG: 9 Corporate auditors of SMFG: 3 Executive officers of SMFG: 3 Directors, corporate auditors, executive officers of SMBC: 67
Number of stock options* .....	Common shares: 280,500	Common shares: 115,700
Grant date .....	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.
Requisite service period .....	June 28, 2012 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2013.	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 15, 2012 to August 14, 2042	August 14, 2013 to August 13, 2043

\* Reported in terms of shares of stock.

## (ii) Stock options granted and changes

## Number of stock options\*

Date of resolution	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013
Before vested				
Previous fiscal year-end .....	50,800	244,700	277,200	—
Granted .....	—	—	—	115,700
Forfeited .....	—	—	2,300	200
Vested .....	11,200	59,500	16,500	100
Outstanding .....	39,600	185,200	258,400	115,400
After vested				
Previous fiscal year-end .....	48,200	18,000	2,200	—
Vested .....	11,200	59,500	16,500	100
Exercised .....	600	900	—	—
Forfeited .....	—	—	—	—
Exercisable .....	58,800	76,600	18,700	100

\* Reported in terms of shares of stock.

## Price information (Yen)

Date of resolution	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013
Exercise price .....	¥ 1	¥ 1	¥ 1	¥ 1
Average exercise price .....	5,050	5,050	—	—
Fair value at the grant date .....	2,215	1,872	2,042	4,159

## (iii) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year ended March 31, 2014 were valued using the Black-Scholes option pricing model and the principal parameters were as follows:

Date of resolution	July 29, 2013
Expected volatility *1 .....	31.24%
Average expected life *2 .....	4 years
Expected dividends *3 .....	¥110 per share
Risk-free interest rate *4 .....	0.23%

\*1 Expected volatility is calculated based on the closing price of common shares of SMFG on each trading day in the 4 years between August 15, 2009 and August 14, 2013.

\*2 The average expected life could not be estimated rationally due to insufficient amount of data. Therefore, it was estimated based on average tenures of officers of SMFG and SMBC.

\*3 Expected dividends are based on the expected dividends on common stock for the fiscal year ended March 31, 2014 of the date of grant.

\*4 Japanese government bond yield corresponding to the average expected life.

## (iv) 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.

## (b) Kansai Urban Banking Corporation

## (i) Outline of stock options

Date of resolution	June 27, 2003	June 29, 2004	June 29, 2005	June 29, 2006	June 29, 2006
Title and number of grantees .....	Directors and employees 65	Directors and employees 174	Directors and employees 183	Directors 9	Officers not doubling as directors 14 Employees 46
Number of stock options* .....	Common shares 306,000	Common shares 399,000	Common shares 464,000	Common shares 162,000	Common shares 115,000
Grant date .....	July 31, 2003	July 30, 2004	July 29, 2005	July 31, 2006	July 31, 2006
Condition for vesting .....	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period .....	N.A.	N.A.	N.A.	N.A.	N.A.
Exercise period .....	June 28, 2005 to June 27, 2013	June 30, 2006 to June 29, 2014	June 30, 2007 to June 29, 2015	June 30, 2008 to June 29, 2016	June 30, 2008 to June 29, 2016

Date of resolution	June 28, 2007	June 28, 2007	June 27, 2008	June 26, 2009
Title and number of grantees .....	Directors 10	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 174,000	Common shares 112,000	Common shares 289,000	Common shares 350,000
Grant date .....	July 31, 2007	July 31, 2007	July 31, 2008	July 31, 2009
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 29, 2009 to June 28, 2017	June 29, 2009 to June 28, 2017	June 28, 2010 to June 27, 2018	June 27, 2011 to June 26, 2019

\* Reported in terms of shares of stock.

(ii) Stock options granted and changes

Number of stock options\*

Date of resolution	June 27, 2003	June 29, 2004	June 29, 2005	June 29, 2006	June 29, 2006
Before vested					
Previous fiscal year-end.....	—	—	—	—	—
Granted .....	—	—	—	—	—
Forfeited .....	—	—	—	—	—
Vested.....	—	—	—	—	—
Outstanding .....	—	—	—	—	—
After vested					
Previous fiscal year-end.....	166,000	245,000	334,000	13,000	86,000
Vested.....	—	—	—	—	—
Exercised .....	—	—	—	—	—
Forfeited.....	166,000	48,000	62,000	36,000	18,000
Exercisable.....	—	197,000	272,000	94,000	68,000

Date of resolution	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.....	158,000	105,000	289,000	350,000
Vested.....	—	—	—	—
Exercised .....	—	—	—	—
Forfeited.....	36,000	25,000	5,000	—
Exercisable.....	122,000	80,000	284,000	350,000

\* Reported in terms of shares of stock.

Price information (Yen)

Date of resolution	June 27, 2003	June 29, 2004	June 29, 2005	June 29, 2006	June 29, 2006
Exercise price.....	¥179	¥202	¥313	¥490	¥490
Average exercise price .....	—	—	—	—	—
Fair value at the grant date .....	—	—	—	138	138

Date of resolution	June 28, 2007	June 28, 2007	June 27, 2008	June 26, 2009
Exercise price.....	¥461	¥461	¥302	¥193
Average exercise price .....	—	—	—	—
Fair value at the grant date .....	96	96	37	51

(iii) 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.



## (c) THE MINATO BANK, LTD. ("MINATO")

## (i) Outline of stock options

Date of resolution	June 28, 2012	June 27, 2013
Title and number of grantees .....	Directors: 7, Officers: 12	Directors: 7, Officers: 12
Number of stock options* .....	Common shares: 368,000	Common shares: 334,000
Grant date .....	July 20, 2012	July 19, 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 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.
Exercise period .....	July 21, 2012 to July 20, 2042	July 20, 2013 to July 19, 2043

\* Reported in terms of shares of stock.

## (ii) Stock options granted and changes

## Number of stock options\*

Date of resolution	June 28, 2012	June 27, 2013
Before vested		
Previous fiscal year-end .....	312,000	—
Granted .....	—	334,000
Forfeited .....	—	6,000
Vested .....	40,000	22,000
Outstanding .....	272,000	306,000
After vested		
Previous fiscal year-end .....	44,000	—
Vested .....	40,000	22,000
Exercised .....	11,000	—
Forfeited .....	—	—
Exercisable .....	73,000	22,000

\* Reported in terms of shares of stock.

## Price information (Yen)

Date of resolution	June 28, 2012	June 27, 2013
Exercise price .....	¥ 1	¥ 1
Average exercise price .....	181	—
Fair value at the grant date .....	132	166

## (iii) 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 27, 2013
Expected volatility *1 .....	29.62%
Average expected life *2 .....	2 years
Expected dividends *3 .....	¥5 per share
Risk-free interest rate *4 .....	0.13%

\*1 Calculated based on the actual stock prices during 2 years from July 20, 2011 to July 19, 2013.

\*2 The average expected life could not be estimated rationally due to insufficient amount of data.

Therefore, it was estimated based on average tenures of officers of MINATO.

\*3 Expected dividends are based on the actual dividends on common stock for the fiscal year ended March 31, 2013.

\*4 Japanese government bond yield corresponding to the average expected life.

## (iv) 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.

## 32. Deferred Tax Assets and Liabilities

(1) Significant components of deferred tax assets and liabilities at March 31, 2014 and 2013 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Deferred tax assets:			
Reserve for possible loan losses and write-off of loans .....	¥ 454,436	¥ 610,676	\$ 4,417
Net operating loss carryforwards .....	380,685	364,406	3,700
Write-off of securities .....	148,032	211,445	1,439
Reserve for employee retirement benefits .....	—	65,743	—
Net defined benefit liability .....	63,120	—	614
Remeasurements of defined benefit plans .....	40,919	—	398
Net deferred losses on hedges .....	34,227	18,667	333
Net unrealized gains on other securities .....	12,317	20,182	120
Other .....	200,284	222,846	1,947
Subtotal .....	1,334,023	1,513,968	12,967
Valuation allowance .....	(681,593)	(735,017)	(6,625)
Total deferred tax assets .....	652,429	778,950	6,342
Deferred tax liabilities:			
Net unrealized losses on other securities .....	(408,763)	(313,945)	(3,973)
Gains on securities contributed to employee retirement benefits trust .....	(38,524)	(38,524)	(374)
Leveraged lease .....	(20,378)	(18,725)	(198)
Other .....	(114,972)	(101,616)	(1,118)
Total deferred tax liabilities .....	(582,640)	(472,812)	(5,663)
Net deferred tax assets .....	¥ 69,789	¥ 306,137	\$ 678

(2) SMFG and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, would result in an effective statutory tax rate of approximately 38.01% for the years ended March 31, 2014 and 2013. A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the years ended March 31, 2014 and 2013 was as follows:

March 31	2014	2013
Statutory tax rate .....	38.01%	38.01%
Difference between SMFG and overseas consolidated subsidiaries .....	(2.66)	(3.61)
Valuation allowance .....	(1.90)	(20.06)
Dividends exempted for income tax purposes .....	(1.51)	(0.99)
Equity in losses of affiliates .....	(0.27)	(0.19)
Effects of changes in the corporate income tax rate .....	0.78	1.19
Other .....	(0.20)	(0.63)
Effective income tax rate .....	32.25%	13.72%

(3) Adjustments to deferred tax assets and liabilities arising from a change in the income tax rate

In accordance with the Act for Partial Revision of the Income Tax Act, etc. (Act No. 10 of 2014) promulgated on March 31, 2014, the special corporate tax for reconstruction will be abolished from fiscal years beginning on or after April 1, 2014. Accordingly, the statutory tax rate, which is used to calculate deferred tax assets and liabilities of the domestic subsidiaries for temporary differences which are expected to be reversed in the fiscal year beginning on April 1, 2014, was changed. As a result the statutory tax rate used by SMFG was changed from 38.01% to 35.64%. This change in the tax rate resulted in ¥11,538 million (\$112 million) of a decrease in deferred tax assets, ¥149 million (\$1 million) of an increase in net unrealized gains on other securities, ¥22 million (\$0 million) of an increase in net deferred losses on hedges and ¥11,666 million (\$113 million) of an increase in income taxes-deferred. Deferred tax liabilities for land revaluation excess decreased by ¥18 million (\$0 million), whereas land revaluation excess increased by the same amount.

### 33. Segment Information

(1) Outline of reportable segments

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 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, and system development and information processing. The primary businesses, "Commercial banking," "Leasing," "Securities," and "Consumer finance," are separate reportable segments, and other businesses are aggregated as "Other business."

In "Commercial banking," SMBC assesses business performance by classifying businesses into 5 business units based on client segment: Consumer banking unit, Middle market banking unit, Corporate banking unit, International banking unit and Treasury unit.

(2) Method of calculating profit and loss amount by reportable segment

Accounting method applied to the reported business segment is the same as described in "Significant Accounting Policies." However, profit or loss of the equity method affiliates is recorded in "Other profit or loss" in the amount of ordinary profit multiplied by the ownership ratio.

SMFG does not assess assets by business segment.

(3) Information on profit and loss amount by reportable segment

Year ended March 31, 2014	Millions of yen								
	Commercial banking								
	SMBC							Subtotal	Others
Consumer banking unit	Middle market banking unit	Corporate banking unit	International banking unit	Treasury unit	Head office account				
Gross profit .....	¥338,957	¥399,345	¥225,627	¥295,984	¥325,522	¥ (27,250)	¥1,558,184	¥248,205	¥1,806,389
Interest income .....	281,725	221,046	141,934	174,587	225,207	20,407	1,064,906	171,145	1,236,052
Non-interest income .....	57,232	178,299	83,693	121,397	100,315	(47,658)	493,277	77,060	570,337
Expenses .....	(284,660)	(219,057)	(40,295)	(89,344)	(22,969)	(89,420)	(745,745)	(155,576)	(901,321)
Depreciation .....	(26,398)	(22,626)	(5,658)	(9,689)	(4,815)	(12,480)	(81,666)	(10,635)	(92,302)
Other profit or loss .....	—	—	—	—	—	—	—	13,913	13,913
Consolidated net business profit .....	¥ 54,297	¥180,288	¥185,332	¥206,640	¥302,553	¥(116,671)	¥ 812,438	¥106,542	¥ 918,981

Year ended March 31, 2014	Millions of yen						
	Leasing			Securities			
	Sumitomo Mitsui Finance and Leasing Company, Limited	Others	Total	SMBC Nikko Securities Inc.	SMBC Friend Securities Co., Ltd.	Others	Total
Gross profit .....	¥127,861	¥ 9,443	¥137,304	¥319,682	¥58,153	¥19,922	¥397,758
Interest income .....	29,088	6,186	35,274	1,431	1,329	(118)	2,642
Non-interest income .....	98,773	3,256	102,029	318,250	56,823	20,040	395,115
Expenses .....	(54,787)	83	(54,704)	(221,800)	(42,426)	(14,378)	(278,605)
Depreciation .....	(4,070)	(415)	(4,485)	(2,337)	(1,927)	(1,251)	(5,516)
Other profit or loss .....	4,218	4,047	8,266	(693)	(379)	412	(660)
Consolidated net business profit .....	¥ 77,292	¥13,574	¥ 90,866	¥ 97,188	¥15,347	¥ 5,956	¥118,492

Year ended March 31, 2014	Millions of yen						
	Consumer finance						
	Sumitomo Mitsui Card Company, Limited	Cedyna Financial Corporation	SMBC Consumer Finance Co., Ltd.	Others	Total	Other business	Grand total
Gross profit .....	¥189,932	¥154,633	¥181,806	¥23,596	¥549,968	¥18,099	¥2,909,520
Interest income .....	13,917	27,208	124,366	1,016	166,509	53,324	1,493,803
Non-interest income .....	176,014	127,424	57,439	22,580	383,459	(35,225)	1,415,716
Expenses .....	(139,625)	(116,466)	(75,453)	(14,658)	(346,204)	71,580	(1,509,254)
Depreciation .....	(10,336)	(8,618)	(3,732)	(1,591)	(24,278)	(11,477)	(138,060)
Other profit or loss .....	(6,582)	(26,879)	(79,814)	5,604	(107,671)	(71,749)	(157,901)
Consolidated net business profit .....	¥ 43,724	¥ 11,287	¥ 26,538	¥14,542	¥ 96,092	¥17,930	¥1,242,363

Millions of yen									
Commercial banking									
SMBC									
Year ended March 31, 2013	Consumer banking unit	Middle market banking unit	Corporate banking unit	International banking unit	Treasury unit	Head office account	Subtotal	Others	Total
Gross profit .....	¥374,927	¥412,200	¥208,013	¥240,516	¥295,304	¥ 9,135	¥1,540,095	¥258,466	¥1,798,561
Interest income.....	307,746	236,170	128,212	141,958	125,485	31,631	971,202	155,956	1,127,159
Non-interest income...	67,181	176,030	79,801	98,558	169,819	(22,496)	568,892	102,509	671,402
Expenses.....	(284,389)	(216,726)	(39,616)	(72,920)	(20,997)	(93,088)	(727,736)	(149,207)	(876,944)
Depreciation.....	(26,893)	(22,625)	(5,603)	(8,928)	(3,972)	(11,219)	(79,240)	(10,462)	(89,702)
Other profit or loss .....	—	—	—	—	—	—	—	(30,334)	(30,334)
Consolidated net business profit .....	¥ 90,538	¥195,474	¥168,397	¥167,596	¥274,307	¥(83,953)	¥ 812,358	¥ 78,923	¥ 891,282

Millions of yen							
Year ended March 31, 2013	Leasing			Securities			
	Sumitomo Mitsui Finance and Leasing Company, Limited	Others	Total	SMBC Nikko Securities Inc.	SMBC Friend Securities Co., Ltd.	Others	Total
Gross profit .....	¥114,814	¥ 5,544	¥120,358	¥268,913	¥59,409	¥13,130	¥341,452
Interest income.....	40,825	5,372	46,198	(720)	432	232	(55)
Non-interest income...	73,988	171	74,160	269,634	58,976	12,897	341,508
Expenses.....	(51,722)	908	(50,813)	(194,920)	(41,415)	(10,933)	(247,269)
Depreciation.....	(4,003)	(561)	(4,565)	(2,826)	(1,861)	(1,249)	(5,937)
Other profit or loss .....	(4,086)	3,857	(228)	(557)	(3)	(1,470)	(2,030)
Consolidated net business profit .....	¥ 59,006	¥10,310	¥ 69,316	¥ 73,435	¥17,990	¥ 726	¥ 92,152

Millions of yen							
Consumer finance							
Year ended March 31, 2013	Sumitomo Mitsui Card Company, Limited	Cedyna Financial Corporation	SMBC Consumer Finance Co., Ltd.	Others	Total	Other business	Grand total
	Gross profit .....	¥183,050	¥153,542	¥165,777	¥24,132	¥526,503	¥15,525
Interest income.....	15,477	29,422	117,628	1,486	164,014	61,584	1,398,901
Non-interest income...	167,573	124,120	48,148	22,645	362,488	(46,058)	1,403,501
Expenses.....	(132,594)	(118,184)	(66,198)	(14,252)	(331,229)	61,799	(1,444,457)
Depreciation.....	(9,796)	(9,221)	(2,720)	(1,733)	(23,471)	(10,964)	(134,641)
Other profit or loss .....	(5,657)	(21,704)	(47,715)	1,996	(73,081)	(86,095)	(191,770)
Consolidated net business profit .....	¥ 44,799	¥ 13,653	¥ 51,863	¥11,876	¥122,192	¥ (8,770)	¥1,166,174

Millions of U.S. dollars									
Commercial banking									
SMBC									
Year ended March 31, 2014	Consumer banking unit	Middle market banking unit	Corporate banking unit	International banking unit	Treasury unit	Head office account	Subtotal	Others	Total
Gross profit .....	\$3,295	\$3,882	\$2,193	\$2,877	\$3,164	\$ (265)	\$15,146	\$2,413	\$17,558
Interest income .....	2,738	2,149	1,380	1,697	2,189	198	10,351	1,664	12,015
Non-interest income .....	556	1,733	814	1,180	975	(463)	4,795	749	5,544
Expenses .....	(2,767)	(2,129)	(392)	(868)	(223)	(869)	(7,249)	(1,512)	(8,761)
Depreciation .....	(257)	(220)	(55)	(94)	(47)	(121)	(794)	(103)	(897)
Other profit or loss .....	—	—	—	—	—	—	—	135	135
Consolidated net business profit .....	\$ 528	\$1,752	\$1,801	\$2,009	\$2,941	\$ (1,134)	\$ 7,897	\$1,036	\$ 8,933

Millions of U.S. dollars							
Year ended March 31, 2014	Leasing			Securities			
	Sumitomo Mitsui Finance and Leasing Company, Limited	Others	Total	SMBC Nikko Securities Inc.	SMBC Friend Securities Co., Ltd.	Others	Total
Gross profit .....	\$1,243	\$ 92	\$1,335	\$3,107	\$565	\$194	\$3,866
Interest income .....	283	60	343	14	13	(1)	26
Non-interest income .....	960	32	992	3,093	552	195	3,841
Expenses .....	(533)	1	(532)	(2,156)	(412)	(140)	(2,708)
Depreciation .....	(40)	(4)	(44)	(23)	(19)	(12)	(54)
Other profit or loss .....	41	39	80	(7)	(4)	4	(6)
Consolidated net business profit .....	\$ 751	\$132	\$ 883	\$ 945	\$149	\$ 58	\$1,152

Millions of U.S. dollars							
Consumer finance							
Year ended March 31, 2014	Sumitomo Mitsui Card Company, Limited	Cedyna Financial Corporation	SMBC Consumer Finance Co., Ltd.	Others	Total	Other business	Grand total
	Gross profit .....	\$1,846	\$1,503	\$1,767	\$229	\$5,346	\$176
Interest income .....	135	264	1,209	10	1,618	518	14,520
Non-interest income .....	1,711	1,239	558	219	3,727	(342)	13,761
Expenses .....	(1,357)	(1,132)	(733)	(142)	(3,365)	696	(14,670)
Depreciation .....	(100)	(84)	(36)	(15)	(236)	(112)	(1,342)
Other profit or loss .....	(64)	(261)	(776)	54	(1,047)	(697)	(1,535)
Consolidated net business profit .....	\$ 425	\$ 110	\$ 258	\$141	\$ 934	\$174	\$12,076

- Notes: 1. Consolidated net business profit = SMBC's nonconsolidated banking profit + SMFG's nonconsolidated ordinary profit + Other subsidiaries' ordinary profit (excluding nonrecurring factors) + Equity method affiliates' ordinary profit × Ownership ratio – Inter-segment transactions (dividends, etc.)
2. Other profit or loss = Nonoperating profit or loss of consolidated subsidiaries except SMBC + Equity method affiliates' ordinary profit × Ownership ratio, etc.
3. Consolidated net business profit represents Consolidated operating profit of each company for Sumitomo Mitsui Finance and Leasing Company, Limited and SMBC Consumer Finance Co., Ltd., and Consolidated net business profit represents Operating profit of each company for SMBC Nikko Securities Inc., SMBC Friend Securities Co., Ltd., Sumitomo Mitsui Card Company, Limited, and Cedyna Financial Corporation.
4. "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	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Consolidated net business profit .....	¥1,242,363	¥1,166,174	\$12,076
Total credit cost of SMBC .....	123,920	(19,523)	1,205
Gains (losses) on stocks of SMBC .....	106,410	(35,662)	1,034
Amortization of unrecognized retirement benefit obligation of SMBC .....	(33,163)	(23,303)	(322)
Ordinary profit of consolidated subsidiaries other than reportable segment ...	82,614	89,523	803
Amortization of goodwill other than reportable segment .....	(21,848)	(17,964)	(212)
Adjustment of profit or loss of equity method affiliates .....	(6,527)	(3,952)	(63)
Others .....	(61,438)	(81,545)	(597)
Ordinary profit on consolidated statements of income .....	¥1,432,332	¥1,073,745	\$13,922

Notes: 1. Total credit cost = Write-off of loans + Losses on sales of delinquent loans – Gains on reversal of reserve for possible loan losses – Recoveries of written-off claims

2. Gains (losses) on stocks = Gains on sale of stocks – Losses on sale of stocks – Losses on devaluation of stocks

3. Adjustment of profit or loss of equity method affiliates = Equity method affiliates' net income × Ownership ratio – Equity method affiliates' ordinary profit × Ownership ratio

- (5) Related information

- (a) Information on each service (Ordinary income to external customers)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Commercial banking .....	¥2,541,625	¥2,349,835	\$24,705
Leasing .....	586,777	506,267	5,704
Securities .....	402,925	396,531	3,916
Consumer finance .....	992,827	1,021,137	9,650
Other business .....	117,724	52,654	1,144
Total .....	¥4,641,880	¥4,326,424	\$45,119

Notes: 1. Ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income represents total income excluding gains on disposal of fixed assets, gains on recoveries of written-off claims and other extraordinary gains.

- (b) Geographic information

- (i) Ordinary income

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Japan .....	¥3,762,300	¥3,555,350	\$36,570
The Americas .....	237,908	198,817	2,312
Europe and Middle East .....	354,980	284,686	3,450
Asia and Oceania .....	286,690	287,570	2,787
Total .....	¥4,641,880	¥4,326,424	\$45,119

Notes: 1. Ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income from transactions by SMFG and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is categorized as Japan. Ordinary income from transactions by overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is categorized as The Americas, Europe and Middle East, or 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.

4. Ordinary income represents total income excluding gains on disposal of fixed assets, gains on recoveries of written-off claims and other extraordinary gains.

- (ii) Tangible fixed assets

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Japan .....	¥1,296,644	¥1,186,126	\$12,603
The Americas .....	132,232	17,913	1,285
Europe and Middle East .....	902,456	763,870	8,772
Asia and Oceania .....	15,455	15,861	150
Total .....	¥2,346,788	¥1,983,772	\$22,811

- (c) Information by major customer

There are no major customers individually accounting for 10% or more of ordinary income.

## (6) Information on impairment loss for fixed assets by reportable segment

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Commercial banking .....	¥2,551	¥3,591	\$25
Leasing .....	—	—	—
Securities .....	65	537	1
Consumer finance .....	481	107	5
Other business .....	250	78	2
Total .....	¥3,348	¥4,314	\$33

## (7) Information on amortization of goodwill and unamortized balance by reportable segment

Year ended March 31	Millions of yen				Millions of U.S. dollars	
	2014		2013		2014	
	Amortization of goodwill	Unamortized balance	Amortization of goodwill	Unamortized balance	Amortization of goodwill	Unamortized balance
Commercial banking .....	¥ 1,380	¥ 24,109	¥ 554	¥ 9,351	\$ 13	\$ 234
Leasing .....	9,664	80,523	6,388	86,036	94	783
Securities .....	14,021	202,216	14,112	216,238	136	1,966
Consumer finance .....	3,942	70,200	4,274	73,999	38	682
Other business .....	23	94	—	—	0	1
Total .....	¥29,033	¥377,145	¥25,329	¥385,625	\$282	\$3,666

## (8) Information on gains on negative goodwill by reportable segment

There is no significant information to be disclosed for the fiscal year ended March 31, 2014 and 2013.

## (9) Information on total credit cost by reportable segment

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
Commercial banking .....	¥(116,546)	¥ 63,693	\$(1,133)
Leasing .....	(889)	5,289	(9)
Securities .....	11	315	0
Consumer finance .....	66,796	69,342	649
Other business .....	1,554	34,473	15
Total .....	¥ (49,073)	¥173,115	\$ (477)

Notes: 1. Total credit cost = Provision for reserve for possible loan losses + Write-off of 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.

## 34. Business Combinations

There is no significant business combination to be disclosed.

### 35. Per Share Data

As of and year ended March 31	Yen		U.S. dollars
	2014	2013	2014
Net assets per share .....	¥5,323.87	¥4,686.69	\$51.75
Net income per share.....	611.45	586.49	5.94
Net income per share (diluted) .....	611.14	585.94	5.94

Notes: 1. Net income per share and net income per share (diluted) are calculated based on the following.

Year ended March 31	Millions of yen, except number of shares		Millions of U.S. dollars
	2014	2013	2014
Net income per share:			
Net income.....	¥835,357	¥794,059	\$8,120
Amount not attributable to common stockholders.....	—	—	—
Net income attributable to common stock.....	¥835,357	¥794,059	\$8,120
Average number of common stock during the fiscal year (in thousands) .....	1,366,186	1,353,925	/
Net income per share (diluted):			
Adjustment for net income .....	¥ (0)	¥ (437)	\$ (0)
Adjustment for dilutive shares issued by subsidiaries .....	(0)	(437)	(0)
Increase in number of common stock (in thousands) .....	698	519	/
Stock acquisition rights (in thousands).....	698	519	/

Outline of dilutive shares which were not included in the calculation of "Net income per share (diluted)" for the fiscal year ended March 31, 2013 because they do not have dilutive effect:

Stock acquisition rights: 1 type

(Number of stock acquisition rights issued by resolution at the general shareholders' meeting on June 27, 2002: 1,081 units)

2. Net assets per share is calculated based on the following:

March 31	Millions of yen, except number of shares		Millions of U.S. dollars
	2014	2013	2014
Net assets .....	¥9,005,019	¥8,443,218	\$87,529
Amounts excluded from Net assets .....	1,725,832	2,098,020	16,775
Stock acquisition rights .....	1,791	1,260	17
Minority interests .....	1,724,041	2,096,760	16,758
Net assets attributable to common stock at the fiscal year-end .....	¥7,279,186	¥6,345,197	\$70,754
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands).....	1,367,273	1,353,876	/

(Changes in accounting policies)

SMFG has adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, issued on May 17, 2012, the "Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, the "Guidance") applicable from the fiscal year ended March 31, 2014 (excluding the provisions set out in the main text of Paragraph 35 and Paragraph 67 of the Accounting Standard and the Guidance, respectively). Accordingly, the difference between the projected benefit obligation and plan assets is reported as either Net defined benefit asset or Net defined benefit liability from the fiscal year ended March 31, 2014.

In accordance with the transitional treatment stipulated in Paragraph 37 of the Accounting Standard, unrecognized net actuarial gain or loss and unrecognized prior service cost, after adjusting tax effect, are reported as Remeasurements of defined benefit plans in Accumulated other comprehensive income from the fiscal year ended March 31, 2014.

As a result, net assets per share as of March 31, 2014 decreased by ¥ 53.81 (\$0.52).

### 36. Significant Subsequent Events

There are no significant subsequent events to be disclosed.



## 37. Nonconsolidated Financial Statements

## (1) Nonconsolidated Balance Sheets

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2014	2013	2014
<b>Assets</b>			
Current assets .....	¥ 124,042	¥ 111,290	\$ 1,206
Cash and due from banks .....	79,901	76,692	777
Prepaid expenses .....	31	29	0
Accrued income .....	51	15	0
Accrued income tax refunds .....	42,244	33,100	411
Other current assets .....	1,814	1,452	18
Fixed assets .....	6,155,756	6,155,573	59,834
Tangible fixed assets .....	1	2	0
Buildings .....	0	0	0
Equipment .....	1	2	0
Intangible fixed assets .....	267	83	3
Software .....	267	83	3
Investments and other assets .....	6,155,487	6,155,487	59,832
Investments in subsidiaries and affiliates .....	6,155,487	6,155,487	59,832
<b>Total assets .....</b>	<b>¥6,279,799</b>	<b>¥6,266,864</b>	<b>\$61,040</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Current liabilities .....	¥1,233,133	¥1,232,959	\$11,986
Short-term borrowings .....	1,228,030	1,228,030	11,937
Accounts payable .....	916	939	9
Accrued expenses .....	3,275	3,102	32
Income taxes payable .....	17	15	0
Business office taxes payable .....	7	7	0
Reserve for employees bonuses .....	157	133	2
Reserve for executive bonuses .....	98	97	1
Other current liabilities .....	630	634	6
Fixed liabilities .....	392,900	392,900	3,819
Bonds .....	392,900	392,900	3,819
<b>Total liabilities .....</b>	<b>1,626,033</b>	<b>1,625,859</b>	<b>15,805</b>
<b>Net assets</b>			
<b>Stockholders' equity</b>			
Capital stock .....	2,337,895	2,337,895	22,724
Capital surplus .....	1,583,721	1,583,717	15,394
Capital reserve .....	1,559,374	1,559,374	15,157
Other capital surplus .....	24,347	24,343	237
Retained earnings .....	743,081	730,333	7,223
Other retained earnings			
Voluntary reserve .....	30,420	30,420	296
Retained earnings brought forward .....	712,661	699,913	6,927
Treasury stock .....	(12,566)	(12,082)	(122)
<b>Total stockholders' equity .....</b>	<b>4,652,131</b>	<b>4,639,865</b>	<b>45,219</b>
Stock acquisition rights .....	1,634	1,140	16
<b>Total net assets .....</b>	<b>4,653,766</b>	<b>4,641,005</b>	<b>45,235</b>
<b>Total liabilities and net assets .....</b>	<b>¥6,279,799</b>	<b>¥6,266,864</b>	<b>\$61,040</b>



## (3) Nonconsolidated Statements of Changes in Net Assets

Year ended March 31, 2014	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	¥24,343	¥1,583,717	¥30,420	¥699,913	¥730,333
Changes in the fiscal year:							
Cash dividends.....						(176,270)	(176,270)
Net income.....						189,018	189,018
Purchase of treasury stock.....							
Disposal of treasury stock.....			3	3			
Net changes in items other than stockholders' equity in the fiscal year .....							
Net changes in the fiscal year .....	—	—	3	3	—	12,747	12,747
Balance at the end of the fiscal year .....	¥2,337,895	¥1,559,374	¥24,347	¥1,583,721	¥30,420	¥712,661	¥743,081

Year ended March 31, 2014	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Balance at the beginning of the fiscal year .....	¥(12,082)	¥4,639,865	¥1,140	¥4,641,005
Changes in the fiscal year:				
Cash dividends.....		(176,270)		(176,270)
Net income.....		189,018		189,018
Purchase of treasury stock.....	(500)	(500)		(500)
Disposal of treasury stock.....	16	19		19
Net changes in items other than stockholders' equity in the fiscal year .....			494	494
Net changes in the fiscal year .....	(484)	12,266	494	12,760
Balance at the end of the fiscal year .....	¥(12,566)	¥4,652,131	¥1,634	¥4,653,766

Year ended March 31, 2013	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	¥63,592	¥1,622,966	¥30,420	¥690,676	¥721,096
Changes in the fiscal year:							
Cash dividends.....						(138,743)	(138,743)
Net income .....						147,981	147,981
Purchase of treasury stock.....							
Disposal of treasury stock.....			(39,249)	(39,249)			
Net changes in items other than stockholders' equity in the fiscal year .....							
Net changes in the fiscal year .....	—	—	(39,249)	(39,249)	—	9,237	9,237
Balance at the end of the fiscal year .....	¥2,337,895	¥1,559,374	¥24,343	¥1,583,717	¥30,420	¥699,913	¥730,333

Year ended March 31, 2013	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
Treasury stock	Total			
Balance at the beginning of the fiscal year .....	¥(154,926)	¥4,527,031	¥ 598	¥4,527,629
Changes in the fiscal year:				
Cash dividends.....		(138,743)		(138,743)
Net income .....		147,981		147,981
Purchase of treasury stock.....	(263)	(263)		(263)
Disposal of treasury stock.....	143,107	103,858		103,858
Net changes in items other than stockholders' equity in the fiscal year .....			542	542
Net changes in the fiscal year .....	142,844	112,833	542	113,375
Balance at the end of the fiscal year .....	¥ (12,082)	¥4,639,865	¥1,140	¥4,641,005

	Millions of U.S. dollars (Note 1)						
	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, 2014							
Balance at the beginning of the fiscal year .....	\$22,724	\$15,157	\$237	\$15,394	\$296	\$6,803	\$7,099
Changes in the fiscal year:							
Cash dividends.....						(1,713)	(1,713)
Net income.....						1,837	1,837
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	—	124	124
Balance at the end of the fiscal year .....	\$22,724	\$15,157	\$237	\$15,394	\$296	\$6,927	\$7,223

	Millions of U.S. dollars (Note 1)			
	Stockholders' equity		Stock acquisition rights	Total net assets
Treasury stock	Total			
Year ended March 31, 2014				
Balance at the beginning of the fiscal year .....	\$(117)	\$45,100	\$11	\$45,111
Changes in the fiscal year:				
Cash dividends.....		(1,713)		(1,713)
Net income.....		1,837		1,837
Purchase of treasury stock.....	(5)	(5)		(5)
Disposal of treasury stock.....	0	0		0
Net changes in items other than stockholders' equity in the fiscal year .....			5	5
Net changes in the fiscal year .....	(5)	119	5	124
Balance at the end of the fiscal year .....	\$(122)	\$45,219	\$16	\$45,235

# 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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 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 Note 1 to the consolidated financial statements.

**KPMG AZSA LLC**

June 26, 2014  
Tokyo, Japan

# Supplemental Information

## Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
<b>Assets</b>			
Cash and due from banks .....	¥ 26,914,156	¥ 5,133,711	\$ 261,607
Deposits with banks .....	5,912,588	5,522,090	57,471
Call loans and bills bought .....	1,248,235	1,353,746	12,133
Receivables under resale agreements .....	522,860	273,217	5,082
Receivables under securities borrowing transactions .....	3,737,208	3,454,499	36,326
Monetary claims bought .....	3,420,145	1,426,281	33,244
Trading assets .....	6,846,729	7,619,413	66,551
Money held in trust .....	14,572	14,883	142
Securities .....	27,092,373	41,294,005	263,340
Loans and bills discounted .....	69,754,391	66,665,737	678,017
Foreign exchanges .....	1,790,406	2,226,427	17,403
Lease receivables and investment assets .....	218,360	164,189	2,122
Other assets .....	1,703,060	2,195,969	16,554
Tangible fixed assets .....	976,903	843,653	9,496
Intangible fixed assets .....	445,686	409,001	4,332
Net defined benefit asset .....	115,847	—	1,126
Deferred tax assets .....	101,929	295,860	991
Customers' liabilities for acceptances and guarantees .....	5,632,563	5,117,140	54,749
Reserve for possible loan losses .....	(623,876)	(806,702)	(6,064)
<b>Total assets .....</b>	<b>¥155,824,141</b>	<b>¥143,203,127</b>	<b>\$1,514,620</b>

(Continued)

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits .....	¥108,516,404	¥101,315,909	\$1,054,786
Call money and bills sold .....	4,113,650	2,956,172	39,985
Payables under repurchase agreements .....	1,708,801	2,076,791	16,610
Payables under securities lending transactions .....	5,328,427	4,399,084	51,793
Commercial paper .....	2,374,051	1,499,499	23,076
Trading liabilities .....	4,740,484	6,084,053	46,078
Borrowed money .....	5,101,073	2,910,334	49,583
Foreign exchanges .....	451,658	337,901	4,390
Short-term bonds .....	302,500	277,500	2,940
Bonds .....	4,906,764	4,585,859	47,694
Due to trust account .....	699,329	643,350	6,798
Other liabilities .....	3,145,635	2,604,970	30,576
Reserve for employee bonuses .....	55,272	45,241	537
Reserve for executive bonuses .....	4,244	3,378	41
Reserve for employee retirement benefits .....	—	15,776	—
Net defined benefit liability .....	14,625	—	142
Reserve for executive retirement benefits .....	814	1,267	8
Reserve for point service program .....	2,025	2,632	20
Reserve for reimbursement of deposits .....	14,858	11,195	144
Reserve for losses on interest repayment .....	774	1,017	8
Reserve under the special laws .....	402	159	4
Deferred tax liabilities .....	30,739	17,116	299
Deferred tax liabilities for land revaluation .....	38,276	39,683	372
Acceptances and guarantees .....	5,632,563	5,117,140	54,749
<b>Total liabilities</b> .....	<b>147,183,378</b>	<b>134,946,036</b>	<b>1,430,632</b>
<b>Net assets</b>			
Capital stock .....	1,770,996	1,770,996	17,214
Capital surplus .....	2,717,397	2,717,397	26,413
Retained earnings .....	2,468,427	1,869,906	23,993
Treasury stock .....	(210,003)	(210,003)	(2,041)
<b>Total stockholders' equity</b> .....	<b>6,746,818</b>	<b>6,148,297</b>	<b>65,579</b>
Net unrealized gains on other securities .....	938,235	754,804	9,120
Net deferred losses on hedges .....	(59,626)	(30,781)	(580)
Land revaluation excess .....	35,675	39,055	347
Foreign currency translation adjustments .....	6,779	(108,123)	66
Remeasurements of defined benefit plans .....	(74,755)	—	(727)
<b>Total accumulated other comprehensive income</b> .....	<b>846,308</b>	<b>654,954</b>	<b>8,226</b>
Stock acquisition rights .....	157	120	2
Minority interests .....	1,047,479	1,453,718	10,182
<b>Total net assets</b> .....	<b>8,640,763</b>	<b>8,257,091</b>	<b>83,989</b>
<b>Total liabilities and net assets</b> .....	<b>¥155,824,141</b>	<b>¥143,203,127</b>	<b>\$1,514,620</b>

Notes: 1. Amounts less than 1 million yen have been omitted.

2. For the convenience of readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥102.88 to US\$1, the exchange rate prevailing at March 31, 2014.



## 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
	2014	2013	2014
<b>Income</b>			
Interest income.....	¥1,606,106	¥1,487,807	\$15,611
Interest on loans and discounts .....	1,126,214	1,134,497	10,947
Interest and dividends on securities.....	344,851	252,439	3,352
Interest on receivables under resale agreements.....	7,749	6,240	75
Interest on receivables under securities borrowing transactions .....	7,266	6,527	71
Interest on deposits with banks .....	37,798	32,978	367
Interest on lease transactions.....	6,260	5,429	61
Other interest income .....	75,965	49,694	738
Trust fees .....	2,393	1,823	23
Fees and commissions.....	778,343	719,640	7,566
Trading income.....	189,085	175,868	1,838
Other operating income .....	225,360	362,186	2,191
Gains on reversal of reserve for possible loan losses .....	136,457	—	1,326
Other income .....	170,871	63,575	1,661
<b>Total income .....</b>	<b>3,108,619</b>	<b>2,810,902</b>	<b>30,216</b>
<b>Expenses</b>			
Interest expenses .....	296,861	281,199	2,886
Interest on deposits.....	144,704	138,158	1,407
Interest on borrowings and rediscounts.....	26,734	29,665	260
Interest on payables under repurchase agreements .....	4,105	6,300	40
Interest on payables under securities lending transactions .....	3,486	6,252	34
Interest on bonds and short-term bonds .....	89,421	83,778	869
Other interest expenses .....	28,409	17,043	276
Fees and commissions payments.....	144,131	145,763	1,401
Trading losses .....	—	40,124	—
Other operating expenses.....	93,907	94,549	913
General and administrative expenses .....	1,195,499	1,133,426	11,620
Provision for reserve for possible loan losses.....	—	9,234	—
Other expenses .....	86,281	184,772	839
<b>Total expenses.....</b>	<b>1,816,681</b>	<b>1,889,068</b>	<b>17,658</b>
<b>Income before income taxes and minority interests .....</b>	<b>1,291,937</b>	<b>921,833</b>	<b>12,558</b>
Income taxes:			
Income taxes-current .....	233,528	228,602	2,270
Income taxes-deferred .....	188,880	(122,120)	1,836
<b>Income before minority interests.....</b>	<b>869,529</b>	<b>815,351</b>	<b>8,452</b>
Minority interests in net income .....	83,841	80,836	815
<b>Net income .....</b>	<b>¥ 785,687</b>	<b>¥ 734,514</b>	<b>\$ 7,637</b>

(Continued)

**(Consolidated Statements of Comprehensive Income)**

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
<b>Income before minority interests</b> .....	¥ 869,529	¥ 815,351	\$ 8,452
<b>Other comprehensive income</b> .....	304,763	558,271	2,962
Net unrealized gains on other securities .....	182,873	482,569	1,778
Net deferred gains (losses) on hedges .....	(29,034)	43	(282)
Land revaluation excess.....	18	—	0
Foreign currency translation adjustments .....	155,374	80,281	1,510
Share of other comprehensive income of affiliates .....	(4,468)	(4,622)	(43)
<b>Total comprehensive income</b> .....	<b>1,174,292</b>	<b>1,373,623</b>	<b>11,414</b>
Comprehensive income attributable to shareholders of the parent .....	1,055,195	1,234,101	10,257
Comprehensive income attributable to minority interests .....	119,096	139,522	1,158
<b>Per share data:</b>			
Net income .....	¥7,394.82	¥6,913.18	\$71.88
Net income — diluted.....	7,394.81	6,908.19	71.88

Notes: 1. Amounts less than 1 million yen have been omitted.

2. For the convenience of readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥102.88 to US\$1, the exchange rate prevailing at March 31, 2014.

## Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
<b>Assets</b>			
Cash and due from banks .....	¥ 24,868,767	¥ 3,378,033	\$ 241,726
Deposits with banks .....	5,264,489	6,038,323	51,171
Call loans and bills bought .....	577,711	514,967	5,615
Receivables under resale agreements .....	455,595	229,826	4,428
Receivables under securities borrowing transactions .....	643,127	701,890	6,251
Monetary claims bought .....	873,331	795,514	8,489
Trading assets .....	3,220,669	4,085,739	31,305
Money held in trust .....	2,060	2,372	20
Securities .....	27,317,549	41,347,000	265,528
Loans and bills discounted .....	63,370,678	59,770,763	615,967
Foreign exchanges .....	1,698,141	1,319,175	16,506
Other assets .....	1,298,327	1,676,110	12,620
Tangible fixed assets .....	753,279	733,157	7,322
Intangible fixed assets .....	182,351	167,159	1,772
Prepaid pension cost .....	226,615	218,272	2,203
Deferred tax assets .....	—	185,941	—
Customers' liabilities for acceptances and guarantees .....	5,767,068	5,391,645	56,056
Reserve for possible loan losses .....	(472,548)	(616,593)	(4,593)
Reserve for possible losses on investments .....	(80,785)	(29,280)	(785)
<b>Total assets .....</b>	<b>¥135,966,434</b>	<b>¥125,910,020</b>	<b>\$1,321,602</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits .....	¥ 98,157,844	¥ 91,928,337	\$ 954,100
Call money and bills sold .....	3,265,929	2,450,065	31,745
Payables under repurchase agreements .....	1,126,120	1,704,650	10,946
Payables under securities lending transactions .....	3,390,533	2,654,478	32,956
Commercial paper .....	1,806,866	1,499,499	17,563
Trading liabilities .....	2,400,057	3,590,373	23,329
Borrowed money .....	5,091,006	2,963,075	49,485
Foreign exchanges .....	490,873	351,885	4,771
Short-term bonds .....	25,000	20,000	243
Bonds .....	4,501,843	4,277,003	43,758
Due to trust account .....	698,953	643,350	6,794
Other liabilities .....	2,071,738	1,817,920	20,137
Reserve for employee bonuses .....	12,112	11,436	118
Reserve for executive bonuses .....	610	665	6
Reserve for point service program .....	1,338	1,945	13
Reserve for reimbursement of deposits .....	13,650	10,050	133
Deferred tax liabilities .....	29,744	—	289
Deferred tax liabilities for land revaluation .....	37,782	39,190	367
Acceptances and guarantees .....	5,767,068	5,391,645	56,056
<b>Total liabilities .....</b>	<b>128,889,073</b>	<b>119,355,573</b>	<b>1,252,810</b>
<b>Net assets</b>			
Capital stock .....	1,770,996	1,770,996	17,214
Capital surplus .....	2,481,273	2,481,273	24,118
Retained earnings .....	2,137,235	1,720,728	20,774
Treasury stock .....	(210,003)	(210,003)	(2,041)
<b>Total stockholders' equity .....</b>	<b>6,179,502</b>	<b>5,762,995</b>	<b>60,065</b>
Net unrealized gains on other securities .....	926,836	742,338	9,009
Net deferred gains (losses) on hedges .....	(53,158)	23,301	(517)
Land revaluation excess .....	24,180	25,810	235
<b>Total valuation and translation adjustments .....</b>	<b>897,858</b>	<b>791,451</b>	<b>8,727</b>
<b>Total net assets .....</b>	<b>7,077,360</b>	<b>6,554,446</b>	<b>68,792</b>
<b>Total liabilities and net assets .....</b>	<b>¥135,966,434</b>	<b>¥125,910,020</b>	<b>\$1,321,602</b>

Notes: 1. Amounts less than 1 million yen have been omitted.

2. For the convenience of readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥102.88 to US\$1, the exchange rate prevailing at March 31, 2014.

## Nonconsolidated Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2013	2014
<b>Income</b>			
Interest income.....	¥1,367,602	¥1,270,673	\$13,293
Interest on loans and discounts .....	951,111	958,912	9,245
Interest and dividends on securities.....	334,755	245,917	3,254
Interest on receivables under resale agreements.....	4,646	5,009	45
Interest on receivables under securities borrowing transactions.....	1,918	1,601	19
Interest on deposits with banks .....	23,788	19,440	231
Other interest income .....	51,382	39,792	499
Trust fees .....	1,972	1,823	19
Fees and commissions.....	513,309	489,310	4,989
Trading income.....	37,059	5,780	360
Other operating income .....	142,006	278,366	1,380
Gains on reversal of reserve for possible loan losses .....	132,784	26,747	1,291
Other income.....	150,214	48,710	1,460
<b>Total income .....</b>	<b>2,344,948</b>	<b>2,121,412</b>	<b>22,793</b>
<b>Expenses</b>			
Interest expenses .....	302,697	299,478	2,942
Interest on deposits.....	101,320	101,522	985
Interest on borrowings and rediscounts.....	86,213	97,695	838
Interest on payables under repurchase agreements.....	3,117	5,311	30
Interest on payables under securities lending transactions.....	1,557	4,688	15
Interest on bonds and short-term bonds .....	84,707	78,900	823
Other interest expenses .....	25,780	11,360	251
Fees and commissions payments.....	155,957	145,572	1,516
Trading losses .....	280	9,562	3
Other operating expenses.....	44,833	51,254	436
General and administrative expenses .....	780,534	759,295	7,587
Other expenses .....	114,162	190,849	1,110
<b>Total expenses.....</b>	<b>1,398,464</b>	<b>1,456,011</b>	<b>13,593</b>
<b>Income before income taxes .....</b>	<b>946,483</b>	<b>665,400</b>	<b>9,200</b>
Income taxes:			
Income taxes-current .....	182,869	209,704	1,777
Income taxes-deferred .....	158,358	(162,095)	1,539
<b>Net income .....</b>	<b>¥ 605,255</b>	<b>¥ 617,791</b>	<b>\$ 5,883</b>

	Yen	U.S. dollars
Per share data:		
Net income .....	¥5,696.60	¥5,814.59
Net income — diluted.....	—	—

Notes: 1. Amounts less than 1 million yen have been omitted.

2. For the convenience of readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥102.88 to US\$1, the exchange rate prevailing at March 31, 2014.

# 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							
	2014				2013			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income .....	¥1,337,864	¥568,440	¥(101,289)	¥1,805,015	¥1,297,908	¥527,972	¥(118,367)	¥1,707,513
Interest expenses.....	256,650	165,058	(100,864)	320,844	274,444	158,458	(118,034)	314,868
Net interest income .....	1,081,214	403,382	(425)	1,484,170	1,023,463	369,513	(333)	1,392,644
Trust fees .....	2,472	—	—	2,472	1,871	—	—	1,871
Fees and commissions .....	953,323	170,874	(11,767)	1,112,429	896,691	146,465	(3,030)	1,040,126
Fees and commissions payments .....	98,250	30,644	(1,055)	127,840	108,673	23,558	(274)	131,957
Net fees and commissions .....	855,072	140,229	(10,712)	984,589	788,018	122,906	(2,755)	908,168
Trading income.....	196,441	46,359	(30,919)	211,881	229,721	34,767	(57,747)	206,741
Trading losses .....	13,067	17,851	(30,919)	—	69,493	28,378	(57,747)	40,124
Net trading income .....	183,373	28,508	—	211,881	160,228	6,389	—	166,617
Other operating income .....	974,229	230,382	(1,112)	1,203,500	1,084,654	199,825	(703)	1,283,776
Other operating expenses.....	842,022	146,747	(390)	988,380	837,374	123,000	(195)	960,179
Net other operating income.....	132,207	83,634	(721)	215,120	247,280	76,824	(508)	323,597

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. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (2014, ¥1 million; 2013, ¥7 million) related to the management of money held in trust.

3. 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					
	2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets .....	¥ 85,744,061	¥1,337,864	1.56%	¥ 95,457,643	¥1,297,908	1.36%
Loans and bills discounted .....	50,859,655	903,500	1.78	51,071,487	970,431	1.90
Securities .....	25,598,818	316,444	1.24	36,951,823	217,956	0.59
Call loans and bills bought.....	273,758	1,582	0.58	303,572	1,519	0.50
Receivables under resale agreements.....	34,087	45	0.13	30,138	46	0.16
Receivables under securities borrowing transactions .....	3,662,001	7,293	0.20	3,731,493	6,565	0.18
Deposits with banks.....	683,307	3,210	0.47	389,585	1,505	0.39
Lease receivables and investment assets .....	1,423,778	43,019	3.02	1,434,859	48,427	3.38
Interest-bearing liabilities .....	¥102,794,497	¥ 256,650	0.25%	¥101,571,811	¥ 274,444	0.27%
Deposits .....	79,070,243	44,986	0.06	76,014,488	47,239	0.06
Negotiable certificates of deposit .....	5,385,616	5,756	0.11	6,279,011	8,989	0.14
Call money and bills sold .....	1,497,244	1,221	0.08	1,233,732	1,039	0.08
Payables under repurchase agreements .....	1,115,757	1,126	0.10	1,069,954	1,497	0.14
Payables under securities lending transactions ...	3,132,130	3,494	0.11	3,900,722	6,284	0.16
Commercial paper.....	196,192	329	0.17	—	—	—
Borrowed money.....	5,784,828	89,013	1.54	6,934,146	104,684	1.51
Short-term bonds.....	1,049,438	1,240	0.12	964,542	1,356	0.14
Bonds.....	5,265,783	105,977	2.01	4,943,650	100,042	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 (2014, ¥12,500,991 million; 2013, ¥1,648,570 million).

4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2014, ¥23,058 million; 2013, ¥24,916 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2014, ¥23,058 million; 2013, ¥24,916 million) and corresponding interest (2014, ¥1 million; 2013, ¥7 million).

## Overseas Operations

Year ended March 31	Millions of yen					
	2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥30,993,810	¥568,440	1.83%	¥25,635,638	¥527,972	2.06%
Loans and bills discounted.....	17,432,627	411,318	2.36	14,830,669	383,510	2.59
Securities.....	2,543,975	44,396	1.75	2,569,373	50,542	1.97
Call loans and bills bought.....	1,195,387	16,769	1.40	1,141,432	13,038	1.14
Receivables under resale agreements.....	491,481	7,772	1.58	285,240	6,193	2.17
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Deposits with banks.....	6,072,127	35,413	0.58	4,689,360	32,199	0.69
Lease receivables and investment assets.....	353,530	17,526	4.96	295,034	16,000	5.42
Interest-bearing liabilities.....	¥22,288,609	¥165,058	0.74%	¥17,830,372	¥158,458	0.89%
Deposits.....	10,451,742	60,606	0.58	8,410,005	49,448	0.59
Negotiable certificates of deposit.....	7,223,402	33,278	0.46	5,264,852	32,638	0.62
Call money and bills sold.....	664,741	2,281	0.34	659,919	3,508	0.53
Payables under repurchase agreements.....	981,930	3,047	0.31	1,081,172	4,805	0.44
Payables under securities lending transactions.....	—	—	—	—	—	—
Commercial paper.....	2,192,106	6,276	0.29	1,580,650	5,703	0.36
Borrowed money.....	663,554	11,401	1.72	737,037	17,172	2.33
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	40,094	1,672	4.17	54,832	2,825	5.15

- 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 (2014, ¥83,675 million; 2013, ¥85,807 million).

## Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥114,688,959	¥1,805,015	1.57%	¥119,009,060	¥1,707,513	1.43%
Loans and bills discounted.....	66,783,840	1,249,216	1.87	64,313,060	1,278,372	1.99
Securities.....	27,798,204	343,905	1.24	39,175,534	251,675	0.64
Call loans and bills bought.....	1,469,146	18,351	1.25	1,445,004	14,557	1.01
Receivables under resale agreements.....	456,907	7,749	1.70	315,280	6,240	1.98
Receivables under securities borrowing transactions.....	3,662,001	7,293	0.20	3,731,493	6,565	0.18
Deposits with banks.....	6,641,939	38,162	0.57	4,945,879	33,191	0.67
Lease receivables and investment assets.....	1,777,309	60,545	3.41	1,729,893	64,425	3.72
Interest-bearing liabilities.....	¥123,314,389	¥ 320,844	0.26%	¥117,416,948	¥314,868	0.27%
Deposits.....	89,392,487	105,111	0.12	84,218,862	96,175	0.11
Negotiable certificates of deposit.....	12,609,018	39,035	0.31	11,543,863	41,627	0.36
Call money and bills sold.....	2,161,985	3,503	0.16	1,893,652	4,547	0.24
Payables under repurchase agreements.....	2,029,025	4,106	0.20	2,151,027	6,301	0.29
Payables under securities lending transactions.....	3,132,130	3,494	0.11	3,900,722	6,284	0.16
Commercial paper.....	2,388,298	6,606	0.28	1,580,650	5,703	0.36
Borrowed money.....	5,279,349	34,804	0.66	6,298,037	46,280	0.73
Short-term bonds.....	1,049,438	1,240	0.12	964,542	1,356	0.14
Bonds.....	4,912,978	91,182	1.86	4,605,583	86,399	1.88

- 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 (2014, ¥12,574,142 million; 2013, ¥1,735,120 million).  
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2014, ¥23,058 million; 2013, ¥24,916 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2014, ¥23,058 million; 2013, ¥24,916 million) and corresponding interest (2014, ¥1 million; 2013, ¥7 million).

## Fees and Commissions

Year ended March 31	Millions of yen							
	2014				2013			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥953,323	¥170,874	¥(11,767)	¥1,112,429	¥896,691	¥146,465	¥(3,030)	¥1,040,126
Deposits and loans .....	22,988	97,728	(3,823)	116,893	23,348	89,445	(69)	112,723
Remittances and transfers.....	116,936	14,314	(10)	131,239	118,486	12,260	(5)	130,742
Securities-related business.....	125,814	28,626	(4,440)	150,000	75,331	18,206	(1,538)	91,999
Agency .....	17,968	—	—	17,968	18,172	—	—	18,172
Safe deposits .....	5,830	2	—	5,833	5,989	2	—	5,991
Guarantees.....	63,818	13,029	(161)	76,687	67,379	12,142	(145)	79,376
Credit card business .....	236,229	0	—	236,230	225,444	—	—	225,444
Investment trusts .....	157,909	1,516	—	159,425	161,394	1,556	—	162,951
Fees and commissions payments.....	¥ 98,250	¥ 30,644	¥ (1,055)	¥ 127,840	¥108,673	¥ 23,558	¥ (274)	¥ 131,957
Remittances and transfers.....	28,658	8,135	(95)	36,698	27,923	16,381	(59)	44,244

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							
	2014				2013			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥196,441	¥46,359	¥(30,919)	¥211,881	¥229,721	¥34,767	¥(57,747)	¥206,741
Gains on trading securities .....	172,918	—	(11,016)	161,901	210,551	—	(8,463)	202,087
Gains on securities related to trading transactions .....	20,396	—	(118)	20,277	4,225	60	—	4,286
Gains on trading-related financial derivatives.....	2,915	46,359	(19,784)	29,491	14,577	34,707	(49,284)	—
Others .....	210	—	—	210	367	—	—	367
Trading losses.....	13,067	17,851	(30,919)	—	69,493	28,378	(57,747)	40,124
Losses on trading securities .....	—	11,016	(11,016)	—	—	8,463	(8,463)	—
Losses on securities related to trading transactions .....	—	118	(118)	—	—	—	—	—
Losses on trading-related financial derivatives.....	13,067	6,716	(19,784)	—	69,493	19,914	(49,284)	40,124
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	
	2014	2013
Domestic operations:		
Liquid deposits .....	¥ 53,687,039	¥ 51,018,457
Fixed-term deposits .....	24,124,219	25,178,398
Others .....	5,007,436	3,834,791
Subtotal .....	82,818,695	80,031,646
Negotiable certificates of deposit .....	5,458,722	5,553,909
Total .....	¥ 88,277,417	¥ 85,585,556
Overseas operations:		
Liquid deposits .....	¥ 8,226,849	¥ 6,448,821
Fixed-term deposits .....	3,200,420	2,509,550
Others .....	85,958	91,792
Subtotal .....	11,513,229	9,050,165
Negotiable certificates of deposit .....	8,254,817	6,201,744
Total .....	¥ 19,768,047	¥ 15,251,909
Grand total .....	¥108,045,465	¥100,837,465

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			
	2014		2013	
Domestic operations:				
Manufacturing .....	¥ 5,940,556	11.62%	¥ 6,003,907	11.57%
Agriculture, forestry, fisheries and mining .....	162,373	0.32	152,463	0.29
Construction .....	895,433	1.75	887,269	1.71
Transportation, communications and public enterprises .....	4,593,900	8.98	4,281,888	8.25
Wholesale and retail .....	4,288,114	8.38	4,159,359	8.02
Finance and insurance .....	2,610,429	5.10	3,706,937	7.15
Real estate, goods rental and leasing .....	7,328,682	14.33	7,584,206	14.62
Services .....	4,282,649	8.37	3,915,730	7.55
Municipalities .....	1,169,119	2.29	1,115,839	2.15
Others .....	19,878,636	38.86	20,072,016	38.69
Subtotal .....	¥51,149,896	100.00%	¥51,879,618	100.00%
Overseas operations:				
Public sector .....	¥ 78,915	0.46%	¥ 62,765	0.46%
Financial institutions .....	1,062,245	6.22	579,557	4.21
Commerce and industry .....	13,863,631	81.18	11,634,862	84.60
Others .....	2,072,999	12.14	1,475,287	10.73
Subtotal .....	¥17,077,791	100.00%	¥13,752,473	100.00%
Total .....	¥68,227,688	—	¥65,632,091	—

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	
	2014	2013
General reserve .....	¥473,159	¥539,305
Specific reserve .....	273,629	389,555
Loan loss reserve for specific overseas countries .....	747	5
Reserve for possible loan losses .....	¥747,536	¥928,866
Amount of direct reduction .....	¥511,043	¥653,146

## Risk-Monitored Loans

March 31	Millions of yen	
	2014	2013
Bankrupt loans .....	¥ 39,601	¥ 55,479
Non-accrual loans .....	877,325	1,130,562
Past due loans (3 months or more) .....	14,679	16,044
Restructured loans .....	389,089	484,963
Total .....	¥1,320,695	¥1,687,049
Amount of direct reduction .....	¥ 454,610	¥ 585,789

## 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	
	2014	2013
Bankrupt and quasi-bankrupt assets .....	¥ 203,581	¥ 248,161
Doubtful assets .....	762,276	973,057
Substandard loans .....	407,473	505,130
Total of problem assets .....	1,373,330	1,726,349
Normal assets .....	77,398,976	74,273,608
Total .....	¥78,772,307	¥75,999,958
Amount of direct reduction .....	¥ 511,043	¥ 653,146

## 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	
	2014	2013
Domestic operations:		
Japanese government bonds.....	¥14,242,395	¥26,994,438
Japanese local government bonds .....	227,128	355,883
Japanese corporate bonds .....	2,956,229	3,015,019
Japanese stocks.....	3,342,375	2,986,503
Others.....	3,354,287	5,432,893
Subtotal .....	¥24,122,416	¥38,784,738
Overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others.....	2,981,039	2,473,424
Subtotal .....	¥ 2,981,039	¥ 2,473,424
Unallocated corporate assets:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	49,325	48,568
Others.....	—	—
Subtotal .....	¥ 49,325	¥ 48,568
Total .....	¥27,152,781	¥41,306,731

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							
	2014				2013			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets .....	¥6,350,237	¥667,207	¥(60,025)	¥6,957,419	¥7,101,829	¥723,986	¥(60,261)	¥7,765,554
Trading securities .....	3,276,722	73,520	—	3,350,242	3,185,210	35,647	—	3,220,858
Derivatives of trading securities.....	6,462	—	—	6,462	3,614	—	—	3,614
Securities related to trading transactions .....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	5,912	173	—	6,086	26,022	22	—	26,044
Trading-related financial derivatives .....	2,944,158	593,513	(60,025)	3,477,646	3,699,030	688,317	(60,261)	4,327,085
Other trading assets.....	116,981	—	—	116,981	187,952	—	—	187,952
Trading liabilities .....	¥4,295,896	¥544,098	¥(60,025)	¥4,779,969	¥5,454,843	¥725,049	¥(60,261)	¥6,119,631
Trading securities sold for short sales .....	1,857,197	8,045	—	1,865,242	1,906,428	3,700	—	1,910,129
Derivatives of trading securities.....	7,547	—	—	7,547	11,010	716	—	11,727
Securities related to trading transactions sold for short sales.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	7,332	245	—	7,578	29,372	24	—	29,396
Trading-related financial derivatives .....	2,423,819	535,807	(60,025)	2,899,601	3,508,033	720,607	(60,261)	4,168,379
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 (Nonconsolidated)

Sumitomo Mitsui Financial Group, Inc.

## Change 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
June 22, 2009 <sup>*1</sup>	219,700,000	1,008,883,878	413,695	1,834,572	413,695	1,056,050
July 27, 2009 <sup>*2</sup>	8,931,300	1,017,815,178	16,817	1,851,389	16,817	1,072,868
January 27, 2010 <sup>*3</sup>	340,000,000	1,357,815,178	459,477	2,310,867	459,477	1,532,345
January 28, 2010 <sup>*4</sup>	36,343,848	1,394,159,026	—	2,310,867	—	1,532,345
February 8, 2010 <sup>*5</sup>	(33,400)	1,394,125,626	—	2,310,867	—	1,532,345
February 10, 2010 <sup>*6</sup>	20,000,000	1,414,125,626	27,028	2,337,895	27,028	1,559,374
April 1, 2011 <sup>*7</sup>	(70,001)	1,414,055,625	—	2,337,895	—	1,559,374

### Remarks:

<sup>\*1</sup> Public offering: Common stock: 219,700,000 shares

Issue price: ¥3,766 Capitalization: ¥1,883

<sup>\*2</sup> Allotment to third parties: Common stock: 8,931,300 shares

Issue price: ¥3,766 Capitalization: ¥1,883

<sup>\*3</sup> Public offering: Common stock: 340,000,000 shares

Issue price: ¥2,702.81 Capitalization: ¥1,351.405

<sup>\*4</sup> Increase in shares of common stock of 36,343,848 as a result of exercise of rights to purchase all the shares of preferred stock (1st to 4th and 9th to 12th series Type 4)

<sup>\*5</sup> Decrease in shares of preferred stock (Type 4) of 33,400 as a result of cancellation of all the shares of preferred stock (1st to 4th and 9th to 12th series Type 4)

<sup>\*6</sup> Allotment to third parties: Common stock: 20,000,000 shares

Issue price: ¥2,702.81 Capitalization: ¥1,351.405

<sup>\*7</sup> 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, 2014	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, 2014	Number of shareholders	Number of units	Percentage of total
Japanese government and local government.....	8	4,784	0.03%
Financial institutions.....	341	3,799,792	26.92
Securities companies.....	92	643,459	4.56
Other institutions.....	7,332	1,345,937	9.53
Foreign institutions.....	1,089	6,894,192	48.83
Foreign individuals.....	218	2,363	0.02
Individuals and others.....	257,640	1,427,269	10.11
<b>Total.....</b>	<b>266,720</b>	<b>14,117,796</b>	<b>100.00%</b>
Fractional shares (shares).....	—	2,276,025	—

Notes: 1. Of 3,960,805 shares in treasury stock, 39,608 units are included in "Individuals and others" and the remaining 5 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 column "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, 2014	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account).....	64,533,318	4.56%
The Master Trust Bank of Japan, Ltd. (Trust Account).....	61,953,800	4.38
Sumitomo Mitsui Banking Corporation.....	42,820,924	3.02
THE BANK OF NEW YORK MELLON SA/NV 10 *.....	37,756,367	2.67
NATSCUMCO**.....	24,517,895	1.73
STATE STREET BANK AND TRUST COMPANY***.....	23,763,635	1.68
STATE STREET BANK AND TRUST COMPANY 505225****.....	21,025,452	1.48
Japan Trustee Services Bank, Ltd. (Trust Account 9).....	16,799,000	1.18
Japan Trustee Services Bank, Ltd. (Trust Account 1).....	15,564,200	1.10
Japan Trustee Services Bank, Ltd. (Trust Account 6).....	15,561,900	1.10
<b>Total.....</b>	<b>324,296,491</b>	<b>22.93%</b>

\* Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.

\*\* Standing agent: Sumitomo Mitsui Banking Corporation

\*\*\* Standing agent: The HongKong and Shanghai Banking Corporation Limited's Tokyo Branch

\*\*\*\* Standing agent: Mizuho Bank, Ltd.

Note: 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.

## Stock Options

March 31	<b>2014</b>
Number of shares granted.....	98,400 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	<b>2014</b>
Number of shares granted.....	261,800 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	<b>2014</b>
Number of shares granted.....	277,100 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	<b>2014</b>
Number of shares granted.....	115,500 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

## Common Stock Price Range

### Stock Price Performance

Year ended March 31	Yen				
	2014	2013	2012	2011	2010
High .....	<b>¥5,470</b>	¥4,255	¥2,933	¥3,355	¥4,520
Low .....	<b>3,545</b>	2,231	2,003	2,235	2,591

Note: Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

### Six-Month Performance

	Yen					
	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014
High .....	¥4,945	¥5,270	¥5,470	¥5,468	¥4,910	¥4,713
Low .....	4,605	4,655	4,945	4,774	4,495	4,061

Note: Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

# Income Analysis (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

## Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2014				2013			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income .....	¥1,154,829	¥539,437	¥(88,160)	¥1,606,106	¥1,096,908	¥496,673	¥(105,774)	¥1,487,807
Interest expenses .....	227,173	157,418	(87,732)	296,859	237,412	149,238	(105,459)	281,192
Net interest income .....	927,655	382,018	(427)	1,309,246	859,495	347,434	(315)	1,206,615
Trust fees .....	2,393	—	—	2,393	1,823	—	—	1,823
Fees and commissions .....	619,047	170,873	(11,577)	778,343	576,012	146,459	(2,831)	719,640
Fees and commissions payments .....	114,542	30,644	(1,055)	144,131	122,477	23,558	(272)	145,763
Net fees and commissions .....	504,505	140,228	(10,522)	634,211	453,535	122,900	(2,558)	573,877
Trading income .....	173,645	46,359	(30,919)	189,085	198,848	34,767	(57,747)	175,868
Trading losses .....	13,067	17,851	(30,919)	—	69,493	28,378	(57,747)	40,124
Net trading income .....	160,577	28,508	—	189,085	129,354	6,389	—	135,744
Other operating income .....	190,982	34,612	(233)	225,360	308,105	54,698	(617)	362,186
Other operating expenses .....	88,267	5,869	(229)	93,907	84,618	9,930	—	94,549
Net other operating income .....	102,714	28,742	(3)	131,453	223,486	44,768	(617)	267,637

- 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. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (2014, ¥1 million; 2013, ¥7 million) related to the management of money held in trust.  
 3. 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					
	2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets .....	¥ 85,178,209	¥1,154,829	1.36%	¥94,161,776	¥1,096,908	1.16%
Loans and bills discounted .....	51,910,367	759,725	1.46	51,558,441	814,057	1.58
Securities .....	25,569,649	317,429	1.24	36,757,204	218,720	0.60
Call loans and bills bought .....	273,799	1,582	0.58	303,408	1,519	0.50
Receivables under resale agreements .....	34,087	45	0.13	30,138	46	0.16
Receivables under securities borrowing transactions .....	3,623,081	7,266	0.20	3,689,947	6,527	0.18
Deposits with banks .....	625,160	3,068	0.49	330,176	1,359	0.41
Interest-bearing liabilities .....	¥100,137,796	¥ 227,173	0.23%	¥98,618,767	¥ 237,412	0.24%
Deposits .....	79,237,323	45,019	0.06	76,183,139	47,445	0.06
Negotiable certificates of deposit .....	5,554,290	5,864	0.11	6,435,488	9,125	0.14
Call money and bills sold .....	1,497,107	1,221	0.08	1,233,579	1,039	0.08
Payables under repurchase agreements .....	1,114,596	1,125	0.10	1,068,990	1,496	0.14
Payables under securities lending transactions .....	3,122,796	3,486	0.11	3,870,048	6,252	0.16
Commercial paper .....	196,192	329	0.17	—	—	—
Borrowed money .....	4,194,658	78,827	1.88	5,035,564	87,374	1.74
Short-term bonds .....	215,910	231	0.11	186,527	218	0.12
Bonds .....	4,699,431	87,518	1.86	4,366,856	80,734	1.85

- 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 (2014, ¥12,410,570 million; 2013, ¥1,598,185 million).  
 4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2014, ¥14,831 million; 2013, ¥17,906 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2014, ¥14,831 million; 2013, ¥17,906 million) and corresponding interest (2014, ¥1 million; 2013, ¥7 million).

## Overseas Operations

Year ended March 31	Millions of yen					
	2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥30,258,278	¥539,437	1.78%	¥24,914,597	¥496,673	1.99%
Loans and bills discounted.....	17,300,619	413,735	2.39	14,696,165	382,465	2.60
Securities.....	2,138,265	27,889	1.30	2,176,455	34,073	1.57
Call loans and bills bought.....	1,195,387	16,769	1.40	1,141,432	13,038	1.14
Receivables under resale agreements.....	491,481	7,772	1.58	285,240	6,193	2.17
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Deposits with banks.....	6,051,947	35,174	0.58	4,665,188	32,078	0.69
Interest-bearing liabilities.....	¥21,898,497	¥157,418	0.72%	¥17,503,492	¥149,238	0.85%
Deposits.....	10,494,439	61,036	0.58	8,410,034	49,448	0.59
Negotiable certificates of deposit.....	7,223,402	33,278	0.46	5,264,852	32,638	0.62
Call money and bills sold.....	665,985	2,283	0.34	659,919	3,508	0.53
Payables under repurchase agreements....	981,930	3,047	0.31	1,081,172	4,805	0.44
Payables under securities lending transactions.....	—	—	—	—	—	—
Commercial paper.....	2,192,106	6,276	0.29	1,580,650	5,703	0.36
Borrowed money.....	229,501	3,381	1.47	410,128	8,623	2.10
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	40,094	1,672	4.17	54,832	2,825	5.15

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 (2014, ¥82,018 million; 2013, ¥85,149 million).

## Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥114,068,822	¥1,606,106	1.41%	¥117,570,430	¥1,487,807	1.27%
Loans and bills discounted.....	68,042,417	1,107,862	1.63	64,889,690	1,119,939	1.73
Securities.....	27,707,915	344,851	1.24	38,933,660	252,439	0.65
Call loans and bills bought.....	1,469,187	18,351	1.25	1,444,840	14,557	1.01
Receivables under resale agreements.....	456,907	7,749	1.70	315,280	6,240	1.98
Receivables under securities borrowing transactions.....	3,623,081	7,266	0.20	3,689,947	6,527	0.18
Deposits with banks.....	6,560,395	37,798	0.58	4,870,733	32,978	0.68
Interest-bearing liabilities.....	¥120,671,195	¥ 296,859	0.25%	¥114,579,932	¥ 281,192	0.25%
Deposits.....	89,612,608	105,561	0.12	84,429,208	96,394	0.11
Negotiable certificates of deposit.....	12,777,692	39,142	0.31	11,700,340	41,763	0.36
Call money and bills sold.....	2,163,092	3,505	0.16	1,893,498	4,547	0.24
Payables under repurchase agreements....	2,027,865	4,105	0.20	2,150,064	6,300	0.29
Payables under securities lending transactions.....	3,122,796	3,486	0.11	3,870,048	6,252	0.16
Commercial paper.....	2,388,298	6,606	0.28	1,580,650	5,703	0.36
Borrowed money.....	3,255,502	16,622	0.51	4,080,888	19,415	0.48
Short-term bonds.....	215,910	231	0.11	186,527	218	0.12
Bonds.....	4,739,525	89,190	1.88	4,421,689	83,559	1.89

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 (2014, ¥12,492,218 million; 2013, ¥1,682,995 million).

4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2014, ¥14,831 million; 2013, ¥17,906 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2014, ¥14,831 million; 2013, ¥17,906 million) and corresponding interest (2014, ¥1 million; 2013, ¥7 million).

## Fees and Commissions

Year ended March 31	Millions of yen							
	2014				2013			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥619,047	¥170,873	¥(11,577)	¥778,343	¥576,012	¥146,459	¥(2,831)	¥719,640
Deposits and loans .....	23,013	97,728	(3,810)	116,931	23,372	89,445	(11)	112,805
Remittances and transfers.....	118,482	14,314	(1)	132,795	118,500	12,260	(1)	130,760
Securities-related business.....	105,758	28,626	(4,440)	129,944	63,898	18,206	(1,538)	80,566
Agency .....	16,596	—	—	16,596	16,643	—	—	16,643
Safe deposits .....	5,830	2	—	5,833	5,989	2	—	5,991
Guarantees.....	36,965	13,029	(155)	49,839	36,971	12,137	(142)	48,965
Credit card business.....	6,745	—	—	6,745	6,434	—	—	6,434
Investment trusts .....	144,090	1,516	—	145,607	144,757	1,556	—	146,314
Fees and commissions payments.....	¥114,542	¥ 30,644	¥ (1,055)	¥144,131	¥122,477	¥ 23,558	¥ (272)	¥145,763
Remittances and transfers.....	28,658	8,135	(95)	36,698	27,923	16,381	(59)	44,244

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							
	2014				2013			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥173,645	¥46,359	¥(30,919)	¥189,085	¥198,848	¥34,767	¥(57,747)	¥175,868
Gains on trading securities .....	150,121	—	(11,016)	139,105	179,677	—	(8,463)	171,214
Gains on securities related to trading transactions .....	20,396	—	(118)	20,277	4,225	60	—	4,286
Gains on trading-related financial derivatives.....	2,915	46,359	(19,784)	29,491	14,577	34,707	(49,284)	—
Others .....	210	—	—	210	367	—	—	367
Trading losses.....	¥ 13,067	¥17,851	¥(30,919)	¥ —	¥ 69,493	¥28,378	¥(57,747)	¥ 40,124
Losses on trading securities .....	—	11,016	(11,016)	—	—	8,463	(8,463)	—
Losses on securities related to trading transactions .....	—	118	(118)	—	—	—	—	—
Losses on trading-related financial derivatives.....	13,067	6,716	(19,784)	—	69,493	19,914	(49,284)	40,124
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	
	2014	2013
Domestic operations:		
Liquid deposits .....	¥ 53,827,765	¥ 51,231,871
Fixed-term deposits .....	24,133,089	25,186,988
Others .....	5,010,342	3,837,962
Subtotal .....	82,971,197	80,256,822
Negotiable certificates of deposit .....	5,718,522	5,776,809
Total .....	¥ 88,689,719	¥ 86,033,632
Overseas operations:		
Liquid deposits .....	¥ 8,274,686	¥ 6,471,045
Fixed-term deposits .....	3,211,221	2,517,694
Others .....	85,958	91,792
Subtotal .....	11,571,866	9,080,532
Negotiable certificates of deposit .....	8,254,817	6,201,744
Total .....	¥ 19,826,684	¥ 15,282,277
Grand total .....	¥108,516,404	¥101,315,909

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			
	2014		2013	
Domestic operations:				
Manufacturing .....	¥ 5,934,989	11.34%	¥ 5,995,285	11.36%
Agriculture, forestry, fisheries and mining .....	161,015	0.31	150,712	0.29
Construction .....	894,811	1.71	886,516	1.68
Transportation, communications and public enterprises .....	4,573,834	8.74	4,264,739	8.09
Wholesale and retail .....	4,267,679	8.15	4,136,162	7.84
Finance and insurance .....	5,018,049	9.58	5,697,927	10.80
Real estate, goods rental and leasing .....	7,440,672	14.21	7,544,508	14.30
Services .....	4,251,649	8.12	4,011,560	7.60
Municipalities .....	1,169,119	2.23	1,115,839	2.12
Others .....	18,643,774	35.61	18,951,459	35.92
Subtotal .....	¥52,355,596	100.00%	¥52,754,711	100.00%
Overseas operations:				
Public sector .....	¥ 78,915	0.45%	¥ 62,765	0.45%
Financial institutions .....	1,092,827	6.28	619,212	4.45
Commerce and industry .....	14,202,756	81.63	11,783,976	84.71
Others .....	2,024,296	11.64	1,445,071	10.39
Subtotal .....	¥17,398,795	100.00%	¥13,911,026	100.00%
Total .....	¥69,754,391	—	¥66,665,737	—

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	
	2014	2013
Bankrupt loans .....	¥ 38,949	¥ 54,846
Non-accrual loans .....	788,485	1,006,497
Past due loans (3 months or more) .....	7,546	9,953
Restructured loans .....	331,782	422,509
<b>Total .....</b>	<b>¥1,166,764</b>	<b>¥1,493,807</b>
Amount of direct reduction .....	¥ 422,009	¥ 549,257

## 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	
	2014	2013
<b>Domestic operations:</b>		
Japanese government bonds .....	¥14,242,373	¥26,994,415
Japanese local government bonds .....	227,128	355,883
Japanese corporate bonds .....	2,939,730	3,005,080
Japanese stocks .....	3,434,174	3,097,093
Others .....	3,267,922	5,367,925
<b>Subtotal .....</b>	<b>¥24,111,328</b>	<b>¥38,820,398</b>
<b>Overseas operations:</b>		
Japanese government bonds .....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks .....	—	—
Others .....	2,981,044	2,473,607
<b>Subtotal .....</b>	<b>¥ 2,981,044</b>	<b>¥ 2,473,607</b>
<b>Total .....</b>	<b>¥27,092,373</b>	<b>¥41,294,005</b>

- 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							
	2014				2013			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
<b>Trading assets .....</b>	<b>¥6,238,736</b>	<b>¥668,018</b>	<b>¥(60,025)</b>	<b>¥6,846,729</b>	<b>¥6,955,688</b>	<b>¥723,986</b>	<b>¥(60,261)</b>	<b>¥7,619,413</b>
Trading securities .....	3,163,102	73,520	—	3,236,622	3,035,233	35,647	—	3,070,881
Derivatives of trading securities .....	6,437	—	—	6,437	3,420	—	—	3,420
Securities related to trading transactions .....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	5,912	173	—	6,086	26,022	22	—	26,044
Trading-related financial derivatives .....	2,946,302	594,324	(60,025)	3,480,601	3,703,059	688,317	(60,261)	4,331,114
Other trading assets .....	116,981	—	—	116,981	187,952	—	—	187,952
<b>Trading liabilities .....</b>	<b>¥4,255,600</b>	<b>¥544,909</b>	<b>¥(60,025)</b>	<b>¥4,740,484</b>	<b>¥5,419,265</b>	<b>¥725,049</b>	<b>¥(60,261)</b>	<b>¥6,084,053</b>
Trading securities sold for short sales .....	1,815,126	8,405	—	1,823,171	1,866,854	3,700	—	1,870,555
Derivatives of trading securities .....	7,178	—	—	7,178	10,977	716	—	11,694
Securities related to trading transactions sold for short sales .....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	7,332	245	—	7,578	29,372	24	—	29,396
Trading-related financial derivatives .....	2,425,963	536,618	(60,025)	2,902,555	3,512,062	720,607	(60,261)	4,172,408
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 (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Gross Banking Profit, Classified by Domestic and International Operations

Year ended March 31	Millions of yen					
	2014			2013		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income.....	¥ 948,945	¥441,597	¥1,367,602	¥ 897,934	¥395,284	¥1,270,673
			[22,941]			[22,545]
Interest expenses.....	68,297	257,338	302,695	84,297	237,718	299,470
			[22,941]			[22,545]
Net interest income.....	880,647	184,258	1,064,906	813,636	157,565	971,202
Trust fees.....	1,945	27	1,972	1,800	22	1,823
Fees and commissions.....	350,020	163,288	513,309	350,989	138,321	489,310
Fees and commissions payments.....	119,579	36,377	155,957	117,753	27,818	145,572
Net fees and commissions.....	230,441	126,910	357,351	233,235	110,503	343,738
Trading income.....	206	36,852	37,059	1,443	4,336	5,780
Trading losses.....	280	—	280	—	9,562	9,562
Net trading income.....	(73)	36,852	36,779	1,443	(5,225)	(3,781)
Other operating income.....	24,886	117,475	142,006	65,875	212,490	278,366
Other operating expenses.....	25,839	19,349	44,833	17,080	34,174	51,254
Net other operating income.....	(952)	98,125	97,172	48,795	178,316	227,112
Gross banking profit.....	¥1,112,008	¥446,175	¥1,558,184	¥1,098,912	¥441,182	¥1,540,095
Gross banking profit rate (%).....	1.53%	1.42%	1.55%	1.35%	1.66%	1.46%

- 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. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (2014, ¥1 million; 2013, ¥7 million) related to the management of money held in trust.
3. 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.
4. The figures in the total column of "Other operating income" and "Other operating expenses" are less than the combined total for "Domestic operations" and "International operations" (2014, ¥355 million; 2013, ¥— million) due to the presentation of net amounts for gains (losses) from derivative transactions.
5. 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					
	2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥72,442,213	¥948,945	1.30%	¥80,951,335	¥897,934	1.10%
	[3,577,815]	[22,941]		[2,554,901]	[22,545]	
Loans and bills discounted.....	45,370,735	637,488	1.40	44,448,446	680,256	1.53
Securities.....	22,616,380	268,083	1.18	33,051,536	182,723	0.55
Call loans.....	69,790	216	0.31	48,578	249	0.51
Receivables under resale agreements.....	—	—	—	—	—	—
Receivables under securities borrowing transactions.....	420,070	1,023	0.24	453,540	1,101	0.24
Bills bought.....	28,469	764	2.68	22,164	780	3.52
Deposits with banks.....	6,699	1	0.01	6,356	1	0.01
Interest-bearing liabilities.....	¥80,855,505	¥ 68,297	0.08%	¥79,485,870	¥ 84,297	0.10%
Deposits.....	68,817,306	26,409	0.03	66,400,621	29,454	0.04
Negotiable certificates of deposit.....	5,847,365	6,234	0.10	6,682,323	9,690	0.14
Call money.....	973,696	490	0.05	975,392	588	0.06
Payables under repurchase agreements....	37,359	35	0.09	54,020	55	0.10
Payables under securities lending transactions.....	569,069	355	0.06	756,437	692	0.09
Borrowed money.....	1,583,166	7,123	0.44	1,340,082	8,087	0.60
Short-term bonds.....	23,819	16	0.07	18,652	14	0.08
Bonds.....	2,272,425	26,548	1.16	2,686,884	34,640	1.28

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2014, ¥11,857,804 million; 2013, ¥1,460,002 million).
2. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2014, ¥2,269 million; 2013, ¥7,026 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2014, ¥2,269 million; 2013, ¥7,026 million) and corresponding interest (2014, ¥1 million; 2013, ¥7 million).
3. 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					
	2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥31,405,213	¥441,597	1.40%	¥26,563,501	¥395,284	1.48%
Loans and bills discounted.....	16,584,726	307,966	1.85	13,720,874	273,860	1.99
Securities.....	5,710,389	66,671	1.16	6,209,456	63,193	1.01
Call loans.....	390,688	4,675	1.19	426,423	3,765	0.88
Receivables under resale agreements.....	332,774	4,646	1.39	252,039	5,009	1.98
Receivables under securities borrowing transactions.....	197,496	895	0.45	107,735	499	0.46
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	5,670,327	23,786	0.41	4,063,289	19,439	0.47
Interest-bearing liabilities.....	¥30,729,027	¥257,338	0.83%	¥25,239,631	¥237,718	0.94%
	[3,577,815]	[22,941]		[2,554,901]	[22,545]	
Deposits.....	11,261,215	36,375	0.32	8,906,133	31,036	0.34
Negotiable certificates of deposit.....	6,983,225	32,301	0.46	4,983,840	31,340	0.62
Call money.....	594,332	1,879	0.31	543,160	2,256	0.41
Payables under repurchase agreements....	1,321,602	3,081	0.23	1,346,096	5,255	0.39
Payables under securities lending transactions.....	772,910	1,201	0.15	1,684,650	3,996	0.23
Borrowed money.....	1,970,189	71,238	3.61	1,920,820	81,060	4.22
Bonds.....	2,101,155	58,142	2.76	1,470,467	44,244	3.00

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2014, ¥60,515 million; 2013, ¥66,076 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					
	2014			2013		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥100,269,611	¥1,367,602	1.36%	¥104,959,935	¥1,270,673	1.21%
Loans and bills discounted.....	61,955,462	945,454	1.52	58,169,321	954,116	1.64
Securities.....	28,326,769	334,755	1.18	39,260,992	245,917	0.62
Call loans.....	460,479	4,892	1.06	475,002	4,015	0.84
Receivables under resale agreements.....	332,774	4,646	1.39	252,039	5,009	1.98
Receivables under securities borrowing transactions.....	617,566	1,918	0.31	561,276	1,601	0.28
Bills bought.....	28,469	764	2.68	22,164	780	3.52
Deposits with banks.....	5,677,026	23,788	0.41	4,069,646	19,440	0.47
Interest-bearing liabilities.....	¥108,006,718	¥ 302,695	0.28%	¥102,170,601	¥ 299,470	0.29%
Deposits.....	80,078,521	62,784	0.07	75,306,754	60,491	0.08
Negotiable certificates of deposit.....	12,830,590	38,536	0.30	11,666,164	41,030	0.35
Call money.....	1,568,029	2,370	0.15	1,518,553	2,844	0.18
Payables under repurchase agreements....	1,358,961	3,117	0.22	1,400,116	5,311	0.37
Payables under securities lending transactions.....	1,341,979	1,557	0.11	2,441,087	4,688	0.19
Borrowed money.....	3,553,356	78,361	2.20	3,260,903	89,147	2.73
Short-term bonds.....	23,819	16	0.07	18,652	14	0.08
Bonds.....	4,373,580	84,690	1.93	4,157,351	78,885	1.89

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2014, ¥11,918,319 million; 2013, ¥1,526,078 million).  
2. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2014, ¥2,269 million; 2013, ¥7,026 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2014, ¥2,269 million; 2013, ¥7,026 million) and corresponding interest (2014, ¥1 million; 2013, ¥7 million).  
3. 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					
	2014			2013		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(94,385)	¥145,396	¥ 51,011	¥(13,323)	¥(37,322)	¥(50,646)
Loans and bills discounted.....	12,958	(55,726)	(42,767)	(29,125)	(18,301)	(47,427)
Securities.....	(57,690)	143,049	85,359	1,532	(517)	1,014
Call loans.....	65	(99)	(33)	(99)	14	(84)
Receivables under resale agreements.....	—	—	—	—	—	—
Receivables under securities borrowing transactions.....	(81)	3	(78)	240	(289)	(48)
Bills bought.....	169	(185)	(16)	32	(244)	(212)
Deposits with banks.....	0	(0)	0	(427)	(545)	(972)
Interest expenses.....	¥ 1,157	¥ (17,157)	¥(15,999)	¥ (2,728)	¥(12,304)	¥(15,032)
Deposits.....	927	(3,972)	(3,045)	669	(5,921)	(5,251)
Negotiable certificates of deposit.....	(1,107)	(2,347)	(3,455)	(348)	(727)	(1,075)
Call money.....	(1)	(96)	(97)	(108)	(49)	(158)
Payables under repurchase agreements....	(16)	(3)	(20)	18	(0)	17
Payables under securities lending transactions.....	(147)	(188)	(336)	(260)	111	(148)
Borrowed money.....	1,093	(2,057)	(963)	(8,356)	4,615	(3,741)
Short-term bonds.....	3	(1)	1	(19)	(3)	(22)
Bonds.....	(5,031)	(3,060)	(8,092)	(841)	(4,021)	(4,862)

## International Operations

Year ended March 31	Millions of yen					
	2014			2013		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥68,080	¥(21,767)	¥46,313	¥95,072	¥ (9,098)	¥85,973
Loans and bills discounted.....	53,179	(19,073)	34,105	67,764	(3,623)	64,140
Securities.....	(5,079)	8,556	3,477	15,876	2,395	18,271
Call loans.....	(315)	1,225	910	517	(1,237)	(719)
Receivables under resale agreements.....	1,127	(1,490)	(362)	1,693	(410)	1,283
Receivables under securities borrowing transactions.....	406	(11)	395	343	(23)	319
Deposits with banks.....	6,741	(2,393)	4,347	3,236	(1,448)	1,787
Interest expenses.....	¥45,970	¥(26,350)	¥19,620	¥53,431	¥(17,395)	¥36,035
Deposits.....	7,607	(2,268)	5,338	807	(3,399)	(2,592)
Negotiable certificates of deposit.....	9,248	(8,287)	961	14,311	(3,104)	11,207
Call money.....	161	(538)	(376)	655	(326)	329
Payables under repurchase agreements....	(93)	(2,080)	(2,174)	2,739	504	3,243
Payables under securities lending transactions.....	(1,707)	(1,087)	(2,795)	600	(1,081)	(481)
Borrowed money.....	1,785	(11,607)	(9,822)	9,837	(5,678)	4,159
Bonds.....	17,452	(3,554)	13,897	11,962	1,291	13,254

## Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2014			2013		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(56,782)	¥153,710	¥96,928	¥59,626	¥(28,487)	¥31,138
Loans and bills discounted.....	57,777	(66,439)	(8,662)	24,784	(8,071)	16,713
Securities.....	(68,488)	157,325	88,837	11,414	7,871	19,286
Call loans.....	(122)	999	876	321	(1,126)	(804)
Receivables under resale agreements.....	1,127	(1,490)	(362)	1,693	(410)	1,283
Receivables under securities borrowing transactions.....	168	149	317	493	(222)	270
Bills bought.....	169	(185)	(16)	32	(244)	(212)
Deposits with banks.....	6,735	(2,387)	4,347	3,124	(2,309)	815
Interest expenses.....	¥ 16,356	¥ (13,131)	¥ 3,224	¥ 8,900	¥ 7,913	¥16,813
Deposits.....	3,741	(1,448)	2,293	1,398	(9,242)	(7,844)
Negotiable certificates of deposit.....	3,497	(5,991)	(2,494)	7,006	3,124	10,131
Call money.....	74	(548)	(474)	(31)	202	170
Payables under repurchase agreements....	(151)	(2,042)	(2,194)	2,717	544	3,261
Payables under securities lending transactions.....	(1,666)	(1,465)	(3,131)	(176)	(453)	(629)
Borrowed money.....	6,449	(17,235)	(10,786)	(42,459)	42,877	418
Short-term bonds.....	3	(1)	1	(19)	(3)	(22)
Bonds.....	4,163	1,642	5,805	6,401	1,990	8,392

Note: Volume/rate variance is prorated according to changes in volume and rate.

## Fees and Commissions

Year ended March 31	Millions of yen					
	2014			2013		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions.....	¥350,020	¥163,288	¥513,309	¥350,989	¥138,321	¥489,310
Deposits and loans.....	11,780	87,990	99,771	11,563	67,958	79,521
Remittances and transfers.....	90,852	31,316	122,168	91,223	29,007	120,230
Securities-related business.....	11,893	2,287	14,181	11,669	1,557	13,226
Agency.....	12,767	—	12,767	12,501	—	12,501
Safe deposits.....	5,404	—	5,404	5,554	—	5,554
Guarantees.....	17,871	19,599	37,471	18,620	18,112	36,733
Fees and commissions payments.....	¥119,579	¥ 36,377	¥155,957	¥117,753	¥ 27,818	¥145,572
Remittances and transfers.....	22,037	11,739	33,777	21,924	19,238	41,162

## Trading Income

Year ended March 31	Millions of yen					
	2014			2013		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading income.....	¥206	¥36,852	¥37,059	¥1,443	¥4,336	¥5,780
Gains on trading securities.....	—	—	—	1,125	—	1,125
Gains on securities related to trading transactions.....	—	20,277	20,277	—	4,286	4,286
Gains on trading-related financial derivatives.....	—	16,570	16,570	—	—	—
Others.....	206	3	210	317	49	367
Trading losses.....	¥280	¥ —	¥ 280	¥ —	¥9,562	¥9,562
Losses on trading securities.....	280	—	280	—	—	—
Losses on securities related to trading transactions.....	—	—	—	—	—	—
Losses on trading-related financial derivatives.....	—	—	—	—	9,562	9,562
Others.....	—	—	—	—	—	—

Note: Figures represent net gains after offsetting income against expenses.

## Net Other Operating Income (Expenses)

Year ended March 31	Millions of yen					
	2014			2013		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income (expenses).....	¥ (952)	¥98,125	¥97,172	¥48,795	¥178,316	¥227,112
Gains (losses) on bonds.....	(4,862)	5,596	734	40,679	73,169	113,849
Gains (losses) on derivatives.....	(2,984)	355	(2,629)	(829)	(7,262)	(8,092)
Gains on foreign exchange transactions.....	—	90,117	90,117	—	111,289	111,289

## General and Administrative Expenses

Year ended March 31	Millions of yen	
	2014	2013
	Salaries and related expenses.....	¥242,163
Retirement benefit cost.....	8,651	13,183
Welfare expenses.....	37,597	36,800
Depreciation.....	81,666	79,240
Rent and lease expenses.....	64,188	63,381
Building and maintenance expenses.....	4,179	3,567
Supplies expenses.....	5,275	5,181
Water, lighting, and heating expenses.....	5,524	5,202
Traveling expenses.....	4,968	4,552
Communication expenses.....	7,248	7,049
Publicity and advertising expenses.....	7,171	4,905
Taxes, other than income taxes.....	37,368	38,440
Deposit insurance.....	47,202	46,237
Others.....	192,538	193,627
Total.....	¥745,745	¥727,736

# Deposits (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Deposits and Negotiable Certificates of Deposit

### Year-End Balance

March 31	Millions of yen			
	2014		2013	
Domestic operations:				
Liquid deposits .....	¥50,668,662	64.9%	¥48,253,598	63.4%
Fixed-term deposits .....	20,165,417	25.8	21,222,265	27.9
Others .....	1,231,639	1.6	663,174	0.9
Subtotal .....	72,065,720	92.3	70,139,039	92.2
Negotiable certificates of deposit .....	6,009,098	7.7	5,930,739	7.8
Total .....	¥78,074,818	100.0%	¥76,069,778	100.0%
International operations:				
Liquid deposits .....	¥ 6,171,074	30.7%	¥ 4,922,541	31.0%
Fixed-term deposits .....	2,184,444	10.9	1,724,955	10.9
Others .....	3,716,100	18.5	3,219,902	20.3
Subtotal .....	12,071,618	60.1	9,867,399	62.2
Negotiable certificates of deposit .....	8,011,407	39.9	5,991,159	37.8
Total .....	¥20,083,026	100.0%	¥15,858,558	100.0%
Grand total .....	¥98,157,844	—	¥91,928,337	—

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	2014		2013	
	Millions of yen			
Domestic operations:				
Liquid deposits .....	¥47,384,674		¥44,618,302	
Fixed-term deposits .....	20,929,837		21,273,163	
Others .....	502,794		509,155	
Subtotal .....	68,817,306		66,400,621	
Negotiable certificates of deposit .....	5,847,365		6,682,323	
Total .....	¥74,664,671		¥73,082,944	
International operations:				
Liquid deposits .....	¥ 5,941,383		¥ 4,544,011	
Fixed-term deposits .....	1,878,532		1,459,551	
Others .....	3,441,299		2,902,570	
Subtotal .....	11,261,215		8,906,133	
Negotiable certificates of deposit .....	6,983,225		4,983,840	
Total .....	¥18,244,440		¥13,889,974	
Grand total .....	¥92,909,112		¥86,972,919	

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			
	2014		2013	
Individual .....	¥40,159,579	53.8%	¥38,827,723	53.4%
Corporate .....	34,493,475	46.2	33,819,677	46.6
Total .....	¥74,653,054	100.0%	¥72,647,400	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	
	2014	2013
Individual .....	¥2,893,374	¥2,686,235
Corporate .....	352,831	345,683
Total .....	¥3,246,205	¥3,031,918

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	
	2014	2013
Less than three months .....	¥ 8,298,857	¥ 8,615,190
Fixed interest rates .....	6,349,549	7,051,007
Floating interest rates .....	61,422	54,213
Others .....	1,887,885	1,509,970
Three — six months .....	4,031,487	4,330,621
Fixed interest rates .....	3,824,179	4,162,945
Floating interest rates .....	70,796	86,309
Others .....	136,512	81,367
Six months — one year .....	5,826,686	5,971,613
Fixed interest rates .....	5,515,582	5,668,401
Floating interest rates .....	187,162	177,919
Others .....	123,940	125,291
One — two years .....	1,878,684	1,805,436
Fixed interest rates .....	1,699,107	1,670,172
Floating interest rates .....	167,422	132,154
Others .....	12,154	3,108
Two — three years .....	1,071,956	1,197,298
Fixed interest rates .....	1,004,377	1,120,995
Floating interest rates .....	67,573	76,302
Others .....	5	0
Three years or more .....	1,242,150	1,027,019
Fixed interest rates .....	544,645	529,243
Floating interest rates .....	690,513	492,559
Others .....	6,990	5,217
Total .....	¥22,349,822	¥22,947,180
Fixed interest rates .....	18,937,442	20,202,765
Floating interest rates .....	1,244,890	1,019,459
Others .....	2,167,489	1,724,955

Note: The figures above do not include installment savings.



## Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

### Balance of Loans and Bills Discounted

#### Year-End Balance

March 31	Millions of yen	
	2014	2013
Domestic operations:		
Loans on notes.....	¥ 767,034	¥ 930,005
Loans on deeds.....	35,557,487	35,490,809
Overdrafts.....	9,180,238	8,630,789
Bills discounted.....	120,421	140,274
Subtotal.....	¥45,625,181	¥45,191,878
International operations:		
Loans on notes.....	¥ 919,133	¥ 785,108
Loans on deeds.....	16,690,933	13,649,153
Overdrafts.....	135,430	144,622
Bills discounted.....	—	—
Subtotal.....	¥17,745,496	¥14,578,885
Total.....	¥63,370,678	¥59,770,763

#### Average Balance

Year ended March 31	Millions of yen	
	2014	2013
Domestic operations:		
Loans on notes.....	¥ 862,023	¥ 1,089,277
Loans on deeds.....	35,667,404	34,911,708
Overdrafts.....	8,730,765	8,327,167
Bills discounted.....	108,502	120,292
Subtotal.....	¥45,370,735	¥44,448,446
International operations:		
Loans on notes.....	¥ 860,604	¥ 656,326
Loans on deeds.....	15,562,953	12,914,024
Overdrafts.....	161,169	150,523
Bills discounted.....	—	—
Subtotal.....	¥16,584,726	¥13,720,874
Total.....	¥61,955,462	¥58,169,321

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			
	2014		2013	
Funds for capital investment.....	¥20,854,059	32.9%	¥20,838,299	34.9%
Funds for working capital.....	42,516,619	67.1	38,932,464	65.1
Total.....	¥63,370,678	100.0%	¥59,770,763	100.0%

### Balance of Loans and Bills Discounted, Classified by Collateral

March 31	Millions of yen	
	2014	2013
Securities.....	¥ 625,687	¥ 526,510
Commercial claims.....	1,056,461	1,020,675
Commercial goods.....	—	—
Real estate.....	6,545,000	6,468,203
Others.....	1,069,055	900,384
Subtotal.....	9,296,206	8,915,773
Guaranteed.....	22,888,977	18,820,060
Unsecured.....	31,185,495	32,034,929
Total.....	¥63,370,678	¥59,770,763

## Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2014	2013
One year or less .....	¥ 9,010,734	¥ 9,523,787
One — three years .....	10,352,290	9,108,573
Floating interest rates .....	8,220,488	7,368,894
Fixed interest rates .....	2,131,802	1,739,678
Three — five years .....	9,888,388	8,541,693
Floating interest rates .....	8,198,133	6,926,235
Fixed interest rates .....	1,690,255	1,615,458
Five — seven years .....	4,957,410	4,069,630
Floating interest rates .....	4,293,891	3,421,755
Fixed interest rates .....	663,519	647,875
More than seven years .....	19,846,185	19,751,666
Floating interest rates .....	18,883,021	18,838,219
Fixed interest rates .....	963,163	913,446
No designated term .....	9,315,668	8,775,412
Floating interest rates .....	9,315,668	8,775,412
Fixed interest rates .....	—	—
Total .....	¥63,370,678	¥59,770,763

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			
	2014		2013	
Domestic operations:				
Manufacturing .....	¥ 5,576,738	11.6%	¥ 5,624,822	11.8%
Agriculture, forestry, fisheries and mining .....	157,355	0.3	147,588	0.3
Construction .....	703,298	1.5	702,929	1.5
Transportation, communications and public enterprises .....	4,319,089	9.0	4,026,851	8.5
Wholesale and retail .....	3,871,723	8.0	3,740,820	7.9
Finance and insurance .....	6,727,681	14.0	6,253,616	13.1
Real estate, goods rental and leasing .....	6,229,315	12.9	6,334,343	13.3
Services .....	3,685,128	7.6	3,496,804	7.3
Municipalities .....	1,022,817	2.1	992,233	2.1
Others .....	15,898,175	33.0	16,273,333	34.2
Subtotal .....	¥48,191,322	100.0%	¥47,593,343	100.0%
Overseas operations:				
Public sector .....	¥ 45,614	0.3%	¥ 36,664	0.3%
Financial institutions .....	1,252,313	8.3	899,404	7.4
Commerce and industry .....	12,497,387	82.3	10,344,435	84.9
Others .....	1,384,040	9.1	896,914	7.4
Subtotal .....	¥15,179,355	100.0%	¥12,177,419	100.0%
Total .....	¥63,370,678	—	¥59,770,763	—

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	
	2014	2013
Total domestic loans (A) .....	¥48,191,322	¥47,593,343
Loans to individuals, and small and medium-sized enterprises (B) .....	33,090,555	33,091,729
(B) / (A) .....	68.7%	69.5%

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	
	2014	2013
Consumer loans .....	¥14,722,233	¥14,955,844
Housing loans .....	13,841,388	14,086,232
Residential purpose .....	11,089,976	11,190,267
Others .....	880,844	869,612

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, 2014	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses .....	¥379,403	¥312,775	¥ —	¥379,403*	¥312,775
	[(4,241)]				
Specific reserve for possible loan losses .....	242,152	159,025	16,227	225,924*	159,025
	[(725)]				
For nonresident loans .....	66,198	31,711	2,174	64,023*	31,711
	[(699)]				
Loan loss reserve for specific overseas countries ...	5	747	—	5*	747
Total .....	¥621,560	¥472,548	¥16,227	¥605,333	¥472,548
	[(4,966)]				
Amount of direct reduction .....	¥357,297				¥255,268
	[(1,240)]				

\* Transfer from reserves by reversal or origination method

Note: Figures in brackets [ ] indicate foreign exchange translation adjustments.

Year ended March 31, 2013	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses .....	¥446,842	¥375,161	¥ —	¥446,842*	¥375,161
	[(7,308)]				
Specific reserve for possible loan losses .....	252,578	241,426	56,254	196,324*	241,426
	[(3,071)]				
For nonresident loans .....	64,826	65,499	10,543	54,282*	65,499
	[(3,071)]				
Loan loss reserve for specific overseas countries ...	173	5	—	173*	5
Total .....	¥699,595	¥616,593	¥56,254	¥643,340	¥616,593
	[(10,379)]				
Amount of direct reduction .....	¥336,938				¥356,056
	[(2,038)]				

\* 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	
	2014	2013
Write-off of loans .....	¥4,520	¥40,258

Note: Write-off of loans include amount of direct reduction.

## Specific Overseas Loans

March 31	Millions of yen	
	2014	2013
Egypt .....	¥10,999	¥—
Cyprus .....	55	67
Argentina .....	5	4
Total .....	¥11,060	¥72
Ratio of the total amounts to total assets .....	0.00%	0.00%
Number of countries .....	3	2

### Risk-Monitored Loans

March 31	Millions of yen	
	2014	2013
Bankrupt loans .....	¥ 29,827	¥ 44,949
Non-accrual loans .....	614,678	760,701
Past due loans (3 months or more) .....	6,520	9,004
Restructured loans .....	186,194	247,634
<b>Total .....</b>	<b>¥837,221</b>	<b>¥1,062,290</b>
Amount of direct reduction .....	¥231,407	¥ 321,197

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

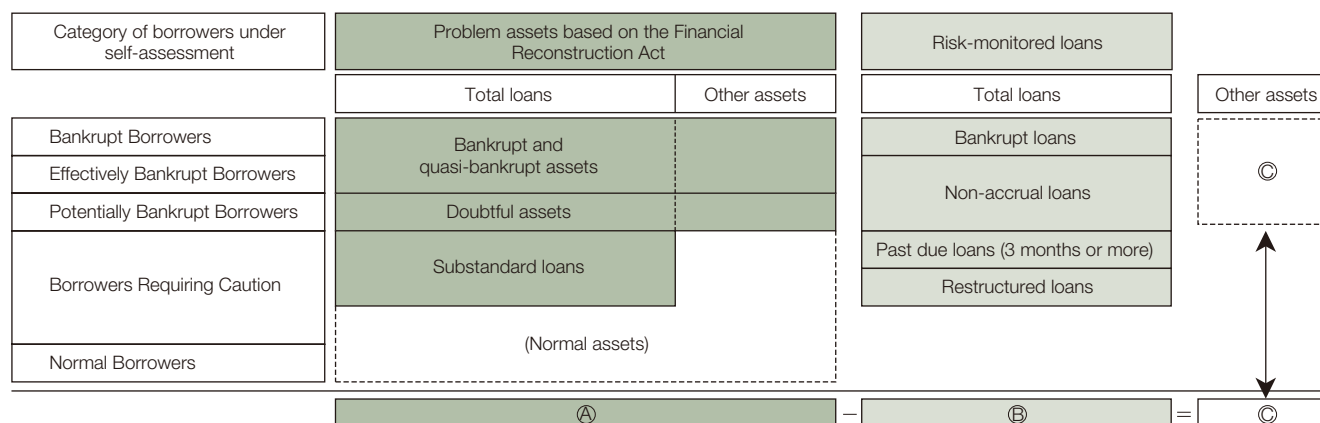
March 31	Millions of yen	
	2014	2013
Bankrupt and quasi-bankrupt assets .....	¥ 114,268	¥ 145,438
Doubtful assets .....	574,429	691,388
Substandard loans .....	192,715	256,638
<b>Total of problem assets .....</b>	<b>881,413</b>	<b>1,093,465</b>
Normal assets .....	71,907,016	67,289,548
<b>Total .....</b>	<b>¥72,788,430</b>	<b>¥68,383,013</b>
Amount of direct reduction .....	¥ 255,268	¥ 356,056

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



## Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves

March 31, 2014		Classification under self-assessment				(Billions of yen)	
Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Act	Classification under self-assessment				Reserve for possible loan losses	Reserve ratio
		Classification I	Classification II	Classification III	Classification IV		
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥114.3	Portion of claims secured by collateral or guarantees, etc. (5) ¥104.9	Fully reserved ¥9.4	Direct write-offs (Note 1)	Specific reserve	¥11.8 (Note 2)	100% (Note 3)
Effectively Bankrupt Borrowers							
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥574.4	Portion of claims secured by collateral or guarantees, etc. (6) ¥364.3	Necessary amount reserved ¥210.1		General reserve	¥146.6 (Note 2)	69.77% (Note 3)
Borrowers Requiring Caution	Substandard loans (3) ¥192.7 (Claims to substandard borrowers)	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥98.2					
Normal Borrowers	Normal assets ¥71,907.0	Claims to borrowers requiring caution, excluding claims to substandard borrowers			General reserve	¥313.4 (Note 6)	6.70% (16.97%) (Note 4)
		Claims to normal borrowers					
					Loan loss reserve for specific overseas countries	¥0.7	
NPL ratio (A) / (4) 1.21% (Note 5)	Total (4) ¥72,788.4				Total reserve for possible loan losses	¥472.5	Reserve ratio (B) / (D) 67.83% (Note 7)
	(A) = (1) + (2) + (3) ¥881.4	Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥567.4	Unsecured portion (D) = (A) - (C) ¥314.0		(B) Specific reserve + General reserve for substandard loans	¥213.0	
					Coverage ratio {(B) + (C)} / (A)		

- Notes: 1. Includes amount of direct reduction totaling ¥255.3 billion.  
2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Act. (Bankrupt/Effectively Bankrupt Borrowers: ¥2.4 billion; Potentially Bankrupt Borrowers: ¥5.4 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 0.6 billion yen.  
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, 2012 ①	Fiscal 2012		March 31, 2013 ②	Fiscal 2013		March 31, 2014 ③
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets...	¥134.4	¥ 29.6	¥ (18.5)	¥145.5	¥ 23.9	¥ (55.1)	¥114.3
Doubtful assets .....	779.6	290.4	(378.6)	691.4	146.0	(263.0)	574.4
Total .....	¥914.0	¥320.0	¥(397.1)	¥836.9	¥169.9	¥(318.1)	¥688.7
				Increase/ Decrease ② - ①			Increase/ Decrease ③ - ②
Bankrupt and quasi-bankrupt assets...				¥ 11.1			¥ (31.2)
Doubtful assets .....				(88.2)			(117.0)
Total .....				¥(77.1)			¥(148.2)

- 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 2012. Amount of ¥53.5 billion in fiscal 2012, recognized as "new occurrences" in the first half of the term, was included in the amounts off-balanced in the second half.

# Securities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Balance of Securities

### Year-End Balance

March 31	Millions of yen	
	2014	2013
Domestic operations:		
Japanese government bonds.....	¥13,822,947	¥26,231,692
Japanese local government bonds .....	46,830	159,088
Japanese corporate bonds .....	2,398,284	2,471,459
Japanese stocks.....	4,287,847	3,900,774
Others.....	1,003,621	893,622
Foreign bonds.....	/	/
Foreign stocks .....	/	/
Subtotal .....	¥21,559,531	¥33,656,638
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others.....	5,758,018	7,690,361
Foreign bonds.....	3,178,906	5,762,889
Foreign stocks .....	2,579,111	1,927,471
Subtotal .....	¥ 5,758,018	¥ 7,690,361
Total.....	¥27,317,549	¥41,347,000

### Average Balance

Year ended March 31	Millions of yen	
	2014	2013
Domestic operations:		
Japanese government bonds.....	¥16,063,121	¥26,528,645
Japanese local government bonds .....	80,789	177,017
Japanese corporate bonds .....	2,365,242	2,665,321
Japanese stocks.....	3,181,987	3,220,358
Others.....	925,239	460,192
Foreign bonds.....	/	/
Foreign stocks .....	/	/
Subtotal .....	¥22,616,380	¥33,051,536
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others.....	5,710,389	6,209,456
Foreign bonds.....	3,411,872	4,483,159
Foreign stocks .....	2,298,516	1,726,296
Subtotal .....	¥ 5,710,389	¥ 6,209,456
Total.....	¥28,326,769	¥39,260,992

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	
	2014	2013
One year or less		
Japanese government bonds.....	¥ 4,689,108	¥ 8,105,692
Japanese local government bonds .....	12,392	45,360
Japanese corporate bonds .....	639,242	278,473
Others .....	768,566	630,608
Foreign bonds.....	752,318	616,160
Foreign stocks .....	—	—
One — three years		
Japanese government bonds.....	6,216,136	7,782,528
Japanese local government bonds .....	33,753	112,997
Japanese corporate bonds .....	872,091	776,276
Others .....	882,013	3,223,473
Foreign bonds.....	809,276	3,176,836
Foreign stocks .....	—	—
Three — five years		
Japanese government bonds.....	1,516,897	8,259,369
Japanese local government bonds .....	160	—
Japanese corporate bonds .....	568,760	891,292
Others .....	1,045,134	1,644,565
Foreign bonds.....	941,937	1,481,341
Foreign stocks .....	—	—
Five — seven years		
Japanese government bonds.....	1,400,805	1,741,444
Japanese local government bonds .....	481	196
Japanese corporate bonds .....	142,921	239,352
Others .....	471,718	186,337
Foreign bonds.....	436,100	180,582
Foreign stocks .....	252	526
Seven — 10 years		
Japanese government bonds.....	—	342,657
Japanese local government bonds .....	—	488
Japanese corporate bonds .....	99,379	222,512
Others .....	93,300	67,001
Foreign bonds.....	10,569	—
Foreign stocks .....	3,530	756
More than 10 years		
Japanese government bonds.....	—	—
Japanese local government bonds .....	42	45
Japanese corporate bonds .....	75,888	63,551
Others .....	384,958	460,749
Foreign bonds.....	228,703	307,968
Foreign stocks .....	154,888	146,966
No designated term		
Japanese government bonds.....	—	—
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	4,287,847	3,900,774
Others .....	3,115,946	2,371,248
Foreign bonds.....	—	—
Foreign stocks .....	2,420,440	1,779,221
Total		
Japanese government bonds.....	¥13,822,947	¥26,231,692
Japanese local government bonds .....	46,830	159,088
Japanese corporate bonds .....	2,398,284	2,471,459
Japanese stocks.....	4,287,847	3,900,774
Others .....	6,761,639	8,583,984
Foreign bonds.....	3,178,906	5,762,889
Foreign stocks .....	2,579,111	1,927,471

# Ratios (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Income Ratio

Year ended March 31	Percentage	
	2014	2013
Ordinary profit to total assets.....	0.74%	0.54%
Ordinary profit to stockholders' equity.....	13.97	10.94
Net income to total assets.....	0.47	0.50
Net income to stockholders' equity.....	8.88	10.07

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	
	2014	2013
Domestic operations:		
Interest-earning assets (A).....	1.30%	1.10%
Interest-bearing liabilities (B).....	0.86	0.90
(A) – (B).....	0.44	0.20
International operations:		
Interest-earning assets (A).....	1.40%	1.48%
Interest-bearing liabilities (B).....	1.19	1.31
(A) – (B).....	0.21	0.17
Total:		
Interest-earning assets (A).....	1.36%	1.21%
Interest-bearing liabilities (B).....	0.96	1.00
(A) – (B).....	0.40	0.21

## Loan-Deposit Ratio

March 31	Millions of yen	
	2014	2013
Domestic operations:		
Loans and bills discounted (A).....	¥45,625,181	¥45,191,878
Deposits (B).....	78,074,818	76,069,778
Loan-deposit ratio (%)		
(A) / (B).....	58.43%	59.40%
Ratio by average balance for the fiscal year.....	60.76	60.81
International operations:		
Loans and bills discounted (A).....	¥17,745,496	¥14,578,885
Deposits (B).....	20,083,026	15,858,558
Loan-deposit ratio (%)		
(A) / (B).....	88.36%	91.93%
Ratio by average balance for the fiscal year.....	90.90	98.78
Total:		
Loans and bills discounted (A).....	¥63,370,678	¥59,770,763
Deposits (B).....	98,157,844	91,928,337
Loan-deposit ratio (%)		
(A) / (B).....	64.55%	65.01%
Ratio by average balance for the fiscal year.....	66.68	66.88

Note: Deposits include negotiable certificates of deposit.



## Securities-Deposit Ratio

March 31	Millions of yen	
	2014	2013
Domestic operations:		
Securities (A).....	¥21,559,531	¥33,656,638
Deposits (B).....	78,074,818	76,069,778
Securities-deposit ratio (%)		
(A) / (B).....	27.61%	44.24%
Ratio by average balance for the fiscal year.....	30.29	45.22
International operations:		
Securities (A).....	¥ 5,758,018	¥ 7,690,361
Deposits (B).....	20,083,026	15,858,558
Securities-deposit ratio (%)		
(A) / (B).....	28.67%	48.49%
Ratio by average balance for the fiscal year.....	31.29	44.70
Total:		
Securities (A).....	¥27,317,549	¥41,347,000
Deposits (B).....	98,157,844	91,928,337
Securities-deposit ratio (%)		
(A) / (B).....	27.83%	44.97%
Ratio by average balance for the fiscal year.....	30.48	45.14

Note: Deposits include negotiable certificates of deposit.

# Capital (Nonconsolidated)

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
September 10, 2009*1 .....	20,672,514	77,098,364	¥427,972	¥1,092,959	¥427,972	¥1,093,006
September 29, 2009*2 .....	8,211,569	85,309,933	170,000	1,262,959	170,000	1,263,006
November 26, 2009*3 .....	992,453	86,302,386	23,999	1,286,959	23,999	1,287,006
February 16, 2010*4 .....	20,016,015	106,318,401	484,037	1,770,996	484,037	1,771,043

Remarks:

- \*1 Allotment to third parties: Common stock: 20,672,514 shares  
Issue price: ¥41,405 Capitalization: ¥20,702.5
- \*2 Allotment to third parties: Common stock: 8,211,569 shares  
Issue price: ¥41,405 Capitalization: ¥20,702.5
- \*3 Allotment to third parties: Common stock: 992,453 shares  
Issue price: ¥48,365 Capitalization: ¥24,182.5
- \*4 Allotment to third parties: Common stock: 20,016,015 shares  
Issue price: ¥48,365 Capitalization: ¥24,182.5

## Number of Shares Issued

	Number of shares issued
March 31, 2014	
Common stock .....	106,248,400
Preferred stock (1st series Type 6) .....	70,001
Total .....	106,318,401

Note: The shares above are not listed on any stock exchange.

## Principal Shareholders

### a. Common Stock

March 31, 2014	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, 2014	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Banking Corporation .....	70,001	100.00%

## Others (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

### Employees

March 31	2014	2013
Number of employees .....	22,915	22,569
Average age (years–months) .....	36-0	36-1
Average length of employment (years–months) .....	12-11	12-10
Average annual salary (thousands of yen) .....	¥8,318	¥7,991

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	2014	2013
Domestic network:		
Main offices and branches .....	505	505
Subbranches .....	150	151
Agency .....	4	4
Overseas network:		
Branches .....	16	16
Subbranches .....	17	12
Representative offices .....	8	8
Total .....	700	696

Note: "Main offices and branches" includes the International Business Operations Dept. (2014, 2 branches; 2013, 2 branches), specialized deposit account branches (2014, 46 branches; 2013, 46 branches) and ATM administration branches (2014, 17 branches; 2013, 17 branches).

### Number of Automated Service Centers

March 31	2014	2013
Automated service centers .....	42,500	40,416

### Domestic Exchange Transactions

Year ended March 31	Millions of yen	
	2014	2013
Exchange for remittance:		
Destined for various parts of the country:		
Number of accounts (thousands) .....	359,895	365,674
Amount .....	¥ 591,307,589	¥ 580,395,381
Received from various parts of the country:		
Number of accounts (thousands) .....	299,198	297,836
Amount .....	¥ 977,507,315	¥ 960,396,071
Collection:		
Destined for various parts of the country:		
Number of accounts (thousands) .....	2,427	2,496
Amount .....	¥ 6,275,225	¥ 6,311,422
Received from various parts of the country:		
Number of accounts (thousands) .....	916	944
Amount .....	¥ 1,977,062	¥ 2,020,653
Total .....	¥1,577,067,193	¥1,549,123,529

## Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars	
	2014	2013
Outward exchanges:		
Foreign bills sold.....	\$2,279,378	\$2,332,030
Foreign bills bought.....	2,002,238	1,984,878
Incoming exchanges:		
Foreign bills payable.....	\$ 960,770	\$ 973,735
Foreign bills receivable.....	46,107	50,080
Total.....	\$5,288,495	\$5,340,724

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	
	2014	2013
Securities.....	¥ 7,664	¥ 5,295
Commercial claims.....	27,875	28,550
Commercial goods.....	—	—
Real estate.....	55,626	46,292
Others.....	8,789	10,420
Subtotal.....	¥ 99,956	¥ 90,558
Guaranteed.....	623,553	488,105
Unsecured.....	5,043,559	4,812,980
Total.....	¥5,767,068	¥5,391,645

# Trust Assets and Liabilities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Statements of Trust Assets and Liabilities

March 31	Millions of yen	
	2014	2013
<b>Assets:</b>		
Loans and bills discounted.....	¥ 143,469	¥ 131,913
Loans on deeds.....	143,469	131,913
Securities.....	1,420,372	1,076,225
Japanese government bonds.....	392,975	307,252
Corporate bonds.....	956,208	681,320
Japanese stocks.....	2,623	4,568
Foreign securities.....	68,565	83,084
Trust beneficiary right.....	37,977	22,981
Monetary claims.....	561,473	568,056
Monetary claims for housing loans.....	6,432	12,328
Other monetary claims.....	555,041	555,727
Tangible fixed assets.....	—	8
Equipment.....	—	8
Other claims.....	566	801
Call loans.....	173,585	190,326
Due from banking account.....	698,147	643,350
Cash and due from banks.....	72,421	59,427
Deposits with banks.....	72,421	59,427
<b>Total assets.....</b>	<b>¥3,108,012</b>	<b>¥2,693,092</b>
<b>Liabilities:</b>		
Designated money trusts.....	¥1,122,512	¥1,002,159
Specified money trusts.....	1,324,977	1,033,657
Money in trusts other than money trusts.....	100,000	100,000
Monetary claims trusts.....	558,412	554,201
Equipment trusts.....	—	19
Composite trusts.....	2,110	3,054
<b>Total liabilities.....</b>	<b>¥3,108,012</b>	<b>¥2,693,092</b>

Notes: 1. Amounts less than 1 million yen have been omitted.

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.

## 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.

“Capital Ratio Information” was prepared based on the Notification, and the terms and details in the section may differ from the terms and details in other sections of this report.

### ■ Scope of Consolidation

#### 1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 324  
Please refer to “Principal Subsidiaries and Affiliates” on page 266 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)

Items	Year ended March 31, 2014		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,312,342		1a+2-1c-26
of which: capital and capital surplus	3,096,244		1a
of which: retained earnings	3,480,085		2
of which: treasury stock (-)	175,115		1c
of which: cash dividends to be paid (-)	88,872		26
of which: other than the above	—		
Stock acquisition rights to common shares	1,634		1b
Accumulated other comprehensive income and other disclosed reserves	175,594	702,376	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	150,155		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	104,846		
of which: minority interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	104,846		
Common Equity Tier 1 capital: instruments and reserves (A)	6,744,573		6
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Total intangible assets (excluding those relating to mortgage servicing rights)	153,911	615,647	8+9
of which: goodwill (including those equivalent)	95,584	382,338	8
of which: other intangible assets other than goodwill and mortgage servicing rights	58,327	233,309	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,617	10,470	10
Net deferred losses on hedges	(11,761)	(47,047)	11
Shortfall of eligible provisions to expected losses	—	—	12
Gain on sale on securitization transactions	8,136	32,545	13
Gains and losses due to changes in own credit risk on fair valued liabilities	1,106	4,424	14
Net defined benefit asset	15,465	61,860	15
Investments in own shares (excluding those reported in the Net assets section)	1,518	6,074	16
Reciprocal cross-holdings in common equity	—	—	17
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)	22,783	91,133	18
Amount exceeding the 10% threshold on specified items	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	19
of which: mortgage servicing rights	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	21
Amount exceeding the 15% threshold on specified items	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	23
of which: mortgage servicing rights	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		27
Common Equity Tier 1 capital: regulatory adjustments (B)	193,776		28
<b>Common Equity Tier 1 capital (CET1)</b>			
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	6,550,796		29

(Millions of yen, except percentages)

Items	Year ended March 31, 2014		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Additional Tier 1 capital: instruments</b>			
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		31a
Stock acquisition rights to Additional Tier 1 instruments	—		31b
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Adjusted minority interests, etc. (amount allowed to be included in group Additional Tier 1)	145,035		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	1,212,074		33+35
of which: instrument issued by bank holding companies and their special purpose vehicles	1,212,074		33
of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	—		35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	21,791		
of which: foreign currency translation adjustments	21,791		
Additional Tier 1 capital: instruments (D)	1,378,900		36
<b>Additional Tier 1 capital: regulatory adjustments</b>			
Investments in own Additional Tier 1 instruments	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	38
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	212	848	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	31,729	126,916	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	383,420		
of which: goodwill and others	350,875		
of which: gain on sale on securitization transactions	32,545		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		42
Additional Tier 1 capital: regulatory adjustments (E)	415,361		43
<b>Additional Tier 1 capital (AT1)</b>			
Additional Tier 1 capital ((D)-(E)) (F)	963,538		44
<b>Tier 1 capital (T1 = CET1 + AT1)</b>			
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	7,514,335		45
<b>Tier 2 capital: instruments and provisions</b>			
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	—		46
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Adjusted minority interests, etc. (amount allowed to be included in group Tier 2)	34,422		48-49
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	1,627,426		47+49
of which: instruments issued by bank holding companies and their special purpose vehicles	—		47
of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	1,627,426		49
Total of general reserve for possible loan losses and eligible provisions included in Tier 2	60,709		50
of which: general reserve for possible loan losses	53,383		50a
of which: eligible provisions	7,325		50b
Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	506,578		
of which: unrealized gains on other securities after 55% discount	480,004		
of which: land revaluation excess after 55% discount	26,574		
Tier 2 capital: instruments and provisions (H)	2,229,136		51



(Millions of yen, except percentages)

Items	Year ended March 31, 2014		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Tier 2 capital: regulatory adjustments</b>			
Investments in own Tier 2 instruments	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	6,402	25,611	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	25,000	100,000	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	150,650		
of which: Tier 2 and deductions under Basel II	150,650		
Tier 2 capital: regulatory adjustments ((I))	182,052		57
<b>Tier 2 capital (T2)</b>			
Tier 2 capital (T2) ((H)-(I)) ((J))	2,047,083		58
<b>Total capital (TC = T1 + T2)</b>			
Total capital (TC = T1 + T2) ((G) + (J)) ((K))	9,561,418		59
<b>Risk weighted assets</b>			
Total of items included in risk weighted assets subject to transitional arrangements	284,115		
of which: Non-significant Investments in the capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	151,410		
of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	70,582		
of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)	20,068		
Risk weighted assets ((L))	61,623,294		60
<b>Capital ratio (consolidated)</b>			
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	10.63%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	12.19%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	15.51%		63
<b>Regulatory adjustments</b>			
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	648,713		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	226,344		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	247,009		75
<b>Provisions included in Tier 2 capital: instruments and provisions</b>			
Provisions (general reserve for possible loan losses)	53,383		76
Cap on inclusion of provisions (general reserve for possible loan losses)	77,702		77
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	7,325		78
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	291,554		79
<b>Capital instruments subject to transitional arrangements</b>			
Current cap on Additional Tier 1 instruments subject to transitional arrangements	1,300,686		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		83
Current cap on Tier 2 instruments subject to transitional arrangements	1,627,426		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	126,722		85

(Millions of yen)

Items	Year ended March 31, 2014
Required capital ((L) × 8%)	4,929,863

(Millions of yen, except percentages)

Items	Year ended March 31, 2013		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Directly issued qualifying common share capital plus related capital surplus and retained earnings	5,585,856		1a+2-1c-26
of which: capital and capital surplus	3,096,526		1a
of which: retained earnings	2,811,474		2
of which: treasury stock (-)	227,373		1c
of which: cash dividends to be paid (-)	94,771		26
of which: other than the above	—		
Stock acquisition rights to common shares	1,140		1b
Accumulated other comprehensive income and other disclosed reserves	—	664,570	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	139,300		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	129,556		
of which: minority interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	129,556		
Common Equity Tier 1 capital: instruments and reserves (A)	5,855,852		6
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Total intangible assets (excluding those relating to mortgage servicing rights)	—	668,853	8+9
of which: goodwill (including those equivalent)	—	400,969	8
of which: other intangible assets other than goodwill and mortgage servicing rights	—	267,884	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	9,897	10
Net deferred losses on hedges	—	(29,649)	11
Shortfall of eligible provisions to expected losses	—	—	12
Gain on sale on securitization transactions	—	39,149	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	6,658	14
Prepaid pension cost	—	144,783	15
Investments in own shares (excluding those reported in the Net assets section)	—	9,019	16
Reciprocal cross-holdings in common equity	—	—	17
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)	—	169,361	18
Amount exceeding the 10% threshold on specified items	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	19
of which: mortgage servicing rights	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	21
Amount exceeding the 15% threshold on specified items	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	23
of which: mortgage servicing rights	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		27
Common Equity Tier 1 capital: regulatory adjustments (B)	—		28
<b>Common Equity Tier 1 capital (CET1)</b>			
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	5,855,852		29

(Millions of yen, except percentages)

Items	Year ended March 31, 2013		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Additional Tier 1 capital: instruments</b>			
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		31a
Stock acquisition rights to Additional Tier 1 instruments	—		31b
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Adjusted minority interests, etc. (amount allowed to be included in group Additional Tier 1)	127,606		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	1,463,271		33+35
of which: instrument issued by bank holding companies and their special purpose vehicles	1,462,821		33
of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	450		35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(97,448)		
of which: foreign currency translation adjustments	(97,448)		
Additional Tier 1 capital: instruments (D)	1,493,429		36
<b>Additional Tier 1 capital: regulatory adjustments</b>			
Investments in own Additional Tier 1 instruments	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	38
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	1,589	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—	157,149	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	520,261		
of which: goodwill and others	481,111		
of which: gain on sale on securitization transactions	39,149		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		42
Additional Tier 1 capital: regulatory adjustments (E)	520,261		43
<b>Additional Tier 1 capital (AT1)</b>			
Additional Tier 1 capital ((D)-(E)) (F)	973,168		44
<b>Tier 1 capital (T1 = CET1 + AT1)</b>			
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	6,829,021		45
<b>Tier 2 capital: instruments and provisions</b>			
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	—		46
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Adjusted minority interests, etc. (amount allowed to be included in group Tier 2)	28,909		48-49
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	1,830,854		47+49
of which: instruments issued by bank holding companies and their special purpose vehicles	—		47
of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	1,830,854		49
Total of general reserve for possible loan losses and eligible provisions included in Tier 2	67,313		50
of which: general reserve for possible loan losses	41,449		50a
of which: eligible provisions	25,864		50b
Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	506,575		
of which: unrealized gains on other securities after 55% discount	471,203		
of which: land revaluation excess after 55% discount	35,372		
Tier 2 capital: instruments and provisions (H)	2,433,653		51

(Millions of yen, except percentages)

Items	Year ended March 31, 2013		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Tier 2 capital: regulatory adjustments</b>			
Investments in own Tier 2 instruments	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	73,250	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	—	125,000	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	76,663		
of which: Tier 2 and deductions under Basel II	76,663		
Tier 2 capital: regulatory adjustments (I)	76,663		57
<b>Tier 2 capital (T2)</b>			
Tier 2 capital (T2) ((H)-(I)) (J)	2,356,989		58
<b>Total capital (TC = T1 + T2)</b>			
Total capital (TC = T1 + T2) ((G) + (J)) (K)	9,186,010		59
<b>Risk weighted assets</b>			
Total of items included in risk weighted assets subject to transitional arrangements	363,360		
of which: intangible assets other than mortgage servicing rights	(76,474)		
of which: Non-significant Investments in the capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	284,262		
of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	88,191		
of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)	45,877		
Risk weighted assets (L)	62,426,124		60
<b>Capital ratio (consolidated)</b>			
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	9.38%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	10.93%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	14.71%		63
<b>Regulatory adjustments</b>			
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	554,215		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	197,398		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	506,519		75
<b>Provisions included in Tier 2 capital: instruments and provisions</b>			
Provisions (general reserve for possible loan losses)	41,449		76
Cap on inclusion of provisions (general reserve for possible loan losses)	70,845		77
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	25,864		78
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	291,538		79
<b>Capital instruments subject to transitional arrangements</b>			
Current cap on Additional Tier 1 instruments subject to transitional arrangements	1,463,271		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	162,585		83
Current cap on Tier 2 instruments subject to transitional arrangements	1,830,854		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	203,428		85

(Millions of yen)

Items	Year ended March 31, 2013
Required capital ((L) × 8%)	4,994,089

## ■ Capital Requirements

March 31	Billions of yen	
	2014	2013
<b>Capital requirements for credit risk:</b>		
Internal ratings-based approach .....	¥5,032.1	¥5,361.9
Corporate exposures: .....	2,968.5	3,278.6
Corporate exposures (excluding specialized lending) .....	2,441.7	2,768.3
Sovereign exposures .....	43.6	35.3
Bank exposures .....	162.4	159.7
Specialized lending .....	320.9	315.2
Retail exposures: .....	841.9	920.4
Residential mortgage exposures .....	451.4	497.7
Qualifying revolving retail exposures .....	117.5	117.9
Other retail exposures .....	273.0	304.8
Equity exposures: .....	433.3	407.8
Grandfathered equity exposures .....	208.1	184.3
PD/LGD approach .....	80.9	81.6
Market-based approach .....	144.4	141.9
Simple risk weight method .....	68.7	64.3
Internal models method .....	75.7	77.6
Credit risk-weighted assets under Article 145 of the Notification .....	346.8	273.8
Securitization exposures .....	81.8	106.1
Other exposures .....	359.8	375.2
Standardized approach .....	475.1	422.6
Amount corresponding to CVA risk .....	149.0	192.7
CCP-related exposures .....	6.3	8.7
<b>Total capital requirements for credit risk .....</b>	<b>5,662.5</b>	<b>5,985.9</b>
<b>Capital requirements for market risk:</b>		
Standardized measurement method .....	50.6	54.6
Interest rate risk .....	34.1	34.6
Equity position risk .....	10.2	7.5
Foreign exchange risk .....	1.7	1.0
Commodities risk .....	3.2	10.8
Options .....	1.5	0.8
Internal models method .....	88.7	107.9
Securitization exposures .....	—	—
<b>Total capital requirements for market risk .....</b>	<b>139.3</b>	<b>162.5</b>
<b>Capital requirements for operational risk:</b>		
Advanced measurement approach .....	186.5	204.5
Basic indicator approach .....	41.4	56.0
<b>Total capital requirements for operational risk .....</b>	<b>227.9</b>	<b>260.5</b>
<b>Total amount of capital requirements .....</b>	<b>¥6,029.6</b>	<b>¥6,408.9</b>

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., ZAO 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, and small and medium-sized enterprises (SME) loans with standardized screening process (hereinafter referred to as “standardized SME 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 38). Different rating series are used for domestic and overseas obligors — J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors — as shown 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, business loans and standardized SME 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	Borrowers Requiring Caution
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	
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 CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total						
<b>March 31, 2014</b>										
J1-J3 .....	¥22,177.3	¥18,077.9	¥4,099.4	¥4,016.6	50.35%	0.06%	35.62%	—%	18.85%	
J4-J6 .....	15,096.5	13,023.1	2,073.4	784.2	50.63	0.71	31.26	—	46.05	
J7 (excluding J7R) .....	1,082.1	1,009.0	73.1	20.7	50.66	12.85	29.73	—	125.89	
Japanese government and local municipal corporations .....	41,396.6	41,080.5	316.1	138.2	50.25	0.00	35.35	—	0.03	
Others .....	4,972.4	4,597.9	374.5	64.4	50.25	0.96	38.55	—	52.84	
Default (J7R, J8-J10) .....	1,158.2	1,129.8	28.4	0.2	100.00	100.00	46.93	46.48	5.60	
<b>Total .....</b>	<b>¥85,883.0</b>	<b>¥78,918.1</b>	<b>¥6,964.9</b>	<b>¥5,024.3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

	Billions of yen									
	Exposure amount			Undrawn amount		Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total						
<b>March 31, 2013</b>										
J1-J3 .....	¥22,293.4	¥16,543.7	¥5,749.8	¥4,392.9	75.00%	0.07%	36.75%	—%	19.39%	
J4-J6 .....	15,507.9	12,920.5	2,587.4	915.8	75.00	0.76	33.08	—	49.08	
J7 (excluding J7R) .....	1,426.9	1,291.3	135.6	42.3	75.00	12.58	30.45	—	127.74	
Japanese government and local municipal corporations .....	34,112.9	33,667.3	445.7	82.0	75.00	0.00	35.56	—	0.04	
Others .....	5,233.9	4,808.9	425.1	56.8	75.00	1.07	38.62	—	54.35	
Default (J7R, J8-J10) .....	1,607.6	1,531.8	75.8	0.4	100.00	100.00	48.27	47.84	5.40	
<b>Total .....</b>	<b>¥80,182.7</b>	<b>¥70,763.4</b>	<b>¥9,419.3</b>	<b>¥5,490.2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

Note: "Others" includes exposures guaranteed by credit guarantee corporations, exposures to public sector entities and voluntary organizations, and 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 and standardized SME loans of more than ¥100 million.

## b. Overseas Corporate, Sovereign and Bank Exposures

	Billions of yen									
	Exposure amount			Undrawn amount		Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total						
<b>March 31, 2014</b>										
G1-G3 .....	¥30,581.7	¥23,079.9	¥7,501.9	¥6,675.6	50.25%	0.16%	30.92%	—%	21.49%	
G4-G6 .....	1,132.6	777.2	355.5	229.5	50.25	2.49	24.06	—	61.93	
G7 (excluding G7R) .....	169.2	140.6	28.5	27.5	50.25	23.65	23.58	—	124.43	
Others .....	104.4	44.7	59.7	28.5	50.25	1.91	35.46	—	85.55	
Default (G7R, G8-G10) .....	69.6	63.3	6.3	1.3	100.00	100.00	66.10	61.86	53.00	
<b>Total .....</b>	<b>¥32,057.5</b>	<b>¥24,105.7</b>	<b>¥7,951.8</b>	<b>¥6,962.5</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

	Billions of yen									
	Exposure amount			Undrawn amount		Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total						
<b>March 31, 2013</b>										
G1-G3 .....	¥30,565.9	¥22,024.0	¥8,541.8	¥5,238.9	75.00%	0.15%	30.65%	—%	18.58%	
G4-G6 .....	2,104.3	756.7	1,347.6	191.8	75.00	3.62	13.23	—	34.43	
G7 (excluding G7R) .....	169.5	127.6	41.9	31.6	75.00	23.82	20.79	—	112.64	
Others .....	113.8	40.9	72.8	22.2	75.00	2.12	35.45	—	102.07	
Default (G7R, G8-G10) .....	86.6	79.1	7.5	1.9	100.00	100.00	65.08	60.97	51.35	
<b>Total .....</b>	<b>¥33,040.0</b>	<b>¥23,028.3</b>	<b>¥10,011.7</b>	<b>¥5,486.4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

## 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, 2014.
- 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					
		2014			2013		
		Project finance	Object finance	IPRE	Project finance	Object finance	IPRE
<b>Strong:</b>							
Residual term less than 2.5 years .....	50%	¥ 174.1	¥—	¥ 3.3	¥ 109.8	¥1.8	¥10.9
Residual term 2.5 years or more .....	70%	890.5	—	5.2	767.5	—	6.8
<b>Good:</b>							
Residual term less than 2.5 years .....	70%	124.6	—	3.0	132.4	—	—
Residual term 2.5 years or more .....	90%	886.5	—	2.0	895.8	—	5.0
Satisfactory .....	115%	156.1	—	21.1	175.7	—	16.9
Weak.....	250%	70.4	—	1.2	71.6	—	1.2
Default .....	—	6.8	—	2.0	13.2	—	3.3
<b>Total .....</b>		<b>¥2,308.9</b>	<b>¥—</b>	<b>¥37.8</b>	<b>¥2,166.0</b>	<b>¥1.8</b>	<b>¥44.1</b>

##### (b) High-Volatility Commercial Real Estate (HVCRE)

March 31	Risk weight	Billions of yen	
		2014	2013
<b>Strong:</b>			
Residual term less than 2.5 years .....	70%	¥ 0.1	¥ —
Residual term 2.5 years or more .....	95%	6.3	—
<b>Good:</b>			
Residual term less than 2.5 years .....	95%	54.3	53.7
Residual term 2.5 years or more .....	120%	125.4	120.7
Satisfactory .....	140%	77.8	102.5
Weak.....	250%	8.0	9.0
Default .....	—	—	—
<b>Total .....</b>		<b>¥272.0</b>	<b>¥285.9</b>



## 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 <sub>default</sub>	Weighted average risk weight
<b>March 31, 2014</b>									
G1-G3.....	¥165.0	¥118.5	¥46.5	¥49.3	50.25%	0.39%	33.62%	—%	60.45%
G4-G6.....	33.3	30.3	3.0	0.8	50.25	3.42	10.85	—	37.06
G7 (excluding G7R) .....	11.7	11.7	—	—	—	35.01	88.86	—	523.88
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10) .....	—	—	—	—	—	—	—	—	—
<b>Total.....</b>	<b>¥210.0</b>	<b>¥160.6</b>	<b>¥49.4</b>	<b>¥50.1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Note: While the slotting criteria have been applied to all "project finance" products as of March 31, 2013, PD/LGD approach has been applied for some products from March 31, 2014.

## (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 <sub>default</sub>	Weighted average risk weight
<b>March 31, 2014</b>									
G1-G3.....	¥127.6	¥101.5	¥26.1	¥29.9	50.25%	0.33%	15.46%	—%	25.53%
G4-G6.....	18.1	14.1	4.0	—	—	3.01	24.06	—	81.65
G7 (excluding G7R) .....	3.2	3.2	—	—	—	27.78	18.80	—	103.34
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10) .....	0.7	0.7	—	—	—	100.00	66.10	61.86	53.00
<b>Total.....</b>	<b>¥149.6</b>	<b>¥119.5</b>	<b>¥30.1</b>	<b>¥29.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	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 <sub>default</sub>	Weighted average risk weight
<b>March 31, 2013</b>									
G1-G3.....	¥ 91.8	¥ 79.0	¥12.8	¥ 6.5	75.00%	0.49%	17.52%	—%	34.95%
G4-G6.....	19.3	12.5	6.8	7.1	75.00	3.09	23.99	—	75.69
G7 (excluding G7R) .....	3.1	3.1	—	—	—	27.49	12.19	—	67.60
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10) .....	7.8	7.3	0.6	0.0	100.00	100.00	68.18	64.07	51.35
<b>Total.....</b>	<b>¥122.0</b>	<b>¥101.9</b>	<b>¥20.1</b>	<b>¥13.7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## (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 <sub>default</sub>	Weighted average risk weight
<b>March 31, 2014</b>									
J1-J3 .....	¥ 534.8	¥ 466.7	¥ 68.1	¥ 2.1	50.25%	0.06%	27.10%	—%	14.30%
J4-J6 .....	674.9	578.9	96.1	0.6	50.25	1.20	30.71	—	66.88
J7 (excluding J7R) .....	18.6	18.6	—	—	—	12.65	33.32	—	145.17
Others.....	121.3	112.9	8.4	16.2	50.25	3.51	36.87	—	45.59
Default (J7R, J8-J10) .....	37.0	8.8	28.2	—	—	100.00	36.10	35.54	7.00
<b>Total.....</b>	<b>¥1,386.7</b>	<b>¥1,185.9</b>	<b>¥200.8</b>	<b>¥18.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	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 <sub>default</sub>	Weighted average risk weight
<b>March 31, 2013</b>									
J1-J3 .....	¥ 466.2	¥ 429.3	¥ 37.0	¥ —	—%	0.05%	28.67%	—%	13.57%
J4-J6 .....	893.6	793.0	100.6	—	—	1.02	29.19	—	53.97
J7 (excluding J7R) .....	36.9	34.2	2.7	—	—	12.72	33.52	—	145.16
Others.....	76.0	72.2	3.9	5.0	75.00	10.68	37.28	—	63.23
Default (J7R, J8-J10) .....	46.4	27.6	18.8	—	—	100.00	32.79	32.28	6.39
<b>Total.....</b>	<b>¥1,519.2</b>	<b>¥1,356.2</b>	<b>¥163.0</b>	<b>¥5.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## (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			Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Exposure amount						
March 31, 2014	Total	On-balance sheet assets	Off-balance sheet assets				
Mortgage loans							
PD segment:							
Not delinquent							
Use model.....	¥12,370.6	¥12,335.1	¥35.5	0.47%	36.70%	—%	26.51%
Others .....	522.5	522.5	—	1.07	54.67	—	75.56
Delinquent.....	113.5	108.2	5.4	21.75	39.92	—	216.01
Default .....	221.0	220.8	0.2	100.00	38.07	36.18	23.73
Total .....	¥13,227.7	¥13,186.6	¥41.1	—	—	—	—

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Exposure amount						
March 31, 2013	Total	On-balance sheet assets	Off-balance sheet assets				
Mortgage loans							
PD segment:							
Not delinquent							
Use model.....	¥12,364.9	¥12,323.0	¥41.9	0.49%	38.48%	—%	28.46%
Others .....	581.3	581.3	—	1.14	56.69	—	82.50
Delinquent.....	134.4	128.5	5.9	22.79	41.28	—	225.27
Default .....	245.5	245.2	0.3	100.00	37.73	35.98	21.88
Total .....	¥13,326.1	¥13,278.0	¥48.1	—	—	—	—

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 <sub>default</sub>	Weighted average risk weight
Balance		Increase								
<b>March 31, 2014</b>										
Card loans										
PD segment:										
Not delinquent .....	¥ 713.3	¥ 630.2	¥ 80.9	¥ 2.2	¥ 207.7	38.97%	2.34%	83.41%	—%	57.62%
Delinquent.....	15.1	14.6	0.5	—	3.3	16.07	23.47	76.74	—	206.45
Credit card balances										
PD segment:										
Not delinquent .....	1,352.0	779.1	320.5	252.3	4,099.0	7.82	1.03	73.39	—	23.56
Delinquent.....	5.0	4.1	0.8	—	—	—	75.94	73.70	—	129.05
Default .....	27.4	24.4	3.0	—	—	—	100.00	81.65	75.34	78.86
<b>Total .....</b>	<b>¥2,112.7</b>	<b>¥1,452.4</b>	<b>¥405.8</b>	<b>¥254.5</b>	<b>¥4,310.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	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 <sub>default</sub>	Weighted average risk weight
Balance		Increase								
<b>March 31, 2013</b>										
Card loans										
PD segment:										
Not delinquent .....	¥ 652.4	¥ 588.7	¥ 61.4	¥ 2.3	¥ 198.5	30.92%	2.40%	83.89%	—%	59.21%
Delinquent.....	16.0	15.5	0.5	—	3.5	14.37	23.97	77.40	—	213.85
Credit card balances										
PD segment:										
Not delinquent .....	1,220.9	690.0	310.4	220.5	4,044.3	7.68	1.08	74.57	—	25.31
Delinquent.....	5.1	4.2	0.9	—	—	—	76.76	75.18	—	127.26
Default .....	31.6	28.3	3.3	—	—	—	100.00	82.51	76.44	75.79
<b>Total .....</b>	<b>¥1,926.0</b>	<b>¥1,326.7</b>	<b>¥376.4</b>	<b>¥222.9</b>	<b>¥4,246.3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

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, standardized SME loans, and consumer loans such as My Car Loan.
- Business loans, standardized SME loans and consumer loans are rated as follows.
  - a. Business loans and standardized SME 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, for standardized SME loans, obligor attributes and, for business loans, LTV. 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 <sub>default</sub>	Weighted average risk weight
	Exposure amount						
March 31, 2014	Total	On-balance sheet assets	Off-balance sheet assets				
Business loans							
PD segment:							
Not delinquent							
Use model.....	¥1,413.4	¥1,395.5	¥17.9	0.96%	55.10%	—%	49.12%
Others .....	346.9	345.7	1.2	0.58	54.00	—	24.66
Delinquent.....	253.3	251.3	2.0	23.62	58.93	—	106.55
Consumer loans							
PD segment:							
Not delinquent							
Use model.....	324.6	323.6	0.9	0.93	43.94	—	38.18
Others .....	144.7	142.9	1.9	1.73	56.49	—	69.52
Delinquent.....	39.4	38.9	0.5	17.41	47.51	—	98.71
Default .....	165.1	164.8	0.3	100.00	63.39	58.91	56.06
Total .....	¥2,687.3	¥2,662.7	¥24.6	—	—	—	—

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Exposure amount						
March 31, 2013	Total	On-balance sheet assets	Off-balance sheet assets				
Business loans							
PD segment:							
Not delinquent							
Use model.....	¥1,324.9	¥1,307.6	¥17.3	1.03%	53.53%	—%	48.90%
Others .....	346.6	345.4	1.2	0.63	53.42	—	26.49
Delinquent.....	272.6	270.2	2.3	25.23	56.78	—	100.10
Consumer loans							
PD segment:							
Not delinquent							
Use model.....	324.1	323.0	1.1	1.04	45.30	—	40.51
Others .....	152.8	150.7	2.1	1.78	57.67	—	71.54
Delinquent.....	48.1	47.6	0.5	18.62	48.58	—	103.16
Default .....	203.1	202.8	0.3	100.00	64.76	58.69	75.99
Total .....	¥2,672.1	¥2,647.3	¥24.8	—	—	—	—

Notes: 1. “Business loans” includes apartment construction loans and standardized SME 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 39) 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	
	2014	2013
Market-based approach.....	¥ 503.3	¥ 447.1
Simple risk weight method.....	238.5	219.1
Listed equities (300%).....	144.1	118.4
Unlisted equities (400%).....	94.4	100.7
Internal models method.....	264.9	228.1
PD/LGD approach.....	802.2	743.7
Grandfathered equity exposures.....	2,453.5	2,173.6
Total.....	¥3,759.1	¥3,364.5

Notes: 1. The above exposures are "equity exposures" stipulated in the Notification and differ from "stocks" described in the consolidated financial statements.  
2. "Grandfathered equity exposures" amount is calculated in accordance with Supplementary Provision 13 of the Notification.

## b. PD/LGD Approach

March 31	Billions of yen					
	2014			2013		
	Exposure amount	Weighted average PD	Weighted average risk weight	Exposure amount	Weighted average PD	Weighted average risk weight
J1-J3.....	¥565.1	0.05%	103.83%	¥474.4	0.06%	112.59%
J4-J6.....	48.1	0.73	193.66	50.3	0.75	193.50
J7 (excluding J7R).....	2.0	9.04	543.57	4.7	8.81	559.39
Others.....	186.8	0.25	139.26	214.0	0.26	140.44
Default (J7R, J8-J10).....	0.2	100.00	1125.00	0.4	100.00	1125.00
Total.....	¥802.2	—	—	¥743.7	—	—

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	
	2014	2013
Exposures under Article 145 of the Notification.....	¥1,378.4	¥1,203.2

## (4) Analysis of Actual Losses

## A. Year-on-Year Comparison of Actual Losses

SMFG recorded a decrease of ¥222.2 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, resulting in gain on reversal of allowance for loan losses of ¥49.1 billion on a consolidated basis for fiscal year 2013.

SMBC recorded a decrease of ¥143.4 billion in total credit costs compared to the previous fiscal year, which resulted in a gain on reversal of allowance for loan losses of ¥123.9 billion on a non-consolidated basis in fiscal year 2013. By exposure category, the credit cost for “corporate exposures” decreased by ¥133.5 billion, compared to the previous year with the resulting reversal gain of ¥122.8 billion. These were mainly due to our efforts to assist individual borrowers to improve their business and financial conditions which suppressed further deterioration amid an improving economic environment and the generation of net reversal of reserve from the allowance for loan losses posted in the past owing to the improved business conditions of obligors, the progress in scheduled repayments and the disposal of mortgaged properties, as well as a decrease in the loan provision ratio owing to a downward trend in loan losses.

## Total Credit Costs

	Billions of yen			Increase (decrease) (A) – (B)
	Fiscal 2013 (A)	Fiscal 2012 (B)	Fiscal 2011	
SMFG (consolidated) total.....	¥ (49.1)	¥173.1	¥121.3	¥(222.2)
SMBC (consolidated) total .....	(113.3)	70.6	91.7	(183.9)
SMBC (nonconsolidated) total .....	(123.9)	19.5	58.6	(143.4)
Corporate exposures.....	(122.8)	10.7	57.5	(133.5)
Sovereign exposures .....	0.3	(0.3)	(0.2)	0.6
Bank exposures.....	(0.9)	(0.4)	(0.0)	(0.5)
Residential mortgage exposures.....	(0.1)	0.2	0.2	(0.3)
QRRE.....	(0.0)	0.1	(0.0)	(0.1)
Other retail exposures .....	(0.5)	9.7	10.5	(10.2)

- 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 (nonconsolidated).

## B. Comparison of Estimated and Actual Losses

	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 (nonconsolidated) 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 (nonconsolidated) 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

	Billions of yen					
	Fiscal 2009			Fiscal 2008		
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts
		After deduction of reserves			After deduction of reserves	
SMFG (consolidated) total.....	¥ —	¥ —	¥473.0	¥ —	¥ —	¥767.8
SMBC (consolidated) total .....	—	—	419.4	—	—	724.4
SMBC (nonconsolidated) total .....	1,197.2	354.0	254.7	954.2	323.9	550.1
Corporate exposures.....	984.0	210.0	216.6	806.7	278.6	411.4
Sovereign exposures.....	5.8	4.3	3.9	9.0	7.5	(0.4)
Bank exposures.....	52.1	34.4	3.5	6.1	5.9	22.7
Residential mortgage exposures.....	4.0	3.4	0.7	4.0	3.6	0.5
QRRE.....	0.1	0.1	0.1	0.1	0.1	0.0
Other retail exposures .....	151.2	107.5	61.6	128.3	65.9	68.1

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, 2014 (i.e. consolidated subsidiaries not listed in the “Internal Ratings-Based (IRB) Approach: 1. Scope” on page 187).

#### (1) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the IRB Approach

Cedyna Financial Corporation

#### (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

	Billions of yen			
	2014		2013	
March 31		Of which assigned country risk score		Of which assigned country risk score
0% .....	¥ 6,367.9	¥144.0	¥ 5,169.1	¥ 30.1
10% .....	187.0	—	213.1	—
20% .....	1,184.2	610.4	943.8	367.2
35% .....	0.7	—	1.1	—
50% .....	88.9	8.6	129.1	24.5
75% .....	3,134.1	—	2,864.4	—
100% .....	2,912.5	0.8	2,559.2	0.5
150% .....	106.6	0.0	110.6	0.0
250% .....	106.5	—	76.8	—
1250% .....	0.0	—	0.0	—
Others .....	0.0	—	0.0	—
<b>Total .....</b>	<b>¥14,088.4</b>	<b>¥763.8</b>	<b>¥12,067.2</b>	<b>¥422.2</b>

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 page 37). 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			
	2014		2013	
	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 .....	66.9	60.3	95.4	65.0
Corporate exposures .....	41.5	60.3	91.6	65.0
Sovereign exposures .....	—	0.0	—	0.0
Bank exposures .....	25.4	—	3.8	—
Standardized approach .....	4,309.1	—	3,721.9	—
Total .....	¥4,376.0	¥60.3	¥3,817.3	¥65.0

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			
	2014		2013	
	Guarantee	Credit derivative	Guarantee	Credit derivative
March 31				
Internal Ratings-Based (IRB) approach .....	¥8,780.2	¥271.0	¥8,381.6	¥222.0
Corporate exposures .....	7,899.5	271.0	7,601.0	222.0
Sovereign exposures .....	475.4	—	312.4	—
Bank exposures .....	270.8	—	315.5	—
Residential mortgage exposures .....	134.5	—	152.7	—
QRRE .....	—	—	—	—
Other retail exposures .....	—	—	—	—
Standardized approach .....	31.4	—	23.1	—
Total .....	¥8,811.6	¥271.0	¥8,404.7	¥222.0

## ■ 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	
	2014	2013
Gross replacement cost .....	¥4,807.0	¥ 6,661.7
Gross add-on amount .....	4,012.4	3,703.2
Gross credit equivalent amount .....	8,819.4	10,364.9
Foreign exchange related transactions .....	2,190.2	2,533.4
Interest rate related transactions .....	6,377.2	7,582.1
Gold related transactions .....	—	—
Equities related transactions .....	117.7	113.7
Precious metals (excluding gold) related transactions .....	—	—
Other commodity related transactions .....	67.9	71.9
Credit default swaps .....	66.4	63.9
Reduction in credit equivalent amount due to netting .....	5,109.6	6,643.7
Net credit equivalent amount .....	3,709.8	3,721.2
Collateral amount .....	14.4	17.9
Eligible financial collateral .....	14.4	17.9
Other eligible IRB collateral .....	—	—
Net credit equivalent amount (after taking into account the CRM effect of collateral) .....	¥3,695.3	¥ 3,703.3

#### (2) Notional Principal Amounts of Credit Derivatives

##### Credit Default Swaps

March 31	Billions of yen			
	2014		2013	
	Notional principal amount		Notional principal amount	
	Total	Of which for CRM	Total	Of which for CRM
Protection purchased .....	¥835.3	¥271.0	¥777.8	¥222.0
Protection provided .....	684.5	—	716.8	—

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, 2014			Fiscal 2013			
	Underlying asset amount						
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales
Claims on corporates .....	¥ 2.5	¥ 2.5	¥ —	¥ —	¥ 0.8	¥ 0.8	¥ —
Mortgage loans .....	1,259.5	1,259.5	—	159.9	1.6	0.4	10.8
Retail loans (excluding mortgage loans) .....	14.9	—	14.9	—	10.3	19.6	—
Other claims .....	146.1	3.8	142.3	—	—	—	—
<b>Total .....</b>	<b>¥1,423.0</b>	<b>¥1,265.9</b>	<b>¥157.2</b>	<b>¥159.9</b>	<b>¥12.7</b>	<b>¥20.9</b>	<b>¥10.8</b>

	Billions of yen						
	March 31, 2013			Fiscal 2012			
	Underlying asset amount						
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales
Claims on corporates .....	¥ 5.6	¥ 5.6	¥ —	¥ —	¥ 2.2	¥ 2.1	¥ —
Mortgage loans .....	1,279.4	1,279.4	—	119.0	1.7	0.4	9.8
Retail loans (excluding mortgage loans) .....	27.3	8.2	19.1	—	11.9	19.4	—
Other claims .....	135.8	13.4	122.4	—	—	—	—
<b>Total .....</b>	<b>¥1,448.1</b>	<b>¥1,306.5</b>	<b>¥141.5</b>	<b>¥119.0</b>	<b>¥15.7</b>	<b>¥21.9</b>	<b>¥9.8</b>

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									
	2014					2013				
	Term-end balance		Amounts subject to a 1250% risk weight			Term-end balance		Amounts subject to a 1250% risk weight		
March 31	Total	On-balance sheet assets	Off-balance sheet assets	Increase in capital equivalent	Total	On-balance sheet assets	Off-balance sheet assets	Increase in capital equivalent		
Claims on corporates .....	¥ 4.9	¥ 4.9	¥ —	¥ 0.7	¥ —	¥ 6.9	¥ 6.9	¥ —	¥ 1.2	¥ —
Mortgage loans .....	229.7	229.7	—	27.4	40.7	221.8	221.8	—	30.2	39.1
Retail loans (excluding mortgage loans) .....	4.7	—	4.7	3.6	—	9.6	2.9	6.6	7.0	0.1
Other claims .....	87.3	0.5	86.8	2.2	—	74.4	1.1	73.4	1.9	—
<b>Total .....</b>	<b>¥326.6</b>	<b>¥235.1</b>	<b>¥91.5</b>	<b>¥33.9</b>	<b>¥40.7</b>	<b>¥312.8</b>	<b>¥232.8</b>	<b>¥80.0</b>	<b>¥40.4</b>	<b>¥39.1</b>

## b. Risk Weights

	Billions of yen							
	2014				2013			
	Term-end balance		Required capital		Term-end balance		Required capital	
March 31	Total	On-balance sheet assets	Off-balance sheet assets	Total	On-balance sheet assets	Off-balance sheet assets	Required capital	
20% or less .....	¥ 51.4	¥ 0.7	¥50.7	¥ 0.5	¥ 45.8	¥ 2.2	¥43.6	¥ 0.5
100% or less .....	33.9	—	33.9	1.0	29.1	—	29.1	0.9
650% or less .....	1.1	—	1.1	0.1	1.3	—	1.3	0.1
Less than 1250% .....	—	—	—	—	—	—	—	—
1250% .....	240.2	234.4	5.8	35.9	236.5	230.6	6.0	42.6
<b>Total .....</b>	<b>¥326.6</b>	<b>¥235.1</b>	<b>¥91.5</b>	<b>¥37.5</b>	<b>¥312.8</b>	<b>¥232.8</b>	<b>¥80.0</b>	<b>¥44.1</b>

## (C) Resecuritization Exposures

There are no amounts that represent "resecuritization exposures."

## (D) Amount of Credit Risk-Weighted Assets Calculated Using Supplementary Provision 15 of the Notification

March 31	Billions of yen	
	2014	2013
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification....	¥—	¥—

## B. As Sponsor

## (A) Underlying Assets

	Billions of yen					
	March 31, 2014			Fiscal 2013		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates .....	¥ 818.1	¥ 818.1	¥—	¥5,021.8	¥74.0	¥70.8
Mortgage loans .....	—	—	—	—	—	—
Retail loans (excluding mortgage loans) ...	267.1	267.1	—	404.0	1.2	2.3
Other claims .....	46.0	46.0	—	23.7	1.0	0.8
<b>Total .....</b>	<b>¥1,131.2</b>	<b>¥1,131.2</b>	<b>¥—</b>	<b>¥5,449.4</b>	<b>¥76.2</b>	<b>¥73.9</b>

	Billions of yen					
	March 31, 2013			Fiscal 2012		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates .....	¥776.9	¥776.9	¥—	¥4,671.0	¥74.9	¥73.3
Mortgage loans .....	—	—	—	—	2.3	2.3
Retail loans (excluding mortgage loans) ...	133.3	133.3	—	487.5	11.1	11.9
Other claims .....	58.3	58.3	—	21.3	1.6	1.4
<b>Total .....</b>	<b>¥968.5</b>	<b>¥968.5</b>	<b>¥—</b>	<b>¥5,179.8</b>	<b>¥90.0</b>	<b>¥89.0</b>

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

March 31	Billions of yen									
	2014					2013				
	Term-end balance		Amounts subject to a 1250% increase in capital equivalent			Term-end balance		Amounts subject to a 1250% increase in capital equivalent		
Total	On-balance sheet assets	Off-balance sheet assets	risk weight	Increase in capital equivalent	Total	On-balance sheet assets	Off-balance sheet assets	risk weight	Increase in capital equivalent	
Claims on corporates .....	¥641.3	¥641.3	¥—	¥—	¥—	¥612.8	¥277.0	¥335.8	¥—	¥—
Mortgage loans .....	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans).....	247.2	247.2	—	—	—	124.0	9.3	114.7	—	—
Other claims .....	38.0	38.0	—	—	—	51.3	34.7	16.6	—	—
<b>Total .....</b>	<b>¥926.4</b>	<b>¥926.4</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥788.0</b>	<b>¥321.0</b>	<b>¥467.1</b>	<b>¥—</b>	<b>¥—</b>

## b. Risk Weights

	Billions of yen							
	2014				2013			
	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 .....	¥920.3	¥920.3	¥—	¥5.5	¥778.8	¥315.7	¥463.1	¥5.0
100% or less .....	6.1	6.1	—	0.3	8.2	5.2	3.0	0.3
650% or less .....	—	—	—	—	1.0	—	1.0	0.1
Less than 1250% .....	—	—	—	—	—	—	—	—
1250% .....	—	—	—	—	—	—	—	—
Total .....	¥926.4	¥926.4	¥—	¥5.8	¥788.0	¥321.0	¥467.1	¥5.5

## (C) Resecuritization Exposures

There are no amounts that represent “resecuritization exposures.”

## (D) Amount of Credit Risk-Weighted Assets Calculated Using Supplementary Provision 15 of the Notification

March 31	Billions of yen	
	2014	2013
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification....	¥—	¥—

## (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									
	2014					2013				
	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 .....	¥430.9	¥150.3	¥280.6	¥32.3	¥—	¥368.8	¥126.2	¥242.6	¥49.3	¥—
Mortgage loans .....	93.5	93.5	—	—	—	67.4	67.4	—	—	—
Retail loans (excluding mortgage loans).....	143.4	142.6	0.8	—	—	104.9	94.6	10.3	—	—
Other claims .....	—	—	—	—	—	6.9	6.9	—	—	—
Total .....	¥667.7	¥386.4	¥281.4	¥32.3	¥—	¥548.0	¥295.1	¥252.9	¥49.3	¥—

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 ¥3.1 billion as of March 31, 2014 and ¥2.8 billion as of March 31, 2013 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							
	2014				2013			
	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 .....	¥530.6	¥347.4	¥183.2	¥2.5	¥422.3	¥259.2	¥163.1	¥ 1.9
100% or less .....	38.2	38.2	—	1.3	35.3	35.3	—	1.3
650% or less .....	—	—	—	—	—	—	—	—
Less than 1250% .....	—	—	—	—	—	—	—	—
1250% .....	99.0	0.7	98.2	34.2	90.4	0.6	89.8	52.3
Total .....	¥667.7	¥386.4	¥281.4	¥38.0	¥548.0	¥295.1	¥252.9	¥55.5

Note: The risk weight of “100% or less” includes balances of ¥3.1 billion as of March 31, 2014 and ¥2.8 billion as of March 31, 2013 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									
	2014					2013				
	Term-end balance		Off-balance sheet assets	Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance		Off-balance sheet assets	Amounts subject to a 1250% risk weight	Increase in capital equivalent
Total	On-balance sheet assets	Total				On-balance sheet assets				
March 31										
Claims on corporates .....	¥0.6	¥0.6	¥—	¥0.1	¥—	¥0.8	¥0.8	¥—	¥0.2	¥—
Mortgage loans .....	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans).....	—	—	—	—	—	—	—	—	—	—
Other claims .....	1.0	0.4	0.6	0.4	—	1.3	0.7	0.6	0.7	—
Total .....	¥1.6	¥1.0	¥0.6	¥0.5	¥—	¥2.1	¥1.5	¥0.6	¥0.9	¥—

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							
	2014				2013			
	Term-end balance		Off-balance sheet assets	Required capital	Term-end balance		Off-balance sheet assets	Required capital
Total	On-balance sheet assets	Total			On-balance sheet assets			
March 31								
20% or less .....	¥1.0	¥0.5	¥0.5	¥0.0	¥1.1	¥0.4	¥0.6	¥0.0
100% or less .....	0.1	—	0.1	0.0	—	—	—	—
650% or less .....	—	—	—	—	—	—	—	—
Less than 1250% .....	—	—	—	—	—	—	—	—
1250% .....	0.5	0.5	—	0.5	1.1	1.1	—	0.9
Total .....	¥1.6	¥1.0	¥0.6	¥0.5	¥2.1	¥1.5	¥0.6	¥0.9

## (C) Amount of Credit Risk-Weighted Assets Calculated Using Supplementary Provision 15 of the Notification

March 31	Billions of yen	
	2014	2013
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification....	¥—	¥—

## 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			
	2014		2013	
March 31	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures .....	¥3,456.8	¥3,456.8	¥3,067.5	¥3,067.5
Equity exposures other than above.....	293.6	—	310.7	—
Total .....	¥3,750.4	¥ —	¥3,378.2	¥ —

### 4. Gains (Losses) on Sale and Devaluation of Equity Exposures

	Billions of yen	
	Fiscal 2013	Fiscal 2012
Gains (losses) .....	¥ 89.2	¥(21.0)
Gains on sale .....	108.2	38.4
Losses on sale .....	8.7	29.4
Devaluation .....	10.2	29.9

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

March 31	Billions of yen	
	2014	2013
Unrealized gains (losses) recognized on consolidated balance sheets but not on consolidated statements of income.....	¥1,250.6	¥867.6

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

March 31	Billions of yen	
	2014	2013
Unrealized gains (losses) not recognized on consolidated balance sheets or consolidated statements of income.....	¥(57.1)	¥(11.4)

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, 2014	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥ 8,908.0	¥ 235.4	¥ 195.6	¥ 2,388.8	¥ 11,727.9
Agriculture, forestry, fishery and mining.....	198.7	4.3	4.3	30.2	237.5
Construction.....	1,185.8	50.6	3.9	197.8	1,438.2
Transport, information, communications and utilities.....	5,835.1	154.9	97.0	852.0	6,938.9
Wholesale and retail.....	5,798.8	38.8	143.0	814.6	6,795.2
Financial and insurance.....	31,229.7	524.7	1,477.2	1,564.5	34,796.1
Real estate, goods rental and leasing.....	8,324.5	318.1	42.4	390.0	9,074.9
Services.....	5,214.4	68.8	37.9	605.2	5,926.4
Local municipal corporations.....	1,804.5	282.5	9.6	14.7	2,111.4
Other industries.....	27,108.7	15,598.9	125.4	5,261.4	48,094.4
Subtotal.....	¥ 95,608.3	¥17,277.0	¥2,136.2	¥12,119.2	¥127,140.7
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 6,418.0	¥ 1,162.0	¥ 8.7	¥ 8.4	¥ 7,597.1
Financial institutions.....	5,159.1	310.3	1,077.7	773.7	7,320.9
C&I companies.....	17,394.6	216.1	437.2	428.8	18,476.6
Others.....	4,699.1	411.9	34.5	1,885.2	7,030.7
Subtotal.....	¥ 33,670.8	¥ 2,100.3	¥1,558.1	¥ 3,096.2	¥ 40,425.4
Total.....	¥129,279.1	¥19,377.3	¥3,694.3	¥15,215.3	¥167,566.0

March 31, 2013	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥ 9,917.3	¥ 242.9	¥ 325.5	¥ 2,222.4	¥ 12,708.1
Agriculture, forestry, fishery and mining.....	189.1	4.3	5.4	30.6	229.4
Construction.....	1,209.2	44.0	4.8	179.7	1,437.7
Transport, information, communications and utilities.....	5,837.9	188.0	132.8	845.0	7,003.7
Wholesale and retail.....	5,775.0	54.8	249.0	848.4	6,927.1
Financial and insurance.....	13,577.4	489.8	1,546.3	1,885.1	17,498.7
Real estate, goods rental and leasing.....	8,461.2	228.3	49.6	335.2	9,074.4
Services.....	4,880.7	101.2	49.9	569.9	5,601.7
Local municipal corporations.....	1,887.5	452.6	10.6	13.5	2,364.2
Other industries.....	26,313.6	30,762.8	64.6	4,110.6	61,251.6
Subtotal.....	¥ 78,048.8	¥32,568.6	¥2,438.6	¥11,040.6	¥124,096.5
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 5,869.6	¥ 1,489.1	¥ 9.8	¥ 9.2	¥ 7,377.6
Financial institutions.....	4,106.0	229.5	742.0	735.0	5,812.5
C&I companies.....	15,388.9	255.9	474.3	474.7	16,593.8
Others.....	3,276.4	199.2	37.4	1,499.4	5,012.3
Subtotal.....	¥ 28,640.8	¥ 2,173.6	¥1,263.5	¥ 2,718.2	¥ 34,796.1
Total.....	¥106,689.6	¥34,742.2	¥3,702.1	¥13,758.8	¥158,892.7

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, 2014	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year .....	¥ 35,233.1	¥ 5,978.7	¥ 491.3	¥ 663.1	¥ 42,366.2
More than 1 year to 3 years.....	14,914.7	7,701.2	834.3	1,138.9	24,589.1
More than 3 years to 5 years.....	14,976.0	2,856.5	1,446.7	1,648.4	20,927.7
More than 5 years to 7 years.....	6,246.6	2,114.4	361.3	454.6	9,176.8
More than 7 years.....	24,773.9	726.5	560.7	745.6	26,806.7
No fixed maturity .....	33,134.7	—	—	10,564.8	43,699.6
<b>Total .....</b>	<b>¥129,279.1</b>	<b>¥19,377.3</b>	<b>¥3,694.3</b>	<b>¥15,215.3</b>	<b>¥167,566.0</b>

March 31, 2013	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year .....	¥ 35,122.9	¥ 9,156.4	¥ 672.6	¥ 915.1	¥ 45,867.1
More than 1 year to 3 years.....	15,025.7	11,803.3	713.5	1,150.7	28,693.2
More than 3 years to 5 years.....	13,631.5	10,333.2	1,415.6	1,818.5	27,198.8
More than 5 years to 7 years.....	5,411.7	2,204.2	287.8	430.8	8,334.5
More than 7 years.....	24,835.3	1,245.1	612.7	811.5	27,504.6
No fixed maturity .....	12,662.4	—	—	8,632.1	21,294.5
<b>Total .....</b>	<b>¥106,689.6</b>	<b>¥34,742.2</b>	<b>¥3,702.1</b>	<b>¥13,758.8</b>	<b>¥158,892.7</b>

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	
	2014	2013
Domestic operations (excluding offshore banking accounts) .....	¥1,904.5	¥2,365.5
Overseas operations and offshore banking accounts.....	92.8	114.2
Asia .....	26.5	26.1
North America.....	3.4	18.6
Other regions.....	62.9	69.5
<b>Total .....</b>	<b>¥1,997.3</b>	<b>¥2,479.7</b>

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	
	2014	2013
Domestic operations (excluding offshore banking accounts)		
Manufacturing.....	¥ 241.1	¥ 278.1
Agriculture, forestry, fishery and mining .....	3.9	6.0
Construction .....	82.2	114.6
Transport, information, communications and utilities.....	165.9	247.3
Wholesale and retail .....	244.2	293.2
Financial and insurance.....	14.4	17.0
Real estate, goods rental and leasing .....	477.1	703.4
Services .....	207.4	267.6
Other industries .....	468.3	438.3
Subtotal .....	¥1,904.5	¥2,365.5
Overseas operations and offshore banking accounts		
Financial institutions .....	¥ 4.5	¥ 6.2
C&I companies .....	85.6	105.8
Others .....	2.7	2.2
Subtotal .....	¥ 92.8	¥ 114.2
<b>Total .....</b>	<b>¥1,997.3</b>	<b>¥2,479.7</b>

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			
	2014 (A)	2013 (B)	2012	Increase (decrease) (A) – (B)
General reserve for possible loan losses.....	¥ 473.2	¥ 539.3	¥ 593.3	¥ (66.1)
Loan loss reserve for specific overseas countries .....	0.7	0.0	0.2	0.7
Specific reserve for possible loan losses .....	784.6	1,042.7	1,071.3	(258.1)
Domestic operations (excluding offshore banking accounts) .....	745.6	990.7	1,008.2	(245.1)
Overseas operations and offshore banking accounts.....	39.0	52.0	63.1	(13.0)
Asia .....	14.3	15.0	12.9	(0.7)
North America.....	3.3	12.2	22.3	(8.9)
Other regions .....	21.4	24.8	27.9	(3.4)
Total .....	¥1,258.5	¥1,582.0	¥1,664.8	¥(323.5)

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			
	2014 (A)	2013 (B)	2012	Increase (decrease) (A) – (B)
General reserve for possible loan losses.....	¥ 473.2	¥ 539.3	¥ 593.3	¥ (66.1)
Loan loss reserve for specific overseas countries .....	0.7	0.0	0.2	0.7
Specific reserve for possible loan losses .....	784.6	1,042.7	1,071.3	(258.1)
Domestic operations (excluding offshore banking accounts) .....	745.6	990.7	1,008.2	(245.1)
Manufacturing.....	110.0	133.2	121.3	(23.2)
Agriculture, forestry, fishery and mining .....	3.0	3.5	3.0	(0.5)
Construction .....	38.4	60.5	66.0	(22.1)
Transport, information, communications and utilities.....	63.7	98.4	65.5	(34.7)
Wholesale and retail.....	115.1	145.8	139.5	(30.7)
Financial and insurance .....	10.9	12.2	11.9	(1.3)
Real estate, goods rental and leasing .....	173.0	262.1	287.6	(89.1)
Services .....	89.9	123.0	127.2	(33.1)
Other industries .....	141.6	152.0	186.2	(10.4)
Overseas operations and offshore banking accounts.....	39.0	52.0	63.1	(13.0)
Financial institutions .....	2.9	5.6	10.6	(2.7)
C&I companies .....	34.1	44.8	51.6	(10.7)
Others .....	2.0	1.6	0.9	0.4
Total .....	¥1,258.5	¥1,582.0	¥1,664.8	¥(323.5)

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 2013	Fiscal 2012
Domestic operations (excluding offshore banking accounts)		
Manufacturing.....	¥ 4.1	¥ 12.3
Agriculture, forestry, fishery and mining .....	0.1	0.2
Construction .....	(0.1)	2.8
Transport, information, communications and utilities.....	1.2	4.0
Wholesale and retail .....	1.5	12.6
Financial and insurance.....	(1.0)	(0.4)
Real estate, goods rental and leasing .....	0.3	2.6
Services .....	(1.3)	3.1
Other industries .....	78.2	92.6
Subtotal .....	¥83.0	¥129.8
Overseas operations and offshore banking accounts		
Financial institutions.....	¥ (0.0)	¥ (0.1)
C&I companies .....	(1.3)	2.3
Others .....	3.2	1.6
Subtotal .....	¥ 1.9	¥ 3.8
Total .....	¥84.9	¥133.6

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 2013		Fiscal 2012	
	VaR	Stressed VaR	VaR	Stressed VaR
Fiscal year-end .....	¥1.5	¥ 2.3	¥2.4	¥ 4.7
Maximum .....	8.5	17.8	6.3	12.7
Minimum .....	1.3	2.3	1.3	2.5
Average .....	3.9	8.4	3.8	7.7

- 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. 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 SMFG 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 2013	Fiscal 2012
Fiscal year-end .....	¥41.5	¥31.1
Maximum .....	49.2	35.2
Minimum .....	29.9	23.6
Average .....	40.2	29.5

- 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, The Japan Net Bank, Limited, 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 International Operations Co., Ltd., SMBC Loan Business Service Co., Ltd., SMBC Market Service Co., Ltd., SMBC Loan Administration and Operations Service Co., Ltd., Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited and SMBC Nikko Securities Inc., Cedyna Financial Corporation

### 2. Outline of the AMA

For the "Outline of the AMA," please refer to pages 45 to 47.

### 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 (Year ended March 31, 2014)

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	Amount		
(Assets)				
Cash and due from banks		32,991,113		
Call loans and bills bought		1,248,235		
Receivables under resale agreements		522,860		
Receivables under securities borrowing transactions		3,780,260		
Monetary claims bought		3,552,658		
Trading assets		6,957,419	7-a	
Money held in trust		23,120		
Securities		27,152,781	3-b, 7-b	
Loans and bills discounted		68,227,688	7-c	
Foreign exchanges		1,790,406		
Lease receivables and investment assets		1,827,251		
Other assets		4,181,512		
Tangible fixed assets		2,346,788		
Intangible fixed assets		819,895	3-a	
Net defined benefit asset		119,932	4	
Deferred tax assets		173,180	5-a	
Customers' liabilities for acceptances and guarantees		6,566,818		
Reserve for possible loan losses		(747,536)		
<b>Total assets</b>		<b>161,534,387</b>		
(Liabilities)				
Deposits		94,331,925		
Negotiable certificates of deposit		13,713,539		
Call money and bills sold		4,112,428		
Payables under repurchase agreements		1,710,101		
Payables under securities lending transactions		5,330,974		
Commercial paper		2,374,051		
Trading liabilities		4,779,969	7-d	
Borrowed money		7,020,841		
Foreign exchanges		451,658		
Short-term bonds		1,145,200		
Bonds		5,090,894		
Due to trust account		699,329		
Other liabilities		4,712,069		
Reserve for employee bonuses		69,419		
Reserve for executive bonuses		4,921		
Net defined benefit liability		45,385		
Reserve for executive retirement benefits		2,004		
Reserve for point service program		20,355		
Reserve for reimbursement of deposits		14,858		
Reserve for losses on interest repayment		190,182		
Reserve under the special laws		771		
Deferred tax liabilities		103,390	5-b	
Deferred tax liabilities for land revaluation		38,276	5-c	
Acceptances and guarantees		6,566,818		
<b>Total liabilities</b>		<b>152,529,368</b>		
(Net assets)				
Capital stock		2,337,895	1-a	
Capital surplus		758,349	1-b	
Retained earnings		3,480,085	1-c	
Treasury stock		(175,115)	1-d	
<b>Total stockholders' equity</b>		<b>6,401,215</b>		
Net unrealized gains on other securities		949,508		
Net deferred losses on hedges		(60,946)	6	
Land revaluation excess		35,749		
Foreign currency translation adjustments		27,239		
Remeasurements of defined benefit plans		(73,579)		
<b>Total accumulated other comprehensive income</b>		<b>877,971</b>		3
Stock acquisition rights		1,791	2, 8-a	
Minority interests		1,724,041	8-b	
<b>Total net assets</b>		<b>9,005,019</b>		
<b>Total liabilities and net assets</b>		<b>161,534,387</b>		

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	Amount	Remarks	Ref. No.
Capital stock	2,337,895		1-a
Capital surplus	758,349		1-b
Retained earnings	3,480,085		1-c
Treasury stock	(175,115)		1-d
Total stockholders' equity	6,401,215		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,401,215	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,096,244		1a
of which: retained earnings	3,480,085		2
of which: treasury stock (-)	175,115		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 absorber clause upon entering into effectively bankruptcy	31a

## 2. Stock acquisition rights

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Stock acquisition rights	1,791		2
of which: Stock acquisition rights issued by bank holding company	1,634		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Stock acquisition rights to common shares	1,634		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	Amount	Remarks	Ref. No.
Intangible fixed assets	819,895		3-a
Securities	27,152,781		3-b
of which: goodwill attributable to equity-method investees	110,898		
Income taxes related to above	161,233		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Goodwill (including those equivalent)	477,922		8
Other intangible assets other than goodwill and mortgage servicing rights	291,636	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	Amount	Remarks	Ref. No.
Net defined benefit asset	119,932		4
Income taxes related to above	42,607		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Net defined benefit asset	77,325		15



## 5. Deferred tax assets

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Deferred tax assets	173,180		5-a
Deferred tax liabilities	103,390		5-b
Deferred tax liabilities for land revaluation	38,276		5-c
Tax effects on other intangible assets	161,233		
Tax effects on net defined benefit asset	42,607		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	13,087	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)	247,009	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)	247,009		75

## 6. Deferred gains or losses on derivatives under hedge accounting

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Net deferred losses on hedges	(60,946)		6

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Net deferred losses on hedges	(58,809)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

## 7. Items associated with investments in the capital of financial institutions

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Trading assets	6,957,419	Including trading account securities and derivatives for trading assets	7-a
Securities	27,152,781		7-b
Loans and bills discounted	68,227,688	Including subordinated loans	7-c
Trading liabilities	4,779,969	Including trading account securities sold and derivatives for trading liabilities	7-d

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Investments in own capital instruments	7,592		
Common Equity Tier 1 capital	7,592		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)	795,704		
Common Equity Tier 1 capital	113,916		18
Additional Tier 1 capital	1,060		39
Tier 2 capital	32,014		54
Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	648,713		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	509,990		
Amount exceeding the 10% threshold on specified items	—		19
Amount exceeding the 15% threshold on specified items	—		23
Additional Tier 1 capital	158,645		40
Tier 2 capital	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	226,344		73

## 8. Minority interests

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Stock acquisition rights	1,791		8-a
Minority interests	1,724,041		8-b

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	150,155		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	145,035		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	34,422		48-49

## 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.

## ■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (Year ended March 31, 2013)

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	Amount		
(Assets)				
Cash and due from banks		10,799,291		
Call loans and bills bought		1,353,746		
Receivables under resale agreements		273,217		
Receivables under securities borrowing transactions		3,494,398		
Monetary claims bought		1,540,516		
Trading assets		7,765,554	7-a	
Money held in trust		22,789	7-b	
Securities		41,306,731	3-b, 7-c	
Loans and bills discounted		65,632,091	7-d	
Foreign exchanges		2,226,427		
Lease receivables and investment assets		1,684,800		
Other assets		4,367,634	4	
Tangible fixed assets		1,983,772		
Intangible fixed assets		790,860	3-a	
Deferred tax assets		374,258	5-a	
Customers' liabilities for acceptances and guarantees		6,009,575		
Reserve for possible loan losses		(928,866)		
<b>Total assets</b>		<b>148,696,800</b>		
(Liabilities)				
Deposits		89,081,811		
Negotiable certificates of deposit		11,755,654		
Call money and bills sold		2,954,051		
Payables under repurchase agreements		2,076,791		
Payables under securities lending transactions		4,433,835		
Commercial paper		1,499,499		
Trading liabilities		6,119,631	7-e	
Borrowed money		4,979,460		
Foreign exchanges		337,901		
Short-term bonds		1,126,300		
Bonds		4,750,806		
Due to trust account		643,350		
Other liabilities		3,989,794		
Reserve for employee bonuses		59,855		
Reserve for executive bonuses		4,037		
Reserve for employee retirement benefits		44,579		
Reserve for executive retirement benefits		2,420		
Reserve for point service program		19,319		
Reserve for reimbursement of deposits		11,195		
Reserve for losses on interest repayment		245,423		
Reserve under the special laws		481		
Deferred tax liabilities		68,120	5-b	
Deferred tax liabilities for land revaluation		39,683	5-c	
Acceptances and guarantees		6,009,575		
<b>Total liabilities</b>		<b>140,253,582</b>		
(Net assets)				
Capital stock		2,337,895	1-a	
Capital surplus		758,630	1-b	
Retained earnings		2,811,474	1-c	
Treasury stock		(227,373)	1-d	
<b>Total stockholders' equity</b>		<b>5,680,627</b>		
Net unrealized gains on other securities		755,753		
Net deferred losses on hedges		(32,863)	6	
Land revaluation excess		39,129		
Foreign currency translation adjustments		(97,448)		
<b>Total accumulated other comprehensive income</b>		<b>664,570</b>		3
Stock acquisition rights		1,260	2, 8-a	
Minority interests		2,096,760	8-b	
<b>Total net assets</b>		<b>8,443,218</b>		
<b>Total liabilities and net assets</b>		<b>148,696,800</b>		

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	Amount	Remarks	Ref. No.
Capital stock	2,337,895		1-a
Capital surplus	758,630		1-b
Retained earnings	2,811,474		1-c
Treasury stock	(227,373)		1-d
Total stockholders' equity	5,680,627		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	5,680,627	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,096,526		1a
of which: retained earnings	2,811,474		2
of which: treasury stock (-)	(227,373)		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 absorber clause upon entering into effectively bankruptcy	31a

## 2. Stock acquisition rights

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Stock acquisition rights	1,260		2
of which: Stock acquisition rights issued by bank holding company	1,140		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Stock acquisition rights to common shares	1,140		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	Amount	Remarks	Ref. No.
Intangible fixed assets	790,860		3-a
Securities	41,306,731		3-b
of which: goodwill attributable to equity-method investees	25,811		
Income taxes related to above	147,818		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Goodwill (including those equivalent)	400,969		8
Other intangible assets other than goodwill and mortgage servicing rights	267,884	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. Prepaid pension cost

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Other assets	4,367,634		4
of which: prepaid pension cost	224,719		
Income taxes related to above	79,935		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Prepaid pension cost	144,783		15

## 5. Deferred tax assets

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Deferred tax assets	374,258		5-a
Deferred tax liabilities	68,120		5-b
Deferred tax liabilities for land revaluation	39,683		5-c
Tax effects on other intangible assets	147,818		
Tax effects on prepaid pension cost	79,935		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	9,897	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)	506,519	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)	506,519		75

## 6. Deferred gains or losses on derivatives under hedge accounting

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Net deferred losses on hedges	(32,863)		6

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Net deferred losses on hedges	(29,649)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

## 7. Items associated with investments in the capital of financial institutions

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Trading assets	7,765,554	Including trading account securities and derivatives for trading assets	7-a
Money held in trust	22,789		7-b
Securities	41,306,731		7-c
Loans and bills discounted	65,632,091	Including subordinated loans	7-d
Trading liabilities	6,119,631	Including trading account securities sold and derivatives for trading liabilities	7-e

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Investments in own capital instruments	9,019		
Common Equity Tier 1 capital	9,019		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)	798,416		
Common Equity Tier 1 capital	169,361		18
Additional Tier 1 capital	1,589		39
Tier 2 capital	73,250		54
Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	554,215		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	479,547		
Amount exceeding the 10% threshold on specified items	—		19
Amount exceeding the 15% threshold on specified items	—		23
Additional Tier 1 capital	157,149		40
Tier 2 capital	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	197,398		73

## 8. Minority interests

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Stock acquisition rights	1,260		8-a
Minority interests	2,096,760		8-b

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	139,300		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	127,606		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	28,909		48-49

## 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.

## ■ Indicators for assessing Global Systemically Important Banks (G-SIBs)

(In 0.1 billion yen)

Item No.	Description	As of March 31, 2014
1	Total exposures (a + b + c + d): a. Counterparty exposure of derivatives contracts b. Gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs c. Other assets (other than assets specifically identified above and regulatory adjustments to Tier 1 and CET 1 capital under the fully phased-in Basel III framework) d. Notional amount of off-balance sheet items (other than derivatives contracts and SFTs)	1,783,163
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	263,493
3	Intra-financial system liabilities (a + b + c): a. Deposits due to, 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	174,017
4	Securities outstanding (Note 1)	285,583
5	Assets under custody	104,866
6	Notional amount of OTC derivatives	6,027,176
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)	132,616
8	Level 3 assets (Note 3)	10,050
9	Cross-jurisdictional claims	349,162
10	Cross-jurisdictional liabilities	178,486

Item No.	Description	FY ended March 31, 2014
11	Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	24,129,369
12	Underwritten transactions in debt and equity markets (Note 4)	57,742

- 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 (or U.S. GAAP).  
4. This refers to underwriting of securities defined in article 2 paragraph 8 item 6 of the Financial Instruments and Exchange Act.

# Capital Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

## Capital Structure Information (Consolidated Capital Ratio (International Standard))

(Millions of yen, except percentages)

Items	Year ended March 31, 2014		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,426,054		1a+2-1c-26
of which: capital and capital surplus	4,278,391		1a
of which: retained earnings	2,468,427		2
of which: treasury stock (-)	—		1c
of which: cash dividends to be paid (-)	320,763		26
of which: other than the above	—		
Stock acquisition rights to common shares	—		1b
Accumulated other comprehensive income and other disclosed reserves	169,261	677,046	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	158,494		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	26,782		
of which: minority interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	26,782		
Common Equity Tier 1 capital: instruments and reserves (A)	6,780,594		6
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Total intangible assets (excluding those relating to mortgage servicing rights)	88,561	354,245	8+9
of which: goodwill (including those equivalent)	51,629	206,519	8
of which: other intangible assets other than goodwill and mortgage servicing rights	36,931	147,726	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,235	4,940	10
Net deferred losses on hedges	(11,497)	(45,991)	11
Shortfall of eligible provisions to expected losses	—	—	12
Gain on sale on securitization transactions	8,136	32,545	13
Gains and losses due to changes in own credit risk on fair valued liabilities	1,106	4,424	14
Net defined benefit asset	14,937	59,750	15
Investments in own shares (excluding those reported in the Net assets section)	15	61	16
Reciprocal cross-holdings in common equity	—	—	17
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)	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	19
of which: mortgage servicing rights	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	21
Amount exceeding the 15% threshold on specified items	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	23
of which: mortgage servicing rights	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		27
Common Equity Tier 1 capital: regulatory adjustments (B)	102,493		28
<b>Common Equity Tier 1 capital (CET1)</b>			
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	6,678,100		29



(Millions of yen, except percentages)

Items	Year ended March 31, 2014		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Additional Tier 1 capital: instruments</b>			
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		31a
Stock acquisition rights to Additional Tier 1 instruments	—		31b
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Adjusted minority interests, etc. (amount allowed to be included in group Additional Tier 1)	13,846		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	824,074		33+35
of which: instrument issued by banks and their special purpose vehicles	824,074		33
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	5,423		
of which: foreign currency translation adjustments	5,423		
Additional Tier 1 capital: instruments (D)	843,344		36
<b>Additional Tier 1 capital: regulatory adjustments</b>			
Investments in own Additional Tier 1 instruments	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	38
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	—	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	31,729	126,916	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	179,796		
of which: goodwill and others	147,250		
of which: gain on sale on securitization transactions	32,545		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		42
Additional Tier 1 capital: regulatory adjustments (E)	211,525		43
<b>Additional Tier 1 capital (AT1)</b>			
Additional Tier 1 capital ((D)-(E)) (F)	631,819		44
<b>Tier 1 capital (T1 = CET1 + AT1)</b>			
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	7,309,919		45
<b>Tier 2 capital: instruments and provisions</b>			
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	—		46
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Adjusted minority interests, etc. (amount allowed to be included in group Tier 2)	3,171		48-49
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	1,627,622		47+49
of which: instruments issued by banks and their special purpose vehicles	1,614,634		47
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	12,988		49
Total of general reserve for possible loan losses and eligible provisions included in Tier 2	35,546		50
of which: general reserve for possible loan losses	10,179		50a
of which: eligible provisions	25,367		50b
Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	488,099		
of which: unrealized gains on other securities after 55% discount	461,566		
of which: land revaluation excess after 55% discount	26,532		
Tier 2 capital: instruments and provisions (H)	2,154,439		51

(Millions of yen, except percentages)

Items	Year ended March 31, 2014		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Tier 2 capital: regulatory adjustments</b>			
Investments in own Tier 2 instruments	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	—	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	25,000	100,000	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	139,896		
of which: Tier 2 and deductions under Basel II	139,896		
Tier 2 capital: regulatory adjustments (I)	164,896		57
<b>Tier 2 capital (T2)</b>			
Tier 2 capital (T2) ((H)-(I)) (J)	1,989,543		58
<b>Total capital (TC = T1 + T2)</b>			
Total capital (TC = T1 + T2) ((G) + (J)) (K)	9,299,462		59
<b>Risk weighted assets</b>			
Total of items included in risk weighted assets subject to transitional arrangements	119,239		
of which: intangible assets other than mortgage servicing rights	13,457		
of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	70,582		
of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)	20,068		
Risk weighted assets (L)	54,418,600		60
<b>Capital ratio (consolidated)</b>			
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	12.27%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	13.43%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	17.08%		63
<b>Regulatory adjustments</b>			
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	666,349		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	463,953		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	182,664		75
<b>Provisions included in Tier 2 capital: instruments and provisions</b>			
Provisions (general reserve for possible loan losses)	10,179		76
Cap on inclusion of provisions (general reserve for possible loan losses)	22,830		77
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	25,367		78
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	279,517		79
<b>Capital instruments subject to transitional arrangements</b>			
Current cap on Additional Tier 1 instruments subject to transitional arrangements	990,286		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		83
Current cap on Tier 2 instruments subject to transitional arrangements	1,627,622		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	126,725		85

(Millions of yen)

Items	Year ended March 31, 2014
Required capital ((L) × 8%)	4,353,488

(Millions of yen, except percentages)

		Year ended March 31, 2013	
Items		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,096,661		1a+2-1c-26
of which: capital and capital surplus	4,278,391		1a
of which: retained earnings	1,869,906		2
of which: treasury stock (-)	-		1c
of which: cash dividends to be paid (-)	51,636		26
of which: other than the above	-		
Stock acquisition rights to common shares	-		1b
Accumulated other comprehensive income and other disclosed reserves	-	654,954	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)	146,706		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	33,773		
of which: minority interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	33,773		
Common Equity Tier 1 capital: instruments and reserves (A)	6,277,140		6
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Total intangible assets (excluding those relating to mortgage servicing rights)	-	331,161	8+9
of which: goodwill (including those equivalent)	-	166,102	8
of which: other intangible assets other than goodwill and mortgage servicing rights	-	165,058	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	4,196	10
Net deferred losses on hedges	-	(27,567)	11
Shortfall of eligible provisions to expected losses	-	-	12
Gain on sale on securitization transactions	-	39,081	13
Gains and losses due to changes in own credit risk on fair valued liabilities	-	6,658	14
Prepaid pension cost	-	144,660	15
Investments in own shares (excluding those reported in the Net assets section)	-	96	16
Reciprocal cross-holdings in common equity	-	-	17
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)	-	40,443	18
Amount exceeding the 10% threshold on specified items	-	-	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	19
of which: mortgage servicing rights	-	-	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	21
Amount exceeding the 15% threshold on specified items	-	-	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	23
of which: mortgage servicing rights	-	-	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		27
Common Equity Tier 1 capital: regulatory adjustments (B)	-		28
<b>Common Equity Tier 1 capital (CET1)</b>			
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	6,277,140		29

(Millions of yen, except percentages)

Items	Year ended March 31, 2013		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Additional Tier 1 capital: instruments</b>			
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		31a
Stock acquisition rights to Additional Tier 1 instruments	—		31b
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Adjusted minority interests, etc. (amount allowed to be included in group Additional Tier 1)	16,217		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	1,114,071		33+35
of which: instrument issued by banks and their special purpose vehicles	1,113,621		33
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	450		35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(108,123)		
of which: foreign currency translation adjustments	(108,123)		
Additional Tier 1 capital: instruments (D)	1,022,165		36
<b>Additional Tier 1 capital: regulatory adjustments</b>			
Investments in own Additional Tier 1 instruments	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	38
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	369	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—	157,149	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	226,552		
of which: goodwill and others	187,471		
of which: gain on sale on securitization transactions	39,081		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		42
Additional Tier 1 capital: regulatory adjustments (E)	226,552		43
<b>Additional Tier 1 capital (AT1)</b>			
Additional Tier 1 capital ((D)-(E)) (F)	795,612		44
<b>Tier 1 capital (T1 = CET1 + AT1)</b>			
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	7,072,753		45
<b>Tier 2 capital: instruments and provisions</b>			
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	—		46
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Adjusted minority interests, etc. (amount allowed to be included in group Tier 2)	2,080		48-49
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	1,831,075		47+49
of which: instruments issued by banks and their special purpose vehicles	1,813,075		47
of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	18,000		49
Total of general reserve for possible loan losses and eligible provisions included in Tier 2	59,426		50
of which: general reserve for possible loan losses	10,501		50a
of which: eligible provisions	48,924		50b
Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	495,978		
of which: unrealized gains on other securities after 55% discount	460,658		
of which: land revaluation excess after 55% discount	35,319		
Tier 2 capital: instruments and provisions (H)	2,388,560		51

(Millions of yen, except percentages)

Items	Year ended March 31, 2013		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Tier 2 capital: regulatory adjustments</b>			
Investments in own Tier 2 instruments	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	21,046	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	—	125,000	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	74,848		
of which: Tier 2 and deductions under Basel II	74,848		
Tier 2 capital: regulatory adjustments ((I))	74,848		57
<b>Tier 2 capital (T2)</b>			
Tier 2 capital (T2) ((H)-(I)) ((J))	2,313,712		58
<b>Total capital (TC = T1 + T2)</b>			
Total capital (TC = T1 + T2) ((G) + (J)) ((K))	9,386,465		59
<b>Risk weighted assets</b>			
Total of items included in risk weighted assets subject to transitional arrangements	193,481		
of which: intangible assets other than mortgage servicing rights	(15,881)		
of which: Non-significant Investments in the capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	58,467		
of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	88,191		
of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)	45,877		
Risk weighted assets ((L))	55,725,255		60
<b>Capital ratio (consolidated)</b>			
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	11.26%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	12.69%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))	16.84%		63
<b>Regulatory adjustments</b>			
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	640,003		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	434,850		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	420,075		75
<b>Provisions included in Tier 2 capital: instruments and provisions</b>			
Provisions (general reserve for possible loan losses)	10,501		76
Cap on inclusion of provisions (general reserve for possible loan losses)	21,284		77
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	48,924		78
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	280,447		79
<b>Capital instruments subject to transitional arrangements</b>			
Current cap on Additional Tier 1 instruments subject to transitional arrangements	1,114,071		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	123,785		83
Current cap on Tier 2 instruments subject to transitional arrangements	1,831,075		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	203,452		85

(Millions of yen)

Items	Year ended March 31, 2013
Required capital ((L) × 8%)	4,458,020

## ■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (Year ended March 31, 2014)

Sumitomo Mitsui Banking Corporation and Subsidiaries

(Millions of yen)			
Items	Consolidated balance sheet as in published financial statements	Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Amount		
<b>(Assets)</b>			
Cash and due from banks	32,826,744		
Call loans and bills bought	1,248,235		
Receivables under resale agreements	522,860		
Receivables under securities borrowing transactions	3,737,208		
Monetary claims bought	3,420,145		
Trading assets	6,846,729	6-a	
Money held in trust	14,572		
Securities	27,092,373	2-b, 6-b	
Loans and bills discounted	69,754,391	6-c	
Foreign exchanges	1,790,406		
Lease receivables and investment assets	218,360		
Other assets	1,703,060		
Tangible fixed assets	976,903		
Intangible fixed assets	445,686	2-a	
Net defined benefit asset	115,847	3	
Deferred tax assets	101,929	4-a	
Customers' liabilities for acceptances and guarantees	5,632,563		
Reserve for possible loan losses	(623,876)		
<b>Total assets</b>	<b>155,824,141</b>		
<b>(Liabilities)</b>			
Deposits	94,543,064		
Negotiable certificates of deposit	13,973,339		
Call money and bills sold	4,113,650		
Payables under repurchase agreements	1,708,801		
Payables under securities lending transactions	5,328,427		
Commercial paper	2,374,051		
Trading liabilities	4,740,484	6-d	
Borrowed money	5,101,073		
Foreign exchanges	451,658		
Short-term bonds	302,500		
Bonds	4,906,764		
Due to trust account	699,329		
Other liabilities	3,145,635		
Reserve for employee bonuses	55,272		
Reserve for executive bonuses	4,244		
Net defined benefit liability	14,625		
Reserve for executive retirement benefits	814		
Reserve for point service program	2,025		
Reserve for reimbursement of deposits	14,858		
Reserve for losses on interest repayment	774		
Reserve under the special laws	402		
Deferred tax liabilities	30,739	4-b	
Deferred tax liabilities for land revaluation	38,276	4-c	
Acceptances and guarantees	5,632,563		
<b>Total liabilities</b>	<b>147,183,378</b>		
<b>(Net assets)</b>			
Capital stock	1,770,996	1-a	
Capital surplus	2,717,397	1-b	
Retained earnings	2,468,427	1-c	
Treasury stock	(210,003)	1-d	
<b>Total stockholders' equity</b>	<b>6,746,818</b>		
Net unrealized gains on other securities	938,235		
Net deferred losses on hedges	(59,626)	5	
Land revaluation excess	35,675		
Foreign currency translation adjustments	6,779		
Remeasurements of defined benefit plans	(74,755)		
<b>Total accumulated other comprehensive income</b>	<b>846,308</b>		3
Stock acquisition rights	157	7-a	
Minority interests	1,047,479	7-b	
<b>Total net assets</b>	<b>8,640,763</b>		
<b>Total liabilities and net assets</b>	<b>155,824,141</b>		

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	Amount	Remarks	Ref. No.
Capital stock	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	2,717,397	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	2,468,427		1-c
Treasury stock	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,746,818		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,746,818	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	4,278,391		1a
of which: retained earnings	2,468,427		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	Amount	Remarks	Ref. No.
Intangible fixed assets	445,686		2-a
Securities	27,092,373		2-b
of which: goodwill attributable to equity-method investees	99,260		
Income taxes related to above	102,138		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Goodwill (including those equivalent)	258,148		8
Other intangible assets other than goodwill and mortgage servicing rights	184,658	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	Amount	Remarks	Ref. No.
Net defined benefit asset	115,847		3
Income taxes related to above	41,159		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Net defined benefit asset	74,687		15

## 4. Deferred tax assets

## (1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Deferred tax assets	101,929		4-a
Deferred tax liabilities	30,739		4-b
Deferred tax liabilities for land revaluation	38,276		4-c
Tax effects on other intangible assets	102,138		
Tax effects on net defined benefit asset	41,159		

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	6,175	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)	182,664	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)	182,664		75

## 5. Deferred gains or losses on derivatives under hedge accounting

## (1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Net deferred losses on hedges	(59,626)		5

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Net deferred losses on hedges	(57,489)	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	Amount	Remarks	Ref. No.
Trading assets	6,846,729	Including trading account securities and derivatives for trading assets	6-a
Securities	27,092,373		6-b
Loans and bills discounted	69,754,391	Including subordinated loans	6-c
Trading liabilities	4,740,484	Including trading account securities sold and derivatives for trading liabilities	6-d



## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Investments in own capital instruments	77		
Common Equity Tier 1 capital	77		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)	666,349		
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)	666,349		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	747,599		
Amount exceeding the 10% threshold on specified items	—		19
Amount exceeding the 15% threshold on specified items	—		23
Additional Tier 1 capital	158,645		40
Tier 2 capital	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	463,953		73

## 7. Minority interests

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Stock acquisition rights	157		7-a
Minority interests	1,047,479		7-b

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	158,494		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	13,846		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	3,171		48-49

## 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.

## ■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (Year ended March 31, 2013)

Sumitomo Mitsui Banking Corporation and Subsidiaries

(Millions of yen)			
Items	Consolidated balance sheet as in published financial statements	Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Amount		
<b>(Assets)</b>			
Cash and due from banks	10,655,801		
Call loans and bills bought	1,353,746		
Receivables under resale agreements	273,217		
Receivables under securities borrowing transactions	3,454,499		
Monetary claims bought	1,426,281		
Trading assets	7,619,413	6-a	
Money held in trust	14,883	6-b	
Securities	41,294,005	2-b, 6-c	
Loans and bills discounted	66,665,737	6-d	
Foreign exchanges	2,226,427		
Lease receivables and investment assets	164,189		
Other assets	2,195,969	3	
Tangible fixed assets	843,653		
Intangible fixed assets	409,001	2-a	
Deferred tax assets	295,860	4-a	
Customers' liabilities for acceptances and guarantees	5,117,140		
Reserve for possible loan losses	(806,702)		
<b>Total assets</b>	<b>143,203,127</b>		
<b>(Liabilities)</b>			
Deposits	89,337,354		
Negotiable certificates of deposit	11,978,554		
Call money and bills sold	2,956,172		
Payables under repurchase agreements	2,076,791		
Payables under securities lending transactions	4,399,084		
Commercial paper	1,499,499		
Trading liabilities	6,084,053	6-e	
Borrowed money	2,910,334		
Foreign exchanges	337,901		
Short-term bonds	277,500		
Bonds	4,585,859		
Due to trust account	643,350		
Other liabilities	2,604,970		
Reserve for employee bonuses	45,241		
Reserve for executive bonuses	3,378		
Reserve for employee retirement benefits	15,776		
Reserve for executive retirement benefits	1,267		
Reserve for point service program	2,632		
Reserve for reimbursement of deposits	11,195		
Reserve for losses on interest repayment	1,017		
Reserve under the special laws	159		
Deferred tax liabilities	17,116	4-b	
Deferred tax liabilities for land revaluation	39,683	4-c	
Acceptances and guarantees	5,117,140		
<b>Total liabilities</b>	<b>134,946,036</b>		
<b>(Net assets)</b>			
Capital stock	1,770,996	1-a	
Capital surplus	2,717,397	1-b	
Retained earnings	1,869,906	1-c	
Treasury stock	(210,003)	1-d	
<b>Total stockholders' equity</b>	<b>6,148,297</b>		
Net unrealized gains on other securities	754,804		
Net deferred losses on hedges	(30,781)	5	
Land revaluation excess	39,055		
Foreign currency translation adjustments	(108,123)		
<b>Total accumulated other comprehensive income</b>	<b>654,954</b>		3
Stock acquisition rights	120	7-a	
Minority interests	1,453,718	7-b	
<b>Total net assets</b>	<b>8,257,091</b>		
<b>Total liabilities and net assets</b>	<b>143,203,127</b>		

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	Amount	Remarks	Ref. No.
Capital stock	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	2,717,397	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	1,869,906		1-c
Treasury stock	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,148,297		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,148,297	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	4,278,391		1a
of which: retained earnings	1,869,906		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	Amount	Remarks	Ref. No.
Intangible fixed assets	409,001		2-a
Securities	41,294,005		2-b
of which: goodwill attributable to equity-method investees	13,182		
Income taxes related to above	91,022		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Goodwill (including those equivalent)	166,102		8
Other intangible assets other than goodwill and mortgage servicing rights	165,058	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) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Other assets	2,195,969		3
of which: prepaid pension cost	224,528		
Income taxes related to above	79,867		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Prepaid pension cost	144,660		15

## 4. Deferred tax assets

## (1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Deferred tax assets	295,860		4-a
Deferred tax liabilities	17,116		4-b
Deferred tax liabilities for land revaluation	39,683		4-c
Tax effects on other intangible assets	91,022		
Tax effects on prepaid pension cost	79,867		

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,196	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)	420,075	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)	420,075		75

## 5. Deferred gains or losses on derivatives under hedge accounting

## (1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Net deferred losses on hedges	(30,781)		5

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Net deferred losses on hedges	(27,567)	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	Amount	Remarks	Ref. No.
Trading assets	7,619,413	Including trading account securities and derivatives for trading assets	6-a
Money held in trust	14,883		6-b
Securities	41,294,005		6-c
Loans and bills discounted	66,665,737	Including subordinated loans	6-d
Trading liabilities	6,084,053	Including trading account securities sold and derivatives for trading liabilities	6-e

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Investments in own capital instruments	96		
Common Equity Tier 1 capital	96		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)	701,863		
Common Equity Tier 1 capital	40,443		18
Additional Tier 1 capital	369		39
Tier 2 capital	21,046		54
Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	640,003		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	716,999		
Amount exceeding the 10% threshold on specified items	—		19
Amount exceeding the 15% threshold on specified items	—		23
Additional Tier 1 capital	157,149		40
Tier 2 capital	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	434,850		73

## 7. Minority interests

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Stock acquisition rights	120		7-a
Minority interests	1,453,718		7-b

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	146,706		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	16,217		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	2,080		48-49

## 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.

# Capital Ratio Information (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## ■ Capital Structure Information (Nonconsolidated Capital Ratio (International Standard))

(Millions of yen, except percentages)

Items	Year ended March 31, 2014		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Directly issued qualifying common share capital plus related capital surplus and retained earnings	5,859,721		1a+2-1c-26
of which: capital and capital surplus	4,042,266		1a
of which: retained earnings	2,138,218		2
of which: treasury stock (-)	—		1c
of which: cash dividends to be paid (-)	320,763		26
of which: other than the above	—		
Stock acquisition rights to common shares	—		1b
Valuation and translation adjustment and other disclosed reserves	179,267	717,069	3
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	—		
Common Equity Tier 1 capital: instruments and reserves (A)	6,038,989		6
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Total intangible assets (excluding those relating to mortgage servicing rights)	23,497	93,991	8+9
of which: goodwill (including those equivalent)	—	—	8
of which: other intangible assets other than goodwill and mortgage servicing rights	23,497	93,991	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	10
Net deferred gains on hedges	(10,324)	(41,299)	11
Shortfall of eligible provisions to expected losses	7,659	30,639	12
Gain on sale on securitization transactions	8,136	32,545	13
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	14
Prepaid pension cost	29,201	116,806	15
Investments in own shares (excluding those reported in the Net assets section)	—	—	16
Reciprocal cross-holdings in common equity	—	—	17
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)	—	—	18
Amount exceeding the 10% threshold on specified items	—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	19
of which: mortgage servicing rights	—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	21
Amount exceeding the 15% threshold on specified items	—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	23
of which: mortgage servicing rights	—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		27
Common Equity Tier 1 capital: regulatory adjustments (B)	58,170		28
<b>Common Equity Tier 1 capital (CET1)</b>			
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	5,980,818		29

(Millions of yen, except percentages)

		Year ended March 31, 2014	
Items		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Additional Tier 1 capital: instruments</b>			
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		31a
Stock acquisition rights to Additional Tier 1 instruments	—		31b
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	824,074		33+35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(735)		
of which: foreign currency translation adjustments	(735)		
Additional Tier 1 capital: instruments (D)	823,339		36
<b>Additional Tier 1 capital: regulatory adjustments</b>			
Investments in own Additional Tier 1 instruments	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	38
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	—	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	31,846	127,384	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	47,865		
of which: gain on sale on securitization transactions	32,545		
of which: amount equivalent to 50% of shortfall of eligible provisions to expected losses	15,319		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		42
Additional Tier 1 capital: regulatory adjustments (E)	79,711		43
<b>Additional Tier 1 capital (AT1)</b>			
Additional Tier 1 capital ((D)-(E)) (F)	743,627		44
<b>Tier 1 capital (T1 = CET1 + AT1)</b>			
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	6,724,445		45
<b>Tier 2 capital: instruments and provisions</b>			
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	—		46
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	1,613,792		47+49
Total of general reserve for possible loan losses and eligible provisions included in Tier 2	—		50
of which: general reserve for possible loan losses	—		50a
of which: eligible provisions	—		50b
Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	477,926		
of which: unrealized gains on other securities after 55% discount	455,620		
of which: land revaluation excess after 55% discount	22,306		
Tier 2 capital: instruments and provisions (H)	2,091,719		51

(Millions of yen, except percentages)

Items	Year ended March 31, 2014		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Tier 2 capital: regulatory adjustments</b>			
Investments in own Tier 2 instruments	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	—	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	25,000	100,000	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	15,319		
of which: Tier 2 and deductions under Basel II	15,319		
Tier 2 capital: regulatory adjustments (I)	40,319		57
<b>Tier 2 capital (T2)</b>			
Tier 2 capital (T2) ((H)-(I)) (J)	2,051,399		58
<b>Total capital (TC = T1 + T2)</b>			
Total capital (TC = T1 + T2) ((G) + (J)) (K)	8,775,845		59
<b>Risk weighted assets</b>			
Total of items included in risk weighted assets subject to transitional arrangements	377,653		
of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	338,806		
of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)	20,068		
Risk weighted assets (L)	47,940,672		60
<b>Capital ratio</b>			
Common Equity Tier 1 risk-weighted capital ratio ((C)/(L))	12.47%		61
Tier 1 risk-weighted capital ratio ((G)/(L))	14.02%		62
Total risk-weighted capital ratio ((K)/(L))	18.30%		63
<b>Regulatory adjustments</b>			
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	569,683		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	475,035		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	77,942		75
<b>Provisions included in Tier 2 capital: instruments and provisions</b>			
Provisions (general reserve for possible loan losses)	—		76
Cap on inclusion of provisions (general reserve for possible loan losses)	2,363		77
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		78
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	258,200		79
<b>Capital instruments subject to transitional arrangements</b>			
Current cap on Additional Tier 1 instruments subject to transitional arrangements	989,886		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	—		83
Current cap on Tier 2 instruments subject to transitional arrangements	1,613,792		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	128,412		85

(Millions of yen)

Items	Year ended March 31, 2014
Required capital ((L) × 8%)	3,835,253



(Millions of yen, except percentages)

Items	Year ended March 31, 2013		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Directly issued qualifying common share capital plus related capital surplus and retained earnings	5,712,886		1a+2-1c-26
of which: capital and capital surplus	4,042,266		1a
of which: retained earnings	1,722,256		2
of which: treasury stock (-)	-		1c
of which: cash dividends to be paid (-)	51,636		26
of which: other than the above	-		
Stock acquisition rights to common shares	-		1b
Valuation and translation adjustment and other disclosed reserves	-	788,911	3
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	-		
Common Equity Tier 1 capital: instruments and reserves (A)	5,712,886		6
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Total intangible assets (excluding those relating to mortgage servicing rights)	-	107,700	8+9
of which: goodwill (including those equivalent)	-	-	8
of which: other intangible assets other than goodwill and mortgage servicing rights	-	107,700	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	847	10
Net deferred gains on hedges	-	25,437	11
Shortfall of eligible provisions to expected losses	-	34,635	12
Gain on sale on securitization transactions	-	39,081	13
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	14
Prepaid pension cost	-	140,632	15
Investments in own shares (excluding those reported in the Net assets section)	-	-	16
Reciprocal cross-holdings in common equity	-	-	17
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)	-	-	18
Amount exceeding the 10% threshold on specified items	-	-	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	19
of which: mortgage servicing rights	-	-	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	21
Amount exceeding the 15% threshold on specified items	-	-	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	23
of which: mortgage servicing rights	-	-	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		27
Common Equity Tier 1 capital: regulatory adjustments (B)	-		28
<b>Common Equity Tier 1 capital (CET1)</b>			
Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	5,712,886		29

(Millions of yen, except percentages)

Items	Year ended March 31, 2013		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Additional Tier 1 capital: instruments</b>			
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		31a
Stock acquisition rights to Additional Tier 1 instruments	—		31b
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		32
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	1,113,621		33+35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(1,461)		
of which: foreign currency translation adjustments	(1,461)		
Additional Tier 1 capital: instruments (D)	1,112,160		36
<b>Additional Tier 1 capital: regulatory adjustments</b>			
Investments in own Additional Tier 1 instruments	—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	38
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	—	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	—	159,230	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	56,398		
of which: gain on sale on securitization transactions	39,081		
of which: amount equivalent to 50% of shortfall of eligible provisions to expected losses	17,317		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		42
Additional Tier 1 capital: regulatory adjustments (E)	56,398		43
<b>Additional Tier 1 capital (AT1)</b>			
Additional Tier 1 capital ((D)-(E)) (F)	1,055,761		44
<b>Tier 1 capital (T1 = CET1 + AT1)</b>			
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	6,768,647		45
<b>Tier 2 capital: instruments and provisions</b>			
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	—		46
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	1,815,516		47+49
Total of general reserve for possible loan losses and eligible provisions included in Tier 2	—		50
of which: general reserve for possible loan losses	—		50a
of which: eligible provisions	—		50b
Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	482,672		
of which: unrealized gains on other securities after 55% discount	453,422		
of which: land revaluation excess after 55% discount	29,250		
Tier 2 capital: instruments and provisions (H)	2,298,189		51

(Millions of yen, except percentages)

Items	Year ended March 31, 2013		
		Amounts excluded under transitional arrangements	Basel III Template No.
<b>Tier 2 capital: regulatory adjustments</b>			
Investments in own Tier 2 instruments	—	—	52
Reciprocal cross-holdings in Tier 2 instruments	—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	—	—	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	—	125,000	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	17,317		
of which: Tier 2 and deductions under Basel II	17,317		
Tier 2 capital: regulatory adjustments (I)	17,317		57
<b>Tier 2 capital (T2)</b>			
Tier 2 capital (T2) ((H)-(I)) (J)	2,280,871		58
<b>Total capital (TC = T1 + T2)</b>			
Total capital (TC = T1 + T2) ((G) + (J)) (K)	9,049,519		59
<b>Risk weighted assets</b>			
Total of items included in risk weighted assets subject to transitional arrangements	437,568		
of which: intangible assets other than mortgage servicing rights	9,594		
of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	368,863		
of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)	45,877		
Risk weighted assets (L)	48,594,764		60
<b>Capital ratio</b>			
Common Equity Tier 1 risk-weighted capital ratio ((C)/(L))	11.75%		61
Tier 1 risk-weighted capital ratio ((G)/(L))	13.92%		62
Total risk-weighted capital ratio ((K)/(L))	18.62%		63
<b>Regulatory adjustments</b>			
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	603,168		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	358,161		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	283,002		75
<b>Provisions included in Tier 2 capital: instruments and provisions</b>			
Provisions (general reserve for possible loan losses)	—		76
Cap on inclusion of provisions (general reserve for possible loan losses)	2,593		77
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	—		78
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	255,975		79
<b>Capital instruments subject to transitional arrangements</b>			
Current cap on Additional Tier 1 instruments subject to transitional arrangements	1,113,621		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	123,735		83
Current cap on Tier 2 instruments subject to transitional arrangements	1,815,516		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	201,724		85

(Millions of yen)

Items	Year ended March 31, 2013
Required capital ((L) × 8%)	3,887,581

## ■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (Year ended March 31, 2014)

Sumitomo Mitsui Banking Corporation

(Millions of yen)			
Items	Balance sheet as in published financial statements	Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Amount		
<b>(Assets)</b>			
Cash and due from banks	30,133,257		
Call loans	557,619		
Receivables under resale agreements	455,595		
Receivables under securities borrowing transactions	643,127		
Bills bought	20,091		
Monetary claims bought	873,331		
Trading assets	3,220,669	6-a	
Money held in trust	2,060		
Securities	27,317,549		
Loans and bills discounted	63,370,678	6-c	
Foreign exchanges	1,698,141		
Other assets	1,298,327		
Tangible fixed assets	753,279		
Intangible fixed assets	182,351	2	
Prepaid pension cost	226,615	3	
Customers' liabilities for acceptances and guarantees	5,767,068		
Reserve for possible loan losses	(472,548)		
Reserve for possible losses on investments	(80,785)		
<b>Total assets</b>	<b>135,966,434</b>		
<b>(Liabilities)</b>			
Deposits	84,137,339		
Negotiable certificates of deposit	14,020,505		
Call money	3,265,929		
Payables under repurchase agreements	1,126,120		
Payables under securities lending transactions	3,390,533		
Commercial paper	1,806,866		
Trading liabilities	2,400,057	6-d	
Borrowed money	5,091,006		
Foreign exchanges	490,873		
Short-term bonds	25,000		
Bonds	4,501,843		
Due to trust account	698,953		
Other liabilities	2,071,738		
Reserve for employee bonuses	12,112		
Reserve for executive bonuses	610		
Reserve for point service program	1,338		
Reserve for reimbursement of deposits	13,650		
Deferred tax liabilities	29,744	4-a	
Deferred tax liabilities for land revaluation	37,782	4-b	
Acceptances and guarantees	5,767,068		
<b>Total liabilities</b>	<b>128,889,073</b>		
<b>(Net assets)</b>			
Capital stock	1,770,996	1-a	
Capital surplus	2,481,273	1-b	
Retained earnings	2,137,235		
Treasury stock	(210,003)	1-d	
<b>Total stockholders' equity</b>	<b>6,179,502</b>		
Net unrealized gains on other securities	926,836		
Net deferred losses on hedges	(53,158)		
Land revaluation excess	24,180		
<b>Total valuation and translation adjustments</b>	<b>897,858</b>		
<b>Total net assets</b>	<b>7,077,360</b>		
<b>Total liabilities and net assets</b>	<b>135,966,434</b>		

Note: The nonconsolidated capital adequacy 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 Law" (Notification No. 19 of 2006, the Financial Services Agency). The above capital adequacy ratio is calculated using the following balance sheet accounts reported on the consolidated financial statements.

(Millions of yen)			
Balance sheet account	Amount reported on the consolidated financial statements	Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
Securities	27,303,971	6-b	
Retained earnings	2,138,218	1-c	
Net deferred gains on hedges	(53,761)	5	
Total valuation and translation adjustments	896,337		3

(Appended Table)

## 1. Stockholders' equity

## (1) Balance sheet (Millions of yen)

Balance sheet items	Amount	Remarks	Ref. No.
Capital stock	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	2,481,273	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	2,138,218		1-c
Treasury stock	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,180,485		

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,180,485	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	4,042,266		1a
of which: retained earnings	2,138,218		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	Amount	Remarks	Ref. No.
Intangible fixed assets	182,351		2
Income taxes related to above	64,862		

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Goodwill (including those equivalent)	—		8
Other intangible assets other than goodwill and mortgage servicing rights	117,488	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	Amount	Remarks	Ref. No.
Prepaid pension cost	226,615		3
Income taxes related to above	80,607		

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Prepaid pension cost	146,008		15

## 4. Deferred tax assets

## (1) Balance sheet (Millions of yen)

Balance sheet items	Amount	Remarks	Ref. No.
Deferred tax liabilities	29,744		4-a
Deferred tax liabilities for land revaluation	37,782		4-b
Tax effects on other intangible assets	64,862		
Tax effects on prepaid pension cost	80,607		

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	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)	77,942	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)	77,942		75

## 5. Deferred gains or losses on derivatives under hedge accounting

## (1) Balance sheet (Millions of yen)

Balance sheet items	Amount	Remarks	Ref. No.
Net deferred losses on hedges	(53,761)		5

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Net deferred losses on hedges	(51,624)	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	Amount	Remarks	Ref. No.
Trading assets	3,220,669	Including trading account securities and derivatives for trading assets	6-a
Securities	27,303,971		6-b
Loans and bills discounted	63,370,678	Including subordinated loans	6-c
Trading liabilities	2,400,057	Including trading account securities sold and derivatives for trading liabilities	6-d

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	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)	569,683		
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)	569,683		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	759,266		
Amount exceeding the 10% threshold on specified items	—		19
Amount exceeding the 15% threshold on specified items	—		23
Additional Tier 1 capital	159,230		40
Tier 2 capital	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	475,035		73

## 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.



## ■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (Year ended March 31, 2013)

Sumitomo Mitsui Banking Corporation

(Millions of yen)			
Items	Balance sheet as in published financial statements	Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Amount		
<b>(Assets)</b>			
Cash and due from banks	9,416,357		
Call loans	487,175		
Receivables under resale agreements	229,826		
Receivables under securities borrowing transactions	701,890		
Bills bought	27,792		
Monetary claims bought	795,514		
Trading assets	4,085,739	6-a	
Money held in trust	2,372	6-b	
Securities	41,347,000		
Loans and bills discounted	59,770,763	6-d	
Foreign exchanges	1,319,175		
Other assets	1,894,382	3	
Tangible fixed assets	733,157		
Intangible fixed assets	167,159	2	
Deferred tax assets	185,941	4-a	
Customers' liabilities for acceptances and guarantees	5,391,645		
Reserve for possible loan losses	(616,593)		
Reserve for possible losses on investments	(29,280)		
<b>Total assets</b>	<b>125,910,020</b>		
<b>(Liabilities)</b>			
Deposits	80,006,438		
Negotiable certificates of deposit	11,921,899		
Call money	2,450,065		
Payables under repurchase agreements	1,704,650		
Payables under securities lending transactions	2,654,478		
Commercial paper	1,499,499		
Trading liabilities	3,590,373	6-e	
Borrowed money	2,963,075		
Foreign exchanges	351,885		
Short-term bonds	20,000		
Bonds	4,277,003		
Due to trust account	643,350		
Other liabilities	1,817,920		
Reserve for employee bonuses	11,436		
Reserve for executive bonuses	665		
Reserve for point service program	1,945		
Reserve for reimbursement of deposits	10,050		
Deferred tax liabilities for land revaluation	39,190	4-b	
Acceptances and guarantees	5,391,645		
<b>Total liabilities</b>	<b>119,355,573</b>		
<b>(Net assets)</b>			
Capital stock	1,770,996	1-a	
Capital surplus	2,481,273	1-b	
Retained earnings	1,720,728		
Treasury stock	(210,003)	1-d	
<b>Total stockholders' equity</b>	<b>5,762,995</b>		
Net unrealized gains on other securities	742,338		
Net deferred gains on hedges	23,301		
Land revaluation excess	25,810		
<b>Total valuation and translation adjustments</b>	<b>791,451</b>		
<b>Total net assets</b>	<b>6,554,446</b>		
<b>Total liabilities and net assets</b>	<b>125,910,020</b>		

Note: The nonconsolidated capital adequacy 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 Law" (Notification No. 19 of 2006, the Financial Services Agency). The above capital adequacy ratio is calculated using the following balance sheet accounts reported on the consolidated financial statements.

(Millions of yen)			
Balance sheet account	Amount reported on the consolidated financial statements	Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
Securities	41,332,289	6-c	
Retained earnings	1,722,256	1-c	
Net deferred gains on hedges	22,223	5	
Total valuation and translation adjustments	788,911		3

(Appended Table)

## 1. Stockholders' equity

## (1) Balance sheet

(Millions of yen)

Balance sheet items	Amount	Remarks	Ref. No.
Capital stock	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	2,481,273	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	1,722,256		1-c
Treasury stock	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	5,764,523		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	5,764,523	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	4,042,266		1a
of which: retained earnings	1,722,256		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	Amount	Remarks	Ref. No.
Intangible fixed assets	167,159		2
Income taxes related to above	59,458		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Goodwill (including those equivalent)	—		8
Other intangible assets other than goodwill and mortgage servicing rights	107,700	Software and other	9
Mortgage servicing rights (net of related tax liability)	—		
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	Amount	Remarks	Ref. No.
Other assets	1,894,382		3
of which: prepaid pension cost	218,272		
Income taxes related to above	77,639		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Prepaid pension cost	140,632		15

## 4. Deferred tax assets

## (1) Balance sheet (Millions of yen)

Balance sheet items	Amount	Remarks	Ref. No.
Deferred tax assets	185,941		4-a
Deferred tax liabilities for land revaluation	39,190		4-b
Tax effects on other intangible assets	59,458		
Tax effects on prepaid pension cost	77,639		

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	847	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)	283,002	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)	283,002		75

## 5. Deferred gains or losses on derivatives under hedge accounting

## (1) Balance sheet (Millions of yen)

Balance sheet items	Amount	Remarks	Ref. No.
Net deferred gains on hedges	22,223		5

## (2) Composition of capital (Millions of yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Net deferred gains on hedges	25,437	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	Amount	Remarks	Ref. No.
Trading assets	4,085,739	Including trading account securities and derivatives for trading assets	6-a
Money held in trust	2,372		6-b
Securities	41,332,289		6-c
Loans and bills discounted	59,770,763	Including subordinated loans	6-d
Trading liabilities	3,590,373	Including trading account securities sold and derivatives for trading liabilities	6-e

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	Amount	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)	603,168		
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)	603,168		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	642,392		
Amount exceeding the 10% threshold on specified items	—		19
Amount exceeding the 15% threshold on specified items	—		23
Additional Tier 1 capital	159,230		40
Tier 2 capital	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	358,161		73

## 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.

## 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.

### 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.

### 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.

### 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.

### 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.

### 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.

### 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 capital adequacy regulations, 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.

### 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 capital adequacy regulations.

### 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.

**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, The Minato Bank Ltd. and overseas subsidiaries such as Sumitomo Mitsui Banking Corporation Europe Limited and Sumitomo Mitsui Banking Corporation (China) Limited.

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

A highly compensated person is an individual whose compensation paid by 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 corporate, consumer and other 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 corporate, consumer and other 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, 2013 to March 31, 2014)
Compensation Committee (SMFG) .....	1
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 based on its basic policy of becoming a globally competitive financial services group with the highest trust of its clients and other stakeholders 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 consolidated business results of SMFG. 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, 2013 to March 31, 2014)

	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).....	13	949	784	703	76	4	159	159	5	—
Employees and others.....	96	8,209	3,789	3,510	268	10	4,221	4,221	—	199

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

2. The total amount of fixed compensation includes ¥345 million in deferred compensation accrued during the fiscal year (officers: ¥76 million; employees and others: ¥268 million).

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

4. 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

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

Type of compensation, etc.	Millions of yen	
	March 31, 2014	Payment during the fiscal year
1st series of stock acquisition rights of SMFG.....	71	—
2nd series of stock acquisition rights of SMFG .....	105	—
3rd series of stock acquisition rights of SMFG .....	165	—

## ■ 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, The Minato Bank Ltd. and overseas subsidiaries such as Sumitomo Mitsui Banking Corporation Europe Limited and Sumitomo Mitsui Banking Corporation (China) Limited.

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

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

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

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

### 2. Determination of Compensation

#### (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 corporate, consumer and other 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 corporate, consumer and other 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, 2013 to March 31, 2014)
Compensation Committee (SMFG) .....	1
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 based on the basic policy of SMFG – become a globally competitive financial services group with the highest trust of its clients and other stakeholders 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 consolidated business results of SMFG. 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, 2013 to March 31, 2014)

	Number of officers/employees and others	Millions of yen								
		Amount of compensation								
		Total	Amount of fixed compensation			Amount of variable compensation				
Total	Base salary		Stock options	Other benefits	Total	Bonuses	Retirement allowance	Other benefits		
Officers (excluding outside directors and corporate auditors).....	20	1,343	1,089	961	124	4	229	229	23	—
Employees and others.....	89	7,618	3,317	3,095	211	10	4,102	4,102	—	199

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

2. The total amount of fixed compensation includes ¥335 million in deferred compensation accrued during the fiscal year (officers: ¥124 million; employees and others: ¥211 million).

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

4. 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

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

Type of compensation, etc.	Millions of yen	
	March 31, 2014	Payment during the fiscal year
1st series of stock acquisition rights of SMFG.....	58	—
2nd series of stock acquisition rights of SMFG.....	70	—
3rd series of stock acquisition rights of SMFG.....	169	—

### 2. Total Amount of Compensation Paid to Officers, Employees and Others (SMBC non-consolidated, April 1, 2013 to March 31, 2014)

	Number of officers/employees and others	Millions of yen								
		Amount of compensation								
		Total	Amount of fixed compensation			Amount of variable compensation				
Total	Base salary		Stock options	Other benefits	Total	Bonuses	Retirement allowance	Other benefits		
Officers (excluding outside directors and corporate auditors).....	20	1,343	1,089	961	124	4	229	229	23	—
Employees and others.....	50	3,944	2,097	1,881	211	4	1,647	1,647	—	199

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

2. The total amount of fixed compensation includes ¥335 million in deferred compensation accrued during the fiscal year (officers: ¥124 million; employees and others: ¥211 million).

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

4. 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

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

Type of compensation, etc.	Millions of yen	
	March 31, 2014	Payment during the fiscal year
1st series of stock acquisition rights of SMFG.....	58	—
2nd series of stock acquisition rights of SMFG.....	70	—
3rd series of stock acquisition rights of SMFG.....	169	—

## ■ Other Information Regarding Compensation Structures of SMFG and its Group Companies

Not applicable





# Corporate Data

## Sumitomo Mitsui Financial Group, Inc.

### ■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2014)

#### BOARD OF DIRECTORS

##### Masayuki Oku

Chairman of the Board

##### Koichi Miyata

President

##### Takeshi Kunibe

Director

##### Ken Kubo

Director

Consumer Business Planning Dept., Consumer Finance & Transaction Business Dept., President of SMFG Card & Credit, Inc.

##### Yujiro Ito

Director

General Affairs Dept., Human Resources Dept.

##### Masahiro Fuchizaki

Director

IT Planning Dept., Director of The Japan Research Institute, Limited

##### Nobuaki Kurumatani

Director

Public Relations Dept., Corporate Planning Dept., Financial Accounting Dept.

##### Atsuhiko Inoue

Director

Audit Dept.

##### Kozo Ogino

Director

Corporate Risk Management Dept.

##### Jun Ohta

Director

Subsidiaries & Affiliates Dept., Transaction Business Planning Dept.

##### Shigeru Iwamoto

Director (outside)

##### Yoshinori Yokoyama

Director (outside)

##### Kuniaki Nomura

Director (outside)

#### CORPORATE AUDITORS

##### Koichi Minami

Corporate Auditor

##### Shin Kawaguchi

Corporate Auditor

##### Kazuhiko Nakao

Corporate Auditor

##### Ikuo Uno

Corporate Auditor (outside)

##### Satoshi Itoh

Corporate Auditor (outside)

##### Rokuro Tsuruta

Corporate Auditor (outside)

#### EXECUTIVE OFFICERS

##### Yasuyuki Kawasaki

Senior Managing Director

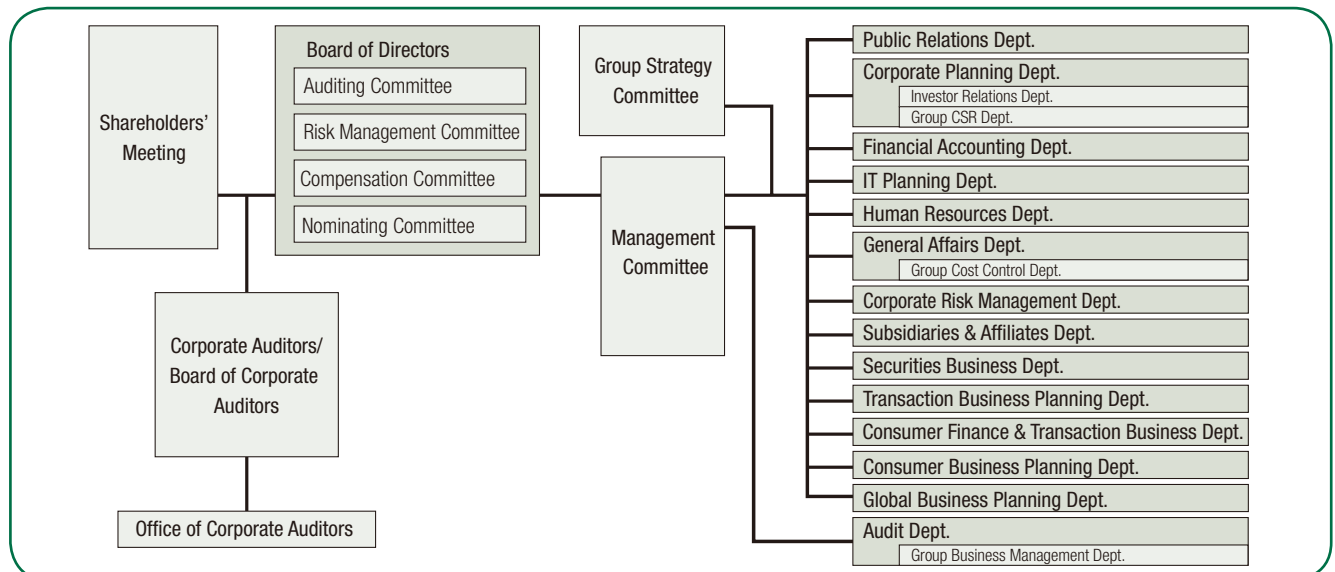
Global Business Planning Dept.

##### Fumiaki Kurahara

Senior Managing Director

Securities Business Dept.

### ■ SMFG Organization (as of June 30, 2014)



## ■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2014)

### BOARD OF DIRECTORS

#### *Chairman of the Board*

**Teisuke Kitayama**

#### *President and CEO*

**Takeshi Kunibe\***

#### *Director*

**Koichi Miyata**

#### *Vice Chairmans of the Board*

**Yoshihiko Shimizu**

**Hiroshi Minoura**

#### *Deputy Presidents*

**Ken Kubo\***

Head of Retail Banking Unit  
Consumer Finance & Transaction Business Dept.  
President of SMFG Card & Credit, Inc.

**Yujiro Ito\***

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

**Shuichi Kageyama\***

Located at Osaka

**Seiichiro Takahashi\***

Head of Treasury Unit

**Hidetoshi Furukawa\***

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

#### *Senior Managing Directors*

**Masahiro Fuchizaki\***

IT Planning Dept., Operations Planning Dept., Operations Support  
Dept., Inter-Market Settlement Dept.  
Director of The Japan Research Institute, Limited

**Nobuaki Kurumatani\***

Public Relations Dept., Corporate Planning Dept., Financial  
Accounting 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

**Atsuhiko Inoue\***

Internal Audit Dept., Credit Review Dept.

**Kozo Ogino\***

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

**Toshiyuki Teramoto\***

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 Private Advisory Division and Corporate Advisory Division

#### *Directors (outside)*

**Shigeru Iwamoto**

**Yoshinori Yokoyama**

**Kuniaki Nomura**

### CORPORATE AUDITORS

**Hiroki Yaze**

Corporate Auditor

**Makoto Hiura**

Corporate Auditor

**Ikuo Uno**

Corporate Auditor (outside)

**Satoshi Itoh**

Corporate Auditor (outside)

**Rokuro Tsuruta**

Corporate Auditor (outside)

**Koichi Minami**

Corporate Auditor

### EXECUTIVE OFFICERS

#### *Senior Managing Directors*

**Jun Ohta**

Subsidiaries & Affiliates Dept.  
Transaction Business Division

**Yasuyuki Kawasaki**

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

**Fumiaki Kurahara**

Head of Investment Banking Unit  
Securities Business Dept.

**Makoto Takashima**

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

#### *Managing Directors*

**Chan Chi Keung, Chris**

General Manager, Corporate Banking Dept., Greater China

**Kazunori Okuyama**

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

**Hiroaki Hattori**

Head of Kobe Middle Market Banking Division and Chushikoku  
Middle Market Banking Division

**Hitoshi Ishii**

Deputy Head of Retail Banking Unit, Wholesale Banking Unit  
Head of Small and Medium Enterprises Banking Division

**Seiji Sato**

Tokyo Corporate Banking Division (Tokyo Corporate Banking Depts.  
III, VIII, XI, and XII)

**Masayuki Shimura**

Head of The Asia Pacific Division and Emerging Markets Business  
Division

**Katsunori Tanizaki**

IT Planning Dept., Operations Planning Dept., Operations Support  
Dept., Inter-Market Settlement Dept.

**Takehisa Ikeda**

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



**Yukihiko Onishi**

General Manager, Corporate Planning Dept.

**Gotaro Michihiro**

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

**Takafumi Yamahiro**

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

**Noboru Rachi**

Tokyo Corporate Banking Division (Tokyo Corporate Banking Depts. I, II, IX, and X)

**Koichi Noda**

Head of The Americas Division

**Shosuke Mori**

General Manager, Planning Dept., International Banking Unit

**Masahiko Oshima**

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

**Naoki Ono**

General Manager, Planning Dept., Wholesale Banking Unit

**Kimio Matsuura**

Tokyo Corporate Banking Division (Tokyo Corporate Banking Depts. IV, V, VI and VII)

**Toshikazu Yaku**

General Manager, Human Resources Dept.

**Directors****Mitsuru Ono**

Deputy Head of International Banking Unit (Credit Depts., Americas Division and Europe, Middle East and Africa Division, Asia Credit Dept., Credit Management Dept., International Banking Unit)

**Hajime Kunisaki**

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

**Hisanori Kokuga**

President of Sumitomo Mitsui Banking Corporation (China) Limited

**Taneki Ono**

Deputy Head of Investment Banking Unit  
Corporate Planning Dept., Securities Business Dept.

**Isao Kitatsuji**

Deputy Head of Wholesale Banking Unit (Credit Dept. II, Wholesale Banking Unit)  
Deputy Head of Retail Banking Unit (Credit Dept., Retail Banking Unit)

**Osamu Nakano**

Head of Shibuya Middle Market Banking Division and Yokohama Middle Market Banking Division

**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)

**Hiroyasu Kitagawa**

General Manager, Subsidiaries & Affiliates Dept.

**Takashi Jokura**

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

**Naoki Tamura**

General Manager, Credit & Investment Planning Dept.

**Hiroshi Fujikawa**

General Manager, Osaka Corporate Banking Dept. I

**Ryohei Kaneko**

General Manager, Operations Planning Dept.

**Yoshio Morijiri**

Head of Higashinohon Daiichi Middle Market Banking Division

**Atsushi Oku**

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

**Toshikazu Takeichi**

Head of Osaka Daiichi Middle Market Banking Division and Osaka Daini Middle Market Banking Division

**Yoshihiro Horikawa**

General Manager, Corporate Risk Management Dept.

**Mitsuhiro Akiyama**

General Manager, Tokyo Corporate Banking Dept. XI

**Toshihiro Isshiki**

General Manager, Consumer Finance & Transaction Business Dept.

**Keiji Kakumoto**

Head of Kyoto Hokuriku Middle Market Banking Division and General Manager, Kyoto Corporate Business Office-I

**Atsushi Takada**

Head of Shinjuku Middle Market Banking Division and Saitama Ikebukuro Middle Market Banking Division

**Haruyuki Nagata**

General Manager, Financial Accounting Dept.

**Ryuji Nishisaki**

Deputy Head of Emerging Markets Business Division

**Hitoshi Minami**

General Manager, Tokyo Corporate Banking Dept. III

**Hiroshi Munemasa**

General Manager, Planning Dept., Treasury Unit

**CHOW Ying Hoong**

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

**Akira Ochiai**

Head of Higashinohon Daini Middle Market Banking Division

**Akio Koizumi**

General Manager, Nihonbashi Corporate Business Office

**Eiji Omori**

General Manager, Tokyo Corporate Banking Dept. IV

**Noburu Kato**

General Manager, Investment Banking Dept., Asia

**Toshiyuki Tatsuta**

(Director without portfolio)

**Akihiro Fukutome**

General Manager, Tokyo Corporate Banking Dept. VI

**Kenichi Hosomi**

General Manager, Planning Dept., Europe, Middle East and Africa Division

**Tetsuro Imaeda**

General Manager, Singapore Branch

**Nobuyuki Kawabata**

General Manager, Planning Dept., Americas Division

**Toru Sawada**

General Manager, General Affairs Dept.

**Kengo Nakagawa**

General Manager, Shinjuku Corporate Business Office-I

**Toru Nakashima**

General Manager, Planning Dept., Retail Banking Unit

**Teiko Kudo**

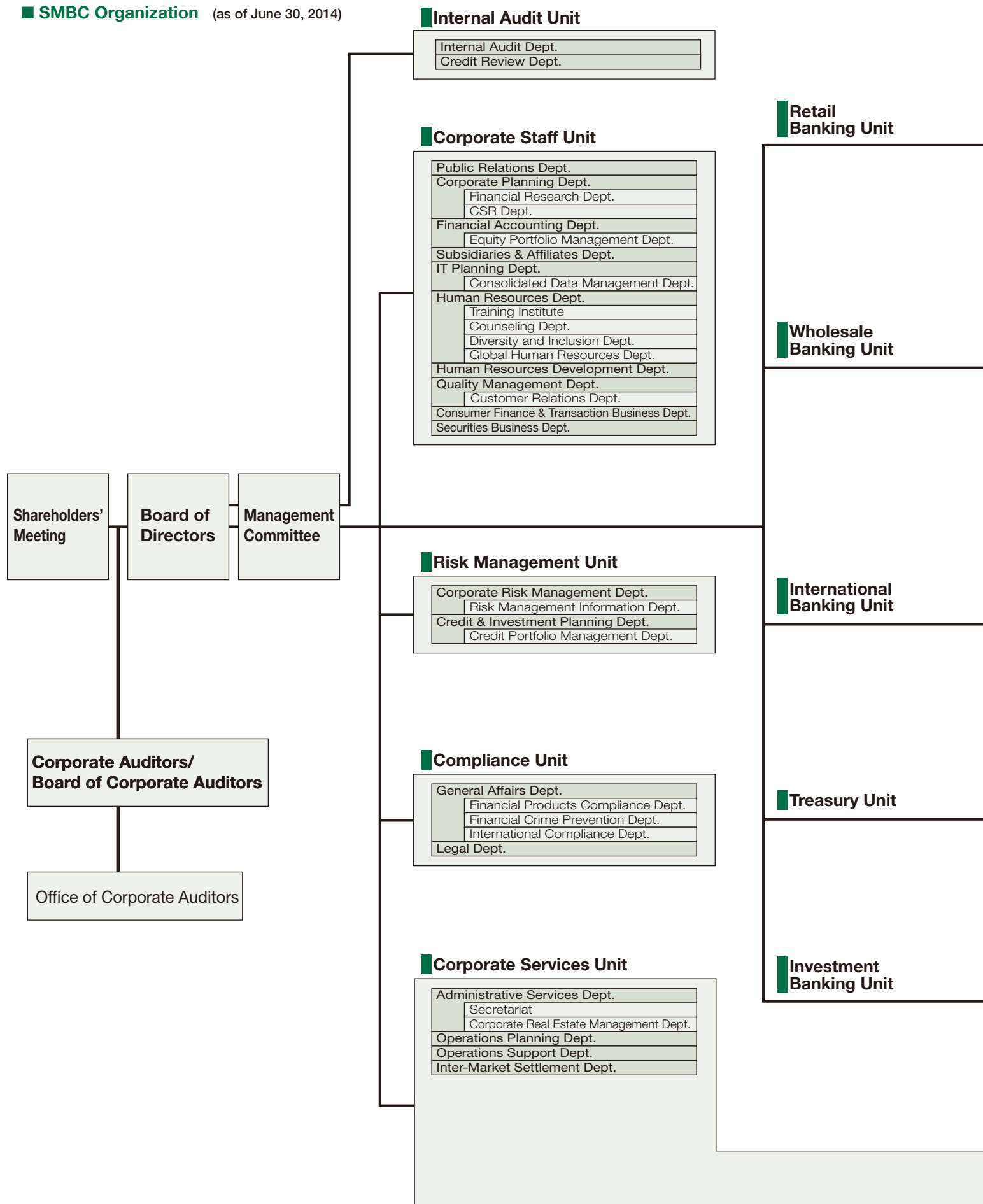
Unit Leader, Growth Industry Cluster Dept.

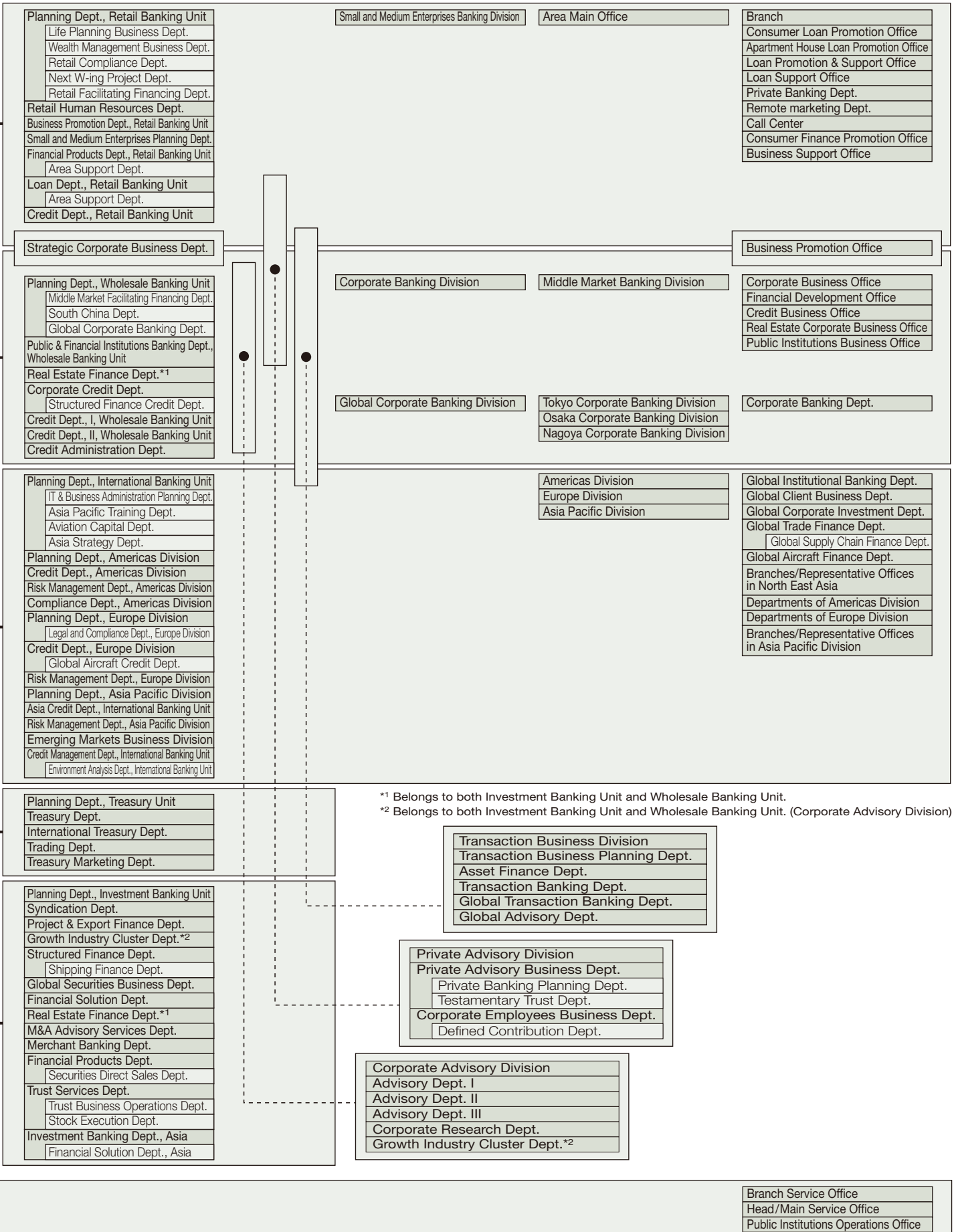
**William Karl**

General Manager, Real Estate Finance Dept., Americas Division

**Stanislas Roger**

General Manager, Maritime Asset Finance Dept., Europe, Middle East and Africa Division





\*1 Belongs to both Investment Banking Unit and Wholesale Banking Unit.

\*2 Belongs to both Investment Banking Unit and Wholesale Banking Unit. (Corporate Advisory Division)

## Principal Subsidiaries and Affiliates (as of March 31, 2014)

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
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 (46.44)	45.09 (1.34)	Sep. 6, 1949	Commercial banking
Kansai Urban Banking Corporation	47,039	0 (60.18)	49.38 (0.35)	Jul. 1, 1922	Commercial banking
The Japan Net Bank, Limited*1	37,250	0 (61.43)	61.43	Sep. 19, 2000	Commercial banking
SMBC Trust Bank Ltd.	7,550	0 (100)	100	Feb. 25, 1986	Trust service and 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 (56)	41	Sep. 17, 1993	Automotive financing
SMBC Finance Service Co., Ltd.	71,705	0 (100)	—	Dec. 5, 1972	Collecting agent and factoring
SAKURA KCS Corporation	2,054	0 (50.21)	27.53 (5.00)	Mar. 29, 1969	System engineering and data processing
Financial Link Co., Ltd.	10	0 (100)	100	Apr. 1, 2004	Data processing service and e-trading consulting
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 Loan Adviser Co., Ltd.	10	0 (100)	0 (100)	Apr. 1, 1998	Consulting and agency services for consumer loans and non-life insurance
SMBC Business Support Co., Ltd.*2	10	0 (100)	100	Jul. 1, 2004	SME business agency services
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 International Operations Co., Ltd.	40	0 (100)	100	Dec. 21, 1994	Banking clerical work
SMBC Loan Business Service Co., Ltd.	70	0 (100)	100	Sep. 24, 1976	Banking clerical work
SMBC Market Service Co., Ltd.*3	10	0 (100)	100	Feb. 3, 2003	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

\*1 The Japan Net Bank, Limited had 41.16% of voting rights on April 30, 2014 and was changed from a consolidated subsidiary of Mitsui Sumitomo Financial Group to an affiliate.

\*2 On April 1, 2014, a merger was effected with SMBC as the surviving company and SMBC Business Support Co., Ltd. as the absorbed company.

\*3 On April 1, 2014, a merger was effected with SMBC as the surviving company and SMBC Market Service Co., Ltd. as the absorbed company.

## ■ 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	CNY7.0 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
ZAO 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	MYR700 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\$216	0 (100)	76.05 (23.95)	Aug. 8, 1990	Securities, investments
SMBC Nikko Capital Markets Limited	U.K.	US\$654 million	0 (100)	100	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* <sup>4</sup>	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 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	¥428,000 million	100	—	Nov. 3, 2008	Finance
SMFG Preferred Capital JPY 3 Limited	Cayman Islands	¥392,900 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

\*<sup>4</sup> 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	¥435,600 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\$622 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
PT Bank Tabungan Pensiunan Nasional Tbk	Rp116,805 million	0 (40.00)	40.00	Feb. 5, 1958	Commercial banking
Vietnam Export Import Commercial Joint Stock Bank	VND12,526.947 billion	0 (15.07)	15.07	May 24, 1989	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.	CNY100 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, 2014)

### Asia and Oceania

#### SMBC Branches and Representative Offices

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##### 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

##### Dalian Representative Office

Senmao Building 9F, 147 Zhongshan Lu, Dalian 116011, The People's Republic of China  
Tel: 86 (411) 8370-7873

##### 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, 100-210, 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

##### 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

Level 51, Vista Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Tel: 60 (3) 2168-1700

##### 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

1105, 11th Floor, Pacific Place Building, 83B Ly Thuong Kiet Street, Hanoi, Vietnam  
Tel: 84 (4) 3946-1100

##### Yangon Representative Office

#1217, 12A Floor Sakura Tower, No.339 Bogyoke Aung San Road, Kyauktada Township, Yangon, Myanmar  
Tel: 95 (1) 255397

##### 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

##### 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

##### Manila Representative Office

20th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, Metro Manila, The Philippines  
Tel: 63 (2) 841-0098/9

##### Sydney Branch

Level 35, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia  
Tel: 61 (2) 9376-1800

##### Perth Branch

Level 19, Exchange Plaza, 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

##### New Delhi Representative Office

B-14/A, Qutab Institutional Area, Katwaria Sarai, New Delhi 110016, India  
Tel: 91 (11) 4670-9945

##### Ulaanbaatar Representative Office

Unit 1010b, 10F, Central Tower, 2 Sukhbaatar Square, 8th Khoroo, Sukhbaatar District, Ulaanbaatar, 14200, Mongolia  
Tel: 976-7011-8950

#### SMBC Principal Subsidiaries/ Affiliates SMFG Network

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##### 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 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 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 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 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 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

**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 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 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 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 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 Hangzhou Branch**

23F, Golden Plaza, No.118, Qing Chun Road, Xia Cheng District, Hangzhou, Zhejiang 310003, The People's Republic of China  
Tel: 86 (571) 2889-1111

**Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch**

1501, E Building, Shenyang Fortune Plaza, 59 Beizhan Road, Shenhe District, Shenyang, The People's Republic of China  
Tel: 86 (24) 3128-7000

**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 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

**PT Bank Sumitomo Mitsui Indonesia**

Summitmas II, 10th Floor, Jl. Jendral Sudirman Kav. 61-62, Jakarta 12190, Indonesia  
Tel: 62 (21) 522-7011

**PT Bank Tabungan Pensiunan Nasional Tbk**

Menara Cyber-2, 24-25th Floor, Jl. H.R. Rasuna Said Block X-5 no.13, Jakarta Selatan 12950, Indonesia  
Tel: 62 (21) 300-26200

**Sumitomo Mitsui Banking Corporation Malaysia Berhad**

Level 51, Vista Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Tel: 60 (3) 2168-1500

**SMBC SSC Sdn. Bhd.**

Level 50, Vista Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Tel: 60 (3) 2168-1600

**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  
Tel: 852-2532-8500

**SMBC Metro Investment Corporation**

20th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, Metro Manila, The Philippines  
Tel: 63 (2) 811-0845

**Vietnam Export Import Commercial Joint Stock Bank**

The 8th Floor - Vincom Center, 72 Le Thanh Ton and 45A Ly Tu Trong Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam  
Tel: 84 (8) 3821-0056

**SBCS Co., Limited**

10th Floor, Q. House Lumpini Building, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand  
Tel: 66 (2) 677-7270~5

**PT. SBCS Indonesia**

Summitmas II, 19th Floor, Jl. Jendral Sudirman Kav. 61-62, Jakarta 12190, Indonesia  
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

**The Japan Research Institute  
(Shanghai) Solution Co., Ltd.**

Unit 141, 18F, Hang Seng Bank Tower,  
1000 Lujiazui Ring Road,  
Pudong New Area,  
Shanghai, 200120, The People's  
Republic of China  
Tel: 86 (21) 6841-2788

**The Japan Research Institute  
(Shanghai) Consulting Co., Ltd.**

Unit 41, 18F, Hang Seng Bank Tower,  
1000 Lujiazui Ring Road,  
Pudong New Area,  
Shanghai, 200120, The People's  
Republic of China  
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**The Japan Research Institute  
(Shanghai) Consulting Co., Ltd.  
Beijing Branch**

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Guanghua Street, Chaoyang Area,  
Beijing 100020, The People's  
Republic of China  
Tel: 86 (10) 8529-8141

**Sumitomo Mitsui Finance and  
Leasing (Singapore) Pte. Ltd.**

152 Beach Road,  
21-05 Gateway East,  
189721 Singapore  
Tel: 65-6224-2955

**Sumitomo Mitsui Finance and  
Leasing (Hong Kong) Ltd.**

Units 4206, 42/F, 248 Queen's Road  
East, Wanchai, Hong Kong  
Tel: 852-2523-4155

**SMFL Leasing (Thailand) Co., Ltd.**

30th Floor, Q. House  
Lumpini Building,  
1 South Sathorn Road,  
Tungmahamek, Sathorn,  
Bangkok 10120, Thailand  
Tel: 66 (2) 677-7400

**Sumitomo Mitsui Finance and  
Leasing (China) Co., Ltd.**

Unit 802, TaiKoo Hui Tower 1,  
385 Tianhe Road, Guangzhou,  
The People's Republic of China  
Tel: 86 (20) 8755-0021

**Sumitomo Mitsui Finance and  
Leasing (China) Co., Ltd.  
Shanghai Branch**

18th Floor, Shanghai Times Square,  
93 Middle Huaihai Road,  
Huangpu District, Shanghai,  
The People's Republic of China  
Tel: 86 (21) 5396-5522

**Sumitomo Mitsui Finance and  
Leasing (China) Co., Ltd.  
Beijing Branch**

Unit 1623-1627, 16F, South Tower,  
Beijing Kerry Centre, 1 Guanghua  
Road, Chaoyang District, Beijing,  
The People's Republic of China  
Tel: 86 (10) 8529-7887

**Sumitomo Mitsui Finance and  
Leasing (China) Co., Ltd.  
Chengdu Branch**

Unit 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  
Tel: 60 (3) 2026-2619

**PT. SMFL Leasing Indonesia**

Summitmas II, 12th Floor, Jl.Jendral  
Sudirman Kav. 61-62 Jakarta  
Selatan 12190, Indonesia  
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**

10th Floor, E-1, Videocon Tower,  
Jhandewalan Extension, Rani Jhansi  
Road, New Delhi, India  
Tel: 91 (11) 4308-0151

**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.**

8Fl, No.6, Sec 3, Min Chuan E. Rd.,  
Taipei, Taiwan 104, R.O.C.  
Tel: 886 (2) 2515-1598

**PROMISE (THAILAND) CO., LTD.**

12th, 15th Floor, Capital Tower, All  
Seasons Place, 87/1 Wireless Road,  
Lumpini, Phatumwan, Bangkok  
10330, Thailand  
Tel: 66 (2) 655-8574

**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  
Tel: 86 (24) 2250-6200

**Promise Consulting Service  
(Shenzhen) Co., Ltd.**

1003, 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) 3698-5100

### **PROMISE (TIANJIN) CO., LTD.**

Room H-I-K 17th Floor, TEDA  
Building No. 256, Jie-Fang Nan Road,  
Hexi District, Tianjin 300042,  
The People's Republic of China  
Tel: 86 (22) 5877-8700

### **PROMISE (CHONGQING) CO., LTD.**

38F, Xinhua International Mansion,  
No.27, Minquan Road, Yuzhong  
District, Chongqing, The People's  
Republic of China  
Tel: 86 (23) 6037-5299

### **PROMISE (CHENGDU) CO., LTD.**

Level 18, Minyou Financial Plaza,  
No.35 Zidong Section Dongda Street,  
Jinjiang District, Chengdu,  
The People's Republic of China  
Tel: 86 (28) 6528-5099

### **PROMISE (WUHAN) CO., LTD.**

14F, Block A, Pingan International  
Financial Building, 216 Gongzheng  
Road, Wuchang, Wuhan, Hubei,  
The People's Republic of China  
Tel: 86 (27) 8711-6399

### **PROMISE ASSET MANAGEMENT (TAIWAN) CO., LTD**

8F No.6, Sec 3, Min Chuan E. Rd.,  
Taipei, Taiwan 104, R.O.C.

### **SMCC Consulting (Shanghai) Co., Ltd.**

Room 5135, 51F Raffles City Centre,  
268 Xi Zang Middle Road, Huang  
Pu District, Shanghai 200001,  
The People's Republic of China  
Tel: 86 (21) 2312-7632

### **SMBC Nikko Capital Markets Limited (Sydney Office)**

Level 35, The Chifley Tower, 2 Chifley  
Square, Sydney, NSW 2000, Australia  
Tel: 61 (2) 9376-1895

## **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.  
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 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, Federal Republic of Germany  
Tel: 49 (211) 36190

**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

**Madrid Representative Office**

Villanueva, 12-1. B, 28001 Madrid, Spain  
Tel: 34 (91) 576-6196

**Prague Representative Office**

International Business Centre, Pobrezni 3, 186 00 Prague 8, Czech Republic  
Tel: 420 (224) 832-911

**Bahrain Representative Office**

No.406 & 407 (Entrance 3, 4th Floor) Manama Centre, Government Road, Manama, State of Bahrain  
Tel: 973-17223211

**Tehran Representative Office**

First Floor, No. 17, Haghani Expressway (north side), Between Modarres & Africa, Tehran 1518858136, Islamic Republic of Iran  
Tel: 98 (21) 8888-4301/4302

**Abu Dhabi Representative Office**

Level 4, Block B, Al Mamoorah, Al Muroor Road, Abu Dhabi, United Arab Emirates  
Tel: 971 (2) 656-5810

**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

**Cairo Representative Office**

Flat No.6 of the 14th Fl., 3 Ibn Kasir Street, Cornish El Nile, Giza, Arab Republic of Egypt  
Tel: 20 (2) 3761-7657

**Johannesburg Representative Office**

Building Four, First Floor, Commerce Square, 39 Rivonia Road, Sandhurst, Sandton 2196, South Africa  
Tel: 27 (11) 219-5300

**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

**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 Paris Branch**

20, Rue de la Ville l'Evêque, 75008 Paris, France  
Tel: 33 (1) 44 (71) 40-00

**Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch**

Via della Spiga 30/ Via Senato 25, 20121 Milan, Italy  
Tel: 39 (02) 7636-1700

**Sumitomo Mitsui Banking Corporation Europe Limited Amsterdam Branch**

World Trade Center, Tower D Level 12, Strawinskylaan 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 Prague Branch**

International Business Centre, Pobrezni 3 186 00 Prague 8, Czech Republic  
Tel: 420 (295) 565-800

**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

**ZAO Sumitomo Mitsui Rus Bank**

Presnenskaya naberezhnaya, house 10, block C, Moscow, 123317 Russian Federation  
Tel: 7 (495) 287-8200

**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 Tianjin Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenzhen Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Binhai Sub-Branch

- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Changshu Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Puxi Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch
- Dalian Representative Office
- Hong Kong Branch
- SMBC Capital Markets (Asia) Limited
- Taipei Branch
- Seoul Branch
- Ulaanbaatar Representative Office
- Singapore Branch
- Sumitomo Mitsui Banking Corporation Malaysia Berhad
- Labuan Branch

- Labuan Branch Kuala Lumpur Office  
SMBC SSC Sdn. Bhd.
- Ho Chi Minh City Branch
- Hanoi Branch
- Vietnam Export Import Commercial Joint Stock Bank
- Yangon Representative Office
- Phnom Penh Representative Office
- Bangkok Branch
- SBCS Co., Limited
- Chonburi Branch
- Manila Representative Office
- SMBC Metro Investment Corporation
- Sydney Branch  
SMBC Nikko Capital Markets Limited (Sydney Office)
- Perth Branch
- PT Bank Sumitomo Mitsui Indonesia  
PT. SBCS Indonesia
- PT Bank Tabungan Pensiunan Nasional Tbk
- New Delhi Branch

## Overseas service network (as of June 30, 2014)

Total: 69

(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  
SMBC Capital Markets, Inc.  
SMBC Leasing and Finance, Inc.  
SMBC Nikko Securities America, Inc.
- Los Angeles Branch
- San Francisco Branch
- Houston Representative Office
- Mexico City Representative Office
- Bogota Representative Office
- Lima Representative Office
- Santiago Representative Office
- Cayman Branch
- Manufacturers Bank
- Sumitomo Mitsui Banking Corporation of Canada
- Banco Sumitomo Mitsui Brasileiro S.A.
- Banco Sumitomo Mitsui Brasileiro S.A.  
Cayman Branch
- SMBC Rail Services LLC

### Europe, Middle East and Africa

- Sumitomo Mitsui Banking Corporation  
Europe Limited  
SMBC Nikko Capital Markets Limited
- Sumitomo Mitsui Banking Corporation  
Europe Limited Paris Branch
- Sumitomo Mitsui Banking Corporation  
Europe Limited Milan Branch
- Sumitomo Mitsui Banking Corporation  
Europe Limited Amsterdam Branch
- Sumitomo Mitsui Banking Corporation  
Europe Limited Dublin Branch
- Sumitomo Mitsui Banking Corporation  
Europe Limited Prague Branch
- Düsseldorf Branch
- Brussels Branch
- Madrid Representative Office
- ZAO Sumitomo Mitsui Rus Bank
- Sumitomo Mitsui Finance Dublin Limited  
SMBC Aviation Capital Limited
- Dubai Branch
- Abu Dhabi Representative Office
- Istanbul Representative Office
- Doha QFC Office
- Bahrain Representative Office
- Johannesburg Representative Office
- Tehran Representative Office
- Cairo Representative Office





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**SMFG** SUMITOMO MITSUI  
FINANCIAL GROUP