



SUMITOMO MITSUI FINANCIAL GROUP

2017 ANNUAL REPORT

YEAR ENDED MARCH 31, 2017

Editorial Policy

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

Scope of Report

Period covered: Fiscal 2016 (April 2016 to March 2017)

Some subsequent information is also included.

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

Published

August 2017

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; incurrence of significant credit-related costs; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; and exposure to new risks as we expand the scope of our business. 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 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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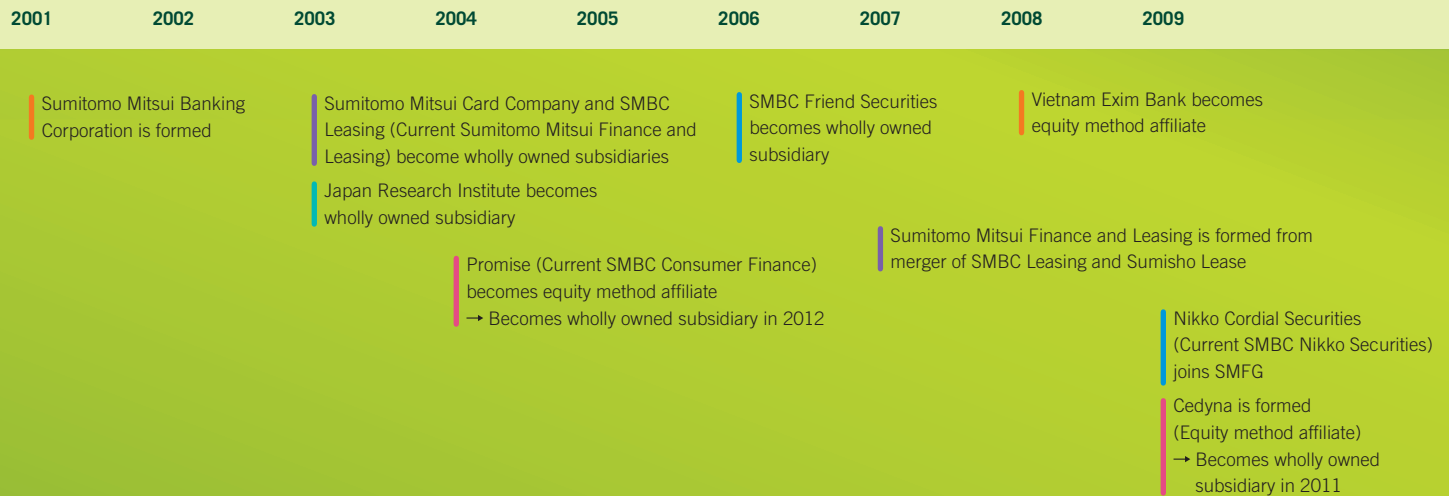
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SMFG Group Outline

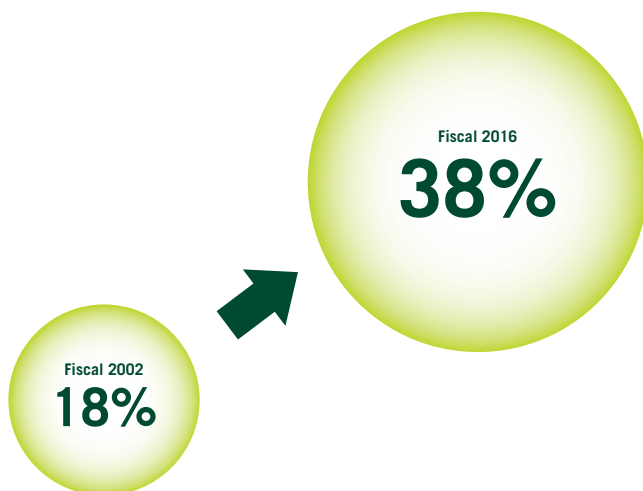
Path of the Group's Rise to Strength

SUMITOMO MITSUI FINANCIAL GROUP

Established in December 2002



Portion of Consolidated Gross Profit Attributable to Group Companies Other Than SMBC



Major Group Companies (As of March 31, 2017)

Banking



Number of retail accounts

Approx. **27 million**
(SMBC)

Foreign currency deposits

Approx. **¥920 billion**
(SMBC Trust)

Number of corporate loan clients

Approx. **84,000**
(SMBC)

2010 2011 2012 2013 2014 2015 2016 2017

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

Societe Generale Private Banking Japan joins SMFG Group (Current SMBC Trust Bank)

Bank Tabungan Pensiunan Nasional (BTPN), of Indonesia, becomes equity method affiliate

Flagship Rail Services, of the United States, joins SMFG (Current SMBC Rail Services)

PT Oto Multiartha and PT Summit Oto Finance, of Indonesia, become equity method affiliates

GE Group's leasing operations in Japan are integrated into SMFG (Current SMFL Capital)

Mitsui Sumitomo Asset Management becomes wholly owned subsidiary

American Railcar Leasing, of the United States, joins SMFG

The Bank of East Asia, of Hong Kong, becomes equity method affiliate

ACLEDA Bank, of Cambodia, becomes equity method affiliate

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

Leasing



Operating assets

Approx. **¥3.1 trillion**

Credit Cards and Consumer Finance



Number of cardholders

Approx. **42 million**
(Total for 2 companies)

Number of consumer finance customers

Approx. **2.1 million**
(Consolidated, includes overseas customers)

Securities



(Scheduled to merge in 2018)

Number of brokerage accounts

Approx. **3 million**
(Total for 2 companies)

Other Business



Financial and Non-Financial Highlights (Fiscal 2016)

(SMFG consolidated basis unless stated otherwise)

Fiscal 2016 Performance

Consolidated gross profit
¥2,920.7 billion

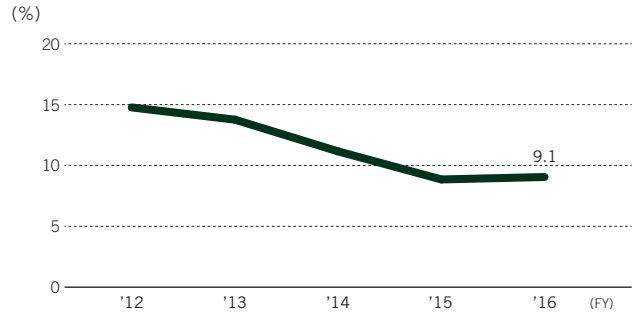
Profit attributable to owners of parent
¥706.5 billion

(Billions of yen)



ROE*

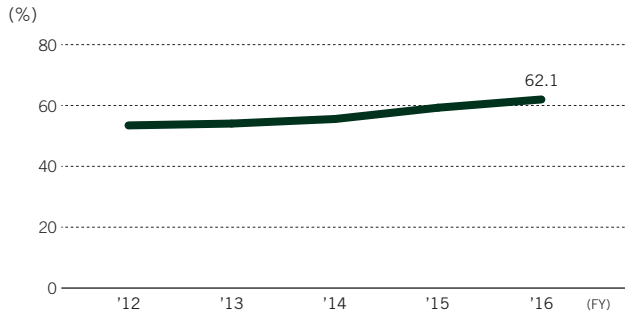
9.1%



* Calculated using stockholders' equity as the denominator

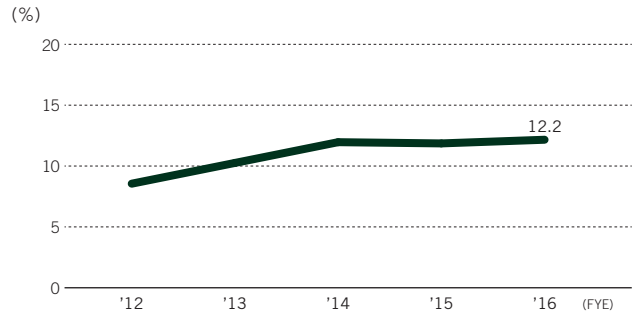
Overhead ratio

62.1%



Common Equity Tier 1 capital ratio*

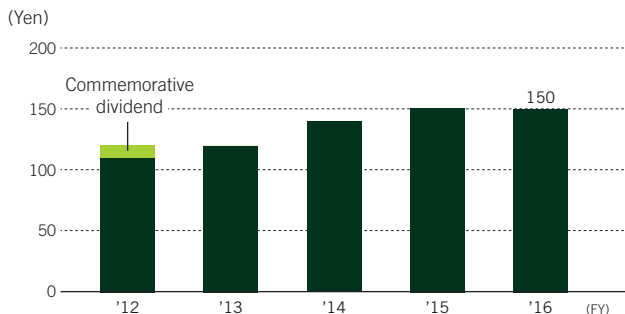
12.2%



* Basel III fully-loaded basis, based on the definition applicable at the end of fiscal 2018

Dividend per share

¥150



Credit ratings (As of June 30, 2017)

	SMFG		SMBC	
	Long-term	Short-term	Long-term	Short-term
Moody's	A1	P-1	A1	P-1
S&P	A-	—	A	A-1
Fitch	A	F1	A	F1
R&I	A+	—	AA-	a-1+
JCR	AA-	—	AA	J-1+

Domestic Business

Number of offices

506 main office and branches (SMBC)

124 branches (SMBC Nikko Securities)

Number of ATMs (including partner ATMs)

Approx. 50,000 (SMBC)

Retail business customers (SMFG, adjusted to account for duplicated customers)

Approx. 43 million

Number of corporate loan clients

Approx. 84,000 (SMBC)

International Business

Number of overseas offices*

126 offices in 39 countries and regions

* Figures represent offices of major group companies. Those scheduled to be closed are excluded.

Overseas banking profit ratio

Approx. 32%

(Managerial accounting basis, consolidated net business profit)

Environment, Social, Governance (ESG)

Assessment Loans / Private Placement Bonds*

Approx. ¥1.7 trillion (SMBC)

* Cumulative, from commencement of financing to March 31, 2017

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

Approx. 130,000 (cumulative number)

Number of staff participating in voluntary activities

Approx. 9,000 (cumulative number)

Number of directors and outside directors (As of June 30, 2017)

17 directors

Of whom 7 are outside directors (SMFG)

Inclusion in SRI indexes



MSCI

2017 Constituent
MSCI Japan ESG
Select Leaders Index



Human Resources

Number of employees

Approx. 80,000

Number and ratio of female managers

911
18.8% (SMBC)

Male recipients of childcare leave

332 (SMBC)

Ratio of GM positions with locally hired employees

33% (SMBC) (As of April 30, 2017)

SMFG's Value Creation Process

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

Our Mission

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

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

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

Five Values

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

Customer First

Proactive and Innovative

Speed

Quality

Team SMFG

Sources of Value Creation

Solid customer base

Domestic and international network

Specialized and wide-ranging know-how

Diverse, dedicated, and highly-motivated workforce

Long history and strong brand

Stable financial base

Value Creation Process

Business Strategy

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Vision

.....

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

Corporate Infrastructure

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Value We Create

Greater value of services

Maximization of our shareholders' value

Positive contribution to society as a good corporate citizen

Work environment that allows employees to fully exert their ability

Message from the Group CEO



Takeshi Kunibe

Director President and Group CEO

Sumitomo Mitsui Financial Group, Inc.

SMFG's on-the-ground capabilities, spirit of innovation, and speed are the key characteristics of our corporate DNA. By further evolving these characteristics, we will become a top tier global financial group.

We extend our sincerest appreciation to our stakeholders for the continued support and patronage. In April 2017, SMFG launched “SMFG Next Stage,” its new three-year Medium-Term Management Plan under a new group-wide operational structure. As Group CEO, I would like to take this opportunity to share with you my thoughts and expectations in regards to the plan.

Introduction

The challenging business environment for financial institutions is expected to continue with the Bank of Japan’s negative interest rate policy and the implementation of tighter international financial regulations. From a political perspective, protectionism tendencies in some countries and geopolitical risks are also likely to add to the climate of uncertainty.

When we turn our eyes to Japan, we expect to see retail customers shifting from cash savings to asset building and adopting digital/cashless solutions, and corporate customers accelerating their overseas expansion. Globally, we anticipate the comprehensive reorganization of industries along with a rise in infrastructure investment in Asia.

It was against this backdrop that we launched “SMFG Next Stage,” our new Medium-Term Management Plan, in April 2017. It was also at this time that we undertook a comprehensive overhaul of SMFG’s corporate governance system coupled with structural reforms. SMFG was transformed into a Company with Three Committees, and introduced Group-wide business units and the CxO system. With these changes, we entered into the next stage of realizing our mid- to long-term vision: “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.”

I have had the privilege of being appointed Group CEO under this new structure, and I view my new responsibilities with both great dedication and pride. I stand firmly committed to meeting the expectations of our stakeholders by uniting the collective strengths of the Group, and forging ahead with structural reforms so that we may realize sustainable growth and further increase corporate value.

Review of the Previous Medium-Term Management Plan (Fiscal 2014–2016)

Before discussing “SMFG Next Stage,” I would like to go over the previous three-year Medium-Term Management Plan, which represented the first stage of our efforts to realize our mid- to long-term vision.

Under the previous Medium-Term Management Plan, we sought to develop and evolve client-centric business models for our main domestic and international businesses, and build a platform for realizing Asia-centric operations and capture growth opportunities. We were able to achieve solid success in these efforts. We also steadily accumulated profits, and were thus able to meet our target Common Equity Tier 1 capital ratio.

On the other hand, in terms of profit, the business environment proved to be more difficult than anticipated three years ago, due to factors such as the Bank of Japan’s negative interest rate policy and the slowdown of the Asian economy. As a result, growth in top-line profit proved to be sluggish. In response to changes in the business environment, we revised our strategy to focus on bottom-line profit partway through fiscal 2015, a move that entailed implementing stronger controls on expenses/costs. However, we were still unable to achieve our targets for (a) growth rate of consolidated gross profit and (b) consolidated overhead ratio, due in part to upfront investments in business model reform.

Message from the Group CEO

Steady progress in business strategy

Business model reform based on customer needs

- Retail AuM (three-year) +12%
- Average loan balance for Wholesale Banking Unit (three-year) +9%

Asia-centric strategy

- Expanded business with core Asian clients
- Increased synergies with investing companies, particularly in Indonesia

Evolving business model in international business

- Promoted cross-selling with core western clients
- Established high margin portfolio: e.g. acquisition of GE LBO business*

* Sumitomo Mitsui Finance and Leasing acquired the General Electric Group's Leasing Business in Japan on April 1, 2016.

Financial Targets

	Target	Fiscal 2016
CET1 capital ratio^{*1,2}	10%	12.2% (10.0%)
Consolidated net income RORA^{*1}	1%	1.0%
ROE	10%	9.1%
Consolidated gross profit growth rate^{*3}	+15% Excluding inorganic growth: +10%	+0.8%
Overhead ratio (OHR)	Mid-50%	62.1% (three-year: +7.9%)

*1 Figures are based on current RwA

*2 Figures in parentheses exclude net unrealized gains on other securities

*3 The consolidated gross profit growth rate represents the rate of change in comparison with fiscal 2013

New Medium-Term Management Plan (Fiscal 2017–2019) “SMFG Next Stage”

The new Medium-Term Management Plan, “SMFG Next Stage,” represents the second stage of our efforts to realize our mid-long term vision of becoming “a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region.” By combining the Group’s strengths with a more focused business management, we aim to be the financial institution of choice for our customers, to achieve sustainable growth and to enhance corporate value by providing value-added products and services.

Overview of Medium-Term Management Plan (Fiscal 2017–2019)



To achieve sustainable growth by combining the Group's strengths with more focused business management

- 1 Discipline** Disciplined business management
- 2 Focus** Focus on our strengths to generate growth
- 3 Integration** Integration across the Group and globally to achieve sustainable growth

Fiscal 2019 Financial Targets

Capital Efficiency	ROE	7–8%	Maintain at least 7% notwithstanding accumulation of capital
Cost Efficiency	OHR	1% reduction compared with fiscal 2016	Reduce to around 60% at the earliest opportunity (fiscal 2016: 62.1%)
Financial Soundness	CET1 ratio ^{1,2}	10%	Maintain capital in line with likely raised requirement ¹ (fiscal 2016: 8.3%)

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For more about financial targets, please see page 18 and thereafter.

^{*1} Calculated with RwA inflated by 25% compared to the current level based on our assumption of the final impact of Basel III reforms

^{*2} CET1: excludes net unrealized gains on other securities

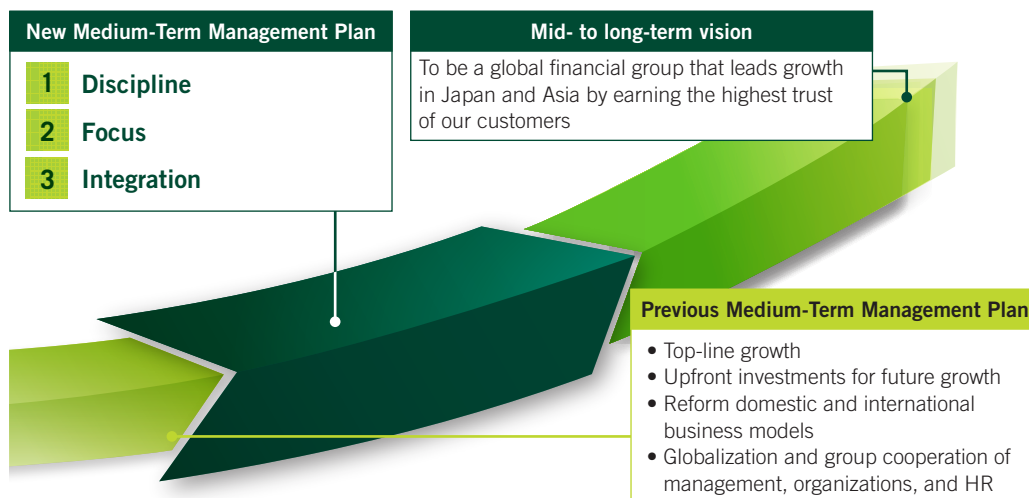
RwA: excludes RwA associated with net unrealized gains on stocks

Shareholder Return Policy

- Adopt a progressive dividend policy^{*3} targeting payout ratio of 40%
- Dividend per share forecast for fiscal 2017 is 160 yen, a 10 yen increase year on year
- Policy for share buybacks will be laid out after the finalization of Basel III reforms

^{*3} Progressive dividend policy means not to reduce dividends, and will maintain or increase dividends

Position of the new medium-term management plan



Message from the Group CEO

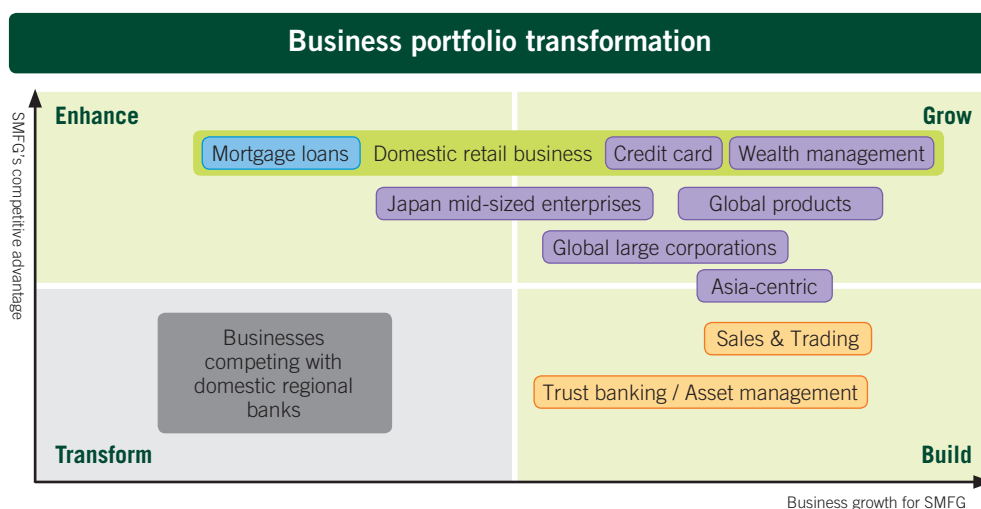
Based on the aforementioned uncertainties in the business environment, and the emergence of new global and domestic trends, “SMFG Next Stage” puts forth three core policies: Discipline, Focus, and Integration. The plan also calls for us to promote digitalization in all areas. I will now explain each of these core policies in depth.

Disciplined Business Management

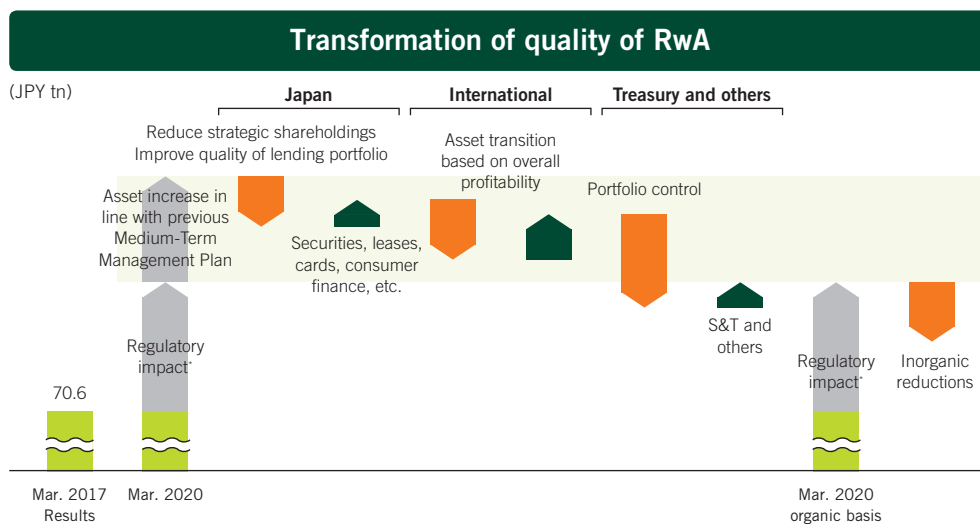
Transformation of Business/Asset Portfolios and the Quality of our Earnings Base

In order to realize sustainable growth in bottom-line profit and improve return on equity, we will bolster profitability by placing even greater emphasis on capital, asset, and cost efficiencies. At the same time, we will promote healthy risk taking and sound credit cost control. We will maximize returns through the optimized allocation of limited management resources by adopting a disciplined approach to management, investments, expenses/costs, and business operations.

When formulating the Medium-Term Management Plan, we first established two axes, the first being our competitive advantage in the respective business and the second being the business growth potential for us. We then divided this grid into four quadrants and reviewed the businesses in our portfolio based on the quadrants. The Seven Core Business Areas to which we would prioritize the allocation of resources were selected through this process. The upper-right “Grow” quadrant represents businesses with growth potential and in which SMFG has a competitive advantage. These businesses will be allocated resources as growth drivers. The upper-left “Enhance” quadrant houses businesses in which SMFG has a competitive advantage, but has limited growth potential. Resources will be allocated to these businesses in a suitable manner, and we will increase profitability by maximizing intra-Group synergies and enhancing efficiency on a group-wide basis. The “Build” quadrant on the lower-right indicates businesses to which SMFG was a late comer. We will be allocating resources to these businesses with the aim of realizing future growth by establishing highly distinctive business models. The lower-left “Transform” quadrant contains our domestic retail and wholesale businesses, in which our competitors are domestic regional banks and so are subject to domestic capital adequacy standards only. We will be revising the business models of the operations in this quadrant.



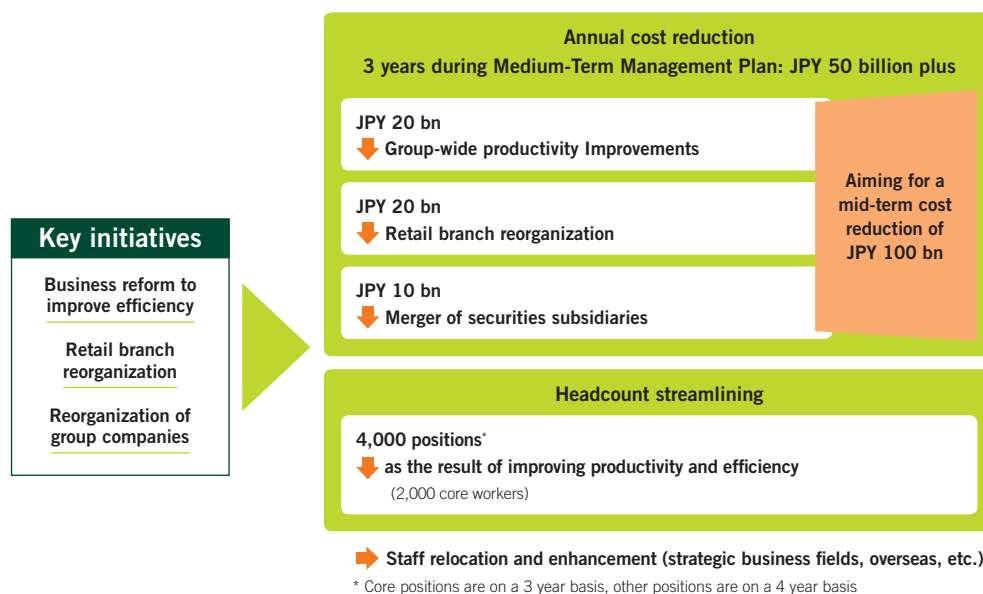
In regards to our asset portfolio, we will maintain the present volume of risk-weighted assets as calculated per current regulatory standards given the increase of such assets due to the application of more stringent international financial regulations. At the same time, we will improve profitability by rebalancing our asset portfolio to enhance the quality of our earnings base. We will keep risk-weighted assets at the same level on an organic basis. We will allocate resources to the Seven Core Business Areas, while at the same time reduce low-margin assets so that we may improve the overall quality of our portfolio. Furthermore, we will engage in the inorganic reduction of risk-weighted assets.



Improving Productivity and Efficiency

Meanwhile, we will boost productivity and the efficiency of operations by promoting digitalization, practicing the Group-based administration of operations, and reorganizing retail branches and Group businesses. Measures to curtail expenses such as the consolidation of Group companies' infrastructure will be implemented. We will also move ahead with the reorganization of retail branches to improve the productivity of our retail business. Furthermore, we aim to enhance efficiency by centralizing shared functions through the reorganization of Group businesses, including the integration of SMBC Nikko Securities and SMBC Friend Securities. We are targeting annual cost savings of ¥50 billion from these measures and ¥100 billion in the medium-term, along with the reduction effect of 4,000 positions. We will redeploy effected personnel to strategically important business areas in order to improve profitability while keeping labor costs under control.

Message from the Group CEO



Focus on Our Strengths to Generate Growth

Focus on Seven Core Business Areas

You can see in the diagram below our Seven Core Business Areas. We are already strong in the businesses in 1 through 5. We will further reinforce our domestic retail and wholesale businesses, where we have a competitive advantage and generate stable earnings. We will also selectively implement growth strategies that focus on SMFG's strengths in our overseas operations and global product lines. Businesses 6 and 7 are still small, but have significant growth potential. We will therefore seek to determine specific fields within these businesses in which we will step up activities to cultivate new strengths to drive future growth.

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For more about business strategies, please see page 22 and thereafter.

Concept		Strategic Focus	
Enhance Enhance business base in domestic market	1	Hold the number one retail banking franchise in Japan	Digitalization
	2	Build on our lead position in the Japanese medium-sized enterprise market	
Grow Sustainable growth of US/EU businesses Make Asia our second mother market	3	Increase market share in Corporate & Investment Banking in key global markets	
	4	Establish a top-tier position in product lines where we are competitive globally	
	5	Accelerate our "Asia-centric" strategy	
Build Build our new strengths for future growth	6	Strengthen sales & trading capability	
	7	Develop asset-light businesses: trust banking and asset management	

Integration across the Group and Globally to Achieve Sustainable Growth

Management that Maximizes Business Potential

Under the newly introduced group-wide business units and CxO system, we will work to maximize the potential of our businesses on both a Group and global basis. Specifically, group-wide business units will facilitate the sharing of strategies among Group companies and enable us to improve our ability to provide products and services on a group-wide basis so that we may accurately respond to the diverse needs of our broad customer base. The CxO system, which established positions such as the Chief Strategy Officer, Chief Financial Officer, Chief Human Resources Officer, and Chief Information Officer, will allow for the sharing of management resources among Group companies, such as the active exchange of personnel, and will enable the optimal allocation of resources on a group-wide basis. At the same time, we will enhance Group-based planning and management functions to control investments in Human Resources (HR) and IT, in addition to carrying-out a digitalization strategy. As management controls, we implemented return on equity and risk appetite management on a business unit basis. We will also develop more sophisticated business management information systems.

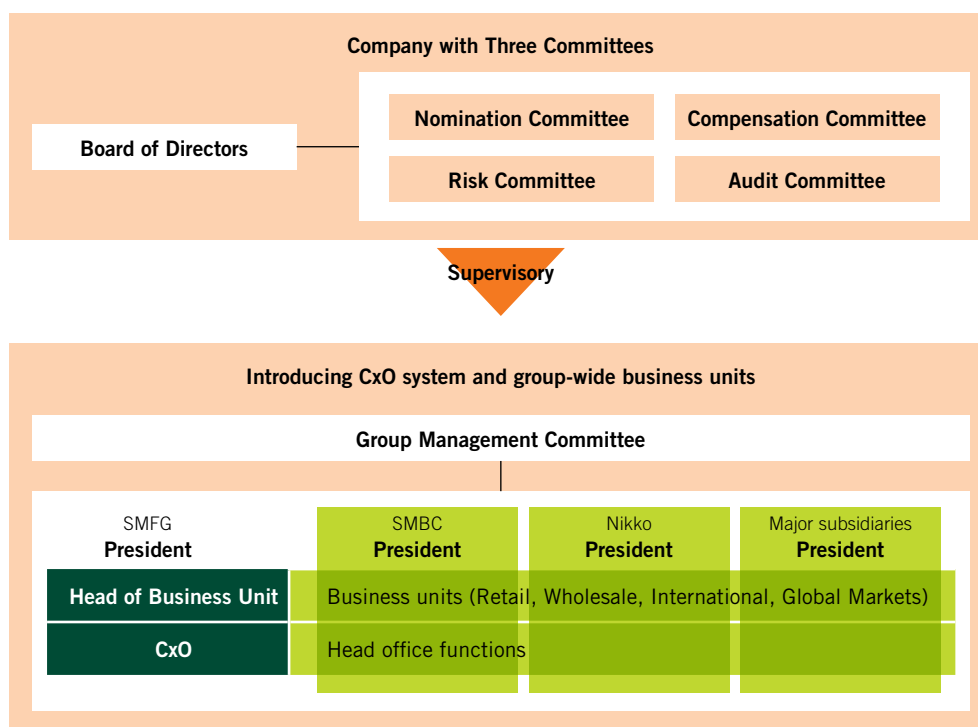
→ **P.46**

For more about corporate governance, please see page 46.

→ **P.52**

For more about risk appetite management, please see page 52.

SMFG's Corporate Governance Framework



(Reference) List of CXO titles		
CEO (Chief Executive Officer)	CFO (F: Financial)	CSO (S: Strategy)
CRO (R: Risk)	CCO (C: Compliance)	CHRO (HR: Human Resources)
CIO (I: Information)	CDIO (DI: Digital Innovation)	CAE (Chief Audit Executive)

Message from the Group CEO

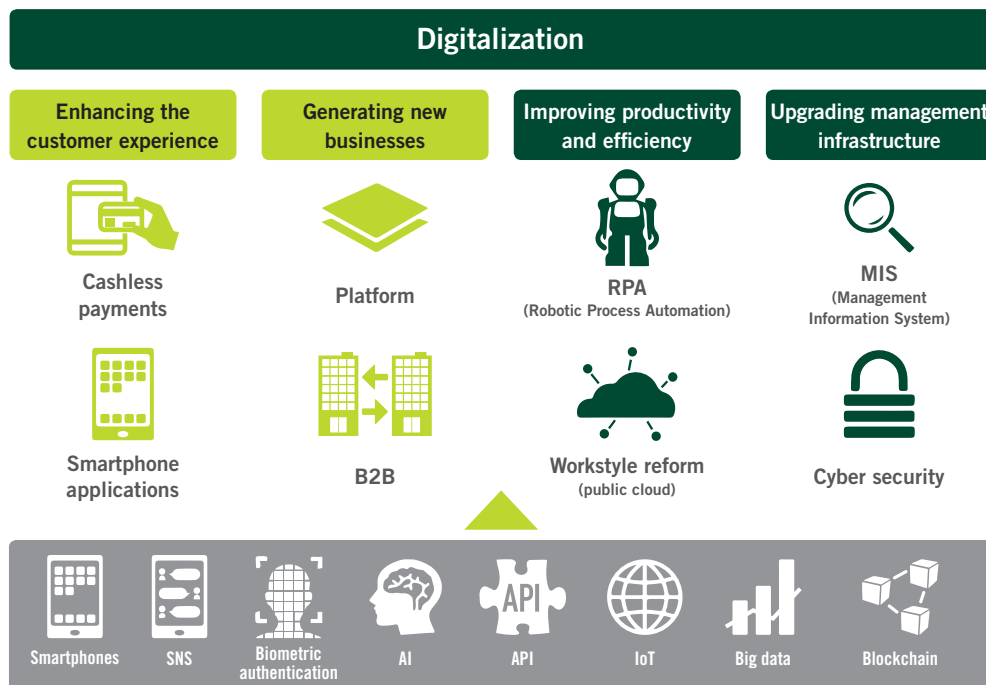
Digitalization

The digitalization of society is advancing at a rapid pace. Amid this trend, SMFG is actively adopting new technologies and promoting digitalization in various areas of its business so that we may enhance the customer experience, generate new businesses, improve productivity and efficiency, and upgrade management infrastructure.

Examples of our efforts on this front include the provision of cutting-edge services for retail and corporate customers that utilize digital technologies to enhance the customer experience, such as the introduction of paperless transactions. Furthermore, we will generate new businesses, for example by offering biometric authentication platforms as a “Platformer.” We will also introduce public cloud services and advance work style reform in order to boost productivity and efficiency. In addition, we will introduce state-of-the-art IT infrastructure so that we may accurately track business management data, based on which we will work to enhance management practices.

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For more about digitalization, please see page 40.



Environment, Social, and Governance (ESG)

In June 2017, SMFG transitioned from a Company with a Board of Corporate Auditors to a Company with Three Committees. The purpose of this move was to establish a corporate governance system that is aligned with the standards required of a Global Systemically Important Financial Institution and to strengthen the supervisory function of the Board of Directors.

In addition, we revised the executive compensation systems of SMFG and Sumitomo Mitsui Banking Corporation to ensure that management is well aligned with the shareholder perspective. As part of this change, we introduced a stock-based compensation system that utilizes restricted stock. This new system will strengthen linkage of executive compensation with short-term and mid- to long-term performance, and thereby provide proper incentives to pursue heightened performance while encouraging executives to hold stock in the Company.

Furthermore, SMFG has identified the “Environment,” Next Generation,” and “Community” as priority issues to be addressed over the mid- to long-term from a Corporate Social Responsibility (CSR) perspective. Through ongoing initiatives revolving around these issues, we are contributing to the development of society. The promotion of diversity and inclusion is also a priority for management. We have been actively introducing initiatives to promote female participation in the workplace and stepped up hiring of local employees outside of Japan in line with the globalization of our business. Through such efforts we seek to develop an organization that provides ample opportunities for a diverse work force.

In Closing

The considerable changes we are seeing on a global scale are giving rise to an unparalleled paradigm shift. The new Medium-Term Management Plan, “SMFG Next Stage”, was forged in the midst of this upheaval. The timing of the plan’s establishment and our decision to tackle new challenges are symbolic of our commitment to responding to changing customer needs, by further uniting the strengths of the Group. It also represents our recognition of the fact that structural reforms are necessary to address the implementation of more stringent international financial regulations and transition to an earnings base with higher capital efficiency. I am confident that, when each individual member of the Group comes together and combines their respective strengths, we will be able to overcome any obstacle we may face.

We will, of course, continue to proactively adjust our internal systems and strategies in response to external changes. At the same time, however, we will always remain true to the transcendental values of the Company. Never losing sight of our core value - Customer First, we will exercise the on-the-ground capabilities, spirit of innovation, and speed that characterize SMFG’s corporate DNA while further evolving these key characteristics to become the financial institution of our customers’ choice. This approach will remain unchanged. My mission as Group CEO is to lead SMFG so that we may exceed the goals put forth in the new Medium-Term Management Plan and achieve sustainable growth in corporate value. We will accomplish this by becoming a top tier global financial group that pursues quality in every aspect of our business, is trusted by our customers and society, and has an unrivaled footprint in Asia.

I would like to ask for the continued understanding and support of all our stakeholders.

August 2017

Takeshi Kunibe

Director President and Group CEO
Sumitomo Mitsui Financial Group, Inc.



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For more about CSR,
please see page 62.

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For more about human resources,
please see page 60.



Message from the Group CFO

Jun Ohta
Group CFO
Director Deputy President and Executive Officer



Review of Fiscal 2016

In fiscal 2016, consolidated gross profit increased by ¥16.8 billion year-on-year, to ¥2,920.7 billion. Although we felt the adverse effects of the Bank of Japan's negative interest rate policy, we were able to offset this downward pressure on revenue with higher profits from SMBC Nikko Securities Inc., which benefited from an upturn in the markets.

General and administrative expenses were up by ¥87.6 billion year-on-year, to ¥1,812.4 billion, and total credit cost rose by ¥61.6 billion, to ¥164.4 billion. However, the absence of an one-off cost recorded in the previous fiscal year resulted in ordinary profit increasing by ¥20.6 billion, to ¥1,005.9 billion.

Profit attributable to owners of parent increased by ¥59.8 billion year-on-year, to ¥706.5 billion, due in part to the tax benefits associated with the implementation of the consolidated corporate-tax system in fiscal 2017.

➔ **For a detailed review of our business results and financials, please refer to page 66.**

Financial Targets

Taking into consideration the current business environment, SMFG is working to improve capital, asset, and cost efficiencies in order to become a top tier financial group. We have thus established financial targets for return on equity (ROE), overhead ratio, and Common Equity Tier 1 capital ratio (CET1 ratio), to guide us in our efforts to improve profitability and secure financial soundness.

Capital Efficiency	ROE	7–8%	Maintain at least 7% notwithstanding accumulation of capital
Cost Efficiency	OHR	1% reduction compared with fiscal 2016	Reduce to around 60% at the earliest opportunity (fiscal 2016: 62.1%)
Financial Soundness	CET1 ratio ^{*1,2}	10%	Maintain capital in line with likely raised requirement ^{*1} (fiscal 2016: 8.3%)

^{*1} Calculated with RWA inflated by 25% compared to the current level based on our assumption of the final impact of Basel III reforms

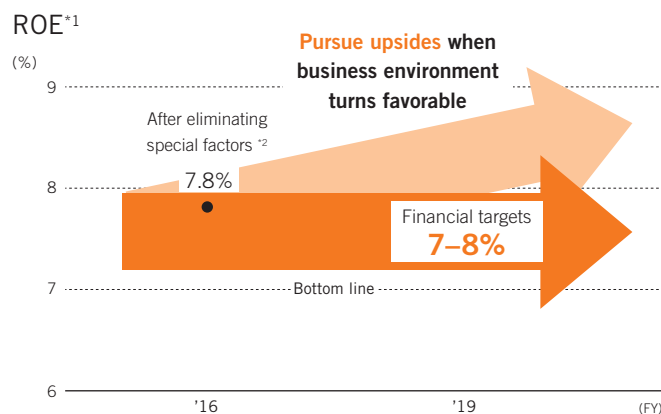
^{*2} CET1: excludes net unrealized gains on other securities

RWA: excludes RWA associated with net unrealized gains on stocks

Return on Equity

Our target ROE under the Medium-Term Management Plan is 7% to 8%, with 7% set as the minimum acceptable level. We were able to achieve an ROE in fiscal 2016 of 9.1%, or 7.8% after the exclusion of one-off increases to profit such as the implementation of the consolidated corporate-tax system. However, given the increase in risk-weighted assets resulting from the implementation of tighter international financial regulations, we recognize the necessity of accumulating capital. Furthermore, we estimate SMFG's bottom-line profit to be roughly ¥600 billion when extraordinary factors are excluded. Over the next three years, we expect further downward pressure to be placed on earnings. Factors generating this pressure include the reduced profitability of domestic loans due to the Bank of Japan continuing its negative interest rate policy, intensifying competition, and higher foreign currency funding costs. Nevertheless, we remain committed to overcoming such challenges and growing bottom-line profit by focusing on our core business areas and reforming cost structures.

We will not allow ourselves to be satisfied by merely reaching the target ROE of 7% to 8% given our pursuit of improvements in profitability and efficiency. Rather, we will ready ourselves to actively pursue upsides when business environment turns favorable, perhaps due to the exit of the Bank of Japan's negative interest rate policy or the relaxing of international financial regulations, to realize even higher levels of ROE.

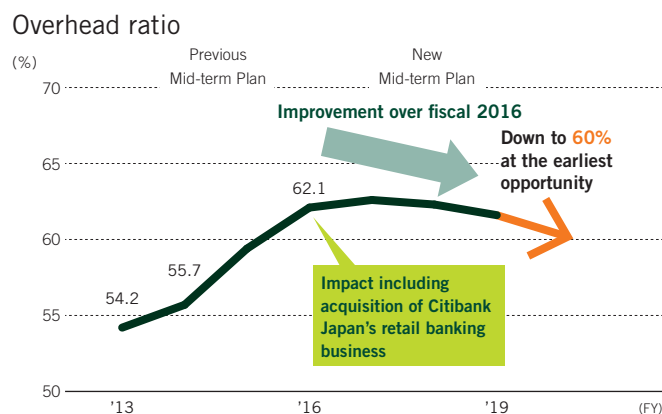


*1 On a stockholders' equity basis

*2 Excluding special factors, such as the effects of implementing the consolidated corporate-tax system

Overhead Ratio

In fiscal 2019, SMFG aims to have decreased its overhead ratio by approximately 1% from the fiscal 2016 figure of 62.1%. Our overhead ratio rose during the previous Medium-Term Management Plan as we made upfront investments to pursue growth in top-line profit, while growth proved to be sluggish due to the slowdown of emerging market economies and the Bank of Japan's negative interest rate policy. We sought to remedy this situation by implementing stricter controls on expenses/costs midway through fiscal 2015, and we are seeing the benefits of these efforts. In fiscal 2017, our overhead ratio is expected to rise slightly due to an increase in revenue-linked variable costs stemming from growth in our securities and credit card businesses, as well as the amortization of past IT system investments. Nonetheless, we will work to reverse this upward trend at the earliest possible stage and establish its downward trend during the next three years by selectively making strategic investments in initiatives that develop businesses and improve productivity, for example the digitization of operations, while at the same time engaging in group-wide efforts to reduce costs by increasing the efficiency of our operations, and reorganizing retail branches and Group businesses. Following the implementation of such initiatives, the next step will be to reduce our overhead ratio to approximately 60% at the earliest possible date, in or after fiscal 2020.



Message from the Group CFO

Common Equity Tier 1 Capital Ratio

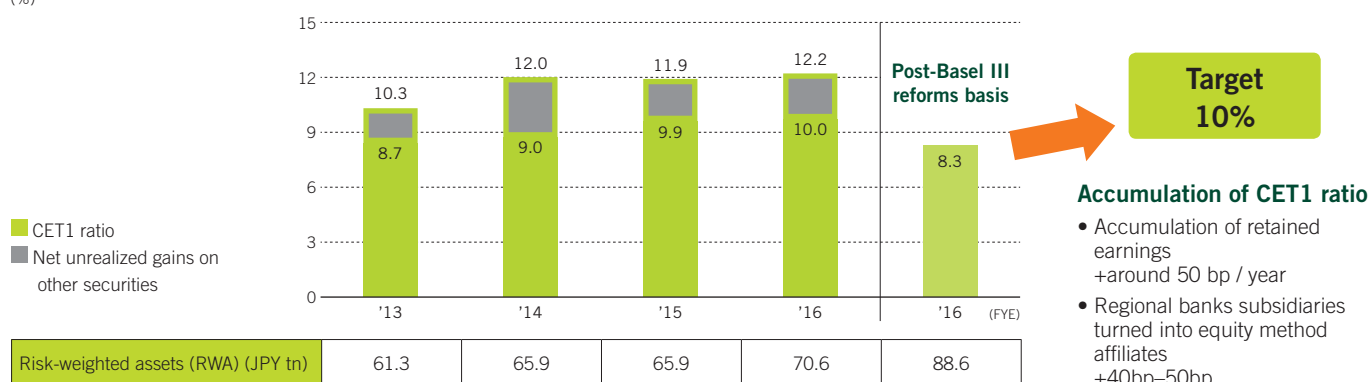
The target CET1 ratio has been set at 10% based on the assumption that Basel III regulation will be finalized in fiscal 2020. This ratio is calculated by dividing Common Equity Tier 1 capital, less net unrealized gains on other securities, by risk-weighted assets, less risk-weighted assets associated with unrealized gains on stocks.

The finalization of Basel III reforms is expected to result in approximately a 25% increase in SMFG's risk-weighted assets from its current levels. Accordingly, we aim to secure a sufficient level of financial soundness one year prior to the

enactment of finalized Basel III reforms, or, in other words, by the final year of the Medium-Term Management Plan. The CET1 ratio target of 10% was derived based on the results of internal stress tests so that we will still be able to maintain the required CET1 ratio of 8% even in a once in a decade stress event. Our CET1 ratio calculated as of March 31, 2017 based on Post-Basel III reforms basis was 8.3%. Going forward, we will seek to secure financial soundness by controlling risk-weighted assets, including the inorganic reduction of such assets, and by steadily accumulating profits.

CET1 ratio

(%)



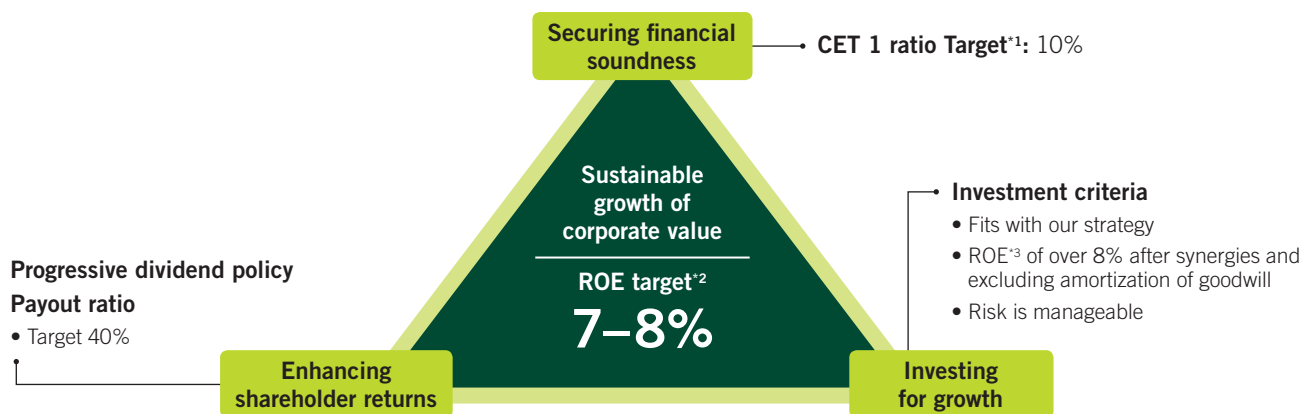
Accumulation of CET1 ratio

- Accumulation of retained earnings +around 50 bp / year
- Regional banks subsidiaries turned into equity method affiliates +40bp-50bp

Capital Policy

I will now explain SMFG's capital policy.

Through our basic capital policy, we seek to realize sustainable growth in shareholder value by balancing "securing financial soundness," "enhancing shareholder returns," and "investing for growth."



*1 Calculated with RWA inflated by 25% compared to the current level based on our assumption of the final impact of Basel III reforms. CET1: excludes net unrealized gains on other securities.

RWA: excludes RWA associated with gains on stocks CET1 ratio on a Basel III fully-loaded basis (including net unrealized gains on other securities), exceeds CET1 ratio post Basel III reforms basis by 4%

*2 On a stockholders' equity basis *3 Managerial accounting basis with RWA calculated assuming Basel III reforms are finalized

Securing Financial Soundness

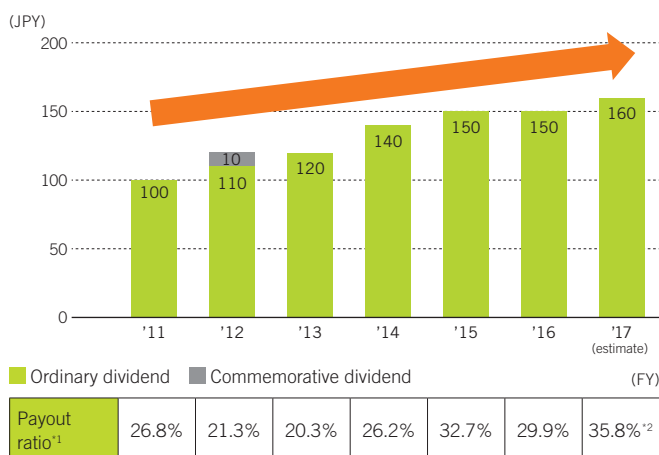
As I mentioned earlier, we are targeting a CET1 ratio of approximately 10% based on the anticipated final impact of tightened international financial regulations. We expect to achieve the targeted figure through the disciplined reform of our business and asset portfolios by which we will maintain the present amount of risk-weighted assets as calculated per current regulatory standards, while at the same time we will rebalance our assets to a high margin portfolio and accumulate profits.

We will continue to reduce our strategic shareholdings to comply with Japan's Corporate Governance Code, in addition to mitigating the negative impact of stock price fluctuations on our capital and the application of tighter international financial regulations.

Enhancing Shareholder Returns

In order to enhance shareholder returns we have adopted a progressive dividend policy, by which I mean that there will be no reduction in dividends and will either maintain or increase dividends and will target a payout ratio of 40%. To date, we have continued to increase the dividend per share

Dividends per share



*1 Consolidated payout ratio

*2 Calculated based on fiscal 2017 consolidated net income forecast (¥630 billion) and dividend forecast (¥160 per share) and on the total number of issues shares on March 31, 2017

in a stable manner. Based on our understanding that we have established a business foundation that will allow us to consistently secure bottom-line profit of ¥600 billion; we have decided to further increase the distribution of profits to shareholders through dividends. Our first step will be to increase dividends for fiscal 2017 with a forecast of ¥160 per share, a ¥10 increase year-on-year.

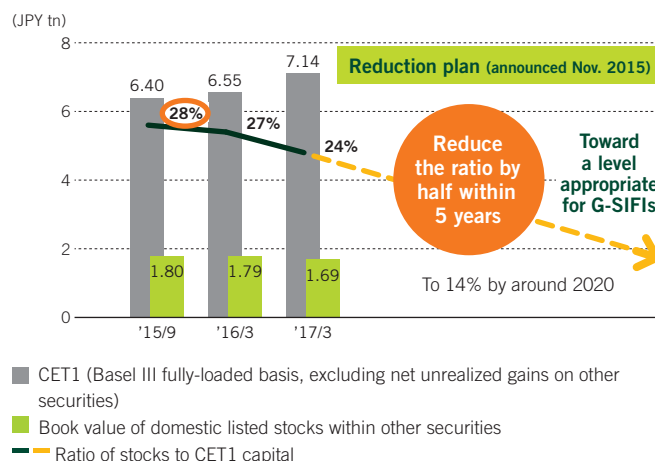
Our policy for share buybacks will be determined after the finalization of Basel III reforms.

Investing for Growth

We have set our investment criteria in line with the Core Policies of Discipline and Focus set out in the Medium-Term Management Plan. Specifically, (a) investments must be consistent with SMFG's strategies, (b) with an ROE of over 8% (after synergies and excluding amortization of goodwill), and (c) risk manageable.

We look forward to receiving your continued support as we will devote our utmost efforts to realize sustainable growth in shareholder value.

Strategic shareholdings and reduction plan (SMFG consolidated basis)



Reduction results for fiscal 2016	approx. JPY 100 bn
Consent of sales from clients (outstanding Mar. 2017)	approx. JPY 100 bn

Business Strategy



Makoto Takashima
President and CEO,
Sumitomo Mitsui Banking Corporation

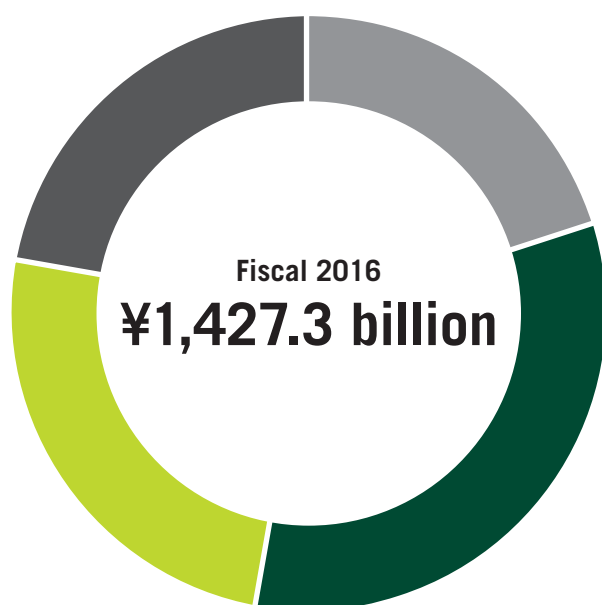
Takeshi Kunibe
Director President and
Group CEO,
Sumitomo Mitsui Financial Group, Inc.

Yoshihiko Shimizu
President and CEO,
SMBC Nikko Securities Inc.

- 23 Business Unit Outline
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Vitalization of Local Regions in Japan

Business Unit Outline

Breakdown of Consolidated Net Business Profit by Business Unit



Retail Business Unit **20%** [▶▶ P.24](#)

Wholesale Business Unit **33%** [▶▶ P.28](#)

International Business Unit **26%** [▶▶ P.32](#)

Global Markets Business Unit **21%** [▶▶ P.36](#)

Projections of the Medium-Term Management Plan by Business Unit

	ROE		Net business profit (JPY bn)		RwA
	Fiscal 2019 plan	Fiscal 2016 comparison	Fiscal 2019 plan	Fiscal 2016 comparison	Three-year change
Retail Business Unit	7%	↗	285	+15	↘
Wholesale Business Unit	10%	→	480	+15	↘
International Business Unit	9%	↗	415	+50	↗
Global Markets Business Unit	39%	↗	330	+20	↘

*1 ROE for each unit is managerial accounting basis with RwA calculated assuming Basel III reforms are finalized. ROE for the International Business Unit excludes the mid- to long-term foreign currency funding costs. ROE for the Global Market Business Unit does not include interest-rate risk associated to the banking book

*2 Fiscal 2016 comparisons for each unit are after adjustments for interest rate and exchange rate impacts

Retail Business Unit

Yukihiko Onishi
Senior Managing Executive Officer
Head of Retail Business Unit



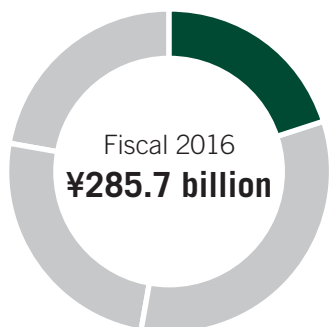
Overview of Business Unit

The Retail Business Unit offers a wide range of products and services, including wealth management, settlement services, and consumer finance, in order to address the financial needs of all individual customers. Responding to environmental changes including the acceleration of the shift from savings to asset building and the rapid digitalization fueled by the spread of smart phones, we will strive to become the most trusted and No. 1 comprehensive financial service institution.

Strengths

- Holds top-tier companies in the banking, securities, credit card, and consumer finance industries
- Serves approximately 43 million individual customers on a group-wide basis
- Ability to respond to customer needs with the bank-securities retail integration strategy, SMBC DEBIT, and other initiatives advanced through collaboration utilizing the characteristics of Group companies

Breakdown of Consolidated Net Business Profit



**Retail
Business Unit
20%**

Major Operating Companies

Operating Companies	Business Characteristics
SMBC	Serves wide range of financial needs including deposits, loans, and wealth management for 27 million account holders
SMBC Trust Bank	No. 1 in retail foreign currency deposits (PRESTIA)
SMBC Nikko Securities	One of Japan's top 3 full-service securities firms, promoting the bank and securities retail business advanced since fiscal 2014
Sumitomo Mitsui Card Company	Pioneer in provision of Visa-brand credit cards in Japan
Cedyna	Development of integrated settlement solutions including credit cards and installment services
SMBC Consumer Finance	Holds the leading market share in the consumer loans and guarantee business

Medium-Term Management Plan

Business Environment and Challenges

The Retail Business Unit is facing a difficult business environment as a result of the declining population in Japan and the persistence of low interest rates. At the same time, business opportunities are expanding in certain fields as indicated by the growth of households' financial assets, the shift from savings to asset building, and digitalization driven by the spread of the Internet and smartphones. The SMFG companies, which hold top-tier status in each of their fields, will cooperate with each other to take advantage of such opportunities.

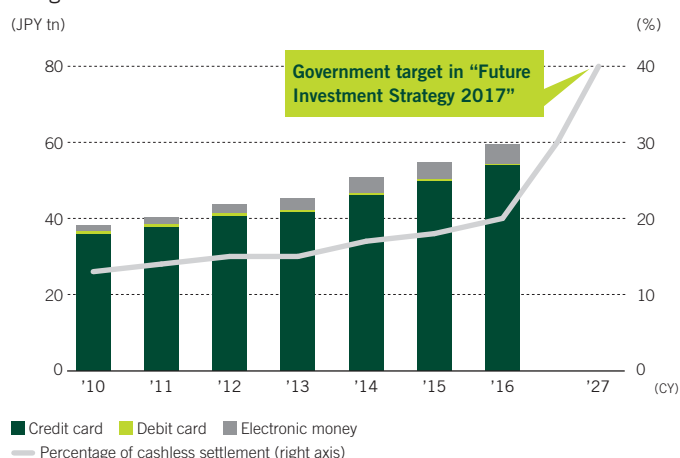
Basic Policies and Directives

Taking advantage of our strengths, which are SMFG's comprehensive capabilities and business scale, we will build the retail business into a business that achieves stable and sustainable growth. Specifically, we will leverage our consulting capability and advanced digitalization to improve customer satisfaction in pursuit of improved efficiency and profitability. In addition, the Retail Business Unit will utilize digitalization as a means to lower its break-even point while boldly advancing in growing fields in order to become Japan's No. 1 retail finance institution.

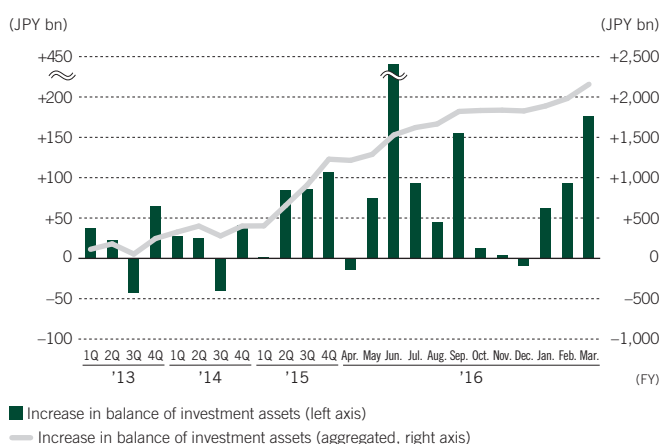
Business Scale of the Retail Business Unit (Fiscal 2016)

AUM Balance (JPY tn)	Investment products	45
	Yen deposits	44
	Foreign currency deposits	1.4
Credit card sales handled (JPY tn)		15
Balance of unsecured card loans (JPY tn)		1.8
Origination of housing loans (JPY tn)		1.1
Gross profit (JPY tn)		1.3

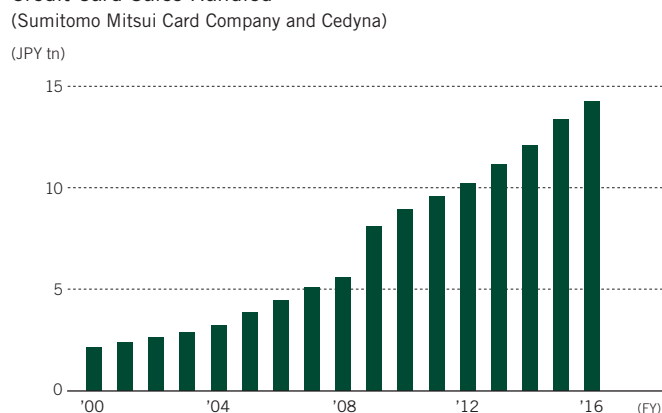
Usage of Cashless Settlement



Increase in Balance of Investment Assets (SMBC and SMBC Nikko Securities)



Credit Card Sales Handled



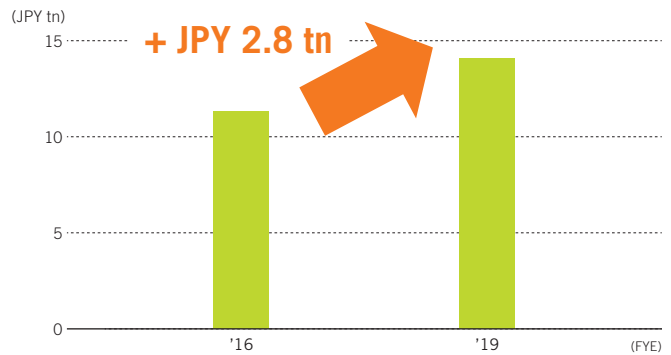
Retail Business Unit

Priority Strategies

Enhance Wealth Management Business through Bank-Securities Integration

We will further evolve the bank-securities retail integration strategy implemented through coordination between SMBC and SMBC Nikko Securities by leveraging the unique strengths of both companies. In order to address our customers' wealth management needs, we will promote medium-to-long term diversified investment opportunities to our customers as our basic approach through the bank-securities integration.

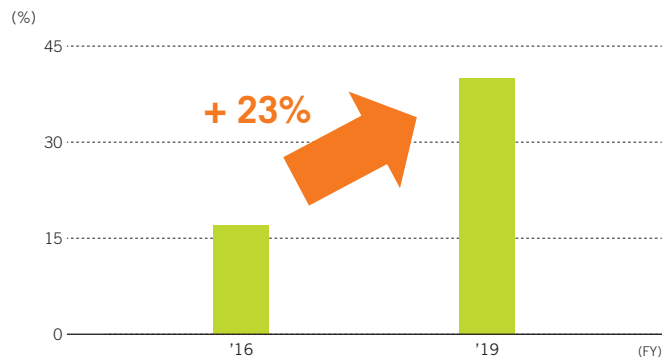
Balance of Stock-Based Assets
(SMBC and SMBC Nikko Securities)



Transform Business Model through Digitalization and Group Integration

We will promote the digitalization in the services we provide to our customers and our business operation to become the most advanced digital bank in Japan while also being regarded as an innovative bank on a global basis. At the same time, Group integration will be pursued in various fields, such as in the settlement service field through collaboration leveraging the strengths of SMBC, Sumitomo Mitsui Card Company, and Cedyne.

Utilization Rate for Digital Channels (SMBC)*



* Clients using digital channels / (clients using physical branches + clients using digital channels)

Reform of Cost Structures

At SMBC branches, we are promoting three reforms at once, “changing the way we offer services to our customers,” “changing the administration process,” and “changing the concept of branches.” The scope of these reforms will be expanded to all branches over the next three years to enable us to reduce costs while providing customers with convenient and high-quality services.



Paperless service counter

Introducing Next-Generation Branches

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Introduction of next-generation branches	100	280	430 Completed
Digitalization of processes	Digitalization of interfaces → Increase use of straight-through processing with internal processes		
Cost reduction	↓ JPY 20 bn plus Fiscal 2021: JPY 30 bn (reduce expenses associated with in-person banking by 20%)		

Review of Fiscal 2016

In our wealth management business, we stepped up our collaboration between SMBC and SMBC Nikko Securities. We made promotion of medium- to long-term diversified investment opportunities to address our customers' needs of stable investments in order to protect their financial assets under the prolonged ultra-low interest rate environment. Meanwhile, in the settlement and digital service fields, we focused on improving customer convenience through concerted Group efforts, which included the launch of SMBC DEBIT

and various smartphone applications as well as starting service for Apple Pay. Branches and call centers worked to improve customer satisfaction, and these efforts are steadily producing results. Furthermore, we sought to provide new value by responding to a wide range of needs of business owners involving both corporate and private interests, by responding to the wealth management, inheritance and business succession needs.

Topics

SMBC DEBIT

The SMBC DEBIT card was launched in fiscal 2016 as one of the collaborative initiatives between SMBC and Sumitomo Mitsui Card Company for addressing cashless payment needs. This Visa debit card can be used at any Visa affiliate in the world, with payments being immediately deducted from its registered account. No annual fees are required.



SMBC Network App Smartphone Application

In order to enhance the customer experience, we introduced "SMBC Network App" smartphone application, which allows our customers to easily and seamlessly view information on transactions with SMBC as well as with Sumitomo Mitsui Card Company and SMBC Nikko Securities.



Recognition of Initiatives for Improving Customer Satisfaction

In fiscal 2016, SMBC ranked No.1 overall for the 12th Annual Retail Banking Survey,^{*1} SMBC Nikko Securities received the first-place award in Best Customer Support of The Year 2016,^{*2} and SMBC Consumer Finance became the first nonbank-sector company to obtain COPC® CSP^{®3} certification for four consecutive years.



*1 Survey of 117 banks nationwide conducted by Nikkei Inc. and the Nikkei Research Inc.

*2 Customer support award sponsored by Japan Institute of Information Technology

*3 International quality standard for call center operations

Wholesale Business Unit

Manabu Narita
Deputy President and Executive Officer
Head of Wholesale Business Unit



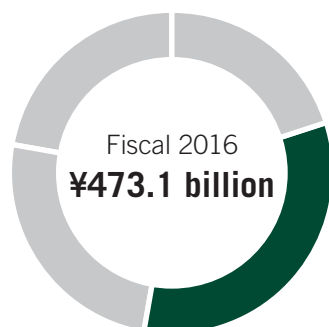
Overview of Business Unit

The Wholesale Business Unit provides financing, investment management, risk hedging, and settlement services primarily for large- and mid-sized corporate clients in Japan. The Unit also provides financial solutions that respond to wide-ranging client needs in relation to M&A, advisory, and leasing.

Strengths

- Speed in identifying and understanding customer needs, and providing financial solutions in respond to these needs
- The spirit of positive challenge inspiring employees to exercise creativity in developing new services and products to grow together with customers
- On-site capabilities born out of the organic union of frontline organizations with high sales proficiency and corporate organizations specializing in various areas

Breakdown of Consolidated Net Business Profit



Wholesale Business Unit
33%

Major Operating Companies

Operating Companies	Business Characteristics
SMBC	Banking transactions for Japanese companies located in Japan and East Asia
SMBC Trust Bank	Intermediation, asset management, consulting, and other real estate-related services
Sumitomo Mitsui Finance and Leasing	Leasing transactions for domestic companies
SMBC Nikko Securities	Securities transactions for large domestic companies and financial institutions

Medium-Term Management Plan

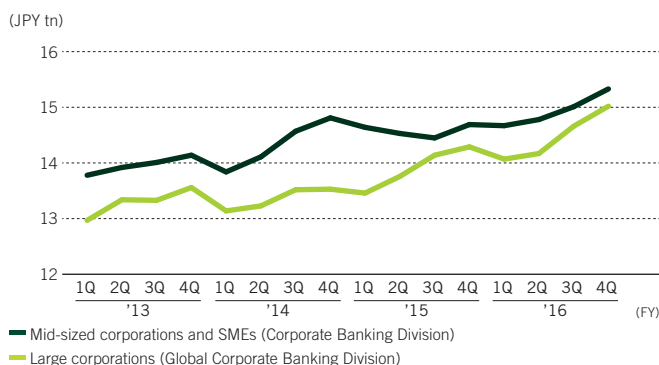
Business Environment and Challenges

Characterized by the sluggish economic growth rates seen around the world as well as the continuation of monetary easing measures in Japan, the current business environment for the Wholesale Business Unit is difficult to navigate in.

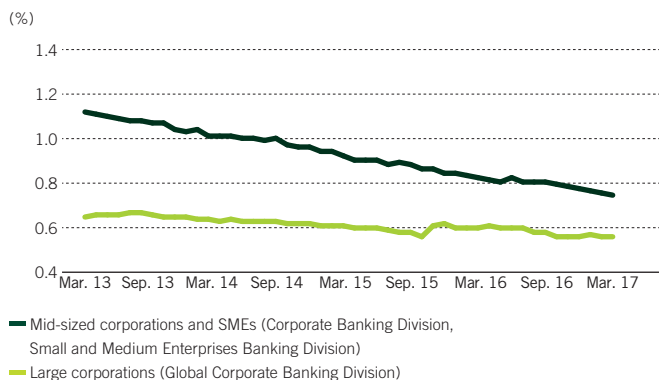
In this environment, we managed to sustain an upward trend in loan balance during the period of the previous medium-term management plan. This was because we were able to respond to the cross-border and other acquisition financing needs of large-scale corporations as well as the business succession needs through our “one-to-one” approach.

However, loan spreads continue to decline due to the persistence of Japan’s negative interest rate policy and intensified competition with other banks.

Loan Balance (SMBC)^{*1, 2}



Loan Spreads (SMBC)^{*1, 5}



*1 Managerial accounting basis. Excludes loans to the Japanese government, etc. We revised managerial accounting rules since Apr. 2014. Figures for fiscal 2013 were recalculated based on the new rules
 *2 Quarterly average
 *3 Total of profit from the Wholesale Business Unit and companies under Unit control and cooperative revenue
 *4 Asset-related earnings: Interest income related to loans and deposits
 Flow earnings: Non-interest income including fees

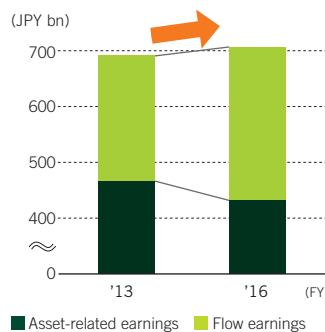
Basic Policies and Directives

As its basic policy for the period of the new medium-term management plan, the Wholesale Business Unit has put forth “grow with our corporate clients, and contribute to the development of the Japanese economy.” Based on this policy, we will respond to customers’ diversifying business strategies and management issues by providing solutions custom-tailored to their business characteristics and growth stage.

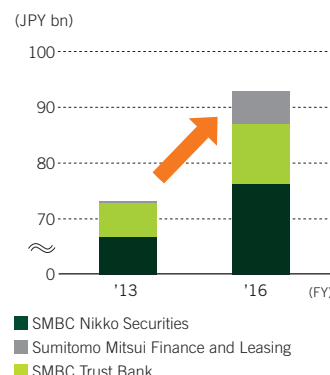
By providing customers with solutions they deem to have high value and that address their diverse needs, we aim to grow together with our customers.

Through the newly introduced group-wide business units, the Wholesale Business Unit will leverage SMFG-based collaboration to approach customers from various angles and provide services through integrated group-wide operation.

Gross Profit (SMBC)^{*3, 4}



Cooperative Revenue (SMBC)



League Tables (April 2016–March 2017)^{*6}

	Rank	Mkt Share
Global equity & equity-related (book runner, underwriting amount) ^{*7, 8}	No. 2	19.0%
JPY denominated bonds (lead manager, underwriting amount) ^{*7, 9}	No. 3	17.2%
Financial advisor (M&A, No. of deals) ^{*7, 10}	No. 2	4.5%
IPO (lead manager, No. of deals) ^{*11}	No. 4	16.5%

*5 Monthly average loan spread of existing loans
 *6 SMBC Nikko Securities for Global equity & equity-related, JPY denominated bonds and IPO. SMFG for Financial advisor
 *7 Source: SMBC Nikko Securities, based on data from Thomson Reuters
 *8 Japanese corporate related only. Includes overseas offices
 *9 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds
 *10 Japanese corporate related only. Group basis
 *11 Excludes REIT IPO. Source: Thomson Reuters

Wholesale Business Unit

Priority Strategies

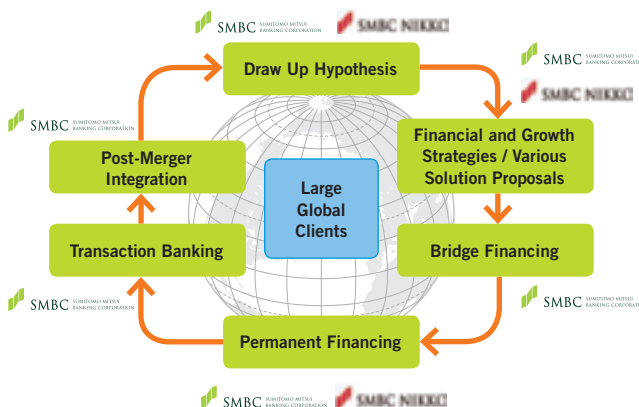
Increase Market Share in Corporate & Investment Banking in Key Global Markets

We are witnessing global and dynamic business activities among large corporate clients. The Wholesale Business Unit will cater to such corporations by leveraging the collective strength of SMFG Group companies to reinforce its systems for collaboration. As a united “Team SMFG,” we will provide customers with corporate value-improving solutions with the aim of improving customer satisfaction along with SMFG’s market share.

We will also build upon our G-CIB* model in Japan and overseas to deploy an approach that links banking and securities initiatives and domestic and overseas initiatives and thereby maximizing earnings as a united “Team SMFG.”

* G-CIB: Global-Corporate and Investment Banking

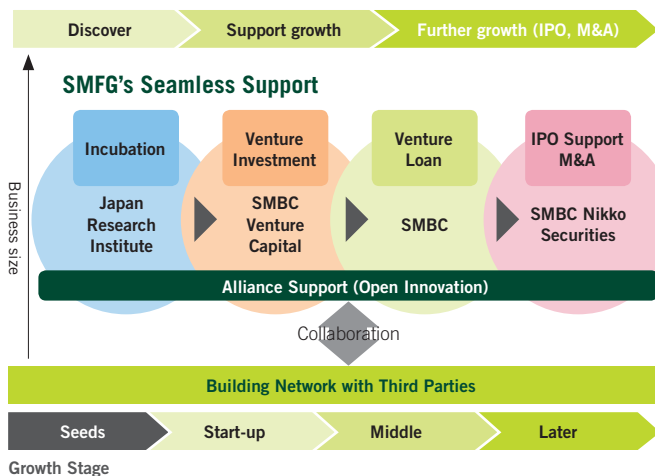
Cross-Border M&A Projects



Build on Our Lead Position in the Japanese Medium-Sized Enterprise Market

In the mid-sized enterprise market, an area of our strength, the Wholesale Business Unit will further hone its competitive edge by creating a virtuous cycle through the provision of various solutions matched to customer growth stages.

Key fields include support for start-up companies and growing industries, a private banking (PB) approach, and enhance corporate value (collaborating with PE fund). In these areas, the united “Team SMFG” will supply multifaceted solutions to contribute to the creation of stable earnings while enhancing competitiveness with regard to productivity and efficiency.



Major Key Performance Indicators and Maintenance of High Efficiency

SMFG has defined its market share in Japanese corporate bonds, the number of IPO lead arranger deals, and other key performance indicators to guide it in advancing its two priority strategies of “increase market share in Corporate & Investment Banking in key global markets” and “build on our lead position in the Japanese medium-sized enterprise market.” With these guidelines in place, the companies comprising the Wholesale Business Unit will coordinate even more closely with other companies in order to enhance the Unit’s business through integrated operation.

In addition, profitability will be improved by practicing sound risk taking and credit cost control while maintaining the high levels of efficiency that constitute a strength of the Wholesale Business Unit.

KPI	Fiscal 2019 plan	Fiscal 2016 comparison
Market share in Japanese corporate bonds (lead arranger)	20.0%	+2.6%
Number of IPO lead arranger deals	No. 1	No. 4 → No. 1
Number of M&A advisory deals	No. 1	No. 2 → No. 1

Maintenance of High Efficiency	Fiscal 2019 plan	Fiscal 2016 comparison
Gross profit*	JPY 795 bn	+ JPY 27 bn
Net business profit*	JPY 480 bn	+ JPY 15 bn
ROE	10%	→

* Fiscal 2016 comparisons are after adjustments for interest rate and exchange rate impacts

Review of Fiscal 2016

Fiscal 2016 represented a turning point as it was the third year of the domestic operational reform that was commenced in fiscal 2014 as well as the final year of the previous medium-term management plan. The Wholesale Banking Unit was united in its efforts during this important year. Looking back at fiscal 2016, we faced a highly opaque business environment created by the slow growth rates around the business world and ongoing monetary easing in Japan,

and asset-related earnings decreased in the midst of the fierce competition that arose from this environment. However, we were able to expand fee-based businesses through coordination between SMBC and SMBC Nikko Securities, which was a factor behind the Wholesale Business Unit achieving consolidated gross profit of ¥775.6 billion and consolidated net business profit of ¥473.1 billion.*

* Fiscal 2016 numbers shown in the new group-wide business units basis

Topics

Support for Overseas Business Development

SMBC uses seminars and other channels to provide clients with information about global economic trends, the foreign exchange market, and investment conditions in specific countries. Clients considering business overseas are encouraged to come to us at an early stage so that we can provide tailored information on local laws and regulations and on Japanese companies already present in the country. For clients who already have business overseas, our Japan and overseas business units collaborate to provide high-quality solutions in such areas as business expansion and reorganization. We also provide wide-ranging advice on foreign trade and conduct seminars on practical aspects to support clients in foreign exchange transactions.



Seminar on foreign exchange market outlook and current global economic conditions



Seminar on economic and trade policies of Trump administration in the United States

Support for New Ventures, New Business Development, and Growth Companies

We offer support in accordance with clients' stage of growth; SMBC Venture Capital provides venture investment, SMBC provides financing, and SMBC Nikko Securities provides support for public share offerings. Taking account of the growing need for



Mirai Open Innovation Meetup

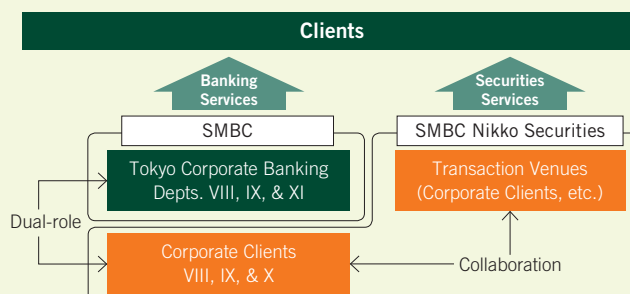


Mirai 2017

alliances between venture businesses and large corporates, we host events such as the “Mirai Open Innovation Meetup” and the “Mirai 2017,” an accelerator program arranged by the cross-industry consortium III (Triple I). At the same time, we aim to assist in the cultivation of a “venture creation ecosystem” in Japan by promoting ties with leading venture capital providers, universities, and research institutes.

Collaboration between SMBC and SMBC Nikko Securities

To provide swift, one-stop service for responding to the wide-ranging financial needs of corporate clients, SMBC and SMBC Nikko Securities have established bank-securities dual-role departments in certain corporate banking departments. In fiscal 2016, Tokyo Corporate Banking Department VIII and Tokyo Corporate Banking Department XI of SMBC and Corporate Clients IX and Corporate Clients X of SMBC Nikko Securities, newly become dual-role departments, in addition to the existing dual-role departments, Tokyo Corporate Banking Department IX of SMBC and Corporate Clients VIII of SMBC Nikko Securities. In bank-securities dual-role operations, collaboration between SMBC and SMBC Nikko Securities will be deepened under a rigorous legal compliance structure to provide the most ideal financial services in response to corporate clients' diverse needs.



International Business Unit

Yasuyuki Kawasaki
Deputy President and Executive Officer
Head of International Business Unit



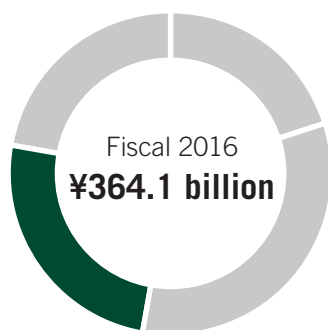
Overview of Business Unit

The International Business Unit is a growth driver for SMFG. The Unit supports the global businesses of a diverse range of clients, such as Japanese companies operating overseas, non-Japanese companies, financial institutions, and government agencies and public corporations of various countries.

Strengths

- A global network that is capable of adapting to the distinctive market characteristics of each respective region
- A product lineup with a global top-tier presence
- A unique Asia strategy based on a medium- to long-term perspective

Breakdown of Consolidated Net Business Profit



**International
Business Unit
26%**

Major Operating Companies

Operating Companies ^{*1}	Business Characteristics
SMBC	Banking transactions with Japanese and non-Japanese companies operating overseas utilizing our global network
SMBC Trust Bank	Foreign-currency denominated loan transactions
Sumitomo Mitsui Finance and Leasing	Global vendor financing and leasing transactions with Japanese and non-Japanese companies operating overseas (including AC ^{*2})
SMBC Nikko Securities	Full-line securities transactions conducted overseas, such as bond underwriting, sales and trading.

*1 Includes overseas subsidiaries

*2 SMBC Aviation Capital Limited

Medium-Term Management Plan

Business Environment and Challenges

The business environment for financial institutions continues to be unclear and uncertain due to such factors as Brexit, a new Presidential administration in the U.S., and the slowdown in emerging market economies.

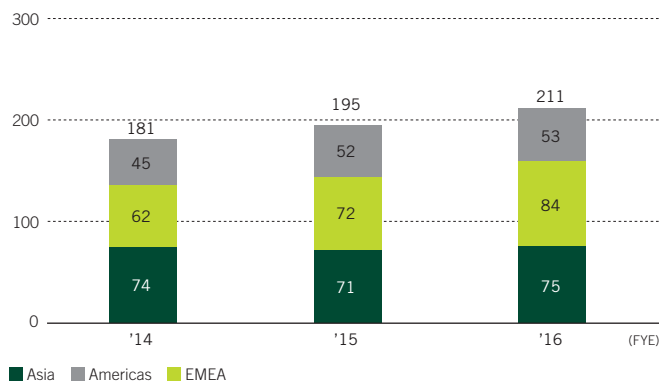
Furthermore, due to the effects of international financial regulations, such as TLAC requirements* and the Basel Capital Accords, as well as regulatory tightening in Europe, the U.S., and other countries, the business environment for financial institutions is expected to remain challenging.

On the other hand, we will ensure that we capture business opportunities arising from positive trends such as the continued growth of the U.S. economy, the medium- to long-term expansion of the middle class in Asia, the expanding global commercial flow, and corporate restructuring needs.

* TLAC (Total Loss Absorbing Capacity) requirements: The obligation for global systemically important banks (G-SIBs) to maintain certain levels of capital and specified liabilities to hold adequate loss-absorbing capacity

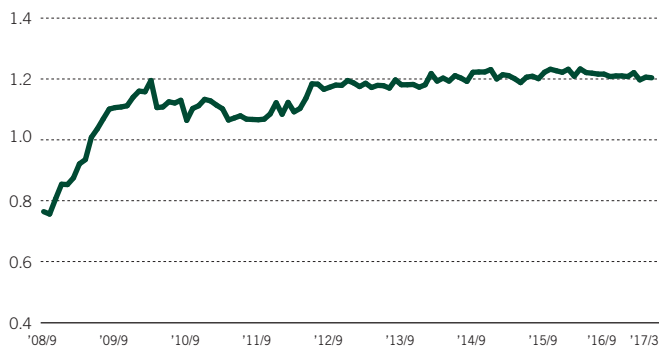
Overseas Loan Balance*^{1,2}

(USD bn)



Overseas Loan Spread*^{1,3}

(%)



*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Balance as of Mar. 2017 includes balance of SMBC Canada Branch which was newly opened in Nov. 2016 and took over business of wholly owned subsidiary SMBC of Canada. *2 Converted into USD at respective period-end exchange rates *3 Monthly average loan spread of existing loans

Basic Policies and Directives

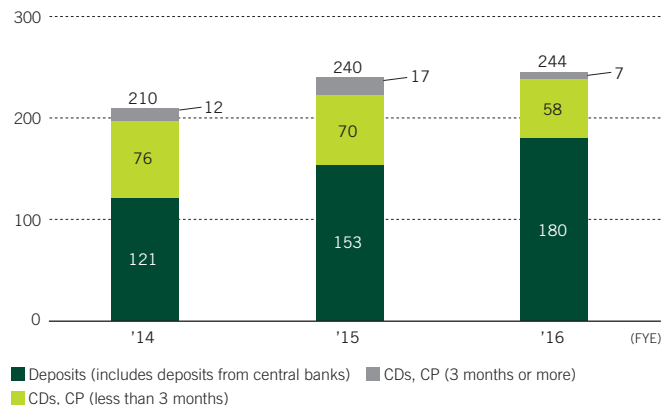
The International Business Unit has defined the three basic policies with the principles of Discipline, Focus, and Integration.

- Promote key initiatives to the “Next Stage”:
Further integrating the banking, securities and leasing businesses; strengthening the asset finance business and our origination & distribution (“O&D”) capabilities; and pursuing the “Asia-centric” strategy
- Strengthen the business base including the Asian retail business that is expected to be our growth area for the next decade
- Pursue bottom-line growth and enhance “capital”, “asset” and “cost” efficiencies by disciplined management of credit risk, expenses and liquidity

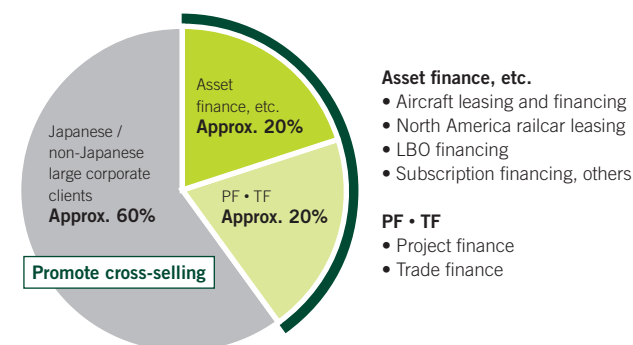
By adhering to the above basic policies, we will continue to fulfill our role as a growth driver for SMFG.

Overseas Deposit Balance*^{1,2}

(USD bn)



Portfolio Structure (Current)



- Asset finance, etc.**
- Aircraft leasing and financing
 - North America railcar leasing
 - LBO financing
 - Subscription financing, others
- PF • TF**
- Project finance
 - Trade finance

International Business Unit

Priority Strategies

Increase Market Share in Corporate & Investment

Banking in Key Global Markets

Accelerate Bank-Securities Integration

In businesses targeting large corporations in the Americas and EMEA, we will further enhance bank-securities integration, and sales and trading (S&T). By assigning staff to specific industry sectors and countries/regions in the Product Unit, which handles a range of transactions such as securities and derivatives, we will further enhance our expertise and provide customers with higher quality business solutions.

We will pursue a business model that emphasizes bottom-line growth and efficiency by strategically allocating resources to customer segments in which we can expect to win cross-selling opportunities.

Product Sectors where We Hold Strengths

Establishment of a Top-Tier Position and an O&D Business Model

We will build an explicit business portfolio to achieve sustainable growth in areas where we have strength, including asset finance (aircraft and railcar leasing), subscription finance,^{*1} and middle market LBO^{*2}.

We will also pursue an O&D^{*3} business model to further enhance the asset and capital efficiencies of its portfolio and solidify our top-tier position in the industry.

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

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

*3 O&D: Origination and distribution

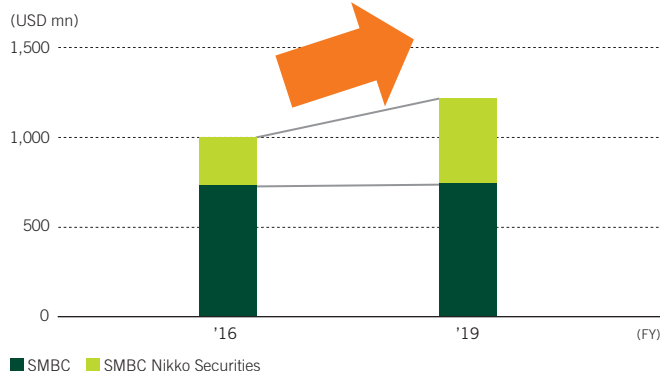
Accelerate Our “Asia-centric Strategy”

Deepen Relationships with Core Clients and Take Advantage of Mid- to Long-Term Growth in Asia

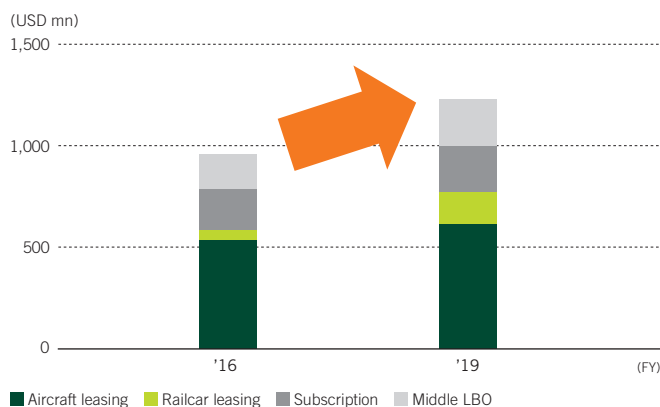
In Asia, we will seek to deepen our relationships with both prime local companies and promising growing companies while promoting the cross-selling of services with the focus being on our transaction banking business.

At the same time, we will develop full-line operations in Indonesia and other parts of Asia in addition to promoting digital retail banking as a growth base for the next decade.

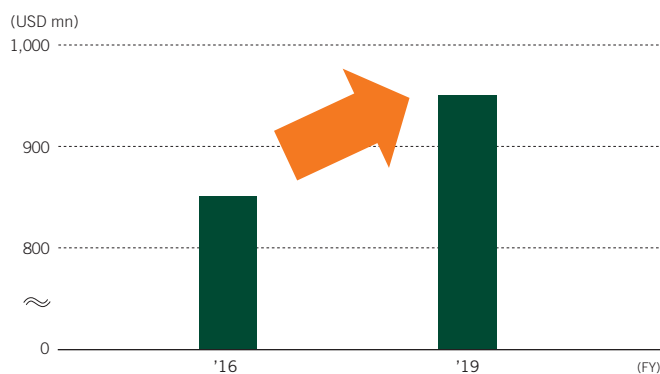
Gross Profit Target from Non-Japanese Corporations (The Americas and EMEA)



Gross Profit Target of Assets that Our Group Hold Strength



Gross Profit Target from Core Clients (Asia)



Review of Fiscal 2016

In fiscal 2016, we proactively developed businesses in which SMFG exhibits competitive advantages, such as aircraft and railcar leasing, and subscription finance while nimbly managing its portfolio in response to changes in the business environment. Furthermore, we sought to engage in a wider range of transactions by enhancing our

ability to respond to customer needs with regard to M&A-related financing, bond underwriting, and other financial functions.

Overseas deposits reached a record high, reflecting our constant efforts to increase deposits from the perspective of securing stable funding.

Topics

Expansion of Our Global Network

We are expanding our global network to enhance customer convenience and strengthen our reach in emerging market economies and other growth markets. In March 2017 we opened the Mumbai Branch in India and the Silicon Valley Representative Office in the United States.



Digital Banking in Asia

We collaborated with PT Bank Tabungan Pensiunan Nasional Tbk (BTPN), an affiliate in Indonesia, to launch “Jenius,” a smartphone-based digital banking service targeting middle class customers and high-net-worth individuals. The digitalization of our operations has enabled us to provide innovative financial services to the people of Indonesia.

Smartphone-based digital banking

 **Jenius**

Started Aug 2016
280,000 customers
(as of June 2017)



Asset Finance

The acquisition of American Railcar Leasing LLC, the sixth-largest railcar leasing company in the U.S., was completed in June 2017. SMFG will continue developing its asset finance business, which is an area of strength for the Group.



Global Markets Business Unit

Hiroshi Munemasa
 Managing Executive Officer
 Head of Global Markets Business Unit



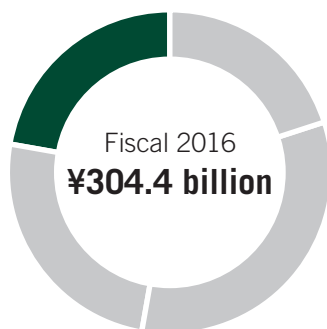
Overview of Business Unit

The Global Markets Business Unit offers solutions through foreign exchange products, derivatives, bonds, stocks, and other marketable financial products and also undertakes asset liability management (ALM) operations, which help comprehensively control balance sheet liquidity risks and interest rate risks.

Strengths

- Ability to provide solutions to customers in a timely manner by amassing global market expertise
- Portfolio management approach that entails proactive monitoring of market changes and quick and appropriate asset rebalancing

Breakdown of Consolidated Net Business Profit



Global Markets Business Unit
21%

Major Operating Companies

Operating Companies	Business Characteristics
SMBC	Market operation bases in Tokyo, New York, Singapore, Hong Kong, and other locations enabling round-the-clock response to market needs through global coordination
SMBC Nikko Securities	Providing stocks, bonds, and other products to wide range of investors through robust domestic customer base, growing scope of operations on a global scale

Medium-Term Management Plan

Business Environment and Challenges

We anticipate the further persistence of opaque, uncertain, and unstable market conditions due to factors such as monetary policies in developed countries, economic trends in emerging countries, and rising global political and geopolitical risks.

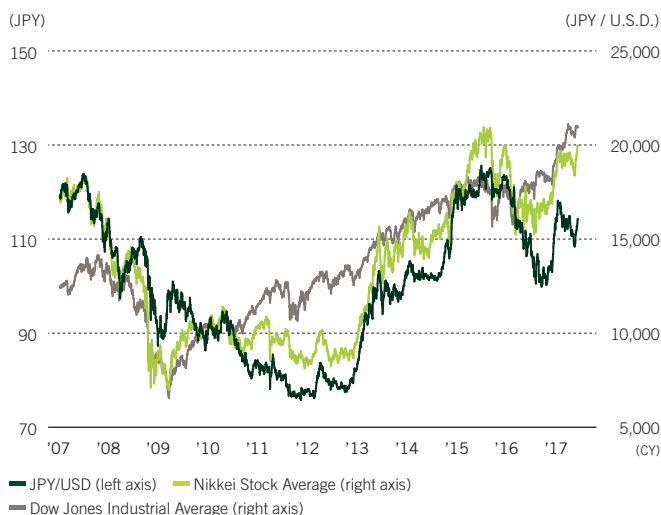
In this environment, there is a need to provide sophisticated solutions to address customers' hedging and asset management needs and also to conduct ALM operations that effectively respond to market changes.

Basic Policies and Directives

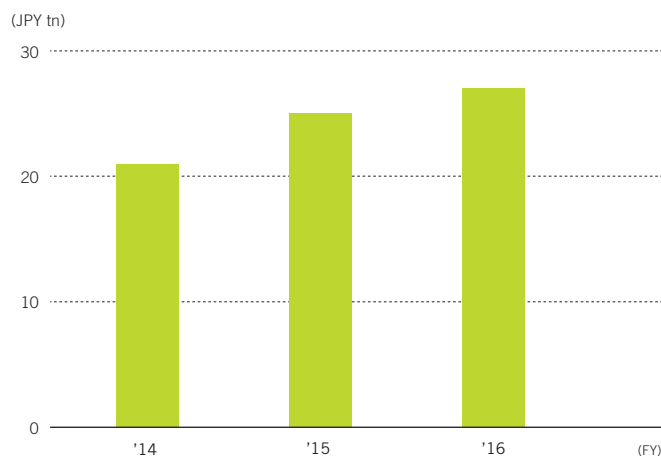
We will establish a SMFG brand that demonstrates the ability to respond to unexpected incidents which is backed up by a high level of market sensitivity and is resilient even in the downside phase in the global market-related operations. At the same time, we will achieve profitability and stability through a nimble and dynamic portfolio rebalance based on market conditions.

Furthermore, SMFG companies will share the know-how they have acquired as major market participants by providing solutions to their clients. They will also achieve cost synergies and speed through integration of the common operations within the Group, including product development and compliance with regulations.

USD/JPY, Nikkei Stock Average Index, Dow Jones Industrial Average



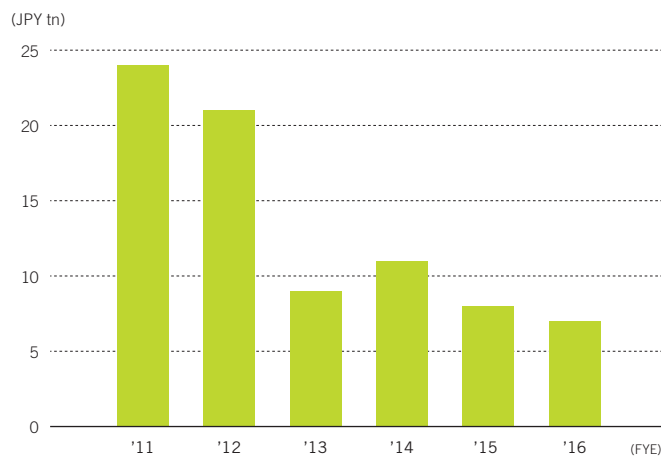
Annual Equity Brokerage Amounts (SMBC Nikko Securities)



Long-Term Government Bond Yields in Japan, the United States, and Germany



Balance of Japanese Government Bonds* (SMBC)



* Japanese government bonds categorized as other securities

Global Markets Business Unit

Priority Strategies

Market Sensitive Nimble Portfolio Management

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



SMBC dealing room

Providing Market-Oriented Solutions—S&T Operations

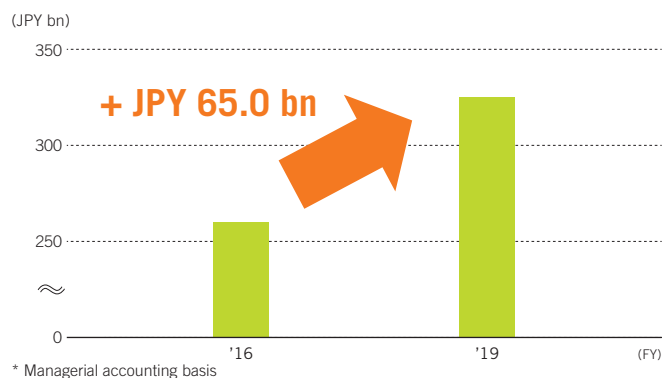
We will provide detailed information on market environments and economic trends to address customers' hedging and asset management needs. In addition, we will expand our product lineup in foreign exchange, derivative, bond, stock, and other products and supply timely solutions to increase customer satisfaction and Group earnings.

Other focuses include improving the convenience of various electronic transactions and actively encouraging use of such transactions to respond to the needs of a wider range of customers.

Strengthening Foreign Currency Funding Capabilities

To support the overseas businesses of SMFG, we will pursue improving stability in foreign currency funding by diversifying funding methods and expanding the scope of investors we target. At the same time, we will appropriately control our balance sheet in response to the international financial regulations.

S&T Profit Target



Strengthening Foreign Currency Funding Capabilities Centered on the Asia-Pacific Region

New Initiatives in Fiscal 2016

Thai baht-denominated senior debt	
Australian dollar-denominated TLAC bonds ^{*1}	
Emerging currency-denominated NCDs ^{*2} (Indonesian rupiah, Malaysian ringgit, etc.)	

*1 TLAC (Total Loss Absorbing Capacity) bonds: Bonds issued by holding company of global systemically important banks (G-SIBs), which covers losses if it defaults.

*2 Negotiable certificates of deposit

Review of Fiscal 2016

The market proved instable in fiscal 2016 in the midst of various important global events, including Brexit, the U.S. presidential election, and the first U.S. Federal Reserve interest rate hike in a year. Nonetheless, we were able to secure steady profits through a nimble portfolio rebalance focused mainly stock index funds.

In S&T operations, we provided solutions and information to customers developing global businesses through domestic-overseas integrated operation and steadily bolstered our lineup of asset management products matched to investor needs.

Currently, more than 19,000 clients are utilizing i-Deal, our electronic foreign exchange execution platform available via the Internet. We are continuously improving the functionality of this platform.

In regard to foreign currency funding, in addition to issuing senior debt including TLAC bonds, we are expanding our range of methods to fund local currencies centered on Asia and Oceania.

Electronic foreign exchange execution platform for corporate clients

i-Deal



Foreign overseas remittance and trading transaction service
Global e-Trade service



Topics

Various Seminars for Customers

The Global Markets Business Unit provides customers with information on economic trends and market environments.

In fiscal 2016, we were highly active in holding seminars for customers, and we also conducted other initiatives for supporting the diverse market transactions of domestic and overseas corporations and investors.

Going forward, SMFG will take advantage of its varied channels and expertise to more swiftly supply customers with highly valuable information.



Executive Conference held by SMBC Nikko Securities (Tokyo)



FX Client Event held by SMBC (New York)

Special Feature

Digitalization

As digitalization progresses rapidly around the world, an IT strategy is one of our key management strategies. SMFG has appointed a Chief Digital Innovation Officer (CDIO) to implement an IT strategy that incorporates various technologies with four focuses: “enhancing the customer experience,” “generating new businesses,” “improving productivity and efficiency,” and “upgrading management infrastructure.”

By utilizing the latest digital technologies, SMFG will supply customers with convenient and easy-to-use services while also creating unparalleled experiences for customers and new business opportunities through the provision of advanced services and platforms.

Enhancing the Customer Experience

Contactless IC Debit Card with Settlement Service Function

This card is the first in Japan to be equipped with two touch sensors functions (iD and Visa payWave).

It can also be used at 710,000 locations in Japan and 71 countries around the world.

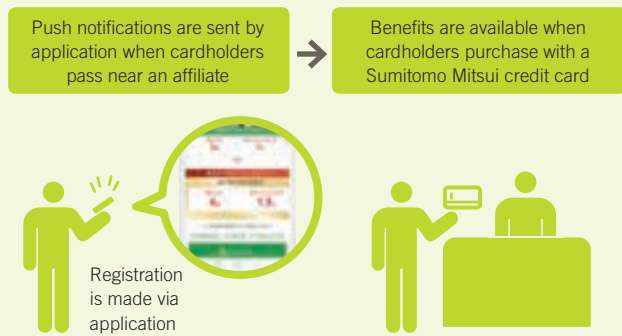


Koko-Iko! Customer Referral Service Using CLO* Method



This service achieves the maximum customer referral effect for affiliates by sending cardholders timely information on benefits available nearby, based on cardholders’ demographic information, card usage history, and smartphone GPS location data.

*CLO: Card-linked offer



Generating New Businesses

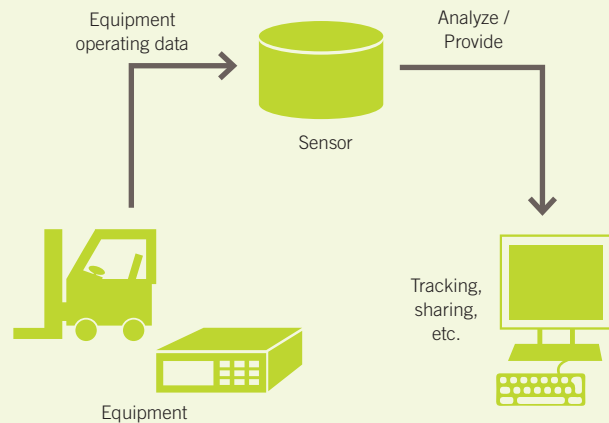
Biometric Authentication Platform Service

This platform service is operated by a new company established with NTT DATA Corporation and Daon, Inc., and is the first SMFG business firstly approved under the Banking Act revision.



Equipment Operation Monitoring Service

Developed jointly with Sumitomo Corporation and Sumitomo Mitsui Finance and Leasing, this service utilize data collected from sensors to track equipment efficiency, optimize facilities, and provide sharing functions.



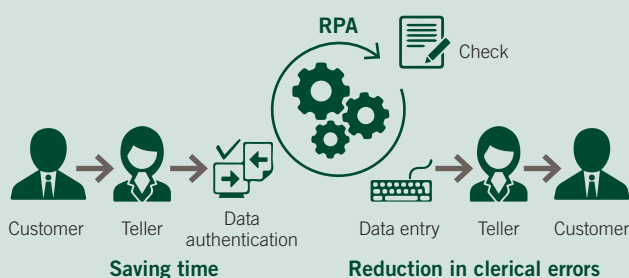
SMFG is setting up next-generation workplaces utilizing Robotic Process Automation (RPA) and a public cloud to improve productivity and efficiency and advance workstyle reforms.

We also intend to make management control more visible and adopt more data-oriented, sophisticated management tools.

Improving Productivity and Efficiency

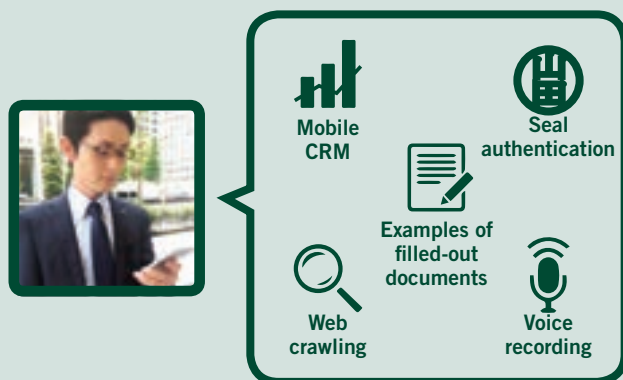
Operational Efficiency through the Introduction of RPA

SMFG has been improving efficiency of back office function of branches and head office operations.



Next-Generation Workplace Anytime, anywhere

- Accessible from outside to the intranet and file servers
- Approve transactions via smartphones
- Hold meetings via smartphones



Upgrading Management Infrastructure

Management Dashboards

- Display alerts, such as non-achievement of plans
- Narrow down products and regions to quickly identify the source of problems



Data usage for timely business management

► Enhancement of Open Innovation System

SMFG is establishing new bases in Japan and overseas that are tasked with collaborating with start-up companies and other organizations to create new businesses.



Open Innovation base
Scheduled to open in Shibuya-ku, Tokyo in fall 2017



► Promotion of Collaboration Events

SMFG held the MIRAI HACKATHON, an event with the concept of creating new businesses and futures where people are linked through financial application programming interface. We are working to transform ideas that won awards at this event, into real businesses.



Business Strategy

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

Support Provision of Funds to Mid-Sized Corporations and SMEs

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

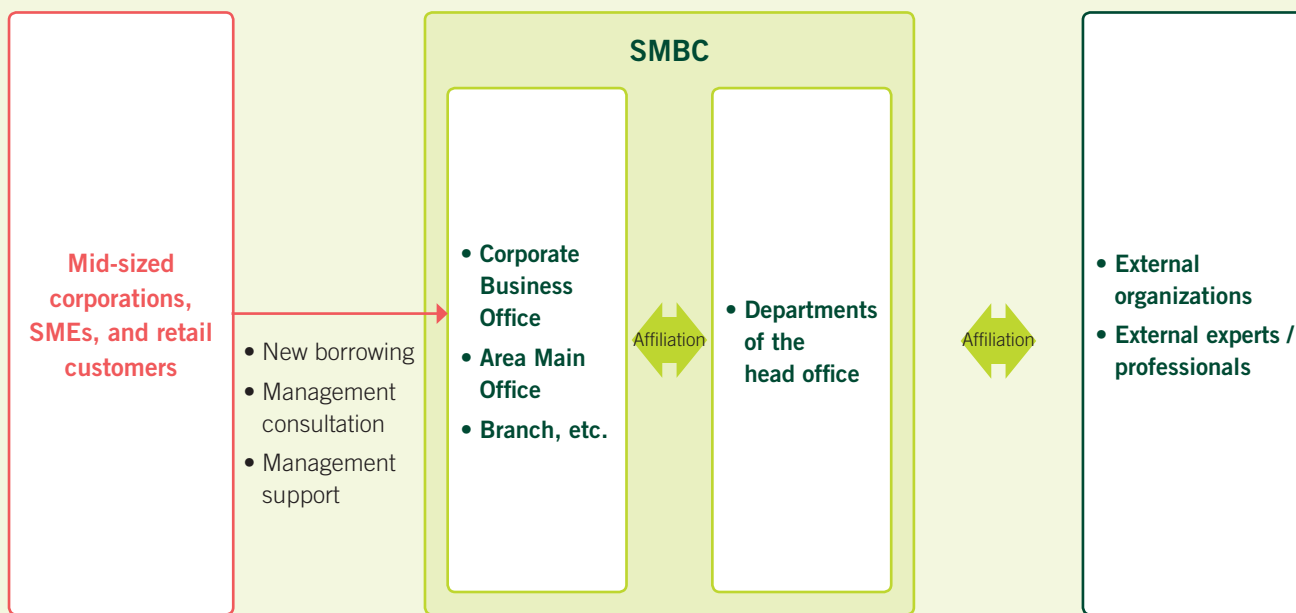
Collaboration with Local Credit Guarantee Corporations

SMBC offers Business Select Loans, a loan service that offers unsecured and unguaranteed financing, and also provides jointly guaranteed loans through collaboration with local credit guarantee corporations, enabling it to meet a diverse range of funding needs.

Going forward, we will continue offering services to fund and support the management of the mid-sized corporations and SMEs that form the backbone of the Japanese economy.

Credit Guarantee Corporation	Name
TOKYO GUARANTEE	Tie-up A / B
Credit Guarantee Corporation of Osaka	Business Succession Guarantee
Credit Guarantee Corporation of Hyogo-Ken	<i>Hiyaku</i>

Operational Support Structure for Mid-sized Corporations and SMEs



Support for Management Improvements, Business Regeneration, and Business Conversion

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

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

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

*1 SMBC Consulting, certified tax accountants, certified public accountants, etc.

*2 Council supporting revitalization of SMEs, Regional Economy Vitalization Corporation of Japan, etc.

Involvement in Regional Stimulus

Regional stimulus is a key theme for the Japanese government. Related "regional comprehensive strategy" plans drawn up by local government entities are moving to their implementation stage.

It is becoming important for regions to exercise their comprehensive strength in advancing stimulus measures. There are thus high expectations for the contributions that financial institutions can make by leveraging their wide-reaching information networks.

SMFG has entered into cooperation agreements with local government entities as part of its efforts to assist in local industrial development. Based on these agreements, we are making contributions to regional stimulus from various angles based on the specific issues and needs of individual local government entities across Japan.

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



Ceremony commemorating the industrial development cooperation agreement concluded between the city of Kobe and SMFG

Measures for Finance Facilitation

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

"Basic Policy for Finance Facilitation"

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

Corporate Infrastructure

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Corporate Governance

Our Basic Position on Corporate Governance

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

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

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

SMFG’s Corporate Governance System

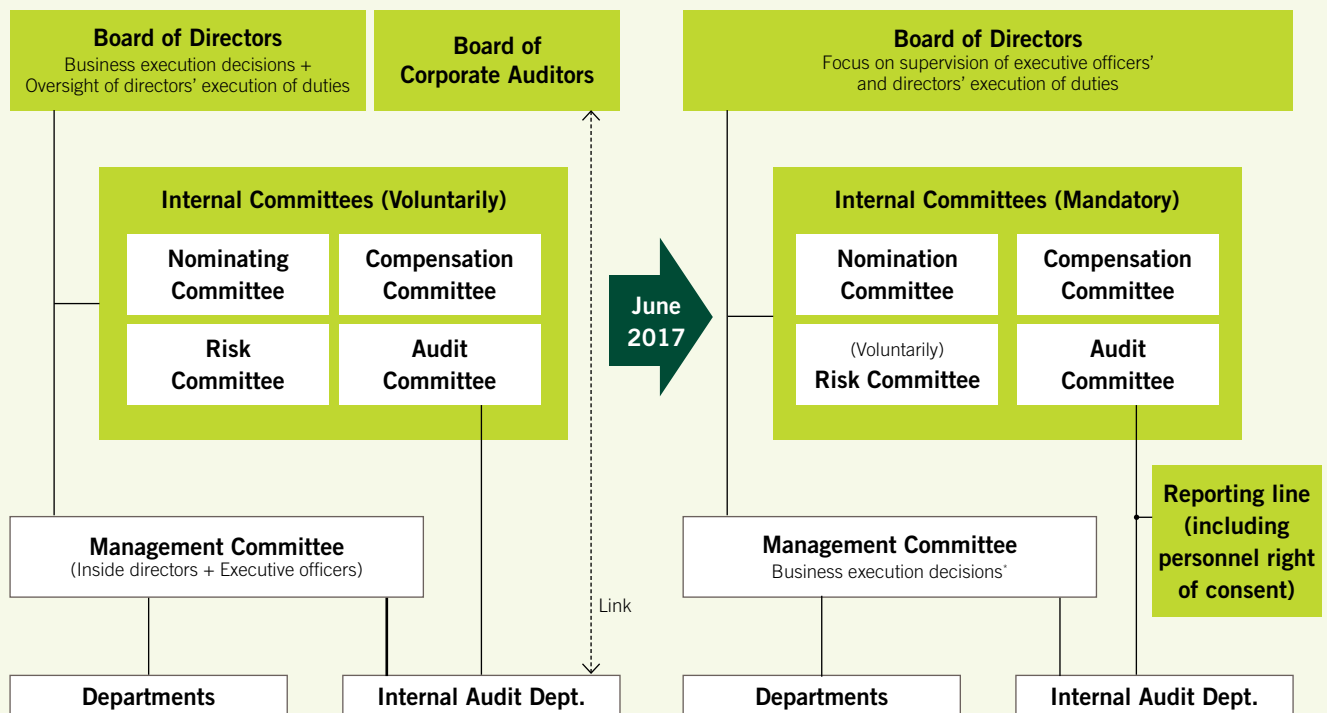
SMFG transitioned to a company with three statutory committees from a company with a board of corporate auditors, following approval at our ordinary general meeting of shareholders held on June 29, 2017. The following corporate governance system was adopted as a result.

Board of Directors

The Board of Directors delegates a large portion of decisions on the execution of the operations to corporate executive officers, excluding those issues legally required to be decided by the Board of Directors, thereby enabling it to better focus on supervising the exercise of duties by executive officers and directors. The chairman of SMFG, who does

Transition to a Company with Three Statutory Committees

SMFG had previously employed a board of corporate auditors governance system. In order to further enhance our solid corporate governance system, we transitioned to a company with three statutory committees, which is globally recognized and is aligned with international banking regulations and supervision, following approval at our ordinary general meeting of shareholders held on June 29, 2017.



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

not have business execution responsibilities, serves as the chairman of the Board of Directors, and ten of the 17 directors also do not have business execution responsibilities at SMFG or its subsidiaries, with seven of these 10 directors being outside directors (as of June 29, 2017). This membership ensures an objective stance toward supervising the exercise of duties by executive officers and directors.

Management Committee

The Management Committee is set up under the Board to serve as the top decision-making body. The Management Committee is chaired by the President of SMFG with other members including executive officers and other officers designated by the president. The President of SMFG considers important matters relating to the execution of business in accordance with the basic policies set by the board of directors and based on discussions held by the committee members.

Internal Committees

The Board of Directors has established four internal committees; the Nominating Committee, the Compensation Committee, and the Audit Committee are required by the Companies Act of Japan whereas the Risk Committee has been established voluntarily. All internal committees consist of a majority of outside directors, except the Risk Committee in which the majority comprises outside directors and outside experts, and are thus able to engage in objective discussions from a perspective that is divorced from business execution.

The Nominating Committee, the Compensation Committee, and the Audit Committee are also chaired by outside directors, adding an extra degree of transparency in discussions.

Internal Committee Composition

◎ : Chairman ○ : Member

		Nomination Committee (1 inside director, 5 outside directors)	Compensation Committee (2 inside director, 4 outside directors)	Audit Committee (2 inside director, 3 outside directors)	Risk Committee (1 inside director, 4 outside directors and outside experts)
Masayuki Matsumoto	Outside director	○		◎	
Arthur M. Mitchell	Outside director	○	○		
Shozo Yamazaki	Outside director			○	○
Masaharu Kohno	Outside director	○			○
Yoshinobu Tsutsui	Outside director	◎	○		
Katsuyoshi Shinbo	Outside director		◎	○	
Eriko Sakurai	Outside director	○	○		
Koichi Miyata	Chairman of the Board	○	○		
Takeshi Kunibe	Director President		○		
Jun Ohta	Director Deputy President and Executive Officer				◎
Toshiyuki Teramoto	Director			○	
Toru Mikami	Director			○	
Hirohide Yamaguchi*1	Outside expert				○
Nobuyuki Kinoshita*2	Outside expert				○

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

*2 Senior Advisor, Aflac Japan

Outside Director Interview

Eriko Sakurai

Director

Sumitomo Mitsui Financial Group, Inc.

Bio

1987 Joined Dow Corning Corporation
2008 Director of Dow Corning Toray Co., Ltd.
2009 Chairman and Chief Executive Officer of Dow Corning Toray Co., Ltd. (to present)
2011 Regional President -Japan/Korea of Dow Corning Corporation
2015 President and Representative Director of Dow Corning Holding Japan Co., Ltd. (to present)
Director of Sumitomo Mitsui Financial Group, Inc. (to present)



Q What kinds of discussions were held for the new Medium-Term Management Plan? Also, what are your expectations for the plan?

In SMFG's history of roughly 15 years, the new Medium-Term Management Plan will come to represent an important turning point because it will be the first Medium-Term Management Plan for the "new SMFG" after introducing the group-wide business units.

When discussing about the group-wide business units, we started from very fundamental questions such as "why we need to establish the new system now?" and each director actively exchanged opinions. Even before SMFG implemented the system, companies within the Group had been actively cooperating with each other including the bank and securities companies. The introduction of group-wide business units will strengthen the ties between the Group companies and allow us to make proposals to our customers more quickly and broadly to meet their diverse needs. This means that SMFG can take advantage of more business opportunities, so I have expectations of growth for SMFG.

We also discussed in detail about the transformation of business portfolio by visualizing where our strengths lie and

in what areas we want to grow. As an executive of a U.S. based company, I feel that holding a diverse portfolio while carefully selecting the focus of initiatives is a powerful asset to meet very wide range of customers' needs.

A challenge SMFG faces under the new Medium-Term Management Plan is to generate group-wide synergies. I am convinced that these synergies are vital to the success of SMFG in the next stage and would like to support this development.

Q What do you keep in mind when you perform your duties as an outside director?

At first, I always voice my views at the board meetings from the perspectives of key stakeholders. Shareholder perspectives are the important ones to represent, and in addition, I try to bring the perspectives from the individual users of financial services, and also from the corporate customers. I also try to bring the global perspectives, as the global business situations and standards keep raising the bar for the financial services.

Being a CEO of the company, I know that internal discussions can easily lose the broader perspectives no matter

what we make efforts. That's why outside directors can bring the value to the discussion table, by asking the right questions – sometimes very simple and fundamental questions. Even though the end result could be the same, the important thing is that we have enough discussions from the broader perspectives, and confirm our visions and strategies make sense to our business and to our stakeholders. We never hesitated to ask, and we will never.

Second is to continue learning. When I first assumed the position of outside director, my image towards SMFG was very limited. I had a strong image of SMFG being a “Bank” and being “domestic”. And with this limited view, I would not have been able to fulfill my duties as an outside director. By given the opportunity to talk to the top management of the Group companies and the heads of business units, I was able to learn that SMFG is operating in an incredibly broad range of fields on a global basis. I am thus very grateful that everyone at SMFG has been very open and providing information to me. Furthermore, as an individual, I try to hold a customer's perspective, by trying out SMFG's services and smartphone applications.

In June 2017, SMFG transformed into a Company with Three Committees from a Company with a Board of Corporate Auditors. This move did not represent a significant change because SMFG was already managed under a governance framework with discretionary internal committees and independent outside directors. However, as the new framework separates functions of “business execution” and “supervision” more clearly, outside directors are now expected to discuss decisions related to business execution from a broader and more overarching perspective. Therefore, I feel a renewed commitment to my role, recognizing that I need to deepen my own insight.

Q What do you think will be most important to increase the corporate value of SMFG going forward?

I believe human resources are the origins of SMFG's corporate value. Of course, human resources are also important in the manufacturing industry. However, the more I learn about the financial industry, including the very strict regulations it faces and the difficulty in developing prominent innovation, the more it became apparent that “cultivating human resources” is the key to differentiation. I believe it is crucial that our customers feel that they

worked with highly competent people and would want to work with them again.

In my more than two years of experience as an outside director at SMFG, I have learned that the Group houses countless ambitious employees, who are sensible, intelligent and have the desire to contribute to society. At the same time, I have heard from global companies giving praise to SMFG for its speed and superior teamwork. Building upon these strengths to steadily create results from both financial and non-financial perspectives will, in the end, enable SMFG to grow profits and contribute to society. I believe this process will also improve SMFG's corporate value and encourage shareholders to become long-term fans of the Group.

Therefore, as an outside director, I would like to ensure SMFG provides a working environment that motivates its employees and an environment where they can fully exercise their talents and generate various ideas, by offering advice when necessary.

Support System for Outside Directors

SMFG views outside directors as representatives of various stakeholders including shareholders, and assign individuals that has a broad-ranging insight and plentiful experience from their endeavors in various fields.

SMFG expects outside directors to offer advice based on their insight that contributes to the sustainable growth and the increase of corporate value of SMFG. Outside directors are regularly provided with opportunities to learn from external lecturers and share views with officers to ensure that they are able to fulfill their role and carry out their duties in an effective manner.

In addition, study sessions are held for new outside directors on subjects such as company profile, business plans and medium-term management plan, corporate governance, and overview of major business units.

SMFG Directors

(As of June 29, 2017)



Koichi Miyata

Chairman of the Board
Chairman of the Board at SMBC



Takeshi Kunibe

Director
President (Representative Executive Officer) and Group CEO



Makoto Takashima

Director
President and CEO at SMBC



Kozo Ogino

Director
Deputy President and Executive Officer
Group CRO
Director and Deputy President at SMBC



Jun Ohta

Director
Deputy President and Executive Officer
(Representative Executive Officer)
Group CFO, Group CSO and Group CDIO



Katsunori Tanizaki

Director
Senior Managing Executive Officer
Group CIO
Director and Senior Managing Executive Officer at SMBC
Director at The Japan Research Institute, Limited



Toshikazu Yaku

Director
Senior Managing Executive Officer
Group CCO and Group CHRO
Director and Senior Managing Executive Officer at SMBC



Toshiyuki Teramoto

Director
Corporate Auditor at SMBC



Toru Mikami

Director



Tetsuya Kubo

Director
Representative Director-Chairman of
SMBC Nikko Securities Inc.



Masayuki Matsumoto
 Director
 Special Advisor of
 the Central Japan Railway Company



Arthur M. Mitchell
 Director
 Attorney at law, admitted in New York,
 the U.S.A.
 Foreign Attorney in Japan



Shozo Yamazaki
 Director
 Certified public accountant



Masaharu Kohno
 Director
 Former diplomat



Yoshinobu Tsutsui
 Director
 President of Nippon Life
 Insurance Company



Katsuyoshi Shinbo
 Director
 Attorney at law



Eriko Sakurai
 Director
 Chairman and Chief Executive Officer
 of Dow Corning Toray Co., Ltd.

Note: Messrs. and Ms. Matsumoto, Mitchell, Yamazaki, Kohno, Tsutsui, Shinbo and Sakurai satisfy the requirements for an “outside director” under the Companies Act.

➡ Please see page 99 for SMBC directors and corporate auditors.

Risk Management

Our Basic Position

Major changes in the business environment for financial institutions, including economic, financial, and regulatory conditions, have increased the importance of promoting appropriate risk-taking practices at SMFG—a diversified financial services company—as it develops its businesses and pursues its management and financial targets. We need to be accurate in our perception of the business environment and risk and rigorous in our risk analysis and management.

SMFG conducts business operations based on its overarching Risk Appetite Framework (RAF).

SMFG Risk Appetite Framework

The SMFG Group introduced RAF to ensure that risk and return levels are appropriate. RAF clarifies the types and levels of risk that we are willing to take on or are prepared to tolerate in order to grow profits based on an accurate understanding of the operating environment and the inherent risks (risk appetite). RAF also contains provisions for controlling group-wide risk. Accordingly, RAF provides a central pillar of business management alongside business strategy.

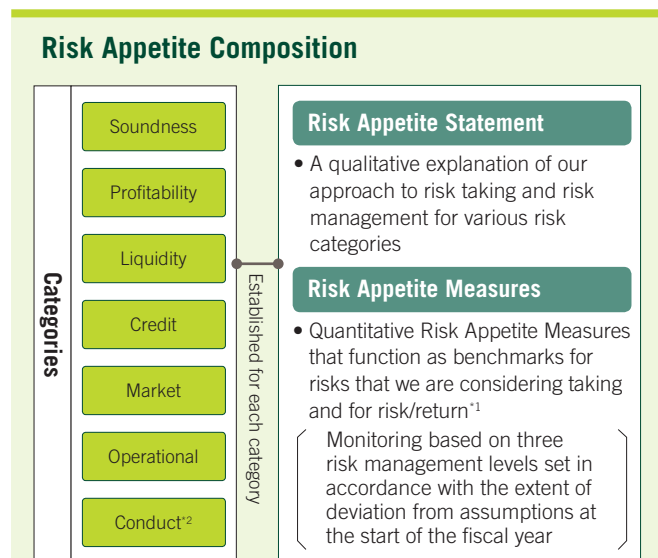
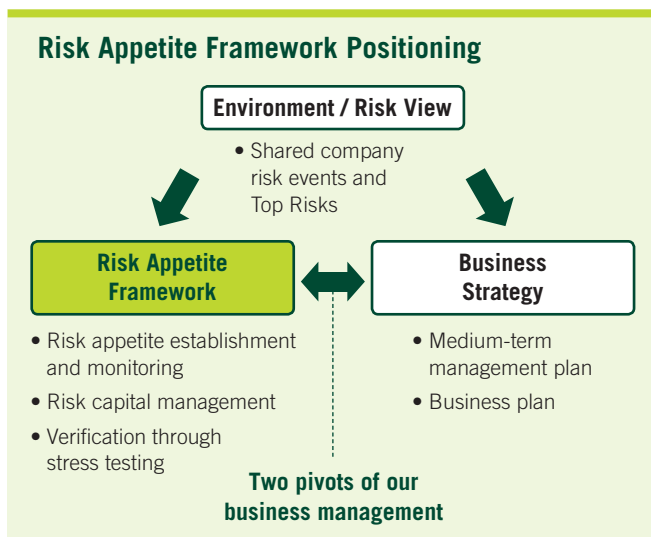
Our basic position and risk appetite specifics are set out in an internal document for group-wide use.

Risk Appetite

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

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

Individual risk appetites have been established for specific business units or strategies as necessary based on the overall risk appetite of SMFG.



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

*2 Conduct Risk Management

SMFG positions conduct risk as one category of risk appetite. Conduct risk is the risk that our conduct negatively affects customers, market integrity, or effective competition. This risk is managed by implementing preventive measures through RAF.

Operation of Risk Appetite Framework

The process of setting risk appetite for each fiscal year begins with discussions and the sharing of information on the current and future business environment and risks by the Management Committee and the Board of Directors. Risks that threaten to severely impact management are identified as Top Risks. Risk appetite is then decided on the basis of risk analyses (stress testing) that illustrate the impact if a risk should be realized. Business strategies and policies for the conduct of business are drawn up on the basis of risk appetite decisions.

The outlooks for the operating environment and risks, including Top Risks, are continuously updated over the course of the fiscal year's business and the risk appetite situation is monitored regularly through the medium of Risk Appetite Measures and other controls. Risk Appetite Measures and business strategies are revised as necessary.

Three risk management levels are set for Risk Appetite Measures, which are monitored accordingly.

Authority and Responsibilities Regarding RAF

Function	Organization	Authority and Responsibilities
Oversight	Board of Directors	Approval of risk appetite
	Risk Committee	Deliberation on matters related to RAF implementation and provision of advice to the Board of Directors
Business Execution	Management Committee	Decision of risk appetite
	Risk Management Committee	Updating of outlooks for the operating environment and risks during fiscal year Monitoring of risk appetite situation Revision of risk appetite

Comprehensive Risk Management

As shown in the table below, the risks needing to be managed on a group-wide basis have been defined as (1) credit risk, (2) market risk, (3) liquidity risk, and (4) operational risk. Risks are managed based on their characteristics.

In addition, necessary guidance is provided to Group companies in identifying categories of risk they need to address in their particular businesses. These risk categories are continuously reviewed and new ones may be added in response to changes in the operating environment.

Thorough assessments of the operating environment and risks, including Top Risks, are carried out to ensure effective operation of RAF, after which risks are managed systematically through frameworks for risk analysis via stress testing and risk capital management.

Top Risks

SMFG identifies those risks that threaten to significantly impact management as Top Risks.

The selection of Top Risks involves comprehensive screening of risk factors, evaluation of each risk scenario's possibility of occurrence and potential impact on management, and discussion by the Risk Management Committee and the Management Committee. Top Risks are utilized to enhance risk management by being incorporated into discussions of RAF and the formulation of business strategies and into the creation of risk scenarios for stress testing.

➔ Please see page 77 for Top Risks of SMFG.

Risk Management Categories

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

Risk Management

Stress Testing

At SMFG, we use stress testing for the development and implementation of forward-looking business strategies, seeking to analyze and comprehend the impact on SMFG's businesses of changes in economic or market conditions.

In our stress testing, we formulate multiple risk scenarios based on the aforementioned Top Risks, discussions with experts and related departments, and macroeconomic indicators such as GDP, stock prices, interest rates, and foreign exchange rates.

When developing business strategies, we formulate scenarios assuming stressed business environments such as serious economic recessions and market disruption to assess risk-taking capabilities at SMFG and verify whether adequate soundness can be maintained under stress.

In addition, SMFG conducts detailed stress testing of credit risk, market risk, and liquidity risk, based on which it develops and revises strategies for risk taking.

Risk Capital Management

In managing credit risk, market risk, and operational risk affecting the entire Group, we apply a uniform standard, risk capital^{*1} based on value at risk (VaR),^{*2} for use in monitoring and managing risks. This standard is applied while taking into account the characteristics of each risk and of the businesses of Group companies. Specific risk capital measures include setting upper limits for risk exposure based on group-wide and business unit risk appetite and group-wide management constitution. Each business unit operates business operation within that limit. Through these precautions, we practice management that maintains an appropriate balance between risks and returns based on a comprehensive perspective and secure sufficient financial soundness.

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

*2 VaR: The maximum loss that can be expected to occur with a certain degree of probability when holding a financial asset portfolio for a given amount of time.

Stress Testing Process

(1) Scenario Design

Scenarios are designed by the Corporate Risk Management Department after compiling information on SMFG's Top Risks and the views of related departments on such factors as future global trends.

(2) Scenario Finalization

Scenarios are revised as necessary based on the outcome of discussions between specialists and related departments.

(3) Calculation of Impact

The scenario's impact on each financial item is estimated for analysis of the impact on such indicators as the CET1.

(4) Confirmation by the Management Committee

At the Management Committee, business strategies are examined based on analyses of risk impact amounts and then verified from the perspective of capital adequacy.

SMFG's Risk Management System

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

In line with these basic policies for risk management, the functions for managing major risks are consolidated within the Risk Management Unit, which is independent from business units, and we seek to refine our risk management system through such means as enhancing comprehensive reviews of each risk category. In addition, the Internal Audit Unit conducts internal audits on the status of risk management to verify that risk is appropriately managed.

Risk management systems are in place at individual Group companies that have been established based on the characteristics of their particular businesses and in accordance with the basic policies. Furthermore, SMFG is sharing information on group-wide risk management and strengthening related systems through the Group CRO Committee, which consists of the Group CRO and risk management representatives from strategically important Group companies.

Risk Committee

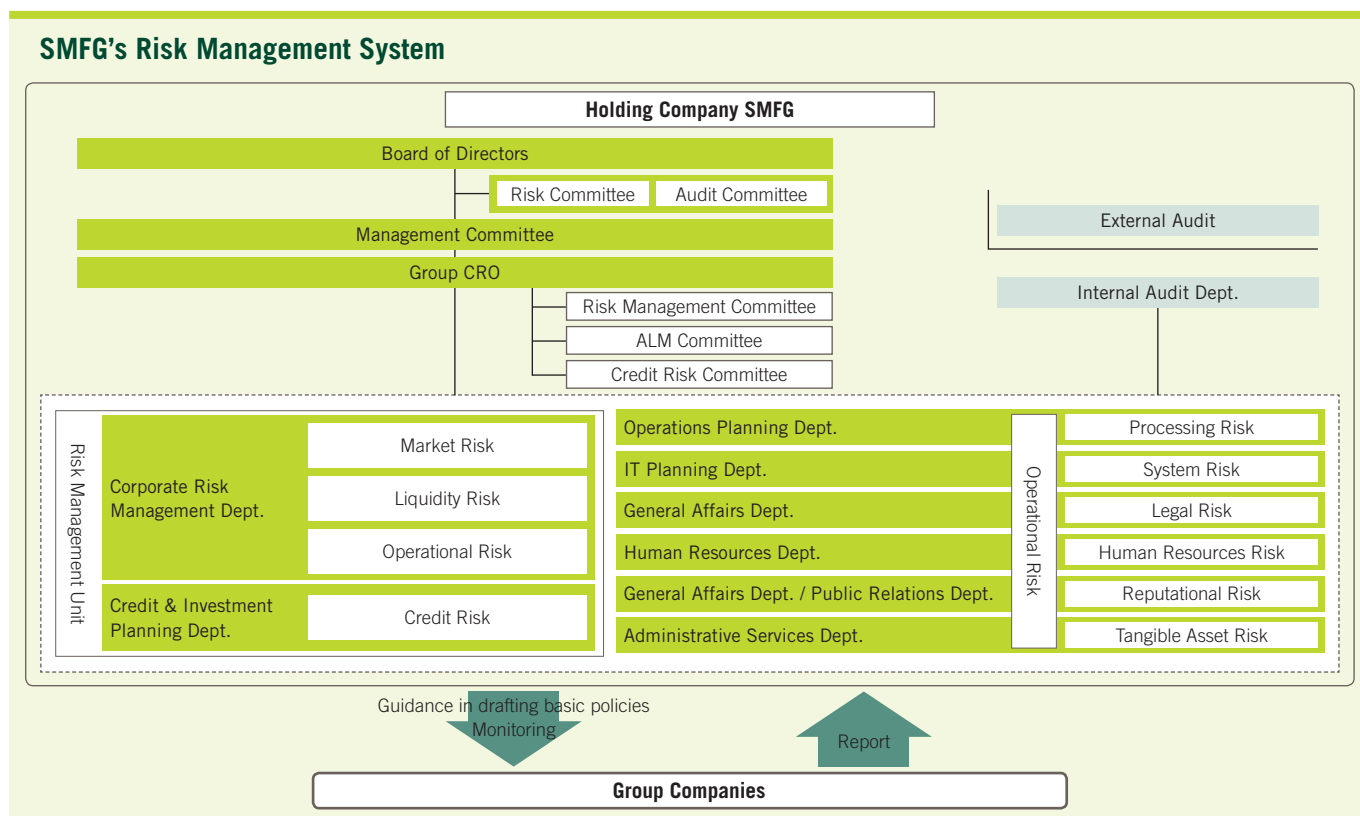
The Risk Committee is an internal committee of the Board of Directors, composed of outside directors as well as experts from inside and outside of the Company who possess specialized insight.

The Risk Committee meets regularly to discuss risk management topics, including Top Risks and RAF, from a specialist viewpoint. The results are reported to the Board of Directors as necessary.

Risk Management Committee

Chaired by the Group CRO and membered by representatives from risk management divisions and business units, the Risk Management Committee is tasked with compiling and sharing information related to group-wide risk management and discussing this information as necessary.

The committee discusses risks, RAF, and other matters related to all areas of risk management and reports its findings to the Management Committee.



Compliance

Basic Compliance Policies

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

Compliance Management

SMFG seeks to maintain a compliance system that provides appropriate instructions, guidance, and monitoring for compliance to ensure sound and proper business operations across the Group. Measures have been put in place to prevent misconduct and quickly detect inappropriate activities that have occurred to implement corrective measures.

As the holding company, SMFG has established the Compliance Committee, which is chaired by the Group Chief Compliance Officer (Group CCO) responsible for overseeing matters related to compliance. This committee comprehensively examines and discusses SMFG’s various work processes from the perspective of compliance.

In addition, SMFG formulated the Group Compliance Program to provide a concrete action plan for practicing compliance on a group-wide level. SMBC and other Group companies develop their own compliance programs based on the Group program and take other steps to effectively install compliance frameworks.

SMFG discusses and receives reports on compliance-related matters from Group companies, providing suggestions and guidance as necessary to ensure compliance throughout the Group.

Response to Anti-social Forces

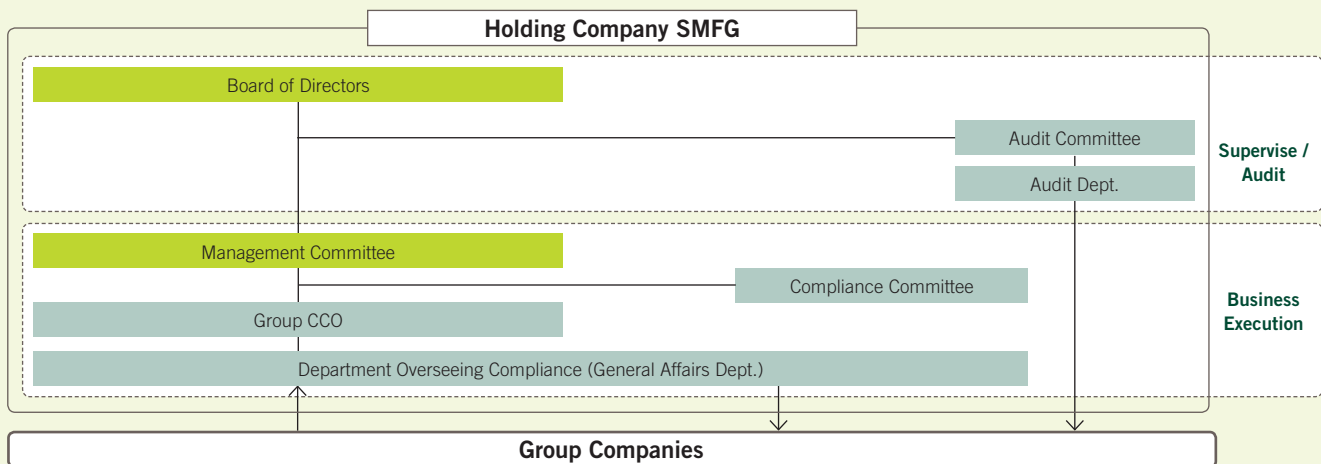
SMFG has set down a basic policy stipulating that all Group companies must unite in establishing and maintaining a system that ensures that the Group allows no relationship whatsoever with anti-social forces or related individuals.

Specifically, the Group strives to ensure that no business transactions are made with anti-social forces or individuals. All contractual documents or terms and conditions must include contracts and terms of transactions clauses regarding the exclusion of anti-social forces from any business relationship, and in the event that it is discovered subsequent to the commencement of a deal or trading relationship that the opposite party belongs to or is affiliated with an anti-social force, we undertake appropriate remedial action by contacting an outside institution specializing in such matters.

Basic Policy for Anti-Social Forces

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 antisocial forces as an organization by cooperating with outside professional agencies.

Compliance Systems at SMFG



Customer Information Management

SMFG has established Group policies that set forth guidelines for the entire Group regarding proper protection and use of customer information. All Group companies adhere to these policies in developing frameworks for managing customer information.

SMBC and other Group companies formulate and disclose privacy policies for their measures regarding the proper protection and use of customer information and numbers. Management systems are established based on these policies.

Internal Reporting Systems and Hotline for Inappropriate Accounting and Auditing Activities

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

outside their company. In addition, SMBC and other Group companies have established internal reporting systems for their employees.

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

SMFG Accounting and Auditing Hotline/Designated Dispute Resolution Agencies

SMFG Accounting and Auditing Hotline	Designated Dispute Resolution Agencies
<p>Reports may be submitted by regular mail or e-mail to the following addresses.</p> <p>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</p> <p>E-mail address: smfghotline@iwatagodo.com</p> <ul style="list-style-type: none"> • 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. 	<p>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.</p> <hr/> <p>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</p> <hr/> <p>Trust Companies Association of Japan: Contact information: Consultation office, Trust Companies Association of Japan Telephone numbers: (Japan) 0120-817335 or 03-6206-3988 Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:15 pm</p> <hr/> <p>Financial Instruments Mediation Assistance Center Contact information: Financial Instruments Mediation Assistance Center Telephone numbers: (Japan) 0120-64-5005 Fax: (Japan) 03-3669-9833 Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm</p>

Internal Audit System

Overview of the Group's Internal Audit System

At SMFG, the holding company, the Audit Department has been established as an internal auditing division that is positioned under the Audit Committee and is independent from business units and compliance and risk management divisions. In addition, the chief audit executive oversees SMFG's group-wide auditing activities.

Based on the Group Internal Audit Charter and the Basic Audit Policy and Plan formulated by the Audit Committee and the Board of Directors, the Audit Division verifies the appropriateness and effectiveness of internal control systems, including those elements related to compliance and risk management. This duty is accomplished through internal audits of Company divisions and Group companies aimed at ensuring the appropriateness of Group operations and the soundness of assets.

In addition, the appropriateness and effectiveness of internal control systems at Group companies are verified through oversight of internal audit functions at these companies and through ongoing monitoring of the status of internal audit implementation. Major audit findings are regularly reported to the Audit Committee, the Board of Directors, and the Group Management Committee. Also, the department is working to strengthen cooperation with accounting auditors through frequent exchanges information for appropriate audit practices

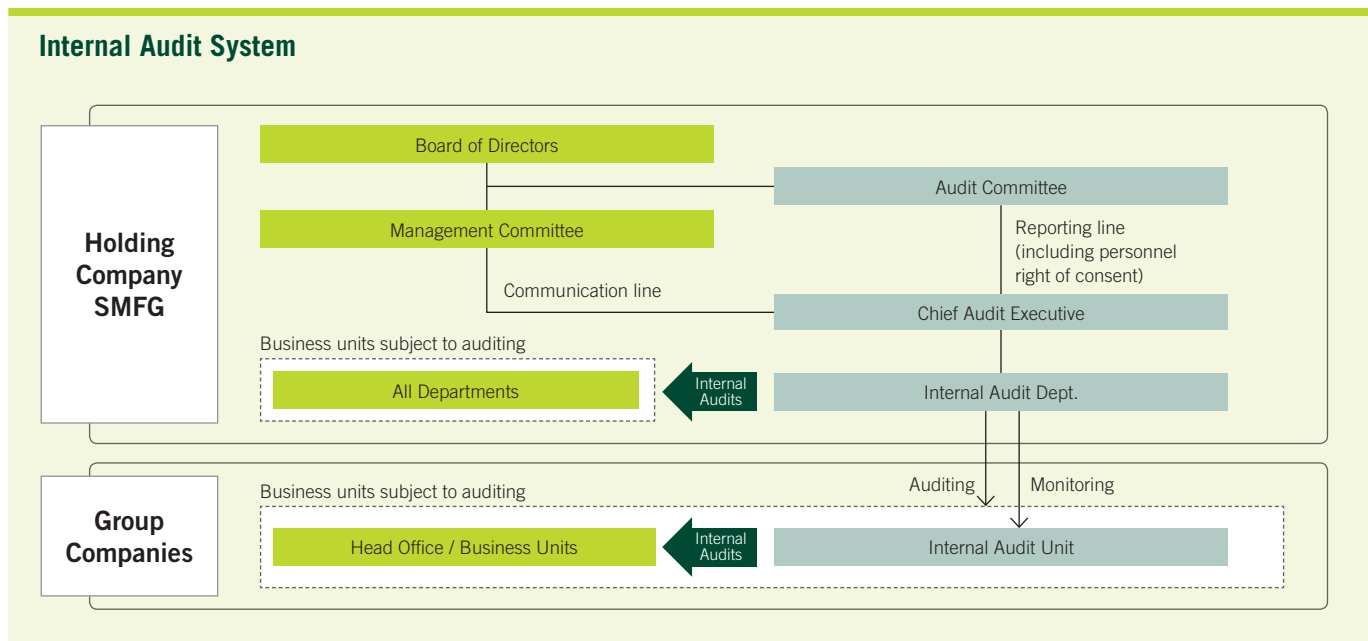
Enhancement of the Quality and Effectiveness of Internal Audit

The SMFG Audit Department has adopted auditing methods in accordance with the standards of the Institute of Internal Auditors (IIA)*. The department conducts risk-based audits and extends the same approach to Group companies as well.

It seeks to enhance the expertise of internal auditors in Group companies as it gathers up-to-date information on internal audit offers that information to Group companies, organizes training programs, and promotes the obtaining of international certification as an auditor.

Moreover, the Audit Department seeks to enhance group-wide audit processes through quality assessments of internal audits based on the IIA standards and on exemplary initiatives by G-SIFIs.

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



Customer Satisfaction and Quality Improvement

Our Basic Position

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

CS and Quality Improvement System

The Group CS Committee at holding company SMFG has been meeting periodically to verify and exchange information regarding feedback from customers and measures for promoting CS from the perspective of facilitating cooperation across the entire Group.

In fiscal 2017, SMFG established the CS Improvement Subcommittee as well as the CS Improvement Committee to function alongside the aforementioned Group CS Committee from the perspective of advancing initiatives and reinforcing management systems related to customer-oriented business conduct. External experts are invited to serve as advisors at meetings of the CS Improvement subcommittee, where information is exchanged on how to fully entrench a customer-oriented mind-set.

Customer-Oriented Business Initiative

Based on the Principles for Customer-Oriented Business Conduct released by the Financial Services Agency on March 30, 2017, SMFG has revised “Our Commitment to Fiduciary Duties” and formulated its Basic Policy for Customer-Oriented Business Conduct.

➔ For information on the Basic Policy for Customer-Oriented Business Conduct, please see pages 91 and 92.

CS and Quality Improvement Initiatives Training for Deepening Understanding of Universal Manners

SMFG conducts employee training designed to deepen understanding with regard to universal manners and dementia. We thereby aim to foster employees who are able to understand and be considerate of people different from them and think and act from the perspectives of various other people, including senior citizens and differently abled individuals.

With regard to dementia, external experts provide basic information on this illness while also offering guidance on how to approach customers suffering from it.

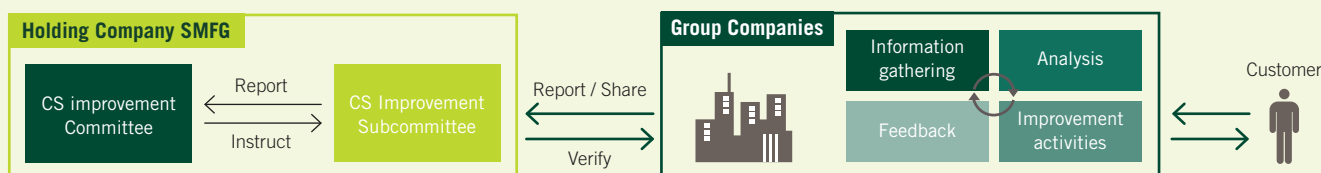
Videos on how to cater to the needs of various individuals in branch



Materials from seminar for deepening understanding regarding dementia



Incorporation of Customer Feedback into Management



Declaration of Compliance with ISO 10002

SMFG and SMBC Consumer Finance have declared their intent to comply with the ISO 10002 (JIS Q 10002) international standard with regard to their processes for incorporating customer feedback into management.

Human Resources

Human Resources Strategy under the Medium-Term Management Plan

- 1

Discipline
Disciplined business management

▶

Optimization of headcount and personnel expenses, and proper deployment of the human resources
- 2

Focus
Focus on our strengths to generate growth

▶

Hire and develop talents to lead the strategy
- 3

Integration
Integration across the Group and globally to achieve sustainable growth

▶

Producing workplace environment to support diversified human resources

Optimization of Headcount and Personnel Expenses, and Proper Deployment of the Human Resource

Optimization of Headcount and Personnel Expenses

SMFG aims to optimize headcount and personnel expenses through enhancing headcount management and personnel expenses management as well as implementing company-wide efforts to increase productivity and operational efficiency.

Proper Deployment of the Human Resource

SMFG aims proper deployment of human resources through group-wide personnel movement based on the business strategy and employees' skill, experience and career development. At the same time, SMFG develops new job-position and focus on education of employee in order to implement group-wide personnel movement smoothly.

Hire and Develop Talents to Lead the Strategy

Allocation of Human Resources to Strategic Growth Fields

SMFG is allocating human resources to strategic growth fields through both personnel relocations and the hiring of mid-career individuals.

Stage-Based Human Resources Development

SMFG categorizes the stages of development of our employees and Human resources development programs are in place for each stage.

Stage	Initiatives
<p>Mid-level Employees (8th year–16th year)</p>	<p>Cultivation of Future Leaders</p> <ul style="list-style-type: none"> • Planned employee rotation plans • Identification of necessary skills and experience and training deliberately aimed at acquiring these
<p>Junior Employees (1st year–7th year)</p>	<p>Development of Junior Employees</p> <ul style="list-style-type: none"> • Enhancement of on-the-job training through establishment of basic principles of working for SMFG and instructor systems • Management skills training for managers

Developing Global Talent

As our business globalizes rapidly, we are committed to strengthen our employees' global business capabilities. For example, we provide various unique global training programs for both Japan hired and overseas hired employees, including a leadership program organized in collaboration with a world-leading business school. We also support employees' language trainings to encourage active communications across borders.

In addition, we promote cross-border transfers and secondment of employees around the world, for both business and training purposes. Through these initiatives, there are increasing number of overseas hired employees who have worked in Japan, contributing to globalize our domestic offices.

By creating an environment where employees with different backgrounds work together and inspire each other, we pursue to provide services of greater value to our customers.

Foster Workplace Environment That Is Conducive to the Efforts of Diverse Human Resources

Promotion of Diversity

SMFG is fostering a workplace environment that will enable diverse human resources to work in diverse manners on the broad field in SMFG

Through SMFG's joint recruiting activities, we implement hiring practices regardless of gender, nationality, and age, seeing only applicants' characters and aptitudes, to actively hire individuals with highly specialized skills.



SMFG's joint hiring event poster

• Empowerment of Female Employees

We hold SMFG joint women's career forums each year for young female employees with the aim of giving them a clear focus in their work at an early stage. In addition, SMFG is focused on cultivating female leaders through its career development support programs, which include leadership training and mentor systems targeting mid-level female employees.

SMFG's initiatives for empowering female employees have earned recognition from external institutions.

Inclusion in Nadeshiko Brand selection compiled jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
Sumitomo Mitsui Financial Group, Inc.



Receipt of "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare
Sumitomo Mitsui Banking Corporation,
The Japan Research Institute, Limited



Receipt of 2017 Catalyst Distinction
Sumitomo Mitsui Banking Corporation



• Working Style Reform

When we hire employees with diverse backgrounds, we cannot expect everyone to be able to fully exercise their talents under the same working style. Accordingly, reforms to working style will be the centerpiece of our efforts to promote diversity. Through these reforms, we will drastically revise operating processes, allow employees flexibility with regard to working locations and times, and take steps to prevent excessive overtime.

As one initiative to promote working style reforms, SMBC began presenting working style reform awards to head office divisions in fiscal 2015. These awards recognize divisions implementing superior initiatives based on the details of these initiatives and the extent to which they were able to reduce overtime.



Working style reform award ceremony

• Employment of Differently Able Individuals

SMBC Nikko Securities employs leading differently abled athletes who take part in competitions and give lectures in Japan and overseas to foster understanding with regard to differently abled individuals.

Improvement of Motivation and Engagement

SMFG develops frameworks for disseminating its Five Values, which serve as its shared code of conduct, and for supporting employees in tackling new challenges. We thereby seek to improve the motivation of all Group employees and make them feel more engaged with their work so that they are able to deliver higher performances.

In addition, we implement group-wide surveys of employees, which we call "financial group employee surveys," to maintain an understanding of employee motivation levels, which is incorporated into human resource measures.

Uniting a Diverse Team of Employees



Takeshi Kunibe
Director President and Group CEO
Sumitomo Mitsui Financial Group, Inc.

When part-time employees are included, SMFG has around 100,000 employees positioned in roughly 40 countries around the world. The SMFG Group comprises various companies, and each company is very unique. In the same manner, our employees are all unique, with differing genders, ages, nationalities, and values. These diverse human resources are our greatest asset.

Creating new value is imperative to survival in the highly volatile operating environment. As we strive to create such value, we must begin by aligning our diverse employees, who come from various backgrounds, along the same vector and having them share fresh and innovative ideas that are unfettered by tradition.

It is not easy to respect diversity while also fostering a sense of team unity. SMFG works to accomplish this through its Five Values, which put forth a set of values and action guidelines shared by all employees. If every employee remains constantly aware of the fact that they are a member of SMFG and roots their individuality in the Five Values, this diversity will become a wellspring of power for the Group. By uniting our diverse team of employees in this manner, we aim to ensure that SMFG continues to be a strong company on into the future.

Corporate Social Responsibility (CSR)

Aiming to Contribute to the Sustained Development of the Entire Society

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

Basic CSR Policies

SMFG has a CSR definition and “business ethics” which is a common philosophy for CSR, to make the position of CSR clear and promote CSR effectively.

Moreover, the Group CSR Department has been set up within the Corporate Planning Department, and CSR committee is held periodically to facilitate improvements in CSR initiatives by discussing matters related to group-wide CSR activities. Such activities are advanced based on SMFG’s definition of CSR, which constitutes our basic CSR policies, and our priority issues.

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

SMFG’s Definition of CSR

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

Priority Issues (Materiality) that SMFG Should Address

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

Endorsement of Initiatives in Japan and Overseas

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

➔ Please follow the link to read about initiatives endorsed by SMFG.
<http://www.smfg.co.jp/english/responsibility/smfgcsr/structure/>

Priority Issues (Materiality)

Environment	Next Generation	Community
<p>The Vision We Aspire for 2030 A financial group that contributes to the preservation of the global environment; the foundation for the lives of all, in order to help realize a sustainable society</p> <p>Issues We Should Address</p> <ul style="list-style-type: none"> • Promotion of environmental businesses • Management of environmental risks • Reduction of environmental impacts 	<p>The Vision We Aspire for 2030 A financial group that contributes to the development of all people’s skills, particularly by spreading and entrenching financial literacy, to create a more empowering future</p> <p>Issues We Should Address</p> <ul style="list-style-type: none"> • Support for growth industries • Resolution of social issues in emerging countries • Promotion of financial literacy education for all generations 	<p>The Vision We Aspire for 2030 A financial group that provides safety and security to all, in order to contribute to the creation of communities in which everyone can participate</p> <p>Issues We Should Address</p> <ul style="list-style-type: none"> • Contribution to achieving and developing safe and secure communities • Promotion of social inclusion in collaboration with NGOs and NPOs • Support for reconstruction in areas impacted by large-scale natural disasters

Environment

Our Basic Position

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

➔ Please follow the link to read about our Group Environmental Policy.

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

Environmental Management System Based on ISO 14001 Certification

In 1998, SMBC became the first Japanese bank to obtain ISO 14001* certification.

With the holding company SMFG serving as the registered company, eight major Group companies have acquired this certification.

* International standard for environmental management systems



ISO 14001 certification

Three Pillars of the Group's Activities

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

Reducing Environmental Impact

SMFG sets objectives for reducing electricity and other energy consumption each year and seeks to be proactive in reaching its goals. In addition, we began receiving third-party verifications for our environmental data from fiscal 2016. Initiatives to reduce impacts on the environment are being advanced across the Group. For example, SMBC makes bank passbooks viewable online and provides electronic loan documents, while Sumitomo Mitsui Card Company offers billing statements in electronic format. Furthermore, SMBC's Ginza Branch was reopened inside the GINZA SIX commercial complex in April 2017 as a new, next-generation branch allowing for all procedures to be performed in a paperless manner.



SMBC's Ginza Branch after reopening

Management of Environmental Risks

SMBC's Credit Policy, which sets out universal and basic philosophies, guidelines, and rules for credit operations, makes explicit reference to environmental risk in credit assessment. In addition, in its environmental and risk assessment, SMBC follows the Equator Principles, which provide private-sector financial institutions a framework for environmental and social risk in financing large-scale development projects.



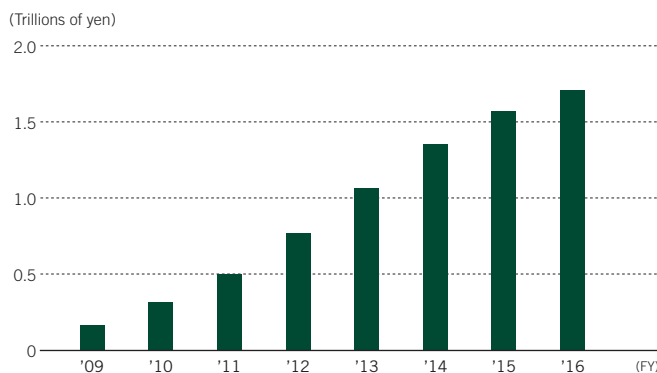
Promoting Environmental Businesses

SMFG positions environmental businesses as a means to preserve and improve the global environment through its core business operations. Examples include support activities carried out through coordination between the different business models of each Group companies, such as support for environmental infrastructure improvement projects and renewable energy projects in emerging countries. In addition, SMFG promotes environmental financing through the issuance of green bonds and the sales of eco funds. We are also providing information to customers via various means, such as the *SAFE* environmental magazine and our participation in the Eco-Pro (International Exhibition on Environment and Energy) exhibition.



Support for utilizing renewable energy

SMBC Environmental Assessment Loan / Private Placement Bond Performance*



* Aggregate total from commencement of financing to March 31, 2017

Corporate Social Responsibility (CSR)

Next Generation

Our Basic Position

SMFG draws on its financial functions to the full in the development of industries and personnel that will support the next generation. We are also engaged in the improvement of financial literacy and the development of markets that support healthy economic growth in emerging countries. By using our financial expertise, we contribute to creating a vibrant society where the next generation can flourish.

Improvements to Financial Literacy

SMFG Group companies unite to provide financial and economic education based on their respective business models. SMBC and SMBC Nikko Securities accept student's visits while SMBC Consumer Finance organizes financial and economic educational seminars for college students and those who have entered the workforce. The Group provided financial and economic education and career education to approximately 130,000 individuals in fiscal 2016.

What Does a Bank Do?, and *JUNIOR SAFE*, a book and magazine both targeted for children about the environment has received the 10th Kid's Design award of excellence (by Minister of State for Consumer Affairs and Food Safety). Our activities include the provision of the Hello Money; a smartphone application helping children managing their allowances, co-sponsorship of the KidZania work experience theme park, and supporting Finance Park educational programs for middle school students.



Iwaki Juku career education program, Iwaki City, Fukushima Prefecture



Bank work experience program for elementary school students



JUNIOR SAFE children's magazine



Bank work experience attraction at KidZania

Initiatives Targeted at Social Issues in Asia

From March 2015, SMBC and PT Bank Sumitomo Mitsui Indonesia has cooperated with Indonesian major Djarum Group's Foundation for facilitating CSR activities in Indonesia. We have donated training equipment to respective vocational schools in the sphere of education.

SMBC became the first Japanese company to sign an agreement with the Japan Committee for UNICEF in 2015. The agreement concerns training program for school teachers in Myanmar, to contribute to educational improvement.



Training using state-of-the-art ship simulator



Education support activities in Myanmar

Global Human Resources Development

The SMBC Foundation for International Cooperation provides scholarships to students from Asia, attending graduate schools in Japan whom may contribute to the economic development of emerging countries in the future. The foundation also provides subsidies to research that undertake projects contributing to economic development of emerging countries.

The SMBC Global Foundation, based in the United States, has also provided scholarships to more than 6,000 university students in Asian countries since 1994. It supports educational trips to Japan, and other programs by volunteers from SMBC. The foundation also matches donations from our employees.

Community

Our Basic Position

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

Initiatives to Assist the Elderly and People with Cognitive Impairment and Disabilities

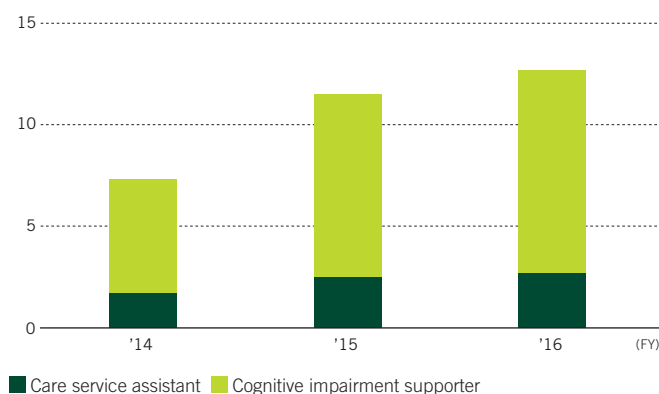
As of March 31, 2017, SMFG had trained approximately 10,000 staff members as cognitive impairment supporters. In addition, SMBC encourages employees to acquire care service assistant qualifications and is developing its branches in a manner that ensures the elderly and people with disabilities can use them with ease.



Cognitive impairment supporter training seminar

Acquisition of Qualifications by Employees

(Thousand people)



Resolution of Social Issues in Conjunction with NGOs and NPOs

Approximately 10,000 executives and employees participate in SMBC's voluntary scheme for deductions from salaries for donations to charitable organizations. In fiscal 2016, donations were made to 34 organizations working on the resolution of social issues, and approximately 430 volunteers by executives, employees and their families, participated directly in the activities of these organizations.

In addition, we held various volunteer activity programs open to Group employees and conducted the SMFG Pro Bono Project, a *pro bono* activity program through which employees use their professional knowledge and skills to contribute to the public good.



Pro bono activities in which employees use their skills to contribute to the public good

Donation Targets and Supported Activities

Domestic: Childcare support activities, child abuse prevention activities, support for the independence of people with disabilities, environmental education activities, etc.
Overseas: Support for afforestation activities in Thailand and Cambodia, support for educational activities at schools in Vietnam, the Philippines, and South Africa, etc.

Support for Areas Affected by Natural Disasters

Since May 2011, SMFG employees and members of their families have been participating in voluntary activities in areas affected by the Great East Japan Earthquake. In addition, employees volunteered in the areas affected by the Kumamoto earthquakes during fiscal 2016.

As of March 31, 2017, more than 1,000 executives, employees, and family members had taken part in volunteer activities in the Tohoku region and Kumamoto Prefecture.



Volunteer activity in earthquake-stricken area

Financial Review

Operating Results

Income Summary (SMFG Consolidated)

Year ended March 31	(Billions of yen)		
	2016 (A)	2017 (B)	Increase (decrease) (B) – (A)
Consolidated gross profit	2,904.0	2,920.7	16.8
General and administrative expenses	(1,724.8)	(1,812.4)	(87.6)
Equity in gains (losses) of affiliates	(36.2)	24.6	60.7
Consolidated net business profit	1,142.9	1,132.9	(10.1)
Total credit cost	(102.8)	(164.4)	(61.6)
Gains (losses) on stocks	69.0	55.0	(14.0)
Others	(123.9)	(17.6)	106.2
Ordinary profit	985.3	1,005.9	20.6
Profit attributable to owners of parent	646.7	706.5	59.8

(Reference) Income Summary (SMBC Non-consolidated)

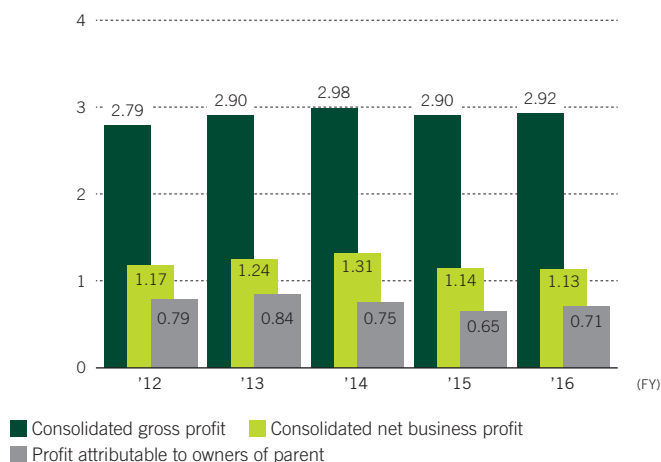
Year ended March 31	(Billions of yen)		
	2016 (A)	2017 (B)	Increase (decrease) (B) – (A)
Gross banking profit	1,534.3	1,663.7	129.4
Expenses*1	(805.5)	(816.9)	(11.5)
Banking profit*2	728.8	846.7	117.9
Credit cost	3.2	(61.1)	(64.3)
Gains (losses) on stocks	35.3	115.1	79.7
Others	(19.4)	(36.6)	(17.2)
Ordinary profit	747.9	864.0	116.1
Net income	609.2	681.8	72.6

*1 Excluding non-recurring losses

*2 Before provision for general reserve for possible loan losses

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

(Trillions of yen)



Consolidated net business profit

Consolidated gross profit increased by ¥16.8 billion year-on-year to ¥2,920.7 billion. The primary reasons were an increase in profit of SMBC Nikko Securities Inc. by regarding as rallies in the market conditions and profit contribution of SMFL Capital Company, Limited which has been included in the scope of consolidation from fiscal 2016, despite of an impact of negative interest rates.

General and administrative expenses increased by ¥87.6 billion year-on-year to ¥1,812.4 billion, due to ongoing investments to enhance top-line profit growth and the effects from system investments in the past years, despite of strengthening of cost control in the entire group. Equity in gains (losses) of affiliates increased by ¥60.7 billion year-on-year to ¥24.6 billion. This was mainly because an impairment loss on goodwill was recognized for BTPN in the previous fiscal year, which is not recognized in this fiscal year.

As a result, consolidated net business profit decreased by ¥10.1 billion year-on-year to ¥1,132.9 billion.

Credit cost

Total credit cost increased by ¥61.6 billion year-on-year to ¥164.4 billion. This was mainly due to additional reserves for possible loan losses with worsened business results of SMBC's obligor with large exposure.

Gains (losses) on stocks

Gains (losses) on stocks decreased by ¥14.0 billion year-on-year to ¥55.0 billion.

Ordinary profit

In addition to the above items, Others increased by ¥106.2 billion, resulting in losses of ¥17.6 billion. This was mainly due to provision for reserve for losses on interest repayment in the previous fiscal year, which is not recognized in this fiscal year and for other reasons. As a result, Ordinary profit increased by ¥20.6 billion year-on-year to ¥1,005.9 billion.

Profit attributable to owners of parent

Profit attributable to owners of parent increased by ¥59.8 billion year-on-year to ¥706.5 billion due to an increase in deferred tax assets recoverable in the future with application of the consolidated corporate-tax system from fiscal year ending March 31, 2018 (fiscal 2017).

Financial Position

Consolidated Balance Sheet (SMFG Consolidated)

March 31	2016 (A)	2017 (B)	Increase (decrease) (B) – (A)
Assets	186,585.8	197,791.6	11,205.8
Loans and bills discounted	75,066.1	80,237.3	5,171.2
Securities	25,264.4	24,631.8	(632.7)
Liabilities	176,138.2	186,557.3	10,419.2
Deposits	110,668.8	117,830.2	7,161.4
Negotiable certificates of deposit	14,250.4	11,880.9	(2,369.5)
Net assets	10,447.7	11,234.3	786.6

NPLs based on the Financial Reconstruction Act (SMFG Consolidated)

March 31	2016 (A)	2017 (B)	Increase (decrease) (B) – (A)
NPLs based on the Financial Reconstruction Act (A)	992.7	927.7	(65.1)
Normal assets	85,579.4	91,575.2	5,995.8
Total (B)	86,572.2	92,502.9	5,930.7
NPL ratio (A/B)	1.15%	1.00%	(0.15)%

Unrealized Gains (Losses) on Other Securities (SMFG Consolidated)*

March 31	2016		2017		Increase (decrease) (B) – (A)
	Consolidated balance sheet amount	Net unrealized gains (losses) (A)	Consolidated balance sheet amount	Net unrealized gains (losses) (B)	
Stocks	3,511.9	1,573.0	3,757.8	1,921.9	348.9
Bonds	10,893.1	109.2	10,181.4	60.4	(48.8)
Others	8,728.5	225.3	9,677.7	206.5	(18.9)
Total	23,133.4	1,907.5	23,616.8	2,188.7	281.2

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

Loans and bills discounted

Loans and bills discounted increased by ¥5,171.2 billion year-on-year to ¥80,237.3 billion. This increase was mainly due to increases in both domestic and overseas loans and bills discounted of SMBC.

Deposits

Deposits increased by ¥7,161.4 billion year-on-year to ¥117,830.2 billion. This increase was mainly due to increases in both individual and corporate deposits in Japan. Negotiable certificates of deposit decreased by ¥2,369.5 billion year-on-year to ¥11,880.9 billion.

NPLs based on the Financial Reconstruction Act

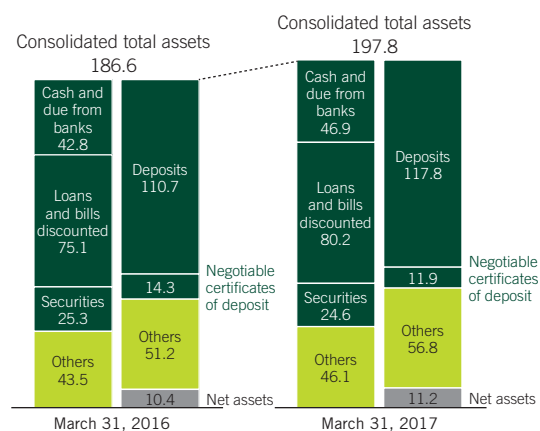
NPLs based on the Financial Reconstruction Act decreased by ¥65.1 billion year-on-year to ¥927.7 billion. As a result, NPL ratio decreased by 0.15 percentage points year-on-year to 1.00%.

Securities

Securities decreased by ¥632.7 billion year-on-year to ¥24,631.8 billion. Net unrealized gains on other securities increased by ¥281.2 billion year-on-year to ¥2,188.7 billion.

Consolidated Balance Sheet (SMFG Consolidated)

(Trillions of yen)



Financial Review

Capital

Consolidated capital ratio (international standard) (SMFG Consolidated)

March 31	2016 (A)	2017 (B)	(Billions of yen) Increase (decrease) (B) – (A)
Common equity Tier 1 capital	7,796.5	8,608.5	812.0
Additional Tier 1 capital	1,235.2	1,337.7	102.5
Tier 1 capital	9,031.7	9,946.2	914.5
Tier 2 capital	2,204.3	2,027.5	(176.8)
Total capital	11,235.9	11,973.7	737.7
Risk weighted assets	66,011.6	70,683.5	4,671.9
Common equity Tier 1 capital ratio	11.81%	12.17%	0.36%
Tier 1 capital ratio	13.68%	14.07%	0.39%
Total capital ratio	17.02%	16.93%	(0.09)%

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

Common equity Tier 1 capital	7,901.0	8,678.7	777.7
Common equity Tier 1 capital ratio	11.9%	12.2%	0.3%
(Excludes net unrealized gains (losses) on other securities)	9.9%	10.0%	0.1%

Capital

Common equity Tier 1 capital increased by ¥812.0 billion year-on-year to ¥8,608.5 billion, and total capital increased by ¥737.7 billion year-on-year to ¥11,973.7 billion, due to an increase in profit attributable to owners of parent.

Risk weighted assets

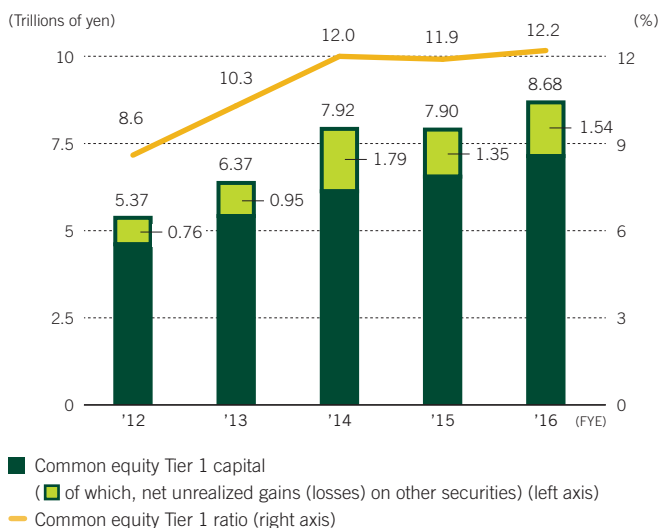
Risk weighted assets increased by ¥4,671.9 billion year-on-year to ¥70,683.5 billion. The increase was mainly due to assets investments in both domestic and overseas operations, an influence that SMFL Capital Company became a consolidated subsidiary of SMFG from fiscal 2016, and for other reasons.

Capital ratio

The common equity Tier 1 ratio increased by 0.36 percentage points year-on-year to 12.17%, and the total capital ratio decreased by 0.09 percentage points year-on-year to 16.93%.

Calculated on a Basel III fully-loaded basis (based on the definition as of March 31, 2019), the common equity Tier 1 ratio increased by 0.3 percentage points year-on-year to 12.2%

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

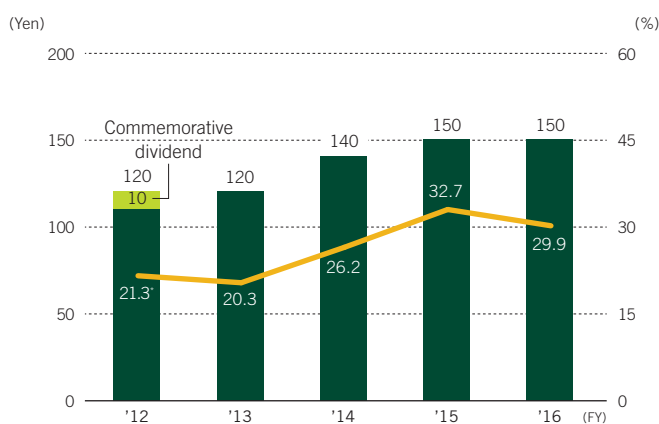


Dividend

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

In line with this basic policy, SMFG decided the ordinary dividend per share on common stock was ¥150 in fiscal 2016, the same as in the previous fiscal year.

► Ordinary dividend per share



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

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

Sponsorship

SMFG sponsors various sports events.

SMBC Nippon Series (Professional Baseball in Japan)



Japan National Rugby Team



SMBC Singapore Open



Websites

SMFG

Home Page



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

IR Information



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

Corporate Social Responsibility



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



Appendix I

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Group Companies (as of March 31, 2017)



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 data processing, and asset management.

Business Mission

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

Company Name: Sumitomo Mitsui Financial Group, Inc.

Business Description:

1. Management of banking subsidiaries and other companies that can be treated as subsidiaries under the stipulations of Japan's Banking Act as well as the performance of ancillary functions
2. Functions that can be performed by bank holding companies under the stipulations of Japan's Banking Act

Establishment: December 2, 2002

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

Chairman of the Board: Koichi Miyata
(Appointed on April 1, 2017)

President: Takeshi Kunibe
(Appointed as President on April 1, 2017, Appointed as President and Group Chief Executive Officer on June 29, 2017)

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.

Credit Ratings (as of June 30, 2017)

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

Financial Information

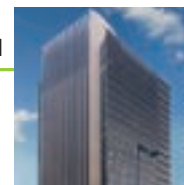
(Consolidated basis, years ended March 31)

	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Ordinary income.....	¥ 5,133.2	¥ 4,772.1	¥ 4,851.2	¥ 4,641.8
Ordinary profit.....	1,005.8	985.2	1,321.1	1,432.3
Profit attributable to owners of parent.....	706.5	646.6	753.6	835.3
At Year-End:				
Net assets	¥ 11,234.2	¥ 10,447.6	¥ 10,696.2	¥ 9,005.0
Total assets	197,791.6	186,585.8	183,442.5	161,534.3



SUMITOMO MITSUI BANKING CORPORATION

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



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

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

Company Name: Sumitomo Mitsui Banking Corporation

Business Profile: Commercial banking

Establishment: June 6, 1996

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

President and CEO: Makoto Takashima
(Appointed on April 1, 2017)
(Concurrent Director at Sumitomo Mitsui Financial Group)

Number of Employees: 29,283

Number of branches and other business locations:

In Japan:	2,094*
Branches:	506
(Including 46 specialized deposit account branches)	
Sub-branches:	431
Banking agencies:	1
Offices handling non-banking business:	23
Automated service centers:	1,133
Overseas:	41
Branches:	18
Sub-branches:	20
Representative offices:	3

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

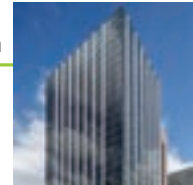
Credit Ratings (as of June 30, 2017)

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

Financial Information

(Consolidated basis, years ended March 31)

	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Ordinary income.....	¥ 3,014.4	¥ 3,059.0	¥ 3,199.4	¥ 3,105.9
Ordinary profit	829.4	930.3	1,198.9	1,298.7
Net income.....	543.1	680.1	736.9	785.6
At Year-End:				
Net assets	¥ 8,908.1	¥ 9,446.1	¥ 10,036.0	¥ 8,640.7
Total assets	180,946.6	180,408.6	177,559.1	155,824.1



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

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

Company Name: SMBC Trust Bank Ltd.
Business Profile: Commercial banking and Trust Banking
Establishment: February 25, 1986
Head Office: 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo
President and CEO: Hidetoshi Furukawa
Number of Employees: 2,064
Number of branches: In Japan: 37
 (Including Internet Branch and Sub-Branches)

Financial Information (Years ended March 31)

	Billions of yen		
	2017	2016	2015
For the Year:			
Ordinary income	¥ 39.9	¥ 20.5	¥ 7.3
Ordinary profit (loss)	(15.8)	(9.5)	(1.1)
Net income (loss)	(4.1)	(10.8)	(1.3)
At Year-End:			
Total assets	¥2,710.8	¥2,517.2	¥224.2



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

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

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

Company Name: Sumitomo Mitsui Finance and Leasing Company, Limited
Business Profile: Leasing
Establishment: February 4, 1963
Head Office:
Tokyo Head Office: 3-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Osaka Head Office: 3-10-19, Minami-Semba, Chuo-ku, Osaka
President and CEO: Masaki Tachibana
 (Appointed on June 27, 2017)
Number of Employees: 3,492

Credit Ratings (as of June 30, 2017)

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

Financial Information

(Consolidated basis, years ended March 31)

	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Leasing transaction volume	¥2,192.6	¥1,994.8	¥1,865.8	¥1,767.0
Operating revenue	1,420.8	1,147.8	1,152.0	1,037.2
Operating profit	89.0	79.6	84.8	75.6
Ordinary profit	90.4	81.0	86.9	77.2
Profit attributable to owners of parent	50.4	45.5	45.8	41.2
At Year-End:				
Total assets	¥5,601.6	¥4,736.8	¥4,601.0	¥4,176.3



www.smbcnikko.co.jp/en



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

Company Name: SMBC Nikko Securities Inc.
Business Profile: Securities
Establishment: June 15, 2009
Head Office: 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
President and CEO: Yoshihiko Shimizu
Number of Employees: 8,807

Credit Ratings (as of June 30, 2017)

	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)

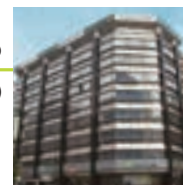
	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Operating revenue.....	¥ 334.4	¥ 297.9	¥ 332.6	¥ 333.4
Operating income.....	69.0	46.9	89.1	96.6
Ordinary profit.....	70.5	48.3	93.2	97.1
Net income.....	39.4	33.1	62.5	61.4
At Year-End:				
Total assets.....	¥11,536.9	¥10,346.2	¥9,231.8	¥7,125.5



SMBC FRIEND SECURITIES CO., LTD.

www.smbc-friend.co.jp

(Japanese only)



SMBC Friend Securities Co., Ltd., is a full-service securities firm with a business focused mainly on retail clients. SMBC Friend Securities provides highly efficient nationwide network operations offering services closely tailored to the needs of its clients and communities while operating a new business model of online financial consulting services.

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

Company Name: SMBC Friend Securities Co., Ltd.
Business Profile: Securities
Establishment: March 2, 1948
Head Office: 7-12, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo
President and CEO: Koichi Danno
Number of Employees: 1,755

Financial Information (Years ended March 31)

	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Ordinary income.....	¥ 42.4	¥ 43.0	¥ 50.0	¥ 57.7
Operating profit.....	4.7	4.1	9.8	15.0
Ordinary profit.....	5.7	5.2	10.4	15.3
Net income.....	0.7	3.2	7.4	10.0
At Year-End:				
Total assets.....	¥319.7	¥305.6	¥353.2	¥338.3

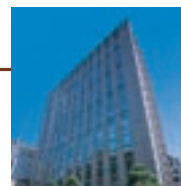
SMBC Nikko Securities and SMBC Friend Securities are scheduled to merge in January 2018 assuming approval is received from the relevant authorities.



SUMITOMO MITSUI CARD COMPANY, LIMITED

www.smbc-card.com

(Japanese only)



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

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

Company Name: Sumitomo Mitsui Card Company, Limited

Business Profile: Credit card

Establishment: December 26, 1967

Head Office:

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

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

President and CEO: Ken Kubo

Number of Employees: 2,460

Credit Ratings (as of June 30, 2017)

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

Financial Information (Years ended March 31)

	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Revenue from credit card operations.....	¥12,262.7	¥11,360.6	¥10,091.0	¥9,131.5
Operating revenue.....	223.4	210.1	198.4	191.4
Operating profit.....	34.7	40.5	41.9	43.6
Ordinary profit.....	34.5	40.5	42.0	43.7
Net income.....	24.4	26.6	25.9	23.4
At Year-End:				
Total assets.....	¥ 1,500.7	¥ 1,356.3	¥ 1,271.7	¥1,218.4
Number of cardholders (in thousands).....	25,731	24,239	23,490	22,994



www.cedyna.co.jp/english/



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

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 and CEO: Satoru Nakanishi

Number of Employees: 3,339

Financial Information (Years ended March 31)

	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Operating revenue.....	¥ 152.1	¥ 149.9	¥ 149.8	¥ 160.0
Operating profit.....	7.0	0.4	1.0	10.7
Ordinary profit.....	7.1	0.4	1.1	11.2
Net income.....	14.2	0.2	24.4	16.3
At Year-End:				
Total assets.....	¥2,112.5	¥2,037.8	¥1,957.5	¥1,977.9
Number of cardholders (in thousands).....	16,650	17,020	17,633	18,412

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

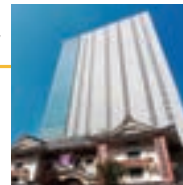
Establishment: March 20, 1962

Head Office: 4-12-15, Ginza, Chuo-ku, Tokyo

President and CEO: Ryoji Yukino

Number of Employees: 2,267

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



Credit Ratings (as of June 30, 2017)

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

Financial Information (Years ended March 31)

	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Operating revenue	¥186.2	¥178.3	¥168.6	¥164.7
Operating profit (loss) ..	51.6	(72.3)	3.7	15.9
Ordinary profit	51.8	(72.3)	3.7	15.5
Net income	100.8	(72.1)	1.5	19.0
At Year-End:				
Total assets	¥925.8	¥858.5	¥833.3	¥821.5

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

Company Name: The Japan Research Institute, Limited

Business Profile: System development, data processing, management consulting and economic research

Establishment: November 1, 2002

Head Office:

Tokyo Head Office: 2-18-1, Higashi-Gotanda, Shinagawa-ku, Tokyo

Osaka Head Office: 2-2-4, Tosabori, Nishi-ku, Osaka

President and CEO: Masahiro Fuchizaki

Number of Employees: 2,442



Financial Information (Years ended March 31)

	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Operating revenue	¥132.9	¥125.0	¥111.1	¥106.0
Operating profit	2.2	2.2	1.7	1.7
Ordinary profit	2.0	1.8	1.5	1.5
Net income	1.5	1.3	0.5	0.7
At Year-End:				
Total assets	¥103.2	¥101.8	¥ 93.0	¥ 89.5

Sumitomo Mitsui Asset Management Company Limited (SMAM), as one of the Japanese top-tier asset managers, contributes to clients' wealth building with highest quality products and services. Since July 2016, the company has been a consolidated company of SMFG.

SMAM has always placed "Customer-oriented Business Conduct" at the center of its day-to-day business activities as seen in the fact the company ahead of other Japanese asset managers expressed "Our Commitment to Fiduciary Duties." For the future, SMAM will continue to fulfill its responsibilities by improvement of quality and speed of business process as well as development of products and services enhancing Quality of Life of our clients. Above all, it is our mission to accelerate shifts from savings to wealth building with further satisfaction of our clients.

Company Name: Sumitomo Mitsui Asset Management Company, Limited

Business Profile: Investment management (discretionary/advisory) and investment trust fund management

Establishment: July 15, 1985

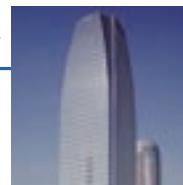
Head Office: 2-5-1 Atago, Minato-ku, Tokyo

President and CEO: Takashi Matsushita

Number of Employees: 642

Financial Information (Years ended March 31)

	Billions of yen			
	2017	2016	2015	2014
For the Year:				
Operating revenue	¥39.1	¥41.7	¥36.1	¥36.3
Operating profit	4.5	5.5	3.7	4.7
Ordinary profit	4.6	5.5	3.7	4.7
Net income	3.5	4.0	1.9	3.3
At Year-End:				
Total assets	¥46.5	¥45.1	¥42.1	¥41.0





Risk Management

Basic Approach

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

SMFG has established group-wide basic policies for risk management to put forth concrete directives for appropriately managing risks on a group-wide basis. Adhering to these policies, we identify the location and the types of risk to be managed in accordance with strategic goals and business structures and strive to manage each risk appropriately based on its characteristics.

1. Comprehensive Risk Management

SMFG takes a comprehensive and systematic approach to risk management, with risk analysis by stress testing and risk capital management following the ascertainment of environment and risk views, including Top Risks (see page 53).

Top Risks

The major Top Risks recognized by SMFG and examples of the scenarios that could potentially result from these risks are listed in the table below (see page 53 for information on methods of utilizing Top Risks).

2. Risk Management System

At SMFG, top management plays an active role in the risk management process out of recognition for the importance of risk management. The group-wide basic policies for risk management are to be determined by the Management Committee before being authorized by the Board of Directors. In addition, SMFG has appointed the Group CRO that is tasked with promoting appropriate risk management by developing an understanding of and managing risks in an integrated manner on a group-wide basis.

Group companies have established risk management systems based on their business characteristics (see page 55).

Implementation of the Basel Capital Accord

The Basel III regulatory framework was established on March 31, 2013, based on the lessons learned from the global financial crisis that spanned from 2008 to 2009. This framework consists of capital, leverage, and liquidity ratios designed to maintain sound operating standards for internationally active banks. SMFG calculates its ratios in accordance with the standards for Japanese banks.

The Financial Stability Board (FSB) designates Global Systemically Important Banks (G-SIBs) and arranges them into one of five bucket categories. Banks designated as G-SIBs are obligated to maintain even higher capital ratios based on their bucket (1.0% to 3.5% higher than the standard obligation). As of March 31, 2017, SMFG was designated as a bucket 1 G-SIB and was obligated to achieve a phased increase in its capital ratio to raise it above the standard obligation by the lowest amount required of G-SIBs (1.0%).

In addition, the Basel Committee on Banking Supervision is engaged in ongoing discussions regarding the revision of risk asset calculation methods as well as the revision of minimum capital levels (so-called “capital floors”) and other capital ratio regulations. Furthermore, unique financial regulations are being introduced in major countries and regions. In light of these developments, SMFG has identified trends in international financial regulations as one of its Top Risks. We will thus monitor the direction of these discussions, measure the potential impact on our operations, and respond accordingly.

Appropriate revisions to regulations for financial institutions can contribute to stability in the financial system, but excessive regulation can result in constraints on the intermediary function of the institutions, which in turn can adversely impact the real economy. SMFG is therefore pursuing a cooperative approach with the relevant authorities and other financial institutions, making its views known to contribute to the development of appropriate regulatory frameworks.

Top Risks	Example Risk Scenarios
Global political and economic trends	Slowdown in the global economy resulting from increased opaqueness in the U.S. or European political climates, stagnancy in the economies of China or emerging countries, sharp resource price movements, etc.
Geopolitical risks faced around the world (including terrorism)	Slowdown in the economies of specific countries resulting from the increased geopolitical risks associated with the Korean peninsula, domestic or overseas acts of terrorism, etc.
Monetary policy and economic trends in Japan	Deterioration of financial institutions' earnings resulting from further application of negative interest rate policies by the Bank of Japan; economic slowdown or increased financial instability in Japan resulting from yen appreciation, sluggish foreign demand, poor market conditions, etc.
Trends in international financial regulations	Higher capital or liquidity requirements due to the institution of stricter international financial regulations; implementation and enforcement of unique or stricter regulations in principal countries
Lack of reliability in relation to foreign currency procurement	Lack of reliability or efficiency with regard to foreign currency procurement due to operating environment changes including rising foreign currency procurement costs or cash outflows at major institutions holding foreign currency deposits
Legal or compliance-related incidents	Damage to reputation due to incurring government penalties, fines, other sanctions as a result of incidents stemming from misconduct, etc.
Deterioration of conditions at major borrowers	Weakening of the Company's financial base as a result of deterioration of conditions at major borrowers
Lack of human resources necessary for enacting strategies (lack of personnel numbers, individuals with specialized skills, etc.)	Difficulty in securing human resources to work in strategic or specialized fields or in maintaining a sufficient base of diverse employees
Ceased operation of information systems due to cyber attacks	Difficulty in maintaining business continuity due to ceased operation or destruction of information systems following cyber attacks, etc.
Changes in competitive climate due to emergence of FinTech or other new technologies	Decreased profitability due to significant erosion of the Company's market share or necessity of incurring costs that place downward pressure on performance as a result of intensified competition following entry into the financial industry by companies from other industries
Earthquakes and other natural disasters	Halting of operations of business partners as a result of supply chain disruptions, system failures, etc. Adverse impacts on the Company's profits from store closures, system failures, etc.

Note: The above is only a portion of the risks recognized by SMFG. It is possible that the materialization of risks other than those listed above could have a significant impact on the Company's management.

Risk-Weighted Assets

Risk-weighted assets subject to the Basel Capital Accord totaled ¥70,683.5 billion as of March 31, 2017, up ¥4,671.9 billion from March 31, 2016. The main factors behind the increase in risk-weighted assets were a rise in the balance of credits to corporates and increases in equity and fund market prices and positions (credit risk), an increase in trading positions and a revision in the methodology for risk quantification to reflect recent market circumstances such as negative interest rate in Japan (market risk).

■ Risk-Weighted Assets as of March 31, 2017

(Trillions of yen)

	March 31, 2016	March 31, 2017	Increase
Credit risk	61.2	64.4	+3.2
Market risk	1.5	2.8	+1.3
Operational risk	3.3	3.5	+0.2
Total	66.0	70.7	+4.7

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.

(2) Fundamental Principles for Credit Risk Management

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

Credit risk is the most significant risk to which SMFG is exposed. Without effective credit risk management, the impact of the corresponding losses on operations can be overwhelming.

The purposes of credit risk management is to keep credit risk exposure to a permissible level relative to capital, to maintain the soundness of group-wide assets, and to ensure returns commensurate with risk. Doing so 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 providing 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 SMFG, the Group CRO formulates credit risk management policies each year based on the group-wide basic policies for risk management. Meanwhile, the Credit & Investment Planning Department is responsible for the comprehensive management of credit risk. This department drafts and administers credit risk regulations, including the Group credit policies, manages non-performing loans (NPLs), and performs other aspects of credit portfolio management. The Company has also established the Credit Risk Committee to serve as a body for deliberating on matters related to group-wide credit portfolios.

At SMBC, the core bank of SMFG, the Credit & Investment Planning Department within the Risk Management Unit furnishes the credit risk management system and is thus responsible for the comprehensive management of credit risk. This department drafts and administers credit policies, the internal rating system, credit authority guidelines, and credit application guidelines, and also manages NPLs and performs other aspects of credit portfolio management.

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

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

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

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

The Internal Audit Unit, operating independently of the business units, audits asset quality, the accuracy of gradings and self-assessment, and the 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 risks, and ensuring the overall soundness of the bank's loan operations.

3. Credit Risk Management Methods

(1) Credit Risk Assessment and Quantification

At SMFG, 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 established according to portfolio characteristics. For example, credits to corporates 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, credit period, 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.

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 of main assets following the procedures manual (including those for statistical validation) 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.

■ SMBC's Obligor Grading System

Obligor Grade		Definition	Borrower Category	Financial Reconstruction Act Based Disclosure Category
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	(Borrowers Requiring Caution identified as 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	

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

SMFG strives to maintain a sound portfolio through appropriate credit assessments and monitoring conducted over credit periods. The following framework is used for managing individual loans at SMBC, the core bank of SMFG.

(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.

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.

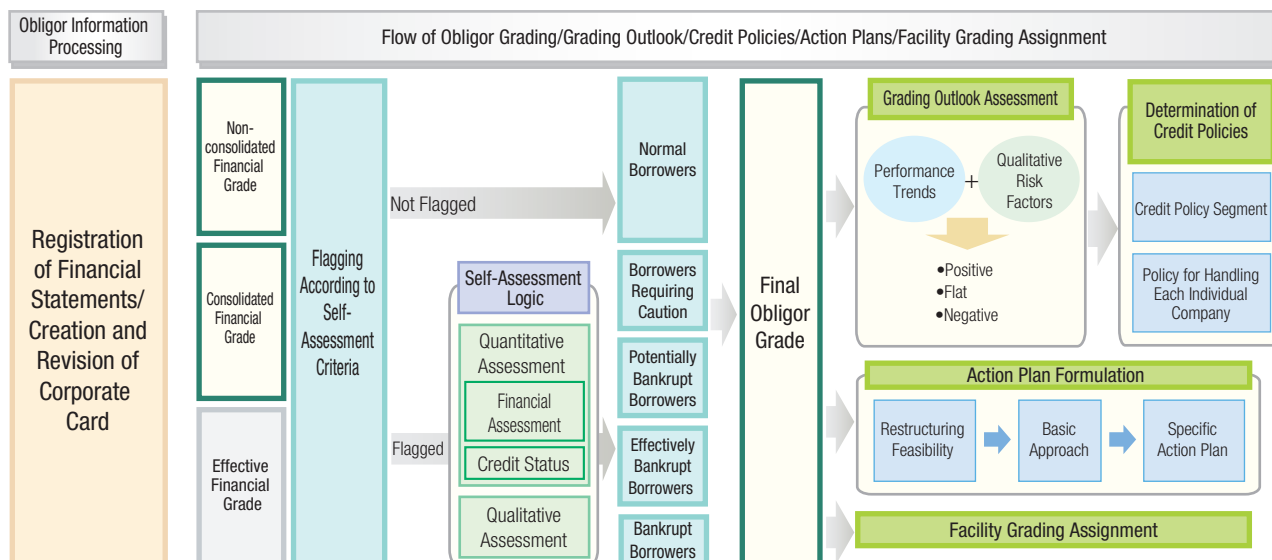
In the field of housing loans for individuals, we employ a credit assessment model based on credit data amassed and analyzed by SMBC over many years. This model enables our loan officers to efficiently make rational decisions on housing loan applications and to reply to the customers without delay. It 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. We also 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, the Credit Monitoring System is utilized to maintain an understanding of the circumstances surrounding the obligor in order to reassess obligor grades and review self-assessment and credit policies so that problems can be detected at an early stage and quick and

■ SMBC's Credit Monitoring System



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 below.

(3) Framework for Credit Portfolio Management

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

(a) Risk-Taking within the Scope of Capital

To keep credit risk exposure at a permissible level relative to capital, SMFG sets a credit risk capital limit for internal control purposes. Under this limit, sub-limits are set for each business unit. This limit is based on the risk appetite of each business unit as well as its portfolio plans.

(b) Controlling Concentration Risk

As the equity capital of SMFG may be materially impaired in the event that the credit concentration risk becomes apparent, we implement measures to manage credit toward industrial sectors with excessive risk concentration and introduce large exposure limit lines and conduct intensive loan review for obligors with large exposure.

To manage country risk, we also have 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, SMFG 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) Preventing and Reducing Non-Performing Loans

On NPLs and potential NPLs, SMFG 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) Actively Managing Portfolios

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

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

(a) Self-Assessment

Self-assessment is a preparatory task for ensuring SMFG'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.

SMBC, the core bank of SMFG, conducts rigorous self-assessments 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. As part of our efforts to bolster risk management throughout SMFG, 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 in which 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.

The write-off and provision standards and procedures for each self-assessment borrower category at SMBC, the core bank of SMFG, are shown below.

As part of our overall measures to strengthen credit risk management throughout SMFG, all consolidated subsidiaries use substantially the same standards as SMBC for write-offs and provisions.

SMBC's Standards 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 (in which 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, 2017, please refer to page 265.

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 by 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 risks 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; and clearly separating front-office, middle-office, and back-office operations to establish a highly efficient system of mutual checks and balances.

2. Market and Liquidity Risk Management System

In accordance with the group-wide basic policies for risk management decided upon by the Management Committee, SMFG determines important matters relating to the management of market and liquidity risks, such as basic policies and risk limits, in order to manage these risks. The ALM Committee meets four times a year, in principle, to report on the state of market and liquidity risk management and to discuss ALM operation policies. The Corporate Risk Management Department, which is independent from the business units that directly handle market transactions, manages market and liquidity risks in an integrated manner. This department not only monitors the current risk situations but also reports regularly to the Management Committee and the Board of Directors. Furthermore, the ALM Committee at SMBC, the core bank of SMFG, meets on a monthly basis to examine reports on the state of observance of limits on market and liquidity risks and to

discuss ALM operation policies.

Verification of the effectiveness of this risk management system is conducted through regular internal audits implemented by the independent Audit Department.

3. Market and Liquidity Risk Management Methods

(1) Market Risk Management

SMFG manages market risk by setting maximum limits for value at risk (VaR) and maximum loss based on business policies pertaining to market transactions. These limits are set within the risk capital limit, which is determined taking into account the Group's shareholders' equity and other principal indicators of the Group's financial position and management resources.

Market risk can be divided into various factors: foreign exchange rates, interest rates, equity prices, and option risks. SMFG 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, the risk of interest rate fluctuation differs substantially by how to recognize the dates for the maturity of demand deposits (current accounts and ordinary deposit accounts that can be withdrawn at any time) and how to estimate the time of cancellation prior to maturity of time deposits and consumer loans.

At SMBC, the maturity of demand deposits that are expected to be left with the bank for a prolonged period is regarded to be up to five years (2.5 years on average). The cancellation prior to the maturity of time deposits and consumer loans is estimated based on historical data.

(a) Market Risks

a. Trading activities

Trading activities are market operations that 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 following table shows the VaR results of the Group's trading activities during fiscal 2016. The overall VaR for SMFG is rising due to increase in our investment positions and a change in the internal VaR model that was implemented in April 2016.

■ VaR for Trading Activities

(Billions of yen)

	fiscal 2016					March 31, 2016
	March 31, 2017	September 30, 2016	Maximum	Minimum	Average	
SMFG (consolidated)	23.6	18.9	34.0	13.1	21.4	11.0
Interest rates	16.7	14.5	27.9	10.3	16.1	8.1
Foreign exchange	1.6	1.5	3.9	1.2	1.9	1.1
Equities, commodities, etc.	5.9	4.1	8.3	2.3	4.8	2.5
SMBC (consolidated)	3.9	18.4	22.6	3.9	11.8	10.4
SMBC (non-consolidated)	2.1	2.0	6.4	1.8	3.1	1.3

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)].

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 2016. The overall VaR for SMFG is rising due to increase in our investment positions and a change in the internal VaR model that was implemented in April 2016.

■ VaR for Banking Activities

(Billions of yen)

	fiscal 2016					March 31, 2016
	March 31, 2017	September 30, 2016	Maximum	Minimum	Average	
SMFG (consolidated)	47.4	48.1	53.2	40.2	46.1	34.0
Interest rates	30.6	31.8	37.3	26.4	30.0	18.7
Equities, etc.	34.3	33.6	38.9	24.8	32.2	27.5
SMBC (consolidated)	44.1	44.9	49.9	37.8	43.0	33.6
SMBC (non-consolidated)	36.4	37.4	42.6	30.8	35.8	29.0

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 strategic purposes.

(b) Market Risk Volume Calculation Model

a. Presuppositions and limits of model

In SMFG'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 SMFG undergoes regular auditing by an independent auditing firm to ensure that it operates appropriately.

b. Validity verification process

i Outline of validity verification

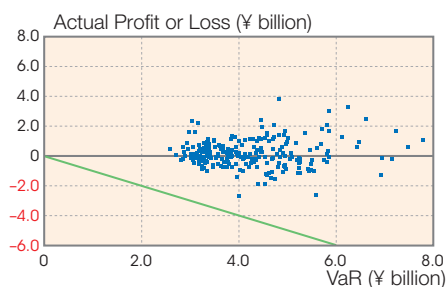
SMFG uses back-testing as a method for verification of the validity of the internal model. VaR figures calculated by the internal model are compared with actual portfolio profit-and-loss figures on a given day to compute an appropriate VaR level and confirm the adequacy of risk capital management.

ii Back-testing results

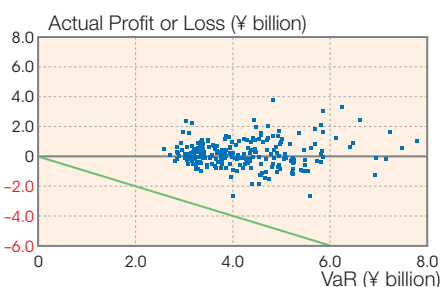
The results of back-testing on SMFG's trading book conducted in fiscal 2016 are shown below. A data point under the diagonal line indicates a loss exceeding VaR for that day. No such data points were observed. It can therefore be said that SMFG's VaR model (one-sided confidence interval of 99.0%) has sufficient accuracy.

■ Back-Testing Results (Trading Book)

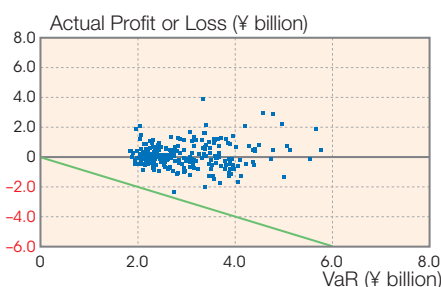
SMFG (consolidated)



SMBC (consolidated)



SMBC (non-consolidated)



c. Indicators substitute for the back-testing method

SMFG employs, as a method substitute for the back-testing method, the VaR wherein presumptions for the model, such as observation periods, change.

d. Changes in model from fiscal 2015

Back-testing in fiscal 2015 resulted in several occasions in which losses exceeded VaR. Moreover, the current model was deemed unable to sufficiently reflect market fluctuations. For these reasons, we refined the risk factors used in this model at the beginning of fiscal 2016. Back-testing results under the new model are improving, as indicated in b. above.

(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). SMFG 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 Pillar 2 of the Basel Framework.

Decline in economic value as of March 31, 2017, was around 1% of total capital, substantially below the 20% criterion.

■ Decline in Economic Value Based on Outlier Framework

(Billions of yen)

	SMBC (consolidated)		SMBC (non-consolidated)	
	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017
Total	208.2	150.5	186.6	118.8
Impact of Yen interest rates	41.2	77.2	37.0	75.1
Impact of U.S. dollar interest rates	109.8	50.8	99.6	28.0
Impact of Euro interest rates	40.1	8.8	38.7	6.7
Percentage of total capital	2.0%	1.5%	1.8%	1.2%

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).

(e) Management of Stocks Held for Strategic Purposes

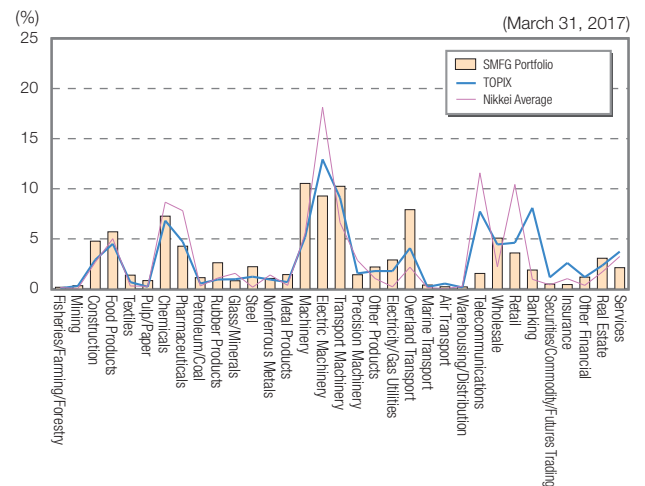
SMFG establishes risk allowance limits on stocks held for strategic purposes and monitors the observance of these limits in order to control stock price fluctuation risk appropriately. More specifically, VaR (1 year holding period) computed from profit-and-loss simulations based on historical market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

To diminish the impact of stock price declines on capital, SMFG has drawn up plans for reducing equity holdings from the perspective of securing the financial base necessary to sufficiently exercise intermediary functions, even under high-stress environments that create substantial decline in stock prices. In accordance with these plans, SMFG is seeking to reduce its holdings*1 to a common equity Tier1 (CET1)**2 ratio of 14% over approximately five years from September 2015, when the level was 28%.

*1: Refers to Group holdings of stocks listed in Japan

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

■ Composition, by Industry, of Listed Equity Portfolio



(2) Liquidity Risk Management

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

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

Further, stress tests are regularly carried out by simulating the impact triggered, for example, by deposit outflows or difficulties in money market funding, in order to appraise and manage the

amount of funding required when liquidity risk is realized. SMFG also monitors quantitative indicators (Liquidity Coverage Ratio, etc.) of the levels of risk exposure to be assumed. Meanwhile, SMBC carries out quantitative management of alert indications based on early warning indicators established to assist the bank in promptly and systematically detecting liquidity risks. Additionally, supplementary liquidity is maintained by holding assets, such as U.S. government bonds, which can be immediately converted to cash, or establishing borrowing facilities that can be used in an emergency in order to secure the funding sources necessary to maintain liquidity and to raise the required funds smoothly even during market disruption.

Furthermore, contingency plans are developed at each Group company to respond to the materialization of liquidity risks by creating detailed action plans such as lowering the upper limit for the funding gap based on the projected situation (i.e., normal, concerned, or critical) and the respective circumstances.

Operational Risk

1. Basic Approach to Operational Risk Management

(1) Definition of Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, and systems or from external events. Specifically, the risk — which, in addition to processing risk and system risk, covers legal risk, human resources risk, reputational risk,

and tangible asset risk—consists of the following seven event types that may lead to the risk of loss defined in the Basel Capital Accord: (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.

Risk Category*	Definition	Department in charge
Operational risk	The risk of loss arising from inadequate or failed internal processes, people, and systems or from external events.	Corporate Risk Management Department
Processing risk	The risk of losses arising from negligent processing by directors and employees, and from accidents or misconducts.	Operations Planning Department
System risk	The risk arising from nonconformity to the business strategies, inappropriate technologies applied, changes to the development plan and delay in development when building an information system, and the risk of loss incurred due to the breakdown including those caused by cyber attack, malfunction, deficiency, or unauthorized use (unauthorized alteration, destruction, duplication, and leakage of the information).	IT Planning Department
Legal risk	Risks of compensation of damages arising from insufficient legal consideration or breach of contract, or a surcharge, a forfeit or an administrative fine for infringing the laws and regulations.	General Affairs Department
Human resources risk	The risk of loss arising from inappropriate labor practices, poor working environments, discriminatory conduct, an outflow or loss of human resources, or deterioration in employee morale.	Human Resources Department
Reputational risk	The risk of loss arising from deterioration in reputation as a consequence of the spread of rumors or media reports of the actual risk events.	General Affairs Department, Public Relations Department
Tangible asset risk	The risk of loss arising from damage to tangible assets or deterioration in the operational environment caused by disasters or inadequate asset maintenance.	Administrative Services Department

* Refinement of operational risk subcategories

SMFG has taken steps to clarify the definitions and the departments in charge of certain operational risk subcategories, specifically, legal risk, human resources risk, reputational risk, and tangible asset risk, in order to realize more effective management of non-financial and other risks.

(2) Fundamental Principles for Operational Risk Management

SMFG has set forth the policies 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 policies, SMFG has been working to enhance the operational risk management framework across the whole Group by establishing an effective system for identifying, assessing, controlling, and monitoring material operational risks as well as a system for addressing risks that have materialized and implementing emergency response measures. Based on the framework of the Basel Capital Accord, SMFG has been continuously pursuing sophisticated quantification of operational risks and advanced group-wide management.

2. Operational Risk Management System

Based on the group-wide basic policies for risk management established by SMFG, Group companies construct operational risk management system.

At SMFG, the Management Committee makes decisions on important matters such as basic policies for operational risk management, and these decisions are authorized by the Board of Directors. In addition, the Corporate Risk Management Department oversees the overall management of operational risks and works together with departments responsible for the subcategories such as processing risks and system risks to establish a system for comprehensively managing operational risks.

As a brief overview, this system operates by collecting and analyzing internal loss data from Group companies. In addition, the system entails comprehensively specifying scenarios involving operational risks based on the operational procedures of companies that have adopted the Advanced Measurement Approach (AMA) on a 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. For those scenarios having high severities, risk mitigation plans will be developed and the implementation status of such risk mitigation plans will be monitored by the Corporate Risk Management Department. Furthermore, operational risks are quantified and quantitatively managed by utilizing the collected internal loss data and scenarios.

Regular reports are issued to the Group CRO on internal loss data, scenario risk severity information, and the status of risk mitigation. In addition, the Risk Management Committee, a cross-organizational committee established within SMFG, discusses measures for mitigating risks. Through these and other efforts, SMFG is striving to ensure effective risk management. Moreover, SMFG's independent Internal Audit Department conducts periodic internal audits to verify that the Group's 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 and 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 in business processes. Also, from the viewpoint of internal control, the measurement methodology used to create risk mitigation measures must be such that the implementation of the measures quantitatively reduces operational risks.

At the end of March 2008, SMFG adopted the AMA set forth by the Basel Capital Accord for calculating the operational risk equivalent amount. The approach has been utilized for the management of operational risks since then.

Specifically, a model to which internal loss data and scenario analysis results are input has been introduced to calculate the operational risk equivalent amount and risk asset amounts. In addition, steps are taken to ensure the objectivity, accuracy, and comprehensiveness of scenario evaluations by utilizing external loss data and Business Environment and Internal Control Factors in verification processes.

The quantification model produces the distribution of loss frequency and loss severity based on the internal loss data and scenario analysis results, 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 various combinations of frequencies and amounts of losses according to the Monte Carlo simulation method. In addition, the model 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 losses on repayment of excess interest of certain subsidiaries engaged in consumer finance operations, expected losses are deducted from the maximum amount of operational risk loss when calculating the operational risk equivalent amount.

Operational risk equivalent amount in respect of the tangible asset damages arising from earthquakes is measured using the probability data of earthquake occurrence in each part of Japan and the distribution of loss amount from those earthquake occurrences.

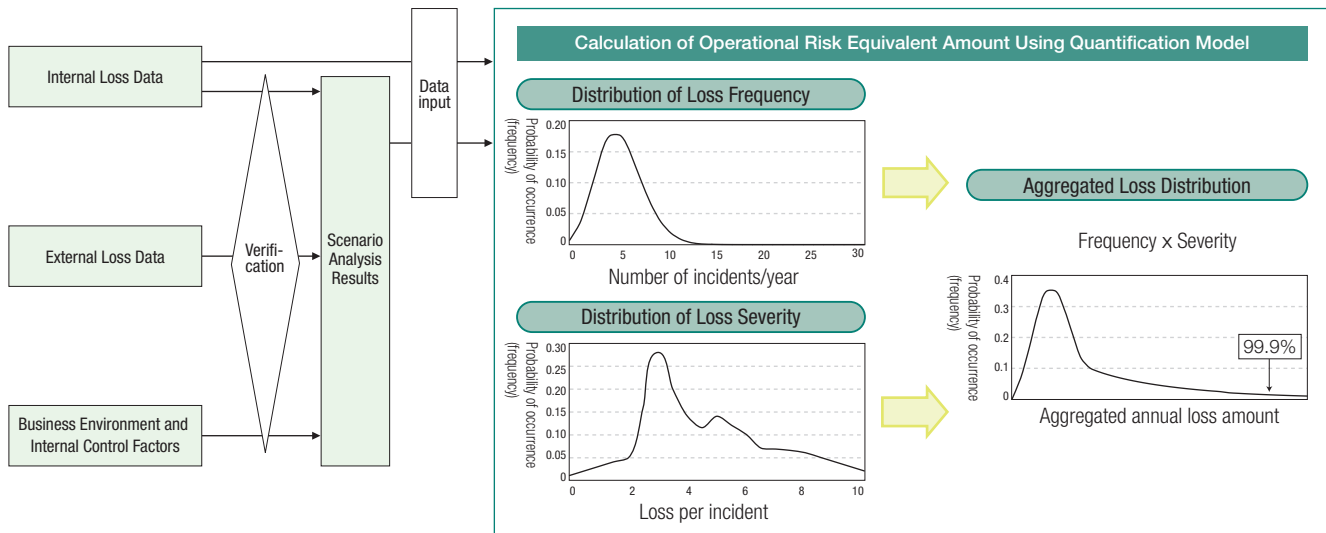
The measurement units are SMFG consolidated basis, SMBC consolidated basis, and SMBC non-consolidated basis. The operational risk equivalent amount based on the AMA is calculated as the simple aggregate of the amount of the seven event types set forth by the Basel Capital Accord and of tangible asset damages arising

from earthquakes. However, in the case of SMFG consolidated basis, the risk of losses on repayment of excess interest is added on. The measurement accuracy is ensured through a framework of regularly conducted verifications of the quantification models pre- and post-measurement.

Meanwhile, the operational risk equivalent amounts of other Group companies that do not apply the AMA are 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 amounts calculated based on the BIA with the operational risk equivalent amount calculated based on the AMA.

Basic Framework of Operational Risk Measurement



4. Processing Risk Management

Processing risk is the risk of losses arising from negligent processing by directors and employees, and from accidents or misconducts.

SMFG has clarified the divisions responsible for the oversight functions for processing risk management, and we are working to raise the level of sophistication of our management of processing risk across the whole Group by establishing systems for managing the processing risks faced by Group companies, ensuring in-office inspection, minimizing losses in the event of processing risk materialization by drafting exhaustive contingency plans, and carrying out thorough quantification of the risk under management as basic principles.

Basic policies for processing risk management and other important matters are decided by the Management Committee and

then approved by the Board of Directors. The status of processing risk management is reported to the Management Committee and the Board of Directors regularly and when necessary. These and other steps are taken to ensure that we can provide customers with high-quality services.

Based on the group-wide basic policies for risk management, Group companies promote appropriate operating practices by establishing operating rules and regulations, systematizing transaction processing, receiving guidance from business divisions, and inspecting conditions related to transaction processing.

5. System Risk Management

System risk is the risk arising from nonconformity to the business strategies, inappropriate technologies applied, changes to the development plan and delay in development when building an information system, and the risk of loss incurred due to the breakdown including those caused by cyber attack, malfunction, deficiency or unauthorized use (unauthorized alteration, destruction, duplication and leakage of the information).

SMFG has set the following as basic principles: recognizing information systems as an essential part of management strategy taking into account advances in IT, minimizing system risk by drafting regulations and specific management standards, (including a security policy) and establishing contingency plans to minimize losses if a system risk materializes. A risk management system has thus been put in place to ensure adequate risk management.

Taking into account the growing sophistication and diversification of cyber attacks seen on a global scale, the increasing social impact from the damage inflicted by such attacks, and the risk to our reputation and external ratings, we continue to strengthen cyber security management through deployment of governance measures; technological measures for the identification, prevention, and detection of attacks; and cyber attack response measures.

In addition, we actively incorporate various new technologies to improve convenience for customers, create new businesses, boost

productivity and efficiency, improve upon management infrastructure, and otherwise promote digitalization in a wide range of fields. Systems are in place for managing the risks projected to arise from such activities.

SMBC operates its risk management system by conducting risk assessments based on the Financial Services Agency's *Financial Inspection Manual* and the *Security Guidelines* published by the Center for Financial Industry Information Systems (FISC) and by enhancing safety measures based on the results of these assessments. Systems troubles at banks have the potential to heavily impact society. In addition, system risks are diversifying due to advances in IT and the expansion of business fields. Recognizing these facts, we have numerous measures in place for system trouble prevention, including constant maintenance to ensure stable and uninterrupted operation, duplication of various systems and infrastructure, and a disaster-prevention system placed in computer centers in eastern and western Japan. To maintain the confidentiality of customer data and prevent leaks of information, sensitive information is encrypted, unauthorized external access is blocked, and all other possible measures are taken to secure data. We also have contingency plans for unforeseen circumstances and hold training sessions as necessary to ensure full preparedness in the event of an emergency.

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.

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

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

Risk capital

The amount of capital required to cover the theoretical maximum potential 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%.

Underlying assets

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

VaR

Abbreviation for Value at Risk
The maximum loss that can be expected to occur with a certain degree of probability when holding a financial asset portfolio for a given amount of time.



Sumitomo Mitsui Financial Group's Basic Policy for Customer-Orientated Business Conduct

Sumitomo Mitsui Financial Group, Inc. (SMFG), and its Group companies^{*1} have formulated the Basic Policy for Customer-Orientated Business Conduct for their domestic asset management and asset formulation businesses, based on which they are promoting customer-orientated business conduct.

This policy informs our basic stance of emphasizing the dispersing of investments over the medium to long term through which we seek to support customers in stable asset formulation. Also based on this policy, SMFG and its Group companies aim to contribute to the development of capital markets that provide companies with the funds they need to grow and to economic growth through their asset management and asset formulation businesses.

1. SMFG's Customer-Orientated Business Conduct

In "Our Mission," it is stated that "We grow and prosper together with our customers, by providing services of greater value to them." To give form to this principle, we have defined our Five Values, a list of five key words that represent the values and action guidelines shared by executives and employees in Japan and overseas. "Customer First" (always think and act based on a customer-orientated perspective) is at the top of this list. SMFG continues to push forward with various initiatives in accordance with these values and action guidelines.

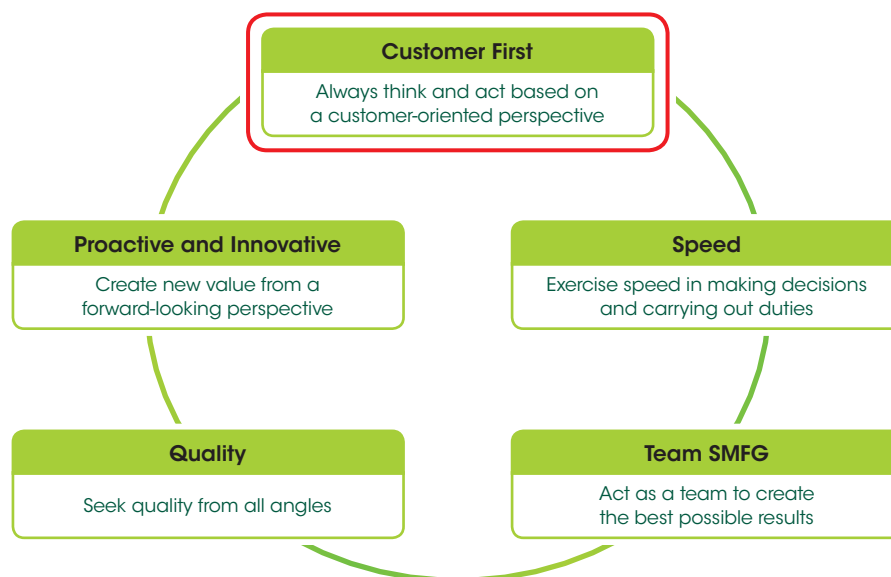
SMFG is fully aware of the severity of the government penalties imposed on Sumitomo Mitsui Banking Corporation in April 2006 in

relation to its sales practices for interest rate swaps. We are thus committed to preventing the reoccurrence of such malpractice. Accordingly, SMFG has adopted a customer-oriented perspective in pursuing sustainability throughout its management, internal control, and compliance systems. Through these and other efforts, we have endeavored to regain trust from customers and from society as a whole.

Furthermore, the Customer Satisfaction (CS) Improvement Subcommittee has been set up to incorporate customer input into management. The opinions of external experts^{*2} are utilized in meetings of this committee as discussions on and verification of initiatives at Group companies are carried out to promote the exercise of a customer-oriented perspective on a group-wide basis. In addition, the CS Improvement Committee, which is membered by officers sitting on the Group Management Committee, convenes to hold regular discussions on customer-orientated business conduct.

We are convinced that the ongoing quest to provide quality products and services based on customer needs and desires will contribute to economic growth and subsequently growth for SMFG. Everyone at SMFG will thus carry out their duties in an earnest and just manner while exercising a high degree of specialized knowledge and good business ethics. The Group will never let up in its efforts to ensure that it always thinks and acts based on a customer-oriented perspective in the truest sense as it strives to generate the greatest profits for its customers.

■ Five Values



2. Initiatives for Promoting Customer-Orientated Business Conduct

SMFG will implement the following initiatives to entrench the principles of customer-orientated business conduct into its activities.

(1) Provision of Products and Services Suited to the Customer

When drawing up and underwriting financial products, we will act with an accurate understanding of customer needs, determining the ideal target customer group based on the risks and complexity of the products, in order properly develop and select products.

We will also help customers to find the ideal products and services. Our first step in this process will be to learn about our customers, inquiring into their needs and goals. We will next look at their level of knowledge, investment experience, and asset portfolios so that we can propose the best possible products and services for them.

If we think that a product may not be ideally suited to a customer's needs based on its characteristics or risks, we will discuss this matter with the customer as necessary and refrain from proposing such products when doing so is inappropriate.

(2) Easy-to-Understand Explanation of Important Information

The amount of information provided to customers on the characteristics, risks, and fees of the products we handle as well as on the economic climate and market trends will be enhanced to help customers make informed decisions. Furthermore, we will strive to explain this information in an easy-to-understand manner.

(3) Clarification of Fees

SMFG receives fees from customers for the products and services it provides out of consideration for the need to develop and improve the quality of products and services and to supply various types of information as well as for processing- and infrastructure-related expenses. We will seek to provide thorough explanations of these fees that are as easy to understand as possible.

(4) Management of Conflicts of Interests

Performing duties in an earnest and just manner based on a customer-oriented perspective entails managing any potential conflicts of interests to ensure that our operations are truly customer oriented.

Based on the Management Policy Concerning Conflicts of Interest in SMFG, we have defined the types of conflicts of interest requiring management as well as the types of transactions that tend to present conflicts of interests and procedures for identifying these transactions, methods and systems for managing conflicts of interest, and the scope of Group companies at which conflicts of interest should be managed. In this manner, we take steps to ensure that conflicts of interest are properly managed and therefore do not impede the interests of customers.

(5) Frameworks for Properly Motivating Employees

Always thinking and acting based on a customer-oriented perspective in the truest sense requires our employees to be properly motivated so that they can remain dedicated and effective in their work. SMFG thus develops its performance evaluation systems from a long-term perspective with the aim of encouraging customer-oriented sales activities. At the same time, we are expanding our range of training programs for promoting earnest and just work practices and higher levels of business ethics.

SMFG and its Group companies aim to facilitate the shift from savings to asset holding seen in Japan through such initiatives.

Furthermore, we will periodically disclose information on initiatives by SMFG and its Group companies based on this policy with the aim of facilitating understanding regarding these initiatives among customers. In addition, the status of initiatives and their results will be verified so that initiatives can be revised as necessary to improve upon operating practices. Information regarding these verifications and revisions will be disclosed.

*1: Group companies applicable under this policy:

Sumitomo Mitsui Banking Corporation; SMBC Trust Bank Ltd.; SMBC Nikko Securities Inc.; SMBC Friend Securities Co., Ltd.; Sumitomo Mitsui Asset Management Company, Limited; THE MINATO BANK, LTD.; Kansai Urban Banking Corporation

2: External experts are invited to meetings of the CS Improvement Subcommittee to provide advice and suggestions with the aim of incorporating a wide range of perspectives into management that includes and goes beyond input and requests from customers.

* External experts (in alphabetical order)

Name	Position
Professor Hideki Kanda	Emeritus Professor, University of Tokyo, and Professor, Gakushuin University Law School
Kumiko Bando	Advisor, Consumer Affairs Agency (former Secretary-General of the Consumer Affairs Agency)
Taku Umezawa	Partner, Nagashima Ohno & Tsunematsu



Employees

◆ SMBC

March 31	2015	2016	2017
Number of employees*	25,963	26,950	27,904
Male	13,087	13,196	13,261
Percentage of total	50.41%	48.96%	47.52%
Female	12,876	13,754	14,643
Percentage of total	49.59%	51.04%	52.48%
Average age	37 yrs 6 mos.	37 yrs 4 mos.	37 yrs 1 mos.
Male	41 yrs 1 mos.	40 yrs 11 mos.	40 yrs 7 mos.
Female	33 yrs 11 mos.	33 yrs 10 mos.	33 yrs 11 mos.
Average years of service	13 yrs 3 mos.	13 yrs 2 mos.	13 yrs 0 mos.
Male	16 yrs 0 mos.	15 yrs 11 mos.	15 yrs 9 mos.
Female	10 yrs 7 mos.	10 yrs 6 mos.	10 yrs 5 mos.
Number of women in managerial positions	567	743	911
Ratio of employees with disabilities (% of total)**	2.07%	2.14%	2.28%

* 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 locally hired employees at overseas branches.

** As of March 1 of respective years

April 1***	2015	2016	2017
Number of new hires	1,813	1,916	1,347
Number of newly employed female graduates	1,282	1,248	842
Ratio of newly employed females to total new employees	70.7%	65.1%	62.5%

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

Fiscal	2014	2015	2016
Number of employees taking parental leave	1,513	2,188	2,236
<Men taking such leave>	<85>	<466>	<332>
Number of career hires	88	153	117

◆ SMBC Trust Bank

March 31	2016	2017
Number of employees*	1,786	1,930
Male	719	875
Percentage of total	40.26%	45.34%
Female	1,067	1,055
Percentage of total	59.74%	54.66%
Average age	41 yrs 1 mos.	41 yrs 1 mos.
Male	42 yrs 5 mos.	44 yrs 5 mos.
Female	40 yrs 2 mos.	40 yrs 2 mos.
Average years of service	9 yrs 2 mos.	8 yrs 7 mos.
Male	9 yrs 6 mos.	8 yrs 7 mos.
Female	8 yrs 11 mos.	8 yrs 11 mos.
Number of women in managerial positions	89	97

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

April 1	2016	2017
Number of new hires	24	56
Number of newly employed female graduates	13	26
Ratio of newly employed females to total new employees	54.2%	46.4%

Fiscal	2015	2016
Number of employees taking parental leave	106	95
<Men taking such leave>	<1>	<1>
Number of career hires	60	322

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

◆ Sumitomo Mitsui Finance and Leasing

March 31	2015	2016	2017
Number of employees*	1,618	1,677	1,712
Male	1,034	1,069	1,089
Percentage of total	63.91%	63.74%	63.61%
Female	584	608	623
Percentage of total	36.09%	36.26%	36.39%
Average age	40 yrs 5 mos.	40 yrs 9 mos.	41 yrs 1 mos.
Male	42 yrs 5 mos.	42 yrs 9 mos.	43 yrs 0 mos.
Female	36 yrs 10 mos.	37 yrs 4 mos.	37 yrs 9 mos.
Average years of service	15 yrs 2 mos.	15 yrs 4 mos.	15 yrs 6 mos.
Male	17 yrs 0 mos.	17 yrs 3 mos.	17 yrs 3 mos.
Female	11 yrs 11 mos.	12 yrs 0 mos.	12 yrs 4 mos.
Number of women in managerial positions**	4	17	19
Ratio of employees with disabilities (% of total)***	2.22%	2.18%	2.32%

* 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).

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

*** As of March 1 of respective years

April 1	2015	2016	2017
Number of new hires	41	43	44
Number of newly employed female graduates	11	16	17
Ratio of newly employed females to total new employees	26.8%	37.2%	38.6%

Fiscal	2014	2015	2016
Number of employees taking parental leave	58	68	135
<Men taking such leave>	<0>	<0>	<56>

◆ SMBC Nikko Securities

March 31	2015	2016	2017
Number of employees*	8,188	8,522	8,938
Male	5,166	5,347	5,529
Percentage of total	63.09%	62.74%	61.86%
Female	3,022	3,175	3,409
Percentage of total	36.91%	37.26%	38.14%
Average age	39 yrs 7 mos.	39 yrs 7 mos.	39 yrs 7 mos.
Male	40 yrs 8 mos.	40 yrs 7 mos.	40 yrs 5 mos.
Female	37 yrs 10 mos.	37 yrs 9 mos.	37 yrs 10 mos.
Average years of service	12 yrs 9 mos.	12 yrs 11 mos.	12 yrs 10 mos.
Male	13 yrs 0 mos.	13 yrs 1 mos.	13 yrs 2 mos.
Female	12 yrs 5 mos.	12 yrs 7 mos.	12 yrs 5 mos.
Number of women in managerial positions	114	139	154
Ratio of employees with disabilities (% of total)**	1.94%	2.24%	2.25%

* 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 locally hired employees at overseas branches.

** As of March 1 of respective years

April 1	2015	2016	2017
Number of new hires***	617	593	516
Number of newly employed female graduates	285	270	285
Ratio of newly employed females to total new employees	46.2%	45.5%	55.2%

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

Fiscal	2014	2015	2016
Number of employees taking parental leave	289	316	302
<Men taking such leave>	<12>	<15>	<17>

◆ **SMBC Friend Securities**

March 31	2015	2016	2017
Number of employees*	1,862	1,769	1,791
Male	1,321	1,261	1,264
Percentage of total	70.95%	71.28%	70.58%
Female	541	508	527
Percentage of total	29.05%	28.72%	29.42%
Average age	37 yrs 10 mos.	38 yrs 10 mos.	38 yrs 5 mos.
Male	39 yrs 10 mos.	40 yrs 5 mos.	40 yrs 4 mos.
Female	32 yrs 11 mos.	33 yrs 9 mos.	33 yrs 9 mos.
Average years of service	14 yrs 11 mos.	14 yrs 8 mos.	14 yrs 7 mos.
Male	15 yrs 11 mos.	16 yrs 4 mos.	16 yrs 3 mos.
Female	9 yrs 8 mos.	10 yrs 6 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 locally hired employees at overseas branches.

April 1	2015	2016	2017
Number of new hires	180	239	109
Number of newly employed female graduates**	71	116	43
Ratio of newly employed females to total new employees	39.4%	48.5%	39.4%

** Both non-area specified and area specified staff

Fiscal	2014	2015	2016
Number of employees taking parental leave	28	48	69
<Men taking such leave>	<0>	<6>	<1>

◆ **Sumitomo Mitsui Card**

March 31	2015	2016	2017
Number of employees*	2,402	2,447	2,450
Male	1,190	1,210	1,151
Percentage of total	49.54%	49.45%	46.98%
Female	1,212	1,237	1,299
Percentage of total	50.46%	50.55%	53.02%
Average age	39 yrs 1 mos.	39 yrs 5 mos.	38 yrs 10 mos.
Male	41 yrs 9 mos.	41 yrs 11 mos.	40 yrs 11 mos.
Female	36 yrs 5 mos.	36 yrs 11 mos.	36 yrs 11 mos.
Average years of service	13 yrs 4 mos.	13 yrs 8 mos.	14 yrs 5 mos.
Male	14 yrs 0 mos.	14 yrs 4 mos.	15 yrs 9 mos.
Female	12 yrs 7 mos.	13 yrs 1 mos.	13 yrs 4 mos.
Number of women in managerial positions**	26	30	40
Ratio of employees with disabilities (% of total)***	2.24%	2.30%	2.32%

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

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

*** Computed based on single month of March

April 1	2015	2016	2017
Number of new hires	72	78	86
Number of newly employed female graduates	39	45	46
Ratio of newly employed females to total new employees	54.2%	57.7%	53.5%

Fiscal	2014	2015	2016
Number of employees taking parental leave****	151	174	172
<Men taking such leave>	<13>	<14>	<19>
Number of career hires	22	23	21

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

◆ **Cedyna**

March 31	2015	2016	2017
Number of employees*	3,213	3,258	3,389
Male	1,962	1,966	1,998
Percentage of total	61.06%	60.34%	58.96%
Female	1,251	1,292	1,391
Percentage of total	38.94%	39.66%	41.04%
Average age	41 yrs 7 mos.	41 yrs 9 mos.	42 yrs 1 mos.
Male	43 yrs 9 mos.	44 yrs 0 mos.	44 yrs 6 mos.
Female	38 yrs 0 mos.	38 yrs 4 mos.	38 yrs 8 mos.
Average years of service	17 yrs 9 mos.	18 yrs 0 mos.	18 yrs 0 mos.
Male	19 yrs 10 mos.	20 yrs 1 mos.	20 yrs 2 mos.
Female	14 yrs 6 mos.	14 yrs 9 mos.	14 yrs 11 mos.
Number of women in managerial positions	38	48	62
Ratio of employees with disabilities (% of total)**	2.06%	2.10%	2.14%

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

** As of March 1 of respective years

April 1	2015	2016	2017
Number of new hires	87	114	58
Number of newly employed female graduates	54	68	23
Ratio of newly employed females to total new employees	62.1%	59.6%	39.7%

Fiscal	2014	2015	2016
Number of employees taking parental leave***	142	155	141
<Men taking such leave>	<1>	<2>	<2>
Number of career hires	24	35	0

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

◆ **SMBC Consumer Finance**

March 31	2015	2016	2017
Number of employees*	2,582	2,682	2,874
Male	1,445	1,485	1,624
Percentage of total	55.96%	55.37%	56.51%
Female	1,137	1,197	1,250
Percentage of total	44.04%	44.63%	43.49%
Average age	38 yrs 5 mos.	38 yrs 11 mos.	39 yrs 7 mos.
Male	40 yrs 3 mos.	40 yrs 10 mos.	41 yrs 4 mos.
Female	36 yrs 5 mos.	36 yrs 8 mos.	37 yrs 3 mos.
Average years of service	11 yrs 7 mos.	12 yrs 0 mos.	12 yrs 4 mos.
Male	14 yrs 6 mos.	14 yrs 11 mos.	15 yrs 0 mos.
Female	7 yrs 11 mos.	8 yrs 3 mos.	8 yrs 10 mos.
Number of women in managerial positions	49	76	96
Ratio of employees with disabilities (% of total)**	2.09%	2.12%	2.23%

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

** As of February 28 of respective years

April 1	2015	2016	2017
Number of new hires	49	55	49
Number of newly employed female graduates	30	31	27
Ratio of newly employed females to total new employees	61.2%	56.4%	55.1%

Fiscal	2014	2015	2016
Number of employees taking parental leave***	66	81	84
<Men taking such leave>	<1>	<1>	<1>
Number of career hires	3	8	1

*** Including employees who retired during the fiscal year

◆ Japan Research Institute

March 31	2015	2016	2017
Number of employees*	2,288	2,397	2,464
Male	1,722	1,796	1,836
Percentage of total	75.26%	74.93%	74.51%
Female	566	601	628
Percentage of total	24.74%	25.07%	25.49%
Average age	40 yrs 6 mos.	40 yrs 6 mos.	40 yrs 6 mos.
Male	41 yrs 2 mos.	41 yrs 1 mos.	41 yrs 1 mos.
Female	38 yrs 7 mos.	38 yrs 10 mos.	38 yrs 9 mos.
Average years of service	11 yrs 5 mos.	11 yrs 5 mos.	11 yrs 6 mos.
Male	11 yrs 10 mos.	11 yrs 9 mos.	11 yrs 9 mos.
Female	10 yrs 4 mos.	10 yrs 6 mos.	10 yrs 8 mos.
Ratio of employees with disabilities (% of total)**	2.00%	2.14%	2.68%

* 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 locally hired employees at overseas branches.

** As of March 31 of respective years

April 1	2015	2016	2017
Number of new hires	86	118	103
Number of newly employed female graduates***	23	41	32
Ratio of newly employed females to total new employees	26.7%	34.7%	31.1%

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

Fiscal	2014	2015	2016
Number of employees taking parental leave	49	53	69
<Men taking such leave>	<12>	<10>	<24>

◆ Sumitomo Mitsui Asset Management

March 31	2017
Number of employees*	582
Male	421
Percentage of total	72.34%
Female	161
Percentage of total	27.66%
Average age	44 yrs 4 mos.
Male	46 yrs 2 mos.
Female	39 yrs 6 mos.
Average years of service**	7 yrs 9 mos.
Male	8 yrs 0 mos.
Female	6 yrs 11 mos.
Number of women in managerial positions	8

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

** New employees joining due to mergers are calculated based on the merger date

April 1	2017
Number of new hires	10
Number of newly employed female graduates	5
Ratio of newly employed females to total new employees	50.0%

Fiscal	2016
Number of employees taking parental leave	15
<Men taking such leave>	<0>
Number of career hires	24

Note: Information for Sumitomo Mitsui Asset Management Company, Limited, is displayed from fiscal 2016 as this company became a consolidated subsidiary of SMFG in July 2016.

- The combined employment ratio for persons with disabilities for the above 10 companies was 2.21% as of March 2017.



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

	Parental leave	Leave for taking care of sick children	Shorter working hours	Restrictions on overtime	Exemption from late-night work	Other principal systems
SMBC	18 months or maximum of 2 years in case of inability to place in daycare center	Until March 31 of the 6th grade (10 days per annum per child; 20 days for two or more children)	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> • Short-term childcare leave • Work relocations • Childcare subsidies • Leave for nursing care • Shorter working hours allowed for nursing care • System for rehiring former employees • Half day leave • Flexibility in the work place
SMBC Trust Bank	1 year or maximum of 18 months in case of inability to place in daycare center Up to 26 months if other conditions are met	Until the entry into junior high school (5 days per annum per child; 10 days for two or more children)	Employees can work shortened hours equivalent to working a minimum of 6 hours per day until child's entry into elementary school	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> • Flexitime System • Flexibility in working hours • Flexibility in the work place • Paternity leave (3 days) • Leave for nursing care • Shorter working hours allowed for nursing care • Nursing care leave
Sumitomo Mitsui Finance and Leasing	1 year or maximum of 18 months in case of inability to place in daycare center	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children) *May be extended as needed	Employees can reduce daily working hours to a minimum of 5 hours 30 minutes until March 31 of the 6th grade	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> • Work relocations • System for rehiring former employees • Short-term childcare leave • Leave for nursing care • Shorter working hours allowed for nursing care
SMBC Nikko Securities	Until 3 years of age	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Employees may reduce daily working hours in increments of 30 minutes up to 2.5 hours until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> • Short-term childcare leave • Discounted rates for daycare center • Nursing care leave • Special days off for nursing care • Shorter working hours allowed for nursing care • Short-term leave for nursing care • Staggered working hours (working in shifts) • Rehiring former employees
SMBC Friend Securities	18 months or maximum of 2 years in case of inability to place in daycare center	Until March 31 of the 3rd grade (5 days per annum per child; 10 days for two or more children)	Employees can reduce daily working hours to between 6 hours and 6 hours 50 minutes until March 31 of the 3rd grade	Until March 31 of the 3rd grade	Until March 31 of the 3rd grade	<ul style="list-style-type: none"> • Leave for nursing care • Shorter working hours allowed for nursing care • System for rehiring former employees • Childcare subsidies • Discounted rates for daycare center • Staggered working hours (working in shifts) • Work relocations • Maternity leave
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 to reduce daily working hours by 30, 60, or 90 minutes or reduce the number of days worked a week until March 31 of child's 3rd-grade year	Until March 31 of the 3rd grade	Until March 31 of the 3rd grade	<ul style="list-style-type: none"> • Work relocations • Staggered working hours • Half-day paid leave • Special leave (for spouse's childbirth) • Childcare subsidies • Nursing care leave, days off for nursing care • Shorter working hours for nursing care • Rehiring former employees
Cedyna	Until 3 years of age	Until March 31 of the 6th grade (5 days per annum per child; 10 days for two or more children)	Until March 31 of the 3rd grade (Employees can choose to work 5, 6, or 7 hours a day).	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> • Maternity leave and work • Short-term childcare leave • Leave for nursing care • Shorter working hours allowed for nursing care • System for rehiring former employees • Maternity leave (for men) • Leave for providing nursing care or taking care of sick children (by the hour)
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)	Employees can choose to reduce daily working hours to a minimum of 6 hours (and a maximum of 8 hours) through the adjustment of starting or ending times by 30-minute blocks until March 31 of the 3rd-grade	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> • Personnel system being employed under the regional system of no possibility of transfers with movings • Rehiring retirees • A grace period for job rotation • Leave for nursing care • Shorter working hours allowed for nursing care • Paid leave by the hour • Half-day paid leave • Leave before and after maternity • Childcare leave (2 days) • School-visiting day (2 days a year) • Rehiring of former employees who quit for childcare or care-giving reasons • Husband's maternity leave (3 days) • Rollover of unused paid vacation days to subsequent years
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 flexitime).	Until the entry into elementary school	For employees who are pregnant or have given birth within previous 12 months	<ul style="list-style-type: none"> • Childcare subsidies • Telecommuting • Nursing care leave • Shorter working hours (for nursing care, etc.) • Time off and shorter working hours • Days off for nursing care • Special leave (for spouse's childbirth) • Paid leave for initial 15 days of childcare
Sumitomo Mitsui Asset Management	1 year or maximum of 36 months in case of inability to place in daycare center	Until the entry of child into elementary school (5 days per annum per child; 10 days for two or more children)	Employees can reduce daily working hours to 5 or 6 hours or 6 hours and 30 minutes until child completes 3rd grade of elementary school	Until child completes 3rd grade of elementary school	Until child completes 3rd grade of elementary school	<ul style="list-style-type: none"> • Leave for childbirth by spouse • Leave for taking care of sick children • Leave for nursing care • Staggered working hours for childcare or nursing care purposes • Special-case usage of annual leave in half-day increments • Telecommuting

Sumitomo Mitsui Financial Group, Inc.

■ Directors and Executive Officers (as of June 30, 2017)

DIRECTORS AND CORPORATE EXECUTIVE OFFICERS

Chairman of the Board

Koichi Miyata

Director President (Representative Executive Officer)

Takeshi Kunibe
Group CEO

Director

Makoto Takashima

Director Deputy President and Executive Officer

Kozo Ogino
Group CRO
Corporate Risk Management Dept.,
Credit & Investment Planning Dept.

Director Deputy President and Executive Officer (Representative Executive Officer)

Jun Ohta
Group CFO, Group CSO and Group CDIO
Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept., Subsidiaries & Affiliates Dept.,
IT Innovation Dept.
Data Management Dept.
Transaction Business Planning Dept.

Director Senior Managing Executive Officers

Katsunori Tanizaki
Group CIO
IT Planning Dept., Data Management Dept., Operations
Planning Dept.
IT Innovation Dept.

Toshikazu Yaku
Group CCO and Group CHRO
Human Resources Dept., Quality Management Dept.,
General Affairs Dept., Administrative Services Dept.

Directors

Toshiyuki Teramoto

Toru Mikami

Tetsuya Kubo

Masayuki Matsumoto ⁽¹⁾

Arthur M. Mitchell ⁽¹⁾

Shozo Yamazaki ⁽¹⁾

Masaharu Kohno ⁽¹⁾

Yoshinobu Tsutsui ⁽¹⁾

Katsuyoshi Shinbo ⁽¹⁾

Eriko Sakurai ⁽¹⁾

Deputy President and Executive Officers

Manabu Narita
Head of Wholesale Business Unit

Yasuyuki Kawasaki
Head of International Business Unit

Senior Managing Executive Officer

Yukihiko Onishi
Head of Retail Business Unit

Managing Executive Officer

Hiroshi Munemasa
Head of Global Markets Business Unit

⁽¹⁾ Messrs. and Ms. Matsumoto, Mitchell, Yamazaki, Kohno, Tsutsui, Shinbo and Sakurai satisfy the requirements for an "outside director" under the Companies Act.

EXECUTIVE OFFICERS

Deputy President and Executive Officer

Fumiaki Kurahara
Deputy Head of Wholesale Business Unit

Senior Managing Executive Officers

Hitoshi Ishii
Deputy Head of Wholesale Business Unit

Gotaro Michihiro
Private Banking Planning Dept.

Shosuke Mori
Deputy Head of International Business Unit

Managing Executive Officers

Youichi Mori
Group Deputy CIO

Kohei Hirota
Deputy Head of Wholesale Business Unit

Hiroshi Mishima
Deputy Head of Global Markets Business Unit

Akira Inoue
Group Deputy CRO

Takehisa Ikeda
Wholesale Business Unit

Ryohei Kaneko
Deputy Head of Retail Business Unit

Hisanori Kokuga
Head of East Asia Division

Naoki Tamura
Deputy Head of Retail Business Unit

CHOW Ying Hoong
Deputy Head of Asia Pacific Division

Naoya Ishida
Wholesale Business Unit

Toshihiro Isshiki
General Manager, Operations Planning Dept.

Hiroaki Toyoda
Deputy Head of Retail Business Unit

Haruyuki Nagata
Financial Accounting Dept.

Ryuji Nishisaki
Head of Asia Pacific Division

Kenichi Hosomi
Deputy Head of International Business Unit

Takashi Aiki
Group Deputy CIO and Group Deputy CDIO

Tetsuro Imaeda
Head of Europe, Middle East and Africa Division

Nobuyuki Kawabata
Head of Americas Division

Toru Sawada
General Manager, General Affairs Dept.

Eiichi Sekiguchi
Wholesale Business Unit

Naoki Takahashi
Deputy Head of Wholesale Business Unit

Toru Nakashima
General Manager, Corporate Planning Dept.

Muneo Kanamaru
General Manager, Human Resources Dept.

Toshihiro Sato
General Manager, Planning Dept.,
Global Markets Business Unit

Executive Officers

Yukio Noda
Group Deputy CCO

Mitsuhiro Akiyama
Deputy Head of International Business Unit

Ryo Suzuki
Deputy Head of Americas Division

Yaoki Tsutsumi
Group Deputy CFO

Toshiaki Nakai
General Manager, Credit & Investment Planning Dept.

Kazuhiro Notsu
Group Deputy CSO

Masayoshi Furusho
Group Deputy CHRO

Rie Asayama
General Manager, Quality Management Dept.

Hideo Goto
General Manager, Planning Dept., Wholesale Business Unit

Shoji Masuda
General Manager, IT Planning Dept.

Yukiko Yoritaka
General Manager, Training Institute, Human Resources Dept.

Takaki Ono
General Manager, Planning Dept., Wholesale Business Unit

Kotaro Hagiwara
General Manager, Corporate Planning Dept.

Yoshihiro Hyakutome
General Manager, Planning Dept.,
International Business Unit

Kenji Hirao
General Manager, Public Relations Dept.

Takeshi Mikami
General Manager, Financial Accounting Dept.

Takashi Yamashita
Retail Business Unit
(Planning Dept., Retail Business Unit)

Keiichiro Nakamura
General Manager, Planning Dept., Europe, Middle East
and Africa Division

[REFERENCE]

Group CxO/Head of Business Units

(as of June 30, 2017)

Group CxO

Group CEO
Takeshi Kunibe

Group CRO
Kozo Ogino

Group CFO,
Group CSO and
Group CDIO
Jun Ohta

Group CIO
Katsunori Tanizaki

Group CCO and
Group CHRO
Toshikazu Yaku

Group CAE
Shinichiro Tani

Head of Business Units

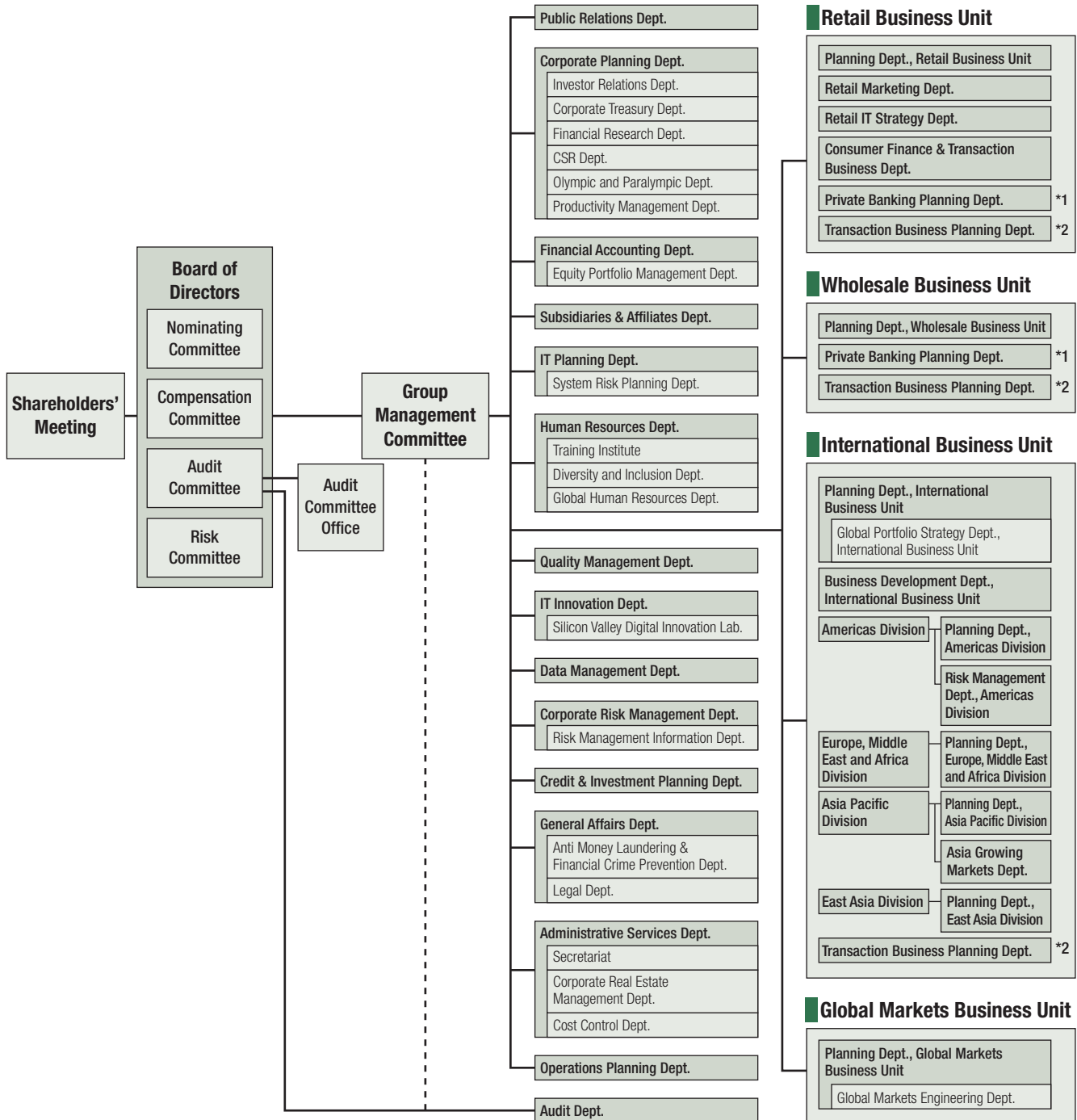
Head of Wholesale
Business Unit
Manabu Narita

Head of International
Business Unit
Yasuyuki Kawasaki

Head of Retail Business Unit
Yukihiko Onishi

Head of Global Markets
Business Unit
Hiroshi Munemasa

SMFG Organization (as of June 30, 2017)



*1 Belongs to both Retail Banking Unit and Wholesale Banking Unit.

*2 Belongs to Retail Banking Unit, Wholesale Banking Unit and International Banking Unit.

Sumitomo Mitsui Banking Corporation

■ Board of Directors, Corporate Auditors and Executive Officers (as of June 30, 2017)

BOARD OF DIRECTORS

Chairman of the Board

Koichi Miyata

President and Chief Executive Officer (Representative Director)

Makoto Takashima*

Director and Deputy Presidents (Representative Directors)

Kozo Ogino*

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

Manabu Narita*

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

Yasuyuki Kawasaki*

Head of International Banking Unit

Fumiaki Kurahara*

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

Director and Senior Managing Executive Officers

Katsunori Tanizaki*

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

Masahiko Oshima*

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

Naoki Ono*

Internal Audit Dept., Credit Review Dept.

Toshikazu Yaku*

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

Directors

Satoshi Itoh ⁽¹⁾

Kuniaki Nomura ⁽¹⁾

Sonosuke Kadonaga ⁽¹⁾

* These Directors are appointed as Executive Officers also.

(1) Messrs. Itoh, Nomura and Kadonaga satisfy the requirements for an "outside director" under the Companies Act.

CORPORATE AUDITORS

Yuichi Shimane

Yozo Takigawa

Rokuro Tsuruta ⁽²⁾

Hiroshi Takahashi ⁽²⁾

Masaaki Oka ⁽²⁾

Toshiyuki Teramoto

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

DEPUTY CHAIRMAN

Yujiro Ito

Located at Osaka

EXECUTIVE OFFICERS

Senior Managing Executive Officers

Atsuhiko Inoue

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

Hitoshi Ishii

Deputy Head of Wholesale Banking Unit
Head of Corporate Banking Division

Yukihiko Onishi

Head of Retail Banking Unit

Koichi Noda

Head of Financial Solutions Unit

Gotaro Michihiro

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

Shosuke Mori

Deputy Head of International Banking Unit

Kimio Matsuura

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

Managing Executive Officers

Ryohei Kaneko

Deputy Head of Retail Banking Unit

Hisanori Kokuga

Head of East Asia Division
Global Advisory Dept.
Chairman of Sumitomo Mitsui Banking Corporation (China) Limited

Naoki Tamura

Deputy Head of Retail Banking Unit

Toshihiro Isshiki

General Manager, Operations Planning Dept.

Haruyuki Nagata

Financial Accounting Dept.

Ryuji Nishisaki

Head of The Asia Pacific Division and Asia Growing Markets Division

Akihiro Fukutome

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

Hiroshi Munemasa

Head of Treasury Unit

Keiji Kakumoto

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

Kenichi Hosomi

Deputy Head of International Banking Unit

Hitoshi Minami

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

Nobuyuki Kawabata

Head of The Americas Division

Toru Sawada

General Manager, General Affairs Dept.

Toru Nakashima

Corporate Planning Dept.

CHOW Ying Hoong

Deputy Head of Asia Growing Markets Division

Tetsuro Imaeda

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

Eiji Omori

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

Atsushi Takada

Head of Kobe Middle Market Banking Division

Fumiharu Kozuka

General Manager, Corporate Credit Dept.

Eiichi Sekiguchi

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

Kengo Nakagawa

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

Muneo Kanamaru

General Manager, Human Resources Dept.

Teiko Kudo

Deputy Head of Wholesale Banking Unit
(Growth Business Development Dept.)
Deputy Head of Financial Solutions Unit
(Growth Industry Cluster Dept.)

Toshihiro Sato

Deputy Head of Treasury Unit

Executive Officers

William Karl

General Manager, Real Estate Finance Dept., Americas Division

Stanislas Roger

Deputy Head of Europe, Middle East and Africa Division

Ryo Suzuki

Deputy Head of The Americas Division

Toshiaki Nakai

General Manager, Credit & Investment Planning Dept.

Takashi Arima

Head of Kyoto Hokuriku Middle Market Banking Division and
General Manager, Kyoto Corporate Business Office-I

Iwao Kawaharada

Head of Osaka Daiichi Middle Market Banking Division and
Chushikoku Middle Market Banking Division

Hiroyoshi Korosue

Country Head of Thailand and General Manager, Bangkok Branch

Masaaki Sasai

Deputy Head of Financial Solutions Unit

Reiji Domoto

General Manager, Osaka Corporate Banking Dept. I

Yusuke Hirako

Head of Higashinohon Daiyon Middle Market Banking Division

Narumitsu Yoshioka

President of Sumitomo Mitsui Banking Corporation (China) Limited and
Deputy Head of East Asia Division

Rie Asayama

General Manager, Quality Management Dept.

Akira Ueda

Head of Higashinohon Daiichi Middle Market Banking Division

Masamichi Koike

General Manager, Planning Dept., Treasury Unit

Hideo Goto

General Manager, Planning Dept., Wholesale Banking Unit

Rajeev Kannan

General Manager, Investment Banking Dept., Asia

Isaac Deutsch

General Manager, Specialized Finance Dept., Americas Division

John Ferreira

Deputy Head of The Asia Pacific Division

Etsunori Sakai

Head of Higashinohon Daisan Middle Market Banking Division

Hiroyuki Miyajima

Deputy Head of Wholesale Banking Unit (Credit Dept. II, Wholesale
Banking Unit)
Deputy Head of Retail Banking Unit (Credit Dept., Retail Banking Unit)

Masataka Asagami

Head of Higashinohon Daini Middle Market Banking Division

Shoji Masuda

General Manager, IT Planning Dept.

Yukiko Yoritaka

General Manager, Training Institute, Human Resources Dept.

Hiroshi Irie

General Manager, Singapore Branch and Western MNC Dept., Asia

Takaki Ono

General Manager, Planning Dept., Wholesale Banking Unit

Kotaro Hagiwara

General Manager, Corporate Planning Dept.

Yoshihiro Hyakutome

General Manager, Planning Dept., International Banking Unit

Takeshi Mikami

General Manager, Financial Accounting Dept.

Takashi Yamashita

General Manager, Planning Dept., Retail Banking Unit

Antony Yates

Chairman of SMBC Capital Markets, Inc.
and President of SMBC Nikko Capital Markets Limited

Shuji Yabe

Deputy Head of International Banking Unit (Credit Depts., Americas
Division, Europe, Middle East and Africa Division, Asia Pacific Division,
East Asia Division and International Banking Unit)

Masatsugu Kojima

Head of Higashinohon Daigo Middle Market Banking Division

Hiroshi Yakame

General Manager, Tokyo Corporate Banking Dept. V

Shinichiro Watanabe

General Manager, Global Aviation and Maritime Finance Department

Hideo Ohara

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

Yoshiaki Kageyama

General Manager, Corporate Banking Dept.-I, Europe, Middle East
and Africa Division

Hiroyuki Kamimoto

Deputy Head of Corporate Advisory Division

Masanao Nakao

General Manager, Tokyo Corporate Banking Dept. XI

Kenji Hirao

General Manager, Public Relations Dept.

Koji Matsumoto

General Manager, Planning Dept., Financial Solutions Unit

Keiichiro Nakamura

General Manager, Planning Dept., Europe, Middle East and Africa Division

Nobuaki Nakamura

General Manager, Trading Dept.

Kiichiro Hondo

General Manager, Strategic Corporate Business Dept.

Fumito Yoshioka

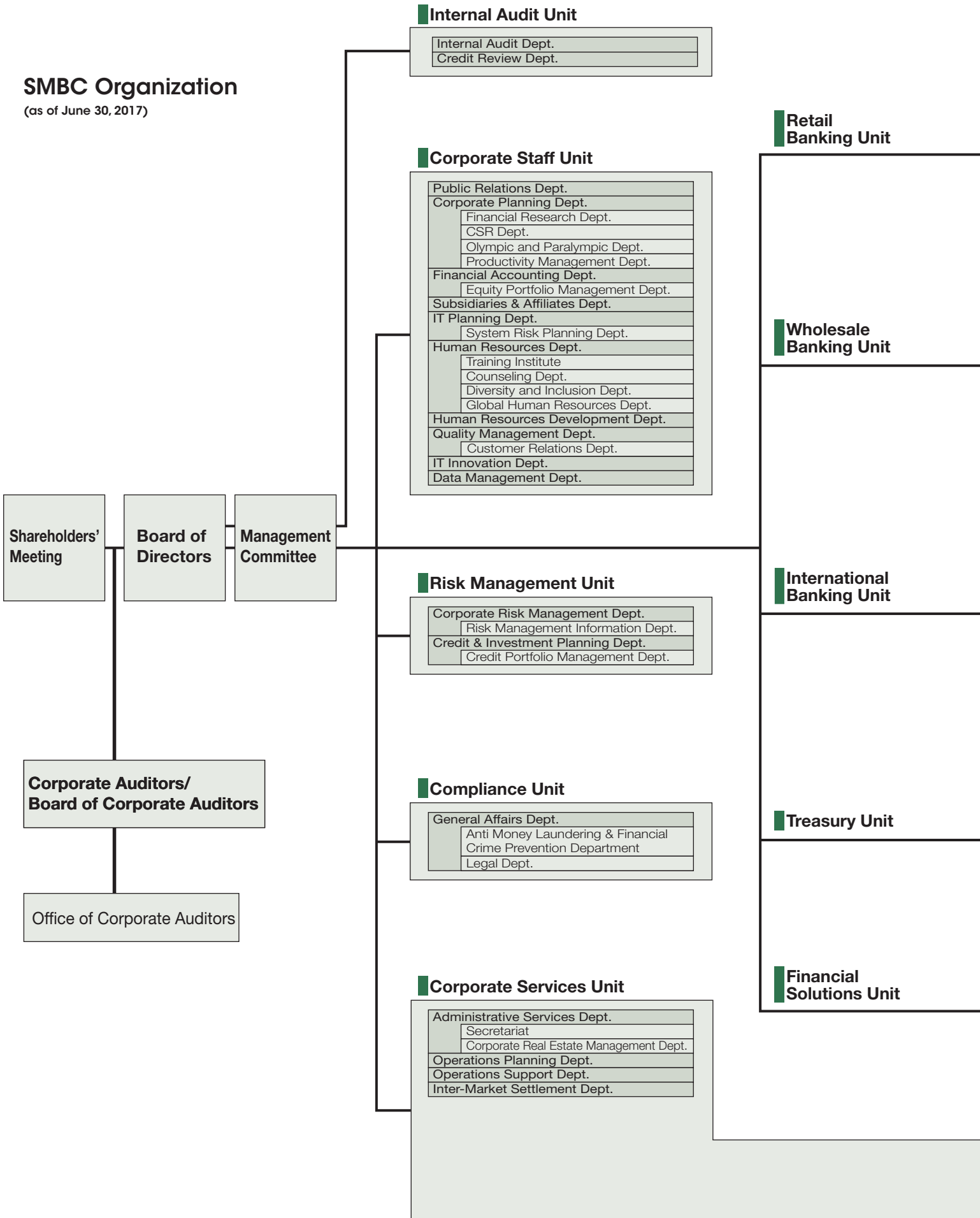
General Manager, Tokyo Corporate Banking Dept. IV

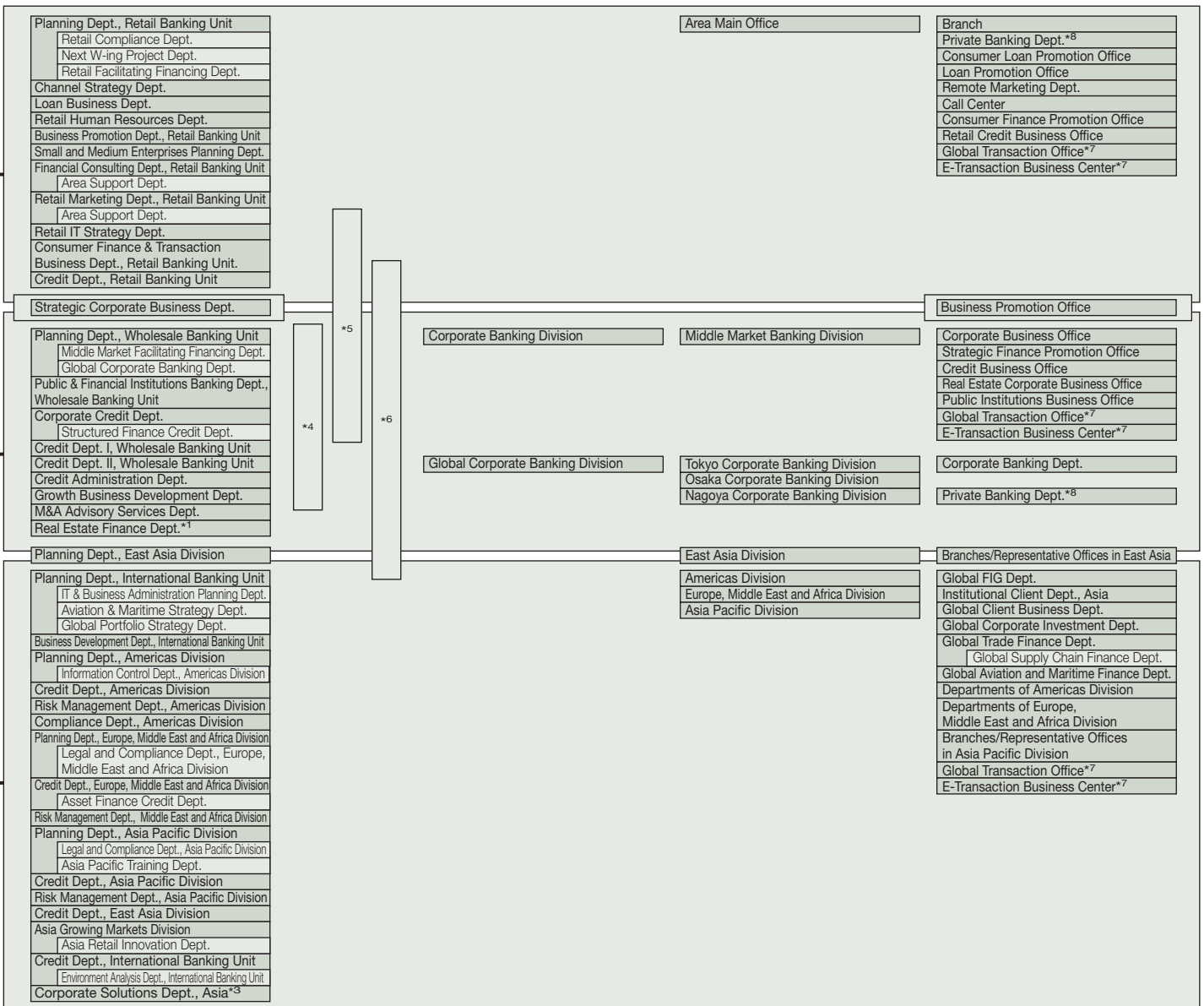
Alan Krouk

General Manager, Global FIG Department and Institutional Client Dept.,
Americas Division

SMBC Organization

(as of June 30, 2017)





Planning Dept., Treasury Unit Global Markets Engineering Dept. Global Credit Investment Dept. Treasury Dept. International Treasury Dept. Trading Dept. Treasury Marketing Dept. Financial Products Dept. Securities Direct Sales Dept. Treasury Dept., Asia Pacific Division
--

Planning Dept., Financial Solutions Unit Structured Finance Dept. Shipping Finance Dept. Debt Finance Dept. Investment Banking Services Dept. Real Estate Finance Dept.*1 Merchant Banking Dept. Distribution Dept. Growth Industry Cluster Dept.*2 Trust Services Dept. Trust Business Operations Dept. Investment Banking Dept., Asia Corporate Solutions Dept., Asia*3

- *1 Belongs to both Financial Solutions Unit and Wholesale Banking Unit.
- *2 Belongs to both Financial Solutions Unit and Wholesale Banking Unit (Corporate Advisory Division).
- *3 Belongs to both International Banking Unit and Financial Solutions Unit
- *4 • Corporate Advisory Division
 - Advisory Dept. I
 - Advisory Dept. II
 - Advisory Dept. III
 - Corporate Research Dept.
 - Growth Industry Cluster Dept.*2
- *5 • Private Advisory Division
 - Private Advisory Business Dept.
 - Testamentary Trust Dept.
 - Private Banking Planning Dept.
 - Corporate Employees Solution Dept.
 - Defined Contribution Dept.
- *6 • Transaction Business Division
 - Transaction Business Planning Dept.
 - Transaction Products Development Dept.
 - Asset Finance Dept.
 - Transaction Banking Dept.
 - Global Transaction Banking Dept.
 - Global Advisory Dept.
 - Global Business Promotion Dept.
 - Global Transaction Support Dept.
 - Foreign Exchange Insourcing Business Dept.
- *7 • Belongs to Retail Banking Unit, Wholesale Banking Unit and International Banking Unit.
- *8 • Belongs to both Retail Banking Unit and Wholesale Banking Unit.

Branch Service Office Head/Main Service Office Public Institutions Operations Office Souzoku-office Sub-Branch Operations Service Office
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Principal Subsidiaries and Affiliates (as of March 31, 2017)

All companies shown hereunder are consolidated subsidiaries or affiliates of Sumitomo Mitsui Financial Group, Inc.
Those printed in green ink are consolidated subsidiaries or affiliates of Sumitomo Mitsui Banking Corporation.

Principal Domestic Subsidiaries

Note: Figures in parentheses () in the voting rights columns indicate voting rights held indirectly via subsidiaries and affiliates.

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
Sumitomo Mitsui Banking Corporation	1,770,996	100	—	Jun. 6, 1996	Commercial banking
SMBC Trust Bank Ltd.	87,550	0 (100)	100	Feb. 25, 1986	Trust service and commercial banking
Sumitomo Mitsui Finance and Leasing Company, Limited	15,000	60	—	Feb. 4, 1963	Leasing
SMBC Nikko Securities Inc.	10,000	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
Sumitomo Mitsui Asset Management Company, Limited	2,000	60	—	Dec. 1, 2002	Investment advisory
THE MINATO BANK, LTD.	27,484	0 (46.42)	45.09 (1.33)	Sep. 6, 1949	Commercial banking
Kansai Urban Banking Corporation	47,039	0 (60.15)	49.36 (0.35)	Jul. 1, 1922	Commercial banking
SMBC Guarantee Co., Ltd.	187,720	0 (100)	0 (99.99)	Jul. 14, 1976	Credit guarantee
SMFL Capital Co., Ltd.	100	0 (100)	—	Sep. 1, 1999	Leasing
SMFG Card & Credit, Inc.	49,859	100	—	Oct. 1, 2008	Business management
SMM Auto Finance, Inc.	7,700	0 (51)	41	Sep. 17, 1993	Automotive financing
SMBC Finance Service Co., Ltd.	71,705	0 (100)	—	Dec. 5, 1972	Collecting agent and factoring
Mobit Co., Ltd.	20,000	0 (100)	—	May 17, 2000	Consumer lending
SAKURA KCS Corporation	2,054	0 (50.21)	28.52 (4.01)	Mar. 29, 1969	System engineering and data processing
JAIS, Limited	450	0 (100)	—	Oct. 16, 1990	System engineering and data processing
Financial Link Co., Ltd.	10	0 (100)	100	Apr. 1, 2004	Data processing service and e-trading consulting
SMBC GMO PAYMENT, Inc.	490	0 (51)	51	Nov. 2, 2015	Settlement agent
SMBC Venture Capital Co., Ltd.	500	0 (40)	0 (40)	Sep. 22, 2005	Venture capital
SMBC Consulting Co., Ltd.	1,100	0 (100)	50 (1.63)	May 1, 1981	Management consulting and seminar organizer
Japan Pension Navigator Co., Ltd.	1,600	0 (69.71)	69.71	Sep. 21, 2000	Defined contribution plan administrator
SMBC Loan Business Planning Co., Ltd.	100,010	0 (100)	100	Apr. 1, 2004	Management support services
SMBC Servicer Co., Ltd.	1,000	0 (100)	100	Mar. 11, 1999	Servicer
SMBC Electronic Monetary Claims Recording Co., Ltd.	500	0 (100)	100	Apr. 16, 2009	Electronic monetary claims recording
SMBC Principal Finance Co., Ltd.	100	0 (100)	100	Mar. 8, 2010	Investments for corporate revitalization and other related investments
SMBC Staff Service Co., Ltd.	90	0 (100)	100	Jul. 15, 1982	Banking clerical work
SMBC Learning Support Co., Ltd.	10	0 (100)	100	May 27, 1998	Seminar organizer
SMBC PERSONNEL SUPPORT CO., LTD.	10	0 (100)	100	Apr. 15, 2002	Banking clerical work
SMBC Center Service Co., Ltd.	100	0 (100)	100	Oct. 16, 1995	Banking clerical work
SMBC Delivery Service Co., Ltd.	30	0 (100)	100	Jan. 31, 1996	Banking clerical work
SMBC Green Service Co., Ltd.	30	0 (100)	100	Mar. 15, 1990	Banking clerical work
SMBC International Business Co., Ltd.	20	0 (100)	100	Sep. 28, 1983	Banking clerical work
SMBC Loan Administration and Operations Service Co., Ltd.	10	0 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Property Research Service Co., Ltd.	30	0 (100)	100	Feb. 1, 1984	Banking clerical work

■ Principal Overseas Subsidiaries

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
Sumitomo Mitsui Banking Corporation Europe Limited	U.K.	US\$3,200 million	0 (100)	100	Mar. 5, 2003	Commercial banking
Sumitomo Mitsui Banking Corporation (China) Limited	China	CNY10.0 billion	0 (100)	100	Apr. 27, 2009	Commercial banking
Manufacturers Bank	U.S.A.	US\$80.786 million	0 (100)	100	Jun. 26, 1962	Commercial banking
Banco Sumitomo Mitsui Brasileiro S.A.	Brazil	R\$758.819 million	0 (100)	100	Oct. 6, 1958	Commercial banking
JSC Sumitomo Mitsui Rus Bank	Russia	RUB6.4 billion	0 (100)	99 (1)	May 8, 2009	Commercial banking
PT Bank Sumitomo Mitsui Indonesia	Indonesia	Rp2,873.9 billion	0 (98.47)	98.47	Aug. 22, 1989	Commercial banking
Sumitomo Mitsui Banking Corporation Malaysia Berhad	Malaysia	MYR1,575 million	0 (100)	100	Dec. 22, 2010	Commercial banking
SMBC Leasing and Finance, Inc.	U.S.A.	US\$4,350	0 (100)	96.19 (3.81)	Nov. 9, 1990	Leasing, investments
SMBC Aviation Capital Limited	Ireland	US\$187 million	0 (90)	30	Aug. 14, 1997	Leasing
SMBC Rail Services LLC	U.S.A.	US\$40.911 million	0 (100)	0 (100)	May 11, 2011	Leasing
SMBC Nikko Securities America, Inc.	U.S.A.	US\$388	0 (100)	77.65 (2.35)	Aug. 8, 1990	Securities, investments
SMBC Nikko Capital Markets Limited	U.K.	US\$1,139 million	0 (100)	84.84	Mar. 13, 1990	Derivatives and investments, securities services
SMBC Capital Markets, Inc.	U.S.A.	US\$100	0 (100)	90 (10)	Dec. 4, 1986	Derivatives and investments
SMBC Financial Services, Inc.	U.S.A.	US\$300	0 (100)	100	Aug. 8, 1990	Investments, investment advisor
SMBC Cayman LC Limited*	Cayman Islands	US\$500	0 (100)	100	Feb. 7, 2003	Credit guarantee, bond investment
SMBC MVI SPC	Cayman Islands	US\$195 million	0 (100)	100	Sep. 9, 2004	Loans, buying/selling of monetary claims
SMBC DIP Limited	Cayman Islands	US\$8 million	0 (100)	100	Mar. 16, 2005	Loans, buying/selling of monetary claims
SFVI Limited	British Virgin Islands	US\$4,800	0 (100)	100	Jul. 30, 1997	Investments
SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.	Mexico	MXN910 million	0 (100)	100	Sep. 18, 2014	Money lending business
SMBC International Finance N.V.	Curaçao	US\$200,000	0 (100)	100	Jun. 25, 1990	Finance
SMFG Preferred Capital USD 1 Limited	Cayman Islands	US\$350,000	100	—	Nov. 28, 2006	Finance
SMFG Preferred Capital GBP 1 Limited	Cayman Islands	£100,000	100	—	Nov. 28, 2006	Finance
SMFG Preferred Capital JPY 1 Limited	Cayman Islands	¥135,000 million	100	—	Jan. 11, 2008	Finance
SMFG Preferred Capital USD 3 Limited	Cayman Islands	US\$1,350 million	100	—	Jul. 8, 2008	Finance
SMFG Preferred Capital GBP 2 Limited	Cayman Islands	£250 million	100	—	Oct. 25, 2007	Finance
SMFG Preferred Capital JPY 2 Limited	Cayman Islands	¥286,000 million	100	—	Nov. 3, 2008	Finance
SMFG Preferred Capital JPY 3 Limited	Cayman Islands	¥268,400 million	100	—	Aug. 12, 2009	Finance
SMBC Preferred Capital USD 1 Limited	Cayman Islands	US\$13.506 million	0 (100)	100	Nov. 28, 2006	Finance
SMBC Preferred Capital GBP 1 Limited	Cayman Islands	£4.545 million	0 (100)	100	Nov. 28, 2006	Finance
SMBC Preferred Capital JPY 1 Limited	Cayman Islands	¥137,000 million	0 (100)	100	Jan. 11, 2008	Finance

* SMBC Cayman LC Limited, like other subsidiaries of SMBC, is a separate corporate entity with its own separate creditors and the claims of such creditors are prior to the claims of SMBC, as the direct or indirect holder of the equity in such subsidiary.

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
SMBC Preferred Capital USD 3 Limited	Cayman Islands	US\$1,358 million	0 (100)	100	Jul. 8, 2008	Finance
SMBC Preferred Capital GBP 2 Limited	Cayman Islands	£251.5 million	0 (100)	100	Oct. 25, 2007	Finance
SMBC Preferred Capital JPY 2 Limited	Cayman Islands	¥293,600 million	0 (100)	100	Nov. 19, 2008	Finance
Sumitomo Mitsui Finance Dublin Limited	Ireland	US\$18 million	0 (100)	100	Sep. 19, 1989	Finance
Sakura Finance Asia Limited	Hong Kong	US\$65.5 million	0 (100)	100	Oct. 17, 1977	Investments
SMBC Capital India Private Limited	India	Rs400 million	0 (100)	99.99 (0.00)	Apr. 3, 2008	Advisory services
SMBC Leasing Investment LLC	U.S.A.	US\$510.6 million	0 (100)	0 (100)	Apr. 7, 2003	Investments in leasing
SMBC Capital Partners LLC	U.S.A.	US\$10,000	0 (100)	100	Dec. 18, 2003	Holding and trading securities
SMBC Derivative Products Limited	U.K.	US\$200 million	0 (100)	0 (100)	Apr. 18, 1995	Derivatives and investments

■ Principal Affiliates

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
The Japan Net Bank, Limited	37,250	0 (41.16)	41.16	Sep. 19, 2000	Commercial banking
PT Bank Tabungan Pensiunan Nasional Tbk	Rp116,805 million	0 (40.66)	40.66	Feb. 5, 1958	Commercial banking
PT Oto Multiartha	Rp928,707 million	0 (35.10)	35.10	Mar. 28, 1994	Automotive financing
PT Summit Oto Finance	Rp2,442,060 million	0 (35.10)	35.10	Sep. 20, 1990	Motorcycle financing
Vietnam Export Import Commercial Joint Stock Bank	VND12,526.947 billion	0 (15.07)	15.07	May 24, 1989	Commercial banking
ACLEDA Bank Plc.	US\$307 million	0 (18.25)	18.25	Dec. 1, 2003	Commercial banking
The Bank of East Asia, Limited	HKD35,490 million	0 (19.60)	19.59	Nov. 14, 1918	Commercial banking
Sumitomo Mitsui Auto Service Company, Limited	6,950	33.99	—	Feb. 21, 1981	Leasing
POCKET CARD CO., LTD.	14,374	0 (35.54)	35.54	May 25, 1982	Credit card services
JSOL CORPORATION	5,000	0 (50)	—	Jul. 3, 2006	System engineering and data processing
Sakura Information Systems Co., Ltd.	600	0 (49)	49	Nov. 29, 1972	System engineering and data processing
Daiwa SB Investments Ltd.	2,000	43.96	—	Apr. 1, 1999	Investment advisory and investment trust management
China Post & Capital Fund Management Co., Ltd.	CNY300 million	0 (24)	24	Apr. 24, 2012	Investment management
Daiwa Securities SMBC Principal Investments Co., Ltd.	100	0 (40)	40	Feb. 1, 2010	Investments, fund management
MSD Investment, Ltd.	49	0 (33.33)	(33.33)	Sep. 1, 2015	Investments

International Directory (as of June 30, 2017)

Asia and Oceania

SMBC Branches and Representative Offices

Hong Kong Branch

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Seoul Branch

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Singapore Branch

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Sydney Branch

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Perth Branch

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Labuan Branch

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**Sumitomo Mitsui Banking Corporation
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**Sumitomo Mitsui Banking Corporation
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**Sumitomo Mitsui Banking Corporation
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**Sumitomo Mitsui Banking Corporation
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SMBC SSC Sdn. Bhd.

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**PT Bank Tabungan Pensiunan
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PT Oto Multiartha

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PT Summit Oto Finance

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PT. SMFL Leasing Indonesia

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Sumitomo Mitsui Auto Leasing & Service (Thailand) Co., Ltd.

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Summit Auto Lease Australia Pty Ltd.

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Tel: 61 (2) 9638-7833

SMAS Auto Leasing India Private Limited

Office No. 406, 4th Floor, Worldmark-2, Asset area no.8, Aerocity Hospitality District, New Delhi-110037, India
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PROMISE (HONG KONG) CO., LTD.

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Liang Jing Co., Ltd.

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PROMISE (THAILAND) CO., LTD.

12th, 15th, 22nd Floor, Capital Tower, All Seasons Place, 87/1 Wireless Road, Lumpini, Phatumwan, Bangkok 10330, Thailand
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PROMISE (SHENZHEN) CO., LTD.

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PROMISE (SHENYANG) CO., LTD.

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Promise Consulting Service (Shenzhen) Co., Ltd.

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PROMISE (WUHAN) CO., LTD.

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The Americas

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Europe, Middle-East and Africa

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Metrocity Is Merkezi, Kirgulu Sokak No:4
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Ramlet Boulak, Cairo, Egypt
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**Sumitomo Mitsui Banking Corporation
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SMBC Aviation Capital Limited

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GLOBAL NETWORK

Asia and Oceania

- Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)
- Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenzhen Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Dalian Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Puxi Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Changshu Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Binhai Sub-Branch
- PT Bank Sumitomo Mitsui Indonesia
- Sumitomo Mitsui Banking Corporation Malaysia Berhad
- Hong Kong Branch
- Taipei Branch
- Seoul Branch
- Singapore Branch
- Sydney Branch
- Perth Branch
- New Delhi Branch
- Mumbai Branch
- Bangkok Branch
- Chonburi Branch
- Ho Chi Minh City Branch
- Hanoi Branch
- Manila Branch
- Yangon Branch
- Yangon Branch Thilawa Front Office
- Labuan Branch
- Labuan Branch Kuala Lumpur Office
- Ulaanbaatar Representative Office
- Phnom Penh Representative Office
- SMBC Capital Markets (Asia) Limited
- SMBC Nikko Capital Markets Limited (Sydney Office)
- SBCS Co., Limited
- PT. SBCS Indonesia
- SMBC SSC Sdn. Bhd.
- SMBC Metro Investment Corporation
- The Bank of East Asia, Limited
- Vietnam Export Import Commercial Joint Stock Bank
- PT Bank Tabungan Pensiunan Nasional Tbk
- PT Oto Multiartha
- PT Summit Oto Finance
- ACLEDA Bank Plc.

Overseas service network (as of June 30, 2017)

Total: 75

**(including banking subsidiaries and their branches/
sub-branches/rep. offices)**

Also showing principal overseas subsidiaries



★ Indicates branch or sub-branch of Sumitomo Mitsui Banking Corporation (China) Limited

The Americas

- New York Branch
- San Francisco Branch
- Los Angeles Branch
- Canada Branch
- Cayman Branch
- Houston Representative Office
- Silicon Valley Representative Office
- Mexico City Representative Office
- Santiago Representative Office
- Bogota Representative Office
- Lima Representative Office
- Manufacturers Bank
- Banco Sumitomo Mitsui Brasileiro S.A.
- Banco Sumitomo Mitsui Brasileiro S.A. Cayman Branch
- SMBC Capital Markets, Inc.
- SMBC Nikko Securities America, Inc.
- SMBC Leasing and Finance, Inc.
- SMBC Rail Services LLC
- SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.

Europe, Middle East and Africa

- Sumitomo Mitsui Banking Corporation Europe Limited Head Office
- Sumitomo Mitsui Banking Corporation Europe Limited Amsterdam Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Dublin Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Prague Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Madrid Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch
- Düsseldorf Branch
- Frankfurt Branch
- Brussels Branch
- DIFC Branch-Dubai
- Abu Dhabi Representative Office
- Istanbul Representative Office
- Doha QFC Office
- Bahrain Representative Office
- Johannesburg Representative Office
- Cairo Representative Office
- Tehran Representative Office
- JSC Sumitomo Mitsui Rus Bank
- SMBC Nikko Capital Markets Limited
- Sumitomo Mitsui Finance Dublin Limited
- SMBC Aviation Capital Limited

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SMBC

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Financial Highlights

Sumitomo Mitsui Financial Group (Consolidated)

Year ended March 31	Millions of yen				
	2017	2016	2015	2014	2013
For the Year:					
Ordinary income.....	¥ 5,133,245	¥ 4,772,100	¥ 4,851,202	¥ 4,641,880	¥ 4,326,424
Ordinary profit	1,005,855	985,284	1,321,156	1,432,332	1,073,745
Profit attributable to owners of parent	706,519	646,687	753,610	835,357	794,059
Comprehensive income	966,057	178,328	2,063,510	1,303,295	1,458,107
At Year-End:					
Total net assets	¥ 11,234,286	¥ 10,447,669	¥ 10,696,271	¥ 9,005,019	¥ 8,443,218
Total assets	197,791,611	186,585,842	183,442,585	161,534,387	148,696,800
Total capital ratio (International Standard)	16.93%	17.02%	16.58%	15.51%	14.71%
Tier 1 capital ratio (International Standard).....	14.07%	13.68%	12.89%	12.19%	10.93%
Common equity Tier 1 capital ratio (International Standard)	12.17%	11.81%	11.30%	10.63%	9.38%
Number of employees.....	77,205	73,652	68,739	66,475	64,635

Note: "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.

Consolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars	
	2016	2017	2017	2017
Assets:				
Cash and due from banks	*8 ¥ 42,789,236	*8 ¥ 46,865,538	\$ 417,734	
Call loans and bills bought	*8 1,291,365	1,872,144	16,687	
Receivables under resale agreements	494,949	899,897	8,021	
Receivables under securities borrowing transactions	7,972,918	8,760,390	78,085	
Monetary claims bought	*8 4,350,012	*8 4,420,377	39,401	
Trading assets	*8 8,063,281	*8 6,755,428	60,214	
Money held in trust	5,163	3,439	31	
Securities	*1, *2, *8, *15 25,264,445	*1, *2, *8, *15 24,631,792	219,554	
Loans and bills discounted	*3, *4, *5, *6, *7, *8, *9 75,066,080	*3, *4, *5, *6, *7, *8, *9 80,237,322	715,191	
Foreign exchanges	*7 1,577,167	*7 1,723,867	15,366	
Lease receivables and investment assets	*8 1,987,034	*8 2,395,597	21,353	
Other assets	*8 6,702,774	*8 7,355,845	65,566	
Tangible fixed assets	*8, *10, *11, *12 2,919,424	*8, *10, *11, *12 3,101,642	27,646	
Assets for rent	1,884,778	2,086,391	18,597	
Buildings	386,222	381,378	3,399	
Land	489,144	489,167	4,360	
Lease assets	7,558	7,186	64	
Construction in progress	27,188	20,575	183	
Other tangible fixed assets	124,531	116,942	1,042	
Intangible fixed assets	878,265	946,506	8,437	
Software	408,272	431,833	3,849	
Goodwill	339,185	318,578	2,840	
Lease assets	268	185	2	
Other intangible fixed assets	130,538	195,909	1,746	
Net defined benefit asset	203,274	314,922	2,807	
Deferred tax assets	125,832	63,001	562	
Customers' liabilities for acceptances and guarantees	7,519,635	8,090,111	72,111	
Reserve for possible loan losses	(625,019)	(646,215)	(5,760)	
Total assets	¥186,585,842	¥197,791,611	\$1,763,006	

(Continued)

March 31	Millions of yen		Millions of
	2016	2017	U.S. dollars
			2017
Liabilities and net assets:			
Liabilities:			
Deposits	*8 ¥110,668,828	*8 ¥117,830,210	\$1,050,274
Negotiable certificates of deposit	14,250,434	11,880,937	105,900
Call money and bills sold	1,220,455	2,088,019	18,611
Payables under repurchase agreements	*8 1,761,822	*8 2,715,752	24,207
Payables under securities lending transactions	*8 5,309,003	*8 7,444,655	66,358
Commercial paper	3,017,404	2,311,542	20,604
Trading liabilities	*8 6,112,667	4,704,931	41,937
Borrowed money	*8, *13 8,571,227	*8, *13 10,786,713	96,147
Foreign exchanges	1,083,450	683,252	6,090
Short-term bonds	1,271,300	1,125,600	10,033
Bonds	*14 7,006,357	*14 8,129,232	72,460
Due to trust account	944,542	1,180,976	10,527
Other liabilities	*8 6,632,027	*8 6,880,273	61,327
Reserve for employee bonuses	68,476	77,375	690
Reserve for executive bonuses	2,446	3,045	27
Net defined benefit liability	48,570	59,110	527
Reserve for executive retirement benefits	2,202	2,347	21
Reserve for point service program	19,706	21,744	194
Reserve for reimbursement of deposits	16,979	15,464	138
Reserve for losses on interest repayment	228,741	156,775	1,397
Reserves under the special laws	1,498	1,745	16
Deferred tax liabilities	348,190	335,908	2,994
Deferred tax liabilities for land revaluation	*10 32,203	*10 31,596	282
Acceptances and guarantees	*8 7,519,635	*8 8,090,111	72,111
Total liabilities	176,138,173	186,557,325	1,662,869
Net assets :			
Capital stock	2,337,895	2,337,895	20,839
Capital surplus	757,306	757,346	6,751
Retained earnings	4,534,472	5,036,756	44,895
Treasury stock	(175,381)	(12,913)	(115)
Total stockholders' equity	7,454,294	8,119,085	72,369
Net unrealized gains (losses) on other securities	1,347,689	1,542,308	13,747
Net deferred gains (losses) on hedges	55,130	(42,077)	(375)
Land revaluation excess	*10 39,416	*10 38,109	340
Foreign currency translation adjustments	87,042	65,078	580
Accumulated remeasurements of defined benefit plans	(69,811)	9,034	81
Total accumulated other comprehensive income	1,459,467	1,612,453	14,373
Stock acquisition rights	2,884	3,482	31
Non-controlling interests	1,531,022	1,499,264	13,364
Total net assets	10,447,669	11,234,286	100,136
Total liabilities and net assets	¥186,585,842	¥197,791,611	\$1,763,006

Consolidated Statements of Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Ordinary income	¥4,772,100	¥5,133,245	\$45,755
Interest income	1,868,313	1,912,027	17,043
Interest on loans and discounts	1,326,402	1,384,119	12,337
Interest and dividends on securities	303,132	259,840	2,316
Interest on call loans and bills bought	20,457	12,205	109
Interest on receivables under resale agreements	10,100	18,886	168
Interest on receivables under securities borrowing transactions ..	10,747	12,172	108
Interest on deposits with banks	37,537	48,040	428
Interest on lease transactions	59,366	70,227	626
Other interest income	100,567	106,534	950
Trust fees	3,681	3,797	34
Fees and commissions	1,134,463	1,195,452	10,656
Trading income	225,481	237,394	2,116
Other operating income	1,342,665	1,583,316	14,113
Lease-related income	197,699	257,847	2,298
Installment-related income	743,815	883,657	7,876
Other	401,150	441,811	3,938
Other income	197,494	201,257	1,794
Recoveries of written-off claims	19,735	14,089	126
Other	*1 177,759	*1 187,167	1,668
Ordinary expenses	3,786,815	4,127,389	36,789
Interest expenses	445,385	553,394	4,933
Interest on deposits	140,633	189,204	1,686
Interest on negotiable certificates of deposit	49,319	67,232	599
Interest on call money and bills sold	5,360	5,491	49
Interest on payables under repurchase agreements	8,077	16,281	145
Interest on payables under securities lending transactions	6,726	4,631	41
Interest on commercial paper	10,415	15,510	138
Interest on borrowed money	39,825	39,528	352
Interest on short-term bonds	1,400	118	1
Interest on bonds	129,295	144,755	1,290
Other interest expenses	54,331	70,641	630
Fees and commissions payments	130,625	182,104	1,623
Other operating expenses	1,094,630	1,275,747	11,371
Lease-related expenses	91,017	128,468	1,145
Installment-related expenses	698,904	832,749	7,423
Other	304,708	314,529	2,804
General and administrative expenses	*2 1,724,836	*2 1,812,433	16,155
Other expenses	391,338	303,710	2,707
Provision for reserve for possible loan losses	34,842	75,915	677
Other	*3 356,495	*3 227,795	2,030
Ordinary profit	985,284	1,005,855	8,966

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Extraordinary gains.....	¥ 3,911	¥ 30,960	\$ 276
Gains on disposal of fixed assets	3,714	1,552	14
Gains on negative goodwill	138	—	—
Reversal of reserve for eventual future operating losses from financial instruments transactions.....	0	82	1
Other extraordinary gains.....	58	*4 29,325	261
Extraordinary losses	9,026	57,511	513
Losses on disposal of fixed assets	4,289	7,720	69
Losses on impairment of fixed assets.....	*5 4,362	*5 49,460	441
Provision for reserve for eventual future operating losses from financial instruments transactions.....	374	329	3
Income before income taxes	980,170	979,305	8,729
Income taxes-current	244,223	265,045	2,362
Income taxes-deferred	(19,175)	(94,093)	(839)
Income taxes	225,047	170,951	1,524
Profit	755,123	808,353	7,205
Profit attributable to non-controlling interests.....	108,435	101,834	908
Profit attributable to owners of parent	¥ 646,687	¥ 706,519	\$ 6,298

Consolidated Statements of Comprehensive Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of
	2016	2017	U.S. dollars
Profit	¥ 755,123	¥808,353	\$7,205
Other comprehensive income (losses)	*1 (576,794)	*1 157,703	1,406
Net unrealized gains (losses) on other securities	(444,981)	201,653	1,797
Net deferred gains (losses) on hedges	82,552	(93,989)	(838)
Land revaluation excess	1,705	(6)	(0)
Foreign currency translation adjustments	(92,121)	(12,699)	(113)
Remeasurements of defined benefit plans	(121,933)	81,193	724
Share of other comprehensive income of affiliates	(2,016)	(18,448)	(164)
Total comprehensive income	178,328	966,057	8,611
Comprehensive income attributable to owners of parent	103,599	860,806	7,673
Comprehensive income attributable to non-controlling interests	74,728	105,250	938

Consolidated Statements of Changes in Net Assets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2016	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥2,337,895	¥757,329	¥4,098,425	¥(175,261)	¥7,018,389
Changes in the fiscal year					
Cash dividends.....			(211,921)		(211,921)
Profit attributable to owners of parent			646,687		646,687
Purchase of treasury stock.....				(191)	(191)
Disposal of treasury stock.....		(17)		71	54
Changes in shareholders' interest due to transaction with non-controlling interests.....		(5)			(5)
Increase due to increase in subsidiaries			50		50
Increase due to decrease in subsidiaries			3		3
Decrease due to increase in subsidiaries.....			(16)		(16)
Decrease due to decrease in subsidiaries			(51)		(51)
Reversal of land revaluation excess.....			1,295		1,295
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	—	(23)	436,047	(119)	435,904
Balance at the end of the fiscal year.....	¥2,337,895	¥757,306	¥4,534,472	¥(175,381)	¥7,454,294

Year ended March 31, 2016	Millions of yen					
	Accumulated other comprehensive income					
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	¥1,791,049	¥(30,180)	¥39,014	¥156,309	¥ 47,667	¥2,003,859
Changes in the fiscal year						
Cash dividends.....						
Profit attributable to owners of parent						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Changes in shareholders' interest due to transaction with non-controlling interests.....						
Increase due to increase in subsidiaries						
Increase due to decrease in subsidiaries						
Decrease due to increase in subsidiaries.....						
Decrease due to decrease in subsidiaries						
Reversal of land revaluation excess.....						
Net changes in items other than stockholders' equity in the fiscal year.....	(443,359)	85,310	401	(69,266)	(117,478)	(544,392)
Net changes in the fiscal year	(443,359)	85,310	401	(69,266)	(117,478)	(544,392)
Balance at the end of the fiscal year.....	¥1,347,689	¥ 55,130	¥39,416	¥ 87,042	¥ (69,811)	¥1,459,467

Year ended March 31, 2016	Millions of yen		
	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	¥2,284	¥1,671,738	¥10,696,271
Changes in the fiscal year			
Cash dividends.....			(211,921)
Profit attributable to owners of parent			646,687
Purchase of treasury stock.....			(191)
Disposal of treasury stock.....			54
Changes in shareholders' interest due to transaction with non-controlling interests.....			(5)
Increase due to increase in subsidiaries			50
Increase due to decrease in subsidiaries			3
Decrease due to increase in subsidiaries.....			(16)
Decrease due to decrease in subsidiaries			(51)
Reversal of land revaluation excess.....			1,295
Net changes in items other than stockholders' equity in the fiscal year.....	600	(140,715)	(684,507)
Net changes in the fiscal year	600	(140,715)	(248,602)
Balance at the end of the fiscal year.....	¥2,884	¥1,531,022	¥10,447,669

Year ended March 31, 2017	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥2,337,895	¥757,306	¥4,534,472	¥(175,381)	¥7,454,294
Changes in the fiscal year					
Cash dividends.....			(205,083)		(205,083)
Profit attributable to owners of parent			706,519		706,519
Purchase of treasury stock.....				(100)	(100)
Disposal of treasury stock.....		(2)		162,567	162,564
Changes in shareholders' interest due to transaction with non-controlling interests.....		42			42
Increase due to increase in subsidiaries			25		25
Increase due to decrease in subsidiaries.....			13		13
Decrease due to increase in subsidiaries.....			(288)		(288)
Decrease due to decrease in subsidiaries			(4)		(4)
Decrease due to decrease in affiliates accounted for by the equity method			(200)		(200)
Reversal of land revaluation excess.....			1,300		1,300
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	—	40	502,283	162,467	664,791
Balance at the end of the fiscal year	¥2,337,895	¥757,346	¥5,036,756	¥(12,913)	¥8,119,085

Year ended March 31, 2017	Millions of yen					
	Accumulated other comprehensive income					
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	¥1,347,689	¥55,130	¥39,416	¥87,042	¥(69,811)	¥1,459,467
Changes in the fiscal year						
Cash dividends.....						
Profit attributable to owners of parent						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Changes in shareholders' interest due to transaction with non-controlling interests.....						
Increase due to increase in subsidiaries						
Increase due to decrease in subsidiaries.....						
Decrease due to increase in subsidiaries.....						
Decrease due to decrease in subsidiaries						
Decrease due to decrease in affiliates accounted for by the equity method						
Reversal of land revaluation excess.....						
Net changes in items other than stockholders' equity in the fiscal year.....	194,619	(97,208)	(1,306)	(21,964)	78,845	152,985
Net changes in the fiscal year	194,619	(97,208)	(1,306)	(21,964)	78,845	152,985
Balance at the end of the fiscal year	¥1,542,308	¥(42,077)	¥38,109	¥65,078	¥9,034	¥1,612,453

Year ended March 31, 2017	Millions of yen		
	Stock acquisition rights	Non-controlling interests	Total net assets
	Balance at the beginning of the fiscal year	¥2,884	¥1,531,022
Changes in the fiscal year			
Cash dividends.....			(205,083)
Profit attributable to owners of parent			706,519
Purchase of treasury stock.....			(100)
Disposal of treasury stock.....			162,564
Changes in shareholders' interest due to transaction with non-controlling interests.....			42
Increase due to increase in subsidiaries			25
Increase due to decrease in subsidiaries.....			13
Decrease due to increase in subsidiaries.....			(288)
Decrease due to decrease in subsidiaries			(4)
Decrease due to decrease in affiliates accounted for by the equity method			(200)
Reversal of land revaluation excess.....			1,300
Net changes in items other than stockholders' equity in the fiscal year.....	598	(31,758)	121,825
Net changes in the fiscal year	598	(31,758)	786,616
Balance at the end of the fiscal year	¥3,482	¥1,499,264	¥11,234,286

Year ended March 31, 2017	Millions of U.S. dollars				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	\$20,839	\$6,750	\$40,418	\$(1,563)	\$66,443
Changes in the fiscal year					
Cash dividends.....			(1,828)		(1,828)
Profit attributable to owners of parent			6,298		6,298
Purchase of treasury stock.....				(1)	(1)
Disposal of treasury stock.....		(0)		1,449	1,449
Changes in shareholders' interest due to transaction with non-controlling interests		0			0
Increase due to increase in subsidiaries			0		0
Increase due to decrease in subsidiaries			0		0
Decrease due to increase in subsidiaries.....			(3)		(3)
Decrease due to decrease in subsidiaries			(0)		(0)
Decrease due to decrease in affiliates accounted for by the equity method			(2)		(2)
Reversal of land revaluation excess.....			12		12
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	—	0	4,477	1,448	5,926
Balance at the end of the fiscal year	\$20,839	\$6,751	\$44,895	\$ (115)	\$72,369

Year ended March 31, 2017	Millions of U.S. dollars					
	Accumulated other comprehensive income					
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	\$12,013	\$ 491	\$351	\$776	\$(622)	\$13,009
Changes in the fiscal year						
Cash dividends.....						
Profit attributable to owners of parent						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Changes in shareholders' interest due to transaction with non-controlling interests						
Increase due to increase in subsidiaries						
Increase due to decrease in subsidiaries						
Decrease due to increase in subsidiaries.....						
Decrease due to decrease in subsidiaries						
Decrease due to decrease in affiliates accounted for by the equity method						
Reversal of land revaluation excess.....						
Net changes in items other than stockholders' equity in the fiscal year.....	1,735	(866)	(12)	(196)	703	1,364
Net changes in the fiscal year	1,735	(866)	(12)	(196)	703	1,364
Balance at the end of the fiscal year	\$13,747	\$(375)	\$340	\$580	\$ 81	\$14,373

Year ended March 31, 2017	Millions of U.S. dollars		
	Stock acquisition rights	Non-controlling interests	Total net assets
	Balance at the beginning of the fiscal year	\$26	\$13,647
Changes in the fiscal year			
Cash dividends.....			(1,828)
Profit attributable to owners of parent			6,298
Purchase of treasury stock.....			(1)
Disposal of treasury stock.....			1,449
Changes in shareholders' interest due to transaction with non-controlling interests			0
Increase due to increase in subsidiaries			0
Increase due to decrease in subsidiaries			0
Decrease due to increase in subsidiaries.....			(3)
Decrease due to decrease in subsidiaries			(0)
Decrease due to decrease in affiliates accounted for by the equity method			(2)
Reversal of land revaluation excess.....			12
Net changes in items other than stockholders' equity in the fiscal year.....	5	(283)	1,086
Net changes in the fiscal year	5	(283)	7,011
Balance at the end of the fiscal year	\$31	\$13,364	\$100,136

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Cash flows from operating activities:			
Income before income taxes	¥ 980,170	¥ 979,305	\$ 8,729
Depreciation	238,348	274,988	2,451
Losses on impairment of fixed assets	4,362	49,460	441
Amortization of goodwill	27,670	29,272	261
Gains on negative goodwill	(138)	—	—
Gains on step acquisitions	(58)	(29,325)	(261)
Equity in (gains) losses of affiliates	36,196	(24,552)	(219)
Net change in reserve for possible loan losses	(48,022)	21,620	193
Net change in reserve for employee bonuses	(5,077)	7,765	69
Net change in reserve for executive bonuses	(946)	584	5
Net change in net defined benefit asset and liability	(23,434)	(47,173)	(420)
Net change in reserve for executive retirement benefits	68	145	1
Net change in reserve for point service program	656	2,076	19
Net change in reserve for reimbursement of deposits	(4,138)	(1,514)	(13)
Net change in reserve for losses on interest repayment	61,947	(71,789)	(640)
Interest income	(1,868,313)	(1,912,027)	(17,043)
Interest expenses	445,385	553,394	4,933
Net (gains) losses on securities	(126,398)	(98,190)	(875)
Net (gains) losses from money held in trust	(0)	(0)	(0)
Net exchange (gains) losses	445,713	16,280	145
Net (gains) losses from disposal of fixed assets	575	6,167	55
Net change in trading assets	(579,837)	1,260,408	11,235
Net change in trading liabilities	448,508	(1,364,902)	(12,166)
Net change in loans and bills discounted	(2,223,331)	(5,197,594)	(46,328)
Net change in deposits	7,646,207	7,287,109	64,953
Net change in negotiable certificates of deposit	442,445	(2,367,722)	(21,105)
Net change in borrowed money (excluding subordinated borrowings)	(1,119,170)	1,800,886	16,052
Net change in deposits with banks	849,019	837,507	7,465
Net change in call loans and bills bought and others	157,822	(1,198,782)	(10,685)
Net change in receivables under securities borrowing transactions	(1,495,854)	(787,472)	(7,019)
Net change in call money and bills sold and others	(3,838,358)	1,895,762	16,898
Net change in commercial paper	(346,866)	(654,552)	(5,834)
Net change in payables under securities lending transactions	(2,524,215)	2,135,651	19,036
Net change in foreign exchanges (assets)	314,707	(144,713)	(1,290)
Net change in foreign exchanges (liabilities)	(22,636)	(400,001)	(3,565)
Net change in lease receivables and investment assets	(41,649)	(53,854)	(480)
Net change in short-term bonds (liabilities)	(99,500)	(145,700)	(1,299)
Issuance and redemption of bonds (excluding subordinated bonds)	420,778	1,109,521	9,890
Net change in due to trust account	226,408	236,434	2,107
Interest received	1,875,947	1,911,477	17,038
Interest paid	(438,246)	(536,129)	(4,779)
Other, net	(649,079)	(523,175)	(4,663)
Subtotal	(832,332)	4,856,646	43,289
Income taxes paid	(294,976)	(342,268)	(3,051)
Net cash provided by (used in) operating activities	(1,127,308)	4,514,377	40,239

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Cash flows from investing activities:			
Purchases of securities	¥(27,007,243)	¥(21,215,546)	\$(189,104)
Proceeds from sale of securities	22,537,031	13,611,842	121,328
Proceeds from redemption of securities	7,992,771	8,852,923	78,910
Purchases of money held in trust	(1)	(1)	(0)
Proceeds from sale of money held in trust	1,925	1,744	16
Purchases of tangible fixed assets	(529,264)	(495,823)	(4,419)
Proceeds from sale of tangible fixed assets	147,995	169,423	1,510
Purchases of intangible fixed assets	(158,779)	(145,290)	(1,295)
Proceeds from sale of intangible fixed assets	223	636	6
Purchases of stocks of subsidiaries resulting from their merger	(860)	—	—
Proceeds from acquisition of business	*2 2,251,106	—	—
Purchases of stocks of subsidiaries resulting in change in scope of consolidation	(652)	*3 (199,755)	(1,781)
Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation	6,698	1,193	11
Net cash provided by (used in) investing activities	5,240,950	581,347	5,182
Cash flows from financing activities:			
Proceeds from issuance of subordinated borrowings	18,000	—	—
Repayment of subordinated borrowings	(39,696)	(11,000)	(98)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	577,142	394,495	3,516
Redemption of subordinated bonds and bonds with stock acquisition rights	(182,617)	(371,640)	(3,313)
Dividends paid	(211,952)	(205,078)	(1,828)
Repayments to non-controlling stockholders	(142,000)	(86,886)	(774)
Dividends paid to non-controlling stockholders	(74,891)	(66,458)	(592)
Purchases of treasury stock	(191)	(100)	(1)
Proceeds from disposal of treasury stock	54	179,757	1,602
Purchases of stocks of subsidiaries not resulting in change in scope of consolidation	(6)	(4)	(0)
Proceeds from sale of stocks of subsidiaries not resulting in change in scope of consolidation	162	390	3
Net cash provided by (used in) financing activities	(55,995)	(166,524)	(1,484)
Effect of exchange rate changes on cash and cash equivalents	(99,579)	(10,555)	(94)
Net change in cash and cash equivalents	3,958,066	4,918,645	43,842
Cash and cash equivalents at the beginning of the fiscal year	33,598,680	37,556,806	334,761
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	59	2,943	26
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(1)	(0)
Cash and cash equivalents at the end of the fiscal year	*1 ¥ 37,556,806	*1 ¥ 42,478,393	\$ 378,629

Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Basis of presentation)

Sumitomo Mitsui Financial Group, Inc. (“SMFG”) was established on December 2, 2002 as a holding company for the SMFG group through a statutory share transfer (*kabushiki iten*) of all of the outstanding equity securities of Sumitomo Mitsui Banking Corporation (“SMBC”) in exchange for SMFG’s newly issued securities. SMFG is a joint stock corporation with limited liability (*Kabushiki Kaisha*) incorporated under the Companies Act of Japan. Upon formation of SMFG and completion of the statutory share transfer, SMBC became a direct wholly owned subsidiary of SMFG.

SMFG has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (“IFRS”).

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

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

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

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2017 which was ¥112.19 to US\$1. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

As of and for the years ended March 31, 2016 and 2017

(Significant accounting policies for preparing consolidated financial statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

The number of consolidated subsidiaries at March 31, 2017 is 354.

Principal companies:	Sumitomo Mitsui Banking Corporation (“SMBC”)
	SMBC Trust Bank Ltd. (“SMBC Trust”)
	Sumitomo Mitsui Finance and Leasing Company, Limited (“SMFL”)
	SMBC Nikko Securities Inc. (“SMBC Nikko”)
	SMBC Friend Securities Co., Ltd. (“SMBC Friend”)
	Sumitomo Mitsui Card Company, Limited (“SMCC”)
	Cedyna Financial Corporation (“Cedyna”)
	SMBC Consumer Finance Co., Ltd. (“SMBCCF”)
	The Japan Research Institute, Limited
	Sumitomo Mitsui Asset Management Company, Limited (“SMAM”)
	THE MINATO BANK, LTD. (“MINATO”)
	Kansai Urban Banking Corporation (“KUBC”)
	Sumitomo Mitsui Banking Corporation Europe Limited
	Sumitomo Mitsui Banking Corporation (China) Limited
	SMBC Guarantee Co., Ltd.
	SMBC Capital Markets, Inc.

Changes in the consolidated subsidiaries in the fiscal year ended March 31, 2017 are as follows:

SMAM, SMFL Capital Company, Limited and 60 other companies were newly included in the scope of consolidation as a result of the acquisition of stocks and for other reasons.

SAKURA CARD CO., Ltd. and 48 other companies were excluded from the scope of consolidation as they ceased to be subsidiaries due to merger and for other reasons.

(2) Unconsolidated subsidiaries

Principal company:	SBCS Co., Ltd.
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169 unconsolidated subsidiaries are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have been excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Other unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income and retained earnings are immaterial, as such, they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of consolidation.

2. Application of the equity method

(1) Unconsolidated subsidiaries accounted for by the equity method

The number of unconsolidated subsidiaries accounted for by the equity method at March 31, 2017 is 5.

Principal company:	SBCS Co., Ltd.
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(2) Affiliates accounted for by the equity method

The number of equity method affiliates accounted for by the equity method at March 31, 2017 is 49.

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, 2017 are as follows:

2 companies newly became equity method affiliates due to an increase in the percentage of their voting rights and for other reasons.

SMAM and 6 other companies were excluded from the scope of equity method affiliates as they became subsidiaries due to acquisition of stocks and for other reasons.

- (3) Unconsolidated subsidiaries that are not accounted for by the equity method
 169 unconsolidated subsidiaries that are not accounted for by the equity method are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have not been accounted for by the equity method pursuant to Article 10 Paragraph 1 Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.
- (4) Affiliates that are not accounted for by the equity method
 Principal company: Daiwa SB Investments (USA) Ltd.
 Affiliates that are not accounted for by the equity method are also excluded from the scope of equity method because their total amounts in terms of net income and retained earnings are immaterial, and as such, they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of equity method.

3. The balance sheet dates of consolidated subsidiaries

- (1) The balance sheet dates of the consolidated subsidiaries at March 31, 2017 are as follows:

May 31.....	1
June 30.....	9
July 31.....	1
September 30.....	7
October 31.....	3
November 30.....	3
December 31.....	156
January 31.....	16
February 28.....	8
March 31.....	150

- (2) The subsidiaries with balance sheets dated May 31, June 30, July 31, September 30 and November 30 are consolidated using the financial statements as of March 31. The subsidiaries with balance sheets dated October 31 are consolidated using the financial statements as of January 31. Certain subsidiaries with balance sheets dated December 31 and January 31 are consolidated using the financial statements as of March 31. Other subsidiaries are consolidated using the financial statements as of their respective balance sheet dates.

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

4. Accounting policies

- (1) Standards for recognition and measurement of trading assets/liabilities and trading income/losses
 Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheets on a trade date basis. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading income" and "Trading losses" 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.
- (2) Standards for recognition and measurement of securities
- 1) Debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method. Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method. Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "Other securities" (available-for-sale securities). Stocks (including foreign stocks) in Other securities are carried at their average market prices during the final month of the fiscal year, and bonds and others are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities which are extremely difficult to determine fair value are carried at cost using the moving-average method.
 Net unrealized gains (losses) on other securities, net of income taxes, are included in "Net assets."
 - 2) Securities included in "Money held in trust" are carried in the same method as in (1) and (2), 1) above.
- (3) Standards for recognition and measurement of derivative transactions
 Derivative transactions, excluding those classified as trading derivatives, are carried at fair value.

(4) Depreciation

1) Tangible fixed assets (excluding assets for rent and lease assets)

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

Buildings:	7 to 50 years
Others:	2 to 20 years

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

2) Intangible fixed assets

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

3) Assets for rent

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

4) Lease assets

Lease assets with respect to non-transfer ownership finance leases, which are recorded in "Tangible fixed assets," are depreciated using the straight-line method, assuming that lease terms are their expected lifetime and salvage values are zero.

(5) Reserve for possible loan losses

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

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

Discounted Cash Flows ("DCF") method is used for claims on borrowers whose cash flows from collection of principals and interest can be rationally estimated and SMBC applies it to claims on large potentially bankrupt borrowers and claims on large borrowers requiring close monitoring that have been classified as "Past due loans (3 months or more)" or "Restructured loans," whose total loans from SMBC exceed a certain amount. SMBC establishes a reserve for possible loan losses using the DCF method for such claims in the amount of the difference between the present value of principal and interest (calculated using the rationally estimated cash flows discounted at the initial contractual interest rate) and the book value.

For other claims, a reserve is provided based on the historical loan-loss ratio. For claims originated in specific overseas countries, an additional reserve is provided in the amount deemed necessary based on the assessment of political and economic conditions.

Branches and credit supervision departments assess all claims in accordance with the internal rules for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment.

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

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off for the years ended March 31, 2016 and 2017 were ¥301,983 million and ¥288,145 million, respectively.

(6) Reserve for employee bonuses

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

(7) Reserve for executive bonuses

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

(8) Reserve for executive retirement benefits

The reserve for executive retirement benefits is provided for payment of retirement benefits to directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end based on our internal regulations.

(9) Reserve for point service program

The reserve for point service program is provided for the potential future redemption of points awarded to customers under the "SMBC Point Pack," credit card points programs, and other customer points award programs. The amount is calculated by converting the outstanding points into a monetary amount, and rationally estimating and recognizing the amount that will be redeemed in the future.

- (10) Reserve for reimbursement of deposits
The reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursements.
- (11) Reserve for losses on interest repayment
The reserve for losses on interest repayment is provided for the possible losses on future claims of repayment of interest based on historical interest repayment experience.
- (12) Reserve under the special laws
The reserve under the special laws is a reserve for contingent liabilities and provided for compensation for losses from securities related transactions or derivative transactions, pursuant to Article 46-5 of the Financial Instruments and Exchange Act.
- (13) Employee retirement benefits
In calculating the projected benefit obligation, mainly the benefit formula basis is used to calculate the expected benefit attributable to the respective fiscal year.
Unrecognized prior service cost is amortized on a straight-line basis, primarily over 9 years within the employees' average remaining service period at incurrence.
Unrecognized net actuarial gain (loss) is amortized on a straight-line basis, primarily over 9 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.
- (14) Translation of foreign currency assets and liabilities
Assets and liabilities of SMFG and SMBC denominated in foreign currencies and accounts of SMBC overseas branches are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.
Other consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet dates.
- (15) Lease transactions
- 1) Recognition of income on finance leases
Interest income is allocated to each period.
 - 2) Recognition of income on operating leases
Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.
 - 3) Recognition of income and expenses on installment sales
Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full period of the installment sales.
- (16) Hedge accounting
- 1) Hedging against interest rate changes
As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applies deferred hedge accounting.
SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.
As for the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.
As for the individual hedges, SMBC also assesses the effectiveness of such individual hedges.
 - 2) Hedging against currency fluctuations
SMBC applies deferred hedge accounting stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002) to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.
Pursuant to JICPA Industry Audit Committee Report No. 25, SMBC assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.
In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.
 - 3) Hedging against share price fluctuations
SMBC applies fair value hedge accounting to individual hedges offsetting the price fluctuation of the shares that are classified under Other securities, and accordingly evaluates the effectiveness of such individual hedges.

4) Transactions between consolidated subsidiaries

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

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

(17) Amortization of goodwill

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

(18) Scope of "Cash and cash equivalents" on consolidated statements of cash flows

For the purposes of presenting the consolidated statements of cash flows, "Cash and cash equivalents" are cash on hand, non-interest earning deposits with banks and deposits with the Bank of Japan.

(19) Consumption taxes

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

(Changes in accounting policies)

In accordance with the revision to the Corporation Tax Act, some domestic consolidated subsidiaries apply the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force No.32, issued on June 17, 2016) and changed the depreciation method for accompanying facilities to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method, starting from the fiscal year ended March 31, 2017. Effects of this change to Ordinary Profit and Income before income taxes during the fiscal year ended March 31, 2017 are immaterial.

(Additional information)

Recoverability of Deferred Tax Assets

SMFG applies the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26 issued on March 28, 2016) from the fiscal year ended March 31, 2017.

Adoption of the consolidated corporate-tax system

SMFG applies the "Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)" (ASBJ Practical Issues Task Force No.5, issued on January 16, 2015) and "Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)" (ASBJ Practical Issues Task Force No.7, issued on January 16, 2015) from fiscal year ended March 31, 2017 on the premise that SMFG file a tax return as a consolidated entity, since the Commissioner of the National Tax Agency has approved the adoption of the consolidated corporate-tax system by SMFG and some consolidated subsidiaries starting from fiscal year ended March 31, 2018.

(Notes to consolidated balance sheets)***1 Japanese stocks and investments in unconsolidated subsidiaries and affiliates**

Japanese stocks and investments in unconsolidated subsidiaries and affiliates at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Japanese stocks	¥609,830	¥603,177
Investments	592	1,371

Japanese stocks of jointly controlled entities were as follows:

March 31	Millions of yen	
	2016	2017
Japanese stocks of jointly controlled entities	¥104,779	¥93,717

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

The amount of unsecured loaned securities for which borrowers have the right to sell or pledge at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Japanese government bonds in "Securities"	¥900	¥905

As for the unsecured borrowed securities, securities under resale agreements and securities borrowed with cash collateral with rights to sell or pledge without restrictions, those securities pledged and those securities held without being disposed at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Securities pledged	¥5,245,608	¥5,977,541
Securities held without being disposed	3,152,831	3,112,106

***3 Bankrupt loans and non-accrual loans**

Bankrupt loans and non-accrual loans at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Bankrupt loans	¥ 44,748	¥ 34,441
Non-accrual loans	594,077	558,855

"Bankrupt loans" are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

"Non-accrual loans" are loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

***4 Past due loans (3 months or more)**

Past due loans (3 months or more) at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Past due loans (3 months or more)	¥19,845	¥22,434

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

***5 Restructured loans**

Restructured loans at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Restructured loans	¥266,698	¥252,790

"Restructured loans" are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers' recovery from financial difficulties, excluding "Bankrupt loans," "Non-accrual loans" and "Past due loans (3 months or more)."

***6 Risk-monitored loans**

The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Risk-monitored loans	¥925,370	¥868,521

The amounts of loans presented in Notes *3 to *6 above are the amounts before deduction of reserve for possible loan losses.

***7 Bills discounted**

Bills discounted are accounted for as financial transactions in accordance with the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002). SMBC and its banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions, etc. The total face value at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Bills discounted	¥820,990	¥802,664

***8 Assets pledged as collateral**

Assets pledged as collateral at March 31, 2016 and 2017 consisted of the following:

March 31, 2016	Millions of yen	March 31, 2017	Millions of yen
Assets pledged as collateral:		Assets pledged as collateral:	
Cash and due from banks	¥ 75,954	Cash and due from banks	¥ 72,981
Call loans and bills bought	433,224	Monetary claims bought	29,021
Monetary claims bought	49,961	Trading assets	2,315,475
Trading assets	2,531,750	Securities	3,544,026
Securities	5,560,230	Loans and bills discounted	8,239,227
Loans and bills discounted	2,609,736	Lease receivables and investment assets	4,303
Lease receivables and investment assets	2,467	Tangible fixed assets	9,112
Tangible fixed assets	9,557	Other assets (installment account receivable, etc.)	564
Other assets (installment account receivable, etc.)	135		
Liabilities corresponding to assets pledged as collateral:		Liabilities corresponding to assets pledged as collateral:	
Deposits	39,403	Deposits	37,944
Payables under repurchase agreements	448,908	Payables under repurchase agreements	1,436,571
Payables under securities lending transactions	3,307,827	Payables under securities lending transactions	6,072,016
Trading liabilities	430,159	Borrowed money	6,922,810
Borrowed money	4,922,927	Other liabilities	24,752
Other liabilities	28,710	Acceptances and guarantees	193,294
Acceptances and guarantees	194,035		

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, and substitution for margins of futures transactions and certain other purposes at March 31, 2016 and 2017:

March 31, 2016	Millions of yen	March 31, 2017	Millions of yen
Cash and due from banks	¥ 12,731	Cash and due from banks	¥ 12,688
Trading assets	13,026	Trading assets	111,189
Securities	6,284,022	Securities	7,617,741
		Loans and bills discounted	1,593,035

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

March 31, 2016	Millions of yen	March 31, 2017	Millions of yen
Collateral money deposited for financial instruments	¥873,964	Collateral money deposited for financial instruments	¥1,264,271
Surety deposits	114,976	Surety deposits	114,293
Margins of futures markets	47,015	Margins of futures markets	61,086
Other margins	35,058	Other margins	32,119

*9 Commitment line contracts on overdrafts and loans

Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amounts of unused commitments at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
The amounts of unused commitments	¥57,798,996	¥62,035,638
The amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time.....	42,315,486	46,185,404

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when such need arises and securing claims after the contracts are made.

*10 Land revaluation excess

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

Certain equity method affiliates also revalued its own land for business activities in accordance with the Act. SMFG's share of the net unrealized gains and net of deferred taxes are reported as "Land revaluation excess" in "Net assets."

Date of the revaluation

SMBC: March 31, 1998 and March 31, 2002

Other consolidated subsidiaries and equity method affiliates: March 31, 1999 and March 31, 2002

Method of revaluation (stipulated in Article 3-3 of the Act)

SMBC: Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of "Order for Enforcement of Act on Revaluation of Land" (Cabinet Order No. 119 effective March 31, 1998).

Other consolidated subsidiaries and equity method affiliates: Fair values were determined based on the values stipulated in Article 2-3 and 2-5 of "Order for Enforcement of Act on Revaluation of Land" (Cabinet Order No. 119 effective March 31, 1998).

*11 Accumulated depreciation on tangible fixed assets

Accumulated depreciation on tangible fixed assets at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Accumulated depreciation	¥977,479	¥1,129,612

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

Deferred gain on tangible fixed assets deductible for tax purposes at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Deferred gain on tangible fixed assets deductible for tax purposes.....	¥62,665	¥63,213
{The consolidated fiscal year concerned}.....	{—}	{1,813}

***13 Subordinated borrowings**

The balance of subordinated borrowings with the special clause specifying that the repayment order of the borrowing subordinate to other borrowings included in “Borrowed money” at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Subordinated borrowings.....	¥295,199	¥284,200

***14 Subordinated bonds**

The balance of subordinated bonds included in “Bonds” at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Subordinated bonds.....	¥2,142,286	¥2,158,167

***15 Guaranteed amount to privately-placed bonds**

The amount guaranteed by SMBC and its banking subsidiaries to privately-placed bonds (stipulated by Article 2-3 of the Financial Instruments and Exchange Act) in “Securities” at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Guaranteed amount to privately-placed bonds.....	¥2,004,096	¥1,974,118

(Notes to consolidated statements of income)***1 Other income**

“Other” in “Other income” for the fiscal years ended March 31, 2016 and 2017 included the following:

Year ended March 31, 2016	Millions of yen	Year ended March 31, 2017	Millions of yen
Gains on sales of stocks.....	¥100,302	Gains on sales of stocks.....	¥80,307

***2 General and administrative expenses**

“General and administrative expenses” for the fiscal years ended March 31, 2016 and 2017 included the following:

Year ended March 31, 2016	Millions of yen	Year ended March 31, 2017	Millions of yen
Salaries and related expenses	¥626,149	Salaries and related expenses	¥669,496
Research and development costs	207	Research and development costs	89

***3 Other expenses**

“Other expenses” for the fiscal years ended March 31, 2016 and 2017 included the following:

Year ended March 31, 2016	Millions of yen	Year ended March 31, 2017	Millions of yen
Write-off of loans.....	¥ 74,180	Write-off of loans.....	¥87,792
Provision for reserve for losses on interest repayment	140,264	Write-off of stocks and others	14,859
Equity in losses of affiliates	36,196	Loss on sales of non-accrual loans	13,204

***4 Other extraordinary gains**

“Other extraordinary gains” for the fiscal year ended March 31, 2017 was 29,325 million yen due to gains on step acquisitions.

*5 Losses on impairment of fixed assets

The differences between the recoverable amounts and the book value of the following asset is recognized as "Losses on impairment of fixed assets," and included in "Extraordinary losses" for the fiscal year ended March 31, 2016 and 2017.

Year ended March 31, 2016			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (3 items)	Land and buildings, etc.	¥ 45
	Idle assets (26 items)		2,265
	Other (1 item)		0
Kinki area	Branches (14 items)	Land and buildings, etc.	649
	Corporate asset (1 item)		349
	Idle assets (24 items)		628
Other	Branch (1 item)	Land and buildings, etc.	6
	Idle assets (11 items)		416
	Others (4 items)		0
Year ended March 31, 2017			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (11 items)	Land and buildings, etc.	¥ 518
	Corporate assets (10 items)		371
	Idle assets (57 items)		3,650
	Others (6 items)		58
Kinki area	Branches (16 items)	Land and buildings, etc.	285
	Corporate asset (1 item)		32
	Idle assets (36 items)		893
	Others (2 items)		1
Other	Branches (7 items)	Land and buildings, etc.	274
	Idle assets (15 items)		292
	Others (10 items)		86
—	—	Goodwill	42,995

At SMBC, a branch, which continuously manages and determines its income and expenses, is the smallest unit of asset group for recognition and measurement of impairment loss of fixed assets. Assets such as corporate headquarters facilities, training facilities, data and system centers, and health and recreational facilities which do not produce cash flows that can be attributed to individual assets are treated as corporate assets. As for idle assets, impairment loss is measured individually. At SMFG and other consolidated subsidiaries, a branch or other group is the smallest asset grouping unit as well.

The carrying amounts of idle assets at SMBC are reduced to their recoverable amounts, and the decreased amounts are included in "Extraordinary losses" as "Losses on impairment of fixed assets," if there are indicators that the invested amounts may not be recoverable. And the carrying amounts of branches, corporate assets and idle assets at other consolidated subsidiaries are reduced in the same method as at SMBC.

The recoverable amount is calculated using net realizable value which is basically determined by subtracting the expected disposal cost from the appraisal value based on the Real Estate Appraisal Standard.

The unit of goodwill is mainly based on each consolidated subsidiary. All unamortized balance of goodwill for the fiscal year ended March 31, 2017 was included in "Extraordinary losses" as "Losses on impairment of fixed assets" since there are indicators that amount of goodwill relating to SMBC Friend may not be recoverable. The recoverable amount is calculated using net realizable value which is determined based on revalued corporate value.

(Notes to consolidated statements of comprehensive income)***1 Reclassification adjustment and tax effect of other comprehensive income**

Year ended March 31	Millions of yen	
	2016	2017
Net unrealized gains (losses) on other securities:		
Amount arising during the fiscal year	¥(467,311)	¥ 426,339
Reclassification adjustments	(201,084)	(144,428)
Before adjustments to tax effect	(668,396)	281,910
Tax effect	223,414	(80,256)
Net unrealized gains (losses) on other securities	(444,981)	201,653
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	88,104	(175,291)
Reclassification adjustments	31,934	39,212
Before adjustments to tax effect	120,038	(136,079)
Tax effect	(37,486)	42,089
Net deferred gains (losses) on hedges	82,552	(93,989)
Land revaluation excess:		
Amount arising during the fiscal year	—	—
Reclassification adjustments	—	—
Before adjustments to tax effect	—	—
Tax effect	1,705	(6)
Land revaluation excess	1,705	(6)
Foreign currency translation adjustments:		
Amount arising during the fiscal year	(84,007)	(12,699)
Reclassification adjustments	(8,114)	—
Before adjustments to tax effect	(92,121)	(12,699)
Tax effect	—	—
Foreign currency translation adjustments	(92,121)	(12,699)
Remeasurements of defined benefit plans:		
Amount arising during the fiscal year	(206,195)	61,564
Reclassification adjustments	31,776	54,960
Before adjustments to tax effect	(174,418)	116,525
Tax effect	52,485	(35,332)
Remeasurements of defined benefit plans	(121,933)	81,193
Share of other comprehensive income of affiliates:		
Amount arising during the fiscal year	(659)	(17,517)
Reclassification adjustments	(1,357)	(930)
Before adjustments to tax effect	(2,016)	(18,448)
Tax effect	—	—
Share of other comprehensive income of affiliates	(2,016)	(18,448)
Total other comprehensive income	¥(576,794)	¥ 157,703

(Notes to consolidated statements of changes in net assets)*Fiscal year ended March 31, 2016***1. Type and number of shares issued and treasury stock**

Year ended March 31, 2016	Number of shares				Notes
	At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	
Shares issued					
Common stock	1,414,055,625	—	—	1,414,055,625	
Total	1,414,055,625	—	—	1,414,055,625	
Treasury stock					
Common stock	46,814,201	39,113	22,432	46,830,882	1,2
Total	46,814,201	39,113	22,432	46,830,882	

Notes: 1. Increase of 39,113 shares in the number of treasury common stock was due to purchases of fractional shares.

2. Decrease of 22,432 shares in the number of treasury common stock was due to sales of fractional shares and exercise of stock options.

2. Information on stock acquisition rights

Year ended March 31, 2016	Details of stock acquisition rights	Type of shares	Number of shares			Millions of yen		Notes
			At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	At the end of the fiscal year	
SMFG	Stock acquisition rights as stock options	—	—	—	—	—	¥2,635	
Consolidated subsidiaries.....	—			—			249	
Total.....							¥2,884	

3. Information on dividends

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount				
		Cash dividends	Cash dividends per share	Record date	Effective date	
Ordinary General Meeting of Shareholders held on June 26, 2015	Common stock	¥112,804	¥80	March 31, 2015	June 26, 2015	
Meeting of the Board of Directors held on November 12, 2015	Common stock	105,753	75	September 30, 2015	December 3, 2015	

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount				
		Cash dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2016	Common stock	¥105,753	Retained earnings	¥75	March 31, 2016	June 29, 2016

Fiscal year ended March 31, 2017

1. Type and number of shares issued and treasury stock

Year ended March 31, 2017	Number of shares				Notes
	At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	
Shares issued					
Common stock	1,414,055,625	—	—	1,414,055,625	
Total.....	1,414,055,625	—	—	1,414,055,625	
Treasury stock					
Common stock	46,830,882	24,993	42,826,992	4,028,883	1,2
Total.....	46,830,882	24,993	42,826,992	4,028,883	

Notes: 1. Increase of 24,993 shares in the number of treasury common stock was due to purchases of fractional shares.

2. Decrease of 42,826,992 shares in the number of treasury common stock includes decrease of 6,128 shares due to sales of fractional shares and exercise of stock options and decrease of 42,820,864 shares due to sale of stocks of SMFG held by SMBC and its banking subsidiaries.

2. Information on stock acquisition rights

Year ended March 31, 2017	Details of stock acquisition rights	Type of shares	Number of shares			Millions of yen		Notes
			At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	At the end of the fiscal year	
SMFG	Stock acquisition rights as stock options	—	—	—	—	—	¥3,206	
Consolidated subsidiaries.....	—			—			276	
Total.....							¥3,482	

3. Information on dividends

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount			
		Cash dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2016	Common stock	¥105,753	¥75	March 31, 2016	June 29, 2016
Meeting of the Board of Directors held on November 11, 2016	Common stock	105,752	75	September 30, 2016	December 2, 2016

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount				
		Cash dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2017	Common stock	¥105,752	Retained earnings	¥75	March 31, 2017	June 30, 2017

(Notes to consolidated statements of cash flows)

*1 The relation between the amounts of accounts listed on the consolidated financial statements and “Cash and cash equivalents”

Year ended March 31	Millions of yen	
	2016	2017
Cash and due from banks	¥42,789,236	¥46,865,538
Interest earning deposits with banks (excluding the deposit with the Bank of Japan)	(5,232,430)	(4,387,144)
Cash and cash equivalents	¥37,556,806	¥42,478,393

*2 The major components of increased assets and liabilities by succession

The major components of increased assets and liabilities due to the integration of the retail banking business of Citibank Japan Ltd. by SMBC Trust and the relation between the acquisition cost of the acquired business and net gains from acquisition of business were as follows;

Year ended March 31, 2016	Millions of yen
Assets	¥ 2,407,085
Cash and due from banks	2,296,106
Liabilities	(2,376,561)
Deposits	(2,361,907)
Goodwill	14,476
Acquisition cost	45,000
Cash and cash equivalents included in acquired asset	(2,296,106)
Proceeds from acquisition of business	¥ 2,251,106

*3 The major components of assets and liabilities for entities newly consolidated by stock acquisition and for other reasons

The major components of assets and liabilities at the commencement of consolidation due to stock acquisition of SMFL Capital Company, Limited (former name: GE Japan LLC) and 5 other companies by SMFL's stock acquisition and the relation between the acquisition cost of shares and expenditure to acquire were as follows;

Year ended March 31, 2017	Millions of yen
Assets	¥ 669,763
Lease receivables and investment assets	394,459
Liabilities	(502,042)
Borrowed money	(436,526)
Non-controlling interests	(393)
Goodwill	13,632
Acquisition cost of 6 companies	180,959
Cash and cash equivalents included in acquired assets of 6 companies	(1,015)
Expenditure for acquisition of 6 companies	¥ 179,944

The major components of assets and liabilities at the commencement of consolidation due to consolidating SMAM and 7 other companies by SMBC's stock acquisition and the relation between the acquisition cost of shares and expenditure to acquire were as follows;

Year ended March 31, 2017	Millions of yen
Assets	¥ 50,524
Securities	13,466
Liabilities	(12,516)
Non-controlling interests	(15,203)
Goodwill	38,053
Acquisition cost of 8 companies.....	60,858
Cash and cash equivalents included in acquired assets of 8 companies	(474)
Fair value of SMAM's common stocks immediately prior to the business combination	(40,572)
Expenditure for acquisition of 8 companies.....	¥ 19,811

(Notes to lease transactions)

1. Finance leases

(1) Lessee side

1) Lease assets

(a) Tangible fixed assets

Tangible fixed assets mainly consisted of branches and equipment.

(b) Intangible fixed assets

Intangible fixed assets are software.

2) Depreciation method of lease assets

Depreciation method of lease assets is reported in 4. Accounting policies (4) Depreciation.

(2) Lessor side

1) Breakdown of lease investment assets

March 31	Millions of yen	
	2016	2017
Lease receivables	¥1,239,009	¥1,575,535
Residual value	120,223	141,815
Unearned interest income	(215,850)	(219,854)
Total.....	¥1,143,383	¥1,497,496

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

March 31	Millions of yen			
	2016		2017	
	Lease payments receivable related to lease receivables	Lease payments receivable related to investment assets	Lease payments receivable related to lease receivables	Lease payments receivable related to investment assets
Within 1 year	¥297,221	¥ 320,674	¥ 307,509	¥ 423,147
More than 1 year to 2 years.....	209,762	253,931	218,544	342,384
More than 2 years to 3 years	149,792	198,762	153,983	272,786
More than 3 years to 4 years	91,901	143,147	111,720	190,488
More than 4 years to 5 years	65,764	93,905	55,302	116,975
More than 5 years	145,560	228,588	186,669	229,752
Total.....	¥960,003	¥1,239,009	¥1,033,730	¥1,575,535

3) Non-transfer ownership finance leases, which commenced in fiscal years beginning before April 1, 2008, are valued at their appropriate book value, net of accumulated depreciation, as of March 31, 2008, and recorded as the beginning balance of "Lease receivables and investment assets."

Moreover, interest on such non-transfer ownership finance leases during the remaining term of the leases is allocated over the lease term using the straight-line method.

As a result of this accounting treatment, "Income before income taxes" for the fiscal years ended March 31, 2016 and 2017 were ¥1,759 million and ¥1,688 million, respectively, more than it would have been if such transactions had been treated in a similar way to sales of the underlying assets.

2. Operating leases

(1) Lessee side

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

March 31	Millions of yen	
	2016	2017
Due within 1 year.....	¥ 42,254	¥ 44,745
Due after 1 year.....	213,401	254,258
Total.....	¥255,656	¥299,004

(2) Lessor side

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

March 31	Millions of yen	
	2016	2017
Due within 1 year.....	¥ 186,113	¥ 215,329
Due after 1 year.....	1,218,850	1,275,289
Total.....	¥1,404,963	¥1,490,618

Future lease payments receivable on operating leases which were not cancelable at March 31, 2016 and 2017 amounting to ¥0 million and ¥0 million, respectively, on the lessor side were pledged as collateral for borrowings.

(Notes to financial instruments)

1. Status of financial instruments

(1) Policies on financial instruments

SMFG Group conducts banking and other financial services such as leasing, securities, consumer finance, system development and information processing. Its banking business includes deposit taking, lending, securities trading and investment, remittance and transfer, foreign exchange, bond subscription agent, trust business, and over-the-counter sales of securities investment trusts and insurance products.

These services entail holding of financial assets such as loans and bills discounted, bonds, and stocks. Meanwhile, SMFG Group raises funds through deposit taking, borrowing, bond offering, etc. Furthermore, it undertakes derivative transactions to meet customers' hedging needs, to control market risk associated with deposit taking and lending ("ALM purposes"), and to make profit on short-term fluctuations in interest rates, foreign exchange rates, etc. ("trading purposes"). At SMBC, SMFG's major consolidated subsidiary, derivative transactions for ALM purposes are undertaken by the Treasury Dept. and the International Treasury Dept. of the Treasury Unit, while derivative transactions for trading purposes are undertaken by the Trading Dept. of the Treasury Unit (in Asia and Oceania regions, the Asia and Oceania Treasury Dept. is responsible for derivative transactions for both ALM and trading purposes).

(2) Details of financial instruments and associated risks

1) Financial assets

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

2) Financial liabilities

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

3) Derivative transactions

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

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

Hedge accounting is applied to derivative transactions executed for ALM purposes, as necessary. Hedging instruments, hedged items, hedging policy and hedging method to assess the effectiveness of the hedge are described in "(Notes to significant accounting policies for preparing consolidated financial statements), 4. Accounting policies, (16) Hedge accounting."

(3) Risk management framework for financial instruments

The fundamental matters on risk management for the entire Group are set forth in “Regulations on Risk Management.” SMFG’s Management Committee establishes the basic risk management policy for the entire Group, based on the Regulations, which is then approved by the Board of Directors. SMFG Group has a risk management system based on the basic policy. The Corporate Risk Management Dept., which, together with the Corporate Planning Dept., controls risk management across SMFG Group by monitors the development and implementation of SMFG Group’s risk management system, and gives appropriate guidance as needed. Under this framework, SMFG comprehensively and systematically manages risks on a Group basis.

1) Management of credit risk

SMFG has established fundamental principles on credit risk management to thoroughly manage the credit risk of the entire Group. Each group company conducts integrated management of credit risk according to its operational characteristics, and the credit risk inherent in the entire portfolio as well as the risk in individual credits are managed quantitatively and continuously.

(a) Credit risk management system

At SMBC, SMFG’s major consolidated subsidiary, basic policies on credit risk management and other significant matters require the resolution of Management Committee and the approval of Board of Directors.

The Credit & Investment Planning Dept. of the Risk Management Unit is responsible for the comprehensive management of credit risk. This department establishes, revises or abolishes credit policies, the internal rating system, credit authority regulations, credit application regulations, and manages non-performing loans and other aspects of credit portfolio management. The department also controls SMBC’s total credit risk by quantifying credit risk (*i.e.* calculating risk capital and risk-weighted assets) in cooperation with the Corporate Risk Management Dept. The department also monitors risk situations and regularly reports to the Management Committee and the Board of Directors.

Moreover, the Credit Portfolio Management Dept. within the Credit & Investment Planning Dept. works to stabilize SMBC’s overall credit portfolio through selling credit derivatives and loan claims.

The Credit Departments of Wholesale Banking Unit, Retail Banking Unit and other business units play a central role in credit screening and managing their units’ credit portfolios. In the Wholesale Banking Unit, the Credit Administration Dept. is responsible for formulating and implementing measures to reduce SMBC’s exposures mainly to borrowers classified as potentially bankrupt or lower. Each business unit establishes its credit limits based on the baseline amounts for each borrower’s grading category. Borrowers or loans perceived to have high credit risk undergo intensive evaluation and administration by the unit’s Credit Department. The Corporate Research Dept. analyzes industries as well as investigates individual borrowers’ business situations to detect early signs of problems.

Moreover, the Credit Risk Management Committee, a consultative body straddling the business units, rounds out SMBC’s oversight system for undertaking flexible and efficient control of credit risk and ensuring the overall soundness of the bank’s loan operations.

In addition to these, the Internal Audit Unit, operating independently of the business units, audits asset quality, grading accuracy, self-assessment, and appropriateness of the credit risk management system, and reports the results directly to the Board of Directors and the Management Committee.

(b) Method of credit risk management

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

- Appropriate risk-taking within the scope of capital

To keep credit risk exposure to a permissible level relative to capital, SMBC sets “credit risk capital limit” for internal control purposes. Under these limits, separate guidelines are issued for each business unit and marketing unit. SMBC regularly monitors compliance with these guidelines.

- Controlling concentration of risk

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

- Greater understanding of actual corporate conditions and balancing returns and risks

SMBC runs credit operations on the basic principle of thoroughly understanding actual corporate conditions and gaining profit commensurate with the level of credit risk entailed, and makes every effort to improve profit at after-cost (credit cost, capital cost and overhead) level.

- Reduction and prevention of non-performing loans

For non-performing loans and potential non-performing loans, SMBC carries out loan reviews to clarify credit policies and action plans, enabling it to swiftly implement measures to prevent deterioration of borrowers’ business situations, support business recoveries, collect on loans, and enhance loan security.

In regards to financial instruments such as investments in certain funds, securitized products and credit derivatives that indirectly retain risks related to assets such as corporate bonds and loan claims (underlying assets), such instruments entail market and liquidity risks in addition to credit risk, since such instruments are traded on the market. Credit risk management for these instruments involving detailed analysis and evaluation of characteristics of underlying assets is performed while market risk is comprehensively managed within the framework for managing market and liquidity risks. Moreover, guidelines have been established based on the characteristics of each type of risk to appropriately manage risks of incurring losses.

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

2) Management of market and liquidity risks

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

(a) Market and liquidity risk management systems

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

The aforementioned Corporate Risk Management Dept., which is independent of the business units that directly handle business transactions and manages market and liquidity risks in an integrated manner. The department also monitors market and liquidity risk situations and regularly reports to the Management Committee and the Board of Directors.

Furthermore, its cross-departmental "ALM Committee" reports on the state of observance of SMBC's market and liquidity risk capital limits, and deliberates on administration of ALM policies. It also has a system whereby front-office departments, middle-office departments and back-office departments check each other's work in order to prevent clerical errors, unauthorized transactions, etc.

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

(b) Market and liquidity risk management methodology

• Market risk management

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

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

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

• Quantitative information on market risks

As of March 31, 2017, total VaR of SMBC and its major consolidated subsidiaries was ¥47.4 billion for the banking activities, ¥23.6 billion for the trading activities and ¥1,544.5 billion for the holding of shares (such as listed shares) for the purpose of strategic investment.

However, it should be noted that these figures are statistical figures that change according to changes in assumptions and calculation methods, and may not cover the risk of future market conditions fluctuating drastically compared to market fluctuations of the past.

• Liquidity risk management

At SMBC, funding liquidity risk is managed based on a framework consisting of setting funding gap limits, establishing contingency plans, and maintaining a system of highly liquid supplementary funding sources. A funding gap is the amount of funds needed in the future to cover duration mismatch between required investments and funding resources. SMBC tries to avoid excessive reliance on short-term funds by managing funding gap limits and has established a contingency plan covering emergency action plans such as reducing funding gap limits. In addition, to ensure smooth fulfillment of transactions in face of market turmoil, it holds assets such as U.S. treasuries that can be sold immediately and emergency committed lines as supplemental liquidity.

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

(4) Supplementary explanations about matters concerning fair value of financial instruments

Fair values of financial instruments are based on their market prices and, in cases where market prices are not available, on reasonably calculated prices. These prices have been calculated using certain assumptions, and may differ if calculated based on different assumptions.

2. Fair value of financial instruments

(1) “Consolidated balance sheet amount,” “Fair value” and “Net unrealized gains (losses)” of financial instruments as of March 31, 2016 and 2017 are as follows:

The amounts shown in the following tables do not include financial instruments (see (3) below) whose fair values are extremely difficult to determine, such as unlisted stocks classified as Other securities, and stocks of subsidiaries and affiliates.

March 31, 2016	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks * ¹	¥ 42,776,432	¥ 42,783,707	¥ 7,274
2) Call loans and bills bought * ¹	1,290,196	1,291,525	1,329
3) Receivables under resale agreements	494,949	494,867	(82)
4) Receivables under securities borrowing transactions * ¹	7,972,679	7,973,016	337
5) Monetary claims bought * ¹	4,345,143	4,354,958	9,814
6) Trading assets			
Securities classified as trading purposes	3,634,054	3,634,054	—
7) Money held in trust	5,163	5,163	—
8) Securities			
Bonds classified as held-to-maturity	2,267,598	2,284,166	16,568
Other securities	21,980,120	21,980,120	—
9) Loans and bills discounted	75,066,080		
Reserve for possible loan losses * ¹	(415,728)		
	74,650,351	76,996,975	2,346,623
10) Foreign exchanges * ¹	1,574,079	1,576,439	2,359
11) Lease receivables and investment assets * ¹	1,977,899	2,081,232	103,333
Total assets	¥162,968,668	¥165,456,227	¥2,487,558
1) Deposits	¥110,668,828	¥110,672,780	¥ 3,951
2) Negotiable certificates of deposit	14,250,434	14,258,203	7,769
3) Call money and bills sold	1,220,455	1,220,455	(0)
4) Payables under repurchase agreements	1,761,822	1,761,822	—
5) Payables under securities lending transactions	5,309,003	5,309,003	—
6) Commercial paper	3,017,404	3,017,372	(32)
7) Trading liabilities			
Trading securities sold for short sales	2,197,673	2,197,673	—
8) Borrowed money	8,571,227	8,635,608	64,380
9) Foreign exchanges	1,083,450	1,083,450	—
10) Short-term bonds	1,271,300	1,271,295	(4)
11) Bonds	7,006,357	7,258,216	251,858
12) Due to trust account	944,542	944,542	—
Total liabilities	¥157,302,500	¥157,630,423	¥ 327,923
Derivative transactions * ²			
Hedge accounting not applied	¥ 492,569	¥ 492,569	¥ —
Hedge accounting applied	[207,696]	[207,696]	—
Total	¥ 284,872	¥ 284,872	¥ —

*¹ The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses. The reserves for possible losses on “Cash and due from banks,” “Call loans and bills bought,” “Receivables under securities borrowing transactions,” “Monetary claims bought,” “Foreign exchanges” and “Lease receivables and investment assets” are deducted directly from consolidated balance sheet amount since they are immaterial.

*² The amounts collectively represent the derivative transactions which are recorded in “Trading assets,” “Trading liabilities,” “Other assets” and “Other liabilities.” Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

March 31, 2017	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks *1	¥ 46,856,755	¥ 46,863,245	¥ 6,490
2) Call loans and bills bought *1	1,870,376	1,872,041	1,665
3) Receivables under resale agreements	899,897	901,214	1,316
4) Receivables under securities borrowing transactions *1	8,759,837	8,761,000	1,163
5) Monetary claims bought *1	4,415,287	4,428,894	13,606
6) Trading assets			
Securities classified as trading purposes	3,778,798	3,778,798	—
7) Money held in trust	3,439	3,439	—
8) Securities			
Bonds classified as held-to-maturity	1,173,423	1,180,318	6,895
Other securities	22,412,795	22,412,795	—
9) Loans and bills discounted	80,237,322		
Reserve for possible loan losses *1	(360,465)		
	79,876,857	81,964,043	2,087,186
10) Foreign exchanges *1	1,716,259	1,717,458	1,198
11) Lease receivables and investment assets *1	2,387,292	2,483,992	96,699
Total assets	¥174,151,021	¥176,367,243	¥2,216,221
1) Deposits	¥117,830,210	¥117,826,321	¥(3,888)
2) Negotiable certificates of deposit	11,880,937	11,886,844	5,906
3) Call money and bills sold	2,088,019	2,088,066	47
4) Payables under repurchase agreements	2,715,752	2,715,752	—
5) Payables under securities lending transactions	7,444,655	7,444,655	—
6) Commercial paper	2,311,542	2,311,536	(6)
7) Trading liabilities			
Trading securities sold for short sales	2,071,583	2,071,583	—
8) Borrowed money	10,786,713	10,794,049	7,335
9) Foreign exchanges	683,252	683,252	—
10) Short-term bonds	1,125,600	1,125,590	(9)
11) Bonds	8,129,232	8,333,946	204,713
12) Due to trust account	1,180,976	1,180,976	—
Total liabilities	¥168,248,478	¥168,462,576	¥ 214,097
Derivative transactions *2			
Hedge accounting not applied	¥ 272,439	¥ 272,439	¥ —
Hedge accounting applied	[162,498]	[162,498]	—
Total	¥ 109,940	¥ 109,940	¥ —

*1 The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses. The reserves for possible losses on "Cash and due from banks," "Call loans and bills bought," "Receivables under securities borrowing transactions," "Monetary claims bought," "Foreign exchanges" and "Lease receivables and investment assets" are deducted directly from consolidated balance sheet amount since they are immaterial.

*2 The amounts collectively represent the derivative transactions which are recorded in "Trading assets," "Trading liabilities," "Other assets" and "Other liabilities." Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

(2) Fair value calculation methodology for financial instruments

Assets

1) Cash and due from banks, 2) Call loans and bills bought, 3) Receivables under resale agreements, 4) Receivables under securities borrowing transactions, 9) Loans and bills discounted, 10) Foreign exchanges and 11) Lease receivables and investment assets:

Of these transactions, for dues from banks without maturity and overdrafts with no specified repayment dates, the book values are used as fair value as they are considered to approximate their fair value.

For short-term transactions with remaining maturity not exceeding 6 months, in principle, the book values are used as fair value as they are considered to approximate their fair value.

The fair value of those with a remaining maturity of more than 6 months is, in principle, the present value of future cash flows (calculated by discounting estimated future cash flows, taking into account factors such as the borrower's internal rating and pledged collateral, using a rate comprising of a risk-free interest rate and an adjustment). Certain consolidated subsidiaries of SMFG calculate the present value by discounting the estimated future cash flows computed based on the contractual interest rate, using a rate comprising a risk-free rate and a credit risk premium.

Regarding claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers, expected losses on such claims are calculated based on either the expected recoverable amount from disposal of collateral or guarantees, or the present value of expected future cash flows. Since the claims' balance sheet amounts minus the expected amount of loan losses approximate their fair values, such amounts are considered to be their fair values.

5) Monetary claims bought:

The fair values of monetary claims bought, such as subordinated trust beneficiary interests related to securitized housing loans, are based on the assessed value of underlying housing loans securitized through the trust scheme minus the assessed value of senior beneficial interests, etc. The fair values of other transactions are, in principle, based on prices calculated using methods similar to the methods applied to 9) Loans and bills discounted.

6) Trading assets:

The fair values of bonds and other securities held for trading purposes are, in principle, based on their market price at the end of the fiscal year.

7) Money held in trust:

The fair values of money held in trust are, in principle, based on the market prices of securities held in trust calculated using methods similar to the methods applied to 8) Securities.

8) Securities:

In principle, the fair values of stocks (including foreign stocks) are based on the average market price during 1 month before the end of the fiscal year. The fair values of bonds and securities with market prices other than stocks are prices calculated based on their market prices as of the end of the fiscal year.

In light of the "Practical Solution on Measurement of Fair Value for Financial Assets" (ASBJ Practical Issue Task Force No. 25), the fair values of floating rate government bonds are based on the present value of future cash flows (the government bond yield is used to discount and estimate future cash flows). Bond yield and yield volatility are the main price parameters. The fair values of those without market prices, such as private placement bonds, are based on the present value of future cash flows calculated by discounting estimated future cash flows taking into account the borrower's internal rating and pledged collateral by a rate comprising a risk-free interest rate and an adjustment. However, the fair values of bonds, such as private placement bonds issued by bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers are based on the bond's book value after the deduction of the expected amount of a loss on the bond computed by using the same method applied to the estimation of a loan loss. Meanwhile, the fair values of publicly offered investment trusts are calculated based on the published net asset value (NAV) per share, while those of private placement investment trusts are calculated based on the NAV published by securities firms and other financial institutions.

Liabilities

1) Deposits, 2) Negotiable certificates of deposit and 12) Due to trust account:

The fair values of demand deposits and deposits without maturity are based on their book values. The fair values of short-term transactions with remaining maturity not exceeding 6 months are also based on their book values, as their book values are regarded to approximate their market values. The fair values of transactions with a remaining maturity of more than 6 months are, in principle, based on the present value of estimated future cash flows calculated using the rate applied to the same type of deposits that are newly accepted until the end of the remaining maturity.

3) Call money and bills sold, 4) Payables under repurchase agreements, 5) Payables under securities lending transactions, 6)

Commercial paper, 8) Borrowed money, 10) Short-term bonds and 11) Bonds:

The fair values of short-term transactions with remaining maturity not exceeding 6 months are based on their book values, as their book values are considered to approximate their fair values. For transactions with a remaining maturity of more than 6 months, their fair values are, in principle, based on the present value of estimated future cash flows calculated using the refinancing rate applied to the same type of instruments for the remaining maturity. The fair values of bonds are based on the present value of future cash flows calculated using the rate derived from the data on the yields of benchmark bonds and publicly-offered subordinated bonds published by securities firms.

7) Trading liabilities:

The fair values of bonds sold for short sales and other securities for trading purposes are, in principle, based on their market prices as of the end of the fiscal year.

9) Foreign exchanges:

The fair values of foreign currency-denominated deposits without maturity received from other banks are based on their book values.

The fair values of foreign exchange related short-term borrowings are based on their book values, as their book values are regarded to approximate their fair values.

Derivatives transactions

The fair values of exchange-traded derivatives are based on their closing prices. With regard to OTC transactions, the fair values of interest rate, currency, stock, bond and credit derivatives are based on their prices calculated based on the present value of the future cash flows, option valuation models, etc. The fair values of commodity derivatives transactions are based on their prices calculated based on the derivative instrument's components, including price and contract term.

(3) Consolidated balance sheet amount of financial instruments whose fair values are extremely difficult to determine are as follows:

March 31	Millions of yen	
	2016	2017
Monetary claims bought:		
Monetary claims bought without market prices *1	¥ 2,460	¥ 2,460
Securities:		
Unlisted stocks, etc. *2 *4	157,382	176,818
Investments in partnership, etc. *3 *4	248,921	264,205
Total	¥408,764	¥443,485

*1 They are beneficiary claims on loan trusts (a) that behave more like equity than debt, (b) that do not have market prices, and (c) for which it is difficult to rationally estimate their fair values.

*2 They are not included in the scope of fair value disclosure since there are no market prices and it is extremely difficult to determine their fair values.

*3 They are capital contributions with no market prices. The above-stated amount includes the book value amount of investments in the partnership of which SMFG records net changes in their balance sheets and statements of income.

*4 Unlisted stocks and investments in partnership totaling ¥7,618 million and ¥9,869 million were written-off in the fiscal year ended March 31, 2016 and 2017, respectively.

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

March 31, 2016	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥41,764,849	¥ 33,628	¥ 24,213	¥ 1,329
Call loans and bills bought	1,235,295	50,706	5,363	—
Receivables under resale agreements	427,377	67,572	—	—
Receivables under securities borrowing transactions ...	7,961,878	11,040	—	—
Monetary claims bought*1	3,349,198	678,150	43,207	235,211
Securities*1	5,125,770	10,864,943	2,047,674	1,712,001
Bonds classified as held-to-maturity	1,093,340	1,172,636	—	—
Japanese government bonds	1,080,000	1,160,000	—	—
Japanese local government bonds	13,340	7,426	—	—
Japanese corporate bonds	—	5,210	—	—
Other	—	—	—	—
Other securities with maturity	4,032,430	9,692,306	2,047,674	1,712,001
Japanese government bonds	1,548,400	6,172,500	11,000	239,400
Japanese local government bonds	12,838	14,197	3,855	33
Japanese corporate bonds	476,283	1,558,803	555,748	96,278
Other	1,994,907	1,946,805	1,477,070	1,376,289
Loans and bills discounted*1 *2	16,340,462	31,637,487	11,694,402	9,085,329
Foreign exchanges*1	1,572,622	2,557	—	—
Lease receivables and investment assets*1	531,712	1,039,875	155,118	102,003
Total	¥78,309,168	¥44,385,961	¥13,969,979	¥11,135,875

*1 The amounts shown in the table above do not include amounts for claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers and other claims for which redemption is unlikely. The amounts for such claims are Monetary claims bought: ¥0 million, Securities: ¥33,496 million, Loans and bills discounted: ¥608,928 million, Foreign exchanges: ¥1,987 million, Lease receivables and investment assets: ¥18,510 million.

*2 "Loans and bills discounted" without the maturity dates are not included. Such amount is totaled to ¥5,697,958 million at March 31, 2016.

March 31, 2017	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥45,684,741	¥ 34,913	¥ 21,577	¥ 1,136
Call loans and bills bought	1,824,664	46,118	1,360	—
Receivables under resale agreements	832,583	67,314	—	—
Receivables under securities borrowing transactions ..	8,754,840	5,550	—	—
Monetary claims bought* ¹	3,456,614	599,502	59,428	266,599
Securities* ¹	3,530,979	11,390,925	2,658,678	1,353,291
Bonds classified as held-to-maturity.....	791,800	380,836	—	—
Japanese government bonds.....	790,000	370,000	—	—
Japanese local government bonds.....	1,800	5,626	—	—
Japanese corporate bonds	—	5,210	—	—
Other	—	—	—	—
Other securities with maturity.....	2,739,178	11,010,089	2,658,678	1,353,291
Japanese government bonds.....	79,000	6,789,300	220,400	147,000
Japanese local government bonds.....	4,822	28,545	49,538	26
Japanese corporate bonds	515,524	1,493,515	609,414	145,798
Other	2,139,831	2,698,728	1,779,326	1,060,466
Loans and bills discounted* ¹ * ²	18,502,646	33,099,462	12,842,320	8,943,328
Foreign exchanges* ¹	1,704,057	12,397	—	—
Lease receivables and investment assets* ¹	660,683	1,272,477	171,960	117,548
Total.....	¥84,951,811	¥46,528,660	¥15,755,326	¥10,681,905

*¹ The amounts shown in the table above do not include amounts for claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers and other claims for which redemption is unlikely. The amounts for such claims are Monetary claims bought: ¥2 million, Securities: ¥7,340 million, Loans and bills discounted: ¥542,240 million, Foreign exchanges: ¥7,413 million, Lease receivables and investment assets: ¥31,113 million.

*² "Loans and bills discounted" without the maturity dates are not included. Such amount is totaled to ¥6,306,217 million at March 31, 2017.

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

March 31, 2016	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥105,655,087	¥4,098,017	¥ 468,420	¥ 447,303
Negotiable certificates of deposit	13,740,528	506,777	3,125	1
Call money and bills sold.....	1,219,196	1,259	—	—
Payables under repurchase agreements	1,761,822	—	—	—
Payables under securities lending transactions	5,309,003	—	—	—
Commercial paper	3,017,404	—	—	—
Borrowed money	5,790,740	1,292,699	1,018,602	469,186
Foreign exchanges	1,083,450	—	—	—
Short-term bonds.....	1,271,300	—	—	—
Bonds	985,979	3,213,584	2,094,283	716,106
Due to trust account	944,542	—	—	—
Total.....	¥140,779,055	¥9,112,338	¥3,584,431	¥1,632,598

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

March 31, 2017	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥113,529,261	¥3,562,082	¥ 252,345	¥ 486,521
Negotiable certificates of deposit	11,514,609	363,542	2,785	0
Call money and bills sold.....	2,088,019	—	—	—
Payables under repurchase agreements	2,715,752	—	—	—
Payables under securities lending transactions	7,444,655	—	—	—
Commercial paper	2,311,542	—	—	—
Borrowed money	7,802,225	1,475,260	1,095,556	413,670
Foreign exchanges	683,252	—	—	—
Short-term bonds.....	1,125,600	—	—	—
Bonds	1,113,373	3,756,532	2,436,522	825,462
Due to trust account.....	1,180,976	—	—	—
Total.....	¥151,509,270	¥9,157,417	¥3,787,208	¥1,725,655

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

(Notes to securities)

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

1. Securities classified as trading purposes

March 31	Millions of yen	
	2016	2017
Valuation gains (losses) included in the earnings for the fiscal year.....	¥(32,241)	¥(56,814)

2. Bonds classified as held-to-maturity

March 31, 2016		Millions of yen		
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds.....	¥2,241,546	¥2,258,065	¥16,518
	Japanese local government bonds.....	16,460	16,485	25
	Japanese corporate bonds.....	5,202	5,230	27
	Other.....	—	—	—
	Subtotal.....	2,263,208	2,279,780	16,572
Bonds with unrealized losses:	Japanese government bonds.....	—	—	—
	Japanese local government bonds.....	4,389	4,385	(3)
	Japanese corporate bonds.....	—	—	—
	Other.....	—	—	—
	Subtotal.....	4,389	4,385	(3)
Total.....	¥2,267,598	¥2,284,166	¥16,568	

March 31, 2017		Millions of yen		
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds.....	¥1,160,754	¥1,167,616	¥6,861
	Japanese local government bonds.....	7,463	7,474	11
	Japanese corporate bonds.....	5,205	5,227	22
	Other.....	—	—	—
	Subtotal.....	1,173,423	1,180,318	6,895
Bonds with unrealized losses:	Japanese government bonds.....	—	—	—
	Japanese local government bonds.....	—	—	—
	Japanese corporate bonds.....	—	—	—
	Other.....	—	—	—
	Subtotal.....	—	—	—
Total.....	¥1,173,423	¥1,180,318	¥6,895	

3. Other securities

		Millions of yen		
March 31, 2016		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks.....	¥ 3,103,065	¥ 1,480,085	¥1,622,980
	Bonds.....	9,870,848	9,759,438	111,410
	Japanese government bonds.....	7,380,250	7,317,408	62,842
	Japanese local government bonds.....	26,353	26,195	157
	Japanese corporate bonds.....	2,464,245	2,415,834	48,411
	Other.....	5,318,399	5,027,532	290,867
	Subtotal.....	18,292,314	16,267,055	2,025,258
Other securities with unrealized losses:	Stocks.....	277,214	327,194	(49,979)
	Bonds.....	1,022,241	1,024,465	(2,223)
	Japanese government bonds.....	724,800	725,202	(402)
	Japanese local government bonds.....	4,867	4,885	(17)
	Japanese corporate bonds.....	292,573	294,377	(1,803)
	Other.....	3,132,891	3,198,433	(65,542)
	Subtotal.....	4,432,347	4,550,093	(117,745)
Total.....	¥22,724,662	¥20,817,149	¥1,907,512	

- Notes: 1. Net unrealized gains (losses) on other securities shown above include gains of ¥871 million for the fiscal year ended March 31, 2016 that are recognized in the earnings by applying fair value hedge accounting.
2. Consolidated balance sheet amounts of other securities whose fair values are extremely difficult to determine are as follows:

March 31, 2016	Millions of yen
Stocks.....	¥131,602
Other.....	277,161
Total.....	¥408,764

These amounts are not included in "3. Other securities" since there are no market prices and it is extremely difficult to determine their fair values.

		Millions of yen		
March 31, 2017		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks.....	¥ 3,468,261	¥ 1,531,248	¥1,937,012
	Bonds.....	8,052,272	7,981,171	71,100
	Japanese government bonds.....	5,660,891	5,629,640	31,251
	Japanese local government bonds.....	12,242	12,165	76
	Japanese corporate bonds.....	2,379,138	2,339,365	39,772
	Other.....	4,233,661	3,879,509	354,152
	Subtotal.....	15,754,194	13,391,929	2,362,265
Other securities with unrealized losses:	Stocks.....	142,601	157,742	(15,140)
	Bonds.....	2,129,124	2,139,848	(10,724)
	Japanese government bonds.....	1,633,041	1,639,835	(6,793)
	Japanese local government bonds.....	70,537	71,086	(548)
	Japanese corporate bonds.....	425,545	428,927	(3,381)
	Other.....	5,147,417	5,295,109	(147,691)
	Subtotal.....	7,419,143	7,592,700	(173,556)
Total.....	¥23,173,338	¥20,984,630	¥2,188,708	

- Notes: 1. There is no net unrealized gains (losses) on other securities shown above for the fiscal year ended March 31, 2017 recognized in the earnings by applying fair value hedge accounting.
2. Consolidated balance sheet amounts of other securities whose fair values are extremely difficult to determine are as follows:

March 31, 2017	Millions of yen
Stocks.....	¥146,906
Other.....	296,578
Total.....	¥443,485

These amounts are not included in "3. Other securities" since there are no market prices and it is extremely difficult to determine their fair values.

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

Fiscal year ended March 31, 2016

There are no corresponding transactions.

Fiscal year ended March 31, 2017

There are no corresponding transactions.

5. Other securities sold during the fiscal year

Year ended March 31, 2016	Millions of yen		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 161,735	¥ 42,097	¥ (2,784)
Bonds.....	12,304,977	25,883	(1,520)
Japanese government bonds.....	12,079,605	25,531	(237)
Japanese local government bonds.....	61,407	23	(98)
Japanese corporate bonds.....	163,963	329	(1,185)
Other.....	10,175,242	117,516	(28,467)
Total.....	¥22,641,955	¥185,497	¥(32,773)

Year ended March 31, 2017	Millions of yen		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 179,108	¥ 70,660	¥ (8,676)
Bonds.....	7,331,730	27,719	(6,727)
Japanese government bonds.....	7,171,992	27,202	(6,330)
Japanese local government bonds.....	24,678	19	(57)
Japanese corporate bonds.....	135,059	496	(339)
Other.....	6,384,241	55,618	(20,032)
Total.....	¥13,895,079	¥153,998	¥(35,436)

6. Change of classification of securities

Fiscal year ended March 31, 2016

There are no significant corresponding transactions to be disclosed.

Fiscal year ended March 31, 2017

There are no significant corresponding transactions to be disclosed.

7. Write-down of securities

Bonds classified as held-to-maturity and other securities (excluding securities whose fair values are extremely difficult to determine) are considered as impaired if the fair value decreases materially below the acquisition cost and such decline is not considered as recoverable. The fair value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation losses for the fiscal years ended March 31, 2016 and 2017 were ¥4,838 million and ¥8,592 million, respectively. The rule for determining "material decline" is as follows and is based on the classification of issuers under the rules of self-assessment of assets.

Bankrupt/Effectively bankrupt/Potentially bankrupt issuers:	Fair value is lower than acquisition cost.
Issuers requiring caution:	Fair value is 30% or lower than acquisition cost.
Normal issuers:	Fair value is 50% or lower than acquisition cost.
Bankrupt issuers:	Issuers that are legally bankrupt or formally declared bankrupt.
Effectively bankrupt issuers:	Issuers that are not legally bankrupt but regarded as substantially bankrupt.
Potentially bankrupt issuers:	Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.
Issuers requiring caution:	Issuers that are identified for close monitoring.
Normal issuers:	Issuers other than the above 4 categories of issuers.

(Notes to money held in trust)**1. Money held in trust classified as trading purposes***Fiscal year ended March 31, 2016*

There are no corresponding transactions.

Fiscal year ended March 31, 2017

There are no corresponding transactions.

2. Money held in trust classified as held-to-maturity*Fiscal year ended March 31, 2016*

There are no corresponding transactions.

Fiscal year ended March 31, 2017

There are no corresponding transactions.

3. Other money held in trust

March 31, 2016	Millions of yen		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥5,163	¥5,163	—

March 31, 2017	Millions of yen		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥3,439	¥3,439	—

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

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

March 31, 2016	Millions of yen
Net unrealized gains (losses)	¥1,907,093
Other securities	1,907,093
Other money held in trust	—
(-) Deferred tax liabilities	504,144
Net unrealized gains (losses) on other securities (before following adjustments)	1,402,948
(-) Non-controlling interests	57,075
(+) SMFG’s interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	1,817
Net unrealized gains (losses) on other securities	<u>¥1,347,689</u>

Notes: 1. Net unrealized gains of ¥871 million for the fiscal year ended March 31, 2016 recognized in the fiscal year’s earnings by applying fair value hedge accounting are deducted from net unrealized gains on other securities.

2. Net unrealized gains (losses) on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is extremely difficult to determine.

March 31, 2017	Millions of yen
Net unrealized gains (losses)	¥2,189,003
Other securities	2,189,003
Other money held in trust	—
(-) Deferred tax liabilities	584,401
Net unrealized gains (losses) on other securities (before following adjustments)	1,604,602
(-) Non-controlling interests	62,511
(+) SMFG’s interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	218
Net unrealized gains (losses) on other securities	<u>¥1,542,308</u>

Notes: 1. There is no net unrealized gains (losses) on other securities shown above for the fiscal year ended March 31, 2017 recognized in the earnings by applying fair value hedge accounting.

2. Net unrealized gains (losses) on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is extremely difficult to determine.

(Notes to derivative transactions)**1. Derivative transactions to which the hedge accounting method is not applied**

The following tables set forth the contract amount or the amount equivalent to the notional amount, fair value, valuation gains (losses) and fair value calculation methodologies by type of derivative with respect to derivative transactions to which the hedge accounting method is not applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

(1) Interest rate derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold.....	¥ 63,471,276	¥ 7,435,505	¥ (79,505)	¥ (79,505)
Bought.....	57,572,037	4,357,650	75,639	75,639
Interest rate options:				
Sold.....	44,716	24,106	(8)	(8)
Bought.....	33,993,010	14,119,537	6,597	6,597
Over-the-counter				
Forward rate agreements:				
Sold.....	7,874,784	148,664	(1,288)	(1,288)
Bought.....	7,963,487	220,176	1,352	1,352
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	183,975,452	154,668,295	6,357,881	6,357,881
Receivable floating rate/payable fixed rate.....	180,604,918	151,380,739	(6,206,980)	(6,206,980)
Receivable floating rate/payable floating rate.....	32,005,448	26,092,014	14,589	14,589
Interest rate swaptions:				
Sold.....	4,681,782	2,792,669	(7,029)	(7,029)
Bought.....	3,416,990	2,680,830	(22,676)	(22,676)
Caps:				
Sold.....	27,745,929	20,292,051	(13,737)	(13,737)
Bought.....	8,098,947	6,390,955	(6,724)	(6,724)
Floors:				
Sold.....	623,291	431,693	(596)	(596)
Bought.....	275,954	274,754	4,193	4,193
Other:				
Sold.....	1,412,146	1,128,576	(433)	(433)
Bought.....	5,480,980	4,930,203	484	484
Total.....	/	/	¥ 132,532	¥ 132,532

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on an exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold.....	¥ 39,837,289	¥ 3,213,205	¥ 3,982	¥ 3,982
Bought.....	34,841,230	3,262,040	(1,580)	(1,580)
Interest rate options:				
Sold.....	718,513	204,206	(240)	(240)
Bought.....	33,980,612	15,937,968	6,504	6,504
Over-the-counter				
Forward rate agreements:				
Sold.....	11,433,074	19,570	(2,018)	(2,018)
Bought.....	11,301,863	5,009	1,953	1,953
Interest rate swaps:	394,190,398	322,989,184	118,372	118,372
Receivable fixed rate/payable floating rate.....	182,815,914	149,614,851	3,440,828	3,440,828
Receivable floating rate/payable fixed rate.....	176,422,223	147,558,435	(3,338,573)	(3,338,573)
Receivable floating rate/payable floating rate.....	34,784,385	25,704,222	9,465	9,465
Interest rate swaptions:				
Sold.....	5,239,445	3,217,041	(4,722)	(4,722)
Bought.....	4,247,277	2,688,847	(733)	(733)
Caps:				
Sold.....	34,315,074	21,689,220	(30,630)	(30,630)
Bought.....	9,224,573	6,854,953	5,479	5,479
Floors:				
Sold.....	623,227	323,811	(705)	(705)
Bought.....	967,498	943,700	1,685	1,685
Other:				
Sold.....	1,173,711	759,423	2,081	2,081
Bought.....	7,182,812	5,947,819	13,001	13,001
Total.....	/	/	¥ 112,429	¥ 112,429

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on an exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

(2) Currency derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Currency futures:				
Sold.....	¥ 658	¥ —	¥ 17	¥ 17
Bought.....	32	—	0	0
Over-the-counter				
Currency swaps.....	33,811,276	24,295,023	387,527	15,992
Currency swaptions:				
Sold.....	621,538	576,940	(5,697)	(5,697)
Bought.....	785,064	735,396	5,823	5,823
Forward foreign exchange.....	56,831,766	7,266,262	7,441	7,441
Currency options:				
Sold.....	2,692,132	1,560,230	(138,718)	(138,718)
Bought.....	2,558,291	1,381,862	112,318	112,318
Total.....	/	/	¥ 368,712	¥ (2,822)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value, option pricing models and other methodologies.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Currency futures:				
Sold.....	¥ 1,559	¥ —	¥ (18)	¥ (18)
Bought.....	701	—	0	0
Over-the-counter				
Currency swaps.....	36,267,949	27,100,479	246,213	32,616
Currency swaptions:				
Sold.....	669,791	636,245	(3,328)	(3,328)
Bought.....	793,518	751,472	3,594	3,594
Forward foreign exchange.....	74,917,450	7,537,097	(77,907)	(77,907)
Currency options:				
Sold.....	2,478,270	1,404,036	(87,132)	(86,625)
Bought.....	2,289,036	1,280,452	79,065	78,559
Total.....	/	/	¥160,485	¥(53,110)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value, option pricing models and other methodologies.

(3) Equity derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Equity price index futures:				
Sold.....	¥739,284	¥ —	¥ (4,371)	¥ (4,371)
Bought.....	350,541	23,912	804	804
Equity price index options:				
Sold.....	211,201	118,394	(19,465)	(19,465)
Bought.....	146,407	67,456	8,512	8,512
Over-the-counter				
Equity options:				
Sold.....	225,296	207,647	(20,896)	(20,896)
Bought.....	220,558	209,864	20,609	20,609
Equity index forward contracts:				
Sold.....	4,236	—	152	152
Bought.....	7,722	400	333	333
Equity price index swaps:				
Receivable equity index/payable short-term floating rate.....	65,728	51,288	(12,612)	(12,612)
Receivable short-term floating rate/payable equity index.....	136,471	113,501	21,211	21,211
Total.....	/	/	¥ (5,723)	¥ (5,723)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Equity price index futures:				
Sold.....	¥738,963	¥ —	¥ 10,580	¥ 10,580
Bought.....	333,271	17,149	(39)	(39)
Equity price index options:				
Sold.....	516,415	271,916	(41,434)	(41,434)
Bought.....	495,812	211,696	21,651	21,651
Over-the-counter				
Equity options:				
Sold.....	264,806	215,549	(23,648)	(23,648)
Bought.....	265,834	215,026	24,398	24,398
Equity index forward contracts:				
Sold.....	—	—	—	—
Bought.....	15,677	303	156	156
Equity price index swaps:				
Receivable equity index/payable short-term floating rate.....	101,785	91,030	(8,670)	(8,670)
Receivable short-term floating rate/payable equity index.....	204,793	183,842	15,460	15,460
Total.....	/	/	¥ (1,544)	¥ (1,544)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

(4) Bond derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Bond futures:				
Sold.....	¥2,881,937	¥ —	¥(11,472)	¥(11,472)
Bought.....	2,533,396	—	10,038	10,038
Bond futures options:				
Sold.....	158,794	—	(362)	(362)
Bought.....	31,426	—	26	26
Over-the-counter				
Bond options:				
Sold.....	455,731	—	(11)	(11)
Bought.....	382,507	119,292	737	737
Total.....	/	/	¥ (1,043)	¥ (1,043)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using option pricing models.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Bond futures:				
Sold.....	¥2,201,646	¥ —	¥(5,334)	¥(5,334)
Bought.....	1,665,948	—	6,633	6,633
Bond futures options:				
Sold.....	283,595	—	(124)	(124)
Bought.....	29,100	—	24	24
Over-the-counter				
Bond forward contract:				
Sold.....	2,051	—	25	25
Bought.....	—	—	—	—
Bond options:				
Sold.....	212,475	—	(341)	(341)
Bought.....	320,867	104,888	774	774
Total.....	/	/	¥ 1,657	¥ 1,657

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using option pricing models.

(5) Commodity derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Commodity futures:				
Sold.....	¥ 7,458	¥ —	¥ 377	¥ 377
Bought.....	7,841	—	(590)	(590)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	82,658	54,945	21,539	21,539
Receivable floating price/payable fixed price	80,511	52,227	(19,680)	(19,680)
Receivable floating price/payable floating price.....	3,141	3,061	299	299
Commodity options:				
Sold.....	19,191	16,972	(967)	(967)
Bought.....	15,141	13,044	(1)	(1)
Total.....	/	/	¥ 975	¥ 975

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchange is calculated using the closing price on the New York Mercantile Exchange or other relevant exchanges. Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.
3. Underlying assets of commodity derivatives are fuels and metals.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Commodity futures:				
Sold.....	¥13,929	¥ —	¥ 75	¥ 75
Bought.....	14,638	—	(100)	(100)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	57,683	27,606	8,191	8,191
Receivable floating price/payable fixed price	56,396	25,795	(6,551)	(6,551)
Receivable floating price/payable floating price.....	2,444	2,116	(40)	(40)
Commodity options:				
Sold.....	15,401	14,168	(726)	(726)
Bought.....	12,477	12,039	70	70
Total.....	/	/	¥ 920	¥ 920

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchange is calculated using the closing price on the New York Mercantile Exchange or other relevant exchanges. Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.
3. Underlying assets of commodity derivatives are fuels and metals.

(6) Credit derivative transactions

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter				
Credit default options:				
Sold.....	¥583,300	¥482,110	¥ 3,336	¥ 3,336
Bought.....	765,485	611,156	(6,221)	(6,221)
Total.....	/	/	¥(2,885)	¥(2,885)

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
 2. Fair value is calculated using discounted present value and option pricing models.
 3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter				
Credit default options:				
Sold.....	¥555,356	¥412,834	¥ 7,277	¥ 7,277
Bought.....	732,991	522,137	(8,786)	(8,786)
Total.....	/	/	¥(1,509)	¥(1,509)

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
 2. Fair value is calculated using discounted present value and option pricing models.
 3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

2. Derivative transactions to which the hedge accounting method is applied

The following tables set forth the contract amount or the amount equivalent to the notional amount, fair value and fair value calculation methodologies by type of derivative and hedge accounting method with respect to derivative transactions to which the hedge accounting method is applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

(1) Interest rate derivatives

March 31, 2016		Millions of yen						
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value			
			Total	Over 1 year				
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit	¥ 469,759	¥ 20,000	¥ (853)			
	Sold					466,100	—	176
	Bought							
	Interest rate swaps:	Loans and bills discounted	30,806,710	27,874,743	873,379			
	Receivable fixed rate/payable floating rate							
	Receivable floating rate/payable fixed rate					17,287,315	15,999,299	(746,964)
	Interest rate swaptions:							
	Sold		75,230	75,230	4,382			
	Bought		—	—	—			
	Caps:							
Sold		61,472	50,267	5				
Bought		61,472	50,267	(5)				
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted						
	Receivable floating rate/payable fixed rate		121,347	118,381	(4,850)			
Special treatment for interest rate swaps	Interest rate swaps:	Loans and bills discounted; borrowed money, corporate bonds	446,074	430,758	(Note 3)			
	Receivable floating rate/payable fixed rate							
	Receivable floating rate/payable floating rate					1,000	—	
	Total		/	/	¥ 125,268			

- Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002).
2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.
3. Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the borrowed money or other transactions that are subject to the hedge. Therefore, such fair value is included in the fair value of the relevant hedged items such as borrowed money disclosed in "(Notes to financial instruments) 2. Fair value of financial instruments."

March 31, 2017		Millions of yen			
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit			
	Sold		¥ 5,853,880	¥ 4,263,220	¥ (643)
	Bought		—	—	—
	Interest rate swaps:				
	Receivable fixed rate/payable floating rate		34,269,289	30,639,419	119,862
	Receivable floating rate/payable fixed rate		19,875,014	17,418,379	(97,711)
	Interest rate swaptions:				
Sold	129,018	129,018	(1,623)		
Bought	—	—	—		
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted, corporate bonds			
	Receivable fixed rate/payable floating rate		56,095	56,095	(2,046)
	Receivable floating rate/payable fixed rate		135,303	125,572	(2,743)
Special treatment for interest rate swaps	Interest rate swaps:	Loans and bills discounted, borrowed money, corporate bonds			
	Receivable floating rate/payable fixed rate		38,192	34,442	(Note 3)
	Total		/	/	¥ 15,094

- Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002).
2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.
3. Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the borrowed money or other transactions that are subject to the hedge. Therefore, such fair value is included in the fair value of the relevant hedged items such as borrowed money disclosed in "(Notes to financial instruments) 2. Fair value of financial instruments."

(2) Currency derivatives

March 31, 2016			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Currency swaps.....	Foreign currency denominated loans and bills discounted, other securities, deposits, foreign exchange, etc.	¥9,600,108	¥4,735,539	¥(364,414)
	Forward foreign exchange.....		8,052	—	158
Recognition of gain or loss on the hedged items	Currency swaps.....	Loans and bills discounted, foreign exchange	90,378	69,277	22,037
	Forward foreign exchange.....		494,141	—	8,939
Allocation method	Currency swaps.....	Borrowed money	46,415	44,900	(Note 3)
	Total.....		/	/	¥(333,280)

- Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002).
2. Fair value is calculated using discounted present value.
3. Forward foreign exchange amounts treated by the allocation method are treated with the borrowed money that are subject to the hedge. Therefore, such fair value is included in the fair value of the relevant hedged items such as borrowed money disclosed in "(Notes to financial instruments) 2. Fair value of financial instruments."

March 31, 2017			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Currency swaps.....	Foreign currency denominated loans and bills discounted, other securities, deposits, foreign exchange, etc.	¥6,226,217	¥3,431,683	¥(181,138)
	Forward foreign exchange.....		5,363	—	106
Recognition of gain or loss on the hedged items	Currency swaps.....	Loans and bills discounted, foreign exchange	117,797	80,427	3,439
	Currency swaps.....		Borrowed money	47,081	42,493
Allocation method	Currency swaps.....	Borrowed money	47,081	42,493	(Note 3)
	Total.....		/	/	¥(177,593)

- Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002).
2. Fair value is calculated using discounted present value.
3. Forward foreign exchange amounts treated by the allocation method are treated with the borrowed money that are subject to the hedge. Therefore, such fair value is included in the fair value of the relevant hedged items such as borrowed money disclosed in "(Notes to financial instruments) 2. Fair value of financial instruments."

(3) Equity derivatives

March 31, 2016		Principal items hedged	Millions of yen		
Hedge accounting method	Type of derivative		Contract amount		Fair value
			Total	Over 1 year	
Recognition of gain or loss on the hedged items	Equity price index swaps: Receivable equity index/payable floating rate	Other securities	—	—	—
	Receivable floating rate/payable equity index		9,929	—	315
	Total		/	/	¥315

Note: Fair value is calculated using discounted present value.

Fiscal year ended March 31, 2017

There are no corresponding transactions.

(Notes to employee retirement benefits)**1. Outline of employee retirement benefits**

SMFG's consolidated subsidiaries have funded and unfunded contributory defined benefit pension plans and defined-contribution pension plans for benefit payments to their employees.

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

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

Some consolidated subsidiaries adopt the simplified method in calculating the projected benefit obligation. Additional benefits may also be granted when employees retire.

2. Contributory defined benefit pension plan**(1) Reconciliation of beginning and ending balances of projected benefit obligation**

Year ended March 31	Millions of yen	
	2016	2017
Beginning balance of projected benefit obligation.....	¥1,083,109	¥1,202,471
Service cost	34,653	41,098
Interest cost on projected benefit obligation	11,735	4,984
Unrecognized net actuarial gain or loss incurred	114,691	(21,509)
Payments of retirement benefits	(51,724)	(52,901)
Unrecognized prior service cost	(31)	(3)
Net change as a result of business combinations	13,477	7,125
Other	(3,438)	(1,528)
Ending balance of projected benefit obligation.....	¥1,202,471	¥1,179,737

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

Year ended March 31	Millions of yen	
	2016	2017
Beginning balance of plan assets	¥1,421,268	¥1,357,175
Expected return on plan assets	39,543	39,975
Unrecognized net actuarial gain or loss incurred	(91,563)	40,016
Contributions by the employer	45,233	44,574
Payments of retirement benefits.....	(66,589)	(42,387)
Net change as a result of business combinations.....	12,281	—
Other	(2,998)	(3,805)
Ending balance of plan assets	¥1,357,175	¥1,435,548

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

March 31	Millions of yen	
	2016	2017
Funded projected benefit obligation.....	¥(1,166,606)	¥(1,134,322)
Plan assets	1,357,175	1,435,548
	190,568	301,226
Unfunded projected benefit obligation.....	(35,864)	(45,414)
Net amount of asset and liability reported on the consolidated balance sheet	¥ 154,704	¥ 255,811

March 31	Millions of yen	
	2016	2017
Net defined benefit asset	¥203,274	¥314,922
Net defined benefit liability	(48,570)	(59,110)
Net amount of asset and liability reported on the consolidated balance sheet	¥154,704	¥255,811

(4) Pension expenses

Year ended March 31	Millions of yen	
	2016	2017
Service cost	¥ 34,653	¥ 41,098
Interest cost on projected benefit obligation.....	11,735	4,984
Expected return on plan assets	(39,543)	(39,975)
Amortization of unrecognized net actuarial gain or loss	31,956	55,123
Amortization of unrecognized prior service cost.....	(179)	(162)
Other (nonrecurring additional retirement allowance paid and other)	4,672	6,536
Pension expenses	¥ 43,294	¥ 67,605

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

(5) Remeasurements of defined benefit plans

The breakdown of "Remeasurements of defined benefit plans" (before deducting tax effect) is as shown below:

Year ended March 31	Millions of yen	
	2016	2017
Prior service cost.....	¥ 148	¥ 159
Net actuarial gain or loss	174,270	(116,685)
Total.....	¥174,418	¥(116,525)

(6) Accumulated remeasurements of defined benefit plans

The breakdown of "Accumulated remeasurements of defined benefit plans" (before deducting tax effect) is as shown below:

March 31	Millions of yen	
	2016	2017
Unrecognized prior service cost	¥ (808)	¥ (648)
Unrecognized net actuarial gain or loss.....	104,633	(12,052)
Total.....	¥103,824	¥(12,700)

(7) Plan assets

1) Major asset classes of plan assets

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

March 31	2016	2017
Stocks.....	61.3%	60.4%
Bonds.....	27.3%	23.2%
General account of life insurance.....	4.4%	4.4%
Other	7.0%	12.0%
Total.....	100.0%	100.0%

Note: The retirement benefit trusts set up for employee pension plans and lump-sum severance indemnity plans account for 34.0% and 34.8% of the total plan assets at March 31, 2016 and 2017, respectively.

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

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

(8) Actuarial assumptions

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

1) Discount rate

Year ended March 31, 2016	Percentages	Year ended March 31, 2017	Percentages
Domestic consolidated subsidiaries	(0.1)% to 1.5%	Domestic consolidated subsidiaries	(0.1)% to 0.8%
Overseas consolidated subsidiaries	3.3% to 12.8%	Overseas consolidated subsidiaries	2.5% to 11.3%

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

Year ended March 31, 2016	Percentages	Year ended March 31, 2017	Percentages
Domestic consolidated subsidiaries	0% to 4.3%	Domestic consolidated subsidiaries	0% to 4.0%
Overseas consolidated subsidiaries	3.5% to 12.8%	Overseas consolidated subsidiaries	2.5% to 11.3%

3. Defined contribution plan

Fiscal year ended March 31, 2016

The amount required to be contributed by the consolidated subsidiaries is ¥7,060 million.

Fiscal year ended March 31, 2017

The amount required to be contributed by the consolidated subsidiaries is ¥9,787 million.

(Notes to stock options)**1. Amount of stock options expenses**

Stock options expenses which were accounted for as general and administrative expenses for the fiscal years ended March 31, 2016 and 2017 are as follows:

Year ended March 31	Millions of yen	
	2016	2017
General and administrative expenses.....	¥652	¥638

2. Amount of profit by non-exercise of stock acquisition rights

Profit by non-exercise of stock acquisition rights which were accounted for as other income for the fiscal years ended March 31, 2016 and 2017 are as follows:

Year ended March 31	Millions of yen	
	2016	2017
Other income	¥6	¥ 19

3. Outline of stock options and changes**(1) SMFG****1) Outline of stock options**

Date of resolution	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013
Title and number of grantees	Directors of SMFG 8 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 69	Directors of SMFG 9 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of SMFG 9 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of SMFG 9 Corporate auditors of SMFG 3 Executive officers of SMFG 3 Directors, corporate auditors and executive officers of SMBC 67
Number of stock options*	Common shares 102,600	Common shares 268,200	Common shares 280,500	Common shares 115,700
Grant date	August 13, 2010	August 16, 2011	August 15, 2012	August 14, 2013
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.
Requisite service period	From June 29, 2010 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2011	From June 29, 2011 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2012	From June 28, 2012 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2013	From June 27, 2013 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2014
Exercise period	August 13, 2010 to August 12, 2040	August 16, 2011 to August 15, 2041	August 15, 2012 to August 14, 2042	August 14, 2013 to August 13, 2043

Date of resolution	July 30, 2014	July 31, 2015	July 26, 2016
Title and number of grantees	Directors of SMFG 10 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 67	Directors of SMFG 8 Corporate auditors of SMFG 3 Executive officers of SMFG 4 Directors, corporate auditors and executive officers of SMBC 68	Directors of SMFG 8 Corporate auditors of SMFG 3 Executive officers of SMFG 5 Directors, corporate auditors and executive officers of SMBC 73
Number of stock options*	Common shares 121,900	Common shares 132,400	Common shares 201,200
Grant date	August 15, 2014	August 18, 2015	August 15, 2016
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.
Requisite service period	From June 27, 2014 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2015	From June 26, 2015 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2016	From June 29, 2016 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2017
Exercise period	August 15, 2014 to August 14, 2044	August 18, 2015 to August 17, 2045	August 15, 2016 to August 14, 2046

* Number of stock options has been converted and stated as number of shares.

2) Stock options granted and changes

(a) Number of stock options

Date of resolution	Number of stock options						
	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013	July 30, 2014	July 31, 2015	July 26, 2016
Before vested							
Previous fiscal year-end	29,000	131,200	146,300	89,500	109,700	132,400	—
Granted	—	—	—	—	—	—	201,200
Forfeited	—	—	—	—	—	1,200	—
Vested	2,200	41,100	14,800	2,800	10,500	8,600	—
Outstanding	26,800	90,100	131,500	86,700	99,200	122,600	201,200
After vested							
Previous fiscal year-end	60,600	128,400	121,800	24,900	10,600	—	—
Vested	2,200	41,100	14,800	2,800	10,500	8,600	—
Exercised	2,700	1,700	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Exercisable	60,100	167,800	136,600	27,700	21,100	8,600	—

Note: Number of stock options has been converted and stated as number of shares.

(b) Price information

Date of resolution	Yen						
	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013	July 30, 2014	July 31, 2015	July 26, 2016
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average exercise price	4,337	4,500	—	—	—	—	—
Fair value at the grant date	2,215	1,872	2,042	4,159	3,661	4,904	2,811

3) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year were valuated using the following valuation technique.

- Valuation technique: Black-Scholes option-pricing model
- Principal parameters used in the option-pricing model

Date of resolution	July 26, 2016
Expected volatility * ¹	32.20%
Average expected remaining term * ²	4 years
Expected dividends * ³	¥150 per share
Risk-free interest rate * ⁴	(0.17)%

*1. Calculated based on the actual stock prices during 4 years from August 16, 2012 to August 15, 2016.

*2. The average expected remaining term could not be estimated rationally due to insufficient amount of data.

Therefore, it was estimated based on average assumption periods of directors of SMFG and SMBC.

*3. Expected dividends are based on the expected dividends on common stock for the fiscal year ended March 31, 2017 of the date of grant.

*4. Japanese government bond yield corresponding to the average expected remaining term.

4) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(2) Consolidated subsidiary, KUBC

1) Outline of stock options

Date of resolution	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007
Title and number of grantees	Directors 9	Officers not doubling as directors 14 Employees 46	Directors 10	Officers not doubling as directors 14 Employees 48
Number of stock options*	Common shares 16,200	Common shares 11,500	Common shares 17,400	Common shares 11,200
Grant date	July 31, 2006	July 31, 2006	July 31, 2007	July 31, 2007
Condition for vesting	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.	N.A.
Exercise period	June 30, 2008 to June 29, 2016	June 30, 2008 to June 29, 2016	June 29, 2009 to June 28, 2017	June 29, 2009 to June 28, 2017

Date of resolution	June 27, 2008	June 26, 2009
Title and number of grantees	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 28,900	Common shares 35,000
Grant date	July 31, 2008	July 31, 2009
Condition for vesting	N.A.	N.A.
Requisite service period	N.A.	N.A.
Exercise period	June 28, 2010 to June 27, 2018	June 27, 2011 to June 26, 2019

* Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2014.

2) Stock options granted and changes

(a) Number of stock options

Date of resolution	Number of stock options					
	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008	June 26, 2009
Before vested						
Previous fiscal year-end.....	—	—	—	—	—	—
Granted.....	—	—	—	—	—	—
Forfeited.....	—	—	—	—	—	—
Vested.....	—	—	—	—	—	—
Outstanding.....	—	—	—	—	—	—
After vested						
Previous fiscal year-end.....	6,200	4,000	7,800	5,100	20,000	28,800
Vested.....	—	—	—	—	—	—
Exercised.....	—	—	—	—	—	—
Forfeited.....	6,200	4,000	1,600	100	3,800	3,800
Exercisable.....	—	—	6,200	5,000	16,200	25,000

Note: Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2014.

(b) Price information

Date of resolution	Yen					
	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008	June 26, 2009
Exercise price.....	¥4,900	¥4,900	¥4,610	¥4,610	¥3,020	¥1,930
Average exercise price.....	—	—	—	—	—	—
Fair value at the grant date.....	1,380	1,380	960	960	370	510

3) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(3) Consolidated subsidiary, MINATO

1) Outline of stock options

Date of resolution	June 28, 2012	June 27, 2013	June 27, 2014
Title and number of grantees.....	Directors 7 Executive Officers 12	Directors 7 Executive Officers 12	Directors 7 Executive Officers 16
Number of stock options*.....	Common shares 36,800	Common shares 33,400	Common shares 32,000
Grant date.....	July 20, 2012	July 19, 2013	July 18, 2014
Condition for vesting.....	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.
Requisite service period.....	June 28, 2012 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2013.	June 27, 2013 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2014.	June 27, 2014 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2015
Exercise period.....	July 21, 2012 to July 20, 2042	July 20, 2013 to July 19, 2043	July 19, 2014 to July 18, 2044

Date of resolution	June 26, 2015	June 29, 2016
Title and number of grantees	Directors 7 Executive Officers 17	Directors 7 Executive Officers 17
Number of stock options*	Common shares 20,000	Common shares 38,000
Grant date	July 17, 2015	July 21, 2016
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 26, 2015 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2016.	June 29, 2016 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2017.
Exercise period	July 18, 2015 to July 17, 2045	July 22, 2016 to July 21, 2046

* Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2016.

2) Stock options granted and changes

(a) Number of stock options

Date of resolution	Number of stock options				
	June 28, 2012	June 27, 2013	June 27, 2014	June 26, 2015	June 29, 2016
Before vested					
Previous fiscal year-end	13,100	14,200	18,600	17,600	—
Granted	—	—	—	—	38,000
Forfeited	—	—	—	—	1,000
Vested	—	—	1,200	600	3,600
Outstanding	13,100	14,200	17,400	17,000	33,400
After vested					
Previous fiscal year-end	21,400	18,600	11,600	1,900	—
Vested	—	—	1,200	600	3,600
Exercised	2,500	2,900	1,900	—	—
Forfeited	—	—	—	—	—
Exercisable	18,900	15,700	10,900	2,500	3,600

Note: Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2016.

(b) Price information

Date of resolution	June 28, 2012	June 27, 2013	June 27, 2014	June 26, 2015	June 29, 2016
Exercise price.....	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average exercise price.....	2,343	2,343	2,343	—	—
Fair value at the grant date	1,320	1,660	1,810	3,090	1,530

3) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year were valuated using the following valuation technique.

- Valuation technique: Black-Scholes option-pricing model
- Principal parameters used in the option-pricing model

Date of resolution	June 29, 2016
Expected volatility* ¹	33.31%
Average expected remaining term* ²	2 years
Expected dividends* ³	¥5 per share
Risk-free interest rate* ⁴	(0.33)%

*¹ Calculated based on the actual stock prices during 2 years from July 22, 2014 to July 21, 2016.

*² The average expected remaining term could not be estimated rationally due to insufficient amount of data. Therefore, it was estimated based on average assumption periods of directors of MINATO.

*³ Expected dividends are based on the actual dividends on common stock for the fiscal year ended March 31, 2016.

*⁴ Japanese government bond yield corresponding to the average expected remaining term.

4) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(Notes to deferred tax assets and liabilities)**1. Significant components of deferred tax assets and liabilities**

March 31, 2016	Millions of yen	March 31, 2017	Millions of yen
Deferred tax assets:		Deferred tax assets:	
Net operating loss carryforwards.....	¥ 319,801	Net operating loss carryforwards.....	¥ 450,959
Reserve for possible loan losses and write-off of loans.....	246,676	Reserve for possible loan losses and write-off of loans.....	249,877
Write-off of securities.....	115,451	Write-off of securities.....	59,304
Reserve for losses on interest repayment.....	70,267	Reserve for losses on interest repayment.....	48,170
Net defined benefit liability.....	33,116	Net defined benefit liability.....	39,755
Other.....	223,969	Other.....	208,634
Subtotal.....	1,009,283	Subtotal.....	1,056,702
Valuation allowance.....	(517,459)	Valuation allowance.....	(493,247)
Total deferred tax assets.....	491,823	Total deferred tax assets.....	563,454
Deferred tax liabilities:		Deferred tax liabilities:	
Net unrealized gains on other securities.....	(498,610)	Net unrealized gains on other securities.....	(586,254)
Gains on securities contributed to employee retirement benefits trust.....	(33,593)	Gains on securities contributed to employee retirement benefits trust.....	(33,130)
Undistributed earnings of subsidiaries.....	(19,284)	Undistributed earnings of subsidiaries.....	(21,084)
Other.....	(162,694)	Other.....	(195,892)
Total deferred tax liabilities.....	(714,182)	Total deferred tax liabilities.....	(836,361)
Net deferred tax assets (liabilities).....	¥ (222,358)	Net deferred tax assets (liabilities).....	¥ (272,906)

As a result of applying the accounting treatments based on the adoption of the consolidated corporate-tax system applying from the fiscal year ending March 31, 2018 by SMFG and some consolidated subsidiaries, total deferred tax assets increased by ¥115,147 million mainly due to decreasing of valuation allowance.

2. Significant components of difference between the statutory tax rate used by SMFG and the effective income tax rate

March 31, 2016	Percentages	March 31, 2017	Percentages
Statutory tax rate.....	33.06%	Statutory tax rate.....	30.86%
Valuation allowance.....	(8.06)	Valuation allowance.....	(12.80)
Difference between SMFG and overseas consolidated subsidiaries.....	(2.42)	Difference between SMFG and overseas consolidated subsidiaries.....	(2.29)
Difference of the scope of taxable income between corporate income tax and enterprise income tax ...	(1.08)	Difference of gains on step acquisition.....	(0.92)
Dividends exempted for income tax purposes.....	(0.61)	Dividends exempted for income tax purposes.....	(0.87)
Effects of changes in the corporate income tax rate.	1.34	Impairment losses of goodwill.....	1.35
Equity in losses of affiliates.....	1.22	Foreign tax.....	1.15
Other.....	(0.49)	Other.....	0.98
Effective income tax rate.....	22.96%	Effective income tax rate.....	17.46%

(Notes to asset retirement obligations)*Fiscal year ended March 31, 2016*

There is no significant information to be disclosed.

Fiscal year ended March 31, 2017

There is no significant information to be disclosed.

(Notes to real estate for rent)*Fiscal year ended March 31, 2016*

There is no significant information to be disclosed.

Fiscal year ended March 31, 2017

There is no significant information to be disclosed.

(Notes to segment and other related information)**[Segment information]****1. Summary of reportable segment**

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

Besides commercial banking, SMFG Group companies conduct businesses such as leasing, securities, consumer finance, system development and data processing. The primary businesses, "Commercial banking," "Leasing," "Securities" and "Consumer Finance," are separate reportable segments, and other businesses are aggregated as "Other business."

SMBC assesses business performance by classifying "Commercial banking" into the following 4 business units: "Wholesale banking unit," "Retail banking unit" and "International banking unit" that are based on the client segment, and "Treasury unit" that is based on the financial markets.

2. Method of calculating profit and loss amount by reportable segment

Accounting methods applied to the reported business segment are the same as those described in "(Notes to significant accounting policies for preparing consolidated financial statements)."

SMFG does not assess assets by business segments.

3. Information on profit and loss amount by reportable segment

Year ended March 31, 2016	Millions of yen							
	Commercial banking							
	SMBC							
	SMBC Sub-total	Wholesale Banking Unit	Retail Banking Unit	International Banking Unit	Treasury Unit	Head office account	Others	Total
Gross profit	¥1,534,271	¥ 545,350	¥ 372,811	¥ 355,994	¥293,570	¥ (33,453)	¥ 302,987	¥ 1,837,258
Interest income.....	1,023,576	300,125	302,025	225,437	168,190	27,799	174,431	1,198,007
Non-interest income.....	510,694	245,225	70,786	130,557	125,380	(61,253)	128,555	639,250
Expenses, etc.	(805,483)	(205,095)	(354,116)	(116,484)	(29,074)	(100,714)	(218,991)	(1,024,475)
Depreciation	(92,376)	(23,592)	(35,577)	(10,934)	(5,473)	(16,800)	(11,597)	(103,974)
Consolidated net business profit.....	¥ 728,787	¥ 340,255	¥ 18,695	¥ 239,510	¥264,496	¥(134,168)	¥ 83,995	¥ 812,783

Year ended March 31, 2016	Millions of yen						
	Leasing			Securities			
	SMFL	Others	Total	SMBC Nikko	SMBC Friend	Others	Total
Gross profit	¥142,813	¥19,740	¥162,553	¥ 316,329	¥ 43,771	¥ (2,971)	¥ 357,130
Interest income.....	17,847	5,053	22,900	1,605	1,499	1,531	4,636
Non-interest income.....	124,965	14,686	139,652	314,724	42,271	(4,502)	352,493
Expenses, etc.	(62,140)	(4,944)	(67,084)	(255,820)	(38,797)	(12,652)	(307,270)
Depreciation.....	(3,170)	(5,487)	(8,658)	(2,895)	(1,291)	(755)	(4,942)
Consolidated net business profit.....	¥ 80,673	¥14,795	¥ 95,468	¥ 60,509	¥ 4,974	¥(15,624)	¥ 49,859

Year ended March 31, 2016	Millions of yen						
	Consumer Finance					Other Business	Grand Total
	SMCC	Cedyna	SMBCCF	Others	Total		
Gross profit	¥ 208,514	¥ 165,143	¥ 233,388	¥ 4,467	¥ 611,512	¥(64,490)	¥ 2,903,964
Interest income.....	13,579	23,685	156,985	(5,382)	188,867	8,515	1,422,928
Non-interest income.....	194,934	141,458	76,402	9,849	422,645	(73,005)	1,481,036
Expenses, etc.	(157,112)	(124,151)	(104,843)	(11,118)	(397,225)	35,023	(1,761,032)
Depreciation.....	(12,865)	(7,896)	(7,028)	(824)	(28,615)	(12,373)	(158,564)
Consolidated net business profit.....	¥ 51,402	¥ 40,991	¥ 128,544	¥ (6,651)	¥ 214,287	¥(29,467)	¥ 1,142,931

Notes: 1. Figures shown in the parenthesis represent the loss.

2. "SMFL" and "SMBCCF" represent consolidated figures of respective companies.

"SMBC Nikko" represents non-consolidated figures of SMBC Nikko plus figures of the overseas incorporated securities companies.

"Cedyna" represents consolidated figures of Cedyna excluding figures of the immaterial subsidiaries.

3. "Other business" includes profit or loss to be eliminated as inter-segment transactions.

Year ended March 31, 2017	Millions of yen							
	Commercial banking							
	SMBC							
	SMBC Sub-total	Wholesale Banking Unit	Retail Banking Unit	International Banking Unit	Treasury Unit	Head office account	Others	Total
Gross profit	¥1,663,654	¥ 528,376	¥ 355,288	¥ 327,529	¥272,419	¥ 180,042	¥ 296,137	¥ 1,959,791
Interest income.....	1,138,939	271,137	294,799	194,655	144,201	234,147	184,390	1,323,330
Non-interest income.....	524,715	257,239	60,489	132,874	128,218	(54,104)	111,746	636,461
Expenses, etc.	(816,942)	(199,080)	(350,888)	(128,834)	(27,375)	(110,765)	(246,994)	(1,063,936)
Depreciation	(100,552)	(26,042)	(37,227)	(12,494)	(5,141)	(19,648)	(11,940)	(112,493)
Consolidated net business profit.....	¥ 846,711	¥ 329,296	¥ 4,400	¥ 198,695	¥245,044	¥ 69,276	¥ 49,142	¥ 895,854

Year ended March 31, 2017	Millions of yen							
	Leasing			Securities				
	SMFL	Others	Total	SMBC Nikko	SMBC Friend	Others	Total	
Gross profit	¥178,845	¥17,587	¥196,433	¥ 351,220	¥ 43,334	¥ (5,767)	¥ 388,788	
Interest income.....	25,003	4,189	29,192	4,588	1,581	1,441	7,611	
Non-interest income.....	153,842	13,398	167,240	346,632	41,753	(7,208)	381,177	
Expenses, etc.	(82,620)	(6,815)	(89,435)	(268,854)	(37,458)	(9,920)	(316,233)	
Depreciation.....	(3,719)	(6,266)	(9,985)	(2,989)	(1,399)	(853)	(5,242)	
Consolidated net business profit.....	¥ 96,225	¥10,772	¥106,997	¥ 82,366	¥ 5,876	¥(15,687)	¥ 72,554	

Year ended March 31, 2017	Millions of yen							
	Consumer Finance					Other Business	Grand Total	
	SMCC	Cedyna	SMBCCF	Others	Total			
Gross profit	¥222,068	¥168,365	¥246,288	¥ 3,737	¥ 640,459	¥(264,731)	¥ 2,920,742	
Interest income.....	14,501	23,569	162,466	(1,244)	199,292	(200,794)	1,358,632	
Non-interest income.....	207,566	144,796	83,822	4,981	441,167	(63,936)	1,562,109	
Expenses, etc.	(172,977)	(126,952)	(104,836)	(10,606)	(415,372)	97,097	(1,787,881)	
Depreciation.....	(16,974)	(7,181)	(6,981)	(187)	(31,324)	(14,504)	(173,550)	
Consolidated net business profit	¥ 49,091	¥ 41,413	¥141,452	¥ (6,869)	¥ 225,086	¥(167,633)	¥ 1,132,860	

Notes: 1. Figures shown in the parenthesis represent the loss.

2. Interest income in Commercial banking includes dividends income of ¥200,000 million from SMBC Nikko.

3. "SMFL" and "SMBCCF" represent consolidated figures of respective companies.

"SMBC Nikko" represents non-consolidated figures of SMBC Nikko plus figures of the overseas incorporated securities companies.

"Cedyna" represents consolidated figures of Cedyna excluding figures of the immaterial subsidiaries.

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, 2016	Millions of yen
Consolidated net business profit.....	¥1,142,931
Other ordinary income	197,494
Other ordinary expenses (excluding equity in losses of affiliates)	(355,141)
Ordinary profit on consolidated statements of income	¥ 985,284

Note: Figures shown in the parenthesis represent losses.

Year ended March 31, 2017	Millions of yen
Consolidated net business profit.....	¥1,132,860
Other ordinary income (excluding equity in gains of affiliates).....	176,704
Other ordinary expenses	(303,710)
Ordinary profit on consolidated statements of income.....	¥1,005,855

Note: Figures shown in the parenthesis represent losses.

[Related information]

Fiscal year ended March 31, 2016

1. Information on each service

	Millions of yen					Total
	Commercial banking	Leasing	Securities	Consumer Finance	Other business	
Ordinary income to external customers	¥2,481,366	¥671,074	¥368,052	¥1,106,836	¥144,771	¥4,772,100

Note: Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Geographic information

(1) Ordinary income

	Millions of yen				Total
	Japan	The Americas	Europe and Middle East	Asia and Oceania	
	¥3,592,825	¥370,538	¥419,241	¥389,495	¥4,772,100

Notes: 1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income from transactions of SMFG and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their geographic proximity and other factors.

3. The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany, France and others; Asia and Oceania includes China, Singapore, Australia and others except Japan.

(2) Tangible fixed assets

	Millions of yen				Total
	Japan	The Americas	Europe and Middle East	Asia and Oceania	
	¥1,479,043	¥238,373	¥1,181,711	¥20,296	¥2,919,424

3. Information on major customers

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

Fiscal year ended March 31, 2017

1. Information on each service

	Millions of yen					Total
	Commercial banking	Leasing	Securities	Consumer Finance	Other business	
Ordinary income to external customers	¥2,506,619	¥823,448	¥385,513	¥1,218,269	¥199,394	¥5,133,245

Note: Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Geographic information

(1) Ordinary income

	Millions of yen				Total
	Japan	The Americas	Europe and Middle East	Asia and Oceania	
	¥3,747,786	¥493,079	¥461,876	¥430,502	¥5,133,245

Notes: 1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income from transactions of SMFG and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their geographic proximity and other factors.

3. The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany, France and others; Asia and Oceania includes China, Singapore, Australia and others except Japan.

(2) Tangible fixed assets

	Millions of yen				Total
	Japan	The Americas	Europe and Middle East	Asia and Oceania	
	¥1,621,388	¥245,816	¥1,223,456	¥10,981	¥3,101,642

3. Information on major customers

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

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

Year ended March 31, 2016	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Impairment loss.....	¥4,076	¥—	¥241	¥0	¥43	¥4,362

Year ended March 31, 2017	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Impairment loss.....	¥4,838	¥—	¥44,491	¥130	¥—	¥49,460

Note: Impairment loss of goodwill of ¥42,995 million relating to SMBC Friend is included in "Securities."

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

Year ended March 31, 2016	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Amortization of goodwill	¥ 3,237	¥ 6,375	¥ 14,013	¥ 4,019	¥23	¥ 27,670
Unamortized balance	34,262	68,526	174,188	62,160	47	339,185

Year ended March 31, 2017	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Amortization of goodwill	¥ 2,734	¥ 7,053	¥ 14,013	¥ 4,019	¥ 1,450	¥ 29,272
Unamortized balance	31,527	75,081	117,179	58,140	36,649	318,578

[Information on gains on negative goodwill by reportable segment]

Fiscal year ended March 31, 2016

There is no significant information to be disclosed.

Fiscal year ended March 31, 2017

There are no corresponding transactions.

[Information on total credit cost by reportable segment]

Year ended March 31, 2016	Millions of yen					
	Commercial banking	Leasing	Securities	Consumer finance	Other business	Total
Total credit cost.....	¥10,333	¥(1,491)	¥(197)	¥91,425	¥2,750	¥102,820

- Notes: 1. Total credit cost = Provision for reserve for possible loan losses + Write-off loans + Losses on sales of delinquent loans – Recoveries of written-off claims.
 2. "Other business" includes profit or loss to be eliminated as inter-segment transactions.
 3. Figures shown in the parenthesis represent the reversal of total credit cost.

Year ended March 31, 2017	Millions of yen					
	Commercial banking	Leasing	Securities	Consumer finance	Other business	Total
Total credit cost.....	¥58,968	¥3,705	¥(97)	¥98,630	¥3,164	¥164,371

- Notes: 1. Total credit cost = Provision for reserve for possible loan losses + Write-off loans + Losses on sales of delinquent loans – Recoveries of written-off claims.
 2. "Other business" includes profit or loss to be eliminated as inter-segment transactions.
 3. Figures shown in the parenthesis represent the reversal of total credit cost.

[Information on related parties]

Fiscal year ended March 31, 2016

There is no significant corresponding information to be disclosed.

Fiscal year ended March 31, 2017

There is no significant corresponding information to be disclosed.

(Business Combination)**<Business Combination through acquisition>**

GE Japan GK became a consolidated subsidiary of SMFL

On April 1, 2016, SMFL, a consolidated subsidiary of SMFG, acquired all shares of GE Japan GK ("GE Japan") under the contract agreed with General Electric Company on December 15, 2015. As a result, GE Japan and its 5 leasing subsidiaries became consolidated subsidiaries of SMFG. The outline of the business combination through acquisition is as described below.

On September 5, 2016, GE Japan changed its form to a joint stock corporation with limited liability (*Kabushiki Kaisha*) and its name to SMFL Capital Company, Limited.

1. Outline of the business combination

- (1) Name of the acquired company and details of its business
GE Japan GK (Leasing business)
- (2) Main reasons for the business combination
SMFG aims at achieving further improvement in corporate value of SMFG and strengthening its top-class position in the domestic leasing market, by leveraging business knowledge and resources from both SMFL and GE Japan.
- (3) Date of the business combination
April 1, 2016
- (4) Legal form of the business combination
Acquisition of shares
- (5) Name of the entity after the business combination
Sumitomo Mitsui Financial Group, Inc.
- (6) The ratio of acquired voting rights
100%
- (7) Grounds for deciding on the acquirer
SMFL acquired all shares of GE Capital by cash.

2. Period of the acquired company's financial result included in the consolidated financial statements of SMFG

From April 1, 2016 to March 31, 2017

3. Acquisition cost and consideration of the acquired company

Consideration	Cash	180,959 million yen
Acquisition cost		180,959 million yen

4. Major acquisition-related costs

Advisory fees, etc. 751 million yen

5. Amount of goodwill, reason for recognizing goodwill, amortization method and the period

- (1) Amount of goodwill
13,632 million yen
- (2) Reason for recognizing goodwill
SMFG accounted for the difference between the acquisition cost and fair value of the acquired net assets on the date of the business combination as goodwill.
- (3) Amortization method and the period
Straight-line method over 20 years

6. Amounts of assets acquired and liabilities assumed on the date of the business combination

- (1) Assets

Total assets:	669,763 million yen
Lease receivables and investment assets:	394,459 million yen

(2) Liabilities

Total liabilities:	502,042 million yen
Borrowed money:	436,526 million yen

7. Amounts allocated to intangible fixed assets other than goodwill, breakdown by component and the weighted average amortization period by component

Intangible fixed assets other than goodwill	76,027 million yen	(11 years)
Assets related to customers	76,027 million yen	(11 years)

8. Approximate amount and their calculation method of impact on the consolidated statements of income for the fiscal year ended March 31, 2017, assuming that the business combination had been completed at the beginning of the fiscal year

There are no corresponding amounts since the date of business combination was at the beginning of the period.

<Business combination through acquisition>

SMAM became a consolidated subsidiary of SMBC

On July 29, 2016, SMBC, a consolidated subsidiary of SMFG, acquired the common stocks of SMAM under the contract agreed with Sumitomo Life Insurance Company, Mitsui Sumitomo Insurance Company, Limited and Mitsui Life Insurance Company Limited on May 12, 2016. As a result, SMAM and its 7 subsidiaries became consolidated subsidiaries of SMBC.

On October 1, 2016, SMFG received a dividend of the common stocks of SMAM from SMBC. As a result, SMAM became a directly owned subsidiary of SMFG.

The outline of the business combination through acquisition is as follows:

1. Outline of the business combination

- (1) Name of the acquired company and its business
Sumitomo Mitsui Asset Management Company, Limited (Investment management business, Investment advisory and agency business)
- (2) Main reasons for the business combination
As the asset management industry is expanding year by year, SMFG included SMAM in the scope of consolidation in order to encourage the growth of SMAM by utilizing the management resource of SMFG Group, thereby strengthening the domestic asset management business base at SMFG Group.
- (3) Date of the business combination
July 29, 2016
- (4) Legal form of the business combination
Acquisition of stocks
- (5) Name of the entity after the business combination
Sumitomo Mitsui Financial Group, Inc.
- (6) The ratio of acquired voting rights

Ratio of voting rights owned by SMBC immediately prior to the business combination	40%
Ratio of voting rights acquired additionally by SMBC on the date of business combination	20%
Ratio of voting rights after the acquisition	60%
- (7) Grounds for deciding on the acquirer
SMBC acquired a majority of the voting rights of SMAM, resulting in SMAM becoming a consolidated subsidiary of SMBC.

2. Period of the acquired company's financial result included in the consolidated financial statements of SMFG

From April 1, 2016 to March 31, 2017

Profit and losses related to SMAM arising from April 1, 2016 to June 30, 2016 were recorded as equity in gains (losses) of affiliates in the consolidated statements of income since the deemed acquisition date is on July 1, 2016.

3. Acquisition cost and consideration of the acquired business

Fair value of common stocks of SMAM on the date of business combination owned by SMBC immediately prior to the business combination	40,572 million yen
Consideration of common stocks of SMAM acquired additionally by SMBC on the date of the business combination (cash)	20,286 million yen
Acquisition cost	60,858 million yen

4. Difference between acquisition cost and total amount of acquisition cost of each transaction

Acquisition cost	60,858 million yen
Sum of acquisition costs of each transaction resulting in the acquisition	31,532 million yen
Difference (gains on step acquisitions)	29,325 million yen

5. Major acquisition-related costs

Advisory fees, etc. 8 million yen

6. Amount of goodwill, reason for recognizing goodwill, amortization method and the period

- (1) Amount of goodwill
38,053 million yen
- (2) Reason for recognizing goodwill
SMFG accounted for the difference between the acquisition cost and fair value of the acquired net assets on the date of the business combination as goodwill.
- (3) Amortization method and period
Straight-line method over 20 years

7. Amounts of assets acquired and liabilities assumed on the date of the business combination

- (1) Assets

Total assets:	50,524 million yen
Securities:	13,466 million yen
- (2) Liabilities

Total liabilities:	12,516 million yen
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8. Amounts allocated to intangible fixed assets other than goodwill, breakdown by component and the weighted average amortization period by component

Intangible fixed assets other than goodwill	13,908 million yen	(14 years)
Assets related to market	4,288 million yen	(20 years)
Assets related to customers	9,620 million yen	(11 years)

9. Approximate amounts and their calculation method of impact on the consolidated statements of income for the fiscal year ended March 31, 2017, assuming that the business combination had been completed at the beginning of the fiscal year

The approximate amounts have not been disclosed since they are immaterial.

(Per Share Data)

As of and year ended March 31	Yen	
	2016	2017
Net assets per share	¥6,519.60	¥6,901.67
Earnings per share	472.99	516.00
Earnings per share (diluted).....	472.67	515.58

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

Year ended March 31	Millions of yen except number of shares	
	2016	2017
Earnings per share:		
Profit attributable to owners of parent	¥ 646,687	¥ 706,519
Amount not attributable to common stockholders.....	—	—
Profit attributable to owners of parent attributable to common stock.....	¥ 646,687	¥ 706,519
Average number of common stock during the fiscal year (in thousand).....	1,367,228	1,369,231
Earnings per share (diluted):		
Adjustment for profit attributable to owners of parent.....	¥ (0)	¥ (9)
Adjustment of dilutive shares issued by subsidiaries and affiliates.....	(0)	(9)
Increase in number of common stock (in thousand).....	928	1,092
Stock acquisition rights	928	1,092
Outline of dilutive shares which were not included in the calculation of “Earnings per share (diluted)” because they do not have dilutive effect:	—	—

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

March 31	Millions of yen except number of shares	
	2016	2017
Net assets	¥10,447,669	¥11,234,286
Amounts excluded from Net assets	1,533,907	1,502,747
Stock acquisition rights	2,884	3,482
Non-controlling interests	1,531,022	1,499,264
Net assets attributable to common stock at the fiscal year-end	¥ 8,913,761	¥ 9,731,538
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands)	1,367,224	1,410,026

(Significant Subsequent Events)

There is no significant subsequent event to be disclosed.

[Consolidated supplementary financial schedules]
[Schedule of bonds]

Company	Type of bonds	Date of issuance	Millions of yen		Percentages		Date of maturity
			At the beginning of the fiscal year	At the end of the fiscal year	Interest rate (Note 1)	Collateral	
SMFG	Straight bonds, payable in U.S. dollars (Note 3)	Mar.2016 ~ Mar.2017	450,480 (\$4,000,000 thousand)	1,651,436 (\$14,720,000 thousand)	1.9879 ~ 4.3	None	Mar. 2021 ~ Mar. 2047
	Straight bonds, payable in Euro (Note 3)	Jun. 2016 ~ Jan. 2017	—	239,680 (€2,000,000 thousand)	0.606 ~ 1.546	None	Jan. 2022 ~ Jun. 2026
	Straight bonds, payable in Australian dollars (Note 3)	Sep. 2016 ~ Mar. 2017	—	93,961 (A\$1,095,000 thousand)	3.065 ~ 3.662	None	Mar. 2022 ~ Sep. 2026
	Subordinated bonds, payable in Yen ...	Sep. 2014 ~ Sep. 2016	255,815	366,335	0.469 ~ 1.328	None	Sep. 2024 ~ May. 2030
	Subordinated bonds, payable in Yen ...	Sep. 2014 ~ Sep. 2016	153,531	287,878	0.3 ~ 0.61	None	Sep. 2024 ~ Sep. 2026
	Perpetual subordinated bonds, payable in Yen	Jul. 2015 ~ Jan. 2017	300,000	449,897	1.39 ~ 2.88	None	Perpetual
	Subordinated bonds, payable in U.S. dollars (Note 3)	Apr.2, 2014	196,717 (\$1,746,753 thousand)	195,697 (\$1,744,337 thousand)	4.436	None	Apr. 2, 2024
	Straight bonds, payable in Yen (Note 4)	Aug. 2004 ~ Sep. 2004	35,000 [35,000]	—	—	—	—
	Straight bonds, payable in Yen (Note 4)	Apr. 2011 ~ Apr. 2014	359,992 [200,000]	159,998 [60,000]	0.254 ~ 0.33	None	Oct. 2017 ~ Apr. 2019
	Straight bonds, payable in U.S. dollars (Notes 3 and 4)	Jul. 2011 ~ Jan. 2017	2,538,524 (\$22,540,617 thousand)	2,344,158 (\$20,894,544 thousand)	1.21 ~ 4.13	None	Jun. 2017 ~ Mar. 2030
SMBC	Subordinated bonds, payable in U.S. dollars (Note 3)	May. 28, 2015	73,766 (\$655,000 thousand)	73,484 (\$655,000 thousand)	4.3	None	May. 30, 2045
	Straight bonds, payable in Euro (Notes 3 and 4)	Jul. 2013 ~ Nov. 2015	445,008 (€3,491,084 thousand)	418,561 (€3,492,666 thousand)	0 ~ 2.75	None	Sep. 2017 ~ Jul. 2023
	Straight bonds, payable in Australian dollars (Notes 3 and 4)	Jun. 2012 ~ Aug. 2015	131,958 (A\$1,529,597 thousand)	78,063 (A\$909,720 thousand)	2.97 ~ 4.13	None	Jun. 2017 ~ Mar. 2025
	Straight bonds, payable in Hong Kong dollars (Note 3)	Mar. 2015 ~ Apr. 2015	34,348 (HK\$2,364,000 thousand)	34,136 (HK\$2,364,000 thousand)	2.09 ~ 2.92	None	Apr. 2020 ~ Apr. 2025
	Straight bonds, payable in Thai Baht (Note 3)	Nov. 2, 2016	—	11,410 (THB3,500,000 thousand)	2.09	None	Nov. 4, 2019
	Subordinated bonds, payable in Yen (Note 4)	Feb. 2007 ~ Dec. 2011	534,055 [70,000]	463,982 [79,900]	1.43 ~ 2.8	None	Dec. 2017 ~ Dec. 2026
	Subordinated bonds, payable in Yen ...	Nov. 2011 ~ Jan. 2013	354,651	99,724	0.87	None	Feb. 28, 2023
	Subordinated bonds, payable in Euroyen	Jun. 16, 2008	2,000	2,000	2.564	None	Jun. 16, 2023
	Perpetual subordinated bonds, payable in U.S. dollars (Note 3)	Mar. 1, 2012	168,794 (\$1,498,795 thousand)	168,221 (\$1,499,434 thousand)	4.85	None	Mar. 1, 2022
	Subordinated bonds, payable in Euro (Note 3)	Nov. 9, 2010	94,421 (€740,733 thousand)	89,429 (€746,242 thousand)	4	None	Nov. 9, 2020
(*1)	Consolidated subsidiaries, straight bonds, payable in Yen (Notes 2 and 4)	Feb. 2011 ~ Mar. 2017	746,465 [139,660]	786,802 [160,804]	0.01 ~ 20	None	Apr. 2017 ~ Mar. 2047
(*2)	Consolidated subsidiaries, straight bonds, payable in U.S. dollars (Notes 2,3 and 4)	Apr. 2014 ~ Mar. 2017	3,294 (\$32,530 thousand)	15,028 (\$135,510 thousand)	0.01 ~ 8	None	Apr. 2017 ~ Jan. 2037
(*3)	Consolidated subsidiaries, straight bonds, payable in Australian dollars (Notes 2 and 3)	Mar. 2016 ~ Mar. 2017	89 (A\$1,040 thousand)	1,654 (A\$19,280 thousand)	0.01 ~ 3	None	Jan. 2019 ~ Aug. 2031
(*4)	Consolidated subsidiaries, straight bonds, payable in U.S. dollars (Notes 2 and 3)	Jul. 15, 2016	—	54,000 (\$481,333 thousand)	2.65	None	Jul. 15, 2021
(*5)	Consolidated subsidiaries, straight bonds, payable in Renminbi (Notes 2,3 and 4)	May. 2014 ~ Mar. 2016	36,365 (RMB2,093,569 thousand)	— [36,365]	—	—	—
(*6)	Consolidated subsidiaries, straight bonds, payable in Indonesia rupiah (Notes 2,3 and 4)	Feb. 3, 2015	8,778 (IDR997,500,994 thousand)	8,688 (IDR998,631,966 thousand)	9.85	None	Feb. 3, 2018
(*7)	Consolidated subsidiaries, subordinated bonds, payable in Yen (Notes 2 and 4)	Mar. 1996 ~ Dec. 2012	82,300 [11,250]	35,000	2.31 ~ 4.15	None	Aug. 2019 ~ Jan. 2028
(*8)	Consolidated subsidiaries, short-term bonds, payable in Yen (Notes 2 and 4)	Apr. 2015 ~ Mar. 2017	1,271,300 [1,271,300]	1,125,600 [1,125,600]	0.00001 ~ 0.065	None	Apr. 2017 ~ Jun. 2017
Total		—	¥ 8,277,657	¥ 9,254,832	—	—	—

- Notes: 1. "Interest rate" indicates a nominal interest rate which is applied at respective consolidated balance sheet dates. Therefore, this rate may differ from an actual interest rate.
2. (*1) This represents an aggregate of straight bond issued in yen by SMFL and SMBC Nikko, domestic consolidated subsidiaries.
 (*2) This represents an aggregate of straight bond issued in U.S. dollar by SMBC Nikko, a domestic consolidated subsidiary.
 (*3) This is a straight bond issued in Australian dollar by SMBC Nikko, a domestic consolidated subsidiary.
 (*4) This is a straight bond issued in U.S. dollar by SMBC Aviation Capital Limited, an overseas consolidated subsidiary.
 (*5) This is a straight bond issued in Renminbi by Sumitomo Mitsui Banking Corporation (China) Limited, an overseas consolidated subsidiary.
 (*6) This is a straight bond issued in Indonesia rupiah by PT Bank Sumitomo Mitsui Indonesia, an overseas consolidated subsidiary.
 (*7) This represents an aggregate of perpetual subordinated bonds and subordinated term bonds issued in yen by SMBC International Finance N.V., an overseas consolidated subsidiary and KUBC and MINATO, domestic consolidated subsidiaries.
 (*8) This represents an aggregate of short-term bond issued in yen by SMCC, SMFL and SMBC Nikko, domestic consolidated subsidiaries.
3. Figures showed in () in "At the beginning of the fiscal year" and "At the end of the fiscal year" are in foreign currency.
4. Figures showed in [] in "At the beginning of the fiscal year" and "At the end of the fiscal year" are the amounts to be redeemed within one year.
5. The redemption schedule over the next 5 years after respective balance sheet dates of the consolidated subsidiaries was as follows:

Millions of yen				
Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
¥2,238,973	¥931,813	¥606,400	¥929,195	¥1,289,123

[Schedule of borrowings]

Classification	Millions of yen		Percentages	Repayment Term
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rate	
Borrowed money	¥8,571,227	¥10,786,713	0.68	—
Other borrowings	8,571,227	10,786,713	0.68	Jan. 2017 ~ Perpetual
Lease obligations	105,691	106,924	4.61	Apr. 2017 ~ Jul. 2032

- Notes: 1. "Average interest rate" represents the weighted average interest rate based on the interest rates and "At the end of the fiscal year" at respective balance sheet dates of consolidated subsidiaries.
2. The redemption schedule over the next 5 years on Borrowings and Lease obligations after respective balance sheet dates of the consolidated subsidiaries was as follows:

	Millions of yen				
	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
Other borrowings	¥7,802,225	¥357,610	¥366,064	¥454,297	¥297,287
Lease obligations	25,831	23,562	21,284	18,894	9,157

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

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

Commercial paper	Millions of yen		Percentages	Repayment Term
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rate	
	¥3,017,404	¥2,311,542	0.79	Apr. 2017 ~ Jan. 2018

[Schedule of asset retirement obligations]

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

[Others]

Quarterly consolidated financial information in the fiscal year ended March 31, 2017 is as follows;

	Millions of yen (except Earnings per share)			
	First quarter consolidated total period	Second quarter consolidated total period	Third quarter consolidated total period	Fiscal year ended March 31, 2017
Ordinary income	¥1,197,817	¥2,402,177	¥3,757,570	¥5,133,245
Income before income taxes	273,115	541,066	837,213	979,305
Profit attributable to owners of parent	184,285	359,198	544,679	706,519
Earnings per share	134.79	262.72	398.38	516.00

	Yen			
	First quarter consolidated accounting period	Second quarter consolidated accounting period	Third quarter consolidated accounting period	Fourth quarter consolidated accounting period
Earnings per share	¥134.79	¥127.93	¥135.66	¥117.67

(Non-consolidated financial statements)**1. Non-consolidated balance sheets**

March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Assets:			
Current assets			
Cash and due from banks.....	¥ 502,449	¥ 728,445	\$ 6,493
Prepaid expenses.....	139	140	1
Accrued income.....	8,940	21,240	189
Accrued income tax refunds.....	110,953	87,571	781
Deferred tax assets.....	—	36,266	323
Other current assets.....	2,661	3,312	30
Total current assets.....	625,144	876,975	7,817
Fixed assets			
Tangible fixed assets			
Buildings.....	41	39	0
Equipment.....	1	0	0
Total tangible fixed assets.....	43	39	0
Intangible fixed assets			
Software.....	318	316	3
Total intangible fixed assets.....	318	316	3
Investments and other assets			
Investments in subsidiaries and affiliates.....	6,155,487	6,155,487	54,867
Long-term loans receivable from subsidiaries and affiliates.....	1,406,565	3,424,217	30,522
Deferred tax assets.....	—	102	1
Other investments and other assets.....	0	0	0
Total investments and other assets.....	7,562,053	9,579,808	85,389
Total fixed assets.....	7,562,414	9,580,164	85,392
Total assets.....	¥8,187,559	¥10,457,139	\$93,209
Liabilities:			
Current liabilities			
Short-term borrowings.....	¥1,228,030	¥ 1,228,030	\$10,946
Accounts payable.....	839	844	8
Accrued expenses.....	11,268	23,156	206
Income taxes payable.....	31	80	1
Business office taxes payable.....	8	9	0
Reserve for employee bonuses.....	203	234	2
Reserve for executive bonuses.....	88	95	1
Other current liabilities.....	898	1,090	10
Total current liabilities.....	1,241,369	1,253,541	11,173
Fixed liabilities			
Bonds.....	1,624,265	3,558,111	31,715
Long-term borrowings.....	49,000	132,805	1,184
Total fixed liabilities.....	1,673,265	3,690,917	32,899
Total liabilities.....	2,914,634	4,944,459	44,072
Net assets:			
Stockholders' equity			
Capital stock.....	2,337,895	2,337,895	20,839
Capital surplus			
Capital reserve.....	1,559,374	1,559,374	13,899
Other capital surplus.....	24,332	24,327	217
Total capital surplus.....	1,583,706	1,583,701	14,116
Retained earnings			
Other retained earnings			
Voluntary reserve.....	30,420	30,420	271
Retained earnings brought forward.....	1,331,100	1,570,369	13,997
Total retained earnings.....	1,361,520	1,600,789	14,269
Treasury stock.....	(12,833)	(12,913)	(115)
Total stockholders' equity.....	5,270,289	5,509,473	49,108
Stock acquisition rights.....	2,635	3,206	29
Total net assets.....	5,272,925	5,512,680	49,137
Total liabilities and net assets.....	¥8,187,559	¥10,457,139	\$93,209

2. Non-consolidated statements of income

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Operating income:			
Dividends on investments in subsidiaries and affiliates	¥543,143	¥428,846	\$3,822
Fees and commissions received from subsidiaries	16,621	20,705	185
Interests on loans receivable from subsidiaries and affiliates	18,080	52,931	472
Total operating income	577,845	502,484	4,479
Operating expenses:			
General and administrative expenses	9,742	10,830	97
Interest on bonds	29,259	63,347	565
Interest on long term borrowings	347	1,110	10
Total operating expenses	39,349	75,288	671
Operating profit	538,496	427,196	3,808
Non-operating income:			
Interest income on deposits	267	44	0
Fees and commissions income	2	1	0
Other non-operating income	222	194	2
Total non-operating income	492	240	2
Non-operating expenses:			
Interest on borrowings	5,787	4,451	40
Fees and commissions payments	—	155	1
Amortization of bond issuance cost	5,906	8,417	75
Other non-operating expenses	1	2	0
Total non-operating expenses	11,696	13,026	116
Ordinary profit	527,292	414,410	3,694
Income before income taxes	527,292	414,410	3,694
Income taxes-current	3	3	0
Income taxes-deferred	—	(36,368)	(324)
Income taxes	3	(36,365)	(324)
Net income	¥527,288	¥450,775	\$4,018
	Yen		U.S. dollars
	2016	2017	2017
Per share data:			
Earnings per share	¥373.95	¥319.69	\$2.85
Earnings per share (diluted)	373.70	319.44	2.85

3. Non-consolidated statements of changes in net assets

	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		
Year ended March 31, 2016							
Balance at the beginning of the fiscal year ...	¥2,337,895	¥1,559,374	¥24,349	¥1,583,723	¥30,420	¥1,022,371	¥1,052,791
Changes in the fiscal year:							
Cash dividends						(218,558)	(218,558)
Net income						527,288	527,288
Purchase of treasury stock							
Disposal of treasury stock				(17)	(17)		
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	(17)	(17)	—	308,729	308,729
Balance at the end of the fiscal year	¥2,337,895	¥1,559,374	¥24,332	¥1,583,706	¥30,420	¥1,331,100	¥1,361,520

	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Year ended March 31, 2016				
Balance at the beginning of the fiscal year ...	¥(12,713)	¥4,961,697	¥2,085	¥4,963,782
Changes in the fiscal year:				
Cash dividends		(218,558)		(218,558)
Net income		527,288		527,288
Purchase of treasury stock	(191)	(191)		(191)
Disposal of treasury stock	71	54		54
Net changes in items other than stockholders' equity in the fiscal year			549	549
Net changes in the fiscal year	(119)	308,592	549	309,142
Balance at the end of the fiscal year	¥(12,833)	¥5,270,289	¥2,635	¥5,272,925

Year ended March 31, 2017	Millions of yen						
	Stockholders' equity						
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		
Voluntary reserve					Retained earnings brought forward	Total retained earnings	
Balance at the beginning of the fiscal year ...	¥2,337,895	¥1,559,374	¥24,332	¥1,583,706	¥30,420	¥1,331,100	¥1,361,520
Changes in the fiscal year:							
Cash dividends						(211,506)	(211,506)
Net income.....						450,775	450,775
Purchase of treasury stock							
Disposal of treasury stock.....			(4)	(4)			
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	(4)	(4)	—	239,268	239,268
Balance at the end of the fiscal year	¥2,337,895	¥1,559,374	¥24,327	¥1,583,701	¥30,420	¥1,570,369	¥1,600,789

Year ended March 31, 2017	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Balance at the beginning of the fiscal year ...	¥(12,833)	¥5,270,289	¥2,635	¥5,272,925
Changes in the fiscal year:				
Cash dividends		(211,506)		(211,506)
Net income.....		450,775		450,775
Purchase of treasury stock	(100)	(100)		(100)
Disposal of treasury stock.....	19	15		15
Net changes in items other than stockholders' equity in the fiscal year			571	571
Net changes in the fiscal year	(80)	239,183	571	239,755
Balance at the end of the fiscal year	¥(12,913)	¥5,509,473	¥3,206	¥5,512,680

	Millions of U. S. dollars						
	Stockholders' equity						
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
Voluntary reserve					Retained earnings brought forward		
Year ended March 31, 2017							
Balance at the beginning of the fiscal year ...	\$20,839	\$13,899	\$217	\$14,116	\$271	\$11,865	\$12,136
Changes in the fiscal year:							
Cash dividends						(1,885)	(1,885)
Net income						4,018	4,018
Purchase of treasury stock							
Disposal of treasury stock			(0)	(0)			
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	(0)	(0)	—	2,133	2,133
Balance at the end of the fiscal year	\$20,839	\$13,899	\$217	\$14,116	\$271	\$13,997	\$14,269

	Millions of U. S. dollars			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Year ended March 31, 2017				
Balance at the beginning of the fiscal year ...	\$(114)	\$46,976	\$23	\$47,000
Changes in the fiscal year:				
Cash dividends		(1,885)		(1,885)
Net income		4,018		4,018
Purchase of treasury stock	(1)	(1)		(1)
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	(1)	2,132	5	2,137
Balance at the end of the fiscal year	\$(115)	\$49,108	\$29	\$49,137

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, 2017 and 2016, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and basis of presentation, significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SMFG and subsidiaries as at March 31, 2017 and 2016, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2017 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in basis of presentation.

KPMG AZSA LLC

June 28, 2017
Tokyo, Japan

Supplemental Information

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Assets:			
Cash and due from banks	¥ 42,594,225	¥ 44,992,414	\$ 401,038
Call loans and bills bought	1,291,365	1,872,144	16,687
Receivables under resale agreements	494,949	2,199,733	19,607
Receivables under securities borrowing transactions.....	7,964,208	3,609,903	32,177
Monetary claims bought.....	4,183,995	4,265,954	38,024
Trading assets	7,980,971	2,666,417	23,767
Money held in trust.....	3	0	0
Securities.....	25,153,750	24,181,601	215,542
Loans and bills discounted	77,331,124	83,314,483	742,620
Foreign exchanges	1,577,167	1,722,104	15,350
Lease receivables and investment assets.....	269,429	282,505	2,518
Other assets	3,697,438	3,586,135	31,965
Tangible fixed assets.....	1,167,627	1,121,670	9,998
Assets for rent	206,419	201,066	1,792
Buildings.....	357,116	342,078	3,049
Land	488,708	482,659	4,302
Lease assets	10,885	4,724	42
Construction in progress.....	27,084	20,441	182
Other tangible fixed assets	77,413	70,699	630
Intangible fixed assets.....	526,112	339,674	3,028
Software	299,159	258,131	2,301
Goodwill	160,067	30,707	274
Lease assets	136	303	3
Other intangible fixed assets.....	66,749	50,531	450
Net defined benefit asset	198,637	310,588	2,768
Deferred tax assets	66,570	59,928	534
Customers' liabilities for acceptances and guarantees	6,407,272	6,927,918	61,752
Reserve for possible loan losses.....	(496,178)	(506,515)	(4,515)
Total assets.....	¥180,408,672	¥180,946,664	\$1,612,859

(Continued)

March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Liabilities and net assets:			
Liabilities:			
Deposits	¥111,238,673	¥118,424,659	\$1,055,572
Negotiable certificates of deposit	14,740,434	12,595,937	112,273
Call money and bills sold	1,220,455	844,519	7,528
Payables under repurchase agreements.....	1,761,822	2,737,947	24,405
Payables under securities lending transactions.....	5,309,003	3,190,161	28,435
Commercial paper.....	3,018,218	2,312,289	20,610
Trading liabilities	6,105,982	2,131,143	18,996
Borrowed money.....	8,058,848	11,981,546	106,797
Foreign exchanges	1,083,450	718,940	6,408
Short-term bonds.....	367,000	—	—
Bonds	5,450,145	3,987,749	35,545
Due to trust account.....	944,542	1,180,976	10,527
Other liabilities.....	4,853,664	4,524,079	40,325
Reserve for employee bonuses.....	54,925	34,990	312
Reserve for executive bonuses	1,767	922	8
Net defined benefit liability.....	17,844	16,788	150
Reserve for executive retirement benefits.....	743	867	8
Reserve for point service program	1,249	1,189	11
Reserve for reimbursement of deposits	16,979	15,464	138
Reserve for losses on interest repayment	234	40	0
Reserves under the special laws.....	1,129	—	—
Deferred tax liabilities	275,887	378,740	3,376
Deferred tax liabilities for land revaluation	32,203	31,596	282
Acceptances and guarantees.....	6,407,272	6,927,918	61,752
Total liabilities	170,962,478	172,038,471	1,533,456
Net assets :			
Capital stock	1,770,996	1,770,996	15,786
Capital surplus	2,702,093	1,958,660	17,458
Retained earnings	2,909,898	3,045,979	27,150
Treasury stock	(210,003)	(210,003)	(1,872)
Total stockholders' equity.....	7,172,985	6,565,632	58,522
Net unrealized gains (losses) on other securities	1,255,877	1,397,396	12,456
Net deferred gains (losses) on hedges.....	61,781	(39,174)	(349)
Land revaluation excess.....	39,348	38,041	339
Foreign currency translation adjustments	58,693	35,589	317
Accumulated remeasurements of defined benefit plans.....	(65,290)	10,773	96
Total accumulated other comprehensive income.....	1,350,409	1,442,626	12,859
Stock acquisition rights.....	249	276	2
Non-controlling interests.....	922,549	899,656	8,019
Total net assets.....	9,446,193	8,908,192	79,403
Total liabilities and net assets.....	¥180,408,672	¥180,946,664	\$1,612,859

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
	2016	2017	2017
Ordinary income	¥3,059,022	¥3,014,455	\$26,869
Interest income	1,652,508	1,668,533	14,872
Interest on loans and discounts	1,167,181	1,215,517	10,834
Interest and dividends on securities	302,821	254,119	2,265
Interest on call loans and bills bought	20,457	12,210	109
Interest on receivables under resale agreements	10,100	23,639	211
Interest on receivables under securities borrowing transactions.....	10,740	6,471	58
Interest on deposits with banks	37,097	47,157	420
Interest on lease transactions	7,565	8,031	72
Other interest income.....	96,543	101,386	904
Trust fees.....	3,587	3,698	33
Fees and commissions	779,388	725,920	6,470
Trading income.....	209,722	140,398	1,251
Other operating income	232,513	245,246	2,186
Lease-related income.....	16,203	16,469	147
Installment-related income.....	18,139	20,365	182
Other	198,170	208,411	1,858
Other income.....	181,301	230,658	2,056
Recoveries of written-off claims.....	10,324	4,139	37
Other	170,976	226,519	2,019
Ordinary expenses	2,128,690	2,185,035	19,476
Interest expenses	426,091	531,108	4,734
Interest on deposits	141,085	189,117	1,686
Interest on negotiable certificates of deposit.....	49,561	67,238	599
Interest on call money and bills sold.....	5,360	5,593	50
Interest on payables under repurchase agreements.....	8,077	16,775	150
Interest on payables under securities lending transactions.....	6,724	4,176	37
Interest on commercial paper	10,415	15,510	138
Interest on borrowed money	44,514	78,309	698
Interest on short-term bonds	573	24	0
Interest on bonds	110,489	93,354	832
Other interest expenses	49,290	61,007	544
Fees and commissions payments.....	150,788	169,653	1,512
Other operating expenses.....	86,746	82,079	732
Lease-related expenses	2,159	2,639	24
Installment-related expenses	9,837	11,861	106
Other	74,749	67,578	602
General and administrative expenses	1,314,581	1,247,126	11,116
Other expenses	150,482	155,067	1,382
Provision for reserve for possible loan losses.....	5,632	49,458	441
Other	144,850	105,609	941
Ordinary profit	930,332	829,419	7,393
Extraordinary gains.....	3,777	1,452	13
Gains on disposal of fixed assets	3,709	1,452	13
Gains on negative goodwill	20	—	—
Other extraordinary gains.....	46	—	—
Extraordinary losses	8,136	9,832	88
Losses on disposal of fixed assets	3,400	4,907	44
Losses on impairment of fixed assets.....	4,361	4,866	43
Provision for reserve for eventual future operating losses from financial instruments transactions.....	374	58	1
Income before income taxes	925,972	821,039	7,318
Income taxes-current	205,051	159,828	1,425
Income taxes-deferred	(24,868)	60,932	543
Income taxes	180,183	220,760	1,968
Profit	745,788	600,279	5,351
Profit attributable to non-controlling interests.....	65,626	57,079	509
Profit attributable to owners of parent	¥ 680,162	¥ 543,199	\$ 4,842

(Continued)

(Consolidated Statements of Comprehensive Income)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Profit	¥ 745,788	¥ 600,279	\$ 5,351
Other comprehensive income (losses)	(602,702)	86,878	774
Net unrealized gains (losses) on other securities.....	(503,395)	139,404	1,243
Net deferred gains (losses) on hedges	89,188	(101,794)	(907)
Land revaluation excess	1,705	(6)	(0)
Foreign currency translation adjustments.....	(73,687)	(10,930)	(97)
Remeasurements of defined benefit plans	(113,411)	78,031	696
Share of other comprehensive income of affiliates.....	(3,101)	(17,826)	(159)
Total comprehensive income	143,086	687,157	6,125
Comprehensive income attributable to owners of parent.....	104,454	639,502	5,700
Comprehensive income attributable to non-controlling interests.....	38,631	47,655	425

Non-consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Assets:			
Cash and due from banks	¥ 38,862,725	¥ 41,652,508	\$ 371,268
Call loans	899,594	1,465,117	13,059
Receivables under resale agreements	359,318	523,913	4,670
Receivables under securities borrowing transactions.....	2,798,855	3,184,379	28,384
Monetary claims bought.....	950,106	1,125,434	10,032
Trading assets	3,511,957	1,879,342	16,751
Securities.....	25,602,156	24,342,369	216,974
Loans and bills discounted	69,276,735	75,585,256	673,725
Foreign exchanges	1,558,252	1,663,102	14,824
Other assets	2,131,869	2,383,307	21,243
Tangible fixed assets	831,326	815,808	7,272
Intangible fixed assets.....	220,174	230,984	2,059
Prepaid pension cost	279,917	275,175	2,453
Customers' liabilities for acceptances and guarantees	6,737,089	7,565,562	67,435
Reserve for possible loan losses.....	(357,186)	(389,726)	(3,474)
Reserve for possible losses on investments	(21,465)	(20,808)	(185)
Total assets	¥153,641,430	¥162,281,729	\$1,446,490
Liabilities and net assets:			
Liabilities:			
Deposits	¥ 98,839,722	¥105,590,771	\$ 941,178
Negotiable certificates of deposit	14,428,338	12,263,091	109,306
Call money.....	1,107,825	1,009,469	8,998
Payables under repurchase agreements.....	496,236	1,359,017	12,114
Payables under securities lending transactions.....	1,374,280	3,076,425	27,422
Commercial paper.....	1,980,153	1,390,123	12,391
Trading liabilities	2,987,815	1,472,340	13,124
Borrowed money	7,868,311	12,026,497	107,198
Foreign exchanges	1,131,796	737,961	6,578
Bonds	4,775,072	3,944,061	35,155
Due to trust account.....	921,320	1,160,014	10,340
Other liabilities.....	2,924,495	2,879,318	25,665
Reserve for employee bonuses.....	13,869	14,134	126
Reserve for executive bonuses	566	612	5
Reserve for point service program	1,086	1,058	9
Reserve for reimbursement of deposits	15,374	13,602	121
Deferred tax liabilities	249,427	329,253	2,935
Deferred tax liabilities for land revaluation	31,837	31,230	278
Acceptances and guarantees.....	6,737,089	7,565,562	67,435
Total liabilities	145,884,620	154,864,546	1,380,377
Net assets:			
Capital stock	1,770,996	1,770,996	15,786
Capital surplus	2,470,198	1,776,830	15,838
Retained earnings	2,414,989	2,689,638	23,974
Treasury stock	(210,003)	(210,003)	(1,872)
Total stockholders' equity	6,446,181	6,027,462	53,725
Net unrealized gains (losses) on other securities	1,233,910	1,399,125	12,471
Net deferred gains (losses) on hedges.....	48,706	(36,110)	(322)
Land revaluation excess.....	28,011	26,704	238
Total valuation and translation adjustments	1,310,628	1,389,719	12,387
Total net assets	7,756,810	7,417,182	66,113
Total liabilities and net assets	¥153,641,430	¥162,281,729	\$1,446,490

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							
	2017				2016			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥1,169,655	¥827,003	¥(84,631)	¥1,912,027	¥1,241,523	¥699,307	¥(72,518)	¥1,868,313
Interest expenses	246,060	319,440	(12,106)	553,394	268,976	228,429	(52,020)	445,385
Net interest income	923,594	507,563	(72,524)	1,358,632	972,546	470,878	(20,497)	1,422,928
Trust fees	3,797	—	—	3,797	3,681	—	—	3,681
Fees and commissions	983,977	224,712	(13,237)	1,195,452	946,124	202,621	(14,282)	1,134,463
Fees and commissions payments	144,470	40,224	(2,590)	182,104	97,907	37,190	(4,472)	130,625
Net fees and commissions	839,506	184,488	(10,646)	1,013,348	848,216	165,431	(9,809)	1,003,838
Trading income	221,610	42,858	(27,073)	237,394	221,701	37,330	(33,549)	225,481
Trading losses	9,465	17,607	(27,073)	—	5,655	27,894	(33,549)	—
Net trading income	212,144	25,250	—	237,394	216,045	9,436	—	225,481
Other operating income	1,256,723	327,406	(814)	1,583,316	1,059,947	283,600	(882)	1,342,665
Other operating expenses	1,077,307	199,409	(970)	1,275,747	939,328	156,041	(738)	1,094,630
Net other operating income	179,415	127,997	155	307,568	120,619	127,559	(144)	248,034

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Inter-segment transactions are reported in the "Elimination" column.

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥ 87,746,070	¥1,169,655	1.33%	¥ 87,513,636	¥1,241,523	1.42%
Loans and bills discounted	55,634,086	826,571	1.49	52,187,299	846,804	1.62
Securities	17,693,281	212,691	1.20	22,510,229	267,665	1.19
Call loans and bills bought	76,166	467	0.61	147,992	861	0.58
Receivables under resale agreements	36,530	(10)	(0.03)	32,450	15	0.05
Receivables under securities borrowing transactions	7,827,996	12,172	0.16	6,722,143	10,747	0.16
Deposits with banks	984,203	6,306	0.64	826,050	5,088	0.62
Lease receivables and investment assets	1,801,420	51,237	2.84	1,480,695	40,742	2.75
Interest-bearing liabilities	¥123,658,898	¥ 246,060	0.20%	¥120,395,742	¥ 268,976	0.22%
Deposits	92,978,393	33,592	0.04	84,632,369	40,303	0.05
Negotiable certificates of deposit	6,064,857	1,081	0.02	7,027,344	5,466	0.08
Call money and bills sold	603,065	91	0.02	2,295,334	1,523	0.07
Payables under repurchase agreements	1,325,978	7,854	0.59	1,281,321	3,714	0.29
Payables under securities lending transactions	7,374,658	4,631	0.06	6,795,925	6,726	0.10
Commercial paper	138,698	59	0.04	145,053	203	0.14
Borrowed money	7,621,066	67,559	0.89	9,777,958	77,974	0.80
Short-term bonds	1,183,878	118	0.01	1,451,156	1,400	0.10
Bonds	5,358,345	102,926	1.92	6,177,841	119,326	1.93

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 (2017, ¥33,983,080 million; 2016, ¥28,376,025 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥40,533,726	¥827,003	2.04%	¥37,621,327	¥699,307	1.86%
Loans and bills discounted	23,868,315	599,614	2.51	22,365,670	528,869	2.36
Securities	4,014,209	79,703	1.99	3,154,767	49,677	1.57
Call loans and bills bought.....	1,319,676	11,738	0.89	918,358	19,596	2.13
Receivables under resale agreements	2,198,666	26,255	1.19	1,521,170	11,934	0.78
Receivables under securities borrowing transactions	—	—	—	—	—	—
Deposits with banks.....	4,888,341	44,092	0.90	5,678,537	32,833	0.58
Lease receivables and investment assets	497,302	18,990	3.82	444,069	18,624	4.19
Interest-bearing liabilities	¥32,659,822	¥319,440	0.98%	¥28,979,734	¥228,429	0.79%
Deposits	18,867,692	157,977	0.84	15,827,172	100,722	0.64
Negotiable certificates of deposit	6,461,498	66,151	1.02	6,502,114	43,853	0.67
Call money and bills sold	645,301	5,399	0.84	525,808	3,836	0.73
Payables under repurchase agreements	3,241,888	15,784	0.49	1,934,523	6,212	0.32
Payables under securities lending transactions ..	—	—	—	—	—	—
Commercial paper.....	2,206,493	15,450	0.70	2,807,578	10,211	0.36
Borrowed money.....	830,387	13,805	1.66	752,364	10,861	1.44
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	107,166	4,153	3.88	77,162	3,934	5.10

- 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 (2017, ¥2,134,415 million; 2016, ¥1,732,890 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥125,630,472	¥1,912,027	1.52%	¥123,153,560	¥1,868,313	1.52%
Loans and bills discounted	78,679,693	1,384,119	1.76	73,713,490	1,326,402	1.80
Securities	21,494,609	259,840	1.21	25,450,418	303,132	1.19
Call loans and bills bought.....	1,395,842	12,205	0.87	1,066,351	20,457	1.92
Receivables under resale agreements	1,096,826	18,886	1.72	727,468	10,100	1.39
Receivables under securities borrowing transactions	7,827,996	12,172	0.16	6,722,143	10,747	0.16
Deposits with banks.....	5,430,503	48,040	0.88	6,421,181	37,537	0.58
Lease receivables and investment assets	2,298,722	70,227	3.06	1,924,764	59,366	3.08
Interest-bearing liabilities	¥155,870,100	¥ 553,394	0.36%	¥148,078,275	¥ 445,385	0.30%
Deposits	111,384,184	189,204	0.17	100,364,107	140,633	0.14
Negotiable certificates of deposit	12,526,355	67,232	0.54	13,529,459	49,319	0.36
Call money and bills sold	1,248,366	5,491	0.44	2,821,143	5,360	0.19
Payables under repurchase agreements	3,429,496	16,281	0.47	2,389,693	8,077	0.34
Payables under securities lending transactions ..	7,374,658	4,631	0.06	6,795,925	6,726	0.10
Commercial paper.....	2,345,192	15,510	0.66	2,952,632	10,415	0.35
Borrowed money.....	7,654,498	39,528	0.52	9,731,272	39,825	0.41
Short-term bonds.....	1,183,878	118	0.01	1,451,156	1,400	0.10
Bonds.....	7,451,001	144,755	1.94	6,698,959	129,295	1.93

- 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 (2017, ¥36,098,076 million; 2016, ¥30,098,341 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2017				2016			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥983,977	¥224,712	¥(13,237)	¥1,195,452	¥946,124	¥202,621	¥(14,282)	¥1,134,463
Deposits and loans	22,622	118,683	(5,703)	135,602	21,076	110,113	(5,079)	126,111
Remittances and transfers.....	118,768	19,881	(30)	138,618	114,071	17,867	(14)	131,924
Securities-related business.....	118,164	42,662	(1,056)	159,769	110,138	35,935	(3,194)	142,880
Agency	16,772	—	—	16,772	16,380	—	—	16,380
Safe deposits	5,413	2	—	5,416	5,509	2	—	5,512
Guarantees.....	75,725	14,915	(3,894)	86,745	74,257	12,369	(1,541)	85,085
Credit card business.....	264,255	3	—	264,258	255,217	1	—	255,218
Investment trusts	122,018	4,574	—	126,592	112,928	3,128	—	116,057
Fees and commissions payments.....	¥144,470	¥ 40,224	¥ (2,590)	¥ 182,104	¥ 97,907	¥ 37,190	¥ (4,472)	¥ 130,625
Remittances and transfers.....	29,997	9,750	(27)	39,720	29,282	8,507	(0)	37,789

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							
	2017				2016			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥221,610	¥42,858	¥(27,073)	¥237,394	¥221,701	¥37,330	¥(33,549)	¥225,481
Gains on trading securities	178,218	—	(13,099)	165,119	77,921	—	(5,795)	72,125
Gains on securities related to trading transactions.....	13,025	—	(155)	12,869	115	—	(49)	65
Gains on trading-related financial derivatives.....	30,336	42,858	(13,818)	59,375	143,554	37,330	(27,704)	153,180
Others	30	—	—	30	110	—	—	110
Trading losses.....	9,465	17,607	(27,073)	—	5,655	27,894	(33,549)	—
Losses on trading securities	—	13,099	(13,099)	—	—	5,795	(5,795)	—
Losses on securities related to trading transactions.....	—	155	(155)	—	—	49	(49)	—
Losses on trading-related financial derivatives.....	9,465	4,353	(13,818)	—	5,655	22,048	(27,704)	—
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	
	2017	2016
Domestic operations:		
Liquid deposits	¥ 68,135,738	¥ 62,436,739
Fixed-term deposits	22,249,043	22,898,011
Others	7,290,869	7,242,799
Subtotal	97,675,651	92,577,550
Negotiable certificates of deposit	6,021,235	6,451,869
Total	¥103,696,887	¥ 99,029,420
Overseas operations:		
Liquid deposits	¥ 12,766,301	¥ 11,763,251
Fixed-term deposits	7,256,466	6,222,716
Others	131,791	105,310
Subtotal	20,154,558	18,091,277
Negotiable certificates of deposit	5,859,702	7,798,564
Total	¥ 26,014,260	¥ 25,889,842
Grand total	¥129,711,148	¥124,919,262

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			
	2017		2016	
Domestic operations:				
Manufacturing	¥ 7,714,405	13.55%	¥ 6,372,033	12.00%
Agriculture, forestry, fisheries and mining	120,160	0.21	126,815	0.24
Construction	906,799	1.59	918,357	1.73
Transportation, communications and public enterprises	4,633,725	8.14	4,633,300	8.73
Wholesale and retail	4,556,865	8.00	4,392,082	8.28
Finance and insurance	2,468,763	4.34	2,565,738	4.83
Real estate, goods rental and leasing	8,716,521	15.31	8,237,116	15.52
Services	4,694,153	8.25	4,613,843	8.69
Municipalities	1,108,202	1.95	1,265,341	2.38
Others	22,007,202	38.66	19,960,159	37.60
Subtotal	¥56,926,799	100.00%	¥53,084,789	100.00%
Overseas operations:				
Public sector	¥ 217,056	0.93%	¥ 173,548	0.79%
Financial institutions	1,494,278	6.41	1,347,443	6.13
Commerce and industry	19,037,470	81.67	17,787,538	80.92
Others	2,561,716	10.99	2,672,760	12.16
Subtotal	¥23,310,523	100.00%	¥21,981,290	100.00%
Total	¥80,237,322	—	¥75,066,080	—

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	
	2017	2016
General reserve	¥431,510	¥395,546
Specific reserve	213,205	228,161
Loan loss reserve for specific overseas countries	1,498	1,311
Reserve for possible loan losses	¥646,215	¥625,019
Amount of direct reduction	¥288,145	¥301,983

Risk-Monitored Loans

March 31	Millions of yen	
	2017	2016
Bankrupt loans	¥ 34,441	¥ 44,748
Non-accrual loans	558,855	594,077
Past due loans (3 months or more)	22,434	19,845
Restructured loans	252,790	266,698
Total	¥868,521	¥925,370
Amount of direct reduction	¥245,719	¥273,009

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	
	2017	2016
Bankrupt and quasi-bankrupt assets	¥ 160,665	¥ 178,059
Doubtful assets	491,353	526,763
Substandard loans	275,646	287,921
Total of problem assets	927,665	992,743
Normal assets	91,575,200	85,579,406
Total	¥92,502,865	¥86,572,150
Amount of direct reduction	¥ 288,145	¥ 301,983

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	
	2017	2016
Domestic operations:		
Japanese government bonds	¥ 8,454,687	¥10,346,596
Japanese local government bonds	90,243	52,070
Japanese corporate bonds	2,731,856	2,679,706
Japanese stocks	3,925,112	3,698,605
Others	5,297,701	5,087,628
Subtotal	¥20,499,601	¥21,864,608
Overseas operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	78,031	82,314
Japanese stocks	—	—
Others	3,998,504	3,263,832
Subtotal	¥ 4,076,536	¥ 3,346,147
Unallocated corporate assets:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	55,654	53,689
Others	—	—
Subtotal	¥ 55,654	¥ 53,689
Total	¥24,631,792	¥25,264,445

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							
	2017				2016			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets	¥5,882,221	¥906,906	¥(33,700)	¥6,755,428	¥7,176,926	¥942,823	¥(56,468)	¥8,063,281
Trading securities	3,543,982	136,723	—	3,680,705	3,431,314	138,744	—	3,570,058
Derivatives of trading securities	56,901	—	—	56,901	13,581	—	—	13,581
Securities related to trading transactions	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	10,586	97	—	10,684	18,098	120	—	18,218
Trading-related financial derivatives	2,172,657	770,086	(33,700)	2,909,043	3,649,936	803,958	(56,468)	4,397,427
Other trading assets	98,093	—	—	98,093	63,995	—	—	63,995
Trading liabilities	¥3,904,067	¥834,564	¥(33,700)	¥4,704,931	¥5,361,628	¥807,507	¥(56,468)	¥6,112,667
Trading securities sold for short sales	2,013,249	58,334	—	2,071,583	2,153,965	43,707	—	2,197,673
Derivatives of trading securities	58,961	—	—	58,961	29,724	—	—	29,724
Securities related to trading transactions sold for short sales	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	8,633	91	—	8,724	17,275	80	—	17,356
Trading-related financial derivatives	1,823,223	776,138	(33,700)	2,565,661	3,160,662	763,719	(56,468)	3,867,913
Other trading liabilities	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Inter-segment transactions are reported in the "Elimination" column.

Capital (Non-consolidated)

Sumitomo Mitsui Financial Group, Inc.

Changes in Number of Shares Issued and Capital Stock

	Millions of yen					
	Number of shares issued		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
April 1, 2011*	(70,001)	1,414,055,625	—	2,337,895	—	1,559,374

Remarks:

* The number of shares of preferred stock (Type 6) decreased by 70,001 as a result of repurchase and cancellation of all the shares of preferred stock (1st series Type 6)

Number of Shares Issued

March 31, 2017	Number of shares issued
Common stock	1,414,055,625
Total	<u>1,414,055,625</u>

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, 2017	Number of shareholders	Number of units	Percentage of total
Japanese government and local government.....	7	4,774	0.03%
Financial institutions.....	362	3,830,262	27.13
Securities companies.....	79	749,815	5.31
Other institutions.....	7,983	1,382,303	9.79
Foreign institutions.....	1,161	6,259,012	44.33
Foreign individuals.....	356	4,707	0.03
Individuals and others.....	297,524	1,889,554	13.38
Total.....	307,472	14,120,427	100.00%
Fractional shares (shares).....	—	2,012,925	—

Notes: 1. Of 4,028,883 shares in treasury stock, 40,288 units are included in "Individuals and others" and the remaining 83 shares are included in "Fractional shares."
2. "Other institutions" and "Fractional shares" includes 29 units and 48 shares, held at Japan Securities Depository Center, Incorporated.
3. In the row "Fractional shares," title in the Register of Shareholders is in the name of Sumitomo Mitsui Banking Corporation, but 60 of the shares listed are not substantially in the ownership of the bank.

Principal Shareholders

March 31, 2017	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account).....	77,865,200	5.50%
The Master Trust Bank of Japan, Ltd. (Trust Account).....	63,818,600	4.51
Japan Trustee Services Bank, Ltd. (Trust Account 5).....	29,034,200	2.05
Japan Trustee Services Bank, Ltd. (Trust Account 9).....	26,246,700	1.85
STATE STREET BANK AND TRUST COMPANY 505223*.....	24,825,763	1.75
Japan Trustee Services Bank, Ltd. (Trust Account 1).....	21,554,900	1.52
Japan Trustee Services Bank, Ltd. (Trust Account 2).....	21,282,200	1.50
NATSCUMCO**.....	19,858,605	1.40
Japan Trustee Services Bank, Ltd. (Trust Account 7).....	19,285,300	1.36
STATE STREET BANK WEST CLIENT - TREATY 505234***.....	19,048,976	1.34
Total.....	322,820,444	22.82%

* Standing agent: Mizuho Bank, Ltd. Settlement Service Department

** Standing agent: Sumitomo Mitsui Banking Corporation

*** Standing agent: Mizuho Bank, Ltd. Settlement Service Department

Notes: 1. Sumitomo Mitsui Trust Bank, Limited has submitted a Report of Possession of Large Volume regarding its shareholding as of September 6, 2016. It stated that Sumitomo Mitsui Trust Bank, Limited and two other shareholders held the following common shares in SMFG as of August 31, 2016. But, these three are not included in the above Principal Shareholders because SMFG was unable to confirm the number of shares owned by them at the end of the fiscal year under review.

The Report of Possession of Large Volume is detailed as follows:

Principal Shareholder: Sumitomo Mitsui Trust Bank, Limited (and two other joint holders)

Number of share held: 71,542,000 shares (including joint ownership)

Shareholding ratio: 5.06%

2. Mizuho Securities Co., Ltd. has submitted a Report of Possession of Large Volume regarding its shareholding as of October 21, 2016. It stated that Mizuho Securities Co., Ltd. and another shareholder held the following common shares in SMFG as of October 14, 2016. But, these two are not included in the above Principal Shareholders because SMFG was unable to confirm the number of shares owned by them at the end of the fiscal year under review.

The Report of Possession of Large Volume is detailed as follows:

Principal Shareholder: Mizuho Securities Co., Ltd. (and another joint holder)

Number of share held: 72,802,582 shares (including joint ownership)

Shareholding ratio: 5.15%

3. BlackRock Japan Co., Ltd. has submitted a Change Report of Possession of Large Volume regarding its shareholding as of March 22, 2017. It stated that BlackRock Japan Co., Ltd. and nine other shareholders held the following common shares in SMFG as of March 15, 2017. But, these ten are not included in the above Principal Shareholders because SMFG was unable to confirm the number of shares owned by them at the end of the fiscal year under review.

The Change Report of Possession of Large Volume is detailed as follows:

Principal Shareholder: BlackRock Japan Co., Ltd. (and nine other joint holders)

Number of share held: 90,686,690 shares (including joint ownership)

Shareholding ratio: 6.41%

Stock Options

March 31	2017
Number of shares granted.....	86,900 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	2017
Number of shares granted.....	257,900 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	2017
Number of shares granted.....	268,100 shares
Type of stock	Common stock
Issue price	¥2,043 per share
Amount capitalized when shares are issued	¥1,022 per share
Exercise period of stock options.....	From August 15, 2012 to August 14, 2042
Date of resolution: Meeting of the Board of Directors held on July 30, 2012	
March 31	2017
Number of shares granted.....	114,400 shares
Type of stock	Common stock
Issue price	¥4,160 per share
Amount capitalized when shares are issued	¥2,080 per share
Exercise period of stock options.....	From August 14, 2013 to August 13, 2043
Date of resolution: Meeting of the Board of Directors held on July 29, 2013	
March 31	2017
Number of shares granted.....	120,300 shares
Type of stock	Common stock
Issue price	¥3,662 per share
Amount capitalized when shares are issued	¥1,831 per share
Exercise period of stock options.....	From August 15, 2014 to August 14, 2044
Date of resolution: Meeting of the Board of Directors held on July 30, 2014	
March 31	2017
Number of shares granted.....	131,200 shares
Type of stock	Common stock
Issue price	¥4,905 per share
Amount capitalized when shares are issued	¥2,453 per share
Exercise period of stock options.....	From August 18, 2015 to August 17, 2045
Date of resolution: Meeting of the Board of Directors held on July 31, 2015	
March 31	2017
Number of shares granted.....	201,200 shares
Type of stock	Common stock
Issue price	¥2,812 per share
Amount capitalized when shares are issued	¥1,406 per share
Exercise period of stock options.....	From August 15, 2016 to August 14, 2046
Date of resolution: Meeting of the Board of Directors held on July 26, 2016	

Common Stock Price Range

Stock Price Performance

Year ended March 31	Yen				
	2017	2016	2015	2014	2013
High	¥4,768.0	¥5,770.0	¥4,915.0	¥5,470	¥4,255
Low	2,766.5	2,819.5	3,800	3,545	2,231

Note: Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

Six-Month Performance

	Yen					
	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017
High	¥3,657.0	¥4,318.0	¥4,768.0	¥4,614.0	¥4,634.0	¥4,533.0
Low	3,351.0	3,293.0	4,290.0	4,335.0	4,306.0	4,045.0

Note: Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

Basel III Information

Capital Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The consolidated capital ratio is calculated using the method stipulated in “Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, Etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Act” (Notification No. 20 issued by the Japanese Financial Services Agency in 2006; hereinafter referred to as “the Notification”).

In addition to the method stipulated in the Notification to calculate the consolidated capital ratio (referred to as “International Standard” in the Notification), SMFG has adopted the Advanced Internal Ratings-Based (AIRB) approach for calculating credit risk-weighted asset amounts and the Advanced Measurement Approach (AMA) for calculating the operational risk equivalent amount.

“Consolidated Capital Ratio Information” was prepared principally based on the Notification, and the terms and details in the section may differ from those in other sections of this report.

■ Scope of Consolidation

1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 354
Please refer to “Principal Subsidiaries and Affiliates” on page 104 for their names and business outline.
- Scope of consolidated subsidiaries for calculation of the consolidated capital ratio is based on the scope of consolidated subsidiaries for preparing consolidated financial statements.
- There are no affiliates to which the proportionate consolidation method is applied.

2. Restrictions on Movement of Funds and Capital within Holding Company Group

There are no special restrictions on movement of funds and capital among SMFG and its group companies.

3. Names of companies among subsidiaries of bank-holding companies (other financial institutions), with the Basel Capital Accord required amount, and total shortfall amount

Not applicable.

■ Capital Structure Information (Consolidated Capital Ratio (International Standard))

Regarding the calculation of the capital ratio, certain procedures were performed by KPMG AZSA LLC pursuant to “Treatment of Inspection of the Capital Ratio Calculation Framework Based on Agreed-Upon Procedures” (JICPA Industry Committee Practical Guideline No. 30).

The certain procedures performed by the external auditor are not part of the audit of consolidated financial statements. The certain procedures performed on our internal control framework for calculating the capital ratio are based on procedures agreed upon by SMFG and the external auditor and are not a validation of appropriateness of the capital ratio itself or opinion on the internal controls related to the capital ratio calculation.

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2017		As of March 31, 2016	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Common Equity Tier 1 capital: instruments and reserves					
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	8,013,333		7,351,752	
1a	of which: capital and capital surplus	3,095,242		3,095,202	
2	of which: retained earnings	5,036,756		4,534,472	
1c	of which: treasury stock (-)	12,913		175,381	
26	of which: cash dividends to be paid (-)	105,752		102,541	
	of which: other than the above	-		-	
1b	Stock acquisition rights to common shares	3,206		2,635	
3	Accumulated other comprehensive income and other disclosed reserves	1,289,962	322,490	875,680	583,787
5	Adjusted non-controlling interests, etc. (amount allowed to be included in group Common Equity Tier 1)	172,277		164,550	
	Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	27,797		48,257	
	of which: non-controlling interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	27,797		48,257	
6	Common Equity Tier 1 capital: instruments and reserves (A)	9,506,577		8,442,875	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Total intangible assets (excluding those relating to mortgage servicing rights)	629,840	157,460	451,805	301,203
8	of which: goodwill (including those equivalent)	274,818	68,704	223,573	149,048
9	of which: other intangible assets other than goodwill and mortgage servicing rights	355,022	88,755	228,232	152,154
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,350	837	1,282	855
11	Net deferred gains or losses on hedges	(32,470)	(8,117)	34,278	22,852
12	Shortfall of eligible provisions to expected losses	63,740	15,935	34,496	22,997
13	Gain on sale on securitization transactions	46,740	11,685	30,051	20,034
14	Gains and losses due to changes in own credit risk on fair valued liabilities	2,761	690	5,089	3,392
15	Net defined benefit asset	174,987	43,746	84,995	56,663
16	Investments in own shares (excluding those reported in the Net assets section)	9,135	2,283	4,424	2,949
17	Reciprocal cross-holdings in common equity	-	-	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	-	-	-	-
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	-	-
19	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
20	of which: mortgage servicing rights	-	-	-	-
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
22	Amount exceeding the 15% threshold on specified items	-	-	-	-
23	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
24	of which: mortgage servicing rights	-	-	-	-
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	898,087		646,423	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	8,608,490		7,796,451	

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2017		As of March 31, 2016	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Additional Tier 1 capital: instruments					
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown			
	31b	Stock acquisition rights to Additional Tier 1 instruments			
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards			
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities			
34-35	Adjusted non-controlling interests, etc. (amount allowed to be included in group Additional Tier 1)				
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments				
33	of which: instruments issued by bank holding companies and their special purpose vehicles				
35	of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)				
	Total of items included in Additional Tier 1 capital: items subject to transitional arrangements				
	of which: foreign currency translation adjustments				
36	Additional Tier 1 capital: instruments (D)				
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments				
38	Reciprocal cross-holdings in Additional Tier 1 instruments				
39	Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)				
40	Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)				
	Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements				
	of which: goodwill and others				
	of which: gain on sale on securitization transactions				
	of which: amount equivalent to 50% of shortfall of eligible provisions to expected losses				
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions				
43	Additional Tier 1 capital: regulatory adjustments (E)				
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E)) (F)				
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)				
Tier 2 capital: instruments and provisions					
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown				
	Stock acquisition rights to Tier 2 instruments				
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards				
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities				
48-49	Adjusted non-controlling interests, etc. (amount allowed to be included in group Tier 2)				
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions				
47	of which: instruments issued by bank holding companies and their special purpose vehicles				
49	of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)				
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2				
50a	of which: general reserve for possible loan losses				
50b	of which: eligible provisions				
	Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements				
	of which: unrealized gains on other securities after 55% discount				
	of which: land revaluation excess after 55% discount				
51	Tier 2 capital: instruments and provisions (H)				

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2017		As of March 31, 2016	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	–	–	–	–
53	Reciprocal cross-holdings in Tier 2 instruments	–	–	–	–
54	Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	–	–	–	–
55	Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	40,000	10,000	75,000	50,000
	Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	30,569		62,109	
	of which: Tier 2 and deductions under Basel II	30,569		62,109	
57	Tier 2 capital: regulatory adjustments (I)	70,569		137,109	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I)) (J)	2,027,488		2,204,250	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J)) (K)	11,973,667		11,235,923	
Risk weighted assets					
	Total of items included in risk weighted assets subject to transitional arrangements	38,835		68,865	
	of which: intangible assets (excluding those relating to mortgage servicing rights)	16,711		31,824	
	of which: net defined benefit asset	12,010		16,093	
	of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)	7,709		16,156	
60	Risk weighted assets (L)	70,683,540		66,011,621	
Capital ratio (consolidated)					
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	12.17%		11.81%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.07%		13.68%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	16.93%		17.02%	
Regulatory adjustments					
72	Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	729,452		620,209	
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	542,985		522,466	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	–		–	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	24,339		9,700	
Provisions included in Tier 2 capital: instruments and provisions					
76	Provisions (general reserve for possible loan losses)	74,104		78,017	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	84,683		88,359	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–		–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	331,220		309,031	
Capital instruments subject to transitional arrangements					
82	Current cap on Additional Tier 1 instruments subject to transitional arrangements	812,928		975,514	
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	58,050		–	
84	Current cap on Tier 2 instruments subject to transitional arrangements	1,017,141		1,220,569	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	–		30,203	

(Millions of yen)

Items	As of March 31, 2017	As of March 31, 2016
Required capital ((L) × 8%)	5,654,683	5,280,929

■ Capital Requirements

March 31	Billions of yen	
	2017	2016
Capital requirements for credit risk:		
Internal ratings-based approach	5,271.7	4,954.4
Corporate exposures:	3,145.0	3,102.8
Corporate exposures (excluding specialized lending)	2,665.8	2,645.2
Sovereign exposures	45.4	43.1
Bank exposures	135.7	136.5
Specialized lending	298.2	278.1
Retail exposures:	793.6	623.1
Residential mortgage exposures	346.4	373.1
Qualifying revolving retail exposures	223.5	134.9
Other retail exposures	223.7	115.1
Equity exposures:	489.1	459.5
PD/LGD approach	342.0	317.6
Market-based approach	147.1	141.9
Simple risk weight method	105.2	92.4
Internal models method	41.9	49.4
Credit risk-weighted assets under Article 145 of the Notification	300.1	252.6
Securitization exposures	81.2	78.6
Other exposures	462.7	437.8
Standardized approach	520.8	547.2
Amount corresponding to CVA risk	179.8	197.0
CCP-related exposures	8.9	8.3
Total capital requirements for credit risk	5,981.2	5,706.9
Capital requirements for market risk:		
Standardized method	102.0	64.7
Interest rate risk	36.7	38.0
Equity position risk	42.6	17.6
Foreign exchange risk	2.0	2.2
Commodities risk	0.0	0.2
Options	20.7	6.7
Internal models approach	117.8	52.3
Securitization exposures	6.9	—
Total capital requirements for market risk	226.8	116.9
Capital requirements for operational risk:		
Advanced measurement approach	228.5	226.7
Basic indicator approach	49.3	40.6
Total capital requirements for operational risk	277.8	267.2
Total amount of capital requirements	6,485.9	6,091.1

- 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., Cedyne Financial Corporation

(2) Overseas Operations

Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, Banco Sumitomo Mitsui Brasileiro S.A., JSC Sumitomo Mitsui Rus Bank, PT Bank Sumitomo Mitsui Indonesia, Sumitomo Mitsui Banking Corporation Malaysia Berhad, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited and SMBC Capital Markets (Asia) Limited

THE MINATO BANK, LTD., Kansai Urban Banking Corporation, SMBC Finance Service Co., Ltd. and Sumitomo Mitsui Finance and Leasing Co., Ltd. have adopted the Foundation Internal Ratings-Based (FIRB) approach.

Note: Directly controlled SPCs and limited partnerships for investment of consolidated subsidiaries using the AIRB approach have also adopted the AIRB approach. Further, the AIRB approach is applied to equity exposures on a group basis, including equity exposures of consolidated subsidiaries applying the standardized approach.

2. Exposures by Asset Class

(1) Corporate Exposures

A. Corporate, Sovereign and Bank Exposures

(A) Rating Procedures

- “Corporate, sovereign and bank exposures” includes credits to domestic and overseas commercial/industrial (C&I) companies, individuals for business purposes (domestic only), sovereigns, public sector entities, and financial institutions. Business loans such as apartment construction loans are, in principle, included in “retail exposures.” However, credits of more than ¥100 million are treated as corporate exposures in accordance with the Notification.
- An obligor is assigned an obligor grade by first assigning a financial grade using a financial strength grading model and data obtained from the obligor’s financial statements. The financial grade is then adjusted taking into account the actual state of the obligor’s balance sheet and qualitative factors to derive the obligor grade (for details, please refer to “Credit Risk Assessment and Quantification” on page 81). Different rating series are used for domestic and overseas obligors — J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors — as shown in the table below due to differences in actual default rate levels and portfolios’ grade distribution. Different Probability of Default (PD) values are applied also.
- In addition to the above basic rating procedure which builds on the financial grade assigned at the beginning, in some cases, the obligor grade is assigned based on the parent company’s credit quality or credit ratings published by external rating agencies. The Japanese government, local authorities and other public sector entities with special basis for existence and unconventional financial statements are assigned obligor grades based on their attributes (for example, “local municipal corporations”), as the data on these obligors are not suitable for conventional grading models. Further, credits to individuals for business purposes and business loans are assigned obligor grades using grading models developed specifically for these exposures.
- PDs used for calculating credit risk-weighted assets are estimated based on the default experience for each grade and taking into account the possibility of estimation errors. In addition to internal data, external data are used to estimate and validate PDs. The definition of default is the definition stipulated in the Notification (an event that would lead to an exposure being classified as “substandard loans,” “doubtful assets” or “bankrupt and quasi-bankrupt assets” occurring to the obligor).
- Loss Given Defaults (LGDs) and exposure at default (EAD) used in the calculation of credit risk-weighted assets are estimated based on historical loss experience of credits in default, taking into account the possibility of estimation errors.

Obligor Grade		Definition	Borrower Category
Domestic Corporate	Overseas Corporate		
J1	G1	Very high certainty of debt repayment	Normal Borrowers
J2	G2	High certainty of debt repayment	
J3	G3	Satisfactory certainty of debt repayment	
J4	G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	
J5	G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of significant changes in economic trends or business environment	
J6	G6	Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems	
J7	G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Borrowers Requiring Caution
J7R	G7R	Borrowers Requiring Caution identified as 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 _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total						
March 31, 2017										
J1-J3	28,682.2	22,987.5	5,694.7	5,303.7	49.50%	0.06%	35.23%	—%	18.61%	
J4-J6	16,467.3	14,346.5	2,120.7	856.1	50.10	0.75	33.65	—	50.28	
J7 (excluding J7R)	1,289.9	1,080.4	209.5	188.8	49.43	13.70	39.83	—	173.72	
Japanese government and local municipal corporations	49,945.7	49,586.0	359.7	135.7	49.38	0.00	35.31	—	0.01	
Others	4,432.8	4,212.0	220.8	100.1	49.87	0.84	44.01	—	56.29	
Default (J7R, J8-J10)	597.8	559.3	38.5	0.1	84.61	100.00	48.12	47.12	12.44	
Total	101,415.7	92,771.9	8,643.8	6,584.6	—	—	—	—	—	

	Billions of yen									
	Exposure amount			Undrawn amount		Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total						
March 31, 2016										
J1-J3	25,425.1	20,176.1	5,249.0	5,214.0	49.47%	0.07%	35.03%	—%	19.36%	
J4-J6	16,856.1	14,637.0	2,219.1	1,070.1	49.97	0.74	34.65	—	50.60	
J7 (excluding J7R)	791.2	745.3	45.9	24.2	49.39	15.69	34.24	—	149.46	
Japanese government and local municipal corporations	45,890.5	45,414.0	476.5	106.1	49.39	0.00	35.31	—	0.01	
Others	4,874.7	4,346.0	528.7	253.7	49.86	0.81	44.36	—	54.86	
Default (J7R, J8-J10)	732.3	692.3	40.1	0.6	96.36	100.00	47.52	46.87	8.15	
Total	94,570.0	86,010.6	8,559.4	6,668.8	—	—	—	—	—	

Note: "Others" includes exposures guaranteed by credit guarantee corporations, exposures to public sector entities and voluntary organizations, exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies), as well as business loans of more than ¥100 million.

b. Overseas Corporate, Sovereign and Bank Exposures

	Billions of yen									
	Exposure amount			Undrawn amount		Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total						
March 31, 2017										
G1-G3	39,940.4	28,984.6	10,955.8	10,791.7	49.38%	0.14%	28.86%	—%	17.11%	
G4-G6	2,080.0	1,601.9	478.1	350.1	49.38	2.89	24.89	—	72.27	
G7 (excluding G7R)	373.1	248.9	124.2	195.4	49.38	14.91	24.02	—	119.58	
Others	480.8	62.7	418.1	51.9	50.16	1.26	24.72	—	26.21	
Default (G7R, G8-G10)	104.0	90.6	13.4	9.2	100.00	100.00	63.82	59.61	52.63	
Total	42,978.2	30,988.6	11,989.6	11,398.4	—	—	—	—	—	

	Billions of yen									
	Exposure amount			Undrawn amount		Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Total						
March 31, 2016										
G1-G3	38,146.3	28,329.7	9,816.6	8,977.6	49.39%	0.14%	30.26%	—%	17.98%	
G4-G6	2,100.5	1,461.7	638.9	347.0	49.39	2.87	24.37	—	69.62	
G7 (excluding G7R)	490.0	386.6	103.4	129.0	49.39	14.86	26.66	—	132.5	
Others	314.3	117.8	196.5	193.3	49.39	2.59	25.04	—	73.14	
Default (G7R, G8-G10)	119.3	89.8	29.6	26.6	100.00	100.00	54.56	50.41	51.88	
Total	41,170.4	30,385.5	10,785.0	9,673.5	—	—	—	—	—	

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, 2017.
- 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					
		2017			2016		
		Project finance	Object finance	IPRE	Project finance	Object finance	IPRE
Strong:							
Residual term less than 2.5 years	50%	0.0	—	5.4	0.0	—	2.5
Residual term 2.5 years or more	70%	28.4	4.2	16.4	28.2	2.8	11.5
Good:							
Residual term less than 2.5 years	70%	33.7	—	0.8	33.2	—	5.0
Residual term 2.5 years or more	90%	17.4	—	5.6	20.6	—	5.4
Satisfactory	115%	18.2	0.8	17.1	4.5	0.9	23.4
Weak	250%	—	—	—	20.9	—	0.7
Default	—	3.5	—	0.0	3.5	—	0.0
Total		101.1	5.0	45.2	110.8	3.6	48.6

(b) High-Volatility Commercial Real Estate (HVCRE)

March 31	Risk weight	Billions of yen	
		2017	2016
Strong:			
Residual term less than 2.5 years	70%	9.1	8.7
Residual term 2.5 years or more	95%	8.8	4.8
Good:			
Residual term less than 2.5 years	95%	91.1	113.7
Residual term 2.5 years or more	120%	75.4	71.1
Satisfactory	140%	275.1	156.5
Weak	250%	3.4	1.8
Default	—	—	—
Total		463.0	356.7

b. PD/LGD Approach Applicable Portion, Other Than Slotting Criteria Applicable Portion

(a) Project Finance

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2017									
G1-G3.....	3,646.3	2,642.4	1,003.8	1,078.9	49.38%	0.31%	26.03%	—%	39.39%
G4-G6.....	243.9	181.9	62.0	92.4	49.38	2.73	29.10	—	94.56
G7 (excluding G7R)	42.9	33.1	9.8	2.5	49.38	15.37	40.13	—	219.24
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	52.3	51.0	1.3	0.1	100.00	100.00	55.45	51.24	52.63
Total.....	3,985.4	2,908.4	1,077.0	1,173.8	—	—	—	—	—

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2016									
G1-G3.....	3,279.4	2,279.7	999.8	1,039.7	49.39%	0.29%	27.51%	—%	42.48%
G4-G6.....	214.3	168.8	45.5	44.4	49.39	3.16	33.98	—	113.01
G7 (excluding G7R)	21.8	21.2	0.6	—	—	19.28	27.45	—	148.59
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	29.3	29.1	0.1	0.1	100.00	100.00	53.30	49.15	51.88
Total.....	3,544.9	2,498.8	1,046.0	1,084.2	—	—	—	—	—

(b) Object Finance

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2017									
G1-G3.....	200.9	172.6	28.3	19.7	49.38%	0.28%	11.28%	—%	15.84%
G4-G6.....	35.9	35.1	0.8	—	—	3.47	6.77	—	22.44
G7 (excluding G7R)	3.9	3.2	0.7	—	—	23.62	71.82	—	428.34
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	2.1	2.1	—	—	—	100.00	61.56	57.35	52.63
Total.....	242.9	213.0	29.8	19.7	—	—	—	—	—

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2016									
G1-G3.....	226.1	183.8	42.4	33.8	49.39%	0.32%	13.04%	—%	19.02%
G4-G6.....	19.2	18.2	1.0	—	—	3.43	22.46	—	83.48
G7 (excluding G7R)	0.6	0.6	—	—	—	14.44	45.00	—	246.61
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	0.0	0.0	—	—	—	100.00	91.00	86.85	51.88
Total.....	246.0	202.6	43.4	33.8	—	—	—	—	—

(c) Income-Producing Real Estate (IPRE)

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2017									
J1-J3	1,009.7	905.3	104.4	2.8	49.38%	0.04%	22.68%	—%	11.44%
J4-J6	356.8	284.2	72.6	—	—	0.86	26.06	—	51.12
J7 (excluding J7R)	7.5	7.5	—	—	—	10.36	5.00	—	23.66
Others.....	399.1	377.6	21.6	36.7	49.38	0.25	30.84	—	24.94
Default (J7R, J8-J10)	—	—	—	—	—	—	—	—	—
Total.....	1,773.1	1,574.6	198.5	39.5	—	—	—	—	—

	Billions of yen								
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
March 31, 2016									
J1-J3	850.1	746.8	103.3	2.6	49.39%	0.04%	22.28%	—%	9.95%
J4-J6	469.2	376.8	92.4	1.2	49.39	1.16	27.60	—	61.50
J7 (excluding J7R)	12.6	5.4	7.2	—	—	25.57	19.95	—	110.47
Others	301.7	290.7	11.0	14.5	49.39	0.81	30.05	—	26.31
Default (J7R, J8-J10)	20.4	—	20.4	—	—	100.00	35.12	34.27	10.63
Total	1,654.0	1,419.8	234.3	18.4	—	—	—	—	—

(2) Retail Exposures

A. Residential Mortgage Exposures

(A) Rating Procedures

- “Residential mortgage exposures” includes mortgage loans to individuals and some real estate loans in which the property consists of both residential and commercial facilities such as a store or rental apartment units, but excludes apartment construction loans.
- Mortgage loans are rated as follows.

Mortgage loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of an exclusive grading model and a borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk at the time of default determined using Loan To Value (LTV) calculated based on the assessment value of collateral real estate. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the portfolio is subdivided based on the lapse of years from the contract date, and the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

	Billions of yen						
	Exposure amount			Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets				
March 31, 2017							
Mortgage loans							
PD segment:							
Not delinquent							
Use model	11,804.7	11,782.5	22.2	0.44%	33.75%	—%	23.18%
Others	386.5	386.5	—	1.03	51.24	—	67.67
Delinquent	88.9	87.0	1.9	18.42	36.61	—	191.19
Default	152.9	152.8	0.1	100.00	34.07	32.43	20.43
Total	12,433.0	12,408.8	24.2	—	—	—	—

	Billions of yen						
	Exposure amount			Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets				
March 31, 2016							
Mortgage loans							
PD segment:							
Not delinquent							
Use model	12,005.4	11,980.6	24.9	0.45%	34.20%	—%	23.75%
Others	428.3	428.3	—	1.05	51.55	—	69.54
Delinquent	86.5	82.3	4.2	19.54	37.29	—	194.86
Default	184.0	183.9	0.1	100.00	35.15	33.64	18.95
Total	12,704.3	12,675.1	29.2	—	—	—	—

Notes: 1. “Others” includes loans guaranteed by employers.

2. “Delinquent” loans are past due loans and loans to obligors categorized as “Borrowers Requiring Caution” that do not satisfy the definition of default stipulated in the Notification.

B. Qualifying Revolving Retail Exposures (QRRE)

(A) Rating Procedures

- “Qualifying revolving retail exposures” includes card loans and credit card balances.
- Card loans and credit card balances are rated as follows.

Card loans and credit card balances are allocated to a portfolio segment with similar risk characteristics determined based, for card loans, on the credit quality of the loan guarantee company, credit limit, settlement account balance and payment history, and, for credit card balances, on repayment history and frequency of use.

PDs and LGDs used to calculate credit risk-weighted asset amounts are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

	Billions of yen									
	Exposure amount				Undrawn amount					
	Total	On-balance sheet assets		Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
Balance		Increase								
March 31, 2017										
Card loans										
PD segment:										
Not delinquent	947.8	778.2	106.9	62.7	254.3	42.04%	2.88%	81.25%	—%	63.95%
Delinquent.....	14.7	14.1	0.6	—	2.7	23.00	28.34	77.68	—	214.04
Credit card balances										
PD segment:										
Not delinquent	2,440.6	1,449.2	685.8	305.7	8,977.4	7.64	1.92	69.79	—	32.79
Delinquent.....	6.7	5.7	1.0	—	—	—	78.05	72.15	—	119.50
Default	46.2	42.2	3.0	1.0	—	—	100.00	83.79	73.93	123.21
Total	3,456.0	2,289.4	797.3	369.4	9,234.4	—	—	—	—	—

	Billions of yen									
	Exposure amount				Undrawn amount					
	Total	On-balance sheet assets		Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
Balance		Increase								
March 31, 2016										
Card loans										
PD segment:										
Not delinquent	846.6	736.4	108.4	1.8	233.1	46.51%	2.63%	83.31%	—%	62.07%
Delinquent.....	16.0	15.4	0.6	—	3.1	20.67	28.09	77.69	—	213.34
Credit card balances										
PD segment:										
Not delinquent	1,514.6	893.4	334.0	287.2	4,368.5	7.65	1.00	71.74	—	22.63
Delinquent.....	6.2	5.3	0.9	—	—	—	77.63	72.21	—	122.12
Default	25.7	22.9	2.8	—	—	—	100.00	80.60	74.17	80.39
Total	2,409.2	1,673.4	446.8	289.0	4,604.7	—	—	—	—	—

- Notes: 1. The on-balance sheet exposure amount is estimated by estimating the amount of increase in each transaction balance and not by multiplying the undrawn amount by the CCF.
2. “Weighted average CCF” is “On-balance sheet exposure amount ÷ Undrawn amount” and provided for reference only. It is not used for estimating on-balance sheet exposure amounts.
3. Past due loans of less than three months are recorded in “Delinquent.”

C. Other Retail Exposures

(A) Rating Procedures

- “Other retail exposures” includes business loans such as apartment construction loans and consumer loans such as My Car Loan.
- Business loans and consumer loans are rated as follows.
 - a. Business loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of exclusive grading model and borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk determined based on LTV for business loans.

PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.
 - b. Rating procedures for consumer loans depends on whether the loan is collateralized. Collateralized consumer loans are allocated to a portfolio segment using the same standards as for mortgage loans of “A. Residential Mortgage Exposures.” Uncollateralized consumer loans are allocated to a portfolio segment based on account history. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Exposure amount						
	Total	On-balance sheet assets	Off-balance sheet assets				
March 31, 2017							
Business loans							
PD segment:							
Not delinquent							
Use model.....	1,022.3	1,004.5	17.8	0.87%	47.47%	—%	40.50%
Others	207.5	206.5	1.0	0.67	40.26	—	30.91
Delinquent.....	73.1	72.2	0.8	6.26	41.94	—	66.66
Consumer loans							
PD segment:							
Not delinquent							
Use model.....	1,660.4	1,025.8	634.6	2.20	50.56	—	62.26
Others	128.7	127.3	1.3	1.59	53.18	—	63.70
Delinquent.....	23.1	21.0	2.2	24.62	49.64	—	107.78
Default	82.1	81.2	0.9	100.00	62.07	54.01	100.82
Total	3,197.2	2,538.6	658.7	—	—	—	—

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average EL _{default}	Weighted average risk weight
	Exposure amount						
	Total	On-balance sheet assets	Off-balance sheet assets				
March 31, 2016							
Business loans							
PD segment:							
Not delinquent							
Use model.....	1,024.3	1,006.1	18.1	0.93%	48.13%	—%	41.99%
Others	214.4	213.3	1.1	0.78	41.51	—	33.56
Delinquent.....	92.5	91.1	1.4	6.43	42.63	—	67.78
Consumer loans							
PD segment:							
Not delinquent							
Use model.....	323.6	323.1	0.5	0.78	42.07	—	33.84
Others	133.3	131.9	1.5	1.64	53.77	—	64.94
Delinquent.....	24.5	24.3	0.2	16.94	45.78	—	94.52
Default	67.1	67.0	0.1	100.00	52.55	48.90	45.60
Total	1,879.7	1,856.9	22.8	—	—	—	—

Notes: 1. “Business loans” includes apartment construction loans. Following implementation of our domestic business structure revision started in April 2014, “Domestic Corporate Exposures” includes SME loans because their grading system is integrated into that of Corporate loans.

2. “Others” includes loans guaranteed by employers.

3. “Delinquent” loans are past due loans and loans to obligors categorized as “Borrowers Requiring Caution” that do not satisfy the definition of default stipulated in the Notification.

(3) Equity Exposures and Credit Risk-Weighted Assets under Article 145 of the Notification

A. Equity Exposures

(A) Rating Procedures

When acquiring equities subject to the PD/LGD approach, issuers are assigned obligor grades using the same rules as those of general credits to C&I companies, sovereigns and financial institutions. The obligors are monitored (for details, please refer to pages 80 to 81) 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	
	2017	2016
Market-based approach.....	706.5	532.6
Simple risk weight method.....	370.3	322.0
Listed equities (300%).....	240.7	197.9
Unlisted equities (400%).....	129.6	124.1
Internal models method.....	336.2	210.6
PD/LGD approach.....	3,763.0	3,514.6
Total.....	4,469.5	4,047.2

Note: The above exposures are "equity exposures" stipulated in the Notification and differ from "stocks" described in the consolidated financial statements.

b. PD/LGD Approach

March 31	Billions of yen					
	2017			2016		
	Exposure amount	Weighted average PD	Weighted average risk weight	Exposure amount	Weighted average PD	Weighted average risk weight
J1-J3.....	3,457.4	0.05%	100.39%	3,229.5	0.05%	100.45%
J4-J6.....	176.1	0.32	152.52	195.5	0.45	161.79
J7 (excluding J7R).....	15.1	10.45	566.42	2.5	10.56	561.96
Others.....	113.6	0.48	175.70	86.7	0.45	192.60
Default (J7R, J8-J10).....	0.7	100.00	1,125.00	0.4	100.00	1,125.00
Total.....	3,763.0	—	—	3,514.6	—	—

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	
	2017	2016
Exposures under Article 145 of the Notification.....	1,324.0	1,317.3

(4) Analysis of Actual Losses

A. Year-on-Year Comparison of Actual Losses

SMFG recorded an increase of ¥61.6 billion in total credit costs (the total of the general reserve, non-performing loan write-offs and gains on collection of written-off claims) compared to the previous fiscal year, amounting to ¥164.4 billion on a consolidated basis for fiscal year 2016.

SMBC recorded an increase of ¥64.3 billion in total credit costs compared to the previous fiscal year, which resulted in an expense of ¥61.1 billion on a non-consolidated basis in fiscal year 2016, due to the recognition of costs derived from a downturn in the business of obligors with large exposure.

Total Credit Costs

	Billions of yen			Increase (decrease) (A) – (B)
	Fiscal 2016 (A)	Fiscal 2015 (B)	Fiscal 2014	
SMFG (consolidated) total.....	164.4	102.8	7.8	61.6
SMBC (consolidated) total	63.3	13.9	(65.4)	49.4
SMBC (non-consolidated) total.....	61.1	(3.2)	(80.1)	64.3
Corporate exposures.....	64.0	0.1	(40.6)	63.9
Sovereign exposures.....	(0.1)	(1.7)	(6.0)	1.6
Bank exposures.....	(0.3)	(0.1)	(0.7)	(0.3)
Residential mortgage exposures.....	(0.1)	0.0	(0.3)	(0.2)
QRRE.....	(0.0)	0.0	(0.1)	(0.1)
Other retail exposures	(0.3)	(1.8)	(2.6)	1.5

- Notes: 1. The above amounts do not include gains/losses on “equity exposures,” “exposures on capital market-driven transactions (such as bonds)” and “exposures under Article 145 of the Notification” that were recognized as gains/losses on bonds and stocks in the statements of income.
2. Exposure category amounts do not include general reserve for Normal Borrowers.
3. Bracketed fiscal year amounts indicate gains generated by the reversal of reserve, etc.
4. Credit costs for “Residential mortgage exposures” and “QRRE” guaranteed by consolidated subsidiaries are not included in the total credit costs of SMBC (non-consolidated).

B. Comparison of Estimated and Actual Losses

	Billions of yen					
	Fiscal 2016			Fiscal 2015		
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts
	After deduction of reserves			After deduction of reserves		
SMFG (consolidated) total.....	—	—	164.4	—	—	102.8
SMBC (consolidated) total	—	—	63.3	—	—	13.9
SMBC (non-consolidated) total.....	461.2	167.8	61.1	513.1	153.9	(3.2)
Corporate exposures.....	438.3	158.7	64.0	483.0	139.0	0.1
Sovereign exposures.....	8.9	7.4	(0.1)	9.1	3.8	(1.7)
Bank exposures.....	7.5	3.9	(0.3)	10.7	7.2	(0.1)
Residential mortgage exposures.....	2.3	(1.1)	(0.1)	3.9	3.5	0.0
QRRE.....	0.0	(0.3)	(0.0)	0.0	0.0	0.0
Other retail exposures	4.2	4.2	(0.3)	6.4	5.5	(1.8)

	Billions of yen					
	Fiscal 2014			Fiscal 2013		
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts
	After deduction of reserves			After deduction of reserves		
SMFG (consolidated) total.....	—	—	7.8	—	—	(49.1)
SMBC (consolidated) total	—	—	(65.4)	—	—	(113.3)
SMBC (non-consolidated) total.....	642.5	171.1	(80.1)	871.2	171.2	(123.9)
Corporate exposures.....	523.6	128.1	(40.6)	734.0	123.6	(122.8)
Sovereign exposures.....	12.7	1.4	(6.0)	5.6	4.1	0.3
Bank exposures.....	8.5	4.2	(0.7)	11.4	6.1	(0.9)
Residential mortgage exposures.....	2.9	2.3	(0.3)	5.2	4.3	(0.1)
QRRE.....	0.0	(0.0)	(0.1)	0.0	(0.0)	(0.0)
Other retail exposures	94.8	40.7	(2.6)	114.9	38.2	(0.5)

	Billions of yen					
	Fiscal 2012			Fiscal 2011		
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts
	After deduction of reserves			After deduction of reserves		
SMFG (consolidated) total.....	—	—	173.1	—	—	121.3
SMBC (consolidated) total	—	—	70.6	—	—	91.7
SMBC (non-consolidated) total.....	940.1	245.4	19.5	1,062.7	213.9	58.6
Corporate exposures.....	765.9	164.9	10.7	889.3	132.2	57.5
Sovereign exposures.....	22.0	11.4	(0.3)	12.4	1.8	(0.2)
Bank exposures.....	14.9	5.5	(0.4)	14.9	4.7	(0.0)
Residential mortgage exposures.....	3.7	2.9	0.2	3.8	2.9	0.2
QRRE.....	0.1	(0.0)	0.1	0.1	(0.0)	(0.0)
Other retail exposures	133.5	65.6	9.7	142.3	77.4	10.5

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, 2017 (i.e. consolidated subsidiaries not listed in the “Internal Ratings-Based (IRB) Approach: 1. Scope” on page 215).

(1) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the IRB Approach

SMBC Aviation Capital Limited

(2) Other Consolidated Subsidiaries

These are consolidated subsidiaries judged not to be significant in terms of credit risk management based on the type of business, scale, and other factors. These subsidiaries will adopt the standardized approach on a permanent basis.

2. Credit Risk-Weighted Asset Calculation Methodology

A 100% risk weight is applied to claims on corporates in accordance with Article 45 of the Notification, and risk weights corresponding to country risk scores published by the Organization for Economic Co-operation and Development (OECD) are applied to claims on sovereigns and financial institutions.

3. Exposure Balance by Risk Weight Segment

March 31	Billions of yen			
	2017		2016	
		Of which assigned country risk score		Of which assigned country risk score
0%	9,453.1	914.9	8,337.8	598.7
10%	9.1	—	0.2	—
20%	1,574.0	939.2	1,209.2	724.8
35%	62.8	—	51.5	—
50%	82.7	6.6	109.0	10.6
75%	1,766.3	—	3,381.0	—
100%	4,299.2	3.5	3,589.6	3.9
150%	76.9	0.0	96.6	0.0
250%	158.7	—	117.5	—
1250%	1.4	1.3	0.1	—
Others	1.6	—	0.0	—
Total	17,485.8	1,865.5	16,892.6	1,338.1

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

There is a framework in place for controlling concentration of risk in obligors with large exposures which includes large exposure limit lines, risk concentration monitoring, and reporting to the Credit Risk Committee (please refer to pages 78 to 82). Further, exposures to these obligors are monitored on a group basis, taking into account risk concentration in their parent companies in cases that exposures to the obligors are guaranteed by the parent companies for risk mitigation.

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			
	2017		2016	
	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.....	160.0	59.8	134.3	56.0
Corporate exposures.....	46.8	59.8	46.4	56.0
Sovereign exposures.....	—	—	—	—
Bank exposures.....	113.2	—	87.8	—
Standardized approach.....	5,586.1	—	5,409.5	—
Total.....	5,746.1	59.8	5,543.8	56.0

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			
	2017		2016	
	Guarantee	Credit derivative	Guarantee	Credit derivative
March 31				
Internal Ratings-Based (IRB) approach.....	9,600.3	334.2	8,955.9	373.8
Corporate exposures.....	9,094.4	334.2	8,377.2	373.8
Sovereign exposures.....	294.1	—	305.7	—
Bank exposures.....	120.2	—	168.1	—
Residential mortgage exposures.....	91.7	—	104.9	—
QRRE.....	—	—	—	—
Other retail exposures.....	—	—	—	—
Standardized approach.....	51.7	—	34.1	—
Total.....	9,651.9	334.2	8,990.0	373.8

■ 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	
	2017	2016
Gross replacement cost	4,547.3	6,182.7
Gross add-on amount	4,558.5	4,302.9
Gross credit equivalent amount	9,105.8	10,485.6
Foreign exchange related transactions	3,477.7	3,397.0
Interest rate related transactions	5,297.5	6,809.2
Gold related transactions	—	—
Equities related transactions	198.2	158.7
Precious metals (excluding gold) related transactions	—	—
Other commodity related transactions	87.0	75.3
Credit default swaps	45.4	45.3
Reduction in credit equivalent amount due to netting	3,378.7	4,895.2
Net credit equivalent amount	5,727.2	5,590.3
Collateral amount	16.6	20.9
Eligible financial collateral	16.6	20.9
Other eligible IRB collateral	—	—
Net credit equivalent amount (after taking into account the CRM effect of collateral)	5,710.5	5,569.4

(2) Notional Principal Amounts of Credit Derivatives

Credit Default Swaps

March 31	Billions of yen			
	2017		2016	
	Notional principal amount		Notional principal amount	
	Total	Of which for CRM	Total	Of which for CRM
Protection purchased	623.7	334.2	719.8	373.8
Protection provided	456.7	—	373.4	—

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

Excluding consolidated subsidiaries, subsidiaries or affiliated companies holding securitization exposures related to the security transactions conducted by the Holding Company Group are as follows:

- NEC Capital Solutions Limited

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), S&P Global Ratings (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, 2017			Fiscal 2016			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates	107.1	0.0	107.0	100.0	2.7	24.9	—
Mortgage loans	1,353.9	1,353.9	—	321.9	1.2	0.3	21.8
Retail loans (excluding mortgage loans)	—	—	—	—	—	—	—
Other claims	0.2	0.2	—	—	—	—	—
Total	1,461.2	1,354.2	107.0	421.9	3.9	25.2	21.8

	Billions of yen						
	March 31, 2016			Fiscal 2015			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates	9.1	0.0	9.1	—	4.4	24.3	—
Mortgage loans	1,278.1	1,278.1	—	164.7	1.5	0.4	12.5
Retail loans (excluding mortgage loans)	—	—	—	—	—	—	—
Other claims	0.4	0.4	—	—	—	—	—
Total	1,287.5	1,278.5	9.1	164.7	5.9	24.7	12.5

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									
	2017					2016				
	Term-end balance		Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance		Amounts subject to a 1250% risk weight	Increase in capital equivalent		
Total	On-balance sheet assets	Off-balance sheet assets			Total	On-balance sheet assets				
March 31										
Claims on corporates	103.5	103.5	—	1.5	—	4.7	1.5	3.2	2.1	—
Mortgage loans	304.7	304.7	—	24.7	58.4	289.2	289.2	—	24.0	50.1
Retail loans (excluding mortgage loans)	—	—	—	—	—	—	—	—	—	—
Other claims	0.2	0.2	—	0.0	—	0.3	0.3	—	0.0	—
Total	408.4	408.4	—	26.2	58.4	294.2	291.0	3.2	26.1	50.1

b. Risk Weights

	Billions of yen							
	2017				2016			
	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	99.1	99.1	—	0.6	0.0	—	0.0	0.0
100% or less	1.2	1.2	—	0.1	0.3	—	0.3	0.0
650% or less	0.1	0.1	—	0.0	0.7	—	0.7	0.1
Less than 1250%	—	—	—	—	0.0	—	0.0	0.0
1250%	308.0	308.0	—	27.8	293.2	291.0	2.2	27.7
Total	408.4	408.4	—	28.5	294.2	291.0	3.2	27.8

(C) Resecuritization Exposures

There are no amounts that represent "resecuritization exposures."

B. As Sponsor

(A) Underlying Assets

	Billions of yen					
	March 31, 2017			Fiscal 2016		
	Underlying asset amount			Securitized amount	Default amount	Loss amount
Total	Asset transfer type	Synthetic type				
Claims on corporates	903.5	903.5	—	5,834.3	63.1	106.5
Mortgage loans	—	—	—	—	—	—
Retail loans (excluding mortgage loans)....	832.7	832.7	—	418.2	2.2	11.8
Other claims	29.6	29.6	—	27.6	0.0	0.0
Total	1,765.7	1,765.7	—	6,280.1	65.3	118.3

	Billions of yen					
	March 31, 2016			Fiscal 2015		
	Underlying asset amount			Securitized amount	Default amount	Loss amount
Total	Asset transfer type	Synthetic type				
Claims on corporates	883.6	883.6	—	7,138.8	75.8	104.0
Mortgage loans	—	—	—	—	—	—
Retail loans (excluding mortgage loans)....	583.5	583.5	—	477.7	2.7	7.3
Other claims	10.4	10.4	—	10.6	0.0	0.0
Total	1,477.6	1,477.6	—	7,627.1	78.5	111.4

Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing "securitization exposures."

2. "Default amount" is the total of underlying assets which are past due three months or more and defaulted underlying assets.

3. "Default amount" and "Loss amount" when acting as a sponsor of securitization of customer claims are estimated using the following methods and alternative data, as in some cases it can be difficult to obtain relevant data in a timely manner because the underlying assets have been recovered by the customer.

(1) "Default amount" estimation method

- For securitization transactions subject to the ratings-based approach, the amount is estimated based on information on underlying assets obtainable from customers, etc.
- For securitization transactions subject to the supervisory formula, the amount is estimated based on obtainable information on, or default rate of, each obligor. Further, when it is difficult to estimate the amount using either method, it is conservatively estimated by assuming that the underlying asset is a default asset.

(2) "Loss amount" estimation method

- For securitization transactions subject to the ratings-based approach, the amount is the same amount as the "Default amount" estimated conservatively in (1) above.
- For securitization transactions subject to the supervisory formula, when expected loss ratios of defaulted underlying assets can be determined, the amount is estimated using the ratios. When it is difficult to determine the ratios, the amount is the same amount as the "Default amount" estimated conservatively in (1) above.

4. Asset type classification is based on the major items in the underlying assets for each transaction.

5. "Other claims" includes lease fees.

6. Following Articles 230 and 248 of the Notification, there are no amounts that represent "exposure to products subject to early amortization provisions" to investors.

7. There are no amounts that represent "assets held for securitization transactions."

(B) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

	Billions of yen									
	2017					2016				
	Term-end balance		Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance		Amounts subject to a 1250% risk weight	Increase in capital equivalent		
Total	On-balance sheet assets	Off-balance sheet assets			Total	On-balance sheet assets			Off-balance sheet assets	
March 31										
Claims on corporates	687.4	674.2	13.2	0.3	—	681.7	681.7	—	1.5	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans).....	466.9	466.9	—	—	—	497.7	497.7	—	—	—
Other claims	24.4	24.4	—	—	—	5.9	5.9	—	—	—
Total	1,178.7	1,165.5	13.2	0.3	—	1,185.2	1,185.2	—	1.5	—

b. Risk Weights

	Billions of yen							
	2017				2016			
	Term-end balance				Term-end balance			
March 31	Total	On-balance sheet assets	Off-balance sheet assets	Required capital	Total	On-balance sheet assets	Off-balance sheet assets	Required capital
20% or less	1,156.9	1,143.7	13.2	7.1	1,158.9	1,158.9	—	7.1
100% or less	21.5	21.5	—	1.0	24.9	24.9	—	0.9
650% or less	—	—	—	—	—	—	—	—
Less than 1250%	—	—	—	—	—	—	—	—
1250%	0.3	0.3	—	0.3	1.5	1.5	—	1.6
Total	1,178.7	1,165.5	13.2	8.3	1,185.2	1,185.2	—	9.7

(C) Resecuritization Exposures

There are no amounts that represent “resecuritization exposures.”

(2) Securitization Transactions in which the Group is the Investor

(A) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

	Billions of yen									
	2017					2016				
	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	1,013.3	562.2	451.0	29.8	—	685.5	303.2	382.3	32.1	—
Mortgage loans	30.2	30.2	—	—	—	83.6	83.6	—	—	—
Retail loans (excluding mortgage loans)	628.5	498.3	130.2	—	—	338.1	325.5	12.5	—	—
Other claims	12.5	12.4	0.1	0.1	—	8.4	8.2	0.3	0.1	—
Total	1,684.5	1,103.2	581.3	29.8	—	1,115.6	720.5	395.2	32.2	—

Notes: 1. Asset type classification is based on the major items in the underlying assets for each transaction.

2. “Retail loans (excluding mortgage loans)” includes balances of ¥5.6 billion as of March 31, 2017 and ¥5.6 billion as of March 31, 2016 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							
	2017				2016			
	Term-end balance				Term-end balance			
March 31	Total	On-balance sheet assets	Off-balance sheet assets	Required capital	Total	On-balance sheet assets	Off-balance sheet assets	Required capital
20% or less	1,522.9	1,048.8	474.1	8.6	976.3	688.7	287.6	5.1
100% or less	37.0	36.9	0.1	2.6	31.7	31.7	—	1.7
650% or less	17.4	17.4	—	1.5	—	—	—	—
Less than 1250%	—	—	—	—	—	—	—	—
1250%	107.2	0.1	107.1	31.6	107.6	0.1	107.5	34.2
Total	1,684.5	1,103.2	581.3	44.4	1,115.6	720.5	395.2	41.0

Note: The risk weight of “100% or less” includes balances of ¥5.6 billion as of March 31, 2017 and ¥5.6 billion as of March 31, 2016 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									
	2017					2016				
	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	—	—	—	—	—	0.2	0.1	0.1	0.1	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	—	—	—	—	—	0.3	—	0.3	—	—
Other claims	0.2	0.0	0.2	0.0	—	0.1	0.1	—	0.0	—
Total	0.2	0.0	0.2	0.0	—	0.6	0.3	0.4	0.1	—

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								
	2017				2016				
	Term-end balance		Off-balance sheet assets	Required capital	Term-end balance			Required capital	
Total	On-balance sheet assets	Total			On-balance sheet assets	Off-balance sheet assets			
March 31									
20% or less	0.2	—	0.2	0.0	0.4	0.1	0.4	0.0	
100% or less	—	—	—	—	—	—	—	—	
650% or less	—	—	—	—	—	—	—	—	
Less than 1250%	—	—	—	—	—	—	—	—	
1250%	0.0	0.0	—	0.0	0.2	0.2	—	0.1	
Total	0.2	0.0	0.2	0.0	0.6	0.3	0.4	0.1	

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

(A) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

	Billions of yen									
	2017					2016				
	Term-end balance		Off-balance sheet assets	Amounts subject to a 100% risk weight	Increase in capital equivalent	Term-end balance		Off-balance sheet assets	Amounts subject to a 100% risk weight	Increase in capital equivalent
Total	On-balance sheet assets	Total				On-balance sheet assets				
March 31										
Claims on corporates	0.9	0.9	—	0.9	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	6.1	6.1	—	6.1	—	—	—	—	—	—
Other claims	—	—	—	—	—	—	—	—	—	—
Total	6.9	6.9	—	6.9	—	—	—	—	—	—

Note: There are no amounts that represent "securitization exposures subject to the measurement of the comprehensive risk held."

b. Risk Weights

	Billions of yen								
	2017				2016				
	Term-end balance		Off-balance sheet assets	Required capital	Term-end balance			Required capital	
Total	On-balance sheet assets	Total			On-balance sheet assets	Off-balance sheet assets			
March 31									
Less than 100%	—	—	—	—	—	—	—	—	
100%	6.9	6.9	—	6.9	—	—	—	—	
Total	6.9	6.9	—	6.9	—	—	—	—	

(B) Resecuritization Exposures

There are no amounts that represent "resecuritization exposures."

■ 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			
	2017		2016	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
March 31				
Listed equity exposures	4,157.1	4,157.1	3,811.3	3,811.3
Equity exposures other than above.....	218.3	—	227.2	—
Total	4,375.4	—	4,038.5	—

4. Gains (Losses) on Sale and Devaluation of Equity Exposures

	Billions of yen	
	Fiscal 2016	Fiscal 2015
Gains (losses)	55.0	69.0
Gains on sale	80.3	100.3
Losses on sale	10.5	20.8
Devaluation	14.9	10.4

Note: The above amounts are gains (losses) on stocks and available-for-sale securities in the consolidated statements of income.

5. Unrealized Gains (Losses) Recognized on Consolidated Balance Sheets but Not on Consolidated Statements of Income

	Billions of yen	
	2017	2016
March 31		
Unrealized gains (losses) recognized on consolidated balance sheets but not on consolidated statements of income.....	2,157.5	1,734.3

Note: The above amount is for stocks of Japanese companies and foreign stocks with market prices.

6. Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheets or Consolidated Statements of Income

	Billions of yen	
	2017	2016
March 31		
Unrealized gains (losses) not recognized on consolidated balance sheets or consolidated statements of income.....	1.8	(25.6)

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, 2017	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	10,682.4	110.1	219.1	2,879.7	13,891.3
Agriculture, forestry, fishery and mining.....	358.3	4.9	14.5	44.8	422.5
Construction.....	1,365.0	24.9	6.7	293.1	1,689.7
Transport, information, communications and utilities.....	6,474.9	104.7	148.8	1,112.0	7,840.4
Wholesale and retail.....	6,347.7	23.3	128.5	896.7	7,396.3
Financial and insurance.....	47,124.7	437.3	1,746.4	1,357.8	50,666.2
Real estate, goods rental and leasing.....	9,966.2	414.7	56.0	388.1	10,824.9
Services.....	5,449.6	36.5	46.2	1,159.1	6,691.4
Local municipal corporations.....	1,257.3	99.9	10.9	24.2	1,392.2
Other industries.....	30,186.7	11,301.1	280.5	6,153.9	47,922.2
Subtotal.....	119,212.8	12,557.4	2,657.7	14,309.3	148,737.1
Overseas operations and offshore banking accounts					
Sovereigns.....	6,626.2	1,425.3	15.3	14.9	8,081.8
Financial institutions.....	8,189.0	642.4	2,014.2	970.3	11,815.9
C&I companies.....	24,823.9	193.0	901.5	956.3	26,874.7
Others.....	5,128.0	1,158.4	121.3	2,537.7	8,945.4
Subtotal.....	44,767.3	3,419.1	3,052.4	4,479.2	55,717.9
Total.....	163,980.1	15,976.4	5,710.0	18,788.5	204,455.0

March 31, 2016	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	9,649.7	140.2	240.4	2,661.0	12,691.3
Agriculture, forestry, fishery and mining.....	368.2	8.2	3.1	30.1	409.7
Construction.....	1,238.9	22.8	4.6	242.5	1,508.8
Transport, information, communications and utilities.....	6,124.1	51.3	164.0	1,131.7	7,471.2
Wholesale and retail.....	6,130.8	38.1	182.7	898.2	7,249.8
Financial and insurance.....	42,235.4	418.2	1,637.7	1,382.3	45,673.7
Real estate, goods rental and leasing.....	9,438.2	411.9	64.7	422.9	10,337.7
Services.....	5,627.8	30.9	59.1	649.9	6,367.7
Local municipal corporations.....	1,558.8	56.8	11.8	20.7	1,648.1
Other industries.....	27,111.3	13,380.7	338.7	5,630.9	46,461.5
Subtotal.....	109,483.2	14,559.1	2,706.7	13,070.2	139,819.3
Overseas operations and offshore banking accounts					
Sovereigns.....	7,755.5	1,190.7	21.8	21.8	8,989.7
Financial institutions.....	5,882.2	557.9	1,849.3	915.7	9,205.2
C&I companies.....	22,624.1	164.0	903.0	899.6	24,590.7
Others.....	5,288.5	829.4	84.4	2,356.9	8,559.2
Subtotal.....	41,550.2	2,742.0	2,858.5	4,194.0	51,344.7
Total.....	151,033.4	17,301.2	5,565.3	17,264.2	191,164.0

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, 2017	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year	44,774.2	2,800.0	808.1	1,000.7	49,383.0
More than 1 year to 3 years.....	18,262.4	5,032.2	1,261.4	1,392.5	25,948.5
More than 3 years to 5 years.....	18,323.5	4,262.3	1,147.9	1,103.4	24,837.1
More than 5 years to 7 years.....	7,703.1	402.8	508.6	495.8	9,110.3
More than 7 years.....	26,304.1	3,479.0	1,984.0	1,370.1	33,137.2
No fixed maturity	48,612.8	—	—	13,426.0	62,038.9
Total	163,980.1	15,976.4	5,710.0	18,788.5	204,455.0

March 31, 2016	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year	39,469.8	4,442.1	826.9	1,003.6	45,742.3
More than 1 year to 3 years.....	18,046.6	3,550.6	1,243.0	1,393.3	24,233.5
More than 3 years to 5 years.....	17,316.5	5,449.0	1,356.7	1,256.8	25,379.0
More than 5 years to 7 years.....	7,318.5	564.1	576.6	507.3	8,966.4
More than 7 years.....	25,408.3	3,295.4	1,562.1	1,363.4	31,629.2
No fixed maturity	43,473.7	—	—	11,739.8	55,213.5
Total	151,033.4	17,301.2	5,565.3	17,264.2	191,164.0

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	
	2017	2016
Domestic operations (excluding offshore banking accounts)	1,086.3	1,301.9
Overseas operations and offshore banking accounts.....	231.1	177.9
Asia.....	41.4	47.3
North America.....	58.3	67.8
Other regions.....	131.4	62.8
Total.....	1,317.4	1,479.8

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	
	2017	2016
Domestic operations (excluding offshore banking accounts)		
Manufacturing.....	141.9	173.1
Agriculture, forestry, fishery and mining	2.5	3.0
Construction	33.2	34.0
Transport, information, communications and utilities.....	94.4	130.9
Wholesale and retail	132.4	171.6
Financial and insurance.....	4.9	9.1
Real estate, goods rental and leasing	176.3	233.7
Services	136.0	137.6
Other industries	364.7	408.9
Subtotal	1,086.3	1,301.9
Overseas operations and offshore banking accounts		
Financial institutions.....	2.6	2.8
C&I companies	150.1	123.8
Others.....	78.4	51.3
Subtotal	231.1	177.9
Total.....	1,317.4	1,479.8

Notes: 1. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.

2. The above amounts include partial direct write-offs (direct reductions).

3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

4. Term-End Balances of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and Loan Loss Reserve for Specific Overseas Countries

(1) By Geographic Region

March 31	Billions of yen			Increase (decrease) (A) – (B)
	2017 (A)	2016 (B)	2015	
General reserve for possible loan losses.....	431.5	395.5	387.0	36.0
Loan loss reserve for specific overseas countries	1.5	1.3	0.7	0.2
Specific reserve for possible loan losses	501.4	530.1	647.1	(28.7)
Domestic operations (excluding offshore banking accounts)	422.2	457.9	590.0	(35.7)
Overseas operations and offshore banking accounts.....	79.2	72.2	57.1	7.0
Asia	22.0	19.0	28.6	3.0
North America.....	7.7	15.3	5.4	(7.6)
Other regions	49.5	37.9	23.1	11.6
Total	934.4	926.9	1,034.8	7.5

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			Increase (decrease) (A) – (B)
	2017 (A)	2016 (B)	2015	
General reserve for possible loan losses.....	431.5	395.5	387.0	36.0
Loan loss reserve for specific overseas countries	1.5	1.3	0.7	0.2
Specific reserve for possible loan losses	501.4	530.1	647.1	(28.7)
Domestic operations (excluding offshore banking accounts)	422.2	457.9	590.0	(35.7)
Manufacturing.....	56.1	60.0	83.7	(3.9)
Agriculture, forestry, fishery and mining	2.3	2.6	2.9	(0.3)
Construction	14.6	13.7	20.0	0.9
Transport, information, communications and utilities.....	55.5	69.8	81.9	(14.3)
Wholesale and retail.....	55.0	63.9	79.2	(8.9)
Financial and insurance	3.7	6.7	8.2	(3.0)
Real estate, goods rental and leasing	74.7	81.3	109.1	(6.6)
Services	56.8	48.0	68.1	8.8
Other industries	103.5	111.9	136.9	(8.4)
Overseas operations and offshore banking accounts.....	79.2	72.2	57.1	7.0
Financial institutions	0.2	0.3	0.3	(0.1)
C&I companies	64.8	65.9	43.7	(1.1)
Others	14.2	6.0	13.1	8.2
Total	934.4	926.9	1,034.8	7.5

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 2016	Fiscal 2015
Domestic operations (excluding offshore banking accounts)		
Manufacturing.....	0.2	(0.3)
Agriculture, forestry, fishery and mining	0.1	0.0
Construction	0.8	0.1
Transport, information, communications and utilities.....	0.1	1.3
Wholesale and retail	1.0	0.5
Financial and insurance.....	(0.1)	(0.1)
Real estate, goods rental and leasing	0.1	0.1
Services	2.9	(0.0)
Other industries	76.4	64.8
Subtotal	81.5	66.4
Overseas operations and offshore banking accounts		
Financial institutions.....	—	—
C&I companies	(0.2)	0.6
Others	6.5	7.2
Subtotal	6.3	7.8
Total	87.8	74.2

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 2016		Fiscal 2015	
	VaR	Stressed VaR	VaR	Stressed VaR
Fiscal year-end	3.0	4.5	1.7	1.9
Maximum	7.2	13.7	5.9	11.7
Minimum	2.6	4.2	1.2	1.8
Average	4.1	6.9	2.6	4.4

- Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using the historical simulation method based on four years of historical observations.
 2. The stressed VaR is calculated on a daily basis by using the historical simulation method for the holding period of one day, one-sided confidence interval of 99.0%, and measurement period of 12 months (including the stress period).
 3. Specific risks for the trading book are excluded.
 4. Principal consolidated subsidiaries are included.

■ Interest Rate Risk in Banking Book

Interest rate risk in the banking book fluctuates significantly depending on the method of recognizing maturity of demand deposits (such as current accounts and ordinary deposits from which funds can be withdrawn on demand) and the method of predicting early withdrawal from fixed-term deposits and prepayment of consumer loans. Key assumptions made by SMBC in measuring interest rate risk in the banking book are as follows.

1. Method of Recognizing Maturity of Demand Deposits

The total amount of demand deposits expected to remain with the bank for the long term (with 50% of the lowest balance during the past 5 years as the upper limit) is recognized as a core deposit amount and interest rate risk is measured for each maturity with 5 years as the maximum term (the average is 2.5 years).

2. Method of Estimating Early Withdrawal from Fixed-term Deposits and Prepayment of Consumer Loans

The rate of early withdrawal from fixed-term deposits and the rate of prepayment of consumer loans are estimated and the rates are used to calculate cash flows used for measuring interest rate risk.

3. VaR Results (Banking Book)

	Billions of yen	
	Fiscal 2016	Fiscal 2015
Fiscal year-end	47.4	34.0
Maximum	53.2	48.9
Minimum	40.2	23.5
Average	46.1	38.7

- Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using the historical simulation method based on four years of historical observations.
 2. Principal consolidated subsidiaries are included.

■ Operational Risk

1. Operational Risk Equivalent Amount Calculation Methodology

SMFG adopted the Advanced Measurement Approach (AMA) for exposures as of March 31, 2008. The following consolidated subsidiaries have also adopted the AMA, and the remaining consolidated subsidiaries have adopted the Basic Indicator Approach (BIA).

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited, The Japan Research Institute, Limited, SMBC Friend Securities Co., Ltd., Sumitomo Mitsui Finance and Leasing Co., Ltd., SMBC Finance Service Co., Ltd., Kansai Urban Banking Corporation, SMBC Guarantee Co., Ltd., THE MINATO BANK, LTD., SMBC Center Service Co., Ltd., SMBC Delivery Service Co., Ltd., SMBC Green Service Co., Ltd., SMBC International Business Co., Ltd., SMBC Loan Administration and Operations Service Co., Ltd., Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Nikko Securities Inc., Cedyna Financial Corporation and SMBC Consumer Finance Co., Ltd.

2. Outline of the AMA

For the “Outline of the AMA,” please refer to pages 86 to 88.

3. Usage of Insurance to Mitigate Risk

SMFG had not taken measures to mitigate operational risk through insurance coverage for exposures.

■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (As of March 31, 2016 and 2017)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Items	(Millions of yen)		Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Consolidated balance sheet as in published financial statements			
	As of March 31, 2017	As of March 31, 2016		
(Assets)				
Cash and due from banks	46,865,538	42,789,236		
Call loans and bills bought	1,872,144	1,291,365		
Receivables under resale agreements	899,897	494,949		
Receivables under securities borrowing transactions	8,760,390	7,972,918		
Monetary claims bought	4,420,377	4,350,012		
Trading assets	6,755,428	8,063,281	7-a	
Money held in trust	3,439	5,163		
Securities	24,631,792	25,264,445	3-b, 7-b	
Loans and bills discounted	80,237,322	75,066,080	7-c	
Foreign exchanges	1,723,867	1,577,167		
Lease receivables and investment assets	2,395,597	1,987,034		
Other assets	7,355,845	6,702,774		
Tangible fixed assets	3,101,642	2,919,424		
Intangible fixed assets	946,506	878,265	3-a	
Net defined benefit asset	314,922	203,274	4	
Deferred tax assets	63,001	125,832	5-a	
Customers' liabilities for acceptances and guarantees	8,090,111	7,519,635		
Reserve for possible loan losses	(646,215)	(625,019)		
Total assets	197,791,611	186,585,842		
(Liabilities)				
Deposits	117,830,210	110,668,828		
Negotiable certificates of deposit	11,880,937	14,250,434		
Call money and bills sold	2,088,019	1,220,455		
Payables under repurchase agreements	2,715,752	1,761,822		
Payables under securities lending transactions	7,444,655	5,309,003		
Commercial paper	2,311,542	3,017,404		
Trading liabilities	4,704,931	6,112,667	7-d	
Borrowed money	10,786,713	8,571,227	9-a	
Foreign exchanges	683,252	1,083,450		
Short-term bonds	1,125,600	1,271,300		
Bonds	8,129,232	7,006,357	9-b	
Due to trust account	1,180,976	944,542		
Other liabilities	6,880,273	6,652,027		
Reserve for employee bonuses	77,375	68,476		
Reserve for executive bonuses	3,045	2,446		
Net defined benefit liability	59,110	48,570		
Reserve for executive retirement benefits	2,347	2,202		
Reserve for point service program	21,744	19,706		
Reserve for reimbursement of deposits	15,464	16,979		
Reserve for losses on interest repayment	156,775	228,741		
Reserve under the special laws	1,745	1,498		
Deferred tax liabilities	335,908	348,190	5-b	
Deferred tax liabilities for land revaluation	31,596	32,203	5-c	
Acceptances and guarantees	8,090,111	7,519,635		
Total liabilities	186,557,325	176,138,173		
(Net assets)				
Capital stock	2,337,895	2,337,895	1-a	
Capital surplus	757,346	757,306	1-b	
Retained earnings	5,036,756	4,534,472	1-c	
Treasury stock	(12,913)	(175,381)	1-d	
Total stockholders' equity	8,119,085	7,454,294		
Net unrealized gains on other securities	1,542,308	1,347,689		
Net deferred gains or losses on hedges	(42,077)	55,130	6	
Land revaluation excess	38,109	39,416		
Foreign currency translation adjustments	65,078	87,042		
Remeasurements of defined benefit plans	9,034	(69,811)		
Total accumulated other comprehensive income	1,612,453	1,459,467		3
Stock acquisition rights	3,482	2,884	2, 8-a	
Non-controlling interests	1,499,264	1,531,022	8-b	
Total net assets	11,234,286	10,447,669		
Total liabilities and net assets	197,791,611	186,585,842		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appended Table)

1. Stockholders' equity

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Capital stock	2,337,895	2,337,895		1-a
Capital surplus	757,346	757,306		1-b
Retained earnings	5,036,756	4,534,472		1-c
Treasury stock	(12,913)	(175,381)		1-d
Total stockholders' equity	8,119,085	7,454,294		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	8,119,085	7,454,294	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,095,242	3,095,202		1a
of which: retained earnings	5,036,756	4,534,472		2
of which: treasury stock (-)	12,913	175,381		1c
of which: other than the above	—	—		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Stock acquisition rights

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Stock acquisition rights	3,482	2,884		2
of which: Stock acquisition rights issued by bank holding company	3,206	2,635		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Stock acquisition rights to common shares	3,206	2,635		1b
Stock acquisition rights to Additional Tier 1 instruments	—	—		31b
Stock acquisition rights to Tier 2 instruments	—	—		46

3. Intangible assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Intangible fixed assets	946,506	878,265		3-a
Securities	24,631,792	25,264,445		3-b
of which: goodwill attributable to equity-method investees	33,029	46,540		
Income taxes related to above	192,234	171,796		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Goodwill (including those equivalent)	343,523	372,622		8
Other intangible assets other than goodwill and mortgage servicing rights	443,777	380,386	Software and other	9
Mortgage servicing rights	—	—		
Amount exceeding the 10% threshold on specified items	—	—		20
Amount exceeding the 15% threshold on specified items	—	—		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—		74

4. Net defined benefit asset

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Net defined benefit asset	314,922	203,274		4
Income taxes related to above	96,187	61,615		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Net defined benefit asset	218,734	141,659		15

5. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Deferred tax assets	63,001	125,832		5-a
Deferred tax liabilities	335,908	348,190		5-b
Deferred tax liabilities for land revaluation	31,596	32,203		5-c
Tax effects on other intangible assets	192,234	171,796		
Tax effects on net defined benefit asset	96,187	61,615		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,188	2,137	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	24,339	9,700	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	—	—		21
Amount exceeding the 15% threshold on specified items	—	—		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	24,339	9,700		75

6. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Net deferred gains or losses on hedges	(42,077)	55,130		6

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	(40,588)	57,131	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	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Trading assets	6,755,428	8,063,281	Including trading account securities and derivatives for trading assets	7-a
Securities	24,631,792	25,264,445		7-b
Loans and bills discounted	80,237,322	75,066,080	Including subordinated loans	7-c
Trading liabilities	4,704,931	6,112,667	Including trading account securities sold and derivatives for trading liabilities	7-d

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Investments in own capital instruments	11,419	7,374		
Common Equity Tier 1 capital	11,419	7,374		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)	729,452	620,209		
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 deductions (before risk weighting)	729,452	620,209		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	673,029	727,520		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	80,044	80,053		40
Tier 2 capital	50,000	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deductions (before risk weighting)	542,985	522,466		73

8. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Stock acquisition rights	3,482	2,884		8-a
Non-controlling interests	1,499,264	1,531,022		8-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	172,277	164,550		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	234,697	183,267		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	54,539	42,036		48-49

9. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Borrowed money	10,786,713	8,571,227		9-a
Bonds	8,129,232	7,006,357		9-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	449,897	300,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	898,911	655,064		46

Note:

Amounts in the "Composition of capital disclosure" are based on those before considering under transitional arrangements and includes "Amounts excluded under transitional arrangements" disclosed in "Capital Structure Information" as well as amounts included as regulatory capital. In addition, items for regulatory purpose under transitional arrangement are excluded from this table.

Leverage Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

■ Composition of Leverage Ratio

			(In million yen, %)	
Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Item	As of March 31, 2017	As of March 31, 2016
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	173,317,789	162,192,848
1a	1	Total assets reported in the consolidated balance sheet	197,791,611	186,585,842
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	—	—
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	—	—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)	24,473,822	24,392,993
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	945,091	625,036
3		Total on-balance sheet exposures (a)	172,372,697	161,567,811
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc.	2,059,221	2,296,889
5		Add-on amount associated with derivatives transactions, etc.	3,492,391	3,047,557
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	617,273	533,429
6		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	617,273	533,429
8		The amount of client-cleared trade exposures for which a bank or bank holding company acting as clearing member is not obliged to make any indemnification (-)		
9		Adjusted effective notional amount of written credit derivatives	555,356	583,300
10		The amount of deductions from effective notional amount of written credit derivatives (-)	518,520	459,631
11	4	Total exposures related to derivative transactions (b)	5,588,449	5,468,116
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	9,660,288	8,467,867
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	674,034	52,386
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	10,334,322	8,520,253
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	64,061,261	59,207,893
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	42,687,096	39,001,675
19	6	Total exposures related to off-balance sheet transactions (d)	21,374,165	20,206,217
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	9,946,179	9,031,672
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	209,669,634	195,762,400
22		Leverage ratio on a consolidated basis ((e)/(f))	4.74%	4.61%

Liquidity Coverage Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMFG calculates its consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank Holding Company as a Benchmark for Judging the Soundness of Management of Itself and its Subsidiaries, etc., Based on the Provision of Article 52-25 of the Banking Act, and Which Are Also the Criteria to be Referred to for Judging the Soundness of Management in Banks” (Notification No. 62 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “LCR Notification”).

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Consolidated LCR

As described in the following page, the LCR has remained stable with no significant fluctuation since the introduction of the liquidity regulation on March 31, 2015.

2. Assessment of Consolidated LCR

The LCR Notification stipulates that the minimum requirement of LCR for 2017 is set at 80.0% and from 2018 onwards, the minimum requirement of LCR is raised in increments of 10.0% in stages, reaching 100.0% in and after 2019 (see table below).

	2015	2016	2017	2018	2019 onwards
The minimum requirement of LCR	60.0%	70.0%	80.0%	90.0%	100.0%

LCR of consolidated SMFG exceeds the minimum requirements of LCR for 2017 (80.0%) and for 2019 onwards (100.0%), having no cause for concern. SMFG does not expect that the future LCR forecasts will differ significantly from the announced ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

The high-quality liquid assets held by consolidated SMFG that are allowed to be included in the calculation of LCR include deposits with central banks, highly-rated bonds and cash. As described in the following page, the amount of such high-quality liquid assets exceed the amount of net cash outflows. Meanwhile, currency denominations, categories and location, etc. of the high-quality liquid assets allowed to be included in the calculation have not shown any significant changes. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5.0 % or more of SMFG’s total liabilities on the consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Consolidated LCR

SMFG has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 28 of the LCR Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 37 of the same Notification. Meanwhile, SMFG records “cash outflows related to small-sized consolidated subsidiaries,” etc. under “cash outflows based on other contracts” prescribed in Article 59 of the same Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2017/1/1 To 2017/3/31)		Prior Quarter (From 2016/10/1 To 2016/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	52,634,794		50,521,312	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	51,081,510	3,960,053	50,713,432	3,917,699
3	of which, Stable deposits	16,411,266	492,520	16,496,462	495,072
4	of which, Less stable deposits	34,670,244	3,467,533	34,216,969	3,422,627
5	Cash outflows related to unsecured wholesale funding	59,937,087	30,901,940	58,105,137	30,204,667
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	54,047,613	25,012,466	52,699,714	24,799,244
8	of which, Debt securities	5,889,474	5,889,474	5,405,423	5,405,423
9	Cash outflows related to secured funding, etc.	87,369		103,995	
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	20,450,871	7,000,844	19,619,913	6,411,493
11	of which, Cash outflows related to derivative transactions, etc.	1,400,265	1,400,265	1,283,472	1,283,472
12	of which, Cash outflows related to funding programs	523,593	523,593	463,399	463,399
13	of which, Cash outflows related to credit and liquidity facilities	18,527,013	5,076,986	17,873,042	4,664,622
14	Cash outflows related to contractual funding obligations, etc.	9,203,530	6,535,976	8,147,945	5,432,366
15	Cash outflows related to contingencies	68,466,084	1,236,892	67,480,804	1,225,834
16	Total cash outflows	49,723,073		47,296,054	
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	5,583,352	420,934	4,570,709	297,610
18	Cash inflows related to collection of loans, etc.	4,850,618	3,140,446	4,063,964	2,587,713
19	Other cash inflows	3,743,563	2,013,511	4,060,759	2,143,186
20	Total cash inflows	14,177,533	5,574,891	12,695,432	5,028,509
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation	52,634,794		50,521,312	
22	Net cash outflows	44,148,182		42,267,545	
23	Consolidated liquidity coverage ratio (LCR)	119.2%		119.5%	
24	The number of data used to calculate the average value	61		3	

Notes: 1. The data after the introduction of the liquidity regulation on March 31, 2015 is available on SMFG's website.
(http://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. For the current quarter (from January 1, 2017 to March 31, 2017), the average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. For attribute information on customers and some data on consolidated subsidiaries, etc., monthly or quarterly data is used.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item		Current Quarter (From 2017/1/1 To 2017/3/31)		Prior Quarter (From 2016/10/1 To 2016/12/31)	
1	Cash and due from banks	44,521,425		41,140,903	
2	Securities	8,113,369		9,380,409	
3	of which, government bonds, etc.	5,992,859		7,281,907	
4	of which, municipal bonds, etc.	163,076		153,649	
5	of which, other bonds	295,595		329,650	
6	of which, stocks	1,661,839		1,615,203	
7	Total high-quality liquid assets (HQLA)	52,634,794		50,521,312	

Note: The above amounts are the amounts of high-quality liquid assets in accordance with the liquidity regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are the amounts after multiplying factor in the liquidity regulation under the Basel III.

Indicators for assessing Global Systemically Important Banks (G-SIBs)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

■ Indicators for assessing Global Systemically Important Banks (G-SIBs)

(In 0.1 billion yen)

Item No.	Description	As of March 31, 2017	As of March 31, 2016
1	Total exposures (a + b + c + d): a. On-balance sheet assets (other than assets specifically identified below b., c. and contra-account of guarantees) b. Sum of counterparty exposure of derivatives contracts, capped notional amount of written credit derivatives and potential future exposure of derivatives contracts c. Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs d. Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs)	2,110,462	1,967,830
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	293,360	290,434
3	Intra-financial system liabilities (a + b + c): a. Deposits due to, and loans and undrawn committed lines obtained from, other financial institutions b. Net negative current exposure of SFTs with other financial institutions c. OTC derivatives with other financial institutions that have a net negative fair value	192,960	184,610
4	Securities outstanding (Note 1)	291,742	303,703
5	Assets under custody	154,250	121,293
6	Notional amount of OTC derivatives	6,610,354	6,237,931
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)	108,600	99,021
8	Level 3 assets (Note 3)	8,672	8,309
9	Cross-jurisdictional claims	460,341	442,652
10	Cross-jurisdictional liabilities	423,632	222,418

Item No.	Description	FY ended March 31, 2017	FY ended March 31, 2016
11	Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	31,291,084	31,745,875
12	Underwritten transactions in debt and equity markets (Note 4)	97,279	72,413

- Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and common equities.
2. Level 1 and Level 2 assets with haircuts are defined in the Basel III Liquidity Coverage Ratio (LCR).
3. The amount is calculated in accordance with the International Financial Reporting Standards.
4. This refers to underwriting of securities defined in article 2 paragraph 8 item 6 of the Financial Instruments and Exchange Act.

Financial Highlights

Sumitomo Mitsui Banking Corporation

■ Consolidated

Year ended March 31	Millions of yen				
	2017	2016	2015	2014	2013
For the Year:					
Ordinary income.....	¥ 3,014,455	¥ 3,059,022	¥ 3,199,409	¥ 3,105,992	¥ 2,810,681
Ordinary profit.....	829,419	930,332	1,198,955	1,298,738	928,713
Profit attributable to owners of parent.....	543,199	680,162	736,904	785,687	734,514
Comprehensive income.....	687,157	143,086	1,937,374	1,174,292	1,373,623
At Year-End:					
Total net assets.....	¥ 8,908,192	¥ 9,446,193	¥ 10,036,003	¥ 8,640,763	¥ 8,257,091
Total assets.....	180,946,664	180,408,672	177,559,197	155,824,141	143,203,127
Total capital ratio (International standard).....	17.77%	18.19%	17.93%	17.08%	16.84%
Tier 1 capital ratio (International standard).....	14.61%	14.58%	13.91%	13.43%	12.69%
Common equity Tier 1 capital ratio (International standard).....	12.89%	13.04%	12.61%	12.27%	11.26%
Number of employees.....	45,963	54,192	50,249	48,824	47,852

Note: "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.

■ Non-consolidated

Year ended March 31	Millions of yen				
	2017	2016	2015	2014	2013
For the Year:					
Ordinary income.....	¥ 2,551,931	¥ 2,277,812	¥ 2,370,998	¥ 2,342,582	¥ 2,121,369
Trust fees.....	2,111	2,589	1,872	1,972	1,823
Gross banking profit (A).....	1,663,654	1,534,271	1,634,284	1,558,184	1,540,095
Expenses (excluding nonrecurring losses) (B).....	816,942	805,483	791,211	745,745	727,736
Overhead ratio (B) / (A).....	49.1%	52.5%	48.4%	47.9%	47.3%
Banking profit.....	809,052	728,787	843,073	812,438	812,358
Banking profit (before provision for general reserve for possible loan losses).....	846,711	728,787	843,073	812,438	812,358
Ordinary profit.....	864,022	747,892	955,992	952,516	670,852
Net income.....	681,767	609,171	643,015	605,255	617,791
At Year-End:					
Total net assets.....	¥ 7,417,182	¥ 7,756,810	¥ 7,998,715	¥ 7,077,360	¥ 6,554,446
Total assets.....	162,281,729	153,641,430	154,724,079	135,966,434	125,910,020
Deposits.....	105,590,771	98,839,722	91,337,714	84,137,339	80,006,438
Loans and bills discounted.....	75,585,256	69,276,735	68,274,308	63,370,678	59,770,763
Securities.....	24,342,369	25,602,156	29,985,267	27,317,549	41,347,000
Trust assets and liabilities.....	6,881,408	3,394,170	3,542,957	3,108,012	2,693,092
Loans and bills discounted.....	635,206	537,839	373,230	143,469	131,913
Securities.....	4,156,409	1,305,284	1,451,206	1,420,372	1,076,225
Capital stock.....	1,770,996	1,770,996	1,770,996	1,770,996	1,770,996
Number of shares issued (in thousands)					
Common stock.....	106,248	106,248	106,248	106,248	106,248
Preferred stock.....	70	70	70	70	70
Dividend payout ratio.....	32.61%	67.02%	77.18%	75.92%	29.04%
Total capital ratio (International standard).....	18.61%	19.47%	18.89%	18.30%	18.62%
Tier 1 capital ratio (International standard).....	15.05%	15.29%	14.26%	14.02%	13.92%
Common equity Tier 1 capital ratio (International standard).....	13.15%	13.44%	12.80%	12.47%	11.75%
Number of employees.....	29,283	28,002	26,416	22,915	22,569

Note: "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who are not also Board members.

Income Analysis (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2017				2016			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥932,959	¥804,213	¥(68,639)	¥1,668,533	¥1,035,709	¥678,627	¥(61,828)	¥1,652,508
Interest expenses.....	268,069	310,868	(47,829)	531,108	263,226	222,074	(59,208)	426,091
Net interest income	664,889	493,344	(20,809)	1,137,425	772,483	456,552	(2,619)	1,226,416
Trust fees	3,698	—	—	3,698	3,587	—	—	3,587
Fees and commissions	518,029	217,532	(9,641)	725,920	590,211	202,620	(13,444)	779,388
Fees and commissions payments	131,519	40,708	(2,574)	169,653	117,909	37,190	(4,310)	150,788
Net fees and commissions.....	386,509	176,824	(7,067)	556,266	472,302	165,430	(9,133)	628,599
Trading income.....	124,615	42,858	(27,075)	140,398	205,942	37,330	(33,549)	209,722
Trading losses	9,465	17,609	(27,075)	—	5,655	27,894	(33,549)	—
Net trading income.....	115,150	25,248	—	140,398	200,286	9,436	—	209,722
Other operating income	186,519	59,381	(655)	245,246	176,824	56,453	(764)	232,513
Other operating expenses.....	64,180	18,240	(341)	82,079	80,709	6,674	(637)	86,746
Net other operating income.....	122,338	41,141	(314)	163,166	96,115	49,779	(126)	145,767

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Inter-segment transactions are reported in the "Elimination" column.

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥ 85,019,098	¥932,959	1.10%	¥ 87,277,238	¥1,035,709	1.19%
Loans and bills discounted	57,680,696	654,588	1.13	53,632,502	683,057	1.27
Securities	17,666,269	207,047	1.17	22,503,531	267,401	1.19
Call loans and bills bought.....	65,133	471	0.72	147,527	861	0.58
Receivables under resale agreements	10,707	61	0.58	32,450	15	0.05
Receivables under securities borrowing transactions	5,319,862	6,471	0.12	6,694,461	10,740	0.16
Deposits with banks.....	754,439	5,924	0.79	763,613	5,001	0.65
Interest-bearing liabilities	¥120,824,550	¥268,069	0.22%	¥119,039,647	¥ 263,226	0.22
Deposits	93,322,272	33,601	0.04	84,841,300	40,376	0.05
Negotiable certificates of deposit	6,672,747	1,087	0.02	7,422,076	5,708	0.08
Call money and bills sold	303,787	193	0.06	2,295,143	1,523	0.07
Payables under repurchase agreements	628,915	3,668	0.58	1,281,197	3,714	0.29
Payables under securities lending transactions.....	5,686,151	4,176	0.07	6,791,583	6,724	0.10
Commercial paper.....	138,698	59	0.04	145,053	203	0.14
Borrowed money.....	8,330,793	114,300	1.37	9,157,549	88,978	0.97
Short-term bonds.....	146,594	24	0.02	598,174	573	0.10
Bonds.....	4,595,891	90,868	1.98	5,700,673	106,825	1.87

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 (2017, ¥33,412,267 million; 2016, ¥28,295,713 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥40,424,491	¥804,213	1.99%	¥37,624,624	¥678,627	1.80%
Loans and bills discounted	24,341,091	603,092	2.48	22,900,739	534,084	2.33
Securities	3,745,964	68,099	1.82	2,886,777	38,103	1.32
Call loans and bills bought.....	1,319,676	11,738	0.89	918,358	19,596	2.13
Receivables under resale agreements	2,198,666	26,255	1.19	1,521,170	11,934	0.78
Receivables under securities borrowing transactions	—	—	—	—	—	—
Deposits with banks.....	4,835,758	43,587	0.90	5,645,875	32,480	0.58
Interest-bearing liabilities	¥32,201,103	¥310,868	0.97%	¥28,578,720	¥222,074	0.78%
Deposits	18,888,908	157,909	0.84	15,875,574	101,157	0.64
Negotiable certificates of deposit	6,461,498	66,151	1.02	6,502,114	43,853	0.67
Call money and bills sold	645,301	5,399	0.84	525,808	3,836	0.73
Payables under repurchase agreements	3,241,888	15,784	0.49	1,934,523	6,212	0.32
Payables under securities lending transactions.....	—	—	—	—	—	—
Commercial paper.....	2,206,493	15,450	0.70	2,807,578	10,211	0.36
Borrowed money.....	396,342	6,172	1.56	310,574	5,495	1.77
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	57,348	2,665	4.65	67,592	3,664	5.42

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 (2017, ¥2,132,461 million; 2016, ¥1,730,410 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥123,764,394	¥1,668,533	1.35%	¥123,077,998	¥1,652,508	1.34%
Loans and bills discounted	81,249,659	1,215,517	1.50	75,626,679	1,167,181	1.54
Securities	21,412,234	254,119	1.19	25,390,309	302,821	1.19
Call loans and bills bought.....	1,384,809	12,210	0.88	1,065,886	20,457	1.92
Receivables under resale agreements	1,776,977	23,639	1.33	727,468	10,100	1.39
Receivables under securities borrowing transactions	5,319,862	6,471	0.12	6,694,461	10,740	0.16
Deposits with banks.....	5,137,670	47,157	0.92	6,335,306	37,097	0.59
Interest-bearing liabilities	¥151,354,044	¥ 531,108	0.35%	¥145,790,207	¥ 426,091	0.29%
Deposits	111,761,048	189,117	0.17	100,632,418	141,085	0.14
Negotiable certificates of deposit	13,134,246	67,238	0.51	13,924,191	49,561	0.36
Call money and bills sold	949,088	5,593	0.59	2,820,952	5,360	0.19
Payables under repurchase agreements	3,438,407	16,775	0.49	2,389,569	8,077	0.34
Payables under securities lending transactions.....	5,686,151	4,176	0.07	6,791,583	6,724	0.10
Commercial paper.....	2,345,192	15,510	0.66	2,952,632	10,415	0.35
Borrowed money.....	7,954,971	78,309	0.98	8,561,582	44,514	0.52
Short-term bonds.....	146,594	24	0.02	598,174	573	0.10
Bonds.....	4,653,240	93,354	2.01	5,768,265	110,489	1.92

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 (2017, ¥35,538,969 million; 2016, ¥30,015,849 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2017				2016			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥518,029	¥217,532	¥(9,641)	¥725,920	¥590,211	¥202,620	¥(13,444)	¥779,388
Deposits and loans	22,631	118,683	(5,496)	135,818	21,087	110,113	(4,766)	126,435
Remittances and transfers.....	118,768	19,881	(18)	138,631	116,425	17,867	(1)	134,291
Securities-related business.....	57,510	40,462	(1,550)	96,422	99,357	35,935	(3,194)	132,098
Agency	15,616	—	—	15,616	15,146	—	—	15,146
Safe deposits	5,413	2	—	5,416	5,509	2	—	5,512
Guarantees.....	35,253	12,500	(1,299)	46,453	36,974	12,369	(1,275)	48,068
Credit card business.....	1,906	—	—	1,906	3,834	—	—	3,834
Investment trusts	60,282	2,013	—	62,295	101,211	3,128	—	104,339
Fees and commissions payments.....	¥131,519	¥ 40,708	¥(2,574)	¥169,653	¥117,909	¥ 37,190	¥ (4,310)	¥150,788
Remittances and transfers.....	29,997	9,750	(27)	39,720	29,282	8,507	(0)	37,789

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							
	2017				2016			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥124,615	¥42,858	¥(27,075)	¥140,398	¥205,942	¥37,330	¥(33,549)	¥209,722
Gains on trading securities	42,276	—	(13,101)	29,175	62,162	—	(5,795)	56,366
Gains on securities related to trading transactions.....	13,025	—	(155)	12,869	115	—	(49)	65
Gains on trading-related financial derivatives.....	69,283	42,858	(13,818)	98,322	143,554	37,330	(27,704)	153,180
Others	30	—	—	30	110	—	—	110
Trading losses.....	¥ 9,465	¥17,609	¥(27,075)	¥ —	¥ 5,655	¥27,894	¥(33,549)	¥ —
Losses on trading securities	—	13,101	(13,101)	—	—	5,795	(5,795)	—
Losses on securities related to trading transactions.....	—	155	(155)	—	—	49	(49)	—
Losses on trading-related financial derivatives.....	9,465	4,353	(13,818)	—	5,655	22,048	(27,704)	—
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	
	2017	2016
Domestic operations:		
Liquid deposits	¥ 68,719,448	¥ 62,952,848
Fixed-term deposits	22,262,641	22,909,471
Others	7,231,764	7,246,396
Subtotal	98,213,853	93,108,716
Negotiable certificates of deposit	6,736,235	6,941,869
Total	¥104,950,089	¥100,050,586
Overseas operations:		
Liquid deposits	¥ 12,824,148	¥ 11,796,260
Fixed-term deposits	7,279,735	6,228,385
Others	106,921	105,310
Subtotal	20,210,805	18,129,956
Negotiable certificates of deposit	5,859,702	7,798,564
Total	¥ 26,070,508	¥ 25,928,521
Grand total	¥131,020,597	¥125,979,107

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			
	2017		2016	
Domestic operations:				
Manufacturing	¥ 7,705,672	12.94%	¥ 6,365,352	11.60%
Agriculture, forestry, fisheries and mining	119,042	0.20	125,724	0.23
Construction	905,549	1.52	918,357	1.67
Transportation, communications and public enterprises	4,622,344	7.76	4,619,874	8.42
Wholesale and retail	4,550,621	7.64	4,388,586	8.00
Finance and insurance	5,637,877	9.47	5,456,967	9.94
Real estate, goods rental and leasing	9,463,729	15.90	8,401,005	15.31
Services	4,676,312	7.86	4,601,322	8.39
Municipalities	1,108,202	1.86	1,265,341	2.31
Others	20,752,415	34.85	18,730,598	34.13
Subtotal	¥59,541,768	100.00%	¥54,873,131	100.00%
Overseas operations:				
Public sector	¥ 217,056	0.91%	¥ 173,548	0.77%
Financial institutions	1,499,568	6.31	1,351,816	6.02
Commerce and industry	19,584,313	82.38	18,336,668	81.65
Others	2,471,777	10.40	2,595,939	11.56
Subtotal	¥23,772,715	100.00%	¥22,457,993	100.00%
Total	¥83,314,483	—	¥77,331,124	—

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	
	2017	2016
Bankrupt loans	¥ 34,428	¥ 44,732
Non-accrual loans	512,487	547,362
Past due loans (3 months or more)	14,977	12,695
Restructured loans	185,250	208,691
Total	¥747,144	¥813,481
Amount of direct reduction	¥216,375	¥249,567

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	
	2017	2016
Domestic operations:		
Japanese government bonds	¥ 8,454,687	¥10,346,596
Japanese local government bonds	90,243	52,070
Japanese corporate bonds	2,739,649	2,679,207
Japanese stocks	3,676,900	3,748,625
Others	5,144,881	4,982,142
Subtotal	¥20,106,361	¥21,808,642
Overseas operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	78,031	82,314
Japanese stocks	—	—
Others	3,997,207	3,262,793
Subtotal	¥ 4,075,239	¥ 3,345,108
Total	¥24,181,601	¥25,153,750

- 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							
	2017				2016			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets	¥1,793,210	¥906,906	¥(33,700)	¥2,666,417	¥7,094,562	¥942,877	¥(56,468)	¥7,980,971
Trading securities	13,179	136,723	—	149,902	3,348,958	138,744	—	3,487,702
Derivatives of trading securities	233	—	—	233	13,573	—	—	13,573
Securities related to trading transactions	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	10,586	97	—	10,684	18,098	120	—	18,218
Trading-related financial derivatives	1,671,117	770,086	(33,700)	2,407,504	3,649,936	804,012	(56,468)	4,397,481
Other trading assets	98,093	—	—	98,093	63,995	—	—	63,995
Trading liabilities	¥1,330,279	¥834,564	¥(33,700)	¥2,131,143	¥5,354,889	¥807,561	¥(56,468)	¥6,105,982
Trading securities sold for short sales	4,984	58,334	—	63,318	2,147,529	43,707	—	2,191,237
Derivatives of trading securities	261	—	—	261	29,421	—	—	29,421
Securities related to trading transactions sold for short sales	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	8,633	91	—	8,724	17,275	80	—	17,356
Trading-related financial derivatives	1,316,400	776,138	(33,700)	2,058,838	3,160,662	763,773	(56,468)	3,867,967
Other trading liabilities	—	—	—	—	—	—	—	—

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Inter-segment transactions are reported in the "Elimination" column.

Income Analysis (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Gross Banking Profit, Classified by Domestic and International Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	¥ 948,120	¥705,899	¥1,635,774	¥ 854,216	¥581,173	¥1,422,367
			[18,246]			[13,021]
Interest expenses	43,940	471,141	496,834	66,604	345,208	398,791
			[18,246]			[13,021]
Net interest income	904,180	234,758	1,138,939	787,611	235,964	1,023,576
Trust fees	1,927	184	2,111	2,550	38	2,589
Fees and commissions	343,363	189,584	532,948	347,923	179,392	527,316
Fees and commissions payments	137,214	47,051	184,265	126,929	41,867	168,796
Net fees and commissions	206,149	142,533	348,682	220,993	137,525	358,519
Trading income	656	59,366	60,022	5,102	61,491	66,593
Trading losses	—	0	—	—	—	—
Net trading income	656	59,366	60,022	5,102	61,491	66,593
Other operating income	51,414	94,156	145,570	39,882	83,723	123,606
Other operating expenses	10,794	20,877	31,671	25,978	14,634	40,613
Net other operating income	40,619	73,278	113,898	13,903	69,089	82,992
Gross banking profit	¥1,153,533	¥510,121	¥1,663,654	¥1,030,162	¥504,108	¥1,534,271
Gross banking profit rate (%)	1.65%	1.21%	1.54%	1.43%	1.25%	1.42%

- Notes: 1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign-currency-denominated transactions by domestic branches and operations by overseas branches. Yen-denominated nonresident transactions and Japan offshore banking accounts are included in international operations.
2. Figures in brackets [] indicate interest payments between domestic and international operations. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
3. As net figures are shown for trading income and losses, figures in the total column of trading income and trading losses are less than those in the total column of domestic operations and international operations, respectively, for the year ended March 31, 2017.
4. 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					
	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥69,501,871	¥948,120	1.36%	¥71,694,907	¥854,216	1.19%
	[3,603,100]	[18,246]		[4,503,590]	[13,021]	
Loans and bills discounted	48,606,540	505,631	1.04	45,425,766	556,364	1.22
Securities	14,418,571	387,399	2.68	19,490,418	245,712	1.26
Call loans	7,236	9	0.12	53,089	108	0.20
Receivables under resale agreements	0	(0)	(0.49)	2	0	0.07
Receivables under securities borrowing transactions	2,393,767	812	0.03	1,842,235	1,990	0.10
Bills bought	—	—	—	—	—	—
Deposits with banks	9,456	7	0.07	12,067	6	0.05
Interest-bearing liabilities	¥96,792,184	¥ 43,940	0.04%	¥94,110,848	¥ 66,604	0.07%
Deposits	79,873,541	8,926	0.01	73,328,279	21,733	0.02
Negotiable certificates of deposit	6,856,486	1,143	0.01	7,701,125	5,907	0.07
Call money	10,462	(6)	(0.05)	1,655,876	864	0.05
Payables under repurchase agreements	30,388	0	0.00	38,649	28	0.07
Payables under securities lending transactions	3,052,165	316	0.01	2,761,590	1,512	0.05
Borrowed money	4,794,088	18,560	0.38	6,376,138	18,868	0.29
Short-term bonds	—	—	—	18,218	12	0.06
Bonds	1,079,796	13,944	1.29	1,457,179	16,605	1.13

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2017, ¥31,403,755 million; 2016, ¥26,578,642 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

International Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥41,969,137	¥705,899	1.68%	¥40,309,868	¥581,173	1.44%
Loans and bills discounted.....	24,161,450	515,390	2.13	22,679,209	424,239	1.87
Securities.....	7,270,938	100,895	1.38	6,529,804	80,365	1.23
Call loans.....	947,474	(189)	(0.01)	620,731	4,057	0.65
Receivables under resale agreements.....	587,084	9,554	1.62	497,349	5,540	1.11
Receivables under securities borrowing transactions.....	112,951	349	0.30	283,887	1,195	0.42
Deposits with banks.....	5,565,821	39,151	0.70	6,548,702	30,854	0.47
Interest-bearing liabilities.....	¥41,329,522	¥471,141	1.13%	¥39,908,088	¥345,208	0.86%
	[3,603,100]	[18,246]		[4,503,590]	[13,021]	
Deposits.....	19,096,890	133,958	0.70	16,198,658	71,524	0.44
Negotiable certificates of deposit.....	6,026,377	63,404	1.05	7,392,396	42,343	0.57
Call money.....	995,318	6,838	0.68	868,088	4,085	0.47
Payables under repurchase agreements....	1,939,558	9,990	0.51	1,128,307	4,087	0.36
Payables under securities lending transactions.....	666,134	3,104	0.46	1,031,227	2,989	0.28
Borrowed money.....	3,200,740	95,707	2.99	2,139,371	69,366	3.24
Bonds.....	3,210,055	76,335	2.37	3,659,097	87,852	2.40

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2017, ¥115,337 million; 2016, ¥104,906 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					
	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥107,867,908	¥1,635,774	1.51%	¥107,501,185	¥1,422,367	1.32%
Loans and bills discounted.....	72,767,990	1,021,022	1.40	68,104,976	980,604	1.43
Securities.....	21,689,510	488,294	2.25	26,020,222	326,077	1.25
Call loans.....	954,711	(180)	(0.01)	673,821	4,165	0.61
Receivables under resale agreements.....	587,085	9,554	1.62	497,352	5,540	1.11
Receivables under securities borrowing transactions.....	2,506,719	1,161	0.04	2,126,123	3,185	0.14
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	5,575,277	39,158	0.70	6,560,770	30,860	0.47
Interest-bearing liabilities.....	¥134,518,606	¥ 496,834	0.36%	¥129,515,345	¥ 398,791	0.30%
Deposits.....	98,970,431	142,884	0.14	89,526,938	93,258	0.10
Negotiable certificates of deposit.....	12,882,863	64,548	0.50	15,093,522	48,250	0.31
Call money.....	1,005,781	6,831	0.67	2,523,964	4,949	0.19
Payables under repurchase agreements....	1,969,947	9,990	0.50	1,166,957	4,116	0.35
Payables under securities lending transactions.....	3,718,299	3,421	0.09	3,792,817	4,501	0.11
Borrowed money.....	7,994,829	114,268	1.42	8,515,510	88,235	1.03
Short-term bonds.....	—	—	—	18,218	12	0.06
Bonds.....	4,289,851	90,279	2.10	5,116,277	104,458	2.04

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2017, ¥31,519,092 million; 2016, ¥26,683,548 million).

2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

Breakdown of Interest Income and Interest Expenses

Domestic Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(26,129)	¥120,033	¥ 93,904	¥12,550	¥(84,642)	¥(72,092)
Loans and bills discounted.....	33,088	(83,821)	(50,733)	1,566	(38,610)	(37,043)
Securities.....	(63,939)	205,626	141,687	(9,712)	(34,301)	(44,014)
Call loans.....	(68)	(30)	(99)	(103)	(47)	(151)
Receivables under resale agreements.....	(0)	(0)	(0)	0	0	0
Receivables under securities borrowing transactions.....	187	(1,365)	(1,177)	1,496	(463)	1,032
Bills bought.....	—	—	—	(195)	(195)	(390)
Deposits with banks.....	(1)	1	0	1	4	5
Interest expenses.....	¥ 1,217	¥ (23,881)	¥ (22,664)	¥ 4,524	¥ (691)	¥ 3,833
Deposits.....	731	(13,539)	(12,807)	866	(3,001)	(2,134)
Negotiable certificates of deposit.....	(585)	(4,178)	(4,763)	931	(812)	118
Call money.....	(275)	(595)	(870)	131	49	181
Payables under repurchase agreements....	(5)	(23)	(28)	(12)	(6)	(18)
Payables under securities lending transactions.....	30	(1,225)	(1,195)	544	6	550
Borrowed money.....	(4,681)	4,374	(307)	3,558	4,739	8,297
Short-term bonds.....	(6)	(6)	(12)	(4)	(0)	(5)
Bonds.....	(4,300)	1,639	(2,660)	(3,990)	783	(3,206)

International Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥ 24,712	¥100,014	¥124,726	¥34,617	¥ 4,446	¥39,063
Loans and bills discounted.....	28,963	62,187	91,150	35,201	(8,039)	27,162
Securities.....	9,669	10,860	20,530	2,075	11,262	13,337
Call loans.....	(65)	(4,181)	(4,246)	1,642	(2,857)	(1,214)
Receivables under resale agreements.....	1,129	2,884	4,013	940	(159)	780
Receivables under securities borrowing transactions.....	(587)	(258)	(845)	(50)	(161)	(212)
Deposits with banks.....	(4,630)	12,928	8,297	43	3,569	3,613
Interest expenses.....	¥ 12,689	¥113,242	¥125,932	¥25,278	¥35,710	¥60,988
Deposits.....	14,553	47,880	62,433	10,103	13,702	23,805
Negotiable certificates of deposit.....	(7,824)	28,886	21,061	(5,510)	10,502	4,991
Call money.....	665	2,087	2,753	1,018	1,119	2,137
Payables under repurchase agreements....	3,719	2,183	5,903	(340)	1,179	838
Payables under securities lending transactions.....	(1,058)	1,173	114	249	1,147	1,396
Commercial paper.....	(2,198)	3,900	1,702	(98)	1,537	1,438
Borrowed money.....	31,736	(5,395)	26,340	4,927	(1,811)	3,116
Bonds.....	(10,685)	(831)	(11,517)	20,741	(7,206)	13,535

Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2017			2016		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥ 4,868	¥208,537	¥213,406	¥42,058	¥(75,682)	¥(33,624)
Loans and bills discounted.....	65,427	(25,009)	40,417	28,937	(38,818)	(9,881)
Securities.....	(54,271)	216,488	162,217	(6,678)	(23,998)	(30,676)
Call loans.....	(53)	(4,293)	(4,346)	1,265	(2,631)	(1,366)
Receivables under resale agreements.....	1,129	2,884	4,013	940	(159)	780
Receivables under securities borrowing transactions.....	176	(2,200)	(2,023)	2,059	(1,239)	820
Bills bought.....	—	—	—	(195)	(195)	(390)
Deposits with banks.....	(4,635)	12,933	8,297	61	3,556	3,618
Interest expenses.....	¥ 15,904	¥ 82,139	¥ 98,043	¥26,831	¥ 37,396	¥ 64,227
Deposits.....	10,651	38,974	49,626	4,941	16,728	21,670
Negotiable certificates of deposit.....	(7,066)	23,365	16,298	(185)	5,295	5,110
Call money.....	(2,977)	4,859	1,882	792	1,526	2,318
Payables under repurchase agreements....	3,590	2,284	5,874	(369)	1,189	820
Payables under securities lending transactions.....	(86)	(993)	(1,080)	1,236	710	1,947
Commercial paper.....	(2,198)	3,900	1,702	(98)	1,537	1,438
Borrowed money.....	(5,395)	31,428	26,033	16,385	(4,971)	11,414
Short-term bonds.....	(6)	(6)	(12)	(4)	(0)	(5)
Bonds.....	(16,872)	2,694	(14,178)	10,134	194	10,329

Note: Volume/rate variance is prorated according to changes in volume and rate.

Fees and Commissions

Year ended March 31	Millions of yen					
	2017			2016		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions.....	¥343,363	¥189,584	¥532,948	¥347,923	¥179,392	¥527,316
Deposits and loans.....	12,261	108,578	120,840	12,011	98,975	110,986
Remittances and transfers.....	93,073	39,246	132,320	91,858	36,407	128,265
Securities-related business.....	11,906	1,293	13,199	10,797	1,929	12,727
Agency.....	10,294	—	10,294	10,358	—	10,358
Safe deposits.....	5,001	—	5,001	5,094	—	5,094
Guarantees.....	15,634	19,041	34,676	16,669	19,888	36,558
Fees and commissions payments.....	¥137,214	¥ 47,051	¥184,265	¥126,929	¥ 41,867	¥168,796
Remittances and transfers.....	24,532	13,145	37,678	23,534	12,386	35,920

Trading Income

Year ended March 31	Millions of yen					
	2017			2016		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading income.....	¥656	¥59,366	¥60,022	¥5,102	¥61,491	¥66,593
Gains on trading securities.....	625	—	625	4,992	—	4,992
Gains on securities related to trading transactions.....	—	12,869	12,869	—	65	65
Gains on trading-related financial derivatives.....	—	46,496	46,496	—	61,424	61,424
Others.....	30	—	30	109	0	110
Trading losses.....	¥ —	¥ 0	¥ —	¥ —	¥ —	¥ —
Losses on trading securities.....	—	—	—	—	—	—
Losses on securities related to trading transactions.....	—	—	—	—	—	—
Losses on trading-related financial derivatives.....	—	—	—	—	—	—
Others.....	—	0	—	—	—	—

Note: Figures represent net gains after offsetting income against expenses.

Net Other Operating Income (Expenses)

Year ended March 31	Millions of yen					
	2017			2016		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income (expenses).....	¥40,619	¥73,278	¥113,898	¥13,903	¥69,089	¥82,992
Gains (losses) on bonds.....	18,236	25,483	43,720	3,390	50,613	54,003
Gains (losses) on derivatives.....	559	9,489	10,048	(394)	(1,397)	(1,791)
Gains on foreign exchange transactions....	—	41,513	41,513	—	22,831	22,831

General and Administrative Expenses

Year ended March 31	Millions of yen	
	2017	2016
	Salaries and related expenses.....	¥291,713
Retirement benefit cost.....	(505)	(289)
Welfare expenses.....	46,299	44,487
Depreciation.....	100,552	92,376
Rent and lease expenses.....	60,618	63,026
Building and maintenance expenses.....	4,664	8,484
Supplies expenses.....	5,275	5,920
Water, lighting, and heating expenses.....	5,120	5,601
Traveling expenses.....	5,357	6,053
Communication expenses.....	6,997	7,106
Publicity and advertising expenses.....	14,890	16,553
Taxes, other than income taxes.....	50,481	46,629
Deposit insurance.....	31,676	30,290
Others.....	193,802	195,450
Total.....	¥816,942	¥805,483

Deposits (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen			
	2017		2016	
Domestic operations:				
Liquid deposits	¥ 64,641,628	70.6%	¥ 58,803,480	67.9%
Fixed-term deposits	18,369,138	20.1	19,099,675	22.0
Others	1,689,657	1.8	1,648,767	1.9
Subtotal	84,700,425	92.5	79,551,923	91.8
Negotiable certificates of deposit	6,844,357	7.5	7,090,524	8.2
Total	¥ 91,544,782	100.0%	¥ 86,642,448	100.0%
International operations:				
Liquid deposits	¥ 9,615,086	36.5%	¥ 9,288,738	34.9%
Fixed-term deposits	6,384,596	24.3	5,083,772	19.1
Others	4,890,663	18.6	4,915,287	18.4
Subtotal	20,890,346	79.4	19,287,798	72.4
Negotiable certificates of deposit	5,418,734	20.6	7,337,814	27.6
Total	¥ 26,309,080	100.0%	¥ 26,625,613	100.0%
Grand total	¥117,853,863	—	¥113,268,061	—

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	Millions of yen	
	2017	2016
Domestic operations:		
Liquid deposits	¥ 60,235,051	¥ 52,992,916
Fixed-term deposits	18,777,737	19,806,534
Others	860,752	528,829
Subtotal	79,873,541	73,328,279
Negotiable certificates of deposit	6,856,486	7,701,125
Total	¥ 86,730,027	¥ 81,029,405
International operations:		
Liquid deposits	¥ 8,982,190	¥ 8,262,536
Fixed-term deposits	5,537,372	3,894,999
Others	4,577,327	4,041,122
Subtotal	19,096,890	16,198,658
Negotiable certificates of deposit	6,026,377	7,392,396
Total	¥ 25,123,268	¥ 23,591,054
Grand total	¥111,853,295	¥104,620,460

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			
	2017		2016	
Individual	¥43,642,069	49.7%	¥42,312,525	51.5%
Corporate	44,098,250	50.3	39,822,162	48.5
Total	¥87,740,319	100.0%	¥82,134,687	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	
	2017	2016
Individual	¥1,835,300	¥2,077,514
Corporate	371,785	364,493
Total	¥2,207,085	¥2,442,007

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	
	2017	2016
Less than three months	¥11,119,585	¥10,054,986
Fixed interest rates	6,354,221	6,254,255
Floating interest rates	6,260	54,567
Others	4,759,103	3,746,162
Three — six months	4,482,910	4,165,144
Fixed interest rates	3,532,410	3,558,214
Floating interest rates	9,700	35,037
Others	940,799	571,891
Six months — one year	5,335,550	5,433,077
Fixed interest rates	4,869,745	5,056,580
Floating interest rates	3,650	58,896
Others	462,154	317,600
One — two years	1,530,508	1,784,267
Fixed interest rates	1,466,936	1,630,848
Floating interest rates	5,300	31,282
Others	58,271	122,137
Two — three years	926,357	1,186,316
Fixed interest rates	909,652	1,045,544
Floating interest rates	12,189	23,075
Others	4,515	117,696
Three years or more	1,358,787	1,559,617
Fixed interest rates	553,203	571,234
Floating interest rates	645,832	780,099
Others	159,751	208,283
Total	¥24,753,697	¥24,183,409
Fixed interest rates	17,686,169	18,116,678
Floating interest rates	682,931	982,959
Others	6,384,596	5,083,772

Note: The figures above do not include installment savings.

Loans (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

March 31	Millions of yen	
	2017	2016
Domestic operations:		
Loans on notes	¥ 457,036	¥ 534,074
Loans on deeds	39,231,045	35,801,510
Overdrafts	10,576,844	9,856,733
Bills discounted	74,810	88,554
Subtotal	¥50,339,737	¥46,280,872
International operations:		
Loans on notes	¥ 1,158,112	¥ 912,383
Loans on deeds	23,899,932	21,934,123
Overdrafts	187,473	149,356
Bills discounted	—	—
Subtotal	¥25,245,518	¥22,995,862
Total	¥75,585,256	¥69,276,735

Average Balance

Year ended March 31	Millions of yen	
	2017	2016
Domestic operations:		
Loans on notes	¥ 508,124	¥ 616,951
Loans on deeds	38,496,524	35,366,905
Overdrafts	9,528,666	9,354,814
Bills discounted	73,225	87,094
Subtotal	¥48,606,540	¥45,425,766
International operations:		
Loans on notes	¥ 1,060,545	¥ 1,033,312
Loans on deeds	22,896,460	21,477,275
Overdrafts	204,444	168,621
Bills discounted	—	—
Subtotal	¥24,161,450	¥22,679,209
Total	¥72,767,990	¥68,104,976

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			
	2017		2016	
Funds for capital investment	¥21,140,418	28.0%	¥20,875,436	30.1%
Funds for working capital	54,444,837	72.0	48,401,299	69.9
Total	¥75,585,256	100.0%	¥69,276,735	100.0%

Balance of Loans and Bills Discounted, Classified by Collateral

March 31	Millions of yen	
	2017	2016
Securities	¥ 1,546,947	¥ 570,049
Commercial claims	1,189,280	1,170,056
Commercial goods	—	—
Real estate	6,972,692	6,766,633
Others	1,227,878	1,278,085
Subtotal	10,936,798	9,784,824
Guaranteed	23,390,149	23,589,094
Unsecured	41,258,308	35,902,816
Total	¥75,585,256	¥69,276,735

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2017	2016
One year or less	¥12,599,687	¥10,578,408
One — three years	12,984,919	11,434,150
Floating interest rates	10,182,892	9,138,844
Fixed interest rates	2,802,026	2,295,305
Three — five years	12,439,572	11,868,263
Floating interest rates	9,885,770	9,540,806
Fixed interest rates	2,553,801	2,327,457
Five — seven years	5,818,610	5,333,958
Floating interest rates	4,634,969	4,392,917
Fixed interest rates	1,183,641	941,041
More than seven years	20,978,148	20,055,864
Floating interest rates	19,343,838	18,903,945
Fixed interest rates	1,634,310	1,151,919
No designated term	10,764,318	10,006,090
Floating interest rates	10,764,318	10,006,090
Fixed interest rates	—	—
Total	¥75,585,256	¥69,276,735

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			
	2017		2016	
Domestic operations:				
Manufacturing	¥ 7,279,849	13.4%	¥ 5,968,107	11.9%
Agriculture, forestry, fisheries and mining	115,017	0.2	121,805	0.2
Construction	701,698	1.3	711,002	1.4
Transportation, communications and public enterprises	4,307,167	7.9	4,294,743	8.6
Wholesale and retail	4,115,200	7.5	3,949,130	7.9
Finance and insurance	7,352,196	13.5	7,042,440	14.1
Real estate	6,301,402	11.6	5,970,654	11.9
Goods rental and leasing	1,650,512	3.0	1,043,531	2.1
Services	3,994,039	7.3	3,954,330	7.9
Municipalities	934,334	1.7	1,087,248	2.2
Others	17,751,449	32.6	15,929,369	31.8
Subtotal	¥54,502,869	100.0%	¥50,072,362	100.0%
Overseas operations:				
Public sector	¥ 206,772	1.0%	¥ 164,623	0.8%
Financial institutions	1,581,991	7.5	1,362,414	7.1
Commerce and industry	17,609,453	83.5	15,876,722	82.7
Others	1,684,170	8.0	1,800,612	9.4
Subtotal	¥21,082,386	100.0%	¥19,204,373	100.0%
Total	¥75,585,256	—	¥69,276,735	—

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	
	2017	2016
Total domestic loans (A)	¥54,502,869	¥50,072,362
Loans to individuals, and small and medium-sized enterprises (B)	34,082,987	33,860,723
(B) / (A)	62.5%	67.6%

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	
	2017	2016
Consumer loans	¥13,873,169	¥14,148,084
Housing loans	12,912,398	13,207,194
Residential purpose	10,302,283	10,598,147
Others	960,771	940,889

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, 2017	Millions of yen				Balance at end of the fiscal year
	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		
			Objectives	Others	
General reserve for possible loan losses	¥220,963	¥258,956	¥ —	¥220,963*	¥258,956
	[334]				
Specific reserve for possible loan losses	134,527	129,764	22,699	111,827*	129,764
	[180]				
For nonresident loans	39,450	37,131	12,067	27,383*	37,131
	[99]				
Loan loss reserve for specific overseas countries ...	1,179	1,005	—	1,179*	1,005
Total	¥356,670	¥389,726	¥22,699	¥333,971	¥389,726
	[515]				

* Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Year ended March 31, 2016	Millions of yen				Balance at end of the fiscal year
	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		
			Objectives	Others	
General reserve for possible loan losses	¥225,897	¥221,297	¥ —	¥225,897*	¥221,297
	[5,133]				
Specific reserve for possible loan losses	161,627	134,708	24,269	137,357*	134,708
	[763]				
For nonresident loans	36,337	39,550	12,223	24,113*	39,550
	[761]				
Loan loss reserve for specific overseas countries ...	719	1,179	—	719*	1,179
Total	¥388,243	¥357,186	¥24,269	¥363,974	¥357,186
	[5,896]				

* Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Write-Off of Loans

Year ended March 31	Millions of yen	
	2017	2016
Write-off of loans	¥462	¥805

Note: Write-off of loans include amount of direct reduction.

Specific Overseas Loans

March 31	Millions of yen	
	2017	2016
Azerbaijan	¥ 8,089	¥10,631
Egypt	7,072	9,112
Mongolia	133	—
Argentina	26	11
Total	¥15,321	¥19,755
Ratio of the total amounts to total assets	0.01%	0.01%
Number of countries	4	3

Risk-Monitored Loans

March 31	Millions of yen	
	2017	2016
Bankrupt loans	¥ 31,029	¥ 39,906
Non-accrual loans	381,651	410,020
Past due loans (3 months or more)	12,593	4,574
Restructured loans	89,319	106,071
Total	¥514,594	¥560,573
Amount of direct reduction	¥103,671	¥121,686

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.

Non-performing loans (NPLs) based on the Financial Reconstruction Act

March 31	Millions of yen	
	2017	2016
Bankrupt and quasi-bankrupt assets	¥ 118,420	¥ 135,604
Doubtful assets	347,350	376,366
Substandard loans	101,913	110,646
Total	567,684	622,617
Normal assets	86,410,604	79,046,057
Grand Total	¥86,978,288	¥79,668,674
Amount of direct reduction	¥ 109,818	¥ 129,826

Notes: Definition of NPLs 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

Non-performing loans (NPLs) based on the Financial Reconstruction Act, and Risk-Monitored Loans

Category of borrowers under self-assessment	NPLs based on the Financial Reconstruction Act		Risk-monitored loans		Other assets
	Total loans	Other assets	Total loans		
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	<div style="border: 1px dashed black; padding: 5px; text-align: center;"> © </div>	
Effectively Bankrupt Borrowers			Non-accrual loans		
Potentially Bankrupt Borrowers			Past due loans (3 months or more)		
Borrowers Requiring Caution	Substandard loans	Restructured loans			
Normal Borrowers	(Normal assets)				
	A		B	C	

A - B = C

Classification based on Self-Assessment, and the Financial Reconstruction Act, and Write-Offs/Reserves

March 31, 2017

(Billions of yen)

Category of borrowers under self-assessment	NPLs 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) ¥118.4	Portion of claims secured by collateral or guarantees, etc. (5) ¥88.1	Fully reserved ¥30.4	Direct write-offs (Note 1)	Specific reserve ¥33.9 (Note 2)	100% (Note 3)		
Effectively Bankrupt Borrowers								
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥347.4	Portion of claims secured by collateral or guarantees, etc. (6) ¥203.2	Necessary amount reserved ¥144.2		¥95.5 (Note 2)	66.24% (Note 3)		
Borrowers Requiring Caution	Substandard loans (3) ¥101.9 (Claims to substandard borrowers)	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥48.7			General reserve ¥259.3 (Note 5)	31.18% (Note 3)	11.35% (Note 3)	
	Normal assets ¥86,410.6	Claims to borrowers requiring caution, excluding claims to substandard borrowers						6.43% (10.27%) (Note 4)
Normal Borrowers		Claims to normal borrowers				0.12% (Note 4)		
				Loan loss reserve for specific overseas countries	¥1.0			
NPL ratio (A) / (4) 0.65%	Total (4) ¥86,978.3			Total reserve for possible loan losses	¥389.7			
	(A) = (1) + (2) + (3) ¥567.7	Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥339.9	Unsecured portion (D) = (A) - (C) ¥227.8	(B) Specific reserve + General reserve for substandard loans	¥145.2		Reserve ratio (B) / (D) 63.76% (Note 6)	
				Coverage ratio {(B) + (C)} / (A)			85.46%	

- Notes: 1. Includes amount of direct reduction totaling ¥109.8 billion.
2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Act. (Bankrupt/Effectively Bankrupt Borrowers: ¥3.5 billion; Potentially Bankrupt Borrowers: ¥4.1 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. Includes Specific reserve for Borrowers Requiring Caution totaling ¥0.4 billion.
6. The proportion of the reserve to the claims, excluding the portion secured by collateral or guarantees, etc.

Off-Balancing NPLs

Billions of yen

	March 31, 2015	Fiscal 2015		March 31, 2016	Fiscal 2016		March 31, 2017
	①	New occurrences	Off-balanced	②	New occurrences	Off-balanced	③
Bankrupt and quasi-bankrupt assets...	¥ 93.0	¥ 40.7	¥ 1.9	¥135.6	¥ 44.4	¥ (61.6)	¥118.4
Doubtful assets	555.1	98.5	(277.2)	376.4	127.4	(156.4)	347.4
Total	¥648.1	¥139.2	¥(275.3)	¥512.0	¥171.8	¥(218.0)	¥465.8
				Increase/Decrease ② - ①			Increase/Decrease ③ - ②
Bankrupt and quasi-bankrupt assets...				¥ 42.6			¥(17.2)
Doubtful assets				(178.7)			¥(29.0)
Total				¥(136.1)			¥(46.2)

- Notes: 1. The off-balancing (also known as "final disposal") of NPLs 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 2016. Amount of ¥23.6 billion in fiscal 2016, recognized as "new occurrences" in the first half of the term, was included in the amounts off-balanced in the second half.

Securities (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Balance of Securities

Year-End Balance

March 31	Millions of yen	
	2017	2016
Domestic operations:		
Japanese government bonds.....	¥ 8,009,687	¥ 9,797,359
Japanese local government bonds	70,545	7,734
Japanese corporate bonds	2,519,027	2,465,960
Japanese stocks.....	4,164,031	4,642,919
Others.....	1,028,654	813,099
Foreign bonds.....	/	/
Foreign stocks	/	/
Subtotal	¥15,791,947	¥17,727,073
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	—	—
Others.....	8,550,422	7,875,082
Foreign bonds.....	5,586,975	5,153,769
Foreign stocks	2,963,447	2,721,313
Subtotal	¥ 8,550,422	¥ 7,875,082
Total	¥24,342,369	¥25,602,156

Average Balance

Year ended March 31	Millions of yen	
	2017	2016
Domestic operations:		
Japanese government bonds.....	¥ 8,088,171	¥12,943,834
Japanese local government bonds	47,783	11,525
Japanese corporate bonds	2,400,500	2,346,113
Japanese stocks.....	2,953,233	3,243,272
Others.....	928,882	945,671
Foreign bonds.....	/	/
Foreign stocks	/	/
Subtotal	¥14,418,571	¥19,490,418
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	—	—
Others.....	7,270,938	6,529,804
Foreign bonds.....	4,418,229	3,723,634
Foreign stocks	2,852,709	2,806,170
Subtotal	¥ 7,270,938	¥ 6,529,804
Total	¥21,689,510	¥26,020,222

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	
	2017	2016
One year or less		
Japanese government bonds.....	¥ 790,044	¥2,522,716
Japanese local government bonds	—	—
Japanese corporate bonds	312,421	255,302
Others.....	1,705,317	1,424,612
Foreign bonds.....	1,675,557	1,422,111
Foreign stocks	—	—
One — three years		
Japanese government bonds.....	3,679,481	2,376,765
Japanese local government bonds	53	89
Japanese corporate bonds	647,132	764,905
Others.....	1,515,791	1,011,379
Foreign bonds.....	1,476,309	942,788
Foreign stocks	893	593
Three — five years		
Japanese government bonds.....	3,177,920	4,644,981
Japanese local government bonds	21,175	4,491
Japanese corporate bonds	681,855	716,150
Others.....	532,094	408,506
Foreign bonds.....	513,436	366,158
Foreign stocks	1,616	5,587
Five — seven years		
Japanese government bonds.....	52,260	—
Japanese local government bonds	—	—
Japanese corporate bonds	276,128	306,821
Others.....	389,719	393,875
Foreign bonds.....	317,482	381,139
Foreign stocks	6,092	—
Seven — 10 years		
Japanese government bonds.....	170,260	—
Japanese local government bonds	49,286	3,114
Japanese corporate bonds	399,796	281,105
Others.....	984,714	902,795
Foreign bonds.....	868,504	782,801
Foreign stocks	6,225	7,305
More than 10 years		
Japanese government bonds.....	139,720	252,896
Japanese local government bonds	30	39
Japanese corporate bonds	201,692	141,675
Others.....	954,447	1,384,013
Foreign bonds.....	735,685	1,258,768
Foreign stocks	108,214	91,292
No designated term		
Japanese government bonds.....	—	—
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	4,164,031	4,642,919
Others.....	3,496,992	3,163,000
Foreign bonds.....	—	—
Foreign stocks	2,840,404	2,616,534
Total		
Japanese government bonds.....	¥8,009,687	¥9,797,359
Japanese local government bonds	70,545	7,734
Japanese corporate bonds	2,519,027	2,465,960
Japanese stocks.....	4,164,031	4,642,919
Others.....	9,579,077	8,688,182
Foreign bonds.....	5,586,975	5,153,769
Foreign stocks	2,963,447	2,721,313

Ratios (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Income Ratio

Year ended March 31	Percentage	
	2017	2016
Ordinary profit to total assets.....	0.53%	0.48%
Ordinary profit to stockholders' equity.....	11.38	9.49
Net income to total assets	0.42	0.39
Net income to stockholders' equity	8.98	7.73

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	
	2017	2016
Domestic operations:		
Interest-earning assets (A).....	1.36%	1.19%
Interest-bearing liabilities (B)	0.70	0.74
(A) – (B)	0.66	0.45
International operations:		
Interest-earning assets (A).....	1.68%	1.44%
Interest-bearing liabilities (B)	1.56	1.27
(A) – (B)	0.12	0.17
Total:		
Interest-earning assets (A).....	1.51%	1.32%
Interest-bearing liabilities (B)	0.97	0.92
(A) – (B)	0.54	0.40

Loan-Deposit Ratio

March 31	Millions of yen	
	2017	2016
Domestic operations:		
Loans and bills discounted (A)	¥ 50,339,737	¥ 46,280,872
Deposits (B)	91,544,782	86,642,448
Loan-deposit ratio (%)		
(A) / (B)	54.98%	53.41%
Ratio by average balance for the fiscal year.....	56.04	56.06
International operations:		
Loans and bills discounted (A)	¥ 25,245,518	¥ 22,995,862
Deposits (B)	26,309,080	26,625,613
Loan-deposit ratio (%)		
(A) / (B)	95.95%	86.36%
Ratio by average balance for the fiscal year.....	96.17	96.13
Total:		
Loans and bills discounted (A)	¥ 75,585,256	¥ 69,276,735
Deposits (B)	117,853,863	113,268,061
Loan-deposit ratio (%)		
(A) / (B)	64.13%	61.16%
Ratio by average balance for the fiscal year.....	65.05	65.09

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

March 31	Millions of yen	
	2017	2016
Domestic operations:		
Securities (A).....	¥ 15,791,947	¥ 17,727,073
Deposits (B).....	91,544,782	86,642,448
Securities-deposit ratio (%)		
(A) / (B).....	17.25%	20.46%
Ratio by average balance for the fiscal year.....	16.62	24.05
International operations:		
Securities (A).....	¥ 8,550,422	¥ 7,875,082
Deposits (B).....	26,309,080	26,625,613
Securities-deposit ratio (%)		
(A) / (B).....	32.49%	29.57%
Ratio by average balance for the fiscal year.....	28.94	27.67
Total:		
Securities (A).....	¥ 24,342,369	¥ 25,602,156
Deposits (B).....	117,853,863	113,268,061
Securities-deposit ratio (%)		
(A) / (B).....	20.65%	22.60%
Ratio by average balance for the fiscal year.....	19.39	24.87

Note: Deposits include negotiable certificates of deposit.

Capital (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Changes in Number of Shares Issued and Capital Stock

	Millions of yen					
	Number of shares issued		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
February 16, 2010*	20,016,015	106,318,401	484,037	1,770,996	484,037	1,771,043

Remarks:

* Allotment to third parties: Common stock: 20,016,015 shares

Issue price: ¥48,365

Capitalization: ¥24,182.5

Number of Shares Issued

March 31, 2017	Number of shares issued
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, 2017	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, 2017	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Banking Corporation	70,001	100.00%

Others (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Employees

March 31	2017	2016
Number of employees	29,283	28,002
Average age (years–months)	36-3	36-6
Average length of employment (years–months)	13-1	13-4
Average annual salary (thousands of yen)	¥8,148	¥8,301

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	2017	2016
Domestic network:		
Main offices and branches	506	506
Subbranches	431	469
Agency	1	2
Overseas network:		
Branches	18	17
Subbranches	20	17
Representative offices	4	5
Total	980	1,016

Notes: 1. "Main offices and branches" includes the International Business Operations Dept. (2017, 2 branches; 2016, 2 branches), specialized deposit account branches (2017, 46 branches; 2016, 46 branches) and ATM administration branches (2017, 17 branches; 2016, 17 branches).
 2. "Subbranches" includes Corporate Business Office, etc.

Number of Automated Service Centers

March 31	2017	2016
Automated service centers	48,201	46,408

Domestic Exchange Transactions

Year ended March 31	Millions of yen	
	2017	2016
Exchange for remittance:		
Destined for various parts of the country:		
Number of accounts (thousands)	410,484	400,108
Amount	¥ 496,678,416	¥ 567,440,690
Received from various parts of the country:		
Number of accounts (thousands)	305,267	302,632
Amount	¥ 894,717,286	¥ 968,425,075
Collection:		
Destined for various parts of the country:		
Number of accounts (thousands)	2,049	2,240
Amount	¥ 4,898,249	¥ 5,425,339
Received from various parts of the country:		
Number of accounts (thousands)	737	797
Amount	¥ 1,640,568	¥ 1,710,056
Total	¥1,397,934,521	¥1,543,001,161

Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars	
	2017	2016
Outward exchanges:		
Foreign bills sold.....	\$1,930,715	\$2,294,970
Foreign bills bought.....	1,713,670	1,777,561
Incoming exchanges:		
Foreign bills payable.....	\$ 931,198	\$ 901,403
Foreign bills receivable.....	39,779	30,044
Total.....	\$4,615,364	\$5,003,979

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	
	2017	2016
Securities.....	¥ 74,235	¥ 26,695
Commercial claims.....	89,431	122,716
Commercial goods.....	—	—
Real estate.....	48,461	55,060
Others.....	24,128	21,074
Subtotal.....	¥ 236,256	¥ 225,547
Guaranteed.....	813,273	762,878
Unsecured.....	6,516,032	5,748,664
Total.....	¥7,565,562	¥6,737,089

Trust Assets and Liabilities (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Statements of Trust Assets and Liabilities

March 31	Millions of yen	
	2017	2016
Assets:		
Loans and bills discounted.....	¥ 635,206	¥ 537,839
Loans on deeds	635,206	537,839
Securities	4,156,409	1,305,284
Japanese government bonds	126,392	221,728
Corporate bonds.....	3,990,300	1,073,615
Japanese stocks.....	—	—
Foreign securities.....	39,716	9,940
Trust beneficiary right	38,583	36,269
Entrusted securities	20,211	7,123
Monetary claims	759,095	474,129
Monetary claims for housing loans.....	11,906	15,964
Other monetary claims	747,188	458,165
Other claims	1,215	1,429
Call loans	—	—
Due from banking account	1,158,780	920,070
Cash and due from banks	111,699	112,024
Deposits with banks	111,699	112,024
Others	208	—
Others	208	—
Total assets.....	¥6,881,408	¥3,394,170
Liabilities:		
Designated money trusts.....	¥1,225,851	¥1,059,035
Specified money trusts.....	1,855,753	1,750,117
Money in trusts other than money trusts.....	100,000	100,000
Securities in trusts	20,211	7,123
Monetary claims trusts	420,242	477,772
Composite trusts	3,259,349	122
Total liabilities	¥6,881,408	¥3,394,170

Notes: 1. Amounts less than 1 million yen have been rounded down.

2. SMBC has no co-operative trusts under any other trust bank's administration as of the year-end.

3. Excludes trusts whose monetary values are difficult to calculate.

Basel III Information

Capital Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

■ Capital Structure Information (Consolidated Capital Ratio (International Standard))

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2017		As of March 31, 2016	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Common Equity Tier 1 capital: instruments and reserves					
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,534,395		6,955,707	
1a	of which: capital and capital surplus	3,519,653		4,263,087	
2	of which: retained earnings	3,045,979		2,909,898	
1c	of which: treasury stock (-)	-		-	
26	of which: cash dividends to be paid (-)	31,237		217,277	
	of which: other than the above	-		-	
1b	Stock acquisition rights to common shares	-		-	
3	Accumulated other comprehensive income and other disclosed reserves	1,154,101	288,525	810,245	540,163
5	Adjusted non-controlling interests, etc. (amount allowed to be included in group Common Equity Tier 1)	183,880		175,353	
	Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	13,024		5,276	
	of which: non-controlling interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	13,024		5,276	
6	Common Equity Tier 1 capital: instruments and reserves (A)	7,885,402		7,946,582	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Total intangible assets (excluding those relating to mortgage servicing rights)	215,215	53,803	266,335	177,557
8	of which: goodwill (including those equivalent)	43,542	10,885	110,209	73,473
9	of which: other intangible assets other than goodwill and mortgage servicing rights	171,672	42,918	156,126	104,084
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,297	324	927	618
11	Net deferred gains or losses on hedges	(30,148)	(7,537)	38,273	25,515
12	Shortfall of eligible provisions to expected losses	-	-	15,573	10,382
13	Gain on sale on securitization transactions	46,740	11,685	30,051	20,034
14	Gains and losses due to changes in own credit risk on fair valued liabilities	2,761	690	5,089	3,392
15	Net defined benefit asset	172,582	43,145	83,065	55,376
16	Investments in own shares (excluding those reported in the Net assets section)	24	6	29	19
17	Reciprocal cross-holdings in common equity	-	-	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	-	-	-	-
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	-	-
19	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
20	of which: mortgage servicing rights	-	-	-	-
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
22	Amount exceeding the 15% threshold on specified items	-	-	-	-
23	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
24	of which: mortgage servicing rights	-	-	-	-
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	408,473		439,345	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	7,476,928		7,507,237	

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2017		As of March 31, 2016		
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Additional Tier 1 capital: instruments						
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		—	
	31b	Stock acquisition rights to Additional Tier 1 instruments	—		—	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	450,000		300,000	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—	
34-35	Adjusted non-controlling interests, etc. (amount allowed to be included in group Additional Tier 1)	24,315		17,660		
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	607,479		698,497		
33	of which: instruments issued by banks and their special purpose vehicles	607,479		698,497		
35	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		
	Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	7,117		23,477		
	of which: foreign currency translation adjustments	7,117		23,477		
36	Additional Tier 1 capital: instruments (D)	1,088,912		1,039,636		
Additional Tier 1 capital: regulatory adjustments						
37	Investments in own Additional Tier 1 instruments	—	—	—	—	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	—	—	
39	Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	—	—	—	
40	Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	64,035	16,008	48,032	32,021	
	Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	23,591		102,270		
	of which: goodwill and others	11,906		77,045		
	of which: gain on sale on securitization transactions	11,685		20,034		
	of which: amount equivalent to 50% of shortfall of eligible provisions to expected losses	—		5,191		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		
43	Additional Tier 1 capital: regulatory adjustments (E)	87,626		150,303		
Additional Tier 1 capital (AT1)						
44	Additional Tier 1 capital ((D)-(E)) (F)	1,001,285		889,332		
Tier 1 capital (T1 = CET1 + AT1)						
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	8,478,214		8,396,570		
Tier 2 capital: instruments and provisions						
46		Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	—		—	
		Stock acquisition rights to Tier 2 instruments	—		—	
		Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	905,332		655,064	
		Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—	
48-49	Adjusted non-controlling interests, etc. (amount allowed to be included in group Tier 2)	5,039		3,069		
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	873,368		1,220,717		
47	of which: instruments issued by banks and their special purpose vehicles	873,368		1,220,717		
49	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	13,348		7,666		
50a	of which: general reserve for possible loan losses	6,900		7,666		
50b	of which: eligible provisions	6,448		—		
	Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	177,022		319,291		
	of which: unrealized gains on other securities after 55% discount	170,772		306,445		
	of which: land revaluation excess after 55% discount	6,250		12,845		
51	Tier 2 capital: instruments and provisions (H)	1,974,111		2,205,808		

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2017		As of March 31, 2016	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	–	–	–	–
53	Reciprocal cross-holdings in Tier 2 instruments	–	–	–	–
54	Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	–	–	–	–
55	Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	120,000	30,000	75,000	50,000
	Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	20,744		51,809	
	of which: Tier 2 and deductions under Basel II	20,744		51,809	
57	Tier 2 capital: regulatory adjustments (I)	140,744		126,809	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,833,366		2,078,998	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J)) (K)	10,311,580		10,475,569	
Risk weighted assets					
	Total of items included in risk weighted assets subject to transitional arrangements	32,764		58,545	
	of which: intangible assets (excluding those relating to mortgage servicing rights)	10,307		24,719	
	of which: net defined benefit asset	11,846		15,658	
	of which: significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	9,914		16,156	
60	Risk weighted assets (L)	58,004,379		57,558,088	
Capital ratio (consolidated)					
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	12.89%		13.04%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.61%		14.58%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	17.77%		18.19%	
Regulatory adjustments					
72	Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	400,680		445,253	
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	523,446		729,943	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	–		–	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	4,715		3,700	
Provisions included in Tier 2 capital: instruments and provisions					
76	Provisions (general reserve for possible loan losses)	6,900		7,666	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	20,271		24,487	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	6,448		–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	301,311		293,681	
Capital instruments subject to transitional arrangements					
82	Current cap on Additional Tier 1 instruments subject to transitional arrangements	618,928		742,714	
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	–		–	
84	Current cap on Tier 2 instruments subject to transitional arrangements	1,017,264		1,220,717	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	–		31,434	

(Millions of yen)

Items	As of March 31, 2017	As of March 31, 2016
Required capital ((L) × 8%)	4,640,350	4,604,647

■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (As of March 31, 2016 and 2017)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Items	(Millions of yen)		Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Consolidated balance sheet as in published financial statements			
	As of March 31, 2017	As of March 31, 2016		
(Assets)				
Cash and due from banks	44,992,414	42,594,225		
Call loans and bills bought	1,872,144	1,291,365		
Receivables under resale agreements	2,199,733	494,949		
Receivables under securities borrowing transactions	3,609,903	7,964,208		
Monetary claims bought	4,265,954	4,183,995		
Trading assets	2,666,417	7,980,971	6-a	
Money held in trust	0	3		
Securities	24,181,601	25,153,750	2-b, 6-b	
Loans and bills discounted	83,314,483	77,331,124	6-c	
Foreign exchanges	1,722,104	1,577,167		
Lease receivables and investment assets	282,505	269,429		
Other assets	3,586,135	3,697,438		
Tangible fixed assets	1,121,670	1,167,627		
Intangible fixed assets	339,674	526,112	2-a	
Net defined benefit asset	310,588	198,637	3	
Deferred tax assets	59,928	66,570	4-a	
Customers' liabilities for acceptances and guarantees	6,927,918	6,407,272		
Reserve for possible loan losses	(506,515)	(496,178)		
Total assets	180,946,664	180,408,672		
(Liabilities)				
Deposits	118,424,659	111,238,673		
Negotiable certificates of deposit	12,595,937	14,740,434		
Call money and bills sold	844,519	1,220,455		
Payables under repurchase agreements	2,737,947	1,761,822		
Payables under securities lending transactions	3,190,161	5,309,003		
Commercial paper	2,312,289	3,018,218		
Trading liabilities	2,131,143	6,105,982	6-d	
Borrowed money	11,981,546	8,058,848	8	
Foreign exchanges	718,940	1,083,450		
Short-term bonds	—	367,000		
Bonds	3,987,749	5,450,145		
Due to trust account	1,180,976	944,542		
Other liabilities	4,524,079	4,853,664		
Reserve for employee bonuses	34,990	54,925		
Reserve for executive bonuses	922	1,767		
Net defined benefit liability	16,788	17,844		
Reserve for executive retirement benefits	867	743		
Reserve for point service program	1,189	1,249		
Reserve for reimbursement of deposits	15,464	16,979		
Reserve for losses on interest repayment	40	234		
Reserve under the special laws	—	1,129		
Deferred tax liabilities	378,740	275,887	4-b	
Deferred tax liabilities for land revaluation	31,596	32,203	4-c	
Acceptances and guarantees	6,927,918	6,407,272		
Total liabilities	172,038,471	170,962,478		
(Net assets)				
Capital stock	1,770,996	1,770,996	1-a	
Capital surplus	1,958,660	2,702,093	1-b	
Retained earnings	3,045,979	2,909,898	1-c	
Treasury stock	(210,003)	(210,003)	1-d	
Total stockholders' equity	6,565,632	7,172,985		
Net unrealized gains on other securities	1,397,396	1,255,877		
Net deferred gains or losses on hedges	(39,174)	61,781	5	
Land revaluation excess	38,041	39,348		
Foreign currency translation adjustments	35,589	58,693		
Remeasurements of defined benefit plans	10,773	(65,290)		
Total accumulated other comprehensive income	1,442,626	1,350,409		3
Stock acquisition rights	276	249	7-a	
Non-controlling interests	899,656	922,549	7-b	
Total net assets	8,908,192	9,446,193		
Total liabilities and net assets	180,946,664	180,408,672		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appended Table)

1. Stockholders' equity

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Capital stock	1,770,996	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	1,958,660	2,702,093	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	3,045,979	2,909,898		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,565,632	7,172,985		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,565,632	7,172,985	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,519,653	4,263,087		1a
of which: retained earnings	3,045,979	2,909,898		2
of which: treasury stock (-)	—	—		1c
of which: other than the above	—	—		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Intangible assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Intangible fixed assets	339,674	526,112		2-a
Securities	24,181,601	25,153,750		2-b
of which: goodwill attributable to equity-method investees	23,744	36,559		
Income taxes related to above	94,399	118,778		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Goodwill (including those equivalent)	54,427	183,682		8
Other intangible assets other than goodwill and mortgage servicing rights	214,591	260,210	Software and other	9
Mortgage servicing rights	—	—		
Amount exceeding the 10% threshold on specified items	—	—		20
Amount exceeding the 15% threshold on specified items	—	—		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—		74

3. Net defined benefit asset

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Net defined benefit asset	310,588	198,637		3
Income taxes related to above	94,860	60,195		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Net defined benefit asset	215,728	138,441		15

4. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Deferred tax assets	59,928	66,570		4-a
Deferred tax liabilities	378,740	275,887		4-b
Deferred tax liabilities for land revaluation	31,596	32,203		4-c
Tax effects on other intangible assets	94,399	118,778		
Tax effects on net defined benefit asset	94,860	60,195		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,621	1,545	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	4,715	3,700	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	—	—		21
Amount exceeding the 15% threshold on specified items	—	—		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	4,715	3,700		75

5. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Net deferred gains or losses on hedges	(39,174)	61,781		5

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	(37,685)	63,789	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Items associated with investments in the capital of financial institutions

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Trading assets	2,666,417	7,980,971	Including trading account securities and derivatives for trading assets	6-a
Securities	24,181,601	25,153,750		6-b
Loans and bills discounted	83,314,483	77,331,124	Including subordinated loans	6-c
Trading liabilities	2,131,143	6,105,982	Including trading account securities sold and derivatives for trading liabilities	6-d

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Investments in own capital instruments	30	49		
Common Equity Tier 1 capital	30	49		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)	400,680	445,253		
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)	400,680	445,253		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	753,490	934,997		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	80,044	80,053		40
Tier 2 capital	150,000	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	523,446	729,943		73

7. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Stock acquisition rights	276	249		7-a
Non-controlling interests	899,656	922,549		7-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	183,880	175,353		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	24,315	17,660		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	5,039	3,069		48-49

8. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Borrowed money	11,981,546	8,058,848		8

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	450,000	300,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	905,332	655,064		46

Note:

Amounts in the "Composition of capital disclosure" are based on those before considering under transitional arrangements and includes "Amounts excluded under transitional arrangements" disclosed in "Capital Structure Information" as well as amounts included as regulatory capital. In addition, items for regulatory purpose under transitional arrangement are excluded from this table.

Leverage Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

■ Composition of Leverage Ratio

			(In million yen, %)	
Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Item	As of March 31, 2017	As of March 31, 2016
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	162,047,155	157,139,218
1a	1	Total assets reported in the consolidated balance sheet	180,946,664	180,408,672
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	—	—
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	—	—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)	18,899,509	23,269,453
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	453,155	413,963
3		Total on-balance sheet exposures (a)	161,594,000	156,725,255
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc.	1,970,160	2,318,694
5		Add-on amount associated with derivatives transactions, etc.	2,620,126	3,050,084
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	617,273	533,429
6		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	617,273	533,429
8		The amount of client-cleared trade exposures for which a bank acting as clearing member is not obliged to make any indemnification (-)		
9		Adjusted effective notional amount of written credit derivatives	121,281	583,300
10		The amount of deductions from effective notional amount of written credit derivatives (-)	108,987	459,631
11	4	Total exposures related to derivative transactions (b)	4,602,580	5,492,448
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	5,809,637	8,459,158
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	652,754	52,367
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	6,462,392	8,511,525
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	58,401,965	53,385,837
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	38,860,189	34,955,755
19	6	Total exposures related to off-balance sheet transactions (d)	19,541,775	18,430,082
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	8,478,214	8,396,570
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	192,200,748	189,159,312
22		Leverage ratio on a consolidated basis ((e)/(f))	4.41%	4.43%

Liquidity Coverage Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “LCR Notification”).

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Consolidated LCR

As described in the following page, the LCR has remained stable with no significant fluctuation since the introduction of the liquidity regulation on March 31, 2015.

2. Assessment of Consolidated LCR

The LCR Notification stipulates that the minimum requirement of LCR for 2017 is set at 80.0% and from 2018 onwards, the minimum requirement of LCR is raised in increments of 10.0% in stages, reaching 100.0% in and after 2019 (see table below).

	2015	2016	2017	2018	2019 onwards
The minimum requirement of LCR	60.0%	70.0%	80.0%	90.0%	100.0%

LCR of consolidated SMBC exceeds the minimum requirements of LCR for 2017 (80.0%) and for 2019 onwards (100.0%), having no cause for concern. SMBC does not expect that the future LCR forecasts will differ significantly from the announced ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

The high-quality liquid assets held by consolidated SMBC that are allowed to be included in the calculation of LCR include deposits with central banks, highly-rated bonds and cash. As described in the following page, the amount of such high-quality liquid assets exceed the amount of net cash outflows. Meanwhile, currency denominations, categories and location, etc. of the high-quality liquid assets allowed to be included in the calculation have not shown any significant changes. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5.0 % or more of SMBC's total liabilities on the consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Consolidated LCR

SMBC has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 29 of the LCR Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 38 of the same Notification. Meanwhile, SMBC records “cash outflows related to small-sized consolidated subsidiaries,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the same Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2017/1/1 To 2017/3/31)		Prior Quarter (From 2016/10/1 To 2016/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	51,485,537		49,176,809	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	51,081,614	3,960,060	50,713,556	3,917,709
3	of which, Stable deposits	16,411,311	492,522	16,496,501	495,073
4	of which, Less stable deposits	34,670,303	3,467,538	34,217,056	3,422,636
5	Cash outflows related to unsecured wholesale funding	59,481,399	30,438,015	57,433,719	29,524,839
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	53,668,873	24,625,490	52,037,266	24,128,386
8	of which, Debt securities	5,812,526	5,812,526	5,396,453	5,396,453
9	Cash outflows related to secured funding, etc.		74,831		73,077
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	20,385,768	6,815,351	19,533,231	6,214,966
11	of which, Cash outflows related to derivative transactions, etc.	1,136,259	1,136,259	1,018,196	1,018,196
12	of which, Cash outflows related to funding programs	523,593	523,593	462,610	462,610
13	of which, Cash outflows related to credit and liquidity facilities	18,725,916	5,155,499	18,052,424	4,734,160
14	Cash outflows related to contractual funding obligations, etc.	5,572,123	4,185,959	4,771,714	3,306,382
15	Cash outflows related to contingencies	62,619,566	1,081,067	61,583,853	1,068,807
16	Total cash outflows		46,555,284		44,105,779
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	1,854,464	419,638	1,587,334	296,599
18	Cash inflows related to collection of loans, etc.	4,392,564	2,891,510	3,632,382	2,356,547
19	Other cash inflows	2,436,594	1,445,130	2,842,287	1,551,665
20	Total cash inflows	8,683,623	4,756,279	8,062,003	4,204,811
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		51,485,537		49,176,809
22	Net cash outflows		41,799,005		39,900,968
23	Consolidated liquidity coverage ratio (LCR)		123.1%		123.2%
24	The number of data used to calculate the average value		61		3

Notes: 1. The data after the introduction of the liquidity regulation on March 31, 2015 is available on SMFG's website.
(http://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. For the current quarter (from January 1, 2017 to March 31, 2017), the average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. For attribute information on customers and some data on consolidated subsidiaries, etc., monthly or quarterly data is used.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item		Current Quarter (From 2017/1/1 To 2017/3/31)		Prior Quarter (From 2016/10/1 To 2016/12/31)	
1	Cash and due from banks	43,777,338		40,186,702	
2	Securities	7,708,199		8,990,107	
3	of which, government bonds, etc.	5,921,637		7,200,237	
4	of which, municipal bonds, etc.	101,459		95,335	
5	of which, other bonds	235,780		291,728	
6	of which, stocks	1,449,323		1,402,806	
7	Total high-quality liquid assets (HQLA)	51,485,537		49,176,809	

Note: The above amounts are the amounts of high-quality liquid assets in accordance with the liquidity regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are the amounts after multiplying factor in the liquidity regulation under the Basel III.

Capital Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

■ Capital Structure Information (Non-consolidated Capital Ratio (International Standard))

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2017		As of March 31, 2016	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Common Equity Tier 1 capital: instruments and reserves					
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	5,997,169		6,228,421	
1a	of which: capital and capital surplus	3,337,824		4,031,192	
2	of which: retained earnings	2,690,582		2,414,507	
1c	of which: treasury stock (-)	-		-	
26	of which: cash dividends to be paid (-)	31,237		217,277	
	of which: other than the above	-		-	
1b	Stock acquisition rights to common shares	-		-	
3	Valuation and translation adjustment and other disclosed reserves	1,110,652	277,663	785,705	523,803
	Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	-		-	
6	Common Equity Tier 1 capital: instruments and reserves (A)	7,107,822		7,014,126	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Total intangible assets (excluding those relating to mortgage servicing rights)	128,279	32,069	91,707	61,138
8	of which: goodwill (including those equivalent)	-	-	-	-
9	of which: other intangible assets other than goodwill and mortgage servicing rights	128,279	32,069	91,707	61,138
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
11	Net deferred gains or losses on hedges	(28,183)	(7,045)	30,158	20,105
12	Shortfall of eligible provisions to expected losses	23,124	5,781	43,929	29,286
13	Gain on sale on securitization transactions	46,740	11,685	30,051	20,034
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
15	Prepaid pension cost	152,821	38,205	116,591	77,727
16	Investments in own shares (excluding those reported in the Net assets section)	-	-	-	-
17	Reciprocal cross-holdings in common equity	-	-	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	-	-	-	-
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	-	-
19	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
20	of which: mortgage servicing rights	-	-	-	-
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
22	Amount exceeding the 15% threshold on specified items	-	-	-	-
23	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
24	of which: mortgage servicing rights	-	-	-	-
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	322,783		312,437	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	6,785,039		6,701,689	

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2017		As of March 31, 2016		
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements	
Additional Tier 1 capital: instruments						
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—		—	
	31b	Stock acquisition rights to Additional Tier 1 instruments	—		—	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	450,000		300,000	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—	
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	607,479		698,497		
	Total of items included in Additional Tier 1 capital: items subject to transitional arrangements	(160)		(268)		
	of which: foreign currency translation adjustments	(160)		(268)		
36	Additional Tier 1 capital: instruments (D)	1,057,318		998,229		
Additional Tier 1 capital: regulatory adjustments						
37	Investments in own Additional Tier 1 instruments	—	—	—	—	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	—	—	
39	Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)	—	—	—	—	
40	Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	61,008	15,252	45,756	30,504	
	Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements	14,575		34,677		
	of which: gain on sale on securitization transactions	11,685		20,034		
	of which: amount equivalent to 50% of shortfall of eligible provisions to expected losses	2,890		14,643		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—		—		
43	Additional Tier 1 capital: regulatory adjustments (E)	75,584		80,434		
Additional Tier 1 capital (AT1)						
44	Additional Tier 1 capital ((D)-(E)) (F)	981,733		917,795		
Tier 1 capital (T1 = CET1 + AT1)						
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	7,766,772		7,619,484		
Tier 2 capital: instruments and provisions						
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	—		—		
	Stock acquisition rights to Tier 2 instruments	—		—		
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	905,332		656,085		
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—		
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	873,744		1,210,344		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	—		—		
50a	of which: general reserve for possible loan losses	—		—		
50b	of which: eligible provisions	—		—		
	Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements	175,432		310,455		
	of which: unrealized gains on other securities after 55% discount	170,218		299,682		
	of which: land revaluation excess after 55% discount	5,214		10,772		
51	Tier 2 capital: instruments and provisions (H)	1,954,510		2,176,885		

(Millions of yen, except percentages)

Basel III Template No.	Items	As of March 31, 2017		As of March 31, 2016	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	–	–	–	–
53	Reciprocal cross-holdings in Tier 2 instruments	–	–	–	–
54	Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)	–	–	–	–
55	Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)	120,000	30,000	75,000	50,000
	Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements	2,890		14,643	
	of which: Tier 2 and deductions under Basel II	2,890		14,643	
57	Tier 2 capital: regulatory adjustments (I)	122,890		89,643	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,831,619		2,087,242	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J)) (K)	9,598,392		9,706,726	
Risk weighted assets					
	Total of items included in risk weighted assets subject to transitional arrangements	72,106		140,505	
	of which: prepaid pension cost	10,436		21,232	
	of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	42,995		86,416	
	of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)	9,914		16,156	
60	Risk weighted assets (L)	51,575,789		49,829,205	
Capital ratio					
61	Common Equity Tier 1 risk-weighted capital ratio ((C)/(L))	13.15%		13.44%	
62	Tier 1 risk-weighted capital ratio ((G)/(L))	15.05%		15.29%	
63	Total risk-weighted capital ratio ((K)/(L))	18.61%		19.47%	
Regulatory adjustments					
72	Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	386,929		336,156	
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	524,160		657,720	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	–		–	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	–		–	
Provisions included in Tier 2 capital: instruments and provisions					
76	Provisions (general reserve for possible loan losses)	–		–	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	2,412		2,295	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–		–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	277,287		269,384	
Capital instruments subject to transitional arrangements					
82	Current cap on Additional Tier 1 instruments subject to transitional arrangements	618,678		742,414	
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	–		–	
84	Current cap on Tier 2 instruments subject to transitional arrangements	1,008,620		1,210,344	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	–		42,804	

(Millions of yen)

Items	As of March 31, 2017	As of March 31, 2016
Required capital ((L) × 8%)	4,126,063	3,986,336

■ Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (As of March 31, 2016 and 2017)

Sumitomo Mitsui Banking Corporation

Items	(Millions of yen)		Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Balance sheet as in published financial statements			
	As of March 31, 2017	As of March 31, 2016		
(Assets)				
Cash and due from banks	41,652,508	38,862,725		
Call loans	1,465,117	899,594		
Receivables under resale agreements	523,913	359,318		
Receivables under securities borrowing transactions	3,184,379	2,798,855		
Monetary claims bought	1,125,434	950,106		
Trading assets	1,879,342	3,511,957	6-a	
Securities	24,342,369	25,602,156		
Loans and bills discounted	75,585,256	69,276,735	6-c	
Foreign exchanges	1,663,102	1,558,252		
Other assets	2,383,307	2,131,869		
Tangible fixed assets	815,808	831,326		
Intangible fixed assets	230,984	220,174	2	
Prepaid pension cost	275,175	279,917	3	
Customers' liabilities for acceptances and guarantees	7,565,562	6,737,089		
Reserve for possible loan losses	(389,726)	(357,186)		
Reserve for possible losses on investments	(20,808)	(21,465)		
Total assets	162,281,729	153,641,430		
(Liabilities)				
Deposits	105,590,771	98,839,722		
Negotiable certificates of deposit	12,263,091	14,428,338		
Call money	1,009,469	1,107,825		
Payables under repurchase agreements	1,359,017	496,236		
Payables under securities lending transactions	3,076,425	1,374,280		
Commercial paper	1,390,123	1,980,153		
Trading liabilities	1,472,340	2,987,815	6-d	
Borrowed money	12,026,497	7,868,311		
Foreign exchanges	737,961	1,131,796		
Bonds	3,944,061	4,775,072		
Due to trust account	1,160,014	921,320		
Other liabilities	2,879,318	2,924,495		
Reserve for employee bonuses	14,134	13,869		
Reserve for executive bonuses	612	566		
Reserve for point service program	1,058	1,086		
Reserve for reimbursement of deposits	13,602	15,374		
Deferred tax liabilities	329,253	249,427	4-a	
Deferred tax liabilities for land revaluation	31,230	31,837	4-b	
Acceptances and guarantees	7,565,562	6,737,089		
Total liabilities	154,864,546	145,884,620		
(Net assets)				
Capital stock	1,770,996	1,770,996	1-a	
Capital surplus	1,776,830	2,470,198	1-b	
Retained earnings	2,689,638	2,414,989		
Treasury stock	(210,003)	(210,003)	1-d	
Total stockholders' equity	6,027,462	6,446,181		
Net unrealized gains on other securities	1,399,125	1,233,910		
Net deferred gains or losses on hedges	(36,110)	48,706		
Land revaluation excess	26,704	28,011		
Total valuation and translation adjustments	1,389,719	1,310,628		
Total net assets	7,417,182	7,756,810		
Total liabilities and net assets	162,281,729	153,641,430		

Note: The non-consolidated 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 Act" (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.

Balance sheet account	(Millions of yen)		Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Amount reported on the consolidated financial statements			
Securities	24,328,791	25,588,578	6-b	3
Borrowed money	11,412,841	7,162,861	7	
Retained earnings	2,690,582	2,414,507	1-c	
Net deferred gains or losses on hedges	(36,710)	48,257	5	
Total valuation and translation adjustments	1,388,315	1,309,508		

(Appended Table)

1. Stockholders' equity

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Capital stock	1,770,996	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	1,776,830	2,470,198	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	2,690,582	2,414,507		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,028,406	6,445,699		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,028,406	6,445,699	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,337,824	4,031,192		1a
of which: retained earnings	2,690,582	2,414,507		2
of which: treasury stock (-)	—	—		1c
of which: other than the above	—	—		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Intangible assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Intangible fixed assets	230,984	220,174		2
Income taxes related to above	70,635	67,329		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Goodwill (including those equivalent)	—	—		8
Other intangible assets other than goodwill and mortgage servicing rights	160,349	152,845	Software and other	9
Mortgage servicing rights	—	—		
Amount exceeding the 10% threshold on specified items	—	—		20
Amount exceeding the 15% threshold on specified items	—	—		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—		74

3. Prepaid pension cost

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Prepaid pension cost	275,175	279,917		3
Income taxes related to above	84,148	85,598		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Prepaid pension cost	191,027	194,318		15

4. Deferred tax assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Deferred tax liabilities	329,253	249,427		4-a
Deferred tax liabilities for land revaluation	31,230	31,837		4-b
Tax effects on other intangible assets	70,635	67,329		
Tax effects on prepaid pension cost	84,148	85,598		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	—	—	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	—	—		21
Amount exceeding the 15% threshold on specified items	—	—		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	—	—		75

5. Deferred gains or losses on derivatives under hedge accounting

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Net deferred gains or losses on hedges	(36,710)	48,257		5

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	(35,228)	50,264	Excluding those items whose valuation differences arising from hedged items are recognized as "Total valuation and translation adjustments"	11

6. Items associated with investments in the capital of financial institutions

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Trading assets	1,879,342	3,511,957	Including trading account securities and derivatives for trading assets	6-a
Securities	24,328,791	25,588,578		6-b
Loans and bills discounted	75,585,256	69,276,735	Including subordinated loans	6-c
Trading liabilities	1,472,340	2,987,815	Including trading account securities sold and derivatives for trading liabilities	6-d

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	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)	386,929	336,156		
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)	386,929	336,156		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	750,421	858,981		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	76,261	76,261		40
Tier 2 capital	150,000	125,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	524,160	657,720		73

7. Other capital instruments

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2017	As of March 31, 2016	Remarks	Ref. No.
Borrowed money	11,412,841	7,162,861		7

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2017	As of March 31, 2016	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	450,000	300,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	905,332	656,085		46

Note:

Amounts in the "Composition of capital disclosure" are based on those before considering under transitional arrangements and includes "Amounts excluded under transitional arrangements" disclosed in "Capital Structure Information" as well as amounts included as regulatory capital. In addition, items for regulatory purpose under transitional arrangement are excluded from this table.

Liquidity Coverage Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its non-consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “LCR Notification”).

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Non-consolidated LCR

As described in the following page, the LCR has remained stable with no significant fluctuation since the introduction of the liquidity regulation on March 31, 2015.

2. Assessment of Non-consolidated LCR

The LCR Notification stipulates that the minimum requirement of LCR for 2017 is set at 80.0% and from 2018 onwards, the minimum requirement of LCR is raised in increments of 10.0% in stages, reaching 100.0% in and after 2019 (see table below).

	2015	2016	2017	2018	2019 onwards
The minimum requirement of LCR	60.0%	70.0%	80.0%	90.0%	100.0%

LCR of non-consolidated SMBC exceeds the minimum requirements of LCR for 2017 (80.0%) and for 2019 onwards (100.0%), having no cause for concern. SMBC does not expect that the future LCR forecasts will differ significantly from the announced ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

The high-quality liquid assets held by non-consolidated SMBC that are allowed to be included in the calculation of LCR include deposits with central banks, highly-rated bonds and cash. As described in the following page, the amount of such high-quality liquid assets exceed the amount of net cash outflows. Meanwhile, currency denominations, categories and location, etc. of the high-quality liquid assets allowed to be included in the calculation have not shown any significant changes. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5.0 % or more of SMBC's total liabilities on the non-consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Non-consolidated LCR

SMBC has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 29 of the LCR Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 38 of the same Notification. Meanwhile, SMBC records “due to trust account,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the same Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Non-Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2017/1/1 To 2017/3/31)		Prior Quarter (From 2016/10/1 To 2016/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	46,820,211		44,442,390	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	43,455,913	3,380,848	43,182,653	3,345,472
3	of which, Stable deposits	13,789,312	413,679	13,902,656	417,080
4	of which, Less stable deposits	29,666,601	2,967,168	29,279,997	2,928,392
5	Cash outflows related to unsecured wholesale funding	55,763,400	28,929,474	53,962,157	28,173,820
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	50,091,798	23,257,873	48,675,932	22,887,596
8	of which, Debt securities	5,671,601	5,671,601	5,286,224	5,286,224
9	Cash outflows related to secured funding, etc.	59,840		45,329	
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	19,161,594	6,314,557	18,339,314	5,791,311
11	of which, Cash outflows related to derivative transactions, etc.	680,475	680,475	632,857	632,857
12	of which, Cash outflows related to funding programs	523,593	523,593	462,610	462,610
13	of which, Cash outflows related to credit and liquidity facilities	17,957,526	5,110,489	17,243,847	4,695,843
14	Cash outflows related to contractual funding obligations, etc.	4,747,490	2,778,959	3,941,667	1,951,856
15	Cash outflows related to contingencies	62,121,895	1,018,972	61,092,224	1,012,762
16	Total cash outflows	42,482,650		40,320,550	
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	1,500,783	410,480	1,285,608	293,787
18	Cash inflows related to collection of loans, etc.	4,489,205	3,149,210	4,212,274	3,075,163
19	Other cash inflows	1,886,952	1,281,695	2,245,490	1,389,724
20	Total cash inflows	7,876,940	4,841,386	7,743,372	4,758,673
Non-Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation	46,820,211		44,442,390	
22	Net cash outflows	37,641,264		35,561,877	
23	Non-consolidated liquidity coverage ratio (LCR)	124.3%		124.9%	
24	The number of data used to calculate the average value	61		3	

Notes: 1. The data after the introduction of the liquidity regulation on March 31, 2015 is available on SMFG's website.
(http://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. For the current quarter (from January 1, 2017 to March 31, 2017), the average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. For attribute information on customers etc., monthly or quarterly data is used.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item		Current Quarter (From 2017/1/1 To 2017/3/31)		Prior Quarter (From 2016/10/1 To 2016/12/31)	
1	Cash and due from banks	39,704,298		36,201,345	
2	Securities	7,115,914		8,241,044	
3	of which, government bonds, etc.	5,422,767		6,518,373	
4	of which, municipal bonds, etc.	98,442		90,987	
5	of which, other bonds	145,382		228,878	
6	of which, stocks	1,449,323		1,402,806	
7	Total high-quality liquid assets (HQLA)	46,820,211		44,442,390	

Note: The above amounts are the amounts of high-quality liquid assets in accordance with the liquidity regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are the amounts after multiplying factor in the liquidity regulation under the Basel III.

Glossary

ABL

Abbreviation for Asset Based Lending of having movable assets as collateral such as accounts receivable and/or inventory.

Advanced Measurement Approach (AMA)

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

Basic Indicator Approach (BIA)

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

Calculation of credit risk-weighted assets under Article 145 of the Notification

Method used for calculating the credit risk-weighted assets for the fund exposure, etc. There is a method of making the total credit risk-weighted asset of individual underlying asset of funds, etc. as the relevant exposure of the credit risk-weighted asset; or a method of applying the risk weight determined based on the formation of underlying assets to the relevant exposure.

Capital adequacy ratio notification (“the Notification”)

Administrative action or written ordinance by which the Financial Services Agency officially informs Japanese banks of regulations regarding capital adequacy ratio.

CCF

Abbreviation for Credit Conversion Factor
Ratio required for converting off-balance sheet items such as guarantees or derivatives into on-balance sheet credit exposure equivalents.

CCP-related exposure

Exposure to a central counterparty (CCP) that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the future performance of open contracts.

CDS

Abbreviation for Credit Default Swap
Derivative transactions which transfer the credit risk.

Credit Risk Mitigation (CRM) Techniques

Method of reducing credit risk by guarantees, collateral and purchase of credit derivatives, etc.

Credit risk-weighted assets

Total assets (lending exposures, including credit equivalent amount of off-balance sheet transactions, etc.) which is reevaluated according to the level of credit risk.

Current exposure method

One of the methods for calculating the credit exposure equivalents of derivative transactions, etc. Method of calculating the equivalents by adding the amount (multiplying the notional amount by certain rate, and equivalent to the future exposure fluctuation amount) to the mark-to-market replacement cost calculated by evaluating the market price of the transaction.

CVA (credit value adjustment) amount

Capital charges for market-price fluctuation of derivatives transaction due to deteriorated creditworthiness of a counterparty.

EL

Abbreviation for Expected Loss
Average loss expected to occur over the coming one year.

High-quality liquid assets (HQLA)

Assets that can be converted into cash without significant loss of value under stress events, and for which there is no impediment to conversion into cash.

Historical simulation method

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

Internal models approach

Methods of measuring market risk equivalent amount as the value at risk (VaR) calculated with models determined by each bank.

Internal models method

One of the methods of market-based approach using the VaR model to calculate the loss for shares held by the bank applying the Internal Ratings-Based Approach, and dividing such loss amount by 8% to obtain the credit risk-weighted asset of the equity exposure.

The Internal Ratings-Based (IRB) Approach

A method of calculating the risk asset by applying PD (Probability of Default) estimated internally by financial institution which conducts sophisticated risk management. There are two methods to calculate exposures to corporate client, etc.: the Advanced Internal Ratings-Based (AIRB) Approach and the Foundation Internal Ratings-Based (FIRB) Approach. The former uses self-estimated LGD and EAD values, while the latter uses LGD and EAD values designated by the authorities.

LCR Notification

Administrative action and written ordinance for official notification to the general public of regulations concerning LCR of financial institutions in Japan which are decided by the Japanese Financial Services Agency based on the Basel Agreement.

LGD

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

Liquidity Coverage Ratio (LCR)

Indicator of liquidity regulations under the Basel III which has been applied in stages starting from March 31, 2015.
LCR regulations require banks to hold high-quality liquid assets more than a certain amount in order to cover total cash outflows over a 30-day period under stress events.

Market-based approach

Method of calculating the risk assets of equity exposures, etc., by using the simple risk weight method or internal model method.

Market risk equivalent amount

Pursuant to the Basel Capital Accord, the required capital amount imposed on the market-related risk calculated for the four risk categories of mainly the trading book: interest rates, stocks, foreign exchange and commodities.

Net cash outflows

Amount obtained after subtracting the amount of cash inflows from the amount of cash outflows under stress events.

Object finance

For providing credit for purchasing ships or aircrafts, the only source of repayments for the financing should be profits generated from the said tangible assets; and the said tangible assets serve as collaterals, and having an appreciable extent of control over the said tangible assets and profits generated from the said tangible assets.

Operational risk equivalent amount

Operational risk capital requirements under the Basel Capital Accord.

Originator

The term “originator” is used in the case that SMFG is directly or indirectly involved in the formation of underlying assets for securitization transactions when SMFG has the securitization exposure; or the cases of providing the back-up line for ABCP issued by the securitization conduit for the purpose of obtaining exposure from the third party, or providing ABL to the securitization conduit (as sponsor).

PD

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

Phased rollout

Under the Basel Capital Accord (credit risk, operational risk), it is a transition made by certain group companies planning to apply the Internal Ratings-Based Approach or the Advanced Measurement Approach after the implementation of such methods on consolidated-basis.

Project finance

Out of credit provided for specified businesses such as electric power plants and transportation infrastructure, the only source of repayments is profits generated from the said businesses, and the collateral is tangible assets of the said businesses, and having an appreciable extent of control over the said tangible assets and profits generated from the said tangible assets.

Qualifying Revolving Retail Exposures (QRRE)

Exposure which may fluctuate up to the upper limit set forth by an agreement according to the individual's voluntary decision, such as card loan and credit card, etc., and the upper limit of the exposure without any collateral is 10 million yen or less.

Resecuritization transaction

Out of securitization transactions, it is a transaction with securitization exposure for part of or entire underlying assets. However, in the case that all of underlying assets is the single securitization exposure and the transaction's risk characteristics are substantively unchanged prior to or after the securitization, the transaction is excluded from the resecuritization transactions.

Risk capital

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

Risk weight

Indicator which indicates the extent of credit risk determined by the types of assets (claims) owned. Risk weight becomes higher for assets with high risk of default.

Securitization transaction

It is a transaction which stratifies the credit risk for the underlying assets into more than two exposures of senior/subordinated structure and has the quality of transferring part of or entire exposure to the third party.

Servicer risk

The risk of becoming unable to claim for the collectives, in cases of which bankruptcy of the supplier/servicer occurs prior to collecting receivables, in securitization and purchased claims transactions.

Simple risk weight method

One of market-based approaches for calculating the risk-weighted asset amount for the equity exposure, etc. by multiplying the listed shares and unlisted shares with the risk weights of 300% and 400%, respectively.

Slotting criteria

For risk-weighted asset calculation under the Internal Ratings-Based (IRB) Approach, it is a method of mapping the credit rating to the risk-weight in 5 levels set forth by the Financial Services Agency for Specialised Lending.

Small-sized consolidated subsidiaries

Small-sized consolidated subsidiaries that have extremely small impact on the level of consolidated LCR.

Specialized Lending (SL)

General term used for project finance, object finance, commodity finance and lending for commercial real estate.

The Standardized Approach (SA)

Method of calculating risk-weighted assets by multiplying each obligor classification (corporation, financial institution, country, retail, etc.) by the risk-weight designated by the authorities.

Standardized method

Method of calculating market risk using formula determined by the Financial Services Agency.

Underlying assets

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

VaR

Abbreviation for Value at Risk
The maximum loss that can be expected to occur with a certain degree of probability when holding a financial asset portfolio for a given amount of time.

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 during the fiscal year under review (excluding outside directors and corporate auditors).

(2) Scope of Employees and Others

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

a) Scope of major consolidated subsidiaries

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

b) Scope of highly compensated persons

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

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

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

2. Determination of Compensation

(1) For Officers

SMFG, as a Company with a Nomination Committee, has established a Compensation Committee to resolve the “policy to determine individual remuneration for directors and executive officers,” “executive compensation programme and relevant regulations,” and “individual remuneration for SMFG’s directors and corporate executive officers.” In addition, SMFG Compensation Committee reviews and discusses executive compensation programmes/practices of group companies of SMFG and the individual remuneration for SMFG’s other executive officers. Furthermore, group companies of SMFG respect the details of the deliberations at the Compensation Committee of SMFG and determine the compensation for directors and corporate auditors within the maximum total amount of compensation approved at an ordinary general meeting of shareholders.

(2) For Employees and Others

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

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

	Number of Meetings Held (April 1, 2016 to March 31, 2017)
Compensation Committee (SMFG)	3
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 hereby establishes the Executive Compensation Policy (the "Policy") in order to provide guiding principles for its Compensation Committee to determine individual remuneration for its directors and executive officers (the "Executives").

The Policy's aim is that executive compensation pursuant to it shall provide the appropriate incentives for the Executives to pursue our Mission and our medium-/long-term vision of becoming "a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region".

Group companies of SMFG shall determine their executive compensations in accordance with this Policy.

<Core Principles>

- I. SMFG's executive compensation aims at providing appropriate incentives toward the realization of our mission and our vision.
- II. SMFG's executive compensation shall reflect the changing business environment and the short-, medium- and long-term performance of the group, and shall account for the contribution to shareholder value and customer satisfaction.
- III. Individual remuneration shall reflect the assigned roles and responsibilities as well as the performance of the respective Executive.
- IV. SMFG shall research and review market practices, including the use of third-party surveys, in order to provide its Executives with a competitive remuneration package.
- V. SMFG's executive compensation shall discourage excessive risk-taking and foster a prudent risk culture expected of a financial institution.
- VI. Both external and internal regulations/guidelines on executive compensation shall be observed and respected.
- VII. SMFG shall establish appropriate governance and controls of the compensation process, and shall regularly review to update its executive compensation practices according to changing market practices and/or business environment.

<Compensation Programme>

- I. SMFG's executive compensation programme (the "Programme") shall have three components: base salary, cash bonus, and stock compensation.
- II. In order to hold the Executives accountable and provide them with appropriate incentives for the performance of the group, the Programme targets the variable compensation component of total remuneration at 40%, if paid at standard levels. Corresponding with performance and the business environment, the variable component could range from 0% to 150% of the standard levels, which shall be determined by corporate titles of the Executives.
- III. In order to enhance shareholding of the Executives and align their interests with shareholders, the Programme targets its stock-based compensation components at 25% of total remuneration, if paid at standard levels.
- IV. The above target levels shall be appropriately set in accordance with the roles, responsibilities, etc. of each Executive.
- V. Base salary shall be paid in cash and shall be, in principle, determined by the corporate titles of each Executive, reflecting the roles, responsibilities, etc.
- VI. Annual incentives shall be determined based on the annual performance of the group, the group company and the business unit each Executive is accountable for, as well as on the performance of the respective Executive reviewed both from short-term and medium-/long-term perspectives. 70% of the determined amount shall be paid as a cash bonus and the remaining 30% shall be paid under Stock Compensation Plan II (annual performance share plan).
- VII. Stock compensation plans consist of Stock Compensation Plan I (the "Plan I"), under which the remuneration of the Executives shall be determined based on SMFG's medium-term performance, etc., Stock Compensation Plan II (the "Plan II"), determined based on SMFG's annual performance, etc. and Stock Compensation Plan III (the "Plan III"), determined based on corporate titles, etc.
 - a. Under the stock compensation plans, the Executives shall receive remuneration via shares of SMFG common stock. The transfer of such stock shall be restricted for appropriately defined periods.
 - b. Remuneration under Plan I shall be determined based on SMFG's performance against the Medium-term Management Plan, performance of SMFG shares, and the results of customer satisfaction surveys, etc.
 - c. Remunerations under Plan II shall be determined based on the annual performance of SMFG, the group company, and the business unit each Executive is accountable for, as well as on the performance of each Executive reviewed both from a short-term and medium-/long-term perspectives. Remuneration paid by restricted shares, they shall effectively act as deferred compensation.
 - d. Remuneration under Plan III shall be determined based on corporate titles, roles, and responsibilities, etc.
- VIII. In the event of material amendments to the financial statements or material reputational damages caused by the Executives, remunerations under the Plans could be reduced or fully forfeit.
- IX. Notwithstanding the above, executive compensation for the Executives domiciled outside Japan shall be individually designed and determined not only in accordance with this Policy, but also with consideration to local regulations, guidelines, and other local market practices, whilst ensuring the compensation should not incentivize for excessive risk-taking.

<Governance and Control of the Compensation Processes>

SMFG, as a Company with a Nomination Committee, has established a Compensation Committee to resolve the following:

- The Policy, executive compensation programme and relevant regulations.
- Individual remunerations for SMFG's directors and corporate executive officers.

In addition to the above, SMFG Compensation Committee shall review and discuss the below:

- Executive compensation programmes/practices of group companies of SMFG.
- The individual remuneration for SMFG's other executive officers.

(2) For Employees and Others

In order to link the business philosophy and strategy of the company to the roles and responsibilities of employees and others, SMFG and its major consolidated subsidiaries determine the domestic compensation taking into account their job responsibilities, business performance and other factors.

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

1. SMFG and SMBC

In determining the compensation for the officers of SMFG, the details of individual compensation for directors and executive officers are determined by the mandatory Compensation Committee, where the majority of the committee members are the outside directors. The compensation for the officers of SMBC are determined within the scope approved at a shareholders' meeting.

In order to hold the Executives accountable and provide them with appropriate incentives for the performance of the group, the Programme targets the variable compensation component of total remuneration at 40%, if paid at standard levels. The Programme shall have three components: base salary, cash bonus, and stock compensation. Cash bonus shall be determined based on the annual performance of the group, as well as on the performance of the respective Executive reviewed both from short-term and medium-/long-term perspectives. Stock compensation is determined based on the progress of the Medium-term Management plan, performance of SMFG shares, and the results of customer satisfaction surveys, etc. SMFG and SMBC allot restricted stocks via the Plans to Executives to effectively defer part of executive compensation.

In addition, SMFG and SMBC introduced the malus (forfeiture) of restricted stock and the claw-back of vested stock allocated to the Executives under the Plans in order to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution. Provisions on malus and clawbacks are included in the Allotment Agreement and they shall be exercised in the event of material amendments to the financial statements or material reputational damage caused by the Executives after thorough review at the Compensation Committee.

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

2. Other Major Consolidated Subsidiaries

The compensation for officers and employees of other major subsidiaries of SMFG are determined by comprehensively taking into account the assessment of the subsidiaries' medium- and long-term earnings, and in the case of an overseas subsidiary, local laws, regulations and employment practices, and a compensation structure that could affect the risk management of 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, 2016 to March 31, 2017)

	Number of officers/employees and others	Millions of yen								
		Amount of compensation								
		Total	Amount of fixed compensation			Amount of variable compensation		Retirement allowance	Other benefits	
Total	Base salary		Stock options	Other benefits	Total	Bonuses				
Officers (excluding outside directors and corporate auditors).....	13	1,029	832	735	93	4	176	176	17	2
Employees and others.....	92	7,613	3,982	3,697	281	3	3,318	3,318	—	312

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

2. The total amount of fixed compensation includes ¥374 million in deferred compensation accrued during the fiscal year (officers: ¥93 million; employees and others: ¥281 million).

3. The total amount of variable compensation includes ¥659 million in deferred compensation accrued during the fiscal year (officers: ¥- million; employees and others: ¥659 million).

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

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

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

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

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

Type of compensation, etc.	Millions of yen	
	March 31, 2017	Payment during the fiscal year
1st series of stock acquisition rights of SMFG.....	62	—
2nd series of stock acquisition rights of SMFG	132	—
3rd series of stock acquisition rights of SMFG	141	—
4th series of stock acquisition rights of SMFG	140	—
5th series of stock acquisition rights of SMFG	178	—
6th series of stock acquisition rights of SMFG	192	—

■ 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 of SMBC during the fiscal year under review (excluding outside directors and corporate auditors).

(2) Scope of Employees and Others

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

a) Scope of major consolidated subsidiaries

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

b) Scope of highly compensated persons

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

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

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

2. Determination of Compensation

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

■ Assessment of Design and Operation of Compensation Structure

Compensation Policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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3rd series of stock acquisition rights of SMFG.....	August 15, 2012 to August 14, 2042
4th series of stock acquisition rights of SMFG.....	August 14, 2013 to August 13, 2043
5th series of stock acquisition rights of SMFG.....	August 15, 2014 to August 14, 2044
6th series of stock acquisition rights of SMFG.....	August 18, 2015 to August 17, 2045
7th series of stock acquisition rights of SMFG.....	August 15, 2016 to August 14, 2046

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

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

■ Other Information Regarding Compensation Structures of SMFG and its Group Companies

Not applicable



SMFG