

SMBC Group Annual Report 2019

YEAR ENDED MARCH 31, 2019

At Sumitomo Mitsui Financial Group, we position “Our Mission” as the universal philosophy underpinning the management of SMBC Group and as the foundation for all of our corporate activities.

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.

Vision

To be a global financial group that leads growth in Japan and Asia by earning the highest trust of our customers

Values

**Customer First
Proactive and Innovative
Speed
Quality
Team SMFG**



Mission

Vision

Values

▶ See page 61 for information on our Code of Conduct.



“SMBC” has been designated as the corporate group’s master brand. All Group companies use the SMBC logo and promote the SMBC brand in order to enhance the brand power of the entire SMBC Group.

▶ **Rising Mark**

The Rising Mark is the upward curving strip seen beside the letters “SMBC.” This mark indicates our desire for the Group to grow together with our customers, shareholders, and society by providing high-value-added, cutting-edge, and revolutionary services.

▶ **Corporate Colors**

The fresh green color (color of young grass) of the Rising Mark symbolizes youthfulness, intellect, and gentleness while the trad green (deep, dark green) background presents tradition, reliability, and stability.



Editorial Policy

SMBC Group Report 2019 is designed to convey financial and non-financial information about the overall picture, business strategy, and corporate infrastructure of SMBC Group. It has been compiled with reference to the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) in December 2013.

The appendix in the back of this report contains more detailed information on the Group. Additional information on Sustainability activities can be found on the Company's corporate website.

Scope of Report

Period covered:

FY2018 (April 2018 to March 2019)

Some subsequent information is also included.

Organizations covered:

Sumitomo Mitsui Financial Group and its subsidiaries and affiliates

Published

August 2019

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 management 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 condition and our operating results, and investors' decisions.

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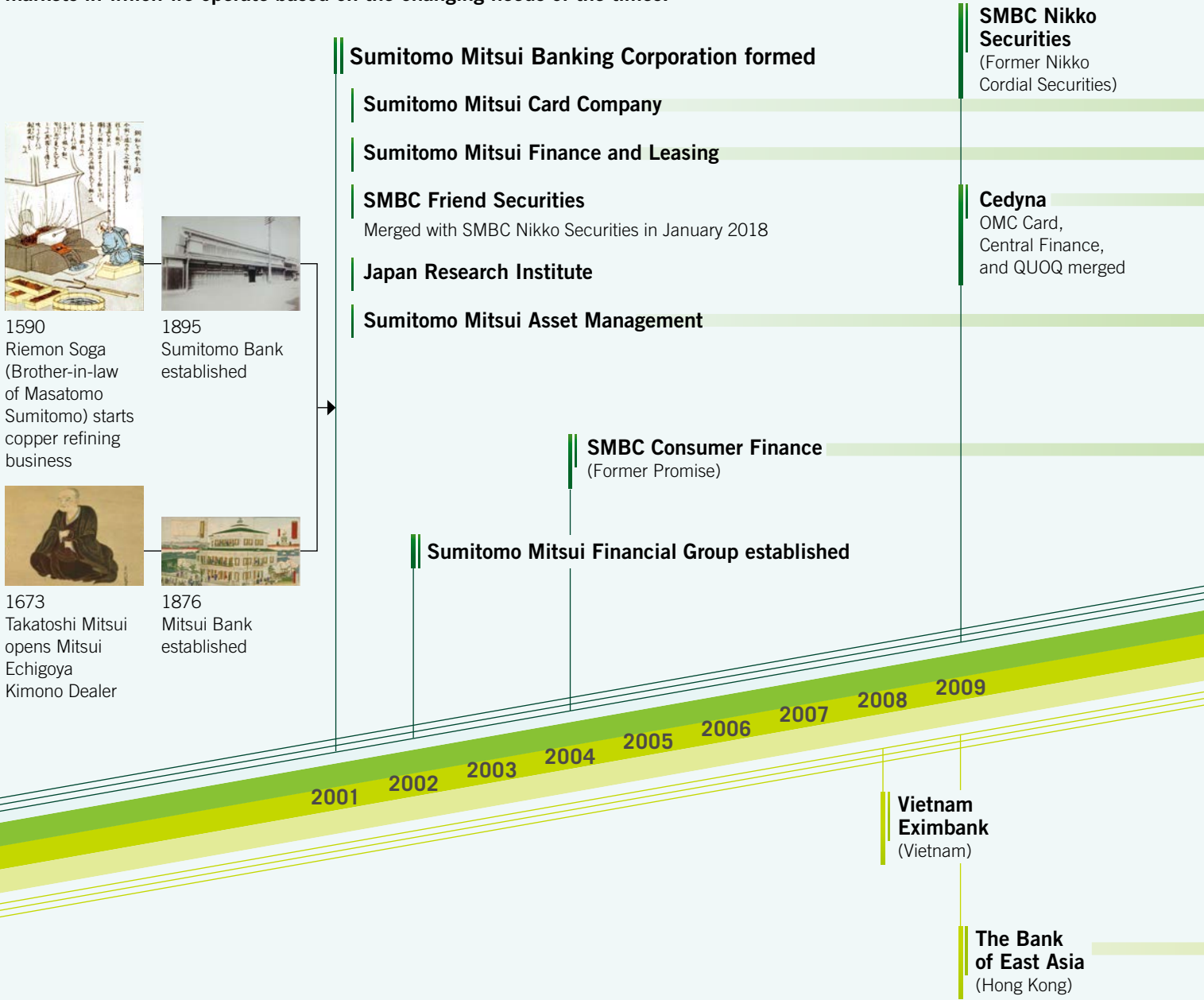
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History of SMBC Group

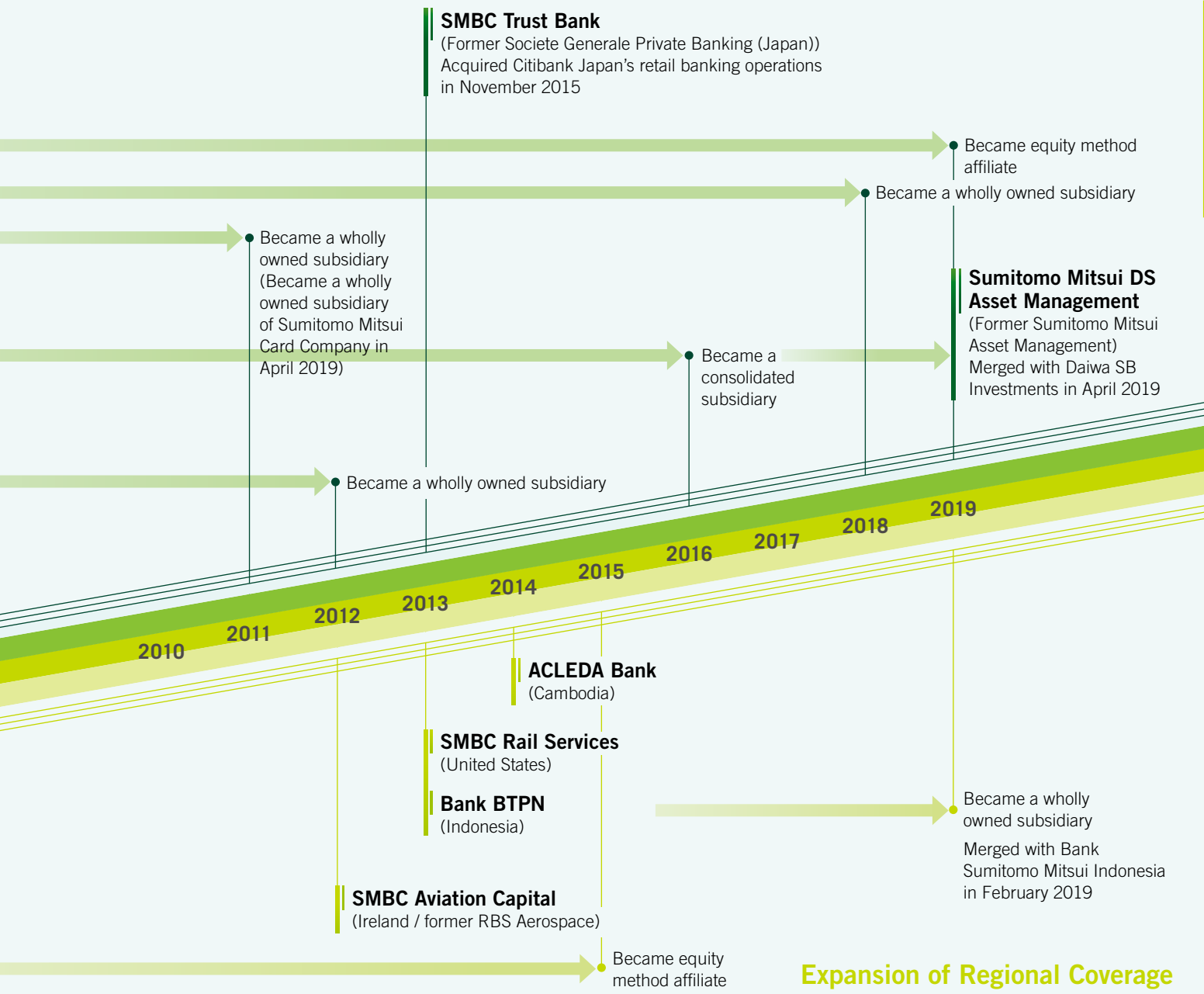
SMBC Group has overcome numerous challenges and enhanced the quality of our corporate infrastructure via the flexible and timely shifting of target businesses by expanding the scope of our operations and the markets in which we operate based on the changing needs of the times.



Operating Environment

<p>Japan</p>	<ul style="list-style-type: none"> • “Program for Financial Revival” commenced → Disposal of non-performing Loans conducted 	<ul style="list-style-type: none"> • Lift the ban of securities intermediary • Blanket guarantee of deposits fully lifted 	<ul style="list-style-type: none"> • Zero interest rate policy rescinded by the Bank of Japan • Financial Instruments and Exchange Act enacted • Full lift of the insurance products sale by banks • Japan Post privatized 	<ul style="list-style-type: none"> • Firewall regulations between banking and securities alleviated
<p>Global</p>	<ul style="list-style-type: none"> • Collapse of the IT bubble 	<ul style="list-style-type: none"> • Implementation of Basel II 	<ul style="list-style-type: none"> • Subprime mortgage crisis 	<ul style="list-style-type: none"> • Financial crisis

Expansion of Business Domain



About SMBC Group

To Our Stakeholders

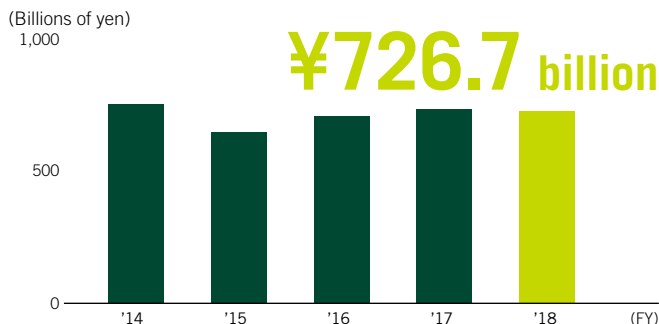
Business Strategies for Creating Value

Corporate Infrastructure Supporting Value Creation

- Start of "Abenomics"
- NISA introduced
- Japan's Corporate Governance Code instituted
- Workstyle reform-related laws established
- Great East Japan Earthquake
- Consumption tax rate raised to 8%
- Introduction of negative interest rate policy
- Introduction of quantitative and qualitative monetary easing
- "Principles for Customer-Oriented Business Conduct" released
- European sovereign debt crisis
- Implementation of Basel III
- U.S. federal funds rate raised for the first time in nine and a half years
- Finalization of the Basel III reform
- Dodd-Frank Act enacted in the U.S.
- U.K. announces withdrawal from the European Union
- Trade friction between the United States and China erupts

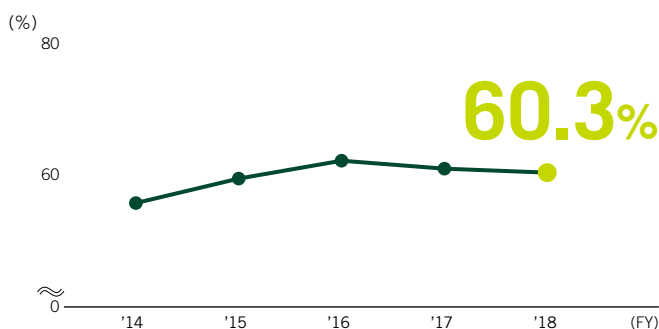
Financial Highlights

Profit attributable to owners of parent



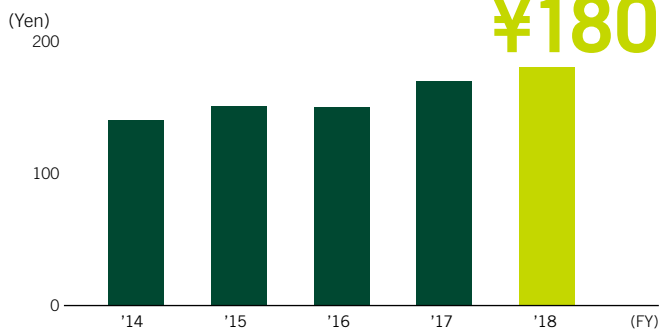
Profit attributable to owners of parent exceeded the target of ¥700 billion in FY2018. This was mainly due to the robust growth in the International Business Unit, a driver of group-wide growth, while the wealth management business was sluggish due to the deterioration of market conditions seen in the second half of the fiscal year.

Overhead ratio (OHR)



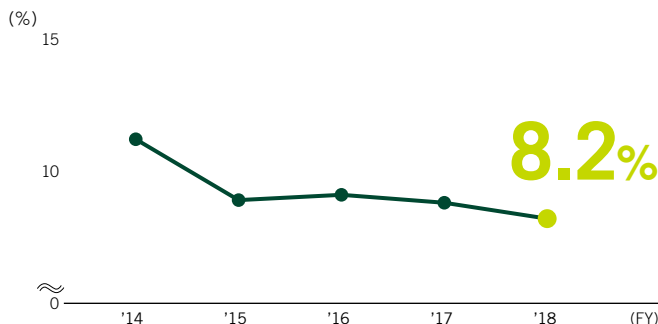
OHR was lower than the target of the Medium-Term Management Plan: 1% reduction compared with FY2016 (62.1%). This was the result of ongoing group-wide cost control measures as well as the benefits of the deconsolidation of Kansai Urban Banking Corporation and THE MINATO BANK, both of which have relatively high OHR.

Dividend per share of common stock



Dividend per share was ¥180 in FY2018, ¥10 higher than the previous fiscal year and our initial forecast, since profit attributable to owners of parent was higher than our target because of the steady progress in the Medium-Term Management Plan.

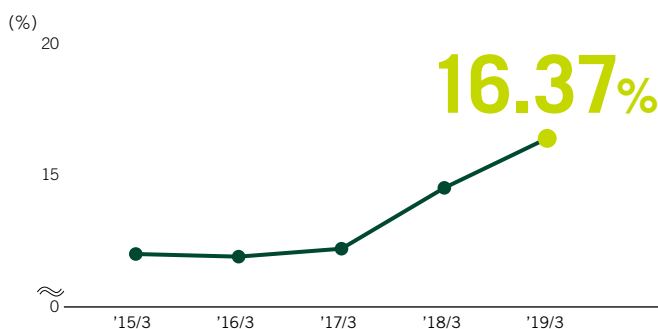
Return on equity (ROE)*



* Calculated using stockholders' equity as the denominator

ROE exceeded our Medium-Term Management Plan target of 7–8% due to the steady progress of the plan that led to higher than expected profit attributable to owners of parent.

Common Equity Tier 1 capital ratio (CET1 ratio)*



* Basel III fully-loaded basis

CET1 ratio increased by 1.87% due to the rise in CET1 capital following the accumulation of retained earnings as well as the decrease in risk-weighted assets primarily attributable to the deconsolidation of Sumitomo Mitsui Finance and Leasing Company.

Credit ratings (As of June 30, 2019)

	Holding company		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+

ESG Highlights

Accreditation



Received a 4-star rating in the 2nd NIKKEI Smart Work Management Survey through which Nikkei recognizes companies that stand on the forefront of sustainable growth by heightening productivity through workstyle reforms



Selected for the third time as a Certified Health and Productivity Management Organization (large enterprise category) by the Ministry of Economy, Trade and Industry in a program designed to recognize companies exercising superior health and productivity management



Selected for the fourth time in the Nadeshiko Brand selection of listed companies excelling at empowering female employees compiled jointly by METI and the Tokyo Stock Exchange



Selected for inclusion in the 2019 Competitive IT Strategy Company Stock Selection of listed companies engaged in competitive and strategic IT investment aimed at increasing corporate value and competitiveness from a medium- to long-term management perspective compiled jointly by METI and the Tokyo Stock Exchange

Support for initiatives in Japan and overseas

As a global corporate citizen of the global society, SMBC Group is fully aware of the social impact of financial institutions, and it supports the following initiatives in Japan and overseas (the action guidelines for the corporate activities and principles).

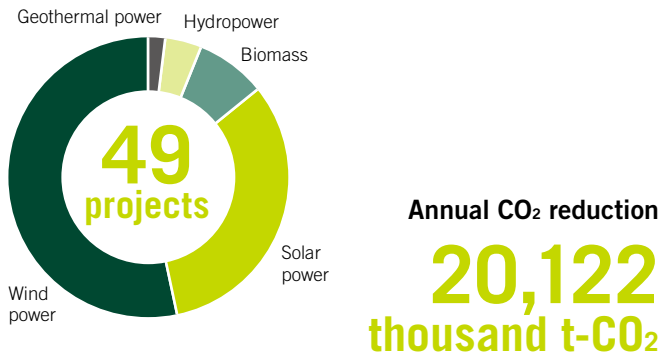


www.wepinciples.org

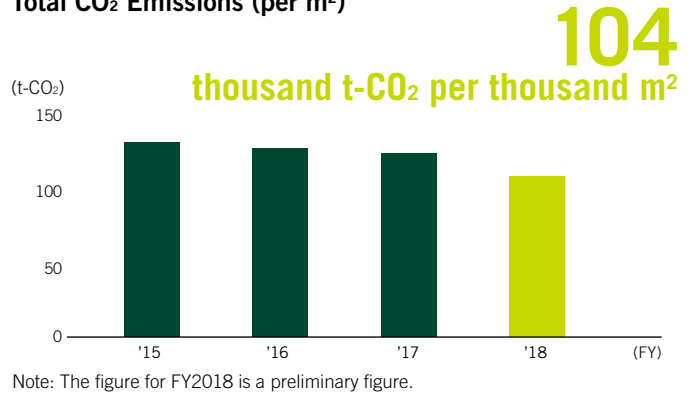
ESG Highlights

Environment → See page 76 for more information.

Project finance for overseas renewable energy projects

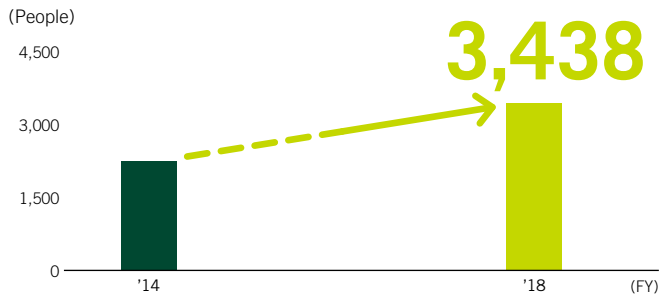


Total CO₂ Emissions (per m²)

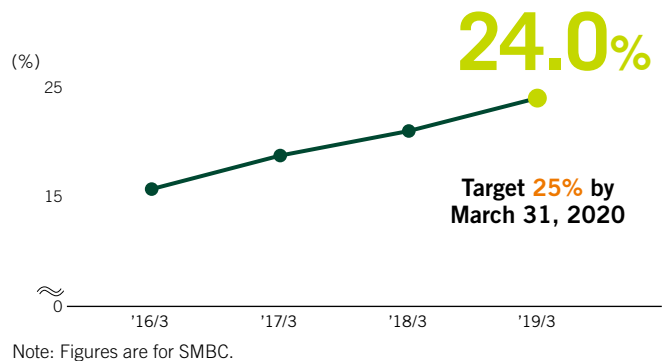


Social → See page 78, 92 for more information.

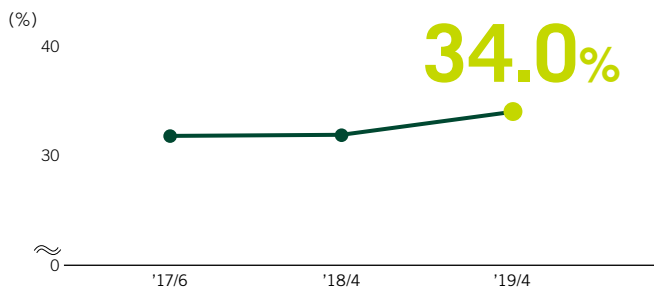
Number of employees taking parental leave (male and female)



Ratio of female managers

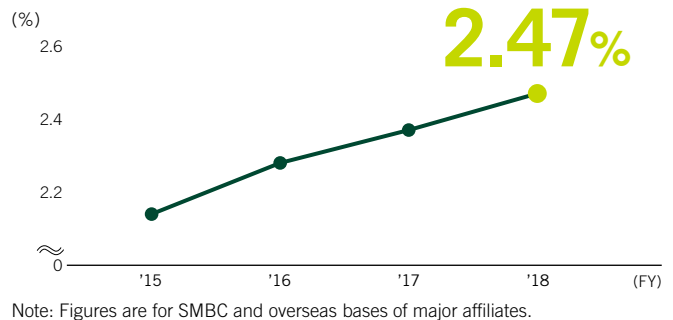


Ratio of GM positions with locally hired employees



Note: Figures are for SMBC and overseas bases of major affiliates.

Ratio of employees with disabilities



Governance → See page 60 for more information.



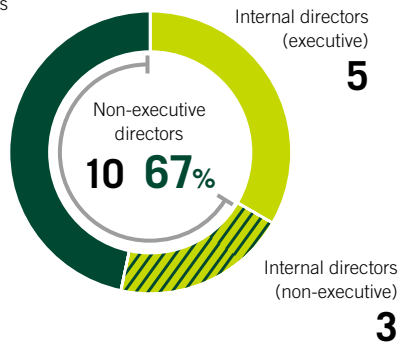
Composition of the Board of Directors

Change in Number of Directors (Year on Year)

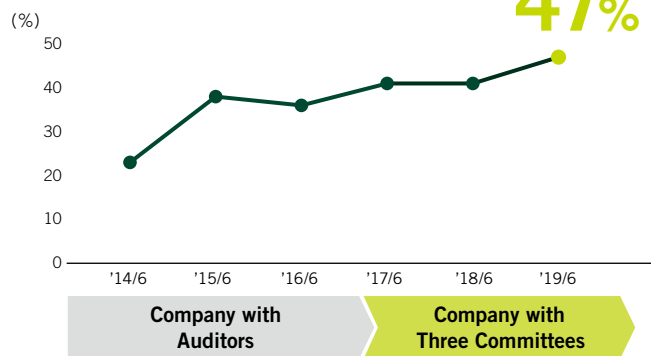
17→15

Outside directors **7**

Areas of Expertise	
Management	3
Finance / accounting	1
Law	2
Diplomacy	1



Ratio of Outside Directors



ESG Indices on which Sumitomo Mitsui Financial Group is listed

SMBC Group has been included in the following major global ESG indices (as of June 30, 2019).



SMBC Group's Value Creation Process

SMBC Group works to improve corporate value by providing high-quality services to its customers. At the same time, we address social issues through a concerted Group effort.

Social Issues

E Environment

Climate change
Low-carbon society

S Social

Support for growing industries and regional revitalization
Financial inclusion
Digitalization
100-Year life society

G Governance

Compliance
Anti-money laundering
Fiduciary duties
Cybersecurity
Diversity, Workstyle reform

Financial Environment

Cashless payment
Global liquidity glut
Prolonged negative interest rate environment in Japan
Trade friction between the United States and China

Sources of Value Creation for SMBC Group



[Provision of Value to Stakeholders]

Shareholders

Maximization of our
shareholders' value

Customers

Greater value
of services

Employees

Work environment that
allows employees to fully
exert their ability

Society

Positive contribution
to society as a good
corporate citizen

Medium- to long-term vision

**To be a global financial
group that leads growth
in Japan and Asia by
earning the highest trust
of our customers**

Promotion of Sustainability Management

SMBC Group has designated three priority issues, “Environment,” “Next Generation,” and “Community,” to guide its efforts to fulfill its mission as a global financial group. In addition, 10 goals from among the United Nations Sustainable Development Goals (SDGs) have been selected as areas of focus. Initiatives for addressing issues in these areas are incorporated into the measures of business units so that we can respond to these issues through our business activities.

Furthermore, the Corporate Sustainability Committee, which is chaired by the Group CEO, was established in October 2018 to promote the realization of a sustainable society. Under the strong commitment of top management, SMBC Group will accelerate sustainability management initiatives and seek to contribute to the resolution of social issues and the accomplishment of the SDGs through its business activities.

SMBC Group’s Initiatives



	Issues We Should Address	Focused SDGs
E Environment	Promote Environmental Business Manage Environmental Risks Reduce Environmental Impacts	 
S Next Generation	Support for growth industries Contribute to emerging countries Promote financial literacy education	  
C Community	Achieve safe/secure community Promote social inclusion Reconstruct natural disasters	 
G Governance	Corporate Governance Risk Management Compliance Internal Audits Customer-Oriented Initiatives Human Resources Strategy	  

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD



Initiative Examples

- Renewable energy initiatives
 - Funding through green bonds
 - Measures for combating climate change
- ▶ P76

- Promotion of cashless payments among SMEs
 - Business succession support that addresses cognitive impairment issues
 - Financial and economic education
- ▶ P78

- Regional revitalization using traditional Japanese dwellings
 - SDGs social loan initiatives
 - Support for developing countries via donations through employee volunteer fund
- ▶ P79

- Strengthening and enhancement of corporate governance
 - Customer-oriented business conduct and customer satisfaction and quality improvement
 - Promotion of diversity and workstyle reforms
- ▶ P60
▶ P80
▶ P90

Realization of a Sustainable Society

Message from the Group CEO

Building the Future of Finance

We will Pursue Further Excellence by
Tirelessly Reinventing Ourselves

Jun Ohta

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



I was appointed as President and Group CEO of Sumitomo Mitsui Financial Group in April 2019. My key responsibility as Group CEO is to leverage the business foundations and strengths which our predecessors built over our long history to realize the further growth and development of SMBC Group. There is no change in our basic principles or vision that we are pursuing together as SMBC Group. I will spearhead efforts to realize our medium-to long-term vision: “To be a global financial group that leads growth in Japan and Asia by earning the highest trust of our customers.”

The Future we are Facing

We are currently facing the need to evolve.

Distortions and deviations have become visible in the framework of capitalism, which has been the prerequisite for the continued growth of the global economy in the post-war era. Cracks are becoming ever more apparent in the traditional global order led by the United States. Nationalism is on the rise in the United States, and we are seeing the rapid spread of anti-globalism that is symbolized by protectionism. In Europe, which has long walked beside the United States, democracy and multiculturalism, concepts that are the basic principles of European integration, are being challenged with populism and anti-government movements gaining momentum. There is an increasing possibility that the clash between the United States and China for economic, technological, and military hegemony will continue as China, which has expanded its presence in the global economy, pursues its unique brand of state capitalism. The new era of Reiwa has ushered in a world of uncertainty and doubt where there is no clear or agreed upon global leader.

Domestically speaking, we are also moving into a new period. While we have been aware of this for quite some time, Japan is expected to face serious population decline that would accelerate the contraction of the domestic market. In 2040, about twenty years from now, while the global population is expected to increase by 20%, Japan's working age population is expected to decrease by more than 20%. However, this can also be viewed as an excellent opportunity to break free of traditional business models. For example, it will become possible to draw out the full potential of each employee by implementing work style reform and streamlining operations. Furthermore, if the private and public sectors work together to promote innovation and improve productivity, it should reverse Japan's decline in international competitiveness. I believe that Japan still possesses much growth potential although it is facing headwinds, such as population decline and a fall in its relative status on the global stage.

The unprecedented levels of monetary easing pursued by various countries have led to massive liquidity. The Bank of Japan's total assets now easily exceed ¥500 trillion and for the first time in the post-war era surpassed Japan's GDP. This number jumps to ¥1,600 trillion if we include the total assets of the US Federal Reserve and the European Central Bank. This means that the total assets held by the central banks of Japan, the US, and the EU have quadrupled during the decade following the global financial crisis. This type of liquidity may destabilize financial markets due to the increased risk of an asset bubble forming. The underlying question going forward will be whether central banks can carry-out monetary policy normalization without causing disruption given that it is an unprecedented challenge.

Digitalization has brought on a paradigm shift in various industries, including the financial sector. Changing industrial structures and advances in technology have blurred traditional boundaries that

have separated businesses. Our business has not been immune to this trend with players from sectors such as logistics, telecommunications, and IT entering the financial sector. In the not too distant future, business-based categories within the financial sector, such as banking, securities, and insurance may have lost all relevance, leaving only function-based categorizations, such as loans, deposits, payments, and investments.

What is common among these structural changes is that they are irreversible and that they will have a major impact on us. In other words, issues such as Japan being our contracting “mother market” or intensifying competition due to entrants from other sectors are not cyclical issues which will eventually resolve themselves; these are unpleasant realities which we must confront head-on. If we are to realize sustainable growth we must, now more than ever before, look forward into the future and evolve relentlessly.

SMBC Group: Our Journey and Our Strengths

However, these structural changes are by no means a recent development. SMBC, SMBC Group's core commercial banking entity, set sail in stormy waters when it was formed in 2001. Japan's financial sector had just embarked on an age of large-scale restructuring and reorganization due to domestic non-performing loans becoming a serious problem under Japan's prolonged deflationary environment. Shortly after we had completed paying back our public funds and turned our attention to pursuing growth, the US subprime loan crisis triggered the global financial crisis in 2008. The lessons that were learned during this period led to the tightening of international financial regulations, which was a game changer.

While these events shook our business at its very foundations, each time we succeeded in realizing quality growth by refashioning ourselves into a stronger, more tenacious financial group. As a result of such changes, we have developed three universal strengths.

First, a robust client base built upon many years of mutual trust.

SMBC Group is made up of leading corporates operating in various industries, such as banking, leasing, securities, and consumer finance. The unique combination of SMBC (a Japanese megabank) and SMBC Nikko (one of the three major Japanese securities companies) is one of our key strengths. In terms of our domestic retail business, we hold the number one position in key fields, such as credit card memberships and consumer loan balance, with 43 million customers supported by 50 thousand employees.

In regards to our global business, our traditional approach was to build a strong presence by cultivating relationships focusing on corporate clients, for example western multi-national corporations and leading companies of key ASEAN countries. However, in February 2019 we completed the merger of BTPN, a local Indonesian bank, with PT Bank Mitsui Sumitomo Indonesia, establishing a platform from which we can offer a full-line of wholesale and retail banking services in Indonesia. The post-merger bank is staffed by approximately 20 thousand employees and serves seven million customers through its digital banking business where our collaborations with BTPN commenced well before the merger.

Second, a solid business foundation which has been developed with proactive and speedy initiatives through the changing times.

In Japan, our mother market, the business environment for commercial banks has been challenging for some time now due to low growth and low interest rates. However, by diversifying our revenue sources through the expansion of our business and regional coverage, the contribution of SMBC

►  P54

Merger of BTPN and PT Bank Sumitomo Mitsui Indonesia

►  P4

Expand business and regional coverage

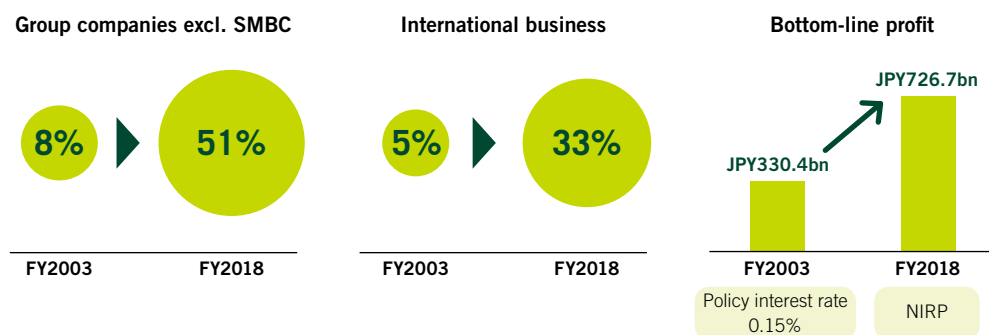
Group companies other than SMBC to consolidated net business profit increased significantly from 8% in FY2003 to 51% in FY2018, surpassing 50% for the first time. During this time, profit attributable to owners of parent increased from ¥330.4 billion to ¥726.7 billion, proving that we have been successful in our efforts to realize quality growth.

As a growth driver, our international business has been increasing its net business profit at an annual rate of 13% since the establishment of our Group. As a result, our international businesses' contribution to consolidated net business profit rose from 5% in FY2003 to 33% in FY2018. We have also increased businesses that we are globally competitive in. For example, our project finance business, which a team of four employees including myself launched thirty-three years ago with the dream of one day becoming the best in the world, is now ranked number two in the world.

Furthermore, in the past few years our focus has shifted from growing our topline profit to maximizing efficiencies given the slowdown in the growth of emerging markets, the introduction of the negative interest rate policy by the Bank of Japan and tightening international financial regulations. We have been able to raise the quality of our business foundation by reorganizing our Group companies (regional banking subsidiaries, leasing business, etc.), and realizing strict cost controls through Robotic Process Automation (“RPA”) and branch reorganization.

Expand business and regional coverage

(Contribution to consolidated net business profit)



Third, top-tier employees who provide advanced and client-focused business solutions.

Employees are the most important management resource for a financial institution. The reason that we have been able to consistently maintain the highest loan spread among the Japanese megabanks and net business profit per employee at a very high level over the years is thanks to our motivated employees who possess excellent marketing capabilities and expertise providing speedy and on-target business solutions to our clients. None of our success would have been possible without the trust and knowhow accumulated by our employees.

We are also carrying out work style reform related initiatives so that our employees can perform at an even higher level. We have introduced RPA on a Group basis and have already produced world-class results. RPA is often described in the context of headcount reduction, but this is incorrect. The purpose of RPA is to leverage digital technology to free our employees from low productivity tasks and allow them to focus on high-value added tasks and corporate planning activities so that we can further enhance the quality of our products and services. Such initiatives should contribute to our growth as they lead to heightened employee motivation.



“I believe that if banks are not really needed, we do not have to continue being a bank.”

Stakeholder Themes that I will Work on Looking Ten, Twenty Years in the Future

I will work on the following stakeholder themes looking ten, twenty years in the future, while also taking into account our unchanging universal strengths and the irreversible major changes in the external environment which I shared with you earlier.

▶ **P80**
Customer-Oriented Initiatives

Customers: Ensure Customer-Oriented Business Conduct and Provide New Added Value

“We grow and prosper together with our customers, by providing services of greater value to them.” This is the very first section of Our Mission. In addition, “Customer First” (always acting based on a customer-oriented mindset) has been placed at the head of our Five Values; a set of common values and behavioral guidelines which are shared among SMBC Group employees to realize Our Mission. We are working to ensure the comprehensive implementation of customer-oriented business operations based on the belief that continuously providing high quality products and services that address our clients’ needs increases business, which in turn leads to the growth of SMBC Group.

We will continue our never-ending efforts to provide clients with higher quality services and new added value. Recently, some have made the argument that banks are no longer needed. I believe that if banks are not really needed, we do not have to continue being a bank. There is no need for us to remain as a bank if the nature of finance changes due to the spread of digitalization, leading to the creation of more convenient, lower priced products and services which benefit the economy and society, and these products and services are being provided by entities other than banks. I am determined that SMBC Group will become a provider of such products and services by tirelessly reinventing ourselves.

Shareholders: Maximize Shareholder Value by Further Enhancing Shareholder Returns and Realizing Sustainable Growth

I will continue to devote our utmost efforts to maximize shareholder value by further enhancing shareholder returns and realizing sustainable growth.

The goal of our basic capital policy is to achieve a healthy balance between securing financial soundness, enhancing shareholder returns, and investing for growth. In regards to securing financial

▶ **P28**
Capital Policy

soundness, our CET1 ratio at the end of FY2018 reached the 10% target set under the Medium-Term Management Plan, one year ahead of schedule. As such, we will shift from a phase where capital accumulation was the priority to a new stage where we can focus on strengthening shareholders returns and investing for growth.

Going forward, we will strive to maximize shareholder value by further enhancing shareholder returns and realizing sustainable growth as a result of striking the right balance of allocating capital between shareholder returns and investing for growth. In terms of investing for growth, we will engage in organic investments to accelerate the growth of our domestic and global businesses, in addition to pursuing inorganic opportunities in a disciplined manner. Potential inorganic opportunities which we may pursue would be investments in global businesses and portfolios which possess high capital or asset efficiencies, and investments related to the construction of business platforms aimed at realizing future growth.

Dividends are our principal approach to shareholder returns, and we are aiming to achieve a dividend payout ratio of 40% during the next Medium-Term Management Plan. In respect to flexible share buybacks, we implemented a ¥70 billion share buyback program in May 2018 and a ¥100 billion share buyback program in May 2019. The total payout ratio for FY2019 is expected to be 50%, which means that we will return exactly half of our earnings to shareholders. We have been steadily enhancing shareholder returns with our total payout ratio increasing by 20% over the three year period covered by the current Medium-Term Management Plan.

Employees: Create a Work Environment Where Employees can Pursue Their Dreams with Confidence and Ambition.

I will create a work environment where each one of our employees can pursue their dreams with confidence and ambition.

Ever since I was appointed as Group CEO, I have been calling on employees to “Break the Mold.”

We will surely be left behind in this era of rapid change if we shut ourselves behind our molds, in other words, if our thoughts and actions are constrained by precedent and preconceptions, prohibiting us from engaging in self-improvement. Financial institutions have traditionally been considered as being conservative and as devoted followers of the so called “demerit principle.” Now we must actively pursue new challenges and determine how we can best leverage the experiences we have gained through past failures. I will create an energetic workplace in which our employees bravely pursue new challenges with their colleagues being inspired by such challenges, leading to a steady stream of new business opportunities being developed.

In addition, we will also revise our human resources framework so that our employees can carry out their responsibilities with a sense of enthusiasm and maximize their potential. For example, with the aim of encouraging employees to engage in new challenges, SMBC is in the process of revising its human resources framework based on the three concepts of Fair: A framework that fairly evaluates and rewards our employees, Challenge: A framework that encourages and rewards an employee’s desire to engage in more challenging responsibilities, and Chance: A framework under which all employees are given opportunities to demonstrate their abilities to the fullest extent. In addition, as Group CEO, I will redouble our efforts to develop next generation leaders and assign employees based on the “right person for the right position” approach. I believe that developing a culture and establishing a framework that allows employees to pursue their dreams with confidence and ambition is one of the key tasks of a business leader.


▶ P90

Human Resources
Strategy

“Ever since I was appointed as Group CEO, I have been calling on employees to ‘Break the Mold.’”

Environment and Society: Resolving Social Issues Through Our Business Operations and Our Initiatives Related to the Sustainable Development Goals (“SDGs”).

We are currently facing various environmental and social issues which need to be addressed on a global basis, for example climate change resulting from global warming and human rights violations in supply chains operating in emerging markets. Financial institutions are expected to play a substantial role in addressing such developments as our business allows us to act as a hub connecting various industries. SMBC Group will further strengthen efforts to resolve social issues through our business operations and in relation to our SDG related initiatives so that we may realize the sustainable development of society.

▶  **P12, P76**
Sustainable Development
of Society

We at SMBC Group have positioned the sustainable development of society as a key issue and in October 2018 reorganized the CSR Committee into the Corporate Sustainability Committee to enable us to better carry out CSR-related initiatives. The committee has the strong support of top management, I serve as the Chairperson of the committee, and it will lead our efforts to promote sustainability management based on a non-financial perspective. Furthermore, we have designated Environment, Next Generation, and Community as social issues we will address over the medium- to long-term. We designated ten goals within the SDGs to focus on in order to resolve the three social issues and have incorporated them into our business units’ strategies and initiatives. Our initiatives have been highly evaluated by outside parties as illustrated by the fact that Sumitomo Mitsui Financial Group is included in many of the world’s major ESG indices. We will continue to engage in group-based efforts from the perspectives of Environment, Next Generation, and Community to resolve social issues via our business operations and to achieve the SDGs.

The Environment

We continue to engage in proactive initiatives that are ahead of our competitors. In December 2017, SMBC Group expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD), a task force established by the Financial Stability Board. As a part of our efforts, in April 2019 SMBC Group became the first global financial institution to calculate the financial impact of climate-related risks and disclose the detailed results of such calculations. Furthermore, in February 2019 SMBC promptly announced its endorsement of the Principles for Responsible Banking put forward by the United Nations Environment Programme Finance Initiative.

With environmentally friendly finance drawing increasing attention, SMBC has limited the financing of new coal-fired power plants to those using ultra-supercritical or more highly efficient methods, in addition to the issuance of green bonds to fund eco-friendly projects. Furthermore, SMBC Nikko established the SDGs Finance Department in September 2018 to support clients in issuing SDG bonds, namely green bonds, and raise funds that help resolve social and environmental issues.

Society

From the standpoint of initiatives aimed at addressing social issues, SMBC Group companies, such as SMBC, SMBC Nikko, and SMBC Consumer Finance have been focusing on financial literacy education based on their respective business models. In addition, in light of Japan’s changing

demographics, SMBC Group is introducing facilities and services in order to become a financial institution which all our customers, including elderly customers, customers with cognitive impairments, and customers with disabilities feel comfortable dealing with.


We will also accelerate our diversity-related initiatives to further enhance the engagement of our employees, one of SMBC Group's strengths. The ratio of female managers is on an upward trend with SMBC announcing a new target of 25% to be achieved by the end of FY2019 as they had achieved their original target of 20% by FY2020 ahead of schedule. The ratio of locally hired General Managers is also rising, reaching 34% as of April 2019. Having said this however, our diversity-related initiatives are far from complete as long as we continue to apply categorizations such as "sex" and "locally hired." SMBC Group will continue its efforts to construct a truly diverse workplace in which innovation is realized as a result of employees of different backgrounds and attributes, such as gender, nationality, and values engaging in open and free-spirited debate.

Governance

We realize that there is no perfect form for corporate governance structures. Accordingly, we will continue working, on both a group and global basis, toward the enhancement of corporate governance in order to realize higher levels of effectiveness. In April 2017, we instituted a new Group governance system through the introduction of group-wide business units and the CxO system. In June of the same year, we transitioned to a Company with Three Committees. Due to these changes, I feel that at our Board of Director meetings "big-picture" discussions have increased as it is now possible to engage in more intensive deliberations while leveraging the expertise of our outside directors. In June 2019, the number of directors was reduced from 17 to 15. As a result, the ratio of outside directors sitting on the Board of Directors rose to 47%. Also, in June 2019, SMBC and SMBC Nikko transformed to a company with an Audit and Supervisory Committee in order to accelerate the execution of operations and enhance the Board of Directors' supervisory capabilities.

In August 2018, SMBC Group established the SMBC Group Global Advisory Meeting, a meeting which SMBC Group Global Advisors, a select group of experts in global political, economic, and business matters, would act in an advisory capacity to the SMBC Group Management Committee. The management committee is receiving valuable advice concerning changes in global trends and the state of various countries' political and economic environments. We are also working to ensure the effectiveness of corporate governance-related efforts by conducting compliance surveys so that management is aware of our employees' thoughts and concerns.

▶  **P60**
Corporate Governance

▶  **P68**
SMBC Group
Global Advisors


Progress of the Medium-Term Management Plan and the Focus of Our Strategies Going Forward

I will now address the progress we have made regarding the strategic initiatives introduced under the current Medium-Term Management Plan and discuss the focus of our strategies going forward.

In April 2017, the Medium-Term Management Plan "SMBC Group Next Stage" was introduced under the new Group management system, and we have been engaging in various initiatives focusing on three core policies: Discipline, Focus, and Integration.

Generally speaking, we have produced solid results during the first two years in terms of implemented initiatives and financial results.

First, I will discuss the core policy of Discipline. Under the current Medium-Term Management Plan we have consistently looked to better control our costs. During the first two years we realized

▶  **P32**
Medium-Term
Management Plan
"SMBC Group Next Stage"

▶ **P52**
Reorganization of Group companies

cost savings of ¥36 billion versus the three year target of ¥50 billion due to the success of key initiatives, such as business process reform through the application of RPA and the transformation of all of the 430 SMBC branches into smart branches (259 branches have been converted into smart branches in the first two years). We also improved asset and capital efficiencies as a result of implementing a number of measures aimed at reorganizing our Group companies, for example Sumitomo Mitsui Finance and Leasing Co., Ltd., the two Kansai regional banks, Sumitomo Mitsui Card Company, and BTPN.

▶ **P42**
Four Business Units

For Focus, initiatives targeting each of the Seven Core Business Areas are producing steady results. Our Retail Business Unit is transforming its wealth management business into a management fee based revenue model from its original sales commission based revenue model. Our International Business Unit accelerated its Multi-Franchise Strategy by merging BTPN and PT Bank Mitsui Sumitomo Indonesia. In our asset management business, Sumitomo Mitsui Asset Management Company merged with Daiwa SB Investments in April 2019 to form Sumitomo Mitsui DS Asset Management. The new company has ¥21 trillion of assets under management, number eight in the domestic market.

For Integration, as I have discussed earlier, initiatives related to enhancing the Group management system, digitalization, and ESGs are being steadily carried out.

Key initiatives

Discipline	<ul style="list-style-type: none"> ■ Executed Group reorganization measures in a speedy manner to improve capital and asset efficiency ■ Already reduced cost by ¥36 billion out of the ¥50 billion target
Focus	<ul style="list-style-type: none"> ■ Each business unit made good progress in key strategic initiatives of the Medium-Term Management Plan ■ Completed M&A in strategic business areas (credit cards, Indonesia, asset management)
Integration	<ul style="list-style-type: none"> ■ Sophisticated Group management by transforming to a Company with Three-Committees and implemented the business unit system and the CxO system ■ Capital policy entering into a new stage as the CET1 ratio reached the target one year ahead of schedule

Digitalization Initiatives

▶ **P34**
Digitalization

Going forward, I believe digitalization will be a key decisive factor in determining a company's competitive advantage, regardless of the industry it is operating in. In order to realize our goals of becoming "A Group which leads the evolution of the financial sector" and "A Group that drives innovation without being bound by existing frameworks or boundaries," we are accelerating our digitalization initiatives with cashless payment, data utilization, and generating new businesses as the key themes.

For example, cashless payment in Japan is not as popular as in other countries given that it possesses a highly developed banking system which offers a variety of services, such as account transfers, and the high level of trust placed in cash. However, we view Japan's cashless payment market as having great growth potential over the medium- to long-term. If we take a closer look at the market, the value of credit card settlements is about ¥50 trillion while the value of cash settlement remains quite high at about ¥130 trillion. I believe that promoting cashless payments in Japan and taking over some of the market share from cash settlements will lead to substantial business opportunities. With Sumitomo Mitsui Card Company and Cedyna, SMBC Group has top-tier capabilities in both the issuing and acquiring operations in Japan. As part of efforts to further expand our competitive advantage, we entered into a strategic partnership with GMO Payment Gateway, a leading company in the electronic commerce and online payment market, and Visa, a company that possesses the world's largest payment network, to develop a next-generation payment platform. We are also working

“SMBC Group will continue to act as a front-runner in the spread of cashless payments in Japan.”

to expand the availability of cashless payments to medium and small size merchants through collaboration with Square, a US company with which we have a capital and business partnership, by providing free of charge small terminals that process credit card payments. SMBC Group will continue to act as a front-runner in the spread of cashless payments in Japan.

In recent years, advances in digital technology have enabled the collection and analysis of large volumes of diverse data. The utilization of data, which has been called “the oil of the 21st century,” is drawing the attention of not only the financial sector but of various industries from around the world. SMBC Group companies operating in the banking, securities, and consumer finance businesses possess a tremendous volume of payment and credit information. Of course, ensuring the protection of our customers’ information and data security are key issues which must be addressed prior to the use of such data, and SMBC Group’s expertise in information management and the trust which we have accumulated over many years are significant advantages when addressing our customers’ concerns. SMBC Group already has a head start in the application of data for business purposes with SMBC developing a system which uses artificial intelligence (“AI”) to detect changes in a company’s financial conditions, while SMBC Nikko has launched an investment information service which uses AI to predict individual stock prices. With these initiatives being highly evaluated, SMBC became the only bank to be selected as a “Competitive IT Strategy Company 2019” by METI and the Tokyo Stock Exchange.

Generating new business through collaborations with other industries is also an important theme. In September 2019, SMBC Group established an innovation hub, hoops link tokyo, in Shibuya, Tokyo. As part of hoops link tokyo’s activities, we established SMBC BREWERY, a workshop program conducted by SMBC Group together with outside companies. The AI investment information service which I introduced earlier was a new business developed as a result of SMBC BREWERY bringing together HEROZ, inc., a company renowned for its Shogi (Japanese chess) AI, with SMBC Nikko.

Risk Management Initiatives

While there are an extremely diverse set of risk factors which global financial institutions must pay close attention to, AML/CFT and cybersecurity are issues which are of particular concern, along with growing geopolitical risks and prolonged monetary easing.

With the threat of terrorism rising throughout the world, international AML/CFT standards have rapidly increased in severity, and we have seen many cases in which companies have been subject to substantial fines levied by overseas regulatory authorities. Overlooking the movement of funds connected to criminal or terrorist activities can disrupt the lives of law abiding citizens as it allows criminal proceeds to reach criminal and terrorist organizations. In addition, there is the risk that international trust in Japan’s financial system will be damaged if it is deemed that related controls and frameworks put in place by Japanese financial institutions are inadequate. The onsite inspection related to the fourth round of the FATF mutual evaluation for Japan is scheduled to commence in fall 2019. Management has been driving efforts to ensure SMBC Group’s success in the mutual evaluation by launching a cross-group project team to review AML risk and client management procedures while incorporating the recommendations of third party experts, in addition to strengthening related systems and heightening employees’ awareness.

▶ P86

Risk Management

Although convenience is increasing with business and operational processes becoming digitalized, cybersecurity risk is growing at a rapid pace because every system is now connected to the internet. Finance is a key part of the economic and social infrastructure of today's world, and it goes without saying that system failures, data breaches, and data tampering resulting from cyberattacks would not only seriously impact SMBC Group's operations but also Japan's economic activities and the lives of Japanese people. In fact, as a result of global networks there is the risk that such attacks would also substantially affect the systems of countries around the world. SMBC Group recognizes cyber-risk as a key management risk, and management is leading efforts to implement various measures to strengthen our cybersecurity measures based on the Declaration of Cyber Security Management issued in March 2018 to address cyber-threats which are becoming increasingly sophisticated on a daily basis. Some examples of such measures are training personnel to ensure that they have the necessary expertise and experience and establishing contingency plans aimed at realizing prompt recovery from cyber-incidents.

The Focus of Our Strategies Going Forward

FY2019 is the final year of the current Medium-Term Management Plan. Thanks to the above mentioned initiatives delivering the desired results, we have made good progress concerning the three financial targets of financial soundness, capital efficiency, and cost efficiency set under the Medium-Term Management Plan. However, we cannot deny the fact that uncertainty in the global economy's future is increasing. Given such a backdrop, SMBC Group aims to reach its goals by focusing its resources with a keen sense of urgency to ensure that its various initiatives produce results, and we will consistently strive to be one step ahead of the times and clearly understand what our customers' true needs are.

The new Medium-Term Management Plan will not be a mere extension of the current plan, rather, we are planning to actively debate a range of topics, including new business opportunities, without being bound by a traditional mindset. I have identified the following three points as the focus of our strategies going forward so that we can meet the true needs of our customers by taking full advantage of our competitive strength; our ability to keep-up with the changing times by transforming ourselves.

Bold Transformation

In response to the challenging earnings environment, we will focus on evolving our business model and optimizing the allocation of resources. For example, in our Retail Business Unit, we will realize sustainable growth by making further progress in our efforts to shift the business model of our wealth management business from one that relies on sales commissions generated by investment products to one that relies on management fees generated by customers' assets under management ("AUM") while reducing costs through branch reorganization and the promotion of digitalization. In the International Business Unit, we will shift to a growth model that does not rely on expanding our balance sheet. Furthermore, in addition to expanding our business and regional coverage by investing for growth, including through inorganic measures looking at businesses' growth potential, profitability, and efficiency, we will continue to pursue our "select and concentrate" strategy and further strengthen our cost control initiatives.

Continuous Innovation

The spread of digitalization is changing how the financial sector operates, with SMBC Group's role and the expectation of our customers also changing. In the face of such change, SMBC Group will

engage in continuous innovation so that we not only survive but thrive in this environment. We will consistently provide new value to our customers by identifying what the next age will bring, focusing on generating new business by collaborating with other industries, utilizing data, and process automation.

Maximize Our Group Values

I feel that the Group management system centered on the holding company has steadily taken root over the past two years through group-wide business units and the CxO system. On the other hand, potential still remains in various sectors to expand Group synergies. In addition to determining how to best increase the corporate value of SMBC Group companies, for example via increased investment and allocating human resources to growth areas, we will enhance our ability to address customers' needs by maximizing synergies as a result of further expanding collaborations among Group companies and optimizing resource allocation on an SMBC Group basis.

Building the Future of the Financial Sector

Looking back over our history, you can see that we have overcome various challenges, for example issues regarding non-performing loans and the global financial crisis, by continuously evolving. The impact of the structural changes we are currently facing equals or even exceeds that of past challenges, but I firmly believe that they present a rare opportunity for us, if we can face these changes head-on and adjust accordingly, to drive forward our competitive advantages.

I am certain that we can unlock a new era and build the future of finance, if we boldly pursue cutting-edge initiatives which are one step ahead of the times while steadily carrying-out strategies formulated under a long-term vision leveraging the various strengths of SMBC Group which I have shared with you during the course of this message. We will pursue further excellence through tireless self-reinvention.

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

July 2019

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



Message from the Group CFO



Implement a capital policy focused on enhancing shareholder returns and investing for growth while proactively disclosing information via interactive and constructive communication

Toru Nakashima

Group CFO
Director Senior Managing Corporate Executive Officer

I was appointed as Group CFO and CSO in April 2019. The positions of CFO and CSO are concurrently held by the same individual based on the belief that in the context of management, financial and business strategies are two sides of the same coin. In other words, we believe that both strategies are fundamental to the continued success of our business. By having one individual fill these two roles, it makes it possible to accelerate the decision making process and consistently take into account both perspectives when developing strategies.

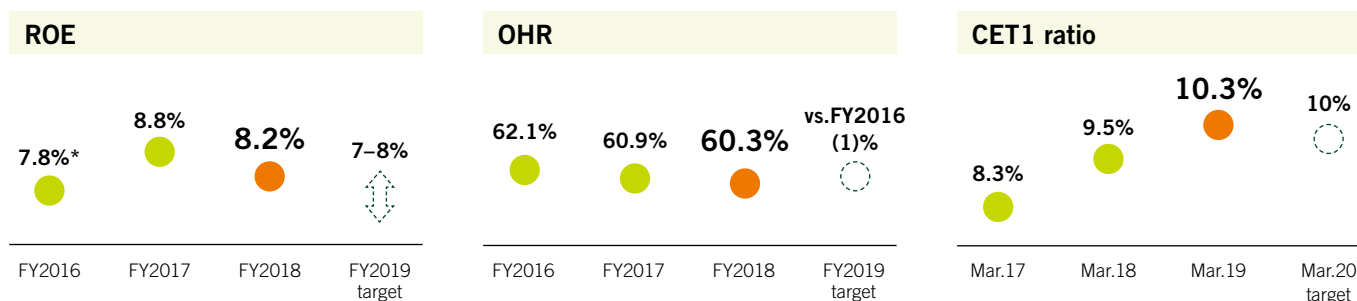
Business Management Focusing on Enhancing Operational Efficiencies

SMBC Group aims to become a resilient, first class global financial group by focusing on enhancing capital, asset, and cost efficiencies. In order to realize this vision, we have established three financial targets in the current Medium-Term Management Plan: ROE, OHR, and CET1 ratio.

We produced strong financial results for 1H FY2018 with all four of our business units realizing a Year-on-Year increase in profit. We have exceeded our targets for consolidated net business profit and profit attributable to owners of parent due

to the performance of the International Business Unit and a group-wide cost control approach, although the Retail Business Unit's wealth management business experienced difficulties in 2H FY2018 due to deteriorating market conditions. Controlling risk-weighted assets through the reorganization of Group companies, which I will describe in more detail later, was also an important factor behind the strong results in regards to our three financial targets.

Financial targets



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

* Post-Basel III reforms basis

■ Transforming Our Business and Asset Portfolio

In order to enhance capital and asset efficiencies, we need to maximize returns by carefully selecting target businesses and focusing our resources on those businesses. SMBC Group has been swiftly reorganizing its Group companies by reviewing its business and asset portfolio based upon the goals and strategies established under the Medium-Term Management Plan.

We carried out in rapid-succession the reorganization of businesses for which there was room to improve capital and asset efficiencies and merged overlapping business that existed within SMBC Group. In addition to the merger of SMBC Nikko and SMBC Friend Securities and the deconsolidation of the Kansai regional banks, in FY2018 we reorganized our leasing business to deconsolidate Sumitomo Mitsui Finance and Leasing and consolidated BTPN by merging the bank with PT Bank Mitsui Sumitomo Indonesia and by increasing our capital investment. In April 2019, we also merged Sumitomo Mitsui Asset Management Company with Daiwa SB Investments and turned Sumitomo Mitsui Card Company, a joint venture with NTT DOCOMO, into a wholly owned subsidiary. Both of these initiatives contributed to improving capital and asset efficiencies by increasing bottom-line profit and/or reducing risk weighted assets.

These reorganizations possess multiple merits, not only from the standpoint of improving efficiencies but also business strategy. For example, due to the reorganization of our leasing business, Sumitomo Mitsui Finance and Leasing is able to expand its leasing operations by entering into new businesses while SMBC Group is now able to initiate strategic initiatives through Sumitomo Mitsui Card Company in a flexible and speedy manner, making the company the central piece of our group's cashless payment strategy.

▶ Please refer to page 52 for the reorganization of Group companies

■ Cost Control

The current Medium-Term Management Plan has a target to reduce cost by ¥50 billion during its three years by implementing three key initiatives: business reform to improve efficiency, retail branch reorganization, and reorganization of Group companies. We have already realized cost savings of ¥36 billion as of the end of FY2018 and expect to exceed our target of ¥50 billion in FY2019.

For business reform to improve efficiency, we are proactively introducing RPA to various parts of our business and SMBC Group has already produced world-class results. The Medium-Term Management Plan set a target to automate three million working hours (annual workload of 1,500 employees) of operations for which we have already accomplished automating two million working hours (annual workload of 1,025 employees) as of the end of FY2018. For retail branch reorganization, our goal is to transform all of the 430 branches into smart branches which leverage digital technologies during the three year term. As of the end of FY2018, 259 branches have been transformed into smart branches and we have consolidated the back-office clerical operations of 278 branches. In regard to reorganization of our Group companies, we are expecting to realize cost reductions which exceed our target via the integrated management of Sumitomo Mitsui Card Company and Cedyne Financial Corporation which was not planned at the time of preparing the current Medium-Term Management Plan. We will continue to reduce cost with our medium-term goal being ¥100 billion.

Furthermore, while we initially planned to reduce the workload equivalent to four thousand employees through the key initiatives, we now expect to exceed this target and reduce the workload equivalent to five thousand employees as we have introduced RPA to Group companies other than SMBC. We expect to reduce our domestic headcount by about four thousand through attrition taking into account the above mentioned workload reduction.

While we will continue our efforts to reduce cost so that we may achieve our OHR target, we understand the importance of making the necessary investments in IT given the rapid spread of digitalization. As such, we have been reviewing our budget during the fiscal year in a flexible manner so that we

can address changes in the environment. Of course, we are applying ample levels of discipline when engaging in such investments, carefully studying the benefits that they will bring.

▶ Please refer to page 94 for our IT investment strategy

Our Capital Policy: A New Stage

■ Our Basic Capital Policy

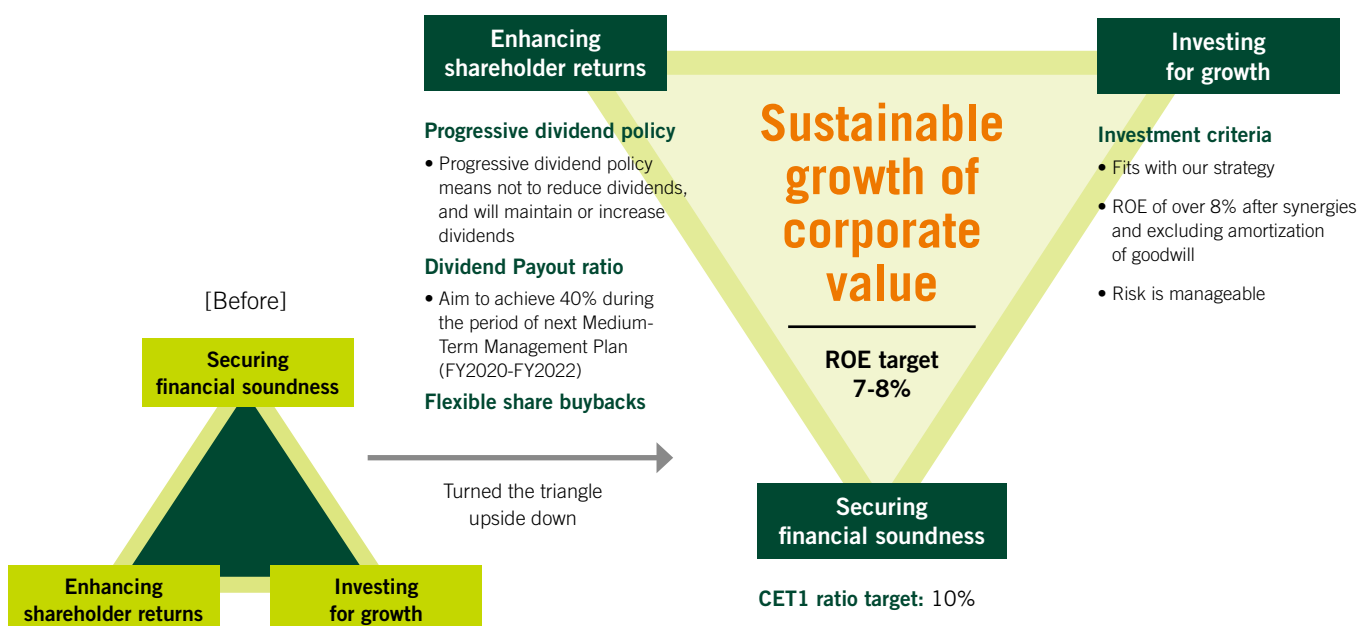
As stated in the “Message from the Group CEO,” the goal of our basic capital policy is to achieve a healthy balance among securing financial soundness, enhancing shareholder returns, and investing for growth. We will shift from a phase where capital accumulation was the priority to a new stage where we will focus on shareholder returns and investing for growth, as we reached our CET1 ratio target of 10% as of the end of FY2018, one year ahead of schedule. We have traditionally used a triangle to illustrate our basic capital policy with securing financial soundness placed at the top. To show that our capital policy has entered a new stage, we have started using an inverted triangle with enhancing shareholder returns and investing for growth at the top. Going forward, we will focus on striking the right balance of allocating capital to these two items.

■ Enhancing Shareholder Returns

Dividends are our principal approach to shareholder returns. We will pursue a progressive dividends policy, a policy which means that we will not reduce dividends; we will maintain or increase dividends. Our goal is to achieve a payout ratio of 40% during the next Medium-Term Management Plan. In addition, we will proceed with share buybacks on a flexible basis.

Based on this policy, we increased our dividend for FY2018 to ¥180 per share, ¥10 higher than our initial forecast, and announced a ¥100 billion share buyback program in May 2019. This was an increase of ¥30 billion from the previous year. We decided to increase the amount due to various factors, such as the fact that we had achieved our CET1 ratio target, we expect to continue to accumulate profits in FY2019, current growth investment opportunities, our stock price, and the positive impact on ROE. Among them, our low stock price was the key factor.

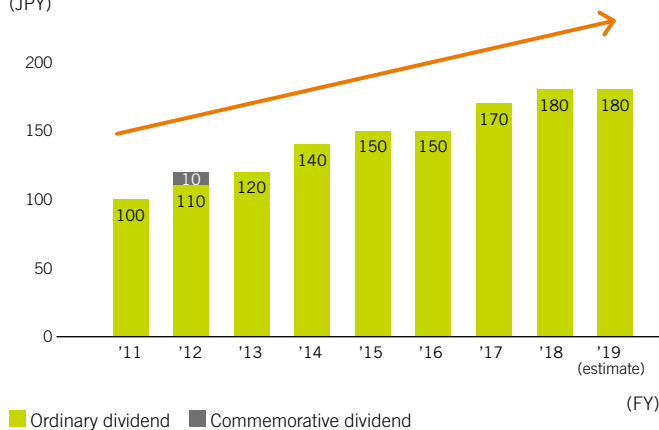
Basic Capital Policy



For FY2019, we will maintain dividends at ¥180 per share despite an expected decline in profit attributable to owners of parent as part of our efforts to meet the expectations of our shareholders and investors.

Dividends per share

(JPY)



Dividend payout ratio	'11	'12	'13	'14	'15	'16	'17	'18	'19
	26.8%	21.3%	20.3%	26.2%	32.7%	29.9%	32.7%	34.6%	35.9%
(Ref) Total payout ratio								44.2%	50.2%

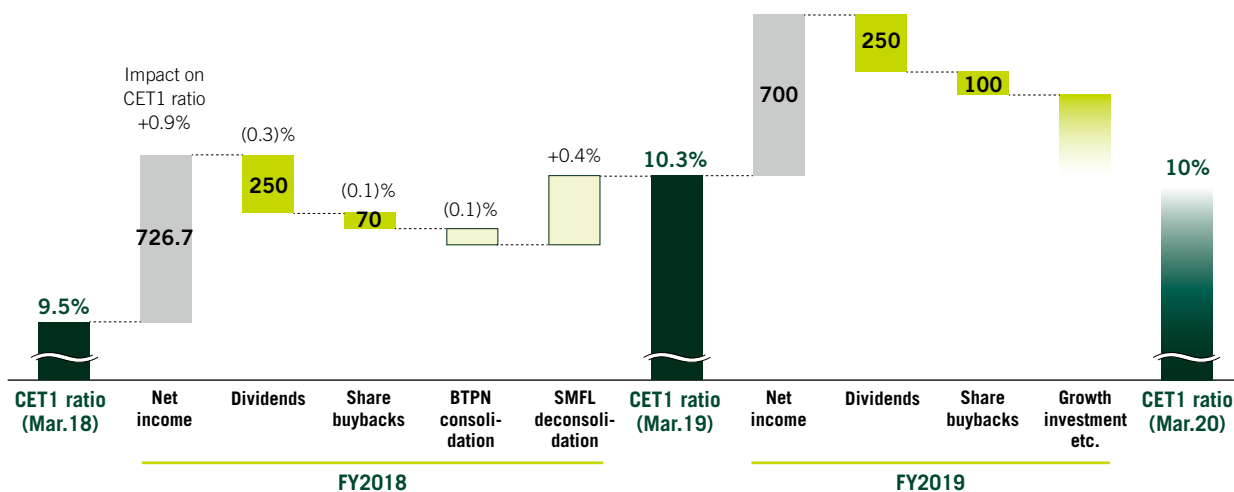
Investing for Growth

SMBC Group will pursue sustainable growth by using its capital to invest in growth opportunities. While we focused on capital accumulation and not increasing risk weighted assets prior to achieving our CET1 ratio goal, going forward we will pursue organic growth by increasing assets, especially in overseas markets. We will determine whether to pursue M&A opportunities based on whether the deal contributes to sustained ROE improvement following the three investment criteria shown in the basic capital policy chart. Potential M&A opportunities which we will pursue will be investments that focus on global businesses and portfolios which possess high capital or asset efficiencies and investments related to the construction of business platforms aimed at realizing future growth.

The former refers to areas in which SMBC Group possess global strengths. Past investments include aircraft leasing, rail car leasing, and middle-market LBO finance. Investments of this type will not only further strengthen our global business but will also promptly raise ROE. Some examples of investments of the latter type are commercial banking in Asia, asset management, securities, and trust banking businesses. In February 2019, the merger of BTPN and PT Bank Sumitomo Mitsui Indonesia was completed with the post-merger bank becoming the eighth largest commercial bank in Indonesia in terms of loan balance. We will pursue investment opportunities

Use of capital

(JPY bn)



in other countries so that we can create a second, or potentially a third, SMBC Group.

How we use our capital is drawing increasing attention from our shareholders and investors as a result of our capital policy shifting to a new stage. We began using the chart shown below as of the beginning of this fiscal year at investor presentations so that we could better convey how we are using our capital.

Profit attributable to owners of parent is expected to be ¥700 billion in FY2019, and we are allocating ¥250 billion to dividends and ¥100 billion to share buybacks. This means that we will return about half of our profit to shareholders. In terms of investing for growth, we allocated ¥80 billion to the conversion of Sumitomo Mitsui Card Company to a wholly owned subsidiary and the merger of Sumitomo Mitsui Asset Management Company and Daiwa SB Investments, both of which took place in April 2019. We are planning to allocate about ¥150 billion to organic growth opportunities with the focus being on increasing assets overseas. The remaining capital will be allocated to other growth investment opportunities.

■ Securing Financial Soundness

Although our capital policy has entered a new stage, there is no change to the fact that capital will be allocated to enhancing shareholder returns or investing for growth only when we are sure that financial soundness has been secured.

Our CET1 ratio target of 10% has been calculated taking into account the impact of the Basel III reforms which were finalized in December 2017, and as I stated earlier we achieved this target as of the end of FY2018. We set our target at a level which allows us to maintain the minimum CET1 ratio of 8% even in the case of a once-in-a-decade stress scenario.

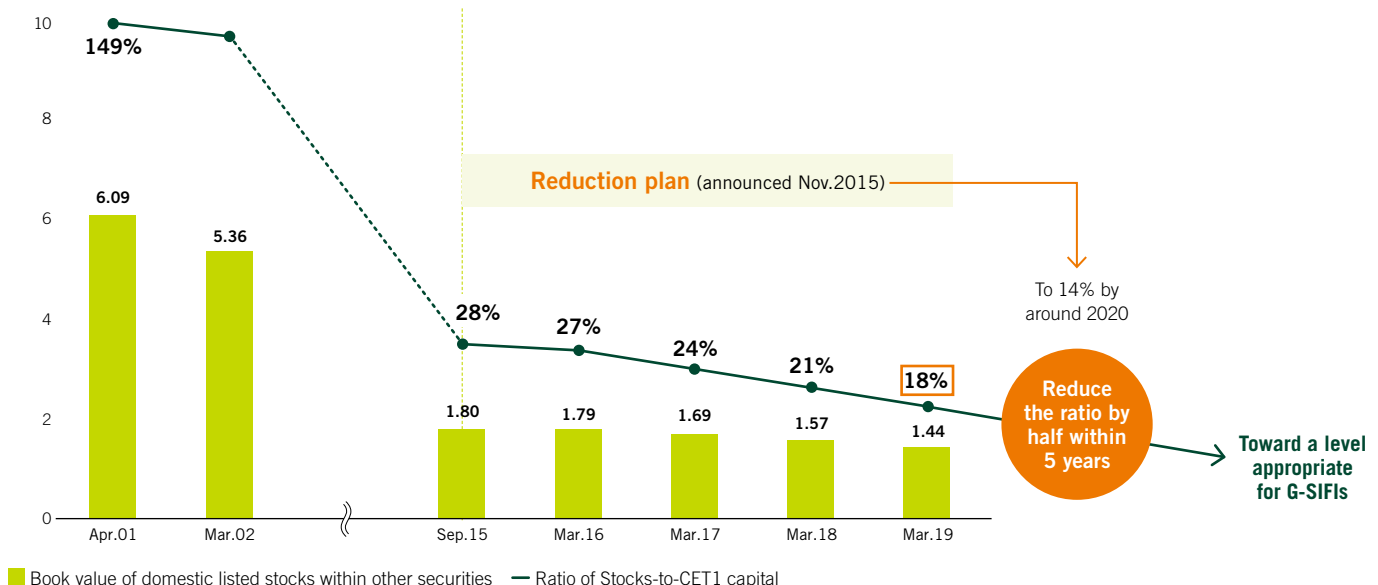
Furthermore, the TLAC framework came into effect in Japan from the end of March 2019. The minimum TLAC requirements which SMBC Group must satisfy are 16% in terms of risk-weighted assets and 6% of the leverage exposure measure. SMBC Group has cleared both requirements as of the end of FY2018. We are currently working to secure the capital required to satisfy the new TLAC requirements, which will increase starting from 2022 to 18% and 6.75%, respectively. The minimum acceptable leverage ratio has been set at 3.0% for 2019-2021 and 3.5% for 2022 onwards. SMBC Group has already secured a leverage ratio of 4.88% as of the end of FY2018.

■ Reducing Strategic Shareholdings

Our goal is to reduce strategic shareholdings in five years by ¥500 billion (book value basis) based on the policy: “We will halve the ratio of stocks to CET1 to 14% over the five years starting 2015 September-end.” SMBC Group has reduced its strategic shareholdings by ¥360 billion since 2015

Reduction Plan

(JPY tn)



* Apr.01 and Mar.02 are ratio against SMBC consolidated Tier1 capital

September-end, including a reduction of ¥130 billion during FY2018. In addition, we have obtained our clients' consent to sell a further ¥88 billion of strategic shareholdings that has yet to be executed. Thus, as of the end of FY2018 we have practically realized a total reduction of ¥448 billion.

We will continue efforts to reduce our strategic shareholdings so that we have reached a level at the end of FY2019

where we have practically achieved our final target figure with the aim of conforming to Japan's amended Corporate Governance Code and mitigating the impact of share price fluctuations on our financial base.

Communicating with Our Shareholders and Investors

Although I was appointed as Group CFO in April 2019, I communicated with institutional and individual investors during FY2018 in my role as Deputy Group CFO. I engaged in numerous discussions with investors during my four overseas investor relations trips and the various conferences which I took part in. I also met with representatives from domestic and overseas credit rating agencies. While I became confident that we were able to gain the understanding of our shareholders/investors regarding the aims and goals of our strategies through these discussions, I also came to appreciate the very high expectations our shareholders/investors had regarding the enhancement of shareholder returns. In response to such matters, we decided to increase dividend payments and share buybacks in our FY2019 shareholder return policy following repeated discussions at meetings of our Board of Directors.

In addition, my discussion with shareholders/investors regarding ESG and SDGs led to SMBC calculating and disclosing the financial impact of climate change as part of our TCFD-related measures.

I strongly believe that one of my most important missions as Group CFO is to engage in constructive discussions with investors and analysts. SMBC Group will continue to proactively disclose information that is useful to shareholders/investors while leveraging interactive communications to increase our corporate value and realize sustainable growth.

Toru Nakashima
Group CFO
Director Senior Managing Corporate Executive Officer




Core Policies of Medium-Term Management Plan (FY2017–2019)

SMBC Group Next Stage

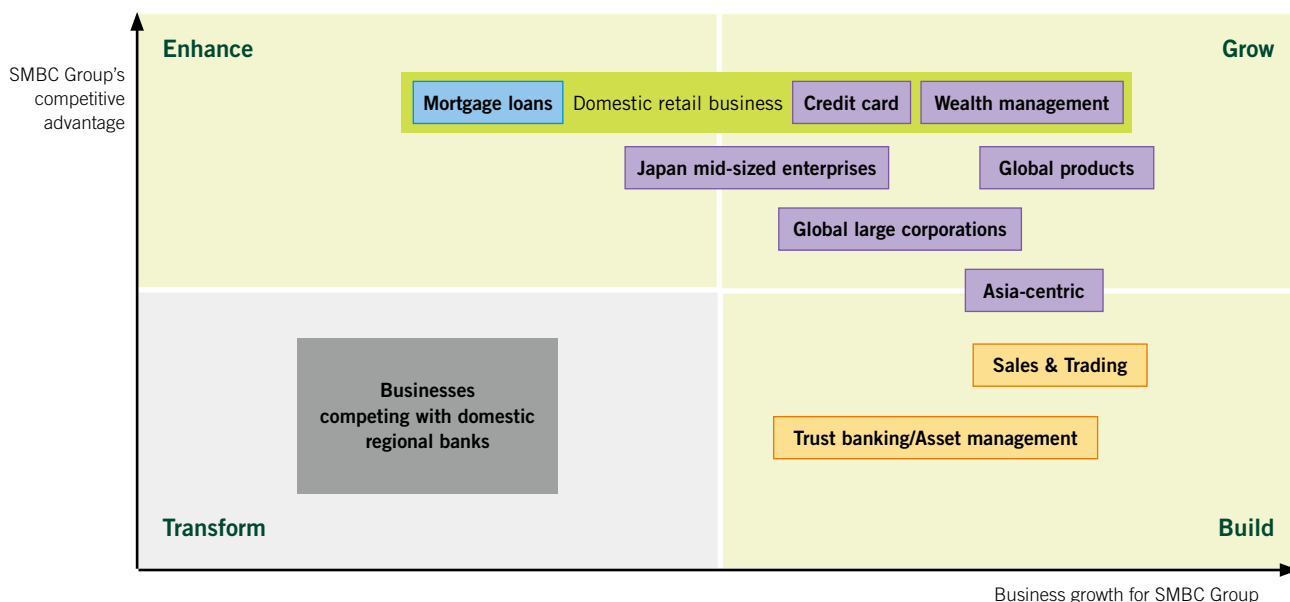
To achieve sustainable growth by combining the Group's strengths with more focused business management

FY2019 Financial Targets

Capital Efficiency	ROE	7~8%	Maintain at least 7% notwithstanding accumulation of capital
Cost Efficiency	OHR	1% reduction compared with FY2016	Reduce to around 60% at the earliest opportunity in or after FY2020 (FY2016: 62.1%)
Financial Soundness	CET1 ratio*	10%	Maintain capital in line with the tightening of regulations (FY2016: 8.3%)

*Post-Basel III reforms basis

Business Portfolio Transformation



Discipline

Disciplined business management

- 1 ■ Transformation of business/asset portfolio
- Improving productivity and efficiency

Focus

Focus on our strengths to generate growth

- 2 ■ Focus on Seven Core Business Areas

Integration

Integration across the Group and globally to achieve sustainable growth

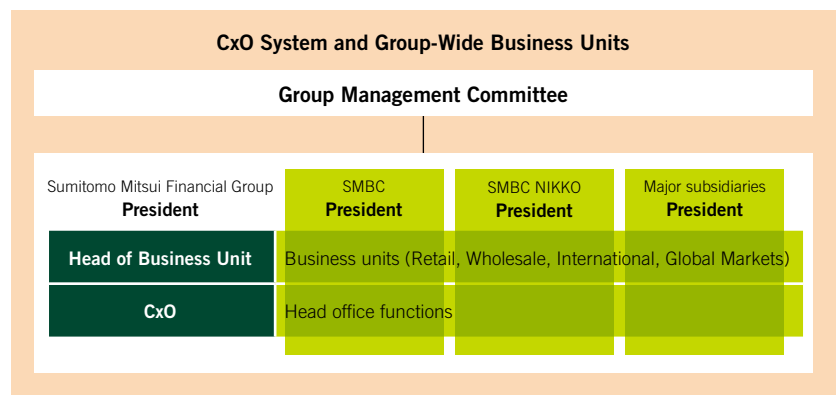
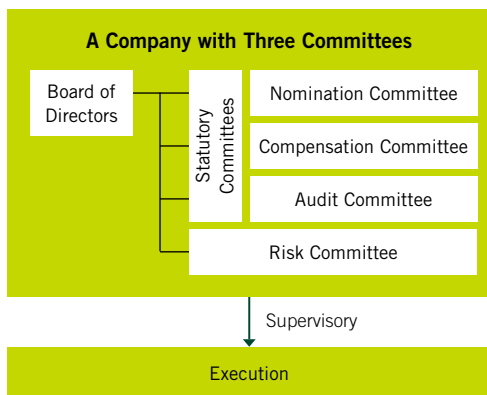
- 3 ■ Introduced CxO system and group-wide business units
- Digitalization
- ESG

Seven Core Business Areas

Concept		Strategic Focus
Enhance Enhance business base in domestic market	1	Hold the number one retail banking franchise in Japan
	2	Build on our lead position in the Japanese medium-sized enterprise market
	3	Increase market share in Corporate & Investment Banking in key global markets
Grow Sustainable growth of US/EU businesses Make Asia our second mother market	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

Digitalization

Corporate Governance Framework



Using Digital Technology to Create the Future of Finance

As CDIO, I will become SMBC Group's internal disrupter and lead efforts to pursue new opportunities.

Katsunori Tanizaki

Senior Managing Corporate
Executive Officer
Group CDIO

The economy and society are in the process of undergoing major change due to the spread of digitalization. Technology is progressing at an astonishing speed, and SMBC Group is faced with a situation in which its business model may undergo change of such a scale that it could be seen as a paradigm shift. There is no doubt that this is a substantial challenge for us. However, I believe that there is much potential for us to evolve by absorbing and adopting these technological advances. In addition, we will collaborate with external partners to create new business opportunities, which would not have been possible based solely on the resources and expertise of SMBC Group.

In our current Medium-Term Management Plan “SMBC Group Next Stage,” we have positioned digitalization as a pillar which penetrates all Seven Core Business Areas. More specifically, we will spread digitalization by leveraging new technology, such as blockchain and AI, in all business areas with the goal of increasing customer convenience, creating new businesses, increasing productivity and efficiency, and enhancing our business infrastructure.

For example, in the cashless payment sector we are in the midst of creating a next-generation payment platform with the aim of providing hybrid payment solutions that fuse together finance, IT, and marketing. Furthermore, by using data which

is accumulated through activities such as payments, we are working to develop and provide advanced financial products using high-quality risk analysis and realize a more personalized approach to marketing. New business models which leverage data, such as the information bank business model, are being developed, and I believe there is the possibility that in the future SMBC Group will gradually move from the financial sector to the information sector.

Our digitalization initiatives have been recognized by outside parties



Received an award in the Cyber Security Category (conducted by a subsidiary of the Financial Times)



Selected as a “Competitive IT Strategy Company 2019” by METI and the Tokyo Stock Exchange

Reinventing SMBC Group and Pursuing New Opportunities

In order to implement our digitalization initiatives in a speedy and efficient manner, we must engage in open innovation that brings together the data, technology, and expertise of not only SMBC Group companies, but also of partner companies, which include start-ups, and our customers. We will no longer rely on our traditional principle of self-sufficiency; rather, we will focus on developing business opportunities by collaborating with partners, including the use of application programming interface (“API”s.)

In regards to the digitalization of SMBC Group, I believe it is important that innovation is not undertaken by a small group of personnel or divisions with specialized skill sets. Digitalization must involve all parties within SMBC Group. In order to make this vision a reality, we need to create an environment in which all SMBC Group employees, especially our younger employees, can pursue new challenges without fear of failure. At the same time as CDIO, I will become SMBC

Group’s disruptor and spearhead efforts to drive forward initiatives that are not bound by traditional frameworks.

We will create high-quality, appealing services by focusing equally on accelerating the reinvention of SMBC Group’s business culture, for example marketing style and the work-style of head office employees, and pursuing new opportunities. All of our customers will be offered these services, regardless of whether they are wholesale or retail customers.



Mr. Tanizaki attended the 2019 Spring Membership Meeting of the Institute of International Finance.

A company's IT strategy is a key business strategy given the rapid digitalization of our world. SMBC Group has positioned digitalization as an initiative that will encompass all Seven Core Business Areas and will promote digitalization from both defensive and offensive perspectives.

I would now like to share with you a few examples of SMBC Group's digitalization related initiatives.

Promoting Open Innovation

SMBC BREWERY

SMBC BREWERY, a workshop in which SMBC Group companies collaborate with non-financial sector partners to develop new ideas, kicked-off in April 2018. SMBC Group companies spend half a day working with companies, including start-ups, from outside the financial sector to discuss ideas on which they could collaborate.

Through the workshop, SMBC Nikko and HEROZ, inc., a firm with considerable expertise in AI, partnered together to develop an investment information service "AI Portfolio Diagnosis," a service which has been successfully commercialized and is available to customers.

* The AI program compiles a suggested portfolio with a high expected rate of return by forecasting companies' profitability one month in the future based on an analysis of factors such as stock price and earnings.



Discovering and Developing Cutting Edge Technology

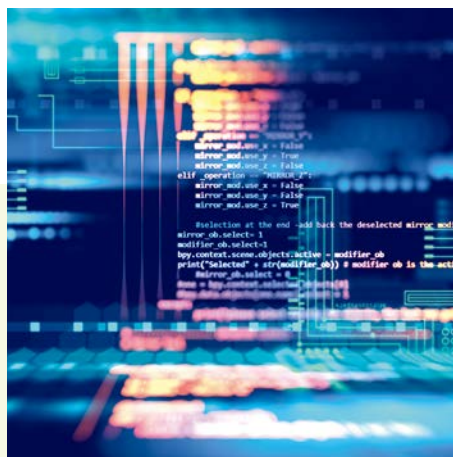
The SMFG Silicon Valley Digital Innovation Laboratory

The SMFG Silicon Valley Digital Innovation Laboratory was established in Silicon Valley and is in charge of discovering high-potential local start-ups. For example, SMBC Group adopted Trifacta Wrangler Enterprise, software which dramatically accelerates data analysis, starting March 2019. Traifacta, the company which developed the software, was discovered by the SMFG Silicon Valley Digital Innovation Laboratory.



Establishing the Advanced Technology Laboratory

SMBC Group has established the Advanced Technology Laboratory at The Japan Research Institute, and through the laboratory we conduct research/studies into basic and advanced technology in collaboration with IT companies and research institutes.



Application of AI

AML Initiatives

The efficiency of the screening process targeting suspicious transactions has greatly increased following the application of AI.

SMBC Chatbot

We are proactively marketing commercialized systems such as the SMBC Chatbot, an AI-based automatic response system developed to deal with internal inquiries, to customers.

A System that Detects Changes in a Company's Financial Conditions

A system that detects changes in a company's financial conditions which was developed in partnership with JSOL*, a company that engages in IT consulting and systems development, uses AI to analyze movements in the target company's bank account to recognize changes in the company's financial conditions in a timely manner. The system is already in use at SMBC and SMBC Group is planning to market the system to customers with the initial focus being Japanese regional banks.

* JSOL is a subsidiary of NTT Data and an equity-method affiliate of SMBC Group.

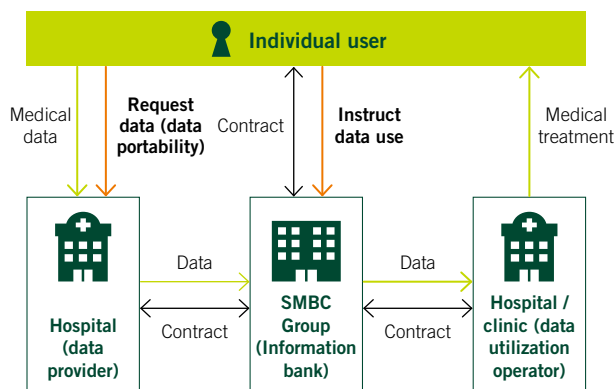
Enhancing Our Data Analysis Capabilities

Promoting Digital Marketing Initiatives

BrainCell, Inc., which was established in partnership with Yahoo! JAPAN, is classified as a business that will contribute to the sophistication of the banking industry under Japan's Amended Banking Act. We will initially focus on pushing forward SMBC Group's digital marketing initiatives leveraging the search knowledge of Yahoo! JAPAN.

Verification Exercises Regarding the Data Bank Business Model

SMBC and The Japan Research Institute have been commissioned by the Ministry of Internal Affairs and Communications to conduct verification exercises regarding the data bank business model. We are working to enhance the convenience of patients by facilitating the sharing of information regarding medical examinations/check-ups and prescriptions between hospitals and pharmacies.



Have a good Cashless.

Good Cashless Solutions make a Good Day, Everyday



While cashless payments are increasing in popularity all over the world, cashless payments account for only about 20% of payments made in Japan. Having said this, interest in cashless payments in Japan has been rapidly increasing in recent years. The Japanese government has set a target to increase the ratio of cashless payments to 40% by 2025.

A variety of measures to promote cashless payments, for example a points reward program for consumers and subsidies for fees associated with cashless payment terminals, are scheduled to be introduced to coincide with the scheduled 2019 consumption tax rise.

Japan's cashless payments market has grown while also becoming more diverse and complicated with new payment methods, such as mobile payments and QR codes, joining the more traditional methods of credit cards, debit cards, and e-money. In order to accelerate the spread of cashless

payments in Japan, it is not enough to merely offer new payment methods. Rather, we believe that the best strategy is to create an open payment platform which can address the needs of both merchants and end-users in a flexible and speedy manner.

SMBC Group has Sumitomo Mitsui Card Company and Cedyne, two credit card companies that have long led Japan's cashless payment market, amongst its Group companies. From April 2019 we started to manage, in practice, the two firms as a single business entity, an entity which forms the cornerstone of SMBC Group's cashless payment strategy. SMBC Group will drive the spread of cashless payments in Japan by implementing a highly efficient and up-tempo strategy that brings together the wide-ranging strengths of our business partners, the expertise accumulated by Sumitomo Mitsui Card Company and Cedyne, and the client base of SMBC.

Have a good Cashless.

The reason for the slow spread of cashless payments in Japan is the convenience offered by Japan's extensive ATM network and the ease which cash can be obtained, for example consumers feeling safe carrying cash due to Japan's low crime rate. Having said this, there are a number of positive factors that will arise from the spread of cashless payments, such as increased liquidity, less

manpower required to process payments, and stimulating consumption via the use of payment data.

We believe that the key aspects to spreading cashless payments in Japan are not merely convenience and rationality. Carrying "safety" which also results in carrying "peace of mind and freedom" are also key aspects of spreading cashless payments in Japan.

A society in which anybody can spend their days in a carefree manner. A society in which each day is free and welcoming.

Sumitomo Mitsui Card Company has adopted the motto "Have a good Cashless" to reflect these values.

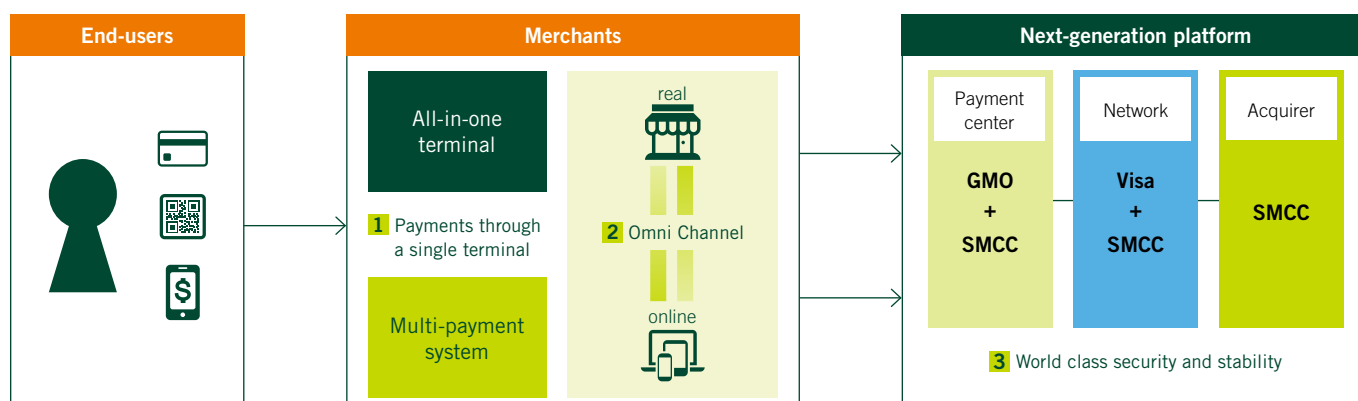
Constructing a Next-Generation Payment Platform

Visa, the company that possesses the world's largest payment network, joined Sumitomo Mitsui Card Company and GMO Payment Gateway in establishing a next-generation payment platform. In February 2019, the three companies came to an agreement to develop an even stronger payment platform by bringing together each company's respective skills and expertise.

Our goal is to build a payment platform which satisfies the following criteria: 1) The terminal must be compatible with the large number of cashless payment options which exist in the domestic market, a situation which can be said to be unique to Japan, 2) The platform must seamlessly merge the online and real worlds, and 3) The platform must provide new high-value added services while offering world-class security. We

are aiming to launch the new platform during FY2019.

Lately, we are seeing an increasing number of non-financial companies introduce their own, unique payment service with the aim of obtaining and using customers' payment data. We at SMBC Group have also identified the successful use of data obtained from payments as a key part of our cashless payment strategy. SMBC Group possesses one of Japan's largest cashless payment foundations, processing payments worth ¥30 trillion. SMBC Group will develop/enhance our ability to support businesses' marketing needs and produce competitive services while increasing the added value we derive from our payment data by fully leveraging this foundation so that our next-generation payment platform is used by as many merchants and end-users as possible.



Enhancing Solutions for Merchants

By promoting the adoption of Square, a credit card payment system for medium/small size merchants and sole proprietors, and keeping in mind the Japanese government's Point Reward Project for Consumers using Cashless Payment that will come into effect in October 2019, we will accelerate growth in the number of stores which have installed Square. Square can be acquired at all domestic SMBC branches.



Joint press conference with Square

Enhancing Services to End-users

SMBC Group will realize a new cashless payment experience with convenience, safety/peace of mind, and good value as the three key pillars. We renewed the mobile application of SMBC/Sumitomo Mitsui Card Company in FY2018 and added a number of new features, such as a payment limit for debit cards and an asset management function which reflects funds held in banks other than SMBC.



Our Renewed Mobile Application





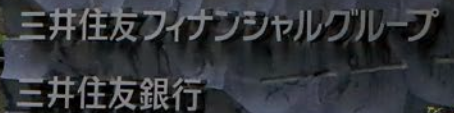
Business Strategies for Creating Value

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- 

Group Structure




SMBC Group is a global financial group that develops operations in a wide range of fields, including banking, leasing, securities, credit cards, and consumer finance.

Under the holding company, Sumitomo Mitsui Financial Group, we have established four business units that draft and implement Group strategies based on customer segments. For head office functions, we have clarified the managers responsible for specific areas of group-wide management and planning under the CxO system. In addition, we are taking steps to share management resources and optimize the allocation of resources.

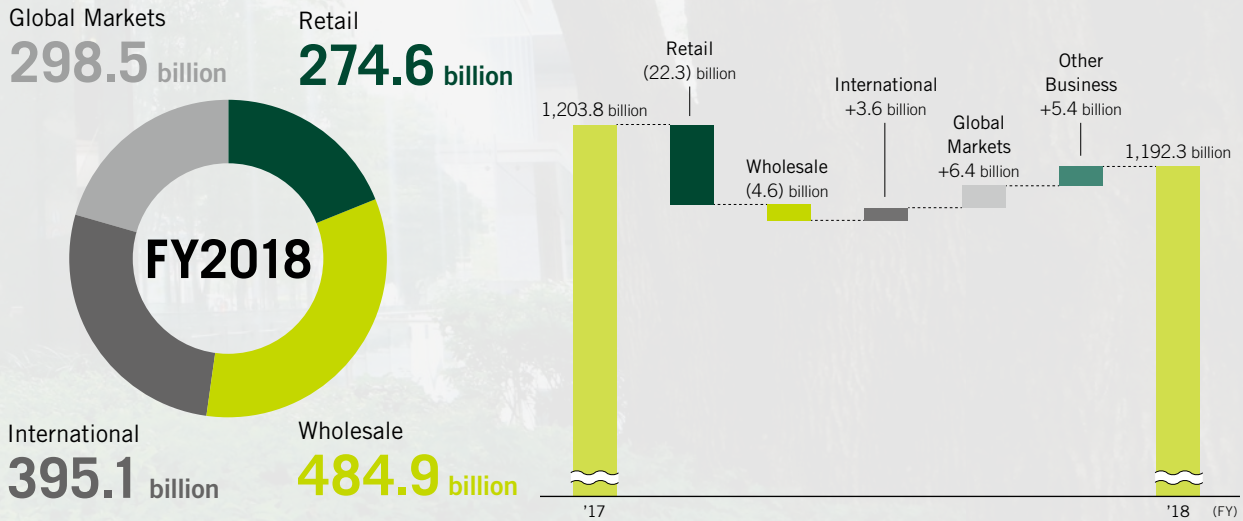


三井住友フィナンシャルグループ
三井住友銀行

Group-Wide Business Units and CxO System

		Banking		Leasing	Securities
		Sumitomo Mitsui Banking Corporation	SMBC Trust Bank	Sumitomo Mitsui Finance and Leasing	SMBC Nikko Securities
Business Units	Retail	○	○		○
	Wholesale	○	○	○	○
	International	○	○	○	○
	Global Markets	○			○
Head Office (CxO System)		 CFO Chief Financial Officer	 CSO Chief Strategy Officer	 CRO Chief Risk Officer	 CCO Chief Compliance Officer

Net Business Profit by Business Unit



Credit Cards and Consumer Finance

Sumitomo Mitsui Card Company

Cedyna

SMBC Consumer Finance



Other Business

Japan Research Institute

Sumitomo Mitsui DS Asset Management



Chief Human Resources Officer



Chief Information Officer



Chief Digital Innovation Officer



Chief Audit Executive

Retail Business Unit

The top-class companies in banking, securities, credit card, and consumer finance industries that comprise the Retail Business Unit are enhancing intra-Group coordination to address the financial needs of all individual customers, striving to develop the most trusted and No. 1 Japanese retail finance business.

Senior Managing
Executive Officer
Head of Retail
Business Unit
Naoki Tamura



With a wide range of businesses encompassing wealth management, cashless payments, and consumer finance, the Retail Business Unit boasts the No. 1 operating foundation in Japan. After the introduction of the group-wide business units, we were quick to conduct business model reforms, including those related to customer-oriented business operations and digitalization. The benefits of these efforts are steadily emerging in the forms of improved customer convenience and reformed cost structures.

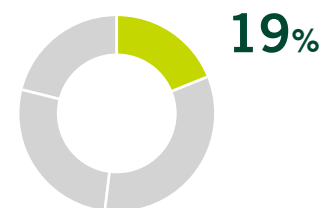
Currently, changes in society are giving rise to business opportunities, such as the new financial needs appearing as the era of the centenarian approaches and the Japanese government's push to promote cashless payments.

Faced with these changes in the operating environment, the Retail Business Unit continues to advance cutting-edge business model reforms based on the key themes of "customer oriented" and "digitalization."

Review of FY2018

Our credit card and consumer finance businesses performed favorably with growth in sales handled exceeding the industry average coupled with success in capitalizing on the healthy capital needs of individual customers. Conversely, the wealth management business suffered a year-on-year decline in profit due to low appetites for investment amid a sluggish market. As a result, net business profit in the Retail Business Unit decreased ¥22.3 billion, to ¥274.6 billion, while return on equity (ROE) declined to 7.3%. Nevertheless, our customer-oriented wealth management business initiatives, cashless payment strategies, and branch reorganizations drove steady increases in the underlying strength that supports ongoing profit growth.

Contribution to Consolidated Net Business Profit



	FY2018	Increase (Decrease) ^{*1}
Gross profit (JPY bn)	1,281.6	(25.7)
Expenses (JPY bn)	1,021.4	(4.5)
(Overhead ratio)	79.7%	+1.2%
Net business profit (JPY bn)	274.6	(22.3)
ROE^{*2}	7.3%	+0.1%
RwA^{*3} (JPY tn)	12.8	(0.1)

*1 Figures are after adjustments for interest rate and exchange rate impacts.

*2 Figure is on a managerial accounting basis with RwA calculated assuming Basel III reforms are finalized and exclude the impact from the provision for losses on interest repayments and the cost from branch reorganizations.

*3. Figures are on a Basel III transitional basis.

Priority Strategies

■ Wealth Management Business

In the wealth management business, we continued to promote the transition to a customer-oriented wealth management business throughout FY2018. Our goal in this area is to develop a sustainable, customer-oriented business and stabilize profits by providing medium- to long-term diversified investment proposals that respond to customers' need to protect and increase their assets.

The senior citizen market is anticipated to grow in the upcoming era in which people consistently live to be 100. We therefore intend to augment our ability to respond to the long-term wealth management, inheritance, and succession needs seen in this market.

■ Cashless Payment Strategies

The Retail Business Unit looks to grow its market share through the full-fledged implementation of cashless payment strategies. For example, U.S. partner Square, Inc., has developed a cashless payment service with a simple and intuitive interface. We will focus on increasing the number of small and medium-sized enterprises that handle this service by utilizing SMBC's customer base.

In addition, we renovated our smartphone application in FY2018. We are now focused on the enhancement of user services, with regard to which we have begun offering on-the-spot issuance of debit cards, use limit settings, and household budget management functions.

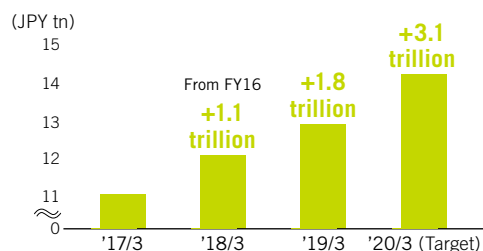
■ Branch Reorganizations

Over the past two years, SMBC has transformed 259 of its 430 branches into next-generation branches. The goal of our reorganizations is not to reduce the number of branches, but rather to maintain our network, which furnishes our points of contact with customers, while cutting costs at branches. We are also reforming our ATM network to better accommodate customer needs. In September 2019, we plan to make it possible for customers of both MUFG Bank, Ltd., and SMBC to use the same off-site ATMs (ATMs in unstaffed locations other than branches and convenience stores).

Another area of focus is enhancing the functionality and user interface of our smartphone application. To this end, we are utilizing the input and requests garnered from customers through our various contact points to develop optimal services.

Balance of Stock-Based Assets

(SMBC and SMBC NIKKO)

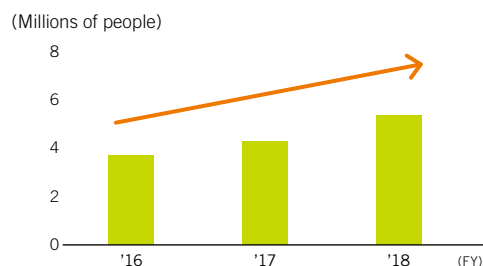


Note: Investment products that generate stock-based gains, such as investment trusts, fund wraps, and foreign currency deposits (market value basis)

Payment Service Using Square's Card Reader



Number of "SMBC Direct" Users*



* Number of customers who have logged in SMBC Direct at least once every six months

Initiatives for Accomplishing Sustainable Development Goals



Opportunities for Investment in Environmentally and Socially Minded Companies

SMBC Nikko Securities handles investment trusts emphasizing environmental, social, and governance (ESG) factors to provide customers with opportunities for investment in environmentally and socially minded companies. In addition, SMBC began offering the World Impact Investment Fund that invests in companies boasting innovative technologies or business models.

Through these and other initiatives, SMBC Group is supporting companies intent on accomplishing the United Nations Sustainable Development Goals.

▶ For more information on SMBC Group's initiatives for contributing to the accomplishment of the United Nations Sustainable Development Goals, please refer to page 76.



Wholesale Business Unit



The Wholesale Business Unit contributes to the development of the Japanese economy by providing financial solutions that respond to the diverse needs of domestic companies in relation to financing, investment management, M&A advisory, and leases through a united Group effort.

Deputy President and
Executive Officer
Co-Head of Wholesale
Business Unit
Gotaro Michihiro

Senior Managing
Executive Officer
Co-Head of Wholesale
Business Unit
Kimio Matsuura

The operating environment for financial institutions is transforming rapidly as indicated by changes in economic and financial circumstances and reforms to customer business models stimulated by progress in the digitalization trend.

Even in the midst of such constant changes to customer business models, the Wholesale Business Unit has remained focused on developing frameworks for providing customers with high levels of value through a united Group effort.

Going forward, we will further improve our strengths, including our keen ability to make proposals, speed, and pioneering spirit, while sharing management resources among Group companies to provide high-value-added, customer-oriented solutions.

As a business unit that develops operations in our mother market of Japan, we will give each of our corporate clients our full attention, grow with them, and contribute to the development of the Japanese economy.

Review of FY2018

In FY2018, high levels of net business profit and ROE were achieved with figures of ¥484.9 billion and 12.1%, respectively. This achievement can be attributed to higher non-interest income at SMBC following profit structure reforms as well as growth in the investment bank operations of SMBC Nikko Securities. These factors counteracted the decline in domestic loans and investment management income at SMBC that was a result of Japan's negative interest rate policy and intense competition.

In addition, we were No. 1 in terms of the number of M&A advisory deals for the second consecutive year and also became No. 1 in the number of initial public offerings in which we were the lead underwriter. These accomplishments indicated the steady growth of the Wholesale Business Unit's underlying strength.

Contribution to Consolidated Net Business Profit



	FY2018	Increase (Decrease) ¹
Gross profit (JPY bn)	784.9	+0.6
Expenses (JPY bn)	345.1	+0.9
(Overhead ratio)	44.0%	+0.1%
Net business profit (JPY bn)	484.9	(4.6)
ROE²	12.1%	(0.1)%
RwA³ (JPY tn)	19.5	(0.4)

*1 Figures are after adjustments for interest rate and exchange rate impacts.

*2 Figure is on a managerial accounting basis with RwA calculated assuming Basel III reforms are finalized.

*3 Figures are on a Basel III transitional basis.

Priority Strategies

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

We will fully utilize the available capabilities of Group companies to propose solutions to large corporations active on the global stage.

Specifically, we will develop frameworks that allow for greater coordination among domestic and overseas bases and Group companies to swiftly make high-quality proposals pertaining to global initiatives.

We will provide solutions for improving the corporate value of our clients and increase customers' satisfaction and market share of SMBC Group.

■ Build on Our Lead Position in the Japanese Mid-Sized Corporation and SME Market

In the Japanese mid-sized corporation and SME market where we have strengths, the Wholesale Business Unit will expand SMBC Group's customer base by providing various solutions based on the customers' growth stages.

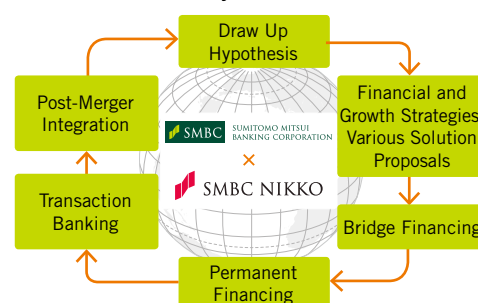
For companies in the early stages of their development, SMBC Group provides comprehensive management support through SMBC Startup Hub, which was opened in Tokyo's Shibuya Ward with the goal of offering assistance to start-up companies. For growing companies, we propose measures for resolving management issues pertaining to initial public offering to support their ongoing growth. SMBC Group thereby aims to grow with our customers and expand our customer base.

■ Adaptation to New Business Models

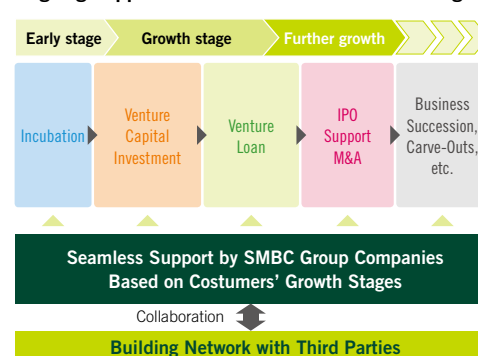
SMBC Group's business model is being updated to adapt to the changes in customer business models spurred by the progress of the digitalization trend. At the same time, we are working to create new markets through co-creation activities with customers in various business fields.

Other initiatives include development of infrastructure, active use of data acquired both inside and outside of the Group, and improvement of employee digital literacy to build frameworks for making higher-quality proposals to customers.

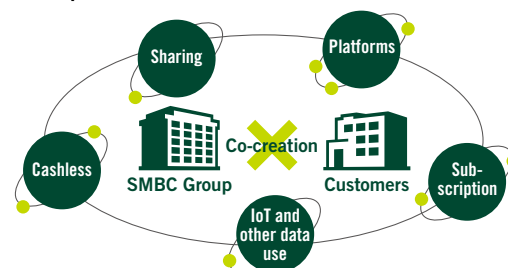
Cross-Border M&A Project



Ongoing Support Based on Customers' Growth Stages



Adaption to New Business Models



Initiatives for Accomplishing Sustainable Development Goals



Assessment Loans

The Wholesale Business Unit provides a wide variety of assessment loans to support customers seeking to work toward environmental issues or to address social issues such as the empowerment of female employees and workstyle reforms.

In FY2019, we began offering SDG promotion assessment loans through a scheme in which we first identify the relationship between customers' businesses and the SDGs when commencing new financing and then offer advice for advancing future initiatives pertaining to the SDGs. These loans are just a part of our proactive efforts to contribute to the accomplishment of the SDGs.



▶ For more information on SMBC Group's initiatives for contributing to the accomplishment of the United Nations Sustainable Development Goals, please refer to page 76.

International Business Unit

The International Business Unit supports the global business operations of domestic and overseas customers by leveraging SMBC Group's extensive office network and the various products and services in which the Group possesses global strengths.

Deputy President
and Executive Officer
Head of International
Business Unit
Masahiko Oshima



Over the years, the International Business Unit (“INBU”) bolstered its foreign currency procurement capabilities while overcoming numerous financial crises, expanded transactions with leading overseas companies, and enhanced its ability to offer products which met customers’ demands. Through such efforts, INBU was able to realize steady growth while expanding its balance sheet. SMBC Group’s overseas network has grown to 137 branches and offices in 40 countries and regions. Revenue generated by INBU has increased tenfold over the past 20 years, coming to represent roughly 30% of SMBC Group’s total revenue. Going forward, we will maintain our focus on capital and asset efficiencies. In order to realize this vision, we will pursue synergies by carrying out various initiatives, such as leveraging the products in which SMBC Group possesses top-tier capabilities to enhance our cross-selling capabilities and asset turnover initiatives. In this manner, we will fully capitalize on the competitive edge we have over rivals to transition to a growth model that is not overly dependent on the expansion of our balance sheet. Through such efforts, we will enhance SMBC Group’s collective strengths in high growth potential overseas markets so that we may achieve sustainable growth. INBU will also seek to reinforce corporate governance, compliance, and risk management to achieve a healthy balance between “offense” and “defense” as it fulfills its role as a growth driver for SMBC Group.

Review of FY2018

The highly volatile market of FY2018 led to our securities businesses underperforming, and we also booked one-time expenses associated with Brexit and the merger of BTPN and SMBCI. Nonetheless, growth was achieved in deposits, foreign exchange, derivatives, and other non-asset-based profits. In addition, we were able to progressively move forward with priority strategies pertaining to initiatives such as the implementation of asset-turnover based business models. As a result, net business profit in FY2018 rose ¥3.6 billion, to ¥395.1 billion, and ROE was 9.3%.

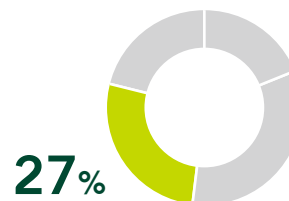
Furthermore, we were able to maintain the balance of foreign currency deposits, a key prerequisite for sustainable growth, at a high level of approximately US\$200 billion, while also improving the quality of those deposits.

*1 Figures are after adjustments for interest rate and exchange rate impacts.

*2 Figure is on a managerial accounting basis with RWA calculated assuming Basel III reforms are finalized and excludes medium- to long-term foreign currency funding costs.

*3 Figures are on a Basel III transitional basis.

Contribution to Consolidated Net Business Profit



	FY2018	Increase (Decrease) ¹
Gross profit (JPY bn)	689.6	+31.2
Expenses (JPY bn)	333.4	+22.2
(Overhead ratio)	48.3%	+1.1%
Net business profit (JPY bn)	395.1	+3.6
ROE²	9.3%	(1.1)%
RwA³ (JPY tn)	22.3	+1.1

Priority Strategies

■ Improve Efficiencies (Asset and Capital)

We will leverage strengths in product areas in which SMBC Group boasts top-tier capabilities, such as aircraft-related businesses and project finance, to enhance relationships with customers so that we are able to service their funding and investment management needs, such as loans, deposits, foreign exchange, and capital market transactions. We will also continue with our efforts to grow asset-turnover based businesses and make further progress in shifting the make-up of our portfolio from low-profit assets to high-profit assets. At the same time, we will coordinate these various initiatives to heighten synergies and improve profitability to achieve sustainable growth without significantly expanding INBU's balance sheet.

■ Maximize Group Strengths

SMBC Group's growth has traditionally been driven by SMBC, which accounts for approximately 80% of the group's revenue. Going forward, however, we will seek to enhance synergies among Group companies, investees, and partners in order to further bolster our earnings capacity. The securities business, in particular, will continue to be a strategic focal area with significant growth potential. In regards to the merger of PT Bank Tabungan Pensiunan Nasional Tbk ("BTPN") and PT Bank Sumitomo Mitsui Indonesia ("SMBCI"), which was concluded in February 2019, we will look to accelerate intra-group collaborations with the post-merger full-line commercial bank in order to enhance our foundation for medium- to long-term growth under the Multi-Franchise Strategy.

■ Enhancing "Defense" through Better Controlled Business Operations

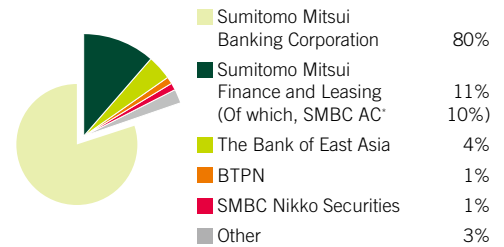
For foreign currency deposits, INBU will conduct funding activities with an emphasis on costs and stickiness, in addition to diversifying procurement methods in order to further stabilize its foreign currency procurement capabilities. At the same time, cost reductions will be pursued by eliminating redundant functions throughout SMBC Group and consolidating back-office operations.

INBU will also pursue ongoing improvements in corporate governance, control functions, and compliance in conjunction with the growth of its business. At the same time, we will practice flexible and agile business management, paying due consideration to rising geopolitical risks and market volatility while vigilantly monitoring changes in the operating environment.

Promote Cross-Selling by Leveraging Our Strengths

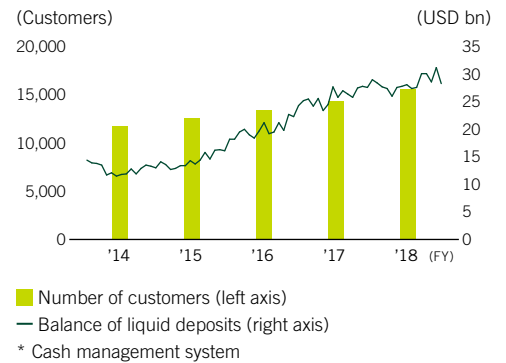


Breakdown of Net Business Profit (FY2018)



* SMBC Aviation Capital

Enhancement of Sticky Foreign Currency Deposits Based on CMS*



Initiatives for Accomplishing Sustainable Development Goals



Financial Inclusion* through Our Multi-Franchise Strategy

In Indonesia, Bank BTPN offers "BTPN Wow!", a service that uses mobile phone technology to allow customers without bank accounts to perform bank transactions.

By leveraging its strengths and collective capabilities, SMBC Group is promoting financial inclusion* by providing everyone with safe and easy-to-use financial services.

* The act of facilitating access to financial services to help add new levels of stability to people's lives.

▶ For more information on SMBC Group's initiatives for contributing to the accomplishment of the United Nations Sustainable Development Goals, please refer to page 76.



Global Markets Business Unit

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

Senior Managing
Executive Officer
Head of Global Markets
Business Unit
Hiroshi Munemasa



The Global Markets Business Unit is a team of market professionals that transforms economic cycles into profits by collecting and analyzing information on various global developments to formulate scenarios and accurately identify short-, medium-, and long-term market trends.

This unit is responsible for efforts to “strengthen sales & trading capability,” one of the Group’s strategic focuses. Aiming to satisfy as many customers as possible, we will provide customers with optimal solutions by fully utilizing the market-related insight and experience we have accumulated in order to fulfill this responsibility.

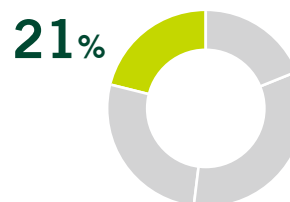
Another responsibility of the Global Markets Business Unit is to support SMBC Group’s overseas businesses by efficiently managing assets and liabilities based on consideration for stability and costs. We continue to expand our investor base and diversify procurement methods for this purpose.

Review of FY2018

In FY2018, we achieved earnings amid a volatile operating environment by rebalancing risks associated with the increasing severity of the trade disputes between China and the United States and by implementing other flexible portfolio management measurements. As a result, net business profit grew by ¥6.4 billion, to ¥298.5 billion, and ROE was 31.8%.

In sales and trading, foreign exchange-related transactions were brisk. These brisk transactions were a reflection of our ability to solicit transactions from various customers by responding to diverse customer needs with high-quality solutions proposals.

Contribution to Consolidated Net Business Profit



	FY2018	Increase (Decrease) ^{*1}
Gross profit (JPY bn)	333.6	+4.8
Expenses (JPY bn)	54.2	(0.4)
(Overhead ratio)	16.2%	(0.4)%
Net business profit (JPY bn)	298.5	+6.4
ROE^{*2}	31.8%	+1.4%
RwA^{*3} (JPY tn)	4.9	(1.2)

*1 Figures are after adjustments for interest rate and exchange rate impacts.

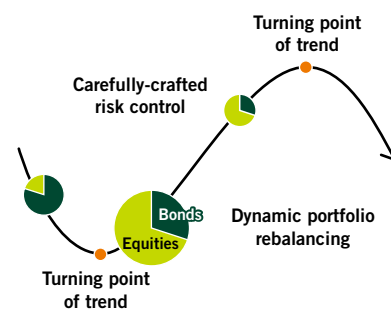
*2 Figure is on a managerial accounting basis with RwA calculated assuming Basel III reforms are finalized and excludes IRRBB (Interest-Rate Risk in the Banking Book).

*3. Figures are on a Basel III transitional basis.

Priority Strategies

Market-Sensitive, Dynamic Portfolio Management

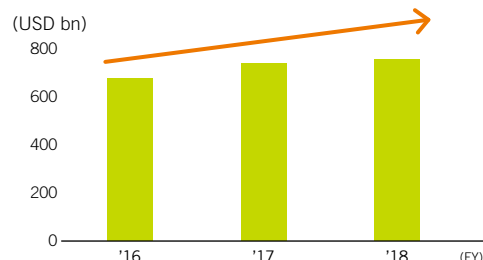
By conducting various scenario analyses by dealers around the globe, we will strive to find opportunities to optimize our risk/reward ratio. We will identify signs of market change to take advantage of profit opportunities through proactive monitoring and dynamic but well-calculated market operations.



Solutions Provided through Marketable Financial Products—S&T Operations

The Global Markets Business Unit is strengthening its sales and trading operations to create an earnings pillar that is not dependent on market conditions. Specifically, we intend to respond to customers' hedging and investment management needs by enhancing cooperation between domestic and overseas product sales teams and bolstering our lineup of foreign exchange, derivatives, bonds, stocks, and other marketable financial products.

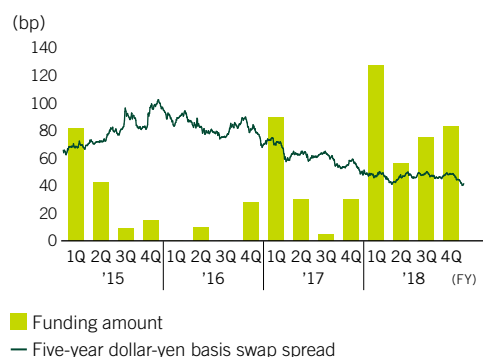
Foreign Exchange Transaction Volume



Strengthening of Foreign Currency Funding Capabilities

In FY2018, we sought to expand our investor base and diversify procurement methods by issuing Japan's first contractual law covered bonds along with regular foreign currency bonds. At the same time, we have been pursuing the ideal foreign currency funding portfolio by increasing medium- to long-term currency swaps while being mindful of procurement costs.

Funding through Medium- to Long-Term Currency Swaps



To support the overseas businesses of SMBC Group, we will continue to promote high-quality foreign currency funding emphasizing stability and costs. At the same time, we will appropriately control our balance sheet in response to international financial regulations.

Initiatives for Accomplishing Sustainable Development Goals



Issuance of Green Bonds

Green bonds are bonds for which the use of procured funds is restricted to renewable energy and other eco-friendly projects. By issuing green bonds, SMBC Group is contributing to the promotion of environmental businesses and the reduction of environmental impacts. Furthermore, we became the first private Japanese company to issue green bonds to individual customers in December 2018.

Going forward, we seek to help drive the development of the market and the preservation of the global environment as a leading Japanese issuer of green bonds.



▶ For more information on SMBC Group's initiatives for contributing to the accomplishment of the United Nations Sustainable Development Goals, please refer to page 76.



Transformation of Business and Asset Portfolio through Group Reorganization

Transformation of Business Portfolio

In accordance with the Medium-Term Management Plan, “SMBC Group Next Stage”, SMBC Group has categorized its current business portfolio into the four quadrants detailed to the right (see page 32 for details).

Based on these quadrants, we are undertaking swift reorganizations of the Group’s businesses in order to optimize our Group structure while pursuing improvements in capital and asset efficiency.

Grow

Businesses with strong growth potential to which resources will be allocated as growth drivers

Enhance

Businesses of which we aim to increase profitability through maximizing synergies and enhancing efficiency on a group-wide basis while allocating resources in a suitable manner

Build

Businesses to which resources will be allocated with the aim of realizing future growth by establishing highly distinctive business models

Transform

Businesses that compete with banks that are only subject to domestic capital adequacy standards and whose business models will be revised

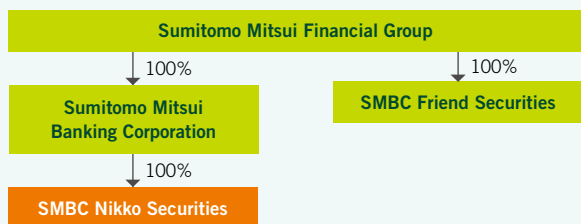
Merger of SMBC Nikko Securities and SMBC Friend Securities

Grow

Goals of Reorganization

- Improve customer satisfaction through increased product offering, product-related research and enhancement of sales channels
- Enhance productivity through the optimization of sales personnel staffing
- Streamline overlapping functions and management infrastructure to achieve cost saving synergies

Before Reorganization



After Reorganization



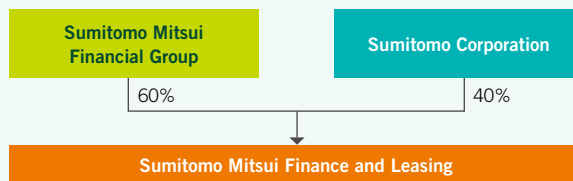
Reorganization of the Sumitomo Mitsui Financial Group and Sumitomo Corporation Joint Leasing Partnership

Enhance

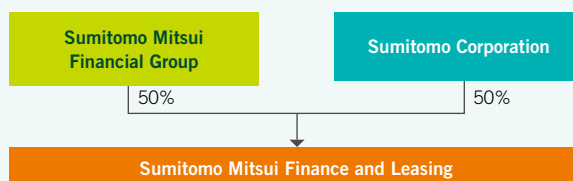
Goals of Reorganization

- Engage in the full-scale undertaking of new business initiatives
 - Develop of operations in the eco-business, infrastructure, healthcare, and other growth fields
 - Grow asset-based finance operations
 - Create value chains with the aim of enhancing businesses targeting clients’ commercial channels
- Improve capital and asset efficiency

Before Reorganization



After Reorganization



Reorganization	Quadrant	Timing
Merger of SMBC Nikko Securities and SMBC Friend Securities	Grow	January 2018
Conversion of The Japan Net Bank, into a consolidated subsidiary of Yahoo! JAPAN	Transform	February 2018
Change of ownership ratio of (reduction of investment in) POCKET CARD	Transform	March 2018
Deconsolidation of Kansai Urban Banking Corporation and THE MINATO BANK	Transform	March 2018
Reorganization of the Sumitomo Mitsui Financial Group and Sumitomo Corporation Joint Leasing Partnership	Enhance	November 2018
Merger of BTPN and Bank Sumitomo Mitsui Indonesia	Grow, Build	February 2019
Conversion of Sumitomo Mitsui Card Company into a Wholly Owned Subsidiary	Grow	April 2019
Merger of Sumitomo Mitsui Asset Management and Daiwa SB Investments	Build	April 2019

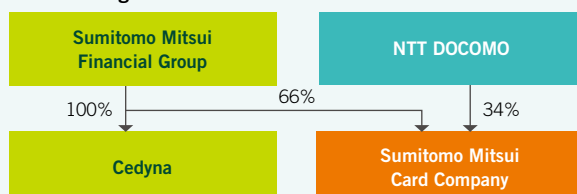
Conversion of Sumitomo Mitsui Card Company into a Wholly Owned Subsidiary

Grow

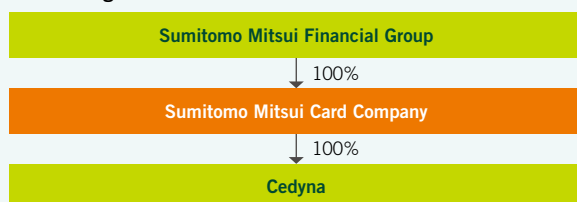
Goals of Reorganization

- Develop business structure to form the core of cashless payment strategies
- Facilitate flexible strategy formulation and swift strategy execution
- Use management resources mutually

Before Reorganization



After Reorganization



Note: The two companies were owned through an intermediate holding company

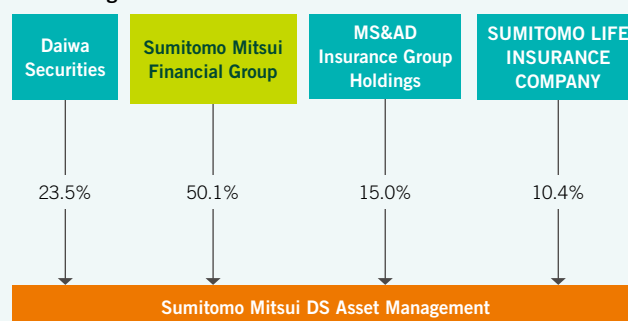
Merger of Sumitomo Mitsui Asset Management and Daiwa SB Investments

Build

Goals of Reorganization

- Maximize use of personnel, customer base and product lineup to expand through the merger
- Lead the industry in areas such as product development and digitalization
- Management that effectively controls costs, such as streamlining overlapping management bases and operations

After Reorganization



Company formed through merger of Sumitomo Mitsui Asset Management and Daiwa SB Investments



Realizing Asia-centric: The New BTPN Opens Its Doors for Business

In February 2019, PT Bank Tabungan Pensiunan Nasional Tbk (“BTPN”), an equity-method affiliate of Sumitomo Mitsui Banking Corporation, merged with PT Bank Sumitomo Mitsui Indonesia (“SMBCI”), a local subsidiary of Sumitomo Mitsui Banking Corporation, to create PT Bank BTPN Tbk (“Bank BTPN”), a commercial bank with net assets exceeding ¥1 trillion. Bank BTPN will play an important role in realizing SMBC Group’s Asia-centric strategy as a full-line commercial bank that offers a comprehensive range of banking services in both the wholesale and retail sectors.

BTPN: A Bank with a Robust Presence in the Retail Sector

BTPN was established in 1958 to handle the pensions of retired military personnel. BTPN focused on providing financial education and services to retirees, micro-, small, and medium-enterprises, and people residing in rural areas who did not possess a bank account. Through such efforts, BTPN deepened its footprint in Indonesia as a commercial bank with a robust presence in the mass market segment.

BTPN also developed a reputation as one of Indonesia’s most innovative banks. While Indonesia’s population exceeds 260 million, an estimated 50% of its adult population does not possess a bank account. Given such an environment, BTPN was quick to focus on expanding its digital services in line with the rapid spread of mobile phones and smartphones, launching its mobile banking service “BTPN Wow!” in 2015. The aim of BTPN Wow! is to provide affordable, safe, and convenient financial services to the many people who do not possess a bank account. The number of BTPN Wow! users have now exceeded 6 million. “Jenius,” a mobile banking service for

smartphones that targets the middle-class, was launched in 2016. The number of Jenius users exceeded 1 million by the end of the service’s second year.



Transformation into a Full-Line Commercial Bank

SMBCI was established in 1989 and offered various financial services targeting the wholesale sector. SMBCI developed a strong presence in the market for large corporates, namely Japanese and leading local companies. In recent years, SMBCI actively engaged in project finance, syndicated loans, and structured finance transactions in relation to infrastructure development, a theme which continues to draw the strong interest of the Indonesian government.

Through its merger with SMBCI, BTPN transformed into a full-line commercial bank by adding a comprehensive portfolio of wholesale banking services to its existing portfolio of retail banking services. The new bank’s net assets exceed ¥1 trillion, making it the 8th largest Indonesian bank.

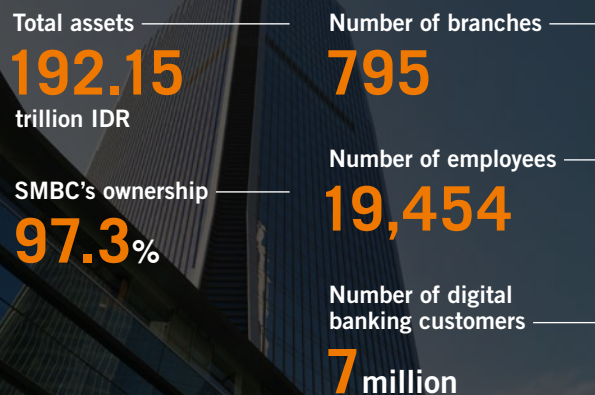


New company logo of the merged bank

BTPN Milestones

- 1958** Established to serve retired military personnel
- 2008** Listed on the Indonesia Stock Exchange.
- 2013** SMBC acquired a 24.3% ownership in BTPN via the purchase of shares owned by TPG Nusantara S.à r.l. and other shareholders.
- 2014** SMBC increased its ownership in BTPN to become the controlling shareholder with a 40.0% ownership stake.
- 2019** Merged with PT Bank Sumitomo Mitsui Indonesia to form PT Bank BTPN Tbk.

Overview of Merged Bank (as of March 2019)



A Strategic Component of Asia-centric

SMBC Group's medium- to long-term vision is: "To be a global financial group that leads growth in Japan and Asia by earning the highest trust of our customers." Furthermore, "Accelerate our 'Asia-centric' strategy" has been stipulated as one of the Group's Seven Core Business Areas in the current Medium-Term Management Plan (FY2017-FY2019).

As part of such efforts, SMBC Group has been pursuing its Multi-Franchise Strategy, through which it will create a second and a third SMBC Group in Asia that offers full-line commercial banking services. Indonesia was selected as the first country to implement the strategy given its high growth potential, and the creation of Bank BTPN can be said to be an embodiment

of the strategy's goal. As a result of the merger, SMBC Group was able to make significant strides towards realizing its Asia-centric strategy.

Bank BTPN will leverage the strengths its predecessor banks have developed over the years to expand the coverage of its services. In the retail sector, Bank BTPN will work to expand its presence from the mass market segment to include middle-class customers, while in the wholesale sector it will expand its traditional focus on large corporates to include medium-sized corporate/SME customers. Bank BTPN's operations will transcend Indonesia so that it may function as a strategic component of SMBC Group's Asia-centric strategy.

We will be the most preferred bank in Indonesia that changes our customers' lifestyles

The merger of BTPN and SMBCI to form Bank BTPN represents a unique and an ideal combination of two complementary banks. With its new vision, to be Indonesia's most preferred bank which makes a meaningful difference in the lives of millions powered by technology, Bank BTPN will become a larger and stronger bank that contributes more to the country's economy. We believe Bank BTPN will be able to unlock the opportunities that generate more valuable customer solutions across businesses.

Ongki Wanadjati Dana President Director



Issuance of Japan's First Contractual Law Covered Bonds

SMBC has succeeded in issuing Japan's first contractual law covered bonds. In this section, we will explain the background and the significance behind the arrangement and issuance of these covered bonds, which entailed overcoming the challenges presented by a lack of legal frameworks in Japan in comparison with Europe.

Realization of a New Method of Foreign Currency Funding

The prolongation of low interest rates in Japan is placing downward pressure on the profitability of domestic businesses. This situation has prompted SMBC to bolster its overseas operations, causing the balance of outstanding loans overseas to quadruple over the past decade and climb above ¥20 trillion. In response to this increase in foreign currency-denominated assets, SMBC ramped up its foreign currency funding by working to increase customer deposits and issuing senior unsecured bonds. We also looked to diversify our foreign currency funding methods through the issuance of Australian dollar-denominated bonds and green bonds as part of our efforts to realize stability in foreign currency funding.

The issuance of covered bonds was one new initiative that drew our attention in this undertaking. Covered bonds are a type of secured corporate bond originating in Europe that are generally issued with collateral provided in the form of a pool of housing loans and other low-risk assets (cover pool). Should the issuer default, investors are able to seek recourse to the issuer and are given priority access to recourse to the cover pool above other creditors. This dual recourse framework is a major characteristic of covered bonds. These bonds also feature other investor protection provisions, such as requirements that the issuer maintain an amount of collateral in excess of the outstanding principal amount of the bonds. These bonds are commonly issued overseas, with legal frameworks pertaining to covered bonds in place in various European and other countries. However, such frameworks do not exist in Japan, and there are no prior cases of covered bonds being issued in this country. It was against this backdrop that SMBC sought to arrange and issue covered bonds as a new method of foreign currency funding.

Goals of Covered Bond Issuance

SMBC turned its attention to covered bonds with two main goals. The first goal was to realize a foreign currency funding method that is highly viable under extraordinary

circumstances, such as those of high market volatility. In Europe, the financial crises seen in the 2000s and forward underscored the importance of covered bonds as a viable foreign currency funding method for use when conditions are extreme, spurring an increase in the utilization of such bonds. The worldwide balance of outstanding covered bonds stood at €2.5 trillion, and the total amount of covered bonds issued in 2017 climbed as high as €445.0 billion.

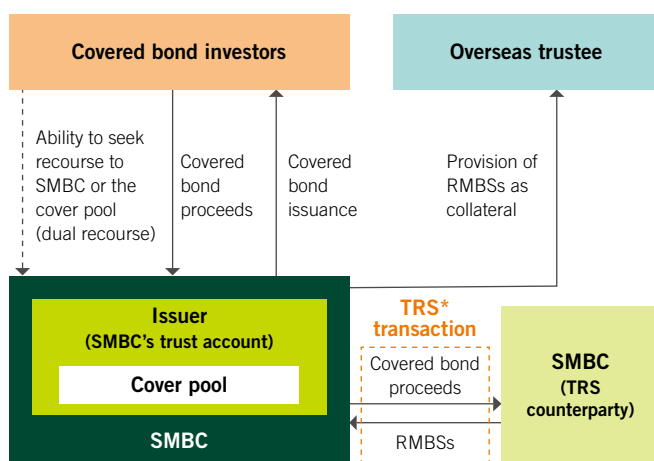
The second goal was to diversify our investor base. Until now, attracting central banks, government institutions, and other such investors into our conventional senior unsecured bonds has proven difficult. This difficulty arises from the tendency of such investors to only invest in highly rated bonds, such as government bonds and the bonds of government agencies. The ratings assigned by rating agencies display the reliability of bonds. Our senior unsecured bonds will never be able to exceed the ratings of Japanese government bonds. Covered bonds, however, can achieve ratings that are higher than those of Japanese government bonds, thereby enabling us to expand our investor base.

Creation of Revolutionary Scheme for Issuance

The greatest obstacle to arranging covered bonds in Japan was the establishment of a dual recourse framework. In Europe, there are legal frameworks in place ensuring that the cover pool is not affected by bankruptcy proceedings (separation of cover pool from bankruptcy). The legal frameworks in Japan, however, were thought to obstruct the development of dual recourse frameworks.

Breaking away from such preconceptions, we made it possible to realize the separation of the cover pool from bankruptcy through the use of a revolutionary scheme that uses the close-out netting principle by applying the Japanese Netting Act of Specified Financial Transactions Conducted by Financial Institutions should the issuer default. However, the ability to fulfill the necessary requirement to issue covered bonds did not guarantee that there would be demand for this

product from investors. SMBC's covered bonds differ from conventional covered bonds in their application of the aforementioned Netting Act and in their use of residential mortgage-backed securities ("RMBS"s) for the cover pool. In light of these differences, it was unclear whether investors would welcome these bonds. For this reason, we took steps to gather input from a wide range of investors, including central banks, government institutions, asset managers, and banks, and ongoing discussions were held on how to reflect this input into the structure. This process led us to judge that investors would be receptive toward the following structure, which was then used to issue Japan's first contractual law covered bond.



* Total return swap, a derivative transaction in which the principal is swapped together with the economic gains (losses) of an asset

Low-Cost Foreign Currency Funding from a Wide Range of Investors

SMBC's euro-denominated contractual law covered bonds received a rating of Aaa from Moody's Investors Service, Inc., which exceeded the rating therefrom of A1 assigned to Japanese government bonds. SMBC Group thus gained a method of foreign currency funding at interest rates that are lower by 0.35% compared to the rate of the euro-denominated senior unsecured bonds issued in July 2018.

Our contractual law covered bonds were issued in late October 2018, at the same time as the slump in the senior unsecured bonds market that followed market volatility stemming from the downgrading of Italian government bonds and the trade friction between China and the United States. These covered bonds exhibited their viability as a foreign currency funding method under extraordinary circumstances as we were able to raise a sufficient amount of foreign currency funding, despite the adverse market conditions.

Of the investors that purchased SMBC's covered bonds, 42% were fixed income asset managers. The next largest group was comprised of central banks and official institutions, which accounted for 22% of all investors, a substantially higher level than would have been seen for our conventional senior unsecured bonds. This figure is evidence that these bonds have enabled us to incorporate a group of new investors into our investor base that was previously out of reach. In this manner, the contractual law covered bonds achieved their initial goal by making large contributions to the expansion of our investor base.

Amalgamation of SMBC Group's High-Level Expertise

Forged through more than six months of coordination, the contractual law covered bonds were an amalgamation of the high-level expertise of SMBC Group in the areas of banking, securities, and trusts. Covered bonds have a history of more than 250 years in Europe, and there have been attempts to introduce these bonds into Japan for over a decade. However, the issuance of such bonds in Japan was deemed to be impossible due to the legal restrictions. It was the passion of the team to overcome these restrictions and realize the issuance of covered bonds in Japan that drove this undertaking to success. This accomplishment made waves throughout the market and legal community in Japan and overseas, with some going as far as to compare this innovative idea with the egg of Columbus. We hope that this Aaa-rated scheme of foreign currency

funding will find a wider range of use throughout the market as a low-cost, stress-resistant foreign currency funding method and come to contribute to the stabilization of the foreign currency funding of Japanese financial institutions going forward.







Corporate Infrastructure Supporting Value Creation

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Corporate Governance

Our Approach

We position “Our Mission” as the universal philosophy underpinning the management of SMBC Group and as the foundation for all of our corporate activities. We are working toward effective corporate governance as we consider the strengthening and enhancement of corporate governance to be one of our top priorities in realizing “Our Mission.”

Initiatives for Improving Corporate Governance

- 2002
 - Establishment of Sumitomo Mitsui Financial Group
 - Voluntary establishment of Nominating Committee, Compensation Committee, and Risk Committee as internal committees of the Board of Directors
- 2005
 - Voluntary establishment of Audit Committee as internal committee of the Board of Directors
- 2006
 - Formulation of “Basic Policy on Internal Control Systems” through internal control resolution made based on “Our Mission” and “Code of Conduct” in order to establish frameworks for ensuing appropriate operations
- 2010
 - Listing of shares on the New York Stock Exchange in order to improve transparency of financial reporting, increase convenience for investors, and diversify fund procurement methods
- 2014
 - Appointment of independent directors and independent auditors based on stipulations of the Tokyo Stock Exchange

- 2015
 - Establishment of the “SMFG Corporate Governance Guideline”
 - Increase in the number of outside directors to five and the number of outside corporate auditors to three
- 2016
 - Strengthening of Group governance by appointing the Chairman of SMBC Nikko Securities as a director of Sumitomo Mitsui Financial Group along with the President of SMBC
 - Commencement of evaluations of the effectiveness of the Board of Directors
- 2017
 - Transition to a Company with Three Committees; increase in the number of outside directors to seven; establishment of voluntary Risk Committee together with legally mandated Nomination Committee, Compensation Committee, and Audit Committee; and appointment of outside directors as chairmen of three legally mandated committees
 - Institution of new Group governance system through introduction of group-wide business units and CxO system
- 2019
 - Transition to the Company with Audit and Supervisory Committee structure by core subsidiaries SMBC and SMBC Nikko Securities

Sumitomo Mitsui Financial Group's Corporate Governance System

We have set forth a “Code of Conduct” to serve as action guidelines across all business activities with the aim of sharing the principles of “Our Mission” throughout the Group. In addition, the “SMFG Corporate Governance Guideline,” a guideline for corporate governance, has been formulated and disclosed. We are promoting awareness and understanding regarding these guidelines among all SMBC Group officers and employees.

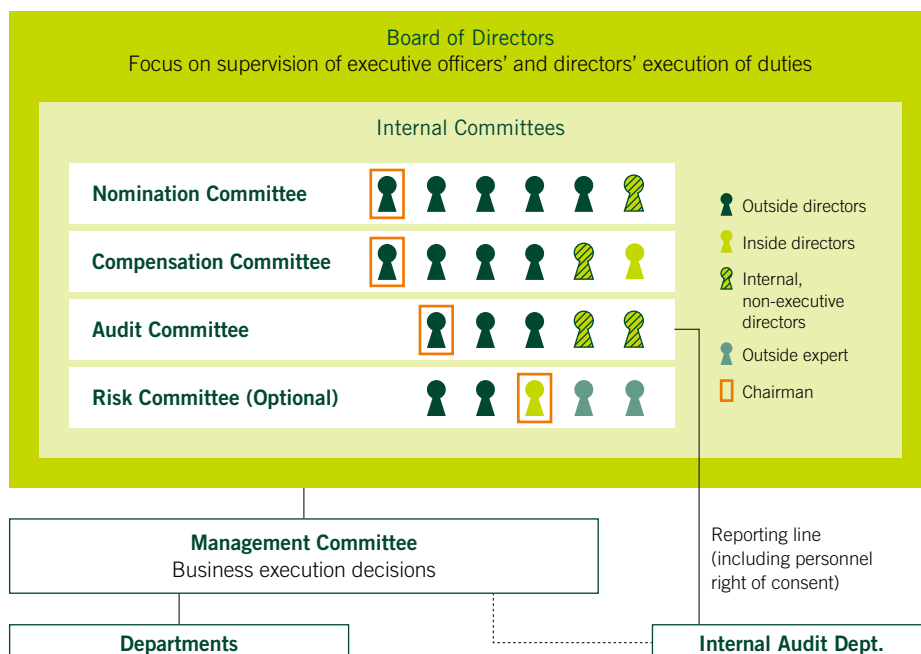
SMBC Group employs the Company with Nominating Committee, etc., structure described in the Companies Act. This structure was adopted in order to establish a corporate governance system that is globally recognized and is aligned with international banking regulations and supervision requirements and achieve enhanced oversight of the exercise of duties by the Board of Directors and expedite this exercise of duties. In addition, core subsidiaries SMBC and SMBC Nikko Securities transitioned to the Company with Audit and Supervisory Committee described in the Companies Act in June 2019.

We realize that there is no perfect form for corporate governance structures. Accordingly, we will continue working toward the strengthening and enhancement of corporate governance in order to realize higher levels of effectiveness.

Code of Conduct

- To strive to increase shareholder value whilst also maintaining healthy relationships with customers, employees, and other stakeholders. To give utmost consideration to the trust which people have in the firm, to abide by all laws and regulations, to maintain a high ethical standard, and to act fairly and sincerely;
- To continue improving our knowledge and capability and, at the same time, to raise our productivity in order to provide superior financial services at competitive prices;
- To establish a top brand global financial group by understanding the needs of each customer and by providing valuable services which meet those needs;
- To be selective and focused in the implementation of our business strategy, to define and develop the competitive advantages which we have over our competitors and, by allocating managerial resources strategically to those businesses, to become a top player in our selected markets;
- To be creative, proactive, and courageous in order to be in a leading position in all business areas and always a step ahead of our competitors;
- To build a strong organization based on market practice and sound principles whilst reflecting our diverse values. To delegate internal authority under an efficient and effective management system which facilitates speedy decision-making and execution;
- To support our business growth and the development of our employees by setting challenging targets within an evaluation and compensation framework which emphasizes their capabilities and achievements.

Corporate Governance System



Board of Directors

■ Role of the Board of Directors

The Board of Directors of the Company is primarily responsible for making decisions on the matters that are within its legally mandated scope of authority, such as basic management policies, as well as for overseeing the exercise of duties of executive officers and directors. Authority for execution decisions other than those legally required to be made by the Board of Directors will, in principle, be delegated to executive officers. The purpose for this delegation is to enhance the oversight function of the Board of Directors and to expedite the exercise of duties.

The Board of Directors works toward the realization of “Our Mission” and the long-term growth of corporate value and the common interests of the shareholders. Any action that may impede those objectives will be addressed with impartial decisions and response measures.

Furthermore, the Board of Directors is responsible for establishing an environment that supports appropriate risk taking by executive officers. It will develop a system for ensuring the appropriateness of SMBC Group’s business operations pursuant to the Companies Act and other relevant legislation in order to maintain sound management. Another responsibility of the Board of Directors is to exercise highly effective oversight of executive officers from an independent and objective standpoint. Accordingly, the Board of Directors endeavors to appropriately evaluate company performance and reflect these evaluations in its assessment of executive officers.



■ Composition of the Board of Directors

The Board of Directors is comprised of directors with various backgrounds and diverse expertise and experience. The Company strives to maintain the appropriate number of directors in order to enable the Board of Directors to function with the greatest degree of effectiveness and efficiency. In addition, the Board of Directors is to be comprised of at least two directors, and more than one-third of all directors should be outside directors designated as independent directors based on the stipulations of the Tokyo Stock Exchange.

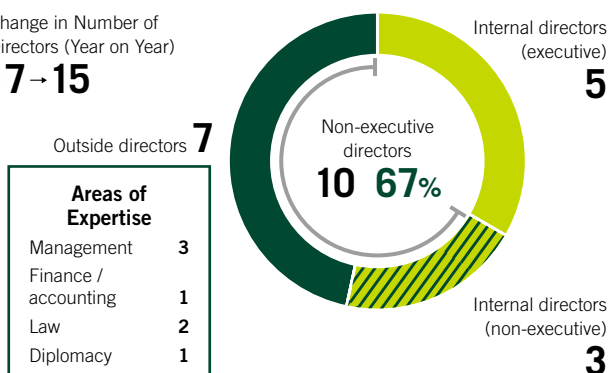
As of June 27, 2019, the Board of Directors was comprised of 15 directors. Ten of the 15 directors did not have business execution responsibilities at the Company or its subsidiaries, with seven of these 10 directors being outside directors. The chairman of Sumitomo Mitsui Financial Group, who does not have business execution responsibilities, served as the chairman of the Board of Directors. This membership ensures an objective stance toward supervising the exercise of duties by executive officers and directors.

Outside directors serve as chairmen and members of the Company’s legally mandated and voluntarily established committees when necessary, outside directors will request reports on compliance, risk management, or other matters from the relevant divisions in order to promote appropriate coordination and supervision.

Composition of the Board of Directors

Change in Number of Directors (Year on Year)

17 → 15



Areas of Expertise	
Management	3
Finance / accounting	1
Law	2
Diplomacy	1

Internal Committees

■ Nomination Committee

The Nomination Committee is responsible for preparing proposals regarding the appointment and dismissal of directors to be submitted to the general meeting of shareholders. This committee also deliberates on matters regarding personnel decisions pertaining to officers of the Company and major subsidiaries and the selection of successors to the presidents of the Company and of core subsidiaries. The Nomination Committee comprises one internal director and five outside directors. In order to ensure transparency in deliberations on officer personnel decisions, an outside director has been appointed to serve as the chairman of this committee.

■ Compensation Committee

The Compensation Committee is responsible for deciding policies for determining the compensation of executive officers and directors of the Company as well as compensation amounts of individual executive officers and directors of the Company based on those policies. In addition, this committee deliberates on the policies for determining the compensation of the executive officers of major subsidiaries and the compensation amounts of individual executive officers of the Company. The Compensation Committee is comprised of two internal directors and four outside directors. In order to ensure transparency in deliberations on officer compensation, an outside director has been appointed to serve as the chairman of this committee.

■ Audit Committee

The Audit Committee is responsible for the auditing of the execution of duties by the executive officers and directors of the Company, preparation of audit reports, and determination of the content of proposals for election, dismissal, or non-re-election of the accounting auditor to be submitted to the general meeting of shareholders. Committee members are appointed by this committee to perform audits of the operations and assets of the Company and its subsidiaries. The Audit Committee is comprised of two internal directors and three outside directors. An outside director has been appointed to serve as the chairman of this committee in order to guarantee the objectivity of audits and independence from business execution. In principle, at least one member of this committee is to possess specialized expertise in finance.

■ Risk Committee

The Risk Committee is responsible for deliberation on matters relating to environmental and risk awareness, the operation of the Risk Appetite Framework, and the implementation of risk management systems as well as other important matters pertaining to risk management and reporting to the Board of Directors on these matters. The Risk Committee is comprised of one internal director, two outside directors, and two outside experts.

Internal Committee Composition

		◎ Chairman ○ Member			
		Nomination Committee (1 inside director, 5 outside directors)	Compensation Committee (2 inside directors, 4 outside directors)	Audit Committee (2 inside directors, 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	○	○		
Takeshi Kunibe	Chairman of the Board	○	○		
Jun Ohta	Director President		○		
Toru Nakashima	Director Senior Managing Corporate Executive Officer				◎
Atsuhiko Inoue	Director			○	
Toru Mikami	Director			○	
Hirohide Yamaguchi ^{*1}	Outside expert				○
Tatsuo Yamasaki ^{*2}	Outside expert				○

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

*2 Specially appointed professor of International University of Health and Welfare

Meetings Only Attended by Outside Directors

As described in the “SMFG Corporate Governance Guideline,” outside directors may hold meetings that only outside directors may attend to serve as forums for building consensus and exchanging information with regard to matters pertaining to corporate governance and businesses from an independent and objective standpoint. In FY2018, three such meetings were held. During these meetings, outside directors engaged in vigorous discussion regarding topics such as the ideal procedures for selecting agenda items based on the role of the Board of Directors and management issues for SMBC Group. The results of these discussions were communicated to management.



Support Systems for Outside Directors

The Company recognizes that outside directors require an in-depth understanding of the Group’s business operations and business activities. Accordingly, we endeavor to continually supply outside directors with the information and insight on business activities that is necessary to supervise management while also providing the opportunities needed to fulfill their roles.

Initiatives to support directors in FY2018 included the following.

- Participation in meetings of general managers of core Group companies and other executive team meetings, tours of bases of Group companies, and discussions with presidents of Group companies for facilitating a greater understanding of business operations and business activities
- Explanatory forums on Board of Directors’ meeting agenda items prior to Board meetings to assist in understanding of items
- Study sessions for outside directors led by external lecturers on topics such as corporate governance and financial regulations
- Small meetings with institutional investors to provide opportunities for understanding the perspectives of stakeholders
- Training through SMBC Academy training website for employees

Outside Director and Corporate Auditor Independence Standards

In order for an outside director or outside corporate auditor (“Outside Director or Corporate Auditor”) of the Company to be classified as independent, they must not fall under, or have recently fallen under, any of the following categories:

1	Major Business Partner	<ul style="list-style-type: none"> • An entity that has the Company or SMBC as a major business partner or an executive director, officer, or other person engaged in the execution of business of such an entity. • An entity that is a major business partner of the Company or SMBC or an executive director, officer, or other person engaged in the execution of business of such an entity.
2	Specialist	<ul style="list-style-type: none"> • A legal expert, accounting expert, or consultant who has received money or other property from the Company or SMBC averaging more than JPY 10 million per year over the last three years, in addition to any compensation received as a director or corporate auditor. • A member of a Juridical Person, etc., or other organization that provides specialist services, such as a law firm, accounting firm, or consulting firm, which has received large amounts of money or other property from the Company or SMBC.
3	Donations	A person who has received – or an executive director, officer, or other person engaged in the execution of business of an entity which has received – on average over the last three years, donations or other payments from the Company or SMBC in excess of the greater of JPY 10 million per year and 2% of the recipient’s annual revenue.
4	Major Shareholder	A major shareholder of the Company or an executive director, officer, or other person engaged in the execution of business of a major shareholder (including anyone who has been a major shareholder, or an executive director, officer, or other person engaged in the execution of business of a major shareholder, within the last three years).
5	Close Relative	A close relative of any person (excluding non-material personnel) who falls under any of the following: (1) A person who falls under any of 1 through 4 above; or (2) A director, corporate auditor, executive officer, or other person engaged in the execution of business of the Company or a subsidiary thereof.

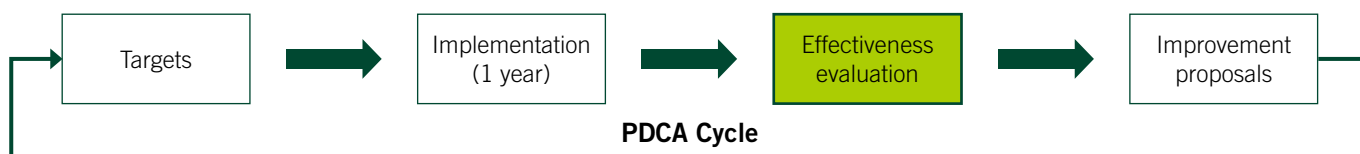
▶ Please see Reference 7 of the “SMFG Corporate Governance Guideline” for more information.
https://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf

Evaluation of the Board of Directors' Effectiveness

The "SMFG Corporate Governance Guideline" contains provisions on evaluating the effectiveness of the Board of Directors. In accordance with these provisions, annual analyses and evaluations are conducted by the Board of Directors to determine whether or not it is executing its duties in line with the guideline, and the results of these analyses and evaluations are disclosed.

In FY2018, the evaluation focused on the four areas described below, which are areas for which provisions exist in Japan's Corporate Governance Code and the "SMFG Corporate Governance Guideline." All seven outside directors were asked

for their opinions regarding these areas at meetings of the Board of Directors held in April and May 2019, and interviews of internal directors were conducted thereafter. The primary subject of interviews with internal directors was their expectations of outside directors. Discussions based on the findings took place at Board of Directors' meetings in June, after which analyses and evaluations were carried out to determine whether or not the Board of Directors was executing its duties in line with the "SMFG Corporate Governance Guideline." Moreover, reviews by external specialists with expertise from developed nations are received at each stage of the evaluation process.



Overview of Evaluation Results

Role of the Board of Directors

- Steps are taken to invigorate discussions while taking advantage of the highly specialized expertise of the outside directors. These discussions were geared toward medium- to long-term improvements in corporate value based on the interests of various stakeholders while incorporating important matters related to business strategies to contribute to the fulfillment of "Our Mission."
- Based on the executive-side discussions of the Management Committee, matters related to business plans and other basic management policies as well as the status of the business execution were presented and reported on several occasions. As a result, effective deliberations on these matters were able to take place and oversight functions were exercised properly.
- Further evaluations and revisions are necessary for enabling outside directors to better exercise their functions based on the issues and future direction for SMBC Group, ongoing, in-depth discussions on the overarching management issues (big picture) pertaining to medium- to long-term targets, and the expectations of outside directors.

Proceedings of the Board of Directors

- The number and content of agenda items as well as the amount of time dedicated to discussion of agenda items were more or less around the appropriate level.
- Discussions were livelier than in the previous fiscal year due to the allocation of time to discuss topics not included in agenda and seating arrangement-related measures.
- The following measures were taken to encourage frank discussion at meetings of the Board of Directors.
 - Preparation of clearer explanations and materials on the points to be discussed
 - Measures related to the direction of proceedings

Composition of the Board of Directors

- As of March 31, 2019, the Board of Directors consisted of 17 directors, seven of which were outside directors. Accordingly, outside directors represented over 40% of all directors.
- It was once again acknowledged that the outside directors represented a diverse range of expertise, genders, and nationalities and that the Board of Directors features an atmosphere conducive to outside directors voicing opinions regarding management.
- There is a need to continue evaluating and revising the number of members and the composition of the Board of Directors to ensure that the Board of Directors is suitable based on its role.

Support Systems for Outside Directors

- Information necessary for making flexible management decisions in a changing operating environment and for exercising effective oversight functions continued to be supplied to Board of Directors' members in an appropriate and timely manner.
- The Company continued to provide systems for effectively supporting the Board of Directors in making management decisions through venues such as study sessions for outside directors and forums for discussions between outside directors and internal directors, executive officers, and the accounting auditor.
- It is desirable for the Company to continue promoting initiatives for utilizing the insight of outside directors (such as by arranging forums for exchanges of valuable information between outside directors or between the executive and oversight functions and increasing the amount of information provided to outside directors).

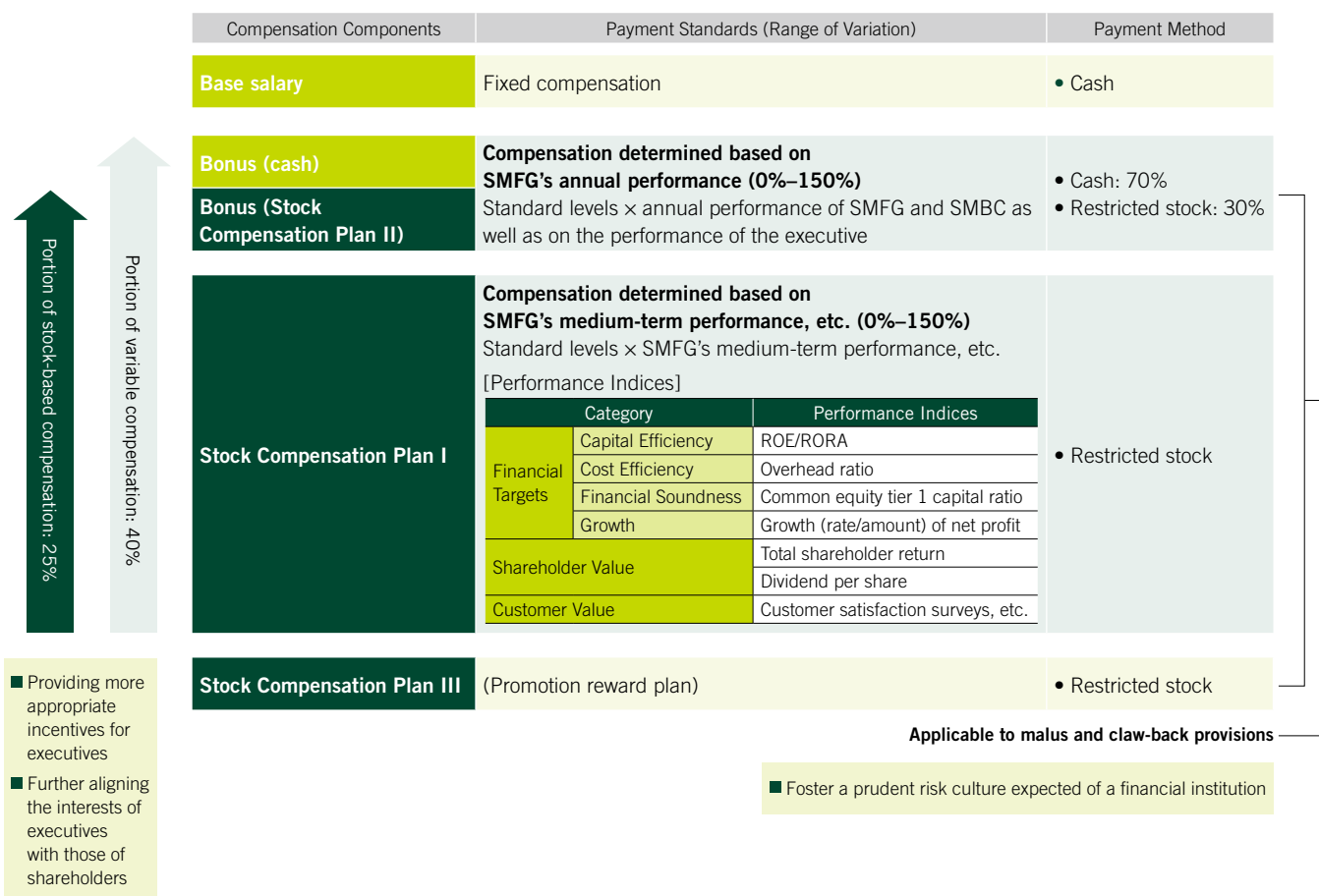
Compensation Program

We revised the executive compensation program and introduced new Stock Compensation Plans as a part of the executive compensation program, for the purpose of:

1. Providing more appropriate incentives for executives, strengthening linkage with our short-, medium-, and long-term performance, and
2. Further aligning the interests of executives with those of shareholders, by increasing the weight of stock compensation and enhancing the shareholding of our executives.

We also introduced the malus (forfeiture) of restricted stock and the claw-back of vested stock allocated to the executives under the Plans to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution.

Executive Compensation System



Executive Management Systems

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 Sumitomo Mitsui Financial Group with other members including executive officers and other officers designated by the President. The President of Sumitomo Mitsui Financial Group 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.

Group-Wide Business Units and CxO System

In April 2017, the Company introduced group-wide business units and the CxO system with the aim of enhancing Group management. The group-wide business unit structure entailed the creation of the Retail Business Unit, the Wholesale Business Unit, the International Business Unit, and the Global Markets Business Unit. The goal of this structure is to heighten our ability to address the various needs of customers on a group-wide basis by enabling the business units to formulate and implement business strategies based on their respective customer segments. The CxO system entails the appointment of nine Group chief officers in charge of specific areas in addition to the Group CEO (President of Sumitomo Mitsui Financial Group). This system is meant to improve Group management capabilities centered on the holding company. The heads of business units as well as the chief officer positions will, in principle, be filled with executive officers of the Company, with the one exception being the Group Chief Audit Executive (CAE). Individuals appointed to these positions are expected to exercise their duties as the person responsible for overseeing their business unit or head office division and report on the execution of their duties to the Board of Directors.

SMBC Group Global Advisors

SMBC Group Global Advisors (“Global Advisors”) act in an advisory capacity to the SMBC Group Management Committee by attending SMBC Group Global Advisory Meetings, which we hold on a regular basis.

SMBC Group appointed Global Advisors to provide advice to it on global business and on political and economic issues in Americas, EMEA and Asia.

At SMBC Group Global Advisory Meetings, advisors inform the Management Committee of trends and developments in the financial sector and the political and economic environments of the respective regions. The Global Advisors also provide regular insight in respect of political and economic issues relating to the formulation of strategy by SMBC Group and key risks faced by SMBC Group.

The Third SMBC Group Global Advisory Meeting

The Third SMBC Group Global Advisory Meeting was held in Tokyo in May 2019. Five SMBC Group Global Advisors and members of the Management Committee took part in the meeting, and actively discussed the business environment, the business trends, and the global affairs which we need to take into consideration when formulating the next Medium-Term Management Plan.

Especially in regards to the business trends in the financial services sector, various opinions were raised concerning how SMBC Group plays roles in the market and what kind of strategy it should focus on, as the digitalization has been rapidly progressing and the threats of new entrants has been increasing.

In addition to that, the business environment was also well discussed from the viewpoints of risks which SMBC Group needs to take into consideration in its global business operations, such as the prolonged US-China tensions.

SMBC Group states in its 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” and will actively leverage the expertise of the Global Advisors in achieving the realization of that Vision.



SMBC Group Global Advisors



Dr. Andreas Dombret

Career summary

2010–2018

A member of the Executive Board, Deutsche Bundesbank

2005–2009

Vice Chairman Europe, Bank of America



Dr. Robert D. Hormats

Career summary

2013–Present

Vice Chairman, Kissinger Associates

2009–2013

United States Under Secretary of State



Mr. Andrew N. Liveris

Career summary

2017–2018

Executive Chairman, DowDuPont Inc.

2006–2017

Chairman and CEO, The Dow Chemical Company



Mr. Cesar V. Purisima

Career summary

2010–2016

Secretary of Finance of the Republic of the Philippines

2004–2005

Secretary of Trade and Industry of the Republic of the Philippines



Sir David Wright

Career summary

2003–2017

Vice Chairman, Barclays

1996–1999

British Ambassador to Japan



Mr. Joseph Yam

Career summary

2017–Present

A member of the Executive Council, Hong Kong SAR

1993–2009

Chief Executive of the Hong Kong Monetary Authority

Outside Director Interview: Selection Process for the New Group CEO



Sumitomo Mitsui Financial Group
Director
Chairman of the Nomination Committee
Yoshinobu Tsutsui

Q

FY2019 marked the first time our Group CEO changed since Sumitomo Mitsui Financial Group transferred to a Company with Three Committees. Could you please describe the selection process that was taken?

I was appointed as an outside director of Sumitomo Mitsui Financial Group in 2017, the same year in which the company transferred to a Company with Three Committees. In terms of internal committees, I am a member of the Compensation Committee and I am the Chairman of the Nomination Committee. The Nomination Committee has been constructed in a manner which stresses objectivity and transparency, with five of its six members being outside directors. Of course, the quality of discussions takes precedence over the committee's format. Repeated discussions took place at the Nomination Committee meetings for more than one year regarding the selection of the new Group CEO, and I am confident that the deliberations were conducted in an objective and transparent manner.

The Nomination Committee established a number of specific points which needed to be considered when selecting the new Group CEO after carefully studying the business environment and business operations of SMBC Group and the qualities we believed the Group's leader needed to possess. For example, in order to realize SMBC Group's medium- to long- term vision of becoming a global financial group, we believe that the successful candidate would need to possess a broad global-based perspective, deep insights, and a creative imagination. As such, these qualities were included in the selection criteria. The selection criteria were by no means limited to abilities and skills, they also included character and behavioral traits, for example the tenacity and persistence to assemble timely decisions and to implement those decisions, the ability to form and deploy outstanding teams, leadership and optimism which demonstrate courage, and grit/tolerance. Based on such qualities, the Nomination Committee came to its final decision in December 2018 following a deliberate selection process, which included candidate interviews.

Q

Could you please share with us some points to which you paid particular attention during the Nomination Committee's selection process?

I did not focus on any single point during the selection process. The reason being that the criteria required of the individual selected to lead SMBC Group are multi-faceted and diverse. My focus was on whether the candidates satisfied all of the required criteria to a very high standard, and I believe that the other members of the Nomination Committee shared this mindset, which allowed us to engage in deliberations based on a common understanding.

The purpose of involving outside directors in this type of process is to ensure the presence of opinions that are based on impartiality, fairness, and neutrality. I believe this is precisely what shareholders and other stakeholders expect. As such, I paid very careful attention to ensure that such values were reflected in the discussions I guided as the Chairman of the Nomination Committee. Mr. Ohta was selected as the new Group CEO, and I have no doubt whatsoever that SMBC Group's stakeholders understand why Mr. Ohta was selected once they refer to the required abilities and skills, experience, and character and behavioral traits that I mentioned earlier.

If we take the aforementioned "possess a broad global-based perspective, deep insights, and a creative imagination" as an example, Mr. Ohta has been a leader in SMBC's project finance business since its infancy more than 20 years ago. Project finance has grown into a business in which SMBC Group is a top-tier global player. Mr. Ohta also has abundant experience conducting business on the global stage, including from his experience residing in Singapore. In addition, Mr. Ohta accumulated considerable experience and knowledge concerning digital technology, which is rapidly growing in importance in the financial sector, during his tenure as CDIO where he was responsible for a number of SMBC Group's new business strategies, for example cashless payments.

Having said this, if I was asked what quality I consider to be most important to a business leader, and I was to disregard my role as Chairman of the Nomination Committee, I would reply: "leadership." While similar words exist, for example captaincy, they give the image of individuals forcibly imposing their will on others. The leadership I refer to is the ability to attract people and instill a strong sense of loyalty in them. An individual making the most of his character and insights, in other words his personal capabilities, to guide SMBC Group. This is the leadership which I am referring to.

With the goal of ensuring impartiality, fairness, and neutrality the Nomination Committee engaged in deliberations focusing on the qualities I discussed earlier, but I want to stress the fact that Mr. Ohta certainly possesses, in ample amounts, the type of leadership which I just shared with you.

Q

SMBC Group has stated that becoming a global financial group is its medium- to long-term vision. What do you think is the most important factor to realizing this vision?

I believe the most important factor is to strengthen SMBC Group's corporate governance on a global basis. While it is also necessary to devote resources to create the framework itself, as SMBC Group has been making steady progress in this regard I believe that the focus should now be on further enhancing the framework's effectiveness.

In order for this to happen, SMBC Group employees must address and resolve existing differences in perception by communicating with each other, and this needs to be done on a global basis. People will always have different perceptions. For example, employees will feel different levels of urgency regarding a particular risk. If we look at SMBC Group, differences in perception exist between Group companies, business units, administrative departments and front office departments, domestic and overseas offices, even between customers and markets. Creating a system which can promptly detect and resolve such differences will increase the effectiveness of SMBC Group's corporate governance framework. The key to achieving this is to develop personnel who are highly sensitive to such differences. I believe that developing as many such personnel as possible is a critical part of enhancing SMBC Group's global corporate governance capabilities.

I was President of the Nippon Life Insurance Company for seven years starting in 2011. During this time I failed to sense a critical difference in the perception of the company's employees which led to the deterioration of a particular issue. As such, I have consistently focused on the effectiveness of SMBC Group's corporate governance in my role as an outside director. I will continue to devote my utmost efforts to support the realization of SMBC Group's Medium-Term Management Plan and the sustained improvement of SMBC Group's corporate value by proactively voicing my views, which reflect my experiences as a business leader, at Board of Director, Nomination Committee, and Compensation Committee meetings.

Sumitomo Mitsui Financial Group Directors (As of June 27, 2019)



Takeshi Kunibe

Chairman of the Board

Career summary

- 1976 Joined Sumitomo Bank
- 2003 Executive Officer of Sumitomo Mitsui Banking Corporation ("SMBC")
- 2006 Managing Executive Officer of SMBC
- 2007 Managing Executive Officer of the Company
Director of the Company
- 2009 Director and Senior Managing Executive Officer of SMBC
- 2011 President and Chief Executive Officer of SMBC
- 2017 President of the Company
Resigned as Director of SMBC
Director President of the Company
- 2019 Chairman of the Board of the Company (to present)



Jun Ohta

Director
President (Representative Corporate Executive Officer)
Group CEO

Career summary

- 1982 Joined Sumitomo Bank
- 2009 Executive Officer of SMBC
- 2012 Managing Executive Officer of SMBC
- 2013 Managing Executive Officer of the Company
- 2014 Senior Managing Executive Officer of the Company
Senior Managing Executive Officer of SMBC
Director of the Company
- 2015 Director and Senior Managing Executive Officer of SMBC
- 2017 Director and Deputy President of the Company
Resigned as Director of SMBC
Director Deputy President and Corporate Executive Officer of the Company
- 2018 Director and Deputy President of SMBC
- 2019 Director President of the Company (to present)
Resigned as Director of SMBC



Makoto Takashima

Director
President of SMBC

Career summary

- 1982 Joined Sumitomo Bank
- 2009 Executive Officer of SMBC
- 2012 Managing Executive Officer of SMBC
- 2014 Senior Managing Executive Officer of SMBC
- 2016 Director and Senior Managing Executive Officer of SMBC
- 2017 President of SMBC (to present)
Director of the Company (to present)



Haruyuki Nagata

Director Senior Managing Corporate Executive Officer
Group CRO
Director and Senior Managing Executive Officer of SMBC

Career summary

- 1985 Joined Mitsui Bank
- 2011 General Manager of Financial Accounting Department of the Company
- 2013 Executive Officer of SMBC
- 2015 Managing Executive Officer of SMBC
- 2016 Managing Executive Officer of the Company
- 2018 Director and Managing Executive Officer of SMBC
Director and Senior Managing Executive Officer of SMBC (to present)
- 2019 Senior Managing Corporate Executive Officer of the Company
Director Senior Managing Corporate Executive Officer of the Company (to present)



Toru Nakashima

Director Senior Managing Corporate Executive Officer
Group CFO, Group CSO
Director and Senior Managing Executive Officer of SMBC

Career summary

- 1986 Joined Sumitomo Bank
- 2013 General Manager of Consumer Business Planning Department of the Company
- 2014 Executive Officer of SMBC
- 2015 General Manager of Corporate Planning Department of the Company
- 2016 Managing Executive Officer of SMBC
- 2017 Managing Executive Officer of the Company
- 2019 Director and Managing Executive Officer of SMBC
Senior Managing Corporate Executive Officer of the Company
Director and Senior Managing Executive Officer of SMBC (to present)
Director Senior Managing Corporate Executive Officer of the Company (to present)



Atsuhiko Inoue

Director
Director of SMBC

Career summary

- 1981 Joined Sumitomo Bank
- 2008 Executive Officer of SMBC
- 2011 Managing Executive Officer of SMBC
- 2014 Senior Managing Executive Officer of the Company
Director and Senior Managing Executive Officer of SMBC
Director of the Company
- 2015 Resigned as Director of the Company
Senior Managing Executive Officer of SMBC
- 2019 Director of the Company (to present)
Director of SMBC (to present)



Toru Mikami

Director

Career summary

- 1984 Joined Sumitomo Bank
- 2006 General Manager of Legal Department of SMBC
- 2013 Co-General Manager of General Affairs Department of the Company
- 2015 Senior Manager of Head Office of SMBC
Standing Corporate Auditor of the Company
- 2017 Director of the Company (to present)



Tetsuya Kubo

Director
Representative Director,
Chairman of SMBC Nikko

Career summary

- 1976 Joined Sumitomo Bank
- 2003 Executive Officer of SMBC
- 2006 Managing Executive Officer of SMBC
- 2008 Managing Executive Officer of the Company
- 2009 Senior Managing Executive Officer of the Company
Director and Senior Managing Executive Officer of SMBC
- 2011 Deputy President and Executive Officer of the Company
Director and Deputy President of SMBC
Director of SMBC Nikko Securities Inc. ("SMBC Nikko")
Director of the Company
- 2013 Resigned as Director of the Company
Resigned as Director of SMBC
Representative Director, President & CEO of SMBC Nikko
- 2016 Representative Director, Chairman of SMBC Nikko (to present)
Director of the Company (to present)

Sumitomo Mitsui Financial Group Directors (As of June 27, 2019)



Masayuki Matsumoto

Director
Special Advisor of Central Japan Railway Company

Career summary

- 1967 Joined the Japanese National Railways
- 1987 Joined Central Japan Railway Company
- 2004 President and Representative Director of Central Japan Railway Company
- 2010 Vice Chairman and Representative Director of Central Japan Railway Company
- 2011 Resigned as Director of Central Japan Railway Company
President of Japan Broadcasting Corporation
- 2014 Retired from Japan Broadcasting Corporation
Special Advisor of Central Japan Railway Company (to present)
- 2015 Director of SMBC
- 2017 Director of the Company (to present)
Retired as Director of SMBC



Arthur M. Mitchell

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

Career summary

- 1976 Registered as an attorney at law, admitted in New York, the U.S.A. (to present)
- 2003 General Counsel of the Asian Development Bank
- 2007 Joined White & Case LLP
- 2008 Registered as Foreign Attorney in Japan (to present)
Registered Foreign Attorney in Japan at White & Case LLP (to present)
- 2015 Director of the Company (to present)



Shozo Yamazaki

Director
Certified public accountant

Career summary

- 1970 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
- 1974 Registered as a certified public accountant (to present)
- 1991 Representative Partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
- 2010 Retired from Deloitte Touche Tohmatsu LLC
Chairman and President of The Japanese Institute of Certified Public Accountants
- 2013 Advisor of The Japanese Institute of Certified Public Accountants (to present)
- 2014 Professor of Tohoku University Accounting School
- 2017 Director of the Company (to present)



Masaharu Kohno

Director
Former diplomat

Career summary

- 1973 Joined Ministry of Foreign Affairs of Japan
- 2005 Director-General of Foreign Policy Bureau in Ministry of Foreign Affairs of Japan
- 2007 Deputy Minister for Foreign Affairs (in charge of economy) of Ministry of Foreign Affairs of Japan
- 2009 Ambassador of Japan to Russia, Armenia, Turkmenistan and Belarus
- 2011 Ambassador of Japan to Italy
Ambassador of Japan to Italy, Albania, San Marino and Malta
- 2014 Retired from office
- 2015 Director of the Company (to present)



Yoshinobu Tsutsui

Director
Chairman of Nippon Life Insurance Company

Career summary

- 1977 Joined Nippon Life Insurance Company
- 2004 Director of Nippon Life Insurance Company
- 2007 Director and Executive Officer of Nippon Life Insurance Company
Director and Managing Executive Officer of Nippon Life Insurance Company
- 2009 Director and Senior Managing Executive Officer of Nippon Life Insurance Company
- 2010 Representative Director and Senior Managing Executive Officer of Nippon Life Insurance Company
- 2011 President of Nippon Life Insurance Company
- 2017 Director of the Company (to present)
- 2018 Chairman of Nippon Life Insurance Company (to present)



Katsuyoshi Shinbo

Director
Attorney at law

Career summary

- 1984 Registered as an attorney at law (to present)
- 1999 Attorney at law at Shinbo Law Office (currently Shinbo & Partners) (to present)
- 2015 Corporate Auditor of SMBC
- 2017 Director of the Company (to present)
Resigned as Corporate Auditor of SMBC



Eriko Sakurai

Director
Chairman and CEO of Dow Toray Co., Ltd

Career summary

- 1987 Joined Dow Corning Corporation
- 2008 Director of Dow Corning Toray Co., Ltd.
- 2009 Chairman and CEO of Dow Corning Toray Co., Ltd.
- 2011 Regional President -Japan/Korea of Dow Corning Corporation
- 2015 President and Representative Director of Dow Corning Holding Japan Co., Ltd.
Director of the Company (to present)
- 2018 Executor, Dow Switzerland Holding GmbH, which is a Representative Partner of Dow Silicones Holding Japan G.K. (to present)
Chairman and CEO of Dow Toray Co., Ltd. (to present)

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 135 for SMBC directors, Audit and Supervisory Committee.

Towards Sustainable Development of Society

Our Approach

On a global scale, we are currently facing various environmental issues, such as climate change resulting from global warming, as well as social issues, such as human rights violations. In Japan, we must address various challenges arising in conjunction with changes to the social structure, such as rapid population aging and the contraction of the workforce.

SMBC Group believes that it is the social responsibility of a company to contribute to the sustainable development of society as a whole by providing stakeholders with even higher value through the course of its business.

Environment

Renewable Energy Project Funding Amount (FY2018)

¥520.0
billion



Physical Risks Identified through Scenario Analyses (Projected increase in credit costs)

¥30.0–¥40.0
billion



Carbon-Related Asset Exposure Ratio

7.8%



Initiatives for Supporting the Environment

Promotion of Renewable Energy through Financial Functions



SMBC Group is proactive in its efforts to reduce environmental impacts through its business. For example, we are helping promote the spread of renewable energy projects that use natural forces, such as solar and wind, to generate power. As a comprehensive financial group, we are uniting all Group companies and capitalizing on their unique characteristics in this undertaking. Accordingly, support for such projects is provided by SMBC through financing, SMBC Nikko Securities through investment, SMBC Trust Bank through contracting related to generation equipment and sites, and Sumitomo Mitsui Finance and Leasing through leasing of generation equipment.

In addition, SMBC Group has issued four green bonds, a type of bond that is used to collect funds to be exclusively allocated to eco-friendly projects. Furthermore, the SDGs

Finance Department established within SMBC Nikko Securities' Capital Markets Division is playing a central role in the provision of support to customers seeking to issue green or social bonds.

Green Bond Issues

Date of Issue	Issuer	Amount
October 20, 2015	Sumitomo Mitsui Banking Corporation	US\$500 million
October 11, 2017	Sumitomo Mitsui Financial Group	€500 million
December 20, 2018	Sumitomo Mitsui Banking Corporation	US\$227.8 million
		AUD83.2 million
May 30, 2019	Sumitomo Mitsui Financial Group	€500 million

Credit Policy

In the Credit Policy of SMBC, which contains our overall financing policy, guidelines, and rules, we declare that we will cease to provide financial support to borrowers engaged in businesses contrary to public responsibility, or which may have a significant negative impact on the global environment. Caution for environmental, social, and other impacts is practiced with regard to the areas detailed to the right.

- Defense manufacturing, cluster munitions, and other armament
- Palm oil plantation developments
- Deforestation
- Coal-fired power plants
- Soil contamination and asbestos

▶ For more information, please refer to Sumitomo Mitsui Financial Group's corporate website.

https://www.smfg.co.jp/english/responsibility/smfgcsr/esg_initiative/risk/

Response to Climate Change (Announcement of Support for TCFD)

We announced our support of the Task Force on Climate-related Financial Disclosures (TCFD)* in December 2017, and we are performing climate change scenario analysis and working together with customers to address the root causes of climate change and help realize a low-carbon society. The following initiatives are being carried out with regard to the four areas advocated in the recommendations of the TCFD.



Governance	<p>We have established Group environmental policies to continuously implement measures to make our corporate activities conducive to preserving the global environment and curbing pollution.</p> <p>The Basic Policy on Climate Change is reflected in SBMC Group's business strategy based on the discussions of the Corporate Sustainability Committee and decisions of the Executive Committee, and the details of our initiatives are reported regularly to the Board of Directors.</p>	
Strategy	<p>■ Physical Risks</p> <p>In light of the recent emergence of natural disasters linked to climate change, SMBC has performed climate change scenario analyses of the physical risks related to water disasters in Japan, thereby calculating, on a preliminary basis, that the impact could equate to an aggregate increase in credit costs of between ¥30.0 billion and ¥40.0 billion by FY2050. When viewed as a per-year average value, it is an additional credit cost of approximately ¥1 billion and thus the impact of water damage caused by climate change on current SMBC's single-year finances is considered to be limited.</p> <p>■ Transition Risks</p> <p>In the process of transitioning to a low-carbon society, there is a risk that the value of the affected assets will decline (Stranded asset Risk). Carbon-related assets (electricity, energy, etc.) currently account for 7.8% of all loans by SMBC. Based on this situation, we will keep evaluating the potential impact of stranded assets.</p> <p>■ Opportunities</p> <p>The market for climate-change-related businesses is expected to grow going forward. Against this backdrop, we are promoting environmental businesses and reducing environmental impacts in Japan and overseas. Measures to this end include conducting a total of ¥520.0 billion in financing of renewable energy projects in FY2018 and issuing green bonds based on the guidelines of the International Capital Market Association and the Ministry of the Environment, Government of Japan.</p>	
Risk Management	<p>SMBC has adopted the Equator Principles, which are guidelines developed by private financial institutions for managing environmental and social risks related to financing large-scale development projects to identify and assess risks to both the environment and society.</p> <p>In addition, SMBC Group companies established lending policies for specific sectors, including coal-fired power plants.</p>	Metrics and Targets
		<p>SMBC Group is working to reduce greenhouse gas emissions, and it realized reductions in per-area CO₂ emissions of 15.16 tons per m² in FY2017 and 104.21 tons per m² in FY2018.</p>

* The Task Force on Climate-related Financial Disclosures was established to urge individual companies to disclose their impact on climate change in their financial reports.

▶ For more information on initiatives regarding the recommendations of the TCFD, please refer to Sumitomo Mitsui Financial Group's corporate website.

https://www.smfg.co.jp/english/responsibility/smfgcsr/esg_initiative/climate/

Social

Participants at Financial and Economic Education Programs

140,000



Students We Supported in Emerging Countries

10,000



Donations to Social Welfare Organizations through Employee Volunteer Fund

¥20 million



Initiatives for Supporting the Next Generation

Support for SMEs in Introducing Cashless Payment Systems



We are supporting SMEs across Japan in introducing cashless payment systems by promoting the payment services of Square, Inc., a company with which SMBC Group has formed a business alliance.

The card readers offered by Square are very simple payment terminals that allows credit card payments to be made merely by connecting the reader to a smartphone or tablet. As such, these readers can be introduced with ease even at retailers, outdoor events, and other locations with limited space. Moreover, examinations are also brief, allowing for use as early as the day after application, and payments are deducted as soon as the following day, enabling customers to use this payment service in a similar manner to cash payments. Furthermore, introducing Square's point-of-sale register system helps support business growth with increased efficiency in payment processes realized through smooth coordination of inventory management, sales analysis, and accounting software.

Using this system, SMBC Group aims to support SMEs in introducing cashless payment systems and thereby contribute to the promotion of cashless payments throughout Japanese society as a whole.



Business Succession Support Framework that Uses Trust Functions to Address Cognitive Impairment Issues



SMBC Trust Bank provides financial solutions that address potential social issues as the "100-Year life" era approaches.

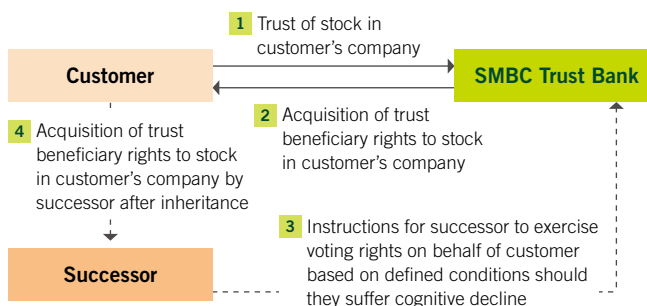
Specifically, SMBC Trust Bank has developed a business succession framework that addresses the needs of customers seeking to decide the process through which shares of their company's stock will be transferred to successors and those looking to mitigate management risks arising from an inability to exercise voting rights due to future cognitive impairment or other forms of cognitive decline.

Characteristics of this product include special provisions for the following:

- Acquisition of trust beneficiary rights to stock by successor after inheritance
- Instructions for successor to exercise voting rights on behalf of customer should they suffer cognitive decline.

Going forward, through the provision of financial products, we hope to contribute to the realization of a society in which business operators are able to feel peace of mind as they continue to develop their business.

Business Succession Support Framework



Initiatives for Supporting Communities

Traditional Japanese Dwelling Lodging Business



In January 2019, Sumitomo Mitsui Finance and Leasing established Dazaifu Co-Creation through joint investment with Nishi-Nippon Railroad Co., Ltd., and The Bank of Fukuoka, Ltd. Dazaifu Co-Creation operates a dispersed traditional Japanese dwelling lodging business via coordination with Dazaifu City, Fukuoka Prefecture, and Dazaifu Tenmangu Shrine. This business entails renovating traditional Japanese dwellings located throughout the region to function as lodging facilities and restaurants and welcoming tourists through a community-wide effort.

In this business, traditional Japanese dwellings are rented and renovated to become facilities and restaurants. Sumitomo Mitsui Finance and Leasing supports this business by leasing interior fixtures, lodging facilities, kitchen equipment, and equipment and machinery used in restaurants and by providing other financial services.

SMBC Group is supporting tourism and subsequently the development of regional economies by participating in such tourism projects as a partner and by providing leasing and various other financial services.



Traditional Japanese dwelling converted into lodging facility



Dazaifu Tenmangu Shrine

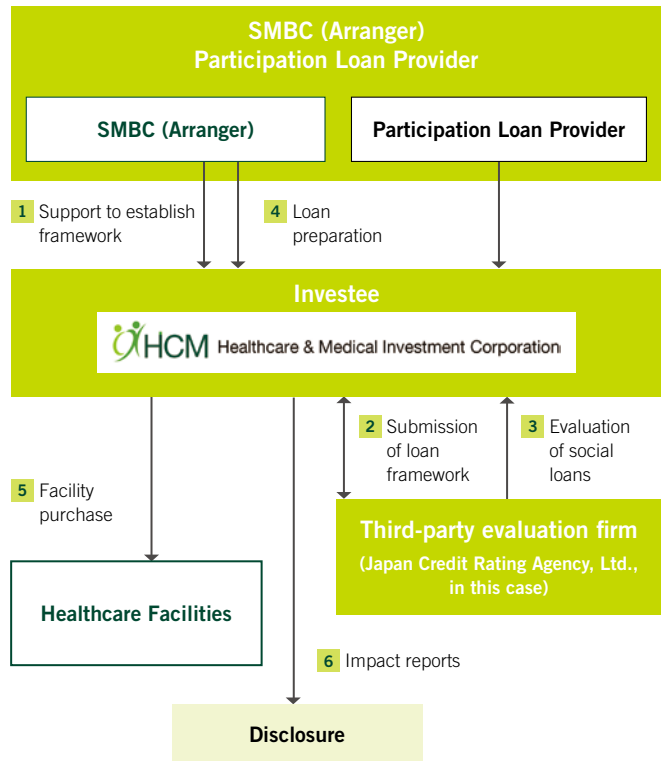
SDGs Social Loans



SMBC has launched Japan's first SDG social loan.

These loans are meant to provide funding to projects that help resolve social issues. Through a scheme entailing impact reports that measure impacts on society and third-party evaluations, we are working together with customers to resolve social issues.

For example, utilizing funds loaned to Healthcare & Medical Investment Corporation, a Japanese real estate investment trust specializing in healthcare facilities, we are helping supply such facilities. These efforts are largely contributing to resolving the various issues that face the rapidly aging Japanese society, by lowering the burden placed on the families of individuals requiring nursing care, reducing the number of people who are unable to receive such care, and promoting women's participation in the workforce.



Customer-Oriented Initiatives

Our Approach

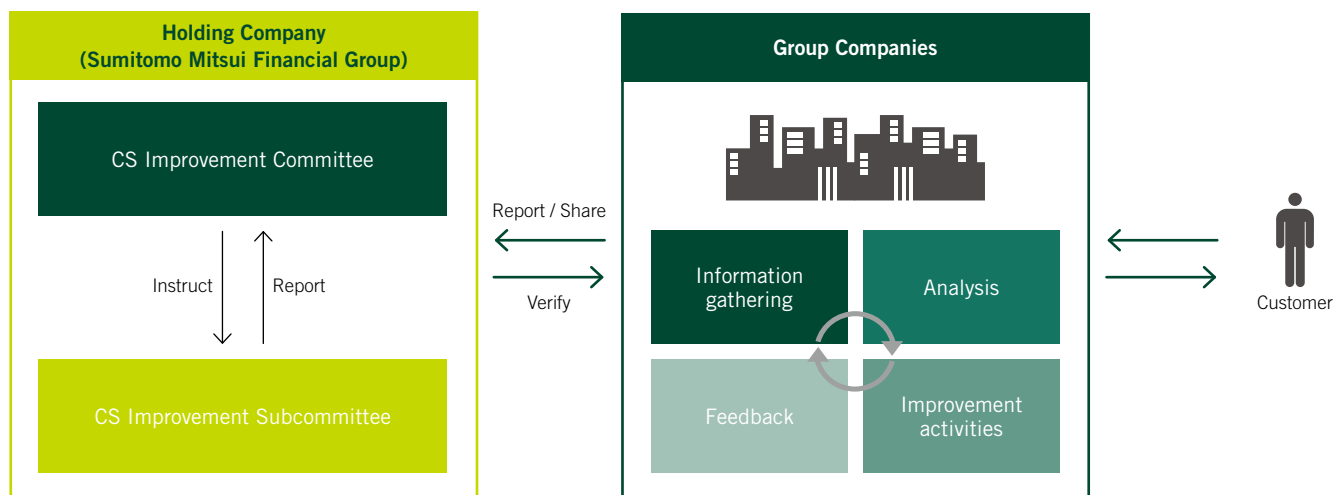
SMBC Group companies are united in their efforts for customer satisfaction (CS) and quality improvement in line with “Our Mission,” which states “We grow and prosper together with our customers, by providing services of greater value to them.”

CS and Quality Improvement System

We have established the CS Improvement Subcommittee as well as the CS Improvement Committee, through which we are advancing initiatives, reinforcing management systems, and promoting Group coordination related to customer-oriented business conduct.

Outside 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 mindset. Meanwhile, the CS Improvement Committee, which shares members with the Group Management Committee, deliberates on concrete measures based on reports from the CS Improvement Subcommittee.

Incorporation of Customer Feedback into Management



Declaration of Compliance with ISO 10002

SMBC 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.

Customer-Oriented Business Initiative

Based on the Principles for Customer-Oriented Business Conduct (a guideline on fiduciary duties) released by the Financial Services Agency, SMBC Group* formulated its Basic Policy for Customer-Oriented Business Conduct and the Basic Policy for Customer-Oriented Business Conduct in the Retail Business Unit.

Basic Policy for Customer-Oriented Business Conduct (Excerpt)

■ SMBC Group's Customer-Oriented 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-oriented perspective) is at the top of this list.

■ Initiatives for Promoting Customer-Oriented Business Conduct

SMBC Group will implement the following initiatives to entrench the principles of customer-oriented business conduct into its activities.

1. Provision of Products and Services Suited to the Customer
2. Easy-to-Understand Explanation of Important Information
3. Clarification of Fees
4. Management of Conflicts of Interest
5. Frameworks for Properly Motivating Employees

SMBC Group aims to facilitate the shift from savings to asset holding seen in Japan through such initiatives.

Furthermore, we will periodically disclose information on initiatives by SMBC Group 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.

* Group companies applicable under this policy:
Sumitomo Mitsui Banking Corporation; SMBC Trust Bank Ltd.; SMBC Nikko Securities Inc.; Sumitomo Mitsui DS Asset Management Company, Limited

▶ For information on the Basic Policy for Customer-Oriented Business Conduct, please see page 124–125.

Basic Policy for Customer-Oriented Business Conduct in the Retail Business Unit

Based on the Sumitomo Mitsui Financial Group's Basic Policy for Customer-Oriented Business Conduct, the Retail Business Unit shall adhere to the following conduct policies in offering service as a retail company that is responsible for providing wealth management and asset building services for individual customers.

In accordance with these policies, the Retail Business Unit shall implement a plan-do-check-act (PDCA) cycle that entails disclosing specific indicators, confirming and analyzing its status in relation to these indicators, and utilizing this information in the future to improve business practices.

■ Conduct Policies

1. Customer-Oriented Wealth Management Proposals Based on Medium- to Long-Term Diversified Investment

With a focus on accurately addressing customers' wealth management needs related to protecting or building assets, we will provide customer-oriented wealth management proposals based on medium- to long-term diversified investment. Through this approach, we strive to deliver customer-oriented financial products.

2. Lineup of Customer-Oriented Products

We shall constantly revise our product lineup, utilizing third-party evaluations of the products of Group companies and other products as necessary, in order to enhance our lineup so that we can accurately address customers' needs related to protecting or building assets. At the same time, we will increase the amount of information provided to customers and take steps to ensure that this information is easy to understand.

3. Customer-Oriented After-Sales Services

We will provide fine-tuned after-sales services to help customers continue to hold our wealth management products with peace of mind over the long term.

4. Customer-Oriented Performance Evaluation Systems

We shall develop performance evaluation systems that encourage employees to engage in effective customer-oriented sales activities.

5. Improvement of Consulting Capabilities

We shall continuously improve our consulting capabilities to ensure we are always capable of proposing the best possible solution for customers' wide-ranging needs.

Disclosed Indicators

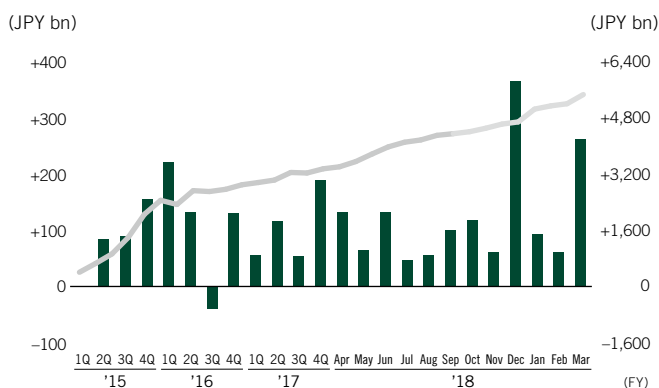
- 1 Increase in balance of investment assets
- 2 Number of customers using wealth management products
- 3 Ratio sales by wealth management product
- 4 Average investment trust holding period
- 5 Fund wrap sales and cancellation amounts
- 6 Amount of fixed-term foreign currency deposits
- 7 Number of investment trust and automatic foreign currency deposit accounts
- 8 Amount of investment trusts and automatic foreign currency deposits
- 9 Tsumitate Nisa account numbers, balances, and ratio of new users
- 10 By product sales amounts of lump-sum insurance products
- 11 Ratio of sales of investment trust products of Group companies
- 12 Sales amounts of investment trusts (including fund wraps) (Breakdown of monthly allocation type and others)
- 13 Breakdown of losses and gains by customers using investment trusts and fund wraps
- 14 Costs and returns of investment trusts with top-ranking balance amounts
- 15 Risks and returns of investment trusts with top-ranking balance amounts
- 16 Acquisition status of FP qualifications

Performance with Regard to Disclosed Indicators

Increase in Balance of Investment Assets (Indicator 1)

In FY2018, the total balance of investment assets for the entire Retail Business Unit continued to grow due in part to the continuation of customer-oriented initiatives focused on medium- to long-term diversified investment.

Increase in Balance of Investment Assets



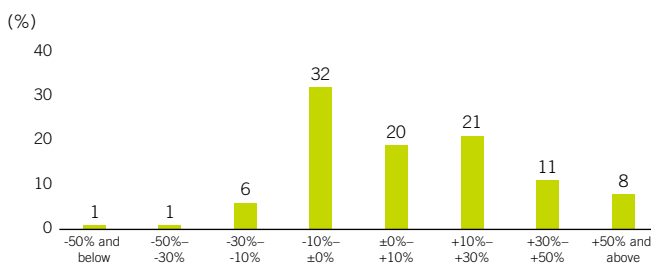
■ Increase in balance of investment assets (left axis)
 — Increase in balance of investment assets (aggregated, right axis)
 Note: Figures for 2015 to 2017 represent quarterly averages.

Breakdown of Losses and Gains by Customers Using Investment Trusts and Fund Wraps (Indicator 13)

Figures are calculated based on the definitions contained in the common key performance indicators (KPIs) comparable across investment trust distributors released by the Financial Services Agency in June 2018.

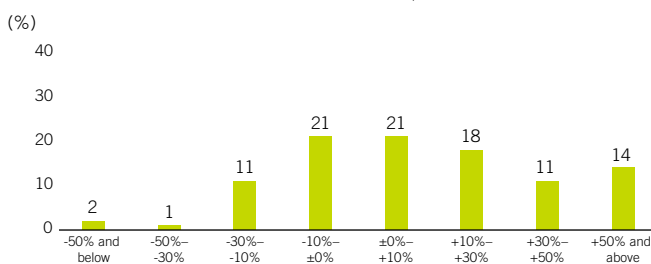
Customers posting net gains represent more than 50% of all customers in both categories.

SMBC (As of March 31, 2019)

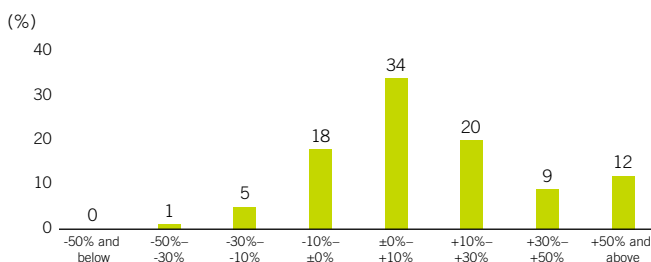


Notes: Figures exclude canceled transactions with no outstanding balance.
 Rate of return = Total return ÷ Market value

SMBC Nikko Securities (As of March 31, 2019)



SMBC Trust Bank (As of March 31, 2019)



Internal Audit

Our Approach

As a part of SMBC Group's internal control framework, the audit department (the Department) verifies the effectiveness of the internal control of business units, risk management units, and other units from an independent standpoint and pursues the quality of internal audits in order to contribute to development and the highest trust across the entire SMBC Group.

Overview of the Group's Internal Audit Framework

The Department has been established under the Audit Committee and is independent from business units, compliance units, and risk management units. Internal audits within our Group companies are structured broadly in line with SMFG. The Group Chief Audit Executive oversees group-wide internal audit activities.

The Department verifies the appropriateness and the effectiveness of internal control which aims to assure the appropriateness of Group operations and the soundness of assets by conducting internal audits on each department and Group entity as well as conducting on continuous monitoring of Group companies' internal auditing and other activities. The activities are based on the "Group Internal Audit Charter" and the "Basic Audit Policy and Plan" formulated by the Audit Committee and the Board of Directors.

Major audit findings and relevant information are regularly reported to the Audit Committee, the Board of Directors, and the Group Management Committee. Whilst the Department strives to strengthen cooperation to conduct proper audit practices through frequent information exchange with external auditors.

Enhancement and Effectiveness of Internal Audit

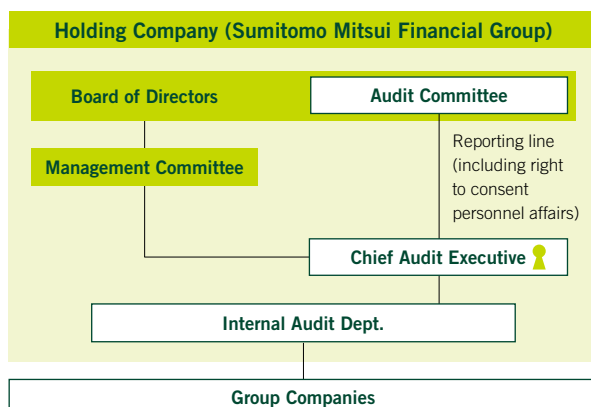
The Department has adopted auditing methods in accordance with the Institute of Internal Auditors (IIA) standards,* conducts risk-based audits, and expands the same approach to Group companies. To implement effective and efficient internal audits, the Department conducts monitoring by attending important meetings and by obtaining internal management documents of SMFG and Group companies.

In addition, the Department seeks to enhance group-wide internal auditors' expertise by gathering up-to-date internal audit practices, providing the practices to Group companies, holding training programs, and encouraging auditors to obtain internal auditors' international certification.

Furthermore, the Department enhances its quality assurance on a group-wide basis by both fully satisfying the IIA standards and referring to G-SIFIs practices.

* The Institute of Internal Auditors, Inc. (IIA), was founded in 1941 in the United States as an organization dedicated to raise the level of specialization and the status of professionalism of internal auditing staff. Its main activity is to study the theory and practice of internal audit and to provide an internationally recognized qualification (Certified Internal Auditor (CIA)).

Internal Audit Framework



Compliance

Our Approach

Management positions the strengthening of compliance and risk management as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities as a global financial group. We are therefore working to entrench such practices into our operations as we aim to become a truly outstanding global group.

Compliance Management

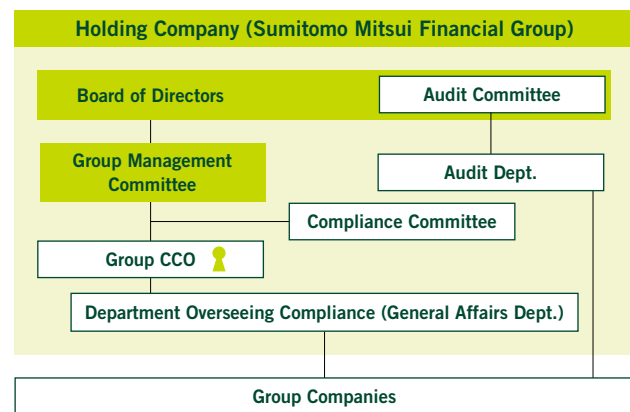
SMBC Group seeks to maintain a compliance system that provides appropriate instructions, guidance, and monitoring for compliance to ensure sound and proper business operations across the Group. Measures have been put in place to prevent misconduct and quickly detect inappropriate activities that have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

SMBC Group has established the Compliance Committee, which is chaired by the Group CCO responsible for overseeing matters related to compliance. This committee comprehensively examines and discusses SMBC Group's various work processes from the perspective of compliance.

In addition, SMBC Group 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 necessary steps to effectively install compliance frameworks.

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

Compliance Systems at SMBC Group



Initiatives for Supporting Healthy Risk Taking and Appropriate Risk Management

Management positions the strengthening of compliance and risk management as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities. SMBC Group is therefore devoted to improving its systems in these areas in order to become a truly outstanding global group. To this end, SMBC Group has defined the Principles of Action on Compliance and Risk to serve as guidelines for executives and employees in practicing compliance and other aspects of risk management.

Business units function as the risk owners responsible for compliance and risk management as it pertains to their

business. Acting in accordance with the Principles of Action on Compliance and Risk, business units practice healthy risk taking (business activities) coupled with disciplined compliance and risk management. The Compliance Unit performs monitoring, oversight, and training regarding the status of compliance and risk management at business units. Furthermore, the Internal Audit Unit verifies and evaluates the adequacy and effectiveness of compliance and risk management systems to help fortify these systems.

Anti-Money Laundering and Prevention of Funding Terrorist Organizations

SMBC Group strictly complies with AML/CFT regulations by establishing the Group policy and implementing effective internal control systems in each of the Group companies to ensure that our operations are sound and appropriate. The Group policy/systems are in accordance with the requirements of the relevant international organizations (e.g. the Financial Action Task Force Recommendations) and the law/regulation of relevant countries including Japan (e.g. U.S. “Office of Foreign Assets Control Regulations”).

Specifically, SMBC Group is developing systems to prevent its products and services from being used for money laundering (ML) and financing of terrorism (FT), which may have a massive negative impact on the economy.

Agreement with Federal Reserve Bank of New York

In April 2019, SMBC entered into a written agreement with the Federal Reserve Bank of New York (the “Reserve Bank”) to improve its New York Branch’s program for compliance with the Bank Secrecy Act (“BSA”) and related U.S. anti-money laundering (“AML”) laws and regulations, which was found to be inadequate by the Reserve Bank.

Under the terms of the written agreement, SMBC is required to undertake a number of actions to enhance the Branch’s overall BSA/AML compliance program, corporate governance and management oversight, the Branch’s customer due diligence and suspicious activity monitoring and reporting programs, internal audit, and the Branch’s program for compliance with the laws and regulations administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control.

SMBC has already taken actions to improve compliance with U.S. AML requirements and is fully committed to complying with all of the terms set forth in the written agreement.

Response to Anti-Social Forces

SMBC Group has established a basic policy stipulating that all Group companies must unite in establishing and maintaining a system that ensures that the Group does not have any connection 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. Contractual documents or terms and conditions state the exclusion of anti-social forces from any business relationship. 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 outside professionals specializing in such matters.

Basic Policy for Anti-Social Forces

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

Customer Information Management

SMBC Group 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 its Group companies establish and disclose privacy policies for their measures regarding the proper protection and use of customer information and customer numbers. Appropriate frameworks are established based on these policies.

Risk Management

Our Approach

Strengthening of compliance and risk management is positioned as a key issue in SMBC Group's Principles of Action on Compliance and Risk. SMBC Group is therefore devoted to improving its systems in these areas in order to become a truly outstanding global group.

Risk Culture

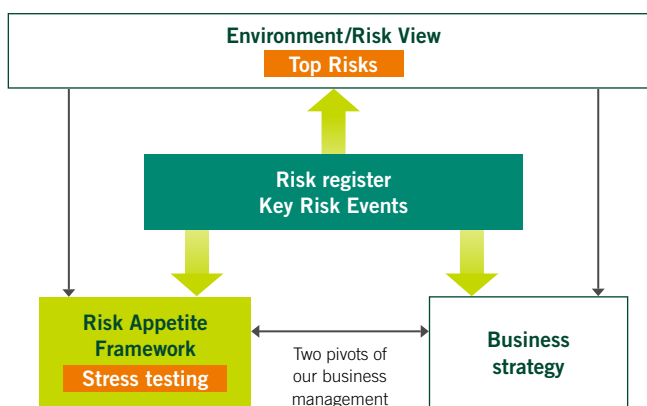
In order for SMBC Group to realize and maintain a sustainable growth in corporate value as a “Top Tier Global Financial Group,” each one of our colleagues should think and judge on their own if their actions meet the expectations and requirements of customers, markets, and other stakeholders, not just if they are compliant with laws and regulations. SMBC Group has established “Principles of Action on Compliance and Risk” in order for every colleague to hold onto as a “keystone” of their daily business. The principle includes “Business based on the Risk Appetite Framework” and “Business operations which give a high priority to the management of risks such as credit risk, market risk, liquidity risk and operational risk.” Concrete measures include internal surveys for monitoring the compliance awareness and risk sensitivity of our colleagues as well as internal training for fostering a sound risk culture.

Risk Appetite Framework

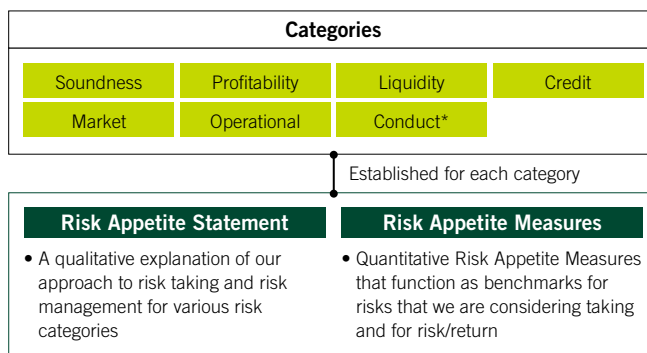
SMBC Group has introduced a Risk Appetite Framework for controlling group-wide risks that clarifies the types and levels of risk that we are willing to take on or are prepared to tolerate in order to grow profits (risk appetite).

The Risk Appetite Framework is one of two pivots of our business management alongside business strategies. It functions as a management framework for sharing information on the operating environment and risks facing SMBC Group among management and for facilitating appropriate risk taking based thereon.

Risk Appetite Framework Positioning



Risk Appetite Composition



*Conduct Risk: Conduct risk is the risk that our conduct negatively affects customers, market integrity, or effective competition.

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

Risk appetites are decided during the process of formulating business strategies and management policies. These risk appetites are set based on Top Risks that threaten to significantly impact management and on risk analyses (stress testing) that illustrate the impact if a risk should materialize. In addition, risk register and Key Risk Events (KRE) are utilized in verifying the adequacy of Top Risks, risk appetites, and business strategies.

The outlooks for the operating environment and risks and the risk appetite situation are monitored throughout the course of the fiscal year. Risk Appetite Measures and business strategies are revised as necessary. Three risk management levels are set for Risk Appetite Measures, which are monitored accordingly.

In addition, we apply a uniform standard, risk capital¹ based on value at risk (VaR),² which is used to set upper limits for risk exposure based on group-wide management constitution. Each business unit operates their business within that limit.

*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.

■ Top Risks

SMBC Group identifies 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 the Risk Appetite Framework and the formulation of business strategies and into the creation of risk scenarios for stress testing.

Top Risks

Intensification of international political confrontation	Volatile financial and economic environment
Decline in Japan's social vitality	Ideological and religious conflicts
Ceased operation of information systems due to cyber attacks	Changes in competitive climate due to emergence of FinTech or other new technologies
Increase of large-scale natural disasters	Legal or compliance-related incidents
Materialization of strategic risks	

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

▶ Please see page 109 for Top Risks.

■ Stress Testing

At SMBC Group, we use stress testing to analyze and comprehend the impact on SMBC Group's businesses of changes in economic or market conditions, in order to plan and execute forward-looking business strategies.

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

When developing business strategies, we set out scenarios assuming stressed business environments such as serious economic recessions and market disruption for the sake of assessing risk-taking capabilities at SMBC Group and verifying whether adequate soundness can be maintained under stress.

In addition, we conduct detailed stress testing for individual risks such as credit risk, market risk, and liquidity risk, so as to decide and review risk-taking strategies.

■ Risk Register

A risk register is formulated by each business unit for the purpose of realizing more sophisticated risk governance and enhancing business units' risk ownership. In formulating these registers, business units communicate with risk management departments to identify the risks present in their business, and these risks are reflected in business strategies after they have been evaluated and the adequacy of measures for controlling them has been verified.

■ Key Risk Events

Key Risk Events (KRE), external events that indicate the increased threat of risks, have been identified to ascertain the symptoms of the potential risks. KRE are utilized to analyze and assess how likely similar cases will occur in SMBC Group and what effects such similar cases will have on SMBC Group, and to enhance our risk management system.

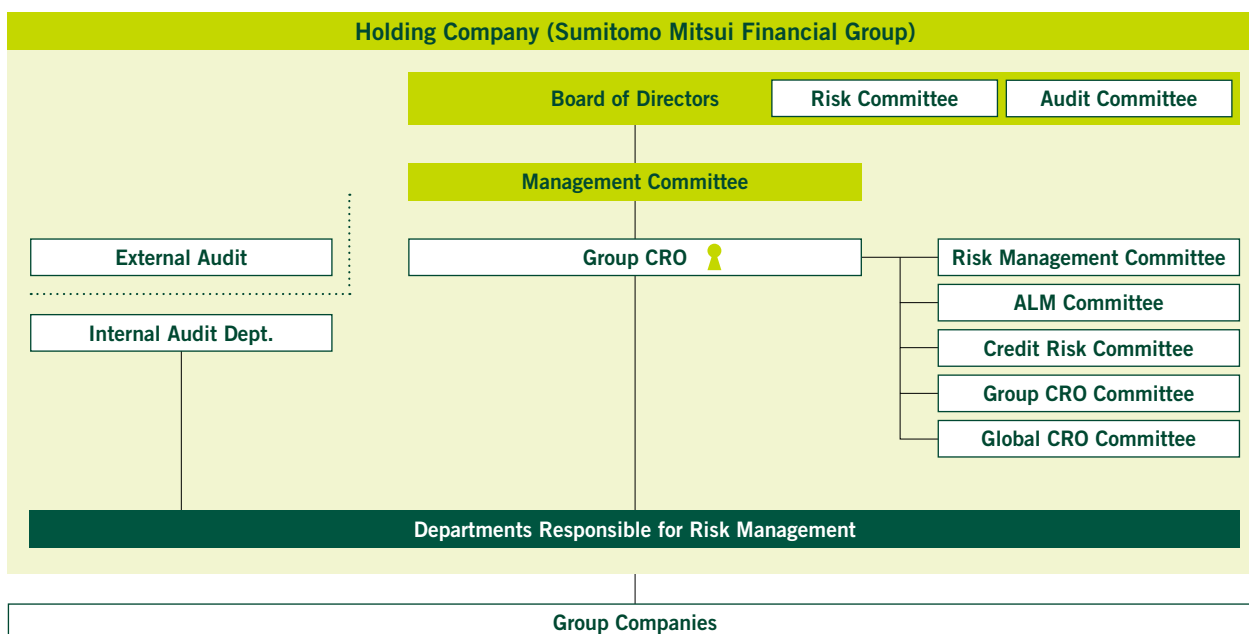
■ Risk Management System

Based on the recognition of 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 order to have top management play an active role in the risk management process.

In accordance with these basic policies for risk management, three lines of defense have been defined, and we have clarified related roles and responsibilities. Risk management systems have been established based on the characteristics of particular businesses, and measures are being put in place to strengthen and improve the effectiveness of these systems.

Furthermore, SMBC Group is strengthening group-wide risk management systems through the Group CRO Committee and the Global CRO Committee.

SMBC Group's Risk Management System



Definition of SMBC Group's Three Lines of Defense

The Basel Committee on Banking Supervision's "Corporate governance principles for banks" recommends "three lines of defense" as a framework for risk management and governance. Based on this framework, we have defined our three lines of defense with the aim of achieving more effective and stronger risk management and compliance systems through the clarification of roles and responsibilities.

	Principal Organizations	Roles and Responsibilities
First Line	Business Units	<p>The Business Units shall be risk owners concerning their operations and shall be responsible for the following in accordance with the basic principles provided by Second Line.</p> <ul style="list-style-type: none"> ■ Identification and evaluation of risks encountered in the business activities ■ Implementation of measures for minimizing and controlling risks ■ Monitoring of risks and reporting within First Line and to Second Line ■ Creation and fostering of a sound risk culture
Second Line	Risk Management and Compliance Departments	<p>The Risk Management and Compliance Departments shall assume the following functions and responsibilities in order to manage the risk management and compliance systems.</p> <ul style="list-style-type: none"> ■ Drafting and development of basic principles and frameworks concerning risk management and compliance ■ Oversight, monitoring, and development of training programs for First Line
Third Line	Audit Department	<p>Independent from First Line and Second Line, the Audit Department shall assess and verify the effectiveness and appropriateness of risk management and compliance systems managed and operated by First Line and Second Line, and report these results to the Audit Committee and the Management Committee. The Department shall provide recommendations regarding identified issues/problems.</p>

Human Resources Strategy

Our Approach

We have established the Five Values as a set of shared beliefs and behavioral guidelines for all 100,000 employees around the world in order to achieve “Our Mission.” We are moving ahead with the strategic development of talent and the creation of a workplace that maximizes the contributions of a diverse workforce, to enable all employees to perform to the extent of their capabilities.

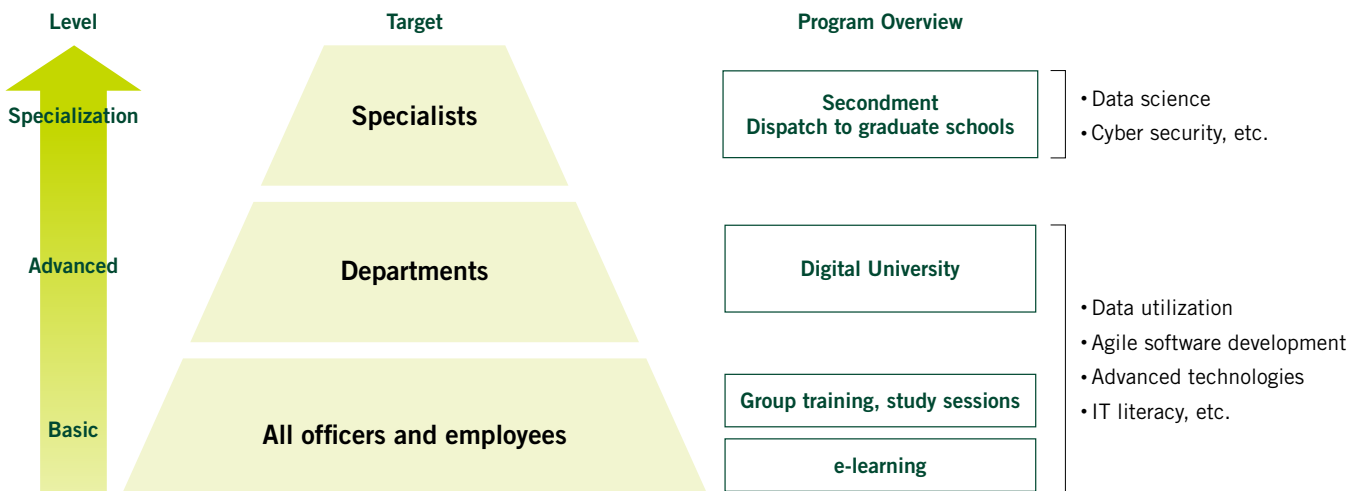
Developing, Retaining, and Recruiting Talent to Support the Group

Group-Wide Talent Development Initiatives

SMBC Group established the Learning and Development Institute to grow its group-wide talent development activities. Through joint training programs and seminars that are available to employees from Group companies, we are promoting cross-entity understanding among employees and fostering a sense of solidarity. Furthermore, we are promoting the development of future leaders of the Group via training and personnel rotations, as well as the establishment of open application platform to support self-driven career development on a group-wide basis.

In addition, we have established the “Digital University” as a talent development program designed in light of the trend toward digitalization. The courses available through this program are not limited to those for bolstering conventional system planning and development capabilities and increasing the IT literacy of all employees; but, moreover, we are expanding our courses which enhance planning and development capabilities by utilizing digital technologies. Furthermore, in view of developing talent required in highly specialized fields, we continue to send our employees to domestic or overseas graduate schools.

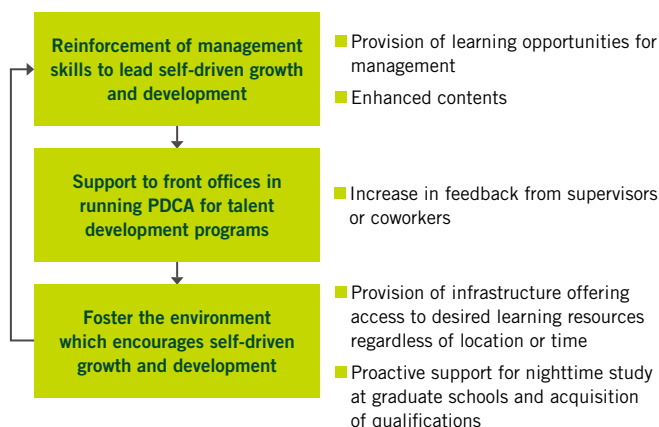
Digitalization-Related Talent Development Programs



■ Talent Development to Cope with the Changing Business Environment

SMBC is planning to establish a model to encourage “business-oriented, self-controlled development, in response to the changes in the current operating environment. In the highly volatile environment, there is a growing importance for all employees to be motivated to pursue their own growth and to continue learning through autonomous target setting. To accommodate this, we will develop an environment to support those employees who proactively pursue their own targets, regardless of their seniorities.

In addition, we will enhance self-driven career development by reflecting employees’ proactive skill development efforts and results to personnel transfers, such as promotion of junior employees to management.



■ Development of Talent on a Global Basis

SMBC Group conducts operations in 40 countries around the world and we are working together to realize identification, development, and promotion of our talent on a global basis. We aim to promote our Group business by realizing optimal talent management, regardless of location of hire.

For talent development, we provide global training programs involving participants from offices around the globe. To date, around 1,300 employees have participated at these global programs, including a leadership program delivered in partnership with a world-leading business school and joint training programs targeted for junior to middle-class employees from Japan and overseas offices.

In addition, we promote cross-border secondment of employees for both business promotion and training purposes. We aim to provide services of greater value to our customers by creating an environment where employees with different backgrounds work together and inspire each other.



Participants in a global training program (Global Management Program)

■ Optimal Allocation of Human Resources to Support Business Strategies

■ Strategic Allocation of Human Resources

SMBC Group is strengthening capabilities in prioritized areas by reallocating existing human resources as well as by increasing its new hires.

Furthermore, we are actively promoting cross-entity transfers with a view to securing and developing the talent to manage the Group or to aggressively advance business strategies in the medium to long term.

■ Optimization of Human Resources Allocation

SMBC Group is developing frameworks for gathering human resources-related data, such as employee numbers, personnel expenses, and other information for Group companies. In addition, the Group is developing frameworks to realize optimal allocation of human resources by refining its training programs and establishing cross-entity transfer processes.

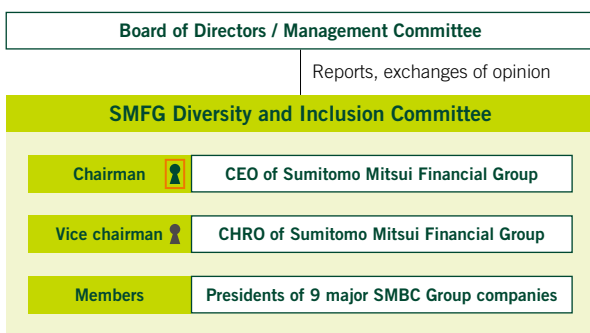
Creating an Environment to Encourage Diverse Workforce

Diversity Promotion Framework and Basic Policies

SMBC Group is promoting “Diversity and Inclusion” as it constitutes a growth strategy itself.

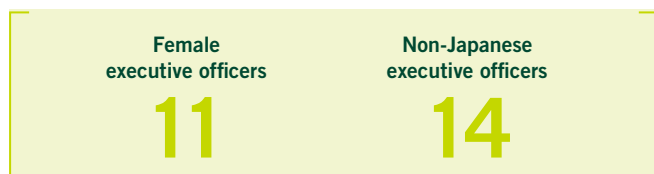
To accelerate diversity and inclusion initiatives on a group-wide basis, SMBC Group established the SMFG Diversity and Inclusion Department as a dedicated diversity promotion organization in 2017. We also hold the SMFG Diversity and Inclusion Committees, chaired by the Group CEO and comprises of the leaders of Group companies.

Diversity Promotion Framework



Promotion of Diversity in Management

SMBC Group is increasing the diversity of our management, including directors and executive officers, in order to create an organization capable of transforming diversity into competitiveness. We are also promoting correct understanding regarding diversity and inclusion and workstyle reforms while encouraging changes in awareness and behavior. For example, training programs designed to help individuals realize and address their own unconscious biases are being introduced at Group companies.



Support for Balancing Careers with Childcare or Nursing Care

SMBC Group strives to ensure that no employee finds themselves wrought with concern over their ability to balance their career with their private life and that all ambitious employees are able to continue working without sacrificing their desired career. To this end, we are expanding our support systems for balancing careers with childcare or nursing care and cultivating a forward-looking corporate culture that is understanding and supportive toward employees seeking to balance their work life with their private life.

SMBC is targeting a 100% acquisition rate for short-term paid childcare leave, which can be acquired flexibly in one-day increments. This company also holds seminars for supporting employees working to balance their career with childcare. Both parents are encouraged to participate in these seminars as part of SMBC’s efforts to foster a workplace environment in which it is natural for men to play a role in childcare.

“Platinum Kurumin” Certification Received from the Ministry of Health, Labour and Welfare



Sumitomo Mitsui Banking Corporation



Sumitomo Mitsui Card Company



Japan Research Institute

Empowerment of Female Employees

Targets have been set for the promotion of female employees to management positions and initiatives are being advanced with the goal of accomplishing these targets, in order to support the career development of female employees and accelerate the diversification of management.

We also have in place a leadership program for cultivating future management candidates aimed at mid-level female employees in core positions. This program comprises business skills training as well as discussions with management for cultivating the big picture perspective expected of a leader.

This stance toward proactively supporting female employees and the results achieved thereby have led to SMBC Group being included in the Nadeshiko Brand selection for an industry-topping four times. Among other high evaluations by external organizations was our inclusion in the 2019 Bloomberg Gender-Equality Index sponsored by Bloomberg L.P. of the United States.

■ Initiatives in Support of Sexual Minorities Such as LGBT, etc.

SMBC Group has established a range of human resource and employee welfare systems related to same-sex partners and is supporting TOKYO RAINBOW PRIDE, one of Japan's largest LGBT pride events, and sending employee volunteers from Group companies to participate in this event in order to foster awareness regarding the LGBT community.



Acquired Top Gold Rating in PRIDE index evaluation for LGBT-related initiatives from work with Pride for second consecutive year (Sumitomo Mitsui Banking Corporation)

■ Employment of Differently Abled Individuals

Both SMBC subsidiary SMBC Green Service Co., Ltd., and SMBC Nikko Securities subsidiary Nikko MiRun are specially certified subsidiaries as defined under the Act on Employment Promotion of Persons with Disabilities. Together with these companies, we promote employment of and provide employment support for differently abled individuals. Furthermore, we aid all employees in exercising their unique skills and aptitudes.

In addition, we employ numerous leading differently abled athletes who take part in competitions in Japan and overseas to foster understanding with regard to differently abled individuals.



SMBC Green Service

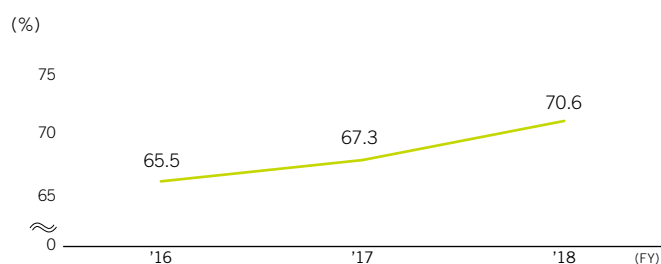
■ Health and Productivity Management

SMBC Group promotes health and productivity initiatives by implementing stress checks for all employees, establishing consultation venues regarding mental health, and holding health improvement events. In addition, SMBC Nikko Securities has formulated its Declaration of Health and Productivity Management and, under the guidance of its Chief Health Officer, established a dedicated Health and Productivity Management Office to spearhead efforts to strengthen systems for helping employees and their families maintain and improve their health.

■ Workstyle Reforms

We are implementing workstyle reforms to create a work environment in which every employee is able to feel motivated in their work, fully exercising their skills while realizing high levels of productivity. Group companies are endeavoring to prevent excessive working hours by defining key performance indicators for working hours and paid leave acquisition rates and employing robotic process automation to improve work efficiency. In addition, frameworks are being put in place to allow employees more freedom in choosing the times when and locations at which they work. Examples of these frameworks include flextime, staggered working hours, and teleworking systems.

Paid Leave Acquisition Rate at SMBC Group



At SMBC, employees are provided access to satellite offices to be used to reduce commuting times or to enable sales representatives to utilize the time between appointments more efficiently. In addition to six locations at its branches (as of June 30, 2019, to be increased going forward), employees can choose from any of roughly 50 satellite offices operated by third parties.

Furthermore, SMBC Group is promoting increased flexibility and diversity in workstyle through educational programs for management as well as study sessions and a smart work card system for employees.



Smart work cards used at SMBC

IT Strategies

Our Approach

SMBC Group is advancing both proactive and defensive digitalization initiatives to support efforts in its Seven Core Business Areas.

Proactive and Defensive Digitalization Initiatives

SMBC Group is moving forward with digitalization initiatives targeting four areas. Through proactive digitalization initiatives, the Group aims to (1) generate new businesses and (2) create customer benefits and business value through the transformation of existing business models. Under defensive digitalization initiatives, the Group seeks to (3) automate operations and processes in conventional businesses and (4) establish IT infrastructure to support medium- to long-term business reform.

Proactive digitalization initiatives include utilizing artificial intelligence, promoting cashless and other strategies. Meanwhile, defensive digitalization initiatives go beyond maintaining existing systems and ensuring stable operation to include IT transformation initiatives for adopting cutting-edge architectures. In these initiatives, we pursue efficient operations through the development of shared group-wide platforms and the utilization of cloud technologies while embracing state-of-the-art IT infrastructure and development technologies.

IT Investment Strategies

Under the previous Medium-Term Management Plan, SMBC Group completed the overhaul of large-scale systems through measures including the renewal of its core banking system platform and the implementation of a mutual backup function between data centers. Initiatives as part of the current Medium-Term Management Plan involves the increased allocation of

IT budget to strategic investments for business innovation and the creation of new businesses through digitalization.

SMBC Group applies rigorous standards to the selection of system development projects while also assessing and verifying the benefits of these projects before and after in order to maximize those benefits. Specific targets for return on investment and key performance indicators must be set for all projects, and the degree to which these targets are accomplished will be reviewed over a five-year period after the completion of each project. Corrective measures will be implemented with regard to those systems that have not reached the appropriate performance levels. Even after the desired performance has been realized, the effectiveness of each system will be measured in terms of sufficiency, efficiency, stability, and utilization so that improvements can be implemented to systems that have suffered declines in effectiveness. This process constitutes a PDCA (plan-do-check-act) cycle that will be employed to maximize the benefits of IT investments.

Digital Governance and Sophisticated Human Resources Development

Under the guidance of the Group Chief Information Officer (CIO), we clarify lines of reporting for overseas offices and other Group companies in order to develop a corporate governance system that is integrated across the Group and globally. At the same time, we practice IT governance that emphasizes quality while evolving digital governance frameworks to

incorporate risk-based and speed-oriented perspectives for accelerating digitalization initiatives.

SMBC Group executes systematic personnel exchanges between the IT divisions of Group companies. In addition, the Digital University has been established within core IT Group company The Japan Research Institute, Limited, as an internal training institution for promoting IT adoption and digitalization. At the Digital University, we offer a unique menu of training programs including training based on the operations of specific Group companies, curricula employing the expertise gained from project case studies, and cutting-edge technology workshops.

Cyber Security

Cyber attacks are becoming ever-more serious and sophisticated. In order to respond to the risks of such attacks, SMBC Group has strengthened cyber security measures by defining cyber risks as one of its Top Risks and, establishing a Declaration of Cyber Security Management.

Seeking to facilitate management-led measures for fortifying response frameworks, the general manager of the System Risk Planning Department has been appointed as the Chief Information Security Officer (CISO). Positioned under the Group CIO and the Group Chief Risk Officer (CRO), the CISO has professional expertise regarding measures in this area, and steps have been taken to clarify the roles and responsibilities

of CISO. Furthermore, we have established a computer security incident response team (CSIRT) and a security operation center (SOC), and analyses are performed on information regarding threats and observed phenomena collected from inside and outside of the Group. The results of these analyses, along with information on the status of security measures currently being implemented, are discussed regularly at meetings of the Board of Directors and the Management Committee to drive ongoing improvements to our cyber security measures.

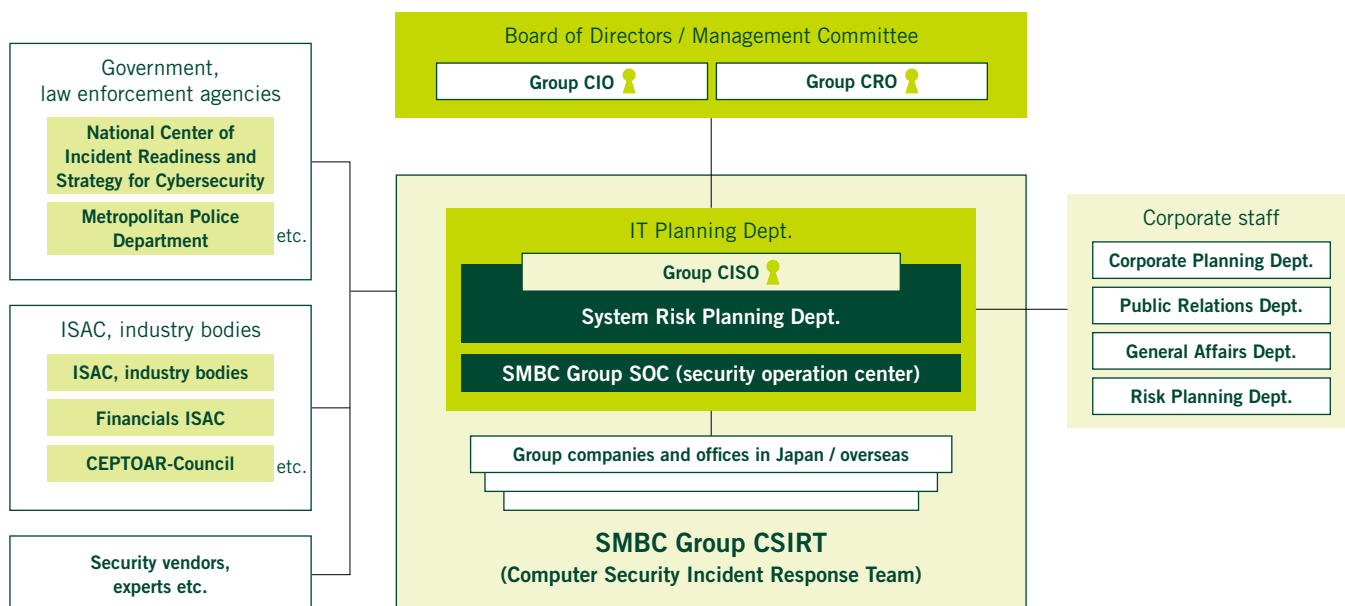
The CSIRT is centered on the System Risk Planning Department, which possesses dedicated cyber security functions. To ensure preparedness for cyber incidents, the CSIRT coordinates with national government agencies as well as with the U.S. Financial Services Information Sharing and Analysis Center (FS-ISAC),^{*1} Financials ISAC Japan (Financials ISAC),^{*2} and other external institutions to share information on pertinent topics such as cyber attack methods and vulnerabilities.

The SOC, which is centered around The Japan Research Institute, is dedicated to continuously fortifying cyber security monitoring systems to mitigate the ever-rising threat of cyber attacks. Measures taken by SOC include the integration of the monitoring systems of Group companies and the development of global systems for conducting monitoring on a 24-hours-a-day, 365-days-a-year basis.

*1 An organization responsible for coordinating financial industry cyber security measures in the United States

*2 The Japanese equivalent of the FS-ISAC

SMBC Group's Cyber Security Governance System



Communication with Stakeholders

Our Approach

SMBC Group strives to contribute to the sustainable development of society. To this end, we work diligently to provide greater value to our various stakeholders: “Customers,” “Shareholders and the market,” “Employees” and “The environment and society.”

Stakeholders of SMBC Group



Stakeholder Type	Example Communication Activities
Customers	In-branch questionnaires, Customer satisfaction surveys, Call centers
Shareholders and the market	General meeting of shareholders, Investors meetings, One-on-one meetings
Employees	Opinion exchange meetings with top management, Employee surveys
The environment and society	Support for initiatives in Japan and overseas, Volunteer activities of employees

Engagement with Society and the Environment

In addition to the contribution to society through our business operations, SMBC Group will contribute to realize a flourishing society in the future by pursuing diverse social contribution activities in order to fulfill responsibilities as a “good corporate citizen.”

For example, our employees and their families have taken part in numerous volunteer activities, including retrieving valuables and other belongings from collapsed houses and sorting garbage, in regions still recovering from large-scale natural disasters, such as the Great East Japan Earthquake, 2016 Kumamoto earthquakes, the heavy rains that hit northern Kyushu in 2017, and others.

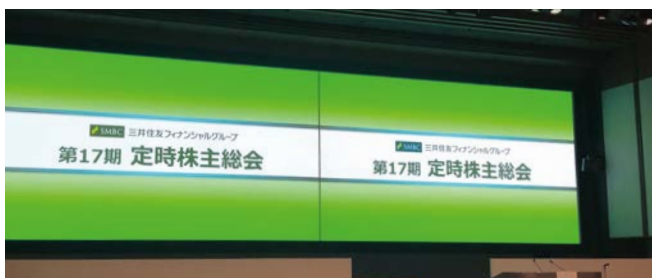


Volunteering activity in northern Kyushu area

Engagement with Shareholders and the Market

SMBC Group recognizes that appropriate disclosure of corporate and management information must form the foundation of our efforts to realize one of the statements posted in “Our Mission”: “We aim to maximize our shareholders’ value through the continuous growth of our business.”

For this reason, we are enhancing disclosure through investor meetings after announcement of financial results, conferences, one-on-one meetings, large meetings for individual investors, and other activities.



The 17th Ordinary General Meeting of Shareholders



SMBC Group IR Day



Large meeting for individual investors

Activities in FY2018

General meeting of shareholders	585 attendees ^{*1}
IR meetings for institutional investors and analysts ^{*2}	11 meetings
One-on-one meetings with institutional investors and analysts	343 meetings
Conferences held by securities companies	6 conferences
Large meetings for individual investors	3 meetings

*1 143 attendees at site of broadcast in Osaka

*2 Investors’ meetings, SMBC Group IR Day, etc.

Engagement with Employees

Each company at SMBC Group holds town hall meetings and discussion forums to enhance mutual understanding between top management and all employees.

In addition, SMBC holds the “SMBC Pitch Contest,” which provides opportunities for all domestic and overseas employees to present their business ideas directly to top management.



Town hall meeting (SMBC NIKKO)



“SMBC Pitch Contest” award ceremony (SMBC)

Financial Review

Principal Financial Data

Consolidated Performance Summary

(Billions of yen)

Year ended March 31	2015	2016	2017	2018	2019
Consolidated gross profit	2,980.4	2,904.0	2,920.7	2,981.1	2,846.2
Net interest income	1,505.2	1,422.9	1,358.6	1,390.2	1,331.4
Net fees and commissions + Trust fees	999.6	1,007.5	1,017.1	1,070.5	1,064.6
Net trading income + Net other operating income	475.7	473.5	545.0	520.3	450.2
General and administrative expenses	1,659.3	1,724.8	1,812.4	1,816.2	1,715.1
Overhead ratio	55.7%	59.4%	62.1%	60.9%	60.3%
Equity in gains (losses) of affiliates	(10.6)	(36.2)	24.6	39.0	61.1
Consolidated net business profit	1,310.5	1,142.9	1,132.9	1,203.8	1,192.3
Total credit cost (gains)	7.8	102.8	164.4	94.2	110.3
SMBC non-consolidated	(80.1)	(3.2)	61.1	(26.7)	(2.2)
Gains (losses) on stocks	66.7	69.0	55.0	118.9	116.3
Other income (expenses)	(48.2)	(123.9)	(17.6)	(64.5)	(63.1)
Ordinary profit	1,321.2	985.3	1,005.9	1,164.1	1,135.3
Extraordinary gains (losses)	(11.8)	(5.1)	(26.6)	(55.3)	(11.7)
Income taxes	441.4	225.0	171.0	270.5	331.4
Profit attributable to non-controlling interests	114.4	108.4	101.8	104.0	65.5
Profit attributable to owners of parent	753.6	646.7	706.5	734.4	726.7

Consolidated Balance Sheet Summary

March 31

Total assets	183,442.6	186,585.8	197,791.6	199,049.1	203,659.1
Loans and bills discounted	73,068.2	75,066.1	80,237.3	72,945.9	77,979.2
Securities	29,633.7	25,264.4	24,631.8	25,712.7	24,338.0
Total liabilities	172,746.3	176,138.2	186,557.3	187,436.2	192,207.5
Deposits	101,047.9	110,668.8	117,830.2	116,477.5	122,325.0
Negotiable certificates of deposit	13,825.9	14,250.4	11,880.9	11,220.3	11,165.5
Total net assets	10,696.3	10,447.7	11,234.3	11,612.9	11,451.6
Stockholders' equity	7,018.4	7,454.3	8,119.1	8,637.0	9,054.4
Retained earnings	4,098.4	4,534.5	5,036.8	5,552.6	5,992.2
Accumulated other comprehensive income	2,003.9	1,459.5	1,612.5	1,753.4	1,713.9
Non-controlling interests	1,671.7	1,531.0	1,499.3	1,219.6	678.5

Financial Indicators

March 31

Total capital ratio (BIS guidelines)	16.58%	17.02%	16.93%	19.36%	20.76%
Tier 1 capital ratio (BIS guidelines)	12.89%	13.68%	14.07%	16.69%	18.19%
Common equity Tier 1 capital ratio (BIS guidelines)	11.30%	11.81%	12.17%	14.50%	16.37%
Dividend per share (Yen)	140	150	150	170	180
Dividend payout ratio	26.2%	32.7%	29.9%	32.7%	34.6%
ROE (on a stockholders' equity basis)	11.2%	8.9%	9.1%	8.8%	8.2%

Market Data (As of the end of each fiscal year)

Nikkei Stock Average (Yen)	19,207	16,759	18,909	21,454	21,206
Foreign exchange rate (USD/JPY)	120.15	112.62	112.19	106.25	111.00

Consolidated Performance Summary

Consolidated Net Business Profit

Consolidated gross profit decreased by ¥134.9 billion year-on-year to ¥2,846.2 billion. Performance was sluggish in the wealth management business of the Retail Business Unit, which showed strong performance in the previous fiscal year, due to the deterioration of market conditions in the second half of FY2018. Meanwhile, strong performance continued in the International Business Unit, leading group-wide growth, which contributed to a slight increase in consolidated gross profit when excluding the financial impacts of Group reorganization detailed to the right.

General and administrative expenses decreased by ¥101.1 billion year-on-year to ¥1,715.1 billion. They decreased even after excluding the impact of Group reorganization because of ongoing group-wide cost control initiatives.

As a result, consolidated net business profit decreased by ¥11.6 billion year-on-year to ¥1,192.3 billion. Excluding the impacts of reorganizations, it reached the same level as the strong performance in FY2017, despite the challenging business environment.

Profit Attributable to Owners of Parent

Total credit cost increased by ¥16.1 billion year-on-year to ¥110.3 billion primarily due to reduced gains on reversal of provisions at SMBC.

Consequently, ordinary profit decreased by ¥28.8 billion year-on-year to ¥1,135.3 billion. Profit attributable to owners of parent decreased by ¥7.7 billion year-on-year to ¥726.7 billion, however, it surpassed the disclosed target of ¥700.0 billion.

Financial Impacts of Group Reorganization*

(Approximations, billions of yen)

Consolidated gross profit	(139.0)	Consolidated net business profit	(12.0)
General and administrative expenses	(92.0)	Profit attributable to owners of parent	0
Equity in gains (losses) of affiliates	+35.0		

* Deconsolidation of Kansai Urban Banking Corporation, THE MINATO BANK, LTD., and Sumitomo Mitsui Finance and Leasing Company, Limited; the consolidation of PT Bank Tabungan Pensiunan Nasional Tbk; the conversion of Sumitomo Mitsui Card Company, Limited into a wholly owned subsidiary

Performance of Major Group Companies

(Left: FY2018 performance; Right: Year-on-year comparison)

(Billions of yen)

	SMBC		SMBC Trust	
Gross profit	1,395.6	(32.3)	49.8	+5.6
Expenses	811.5	+0.8	51.7	+1.0
Net business profit	584.1	(33.1)	(1.9)	+4.7
Net income	477.4	(99.7)	(3.8)	+2.0

	SMBC Nikko*1		SMCC 66%	
Gross profit	323.1	(61.4)	254.2	+28.1
Expenses	276.0	(15.4)	190.9	+20.6
Net business profit	47.1	(46.0)	63.3	+7.5
Net income	31.0	(27.2)	(58.5) ²	(86.9)

	Cedyna		SMBCCF	
Gross profit	154.1	(3.2)	268.5	+7.4
Expenses	114.4	(1.2)	110.9	+1.8
Net business profit	40.0	(1.8)	157.6	+5.6
Net income	11.9	+9.5	45.1	+20.5

	SMAM 60%		SMFL 50%³	
Gross profit	25.7	(0.7)	179.8	(4.7)
Expenses	17.9	+0.2	88.3	+3.3
Net business profit	7.9	(0.9)	93.5	(7.9)
Net income	5.3	(0.7)	80.0	+25.5

Ratio of Ownership by SMFG

*1 Excludes profit from overseas equity method affiliates of SMBC Nikko, (consolidated subsidiaries of Sumitomo Mitsui Financial Group), year-on-year comparisons include figures of SMBC Friend Securities

*2 Includes tax impact of approximately ¥(90.0) billion by becoming a wholly owned subsidiary of SMFG

*3 Changed the ownership ratio of SMFL in November 2018. Consolidated subsidiary with 60% ownership until the end of December 2018 and equity method affiliate with 50% ownership after that

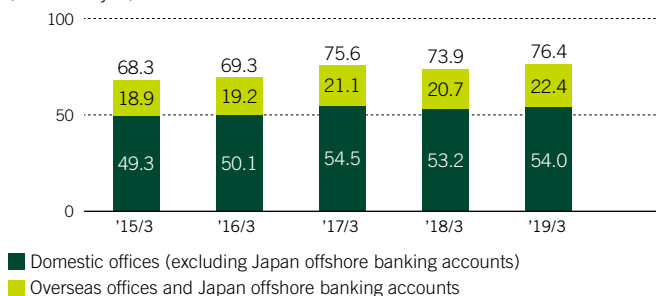
Consolidated Balance Sheet Summary

Loans and Bills Discounted (SMBC non-consolidated)

Loans and bills discounted increased by ¥2,505.6 billion year-on-year to ¥76,401.8 billion due to an increase in overseas loans.

Balance of Loan

(Trillions of yen)

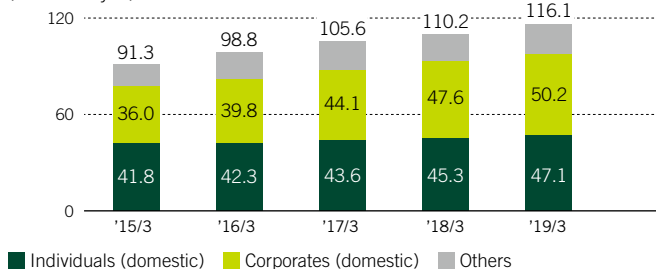


Deposits (SMBC non-consolidated)

Deposits increased by ¥5,847.9 billion year-on-year to ¥116,091.1 billion. This increase was mainly due to increases in both individual and corporate deposits in Japan.

Balance of Deposit

(Trillions of yen)



Domestic Loan-to-Deposit Spread (SMBC non-consolidated)

In FY2018, domestic loan-to-deposit spread decreased by 0.04 percentage point year-on-year to 0.94% primarily as a result of a decline of loan spreads. After the second quarter, the decrease in domestic loan-to-deposit spread has been

limited to 0.02 percentage point, and this downward trend appears to be bottoming out.

Domestic Loan-to-Deposit Spread

(%)

	FY2018				FY2017	
	1Q	2Q	3Q	4Q	Yearly average	Yearly average
Interest earned on loans and bills discounted	0.95	0.95	0.93	0.93	0.94	0.98
Interest paid on deposits	0.00	0.00	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.95	0.95	0.93	0.93	0.94	0.98

Securities

Other securities decreased by ¥1,639.6 billion year-on-year to ¥23,800.5 billion due to a decrease in the amount of Japanese government bonds held by SMBC. Net unrealized gains on other securities decreased by ¥86.8 billion year-on-year to ¥2,321.3 billion mainly because of lower stock prices.

Unrealized Gains (Losses) on Other Securities

(Billions of yen)

	Balance		Net unrealized gains (losses)	
	March 31, 2019	YoY	March 31, 2019	YoY
Stocks	3,486.6	(402.7)	1,902.9	(270.7)
Bonds	8,983.7	(2,850.5)	60.4	+16.0
Others	11,330.2	+1,613.5	358.0	+167.9
Total	23,800.5	(1,639.6)	2,321.3	(86.8)

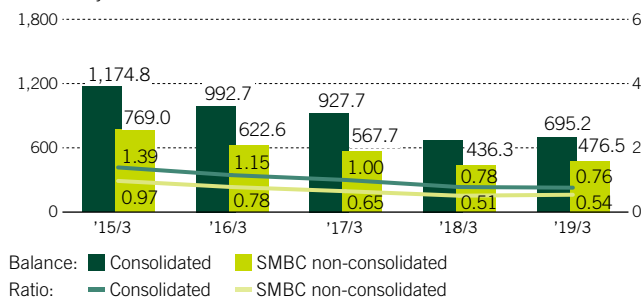
NPLs Based on the Financial Reconstruction Act

The balance of NPLs based on the Financial Reconstruction Act increased by ¥22.8 billion year-on-year to ¥695.2 billion. However, the NPL ratio declined by 0.02 percentage point to 0.76% as a result of an increase in outstanding credit.

Balance of NPLs Based on the Financial Reconstruction Act and NPL Ratio

(Billions of yen)

(%)



Capital

■ Capital

Common equity Tier 1 capital increased by ¥437.1 billion year-on-year due to an increase in retained earnings.

■ Risk-Weighted Assets

Risk-weighted assets decreased by ¥4,597.5 billion year-on-year, due to the deconsolidation of Sumitomo Mitsui Finance and Leasing as well as improvement of the credit portfolio for domestic large borrowers in the Wholesale Business Unit.

■ Capital Ratio

The common equity Tier 1 ratio was 16.37% and the total capital ratio was 20.76%. In addition, the external TLAC ratio reached its required level on both the risk-weighted asset basis and the leverage exposure basis.

Total Capital Ratio (BIS Guidelines)

	2019 (A)	2018 (B)	Increase (decrease) (A-B)
	(Billions of yen)		
Common equity Tier 1 capital	9,654.5	9,217.4	+437.1
Additional Tier 1 capital	1,072.7	1,392.9	(320.1)
Tier 1 capital	10,727.2	10,610.2	+117.0
Tier 2 capital	1,513.3	1,693.9	(180.6)
Total capital	12,240.5	12,304.1	(63.6)
Risk-weighted assets	58,942.8	63,540.3	(4,597.5)
Common equity Tier 1 capital ratio	16.37%	14.50%	+1.87%
Total capital ratio	20.76%	19.36%	+1.40%

Leverage Ratio

Leverage ratio	4.88%	5.01%	(0.13)%
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External TLAC Ratio

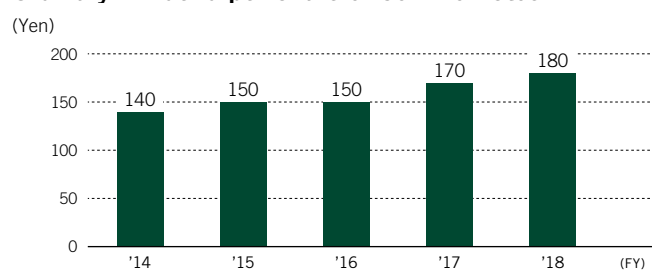
Risk-weighted asset basis	26.90%
Leverage exposure basis	8.19%

Shareholder Returns

For FY2018, the Company distributed ordinary dividend per share of common stock of ¥180, ¥10 higher than in the previous fiscal year and the disclosed forecast, in reflection of the fact that profit attributable to owners of parent was higher than the target because of steady progress in the measures of the Medium-Term Management Plan.

In addition, the Company announced plans to repurchase ¥100.0 billion of own shares with the aim of further enhancing shareholder returns.

Ordinary Dividend per Share of Common Stock



Dividend Payout Ratio

26.2%	32.7%	29.9%	32.7%	34.6%
(Reference) Total payout ratio				44.2%

Overview of Repurchase of Own Shares

Type of shares to be repurchased	Common stock
Aggregated amount repurchased	¥100.0 billion (upper limit)
Aggregate number of shares to be repurchased	32,000,000 shares (upper limit)
Repurchase period	May 16 – August 30, 2019

SMBC Group Supports the Olympic and Paralympic Games Tokyo 2020.

パラリンピックをめざすSMBCグループ所属アスリートたち

We are Team SMBC



ひとりひとりが日本代表。

世界の舞台へ、想いをひとつに。



Initiatives for Generating Interest in the Olympic and Paralympic Games Tokyo 2020



SMBC Group is holding events across Japan with the aim of generating interest in the Olympic and Paralympic Games Tokyo 2020. For example, we organized SMBC FRIENDS RUN 2019 in YOKOHAMA at International Stadium Yokohama 500 days prior to the opening day of the games as part of 500 Days to Go! Festival—500 Days Until the Olympic and Paralympic Games Tokyo 2020.

With only one year remaining until the Olympic and Paralympic Games Tokyo 2020, SMBC is engaged in a concerted effort to generate interest in the Games across Japan.

Contributions to Para Sports in Preparation for the Paralympic Games Tokyo 2020



SMBC Group employs 12 para-athletes (as of June 30, 2019). These athletes take part in events for fostering understanding with regard to para sports and for encouraging social acceptance by holding para sports workshops for children and acting as presenters at new employee rallies.

Together with these employees, SMBC Group is contributing to the spread of para sports leading up to the Paralympic Games Tokyo 2020.

Note: Photograph is of javelin competitor Yukiko Saito.

Sumitomo Mitsui Financial Group is the Gold Partner (Banking Category) of the Olympic and Paralympic Games Tokyo 2020.



Appendix I

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Group Companies (as of March 31, 2019)



SUMITOMO MITSUI
FINANCIAL GROUP

www.smfg.co.jp/english/

The companies of Sumitomo Mitsui Financial Group 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: Takeshi Kunibe
(Appointed on April 1, 2019)

President: Jun Ohta
(Appointed on April 1, 2019)

Capital: ¥2,339.4 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, 2019)

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

Financial Information

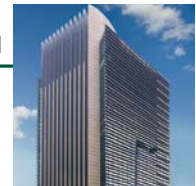
(Consolidated basis, years ended March 31)

	Billions of yen			
	2019	2018	2017	2016
For the Year:				
Ordinary income..... ¥	5,735.3	5,764.1	5,133.2	4,772.1
Ordinary profit.....	1,135.3	1,164.1	1,005.8	985.2
Profit attributable to owners of parent.....	726.6	734.3	706.5	646.6
At Year-End:				
Net assets	11,451.6	11,612.8	11,234.2	10,447.6
Total assets	¥203,659.1	¥199,049.1	¥197,791.6	¥186,585.8



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 the 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 a share transfer, and SMBC became a wholly owned subsidiary of Sumitomo Mitsui Financial Group. 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. Under the management of Sumitomo Mitsui Financial Group, SMBC will unite with other SMBC Group companies in an effort 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
(Concurrent Director at Sumitomo Mitsui Financial Group)

Number of Employees: 28,482

Number of branches and other business locations:

In Japan:	2,086*
Branches:	511
(Including 47 specialized deposit account branches)	
Sub-branches:	382
Banking agencies:	1
Automated service centers:	1,192
Overseas:	45
Branches:	19
Sub-branches:	23
Representative offices:	4

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

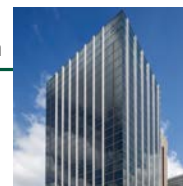
Credit Ratings (as of June 30, 2019)

	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			
	2019	2018	2017	2016
For the Year:				
Ordinary income..... ¥	3,369.8	3,117.0	3,014.4	3,059.0
Ordinary profit	894.5	932.7	829.4	930.3
Net income.....	617.4	627.5	543.1	680.1
At Year-End:				
Net assets	8,986.7	9,090.4	8,908.1	9,446.1
Total assets	¥190,690.2	¥182,727.4	¥180,946.6	¥180,408.6



Formerly Societe Generale Private Banking, SMBC Trust Bank Ltd. joined SMBC Group in October 2013. We then made a fresh start following the integration of the retail banking operations of Citibank Japan Ltd. under the new PRESTIA brand in November 2015.

As a trust bank with strengths in the fields of trusts, foreign currency, and real estate, SMBC Trust Bank provides finely tuned support and custom-tailored products and solutions to address wealth management and inheritance needs as Japan's population ages and achieves a longer life span.

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: Fumiaki Kurahara

Number of Employees: 2,091

Number of branches: In Japan: 54
(Including Internet Branch, and Sub-Branches, and Foreign Exchange Counters)

Financial Information (Years ended March 31)

	Billions of yen			
	2019	2018	2017	2016
For the Year:				
Ordinary income	¥ 61.9	¥ 50.6	¥ 39.9	¥ 20.5
Ordinary profit (loss) ..	(2.4)	(7.1)	(15.8)	(9.5)
Net income (loss)	(3.7)	(5.7)	(4.1)	(10.8)
At Year-End:				
Total assets	¥3,273.6	¥3,064.4	¥2,710.8	¥2,517.2



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 the diverse needs of customers by taking advantage of its abundant experience and past performance results accumulated over the years while appropriately responding to the globalization of capital expenditures and sales activities overseas. SMFL also develops an unparalleled aircraft leasing business.

In November 2018, a reorganization of Sumitomo Mitsui Financial Group's and Sumitomo Corporation's joint leasing partnership was executed with the goal of drastically heightening competitiveness and achieving sustainable growth. Acting in its capacity as SMBC Group's leasing business platform, SMFL is contributing to the development of society through engagement in the business sectors which are expected to experience future growth such as green energy, social infrastructure, and healthcare.

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

Number of Employees: 3,285

Credit Ratings (as of June 30, 2019)

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

Financial Information

(Consolidated basis, years ended March 31)

	Billions of yen			
	2019	2018	2017	2016
For the Year:				
Leasing transaction volume	¥2,412.2	¥2,185.0	¥2,192.6	¥1,994.8
Operating revenue	1,502.3	1,622.8	1,420.4	1,147.8
Operating profit	90.9	96.4	89.0	79.6
Ordinary profit	87.5	97.6	90.4	81.0
Profit attributable to owners of parent	80.0	54.5	50.4	45.5
At Year-End:				
Total assets	¥5,812.6	¥5,660.6	¥5,601.6	¥4,736.8



SMBC NIKKO

www.smbcnikko.co.jp/en



SMBC Nikko Securities Inc. has continued to build strong relationships with individual and corporate clients for more than a century. In January 2018, SMBC Nikko Securities was merged with SMBC Friend Securities Co., Ltd., enabling it to amalgamate the strengths of both companies and to provide financial services that capitalize on the collective strength of SMBC Group as its comprehensive securities company.

Guided by its brand slogan of "Share the Future," SMBC Nikko Securities aspires to become the foremost Japanese comprehensive securities company as a provider of high-quality services to customers in Japan and overseas.

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: 10,122

Credit Ratings (as of June 30, 2019)

	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			
	2019	2018	2017	2016
For the Year:				
Operating revenue.....	¥ 344.6	¥ 376.0	¥ 334.4	¥ 297.9
Operating income.....	38.6	84.8	69.0	46.9
Ordinary profit.....	42.1	87.4	70.5	48.3
Net income.....	28.0	57.7	39.4	33.1
At Year-End:				
Total assets	¥10,753.1	¥10,541.4	¥11,536.9	¥10,346.2



SUMITOMO MITSUI
CARD

www.smbc-card.com

(Japanese only)



Since its founding in 1967, Sumitomo Mitsui Card Company, Limited, has continued to drive the development of Japan's credit card industry as a pioneer in the issuance of the Visa Card in Japan and as a comprehensive payment service provider at the forefront of the cashless payment trend.

In April 2019, Cedyne Financial Corporation was converted into a wholly owned subsidiary of Sumitomo Mitsui Card Company to solidify the core of SMBC Group's cashless payment strategies, and these two companies have been effectively functioning as a single business entity since.

Capitalizing on the transaction base, expertise, credibility, and other strengths it has accumulated as an industry leader, Sumitomo Mitsui Card Company aims to become Japan's No. 1 comprehensive payment service provider in the burgeoning cashless society through the integration of its credit card, consumer credit, and financing solution businesses.

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: Yukihiko Onishi

Number of Employees: 2,546

Credit Rating (as of June 30, 2019)

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

Financial Information (Years ended March 31)

	Billions of yen			
	2019	2018	2017	2016
For the Year:				
Revenue from credit card operations.....	¥15,466.2	¥13,756.0	¥12,262.7	¥11,360.6
Operating revenue.....	279.3	247.7	223.4	210.1
Operating profit.....	48.0	41.5	34.7	40.5
Ordinary profit.....	47.7	41.0	34.5	40.5
Net income (loss).....	(58.5)	28.3	24.4	26.6
At Year-End:				
Total assets	¥ 1,933.3	¥ 1,698.2	¥ 1,500.7	¥ 1,356.3
Number of cardholders (in thousands).....				
	29,207	27,471	25,731	24,239



Formed in April 2009 as a result of the merger of OMC Card, Inc., Central Finance Co., Ltd., and QUOQ Inc., Cedyne Financial Corporation celebrated the 10th anniversary of its founding in April 2019.

Moreover, Cedyne was converted into a wholly owned subsidiary of Sumitomo Mitsui Card Company in April 2019 to solidify the core of SMBC Group's cashless payment strategies, and these two companies have been effectively functioning as a single business entity since.

Together with Sumitomo Mitsui Card Company, Cedyne aims to become Japan's No. 1 comprehensive payment service provider in the burgeoning cashless society by capitalizing on the transaction base, expertise, credibility, and other strengths it has accumulated to date and integrating its credit card, consumer credit, and financing solution businesses.

Company Name: Cedyne 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: Naoki Ono
(Appointed on April 1, 2019)

Number of Employees: 3,248

Financial Information (Years ended March 31)

	Billions of yen			
	2019	2018	2017	2016
For the Year:				
Operating revenue	¥ 146.3	¥ 149.6	¥ 152.1	¥ 149.9
Operating profit.....	2.9	2.0	7.0	0.4
Ordinary profit.....	3.0	2.2	7.1	0.4
Net income (loss).....	3.5	(5.9)	14.2	0.2
At Year-End:				
Total assets	¥2,128.7	¥2,115.0	¥2,112.5	¥2,037.8
Number of cardholders (in thousands).....	16,159	16,410	16,650	17,020



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

Since its establishment in 1962, with the original goal of striving to become the leading provider of 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 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: Ryohei Kaneko
(Appointed on April 1, 2019)

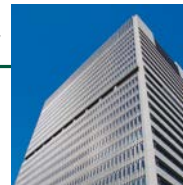
Number of Employees: 2,252

Credit Rating (as of June 30, 2019)

	Long-term	Short-term
R&I	A	—

Financial Information (Years ended March 31)

	Billions of yen			
	2019	2018	2017	2016
For the Year:				
Operating revenue	¥196.4	¥192.2	¥186.2	¥178.3
Operating profit (loss)...	23.6	15.4	51.6	(72.3)
Ordinary profit (loss) ..	32.0	15.7	51.8	(72.3)
Net income (loss).....	35.9	8.9	100.8	(72.1)
At Year-End:				
Total assets	¥959.9	¥939.3	¥925.8	¥858.5

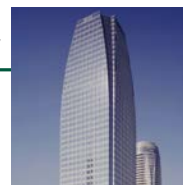


The Japan Research Institute, Limited (“JRI”) is a comprehensive information services company with information systems, consulting, and think-tank functions. In addition to providing IT-based strategic data systems planning and development and outsourcing services, JRI offers consultation in areas such 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: 2,621

Financial Information (Years ended March 31)

	Billions of yen			
	2019	2018	2017	2016
For the Year:				
Operating revenue.....	¥138.4	¥136.5	¥132.9	¥125.0
Operating profit.....	3.6	2.8	2.2	2.2
Ordinary profit.....	3.4	2.5	2.0	1.8
Net income.....	2.6	1.7	1.5	1.3
At Year-End:				
Total assets.....	¥104.9	¥103.4	¥103.2	¥101.8



Formed from the merger of Sumitomo Mitsui Asset Management Company, Limited, and Daiwa SB Investments Ltd. in April 2019, Sumitomo Mitsui DS Asset Management Company, Limited is one of Japan’s top-tier asset managers.

Leveraging its industry-leading research platform and global network, Sumitomo Mitsui DS Asset Management Company provides high-quality asset management services that meet specific needs of its diverse client base composed of Japanese and non-Japanese institutional (pension funds, financial institutions, etc.) and individual investors. The company’s vision is to become the best asset management firm for better Quality of Life of our clients and all the other stakeholders.

Company Name: Sumitomo Mitsui DS 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: 1,099

Financial Information (Years ended March 31)

	Billions of yen			
	2019	2018	2017	2016
Sumitomo Mitsui Asset Management				
For the Year:				
Operating revenue.....	¥46.9	¥46.5	¥39.1	¥41.7
Operating profit.....	6.0	7.3	4.5	5.5
Ordinary profit.....	6.0	7.4	4.6	5.5
Net income.....	4.1	4.9	3.5	4.0
At Year-End:				
Total assets.....	¥48.9	¥53.8	¥46.5	¥45.1

Daiwa SB Investments

	Billions of yen			
	2019	2018	2017	2016
For the Year:				
Operating revenue.....	¥28.7	¥31.5	¥32.5	¥37.8
Operating profit.....	4.4	6.8	6.9	8.6
Ordinary profit.....	4.5	6.8	6.9	8.7
Net income.....	2.9	4.7	4.8	5.5
At Year-End:				
Total assets.....	¥38.6	¥39.3	¥35.8	¥36.0



Risk Management

Risk Management Categories

SMBC Group defines the following risk management categories and conducts management of these risks accordingly.

Group companies manage risk in accordance with the characteristics of their particular businesses. These risk categories are continuously reviewed and new ones may be added in response to changes in the operating environment.

Risk Category		Department in Charge
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.	Credit & Investment Planning Department
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.	Corporate Risk Management Department
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.	Corporate Risk Management Department
Operational risk	Operational risk is the possibility of losses arising from inadequate or failed internal processes, people, and systems or from external events (see page 119 for information on risk categories and the departments in charge).	Corporate Risk Management Department
Conduct risk	Conduct risk is the risk that our conduct negatively affects customers, market integrity, or effective competition.	Corporate Risk Management Department General Affairs Department

Top Risks

The Top Risks, risks that threaten to significantly impact management, recognized by SMBC Group and examples of the scenarios that could potentially result from these risks are listed in the table below (see page 87 for information on methods of utilizing Top Risks).

Top Risks	Example Risk Scenarios
Intensification of the international political confrontation	Slowdown in the global economy resulting from increased opaqueness in the US or European political climates
Volatile financial and economic environment	US, China, or other countries' economic slowdown spillovers to the global economy or sharp resource price movements Lack of reliability or efficiency with regard to foreign currency procurement due to rising foreign currency procurement costs
Decline in Japan's social vitality	Economic slowdown or increased financial instability in Japan resulting from sluggish overseas demand, yen appreciation, poor market conditions, etc., in the midst of a low potential economic growth rate; deterioration of financial institutions' earnings resulting from prolonged monetary easing measures by the Bank of Japan
Ideological and religious conflicts	Slowdown in the economies of specific countries resulting from the increased geopolitical risks associated with tensions in the Korean peninsula and the Middle East, domestic or overseas acts of terrorism, etc.
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 our 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
Increase of large-scale natural disasters	Halting of operations of business partners as a result of supply chain disruptions, system failures, etc. Adverse impacts on our profits from store closures, system failures, etc.
Legal or compliance-related incidents	Damage to reputation due to incurring government penalties or other sanctions as a result of incidents stemming from misconduct; government penalties due to insufficient measures for Anti-Money Laundering/Combating the Financing of Terrorism, etc.
Materialization of strategic risks	Difficulty in securing human resources in strategic or specialized fields and in maintaining a sufficient base of diverse employees

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

Stress Testing

SMBC Group conducts stress testing for each category of risks as well as stress testing used to verify the overall soundness of comprehensive risk management practices. The level of soundness used for verifications is determined based on risk appetite combined with consideration for the severity of the scenario anticipated.

When evaluating group-wide soundness, evaluations are made using the consolidated balance sheets and consolidated statements of income, which include data from affiliates, with the goal of identifying major risks to our business and asset portfolio. Specifically, scenarios are selected based on the aforementioned severity level as well as background conditions that cover all areas in which we may face risks (e.g. an outlook encompassing the entire world). We also employ methodology for ensuring scenarios can be accurately reflected and for incorporating business and portfolio characteristics.

Commonly used statistical methods are utilized in developing such methodologies. However, as it is necessary to estimate outliers, we may choose the methodology that best recreates outliers rather than the methodology that offers the highest statistical accuracy. When projecting scenarios for which there are no prior examples, human judgment may be given greater weight than the results of estimates.

In this manner, stress testing processes often require a variety of expertise. When selecting the background conditions for scenarios, expertise regarding macroeconomic conditions and geopolitical risks is required. When selecting methodologies, insight into the statistical and other mathematical analysis techniques is crucial. When calculating impacts on SMBC Group as a whole, insight into SMBC Group and the businesses of its customers must be used. Stress testing processes will thus be based on discussions among and opinions of directors, members of upper management, specialists, and representatives from relevant organizations and records will be created of these discussions and opinions in order to ensure objectivity, transparency, and reproducibility. In this way, measures for practicing proper governance of stress testing will be applied.

■ Stress Testing Process



Risk-Weighted Assets

Risk-weighted assets subject to the Basel Capital Accord totaled ¥58,942.8 billion as of March 31, 2019, down ¥4,597.5 billion from March 31, 2018. The main factors behind the decrease in risk-weighted assets were the conversion of Sumitomo Mitsui Finance and Leasing Company, Limited to an equity-method investee and the improvement of our portfolio of corporate exposure.

■ Risk-Weighted Assets as of March 31, 2019

(Trillions of yen)

	March 31, 2018	March 31, 2019	Increase (decrease)
Credit risk	57.3	53.0	(4.3)
Market risk	2.7	2.3	(0.4)
Operational risk	3.5	3.6	+0.1
Total	63.5	58.9	(4.6)

■ Risk Assets of Individual Business Units

(Trillions of yen)

SMBC Group		Individual Business Units	
Credit risk	53.0	Retail Business Unit	12.8
Market risk	2.3	Wholesale Business Unit	19.5
Operational risk	3.6	International Business Unit	22.3
		Global Markets Business Unit	4.9

Credit Risk

1. Basic Approach to Credit Risk Management

(1) Characteristics of Credit Risk

Credit risk is characterized by 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 SMBC Group 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 SMBC Group 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

SMBC Group's 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. SMBC Group 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, SMBC Group aims to enhance shareholder value and play a key contributory role in the community.

2. Credit Risk Management System

At SMBC Group, 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. We have 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 SMBC Group, 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 Compliance Unit has in place a system of coordinating to establish systems for providing explanations to customers and develop information management practices for the purpose of customer protection and to prevent transactions with antisocial forces, among other tasks.

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 SMBC Group, 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

■ 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	Virtually Bankrupt Borrowers	Bankrupt and Quasi-Bankrupt Assets
J10	G10	Legally or formally bankrupt	Bankrupt Borrowers	

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 and systems of main assets following the procedures manual (including those for statistical validation) once a year to ensure their effectiveness and suitability and submits reports with this regard. SMBC, the core bank of SMBC Group, employs a total of 22 grading models for corporate, specialized lending, and retail applications. For details on internal rating methods, please refer to Appendix II.

(b) Quantification of Credit Risk

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

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

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

(2) Framework for Managing Individual Loans

SMBC Group 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 SMBC Group.

(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 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, SMBC Group 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. Information on the status of credit portfolio management is reported to the Management Committee and the Board of Directors and regular monitoring is performed through the Risk Appetite Framework (RAF).

(a) Appropriate Risk Control within Capital

To take risks within acceptable level of capital, we set an upper limit for internal credit risk capital based on risk appetite and portfolio plan of each business unit.

(b) Controlling Concentration Risk

As the equity capital of SMBC Group 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, we rigorously research 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, we carry 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

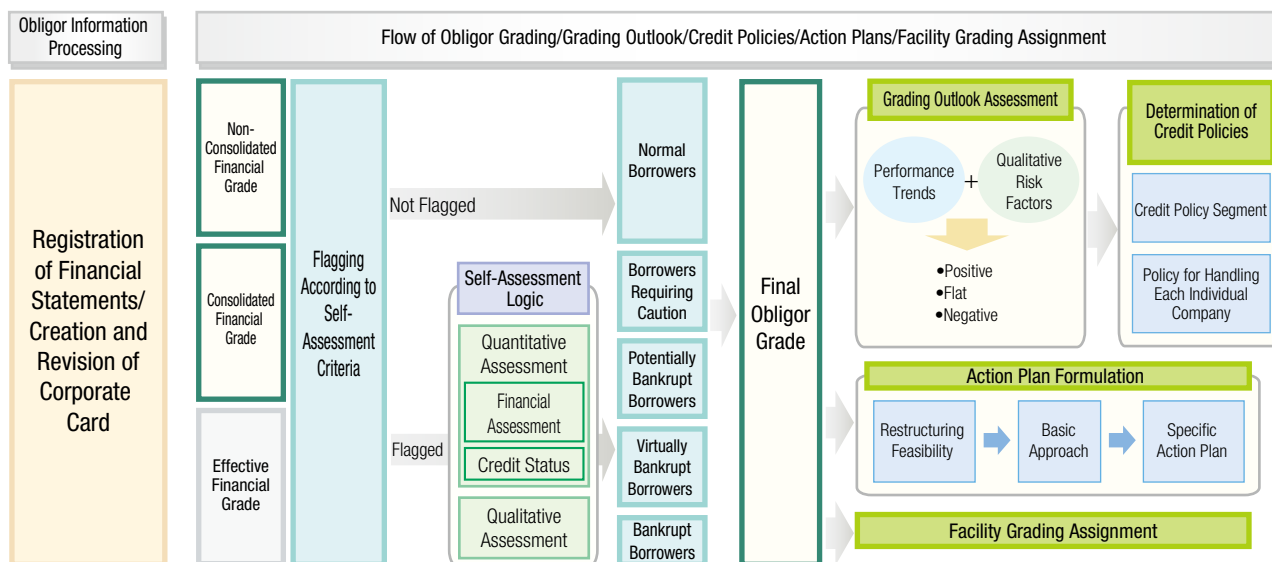
We make active use of credit derivatives, loan asset sales, and other instruments to proactively and flexibly manage its portfolios to stabilize credit risk.

(4) Self-Assessment, Write-Offs and Provisions, Non-Performing Loans Disclosure

(a) Self-Assessment

Self-assessment is a preparatory task for ensuring SMBC Group'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, Virtually 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

■ SMBC's Credit Monitoring System



and impairment risk levels, taking into account such factors as collateral and guarantees.

SMBC, the core bank of SMBC Group, 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 SMBC Group, 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
Virtually 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) 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 SMBC Group, are shown below. As part of our overall measures to strengthen credit risk management throughout SMBC Group, 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.	
Virtually 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) Non-Performing Loans Disclosure

Non-Performing Loans 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 “Non-Performing Loans”). Non-Performing Loans 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 Non-Performing Loans at March 31, 2019, please refer to page 335.

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

SMBC Group 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, SMBC Group 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 of 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 SMBC Group, 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

SMBC Group 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. SMBC Group 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.

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

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 SMBC Group, 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 2018. VaR fluctuated greatly during this fiscal year due to changes in the nature and investment positions of our trading operations.

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 SMBC Group, 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 2018.

■ VaR for Trading Activities

(Billions of yen)

	Fiscal 2018					March 31, 2018
	March 31, 2019	September 30, 2018	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	16.4	15.7	33.0	14.7	19.7	21.5
Interest rates	10.5	10.0	19.0	8.5	12.8	11.3
Foreign exchange	5.1	3.9	6.9	3.2	4.4	4.3
Equities, commodities, etc.	7.7	8.1	21.7	4.7	7.7	7.5
SMBC (consolidated)	6.6	7.2	13.5	5.7	7.6	8.1
SMBC (non-consolidated)	2.5	2.8	9.3	2.0	3.7	4.9

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)].

■ VaR for Banking Activities

(Billions of yen)

	Fiscal 2018					March 31, 2018
	March 31, 2019	September 30, 2018	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	44.8	42.9	50.6	37.0	42.3	48.2
Interest rates	38.2	35.6	38.4	28.4	33.0	33.7
Equities, etc.	19.8	20.5	33.7	17.8	24.3	28.1
SMBC (consolidated)	43.9	40.4	48.4	36.0	40.4	45.7
SMBC (non-consolidated)	35.8	35.6	44.1	31.6	35.4	41.3

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

SMBC Group uses internal models to measure VaR and stressed VaR. For information on the consolidated subsidiaries that employ these internal models, please refer to the section on market risk.

a. Presuppositions and limits of model

In the Group's internal VaR and stressed VaR models, 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 internal model is later verified through back-testing.

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

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

b. Validity verification process

i Outline of validity verification

SMBC Group 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

Information on back-testing of trading in fiscal 2018 can be found on page 299.

c. Indicators substitute for the back-testing method

SMBC Group 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 2017

There have been no changes in the model from fiscal 2017.

(c) Stress Testing

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

(d) Management of Stocks Held for Strategic Purposes

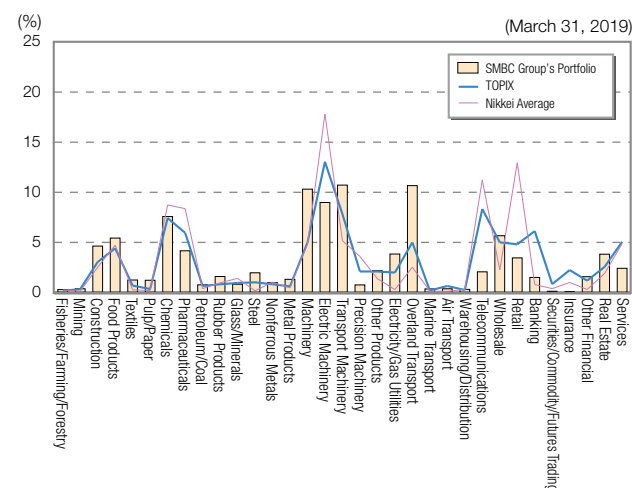
SMBC Group establishes risk allowance limits on stocks held for strategic purposes and monitors the observance of these limits in order to control stock price fluctuation risk appropriately. More specifically, VaR (1 year holding period) computed from profit-and-loss simulations based on historical market 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, we have 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, we are seeking to reduce the Group's 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 SMBC Group, liquidity risk is regarded as one of the major risks. The Group's liquidity risk management is based on a framework consisting of setting Risk Appetite Measures and establishing contingency plans.

The Risk Appetite Measures are measures for selecting the types and levels of risk that we are willing to take on or tolerate. As the level of liquidity risk is evaluated based on cash flow and balance sheet conditions, Risk Appetite Measures have been set for both of these areas. These measures include Liquidity Coverage Ratio, a liquidity regulation; periods set for which it will be possible to maintain funding levels even under stress due to deposit outflow or other factors; and the ratio that stable funding covers loans.

The tolerated levels of risk are set based on account funding status, cash management planning, economic environments, and other factors, and measures are monitored on a daily or monthly basis in order to limit reliance on short-term funding and appropriately manage liquidity.

As a framework to complement the Risk Appetite Measures, upper limits are set in place on both a Group company basis and an individual branch basis with regard to funding gaps, which is defined as a maturity mismatch between the source of funds and use of funds.

Furthermore, contingency plans are established in preparation for emergency situations. These plans contain information on chains of command and lines of reporting as well as detailed action plans depending on the existing situation (i.e., normal, concerned, or critical). 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.

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.

(2) Fundamental Principles for Operational Risk Management

We have 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, we have 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, we have 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 Sumitomo Mitsui Financial Group, Group companies have developed an operational risk management system.

At Sumitomo Mitsui Financial Group, the Management Committee makes decisions on 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 and Key Risk Indicators (KRI) 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

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	The risk 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

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, KRI, scenario risk severity information, and the status of risk mitigation. In addition, the Risk Management Committee, a cross-organizational committee established within Sumitomo Mitsui Financial Group, discusses measures for mitigating risks. Through these and other efforts, we are striving to ensure effective risk management. Moreover, our 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, SMBC Group 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.

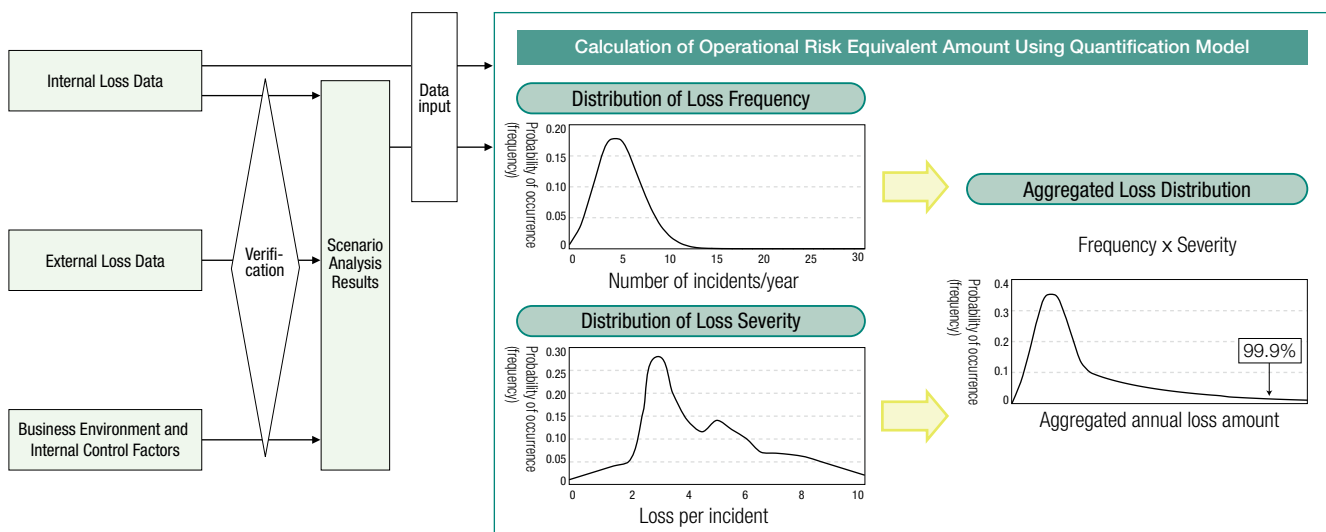
Specifically, a model to which internal loss data and scenario analysis results are input has been introduced to calculate the operational risk equivalent amount and risk asset amounts. In addition, steps are taken to ensure the objectivity, accuracy, and comprehensiveness of scenario evaluations by 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 Sumitomo Mitsui Financial Group 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

Basic Framework of Operational Risk Measurement



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 Sumitomo Mitsui Financial Group 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 amounts for Sumitomo Mitsui Financial Group 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.

4. Processing Risk Management

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

SMBC Group 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 on a risk basis 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 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 system breakdown including those caused by cyber attack, malfunction, deficiency or unauthorized use (unauthorized alteration, destruction, duplication and leakage of information).

SMBC Group 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 updating policies and procedures, 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.

The methods whereby cyber attacks are carried out are growing more sophisticated and diverse, and the threat of cyber risks to financial institutions is becoming more serious. In response to the growing threat of cyber risks, SMBC Group is enhancing its response measures while utilizing third-party assessments to objectively evaluate its response systems. To ensure preparedness for a wide range of cyber attacks, we plan to augment our prior program of cyber attack response drills and training with more sophisticated practical-application drills, which incorporate the fundamental elements* for cyber risk management by the financial sector released by the G7 Cyber Expert Group in October 2018. Meanwhile, the focus on constant monitoring and human resources development by dedicated organizations will continue to be maintained to reinforce response measures to cyber risks.

In addition, we actively and openly incorporate various technological progress to improve convenience for customers, create new businesses, boost productivity and efficiency, and otherwise promote digitalization in a wide range of fields. The systems for managing the risks projected to arise from such activities are being strengthened on an ongoing basis in response to operating environment changes. As SMBC Group adopts artificial intelligence, cloud, robotic process automation, and application programming interface technologies, shared group-wide manuals are being prepared with regard to items requiring compliance at the time of introduction, technology-specific risks, and items for periodic monitoring. These manuals are being utilized as part of efforts to reinforce group-wide IT governance.

SMBC operates its risk management system by conducting risk assessments based on 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. System 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 maintenance to ensure stable and uninterrupted operation, duplication of various systems and infrastructure, and a disaster-prevention system consisting of data 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.

* As defined in G-7 Fundamental Elements for Threat-led Penetration Testing

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.) and liquidity risk.

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

A formal statistical framework that consists of verifying that actual losses are in line with projected losses. This involves systematically comparing the history of VaR forecasts with their associated portfolio returns.

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.

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 we are 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

The denominator used in the calculation of the capital ratio designed to maintain prudential standards for banks.

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.



Internal Reporting Systems and Hotline for Inappropriate Accounting and Auditing Activities

SMBC 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.

Sumitomo Mitsui Financial Group 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 the Company 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> <hr/> <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> <hr/> <ul style="list-style-type: none"> • The hotline accepts any alerts of inappropriate activities concerning accounting and auditing at the Company 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 the "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 number: (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>



Basic Policy for Customer-Oriented Business Conduct

SMBC Group¹ has formulated the Basic Policy for Customer-Oriented Business Conduct for its domestic asset management and asset formulation businesses, based on which they are promoting customer-oriented 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, Sumitomo Mitsui Financial Group 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. SMBC Group's Customer-Oriented 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-oriented perspective) is at the top of this list. SMBC Group continues to push forward with various initiatives in accordance with these values and action guidelines.

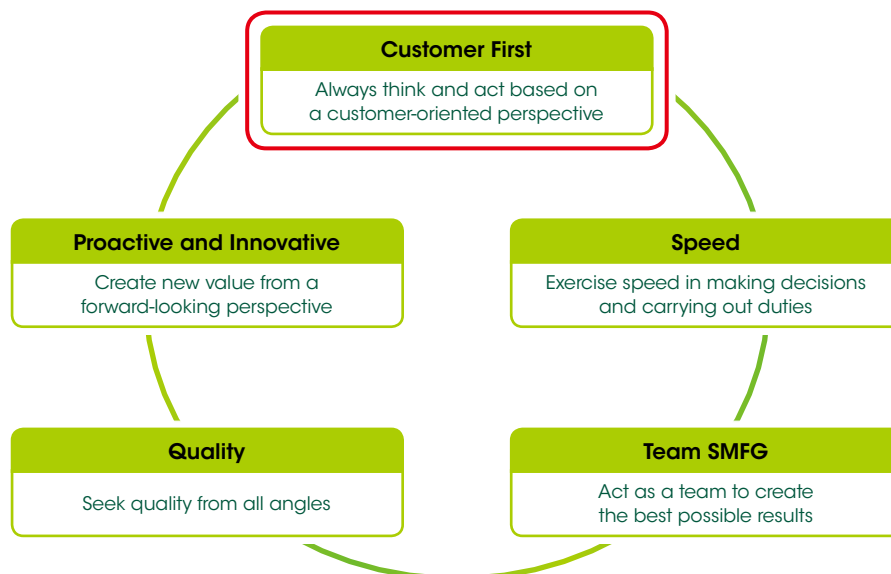
Sumitomo Mitsui Financial Group is fully aware of the severity of the government penalties imposed on SMBC in April 2006 in

relation to its sales practices for interest rate swaps. We are thus committed to preventing the reoccurrence of such malpractice. Accordingly, we have adopted a customer-oriented perspective in pursuing sustainability throughout our 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 experts² 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 comprises officers sitting on the Group Management Committee, holds regular discussions on customer-oriented 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 SMBC Group. Everyone at SMBC Group will carry out their duties in an earnest and just manner while exercising a high degree of specialized knowledge and good business ethics. SMBC 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-Oriented Business Conduct

Sumitomo Mitsui Financial Group will implement the following initiatives to entrench the principles of customer-oriented 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 to 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

Sumitomo Mitsui Financial Group 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 Interest

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

Based on the Management Policy Concerning Conflicts of Interest in Sumitomo Mitsui Financial Group, we have defined the types of conflicts of interest requiring management as well as the types of transactions that tend to present conflicts of interest 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. Sumitomo Mitsui Financial Group 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.

SMBC Group aims to facilitate the shift from savings to asset holding seen in Japan through such initiatives.

Furthermore, we will periodically disclose information on initiatives by SMBC Group 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 Sumitomo Mitsui Financial Group and its subsidiaries and affiliates are referred to collectively as "SMBC Group." The following SMBC Group companies are subject to this policy:

SMBC; SMBC Trust Bank Ltd.; SMBC Nikko Securities Inc.; Sumitomo Mitsui DS Asset Management Company, Limited

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	President, Japan Legal Support Center
Taku Umezawa	Partner, Nagashima Ohno & Tsunematsu



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

Services for Corporations

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 SMBC Group networks to provide specialist services. In addition to providing business loans, SMBC Group 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.

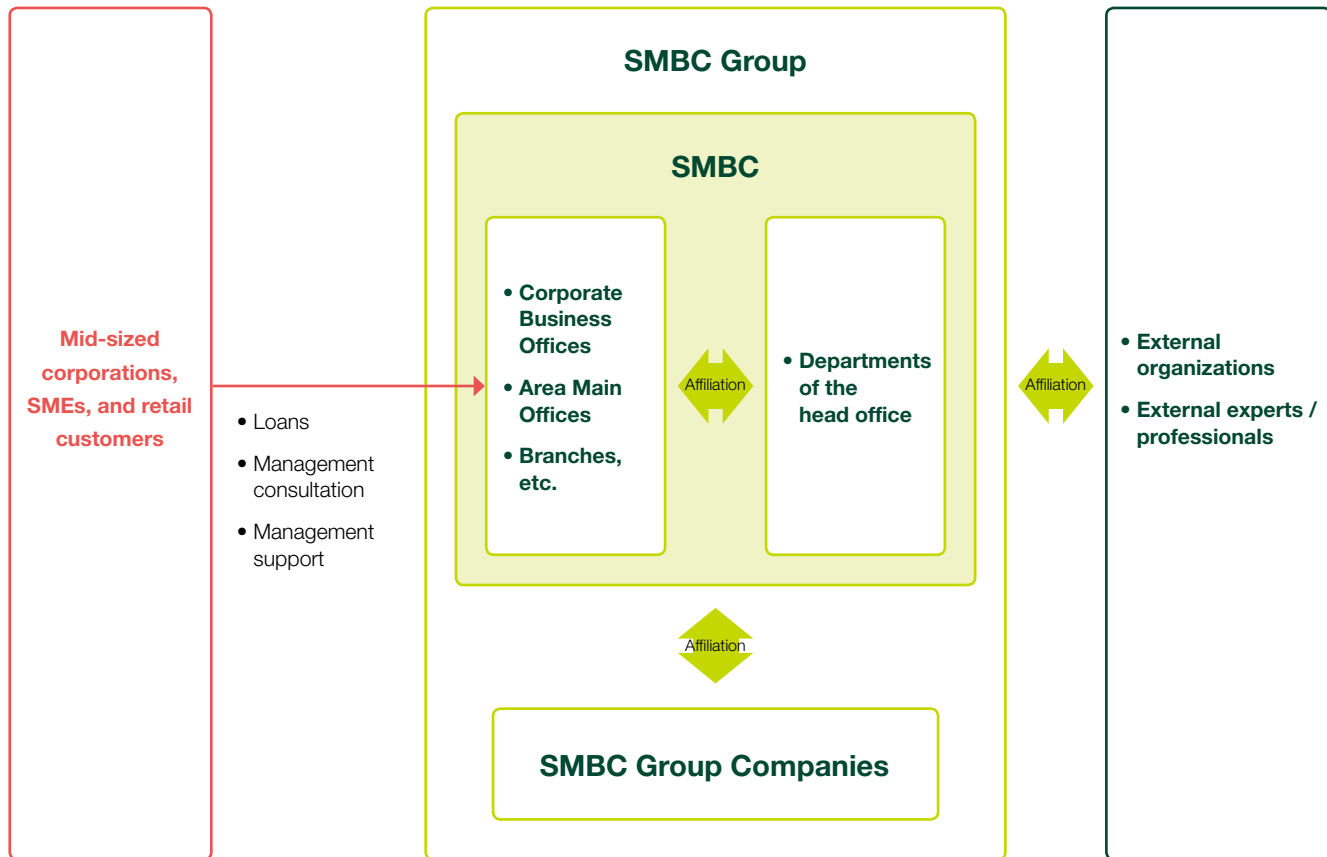
Collaboration with Local Credit Guarantee Corporations

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.

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
Credit Guarantee Corporation of Tokyo	SMBC Strengthen Management Base Guarantee (SDGs, electronic contracts)
Credit Guarantee Corporation of Kanagawa	Kanagawa Asset 200
Credit Guarantee Corporation of Osaka	CS Next Guarantee
Credit Guarantee Corporation of Hyogo-Ken	HIYAKU

Support System for Mid-Sized Corporations and SMEs



Support for Improved Management, Business Turnaround, and Business Transformation

Along with its efforts to fulfill its financial 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. Examples include offering a full range of loan products designed 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 support the implementation of 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.

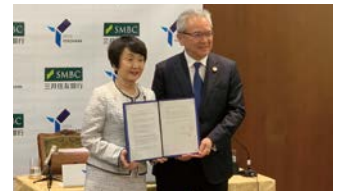
Involvement in Regional Revitalization

Regional revitalization continues to be a key theme for the Japanese government. Related "regional comprehensive strategy" plans drawn up by local government entities are in their wrap-up stage.

It is becoming more important for regions to exercise their overall capabilities. There are thus high expectations for contributions that financial institutions can make by leveraging their wide-reaching information networks.

SMBC Group 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 revitalization from various angles based on specific issues and needs of individual local government entities and regions across Japan. By coordinating with local government entities, regional financial institutions, and private-sector companies, we provide a wide variety of support services. For example, we leverage the functions of SMBC Group companies to help enhance regional infrastructure, attract tourists from overseas, develop comfortable cities that are conducive to interactions between various generations, accomplish the United Nations Sustainable Development Goals, promote the expansion of regional employment by assisting migration to less urban areas, and increase popularity of regional specialties in Tokyo.

We will continue to work with local government entities and regional financial institutions across Japan, drawing on SMBC Group's network to contribute to local economies through regional revitalization.



Ceremony commemorating the conclusion of a cooperation agreement for transforming Yokohama into a futuristic city compatible with the Sustainable Development Goals

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, applications for support through public and third-party institutions, or other applications
7. Respond appropriately in respect of personal guarantees in accordance with the "Guidelines for Personal Guarantee Provided by Business Owners"



Employees

◆ SMBC

March 31	2017	2018	2019
Number of employees ¹	27,904	27,935	27,154
Male	13,261	12,989	12,471
Percentage of total	47.52%	46.50%	45.93%
Female	14,643	14,946	14,683
Percentage of total	52.48%	53.50%	54.07%
Average age	37 yrs 1 mos.	37 yrs 1 mos.	37 yrs 5 mos.
Male	40 yrs 7 mos.	40 yrs 5 mos.	40 yrs 4 mos.
Female	33 yrs 11 mos.	34 yrs 2 mos.	34 yrs 10 mos.
Average years of service	13 yrs 0 mos.	13 yrs 1 mos.	13 yrs 6 mos.
Male	15 yrs 9 mos.	15 yrs 10 mos.	15 yrs 11 mos.
Female	10 yrs 5 mos.	10 yrs 9 mos.	11 yrs 4 mos.
Number of women in managerial positions	911	1,022	1,164
Ratio of employees with disabilities (% of total) ²	2.28%	2.38%	2.47%

*1 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.

*2 As of March 1 of respective years

April 1	2017	2018	2019
Number of new hires	1,347	803	667
Number of newly employed female graduates	842	372	269
Ratio of newly employed females to total new employees	62.5%	46.3%	40.3%

Fiscal	2016	2017	2018
Number of employees taking parental leave ³	2,183	2,217	2,370
<Men taking such leave>	<332>	<223>	<316>
Number of career hires ³	115	32	16

*3 Retroactive revisions have been made to previous fiscal years due to change in definition.

◆ SMBC Trust Bank

March 31	2017	2018	2019
Number of employees ¹	1,930	1,937	1,985
Male	875	907	948
Percentage of total	45.34%	46.82%	47.76%
Female	1,055	1,030	1,037
Percentage of total	54.66%	53.18%	52.24%
Average age	41 yrs 1 mos.	42 yrs 5 mos.	44 yrs 7 mos.
Male	44 yrs 5 mos.	44 yrs 4 mos.	46 yrs 11 mos.
Female	40 yrs 2 mos.	40 yrs 9 mos.	41 yrs 4 mos.
Average years of service	8 yrs 7 mos.	9 yrs 1 mos.	7 yrs 3 mos.
Male	8 yrs 7 mos.	8 yrs 6 mos.	6 yrs 3 mos.
Female	8 yrs 11 mos.	9 yrs 7 mos.	8 yrs 2 mos.
Number of women in managerial positions	97	90	95
Ratio of employees with disabilities (% of total) ²	1.87%	1.96%	2.51%

*1 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.

*2 The legally mandated number of employees with disabilities had been hired as of March 31, 2019.

April 1	2017	2018	2019
Number of new hires	56	54	44
Number of newly employed female graduates	26	28	18
Ratio of newly employed females to total new employees	46.4%	51.9%	40.9%

Fiscal	2016	2017	2018
Number of employees taking parental leave	95	94	95
<Men taking such leave>	<1>	<1>	<33>
Number of career hires ³	208	35	28

*3 Retroactive revisions have been made to previous fiscal years due to change in definition.

◆ Sumitomo Mitsui Finance and Leasing

March 31	2017	2018	2019
Number of employees ^{1,2}	1,678	1,683	2,434
Male	1,067	1,072	1,581
Percentage of total	63.59%	63.70%	64.95%
Female	611	611	853
Percentage of total	36.41%	36.30%	35.05%
Average age ²	40 yrs 2 mos.	40 yrs 6 mos.	40 yrs 7 mos.
Male	42 yrs 2 mos.	42 yrs 5 mos.	42 yrs 8 mos.
Female	36 yrs 7 mos.	37 yrs 1 mos.	37 yrs 2 mos.
Average years of service ²	14 yrs 10 mos.	15 yrs 0 mos.	15 yrs 0 mos.
Male	16 yrs 8 mos.	16 yrs 10 mos.	16 yrs 11 mos.
Female	11 yrs 5 mos.	11 yrs 11 mos.	11 yrs 10 mos.
Number of women in managerial positions	19	20	26
Ratio of employees with disabilities (% of total) ^{2,3}	2.23%	2.18%	2.05%

*1 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).

*2 Retroactive revisions have been made to previous fiscal years due to change in definition.

*3 As of March 1 of respective years

April 1	2017	2018	2019
Number of new hires ⁴	49	56	76
Number of newly employed female graduates ⁴	25	28	43
Ratio of newly employed females to total new employees ⁴	51.0%	50.0%	56.6%

*4 Retroactive revisions have been made to previous fiscal years due to change in definition.

Fiscal	2016	2017	2018
Number of employees taking parental leave ⁵	81	69	44
<Men taking such leave>	<48>	<35>	<17>
Number of career hires	10	7	16

*5 Retroactive revisions have been made to previous fiscal years due to change in definition.

◆ SMBC Nikko Securities

March 31	2017	2018	2019
Number of employees ^{1,2}	8,705	10,678	10,394
Male	5,283	6,579	6,411
Percentage of total	60.69%	61.61%	61.68%
Female	3,422	4,099	3,983
Percentage of total	39.31%	38.39%	38.32%
Average age ²	40 yrs 1 mos.	40 yrs 0 mos.	40 yrs 7 mos.
Male	41 yrs 3 mos.	41 yrs 4 mos.	41 yrs 9 mos.
Female	38 yrs 4 mos.	37 yrs 11 mos.	38 yrs 8 mos.
Average years of service ^{2,3}	13 yrs 11 mos.	11 yrs 10 mos.	12 yrs 6 mos.
Male	14 yrs 7 mos.	12 yrs 1 mos.	12 yrs 8 mos.
Female	13 yrs 0 mos.	11 yrs 5 mos.	12 yrs 3 mos.
Number of women in managerial positions	154	166	171
Ratio of employees with disabilities (% of total) ⁴	2.25%	2.16%	2.38%

*1 Excluding executive officers, part-time employees, dispatched employees, locally hired employees (LH) at overseas branches

*2 Retroactive revisions have been made to previous fiscal years due to change in definition.

*3 The average years of service of applicable employees. Years of service for employees joined through the merger with SMBC Friend Securities are counted from the date of the merger.

*4 As of March 1 of respective years

April 1	2017	2018	2019
Number of new hires	516	354	325
Number of newly employed female graduates	285	133	114
Ratio of newly employed females to total new employees	55.2%	37.6%	35.1%

Fiscal	2016	2017	2018
Number of employees taking parental leave ⁵	303	399	409
<Men taking such leave>	<18>	<62>	<64>

*5 Retroactive revisions have been made to previous fiscal years due to change in definition.

Note: The merger with SMBC Friend Securities was conducted in January 2018.

◆ Sumitomo Mitsui Card

March 31	2017	2018	2019
Number of employees ¹	2,439	2,482	2,495
Male	1,140	1,151	1,141
Percentage of total	46.74%	46.37%	45.73%
Female	1,299	1,331	1,354
Percentage of total	53.26%	53.63%	54.27%
Average age ¹	38 yrs 9 mos.	39 yrs 0 mos.	39 yrs 6 mos.
Male	40 yrs 9 mos.	41 yrs 0 mos.	41 yrs 5 mos.
Female	36 yrs 11 mos.	37 yrs 4 mos.	37 yrs 10 mos.
Average years of service ¹	14 yrs 5 mos.	14 yrs 8 mos.	15 yrs 0 mos.
Male	15 yrs 8 mos.	15 yrs 11 mos.	16 yrs 2 mos.
Female	13 yrs 4 mos.	13 yrs 8 mos.	14 yrs 0 mos.
Number of women in managerial positions ²	40	48	89
Ratio of employees with disabilities (% of total) ³	2.32%	2.32%	2.45%

¹ The number of full-time employees. This excludes directors, consultants, advisors, part-time employees, specialist contract employees, affiliated company employees (including employees seconded from other companies and organizations), and locally hired employees at overseas branches. Retroactive revisions have been made to previous fiscal years due to change in definition.

² Total of group managers, vice presidents, and assistant vice presidents

³ Computed based on single month of March

April 1	2017	2018	2019
Number of new hires	86	69	54
Number of newly employed female graduates	46	42	28
Ratio of newly employed females to total new employees	53.5%	60.9%	51.9%

Fiscal	2016	2017	2018
Number of employees taking parental leave <Men taking such leave>	172 <19>	187 <29>	202 <33>
Number of career hires ⁴	21	22	16

⁴ Retroactive revisions have been made to previous fiscal years due to change in calculation methodology.

◆ Cedyne

March 31	2017	2018	2019
Number of employees ¹	3,389	3,425	3,349
Male	1,998	1,971	1,897
Percentage of total	58.96%	57.55%	56.64%
Female	1,391	1,454	1,452
Percentage of total	41.04%	42.45%	43.36%
Average age	42 yrs 1 mos.	42 yrs 8 mos.	43 yrs 0 mos.
Male	44 yrs 6 mos.	44 yrs 10 mos.	45 yrs 2 mos.
Female	38 yrs 8 mos.	39 yrs 7 mos.	40 yrs 2 mos.
Average years of service	18 yrs 0 mos.	18 yrs 2 mos.	18 yrs 6 mos.
Male	20 yrs 2 mos.	20 yrs 6 mos.	20 yrs 9 mos.
Female	14 yrs 11 mos.	15 yrs 1 mos.	15 yrs 7 mos.
Number of women in managerial positions	62	75	88
Ratio of employees with disabilities (% of total) ²	2.14%	2.39%	2.32%

¹ Excluding employees seconded from other companies, employees on short-term contracts and part-time employees

² As of March 1 of respective years

April 1	2017	2018	2019
Number of new hires	58	60	51
Number of newly employed female graduates	23	38	25
Ratio of newly employed females to total new employees	39.7%	63.3%	49.0%

Fiscal	2016	2017	2018
Number of employees taking parental leave ³ <Men taking such leave>	137 <2>	136 <3>	180 <32>
Number of career hires	0	0	0

³ 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	2017	2018	2019
Number of employees ^{1,2}	2,078	2,134	2,263
Male	1,366	1,386	1,425
Percentage of total	65.74%	64.95%	62.97%
Female	712	748	838
Percentage of total	34.26%	35.05%	37.03%
Average age ²	40 yrs 5 mos.	41 yrs 0 mos.	41 yrs 2 mos.
Male	42 yrs 1 mos.	42 yrs 7 mos.	42 yrs 8 mos.
Female	37 yrs 5 mos.	38 yrs 1 mos.	38 yrs 8 mos.
Average years of service ²	16 yrs 4 mos.	16 yrs 8 mos.	16 yrs 4 mos.
Male	18 yrs 2 mos.	18 yrs 7 mos.	18 yrs 1 mos.
Female	12 yrs 10 mos.	13 yrs 3 mos.	13 yrs 6 mos.
Number of women in managerial positions	96	112	118
Ratio of employees with disabilities (% of total) ³	2.23%	2.32%	2.43%

¹ 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, contract employees, part-time employees, and employees of temporary employment agencies.

² Retroactive revisions have been made to previous fiscal years due to change in definition.

³ As of March 31 of respective years

April 1	2017	2018	2019
Number of new hires	49	55	48
Number of newly employed female graduates	27	24	24
Ratio of newly employed females to total new employees	55.1%	43.6%	50.0%

Fiscal	2016	2017	2018
Number of employees taking parental leave ⁴ <Men taking such leave>	75 <0>	63 <3>	53 <3>
Number of career hires	1	1	1

⁴ Including employees who retired during the fiscal year. Retroactive revisions have been made to previous fiscal years due to change in definition.

◆ Japan Research Institute

March 31	2017	2018	2019
Number of employees ^{1,2}	2,296	2,357	2,427
Male	1,677	1,710	1,773
Percentage of total	73.04%	72.55%	73.05%
Female	619	647	654
Percentage of total	26.96%	27.45%	26.95%
Average age ²	40 yrs 6 mos.	40 yrs 6 mos.	40 yrs 9 mos.
Male	41 yrs 3 mos.	41 yrs 4 mos.	41 yrs 6 mos.
Female	38 yrs 5 mos.	38 yrs 6 mos.	38 yrs 10 mos.
Average years of service ²	12 yrs 3 mos.	12 yrs 6 mos.	12 yrs 8 mos.
Male	12 yrs 7 mos.	12 yrs 10 mos.	13 yrs 1 mos.
Female	11 yrs 5 mos.	11 yrs 7 mos.	11 yrs 10 mos.
Ratio of employees with disabilities (% of total) ³	2.68%	2.40%	2.27%

¹ 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, consultants, advisors, employees on short-term contracts, part-time employees, employees of temporary employment agencies, locally hired employees at overseas branches, and full-time employees of affiliates.

² Retroactive revisions have been made to previous fiscal years due to change in definition.

³ As of March 31 of respective years

April 1	2017	2018	2019
Number of new hires	103	105	110
Number of newly employed female graduates ⁴	32	32	30
Ratio of newly employed females to total new employees	31.1%	30.5%	27.3%

⁴ Including only *Sogoshoku* employees. *Ippanshoku* employees are excluded.

Fiscal	2016	2017	2018
Number of employees taking parental leave <Men taking such leave>	69 <24>	64 <21>	75 <30>
Number of career hires ⁵	32	33	46

⁵ Excluding employees of temporary employment agencies converted to direct employees and former bank employees transferred to the company

◆ Sumitomo Mitsui Asset Management

March 31	2017	2018	2019
Number of employees ^{1,2}	538	551	552
Male	382	388	386
Percentage of total	71.00%	70.42%	69.93%
Female	156	163	166
Percentage of total	29.00%	29.58%	30.07%
Average age ²	43 yrs 10 mos.	44 yrs 1 mos.	44 yrs 7 mos.
Male	45 yrs 6 mos.	45 yrs 10 mos.	46 yrs 3 mos.
Female	39 yrs 7 mos.	39 yrs 10 mos.	40 yrs 6 mos.
Average years of service ^{2,3}	7 yrs 11 mos.	8 yrs 5 mos.	9 yrs 3 mos.
Male	8 yrs 4 mos.	8 yrs 10 mos.	9 yrs 9 mos.
Female	6 yrs 11 mos.	7 yrs 5 mos.	8 yrs 2 mos.
Number of women in managerial positions	8	10	9

*1 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.

*2 Retroactive revisions have been made to previous fiscal years due to change in definition.

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

April 1	2017	2018	2019
Number of new hires	10	11	15
Number of newly employed female graduates	5	5	6
Ratio of newly employed females to total new employees	50.0%	45.5%	40.0%

Fiscal	2016	2017	2018
Number of employees taking parental leave ⁴	19	11	10
<Men taking such leave>	<0>	<1>	<0>
Number of career hires ⁴	24	32	15

*4 Retroactive revisions have been made to previous fiscal years due to change in definition.

◆ Daiwa SB Investments

March 31	2017	2018	2019
Number of employees ¹	307	316	322
Male	239	245	245
Percentage of total	77.85%	77.53%	76.09%
Female	68	71	77
Percentage of total	22.15%	22.47%	23.91%
Average age	44 yrs 4 mos.	44 yrs 9 mos.	45 yrs 1 mos.
Male	45 yrs 5 mos.	45 yrs 8 mos.	45 yrs 10 mos.
Female	40 yrs 9 mos.	41 yrs 6 mos.	42 yrs 9 mos.
Average years of service	14 yrs 10 mos.	15 yrs 9 mos.	15 yrs 10 mos.
Male	15 yrs 10 mos.	16 yrs 3 mos.	17 yrs 1 mos.
Female	11 yrs 3 mos.	11 yrs 11 mos.	11 yrs 11 mos.
Number of women in managerial positions	0	0	0
Ratio of employees with disabilities (% of total)	0.98%	0.95%	1.56%

*1 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.

April 1	2017	2018	2019
Number of new hires	4	6	—
Number of newly employed female graduates	1	1	—
Ratio of newly employed females to total new employees	25.0%	16.7%	—

Fiscal	2016	2017	2018
Number of employees taking parental leave	8	5	10
<Men taking such leave>	<6>	<1>	<7>
Number of career hires	7	13	6



Main Work-Life Balance Support System

	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 • Telework • Staggered working hours
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"> • Flextime 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 • Family care time off • Family support leave • Short-term childcare leave • Annual leave in hour increments
Sumitomo Mitsui Finance and Leasing	1 year or maximum of 2 years in case of inability to place in daycare center	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Employees 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"> • Short-term childcare leave • Leave for nursing care • Shorter working hours allowed for nursing care • Nursing care leave system • Staggered working hours • Half day leave • System for rehiring former employees • Work relocations • Flextime system • Flexibility in the work place
SMBC Nikko Securities	Until 3 years of age	Until the entry into junior high 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 • Childcare subsidies • Flexibility in the work place
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 completion of the 6th grade (40 hours per annum per child; 80 hours for two or more children)	Until completion 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 • Paternity leave • Leave for providing nursing care or taking care of sick children (by the hour)
SMBC Consumer Finance	18 months or maximum of 2 years in case of inability to place in daycare center	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Until March 31 of the 6th grade (Employees can choose to work 6, 6.5, 7, or 7.5 hours a day).	Until the entry into junior high school	Until the entry into junior high 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 • Nursing care leave • Adjustment of work start and end times
Japan Research Institute	18 months or maximum of 2 years in case of inability to place in daycare center	Until March 31 of the 6th grade (5 days per annum per child; no upper limit)	Employees can choose to work 4, 5, 6 or 7 hours per day until March 31 of the 3rd grade (this system can be combined with flextime).	Until the entry into elementary school	For employees who are pregnant or have given birth within previous 12 months	<ul style="list-style-type: none"> • Childcare subsidies • Telecommuting • Flextime system • 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 • Half day leave
Sumitomo Mitsui DS 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)	Until March 31 of the 6th grade (Employees can choose to work 5, 6, 6.5, or 7 hours a day).	Until child completes 6th 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 • Annual leave in half-day increments • Telecommuting • Lifestyle enriching leave • Paid leave for initial 15 days of childcare • Annual leave in hour increments • Flextime system • Daycare subsidies • Celebratory gifts for birth of 3rd child • Leave for accompanying spouse undergoing job relocation



Sumitomo Mitsui Financial Group, Inc.

■ Directors and Executive Officers (as of June 30, 2019)

DIRECTORS AND CORPORATE EXECUTIVE OFFICERS

Chairman of the Board

Takeshi Kunibe

Director President

(Representative Executive Officer)

Jun Ohta

Group CEO

Director

Makoto Takashima

Director Senior Managing Executive Officers

Haruyuki Nagata

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

Toru Nakashima

Group CFO and Group CSO
Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept., Subsidiaries & Affiliates Dept.

Directors

Atsuhiko Inoue

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

(Representative Executive Officers)

Gotaro Michihiro

Co-Head of Wholesale Business Unit

Masahiko Oshima

Head of International Business Unit

Toshikazu Yaku

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

Senior Managing Executive Officers

Katsunori Tanizaki

Group CDIO
IT Innovation Dept.

Naoki Tamura

Head of Retail Business Unit

Hiroshi Munemasa

Head of Global Markets Business Unit

Kimio Matsuura

Co-Head of Wholesale Business Unit
(Planning Dept., Wholesale Business Unit)

Managing Executive Officer

Shoji Masuda

Group CIO
IT Planning Dept., Data Management Dept.,
Operations Planning Dept.

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

DEPUTY CHAIRMEN

Manabu Narita

Yasuyuki Kawasaki

EXECUTIVE OFFICERS

Senior Managing Executive Officers

Toshihiro Isshiki

Private Banking Planning Dept.,
Transaction Business Planning Dept.

Ryuji Nishisaki

Deputy Head of International Business Unit
(Asia Business Strategic Planning Dept.,
Asia Growing Markets Dept.)

Kenichi Hosomi

Deputy Head of International Business Unit

Iwao Kawaharada

Deputy Head of Wholesale Business Unit

Managing Executive Officers

Youichi Mori

Group Deputy CIO

Hiroshi Mishima

Deputy Head of Global Markets Business Unit

Akira Inoue

Group Deputy CRO

Takehisa Ikeda

Wholesale Business Unit

CHOW Ying Hoong

Co-Head of Asia Pacific Division

Naoya Ishida

Wholesale Business Unit

Hiroaki Toyoda

Deputy Head of Retail Business Unit

Takashi Aiki

Group Deputy CIO and Group Deputy CDIO

Tetsuro Imaeda

Head of Europe, Middle East and Africa Division

Nobuyuki Kawabata

International Business Unit

Eiichi Sekiguchi

Wholesale Business Unit,
Retail Business Unit

Naoki Takahashi

Deputy Head of Wholesale Business Unit

Hitoshi Ishii

Deputy Head of Wholesale Business Unit

Kazuhiro Notsu

Group Deputy CSO

Hitoshi Minami

Deputy Head of International Business Unit

Masaaki Sasai

Co-Head of Asia Pacific Division

Kengo Nakagawa

Wholesale Business Unit

Masayoshi Furusho

Group Deputy CHRO

Narumitsu Yoshioka

Head of East Asia Division

Masamichi Koike

Deputy Head of Global Markets Business Unit

Takaki Ono

Wholesale Business Unit

Kotaro Hagiwara

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

Yoshihiro Hyakutome

Head of Americas Division

Takashi Yamashita

Deputy Head of Retail Business Unit
General Manager, Planning Dept., Retail Business Unit

Atsushi Oku

Retail Business Unit

Yuichiro Kondo

Group Deputy CFO

Toshihiro Sato

Deputy Head of Global Markets Business Unit

Takeshi Mikami

Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept.
Olympic and Paralympic Dept., Corporate Planning Dept.

Executive Officers

Yukio Noda

Group Deputy CCO

Ryo Suzuki

Wholesale Business Unit,
International Business Unit

Rie Asayama

Retail Business Unit
Quality Management Dept.

Yukiko Yoritaka

General Manager, Learning and Development Institute, Human
Resources Dept.

Keiichiro Nakamura

General Manager, Planning Dept., International Business Unit

Nobuaki Nakamura

Global Markets Business Unit

Shuji Yabe

Deputy Head of Americas Division

Jun Uchikawa

General Manager, IT Planning Dept.

Yoshiyuki Gono

General Manager, Corporate Risk Management Dept.

Hiroyuki Fukumaru

General Manager, Credit & Investment Planning Dept.

Takanori Kato

Wholesale Business Unit
(Planning Dept., Wholesale Business Unit)

Fumihiko Ito

General Manager, Corporate Planning Dept.

Hirofumi Otsuka

General Manager, Asia Business Strategic Planning Dept.

Takashi Kobayashi

General Manager, Human Resources Dept.

Isaac Deutsch

Deputy Head of Americas Division

Akio Isowa

General Manager, Transaction Business Planning Dept.

Tomoaki Nakayama

General Manager, IT Innovation Dept.

Natsuiro Samejima

General Manager, Planning Dept., Americas Division

Kazuhiro Fukuda

General Manager, Planning Dept., East Asia Division

Yukihiko Mabuchi

General Manager, Planning Dept., Wholesale Business Unit

[REFERENCE]

Group CxO/Head of Business Units

(as of June 30, 2019)

Group CxO

Group CEO

Jun Ohta

Group CFO and
Group CSO

Toru Nakashima

Group CRO

Haruyuki Nagata

Group CCO and
Group CHRO

Toshikazu Yaku

Group CIO

Shoji Masuda

Group CDIO

Katsunori Tanizaki

Group CAE

Tetsuro Yoshino

Head of Business Units

Head of Retail Business Unit

Naoki Tamura

Co-Head of Wholesale
Business Unit

Gotaro Michihiro

Co-Head of Wholesale
Business Unit

Kimio Matsuura

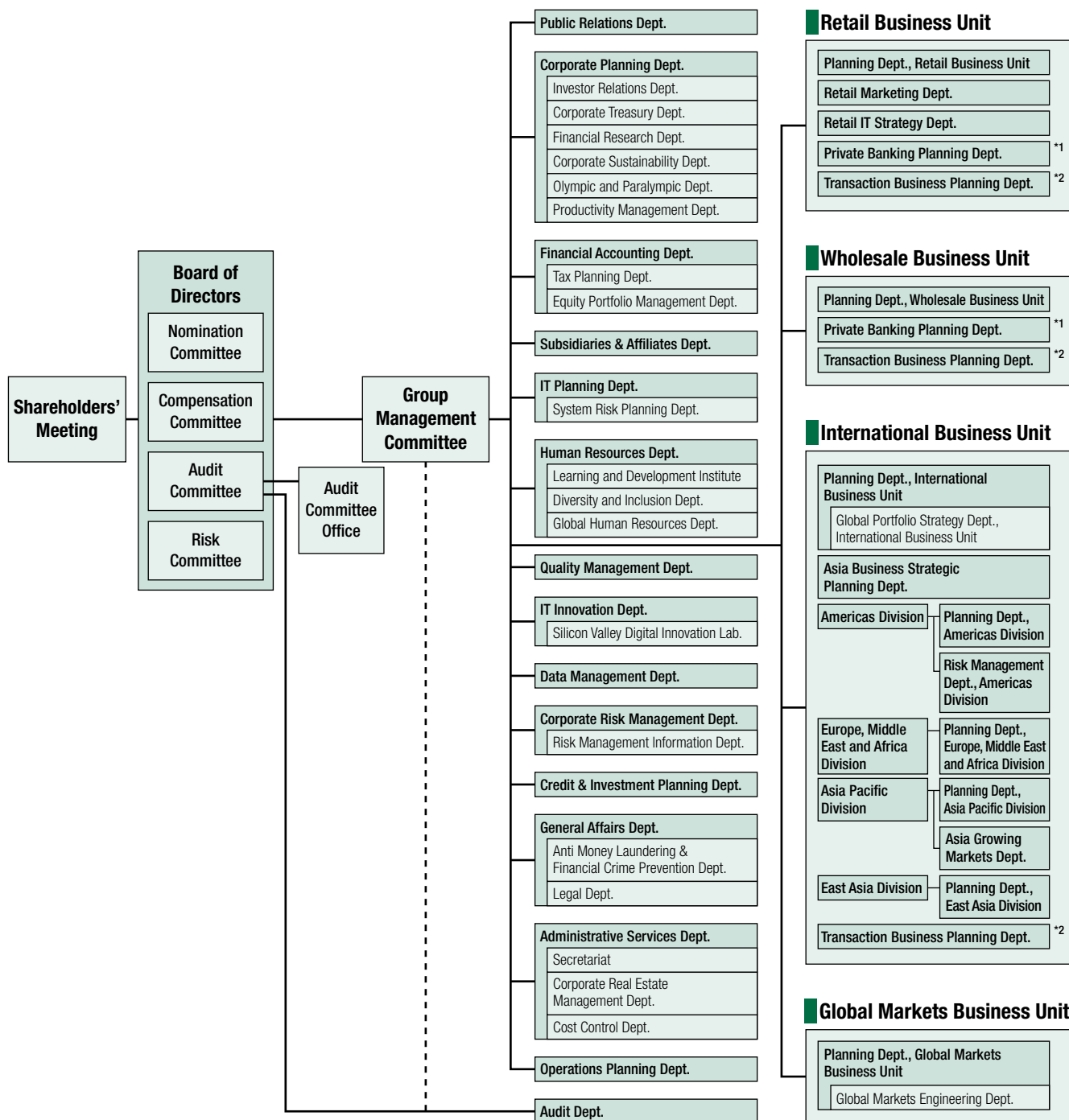
Head of International
Business Unit

Masahiko Oshima

Head of Global Markets
Business Unit

Hiroshi Munemasa

Sumitomo Mitsui Financial Group Organization (as of June 30, 2019)



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

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

Sumitomo Mitsui Banking Corporation

■ Board of Directors, Directors, Members of the Audit and Supervisory Committee and Executive Officers

(as of June 30, 2019)

BOARD OF DIRECTORS

Chairman of the Board

Koichi Miyata

President and Chief Executive Officer (Representative Director)

Makoto Takashima*

Director and Deputy Presidents (Representative Directors)

Gotaro Michihiro*

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

Masahiko Oshima*

Head of International Banking Unit

Toshikazu Yaku*

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

Director and Senior Managing Executive Officers

Haruyuki Nagata*

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

Keiji Kakumoto*

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

Fumiharu Kozuka*

Internal Audit Dept., Credit Review Dept.

Toru Nakashima*

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

Director and Managing Executive Officer

Shoji Masuda*

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

Director

Paul Yonamine⁽¹⁾

* These Directors are appointed as Executive Officers also.

(1) Mr. Yonamine satisfies the requirements for an "outside director" under the Companies Act.

DIRECTORS, MEMBERS OF THE AUDIT AND SUPERVISORY COMMITTEE

Yozo Takigawa

Toshiaki Nakai

Hiroshi Takahashi⁽²⁾

Sonosuke Kadonaga⁽²⁾

Masaaki Oka⁽²⁾

Michiko Kuboyama⁽²⁾

Atsuhiko Inoue

(2) Messrs. and Ms. Takahashi, Kadonaga, Oka, and Kuboyama satisfy the requirements for an "outside director" under the Companies Act.

DEPUTY CHAIRMEN

Manabu Narita

Yasuyuki Kawasaki

EXECUTIVE OFFICERS

Senior Managing Executive Officers

Katsunori Tanizaki

IT Innovation Dept.

Kimio Matsuura

Co-Head of Wholesale Banking Unit
(Planning Dept., Wholesale Banking Unit, Strategic Corporate Business Dept.,
Public & Financial Institutions Banking Dept., Wholesale Banking Unit,
Growth Business Development Dept., M&A Advisory Services Dept.,
Real Estate Finance Dept.)

Naoki Tamura

Head of Retail Banking Unit

Ryuji Nishisaki

Head of Corporate Advisory Division
Deputy Head of Wholesale Banking Unit
(Strategic Corporate Business Dept.),
Deputy Head of International Banking Unit
(Asia Business Strategic Planning Dept., Asia Growing Markets Division)
Global Advisory Dept.

Hiroshi Munemasa

Head of Treasury Unit

Toshihiro Isshiki

Private Advisory Division,
Transaction Business Division

Kenichi Hosomi

Deputy Head of International Banking Unit

Iwao Kawaharada

Deputy Head of Wholesale Banking Unit
Head of Corporate Banking Division

Toru Sawada

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

Managing Executive Officers

Nobuyuki Kawabata

Deputy Head of International Banking Unit

CHOW Ying Hoong

Co-Head of The Asia Pacific Division and Head of Asia Growing Markets
Division

Tetsuro Imaeda

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

Atsushi Takada

Head of Kobe Middle Market Banking Division

Eiichi Sekiguchi

Deputy Head of Wholesale Banking Unit,
Deputy Head of Retail Banking Unit

Kengo Nakagawa

Deputy Head of Wholesale Banking Unit (in charge of East Japan)
Tokyo Corporate Banking Division
(Tokyo Corporate Banking Dept. XII)

Muneo Kanamaru

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

Teiko Kudo

Head of Financial Solutions Unit
Deputy Head of International Banking Unit

Yusuke Hirako

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

Takashi Arima

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

Hiroyoshi Korosue

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

Masaaki Sasai

Co-Head of The Asia Pacific Division

Narumitsu Yoshioka

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

Masamichi Koike

Deputy Head of Treasury Unit

Takaki Ono

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

Kotaro Hagiwara

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

Yoshihiro Hyakutome

Head of The Americas Division and President of SMBC Americas
Holdings, Inc.

Takashi Yamashita

Deputy Head of Retail Banking Unit

Tomofumi Saeki

Head of Kyoto Hokuriku Middle Market Banking Division

Akira Ueda

Head of Higashinohon Daini Middle Market Banking Division

Hiroshi Irie

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

Hideo Ohara

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

Hiroyuki Kamimoto

Deputy Head of Corporate Advisory Division

Kenji Hirao

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

Takeshi Mikami

Public Relations Dept., Corporate Planning Dept., Financial Accounting Dept.
Olympic and Paralympic Dept., Corporate Planning Dept.

Executive Officers

William Karl

(Executive Officer without portfolio)

Stanislas Roger

Deputy Head of Europe, Middle East and Africa Division

Ryo Suzuki

Deputy Head of Wholesale Banking Unit,
Deputy Head of International Banking Unit

Rie Asayama

Deputy Head of Retail Banking Unit
Quality Management Dept.

Rajeev Kannan

General Manager, Investment Banking Dept., Asia

Isaac Deutsch

Deputy Head of The Americas Division

John Ferreira

Co-General Manager, Sydney Branch

Yukiko Yoritaka

General Manager, Learning and Development Institute,
Human Resources Dept.

Antony Yates

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

Shuji Yabe

Deputy Head of The Americas Division
and Chairman of SMBC Nikko Securities America, Inc.

Masatsugu Kojima

Head of Higashinohon Daisan Middle Market Banking Division

Yoshiaki Kageyama

Deputy Head of The Asia Pacific Division and General Manager,
Japanese and Korean Corporate Banking Dept., Asia Pacific Division

Masanao Nakao

General Manager, Osaka Corporate Banking Dept. I

Koji Matsumoto

General Manager, Planning Dept., Financial Solutions Unit

Keiichiro Nakamura

General Manager, Planning Dept., International Banking Unit

Nobuaki Nakamura

General Manager, Planning Dept., Treasury Unit

Fumito Yoshioka

Head of Higashinohon Daiyon Middle Market Banking Division

Alan Krouk

General Manager, Global FIG Dept.

Airo Shibuya

Head of Transaction Business Division

Ryoichi Tanaka

Deputy Head of Corporate Advisory Division

Jun Uchikawa

General Manager, IT Planning Dept.

Shinji Ono

President of Sumitomo Mitsui Banking Corporation (China) Limited

Tomohiro Ohisa

General Manager, Corporate Credit Dept.

Hiroyuki Kaneko

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

Yoshiyuki Gono

General Manager, Corporate Risk Management Dept.

Hiroyuki Fukumaru

General Manager, Credit & Investment Planning Dept.

Takanori Kato

General Manager, Planning Dept., Wholesale Banking Unit

Fumihiko Ito

General Manager, Corporate Planning Dept.

Katsufumi Uchida

General Manager, International & Structured Finance Dept., Europe, Middle East and Africa Division

Hirofumi Otsuka

General Manager, Asia Business Strategic Planning Dept.

Takashi Kobayashi

General Manager, Human Resources Dept.

Takafumi Tsuji

General Manager, Distribution Dept.

Akihiro Yasuda

General Manager, Marunouchi Corporate Business Office

James Fenner

General Manager, Specialised Products Dept., Europe, Middle East and Africa Division

Takayuki Inoue

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)

Makoto Ueda

Head of Nishinohon Daisan Middle Market Banking Division

Yuichi Nishimura

Country Head of Thailand and General Manager, Bangkok Branch

Noriyuki Watanabe

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

Akio Isowa

General Manager, Transaction Business Planning Dept.

Akihiro Ueda

General Manager, Gaien Area Main Office

Yoshiyuki Ogata

General Manager, Hong Kong Branch

Nobuo Ozawa

General Manager, Akasaka Corporate Business Office

Tomoaki Nakayama

General Manager, IT Innovation Dept.

Hiroyuki Fukuda

General Manager, Osaka Corporate Banking Dept. II

Katsuya Fujita

General Manager, Treasury Dept., East Asia Division

Hitoshi Miyake

General Manager, Structured Finance Dept.

Natsuhiko Samejima

General Manager, Planning Dept., Americas Division

Hideki Niiyama

General Manager, Nagoya Corporate Banking Dept.

Kazuhiro Fukuda

General Manager, Planning Dept., East Asia Division

Yukihiro Mabuchi

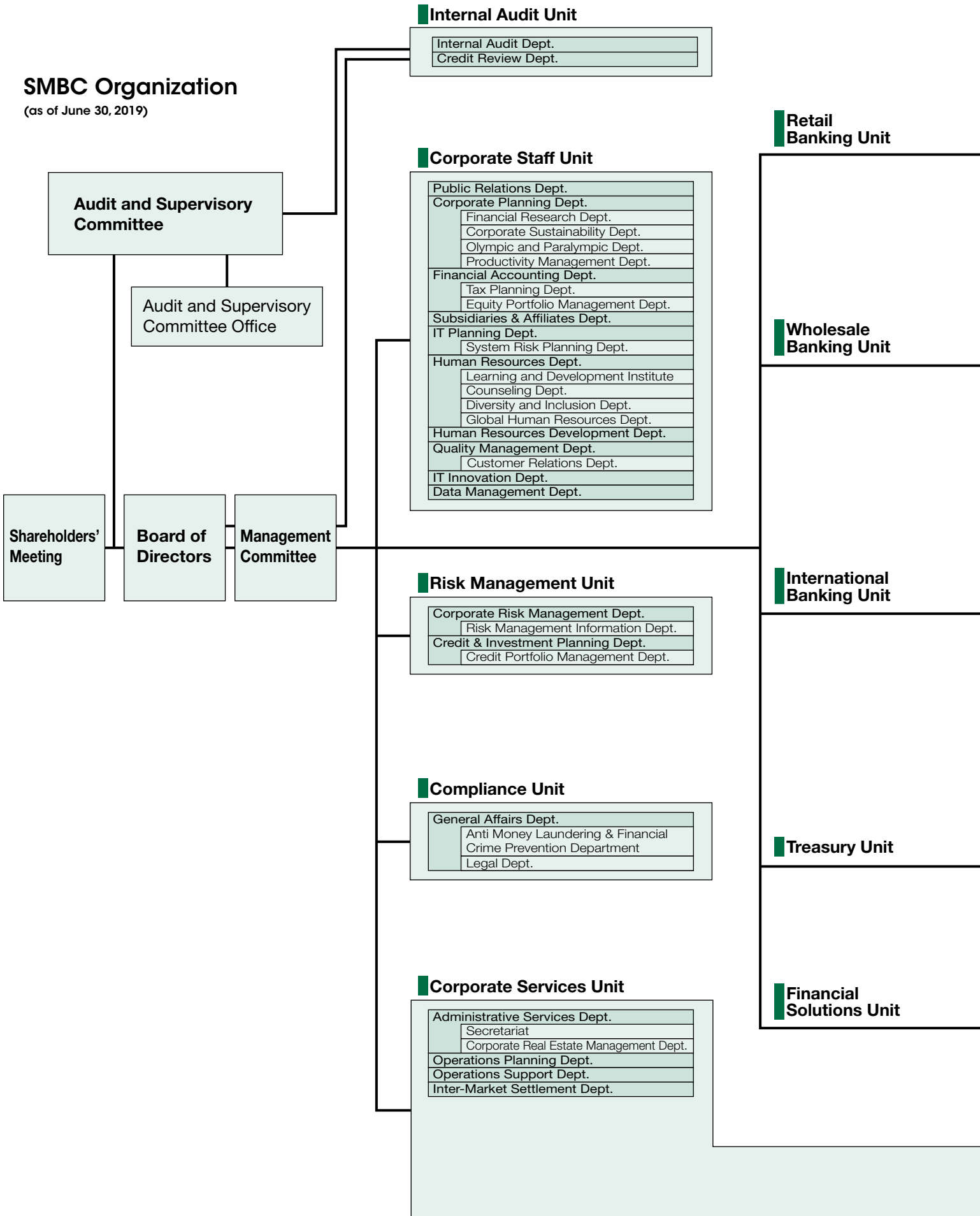
General Manager, Planning Dept., Wholesale Banking Unit and Global Corporate Banking Dept., Planning Dept., Wholesale Banking Unit

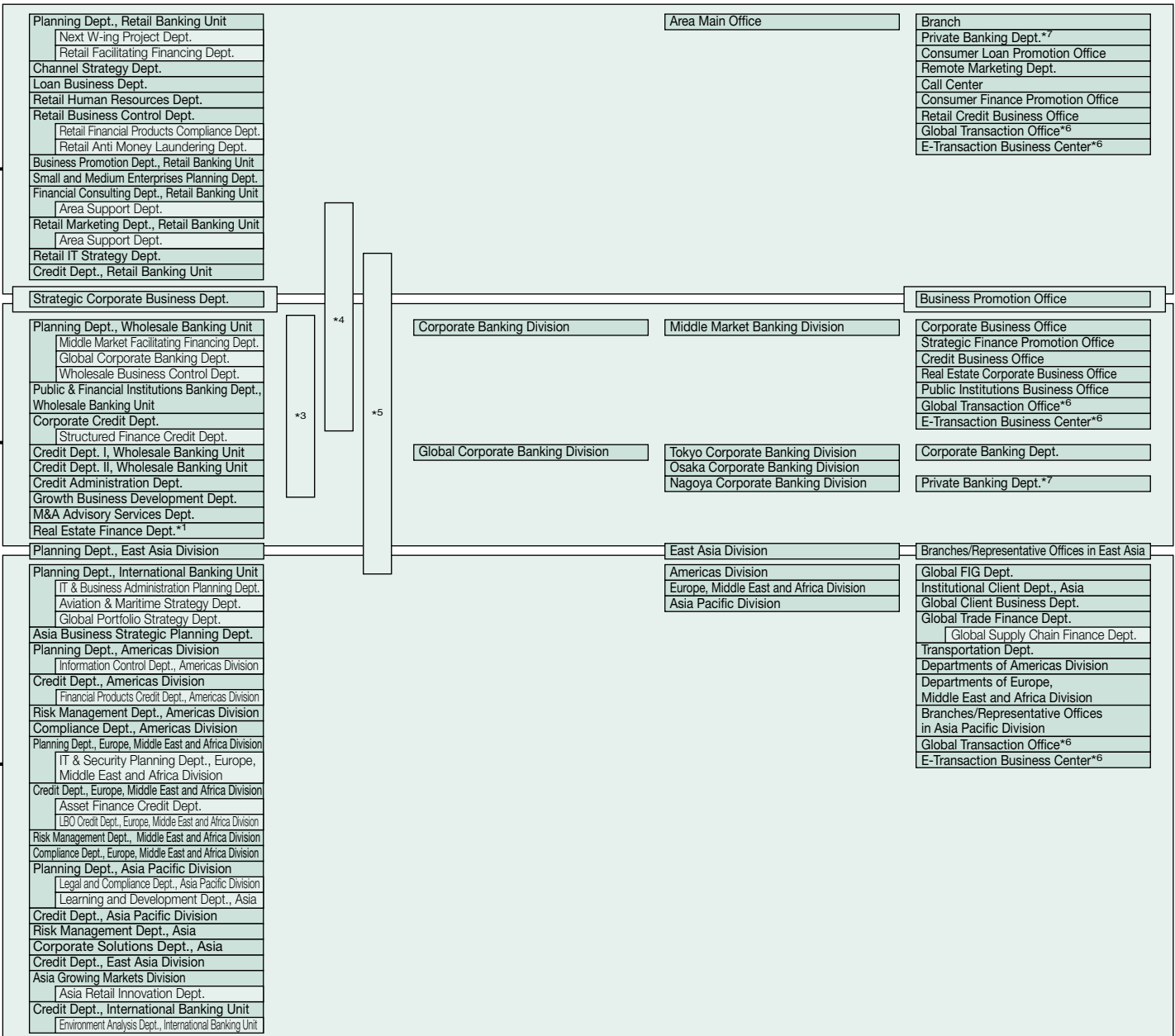
Richard Miles

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

SMBC Organization

(as of June 30, 2019)





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
Treasury Dept., East Asia Division

Planning Dept., Financial Solutions Unit
Structured Finance Dept.
Acquisition and Leveraged 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.

- *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 • Corporate Advisory Division
 - Advisory Dept. I
 - Advisory Dept. II
 - Advisory Dept. III
 - Corporate Research Dept.
 - Growth Industry Cluster Dept.*2
- *4 • Private Advisory Division
 - Private Advisory Business Dept.
 - Private Banking Planning Dept.
 - Inheritance Advisory Business Dept.
 - Corporate Employees Solution Dept.
 - Defined Contribution Dept.
- *5 • 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.
- *6 • Belongs to Retail Banking Unit, Wholesale Banking Unit and International Banking Unit.
- *7 • 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

Principal Subsidiaries and Affiliates (as of March 31, 2019)

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
SMBC Nikko Securities Inc.	10,000	100	—	Jun. 15, 2009	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	51.19	—	Dec. 1, 2002	Investment management
SMBC Guarantee Co., Ltd.	187,720	0 (100)	0 (99.99)	Jul. 14, 1976	Credit guarantee
SMFG Card & Credit, Inc.	49,859	100	—	Oct. 1, 2008	Business management
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
SMBC Mobit Co., Ltd.	20,000	0 (100)	—	May 17, 2000	Consumer lending
JAIS, Limited	450	0 (100)	—	Oct. 16, 1990	System engineering and data processing
NCore Co., Ltd.	10	0 (50.99)	50.99	Apr. 1, 2004	Data processing service and e-trading consulting
SMBC VALUE CREATION CO., LTD.	495	0	100	Feb. 20, 2019	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 Staff Service Co., Ltd.	90	0 (100)	100	Jul. 15, 1982	Fee-based headhunting services and contracting of human resources-related procedures
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 OPERATION 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 Real Estate Appraisal Service Co., Ltd.	30	0 (100)	100	Feb. 1, 1984	Collateral real estate survey and appraisal
Polarify, Inc.	420	76.90	—	May 1, 2017	Biometric authentication services (Polarify biometric authentication services) and e-KYC service (Polarify e-KYC)

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
PT Bank BTPN Tbk	Indonesia	Rp163.0 billion	0 (98.49)	98.49	Feb. 5, 1958	Commercial banking
SMBC Americas Holdings, Inc.	U.S.A.	US\$1,500	0 (100)	100	Aug. 8, 1990	Management of the US BHC and US BHC subsidiaries
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\$793.819 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
SMBC Bank EU AG	Germany	€450 million	0 (100)	100	Nov. 23, 2017	Commercial banking
Sumitomo Mitsui Banking Corporation Malaysia Berhad	Malaysia	MYR2,452 million	0 (100)	100	Dec. 22, 2010	Commercial banking
SMBC Leasing and Finance, Inc.	U.S.A.	US\$4,350	0 (100)	0 (100)	Nov. 9, 1990	Leasing, investments
SMBC Rail Services LLC	U.S.A.	0	0 (100)	0 (100)	May 11, 2011	Leasing
SMBC Nikko Securities America, Inc.	U.S.A.	US\$388	0 (100)	0 (80)	Aug. 8, 1990	Securities, investments
SMBC Nikko Capital Markets Limited	U.K.	US\$1,138 million	0 (100)	84.84	Mar. 13, 1990	Derivatives and investments, securities services
SMBC Capital Markets, Inc.	U.S.A.	US\$100	0 (100)	0 (100)	Dec. 4, 1986	Derivatives and investments
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\$6,600	0 (100)	100	Jul. 30, 1997	Investments
SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.	Mexico	MXN1,460 million	0 (100)	100	Sep. 18, 2014	Money lending business, services related to leasing and used lease properties
SMBC International Finance N.V.	Curaçao	US\$200,000	0 (100)	100	Jun. 25, 1990	Finance
SMFG Preferred Capital GBP 2 Limited	Cayman Islands	£0.01	100	—	Oct. 25, 2007	Finance
SMFG Preferred Capital JPY 2 Limited	Cayman Islands	¥173,000 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 GBP 2 Limited	Cayman Islands	£1.5 million	0 (100)	100	Oct. 25, 2007	Finance
SMBC Preferred Capital JPY 2 Limited	Cayman Islands	¥180,600 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 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
SMBC Advisory Services Saudi Arabia LLC	Saudi Arabia	SAR3,500,000	0 (100)	100	Dec. 29, 2017	Consulting

* 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.

■ 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 (46.58)	46.58	Sep. 19, 2000	Commercial banking
Kansai Mirai Financial Group, Inc.	29,589	0 (24.09)	21.31 (0.14)	Nov. 14, 2017	Business management
Kansai Urban Banking Corporation	47,039	0 (100)	0 (100)	Jul. 1, 1922	Commercial banking
The Kinki Osaka Bank, Ltd.	38,971	0 (100)	0 (100)	Nov. 24, 1950	Commercial banking
THE MINATO BANK, LTD.	27,484	0 (100)	0 (100)	Sep. 6, 1949	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 million	0 (15.07)	15.07	May 24, 1989	Commercial banking
ACLEDA Bank Plc.	US\$395 million	0 (18.25)	18.25	Dec. 1, 2003	Commercial banking
The Bank of East Asia, Limited	HKD39,925 million	0 (19.52)	19.52	Nov. 14, 1918	Commercial banking
Sumitomo Mitsui Finance and Leasing Company, Limited	15,000	50	—	Feb. 4, 1963	Leasing
Sumitomo Mitsui Auto Service Company, Limited	13,636	21.99 (48)	—	Feb. 21, 1981	Leasing
SMBC Aviation Capital Limited	US\$887 million	0 (100)	32	Aug. 14, 1997	Leasing
POCKET CARD CO., LTD.	14,374	0 (20)	20	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
SAKURA KCS Corporation	2,054	0 (49.86)	28.52 (3.66)	Mar. 29, 1969	System engineering and data processing
brees corporation	100	0 (49)	49	Dec. 5, 2014	Information processing services
Daiwa SB Investments Ltd.	2,000	48.96	—	Apr. 1, 1999	Investment management
China Post & Capital Fund Management Co., Ltd.	CNY304 million	0 (23.67)	23.67	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
Spring Infrastructure Capital Co., Ltd.	250	0 (24.50)	24.50	Jul. 31, 2018	Investments
BrainCell, Inc.	300	49	—	Jun. 1, 2018	Marketing

International Directory (as of June 30, 2019)

Asia and Oceania

SMBC Branches and Representative Offices

Hong Kong Branch

7th, 8th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Special Administrative Region, The People's Republic of China
Tel: 852-2206-2000

Taipei Branch

3F, Walsin Lihwa Xinyi Building, No. 1 Songzhi Road, Xinyi District, Taipei 11047, Taiwan
Tel: 886 (2) 2720-8100

Seoul Branch

12F, Mirae Asset CENTER1 Bldg. West Tower, 26, Eulji-ro 5-gil, Jung-gu Seoul, 04539, The Republic of Korea
Tel: 82 (2) 6364-7000

Singapore Branch

3 Temasek Avenue #06-01, Centennial Tower, Singapore 039190, Republic of Singapore
Tel: 65-6882-0001

Sydney Branch

Level 35, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Tel: 61 (2) 9376-1800

Perth Branch

Level 19, Exchange Tower, 2 The Esplanade, Perth, Western Australia 6000, Australia
Tel: 61 (8) 9492-4900

New Delhi Branch

13th Floor, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi 110001, India
Tel: 91 (11) 4768-9111

Mumbai Branch

Unit No. 601, 6th Floor, Platina Building, Plot No. C-59, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India
Tel: 91 (22) 6229-5000

Bangkok Branch

8th-10th Floor, Q.House Lumpini Building, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Tel: 66 (2) 353-8000

Chonburi Branch

Harbor Office 14th Floor, 4/222 Moo. 10 Sukhumvit Road, Tungsukla, Sriracha, Chonburi 20230, Thailand
Tel: 66 (38) 400-700

Ho Chi Minh City Branch

15th Floor, Times Square Building, 22-36 Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam
Tel: 84 (28) 3520-2525

Hanoi Branch

Unit 1201, 12th Floor, Lotte Center Hanoi, 54 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi, Vietnam
Tel: 84 (24) 3946-1100

Manila Branch

21st Floor, Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, The Philippines 1226
Tel: 63 (2) 8807100

Yangon Branch

Level #5 Strand Square, No.53 Strand Road, Pabedan Township, Yangon, Myanmar
Tel: 95 (1) 2307380

Yangon Branch Thilawa Front Office

Room No. 103, Administration Building, Corner of Thilawa Development Road and Dagon - Thilawa Road, Thilawa SEZ, Thanlyin Township, Yangon, Myanmar
Tel: 95 (1) 2309100

Labuan Branch

Level 12 (B&C), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, Federal Territory, Malaysia
Tel: 60 (87) 410955

Labuan Branch

Kuala Lumpur Office
Suite 22-03, Level 22, Integra Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Tel: 60 (3) 2176-1700

Ulaanbaatar Representative Office

Unit 1011, 10F, Central Tower, 2 Chinggis Square, 8th Khoroo, Sukhbaatar District, Ulaanbaatar, 14200, Mongolia
Tel: 976-7011-8950

Phnom Penh Representative Office

Exchange Square (7th Floor) Unit 701, No.19 and 20, Street 106, Sangkat Wat Phnom, Village 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia
Tel: 855 (23) 964-080

SMBC Principal Subsidiaries/ Affiliates SMFG Network

Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)

11F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China
Tel: 86 (21) 3860-9000

Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch

12F, International Finance Place, No.8 Huaxia Road, Tianhe District, Guangzhou 510623, The People's Republic of China
Tel: 86 (20) 3819-1888

Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch

5F, Offices At Kerry Centre, 385 Yan An Road, Xia Cheng District, Hangzhou, Zhejiang Province, The People's Republic of China
Tel: 86 (571) 2889-1111

Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch

Unit 2, 34F, Tower1, River International, 22 Nanbin Road, Nan'an District, Chongqing 400060, The People's Republic of China
Tel: 86 (23) 8812-5300

Sumitomo Mitsui Banking Corporation (China) Limited Shenzhen Branch

23/F, Tower Two, Kerry Plaza, 1 Zhongxinsi Road, Futian District, Shenzhen 518048, The People's Republic of China
Tel: 86 (755) 2383-0980

Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch

1606, 1 Building, Forum 66, No.1 Qingnian Street, Shenhe District, Shenyang, Liaoning Province, The People's Republic of China
Tel: 86 (24) 3128-7000

Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch

12F, SND International Commerce Tower, No.28 Shishan Road, Suzhou New District, Suzhou, Jiangsu 215011, The People's Republic of China
Tel: 86 (512) 6606-6500

**Sumitomo Mitsui Banking Corporation
(China) Limited Dalian Branch**

Senmao Building 4F-A, 147 Zhongshan Road, Xigang District, Dalian, The People's Republic of China
Tel: 86 (411) 3905-8500

**Sumitomo Mitsui Banking Corporation
(China) Limited Tianjin Branch**

12F, The Exchange Tower 2, 189 Nanjing Road, Heping District, Tianjin 300051, The People's Republic of China
Tel: 86 (22) 2330-6677

**Sumitomo Mitsui Banking Corporation
(China) Limited Beijing Branch**

Unit 1601, 16F, North Tower, Beijing Kerry Centre, No.1, Guang Hua Road, Chao Yang District, Beijing 100020, The People's Republic of China
Tel: 86 (10) 5920-4500

**Sumitomo Mitsui Banking Corporation
(China) Limited Kunshan Sub-Branch**

Room 2001-2005, Taiwan Business Association International Plaza, No. 399 Qianjin East Road, Kunshan, Jiangsu 215300, The People's Republic of China
Tel: 86 (512) 3687-0588

**Sumitomo Mitsui Banking Corporation
(China) Limited Shanghai Pilot Free Trade Zone Sub-Branch**

Room 15T21, 15F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China
Tel: 86 (21) 2067-0200

**Sumitomo Mitsui Banking Corporation
(China) Limited**

Shanghai Puxi Sub-Branch

1, 12, 13, 12F, Maxdo Center, 8 Xingyi Road, Changning District, Shanghai,

The People's Republic of China
Tel: 86 (21) 2219-8000

**Sumitomo Mitsui Banking Corporation
(China) Limited**

Changshu Sub-Branch

8F, Science Innovation Building (Kechuang Building), No.333 Dongnan Road, Changshu Southeast Economic Development Zone of Jiangsu, Changshu, Jiangsu, The People's Republic of China
Tel: 86 (512) 5235-5553

**Sumitomo Mitsui Banking Corporation
(China) Limited**

Suzhou Industrial Park Sub-Branch

16F, International Building, No.2, Suzhou Avenue West, Suzhou Industrial Park, Jiangsu 215021, The People's Republic of China
Tel: 86 (512) 6288-5018

**Sumitomo Mitsui Banking Corporation
(China) Limited**

Tianjin Binhai Sub-Branch

8F, E2B, Binhai Financial Street, No.20, Guangchang East Road, TEDA, Tianjin 300457, The People's Republic of China
Tel: 86 (22) 6622-6677

PT Bank BTPN Tbk

Menara BTPN, 29th Floor, CBD Mega Kuningan, Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950, Indonesia
Tel: 62 (21) 300-26200

**PT Bank Tabungan Pensiunan Nasional
Syariah Tbk**

Menara BTPN, 12th Floor, CBD Mega Kuningan Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950, Indonesia
Tel: 62 (21) 300-26400

**Sumitomo Mitsui Banking Corporation
Malaysia Berhad**

Suite 22-03, Level 22, Integra Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Tel: 60 (3) 2176-1500

SMBC Capital Markets (Asia) Limited

7th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong Special Administrative Region, The People's Republic of China
Tel: 852-2532-8500

**SMBC Nikko Capital Markets Limited
(Sydney Office)**

Level 35, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Tel: 61 (2) 9376-1895

BSL Leasing Co., Ltd.

19th Floor, Sathorn City Tower, 175 South Sathorn Road, Thungmahamek, Sathorn, Bangkok, 10120, Thailand
Tel: 66 (2) 670-4700

The Bank of East Asia, Limited

10 Des Voeux Road, Central, Hong Kong
Tel: 852-3608-3608

**Vietnam Export Import
Commercial Joint Stock Bank**

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Tel: 84 (28) 3821-0056

PT Oto Multiartha

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Tel: 62 (21) 522-6410

PT Summit Oto Finance

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ACLEDA Bank Plc.

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(Singapore) Pte. Ltd.**

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**Sumitomo Mitsui Finance and Leasing
(Hong Kong) Ltd.**

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SMFL Leasing (Thailand) Co., Ltd.

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**Sumitomo Mitsui Finance and Leasing
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Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.

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Chengdu Branch

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Tel: 86-28-8691-7181

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Suite 16D, Level 16, Vista Tower, The Intermark No. 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
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PT. SMFL Leasing Indonesia

Menara BTPN, 31st Floor, Jl. Dr. Ide Anak Agung Gde Agung, Kav. 5.5 - 5.6, Mega Kuningan, Jakarta Selatan 12950, Indonesia
Tel: 62-21-8062-8710

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

161 Nantawan Building, 17th Floor, Rajdamri Road, Lumpinee, Pathumwan, Bangkok 10330, Thailand
Tel: 66-2252-9511

Summit Auto Lease Australia Pty Ltd.

Unit 7, 38-46 South Street Rydalmere, NSW 2116 Australia
Tel: 61 (2) 9638-7833

SMAS Auto Leasing India Private Limited

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.

14th Floor, Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong Special Administrative Region, The People's Republic of China
Tel: 852 (3199) 1000

Liang Jing Co., Ltd.

8FI, No.6, Sec 3, Min Chuan E. Rd., Taipei, Taiwan 10477, R.O.C.
Tel: 886 (2) 2515-1598

PROMISE (THAILAND) CO., LTD.

12th, 15th, 22nd Floor, Capital Tower, All Seasons Place, 87/1 Wireless Road, Lumpini, Phatumwan, Bangkok 10330, Thailand
Tel: 66 (2) 655-8574

PROMISE (SHENZHEN) CO., LTD.

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PROMISE (SHENYANG) CO., LTD.

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Tel: 86 (24) 2250-6200

Promise Consulting Service (Shenzhen) Co., Ltd.

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PROMISE (TIANJIN) CO., LTD.

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PROMISE (CHONGQING) CO., LTD.

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PROMISE (SHANGHAI) CO., LTD.

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PROMISE ASSET MANAGEMENT (TAIWAN) CO., LTD.

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Sumitomo Mitsui Asset Management (Hong Kong) Limited

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Tel: 65-6589-3850

The Americas

SMBC Branches and Representative Offices

New York Branch

277 Park Avenue, New York,
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Tel: 1 (212) 224-4000

Canada Branch

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222 Bay Street, Suite 1400, P.O. Box 172,
Toronto, Ontario M5K 1H6, Canada
Tel: 1 (416) 368-4766

Cayman Branch

25 Main Street, George Town,
P.O. BOX 694, Grand Cayman,
Cayman Islands

Los Angeles Branch

601 South Figueroa Street,
Suite 1800, Los Angeles,
CA 90017, U.S.A.
Tel: 1 (213) 452-7800

San Francisco Branch

555 California Street, Suite 3350,
San Francisco, CA 94104, U.S.A.
Tel: 1 (415) 616-3000

Chicago Representative Office

300 S. Riverside Plaza, Suite 1970,
Chicago, IL 60606, U.S.A.
Tel: 1 (312) 796-3668

Dallas Representative Office

14241 Dallas Parkway, Suite 660,
Dallas, TX 75254, U.S.A.
Tel: 1 (972) 942-7000

Houston Representative Office

Two Allen Center, 1200 Smith Street,
Suite 1140, Houston, TX 77002, U.S.A.
Tel: 1 (713) 277-3500

Silicon Valley Representative Office

101 Jefferson Drive, Menlo Park,
CA 94025, U.S.A.
Tel: 1 (650) 460-1669

Mexico City Representative Office

Torre Virreyes-Pedregal 24, Piso 5, Int
502-A, Col. Molino del Rey,
Ciudad de Mexico, Mexico, 11040
Tel: 52 (55) 2623-0200

Leon Representative Office

Plaza de la Paz #102. int.901
Puerto Interior, Silao, Guanajuato,
CP36275, Mexico
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80 Once Building, Carrera 11 No. 79-52,
Suite 1002, Bogota, Colombia
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Lima Representative Office

Avenida Canaval y Moreyra 380,
Oficina 702, San Isidro, Lima 27, Peru
Tel: 51 (1) 200-3600

Santiago Representative Office

Isidora Goyenechea 3000,
Suite 2102, Las Condes,
Santiago, Chile
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SMBC Principal Subsidiaries/ Affiliates SMFG Network

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Banco Sumitomo Mitsui Brasileiro S.A.

Avenida Paulista, 37-11 e 12 andar
Sao Paulo-SP-CEP 01311-902, Brazil
Tel: 55 (11) 3178-8000

Banco Sumitomo Mitsui Brasileiro S.A. Cayman Branch

25 Main Street, George Town,
P.O. BOX 694, Grand Cayman,
Cayman Islands

SMBC Capital Markets, Inc.

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-5100

SMBC Leasing and Finance, Inc.

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-5200

SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.

Torre Virreyes-Pedregal 24, Piso 5, Int
502-A, Col. Molino del Rey,
Ciudad de Mexico, Mexico, 11040
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SMBC Nikko Securities America, Inc.

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-5300

JRI America, Inc.

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-4200

Sumitomo Mitsui Finance and Leasing Company, Limited New York Branch

666 Third Avenue,
New York, NY 10017, U.S.A.
Tel: 1 (212) 224-5201

Sumitomo Mitsui Asset Management (New York) Inc.

300 Park Avenue, 16th Floor,
New York, NY 10022, U.S.A.
Tel: 1 (212) 418-3030

SMBC Americas Holdings, Inc.

251 Little Falls Drive, Wilmington,
New Castle, DE 19808, U.S.A.
Tel: 1 (212) 224-4000

Europe, Middle East and Africa

SMBC Branches and Representative Offices

London Branch

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London EC4V 4EH, U.K.
Tel: 44 (20) 7786-1000

Düsseldorf Branch

Prinzenallee 7, 40549 Düsseldorf,
Germany
Tel: 49 (211) 36190

Frankfurt Branch

Main Tower, 17th Floor,
Neue Mainzer Str. 52-58, 60311
Frankfurt am Main, Germany
Tel: 49 (69) 222298201

Brussels Branch

Neo Building, Rue Montoyer 51, Box 6,
1000 Brussels, Belgium
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DIFC Branch-Dubai

Building One, 5th Floor, Gate
Precinct, Dubai International
Financial Centre, PO Box 506559
Dubai, United Arab Emirates
Tel: 971 (4) 428-8000

Abu Dhabi Representative Office

Office No.801, Makeen Tower,
Al Zahiyah, Abu Dhabi,
United Arab Emirates
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Istanbul Representative Office

Metrocity Is Merkezi, Kirgulu Sokak No:4
Kat:7/A D Blok, Esentepe Mahallesi, Sisli
34394, Istanbul, Republic of Turkey
Tel: 90 (212) 371-5900

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Office 1901, 19th Floor,
Qatar Financial Centre Tower,
Diplomatic Area-West bay, Doha,
Qatar, P.O.Box 23769
Tel: 974-4496-7572

Bahrain Representative Office

No.406 & 407 (Entrance 3,
4th Floor) Manama Centre,
Government Road, Manama,
State of Bahrain
Tel: 973-17223211

Johannesburg Representative Office

Building Four, First Floor,
Commerce Square,
39 Rivonia Road, Sandhurst,
Sandton 2196, South Africa
Tel: 27 (11) 219-5300

Cairo Representative Office

23rd Floor, Nile City Towers,
North Tower, 2005C, Cornish El Nile,
Ramlet Boulak, Cairo, Egypt
Tel: 20 (2) 2461-9566

Tehran Representative Office

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Haghani Expressway (north side),
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SMBC Principal Subsidiaries/ Affiliates SMFG Network

Sumitomo Mitsui Banking Corporation Europe Limited Head Office

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EC4V 4EH, U.K.
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Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch

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Paris, France
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SMBC Bank EU AG

Main Tower, Neue Mainzer Str. 52-58,
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SMBC Bank EU AG Amsterdam Branch

World Trade Center Amsterdam,
Tower H, Level 15 Zuidplein 130,
1077XV, Amsterdam, The Netherlands
Tel: 31 (20) 718-3888

SMBC Bank EU AG Dublin Branch

IFSC House, IFSC, Dublin 1, Ireland
Tel: 353 (1) 859-9300

SMBC Bank EU AG Prague Branch

International Business Centre, Pobrezni
3 186 00 Prague 8, Czech Republic
Tel: 420 (295) 565-800

SMBC Bank EU AG Madrid Branch

Calle Pedro Teixeira 8, Edificio Iberia
Mart I, planta 4a., 28020 Madrid, Spain
Tel: 34 (91) 312-7300

SMBC Bank EU AG Milan Branch

Via della Spiga 30/ Via Senato 25,
20121 Milan, Italy
Tel: 39 (02) 7636-1700

JSC Sumitomo Mitsui Rus Bank

Presnenskaya naberezhnaya,
house 10, block C, Moscow, 123112
Russian Federation
Tel: 7 (495) 287-8200

SMBC Nikko Capital Markets Limited

One New Change, London
EC4M 9AF, U.K.
Tel: 44 (20) 3527-7000

SMBC Derivative Products Limited

One New Change, London
EC4M 9AF, U.K.
Tel: 44 (20) 3527-7000

Sumitomo Mitsui Finance Dublin Limited

La Touche House, I.F.S.C.,
Custom House Docks, Dublin 1,
Ireland
Tel: 353 (1) 670-0066

JRI Europe, Limited

99 Queen Victoria Street, London
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Sumitomo Mitsui Asset Management (London) Limited

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SMBC Advisory Services Saudi Arabia LLC

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P.O. Box 54995, Riyadh 11524,
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SMBC Nikko Capital Markets Europe GmbH

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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 BTPN Tbk
- 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)
- The Bank of East Asia, Limited
- Vietnam Export Import Commercial Joint Stock Bank
- PT Oto Multiartha
- PT Summit Oto Finance
- ACLEDA Bank Plc.

Overseas service network (as of June 30, 2019)

Total: 85

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

Consolidated subsidiary PT Bank BTPN Tbk has 698 offices. (as of June 30, 2019)
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
- Chicago Representative Office
- Dallas Representative Office
- Houston Representative Office
- Silicon Valley Representative Office
- Mexico City Representative Office
- Leon 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, S.A.P.I. DE C.V., SOFOM, E.N.R.
- SMBC Americas Holdings, Inc.

Europe, Middle East and Africa

- Sumitomo Mitsui Banking Corporation Europe Limited Head Office
- Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch
- SMBC Bank EU AG
- SMBC Bank EU AG Amsterdam Branch
- SMBC Bank EU AG Dublin Branch
- SMBC Bank EU AG Prague Branch
- SMBC Bank EU AG Madrid Branch
- SMBC Bank EU AG Milan Branch
- London 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
- SMBC Nikko Capital Markets Europe GmbH
- Sumitomo Mitsui Finance Dublin Limited
- SMBC Aviation Capital Limited
- SMBC Advisory Services Saudi Arabia LLC



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Financial Highlights

Sumitomo Mitsui Financial Group (Consolidated)

Year ended March 31	Millions of yen				
	2019	2018	2017	2016	2015
For the Year:					
Ordinary income.....	¥ 5,735,312	¥ 5,764,172	¥ 5,133,245	¥ 4,772,100	¥ 4,851,202
Ordinary profit	1,135,300	1,164,113	1,005,855	985,284	1,321,156
Profit attributable to owners of parent	726,681	734,368	706,519	646,687	753,610
Comprehensive income	795,191	984,133	966,057	178,328	2,063,510
At Year-End:					
Total net assets	¥ 11,451,611	¥ 11,612,892	¥ 11,234,286	¥ 10,447,669	¥ 10,696,271
Total assets	203,659,146	199,049,128	197,791,611	186,585,842	183,442,585
Total capital ratio (International Standard)	20.76%	19.36%	16.93%	17.02%	16.58%
Tier 1 capital ratio (International Standard).....	18.19%	16.69%	14.07%	13.68%	12.89%
Common equity Tier 1 capital ratio (International Standard)	16.37%	14.50%	12.17%	11.81%	11.30%
Number of employees.....	86,659	72,978	77,205	73,652	68,739

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	
	2018	2019	2019	2019
Assets:				
Cash and due from banks	*8 ¥ 53,732,582	*8 ¥ 57,411,276	\$ 517,219	
Call loans and bills bought	1,881,879	2,465,744	22,214	
Receivables under resale agreements	827,892	6,429,365	57,922	
Receivables under securities borrowing transactions	8,337,700	4,097,473	36,914	
Monetary claims bought	*8 4,730,770	*8 4,594,578	41,393	
Trading assets	*8 5,585,591	*8 5,328,778	48,007	
Money held in trust	1,482	390	4	
Securities	*1, *2, *8, *16 25,712,709	*1, *2, *8, *16 24,338,005	219,261	
Loans and bills discounted	*3, *4, *5, *6, *7, *8, *9 72,945,934	*3, *4, *5, *6, *7, *8, *9 77,979,190	702,515	
Foreign exchanges	*7 2,166,190	*7 1,719,402	15,490	
Lease receivables and investment assets	*8 2,329,431	247,835	2,233	
Other assets	*8 8,005,807	*8 7,307,305	65,832	
Tangible fixed assets	*8, *10, *11, *12 3,475,131	*10, *11, *12 1,504,703	13,556	
Assets for rent	2,553,213	573,292	5,165	
Buildings	341,949	345,420	3,112	
Land	424,277	427,484	3,851	
Lease assets	6,332	25,548	230	
Construction in progress	33,971	37,663	339	
Other tangible fixed assets	115,387	95,293	859	
Intangible fixed assets	865,584	769,231	6,930	
Software	428,756	431,135	3,884	
Goodwill	272,203	193,127	1,740	
Lease assets	163	990	9	
Other intangible fixed assets	164,460	143,977	1,297	
Net defined benefit asset	383,418	329,434	2,968	
Deferred tax assets	27,609	40,245	363	
Customers' liabilities for acceptances and guarantees	8,575,499	9,564,993	86,171	
Reserve for possible loan losses	(536,088)	(468,808)	(4,223)	
Total assets	¥199,049,128	¥203,659,146	\$1,834,767	

(Continued)

March 31	Millions of yen		Millions of
	2018	2019	U.S. dollars
			2019
Liabilities and net assets:			
Liabilities:			
Deposits	*8 ¥116,477,534	*8 ¥122,325,038	\$1,102,027
Negotiable certificates of deposit	11,220,284	11,165,486	100,590
Call money and bills sold	1,190,928	1,307,778	11,782
Payables under repurchase agreements.....	*8 5,509,721	*8 11,462,559	103,266
Payables under securities lending transactions.....	*8 7,186,861	*8 1,812,820	16,332
Commercial paper.....	2,384,787	2,291,813	20,647
Trading liabilities.....	4,402,110	4,219,293	38,012
Borrowed money.....	*8, *13 10,829,248	*8, *13 10,656,897	96,008
Foreign exchanges.....	865,640	1,165,141	10,497
Short-term bonds.....	1,256,600	84,500	761
Bonds.....	*8, *14 9,057,683	*14 9,227,367	83,129
Due to trust account.....	1,328,271	*8, *15 1,352,773	12,187
Other liabilities.....	*8 6,348,202	4,873,630	43,907
Reserve for employee bonuses.....	84,046	70,351	634
Reserve for executive bonuses.....	3,861	3,091	28
Net defined benefit liability.....	39,982	31,816	287
Reserve for executive retirement benefits.....	2,026	1,374	12
Reserve for point service program.....	22,244	23,948	216
Reserve for reimbursement of deposits.....	17,765	7,936	72
Reserve for losses on interest repayment.....	144,763	147,594	1,330
Reserves under the special laws.....	2,397	2,847	26
Deferred tax liabilities.....	455,234	378,220	3,407
Deferred tax liabilities for land revaluation.....	*10 30,539	*10 30,259	273
Acceptances and guarantees.....	*8 8,575,499	*8 9,564,993	86,171
Total liabilities.....	187,436,236	192,207,534	1,731,599
Net assets:			
Capital stock.....	2,338,743	2,339,443	21,076
Capital surplus.....	758,215	739,047	6,658
Retained earnings.....	5,552,573	5,992,247	53,984
Treasury stock.....	(12,493)	(16,302)	(147)
Total stockholders' equity.....	8,637,039	9,054,436	81,571
Net unrealized gains (losses) on other securities.....	1,688,842	1,688,852	15,215
Net deferred gains (losses) on hedges.....	(68,543)	(54,650)	(492)
Land revaluation excess.....	*10 37,097	*10 36,547	329
Foreign currency translation adjustments.....	36,906	50,379	454
Accumulated remeasurements of defined benefit plans.....	59,121	(7,244)	(65)
Total accumulated other comprehensive income.....	1,753,424	1,713,884	15,440
Stock acquisition rights.....	2,823	4,750	43
Non-controlling interests.....	1,219,604	678,540	6,113
Total net assets.....	11,612,892	11,451,611	103,168
Total liabilities and net assets.....	¥199,049,128	¥203,659,146	\$1,834,767

Consolidated Statements of Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2018	2019	2019
Ordinary income	¥5,764,172	¥5,735,312	\$51,669
Interest income	2,165,788	2,488,904	22,423
Interest on loans and discounts	1,469,232	1,666,283	15,012
Interest and dividends on securities	342,013	364,685	3,285
Interest on call loans and bills bought	19,462	16,551	149
Interest on receivables under resale agreements	24,566	20,457	184
Interest on receivables under securities borrowing transactions ..	14,619	17,784	160
Interest on deposits with banks	75,619	103,135	929
Interest on lease transactions	70,941	47,573	429
Other interest income	149,333	252,433	2,274
Trust fees	3,884	4,656	42
Fees and commissions	1,244,063	1,240,917	11,179
Trading income	246,338	194,676	1,754
Other operating income	1,863,345	1,578,159	14,218
Lease-related income	271,703	233,675	2,105
Installment-related income	1,041,351	981,090	8,839
Other	550,290	363,393	3,274
Other income	240,751	227,997	2,054
Gains on reversal of reserve for possible loan losses	11,562	5,729	52
Recoveries of written-off claims	10,231	11,047	100
Other	*1 218,957	*1 211,220	1,903
Ordinary expenses	4,600,059	4,600,012	41,442
Interest expenses	775,560	1,157,482	10,428
Interest on deposits	283,229	463,989	4,180
Interest on negotiable certificates of deposit	86,810	136,178	1,227
Interest on call money and bills sold	8,471	14,270	129
Interest on payables under repurchase agreements	48,597	119,733	1,079
Interest on payables under securities lending transactions	11,316	1,272	11
Interest on commercial paper	18,393	45,356	409
Interest on borrowed money	54,654	75,883	684
Interest on short-term bonds	54	60	1
Interest on bonds	186,095	226,536	2,041
Other interest expenses	77,936	74,201	668
Fees and commissions payments	177,418	181,019	1,631
Trading losses	36	3,305	30
Other operating expenses	1,589,355	1,319,328	11,886
Lease-related expenses	142,894	120,097	1,082
Installment-related expenses	987,154	930,884	8,386
Other	459,305	268,347	2,418
General and administrative expenses	*2 1,816,197	*2 1,715,050	15,451
Other expenses	*3 241,491	*3 223,825	2,016
Ordinary profit	1,164,113	1,135,300	10,228

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2018	2019	2019
Extraordinary gains.....	¥ 866	¥ 2,826	\$ 25
Gains on disposal of fixed assets	852	541	5
Reversal of reserve for eventual future operating losses from financial instruments transactions.....	13	—	—
Other extraordinary gains.....	— *4	2,285	21
Extraordinary losses.....	56,129	14,547	131
Losses on disposal of fixed assets	5,563	4,485	40
Losses on impairment of fixed assets.....	*5 49,900	*5 9,610	87
Provision for reserve for eventual future operating losses from financial instruments transactions.....	665	450	4
Income before income taxes	1,108,850	1,123,579	10,122
Income taxes-current	225,617	276,329	2,489
Income taxes-deferred	44,907	55,095	496
Income taxes	270,524	331,424	2,986
Profit	838,326	792,155	7,137
Profit attributable to non-controlling interests.....	103,957	65,474	590
Profit attributable to owners of parent	¥ 734,368	¥ 726,681	\$ 6,547

Consolidated Statements of Comprehensive Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of
	2018	2019	U.S. dollars
Profit	¥838,326	¥792,155	\$7,137
Other comprehensive income (losses)	*1 145,807	*1 3,035	27
Net unrealized gains (losses) on other securities	162,673	31,157	281
Net deferred gains (losses) on hedges	(28,659)	29,981	270
Land revaluation excess	1	—	—
Foreign currency translation adjustments	(50,387)	10,396	94
Remeasurements of defined benefit plans	49,221	(65,530)	(590)
Share of other comprehensive income of affiliates	12,957	(2,970)	(27)
Total comprehensive income	984,133	795,191	7,164
Comprehensive income attributable to owners of parent	876,353	687,690	6,195
Comprehensive income attributable to non-controlling interests	107,780	107,500	968

Consolidated Statements of Changes in Net Assets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2018	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	¥757,346	¥5,036,756	¥(12,913)	¥8,119,085
Changes in the fiscal year					
Issuance of new stock.....	847	847			1,695
Cash dividends.....			(218,596)		(218,596)
Profit attributable to owners of parent			734,368		734,368
Purchase of treasury stock.....				(142)	(142)
Disposal of treasury stock.....		(41)		562	521
Changes in shareholders' interest due to transaction with non-controlling interests		62			62
Increase due to increase in subsidiaries			34		34
Increase due to decrease in subsidiaries			5		5
Decrease due to increase in subsidiaries.....			(599)		(599)
Decrease due to decrease in subsidiaries			(2)		(2)
Decrease due to decrease in affiliates accounted for by the equity method			(314)		(314)
Reversal of land revaluation excess			923		923
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	847	868	515,817	420	517,954
Balance at the end of the fiscal year	¥2,338,743	¥758,215	¥5,552,573	¥(12,493)	¥8,637,039

Year ended March 31, 2018	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	¥1,542,308	¥(42,077)	¥38,109	¥ 65,078	¥ 9,034	¥1,612,453
Changes in the fiscal year						
Issuance of new stock.....						
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.....	146,533	(26,466)	(1,012)	(28,171)	50,087	140,971
Net changes in the fiscal year	146,533	(26,466)	(1,012)	(28,171)	50,087	140,971
Balance at the end of the fiscal year	¥1,688,842	¥(68,543)	¥37,097	¥ 36,906	¥59,121	¥1,753,424

Year ended March 31, 2018	Millions of yen		
	Stock acquisition rights	Non-controlling interests	Total net assets
	Balance at the beginning of the fiscal year	¥3,482	¥1,499,264
Changes in the fiscal year			
Issuance of new stock.....			1,695
Cash dividends.....			(218,596)
Profit attributable to owners of parent			734,368
Purchase of treasury stock.....			(142)
Disposal of treasury stock.....			521
Changes in shareholders' interest due to transaction with non-controlling interests			62
Increase due to increase in subsidiaries			34
Increase due to decrease in subsidiaries			5
Decrease due to increase in subsidiaries.....			(599)
Decrease due to decrease in subsidiaries			(2)
Decrease due to decrease in affiliates accounted for by the equity method			(314)
Reversal of land revaluation excess.....			923
Net changes in items other than stockholders' equity in the fiscal year.....	(659)	(279,659)	(139,348)
Net changes in the fiscal year	(659)	(279,659)	378,606
Balance at the end of the fiscal year	¥2,823	¥1,219,604	¥11,612,892

Year ended March 31, 2019	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥2,338,743	¥758,215	¥5,552,573	¥(12,493)	¥8,637,039
Changes in the fiscal year					
Issuance of new stock.....	699	699			1,398
Cash dividends.....			(245,576)		(245,576)
Profit attributable to owners of parent			726,681		726,681
Purchase of treasury stock.....				(70,094)	(70,094)
Disposal of treasury stock.....		(68)		363	294
Cancellation of treasury stock.....		(65,922)		65,922	—
Changes in shareholders' interest due to transaction with non-controlling interests.....		4,419			4,419
Increase due to increase in subsidiaries			0		0
Increase due to decrease in subsidiaries.....			4		4
Decrease due to increase in subsidiaries.....			(11)		(11)
Decrease due to decrease in subsidiaries			(23)		(23)
Reversal of land revaluation excess.....			302		302
Transfer from retained earnings to capital surplus.....		41,704	(41,704)		—
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	699	(19,167)	439,673	(3,809)	417,396
Balance at the end of the fiscal year	¥2,339,443	¥739,047	¥5,992,247	¥(16,302)	¥9,054,436

Year ended March 31, 2019	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	¥1,688,842	¥(68,543)	¥37,097	¥36,906	¥ 59,121	¥1,753,424
Changes in the fiscal year						
Issuance of new stock.....						
Cash dividends.....						
Profit attributable to owners of parent						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Cancellation 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.....						
Transfer from retained earnings to capital surplus.....						
Net changes in items other than stockholders' equity in the fiscal year.....	10	13,893	(549)	13,473	(66,366)	(39,540)
Net changes in the fiscal year	10	13,893	(549)	13,473	(66,366)	(39,540)
Balance at the end of the fiscal year	¥1,688,852	¥(54,650)	¥36,547	¥50,379	¥ (7,244)	¥1,713,884

Year ended March 31, 2019	Millions of yen		
	Stock acquisition rights	Non-controlling interests	Total net assets
	Balance at the beginning of the fiscal year	¥2,823	¥1,219,604
Changes in the fiscal year			
Issuance of new stock.....			1,398
Cash dividends.....			(245,576)
Profit attributable to owners of parent			726,681
Purchase of treasury stock.....			(70,094)
Disposal of treasury stock.....			294
Cancellation of treasury stock.....			—
Changes in shareholders' interest due to transaction with non-controlling interests.....			4,419
Increase due to increase in subsidiaries			0
Increase due to decrease in subsidiaries.....			4
Decrease due to increase in subsidiaries.....			(11)
Decrease due to decrease in subsidiaries			(23)
Reversal of land revaluation excess.....			302
Transfer from retained earnings to capital surplus.....			—
Net changes in items other than stockholders' equity in the fiscal year.....	1,926	(541,063)	(578,677)
Net changes in the fiscal year	1,926	(541,063)	(161,280)
Balance at the end of the fiscal year	¥4,750	¥ 678,540	¥11,451,611

Year ended March 31, 2019	Millions of U.S. dollars				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	\$21,070	\$6,831	\$50,023	\$(113)	\$77,811
Changes in the fiscal year					
Issuance of new stock.....	6	6			13
Cash dividends.....			(2,212)		(2,212)
Profit attributable to owners of parent			6,547		6,547
Purchase of treasury stock.....				(631)	(631)
Disposal of treasury stock.....		(1)		3	3
Cancellation of treasury stock.....		(594)		594	—
Changes in shareholders' interest due to transaction with non-controlling interests		40			40
Increase due to increase in subsidiaries			0		0
Increase due to decrease in subsidiaries			0		0
Decrease due to increase in subsidiaries.....			(0)		(0)
Decrease due to decrease in subsidiaries			(0)		(0)
Reversal of land revaluation excess.....			3		3
Transfer from retained earnings to capital surplus.....		376	(376)		—
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	6	(173)	3,961	(34)	3,760
Balance at the end of the fiscal year	\$21,076	\$6,658	\$53,984	\$(147)	\$81,571

Year ended March 31, 2019	Millions of U.S. dollars					
	Accumulated other comprehensive income					
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	\$15,215	\$(618)	\$334	\$332	\$ 533	\$15,797
Changes in the fiscal year						
Issuance of new stock.....						
Cash dividends.....						
Profit attributable to owners of parent						
Purchase of treasury stock.....						
Disposal of treasury stock.....						
Cancellation 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.....						
Transfer from retained earnings to capital surplus.....						
Net changes in items other than stockholders' equity in the fiscal year.....	0	125	(5)	121	(598)	(356)
Net changes in the fiscal year	0	125	(5)	121	(598)	(356)
Balance at the end of the fiscal year	\$15,215	\$(492)	\$329	\$454	\$ (65)	\$15,440

Year ended March 31, 2019	Millions of U.S. dollars		
	Stock acquisition rights	Non-controlling interests	Total net assets
	Balance at the beginning of the fiscal year	\$25	\$10,987
Changes in the fiscal year			
Issuance of new stock.....			13
Cash dividends.....			(2,212)
Profit attributable to owners of parent			6,547
Purchase of treasury stock.....			(631)
Disposal of treasury stock.....			3
Cancellation of treasury stock.....			—
Changes in shareholders' interest due to transaction with non-controlling interests			40
Increase due to increase in subsidiaries			0
Increase due to decrease in subsidiaries			0
Decrease due to increase in subsidiaries.....			(0)
Decrease due to decrease in subsidiaries			(0)
Reversal of land revaluation excess.....			3
Transfer from retained earnings to capital surplus.....			—
Net changes in items other than stockholders' equity in the fiscal year.....	17	(4,874)	(5,213)
Net changes in the fiscal year	17	(4,874)	(1,453)
Balance at the end of the fiscal year	\$43	\$ 6,113	\$103,168

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2018	2019	2019
Cash flows from operating activities:			
Income before income taxes.....	¥ 1,108,850	¥ 1,123,579	\$ 10,122
Depreciation.....	281,535	269,010	2,424
Losses on impairment of fixed assets.....	49,900	9,610	87
Amortization of goodwill.....	25,225	25,919	234
Gains on step acquisitions.....	—	(2,285)	(21)
Equity in (gains) losses of affiliates.....	(38,992)	(61,145)	(551)
Net change in reserve for possible loan losses.....	(67,041)	(60,213)	(542)
Net change in reserve for employee bonuses.....	10,570	(16,467)	(148)
Net change in reserve for executive bonuses.....	821	(757)	(7)
Net change in net defined benefit asset and liability.....	(36,499)	(25,570)	(230)
Net change in reserve for executive retirement benefits.....	(244)	(196)	(2)
Net change in reserve for point service program.....	637	1,704	15
Net change in reserve for reimbursement of deposits.....	3,704	(9,828)	(89)
Net change in reserve for losses on interest repayment.....	(11,939)	2,830	26
Interest income.....	(2,165,788)	(2,488,904)	(22,423)
Interest expenses.....	775,560	1,157,482	10,428
Net (gains) losses on securities.....	(142,228)	(101,219)	(912)
Net (gains) losses from money held in trust.....	(0)	(0)	(0)
Net exchange (gains) losses.....	323,045	(148,278)	(1,336)
Net (gains) losses from disposal of fixed assets.....	4,710	3,944	36
Net change in trading assets.....	1,475,948	477,890	4,305
Net change in trading liabilities.....	(796,943)	(1,603,188)	(14,443)
Net change in loans and bills discounted.....	761,992	(3,152,247)	(28,399)
Net change in deposits.....	6,079,437	5,039,495	45,401
Net change in negotiable certificates of deposit.....	(472,574)	(73,017)	(658)
Net change in borrowed money (excluding subordinated borrowings).....	59,482	1,418,493	12,779
Net change in deposits with banks.....	(1,359,236)	1,520,423	13,698
Net change in call loans and bills bought and others.....	(338,019)	(6,235,713)	(56,178)
Net change in receivables under securities borrowing transactions.....	422,690	4,240,226	38,200
Net change in call money and bills sold and others.....	2,059,841	6,097,354	54,931
Net change in commercial paper.....	108,893	(95,014)	(856)
Net change in payables under securities lending transactions.....	(168,890)	(5,374,040)	(48,415)
Net change in foreign exchanges (assets).....	(453,061)	446,136	4,019
Net change in foreign exchanges (liabilities).....	183,504	298,550	2,690
Net change in lease receivables and investment assets.....	26,591	(53,975)	(486)
Net change in short-term bonds (liabilities).....	131,000	(51,200)	(461)
Issuance and redemption of bonds (excluding subordinated bonds)....	860,316	467,587	4,213
Net change in due to trust account.....	147,294	24,502	221
Interest received.....	2,121,086	2,435,453	21,941
Interest paid.....	(756,202)	(1,116,584)	(10,059)
Other, net.....	(768,910)	489,142	4,407
Subtotal.....	9,446,071	4,879,488	43,959
Income taxes paid.....	(103,276)	(283,245)	(2,552)
Net cash provided by (used in) operating activities.....	9,342,794	4,596,242	41,408

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2018	2019	2019
Cash flows from investing activities:			
Purchases of securities	¥(23,726,100)	¥(26,615,239)	\$(239,777)
Proceeds from sale of securities	13,528,011	17,969,410	161,887
Proceeds from redemption of securities	8,357,784	10,078,569	90,798
Purchases of money held in trust.....	(1)	(2)	(0)
Proceeds from sale of money held in trust	1,957	1,094	10
Purchases of tangible fixed assets	(712,563)	(510,213)	(4,597)
Proceeds from sale of tangible fixed assets	302,362	104,451	941
Purchases of intangible fixed assets.....	(136,079)	(139,329)	(1,255)
Proceeds from sale of intangible fixed assets	3	—	—
Purchases of stocks of subsidiaries resulting in change in scope of consolidation	*2 (161,851)	*2 (57,182)	(515)
Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation	*3 (848,822)	*3 174,702	1,574
Net cash provided by (used in) investing activities	(3,395,299)	1,006,260	9,065
Cash flows from financing activities:			
Repayment of subordinated borrowings.....	(10,000)	(8,000)	(72)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	254,747	—	—
Redemption of subordinated bonds and bonds with stock acquisition rights	(180,033)	(27,539)	(248)
Dividends paid.....	(218,569)	(245,594)	(2,213)
Repayments to non-controlling stockholders	(135,000)	(212,537)	(1,915)
Dividends paid to non-controlling stockholders	(61,986)	(77,185)	(695)
Purchases of treasury stock	(142)	(70,094)	(631)
Proceeds from disposal of treasury stock.....	521	294	3
Purchases of stocks of subsidiaries not resulting in change in scope of consolidation	(6)	—	—
Proceeds from sale of stocks of subsidiaries not resulting in change in scope of consolidation	0	7,837	71
Net cash provided by (used in) financing activities	(350,468)	(632,819)	(5,701)
Effect of exchange rate changes on cash and cash equivalents.....	(93,874)	166,646	1,501
Net change in cash and cash equivalents.....	5,503,152	5,136,329	46,273
Cash and cash equivalents at the beginning of the fiscal year.....	42,478,393	47,983,114	432,280
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,568	1,519	14
Cash and cash equivalents at the end of the fiscal year.....	*1 ¥ 47,983,114	*1 ¥ 53,120,963	\$ 478,567

Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Basis of presentation)

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

The Company 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 the Company’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, 2019 which was ¥111.00 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, 2018 and 2019

(Significant accounting policies for preparing consolidated financial statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

The number of consolidated subsidiaries at March 31, 2019 is 173.

Principal companies: Sumitomo Mitsui Banking Corporation (“SMBC”)
 SMBC Trust Bank Ltd.
 SMBC Nikko Securities Inc. (“SMBC Nikko”)
 Sumitomo Mitsui Card Company, Limited (“SMCC”)
 Cedyne Financial Corporation
 SMBC Consumer Finance Co., Ltd.
 The Japan Research Institute, Limited
 Sumitomo Mitsui Asset Management Company, Limited (“SMAM”)
 Sumitomo Mitsui Banking Corporation Europe Limited
 Sumitomo Mitsui Banking Corporation (China) Limited
 PT Bank BTPN Tbk
 SMBC Americas Holdings, Inc.
 SMBC Guarantee Co., Ltd.

Changes in the consolidated subsidiaries in the fiscal year ended March 31, 2019 are as follows:

PT Bank BTPN Tbk and 34 other companies were newly included in the scope of consolidation as a result of acquisition of shares and for other reasons.

Sumitomo Mitsui Finance and Leasing Company, Limited and 38 other companies were excluded from the scope of consolidation, as a result of becoming equity method affiliates due to the partial sale of their stock and for other reasons; and 170 other companies were excluded from the scope of consolidation, as they ceased to be subsidiaries due to liquidation and for other reasons.

(2) Unconsolidated subsidiaries

Principal company: SBCS Co., Ltd.

Unconsolidated subsidiaries are 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 financial position and results of operations of the Company and its consolidated subsidiaries 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, 2019 is 5.

Principal company: SBCS Co., Ltd.

(2) Equity method affiliates

The number of equity method affiliates at March 31, 2019 is 110.

Principal companies: Sumitomo Mitsui Finance and Leasing Company, Limited
 Sumitomo Mitsui Auto Service Company, Limited
 Daiwa SB Investments Ltd.

Changes in the equity method affiliates in the fiscal year ended March 31, 2019 are as follows:

Sumitomo Mitsui Finance and Leasing Company, Limited and 38 other companies were excluded from the scope of consolidation and became equity method affiliates due to the partial sale of their stock and for other reasons; Kansai Mirai Financial Group, Inc. became an equity method affiliate as a result of share exchanges conducted with THE MINATO BANK, LTD. and Kansai Urban Banking Corporation, which are the Company's equity method affiliates; and 10 other companies became equity method affiliates due to new establishment and for other reasons.

PT Bank BTPN Tbk and 9 other companies were excluded from the scope of equity method affiliates, as a result of becoming subsidiaries due to acquisition of shares and for other reasons.

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

There are no corresponding companies.

(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 the Company'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, 2019 are as follows:

October 31.....	2
December 31.....	84
January 31.....	5
March 31.....	82

- (2) The subsidiaries with balance sheets dated October 31 are consolidated using the financial statements as of January 31. The subsidiaries with balance sheets dated January 31 and certain subsidiaries with balance sheets dated December 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 (based on straight-line method) using the moving-average method. Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method. Securities other than 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" except for the amount reflected on the gains or losses by applying fair value hedge accounting.

- 2) Securities included in money held in trust are carried in the same method as in (1) and (2), 1) above.

- (3) Standards for recognition and measurement of derivative transactions

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

- (4) Depreciation

- 1) Tangible fixed assets (excluding assets for rent and lease assets)

Buildings owned by the Company and SMBC, which is a consolidated subsidiary of the Company, 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 the Company 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, which is a consolidated subsidiary of the Company, 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 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, 2018 and 2019 were ¥190,945 million and ¥139,981 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 corporate 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 attribute 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 the Company and SMBC, which is a consolidated subsidiary of the Company, 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, which is a consolidated subsidiary of the Company, 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, which is a consolidated subsidiary of the Company, 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, which is a consolidated subsidiary of the Company, 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 the Company and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.

(20) Adoption of the consolidated corporate-tax system

The Company and certain consolidated domestic subsidiaries apply the consolidated corporate-tax system.

(Unapplied Accounting Standards and Others)

“Accounting Standard for Revenue Recognition” (ASBJ Statement No.29) etc. (issued March 30, 2018)

(1) Outline

The accounting standard etc. provide comprehensive principles for revenue recognition by taking into account of international trends.

The principle of revenue recognition in the standard etc. is to recognize revenue to depict the transfer of promised goods or services to customers in an amount of the consideration expected to be earned in exchange for those goods or services.

(2) Date of Application

The date of application is undetermined.

(3) Effects of Application of the Accounting Standard etc.

The effects of the application of the accounting standard etc. are currently being examined.

(Notes to consolidated balance sheets)***1 Stocks and investments in unconsolidated subsidiaries and affiliates**

Stocks and investments in unconsolidated subsidiaries and affiliates at March 31, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Stocks.....	¥677,723	¥969,481
Investments.....	5,428	6,368

Stocks of jointly controlled entities were as follows:

March 31	Millions of yen	
	2018	2019
Stocks of jointly controlled entities.....	¥101,782	¥340,821

***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, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Japanese government bonds in “Securities”.....	¥901	¥902

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, those securities lent and those securities held without being disposed at March 31, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Securities pledged.....	¥6,659,456	¥7,270,140
Securities lent.....	7,772	140,772
Securities held without being disposed.....	1,307,487	2,232,706

***3 Bankrupt loans and non-accrual loans**

Bankrupt loans and non-accrual loans at March 31, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Bankrupt loans	¥ 27,709	¥ 12,806
Non-accrual loans	406,066	456,802

“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, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Past due loans (3 months or more)	¥12,822	¥13,444

“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, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Restructured loans	¥210,616	¥193,427

“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, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Risk-monitored loans	¥657,215	¥676,481

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, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Bills discounted	¥780,542	¥906,636

***8 Assets pledged as collateral**

Assets pledged as collateral at March 31, 2018 and 2019 consisted of the following:

March 31, 2018	Millions of yen	March 31, 2019	Millions of yen
Assets pledged as collateral:		Assets pledged as collateral:	
Cash and due from banks.....	¥ 19,998	Cash and due from banks.....	¥ 7,353
Monetary claims bought.....	19,600	Monetary claims bought.....	11,459
Trading assets.....	2,223,355	Trading assets.....	514,328
Securities.....	5,277,492	Securities.....	6,286,499
Loans and bills discounted.....	8,014,149	Loans and bills discounted.....	9,086,500
Lease receivables and investment assets.....	13,241		
Tangible fixed assets.....	51,630		
Other assets.....	223		
Liabilities corresponding to assets pledged as collateral:		Liabilities corresponding to assets pledged as collateral:	
Deposits.....	26,555	Deposits.....	26,089
Payables under repurchase agreements.....	3,374,283	Payables under repurchase agreements.....	5,762,587
Payables under securities lending transactions.....	6,167,353	Payables under securities lending transactions.....	1,582,791
Borrowed money.....	6,807,957	Borrowed money.....	7,922,955
Bonds.....	27,901	Due to trust account.....	124,550
Other liabilities.....	12,477	Acceptance and guarantees.....	167,027
Acceptances and guarantees.....	170,036		

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, 2018 and 2019:

March 31, 2018	Millions of yen	March 31, 2019	Millions of yen
Cash and due from banks.....	¥ 12,012	Cash and due from banks.....	¥ 41,584
Trading assets.....	196,313	Trading assets.....	1,591,280
Securities.....	7,893,437	Securities.....	4,812,271
Loans and bills discounted.....	2,812,382	Loans and bills discounted.....	853,603

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, 2018	Millions of yen	March 31, 2019	Millions of yen
Collateral money deposited for financial instruments.....	¥1,745,149	Collateral money deposited for financial instruments.....	¥1,630,600
Surety deposits.....	108,513	Surety deposits.....	92,281
Margins of futures markets.....	65,172	Margins of futures markets.....	64,340
Other margins.....	38,003	Other margins.....	43,365

***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, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
The amounts of unused commitments.....	¥59,795,908	¥62,409,943
The amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time.....	42,963,575	44,048,947

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, a consolidated subsidiary of the Company, revalued its 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 the Company’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. The Company’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

Certain 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).

Certain 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, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Accumulated depreciation	¥1,089,903	¥741,648

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

Deferred gain on tangible fixed assets deductible for tax purposes at March 31, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Deferred gain on tangible fixed assets deductible for tax purposes	¥62,550	¥62,127
[The consolidated fiscal year concerned].....	[661]	[—]

***13 Subordinated borrowings**

The balance of subordinated borrowings included in “Borrowed money” at March 31, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Subordinated borrowings.....	¥265,000	¥257,000

***14 Subordinated bonds**

The balance of subordinated bonds included in “Bonds” at March 31, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Subordinated bonds	¥2,211,841	¥2,195,130

***15 Borrowings from trust account in relation to covered bonds issued by trust account**

The amount of borrowings from trust account in relation to covered bonds issued by trust account included in “Due to trust account” at March 31, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
The amount of borrowings from trust account in relation to covered bonds issued by trust account.....	¥—	¥124,550

***16 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, 2018 and 2019 were as follows:

March 31	Millions of yen	
	2018	2019
Guaranteed amount to privately-placed bonds	¥1,796,308	¥1,662,777

(Notes to consolidated statements of income)***1 Other income**

“Other” in “Other income” for the fiscal years ended March 31, 2018 and 2019 included the following:

Year ended March 31, 2018	Millions of yen	Year ended March 31, 2019	Millions of yen
Gains on sales of stocks	¥140,695	Gains on sales of stocks	¥134,748

***2 General and administrative expenses**

“General and administrative expenses” for the fiscal years ended March 31, 2018 and 2019 included the following:

Year ended March 31, 2018	Millions of yen	Year ended March 31, 2019	Millions of yen
Salaries and related expenses	¥689,192	Salaries and related expenses	¥641,844
Research and development costs	84	Research and development costs	167

***3 Other expenses**

“Other expenses” for the fiscal years ended March 31, 2018 and 2019 included the following:

Year ended March 31, 2018	Millions of yen	Year ended March 31, 2019	Millions of yen
Write-off of loans	¥105,228	Write-off of loans	¥105,429

***4 Other extraordinary gains**

“Other extraordinary gains” for the fiscal year ended March 31, 2019 is 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, 2018 and 2019.

Year ended March 31, 2018			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Idle assets (121 items)	Land and buildings, etc.	¥15,424
Kinki area	Idle assets (73 items)	Land and buildings, etc.	9,538
Other	Idle assets (32 items)	Land and buildings, etc.	3,627
—	—	Goodwill and Intangible fixed assets	21,310
Year ended March 31, 2019			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (14 items)	Land and buildings, etc.	¥ 205
	Idle assets (64 items)		2,335
Kinki area	Branches (7 items)	Land and buildings, etc.	77
	Idle assets (40 items)		2,139
Other	Branches (2 items)	Land and buildings, etc.	258
	Idle assets (19 items)		889
—	—	Intangible fixed assets	3,703

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 other consolidated subsidiaries, a branch or other group is the smallest asset grouping unit as well.

The carrying amounts of idle assets 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.

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 for goodwill and intangible assets is mainly based on each consolidated subsidiary. For the fiscal year ended March 31, 2018, the book value of goodwill and intangible assets of the PB, Real Estate and Trust Services of SMBC Trust Bank Ltd. was not expected to be recovered. Therefore, all unamortized balance of goodwill and intangible assets at the end of the fiscal year ended March 31, 2018 were included in “Extraordinary losses” as “Losses on impairment of fixed assets.” The recoverable amount is measured by value in use, which is calculated by discounting future cash flows by 10%. In addition, the book value of goodwill and intangible assets of the auto lease business of SMFL Capital Company, Limited was not expected to be recovered. Therefore, all unamortized balance of goodwill and a portion of intangible assets at the end of the fiscal year ended March 31, 2018 were included in “Extraordinary losses” as “Losses on impairment of fixed assets.” The recoverable value is net realizable value, which is calculated based on the 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	
	2018	2019
Net unrealized gains (losses) on other securities:		
Amount arising during the fiscal year	¥ 462,091	¥ 67,769
Reclassification adjustments	(217,083)	(142,464)
Before adjustments to tax effect	245,008	(74,694)
Tax effect	(82,335)	105,852
Net unrealized gains (losses) on other securities	162,673	31,157
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	(93,976)	381
Reclassification adjustments	53,058	40,513
Before adjustments to tax effect	(40,918)	40,895
Tax effect	12,259	(10,914)
Net deferred gains (losses) on hedges	(28,659)	29,981
Land revaluation excess:		
Amount arising during the fiscal year	—	—
Reclassification adjustments	—	—
Before adjustments to tax effect	—	—
Tax effect	1	—
Land revaluation excess	1	—
Foreign currency translation adjustments:		
Amount arising during the fiscal year	(57,881)	13,212
Reclassification adjustments	7,494	(2,815)
Before adjustments to tax effect	(50,387)	10,396
Tax effect	—	—
Foreign currency translation adjustments	(50,387)	10,396
Remeasurements of defined benefit plans:		
Amount arising during the fiscal year	50,592	(80,149)
Reclassification adjustments	19,696	(15,063)
Before adjustments to tax effect	70,289	(95,212)
Tax effect	(21,067)	29,682
Remeasurements of defined benefit plans	49,221	(65,530)
Share of other comprehensive income of affiliates:		
Amount arising during the fiscal year	13,971	(22,857)
Reclassification adjustments	(1,013)	19,886
Before adjustments to tax effect	12,957	(2,970)
Tax effect	—	—
Share of other comprehensive income of affiliates	12,957	(2,970)
Total other comprehensive income	¥ 145,807	¥ 3,035

(Notes to consolidated statements of changes in net assets)*Fiscal year ended March 31, 2018***1. Type and number of shares issued and treasury stock**

Year ended March 31, 2018	Number of shares			At the end of the fiscal year	Notes
	At the beginning of the fiscal year	Increase	Decrease		
Shares issued					
Common stock	1,414,055,625	387,765	—	1,414,443,390	1
Total.....	1,414,055,625	387,765	—	1,414,443,390	
Treasury stock					
Common stock	4,028,883	31,554	175,469	3,884,968	2,3
Total.....	4,028,883	31,554	175,469	3,884,968	

Notes: 1. Increase of 387,765 shares in the total number of shares issued was due to issuance of new stocks as stock-based compensation.
 2. Increase of 31,554 shares in the number of treasury common stock was due to purchases of fractional shares.
 3. Decrease of 175,469 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, 2018	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	
The Company	Stock acquisition rights as stock options	—	—	—	—	—	¥2,823	
Total.....							¥2,823	

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, 2017	Common stock	¥105,752	¥75	March 31, 2017	June 30, 2017
Meeting of the Board of Directors held on November 14, 2017	Common stock	112,844	80	September 30, 2017	December 1, 2017

(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 28, 2018	Common stock	¥126,950	Retained earnings	¥90	March 31, 2018	June 29, 2018

Fiscal year ended March 31, 2019

1. Type and number of shares issued and treasury stock

Year ended March 31, 2019	Number of shares				Notes
	At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	
Shares issued					
Common stock	1,414,443,390	326,330	15,368,300	1,399,401,420	1,2
Total.....	1,414,443,390	326,330	15,368,300	1,399,401,420	
Treasury stock					
Common stock	3,884,968	15,390,528	15,474,578	3,800,918	3,4
Total.....	3,884,968	15,390,528	15,474,578	3,800,918	

- Notes: 1. The increase of 326,330 shares in the total number of shares issued was due to issuance of new stocks as stock-based compensation.
2. The decrease of 15,368,300 shares in the total number of shares issued was due to cancellation of treasury stock.
3. The increase of 15,390,528 shares in the number of treasury common stock comprises the increase of 22,228 shares due to purchase of fractional shares, and the increase of 15,368,300 shares due to purchase of treasury stock.
4. The decrease of 15,474,578 shares in the number of treasury common stock comprises the decrease of 106,278 shares due to sales of fractional shares as well as exercise of stock option, and the decrease of 15,368,300 shares due to cancellation of treasury stock.

2. Information on stock acquisition rights

Year ended March 31, 2019	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	
The Company	Stock acquisition rights as stock options	—	—	—	—	—	¥2,539	
Consolidated subsidiaries...	—	—	—	—	—	—	2,210	
Total.....							¥4,750	

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 28, 2018	Common stock	¥126,950	¥90	March 31, 2018	June 29, 2018	
Meeting of the Board of Directors held on November 13, 2018	Common stock	118,626	85	September 30, 2018	December 4, 2018	

(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 27, 2019	Common stock	¥132,582	Retained earnings	¥95	March 31, 2019	June 28, 2019

(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	
	2018	2019
Cash and due from banks	¥53,732,582	¥57,411,276
Interest earning deposits with banks (excluding the deposit with the Bank of Japan).....	(5,749,468)	(4,290,312)
Cash and cash equivalents.....	¥47,983,114	¥53,120,963

***2 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 American Railcar Leasing LLC and 19 other companies by SMBC Rail Services LLC's stock acquisition and the relation between the acquisition cost of shares and expenditure to acquire were as follows;

Year ended March 31, 2018	Millions of yen
Assets	¥ 319,975
Tangible fixed assets	304,256
Liabilities	(149,469)
Borrowed money	(147,523)
Acquisition cost of 20 companies.....	170,506
Cash and cash equivalents included in acquired assets of 20 companies	(8,654)
Expenditure for acquisition of 20 companies.....	¥ 161,851

The major components of assets and liabilities at the commencement of consolidation due to consolidating PT Bank Tabungan Pensiunan Nasional Tbk (“BTPN”) and 1 other company 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, 2019	Millions of yen
Assets	¥ 837,523
Loans and bills discounted.....	522,918
Liabilities	(643,346)
Deposits	(538,529)
Foreign currency translation adjustments.....	5,049
Stock acquisition rights	(2,141)
Non-controlling interests	(12,402)
Goodwill	4,707
Acquisition cost of 2 companies.....	189,390
Cash and cash equivalents included in acquired assets of 2 companies	(54,182)
Fair value of BTPN's common stocks immediately prior to the business combination.....	(78,025)
Expenditure for acquisition of 2 companies.....	¥ 57,182

*3 The major components of assets and liabilities for entities which were excluded from the scope of consolidation by sale of the shares

The major components of assets and liabilities of THE MINATO BANK, LTD. (“Minato Bank”) and 15 other companies, and Kansai Urban Banking Corporation (“Kansai Urban”) and 6 other companies which became the Company’s equity method affiliates due to the partial sales of the shares of Minato Bank and Kansai Urban by SMBC in accordance with the tender offers for the common shares of each bank by Resona Holdings, Inc. and the relation between the selling price of shares and the expenditure for sales were as follows;

Minato Bank (consolidated)

Year ended March 31, 2018	Millions of yen
Assets	¥ 3,528,896
Loans and bills discounted	2,513,381
Liabilities	(3,384,488)
Deposits	(3,233,642)
Stock acquisition rights	(318)
Non-controlling interests	(138,098)
Investment account after sales of stocks	(3,969)
Gains (losses) on sales of stocks	(634)
Selling price of 16 companies	1,389
Cash and cash equivalents included in disposed assets of 16 companies	(550,292)
Expenditure for sales of 16 companies	¥ (548,903)

Kansai Urban (consolidated)

Year ended March 31, 2018	Millions of yen
Assets	¥ 4,709,055
Loans and bills discounted	3,939,196
Liabilities	(4,498,339)
Deposits	(4,063,161)
Non-controlling interests	(63,804)
Investment account after sales of stocks	(58,581)
Gains (losses) on sales of stocks	(1,332)
Selling price of 7 companies	86,999
Cash and cash equivalents included in disposed assets of 7 companies	(386,917)
Expenditure for sales of 7 companies	¥ (299,918)

The major components of assets and liabilities of Sumitomo Mitsui Finance and Leasing Company, Limited (“SMFL”) and 184 other companies which were excluded from the scope of consolidation due to the partial sale of SMFL’s stock by the Company and the relation between the selling price of shares and the income for sales were as follows;

Year ended March 31, 2019	Millions of yen
Assets	¥ 6,154,253
Lease receivables and investment assets	2,157,141
Tangible fixed assets	2,267,524
Liabilities	(5,435,353)
Borrowed money	(3,101,458)
Non-controlling interests	(258,602)
Investment account after sales of stocks	(301,028)
Gains (losses) on sales of stocks	17,014
Selling price of 185 companies	176,284
Cash and cash equivalents included in disposed assets of 185 companies	(1,582)
Income for sales of 185 companies	¥ 174,702

(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	
	2018	2019
Lease receivables	¥1,537,348	¥269,214
Residual value	136,677	65,094
Unearned interest income	(211,532)	(86,474)
Total	¥1,462,494	¥247,835

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

March 31	Millions of yen			
	2018		2019	
	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	¥ 298,334	¥ 432,502	¥—	¥ 43,411
More than 1 year to 2 years	213,802	347,790	—	24,003
More than 2 years to 3 years	162,091	265,262	—	21,214
More than 3 years to 4 years	92,799	176,630	—	20,682
More than 4 years to 5 years	55,429	109,159	—	13,813
More than 5 years	177,736	206,002	—	146,089
Total	¥1,000,194	¥1,537,348	¥—	¥269,214

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, 2018 and 2019 were ¥1,927 million and ¥1,332 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	
	2018	2019
Due within 1 year	¥ 45,672	¥ 44,385
Due after 1 year	258,746	271,612
Total	¥304,419	¥315,997

(2) Lessor side

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

March 31	Millions of yen	
	2018	2019
Due within 1 year	¥ 242,466	¥ 35,936
Due after 1 year	1,390,427	85,242
Total	¥1,632,894	¥121,178

(Notes to financial instruments)

1. Status of financial instruments

(1) Policies on financial instruments

The 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, the Group raises funds through deposit taking, borrowing, bond offering, etc. Furthermore, it undertakes derivative transactions to meet customers' hedging needs to control market risk associated with deposit taking and lending ("ALM purposes"), and to make profit on short-term fluctuations in interest rates, foreign exchange rates, etc. ("trading purposes"). At SMBC, the Company'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 the Group include loans to foreign and domestic companies and domestic individuals, and securities such as bonds (government and corporate bonds) and stocks (foreign and domestic stocks), etc. Bonds such as government bonds are held for 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 the Group to credit risk, market risk and liquidity risk. Credit risk is the risk of loss arising from nonperformance of obligations by the borrower or issuer due to factors such as deterioration in the borrower's/issuer's financial conditions. Market risk is the risk stemming from fluctuations in interest rates, exchange rates, or share prices. Liquidity risk is the risk arising from difficulty executing transactions in desired quantities at appropriate prices due to low market liquidity. These risks are properly monitored and managed based on "(3) Risk management framework for financial instruments" below.

2) Financial liabilities

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

3) Derivative transactions

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

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

Hedge accounting is applied to derivative transactions executed for ALM purposes, as necessary. Hedging instruments, hedged items, hedging policy and hedging method to assess the effectiveness of the hedge are described in "(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 Comprehensive Risk Management." The Company's Management Committee establishes the basic risk management policy for the entire Group, based on the regulations, which is then approved by the Board of Directors. Each Group company has a risk management system based on the characteristics of its particular businesses and in accordance with the basic policy. Furthermore, the Group CRO is established to assess risk management across the Group unitarily and implement appropriate risk management. The Company 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.

1) Management of credit risk

The Company 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

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 Dept. is responsible for the comprehensive management of credit risk. This department drafts and administers credit risk regulations, including the Group's credit policies, and performs credit portfolio management including non-performing loans. 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 Company's major consolidated subsidiary, 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. 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 each business unit conduct credit risk management for loans handled by their units and manage their units' portfolios. Credit approval authority is generally determined based on the credit amounts and internal grades, and the credit departments focus on analysis and management of customers and transactions with relatively high credit risk. The Credit Administration Dept. is mainly responsible for formulating and implementing measures to reduce the exposure of non-performing loans. Through industrial and sector-specific surveys and studies of individual companies, the Corporate Research Dept. works to form an accurate idea of the circumstances of borrower companies and identify those with potentially troubled credit positions at early stage.

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

The Company 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 capital

To keep credit risk exposure to a permissible level relative to capital, the Company sets credit risk capital limit for internal control purposes. Under these limits, separate guidelines are issued for each business unit and marketing unit. The Company 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 the Company's capital significantly, the Company 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, the Company also has credit limit guidelines based on each country's creditworthiness.

- Greater understanding of actual corporate conditions and balancing returns and risks

The Company 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 cost) level.

- Reduction and prevention of non-performing loans

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

2) Management of market and liquidity risks

The Company 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

In accordance with the group-wide basic policies for risk management decided upon by the Management Committee, the Company 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 Dept., 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 Company's major consolidated subsidiary, meets on a monthly basis to examine reports on the state of observance of limits on market and liquidity risks and to discuss ALM operation policies.

In addition, the Internal Audit Dept., 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

The Company 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.

The Company uses the historical simulation method (a method for estimating the maximum loss by running simulations of changes in profit and loss on market fluctuations scenarios based on historical data) to measure VaR. Regarding banking activities (activities for generating profit through management of interest rates, terms, and other aspects such as loans and bonds in assets, deposits in liabilities) and trading activities (activities for generating profit by taking advantage of short-term fluctuations in market values and differences in value among markets), the Company 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, the Company 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, the Company 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, 2019, total VaR of SMBC and its major consolidated subsidiaries was ¥44.8 billion for the banking activities, ¥16.4 billion for the trading activities and ¥1,156.0 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

The Company manages liquidity risk based on the framework of "setting management levels of risk appetite indicators" and "developing contingency plans." Risk appetite indicators are quantitative benchmarks that select the types and indicate the levels of risk that the Company is willing to take on or tolerate. As an example, the Company sets a lower limit on the number of days over which cash flows could be maintained in the event of stressed conditions such as deposit outflow, so as to secure funding sources that do not fall below the benchmark to avoid excessive reliance on short term funding. In addition, the Company develops contingency plans consisting of instructions, reporting lines and action plans in case of emergency.

Moreover, to manage the liquidity risk of marketable instruments, derivative transactions, etc., the Company 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, 2018 and 2019 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, 2018	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks *1	¥ 53,719,075	¥ 53,727,901	¥ 8,825
2) Call loans and bills bought *1	1,880,248	1,882,226	1,977
3) Receivables under resale agreements	827,892	828,019	127
4) Receivables under securities borrowing transactions *1	8,337,151	8,337,727	575
5) Monetary claims bought *1	4,727,884	4,740,759	12,875
6) Trading assets			
Securities classified as trading purposes	3,166,912	3,166,912	—
7) Money held in trust	1,482	1,482	—
8) Securities			
Bonds classified as held-to-maturity	372,463	374,596	2,132
Other securities	24,231,212	24,231,212	—
9) Loans and bills discounted	72,945,934		
Reserve for possible loan losses *1	(318,294)		
	72,627,639	74,501,561	1,873,921
10) Foreign exchanges *1	2,163,382	2,166,382	2,999
11) Lease receivables and investment assets *1	2,321,355	2,410,967	89,611
Total assets	¥174,376,701	¥176,369,750	¥1,993,048
1) Deposits	¥116,477,534	¥116,473,422	¥ (4,111)
2) Negotiable certificates of deposit	11,220,284	11,223,576	3,291
3) Call money and bills sold	1,190,928	1,190,936	7
4) Payables under repurchase agreements	5,509,721	5,509,721	—
5) Payables under securities lending transactions	7,186,861	7,186,861	—
6) Commercial paper	2,384,787	2,384,771	(15)
7) Trading liabilities			
Trading securities sold for short sales	2,139,980	2,139,980	—
8) Borrowed money	10,829,248	10,889,743	60,494
9) Foreign exchanges	865,640	865,640	—
10) Short-term bonds	1,256,600	1,256,600	—
11) Bonds	9,057,683	9,300,891	243,208
12) Due to trust account	1,328,271	1,328,271	—
Total liabilities	¥169,447,542	¥169,750,416	¥ 302,874
Derivative transactions *2			
Hedge accounting not applied	¥ 185,561	¥ 185,561	¥ —
Hedge accounting applied	126,340	126,340	—
Total	¥ 311,902	¥ 311,902	¥ —

*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 on “Trading assets,” “Trading liabilities,” “Other assets” and “Other liabilities.” Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

March 31, 2019	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks *1	¥ 57,404,619	¥ 57,414,384	¥ 9,765
2) Call loans and bills bought *1	2,463,660	2,466,418	2,757
3) Receivables under resale agreements	6,429,365	6,429,231	(133)
4) Receivables under securities borrowing transactions *1	4,097,238	4,097,502	263
5) Monetary claims bought *1	4,591,920	4,609,409	17,489
6) Trading assets			
Securities classified as trading purposes	2,755,519	2,755,519	—
7) Money held in trust	390	390	—
8) Securities			
Bonds classified as held-to-maturity	280,247	281,136	888
Other securities	22,696,091	22,696,091	—
9) Loans and bills discounted	77,979,190		
Reserve for possible loan losses *1	(301,809)		
	77,677,380	79,713,860	2,036,479
10) Foreign exchanges *1	1,717,469	1,720,319	2,850
11) Lease receivables and investment assets *1	247,550	242,941	(4,609)
Total assets	¥180,361,453	¥182,427,205	¥2,065,752
1) Deposits	¥122,325,038	¥122,320,963	¥ (4,074)
2) Negotiable certificates of deposit	11,165,486	11,170,627	5,140
3) Call money and bills sold	1,307,778	1,307,710	(68)
4) Payables under repurchase agreements	11,462,559	11,462,559	—
5) Payables under securities lending transactions	1,812,820	1,812,820	—
6) Commercial paper	2,291,813	2,291,785	(27)
7) Trading liabilities			
Trading securities sold for short sales	1,992,314	1,992,314	—
8) Borrowed money	10,656,897	10,706,117	49,219
9) Foreign exchanges	1,165,141	1,165,141	—
10) Short-term bonds	84,500	84,500	—
11) Bonds	9,227,367	9,387,562	160,195
12) Due to trust account	1,352,773	1,354,823	2,050
Total liabilities	¥174,844,490	¥175,056,926	¥ 212,435
Derivative transactions *2			
Hedge accounting not applied	¥ 391,707	¥ 391,707	¥ —
Hedge accounting applied	[45,676]	[45,676]	—
Total	¥ 346,030	¥ 346,030	¥ —

*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 on "Trading assets," "Trading liabilities," "Other assets" and "Other liabilities." Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

(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 the Company 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.

The fair values of borrowings from the trust account related to covered bond issued by the trust account are based on the amount calculated in accordance with the price quoted on securities exchange.

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, fair values are, in principle, based on the present value of estimated future cash flows discounted by using the refinancing rate applicable to the same type of instruments in the market for the remaining maturity. For certain type of instruments, however, fair values are based on either the amount calculated in accordance with the price quoted by industry associations, etc., or the present value of future cash flows calculated by using the rate derived from the published yield data, etc.

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	
	2018	2019
Securities:		
Unlisted stocks, etc. *1 *3	¥176,491	¥170,572
Investments in partnership, etc. *2 *3	249,390	215,245
Total	¥425,881	¥385,817

*1 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.

*2 They are capital contributions with no market prices. The above-stated amount includes the book value amount of investments in the partnership of which the Company records net changes in their balance sheets and statements of income.

*3 Unlisted stocks and investments in partnership totaling ¥9,142 million and ¥9,669 million were written-off in the fiscal year ended March 31, 2018 and 2019, respectively.

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

March 31, 2018	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥52,990,470	¥ 23,915	¥ 15,210	¥ 1,130
Call loans and bills bought	1,802,316	79,563	—	—
Receivables under resale agreements	758,829	69,062	—	—
Receivables under securities borrowing transactions ...	8,333,400	4,300	—	—
Monetary claims bought *1	3,748,669	569,546	67,347	301,601
Securities *1	5,982,341	9,064,475	3,276,795	1,661,510
Bonds classified as held-to-maturity	92,000	280,000	—	—
Japanese government bonds	92,000	280,000	—	—
Japanese local government bonds	—	—	—	—
Japanese corporate bonds	—	—	—	—
Other	—	—	—	—
Other securities with maturity	5,890,341	8,784,475	3,276,795	1,661,510
Japanese government bonds	3,280,000	5,226,000	344,500	300,200
Japanese local government bonds	17	21,748	25,148	16
Japanese corporate bonds	313,490	1,253,754	736,678	242,819
Other	2,296,833	2,282,972	2,170,468	1,118,474
Loans and bills discounted *1 *2	16,794,489	30,930,098	12,002,922	7,270,166
Foreign exchanges *1	2,161,454	3,776	—	—
Lease receivables and investment assets *1	655,790	1,247,385	166,152	93,880
Total	¥93,227,762	¥41,992,123	¥15,528,429	¥9,328,290

*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: ¥9,451 million, Loans and bills discounted: ¥423,081 million, Foreign exchanges: ¥960 million, Lease receivables and investment assets: ¥29,545 million.

*2 "Loans and bills discounted" without the maturity dates are not included. Such amount is totaled to ¥5,526,153 million at March 31, 2018.

March 31, 2019	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥56,196,163	¥ 142,027	¥ 8,980	¥ 1,125
Call loans and bills bought	2,416,537	49,206	—	—
Receivables under resale agreements	6,169,917	72,150	—	—
Receivables under securities borrowing transactions ...	4,097,473	—	—	—
Monetary claims bought	3,587,450	514,675	161,745	286,006
Securities *1	3,857,187	8,960,637	3,667,235	2,116,326
Bonds classified as held-to-maturity.....	20,000	260,000	—	—
Japanese government bonds.....	20,000	260,000	—	—
Japanese local government bonds.....	—	—	—	—
Japanese corporate bonds	—	—	—	—
Other	—	—	—	—
Other securities with maturity.....	3,837,187	8,700,637	3,667,235	2,116,326
Japanese government bonds.....	1,217,500	4,080,400	520,900	335,700
Japanese local government bonds.....	—	11,072	87,188	7
Japanese corporate bonds	292,202	1,200,987	840,586	273,372
Other	2,327,484	3,408,177	2,218,560	1,507,246
Loans and bills discounted *1 *2	19,029,803	32,387,618	13,497,696	6,642,339
Foreign exchanges *1	1,703,142	15,882	—	—
Lease receivables and investment assets	38,813	55,765	23,295	64,866
Total	¥97,096,488	¥42,197,963	¥17,358,954	¥9,110,664

*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 Securities: ¥12,958 million, Loans and bills discounted: ¥417,829 million, Foreign exchanges: ¥378 million.

*2 "Loans and bills discounted" without the maturity dates are not included. Such amount is totaled to ¥6,000,359 million at March 31, 2019.

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

March 31, 2018	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥112,396,477	¥3,426,343	¥ 179,801	¥ 474,912
Negotiable certificates of deposit	10,760,778	459,505	—	—
Call money and bills sold.....	1,190,928	—	—	—
Payables under repurchase agreements	5,509,721	—	—	—
Payables under securities lending transactions	7,186,861	—	—	—
Commercial paper	2,384,787	—	—	—
Borrowed money	7,875,146	1,569,039	981,380	403,682
Foreign exchanges	865,640	—	—	—
Short-term bonds.....	1,256,600	—	—	—
Bonds	972,227	4,199,206	2,834,687	1,053,459
Due to trust account.....	1,328,271	—	—	—
Total	¥151,727,440	¥9,654,095	¥3,995,869	¥1,932,054

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

March 31, 2019	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥118,166,614	¥3,495,841	¥ 182,195	¥ 480,387
Negotiable certificates of deposit	10,605,811	559,675	—	—
Call money and bills sold.....	1,307,778	—	—	—
Payables under repurchase agreements	11,443,460	—	—	—
Payables under securities lending transactions	1,812,820	—	—	—
Commercial paper	2,291,813	—	—	—
Borrowed money	8,430,682	1,086,996	765,268	373,949
Foreign exchanges	1,165,141	—	—	—
Short-term bonds.....	84,500	—	—	—
Bonds.....	1,087,139	4,240,236	2,833,135	1,067,400
Due to trust account.....	1,228,223	124,550	—	—
Total.....	¥157,623,985	¥9,507,299	¥3,780,600	¥1,921,736

* 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	
	2018	2019
Valuation gains (losses) included in the earnings for the fiscal year	¥(5,538)	¥20,551

2. Bonds classified as held-to-maturity

March 31, 2018		Millions of yen		
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds	¥370,463	¥372,596	¥2,132
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	—	—	—
	Other	—	—	—
	Subtotal	370,463	372,596	2,132
Bonds with unrealized losses:	Japanese government bonds	2,000	2,000	—
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	—	—	—
	Other	—	—	—
	Subtotal	2,000	2,000	—
Total	¥372,463	¥374,596	¥2,132	

March 31, 2019		Millions of yen		
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds	¥280,247	¥281,136	¥888
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	—	—	—
	Other	—	—	—
	Subtotal	280,247	281,136	888
Bonds with unrealized losses:	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	—	—	—
	Other	—	—	—
	Subtotal	—	—	—
Total	¥280,247	¥281,136	¥888	

3. Other securities

March 31, 2018		Millions of yen		
		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks.....	¥ 3,633,885	¥ 1,442,756	¥2,191,129
	Bonds.....	6,998,992	6,946,588	52,404
	Japanese government bonds.....	4,797,431	4,779,687	17,743
	Japanese local government bonds.....	14,051	14,004	47
	Japanese corporate bonds.....	2,187,509	2,152,896	34,613
	Other.....	3,498,836	3,107,132	391,704
	Subtotal.....	14,131,714	11,496,477	2,635,237
Other securities with unrealized losses:	Stocks.....	113,878	131,341	(17,463)
	Bonds.....	4,835,189	4,843,215	(8,026)
	Japanese government bonds.....	4,405,604	4,410,865	(5,260)
	Japanese local government bonds.....	32,980	33,076	(95)
	Japanese corporate bonds.....	396,604	399,274	(2,670)
	Other.....	5,933,514	6,135,100	(201,585)
	Subtotal.....	10,882,582	11,109,658	(227,075)
Total.....		¥25,014,297	¥22,606,135	¥2,408,161

Notes: 1. Net unrealized gains (losses) on other securities shown above include gains of ¥15 million for the fiscal year ended March 31, 2018 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, 2018	Millions of yen
Stocks.....	¥141,578
Other.....	284,303
Total.....	¥425,881

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.

March 31, 2019		Millions of yen		
		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks.....	¥ 3,175,611	¥ 1,242,178	¥1,933,433
	Bonds.....	8,094,287	8,031,868	62,419
	Japanese government bonds.....	5,547,344	5,523,497	23,847
	Japanese local government bonds.....	89,608	88,868	740
	Japanese corporate bonds.....	2,457,334	2,419,502	37,831
	Other.....	5,885,370	5,398,325	487,045
	Subtotal.....	17,155,270	14,672,372	2,482,898
Other securities with unrealized losses:	Stocks.....	171,965	202,460	(30,495)
	Bonds.....	889,443	891,497	(2,053)
	Japanese government bonds.....	686,982	687,573	(591)
	Japanese local government bonds.....	9,555	9,560	(4)
	Japanese corporate bonds.....	192,906	194,363	(1,457)
	Other.....	5,198,045	5,327,052	(129,007)
	Subtotal.....	6,259,454	6,421,010	(161,555)
Total.....		¥23,414,725	¥21,093,383	¥2,321,342

Notes: 1. Net unrealized gains (losses) on other securities shown above include losses of ¥12,277 million for the fiscal year ended March 31, 2019 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, 2019	Millions of yen
Stocks.....	¥139,051
Other.....	246,765
Total.....	¥385,817

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, 2018

There are no corresponding transactions.

Fiscal year ended March 31, 2019

There are no corresponding transactions.

5. Other securities sold during the fiscal year

Year ended March 31, 2018	Millions of yen		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 202,808	¥106,361	¥ (89)
Bonds.....	6,477,102	9,798	(2,024)
Japanese government bonds.....	6,088,215	9,534	(86)
Japanese local government bonds.....	89,854	9	(342)
Japanese corporate bonds.....	299,031	254	(1,595)
Other.....	6,867,924	51,414	(22,359)
Total.....	¥13,547,835	¥167,573	¥(24,473)

Year ended March 31, 2019	Millions of yen		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 206,738	¥ 96,067	¥ (1,139)
Bonds.....	8,071,326	11,418	(2,154)
Japanese government bonds.....	7,797,751	10,798	(2,065)
Japanese local government bonds.....	80,253	67	(71)
Japanese corporate bonds.....	193,321	551	(17)
Other.....	9,588,573	48,653	(36,968)
Total.....	¥17,866,638	¥156,140	¥(40,262)

6. Change of classification of securities

Fiscal year ended March 31, 2018

There are no significant corresponding transactions to be disclosed.

Fiscal year ended March 31, 2019

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, 2018 and 2019 were ¥3,331 million and ¥9,013 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, 2018*

There are no corresponding transactions.

Fiscal year ended March 31, 2019

There are no corresponding transactions.

2. Money held in trust classified as held-to-maturity*Fiscal year ended March 31, 2018*

There are no corresponding transactions.

Fiscal year ended March 31, 2019

There are no corresponding transactions.

3. Other money held in trust

March 31, 2018	Millions of yen		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥1,482	¥1,482	—

March 31, 2019	Millions of yen		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥390	¥390	—

(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, 2018	Millions of yen
Net unrealized gains (losses)	¥2,408,313
Other securities	2,408,313
Other money held in trust	—
(-) Deferred tax liabilities	659,098
Net unrealized gains (losses) on other securities (before following adjustments)	1,749,215
(-) Non-controlling interests	65,950
(+) The Company’s interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	5,577
Net unrealized gains (losses) on other securities	¥1,688,842

- Notes: 1. Net unrealized gains of ¥15 million for the fiscal year ended March 31, 2018 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, 2019	Millions of yen
Net unrealized gains (losses)	¥2,333,619
Other securities	2,333,619
Other money held in trust	—
(-) Deferred tax liabilities	553,246
Net unrealized gains (losses) on other securities (before following adjustments)	1,780,372
(-) Non-controlling interests	102,611
(+) The Company’s interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	11,090
Net unrealized gains (losses) on other securities	¥1,688,852

- Notes: 1. Net unrealized losses of ¥12,277 million for the fiscal year ended March 31, 2019 recognized in the fiscal year’s earnings by applying fair value hedge accounting are deducted from net unrealized gains on other securities.
2. Net unrealized gains (losses) on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is extremely difficult to determine.

(Notes to derivative transactions)**1. Derivative transactions to which the hedge accounting method is not applied**

The following tables set forth the contract amount or the amount equivalent to the notional amount, fair value, valuation gains (losses) and fair value calculation methodologies by type of derivative with respect to derivative transactions to which the hedge accounting method is not applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

(1) Interest rate derivatives

March 31, 2018	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold	¥ 37,301,443	¥ 6,925,140	¥ 16,067	¥ 16,067
Bought	37,215,533	6,842,217	(14,654)	(14,654)
Interest rate options:				
Sold	1,391,595	45,200	(300)	(300)
Bought	65,110,433	29,958,221	4,520	4,520
Over-the-counter				
Forward rate agreements:				
Sold	12,680,558	521,495	(4,656)	(4,656)
Bought	12,344,032	435,954	4,594	4,594
Interest rate swaps:				
Receivable fixed rate/payable floating rate	429,909,020	341,129,716	93,567	93,567
Receivable floating rate/payable fixed rate	196,148,823	156,251,285	1,762,226	1,762,226
Receivable floating rate/payable floating rate	193,099,356	154,329,705	(1,689,126)	(1,689,126)
Receivable floating rate/payable floating rate	40,571,800	30,474,185	9,649	9,649
Interest rate swaptions:				
Sold	5,790,268	3,542,146	(7,850)	(7,850)
Bought	4,911,806	3,086,445	8,068	8,068
Caps:				
Sold	39,511,432	25,413,931	(27,760)	(27,760)
Bought	8,998,567	7,222,545	1,176	1,176
Floors:				
Sold	666,212	608,582	(728)	(728)
Bought	1,123,673	957,378	895	895
Other:				
Sold	1,449,762	701,009	(2,589)	(2,589)
Bought	15,456,836	13,055,363	15,918	15,918
Total	/	/	¥ 86,268	¥ 86,268

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, 2019	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold.....	¥ 30,533,013	¥ 3,061,730	¥ (16,015)	¥ (16,015)
Bought.....	28,898,271	5,902,494	16,633	16,633
Interest rate options:				
Sold.....	3,452,722	3,286,192	(1,929)	(1,929)
Bought.....	130,788,808	65,425,283	24,009	24,009
Over-the-counter				
Forward rate agreements:				
Sold.....	26,319,818	1,420,320	12,029	12,029
Bought.....	28,150,897	1,305,595	(12,572)	(12,572)
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	444,871,798	354,014,671	294,408	294,408
Receivable floating rate/payable fixed rate.....	197,044,427	156,309,066	2,831,588	2,831,588
Receivable floating rate/payable fixed rate.....	189,646,811	153,321,990	(2,545,878)	(2,545,878)
Receivable floating rate/payable floating rate.....	58,102,014	44,309,569	(156)	(156)
Interest rate swaptions:				
Sold.....	6,329,197	3,871,862	(39,722)	(39,722)
Bought.....	5,706,918	3,485,353	39,242	39,242
Caps:				
Sold.....	48,034,687	31,841,749	(57,898)	(57,898)
Bought.....	11,030,207	7,991,304	6,571	6,571
Floors:				
Sold.....	939,796	767,715	(3,380)	(3,380)
Bought.....	1,253,804	776,639	4,160	4,160
Other:				
Sold.....	1,519,045	772,769	(3,053)	(3,053)
Bought.....	7,769,837	6,281,874	31,891	31,891
Total.....	/	/	¥ 294,374	¥ 294,374

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, 2018	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Currency futures:				
Sold.....	¥ 513	¥ —	¥ (18)	¥ (18)
Bought.....	175	—	0	0
Over-the-counter				
Currency swaps.....	39,984,899	27,675,508	90,337	113,215
Currency swaptions:				
Sold.....	431,065	375,092	(3,156)	(3,156)
Bought.....	874,253	772,102	5,364	5,364
Forward foreign exchange.....	76,246,360	8,727,532	21,951	21,951
Currency options:				
Sold.....	2,606,941	1,357,801	(75,760)	(75,760)
Bought.....	2,424,055	1,177,161	79,404	79,404
Total.....	/	/	¥118,123	¥141,000

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, 2019	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Currency futures:				
Sold.....	¥ 2,833	¥ —	¥ 21	¥ 21
Bought.....	1,109	—	0	0
Over-the-counter				
Currency swaps.....	46,383,650	34,753,013	82,884	76,881
Currency swaptions:				
Sold.....	341,280	256,973	(628)	(628)
Bought.....	817,560	708,288	1,484	1,484
Forward foreign exchange.....	81,510,434	11,113,122	24,012	24,012
Currency options:				
Sold.....	3,031,324	1,496,970	(62,269)	(62,269)
Bought.....	2,676,865	1,186,165	67,564	67,564
Total.....	/	/	¥113,069	¥107,066

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, 2018	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Equity price index futures:				
Sold.....	¥481,952	¥ 9,744	¥ (5,450)	¥ (5,450)
Bought.....	345,111	3,140	1,693	1,693
Equity price index options:				
Sold.....	842,858	374,414	(68,340)	(68,340)
Bought.....	936,687	327,012	42,208	42,208
Over-the-counter				
Equity options:				
Sold.....	322,508	252,083	(18,727)	(18,727)
Bought.....	334,710	237,738	22,178	22,178
Equity index forward contracts:				
Sold.....	—	—	—	—
Bought.....	7,564	207	537	537
Equity price index swaps:				
Receivable equity index/payable short-term floating rate.....	73,385	58,755	(8,013)	(8,013)
Receivable short-term floating rate/payable equity index.....	167,867	140,115	14,971	14,971
Total.....	/	/	¥(18,943)	¥(18,943)

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, 2019	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Equity price index futures:				
Sold.....	¥635,249	¥ 28,221	¥ 3,170	¥ 3,170
Bought.....	295,976	15,021	(1,081)	(1,081)
Equity price index options:				
Sold.....	682,846	350,760	(56,853)	(56,853)
Bought.....	576,496	317,636	29,383	29,383
Over-the-counter				
Equity options:				
Sold.....	401,236	290,126	(25,905)	(25,905)
Bought.....	320,518	242,408	24,375	24,375
Equity index forward contracts:				
Sold.....	—	—	—	—
Bought.....	8,094	115	554	554
Equity price index swaps:				
Receivable equity index/payable short-term floating rate.....	67,491	43,666	(8,214)	(8,214)
Receivable short-term floating rate/payable equity index.....	254,937	177,164	21,736	21,736
Total.....	/	/	¥(12,835)	¥(12,835)

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, 2018	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Bond futures:				
Sold.....	¥2,098,517	¥ —	¥(11,317)	¥(11,317)
Bought.....	1,677,824	—	9,729	9,729
Bond futures options:				
Sold.....	427,121	—	(421)	(421)
Bought.....	60,157	—	17	17
Over-the-counter				
Bond forward contract:				
Sold.....	900	—	2	2
Bought.....	5,359	—	40	40
Bond options:				
Sold.....	93,576	—	(223)	(223)
Bought.....	193,642	100,066	644	644
Total.....	/	/	¥ (1,529)	¥ (1,529)

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, 2019	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Bond futures:				
Sold.....	¥2,145,140	¥ —	¥(28,956)	¥(28,956)
Bought.....	1,755,892	—	26,722	26,722
Bond futures options:				
Sold.....	446,325	—	(662)	(662)
Bought.....	45,285	—	120	120
Over-the-counter				
Bond forward contract:				
Sold.....	1,328	—	2	2
Bought.....	—	—	—	—
Bond options:				
Sold.....	505,303	—	(1,887)	(1,887)
Bought.....	595,039	83,476	853	853
Total.....	/	/	¥ (3,805)	¥ (3,805)

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, 2018	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Commodity futures:				
Sold.....	¥10,401	¥ —	¥ (191)	¥ (191)
Bought.....	10,500	—	129	129
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	63,231	51,460	2,549	2,549
Receivable floating price/payable fixed price	62,061	50,443	(503)	(503)
Receivable floating price/payable floating price.....	3,173	1,922	164	164
Commodity options:				
Sold.....	7,190	6,384	(533)	(533)
Bought.....	4,978	4,189	(8)	(8)
Total.....	/	/	¥1,606	¥1,606

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, 2019	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Commodity futures:				
Sold.....	¥14,158	¥ —	¥ 326	¥ 326
Bought.....	14,664	—	(296)	(296)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	91,437	42,874	(1,163)	(1,163)
Receivable floating price/payable fixed price	89,660	41,086	3,089	3,089
Receivable floating price/payable floating price.....	2,018	1,461	(10)	(10)
Commodity options:				
Sold.....	7,918	2,678	(401)	(401)
Bought.....	5,796	778	12	12
Total.....	/	/	¥ 1,556	¥ 1,556

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, 2018	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter				
Credit default options:				
Sold	¥549,981	¥465,481	¥ 7,755	¥ 7,755
Bought	691,315	567,065	(7,719)	(7,719)
Total	/	/	¥ 36	¥ 36

- 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, 2019	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter				
Credit default options:				
Sold	¥692,851	¥639,636	¥ 6,303	¥ 6,303
Bought	811,914	713,858	(6,955)	(6,955)
Total	/	/	¥ (651)	¥ (651)

- 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, 2018		Principal items hedged	Millions of yen			
Hedge accounting method	Type of derivative		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		¥16,675,512	¥11,044,262	¥ 4,287	
	Bought		1,593,750	—	79	
	Interest rate swaps:					
	Receivable fixed rate/payable floating rate		35,415,915	27,945,628	(59,991)	
	Receivable floating rate/payable fixed rate		16,132,939	14,569,986	39,356	
	Interest rate swaptions:					
Sold	150,343	150,343	(2,569)			
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		62,830	53,125	(2,536)	
	Receivable floating rate/payable fixed rate		201,714	187,519	(1,245)	
Special treatment for interest rate swaps	Interest rate swaps:	Borrowed money, corporate bonds				
	Receivable floating rate/payable fixed rate		12,840	4,921	(Note 3)	
	Total		/	/	¥(22,620)	

- Notes: 1. The Company 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, 2019		Type of derivative	Principal items hedged	Millions of yen		
				Contract amount		Fair value
Hedge accounting method			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			¥ 2,220,000	¥ 2,220,000	¥ (149)
	Bought		—	—	—	
	Interest rate swaps:					
	Receivable fixed rate/payable floating rate			33,822,621	30,249,753	252,739
	Receivable floating rate/payable fixed rate			15,191,315	13,130,451	(282,377)
	Interest rate swaptions:					
Sold			157,065	157,065	3,441	
Bought			—	—	—	
Recognition of gain or loss on the hedged items	Interest rate swaps:		Loans and bills discounted			
	Receivable fixed rate/payable floating rate			—	—	—
	Receivable floating rate/payable fixed rate			301,178	291,450	(3,274)
Special treatment for interest rate swaps	Interest rate swaps:		Borrowed money, corporate bonds			
	Receivable floating rate/payable fixed rate			68,690	66,690	(Note 3)
	Total			/	/	¥ (29,620)

- Notes: 1. The Company 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, 2018			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.	¥5,995,052	¥3,158,350	¥165,826
	Forward foreign exchange		51,850	—	379
Recognition of gain or loss on the hedged items	Currency swaps.....	Loans and bills discounted, foreign exchange	146,889	127,037	(17,089)
Allocation method	Currency swaps.....	Borrowed money	53,215	37,921	(Note 3)
	Forward foreign exchange		1,381	—	
Total.....			/	/	¥149,116

Notes: 1. The Company 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, 2019			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.	¥7,828,136	¥5,000,432	¥(22,720)
	Forward foreign exchange		2,772	—	(218)
Recognition of gain or loss on the hedged items	Currency swaps.....	Loans and bills discounted, other securities	186,032	131,640	5,056
Allocation method	Currency swaps.....	—	—	—	—
	Forward foreign exchange		—	—	—
Total.....			/	/	¥(17,882)

Notes: 1. The Company 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) Equity derivatives

March 31, 2018			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Recognition of gain or loss on the hedged items	Equity price index swaps:	Other securities			
	Receivable floating rate/payable equity index		¥2,218	2,218	(155)
Total.....			/	/	¥(155)

Note: Fair value is calculated using discounted present value.

March 31, 2019			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Recognition of gain or loss on the hedged items	Equity price index swaps:	Other securities			
	Receivable floating rate/payable equity index		¥48,510	48,510	1,826
Total.....			/	/	¥1,826

Note: Fair value is calculated using discounted present value.

(Notes to employee retirement benefits)**1. Outline of employee retirement benefits**

The Company'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	
	2018	2019
Beginning balance of projected benefit obligation.....	¥1,179,737	¥1,125,746
Service cost	39,579	38,597
Interest cost on projected benefit obligation	6,905	5,946
Unrecognized net actuarial gain or loss incurred	15,451	31,582
Payments of retirement benefits	(67,287)	(55,656)
Unrecognized prior service cost	(43)	96
Net change as a result of business combinations	(49,333)	(22,529)
Other	738	(22)
Ending balance of projected benefit obligation.....	¥1,125,746	¥1,123,760

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

Year ended March 31	Millions of yen	
	2018	2019
Beginning balance of plan assets	¥1,435,548	¥1,469,182
Expected return on plan assets	41,635	43,473
Unrecognized net actuarial gain or loss incurred	65,860	(48,332)
Contributions by the employer	18,130	15,746
Payments of retirement benefits.....	(44,429)	(42,816)
Net change as a result of business combinations.....	(49,287)	(14,348)
Other	1,724	(1,525)
Ending balance of plan assets	¥1,469,182	¥1,421,378

(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	
	2018	2019
Funded projected benefit obligation.....	¥(1,096,677)	¥(1,099,416)
Plan assets	1,469,182	1,421,378
	372,505	321,961
Unfunded projected benefit obligation	(29,069)	(24,343)
Net amount of asset and liability reported on the consolidated balance sheet	¥ 343,435	¥ 297,617

March 31	Millions of yen	
	2018	2019
Net defined benefit asset	¥383,418	¥329,434
Net defined benefit liability	(39,982)	(31,816)
Net amount of asset and liability reported on the consolidated balance sheet	¥343,435	¥297,617

(4) Pension expenses

Year ended March 31	Millions of yen	
	2018	2019
Service cost	¥ 39,579	¥ 38,597
Interest cost on projected benefit obligation.....	6,905	5,946
Expected return on plan assets	(41,635)	(43,473)
Amortization of unrecognized net actuarial gain or loss	20,870	(15,100)
Amortization of unrecognized prior service cost.....	(126)	(131)
Other (nonrecurring additional retirement allowance paid and other)	6,730	6,300
Pension expenses	¥ 32,323	¥ (7,861)

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	
	2018	2019
Prior service cost.....	¥ 120	¥ 227
Net actuarial gain or loss	(74,335)	94,984
Total.....	¥(74,215)	¥95,212

(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	
	2018	2019
Unrecognized prior service cost	¥ (528)	¥ (300)
Unrecognized net actuarial gain or loss.....	(86,388)	8,596
Total.....	¥(86,916)	¥8,295

(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	2018	2019
Stocks.....	62.7%	58.7%
Bonds.....	16.4%	17.8%
General account of life insurance.....	3.0%	2.8%
Other	17.9%	20.7%
Total.....	100.0%	100.0%

Note: The retirement benefit trusts set up for employee pension plans and lump-sum severance indemnity plans account for 35.2% and 36.3% of the total plan assets at March 31, 2018 and 2019, 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, 2018	Percentages	Year ended March 31, 2019	Percentages
Domestic consolidated subsidiaries	(0.1)% to 0.8%	Domestic consolidated subsidiaries	(0.1)% to 0.8%
Overseas consolidated subsidiaries	2.4% to 10.3%	Overseas consolidated subsidiaries	2.4% to 9.0%

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

Year ended March 31, 2018	Percentages	Year ended March 31, 2019	Percentages
Domestic consolidated subsidiaries	0% to 4.0%	Domestic consolidated subsidiaries	0% to 4.0%
Overseas consolidated subsidiaries	2.6% to 10.3%	Overseas consolidated subsidiaries	2.4% to 9.0%

3. Defined contribution plan

Fiscal year ended March 31, 2018

The amount required to be contributed by the consolidated subsidiaries is ¥10,702 million.

Fiscal year ended March 31, 2019

The amount required to be contributed by the consolidated subsidiaries is ¥11,500 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, 2018 and 2019 are as follows:

Year ended March 31	Millions of yen	
	2018	2019
General and administrative expenses.....	¥195	¥29

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, 2018 and 2019 are as follows:

Year ended March 31	Millions of yen	
	2018	2019
Other income	¥29	¥—

3. Outline of stock options and changes

The Company

(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 the Company 8 Corporate auditors of the Company 3 Executive officers of the Company 2 Directors, corporate auditors and executive officers of SMBC 69	Directors of the Company 9 Corporate auditors of the Company 3 Executive officers of the Company 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of the Company 9 Corporate auditors of the Company 3 Executive officers of the Company 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of the Company 9 Corporate auditors of the Company 3 Executive officers of the Company 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 the Company 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 the Company 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 the Company 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 the Company and SMBC.
Requisite service period	From June 29, 2010 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2011	From June 29, 2011 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2012	From June 28, 2012 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2013	From June 27, 2013 to the closing of the ordinary general meeting of shareholders of the Company 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 the Company 10 Corporate auditors of the Company 3 Executive officers of the Company 2 Directors, corporate auditors and executive officers of SMBC 67	Directors of the Company 8 Corporate auditors of the Company 3 Executive officers of the Company 4 Directors, corporate auditors and executive officers of SMBC 68	Directors of the Company 8 Corporate auditors of the Company 3 Executive officers of the Company 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 the Company 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 the Company 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 the Company and SMBC.
Requisite service period	From June 27, 2014 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2015	From June 26, 2015 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2016	From June 29, 2016 to the closing of the ordinary general meeting of shareholders of the Company 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

1) 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	8,400	58,400	80,400	56,900	64,300	102,700	168,800
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	1,200	44,800	15,000	14,200	4,900	11,500	47,500
Outstanding	7,200	13,600	65,400	42,700	59,400	91,200	121,300
After vested							
Previous fiscal year-end	64,200	168,500	151,700	32,300	29,900	11,300	5,200
Vested	1,200	44,800	15,000	14,200	4,900	11,500	47,500
Exercised	5,700	39,700	5,700	13,200	2,800	8,400	28,100
Forfeited	—	—	—	—	—	—	—
Exercisable	59,700	173,600	161,000	33,300	32,000	14,400	24,600

* Number of stock options has been converted and stated as number of shares.

2) 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	4,212	4,302	4,380	4,487	4,490	4,430	4,490
Fair value at the grant date	2,215	1,872	2,042	4,159	3,661	4,904	2,811

(3) Method of estimating 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.

PT Bank BTPN Tbk, a consolidated subsidiary of the Company

(1) Outline of stock options

Date of resolution	March 26, 2015	March 26, 2015	April 29, 2016
Title and number of grantees	Executives 16 Employees 309	Executives 1 Employees 4	Employees 332
Number of stock options*	Common shares 141,575,000	Common shares 10,500,000	Common shares 56,645,000
Grant date	April 15, 2015	October 10, 2016	September 21, 2016
Condition for vesting.....	In service at the time of exercise	In service at the time of exercise	In service at the time of exercise
Requisite service period.....	No provisions	No provisions	No provisions
Exercise period	30 days from May 1, 2017 30 days from November 6, 2017 30 days from May 7, 2018 30 days from November 5, 2018 30 days from May 6, 2019 30 days from December 2, 2019	30 days from May 1, 2017 30 days from November 6, 2017 30 days from May 7, 2018 30 days from November 5, 2018 30 days from May 6, 2019 30 days from December 2, 2019	30 days from May 28, 2018 30 days from December 17, 2018 30 days from May 28, 2019 30 days from December 19, 2019 30 days from June 1, 2020 30 days from December 17, 2020

* Number of stock options has been converted and stated as number of shares.

(2) Stock options granted and changes

1) Number of stock options*

Date of resolution	Number of stock options		
	March 26, 2015	March 26, 2015	April 29, 2016
Before vested			
Previous fiscal year-end	98,540,000	9,600,000	38,383,500
Granted	—	—	—
Forfeited	15,300,000	—	63,000
Vested	—	—	424,000
Outstanding	83,240,000	9,600,000	37,896,500
After vested			
Previous fiscal year-end	—	—	—
Vested	—	—	424,000
Exercised	—	—	424,000
Forfeited	—	—	—
Exercisable	—	—	—

*1. Number of stock options has been converted and stated as number of shares.

2. Number of shares of the previous fiscal year-end is as of January 1, 2019, the deemed acquisition date.

2) Price information

Date of resolution	IDR		
	March 26, 2015	March 26, 2015	April 29, 2016
Exercise price	4,000.00	4,000.00	2,617.00
Average exercise price	—	—	3,711.67
Fair value at the grant date....	1,408.90	1,408.90	712.81

(3) Method of estimating 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, 2018	Millions of yen	March 31, 2019	Millions of yen
Deferred tax assets:		Deferred tax assets:	
Net operating loss carryforwards.....	¥ 372,250	Net operating loss carryforwards *2	¥ 210,814
Reserve for possible loan losses and write-off of loans	212,541	Reserve for possible loan losses and write-off of loans	181,930
Securities	46,007	Securities	147,466
Reserve for losses on interest repayment.....	44,328	Reserve for losses on interest repayment.....	45,195
Net defined benefit liability.....	32,615	Net defined benefit liability.....	20,546
Other	243,455	Other	167,821
Subtotal.....	951,199	Subtotal.....	773,774
		Valuation allowance for net operating loss carryforwards *2.....	(166,296)
		Valuation allowance for total amount of deductible temporary differences etc.	(200,111)
		Valuation allowance subtotal *1	(366,407)
Total deferred tax assets	496,870	Total deferred tax assets	407,367
Deferred tax liabilities:		Deferred tax liabilities:	
Net unrealized gains on other securities.....	(658,469)	Net unrealized gains on other securities.....	(551,785)
Depreciation	(17,183)	Depreciation.....	(44,994)
Retained earnings of subsidiaries	(24,901)	Retained earnings of subsidiaries	(33,227)
Other	(223,939)	Other	(115,334)
Total deferred tax liabilities	(924,494)	Total deferred tax liabilities	(745,341)
Net deferred tax assets (liabilities)	¥ (427,624)	Net deferred tax assets (liabilities)	¥ (337,974)

*1 The change of valuation allowance is due to the decrease of deferred tax assets resulting from excluding SMFL and its consolidated subsidiaries from the scope of consolidation of the Company and including them in the scope of equity method affiliates and for other reasons.

*2 Net operating loss carryforwards and the amount of its deferred tax assets by expiry date.

March 31, 2019	Millions of yen				
	Within 1 year	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years	Total
Net operating loss carryforwards*	¥ 41,259	¥ 105,321	¥ 23,043	¥ 41,190	¥ 210,814
Valuation allowance.....	(40,810)	(102,113)	(22,063)	(1,308)	(166,296)
Deferred tax assets	448	3,207	979	39,881	44,517

* Net operating loss carryforwards is multiplied by statutory tax rate.

2. Significant components of difference between the statutory tax rate used by the Company and the effective income tax rate

March 31, 2018	Percentages	March 31, 2019	Percentages
Statutory tax rate	30.86%	Statutory tax rate	30.62%
Valuation allowance.....	(2.51)	Dividends exempted for income tax purposes.....	(3.57)
Difference between the Company and overseas consolidated subsidiaries.....	(1.89)	Equity in gains of affiliates	(1.67)
Foreign tax	(1.27)	Difference between the Company and overseas consolidated subsidiaries.....	(1.62)
Equity in gains of affiliates	(1.09)	Expired loss carryforwards	4.27
Dividends exempted for income tax purposes.....	(0.85)	Valuation allowance.....	2.39
Amortization of goodwill	0.70	Other	(0.92)
Other	0.45	Effective income tax rate.....	29.50%
Effective income tax rate.....	24.40%		

Changes due to application of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018 ("Partial Amended Tax Effect Accounting Standard")) has been adopted from the current fiscal year, whereby we have changed notes to deferred tax assets and liabilities.

In notes to deferred tax assets and liabilities, we have added the contents that are described in the notes (No.8, except for valuation allowance and No.9) that are stipulated from Paragraph 3 to Paragraph 5 of Partial Amended Tax Effect Accounting Standard. We do not describe the contents of the previous fiscal year in accordance with the transitional treatment stipulated in Paragraph 7 of Partial Amended Tax Effect Accounting Standard.

(Notes to asset retirement obligations)*Fiscal year ended March 31, 2018*

There is no significant information to be disclosed.

Fiscal year ended March 31, 2019

There is no significant information to be disclosed.

(Notes to real estate for rent)*Fiscal year ended March 31, 2018*

There is no significant information to be disclosed.

Fiscal year ended March 31, 2019

There is no significant information to be disclosed.

(Notes to segment and other related information)

[Segment information]

1. Summary of reportable segment

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

The businesses operated by each business unit are as follows;

Wholesale Business Unit:	Business to deal with domestic medium-to-large-sized enterprise
Retail Business Unit:	Business to deal with domestic individual and small-to-medium-sized enterprise
International Business Unit:	Business to deal with international (including Japanese) corporate customers
Global Markets Business Unit:	Business to deal with financial market
Head office account:	Business other than businesses above

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)." In case several business units cooperate for transactions, profit and loss, and expenses related to the transactions are recognized in the business units cooperating for the transactions and those amounts are calculated in accordance with internal managerial accounting policy.

The Company does not assess assets by business segments.

3. Information on profit and loss amount by reportable segment

Year ended March 31, 2018	Millions of yen					Total
	Wholesale Business Unit	Retail Business Unit	International Business Unit	Global Markets Business Unit	Head office account and others	
Consolidated gross profit	¥ 772,949	¥ 1,311,727	¥ 631,950	¥ 356,150	¥ (91,725)	¥ 2,981,050
Expenses	(347,864)	(1,027,674)	(280,658)	(53,936)	(106,065)	(1,816,197)
Others	53,576	15,516	46,933	17,575	(94,607)	38,992
Consolidated net business profit	¥ 478,661	¥ 299,569	¥ 398,225	¥ 319,789	¥ (292,398)	¥ 1,203,845

- Notes: 1. Figures shown in the parenthesis represent the loss.
 2. "Others" includes equity in profit and loss of affiliates and cooperated profit and loss based on internal managerial accounting.
 3. "Head office account and others" includes profit or loss to be eliminated as inter-segment transactions.

Year ended March 31, 2019	Millions of yen					Total
	Wholesale Business Unit	Retail Business Unit	International Business Unit	Global Markets Business Unit	Head office account and others	
Consolidated gross profit	¥ 784,886	¥ 1,281,574	¥ 689,603	¥ 333,572	¥ (243,457)	¥ 2,846,178
Expenses	(345,133)	(1,021,383)	(333,382)	(54,239)	39,087	(1,715,050)
Others	45,109	14,445	38,911	19,127	(56,447)	61,145
Consolidated net business profit	¥ 484,862	¥ 274,637	¥ 395,131	¥ 298,460	¥ (260,818)	¥ 1,192,273

- Notes: 1. Figures shown in the parenthesis represent the loss.
 2. "Others" includes equity in profit and loss of affiliates and cooperated profit and loss based on internal managerial accounting.
 3. "Head office account and others" includes profit or loss to be eliminated as inter-segment transactions.
 4. Income (loss) of Sumitomo Mitsui Finance and Leasing Company, Limited ("SMFL") for the period from January 1, 2019 to March 31, 2019 was recorded mainly as "Consolidated gross profit" and "Expenses" under "Wholesale Business Unit" and "International Business Unit," and those figures were deducted from "Head office account and others" and recorded as "Others" under "Head office account and others." Income (loss) of SMFL was recorded as "Equity in gains (losses) of affiliates" in the consolidated statement of income.

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, 2018	Millions of yen
Consolidated net business profit	¥ 1,203,845
Other ordinary income (excluding equity in gains of affiliates)	201,759
Other ordinary expenses	(241,491)
Ordinary profit on consolidated statements of income	¥ 1,164,113

Note: Figures shown in the parenthesis represent the loss.

Year ended March 31, 2019	Millions of yen
Consolidated net business profit	¥ 1,192,273
Other ordinary income (excluding equity in gains of affiliates)	166,851
Other ordinary expenses	(223,825)
Ordinary profit on consolidated statements of income	¥ 1,135,300

Note: Figures shown in the parenthesis represent the loss.

[Related information]

Fiscal year ended March 31, 2018

1. Information on each service

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

2. Geographic information

(1) Ordinary income

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥4,168,743	¥553,871	¥564,813	¥476,744	¥5,764,172

Notes: 1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income from transactions of the Company and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their geographic proximity and other factors.

3. The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany, France and others; Asia and Oceania includes China, Singapore, Australia and others except Japan.

(2) Tangible fixed assets

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥1,645,637	¥626,147	¥1,192,015	¥11,330	¥3,475,131

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, 2019

1. Information on each service

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

2. Geographic information

(1) Ordinary income

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥3,847,287	¥734,495	¥524,807	¥628,721	¥5,735,312

Notes: 1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income from transactions of the Company and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their geographic proximity and other factors.

3. The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany, France and others; Asia and Oceania includes China, Singapore, Australia and others except Japan.

(2) Tangible fixed assets

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥880,935	¥574,502	¥23,413	¥25,851	¥1,504,703

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]

The Company does not allocate impairment loss for fixed assets to the reportable segment.

Impairment loss for the fiscal year ended March 31, 2018 is ¥49,900 million.

Impairment loss for the fiscal year ended March 31, 2019 is ¥9,610 million.

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

	Millions of yen					
	Wholesale Business Unit	Retail Business Unit	International Business Unit	Global Markets Business Unit	Head office account and others	Total
Year ended March 31, 2018						
Amortization of goodwill	¥ 681	¥ 4,019	¥1,006	¥—	¥ 19,517	¥ 25,225
Unamortized balance	7,416	54,120	4,197	—	206,469	272,203
	Millions of yen					
Year ended March 31, 2019						
Amortization of goodwill	¥309	¥ 4,019	¥5,494	¥—	¥ 16,095	¥ 25,919
Unamortized balance	—	50,100	—	—	143,027	193,127

[Information on gains on negative goodwill by reportable segment]

Fiscal year ended March 31, 2018

There are no corresponding transactions.

Fiscal year ended March 31, 2019

There are no corresponding transactions.

[Information on related parties]

Fiscal year ended March 31, 2018

There is no significant corresponding information to be disclosed.

Fiscal year ended March 31, 2019

There is no significant corresponding information to be disclosed.

(Business Combination)

<Partial sale of the shares of subsidiaries>

Partial sale of the shares of Sumitomo Mitsui Finance and Leasing Company, Limited

The Company sold a portion of shares of Sumitomo Mitsui Finance and Leasing Company, Limited (“SMFL”) to SMFL on November 28, 2018 (the “Sale of the Shares”) based on an agreement concluded on March 30, 2018 between Sumitomo Corporation (“Sumitomo Corp.”), Sumitomo Mitsui Banking Corporation, SMFL, Sumitomo Mitsui Auto Service Company, Limited and SMFL Capital Co., Ltd. (“FLC”), concerning the reorganization of the joint leasing partnership of the Company and Sumitomo Corp. (the “Reorganization”). As a result, the percentage of voting rights in SMFL held by the Company was declined to 50%, and accordingly, the Company excluded SMFL and its subsidiaries, SMBC Aviation Capital Limited and FLC, etc., from the scope of consolidation and included them in the scope of equity method affiliates.

1. Objectives of the Sale of the Shares

The Company conducted the Sale of the Shares to establish an operating framework that will allow the flexible and efficient management of the joint leasing partnership’s overall operations and implementation of its business strategy by adjusting respective ownership percentage of the Company and Sumitomo Corp. in SMFL to 50%.

The Sale of the Shares is as part of the Reorganization aiming to increase the competitiveness and the sustainable growth by taking further advantage of the Company’s global client base, and the financial group’s ability to deliver diverse and cutting-edge financial solutions, and Sumitomo Corp.’s ability to construct value chains and create new business opportunities on a global basis.

2. Outline of the accounting treatment implemented

1) Gains (losses) on sale of shares of subsidiaries

17,014 million yen

2) Accounting treatment

The Company applied the accounting treatment stipulated in “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22) and “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (JICPA Accounting Practice Committee Statement No.7).

- 3) Period of financial results of SMFL included in the consolidated financial statements of the Company
From April 1, 2018 to December 31, 2018

Income (loss) of SMFL for the period from January 1, 2019 to March 31, 2019 was recorded as equity in gains (losses) of affiliates in the consolidated statement of income.

- 4) Outline of the subsidiaries excluded from the scope of consolidation (as of December 31, 2018)
SMFL (Consolidated) (Reportable Segments: Wholesale Business Unit and International Business Unit)

Total assets	6,154,253 million yen
Lease receivables and investment assets	2,157,141 million yen
Tangible fixed assets	2,267,524 million yen
Total liabilities	5,435,353 million yen
Borrowed money	3,101,458 million yen
Ordinary income	621,331 million yen
Profit attributable to owners of parent	46,724 million yen

(Note) Ordinary income is presented as a counterpart of sales of companies in other industries.

<Business combination through acquisition>

PT Bank Tabungan Pensiunan Nasional Tbk became a consolidated subsidiary of Sumitomo Mitsui Banking Corporation

On January 30, 2019, Sumitomo Mitsui Banking Corporation ("SMBC"), a consolidated subsidiary of the Company, acquired the common stock of PT Bank Tabungan Pensiunan Nasional Tbk ("BTPN"). As a result, BTPN and its one subsidiary became consolidated subsidiaries of SMBC.

On February 1, 2019, BTPN merged with PT Bank Sumitomo Mitsui Indonesia, and changed its trade name to PT Bank BTPN Tbk.

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
Name: PT Bank Tabungan Pensiunan Nasional Tbk
Business: Banking business
- (2) Main reasons for the business combination
SMBC acquired BTPN with the aim to operate a full-fledged commercial banking business that serves both the wholesale and retail segments and develop our franchises to offer broader financial services to our customers in order to promote the Multi-Franchise strategy in Indonesia.
- (3) Date of the business combination
January 30, 2019
- (4) Legal form of the business combination
Stock acquisition
- (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: 40.58%
Ratio of voting rights acquired additionally by SMBC on the date of business combination: 57.92%
Ratio of voting rights after the acquisition: 98.50%
- (7) Grounds for deciding on the acquirer
SMBC acquired a majority of the voting rights of BTPN, resulting in BTPN becoming a consolidated subsidiary of SMBC.

2. Period of the acquired company's financial result included in the consolidated financial statements of the Company

From January 1, 2019 to March 31, 2019

Income (loss) of the acquired company for the period from April 1, 2018 to December 31, 2018 was recorded as equity in gains (losses) of affiliates in the consolidated statement of income.

3. Acquisition cost and consideration of the acquired company

Fair value at the business combination of the common shares of BTPN held by SMBC immediately prior to the business combination	78,025 million yen
Consideration (cash) for the common share of BTPN additionally acquired by SMBC on the date of business combination	111,365 million yen
Acquisition cost of the acquired company	189,390 million yen

4. Difference between acquisition cost and total amount of acquisition cost of each transaction

Acquisition cost	189,390 million yen
Sum of acquisition costs of each transaction resulting in the acquisition	187,105 million yen
Difference (gains on step acquisitions)	2,285 million yen

5. Major acquisition-related costs

Advisory fees, etc. 776 million yen

6. Amount of goodwill, reason for recognizing goodwill, amortization method and the period

- 1) Amount of goodwill
4,707 million yen
- 2) Reason for recognizing goodwill
The Company 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
The amount of goodwill is fully amortized in the fiscal year in which it arises as the amount has no material impact.

7. Amounts of assets acquired and liabilities assumed on the date of the business combination

- 1) Assets

Total assets:	837,523 million yen
Loans and bills discounted	522,918 million yen
- 2) Liabilities

Total liabilities:	643,346 million yen
Deposits	538,529 million yen

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:	50,653 million yen (13 years)
Assets related to market:	9,706 million yen (20 years)
Assets related to customers:	12,845 million yen (18years)
Core deposits:	28,102 million yen (9 years)

9. Approximate amounts and their calculation method of impact on the consolidated statements of income for the fiscal year ended March 31, 2019, 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	
	2018	2019
Net assets per share	¥7,366.21	¥7,715.91
Earnings per share	520.67	519.95
Earnings per share (diluted).....	520.27	519.59

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	
	2018	2019
Earnings per share:		
Profit attributable to owners of parent	¥ 734,368	¥ 726,681
Amount not attributable to common stockholders.....	—	—
Profit attributable to owners of parent attributable to common stock.....	¥ 734,368	¥ 726,681
Average number of common stock during the fiscal year (in thousand).....	1,410,442	1,397,599
Earnings per share (diluted):		
Adjustment for profit attributable to owners of parent.....	¥ (10)	¥ (21)
Adjustment of dilutive shares issued by consolidated subsidiaries and equity method affiliates	(10)	(21)
Increase in number of common stock (in thousand).....	1,052	923
Stock acquisition rights	1,052	923
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	
	2018	2019
Net assets	¥11,612,892	¥11,451,611
Amounts excluded from Net assets	1,222,427	683,290
Stock acquisition rights	2,823	4,750
Non-controlling interests	1,219,604	678,540
Net assets attributable to common stock at the fiscal year-end	¥10,390,464	¥10,768,320
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands)	1,410,558	1,395,600

(Significant Subsequent Events)*Fiscal year ended March 31, 2019*

Repurchase and cancellation of own shares

The board of directors of the Company resolved on May 15, 2019 to repurchase its own shares under Article 8 of its Articles of Incorporation and pursuant to Paragraph 1 of Article 459 of the Companies Act and cancel the repurchased shares pursuant to Article 178 of the Companies Act.

(1) Reason for the repurchase of own shares

The Company will proceed with a flexible repurchase of its own shares in order to enhance shareholder returns and improve capital efficiency.

(2) Outline of the repurchase

- 1) Type of shares to be repurchased: Common stock
- 2) Aggregate number of shares to be repurchased:
Up to 32,000,000 shares (Equivalent to 2.3% of the number of shares issued (excluding treasury stock))
- 3) Aggregate amount to be repurchased: Up to JPY 100,000,000,000
- 4) Repurchase period: From May 16, 2019 to August 30, 2019
- 5) Repurchase method:
Market purchases based on a discretionary dealing contract regarding repurchase of its own shares

(3) Outline of the cancellation

- 1) Type of shares to be cancelled: Common stock
- 2) Number of shares to be cancelled: All of the shares repurchased as stated in (2) above
- 3) Scheduled cancellation date: September 20, 2019

[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		
The Company	Straight bonds, payable in U.S. dollars (Note 3)	Mar.2016 ~ Dec.2018	2,601,531 (\$24,485,000 thousand)	3,219,528 (\$29,004,761 thousand)	2.058 ~ 4.306	None	Mar. 2021 ~ Feb. 2048	
	Straight bonds, payable in Euro (Note 3)	Jun. 2016 ~ Aug. 2018	511,154 (€3,910,000 thousand)	555,064 (€4,456,556 thousand)	0.141 ~ 1.716	None	Jan. 2022 ~ Feb. 2033	
	Straight bonds, payable in Australian dollars (Note 3)	Sep. 2016 ~ Jul. 2018	179,956 (A\$2,204,000 thousand)	183,344 (A\$2,331,738 thousand)	3.0405 ~ 4.13	None	Mar. 2022 ~ Jul. 2028	
	Straight bonds, payable in Hong Kong dollars (Note 3)	Apr. 26, 2018	—	(HK\$300,000 thousand)	4,242 3.54	None	Apr. 26, 2028	
	Subordinated bonds, payable in Yen ...	Sep. 2014 ~ Sep. 2016	370,809	370,669	0.469 ~ 1.328	None	Sep. 2024 ~ May. 2030	
	Subordinated bonds, payable in Yen ...	Sep. 2014 ~ Mar. 2018	387,654	386,312	0.3 ~ 0.61	None	Sep. 2024 ~ Mar. 2028	
	Perpetual subordinated bonds, payable in Yen	Jul. 2015 ~ Dec. 2017	599,794	598,974	1.29 ~ 2.88	None	Perpetual	
	Subordinated bonds, payable in U.S. dollars (Note 3)	Apr.2, 2014	185,903 (\$1,749,682 thousand)	191,741 (\$1,727,400 thousand)	4.436	None	Apr. 2, 2024	
	SMBC	Straight bonds, payable in Yen (Note 4)	Apr. 2013 ~ Apr. 2014	100,000 [50,000]	50,000 [50,000]	0.254	None	Apr. 19, 2019
		Straight bonds, payable in U.S. dollars (Notes 3 and 4)	Jan. 2012 ~ Dec. 2018	2,016,383 (\$18,977,726 thousand) [708,687]	1,591,494 (\$14,337,789 thousand) [814,740]	1.88 ~ 4.13	None	Jun. 2019 ~ Mar. 2030
Subordinated bonds, payable in U.S. dollars (Note 3)		May. 28, 2015	69,593 (\$655,000 thousand)	72,705 (\$655,000 thousand)	4.3	None	May. 30, 2045	
Straight bonds, payable in Euro (Notes 3)		Jul. 2013 ~ Jul. 2018	260,709 (€1,994,259 thousand)	429,901 (€3,451,637 thousand)	0.192 ~ 2.75	None	Apr. 2020 ~ Jul. 2023	
Straight bonds, payable in Pound (Notes 3)		Sep. 2018	—	36,257 (£250,017 thousand)	1.193	None	Sep. 7, 2020	
Straight bonds, payable in Australian dollars (Notes 3 and 4)		Mar. 2014 ~ Dec. 2018	63,673 (A\$779,834 thousand) [27,761]	41,134 (A\$523,137 thousand) [17,298]	2.9 ~ 3.88	None	Sep. 2019 ~ Mar. 2025	
Straight bonds, payable in Hong Kong dollars (Note 3)		Mar. 2015 ~ Apr. 2015	32,008 (HK\$2,364,000 thousand)	33,426 (HK\$2,364,000 thousand)	2.09 ~ 2.92	None	Apr. 2020 ~ Apr. 2025	
Straight bonds, payable in Thai Baht (Notes 3 and 4)		Nov. 2016 ~ Nov. 2018	25,642 (THB7,500,000 thousand) [—]	33,155 (THB9,500,000 thousand) [12,215]	2 ~ 2.66	None	Nov. 2019 ~ Nov. 2021	
Subordinated bonds, payable in Yen (Note 4)		Feb. 2009 ~ Dec. 2011	383,567 [21,500]	362,786 [73,000]	1.43 ~ 2.21	None	Jul. 2019 ~ Dec. 2026	
Subordinated bonds, payable in Euroyen		Jun. 16, 2008	2,000	—	—	—	—	
Perpetual subordinated bonds, payable in U.S. dollars (Note 3)		Mar.1, 2012	159,296 (\$1,499,272 thousand)	166,395 (\$1,499,060 thousand)	4.85	None	Mar. 1, 2022	
Subordinated bonds, payable in Euro (Note 3)		Nov. 9, 2010	97,815 (€748,230 thousand)	93,250 (€748,695 thousand)	4	None	Nov. 9, 2020	
(*1)		Consolidated subsidiaries, straight bonds, payable in Yen (Notes 2 and 4)	Feb. 2011 ~ Mar. 2019	804,339 [141,273]	706,988 [108,921]	0.0052 ~ 20	None	Apr. 2019 ~ Mar. 2049
(*2)		Consolidated subsidiaries, specified bonds, payable in Yen (Note 2)	Mar. 24, 2017	27,901	—	—	—	—
(*3)		Consolidated subsidiaries, straight bonds, payable in U.S. dollars (Notes 2,3 and 4)	Oct. 2014 ~ Mar. 2019	24,742 (\$230,387 thousand) [3,757]	48,142 (\$433,516 thousand) [3,506]	0.01 ~ 4.45	None	Apr. 2019 ~ Nov. 2037
(*4)		Consolidated subsidiaries, straight bonds, payable in Euro (Notes 2 and 3)	Dec. 18, 2018	—	124 (€1,000 thousand)	0.1	None	Dec. 18, 2023
(*5)		Consolidated subsidiaries, straight bonds, payable in Australian dollars (Notes 2, 3 and 4)	Mar. 2016 ~ Dec. 2018	1,895 (A\$23,220 thousand) [166]	2,074 (A\$26,388 thousand) [—]	0.01 ~ 3	None	Jun. 2020 ~ Aug. 2031
(*6)	Consolidated subsidiaries, straight bonds, payable in Turkish lira (Notes 2 and 3 and 4)	Jul. 2017 ~ Dec. 2018	3,567 (TRY132,290 thousand) [—]	5,164 (TRY259,660 thousand) [117]	0.01 ~ 15	None	Jul. 2019 ~ Oct. 2023	
(*7)	Consolidated subsidiaries, straight bonds, payable in U.S. dollars (Notes 2 and 3)	Jul. 2016 ~ Jul. 2017	103,660 (\$975,629 thousand)	—	—	—	—	

Company	Type of bonds	Date of issuance	Millions of yen		Percentages		Collateral	Date of maturity
			At the beginning of the fiscal year	At the end of the fiscal year	Interest rate (Note 1)			
(*8)	Consolidated subsidiaries, straight bonds, payable in Indonesia rupiah (Notes 2,3 and 4)	Jul. 2016 ~ Oct. 2017	19,080 (IDR2,298,898,588 thousand) [19,080]	19,487 (IDR2,498,374,855 thousand) [2,340]	7.50 ~ 8.25		None	Jul. 2019~ Oct. 2020
(*9)	Consolidated subsidiaries, subordinated bonds, payable in Yen (Notes 2 and 4)	Dec. 1997 ~ Aug. 1999	25,000 [—]	25,000 [5,000]	4 ~ 4.15		None	Aug. 2019 ~ Jan. 2028
(*10)	Consolidated subsidiaries, short-term bonds, payable in Yen (Notes 2 and 4)	Jun. 2017 ~ Mar. 2019	1,256,600 [1,256,600]	84,500 [84,500]	0 ~ 0.02		None	Apr. 2019 ~ Jun. 2019
Total		—	¥10,314,283	¥ 9,311,867	—		—	—

- Notes: 1. "Interest rate" indicates a nominal interest rate which is applied at respective consolidated balance sheet dates. Therefore, this rate may differ from an actual interest rate.
2. (*1) This represents straight bonds issued in yen by SMBC Nikko, a domestic consolidated subsidiary. Straight bonds issued in yen by SMFL which became an equity method affiliate in the fiscal 2018 are included in the balance at the beginning of the fiscal year.
- (*2) This represents specified bond issued in yen by Otemachi 142 specified purpose enterprise. Otemachi 142 specified purpose enterprise was excluded from the scope of consolidation of the Company in the fiscal 2018.
- (*3) This represents straight bonds issued in U.S. dollar by SMBC Nikko, a domestic consolidated subsidiary.
- (*4) This represents straight bonds issued in Euro by SMBC Nikko, a domestic consolidated subsidiary.
- (*5) This represents straight bonds issued in Australian dollar by SMBC Nikko, a domestic consolidated subsidiary.
- (*6) This represents straight bonds issued in Turkish lira by SMBC Nikko, a domestic consolidated subsidiary.
- (*7) This represents straight bonds issued in U.S. dollar by SMBC Aviation Capital Limited. SMBC Aviation Capital Limited became an equity method affiliate of the Company in the fiscal 2018.
- (*8) This represents straight bonds issued in Indonesia rupiah by PT Bank Tabungan Pensiunan Nasional Tbk which became an overseas consolidated subsidiary of the Company in the fiscal 2018. PT Bank Tabungan Pensiunan Nasional Tbk merged with PT Bank Sumitomo Mitsui Indonesia, and changed its trade name to PT Bank BTPN Tbk in the fiscal 2018. The balance at the beginning of the fiscal year represents straight bonds issued in Indonesia rupiah by PT Bank Sumitomo Mitsui Indonesia.
- (*9) This represents subordinated term bonds issued in yen by SMBC International Finance N.V., an overseas consolidated subsidiary.
- (*10) This represents short-term bonds issued in yen by SMBC Nikko, a domestic consolidated subsidiary. Short-term bonds issued in yen by SMFL which became an equity method affiliate in the fiscal 2018 are included in the balance at the beginning of the fiscal year.
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
	¥1,171,639	¥1,273,387	¥1,200,977	¥1,057,911	¥707,959

[Schedule of borrowings]

Classification	Millions of yen		Percentages	
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rate	Repayment Term
Borrowed money	¥10,829,248	¥10,656,897	0.59	—
Other borrowings	10,829,248	10,656,897	0.59	Jan. 2019 ~ Perpetual
Lease obligations	89,940	30,379	3.18	Apr. 2019 ~ 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	¥8,430,682	¥337,803	¥201,000	¥322,613	¥225,578
Lease obligations	7,570	6,139	4,811	3,779	3,103

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

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

	Millions of yen		Percentages	
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rate	Repayment Term
Commercial paper	¥2,384,787	¥2,291,813	1.85	Apr. 2019 ~ Mar. 2020

{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, 2019 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, 2019
Ordinary income	¥1,426,372	¥2,952,805	¥4,391,116	¥5,735,312
Income before income taxes	330,624	675,155	923,814	1,123,579
Profit attributable to owners of parent	227,084	472,648	637,882	726,681
Earnings per share	161.78	337.70	456.20	519.95

	Yen			
	First quarter consolidated accounting period	Second quarter consolidated accounting period	Third quarter consolidated accounting period	Fourth quarter consolidated accounting period
Earnings per share	¥161.78	¥175.97	¥118.40	¥63.63

(Non-consolidated financial statements)**1. Non-consolidated balance sheets**

March 31	Millions of yen		Millions of U.S. dollars
	2018	2019	2019
Assets:			
Current assets			
Cash and due from banks.....	¥ 251,680	¥ 434,005	\$ 3,910
Prepaid expenses.....	340	365	3
Accrued income.....	31,638	42,124	380
Accrued income tax refunds.....	67,414	118,877	1,071
Other current assets.....	45,169	37,124	334
Total current assets.....	396,243	632,497	5,698
Fixed assets			
Tangible fixed assets			
Buildings.....	89	85	1
Equipment.....	7	5	0
Construction in progress.....	13,718	13,718	124
Total tangible fixed assets.....	13,815	13,809	124
Intangible fixed assets			
Software.....	296	276	2
Total intangible fixed assets.....	296	276	2
Investments and other assets			
Investments in subsidiaries and affiliates.....	6,156,181	6,085,818	54,827
Long-term loans receivable from subsidiaries and affiliates.....	5,537,800	6,258,343	56,381
Long-term prepaid expenses.....	315	226	2
Deferred tax assets.....	278	414	4
Other investments and other assets.....	0	0	0
Total investments and other assets.....	11,694,576	12,344,803	111,214
Total fixed assets.....	11,708,687	12,358,889	111,341
Total assets.....	¥12,104,930	¥12,991,386	\$117,040
Liabilities:			
Current liabilities			
Short-term borrowings.....	¥ 1,228,030	¥ 1,228,030	\$ 11,063
Accounts payable.....	11,440	8,924	80
Accrued expenses.....	34,081	42,571	384
Income taxes payable.....	6	9	0
Business office taxes payable.....	75	35	0
Reserve for employee bonuses.....	693	722	7
Reserve for executive bonuses.....	400	389	4
Other current liabilities.....	626	649	6
Total current liabilities.....	1,275,354	1,281,332	11,544
Fixed liabilities			
Bonds.....	5,105,279	5,790,820	52,170
Long-term borrowings.....	199,221	234,223	2,110
Total fixed liabilities.....	5,304,500	6,025,043	54,280
Total liabilities.....	6,579,855	7,306,375	65,823
Net assets:			
Stockholders' equity			
Capital stock.....	2,338,743	2,339,443	21,076
Capital surplus			
Capital reserve.....	1,560,221	1,560,921	14,062
Other capital surplus.....	24,286	—	—
Total capital surplus.....	1,584,508	1,560,921	14,062
Retained earnings			
Other retained earnings			
Voluntary reserve.....	30,420	30,420	274
Retained earnings brought forward.....	1,581,073	1,767,989	15,928
Total retained earnings.....	1,611,493	1,798,409	16,202
Treasury stock.....	(12,493)	(16,302)	(147)
Total stockholders' equity.....	5,522,252	5,682,471	51,193
Stock acquisition rights.....	2,823	2,539	23
Total net assets.....	5,525,075	5,685,011	51,216
Total liabilities and net assets.....	¥12,104,930	¥12,991,386	\$117,040

2. Non-consolidated statements of income

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2018	2019	2019
Operating income:			
Dividends on investments in subsidiaries and affiliates	¥257,001	¥371,805	\$3,350
Fees and commissions received from subsidiaries	10,226	5,665	51
Interests on loans receivable from subsidiaries and affiliates	99,093	145,072	1,307
Total operating income	366,321	522,543	4,708
Operating expenses:			
General and administrative expenses	23,195	24,332	219
Interest on bonds	106,052	143,809	1,296
Interest on long-term borrowings	4,285	6,449	58
Total operating expenses	133,533	174,591	1,573
Operating profit	232,787	347,952	3,135
Non-operating income:			
Interest income on deposits	35	32	0
Fees and commissions income	1	1	0
Other non-operating income	186	178	2
Total non-operating income	223	212	2
Non-operating expenses:			
Interest on borrowings	4,298	4,298	39
Fees and commissions payments	313	254	2
Amortization of bond issuance cost	7,193	2,407	22
Other non-operating expenses	197	—	—
Total non-operating expenses	12,002	6,960	63
Ordinary profit	221,008	341,203	3,074
Extraordinary gains:			
Gains on sales of stocks of subsidiaries and affiliates	—	106,273	957
Total extraordinary gains	—	106,273	957
Extraordinary losses:			
Losses on sales of stocks of subsidiaries and affiliates	10	1,414	13
Total extraordinary losses	10	1,414	13
Income before income taxes	220,998	446,062	4,019
Income taxes-current	(44,393)	(27,998)	(252)
Income taxes-deferred	36,090	(136)	(1)
Income taxes	(8,302)	(28,134)	(253)
Net income	¥229,300	¥474,196	\$4,272
	Yen		U.S. dollars
	2018	2019	2019
Per share data:			
Earnings per share	¥162.57	¥339.29	\$3.06
Earnings per share (diluted)	162.45	339.07	3.05

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, 2018							
Balance at the beginning of the fiscal year ...	¥2,337,895	¥1,559,374	¥24,327	¥1,583,701	¥30,420	¥1,570,369	¥1,600,789
Changes in the fiscal year:							
Issuance of new stock	847	847		847			
Cash dividends						(218,596)	(218,596)
Net income						229,300	229,300
Purchase of treasury stock							
Disposal of treasury stock			(41)	(41)			
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	847	847	(41)	806	—	10,704	10,704
Balance at the end of the fiscal year	¥2,338,743	¥1,560,221	¥24,286	¥1,584,508	¥30,420	¥1,581,073	¥1,611,493

	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Year ended March 31, 2018				
Balance at the beginning of the fiscal year ...	¥(12,913)	¥5,509,473	¥3,206	¥5,512,680
Changes in the fiscal year:				
Issuance of new stock		1,695		1,695
Cash dividends		(218,596)		(218,596)
Net income		229,300		229,300
Purchase of treasury stock	(142)	(142)		(142)
Disposal of treasury stock	562	521		521
Net changes in items other than stockholders' equity in the fiscal year			(382)	(382)
Net changes in the fiscal year	420	12,778	(382)	12,395
Balance at the end of the fiscal year	¥(12,493)	¥5,522,252	¥2,823	¥5,525,075

Year ended March 31, 2019	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 ...	¥2,338,743	¥1,560,221	¥ 24,286	¥1,584,508	¥30,420	¥1,581,073	¥1,611,493
Changes in the fiscal year:							
Issuance of new stock	699	699		699			
Cash dividends						(245,576)	(245,576)
Net income.....						474,196	474,196
Purchase of treasury stock							
Disposal of treasury stock.....			(68)	(68)			
Cancellation of treasury stock			(65,922)	(65,922)			
Transfer from retained earnings to capital surplus			41,704	41,704		(41,704)	(41,704)
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	699	699	(24,286)	(23,587)	—	186,916	186,916
Balance at the end of the fiscal year ...	¥2,339,443	¥1,560,921	¥ —	¥1,560,921	¥30,420	¥1,767,989	¥1,798,409

Year ended March 31, 2019	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Balance at the beginning of the fiscal year ...	¥(12,493)	¥5,522,252	¥2,823	¥5,525,075
Changes in the fiscal year:				
Issuance of new stock		1,398		1,398
Cash dividends		(245,576)		(245,576)
Net income.....		474,196		474,196
Purchase of treasury stock	(70,094)	(70,094)		(70,094)
Disposal of treasury stock.....	363	294		294
Cancellation of treasury stock	65,922	—		—
Transfer from retained earnings to capital surplus		—		—
Net changes in items other than stockholders' equity in the fiscal year			(283)	(283)
Net changes in the fiscal year	(3,809)	160,219	(283)	159,935
Balance at the end of the fiscal year ...	¥(16,302)	¥5,682,471	¥2,539	¥5,685,011

Year ended March 31, 2019	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		
Balance at the beginning of the fiscal year ...	\$21,070	\$14,056	\$ 219	\$14,275	\$274	\$14,244	\$14,518
Changes in the fiscal year:							
Issuance of new stock	6	6		6			
Cash dividends						(2,212)	(2,212)
Net income						4,272	4,272
Purchase of treasury stock							
Disposal of treasury stock			(1)	(1)			
Cancellation of treasury stock			(594)	(594)			
Transfer from retained earnings to capital surplus			376	376		(376)	(376)
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	6	6	(219)	(212)	—	1,684	1,684
Balance at the end of the fiscal year	\$21,076	\$14,062	\$ —	\$14,062	\$274	\$15,928	\$16,202

Year ended March 31, 2019	Millions of U. S. dollars			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Balance at the beginning of the fiscal year ...	\$(113)	\$49,750	\$25	\$49,775
Changes in the fiscal year:				
Issuance of new stock		13		13
Cash dividends		(2,212)		(2,212)
Net income		4,272		4,272
Purchase of treasury stock	(631)	(631)		(631)
Disposal of treasury stock	3	3		3
Cancellation of treasury stock	594	—		—
Transfer from retained earnings to capital surplus		—		—
Net changes in items other than stockholders' equity in the fiscal year			(3)	(3)
Net changes in the fiscal year	(34)	1,443	(3)	1,441
Balance at the end of the fiscal year	\$(147)	\$51,193	\$23	\$51,216

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. (“the Company”) and subsidiaries, which comprise the consolidated balance sheets as at March 31, 2019 and 2018, 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 the Company and subsidiaries as at March 31, 2019 and 2018, 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, 2019 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 26, 2019
Tokyo, Japan

Supplemental Information

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

March 31	Millions of yen		Millions of
	2018	2019	U.S. dollars
			2019
Assets:			
Cash and due from banks	*8 ¥ 52,122,407	*8 ¥ 55,747,048	\$ 502,226
Call loans and bills bought	1,881,879	2,665,744	24,016
Receivables under resale agreements	1,675,693	5,082,709	45,790
Receivables under securities borrowing transactions	3,562,107	1,440,159	12,974
Monetary claims bought.....	*8 4,550,592	*8 4,582,886	41,287
Trading assets	*8 2,408,549	*8 2,452,825	22,098
Money held in trust.....	0	0	0
Securities.....	*1, *2, *8, *16 25,217,287	*1, *2, *8, *16 23,469,621	211,438
Loans and bills discounted	*3, *4, *5, *6, *7, *8, *9 75,853,934	*3, *4, *5, *6, *7, *8, *9 79,792,401	718,850
Foreign exchanges	*7 2,164,196	*7 1,715,759	15,457
Lease receivables and investment assets.....	252,507	247,835	2,233
Other assets	*8 3,923,004	*8 3,571,248	32,173
Tangible fixed assets	*10, *11, *12 1,410,800	*10, *11, *12 1,409,802	12,701
Assets for rent	594,576	573,292	5,165
Buildings.....	302,996	308,990	2,784
Land	416,592	421,156	3,794
Lease assets	2,984	2,597	23
Construction in progress.....	19,404	22,561	203
Other tangible fixed assets	74,247	81,203	732
Intangible fixed assets.....	311,810	375,389	3,382
Software	259,587	274,116	2,470
Goodwill	12,727	12,003	108
Lease assets	21	11	0
Other intangible fixed assets.....	39,474	89,259	804
Net defined benefit asset	377,768	324,672	2,925
Deferred tax assets	28,789	23,399	211
Customers' liabilities for acceptances and guarantees.....	7,373,185	8,121,131	73,163
Reserve for possible loan losses.....	(387,022)	(332,343)	(2,994)
Total assets.....	¥182,727,495	¥190,690,293	\$1,717,931

(Continued)

March 31	Millions of yen		Millions of U.S. dollars	
	2018	2019	2018	2019
Liabilities and net assets:				
Liabilities:				
Deposits	*8 ¥117,227,296	*8 ¥123,190,830	\$1,109,827	
Negotiable certificates of deposit	11,455,284	11,335,486	102,122	
Call money and bills sold	740,928	572,778	5,160	
Payables under repurchase agreements.....	*8 5,256,519	*8 8,743,386	78,769	
Payables under securities lending transactions.....	*8 3,324,893	*8 680,051	6,127	
Commercial paper.....	2,385,705	2,291,813	20,647	
Trading liabilities.....	1,907,416	1,818,610	16,384	
Borrowed money.....	*8, *13 13,973,112	*8, *13 15,988,948	144,045	
Foreign exchanges.....	906,429	1,196,960	10,783	
Bonds.....	*14 3,255,697	*14 2,955,282	26,624	
Due to trust account.....	1,328,271	*8, *15 1,352,773	12,187	
Other liabilities.....	3,983,839	2,929,172	26,389	
Reserve for employee bonuses.....	32,826	34,283	309	
Reserve for executive bonuses.....	1,333	1,249	11	
Net defined benefit liability.....	6,552	4,457	40	
Reserve for executive retirement benefits.....	671	669	6	
Reserve for point service program.....	966	468	4	
Reserve for reimbursement of deposits.....	17,765	7,936	72	
Deferred tax liabilities.....	427,853	446,993	4,027	
Deferred tax liabilities for land revaluation.....	*10 30,539	*10 30,259	273	
Acceptances and guarantees.....	*8 7,373,185	*8 8,121,131	73,163	
Total liabilities	173,637,092	181,703,543	1,636,969	
Net assets:				
Capital stock	1,770,996	1,770,996	15,955	
Capital surplus	1,970,412	1,966,353	17,715	
Retained earnings	3,451,151	3,743,614	33,726	
Treasury stock	(210,003)	(210,003)	(1,892)	
Total stockholders' equity	6,982,557	7,270,960	65,504	
Net unrealized gains (losses) on other securities ...	1,509,249	1,426,493	12,851	
Net deferred gains (losses) on hedges.....	(66,918)	(47,281)	(426)	
Land revaluation excess.....	*10 37,042	*10 36,531	329	
Foreign currency translation adjustments.....	12,710	24,371	220	
Accumulated remeasurements of defined benefit plans.....	60,463	(5,446)	(49)	
Total accumulated other comprehensive income	1,552,547	1,434,667	12,925	
Stock acquisition rights.....	—	2,210	20	
Non-controlling interests.....	555,298	278,910	2,513	
Total net assets	9,090,403	8,986,749	80,962	
Total liabilities and net assets	¥182,727,495	¥190,690,293	\$1,717,931	

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	
	2018	2019	2018	2019
Ordinary income.....	¥3,117,087	¥3,369,898	\$30,359	
Interest income.....	1,901,507	2,240,944	20,189	
Interest on loans and discounts.....	1,290,981	1,481,622	13,348	
Interest and dividends on securities.....	331,893	354,451	3,193	
Interest on call loans and bills bought.....	19,464	16,561	149	
Interest on receivables under resale agreements.....	34,278	36,101	325	
Interest on receivables under securities borrowing transactions.....	2,588	2,512	23	
Interest on deposits with banks.....	74,009	101,030	910	
Interest on lease transactions.....	7,699	6,378	57	
Other interest income.....	140,592	242,285	2,183	
Trust fees.....	3,769	4,541	41	
Fees and commissions.....	632,125	613,741	5,529	
Trading income.....	85,312	80,112	722	
Other operating income.....	238,304	225,361	2,030	
Lease-related income.....	37,239	44,732	403	
Installment-related income.....	23,078	8,600	77	
Other.....	177,985	172,028	1,550	
Other income.....	256,067	205,196	1,849	
Gains on reversal of reserve for possible loan losses.....	43,984	35,622	321	
Recoveries of written-off claims.....	164	647	6	
Other.....	*1 211,918	*1 168,926	1,522	
Ordinary expenses.....	2,184,353	2,475,397	22,301	
Interest expenses.....	748,234	1,138,789	10,259	
Interest on deposits.....	282,966	463,791	4,178	
Interest on negotiable certificates of deposit.....	86,817	136,178	1,227	
Interest on call money and bills sold.....	8,686	14,586	131	
Interest on payables under repurchase agreements.....	48,851	122,755	1,106	
Interest on payables under securities lending transactions.....	10,394	959	9	
Interest on commercial paper.....	18,393	45,356	409	
Interest on borrowed money.....	133,290	197,488	1,779	
Interest on bonds.....	88,810	87,594	789	
Other interest expenses.....	70,022	70,078	631	
Fees and commissions payments.....	167,832	162,563	1,465	
Trading losses.....	4,127	4,430	40	
Other operating expenses.....	93,120	79,991	721	
Lease-related expenses.....	18,988	26,296	237	
Installment-related expenses.....	14,515	—	—	
Other.....	59,617	53,694	484	
General and administrative expenses.....	*2 1,098,224	*2 1,009,410	9,094	
Other expenses.....	*3 72,813	*3 80,212	723	
Ordinary profit.....	932,733	894,501	8,059	

(Continued)

(Consolidated Statements of Income)

Year ended March 31	Millions of yen		Millions of
	2018	2019	U.S. dollars
			2019
Extraordinary gains.....	¥ 798	¥ 2,788	\$ 25
Gains on disposal of fixed assets	798	502	5
Other extraordinary gains.....	—	*4 2,285	21
Extraordinary losses.....	46,568	8,833	80
Losses on disposal of fixed assets	2,165	4,260	38
Losses on impairment of fixed assets.....	*5 44,402	*5 4,573	41
Income before income taxes	886,964	888,456	8,004
Income taxes-current	212,275	165,371	1,490
Income taxes-deferred	(8,370)	54,107	487
Income taxes.....	203,904	219,479	1,977
Profit	683,059	668,976	6,027
Profit attributable to non-controlling interests.....	55,477	51,483	464
Profit attributable to owners of parent	¥627,582	¥617,493	\$5,563

(Consolidated Statements of Comprehensive Income)

Year ended March 31	Millions of yen		Millions of
	2018	2019	U.S. dollars
			2019
Profit	¥683,059	¥668,976	\$6,027
Other comprehensive income (losses)	*1 99,442	*1 (120,740)	(1,088)
Net unrealized gains (losses) on other securities	113,345	(78,282)	(705)
Net deferred gains (losses) on hedges.....	(31,163)	27,672	249
Land revaluation excess.....	1	—	—
Foreign currency translation adjustments.....	(43,565)	12,682	114
Remeasurements of defined benefit plans.....	49,110	(67,113)	(605)
Share of other comprehensive income of affiliates	11,714	(15,698)	(141)
Total comprehensive income.....	782,502	548,236	4,939
Comprehensive income attributable to owners of parent	738,503	500,124	4,506
Comprehensive income attributable to non-controlling interests	43,999	48,111	433

Non-consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen		Millions of
	2018	2019	U.S. dollars
Assets:			
Cash and due from banks	¥ 49,030,209	¥ 54,205,583	\$ 488,339
Call loans	1,417,562	2,134,392	19,229
Receivables under resale agreements	499,738	3,364,070	30,307
Receivables under securities borrowing transactions.....	3,140,151	1,222,284	11,012
Monetary claims bought.....	1,239,394	1,470,872	13,251
Trading assets	1,723,878	1,534,100	13,821
Securities.....	25,916,718	24,336,638	219,249
Loans and bills discounted	73,896,163	76,401,807	688,305
Foreign exchanges	2,143,021	1,627,105	14,659
Other assets	3,020,300	2,895,757	26,088
Tangible fixed assets	798,476	802,501	7,230
Intangible fixed assets.....	231,429	236,352	2,129
Prepaid pension cost	279,360	321,031	2,892
Customers' liabilities for acceptances and guarantees	7,921,169	9,078,706	81,790
Reserve for possible loan losses.....	(319,868)	(275,185)	(2,479)
Reserve for possible losses on investments	(14,559)	(7,363)	(66)
Total assets	¥170,923,146	¥179,348,654	\$1,615,754
Liabilities and net assets:			
Liabilities:			
Deposits	¥110,243,226	¥116,091,103	\$1,045,866
Negotiable certificates of deposit	11,264,807	11,581,605	104,339
Call money.....	928,117	796,761	7,178
Payables under repurchase agreements.....	4,383,418	7,364,577	66,348
Payables under securities lending transactions.....	3,073,423	418,912	3,774
Commercial paper.....	1,522,354	1,634,811	14,728
Trading liabilities	1,422,824	1,348,931	12,153
Borrowed money	14,023,257	15,567,626	140,249
Foreign exchanges	915,154	1,213,861	10,936
Bonds	3,211,548	2,910,794	26,223
Due to trust account.....	1,276,907	1,292,699	11,646
Other liabilities.....	2,391,909	1,659,172	14,948
Reserve for employee bonuses.....	14,163	13,285	120
Reserve for executive bonuses	978	937	8
Reserve for point service program	966	468	4
Reserve for reimbursement of deposits	17,307	7,425	67
Deferred tax liabilities	359,803	374,529	3,374
Deferred tax liabilities for land revaluation	30,539	30,259	273
Acceptances and guarantees.....	7,921,169	9,078,706	81,790
Total liabilities	163,001,878	171,386,468	1,544,022
Net assets:			
Capital stock	1,770,996	1,770,996	15,955
Capital surplus	1,776,830	1,774,554	15,987
Retained earnings	3,044,175	3,196,504	28,797
Treasury stock	(210,003)	(210,003)	(1,892)
Total stockholders' equity	6,381,999	6,532,053	58,847
Net unrealized gains (losses) on other securities	1,519,691	1,427,008	12,856
Net deferred gains (losses) on hedges.....	(6,286)	(22,444)	(202)
Land revaluation excess.....	25,863	25,568	230
Total valuation and translation adjustments	1,539,268	1,430,131	12,884
Total net assets	7,921,268	7,962,185	71,731
Total liabilities and net assets	¥170,923,146	¥179,348,654	\$1,615,754

Non-consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2018	2019	2019
Ordinary income	¥2,540,450	¥2,805,840	\$25,278
Interest income	1,647,643	1,970,831	17,755
Interest on loans and discounts	1,101,467	1,298,725	11,700
Interest and dividends on securities	349,947	345,566	3,113
Trust fees	2,038	2,250	20
Fees and commissions	512,149	524,566	4,726
Trading income	59,398	46,507	419
Other operating income	101,955	109,674	988
Other Income	217,265	152,009	1,369
Ordinary expenses	1,785,184	2,156,192	19,425
Interest expenses	690,606	1,026,727	9,250
Interest on deposits	229,362	381,304	3,435
Fees and commissions payments	182,319	182,365	1,643
Trading losses	—	3,305	30
Other operating expenses	22,334	45,846	413
General and administrative expenses	835,500	802,961	7,234
Other expenses	54,422	94,986	856
Ordinary profit	755,266	649,647	5,853
Extraordinary gains	797	380	3
Extraordinary losses	28,641	6,355	57
Income before income taxes	727,422	643,672	5,799
Income taxes - current	168,605	136,885	1,233
Income taxes - deferred	(18,210)	29,420	265
Net income	¥ 577,028	¥ 477,367	\$ 4,301

Per share data:	Yen		U.S. dollars
	2018	2019	2019
Earnings per share	¥5,430.93	¥4,492.93	\$40.48
Earnings per share (diluted)	—	—	—

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							
	2019				2018			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥1,178,337	¥1,409,909	¥ (99,342)	¥2,488,904	¥1,251,484	¥986,827	¥ (72,523)	¥2,165,788
Interest expenses	355,524	749,988	51,970	1,157,482	296,895	450,827	27,837	775,560
Net interest income	822,812	659,921	(151,312)	1,331,421	954,589	535,999	(100,360)	1,390,228
Trust fees	4,656	—	—	4,656	3,884	—	—	3,884
Fees and commissions	1,033,005	230,997	(23,084)	1,240,917	1,050,071	211,755	(17,763)	1,244,063
Fees and commissions payments	160,129	28,199	(7,308)	181,019	140,231	39,791	(2,604)	177,418
Net fees and commissions	872,876	202,798	(15,776)	1,059,898	909,840	171,964	(15,159)	1,066,645
Trading income	163,227	37,423	(5,974)	194,676	220,127	37,511	(11,299)	246,338
Trading losses	4,058	5,220	(5,974)	3,305	4,183	7,153	(11,299)	36
Net trading income	159,169	32,202	—	191,371	215,944	30,357	—	246,301
Other operating income	1,291,973	286,957	(771)	1,578,159	1,460,912	403,890	(1,457)	1,863,345
Other operating expenses	1,172,406	149,435	(2,512)	1,319,328	1,327,062	263,573	(1,280)	1,589,355
Net other operating income	119,566	137,522	1,740	258,830	133,849	140,317	(176)	273,990

- Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
 2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
 3. Inter-segment transactions are reported in the "Elimination" column.

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen					
	2019			2018		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥ 84,031,845	¥1,178,337	1.40%	¥ 92,274,420	¥1,251,484	1.36%
Loans and bills discounted	49,778,260	765,630	1.54	56,680,119	822,397	1.45
Securities	17,019,375	261,921	1.54	18,983,741	280,161	1.48
Call loans and bills bought	108,697	358	0.33	81,299	412	0.51
Receivables under resale agreements	3,940,030	(3,090)	(0.08)	93,971	31	0.03
Receivables under securities borrowing transactions	5,324,298	17,746	0.33	8,896,919	14,619	0.16
Deposits with banks	1,961,674	20,898	1.07	1,484,755	14,150	0.95
Lease receivables and investment assets	1,374,202	29,773	2.17	1,870,300	51,754	2.77
Interest-bearing liabilities	¥128,086,199	¥ 355,524	0.28%	¥135,808,445	¥ 296,895	0.22%
Deposits	97,629,923	58,851	0.06	99,591,183	44,051	0.04
Negotiable certificates of deposit	5,526,249	429	0.01	5,919,870	497	0.01
Call money and bills sold	580,180	189	0.03	845,376	301	0.04
Payables under repurchase agreements	5,795,961	53,877	0.93	1,742,218	16,292	0.94
Payables under securities lending transactions	2,658,313	1,272	0.05	10,299,770	11,316	0.11
Commercial paper	101,122	11	0.01	137,316	16	0.01
Borrowed money	9,637,102	65,994	0.68	10,437,455	70,790	0.68
Short-term bonds	966,046	60	0.01	1,169,237	54	0.00
Bonds	4,151,350	87,123	2.10	4,714,648	98,252	2.08

- Notes: 1. Domestic operations comprise the operations of the Company, 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 (2019, ¥44,359,932 million; 2018, ¥41,874,204 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2019			2018		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥44,546,369	¥1,409,909	3.17%	¥42,485,121	¥986,827	2.32%
Loans and bills discounted	26,222,907	929,632	3.55	24,442,168	683,341	2.80
Securities	5,236,149	115,493	2.21	4,275,389	77,124	1.80
Call loans and bills bought.....	2,026,876	16,192	0.80	1,740,864	19,050	1.09
Receivables under resale agreements	1,857,211	39,967	2.15	2,377,014	35,477	1.49
Receivables under securities borrowing transactions	12,108	37	0.31	—	—	—
Deposits with banks.....	4,830,531	99,636	2.06	5,070,548	71,232	1.40
Lease receivables and investment assets	420,967	17,800	4.23	466,191	19,187	4.12
Interest-bearing liabilities	¥38,000,522	¥ 749,988	1.97%	¥34,920,175	¥450,827	1.29%
Deposits	23,044,643	422,464	1.83	20,416,044	248,973	1.22
Negotiable certificates of deposit	6,017,305	135,749	2.26	6,152,649	86,312	1.40
Call money and bills sold	807,510	14,080	1.74	786,372	8,169	1.04
Payables under repurchase agreements	4,186,351	82,275	1.97	4,112,837	43,247	1.05
Payables under securities lending transactions ...	—	—	—	—	—	—
Commercial paper.....	2,433,961	45,344	1.86	2,005,997	18,376	0.92
Borrowed money.....	1,033,629	32,478	3.14	970,117	19,530	2.01
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	193,460	7,258	3.75	167,887	5,313	3.16

- 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 (2019, ¥3,210,358 million; 2018, ¥3,089,333 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2019			2018		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥125,654,947	¥2,488,904	1.98%	¥131,788,216	¥2,165,788	1.64%
Loans and bills discounted	75,410,118	1,666,283	2.21	80,478,319	1,469,232	1.83
Securities	22,035,388	364,685	1.65	23,016,994	342,013	1.49
Call loans and bills bought.....	2,135,574	16,551	0.78	1,822,164	19,462	1.07
Receivables under resale agreements	4,891,163	20,457	0.42	1,297,130	24,566	1.89
Receivables under securities borrowing transactions	5,336,406	17,784	0.33	8,896,919	14,619	0.16
Deposits with banks.....	5,619,591	103,135	1.84	5,694,884	75,619	1.33
Lease receivables and investment assets	1,795,167	47,573	2.65	2,336,490	70,941	3.04
Interest-bearing liabilities	¥168,829,462	¥1,157,482	0.69%	¥171,823,617	¥ 775,560	0.45%
Deposits	119,491,850	463,989	0.39	119,140,090	283,229	0.24
Negotiable certificates of deposit	11,543,554	136,178	1.18	12,072,519	86,810	0.72
Call money and bills sold	1,387,690	14,270	1.03	1,631,748	8,471	0.52
Payables under repurchase agreements	9,076,234	119,733	1.32	4,681,200	48,597	1.04
Payables under securities lending transactions ...	2,658,313	1,272	0.05	10,299,770	11,316	0.11
Commercial paper.....	2,535,084	45,356	1.79	2,143,314	18,393	0.86
Borrowed money.....	10,296,695	75,883	0.74	10,859,024	54,654	0.50
Short-term bonds.....	966,046	60	0.01	1,169,237	54	0.00
Bonds.....	9,584,336	226,536	2.36	8,618,579	186,095	2.16

- 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 (2019, ¥47,559,830 million; 2018, ¥44,957,810 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2019				2018			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥1,033,005	¥230,997	¥(23,084)	¥1,240,917	¥1,050,071	¥211,755	¥(17,763)	¥1,244,063
Deposits and loans	15,736	131,375	(6,541)	140,570	22,291	115,568	(4,783)	133,075
Remittances and transfers.....	116,871	22,740	(36)	139,574	119,472	20,469	(38)	139,903
Securities-related business.....	122,233	36,278	(6,980)	151,532	122,104	36,172	(2,029)	156,248
Agency	11,423	—	—	11,423	16,559	—	—	16,559
Safe deposits	4,544	2	—	4,547	5,223	2	—	5,225
Guarantees.....	79,110	11,461	(4,971)	85,599	81,074	12,235	(4,475)	88,834
Credit card business.....	316,877	0	—	316,878	290,782	1	—	290,783
Investment trusts	122,475	5,286	—	127,761	147,724	6,694	—	154,418
Fees and commissions payments.....	¥ 160,129	¥ 28,199	¥ (7,308)	¥ 181,019	¥ 140,231	¥ 39,791	¥ (2,604)	¥ 177,418
Remittances and transfers.....	31,501	10,630	(4)	42,127	30,206	9,616	(2)	39,820

- Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. Inter-segment transactions are reported in the "Elimination" column.

Trading Income

Year ended March 31	Millions of yen							
	2019				2018			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥163,227	¥37,423	¥(5,974)	¥194,676	¥220,127	¥37,511	¥(11,299)	¥246,338
Gains on trading securities	83,367	—	(718)	82,648	191,693	—	(4,638)	187,054
Gains on securities related to trading transactions.....	—	—	—	—	6,004	—	(281)	5,722
Gains on trading-related financial derivatives.....	79,515	37,423	(5,245)	111,693	22,347	37,511	(6,297)	53,561
Others	345	—	(10)	334	82	—	(82)	—
Trading losses.....	4,058	5,220	(5,974)	3,305	4,183	7,153	(11,299)	36
Losses on trading securities	—	718	(718)	—	—	4,638	(4,638)	—
Losses on securities related to trading transactions.....	2,956	348	—	3,305	—	281	(281)	—
Losses on trading-related financial derivatives.....	1,102	4,143	(5,245)	—	4,183	2,114	(6,297)	—
Others	—	10	(10)	—	—	119	(82)	36

- Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. 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	
	2019	2018
Domestic operations:		
Liquid deposits	¥ 74,819,074	¥ 70,073,538
Fixed-term deposits	17,885,194	18,171,661
Others	7,317,911	7,338,619
Subtotal	100,022,180	95,583,818
Negotiable certificates of deposit	4,962,651	5,408,020
Total	¥104,984,831	¥100,991,839
Overseas operations:		
Liquid deposits	¥ 14,237,044	¥ 13,298,126
Fixed-term deposits	7,875,029	7,469,541
Others	190,785	126,047
Subtotal	22,302,858	20,893,715
Negotiable certificates of deposit	6,202,835	5,812,264
Total	¥ 28,505,693	¥ 26,705,979
Grand total	¥133,490,525	¥127,697,819

- Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
4. Fixed-term deposits represents Time deposits

Balance of Loan Portfolio, Classified by Industry

Year-End Balance

March 31	Millions of yen			
	2019		2018	
Domestic operations:				
Manufacturing	¥ 6,715,306	13.05%	¥ 6,178,840	12.46%
Agriculture, forestry, fisheries and mining	272,306	0.53	133,866	0.27
Construction	730,187	1.42	755,081	1.52
Transportation, communications and public enterprises	5,341,650	10.38	4,963,271	10.01
Wholesale and retail	4,299,232	8.35	4,197,459	8.47
Finance and insurance	2,282,725	4.43	2,138,843	4.31
Real estate, goods rental and leasing	8,727,788	16.96	7,700,984	15.53
Services	4,247,592	8.25	4,180,396	8.43
Municipalities	754,500	1.47	914,763	1.85
Others	18,099,796	35.16	18,416,729	37.15
Subtotal	¥51,471,087	100.00%	¥49,580,236	100.00%
Overseas operations:				
Public sector	¥ 286,310	1.08%	¥ 296,236	1.27%
Financial institutions	1,821,717	6.87	1,591,536	6.81
Commerce and industry	21,381,483	80.66	19,036,593	81.47
Others	3,018,591	11.39	2,441,330	10.45
Subtotal	¥26,508,102	100.00%	¥23,365,696	100.00%
Total	¥77,979,190	—	¥72,945,934	—

- Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. Japan offshore banking accounts are included in overseas operations' accounts.

Reserve for Possible Loan Losses

March 31	Millions of yen	
	2019	2018
General reserve	¥318,233	¥378,469
Specific reserve	150,533	156,914
Loan loss reserve for specific overseas countries	41	704
Reserve for possible loan losses	¥468,808	¥536,088
Amount of direct reduction	¥139,981	¥190,945

Risk-Monitored Loans

March 31	Millions of yen	
	2019	2018
Bankrupt loans	¥ 12,806	¥ 27,709
Non-accrual loans	456,802	406,066
Past due loans (3 months or more)	13,444	12,822
Restructured loans	193,427	210,616
Total	¥676,481	¥657,215
Amount of direct reduction	¥118,980	¥140,488

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Loans on which accrued interest income is not recognized, and to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or borrowers receiving a disposition to suspend transactions with a clearing house.
2. Non-accrual loans: Loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
3. Past due loans (3 months or more): Loans on which the principal or interest is past due for 3 months or more, excluding loans in categories 1. and 2.
4. Restructured loans: Loans to borrowers on which terms and conditions have been amended in favor of the borrowers in order to support the borrowers' recovery from financial difficulties and facilitate collection of loans, excluding loans in categories 1. through 3.

NPLs Based on the Financial Reconstruction Act

March 31	Millions of yen	
	2019	2018
Bankrupt and quasi-bankrupt assets	¥ 89,659	¥ 97,941
Doubtful assets	398,295	350,884
Substandard loans	207,199	223,480
Total of NPLs	695,153	672,306
Normal assets	90,694,649	85,211,809
Total	¥91,389,803	¥85,884,115
Amount of direct reduction	¥ 139,981	¥ 190,945

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	
	2019	2018
Domestic operations:		
Japanese government bonds	¥ 6,514,573	¥ 9,575,499
Japanese local government bonds	99,164	47,032
Japanese corporate bonds	2,582,014	2,508,618
Japanese stocks	3,618,083	4,111,234
Others	5,711,745	4,692,531
Subtotal	¥18,525,580	¥20,934,916
Overseas operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	68,226	75,495
Japanese stocks	—	—
Others	5,365,181	4,645,121
Subtotal	¥ 5,433,407	¥ 4,720,616
Unallocated corporate assets:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	376,373	57,175
Others	2,643	—
Subtotal	¥ 379,016	¥ 57,175
Total	¥24,338,005	¥25,712,709

- Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

March 31	Millions of yen							
	2019				2018			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets	¥4,334,415	¥1,014,471	¥(20,108)	¥5,328,778	¥4,674,817	¥938,646	¥(27,872)	¥5,585,591
Trading securities	2,346,123	365,398	—	2,711,521	2,896,497	228,922	—	3,125,419
Derivatives of trading securities	74,204	—	—	74,204	74,802	—	—	74,802
Securities related to trading transactions	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	28,120	0	—	28,121	13,834	59	—	13,894
Trading-related financial derivatives	1,841,968	649,072	(20,108)	2,470,932	1,648,189	709,664	(27,872)	2,329,981
Other trading assets	43,997	—	—	43,997	41,493	—	—	41,493
Trading liabilities	¥3,685,269	¥ 554,132	¥(20,108)	¥4,219,293	¥3,619,541	¥810,441	¥(27,872)	¥4,402,110
Trading securities sold for short sales	1,872,773	119,540	—	1,992,314	2,042,937	97,043	—	2,139,980
Derivatives of trading securities	92,370	—	—	92,370	94,962	—	—	94,962
Securities related to trading transactions sold for short sales	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	29,030	2	—	29,032	14,035	147	—	14,182
Trading-related financial derivatives	1,691,095	434,588	(20,108)	2,105,576	1,467,606	713,250	(27,872)	2,152,983
Other trading liabilities	—	—	—	—	—	—	—	—

- Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. 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
July 26, 2017*	387,765	1,414,443,390	847	2,338,743	847	1,560,221
August 3, 2018**	326,330	1,414,769,720	699	2,339,443	699	1,560,921
August 20, 2018***	(15,368,300)	1,399,401,420	—	2,339,443	—	1,560,921

Remarks:

* Allotment to third parties (in-kind contributions of monetary compensation claims):

Common stock: 387,765 shares

Issue price: ¥4,372

Capitalization: ¥2,186

** Allotment to third parties (in-kind contributions of monetary compensation claims):

Common stock: 326,330 shares

Issue price: ¥4,287

Capitalization: ¥2,144

*** The decrease of 15,368,300 shares is due to cancellation of treasury stock.

Number of Shares Issued

March 31, 2019	Number of shares issued
Common stock	1,399,401,420
Total	1,399,401,420

Stock Exchange Listings

Tokyo Stock Exchange (First Section)
Nagoya Stock Exchange (First Section)
New York Stock Exchange*

* The Company listed its ADRs on the New York Stock Exchange.

Number of Common Shares, Classified by Type of Shareholders

March 31, 2019	Number of shareholders	Number of units	Percentage of total
Japanese government and local government.....	7	4,774	0.03%
Financial institutions.....	340	4,134,151	29.58
Securities companies.....	57	995,174	7.12
Other institutions.....	6,697	1,232,156	8.82
Foreign institutions.....	1,178	5,964,312	42.68
Foreign individuals.....	374	5,990	0.04
Individuals and others.....	264,799	1,638,658	11.73
Total.....	273,452	13,975,215	100.00%
Fractional shares (shares).....	—	1,879,920	—

Notes: 1. Of 3,800,918 shares in treasury stock, 38,009 units are included in "Individuals and others" and the remaining 18 shares are included in "Fractional shares."
2. "Other institutions" and "Fractional shares" includes 29 units and 48 shares, held at Japan Securities Depository Center, Incorporated.

Principal Shareholders

March 31, 2019	Number of shares	Percentage of shares outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account).....	82,697,100	5.92%
Japan Trustee Services Bank, Ltd. (Trust Account).....	82,028,200	5.87
NATSCUMCO*.....	40,320,314	2.88
Japan Trustee Services Bank, Ltd. (Trust Account 9).....	38,808,100	2.78
Japan Trustee Services Bank, Ltd. (Trust Account 5).....	27,285,700	1.95
SSBTC CLIENT OMNIBUS ACCOUNT**.....	27,109,403	1.94
JP MORGAN CHASE BANK 385151***.....	24,345,470	1.74
JPMorgan Securities Japan Co., Ltd.	22,885,621	1.63
Japan Trustee Services Bank, Ltd. (Trust Account 7).....	22,298,600	1.59
STATE STREET BANK WEST CLIENT - TREATY 505234***.....	20,483,327	1.46
Total.....	388,261,835	27.82%

* Standing agent: Sumitomo Mitsui Banking Corporation

** Standing agent: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Department

*** Standing agent: Mizuho Bank, Ltd. Settlement Service Department

Notes: 1. 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 the Company as of March 15, 2017. But, these ten are not included in the above Principal Shareholders because the Company was unable to confirm the number of shares owned by them at the end of the fiscal year ended March 31, 2019.

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 shares held:90,686,690 shares (including joint ownership)

Shareholding ratio: 6.41%

2. Mizuho Securities Co., Ltd. has submitted a Report of Possession of Large Volume regarding its shareholding as of September 25, 2018. It stated that Mizuho Securities Co., Ltd. and two other shareholders held the following common shares in the Company as of September 14, 2018. But, these three are not included in the above Principal Shareholders because the Company was unable to confirm the number of shares owned by them at the end of the fiscal year ended March 31, 2019.

The Report of Possession of Large Volume is detailed as follows:

Principal Shareholder: Mizuho Securities Co., Ltd. (and two other joint holders)

Number of shares held:70,765,251 shares (including joint ownership)

Shareholding ratio: 5.06%

3. Sumitomo Mitsui Trust Bank, Limited has submitted a Change Report of Possession of Large Volume regarding its shareholding as of December 20, 2018. It stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and another shareholder held the following common shares in the Company as of December 14, 2018. But, these two are not included in the above Principal Shareholders because the Company was unable to confirm the number of shares owned by them at the end of the fiscal year ended March 31, 2019.

The Change Report of Possession of Large Volume is detailed as follows:

Principal Shareholder: Sumitomo Mitsui Trust Asset Management Co., Ltd. (and another joint holder)

Number of shares held:71,835,000 shares (including joint ownership)

Shareholding ratio: 5.13%

4. Mitsubishi UFJ Financial Group, Inc. has submitted a Change Report of Possession of Large Volume regarding its shareholding as of February 4, 2019. It stated that Mitsubishi UFJ Trust and Banking Corporation and two other shareholders held the following common shares in the Company as of January 28, 2019. But, these three are not included in the above Principal Shareholders because the Company was unable to confirm the number of shares owned by them at the end of the fiscal year ended March 31, 2019.

The Change Report of Possession of Large Volume is detailed as follows:

Principal Shareholder: Mitsubishi UFJ Trust and Banking Corporation(and two other joint holders)

Number of shares held:55,938,703 shares (including joint ownership)

Shareholding ratio: 4.00%

Stock Options

March 31	2019
Number of shares granted.....	66,900 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	2019
Number of shares granted.....	187,200 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	2019
Number of shares granted.....	226,400 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	2019
Number of shares granted.....	76,000 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	2019
Number of shares granted.....	91,400 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	2019
Number of shares granted.....	105,600 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	2019
Number of shares granted.....	145,900 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	

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), we have 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: 173
Please refer to “Principal Subsidiaries and Affiliates” on page 140 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 us 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 of Sumitomo Mitsui Financial Group, an external audit was performed by KPMG AZSA LLC pursuant to the Technical Practical Guidelines 4465 “Practical Guidelines on Agreed-Upon Procedures for the Capital Ratio Calculation Framework.”

The aforementioned external audit was not meant to provide a statement of opinions or conclusions on the capital ratio itself or our internal control framework for calculating the capital ratio, but to present us a report on the results of the procedure performed within the scope agreed upon between the external auditor and us. It constitutes neither part of the audit of consolidated financial statements nor part of the audit of our internal control over financial reporting.

■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2019	As of March 31, 2018	Reference to Template CC2
Common Equity Tier 1 capital: instruments and reserves (1)				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	8,921,854	8,510,089	
1a	of which: capital and capital surplus	3,078,490	3,096,958	
2	of which: retained earnings	5,992,247	5,552,573	
1c	of which: treasury stock (-)	16,302	12,493	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	132,582	126,950	
	of which: other than the above	-	-	
1b	Stock acquisition rights to common shares	2,539	2,823	
3	Accumulated other comprehensive income and other disclosed reserves	1,713,884	1,753,424	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	2,181	332	
6	Common Equity Tier 1 capital: instruments and reserves (A)	10,640,460	10,266,670	
Common Equity Tier 1 capital: regulatory adjustments (2)				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	657,131	711,731	
8	of which: goodwill (including those equivalent)	247,659	292,318	
9	of which: other intangibles other than goodwill and mortgage servicing rights	409,472	419,413	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,208	1,432	
11	Net deferred gains or losses on hedges	(52,610)	(67,433)	
12	Shortfall of eligible provisions to expected losses	81,582	66,256	
13	Securitisation gain on sale	60,286	60,215	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	3,940	2,646	
15	Net defined benefit asset	228,913	266,468	
16	Investments in own shares (excluding those reported in the Net assets section)	4,491	7,981	
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, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (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 financials	-	-	
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 financials	-	-	
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)	985,942	1,049,297	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	9,654,517	9,217,372	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31, 2019	As of March 31, 2018	Reference to Template CC2	
Additional Tier 1 capital: instruments (3)					
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	598,974	599,794	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)	62,752	224,359		
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	436,500	650,343		
33	of which: instruments issued by bank holding companies and their special purpose vehicles	436,500	650,343		
35	of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	—	—		
36	Additional Tier 1 capital: instruments (D)	1,098,227	1,474,497		
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	—	—		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—		
40	Significant investments in the Additional Tier 1 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	25,516	81,640		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—	—		
43	Additional Tier 1 capital: regulatory adjustments (E)	25,516	81,640		
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,072,710	1,392,857		
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	10,727,228	10,610,229		
Tier 2 capital: instruments and provisions (4)					
46		Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the 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	997,723	993,367	
		Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group T2)	15,087	49,810		
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	488,092	625,381		
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)	488,092	625,381		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	62,357	75,328		
50a	of which: general reserve for possible loan losses	62,357	75,328		
50b	of which: eligible provisions	—	—		
51	Tier 2 capital: instruments and provisions (H)	1,563,260	1,743,888		

(Millions of yen, except percentages)

Basel III Template No.	Items		a	b	c
			As of March 31, 2019	As of March 31, 2018	Reference to Template CC2
Tier 2 capital: regulatory adjustments (5)					
52	Investments in own Tier 2 instruments		0	0	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities		—	—	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		—	—	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions		—		
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		50,000	50,000	
57	Tier 2 capital: regulatory adjustments	(I)	50,000	50,000	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I))	(J)	1,513,260	1,693,888	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J))	(K)	12,240,489	12,304,117	
Risk weighted assets (6)					
60	Total risk-weighted assets (RWA)	(L)	58,942,791	63,540,277	
Capital ratios (consolidated) and buffers (7)					
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))		16.37%	14.50%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))		18.19%	16.69%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))		20.76%	19.36%	
64	CET1 specific buffer requirement		3.60%	2.65%	
65	of which: capital conservation buffer requirement		2.50%	1.87%	
66	of which: countercyclical buffer requirement		0.10%	0.03%	
67	of which: G-SIB/D-SIB additional requirement		1.00%	0.75%	
68	CET1 available after meeting the minimum capital requirements		11.87%	10.00%	
Regulatory adjustments (8)					
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)		816,189	699,361	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)		921,378	617,191	
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)		2,605	3,997	
Provisions included in Tier 2 capital: instruments and provisions (9)					
76	Provisions (general reserve for possible loan losses)		72,970	75,328	
77	Cap on inclusion of provisions (general reserve for possible loan losses)		62,357	85,252	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")		—	—	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		265,937	288,292	
Capital instruments subject to transitional arrangements (10)					
82	Current cap on AT1 instruments subject to transitional arrangements		487,757	650,343	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")		—	79,809	
84	Current cap on T2 instruments subject to transitional arrangements		610,284	813,713	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")		—	—	

(Millions of yen)

Items	As of March 31, 2019	As of March 31, 2018
Required capital ((L) × 8%)	4,715,423	5,083,222

■ Overview of RWA (OV1)

(Millions of yen)

OV1: Overview of RWA		a	b	c	d
Basel III Template No.		RWA		Minimum capital requirements	
		As of March 31, 2019	As of March 31, 2018	As of March 31, 2019	As of March 31, 2018
1	Credit risk (CR) (excluding counterparty credit risk)	39,966,325	44,008,267	3,360,021	3,691,956
2	Of which: Standardised Approach (SA)	2,843,844	4,773,898	227,507	381,911
3	Of which: internal ratings-based (IRB) approach	33,898,986	35,686,496	2,874,634	3,026,214
	Of which: significant investments in commercial entities	–	–	–	–
	Of which: lease residual value	52,206	467,926	4,176	37,434
	Other assets	3,171,288	3,079,946	253,703	246,395
4	Counterparty credit risk (CCR)	4,111,505	3,918,579	333,623	318,144
5	Of which: standardised approach for counterparty credit risk (SA-CCR)	–	–	–	–
	Of which: current exposure method (CEM)	1,094,827	1,051,112	91,618	88,124
6	Of which: Expected Positive Exposure (EPE)	–	–	–	–
	Of which: Credit Valuation Adjustment (CVA)	2,376,345	2,252,318	190,107	180,185
	Of which: Central Counterparty (CCP)	177,913	172,536	14,233	13,802
	Others	462,418	442,610	37,664	36,031
7	Equity positions in banking book under market-based approach	699,163	1,134,141	59,289	96,175
8	Equity investments in funds – look-through approach	2,107,834	–	168,626	–
9	Equity investments in funds – mandate-based approach	–	–	–	–
	Equity investments in funds – simple approach (subject to 250% risk weight)	20,577	–	1,669	–
	Equity investments in funds – simple approach (subject to 400% risk weight)	317,353	–	26,834	–
10	Equity investments in funds – fall-back approach	41,684	–	3,334	–
	Equity investment in funds (SA)	–	140,870	–	11,269
	Equity investment in funds (IRB)	–	3,125,588	–	265,049
11	Settlement risk	–	–	–	–
12	Securitisation exposures in banking book	1,136,269	817,315	90,901	69,249
13	Of which: securitisation IRB approach (SEC-IRBA) or internal assessment approach (IAA)	970,149	–	77,611	–
14	Of which: securitisation external ratings-based approach (SEC-ERBA)	158,514	–	12,681	–
15	Of which: securitisation standardised approach (SEC-SA)	–	–	–	–
	Of which: IRB ratings-based approach (RBA)	–	47,692	–	4,044
	Of which: IRB Supervisory Formula Approach (SFA)	–	184,229	–	15,622
	Of which: Standardised Approach (SA)	–	12,334	–	986
	Of which: Risk weight (RW) 1250% is applied	7,605	573,058	608	48,595
16	Market risk	2,323,156	2,697,316	185,852	215,785
17	Of which: standardised approach (SA)	752,059	1,135,003	60,164	90,800
18	Of which: internal model approaches (IMA)	1,571,096	1,562,313	125,687	124,985
19	Operational risk	3,617,535	3,549,141	289,402	283,931
20	Of which: Basic Indicator Approach	776,185	700,718	62,094	56,057
21	Of which: Standardised Approach	–	–	–	–
22	Of which: Advanced Measurement Approach	2,841,349	2,848,423	227,307	227,873
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	2,309,872	1,552,824	195,867	131,661
	RWA subject to transitional arrangements	–	–	–	–
24	Floor adjustment	–	–	–	–
25	Total (after applying scaling factors)	58,942,791	63,540,277	4,715,423	5,083,222

■ Credit Quality of Assets

1. Overview of Criteria for Accounting Provisions and Write-Offs

(1) Policies and Methods of Provisions and Write-Offs

For “Policies and Methods of Provisions and Write-Offs,” please refer to pages 112 to 116 (Risk Management - 3. Credit Risk Management Methods - (1) Credit Risk Assessment and Quantification, (4) Self-Assessment, Write-Offs and Provisions, Non-Performing Loans Disclosure).

(2) Extent of the Number of Delinquency Days of “Past Due Loans of Three Months or More” that are Allowed Not to Classify Their Loan Category as “Doubtful Assets” or Below (or Not to Judge as Loans to Parties Classified as Potentially Bankrupt Borrowers or Below) and Reasons Thereof

At SMBC, as a core bank of SMBC Group, the delinquency period of past due loans of three months or more that are allowed not to classify loans as doubtful assets or below (or not to judge as loans to parties classified as potentially bankrupt borrowers or below) is generally less than six months, and they are loans to parties that are expected to improve business conditions. If there are any past due loans of six months or more, they shall be in principle classified as loans to potentially bankrupt borrowers or below.

(3) Definition of Loans Whose Loan Terms and Conditions were Restructured

At SMBC, as a core bank of SMBC Group, loans whose loan terms and conditions were restructured are defined as loans with interest rate reduction, deferred payment of interest, deferred repayment of principal amount, abandonment of loans, or other arrangements that are advantageous for the obligors, for the purpose of business rehabilitation or support for the obligors. Obligors with loans whose loan terms and conditions were restructured may not be classified as doubtful assets or below depending on the outlook for business conditions, financial statements and loan terms and conditions. If the borrower category deteriorates due to restructuring of loan terms and conditions, provisions will increase.

(4) Key Differences in Parameters of Credit Risks Used to Calculate Provisions and Capital Ratio, Respectively

SMBC, as a core bank of SMBC Group, uses Probability of Default and loan-loss ratio as parameters for calculation of provisions.

Probability of Default is calculated based on the actual performance in the past of the deterioration rate for one year from each borrower category to potentially bankrupt borrowers or below (regarding the deterioration rate to potentially bankrupt borrowers, the deterioration transition rates equivalent to three accumulated years from potentially bankrupt borrowers to effectively bankrupt borrowers or below are included). For the PD used to calculate the capital ratio, deterioration to substandard borrowers or below is defined as default, and assuming a long-term average value of the default rate, conservative estimation for some portfolios is conducted, which is the major difference from the Probability of Default used to calculate provisions.

Loan-loss ratio is calculated using the loan-loss amount including direct write-offs and indirect write-offs incurred during the year for each borrower category to the amount of initial existing exposure by borrower category.

For details of parameters used to calculate the capital ratio, please refer to pages 254 to 255 “3. Overview of Internal Rating System (2) Parameter Estimation and Its Validation System.”

2. Credit Quality of Assets (CR1)

(Millions of yen)

CR1: Credit quality of assets		As of March 31, 2019				As of March 31, 2018			
		Gross carrying values of:		Allowances	Net values (a+b-c)	Gross carrying values of:		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures			Defaulted exposures	Non-defaulted exposures		
On-balance sheet assets									
1	Loans	679,145	76,937,799	436,374	77,180,570	712,660	72,812,660	482,264	73,043,056
2	Securities (of which: debt securities)	4,343	17,806,238	—	17,810,581	5,522	18,988,606	—	18,994,128
3	Other on-balance sheet assets (of which: debt-based assets)	5,765	63,680,487	21,406	63,664,846	5,799	59,162,065	62,432	59,105,432
4	Subtotal (1+2+3)	689,254	158,424,525	457,781	158,655,999	723,981	150,963,333	544,697	151,142,617
Off-balance sheet assets									
5	Acceptances and guarantees, etc.	12,667	9,847,197	73,339	9,786,525	7,939	8,701,550	87,594	8,621,895
6	Commitments, etc.	7,026	20,746,667	60,659	20,693,034	13,508	18,854,794	67,096	18,801,206
7	Subtotal (5+6)	19,693	30,593,864	133,998	30,479,559	21,447	27,556,345	154,691	27,423,101
Total									
8	Total (4+7)	708,948	189,018,390	591,779	189,135,558	745,428	178,519,678	699,388	178,565,718

3. Changes in stock of defaulted loans and securities (of which: debt securities) (CR2)

(Millions of yen)

CR2: Changes in stock of defaulted loans and securities (of which: debt securities)		
Item No.		Amount
1	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2018	723,981
2		Amounts defaulted
3	Changes in loans and securities (of which: debt securities) by factors during the current interim period	Amounts returned to non-defaulted status
4		Amounts written off
5		Other changes
6	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2019 (1+2-3-4+5)	689,254

Note: The major factor for other changes is due to decreases in stock by collection and sale of receivables that were placed in defaulted status at the end of the previous fiscal year.

4. Term-End Balance of Exposures by Category and Their Breakdown by Major Type of Assets

(1) Exposure Balance by Type of Assets, Geographic Region and Industry

(Millions of yen)

Category	As of March 31, 2019				As of March 31, 2018			
	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total
Domestic operations (excluding offshore banking accounts)	113,695,547	13,028,014	7,819,862	134,543,424	105,435,792	14,838,466	10,784,910	131,059,169
Manufacturing	9,095,207	295,529	1,959,265	11,350,002	8,622,976	311,691	2,817,598	11,752,266
Agriculture, forestry, fishery and mining	516,118	13,035	10,848	540,001	383,489	4,251	33,127	420,868
Construction	1,162,654	43,884	156,515	1,363,053	1,154,497	49,254	321,144	1,524,896
Transport, information, communications and utilities	6,310,609	174,252	615,181	7,100,043	5,936,126	181,049	992,859	7,110,035
Wholesale and retail	5,764,959	249,713	317,123	6,331,796	5,789,870	259,965	832,307	6,882,143
Financial and insurance	54,249,795	1,012,399	188,531	55,450,726	47,550,467	933,232	378,959	48,862,659
Real estate, goods rental and leasing	9,365,923	1,251,563	136,385	10,753,873	8,066,088	1,208,487	343,144	9,617,719
Services	4,517,647	397,536	124,502	5,039,686	4,506,592	404,287	1,074,615	5,985,494
Local municipal corporations	2,435,177	21,102	1,065	2,457,346	2,678,992	65,751	20,961	2,765,705
Other industries	20,277,453	9,568,998	4,310,441	34,156,894	20,746,690	11,420,496	3,970,193	36,137,379
Overseas operations and offshore banking accounts	48,427,182	4,784,721	1,564,532	54,776,436	46,481,209	4,155,824	2,879,224	53,516,258
Sovereigns	9,093,815	3,338,992	6,442	12,439,250	11,236,616	1,830,040	—	13,066,656
Financial institutions	5,449,564	1,095,238	380,646	6,925,449	5,331,988	728,389	428,845	6,489,222
C&I companies	27,931,363	276,791	—	28,208,154	24,798,102	180,533	—	24,978,636
Others	5,952,438	73,700	1,177,443	7,203,581	5,114,503	1,416,859	2,450,379	8,981,742
Total	162,122,729	17,812,736	9,384,395	189,319,860	151,917,001	18,994,290	13,664,135	184,575,428

Notes: 1. The above amounts are exposures after Credit Risk Mitigation (CRM).

2. The above amounts do not include "securitisation exposures" and "credit RWA under Article 145 of the Notification."

3. "Domestic operations" comprises the operations of us, 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

(Millions of yen)

Category	As of March 31, 2019				As of March 31, 2018			
	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total
To 1 year	32,620,590	3,313,354	23,855	35,957,800	41,938,248	6,650,406	475,934	49,064,590
More than 1 year to 3 years	18,175,523	5,908,243	–	24,083,766	17,161,498	5,587,944	443,433	23,192,875
More than 3 years to 5 years	17,740,873	1,514,641	–	19,255,515	13,094,941	1,086,147	434,360	14,615,449
More than 5 years to 7 years	6,460,343	1,687,774	–	8,148,118	5,084,112	451,333	205,309	5,740,755
More than 7 years	22,894,533	5,388,722	–	28,283,255	21,489,662	5,218,459	308,768	27,016,890
No fixed maturity	64,230,864	–	9,360,540	73,591,404	53,148,538	–	11,796,328	64,944,867
Total	162,122,729	17,812,736	9,384,395	189,319,860	151,917,001	18,994,290	13,664,135	184,575,428

Notes: 1. The above amounts are exposures after CRM.

2. The above amounts do not include "securitisation exposures" and "credit RWA under Article 145 of the Notification."

3. "No fixed maturity" includes exposures not classified by residual term.

5. Amounts of Reserves and Write-offs Corresponding to the Term-End Balance of Obligors' Exposures Related to Loans Prescribed in the Provisions of Article 4, Paragraph 2 (Bankrupt and Quasi-Bankrupt Assets), Paragraph 3 (Doubtful Assets) or Paragraph 4 (Substandard Loans) of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions, as well as Breakdown by Each of the Following Categories

(1) By Geographic Region

(Billions of yen)

	Fiscal 2018			Fiscal 2017		
	Term-end balance	Term-end Reserves	Write-offs for the year	Term-end balance	Term-end Reserves	Write-offs for the year
Domestic operations (excluding offshore banking accounts)	800.4	235.2	90.1	859.8	285.9	41.0
Overseas operations and offshore banking accounts	176.7	86.1	12.2	191.1	85.4	14.5
Asia	24.3	16.0	9.8	15.8	11.3	4.3
North America	53.1	20.3	3.0	38.1	6.8	2.1
Other regions	99.3	49.8	(0.6)	137.2	67.3	8.1
Total	977.1	321.3	102.3	1,050.9	371.3	55.5

(2) By Industry

(Billions of yen)

	Fiscal 2018			Fiscal 2017		
	Term-end balance	Term-end Reserves	Write-offs for the year	Term-end balance	Term-end Reserves	Write-offs for the year
Domestic operations (excluding offshore banking accounts)	800.4	235.2	90.1	859.8	285.9	41.0
Manufacturing	109.5	25.7	(0.3)	88.0	37.5	(0.3)
Agriculture, forestry, fishery and mining	6.3	6.2	(1.5)	9.5	7.7	1.5
Construction	17.5	5.2	0.3	16.8	6.2	(0.1)
Transport, information, communications and utilities	40.8	18.0	0.5	57.7	27.5	(8.3)
Wholesale and retail	93.4	39.6	1.9	110.7	49.7	3.0
Financial and insurance	8.4	2.9	(0.1)	3.6	3.0	(0.3)
Real estate, goods rental and leasing	52.1	5.6	5.8	68.7	12.1	(0.5)
Services	78.7	28.3	1.1	92.1	39.7	2.1
Other industries	393.7	103.7	82.4	412.7	102.5	43.9
Overseas operations and offshore banking accounts	176.7	86.1	12.2	191.1	85.4	14.5
Financial institutions	2.2	0.3	0.0	2.5	0.4	0.0
C&I companies	92.2	54.4	0.5	91.5	52.6	8.9
Others	82.3	31.4	11.7	97.1	32.4	5.6
Total	977.1	321.3	102.3	1,050.9	371.3	55.5

Notes: 1. Term-end Reserves include partial direct write-offs (direct reduction).

2. "Domestic operations" comprises the operations of SMBC Group (excluding overseas branches) and domestic consolidated subsidiaries. "Overseas operations" comprises the operations of SMBC Group's overseas branches and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.

6. Term-End Balance of Exposures by Past Due Periods

(Billions of yen)

Fiscal 2018				
Less than 1 month	1 month or more to less than 2 months	2 months or more to less than 3 months	3 months or more	Total
180.3	62.7	26.4	59.1	328.5

- Notes: 1. Bankrupt and Quasi-Bankrupt Assets prescribed in Article 4, Paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions and doubtful assets prescribed in Paragraph 3 of the said Article are excluded.
 2. Items that are not accompanied by deterioration of business conditions/cash flows are excluded.

(Billions of yen)

Fiscal 2017				
Less than 1 month	1 month or more to less than 2 months	2 months or more to less than 3 months	3 months or more	Total
169.0	55.8	19.9	53.6	298.3

- Notes: 1. Bankrupt and Quasi-Bankrupt Assets prescribed in Article 4, Paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions and doubtful assets prescribed in Paragraph 3 of the said Article are excluded.
 2. Items that are not accompanied by deterioration of business conditions/cash flows are excluded.
 3. Divergence from the 2018 Annual Report is due to the inclusion of doubtful assets or below by certain group companies.

7. Term-End Balance of Exposures of Obligors Whose Loan Conditions were Restructured for Business Rehabilitation or Support; of Which Amounts of Increased Reserves for Such Exposures and Other Amounts due to the Restructuring of the Loan Conditions

(Billions of yen)

Fiscal 2018			Fiscal 2017		
Term-end balance	Of which: amounts of increased Reserves for such exposures due to the restructuring of the loan conditions	Of which: other amounts	Term-end balance	Of which: amounts of increased Reserves for such exposures due to the restructuring of the loan conditions	Of which: other amounts
223.2	223.2	0.0	247.9	247.9	0.0

- Note: Bankrupt and Quasi-Bankrupt Assets prescribed in Article 4, Paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions, doubtful assets prescribed in Paragraph 3 of the said Article, and loans past due three months or more prescribed in Paragraph 4 of the said Article are excluded.

■ Internal Ratings-Based (IRB) Approach

1. Background on Determining the Scope of Application of Internal Ratings-Based (IRB) Approach

When the criteria of materiality defined by us according to business characteristics and business conditions, etc. are met, in principle, the IRB approach is adopted by the unit of our asset class or by the unit of the affiliated group companies. In addition, for the asset class or group companies that meet the quantitative criteria specified by the authorities, the IRB approach is in principle adopted regardless of whether the criteria of materiality are met.

For adopting the IRB approach, the Advanced Internal Ratings-Based (AIRB) approach is in principle adopted. However, for group companies which were judged unnecessary or inappropriate to adopt the AIRB approach in light of the scale, business contents, etc., the Foundation Internal Ratings-Based (FIRB) approach is adopted.

2. Scope

We 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, SMBC Trust Bank Ltd.

(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, SMBC Bank EU AG and PT Bank BTPN Tbk.

SMBC Finance Service Co., Ltd. has 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 standardised approach.

3. Overview of Internal Rating System

(1) Rating Procedures

(A) Corporate Exposures

- “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 pages 112 to 113). 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 following page 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	Borrowers Requiring Caution
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	Substandard Borrowers
J7R	G7R	Borrowers Requiring Caution identified as 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	Virtually Bankrupt Borrowers
J10	G10	Legally or formally bankrupt	Bankrupt Borrowers

- “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, 2019.
- 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 five categories (hereinafter the “slotting criteria”) of the Notification because it does not satisfy the requirements for PD application specified in the Notification.

(B) Retail Exposures

- “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 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 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.

- “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.

- “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 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 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 “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.

(C) Equity Exposures

When acquiring equities subject to the PD/LGD approach, issuers are assigned obligor grades using the same rules as those of general credits to C&I companies, sovereigns and financial institutions. The obligors are monitored (for details, please refer to page 114) 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.

(2) Parameter Estimation and Its Validation System

A. PD

This is defined as the probability that obligors could default over one year. PD is estimated as the expected value in the long term regardless of the business cycle using the default rate for each fiscal year based on the historical data for five consecutive fiscal years or more. In principle, the default rate for each fiscal year is measured by the initial number of target obligors as the numerator and the number of defaults occurred during the fiscal year as the denominator.

For assets, ratings, and portfolios applicable to LDP (LDP: Low Default Portfolio), conservative PD is estimated by creating virtual rating transition data based on Monte Carlo simulation and by using the floor value proposed under Basel regulation.

The actual default rates in the past three periods are lower than PD estimate values applied for the respective periods, because the long-term average value including the recession period is estimated, and also because the possibility of estimation errors is taken into account.

Validation consists of two systems: “backtesting” to retrospectively compare and validate the parameter estimated value and the actual value for the respective applicable period, and “pretesting” to validate before applying the parameter for the purpose of complementing the “backtesting.” The overview for each is as follows.

(a) Backtesting

This is to compare the parameter estimated value with the actual value at least once a year, and to validate that the degree of divergence is within the statistically assumed range.

In case of hitting the predetermined excess criteria as a result of validation, reviews shall be taken including revising the estimation method or rating system.

(b) Pretesting

This is to compare and validate the estimated value to be applied and the historical value. In the case of hitting the predetermined excess criteria, the estimated value shall be conservatively corrected.

The purpose is to prevent underestimation by making adjustments, if necessary.

B. LGD

This is defined as the ratio of loss amounts after default to the amount of receivable at the time of default. LGD is estimated as a long-term average value calculated based on historical data over seven consecutive fiscal years (for retail, five fiscal years) or more. However, in the case where a high positive correlation with the default rate is observed, LGD shall be in principle the value taking into account the possibility that the loss rate of the recession period will exceed the long-term average value, and it is estimated mainly by one of the following methods.

- By taking into account the influence of the recession period on the interest rate to customers constituting the discount rate for calculating the economic loss to be used for estimation
- By taking into account the influence of the recession period by modeling the relationship between the loss ratio and economic and financial indicators, etc.

For the purpose of estimating LGD using economic loss based on Basel requirement, discount rate is estimated with using recovery cost. The averaged period from the time of default and the termination of recovery is used as discount period.

As for validation, backtesting and pretesting are conducted as in the A. PD.

C. EAD

This is defined as the amount of exposure at the time of default. EAD is estimated as a long-term average value calculated based on the historical data over seven consecutive fiscal years (for retail, five fiscal years) or more. For estimation, the possibility that the default balance may exceed the latest balance is assumed and taken into account, and is estimated by one of the following methods.

- By estimating the conversion factor that is the ratio of actually drawn amount to the amount associated with undrawn commitments one year before the time of default
- By estimating the conversion factor that is the ratio of the average outstandings of the default borrowers to the average outstandings of the non-default borrowers of the whole limit-type credit subject to the estimation
- By estimating an increased amount by comparing the initial outstandings with ones at the time of default and taking the average for each segment

As for validation, backtesting and pretesting are conducted as in the A. PD.

4. Percentage of EAD by Asset Class by Type of Approach for Calculating Credit RWA to Total EAD

	As of March 31, 2019	As of March 31, 2018
IRB approach	94.82 %	94.17 %
Corporate exposures (Advanced Internal Ratings-Based (AIRB) approach)	81.24 %	78.73 %
Corporate exposures (Foundation Internal Ratings-Based (FIRB) approach)	0.27 %	1.27 %
Retail exposures	8.15 %	8.78 %
Equity exposures	2.19 %	2.43 %
Purchased receivables (AIRB approach)	1.00 %	1.00 %
Purchased receivables (FIRB approach)	0.00 %	0.04 %
Other assets, etc.	1.94 %	1.89 %
SA	5.17 %	5.82 %
Total	100.00 %	100.00 %

5. CR Exposures by Portfolio and PD (CR6)

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2019											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF (Credit Conversion Factor) and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Sovereign exposures (AIRB approach)													
1	0.00 to <0.15	69,453,467	78,330	89.51	72,190,343	0.00	0.4	34.38	4.0	164,668	0.22	184	
2	0.15 to <0.25	431,406	38,263	46.67	457,064	0.16	0.1	32.49	2.2	126,865	27.75	252	
3	0.25 to <0.50	20,692	3,601	47.36	14,852	0.30	0.0	33.57	2.2	5,626	37.88	14	
4	0.50 to <0.75	0	—	—	0	0.53	0.0	35.00	1.0	0	42.85	0	
5	0.75 to <2.50	157,002	52,286	68.32	120,951	1.45	0.0	33.68	2.7	93,573	77.36	590	
6	2.50 to <10.00	56,447	18,344	46.62	21,362	3.98	0.0	34.66	1.9	25,003	117.04	294	
7	10.00 to <100.00	4,668	1,048	82.16	1,126	12.08	0.0	21.74	2.0	1,088	96.65	30	
8	100.00 (Default)	14	—	—	14	100.00	0.0	34.07	2.2	7	53.13	5	
9	Subtotal	70,123,699	191,874	70.26	72,805,716	0.00	0.6	34.37	4.0	416,833	0.57	1,372	1,624
Sovereign exposures (FIRB approach)													
1	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Bank exposures (AIRB approach)													
1	0.00 to <0.15	3,216,252	624,391	71.62	3,837,811	0.03	0.7	33.72	2.2	600,581	15.64	493	
2	0.15 to <0.25	733,785	319,461	85.48	965,080	0.16	0.2	29.35	1.1	212,981	22.06	476	
3	0.25 to <0.50	85,671	27,324	83.33	100,131	0.28	0.0	30.12	1.2	31,985	31.94	86	
4	0.50 to <0.75	3,290	—	—	3,290	0.53	0.0	34.45	1.3	1,917	58.28	6	
5	0.75 to <2.50	552,906	80,578	64.89	533,872	1.08	0.1	34.64	0.6	318,811	59.71	1,991	
6	2.50 to <10.00	84,714	64,543	44.96	100,751	2.92	0.6	34.41	1.0	99,100	98.36	1,006	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
8	100.00 (Default)	2,706	—	—	2,706	100.00	0.0	97.40	1.2	1,356	50.13	2,636	
9	Subtotal	4,679,326	1,116,298	73.84	5,543,644	0.26	1.7	33.02	1.8	1,266,735	22.85	6,696	7,173
Bank exposures (FIRB approach)													
1	0.00 to <0.15	15,684	—	—	15,684	0.03	0.0	45.00	5.0	5,524	35.22	2	
2	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
6	2.50 to <10.00	246	—	—	246	2.56	0.0	45.00	5.0	454	184.32	2	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	—
9	Subtotal	15,930	—	—	15,930	0.06	0.1	45.00	5.0	5,978	37.53	4	8
Corporate exposures (AIRB approach)													
1	0.00 to <0.15	25,503,136	12,003,437	54.96	36,348,114	0.05	7.0	34.46	2.5	6,458,543	17.76	7,287	
2	0.15 to <0.25	12,341,508	7,974,982	53.90	15,185,261	0.17	6.3	29.18	2.5	4,190,022	27.59	7,548	
3	0.25 to <0.50	4,543,025	1,692,490	52.14	5,015,580	0.32	3.1	29.70	2.7	1,943,358	38.74	4,698	
4	0.50 to <0.75	977,494	128,805	50.68	1,029,655	0.53	1.3	28.81	2.4	478,683	46.48	1,573	
5	0.75 to <2.50	4,393,656	2,751,808	51.35	3,590,654	1.21	3.7	27.06	2.9	2,197,645	61.20	11,674	
6	2.50 to <10.00	1,177,025	202,744	53.34	1,005,471	3.15	1.3	30.07	3.7	1,083,456	107.75	9,262	
7	10.00 to <100.00	320,598	223,729	60.72	390,917	13.42	0.4	29.24	2.2	519,952	133.00	14,964	
8	100.00 (Default)	225,062	8,299	100.00	185,511	100.00	0.3	50.33	2.1	52,915	28.52	93,381	
9	Subtotal	49,481,506	24,986,298	54.07	62,751,168	0.60	23.7	32.23	2.5	16,924,578	26.97	150,390	154,809

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2019											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Corporate exposures (FIRB approach)													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
6	2.50 to <10.00	40	-	-	40	2.56	0.0	45.00	5.0	75	189.84	0	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	23	-	-	23	100.00	0.0	45.00	5.0	-	0.00	10	-
9	Subtotal	63	-	-	63	38.23	0.0	45.00	5.0	75	120.34	10	129
Mid-sized corporations and small-medium enterprises (SMEs) exposures (AIRB approach)													
1	0.00 to <0.15	576,250	17,679	49.86	623,457	0.08	1.2	26.10	2.8	95,427	15.30	133	-
2	0.15 to <0.25	1,268,741	81,430	61.51	1,260,956	0.17	5.1	30.46	3.4	354,913	28.14	678	-
3	0.25 to <0.50	1,268,465	39,812	63.81	1,243,431	0.31	7.0	32.39	3.9	518,308	41.68	1,293	-
4	0.50 to <0.75	704,287	8,429	54.88	652,713	0.55	5.0	31.01	3.3	302,696	46.37	1,125	-
5	0.75 to <2.50	2,248,740	130,381	62.49	1,809,801	1.44	23.9	36.05	3.9	1,267,982	70.06	9,810	-
6	2.50 to <10.00	917,344	102,701	51.63	630,107	2.65	14.3	29.74	3.1	451,548	71.66	4,972	-
7	10.00 to <100.00	285,084	5,205	49.26	187,175	16.88	4.7	32.54	2.1	249,004	133.03	12,347	-
8	100.00 (Default)	253,076	432	100.00	175,730	100.00	4.0	46.22	1.6	27,097	15.41	81,238	-
9	Subtotal	7,521,991	386,072	58.65	6,583,375	3.95	65.6	32.41	3.3	3,266,979	49.62	111,599	108,991
Mid-sized corporations and SMEs exposures (FIRB approach)													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	2	-	-	2	1.57	0.0	45.00	1.0	2	110.24	0	-
6	2.50 to <10.00	5	-	-	5	3.05	0.0	45.00	1.0	7	134.96	0	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
9	Subtotal	7	-	-	7	2.63	0.0	45.00	1.0	10	128.11	0	0
Specialized lending (SL)													
1	0.00 to <0.15	1,760,726	96,795	46.62	1,764,239	0.04	0.2	24.56	3.5	214,308	12.14	180	-
2	0.15 to <0.25	1,756,561	570,251	52.00	1,884,080	0.16	0.4	25.19	4.1	559,205	29.68	799	-
3	0.25 to <0.50	1,570,972	520,039	58.28	1,274,658	0.36	0.2	24.65	3.9	509,668	39.98	1,158	-
4	0.50 to <0.75	90,408	-	-	90,408	0.53	0.0	29.56	4.5	56,914	62.95	141	-
5	0.75 to <2.50	985,045	172,972	57.43	876,489	1.09	0.2	30.64	3.7	620,869	70.83	2,973	-
6	2.50 to <10.00	192,398	29,676	94.19	118,276	3.38	0.0	30.42	3.1	112,731	95.31	1,172	-
7	10.00 to <100.00	63,221	25,192	65.36	76,788	13.54	0.0	32.54	4.1	130,656	170.15	3,427	-
8	100.00 (Default)	52,882	7,851	100.00	50,193	100.00	0.0	55.48	3.2	26,667	53.13	27,851	-
9	Subtotal	6,472,217	1,422,778	55.97	6,135,134	1.35	1.2	26.18	3.8	2,231,023	36.36	37,706	42,089
Equity exposures													
1	0.00 to <0.15	3,575,798	-	-	3,575,798	0.04	1.3	90.00	5.0	3,643,225	101.88	-	-
2	0.15 to <0.25	196,091	-	-	196,091	0.17	0.4	90.00	5.0	262,251	133.73	-	-
3	0.25 to <0.50	12,741	-	-	12,741	0.27	0.1	90.00	5.0	20,772	163.02	-	-
4	0.50 to <0.75	2,953	-	-	2,953	0.53	0.0	90.00	5.0	5,730	194.02	-	-
5	0.75 to <2.50	5,516	-	-	5,516	1.36	0.0	90.00	5.0	15,471	280.47	-	-
6	2.50 to <10.00	7,994	-	-	7,994	2.56	0.0	90.00	5.0	30,530	381.88	-	-
7	10.00 to <100.00	1,604	-	-	1,604	10.30	0.0	90.00	5.0	8,953	557.87	-	-
8	100.00 (Default)	393	-	-	393	100.00	0.0	90.00	5.0	4,428	1,125.00	-	-
9	Subtotal	3,803,094	-	-	3,803,094	0.07	2.2	90.00	5.0	3,991,363	104.95	-	-

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2019											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (corporates) (the amount equivalent to default risks) (AIRB approach)													
1	0.00 to <0.15	990,373	50,697	99.99	1,030,611	0.05	4.0	35.41	1.1	118,019	11.45	234	
2	0.15 to <0.25	410,217	115,696	77.19	496,474	0.17	7.7	33.53	1.1	108,517	21.85	300	
3	0.25 to <0.50	83,101	39,940	100.00	121,873	0.34	5.1	42.27	1.0	48,413	39.72	178	
4	0.50 to <0.75	14,517	50,469	100.00	64,907	0.61	7.5	59.59	1.0	50,205	77.34	240	
5	0.75 to <2.50	60,153	75,444	95.20	131,083	1.45	13.8	48.30	1.2	116,078	88.55	889	
6	2.50 to <10.00	3,812	19,821	100.00	23,503	2.62	3.7	60.36	1.1	28,692	122.07	373	
7	10.00 to <100.00	589	1,709	100.00	2,296	32.23	0.3	57.66	1.0	4,410	192.02	424	
8	100.00 (Default)	4,866	270	100.00	5,080	100.00	0.1	80.78	1.0	661	13.01	4,104	
9	Subtotal	1,567,631	354,049	91.52	1,875,834	0.56	42.5	37.56	1.1	474,998	25.32	6,746	3,137
Purchased receivables (corporates) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	600,177	14,455	46.62	606,917	0.06	0.0	33.83	1.0	68,151	11.22	135	
2	0.15 to <0.25	232,666	34,959	46.62	248,910	0.17	0.0	30.38	1.0	51,105	20.53	136	
3	0.25 to <0.50	127,296	18	46.62	127,305	0.32	0.0	31.05	1.0	37,973	29.82	127	
4	0.50 to <0.75	15,517	—	—	15,517	0.53	0.0	35.00	1.1	6,758	43.55	28	
5	0.75 to <2.50	36,218	—	—	36,218	1.21	0.0	32.48	1.0	21,609	59.66	139	
6	2.50 to <10.00	3,576	—	—	3,576	3.97	0.0	21.32	1.0	3,507	98.07	51	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	1,928	—	—	1,928	100.00	0.0	47.03	1.0	265	13.75	906	
9	Subtotal	1,017,381	49,434	46.62	1,040,374	0.36	0.1	32.62	1.0	189,371	18.20	1,526	735
Purchased receivables (corporates) (the amount equivalent to default risks) (FIRB approach)													
1	0.00 to <0.15	—	54	100.00	54	0.05	0.0	45.00	1.0	6	11.21	0	
2	0.15 to <0.25	—	676	100.00	676	0.22	0.0	45.00	1.0	209	31.01	0	
3	0.25 to <0.50	—	1,377	100.00	1,377	0.39	0.0	45.00	1.0	540	39.19	2	
4	0.50 to <0.75	—	4,512	100.00	4,512	0.65	0.0	45.00	1.0	2,326	51.56	13	
5	0.75 to <2.50	—	3,374	100.00	3,374	1.23	0.0	45.00	1.0	2,171	64.35	18	
6	2.50 to <10.00	—	146	100.00	146	3.05	0.0	45.00	1.0	127	86.82	2	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	46	—	—	44	100.00	0.0	45.00	1.0	—	0.00	19	
9	Subtotal	46	10,142	100.00	10,186	1.24	0.0	45.00	1.0	5,381	52.83	57	44
Purchased receivables (corporates) (the amount equivalent to dilution risks) (FIRB approach)													
1	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	
2	0.15 to <0.25	20	—	—	20	0.18	0.0	45.00	1.0	5	28.16	0	
3	0.25 to <0.50	2	—	—	2	0.39	0.0	45.00	1.0	1	45.37	0	
4	0.50 to <0.75	7	—	—	7	0.67	0.0	45.00	1.0	4	61.05	0	
5	0.75 to <2.50	14	—	—	14	0.95	0.0	45.00	1.0	13	91.71	0	
6	2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Subtotal	46	—	—	46	0.52	0.0	45.00	1.0	25	55.07	0	0
Purchased receivables (retail) (the amount equivalent to default risks)													
1	0.00 to <0.15	3,058	—	—	3,058	0.08	0.0	65.00	—	412	13.49	1	
2	0.15 to <0.25	5,605	—	—	5,604	0.21	0.0	65.00	—	1,521	27.13	7	
3	0.25 to <0.50	3,688	—	—	3,687	0.33	0.4	42.79	—	940	25.50	5	
4	0.50 to <0.75	1,248	—	—	1,247	0.64	0.0	64.42	—	665	53.36	5	
5	0.75 to <2.50	130	18	100.00	148	1.11	0.0	62.96	—	99	66.56	1	
6	2.50 to <10.00	—	2	100.00	2	3.05	0.0	65.00	—	1	90.91	0	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	0	—	—	0	100.00	0.0	81.53	—	0	13.75	0	
9	Subtotal	13,730	21	100.00	13,750	0.27	0.4	58.97	—	3,641	26.48	21	25

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2019											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (retail) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	49	—	—	49	0.03	0.0	45.00	5.0	12	25.88	0	
2	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Subtotal	49	—	—	49	0.03	0.0	45.00	5.0	12	25.88	0	0
Qualifying revolving retail exposures (QRRE)													
1	0.00 to <0.15	63,222	183,004	6.55	246,227	0.08	3,519.3	69.57		8,556	3.47	137	
2	0.15 to <0.25	270,442	110,524	6.35	380,966	0.19	1,842.0	70.17		27,348	7.17	507	
3	0.25 to <0.50	306,429	287,713	10.90	594,142	0.40	3,858.6	64.60		72,601	12.21	1,559	
4	0.50 to <0.75	234,914	373,026	57.54	607,941	0.51	3,267.9	74.25		102,965	16.93	2,321	
5	0.75 to <2.50	542,536	53,874	16.42	596,411	1.67	610.3	77.81		261,390	43.82	7,789	
6	2.50 to <10.00	827,903	165,197	6.84	993,100	4.73	1,630.0	75.52		864,699	87.07	35,450	
7	10.00 to <100.00	34,314	4,214	9.59	38,529	49.54	76.2	72.88		65,835	170.87	13,891	
8	100.00 (Default)	75,609	5,547	100.00	81,157	100.00	139.3	77.62		75,999	93.64	62,996	
9	Subtotal	2,355,373	1,183,102	33.43	3,538,476	4.62	14,944.0	72.88		1,479,397	41.80	124,653	89,065
Residential mortgage exposures													
1	0.00 to <0.15	—	—	—	66,289	0.05	6.9	41.36		16,196	24.43	14	
2	0.15 to <0.25	—	—	—	2,101	0.17	0.2	66.14		902	42.92	2	
3	0.25 to <0.50	7,487,736	10,596	100.00	7,499,041	0.29	462.7	27.66		1,100,798	14.67	6,064	
4	0.50 to <0.75	978,326	1,780	100.00	980,108	0.59	54.7	29.57		256,704	26.19	1,739	
5	0.75 to <2.50	1,074,533	3,202	100.00	1,012,811	1.00	77.8	35.89		466,838	46.09	3,809	
6	2.50 to <10.00	—	—	—	—	—	—	—		—	—	—	
7	10.00 to <100.00	32,676	1,418	100.00	29,918	22.72	2.7	30.54		50,806	169.81	2,054	
8	100.00 (Default)	98,771	70	100.00	98,841	100.00	7.7	30.76		24,618	24.90	30,408	
9	Subtotal	9,672,044	17,068	100.00	9,689,113	1.48	612.8	28.86		1,916,865	19.78	44,093	28,735
Other retail exposures													
1	0.00 to <0.15	2	—	—	2	0.08	0.0	69.57		0	14.63	0	
2	0.15 to <0.25	102,833	—	—	102,833	0.17	2.5	35.25		13,133	12.77	61	
3	0.25 to <0.50	349,497	342	83.62	349,839	0.40	10.8	36.46		80,426	22.98	514	
4	0.50 to <0.75	50,000	1,284	89.80	51,285	0.69	2.1	35.91		15,825	30.85	128	
5	0.75 to <2.50	945,786	502,021	95.74	1,447,808	1.41	2,472.7	50.84		830,910	57.39	10,603	
6	2.50 to <10.00	31,508	147,294	100.00	178,802	3.50	142.0	46.14		117,377	65.64	2,873	
7	10.00 to <100.00	16,960	5,212	100.00	22,172	22.83	39.5	51.29		24,427	110.16	2,593	
8	100.00 (Default)	55,898	967	100.00	56,865	100.00	90.4	56.30		90,458	159.07	32,017	
9	Subtotal	1,552,487	657,123	100.00	2,209,611	4.10	2,760.4	47.25		1,172,559	53.06	48,792	28,150
Total (all portfolios)		158,276,630	30,374,265	58.40	176,015,577	0.65	18,455.9	35.07	—	33,345,832	18.94	533,673	464,718

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2018											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF (Credit Conversion Factor) and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Sovereign exposures (AIRB approach)													
1	0.00 to <0.15	68,167,222	125,318	76.91	70,969,920	0.00	0.4	34.07	3.7	213,320	0.30	219	
2	0.15 to <0.25	317,319	35,948	47.75	319,948	0.17	0.0	33.89	2.6	103,974	32.49	188	
3	0.25 to <0.50	55,549	17,544	47.94	59,366	0.33	0.0	32.71	1.7	20,409	34.37	62	
4	0.50 to <0.75	54	—	—	54	0.55	0.0	35.00	1.0	23	42.70	0	
5	0.75 to <2.50	109,383	60,078	66.65	58,440	2.01	0.0	32.36	2.9	49,689	85.02	391	
6	2.50 to <10.00	58,134	28,997	47.31	22,313	4.05	0.0	31.38	2.7	24,865	111.43	283	
7	10.00 to <100.00	5,023	13,152	52.84	2,298	15.43	0.0	23.46	1.7	2,590	112.67	85	
8	100.00 (Default)	5,691	—	—	5,691	100.00	0.0	52.99	1.0	2,974	52.25	3,016	
9	Subtotal	68,718,379	281,038	65.00	71,438,035	0.01	0.5	34.07	3.7	417,847	0.58	4,246	5,658
Sovereign exposures (FIRB approach)													
1	0.00 to <0.15	10,630	—	—	10,630	0.00	0.0	45.00	4.0	—	0.00	—	
2	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	
3	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to <10.00	168	—	—	168	2.58	0.0	45.00	4.2	243	144.51	1	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Subtotal	10,798	—	—	10,798	0.04	0.0	45.00	4.0	243	2.25	1	2
Bank exposures (AIRB approach)													
1	0.00 to <0.15	2,624,230	581,505	77.15	3,146,406	0.03	0.6	33.42	1.8	411,117	13.06	406	
2	0.15 to <0.25	702,915	167,241	83.68	834,879	0.17	0.2	30.31	1.1	196,553	23.54	431	
3	0.25 to <0.50	124,531	12,565	69.61	117,658	0.34	0.0	32.08	1.4	45,858	38.97	132	
4	0.50 to <0.75	3,204	—	—	3,204	0.55	0.0	35.16	1.6	2,058	64.22	6	
5	0.75 to <2.50	542,118	34,427	74.90	493,919	1.08	0.1	34.91	1.0	334,179	67.65	1,862	
6	2.50 to <10.00	68,625	80,669	33.45	91,369	3.24	0.6	33.59	1.2	89,728	98.20	979	
7	10.00 to <100.00	—	83	20.00	—	—	0.0	—	—	0	—	0	
8	100.00 (Default)	2,661	—	—	2,661	100.00	0.0	98.44	1.0	1,299	48.83	2,620	
9	Subtotal	4,068,287	876,492	74.17	4,690,099	0.29	1.7	33.03	1.5	1,080,795	23.04	6,439	7,994
Bank exposures (FIRB approach)													
1	0.00 to <0.15	2,637	243	100.00	2,881	0.03	0.0	45.00	4.9	1,088	37.77	0	
2	0.15 to <0.25	—	10	100.00	10	0.18	0.0	45.00	5.0	8	85.48	0	
3	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to <10.00	1,773	315	100.00	2,089	2.58	0.0	45.00	4.0	3,666	175.49	24	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Subtotal	4,411	568	100.00	4,980	1.10	0.1	45.00	4.5	4,763	95.64	24	42
Corporate exposures (AIRB approach)													
1	0.00 to <0.15	22,196,795	10,658,246	54.59	32,012,176	0.05	6.8	35.48	2.5	5,766,807	18.01	6,488	
2	0.15 to <0.25	10,819,575	6,450,034	53.60	13,061,831	0.17	6.0	29.39	2.4	3,638,855	27.85	6,655	
3	0.25 to <0.50	4,553,570	2,055,308	54.63	5,150,552	0.34	3.1	28.78	2.5	1,933,386	37.53	5,006	
4	0.50 to <0.75	938,711	68,336	54.33	965,362	0.55	1.4	29.96	2.5	477,409	49.45	1,591	
5	0.75 to <2.50	4,150,918	2,115,541	52.85	3,385,408	1.46	3.8	27.21	3.0	2,232,607	65.94	13,227	
6	2.50 to <10.00	1,310,290	271,399	63.23	1,122,868	3.09	1.5	32.62	3.6	1,277,847	113.80	10,699	
7	10.00 to <100.00	494,124	395,537	55.88	596,149	13.95	0.5	32.63	2.3	916,897	153.80	25,753	
8	100.00 (Default)	197,593	16,194	100.00	192,826	100.00	0.3	48.77	2.1	54,227	28.12	94,047	
9	Subtotal	44,661,581	22,030,599	54.30	56,487,175	0.75	23.7	32.83	2.5	16,298,039	28.85	163,471	196,675

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2018											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Corporate exposures (FIRB approach)													
1	0.00 to <0.15	777,916	28,934	96.05	805,710	0.06	1.6	45.44	2.7	205,774	25.53	250	
2	0.15 to <0.25	347,029	6,838	99.36	353,824	0.17	1.3	45.19	3.4	194,414	54.94	287	
3	0.25 to <0.50	98,751	1,770	99.77	100,517	0.28	0.8	45.79	2.4	55,231	54.94	128	
4	0.50 to <0.75	66,698	2,129	100.00	68,827	0.55	0.5	45.00	2.7	52,840	76.77	170	
5	0.75 to <2.50	83,269	817	100.00	84,087	1.38	0.9	45.00	2.9	92,376	109.85	522	
6	2.50 to <10.00	262,382	3,066	91.77	265,196	2.58	1.4	45.09	3.3	404,402	152.49	3,086	
7	10.00 to <100.00	74,717	59	100.00	74,777	13.94	0.1	60.25	2.5	205,493	274.80	5,867	
8	100.00 (Default)	24,759	–	–	24,759	100.00	0.0	45.00	2.0	–	0.00	11,141	
9	Subtotal	1,735,525	43,614	96.69	1,777,700	2.53	7.0	45.94	2.9	1,210,531	68.09	21,455	12,461
Mid-sized corporations and small-medium enterprises (SMEs) exposures (AIRB approach)													
1	0.00 to <0.15	486,380	14,611	53.22	498,998	0.08	1.1	26.07	2.7	71,166	14.26	107	
2	0.15 to <0.25	1,326,614	96,538	60.69	1,330,684	0.17	4.8	30.73	3.4	385,239	28.95	721	
3	0.25 to <0.50	1,236,338	21,826	55.93	1,205,066	0.30	6.5	32.74	3.7	497,080	41.24	1,221	
4	0.50 to <0.75	887,394	13,866	49.25	838,231	0.55	5.6	31.35	3.5	405,845	48.41	1,469	
5	0.75 to <2.50	2,122,881	124,359	68.45	1,767,292	1.49	24.9	37.29	3.1	1,294,555	73.25	10,244	
6	2.50 to <10.00	1,015,395	131,837	55.37	676,208	2.66	16.1	29.41	4.0	480,886	71.11	5,306	
7	10.00 to <100.00	339,793	2,744	49.96	207,014	17.26	6.0	35.31	2.1	304,012	146.85	15,119	
8	100.00 (Default)	262,978	1,227	100.00	205,651	100.00	4.0	47.01	1.6	29,434	14.31	96,695	
9	Subtotal	7,677,777	407,011	60.47	6,729,149	4.41	69.3	33.05	3.3	3,468,220	51.54	130,885	124,114
Mid-sized corporations and SMEs exposures (FIRB approach)													
1	0.00 to <0.15	4,575	68	100.00	4,643	0.08	0.1	45.00	2.9	1,361	29.31	1	
2	0.15 to <0.25	12,696	54	100.00	12,750	0.17	0.4	45.00	2.9	5,557	43.58	10	
3	0.25 to <0.50	9,265	72	100.00	9,337	0.27	0.4	45.00	2.6	4,547	48.70	11	
4	0.50 to <0.75	9,706	125	100.00	9,832	0.55	0.4	45.00	2.6	6,646	67.59	24	
5	0.75 to <2.50	28,852	965	99.92	29,817	1.61	1.6	45.00	2.9	28,738	96.38	216	
6	2.50 to <10.00	6,091	116	100.00	6,208	2.58	0.3	45.00	2.5	6,697	107.87	72	
7	10.00 to <100.00	2,345	52	100.00	2,397	21.46	0.2	45.00	2.5	4,836	201.72	231	
8	100.00 (Default)	544	6	100.00	551	100.00	0.0	45.00	1.7	–	0.00	248	
9	Subtotal	74,078	1,460	99.95	75,538	2.40	3.7	45.00	2.8	58,385	77.29	816	684
Specialized lending (SL)													
1	0.00 to <0.15	1,744,348	159,449	47.79	1,777,731	0.04	0.2	23.81	3.4	212,294	11.94	180	
2	0.15 to <0.25	1,551,583	496,168	53.75	1,624,615	0.17	0.3	23.23	4.1	455,224	28.02	642	
3	0.25 to <0.50	1,715,293	574,376	57.85	1,444,767	0.35	0.3	26.58	3.8	622,533	43.08	1,344	
4	0.50 to <0.75	160,319	–	–	160,319	0.55	0.0	28.68	3.7	89,793	56.00	252	
5	0.75 to <2.50	796,408	203,735	55.78	751,006	1.36	0.1	29.48	3.8	562,793	74.93	2,833	
6	2.50 to <10.00	192,784	42,326	79.70	118,808	3.49	0.0	30.36	3.6	118,367	99.62	1,203	
7	10.00 to <100.00	74,703	244	47.79	60,921	16.19	0.0	33.49	3.1	109,117	179.11	3,444	
8	100.00 (Default)	52,575	1,148	100.00	42,740	100.00	0.0	56.86	4.0	22,331	52.25	24,306	
9	Subtotal	6,288,017	1,477,449	55.76	5,980,911	1.28	1.2	25.63	3.8	2,192,457	36.65	34,208	34,435
Equity exposures													
1	0.00 to <0.15	3,872,128	–	–	3,872,128	0.04	1.4	90.00	5.0	3,911,909	101.02	–	
2	0.15 to <0.25	210,449	–	–	210,449	0.17	0.5	90.00	5.0	288,416	137.04	–	
3	0.25 to <0.50	22,503	–	–	22,503	0.28	0.2	90.00	5.0	36,736	163.24	–	
4	0.50 to <0.75	4,671	–	–	4,671	0.55	0.1	90.00	5.0	9,575	204.96	–	
5	0.75 to <2.50	8,256	–	–	8,256	1.22	0.1	90.00	5.0	22,777	275.86	–	
6	2.50 to <10.00	10,538	–	–	10,538	2.58	0.0	90.00	5.0	40,108	380.60	–	
7	10.00 to <100.00	19,848	–	–	19,848	10.44	0.0	90.00	5.0	112,310	565.83	–	
8	100.00 (Default)	188	–	–	188	100.00	0.0	90.00	5.0	2,125	1,125.00	–	
9	Subtotal	4,148,585	–	–	4,148,585	0.11	2.5	90.00	5.0	4,423,959	106.63	–	–

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2018											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (corporates) (the amount equivalent to default risks) (AIRB approach)													
1	0.00 to <0.15	983,853	44,762	99.99	1,017,578	0.05	3.6	35.16	1.3	104,854	10.30	213	
2	0.15 to <0.25	332,316	44,072	87.58	363,873	0.17	3.6	32.90	1.3	85,306	23.44	219	
3	0.25 to <0.50	99,760	68,714	98.42	163,014	0.36	8.3	44.23	1.5	72,557	44.50	246	
4	0.50 to <0.75	14,747	29,991	100.00	43,153	0.59	3.9	56.24	1.0	30,631	70.98	145	
5	0.75 to <2.50	76,713	102,062	91.26	164,126	1.51	16.5	48.61	1.2	150,419	91.64	1,152	
6	2.50 to <10.00	5,636	19,652	100.00	23,899	3.03	3.8	58.36	1.0	29,578	123.76	393	
7	10.00 to <100.00	23,528	2,825	100.00	25,367	13.36	0.4	37.66	1.0	36,947	145.64	1,411	
8	100.00 (Default)	4,016	260	100.00	4,201	100.00	0.1	80.11	1.0	525	12.50	3,366	
9	Subtotal	1,540,572	312,341	95.04	1,805,215	0.71	40.6	37.70	1.3	510,821	28.29	7,147	4,550
Purchased receivables (corporates) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	593,602	116,625	99.99	710,216	0.06	0.4	39.42	1.0	95,949	13.50	196	
2	0.15 to <0.25	238,937	64,726	97.43	302,005	0.17	0.3	37.45	1.4	79,808	26.42	202	
3	0.25 to <0.50	84,015	24,921	100.00	108,937	0.29	0.1	38.61	1.0	37,823	34.72	122	
4	0.50 to <0.75	11,266	10,463	100.00	21,729	0.55	0.1	49.44	1.1	13,128	60.41	59	
5	0.75 to <2.50	73,619	34,149	89.66	104,238	1.45	0.4	42.29	1.0	85,067	81.60	647	
6	2.50 to <10.00	1,736	31,479	100.00	33,215	2.65	0.2	62.92	1.0	47,786	143.86	545	
7	10.00 to <100.00	7,098	2,437	100.00	9,536	11.14	0.0	42.66	1.0	16,239	170.29	471	
8	100.00 (Default)	151	112	100.00	264	100.00	0.0	47.75	1.0	33	12.50	126	
9	Subtotal	1,010,428	284,914	98.17	1,290,143	0.40	1.8	39.92	1.1	375,839	29.13	2,371	2,702
Purchased receivables (corporates) (the amount equivalent to default risks) (FIRB approach)													
1	0.00 to <0.15	51,118	234	100.00	50,507	0.05	0.3	45.00	1.8	19,755	39.11	51	
2	0.15 to <0.25	4,898	790	70.27	5,376	0.18	0.0	45.00	1.8	5,247	97.59	9	
3	0.25 to <0.50	2,393	1,671	100.00	4,020	0.31	0.0	45.00	1.8	1,890	47.02	5	
4	0.50 to <0.75	3,621	2,330	100.00	5,895	0.58	0.1	45.00	2.9	5,495	93.21	15	
5	0.75 to <2.50	3,511	5,015	100.00	8,265	1.05	0.4	45.00	2.3	9,463	114.49	52	
6	2.50 to <10.00	11,815	215	100.00	11,887	2.58	0.2	45.00	2.4	23,956	201.51	184	
7	10.00 to <100.00	2,987	—	—	2,987	26.33	0.0	45.00	4.8	8,956	299.75	354	
8	100.00 (Default)	200	—	—	194	100.00	0.0	45.00	1.1	0	0.00	87	
9	Subtotal	80,548	10,258	97.70	89,135	1.64	1.3	45.00	2.1	74,764	83.87	760	810
Purchased receivables (corporates) (the amount equivalent to dilution risks) (FIRB approach)													
1	0.00 to <0.15	41,923	3,763	93.75	45,451	0.04	0.0	84.74	1.4	9,896	21.77	16	
2	0.15 to <0.25	2,825	3,291	100.00	6,116	0.18	0.0	58.64	1.4	2,773	45.35	6	
3	0.25 to <0.50	136	2,201	100.00	2,338	0.32	0.0	45.00	1.0	884	37.83	3	
4	0.50 to <0.75	402	272	100.00	674	0.58	0.0	76.35	1.7	863	128.00	2	
5	0.75 to <2.50	4,576	488	100.00	5,065	0.96	0.0	88.82	1.1	6,995	138.10	41	
6	2.50 to <10.00	3,989	240	100.00	4,229	2.61	0.0	79.06	1.6	9,145	216.23	86	
7	10.00 to <100.00	1,039	—	—	1,039	26.33	0.0	45.00	1.0	2,432	234.08	123	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Subtotal	54,891	10,258	97.70	64,915	0.73	0.2	80.08	1.4	32,992	50.82	280	337
Purchased receivables (retail) (the amount equivalent to default risks)													
1	0.00 to <0.15	4,726	—	—	4,718	0.06	1.3	60.89	—	1,539	32.62	3	
2	0.15 to <0.25	3,221	—	—	3,220	0.19	0.3	65.00	—	1,047	32.51	4	
3	0.25 to <0.50	9,606	—	—	9,562	0.30	1.7	49.87	—	3,190	33.36	15	
4	0.50 to <0.75	604	—	—	604	0.63	0.1	63.69	—	316	52.44	2	
5	0.75 to <2.50	2,009	18	100.00	1,994	1.21	0.7	54.81	—	1,735	87.04	14	
6	2.50 to <10.00	12	2	100.00	14	3.14	0.0	65.00	—	27	197.60	0	
7	10.00 to <100.00	1	—	—	1	26.56	0.0	52.04	—	2	150.79	0	
8	100.00 (Default)	21	—	—	19	100.00	0.0	27.86	—	53	272.39	5	
9	Subtotal	20,201	21	100.00	20,134	0.42	4.3	55.76	—	7,912	39.29	45	48

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2018											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (retail) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	405	0	100.00	405	0.07	0.0	86.89	3.7	251	61.97	0	
2	0.15 to <0.25	1,991	—	—	1,991	0.18	0.0	99.89	3.2	2,154	108.16	3	
3	0.25 to <0.50	53	0	100.00	53	0.27	0.0	47.55	4.5	42	78.02	0	
4	0.50 to <0.75	96	—	—	96	0.55	0.0	100.00	4.3	263	272.82	0	
5	0.75 to <2.50	15	1	100.00	17	0.87	0.0	94.21	2.3	30	175.83	0	
6	2.50 to <10.00	113	18	100.00	132	2.66	0.0	69.82	3.5	324	245.12	2	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Subtotal	2,676	21	100.00	2,697	0.30	0.0	95.38	3.4	3,066	113.66	7	8
Qualifying revolving retail exposures (QRRE)													
1	0.00 to <0.15	60,794	172,036	7.02	232,831	0.08	6,746.5	69.25		8,053	3.45	128	
2	0.15 to <0.25	258,257	109,606	7.24	367,864	0.19	3,479.5	70.37		26,482	7.19	491	
3	0.25 to <0.50	297,081	297,923	7.81	595,005	0.43	7,740.5	61.18		71,847	12.07	1,559	
4	0.50 to <0.75	232,333	369,070	60.47	601,404	0.51	6,058.6	74.06		102,236	16.99	2,308	
5	0.75 to <2.50	560,936	59,252	20.80	620,189	1.55	1,259.5	78.17		256,303	41.32	7,487	
6	2.50 to <10.00	836,700	184,263	13.74	1,020,964	4.72	3,274.2	75.22		876,927	85.89	35,818	
7	10.00 to <100.00	33,790	4,017	16.85	37,807	47.55	141.5	73.21		66,147	174.95	13,100	
8	100.00 (Default)	71,709	4,905	100.00	76,614	100.00	192.6	78.16		72,691	94.87	59,884	
9	Subtotal	2,351,604	1,201,076	33.80	3,552,680	4.47	28,893.2	72.33		1,480,691	41.67	120,779	89,131
Residential mortgage exposures													
1	0.00 to <0.15	—	—	—	75,902	0.04	7.7	40.70		16,848	22.19	14	
2	0.15 to <0.25	—	—	—	2,108	0.17	0.2	63.26		921	43.67	2	
3	0.25 to <0.50	7,682,449	12,935	100.00	7,696,120	0.29	471.8	28.43		1,164,045	15.12	6,419	
4	0.50 to <0.75	1,004,639	2,074	100.00	1,006,714	0.60	55.5	30.44		274,505	27.26	1,869	
5	0.75 to <2.50	1,167,124	3,603	100.00	1,096,658	1.03	82.9	36.86		530,081	48.33	4,373	
6	2.50 to <10.00	—	—	—	—	—	—	—		—	—	—	
7	10.00 to <100.00	48,445	1,615	100.00	45,383	22.95	3.9	31.87		81,296	179.13	3,296	
8	100.00 (Default)	108,824	168	100.00	108,992	100.00	8.4	30.95		26,811	24.59	33,736	
9	Subtotal	10,011,483	20,397	100.00	10,031,880	1.59	630.7	29.70		2,094,510	20.87	49,711	33,682
Other retail exposures													
1	0.00 to <0.15	21,127	2,422	98.96	23,525	0.07	—	61.85		2,745	11.67	10	
2	0.15 to <0.25	97,719	—	—	97,719	0.17	—	35.69		12,639	12.93	59	
3	0.25 to <0.50	372,939	4,325	99.27	377,233	0.38	—	39.45		89,699	23.77	560	
4	0.50 to <0.75	138,075	1,895	100.00	139,970	0.61	—	45.02		51,448	36.75	400	
5	0.75 to <2.50	1,176,450	508,853	99.97	1,685,196	1.51	—	50.78		988,941	58.68	13,139	
6	2.50 to <10.00	54,834	154,610	100.00	209,444	3.55	—	47.71		142,107	67.84	3,496	
7	10.00 to <100.00	19,876	4,623	100.00	24,500	22.80	—	50.46		26,596	108.55	2,832	
8	100.00 (Default)	65,578	1,115	100.00	66,693	100.00	—	52.98		93,642	140.40	35,337	
9	Subtotal	1,946,602	677,847	99.97	2,624,284	4.10	—	48.19		1,407,820	53.64	55,837	33,076
Total (all portfolios)		154,406,453	27,635,372	59.40	170,824,061	0.77	29,682.4	35.65	—	35,143,661	20.57	598,491	546,416

6. Effect on Credit RWA of Credit Derivatives Used as CRM Techniques (CR7)

(Millions of yen)

CR7: IRB – Effect on credit RWA of credit derivatives used as CRM techniques		As of March 31, 2019		As of March 31, 2018	
Item No.	Portfolio	a	b	a	b
		Pre-credit derivatives credit RWA	Actual credit RWA	Pre-credit derivatives credit RWA	Actual credit RWA
1	Sovereign exposures - FIRB	—	—	243	243
2	Sovereign exposures - AIRB	324,283	324,283	315,559	315,559
3	Bank exposures - FIRB	5,978	5,978	4,763	4,763
4	Bank exposures - AIRB	1,232,599	1,232,599	1,046,365	1,046,365
5	Corporate exposures (excluding SL) - FIRB	85	85	1,268,916	1,268,916
6	Corporate exposures (excluding SL) - AIRB	20,216,917	20,216,202	19,797,293	19,796,917
7	SL - FIRB	561,130	561,130	552,198	552,198
8	SL - AIRB	2,325,087	2,325,087	2,289,154	2,289,154
9	Retail - QRRE	1,479,397	1,479,397	1,480,691	1,480,691
10	Retail - Residential mortgage exposures	1,916,865	1,916,865	2,094,510	2,094,510
11	Retail - Other retail exposures	1,172,559	1,172,559	1,407,820	1,407,820
12	Equity - FIRB	—	—	171,058	171,058
13	Equity - AIRB	4,690,527	4,690,527	5,387,041	5,387,041
14	Purchased receivables - FIRB	5,407	5,407	107,757	107,757
15	Purchased receivables - AIRB	668,024	668,024	897,638	897,638
16	Total	34,598,865	34,598,150	36,821,014	36,820,637

7. RWA flow statements of credit risk exposures under IRB approach (CR8)

(One hundred billions of yen)

CR8: RWA flow statements of credit risk exposures under IRB approach		
Item No.		RWA amounts
1	RWA as of March 31, 2018	368
2	Breakdown of variations in the credit risk-weighted assets	Asset size
3		Asset quality
4		Model updates
5		Methodology and policy
6		Acquisitions and disposals
7		Foreign exchange movements
8		Other
9	RWA as of March 31, 2019	345

8. Backtesting of Probability of Default (PD) per Portfolio (CR9)

(% , the number of data)

CR9: IRB - Backtesting of PD per portfolio													
a	b	c					d	e	f		g	h	i
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Number of defaulted obligors in the year	Of which: number of new defaulted obligors in the year	Average historical annual default rate (5 years)
		S&P	Moody's	Fitch	R&I	JCR			As of March 31, 2018	As of March 31, 2017			
Corporates	0.00 to < 0.05	AAA~A+	Aaa~A1	AAA~A+	AAA~A-	AAA~A-	0.00%	0.03%	1,729	1,729	2	0	0.02%
	0.05 to < 0.10	A~A-	A2~A3	A~A-	BBB+~BBB-	BBB+~BBB-	0.08%	0.08%	4,506	4,506	1	0	0.03%
	0.10 to < 0.50	BBB+~BB	Baa1~Ba2	BBB+~BB	to BB+	to BB+	0.20%	0.25%	13,415	13,415	10	0	0.06%
	0.50 to < 2.50	BB~B	Ba3~B2	BB~B	to BB+	to BB+	1.05%	1.39%	26,519	26,516	72	3	0.21%
	2.50 to < 100.00	to B-	to B3	to B-	to BB+	to BB+	5.68%	7.38%	15,315	15,312	937	3	4.71%
Qualifying revolving retail	0.00 to < 0.05	/					—	—	—	—	—	—	—
	0.05 to < 0.10	/					0.08%	0.08%	4,812,835	4,624,194	3,932	1,464	0.07%
	0.10 to < 0.50	/					0.27%	0.23%	2,108,335	2,015,548	3,501	481	0.14%
	0.50 to < 2.50	/					1.02%	0.62%	7,361,578	7,226,945	25,139	3,914	0.32%
	2.50 to < 100.00	/					7.04%	7.67%	1,610,273	1,582,522	80,656	3,333	4.59%
Residential mortgage	0.00 to < 0.05	/					—	—	—	—	—	—	—
	0.05 to < 0.10	/					—	—	—	—	—	—	—
	0.10 to < 0.50	/					0.29%	0.29%	672,122	677,408	696	10	0.12%
	0.50 to < 2.50	/					0.85%	0.89%	171,058	176,003	643	5	0.45%
	2.50 to < 100.00	/					23.75%	25.14%	3,860	3,589	292	0	10.81%
Other retail	0.00 to < 0.05	/					0.03%	0.03%	838	838	0	0	0.00%
	0.05 to < 0.10	/					0.08%	0.08%	1,909	1,909	0	0	0.00%
	0.10 to < 0.50	/					0.34%	0.33%	23,464	25,278	37	1	0.13%
	0.50 to < 2.50	/					1.36%	1.59%	1,910,495	1,912,099	9,819	2,011	0.52%
	2.50 to < 100.00	/					3.87%	4.46%	2,554,313	2,552,239	23,103	3,186	1.89%

- Notes: 1. IRB model presented in this table covers all models used within the scope of regulatory consolidation.
2. Applicable portfolios of each IRB model take into account the portfolio classification under Basel Capital Accord. "Corporates" include "Sovereign," "Financial entities," "Specialized lending," "Equity (PD/LGD method)" and "Purchased receivables (corporates)," and "Residential mortgage" and "Other retail" include "Purchased receivables (retail)." Therefore, the same classifications are used in this table.
3. A maximum of ten categories of obligor rating in the internal rating system are consolidated into five categories as PD categories.
4. For the external ratings associated with, external ratings equivalent to the PD of non-Japanese companies mainly are listed in the columns of S&P, Moody's, and Fitch, and external ratings equivalent to the PD of Japanese companies mainly are listed in the columns of R&I and JCR.
5. The number of obligors of "Qualifying revolving retail," "Residential mortgage" and "Other retail" states the number of receivables.
6. The proportion of credit risk-weighted assets subject to the IRB approach is that "Corporates" accounts for 84.53 percent, "Qualifying revolving retail" accounts for 4.15 percent, "Residential mortgage" accounts for 5.81 percent, and "Other retail" accounts for 3.97 percent.

9. SL (Slotting Criteria Approach) and Equity Exposures (Market-Based Approach, etc.) (CR10)

(Millions of yen, except percentages)

CR10: IRB - SL (slotting criteria approach) and equity exposures (market-based approach, etc.)		As of March 31, 2019									
a	b	c	d	e	f	g	h	i	j	k	l
SL (slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)					Credit RWA amount	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	Less than 2.5 years	7,686	28,595	50%	36,282	—	—	—	36,282	18,141	—
	Equal to or more than 2.5 years	17,399	18,062	70%	22,398	3,437	—	—	25,835	18,084	103
Good	Less than 2.5 years	4,899	710	70%	5,257	—	—	—	5,257	3,679	21
	Equal to or more than 2.5 years	45,993	—	90%	45,993	—	—	—	45,993	41,394	367
Satisfactory		2,179	—	115%	2,179	—	—	—	2,179	2,506	61
Weak		24	—	250%	—	24	—	—	24	61	1
Default		3,317	—	—	3,317	—	—	—	3,317	—	1,658
Total		81,500	47,368	—	115,428	3,461	—	—	118,890	83,868	2,214
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW				Exposure amount (EAD)	Credit RWA amount	Expected losses	
Strong	Less than 2.5 years	5,483	3,097	70%				6,927	4,849	27	
	Equal to or more than 2.5 years	2,820	2,900	95%				4,172	3,964	16	
Good	Less than 2.5 years	58,520	36,546	95%				75,837	72,045	303	
	Equal to or more than 2.5 years	122,748	42,273	120%				144,101	172,922	576	
Satisfactory		153,511	901	140%				153,931	215,504	4,310	
Weak		—	—	250%				—	—	—	
Default		—	—	—				—	—	—	
Total		343,084	85,719	—				384,971	469,285	5,234	
Equity exposures (market-based approach, etc.)											
Equity exposures subject to market-based approach											
Categories		On-balance sheet amount	Off-balance sheet amount	RW				Exposure amount (EAD)	Credit RWA amount		
Simple risk weight method –listed shares		31,926	—	300%				31,926	95,779		
Simple risk weight method –unlisted shares		57,835	8,520	400%				61,808	247,232		
Internal models approach		191,666	59,500	141%				251,166	356,151		
Total		281,428	68,021	—				344,901	699,163		
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight pursuant to the provisions of Article 166, Paragraph 1 of the Notification No. 19 issued by the Japan Financial Service Agency in 2006		—	—	100%				—	—		

(Millions of yen, except percentages)

CR10: IRB - SL (slotting criteria approach) and equity exposures (market-based approach, etc.)		As of March 31, 2018									
a	b	c	d	e	f	g	h	i	j	k	l
SL (slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)					Credit RWA amount	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	Less than 2.5 years	19,945	401	50%	13,732	—	—	6,404	20,137	10,068	—
	Equal to or more than 2.5 years	14,996	13,228	70%	12,418	3,627	—	5,287	21,333	14,933	85
Good	Less than 2.5 years	10,834	27,550	70%	36,175	—	—	2,209	38,384	26,869	153
	Equal to or more than 2.5 years	35,767	585	90%	34,536	—	—	1,511	36,047	32,442	288
Satisfactory		35,415	1,360	115%	13,270	—	—	22,795	36,065	41,475	1,009
Weak		47	350	250%	262	47	—	—	309	774	24
Default		4,874	—	—	3,282	—	—	1,592	4,874	—	2,437
Total		121,882	43,475	—	113,677	3,674	—	39,800	157,153	126,563	3,999
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW					Exposure amount (EAD)	Credit RWA amount	Expected losses
Strong	Less than 2.5 years	6,752	4,028	70%					8,677	6,074	34
	Equal to or more than 2.5 years	5,507	17,688	95%					13,960	13,262	55
Good	Less than 2.5 years	31,122	16,770	95%					39,136	37,179	156
	Equal to or more than 2.5 years	80,441	14,202	120%					87,512	105,014	350
Satisfactory		168,459	10,768	140%					173,606	243,048	4,860
Weak		1,787	3,851	250%					4,676	11,690	374
Default		—	—	—					—	—	—
Total		294,070	67,310	—					327,569	416,270	5,832
Equity exposures (market-based approach, etc.)											
Equity exposures subject to market-based approach											
Categories		On-balance sheet amount	Off-balance sheet amount	RW					Exposure amount (EAD)	Credit RWA amount	
Simple risk weight method –listed shares		25,093	—	300%					25,093	75,280	
Simple risk weight method –unlisted shares		117,759	8,715	400%					121,924	487,697	
Internal models approach		184,951	20,949	277%					205,900	571,163	
Total		327,804	29,664	—					352,918	1,134,141	
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight pursuant to the provisions of Article 166, Paragraph 1 of the Notification No. 19 issued by the Japan Financial Service Agency in 2006		—	—	100%					—	—	

10. Credit Risk-Weighted Assets under Article 145 of the Notification

Exposures under Article 145 of the Notification include investments 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 it is difficult to calculate the credit risk-weighted asset amount of individual underlying assets, the credit risk-weighted average of individual underlying assets is calculated, where risk weight of 250%/400% is applied if the result of such calculation proved to be 250%/400% or less, while 1,250% is applied otherwise.

(Millions of yen)

Calculation method	As of March 31, 2018
Exposure under Article 145 of the Notification	1,317,837

(Millions of yen)

Calculation method	As of March 31, 2019
Look-through approach	1,337,269
Mandate-based approach	—
Simple approach (subject to 250% risk weight)	8,231
Simple approach (subject to 400% risk weight)	79,338
Fall-back approach	3,334

■ Standardised Approach

1. Scope

The following consolidated subsidiaries have adopted the standardised approach for exposures as of March 31, 2019 (i.e. consolidated subsidiaries not listed in the “Internal Ratings-Based (IRB) Approach: 1. Scope” on page 252).

(1) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the AIRB Approach

SMBC Consumer Finance Co., Ltd.

(2) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the FIRB Approach

Currently, there are no subsidiaries applicable.

(3) 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 standardised 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. CR Exposure and Credit Risk Mitigation (CRM) Effects (CR4)

(Millions of yen, except percentages)

CR4: SA – CR exposure and CRM effects		As of March 31, 2019					
Item No.	Asset classes	a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM On-balance sheet amount	Off-balance sheet amount	Exposures post-CCF and post-CRM On-balance sheet amount	Off-balance sheet amount	Credit RWA amount	RWA density
1	Cash	29,321	—	29,321	—	0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	2,732,090	—	2,732,090	—	0	0.00%
3	Foreign central governments and foreign central banks	1,295,182	—	1,295,182	—	11,203	0.86%
4	Bank for International Settlements, etc.	—	—	—	—	—	—
5	Local governments of Japan	1,065	—	1,065	—	0	0.00%
6	Foreign non-central government public sector entities (PSEs)	5,966	—	5,966	—	1,193	20.00%
7	Multilateral development banks (MDBs)	3,862	—	3,862	—	0	0.00%
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government- affiliated agencies of Japan	24,632	—	24,632	—	2,463	10.00%
10	The three local public corporations	—	—	—	—	—	—
11	Banks entities and financial instruments business operators engaged in Type I Financial Instruments Business	1,014,364	—	1,014,364	—	208,559	20.56%
12	Corporates	693,915	244,629	693,306	100,975	805,109	101.36%
13	SMEs and retail	1,432,756	999,406	1,432,756	749,729	1,636,864	75.00%
14	Residential mortgage loans	114,618	—	114,618	—	40,116	35.00%
15	Real estate acquisition activities	—	—	—	—	—	—
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	100,681	676	100,482	676	138,293	136.70%
17	Past due loans (three months or more) (residential mortgage loans)	40	—	40	—	40	100.00%
18	Bills in the course of collection	—	—	—	—	—	—
19	Guaranteed by credit guarantee associations, etc.	—	—	—	—	—	—
20	Guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	7,448,496	1,244,712	7,447,687	851,382	2,843,844	34.26%

(Millions of yen, except percentages)

CR4: SA – CR exposure and CRM effects		As of March 31, 2018					
Item No.	Asset classes	a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM On-balance sheet amount	Exposures pre-CCF and pre-CRM Off-balance sheet amount	Exposures post-CCF and post-CRM On-balance sheet amount	Exposures post-CCF and post-CRM Off-balance sheet amount	Credit RWA amount	RWA density
1	Cash	16,048	–	16,048	–	0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	2,470,922	–	2,470,922	–	0	0.00%
3	Foreign central governments and foreign central banks	1,150,561	–	1,150,561	–	9	0.00%
4	Bank for International Settlements, etc.	–	–	–	–	–	–
5	Local governments of Japan	1,570	–	1,570	–	0	0.00%
6	Foreign non-central government public sector entities (PSEs)	31,310	–	31,310	–	1,337	4.27%
7	Multilateral development banks (MDBs)	5,454	–	5,454	–	0	0.00%
8	Japan Finance Organization for Municipalities (JFM)	–	–	–	–	–	–
9	Government- affiliated agencies of Japan	17,675	–	17,675	–	1,767	10.00%
10	The three local public corporations	6,977	–	6,977	–	0	0.01%
11	Banks entities and financial instruments business operators engaged in Type I Financial Instruments Business	510,984	4,797	510,984	2,398	134,872	26.27%
12	Corporates	3,043,686	225,151	3,043,686	102,874	3,138,389	99.74%
13	SMEs and retail	1,048,482	1,006,652	1,048,482	769,972	1,363,841	75.00%
14	Residential mortgage loans	88,014	–	88,014	–	30,805	35.00%
15	Real estate acquisition activities	–	–	–	–	–	–
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	76,914	869	76,914	869	102,814	132.18%
17	Past due loans (three months or more) (residential mortgage loans)	59	–	59	–	59	100.00%
18	Bills in the course of collection	–	–	–	–	–	–
19	Guaranteed by credit guarantee associations, etc.	–	–	–	–	–	–
20	Guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	–	–	–	–	–	–
21	Investments, etc. (excluding significant investments)	–	–	–	–	–	–
22	Total	8,468,662	1,237,470	8,468,662	876,114	4,773,898	51.08%

4. CR Exposures by Asset Classes and Risk Weights (CR5)

(Millions of yen)

CR5: SA – CR exposures by asset classes and risk weights		As of March 31, 2019										
Item No.	Risk weight	a	b	c	d	e	f	g	h	i	j	k
		CR exposure amounts (post-CCF and CRM)										
Asset classes		0%	10%	20%	35%	50%	75%	100%	150%	250%	1250%	Total
1	Cash	29,321	–	–	–	–	–	–	–	–	–	29,321
2	Government of Japan and BOJ	2,732,090	–	–	–	–	–	–	–	–	–	2,732,090
3	Foreign central governments and foreign central banks	1,272,774	–	–	–	22,407	–	–	–	–	–	1,295,182
4	Bank for International Settlements, etc.	–	–	–	–	–	–	–	–	–	–	–
5	Local governments of Japan	1,065	–	–	–	–	–	–	–	–	–	1,065
6	Foreign non-central government PSEs	–	–	5,966	–	–	–	–	–	–	–	5,966
7	MDBs	3,862	–	–	–	–	–	–	–	–	–	3,862
8	JFM	–	–	–	–	–	–	–	–	–	–	–
9	Government- affiliated agencies of Japan	–	24,632	–	–	–	–	–	–	–	–	24,632
10	The three local public corporations	–	–	–	–	–	–	–	–	–	–	–
11	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	–	–	999,989	–	11,626	–	2,749	–	–	–	1,014,364
12	Corporates	8,318	–	5,587	–	–	–	780,375	–	–	–	794,282
13	SMEs and retail	–	–	–	–	–	2,182,486	–	–	–	–	2,182,486
14	Residential mortgage loans	–	–	–	114,618	–	–	–	–	–	–	114,618
15	Real estate acquisition activities	–	–	–	–	–	–	–	–	–	–	–
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	–	–	–	–	6,347	–	14,194	80,616	–	–	101,159
17	Past due loans (three months or more) (residential mortgage loans)	–	–	–	–	–	–	40	–	–	–	40
18	Bills in the course of collection	–	–	–	–	–	–	–	–	–	–	–
19	Guaranteed by credit guarantee associations, etc.	–	–	–	–	–	–	–	–	–	–	–
20	Guaranteed by REVIC of Japan, etc.	–	–	–	–	–	–	–	–	–	–	–
21	Investments, etc. (excluding significant investments)	–	–	–	–	–	–	–	–	–	–	–
22	Total	4,047,432	24,632	1,011,542	114,618	40,382	2,182,486	797,359	80,616	–	–	8,299,070

(Millions of yen)

CR5: SA – CR exposures by asset classes and risk weights		As of March 31, 2018										
Item No.	Risk weight	a	b	c	d	e	f	g	h	i	j	k
		CR exposure amounts (post-CCF and CRM)										
Asset classes		0%	10%	20%	35%	50%	75%	100%	150%	250%	1250%	Total
1	Cash	16,048	–	–	–	–	–	–	–	–	–	16,048
2	Government of Japan and BOJ	2,470,922	–	–	–	–	–	–	–	–	–	2,470,922
3	Foreign central governments and foreign central banks	1,150,511	–	49	–	–	–	–	–	–	–	1,150,561
4	Bank for International Settlements, etc.	–	–	–	–	–	–	–	–	–	–	–
5	Local governments of Japan	1,570	–	–	–	–	–	–	–	–	–	1,570
6	Foreign non-central government PSEs	24,621	–	6,688	–	–	–	–	–	–	–	31,310
7	MDBs	5,454	–	–	–	–	–	–	–	–	–	5,454
8	JFM	–	–	–	–	–	–	–	–	–	–	–
9	Government- affiliated agencies of Japan	–	17,675	–	–	–	–	–	–	–	–	17,675
10	The three local public corporations	6,973	–	3	–	–	–	–	–	–	–	6,977
11	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	–	–	488,165	–	22,122	–	3,095	–	–	–	513,382
12	Corporates	3,886	–	5,356	–	–	–	3,137,317	–	–	–	3,146,560
13	SMEs and retail	–	–	–	–	–	1,818,455	–	–	–	–	1,818,455
14	Residential mortgage loans	–	–	–	88,014	–	–	–	–	–	–	88,014
15	Real estate acquisition activities	–	–	–	–	–	–	–	–	–	–	–
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	57	–	91	–	13,654	–	–	63,979	–	–	77,783
17	Past due loans (three months or more) (residential mortgage loans)	–	–	–	–	–	–	59	–	–	–	59
18	Bills in the course of collection	–	–	–	–	–	–	–	–	–	–	–
19	Guaranteed by credit guarantee associations, etc.	–	–	–	–	–	–	–	–	–	–	–
20	Guaranteed by REVIC of Japan, etc.	–	–	–	–	–	–	–	–	–	–	–
21	Investments, etc. (excluding significant investments)	–	–	–	–	–	–	–	–	–	–	–
22	Total	3,680,047	17,675	500,355	88,014	35,777	1,818,455	3,140,472	63,979	–	–	9,344,777

Note: As the sum of the respective risk weight of the original obligor and the original obligee are applied for the risk weight for loan participation transactions by a bank adopting the SA, the credit RWA amount calculated by summing up the exposure amount multiplied by the corresponding risk weights in the above table does not match with the credit RWA amount shown in column e of CR4 (SA-CR exposure and CRM effects).

■ Credit Risk Mitigation (CRM) Techniques

1. Overview of Risk Characteristics, Risk Management Policy, Risk Management Procedures and Risk Management System

In calculating credit risk-weighted asset amounts, We take 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 under 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 93 to 98). 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.

In addition, 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.

As credit risk mitigation techniques, eligible real estate collateral and guarantees have shown a certain effect.

2. Credit Risk Mitigation Techniques (CR3)

(Millions of yen)

CR3: CRM techniques		As of March 31, 2019				
Item No.		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	49,092,490	28,088,080	13,092,100	9,260,609	—
2	Securities (of which: Debt securities)	16,890,132	920,449	258,021	51,641	600
3	Other on-balance sheet assets (of which: debt-based assets)	63,331,991	332,855	6,071	275,620	—
4	Total (1+2+3)	129,314,614	29,341,384	13,356,193	9,587,871	600
5	Of which: defaulted	536,741	152,513	81,179	6,482	—

(Millions of yen)

CR3: CRM techniques		As of March 31, 2018				
Item No.		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	45,660,454	27,382,601	13,034,567	8,743,128	5,312
2	Securities (of which: Debt securities)	18,024,738	969,389	258,935	63,312	—
3	Other on-balance sheet assets (of which: debt-based assets)	58,895,107	210,324	5,620	154,070	—
4	Total (1+2+3)	122,580,301	28,562,315	13,299,124	8,960,511	5,312
5	Of which: defaulted	512,629	251,536	91,471	5,594	—

Counterparty Credit Risk

1. Overview of Risk Characteristics

Counterparty credit risk is actualized when counterparties become default in a condition where derivative transactions, etc. have a positive value, and risks fluctuate according to the credit quality of counterparties and related market indicators.

2. Risk Management Policy and Procedures

(1) Risk Management Policy

For counterparty credit risks, credit limits are set according to the frameworks of credit management in each SMBC Group company. For transactions with CCP, credit risks are managed after validating the financial base and the default management process, etc.

(2) 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.

(3) 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.

3. Amount of Counter Party Credit Risk (CCR) Exposure by Approach (CCR1)

(Millions of yen)

CCR1: Amount of CCR exposure by approach		As of March 31, 2019					
Item No.		a	b	c	d	e	f
		Replacement cost	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR	—	—		1.4	—	—
	CEM	1,328,818	2,558,596			3,887,415	1,094,827
2	Expected exposure method (IMM)			—	—	—	—
3	Simple approach for CRM					—	—
4	Comprehensive approach for CRM					4,676,937	462,418
5	Exposure fluctuation estimation model					—	—
6	Total						1,557,246

(Millions of yen)

CCR1: Amount of CCR exposure by approach		As of March 31, 2018					
Item No.		a	b	c	d	e	f
		Replacement cost	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR	—	—		1.4	—	—
	CEM	1,490,810	2,249,561			3,740,371	1,051,112
2	Expected exposure method (IMM)			—	—	—	—
3	Simple approach for CRM					5,658,971	312,840
4	Comprehensive approach for CRM					3,178,754	129,770
5	Exposure fluctuation estimation model					—	—
6	Total						1,493,723

4. CVA Capital Charge (CCR2)

(Millions of yen)

CCR2: CVA risk capital charge		As of March 31, 2019		As of March 31, 2018	
		a	b	a	b
Item No.		EAD post-CRM	RWA (Amount calculated by dividing CVA capital charge by 8%)	EAD post-CRM	RWA (Amount calculated by dividing CVA capital charge by 8%)
1	Total portfolios subject to the advanced CVA capital charge	—	—	—	—
2	(i) VaR component (including the 3×multiplier)	—	—	—	—
3	(ii) Stressed VaR component (including the 3×multiplier)	—	—	—	—
4	Total portfolios subject to the standardised CVA capital charge	3,455,139	2,376,345	3,353,374	2,252,318
5	Total subject to the CVA capital charge	3,455,139	2,376,345	3,353,374	2,252,318

5. CCR Exposures by Regulatory Portfolio and Risk Weights (CCR3)

(Millions of yen)

CCR3: CCR exposures by regulatory portfolio and risk weights		As of March 31, 2019								
Item No.	Regulatory portfolio	a	b	c	d	e	f	g	h	i
		Credit equivalent amounts (post-CRM)								
	Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total
1	Government of Japan and BOJ	81,773	—	—	—	—	—	—	—	81,773
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	10	—	10
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	62	—	—	—	—	—	—	—	62
5	Foreign non-central government PSEs	—	—	—	—	—	—	—	—	—
6	MDBs	—	—	—	—	—	—	—	—	—
7	JFM	—	—	—	—	—	—	—	—	—
8	Government-affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	—	—	604,407	1,093	—	—	—	—	605,501
11	Corporates	—	—	—	—	—	366,869	—	—	366,869
12	SMEs and retail	—	—	—	—	66,984	—	—	—	66,984
13	Other than the above	—	—	—	—	—	38,851	—	—	38,851
14	Total	81,836	—	604,407	1,093	66,984	405,721	10	—	1,160,053

(Millions of yen)

CCR3: CCR exposures by regulatory portfolio and risk weights		As of March 31, 2018									
Item No.	Regulatory portfolio	Risk weight	a	b	c	d	e	f	g	h	i
			Credit equivalent amounts (post-CRM)								
			0%	10%	20%	50%	75%	100%	150%	Others	Total
1	Government of Japan and BOJ		163,953	—	—	—	—	—	—	—	163,953
2	Foreign central governments and foreign central banks		—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.		—	—	—	—	—	—	—	—	—
4	Local governments of Japan		6,979	—	—	—	—	—	—	—	6,979
5	Foreign non-central government PSEs		—	—	—	—	—	—	—	—	—
6	MDBs		—	—	—	—	—	—	—	—	—
7	JFM		—	—	—	—	—	—	—	—	—
8	Government- affiliated agencies of Japan		—	—	—	—	—	—	—	—	—
9	The three local public corporations		—	—	—	—	—	—	—	—	—
10	Banks and financial instruments business operators engaged in Type I Financial Instruments Business		974,127	—	403,048	1,953	—	383	—	—	1,379,513
11	Corporates		4,083,144	—	7,868	—	—	245,565	—	—	4,336,577
12	SMEs and retail		—	—	—	—	171,452	—	—	—	171,452
13	Other than the above		—	—	—	—	—	21,264	—	—	21,264
14	Total		5,228,204	—	410,916	1,953	171,452	267,214	—	—	6,079,742

6. IRB Approach – CCR Exposures by Portfolio and PD Scale (CCR4)

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2019						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Sovereign exposures (AIRB approach)								
1	0.00 to <0.15	87,145	0.01	0.8	27.06	2.9	6,370	7.31
2	0.15 to <0.25	19,471	0.16	0.0	23.14	0.0	1,911	9.81
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	364	0.86	0.0	35.00	3.5	285	78.35
6	2.50 to <10.00	2,159	2.56	0.0	1.01	1.0	62	2.87
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	109,141	0.09	0.8	25.87	2.4	8,629	7.90
Sovereign exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Bank exposures (AIRB approach)								
1	0.00 to <0.15	4,105,450	0.03	15.2	16.34	1.0	237,771	5.79
2	0.15 to <0.25	914,345	0.16	4.6	17.65	0.9	150,782	16.49
3	0.25 to <0.50	498	0.29	0.0	31.92	1.6	184	36.91
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	51,747	0.85	0.0	3.97	0.0	3,402	6.57
6	2.50 to <10.00	169,601	3.96	0.1	0.56	0.0	3,009	1.77
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	5,241,643	0.19	20.2	15.94	0.9	395,151	7.53
Bank exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2019						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Corporate exposures (AIRB approach)								
1	0.00 to <0.15	957,186	0.05	46.6	29.65	2.3	142,052	14.84
2	0.15 to <0.25	427,536	0.16	22.8	30.47	3.4	150,001	35.08
3	0.25 to <0.50	96,278	0.30	7.9	34.45	2.4	43,218	44.88
4	0.50 to <0.75	12,922	0.53	3.5	34.99	3.0	7,949	61.51
5	0.75 to <2.50	34,043	1.53	4.2	32.19	3.2	28,198	82.83
6	2.50 to <10.00	13,397	2.72	0.6	34.21	2.6	14,987	111.86
7	10.00 to <100.00	4,401	14.56	0.4	32.31	2.1	6,321	143.61
8	100.00 (Default)	173	100.00	0.0	41.51	4.0	23	13.75
9	Subtotal	1,545,940	0.21	86.4	30.32	2.7	392,753	25.40
Corporate exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Mid-sized corporations and SMEs exposures (AIRB approach)								
1	0.00 to <0.15	8,073	0.08	3.2	33.45	2.8	1,672	20.71
2	0.15 to <0.25	13,019	0.17	6.0	35.00	3.1	4,261	32.73
3	0.25 to <0.50	7,548	0.27	2.9	34.00	3.3	3,015	39.94
4	0.50 to <0.75	7,631	0.53	2.4	34.42	3.4	4,313	56.52
5	0.75 to <2.50	9,493	1.37	4.9	34.84	3.5	7,143	75.24
6	2.50 to <10.00	1,859	2.56	0.5	35.00	4.3	1,692	91.01
7	10.00 to <100.00	354	13.77	0.1	35.00	4.3	507	143.15
8	100.00 (Default)	366	100.00	0.0	46.91	4.5	50	13.75
9	Subtotal	48,347	1.41	20.5	34.55	3.3	22,656	46.86
Mid-sized corporations and SMEs exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2019						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of counterparties	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
SL								
1	0.00 to <0.15	96,708	0.04	0.2	18.68	4.8	13,306	13.75
2	0.15 to <0.25	215,673	0.16	0.4	22.33	4.8	64,682	29.99
3	0.25 to <0.50	89,110	0.36	0.6	22.00	4.8	37,065	41.59
4	0.50 to <0.75	339	0.53	0.0	30.00	4.4	212	62.68
5	0.75 to <2.50	49,437	1.18	0.1	25.26	4.6	34,188	69.15
6	2.50 to <10.00	3,713	3.98	0.0	46.18	4.9	6,440	173.43
7	10.00 to <100.00	1,392	14.27	0.0	42.94	4.9	3,240	232.79
8	100.00 (Default)	2,852	100.00	0.0	65.94	4.8	1,515	53.13
9	Subtotal	459,226	0.98	1.5	22.35	4.8	160,652	34.98
Equity exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Other retail exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Total (sum of portfolios)		7,404,300	0.25	129.6	19.61	1.6	979,843	13.23

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2018						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Sovereign exposures (AIRB approach)								
1	0.00 to <0.15	156,313	0.00	0.5	22.69	1.2	150	0.09
2	0.15 to <0.25	31,027	0.16	0.0	23.76	0.6	4,405	14.20
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	0	0.55	0.0	35.00	1.0	0	42.70
5	0.75 to <2.50	118	1.69	0.0	35.00	3.1	107	91.45
6	2.50 to <10.00	51	2.60	0.0	34.93	1.0	42	81.22
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	187,511	0.02	0.5	22.88	1.1	4,706	2.50
Sovereign exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Bank exposures (AIRB approach)								
1	0.00 to <0.15	3,160,226	0.03	13.9	18.87	1.0	210,607	6.66
2	0.15 to <0.25	741,034	0.16	4.3	16.49	0.9	121,970	16.45
3	0.25 to <0.50	972	0.34	0.0	34.97	1.5	432	44.45
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	61,064	0.96	0.0	5.01	0.0	6,088	9.97
6	2.50 to <10.00	121,139	4.11	0.1	0.38	0.0	1,372	1.13
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	4,084,436	0.19	18.4	17.69	1.0	340,471	8.33
Bank exposures (FIRB approach)								
1	0.00 to <0.15	737	0.09	0.0	45.00	1.2	193	26.18
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	737	0.09	0.0	45.00	1.2	193	26.18

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2018						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Corporate exposures (AIRB approach)								
1	0.00 to <0.15	1,125,009	0.04	47.0	38.35	2.2	171,663	15.25
2	0.15 to <0.25	378,409	0.16	23.8	29.78	3.4	130,581	34.50
3	0.25 to <0.50	91,512	0.29	9.3	31.24	3.3	40,672	44.44
4	0.50 to <0.75	16,474	0.55	3.0	34.24	2.4	9,392	57.01
5	0.75 to <2.50	86,968	2.04	3.9	16.18	1.3	35,695	41.04
6	2.50 to <10.00	32,765	2.99	1.5	32.10	4.0	37,083	113.17
7	10.00 to <100.00	10,342	11.68	1.8	33.42	1.5	14,559	140.77
8	100.00 (Default)	419	100.00	0.0	48.38	3.2	52	12.50
9	Subtotal	1,741,901	0.34	90.7	34.83	2.5	439,701	25.24
Corporate exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	941	2.58	0.0	45.00	3.7	1,603	170.30
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	941	2.58	0.0	45.00	3.7	1,603	170.30
Mid-sized corporations and SMEs exposures (AIRB approach)								
1	0.00 to <0.15	8,050	0.08	2.9	35.00	2.5	1,559	19.37
2	0.15 to <0.25	14,954	0.17	5.2	34.16	2.9	4,533	30.31
3	0.25 to <0.50	10,642	0.29	3.5	34.28	3.0	4,293	40.34
4	0.50 to <0.75	8,806	0.55	3.5	35.00	3.1	4,821	54.74
5	0.75 to <2.50	8,880	1.33	6.3	34.39	2.9	6,231	70.16
6	2.50 to <10.00	5,630	2.58	0.9	34.99	4.2	5,203	92.41
7	10.00 to <100.00	694	12.28	0.3	35.00	3.0	951	137.08
8	100.00 (Default)	228	100.00	0.2	50.40	4.1	28	12.50
9	Subtotal	57,887	1.19	23.1	34.61	3.0	27,623	47.71
Mid-sized corporations and SMEs exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2018						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of counterparties	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
SL								
1	0.00 to <0.15	99,975	0.04	0.2	20.90	4.8	15,582	15.58
2	0.15 to <0.25	202,540	0.16	0.4	23.82	4.9	65,072	32.12
3	0.25 to <0.50	72,588	0.36	0.3	25.28	4.8	34,680	47.77
4	0.50 to <0.75	168	0.55	0.0	34.24	2.7	97	58.01
5	0.75 to <2.50	43,064	1.46	0.1	27.14	4.4	32,318	75.04
6	2.50 to <10.00	4,203	4.13	0.0	39.91	4.9	6,372	151.60
7	10.00 to <100.00	469	17.00	0.0	35.17	4.3	924	197.03
8	100.00 (Default)	1,928	100.00	0.0	68.76	4.8	1,007	52.25
9	Subtotal	424,938	0.81	1.1	24.10	4.8	156,055	36.72
Equity exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Other retail exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Total (sum of portfolios)		6,498,356	0.27	134.0	23.01	1.6	970,354	14.93

7. Composition of Collateral for CCR Exposure (CCR5)

(Millions of yen)

CCR5: Composition of collateral for CCR exposure		As of March 31, 2019					
Item No.		a	b	c	d	e	f
		Collateral used in derivative transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	16,008	53,826	—	216,069	6,219,697	8,270,506
2	Cash (other currencies)	110	174,936	—	252,900	3,641,626	2,056,347
3	Domestic sovereign debt	154	239	—	39,088	5,901,864	7,019,774
4	Other sovereign debt	3,399	—	—	—	2,037,550	3,681,176
5	Government agency debt	5	—	—	—	1,183,595	—
6	Corporate bonds	2,496	—	—	—	63,059	25,982
7	Equity securities	3,376	—	—	—	1,386,785	356,931
8	Other collateral	5,349	—	—	—	55,026	—
9	Total	30,900	229,001	—	508,057	20,489,205	21,410,718

(Millions of yen)

CCR5: Composition of collateral for CCR exposure		As of March 31, 2018					
Item No.		a	b	c	d	e	f
		Collateral used in derivative transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	20,250	191,880	—	116,006	7,050,517	7,905,030
2	Cash (other currencies)	521	162,951	—	368,536	2,747,648	1,436,126
3	Domestic sovereign debt	277	796	—	27,963	6,492,040	7,481,005
4	Other sovereign debt	4,217	3,498	—	4,544	1,185,978	2,669,201
5	Government agency debt	50	—	—	—	264,077	—
6	Corporate bonds	11,574	—	—	—	48,602	70,898
7	Equity securities	5,674	—	—	—	605,426	40,877
8	Other collateral	—	—	—	—	35,732	—
9	Total	42,567	359,126	—	517,052	18,430,024	19,603,140

8. Credit Derivative Transaction Exposures (CCR6)

(Millions of yen)

CCR6: Credit derivative transaction exposures		As of March 31, 2019		As of March 31, 2018	
Item No.		a	b	a	b
		Protection bought	Protection sold	Protection bought	Protection sold
Notionals					
1	Single-name credit default swaps	375,808	472,253	444,503	719,100
2	Index credit default swaps	147,640	119,000	66,000	120,834
3	Total return swaps	—	—	—	—
4	Credit options	—	—	—	—
5	Other credit derivatives	—	—	—	—
6	Total notionals	523,448	591,253	510,503	839,934
Fair values					
7	Positive fair value (asset)	1,137	9,593	387	12,996
8	Negative fair value (liability)	8,013	4,008	8,034	2,660

9. RWA flow statements of CCR exposures under the Expected exposure method (IMM) (CCR7)

Not applicable.

10. Exposures to Central Counterparties (CCR8)

(Millions of yen)

CCR8: Exposures to central counterparties (CCP)		As of March 31, 2019		As of March 31, 2018	
		a	b	a	b
Item No.		EAD to CCP (post-CRM)	RWA	EAD to CCP (post-CRM)	RWA
1	Exposures to qualifying central counterparties (QCCPs) (total)		167,548		125,935
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	3,320,224	66,407	2,574,667	51,493
3	(i) OTC derivatives	2,826,512	56,532	1,335,139	26,702
4	(ii) Exchange-traded derivatives	469,547	9,391	1,215,202	24,304
5	(iii) SFTs	24,163	483	24,324	486
6	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
7	Segregated initial margin	—	—	—	—
8	Non-segregated initial margin	172,119	3,444	134,883	2,697
9	Pre-funded default fund contributions	164,959	97,696	136,695	71,744
10	Unfunded default fund contributions	—	—	—	—
11	Exposures to non-QCCPs (total)		10,365		46,601
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	14,781	9,810	183,077	44,374
13	(i) OTC derivatives	3,617	3,617	4,428	4,428
14	(ii) Exchange-traded derivatives	11,163	6,192	178,616	39,913
15	(iii) SFTs	—	—	32	32
16	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
17	Segregated initial margin	—	—	—	—
18	Non-segregated initial margin	2,771	554	10,843	2,227
19	Pre-funded default fund contributions	—	—	—	—
20	Unfunded default fund contributions	—	—	—	—

■ Securitisation Transactions

1. Overview of Risk Characteristics

Securitisation 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 securitisation exposure due to a timing mismatch between the securitisation conduit's receipt of the cash flows related to the underlying assets and payment of the securitisation 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.

2. Overview of Risk Management Policy and Procedures

Definition of securitisation 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 securitisation exposures to measuring, evaluating and reporting risks.

Securitisation 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 securitisation 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 resecuritisation transactions.

Its policy is to conduct securitisation transactions by verifying effectiveness in mitigating credit risk through the use of the asset transfer type or synthetic type securitisation transactions covering domestic and foreign exposures and using them as underlying exposures if securitisation transactions are used as an approach for credit risk mitigation.

The Group takes one of the following positions for securitisation 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)

3. Name of Securitisation Conduit and Whether or Not It Possesses Securitisation Exposure Related to Securitisation Transactions, as well as Names of Subsidiaries and Affiliated Companies of us Which Hold Securitisation Exposures Related to Securitisation Transactions Conducted by us and we Engage in the Management of the Company or Provides Advice

In order to undertake securitisation transactions related to third-party assets, the Group mainly uses a special purpose company (SPC) as a securitisation conduit.

- Manhattan Asset Funding Company LLC
- Chelsea Capital Corporation
- Forest Corporation
- Spur Funding Corporation
- Deccan Funding GK
- Taeguk Funding Designated Activity Company

Excluding consolidated subsidiaries, subsidiaries or affiliated companies holding securitisation exposures related to the security transactions conducted by the Holding Company Group are as follows:

- THE MINATO BANK, LTD.

4. Name of Securitisation Conduit that Provides Non-Contractual Credit Enhancement, etc. and Impacts on Capital by Such Non-Contractual Credit Enhancement, etc. for Each Securitisation Conduit

Not applicable.

5. Accounting Policy on Securitisation Transactions

The recognition of the generation and extinguishment of financial assets and financial liabilities associated with securitisation transactions and the valuation and accounting treatment thereof are mainly governed by the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

6. Names of Qualifying External Ratings Agencies

In order to apply the rating-based approach under the IRB approach or standardised 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.

7. Securitisation Exposures in the Banking Book (SEC1)

(Millions of yen)

SEC1: Securitisation exposures in the banking book		As of March 31, 2019								
Item No.	Type of underlying asset	a	b	c	d	e	f	g	h	i
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
1	Retail (total) - of which	427,251	—	427,251	511,257	—	511,257	750,681	—	750,681
2	Residential mortgage	427,251	—	427,251	—	—	—	129,918	—	129,918
3	Credit card	—	—	—	11,997	—	11,997	302,137	—	302,137
4	Other retail exposures	—	—	—	499,260	—	499,260	318,625	—	318,625
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	50,367	94,728	145,095	685,450	—	685,450	1,051,904	170,304	1,222,208
7	Loans to corporates	50,367	94,728	145,095	22,776	—	22,776	884,242	—	884,242
8	Commercial mortgage	—	—	—	—	—	—	608	—	608
9	Lease and receivables	—	—	—	657,173	—	657,173	73,985	21,401	95,387
10	Other wholesale	—	—	—	5,500	—	5,500	93,067	148,903	241,970
11	Re-securitisation	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC1: Securitisation exposures in the banking book		As of March 31, 2018								
Item No.	Type of underlying asset	a	b	c	d	e	f	g	h	i
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
1	Retail (total) - of which	412,410	—	412,410	533,449	—	533,449	655,834	—	655,834
2	Residential mortgage	412,410	—	412,410	—	—	—	31,574	—	31,574
3	Credit card	—	—	—	39,497	—	39,497	296,940	—	296,940
4	Other retail exposures	—	—	—	493,951	—	493,951	327,319	—	327,319
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	17,722	101,189	118,911	771,531	—	771,531	886,361	230,748	1,117,110
7	Loans to corporates	17,722	101,189	118,911	20,296	—	20,296	685,765	220,973	906,738
8	Commercial mortgage	—	—	—	—	—	—	1,100	—	1,100
9	Lease and receivables	—	—	—	745,635	—	745,635	132,870	9,775	142,645
10	Other wholesale	—	—	—	5,600	—	5,600	66,626	—	66,626
11	Re-securitisation	—	—	—	—	—	—	—	—	—

8. Securitisation Exposures in the Trading Book (SEC2)

(Millions of yen)

SEC2: Securitisation exposures in the trading book		As of March 31, 2019								
Item No.	Type of underlying asset	a	b	c	d	e	f	g	h	i
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
1	Retail (total) - of which	—	—	—	—	—	—	8,717	—	8,717
2	Residential mortgage	—	—	—	—	—	—	—	—	—
3	Credit card	—	—	—	—	—	—	740	—	740
4	Other retail exposures	—	—	—	—	—	—	7,977	—	7,977
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	—	—	—	—	—	—	250	—	250
7	Loans to corporates	—	—	—	—	—	—	—	—	—
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	—	—	—	—	—	—	250	—	250
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC2: Securitisation exposures in the trading book		As of March 31, 2018								
Item No.	Type of underlying asset	a	b	c	d	e	f	g	h	i
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
1	Retail (total) - of which	—	—	—	—	—	—	10,624	—	10,624
2	Residential mortgage	—	—	—	—	—	—	—	—	—
3	Credit card	—	—	—	—	—	—	6,611	—	6,611
4	Other retail exposures	—	—	—	—	—	—	4,013	—	4,013
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	—	—	—	—	—	—	3,855	—	3,855
7	Loans to corporates	—	—	—	—	—	—	17	—	17
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	—	—	—	—	—	—	3,838	—	3,838
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

9. Securitisation Exposures in the Banking Book and Associated Regulatory Capital Requirements
(Bank Acting as Originator or as Sponsor) (SEC3)

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated capital regulatory requirements (bank acting as originator or sponsor) (1/2)		As of March 31, 2019							
		a	b	c	d	e	f	g	h
Item No.		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying		Re-securitisation	Senior	Non-senior
					Wholesale				
Exposure values (by RW bands)									
1	≤20% RW	967,718	873,000	873,000	369,183	503,816	—	—	—
2	>20% to 50% RW	427,887	427,887	427,887	286,265	141,622	—	—	—
3	>50% to 100% RW	238,108	238,108	238,108	150,440	87,668	—	—	—
4	>100% to <1250% RW	134,950	134,950	134,950	132,619	2,331	—	—	—
5	1250% RW	389	379	379	—	379	—	—	—
Exposure values (by regulatory approach)									
6	SEC-IRBA or IAA	1,642,136	1,547,407	1,547,407	844,890	702,517	—	—	—
7	SEC-ERBA	126,919	126,919	126,919	93,619	33,300	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA or IAA	609,637	591,525	591,525	401,816	189,708	—	—	—
11	SEC-ERBA	28,497	28,497	28,497	18,723	9,773	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)									
14	SEC-IRBA or IAA	48,771	47,322	47,322	32,145	15,176	—	—	—
15	SEC-ERBA	2,279	2,279	2,279	1,497	781	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—	—

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements (bank acting as originator or sponsor) (2/2)		As of March 31, 2019						
		i	j	k	l	m	n	o
Item No.		Synthetic securitisation (subtotal)		Retail underlying		Re-securitisation	Senior	Non-senior
		Securitisation			Wholesale			
Exposure values (by RW bands)								
1	≤20% RW	94,718	94,718	—	94,718	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—
5	1250% RW	10	10	—	10	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA or IAA	94,728	94,728	—	94,728	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA or IAA	18,112	18,112	—	18,112	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital requirement values (by regulatory approach)								
14	SEC-IRBA or IAA	1,448	1,448	—	1,448	—	—	—
15	SEC-ERBA	—	—	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated capital regulatory requirements (bank acting as originator or sponsor) (1/2)		As of March 31, 2018							
		a	b	c	d	e	f	g	h
Item No.		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying		Re-securitisation	Senior	Non-senior
					Wholesale				
Exposure values (by RW bands)									
1	≤20% RW	1,805,620	1,707,334	1,707,334	922,711	784,622	—	—	—
2	>20% to 50% RW	3,333	2,387	2,387	—	2,387	—	—	—
3	>50% to 100% RW	2,426	2,144	2,144	—	2,144	—	—	—
4	>100% to <1250% RW	184	—	—	—	—	—	—	—
5	1250% RW	24,737	23,246	23,246	23,147	99	—	—	—
Exposure values (by regulatory approach)									
6	IRB RBA (including IAA)	73,071	73,071	73,071	73,071	—	—	—	—
7	IRB SFA	1,738,493	1,638,794	1,638,794	849,640	789,154	—	—	—
8	Securitisation exposures subject to SA	—	—	—	—	—	—	—	—
9	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	24,737	23,246	23,246	23,147	99	—	—	—
Credit RWA amounts (by regulatory approach)									
10	IRB RBA (including IAA)	5,115	5,115	5,115	5,115	—	—	—	—
11	IRB SFA	100,661	92,354	92,354	32,226	60,128	—	—	—
12	SA	—	—	—	—	—	—	—	—
13	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	309,222	290,585	290,585	289,345	1,239	—	—	—
Capital charge after cap (by regulatory approach)									
14	IRB RBA (including IAA)	433	433	433	433	—	—	—	—
15	IRB SFA	8,536	7,831	7,831	2,732	5,098	—	—	—
16	SA	—	—	—	—	—	—	—	—
17	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	26,222	24,641	24,641	24,536	105	—	—	—

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements (bank acting as originator or sponsor) (2/2)		As of March 31, 2018						
		i	j	k	l	m	n	o
Item No.		Synthetic securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior
		Exposure values (by RW bands)						
1	≤20% RW	98,285	98,285	—	98,285	—	—	—
2	>20% to 50% RW	946	946	—	946	—	—	—
3	>50% to 100% RW	281	281	—	281	—	—	—
4	>100% to <1250% RW	184	184	—	184	—	—	—
5	1250% RW	1,490	1,490	—	1,490	—	—	—
Exposure values (by regulatory approach)								
6	IRB RBA (including IAA)	—	—	—	—	—	—	—
7	IRB SFA	99,698	99,698	—	99,698	—	—	—
8	SA	—	—	—	—	—	—	—
9	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	1,490	1,490	—	1,490	—	—	—
Credit RWA amounts (by regulatory approach)								
10	IRB RBA (including IAA)	—	—	—	—	—	—	—
11	IRB SFA	8,306	8,306	—	8,306	—	—	—
12	SA	—	—	—	—	—	—	—
13	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	18,637	18,637	—	18,637	—	—	—
Capital requirement values (by regulatory approach)								
14	IRB RBA (including IAA)	—	—	—	—	—	—	—
15	IRB SFA	704	704	—	704	—	—	—
16	SA	—	—	—	—	—	—	—
17	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	1,580	1,580	—	1,580	—	—	—

10. Securitisation Exposures in the Banking Book Associated Capital Requirements
(Bank Acting as Investor) (SEC4)

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (1/2)		As of March 31, 2019							
		a	b	c	d	e	f	g	h
Item No.		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying		Re-securitisation	Senior	Non-senior
					Wholesale				
Exposure values (by RW bands)									
1	≤20% RW	1,534,395	1,470,068	1,470,068	468,565	1,001,503	—	—	—
2	>20% to 50% RW	261,957	261,957	261,957	261,957	—	—	—	—
3	>50% to 100% RW	32,713	32,713	32,713	4,507	28,205	—	—	—
4	>100% to <1250% RW	143,215	37,237	37,237	15,651	21,586	—	—	—
5	1250% RW	608	608	608	—	608	—	—	—
Exposure values (by regulatory approach)									
6	SEC-IRBA or IAA	1,576,141	1,405,836	1,405,836	436,086	969,750	—	—	—
7	SEC-ERBA	396,140	396,140	396,140	314,595	81,544	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—
9	1250% RW	608	608	608	—	608	—	—	—
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA or IAA	360,511	236,940	236,940	74,334	162,606	—	—	—
11	SEC-ERBA	130,017	130,017	130,017	94,532	35,485	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—
13	1250% RW	7,605	7,605	7,605	—	7,605	—	—	—
Capital charge after cap (by regulatory approach)									
14	SEC-IRBA or IAA	28,840	18,955	18,955	5,946	13,008	—	—	—
15	SEC-ERBA	10,401	10,401	10,401	7,562	2,838	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—
17	1250% RW	608	608	608	—	608	—	—	—

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (2/2)		As of March 31, 2019						
		i	j	k	l	m	n	o
Item No.		Synthetic securitisation (subtotal)		Retail underlying		Re-securitisation	Senior	Non-senior
		Securitisation			Wholesale			
Exposure values (by RW bands)								
1	≤20% RW	64,327	64,327	—	64,327	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	105,977	105,977	—	105,977	—	—	—
5	1250% RW	—	—	—	—	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA or IAA	170,304	170,304	—	170,304	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA or IAA	123,570	123,570	—	123,570	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)								
14	SEC-IRBA or IAA	9,885	9,885	—	9,885	—	—	—
15	SEC-ERBA	—	—	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (1/2)		As of March 31, 2018								
Item No.		a	b	c	d	e	f	g	h	
		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior	
Exposure values (by RW bands)										
1	≤20% RW	1,721,862	1,510,845	1,510,845	635,543	875,301	—	—	—	
2	>20% to 50% RW	301	301	301	—	301	—	—	—	
3	>50% to 100% RW	28,573	28,573	28,573	20,291	8,282	—	—	—	
4	>100% to <1250% RW	600	600	600	—	600	—	—	—	
5	1250% RW	21,606	1,875	1,875	—	1,875	—	—	—	
Exposure values (by regulatory approach)										
6	IRB RBA (including IAA)	345,204	345,204	345,204	264,534	80,670	—	—	—	
7	IRB SFA	1,400,220	1,189,203	1,189,203	385,988	803,215	—	—	—	
8	SA	5,912	5,912	5,912	5,312	600	—	—	—	
9	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	21,606	1,875	1,875	—	1,875	—	—	—	
Credit RWA amounts (by regulatory approach)										
10	IRB RBA (including IAA)	42,577	42,577	42,577	28,948	13,628	—	—	—	
11	IRB SFA	83,567	82,324	82,324	27,683	54,641	—	—	—	
12	SA	6,084	6,084	6,084	3,984	2,100	—	—	—	
13	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	270,086	23,449	23,449	—	23,449	—	—	—	
Capital charge after cap (by regulatory approach)										
14	IRB RBA (including IAA)	3,610	3,610	3,610	2,454	1,155	—	—	—	
15	IRB SFA	7,086	6,981	6,981	2,347	4,633	—	—	—	
16	SA	486	486	486	318	168	—	—	—	
17	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	22,873	1,958	1,958	—	1,958	—	—	—	

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (2/2)		As of March 31, 2018						
		i	j	k	l	m	n	o
Item No.		Synthetic securitisation (subtotal)	Securitisation	Retail underlying		Re-securitisation	Senior	Non-senior
				Wholesale				
Exposure values (by RW bands)								
1	≤20% RW	211,017	211,017	—	211,017	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—
5	1250% RW	19,730	19,730	—	19,730	—	—	—
Exposure values (by regulatory approach)								
6	IRB RBA (including IAA)	—	—	—	—	—	—	—
7	IRB SFA	211,017	211,017	—	211,017	—	—	—
8	SA	—	—	—	—	—	—	—
9	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	19,730	19,730	—	19,730	—	—	—
Credit RWA amounts (by regulatory approach)								
10	IRB RBA (including IAA)	—	—	—	—	—	—	—
11	IRB SFA	1,242	1,242	—	1,242	—	—	—
12	SA	—	—	—	—	—	—	—
13	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	246,636	246,636	—	246,636	—	—	—
Capital charge after cap (by regulatory approach)								
14	IRB RBA (including IAA)	—	—	—	—	—	—	—
15	IRB SFA	105	105	—	105	—	—	—
16	SA	—	—	—	—	—	—	—
17	1250% RW pursuant to Article 247, Paragraph 1 of the Notification or Article 225, Paragraph 1 of the Bank Holding Company Equity Capital Adequacy Notification	20,914	20,914	—	20,914	—	—	—

■ Equity Exposures

1. Overview of 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 SMBC group, taking into account the financial and business situations of the subsidiaries and affiliates.

2. Valuation of Securities and Other Significant Accounting Policies

Stocks of non-consolidated subsidiaries and affiliates not accounted for by the equity method 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 market prices at the end of the fiscal year under review (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.”

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, SMBC Bank EU AG, 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, SMBC Bank EU AG, 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. Market Risk under standardised approach (MR1)

(Millions of yen)

MR1: Market risk under standardised approach		As of March 31, 2019	As of March 31, 2018
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)	RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	371,760	467,888
2	Equity risk (general and specific)	177,934	166,758
3	Foreign exchange risk	17,049	20,640
4	Commodity risk	627	0
	Options		
5	Simplified approach	—	—
6	Delta-plus method	178,326	298,703
7	Scenario approach	—	—
8	Specific risk related to securitisation exposures	3,180	181,012
9	Total	748,878	1,135,003

3. RWA flow statements of market risk exposures under an IMA (MR2)

(Billions of yen)

MR2: RWA flow statements of market risk exposures under an IMA		As of March 31, 2019					
Item No.		a VaR	b Stressed VaR	c IRC	d CRM	e Other	f Total RWA
1a	RWA as of March 31, 2018	634	927	—	—	—	1,562
1b	Ratio of 1a / 1c	2.8	3.6	—	—	—	3.3
1c	RWA at end of March 31, 2018	220	253	—	—	—	473
2	Movement in risk levels	(60)	101	—	—	—	40
3	Breakdown of variations in the market risk-weighted assets						
	Model updates/changes	0	0	—	—	—	0
4	Methodology and policy	—	—	—	—	—	—
5	Acquisitions and disposals	—	—	—	—	—	—
6	Foreign exchange movements	5	6	—	—	—	12
7	Other	(3)	—	—	—	—	(3)
8a	RWA at end of March 31, 2019	161	361	—	—	—	522
8b	Ratio of 8c / 8a	2.8	3.0	—	—	—	3.0
8c	RWA as of March 31, 2019	465	1,105	—	—	—	1,571

4. IMA values for trading portfolios (MR3)

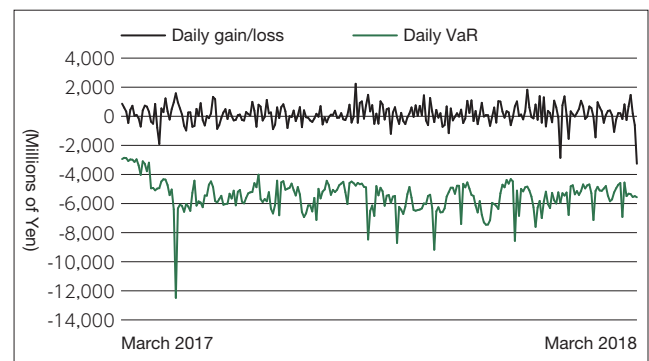
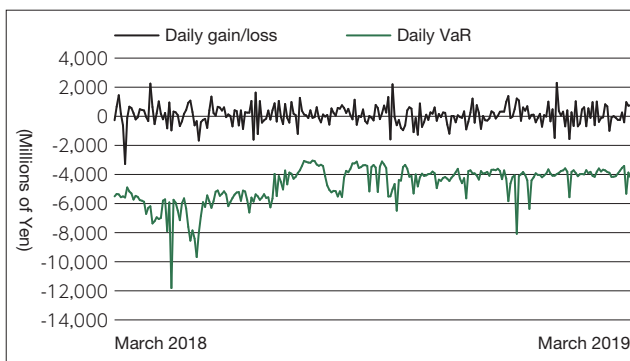
(Millions of yen)

MR3: IMA values for trading portfolios		Fiscal 2018	Fiscal 2017
Item No.			
	VaR (holding period of 10 business days, one-sided confidence level of 99%)		
1	Maximum value	30,565	24,051
2	Average value	14,441	17,066
3	Minimum value	9,587	9,356
4	Period end	12,930	17,606
	Stressed VaR (holding period of 10 business days, one-sided confidence level of 99%)		
5	Maximum value	44,514	45,773
6	Average value	27,643	25,283
7	Minimum value	17,644	13,672
8	Period end	28,908	20,254
	Incremental risk value (one-sided confidence level of 99.9%)		
9	Maximum value	—	—
10	Average value	—	—
11	Minimum value	—	—
12	Period end	—	—
	Comprehensive risk value (one-sided confidence level of 99.9%)		
13	Maximum value	—	—
14	Average value	—	—
15	Minimum value	—	—
16	Period end	—	—
17	Floor (modified standardized measurement method)	—	—

Note: The VaR and the stressed VaR are calculated using the historical simulation method. Specifically, they are calculated on a daily basis, assuming a one-sided confidence level of 99.0% and a one-day holding period, based on profit and loss simulation on a scenario-specific basis generated from historical data (the full valuation method, in principle), and they are adjusted to a 10-day holding period using the square root of time method. Under this method, the VaR and the stressed VaR use observation periods of four years immediately preceding, and 12 months including the stress period, respectively.

5. Backtesting results by the internal models approach (MR4)

The status of backtesting of trading for Fiscal 2018 and 2017 is as follows. “Daily gain/loss” represents the actual gain/loss incurred, and “Daily VaR” represents the daily VaR calculated using the risk measurement model with a one-day holding period. In the past 250 business days, the number of times loss exceeded VaR was 0, and the VaR model (one-sided confidence level of 99.0%) is considered to have sufficient accuracy.



■ Interest Rate Risk in the Banking Book

1. Overview of Risk Management Policy and Procedures

Interest rate risk in the banking book is the risk to the present value of a bank's assets and liabilities and/or the future earnings (interest income) from the rate-sensitive instruments when interest rates change. SMBC Group recognizes interest rate risk as a significant risk and manages it in an integrated manner, together with other market risks (equity position risk, etc.) (For details, please refer to pages 116 to 117).

Interest rate risk management is conducted using basis point value (BPV) as a measure of the risk, which denotes the change of present value given a basis point rise in the interest rate. Appropriate limits on BPVs are set for each significant subsidiary including SMBC according to its capital and business plan, and BPVs are monitored daily for risk management. BPVs are managed not only by changing the balance and term structures of assets and liabilities, but also by using hedging instruments such as interest rate swaps and futures.

2. Calculation Method of Interest Rate Risk

Interest rate risk in the banking book is measured based on the future cash flows of the bank's assets and liabilities. Especially, the method of recognizing the dates for maturity of demand deposits (current accounts and ordinary deposit accounts that can be withdrawn at any time) and the method of estimating the time of cancellation prior to maturity of time deposits and mortgage loans affect the risk significantly. Key assumptions for measuring interest rate risk of such instruments are as follows.

Method of recognizing the maturity of demand deposits

The amount of the bank's core deposits is identified as the amount of demand deposits expected to be left with the bank after 5 years (with 50% of the lowest balance during the past 5 years as the upper limit). The maturity of the core deposits is regarded to be 5 years (2.5 years on average). The maturity of the bank's demand deposits are recognized with 5 years as the maximum term (the average is 0.7 year).

Method of estimating the time of cancellation prior to maturity of time deposits and mortgage loans

Cash flows of mortgage loans tend to be different from the initial scheduled ones, as customers may exercise their prepayment options to redeem early in a bonus month or as time passes. Similarly, fixed-term deposits may be canceled prior to maturity. For such instruments, interest rate risk is managed by using statistical models to estimate cash flows for each instrument, considering the seasonality, elapsed years, interest rate levels at the effective time, etc. These models are validated and reviewed regularly.

3. Interest Rate Risk

Table IRRBB1 shows changes in economic value of equity (Δ EVE) and net interest income (Δ NII) in the banking book, simulated based on a set of prescribed interest rate shock scenarios.

As stipulated under the Pillar 2 of Basel Framework (Supervisory Review Process), in order to identify banks that may have taken too large interest rate risk, the Japan FSA applies “materiality test” as comparing the bank’s Δ EVE with 15% of its Tier 1 capital, under a set of prescribed interest rate shock scenarios. The measurement result of SMBC Group’s Δ EVE shows that the economic value of equity declines when interest rates rise and the maximum change amount is under the prescribed parallel shock up scenario. SMBC Groups’ Δ EVE is not larger than 15% of our Tier 1 capital.

As for Δ NII, net interest income declines under the prescribed parallel shock down scenario and increased under the parallel shock up scenario. Due to the assumption of zero floor on the interest rate of customer’s deposits in JPY, which limits reduction of the funding cost when interest rate down, the change amount is larger under the parallel shock down scenario.

The measurement scope, the definition of each figure and the calculation assumption are as follows.

Scope

The consolidated subsidiaries of SMBC

- Δ EVE is calculated by simple aggregation of the decrease in economic value for all currencies.
- Δ NII is calculated by simple aggregation of the change amount of interest income for each currency in which the total amount of interest rate-sensitive assets and liabilities is 5% or more of the total.

Definition of Each Figure and Calculation Assumption

- Δ EVE

Decrease in economic value (EVE, Economic Value on Equity) against interest rate shock (excluding the credit spread).

- Δ NII

Decrease in 1 year interest income (NII, Net Interest Income) under each the interest rate shock. It is calculated under the constant balance sheet, which means that the balance sheet does not change through a year. In each simulation, we do not allow negative interest rate for domestic yen deposits and loans in any scenario.

(Millions of yen)

IRRBB1: Interest rate risk		a	b	c	d
		Δ EVE		Δ NII	
Item No.		As of March 31, 2019	As of March 31, 2018	As of March 31, 2019	As of March 31, 2018
1	Parallel up	724,747	450,833	(252,302)	(283,158)
2	Parallel down	1,172	0	405,058	433,621
3	Steeper	343,900	234,602		
4	Flattener	18,257	14,509		
5	Short rate up	151,087	69,880		
6	Short rate down	1,143	236		
7	Maximum	724,747	450,833	405,058	433,621
		e		f	
		As of March 31, 2019		As of March 31, 2018	
8	Tier 1 capital	10,727,228		10,610,229	

Note: Interest rate shocks of deposits with central banks is considered to be the same with the standardized interest rate shocks when calculating Δ NII.

■ Operational Risk

1. Operational Risk Equivalent Amount Calculation Methodology

Sumitomo Mitsui Financial Group 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 Finance Service Co., Ltd., SMBC Guarantee Co., Ltd., SMBC Operation Service Co., Ltd., SMBC Green Service Co., Ltd., Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Nikko Securities Inc., Cedyne Financial Corporation and SMBC Consumer Finance Co., Ltd.

2. Outline of the AMA

For the “Outline of the AMA,” please refer to pages 119 to 121.

3. Usage of Insurance to Mitigate Risk

Sumitomo Mitsui Financial Group had not taken measures to mitigate operational risk through insurance coverage for exposures.

■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Millions of yen)

Items	a		b	c
	Consolidated balance sheet as in published financial statements			
	As of March 31, 2019	As of March 31, 2018	Reference to Template CC1	Reference to appended table
(Assets)				
Cash and due from banks	57,411,276	53,732,582		
Call loans and bills bought	2,465,744	1,881,879		
Receivables under resale agreements	6,429,365	827,892		
Receivables under securities borrowing transactions	4,097,473	8,337,700		
Monetary claims bought	4,594,578	4,730,770		
Trading assets	5,328,778	5,585,591		7-a
Money held in trust	390	1,482		
Securities	24,338,005	25,712,709		3-b,7-b
Loans and bills discounted	77,979,190	72,945,934		7-c
Foreign exchanges	1,719,402	2,166,190		
Lease receivables and investment assets	247,835	2,329,431		
Other assets	7,307,305	8,005,807		7-d
Tangible fixed assets	1,504,703	3,475,131		
Intangible fixed assets	769,231	865,584		3-a
Net defined benefit asset	329,434	383,418		4
Deferred tax assets	40,245	27,609		5-a
Customers' liabilities for acceptances and guarantees	9,564,993	8,575,499		
Reserve for possible loan losses	(468,808)	(536,088)		
Total assets	203,659,146	199,049,128		
(Liabilities)				
Deposits	122,325,038	116,477,534		
Negotiable certificates of deposit	11,165,486	11,220,284		
Call money and bills sold	1,307,778	1,190,928		
Payables under repurchase agreements	11,462,559	5,509,721		
Payables under securities lending transactions	1,812,820	7,186,861		
Commercial paper	2,291,813	2,384,787		
Trading liabilities	4,219,293	4,402,110		7-e
Borrowed money	10,656,897	10,829,248		9-a
Foreign exchanges	1,165,141	865,640		
Short-term bonds	84,500	1,256,600		
Bonds	9,227,367	9,057,683		9-b
Due to trust account	1,352,773	1,328,271		
Other liabilities	4,873,630	6,348,202		7-f
Reserve for employee bonuses	70,351	84,046		
Reserve for executive bonuses	3,091	3,861		
Net defined benefit liability	31,816	39,982		
Reserve for executive retirement benefits	1,374	2,026		
Reserve for point service program	23,948	22,244		
Reserve for reimbursement of deposits	7,936	17,765		
Reserve for losses on interest repayment	147,594	144,763		
Reserves under the special laws	2,847	2,397		
Deferred tax liabilities	378,220	455,234		5-b
Deferred tax liabilities for land revaluation	30,259	30,539		5-c
Acceptances and guarantees	9,564,993	8,575,499		
Total liabilities	192,207,534	187,436,236		
(Net assets)				
Capital stock	2,339,443	2,338,743		1-a
Capital surplus	739,047	758,215		1-b
Retained earnings	5,992,247	5,552,573		1-c
Treasury stock	(16,302)	(12,493)		1-d
Total stockholders' equity	9,054,436	8,637,039		
Net unrealized gains or losses on other securities	1,688,852	1,688,842		
Net deferred gains or losses on hedges	(54,650)	(68,543)		6
Land revaluation excess	36,547	37,097		
Foreign currency translation adjustments	50,379	36,906		
Accumulated remeasurements of defined benefit plans	(7,244)	59,121		
Total accumulated other comprehensive income	1,713,884	1,753,424	(a)	
Stock acquisition rights	4,750	2,823		2,8-a
Non-controlling interests	678,540	1,219,604		8-b
Total net assets	11,451,611	11,612,892		
Total liabilities and net assets	203,659,146	199,049,128		

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, 2019	As of March 31, 2018	Remarks	Ref. No.
Capital stock	2,339,443	2,338,743		1-a
Capital surplus	739,047	758,215		1-b
Retained earnings	5,992,247	5,552,573		1-c
Treasury stock	(16,302)	(12,493)		1-d
Total stockholders' equity	9,054,436	8,637,039		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	9,054,436	8,637,039	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,078,490	3,096,958		1a
of which: retained earnings	5,992,247	5,552,573		2
of which: treasury stock (-)	16,302	12,493		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, 2019	As of March 31, 2018	Remarks	Ref. No.
Stock acquisition rights	4,750	2,823		2
of which: Stock acquisition rights issued by bank holding company	2,539	2,823		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Stock acquisition rights to common shares	2,539	2,823		1b
Stock acquisition rights to Additional Tier 1 instruments	—	—		31b
Stock acquisition rights to Tier 2 instruments	—	—		46

3. Intangible fixed assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Intangible fixed assets	769,231	865,584		3-a
Securities	24,338,005	25,712,709		3-b
of which: goodwill attributable to equity-method investees	61,282	27,520		
Income taxes related to above	173,381	181,373		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Goodwill (including those equivalent)	247,659	292,318		8
Other intangibles other than goodwill and mortgage servicing rights	409,472	419,413	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, 2019	As of March 31, 2018	Remarks	Ref. No.
Net defined benefit asset	329,434	383,418		4
Income taxes related to above	100,520	116,950		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks
Net defined benefit asset	228,913	266,468	

Basel III Template No.
15

5. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks
Deferred tax assets	40,245	27,609	
Deferred tax liabilities	378,220	455,234	
Deferred tax liabilities for land revaluation	30,259	30,539	
Tax effects on intangible fixed assets	173,381	181,373	
Tax effects on net defined benefit asset	100,520	116,950	

Ref. No.
5-a
5-b
5-c

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,208	1,432	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Deferred tax assets arising from temporary differences (net of related tax liability)	2,605	3,997	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Amount exceeding the 10% threshold on specified items	—	—	
Amount exceeding the 15% threshold on specified items	—	—	
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	2,605	3,997	

Basel III Template No.
10
21
25
75

6. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks
Net deferred gains or losses on hedges	(54,650)	(68,543)	

Ref. No.
6

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks
Net deferred gains or losses on hedges	(52,610)	(67,433)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"

Basel III Template No.
11

7. Items associated with investments in the capital of financial institutions

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks
Trading assets	5,328,778	5,585,591	Including trading account securities and derivatives for trading assets
Securities	24,338,005	25,712,709	
Loans and bills discounted	77,979,190	72,945,934	Including subordinated loans
Other assets	7,307,305	8,005,807	Including derivatives
Trading liabilities	4,219,293	4,402,110	Including trading account securities sold and derivatives for trading liabilities
Other liabilities	4,873,630	6,348,202	Including derivatives

Ref. No.
7-a
7-b
7-c
7-d
7-e
7-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Investments in own capital instruments	4,491	7,981		
Common Equity Tier 1 capital	4,491	7,981		16
Additional Tier 1 capital	—	—		37
Tier 2 capital	0	0		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 and other TLAC liabilities	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	816,189	699,361		
Common Equity Tier 1 capital	—	—		18
Additional Tier 1 capital	—	—		39
Tier 2 capital and other TLAC liabilities	—	—		54
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	816,189	699,361		72
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	996,894	748,831		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	25,516	81,640		40
Tier 2 capital and other TLAC liabilities	50,000	50,000		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	921,378	617,191		73

8. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Stock acquisition rights	4,750	2,823		8-a
Non-controlling interests	678,540	1,219,604		8-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Amount allowed in group CET1	2,181	332	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	5
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	30-31ab-32
Amount allowed in group AT1	62,752	224,359	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	34-35
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	46
Amount allowed in group T2	15,087	49,810	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	48-49

9. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Borrowed money	10,656,897	10,829,248		9-a
Bonds	9,227,367	9,057,683		9-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	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	598,974	599,794		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	997,723	993,367		46

■ Linkages between Regulatory Exposure Amounts and Carrying Values in Consolidated Financial Statements Differences between Regulatory Exposure Amounts and Carrying Values in Consolidated Financial Statements and Explanations of the Factors

1. Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Consolidated Financial Statement Categories with Regulatory Risk Categories (LI1)

(Millions of yen)

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories	As of March 31, 2019						
	a	b	c	d	e	f	g
	Carrying values as reported in published Consolidated financial statement	Carrying values under scope of regulatory consolidation	CR (excluding amounts relevant to d and e)	Carrying values of items:			
CCR				Securitisation (excluding amounts relevant to f)	Market risk	Items not subject to capital requirements or subject to deduction from capital	
Assets							
Cash and due from banks	57,411,276	57,411,276	57,411,276	—	—	—	—
Call loans and bills bought	2,465,744	2,465,744	2,465,744	—	—	—	—
Receivables under resale agreements	6,429,365	6,429,365	—	6,429,365	—	—	—
Receivables under securities borrowing transactions	4,097,473	4,097,473	—	4,097,473	—	—	—
Monetary claims bought	4,594,578	4,594,578	2,831,930	—	1,762,647	—	—
Trading assets	5,328,778	5,328,778	—	2,573,258	—	5,328,778	4,883
Money held in trust	390	390	390	—	—	—	—
Securities	24,338,005	24,338,005	23,726,859	—	524,347	—	86,798
Loans and bills discounted	77,979,190	77,979,190	77,114,769	—	814,420	—	50,000
Foreign exchanges	1,719,402	1,719,402	1,719,402	—	—	—	—
Lease receivables and investment assets	247,835	247,835	247,835	—	—	—	—
Other assets	7,307,305	7,307,305	3,824,944	2,279,073	1,880	—	1,201,406
Tangible fixed assets	1,504,703	1,504,703	1,504,703	—	—	—	—
Intangible fixed assets	769,231	769,231	173,381	—	—	—	595,849
Net defined benefit asset	329,434	329,434	100,520	—	—	—	228,913
Deferred tax assets	40,245	40,245	15,503	—	—	—	24,742
Customers' liabilities for acceptances and guarantees	9,564,993	9,564,993	9,415,628	—	149,365	—	—
Reserve for possible loan losses	(468,808)	(468,808)	(468,808)	—	—	—	—
Total assets	203,659,146	203,659,146	180,084,082	15,379,171	3,252,662	5,328,778	2,192,594
Liabilities							
Deposits	122,325,038	122,325,038	3,245	—	—	—	122,321,793
Negotiable certificates of deposit	11,165,486	11,165,486	—	—	—	—	11,165,486
Call money and bills sold	1,307,778	1,307,778	—	—	—	—	1,307,778
Payables under repurchase agreements	11,462,559	11,462,559	—	8,390,797	—	—	3,071,762
Payables under securities lending transactions	1,812,820	1,812,820	—	719,063	—	—	1,093,756
Commercial paper	2,291,813	2,291,813	—	—	—	—	2,291,813
Trading liabilities	4,219,293	4,219,293	—	2,226,979	—	4,219,293	28,131
Borrowed money	10,656,897	10,656,897	—	—	—	—	10,656,897
Foreign exchanges	1,165,141	1,165,141	—	—	—	—	1,165,141
Short-term bonds	84,500	84,500	—	—	—	—	84,500
Bonds	9,227,367	9,227,367	—	—	—	—	9,227,367
Due to trust account	1,352,773	1,352,773	—	—	—	—	1,352,773
Other liabilities	4,873,630	4,873,630	—	1,572,866	1,172	—	3,299,590
Reserve for employee bonuses	70,351	70,351	—	—	—	—	70,351
Reserve for executive bonuses	3,091	3,091	—	—	—	—	3,091
Net defined benefit liability	31,816	31,816	—	—	—	—	31,816
Reserve for executive retirement benefits	1,374	1,374	—	—	—	—	1,374
Reserve for point service program	23,948	23,948	—	—	—	—	23,948
Reserve for reimbursement of deposits	7,936	7,936	—	—	—	—	7,936
Reserve for losses on interest repayment	147,594	147,594	—	—	—	—	147,594
Reserve under the special laws	2,847	2,847	—	—	—	—	2,847
Deferred tax liabilities	378,220	378,220	—	—	—	—	378,220
Deferred tax liabilities for land revaluation	30,259	30,259	—	—	—	—	30,259
Acceptances and guarantees	9,564,993	9,564,993	—	—	—	—	9,564,993
Total liabilities	192,207,534	192,207,534	3,245	12,909,706	1,172	4,219,293	177,329,228

(Millions of yen)

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories	As of March 31, 2018						
	a	b	c	d	e	f	g
	Carrying values as reported in published Consolidated financial statement	Carrying values under scope of regulatory consolidation	CR (excluding amounts relevant to d and e)	Carrying values of items:			
CCR				Securitisation (excluding amounts relevant to f)	Market risk	Items not subject to capital requirements or subject to deduction from capital	
Assets							
Cash and due from banks	53,732,582	53,732,582	53,732,582	—	—	—	—
Call loans and bills bought	1,881,879	1,881,879	1,881,879	—	—	—	—
Receivables under resale agreements	827,892	827,892	—	827,892	—	—	—
Receivables under securities borrowing transactions	8,337,700	8,337,700	—	8,337,700	—	—	—
Monetary claims bought	4,730,770	4,730,770	2,935,869	—	1,794,900	—	—
Trading assets	5,585,591	5,585,591	—	2,418,678	—	5,585,591	7,838
Money held in trust	1,482	1,482	1,482	—	—	—	—
Securities	25,712,709	25,712,709	25,111,327	—	492,221	—	109,160
Loans and bills discounted	72,945,934	72,945,934	72,358,267	—	537,666	—	50,000
Foreign exchanges	2,166,190	2,166,190	2,166,190	—	—	—	—
Lease receivables and investment assets	2,329,431	2,329,431	2,329,431	—	—	—	—
Other assets	8,005,807	8,005,807	4,729,195	2,394,436	19,687	—	862,487
Tangible fixed assets	3,475,131	3,475,131	3,475,131	—	—	—	—
Intangible fixed assets	865,584	865,584	181,373	—	—	—	684,211
Net defined benefit asset	383,418	383,418	116,950	—	—	—	266,468
Deferred tax assets	27,609	27,609	8,048	—	—	—	19,561
Customers' liabilities for acceptances and guarantees	8,575,499	8,575,499	8,354,354	—	221,144	—	—
Reserve for possible loan losses	(536,088)	(536,088)	(536,088)	—	—	—	—
Total assets	199,049,128	199,049,128	176,845,998	13,978,706	3,065,621	5,585,591	1,999,727
Liabilities							
Deposits	116,477,534	116,477,534	3,540	—	—	—	116,473,993
Negotiable certificates of deposit	11,220,284	11,220,284	—	—	—	—	11,220,284
Call money and bills sold	1,190,928	1,190,928	—	—	—	—	1,190,928
Payables under repurchase agreements	5,509,721	5,509,721	—	2,238,633	—	—	3,271,087
Payables under securities lending transactions	7,186,861	7,186,861	—	5,547,010	—	—	1,639,851
Commercial paper	2,384,787	2,384,787	—	—	—	—	2,384,787
Trading liabilities	4,402,110	4,402,110	—	2,262,129	—	4,402,110	17,362
Borrowed money	10,829,248	10,829,248	—	—	—	—	10,829,248
Foreign exchanges	865,640	865,640	—	—	—	—	865,640
Short-term bonds	1,256,600	1,256,600	—	—	—	—	1,256,600
Bonds	9,057,683	9,057,683	—	—	—	—	9,057,683
Due to trust account	1,328,271	1,328,271	—	—	—	—	1,328,271
Other liabilities	6,348,202	6,348,202	—	1,912,702	2,252	—	4,433,248
Reserve for employee bonuses	84,046	84,046	—	—	—	—	84,046
Reserve for executive bonuses	3,861	3,861	—	—	—	—	3,861
Net defined benefit liability	39,982	39,982	—	—	—	—	39,982
Reserve for executive retirement benefits	2,026	2,026	—	—	—	—	2,026
Reserve for point service program	22,244	22,244	—	—	—	—	22,244
Reserve for reimbursement of deposits	17,765	17,765	—	—	—	—	17,765
Reserve for losses on interest repayment	144,763	144,763	—	—	—	—	144,763
Reserve under the special laws	2,397	2,397	—	—	—	—	2,397
Deferred tax liabilities	455,234	455,234	—	—	—	—	455,234
Deferred tax liabilities for land revaluation	30,539	30,539	—	—	—	—	30,539
Acceptances and guarantees	8,575,499	8,575,499	—	—	—	—	8,575,499
Total liabilities	187,436,236	187,436,236	3,540	11,960,475	2,252	4,402,110	173,347,349

- Notes: 1. Transactions in the trading book including derivative transactions extend over multiple risk categories, since they are subject to both market risks and counterparty credit risks.
2. Account titles including monetary claims boughts are subject to securitisation products if they have a characteristic of securitisation products, otherwise they are subject to CR, therefore, they extend over multiple risk categories.
3. Foreign exchange risk and commodities risk in the banking book are not included in column f "Market risk," since it is difficult to link them with account titles.

2. Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Consolidated Financial Statements (L12)

(Millions of yen)

L12: Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements amounts		As of March 31, 2019				
		a	b	c	d	e
Item No.		Total	Items subject to:			Market risk
			CR (excluding amounts relevant to c and d)	CCR	Securitisation (excluding amounts relevant to e)	
1	Asset carrying value amount under scope of regulatory consolidation	201,466,551	180,084,082	15,379,171	3,252,662	5,328,778
2	Liabilities carrying value amount under scope of regulatory consolidation	14,878,306	3,245	12,909,706	1,172	4,219,293
3	Total net amount under regulatory scope of consolidation	186,588,245	180,080,837	2,469,464	3,251,489	1,109,485
4	Off-balance sheet amounts	13,606,383	9,252,378 (Note 1)	3,875,495	478,509	—
5	Differences due to consideration of provisions and write-offs	555,230	555,230 (Note 2)	—	—	—
6	Differences due to derivative transactions	6,862,613	—	6,529,139 (Note 3)	10,443	—
7	Differences due to SFTs	(638,447)	—	(638,447)	—	—
8	Other differences	864,648	859,587	3,558	1,503	—
9	Regulatory exposure amounts	207,838,675	190,748,034	12,239,210	3,741,945	1,109,485

(Millions of yen)

L12: Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements amounts		As of March 31, 2018				
		a	b	c	d	e
Item No.		Total	Items subject to:			Market risk
			CR (excluding amounts relevant to c and d)	CCR	Securitisation (excluding amounts relevant to e)	
1	Asset carrying value amount under scope of regulatory consolidation	197,049,401	176,845,998	13,978,706	3,065,621	5,585,591
2	Liabilities carrying value amount under scope of regulatory consolidation	14,088,886	3,540	11,960,475	2,252	4,402,110
3	Total net amount under regulatory scope of consolidation	182,960,514	176,842,457	2,018,231	3,063,369	1,183,480
4	Off-balance sheet amounts	14,498,018	8,819,294 (Note 1)	5,144,715	534,008	—
5	Differences due to consideration of provisions and write-offs	650,474	650,474 (Note 2)	—	—	—
6	Differences due to derivative transactions	6,408,367	—	6,249,473 (Note 3)	11,869	—
7	Differences due to SFTs	2,021,735	—	2,021,735	—	—
8	Other differences	378,881	194,769	184,111	—	—
9	Regulatory exposure amounts	206,917,991	186,506,996	15,618,266	3,609,247	1,183,480

Notes: 1. This mainly comprises exposures due to commitment lines.

2. This mainly comprises assets subject to the IRB approach added with specific reserve and partial direct write-offs.

3. This mainly comprises the aggregation of the addition of derivative liabilities and regulatory add-on amounts, and the deduction of regulatory netting effect.

Countercyclical buffer requirement by country or region

■ Countercyclical buffer requirement by country or region

(Millions of yen, except percentages)

CCyB1: Countercyclical buffer (CCyB) requirement by country or region				
As of March 31, 2019				
	a	b	c	d
Geographical breakdown	Applicable CCyB ratio in effect	RWAs used in the computation of CCyB ratio	Bank-specific CCyB ratio	CCyB amount
Hong Kong	2.50%	1,186,840		
Sweden	2.00%	16,840		
UK	1.00%	1,862,990		
Subtotal		3,066,670		
Total		46,957,843	0.10%	48,637

Note: While credit risk-weighted asset shall be calculated on an ultimate risk basis where feasible, some assets including funds and other assets or portion of assets subject to standardized approach, are calculated on an obligor basis or on a country of undertaking basis.

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)

(Millions of yen)

GSIB1: G-SIB indicators				
Basel III Template No.			As of March 31, 2019	As of March 31, 2018
1	Cross-jurisdictional activity	Cross-jurisdictional claims	52,187,827	48,875,306
2		Cross-jurisdictional liabilities	35,256,002	33,413,137
3	Size	Total exposures	220,856,829	213,232,120
4	Mutual relevance	Intra-financial system assets	32,216,204	30,134,718
5		Intra-financial system liabilities	18,722,769	19,890,105
6		Securities outstanding	28,193,246	30,224,944
7		Assets under custody	11,466,654	13,064,236
8	Substitutability/ financial institution infrastructure	Annual total amount of payments settled through settlement systems	3,431,377,752	3,311,542,881
9		Annual total amount of underwritten transactions in debt and equity markets	9,149,209	9,439,668
10		Total amount of notional amount of OTC derivatives and long settlement transactions with other financial institutions	778,148,994	716,218,388
11	Complexity	Level 3 assets	1,003,465	879,267
12		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	10,131,349	10,321,538

Note: Terms in this form shall, unless otherwise prescribed separately, be used in accordance with the terminology used in the Notification as well as the Bank Holding Company Equity Capital Adequacy Notification.

- a. Basel III Template No. (hereinafter referred to as “Item No.” in this form) 3 “Total exposures” shall state the total amount of the following.
- (1) The amount of on-balance sheet assets (total assets reported in the non-consolidated balance sheet or the consolidated balance sheet, less the amount of customers’ liabilities for acceptance and guarantees, less the amounts reported with respect to (2) and (3) reported in the non-consolidated balance sheet or the consolidated balance sheet)
 - (2) The amount of derivative transactions, etc. (referring to forward contract, swap, option, and other derivatives and long settlement transactions; hereinafter the same in (2) and (4)) (the amount of exposure calculated in respect of derivative transactions, etc. (the amount of replacement cost calculated by using current exposure method (which shall be zero if such amount turned out to be a negative value), added by the add-on amount, as well as the notional amount of the credit derivative that provides protection), added by the consideration of the margin deposited in cash in connection with derivative transactions, etc.)
 - (3) The amount of SFTs (amount of cash receivables in SFTs added by the amount of exposure at the counterparty of transaction calculated for each unit of SFTs (which shall be zero if such amount turned out to be a negative value))
 - (4) The amount of off-balance sheet transactions (excluding derivative transactions, etc., and SFTs) (the amount of credit risk exposure at the counterparty of transaction, added by the amount of exposure arising from the underlying asset, as well as the amount of securitisation exposure)
- b. Item No.4 “Mutual relevance - Intra-financial system assets” shall state the total amount of the following balances concerning the credit granted to financial institutions, etc. (including financial instruments business operators prescribed under Article 2, Paragraph 9 of the Financial Instruments and Exchange Act, insurance companies, central counterparty, pension funds and other business operators of the similar kind; hereinafter the same in b. and c.).
- (1) Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions
 - (2) Holdings of securities issued by other financial institutions (referring to secured bonds, general unsecured bonds, subordinated bonds, short-term bonds, negotiable certificates of deposit and stock; hereinafter the same in Item No. 6)
 - (3) Net positive current exposure of SFTs with other financial institutions (which can take into account the effect of legally binding netting contracts, but cannot have a negative value)
 - (4) The add-on amount calculated based on the amount measured at fair value and by using the current exposure method as adopted for the derivative instruments transactions and long settlement transactions with other financial institutions, without involving financial instruments markets as defined under Article 2, Paragraph 14 of the Financial Instruments and Exchange Act, and foreign financial instruments markets as defined under Article 2, Paragraph 8, Item 3(b) of the same Act (which can

take into account the effect of legally valid bilateral netting contracts, but cannot have a negative value; hereinafter collectively referred to as “financial instruments markets, etc.” in Item No. 10 and c.)

- c. Item No. 5 “Mutual relevance - Intra-financial system liabilities” shall state the total amount of the following balances.
- (1) Deposits due to, and loans obtained from other financial institutions (including undrawn committed lines)
 - (2) Net negative current exposure of SFTs with other financial institutions (which can take into account the effect of legally valid bilateral netting contracts, but cannot exceed zero)
 - (3) The add-on amount calculated based on the amount measured at fair value and by using the current exposure method as adopted for the derivative instruments transactions and long settlement transactions with other financial institutions, without involving financial instruments markets, etc. (which can take into account the effect of legally valid bilateral netting contracts, but cannot exceed zero)
- d. Item No. 8 “Substitutability/financial infrastructure – the annual total amount of payments through settlement systems” shall state the annual total amount of payments settled through the BOJ-NET, the Japanese Banks’ Payment Clearing Network and other similar settlement systems but excluding intra-group payments in the most recently ended fiscal year.
- e. Item No.9 “Substitutability/financial infrastructure – the annual total amount of underwritten transactions in debt and equity markets” shall state the annual total amount of transactions underwritten in debt and equity markets in the most recently ended fiscal year (referring to securities underwriting as prescribed in Article 2, Paragraph 8, Item 6 of the Financial Instruments and Exchange Act).
- f. Financial institutions mentioned in Item No.10 “Complexity – total amount of notional amount of OTC derivatives and long settlement transactions with other financial institutions” refer to financial institutions, etc. as defined in b. above.
- g. Item No.12 “Complexity – Held-for-trading (HFT) securities and available-for-sale (AFS) securities” shall state the total amount of balances of Held-for-trading (HFT) securities and available-for-sale (AFS) securities (excluding HFT and AFS securities that are considered to have high liquidity).
- h. In each item in this form, if there is no specific applicable amount in the submitting financial institution, the item in question shall not be deleted but just be marked with [-].
- i. In this form, all amounts shall be stated in the designated unit herein, and any fraction less than such unit shall be rounded down.
- j. This form shall be prepared only by a bank subject to the uniform international standards (excluding the bank that is a consolidated subsidiary of a bank as well as the bank that is a consolidated subsidiary not of a bank but of a banking holding company, and consolidated subsidiary of a regulated foreign entity), or a holding company subject to the uniform international standards that states in Item No. 3 an equivalent to an amount in excess of 200 billion euros at the exchange rate as at the end of its most recently ended fiscal year, or that is designated by the Commissioner of the Financial Services Agency of Japan as an equivalent to a bank or a holding company subject to the uniform international standards.

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)	Items	As of March 31, 2019	As of March 31, 2018
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	179,349,049	177,220,554
1a	1	Total assets reported in the consolidated balance sheet	203,659,146	199,049,128
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) (-)	24,310,096	21,828,574
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	999,843	1,135,509
3		Total on-balance sheet exposures (a)	178,349,206	176,085,044
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Replacement cost associated with derivatives transactions, etc.	2,702,937	2,170,604
5		Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Add-on amount associated with derivatives transactions, etc.	4,302,269	3,809,594
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	622,875	244,794
6		The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework		
		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) (-)	97,391	244,794
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	591,253	549,981
10		The amount of deductions from effective notional amount of written credit derivatives (-)	541,447	509,474
11	4	Total exposures related to derivative transactions (b)	7,580,496	6,020,706
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	10,526,838	9,165,592
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	731,057	144,762
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	11,257,895	9,310,354
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	61,366,247	60,490,251
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	39,015,093	40,188,216
19	6	Total exposures related to off-balance sheet transactions (d)	22,351,153	20,302,034
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	10,727,228	10,610,229
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	219,538,751	211,718,140
22		Leverage ratio on a consolidated basis ((e)/(f))	4.88%	5.01%

TLAC information

■ TLAC: TLAC composition for G-SIBs (at resolution group level)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Millions of yen, except percentages)

Basel III Template No.	Items		As of March 31, 2019
Preferred resolution strategy (1)			
The SPE (Single Point of Entry) resolution strategy is considered to be the preferred resolution strategy for Sumitomo Mitsui Financial Group, Inc. (SMFG) and its subsidiaries.			
More concretely, at the time of a stress, following the relevant authority's determination that one or more of the material sub-groups, i.e. Sumitomo Mitsui Banking Corporation and SMBC Nikko Securities Inc., have reached the point of non-viability, losses incurred to them would be passed to SMFG, the ultimate holding company. While this could lead to a resolution of SMFG, the material sub-groups are expected to continue their business as usual under the Specified Bridge Financial Institution, etc. incorporated by the Deposit Insurance Corporation of Japan (DICJ) to which SMFG transfers its business.			
Regulatory capital elements of TLAC and adjustments (2)			
1	Common Equity Tier 1 capital (CET1)	(A)	9,654,517
2	Additional Tier 1 capital (AT1) before TLAC adjustments	(B)	1,072,710
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	(C)	—
4	Other adjustments	(D)	—
5	AT1 instruments eligible under the TLAC framework ((B) - (C) - (D))	(E)	1,072,710
6	Tier 2 capital (T2) before TLAC adjustments	(F)	1,513,260
7	Amortised portion of T2 instruments where remaining maturity > 1 year	(G)	(298,938)
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	(H)	—
9	Other adjustments	(I)	176,746
10	T2 instruments eligible under the TLAC framework ((F) - (G) - (H) - (I))	(J)	1,635,453
11	TLAC arising from regulatory capital ((A) + (E) + (J))	(K)	12,362,681
Non-regulatory capital elements of TLAC (3)			
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	(L)	4,147,402
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements		
14	of which: amount eligible as TLAC after application of the caps		
15	External TLAC instruments issued by funding vehicles prior to 1 January 2022		
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	(M)	1,473,569
17	TLAC arising from non-regulatory capital instruments before adjustments ((L) + (M))	(N)	5,620,972
Non-regulatory capital elements of TLAC: adjustments (4)			
18	TLAC before deductions ((K) + (N))	(O)	17,983,653
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	(P)	—
20	Deduction of investments in own other TLAC liabilities	(Q)	232
21	Other adjustment to TLAC	(R)	—
22	TLAC after deductions ((O) - (P) - (Q) - (R))	(S)	17,983,421
Risk-weighted assets and leverage exposure measure for TLAC purposes (5)			
23	Total risk-weighted assets (RWA)	(T)	58,942,791
24	Total exposures	(U)	219,538,751
TLAC ratios and buffers (6)			
25	TLAC before deduction of CET1 specific buffer requirement (as a percentage of RWA) ((S) / (T))		30.50%
25a	TLAC (as a percentage of RWA)		26.90%
26	TLAC (as a percentage of total exposures) ((S) / (U))		8.19%
27	CET1 available after meeting the minimum capital requirements		11.87%
28	CET1 specific buffer requirement		3.60%
29	of which: capital conservation buffer requirement		2.50%
30	of which: countercyclical buffer requirement		0.10%
31	of which: G-SIB/D-SIB additional requirement		1.00%

■ TLAC2: - Material subgroup entity - creditor ranking at legal entity level

Sumitomo Mitsui Banking Corporation

(Millions of yen)

Basel III Template No.	Items	Creditor ranking								Sum of 1 to 4
		1 (most junior)		2		3		4 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Additional Tier 1 instruments *1		Tier 2 instruments *2		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	3,545,551	–	1,100,000	173,000	1,003,250	855,912	4,155,093	–	10,832,806
4	Subset of row 3 that are excluded liabilities (B)	–	–	–	–	–	–	–	–	–
5	Total capital and liabilities less excluded liabilities (A) - (B)	3,545,551	–	1,100,000	173,000	1,003,250	855,912	4,155,093	–	10,832,806
6	Subset of row 5 that are eligible as TLAC	3,545,551	–	1,100,000	173,000	1,003,250	782,912	4,155,093	–	10,759,806
7	1 year ≤ residual maturity < 2 years	–	–	–	–	–	243,412	277,500	–	520,912
8	2 years ≤ residual maturity < 5 years	–	–	–	–	–	339,500	2,006,690	–	2,346,190
9	5 years ≤ residual maturity < 10 years	–	–	–	–	950,250	175,000	1,747,190	–	2,872,440
10	10 years ≤ residual maturity (excluding perpetual securities)	–	–	–	–	53,000	–	123,713	–	176,713
11	Perpetual securities	3,545,551	–	1,100,000	173,000	–	25,000	–	–	4,843,551

*1 Including eligible Tier 1 capital instruments subject to transitional arrangements

*2 Including eligible Tier 2 capital instruments subject to transitional arrangements

SMBC Nikko Securities Inc.

(Millions of yen)

Basel III Template No.	Items	Creditor ranking						Sum of 1 to 4
		1 (most junior)		2		3 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Subordinated debts		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	467,714	–	–	–	–	–	467,714
4	Subset of row 3 that are excluded liabilities (B)	–	–	–	–	–	–	–
5	Total capital and liabilities less excluded liabilities (A) - (B)	467,714	–	–	–	–	–	467,714
6	Subset of row 5 that are eligible as TLAC	467,714	–	–	–	–	–	467,714
7	1 year ≤ residual maturity < 2 years	–	–	–	–	–	–	–
8	2 years ≤ residual maturity < 5 years	–	–	–	–	–	–	–
9	5 years ≤ residual maturity < 10 years	–	–	–	–	–	–	–
10	10 years ≤ residual maturity (excluding perpetual securities)	–	–	–	–	–	–	–
11	Perpetual securities	467,714	–	–	–	–	–	467,714

■ TLAC3: Creditor ranking of external TLAC, etc.

Sumitomo Mitsui Financial Group, Inc.

(Millions of yen)

Basel III Template No.	Items	Creditor ranking				Sum of 1 to 4
		1 (most junior)	2	3	4 (most senior)	
1	Description of creditor ranking	Common share capital	Additional Tier 1 instruments *1	Tier 2 instruments	Unsecured senior bonds	
2	Total capital and liabilities net of credit risk mitigation (A)	3,900,364	866,700	1,003,250	5,436,425	11,206,739
3	Subset of row 2 that are excluded liabilities *2 (B)	—	—	—	3,524	3,524
4	Total capital and liabilities less excluded liabilities (A) - (B)	3,900,364	866,700	1,003,250	5,432,901	11,203,215
5	Subset of row 4 that are eligible as TLAC	3,900,364	866,700	1,003,250	4,155,093	9,925,407
6	1 year ≤ residual maturity < 2 years	—	—	—	277,500	277,500
7	2 years ≤ residual maturity < 5 years	—	—	—	2,006,690	2,006,690
8	5 years ≤ residual maturity < 10 years	—	—	950,250	1,736,090	2,686,340
9	10 years ≤ residual maturity (excluding perpetual securities)	—	—	53,000	134,813	187,813
10	Perpetual securities	3,900,364	866,700	—	—	4,767,064

*1 Including eligible Tier 1 capital instruments subject to transitional arrangements

*2 Excluding those owed to group companies and conservatively estimated in light of quantitative materiality

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 ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, Sumitomo Mitsui Financial Group 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 on the following page, the LCR has remained stable with no significant fluctuation since the introduction of the liquidity ratio regulation on March 31, 2015.

2. Assessment of Consolidated LCR

The LCR Notification stipulates the minimum requirement of the LCR for 2018 at 90%, and 100% from 2019 onwards. The LCR of Sumitomo Mitsui Financial Group (consolidated) exceeds the minimum requirements of the LCR for 2018 and for 2019 onwards, having no cause for concern. In terms of the future LCR forecasts, Sumitomo Mitsui Financial Group does not expect significant deviations from the disclosed ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

Regarding the high-quality liquid assets allowed to be included in the calculation, there are no significant changes in locations and properties of currency denominations, categories and so on. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5% or more of Sumitomo Mitsui Financial Group’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

Sumitomo Mitsui Financial Group 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 LCR Notification. Meanwhile, Sumitomo Mitsui Financial Group records “cash outflows related to small-sized consolidated subsidiaries,” etc. under “cash outflows based on other contracts” prescribed in Article 59 of the LCR Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2019/1/1 To 2019/3/31)		Prior Quarter (From 2018/10/1 To 2018/12/31)	
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	64,652,351		64,751,939	
Cash Outflows (2)					
2	Cash outflows related to unsecured retail funding	49,498,576	3,879,143	48,794,815	3,830,025
3	of which, Stable deposits	15,325,748	461,274	15,003,032	450,301
4	of which, Less stable deposits	34,172,828	3,417,869	33,791,783	3,379,723
5	Cash outflows related to unsecured wholesale funding	66,295,145	33,455,976	65,629,634	32,732,987
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	60,854,642	28,015,473	60,876,108	27,979,462
8	of which, Debt securities	5,440,503	5,440,503	4,753,526	4,753,526
9	Cash outflows related to secured funding, etc.	182,782		126,439	
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	22,305,930	7,427,282	22,843,783	7,746,448
11	of which, Cash outflows related to derivative transactions, etc.	1,375,135	1,375,135	1,550,224	1,550,224
12	of which, Cash outflows related to funding programs	396,429	396,429	363,907	363,907
13	of which, Cash outflows related to credit and liquidity facilities	20,534,367	5,655,719	20,929,652	5,832,317
14	Cash outflows related to contractual funding obligations, etc.	9,288,555	7,125,156	9,424,062	6,929,262
15	Cash outflows related to contingencies	70,546,945	1,399,443	71,990,380	1,392,420
16	Total cash outflows	53,469,782		52,757,580	
Cash Inflows (3)					
17	Cash inflows related to secured lending, etc.	6,597,847	371,129	6,363,219	518,043
18	Cash inflows related to collection of loans, etc.	3,512,576	2,352,718	2,964,241	1,993,696
19	Other cash inflows	3,473,255	1,580,470	3,758,014	1,609,866
20	Total cash inflows	13,583,678	4,304,317	13,085,474	4,121,604
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation	64,652,351		64,751,939	
22	Net cash outflows	49,165,466		48,635,976	
23	Consolidated liquidity coverage ratio (LCR)	131.4%		133.1%	
24	The number of data used to calculate the average value	58		62	

Notes: 1. The data after the introduction of the liquidity ratio regulation on March 31, 2015 is available on Sumitomo Mitsui Financial Group's website.
(https://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. The average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. Some data, such as attribute information of customers and data on consolidated subsidiaries, is updated on the monthly or quarterly basis.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item		Current Quarter (From 2019/1/1 To 2019/3/31)		Prior Quarter (From 2018/10/1 To 2018/12/31)	
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
1	Cash and due from banks	52,343,400		53,500,409	
2	Securities	12,308,950		11,251,530	
3	of which, government bonds, etc.	9,477,525		8,547,966	
4	of which, municipal bonds, etc.	201,949		135,926	
5	of which, other bonds	905,001		890,848	
6	of which, stocks	1,724,476		1,676,791	
7	Total high-quality liquid assets (HQLA)	64,652,351		64,751,939	

Note: The above amounts are those of high-quality liquid assets in accordance with the liquidity ratio regulation under the Basel III and do not correspond to the financial amounts.
The amounts stated are those after multiplying factors in the liquidity ratio regulation under the Basel III.

Financial Highlights

Sumitomo Mitsui Banking Corporation

■ Consolidated

Year ended March 31	Millions of yen				
	2019	2018	2017	2016	2015
For the Year:					
Ordinary income.....	¥ 3,369,898	¥ 3,117,087	¥ 3,014,455	¥ 3,059,022	¥ 3,199,409
Ordinary profit.....	894,501	932,733	829,419	930,332	1,198,955
Profit attributable to owners of parent.....	617,493	627,582	543,199	680,162	736,904
Comprehensive income.....	548,236	782,502	687,157	143,086	1,937,374
At Year-End:					
Total net assets.....	¥ 8,986,749	¥ 9,090,403	¥ 8,908,192	¥ 9,446,193	¥ 10,036,003
Total assets.....	190,690,293	182,727,495	180,946,664	180,408,672	177,559,197
Total capital ratio (BIS guidelines).....	20.32%	21.14%	17.77%	18.19%	17.93%
Tier 1 capital ratio (BIS guidelines).....	17.57%	18.22%	14.61%	14.58%	13.91%
Common equity Tier 1 capital ratio (BIS guidelines).....	15.17%	15.29%	12.89%	13.04%	12.61%
Number of employees.....	58,527	40,058	45,963	54,192	50,249

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				
	2019	2018	2017	2016	2015
For the Year:					
Ordinary income.....	¥ 2,805,840	¥ 2,540,450	¥ 2,551,931	¥ 2,277,812	¥ 2,370,998
Trust fees.....	2,250	2,038	2,111	2,589	1,872
Gross banking profit (A).....	1,395,586	1,427,924	1,663,654	1,534,271	1,634,284
Expenses (excluding nonrecurring losses) (B).....	811,533	810,752	816,942	805,483	791,211
Overhead ratio (B) / (A).....	58.2%	56.8%	49.1%	52.5%	48.4%
Banking profit.....	584,053	617,171	809,052	728,787	843,073
Banking profit (before provision for general reserve for possible loan losses).....	584,053	617,171	846,711	728,787	843,073
Ordinary profit.....	649,647	755,266	864,022	747,892	955,992
Net income.....	477,367	577,028	681,767	609,171	643,015
At Year-End:					
Total net assets.....	¥ 7,962,185	¥ 7,921,268	¥ 7,417,182	¥ 7,756,810	¥ 7,998,715
Total assets.....	179,348,654	170,923,146	162,281,729	153,641,430	154,724,079
Deposits.....	116,091,103	110,243,226	105,590,771	98,839,722	91,337,714
Loans and bills discounted.....	76,401,807	73,896,163	75,585,256	69,276,735	68,274,308
Securities.....	24,336,638	25,916,718	24,342,369	25,602,156	29,985,267
Trust assets and liabilities.....	3,842,641	4,756,748	6,881,408	3,394,170	3,542,957
Loans and bills discounted.....	477,094	398,772	635,206	537,839	373,230
Securities.....	1,330,384	2,358,665	4,156,409	1,305,284	1,451,206
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.....	73.09%	55.22%	32.61%	67.02%	77.18%
Total capital ratio (BIS guidelines).....	20.28%	21.11%	18.61%	19.47%	18.89%
Tier 1 capital ratio (BIS guidelines).....	17.37%	18.11%	15.05%	15.29%	14.26%
Common equity Tier 1 capital ratio (BIS guidelines).....	14.85%	15.07%	13.15%	13.44%	12.80%
Number of employees.....	28,482	29,192	29,283	28,002	26,416

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							
	2019				2018			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥939,515	¥1,367,558	¥(66,129)	¥2,240,944	¥1,001,201	¥951,447	¥(51,141)	¥1,901,507
Interest expenses	475,074	728,751	(65,036)	1,138,789	358,652	437,038	(47,456)	748,234
Net interest income	464,441	638,806	(1,093)	1,102,155	642,548	514,409	(3,685)	1,153,273
Trust fees	4,541	—	—	4,541	3,769	—	—	3,769
Fees and commissions	404,067	222,658	(12,985)	613,741	440,754	202,675	(11,303)	632,125
Fees and commissions payments	137,556	29,424	(4,417)	162,563	129,219	40,966	(2,353)	167,832
Net fees and commissions	266,510	193,234	(8,568)	451,177	311,534	161,709	(8,950)	464,293
Trading income	48,476	37,423	(5,786)	80,112	55,015	37,511	(7,213)	85,312
Trading losses	4,058	6,158	(5,786)	4,430	4,183	7,158	(7,213)	4,127
Net trading income	44,417	31,264	—	75,682	50,831	30,353	—	81,184
Other operating income	108,325	117,384	(348)	225,361	152,073	87,209	(979)	238,304
Other operating expenses	30,699	49,851	(559)	79,991	61,614	31,882	(376)	93,120
Net other operating income	77,626	67,532	210	145,370	90,458	55,327	(603)	145,183

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

2. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

3. Inter-segment transactions are reported in the "Elimination" column.

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen					
	2019			2018		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥ 78,953,194	¥939,515	1.19%	¥ 86,218,582	¥1,001,201	1.16%
Loans and bills discounted	52,262,908	587,504	1.12	58,949,435	649,872	1.10
Securities	16,699,025	251,600	1.51	18,836,786	270,731	1.44
Call loans and bills bought	108,697	368	0.34	79,414	414	0.52
Receivables under resale agreements	2,570,984	(1,450)	(0.06)	0	(0)	(0.54)
Receivables under securities borrowing transactions	1,996,660	2,474	0.12	3,416,319	2,588	0.08
Deposits with banks	1,051,668	19,850	1.89	990,820	13,465	1.36
Interest-bearing liabilities	¥126,163,093	¥475,074	0.38%	¥130,787,112	¥ 358,652	0.27%
Deposits	97,987,896	58,866	0.06	99,987,013	44,072	0.04
Negotiable certificates of deposit	5,778,619	429	0.01	6,594,336	504	0.01
Call money and bills sold	95,135	505	0.53	241,184	517	0.21
Payables under repurchase agreements	2,849,200	42,895	1.51	524,433	6,802	1.30
Payables under securities lending transactions	714,190	959	0.13	5,787,108	10,394	0.18
Commercial paper	101,122	11	0.01	137,316	16	0.01
Borrowed money	14,370,683	202,805	1.41	12,961,893	161,957	1.25
Short-term bonds	—	—	—	—	—	—
Bonds	3,247,123	84,543	2.60	3,617,420	85,993	2.38

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 (2019, ¥43,355,834 million; 2018, ¥40,923,785 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2019			2018		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥44,163,082	¥1,367,558	3.10%	¥42,296,617	¥951,447	2.25%
Loans and bills discounted	26,444,159	915,868	3.46	24,924,401	677,546	2.72
Securities	4,954,867	103,943	2.10	3,977,921	64,907	1.63
Call loans and bills bought.....	2,026,876	16,192	0.80	1,740,864	19,050	1.09
Receivables under resale agreements	1,857,211	39,967	2.15	2,377,014	35,477	1.49
Receivables under securities borrowing transactions	12,108	37	0.31	—	—	—
Deposits with banks.....	4,739,001	98,262	2.07	4,986,887	70,303	1.41
Interest-bearing liabilities	¥37,414,455	¥728,751	1.95%	¥34,314,197	¥437,038	1.27%
Deposits	23,024,688	422,005	1.83	20,405,863	248,653	1.22
Negotiable certificates of deposit	6,017,305	135,749	2.26	6,152,649	86,312	1.40
Call money and bills sold	807,510	14,080	1.74	786,372	8,169	1.04
Payables under repurchase agreements	4,186,351	82,275	1.97	4,112,837	43,247	1.05
Payables under securities lending transactions.....	—	—	—	—	—	—
Commercial paper.....	2,433,961	45,344	1.86	2,005,997	18,376	0.92
Borrowed money.....	581,343	16,433	2.83	466,803	7,831	1.68
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	72,064	3,051	4.23	59,619	2,817	4.73

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 (2019, ¥3,207,665 million; 2018, ¥3,087,837 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2019			2018		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥121,424,996	¥2,240,944	1.85%	¥126,901,633	¥1,901,507	1.50%
Loans and bills discounted	78,277,107	1,481,622	1.89	83,223,826	1,290,981	1.55
Securities	21,653,892	354,451	1.64	22,814,707	331,893	1.45
Call loans and bills bought.....	2,135,574	16,561	0.78	1,820,279	19,464	1.07
Receivables under resale agreements	4,319,462	36,101	0.84	2,280,570	34,278	1.50
Receivables under securities borrowing transactions	2,008,768	2,512	0.13	3,416,319	2,588	0.08
Deposits with banks.....	4,639,992	101,030	2.18	5,121,331	74,009	1.45
Interest-bearing liabilities	¥161,886,733	¥1,138,789	0.70%	¥163,483,617	¥ 748,234	0.46%
Deposits	119,861,906	463,791	0.39	119,532,087	282,966	0.24
Negotiable certificates of deposit	11,795,924	136,178	1.15	12,746,985	86,817	0.68
Call money and bills sold	902,646	14,586	1.62	1,027,556	8,686	0.85
Payables under repurchase agreements	6,926,818	122,755	1.77	4,540,826	48,851	1.08
Payables under securities lending transactions.....	714,190	959	0.13	5,787,108	10,394	0.18
Commercial paper.....	2,535,084	45,356	1.79	2,143,314	18,393	0.86
Borrowed money.....	14,522,350	197,488	1.36	12,778,946	133,290	1.04
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	3,319,188	87,594	2.64	3,677,039	88,810	2.42

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 (2019, ¥46,553,893 million; 2018, ¥44,006,805 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2019				2018			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥404,067	¥222,658	¥(12,985)	¥613,741	¥440,754	¥202,675	¥(11,303)	¥632,125
Deposits and loans	15,736	131,375	(6,138)	140,973	22,299	115,568	(4,458)	133,409
Remittances and transfers.....	116,871	22,740	(29)	139,582	119,472	20,469	(29)	139,913
Securities-related business.....	12,362	33,086	(784)	44,664	12,932	33,757	(2)	46,688
Agency	9,986	107	—	10,094	15,444	—	—	15,444
Safe deposits	4,544	2	—	4,547	5,223	2	—	5,225
Guarantees.....	32,447	11,461	(2,096)	41,812	35,331	12,235	(1,161)	46,405
Credit card business.....	—	—	—	—	2,006	—	—	2,006
Investment trusts	22,337	34	—	22,371	35,334	30	—	35,365
Fees and commissions payments.....	¥137,556	¥ 29,424	¥ (4,417)	¥162,563	¥129,219	¥ 40,966	¥ (2,353)	¥167,832
Remittances and transfers.....	31,501	10,630	(4)	42,127	30,206	9,616	(2)	39,820

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

2. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

3. Inter-segment transactions are reported in the "Elimination" column.

Trading Income

Year ended March 31	Millions of yen							
	2019				2018			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥48,476	¥37,423	¥(5,786)	¥80,112	¥55,015	¥37,511	¥(7,213)	¥85,312
Gains on trading securities	530	—	(530)	—	611	—	(611)	—
Gains on securities related to trading transactions.....	—	—	—	—	6,004	—	(281)	5,722
Gains on trading-related financial derivatives.....	47,919	37,423	(5,245)	80,097	48,376	37,511	(6,297)	79,589
Others	25	—	(10)	14	22	—	(22)	—
Trading losses.....	¥ 4,058	¥ 6,158	¥(5,786)	¥ 4,430	¥ 4,183	¥ 7,158	¥(7,213)	¥ 4,127
Losses on trading securities	—	1,655	(530)	1,125	—	4,643	(611)	4,031
Losses on securities related to trading transactions.....	2,956	348	—	3,305	—	281	(281)	—
Losses on trading-related financial derivatives.....	1,102	4,143	(5,245)	—	4,183	2,114	(6,297)	—
Others	—	10	(10)	—	—	119	(22)	96

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

2. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

3. 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	
	2019	2018
Domestic operations:		
Liquid deposits	¥ 75,716,972	¥ 70,786,037
Fixed-term deposits	17,908,442	18,198,759
Others	7,324,007	7,357,074
Subtotal	100,949,421	96,341,871
Negotiable certificates of deposit	5,132,651	5,643,020
Total	¥106,082,073	¥101,984,892
Overseas operations:		
Liquid deposits	¥ 14,256,217	¥ 13,349,167
Fixed-term deposits	7,898,851	7,496,203
Others	86,339	40,053
Subtotal	22,241,408	20,885,424
Negotiable certificates of deposit	6,202,835	5,812,264
Total	¥ 28,444,244	¥ 26,697,689
Grand total	¥134,526,317	¥128,682,581

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.
 2. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
 3. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
 4. Fixed-term deposits represents Time deposits

Balance of Loan Portfolio, Classified by Industry

Year-End Balance

March 31	Millions of yen			
	2019		2018	
Domestic operations:				
Manufacturing	¥ 6,715,306	12.58%	¥ 6,172,929	11.84%
Agriculture, forestry, fisheries and mining	272,306	0.51	132,783	0.25
Construction	730,187	1.37	753,873	1.45
Transportation, communications and public enterprises	5,341,650	10.01	4,952,098	9.50
Wholesale and retail	4,299,125	8.05	4,192,897	8.04
Finance and insurance	5,488,335	10.28	5,448,476	10.45
Real estate, goods rental and leasing	8,727,653	16.35	8,250,016	15.83
Services	4,247,592	7.96	4,165,416	7.99
Municipalities	754,500	1.41	914,763	1.76
Others	16,808,918	31.48	17,143,345	32.89
Subtotal	¥53,385,577	100.00%	¥52,126,599	100.00%
Overseas operations:				
Public sector	¥ 286,310	1.08%	¥ 296,236	1.25%
Financial institutions	1,825,955	6.92	1,596,924	6.73
Commerce and industry	21,381,483	80.97	19,490,365	82.14
Others	2,913,075	11.03	2,343,808	9.88
Subtotal	¥26,406,824	100.00%	¥23,727,335	100.00%
Total	¥79,792,401	—	¥75,853,934	—

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.
 2. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
 3. Japan offshore banking accounts are included in overseas operations' accounts.

Risk-Monitored Loans

March 31	Millions of yen	
	2019	2018
Bankrupt loans	¥ 12,801	¥ 25,728
Non-accrual loans	409,516	356,353
Past due loans (3 months or more)	6,447	5,297
Restructured loans	115,668	138,261
Total	¥544,433	¥525,640
Amount of direct reduction	¥ 99,554	¥110,497

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Loans on which accrued interest income is not recognized, and to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or borrowers receiving a disposition to suspend transactions with a clearing house.
2. Non-accrual loans: Loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
3. Past due loans (3 months or more): Loans on which the principal or interest is past due for 3 months or more, excluding loans in categories 1. and 2.
4. Restructured loans: Loans to borrowers on which terms and conditions have been amended in favor of the borrowers in order to support the borrowers' recovery from financial difficulties and facilitate collection of loans, excluding loans in categories 1. through 3.

Securities

Year-End Balance

March 31	Millions of yen	
	2019	2018
Domestic operations:		
Japanese government bonds	¥ 6,514,573	¥ 9,575,499
Japanese local government bonds	99,164	47,032
Japanese corporate bonds	2,582,014	2,541,760
Japanese stocks	3,434,663	3,840,989
Others	5,417,732	4,516,750
Subtotal	¥18,048,148	¥20,522,031
Overseas operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	68,226	75,495
Japanese stocks	—	—
Others	5,353,247	4,619,760
Subtotal	¥ 5,421,473	¥ 4,695,255
Total	¥23,469,621	¥25,217,287

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
3. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

March 31	Millions of yen							
	2019				2018			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets	¥1,428,638	¥1,044,294	¥(20,108)	¥2,452,825	¥1,497,775	¥938,646	¥(27,872)	¥2,408,549
Trading securities	11,708	369,842	—	381,551	220,584	228,922	—	449,506
Derivatives of trading securities	363	—	—	363	182	—	—	182
Securities related to trading transactions	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	28,120	0	—	28,121	13,834	59	—	13,894
Trading-related financial derivatives	1,344,447	674,451	(20,108)	1,998,791	1,224,180	709,664	(27,872)	1,905,971
Other trading assets	43,997	—	—	43,997	38,994	—	—	38,994
Trading liabilities	¥1,258,988	¥ 579,730	¥(20,108)	¥1,818,610	¥1,124,847	¥810,441	¥(27,872)	¥1,907,416
Trading securities sold for short sales	5,546	119,540	—	125,086	49,422	97,043	—	146,466
Derivatives of trading securities	547	—	—	547	335	—	—	335
Securities related to trading transactions sold for short sales	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	29,030	2	—	29,032	14,035	147	—	14,182
Trading-related financial derivatives	1,223,864	460,187	(20,108)	1,663,943	1,061,053	713,250	(27,872)	1,746,431
Other trading liabilities	—	—	—	—	—	—	—	—

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
3. 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					
	2019			2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	¥680,105	¥1,306,346	¥1,970,831	¥746,837	¥917,340	¥1,647,643
			[15,620]			[16,535]
Interest expenses	42,009	1,000,338	1,026,727	39,548	667,593	690,606
			[15,620]			[16,535]
Net interest income	638,096	306,008	944,104	707,288	249,747	957,036
Trust fees	2,191	58	2,250	2,001	37	2,038
Fees and commissions	325,593	198,973	524,566	336,037	176,111	512,149
Fees and commissions payments	132,234	50,131	182,365	135,292	47,027	182,319
Net fees and commissions	193,359	148,841	342,201	200,745	129,084	329,829
Trading income	556	45,951	46,507	632	58,765	59,398
Trading losses	—	3,305	3,305	—	—	—
Net trading income	556	42,646	43,202	632	58,765	59,398
Other operating income	23,802	85,871	109,674	24,956	77,925	101,955
Other operating expenses	8,490	37,356	45,846	5,691	17,569	22,334
Net other operating income	15,312	48,515	63,828	19,265	60,355	79,620
Gross banking profit	¥849,516	¥ 546,070	¥1,395,586	¥929,933	¥497,990	¥1,427,924
Gross banking profit rate (%)	1.22%	1.10%	1.20%	1.29%	1.08%	1.25%

- 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. Difference between sums of domestic and international operations and some figures in the total column due to indication on a net basis of interest from interest rate swaps and similar instruments, is included in figures in brackets [].
3. As net figures are shown for financial derivatives, figures in the total column of other operating income and other operating expenses are less than sums of domestic operations and international operations, respectively (¥925 million for the year ended March 31, 2018).
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					
	2019			2018		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥ 69,584,790	¥680,105	0.97%	¥ 71,547,412	¥746,837	1.04%
	[2,777,146]	[15,620]		[3,581,209]	[16,535]	
Loans and bills discounted	48,779,204	453,649	0.93	49,225,499	476,702	0.96
Securities	12,664,232	174,918	1.38	14,915,999	217,089	1.45
Call loans	62,829	3	0.00	13,157	8	0.06
Receivables under resale agreements	2,570,984	(1,450)	(0.05)	0	(0)	(0.55)
Receivables under securities borrowing transactions	1,515,257	400	0.02	2,875,506	546	0.01
Bills bought	—	—	—	—	—	—
Deposits with banks	10,725	15	0.14	11,993	16	0.13
Interest-bearing liabilities	¥107,848,148	¥ 42,009	0.03%	¥106,977,341	¥ 39,548	0.03%
Deposits	90,417,718	7,115	0.00	85,721,254	7,931	0.00
Negotiable certificates of deposit	6,041,635	429	0.00	6,733,487	487	0.00
Call money	36,302	(27)	(0.07)	112,490	(84)	(0.07)
Payables under repurchase agreements	897,869	(1,364)	(0.15)	26,866	0	0.00
Payables under securities lending transactions	175,193	22	0.01	4,641,577	480	0.01
Borrowed money	8,555,317	27,706	0.32	7,790,072	19,933	0.25
Short-term bonds	—	—	—	—	—	—
Bonds	434,144	7,105	1.63	665,912	9,486	1.42

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2019, ¥42,195,891 million; 2018, ¥39,179,583 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. Difference between sums of domestic and international operations and some figures in the "Total of Domestic and International Operations" due to indication on a net basis of interest from interest rate swaps and similar instruments, is included in figures in brackets [].

International Operations

Year ended March 31	Millions of yen					
	2019			2018		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥49,223,041	¥1,306,346	2.65%	¥46,049,661	¥917,340	1.99%
Loans and bills discounted.....	26,790,832	845,075	3.15	25,972,547	624,764	2.40
Securities.....	9,794,923	170,648	1.74	8,163,052	132,857	1.62
Call loans.....	1,593,638	(3,491)	(0.21)	1,401,904	(2,076)	(0.14)
Receivables under resale agreements.....	582,477	16,891	2.90	731,619	15,216	2.07
Receivables under securities borrowing transactions.....	122,858	358	0.29	110,750	322	0.29
Deposits with banks.....	6,386,681	108,377	1.69	5,910,956	70,381	1.19
Interest-bearing liabilities.....	¥48,831,825	¥1,000,338	2.04%	¥45,749,102	¥667,593	1.45%
	[2,777,146]	[15,620]		[3,581,209]	[16,535]	
Deposits.....	22,245,705	374,188	1.68	21,008,293	221,430	1.05
Negotiable certificates of deposit.....	5,781,018	133,339	2.30	5,642,513	83,747	1.48
Call money.....	1,044,194	15,445	1.47	1,039,930	8,200	0.78
Payables under repurchase agreements....	5,174,319	111,561	2.15	3,326,086	40,441	1.21
Payables under securities lending transactions.....	284,133	911	0.32	887,029	9,139	1.03
Borrowed money.....	5,747,523	176,571	3.07	5,012,948	142,519	2.84
Bonds.....	2,841,907	78,045	2.74	2,964,361	76,751	2.58

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2019, ¥134,841 million; 2018, ¥139,390 million).

2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. Difference between sums of domestic and international operations and some figures in the "Total of Domestic and International Operations" due to indication on a net basis of interest from interest rate swaps and similar instruments, is included in figures in brackets [].

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					
	2019			2018		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥116,030,685	¥1,970,831	1.69%	¥114,015,864	¥1,647,643	1.44%
Loans and bills discounted.....	75,570,036	1,298,725	1.71	75,198,046	1,101,467	1.46
Securities.....	22,459,156	345,566	1.53	23,079,051	349,947	1.51
Call loans.....	1,656,467	(3,487)	(0.21)	1,415,062	(2,067)	(0.14)
Receivables under resale agreements.....	3,153,462	15,441	0.48	731,620	15,216	2.07
Receivables under securities borrowing transactions.....	1,638,115	759	0.04	2,986,256	868	0.02
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	6,397,407	108,392	1.69	5,922,949	70,398	1.18
Interest-bearing liabilities.....	¥153,902,827	¥1,026,727	0.66%	¥149,145,234	¥ 690,606	0.46%
Deposits.....	112,663,423	381,304	0.33	106,729,547	229,362	0.21
Negotiable certificates of deposit.....	11,822,654	133,768	1.13	12,376,001	84,235	0.68
Call money.....	1,080,496	15,418	1.42	1,152,420	8,115	0.70
Payables under repurchase agreements....	6,072,188	110,197	1.81	3,352,952	40,441	1.20
Payables under securities lending transactions.....	459,327	933	0.20	5,528,607	9,619	0.17
Borrowed money.....	14,302,840	204,277	1.42	12,803,020	162,453	1.26
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	3,276,052	85,150	2.59	3,630,273	86,238	2.37

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2019, ¥42,330,733 million; 2018, ¥39,318,973 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					
	2019			2018		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(20,093)	¥(46,638)	¥(66,731)	¥21,352	¥(222,635)	¥(201,283)
Loans and bills discounted.....	(4,289)	(18,762)	(23,052)	5,993	(34,922)	(28,929)
Securities.....	(31,523)	(10,648)	(42,171)	7,239	(177,549)	(170,309)
Call loans.....	2	(8)	(5)	4	(4)	(0)
Receivables under resale agreements.....	(1,450)	0	(1,450)	(0)	(0)	(0)
Receivables under securities borrowing transactions.....	(258)	112	(145)	91	(357)	(266)
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	(1)	0	(1)	2	7	9
Interest expenses.....	¥ 324	¥ 2,136	¥ 2,460	¥ 3,765	¥ (8,157)	¥ (4,391)
Deposits.....	369	(1,185)	(816)	541	(1,535)	(994)
Negotiable certificates of deposit.....	(49)	(9)	(58)	(20)	(635)	(655)
Call money.....	58	(1)	56	(60)	(17)	(78)
Payables under repurchase agreements....	(1,323)	(40)	(1,364)	(0)	(0)	(0)
Payables under securities lending transactions.....	(462)	4	(457)	164	(0)	163
Borrowed money.....	2,098	5,673	7,772	7,666	(6,293)	1,372
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	(3,301)	920	(2,380)	(5,344)	887	(4,457)

International Operations

Year ended March 31	Millions of yen					
	2019			2018		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥66,823	¥322,182	¥389,006	¥73,001	¥138,439	¥211,441
Loans and bills discounted.....	20,246	200,064	220,311	40,457	68,916	109,374
Securities.....	27,943	9,848	37,791	13,267	18,693	31,961
Call loans.....	(420)	(994)	(1,414)	(673)	(1,214)	(1,887)
Receivables under resale agreements.....	(3,101)	4,777	1,675	2,659	3,001	5,661
Receivables under securities borrowing transactions.....	35	0	36	(6)	(20)	(27)
Deposits with banks.....	6,047	31,947	37,995	2,565	28,664	31,230
Interest expenses.....	¥47,582	¥285,163	¥332,745	¥54,280	¥142,171	¥196,452
Deposits.....	13,741	139,016	152,758	14,527	72,944	87,471
Negotiable certificates of deposit.....	2,104	47,487	49,591	(4,038)	24,381	20,343
Call money.....	33	7,212	7,245	317	1,044	1,361
Payables under repurchase agreements....	29,738	41,381	71,120	10,488	19,962	30,451
Payables under securities lending transactions.....	(4,086)	(4,141)	(8,228)	1,297	4,737	6,035
Commercial paper.....	4,789	17,423	22,213	(1,575)	1,019	(556)
Borrowed money.....	21,969	12,081	34,051	51,521	(4,709)	46,811
Bonds.....	(3,170)	4,463	1,293	(5,842)	6,258	416

Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2019			2018		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥ 29,583	¥293,604	¥323,188	¥ 88,844	¥ (76,975)	¥ 11,869
Loans and bills discounted.....	5,474	191,783	197,258	34,743	45,701	80,444
Securities.....	(9,399)	5,019	(4,380)	21,069	(159,417)	(138,347)
Call loans.....	(508)	(911)	(1,420)	(672)	(1,214)	(1,887)
Receivables under resale agreements.....	11,859	(11,633)	225	2,659	3,001	5,661
Receivables under securities borrowing transactions.....	(392)	282	(109)	139	(432)	(293)
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	6,019	31,974	37,993	2,581	28,658	31,239
Interest expenses.....	¥ 22,684	¥313,435	¥336,120	¥ 58,134	¥ 135,637	¥ 193,771
Deposits.....	13,398	138,543	151,942	11,958	74,518	86,477
Negotiable certificates of deposit.....	(3,766)	53,299	49,532	(2,539)	22,226	19,687
Call money.....	(506)	7,809	7,302	1,025	258	1,283
Payables under repurchase agreements....	43,000	26,755	69,755	10,276	20,175	30,451
Payables under securities lending transactions.....	(8,820)	134	(8,685)	2,189	4,008	6,198
Commercial paper.....	4,789	17,423	22,213	(1,575)	1,019	(556)
Borrowed money.....	20,184	21,639	41,824	61,009	(12,824)	48,184
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	(8,414)	7,327	(1,087)	(13,880)	9,839	(4,041)

Note: Increase (decrease) attributed to both volume-related and rate-related is prorated according to proportion of change in each factor.

Fees and Commissions

Year ended March 31	Millions of yen					
	2019			2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions.....	¥325,593	¥198,973	¥524,566	¥336,037	¥176,111	¥512,149
Deposits and loans.....	12,730	111,661	124,391	12,444	96,517	108,961
Remittances and transfers.....	95,877	41,454	137,332	93,992	39,593	133,585
Securities-related business.....	10,038	1,790	11,829	10,848	1,322	12,171
Agency.....	7,577	—	7,577	9,218	—	9,218
Safe deposits.....	4,544	—	4,544	4,817	—	4,817
Guarantees.....	14,232	19,064	33,296	15,025	19,266	34,292
Fees and commissions payments.....	¥132,234	¥ 50,131	¥182,365	¥135,292	¥ 47,027	¥182,319
Remittances and transfers.....	26,039	12,122	38,161	24,819	12,472	37,292

Trading Income

Year ended March 31	Millions of yen					
	2019			2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading income.....	¥556	¥45,951	¥46,507	¥632	¥58,765	¥59,398
Gains on trading securities.....	530	—	530	610	—	610
Gains on securities related to trading transactions.....	—	—	—	—	5,722	5,722
Gains on trading-related financial derivatives.....	—	45,951	45,951	—	53,042	53,042
Others.....	25	—	25	22	—	22
Trading losses.....	¥ —	¥ 3,305	¥ 3,305	¥ —	¥ —	¥ —
Losses on trading securities.....	—	—	—	—	—	—
Losses on securities related to trading transactions.....	—	3,305	3,305	—	—	—
Losses on trading-related financial derivatives.....	—	—	—	—	—	—
Others.....	—	—	—	—	—	—

Note: Figures represent net income and loss after offsetting income against expenses.

Net Other Operating Income (Expenses)

Year ended March 31	Millions of yen					
	2019			2018		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income (expenses).....	¥15,312	¥48,515	¥63,828	¥19,265	¥60,355	¥79,620
Gains (losses) on bonds.....	6,388	(3,511)	2,877	7,503	4,185	11,688
Gains (losses) on derivatives.....	(2,783)	(2,488)	(5,272)	(1,154)	925	(228)
Gains on foreign exchange transactions....	—	57,576	57,576	—	57,057	57,057

General and Administrative Expenses

Year ended March 31	Millions of yen	
	2019	2018
	Salaries and related expenses.....	¥290,697
Retirement benefit cost.....	(5,231)	(1,526)
Welfare expenses.....	45,131	45,896
Depreciation.....	103,972	101,753
Rent and lease expenses.....	59,018	60,697
Building and maintenance expenses.....	7,414	7,124
Supplies expenses.....	4,540	5,083
Water, lighting, and heating expenses.....	5,252	5,252
Traveling expenses.....	6,061	5,509
Communication expenses.....	6,923	7,229
Publicity and advertising expenses.....	14,376	14,689
Taxes, other than income taxes.....	48,117	48,843
Deposit insurance.....	30,723	30,804
Others.....	194,536	187,801
Total.....	¥811,533	¥810,752

Deposits (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen			
	2019		2018	
Domestic operations:				
Liquid deposits	¥ 74,533,808	75.3%	¥ 69,675,968	73.5%
Fixed-term deposits	17,778,577	18.0	18,079,255	19.1
Others	1,277,119	1.3	1,138,105	1.2
Subtotal	93,589,505	94.6	88,893,330	93.8
Negotiable certificates of deposit	5,389,733	5.4	5,895,907	6.2
Total	¥ 98,979,238	100.0%	¥ 94,789,237	100.0%
International operations:				
Liquid deposits	¥ 10,527,786	36.7%	¥ 9,157,135	34.3%
Fixed-term deposits	6,586,866	22.9	6,576,308	24.6
Others	5,386,945	18.8	5,616,451	21.0
Subtotal	22,501,598	78.4	21,349,896	79.9
Negotiable certificates of deposit	6,191,872	21.6	5,368,900	20.1
Total	¥ 28,693,470	100.0%	¥ 26,718,796	100.0%
Grand total	¥127,672,708	—	¥121,508,034	—

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	2019		2018	
	Millions of yen			
Domestic operations:				
Liquid deposits	¥ 71,466,888		¥ 66,542,423	
Fixed-term deposits	18,019,348		18,334,773	
Others	931,481		844,057	
Subtotal	90,417,718		85,721,254	
Negotiable certificates of deposit	6,041,635		6,733,487	
Total	¥ 96,459,354		¥ 92,454,742	
International operations:				
Liquid deposits	¥ 10,181,064		¥ 9,642,739	
Fixed-term deposits	6,659,091		6,283,475	
Others	5,405,548		5,082,077	
Subtotal	22,245,705		21,008,293	
Negotiable certificates of deposit	5,781,018		5,642,513	
Total	¥ 28,026,724		¥ 26,650,806	
Grand total	¥124,486,078		¥119,105,548	

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			
	2019		2018	
Individual	¥47,106,526	48.4%	¥45,321,720	48.8%
Corporate	50,152,636	51.6	47,557,379	51.2
Total	¥97,259,162	100.0%	¥92,879,099	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	
	2019	2018
Individual	¥1,752,186	¥1,831,496
Corporate	389,246	385,883
Total	¥2,141,432	¥2,217,379

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	
	2019	2018
Less than three months	¥11,297,105	¥11,376,644
Fixed interest rates	6,425,547	6,420,030
Floating interest rates	7,800	5,155
Others	4,863,757	4,951,457
Three — six months	4,063,914	4,329,652
Fixed interest rates	3,283,324	3,497,572
Floating interest rates	4,620	6,480
Others	775,970	825,599
Six months — one year	5,130,177	5,040,694
Fixed interest rates	4,625,278	4,768,276
Floating interest rates	4,194	1,460
Others	500,704	270,957
One — two years	1,561,296	1,499,400
Fixed interest rates	1,384,263	1,289,327
Floating interest rates	2,810	10,454
Others	174,223	199,618
Two — three years	1,133,375	1,110,494
Fixed interest rates	979,728	1,010,198
Floating interest rates	33,945	2,610
Others	119,702	97,686
Three years or more	1,179,573	1,298,642
Fixed interest rates	477,844	496,746
Floating interest rates	564,626	572,332
Others	137,102	229,562
Total	¥24,365,443	¥24,655,527
Fixed interest rates	17,175,987	17,482,152
Floating interest rates	617,995	598,492
Others	6,571,460	6,574,883

Loans (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

March 31	Millions of yen	
	2019	2018
Domestic operations:		
Loans on notes	¥ 778,382	¥ 394,395
Loans on deeds	38,876,438	38,852,395
Overdrafts	10,045,587	9,898,871
Bills discounted	51,559	68,805
Subtotal	¥49,751,966	¥49,214,467
International operations:		
Loans on notes	¥ 1,219,916	¥ 1,177,844
Loans on deeds	25,218,669	23,335,028
Overdrafts	211,254	168,822
Bills discounted	—	—
Subtotal	¥26,649,840	¥24,681,695
Total	¥76,401,807	¥73,896,163

Average Balance

Year ended March 31	Millions of yen	
	2019	2018
Domestic operations:		
Loans on notes	¥ 365,950	¥ 437,013
Loans on deeds	38,850,821	38,735,608
Overdrafts	9,517,142	9,990,889
Bills discounted	45,290	61,988
Subtotal	¥48,779,204	¥49,225,499
International operations:		
Loans on notes	¥ 1,377,375	¥ 1,264,012
Loans on deeds	25,198,453	24,491,784
Overdrafts	215,003	216,740
Bills discounted	—	10
Subtotal	¥26,790,832	¥25,972,547
Total	¥75,570,036	¥75,198,046

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			
	2019		2018	
Funds for capital investment	¥20,985,244	27.5%	¥20,920,584	28.3%
Funds for working capital	55,416,563	72.5	52,975,578	71.7
Total	¥76,401,807	100.0%	¥73,896,163	100.0%

Balance of Loans and Bills Discounted, Classified by Collateral

March 31	Millions of yen	
	2019	2018
Securities	¥ 1,710,219	¥ 1,665,388
Commercial claims	1,130,011	1,177,980
Commercial goods	—	—
Real estate	6,984,177	7,033,067
Others	1,548,178	1,197,769
Subtotal	11,372,585	11,074,206
Guaranteed	19,848,704	19,588,275
Unsecured	45,180,516	43,233,680
Total	¥76,401,807	¥73,896,163

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2019	2018
One year or less	¥13,664,684	¥12,059,922
One — three years	13,468,749	12,836,241
Floating interest rates	10,555,003	10,377,892
Fixed interest rates	2,913,746	2,458,348
Three — five years	11,884,345	12,120,427
Floating interest rates	9,119,424	9,010,749
Fixed interest rates	2,764,921	3,109,678
Five — seven years	6,036,444	5,531,818
Floating interest rates	4,883,153	4,331,834
Fixed interest rates	1,153,291	1,199,983
More than seven years	21,090,740	21,280,057
Floating interest rates	19,289,929	19,561,190
Fixed interest rates	1,800,810	1,718,867
No designated term	10,256,841	10,067,694
Floating interest rates	10,256,841	10,067,694
Fixed interest rates	—	—
Total	¥76,401,807	¥73,896,163

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			
	2019		2018	
Domestic operations:				
Manufacturing	¥ 6,621,443	12.3%	¥ 6,072,608	11.4%
Agriculture, forestry, fisheries and mining	267,135	0.5	132,783	0.3
Construction	729,545	1.3	741,835	1.4
Transportation, communications and public enterprises	5,226,335	9.7	4,861,154	9.1
Wholesale and retail	4,283,282	7.9	4,178,942	7.9
Finance and insurance	7,131,892	13.2	7,352,639	13.8
Real estate	7,053,528	13.1	6,684,889	12.6
Goods rental and leasing	1,598,278	3.0	1,499,241	2.8
Services	4,168,190	7.7	4,090,964	7.7
Municipalities	754,500	1.4	914,763	1.7
Others	16,133,209	29.9	16,678,320	31.3
Subtotal	¥53,967,341	100.0%	¥53,208,143	100.0%
Overseas operations:				
Public sector	¥ 176,684	0.8%	¥ 195,113	1.0%
Financial institutions	1,668,433	7.4	1,621,969	7.8
Commerce and industry	18,979,331	84.6	17,418,127	84.2
Others	1,610,015	7.2	1,452,810	7.0
Subtotal	¥22,434,465	100.0%	¥20,688,019	100.0%
Total	¥76,401,807	—	¥73,896,163	—

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	
	2019	2018
Total domestic loans (A)	¥53,967,341	¥53,208,143
Loans to individuals, and small and medium-sized enterprises (B)	32,994,754	33,700,117
(B) / (A)	61.1%	63.3%

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 or less, 100 employees or fewer; retailers: ¥50 million or less, 50 employees or fewer; and service industry companies: ¥50 million or less, 100 employees or fewer.)

Consumer Loans Outstanding

March 31	Millions of yen	
	2019	2018
Consumer loans	¥13,000,685	¥13,498,645
Housing loans	12,118,257	12,566,778
Residential purpose	9,660,356	9,998,693
Others	882,427	931,866

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, 2019	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	¥226,555	¥171,358	¥ —	¥226,555*	¥171,358
	[(2,987)]				
Specific reserve for possible loan losses	96,858	103,826	21,053	75,804*	103,826
	[(1,138)]				
For nonresident loans	34,833	40,756	7,192	27,641*	40,756
	[(1,138)]				
Loan loss reserve for specific overseas countries ...	581	0	—	581*	0
Total	¥323,995	¥275,185	¥21,053	¥302,941	¥275,185
	[(4,126)]				

* Reversal by reversal method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Year ended March 31, 2018	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	¥255,838	¥223,567	¥ —	¥255,838*	¥223,567
	[3,118]				
Specific reserve for possible loan losses	128,460	95,720	23,216	105,244*	95,720
	[1,303]				
For nonresident loans	35,882	33,694	12,232	23,650*	33,694
	[1,249]				
Loan loss reserve for specific overseas countries ...	1,005	581	—	1,005*	581
Total	¥385,304	¥319,868	¥23,216	¥362,087	¥319,868
	[4,421]				

* Reversal by reversal method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Write-Off of Loans

Year ended March 31	Millions of yen	
	2019	2018
Write-off of loans	¥9,245	¥7,364

Note: Write-off of loans include amount of direct reduction.

Specific Overseas Loans

March 31	Millions of yen	
	2019	2018
Argentina	¥15	¥ 22
Egypt	—	4,711
Azerbaijan	—	4,652
Total	¥15	¥9,386
Ratio of the total amounts to total assets	0.00%	0.01%
Number of countries	1	3

Risk-Monitored Loans

March 31	Millions of yen	
	2019	2018
Bankrupt loans	¥ 11,612	¥ 24,444
Non-accrual loans	386,396	328,954
Past due loans (3 months or more)	5,525	4,460
Restructured loans	58,230	67,521
Total	¥461,765	¥425,380
Amount of direct reduction	¥ 82,342	¥ 92,343

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Loans on which accrued interest income is not recognized, and to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or borrowers receiving a disposition to suspend transactions with a clearing house.
2. Non-accrual loans: Loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
3. Past due loans (3 months or more): Loans on which the principal or interest is past due for 3 months or more, excluding loans in categories 1. and 2.
4. Restructured loans: Loans to borrowers on which terms and conditions have been amended in favor of the borrowers in order to support the borrowers' recovery from financial difficulties and facilitate collection of loans, excluding loans in categories 1. through 3.

Non-performing loans (NPLs) based on the Financial Reconstruction Act

March 31	Millions of yen	
	2019	2018
Bankrupt and quasi-bankrupt assets	¥ 75,341	¥ 80,942
Doubtful assets	337,375	283,393
Substandard loans	63,756	71,981
Total	476,472	436,317
Normal assets	88,460,445	85,468,271
Grand Total	¥88,936,918	¥85,904,588
Amount of direct reduction	¥ 89,256	¥ 99,662

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			
	Total loans	Other assets	Total loans	Other assets		
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	©		
Effectively Bankrupt Borrowers			Non-accrual loans			
Potentially Bankrupt Borrowers			Past due loans (3 months or more)			
Borrowers Requiring Caution	Restructured loans					
Normal Borrowers	(Normal assets)					
	A		B		=	C

Classification based on Self-Assessment, and the Financial Reconstruction Act, and Write-Offs/Reserves

March 31, 2019		Classification under self-assessment				(Billions of yen)	
Category of borrowers under self-assessment	NPLs based on the Financial Reconstruction Act	Classification I	Classification II	Classification III	Classification IV	Reserve for possible loan losses	Reserve ratio
		Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥75.3	Portion of claims secured by collateral or guarantees, etc. (a) ¥64.7	Fully reserved ¥10.6		
Effectively Bankrupt Borrowers							
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥337.4	Portion of claims secured by collateral or guarantees, etc. (b) ¥205.2	Necessary amount reserved ¥132.2		¥87.9 (Note 2)	66.47% (Note 3)	
Borrowers Requiring Caution	Substandard loans (3) ¥63.8	Portion of substandard loans secured by collateral or guarantees, etc. (c) ¥33.2			General reserve for substandard loans ¥12.0	42.39% (Note 3)	
	(Claims to substandard borrowers)						
Normal Borrowers	Normal assets ¥88,460.4	Claims to borrowers requiring caution, excluding claims to substandard borrowers	Claims to normal borrowers		General reserve ¥171.7 (Note 5)	4.64% (10.86%) (Note 4)	
					Loan loss reserve for specific overseas countries ¥0.0		
NPL ratio (5) / (4) 0.54%	Total (4) ¥88,936.9			Total reserve for possible loan losses ¥275.2		Reserve ratio (D) / (C) 66.62% (Note 6)	
	(A) = (1) + (2) + (3) ¥476.5(5)	Portion secured by collateral or guarantees, etc. (B) = (a) + (b) + (c) ¥303.1	Unsecured portion (C) = (A) - (B) ¥173.3	(D) Specific reserve + General reserve for substandard loans ¥115.5			
					Coverage ratio {(B) + (D)} / (A)		87.86%

- Notes: 1. Includes amount of direct reduction totaling ¥89.3 billion.
2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Act. (Bankrupt/Effectively Bankrupt Borrowers: ¥5.0 billion; Potentially Bankrupt Borrowers: ¥2.6 billion)
3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution (including Substandard Borrowers): 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 ¥0.3 billion.
6. The proportion of the reserve to the claims, excluding the portion secured by collateral or guarantees, etc.

Results of off-balancing of NPLs

	Billions of yen							
	March 31, 2017 ①	Fiscal 2017		March 31, 2018 ②	Fiscal 2018		March 31, 2019 ③	
		New occurrences	Off-balanced		New occurrences	Off-balanced		
Bankrupt and quasi-bankrupt assets...	¥118.4	¥ 31.9	¥ (69.4)	¥ 80.9	¥ 31.1	¥ (36.7)	¥ 75.3	
Doubtful assets	347.4	78.0	(142.0)	283.4	191.7	(137.7)	337.4	
Total	¥465.8	¥109.9	¥(211.4)	¥364.3	¥222.8	¥(174.4)	¥412.7	
								Increase/ Decrease ② - ①
Bankrupt and quasi-bankrupt assets...				¥ (37.5)			¥ (5.6)	Increase/ Decrease ③ - ②
Doubtful assets				(64.0)			54.0	
Total				¥(101.5)			¥48.4	

- 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 2018. Amount of ¥30.6 billion in fiscal 2018, 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	
	2019	2018
Domestic operations:		
Japanese government bonds.....	¥ 6,252,329	¥ 9,313,092
Japanese local government bonds	99,164	47,032
Japanese corporate bonds	2,602,228	2,563,569
Japanese stocks.....	3,814,443	4,238,818
Others.....	765,571	1,018,723
Foreign bonds.....	/	/
Foreign stocks	/	/
Subtotal	¥13,533,737	¥17,181,235
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	—	—
Others.....	10,802,901	8,735,482
Foreign bonds.....	7,134,782	5,342,481
Foreign stocks	3,668,118	3,393,001
Subtotal	¥10,802,901	¥ 8,735,482
Total	¥24,336,638	¥25,916,718

Average Balance

Year ended March 31	Millions of yen	
	2019	2018
Domestic operations:		
Japanese government bonds.....	¥ 6,971,707	¥ 8,904,513
Japanese local government bonds	53,283	80,701
Japanese corporate bonds	2,517,314	2,523,831
Japanese stocks.....	2,195,195	2,414,764
Others.....	926,730	992,188
Foreign bonds.....	/	/
Foreign stocks	/	/
Subtotal	¥12,664,232	¥14,915,999
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	—	—
Others.....	9,794,923	8,163,052
Foreign bonds.....	6,355,459	5,164,854
Foreign stocks	3,439,463	2,998,198
Subtotal	¥ 9,794,923	¥ 8,163,052
Total	¥22,459,156	¥23,079,051

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	
	2019	2018
One year or less		
Japanese government bonds.....	¥1,236,610	¥3,373,256
Japanese local government bonds	—	17
Japanese corporate bonds	206,765	187,331
Others.....	1,715,067	1,560,459
Foreign bonds.....	1,713,538	1,543,149
Foreign stocks	818	—
One — three years		
Japanese government bonds.....	3,983,873	4,451,753
Japanese local government bonds	10,097	4,677
Japanese corporate bonds	550,063	593,116
Others.....	1,306,488	751,964
Foreign bonds.....	1,259,089	714,367
Foreign stocks	451	2,251
Three — five years		
Japanese government bonds.....	116,667	818,615
Japanese local government bonds	990	17,063
Japanese corporate bonds	602,804	681,269
Others.....	921,128	428,767
Foreign bonds.....	869,053	397,387
Foreign stocks	2,348	—
Five — seven years		
Japanese government bonds.....	—	51,985
Japanese local government bonds	5,110	4,081
Japanese corporate bonds	571,678	346,164
Others.....	1,312,373	325,851
Foreign bonds.....	1,241,178	250,470
Foreign stocks	11,126	8,882
Seven — ten years		
Japanese government bonds.....	530,926	296,787
Japanese local government bonds	82,956	21,173
Japanese corporate bonds	312,742	432,659
Others.....	939,119	1,759,954
Foreign bonds.....	869,989	1,676,773
Foreign stocks	4,070	6,918
More than ten years		
Japanese government bonds.....	384,252	320,694
Japanese local government bonds	8	18
Japanese corporate bonds	358,173	323,028
Others.....	1,416,986	1,033,261
Foreign bonds.....	1,181,933	760,333
Foreign stocks	105,365	119,447
No designated term		
Japanese government bonds.....	—	—
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	3,814,443	4,238,818
Others.....	3,957,307	3,893,946
Foreign bonds.....	—	—
Foreign stocks	3,543,937	3,255,502
Total		
Japanese government bonds.....	¥6,252,329	¥9,313,092
Japanese local government bonds	99,164	47,032
Japanese corporate bonds	2,602,228	2,563,569
Japanese stocks.....	3,814,443	4,238,818
Others.....	11,568,472	9,754,206
Foreign bonds.....	7,134,782	5,342,481
Foreign stocks	3,668,118	3,393,001

Ratios (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Income Ratio

Year ended March 31	Percentage	
	2019	2018
Ordinary profit to total assets.....	0.35%	0.43%
Ordinary profit to stockholders' equity.....	8.18	9.84
Net income to total assets	0.26	0.32
Net income to stockholders' equity	6.01	7.52

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	
	2019	2018
Domestic operations:		
Interest-earning assets (A).....	0.97%	1.04%
Interest-bearing liabilities (B)	0.60	0.62
(A) – (B)	0.37	0.42
International operations:		
Interest-earning assets (A).....	2.65%	1.99%
Interest-bearing liabilities (B)	2.45	1.86
(A) – (B)	0.20	0.13
Total:		
Interest-earning assets (A).....	1.69%	1.44%
Interest-bearing liabilities (B)	1.19	1.00
(A) – (B)	0.50	0.44

Loan-Deposit Ratio

March 31	Millions of yen	
	2019	2018
Domestic operations:		
Loans and bills discounted (A)	¥ 49,751,966	¥ 49,214,467
Deposits (B)	98,979,238	94,789,237
Loan-deposit ratio (%)		
(A) / (B)	50.26%	51.91%
Ratio by average balance for the fiscal year.....	50.56	53.24
International operations:		
Loans and bills discounted (A)	¥ 26,649,840	¥ 24,681,695
Deposits (B)	28,693,470	26,718,796
Loan-deposit ratio (%)		
(A) / (B)	92.87%	92.37%
Ratio by average balance for the fiscal year.....	95.59	97.45
Total:		
Loans and bills discounted (A)	¥ 76,401,807	¥ 73,896,163
Deposits (B)	127,672,708	121,508,034
Loan-deposit ratio (%)		
(A) / (B)	59.84%	60.81%
Ratio by average balance for the fiscal year.....	60.70	63.13

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

March 31	Millions of yen	
	2019	2018
Domestic operations:		
Securities (A).....	¥ 13,533,737	¥ 17,181,235
Deposits (B).....	98,979,238	94,789,237
Securities-deposit ratio (%)		
(A) / (B).....	13.67%	18.12%
Ratio by average balance for the fiscal year.....	13.12	16.13
International operations:		
Securities (A).....	¥ 10,802,901	¥ 8,735,482
Deposits (B).....	28,693,470	26,718,796
Securities-deposit ratio (%)		
(A) / (B).....	37.64%	32.69%
Ratio by average balance for the fiscal year.....	34.94	30.62
Total:		
Securities (A).....	¥ 24,336,638	¥ 25,916,718
Deposits (B).....	127,672,708	121,508,034
Securities-deposit ratio (%)		
(A) / (B).....	19.06%	21.32%
Ratio by average balance for the fiscal year.....	18.04	19.37

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, 2019	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, 2019	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, 2019	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	2019	2018
Number of employees	28,482	29,192
Average age (years–months)	36-9	36-4
Average length of employment (years–months)	13-6	13-1
Average annual salary (thousands of yen)	¥8,203	¥8,105

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	2019	2018
Domestic network:		
Main offices and branches	511	507
Subbranches	382	455
Agency	1	1
Overseas network:		
Branches	19	18
Subbranches	23	22
Representative offices	4	4
Total	940	1,007

Notes: 1. "Main offices and branches" includes the International Business Operations Dept. (2019, 2 branches; 2018, 2 branches), specialized deposit account branches (2019, 47 branches; 2018, 46 branches) and ATM administration branches (2019, 18 branches; 2018, 17 branches).
 2. "Subbranches" includes Corporate Business Office, etc.

Number of Automated Service Centers

March 31	2019	2018
Automated service centers	50,378	49,518

Domestic Exchange Transactions

Year ended March 31	Millions of yen	
	2019	2018
Exchange for remittance:		
Destined for various parts of the country:		
Number of accounts (thousands)	437,415	416,752
Amount	¥ 535,257,829	¥ 528,632,417
Received from various parts of the country:		
Number of accounts (thousands)	318,485	312,105
Amount	¥ 932,517,945	¥ 916,130,917
Collection:		
Destined for various parts of the country:		
Number of accounts (thousands)	1,771	1,897
Amount	¥ 4,451,331	¥ 4,638,705
Received from various parts of the country:		
Number of accounts (thousands)	649	690
Amount	¥ 2,333,608	¥ 1,827,751
Total	¥1,474,560,716	¥1,451,229,791

Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars	
	2019	2018
Outward exchanges:		
Foreign bills sold.....	\$2,171,749	\$ 2,243,809
Foreign bills bought.....	1,352,488	1,536,739
Incoming exchanges:		
Foreign bills payable.....	\$1,094,203	\$ 1,056,842
Foreign bills receivable.....	42,055	38,355
Total.....	\$4,660,496	\$ 4,875,747

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	
	2019	2018
Securities.....	¥ 111,466	¥ 145,511
Commercial claims.....	57,386	86,690
Commercial goods.....	—	—
Real estate.....	50,416	40,986
Others.....	67,462	32,529
Subtotal.....	¥ 286,732	¥ 305,717
Guaranteed.....	940,913	752,407
Unsecured.....	7,851,060	6,863,044
Total.....	¥9,078,706	¥7,921,169

Trust Assets and Liabilities (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Statements of Trust Assets and Liabilities

March 31	Millions of yen	
	2019	2018
Assets:		
Loans and bills discounted.....	¥ 477,094	¥ 398,772
Loans on deeds.....	477,094	398,772
Securities.....	1,330,384	2,358,665
Japanese government bonds.....	38,517	65,099
Corporate bonds.....	1,265,810	2,255,684
Japanese stocks.....	—	—
Foreign securities.....	26,056	37,881
Trust beneficiary right.....	28,278	33,040
Entrusted securities.....	50,000	15,000
Monetary claims.....	538,047	593,135
Monetary claims for housing loans.....	14,893	13,481
Other monetary claims.....	523,154	579,653
Other claims.....	999	1,107
Call loans.....	—	—
Due from banking account.....	1,291,710	1,275,695
Cash and due from banks.....	126,080	81,222
Deposits with banks.....	126,080	81,222
Others.....	46	108
Others.....	46	108
Total assets.....	¥3,842,641	¥4,756,748
Liabilities:		
Designated money trusts.....	¥1,270,266	¥1,376,554
Specified money trusts.....	952,323	1,038,705
Money in trusts other than money trusts.....	35,015	—
Securities in trusts.....	50,000	15,000
Monetary claims trusts.....	291,991	346,176
Composite trusts.....	1,243,045	1,980,311
Total liabilities.....	¥3,842,641	¥4,756,748

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

■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2019	As of March 31, 2018	Reference to Template CC2
Common Equity Tier 1 capital: instruments and reserves (1)				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,120,831	6,856,015	
1a	of which: capital and capital surplus	3,527,346	3,531,406	
2	of which: retained earnings	3,743,614	3,451,151	
1c	of which: treasury stock (-)	—	—	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	150,128	126,541	
	of which: other than the above	—	—	
1b	Stock acquisition rights to common shares	—	—	
3	Accumulated other comprehensive income and other disclosed reserves	1,434,667	1,552,547	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	2,181	333	
6	Common Equity Tier 1 capital: instruments and reserves (A)	8,557,681	8,408,896	
Common Equity Tier 1 capital: regulatory adjustments (2)				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	281,339	239,397	
8	of which: goodwill (including those equivalent)	26,214	31,588	
9	of which: other intangibles other than goodwill and mortgage servicing rights	255,125	207,809	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,208	1,213	
11	Net deferred gains or losses on hedges	(45,242)	(65,809)	
12	Shortfall of eligible provisions to expected losses	—	—	
13	Securitisation gain on sale	60,286	60,215	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	3,940	2,646	
15	Net defined benefit asset	225,610	262,547	
16	Investments in own shares (excluding those reported in the Net assets section)	3	—	
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, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (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 financials	—	—	
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 financials	—	—	
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)	528,146	500,211	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	8,029,535	7,908,684	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31,2019	As of March 31,2018	Reference to Template CC2	
Additional Tier 1 capital: instruments (3)					
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	1,100,000	1,100,000	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)	23,795	30,026		
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	173,000	466,652		
33	of which: instruments issued by banks and their special purpose vehicles	173,000	466,652		
35	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—	—		
36	Additional Tier 1 capital: instruments (D)	1,296,795	1,596,678		
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	—	—		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—		
40	Significant investments in the Additional Tier 1 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	25,516	81,640		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—	—		
43	Additional Tier 1 capital: regulatory adjustments (E)	25,516	81,640		
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,271,279	1,515,038		
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	9,300,814	9,423,723		
Tier 2 capital: instruments and provisions (4)					
46		Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the 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	1,003,250	994,937	
		Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group T2)	5,921	3,488		
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	488,222	625,890		
47	of which: instruments issued by banks and their special purpose vehicles	488,222	625,890		
49	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—	—		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	7,664	33,097		
50a	of which: general reserve for possible loan losses	7,477	6,210		
50b	of which: eligible provisions	187	26,886		
51	Tier 2 capital: instruments and provisions (H)	1,505,059	1,657,414		

(Millions of yen, except percentages)

Basel III Template No.	Items		a	b	c
			As of March 31,2019	As of March 31,2018	Reference to Template CC2
Tier 2 capital: regulatory adjustments (5)					
52	Investments in own Tier 2 instruments		—	—	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities		—	—	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		—	—	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		50,000	150,000	
57	Tier 2 capital: regulatory adjustments	(I)	50,000	150,000	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I))	(J)	1,455,059	1,507,414	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J))	(K)	10,755,873	10,931,137	
Risk weighted assets (6)					
60	Total risk-weighted assets (RWA)	(L)	52,910,688	51,707,483	
Capital ratio (consolidated) (7)					
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))		15.17%	15.29%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))		17.57%	18.22%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))		20.32%	21.14%	
Regulatory adjustments (8)					
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)		289,593	331,209	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)		567,146	596,582	
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)		220	1,617	
Provisions included in Tier 2 capital: instruments and provisions (9)					
76	Provisions (general reserve for possible loan losses)		7,477	6,210	
77	Cap on inclusion of provisions (general reserve for possible loan losses)		29,069	22,963	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")		187	26,886	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		243,795	259,290	
Capital instruments subject to transitional arrangements (10)					
82	Current cap on AT1 instruments subject to transitional arrangements		371,357	495,143	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")		—	—	
84	Current cap on T2 instruments subject to transitional arrangements		610,358	813,811	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")		—	—	

(Millions of yen)

Items	As of March 31,2019	As of March 31,2018
Required capital ((L) × 8%)	4,232,855	4,136,598

■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Banking Corporation and Subsidiaries

(Millions of yen)

Items	a		b	c		
	Consolidated balance sheet as in published financial statements				Reference to Template CC1	Reference to appended table
	As of March 31, 2019	As of March 31, 2018				
(Assets)						
Cash and due from banks	55,747,048	52,122,407				
Call loans and bills bought	2,665,744	1,881,879				
Receivables under resale agreements	5,082,709	1,675,693				
Receivables under securities borrowing transactions	1,440,159	3,562,107				
Monetary claims bought	4,582,886	4,550,592				
Trading assets	2,452,825	2,408,549		6-a		
Money held in trust	0	0				
Securities	23,469,621	25,217,287		2-b,6-b		
Loans and bills discounted	79,792,401	75,853,934		6-c		
Foreign exchanges	1,715,759	2,164,196				
Lease receivables and investment assets	247,835	252,507				
Other assets	3,571,248	3,923,004		6-d		
Tangible fixed assets	1,409,802	1,410,800				
Intangible fixed assets	375,389	311,810		2-a		
Net defined benefit asset	324,672	377,768		3		
Deferred tax assets	23,399	28,789		4-a		
Customers' liabilities for acceptances and guarantees	8,121,131	7,373,185				
Reserve for possible loan losses	(332,343)	(387,022)				
Total assets	190,690,293	182,727,495				
(Liabilities)						
Deposits	123,190,830	117,227,296				
Negotiable certificates of deposit	11,335,486	11,455,284				
Call money and bills sold	572,778	740,928				
Payables under repurchase agreements	8,743,386	5,256,519				
Payables under securities lending transactions	680,051	3,324,893				
Commercial paper	2,291,813	2,385,705				
Trading liabilities	1,818,610	1,907,416		6-e		
Borrowed money	15,988,948	13,973,112		8		
Foreign exchanges	1,196,960	906,429				
Bonds	2,955,282	3,255,697				
Due to trust account	1,352,773	1,328,271				
Other liabilities	2,929,172	3,983,839		6-f		
Reserve for employee bonuses	34,283	32,826				
Reserve for executive bonuses	1,249	1,333				
Net defined benefit liability	4,457	6,552				
Reserve for executive retirement benefits	669	671				
Reserve for point service program	468	966				
Reserve for reimbursement of deposits	7,936	17,765				
Deferred tax liabilities	446,993	427,853		4-b		
Deferred tax liabilities for land revaluation	30,259	30,539		4-c		
Acceptances and guarantees	8,121,131	7,373,185				
Total liabilities	181,703,543	173,637,092				
(Net assets)						
Capital stock	1,770,996	1,770,996		1-a		
Capital surplus	1,966,353	1,970,412		1-b		
Retained earnings	3,743,614	3,451,151		1-c		
Treasury stock	(210,003)	(210,003)		1-d		
Total stockholders' equity	7,270,960	6,982,557				
Net unrealized gains or losses on other securities	1,426,493	1,509,249				
Net deferred gains or losses on hedges	(47,281)	(66,918)		5		
Land revaluation excess	36,531	37,042				
Foreign currency translation adjustments	24,371	12,710				
Accumulated remeasurements of defined benefit plans	(5,446)	60,463				
Total accumulated other comprehensive income	1,434,667	1,552,547	(a)			
Stock acquisition rights	2,210	—		7-a		
Non-controlling interests	278,910	555,298		7-b		
Total net assets	8,986,749	9,090,403				
Total liabilities and net assets	190,690,293	182,727,495				

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, 2019	As of March 31, 2018	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	1,966,353	1,970,412	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	3,743,614	3,451,151		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	7,270,960	6,982,557		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,270,960	6,982,557	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,527,346	3,531,406		1a
of which: retained earnings	3,743,614	3,451,151		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 fixed assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Intangible fixed assets	375,389	311,810		2-a
Securities	23,469,621	25,217,287		2-b
of which: goodwill attributable to equity-method investees	14,211	18,861		

Income taxes related to above

108,261

91,273

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Goodwill (including those equivalent)	26,214	31,588		8
Other intangibles other than goodwill and mortgage servicing rights	255,125	207,809	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, 2019	As of March 31, 2018	Remarks	Ref. No.
Net defined benefit asset	324,672	377,768		3

Income taxes related to above

99,062

115,220

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Net defined benefit asset	225,610	262,547		15

4. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Deferred tax assets	23,399	28,789		4-a
Deferred tax liabilities	446,993	427,853		4-b
Deferred tax liabilities for land revaluation	30,259	30,539		4-c
Tax effects on intangible fixed assets	108,261	91,273		
Tax effects on net defined benefit asset	99,062	115,220		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,208	1,213	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)	220	1,617	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)	220	1,617		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, 2019	As of March 31, 2018	Remarks	Ref. No.
Net deferred gains or losses on hedges	(47,281)	(66,918)		5

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	(45,242)	(65,809)	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, 2019	As of March 31, 2018	Remarks	Ref. No.
Trading assets	2,452,825	2,408,549	Including trading account securities and derivatives for trading assets	6-a
Securities	23,469,621	25,217,287		6-b
Loans and bills discounted	79,792,401	75,853,934	Including subordinated loans	6-c
Other assets	3,571,248	3,923,004	Including derivatives	6-d
Trading liabilities	1,818,610	1,907,416	Including trading account securities sold and derivatives for trading liabilities	6-e
Other liabilities	2,929,172	3,983,839	Including derivatives	6-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Investments in own capital instruments	3	—		
Common Equity Tier 1 capital	3	—		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 and other TLAC liabilities	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	289,593	331,209		
Common Equity Tier 1 capital	—	—		18
Additional Tier 1 capital	—	—		39
Tier 2 capital and other TLAC liabilities	—	—		54
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	289,593	331,209		72
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	642,662	828,222		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	25,516	81,640		40
Tier 2 capital and other TLAC liabilities	50,000	150,000		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	567,146	596,582		73

7. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Stock acquisition rights	2,210	—		7-a
Non-controlling interests	278,910	555,298		7-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Amount allowed in group CET1	2,181	333	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	5
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	30-31ab-32
Amount allowed in group AT1	23,795	30,026	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	34-35
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	46
Amount allowed in group T2	5,921	3,488	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	48-49

8. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Borrowed money	15,988,948	13,973,112		8

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	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	1,100,000	1,100,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,003,250	994,937		46

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)	Items	As of March 31, 2019	As of March 31, 2018
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	172,497,155	166,530,561
1a	1	Total assets reported in the consolidated balance sheet	190,690,293	182,727,495
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) (-)	18,193,137	16,196,934
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	534,678	584,798
3		Total on-balance sheet exposures (a)	171,962,477	165,945,762
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Replacement cost associated with derivatives transactions, etc.	2,329,551	1,878,627
5		Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Add-on amount associated with derivatives transactions, etc.	3,413,858	2,921,033
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	499,696	244,794
6		The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework		
		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) (-)	97,391	244,794
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	—	86,781
10		The amount of deductions from effective notional amount of written credit derivatives (-)	—	86,781
11	4	Total exposures related to derivative transactions (b)	6,145,714	4,799,660
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	6,522,869	5,237,801
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	562,301	125,211
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	7,085,171	5,363,012
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	55,580,884	54,953,486
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	35,362,496	36,521,778
19	6	Total exposures related to off-balance sheet transactions (d)	20,218,388	18,431,707
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	9,300,814	9,423,723
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	205,411,750	194,540,143
22		Leverage ratio on a consolidated basis ((e)/(f))	4.52%	4.84%

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 ratio 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 on the following page, the LCR has remained stable with no significant fluctuation since the introduction of the liquidity ratio regulation on March 31, 2015.

2. Assessment of Consolidated LCR

The LCR Notification stipulates the minimum requirement of the LCR for 2018 at 90%, and 100% from 2019 onwards. The LCR of SMBC (consolidated) exceeds the minimum requirements of the LCR for 2018 and for 2019 onwards, having no cause for concern. In terms of the future LCR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

Regarding the high-quality liquid assets allowed to be included in the calculation, there are no significant changes in locations and properties of currency denominations, categories and so on. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5% 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 LCR 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 LCR Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2019/1/1 To 2019/3/31)		Prior Quarter (From 2018/10/1 To 2018/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	63,295,852		63,573,365	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	49,498,644	3,879,145	48,794,925	3,830,031
3	of which, Stable deposits	15,325,816	461,276	15,003,093	450,303
4	of which, Less stable deposits	34,172,828	3,417,869	33,791,832	3,379,728
5	Cash outflows related to unsecured wholesale funding	65,960,285	33,120,999	65,164,271	32,262,249
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	60,421,380	27,582,094	60,566,560	27,664,538
8	of which, Debt securities	5,538,905	5,538,905	4,597,711	4,597,711
9	Cash outflows related to secured funding, etc.		143,251		115,021
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	22,270,514	7,206,152	22,910,054	7,594,563
11	of which, Cash outflows related to derivative transactions, etc.	1,101,703	1,101,703	1,317,653	1,317,653
12	of which, Cash outflows related to funding programs	396,429	396,429	363,907	363,907
13	of which, Cash outflows related to credit and liquidity facilities	20,772,382	5,708,020	21,228,494	5,913,003
14	Cash outflows related to contractual funding obligations, etc.	6,607,593	5,124,925	6,356,380	4,746,425
15	Cash outflows related to contingencies	65,772,699	1,310,014	66,268,915	1,238,241
16	Total cash outflows		50,784,486		49,786,531
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	3,334,466	367,764	2,886,957	511,103
18	Cash inflows related to collection of loans, etc.	3,284,080	2,294,153	2,604,514	1,813,909
19	Other cash inflows	2,507,259	1,113,161	2,618,680	1,085,408
20	Total cash inflows	9,125,806	3,775,079	8,110,151	3,410,420
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		63,295,852		63,573,365
22	Net cash outflows		47,009,407		46,376,110
23	Consolidated liquidity coverage ratio (LCR)		134.6%		137.0%
24	The number of data used to calculate the average value		58		62

Notes: 1. The data after the introduction of the liquidity ratio regulation on March 31, 2015 is available on Sumitomo Mitsui Financial Group's website.

(https://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. The average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. Some data, such as attribute information of customers and data on consolidated subsidiaries, is updated on the monthly or quarterly basis.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item		Current Quarter (From 2019/1/1 To 2019/3/31)		Prior Quarter (From 2018/10/1 To 2018/12/31)	
1	Cash and due from banks	51,493,412		52,667,872	
2	Securities	11,802,440		10,905,493	
3	of which, government bonds, etc.	9,453,776		8,529,560	
4	of which, municipal bonds, etc.	79,243		61,560	
5	of which, other bonds	869,375		862,568	
6	of which, stocks	1,400,047		1,451,805	
7	Total high-quality liquid assets (HQLA)	63,295,852		63,573,365	

Note: The above amounts are those of high-quality liquid assets in accordance with the liquidity ratio regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are those after multiplying factors in the liquidity ratio regulation under the Basel III.

Capital Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31,2019	As of March 31,2018	Reference to Template CC2
Common Equity Tier 1 capital: instruments and reserves (1)				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,382,096	6,255,453	
1a	of which: capital and capital surplus	3,335,548	3,337,824	
2	of which: retained earnings	3,196,677	3,044,170	
1c	of which: treasury stock (-)	—	—	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	150,128	126,541	
	of which: other than the above	—	—	
1b	Stock acquisition rights to common shares	—	—	
3	Valuation and translation adjustment and other disclosed reserves	1,430,047	1,539,402	(a)
6	Common Equity Tier 1 capital: instruments and reserves (A)	7,812,144	7,794,855	
Common Equity Tier 1 capital: regulatory adjustments (2)				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	164,075	160,658	
8	of which: goodwill	—	—	
9	of which: other intangibles other than goodwill and mortgage servicing rights	164,075	160,658	
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	(20,578)	(5,293)	
12	Shortfall of eligible provisions to expected losses	19,757	454	
13	Securitisation gain on sale	60,286	60,215	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	
15	Prepaid pension cost	222,859	193,931	
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, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (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 financials	—	—	
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 financials	—	—	
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)	446,401	409,966	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	7,365,742	7,384,889	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31,2019	As of March 31,2018	Reference to Template CC2	
Additional Tier 1 capital: instruments (3)					
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	1,100,000	1,100,000	
		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	173,000	466,652		
36	Additional Tier 1 capital: instruments (D)	1,273,000	1,566,652		
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	—	—		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—		
40	Significant investments in the Additional Tier 1 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	25,516	76,261		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—	—		
43	Additional Tier 1 capital: regulatory adjustments (E)	25,516	76,261		
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,247,483	1,490,391		
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	8,613,226	8,875,280		
Tier 2 capital: instruments and provisions (4)					
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the 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	1,003,250	994,937		
	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	488,222	625,890		
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	—	—		
51	Tier 2 capital: instruments and provisions (H)	1,491,472	1,620,828		

(Millions of yen, except percentages)

Basel III Template No.	Items		a	b	c
			As of March 31,2019	As of March 31,2018	Reference to Template CC2
Tier 2 capital: regulatory adjustments (5)					
52	Investments in own Tier 2 instruments		—	—	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities		—	—	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		—	—	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		50,000	150,000	
57	Tier 2 capital: regulatory adjustments	(I)	50,000	150,000	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I))	(J)	1,441,472	1,470,828	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J))	(K)	10,054,699	10,346,108	
Risk weighted assets (6)					
60	Total risk-weighted assets (RWA)	(L)	49,574,518	49,001,855	
Capital ratio (7)					
61	Common Equity Tier 1 risk-weighted capital ratio ((C)/(L))		14.85%	15.07%	
62	Tier 1 risk-weighted capital ratio ((G)/(L))		17.37%	18.11%	
63	Total risk-weighted capital ratio ((K)/(L))		20.28%	21.11%	
Regulatory adjustments (8)					
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)		281,885	324,525	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)		516,070	572,602	
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 (9)					
76	Provisions (general reserve for possible loan losses)		—	—	
77	Cap on inclusion of provisions (general reserve for possible loan losses)		3,671	2,694	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")		—	—	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		248,544	262,631	
Capital instruments subject to transitional arrangements (10)					
82	Current cap on AT1 instruments subject to transitional arrangements		371,207	494,943	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")		—	—	
84	Current cap on T2 instruments subject to transitional arrangements		605,172	806,896	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")		—	—	

(Millions of yen)

Items	As of March 31,2019	As of March 31,2018
Required capital ((L) × 8%)	3,965,961	3,920,148

■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Banking Corporation

(Millions of yen)

Items	a		b		c	d		
	Balance sheet as in published financial statements		Under regulatory scope of consolidation				Reference to Template CC1	Reference to appended table
	As of March 31, 2019	As of March 31, 2018	As of March 31, 2019	As of March 31, 2018				
(Assets)								
Cash and due from banks	54,205,583	49,030,209	54,205,583	49,030,209				
Call loans	2,134,392	1,417,562	2,134,392	1,417,562				
Receivables under resale agreements	3,364,070	499,738	3,364,070	499,738				
Receivables under securities borrowing transactions	1,222,284	3,140,151	1,222,284	3,140,151				
Monetary claims bought	1,470,872	1,239,394	1,470,872	1,239,394				
Trading assets	1,534,100	1,723,878	1,534,100	1,723,878		6-a		
Securities	24,336,638	25,916,718	24,328,778	25,905,947		6-b		
Loans and bills discounted	76,401,807	73,896,163	76,401,807	73,896,163		6-c		
Foreign exchanges	1,627,105	2,143,021	1,627,105	2,143,021				
Other assets	2,895,757	3,020,300	2,895,757	3,020,300		6-d		
Tangible fixed assets	802,501	798,476	802,501	798,476				
Intangible fixed assets	236,352	231,429	236,352	231,429		2		
Prepaid pension cost	321,031	279,360	321,031	279,360		3		
Customers' liabilities for acceptances and guarantees	9,078,706	7,921,169	9,078,706	7,921,169				
Reserve for possible loan losses	(275,185)	(319,868)	(275,185)	(319,868)				
Reserve for possible losses on investments	(7,363)	(14,559)	(7,363)	(14,559)				
Total assets	179,348,654	170,923,146	179,340,794	170,912,376				
(Liabilities)								
Deposits	116,091,103	110,243,226	116,084,925	110,236,473				
Negotiable certificates of deposit	11,581,605	11,264,807	11,581,605	11,264,807				
Call money	796,761	928,117	796,761	928,117				
Payables under repurchase agreements	7,364,577	4,383,418	7,364,577	4,383,418				
Payables under securities lending transactions	418,912	3,073,423	418,912	3,073,423				
Commercial paper	1,634,811	1,522,354	1,634,811	1,522,354				
Trading liabilities	1,348,931	1,422,824	1,348,931	1,422,824		6-e		
Borrowed money	15,567,626	14,023,257	15,392,856	13,552,461		7		
Foreign exchanges	1,213,861	915,154	1,213,861	915,154				
Bonds	2,910,794	3,211,548	2,910,794	3,211,548				
Due to trust account	1,292,699	1,276,907	1,292,699	1,276,907				
Other liabilities	1,659,172	2,391,909	1,657,565	2,386,166		6-f		
Reserve for employee bonuses	13,285	14,163	13,285	14,163				
Reserve for executive bonuses	937	978	937	978				
Reserve for point service program	468	966	468	966				
Reserve for reimbursement of deposits	7,425	17,307	7,425	17,307				
Deferred tax liabilities	374,529	359,803	374,529	359,803		4-a		
Deferred tax liabilities for land revaluation	30,259	30,539	30,259	30,539		4-b		
Acceptances and guarantees	9,078,706	7,921,169	9,078,706	7,921,169				
Total liabilities	171,386,468	163,001,878	171,203,913	162,518,585				
(Net assets)								
Capital stock	1,770,996	1,770,996	1,770,996	1,770,996		1-a		
Capital surplus	1,774,554	1,776,830	1,774,554	1,776,830		1-b		
Retained earnings	3,196,504	3,044,175	3,196,677	3,044,170		1-c		
Treasury stock	(210,003)	(210,003)	(210,003)	(210,003)		1-d		
Total stockholders' equity	6,532,053	6,381,999	6,532,225	6,381,995				
Net unrealized gains or losses on other securities	1,427,008	1,519,691	1,427,008	1,519,691				
Net deferred gains or losses on hedges	(22,444)	(6,286)	(22,542)	(6,383)		5		
Land revaluation excess	25,568	25,863	25,568	25,863				
Foreign currency translation adjustments	—	—	13	230				
Total valuation and translation adjustments	1,430,131	1,539,268	1,430,047	1,539,402	(a)			
Non-controlling interests	—	—	174,606	472,393				
Total net assets	7,962,185	7,921,268	8,136,880	8,393,790				
Total liabilities and net assets	179,348,654	170,923,146	179,340,794	170,912,376				

(Appended Table)

1. Stockholders' equity

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2019	As of March 31, 2018	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	1,774,554	1,776,830	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	3,196,677	3,044,170		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,532,225	6,381,995		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,532,225	6,381,995	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,335,548	3,337,824		1a
of which: retained earnings	3,196,677	3,044,170		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 fixed assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Intangible fixed assets	236,352	231,429		2
Income taxes related to above	72,276	70,771		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Goodwill	—	—		8
Other intangibles other than goodwill and mortgage servicing rights	164,075	160,658	Software and other	9
Mortgage servicing rights	—	—		
Amount exceeding the 10% threshold on specified items	—	—		20
Amount exceeding the 15% threshold on specified items	—	—		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—		74

3. Prepaid pension cost

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Prepaid pension cost	321,031	279,360		3
Income taxes related to above	98,171	85,428		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Prepaid pension cost	222,859	193,931		15

4. Deferred tax assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Deferred tax liabilities	374,529	359,803		4-a
Deferred tax liabilities for land revaluation	30,259	30,539		4-b
Tax effects on intangible fixed assets	72,276	70,771		
Tax effects on prepaid pension cost	98,171	85,428		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	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, 2019	As of March 31, 2018	Remarks	Ref. No.
Net deferred gains or losses on hedges	(22,542)	(6,383)		5

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	(20,578)	(5,293)	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, 2019	As of March 31, 2018	Remarks	Ref. No.
Trading assets	1,534,100	1,723,878	Including trading account securities and derivatives for trading assets	6-a
Securities	24,328,778	25,905,947		6-b
Loans and bills discounted	76,401,807	73,896,163	Including subordinated loans	6-c
Other assets	2,895,757	3,020,300	Including derivatives	6-d
Trading liabilities	1,348,931	1,422,824	Including trading account securities sold and derivatives for trading liabilities	6-e
Other liabilities	1,657,565	2,386,166	Including derivatives	6-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	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 and other TLAC liabilities	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	281,885	324,525		
Common Equity Tier 1 capital	—	—		18
Additional Tier 1 capital	—	—		39
Tier 2 capital and other TLAC liabilities	—	—		54
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	281,885	324,525		72
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	591,586	798,863		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	25,516	76,261		40
Tier 2 capital and other TLAC liabilities	50,000	150,000		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	516,070	572,602		73

7. Other capital instruments

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2019	As of March 31, 2018	Remarks	Ref. No.
Borrowed money	15,392,856	13,552,461		7

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2019	As of March 31, 2018	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	1,100,000	1,100,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,003,250	994,937		46

Leverage Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

■ Composition of Leverage Ratio

			(In million yen, %)
Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Items	As of March 31, 2019
On-balance sheet exposures (1)			
1		On-balance sheet exposures before deducting adjustment items	162,689,001
1a	1	Total assets reported in the balance sheet	179,340,794
1b	3	The amount of assets that are deducted from the total assets reported in the balance sheet (except adjustment items) (-)	16,651,792
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	432,209
3		Total on-balance sheet exposures (a)	162,256,791
Exposures related to derivative transactions (2)			
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	
		Replacement cost associated with derivatives transactions, etc.	1,314,321
5		Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	
		Add-on amount associated with derivatives transactions, etc.	2,017,546
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	506,786
6		The amount of receivables arising from providing collateral, provided where deducted from the balance sheet pursuant to the operative accounting framework	
		The amount of receivables arising from providing cash margin, provided where deducted from the balance sheet pursuant to the operative accounting framework	—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	283,480
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	—
10		The amount of deductions from effective notional amount of written credit derivatives (-)	—
11	4	Total exposures related to derivative transactions (b)	3,555,174
Exposures related to repo transactions (3)			
12		The amount of assets related to repo transactions, etc.	4,586,354
13		The amount of deductions from the assets above (line 12) (-)	—
14		The exposures for counterparty credit risk for repo transactions, etc.	542,831
15		The exposures for agent repo transaction	
16	5	Total exposures related to repo transactions, etc. (c)	5,129,185
Exposures related to off-balance sheet transactions (4)			
17		Notional amount of off-balance sheet transactions	58,704,798
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	37,308,724
19	6	Total exposures related to off-balance sheet transactions (d)	21,396,073
Leverage ratio (5)			
20		The amount of capital (Tier 1 capital) (e)	8,613,226
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	192,337,226
22		Leverage ratio ((e)/(f))	4.47%

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 ratio 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 on the following page, the LCR has remained stable with no significant fluctuation since the introduction of the liquidity ratio regulation on March 31, 2015.

2. Assessment of Non-consolidated LCR

The LCR Notification stipulates the minimum requirement of the LCR for 2018 at 90%, and 100% from 2019 onwards. The LCR of SMBC (non-consolidated) exceeds the minimum requirements of the LCR for 2018 and for 2019 onwards, having no cause for concern. In terms of the future LCR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

Regarding the high-quality liquid assets allowed to be included in the calculation, there are no significant changes in locations and properties of currency denominations, categories and so on. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5% 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 LCR Notification. Meanwhile, SMBC records “due to trust account,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the LCR Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Non-Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2019/1/1 To 2019/3/31)		Prior Quarter (From 2018/10/1 To 2018/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	58,459,328		58,447,129	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	46,872,458	3,646,436	46,298,086	3,606,933
3	of which, Stable deposits	14,877,087	446,313	14,620,293	438,609
4	of which, Less stable deposits	31,995,371	3,200,123	31,677,793	3,168,324
5	Cash outflows related to unsecured wholesale funding	63,131,293	31,983,823	62,284,521	30,988,201
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	57,549,368	26,401,898	57,731,485	26,435,165
8	of which, Debt securities	5,581,925	5,581,925	4,553,036	4,553,036
9	Cash outflows related to secured funding, etc.		130,868		102,228
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	19,935,467	6,305,396	20,598,934	6,656,688
11	of which, Cash outflows related to derivative transactions, etc.	364,472	364,472	552,987	552,987
12	of which, Cash outflows related to funding programs	396,429	396,429	363,907	363,907
13	of which, Cash outflows related to credit and liquidity facilities	19,174,565	5,544,495	19,682,040	5,739,794
14	Cash outflows related to contractual funding obligations, etc.	5,412,004	3,238,611	5,418,642	3,082,426
15	Cash outflows related to contingencies	65,548,744	1,229,351	65,941,841	1,153,035
16	Total cash outflows	46,534,486		45,589,512	
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	2,304,730	360,841	2,087,811	502,879
18	Cash inflows related to collection of loans, etc.	4,081,325	3,190,202	3,179,147	2,468,174
19	Other cash inflows	1,795,885	870,716	1,787,920	843,848
20	Total cash inflows	8,181,941	4,421,759	7,054,878	3,814,901
Non-Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation	58,459,328		58,447,129	
22	Net cash outflows	42,112,727		41,774,610	
23	Non-consolidated liquidity coverage ratio (LCR)	138.8%		139.9%	
24	The number of data used to calculate the average value	58		62	

Notes: 1. The data after the introduction of the liquidity ratio regulation on March 31, 2015 is available on Sumitomo Mitsui Financial Group's website.

(https://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. The average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. Some data such as attribute information of customers, is updated on the monthly or quarterly basis.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item		Current Quarter (From 2019/1/1 To 2019/3/31)		Prior Quarter (From 2018/10/1 To 2018/12/31)	
1	Cash and due from banks	47,473,613		48,282,051	
2	Securities	10,985,715		10,165,078	
3	of which, government bonds, etc.	8,787,725		7,918,967	
4	of which, municipal bonds, etc.	79,218		61,533	
5	of which, other bonds	718,726		732,773	
6	of which, stocks	1,400,047		1,451,805	
7	Total high-quality liquid assets (HQLA)	58,459,328		58,447,129	

Note: The above amounts are those of high-quality liquid assets in accordance with the liquidity ratio regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are those after multiplying factors in the liquidity ratio 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.

Full revaluation approach

An approach for PL simulation by repricing the financial instruments under each scenario.

High-quality liquid assets (HQLA)

Liquid assets that can be converted easily and immediately into cash to meet liquidity needs in a specified stress scenario for the subsequent 30 calendar days.

Historical simulation method

A 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 the 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.

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

Net cash flows calculated as total expected cash outflows minus total expected cash inflows in a specified stress scenario for the subsequent 30 calendar days.

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 we are directly or indirectly involved in the formation of underlying assets for securitisation transactions when we have the securitisation exposure; or the cases of providing the back-up line for ABCP issued by the securitisation conduit for the purpose of obtaining exposure from the third party, or providing ABL to the securitisation 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, it is a transition made by certain group companies planning to apply the Internal Ratings-Based 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.

Resecuritisation transaction

Out of securitisation transactions, it is a transaction with securitisation exposure for part of or entire underlying assets. However, in the case that all of underlying assets is the single securitisation exposure and the transaction's risk characteristics are substantively unchanged prior to or after the securitisation, the transaction is excluded from the resecuritisation 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.

Root-T rule

A method of converting the term of estimating the maximum loss as VaR into short term or long term using statistical assumption.

Securitisation 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 securitisation 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

Consolidated subsidiaries that have extremely small impact on the level of the consolidated LCR.

Specialized Lending (SL)

General term used for project finance, object finance, commodity finance and lending for commercial real estate.

The Standardised 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.

Standardised 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 securitisation 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

■ Compensation Framework of Sumitomo Mitsui Financial Group 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 executive officers of Sumitomo Mitsui Financial Group during the fiscal year under review (excluding outside directors).

(2) Scope of Employees and Others

Employees and others subject to compensation disclosure are employees of Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group and its major consolidated subsidiaries.

a) Scope of major consolidated subsidiaries

A major consolidated subsidiary is a consolidated subsidiary of Sumitomo Mitsui Financial Group with total assets accounting for more than 2% of the total consolidated assets of Sumitomo Mitsui Financial Group and has a material influence on the management of Sumitomo Mitsui Financial Group and its group companies. Specifically, they are Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities Inc., 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 Sumitomo Mitsui Financial Group or its major subsidiaries is equal to or more than the base amount. The base amount of Sumitomo Mitsui Financial Group is set at ¥60 million which is based on the average amount of compensation paid to the officers of Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group 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 for officers serving in Japan, 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 Sumitomo Mitsui Financial Group and its major consolidated subsidiaries

A person has a material influence on the business management or assets of Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group and its group companies, or losses incurred through such actions have a significant impact on the financial situation of Sumitomo Mitsui Financial Group and its group companies. Specifically, persons having such influence are directors, corporate auditors and corporate officers of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries, both domestic and overseas.

2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters

(1) Establishment and Maintenance of the Compensation Committee

Sumitomo Mitsui Financial Group, 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 Sumitomo Mitsui Financial Group’s directors and corporate executive officers.” The Compensation Committee is a body independent from the influence of business units, chaired by an outside director, with the majority of its members being also outside directors, and tasked to determine and deliberate matters related to executive compensation of Sumitomo Mitsui Financial Group and its group companies. In addition, Sumitomo Mitsui Financial Group Compensation Committee reviews and discusses executive compensation programmes/practices of group companies of Sumitomo Mitsui Financial Group and the individual remuneration for Sumitomo Mitsui Financial Group’s other executive officers. Furthermore, group companies of Sumitomo Mitsui Financial Group respect the details of the deliberations at the Compensation Committee of Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group 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, 2018 to March 31, 2019)
Compensation Committee (Sumitomo Mitsui Financial Group).....	6
Compensation Committee (SMBC Nikko Securities Inc.).....	2

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 Policies for Officers, Employees and Others

(1) For Officers

Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group shall determine their executive compensations in accordance with this Policy.

<Core Principles>

- I. Sumitomo Mitsui Financial Group’s executive compensation aims at providing appropriate incentives toward the realization of our mission and our vision.
- II. Sumitomo Mitsui Financial Group’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. Sumitomo Mitsui Financial Group 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. Sumitomo Mitsui Financial Group’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. Sumitomo Mitsui Financial Group 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. Sumitomo Mitsui Financial Group’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 I (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 Sumitomo Mitsui Financial Group’s medium-term performance, etc., Stock Compensation Plan II (the “Plan II”), determined based on Sumitomo Mitsui Financial Group’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 Sumitomo Mitsui Financial Group common stock. The transfer of such stock shall be restricted for appropriately defined periods.
 - b. Remuneration under Plan I shall be determined based on Sumitomo Mitsui Financial Group’s performance against the Medium-term Management Plan, performance of Sumitomo Mitsui Financial Group shares, and the results of customer satisfaction surveys, etc.
 - c. Remunerations under Plan II shall be determined based on the annual performance of Sumitomo Mitsui Financial Group, 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>

Sumitomo Mitsui Financial Group, 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 Sumitomo Mitsui Financial Group’s directors and corporate executive officers.

In addition to the above, Sumitomo Mitsui Financial Group Compensation Committee shall review and discuss the below:

- Executive compensation programmes/practices of group companies of Sumitomo Mitsui Financial Group.
- The individual remuneration for Sumitomo Mitsui Financial Group’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, Sumitomo Mitsui Financial Group 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. Sumitomo Mitsui Financial Group and SMBC

In determining the compensation for the officers of Sumitomo Mitsui Financial Group, 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 Sumitomo Mitsui Financial Group shares, and the results of customer satisfaction surveys, etc. Sumitomo Mitsui Financial Group and SMBC allot restricted stocks via the Plans to Executives to effectively defer part of executive compensation.

Stock Compensation Plan I involves removal of the restriction on transfer, after the expiry of Sumitomo Mitsui Financial Group's Medium-term Management Plan. In the event that the finalized amount of compensation falls short of the initially allocated amount, Sumitomo Mitsui Financial Group will retrieve all or part of the allotted shares at nil cost in the case the final amount falls below the initial amount.

Stock Compensation Plan II involves step-by-step removal of the restriction on transfer, one third in each year over the three years following the payment.

Stock Compensation Plan III involves removal of the restriction on transfer, either 30 years after payment or at the time of retirement from the position of officer.

In addition, Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group 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. While terms of employment presented at the time of recruitment may include the minimum amount of compensation within a reasonable scope under local practice, the compensation structure is designed to avoid an excessive result-oriented approach. 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 Sumitomo Mitsui Financial Group and Its Group Companies

Compensation, etc. allocated to the applicable fiscal year

(Headcount, millions of yen)

Item No.			(a)	(b)
			Officers	Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	14	144
2		Total fixed compensation (3+5+7)	864	6,302
3		of which: cash compensation	803	5,700
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	42	406
6		of which in 5: deferred amount	42	406
7		of which: other compensation	18	195
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	12	141
10		Total variable compensation (11+13+15)	499	5,505
11		of which: cash compensation	239	4,767
12		of which in 11: deferred amount	—	669
13		of which: amount of stock compensation or stock-linked compensation	260	737
14		of which in 13: deferred amount	260	671
15	of which: amount of other compensation	—	—	
16	of which in 15: deferred amount	—	—	
17	Retirement allowance	Number of applicable officers, employees and others	—	70
18		Amount of retirement allowance	—	395
19	of which: deferred amount	—	—	
20	Other compensation	Number of applicable officers, employees and others	—	15
21		Amount of other compensation	—	175
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,364	12,380

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

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

Special compensation, etc.

(Headcount, millions of yen)

	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	2	49	1	31	1	95

■ Other Information Regarding Compensation Structures of Sumitomo Mitsui Financial Group and its Group Companies

Deferred compensation, etc.

(Millions of yen)

		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	978	559	—	—	—
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	803	265	—	—	624
	Amount of stock compensation or stock-linked compensation	2,482	1,642	—	—	27
	Amount of other compensation	—	—	—	—	—
Total amount		4,263	2,466	—	—	651

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 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 Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group 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 for officers serving in Japan, 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. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters

Determination of compensation is stated in “Compensation” of Sumitomo Mitsui Financial Group (please refer to “2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters” on page 366).

■ 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 367).

■ 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 367 to 368).

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

1. Compensation Allocated in the Applicable Fiscal Year (SMBC consolidated)

(Headcount, millions of yen)

Item No.			(a)	(b)
			Officers	Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	19	133
2		Total fixed compensation (3+5+7)	963	5,771
3		of which: cash compensation	882	5,199
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	58	382
6		of which in 5: deferred amount	58	382
7		of which: other compensation	22	189
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	16	130
10		Total variable compensation (11+13+15)	506	5,056
11		of which: cash compensation	223	4,416
12		of which in 11: deferred amount	—	594
13		of which: amount of stock compensation or stock-linked compensation	282	639
14		of which in 13: deferred amount	282	573
15		of which: amount of other compensation	—	—
16	of which in 15: deferred amount	—	—	
17	Retirement allowance	Number of applicable officers, employees and others	1	70
18		Amount of retirement allowance	0	395
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	15
21		Amount of other compensation	—	175
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,470	11,399

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

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

2. Special Compensation, Etc.

(Headcount, millions of yen)

	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	2	49	1	31	1	95

1. Compensation Allocated in the Applicable Fiscal Year (SMBC non-consolidated)

(Headcount, millions of yen)

Item No.			(a)	(b)
			Officers	Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	19	133
2		Total fixed compensation (3+5+7)	963	5,771
3		of which: cash compensation	882	5,199
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	58	382
6		of which in 5: deferred amount	58	382
7		of which: other compensation	22	189
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	16	130
10		Total variable compensation (11+13+15)	506	5,056
11		of which: cash compensation	223	4,416
12		of which in 11: deferred amount	—	594
13		of which: amount of stock compensation or stock-linked compensation	282	639
14		of which in 13: deferred amount	282	573
15		of which: amount of other compensation	—	—
16	of which in 15: deferred amount	—	—	
17	Retirement allowance	Number of applicable officers, employees and others	1	70
18		Amount of retirement allowance	0	395
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	15
21		Amount of other compensation	—	175
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,470	11,399

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

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

2. Special Compensation, Etc.

(Headcount, millions of yen)

	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	2	49	1	31	1	95

■ Other Information Regarding Compensation Structures of Sumitomo Mitsui Financial Group and its Group Companies

Amount of Deferred Compensation, Etc. (SMBC consolidated)

Deferred compensation, etc.

(Millions of yen)

		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	1,209	650	—	—	31
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	618	265	—	—	532
	Amount of stock compensation or stock-linked compensation	2,093	1,433	—	—	25
	Amount of other compensation	—	—	—	—	—
Total amount		3,922	2,348	—	—	590

Amount of Deferred Compensation, Etc. (SMBC non-consolidated)

Deferred compensation, etc.

(Millions of yen)

		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	1,209	650	—	—	31
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	618	265	—	—	532
	Amount of stock compensation or stock-linked compensation	2,093	1,433	—	—	25
	Amount of other compensation	—	—	—	—	—
Total amount		3,922	2,348	—	—	590

Websites



SMBC Group Home Page

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



IR Information

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



Corporate Social Responsibility

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

