

SMBC GROUP ANNUAL REPORT

2020

YEAR ENDED MARCH 31, 2020

MISSION & VISION

SMBC Group has devoted its best efforts
to contribute to the sound development of society,
mainly via its financial services.

To clearly reflect this stance,
in April 2020 Our Mission was revised to include the statement
“We contribute to a sustainable society by addressing environmental and social issues.”



MISSION

VISION

FIVE VALUES

VISION & FIVE VALUES

At this time, we also put forth the new Vision of being
“a trusted global solution provider committed to the growth of
our customers and advancement of society”
while revising the “Five Values” that represent the values
we aim to share with all SMBC Group members.
In accordance with the revisions to Our Group Mission, Vision, and Values,
we will continue to fulfill our social mission by further building upon a variety of
initiatives that are not limited to financial services.

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.
We contribute to a sustainable society by addressing environmental and social issues.

**A trusted global solution provider committed to the growth of
our customers and advancement of society**

INTEGRITY	As a professional, always act with sincerity and a high ethical standard.
CUSTOMER FIRST	Always look at it from the customer's point of view, and provide value based on their individual needs.
PROACTIVE & INNOVATIVE	Embrace new ideas and perspectives, don't be deterred by failure.
SPEED & QUALITY	Differentiate ourselves through the speed and quality of our decision-making and service delivery.
TEAM “SMBC GROUP”	Respect and leverage the knowledge and diverse talent of our global organization, as a team.



Editorial Policy

SMBC GROUP REPORT 2020 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.

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.

Scope of Report

Period covered:

FY2019 (April 2019 to March 2020)

Some subsequent information is also included.

Organizations covered:

Sumitomo Mitsui Financial Group and its subsidiaries and affiliates

Published

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"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.

SMBC Group's Response to COVID-19

Considering the significant impact on people's lives and the economy caused by COVID-19, SMBC Group strive to ensure the health and safety of our customers and employees. Furthermore, SMBC Group will support our customers through financial services and be committed to contributing to the medical industry and society overall.



https://www.smfg.co.jp/english/covid_19/

SMBC Group has established a page on its website detailing its response to COVID-19. Please refer to this page for more information.

Customers

Support Customers Through Financial Services

SMBC Group, as a financial institution which is a part of the social infrastructure, will fulfill its responsibility by continuing to provide services such as financing and payment. To this end, with extensive safety precautions in place, SMBC is continuing the operation of all branches and ATMs while also enhancing its online services to allow customers to perform transactions without having to visit a branch. In April 2020, the number of individual customers performing Internet banking services was 36% higher than in the same month of the previous fiscal year. We are also supporting the urgent financial needs of customers by offering loan programs with special interest rates and customer reliefs such as relaxing conditions of existing loans. In addition, we have established investment funds to support medical ventures and implemented a short-pitch contest designed to offer support for the promotional activities of ventures. Meanwhile, we also launched the support program for SMEs, which provides partial funding support for telework-related services. In this manner, SMBC Group is implementing various initiatives to address the social issues that have arisen as a reaction to COVID-19.

Employees

Prevention of the Spread of Infection and Initiatives for Continuous Business Operation

In order to continue providing our services as a social infrastructure while preventing the spread of infection, ensuring the health of our employees as well as their families, and safety and security of our customers, we are implementing various initiatives all over the world.

To prevent the spread through droplet infection, we have installed acrylic boards at our branches. Our call centers and operational offices has been making efforts to keep conducting business operation by separating staffs into two or more teams. In addition, apart from those who need to work at their office for smooth operations, we are enabling most of the staffs to telework or stand by at home. We are also giving consideration to the health of our employees and their families through measures such as encouraging our employees who need to take care of their children to work at home via telework or to obtain special leave, and also established a health consultation counter.

Community and Society

Contributing to the Community and Society

SMBC Group donated a total of 1.5 billion yen to fund measures for combating COVID-19, and we engaged in other support activities together with customers.

Supporting Medical Research and Activities

SMBC Group donated 500 million yen to the Center for iPS Cell Research and Application, Kyoto University (CiRA), to support research on the behavior and characteristics of COVID-19 and other newly discovered viruses, in order to help develop effective means of treating these viruses. These donations were used to fund large-scale epidemiologic studies pertaining to COVID-19 advanced by the Center for iPS Cell Research and Application together with municipalities, hospitals, and research institutions.

Enhancing Medical Care and Education in Emerging Countries

As part of our efforts to support the enhancement of medical and educational systems in emerging market economies, SMBC Group donated 100 million yen to the Japan Committee for UNICEF. The donation will be used to support a number of worthy causes, such as enhancing the medical system in Indonesia, where our Group company PT Bank BTPN Tbk has operations.

Supporting the Promotion of Cultural Activities and the Arts

The spread of this disease has various effects on cultural and artistic activities that are indispensable to a prosperous society. As part of our support to the promotion of culture and arts, SMBC Group donated 100 million yen to the "Association of Japanese Symphony Orchestras" to support 37 orchestral organizations across Japan. SMBC Group will work with these organizations to promote projects to comfort and encourage people through music.

SMBC at HOME Project

The SMBC at HOME Project is a project in which customers are invited to join us in contributing to society. Through this project, we will make donations toward COVID-19 in an amount based on the number of individual and corporate customers that performed applicable transactions using SMBC's Internet banking service.



Response to SMBC Group's Donations to the Center for iPS Cell Research and Application, Kyoto University (CiRA)

Pursuing a Safe and Quick End to the COVID-19 Pandemic

The COVID-19 pandemic continues to disrupt our lives, and we all pray that a vaccine or another effective treatment will be developed as soon as possible. However, such breakthroughs require time, and we therefore have to prepare for a drawn-out battle with this virus.

In the midst of this battle, SMBC Group graciously offered to donate equipment to CiRA. This most-generous action enabled us to quickly commence a number of research ventures together with prefectural governments and research institutions, and I am incredibly grateful for this kindness. We are encouraged by the dedicated efforts of SMBC Group and various other companies and individuals looking to do what they can today to help bring about a safe and quick end to the COVID-19 pandemic.

Understanding the behavior and characteristics of a virus is imperative to developing treatments. We are working together with other institutions to contribute to the development of treatments by means of research using iPS cells.

Let us all come together to protect ourselves, our loved ones, and our society.



Director, CiRA

Shinya Yamanaka

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.

Expansion of Business Domain



1590
Riemon Soga
(Brother-in-law of Masatomo Sumitomo) starts copper refining business



1673
Takatoshi Mitsui opens Mitsui Echigoya Kimono Dealer



1895
Sumitomo Bank established



1876
Mitsui Bank established

Sumitomo Mitsui Banking Corporation formed

Sumitomo Mitsui Card Company

Sumitomo Mitsui Finance and Leasing

SMBC Friend Securities

Merged with SMBC Nikko Securities in January 2018

Japan Research Institute

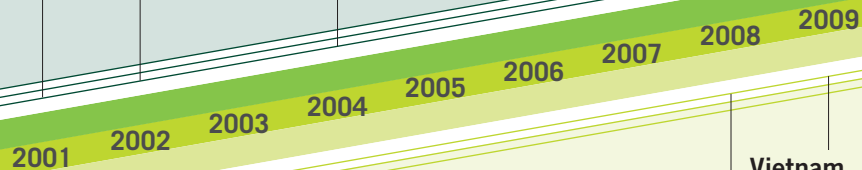
Sumitomo Mitsui Asset Management

SMBC Consumer Finance
(Former Promise)

Sumitomo Mitsui Financial Group established

SMBC Nikko Securities
(Former Nikko Cordial Securities)

Cedyna
OMC Card, Central Finance, and QUOQ merged



Vietnam Eximbank
(Vietnam)

The Bank of East Asia
(Hong Kong)

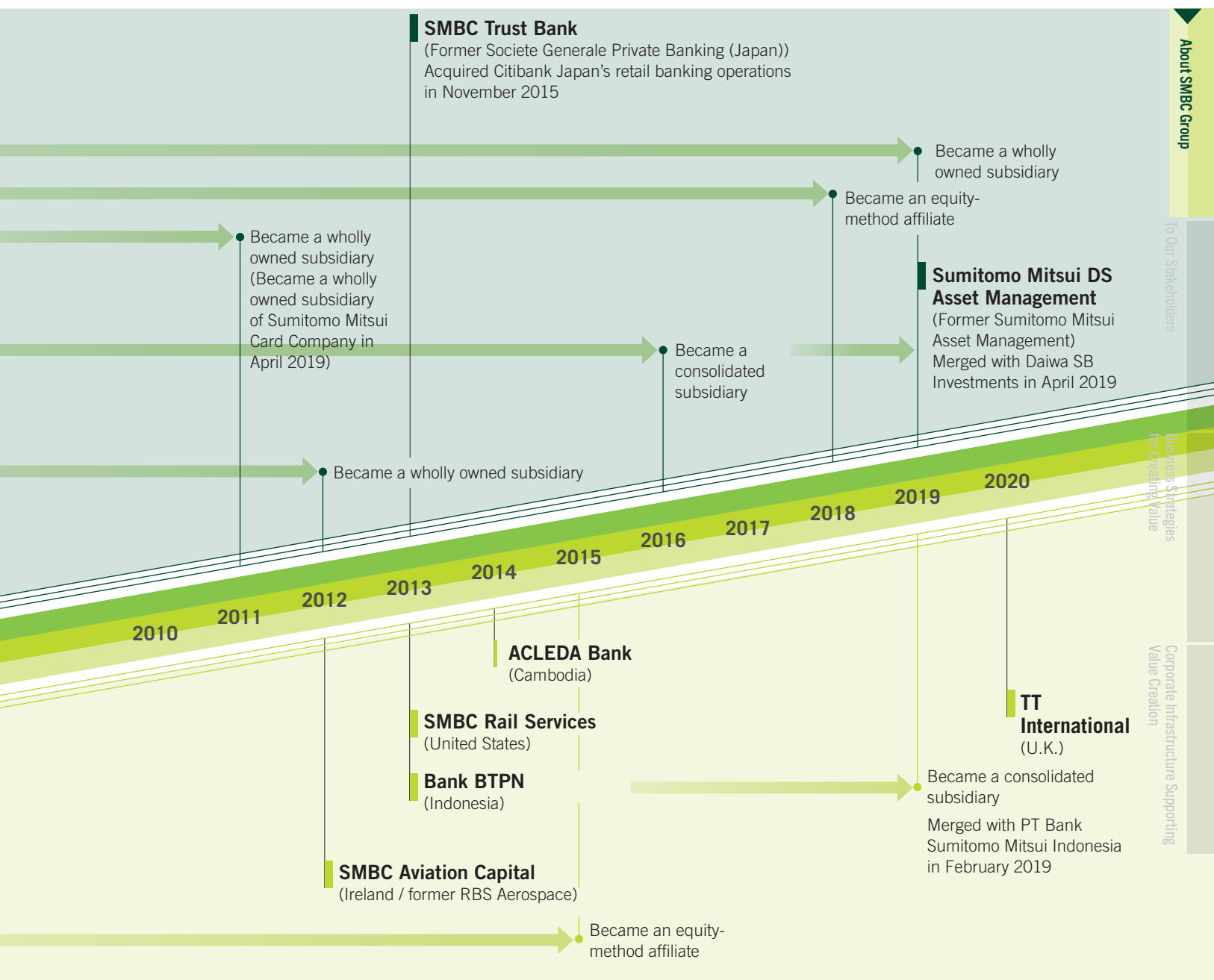
Expansion of Regional Coverage

Operating Environment

Japan

Global

- "Program for Financial Revival" commenced
→ Disposal of non-performing Loans conducted
- Lift the ban of securities intermediary
- Zero interest rate policy rescinded by the Bank of Japan
- Firewall regulations between banking and securities alleviated
- Blanket guarantee of deposits fully lifted
- Financial Instruments and Exchange Act enacted
- Full lift of the insurance products sale by banks
- Japan Post privatized
- Collapse of the IT bubble
- Implementation of Basel II
- Subprime mortgage crisis
- Financial crisis



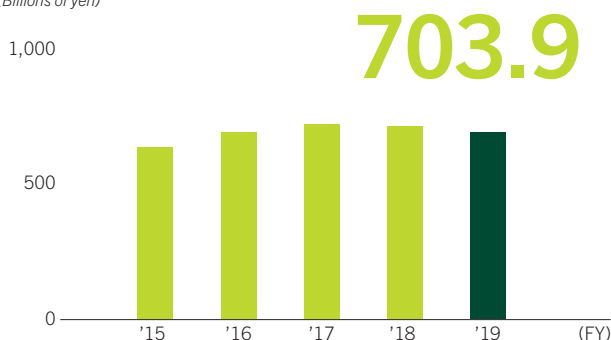
- Start of "Abenomics"
- NISA introduced
- Japan's Corporate Governance Code instituted
- Workstyle reform-related laws established
- Great East Japan Earthquake
- Consumption tax rate raised to 8%
- Introduction of negative interest rate policy
- "Principles for Customer-Oriented Business Conduct" released
- Consumption tax rate raised to 10%
- Introduction of quantitative and qualitative monetary easing

- 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
- COVID-19 pandemic begins
- U.K. withdraws from the European Union
- Trade friction between the United States and China erupts
- Dodd-Frank Act enacted in the U.S.

Financial Highlights

Profit attributable to owners of parent

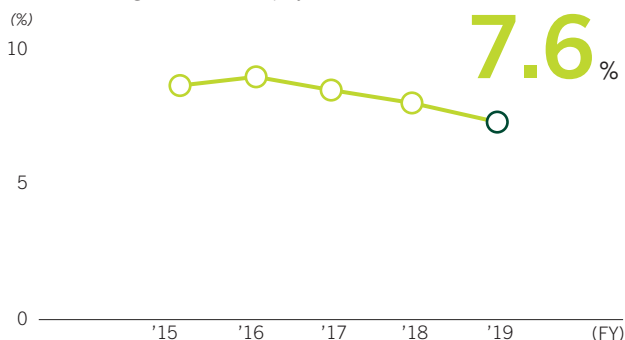
(Billions of yen)



Profit attributable to owners of parent exceeded the target of ¥700 billion in FY2019 despite the negative impact of COVID-19 pandemic. This was mainly due to the increase in gains on sales of bonds with the decline of overseas interest rates, low credit costs that continued until the third quarter of the fiscal year under review, and a reduction in tax burden.

Return on equity (ROE)

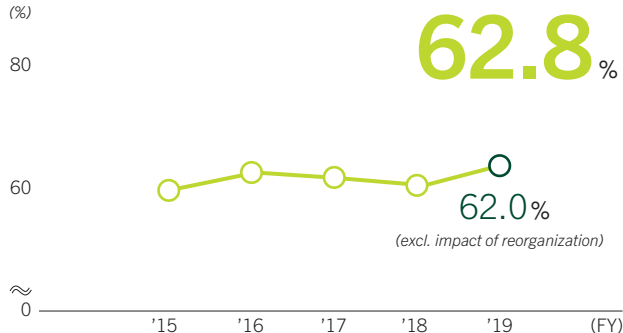
Calculated using stockholders' equity as the denominator



We were able to reach our Medium-Term Management Plan target for ROE of 7-8% due to the steady progress of the plan, which led to higher-than-expected profit attributable to owners of parent.

Overhead ratio (OHR)

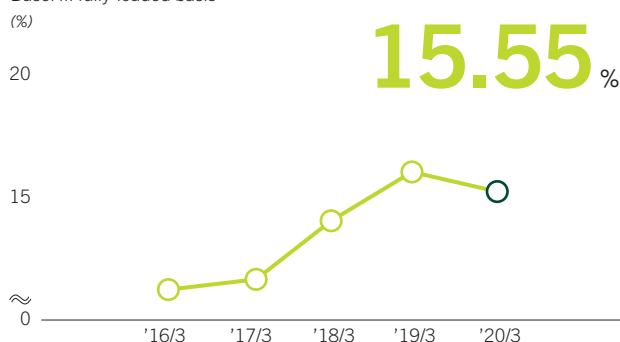
(%)



OHR remained nearly flat compared with FY2016 after excluding the impacts of group reorganizations. This was mainly due to continued overseas expenditures including regulatory compliance costs, offsetting cost reduction through group-wide cost control initiatives.

Common Equity Tier 1 capital ratio (CET1 ratio)

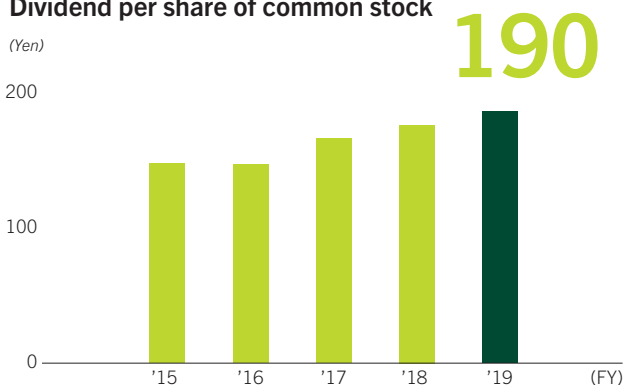
Basel III fully-loaded basis



CET1 ratio is still greatly exceeding the required level, while it decreased YoY by 0.82%. This decrease was mainly due to an increase in risk-weighted asset through allocating capital in overseas business and providing financial support to customers, as well as a decrease in net unrealized gains on other securities as a result of stock price decline caused by COVID-19 pandemic.

Dividend per share of common stock

(Yen)



We increased dividend per share for FY2019 to ¥190, ¥10 higher than FY2018 and our initial forecast as we exceeded our target for profit attributable to owners of parent because of the steady progress in the Medium-Term Management Plan and took steps towards achieving a dividend payout ratio of 40%.

Credit ratings (As of June 30, 2020)

	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



2019 Award for Excellence
in Corporate Disclosure
— Industries —
SAA The Securities Analysts
Association of Japan



Garnered solid reputation for our investor engagement
and other IR activities

The Securities Analysts Association of Japan
Japan Investor Relations Association



SMBC Nikko Securities and SMBC were selected as
financial institutions engaged in ESG financing

MOE



攻めのIT経営銘柄2019
Competitive IT Strategy Company

Recognized as a company practicing Competitive IT
Strategy to improve corporate value

METI
Tokyo Stock Exchange



Selected five times in the Nadeshiko Brand
selection of listed companies excelling at
empowering female employees

METI
Tokyo Stock Exchange



Acquired Top Gold Rating in PRIDE index
evaluation for LGBT-related initiatives

work with Pride



Selected four times as company exercising
superior health and productivity management

METI



Recognized as company that stands on
the forefront of sustainable growth by
heightening productivity through
workstyle reforms

Nikkei

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).



Signatory of:



ESG Highlights

Environment

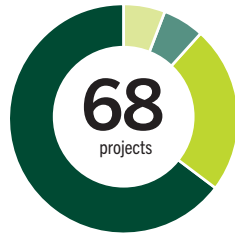
See page 080 for more information.

Project finance for overseas renewable energy projects

Annual CO₂ reduction

17,643 thousand t-CO₂

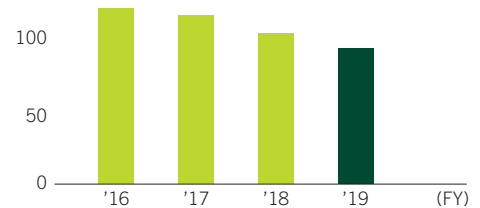
Hydropower Biomass Solar power Wind power



Total CO₂ Emissions (per m²)

97 thousand t-CO₂ per thousand m²

(t-CO₂)



Note: The figure for FY2019 is a preliminary figure.

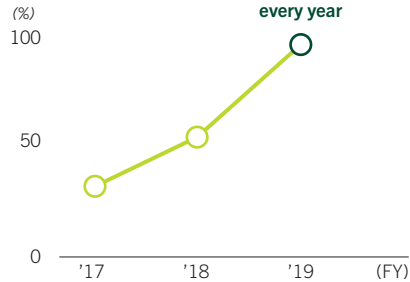
Social

See page 082, 095 for more information.

Rate of employees taking parental leave (male)

100 %

Target: Maintain rate of 100% every year

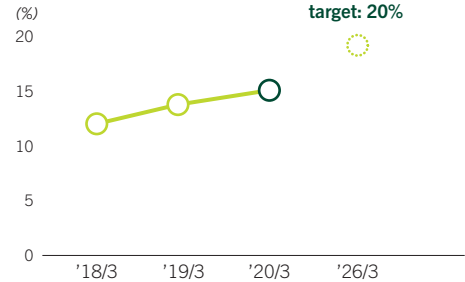


Note: Figures are for SMBC.

Ratio of female managers

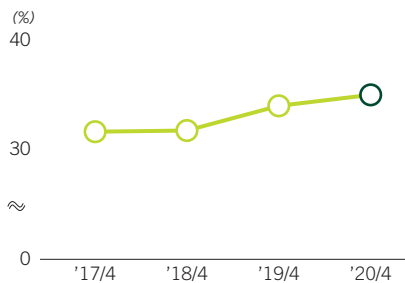
15.3 %

FY2025 target: 20%



Ratio of GM positions with locally hired employees

35 %

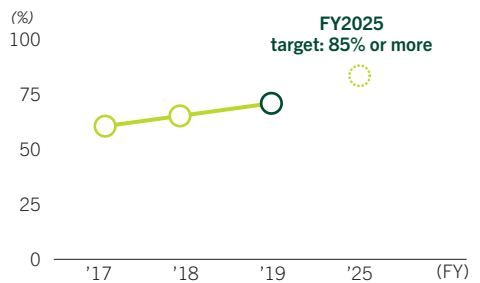


Note: Figures are for SMBC and overseas bases of major affiliates.

Paid leave acquisition rate

74.7 %

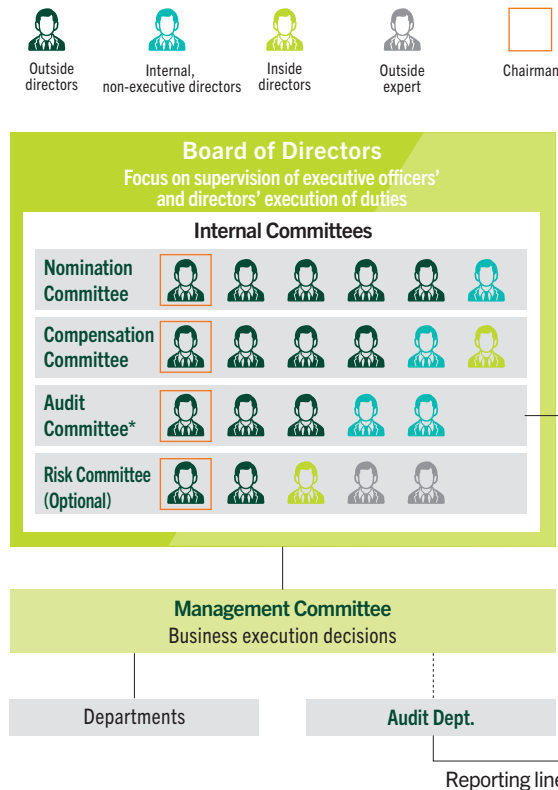
FY2025 target: 85% or more



Governance

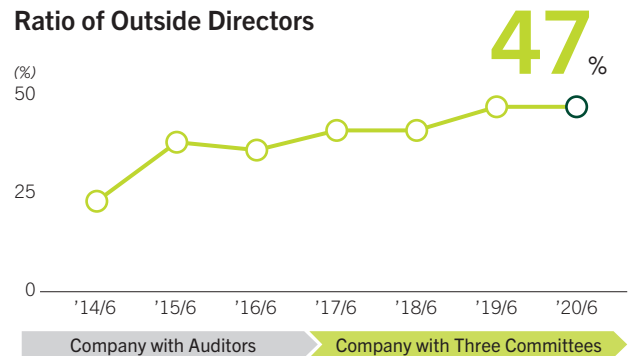
See page 064 for more information.

Corporate Governance System

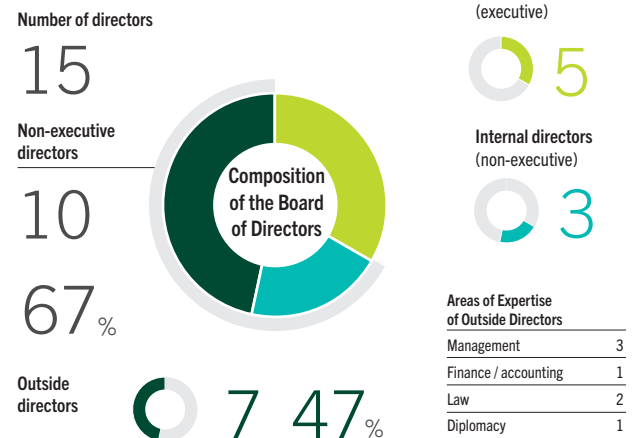


* The Audit Committee holds the right to consent personal affairs of Chief Audit Executive.

Ratio of Outside Directors



Composition of the Board of Directors

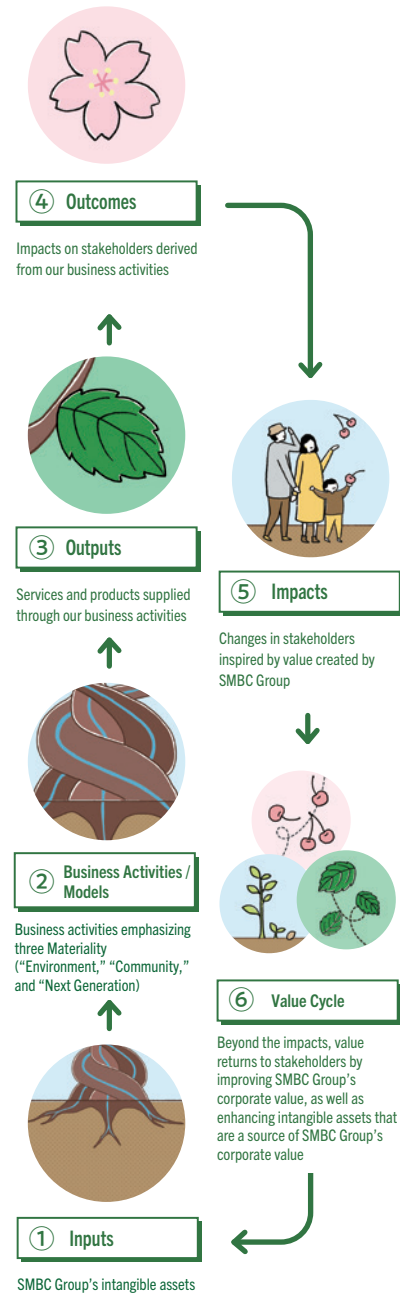


ESG Indices on which Sumitomo Mitsui Financial Group is listed

SMBC Group has been included in the following major global ESG indices (as of June 30, 2020).

SMBC Group's Value Creation Process

SMBC Group's Value Creation Cycle

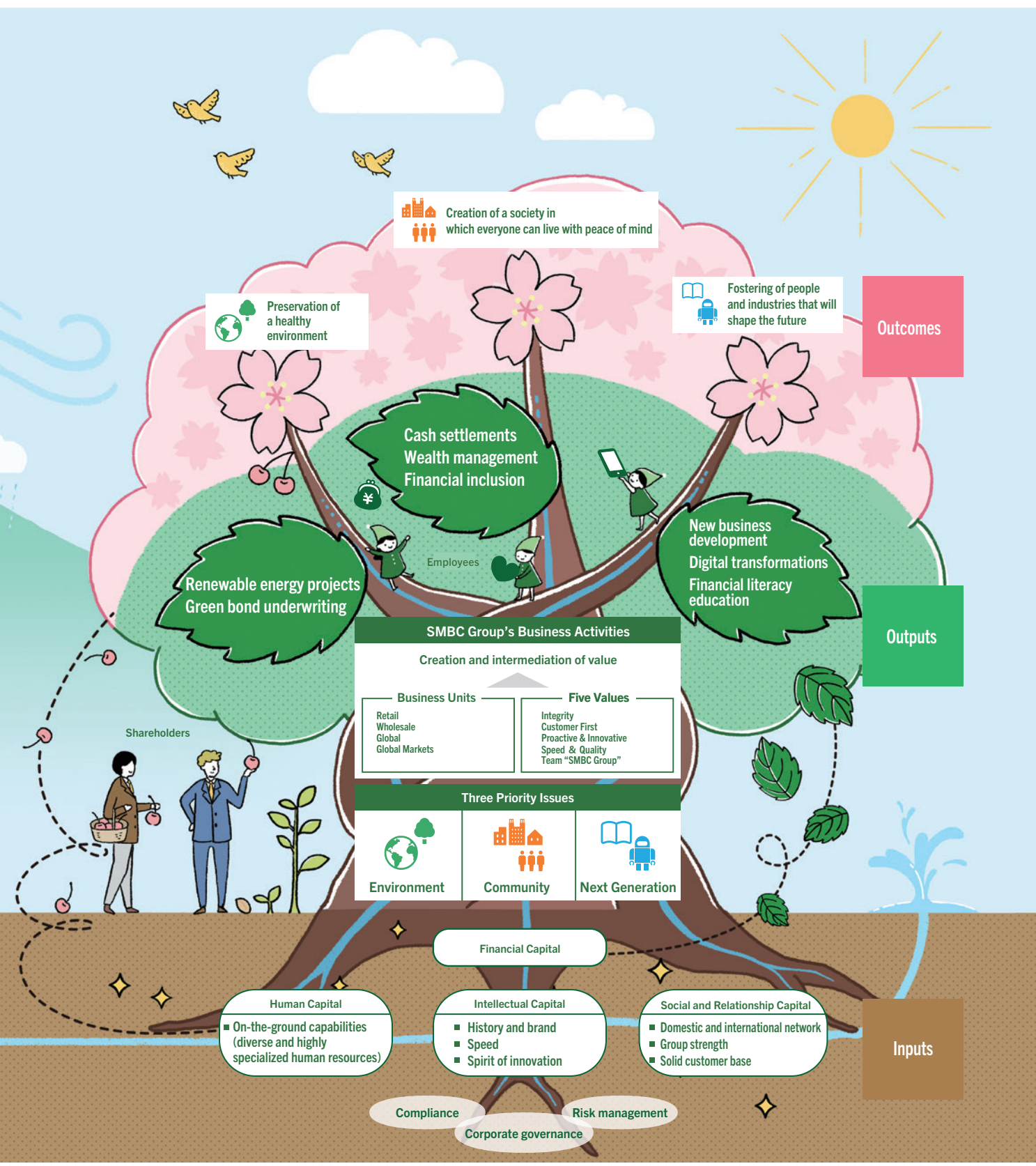


Definition of Sustainability

Creating a society in which today's generation can enjoy economic prosperity and well-being, and pass it on to future generations

- Climate Change
- Demographic Changes
- Geopolitical Risks
- Changes in Consumer Behavior





Creation of a society in which everyone can live with peace of mind

Preservation of a healthy environment

Fostering of people and industries that will shape the future

Outcomes

**Cash settlements
Wealth management
Financial inclusion**

**New business development
Digital transformations
Financial literacy education**

Outputs

SMBC Group's Business Activities

Creation and intermediation of value

Business Units
Retail
Wholesale
Global
Global Markets

Five Values
Integrity
Customer First
Proactive & Innovative
Speed & Quality
Team "SMBC Group"

Three Priority Issues

Environment

Community

Next Generation

Financial Capital

Human Capital
■ On-the-ground capabilities (diverse and highly specialized human resources)

Intellectual Capital
■ History and brand
■ Speed
■ Spirit of innovation

Social and Relationship Capital
■ Domestic and international network
■ Group strength
■ Solid customer base

Inputs

Compliance

Risk management

Corporate governance

MESSAGE FROM THE GROUP CEO

Building the Path to our Future

Jun Ohta

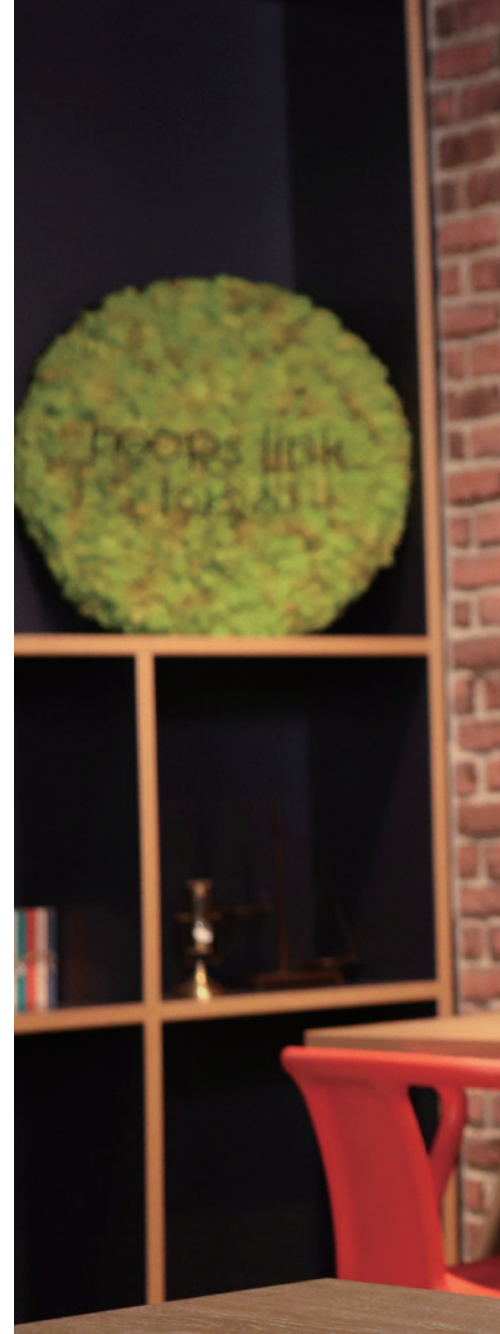
Director President and Group CEO



Overcoming the “Unexpected”

Our world is undergoing fundamental change. We have seen COVID-19 spread to all corners of the globe in what seemed like the blink of an eye, and the virus continues to wreak havoc on an unprecedented scale. No one could have possibly foreseen the scale of disruption COVID-19 would have on our lives at the beginning of the year. “Unexpected” is a fitting description of COVID-19 and its global impact. However, I feel that circumstances described as “unexpected” have increased over the past few years. Natural disasters of a scale previously occurring only once in a 100 years are occurring on a seemingly annual basis. The results of the 2016 United States presidential election and the United Kingdom European membership referendum overturned prior expectations.

While it is easy to merely dismiss these events as unexpected, we need



P004

SMBC Group's Response to
COVID-19



to ask ourselves if they really were. Before the COVID-19 pandemic, humanity battled and defeated numerous new infectious diseases, such as cholera, smallpox, and SARS. Thus, the speed and scope at which COVID-19 has spread can be viewed as a negative aspect of globalization, an ideal that we have all benefited from, coming to rise. Similarly, global warming lies behind the intensification of natural disasters, and the rise of populism has its roots in the fact that frameworks, such as democracy, which served as the foundations of economic growth in the post-war era have become outdated in their current format. The point I am trying to illustrate is that the events which we have witnessed over the past few years would most likely have occurred in some form or format eventually. In order to realize sustainable growth, SMBC Group must strive to become a more sophisticated organization, capable of

MESSAGE FROM THE GROUP CEO

evolving our business model constantly so that we can continue to prosper even when the business environment undergoes rapid and extensive change due to a black swan event.

Business leaders must be able to accurately identify medium- to long-term trends by keeping calm and viewing matters from a bird's-eye view, even though the world may be in the midst of major upheaval.

However, we must keep in mind that overreacting to these risks or allowing our awareness of them to become distorted could cause us to misread how the world is changing or what our business vision should be. The COVID-19 pandemic is said to have sparked a fundamental change in peoples' values, but I believe that it is during times such as these that we must take a long and careful look at what we change and what we keep untouched. The further acceleration of digitalization to realize "Society 5.0" is the key example of how our world will change. For example, we are seeing an increasing number of customers using online transactions as part of their efforts to prevent the further spread of COVID-19. The number of SMBC's customers engaging in online transactions increased by 36% year-on-year and digital contracts concluded using services provided by SMBC CLOUDSIGN experienced a dramatic 10-fold month-on-month increase following the Government of Japan declaring a state of emergency in April 2020. I expect for online transactions to continue gaining popularity even after COVID-19 is brought fully under control given its superiority in terms of convenience and cost-efficiency, not to mention that the benefits of those services will increase given the ripple effect of additional users. On the other hand, lifestyles, habits, and family and work-related values that have developed over hundreds, if not thousands, of years will not be so easily changed. For example, is it possible to provide optimal solutions that address customer needs without engaging in face-to-face communication? Is it possible to pass-on SMBC Group's corporate culture to junior employees or ensure their proper professional development without person-to-person interaction? Such concerns require serious and in-depth consideration. Business leaders must be able to accurately identify medium- to long-term trends by keeping calm and viewing matters from a bird's-eye view, even though the world may be in the midst of major upheaval.

Steering a Supertanker

Innovation is the key to successfully overcome changes in the current business environment, as innovation is what allows for the creation of a strong yet flexible organization that continuously evolves its business model. People often associate the term innovation with the image of a genius experiencing an epiphany and discovering a new concept or vision. However, this is not always the case. In order to pursue sustainable growth, it is crucial to develop a corporate culture which encourages all employees to be unafraid of failure and continue attempting to create new business opportunities so that small improvements are realized throughout SMBC Group.

For this reason, ever since I was appointed Group CEO in April 2019, I have urged employees to “Break the Mold” and proactively pursue new challenges without being bound by precedent or fixed ideas. I have assigned management resources to employees who have stepped forward and established new companies for them to lead. So far, nine companies have been established in such a manner, and I will continue to encourage in-house business ventures as part of my CEO production project. The introduction of a free dress code policy which received considerable media attention was also aimed at changing the mindset of employees. I want to establish a transparent and encouraging corporate culture that allows employees to freely pursue their dreams and aspirations.

Making this vision a reality however is by no means an easy task. There will be employees who hesitate, fearing their careers could still be negatively impacted even though the Group CEO’s message is to be unafraid of failure, and many people will view change as an inconvenience rather than as an opportunity. Therefore, I will continue to encourage employees who are pursuing new challenges by repeating my message and building a track record of successful inhouse business ventures. Even when employees are not successful in their efforts, I will not blame them. Rather, I will praise them for their bravery and determination.

SMBC Group is made up of one hundred thousand employees who are located throughout the world. So, in terms of size, you could say that SMBC Group is like a supertanker. When you attempt to change the direction of such a large vessel, those changes may appear to be slow and gradual. However, once the correct direction has been set and we begin the journey towards our goals, I promise you that the momentum we witness will be phenomenal.

Becoming a Global Solutions Provider

So where should we direct our supertanker? In April 2020, we established SMBC Group’s new vision: “A trusted global solution provider committed to the growth of our customers and advancement of society.”



P 028

Break the Mold

MESSAGE FROM THE GROUP CEO

This new vision reflects our commitment to realizing the sustainable growth of SMBC Group by providing top tier solutions on a global basis, not only by further honing our capabilities in the financial sector, but also expanding into non-financial sectors so that we can better address the needs and issues of customers and of society.

There are three key themes that we must adhere to in order to realize this vision.

Data Oriented

The first theme is data oriented.

Information and data are very valuable assets which are not represented in a company's balance sheet, and businesses around the world, not only those in the financial sector, are striving to monetize these assets. Going forward, how well a company can monetize information assets and incorporate them into its P/L will be the key to success. In addition to accumulating a vast volume of payment and credit information through our various business lines which include banking, securities, and consumer finance, SMBC Group also possesses top tier capabilities in personal data protection and online security, two issues which must be addressed before utilizing data.

For example, Sumitomo Mitsui Card released "stera" a payment platform that provides all the necessary functions to facilitate cashless payment transactions. At the same time, it released "Custella" a service which supports clients in planning management strategies, developing new products, and creating new marketing strategies by using AI to analyze the payment data that is accumulated via the platform. If we can further develop such services, it will allow us to engage in a variety of new "data +α" businesses, for example personnel data trust banking, advertising, and personalized marketing that targets individual customers.

Building Platforms

The second theme is to build platforms.

Through bank deposits and payment services we have established relationships with corporate and individual customers both in and outside of Japan. By leveraging this robust customer base that is based on many years of mutual trust, SMBC Group can build platforms which provide a variety of services with its capabilities in the financial sector.

I am not concerned about the principle of self-sufficiency in our efforts to enhance our platforms. In the unbundling of financial functions, I think that it is only natural that players from outside the financial sector take over some of those functions. I view companies from outside the financial sector,

not only as rivals with whom we engage in healthy competition, but also as partners whose capabilities complement ours and vice-versa. For example, SMBC Group recently established Plari Town, Inc., a digital platform that supports the digitalization of mid-tier companies and SMEs, and we are working to swiftly enhance the value of the platform by including various services provided by external partners. We will strive to create an ecosystem that creates business opportunities involving not only SMBC Group and our customers, but also between customers themselves, by collecting various information as a result of our platform securing an ever growing customer base.

Solutions Provider

The third theme is to become a solutions provider.

Customer needs are becoming increasingly diverse and sophisticated, and SMBC Group must become our customers' most trusted business partner who can provide solutions to a wide range of issues. Let us take Japan's aging society as an example. When a financial institution considers potential measures to address the needs of an aging society, a common approach is to consider the types of financial products, with the focus being on existing products, that can be used to build customers' post-retirement asset portfolios. We need to break-out of this outdated method of thinking. The concerns of elderly customers are not limited to building-up their post-retirement assets, they include a range of issues, such as nursing and health care, the passing on of assets to the next generation, and relations with family members. We cannot allow ourselves to view potential solutions based on the narrow perspective of wealth management products and loans. Rather, we must identify all the issues that our customers are facing and work with companies from outside the financial sector to provide solutions which add true value.

Concepts Behind the New Medium-Term Management Plan

We launched a new Medium-Term Management Plan in FY2020 to take the first step to realize this vision and begin our journey to build the future of the financial sector. The preparation of the new Medium-Term Management Plan included more than one year of deliberations in an all team's effort including mid- and junior-level employees. While the impact of the COVID-19 pandemic was certainly not part of the deliberation process, the new Medium-Term Management Plan was prepared based on the understanding that our business environment would be challenging with irreversible structural changes, such as climate change, our shrinking mother market, and the rise



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Corporate Service Digital Platform



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Group-Based Comprehensive Solutions



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Core Policy of the new Medium-Term Management Plan

MESSAGE FROM THE GROUP CEO

of geopolitical risks as demonstrated by the US-China trade war. I am fully confident that the Plan contains well thought-out strategies which will allow us to overcome any adversities we may face and realize further growth. This is why we will proceed without any doubt or hesitation, even though we are facing many challenges, both foreseen and unforeseen.

We established the following three core policies as part of the Medium-Term Management Plan: Transformation, Growth, and Quality.

First, so that we may emerge victorious from this challenging business environment, we will devote our utmost efforts to continue restructuring our business model and cost structure. In the previous Medium-Term Management Plan, we concentrated on enhancing productivity by establishing Discipline and Focus as core policies. In the new Medium-Term Management Plan, we took these policies one step further to “Transformation”, and we will increase profit by engaging in the fundamental transformation and streamlining of our business model.

For example, for cost control our goal is to realize cost reductions of ¥100 billion, double our target for the previous Medium-Term Management Plan, by reforming domestic businesses, reorganizing our domestic retail branches, and integrating group operations. In addition, we will continue to reduce unprofitable assets and strategic shareholdings as part of our efforts to optimize risk-weighted asset management.

On the other hand, while we were still in the process of accumulating capital in the previous Medium-Term Management Plan, we have now reached our CET1 ratio target which will allow us to utilize capital and other management resources in the New Medium-Term Management Plan. As such, we will decisively allocate capital to business sectors for which medium- to long-term growth can be expected.

For example, in our inorganic strategy, while being disciplined we will use surplus capital to proactively pursue opportunities to acquire businesses and portfolios with high capital and asset efficiencies, in addition to business platforms to realize medium- to long-term growth. In addition, ¥100 billion has been allocated as “CEO Budget” for IT related investments. This framework will allow for agile investments to be made in businesses, such as digital-related enterprises and cashless payments, that are deemed to have potential for significant future growth.

Quality is the core policy that applies to our management base. We will work tirelessly to strengthen our management base so that we may meet the expectations of our stakeholders as a global financial group, for example accelerating sustainability management, realizing human resource management that allows for personnel to realize their full potential, and further enhancing our Risk Appetite Framework to promote appropriate risk taking.

Presently, on a core earnings basis our bottom-line is approximately ¥640 billion. In the previous Medium-Term Management Plan, our bottom-

line exceeded ¥700 billion for all three years due to reversal of provisions from large borrowers and gains from the sale of strategic shareholdings. However, I am by no means satisfied with this profit level. In the new Medium-Term Management Plan, through our seven key strategies we will strive to increase consolidated net business profit by ¥100 billion and realize a core earnings bottom-line of more than ¥700 billion in the final year.

Seven Key Strategies

We will focus on our seven key strategies to realize our goal of raising our profit level on a core earnings basis. I will introduce two key strategies which I feel best characterize the core policies of Transformation and Growth as the heads of our respective business units will discuss the details of their specific strategies in the later sections of this report.

Pursue Sustainable Growth of Wealth Management Business

Given Japan's declining population, in order to realize sustainable growth of our retail business we need to focus management resources on growth areas while simultaneously enhancing efficiencies. In regard to enhancing efficiencies, we are reforming our cost structure while preserving, if not improving, the customer experience by further developing non-face-to-face channels, for example online services, and improving the productivity of face-to-face transactions by reorganizing our domestic retail branches. For high-net-worth customers possessing minimum assets of ¥2 billion, we have consolidated our banking, securities, and trust banking services under the new brand SMBC Private Wealth. In addition to wealth management products which reflect our unique strengths, SMBC Private Wealth offers customers a comprehensive line-up of solutions including business succession consulting, trust banking, and concierge services. For mass affluent customers we will engage in personalized marketing by analyzing their transaction data so that our proposals fit their preferences and lifestyles. Through these efforts we will grow our top line revenues while lowering the break-even point of our wealth management business.

Expand our Franchise in Asia

Under our Multi-franchise strategy, we have devised and implemented initiatives based upon a time span of ten, twenty years in order to build a second and third SMBC Group in Asia's developing economies. Indonesia, a key market in our Multi-franchise strategy, is expected to see its economy grow at a slower rate due to the COVID-19 pandemic. However, there are three commitments we made when we were formulating our strategy. First is to become a full-line financial services provider in the target market, second is that the franchise would have a strong home-market focus with



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Group Structure



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Wealth Management Business



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Expand our Franchise in Asia

MESSAGE FROM THE GROUP CEO

its foundations firmly embedded in the local economy, and third is that we would not retreat even when faced with changes in the business environment. When we experience a sudden downturn in the economy, such as our current situation, companies often consider the possibility of exiting foreign markets given that such circumstances lead to a renewed focus on their respective mother markets. However, it is not possible to grow together with developing markets if we take such an approach. As such, we will not retreat, even in times of economic downturn, and we will construct a robust business base by establishing firm relationship with markets, such as Indonesia, where GDP is expected to grow over the medium- to long-term. Going forward, in addition to expanding our Multi-franchise strategy to India and the Philippines, we will enhance the overseas presence of our securities, leasing, and consumer finance businesses so that we can reach the next stage of growth and development as a full-line financial services provider.

To our Stakeholders

I will now share my commitment to our stakeholders, which extends beyond the term of the new Medium-Term Management Plan.

Supporting our Customers' Future

Our first and foremost focus is to support customers who are suffering from the adverse effects of COVID-19. As part of our efforts to provide undisrupted financial services that are indispensable to our customers' everyday lives, we have kept open all SMBC branches by taking necessary safety measures. In addition, we have taken a flexible approach in order to support the cash flow needs of individual and corporate customers, for example introducing loans with special interest rates and extending repayment schedules. SMBC Group will fulfill its responsibility as part of society's infrastructure so that our customers and society itself can return to normal at the earliest possible date.

"Data oriented" "Build Platforms" and "Solutions Provider" have been established as the key themes which SMBC Group will pursue. These themes were decided following a careful analysis of what the future role of financial institutions will be based on the future direction we envisioned our customers pursuing. I want SMBC Group to become a proactive solutions provider that is consistently prepared to extend optimal support to customers once they decide upon a course of action.



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Customer-Oriented Initiatives

Creating a Work Environment Where Employees can Pursue Their Dreams with Confidence and Ambition

First, I would like to express my sincere appreciation to all of our employees who are working tirelessly to ensure that SMBC Group is able to continue offering uninterrupted financial services which are indispensable to our customers' lives amidst the havoc caused by COVID-19. I have a responsibility to protect the health and wellbeing of all of our one hundred thousand SMBC Group employees, and failing this responsibility will have serious repercussions, including the possibility that we may no longer be able to provide a full range of financial services. Management will continue to extend the maximum level of support to employees, such as the thorough implementation of infection preventive measures at branch offices and carrying out initiatives aimed at ensuring employees' physical and mental wellbeing, so that they are able to carry-out their responsibilities with confidence and peace of mind.

In addition to the above, I want to create a work environment where employees can pursue their dreams with confidence and ambition. When establishing HR frameworks, for example to enhance employee engagement or to support employees in challenging themselves, we cannot forget that establishing frameworks is not the goal. Frameworks are merely tools to help us achieve our true objectives. In order to transform SMBC Group into a vibrant and energetic organization, in addition to building the corporate culture which I have just shared with you, we are also developing an internal SNS system. The goal is for SMBC Group employees, irrespective of their assigned country or department, to communicate daily and offer encouragement when a colleague puts forth a new idea. The focus must be on what we can do rather than what we cannot. I want to create a workplace in which innovation is a natural result of employees carrying out their duties with a sense of fun and purpose, even under the challenging business environment we are currently facing.

Building a Sustainable Society with our Customers

SMBC Group defines sustainability as: "Creating a society in which today's generation can enjoy economic prosperity and well-being and pass it on to future generations." In recent years, we are seeing environmental and social issues, for example climate change due to global warming and human rights violations resulting from the establishment of international supply chains, on a global scale. Given this backdrop, the expectations placed on financial institutions to address such developments are extremely high given our business allows us to act as a hub connecting various industries.

In April 2020, we launched the SMBC Group Statement on Sustainability ("the Statement") and established SMBC Group GREEN×GLOBE 2030, a ten year plan that extends to 2030 through which we will realize the objectives of the Statement, so that we may remedy social issues through our business and further enhance our SDG-related initiatives. Specifically speaking, for



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Human Resources Strategy



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Sustainability Management

MESSAGE FROM THE GROUP CEO

environmental goals a target of ¥10 trillion has been set for Green Finance and a 30% reduction in SMBC's CO2 emissions, while for social goals we will hold financial literacy education sessions for 1.5 million participants aimed at realizing financial inclusion and expand retail financial services in Asia's emerging market economies. Furthermore, for governance goals, we will tirelessly pursue the enhancement of our corporate governance and risk governance capabilities as they are the foundations upon which sustainability management is built.

However, there is a limit on what we at SMBC Group can accomplish by ourselves. What is important is that we create a sizeable, cohesive movement by involving retail and corporate customers. SMBC Group recently launched GREEN×GLOBE Partners, a community platform that aims to solve environmental and social issues. Through the platform, SMBC Group will work with customers to realize a sustainable society by hosting seminars and facilitating the exchange of information concerning the environment and society, assisting participants in connecting with each other, and initiating projects that contribute to solving social issues.

Maximizing Shareholder Value from both Financial and non-Financial Perspectives

Under the previous Medium-Term Management Plan, we launched initiatives aimed at enhancing shareholder returns. We realized a dividend increase of ¥40 over the three years covered under the previous Medium-Term Management Plan and increased our dividend payout ratio from 30% to 37%. We also completed share buybacks totaling ¥170 billion. There is no change to our commitment to enhancing shareholder returns in the new Medium-Term Management Plan. Dividends will remain our principal approach to shareholder returns, and we will also continue our flexible approach to share buybacks. While we are currently facing a challenging business environment due to the COVID-19 pandemic, we will steadily carry-out the business strategies established under the new Medium-Term Management Plan and over the next three years we will strive to grow our bottom line and realize a dividend payout ratio of 40%.

In addition to enhancing the quantitative and financial returns which I have just shared, I am fully aware that enhancing the long-term non-financial value of SMBC Group is equally as important to our shareholders. We will enhance the non-financial corporate value of SMBC Group by focusing on adding value to customers via the three key themes and ESG-related initiatives aimed at realizing a sustainable society. We will continue to proactively disclose both financial and non-financial information so that we can minimize any differences in the information available to our shareholders and SMBC Group, and decrease the cost of shareholder's equity in order to realize the sustainable growth of shareholder value.

Building the Path to our Future

The Daoist text Liezi from China's Warring States era contains the fable "The Foolish Old Man Removes the Mountains," and its message is one of my favorite mottos. Once upon a time in China there was an old man called Yu Gong who lived at the foot of two very high mountains. As the two mountains were a hindrance to Yu Gong and travelers passing by his house, Yu Gong one day decided to level the mountains. Yu Gong's neighbors mocked him, saying that he was a fool and that he would never accomplish the task during his lifetime. Yu Gong, however, replied that upon his death his son would carry on the task, who then would be succeeded by his grandson, and that the mountains would eventually be leveled if Yu Gong's family never gave-up. Upon hearing this, the heavens approved of Yu Gong's determination and moved the two mountains. The fable illustrates that perseverance will eventually allow us to accomplish any task, regardless of its size.

We are witnessing the contraction of the global economy and irreversible structural changes. Although we must operate under a very challenging business environment, I have no doubt that by tirelessly working towards the realization of our vision, we too can move mountains and build the path to a bright future for the financial sector. I would like to ask for the continued support and understanding of all our stakeholders as I will stand at the forefront of our efforts to lead SMBC Group to new levels of growth and prosperity, with each and every one of our employees devoting their utmost efforts to accomplish this goal.



Core Policy of the new Medium-Term Management Plan

The new three-year Medium-Term Management Plan began in FY2020.

We will pursue major reform of our business model and explore new businesses to overcome the dynamic change of the business environment. Thereby, we will aim to provide solutions for the challenges faced by our customers and society and pursue sustainable growth in order to further enhance our corporate value.

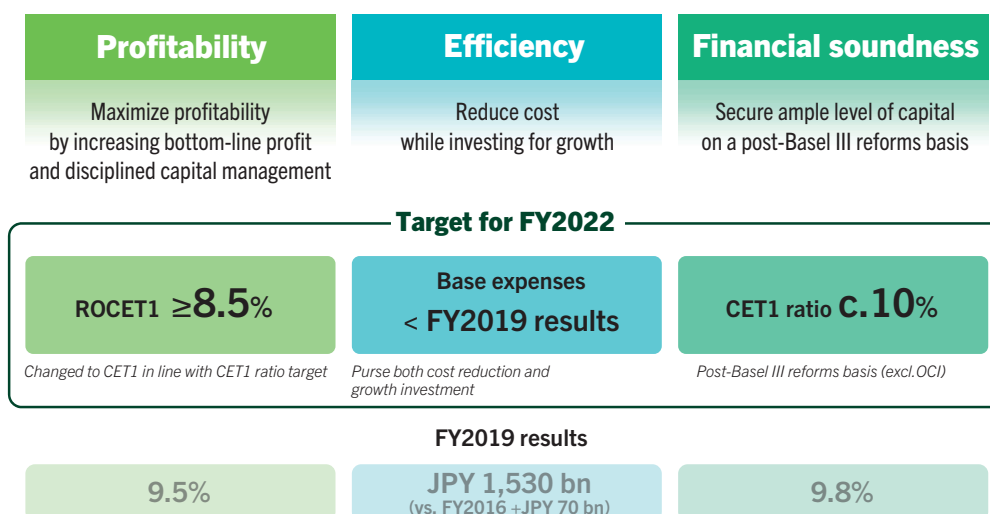
We have established three core policies in order to take an important step towards the realization of our new Vision of becoming “A trusted global solution provider committed to the growth of our customers and advancement of society.”



Financial Targets

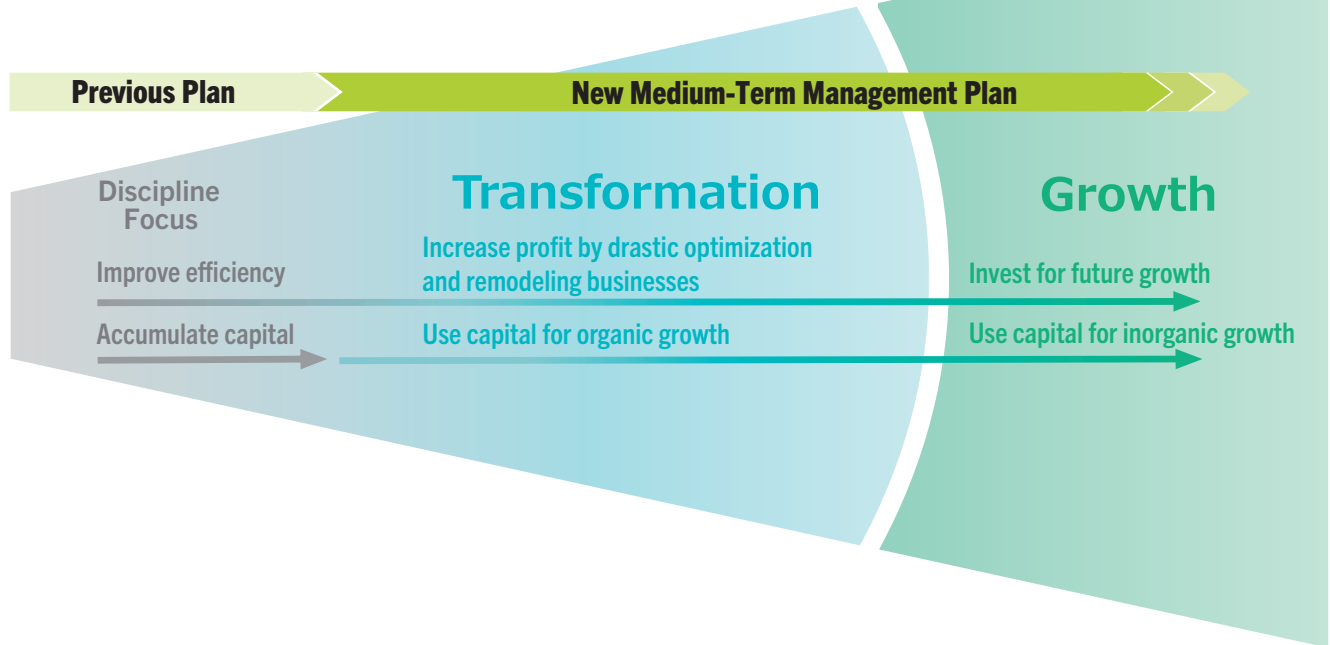
As in the previous plan, we have set three targets regarding profitability, efficiency, and financial soundness. We have changed the metric from ROE to ROCET1 for profitability and from OHR to base expenses for efficiency.

Please see page 031 for the Message from the Group CFO.

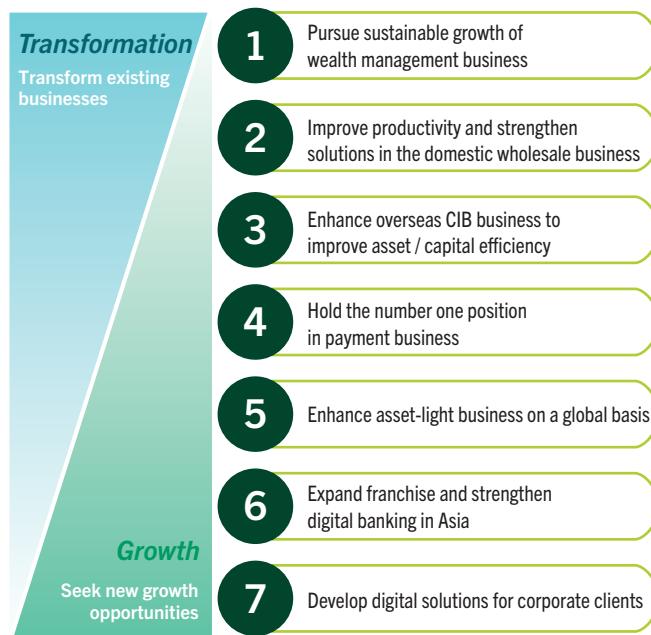


Business strategies – Transformation & Growth –

We will reform existing business models and cost structure to overcome intense competition and create new value for future growth.



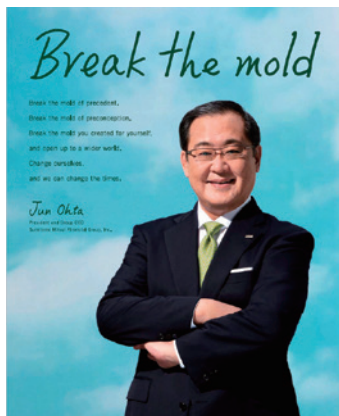
Seven Key strategies



Management base – Quality –

As a global financial institution, we will continue working toward enhancement of our management base to meet the expectations of our stakeholders.





Ever since I was appointed Group CEO in April 2019, I have urged employees to “Break the Mold.” The message behind the slogan is that I want our employees to proactively pursue new challenges in this rapidly changing business environment without being bound by precedent, fixed ideas, or organizational boundaries. I would like to take this opportunity to share a few examples of how employees responded to this message.

Break the Mold

Our Challenge

Selecting a Free Workstyle

A free dress code policy was introduced in FY2019 as part of efforts to develop a corporate culture in which employees could pursue new challenges without being bound by precedent or convention. We received generally favorable feedback, such as “I felt that our corporate culture is changing” and “I was able to carry-out my responsibilities with a positive attitude” in our employee surveys. The policy also received positive feedback from the media, saying that it softened our conservative image. We also introduced frameworks allowing employees to telecommute or adopt flexible work schedules. I hope that providing employees with the flexibility to shape their working lives based on their lifestyle and professional responsibilities, without being bound by strict rules governing where or when they work, will allow them to produce a steady stream of new ideas that are unrestricted by fixed ideas.



Self-Development of RPA Tools

SMBC Group has been promoting the use of Robotic Process Automation (“RPA”) since FY2017. The purpose of introducing RPA is to free employees from routine tasks so that they can focus on high-value added tasks. While many companies have also introduced RPA, what makes our RPA efforts stand out is that we provide our employees with the training necessary to develop RPA tools themselves. Specifically, we established a comprehensive training program that not only includes classroom learning, but also provides one-on-one support to employees interested in developing RPA tools. Employees now play a critical role in pushing forward work style reform as they are further automating tasks and operations after experiencing firsthand the benefits of using self-developed RPA tools to enhance efficiency.

Participants

Approx.

1,200

Automated (hours)

Approx.

120k

Producing new CEOs

I am producing new CEOs from our employees in order to support them in breaking through the confinements placed upon them by the expected norms and precedents of the financial sector so that they could pursue new challenges. Through this project I have proactively allocated funds and human resources to employees who have come up with interesting new ideas that I feel could develop into new growth areas for SMBC Group, with the said individual assigned to lead the new in-house business venture. Nine companies have been established so far, with the establishment of SMBC CLOUDSIGN drawing particular attention given its CEO is still in his 30s. Mr. Hideki Mishima, the CEO of SMBC CLOUDSIGN, was a mid-career hire who joined SMBC in 2018 and was originally responsible for overseeing our digital innovation center, “hoops link tokyo”. The initial vision for SMBC CLOUDSIGN was born from discussions between Mr. Mishima and representatives from benigo4.com at a hoops link tokyo event, and Mr. Mishima was named the CEO of SMBC CLOUDSIGN after successfully pitching the vision to SMBC Group’s top management team. I will continue to extend the maximum level of support to motivated, proactive employees, such as Mr. Mishima.

Feedback from RPA Training Participants:

Members of my department are often required to travel for work, and the calculation of monthly travel expenses had become a time-consuming burden. Thus, I developed an RPA tool which automatically calculates employees’ travel expenses. As of today, I have developed ten RPA tools, and I feel that I have been able to contribute to the streamlining of my department’s operations. My experience with RPA led me to develop an interest in programming, and I earned a certificate in JAVA through self-study. Going forward, I want to challenge myself by taking on new responsibilities where I can leverage my programing skills.



Satoe Umezawa

Business Promotion Group
Sustainable Business Promotion Dept.
Planning Dept., Wholesale Banking Unit

Becoming a Role Model as CEO of the new in-house business venture:

Discussions with my General Manager was the first step in my journey to becoming the CEO of SMBC CLOUDSIGN. I strongly believed that the project should be led by someone who was the most passionate about the new business, and I conveyed this to him. An employee directly approaching his or her superior as I did is unthinkable in the conservative culture of Japanese banks, and I feel that the company taking the time to listen to me and actually appointing me as CEO shows how seriously SMBC Group views the topic of self-reformation. Furthermore, the establishment of SMBC CLOUDSIGN was made possible due to the generous support I received from various internal departments. SMBC Group is an organization where employees who are pursuing new challenges or are thinking about pursuing new challenges can count on receiving the full support of their colleagues and supervisors. The importance of telecommuting is rapidly increasing given the current environment, and our digital contract services are receiving much interest as the last piece of digital technology that makes telecommuting a truly viable workstyle. I take great pride in leading a business that has the potential to make a positive impact on society, and I will do my best so that I can become a role model as the CEO of the new in-house business venture.



Hideki Mishima

President & CEO
SMBC CLOUDSIGN, Inc.

MESSAGE FROM THE GROUP CFO

We will leverage our robust capital base to support our customers affected by COVID-19 while further enhancing shareholder returns and investing for growth

Last year, the first year I was responsible for both the Group CFO and CSO roles, was the year we worked on creating the new Medium-Term Management Plan (“the New Plan”).

In last year’s message, I shared my belief that in the context of management, financial and business strategies are two sides of the same coin, and I witnessed firsthand the benefits of the current management framework as I was able to consistently plan and verify initiatives from the perspectives of the Group CFO and CSO, positions that are responsible for SMBC Group’s financial and business strategies.

We have now entered the execution phase of the New Plan, and I will continue to leverage our management framework’s strengths to ensure the New Plan’s strategies are carried out in a comprehensive and speedy manner.

Toru Nakashima

Group CFO

Director Senior Managing Corporate Executive Officer



Further Enhancing Efficiencies

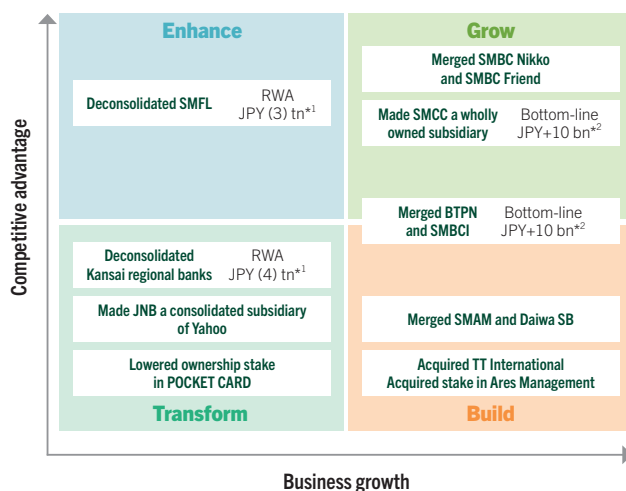
SMBC Group strives to conduct a resilient, first class group management by focusing on enhancing our capital, asset, and cost efficiencies.

• Review of the Previous Plan

In the previous Medium-Term Management Plan (“the Previous Plan”), SMBC Group categorized its business portfolio into four quadrants based on our competitive advantage and future potential. Through this categorization we swiftly reorganized our Group’s businesses in order to optimize our Group structure and improve capital and assets efficiencies.

For the “Transform” and “Enhance” quadrants we deconsolidated the Kansai regional banks and SMFL in order to enhance capital and asset efficiencies by reducing our risk weighted assets. On the other hand, for our asset management business, which is positioned in the “Build” quadrant given its potential for future growth combined with our current lack of competitive advantage, we started proactively allocating management resources to build up our overseas presence, as illustrated by our acquisition of TT International and our investment in Ares Management.

Improved capital and asset efficiency through group reorganization



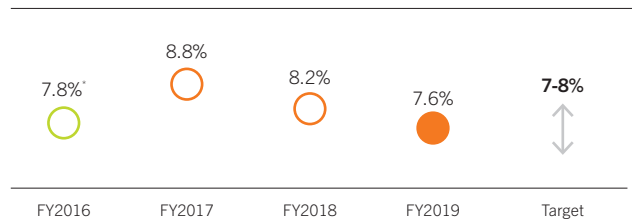
*¹ Post Basel III reforms basis

*² Calculated the impact from the change of ownership ratio (excl. one-time impact)

For financial targets, ROE, OHR, and CET1 ratio were selected as the metrics for profitability, efficiency, and financial soundness. Although we were unable to reach our FY2019 OHR target due to COVID-19 reducing our topline revenues, we were able to reach our targets for ROE and CET1 ratio.

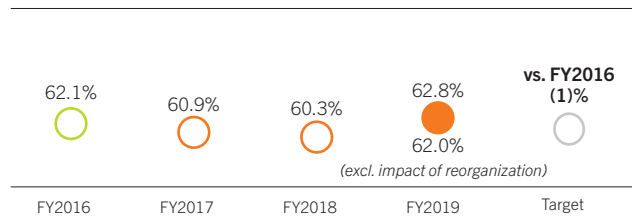
The Previous Plan’s Financial Targets

ROE*

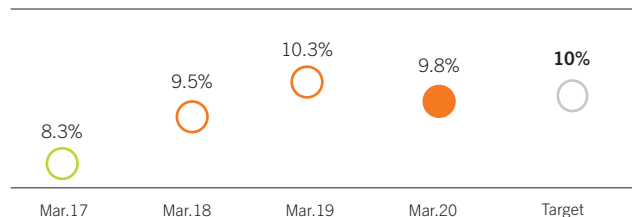


* Excluding special factors, such as the effects of implementing the consolidated corporate-tax system

OHR



CET1 ratio



* Post-Basel III reforms basis

• The New Plan’s Financial Targets

In the New Plan there is no change to our commitment to conducting business management with the focus on enhancing efficiencies. As Mr. Ohta stated in the Group CEO Message, through our core policy of Transformation, we will increase profit by drastic optimization and remodeling businesses, while at the same time leveraging our capital base to pursue further growth through our core policy of Growth.

MESSAGE FROM THE GROUP CFO

As in the Previous Plan, we have set three metrics of profitability, efficiency, and financial soundness as financial targets. However, for profitability we changed the metric from ROE to ROCET1, while for efficiency we changed the metric from OHR to controlling base expenses.

A target of 8.5% or higher has been set for ROCET1. ROCET1 is calculated using CET1 as the denominator with CET1 being a valuable metric that we use in determining financial soundness. The ROE target of 7-8% set under the Previous Plan is currently equivalent to an ROCET1 of 8-9%. As such, our new target reflects practically raising the minimum level by 0.5%.

As for efficiency, we introduced a new concept, “base expenses,” in order to achieve a balanced approach to cost control and investment for growth. Our goal is to realize base expenses that are lower than FY2019 levels. I will explain the definition of base expenses further below.

As for financial soundness, consistent with the Previous Plan, we aim to secure a CET1 ratio of c.10% on a post-Basel III reforms basis and excluding unrealized gains on securities.

	Profitability (ROCET1)	Efficiency (Base Expenses)	Financial Soundness (CET1 Ratio)
FY2022 Targets	≥8.5%	< FY2019 results	c. 10%
FY2019 Results	9.5%	¥1,530 billion (vs FY2016 +¥70 billion)	9.8%

• **Cost Control**

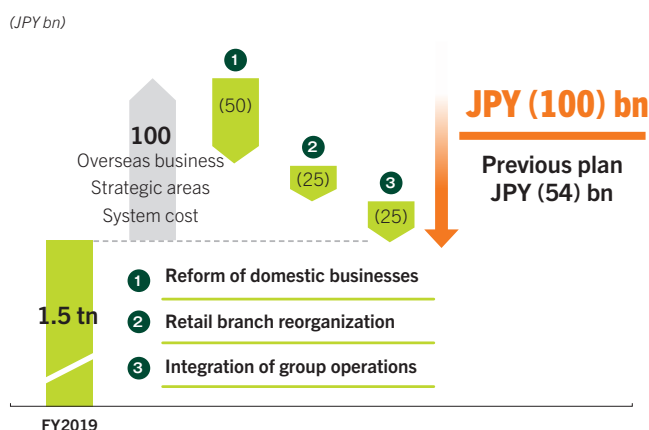
Base expenses, our new efficiency metric, is comprised of G&A expenses net of expenses related to investments for future growth, revenue linked variable costs, and one-off expenses. This new metric was introduced in response to feedback during the Previous Plan that cost management based on OHR tends to fall into a shrinking equilibrium and leads to a lack of investment for growth. This change is by no means an attempt to loosen controls on cost. Given that approximately 90% of G&A expenses fall under base expenses, we believe that it is fully possible to enhance efficiency by carefully controlling base expenses.

In the Previous Plan, we succeeded in reducing costs by ¥54 billion, exceeding our target of ¥50 billion, through the following key initiatives: business reforms to improve efficiency, retail branch reorganization, and reorganization of Group companies. However, base expenses rose by ¥70 billion over the same period due to expenses related to

strengthening our overseas businesses and IT systems.

Although we expect expenses related to overseas businesses and IT systems to increase by a little under ¥100 billion during the New Plan, we will further enhance cost control measures so that there is no increase in base expenses. Specifically, we will cut costs by ¥100 billion, a figure that is double the Previous Plan’s achievement, through the three key initiatives: reform of domestic businesses, retail branch reorganization, and integration of Group operations.

Change in base expenses for coming three years



Our Basic Capital Policy Remains Unchanged

In the New Plan, we will continue to take a balanced approach to securing financial soundness, enhancing shareholder returns, and investing for growth.

<p>Shareholder returns</p> <p>Dividends in principal + flexible share buybacks</p> <ul style="list-style-type: none"> Progressive dividends Achieve dividend payout ratio of 40% by Mar. 23 	<p>Sustainable growth of shareholder value</p> <p>ROCET1 target ≥ 8.5%</p>	<p>Investment for growth</p> <p>Investment criteria</p> <ul style="list-style-type: none"> Fits with our strategy ROCET1 ≥ 8.5% after synergies Risk is manageable
<p>Financial soundness</p> <p>CET1 ratio target: c.10%</p>		

• **Securing Financial Soundness**

We were able to reach our CET1 ratio target of c.10% as a result of accumulating capital over the course of the Previous

Plan. The CET1 ratio target was calculated taking into account the impact of the Basel III reforms which will gradually take place from 2023 to 2028 and excludes unrealized gains on securities. Also, based on the Basel III fully-loaded basis, which is currently required by regulators, our CET1 ratio as of the end of FY2019 was 15.5%, greatly exceeding the required level of 8%.

Our financial soundness can be a formidable competitive advantage during times of crisis, such as the one we are currently facing. First, we will provide financial support to customers both in and outside of Japan who are being affected by COVID-19. As such, risk weighted assets are expected to exceed our original target for FY2020, the first year of the New Plan, by ¥5 trillion which equals a 0.5% decrease in our CET1 ratio. Therefore, for the foreseeable future we will manage our CET1 ratio at c.9.5%, 0.5% less than the target set under the New Plan, in order to reflect the impact of COVID-19 associated loans.

It is this robust capital base that will allow us to proactively enhance shareholder returns and pursue attractive growth opportunities.

• Further Enhancing Shareholder Returns

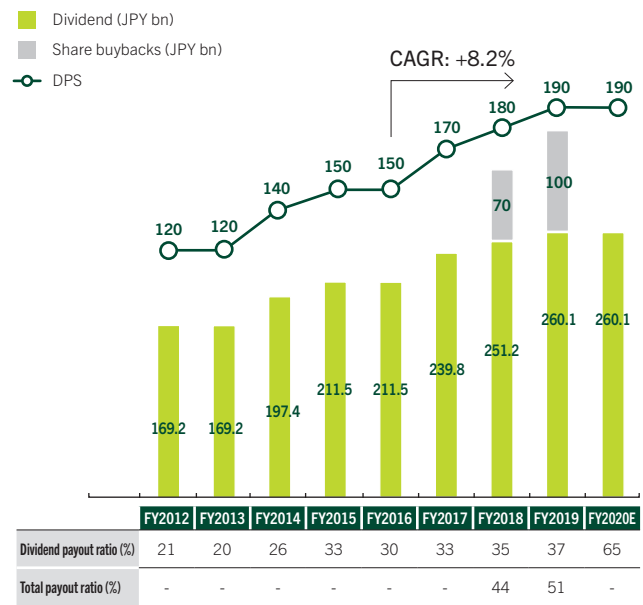
In the Previous Plan, we increased dividends throughout all three years (a total of ¥40 per share) while carrying out share buybacks totaling ¥170 billion. In the New Plan there is no change to our shareholder return policy of dividends being our principal approach while conducting flexible share buybacks. We will continue to pursue a progressive dividend policy, meaning that we will at least maintain, if not increase, dividend payments, and aim to achieve a dividend payout ratio of 40% by FY2022.

We increased our dividends for FY2019 by ¥10 to ¥190 per share as we exceeded our ¥700 billion target for profit attributable to owners of parent and took steps towards achieving a dividend payout ratio of 40%. For FY2020, we will maintain our dividend payout of ¥190 per share based on our progressive dividend policy despite a significant reduction in forecasted net income, which will raise our dividend payout ratio to 65%. Please be assured however, that we will by no means view this as reaching our target dividend payout ratio of 40%. While we must continue to operate in a challenging business environment, we will aim to increase profit attributable to owners of parent during the

three years covered under the New Plan and further increase our dividends so that we realize a 40% dividend payout ratio based on these figures.

We decided not to announce share buybacks in May 2020. We recognize our share price is currently at a very low level and understand that there are expectations for share buybacks from investors. However, at this time, we have concluded that we must focus on providing financial support to our customers and that more time is required to assess the real impact of COVID-19.

Shareholder returns



• Investing for Growth

Unlike the Previous Plan during which we focused on capital accumulation, given that we have reached our CET1 Ratio target, the New Plan represents a new stage in which we leverage our capital base to pursue growth opportunities. While asset efficiency will remain a key focus and we will continue reducing unprofitable assets and strategic shareholdings, we will allocate capital to increase risk weighted assets to growth areas. As illustrated in the below chart, over the three years covered by the New Plan we will allocate a net of ¥500 billion of capital and increase risk weighted assets by a net of ¥5 trillion through our seven key strategies.

We expect that risk weighted assets associated with

MESSAGE FROM THE GROUP CFO

COVID-19 related loans will be fully repaid by the end of FY2022 and therefore have no impact on the New Plan's targets.

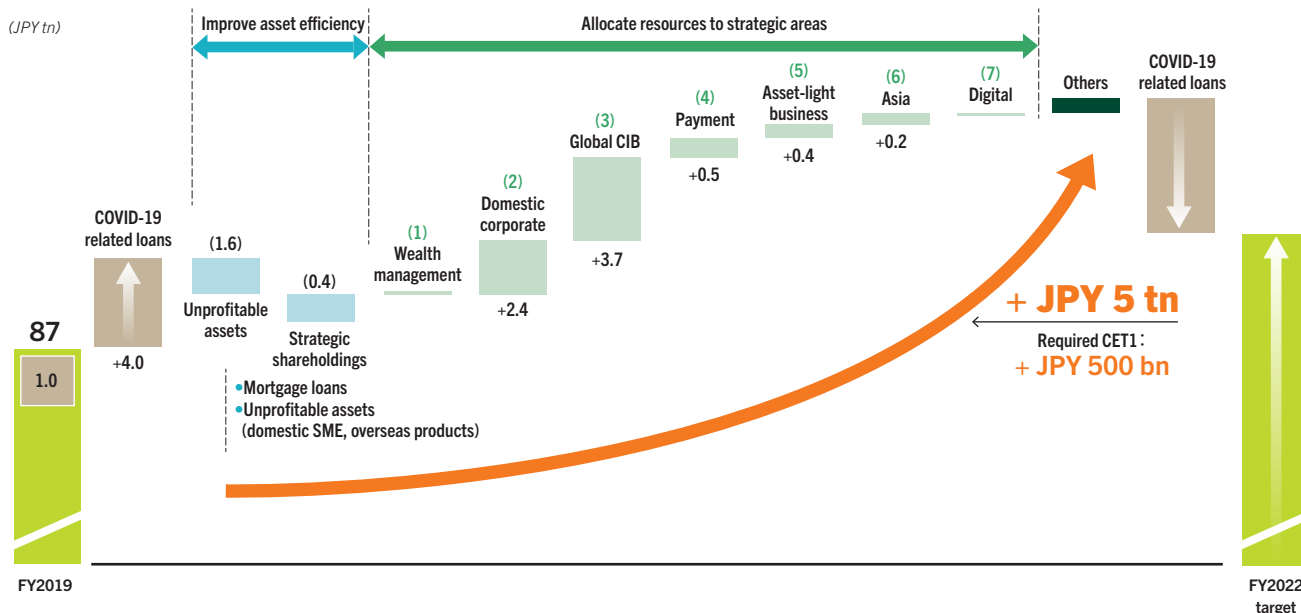
We will pursue inorganic growth through strategic M&A while maintaining financial soundness and disciplined investment criteria. There will be no change in the focus of our investments: "assets that promptly raise our ROCE1" and "investments for the future." The former refers to areas in which SMBC Group possesses global strengths, with past examples being investments in aircraft leasing, middle-market LBO, and asset management businesses. The latter refers to investments in the Asian commercial banking

business, securities business, trust banking, and digital businesses.

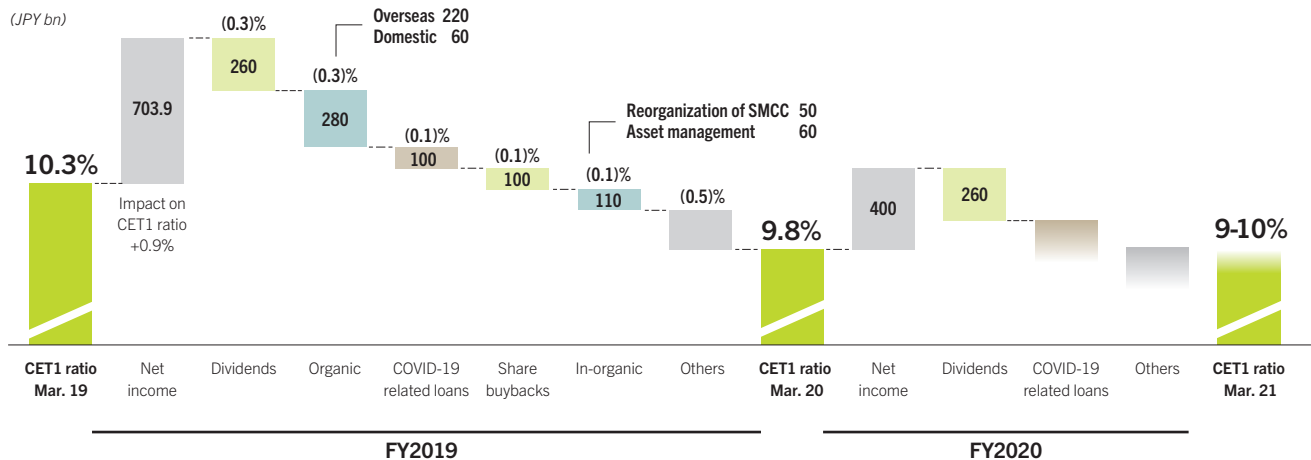
SMBC Group purchased the aircraft leasing businesses of a European bank (currently SMBC Aviation Capital) following the Financial crisis, and the current market environment may bring opportunities to acquire quality assets at discounted prices. Of course, any investment will be made following our disciplined investment criteria.

The chart below shows the use of capital for FY2019 and FY2020. As for FY2020, the forecast of profit attributable to owners of parent is ¥400 billion. ¥260 billion will be allocated to dividends and we will extend loans to our overseas and

Changes in Risk-Weighted Assets during the New Plan



Use of Capital in FY2019 and FY2020



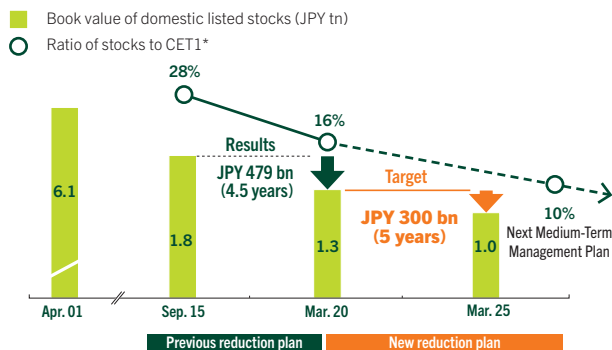
domestic customers who are suffering from the adverse effects of COVID-19. Then we will consider how to best deploy our remaining capital.

• Reducing Strategic Shareholdings

Over a five-year period starting October 2015, we set a plan to reduce our strategic shareholdings by ¥500 billion (book value basis). As of March 2020, six months before our deadline, we succeeded in reducing our strategic shareholdings by ¥480 billion, in addition to obtaining customers' consent to sell another ¥70 billion worth of strategic shareholdings. As such, we are highly confident that we will reach our target.

We have established a new reduction plan in which we will reduce strategic shareholdings by ¥300 billion over a five year period starting April 2020 together with the launch of the New Plan.

While we have made steady progress in reducing our strategic shareholdings, the pace of reductions going forward will be slower than the previous reduction plan, as the remaining stocks include those of customers who are not open to the idea of having SMBC Group reduce our ownership of their shares. However, there has been no change in our policy to reduce strategic shareholdings over the medium- to long-term, and we will continue to work hard to reduce them.



* Excludes net unrealized gains on other securities

Further Enhancing Communication with our Shareholders

Creating opportunities to engage in constructive discussions with investors and analysts is one of my key responsibilities as Group CFO.

During FY2019, in addition to individual and small meetings led by senior management with investors and IR day presentations by the heads of our respective business units, we also held seminars regarding our cashless payment strategy given the strong interest in our efforts in this area. I believe that incorporating the views and opinions we receive in such meetings allowed us to prepare a higher quality Medium-Term Management Plan and capital policy.

Furthermore, in April 2019 SMBC Group became the first global financial institution to calculate and release the financial impact of climate change in response to recommendations made by the Task Force on Climate-Related Financial Disclosures (“TCFD”). Initially, only physical risks related to climate change were calculated and disclosed. However, we tirelessly worked to enhance our analytical capabilities, and in February 2020 we disclosed the transition risks associated with climate change.

I am very happy that such efforts have received proper recognition, with SMBC Group being selected for the top award in the banking category of the 2019 Award for Corporate Disclosure presented by the Securities Analysts Association of Japan and the 2019 Best IR Award presented by the Japan Investor Relations Association.



2019 Award for Excellence in Corporate Disclosure
— Industries —
SAAJ The Securities Analysts Association of Japan



A different approach to investor communication is required due to COVID-19. For example, our FY2020 Investors Meeting was conducted online and individual investor meetings are being conducted either online or via teleconference. However, it is during times such as these that as Group CFO I must safeguard the continuation of high-quality and timely communication. We will ensure any changes to our business environment or earnings forecasts due to COVID 19 are disclosed in a timely manner. Furthermore, we will place an even greater focus on disclosing non-financial and ESG-related information. For the first time in our history, on June 2020 we held an ESG-themed investor meeting.

SMBC Group will continue to proactively disclose information that is useful to our stakeholders and incorporate these measures into our efforts to realize sustainable growth and increase corporate value.

The Impact of COVID-19

As stated in the Group CEO Message, the New Medium-Term Management Plan's ("the New Plan") goal is to realize sustainable growth in a challenging business environment, and we have not made any changes to the New Plan's framework in response to COVID-19. However, I will touch upon some key points given that COVID-19 will have a big impact on our FY2020 financial results.

Impact on FY2020 Earnings

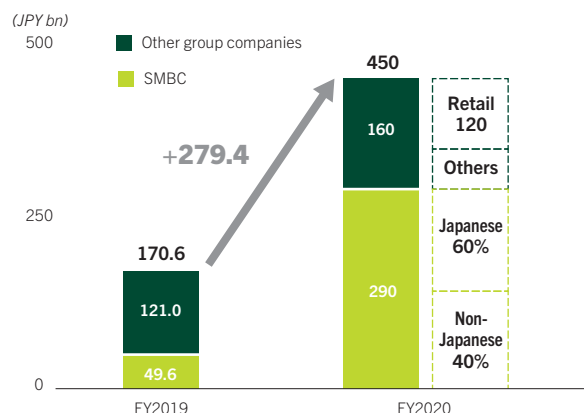
Excluding some countries and territories, the number of new COVID-19 cases has peaked-out, although we expect new infections to continue for the remainder of the year. Therefore, although the global economy is expected to bottom out in the second half of the year, we expect that negative fallout from the virus will last throughout FY2020. As such, we made major revisions to the various targets that had been originally established for the New Plan's first year. The revised business targets we announced in May 2020 are as follows. However, we will not hesitate to make further changes to our plans and goals, even during the year, if material changes in our business environment require such adjustments.

	FY2020 target		
	Before COVID-19	Revised	Impact of COVID-19
Consolidated Net Business Profit	1,140	970	(170)
Credit Cost	190	450	+260
Profit attributable to owners of parent	710	400	(310)

Credit Cost

Our FY2020 forecast for credit cost is ¥450 billion on a consolidated basis, of which ¥290 billion is for SMBC, 60% for Japanese corporations and 40% for non-Japanese corporations. As for Japanese corporations, half is for large corporates and the other half is for medium-sized corporations and SMEs. As for non-Japanese corporations, we expect increased costs in the leisure industry such as hotels and casinos, oil and gas, and LBOs. As for Group companies other than SMBC, we expect credit cost of ¥160 billion, a ¥40 billion increase from FY2019, centering on retail Group companies (SMBC Consumer Finance, Sumitomo Mitsui Card Company).

While this represents a substantial increase in credit cost, we are not expecting the situation to deteriorate further than what we experienced during the Financial crisis in 2008. Although the decline in GDP is expected to exceed that of the Financial crisis, we do not forecast credit cost to increase as much. This is the result of the financial sector's increased resilience due to more stringent international financial regulations requiring financial firms to set aside greater amounts of capital, in addition to our improved asset quality due to domestic companies' increased internal reserves.

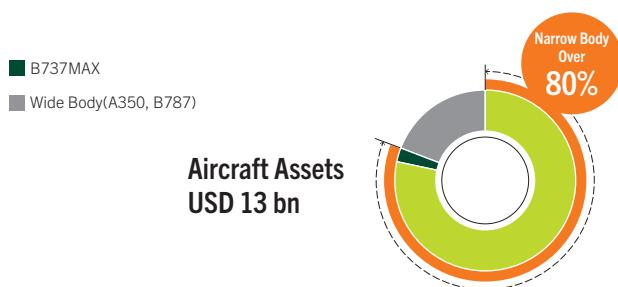


Aircraft Leasing Business

Our aircraft leasing business conducted by SMBC Aviation Capital represents a business area in which SMBC Group has a competitive advantage. However, the cash flow of airlines is deteriorating due to worldwide restrictions on travel, and some airlines are finding it difficult to pay leasing fees. Once airlines fail to pay leasing fees, leasing companies take action, for example repossessing aircrafts and re-leasing them to other airlines. In this case, if the leasing fees are reduced, leasing companies record impairment losses on leasing assets due to the reduction of future cash flow. However, we do not expect SMBC Aviation Capital to record significant impairment losses considering its highly liquid portfolio. The majority of the aircraft assets they own are young narrow body aircrafts whose price volatility is low.

Therefore, although a short-term decline in profit is inevitable, bottom-line profit for FY2020 is expected to decline only by 30 to 40% YoY. As SMBC Aviation Capital is our equity method affiliate, the negative impact on our consolidated bottom line profit, based on our ownership share, is expected to be less than ¥10 billion.

Highly liquid portfolio



Exposure to the Natural Resources Sector

Our natural resource-related exposure is currently ¥7.3 trillion, which is equivalent to 5.6% of our consolidated total exposure, and 90% of our obligors have high internal ratings. In addition, we have a diversified portfolio by business area and geographic location. Moreover, by taking a cautious approach, we have reduced exposure of non-Japanese upstream and service transactions that are vulnerable to oil prices, which make them relatively risky. Therefore, we do not expect a significant increase of credit cost in this sector. However, considering the recent sharp decline in oil prices and revisions of demand–supply forecasts, we recorded some forward-looking provisions in FY2019 and expect a certain level of associated credit cost in FY2020.



Exposure to natural resources
JPY 7.3 tn
5.6% of total exposure

	(JPY tn)
Upstream (E&P)	1.3
Midstream (storage / transportation)	1.5
Downstream	1.7
Integrated oil & gas	1.6
Service	0.3
Others (mining)	1.0

Non-Japanese	Mar.16		Mar.20
Upstream (E&P)	24%	↘	16%
Service	7%	↘	4%

(ratio to non-Japanese exposure to natural resources)

DISCUSSION

Round-Table Discussion with Outside Directors

Group CFO Toru Nakashima asked Katsuyoshi Shinbo and Eriko Sakurai, both outside directors of Sumitomo Mitsui Financial Group, and Sonosuke Kadonaga, an outside director of Sumitomo Mitsui Banking Corporation, for their thoughts about the new Medium-Term Management Plan (“the New Plan”) which was announced in May 2020.



Nakashima Thank you for taking part in today’s round-table discussion. First, I am going to ask everyone for your thoughts regarding the New Plan. Ms. Sakurai, would you be kind enough to start things off?

Sakurai I was also involved in discussions during the formulation of the previous Medium-Term Management Plan (“the Previous Plan”) so I will begin by touching upon the differences that I felt in comparing the two. First, I was impressed by the New Plan’s formulation process. In comparison to the Previous Plan, the involvement of outside directors in discussions began much earlier. In addition, the documents that were used in those discussions were at the draft stage with some pages still being blank. Being able to engage in discussions at the early stages of the respective strategies and goals provided outside directors with ample

opportunity to provide input which in turn led to robust discussions. I believe this represents the changing corporate culture of SMBC Group.

Shinbo I agree. I also feel that during the formulation of the New Plan, significant time was spent discussing what the right balance is when attempting to address the needs and expectations of SMBC Group’s shareholders, customers, employees, and society. If we take financial targets as an example, a situation must not arise in which customers are negatively impacted due to employees having to pursue unrealistic targets. Having said this, careful attention must also be paid to shareholders’ expectations and genuine efforts must be made to meet those expectations. I believe that fair, achievable financial targets have been set as a result of the senior management team having developed a common

Top left:

Katsuyoshi Shinbo

Outside Director, Sumitomo Mitsui Financial Group

Bottom left:

Eriko Sakurai

Outside Director, Sumitomo Mitsui Financial Group

Top right:

Sonosuke Kadonaga

Outside Director, Sumitomo Mitsui Banking Corporation

Bottom right:

Toru Nakashima

Group CFO and Senior Managing Corporate Executive Officer,
Sumitomo Mitsui Financial Group



The round-table discussion was held via a web-based conference.

understanding by engaging in in-depth discussions regarding what the right balance is.

Kadonaga There are three main points that I would like to share. First, the topic of financial targets just came up and in addition to setting quantitative targets I stressed the importance of setting qualitative goals as well. What sort of corporate group do we want to become by the end of the New Plan? For example, what sort of value will SMBC Group add to customers' business operations? Where does SMBC Group want to stand in the financial sector given its competitors in the global and domestic markets? The reason for this being that employees are the ones who take the heaviest burden in the execution of plans and initiatives, and qualitative goals are a valuable tool to boost employee motivation.

My second point is that while further efforts to optimize cost structures must be undertaken as market conditions surrounding the financial sector are becoming even more challenging, SMBC Group must also clarify where it will allocate capital including investments. My third point deals with SMBC Group's future business model. In other words, what kind of business model will SMBC Group strive to create given that levels of past growth can no longer be realized through its traditional bank-centric model. Although identifying a solution to this predicament is by no means an easy task, we engaged in discussions from the standpoint of how and where management resources, such as capital and personnel, should be allocated in SMBC Group's efforts to establish its future business model.

Shinbo I agree that very active discussions regarding the future of SMBC Group beyond the three years covered under the New Plan took place. As I have been involved in the securities industry in my capacity as a lawyer, in connection to growth strategies of SMBC Group's securities business I offered my thoughts on the topics of digitalization, winning young customers, and strengthening the overseas presence. While there is no direct connection, I believe that

the conclusion of a basic agreement in April 2020 with SBI Group concerning a strategic capital and business alliance reflects SMBC Group's commitment to taking the necessary measures to ensure its growth and development beyond the New Plan.

Sakurai In comparison to the Previous Plan's formulation process, I feel the discussions had evolved, not only in terms of quantity, but also quality. Our involvement in the formulation of the New Plan began at the stage where the ideas and theories which would later act as the building blocks for individual initiatives were still being addressed, for example the future vision for SMBC Group and the corporate values that act as the basis of the Group's business as Messrs. Shinbo and Kadonaga pointed out. As a result, the discussions that followed had a level of depth which was not present in earlier discussions. In addition, by using advance briefings to address specific matters pertaining to individual initiatives and the Group CxOs themselves presenting material and conducting Q&A sessions during Board meetings, discussions from a high vantage point were made possible. I also feel that in-depth discussions for each section of the New Plan's growth investments were made possible by holding study sessions on SMBC Group's capital policy and creating the opportunity for the Board to reach a consensus.

Nakashima Obtaining input from our outside directors at the earliest possible stage was one of our key focus points during the New Plan's formulation. We also worked to further enhance the quality of our discussions by not limiting them to Board meetings, but also expanding them to include advance briefings and study sessions. For example, in the study sessions covering SMBC Group's capital policy, for the first time ever we organized a meeting between our outside directors and investors/analysts. Mr. Shinbo highlighted the importance of viewing matters from a shareholder's perspective earlier and this is a mindset that all of us at SMBC Group share. I felt the meeting was an excellent opportunity

DISCUSSION

Round-Table Discussion with Outside Directors

for our outside directors to also share in this mentality.

As you can see, the New Plan has incorporated much of the input we received from our outside directors, and I would like to take this opportunity to thank you all once again. Would anyone like to add anything else?

Kadonaga Ms. Sakurai touched upon the concept of corporate values earlier, and I think very highly of the fact that “Integrity” was added to the Five Values, a set of shared beliefs and behavioral guidelines for all SMBC Group employees, in line with the formulation of the New Plan. As the Five Values were already firmly embedded in the SMBC Group mindset, I believe that introducing change to those values was a challenge. However, I believe that adding “Integrity” to the Five Values will prove to be beneficial to SMBC Group’s shareholders and investors considering the increased attention being directed to ESG-themed investments, by bringing together the Group’s employees, and helping attract talented personnel. This is a point that I have repeatedly raised from the discussion phase of the New Plan.

Shinbo I was also of the opinion that “Integrity” should be added to the Five Values. For example, in recent years corporate fiduciary duty has drawn increasing interest and SMBC Group established the Basic Policy for Customer-Oriented Business Conduct as part of its efforts to ensure that it was in compliance with its fiduciary duty. However, SMBC Group employees most likely viewed the concept of SMBC Group’s fiduciary duty strictly within the context of marketing financial products. By incorporating “Integrity” into SMBC Group’s Five Values, a set of values which forms the basis of the Group’s business conduct, a clear message was sent to all SMBC Group employees that the concept of “Integrity” applies to all aspects of their actions, in short, that SMBC Group must possess and act according to a strict code of ethics.

Sakurai From the standpoint of preparing the New Plan’s strategies, being able to discuss SMBC Group’s future vision was very valuable. Given the reality that the current business environment is undergoing sudden and substantial change, it is not realistic to focus on determining the details of each

initiative and apply an overly rigid approach to their execution. The New Plan recognizes that the future is not fixed. It takes into consideration that events which result in material changes to the business environment, for example the COVID-19 pandemic, will occur and the New Plan shows the broad vision which SMBC Group will work towards through its various initiatives that have been prepared in a manner which allows for sufficient flexibility in their execution. As a result, the initiatives’ varying levels of importance have been made clear.

Kadonaga A phrase that I often use is: “do more better.” It means that even within the same framework, a little more effort can lead to a substantial improvement. However, I believe that it is important that everyone goes one step ahead of this mindset when carrying out the New Plan. Especially in terms of building SMBC Group’s future business model, frank and open discussions must continue, taking into consideration factors such as how consumer behavior and society will change in the post-COVID-19 world.

Sakurai Digitalization is expected to further accelerate in the post-COVID-19 world. The fact that SMBC Group was able to launch initiatives aimed at winning the key digital points of various value chains prior to the commencement of this trend will prove to be very beneficial given SMBC Group’s standing as a leading company in the cashless payment sector.

Nakashima Various opportunities, such as Board meetings, will be used to conduct discussions concerning what SMBC Group’s business will look like in the post-COVID-19 world with a range of counterparties, including our outside directors.

To bring today’s discussion to a close, could you kindly share with us how, as an outside director, you will draw upon your personal experiences to contribute to enhancing SMBC Group’s corporate value?

Sakurai I am reminded on a regular basis that for the concept of an outside director to properly function, a company’s Board must be comprised of a number of outside directors who have different backgrounds and areas of expertise. As such, I will leverage the experience that I have accumulated

over the many years I have spent at a global corporation, experience which I continue to accumulate today, to help enhance SMBC Group's corporate value. There are a number of differences in the mentality of Western and Japanese firms. For example, Japanese firms view accountability as being identical to responsibility, while in the West they are treated as two separate concepts. In the West, accountability refers to the responsibility of an individual to explain a particular outcome and great importance is placed on who is accountable. As such, this point must be clarified if a business is going to successfully operate in the West. This was one of the perspectives from which I provided advice during the introduction of the CxO framework.

Furthermore, a duty of an outside director is to represent the company's various stakeholders, so I pay careful attention to ensure my comments and questions during Board meetings are made from the standpoint of SMBC Group's shareholders and customers. As such, in addition to regularly checking the share price and reading analyst reports, I visit an SMBC branch or use smartphone apps to understand SMBC Group from a customer's perspective.

As a member of the Nomination Committee, I am entrusted with the heavy responsibility of assisting in the selection of SMBC Group's leaders. To ensure that this process does not become arbitrary, committee members have established a number of common evaluation criteria. When I interview candidates for leadership positions, I add integrity and inclusion to the evaluation criteria so that leaders fitting of SMBC Group are selected.

Kadonaga My career as a management consultant spans more than 30 years. In addition, from 2012 I have served as an outside director of Kao Corporation. Based on such experience, I believe I have the following three key roles.

My first role is to check whether the senior management team is pushing forward SMBC Group's various strategies based on an accurate understanding of the circumstances the Group's employees are being placed under and whether the goals of those strategies have been determined in a reasonable, rational manner. You can say that this makes me an overseer of suitability, a role which I believe to be of considerable significance. As such, I place great importance

on realizing opportunities which will allow me to witness employees' honest thoughts and concerns.

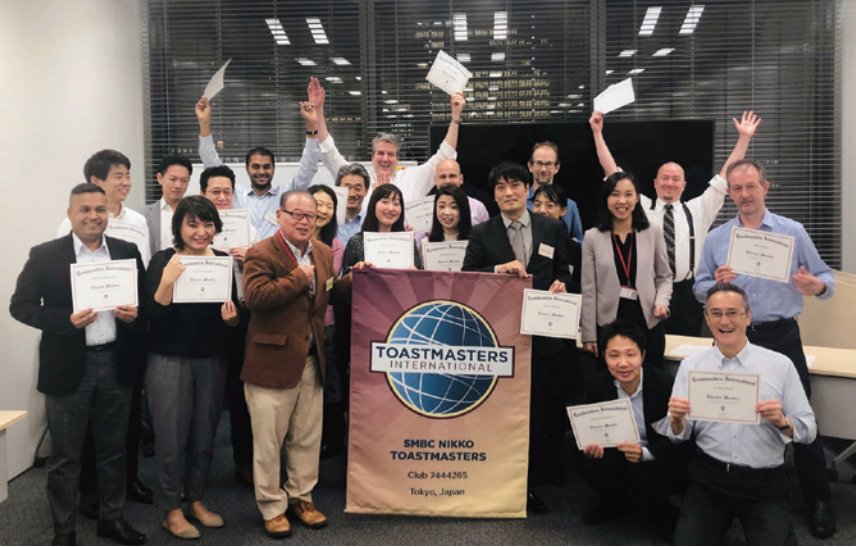
My second role is to point out instances where I feel that deliberations undertaken by the Board are becoming short-sighted or narrow-minded. For example, if too much focus is being directed towards SMBC Group's direct competitors, I attempt to expand the scope of the discussion while introducing applicable cases experienced by other companies.

My third role is to act as a catalyst for the candid exchange of views and discussions. I feel that substantial progress has been made in this regard compared to when I joined SMBC's Board of Directors three years ago as an outside director, and I will continue doing my best to carry out this role.

Shinbo I believe that my input regarding legal matters is expected given that I am a lawyer. Having said this, I have made a conscious effort to refrain from dealing with the specific details regarding legal matters as I believe that is the responsibility of a corporate lawyer and not of an outside director. Of course, I firmly believe that it is very important that I put forward my honest opinion without any compromise regarding issues which I feel contain significant risk for SMBC Group. Lawyers need to establish a close relationship with clients but must take care not to lose their objectivity. I believe that using this objectivity to convey tough feedback when needed is the role expected of me. This also applies to my responsibilities as a member of the Remuneration Committee, and I do not hesitate to voice my concerns when I feel that an irregularity exists with the existing compensation framework.

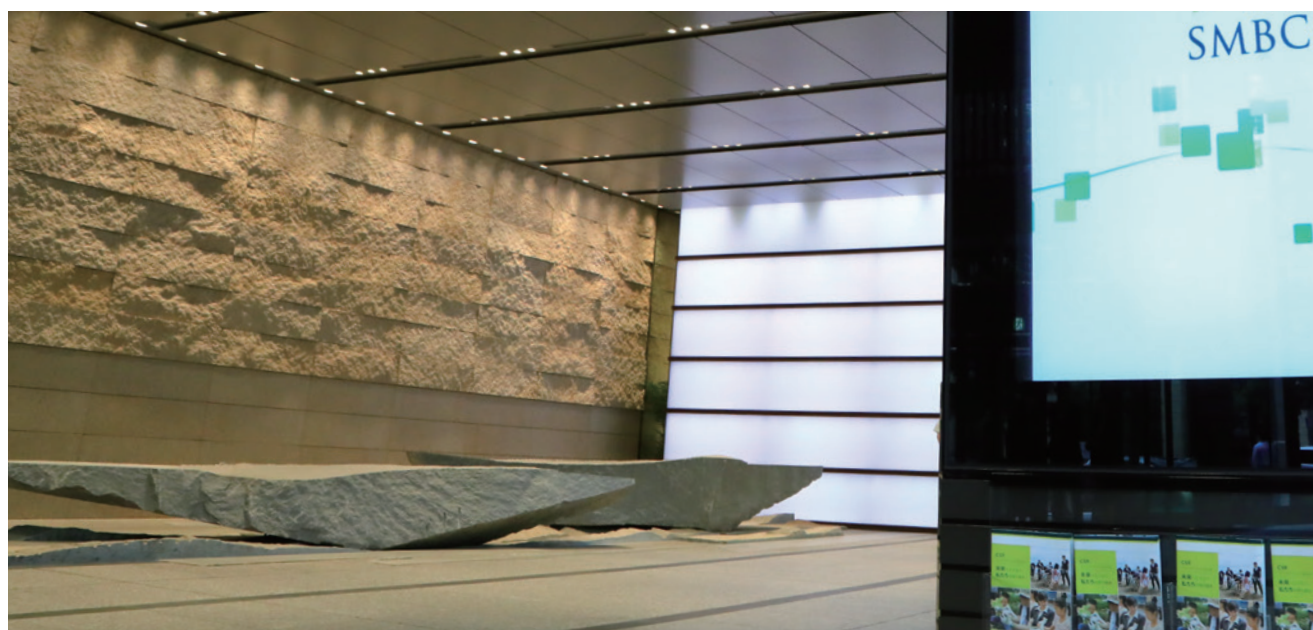
The final role of an outside director, and this applies to situations when the company itself is going down an incorrect path, for example pursuing unattainable goals or strategies involving too much risk, is to support individuals who are attempting to correct the direction the company is pursuing and stand with them against the senior management team.

Nakashima Thank you very much for your valuable opinions today. I look forward to receiving your frank, continuous input.



Business Strategies for Creating Value

- 044 Group Structure
- 046 Retail Business Unit
- 050 Wholesale Business Unit
- 054 Global Business Unit
- 058 Global Markets Business Unit



Group Structure

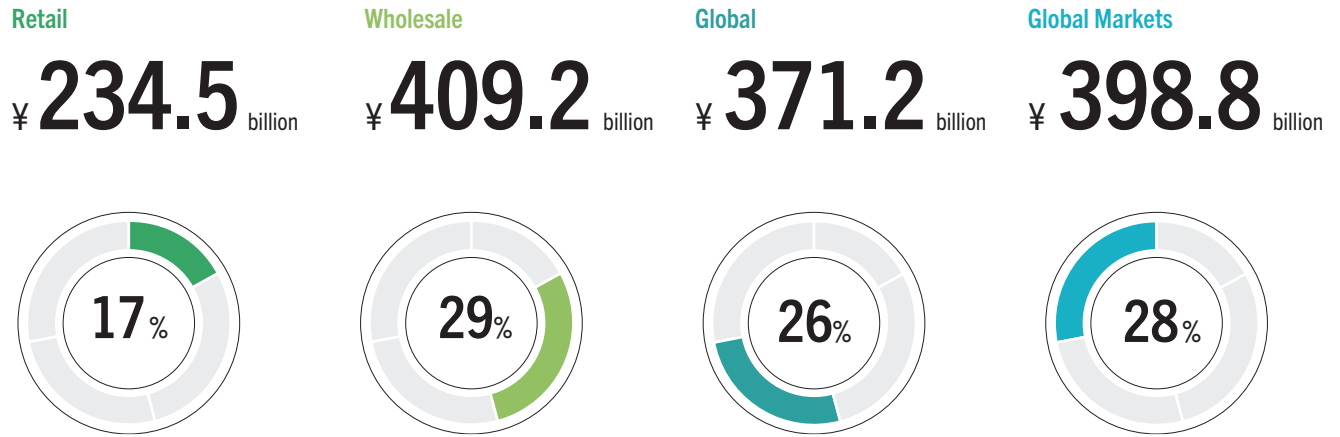
SMBC Group is a global financial group that develops operations in a wide range of fields, including banking, leasing, securities, credit cards, and consumer finance.

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.

Group-Wide Business Units and CxO System

		Banking		Leasing	
		Sumitomo Mitsui Banking Corporation	SMBC Trust Bank	Sumitomo Mitsui Finance and Leasing	
Business Units	Retail	●	●		
	Wholesale	●	●	●	
	Global	●	●	●	
	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 in FY2019



Securities	Credit Cards and Consumer Finance		Other Business	
SMBC Nikko Securities	Sumitomo Mitsui Card Company	SMBC Consumer Finance	Japan Research Institute	Sumitomo Mitsui DS Asset Management
●	●	●		
●				
●				
●				

CHRO Chief Human Resources Officer
 CIO Chief Information Officer
 CDIO Chief Digital Innovation Officer
 CAE Chief Audit Executive

Retail Business Unit

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

We are witnessing significant opportunities for expanding markets in the domestic retail banking field, including the overarching trend of shifting from savings to asset holding, the upcoming era in which people consistently live to be 100, the spread of cashless payments, and increasing digitalization.

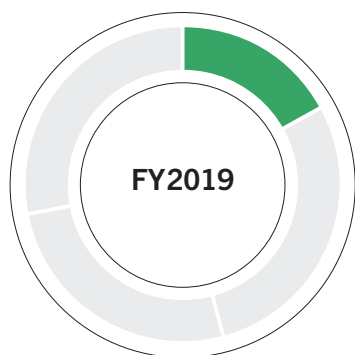
Against this backdrop, we are striving to become the most trusted and No. 1 Japanese retail finance business. To this end, the Retail Business Unit was swift to begin reforming its business models through means such as transitioning to a customer-oriented wealth management business and embracing cashless payments and digitalization. In our wealth management, payment service, and financing businesses, we are steadily growing balances of stock-based assets, sales handled, and consumer loans. Meanwhile, branch reorganizations are enabling us to realize improvements in customer convenience alongside reductions in costs. External institutions hold in high regard SMBC Group's customer-oriented business operations as well as the smartphone applications of SMBC and Sumitomo Mitsui Card Company, indicating a gradual increase in our ability to achieve ongoing growth.

Under the new Medium-Term Management Plan, the Retail Business Unit aims to establish the most sustainable retail finance business in Japan. In our primary businesses, we are proactively allocating resources to growth markets, such as the cashless payment and consumer finance markets as well as those serving wealthy large-scale clients, as we seek to enhance the services we supply to customers and otherwise bolster competitiveness. At the same time, we are pursuing higher levels of efficiency in the branch reorganizations and administrative and middle- and back-office function consolidation efforts implemented previously. By drastically reforming our business processes through these efforts, we aim to further improve customer convenience while cutting costs. We are also endeavoring to develop new businesses utilizing digital technologies and IT in order to create new earnings opportunities amid intensifying competition, thereby realizing ongoing growth for the entire Retail Business Unit.



Contribution to Consolidated Net Business Profit

¥ **234.5** billion **17** %



	FY2019	Increase (Decrease)* ¹
Gross profit (JPY bn)	1,257.7	(9.6)
Expenses (JPY bn)	1,025.2	+4.5
(Overhead ratio)	81.5%	+1.0%
Net business profit (JPY bn)	234.5	(13.9)
ROE*²	7.2%	(0.5)%
RwA (JPY tn)	12.3	(0.4)

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

*² Figures exclude provision for losses on interest repayments, etc.

Retail Business Unit

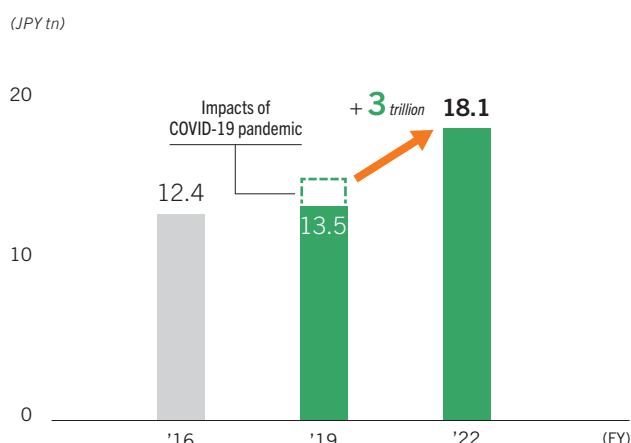
Priority Strategy

1

Sustainable Growth in Wealth Management Business

In the Retail Business Unit, we revise resource allocations based on the growth potential of specific market segments. In regard to high-net-worth customers, we are strengthening sales capabilities through the consolidation of Group banking, trust, and securities services and appointing dedicated staff to increase our share of transactions from business owners and other wealthy large-scale clients. These efforts are part of our drive to promote the new SMBC Private Wealth service brand. Meanwhile, our approach toward the mass affluent segment, which is seeing growth in demand for asset building services, entails transitioning to highly productive sales approaches and models through digital and remote services promising significant convenience to customers, in order to efficiently capture a share of this vast, unexplored market. By expanding our balance of stock-based assets and radically increasing efficiency, we will achieve sustainable growth in wealth management business.

Balance of Stock-Based Assets



Priority Strategy

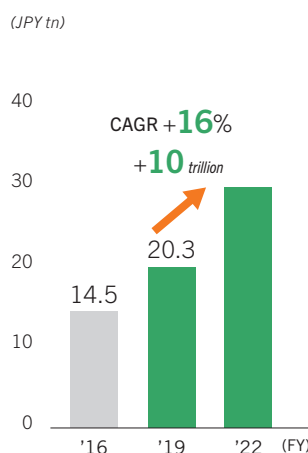
2

Pursuit of No. 1 Position in Payment Service Business

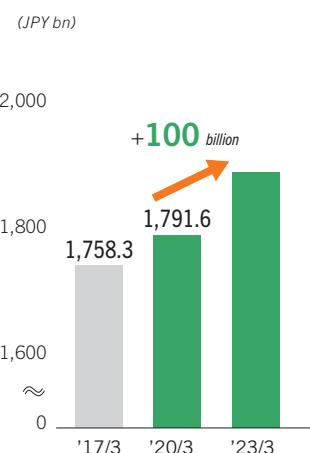
In our payment service business, we are committed to achieving growth that outpaces that of the market by accelerating cashless payment strategies and improving the convenience of our services for both business operators and users alike. For business operators, we have rolled out our stera next-generation cashless payment platform and are working to grow our share among affiliated merchants. For users, we aim to deliver convenient and beneficial services through means such as the enhancement of application services and the utilization of the Group's shared V Point loyalty point system.

In the consumer finance field, a driver behind our growth, we are steadily addressing financing needs, which are rising in conjunction with the growth of cashless payment services. We also seek to approach the new customer segments born out of changes in the working population.

Sales Handled



Consumer Loan Balance



Online Merges with Offline Strategy

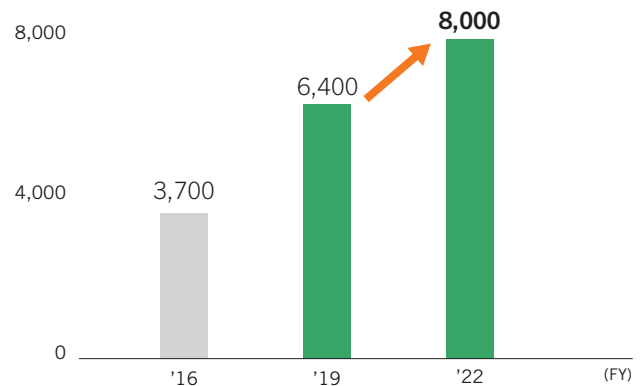
Points of contact with customers are rapidly shifting toward the Internet. In light of this trend, the Retail Business Unit is transitioning away from its prior business processes focused on face-to-face interactions to adopt business models oriented toward online interactions.

Part of this undertaking is streamlining work processes through extensive application of digital and remote technologies, which includes bolstering our artificial intelligence targeting and digital tools. We are also augmenting digital and remote channels in businesses that provide services to customers and coordinating these channels with face-to-face consulting in order to improve customer convenience in both online and offline settings.

Furthermore, improvements to the convenience of digital products and services will be pursued by linking Group applications and otherwise utilizing Group infrastructure, expertise, and resources.

Number of “SMBC Direct” Users*

(Thousands of people)



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

Response to the COVID-19 Pandemic

The various measures being implemented to fight the COVID-19 pandemic are having a massive impact on people’s everyday lives. Moreover, we realize that financing, payment, and other services provided by financial institutions support people’s lives and are a part of social infrastructure. We therefore see the ongoing provision of these services as our top priority in the midst of this crisis.

In addition to keeping the branches of SMBC and other companies operating, we are taking steps to support customers based on their individual needs. For example, SMBC Group companies offer financial products specifically for customers who have been impacted by the pandemic. We are also bolstering our online services to enable customers to perform various transactions without actually visiting one of our branches. Other efforts include supplying Internet banking and credit card applications and conducting donation campaigns in which donations are made to healthcare professionals based on Internet banking transaction amounts.



Wholesale Business Unit

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

Faced with Japan's negative interest rate policy and a continuously challenging operating environment, the Wholesale Business Unit mustered the collective strength of SMBC to deliver sophisticated solutions and carry out operations with an extensive focus on profitability. It was thereby able to maintain high levels of return on equity.

During the period of the previous Medium-Term Management Plan, we achieved gains on loans for the first time in 10 years due to our allocation of funds to financing corporate acquisitions and other high-value-added applications. In addition, we were No. 1 in terms of the number of M&A advisory deals for the third consecutive year, and steady growth was seen in the number of initial public offerings in which we were the lead underwriter. These successes indicate that we have effectively established group-wide systems for delivering solutions for improving the corporate value of our customers.

The new Medium-Term Management Plan calls on the Wholesale Business Unit to fully leverage the strength that is its group-based comprehensive solutions capability to furnish solutions to the social issues and difficult management issues of customers seen as social structures and customers' businesses transform during and after the COVID-19 pandemic. Capitalizing on this strength, we will pursue an unprecedented degree of coordination between domestic and overseas bases and Group companies and boldly allocate management resources to growth fields.

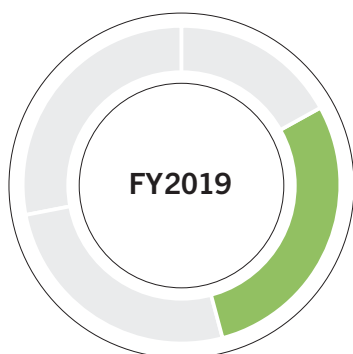
The Wholesale Business Unit has also been promoting digitalization through collaboration with customers. Together with Toyota Motor Corporation, we launched TOYOTA Wallet. We engaged in co-creation with Komatsu Ltd. and other major companies. Moreover, we launched the Biz-Create online business matching service in addition to establishing the SMBC CLOUDSIGN cloud-based electronic contract service. These are just some of our unique initiatives in the digitalization field. Going forward, we will continue to implement initiatives for creating new businesses from the perspectives of customers.

Also in the future, we will further improve our strengths, including our keen ability to make proposals, speed, and pioneering spirit, to provide high-value-added solutions to customers and thereby contribute to the growth of customers and of the Japanese economy.



Contribution to Consolidated Net Business Profit

¥ **409.2** billion **29** %



	FY2019	Increase (Decrease)* ¹
Gross profit (JPY bn)	641.5	(6.7)
Expenses (JPY bn)	284.4	(2.2)
(Overhead ratio)	44.3%	+0.1%
Net business profit (JPY bn)	409.2	(0.9)
ROE*²	11.6%	(0.7)%
RwA (JPY tn)	17.4	+0.5

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

*² Figures exclude medium- to long-term foreign currency funding costs.

Wholesale Business Unit

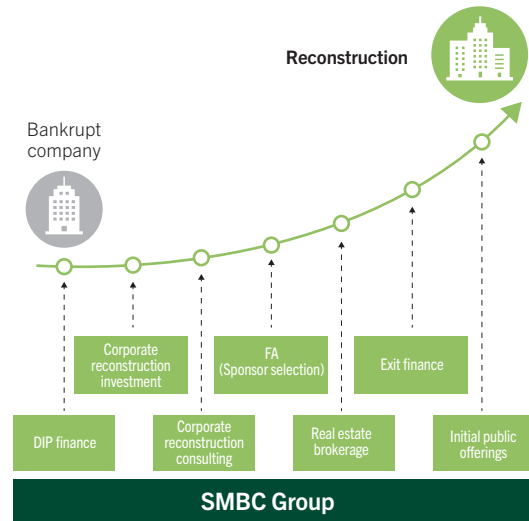
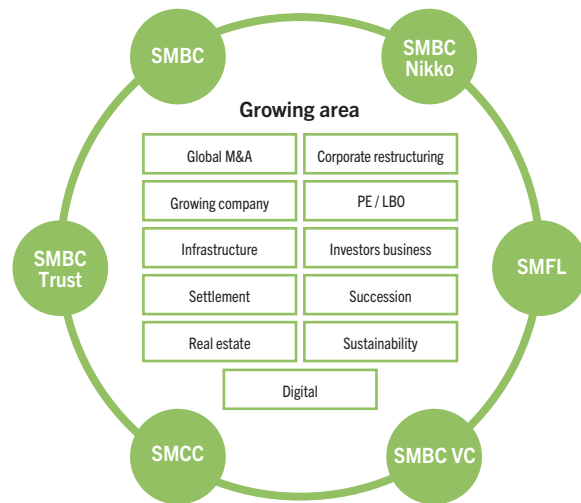
Priority Strategy
1

Group-Based Comprehensive Solutions

To bolster responsiveness to change in growth fields, a number of organizations were set up in the Wholesale Business Unit. Specifically, these organizations were the Financial Solutions Division, which specializes in financial products; the Sustainable Business Promotion Department, which focuses on environmental, social, and governance (ESG) issues and the United Nations Sustainable Development Goals (SDGs); and the Corporate Digital Solution Department. By uniting our front-office service, financial product, and solutions organizations in addressing customers' various issues and needs, the Wholesale Business Unit will provide group-based comprehensive solutions.

In addition, we are developing systems for delivering swift and high-quality proposals to large corporations active on the global stage. As part of this process, we are enhancing our group-based competitive edge in response to increasingly complex and sophisticated management issues pertaining to such matters as business portfolio revision and global M&A activities.

In Japan, corporate bankruptcies are on the rise, stimulating an increase in corporate restructuring needs. SMBC Group was a step ahead of the competition in developing a corporate restructuring business foundation to cater to these needs. On this front, we established SMBC Capital Partners Co., Ltd., a dedicated corporate restructuring support company, in February 2020, and this company is planning equity investments to the tune of ¥60.0 billion during the period of the new Medium-Term Management Plan. The Wholesale Business Unit views initiatives for improving the corporate value of customers and ensuring their business continuity as part of its value chain, and we will advance our corporate restructuring business on a group-wide basis accordingly.



Corporate Digital Solutions

The Corporate Digital Solution Department was established in FY2020 to support customers' digitalization and new business creation efforts. For example, we aim to supply highly convenient digital services by increasingly linking the robotic process automation, electronic contract, and other digital services of Group companies.

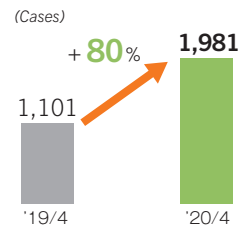
Furthermore, we established Plari Town, Inc., a corporate digital platform operator, in May 2020. Utilizing this company's platform, we will accelerate our corporate digital marketing efforts and deliver a diverse range of financial and non-financial services, including those of external partners, as we advance initiatives for creating new value.



Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic, the Wholesale Business Unit turned its attention to supporting customers in continuing their business activities and providing easy access to funding. To this end, we are conducting financing and other initiatives utilizing the support funds set up through a special operation of the Bank of Japan as well as the systems of credit guarantee companies and municipal governments. We are also flexibly revising financing procedures and assessment processes. Other efforts include enhancing our lineup of online services to offer payment and financing processing services through Internet banking schemes as well as business-matching services and cloud-based electronic contract services. Going forward, we will continue to fight the COVID-19 pandemic so that we can keep providing the services people rely on as a part of social infrastructure. At the same time, we aim to utilize digital technologies in our sales activities to an even greater degree.

Electronic Contract Service Use



Global Business Unit

Global Business Unit

The Global Business Unit supports the global business operations of domestic and overseas customers by leveraging SMBC Group's extensive global network and products and services in which we possess strengths.

Deputy President and Executive Officer
Head of Global Business Unit

Masahiko Oshima

The Global Business Unit faced a difficult business environment over the course of the previous Medium-Term Management Plan due to factors such as US-China trade friction and the United Kingdom's decision to leave the European Union. Amidst such adversity, we carried out various measures which produced steady results, permitting us to maintain upward trends in gross profit and net business profit. Specifically, we further enhanced collaborations between SMBC and SMBC Nikko Securities, advanced asset-turnover-based businesses, and expanded our product line-up in areas where we possess top-tier capabilities, such as aircraft leasing and project finance.

Addressing customer needs will remain at the heart of our operations under the new Medium-Term Management Plan as we leverage SMBC Group's strengths to provide optimal solutions so that we can grow together with customers as a global financial group.

To this end, we will expand our overseas securities businesses and further enhance the competitiveness of products, such as sustainable finance, and combine them with the unique strengths SMBC Group has developed over the years to deliver solutions that are tailor made to address customers' business issues and the issues facing society. This will allow us to shift toward a business model that is not overly dependent on expanding our balance sheet by deepening customers' trust in SMBC Group, accelerating efforts to promote cross-selling and enhance our standing as customers' trusted business partner, and improving our profitability and efficiency.

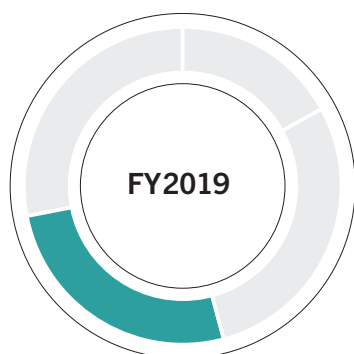
At the same time, we will focus on augmenting our earnings capacity through the expansion of operations in Asia and other growth markets. By deploying our Multi-Franchise Strategy, we aim to incorporate the growth of the Asian market while aggressively pursuing new growth opportunities, such as acquisitions geared toward obtaining new business platforms for the future.

Through such initiatives, we will boost the earnings capacity of both Group companies and investees, generate synergies, and heighten the Group's overall strength. In addition, we will take measures to reinforce business platforms for supporting sustainable growth through means such as reinforcing corporate governance systems, diligently streamlining operational structures, and ensuring the stable procurement of foreign currencies.



Contribution to Consolidated Net Business Profit

¥ **371.2** billion **26** %



	FY2019	Increase (Decrease)* ¹
Gross profit (JPY bn)	667.1	+26.2
Expenses (JPY bn)	350.6	+19.7
(Overhead ratio)	52.6%	+1.0%
Net business profit (JPY bn)	371.2	+3.3
ROE*²	8.1%	(1.6)%
RwA (JPY tn)	21.4	+2.1

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

*² Figures exclude medium- to long-term foreign currency funding costs.

Global Business Unit

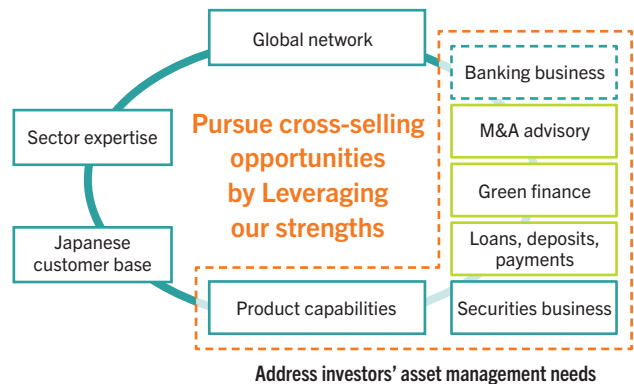
Priority Strategy

1

Initiatives to Improve Profitability

The Global Business Unit is looking to enhance its corporate investment banking business, which merges its banking business with its securities business. To this end, we will fully capitalize on Group strengths, such as our product/sector expertise and global network, in order to bolster our ability to provide integrated, group-wide solutions. Furthermore, we will develop multi-faceted business relationships by addressing customers' business issues, as well as climate change and other social issues, through our expertise in areas such as sustainable finance, M&A advisory, and payment services.

We will also pursue initiatives aimed at improving profitability that do not require us to significantly expand our balance sheet. Efforts to this end will aim to increase efficiency in terms of both capital and assets, for example by adopting a rigorous focus on profitability and strengthening our asset-turnover-based businesses' focus on customers' investment needs.



Improve profitability without overly depending on expanding our balance sheet

Priority Strategy

2

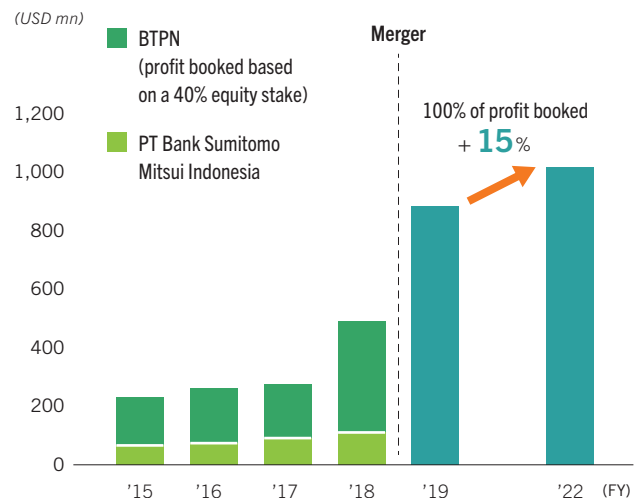
Expansion in Asia, Other Growth Markets, and New Business Areas

Looking to expand its operations in growth markets, the Global Business Unit is directing efforts toward Asia and other new business areas.

In Indonesia, we are strengthening our business foundations and developing financial service franchises centered on PT Bank Tabungan Pensiunan Nasional Tbk ("BTPN"). We will enhance our foundations for medium- to long-term growth by developing relationships with mid-tier companies through intra-Group collaborations, in addition to augmenting our digital banking operations. The Global Business Unit is also expanding operations in countries such as India, the Philippines, and Vietnam, while also engaging in digital technology-related projects in Asia with the aim of capturing the region's growth.

Another area of focus is the acquisition of business platforms in new growth markets, such as asset management.

Gross Profit in Indonesia



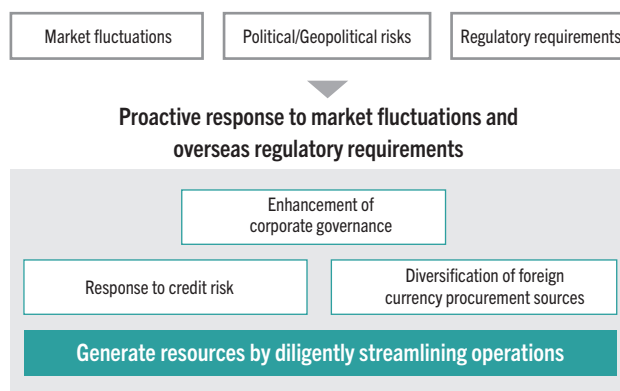
Priority Strategy

3

Establishing Business Foundations That Meet the Needs of a Global Bank

Our global operations are becoming more complex due to the increasing speed at which the environment changes, for example market fluctuations, geopolitical risks, and the heightening expectations of regulatory authorities. To support such operations, the Global Business Unit is prioritizing the allocation of resources to the reinforcement of its corporate governance and risk management systems.

Furthermore, we will continue to diligently streamline our operations by revising business promotion frameworks and consolidating administrative functions so that we may secure resources that can be allocated to priority fields and generate surplus funds that can be invested in new businesses. For foreign currency funding, without which the sustainable growth of our overseas businesses cannot be realized, the focus will be on cost and stability as we diversify procurement sources and enhance the quality of deposits, which includes growing our share of the highly sticky deposits of non-financial firms.



Response to the COVID-19 Pandemic

The Global Business Unit has established a COVID-19 response fund that extends credit at favorable rates in order to support the cash flow needs of customers impacted by the COVID-19 pandemic and to support customers whose businesses contribute to efforts aimed at preventing the virus from further spreading. We are also contributing to the enhancement of the healthcare and education systems of emerging market economies. As one facet of these efforts, we have made donations to the Japan Committee for UNICEF and other public organizations to support the development of healthcare systems and vaccines.

We will devote our utmost efforts to support customers' economic activities by maintaining the scope and quality of our global operations so that we are able to continue addressing their financial needs, regardless of the challenging overseas environment resulting from lockdowns and other factors.



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Global Markets Business Unit

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

Masamichi Koike

The Global Markets Business Unit is committed to analyzing the various phenomena that occur throughout the world based on the “3Is” of insight, imagination, and intelligence in order to forecast the market trends that will emerge in the future. We adopt this approach based on the belief that it will create significant value in our efforts to manage SMBC Group’s investment portfolio and provide solutions to customers as market professionals.

We also position the enhancement of our foreign currency funding capabilities as a priority strategy. We are therefore expanding the range of investors and funding methods we utilize with the goal of providing reliable support for SMBC Group’s overseas operations.

When formulating the new Medium-Term Management Plan, the Global Markets Business Unit instituted a massive restructuring of its organization from a medium- to long-term perspective based on irreversible changes in the operating environment, such as the prolongation of the low interest-rates seen around the world and the advancement of technologies. The goal of this restructuring was to further evolve our risk-taking processes, which represent the unit’s core business, while continuously heightening our ability to provide solutions to customers.

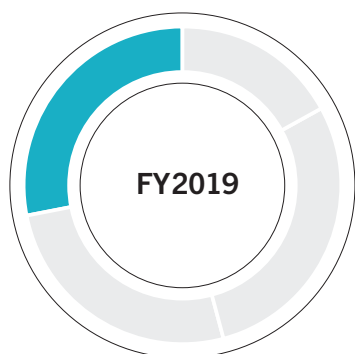
The current market environment is ripe with uncertainty, resulting in a rising sense of opaqueness. In the face of such volatility, we will reevaluate markets from an earnest perspective and, as market risk professionals, exercise our commitment to supplying customers with high levels of value.

Customer needs are becoming increasingly diverse, as indicated by the advancement of the digitalization trend and the growing interest in social issues. We therefore aim to effectively address these diversifying needs and contribute to the growth of customers and SMBC Group.



Contribution to Consolidated Net Business Profit

¥ **398.8** billion **28** %



	FY2019	Increase (Decrease)* ¹
Gross profit (JPY bn)	421.6	+60.6
Expenses (JPY bn)	56.2	+2.6
(Overhead ratio)	13.3%	(1.5)%
Net business profit (JPY bn)	398.8	+59.9
ROE*²	45.9%	+13.3%
RwA (JPY tn)	5.3	+0.4

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

*² Figures exclude IRRBB (Interest-Rate Risk in the Banking Book).

Global Markets Business Unit

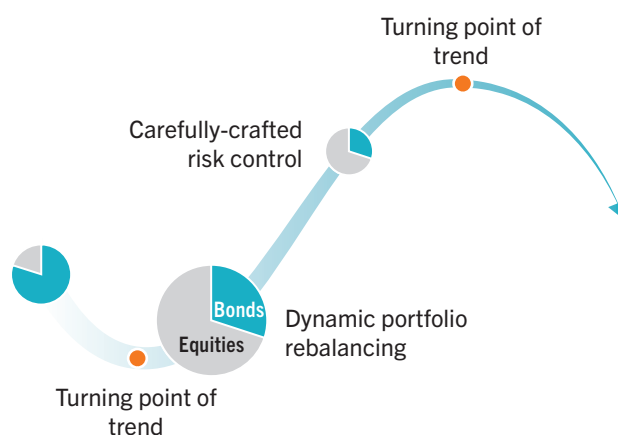
Priority Strategy

1

Flexible Portfolio Management in Response to Market Changes

At the Global Markets Business Unit, we are constantly collecting and analyzing new information to fuel discussions and facilitate the formulation of various scenario projects. We thereby develop the capabilities to forecast the market trend in order to optimize our risk/return ratio. The dynamic and flexible operations of SMBC Group founded on proactive observation of market fluctuations are one of its strengths.

Looking ahead, it can be anticipated that globally low interest rates and technological progress will continue. In this environment, we will continue to manage assets in developed and other countries while exploring new revenue sources through means such as branching out into the bonds of emerging countries and other investment products and employing investment methods that take advantage of technologies.



Priority Strategy

2

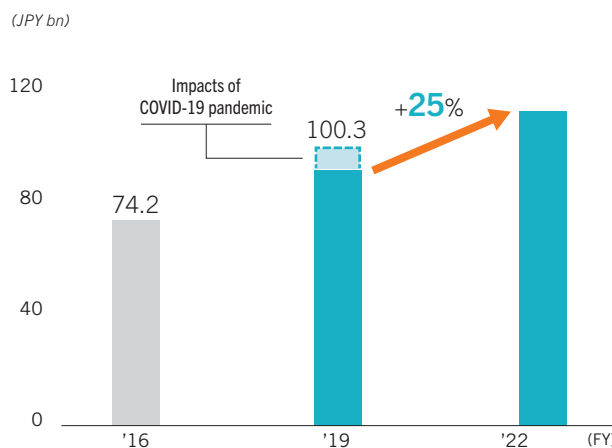
Enhancement of Solutions Provided through Marketable Financial Products

The Global Markets Business Unit is expanding its product lineup and enhancing coordination between domestic and overseas product sales teams in order to respond to customers' risk hedging and investment needs.

In addition to heightening product provision capabilities in response to the diversification and growing sophistication of customer needs, we will focus on offering tailor-made solutions based on risks associated with customer transactions and balance sheets. We will also develop systems for coordinating and providing these solutions on a global basis in the pursuit of further growth.

Meanwhile, the popularization of electronic transactions has created a pressing need for improving platform convenience and pricing capabilities. Accordingly, another focus will be cultivating Quants.

Overseas Sales and Trading Amounts



Strengthening of Foreign Currency Funding Capabilities

We seek to expand our investor base and diversify funding methods. Initiatives toward this purpose have included issuing Japan's first covered bonds along with regular foreign currency bonds and utilizing cross-currency repo transactions*. At the same time, we have been taking advantage of the favorable funding environment to raise funding in a manner that is suited to the market environment through means such as increasing medium- to long-term currency swaps.

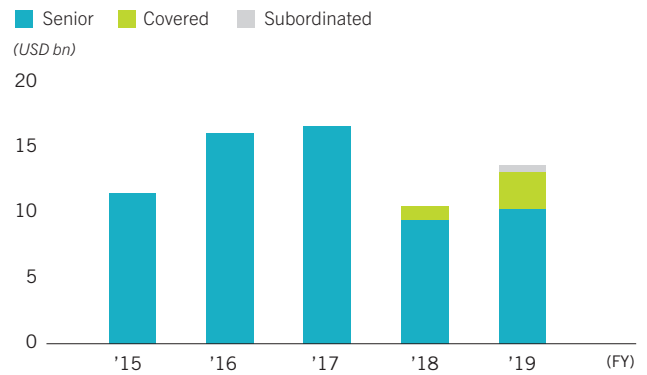
To support the overseas businesses of SMBC Group, we will continue to promote high-quality foreign currency funding emphasizing stability and costs. At the same time, we will appropriately control our balance sheet in response to international financial regulations.

* Cross-currency repo transactions are forms of foreign currency funding backed by government bonds, etc.

Diversification of Funding Sources

First in Japan | Covered bonds

- Aaa rating
- Low funding cost under stressed market



Response to the COVID-19 Pandemic

To support customers amid the COVID-19 pandemic, we are building systems to enable them to perform transactions with peace of mind without fear of missing out on the ideal timing. Specifically, we are proactively utilizing electronic transactions to make it possible for transactions to be performed anywhere. We are also staggering staff and shifts and spreading employees across multiple bases. Securing staff for services that can have a particularly large impact on customers, such as funding and market transactions, is being prioritized.





Corporate Infrastructure Supporting Value Creation

- 064 Corporate Governance
 - 072 SMBC Group Global Advisors
 - 074 Sumitomo Mitsui Financial Group Directors
- 078 Sustainability Management
- 084 Customer-Oriented Initiatives
- 087 Internal Audit
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- 094 Human Resources Strategy
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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
 - Decrease in the number of directors from 17 to 15 and increase in the ratio of outside directors to 47%
- 2020**
 - Appointment of an outside director as the chairman of the Risk Committee

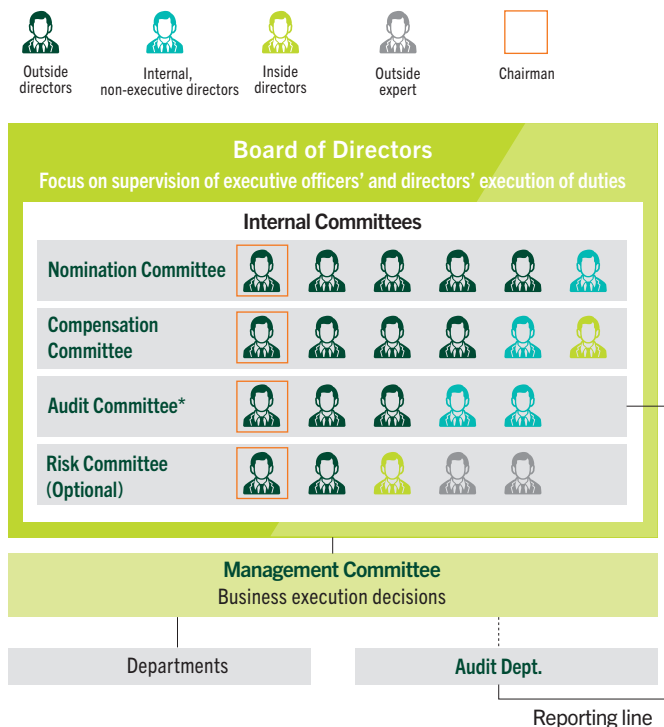
Sumitomo Mitsui Financial Group's Corporate Governance System

In addition to fulfilling our responsibilities to stakeholders, which we consider to be “Our Mission,” SMBC Group has set forth a Vision for our medium- to long-term goals and Five Values as the core values to be shared by all executives and employees, and will seek to make the Vision and Five Values known as guiding principles for the group by all its directors and employees. Also, 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.

Through the implementation of effective corporate governance systems, we aim to prevent scandals and other forms of corporate misconduct while also achieving ongoing growth and medium- to long-term improvements in corporate value. 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.

Corporate Governance System



* The Audit Committee holds the right to consent personal affairs of Chief Audit Executive.

Corporate Governance

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.

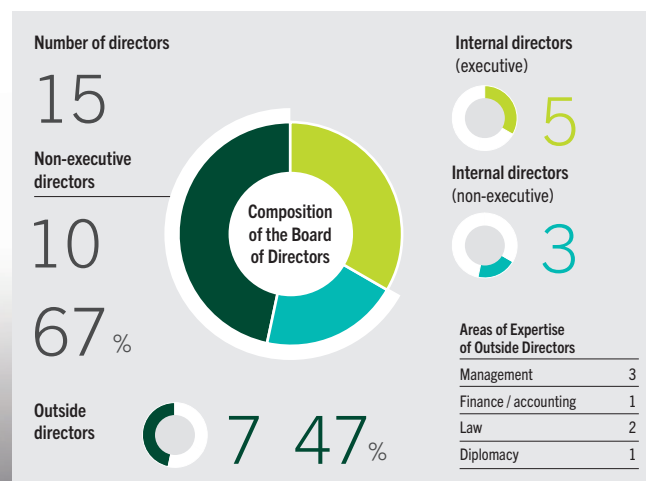
Composition of the Board of Directors

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 26, 2020, 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.



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

		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, 2 outside directors, and 2 outside experts)	
Masayuki Matsumoto	Outside director	●	Attendance at 4/5 meetings			●	Attendance at 15/15 meetings		
Arthur M. Mitchell	Outside director	●	Attendance at 5/5 meetings	●	Attendance at 6/6 meetings				
Shozo Yamazaki	Outside director					●	Attendance at 15/15 meetings	●	Attendance at 4/4 meetings
Masaharu Kohno	Outside director	●	Attendance at 5/5 meetings					●	Attendance at 4/4 meetings
Yoshinobu Tsutsui	Outside director	●	Attendance at 5/5 meetings	●	Attendance at 5/6 meetings				
Katsuyoshi Shinbo	Outside director			●	Attendance at 6/6 meetings	●	Attendance at 15/15 meetings		
Eriko Sakurai	Outside director	●	Attendance at 5/5 meetings	●	Attendance at 6/6 meetings				
Takeshi Kunibe	Chairman of the Board	●	Attendance at 5/5 meetings	●	Attendance at 6/6 meetings				
Jun Ohta	Director President			●	Attendance at 6/6 meetings				
Toru Nakashima	Director Senior Managing Corporate Executive Officer							●	Attendance at 4/4 meetings
Atsuhiko Inoue	Director					●	Attendance at 12/12 meetings		
Toru Mikami	Director					●	Attendance at 15/15 meetings		
Hirohide Yamaguchi ^{*1}	Outside expert							●	Attendance at 4/4 meetings
Tatsuo Yamasaki ^{*2}	Outside expert							●	Attendance at 4/4 meetings

●: Chairman ●: Member

^{*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

Corporate Governance

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 are necessary to supervise management while also providing the opportunities needed to fulfill their roles.

Initiatives to support directors in FY2019 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
- Informal exchanges of opinion with internal officers by area of responsibility
- 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

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. At recent meetings, outside directors engaged in brisk exchanges of opinions aimed at better exercising their functions.

Discussions between Outside Directors and Investors and Analysts

In formulating the Medium-Term Management Plan that began in FY2020, we arranged discussions between outside directors and investors and analysts to enable these directors to receive direct input from the market. At the meetings, in-depth discussions were carried out centered on such high-interest topics as capital measures and the reduction of strategic holdings. This input was used in developing the Medium-Term Management Plan as well as capital measures and strategic holdings reduction plans.

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.



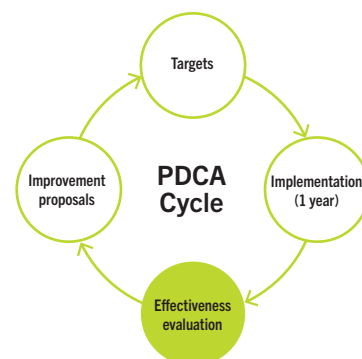
Please see Reference 6 of the "SMFG Corporate Governance Guideline" for more information.

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 FY2019, the evaluation focused on the three 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 2020, 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 Results of Evaluation of the Board of Directors' Effectiveness

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.” In FY2019, the Board of Directors took part in discussions that carefully incorporated the input of outside directors on important themes pertaining to the Medium-Term Management Plan at an early stage in its development.
- 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.
- It is important for the Board of Directors to fulfill its role based on the changes in the operating environment to occur during and after the COVID-19 pandemic and supported by mutual understanding among inside and outside directors.

Proceedings of the Board of Directors and Support Systems for Outside 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 those in the previous fiscal year due to clear identification of priority proposals and swift conclusion of discussions by the chairman of the Board as well as other improvements to proceedings.

- 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. In FY2019, the newly introduced informal exchanges of opinion with internal officers helped foster mutual understanding between outside directors and internal officers and thereby contributed to livelier discussions at meetings of the Board of Directors.
- It is desirable for the Company to continue arranging informal exchanges of opinion between outside directors and internal officers to better utilize the insight of outside directors and contribute to more frank discussions.

Composition of the Board of Directors

- As of March 31, 2020, the Board of Directors consisted of 15 directors, seven of which were outside directors. Accordingly, outside directors represented over 40% of all directors.

Corporate Governance

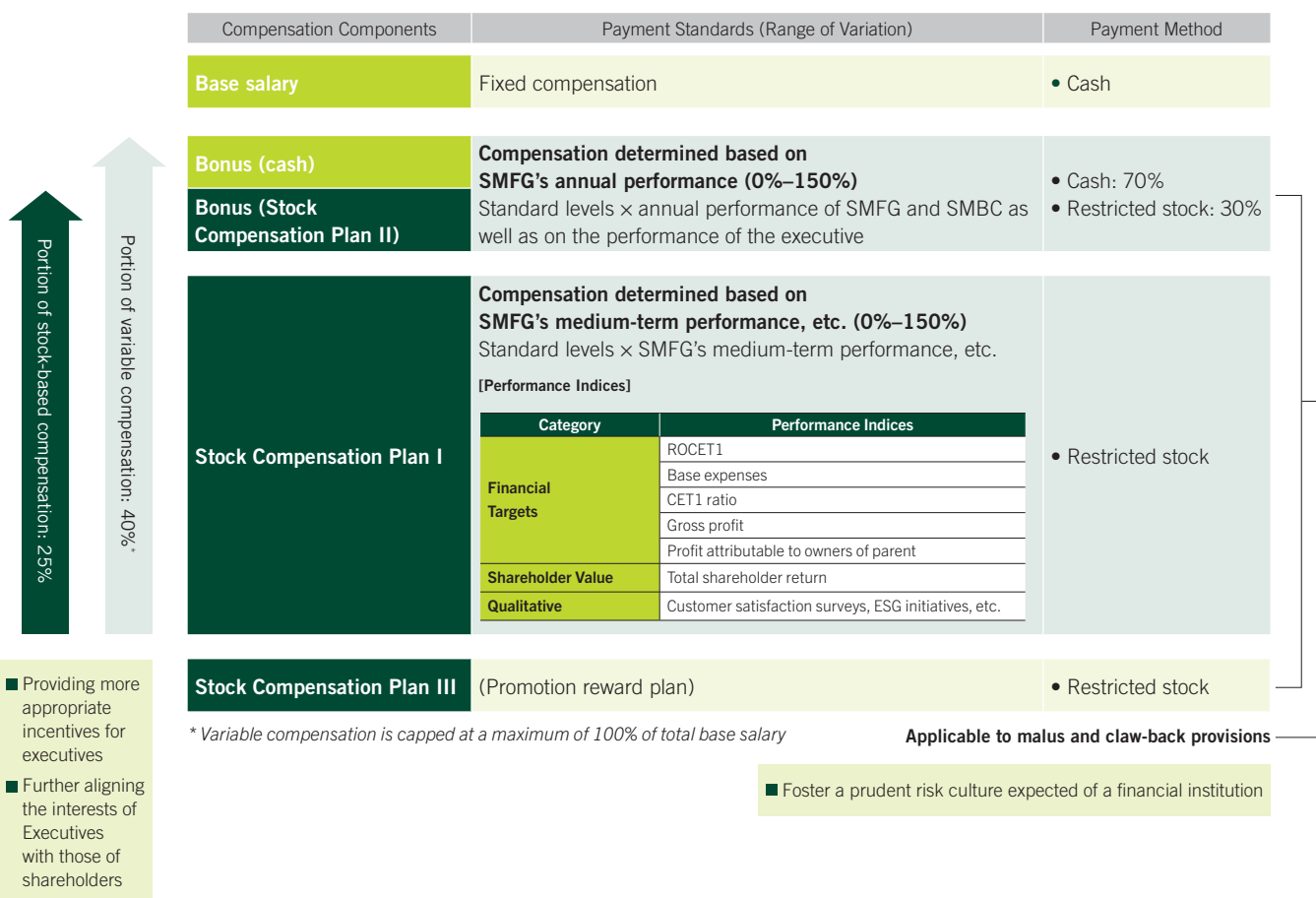
Compensation Program

To facilitate the fulfillment of Our Mission and the realization of Our Vision, SMBC Group’s medium- to long-term vision, we developed compensation program for Directors, Corporate Executive Officers and Executive Officers (the “Executives”) and introduced Stock Compensation Plans as a part of Executives compensation programs, for the purpose of:

- 1 Providing appropriately functioning 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.

Executives 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 Global 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.

Corporate Governance

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 has appointed Global Advisors to provide advice to it on global business and on political and economic issues in the 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 respective regions. Global Advisors also provide regular insight with respect to political and economic issues related to the formulation of strategies and key risks faced by SMBC Group.



At the SMBC Group Global Advisory Meeting in November 2019, five SMBC Group Global Advisors and members of the Management Committee participated in lively discussions regarding the outlook for the business environment and growth strategies that should be recognized when formulating the new Medium-Term Management Plan. In particular, with regard to the business trends in the financial services sector, various opinions were raised concerning sentiments pertaining to recent international financial regulations and what strategies should be implemented in the future.

In addition, discussions were held with outside directors regarding the development of a global governance system. Furthermore, brisk exchanges of opinion took place on topics SMBC Group should consider in its global business, such as how to respond to the U.S.–China trade friction, geopolitical risks, and rapid digitalization.

By proactively utilizing recommendations and advice from SMBC Group Global Advisors, SMBC Group aims to realize its Vision to be “a trusted global solution provider committed to the growth of our customers and advancement of society” through the enhancement of Group management.





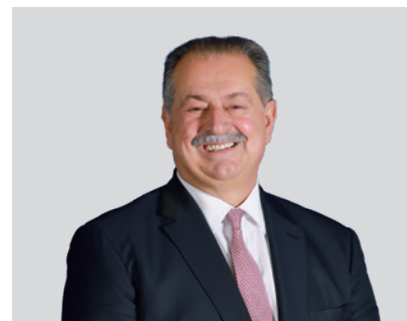
Dr. Andreas Dombret

2010–2018 A member of the Executive Board, Deutsche Bundesbank
2005–2009 Vice Chairman Europe, Bank of America



Dr. Robert D. Hormats

2020–Present Managing Director, Tiedemann Advisors
2013–2020 Vice Chairman, Kissinger Associates



Andrew N. Liveris

2017–2018 Executive Chairman, DowDuPont Inc.
2006–2017 Chairman and CEO, The Dow Chemical Company



Cesar V. Purisima

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

2003–2017 Vice Chairman, Barclays
1996–1999 British Ambassador to Japan



Joseph Yam

2017–Present A member of the Executive Council, Hong Kong SAR
1993–2009 Chief Executive of the Hong Kong Monetary Authority

Corporate Governance

Sumitomo Mitsui Financial Group Directors

(As of June 26, 2020)



Chairman of the Board

Takeshi Kunibe

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)



Director President (Representative Corporate Executive Officer) Group CEO

Jun Ohta

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



Director President of SMBC

Makoto Takashima

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)



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

Haruyuki Nagata

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)



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

Toru Nakashima

1986 Joined Sumitomo Bank
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)



*Director
Director of SMBC*

Atsuhiko Inoue

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)



Director

Toru Mikami

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)



*Director
Representative Director, Chairman of SMBC Nikko*

Yoshihiko Shimizu

1978 Joined Sumitomo Bank
2004 Executive Officer of SMBC
2008 Managing Executive Officer of SMBC
2010 Director and Senior Managing Executive Officer of SMBC
2012 Director and Deputy President of SMBC
2014 Director and Deputy Chairman of SMBC
2015 Resigned as Director of SMBC
2015 Advisor of SMBC Nikko Securities Inc. ("SMBC Nikko")
2015 Representative Director, Deputy President of SMBC Nikko
2016 Representative Director, President & CEO of SMBC Nikko
2020 Representative Director, Chairman of SMBC Nikko (to present)

Corporate Governance

Sumitomo Mitsui Financial Group Directors

(As of June 26, 2020)



*Director
Special Advisor of Central
Japan Railway Company*

Masayuki Matsumoto

- 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



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

Arthur M. Mitchell

- 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)



*Director
Certified public accountant*

Shozo Yamazaki

- 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)



*Director
Former diplomat*

Masaharu Kohno

- 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
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)



*Director
Chairman of Nippon Life Insurance
Company*

Yoshinobu Tsutsui

- 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)



*Director
Attorney at law*

Katsuyoshi Shinbo

- 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



*Director
Chairperson and CEO of
Dow Toray Co., Ltd*

Eriko Sakurai

- 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: Mr. Matsumoto, Mr. Mitchell, Mr. Yamazaki, Mr. Kohno, Mr. Tsutsui, Mr. Shinbo and Ms. Sakurai satisfy the requirements for an "outside director" under the Companies Act.



Please see page 139 for information on SMBC's Board of Directors, Directors, Members of the Audit and Supervisory Committee and Executive Officers.



Sustainability Management

Our Approach

Currently, we are facing various social issues on a global scale, and there is thus a need for a united effort between governments, companies, and people to work toward the realization of a sustainable society.

On this front, SMBC Group has established the Corporate Sustainability Committee, which is chaired by the Group CEO. Under the strong commitment of top management, SMBC Group is promoting sustainability management.

Realizing a Sustainable Society

SMBC Group revised Our Mission to include the statement “We contribute to a sustainable society by addressing environmental and social issues.” This change was made to clearly indicate the Group’s stance toward making even larger contributions to the healthy development of society.

In conjunction with the revision of Our Mission, we established the SMBC Group Statement on Sustainability to indicate our basic stance toward contributing to the realization of a sustainable society along with “SMBC Group GREEN×GLOBE 2030,” a 10-year plan that extends to 2030. This statement and plan will guide us in pursuing sustainability.

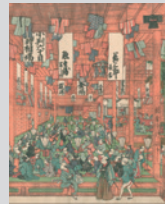
Past

Dedication to Sustainability Seen
in Predecessors of Mitsui and Sumitomo

Inheriting the dedication to sustainability that has been a part of the Mitsui and Sumitomo traditions for 400 years, SMBC Group will contribute to the realization of sustainability based on its three priority issues (materiality), “environment” as a corporate citizen that protects the green earth, as well as on “community” and “next generation” as a member of society.

- Innovation of business practice
- Important developer of financial infrastructure

Predecessor
of Mitsui



Uki-e Suruga-cho gofukuya zu
(Mitsui Bunko Collection)

- Technological innovation in copper smelting
- Afforestation activities for the beautification of mountains

Predecessor
of Sumitomo



Left: Besshi Copper Mine in 1881 (Sumitomo Historical Archives Collection)
Right: Current Besshi Copper Mine (Sumitomo Forestry Co., Ltd. Collection)

SMBC Group Statement on Sustainability

Throughout its 400-year history,
 SMBC Group has continuously upheld its commitment to sustainability.
 We hereby declare that we will drive forward
 our efforts to make sustainability a reality.



Sustainability Management

Environment

Environmental Initiatives

The global environment is an important asset that is shared by all of humanity, regardless of region or age, and a healthy environment is prerequisite to the realization of a sustainable society. SMBC Group is earnestly engaging with climate change and various other environmental issues. By helping resolve such issues through our business, we aim to ensure that we can pass on a healthy environment to future generations.

Sustainable Finance

SMBC Group is committed to the resolution of environmental and social issues through its business. One initiative for addressing financial issues is the provision of green finance specifically designed for environment-related initiatives. We have set the target of investing ¥10 trillion through green finance over the decade leading up to FY2029.

For example, we are helping promote 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, the new Sustainable Business Promotion Department established within the Wholesale Business Unit and the SDGs Finance Department inside of SMBC Nikko Securities' Capital Markets Division are working to address environmental and social issues through finance together with customers.

ESG-Minded Financing Policies

SMBC Group has disclosed financing policies for businesses and sectors with a high risk of significantly impacting the environment or society. Major subsidiaries (SMBC, SMBC Trust Bank, Sumitomo Mitsui Finance and Leasing, and SMBC Nikko Securities) are introducing these policies according to their business.

Going forward, we will continue to engage with customers and various other stakeholders while constantly considering the need to revise our financing policies as necessitated by the operating environment.

Target: Green Finance Amount

¥ **10** trillion (by FY2029)



Tenpoku Wind Farm

Photograph provided by Eurus Energy Holdings Corporation

Businesses and Sectors for Which Policies Have Been Disclosed

- Coal-fired power generation
- Hydroelectric generation
- Oil and gas
- Coal mining
- Tobacco manufacturing
- Natural conservation areas
- Palm oil plantation development
- Deforestation
- Manufacturing of cluster bombs and other weapons of destruction



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

<https://www.smgf.co.jp/english/sustainability/materiality/environment/risk/>

Response to Climate Change (Announcement of Support for TCFD)

SMBC Group announced its support of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2017, and we are performing climate change scenario analyses and working together with customers to address the issues caused by 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. We are planning to release a TCFD report (scheduled for August 2020) while making efforts to enhance our disclosure of information.

Target: **Coal-Fired Power Generation Loans**

Outstanding balance of

¥ **0** (by FY2040)

 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/sustainability/materiality/environment/climate/>

Category		Initiatives
Governance		<ul style="list-style-type: none"> Establishment of Group environmental policies Reflection of climate change response measures in management strategies via the Corporate Sustainability Committee Reports on climate change risks at the Risk Committee, a committee positioned within the Board of Directors, and the Management Committee
Strategy	Physical Risks	<ul style="list-style-type: none"> Analyses of anticipated water damage-associated credit-related expenses to be incurred in SMBC's domestic operations under the Representative Concentration Pathways (RCP) 2.6 scenario (2°C scenario) and RCP 8.5 scenario (4°C scenario); aggregate costs of ¥30.0 billion–¥40.0 billion to be incurred leading up to FY2050
	Transition Risks	<ul style="list-style-type: none"> Analyses of credit-related costs to be incurred in energy, power, and other sectors by SMBC and overseas subsidiaries under the International Energy Agency's Sustainable Development Scenario; increase in annual costs of ¥2.0 billion–¥10.0 billion to be seen leading up to FY2050 Estimated carbon-related asset (power, energy, etc.) exposure ratio: 6.9% of all loans*1
	Opportunities	<ul style="list-style-type: none"> Total financing of renewable energy projects of ¥630.0 billion achieved in FY2019 Issuance of bonds based on the guidelines of the International Capital Market Association and the Ministry of the Environment, Government of Japan
Risk Management		<ul style="list-style-type: none"> Climate change risks positioned among Top Risks and stress test impact analyses conducted Disclosure of financing policies for sectors with high climate change impacts (coal-fired power generation, oil and gas, coal mining, etc.) Assessment of social and environmental risks based on the Equator Principles
Metrics and Targets		<ul style="list-style-type: none"> Total of ¥10 trillion in green financing to be conducted from FY2020 to FY2029 CO₂ emissions volumes of SMBC to be reduced by 30% from FY2018 by FY2029 Outstanding coal-fired thermal power generation loans to be reduced to zero by FY2040 (applicable to project finance*2)

*1 Excludes loans for renewable energy projects to provide a more accurate picture of transition risk exposure

*2 Excludes projects entailing technologies pertaining to carbon recycling and other projects that contribute to the realization of a low-carbon society

Sustainability Management

Social

Community

As people live and the economy advances, communities to form connections between proponents in these areas and thereby encourage mutual support and enable each other to act in peace of mind are needed. SMBC Group continues to contribute to communities and society and to fulfill our social responsibility as an entity that acts as a member of these communities.

GREEN×GLOBE Partners

The various environmental and social issues we face on a global scale are so massive that it is impossible for them to be resolved by one individual person or company. However, if people, companies, government agencies, and academic institutions can team up, united under a shared sense of conviction, we can take effective steps toward the resolution of these issues.

Based on this ambition, SMBC Group established GREEN×GLOBE Partners, a community for encouraging a wider range of people and companies to actively work together to resolve environmental and social issues.

SMBC Group aims to help contribute to resolve social and environmental issues together with customers through initiatives such as broadcasting a variety of meaningful information arising out of its collective insight.



Website screenshot

Contributions to Communities and Societies Impacted by the COVID-19 Pandemic

SMBC Group has declared its intent to donate ¥1.5 billion to various organizations to help realize its desire for every customer, community, and society impacted by the COVID-19 pandemic to be able to go back to living healthily and with peace of mind as quickly as possible. In addition, we instated a matching gift scheme in which donations from Group officers and employees for supporting NPOs combating the pandemic are matched by the Company.

Recipients of these donations will include medical institutions and related organizations fighting to combat the spread of the virus and working to create an effective treatment and organizations helping develop medical systems in emerging nations. In addition, we are conducting donations to support culture and the arts given the difficulty of maintaining operations as groups in this field are forced to refrain from holding events. These donations to culture and the arts are founded on our belief that mental health is important in these uncertain times.

By supporting communities and society as a whole, we aim to help shape an empowered world in which everyone can live with peace of mind.



© UNICEF/UNI329169/ljajah



New Japan Philharmonic

Next Generation

Ensuring the sustainability of our society and economy amid the changing social environment will require the cultivation of human resources who can support society with the necessary knowledge and technologies. SMBC Group is promoting sustainability by fostering the next-generation human resources and industries that will shape the society of the future together with us.

Financial Literacy Education

Capitalizing on its insight and expertise as a comprehensive financial group to contribute to society, SMBC Group is providing financial literacy education. We aim to supply such education to 1.5 million people by FY2029.

SMBC Consumer Finance has been holding PROMISE Financial and Economic Educational Seminars at its 17 Customer Service Plazas nationwide since FY2011. The aggregate number of participants in these seminars surpassed 1 million in FY2019. SMBC Consumer Finance is also expanding the educational programs it provides in response to the diversifying needs of participants. For example, it is coordinating with other Group companies to offer education on cashless payments and wealth management.

By providing financial literacy education to a wide range of age groups, from children to adults, SMBC Group will help build a society in which people can live with peace of mind by acquiring accurate knowledge pertaining to finances.

New Business Support Programs

To support next-generation businesses, SMBC Group is advancing the “Mirai” program. Through this program, we solicit business plans from people aspiring to commercialize some new idea or technology. A wide range of opportunities are provided to individuals whose plans passed the judging process, including business development support from advisors, networking assistance, and financial aid.

By offering such support to start-ups and people looking to launch enterprises, we aim to form ties between companies and investors and thereby stimulate their growth and innovation and contribute to the development of next-generation industries.

By supporting communities and society as a whole, we aim to help shape an empowered world in which everyone can live with peace of mind.

Target:
Financial Literacy Education Program Participants

1.5 million (by FY2029)



Educational materials used in seminars



“Mirai” program pitch contest



Customer-Oriented Initiatives

Our Approach

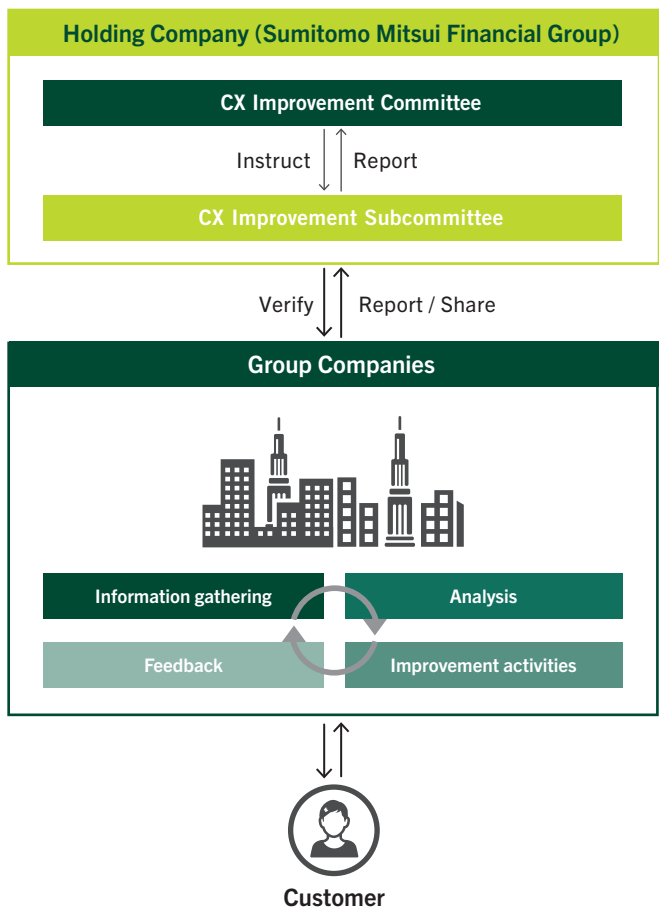
SMBC Group companies are united in their efforts for customer experience (CX) and quality improvement in line with “Our Mission,” which states “We grow and prosper together with our customers, by providing services of greater value to them.”

CX Improvement System

We have established the CX Improvement Subcommittee as well as the CX 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 CX Improvement Subcommittee, where information is exchanged on how to fully entrench a customer-oriented mindset. Meanwhile, the CX Improvement Committee, which shares members with the Group Management Committee, deliberates on concrete measures based on reports from the CX Improvement Subcommittee.

Incorporation of Customer Feedback into Management



Declaration of Compliance with ISO 10002

SMBC, SMBC Nikko Securities, 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

As one part of "Our Mission," it is stated that "We grow and prosper together with our customers, by providing services of greater value to them." Based on the spirit of this mission, we have defined our Five Values, a list of five key words that includes "Customer First" (always think based on a customer-oriented perspective and provide value based on the individual needs of customers), shared by all the executives and employees of SMBC Group.

■ 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 129–130.

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.

Customer-Oriented Initiatives

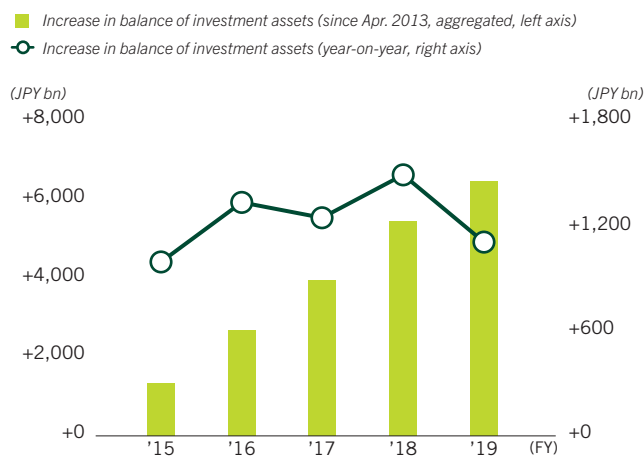
Disclosed Indicators

- 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)

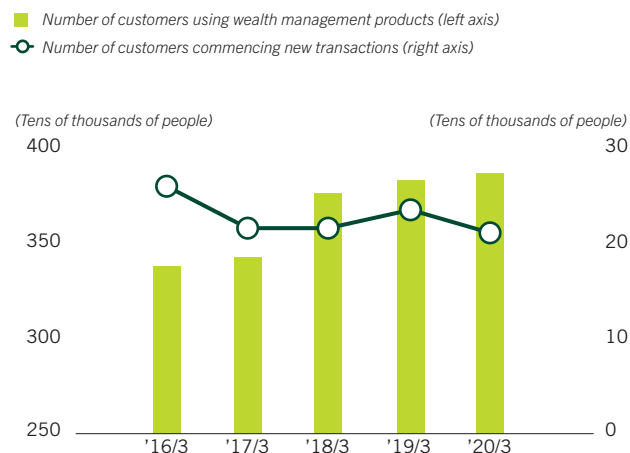
In FY2019, the total balance of investment assets for SMBC, SMBC Nikko Securities, and SMBC Trust Bank continued to grow due in part to the continuation of customer-oriented initiatives focused on medium- to long-term diversified investment.



Note: Figures represent the combined total for the Retail Banking Unit of SMBC and the Retail (Private) of SMBC Nikko Securities.

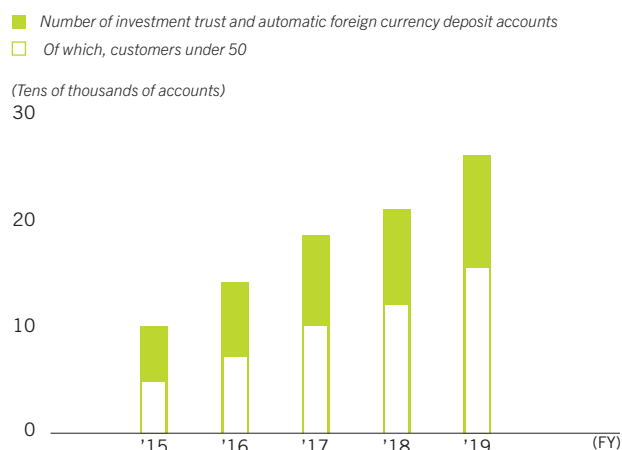
Number of customers using wealth management products (Indicator 2)

We continue to increase the number of customers using wealth management products by working to accurately address customers' needs related to protecting or building assets.



Number of investment trust and automatic foreign currency deposit accounts (Indicator 7)

To respond to the needs of customers seeking to begin acquiring assets, we have been aggressively proposing investment trust products that allow for small-sum investments as well as time-dispersed investments in automatic foreign currency deposits. As a result, steady growth has been achieved in the number of investment trust and automatic foreign currency deposit accounts.



Note: Automatic foreign currency deposit transactions were commenced in April 2015.



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.

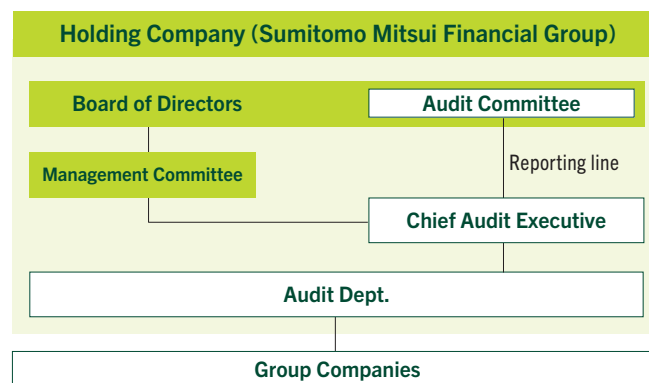
Overview of the Group’s Internal Audit Framework

The Department has been established under the Audit Committee and is independent from business units, compliance unit 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.

Internal Audit Framework



Note: The Audit Committee holds the right to consent personal affairs of Chief Audit Executive.

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)).

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

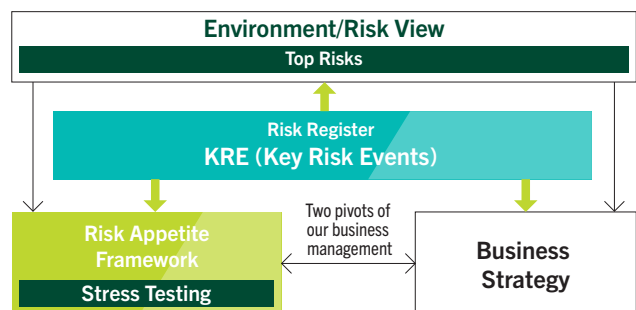
In order for SMBC Group to realize and maintain a sustainable growth in corporate value as a “Top Tier Global Financial Group,” each one of our colleagues should think and judge on their own if their actions meet the expectations and requirements of customers, markets, and other stakeholders, not just 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

Categories			
Soundness	Profitability	Liquidity	Credit
Market	Operational	Conduct ^{*1}	
Established for each category			
Risk Appetite Statement		Risk Appetite Measures	
A qualitative explanation of our approach to risk taking and risk management for various risk categories		Quantitative Risk Appetite Measures that function as benchmarks for risks that we are considering taking and for risk/return	

**1 Conduct Risk: Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interest, and SMBC Group's stakeholders, through acts that violate laws and regulations or social norms.*

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. For example, overall risk capital^{*2} has been selected as an indicator for risk appetite, which displays the soundness of SMBC Group. Overall risk capital is the aggregate of the risk capital amounts for each risk category. Management standards have been set for the upper limit for overall risk capital based on group-wide management constitution. Overall risk capital levels are thus monitored throughout the course of each fiscal year to clearly indicate risk-taking capacity and promote the sound taking of risks.

In addition, specific risk appetite indicators have been set for credit risk, market risk, liquidity risk, and other risk categories to facilitate appropriate management based on a quantitative understanding of risk appetite.

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

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	Volatile financial and economic environment
	Intensification of the international political confrontation
	Decline in Japan's social vitality
	Ideological and religious conflicts
	Pandemics
	Large-scale earthquakes
	Ceased operation of information systems due to cyber attacks
	Climate change
	Industry structure changes stemming from technological progress
	Legal or compliance-related incidents
Materialization of risks impeding implementation of strategies (lack of human resources, etc.)	

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 113 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.

Risk Management

During a fiscal year, we will undertake stress testing on a flexible basis to assess the potential impact on our business and to take the appropriate response in case a serious risk event occurs. For example, stress tests have been conducted with regard to the intensifying trade conflict between the US and China, and the COVID-19 pandemic to verify the soundness of SMBC Group’s capital and confirm the appropriate actions to be taken.

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.

We are also in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As part of our efforts in this regard, we have included climate-related risk^{*3} in our Top Risks, and scenario analyses on physical and transition risks have been conducted to estimate the potential credit-related expenses.

**3 Climate-related risk: Natural disasters resulting from extreme weather (physical risks) and carbon-related stranded assets due to the transition to a low-carbon society (transition risks) and so forth.*

 Please see page 081 for information on our approach to climate change.

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.

Response to the COVID-19 Pandemic

SMBC Group has considered pandemics as one of Top Risks. In response to the COVID-19 pandemic, we quickly recognized the increase in liquidity risk with the framework which we were regularly utilizing to detect a sign of change.

Accordingly, we held Extraordinary ALM committee and closely shared the related information among the relevant divisions. After various verifications, we enacted a policy of meeting the customers funding needs as much as we can.

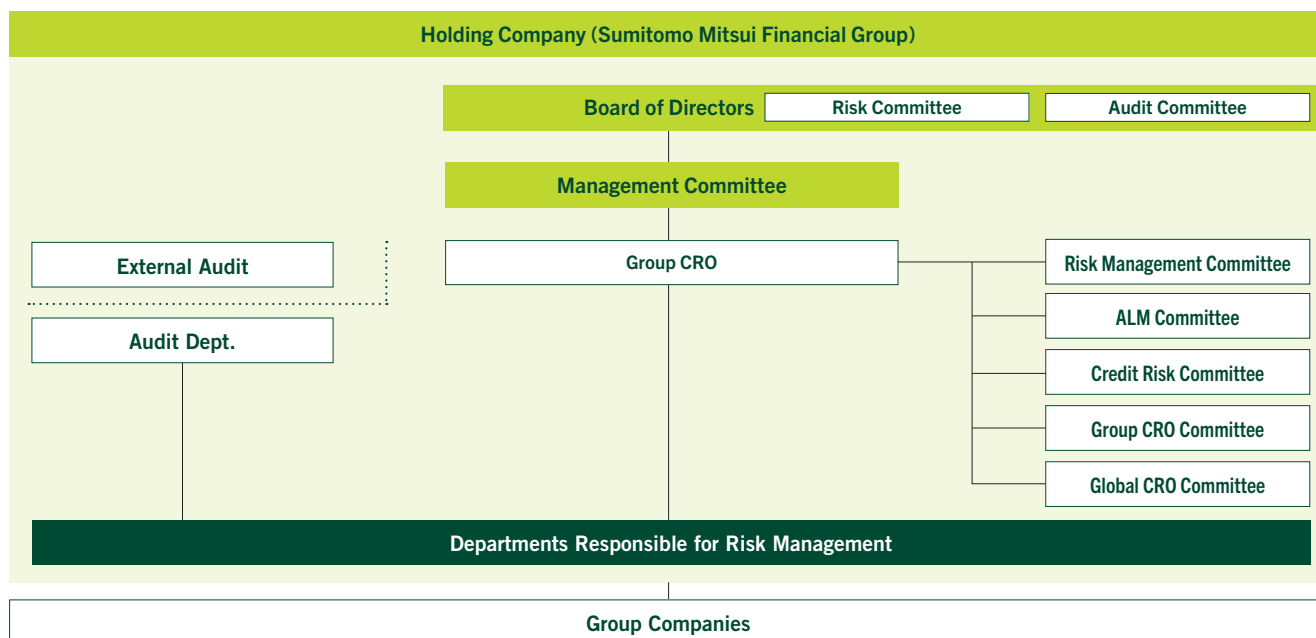
Furthermore, stress testing was used to quantitatively assess the adequacy of capital and liquidity levels based on the potential for the prolongation of the pandemic. It was thereby reaffirmed that the Group is able to guarantee financial soundness even under high-stress circumstances.

Meanwhile, the trend toward teleworking and other changes in workstyles prompted by the pandemic bring with them concern for cyber attack risks. We are combating these risks by strengthening security precautions and implementing measures that thoroughly enforce key information management considerations.

Various measures are carried out after such verifications and countermeasures are discussed by Executive Committee and Risk 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>



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 on a group-wide and global basis. Measures have been put in place to prevent misconduct and quickly detect inappropriate activities that have occurred to implement corrective measures.

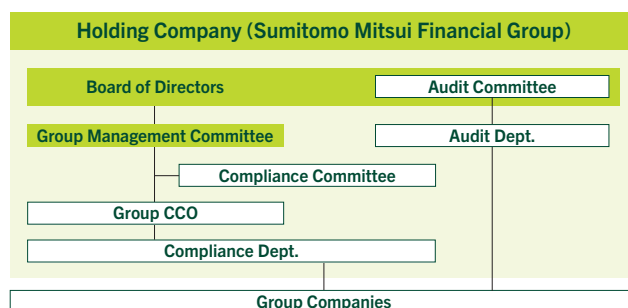
SMBC Group has established the Compliance Committee, which is chaired by the Group CCO responsible for overseeing matters related to compliance. This committee comprehensively examines and discusses SMBC Group's various work processes from the perspective of compliance.

In addition, SMBC Group formulated the Group Compliance Program to provide a concrete action plan for practicing compliance from the perspective of group-based management. 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.

From the perspective of global-based management, compliance departments for major overseas offices have been reorganized within the Compliance Unit, which facilitated to develop an integrated group-based compliance management framework for overseas offices.

Compliance Systems at SMBC Group



Initiatives for Supporting Healthy Risk Taking and Appropriate Risk Management

In order for companies to coexist with society and develop sustainable growth, it is crucial to take an appropriate amount

of risks and to maintain appropriate risk management, including compliance. In particular, financial institutions should emphasize compliance and risk management, considering its public mission and the heaviness of the social responsibility.

Based on this recognition, 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 risk management. Continuous reviews are carried out to improve compliance with these guidelines and to ensure their effectiveness.

Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

SMBC Group recognizes the importance of preventing money laundering and terrorist financing (ML/TF), and therefore, undertake every effort to prevent ourselves and employees, from engaging in, and/or assistance to, the commission of ML/TF.

SMBC Group strictly complies with AML/CFT regulations by establishing a 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 and systems are implemented in accordance with the requirements of the relevant international organizations (e.g., the United Nations and the Financial Action Task Force Recommendations) and the laws/regulations of relevant countries including Japan in which the Group has operations (e.g., U.S. "Office of Foreign Assets Control Regulations").

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.

Furthermore, SMBC is working to improve compliance on a global basis while taking other necessary actions based on the written agreement with the Federal Reserve Bank of New York.

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 antisocial 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.

Anti-Bribery and Corruption

The SMFG Group Policies for Anti-Bribery Compliance and Ethics have been established to prevent business entertainment and the provision or receipt of anything of value that violate laws, regulations or social practices and customs. Group companies have developed frameworks to prevent bribery and corruption based on these policies.



Human Resources Strategy

Our Approach

One overarching social trend is the change in relationship between companies and employees and there are more alterations and diversifications in employees' attitudes toward work.

SMBC Group has approximately 100,000 employees around the world. We aim to improve both employee motivation and corporate productivity in order to effectively implement the Group's management strategies.

We envisage to be a bank with the best talent pool by fostering talent capable of continuous growth and encouraging employees to tackle ambitious challenges.

Human Resources Strategy Underpinning Group Management Strategies

Human Resource Medium-Term Management Plan

To establish a robust platform to realize SMBC Group's medium- to long-term vision, we have established the Human Resource Medium-Term Management Plan, with the following three pillars.

(1) Resource Management

Strategic Allotment of Human Resources across Group Companies and Divisions

(2) Seamless Platform

Realization of True Diversity and Inclusion

(3) Employee Engagement

Measures to Enable All Employees to Fully Exercise Their Potential

(1) Resource Management

Strategic Allotment of Human Resources across Group Companies and Divisions

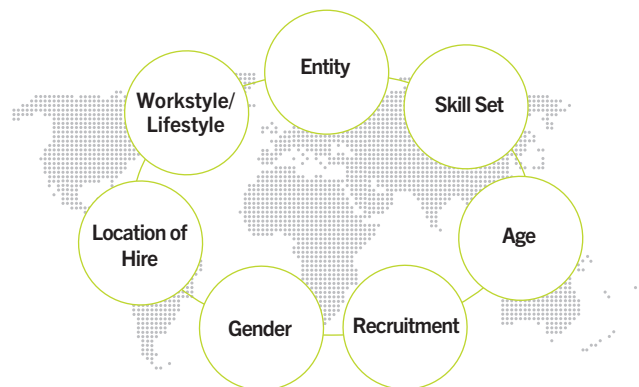
SMBC Group promotes business transformation and the streamlining of its business processes through business model reforms, branch reorganizations, and group-wide integration of operations. At the same time, we will be more proactive in reallocating human resources on a group-wide basis to strategic fields and areas as designated in the seven key strategies of the new Medium-Term Management Plan.

By realizing efficient operations and proactive human resource management across Group companies, we aim to reduce the quantity of work to enable natural attrition of domestic workforce by 6,500 people over the new Medium-Term Management Plan period, an increase from the reduction of 4,900 people achieved in the previous Medium-Term Management Plan.

(2) Seamless Platform

Realization of True Diversity and Inclusion

We aim to alleviate the "seven disparities" to enhance optimal allotment of human resources across Group companies and divisions.



1. Entity Disparity

Group-Wide Human Resources Strategy Based on Business Necessities

SMBC Group is establishing frameworks to accelerate inter-Group company secondments, enhance coordination in recruiting activities, and establish human resource systems to facilitate Group collaborations.

In addition, we intend to cater to business necessities across entities through the use of human resource systems. Such necessities include realization of better coordination between SMBC, SMBC Nikko Securities, and SMBC Trust Bank to promote “SMBC Private Wealth” business targeted for high-net-worth customers, and the integration of head office functions of Sumitomo Mitsui Card Company and SMBC Consumer Finance, both responsible for our payment service business.

2. Skill Set Disparity

Reeducation Opportunities to Support New Challenges

SMBC Group encourages employees to take part in spontaneous learning opportunities, such as voluntary applications and career planning programs, through proactive disclosure of information related to human resource measures.

Furthermore, we are expanding training prior to assuming new positions and enhancing follow-up frameworks to support employees pursuing new challenges across Group companies or divisions, regardless of their current position or employee category.

Revision of HR Management Framework

Amid rising demand for motivation, environments conducive to growth, and social meaningfulness for the Company, we revised our HR Management Framework in January 2020 with the new slogan, “Be a Challenger”. The new framework is intended to enable and encourage our employees to work more energetically and maximize their performance.

HR Management Framework

Fair Integration of employee categories	Challenge Integration of job bands	Chance Enrichment of a lifelong career
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■ Integration of Employee Categories

Employee categories have been integrated to allow employees to assume higher responsibilities based on their ambitions and skills.

■ Integration of Job Bands

Job bands have been integrated to enable fairer evaluations and compensation based on levels of contributions, and to realize early promotions by decoupling them from seniority.

■ Extension of Retirement Age

The retirement age has been extended to 65. Furthermore, the evaluation framework has been revised and the voluntary application system has been expanded to allow employees to tackle diverse challenges on a life-long basis.

3. Age Disparity

Create an Environment which Allows Employees to Tackle Challenges and Succeed, Regardless of Age or Seniority

We envisage to promote individuals to senior positions, such as executive positions at Group companies, regardless of age or length of career, as evidenced in SMBC CLOUDSIGN Inc.’s case where the president assumed the position in his 30s. At the same time, we encourage and support senior employees to contribute continuously, by offering recurrent training and establishing a dual career support system that provides flexible work options for employees older than 60.

4. Recruitment Disparity

Focus on Mid-Career Hiring

As our business domains change, we are enhancing mid-career hiring to acquire talent with diverse skills and backgrounds. In this regard, we have substantially expanded the business areas and positions for mid-career individuals in order to recruit diverse talent including candidates for management positions. Furthermore, we are enhancing support provided to mid-career hires by both the Human Resources Department and the assigned departments, to ensure early settlement and active contributions.

5. Gender Disparity

Enhancement of Diversity at Decision-Making Levels

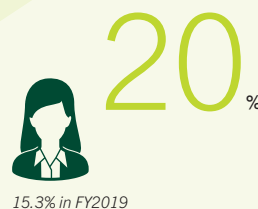
SMBC Group is devoting efforts to fostering female management candidates by increasing hiring of women and offering them strategic career development support shortly after they join the organization. To ensure appointments and promotions are determined based on individuals’ skills and competencies, unconscious bias training has been made compulsory for management and members of the Human Resources Department.

Furthermore, in support of the LGBT community and other sexual minorities, we are offering employee education and supporting the development of networks of sexual minority allies* through aid and donations for external events.

Targets for FY2025

Ratio of female managers

Number of female executive officers



Human Resources Strategy

The Company has also expanded its employee welfare and benefit to include same-sex partners and set up helpdesks to support members of sexual minorities.

** An ally is someone who understands and supports members of the LGBT community and other sexual minorities, despite not belonging to such a group himself/herself, and who makes this stance clear.*

6. Location of Hire Disparity

Establishment of Talent Development and Management Frameworks to Support Growing Overseas Businesses

SMBC Group advances its operations in more than 40 countries and regions worldwide, and these overseas businesses are driving the growth of the Group. To support these businesses, we are developing talent management frameworks to enable optimal assignments and promotions, regardless of their location of hire. Based on the SMBC Global Management Competency model, we established standardized talent review framework. We are also developing a database to enable centralized management of talent information on overseas employees.

For talent development, we offer various training programs for employees from offices around the globe, including leadership training for management-level employees delivered in partnership with The Wharton School of the University of Pennsylvania in the United States. Another area of focus is personnel exchanges, promoted through programs such as the Global Japan Program, under which, employees from overseas offices are assigned to departments in Japan for up to one year. Approximately 1,700 employees have participated in these programs to date.

7. Workstyle and Lifestyle Disparity

Fostering of Workplaces That Allows Diverse Workstyles to Realize Maximum Performance

SMBC Group is enhancing training programs and support frameworks to foster corporate cultures supportive of all employees' willingness to work, regardless of their physical or mental restrictions due to life events (marriage, childcare, nursing care, etc.) or illness or disability.

• Workstyle Reforms

We are actively adopting systems that allow for flexibility in working hours and work locations, such as flextime, staggered working hours, and telework systems. Infrastructure to enable these systems, such as teleworking terminals and satellite offices, is also being put in place.

Furthermore, to prevent excessive working hours, we are introducing monitoring and interval systems to ensure due compliance with relevant laws and improve working

environments. Working hour-related targets have been set for paid leave acquisition rates (target of 85% in FY2025) and for work efficiency through the implementation of robotic process automation.

• Health and Productivity Management

To ensure our employees' physical and mental health, we are maintaining good work environments by offering stress checks, preventive measures for mental health, support for employees returning from long absence, and consultation desks. To enhance health awareness, we also offer reimbursement for expenses associated with quitting smoking and encourage the taking of regular health examinations.

In addition, Group companies have formulated a "Statement on Health Management" and are accelerating their initiatives under the leadership of the Chief Health Officer.

Diversity and Inclusion Initiatives

Workplace Environment Development Aimed at Encouraging Efforts of a Diverse Workforce

SMBC Group is promoting "Diversity and Inclusion" as a growth strategy itself. The Group has formulated its "Diversity and Inclusion Statement" as a core philosophy to promote initiatives to encourage active contributions of a diverse workforce, establishing a work environment that enables all employees to fully exercise their capabilities and skills. Under the new Medium-Term Management Plan, we aim to alleviate the aforementioned seven disparities in order to truly realize the spirit of diversity and inclusion.

To accelerate diversity and inclusion initiatives through a concerted group-wide effort, SMBC Group has established the SMFG Diversity and Inclusion Department, holding regular discussions at meetings of the Board of Directors and the Management Committee. Furthermore, we are regularly hosting the SMFG Diversity and Inclusion Committee, chaired by the Group CEO.



Message on Diversity and Inclusion from the Group CEO
<https://www.smfg.co.jp/english/sustainability/materiality/diversity/top-message/>

Text of Diversity and Inclusion Statement and information on diversity and inclusion promotion system
<https://www.smfg.co.jp/english/sustainability/materiality/diversity/statement/>

(3) Employee Engagement

Measures to Enable All Employees to Fully Exercise Their Potential

1. Talent Development Strategy

SMBC Group has established the SMFG Learning and Development Institute to spearhead its group-wide talent development activities, in addition to developmental initiatives each Group company is advancing based on respective business environments. The Learning and Development Institute implements development programs for cultivating group-wide perspectives and fostering a sense of solidarity. Meanwhile, we are actively implementing joint programs with graduate schools and cross-Group job rotations to develop management candidates. Furthermore, we have established the “Digital University” and are expanding its range of courses to foster planning and development capabilities for transforming businesses with digital technologies.

SMBC, the core subsidiary of SMFG, is advancing the following initiatives.

• Human Resources Vision

SMBC has formulated its Human Resources Vision to serve as a long-term strategy for human resource development amid a volatile competitive climate. It is also shifting from Human Resources Department-driven development models to more business-oriented, self-controlled development models that support the growth of individuals based on self-disciplined tasks. SMBC supports the challenges of its employees, regardless of position or seniority.

• Enhancement of Experiential Learning

SMBC is taking steps to enhance on-the-job training. Such steps include frameworks through which new employees receive guidance from more experienced employees (“anchor” system) along with one-on-one feedback. For management, we offer SMBC Management Review, a multi-source feedback, to enable development through enhanced self-recognition.

• Self-Disciplined Career Support

Voluntary application systems for training, jobs, and posts are provided as frameworks for supporting self-driven career development and to enhance specialized skills. In addition, the annual SMBC Job Forum provides a platform to gain understanding of the business of each department, thereby enhancing the effectiveness of voluntary application systems.

Voluntary application systems are also available for dispatches to domestic and overseas graduate schools and other external educational institutions. Furthermore, SMBC has introduced a system that allows employees to take leave

to attend graduate schools (career planning leave system) and a system that offers financial support for paying tuition fees for employees attending graduate schools or seeking to acquire qualifications while continuing to work normally (career planning support system),

2. Corporate Culture

SMBC Group seeks to foster a sense of emotional safety in its corporate culture that allows employees to be frank and genuine in communication. For this reason, we have a free dress code, enabling employees to wear what they please to work, and encourage employees to refer to each other without titles. In addition, we are examining the possibility of introducing an internal social media service as a digital tool for transmitting information about individuals, management, and organizations to better link people and organizations.

Meanwhile, engagement surveys are instituted to track levels of employee engagement and facilitate self-driven improvements by organizations. Employee awareness surveys are also conducted to develop an understanding of the levels of desire for coordination and solidarity among Group employees. These surveys have found that the average level of satisfaction among employees is at the high level of around 70%.



Engagement survey (wevox)

3. Concentration on Appealing Work

Drastic and continuous improvements to the efficiency of routine tasks are being pursued to heighten productivity and to create an environment that gives rise to appealing work and allows employees to concentrate on performing high-value-added work. In addition to promoting robotic process automation, instituting paperless work practices and drastically revising meeting procedures, we are soliciting and implementing work-streamlining ideas from the perspectives of employees.

Furthermore, competitions in which employees can volunteer to participate and present their ideas are being held at various companies as divisions investigate possible new business models.



IT Strategies

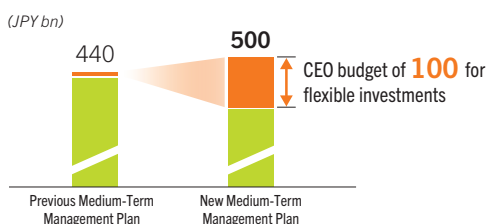
Our Approach

Currently, the operating environment is trending toward hybrid solutions, whether it comes to the maturing domestic market or growing overseas markets, the expansion of opportunities to utilize digital technologies, the reinforcement of security measures, the need for digital innovation and digital transformations, the importance of existing IT fields that now represent a majority of sales, or system ownership and use. In this environment, we will advance IT strategies with a focus on supporting both management and operations.

IT Investment Strategies

Under the new Medium-Term Management Plan, the budget for IT investments was increased to ¥500.0 billion, a rise from the ¥440.0 billion budget under the previous Medium-Term Management Plan, with the aim of fueling future growth. By effectively controlling investments in existing IT areas via efficient management, we will secure a significantly larger budget for strategic investments in areas such as digitalization. Specifically, we have secured a CEO budget of ¥100.0 billion to be used for flexible investments in areas in which the Group CEO expects growth in the future. With this budget, SMBC Group will promote digitalization, reinforce management foundations, and implement business strategies.

Increased IT Investments for Future Growth



Digitalization

The Digital Solution Division has been established to promote business model reforms and the creation of new value for customers through digitalization. In addition, the Digital Strategy Department and the Corporate Digital Solution Department have been set up within the Digital Solution Division. The Digital Strategy Department is responsible for the allocation of digital technology-related budget resources, the drafting and implementation of digitalization strategies, and the development of new businesses. Meanwhile, the Corporate Digital Solution Department is tasked with the co-creation of businesses with major companies and the planning and implementation of digital solutions.

Reformation and Reconstruction of Core Infrastructure Supporting Future Businesses

SMBC Group is developing core infrastructure with an eye toward the next decade based on the three perspectives of flexibility, sustainability, and efficiency with the aim of adapting to the medium- to long-term changes in the business environment and in customer needs.

1 Flexibility	Development of foundations for connectivity with external and internal systems to allow for the adjustment and augmentation of flexible functions
2 Sustainability	Taking of precautions for avoiding development of systems with overly complicated structures and excessive customization
3 Efficiency	Examination of measures for streamlining system structures and standardizing systems within the Group

Development of Human Resources for Supporting Sustainable Growth in a Digital Society

Accelerating digitalization at SMBC Group and contributing to customers and society require all employees, not just those in divisions dedicated to IT, to possess a digital-oriented mindset and basic IT knowledge. At SMBC Group, 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. The Digital University provides training for all employees on digital IT literacy and on IT adoption measures applicable to actual work.

We are also devoted to fostering human resources with specialized skills. For this purpose, 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 Security 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 the 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 cases 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.

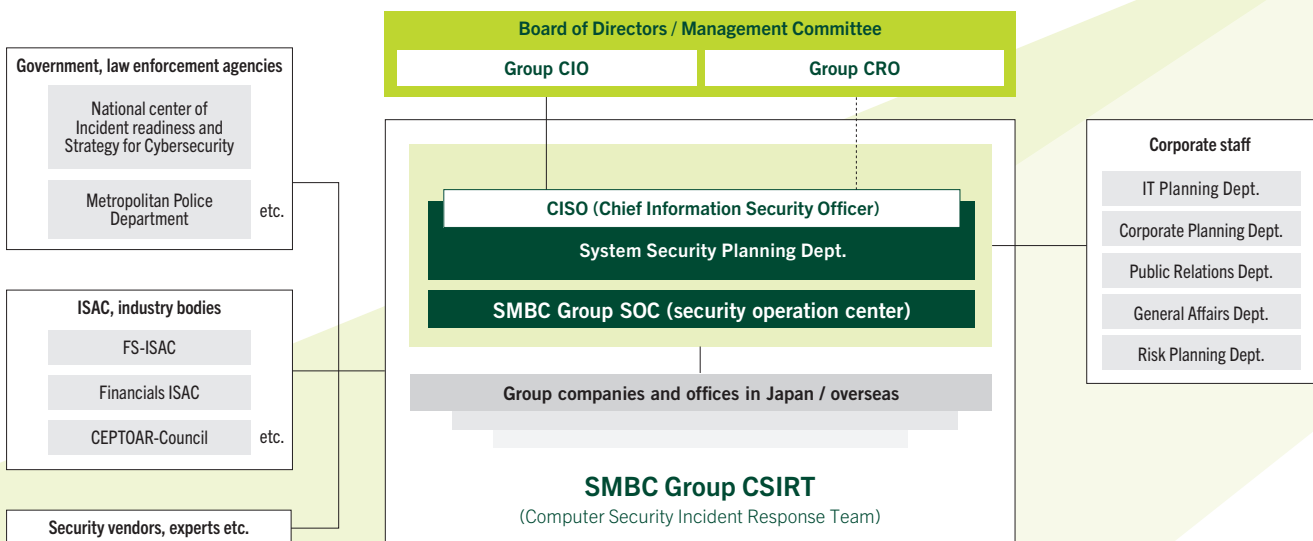
The CSIRT is centered on the System Security Planning Department, which possesses dedicated cyber security functions. To ensure preparedness for cyber incidents, the CSIRT coordinates with national government agencies as well as with the U.S. Financial Services Information Sharing and Analysis Center (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} Financials ISAC Japan (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 the Environment and Society

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 post-disaster restoration activities and clean-up activities in various regions. In addition, employees coordinate with NPOs through pro bono activities to help contribute to the resolution of social issues.



Clean-up activity at Suma Beach in Hyogo Prefecture



Running event aimed at fostering exchanges with the community

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 taking steps to facilitate accurate understanding of our management strategies and financial position through investor meetings after announcements of financial results, conferences, one-on-one meetings, large meetings for individual investors, and other activities. These efforts have been highly evaluated, resulting in the Company winning the 2019 Award for Excellence in Corporate Disclosure (ranked No. 1 in the banking industry) from the Securities Analysts Association of Japan as well as the 2019 Best IR Award from the Japan Investor Relations Association.

Even faced with the COVID-19 pandemic, we endeavored to prevent declines in the quality of disclosure. As one effort for this purpose, the May 2020 investors briefing was conducted in the form of a video presentation by the Group CEO broadcast via the Internet and the question and answer session was carried out via teleconference.



Investors briefing video presentation



Large meeting for individual investors



The 18th Ordinary General Meeting of Shareholders



Award for Excellence in Corporate Disclosure award ceremony

Activities in FY2019

General meeting of shareholders	Participants: 478*
IR meetings for institutional investors and analysts	11 meetings
One-on-one meetings with institutional investors and analysts	308 meetings
Conferences held by securities companies	3 conferences
Large meetings for individual investors	5 meetings

* Including 371 viewers of simultaneous Internet broadcast

Engagement with Employees

Management implements various initiatives to engage with employees and foster mutual understanding.

For example, when formulating the new Medium-Term Management Plan, a number of discussions were held regarding the new business areas to be targeted by SMBC Group. Junior employees from Group companies participated in these discussions, and the ideas and opinions that arose from these discussions were compiled to be used as advice for management. In the end, this input was incorporated into the policies and measures of the new Medium-Term Management Plan.

In addition, SMBC Group companies hold town hall meetings as venues for direct communication between management and frontline employees. In FY2020, these town hall meetings were conducted via video messages from members of management explaining their thoughts regarding management policies and strategies to employees. This precaution was taken out of consideration for the COVID-19 pandemic.

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. Business ideas that have won previous contests have since been transformed into new products and services.



Discussion on formulation of the new Medium-Term Management Plan



Video message to employees (SMBC Nikko Securities)

Financial Review

Principal Financial Data

Consolidated Performance Summary

(Billions of yen)

Year ended March 31	2016	2017	2018	2019	2020
Consolidated gross profit	2,904.0	2,920.7	2,981.1	2,846.2	2,768.6
Net interest income	1,422.9	1,358.6	1,390.2	1,331.4	1,276.6
Net fees and commissions + Trust fees	1,007.5	1,017.1	1,070.5	1,064.6	1,088.1
Net trading income + Net other operating income	473.5	545.0	520.3	450.2	403.9
General and administrative expenses	1,724.8	1,812.4	1,816.2	1,715.1	1,739.6
Overhead ratio	59.4%	62.1%	60.9%	60.3%	62.8%
Equity in gains (losses) of affiliates	(36.2)	24.6	39.0	61.1	56.1
Consolidated net business profit	1,142.9	1,132.9	1,203.8	1,192.3	1,085.0
Total credit cost (gains)	102.8	164.4	94.2	110.3	170.6
SMBC non-consolidated	(3.2)	61.1	(26.7)	(2.2)	49.6
Gains (losses) on stocks	69.0	55.0	118.9	116.3	80.5
Other income (expenses)	(123.9)	(17.6)	(64.5)	(63.1)	(62.8)
Ordinary profit	985.3	1,005.9	1,164.1	1,135.3	932.1
Extraordinary gains (losses)	(5.1)	(26.6)	(55.3)	(11.7)	(43.4)
Income taxes	225.0	171.0	270.5	331.4	167.7
Profit attributable to non-controlling interests	108.4	101.8	104.0	65.5	17.1
Profit attributable to owners of parent	646.7	706.5	734.4	726.7	703.9

Consolidated Balance Sheet Summary

March 31

Total assets	186,585.8	197,791.6	199,049.1	203,659.1	219,863.5
Loans and bills discounted	75,066.1	80,237.3	72,945.9	77,979.2	82,517.6
Securities	25,264.4	24,631.8	25,712.7	24,338.0	27,128.8
Total liabilities	176,138.2	186,557.3	187,436.2	192,207.5	209,078.6
Deposits	110,668.8	117,830.2	116,477.5	122,325.0	127,042.2
Negotiable certificates of deposit	14,250.4	11,880.9	11,220.3	11,165.5	10,180.4
Total net assets	10,447.7	11,234.3	11,612.9	11,451.6	10,784.9
Stockholders' equity	7,454.3	8,119.1	8,637.0	9,054.4	9,354.3
Retained earnings	4,534.5	5,036.8	5,552.6	5,992.2	6,336.3
Accumulated other comprehensive income	1,459.5	1,612.5	1,753.4	1,713.9	1,365.7
Non-controlling interests	1,531.0	1,499.3	1,219.6	678.5	62.9

Financial Indicators

March 31

Total capital ratio (BIS guidelines)	17.02%	16.93%	19.36%	20.76%	18.75%
Tier 1 capital ratio (BIS guidelines)	13.68%	14.07%	16.69%	18.19%	16.63%
Common equity Tier 1 capital ratio (BIS guidelines)	11.81%	12.17%	14.50%	16.37%	15.55%
Dividend per share (Yen)	150	150	170	180	190
Dividend payout ratio	32.7%	29.9%	32.7%	34.6%	37.0%
ROE (on a stockholders' equity basis)	8.9%	9.1%	8.8%	8.2%	7.6%

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

Nikkei Stock Average (Yen)	16,759	18,909	21,454	21,206	18,917
Foreign exchange rate (USD/JPY)	112.62	112.19	106.25	111.00	108.81

Consolidated Performance Summary

Consolidated Net Business Profit

Consolidated gross profit decreased by ¥77.6 billion year-on-year to ¥2,768.6 billion. This decrease was primarily results of the impacts of group reorganizations and the COVID-19 pandemic, which outweighed the increase in gains on sales of bonds with the decline of overseas interest rates.

General and administrative expenses increased by ¥24.6 billion year-on-year to ¥1,739.6 billion, following the continued overseas expenditure.

As a result, consolidated net business profit decreased by ¥107.2 billion year-on-year to ¥1,085.0 billion. Excluding the impacts of reorganizations and the COVID-19 pandemic, it reached the same level as FY2018.

Profit Attributable to Owners of Parent

Total credit cost increased by ¥60.4 billion year-on-year to ¥170.6 billion, due to the absence of gains on reversal of reserves for large obligors recorded in FY2018 and the record of reserve for possible loan losses arising from the COVID-19 pandemic.

As a result, ordinary profit decreased by ¥203.2 billion year-on-year to ¥932.1 billion.

In addition, profit attributable to owners of parent decreased by ¥22.8 billion year-on-year to ¥703.9 billion, because impairment losses on goodwill of SMBC Trust Bank Ltd.'s business, PRESTIA, were recognized, whereas the absence of tax costs at Sumitomo Mitsui Card Company, Limited, which joined in the consolidated corporate-tax system recorded last year, but exceeded the disclosed target of ¥700.0 billion.

Financial Impacts of Group Reorganization*

(Approximations, billions of yen)

Consolidated gross profit	(70.0)	Consolidated net business profit	(61.0)
General and administrative expenses	(16.0)	Non-controlling interests	(7.0)
Equity in gains (losses) of affiliates	(7.0)	Profit attributable to owners of parent	+31.0

* The combined impact of the deconsolidation of Kansai Urban Banking Corporation, THE MINATO BANK, LTD. and Sumitomo Mitsui Finance and Leasing Company, Limited, which are current equity method affiliates; the consolidation of PT Bank Tabungan Pensiunan Nasional Tbk; the conversion of Sumitomo Mitsui Card Company, Limited into a wholly owned subsidiary; the merger of two asset management companies; and the deconsolidation of SMM Auto Finance, Inc.

Impacts from the COVID-19 Pandemic

(Approximations, billions of yen)

Consolidated net business profit	(50.0)
Total credit cost	+40.0
Gains (losses) on stocks	(23.0)
Extraordinary gains (losses)	(40.0)
Profit attributable to owners of parent	(110.0)

Performance of Major Group Companies

(Left: FY2019 performance; Right: Year-on-year comparison)

(Billions of yen)

	SMBC		SMBC Trust	
	FY2019	Change	FY2020	Change
Gross profit	1,412.0	+16.4	49.5	(0.3)
Expenses	808.1	(3.5)	48.6	(3.2)
Net business profit	604.0	+19.9	0.9	+2.8
Net income	317.4	(160.0)*1	(32.8)	(29.0)

	SMBC Nikko*2		SMCC	
	FY2019	Change	FY2020	Change
Gross profit	320.1	(3.0)	420.0	+11.8
Expenses	271.8	(4.3)	328.1	+22.8
Net business profit	48.3	+1.2	92.4	(11.0)
Net income	35.2	+4.1	38.2	+84.9*3

	SMBCCF		SMDAM*5	
	FY2019	Change	FY2020	Change
Gross profit	274.4	+5.9	35.1	+9.3
Expenses	113.9	+3.0	32.0	+14.1
Net business profit	160.5	+2.9	3.1	(4.7)
Net income	90.1	+45.1*4	0.9	(4.3)

	SMFL*6		50%	
	FY2019	Change	FY2020	Change
Gross profit	183.0	(2.5)		
Expenses	84.7	(3.6)		
Net business profit	101.1	+1.9		
Net income	61.2	(18.8)		

Ratio of Ownership by SMFG

*1 Attributable to recording of provision for investment loss for The Bank of East Asia, Limited (approx. ¥120.0 billion)

*2 Excludes profit from overseas equity method affiliates of SMBC Nikko Securities Inc. (consolidated subsidiaries of SMFG)

*3 Due to the absence of tax costs by becoming a wholly owned subsidiary recorded last year

*4 Attributable to an increase in tax effect accounting

*5 Year-on-year comparison excludes FY2018 profit of Daiwa SB Investments Ltd.

*6 Figures are on a managerial accounting basis

Financial Review

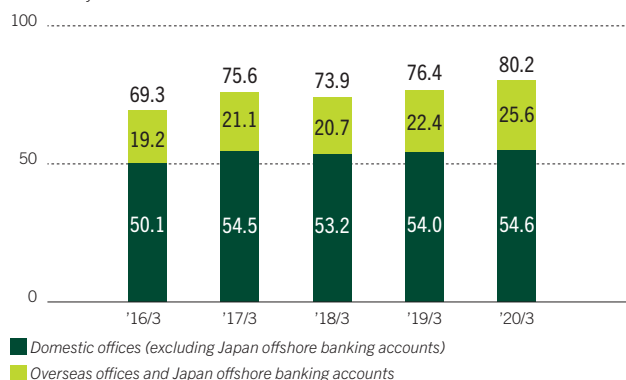
Consolidated Balance Sheet Summary

Loans and Bills Discounted (SMBC non-consolidated)

Loans and bills discounted increased by ¥3,785.6 billion year-on-year to ¥80,187.4 billion due to an increase in overseas loans.

Balance of Loan

(Trillions of yen)

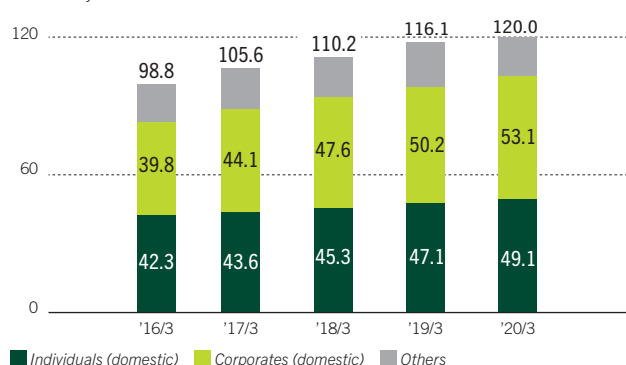


Deposits (SMBC non-consolidated)

Deposits increased by ¥3,882.2 billion year-on-year to ¥119,973.3 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 FY2019, domestic loan-to-deposit spread decreased by 0.03% year-on-year to 0.91% 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 0.01%, and this downward trend appears to be bottoming out.

Domestic Loan-to-Deposit Spread

(%)

	FY2019				FY2018	
	1Q	2Q	3Q	4Q	Yearly average	Yearly average
Interest earned on loans and bills discounted	0.92	0.90	0.90	0.89	0.91	0.94
Interest paid on deposits, etc.	0.00	0.00	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.92	0.90	0.90	0.89	0.91	0.94

Securities

Other securities increased by ¥2,848.7 billion year-on-year to ¥26,649.2 billion due to an increase in the amount of foreign bonds held by SMBC. Net unrealized gains on other securities decreased by ¥429.0 billion year-on-year to ¥1,892.3 billion mainly because of lower stock prices.

Unrealized Gains (Losses) on Other Securities

(Billions of yen)

	Balance		Net unrealized gains (losses)	
	March 31, 2020	YoY	March 31, 2020	YoY
Stocks	2,736.8	(749.8)	1,269.6	(633.4)
Bonds	10,067.4	+1,083.7	21.5	(38.8)
Others	13,845.0	+2,514.8	601.2	+243.2
Total	26,649.2	+2,848.7	1,892.3	(429.0)

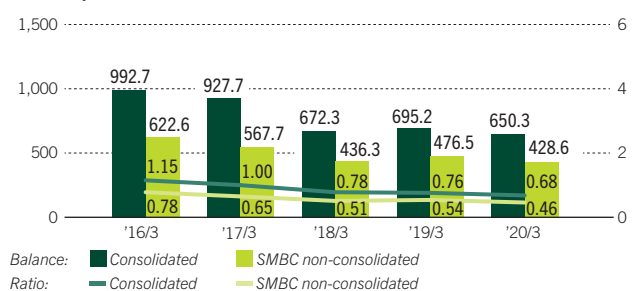
NPLs Based on the Financial Reconstruction Act

The balance of NPLs based on the Financial Reconstruction Act decreased by ¥44.9 billion year-on-year to ¥650.3 billion, and the NPL ratio declined by 0.08% to 0.68%, remaining at a low level.

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

(Billions of yen)

(%)



Capital

Capital

Common equity Tier 1 capital decreased by ¥73.3 billion year-on-year due to a decrease in net unrealized gains on other securities.

Risk-Weighted Assets

Risk-weighted assets increased by ¥2,656.3 billion year-on-year, due to an increase in overseas loans.

Capital Ratio

The common equity Tier 1 capital ratio was 15.55% and the total capital ratio was 18.75%. 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)

	<i>(Billions of yen)</i>		
	2019 (A)	2018 (B)	Increase (decrease) (A-B)
Common equity Tier 1 capital	9,581.3	9,654.5	(73.3)
Additional Tier 1 capital	668.6	1,072.7	(404.1)
Tier 1 capital	10,249.9	10,727.2	(477.3)
Tier 2 capital	1,302.1	1,513.3	(211.2)
Total capital	11,552.0	12,240.5	(688.5)
Risk-weighted assets	61,599.1	58,942.8	+2,656.3
Common equity Tier 1 capital ratio	15.55%	16.37%	(0.82)%
Tier 1 ratio	16.63%	18.19%	(1.56)%
Total capital ratio	18.75%	20.76%	(2.01)%

Leverage Ratio

Leverage ratio	4.31%	4.88%	(0.57)%
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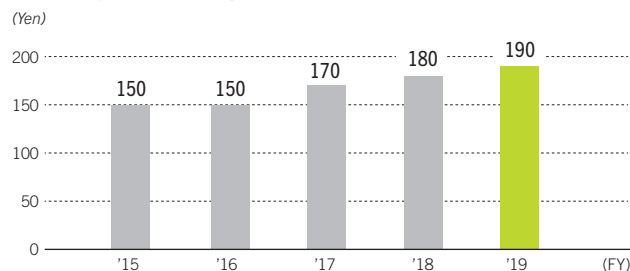
External TLAC Ratio

Risk-weighted asset basis	25.96%	26.90%	(0.94)%
Leverage exposure basis	7.64%	8.19%	(0.55)%

Shareholder Returns

The Company increased the dividend per common share for FY2019 to ¥190, which is ¥10 higher year-on-year and than the original forecast. This increase was mainly due to exceeding the disclosed target for Profit attributable to owners of parent of ¥700.0 billion for FY2019 and taking steps towards achieving a payout ratio of 40% under the new Medium-Term Management Plan.

Ordinary Dividend per Share of Common Stock



Dividend Payout Ratio

32.7%	29.9%	32.7%	34.6%	37.0%
(Reference)				51.2%
Total payout ratio				

SMBC Group Supports the Olympic and Paralympic Games Tokyo 2020.



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, an event for SMBC Group employees and their family members was arranged in Olympic Stadium, which will be a principal venue for Tokyo 2020 Games. SMBC, on a standalone basis, is helping with performances in the Olympic Concert 2020 Premium Sound Series of concerts arranged by the Japanese Olympic Committee. A portion of the revenues from these concerts is being donated to the organizations fostering future athletes in the areas where concerts are held.

SMBC Group remains united in its ongoing commitment to ensuring the success of the Olympic and Paralympic Games Tokyo 2020.

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



SMBC Group employs 20 para-athletes, three of whom joined in FY2020. These athletes take part in sports workshops and join panels in employee training sessions to promote increased recognition regarding Paralympic sports and foster a more inclusive society. In addition, SMBC has sponsored a television program on Japanese para-athletes. SMBC Group para-athletes took part in events arranged by this program, in which they visited schools to give students a chance to experience their sports and promote understanding regarding paralympic sports and people with disabilities.

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

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, 2020)



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.
- We contribute to a sustainable society by addressing environmental and social issues.

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

President: Jun Ohta

Capital: ¥2,339.9 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, 2020)

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

Financial Information

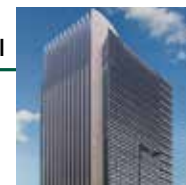
(Consolidated basis, years ended March 31)

	Billions of yen			
	2020	2019	2018	2017
For the Year:				
Ordinary income.....	¥ 5,314.3	¥ 5,735.3	¥ 5,764.1	¥ 5,133.2
Ordinary profit.....	932.0	1,135.3	1,164.1	1,005.8
Profit attributable to owners of parent.....	703.8	726.6	734.3	706.5
At Year-End:				
Net assets	¥ 10,784.9	¥ 11,451.6	¥ 11,612.8	¥ 11,234.2
Total assets	219,863.5	203,659.1	199,049.1	197,791.6



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: 27,957

Number of branches and other business locations:

In Japan:	1,938*
Branches:	515
(Including 47 specialized deposit account branches)	
Sub-branches:	350
Banking agencies:	1
Automated service centers:	1,072
Overseas:	45
Branches:	19
Sub-branches:	22
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.

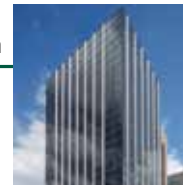
Credit Ratings (as of June 30, 2020)

	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			
	2020	2019	2018	2017
For the Year:				
Ordinary income.....	¥ 3,469.0	¥ 3,369.8	¥ 3,117.0	¥ 3,014.4
Ordinary profit	770.4	894.5	932.7	829.4
Net income.....	517.7	617.4	627.5	543.1
At Year-End:				
Net assets	¥ 8,368.3	¥ 8,986.7	¥ 9,090.4	¥ 8,908.1
Total assets	206,089.6	190,690.2	182,727.4	180,946.6



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.

SMBC Trust Bank is carrying out full-fledged initiatives, including developing joint branches with SMBC and SMBC Nikko Securities, to deliver comprehensive SMBC Group financial services on a one-stop basis.

As a trust bank with strengths in the fields of "foreign currency", "real estate" and "trusts", we provide finely tuned support with tailor-made products and solutions for customer asset management, administration, and asset succession needs for the upcoming era of 100-year life.

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: Kozo Ogino
Number of Employees: 2,112
Number of branches: In Japan: 55
 (Including Internet Branch, and Sub-Branched, and Foreign Exchange Counters)

Financial Information (Years ended March 31)

	Billions of yen			
	2020	2019	2018	2017
For the Year:				
Ordinary income	¥ 61.0	¥ 61.9	¥ 50.6	¥ 39.9
Ordinary profit (loss) ..	1.0	(2.4)	(7.1)	(15.8)
Net income (loss)	(32.7)	(3.7)	(5.7)	(4.1)
At Year-End:				
Total assets	¥3,423.3	¥3,273.6	¥3,064.4	¥2,710.8



Sumitomo Mitsui Finance and Leasing ("SMFL") is a leading Japanese leasing company. SMFL provides financial solutions and services that aid customers in their capital expenditures and sales activities by taking advantage of its abundant experience and past performance results accumulated over the years. In the constantly growing global market, SMFL supports customers' overseas expansion efforts and also develops an unparalleled aircraft leasing business and other transportation field businesses.

Guided by the new Medium-Term Management Plan, which was launched in April 2020, SMFL is developing sophisticated services in response to changes in society while further broadening its business scope. SMFL is also accelerating its initiatives in areas such as green energy, digital technologies, and local communities so as to continue being a chosen business partner for future generations through contributions to the sustainable development of society.

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: 3,357

Credit Ratings (as of June 30, 2020)

	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			
	2020	2019	2018	2017
For the Year:				
Leasing transaction volume	¥2,489.2	¥2,412.2	¥2,185.0	¥2,192.6
Operating revenue	1,513.7	1,502.3	1,622.8	1,420.8
Operating profit	89.4	90.9	96.4	89.0
Ordinary profit	90.3	87.5	97.6	90.4
Profit attributable to owners of parent	61.2	80.0	54.5	50.4
At Year-End:				
Total assets	¥6,378.7	¥5,812.6	¥5,660.6	¥5,601.6



Ever since our foundation in 1918 as Kawashimaya Shoten, SMBC Nikko Securities Inc. has over the past 100 years been supported by many clients and we have grown together with our clients.

Since October 2009, when we joined Sumitomo Mitsui Financial Group, we have been redoubling our efforts to further improve our ability to assist our clients, both individual and corporate clients, and to enhance our capabilities as an integrated securities company.

Our vision remains to grow with our clients and be their trusted advisor. "Share the Future" is our brand slogan and, as a firm of financial professionals, we will strive to act in the best interests of our clients by leveraging our track record of managing diverse risks and delivering innovative financial services.

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: Yuichiro Kondo
(Appointed on April 1, 2020)

Number of Employees: 9,926

Credit Ratings (as of June 30, 2020)

	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			
	2020	2019	2018	2017
For the Year:				
Operating revenue.....	¥ 378.0	¥ 344.6	¥ 376.0	¥ 334.4
Operating income.....	39.0	38.6	84.8	69.0
Ordinary profit.....	42.6	42.1	87.4	70.5
Net income.....	32.1	28.0	57.7	39.4
At Year-End:				
Total assets.....	¥12,090.0	¥10,753.1	¥10,541.4	¥11,536.9



(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: 2,650

Credit Rating (as of June 30, 2020)

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

Financial Information (Years ended March 31)

	Billions of yen			
	2020	2019	2018	2017
For the Year:				
Revenue from credit card operations.....	¥20,527.8	¥18,004.6	¥16,083.3	¥14,507.7
Operating revenue.....	480.8	465.5	436.2	418.6
Operating profit.....	50.5	62.4	54.6	52.3
Ordinary profit.....	50.8	62.7	54.4	52.3
Net income (loss).....	38.2	(46.7)	30.7	46.8
At Year-End:				
Total assets				
Sumitomo Mitsui Card Company.....	¥ 2,257.2	¥ 1,933.3	¥ 1,698.2	¥ 1,500.7
Cedyne.....	¥ 2,052.2	¥ 2,128.7	¥ 2,115.0	¥ 2,112.5
Number of cardholders (in tens of thousands).....	5,042	4,715	4,479	4,238

Notes:

- To reflect the integrated management of Sumitomo Mitsui Card Company and Cedyne, the above figures for revenue from credit card operations, operating revenue, operating profit, ordinary profit, net income (loss), and number of cardholders use internal management figures arrived at through the simple addition of the consolidated figures for both companies. (Consolidated figures for Sumitomo Mitsui Card Company do not include consolidated figures for Cedyne.)
- From FY2018, revenue from credit card operations includes e-money transactions.
- From FY2017, number of cardholders includes the number of debit cardholders.



**CEDYNA
FINANCIAL CORPORATION**

www.smbc-fs.co.jp/

(Japanese only)



Cedyna Financial Corporation was formed in April 2009 through the merger of OMC Card, Inc., Central Finance Co., Ltd., and QUOQ Inc.

Moreover, Cedyna 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, Cedyna 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, installment, and payment solution businesses.

Company Name: Cedyna Financial Corporation

Business Profile: Credit card and installment

Establishment: September 11, 1950

Head Office:

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

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

President and CEO: Naoki Ono

Number of Employees: 3,084

Notes:

1. To reflect the integrated management of Cedyna and Sumitomo Mitsui Card Company, financial information for both companies is displayed in the latter's section on the previous page.
2. Cedyna and SMBC Finance Service Co., Ltd., were merged on July 1, 2020.



**SMBC
CONSUMER FINANCE**

www.smbc-cf.com/english/



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 individual consumers, Promise Co., Ltd., currently known as SMBC Consumer Finance Co., Ltd., has been offering consumer financial services to promptly meet the diverse funding needs of our customers while keeping pace with changing lifestyle patterns by developing safe, convenient personal loan products and building the infrastructure for dealing with customer inquiries and loan applications.

As an expert in the consumer finance business, SMBC Consumer Finance aspires to be the most trusted global consumer finance company by providing consistent and sincere services to our customers.

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

Number of Employees: 2,241

Credit Rating (as of June 30, 2020)

	Long-term	Short-term
R&I	A+	—

Financial Information (Years ended March 31)

	Billions of yen			
	2020	2019	2018	2017
For the Year:				
Operating revenue	¥ 199.8	¥196.4	¥192.2	¥186.2
Operating profit	41.4	23.6	15.4	51.6
Ordinary profit	42.9	32.0	15.7	51.8
Net income	78.6	35.9	8.9	100.8
At Year-End:				
Total assets	¥1,011.3	¥959.9	¥939.3	¥925.8



The Japan Research Institute, Limited (“JRI”) is a comprehensive information services company with IT solutions, consulting, and think-tank functions.

Under the fundamental philosophy of “creating new value for the client,” JRI offers concrete proposals for identifying and resolving issues with a company along with support for enacting those proposals.

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: Katsunori Tanizaki

Number of Employees: 2,665

Financial Information (Years ended March 31)

	Billions of yen			
	2020	2019	2018	2017
For the Year:				
Operating revenue.....	¥143.2	¥138.4	¥136.5	¥132.9
Operating profit.....	2.9	3.6	2.8	2.2
Ordinary profit.....	2.8	3.4	2.5	2.0
Net income.....	0.9	2.6	1.7	1.5
At Year-End:				
Total assets.....	¥100.8	¥104.9	¥103.4	¥103.2



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: 1-17-1 Toranomon, Minato-ku, Tokyo

President and CEO: Takashi Saruta
(Appointed on April 1, 2020)

Number of Employees: 1,008

Financial Information (Years ended March 31)

Sumitomo Mitsui Asset Management

	Billions of yen							
	2020	2019		2018		2017		
		Sumitomo Mitsui Asset Management	Daiwa SB Investments	Sumitomo Mitsui Asset Management	Daiwa SB Investments	Sumitomo Mitsui Asset Management	Daiwa SB Investments	
For the Year:								
Operating revenue.....	¥ 65.5	¥46.9	¥28.7	¥46.5	¥31.5	¥39.1	¥32.5	
Operating profit.....	1.5	6.0	4.4	7.3	6.8	4.5	6.9	
Ordinary profit.....	2.2	6.0	4.5	7.4	6.8	4.6	6.9	
Net income.....	0.6	4.1	2.9	4.9	4.7	3.5	4.8	
At Year-End:								
Total assets.....	¥133.6	¥48.9	¥38.6	¥53.8	¥39.3	¥46.5	¥35.8	



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 123 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, effective competition, public interest, and the SMBC Group's stakeholders through acts that violate laws and regulations or social norms.	Corporate Risk Management Department Compliance Department

Top Risks

Top Risks, risks that threaten to significantly impact management, recognized by SMBC Group are listed in the table below (see page 89 for information on methods of utilizing Top Risks).

Top Risks	
Volatile financial and economic environment	<ul style="list-style-type: none"> • Serious global economic slowdown and accompanying disruption in financial markets
Intensification of the international political confrontation	<ul style="list-style-type: none"> • Slowdown in the global economy following intensification of conflict between the United States and China
Decline in Japan's social vitality	<ul style="list-style-type: none"> • Diminished growth potential in Japanese economy due to population decline, etc.
Ideological and religious conflicts	<ul style="list-style-type: none"> • Increased geopolitical risks associated with tensions in the Korean peninsula and the Middle East, etc.
Pandemics	<ul style="list-style-type: none"> • Impacts on business continuity due to spread of infectious disease among employees
Large-scale earthquakes	<ul style="list-style-type: none"> • Impacts on business continuity due to widespread damage to employees and branches
Ceased operation of information systems due to cyber attacks	<ul style="list-style-type: none"> • Impacts on business continuity due to major system failures
Climate change	<ul style="list-style-type: none"> • Changes in competitive environment for SMBC Group and business partners due to industry structure changes
Industry structure changes stemming from technological progress	<ul style="list-style-type: none"> • Changes in competitive environment for SMBC Group and business partners due to emergence of new technologies, etc.
Legal or compliance-related incidents	<ul style="list-style-type: none"> • Government penalties due to insufficient measures for Anti-Money Laundering/Combating the Financing of Terrorism, etc.
Materialization of risks impeding implementation of strategies (lack of human resources, etc.)	<ul style="list-style-type: none"> • Difficulty securing human resources in strategic fields

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 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 ¥61,599.1 billion as of March 31, 2020, up ¥2,656.3 billion from March 31, 2019. The main factors behind the increase in risk-weighted assets was an increase in our corporate credit exposure.

■ Risk-Weighted Assets as of March 31, 2020

(Trillions of yen)

	March 31, 2019	March 31, 2020	Increase (decrease)
Credit risk	53.0	55.1	+2.1
Market risk	2.3	2.5	+0.2
Operational risk	3.6	3.9	+0.3
Total	58.9	61.5	+2.6

■ Risk Assets of Individual Business Units

(Trillions of yen)

SMBC Group		Individual Business Units	
Credit risk	55.1	Retail Business Unit	12.0
Market risk	2.5	Wholesale Business Unit	17.4
Operational risk	3.9	Global Business Unit	21.4
		Global Markets Business Unit	5.3

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 department in charge, in cooperation with branches, conducts credit risk assessments and manages credit portfolios within each credit department's jurisdiction. 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 Audit and Supervisory Committee 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 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.

■ SMBC's Domestic Obligor Grading System

Obligor Grade	Definition	Borrower Category	Financial Reconstruction Act Based Disclosure Category
1	Very high certainty of debt repayment	Normal Borrowers	Normal Assets
2	High certainty of debt repayment		
3	Satisfactory certainty of debt repayment		
4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment depending on the situation		
5	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 any changes in economic trends or business environment		
6	Currently no problem with debt repayment, but it is highly likely that this could change in cases of significant changes in economic trends or business environment		
7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems (Borrowers Requiring Caution identified as Substandard Borrowers)	Borrowers Requiring Caution Substandard Borrowers	Substandard Loans
8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers	Doubtful Assets
9	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
10	Legally or formally bankrupt	Bankrupt Borrowers	

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 the acceptable level of capital, we set upper limits for overall risk capital based on the risk appetite and portfolio plan of each business unit and monitor credit risk capital as a breakdown of overall risk capital.

(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

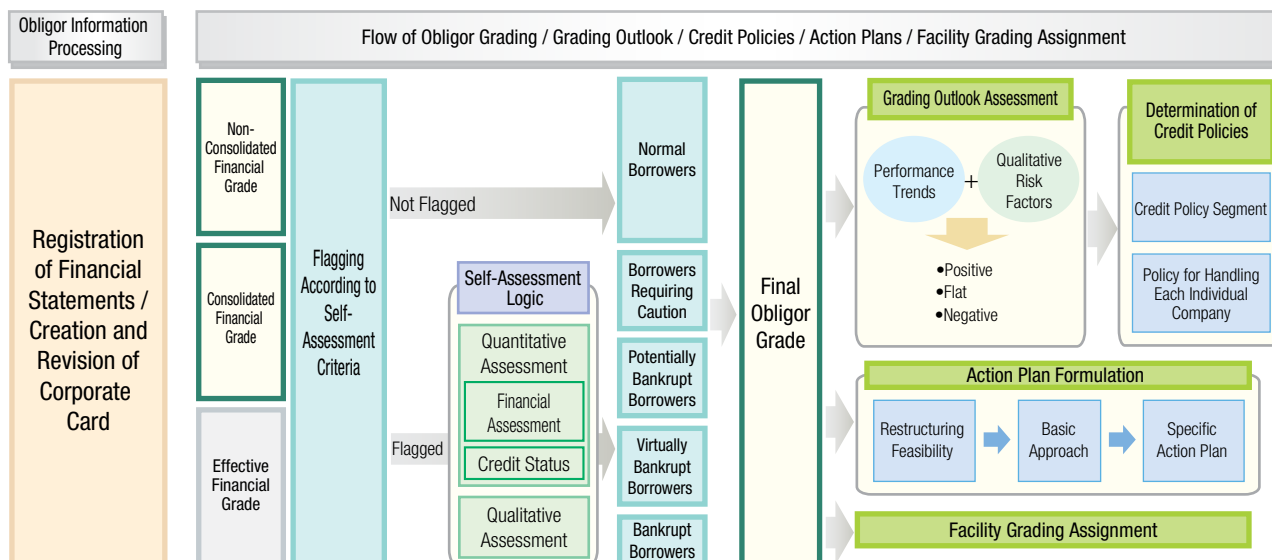
We make active use of credit derivatives, loan asset sales, and other instruments to proactively and flexibly manage its portfolios to stabilize credit risk.

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

SMBC's Credit Monitoring System



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.

Forward-Looking Provisions

SMBC records general reserves in amounts deemed necessary through comprehensive judgments to prepare for future losses in accordance with forecasts for specific portfolios with a high likelihood of occurrence and that cannot be reflected in past performance or in the borrower categories of specific companies based on recent operating environment and risk trends.

(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, 2020, please refer to page 344.

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 controlling amounts of value at risk (VaR), losses, and risk capital based on consideration for the Group's shareholders' equity and other principal indicators of the Group's financial position and management resources and for business policies pertaining to market transactions.

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 2019. 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 2019.

■ VaR for Trading Activities

(Billions of yen)

	Fiscal 2019					March 31, 2019
	March 31, 2020	September 30, 2019	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	16.2	17.7	22.4	13.8	16.7	16.4
Interest rates	12.6	10.2	13.7	9.2	10.6	10.5
Foreign exchange	9.5	6.2	10.6	4.4	6.2	5.1
Equities, commodities, etc.	5.0	7.8	14.1	4.2	7.7	7.7
SMBC (consolidated)	6.4	7.7	10.2	6.2	7.3	6.6
SMBC (non-consolidated)	3.5	2.9	5.7	2.1	3.0	2.5

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

■ VaR for Banking Activities

(Billions of yen)

	Fiscal 2019					March 31, 2019
	March 31, 2020	September 30, 2019	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	50.5	47.1	52.4	36.5	45.1	44.8
Interest rates	46.2	44.1	47.6	33.6	41.5	38.2
Equities, etc.	15.4	18.9	30.2	10.8	20.4	19.8
SMBC (consolidated)	49.6	46.4	51.5	35.6	44.3	43.9
SMBC (non-consolidated)	41.7	39.1	43.7	29.0	37.1	35.8

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 2019 can be found on page 307.

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 2018

There have been no changes in the model from fiscal 2018.

(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.

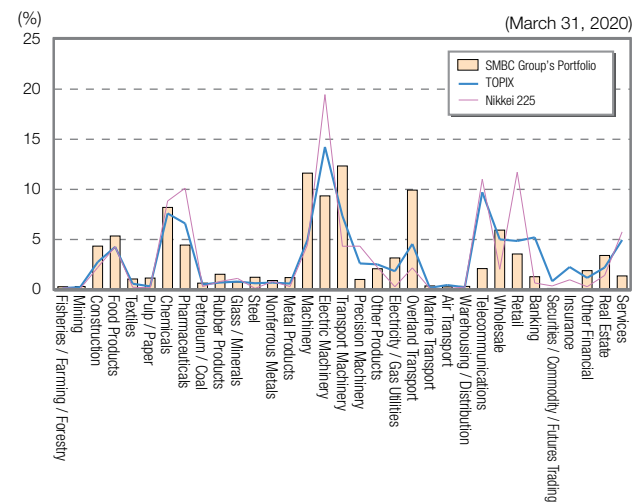
(d) Management of Stocks Held for Strategic Purposes

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 management and monitored on a daily basis.

SMBC Group conducts ongoing measures for mitigating stock price fluctuation risks with the aim of securing the financial base necessary to sufficiently exercise intermediary functions, even under high-stress environments that create substantial declines in stock prices. Specifically, we have been reducing balances of stocks held for strategic purposes based on a five-year reduction plan launched on September 30, 2015. As this plan is expected to be completed, a new five-year reduction plan was launched on March 31, 2020, to promote ongoing reductions. Under this new plan, we will seek to reduce the balance of stocks held for strategic purposes* by ¥300.0 billion.

* Refers to book value of Group holdings of stocks listed in Japan

■ 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, and third party 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

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).	System Security 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.	Compliance 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
Third party risk	The risk of loss arising from damage due to negative incidents caused by third parties who have business relationship with SMBC Group.	Corporate Risk Management Department

mitigation plans will be developed and the implementation status of such risk mitigation plans will be monitored by the Corporate Risk Management Department. Furthermore, operational risks are quantified and quantitatively managed by utilizing the collected internal loss data and scenarios.

Regular reports are issued to the Group CRO on internal loss data, KRI, scenario risk severity information, and the status of risk mitigation to ensure the effectiveness of risk management measures. 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.

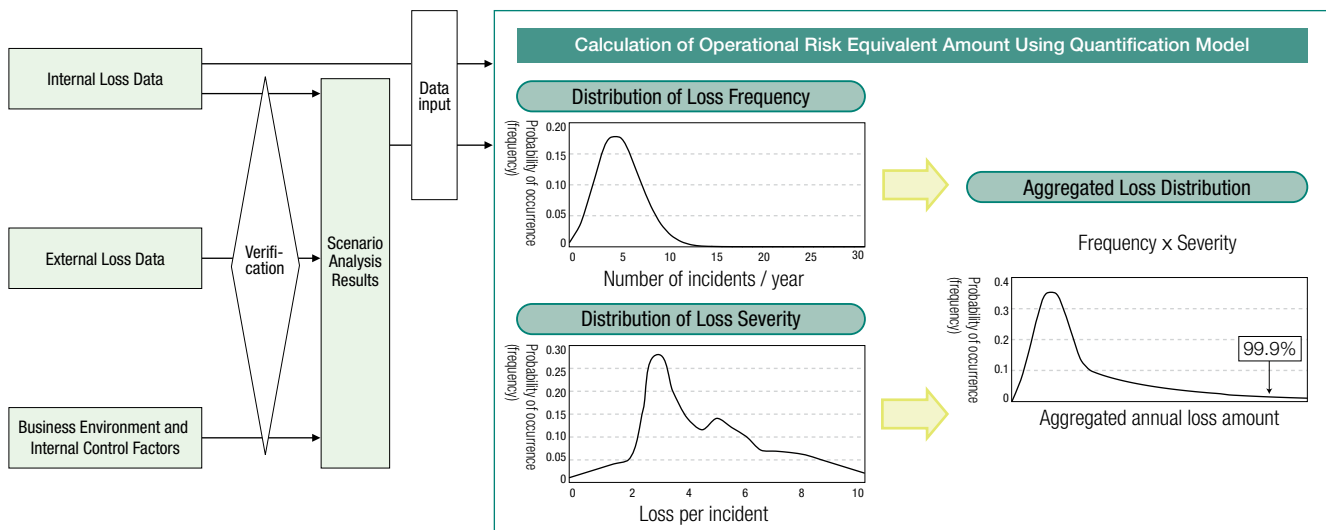
Specifically, a model to which internal loss data and scenario analysis results are input has been introduced to calculate the operational risk equivalent amount and risk asset amounts. In addition, steps are taken to ensure the objectivity, accuracy, and comprehensiveness of scenario evaluations by 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 of the seven event types set forth by the Basel Capital Accord and of tangible asset damages arising from earthquakes. However, in

Basic Framework of Operational Risk Measurement



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 and compiling threat-specific contingency plans based on assessment results. To ensure preparedness for a wide range of cyber attacks, we are augmenting 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. We will continue to reinforce response measures to cyber risks going forward, with specific plans including drills to prepare for instances of multiple simultaneous attacks.

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 have been prepared with regard to items requiring compliance at the time of introduction, technology-specific risks, and items for periodic monitoring. By entrenching an emphasis on security throughout the organization, we are working 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. In addition, we are preparing for unforeseeable circumstances through the creation of contingency plans and the implementation of system failure drills. 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.

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

Conduct Risk

1. Basic Approach to Conduct Risk Management

(1) Definition of Conduct Risk

Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interests, and the SMBC Group's stakeholders, through acts that violate laws and regulations or social norms.

(2) Fundamental Principles of Conduct Risk Management

SMBC Group's fundamental stance is that its business is not to negatively affect customers, market integrity, effective competition, public interests, and stakeholders. Efforts are being made to improve group-wide conduct risk management. Focuses of these efforts include preemptively identifying phenomena with the potential to cause significant deterioration in the trust of the Group and preventing the materialization of serious management risks by being keenly responsive to environmental changes.

2. Conduct Risk Management System

Based on the group-wide basic policies for risk management, SMBC Group has developed a conduct risk management system. The Management Committee makes decisions on basic policies for conduct risk management, and these decisions are authorized by the Board of Directors. In addition, the Corporate Risk Management

Department and the Compliance Department oversee the overall management of conduct risks and promote basic conduct risk management policies, frameworks, and measures. In addition, these bodies report on circumstances pertaining to conduct risk management to the Audit Committee and Risk Committee and discuss these circumstances to ensure the effectiveness of conduct risk management. Furthermore, the Internal Audit Unit verifies and evaluates the conduct risk management system.

3. Conduct Risk Management Methodology

SMBC Group mitigates and controls conduct risk by having business units identify and assess the major risks present in their business and establish measures for controlling these risks using the risk register framework. Meanwhile, risk management departments verify the appropriateness of the risks identified and assessed by business units and their control measures based on the KRE and KRI. Through this process of verification, these departments maintain close communication with business units with regard to matters such as the need to add risks or revisit assessments while checking and monitoring activities in order to improve the effectiveness of conduct risk management efforts.

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
<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 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.

Designated Dispute Resolution Agencies
<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

As one part of "Our Mission," it is stated that "We grow and prosper together with our customers, by providing services of greater value to them." Based on the spirit of this mission, we have defined our Five Values, a list of five key words that includes "Customer First" (always think based on a customer-oriented perspective and provide value based on the individual needs of customers), shared by all the executives and employees of SMBC Group. SMBC Group continues to push forward with various initiatives to actualize these values.

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 recurrence 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 Experience (CX) 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 CX 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 CX 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

Through the Area Corporate Office, SMBC provides services to mid-sized corporations and SME clients. The Area Corporate Office has in place a system for providing specialized services utilizing the networks of SMBC Group companies to address customers' funding needs, wide-ranging financial needs, and management issues. We are also supporting customers' business continuity through funding assistance via means such as setting up a special fund specifically for mid-sized corporations and SME clients impacted by the COVID-19 pandemic.

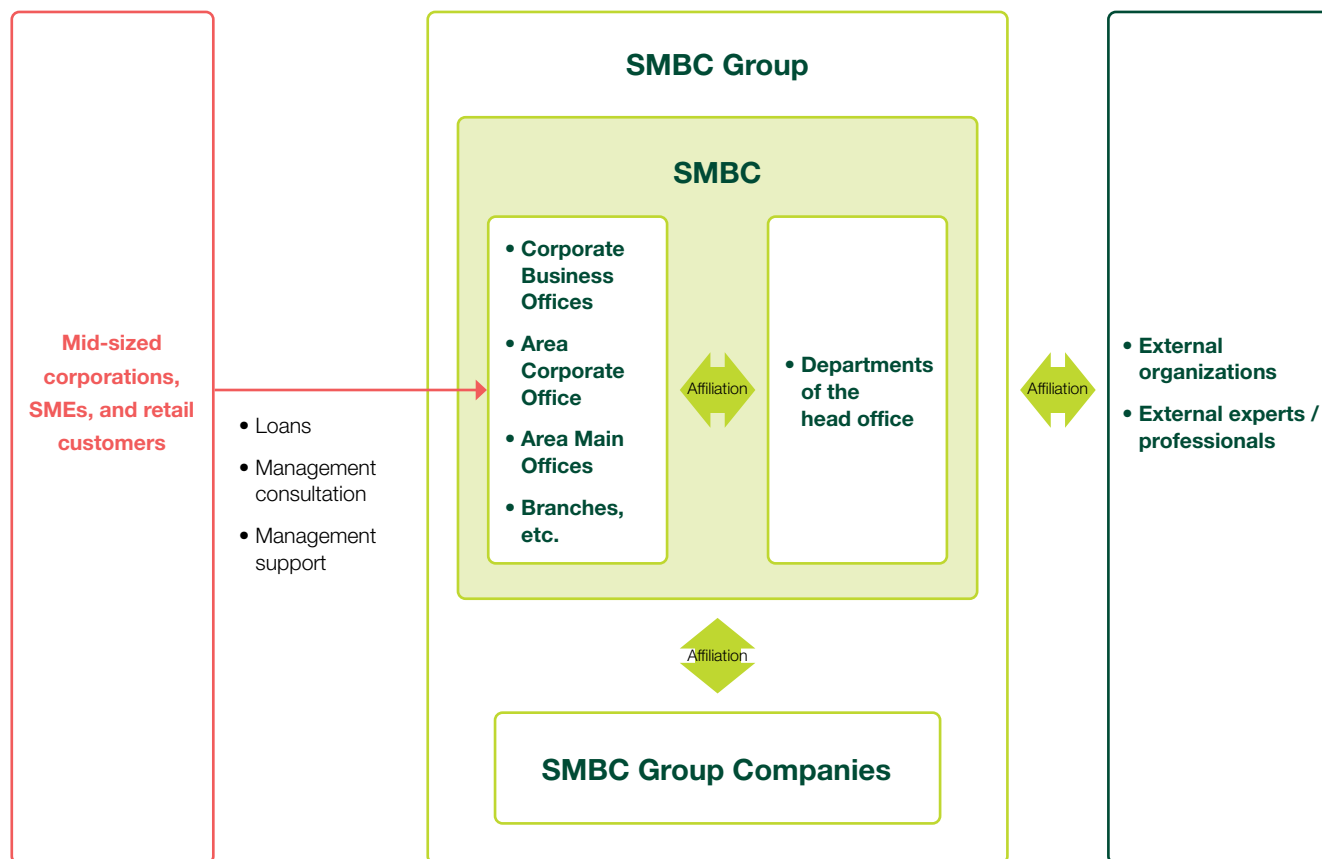
Going forward, we will continue to fulfill our social responsibility as a financial institution by providing support based on the customer's standpoint.

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 and support for using prefectural financing systems in Japan through collaboration with local credit guarantee corporations, enabling it to meet the funding needs of customers impacted by the COVID-19 pandemic.

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 or have been impacted by the COVID-19 pandemic, 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 second phase.

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 domestic and overseas tourists, promote tourism by utilizing historic cultural heritage sites, accomplish the United Nations Sustainable Development Goals, 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	2018	2019	2020
Number of employees ¹	27,935	27,154	26,457
Male	12,989	12,471	12,021
Percentage of total	46.50%	45.93%	45.44%
Female	14,946	14,683	14,436
Percentage of total	53.50%	54.07%	54.56%
Average age	37 yrs 1 mos.	37 yrs 5 mos.	37 yrs 9 mos.
Male	40 yrs 5 mos.	40 yrs 4 mos.	40 yrs 3 mos.
Female	34 yrs 2 mos.	34 yrs 10 mos.	35 yrs 8 mos.
Average years of service	13 yrs 1 mos.	13 yrs 6 mos.	13 yrs 11 mos.
Male	15 yrs 10 mos.	15 yrs 11 mos.	16 yrs 0 mos.
Female	10 yrs 9 mos.	11 yrs 4 mos.	12 yrs 1 mos.
Number of women in managerial positions ²	696	804	824
Ratio of employees with disabilities (% of total) ³	2.38%	2.47%	2.65%

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

³ As of March 1 of respective years

April 1	2018	2019	2020
Number of new hires	803	667	622
Number of newly employed female graduates	372	269	201
Ratio of newly employed females to total new employees	46.3%	40.3%	32.3%

Fiscal	2017	2018	2019
Number of employees taking parental leave <Men taking such leave>	2,217 <223>	2,370 <316>	2,948 <838>
Number of career hires	32	16	25

◆ SMBC Trust Bank

March 31	2018	2019	2020
Number of employees ¹	1,937	1,985	2,084
Male	907	948	987
Percentage of total	46.82%	47.76%	47.36%
Female	1,030	1,037	1,097
Percentage of total	53.18%	52.24%	52.64%
Average age	42 yrs 5 mos.	44 yrs 7 mos.	44 yrs 3 mos.
Male	44 yrs 4 mos.	46 yrs 11 mos.	46 yrs 3 mos.
Female	40 yrs 9 mos.	41 yrs 4 mos.	42 yrs 5 mos.
Average years of service	9 yrs 1 mos.	7 yrs 3 mos.	9 yrs 0 mos.
Male	8 yrs 6 mos.	6 yrs 3 mos.	7 yrs 9 mos.
Female	9 yrs 7 mos.	8 yrs 2 mos.	10 yrs 1 mos.
Number of women in managerial positions	90	95	84
Ratio of employees with disabilities (% of total) ²	1.96%	2.51%	2.31%

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, 2020.

April 1	2018	2019	2020
Number of new hires	54	44	52
Number of newly employed female graduates	28	18	16
Ratio of newly employed females to total new employees	51.9%	40.9%	30.8%

Fiscal	2017	2018	2019
Number of employees taking parental leave <Men taking such leave>	94 <1>	95 <33>	117 <25>
Number of career hires	35	28	25

◆ Sumitomo Mitsui Finance and Leasing

March 31	2018	2019	2020
Number of employees ¹	1,683	2,434	2,448
Male	1,072	1,581	1,590
Percentage of total	63.70%	64.95%	64.95%
Female	611	853	858
Percentage of total	36.30%	35.05%	35.05%
Average age	40 yrs 6 mos.	40 yrs 7 mos.	42 yrs 2 mos.
Male	42 yrs 5 mos.	42 yrs 8 mos.	43 yrs 8 mos.
Female	37 yrs 1 mos.	37 yrs 2 mos.	39 yrs 2 mos.
Average years of service	15 yrs 0 mos.	15 yrs 0 mos.	15 yrs 0 mos.
Male	16 yrs 10 mos.	16 yrs 11 mos.	16 yrs 3 mos.
Female	11 yrs 11 mos.	11 yrs 10 mos.	12 yrs 6 mos.
Number of women in managerial positions ²	19	36	38
Ratio of employees with disabilities (% of total) ³	2.18%	2.05%	1.80%

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	2018	2019	2020
Number of new hires	56	76	81
Number of newly employed female graduates	28	43	33
Ratio of newly employed females to total new employees ⁴	50.0%	56.6%	40.7%

Fiscal	2017	2018	2019
Number of employees taking parental leave <Men taking such leave>	69 <35>	44 <17>	48 <9>
Number of career hires	7	16	18

◆ SMBC Nikko Securities

March 31	2018	2019	2020
Number of employees ¹	10,678	10,394	10,187
Male	6,579	6,411	6,330
Percentage of total	61.61%	61.68%	62.14%
Female	4,099	3,983	3,857
Percentage of total	38.39%	38.32%	37.86%
Average age	40 yrs 0 mos.	40 yrs 7 mos.	41 yrs 4 mos.
Male	41 yrs 4 mos.	41 yrs 9 mos.	42 yrs 5 mos.
Female	37 yrs 11 mos.	38 yrs 8 mos.	39 yrs 7 mos.
Average years of service ²	11 yrs 10 mos.	12 yrs 6 mos.	13 yrs 3 mos.
Male	12 yrs 1 mos.	12 yrs 8 mos.	13 yrs 4 mos.
Female	11 yrs 5 mos.	12 yrs 3 mos.	13 yrs 2 mos.
Number of women in managerial positions	166	171	178
Ratio of employees with disabilities (% of total) ³	2.16%	2.38%	2.49%

¹ Excluding employees seconded to other companies, executive officers, part-time employees, dispatched employees, locally hired employees (LH) at overseas branches

² 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.

³ As of March 31 of respective years

April 1	2018	2019	2020
Number of new hires	354	325	341
Number of newly employed female graduates	133	114	118
Ratio of newly employed females to total new employees	37.6%	35.1%	34.6%

Fiscal	2017	2018	2019
Number of employees taking parental leave <Men taking such leave>	399 <62>	409 <64>	446 <101>
Number of career hires	89	59	56

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

◆ Sumitomo Mitsui Card

March 31	2018	2019	2020
Number of employees ¹	2,482	2,495	2,533
Male	1,151	1,141	1,159
Percentage of total	46.37%	45.73%	45.76%
Female	1,331	1,354	1,374
Percentage of total	53.63%	54.27%	54.24%
Average age	39 yrs 0 mos.	39 yrs 6 mos.	39 yrs 11 mos.
Male	41 yrs 0 mos.	41 yrs 5 mos.	41 yrs 9 mos.
Female	37 yrs 4 mos.	37 yrs 10 mos.	38 yrs 4 mos.
Average years of service	14 yrs 8 mos.	15 yrs 0 mos.	15 yrs 3 mos.
Male	15 yrs 11 mos.	16 yrs 2 mos.	16 yrs 3 mos.
Female	13 yrs 8 mos.	14 yrs 0 mos.	14 yrs 5 mos.
Number of women in managerial positions ²	5	17	23
Ratio of employees with disabilities (% of total) ³	2.32%	2.45%	2.68%

*1 The number of full-time employees. This excludes directors, consultants, advisors, part-time employees, specialist contract employees, and affiliated company employees (including employees seconded from other companies and organizations).

*2 Retroactive revisions have been made to previous fiscal years due to change in definition. Total of number of managers ranked section manager or above (division managers, group managers, and area work L rank managers)

*3 Computed based on single month of March

April 1	2018	2019	2020
Number of new hires	69	54	78
Number of newly employed female graduates	42	28	36
Ratio of newly employed females to total new employees	60.9%	51.9%	46.2%

Fiscal	2017	2018	2019
Number of employees taking parental leave	187	202	218
<Men taking such leave>	<29>	<33>	<36>
Number of career hires	22	16	48

◆ Cedynd

March 31	2018	2019	2020
Number of employees ¹	3,425	3,349	3,252
Male	1,971	1,897	1,820
Percentage of total	57.55%	56.64%	55.97%
Female	1,454	1,452	1,432
Percentage of total	42.45%	43.36%	44.03%
Average age	42 yrs 8 mos.	43 yrs 0 mos.	43 yrs 5 mos.
Male	44 yrs 10 mos.	45 yrs 2 mos.	45 yrs 6 mos.
Female	39 yrs 7 mos.	40 yrs 2 mos.	40 yrs 11 mos.
Average years of service	18 yrs 2 mos.	18 yrs 6 mos.	19 yrs 0 mos.
Male	20 yrs 6 mos.	20 yrs 9 mos.	21 yrs 1 mos.
Female	15 yrs 1 mos.	15 yrs 7 mos.	16 yrs 3 mos.
Number of women in managerial positions	75	88	94
Ratio of employees with disabilities (% of total) ²	2.39%	2.32%	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	2018	2019	2020
Number of new hires	60	51	53
Number of newly employed female graduates	38	25	32
Ratio of newly employed females to total new employees	63.3%	49.0%	60.4%

Fiscal	2017	2018	2019
Number of employees taking parental leave ³	136	180	135
<Men taking such leave>	<3>	<32>	<35>
Number of career hires	0	0	0

*3 Including employees on short-term childcare leave.

Note: Cedynd Financial Corporation and SMBC Finance Service Co., Ltd., were merged on July 1, 2020.

◆ SMBC Consumer Finance

March 31	2018	2019	2020
Number of employees ¹	2,134	2,263	2,475
Male	1,386	1,425	1,454
Percentage of total	64.95%	62.97%	58.75%
Female	748	838	1,021
Percentage of total	35.05%	37.03%	41.25%
Average age	41 yrs 0 mos.	41 yrs 2 mos.	41 yrs 8 mos.
Male	42 yrs 7 mos.	42 yrs 8 mos.	43 yrs 1 mos.
Female	38 yrs 1 mos.	38 yrs 8 mos.	39 yrs 7 mos.
Average years of service	16 yrs 8 mos.	16 yrs 4 mos.	16 yrs 1 mos.
Male	18 yrs 7 mos.	18 yrs 1 mos.	18 yrs 1 mos.
Female	13 yrs 3 mos.	13 yrs 6 mos.	13 yrs 2 mos.
Number of women in managerial positions	112	118	126
Ratio of employees with disabilities (% of total) ²	2.32%	2.43%	3.00%

*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 As of March 31 of respective years

April 1	2018	2019	2020
Number of new hires	55	48	57
Number of newly employed female graduates	24	24	37
Ratio of newly employed females to total new employees	43.6%	50.0%	64.9%

Fiscal	2017	2018	2019
Number of employees taking parental leave ³	59	58	85
<Men taking such leave>	<3>	<3>	<7>
Number of career hires	1	1	0

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

◆ Japan Research Institute

March 31	2018	2019	2020
Number of employees ¹	2,357	2,427	2,510
Male	1,710	1,773	1,841
Percentage of total	72.55%	73.05%	73.35%
Female	647	654	669
Percentage of total	27.45%	26.95%	26.65%
Average age	40 yrs 6 mos.	40 yrs 9 mos.	41 yrs 1 mos.
Male	41 yrs 4 mos.	41 yrs 6 mos.	41 yrs 8 mos.
Female	38 yrs 6 mos.	38 yrs 10 mos.	39 yrs 3 mos.
Average years of service	12 yrs 6 mos.	12 yrs 8 mos.	12 yrs 10 mos.
Male	12 yrs 10 mos.	13 yrs 1 mos.	13 yrs 3 mos.
Female	11 yrs 7 mos.	11 yrs 10 mos.	11 yrs 8 mos.
Ratio of employees with disabilities (% of total) ²	2.40%	2.27%	2.23%

*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 As of March 31 of respective years

April 1	2018	2019	2020
Number of new hires	105	110	119
Number of newly employed female graduates ³	32	30	35
Ratio of newly employed females to total new employees	30.5%	27.3%	29.4%

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

Fiscal	2017	2018	2019
Number of employees taking parental leave	64	75	84
<Men taking such leave>	<21>	<30>	<35>
Number of career hires ⁴	33	46	60

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

◆ Sumitomo Mitsui DS Asset Management

March 31	2018	2019	2020
Number of employees ^{*1}	551	552	845
Male	388	386	614
Percentage of total	70.42%	69.93%	72.66%
Female	163	166	231
Percentage of total	29.58%	30.07%	27.34%
Average age	44 yrs 1 mos.	44 yrs 7 mos.	45 yrs 11 mos.
Male	45 yrs 10 mos.	46 yrs 3 mos.	47 yrs 5 mos.
Female	39 yrs 10 mos.	40 yrs 6 mos.	42 yrs 0 mos.
Average years of service	8 yrs 5 mos.	9 yrs 3 mos.	15 yrs 3 mos.
Male	8 yrs 10 mos.	9 yrs 9 mos.	16 yrs 6 mos.
Female	7 yrs 5 mos.	8 yrs 2 mos.	11 yrs 8 mos.
Number of women in managerial positions	10	9	11

*1 The number of full-time employees. This excludes directors, dispatched employees, and locally hired employees at overseas branches.

Note: Figures for March 31, 2018 and 2019, include those for the former Sumitomo Mitsui Asset Management Company, Limited.

April 1	2018	2019	2020
Number of new hires	11	15	12
Number of newly employed female graduates	5	6	6
Ratio of newly employed females to total new employees	45.5%	40.0%	50.0%

Note: Figures for April 2018 and April 2019 include those for the former Sumitomo Mitsui Asset Management Company, Limited.

Fiscal	2017	2018	2019
Number of employees taking parental leave	11	10	19
<Men taking such leave>	<1>	<0>	<8>
Number of career hires	32	15	2

Note: Figures for fiscal 2017 and fiscal 2018 include those for the former Sumitomo Mitsui Asset Management Company, Limited.

Note: In April 2019, Sumitomo Mitsui DS Asset Management Company, Limited, was formed through the merger of Sumitomo Mitsui Asset Management Company, Limited, and Daiwa SB Investments Ltd.



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) Applicable for caring for sick children as well as for school events and other reasons	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 • Primary Work Location Registration system • Work Location of Choice system • Childcare subsidies • Leave for nursing care • Shorter working hours allowed for nursing care • Nursing care leave system • Career design leave system 	<ul style="list-style-type: none"> • System for rehiring former employees • Special leave for childbirth • Carryover leave (infertility treatment) • Half day leave • Flexibility in the work place • Telework • Staggered working hours • Dual-Career Support system for side work
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 March 31 of the 6th grade (10 days per annum per child; 20 days for two or more children)	Employees can work shortened hours equivalent to working a minimum of 6 hours per day 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"> • Flextime system • Flexibility in the work place • Paternity leave (3 days) • Leave for nursing care 	<ul style="list-style-type: none"> • 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"> • Work relocations • System for rehiring former employees • Short-term childcare leave • Leave for nursing care • Shorter working hours allowed for nursing care • Half day leave 	<ul style="list-style-type: none"> • Staggered working hours • Nursing care leave system • Flextime system • Flexibility in the work place • Life support leave system
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 	<ul style="list-style-type: none"> • Childcare subsidies • Work-from-Home Policy • Half-day paid leave • Hourly paid leave • Amortized Holiday Reserving Policy • Side business • Long-Term Self Development Leave Policy a.k.a. "Challenge Leave" • Three-day and four-day workweeks
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 childbirth • Childcare subsidies • Nursing care leave, days off for nursing care 	<ul style="list-style-type: none"> • Shorter working hours for nursing care • Rehiring former employees • Telework • Flextime system • Health-purpose or anniversary leave
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"> • Work relocations • Staggered working hours • Half-day paid leave • Special leave for childbirth • Maternity leave • Maternity work system 	<ul style="list-style-type: none"> • Short-term childcare leave • Leave for nursing care • Shorter working hours allowed for nursing care • Nursing care and sick child care leave system (by the hour) • System for rehiring former employees
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)	Employees can choose to work 6, 6.5, 7, or 7.5 hours a day until March 31 of 6th grade	Until the entry into junior high school	Until the entry into junior high school	<ul style="list-style-type: none"> • Area-limited employment system • 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 for supporting return-to-work after childcare leave 	<ul style="list-style-type: none"> • Childcare leave (2 days) • School-visiting day (2 days a year) • Rehiring of former employees who quit for childcare or care-giving reasons • Paternity leave (3 days) • Rollover of unused paid vacation • 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 	<ul style="list-style-type: none"> • Days off for nursing care • Special leave for childbirth • Paid leave for initial 15 days of childcare • Half day leave • Leave system for receiving treatment while working • Career design leave system
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 • Annual leave in half-day increments • Telecommuting • Leave for nursing care • Shorter working hours allowed for nursing care • Lifestyle enriching leave • Paid leave for initial 15 days of childcare 	<ul style="list-style-type: none"> • Annual leave in hour increments • Flextime system • Daycare subsidies • Celebratory gifts for birth of 3rd child • Leave for accompanying spouse undergoing job relocation • Job return system

Note: Cedyna Financial Corporation and SMBC Finance Service Co., Ltd., were merged on July 1, 2020.

Sumitomo Mitsui Financial Group, Inc.

Directors and Executive Officers (as of June 30, 2020)

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., Risk Management Dept., Americas Division, Credit & Investment Planning Dept.

Toru Nakashima

Group CFO and Group CSO

Public Relations Dept., Corporate Planning Dept., Business Development Dept., Financial Accounting Dept., Digital Strategy Dept.

Directors

Atsuhiko Inoue

Toru Mikami

Yoshihiko Shimizu

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 Global Business Unit

Toshikazu Yaku

Group CHRO

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

Senior Managing Executive Officers

Katsunori Tanizaki

Group CDO

Digital Solution Division

Digital Strategy Dept.

Naoki Tamura

Head of Retail Business Unit

Kimio Matsuura

Co-Head of Wholesale Business Unit

Tetsuro Imaeda

Group CCO

Compliance Dept.

Fumiharu Kozuka

Group CAE

Audit Dept.

Masamichi Koike

Head of Global Markets Business Unit

Shoji Masuda

Group CIO

IT Planning Dept., System Security Planning Dept., Data Management Dept., Operations Planning Dept.

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

DEPUTY CHAIRMAN

Manabu Narita

EXECUTIVE OFFICERS

Senior Managing Executive Officers

Toshihiro Isshiki

Deputy Head of Retail Business Unit (Wealth Management Business Division)

Transaction Business Planning Dept.

Ryuji Nishisaki

Deputy Head of Global Business Unit

Iwao Kawaharada

Deputy Head of Wholesale Business Unit

Toru Sawada

Credit & Investment Planning Dept.

Teiko Kudo

Deputy Head of Wholesale Business Unit (Financial Solutions Dept., Sustainable Business Promotion Dept., Planning Dept., Wholesale Business Unit), Deputy Head of Global Business Unit

Managing Executive Officers

CHOW Ying Hoong

Co-Head of Asia Pacific Division

Naoya Ishida

Wholesale Business Unit

Takashi Aiki

Group Deputy CIO and Group Deputy CDO

Nobuyuki Kawabata

Global Business Unit

Business Development Dept.

Hitoshi Ishii

Deputy Head of Wholesale Business Unit

Kazuhiro Notsu

Group Deputy CFO

Hitoshi Minami

Deputy Head of Global Business Unit

Masayoshi Furusho

Group Deputy CHRO

Takaki Ono

Wholesale Business Unit

Yoshihiro Hyakutome

Head of Americas Division

Takashi Yamashita

Deputy Head of Retail Business Unit

Hideo Goto

Retail Business Unit

Toshihiro Sato

Deputy Head of Global Markets Business Unit

Takeshi Omoto

Group Deputy CIO

Tadaaki Komori

Deputy Head of Wholesale Business Unit

Hironari Shoji

Wholesale Business Unit

Eiichi Sekiguchi

Wholesale Business Unit

Kenichi Hida

Deputy Head of Retail Business Unit

Yusuke Hirako

Wholesale Business Unit, Retail Business Unit

Olympic and Paralympic Dept., Corporate Planning Dept.

Muneo Kanamaru

Wholesale Business Unit

Airo Shibuya

Head of Digital Solution Division

Shinya Inose

Group Deputy CCO

Hiroshi Irie

Head of East Asia Division

Yoshiaki Kageyama

Co-Head of Asia Pacific Division

Nobu Sakamoto

Deputy Head of Retail Business Unit

Head of Wealth Management Business Division

Hideki Sakamoto

Deputy Head of Wholesale Business Unit

Keiichi Nakamura

Head of Europe, Middle East and Africa Division

Yuichi Nishimura

Deputy Head of Americas Division

Fumihiko Ito

General Manager, Corporate Planning Dept.

Hirofumi Otsuka

General Manager, Planning Dept., Global Business Unit

Takashi Kobayashi

General Manager, Human Resources Dept.

Executive Officers

Rie Asayama

Retail Business Unit

Quality Management Dept.

Yukiko Yoritaka

Human Resources Dept.

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.

Takanori Kato

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

Isaac Deusch

Deputy Head of Americas Division

Hideyuki Omokawa

Business Development Dept.

Akio Isowa

General Manager, Transaction Business Planning Dept.

Tomoaki Nakayama

Digital Strategy Dept.

Natsuhiko Samejima

General Manager, Planning Dept., Americas Division

Kazuhiro Fukuda

General Manager, Planning Dept., East Asia Division

Yukihiro Mabuchi

General Manager, Planning Dept., Wholesale Business Unit

Shinsuke Ushijima

Group Deputy CSO

Teruya Sugino

Group Deputy CRO

Tetsuro Yoshino

Group Deputy CAE

General Manager, Audit Dept.

Terumasa Takahashi

General Manager, Planning Dept., Retail Business Unit

Tatsuya Okumura

General Manager, Quality Management Dept.

Hideki Takamatsu

General Manager, Operations Planning Dept.

Hideki Tahara

General Manager, Public Relations Dept.

Akio Uemura

General Manager, Planning Dept., Retail Business Unit

Kenji Kawabata

General Manager, Credit & Investment Planning Dept.

Hideo Kawafune

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

Akihiro Kawara

General Manager, Planning Dept., Global Markets Business Unit

Carl Adams

Deputy Head of Americas Division

[REFERENCE]

Group CxO/Head of Business Units

(as of June 30, 2020)

Group CxO

Group CEO

Jun Ohta

Group CFO and Group CSO

Toru Nakashima

Group CRO

Haruyuki Nagata

Group CCO

Tetsuro Imaeda

Group CHRO

Toshikazu Yaku

Group CIO

Shoji Masuda

Group CDO

Katsunori Tanizaki

Group CAE

Fumiharu Kozuka

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

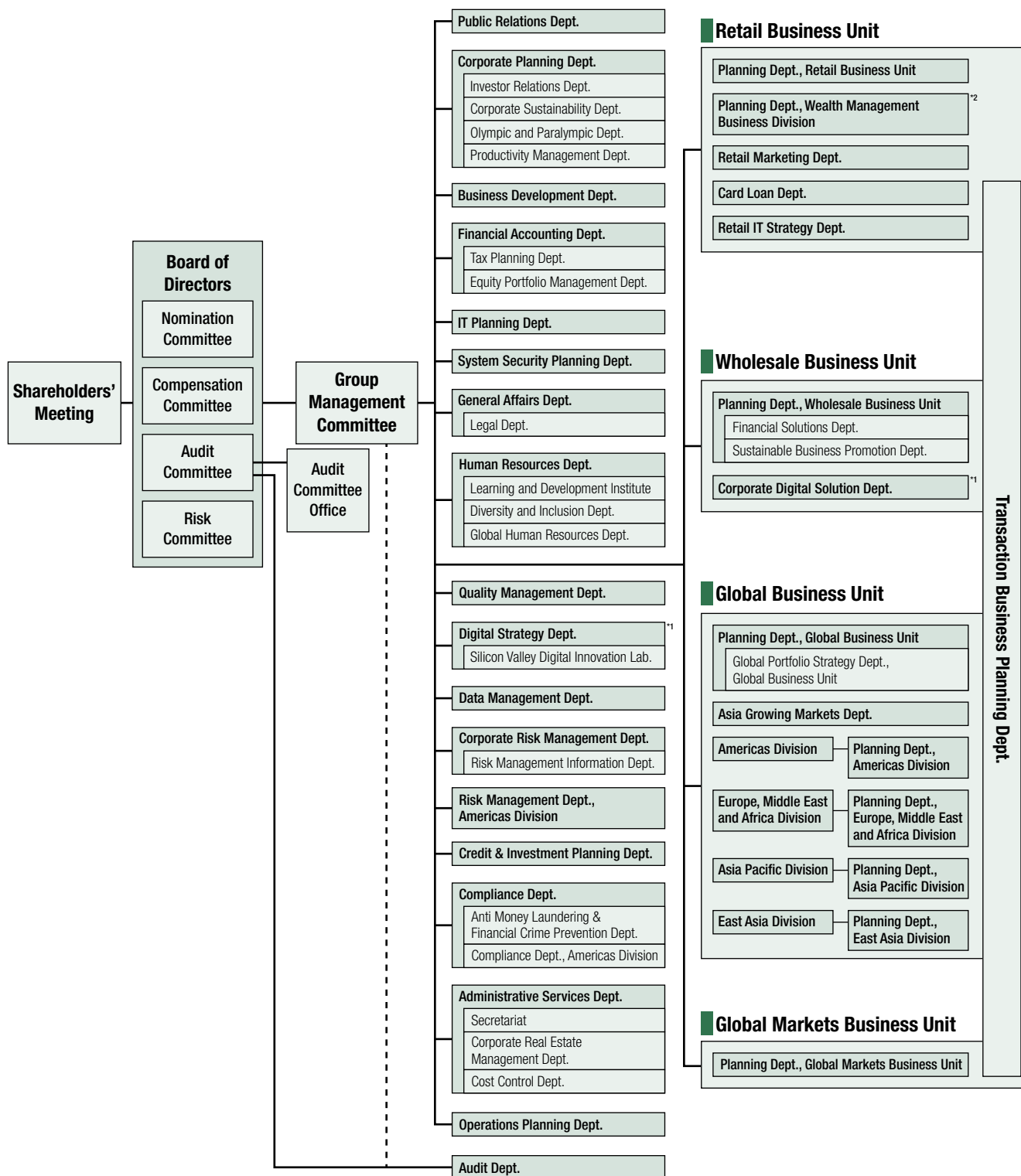
Head of Global Business Unit

Masahiko Oshima

Head of Global Markets Business Unit

Masamichi Koike

Sumitomo Mitsui Financial Group Organization (as of June 30, 2020)



*1 Belongs to Digital Solution Division.

*2 Belongs to Wealth Management Business Division.

Sumitomo Mitsui Banking Corporation

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

(as of June 30, 2020)

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 Global Banking Unit

Toshikazu Yaku*

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

Director and Senior Managing Executive Officers

Haruyuki Nagata*

Corporate Risk Management Dept., Risk Management Depts.,
Americas Division, Europe, Middle East and Africa Division and Asia,
Credit & Investment Planning Dept., Credit Depts.,
Americas Division, Europe, Middle East and Africa Division, Asia Pacific
Division and East Asia Division, Global Credit Dept.
Human Resources Dept., Retail Human Resources Dept., Human Resources
Development Dept.

Keiji Kakumoto*

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

Toru Nakashima*

Public Relations Dept., Corporate Planning Dept.,
Business Development Dept., Financial Accounting Dept.,
Digital Strategy Dept.

Tetsuro Imaeda*

Compliance Dept.

Shoji Masuda*

IT Planning Dept., System Security Planning Dept.,
Data Management Dept., Operations Planning 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) Mr. Takahashi, Mr. Kadonaga, Mr. Oka and Ms. Kuboyama satisfy the requirements for an "outside director" under the Companies Act.

DEPUTY CHAIRMAN

Manabu Narita

EXECUTIVE OFFICERS

Senior Managing Executive Officers

Katsunori Tanizaki

Digital Solution Division
Digital Strategy Dept.

Kimio Matsuura

Co-Head of Wholesale Banking Unit

Naoki Tamura

Head of Retail Banking Unit

Ryuji Nishisaki

Deputy Head of Global Banking Unit

Toshihiro Isshiki

Private Advisory Division,
Transaction Business Division

Iwao Kawaharada

Deputy Head of Wholesale Banking Unit
Head of Corporate Banking Division

Toru Sawada

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

Teiko Kudo

Deputy Head of Wholesale Banking Unit (Financial Solutions Dept.,
Sustainable Business Promotion Dept., Planning Dept.,
Wholesale Banking Unit)
Head of Financial Solutions Division
Corporate Advisory Division
Deputy Head of Global Banking Unit

Masamichi Koike

Head of Treasury Unit

Managing Executive Officers

Nobuyuki Kawabata

Deputy Head of Global Banking Unit
Business Development Dept.

CHOW Ying Hoong

Co-Head of The Asia Pacific Division

Muneo Kanamaru

Deputy Head of Wholesale Banking Unit (in charge of East Japan)
Tokyo Corporate Banking Division
(Tokyo Corporate Banking Dept. XII)

Yusuke Hirako

Deputy Head of Wholesale Banking Unit, Deputy Head of Retail Banking Unit
Olympic and Paralympic Dept., Corporate Planning Dept.

Takashi Arima

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

Hiroyoshi Korosue

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

Takaki Ono

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

Kotaro Hagiwara

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

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

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

Hiroshi Irie

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

Hiroyuki Kamimoto

Head of Corporate Advisory Division and Deputy Head of Financial
Solutions Division

Kenji Hirao

Tokyo Corporate Banking Division
(Tokyo Corporate Banking Depts. I, IV, VI and VII)

Takeshi Mikami

Internal Audit Dept., Credit Review Dept.

Masatsugu Kojima

Deputy Head of Wholesale Banking Unit

Airo Shibuya

Head of Digital Solution Division

Ryoichi Tanaka

Deputy Head of Corporate Advisory Division

Yoshiaki Kageyama

Co-Head of The Asia Pacific Division

Keiichiro Nakamura

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

Yuichi Nishimura

Deputy Head of The Americas Division

Fumihiko Ito

General Manager, Corporate Planning Dept.

Katsufumi Uchida

Deputy Head of Europe, Middle East and Africa Division

Hirofumi Otsuka

General Manager, Planning Dept., Global Banking Unit

Takashi Kobayashi

General Manager, Human Resources Dept.

Rajeev Kannan

Deputy Head of The Asia Pacific Division and General Manager,
Corporate Banking Dept., Asia Pacific Division

Executive Officers

Stanislas Roger

Deputy Head of Europe, Middle East and Africa Division

Rie Asayama

Deputy Head of Retail Banking Unit
Quality Management Dept.

Isaac Deutsch

Deputy Head of The Americas Division

John Ferreira

(Executive Officer without portfolio)

Yukiko Yoritaka

Human Resources Dept.

Antony Yates

President of SMBC Nikko Capital Markets Limited

Shuji Yabe

Deputy Head of The Americas Division and Chairman of SMBC Nikko Securities America, Inc.

Nobuaki Nakamura

General Manager, Planning Dept., Treasury Unit

Fumito Yoshioka

Head of Higashinohon Daiyon Middle Market Banking Division

Alan Krouk

Deputy Head of Global Banking Unit

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

Yoshiyuki Gono

General Manager, Corporate Risk Management Dept.

Takanori Kato

General Manager, Planning Dept., Wholesale Banking Unit

Takafumi Tsuji

Deputy Head of Financial Solutions Division

Akihiro Yasuda

Head of Higashinohon Daisan Middle Market Banking Division

James Fenner

General Manager, Specialised Products Dept., Europe, Middle East and Africa Division

Takayuki Inoue

Credit Depts., Americas Division, Europe, Middle East and Africa Division, Asia Pacific Division and East Asia Division, Global Credit Dept.

Makoto Ueda

Head of Nishinohon Daisan Middle Market Banking Division

Noriyuki Watanabe

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

Akio Isowa

Head of Transaction Business Division and General Manager, Transaction Business Planning Dept.

Akihiro Ueda

Deputy Head of Retail Banking Unit

Yoshiyuki Ogata

General Manager, Hong Kong Branch

Nobuo Ozawa

Deputy Head of Corporate Advisory Division

Tomoaki Nakayama

Digital Strategy Dept.

Hiroyuki Fukuda

General Manager, Osaka Corporate Banking Dept. II

Katsuya Fujita

General Manager, Global Markets Marketing Dept.

Hitoshi Miyake

General Manager, Sydney Branch

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

Yukihiko 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

Hideyuki Omokawa

Business Development Dept.

Yuichi Hirano

Head of Kobe Middle Market Banking Division

Takashi Kakiuchi

General Manager, Tokyo Corporate Banking Dept. X

Hideomi Shigematsu

Country Head of Thailand and General Manager, Bangkok Branch

Terumasa Takahashi

Deputy Head of Retail Banking Unit

Tatsuya Okumura

General Manager, Quality Management Dept.

Yasuhiro Shirai

General Manager, Osaka Corporate Banking Dept. I

Hideki Takamatsu

General Manager, Operations Planning Dept.

Hideki Tahara

General Manager, Public Relations Dept.

Daisuke Nakamura

General Manager, Kanda Corporate Business Office -I

Akio Uemura

General Manager, Planning Dept., Retail Banking Unit

Kenji Kawabata

General Manager, Credit & Investment Planning Dept.

Hideo Kawafune

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

Akihiro Kawara

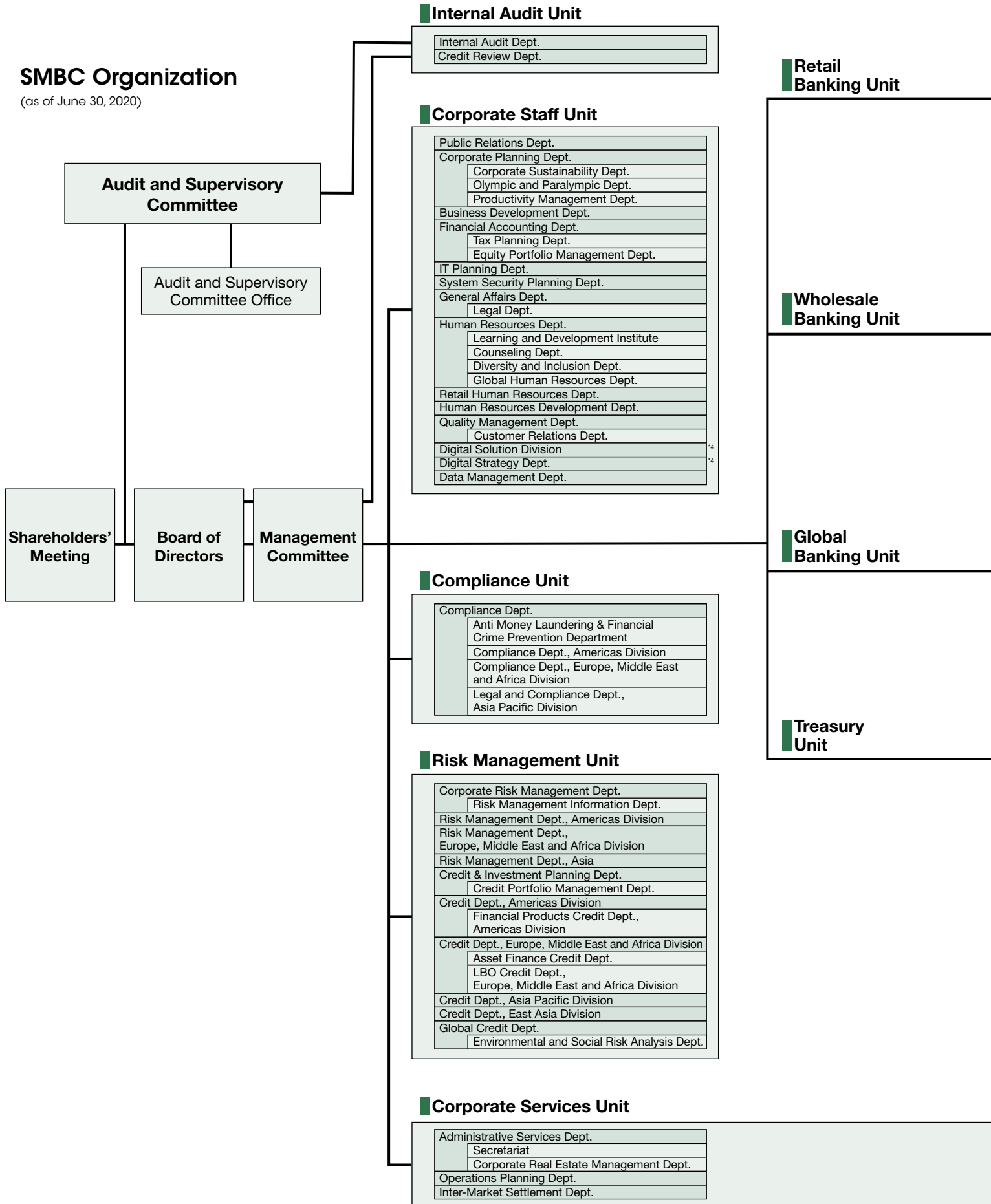
General Manager, Planning Dept., Treasury Unit

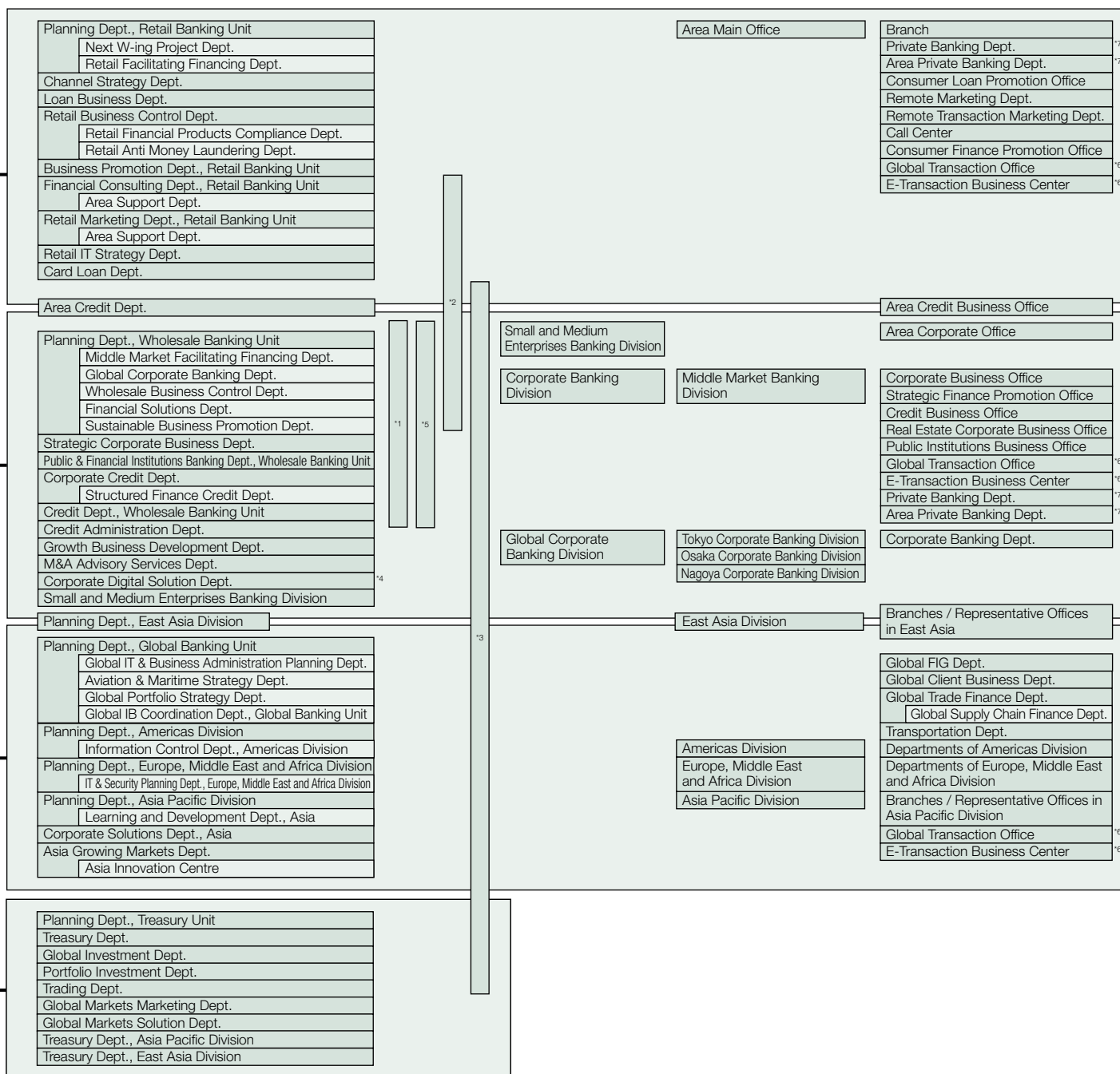
Carl Adams

Deputy Head of The Americas Division and General Manager, Specialized Finance Dept., Americas Division, Latin America Marketing Dept., Americas Division, Specialized Finance Dept., Americas Division and Subscription Secured Finance Dept., Americas Division

SMBC Organization

(as of June 30, 2020)





*1

Corporate Advisory Division
Advisory Dept. I
Advisory Dept. II
Advisory Dept. III
Capital Market Dept.
Corporate Research Dept.

*2

Private Advisory Division
Private Advisory Business Dept.
Inheritance Advisory Business Dept.
Corporate Employees Solution Dept.
Defined Contribution Dept.

*3

Transaction Business Division
Transaction Business Planning Dept.
Transaction Products Development Dept.
Transaction Banking Dept.
Global Advisory Dept.
Global Business Promotion Dept.

*5

Financial Solutions Division
Structured Finance Dept.
Strategic Corporate Banking Dept.
Debt Finance Dept.
Investment Banking Services Dept.
Real Estate Finance Dept.
Merchant Banking Dept.
Distribution Dept.
Asset Finance Dept.
Trust Services Dept.
Trust Business Operations Dept.

*4 Belongs to Digital Solution Division.

*6 Belongs to Retail Banking Unit, Wholesale Banking Unit, and Global Banking Unit.

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

Public Institutions Operations Office
Operations Service Branch
Zaikai-office Sub-Branch
Souzoku-office Sub-Branch
Operations Service Office

Principal Subsidiaries and Affiliates (as of March 31, 2020)

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	100	—	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 DS Asset Management Company, Limited	2,000	50.12	—	Dec. 1, 2002	Investment management
SMBC Guarantee Co., Ltd.	187,720	0 (100)	0 (99.99)	Jul. 14, 1976	Credit guarantee
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)	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
SMBC REIT Management Co., Ltd.	200	0 (100)	100	Mar. 10, 2020	Asset management
SMBC Capital Partners Co., Ltd.	100	0 (100)	100	Feb. 10, 2020	Investments
Polarify, Inc.	100	77.03	—	May 1, 2017	Biometric authentication services (Polarify biometric authentication services) and e-KYC service (Polarify e-KYC)
SMBC CLOUDSIGN, Inc.	50	51	—	Oct. 1, 2019	Cloud-based electronic contract services

* Cedyna Financial Corporation and SMBC Finance Service Co., Ltd., were merged on July 1, 2020.

■ 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. 3, 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 (93.52)	93.52	Feb. 5, 1958	Commercial banking
SMBC Americas Holdings, Inc.	U.S.A.	US\$2,100	0 (100)	0 (100)	Aug. 8, 1990	Management of the US BHC and US BHC subsidiaries
Manufacturers Bank	U.S.A.	US\$80.786 million	0 (100)	0 (100)	Jun. 26, 1962	Commercial banking
Banco Sumitomo Mitsui Brasileiro S.A.	Brazil	R\$1,559.699 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, Deferred payment services
SMBC Rail Services LLC	U.S.A.	0	0 (100)	0 (100)	May 11, 2011	Leasing, money lending, selling used lease property and maintenance, and other related business
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, Leasing
SMBC Cayman LC Limited*	Cayman Islands	US\$500	0 (100)	100	Feb. 7, 2003	Credit guarantee, bond investment
TT International Asset Management Ltd	U.K.	£11 million	0 (100)	—	Feb. 28, 2020	Investment management
SMBC Asset Management Services (UK) Limited	U.K.	£134 million	100	—	Oct. 16, 2019	Stock holding
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\$9,600	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 JPY 3 Limited	Cayman Islands	¥4,900 million	100	—	Aug. 12, 2009	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)	0 (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	SAR18,000,000	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 (46.57)	46.57	Sep. 19, 2000	Commercial banking
Kansai Mirai Financial Group, Inc.	29,589	0 (24.08)	21.30 (0.13)	Nov. 14, 2017	Business management
Kansai Mirai Bank, Limited	38,971	0 (100)	0 (100)	Nov. 24, 1950	Commercial banking
THE MINATO BANK, LTD.	39,984	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\$428 million	0 (18.25)	18.25	Dec. 1, 2003	Commercial banking
The Bank of East Asia, Limited	HKD41,379 million	0 (19.57)	19.57	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 (49.53)	28.52 (3.33)	Mar. 29, 1969	System engineering and data processing
brees corporation	100	0 (49)	49	Dec. 5, 2014	Information processing services
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
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, 2020)

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

Hong Kong Branch Kowloon Office

19F, The Metropolis Tower, 10 Metropolis Drive, Hungghom, Kowloon, Hong Kong
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**

Unit1601,16F, North Tower,
Beijing Kerry Centre, No.1, Guang
Hua Road, Chao Yang District,
Beijing 100020,
The People's Republic of China
Tel: 86 (10) 5920-4500

**Sumitomo Mitsui Banking Corporation
(China) Limited Kunshan Sub-Branch**

Room 2001-2005, Taiwan Business
Association International Plaza,
No. 399 Qianjin East Road, Kunshan,
Jiangsu 215300,
The People's Republic of China
Tel: 86 (512) 3687-0588

**Sumitomo Mitsui Banking Corporation
(China) Limited Shanghai Pilot Free
Trade Zone Sub-Branch**

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

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 BTPN Syariah Tbk

Menara BTPN, 12th Floor,
CBD Mega Kuningan Jl. Dr. Ide Anak
Agung Gde Agung Kav. 5.5-5.6,
Jakarta 12950, Indonesia
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**Sumitomo Mitsui Banking Corporation
Malaysia Berhad**

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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

The Bank of East Asia, Limited

10 Des Voeux Road, Central, Hong Kong
Tel: 852-3608-3608

**Vietnam Export Import
Commercial Joint Stock Bank**

8th Floor, Vincom Center Building,
72 Le Thanh Ton Street, Ben Nghe Ward,
District 1, Ho Chi Minh City, Vietnam
Tel: 84 (28) 3821-0056

PT Oto Multiartha

Summitmas II, 18th floor, Jl. Jend.
Sudirman Kav. 61-62, Jakarta 12190,
Indonesia
Tel: 62 (21) 522-6410

PT Summit Oto Finance

Summitmas II, 8th floor, Jl. Jend.
Sudirman Kav. 61-62, Jakarta 12190,
Indonesia
Tel: 62 (21) 252-2788

ACLEDA Bank Plc.

#61, Preah Monivong Blvd.,
Sangkat Srah Chork, Khan Daun Penh,
Phnom Penh, Kingdom of Cambodia
Tel: 855 (23) 998-777

**The Japan Research Institute
(Shanghai) Solution Co., Ltd.**

Unit 141, 18F, Hang Seng Bank Tower,
1000 Lujiazui Ring Road,
Pudong New Area, Shanghai, 200120,
The People's Republic of China
Tel: 86 (21) 6841-2788

**Sumitomo Mitsui Finance and Leasing
(Singapore) Pte. Ltd.**

152 Beach Road, 21-05 Gateway East,
Singapore 189721
Tel: 65-6224-2955

**Sumitomo Mitsui Finance and Leasing
(Hong Kong) Ltd.**

Unit 4206-8,42/F, Sunlight Tower,
248 Queen's Road East, Wanchai,
Hong Kong
Tel: 852-2523-4155

SMFL Leasing (Thailand) Co., Ltd.

30th Floor, Q. House Lumpini Building,
1 South Sathorn Road, Tungmahamek,
Sathorn, Bangkok 10120, Thailand
Tel: 66-2-677-7400

**Sumitomo Mitsui Finance and Leasing
(China) Co., Ltd.**

Unit 2302, TaiKoo Hui Tower 1,
385 Tianhe Road,
Tianhe District, Guangzhou, China
Tel: 86-20-8755-0021

Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.

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Tel: 86-21-5396-5522

Shanghai Sumitomo Mitsui Finance and Leasing Co., Ltd.

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Sumitomo Mitsui Finance and Leasing (China) Co., Ltd.

Beijing Branch

Unit 3001-3007, 30F, North Tower, Beijing Kerry Centre, 1 Guanghua Road, Chaoyang District, Beijing, China
Tel: 86-10-8529-7887

Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.

Chengdu Branch

Room 2002, YanLord Landmark, No.1, Section 2, Renmin South Road, Chengdu, China
Tel: 86-28-8691-7181

SMFL Leasing (Malaysia) Sdn. Bhd.

Suite 16D, Level 16, Vista Tower, The Intermark No. 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Tel: 60-3-2710-0170

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
Tel: 91 (11) 4828-8300

PROMISE (HONG KONG) CO., LTD.

14th Floor, Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong Special Administrative Region, The People's Republic of China
Tel: 852 (3199) 1000

Liang Jing Co., Ltd.

8FI, No.6, Sec 3, Min Chuan E. Rd., Taipei, Taiwan 10477, R.O.C.
Tel: 886 (2) 2515-1598

PROMISE (THAILAND) CO., LTD.

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Tel: 66 (2) 655-8574

PROMISE (SHENZHEN) CO., LTD.

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Tel: 86 (755) 2396-6200

PROMISE (SHENYANG) CO., LTD.

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Promise Consulting Service (Shenzhen) Co., Ltd.

1003, 10/F, Tower A, Kingkey 100 Building, No. 5016 Shennan East Road, Luohu District, Shenzhen 518000, The People's Republic of China
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PROMISE ASSET MANAGEMENT (TAIWAN) CO., LTD.

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Shanghai Representative Office

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Tel: 86 (21) 5292-5960

Sumitomo Mitsui Asset Management (Hong Kong) Limited

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UOB-SM Asset Management Pte. Ltd.

80 Raffles Place #15-22, UOB Plaza2, Singapore 048624
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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

Toronto Dominion Centre,
222 Bay Street, Suite 1400, P.O. Box 172,
Toronto, Ontario M5K 1H6, Canada
Tel: 1 (416) 368-4766

Cayman Branch

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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

White Plains Representative Office

1 North Lexington Avenue, 6F, 9F, 10F,
White Plains, NY, 10601, U.S.A.
Tel: 1 (212) 224-7240

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
Tel: 52 (472) 500-0177

Bogota Representative Office

Carrera 11 #79-52, Oficina 1002,
Bogotá DC, Colombia
Tel: 57 (1) 619-7200

Lima Representative Office

Avenida Canaval y Moreyra 380,
Oficina 702, San Isidro, Lima 27, Peru
Tel: 51 (1) 200-3600

Santiago Representative Office

Isidora Goyenechea 3000,
Suite 2102, Las Condes,
Santiago, Chile
Tel: 56 (2) 2896-8440

SMBC Principal Subsidiaries/ Affiliates SMFG Network

Manufacturers Bank

515 South Figueroa Street,
Los Angeles, CA 90071, U.S.A.
Tel: 1 (213) 489-6200

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

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.

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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.

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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

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Germany
Tel: 49 (211) 36190

Brussels Branch

Neo Building, Rue Montoyer 51, Box 6,
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Tel: 32 (2) 551-5000

DIFC Branch-Dubai

Building One, 5th Floor, Gate
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Financial Centre, PO Box 506559
Dubai, United Arab Emirates
Tel: 971 (4) 428-8000

Abu Dhabi Representative Office

Office No.801, Makeen Tower,
Al Zahiyah, Abu Dhabi,
United Arab Emirates
Tel: 971 (2) 495-4000

Istanbul Representative Office

Metrocity Is Merkezi, Kirgulu Sokak No:4
Kat:7/A D Blok, Esentepe Mahallesi, Sisli
34394, Istanbul, Republic of Turkey
Tel: 90 (212) 371-5900

Doha QFC Office

Office 1901, 19th Floor,
Qatar Financial Centre Tower,
Diplomatic Area-West bay, Doha,
Qatar, P.O.Box 23769
Tel: 974-(4036)-6701

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),
Between Modarres & Africa,
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Sumitomo Mitsui Banking Corporation Europe Limited Head Office

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Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch

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Paris, France
Tel: 33 (1) 44 (90) 48-00

SMBC Bank EU AG

Main Tower, Neue Mainzer Str. 52-58,
60311 Frankfurt am Main, Germany
Tel: 49 (69) 222298200

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 Düsseldorf Branch

Prinzenallee 7, 40549 Düsseldorf,
Germany
Tel: 49 (211) 36190

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
EC4V 4EH, U.K.
Tel: 44 (20) 7406-2700

Sumitomo Mitsui Asset Management (London) Limited

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EC2V 5AY, U.K.
Tel: 44 (20) 7397-3970

SMBC Aviation Capital Limited

IFSC House, IFSC, Dublin 1, Ireland
Tel: 353 (1) 859-9000

SMBC Advisory Services Saudi Arabia LLC

7th Floor Al Faisaliah Tower,
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Kingdom of Saudi Arabia
Tel: 966-11-417-5701

SMBC Nikko Capital Markets Europe GmbH

Neue Mainzer Str. 52-58, 60311
Frankfurt am Main, Germany
Tel: 49 (69) 2222-9-8500



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
- PT Bank BTPN Tbk
- Sumitomo Mitsui Banking Corporation Malaysia Berhad
- Hong Kong Branch
- Hong Kong Branch Kowloon Office
- 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, 2020)

Total: 86

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

Consolidated subsidiary PT Bank BTPN Tbk has 507 offices. (as of June 30, 2020)

Also showing principal overseas subsidiaries



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
- White Plains 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.
- 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 Düsseldorf Branch
- SMBC Bank EU AG Prague Branch
- SMBC Bank EU AG Madrid Branch
- SMBC Bank EU AG Milan Branch
- London Branch
- Düsseldorf 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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Sumitomo Mitsui Financial Group

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Financial Highlights

Sumitomo Mitsui Financial Group (Consolidated)

Year ended March 31	Millions of yen				
	2020	2019	2018	2017	2016
For the Year:					
Ordinary income.....	¥ 5,314,313	¥ 5,735,312	¥ 5,764,172	¥ 5,133,245	¥ 4,772,100
Ordinary profit	932,064	1,135,300	1,164,113	1,005,855	985,284
Profit attributable to owners of parent	703,883	726,681	734,368	706,519	646,687
Comprehensive income	372,971	795,191	984,133	966,057	178,328
At Year-End:					
Total net assets	¥ 10,784,903	¥ 11,451,611	¥ 11,612,892	¥ 11,234,286	¥ 10,447,669
Total assets	219,863,518	203,659,146	199,049,128	197,791,611	186,585,842
Total capital ratio (International Standard)	18.75%	20.76%	19.36%	16.93%	17.02%
Tier 1 capital ratio (International Standard).....	16.63%	18.19%	16.69%	14.07%	13.68%
Common equity Tier 1 capital ratio (International Standard)	15.55%	16.37%	14.50%	12.17%	11.81%
Number of employees.....	86,443	86,659	72,978	77,205	73,652

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	
	2019	2020	2020	2020
Assets:				
Cash and due from banks	*8 ¥ 57,411,276	*8 ¥ 61,768,573	\$ 567,674	
Call loans and bills bought	2,465,744	896,739	8,241	
Receivables under resale agreements	6,429,365	8,753,816	80,450	
Receivables under securities borrowing transactions	4,097,473	5,005,103	45,999	
Monetary claims bought	*8 4,594,578	4,559,429	41,903	
Trading assets	*8 5,328,778	*8 7,361,253	67,652	
Money held in trust	390	353	3	
Securities	*1, *2, *8, *16 24,338,005	*1, *8, *16 27,128,751	249,322	
Loans and bills discounted	*3, *4, *5, *6, *7, *8, *9 77,979,190	*3, *4, *5, *6, *7, *8, *9 82,517,609	758,364	
Foreign exchanges	*7 1,719,402	*7 2,063,284	18,962	
Lease receivables and investment assets	247,835	219,733	2,019	
Other assets	*8 7,307,305	*8 8,298,393	76,265	
Tangible fixed assets	*10, *11, *12 1,504,703	*10, *11, *12 1,450,323	13,329	
Assets for rent	573,292	506,755	4,657	
Buildings	345,420	341,505	3,139	
Land	427,484	423,346	3,891	
Lease assets	25,548	28,933	266	
Construction in progress	37,663	46,138	424	
Other tangible fixed assets	95,293	103,645	953	
Intangible fixed assets	769,231	753,579	6,926	
Software	431,135	440,407	4,047	
Goodwill	193,127	194,289	1,786	
Lease assets	990	986	9	
Other intangible fixed assets	143,977	117,896	1,084	
Net defined benefit asset	329,434	230,573	2,119	
Deferred tax assets	40,245	26,314	242	
Customers' liabilities for acceptances and guarantees	9,564,993	9,308,882	85,552	
Reserve for possible loan losses	(468,808)	(479,197)	(4,404)	
Total assets	¥203,659,146	¥219,863,518	\$2,020,619	

(Continued)

March 31	Millions of yen		Millions of
	2019	2020	U.S. dollars
			2020
Liabilities and net assets:			
Liabilities:			
Deposits	*8 ¥122,325,038	*8 ¥127,042,217	\$1,167,560
Negotiable certificates of deposit	11,165,486	10,180,435	93,562
Call money and bills sold	1,307,778	3,740,539	34,377
Payables under repurchase agreements.....	*8 11,462,559	*8 13,237,913	121,661
Payables under securities lending transactions.....	*8 1,812,820	*8 2,385,607	21,925
Commercial paper.....	2,291,813	1,409,249	12,951
Trading liabilities.....	4,219,293	6,084,528	55,919
Borrowed money.....	*8, *13 10,656,897	*8, *13 15,210,894	139,793
Foreign exchanges.....	1,165,141	1,461,308	13,430
Short-term bonds.....	84,500	379,000	3,483
Bonds.....	*14 9,227,367	*14 9,235,639	84,879
Due to trust account.....	*8, *15 1,352,773	*8, *15 1,811,355	16,647
Other liabilities.....	4,873,630	7,011,967	64,442
Reserve for employee bonuses.....	70,351	73,868	679
Reserve for executive bonuses.....	3,091	3,362	31
Net defined benefit liability.....	31,816	35,777	329
Reserve for executive retirement benefits.....	1,374	1,270	12
Reserve for point service program.....	23,948	26,576	244
Reserve for reimbursement of deposits.....	7,936	4,687	43
Reserve for losses on interest repayment.....	147,594	142,890	1,313
Reserves under the special laws.....	2,847	3,145	29
Deferred tax liabilities.....	378,220	257,384	2,365
Deferred tax liabilities for land revaluation.....	*10 30,259	*10 30,111	277
Acceptances and guarantees.....	*8 9,564,993	*8 9,308,882	85,552
Total liabilities.....	192,207,534	209,078,615	1,921,502
Net assets:			
Capital stock.....	2,339,443	2,339,964	21,505
Capital surplus.....	739,047	692,003	6,360
Retained earnings.....	5,992,247	6,336,311	58,233
Treasury stock.....	(16,302)	(13,983)	(129)
Total stockholders' equity.....	9,054,436	9,354,296	85,969
Net unrealized gains (losses) on other securities.....	1,688,852	1,371,407	12,604
Net deferred gains (losses) on hedges.....	(54,650)	82,257	756
Land revaluation excess.....	*10 36,547	*10 36,878	339
Foreign currency translation adjustments.....	50,379	(32,839)	(302)
Accumulated remeasurements of defined benefit plans.....	(7,244)	(92,030)	(846)
Total accumulated other comprehensive income.....	1,713,884	1,365,673	12,551
Stock acquisition rights.....	4,750	2,064	19
Non-controlling interests.....	678,540	62,869	578
Total net assets.....	11,451,611	10,784,903	99,117
Total liabilities and net assets.....	¥203,659,146	¥219,863,518	\$2,020,619

Consolidated Statements of Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Ordinary income	¥5,735,312	¥5,314,313	\$48,840
Interest income	2,488,904	2,456,364	22,575
Interest on loans and discounts	1,666,283	1,693,016	15,559
Interest and dividends on securities	364,685	346,822	3,187
Interest on call loans and bills bought	16,551	15,890	146
Interest on receivables under resale agreements	20,457	31,449	289
Interest on receivables under securities borrowing transactions ..	17,784	21,247	195
Interest on deposits with banks	103,135	80,924	744
Interest on lease transactions	47,573	7,307	67
Other interest income	252,433	259,705	2,387
Trust fees	4,656	4,701	43
Fees and commissions	1,240,917	1,287,538	11,833
Trading income	194,676	262,826	2,415
Other operating income	1,578,159	1,050,065	9,650
Lease-related income	233,675	39,123	360
Installment-related income	981,090	752,775	6,918
Other	363,393	258,166	2,373
Other income	227,997	252,816	2,323
Gains on reversal of reserve for possible loan losses	5,729	—	—
Recoveries of written-off claims	11,047	12,414	114
Other	*1 211,220	*1 240,401	2,209
Ordinary expenses	4,600,012	4,382,249	40,274
Interest expenses	1,157,482	1,179,770	10,842
Interest on deposits	463,989	441,477	4,057
Interest on negotiable certificates of deposit	136,178	131,849	1,212
Interest on call money and bills sold	14,270	10,284	95
Interest on payables under repurchase agreements	119,733	131,320	1,207
Interest on payables under securities lending transactions	1,272	1,111	10
Interest on commercial paper	45,356	31,525	290
Interest on borrowed money	75,883	57,632	530
Interest on short-term bonds	60	29	0
Interest on bonds	226,536	220,874	2,030
Other interest expenses	74,201	153,666	1,412
Fees and commissions payments	181,019	204,188	1,877
Trading losses	3,305	—	—
Other operating expenses	1,319,328	908,951	8,354
Lease-related expenses	120,097	26,514	244
Installment-related expenses	930,884	722,440	6,639
Other	268,347	159,997	1,470
General and administrative expenses	*2 1,715,050	*2 1,739,603	15,988
Other expenses	223,825	349,734	3,214
Provision for reserve for possible loan losses	—	70,571	649
Other	*3 223,825	*3 279,163	2,566
Ordinary profit	1,135,300	932,064	8,566

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Extraordinary gains.....	¥ 2,826	¥ 23,896	\$ 220
Gains on disposal of fixed assets	541	1,855	17
Other extraordinary gains.....	*4 2,285	*4 22,040	203
Extraordinary losses.....	14,547	67,314	619
Losses on disposal of fixed assets	4,485	1,910	18
Losses on impairment of fixed assets.....	*5 9,610	*5 65,106	598
Provision for reserve for eventual future operating losses from financial instruments transactions.....	450	297	3
Income before income taxes.....	1,123,579	888,646	8,167
Income taxes-current	276,329	213,526	1,962
Income taxes-deferred	55,095	(45,842)	(421)
Income taxes.....	331,424	167,684	1,541
Profit.....	792,155	720,962	6,626
Profit attributable to non-controlling interests.....	65,474	17,078	157
Profit attributable to owners of parent	¥ 726,681	¥703,883	\$6,469

Consolidated Statements of Comprehensive Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of
	2019	2020	U.S. dollars
Profit	¥792,155	¥ 720,962	\$ 6,626
Other comprehensive income (losses)	*1 3,035	*1 (347,990)	(3,198)
Net unrealized gains (losses) on other securities	31,157	(314,792)	(2,893)
Net deferred gains (losses) on hedges	29,981	166,177	1,527
Land revaluation excess	—	(39)	(0)
Foreign currency translation adjustments	10,396	(74,052)	(681)
Remeasurements of defined benefit plans	(65,530)	(84,420)	(776)
Share of other comprehensive income of affiliates	(2,970)	(40,864)	(376)
Total comprehensive income	795,191	372,971	3,428
Comprehensive income attributable to owners of parent	687,690	355,302	3,265
Comprehensive income attributable to non-controlling interests	107,500	17,669	162

Consolidated Statements of Changes in Net Assets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

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

(Continued)

Year ended March 31, 2020	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥2,339,443	¥ 739,047	¥5,992,247	¥ (16,302)	¥9,054,436
Changes in the fiscal year					
Issuance of new stock.....	521	521			1,043
Cash dividends.....			(255,834)		(255,834)
Profit attributable to owners of parent			703,883		703,883
Purchase of treasury stock.....				(100,088)	(100,088)
Disposal of treasury stock.....		(250)		733	483
Cancellation of treasury stock.....		(101,673)		101,673	—
Changes in shareholders' interest due to transaction with non-controlling interests.....		(47,565)			(47,565)
Decrease due to decrease in subsidiaries			(945)		(945)
Decrease due to decrease in affiliates accounted for by the equity method			(679)		(679)
Reversal of land revaluation excess.....			(435)		(435)
Transfer from retained earnings to capital surplus.....		101,923	(101,923)		—
Net changes in items other than stockholders' equity in the fiscal year.....					
Net changes in the fiscal year	521	(47,044)	344,064	2,318	299,860
Balance at the end of the fiscal year	¥2,339,964	¥ 692,003	¥6,336,311	¥ (13,983)	¥9,354,296

Year ended March 31, 2020	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	¥1,688,852	¥(54,650)	¥36,547	¥ 50,379	¥ (7,244)	¥1,713,884
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.....						
Decrease due to decrease in subsidiaries						
Decrease due to decrease in affiliates accounted for by the equity method						
Reversal of land revaluation excess.....						
Transfer from retained earnings to capital surplus.....						
Net changes in items other than stockholders' equity in the fiscal year.....	(317,445)	136,907	331	(83,219)	(84,785)	(348,211)
Net changes in the fiscal year	(317,445)	136,907	331	(83,219)	(84,785)	(348,211)
Balance at the end of the fiscal year	¥1,371,407	¥ 82,257	¥36,878	¥(32,839)	¥(92,030)	¥1,365,673

Year ended March 31, 2020	Millions of yen		
	Stock acquisition rights	Non-controlling interests	Total net assets
	Balance at the beginning of the fiscal year	¥ 4,750	¥ 678,540
Changes in the fiscal year			
Issuance of new stock.....			1,043
Cash dividends.....			(255,834)
Profit attributable to owners of parent			703,883
Purchase of treasury stock.....			(100,088)
Disposal of treasury stock.....			483
Cancellation of treasury stock.....			—
Changes in shareholders' interest due to transaction with non-controlling interests.....			(47,565)
Decrease due to decrease in subsidiaries			(945)
Decrease due to decrease in affiliates accounted for by the equity method			(679)
Reversal of land revaluation excess.....			(435)
Transfer from retained earnings to capital surplus.....			—
Net changes in items other than stockholders' equity in the fiscal year.....	(2,685)	(615,671)	(966,568)
Net changes in the fiscal year	(2,685)	(615,671)	(666,708)
Balance at the end of the fiscal year	¥ 2,064	¥ 62,869	¥10,784,903

(Continued)

Year ended March 31, 2020	Millions of U.S. dollars				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	\$21,500	\$6,792	\$55,071	\$(150)	\$83,213
Changes in the fiscal year					
Issuance of new stock.....	5	5			
Cash dividends.....			(2,351)		(2,351)
Profit attributable to owners of parent			6,469		6,469
Purchase of treasury stock.....				(920)	(920)
Disposal of treasury stock.....		(2)		7	4
Cancellation of treasury stock.....		(934)		934	—
Changes in shareholders' interest due to transaction with non-controlling interests		(437)			(437)
Decrease due to decrease in subsidiaries			(9)		(9)
Decrease due to decrease in affiliates accounted for by the equity method			(6)		(6)
Reversal of land revaluation excess.....			(4)		(4)
Transfer from retained earnings to capital surplus.....		937	(937)		—
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	5	(432)	3,162	21	2,756
Balance at the end of the fiscal year	\$21,505	\$6,360	\$58,233	\$(129)	\$85,969

Year ended March 31, 2020	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	\$15,521	\$ (502)	\$336	\$ 463	\$ (67)	\$15,751
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						
Decrease due to decrease in subsidiaries						
Decrease due to decrease in affiliates accounted for by the equity method						
Reversal of land revaluation excess.....						
Transfer from retained earnings to capital surplus.....						
Net changes in items other than stockholders' equity in the fiscal year	(2,917)	1,258	3	(765)	(779)	(3,200)
Net changes in the fiscal year	(2,917)	1,258	3	(765)	(779)	(3,200)
Balance at the end of the fiscal year	\$12,604	\$ 756	\$339	\$(302)	\$(846)	\$12,551

Year ended March 31, 2020	Millions of U.S. dollars		
	Stock acquisition rights	Non-controlling interests	Total net assets
	Balance at the beginning of the fiscal year	\$ 44	\$ 6,236
Changes in the fiscal year			
Issuance of new stock.....			10
Cash dividends.....			(2,351)
Profit attributable to owners of parent			6,469
Purchase of treasury stock.....			(920)
Disposal of treasury stock.....			4
Cancellation of treasury stock.....			—
Changes in shareholders' interest due to transaction with non-controlling interests			(437)
Decrease due to decrease in subsidiaries			(9)
Decrease due to decrease in affiliates accounted for by the equity method			(6)
Reversal of land revaluation excess.....			(4)
Transfer from retained earnings to capital surplus.....			—
Net changes in items other than stockholders' equity in the fiscal year	(25)	(5,658)	(8,883)
Net changes in the fiscal year	(25)	(5,658)	(6,127)
Balance at the end of the fiscal year	\$ 19	\$ 578	\$ 99,117

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Cash flows from operating activities:			
Income before income taxes.....	¥ 1,123,579	¥ 888,646	\$ 8,167
Depreciation.....	269,010	209,198	1,923
Losses on impairment of fixed assets.....	9,610	65,106	598
Amortization of goodwill.....	25,919	17,533	161
Net (gains) losses on step acquisitions.....	(2,285)	(22,040)	(203)
Equity in net (gains) losses of affiliates.....	(61,145)	(56,051)	(515)
Net change in reserve for possible loan losses.....	(60,213)	13,411	123
Net change in reserve for employee bonuses.....	(16,467)	3,103	29
Net change in reserve for executive bonuses.....	(757)	201	2
Net change in net defined benefit asset and liability.....	(25,570)	101,532	933
Net change in reserve for executive retirement benefits.....	(196)	(84)	(1)
Net change in reserve for point service program.....	1,704	2,627	24
Net change in reserve for reimbursement of deposits.....	(9,828)	(3,249)	(30)
Net change in reserve for losses on interest repayment.....	2,830	(4,703)	(43)
Interest income.....	(2,488,904)	(2,456,364)	(22,575)
Interest expenses.....	1,157,482	1,179,770	10,842
Net (gains) losses on securities.....	(101,219)	(143,877)	(1,322)
Net (gains) losses from money held in trust.....	(0)	(0)	(0)
Net exchange (gains) losses.....	(148,278)	118,815	1,092
Net (gains) losses from disposal of fixed assets.....	3,944	54	0
Net change in trading assets.....	477,890	(1,859,195)	(17,087)
Net change in trading liabilities.....	(1,603,188)	1,930,360	17,741
Net change in loans and bills discounted.....	(3,152,247)	(4,839,243)	(44,474)
Net change in deposits.....	5,039,495	5,064,595	46,545
Net change in negotiable certificates of deposit.....	(73,017)	(982,400)	(9,029)
Net change in borrowed money (excluding subordinated borrowings).....	1,418,493	4,844,384	44,521
Net change in deposits with banks.....	1,520,423	(1,455,747)	(13,379)
Net change in call loans and bills bought and others.....	(6,235,713)	(812,970)	(7,471)
Net change in receivables under securities borrowing transactions.....	4,240,226	(907,630)	(8,341)
Net change in call money and bills sold and others.....	6,097,354	4,256,015	39,114
Net change in commercial paper.....	(95,014)	(882,878)	(8,114)
Net change in payables under securities lending transactions.....	(5,374,040)	572,787	5,264
Net change in foreign exchanges (assets).....	446,136	(346,503)	(3,184)
Net change in foreign exchanges (liabilities).....	298,550	296,890	2,729
Net change in lease receivables and investment assets.....	(53,975)	17,309	159
Net change in short-term bonds (liabilities).....	(51,200)	294,500	2,707
Issuance and redemption of bonds (excluding subordinated bonds)....	467,587	152,729	1,404
Net change in due to trust account.....	24,502	458,581	4,215
Interest received.....	2,435,453	2,471,480	22,714
Interest paid.....	(1,116,584)	(1,201,792)	(11,045)
Other, net.....	489,142	386,091	3,548
Subtotal.....	4,879,488	7,370,996	67,742
Income taxes paid.....	(283,245)	(283,536)	(2,606)
Net cash provided by (used in) operating activities.....	4,596,242	7,087,460	65,136

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Cash flows from investing activities:			
Purchases of securities	¥(26,615,239)	¥(35,544,708)	\$(326,668)
Proceeds from sale of securities	17,969,410	23,204,983	213,261
Proceeds from redemption of securities	10,078,569	9,550,000	87,768
Purchases of money held in trust.....	(2)	(284)	(3)
Proceeds from sale of money held in trust	1,094	321	3
Purchases of tangible fixed assets	(510,213)	(103,052)	(947)
Proceeds from sale of tangible fixed assets	104,451	19,206	177
Purchases of intangible fixed assets.....	(139,329)	(147,784)	(1,358)
Purchase of stocks of subsidiaries resulting in change in scope of consolidation	*2 (57,182)	(17,365)	(160)
Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation	*3 174,702	27,021	248
Net cash provided by (used in) investing activities	1,006,260	(3,011,660)	(27,678)
Cash flows from financing activities:			
Repayment of subordinated borrowings.....	(8,000)	(8,000)	(74)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	—	139,405	1,281
Redemption of subordinated bonds and bonds with stock acquisition rights	(27,539)	(113,000)	(1,039)
Dividends paid.....	(245,594)	(255,771)	(2,351)
Repayments to non-controlling stockholders	(212,537)	(436,500)	(4,012)
Dividends paid to non-controlling stockholders	(77,185)	(16,922)	(156)
Purchases of treasury stock.....	(70,094)	(100,088)	(920)
Proceeds from disposal of treasury stock.....	294	483	4
Purchase of stocks of subsidiaries not resulting in change in scope of consolidation	—	(234,159)	(2,152)
Proceeds from sale of stocks of subsidiaries not resulting in change in scope of consolidation	7,837	—	—
Net cash provided by (used in) financing activities	(632,819)	(1,024,554)	(9,416)
Effect of exchange rate changes on cash and cash equivalents.....	166,646	(74,480)	(685)
Net change in cash and cash equivalents.....	5,136,329	2,976,764	27,357
Cash and cash equivalents at the beginning of the fiscal year.....	47,983,114	53,120,963	488,199
Net change in cash and cash equivalents resulting from business combinations between subsidiaries	—	79	1
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,519	—	—
Cash and cash equivalents at the end of the fiscal year.....	*1 ¥ 53,120,963	*1 ¥ 56,097,807	\$ 515,557

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, 2020 which was ¥108.81 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, 2019 and 2020

(Significant accounting policies for preparing consolidated financial statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

The number of consolidated subsidiaries at March 31, 2020 is 174.

Principal companies:	Sumitomo Mitsui Banking Corporation (“SMBC”)
	SMBC Trust Bank Ltd
	SMBC Nikko Securities Inc. (“SMBC Nikko”)
	Sumitomo Mitsui Card Company, Limited (“SMCC”)
	Cedyna Financial Corporation
	SMBC Consumer Finance Co., Ltd.
	The Japan Research Institute, Limited
	Sumitomo Mitsui DS Asset Management Company, Limited (“SMDAM”)
	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, 2020 are as follows:

TT International Asset Management Ltd and 15 other companies were newly included in the scope of consolidation as a result of acquisition of shares and for other reasons.

SMM Auto Finance, Inc. and 14 other companies were excluded from the scope of consolidation as they ceased to be subsidiaries due to the sale of their stocks and for other reasons.

(2) Unconsolidated subsidiaries

Principal company:	SBCS Co., Ltd.
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Unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income and retained earnings are immaterial, as such, they do not hinder a rational judgment of the 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, 2020 is 5.

Principal company:	SBCS Co., Ltd.
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(2) Equity method affiliates

The number of affiliates accounted for by the equity method at March 31, 2020 is 96.

Principal companies:	Sumitomo Mitsui Finance and Leasing Company, Limited
	Sumitomo Mitsui Auto Service Company, Limited

Changes in the equity method affiliates in the fiscal year ended March 31, 2020 are as follows:

3 companies became equity method affiliates due to new establishment.

Daiwa SB Investments Ltd. and 16 other companies were excluded from the scope of equity method affiliates as they ceased to be affiliates due to merger 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:	Park Square Capital / SMBC Loan Programme S. à r. l.
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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, 2020 are as follows:

June 30.....	4
October 31.....	2
December 31.....	82
January 31.....	1
March 31.....	85

- (2) The subsidiaries with balance sheets dated June 30 are consolidated using the financial statements as of March 31, the subsidiaries with balance sheets dated October 31 are consolidated using the financial statements as of January 31 and a subsidiary with balance sheets dated January 31 as well as 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 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 claims, net of the expected amount of recoveries from collateral and guarantees.

Discounted Cash Flows (“DCF”) method is used for claims on borrowers whose cash flows from collection of principals and interest can be rationally estimated, and SMBC, 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 primarily provided by setting the potential losses in the next one year or three years. The potential losses are calculated by determining the loss ratio based on the historical loan-loss ratio derived from actual loan losses or bankruptcies in the past one year or three years, or average (of a certain period) probability of bankruptcies, and by making necessary adjustments including future estimations.

In addition, in light of the latest economic situation and risk factors, for potential losses for specific portfolios that are based on the future prospects with high probability, but cannot be reflected in actual loan losses in the past and in any individual borrower’s classification, a reserve is provided in the amount deemed necessary based on an overall assessment.

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, 2019 and 2020 were ¥139,981 million and ¥142,834 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 purpose 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)

- 1. “Revised Accounting Standard for Revenue Recognition” (ASBJ Statement No.29) etc. (issued March 30, 2018, revised March 31, 2020)
 - (1) Outline
The accounting standard etc. provide comprehensive principles for revenue recognition by taking into account of international trends. The principles of revenue recognition in the standard etc. are to recognize revenue by depicting the transfer of promised goods or services to customers in an amount that reflects the consideration expected to be earned in exchange for those goods or services.
 - (2) Date of Application
The Company will apply the standard etc. from the beginning of the fiscal year commencing on April 1, 2021.
 - (3) Effects of Application of the Accounting Standard etc.
The effects of the application of the accounting standard etc. are currently being assessed.
- 2. “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30) etc. (issued July 4, 2019)
 - (1) Outline
The accounting standard etc. provide the guidance regarding methods of measuring fair values to improve comparability with those stipulated by international accounting standards.
 - (2) Date of Application
The Company applies the standard etc. from the beginning of the fiscal year commencing on April 1, 2020.
 - (3) Effects of Application of the Accounting Standard etc.
The effects of the application of the accounting standard etc. are currently being assessed.
- 3. “Accounting Standard for Disclosure of Accounting Estimates ” (ASBJ Statement No.31) (issued March 31, 2020)
 - (1) Outline
The accounting standard aims to disclose information to help users of financial statements to understand accounting estimates for items with risks that could have significant effects on consolidated financial statements of the following fiscal year, among the amounts determined by the accounting estimates on consolidated financial statements of the current fiscal year.
 - (2) Date of Application
The Company will apply the standard etc. from the end of the fiscal year ending on March 31, 2021.
- 4. “Revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No.24) (revised March 31, 2020)
 - (1) Outline
The accounting standard aims to provide the outline of adopted accounting principles and procedures in case that provisions of related accounting standards etc. are not evident.
 - (2) Date of Application
The Company will apply the standard etc. from the end of the fiscal year ending on March 31, 2021.

(Additional information)**1. The estimates of reserve for possible loan losses related to the increasing impact of the spread of the novel coronavirus disease (COVID-19)**

The estimates of reserve for possible loan losses related to the increased impact of COVID-19 are reflected in the consolidated financial statements using the following method.

For potential losses related to individual borrowers due to deterioration in business performance and funding, a reserve for possible loan losses is provided by reviewing, as necessary, the borrower's classification based on the most recent available information.

In addition, for potential losses for specific portfolios that are based on the future prospects with high probability, which cannot be reflected in any of individual borrower's classification, a reserve is provided in the amount deemed necessary based on an overall assessment in light of impacts such as fluctuations in market indices including crude oil price due to factors such as COVID-19.

2. Transition from the consolidated corporate-tax system to the group tax sharing system

Companies are required to shift from the consolidated corporate-tax system to the group tax sharing system from the fiscal year beginning on or after April 1, 2022, in accordance with the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8, 2020) enacted on March 31, 2020. However, the Company and certain consolidated domestic subsidiaries, currently adopting the consolidated corporate-tax system, applied the accounting treatment based on the provisions of the Income Tax Act before the amendment for the fiscal year ended March 31, 2020, in accordance with the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issue Task Force No. 39, March 31, 2020).

(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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Stocks.....	¥969,481	¥943,980
Investments.....	6,368	661

Stocks of jointly controlled entities were as follows:

March 31	Millions of yen	
	2019	2020
Stocks of jointly controlled entities.....	¥340,821	¥322,598

***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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Japanese government bonds in "Securities".....	¥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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Securities pledged.....	¥7,270,140	¥11,030,067
Securities lent.....	140,772	171,224
Securities held without being disposed.....	2,232,706	2,546,017

***3 Bankrupt loans and non-accrual loans**

Bankrupt loans and non-accrual loans at March 31, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Bankrupt loans	¥ 12,806	¥ 13,978
Non-accrual loans	456,802	378,173

“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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Past due loans (3 months or more)	¥13,444	¥14,400

“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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Restructured loans	¥193,427	¥221,288

“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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Risk-monitored loans	¥676,481	¥627,840

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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Bills discounted	¥906,636	¥850,324

***8 Assets pledged as collateral**

Assets pledged as collateral at March 31, 2019 and 2020 consisted of the following:

March 31, 2019	Millions of yen	March 31, 2020	Millions of yen
Assets pledged as collateral:		Assets pledged as collateral:	
Cash and due from banks	¥ 7,353	Cash and due from banks	¥ 78,112
Monetary claims bought	11,459	Trading assets	834,864
Trading assets	514,328	Securities	10,502,767
Securities	6,286,499	Loans and bills discounted	10,679,243
Loans and bills discounted	9,086,500		
Liabilities corresponding to assets pledged as collateral:		Liabilities corresponding to assets pledged as collateral:	
Deposits	26,089	Deposits	21,908
Payables under repurchase agreements	5,762,587	Payables under repurchase agreements	6,670,132
Payables under securities lending transactions	1,582,791	Payables under securities lending transactions	2,334,251
Borrowed money	7,922,955	Borrowed money	10,587,419
Due to trust account	124,550	Due to trust account	432,135
Acceptances and guarantees	167,027	Acceptance and guarantees	103,886

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, 2019 and 2020:

March 31, 2019	Millions of yen	March 31, 2020	Millions of yen
Cash and due from banks	¥ 41,584	Cash and due from banks	¥ 12,543
Trading assets	1,591,280	Trading assets	1,179,599
Securities	4,812,271	Securities	3,570,617
Loans and bills discounted	853,603	Loans and bills discounted	10,350

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, 2019	Millions of yen	March 31, 2020	Millions of yen
Collateral money deposited for financial instruments	¥1,630,600	Collateral money deposited for financial instruments	¥2,240,739
Surety deposits	92,281	Surety deposits	87,976
Margins of futures markets	64,340	Margins of futures markets	101,838
Other margins	43,365	Other margins	46,569

***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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
The amounts of unused commitments	¥62,409,943	¥61,881,806
The amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time	44,048,947	44,330,598

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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Accumulated depreciation	¥741,648	¥783,544

***12 Deferred gain on tangible fixed assets deductible for tax purposes**

Deferred gain on tangible fixed assets deductible for tax purposes at March 31, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Deferred gain on tangible fixed assets deductible for tax purposes	¥62,127	¥62,099
{The consolidated fiscal year concerned}	{—}	{—}

***13 Subordinated borrowings**

The balance of subordinated borrowings in “Borrowed money” at March 31, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Subordinated borrowings	¥257,000	¥249,000

***14 Subordinated bonds**

The balance of subordinated bonds included in “Bonds” at March 31, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Subordinated bonds	¥2,195,130	¥2,216,743

***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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
The amount of borrowings from trust account in relation to covered bonds issued by trust account	¥124,550	¥432,135

***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, 2019 and 2020 were as follows:

March 31	Millions of yen	
	2019	2020
Guaranteed amount to privately-placed bonds	¥1,662,777	¥1,603,941

(Notes to consolidated statements of income)***1 Other income**

“Other” in “Other income” for the fiscal years ended March 31, 2019 and 2020 included the following:

Year ended March 31, 2019	Millions of yen	Year ended March 31, 2020	Millions of yen
Gains on sales of stocks	¥134,748	Gains on sales of stocks	¥154,735

***2 General and administrative expenses**

“General and administrative expenses” for the fiscal years ended March 31, 2019 and 2020 included the following:

Year ended March 31, 2019	Millions of yen	Year ended March 31, 2020	Millions of yen
Salaries and related expenses	¥641,844	Salaries and related expenses	¥618,071
Research and development costs	167	Depreciation expense	180,765
		Research and development costs	77

***3 Other expenses**

“Other expenses” for the fiscal years ended March 31, 2019 and 2020 included the following:

Year ended March 31, 2019	Millions of yen	Year ended March 31, 2020	Millions of yen
Write-off of loans	¥105,429	Write-off of loans	¥105,307
		Write-off of stocks and others	45,374

***4 Other extraordinary gains**

“Other extraordinary gains” for the fiscal year ended March 31, 2019 and 2020 including the following gains:

Year ended March 31, 2019	Millions of yen	Year ended March 31, 2020	Millions of yen
Gains on step acquisitions	¥2,285	Gains on step acquisitions	¥22,040

*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, 2019 and 2020.

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
Year ended March 31, 2020			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (21 items)	Land and buildings, etc.	¥ 2,180
	Idle assets (87 items)		6,221
Kinki area	Branches (7 items)	Land and buildings, etc.	769
	Idle assets (57 items)		1,105
Other area in Japan.....	Branches (5 items)	Land and buildings, etc.	456
	Idle assets (20 items)		609
Americas	Lease assets for freight cars	Assets for rent	13,805
—	—	Goodwill and other intangible fixed assets	39,958

As for land and building, etc., at SMBC, a consolidated subsidiary of the Company, 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 land and buildings, etc. 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 at SMBC are reduced to their recoverable amounts, and the decreased amounts are included in “Extraordinary losses” as “Losses on impairment of fixed assets,” if there are indicators that the invested amounts may not be recoverable.

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.

Assets for rent are grouped by type of freight cars. For the fiscal year ended March 31, 2020, the carrying amounts of some of the freight cars were reduced to their recoverable amounts, and the decreased amounts were included in “Extraordinary losses” as “Losses on impairment of fixed assets,” as the invested amounts were considered not to be recoverable. The recoverable amount is measured by value in use, which is calculated by discounting future cash flows by 6%.

For goodwill and other intangible fixed assets, a consolidated subsidiary is the main unit of asset group. For the fiscal year ended March 31, 2020, SMBC Trust Bank Ltd. reviewed its future cash flows in view of the current market environment. As a result, all of the unamortized balance of goodwill and other intangible fixed assets at the end of the fiscal year ended March 31, 2020 were included in “Extraordinary losses” as “Losses on impairment of intangible fixed assets,” as the carrying amounts of the aforementioned assets associated with its PRESTIA business were considered not to be recoverable. The recoverable amount is measured by value in use, which is calculated by discounting future cash flows by 6%.

(Notes to consolidated statements of comprehensive income)

*1 Reclassification adjustment and tax effect of other comprehensive income

Year ended March 31	Millions of yen	
	2019	2020
Net unrealized gains (losses) on other securities:		
Amount arising during the fiscal year	¥ 67,769	¥(203,676)
Reclassification adjustments	(142,464)	(211,281)
Before adjustments to tax effect	(74,694)	(414,958)
Tax effect	105,852	100,166
Net unrealized gains (losses) on other securities	31,157	(314,792)
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	381	128,887
Reclassification adjustments	40,513	110,070
Before adjustments to tax effect	40,895	238,957
Tax effect	(10,914)	(72,779)
Net deferred gains (losses) on hedges	29,981	166,177
Land revaluation excess:		
Amount arising during the fiscal year	—	—
Reclassification adjustments	—	—
Before adjustments to tax effect	—	—
Tax effect	—	(39)
Land revaluation excess	—	(39)
Foreign currency translation adjustments:		
Amount arising during the fiscal year	13,212	(74,067)
Reclassification adjustments	(2,815)	15
Before adjustments to tax effect	10,396	(74,052)
Tax effect	—	—
Foreign currency translation adjustments	10,396	(74,052)
Remeasurements of defined benefit plans:		
Amount arising during the fiscal year	(80,149)	(125,218)
Reclassification adjustments	(15,063)	5,429
Before adjustments to tax effect	(95,212)	(119,789)
Tax effect	29,682	35,369
Remeasurements of defined benefit plans	(65,530)	(84,420)
Share of other comprehensive income of affiliates:		
Amount arising during the fiscal year	(22,857)	(42,843)
Reclassification adjustments	19,886	1,979
Before adjustments to tax effect	(2,970)	(40,864)
Tax effect	—	—
Share of other comprehensive income of affiliates	(2,970)	(40,864)
Total other comprehensive income	¥ 3,035	¥(347,990)

(Notes to consolidated statements of changes in net assets)

Fiscal year ended March 31, 2019

1. Type and number of shares issued and treasury stock

Year ended March 31, 2019	Number of shares			At the end of the fiscal year	Notes
	At the beginning of the fiscal year	Increase	Decrease		
Shares issued					
Common stock	1,414,443,390	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

Fiscal year ended March 31, 2020

1. Type and number of shares issued and treasury stock

Year ended March 31, 2020	Number of shares			At the end of the fiscal year	Notes
	At the beginning of the fiscal year	Increase	Decrease		
Shares issued					
Common stock	1,399,401,420	272,536	26,502,400	1,373,171,556	1,2
Total.....	1,399,401,420	272,536	26,502,400	1,373,171,556	
Treasury stock					
Common stock	3,800,918	26,525,707	26,681,582	3,645,043	3,4
Total.....	3,800,918	26,525,707	26,681,582	3,645,043	

- Notes: 1. The increase of 272,536 shares in the total number of shares issued was due to issuance of new stocks as stock-based compensation.
2. The decrease of 26,502,400 shares in the total number of shares issued was due to cancellation of treasury stock.
3. The increase of 26,525,707 shares in the number of treasury common stock comprises the increase of 23,307 shares due to purchase of fractional shares, and the increase of 26,502,400 shares due to purchase of treasury stock.
4. The decrease of 26,681,582 shares in the number of treasury common stock comprises the decrease of 179,182 shares due to sales of fractional shares as well as exercise of stock option, and the decrease of 26,502,400 shares due to cancellation of treasury stock.

2. Information on stock acquisition rights

Year ended March 31, 2020	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	—	—	—	—	—	¥2,064	
Total.....							¥2,064	

3. Information on dividends

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount				Record date	Effective date
		Cash dividends	Cash dividends per share				
Ordinary General Meeting of Shareholders held on June 27, 2019	Common stock	¥132,582	¥95			March 31, 2019	June 28, 2019
Meeting of the Board of Directors held on November 12, 2019	Common stock	123,252	90			September 30, 2019	December 3, 2019

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount					Record date	Effective date
		Cash dividends	Source of dividends	Cash dividends per share				
Ordinary General Meeting of Shareholders held on June 26, 2020	Common stock	¥136,952	Retained earnings	¥100			March 31, 2020	June 29, 2020

(Notes to consolidated statements of cash flows)

- *1 Reconciliation of balance of “Cash and cash equivalents” at the end of the fiscal year and the amounts of items stated in the consolidated balance sheet

Year ended March 31	Millions of yen	
	2019	2020
Cash and due from banks	¥57,411,276	¥61,768,573
Interest earning deposits with banks (excluding the deposit with the Bank of Japan).....	(4,290,312)	(5,670,766)
Cash and cash equivalents.....	¥53,120,963	¥56,097,807

- *2 The major components of assets and liabilities for the companies newly consolidated by stock acquisition and for other reasons
The major components of assets and liabilities at the commencement of consolidation due to consolidation of PT Bank Tabungan Pensiunan Nasional Tbk (“BTPN”) and 1 other company by SMBC’s stock acquisition and the relation between the acquisition cost of the 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 of companies which were excluded from the scope of consolidation by sale of the shares

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 the 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	
	2019	2020
Lease receivables	¥269,214	¥258,052
Residual value	65,094	47,285
Unearned interest income	(86,474)	(85,604)
Total	¥247,835	¥219,733

2) The scheduled collections of lease payments receivable related to lease investment assets are as follows:

March 31	Millions of yen	
	2019	2020
Within 1 year	¥ 43,411	¥ 26,938
More than 1 year to 2 years	24,003	26,318
More than 2 years to 3 years	21,214	23,880
More than 3 years to 4 years	20,682	16,453
More than 4 years to 5 years	13,813	13,612
More than 5 years	146,089	150,848
Total	¥269,214	¥258,052

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, 2019 was ¥1,332 million 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	
	2019	2020
Due within 1 year	¥ 44,385	¥ 42,384
Due after 1 year	271,612	247,206
Total	¥315,997	¥289,591

(2) Lessor side

Future minimum lease payments on operating leases which were not cancelable were as follows:

March 31	Millions of yen	
	2019	2020
Due within 1 year	¥ 35,936	¥ 31,498
Due after 1 year	85,242	72,655
Total	¥121,178	¥104,154

(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 (derivative transactions for both ALM and trading purposes are undertaken by the Asia and Oceania Treasury Dept. in Asia and Oceania region, and are undertaken by the East Asia Treasury Dept. in East Asia region).

(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 Management Committee and the Audit 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 Audit Committee. Furthermore, the ALM Committee at SMBC, the core bank of the Company, 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 Audit Committee 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, 2020, total VaR of SMBC and its major consolidated subsidiaries was ¥50.5 billion for the banking activities, ¥16.2 billion for the trading activities and ¥942.4 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 under the stress 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, 2019 and 2020 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, 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 in “Trading assets,” “Trading liabilities,” “Other assets” and “Other liabilities.” Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

March 31, 2020	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks *1	¥ 61,763,910	¥ 61,765,323	¥ 1,412
2) Call loans and bills bought *1	894,743	896,463	1,720
3) Receivables under resale agreements	8,753,816	8,753,505	(311)
4) Receivables under securities borrowing transactions *1	5,005,089	5,005,125	36
5) Monetary claims bought *1	4,556,779	4,588,270	31,490
6) Trading assets			
Securities classified as trading purposes	2,752,881	2,752,881	—
7) Money held in trust	353	353	—
8) Securities			
Bonds classified as held-to-maturity	282,379	282,519	140
Other securities	25,484,707	25,484,707	—
9) Loans and bills discounted	82,517,609		
Reserve for possible loan losses *1	(301,752)		
	82,215,856	84,118,833	1,902,976
10) Foreign exchanges *1	2,060,975	2,063,721	2,745
11) Lease receivables and investment assets *1	219,548	218,858	(690)
Total assets	¥193,991,042	¥195,930,563	¥1,939,520
1) Deposits	¥127,042,217	¥127,049,743	¥ 7,526
2) Negotiable certificates of deposit	10,180,435	10,187,496	7,060
3) Call money and bills sold	3,740,539	3,740,628	88
4) Payables under repurchase agreements	13,237,913	13,237,913	—
5) Payables under securities lending transactions	2,385,607	2,385,607	—
6) Commercial paper	1,409,249	1,409,249	—
7) Trading liabilities			
Trading securities sold for short sales	2,012,475	2,012,475	—
8) Borrowed money	15,210,894	15,254,734	43,839
9) Foreign exchanges	1,461,308	1,461,308	—
10) Short-term bonds	379,000	379,000	—
11) Bonds	9,235,639	9,360,807	125,167
12) Due to trust account	1,811,355	1,824,319	12,964
Total liabilities	¥188,106,637	¥188,303,284	¥ 196,647
Derivative transactions *2			
Hedge accounting not applied	¥ 517,570	¥ 517,570	¥ —
Hedge accounting applied	294,816	294,816	—
Total	¥ 812,386	¥ 812,386	¥ —

*1 The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses. The reserves for possible losses on "Cash and due from banks," "Call loans and bills bought," "Receivables under securities borrowing transactions," "Monetary claims bought," "Foreign exchanges" and "Lease receivables and investment assets" are deducted directly from consolidated balance sheet amount since they are immaterial.

*2 The amounts collectively represent the derivative transactions which are recorded in "Trading assets," "Trading liabilities," "Other assets" and "Other liabilities." Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

(2) Fair value calculation methodology for financial instruments

Assets

1) Cash and due from banks, 2) Call loans and bills bought, 3) Receivables under resale agreements, 4) Receivables under securities borrowing transactions, 9) Loans and bills discounted, 10) Foreign exchanges and 11) Lease receivables and investment assets:

Of these transactions, for dues from banks without maturity and overdrafts with no specified repayment dates, the book values are used as fair value as they are considered to approximate their fair value.

For short-term transactions with remaining maturity not exceeding 6 months, in principle, the book values are used as fair value as they are considered to approximate their fair value.

The fair value of those with a remaining maturity of more than 6 months is, in principle, the present value of future cash flows (calculated by discounting estimated future cash flows, taking into account factors such as the borrower's internal rating and pledged collateral, using a rate comprising of a risk-free interest rate and an adjustment). Certain consolidated subsidiaries of 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 by industry associations, etc.

3) Call money and bills sold, 4) Payables under repurchase agreements, 5) Payables under securities lending transactions, 6)

Commercial paper, 8) Borrowed money, 10) Short-term bonds and 11) Bonds:

The fair values of short-term transactions with remaining maturity not exceeding 6 months are based on their book values, as their book values are considered to approximate their fair values. For transactions with a remaining maturity of more than 6 months, their fair values are, in principle, based on the present value of estimated future cash flows calculated using the refinancing rate applied to the same type of instruments for the remaining maturity. 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	
	2019	2020
Securities:		
Unlisted stocks, etc. *1 *3	¥170,572	¥174,347
Investments in partnership, etc. *2 *3	215,245	242,674
Total	¥385,817	¥417,022

*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 ¥9,669 million and ¥22,903 million were written-off in the fiscal year ended March 31, 2019 and 2020, respectively.

- (4) Redemption schedule of monetary claims and securities with maturities

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.

March 31, 2020	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥ 60,891,144	¥ 26,083	¥ 5,413	¥ 906
Call loans and bills bought	853,031	43,708	—	—
Receivables under resale agreements	8,427,511	65,286	—	—
Receivables under securities borrowing transactions ...	5,000,653	4,450	—	—
Monetary claims bought *1	3,310,435	735,646	163,273	295,468
Securities	6,702,393	7,787,784	3,250,285	4,241,524
Bonds classified as held-to-maturity	260,000	—	22,300	—
Japanese government bonds	260,000	—	—	—
Japanese local government bonds	—	—	22,300	—
Japanese corporate bonds	—	—	—	—
Other	—	—	—	—
Other securities with maturity	6,442,393	7,787,784	3,227,985	4,241,524
Japanese government bonds	3,388,590	2,780,300	450,200	413,700
Japanese local government bonds	2,912	45,000	179,449	12,775
Japanese corporate bonds	316,475	1,123,144	814,564	449,623
Other	2,734,414	3,839,340	1,783,771	3,365,426
Loans and bills discounted *1 *2	20,530,820	34,431,806	13,516,514	6,514,499
Foreign exchanges *1	2,057,021	2,911	—	—
Lease receivables and investment assets	21,006	58,938	26,716	65,787
Total	¥107,794,017	¥43,156,614	¥16,962,203	¥11,118,187

*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: ¥292 million, Loans and bills discounted: ¥339,003 million, Foreign exchanges: ¥3,351 million.

*2 "Loans and bills discounted" without the maturity dates are not included. Such amount is totaled to ¥7,182,191 million at March 31, 2020.

(5) Redemption schedule of bonds, borrowed money and other interest-bearing debts

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.

March 31, 2020	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥123,191,393	¥ 3,269,858	¥ 158,359	¥ 422,607
Negotiable certificates of deposit	9,488,288	692,146	—	—
Call money and bills sold.....	3,740,539	—	—	—
Payables under repurchase agreements	13,219,904	—	—	—
Payables under securities lending transactions	2,385,607	—	—	—
Commercial paper	1,409,249	—	—	—
Borrowed money	10,116,503	4,185,181	637,820	271,389
Foreign exchanges	1,461,308	—	—	—
Short-term bonds.....	379,000	—	—	—
Bonds.....	1,311,716	3,876,955	3,016,822	1,030,816
Due to trust account.....	1,379,220	282,735	149,400	—
Total.....	¥168,082,732	¥12,306,877	¥3,962,402	¥1,724,812

* 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	
	2019	2020
Valuation gains (losses) included in the earnings for the fiscal year.....	¥20,551	¥(27,480)

2. Bonds classified as held-to-maturity

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	

March 31, 2020		Millions of yen		
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds.....	¥260,079	¥260,286	¥206
	Japanese local government bonds.....	2,000	2,001	1
	Japanese corporate bonds.....	—	—	—
	Other.....	—	—	—
	Subtotal.....	262,079	262,287	208
Bonds with unrealized losses:	Japanese government bonds.....	—	—	—
	Japanese local government bonds.....	20,300	20,232	(67)
	Japanese corporate bonds.....	—	—	—
	Other.....	—	—	—
	Subtotal.....	20,300	20,232	—
Total.....	¥282,379	¥282,519	¥140	

3. Other securities

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 ¥12,777 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.

March 31, 2020		Millions of yen		
		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks.....	¥ 2,372,608	¥ 1,038,349	¥1,334,258
	Bonds.....	5,197,614	5,159,687	37,927
	Japanese government bonds.....	2,871,225	2,865,395	5,829
	Japanese local government bonds.....	76,337	75,981	356
	Japanese corporate bonds.....	2,250,052	2,218,310	31,741
	Other.....	10,655,671	9,934,324	721,347
	Subtotal.....	18,225,894	16,132,361	2,093,533
Other securities with unrealized losses:	Stocks.....	222,431	287,126	(64,694)
	Bonds.....	4,869,781	4,886,191	(16,410)
	Japanese government bonds.....	4,216,709	4,229,667	(12,957)
	Japanese local government bonds.....	164,044	164,575	(530)
	Japanese corporate bonds.....	489,027	491,949	(2,921)
	Other.....	2,914,076	3,034,175	(120,098)
	Subtotal.....	8,006,289	8,207,493	(201,204)
Total.....		¥26,232,183	¥24,339,854	¥1,892,329

Notes: 1. Net unrealized gains (losses) on other securities shown above include losses of ¥26,403 million for the fiscal year ended March 31, 2020 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, 2020	Millions of yen
Stocks.....	¥141,767
Other.....	275,254
Total.....	¥417,022

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, 2019

There are no corresponding transactions.

Fiscal year ended March 31, 2020

There are no corresponding transactions.

5. Other securities sold during the fiscal year

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)

Year ended March 31, 2020	Millions of yen		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 205,299	¥115,228	¥(11,013)
Bonds.....	8,380,330	26,478	(4,384)
Japanese government bonds.....	8,036,803	25,415	(4,349)
Japanese local government bonds.....	92,994	295	(34)
Japanese corporate bonds.....	250,532	766	(0)
Other.....	14,797,180	120,696	(33,219)
Total.....	¥23,382,810	¥262,403	¥(48,617)

6. Change of classification of securities

Fiscal year ended March 31, 2019

There are no significant corresponding transactions to be disclosed.

Fiscal year ended March 31, 2020

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, 2019 and 2020 were ¥9,013 million and ¥23,000 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, 2019*

There are no corresponding transactions.

Fiscal year ended March 31, 2020

There are no corresponding transactions.

2. Money held in trust classified as held-to-maturity*Fiscal year ended March 31, 2019*

There are no corresponding transactions.

Fiscal year ended March 31, 2020

There are no corresponding transactions.

3. Other money held in trust

March 31, 2019	Millions of yen		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥390	¥390	—

March 31, 2020	Millions of yen		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥353	¥353	—

(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, 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.

March 31, 2020	Millions of yen
Net unrealized gains (losses)	¥1,918,660
Other securities	1,918,660
Other money held in trust	—
(-) Deferred tax liabilities	453,080
Net unrealized gains (losses) on other securities (before following adjustments)	1,465,580
(-) Non-controlling interests	103,969
(+) The Company’s interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates.....	9,795
Net unrealized gains (losses) on other securities	¥1,371,407

- Notes: 1. Net unrealized losses of ¥26,403 million for the fiscal year ended March 31, 2020 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.
3. Non-controlling interests include equity acquired from non-controlling stockholders.

(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, 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 floating 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.

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold.....	¥ 21,076,337	¥ 4,765,699	¥ (27,290)	¥ (27,290)
Bought.....	14,737,369	2,199,856	27,550	27,550
Interest rate options:				
Sold.....	6,750,245	4,521,273	(11,465)	(11,465)
Bought.....	158,524,331	67,831,291	48,263	48,263
Over-the-counter				
Forward rate agreements:				
Sold.....	62,823,188	4,805,635	132,247	132,247
Bought.....	61,810,031	3,914,222	(132,242)	(132,242)
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	466,801,624	363,010,583	571,893	571,893
Receivable floating rate/payable fixed rate.....	204,935,762	162,453,955	9,871,580	9,871,580
Receivable floating rate/payable floating rate.....	199,732,233	157,519,483	(9,312,725)	(9,312,725)
Receivable floating rate/payable floating rate.....	62,049,122	42,972,238	4,408	4,408
Interest rate swaptions:				
Sold.....	7,216,094	3,744,854	5,054	5,054
Bought.....	6,612,746	3,503,884	(22,405)	(22,405)
Caps:				
Sold.....	58,316,271	35,057,852	(27,575)	(27,575)
Bought.....	13,991,264	9,813,927	689	689
Floors:				
Sold.....	3,427,268	3,271,036	(34,570)	(34,570)
Bought.....	2,001,857	1,816,324	21,728	21,728
Other:				
Sold.....	1,723,114	1,045,482	(2,327)	(2,327)
Bought.....	6,906,532	4,948,922	74,235	74,235
Total.....	/	/	¥ 623,785	¥ 623,785

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, 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.

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Currency futures:				
Sold.....	¥ 4,500	¥ —	¥ (7)	¥ (7)
Bought.....	—	—	—	—
Over-the-counter				
Currency swaps.....	55,227,153	41,204,948	(116,557)	(97,022)
Currency swaptions:				
Sold.....	229,152	45,273	(429)	(429)
Bought.....	789,974	577,080	1,766	1,766
Forward foreign exchange.....	80,636,837	10,126,712	(1,771)	(1,771)
Currency options:				
Sold.....	3,622,112	1,493,867	(115,008)	(115,008)
Bought.....	3,258,083	1,206,448	120,743	120,743
Total.....	/	/	¥(111,265)	¥ (91,729)

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, 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.

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Equity price index futures:				
Sold.....	¥683,868	¥ 3,250	¥ (7,234)	¥ (7,234)
Bought.....	470,636	30,247	1,286	1,286
Equity price index options:				
Sold.....	625,316	253,364	(69,629)	(69,629)
Bought.....	476,035	197,739	31,351	31,351
Over-the-counter				
Equity options:				
Sold.....	342,896	52,544	(30,674)	(30,674)
Bought.....	312,867	38,253	32,382	32,382
Equity index forward contracts:				
Sold.....	—	—	—	—
Bought.....	2,614	28	448	448
Equity price index swaps:				
Receivable equity index/payable short-term floating rate.....	58,774	31,271	(18,606)	(18,606)
Receivable short-term floating rate/payable equity index.....	268,608	151,227	51,513	51,513
Total.....	/	/	¥ (9,162)	¥ (9,162)

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, 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.

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Bond futures:				
Sold.....	¥1,098,669	¥ —	¥(15,128)	¥(15,128)
Bought.....	1,137,437	—	16,168	16,168
Bond futures options:				
Sold.....	3,000	—	2	2
Bought.....	2,992	—	10	10
Over-the-counter				
Bond forward contract:				
Sold.....	499	—	0	0
Bought.....	—	—	—	—
Bond options:				
Sold.....	298,310	—	(119)	(119)
Bought.....	371,168	71,357	8,240	8,240
Total.....	/	/	¥ 9,174	¥ 9,174

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, 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.

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Commodity futures:				
Sold.....	¥ 3,090	¥ —	¥ 171	¥ 171
Bought.....	4,044	—	(379)	(379)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	80,464	47,610	18,209	18,209
Receivable floating price/payable fixed price	76,311	44,804	(15,201)	(15,201)
Receivable floating price/payable floating price.....	1,363	1,347	0	0
Commodity options:				
Sold.....	3,153	2,199	(529)	(529)
Bought.....	1,307	532	(89)	(89)
Total.....	/	/	¥ 2,181	¥ 2,181

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, 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.

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter				
Credit default options:				
Sold	¥1,010,046	¥ 871,799	¥ (10,922)	¥ (10,922)
Bought	1,173,724	1,012,367	13,779	13,779
Total	/	/	¥ 2,856	¥ 2,856

- 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, 2019		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		¥ 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 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".

March 31, 2020			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit			
	Sold		¥ 435,240	¥ —	¥ 43
	Bought		1,142,505	—	269
	Interest rate swaps:				
	Receivable fixed rate/payable floating rate		36,700,930	28,992,026	697,034
	Receivable floating rate/payable fixed rate		14,785,349	13,677,981	(507,233)
	Interest rate swaptions:				
Sold	151,789	151,789	26,130		
Bought	—	—	—		
Recognition of gain or loss on the hedged items	Interest rate swaps: Receivable floating rate/payable fixed rate	Loans and bills discounted	409,908	390,290	(13,781)
Special treatment for interest rate swaps	Interest rate swaps: Receivable floating rate/payable fixed rate	Borrowed money	71,880	55,700	(Note 3)
	Total		/	/	¥ 202,463

- 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 transaction subject to the hedge in the "(Notes to financial instruments) 2. Fair value of financial instruments."

(2) Currency derivatives

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
	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.

March 31, 2020			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Currency swaps	Foreign currency denominated loans and bills discounted, other securities, deposits, foreign exchange, etc.	¥9,966,619	¥5,490,043	¥64,752
	Forward foreign exchange		39,426	—	723
Recognition of gain or loss on the hedged items	Currency swaps	Loans and bills discounted, other securities	254,494	208,359	18,015
	Total		/	/	¥83,491

- 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, 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: Receivable floating rate/payable equity index	Other securities	¥48,510	48,510	1,826
	Total		/	/	¥1,826

Note: Fair value is calculated using discounted present value.

March 31, 2020			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: Receivable floating rate/payable equity index	Other securities	¥41,556	41,556	8,861
	Total		/	/	¥8,861

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	
	2019	2020
Beginning balance of projected benefit obligation.....	¥1,125,746	¥1,123,760
Service cost	38,597	37,323
Interest cost on projected benefit obligation	5,946	4,098
Unrecognized net actuarial gain or loss incurred	31,582	13,225
Payments of retirement benefits	(55,656)	(55,337)
Unrecognized prior service cost	96	—
Net change as a result of business combinations	(22,529)	1,227
Other	(22)	(318)
Ending balance of projected benefit obligation.....	¥1,123,760	¥1,123,979

(2) Reconciliation of beginning and ending balances of plan assets

Year ended March 31	Millions of yen	
	2019	2020
Beginning balance of plan assets	¥1,469,182	¥1,421,378
Expected return on plan assets	43,473	42,510
Unrecognized net actuarial gain or loss incurred	(48,332)	(112,013)
Contributions by the employer	15,746	13,108
Payments of retirement benefits.....	(42,816)	(43,656)
Net change as a result of business combinations.....	(14,348)	—
Other	(1,525)	(2,551)
Ending balance of plan assets	¥1,421,378	¥1,318,775

(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	
	2019	2020
Funded projected benefit obligation.....	¥(1,099,416)	¥(1,096,602)
Plan assets	1,421,378	1,318,775
	321,961	222,172
Unfunded projected benefit obligation.....	(24,343)	(27,376)
Net amount of asset and liability reported on the consolidated balance sheet	¥ 297,617	¥ 194,795

March 31	Millions of yen	
	2019	2020
Net defined benefit asset	¥329,434	¥230,573
Net defined benefit liability	(31,816)	(35,777)
Net amount of asset and liability reported on the consolidated balance sheet	¥297,617	¥194,795

(4) Pension expenses

Year ended March 31	Millions of yen	
	2019	2020
Service cost	¥ 38,597	¥ 37,323
Interest cost on projected benefit obligation.....	5,946	4,098
Expected return on plan assets	(43,473)	(42,510)
Amortization of unrecognized net actuarial gain or loss	(15,100)	5,569
Amortization of unrecognized prior service cost.....	(131)	(140)
Other (nonrecurring additional retirement allowance paid and other)	6,300	7,521
Pension expenses	¥ (7,861)	¥ 11,861

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	
	2019	2020
Prior service cost.....	¥ 227	¥ 140
Net actuarial gain or loss	94,984	119,648
Total.....	¥95,212	¥119,789

(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	
	2019	2020
Unrecognized prior service cost	¥ (300)	¥ (159)
Unrecognized net actuarial gain or loss.....	8,596	128,245
Total.....	¥8,295	¥128,085

(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	2019	2020
Stocks.....	58.7%	56.3%
Bonds.....	17.8%	15.1%
General account of life insurance.....	2.8%	3.0%
Other	20.7%	25.6%
Total.....	100.0%	100.0%

Note: The retirement benefit trusts set up for employee pension plans and lump-sum severance indemnity plans account for 36.3% and 35.5% of the total plan assets at March 31, 2019 and 2020, 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, 2019	Percentages	Year ended March 31, 2020	Percentages
Domestic consolidated subsidiaries	(0.1)% to 0.8%	Domestic consolidated subsidiaries	0.3% to 0.8%
Overseas consolidated subsidiaries	2.4 % to 9.0%	Overseas consolidated subsidiaries	2.3% to 8.3%

2) Long-term expected rate of return on plan assets

Year ended March 31, 2019	Percentages	Year ended March 31, 2020	Percentages
Domestic consolidated subsidiaries	0% to 4.0%	Domestic consolidated subsidiaries	0% to 4.0%
Overseas consolidated subsidiaries	2.4% to 9.0%	Overseas consolidated subsidiaries	2.3% to 8.3%

3. Defined contribution plan

Fiscal year ended March 31, 2019

The amount required to be contributed by the consolidated subsidiaries is ¥11,500 million.

Fiscal year ended March 31, 2020

The amount required to be contributed by the consolidated subsidiaries is ¥11,122 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, 2019 and 2020 are as follows:

Year ended March 31	Millions of yen	
	2019	2020
General and administrative expenses.....	¥29	¥7

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, 2019 and 2020 are as follows:

Year ended March 31	Millions of yen	
	2019	2020
Other income	¥—	¥1,610

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 is 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	7,200	13,600	65,400	42,700	59,400	91,200	121,300
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	2,000	7,200	7,100	3,500	17,300	13,500	18,500
Outstanding	5,200	6,400	58,300	39,200	42,100	77,700	102,800
After vested							
Previous fiscal year-end	59,700	173,600	161,000	33,300	32,000	14,400	24,600
Vested	2,000	7,200	7,100	3,500	17,300	13,500	18,500
Exercised	17,000	47,800	38,500	9,900	21,500	14,800	27,400
Forfeited	—	—	—	—	—	—	—
Exercisable	44,700	133,000	129,600	26,900	27,800	13,100	15,700

* 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	3,263	3,452	3,601	3,318	3,856	4,002	3,739
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	Executive 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 is 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	83,240,000	9,600,000	37,896,500
Granted.....	—	—	—
Forfeited.....	83,240,000	9,600,000	37,896,500
Vested	—	—	—
Outstanding	—	—	—
After vested			
Previous fiscal year-end	—	—	—
Vested	—	—	—
Exercised	—	—	—
Forfeited.....	—	—	—
Exercisable	—	—	—

* Number of stock options has been converted and stated as number of shares.

2) Price information

Date of resolution	IDR		
	March 26, 2015	March 26, 2015	April 29, 2016
Exercise price (IDR)	4,000.00	4,000.00	2,617.00
Average exercise price (IDR)...	—	—	—
Fair value at the grant date (IDR)	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, 2019	Millions of yen	March 31, 2020	Millions of yen
Deferred tax assets:		Deferred tax assets:	
Reserve for possible loan losses and write-off of loans.....	¥ 181,930	Reserve for possible loan losses and write-off of loans.....	¥ 209,156
Net operating loss carryforwards *2	210,814	Net operating loss carryforwards *2	177,351
Securities.....	147,466	Securities.....	146,854
Reserve for losses on interest repayment.....	45,195	Reserve for losses on interest repayment.....	43,753
Accumulated remeasurements of defined benefit plans.....	2,785	Accumulated remeasurements of defined benefit plans.....	39,818
Other	185,582	Other	164,543
Subtotal.....	773,774	Subtotal.....	781,478
Valuation allowance for net operating loss carryforwards *2.....	(166,296)	Valuation allowance for net operating loss carryforwards *2.....	(116,002)
Valuation allowance for total amount of deductible temporary differences etc.	(200,111)	Valuation allowance for total amount of deductible temporary differences etc.	(192,146)
Valuation allowance subtotal *1	(366,407)	Valuation allowance subtotal *1	(308,148)
Total deferred tax assets	407,367	Total deferred tax assets	473,329
Deferred tax liabilities:		Deferred tax liabilities:	
Net unrealized gains on other securities.....	(551,785)	Net unrealized gains on other securities.....	(445,574)
Net deferred gains (losses) on hedge.....	—	Net deferred gains (losses) on hedge.....	(57,250)
Depreciation.....	(44,994)	Depreciation.....	(52,125)
Other	(148,562)	Other	(149,449)
Total deferred tax liabilities	(745,341)	Total deferred tax liabilities	(704,399)
Net deferred tax assets (liabilities)	¥ (337,974)	Net deferred tax assets (liabilities)	¥ (231,070)

*1 The change of valuation allowance is mainly due to utilization of net operating loss carryforwards and a decrease in valuation allowance due to the judgement of recoverability of deferred tax assets from expected future taxable income at SMBC Consumer Finance Co., Ltd.

*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.

March 31, 2020	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 *	¥ 68,777	¥ 37,998	¥ 20,754	¥ 49,821	¥ 177,351
Valuation allowance.....	(58,773)	(37,271)	(18,714)	(1,282)	(116,002)
Deferred tax assets	10,044	727	2,040	48,538	61,349

* 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, 2019	Percentages	March 31, 2020	Percentages
Statutory tax rate	30.62%	Statutory tax rate	30.62%
Dividends exempted for income tax purposes.....	(3.57)	Valuation allowance.....	(8.36)
Equity in gains of affiliates	(1.67)	Equity in gains of affiliates	(1.93)
Difference between the Company and overseas consolidated subsidiaries.....	(1.62)	Dividends exempted for income tax purposes.....	(1.05)
Expired loss carryforwards	4.27	Difference of the scope of taxable income between corporate income tax and enterprise income tax ...	(1.00)
Valuation allowance.....	2.39	Other	0.59
Other	(0.92)	Effective income tax rate.....	18.87%
Effective income tax rate.....	29.50%		

(Notes to asset retirement obligations)

Fiscal year ended March 31, 2019

There is no significant information to be disclosed.

Fiscal year ended March 31, 2020

There is no significant information to be disclosed.

(Notes to real estate for rent)

Fiscal year ended March 31, 2019

There is no significant information to be disclosed.

Fiscal year ended March 31, 2020

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, 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.

Year ended March 31, 2020	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	¥ 641,542	¥ 1,257,678	¥ 667,083	¥ 421,629	¥(219,345)	¥ 2,768,587
Expenses	(284,353)	(1,025,179)	(350,579)	(56,235)	(23,256)	(1,739,603)
Others	52,059	1,974	54,736	33,376	(86,094)	56,051
Consolidated net business profit	¥ 409,247	¥ 234,473	¥ 371,240	¥ 398,770	¥(328,696)	¥ 1,085,304

- 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. 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, 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.

Year ended March 31, 2020	Millions of yen
Consolidated net business profit	¥1,085,034
Other ordinary income (excluding equity in gains of affiliates)	196,764
Other ordinary expenses	(349,734)
Ordinary profit on consolidated statements of income	¥ 932,064

Note: Figures shown in the parenthesis represent the loss.

[Related information]

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 and others; Asia and Oceania includes China, Singapore, Indonesia 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.

Fiscal year ended March 31, 2020

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
¥3,496,033	¥764,766	¥395,209	¥658,303	¥5,314,313

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 and others; Asia and Oceania includes China, Singapore, Indonesia and others except Japan.

(2) Tangible fixed assets

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥881,203	¥511,264	¥26,941	¥30,914	¥1,450,323

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, 2019 is ¥9,610 million.

Impairment loss for the fiscal year ended March 31, 2020 is ¥65,106 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, 2019						
Amortization of goodwill	¥309	¥ 4,019	¥5,494	¥—	¥ 16,095	¥ 25,919
Unamortized balance	—	50,100	—	—	143,027	193,127
	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, 2020						
Amortization of goodwill	¥—	¥ 4,019	¥—	¥—	¥ 13,513	¥ 17,533
Unamortized balance	—	46,080	—	—	148,209	194,289

[Information on gains on negative goodwill by reportable segment]

Fiscal year ended March 31, 2019

There are no corresponding transactions.

Fiscal year ended March 31, 2020

There are no corresponding transactions.

[Information on related parties]

Fiscal year ended March 31, 2019

There is no significant corresponding information to be disclosed.

Fiscal year ended March 31, 2020

There is no significant corresponding information to be disclosed.

(Business Combination)

<Business combination through acquisition>

Merger between Sumitomo Mitsui Asset Management Company, Limited and Daiwa SB Investments Ltd.

On April 1, 2019, Sumitomo Mitsui Asset Management Company, Limited (“SMAM”), a consolidated subsidiary of the Company, merged with Daiwa SB Investments Ltd. (“DSBI”), an equity method affiliate of the Company, under a merger agreement concluded between the two companies on September 28, 2018. The trade name of the merged company is Sumitomo Mitsui DS Asset Management Company, Limited.

The outline of the merger is as follows.

1. Outline of the business combination

- 1) Name of the acquired company and its business
Name: Daiwa SB Investments Ltd.
Business: Investment management business, investment advisory and agency business
- 2) Main reasons for the business combination
The asset management business is undergoing global growth, and the investment management capabilities and services desired by clients are progressively becoming more sophisticated. The merger aims to establish an asset management company that combines the strengths and expertise of SMAM and DSBI, and offers the highest quality of investment management performance and services based on its fiduciary duties, in order to address the aforesaid client needs.
- 3) Date of the business combination
April 1, 2019
- 4) Legal form the business combination
The structure of the merger is an absorption-type merger with SMAM as the surviving company and DSBI as the absorbed company.
- 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 the Company immediately prior to the business combination: 48.96%
Ratio of voting rights increased on the date of business combination: 1.16%
Ratio of voting rights after the merger: 50.12%
- 7) Grounds for deciding on the acquirer
The Company owns a majority of voting rights of Sumitomo Mitsui DS Asset Management Company, Limited.

2. Period of the acquired company's financial results included in the consolidated statements of income of the Company
From April 1, 2019 to March 31, 2020

3. Acquisition cost and consideration of the acquired company

Fair Value at the business combination of the common shares of DSBI held by the Company immediately prior to the business combination	40,111 million yen
Consideration (shares of SMAM) for the common shares of DSBI additionally acquired by the Company on the date of business combination	958 million yen
Acquisition cost of the acquired company	41,070 million yen

4. Merger ratio by type of shares, its calculation method and number of shares delivered

- 1) Type of shares and merger ratio
Common stock SMAM 1: DSBI 4.2156
- 2) Method for calculating the merger ratio
SMAM and DSBI conducted careful discussion on the merger ratio following a comprehensive consideration of the financial condition, asset condition and future prospects of the two companies based on the analysis by each third-party appraiser regarding merger ratio, Ernst & Young Transaction Advisory Services Co., Ltd., appointed by SMAM, and PwC Advisory LLC, appointed by DSBI. As a result, SMAM and DSBI concluded that the merger ratio was appropriate and reached an agreement.
- 3) Number of shares delivered
Common share of SMAM 16,230,060 shares

5. Major acquisition-related costs

Advisory fees, etc. 9 million yen

6. Difference between acquisition cost and total amount of acquisition cost of each transaction

Acquisition cost	41,070 million yen
Sum of acquisition costs of each transaction resulting in the acquisition	19,072 million yen
Difference (gains on step acquisitions)	21,997 million yen

7. Amount of goodwill, reason for recognizing goodwill, amortization method and the period

- 1) Amount of goodwill
17,022 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
Goodwill is amortized using the straight-line method over 14 years

8. Amounts of assets acquired and liabilities assumed on the date of the business combination

- 1) Assets

Total assets:	61,319 million yen
Cash and due from banks:	22,798 million yen
- 2) Liabilities

Total liabilities:	14,178 million yen
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9. 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:	19,898 million yen (13 years)
Assets related to customers:	19,898 million yen (13 years)

10. Approximate amounts and their calculation method of impact on the consolidated statements of income for the fiscal year ended

March 31, 2020, assuming that the business combination had been completed at the beginning of the fiscal year
Not applicable as the date of business combination is the beginning day of the fiscal year ended March 31, 2020 (April 1, 2019).

(Per Share Data)

As of and year ended March 31	Yen	
	2019	2020
Net assets per share	¥7,715.91	¥7,827.50
Earnings per share	519.95	511.87
Earnings per share (diluted)	519.59	511.57

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	
	2019	2020
Earnings per share:		
Profit attributable to owners of parent	¥ 726,681	¥ 703,883
Amount not attributable to common stockholders	—	—
Profit attributable to owners of parent attributable to common stock	¥ 726,681	¥ 703,883
Average number of common stock during the fiscal year (in thousand)	1,397,599	1,375,118
Earnings per share (diluted):		
Adjustment for profit attributable to owners of parent	¥ (21)	¥ (6)
Adjustment of dilutive shares issued by consolidated subsidiaries and equity method affiliates	(21)	(6)
Increase in number of common stock (in thousand)	923	801
Stock acquisition rights	923	801
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	
	2019	2020
Net assets	¥11,451,611	¥10,784,903
Amounts excluded from Net assets	683,290	64,933
Stock acquisition rights	4,750	2,064
Non-controlling interests	678,540	62,869
Net assets attributable to common stock at the fiscal year-end	¥10,768,320	¥10,719,969
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands)	1,395,600	1,369,526

(Significant Subsequent Events)

There is no significant corresponding information to be disclosed.

[Consolidated Supplementary Financial Schedules]
[Schedule of bonds]

Company	Type of bonds	Date of issuance	Millions of yen		Percentages		Date of maturity
			At the beginning of the fiscal year	At the end of the fiscal year	Interest rate (Note 1)	Collateral	
The Company			3,219,528	4,098,762			
	Straight bonds, payable in U.S. dollars (Notes 3 and 4)	Mar.2016 ~ Jan.2020	(\$29,004,761 thousand)	(\$37,668,982 thousand)	2.058 ~ 4.306	None	Mar. 2021 ~ Feb. 2048
	Straight bonds, payable in Euro (Note 3)	Jun. 2016 ~ Oct. 2019	555,064 (€4,456,556 thousand)	754,586 (€6,313,473 thousand)	0 ~ 1.716	None	Jan. 2022 ~ Feb. 2033
	Straight bonds, payable in Australian dollars (Note 3)	Sep. 2016 ~ Oct. 2019	183,344 (A\$2,331,738 thousand)	195,744 (A\$2,956,426 thousand)	1.6617 ~ 4.13	None	Mar. 2022 ~ Jul. 2028
	Straight bonds, payable in Hong Kong dollars (Note 3)	Apr. 26, 2018	4,242 (HK\$300,000 thousand)	4,212 (HK\$300,000 thousand)	3.54	None	Apr.26, 2028
	Subordinated bonds, payable in Yen ...	Sep. 2014 ~ Sep. 2016	370,669	371,891	0.469 ~ 1.328	None	Sep. 2024 ~ May 2030
	Subordinated bonds, payable in Yen ...	Sep. 2014 ~ Mar. 2018	386,312	352,794	0.3 ~ 0.59	None	May 2025 ~ Mar. 2028
	Perpetual subordinated bonds, payable in Yen	Jul. 2015 ~ Jun. 2019	598,974	684,797	1.07 ~ 2.88	None	Perpetual
	Subordinated bonds, payable in U.S. dollars (Note 3)	Apr. 2014 ~ Sep. 2019	191,741 (\$1,727,400 thousand)	244,822 (\$2,250,000 thousand)	3.202 ~ 4.436	None	Apr. 2024 ~ Sep. 2029
SMBC	Straight bonds, payable in Yen (Note 4)	Apr. 23, 2014	50,000 [50,000]	—	—	—	—
	Straight bonds, payable in U.S. dollars (Notes 3 and 4)	Jan. 2012~ Dec. 2018	1,591,494 (\$14,337,789 thousand)	761,633 (\$6,999,664 thousand)	2.00413~ 4.13	None	May 2020~ Mar. 2030
	Subordinated bonds, payable in U.S. dollars (Note 3)	May. 28, 2015	72,705 (\$655,000 thousand)	71,270 (\$655,000 thousand)	4.3	None	May 30, 2045
	Straight bonds, payable in Euro (Notes 3 and 4)	Jul. 2013 ~ Jul. 2018	429,901 (€3,451,637 thousand)	412,108 (€3,448,026 thousand)	0.085~ 2.75	None	Apr. 2020 ~ Jul. 2023
	Straight bonds, payable in British pounds (Notes 3 and 4)	Sep. 2018	36,257 (£250,017 thousand)	33,338 (£250,005 thousand)	0.82188	None	Sep. 7, 2020
	Straight bonds, payable in Australian dollars (Notes 3 and 4)	Sep. 2014 ~ Dec. 2018	41,134 (A\$523,137 thousand)	20,074 (A\$303,193 thousand)	2.9 ~ 3.67	None	Aug. 2020 ~ Mar. 2025
	Straight bonds, payable in Hong Kong dollars (Notes 3 and 4)	Mar. 2015 ~ Jul. 2015	33,426 (HK\$2,364,000 thousand)	33,190 (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	33,155 (THB9,500,000 thousand)	19,980 (THB6,000,000 thousand)	2 ~ 2.66	None	Aug. 2020 ~ Nov. 2021
	Subordinated bonds, payable in Yen (Note 4)	Jul. 2009 ~ Dec. 2011	362,786 [73,000]	289,899 [150,000]	1.43 ~ 2.21	None	Sep. 2020 ~ Dec. 2026
	Perpetual subordinated bonds, payable in U.S. dollars (Note 3)	Mar.1, 2012	166,395 (\$1,499,060 thousand)	163,019 (\$1,498,199 thousand)	4.85	None	Mar. 1, 2022
	Subordinated bonds, payable in Euro (Notes 3 and 4)	Nov. 9, 2010	93,250 (€748,695 thousand)	89,517 (€748,976 thousand)	4	None	Nov. 9, 2020
(*1)	Consolidated subsidiaries, straight bonds, payable in Yen (Notes 2 and 4)	Feb. 2011 ~ Mar. 2020	706,988 [108,921]	536,998 [156,953]	0.01 ~ 20	None	Apr. 2020 ~ Mar. 2050
(*2)	Consolidated subsidiaries, straight bonds, payable in U.S. dollars (Notes 2,3 and 4)	Aug. 2015 ~ Mar. 2020	48,142 (\$433,516 thousand)	43,609 (\$400,785 thousand)	0.01 ~ 11.4	None	Apr. 2020 ~ Nov. 2037
(*3)	Consolidated subsidiaries, straight bonds, payable in Euro (Notes 2 and 3)	Dec. 18, 2018	124 (€1,000 thousand)	95 (€800 thousand)	0.1	None	Dec.18, 2023
(*4)	Consolidated subsidiaries, straight bonds, payable in Australian dollars (Notes 2,3 and 4)	Mar. 2016~ Dec. 2018	2,074 (A\$26,388 thousand)	1,290 (A\$19,483 thousand)	0.01~ 3	None	Jun. 2020~ Aug. 2031
(*5)	Consolidated subsidiaries, straight bonds, payable in Turkish lira (Notes 2,3 and 4)	Jul. 2017~ Dec. 2018	5,164 (TRY 259,660 thousand)	4,080 (TRY 246,110 thousand)	0.01~ 15	None	Jul. 2020~ Oct. 2023

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)			
(*6)	Consolidated subsidiaries, straight bonds, payable in Indonesia rupiah (Notes 2,3 and 4)	Jun. 2017 ~ Nov. 2019	19,487 (IDR2,498,374,855 thousand) [2,340]	21,066 (IDR3,191,941,480 thousand) [14,531]	7.50~ 8.25		None	Jun. 2020~ Nov. 2024
(*7)	Consolidated subsidiaries, straight bonds, payable in Renminbi (Notes 2,3 and 4)	Mar. 2020	—	6,855 (CNY 447,756 thousand) [6,889]	0		None	Jun. 2020~ Sep. 2020
(*8)	Consolidated subsidiaries, subordinated bonds, payable in Yen (Notes 2 and 4)	Dec. 1997~ Aug. 1999	25,000 [5,000]	20,000 [—]	4 ~ 4.15		None	Jan.28, 2028
(*9)	Consolidated subsidiaries, short-term bonds, payable in Yen (Notes 2 and 4)	Jan. 2019 ~ Mar. 2020	84,500 [84,500]	379,000 [379,000]	0 ~ 0.01		None	Apr. 2020 ~ Sep. 2020
Total		—	¥9,311,867	¥9,614,639	—		—	—

Notes: 1. "Interest rate" indicates a nominal interest rate which is applied at respective consolidated balance sheet dates. Therefore, this rate may differ from an actual interest rate.

2. (*1) This represents an aggregate of straight bonds issued in Yen by SMBC Nikko, a domestic consolidated subsidiary.

(*2) This represents straight bonds issued in U.S. dollar by SMBC Nikko, a domestic consolidated subsidiary.

(*3) This represents straight bonds issued in Euro by SMBC Nikko, a domestic consolidated subsidiary.

(*4) This represents straight bonds issued in Australian dollar by SMBC Nikko, a domestic consolidated subsidiary.

(*5) This represents straight bonds issued in Turkish lira by SMBC Nikko, a domestic consolidated subsidiary.

(*6) This represents straight bonds issued in Indonesia rupiah by PT Bank BTPN Tbk, an overseas consolidated subsidiary.

(*7) This represents straight bonds issued in Renminbi by Sumitomo Mitsui Banking Corporation (China) Limited, an overseas consolidated subsidiary.

(*8) This represents subordinate term bonds issued in Yen by SMBC International Finance N.V., an overseas consolidated subsidiary.

(*9) This represents an aggregate of short-term bonds issued in yen by SMBC Nikko and SMCC, domestic consolidated subsidiaries.

3. Figures showed in () in "At the beginning of the fiscal year" and "At the end of the fiscal year" are in foreign currency.

4. Figures showed in [] in "At the beginning of the fiscal year" and "At the end of the fiscal year" are the amounts to be redeemed within one year.

5. The redemption schedule over the next 5 years after respective balance sheet dates of the consolidated subsidiaries was as follows:

	Millions of yen				
	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
	¥1,690,716	¥1,173,258	¥1,014,148	¥663,631	¥1,025,916

[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	¥10,656,897	¥15,210,894	0.28	—
Other borrowings	10,656,897	15,210,894	0.28	Jan. 2020 ~ Perpetual
Lease obligations	30,379	29,103	3.06	Apr. 2020 ~ 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	¥10,116,503	¥542,906	¥1,838,978	¥1,581,809	¥221,487
Lease obligations	7,338	6,006	4,773	4,550	2,816

Since the commercial banking business accepts deposits and raises and manages funds through the call loan and commercial paper markets as a normal course of business, the schedule of borrowings shows a breakdown of Borrowed money included in the "Liabilities" and Lease obligations included in "Other liabilities" in the consolidated balance sheet.

Reference: Commercial paper issued for funding purpose as a normal course of business is as follows:

Commercial paper	Millions of yen		Percentages	
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rate	Repayment Term
	¥2,291,813	¥1,409,249	1.35	Apr. 2020 ~ Aug. 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 retirement obligation is not disclosed.

{Others}

Quarterly consolidated financial information in the fiscal year ended March 31, 2020 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, 2020
Ordinary income	¥1,334,510	¥2,707,673	¥4,021,547	¥5,314,313
Income before income taxes	282,383	578,978	831,431	888,646
Profit attributable to owners of parent	215,727	431,955	610,830	703,883
Earnings per share	155.24	312.84	443.60	511.87

	Yen			
	First quarter consolidated accounting period	Second quarter consolidated accounting period	Third quarter consolidated accounting period	Fourth quarter consolidated accounting period
Earnings per share	¥155.24	¥157.61	¥130.62	¥67.95

(Non-consolidated financial statements)

1. Non-consolidated balance sheets

March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Assets:			
Current assets			
Cash and due from banks.....	¥ 434,005	¥ 174,641	\$ 1,605
Prepaid expenses.....	365	413	4
Accrued income.....	42,124	45,660	420
Accrued income tax refunds.....	118,877	127,541	1,172
Current portion of long-term loans receivables from subsidiaries and affiliates ...	—	272,025	2,500
Other current assets.....	37,124	59,769	549
Total current assets.....	632,497	680,051	6,250
Fixed assets			
Tangible fixed assets			
Buildings.....	85	80	1
Equipment.....	5	12	0
Construction in progress.....	13,718	29,464	271
Total tangible fixed assets.....	13,809	29,557	272
Intangible fixed assets			
Software.....	276	270	2
Total intangible fixed assets.....	276	270	2
Investments and other assets			
Investment securities.....	—	645	6
Investments in subsidiaries and affiliates.....	6,085,818	6,341,210	58,278
Long-term loans receivable from subsidiaries and affiliates.....	6,258,343	7,173,150	65,924
Long-term prepaid expenses.....	226	104	1
Deferred tax assets.....	414	476	4
Other investments and other assets.....	0	3	0
Total investments and other assets.....	12,344,803	13,515,590	124,213
Total fixed assets.....	12,358,889	13,545,418	124,487
Total assets.....	¥12,991,386	¥14,225,470	\$130,737
Liabilities:			
Current liabilities			
Short-term borrowings.....	¥ 1,228,030	¥ 1,228,030	\$ 11,286
Accounts payable.....	8,924	39,682	365
Accrued expenses.....	42,571	44,409	408
Income taxes payable.....	9	12	0
Business office taxes payable.....	35	39	0
Reserve for employee bonuses.....	722	769	7
Reserve for executive bonuses.....	389	410	4
Current portion of bonds.....	—	272,025	2,500
Other current liabilities.....	649	673	6
Total current liabilities.....	1,281,332	1,586,051	14,576
Fixed liabilities			
Bonds.....	5,790,820	6,441,874	59,203
Long-term borrowings.....	234,223	231,275	2,126
Total fixed liabilities.....	6,025,043	6,673,150	61,328
Total liabilities.....	7,306,375	8,259,202	75,905
Net assets:			
Stockholders' equity			
Capital stock.....	2,339,443	2,339,964	21,505
Capital surplus			
Capital reserve.....	1,560,921	1,561,442	14,350
Total capital surplus.....	1,560,921	1,561,442	14,350
Retained earnings			
Other retained earnings			
Voluntary reserve.....	30,420	30,420	280
Retained earnings brought forward.....	1,767,989	2,046,360	18,807
Total retained earnings.....	1,798,409	2,076,780	19,086
Treasury stock.....	(16,302)	(13,983)	(129)
Total stockholders' equity.....	5,682,471	5,964,203	54,813
Stock acquisition rights.....	2,539	2,064	19
Total net assets.....	5,685,011	5,966,267	54,832
Total liabilities and net assets.....	¥12,991,386	¥14,225,470	\$130,737

2. Non-consolidated statements of income

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Operating income:			
Dividends on investments in subsidiaries and affiliates	¥371,805	¥659,428	\$6,060
Fees and commissions received from subsidiaries	5,665	9,087	84
Interests on loans receivable from subsidiaries and affiliates	145,072	165,319	1,519
Total operating income	522,543	833,835	7,663
Operating expenses:			
General and administrative expenses	24,332	26,146	240
Interest on bonds	143,809	161,535	1,485
Interest on long-term borrowings	6,449	6,843	63
Total operating expenses	174,591	194,525	1,788
Operating profit	347,952	639,310	5,875
Non-operating income:			
Interest income on deposits	32	70	1
Fees and commissions income	1	1	0
Other non-operating income	178	130	1
Total non-operating income	212	202	2
Non-operating expenses:			
Interest on borrowings	4,298	4,312	40
Fees and commissions payments	254	120	1
Amortization of bond issuance cost	2,407	5,816	53
Total non-operating expenses	6,960	10,249	94
Ordinary profit	341,203	629,263	5,783
Extraordinary gains:			
Gains on sales of stocks of subsidiaries and affiliates	106,273	—	—
Total extraordinary gains	106,273	—	—
Extraordinary loss:			
Loss on sales of stocks of subsidiaries and affiliates	1,414	—	—
Total extraordinary loss	1,414	—	—
Income before income taxes	446,062	629,263	5,783
Income taxes-current	(27,998)	(6,803)	(63)
Income taxes-deferred	(136)	(62)	(1)
Income taxes	(28,134)	(6,865)	(63)
Net income	¥474,196	¥636,128	\$5,846
	Yen		U.S. dollars
	2019	2020	2020
Per share data:			
Earnings per share	¥339.29	¥462.60	\$4.25
Earnings per share (diluted)	339.07	462.33	4.25

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, 2019							
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

	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Year ended March 31, 2019				
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, 2020	Millions of yen						
	Stockholders' equity						
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
	Voluntary reserve	Retained earnings brought forward					
Balance at the beginning of the fiscal year ...	¥2,339,443	¥1,560,921	¥ —	¥1,560,921	¥30,420	¥1,767,989	¥1,798,409
Changes in the fiscal year:							
Issuance of new stock	521	521		521			
Cash dividends						(255,834)	(255,834)
Net income.....						636,128	636,128
Purchase of treasury stock							
Disposal of treasury stock.....			(250)	(250)			
Cancellation of treasury stock			(101,673)	(101,673)			
Transfer from retained earnings to capital surplus			101,923	101,923		(101,923)	(101,923)
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	521	521	—	521	—	278,370	278,370
Balance at the end of the fiscal year ...	¥2,339,964	¥1,561,442	¥ —	¥1,561,442	¥30,420	¥2,046,360	¥2,076,780

Year ended March 31, 2020	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Balance at the beginning of the fiscal year ...	¥ (16,302)	¥5,682,471	¥2,539	¥5,685,011
Changes in the fiscal year:				
Issuance of new stock		1,043		1,043
Cash dividends		(255,834)		(255,834)
Net income.....		636,128		636,128
Purchase of treasury stock	(100,088)	(100,088)		(100,088)
Disposal of treasury stock.....	733	483		483
Cancellation of treasury stock	101,673	—		—
Transfer from retained earnings to capital surplus		—		—
Net changes in items other than stockholders' equity in the fiscal year			(475)	(475)
Net changes in the fiscal year	2,318	281,732	(475)	281,256
Balance at the end of the fiscal year ...	¥ (13,983)	¥5,964,203	¥2,064	¥5,966,267

Year ended March 31, 2020	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 ...	\$21,500	\$14,345	\$ —	\$14,345	\$280	\$16,248	\$16,528
Changes in the fiscal year:							
Issuance of new stock	5	5		5			
Cash dividends						(2,351)	(2,351)
Net income						5,846	5,846
Purchase of treasury stock							
Disposal of treasury stock			(2)	(2)			
Cancellation of treasury stock			(934)	(934)			
Transfer from retained earnings to capital surplus			937	937		(937)	(937)
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	5	5	—	5	—	2,558	2,558
Balance at the end of the fiscal year	\$21,505	\$14,350	\$ —	\$14,350	\$280	\$18,807	\$19,086

Year ended March 31, 2020	Millions of U. S. dollars			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
Balance at the beginning of the fiscal year ...	\$(150)	\$52,224	\$23	\$52,247
Changes in the fiscal year:				
Issuance of new stock		10		10
Cash dividends		(2,351)		(2,351)
Net income		5,846		5,846
Purchase of treasury stock	(920)	(920)		(920)
Disposal of treasury stock	7	4		4
Cancellation of treasury stock	934	—		—
Transfer from retained earnings to capital surplus		—		—
Net changes in items other than stockholders' equity in the fiscal year			(4)	(4)
Net changes in the fiscal year	21	2,589	(4)	2,585
Balance at the end of the fiscal year	\$(129)	\$54,813	\$19	\$54,832

Independent Auditor's Report

To the Board of Directors of
Sumitomo Mitsui Financial Group, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Financial Group, Inc. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2020 and 2019, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies, other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and its consolidated financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of the reserve for possible loan losses	
The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of the Group as of March 31, 2020, reserve for possible loan losses (the “Reserve”) amounted to ¥301,752 million provided on loans and bills discounted (the “Loans”) of ¥82,517,609 million (or approximately 37.5% of the total assets). Included in such balances were mainly corporate loans of Sumitomo Mitsui Banking Corporation (“SMBC”), a commercial banking subsidiary.	<p>The primary procedures we performed to assess the reasonableness of measurement of the Reserve for SMBC’s corporate loans included the following:</p> <p>(1) Internal control testing</p> <p>We evaluated the design and operating effectiveness of certain internal controls over the provisioning process by focusing on controls that:</p> <ul style="list-style-type: none"> · approve the internal rules for accounting for the Reserve, including the criteria for self-assessment and the policy for write-offs and provisions; · validate the obligor grading models;

SMBC assesses all claims including the Loans in accordance with the internal criteria for self-assessment of asset quality, and classifies borrowers into credit categories through examining individual credit risk profiles. On the basis of each borrower category, reserves and direct write-offs are recorded in accordance with its internal policy for write-offs and provisions. The methodologies used include an expected credit loss (ECL) model based on the historical loan-loss ratios or the probability of default, and a discounted cash flow (DCF) method. Additionally, considering recent economic environment and risk factors, an ECL amount deemed necessary for specific portfolios is reflected in the Reserve based on an overall assessment of a probable future outlook for those portfolios that has not been fully captured in the historical data or individual borrower classification.

The evaluation of the Reserve for SMBC's corporate loans involves significant measurement uncertainty, and therefore requires complex management judgment primarily in the following aspects:

- classifying borrowers into appropriate credit categories through performing obligor-specific qualitative assessment, including the use of forward-looking information;
- deciding on whether changes to the borrower classification as well as additional provisions for specific portfolios are deemed necessary, and determining appropriate methodologies to measure such provisions, in light of recent economic environment and risk factors, specifically the potential impact of the spread of the COVID-19 and the coinciding fluctuations of market indices such as crude oil prices; and
- projecting future cash flow scenarios as an input to the DCF method for borrowers with large claims classified mainly as substandard or potentially bankrupt.

We, therefore, determined that the measurement of the Reserve for SMBC corporate loans; specifically, classifying borrowers into credit categories through qualitative assessment, reflecting recent economic environment and risk factors into the Reserve, and projection of cash flow scenarios used in the DCF method, was one of the most significant in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.

- relate to classification of individual borrowers into credit categories through qualitative assessment;
- reflect recent economic environment and risk factors into the Reserve; and
- relate to the projection of future cash flow scenarios used in the DCF method.

(2) Evaluation of the appropriateness of the policy for provisions and the borrower classification model

We evaluated the policy for provisions for compliance with the accounting principles generally accepted in Japan. Additionally, we involved credit risk specialists with industry-specific knowledge and expertise who assisted us in evaluating the obligor grading models through analyzing the consistency of obligor grades with external ratings, and evaluating the default prediction capability of the models.

(3) Evaluation of the appropriateness of borrower classification taking into account qualitative factors

For SMBC's corporate borrowers that we selected based on certain criteria, we evaluated the appropriateness of borrower classification taking into account qualitative factors through analyzing the feasibility of their business plan and assessing their liquidity position.

(4) Evaluation of the reasonableness of a provision that reflects the effect of recent economic environment and risk factors

In light of the recent economic environment and risk factors, specifically the potential impact of the spread of COVID-19 and the coinciding fluctuations of market indices such as crude oil price, we evaluated the reasonableness of changes to the borrower classification and of an additional provision for specific portfolios through:

- analyzing the liquidity position of borrowers affected by the COVID-19 and the related circumstances including their recent operating performance and request for loan modifications, and assessing the borrower classification on the basis of such analysis; and
- analyzing the scope of potential effects and assessing assumptions by inspecting available external reports on market indices including crude oil prices, and evaluating the methodologies used to measure an ECL for specific portfolios.

	<p>(5) Evaluation of the reasonableness of future cash flow scenarios used in the DCF method</p> <p>For borrowers that we selected based on certain criteria from those in scope of DCF method, we evaluated the reasonableness of future cash flow scenarios through analyzing their restructuring plans and related progress.</p>
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Measurement of the value-in-use of goodwill and other intangible assets related to the retail banking business of SMBC Trust Bank, Ltd.	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of the Group as of March 31, 2020, goodwill and other intangible fixed assets amounted to ¥194,289 million and ¥117,896 million, respectively. The goodwill and other intangible fixed assets consisting of assets related to customers and core deposits (collectively, the “Intangible Assets”) recognized in connection with the acquisition of the retail banking business of Citibank Japan Ltd. (the “PRESTIA business”) by SMBC Trust bank Ltd, (“SMBC Trust Bank”) were impaired, and an impairment loss of ¥39,958 million for the entire amount of the Intangible Assets was recorded for the fiscal year ended March 31, 2020.</p> <p>While the Intangible Assets are amortized in a systematic manner, whenever there is an indicator that the carrying amounts of the Intangible Assets may not be recoverable, the Group needs to determine whether an impairment shall be recognized by comparing the undiscounted future cash flows to be generated from the business to which the Intangible Assets relate and its carrying amount. If it is determined that the recognition of an impairment loss is required, the carrying amount is reduced to its recoverable amount, with such reduction being recognized as an impairment loss. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use.</p>	<p>The primary procedures we performed to evaluate the reasonableness of the measurement of the value in use related to the PRESTIA business of SMBC Trust Bank included the following.</p> <p>(1) Internal control testing</p> <p>We evaluated the design and operating effectiveness of certain internal controls over the process of calculating the value in use related to the PRESTIA business of SMBC Trust Bank by focusing controls that:</p> <ul style="list-style-type: none"> · evaluate the reasonableness of estimated future cash flows; and · evaluate the reasonableness of the discount rate. <p>(2) Evaluation of the appropriateness of valuation methodology used to calculate the value in use</p> <p>We involved valuation specialists with industry-specific knowledge and expertise who assisted us in evaluating the reasonableness of valuation methodology used to calculate the value in use by comparing it to the standard methods commonly used for the valuation of retail banks.</p> <p>(3) Evaluation of the reasonableness of future cash flows used to calculate the value in use</p> <p>We assessed the level of precision of the prior year estimate of future cash flows by comparing it to the actual result. In addition, we evaluated the reasonableness of estimated future cash flows, considering the historical operating performance, the current market environment and economic trends including future prospect of the PRESTIA business of SMBC Trust Bank, and the regulatory environment.</p>

<p>There was an indicator of impairment for the PRESTIA business of SMBC Trust Bank during the year ended March 31, 2020 due to the deterioration in its market environment. As a result of an impairment test, the recognition of an impairment loss was required. The value in use was used as the recoverable amount to measure an impairment loss on the Intangible Assets related to the PRESTIA business of SMBC Trust Bank. The value in use was calculated using the future cash flows based on the business plan approved by management and a discount rate.</p> <p>The estimate of future cash flows inherently requires complex management judgments, and the discount rate may be significantly affected by market interest rates and other market conditions. Also, as SMBC Trust Bank has revised the estimated future cash flows considering the recent market environment, there was a higher degree of uncertainty in the estimates used for calculating the value in use.</p> <p>We, therefore, determined that the measurement of the value in use related to the PRESTIA business of SMBC Trust Bank was one of the most significant in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.</p>	<p>(4) Evaluation of the reasonableness of the discount rate used to calculate the value in use</p> <p>We involved valuation specialists with industry-specific knowledge and expertise who assisted us in evaluating the reasonableness of the valuation methodology used to calculate a discount rate and the calculation result, considering historical market data and current market conditions.</p>
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Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the directors and the corporate executive officers' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 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.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

大塚敏弘 

Toshihiro Otsuka
Designated Engagement Partner
Certified Public Accountant

羽太典明 

Noriaki Habuto
Designated Engagement Partner
Certified Public Accountant

仁木一秀 

Kazuhide Niki
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 25, 2020

Supplemental Information

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

March 31	Millions of yen		Millions of
	2019	2020	U.S. dollars
			2020
Assets:			
Cash and due from banks	¥ 55,747,048	¥ 59,991,835	\$ 551,345
Call loans and bills bought	2,665,744	1,246,739	11,458
Receivables under resale agreements	5,082,709	8,243,182	75,758
Receivables under securities borrowing transactions	1,440,159	957,271	8,798
Monetary claims bought	4,582,886	4,550,644	41,822
Trading assets	2,452,825	4,133,816	37,991
Money held in trust	0	0	0
Securities	23,469,621	26,282,649	241,546
Loans and bills discounted	79,792,401	84,280,613	774,567
Foreign exchanges	1,715,759	2,057,887	18,913
Lease receivables and investment assets	247,835	219,733	2,019
Other assets	3,571,248	4,647,291	42,710
Tangible fixed assets	1,409,802	1,341,895	12,332
Assets for rent	573,292	506,755	4,657
Buildings	308,990	305,799	2,810
Land	421,156	417,640	3,838
Lease assets	2,597	7,345	68
Construction in progress	22,561	15,192	140
Other tangible fixed assets	81,203	89,163	819
Intangible fixed assets	375,389	320,622	2,947
Software	274,116	272,870	2,508
Goodwill	12,003	—	—
Lease assets	11	2	0
Other intangible fixed assets	89,259	47,750	439
Net defined benefit asset	324,672	226,273	2,080
Deferred tax assets	23,399	26,147	240
Customers' liabilities for acceptances and guarantees	8,121,131	7,898,071	72,586
Reserve for possible loan losses	(332,343)	(335,041)	(3,079)
Total assets	¥190,690,293	¥206,089,633	\$1,894,032

(Continued)

March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Liabilities and net assets:			
Liabilities:			
Deposits	¥123,190,830	¥127,623,995	\$1,172,907
Negotiable certificates of deposit	11,335,486	10,330,435	94,940
Call money and bills sold	572,778	2,920,539	26,841
Payables under repurchase agreements.....	8,743,386	10,691,772	98,261
Payables under securities lending transactions.....	680,051	829,729	7,625
Commercial paper.....	2,291,813	1,409,249	12,951
Trading liabilities.....	1,818,610	3,459,117	31,790
Borrowed money.....	15,988,948	21,820,785	200,540
Foreign exchanges.....	1,196,960	1,492,634	13,718
Bonds.....	2,955,282	1,942,291	17,850
Due to trust account.....	1,352,773	1,811,355	16,647
Other liabilities.....	2,929,172	5,032,050	46,246
Reserve for employee bonuses.....	34,283	36,494	335
Reserve for executive bonuses.....	1,249	1,236	11
Net defined benefit liability.....	4,457	4,114	38
Reserve for executive retirement benefits.....	669	617	6
Reserve for point service program.....	468	388	4
Reserve for reimbursement of deposits.....	7,936	4,687	43
Deferred tax liabilities.....	446,993	381,605	3,507
Deferred tax liabilities for land revaluation.....	30,259	30,111	277
Acceptances and guarantees.....	8,121,131	7,898,071	72,586
Total liabilities	181,703,543	197,721,284	1,817,124
Net assets:			
Capital stock.....	1,770,996	1,770,996	16,276
Capital surplus.....	1,966,353	1,966,291	18,071
Retained earnings.....	3,743,614	3,622,140	33,289
Treasury stock.....	(210,003)	(210,003)	(1,930)
Total stockholders' equity	7,270,960	7,149,425	65,706
Net unrealized gains (losses) on other securities...	1,426,493	1,125,808	10,347
Net deferred gains (losses) on hedges.....	(47,281)	103,609	952
Land revaluation excess.....	36,531	36,870	339
Foreign currency translation adjustments.....	24,371	(48,969)	(450)
Accumulated remeasurements of defined benefit plans.....	(5,446)	(88,577)	(814)
Total accumulated other comprehensive income	1,434,667	1,128,741	10,374
Stock acquisition rights.....	2,210	—	—
Non-controlling interests.....	278,910	90,182	829
Total net assets	8,986,749	8,368,349	76,908
Total liabilities and net assets	¥190,690,293	¥206,089,633	\$1,894,032

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
	2019	2020	U.S. dollars
			2020
Ordinary income	¥3,369,898	¥3,469,068	\$31,882
Interest income	2,240,944	2,237,626	20,565
Interest on loans and discounts	1,481,622	1,485,144	13,649
Interest and dividends on securities	354,451	340,553	3,130
Interest on call loans and bills bought	16,561	15,865	146
Interest on receivables under resale agreements	36,101	54,336	499
Interest on receivables under securities borrowing transactions	2,512	1,047	10
Interest on deposits with banks	101,030	79,068	727
Interest on lease transactions	6,378	7,307	67
Other interest income	242,285	254,303	2,337
Trust fees	4,541	4,701	43
Fees and commissions	613,741	614,134	5,644
Trading income	80,112	157,531	1,448
Other operating income	225,361	258,749	2,378
Lease-related income	44,732	43,409	399
Installment-related income	8,600	2,268	21
Other	172,028	213,072	1,958
Other income	205,196	196,323	1,804
Gains on reversal of reserve for possible loan losses	35,622	—	—
Recoveries of written-off claims	647	1,697	16
Other	168,926	194,626	1,789
Ordinary expenses	2,475,397	2,698,577	24,801
Interest expenses	1,138,789	1,186,005	10,900
Interest on deposits	463,791	441,411	4,057
Interest on negotiable certificates of deposit	136,178	131,851	1,212
Interest on call money and bills sold	14,586	10,540	97
Interest on payables under repurchase agreements	122,755	135,924	1,249
Interest on payables under securities lending transactions	959	941	9
Interest on commercial paper	45,356	31,525	290
Interest on borrowed money	197,488	215,283	1,979
Interest on bonds	87,594	67,206	618
Other interest expenses	70,078	151,322	1,391
Fees and commissions payments	162,563	179,925	1,654
Trading losses	4,430	—	—
Other operating expenses	79,991	90,269	830
Lease-related expenses	26,296	26,514	244
Other	53,694	63,755	586
General and administrative expenses	1,009,410	1,057,690	9,721
Other expenses	80,212	184,685	1,697
Provision for reserve for possible loan losses	—	38,437	353
Other	80,212	146,248	1,344
Ordinary profit	894,501	770,491	7,081

(Continued)

(Consolidated Statements of Income)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Extraordinary gains.....	¥ 2,788	¥ 1,273	\$ 12
Gains on disposal of fixed assets	502	1,273	12
Other extraordinary gains.....	2,285	—	—
Extraordinary losses.....	8,833	61,313	563
Losses on disposal of fixed assets	4,260	1,425	13
Losses on impairment of fixed assets.....	4,573	59,887	550
Income before income taxes.....	888,456	710,451	6,529
Income taxes-current	165,371	184,642	1,697
Income taxes-deferred	54,107	(1,778)	(16)
Income taxes.....	219,479	182,864	1,681
Profit.....	668,976	527,586	4,849
Profit attributable to non-controlling interests.....	51,483	9,836	90
Profit attributable to owners of parent	¥617,493	¥517,750	\$4,758

(Consolidated Statements of Comprehensive Income)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Profit.....	¥668,976	¥527,586	\$4,849
Other comprehensive income (losses)	(120,740)	(305,464)	(2,807)
Net unrealized gains (losses) on other			
securities	(78,282)	(300,099)	(2,758)
Net deferred gains (losses) on hedges.....	27,672	166,083	1,526
Land revaluation excess.....	—	(39)	(0)
Foreign currency translation adjustments	12,682	(67,110)	(617)
Remeasurements of defined benefit plans.....	(67,113)	(83,402)	(766)
Share of other comprehensive income of			
affiliates	(15,698)	(20,896)	(192)
Total comprehensive income.....	548,236	222,122	2,041
Comprehensive income attributable to owners			
of parent	500,124	211,445	1,943
Comprehensive income attributable to non-			
controlling interests	48,111	10,676	98

Non-consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Assets:			
Cash and due from banks	¥ 54,205,583	¥ 57,971,293	\$ 532,775
Call loans	2,134,392	645,967	5,937
Receivables under resale agreements	3,364,070	5,963,377	54,805
Receivables under securities borrowing transactions	1,222,284	943,940	8,675
Monetary claims bought	1,470,872	1,562,083	14,356
Trading assets	1,534,100	3,189,980	29,317
Securities	24,336,638	27,058,633	248,678
Loans and bills discounted	76,401,807	80,187,382	736,949
Foreign exchanges	1,627,105	1,896,157	17,426
Other assets	2,895,757	4,178,263	38,400
Tangible fixed assets	802,501	794,957	7,306
Intangible fixed assets	236,352	234,707	2,157
Prepaid pension cost	321,031	344,481	3,166
Customers' liabilities for acceptances and guarantees	9,078,706	9,399,524	86,385
Reserve for possible loan losses	(275,185)	(279,702)	(2,571)
Reserve for possible losses on investments	(7,363)	(127,256)	(1,170)
Total assets	¥179,348,654	¥193,963,791	\$1,782,592
Liabilities and net assets:			
Liabilities:			
Deposits	¥116,091,103	¥119,973,324	\$1,102,595
Negotiable certificates of deposit	11,581,605	10,580,261	97,236
Call money	796,761	3,068,726	28,203
Payables under repurchase agreements	7,364,577	8,728,522	80,218
Payables under securities lending transactions	418,912	571,095	5,249
Commercial paper	1,634,811	642,447	5,904
Trading liabilities	1,348,931	2,959,613	27,200
Borrowed money	15,567,626	21,561,177	198,154
Foreign exchanges	1,213,861	1,519,777	13,967
Bonds	2,910,794	1,894,369	17,410
Due to trust account	1,292,699	1,735,889	15,953
Other liabilities	1,659,172	3,453,008	31,734
Reserve for employee bonuses	13,285	13,794	127
Reserve for executive bonuses	937	939	9
Reserve for point service program	468	388	4
Reserve for reimbursement of deposits	7,425	3,900	36
Deferred tax liabilities	374,529	330,699	3,039
Deferred tax liabilities for land revaluation	30,259	30,111	277
Acceptances and guarantees	9,078,706	9,399,524	86,385
Total liabilities	171,386,468	186,467,572	1,713,699
Net assets:			
Capital stock	1,770,996	1,770,996	16,276
Capital surplus	1,774,554	1,774,554	16,309
Retained earnings	3,196,504	2,875,747	26,429
Treasury stock	(210,003)	(210,003)	(1,930)
Total stockholders' equity	6,532,053	6,211,295	57,084
Net unrealized gains (losses) on other securities	1,427,008	1,073,795	9,869
Net deferred gains (losses) on hedges	(22,444)	185,163	1,702
Land revaluation excess	25,568	25,964	239
Total valuation and translation adjustments	1,430,131	1,284,923	11,809
Total net assets	7,962,185	7,496,219	68,893
Total liabilities and net assets	¥179,348,654	¥193,963,791	\$1,782,592

Non-consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Ordinary income.....	¥2,805,840	¥2,851,162	\$26,203
Interest income.....	1,970,831	1,900,107	17,463
Interest on loans and discounts.....	1,298,725	1,254,132	11,526
Interest and dividends on securities.....	345,566	329,152	3,025
Trust fees.....	2,250	2,110	19
Fees and commissions.....	524,566	521,450	4,792
Trading income.....	46,507	111,655	1,026
Other operating income.....	109,674	142,854	1,313
Other income.....	152,009	172,983	1,590
Ordinary expenses.....	2,156,192	2,367,218	21,756
Interest expenses.....	1,026,727	1,022,015	9,393
Interest on deposits.....	381,304	347,736	3,196
Fees and commissions payments.....	182,365	198,192	1,821
Trading losses.....	3,305	—	—
Other operating expenses.....	45,846	45,962	422
General and administrative expenses.....	802,961	819,423	7,531
Other expenses.....	94,986	281,624	2,588
Ordinary profit.....	649,647	483,944	4,448
Extraordinary gains.....	380	1,224	11
Extraordinary losses.....	6,355	4,191	39
Income before income taxes.....	643,672	480,977	4,420
Income taxes - current.....	136,885	156,282	1,436
Income taxes - deferred.....	29,420	7,313	67
Net income.....	¥ 477,367	¥ 317,381	\$ 2,917

Per share data:	Yen		U.S. dollars
	2019	2020	2020
Earnings per share.....	¥4,492.93	¥2,987.16	\$27
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							
	2020				2019			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥1,122,203	¥1,413,309	¥ (79,149)	¥2,456,364	¥1,178,337	¥1,409,909	¥ (99,342)	¥2,488,904
Interest expenses.....	344,555	724,655	110,558	1,179,770	355,524	749,988	51,970	1,157,482
Net interest income.....	777,647	688,654	(189,708)	1,276,593	822,812	659,921	(151,312)	1,331,421
Trust fees	4,701	—	—	4,701	4,656	—	—	4,656
Fees and commissions	1,075,452	229,143	(17,057)	1,287,538	1,033,005	230,997	(23,084)	1,240,917
Fees and commissions payments	175,449	35,117	(6,379)	204,188	160,129	28,199	(7,308)	181,019
Net fees and commissions.....	900,003	194,025	(10,678)	1,083,350	872,876	202,798	(15,776)	1,059,898
Trading income.....	220,851	51,822	(9,846)	262,826	163,227	37,423	(5,974)	194,676
Trading losses	282	9,564	(9,846)	—	4,058	5,220	(5,974)	3,305
Net trading income.....	220,569	42,257	—	262,826	159,169	32,202	—	191,371
Other operating income	912,316	139,144	(1,395)	1,050,065	1,291,973	286,957	(771)	1,578,159
Other operating expenses.....	860,312	49,349	(710)	908,951	1,172,406	149,435	(2,512)	1,319,328
Net other operating income.....	52,003	89,795	(684)	141,114	119,566	137,522	1,740	258,830

- 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					
	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥ 85,864,531	¥1,122,203	1.31%	¥ 84,031,845	¥1,178,337	1.40%
Loans and bills discounted	51,570,227	748,287	1.45	49,778,260	765,630	1.54
Securities	18,201,943	251,441	1.38	17,019,375	261,921	1.54
Call loans and bills bought.....	198,734	144	0.07	108,697	358	0.33
Receivables under resale agreements	5,191,204	(2,473)	(0.05)	3,940,030	(3,090)	(0.08)
Receivables under securities borrowing transactions	3,965,107	21,175	0.53	5,324,298	17,746	0.33
Deposits with banks.....	2,142,807	19,985	0.93	1,961,674	20,898	1.07
Lease receivables and investment assets	—	—	—	1,374,202	29,773	2.17
Interest-bearing liabilities	¥133,242,885	¥ 344,555	0.26%	¥128,086,199	¥ 355,524	0.28%
Deposits	101,322,743	51,772	0.05	97,629,923	58,851	0.06
Negotiable certificates of deposit.....	5,259,479	407	0.01	5,526,249	429	0.01
Call money and bills sold.....	1,221,029	(288)	(0.02)	580,180	189	0.03
Payables under repurchase agreements	8,586,289	54,711	0.64	5,795,961	53,877	0.93
Payables under securities lending transactions	1,835,513	1,111	0.06	2,658,313	1,272	0.05
Commercial paper.....	100,091	11	0.01	101,122	11	0.01
Borrowed money.....	10,272,204	35,797	0.35	9,637,102	65,994	0.68
Short-term bonds.....	233,005	29	0.01	966,046	60	0.01
Bonds.....	3,140,917	65,860	2.10	4,151,350	87,123	2.10

- 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 (2020, ¥49,066,481 million; 2019, ¥44,359,932 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥45,569,621	¥1,413,309	3.10%	¥44,546,369	¥1,409,909	3.17%
Loans and bills discounted.....	27,230,587	948,980	3.48	26,222,907	929,632	3.55
Securities.....	5,737,546	126,658	2.21	5,236,149	115,493	2.21
Call loans and bills bought.....	1,575,530	15,746	1.00	2,026,876	16,192	0.80
Receivables under resale agreements.....	2,580,540	57,573	2.23	1,857,211	39,967	2.15
Receivables under securities borrowing transactions.....	24,706	72	0.29	12,108	37	0.31
Deposits with banks.....	4,149,235	78,027	1.88	4,830,531	99,636	2.06
Lease receivables and investment assets.....	224,582	7,307	3.25	420,967	17,800	4.23
Interest-bearing liabilities.....	¥37,840,304	¥ 724,655	1.92%	¥38,000,522	¥ 749,988	1.97%
Deposits.....	22,611,324	407,081	1.80	23,044,643	422,464	1.83
Negotiable certificates of deposit.....	6,424,927	131,442	2.05	6,017,305	135,749	2.26
Call money and bills sold.....	727,834	10,573	1.45	807,510	14,080	1.74
Payables under repurchase agreements.....	5,240,834	100,259	1.91	4,186,351	82,275	1.97
Payables under securities lending transactions ...	—	—	—	—	—	—
Commercial paper.....	1,811,251	31,513	1.74	2,433,961	45,344	1.86
Borrowed money.....	496,301	19,014	3.83	1,033,629	32,478	3.14
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	83,025	3,367	4.06	193,460	7,258	3.75

- 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 (2020, ¥3,486,210 million; 2019, ¥3,210,358 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥128,509,884	¥2,456,364	1.91%	¥125,654,947	¥2,488,904	1.98%
Loans and bills discounted.....	78,649,214	1,693,016	2.15	75,410,118	1,666,283	2.21
Securities.....	23,887,779	346,822	1.45	22,035,388	364,685	1.65
Call loans and bills bought.....	1,774,265	15,890	0.90	2,135,574	16,551	0.78
Receivables under resale agreements.....	6,501,384	31,449	0.48	4,891,163	20,457	0.42
Receivables under securities borrowing transactions.....	3,989,813	21,247	0.53	5,336,406	17,784	0.33
Deposits with banks.....	5,004,709	80,924	1.62	5,619,591	103,135	1.84
Lease receivables and investment assets.....	224,582	7,307	3.25	1,795,167	47,573	2.65
Interest-bearing liabilities.....	¥174,571,663	¥1,179,770	0.68%	¥168,829,462	¥1,157,482	0.69%
Deposits.....	122,617,614	441,477	0.36	119,491,850	463,989	0.39
Negotiable certificates of deposit.....	11,684,407	131,849	1.13	11,543,554	136,178	1.18
Call money and bills sold.....	1,948,864	10,284	0.53	1,387,690	14,270	1.03
Payables under repurchase agreements.....	12,556,748	131,320	1.05	9,076,234	119,733	1.32
Payables under securities lending transactions ...	1,835,513	1,111	0.06	2,658,313	1,272	0.05
Commercial paper.....	1,911,343	31,525	1.65	2,535,084	45,356	1.79
Borrowed money.....	10,819,244	57,632	0.53	10,296,695	75,883	0.74
Short-term bonds.....	233,005	29	0.01	966,046	60	0.01
Bonds.....	9,395,255	220,874	2.35	9,584,336	226,536	2.36

- 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 (2020, ¥52,536,286 million; 2019, ¥47,559,830 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2020				2019			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥1,075,452	¥229,143	¥(17,057)	¥1,287,538	¥1,033,005	¥230,997	¥(23,084)	¥1,240,917
Deposits and loans	16,975	131,138	(5,568)	142,545	15,736	131,375	(6,541)	140,570
Remittances and transfers.....	119,894	21,612	(30)	141,475	116,871	22,740	(36)	139,574
Securities-related business.....	119,023	41,135	(5,921)	154,238	122,233	36,278	(6,980)	151,532
Agency	9,551	—	—	9,551	11,423	—	—	11,423
Safe deposits	4,347	2	—	4,350	4,544	2	—	4,547
Guarantees.....	76,386	9,549	(350)	85,585	79,110	11,461	(4,971)	85,599
Credit card business.....	335,678	0	—	335,678	316,877	0	—	316,878
Investment trusts	146,849	3,500	—	150,349	122,475	5,286	—	127,761
Fees and commissions payments.....	¥ 175,449	¥ 35,117	¥(6,379)	¥ 204,188	¥ 160,129	¥ 28,199	¥ (7,308)	¥ 181,019
Remittances and transfers.....	32,905	7,817	(124)	40,598	31,501	10,630	(4)	42,127

- 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							
	2020				2019			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥220,851	¥51,822	¥(9,846)	¥262,826	¥163,227	¥37,423	¥(5,974)	¥194,676
Gains on trading securities	64,082	8,418	—	72,501	83,367	—	(718)	82,648
Gains on securities related to trading transactions.....	9,088	176	—	9,265	—	—	—	—
Gains on trading-related financial derivatives.....	147,599	43,223	(9,846)	180,976	79,515	37,423	(5,245)	111,693
Others	80	2	—	83	345	—	(10)	334
Trading losses.....	282	9,564	(9,846)	—	4,058	5,220	(5,974)	3,305
Losses on trading securities	—	—	—	—	—	718	(718)	—
Losses on securities related to trading transactions.....	—	—	—	—	2,956	348	—	3,305
Losses on trading-related financial derivatives.....	282	9,564	(9,846)	—	1,102	4,143	(5,245)	—
Others	—	—	—	—	—	10	(10)	—

- 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	
	2020	2019
Domestic operations:		
Liquid deposits	¥ 80,041,189	¥ 74,819,074
Fixed-term deposits	17,764,493	17,885,194
Others	7,198,446	7,317,911
Subtotal	105,004,129	100,022,180
Negotiable certificates of deposit	4,081,740	4,962,651
Total	¥109,085,870	¥104,984,831
Overseas operations:		
Liquid deposits	¥ 14,594,963	¥ 14,237,044
Fixed-term deposits	7,264,054	7,875,029
Others	179,069	190,785
Subtotal	22,038,088	22,302,858
Negotiable certificates of deposit	6,098,695	6,202,835
Total	¥ 28,136,783	¥ 28,505,693
Grand total	¥137,222,653	¥133,490,525

- 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			
	2020		2019	
Domestic operations:				
Manufacturing	¥ 7,264,656	13.80%	¥ 6,715,306	13.05%
Agriculture, forestry, fisheries and mining	271,216	0.52	272,306	0.53
Construction	753,216	1.43	730,187	1.42
Transportation, communications and public enterprises	5,228,310	9.93	5,341,650	10.38
Wholesale and retail	4,393,894	8.34	4,299,232	8.35
Finance and insurance	2,738,583	5.20	2,282,725	4.43
Real estate, goods rental and leasing	9,302,244	17.67	8,727,788	16.96
Services	4,355,912	8.27	4,247,592	8.25
Municipalities	784,273	1.49	754,500	1.47
Others	17,561,120	33.35	18,099,796	35.16
Subtotal	¥52,653,427	100.00%	¥51,471,087	100.00%
Overseas operations:				
Public sector	¥ 276,493	0.93%	¥ 286,310	1.08%
Financial institutions	2,087,889	6.99	1,821,717	6.87
Commerce and industry	23,939,816	80.16	21,381,483	80.66
Others	3,559,982	11.92	3,018,591	11.39
Subtotal	¥29,864,181	100.00%	¥26,508,102	100.00%
Total	¥82,517,609	—	¥77,979,190	—

- 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	
	2020	2019
General reserve	¥336,089	¥318,233
Specific reserve	143,107	150,533
Loan loss reserve for specific overseas countries	0	41
Reserve for possible loan losses	¥479,197	¥468,808
Amount of direct reduction	¥142,834	¥139,981

Risk-Monitored Loans

March 31	Millions of yen	
	2020	2019
Bankrupt loans	¥ 13,978	¥ 12,806
Non-accrual loans	378,173	456,802
Past due loans (3 months or more)	14,400	13,444
Restructured loans	221,288	193,427
Total	¥627,840	¥676,481
Amount of direct reduction	¥113,254	¥118,980

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	
	2020	2019
Bankrupt and quasi-bankrupt assets	¥ 87,857	¥ 89,659
Doubtful assets	326,883	398,295
Substandard loans	235,539	207,199
Total of NPLs	650,280	695,153
Normal assets	95,273,195	90,694,649
Total	¥95,923,476	¥91,389,803
Amount of direct reduction	¥ 142,834	¥ 139,981

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	
	2020	2019
Domestic operations:		
Japanese government bonds.....	¥ 7,348,013	¥ 6,514,573
Japanese local government bonds	262,681	99,164
Japanese corporate bonds	2,666,212	2,582,014
Japanese stocks.....	2,867,103	3,618,083
Others.....	7,284,775	5,711,745
Subtotal	¥20,428,786	¥18,525,580
Overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	72,866	68,226
Japanese stocks.....	—	—
Others.....	6,265,416	5,365,181
Subtotal	¥ 6,338,283	¥ 5,433,407
Unallocated corporate assets:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	357,931	376,373
Others.....	3,749	2,643
Subtotal	¥ 361,681	¥ 379,016
Total	¥27,128,751	¥24,338,005

- 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							
	2020				2019			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets	¥5,973,291	¥1,519,904	¥(131,942)	¥7,361,253	¥4,334,415	¥1,014,471	¥(20,108)	¥5,328,778
Trading securities.....	2,473,626	215,669	—	2,689,295	2,346,123	365,398	—	2,711,521
Derivatives of trading securities.....	128,871	—	—	128,871	74,204	—	—	74,204
Securities related to trading transactions	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions.....	28,604	19	—	28,624	28,120	0	—	28,121
Trading-related financial derivatives	3,284,185	1,298,633	(131,942)	4,450,876	1,841,968	649,072	(20,108)	2,470,932
Other trading assets.....	58,005	5,581	—	63,586	43,997	—	—	43,997
Trading liabilities.....	¥5,137,487	¥1,078,983	¥(131,942)	¥6,084,528	¥3,685,269	¥ 554,132	¥(20,108)	¥4,219,293
Trading securities sold for short sales	1,942,959	69,515	—	2,012,475	1,872,773	119,540	—	1,992,314
Derivatives of trading securities.....	129,596	—	—	129,596	92,370	—	—	92,370
Securities related to trading transactions sold for short sales	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions.....	28,931	9	—	28,941	29,030	2	—	29,032
Trading-related financial derivatives	3,035,999	1,009,457	(131,942)	3,913,513	1,691,095	434,588	(20,108)	2,105,576
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
July 29, 2019****	272,536	1,399,673,956	521	2,339,964	521	1,561,442
September 20, 2019*****	(26,502,400)	1,373,171,556	—	2,339,964	—	1,561,442

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.

**** Allotment to third parties (in-kind contributions of monetary compensation claims):

Common stock: 272,536 shares

Issue price: ¥3,828

Capitalization: ¥1,914

***** The decrease of 26,502,400 shares is due to cancellation of treasury stock.

Number of Shares Issued

March 31, 2020	Number of shares issued
Common stock	1,373,171,556
Total	1,373,171,556

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, 2020	Number of shareholders	Number of units	Percentage of total
Japanese government and local government	8	4,918	0.04%
Financial institutions	337	4,260,606	31.07
Securities companies	72	861,523	6.28
Other institutions	6,724	1,194,761	8.71
Foreign institutions	1,145	5,521,779	40.27
Foreign individuals	443	8,861	0.06
Individuals and others	276,567	1,860,624	13.57
Total	285,296	13,713,072	100.00%
Fractional shares (shares)	—	1,864,356	—

Notes: 1. Of 3,645,043 shares in treasury stock, 36,450 units are included in "Individuals and others" and the remaining 43 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, 2020	Number of shares	Percentage of shares outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account)	97,156,600	7.09%
Japan Trustee Services Bank, Ltd. (Trust Account)	78,332,600	5.71
Japan Trustee Services Bank, Ltd. (Trust Account 9)	40,332,600	2.94
Japan Trustee Services Bank, Ltd. (Trust Account 7)	29,320,200	2.14
NATSCUMCO*	28,121,342	2.05
Japan Trustee Services Bank, Ltd. (Trust Account 5)	27,785,900	2.02
JP MORGAN CHASE BANK 385151**	26,387,481	1.92
SSBTC CLIENT OMNIBUS ACCOUNT***	25,409,243	1.85
STATE STREET BANK WEST CLIENT - TREATY 505234**	19,353,327	1.41
Barclays Securities Japan Limited	18,484,174	1.34
Total	390,683,467	28.52%

* Standing agent: Sumitomo Mitsui Banking Corporation

** Standing agent: Mizuho Bank, Ltd., Settlement Service Department

*** Standing agent: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services 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, 2020.

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, 2020.

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 April 19, 2019. It stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and another shareholder held the following common shares in the Company as of April 15, 2019. 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, 2020.

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: 70,915,700 shares (including joint ownership)

Shareholding ratio: 5.07%

4. Nomura Securities Co., Ltd. has submitted a Report of Possession of Large Volume regarding its shareholding as of April 7, 2020. It stated that Nomura Securities Co., Ltd. and two other shareholders held the following common shares in the Company as of March 31, 2020. 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, 2020.

The Report of Possession of Large Volume is detailed as follows:

Principal Shareholder: Nomura Securities Co., Ltd. (and two other joint holders)

Number of shares held: 70,759,192 shares (including joint ownership)

Shareholding ratio: 5.15%

Stock Options

March 31	2020
Number of shares granted.....	49,900 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	2020
Number of shares granted.....	139,400 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	2020
Number of shares granted.....	187,900 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	2020
Number of shares granted.....	66,100 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	2020
Number of shares granted.....	69,900 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	2020
Number of shares granted.....	90,800 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	2020
Number of shares granted.....	118,500 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 and Leverage Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Regarding the calculation of the capital ratio and leverage 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 and Leverage Ratio Calculation Framework.” The aforementioned external audit was not meant to provide a statement of opinions or conclusions on the capital ratio and leverage ratio themselves, or our internal control framework for calculating these ratios, 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.

“Consolidated Capital Ratio and Leverage 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: 174
Please refer to “Principal Subsidiaries and Affiliates” on page 144 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 Ratio Information (Consolidated)

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.

■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2020	As of March 31, 2019	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	9,217,343	8,921,854	
1a	of which: capital and capital surplus	3,031,968	3,078,490	
2	of which: retained earnings	6,336,311	5,992,247	
1c	of which: treasury stock (-)	13,983	16,302	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	136,952	132,582	
	of which: other than the above	—	—	
1b	Stock acquisition rights to common shares	2,064	2,539	
3	Accumulated other comprehensive income and other disclosed reserves	1,365,673	1,713,884	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	1,155	2,181	
6	Common Equity Tier 1 capital: instruments and reserves (A)	10,586,236	10,640,460	
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)	634,783	657,131	
8	of which: goodwill (including those equivalent)	237,333	247,659	
9	of which: other intangibles other than goodwill and mortgage servicing rights	397,450	409,472	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,390	2,208	
11	Net deferred gains or losses on hedges	84,324	(52,610)	
12	Shortfall of eligible provisions to expected losses	50,636	81,582	
13	Securitisation gain on sale	62,486	60,286	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	5,582	3,940	
15	Net defined benefit asset	160,200	228,913	
16	Investments in own shares (excluding those reported in the Net assets section)	3,567	4,491	
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)	1,004,972	985,942	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	9,581,264	9,654,517	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31, 2020	As of March 31, 2019	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	684,797	598,974	
		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)	9,400	62,752		
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—	436,500		
33	of which: instruments issued by bank holding companies and their special purpose vehicles	—	436,500		
35	of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	—	—		
36	Additional Tier 1 capital: instruments (D)	694,198	1,098,227		
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)	25,525	25,516		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—	—		
43	Additional Tier 1 capital: regulatory adjustments (E)	25,525	25,516		
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E)) (F)	668,672	1,072,710		
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	10,249,936	10,727,228		
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	961,464	997,723	
		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)	1,546	15,087		
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	358,491	488,092		
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)	358,491	488,092		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	63,204	62,357		
50a	of which: general reserve for possible loan losses	63,204	62,357		
50b	of which: eligible provisions	—	—		
51	Tier 2 capital: instruments and provisions (H)	1,384,706	1,563,260		

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2020	As of March 31, 2019	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)	82,643	50,000	
57	Tier 2 capital: regulatory adjustments (I)	82,643	50,000	
Tier 2 capital (T2)				
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,302,063	1,513,260	
Total capital (TC = T1 + T2)				
59	Total capital (TC = T1 + T2) ((G) + (J)) (K)	11,552,000	12,240,489	
Risk weighted assets (6)				
60	Total risk-weighted assets (RWA) (L)	61,599,066	58,942,791	
Capital ratios (consolidated) and buffers (7)				
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	15.55%	16.37%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	16.63%	18.19%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	18.75%	20.76%	
64	CET1 specific buffer requirement	3.52%	3.60%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical buffer requirement	0.02%	0.10%	
67	of which: G-SIB/D-SIB additional requirement	1.00%	1.00%	
68	CET1 available after meeting the minimum capital requirements	10.63%	11.87%	
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)	679,784	816,189	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	907,634	921,378	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	4,128	2,605	
Provisions included in Tier 2 capital: instruments and provisions (9)				
76	Provisions (general reserve for possible loan losses)	75,065	72,970	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	63,204	62,357	
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	274,040	265,937	
Capital instruments subject to transitional arrangements (10)				
82	Current cap on AT1 instruments subject to transitional arrangements	325,171	487,757	
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	406,856	610,284	
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, 2020	As of March 31, 2019
Required capital ((L) × 8%)	4,927,925	4,715,423

■ 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, 2020	As of March 31, 2019	As of March 31, 2020	As of March 31, 2019
1	Credit risk (CR) (excluding counterparty credit risk)	40,936,349	39,966,325	3,442,320	3,360,021
2	Of which: Standardised Approach (SA)	3,050,149	2,843,844	244,011	227,507
3	Of which: internal ratings-based (IRB) approach	34,877,672	33,898,986	2,957,626	2,874,634
	Of which: significant investments in commercial entities	–	–	–	–
	Of which: lease residual value	46,881	52,206	3,750	4,176
	Other assets	2,961,646	3,171,288	236,931	253,703
4	Counterparty credit risk (CCR)	5,382,967	4,111,505	437,131	333,623
5	Of which: standardised approach for counterparty credit risk (SA-CCR)	–	–	–	–
	Of which: current exposure method (CEM)	1,495,568	1,094,827	125,330	91,618
6	Of which: Expected Positive Exposure (EPE)	–	–	–	–
	Of which: Credit Valuation Adjustment (CVA)	3,067,315	2,376,345	245,385	190,107
	Of which: Central Counterparty (CCP)	213,245	177,913	17,059	14,233
	Others	606,838	462,418	49,356	37,664
7	Equity positions in banking book under market-based approach	789,942	699,163	66,987	59,289
8	Equity investments in funds – look-through approach	1,766,889	2,107,834	141,351	168,626
9	Equity investments in funds – mandate-based approach	–	–	–	–
	Equity investments in funds – simple approach (subject to 250% risk weight)	41,242	20,577	3,310	1,669
	Equity investments in funds – simple approach (subject to 400% risk weight)	375,427	317,353	31,730	26,834
10	Equity investments in funds – fall-back approach	59,012	41,684	4,720	3,334
11	Settlement risk	10	–	0	–
12	Securitisation exposures in banking book	1,153,950	1,136,269	92,316	90,901
13	Of which: securitisation IRB approach (SEC-IRBA) or internal assessment approach (IAA)	1,020,034	970,149	81,602	77,611
14	Of which: securitisation external ratings-based approach (SEC-ERBA)	118,792	158,514	9,503	12,681
15	Of which: securitisation standardised approach (SEC-SA)	–	–	–	–
	Of which: Risk weight (RW) 1250% is applied	15,123	7,605	1,209	608
16	Market risk	2,509,994	2,323,156	200,799	185,852
17	Of which: standardised approach (SA)	825,580	752,059	66,046	60,164
18	Of which: internal model approaches (IMA)	1,684,414	1,571,096	134,753	125,687
19	Operational risk	3,924,796	3,617,535	313,983	289,402
20	Of which: Basic Indicator Approach	839,490	776,185	67,159	62,094
21	Of which: Standardised Approach	–	–	–	–
22	Of which: Advanced Measurement Approach	3,085,305	2,841,349	246,824	227,307
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	2,279,392	2,309,872	193,271	195,867
	RWA subject to transitional arrangements	–	–	–	–
24	Floor adjustment	–	–	–	–
25	Total (after applying scaling factors)	61,599,066	58,942,791	4,927,925	4,715,423

■ 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 116 to 120 (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 virtually 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 261 to 262 “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, 2020				As of March 31, 2019			
		a	b	c	d	a	b	c	d
Item No.		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	663,784	81,057,792	448,179	81,273,397	679,145	76,937,799	436,374	77,180,570
2	Securities (of which: debt securities)	4,949	21,417,801	—	21,422,751	4,343	17,806,238	—	17,810,581
3	Other on-balance sheet assets (of which: debt-based assets)	6,012	66,533,162	30,751	66,508,423	5,765	63,680,487	21,406	63,664,846
4	Subtotal (1+2+3)	674,747	169,008,756	478,930	169,204,572	689,254	158,424,525	457,781	158,655,999
Off-balance sheet assets									
5	Acceptances and guarantees, etc.	18,097	9,905,268	64,283	9,859,082	12,667	9,847,197	73,339	9,786,525
6	Commitments, etc.	9,587	21,216,668	65,341	21,160,914	7,026	20,746,667	60,659	20,693,034
7	Subtotal (5+6)	27,685	31,121,937	129,625	31,019,997	19,693	30,593,864	133,998	30,479,559
Total									
8	Total (4+7)	702,432	200,130,693	608,556	200,224,570	708,948	189,018,390	591,779	189,135,558

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, 2019	689,254
2		Amounts defaulted
		160,092
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
		(19,148)
6	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2020 (1+2-3-4+5)	674,747

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.

(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
		161,433
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
		(35,457)
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, 2020				As of March 31, 2019			
	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)	117,104,673	15,714,695	6,751,935	139,571,303	113,695,547	13,028,014	7,819,862	134,543,424
Manufacturing	10,305,832	261,335	1,611,649	12,178,818	9,095,207	295,529	1,959,265	11,350,002
Agriculture, forestry, fishery and mining	508,218	10,365	6,571	525,155	516,118	13,035	10,848	540,001
Construction	1,078,838	46,235	117,601	1,242,675	1,162,654	43,884	156,515	1,363,053
Transport, information, communications and utilities	6,337,831	195,824	451,513	6,985,169	6,310,609	174,252	615,181	7,100,043
Wholesale and retail	5,549,017	208,602	287,865	6,045,486	5,764,959	249,713	317,123	6,331,796
Financial and insurance	56,166,851	2,552,894	243,609	58,963,355	54,249,795	1,012,399	188,531	55,450,726
Real estate, goods rental and leasing	9,846,929	1,147,847	89,948	11,084,725	9,365,923	1,251,563	136,385	10,753,873
Services	4,448,552	366,545	74,114	4,889,212	4,517,647	397,536	124,502	5,039,686
Local municipal corporations	2,290,348	32,320	1,230	2,323,898	2,435,177	21,102	1,065	2,457,346
Other industries	20,572,251	10,892,725	3,867,830	35,332,807	20,277,453	9,568,998	4,310,441	34,156,894
Overseas operations and offshore banking accounts	52,288,064	5,708,881	1,556,566	59,553,513	48,427,182	4,784,721	1,564,532	54,776,436
Sovereigns	9,743,269	3,575,176	6,164	13,324,610	9,093,815	3,338,992	6,442	12,439,250
Financial institutions	6,413,387	1,154,322	373,929	7,941,639	5,449,564	1,095,238	380,646	6,925,449
C&I companies	29,954,809	832,400	—	30,787,210	27,931,363	276,791	—	28,208,154
Others	6,176,597	146,981	1,176,472	7,500,051	5,952,438	73,700	1,177,443	7,203,581
Total	169,392,737	21,423,577	8,308,502	199,124,817	162,122,729	17,812,736	9,384,395	189,319,860

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, 2020				As of March 31, 2019			
	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	40,381,530	6,157,045	24,658	46,563,235	32,620,590	3,313,354	23,855	35,957,800
More than 1 year to 3 years	18,703,429	3,901,032	–	22,604,461	18,175,523	5,908,243	–	24,083,766
More than 3 years to 5 years	17,835,434	2,019,572	–	19,855,006	17,740,873	1,514,641	–	19,255,515
More than 5 years to 7 years	6,691,657	1,241,389	–	7,933,047	6,460,343	1,687,774	–	8,148,118
More than 7 years	23,518,615	8,104,537	–	31,623,153	22,894,533	5,388,722	–	28,283,255
No fixed maturity	62,262,070	–	8,283,843	70,545,913	64,230,864	–	9,360,540	73,591,404
Total	169,392,737	21,423,577	8,308,502	199,124,817	162,122,729	17,812,736	9,384,395	189,319,860

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 2019			Fiscal 2018		
	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)	713.9	218.0	91.9	800.4	235.2	90.1
Overseas operations and offshore banking accounts	215.9	107.2	27.0	176.7	86.1	12.2
Asia	68.1	41.3	20.3	24.3	16.0	9.8
North America	62.4	17.8	2.5	53.1	20.3	3.0
Other regions	85.4	48.1	4.1	99.3	49.8	(0.6)
Total	929.8	325.3	118.9	977.1	321.3	102.3

(2) By Industry

(Billions of yen)

	Fiscal 2019			Fiscal 2018		
	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)	713.9	218.0	91.9	800.4	235.2	90.1
Manufacturing	57.0	18.9	0.6	109.5	25.7	(0.3)
Agriculture, forestry, fishery and mining	8.4	6.7	0.0	6.3	6.2	(1.5)
Construction	12.0	2.5	0.4	17.5	5.2	0.3
Transport, information, communications and utilities	44.0	20.8	0.9	40.8	18.0	0.5
Wholesale and retail	86.1	36.8	1.0	93.4	39.6	1.9
Financial and insurance	5.4	0.2	(0.3)	8.4	2.9	(0.1)
Real estate, goods rental and leasing	48.0	5.6	(0.8)	52.1	5.6	5.8
Services	72.5	21.0	0.5	78.7	28.3	1.1
Other industries	380.5	105.4	89.5	393.7	103.7	82.4
Overseas operations and offshore banking accounts	215.9	107.2	27.0	176.7	86.1	12.2
Financial institutions	1.9	0.2	0.0	2.2	0.3	0.0
C&I companies	127.7	76.0	16.3	92.2	54.4	0.5
Others	86.3	31.0	10.8	82.3	31.4	11.7
Total	929.8	325.3	118.9	977.1	321.3	102.3

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 2019				
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
160.4	60.4	37.5	81.0	339.5

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 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.

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 2019			Fiscal 2018		
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
248.2	248.2	0.0	223.2	223.2	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 116 to 117). 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

Domestic Corporate	Definition	Borrower Category
J1	Very high certainty of debt repayment	Normal Borrowers
J2	High certainty of debt repayment	
J3	Satisfactory certainty of debt repayment	
J4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment depending on the situation	Borrowers Requiring Caution
J5	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 any changes in economic trends or business environment	
J6	Currently no problem with debt repayment, but it is highly likely that this could change in cases of significant changes in economic trends or business environment	
J7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Substandard Borrowers
J7R	Borrowers Requiring Caution identified as Substandard Borrowers	
J8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
J9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Virtually Bankrupt Borrowers
J10	Legally or formally bankrupt	Bankrupt Borrowers

Obligor Grade

Overseas Corporate	Definition	Borrower Category
G1	Very high certainty or high certainty of debt repayment	Normal Borrowers
G2	Satisfactory certainty of debt repayment	
G3	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment depending on the situation	
G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	Borrowers Requiring Caution
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 any changes in economic trends or business environment	
G6	Currently no problem with debt repayment, but it is highly likely that this could change in cases of significant changes in economic trends or business environment	
G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Substandard Borrowers
G7R	Borrowers Requiring Caution identified as Substandard Borrowers	
G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Virtually Bankrupt Borrowers
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, 2020.
- 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, a borrower category under self-assessment in accordance with an exclusive grading model, 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, a borrower category under self-assessment in accordance with an exclusive grading model, 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 117) 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 Capital Accord.

The actual default rates in the past three periods are lower than PD estimate values applied for the respective periods for the most portfolios, 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 requirement of Basel Capital Accord, 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 EAD 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, 2020	As of March 31, 2019
IRB approach	94.70 %	94.82 %
Corporate exposures (Advanced Internal Ratings-Based (AIRB) approach)	82.44 %	81.24 %
Corporate exposures (Foundation Internal Ratings-Based (FIRB) approach)	0.24 %	0.27 %
Retail exposures	7.48 %	8.15 %
Equity exposures	1.76 %	2.19 %
Purchased receivables (AIRB approach)	0.94 %	1.00 %
Purchased receivables (FIRB approach)	0.00 %	0.00 %
Other assets, etc.	1.81 %	1.94 %
SA	5.29 %	5.17 %
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, 2020											
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	73,107,376	62,797	85.17	75,440,612	0.00	0.4	34.25	3.9	251,604	0.33	280	
2	0.15 to <0.25	364,083	25,813	46.84	362,167	0.18	0.0	33.11	1.9	101,209	27.94	221	
3	0.25 to <0.50	8,777	24	64.04	8,793	0.26	0.0	29.55	1.3	2,292	26.07	6	
4	0.50 to <0.75	2,315	2	50.00	202	0.52	0.0	25.14	2.7	88	43.83	0	
5	0.75 to <2.50	173,824	9,567	47.77	125,118	1.21	0.0	34.04	2.4	91,402	73.05	508	
6	2.50 to <10.00	88,158	47,907	62.45	51,705	3.98	0.0	34.76	2.9	60,597	117.19	713	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	8	–	–	8	100.00	0.0	34.03	1.2	4	53.50	2	
9	Subtotal	73,744,545	146,113	68.49	75,988,608	0.00	0.6	34.25	3.9	507,199	0.66	1,733	2,197
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	5,651,140	731,858	76.85	6,448,660	0.03	0.6	33.87	3.0	1,242,169	19.26	854	
2	0.15 to <0.25	789,579	217,139	70.74	923,343	0.18	0.2	30.22	1.1	226,102	24.48	507	
3	0.25 to <0.50	124,122	12,663	55.47	120,201	0.26	0.0	30.82	1.2	36,904	30.70	100	
4	0.50 to <0.75	24,809	5,329	33.79	26,610	0.51	0.0	29.74	1.2	10,717	40.27	41	
5	0.75 to <2.50	619,369	102,747	38.55	598,474	1.37	0.6	34.97	0.5	400,084	66.85	2,886	
6	2.50 to <10.00	34,969	4,309	35.93	29,881	3.96	0.0	33.64	0.7	27,172	90.93	398	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	356	–	–	356	100.00	0.0	80.91	1.0	48	13.63	288	
9	Subtotal	7,244,349	1,074,048	71.32	8,147,528	0.17	1.7	33.48	2.5	1,943,199	23.85	5,076	6,066
Bank exposures (FIRB approach)													
1	0.00 to <0.15	3,244	–	–	3,244	0.03	0.0	45.00	5.0	1,144	35.27	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	402	–	–	402	2.46	0.0	45.00	5.0	745	185.32	4	
6	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
9	Subtotal	3,646	–	–	3,646	0.29	0.1	45.00	5.0	1,889	51.82	4	17
Corporate exposures (AIRB approach)													
1	0.00 to <0.15	26,480,029	13,468,788	54.73	38,059,248	0.05	7.2	34.71	2.5	6,979,472	18.33	7,836	
2	0.15 to <0.25	13,991,591	7,497,730	54.39	16,791,142	0.17	6.3	29.45	2.4	4,712,138	28.06	8,783	
3	0.25 to <0.50	3,520,031	1,005,418	53.48	3,828,262	0.26	2.8	28.70	2.6	1,297,994	33.90	2,910	
4	0.50 to <0.75	2,072,283	633,162	53.17	2,228,333	0.51	1.5	28.85	2.4	1,024,458	45.97	3,315	
5	0.75 to <2.50	5,502,117	2,209,416	53.77	4,719,039	1.38	4.4	27.19	3.0	3,111,257	65.92	17,700	
6	2.50 to <10.00	981,579	402,421	57.96	739,898	6.27	0.6	27.72	2.8	765,528	103.46	13,670	
7	10.00 to <100.00	236,679	57,965	60.46	231,537	17.02	0.2	25.42	2.5	296,210	127.93	10,092	
8	100.00 (Default)	202,742	17,927	100.00	209,837	100.00	0.2	48.74	2.4	69,976	33.34	102,288	
9	Subtotal	52,987,056	25,292,831	54.55	66,807,297	0.65	23.5	32.25	2.5	18,257,035	27.32	166,599	171,747

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2020											
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	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	22	-	-	22	100.00	0.0	45.00	5.0	-	0.00	10	-
9	Subtotal	22	-	-	22	100.00	0.0	45.00	5.0	-	0.00	10	2
Mid-sized corporations and small-medium enterprises (SMEs) exposures (AIRB approach)													
1	0.00 to <0.15	904,104	79,495	48.18	944,136	0.08	1.2	31.99	3.1	197,069	20.87	258	-
2	0.15 to <0.25	1,292,354	105,264	62.35	1,304,229	0.17	5.1	30.47	3.6	373,474	28.63	676	-
3	0.25 to <0.50	1,152,104	20,996	64.18	1,121,417	0.30	6.7	31.89	3.8	447,563	39.91	1,111	-
4	0.50 to <0.75	737,848	40,185	50.15	677,027	0.53	4.7	28.77	3.4	295,384	43.62	1,045	-
5	0.75 to <2.50	2,659,505	152,942	57.68	2,120,242	1.63	34.0	31.84	3.4	1,369,629	64.59	11,033	-
6	2.50 to <10.00	351,444	136,821	48.57	169,064	8.36	1.3	22.27	2.7	124,179	73.45	3,010	-
7	10.00 to <100.00	139,976	944	47.46	73,800	27.22	3.1	46.87	1.6	153,071	207.41	9,423	-
8	100.00 (Default)	223,666	450	100.00	157,477	100.00	3.5	46.01	1.8	23,209	14.73	72,469	-
9	Subtotal	7,461,004	537,099	54.58	6,567,394	3.59	60.0	31.54	3.4	2,983,581	45.43	99,029	98,375
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	34	-	-	34	1.22	0.0	45.00	1.0	21	62.80	0	-
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
9	Subtotal	34	-	-	34	1.22	0.0	45.00	1.0	21	62.80	0	0
Specialized lending (SL)													
1	0.00 to <0.15	1,967,269	113,312	46.83	1,976,616	0.04	0.2	22.50	3.8	240,854	12.18	204	-
2	0.15 to <0.25	1,889,210	554,107	54.39	2,031,916	0.17	0.4	23.40	4.2	599,465	29.50	857	-
3	0.25 to <0.50	1,035,545	362,381	53.53	967,458	0.26	0.1	31.56	4.1	486,728	50.31	824	-
4	0.50 to <0.75	759,378	206,481	56.69	616,840	0.51	0.1	24.61	3.9	286,613	46.46	784	-
5	0.75 to <2.50	964,824	246,808	59.61	884,023	1.07	0.2	25.18	3.8	543,236	61.45	2,459	-
6	2.50 to <10.00	170,258	37,954	82.24	105,864	3.96	0.0	31.15	4.3	121,276	114.55	1,306	-
7	10.00 to <100.00	28,332	2,594	85.15	27,777	13.94	0.0	36.08	3.5	51,257	184.52	1,396	-
8	100.00 (Default)	52,406	6,757	100.00	49,604	100.00	0.0	59.44	3.6	26,538	53.50	29,485	-
9	Subtotal	6,867,224	1,530,397	55.73	6,660,101	1.16	1.3	25.11	4.0	2,355,971	35.37	37,319	41,098
Equity exposures													
1	0.00 to <0.15	2,901,486	-	-	2,901,486	0.04	1.3	90.00	5.0	2,968,167	102.29	-	-
2	0.15 to <0.25	220,234	-	-	220,234	0.17	0.4	90.00	5.0	291,234	132.23	-	-
3	0.25 to <0.50	14,685	-	-	14,685	0.26	0.1	90.00	5.0	24,440	166.43	-	-
4	0.50 to <0.75	4,211	-	-	4,211	0.51	0.0	90.00	5.0	9,029	214.39	-	-
5	0.75 to <2.50	16,123	-	-	16,123	2.17	0.1	90.00	5.0	56,577	350.90	-	-
6	2.50 to <10.00	1,962	-	-	1,962	9.88	0.0	90.00	5.0	10,782	549.53	-	-
7	10.00 to <100.00	21	-	-	21	27.27	0.0	90.00	5.0	179	836.00	-	-
8	100.00 (Default)	674	-	-	674	100.00	0.0	90.00	5.0	7,588	1,124.99	-	-
9	Subtotal	3,159,398	-	-	3,159,398	0.09	2.1	90.00	5.0	3,367,999	106.60	-	-

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2020											
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	961,910	69,391	100.00	1,021,314	0.06	7.0	36.30	1.1	126,585	12.39	296	
2	0.15 to <0.25	360,408	100,052	71.87	429,775	0.18	5.8	32.66	1.0	91,947	21.39	260	
3	0.25 to <0.50	70,529	78,200	73.31	126,645	0.29	5.3	42.04	1.0	47,379	37.41	162	
4	0.50 to <0.75	35,734	66,823	88.28	94,139	0.57	8.1	50.13	1.0	59,487	63.19	276	
5	0.75 to <2.50	84,464	87,620	97.75	168,937	1.48	16.4	47.10	1.1	142,943	84.61	1,187	
6	2.50 to <10.00	4,638	4,069	100.00	8,706	5.14	0.8	44.77	1.0	11,398	130.92	209	
7	10.00 to <100.00	193	1,424	100.00	1,618	63.51	0.2	61.47	1.0	2,458	151.88	626	
8	100.00 (Default)	2,688	220	100.00	2,896	100.00	0.1	78.66	1.0	394	13.63	2,279	
9	Subtotal	1,520,568	407,803	85.57	1,854,035	0.49	44.0	37.66	1.1	482,595	26.02	5,298	3,825
Purchased receivables (corporates) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	617,365	–	–	617,365	0.06	0.0	33.48	1.0	69,229	11.21	137	
2	0.15 to <0.25	201,714	106,680	46.72	251,556	0.17	0.0	29.97	1.1	48,777	19.39	132	
3	0.25 to <0.50	65,593	–	–	65,593	0.26	0.0	33.40	1.0	18,485	28.18	57	
4	0.50 to <0.75	37,151	–	–	37,151	0.51	0.0	31.81	1.0	17,297	46.56	60	
5	0.75 to <2.50	64,699	–	–	64,699	0.89	0.0	31.36	1.0	31,463	48.63	184	
6	2.50 to <10.00	3,727	–	–	3,727	3.96	0.0	25.02	1.0	2,506	67.24	36	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	1,057	–	–	1,057	100.00	0.0	46.64	1.0	144	13.63	493	
9	Subtotal	991,308	106,680	46.72	1,041,149	0.28	0.2	32.42	1.0	187,903	18.04	1,102	772
Purchased receivables (corporates) (the amount equivalent to default risks) (FIRB approach)													
1	0.00 to <0.15	0	385	100.00	385	0.07	0.0	45.00	1.0	56	14.54	0	
2	0.15 to <0.25	–	234	100.00	234	0.22	0.0	45.00	1.0	67	28.66	0	
3	0.25 to <0.50	–	1,365	100.00	1,365	0.36	0.0	45.00	1.0	516	37.82	2	
4	0.50 to <0.75	–	3,172	100.00	3,172	0.62	0.1	45.00	1.0	1,600	50.46	8	
5	0.75 to <2.50	–	2,198	100.00	2,198	1.14	0.1	45.00	1.0	1,351	61.45	11	
6	2.50 to <10.00	–	28	100.00	28	2.96	0.0	45.00	1.2	24	85.89	0	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	37	–	–	36	100.00	0.0	45.00	1.0	–	0.00	16	
9	Subtotal	37	7,384	100.00	7,420	1.17	0.3	45.00	1.0	3,615	48.72	39	29
Purchased receivables (corporates) (the amount equivalent to dilution risks) (FIRB approach)													
1	0.00 to <0.15	10	–	–	10	0.11	0.0	45.00	1.0	2	21.22	0	
2	0.15 to <0.25	20	–	–	20	0.22	0.0	45.00	1.0	6	31.94	0	
3	0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
4	0.50 to <0.75	1	–	–	1	0.58	0.0	45.00	1.0	0	56.66	0	
5	0.75 to <2.50	4	–	–	4	0.92	0.0	45.00	1.0	3	70.61	0	
6	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
9	Subtotal	36	–	–	36	0.29	0.0	45.00	1.0	12	34.73	0	0
Purchased receivables (retail) (the amount equivalent to default risks)													
1	0.00 to <0.15	4,967	–	–	4,967	0.09	0.4	65.00	–	764	15.39	3	
2	0.15 to <0.25	2,033	–	–	2,033	0.22	0.2	65.00	–	570	28.07	2	
3	0.25 to <0.50	2,402	–	–	2,402	0.32	0.4	39.60	–	546	22.72	3	
4	0.50 to <0.75	692	–	–	692	0.60	0.1	64.58	–	357	51.58	2	
5	0.75 to <2.50	58	20	100.00	79	1.09	0.0	63.02	–	52	66.50	0	
6	2.50 to <10.00	57	0	100.00	57	2.96	0.0	65.00	–	51	90.51	1	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	0	–	–	0	100.00	0.0	80.91	–	0	13.63	0	
9	Subtotal	10,213	20	100.00	10,234	0.23	1.3	58.99	–	2,343	22.90	14	17

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2020											
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	17	—	—	17	0.03	0.0	45.00	5.0	4	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	17	—	—	17	0.03	0.0	45.00	5.0	4	25.88	0	0
Qualifying revolving retail exposures (QRRE)													
1	0.00 to <0.15	60,714	248,831	7.92	309,546	0.08	4,222.3	70.64		11,621	3.75	188	
2	0.15 to <0.25	264,550	422,264	19.22	686,815	0.19	4,582.4	71.93		51,375	7.48	958	
3	0.25 to <0.50	289,571	301,796	11.68	591,367	0.39	3,952.4	68.50		75,125	12.70	1,605	
4	0.50 to <0.75	179,072	23,273	7.58	202,345	0.50	302.0	73.98		33,683	16.64	756	
5	0.75 to <2.50	526,965	52,156	15.68	579,121	1.64	609.3	77.29		249,060	43.00	7,390	
6	2.50 to <10.00	810,722	157,905	6.88	968,628	4.47	1,602.6	76.51		822,217	84.88	33,015	
7	10.00 to <100.00	36,656	4,336	9.39	40,993	48.76	78.0	73.22		70,595	172.21	14,628	
8	100.00 (Default)	78,426	7,810	100.00	86,237	100.00	153.4	76.77		83,217	96.49	66,208	
9	Subtotal	2,246,680	1,218,375	35.16	3,465,055	4.73	15,502.8	73.66		1,396,896	40.31	124,751	105,920
Residential mortgage exposures													
1	0.00 to <0.15	—	—	—	54,563	0.05	5.9	39.66		13,312	24.39	11	
2	0.15 to <0.25	—	—	—	2,176	0.17	0.2	72.39		881	40.49	2	
3	0.25 to <0.50	7,265,643	8,671	100.00	7,275,348	0.29	451.6	25.79		995,548	13.68	5,480	
4	0.50 to <0.75	925,652	1,487	100.00	927,140	0.59	53.1	27.55		223,565	24.11	1,507	
5	0.75 to <2.50	974,717	2,654	100.00	923,454	0.97	72.3	33.59		391,466	42.39	3,164	
6	2.50 to <10.00	—	—	—	—	—	—	—		—	—	—	
7	10.00 to <100.00	27,202	1,163	100.00	24,509	23.16	2.4	29.18		39,311	160.39	1,639	
8	100.00 (Default)	85,079	54	100.00	85,134	100.00	6.7	28.18		22,329	26.22	23,995	
9	Subtotal	9,278,297	14,032	100.00	9,292,329	1.36	592.5	26.87		1,686,415	18.14	35,800	25,981
Other retail exposures													
1	0.00 to <0.15	3	3	5.13	7	0.08	0.0	69.84		1	14.69	0	
2	0.15 to <0.25	106,023	11	100.00	106,035	0.17	2.5	35.00		13,447	12.68	63	
3	0.25 to <0.50	331,489	276	100.00	331,766	0.38	9.9	36.03		73,844	22.25	465	
4	0.50 to <0.75	44,133	1,004	100.00	45,138	0.67	2.0	36.40		13,921	30.84	111	
5	0.75 to <2.50	916,516	502,743	96.14	1,419,260	1.36	2,437.7	53.67		842,931	59.39	10,509	
6	2.50 to <10.00	28,280	142,045	100.00	170,326	3.05	138.3	49.52		117,267	68.84	2,539	
7	10.00 to <100.00	13,619	5,303	100.00	18,922	24.87	40.2	54.42		23,011	121.60	2,552	
8	100.00 (Default)	51,065	889	100.00	51,954	100.00	92.9	56.69		94,290	181.48	29,453	
9	Subtotal	1,491,132	652,277	100.00	2,143,410	3.87	2,724.0	49.40		1,178,714	54.99	45,694	27,972
Total (all portfolios)		167,005,575	30,987,064	58.54	185,147,723	0.62	18,955.0	34.59	—	34,355,402	18.55	522,475	484,023

(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	3.1	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	3.9	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

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, 2020		As of March 31, 2019	
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	—	—	—	—
2	Sovereign exposures - AIRB	435,987	435,987	324,283	324,283
3	Bank exposures - FIRB	1,889	1,889	5,978	5,978
4	Bank exposures - AIRB	1,907,175	1,907,175	1,232,599	1,232,599
5	Corporate exposures (excluding SL) - FIRB	21	21	85	85
6	Corporate exposures (excluding SL) - AIRB	21,249,845	21,249,140	20,216,917	20,216,202
7	SL - FIRB	531,575	531,575	561,130	561,130
8	SL - AIRB	2,445,379	2,445,379	2,325,087	2,325,087
9	Retail - QRRE	1,396,896	1,396,896	1,479,397	1,479,397
10	Retail - Residential mortgage exposures	1,686,415	1,686,415	1,916,865	1,916,865
11	Retail - Other retail exposures	1,178,714	1,178,714	1,172,559	1,172,559
12	Equity - FIRB	—	—	—	—
13	Equity - AIRB	4,157,942	4,157,942	4,690,527	4,690,527
14	Purchased receivables - FIRB	3,628	3,628	5,407	5,407
15	Purchased receivables - AIRB	672,847	672,847	668,024	668,024
16	Total	35,668,320	35,667,615	34,598,865	34,598,150

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, 2019	345	
2	Breakdown of variations in the credit risk-weighted assets	Asset size	15
3		Asset quality	(1)
4		Model updates	—
5		Methodology and policy	—
6		Acquisitions and disposals	—
7		Foreign exchange movements	(4)
8		Other	—
9	RWA as of March 31, 2020	356	

(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	7
3		Asset quality	(17)
4		Model updates	—
5		Methodology and policy	(1)
6		Acquisitions and disposals	(13)
7		Foreign exchange movements	2
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, 2019	As of March 31, 2018			
Corporates	0.00 to < 0.05	AAA~A+	Aaa~A1	AAA~A+	AAA~AA-	AAA~AA-	0.00%	0.03%	1,766	1,766	2	0	0.02%
	0.05 to < 0.10	A~A-	A2~A3	A~A-	A+~BBB-	A+~BBB-	0.07%	0.08%	4,192	4,192	1	0	0.03%
	0.10 to < 0.50	BBB+~BB	Baa1~Ba2	BBB+~BB	to BB+	to BB+	0.21%	0.23%	13,505	13,504	20	1	0.09%
	0.50 to < 2.50	BB~B	Ba3~B2	BB~B	to BB+	to BB+	1.25%	1.43%	26,059	26,058	83	1	0.25%
	2.50 to < 100.00	to B-	to B3	to B-	to BB+	to BB+	6.25%	6.82%	14,107	14,104	1,290	3	6.19%
Qualifying revolving retail	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						0.08%	0.08%	4,962,040	4,812,835	4,034	1,576	0.07%
	0.10 to < 0.50						0.33%	0.35%	5,727,438	5,626,176	10,704	2,202	0.15%
	0.50 to < 2.50						1.03%	0.66%	3,948,483	3,737,623	15,313	1,803	0.33%
	2.50 to < 100.00						6.42%	7.26%	1,659,648	1,646,644	79,921	2,280	4.68%
Residential mortgage	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						—	—	—	—	—	—	—
	0.10 to < 0.50						0.29%	0.29%	662,016	672,122	736	1	0.11%
	0.50 to < 2.50						0.82%	0.86%	165,706	171,058	615	0	0.41%
	2.50 to < 100.00						23.51%	25.40%	2,565	3,860	320	0	10.08%
Other retail	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						—	—	—	—	—	—	—
	0.10 to < 0.50						0.33%	0.35%	13,787	15,246	29	4	0.16%
	0.50 to < 2.50						1.47%	1.41%	2,453,050	2,454,758	12,665	2,324	0.51%
	2.50 to < 100.00						5.73%	8.99%	183,691	183,828	9,624	410	2.49%

- 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 84.92 percent, "Qualifying revolving retail" accounts for 4.36 percent, "Residential mortgage" accounts for 5.59 percent, and "Other retail" accounts for 3.47 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, 2020									
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	12,423	29,415	50%	41,023	—	—	—	41,023	20,511	—
	Equal to or more than 2.5 years	29,086	30,793	70%	40,443	3,029	—	—	43,472	30,431	173
Good	Less than 2.5 years	3,695	—	70%	3,695	—	—	—	3,695	2,586	14
	Equal to or more than 2.5 years	51,217	5,440	90%	53,759	—	—	—	53,759	48,383	430
Satisfactory		3,615	324	115%	3,792	—	—	—	3,792	4,361	106
Weak		—	—	250%	—	—	—	—	—	—	—
Default		3,137	—	—	3,131	6	—	—	3,137	—	1,568
Total		103,175	65,973	—	145,845	3,035	—	—	148,881	106,274	2,293
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	4,348	3,237	70%					5,861	4,102	23
	Equal to or more than 2.5 years	4,248	4,857	95%					6,517	6,191	26
Good	Less than 2.5 years	28,634	34,120	95%					44,809	42,569	179
	Equal to or more than 2.5 years	169,829	31,437	120%					187,353	224,824	749
Satisfactory		92,083	14,357	140%					98,791	138,307	2,766
Weak		—	—	250%					—	—	—
Default		—	—	—					—	—	—
Total		299,142	88,010	—					343,332	415,995	3,744
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		27,836	—	300%					27,836	83,509	
Simple risk weight method –unlisted shares		57,885	11,804	400%					63,400	253,603	
Internal models approach		206,555	52,987	174%					259,543	452,830	
Total		292,277	64,792	—					350,780	789,942	
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, 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%				—	—		

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 weighted average of the risk weight 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, 2020	As of March 31, 2019
Look-through approach	964,706	1,337,269
Mandate-based approach	—	—
Simple approach (subject to 250% risk weight)	16,497	8,231
Simple approach (subject to 400% risk weight)	93,856	79,338
Fall-back approach	4,720	3,334

■ Standardised Approach

1. Scope

The following consolidated subsidiaries have adopted the standardised approach for exposures as of March 31, 2020 (i.e. consolidated subsidiaries not listed in the “Internal Ratings-Based (IRB) Approach: 1. Scope” on page 259).

(1) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the AIRB Approach

SMBC Consumer Finance Co., Ltd. and SMBC Nikko Securities Inc.

(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, 2020					
Item No.	Asset classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	30,832	—	30,832	—	0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	2,753,060	—	2,753,060	—	0	0.00%
3	Foreign central governments and foreign central banks	2,000,186	—	2,000,186	—	2,629	0.13%
4	Bank for International Settlements, etc.	8	—	8	—	0	0.00%
5	Local governments of Japan	1,230	—	1,230	—	0	0.00%
6	Foreign non-central government public sector entities (PSEs)	5,313	—	5,313	—	1,062	20.00%
7	Multilateral development banks (MDBs)	1,265	—	1,265	—	0	0.00%
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	44,459	—	44,459	—	4,445	10.00%
10	The three local public corporations	—	—	—	—	—	—
11	Banks entities and financial instruments business operators engaged in Type I Financial Instruments Business	1,227,664	—	1,227,664	—	252,457	20.56%
12	Corporates	885,549	233,441	885,191	101,868	1,002,704	101.58%
13	SMEs and retail	1,393,641	971,198	1,393,641	714,347	1,580,991	75.00%
14	Residential mortgage loans	134,933	—	134,933	—	47,226	35.00%
15	Real estate acquisition activities	—	—	—	—	—	—
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	111,258	830	111,126	830	157,361	140.55%
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)	1,209	—	1,209	—	1,209	100.00%
22	Total	8,590,673	1,205,469	8,590,184	817,045	3,050,149	32.42%

(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%

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, 2020										
Item No.	Asset classes	a	b	c	d	e	f	g	h	i	j	k
		CR exposure amounts (post-CCF and CRM)										
	Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	1250%	Total
1	Cash	30,832	–	–	–	–	–	–	–	–	–	30,832
2	Government of Japan and BOJ	2,753,060	–	–	–	–	–	–	–	–	–	2,753,060
3	Foreign central governments and foreign central banks	1,994,927	–	–	–	5,259	–	–	–	–	–	2,000,186
4	Bank for International Settlements, etc.	8	–	–	–	–	–	–	–	–	–	8
5	Local governments of Japan	1,230	–	–	–	–	–	–	–	–	–	1,230
6	Foreign non-central government PSEs	–	–	5,313	–	–	–	–	–	–	–	5,313
7	MDBs	1,265	–	–	–	–	–	–	–	–	–	1,265
8	JFM	–	–	–	–	–	–	–	–	–	–	–
9	Government- affiliated agencies of Japan	–	44,459	–	–	–	–	–	–	–	–	44,459
10	The three local public corporations	–	–	–	–	–	–	–	–	–	–	–
11	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	–	–	1,208,548	–	16,736	–	2,379	–	–	–	1,227,664
12	Corporates	4,834	–	6,358	–	–	–	975,867	–	–	–	987,060
13	SMEs and retail	–	–	–	–	–	2,107,989	–	–	–	–	2,107,989
14	Residential mortgage loans	–	–	–	134,933	–	–	–	–	–	–	134,933
15	Real estate acquisition activities	–	–	–	–	–	–	–	–	–	–	–
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	–	–	–	–	6,719	–	7,706	97,530	–	–	111,956
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)	–	–	–	–	–	–	1,209	–	–	–	1,209
22	Total	4,786,159	44,459	1,220,220	134,933	28,715	2,107,989	987,222	97,530	–	–	9,407,230

(Millions of yen)

CR5: SA – CR exposures by asset classes and risk weights		As of March 31, 2019										
Item No.	Asset classes	a	b	c	d	e	f	g	h	i	j	k
		CR exposure amounts (post-CCF and CRM)										
	Risk weight	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

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 115 to 120). 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, 2020				
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	53,633,492	27,639,904	12,939,469	9,007,125	24,590
2	Securities (of which: Debt securities)	20,595,740	827,011	239,656	33,890	—
3	Other on-balance sheet assets (of which: debt-based assets)	66,211,425	296,998	4,793	257,250	—
4	Total (1+2+3)	140,440,658	28,763,914	13,183,919	9,298,265	24,590
5	Of which: defaulted	527,485	147,261	79,156	9,453	—

(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	—

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, 2020					
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	2,310,569	2,548,104			4,858,674	1,495,568
2	Expected exposure method (IMM)			—	—	—	—
3	Simple approach for CRM					—	—
4	Comprehensive approach for CRM					8,303,441	606,838
5	Exposure fluctuation estimation model					—	—
6	Total						2,102,407

(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

4. CVA Capital Charge (CCR2)

(Millions of yen)

CCR2: CVA risk capital charge		As of March 31, 2020		As of March 31, 2019	
		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	4,375,111	3,067,315	3,455,139	2,376,345
5	Total subject to the CVA capital charge	4,375,111	3,067,315	3,455,139	2,376,345

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, 2020								
		a	b	c	d	e	f	g	h	i
Item No.	Risk weight	Credit equivalent amounts (post-CRM)								
	Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total
1	Government of Japan and BOJ	47,709	—	—	—	—	—	—	—	47,709
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	0	—	0
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	3,087	—	—	—	—	—	—	—	3,087
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	—	—	476,777	517	—	—	—	—	477,295
11	Corporates	—	—	—	—	—	567,305	—	—	567,305
12	SMEs and retail	—	—	—	—	58,587	—	—	—	58,587
13	Other than the above	—	—	—	—	—	42,630	—	—	42,630
14	Total	50,797	—	476,777	517	58,587	609,936	0	—	1,196,616

(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

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, 2020						
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	3,766,191	0.00	0.8	2.26	0.2	4,622	0.12
2	0.15 to <0.25	83,118	0.17	0.0	34.46	0.0	15,177	18.26
3	0.25 to <0.50	10	0.26	0.0	35.00	1.0	2	28.13
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	2,621	2.13	0.0	34.56	1.4	2,050	78.21
6	2.50 to <10.00	106	3.96	0.0	34.93	1.0	100	93.90
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	3,852,047	0.00	0.9	2.97	0.2	21,952	0.56
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	4,198,535	0.03	16.4	17.95	1.2	291,980	6.95
2	0.15 to <0.25	1,140,827	0.17	5.2	15.96	1.1	199,153	17.45
3	0.25 to <0.50	548	0.27	0.0	31.45	1.0	139	25.42
4	0.50 to <0.75	27	0.52	0.0	35.00	1.0	14	54.14
5	0.75 to <2.50	43,182	0.91	0.1	6.92	0.1	5,816	13.47
6	2.50 to <10.00	192,366	3.96	0.0	0.18	0.0	1,176	0.61
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	5,575,486	0.20	21.9	16.84	1.1	498,281	8.93
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, 2020						
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	894,668	0.05	47.9	29.74	2.4	140,730	15.72
2	0.15 to <0.25	624,623	0.17	27.4	31.09	3.2	218,903	35.04
3	0.25 to <0.50	107,002	0.26	8.1	35.19	2.6	49,169	45.95
4	0.50 to <0.75	27,357	0.51	4.3	34.39	2.7	15,810	57.79
5	0.75 to <2.50	67,808	1.49	4.4	33.15	3.0	57,217	84.38
6	2.50 to <10.00	3,036	7.47	0.6	34.35	2.3	3,951	130.13
7	10.00 to <100.00	879	23.45	0.0	34.78	1.2	1,540	175.22
8	100.00 (Default)	1,670	100.00	0.0	36.99	2.9	716	42.92
9	Subtotal	1,727,046	0.29	93.1	30.79	2.8	488,040	28.25
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	7,003	0.08	3.8	33.25	2.9	1,474	21.04
2	0.15 to <0.25	10,873	0.17	7.0	33.56	3.5	3,484	32.04
3	0.25 to <0.50	7,257	0.26	2.9	35.00	3.6	3,054	42.08
4	0.50 to <0.75	6,391	0.51	3.0	34.26	3.8	3,880	60.71
5	0.75 to <2.50	10,469	1.35	6.3	34.92	3.9	7,976	76.19
6	2.50 to <10.00	336	9.88	0.2	35.00	3.1	423	125.85
7	10.00 to <100.00	5	27.27	0.0	35.00	1.0	8	161.01
8	100.00 (Default)	314	100.00	0.1	46.58	4.5	42	13.63
9	Subtotal	42,651	1.32	23.6	34.30	3.6	20,345	47.70
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, 2020						
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	122,515	0.05	0.2	17.82	4.7	19,606	16.00
2	0.15 to <0.25	350,757	0.18	0.4	25.82	4.8	127,049	36.22
3	0.25 to <0.50	108,267	0.26	0.6	23.94	4.8	43,497	40.17
4	0.50 to <0.75	51,454	0.51	0.9	20.38	4.5	22,066	42.88
5	0.75 to <2.50	123,915	1.16	0.2	28.34	4.8	96,927	78.22
6	2.50 to <10.00	6,796	3.96	0.0	39.33	4.8	10,021	147.43
7	10.00 to <100.00	1,825	13.44	0.0	37.70	4.7	3,664	200.75
8	100.00 (Default)	2,734	100.00	0.0	69.53	4.7	1,462	53.50
9	Subtotal	768,266	0.77	2.5	24.62	4.8	324,295	42.21
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)		11,965,498	0.19	142.2	14.95	1.3	1,352,915	11.30

(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

7. Composition of Collateral for CCR Exposure (CCR5)

(Millions of yen)

CCR5: Composition of collateral for CCR exposure		As of March 31, 2020					
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)	27,859	94,109	—	307,476	6,184,166	11,145,743
2	Cash (other currencies)	666	345,002	—	493,507	4,009,606	2,612,553
3	Domestic sovereign debt	860	6,350	—	4,485	8,495,144	6,787,322
4	Other sovereign debt	7,461	—	—	—	2,726,571	3,787,074
5	Government agency debt	9	—	—	—	1,129,593	—
6	Corporate bonds	5,216	—	—	—	80,559	112,253
7	Equity securities	11,446	—	—	—	1,799,917	931,679
8	Other collateral	—	—	—	—	16,921	—
9	Total	53,519	445,462	—	805,469	24,442,481	25,376,627

(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

8. Credit Derivative Transaction Exposures (CCR6)

(Millions of yen)

CCR6: Credit derivative transaction exposures		As of March 31, 2020		As of March 31, 2019	
Item No.		a	b	a	b
		Protection bought	Protection sold	Protection bought	Protection sold
Notionals					
1	Single-name credit default swaps	475,205	525,596	375,808	472,253
2	Index credit default swaps	396,299	320,438	147,640	119,000
3	Total return swaps	—	—	—	—
4	Credit options	62,565	54,405	—	—
5	Other credit derivatives	—	—	—	—
6	Total notionals	934,070	900,439	523,448	591,253
Fair values					
7	Positive fair value (asset)	16,305	13,898	1,137	9,593
8	Negative fair value (liability)	139,824	44,430	8,013	4,008

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, 2020		As of March 31, 2019	
		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)		203,061		167,548
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	6,775,421	135,509	3,320,224	66,407
3	(i) OTC derivatives	6,166,396	123,328	2,826,512	56,532
4	(ii) Exchange-traded derivatives	536,455	10,729	469,547	9,391
5	(iii) SFTs	72,569	1,451	24,163	483
6	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
7	Segregated initial margin	—	—	—	—
8	Non-segregated initial margin	303,373	6,068	172,119	3,444
9	Pre-funded default fund contributions	174,687	61,482	164,959	97,696
10	Unfunded default fund contributions	—	—	—	—
11	Exposures to non-QCCPs (total)		10,183		10,365
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	9,527	9,089	14,781	9,810
13	(i) OTC derivatives	7,295	7,295	3,617	3,617
14	(ii) Exchange-traded derivatives	2,232	1,794	11,163	6,192
15	(iii) SFTs	—	—	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
17	Segregated initial margin	—	—	—	—
18	Non-segregated initial margin	5,468	1,093	2,771	554
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.
- The Japan Net Bank, Limited

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 calculate the amount of credit risk weighted asset for securitisation exposure with the external ratings-based approach or the standardised approach, or to calculate the 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, 2020								
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	451,033	—	451,033	679,152	—	679,152	834,688	—	834,688
2	Residential mortgage	451,033	—	451,033	—	—	—	136,222	—	136,222
3	Credit card	—	—	—	9,626	—	9,626	298,797	—	298,797
4	Other retail exposures	—	—	—	669,526	—	669,526	399,668	—	399,668
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	70,622	8	70,630	799,756	—	799,756	1,093,399	201,724	1,295,123
7	Loans to corporates	70,622	8	70,630	23,185	—	23,185	939,675	—	939,675
8	Commercial mortgage	—	—	—	—	—	—	1,209	—	1,209
9	Lease and receivables	—	—	—	771,071	—	771,071	73,746	16,230	89,976
10	Other wholesale	—	—	—	5,500	—	5,500	78,767	185,493	264,261
11	Re-securitisation	—	—	—	—	—	—	—	—	—

(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	—	—	—	—	—	—	—	—	—

8. Securitisation Exposures in the Trading Book (SEC2)

(Millions of yen)

SEC2: Securitisation exposures in the trading book		As of March 31, 2020								
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	—	—	—	—	—	—	10,452	—	10,452
2	Residential mortgage	—	—	—	—	—	—	—	—	—
3	Credit card	—	—	—	—	—	—	—	—	—
4	Other retail exposures	—	—	—	—	—	—	10,452	—	10,452
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	—	—	—	—	—	—	3,632	—	3,632
7	Loans to corporates	—	—	—	—	—	—	—	—	—
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	—	—	—	—	—	—	3,632	—	3,632
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

(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	—	—	—	—	—	—	—	—	—

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, 2020							
		a	b	c	d	e	f	g	h
Item No.		Total	Traditional securitisation (subtotal)	Securitisation		Re-securitisation	Senior	Non-senior	
				Retail underlying	Wholesale				
Exposure values (by RW bands)									
1	≤20% RW	1,147,761	1,147,761	1,147,761	592,259	555,502	—	—	—
2	>20% to 50% RW	446,464	446,464	446,464	298,427	148,037	—	—	—
3	>50% to 100% RW	216,223	216,223	216,223	115,753	100,470	—	—	—
4	>100% to <1250% RW	189,745	189,745	189,745	123,745	66,000	—	—	—
5	1250% RW	377	368	368	—	368	—	—	—
Exposure values (by regulatory approach)									
6	SEC-IRBA or IAA	1,868,291	1,868,282	1,868,282	1,030,546	837,736	—	—	—
7	SEC-ERBA	132,281	132,281	132,281	99,638	32,643	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA or IAA	726,531	726,425	726,425	401,497	324,928	—	—	—
11	SEC-ERBA	29,508	29,508	29,508	19,927	9,580	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)									
14	SEC-IRBA or IAA	58,122	58,114	58,114	32,119	25,994	—	—	—
15	SEC-ERBA	2,360	2,360	2,360	1,594	766	—	—	—
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, 2020							
		i	j	k	l	m	n	o	
Item No.		Synthetic securitisation (subtotal)			Re-securitisation		Senior	Non-senior	
		Securitisation	Retail underlying	Wholesale					
Exposure values (by RW bands)									
1	≤20% RW	—	—	—	—	—	—	—	
2	>20% to 50% RW	—	—	—	—	—	—	—	
3	>50% to 100% RW	—	—	—	—	—	—	—	
4	>100% to <1250% RW	—	—	—	—	—	—	—	
5	1250% RW	8	8	—	8	—	—	—	
Exposure values (by regulatory approach)									
6	SEC-IRBA or IAA	8	8	—	8	—	—	—	
7	SEC-ERBA	—	—	—	—	—	—	—	
8	SEC-SA	—	—	—	—	—	—	—	
9	1250% RW	—	—	—	—	—	—	—	
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA or IAA	105	105	—	105	—	—	—	
11	SEC-ERBA	—	—	—	—	—	—	—	
12	SEC-SA	—	—	—	—	—	—	—	
13	1250% RW	—	—	—	—	—	—	—	
Capital requirement values (by regulatory approach)									
14	SEC-IRBA or IAA	8	8	—	8	—	—	—	
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, 2019							
		a	b	c	d	e	f	g	h
Item No.		Total	Traditional securitisation (subtotal)	Securitisation		Re-securitisation		Senior	Non-senior
				Retail underlying	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)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior
		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	—	—	—	—	—	—	—

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, 2020							
		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	1,896,821	1,798,983	1,798,983	733,671	1,065,312	—	—	—
2	>20% to 50% RW	200,079	96,193	96,193	96,193	—	—	—	—
3	>50% to 100% RW	22,376	22,376	22,376	—	22,376	—	—	—
4	>100% to <1250% RW	9,324	9,324	9,324	4,824	4,500	—	—	—
5	1250% RW	1,209	1,209	1,209	—	1,209	—	—	—
Exposure values (by regulatory approach)									
6	SEC-IRBA or IAA	1,789,399	1,587,675	1,587,675	599,916	987,758	—	—	—
7	SEC-ERBA	339,202	339,202	339,202	234,771	104,430	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—
9	1250% RW	1,209	1,209	1,209	—	1,209	—	—	—
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA or IAA	293,503	244,769	244,769	96,054	148,714	—	—	—
11	SEC-ERBA	89,283	89,283	89,283	51,986	37,297	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—
13	1250% RW	15,123	15,123	15,123	—	15,123	—	—	—
Capital charge after cap (by regulatory approach)									
14	SEC-IRBA or IAA	23,480	19,581	19,581	7,684	11,897	—	—	—
15	SEC-ERBA	7,142	7,142	7,142	4,158	2,983	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—
17	1250% RW	1,209	1,209	1,209	—	1,209	—	—	—

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (2/2)		As of March 31, 2020						
		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	97,838	97,838	—	97,838	—	—	—
2	>20% to 50% RW	103,886	103,886	—	103,886	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—
5	1250% RW	—	—	—	—	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA or IAA	201,724	201,724	—	201,724	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA or IAA	48,734	48,734	—	48,734	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)								
14	SEC-IRBA or IAA	3,898	3,898	—	3,898	—	—	—
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, 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)	Securitisation	Retail underlying		Re-securitisation	Senior	Non-senior
				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	—	—	—	—	—	—	—

■ 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 maximum amount of overall risk capital, taking into account the financial and business situations of SMBC Group.

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, 2020	As of March 31, 2019
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)	384,544	371,760
2	Equity risk (general and specific)	256,899	177,934
3	Foreign exchange risk	20,788	17,049
4	Commodity risk	7	627
	Options		
5	Simplified approach	—	—
6	Delta-plus method	159,857	178,326
7	Scenario approach	—	—
8	Specific risk related to securitisation exposures	3,483	3,180
9	Total	825,580	748,878

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, 2020					
Item No.		a	b	c	d	e	f
		VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1a	RWA as of March 31, 2019	465	1,105	—	—	—	1,571
1b	Ratio of 1a / 1c	2.8	3.0	—	—	—	3.0
1c	RWA at end of March 31, 2019	161	361	—	—	—	522
2	Movement in risk levels	68	53	—	—	—	121
3	Breakdown of variations in the market risk-weighted assets	Model updates/changes	—	—	—	—	—
4		Methodology and policy	—	—	—	—	—
5		Acquisitions and disposals	—	—	—	—	—
6		Foreign exchange movements	(11)	(30)	—	—	—
7		Other	(13)	—	—	—	—
8a	RWA at end of March 31, 2020	204	384	—	—	—	589
8b	Ratio of 8c / 8a	2.3	3.1	—	—	—	2.8
8c	RWA as of March 31, 2020	488	1,195	—	—	—	1,684

(Billions of yen)

MR2: RWA flow statements of market risk exposures under an IMA			As of March 31, 2019					
Item No.			a	b	c	d	e	f
			VaR	Stressed VaR	IRC	CRM	Other	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	Breakdown of variations in the market risk-weighted assets	Movement in risk levels	(60)	101	—	—		40
3		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)

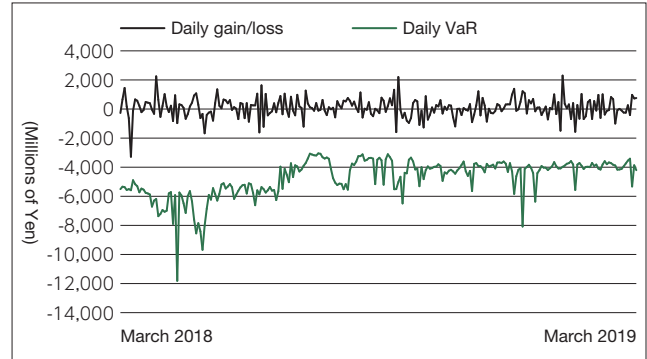
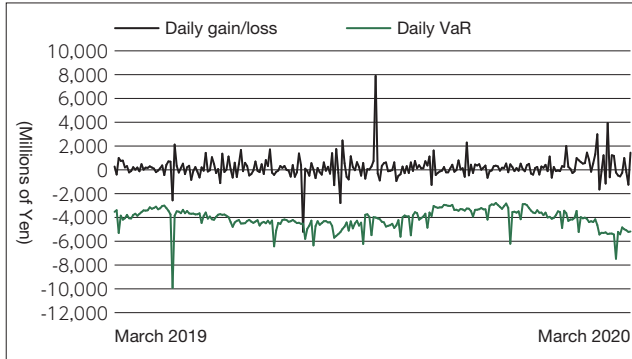
(Millions of yen)

MR3: IMA values for trading portfolios			Fiscal 2019	Fiscal 2018
Item No.				
	VaR (holding period of 10 business days, one-sided confidence level of 99%)			
1	Maximum value		18,358	30,565
2	Average value		12,618	14,441
3	Minimum value		8,806	9,587
4	Period end		16,397	12,930
	Stressed VaR (holding period of 10 business days, one-sided confidence level of 99%)			
5	Maximum value		42,390	44,514
6	Average value		30,302	27,643
7	Minimum value		22,261	17,644
8	Period end		30,736	28,908
	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 2019 and 2018 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 1, 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 120 to 121).

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
Item No.		Δ EVE		Δ NII	
		As of March 31, 2020	As of March 31, 2019	As of March 31, 2020	As of March 31, 2019
1	Parallel up	982,050	724,747	(242,555)	(252,302)
2	Parallel down	0	1,172	414,974	405,058
3	Steeper	284,902	343,900		
4	Flattener	164,009	18,257		
5	Short rate up	329,587	151,087		
6	Short rate down	6,598	1,143		
7	Maximum	982,050	724,747	414,974	405,058
		e		f	
		As of March 31, 2020		As of March 31, 2019	
8	Tier 1 capital	10,249,936		10,727,228	

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 123 to 125.

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		Reference to Template CC1	Reference to appended table
	As of March 31, 2020	As of March 31, 2019		
(Assets)				
Cash and due from banks	61,768,573	57,411,276		
Call loans and bills bought	896,739	2,465,744		
Receivables under resale agreements	8,753,816	6,429,365		
Receivables under securities borrowing transactions	5,005,103	4,097,473		
Monetary claims bought	4,559,429	4,594,578		
Trading assets	7,361,253	5,328,778		7-a
Money held in trust	353	390		
Securities	27,128,751	24,338,005		3-b,7-b
Loans and bills discounted	82,517,609	77,979,190		7-c
Foreign exchanges	2,063,284	1,719,402		
Lease receivables and investment assets	219,733	247,835		
Other assets	8,298,393	7,307,305		7-d
Tangible fixed assets	1,450,323	1,504,703		
Intangible fixed assets	753,579	769,231		3-a
Net defined benefit asset	230,573	329,434		4
Deferred tax assets	26,314	40,245		5-a
Customers' liabilities for acceptances and guarantees	9,308,882	9,564,993		
Reserve for possible loan losses	(479,197)	(468,808)		
Total assets	219,863,518	203,659,146		
(Liabilities)				
Deposits	127,042,217	122,325,038		
Negotiable certificates of deposit	10,180,435	11,165,486		
Call money and bills sold	3,740,539	1,307,778		
Payables under repurchase agreements	13,237,913	11,462,559		
Payables under securities lending transactions	2,385,607	1,812,820		
Commercial paper	1,409,249	2,291,813		
Trading liabilities	6,084,528	4,219,293		7-e
Borrowed money	15,210,894	10,656,897		9-a
Foreign exchanges	1,461,308	1,165,141		
Short-term bonds	379,000	84,500		
Bonds	9,235,639	9,227,367		9-b
Due to trust account	1,811,355	1,352,773		
Other liabilities	7,011,967	4,873,630		7-f
Reserve for employee bonuses	73,868	70,351		
Reserve for executive bonuses	3,362	3,091		
Net defined benefit liability	35,777	31,816		
Reserve for executive retirement benefits	1,270	1,374		
Reserve for point service program	26,576	23,948		
Reserve for reimbursement of deposits	4,687	7,936		
Reserve for losses on interest repayment	142,890	147,594		
Reserves under the special laws	3,145	2,847		
Deferred tax liabilities	257,384	378,220		5-b
Deferred tax liabilities for land revaluation	30,111	30,259		5-c
Acceptances and guarantees	9,308,882	9,564,993		
Total liabilities	209,078,615	192,207,534		
(Net assets)				
Capital stock	2,339,964	2,339,443		1-a
Capital surplus	692,003	739,047		1-b
Retained earnings	6,336,311	5,992,247		1-c
Treasury stock	(13,983)	(16,302)		1-d
Total stockholders' equity	9,354,296	9,054,436		
Net unrealized gains or losses on other securities	1,371,407	1,688,852		
Net deferred gains or losses on hedges	82,257	(54,650)		6
Land revaluation excess	36,878	36,547		
Foreign currency translation adjustments	(32,839)	50,379		
Accumulated remeasurements of defined benefit plans	(92,030)	(7,244)		
Total accumulated other comprehensive income	1,365,673	1,713,884	(a)	
Stock acquisition rights	2,064	4,750		2,8-a
Non-controlling interests	62,869	678,540		8-b
Total net assets	10,784,903	11,451,611		
Total liabilities and net assets	219,863,518	203,659,146		

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, 2020	As of March 31, 2019	Remarks	Ref. No.
Capital stock	2,339,964	2,339,443		1-a
Capital surplus	692,003	739,047		1-b
Retained earnings	6,336,311	5,992,247		1-c
Treasury stock	(13,983)	(16,302)		1-d
Total stockholders' equity	9,354,296	9,054,436		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	9,354,296	9,054,436	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,031,968	3,078,490		1a
of which: retained earnings	6,336,311	5,992,247		2
of which: treasury stock (-)	13,983	16,302		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, 2020	As of March 31, 2019	Remarks	Ref. No.
Stock acquisition rights	2,064	4,750		2
of which: Stock acquisition rights issued by bank holding company	2,064	2,539		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Stock acquisition rights to common shares	2,064	2,539		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, 2020	As of March 31, 2019	Remarks	Ref. No.
Intangible fixed assets	753,579	769,231		3-a
Securities	27,128,751	24,338,005		3-b
of which: goodwill attributable to equity-method investees	49,139	61,282		
Income taxes related to above	167,935	173,381		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Goodwill (including those equivalent)	237,333	247,659		8
Other intangibles other than goodwill and mortgage servicing rights	397,450	409,472	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, 2020	As of March 31, 2019	Remarks	Ref. No.
Net defined benefit asset	230,573	329,434		4
Income taxes related to above	70,372	100,520		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Net defined benefit asset	160,200	228,913		15

5. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2020	As of March 31, 2019	Remarks	Ref. No.
Deferred tax assets	26,314	40,245		5-a
Deferred tax liabilities	257,384	378,220		5-b
Deferred tax liabilities for land revaluation	30,111	30,259		5-c
Tax effects on intangible fixed assets	167,935	173,381		
Tax effects on net defined benefit asset	70,372	100,520		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,390	2,208	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	4,128	2,605	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	—	—		21
Amount exceeding the 15% threshold on specified items	—	—		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	4,128	2,605		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, 2020	As of March 31, 2019	Remarks	Ref. No.
Net deferred gains or losses on hedges	82,257	(54,650)		6

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	84,324	(52,610)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

7. Items associated with investments in the capital of financial institutions

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2020	As of March 31, 2019	Remarks	Ref. No.
Trading assets	7,361,253	5,328,778	Including trading account securities and derivatives for trading assets	7-a
Securities	27,128,751	24,338,005		7-b
Loans and bills discounted	82,517,609	77,979,190	Including subordinated loans	7-c
Other assets	8,298,393	7,307,305	Including derivatives	7-d
Trading liabilities	6,084,528	4,219,293	Including trading account securities sold and derivatives for trading liabilities	7-e
Other liabilities	7,011,967	4,873,630	Including derivatives	7-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Investments in own capital instruments	3,567	4,491		
Common Equity Tier 1 capital	3,567	4,491		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 external 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)	679,784	816,189		
Common Equity Tier 1 capital	—	—		18
Additional Tier 1 capital	—	—		39
Tier 2 capital and other external 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)	679,784	816,189		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)	1,015,803	996,894		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	25,525	25,516		40
Tier 2 capital and other external TLAC liabilities	82,643	50,000		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	907,634	921,378		73

8. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2020	As of March 31, 2019	Remarks	Ref. No.
Stock acquisition rights	2,064	4,750		8-a
Non-controlling interests	62,869	678,540		8-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Amount allowed in group CET1	1,155	2,181	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	9,400	62,752	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	1,546	15,087	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, 2020	As of March 31, 2019	Remarks	Ref. No.
Borrowed money	15,210,894	10,656,897		9-a
Bonds	9,235,639	9,227,367		9-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	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	684,797	598,974		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	961,464	997,723		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, 2020						
	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	61,768,573	61,768,573	61,768,573	—	—	—	—
Call loans and bills bought	896,739	896,739	896,739	—	—	—	—
Receivables under resale agreements	8,753,816	8,753,816	—	8,753,816	—	—	—
Receivables under securities borrowing transactions	5,005,103	5,005,103	—	5,005,103	—	—	—
Monetary claims bought	4,559,429	4,559,429	2,416,719	—	2,142,709	—	—
Trading assets	7,361,253	7,361,253	—	4,608,371	—	7,361,253	104,292
Money held in trust	353	353	353	—	—	—	—
Securities	27,128,751	27,128,751	26,527,867	—	526,218	—	74,665
Loans and bills discounted	82,517,609	82,517,609	81,549,423	40,000	845,543	—	82,643
Foreign exchanges	2,063,284	2,063,284	2,063,284	—	—	—	—
Lease receivables and investment assets	219,733	219,733	219,733	—	—	—	—
Other assets	8,298,393	8,298,393	3,938,793	3,338,159	2,005	—	1,019,434
Tangible fixed assets	1,450,323	1,450,323	1,450,323	—	—	—	—
Intangible fixed assets	753,579	753,579	167,935	—	—	—	585,644
Net defined benefit asset	230,573	230,573	70,372	—	—	—	160,200
Deferred tax assets	26,314	26,314	9,150	—	—	—	17,164
Customers' liabilities for acceptances and guarantees	9,308,882	9,308,882	9,122,875	—	186,007	—	—
Reserve for possible loan losses	(479,197)	(479,197)	(479,197)	—	—	—	—
Total assets	219,863,518	219,863,518	189,722,949	21,745,451	3,702,484	7,361,253	2,044,044
Liabilities							
Deposits	127,042,217	127,042,217	3,437	—	—	—	127,038,780
Negotiable certificates of deposit	10,180,435	10,180,435	—	—	—	—	10,180,435
Call money and bills sold	3,740,539	3,740,539	—	—	—	—	3,740,539
Payables under repurchase agreements	13,237,913	13,237,913	—	8,112,816	—	—	5,125,096
Payables under securities lending transactions	2,385,607	2,385,607	—	1,211,329	—	—	1,174,277
Commercial paper	1,409,249	1,409,249	—	—	—	—	1,409,249
Trading liabilities	6,084,528	6,084,528	—	4,072,052	—	6,084,528	94,723
Borrowed money	15,210,894	15,210,894	—	—	—	—	15,210,894
Foreign exchanges	1,461,308	1,461,308	—	—	—	—	1,461,308
Short-term bonds	379,000	379,000	—	—	—	—	379,000
Bonds	9,235,639	9,235,639	—	—	—	—	9,235,639
Due to trust account	1,811,355	1,811,355	—	—	—	—	1,811,355
Other liabilities	7,011,967	7,011,967	—	2,177,365	8,538	—	4,826,063
Reserve for employee bonuses	73,868	73,868	—	—	—	—	73,868
Reserve for executive bonuses	3,362	3,362	—	—	—	—	3,362
Net defined benefit liability	35,777	35,777	—	—	—	—	35,777
Reserve for executive retirement benefits	1,270	1,270	—	—	—	—	1,270
Reserve for point service program	26,576	26,576	—	—	—	—	26,576
Reserve for reimbursement of deposits	4,687	4,687	—	—	—	—	4,687
Reserve for losses on interest repayment	142,890	142,890	—	—	—	—	142,890
Reserve under the special laws	3,145	3,145	—	—	—	—	3,145
Deferred tax liabilities	257,384	257,384	—	—	—	—	257,384
Deferred tax liabilities for land revaluation	30,111	30,111	—	—	—	—	30,111
Acceptances and guarantees	9,308,882	9,308,882	—	—	—	—	9,308,882
Total liabilities	209,078,615	209,078,615	3,437	15,573,564	8,538	6,084,528	191,575,322

(Millions of yen)

L11: 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	Carrying values of items:				
CR (excluding amounts relevant to d and e)			CCR	Securitisation (excluding amounts relevant to f)	Market risk		
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

- 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, 2020				
		a	b	c	d	e
Item No.		Total	Items subject to:			
			CR (excluding amounts relevant to c and d)	CCR	Securitisation (excluding amounts relevant to e)	Market risk
1	Asset carrying value amount under scope of regulatory consolidation	217,819,474	189,722,949	21,745,451	3,702,484	7,361,253
2	Liabilities carrying value amount under scope of regulatory consolidation	17,503,293	3,437	15,573,564	8,538	6,084,528
3	Total net amount under regulatory scope of consolidation	200,316,180	189,719,512	6,171,886	3,693,945	1,276,725
4	Off-balance sheet amounts	15,235,348	9,557,920 (Note 1)	5,260,135	417,293	—
5	Differences due to consideration of provisions and write-offs	572,470	572,470 (Note 2)	—	—	—
6	Differences due to derivative transactions	10,716,035	—	10,454,983 (Note 3)	19,147	—
7	Differences due to SFTs	(1,455,998)	—	(1,445,998)	—	—
8	Other differences	654,840	351,268	(10,412)	—	—
9	Regulatory exposure amounts	226,038,877	200,201,172	20,430,594	4,130,385	1,276,725

(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:			
			CR (excluding amounts relevant to c and d)	CCR	Securitisation (excluding amounts relevant to e)	Market risk
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

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, 2020				
	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	1.00%	1,229,477		
France	0.25%	399,293		
Luxembourg	0.25%	302,805		
Subtotal		1,931,575		
Total		48,140,937	0.02%	14,050

(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, 2020	As of March 31, 2019
1	Cross-jurisdictional activity	Cross-jurisdictional claims	59,438,067	52,187,827
2		Cross-jurisdictional liabilities	42,419,213	35,256,002
3	Size	Total exposures	238,863,106	220,856,829
4	Mutual relevance	Intra-financial system assets	35,825,017	32,216,204
5		Intra-financial system liabilities	23,122,877	18,722,769
6		Securities outstanding	24,806,153	28,193,246
7		Assets under custody	10,935,708	11,466,654
8	Substitutability/ financial institution infrastructure	Annual total amount of payments settled through settlement systems	4,150,572,853	3,431,377,752
9		Annual total amount of underwritten transactions in debt and equity markets	9,959,297	9,149,209
10		Total amount of notional amount of OTC derivatives and long settlement transactions with other financial institutions	901,817,377	778,148,994
11	Complexity	Level 3 assets	1,029,342	1,003,465
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	10,625,227	10,131,349

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.

■ 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, 2020	As of March 31, 2019
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	189,089,655	179,349,049
1a	1	Total assets reported in the consolidated balance sheet	219,863,518	203,659,146
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) (-)	30,773,863	24,310,096
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	878,104	999,843
3		Total on-balance sheet exposures (a)	188,211,550	178,349,206
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.	6,878,993	2,702,937
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.	4,556,886	4,302,269
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	923,702	622,875
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) (-)	151,482	97,391
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	900,439	591,253
10		The amount of deductions from effective notional amount of written credit derivatives (-)	744,710	541,447
11	4	Total exposures related to derivative transactions (b)	12,363,828	7,580,496
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	13,758,920	10,526,838
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	459,828	731,057
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	14,218,749	11,257,895
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	61,636,792	61,366,247
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	38,942,263	39,015,093
19	6	Total exposures related to off-balance sheet transactions (d)	22,694,529	22,351,153
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	10,249,936	10,727,228
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	237,488,658	219,538,751
22		Leverage ratio on a consolidated basis ((e)/(f))	4.31%	4.88%

Reason for the significant difference from the leverage ratio in the previous fiscal year

Decrease in leverage ratio is attributable to an increase in total exposures, due to a decrease in capital mainly associated with a decrease in additional Tier 1 instruments and a decline in net unrealized gains or losses on other securities, along with an increase in on-balance sheet assets primarily comprising cash and due from banks and loans and bills discounted.

TLAC information

■ TLAC1: 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, 2020	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)	9,581,264	9,654,517
2	Additional Tier 1 capital (AT1) before TLAC adjustments	(B)	668,672	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)	668,672	1,072,710
6	Tier 2 capital (T2) before TLAC adjustments	(F)	1,302,063	1,513,260
7	Amortised portion of T2 instruments where remaining maturity > 1 year	(G)	(249,452)	(298,938)
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	(H)	—	—
9	Other adjustments	(I)	152,042	176,746
10	T2 instruments eligible under the TLAC framework ((F) - (G) - (H) - (I))	(J)	1,399,473	1,635,453
11	TLAC arising from regulatory capital ((A) + (E) + (J))	(K)	11,649,410	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)	4,972,597	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)	1,539,976	1,473,569
17	TLAC arising from non-regulatory capital instruments before adjustments ((L) + (M))	(N)	6,512,574	5,620,972
Non-regulatory capital elements of TLAC: adjustments (4)				
18	TLAC before deductions ((K) + (N))	(O)	18,161,984	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)	18,161,984	17,983,421
Risk-weighted assets and leverage exposure measure for TLAC purposes (5)				
23	Total risk-weighted assets (RWA)	(T)	61,599,066	58,942,791
24	Total exposures	(U)	237,488,658	219,538,751
TLAC ratios and buffers (6)				
25	TLAC before deduction of CET1 specific buffer requirement (as a percentage of RWA) ((S) / (T))		29.48%	30.50%
25a	TLAC (as a percentage of RWA)		25.96%	26.90%
26	TLAC (as a percentage of total exposures) ((S) / (U))		7.64%	8.19%
27	CET1 available after meeting the minimum capital requirements		10.63%	11.87%
28	CET1 specific buffer requirement		3.52%	3.60%
29	of which: capital conservation buffer requirement		2.50%	2.50%
30	of which: countercyclical buffer requirement		0.02%	0.10%
31	of which: G-SIB/D-SIB additional requirement		1.00%	1.00%

■ TLAC2: - Material subgroup entity - creditor ranking at legal entity level

Sumitomo Mitsui Banking Corporation

(Millions of yen)

		As of March 31, 2020								Sum of 1 to 4
		Creditor ranking								
Basel III Template No.	Items	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		Tier 2 instruments *1		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	3,545,551	-	1,185,000	-	1,010,822	770,855	5,249,352	-	11,761,581
4	Subset of row 3 that are excluded liabilities (B)	-	-	-	-	-	-	-	-	-
5	Total capital and liabilities less excluded liabilities (A) - (B)	3,545,551	-	1,185,000	-	1,010,822	770,855	5,249,352	-	11,761,581
6	Subset of row 5 that are eligible as TLAC	3,545,551	-	1,185,000	-	1,010,822	531,215	4,977,327	-	11,249,916
7	1 year ≤ residual maturity < 2 years	-	-	-	-	-	258,215	708,103	-	966,318
8	2 years ≤ residual maturity < 5 years	-	-	-	-	303,417	98,000	1,875,138	-	2,276,555
9	5 years ≤ residual maturity < 10 years	-	-	-	-	664,405	155,000	2,262,344	-	3,081,749
10	10 years ≤ residual maturity (excluding perpetual securities)	-	-	-	-	43,000	-	131,741	-	174,741
11	Perpetual securities	3,545,551	-	1,185,000	-	-	20,000	-	-	4,750,551

*1 Including eligible Tier 2 capital instruments subject to transitional arrangements

SMBC Nikko Securities Inc.

(Millions of yen)

		As of March 31, 2020								Sum of 1 to 3
		Creditor ranking								
Basel III Template No.	Items	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	

Sumitomo Mitsui Banking Corporation

(Millions of yen)

		As of March 31, 2019								Sum of 1 to 4
Basel III Template No.	Items	Creditor ranking								
		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)

		As of March 31, 2019								Sum of 1 to 3
Basel III Template No.	Items	Creditor ranking								
		1 (most junior)		2		3 (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		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)

		As of March 31, 2020					
		Creditor ranking				Sum of 1 to 4	
Basel III Template No.	Items	1 (most junior)	2	3	4 (most senior)		
1	Description of creditor ranking	Common share capital	Additional Tier 1 instruments	Tier 2 instruments	Unsecured senior bonds *1		
2	Total capital and liabilities net of credit risk mitigation (A)	3,901,407	685,000	1,010,822	5,296,468	10,893,698	
3	Subset of row 2 that are excluded liabilities *2 (B)	—	—	—	47,116	47,116	
4	Total capital and liabilities less excluded liabilities (A) - (B)	3,901,407	685,000	1,010,822	5,249,352	10,846,582	
5	Subset of row 4 that are eligible as TLAC	3,901,407	685,000	1,010,822	4,977,327	10,574,557	
6	1 year ≤ residual maturity < 2 years	—	—	—	708,103	708,103	
7	2 years ≤ residual maturity < 5 years	—	—	303,417	1,875,138	2,178,555	
8	5 years ≤ residual maturity < 10 years	—	—	664,405	2,262,344	2,926,749	
9	10 years ≤ residual maturity (excluding perpetual securities)	—	—	43,000	131,741	174,741	
10	Perpetual securities	3,901,407	685,000	—	—	4,586,407	

*1 Excluding those owed to group companies

*2 Conservatively estimated in light of quantitative materiality

(Millions of yen)

		As of March 31, 2019					
		Creditor ranking				Sum of 1 to 4	
Basel III Template No.	Items	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		
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 *3 (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

*3 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 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 at 100%. The LCR of Sumitomo Mitsui Financial Group (consolidated) exceeds the minimum requirements of the LCR, 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 2020/1/1 To 2020/3/31)		Prior Quarter (From 2019/10/1 To 2019/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	65,105,452		65,816,899	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	51,568,744	4,043,579	50,794,003	3,989,542
3	of which, Stable deposits	15,941,070	480,191	15,605,705	470,101
4	of which, Less stable deposits	35,627,674	3,563,388	35,188,298	3,519,441
5	Cash outflows related to unsecured wholesale funding	67,726,008	33,943,371	66,874,270	33,383,095
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	62,864,690	29,082,053	62,138,687	28,647,512
8	of which, Debt securities	4,861,318	4,861,318	4,735,583	4,735,583
9	Cash outflows related to secured funding, etc.		350,450		307,937
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	24,553,230	8,077,163	24,259,419	7,875,925
11	of which, Cash outflows related to derivative transactions, etc.	1,757,427	1,757,427	1,768,815	1,768,815
12	of which, Cash outflows related to funding programs	428,946	428,946	254,594	254,594
13	of which, Cash outflows related to credit and liquidity facilities	22,366,857	5,890,790	22,236,010	5,852,516
14	Cash outflows related to contractual funding obligations, etc.	10,795,251	8,184,009	10,090,325	7,767,822
15	Cash outflows related to contingencies	70,009,855	1,314,676	71,206,904	1,346,741
16	Total cash outflows		55,913,247		54,671,061
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	5,629,109	141,720	5,269,553	77,567
18	Cash inflows related to collection of loans, etc.	3,449,752	2,408,085	2,912,447	1,971,612
19	Other cash inflows	3,022,818	1,562,699	3,028,887	1,444,429
20	Total cash inflows	12,101,679	4,112,503	11,210,888	3,493,608
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		65,105,452		65,816,899
22	Net cash outflows		51,800,744		51,177,453
23	Consolidated liquidity coverage ratio (LCR)		125.6%		128.6%
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 2020/1/1 To 2020/3/31)	Prior Quarter (From 2019/10/1 To 2019/12/31)
1	Cash and due from banks	55,947,151	57,113,873
2	Securities	9,158,300	8,703,026
3	of which, government bonds, etc.	6,231,772	5,866,175
4	of which, municipal bonds, etc.	94,096	79,380
5	of which, other bonds	1,093,902	915,737
6	of which, stocks	1,738,529	1,841,734
7	Total high-quality liquid assets (HQLA)	65,105,452	65,816,899

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				
	2020	2019	2018	2017	2016
For the Year:					
Ordinary income.....	¥ 3,469,068	¥ 3,369,898	¥ 3,117,087	¥ 3,014,455	¥ 3,059,022
Ordinary profit	770,491	894,501	932,733	829,419	930,332
Profit attributable to owners of parent	517,750	617,493	627,582	543,199	680,162
Comprehensive income	222,122	548,236	782,502	687,157	143,086
At Year-End:					
Total net assets	¥ 8,368,349	¥ 8,986,749	¥ 9,090,403	¥ 8,908,192	¥ 9,446,193
Total assets	206,089,633	190,690,293	182,727,495	180,946,664	180,408,672
Total capital ratio (BIS guidelines).....	18.06%	20.32%	21.14%	17.77%	18.19%
Tier 1 capital ratio (BIS guidelines).....	15.80%	17.57%	18.22%	14.61%	14.58%
Common equity Tier 1 capital ratio (BIS guidelines)	13.70%	15.17%	15.29%	12.89%	13.04%
Number of employees.....	57,961	58,527	40,058	45,963	54,192

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				
	2020	2019	2018	2017	2016
For the Year:					
Ordinary income.....	¥ 2,851,162	¥ 2,805,840	¥ 2,540,450	¥ 2,551,931	¥ 2,277,812
Trust fees	2,110	2,250	2,038	2,111	2,589
Gross banking profit (A)	1,412,007	1,395,586	1,427,924	1,663,654	1,534,271
Expenses (excluding nonrecurring losses) (B)	808,052	811,533	810,752	816,942	805,483
Overhead ratio (B) / (A).....	57.2%	58.2%	56.8%	49.1%	52.5%
Banking profit.....	586,741	584,053	617,171	809,052	728,787
Banking profit (before provision for general reserve for possible loan losses)	603,955	584,053	617,171	846,711	728,787
Core banking profit	529,752	581,176	/	/	/
Core banking profit (excluding gains or losses on cancellation of investment trusts).....	505,785	535,229	/	/	/
Ordinary profit.....	483,944	649,647	755,266	864,022	747,892
Net income.....	317,381	477,367	577,028	681,767	609,171
At Year-End:					
Total net assets.....	¥ 7,496,219	¥ 7,962,185	¥ 7,921,268	¥ 7,417,182	¥ 7,756,810
Total assets.....	193,963,791	179,348,654	170,923,146	162,281,729	153,641,430
Deposits	119,973,324	116,091,103	110,243,226	105,590,771	98,839,722
Loans and bills discounted	80,187,382	76,401,807	73,896,163	75,585,256	69,276,735
Securities	27,058,633	24,336,638	25,916,718	24,342,369	25,602,156
Trust assets and liabilities	4,261,245	3,842,641	4,756,748	6,881,408	3,394,170
Loans and bills discounted.....	662,844	477,094	398,772	635,206	537,839
Securities.....	1,164,251	1,330,384	2,358,665	4,156,409	1,305,284
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.....	167.61%	73.09%	55.22%	32.61%	67.02%
Total capital ratio (BIS guidelines).....	17.61%	20.28%	21.11%	18.61%	19.47%
Tier 1 capital ratio (BIS guidelines).....	15.23%	17.37%	18.11%	15.05%	15.29%
Common equity Tier 1 capital ratio (BIS guidelines)	13.01%	14.85%	15.07%	13.15%	13.44%
Number of employees.....	27,957	28,482	29,192	29,283	28,002

Notes: 1. Core banking profit = Banking profit (before provision for general reserve for possible loan losses) – Gains (losses) on bonds

2. "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who do not concurrently serve as Directors.

Income Analysis (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2020				2019			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥910,696	¥1,374,225	¥(47,295)	¥2,237,626	¥939,515	¥1,367,558	¥(66,129)	¥2,240,944
Interest expenses.....	488,323	723,389	(25,707)	1,186,005	475,074	728,751	(65,036)	1,138,789
Net interest income	422,373	650,835	(21,588)	1,051,621	464,441	638,806	(1,093)	1,102,155
Trust fees.....	4,701	—	—	4,701	4,541	—	—	4,541
Fees and commissions	402,192	222,462	(10,520)	614,134	404,067	222,658	(12,985)	613,741
Fees and commissions payments	145,539	37,299	(2,913)	179,925	137,556	29,424	(4,417)	162,563
Net fees and commissions.....	256,653	185,163	(7,606)	434,209	266,510	193,234	(8,568)	451,177
Trading income.....	115,613	51,765	(9,846)	157,531	48,476	37,423	(5,786)	80,112
Trading losses.....	282	9,564	(9,846)	—	4,058	6,158	(5,786)	4,430
Net trading income.....	115,330	42,200	—	157,531	44,417	31,264	—	75,682
Other operating income	127,320	131,961	(531)	258,749	108,325	117,384	(348)	225,361
Other operating expenses.....	50,315	39,953	—	90,269	30,699	49,851	(559)	79,991
Net other operating income.....	77,004	92,007	(531)	168,479	77,626	67,532	210	145,370

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					
	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥ 80,913,276	¥910,696	1.13%	¥ 78,953,194	¥939,515	1.19%
Loans and bills discounted	53,436,866	568,589	1.06	52,262,908	587,504	1.12
Securities	17,989,408	244,886	1.36	16,699,025	251,600	1.51
Call loans and bills bought.....	209,079	118	0.06	108,697	368	0.34
Receivables under resale agreements	2,711,351	(1,146)	(0.04)	2,570,984	(1,450)	(0.06)
Receivables under securities borrowing transactions	955,889	975	0.10	1,996,660	2,474	0.12
Deposits with banks.....	1,170,334	19,042	1.63	1,051,668	19,850	1.89
Interest-bearing liabilities	¥132,944,006	¥488,323	0.37%	¥126,163,093	¥475,074	0.38%
Deposits	101,639,537	51,779	0.05	97,987,896	58,866	0.06
Negotiable certificates of deposit	5,444,548	409	0.01	5,778,619	429	0.01
Call money and bills sold	462,338	(32)	(0.01)	95,135	505	0.53
Payables under repurchase agreements	4,051,775	37,754	0.93	2,849,200	42,895	1.51
Payables under securities lending transactions.....	864,536	941	0.11	714,190	959	0.13
Commercial paper.....	100,091	11	0.01	101,122	11	0.01
Borrowed money.....	16,673,018	200,322	1.20	14,370,683	202,805	1.41
Bonds.....	2,449,786	64,314	2.63	3,247,123	84,543	2.60

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 (2020, ¥48,171,886 million; 2019, ¥43,355,834 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥45,123,324	¥1,374,225	3.05%	¥44,163,082	¥1,367,558	3.10%
Loans and bills discounted.....	27,120,195	920,531	3.39	26,444,159	915,868	3.46
Securities.....	5,507,688	117,254	2.13	4,954,867	103,943	2.10
Call loans and bills bought.....	1,575,530	15,746	1.00	2,026,876	16,192	0.80
Receivables under resale agreements.....	2,580,540	57,573	2.23	1,857,211	39,967	2.15
Receivables under securities borrowing transactions.....	24,706	72	0.29	12,108	37	0.31
Deposits with banks.....	4,071,134	76,822	1.89	4,739,001	98,262	2.07
Interest-bearing liabilities.....	¥37,754,490	¥ 723,389	1.92%	¥37,414,455	¥728,751	1.95%
Deposits.....	22,539,322	406,428	1.80	23,024,688	422,005	1.83
Negotiable certificates of deposit.....	6,424,927	131,442	2.05	6,017,305	135,749	2.26
Call money and bills sold.....	727,834	10,573	1.45	807,510	14,080	1.74
Payables under repurchase agreements.....	5,240,834	100,259	1.91	4,186,351	82,275	1.97
Payables under securities lending transactions.....	—	—	—	—	—	—
Commercial paper.....	1,811,251	31,513	1.74	2,433,961	45,344	1.86
Borrowed money.....	490,519	18,937	3.86	581,343	16,433	2.83
Bonds.....	69,728	2,891	4.15	72,064	3,051	4.23

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 (2020, ¥3,479,071 million; 2019, ¥3,207,665 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥124,382,905	¥2,237,626	1.80%	¥121,424,996	¥2,240,944	1.85%
Loans and bills discounted.....	80,411,348	1,485,144	1.85	78,277,107	1,481,622	1.89
Securities.....	23,497,097	340,553	1.45	21,653,892	354,451	1.64
Call loans and bills bought.....	1,784,610	15,865	0.89	2,135,574	16,561	0.78
Receivables under resale agreements.....	5,193,065	54,336	1.05	4,319,462	36,101	0.84
Receivables under securities borrowing transactions.....	980,596	1,047	0.11	2,008,768	2,512	0.13
Deposits with banks.....	3,969,596	79,068	1.99	4,639,992	101,030	2.18
Interest-bearing liabilities.....	¥169,045,094	¥1,186,005	0.70%	¥161,886,733	¥1,138,789	0.70%
Deposits.....	122,906,987	441,411	0.36	119,861,906	463,791	0.39
Negotiable certificates of deposit.....	11,869,475	131,851	1.11	11,795,924	136,178	1.15
Call money and bills sold.....	1,190,173	10,540	0.89	902,646	14,586	1.62
Payables under repurchase agreements.....	9,193,783	135,924	1.48	6,926,818	122,755	1.77
Payables under securities lending transactions.....	864,536	941	0.11	714,190	959	0.13
Commercial paper.....	1,911,343	31,525	1.65	2,535,084	45,356	1.79
Borrowed money.....	17,017,823	215,283	1.27	14,522,350	197,488	1.36
Bonds.....	2,519,514	67,206	2.67	3,319,188	87,594	2.64

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 (2020, ¥51,641,993 million; 2019, ¥46,553,893 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2020				2019			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥402,192	¥222,462	¥(10,520)	¥614,134	¥404,067	¥222,658	¥(12,985)	¥613,741
Deposits and loans	16,975	131,138	(5,447)	142,666	15,736	131,375	(6,138)	140,973
Remittances and transfers.....	119,894	21,612	(28)	141,477	116,871	22,740	(29)	139,582
Securities-related business.....	7,581	37,915	(2)	45,494	12,362	33,086	(784)	44,664
Agency	8,312	—	—	8,312	9,986	107	—	10,094
Safe deposits	4,347	2	—	4,350	4,544	2	—	4,547
Guarantees.....	31,077	9,549	(350)	40,275	32,447	11,461	(2,096)	41,812
Investment trusts	24,099	40	—	24,139	22,337	34	—	22,371
Fees and commissions payments.....	¥145,539	¥ 37,299	¥ (2,913)	¥179,925	¥137,556	¥ 29,424	¥ (4,417)	¥162,563
Remittances and transfers.....	32,905	7,817	(124)	40,597	31,501	10,630	(4)	42,127

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							
	2020				2019			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥115,613	¥51,765	¥(9,846)	¥157,531	¥48,476	¥37,423	¥(5,786)	¥80,112
Gains on trading securities	1,093	8,361	—	9,454	530	—	(530)	—
Gains on securities related to trading transactions.....	9,088	176	—	9,265	—	—	—	—
Gains on trading-related financial derivatives.....	105,409	43,223	(9,846)	138,786	47,919	37,423	(5,245)	80,097
Others	22	2	—	25	25	—	(10)	14
Trading losses.....	¥ 282	¥ 9,564	¥(9,846)	¥ —	¥ 4,058	¥ 6,158	¥(5,786)	¥ 4,430
Losses on trading securities	—	—	—	—	—	1,655	(530)	1,125
Losses on securities related to trading transactions.....	—	—	—	—	2,956	348	—	3,305
Losses on trading-related financial derivatives.....	282	9,564	(9,846)	—	1,102	4,143	(5,245)	—
Others	—	—	—	—	—	10	(10)	—

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	
	2020	2019
Domestic operations:		
Liquid deposits	¥ 80,651,604	¥ 75,716,972
Fixed-term deposits	17,782,431	17,908,442
Others	7,207,251	7,324,007
Subtotal	105,641,287	100,949,421
Negotiable certificates of deposit	4,231,740	5,132,651
Total	¥109,873,027	¥106,082,073
Overseas operations:		
Liquid deposits	¥ 14,626,335	¥ 14,256,217
Fixed-term deposits	7,288,271	7,898,851
Others	68,101	86,339
Subtotal	21,982,708	22,241,408
Negotiable certificates of deposit	6,098,695	6,202,835
Total	¥ 28,081,404	¥ 28,444,244
Grand total	¥137,954,431	¥134,526,317

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			
	2020		2019	
Domestic operations:				
Manufacturing	¥ 7,264,656	13.33%	¥ 6,715,306	12.58%
Agriculture, forestry, fisheries and mining	271,216	0.50	272,306	0.51
Construction	753,216	1.38	730,187	1.37
Transportation, communications and public enterprises	5,228,310	9.59	5,341,650	10.01
Wholesale and retail	4,393,787	8.06	4,299,125	8.05
Finance and insurance	5,927,258	10.87	5,488,335	10.28
Real estate, goods rental and leasing	9,302,176	17.06	8,727,653	16.35
Services	4,355,912	7.99	4,247,592	7.96
Municipalities	784,273	1.44	754,500	1.41
Others	16,234,304	29.78	16,808,918	31.48
Subtotal	¥54,515,111	100.00%	¥53,385,577	100.00%
Overseas operations:				
Public sector	¥ 276,493	0.93%	¥ 286,310	1.08%
Financial institutions	2,093,606	7.03	1,825,955	6.92
Commerce and industry	23,939,816	80.43	21,381,483	80.97
Others	3,455,585	11.61	2,913,075	11.03
Subtotal	¥29,765,501	100.00%	¥26,406,824	100.00%
Total	¥84,280,613	—	¥79,792,401	—

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	
	2020	2019
Bankrupt loans	¥ 13,964	¥ 12,801
Non-accrual loans	327,080	409,516
Past due loans (3 months or more)	7,036	6,447
Restructured loans	137,542	115,668
Total	¥485,623	¥544,433
Amount of direct reduction	¥ 93,142	¥ 99,554

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	
	2020	2019
Domestic operations:		
Japanese government bonds	¥ 7,348,013	¥ 6,514,573
Japanese local government bonds	262,681	99,164
Japanese corporate bonds	2,666,212	2,582,014
Japanese stocks	2,712,913	3,434,663
Others	6,966,667	5,417,732
Subtotal	¥19,956,489	¥18,048,148
Overseas operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	72,866	68,226
Japanese stocks	—	—
Others	6,253,293	5,353,247
Subtotal	¥ 6,326,160	¥ 5,421,473
Total	¥26,282,649	¥23,469,621

- 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							
	2020				2019			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets	¥2,741,487	¥1,524,271	¥(131,942)	¥4,133,816	¥1,428,638	¥1,044,294	¥(20,108)	¥2,452,825
Trading securities	119,303	220,036	—	339,339	11,708	369,842	—	381,551
Derivatives of trading securities	2,556	—	—	2,556	363	—	—	363
Securities related to trading transactions	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	28,604	19	—	28,624	28,120	0	—	28,121
Trading-related financial derivatives	2,543,025	1,298,633	(131,942)	3,709,715	1,344,447	674,451	(20,108)	1,998,791
Other trading assets	47,998	5,581	—	53,579	43,997	—	—	43,997
Trading liabilities	¥2,512,076	¥1,078,983	¥(131,942)	¥3,459,117	¥1,258,988	¥ 579,730	¥(20,108)	¥1,818,610
Trading securities sold for short sales	112,471	69,515	—	181,987	5,546	119,540	—	125,086
Derivatives of trading securities	1,976	—	—	1,976	547	—	—	547
Securities related to trading transactions sold for short sales	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	28,931	9	—	28,941	29,030	2	—	29,032
Trading-related financial derivatives	2,368,696	1,009,457	(131,942)	3,246,211	1,223,864	460,187	(20,108)	1,663,943
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					
	2020			2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	¥599,969	¥1,306,302	¥1,900,107	¥680,105	¥1,306,346	¥1,970,831
			[6,164]			[15,620]
Interest expenses	38,291	989,888	1,022,015	42,009	1,000,338	1,026,727
			[6,164]			[15,620]
Net interest income	561,678	316,413	878,091	638,096	306,008	944,104
Trust fees	2,041	68	2,110	2,191	58	2,250
Fees and commissions	323,338	198,112	521,450	325,593	198,973	524,566
Fees and commissions payments	140,929	57,263	198,192	132,234	50,131	182,365
Net fees and commissions	182,409	140,848	323,257	193,359	148,841	342,201
Trading income	1,114	110,540	111,655	556	45,951	46,507
Trading losses	—	—	—	—	3,305	3,305
Net trading income	1,114	110,540	111,655	556	42,646	43,202
Other operating income	44,419	98,434	142,854	23,802	85,871	109,674
Other operating expenses	28,969	16,992	45,962	8,490	37,356	45,846
Net other operating income	15,449	81,442	96,892	15,312	48,515	63,828
Gross banking profit	¥762,693	¥ 649,314	¥1,412,007	¥849,516	¥ 546,070	¥1,395,586
Gross banking profit rate (%)	1.06%	1.27%	1.19%	1.22%	1.10%	1.20%

- 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 of interdepartmental lending and borrowing activities 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. 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					
	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥ 71,689,376	¥599,969	0.83%	¥ 69,584,790	¥680,105	0.97%
	[4,564,882]	[6,164]		[2,777,146]	[15,620]	
Loans and bills discounted	49,200,031	440,440	0.89	48,779,204	453,649	0.93
Securities	12,852,752	118,136	0.91	12,664,232	174,918	1.38
Call loans	275,937	(97)	(0.03)	62,829	3	0.00
Receivables under resale agreements	2,711,351	(1,146)	(0.04)	2,570,984	(1,450)	(0.05)
Receivables under securities borrowing transactions	807,427	282	0.03	1,515,257	400	0.02
Bills bought	—	—	—	—	—	—
Deposits with banks	9,298	13	0.14	10,725	15	0.14
Interest-bearing liabilities	¥114,916,658	¥ 38,291	0.03%	¥107,848,148	¥ 42,009	0.03%
Deposits	94,329,528	6,234	0.00	90,417,718	7,115	0.00
Negotiable certificates of deposit	5,709,196	408	0.00	6,041,635	429	0.00
Call money	231,706	(150)	(0.06)	36,302	(27)	(0.07)
Payables under repurchase agreements	2,460,296	(2,475)	(0.10)	897,869	(1,364)	(0.15)
Payables under securities lending transactions	1,243	7	0.56	175,193	22	0.01
Borrowed money	10,484,063	28,223	0.26	8,555,317	27,706	0.32
Short-term bonds	—	—	—	—	—	—
Bonds	315,249	5,348	1.69	434,144	7,105	1.63

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2020, ¥46,959,708 million; 2019, ¥42,195,891 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					
	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥51,106,233	¥1,306,302	2.55%	¥49,223,041	¥1,306,346	2.65%
Loans and bills discounted.....	27,255,573	813,691	2.98	26,790,832	845,075	3.15
Securities.....	11,370,094	211,015	1.85	9,794,923	170,648	1.74
Call loans.....	1,128,672	(2,009)	(0.17)	1,593,638	(3,491)	(0.21)
Receivables under resale agreements.....	709,057	17,683	2.49	582,477	16,891	2.90
Receivables under securities borrowing transactions.....	115,111	311	0.27	122,858	358	0.29
Deposits with banks.....	6,319,952	89,226	1.41	6,386,681	108,377	1.69
Interest-bearing liabilities.....	¥50,248,864	¥ 989,888	1.96%	¥48,831,825	¥1,000,338	2.04%
	[4,564,882]	[6,164]		[2,777,146]	[15,620]	
Deposits.....	21,386,813	341,501	1.59	22,245,705	374,188	1.68
Negotiable certificates of deposit.....	6,414,014	130,711	2.03	5,781,018	133,339	2.30
Call money.....	947,990	13,464	1.42	1,044,194	15,445	1.47
Payables under repurchase agreements....	5,259,016	109,125	2.07	5,174,319	111,561	2.15
Payables under securities lending transactions.....	603,448	908	0.15	284,133	911	0.32
Commercial Paper.....	1,120,502	17,768	1.58	1,860,723	31,459	1.69
Borrowed money.....	6,236,349	174,118	2.79	5,747,523	176,571	3.07
Bonds.....	2,161,426	59,555	2.75	2,841,907	78,045	2.74

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2020, ¥293,523 million; 2019, ¥134,841 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					
	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets.....	¥118,230,727	¥1,900,107	1.60%	¥116,030,685	¥1,970,831	1.69%
Loans and bills discounted.....	76,455,604	1,254,132	1.64	75,570,036	1,298,725	1.71
Securities.....	24,222,846	329,152	1.35	22,459,156	345,566	1.53
Call loans.....	1,404,609	(2,106)	(0.14)	1,656,467	(3,487)	(0.21)
Receivables under resale agreements.....	3,420,409	16,536	0.48	3,153,462	15,441	0.48
Receivables under securities borrowing transactions.....	922,539	594	0.06	1,638,115	759	0.04
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	6,329,250	89,239	1.40	6,397,407	108,392	1.69
Interest-bearing liabilities.....	¥160,600,640	¥1,022,015	0.63%	¥153,902,827	¥1,026,727	0.66%
Deposits.....	115,716,342	347,736	0.30	112,663,423	381,304	0.33
Negotiable certificates of deposit.....	12,123,210	131,120	1.08	11,822,654	133,768	1.13
Call money.....	1,179,697	13,313	1.12	1,080,496	15,418	1.42
Payables under repurchase agreements....	7,719,312	106,649	1.38	6,072,188	110,197	1.81
Payables under securities lending transactions.....	604,691	915	0.15	459,327	933	0.20
Commercial Paper.....	1,120,502	17,768	1.58	1,860,723	31,459	1.69
Borrowed money.....	16,720,413	202,341	1.21	14,302,840	204,277	1.42
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	2,476,676	64,904	2.62	3,276,052	85,150	2.59

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2020, ¥47,253,231 million; 2019, ¥42,330,733 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					
	2020			2019		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥17,613	¥(97,749)	¥(80,135)	¥(20,093)	¥(46,638)	¥(66,731)
Loans and bills discounted.....	3,767	(16,976)	(13,209)	(4,289)	(18,762)	(23,052)
Securities.....	1,732	(58,514)	(56,781)	(31,523)	(10,648)	(42,171)
Call loans.....	(75)	(25)	(100)	2	(8)	(5)
Receivables under resale agreements.....	(75)	379	303	(1,450)	0	(1,450)
Receivables under securities borrowing transactions.....	(187)	69	(117)	(258)	112	(145)
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	(2)	0	(1)	(1)	0	(1)
Interest expenses.....	¥ 2,355	¥ (6,072)	¥ (3,717)	¥ 324	¥ 2,136	¥ 2,460
Deposits.....	258	(1,139)	(880)	369	(1,185)	(816)
Negotiable certificates of deposit.....	(23)	3	(20)	(49)	(9)	(58)
Call money.....	(127)	4	(123)	58	(1)	56
Payables under repurchase agreements....	(1,702)	590	(1,111)	(1,323)	(40)	(1,364)
Payables under securities lending transactions.....	(22)	6	(15)	(462)	4	(457)
Borrowed money.....	5,192	(4,675)	517	2,098	5,673	7,772
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	(1,945)	188	(1,757)	(3,301)	920	(2,380)

International Operations

Year ended March 31	Millions of yen					
	2020			2019		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥ 48,135	¥(48,180)	¥ (44)	¥66,823	¥322,182	¥389,006
Loans and bills discounted.....	13,874	(45,258)	(31,384)	20,246	200,064	220,311
Securities.....	28,716	11,650	40,367	27,943	9,848	37,791
Call loans.....	827	654	1,481	(420)	(994)	(1,414)
Receivables under resale agreements.....	3,156	(2,365)	791	(3,101)	4,777	1,675
Receivables under securities borrowing transactions.....	(21)	(25)	(47)	35	0	36
Deposits with banks.....	(1,121)	(18,029)	(19,150)	6,047	31,947	37,995
Interest expenses.....	¥ 27,915	¥(38,365)	¥(10,450)	¥47,582	¥285,163	¥332,745
Deposits.....	(14,130)	(18,556)	(32,687)	13,741	139,016	152,758
Negotiable certificates of deposit.....	12,899	(15,527)	(2,628)	2,104	47,487	49,591
Call money.....	(1,383)	(598)	(1,981)	33	7,212	7,245
Payables under repurchase agreements....	1,757	(4,193)	(2,436)	29,738	41,381	71,120
Payables under securities lending transactions.....	480	(483)	(3)	(4,086)	(4,141)	(8,228)
Commercial paper.....	(11,842)	(1,848)	(13,691)	4,789	17,423	22,213
Borrowed money.....	13,648	(16,100)	(2,452)	21,969	12,081	34,051
Bonds.....	(18,687)	197	(18,489)	(3,170)	4,463	1,293

Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2020			2019		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥ 35,358	¥(106,082)	¥(70,724)	¥ 29,583	¥293,604	¥323,188
Loans and bills discounted.....	14,526	(59,119)	(44,593)	5,474	191,783	197,258
Securities.....	23,965	(40,380)	(16,414)	(9,399)	5,019	(4,380)
Call loans.....	530	851	1,381	(508)	(911)	(1,420)
Receivables under resale agreements.....	1,290	(195)	1,094	11,859	(11,633)	225
Receivables under securities borrowing transactions.....	(331)	166	(165)	(392)	282	(109)
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	(1,143)	(18,009)	(19,152)	6,019	31,974	37,993
Interest expenses.....	¥ 42,622	¥ (47,334)	¥ (4,711)	¥ 22,684	¥313,435	¥336,120
Deposits.....	9,174	(42,742)	(33,567)	13,398	138,543	151,942
Negotiable certificates of deposit.....	3,250	(5,899)	(2,648)	(3,766)	53,299	49,532
Call money.....	1,119	(3,224)	(2,104)	(506)	7,809	7,302
Payables under repurchase agreements....	22,756	(26,304)	(3,548)	43,000	26,755	69,755
Payables under securities lending transactions.....	220	(238)	(18)	(8,820)	134	(8,685)
Commercial paper.....	(11,842)	(1,848)	(13,691)	4,789	17,423	22,213
Borrowed money.....	29,256	(31,192)	(1,935)	20,184	21,639	41,824
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	(20,777)	530	(20,246)	(8,414)	7,327	(1,087)

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					
	2020			2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions.....	¥323,338	¥198,112	¥521,450	¥325,593	¥198,973	¥524,566
Deposits and loans.....	13,988	111,246	125,235	12,730	111,661	124,391
Remittances and transfers.....	98,757	40,713	139,471	95,877	41,454	137,332
Securities-related business.....	6,208	1,236	7,445	10,038	1,790	11,829
Agency.....	6,113	—	6,113	7,577	—	7,577
Safe deposits.....	4,347	—	4,347	4,544	—	4,544
Guarantees.....	13,143	17,809	30,952	14,232	19,064	33,296
Fees and commissions payments.....	¥140,929	¥ 57,263	¥198,192	¥132,234	¥ 50,131	¥182,365
Remittances and transfers.....	27,460	11,741	39,202	26,039	12,122	38,161

Trading Income

Year ended March 31	Millions of yen					
	2020			2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading income.....	¥1,114	¥110,540	¥111,655	¥556	¥45,951	¥46,507
Gains on trading securities.....	1,093	—	1,093	530	—	530
Gains on securities related to trading transactions.....	—	9,081	9,081	—	—	—
Gains on trading-related financial derivatives.....	—	101,458	101,458	—	45,951	45,951
Others.....	21	0	22	25	—	25
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					
	2020			2019		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income (expenses).....	¥15,449	¥81,442	¥96,892	¥15,312	¥48,515	¥63,828
Gains (losses) on bonds.....	(2,430)	76,634	74,203	6,388	(3,511)	2,877
Gains (losses) on derivatives.....	2,535	5,683	8,219	(2,783)	(2,488)	(5,272)
Gains on foreign exchange transactions....	—	538	538	—	57,576	57,576

General and Administrative Expenses

Year ended March 31	Millions of yen	
	2020	2019
	Salaries and related expenses.....	¥284,749
Retirement benefit cost.....	(5,815)	(5,231)
Welfare expenses.....	45,664	45,131
Depreciation.....	104,452	103,972
Rent and lease expenses.....	55,662	59,018
Building and maintenance expenses.....	6,290	7,414
Supplies expenses.....	3,853	4,540
Water, lighting, and heating expenses.....	5,073	5,252
Traveling expenses.....	5,778	6,061
Communication expenses.....	6,187	6,923
Publicity and advertising expenses.....	16,053	14,376
Taxes, other than income taxes.....	50,214	48,117
Deposit insurance.....	31,578	30,723
Others.....	198,309	194,536
Total.....	¥808,052	¥811,533

Deposits (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen			
	2020		2019	
Domestic operations:				
Liquid deposits	¥ 79,443,753	77.0%	¥ 74,533,808	75.3%
Fixed-term deposits	17,624,378	17.0	17,778,577	18.0
Others	1,638,536	1.6	1,277,119	1.3
Subtotal	98,706,668	95.6	93,589,505	94.6
Negotiable certificates of deposit	4,502,740	4.4	5,389,733	5.4
Total	¥103,209,408	100.0%	¥ 98,979,238	100.0%
International operations:				
Liquid deposits	¥ 10,177,761	37.2%	¥ 10,527,786	36.7%
Fixed-term deposits	6,172,895	22.6	6,586,866	22.9
Others	4,915,999	18.0	5,386,945	18.8
Subtotal	21,266,656	77.8	22,501,598	78.4
Negotiable certificates of deposit	6,077,521	22.2	6,191,872	21.6
Total	¥ 27,344,178	100.0%	¥ 28,693,470	100.0%
Grand total	¥130,553,586	—	¥127,672,708	—

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	2020		2019	
	Millions of yen			
Domestic operations:				
Liquid deposits	¥ 75,693,379		¥ 71,466,888	
Fixed-term deposits	17,749,920		18,019,348	
Others	886,229		931,481	
Subtotal	94,329,528		90,417,718	
Negotiable certificates of deposit	5,709,196		6,041,635	
Total	¥100,038,725		¥ 96,459,354	
International operations:				
Liquid deposits	¥ 10,133,921		¥ 10,181,064	
Fixed-term deposits	6,126,164		6,659,091	
Others	5,126,728		5,405,548	
Subtotal	21,386,813		22,245,705	
Negotiable certificates of deposit	6,414,014		5,781,018	
Total	¥ 27,800,827		¥ 28,026,724	
Grand total	¥127,839,552		¥124,486,078	

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			
	2020		2019	
Individual	¥ 49,052,970	48.0%	¥47,106,526	48.4%
Corporate	53,131,027	52.0	50,152,636	51.6
Total	¥102,183,997	100.0%	¥97,259,162	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	
	2020	2019
Individual	¥1,593,388	¥1,752,186
Corporate	379,675	389,246
Total	¥1,973,063	¥2,141,432

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	
	2020	2019
Less than three months	¥10,687,089	¥11,297,105
Fixed interest rates	6,216,619	6,425,547
Floating interest rates	1,700	7,800
Others	4,468,770	4,863,757
Three — six months	4,108,282	4,063,914
Fixed interest rates	3,351,521	3,283,324
Floating interest rates	1,800	4,620
Others	754,961	775,970
Six months — one year	5,282,833	5,130,177
Fixed interest rates	4,788,235	4,625,278
Floating interest rates	410	4,194
Others	494,187	500,704
One — two years	1,495,344	1,561,296
Fixed interest rates	1,302,646	1,384,263
Floating interest rates	3,980	2,810
Others	188,717	174,223
Two — three years	1,233,834	1,133,375
Fixed interest rates	963,279	979,728
Floating interest rates	4,859	33,945
Others	265,695	119,702
Three years or more	989,888	1,179,573
Fixed interest rates	482,885	477,844
Floating interest rates	506,439	564,626
Others	563	137,102
Total	¥23,797,273	¥24,365,443
Fixed interest rates	17,105,189	17,175,987
Floating interest rates	519,188	617,995
Others	6,172,896	6,571,460

Loans (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

March 31	Millions of yen	
	2020	2019
Domestic operations:		
Loans on notes	¥ 225,691	¥ 778,382
Loans on deeds	40,171,297	38,876,438
Overdrafts	10,231,982	10,045,587
Bills discounted	38,806	51,559
Subtotal	¥50,667,777	¥49,751,966
International operations:		
Loans on notes	¥ 1,428,505	¥ 1,219,916
Loans on deeds	27,793,181	25,218,669
Overdrafts	297,917	211,254
Bills discounted	—	—
Subtotal	¥29,519,604	¥26,649,840
Total	¥80,187,382	¥76,401,807

Average Balance

Year ended March 31	Millions of yen	
	2020	2019
Domestic operations:		
Loans on notes	¥ 303,641	¥ 365,950
Loans on deeds	39,264,897	38,850,821
Overdrafts	9,590,833	9,517,142
Bills discounted	40,658	45,290
Subtotal	¥49,200,031	¥48,779,204
International operations:		
Loans on notes	¥ 1,462,915	¥ 1,377,375
Loans on deeds	25,566,394	25,198,453
Overdrafts	226,263	215,003
Bills discounted	—	—
Subtotal	¥27,255,573	¥26,790,832
Total	¥76,455,604	¥75,570,036

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			
	2020		2019	
Funds for capital investment	¥20,644,721	25.7%	¥20,985,244	27.5%
Funds for working capital	59,542,661	74.3	55,416,563	72.5
Total	¥80,187,382	100.0%	¥76,401,807	100.0%

Balance of Loans and Bills Discounted, Classified by Collateral

March 31	Millions of yen	
	2020	2019
Securities	¥ 1,819,416	¥ 1,710,219
Commercial claims	1,108,314	1,130,011
Commercial goods	—	—
Real estate	6,914,460	6,984,177
Others	1,898,216	1,548,178
Subtotal	11,740,408	11,372,585
Guaranteed	23,257,352	19,848,704
Unsecured	45,189,621	45,180,516
Total	¥80,187,382	¥76,401,807

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2020	2019
One year or less	¥14,584,910	¥13,664,684
One — three years	14,155,126	13,468,749
Floating interest rates	9,929,489	10,555,003
Fixed interest rates	4,225,637	2,913,746
Three — five years	13,489,165	11,884,345
Floating interest rates	10,489,184	9,119,424
Fixed interest rates	2,999,981	2,764,921
Five — seven years	6,134,963	6,036,444
Floating interest rates	4,729,480	4,883,153
Fixed interest rates	1,405,482	1,153,291
More than seven years	21,293,316	21,090,740
Floating interest rates	19,221,910	19,289,929
Fixed interest rates	2,071,406	1,800,810
No designated term	10,529,900	10,256,841
Floating interest rates	10,529,900	10,256,841
Fixed interest rates	—	—
Total	¥80,187,382	¥76,401,807

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			
	2020		2019	
Domestic operations:				
Manufacturing	¥ 7,193,086	13.2%	¥ 6,621,443	12.3%
Agriculture, forestry, fisheries and mining	257,491	0.5	267,135	0.5
Construction	753,216	1.4	729,545	1.3
Transportation, communications and public enterprises	5,128,181	9.4	5,226,335	9.7
Wholesale and retail	4,385,298	8.0	4,283,282	7.9
Finance and insurance	7,130,276	13.1	7,131,892	13.2
Real estate	7,621,115	13.9	7,053,528	13.1
Goods rental and leasing	1,580,709	2.9	1,598,278	3.0
Services	4,279,121	7.8	4,168,190	7.7
Municipalities	784,273	1.4	754,500	1.4
Others	15,500,557	28.4	16,133,209	29.9
Subtotal	¥54,613,328	100.0%	¥53,967,341	100.0%
Overseas operations:				
Public sector	¥ 174,297	0.7%	¥ 176,684	0.8%
Financial institutions	1,929,564	7.5	1,668,433	7.4
Commerce and industry	21,485,675	84.0	18,979,331	84.6
Others	1,984,517	7.8	1,610,015	7.2
Subtotal	¥25,574,054	100.0%	¥22,434,465	100.0%
Total	¥80,187,382	—	¥76,401,807	—

Notes: 1. Domestic operations represents the operations of SMBC's domestic branches. Overseas operations represents 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	
	2020	2019
Total domestic loans (A)	¥54,613,328	¥53,967,341
Loans to individuals, and small and medium-sized enterprises (B)	33,095,033	32,994,754
(B) / (A)	60.6%	61.1%

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	
	2020	2019
Consumer loans	¥12,427,001	¥13,000,685
Housing loans.....	11,583,830	12,118,257
Residential purpose.....	9,267,478	9,660,356
Others.....	843,171	882,427

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, 2020	Millions of yen				
	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses.....	¥168,006	¥188,572	¥ —	¥168,006*	¥188,572
	[3,351]				
Specific reserve for possible loan losses	102,782	91,128	19,371	83,411*	91,128
	[1,044]				
For nonresident loans.....	39,712	31,049	9,599	30,112*	31,049
	[1,044]				
Loan loss reserve for specific overseas countries ...	0	0	—	0*	0
Total.....	¥270,789	¥279,702	¥19,371	¥251,418	¥279,702
	[4,395]				

* Reversal by reversal method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Year ended March 31, 2019	Millions of yen				
	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses.....	¥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.

Write-Off of Loans

Year ended March 31	Millions of yen	
	2020	2019
Write-off of loans.....	¥19,799	¥9,245

Note: Write-off of loans include amount of direct reduction.

Specific Overseas Loans

March 31	Millions of yen	
	2020	2019
Argentina	¥8	¥15
Total.....	¥8	¥15
Ratio of the total amounts to total assets	0.00%	0.00%
Number of countries.....	1	1

Risk-Monitored Loans

March 31	Millions of yen	
	2020	2019
Bankrupt loans	¥ 12,978	¥ 11,612
Non-accrual loans	305,587	386,396
Past due loans (3 months or more)	4,468	5,525
Restructured loans	90,338	58,230
Total	¥413,372	¥461,765
Amount of direct reduction.....	¥ 78,064	¥ 82,342

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	
	2020	2019
Bankrupt and quasi-bankrupt assets	¥ 72,976	¥ 75,341
Doubtful assets	260,833	337,375
Substandard loans	94,807	63,756
Total	428,617	476,472
Normal assets	92,797,390	88,460,445
Grand Total	¥93,226,007	¥88,936,918
Amount of direct reduction.....	¥ 95,410	¥ 89,256

Notes: Definition of NPLs categories

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Act (Act No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Act. Assets in question include private placement bonds, loans and bills discounted, foreign exchanges, accrued interest, and suspense payment in "other assets," customers' liabilities for acceptances and guarantees, and securities lent under the loan for consumption or leasing agreements.

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above

Non-performing loans (NPLs) based on the Financial Reconstruction Act, and Risk-Monitored Loans

Category of borrowers under self-assessment	NPLs based on the Financial Reconstruction Act		Risk-monitored loans		Other assets
	Total loans	Other assets	Total loans		
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	Other assets	
Effectively Bankrupt Borrowers			Non-accrual loans		
Potentially Bankrupt Borrowers			Doubtful assets		⊙
Borrowers Requiring Caution	Substandard loans	Past due loans (3 months or more)	↑		
		Restructured loans			
Normal Borrowers	(Normal assets)			↓	
	Ⓐ		Ⓑ	=	Ⓒ

Classification based on Self-Assessment, and the Financial Reconstruction Act, and Write-Offs/Reserves

March 31, 2020

Category of borrowers under self-assessment	NPLs based on the Financial Reconstruction Act	Classification under self-assessment				Reserve for possible loan losses	Reserve ratio	
		Classification I	Classification II	Classification III	Classification IV			
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥73.0	Portion of claims secured by collateral or guarantees, etc. (a) ¥61.9	Fully reserved ¥11.1	Direct write-offs (Note 1)	Specific reserve ¥16.9 (Note 2)	100% (Note 3)		
Effectively Bankrupt Borrowers								
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥260.8	Portion of claims secured by collateral or guarantees, etc. (b) ¥162.3	Necessary amount reserved ¥98.5		¥74.1 (Note 2)	75.18% (Note 3)		
Borrowers Requiring Caution	Substandard loans (3) ¥94.8	Portion of substandard loans secured by collateral or guarantees, etc. (c) ¥36.5			General reserve ¥188.8 (Note 5)	36.74% (Note 3)	13.07% (Note 3)	
	(Claims to substandard borrowers)	Claims to borrowers requiring caution, excluding claims to substandard borrowers						General reserve for substandard loans ¥21.3
Normal Borrowers	Normal assets ¥92,797.4	Claims to normal borrowers				0.11% (Note 4)		
					Loan loss reserve for specific overseas countries	¥0.0		
NPL ratio (5) / (4) 0.46%	Total (4) ¥93,226.0			Total reserve for possible loan losses (D) Specific reserve + General reserve for substandard loans	¥279.7			Reserve ratio (D) / (C) 66.81% (Note 6)
	(A) = (1) + (2) + (3) ¥428.6 (5)	Portion secured by collateral or guarantees, etc. (B) = (a) + (b) + (c)	¥260.7	Unsecured portion (C) = (A) - (B)	¥167.9			
						Coverage ratio {(B) + (D)} / (A)	87.00%	

- Notes: 1. Includes amount of direct reduction totaling ¥95.4 billion.
2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Act. (Bankrupt/Effectively Bankrupt Borrowers: ¥5.7 billion; Potentially Bankrupt Borrowers: ¥1.9 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 ¥0.2 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, 2020 ③	Increase/ Decrease ③ - ②
	March 31, 2018 ①	Fiscal 2018		March 31, 2019 ②	Fiscal 2019			
		New occurrences	Off-balanced		New occurrences	Off-balanced		
Bankrupt and quasi-bankrupt assets...	¥ 80.9	¥ 31.1	¥ (36.7)	¥ 75.3	¥ 27.6	¥ (30.0)	¥ 73.0	
Doubtful assets	283.4	191.7	(137.7)	337.4	110.0	(186.5)	260.8	
Total	¥364.3	¥222.8	¥(174.4)	¥412.7	¥137.6	¥(216.5)	¥333.8	
Bankrupt and quasi-bankrupt assets...				¥ (5.6)			¥ (2.4)	
Doubtful assets				54.0			(76.5)	
Total				¥48.4			¥(78.9)	

- 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 ¥33.8 billion in fiscal 2019, 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	
	2020	2019
Domestic operations:		
Japanese government bonds.....	¥ 7,083,933	¥ 6,252,329
Japanese local government bonds	262,681	99,164
Japanese corporate bonds	2,654,105	2,602,228
Japanese stocks.....	3,057,077	3,814,443
Others.....	526,499	765,571
Foreign bonds.....	/	/
Foreign stocks	/	/
Subtotal	¥13,584,298	¥13,533,737
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	—	—
Others.....	13,474,334	10,802,901
Foreign bonds.....	9,253,087	7,134,782
Foreign stocks	4,221,247	3,668,118
Subtotal	¥13,474,334	¥10,802,901
Total	¥27,058,633	¥24,336,638

Average Balance

Year ended March 31	Millions of yen	
	2020	2019
Domestic operations:		
Japanese government bonds.....	¥ 7,252,028	¥ 6,971,707
Japanese local government bonds	162,752	53,283
Japanese corporate bonds	2,686,829	2,517,314
Japanese stocks.....	2,007,411	2,195,195
Others.....	743,730	926,730
Foreign bonds.....	/	/
Foreign stocks	/	/
Subtotal	¥12,852,752	¥12,664,232
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	—	—
Others.....	11,370,094	9,794,923
Foreign bonds.....	7,502,214	6,355,459
Foreign stocks	3,867,879	3,439,463
Subtotal	¥11,370,094	¥ 9,794,923
Total	¥24,222,846	¥22,459,156

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	
	2020	2019
One year or less		
Japanese government bonds.....	¥ 3,387,319	¥1,236,610
Japanese local government bonds	2,921	—
Japanese corporate bonds	160,177	206,765
Others.....	2,210,080	1,715,067
Foreign bonds.....	2,206,579	1,713,538
Foreign stocks	380	818
One — three years		
Japanese government bonds.....	2,689,510	3,983,873
Japanese local government bonds	7,266	10,097
Japanese corporate bonds	547,895	550,063
Others.....	955,459	1,306,488
Foreign bonds.....	920,199	1,259,089
Foreign stocks	481	451
Three — five years		
Japanese government bonds.....	101,020	116,667
Japanese local government bonds	37,691	990
Japanese corporate bonds	660,686	602,804
Others.....	1,312,431	921,128
Foreign bonds.....	1,240,586	869,053
Foreign stocks	4,851	2,348
Five — seven years		
Japanese government bonds.....	—	—
Japanese local government bonds	6,146	5,110
Japanese corporate bonds	529,884	571,678
Others.....	725,098	1,312,373
Foreign bonds.....	695,251	1,241,178
Foreign stocks	9,030	11,126
Seven — ten years		
Japanese government bonds.....	454,732	530,926
Japanese local government bonds	195,889	82,956
Japanese corporate bonds	224,384	312,742
Others.....	1,109,262	939,119
Foreign bonds.....	1,061,245	869,989
Foreign stocks	6,216	4,070
More than ten years		
Japanese government bonds.....	451,350	384,252
Japanese local government bonds	12,765	8
Japanese corporate bonds	531,076	358,173
Others.....	3,398,949	1,416,986
Foreign bonds.....	3,129,224	1,181,933
Foreign stocks	184,026	105,365
No designated term		
Japanese government bonds.....	—	—
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks.....	3,057,077	3,814,443
Others.....	4,289,551	3,957,307
Foreign bonds.....	—	—
Foreign stocks	4,016,259	3,543,937
Total		
Japanese government bonds.....	¥ 7,083,933	¥6,252,329
Japanese local government bonds	262,681	99,164
Japanese corporate bonds	2,654,105	2,602,228
Japanese stocks.....	3,057,077	3,814,443
Others.....	14,000,834	11,568,472
Foreign bonds.....	9,253,087	7,134,782
Foreign stocks	4,221,247	3,668,118

Ratios (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Income Ratio

Year ended March 31	Percentage	
	2020	2019
Ordinary profit to total assets	0.24%	0.35%
Ordinary profit to stockholders' equity	6.26	8.18
Net income to total assets	0.16	0.26
Net income to stockholders' equity	4.10	6.01

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	
	2020	2019
Domestic operations:		
Interest-earning assets (A)	0.83%	0.97%
Interest-bearing liabilities (B)	0.55	0.60
(A) – (B)	0.28	0.37
International operations:		
Interest-earning assets (A)	2.55%	2.65%
Interest-bearing liabilities (B)	2.37	2.45
(A) – (B)	0.18	0.20
Total:		
Interest-earning assets (A)	1.60%	1.69%
Interest-bearing liabilities (B)	1.13	1.19
(A) – (B)	0.47	0.50

Loan-Deposit Ratio

March 31	Millions of yen	
	2020	2019
Domestic operations:		
Loans and bills discounted (A)	¥ 50,667,777	¥ 49,751,966
Deposits (B)	103,209,408	98,979,238
Loan-deposit ratio (%)		
(A) / (B)	49.09%	50.26%
Ratio by average balance for the fiscal year	49.18	50.56
International operations:		
Loans and bills discounted (A)	¥ 29,519,604	¥ 26,649,840
Deposits (B)	27,344,178	28,693,470
Loan-deposit ratio (%)		
(A) / (B)	107.95%	92.87%
Ratio by average balance for the fiscal year	98.03	95.59
Total:		
Loans and bills discounted (A)	¥ 80,187,382	¥ 76,401,807
Deposits (B)	130,553,586	127,672,708
Loan-deposit ratio (%)		
(A) / (B)	61.42%	59.84%
Ratio by average balance for the fiscal year	59.80	60.70

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

March 31	Millions of yen	
	2020	2019
Domestic operations:		
Securities (A).....	¥ 13,584,298	¥ 13,533,737
Deposits (B).....	103,209,408	98,979,238
Securities-deposit ratio (%)		
(A) / (B).....	13.16%	13.67%
Ratio by average balance for the fiscal year.....	12.84	13.12
International operations:		
Securities (A).....	¥ 13,474,334	¥ 10,802,901
Deposits (B).....	27,344,178	28,693,470
Securities-deposit ratio (%)		
(A) / (B).....	49.27%	37.64%
Ratio by average balance for the fiscal year.....	40.89	34.94
Total:		
Securities (A).....	¥ 27,058,633	¥ 24,336,638
Deposits (B).....	130,553,586	127,672,708
Securities-deposit ratio (%)		
(A) / (B).....	20.72%	19.06%
Ratio by average balance for the fiscal year.....	18.94	18.04

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, 2020	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, 2020	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, 2020	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	2020	2019
Number of employees	27,957	28,482
Average age (years–months)	37-4	36-9
Average length of employment (years–months)	14-0	13-6
Average annual salary (thousands of yen)	¥8,286	¥8,203

Notes: 1. "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 do not concurrently serve as Directors.
 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	2020	2019
Domestic network:		
Main offices and branches	515	511
Subbranches	350	382
Agency	1	1
Overseas network:		
Branches	19	19
Subbranches	22	23
Representative offices	4	4
Total	911	940

Notes: 1. "Main offices and branches" includes the International Business Operations Dept. (2020, 2 branches; 2019, 2 branches), specialized deposit account branches (2020, 47 branches; 2019, 47 branches) and ATM administration branches (2020, 18 branches; 2019, 18 branches).
 2. "Subbranches" includes Corporate Business Office, etc.

Number of Automated Service Centers

March 31	2020	2019
Automated service centers	50,141	50,378

Domestic Exchange Transactions

Year ended March 31	Millions of yen	
	2020	2019
Exchange for remittance:		
Destined for various parts of the country:		
Number of accounts (thousands)	464,147	437,415
Amount	¥ 573,531,737	¥ 535,257,829
Received from various parts of the country:		
Number of accounts (thousands)	326,166	318,485
Amount	¥ 962,772,521	¥ 932,517,945
Collection:		
Destined for various parts of the country:		
Number of accounts (thousands)	1,638	1,771
Amount	¥ 4,156,697	¥ 4,451,331
Received from various parts of the country:		
Number of accounts (thousands)	605	649
Amount	¥ 1,370,869	¥ 2,333,608
Total	¥1,541,831,826	¥1,474,560,716

Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars	
	2020	2019
Outward exchanges:		
Foreign bills sold.....	\$1,874,818	\$2,171,749
Foreign bills bought.....	1,305,477	1,352,488
Incoming exchanges:		
Foreign bills payable.....	\$1,074,787	\$1,094,203
Foreign bills receivable.....	40,072	42,055
Total.....	\$4,295,156	\$4,660,496

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	
	2020	2019
Securities.....	¥ 88,378	¥ 111,466
Commercial claims.....	47,917	57,386
Commercial goods.....	—	—
Real estate.....	54,605	50,416
Others.....	62,008	67,462
Subtotal.....	¥ 252,910	¥ 286,732
Guaranteed.....	1,227,196	940,913
Unsecured.....	7,919,417	7,851,060
Total.....	¥9,399,524	¥9,078,706

Trust Assets and Liabilities (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Statements of Trust Assets and Liabilities

March 31	Millions of yen	
	2020	2019
Assets:		
Loans and bills discounted.....	¥ 662,844	¥ 477,094
Loans on deeds.....	662,844	477,094
Securities.....	1,164,251	1,330,384
Japanese government bonds.....	29,226	38,517
Corporate bonds.....	1,092,438	1,265,810
Japanese stocks.....	—	—
Foreign securities.....	42,055	26,056
Others.....	531	—
Trust beneficiary right.....	25,120	28,278
Entrusted securities.....	38,000	50,000
Monetary claims.....	518,415	538,047
Monetary claims for housing loans.....	20,592	14,893
Other monetary claims.....	497,822	523,154
Other claims.....	895	999
Call loans.....	—	—
Due from banking account.....	1,735,784	1,291,710
Cash and due from banks.....	115,904	126,080
Deposits with banks.....	115,904	126,080
Others.....	29	46
Others.....	29	46
Total assets.....	¥4,261,245	¥3,842,641
Liabilities:		
Designated money trusts.....	¥1,370,430	¥1,270,266
Specified money trusts.....	1,290,980	952,323
Money in trusts other than money trusts.....	328,022	35,015
Securities in trusts.....	38,000	50,000
Monetary claims trusts.....	264,830	291,991
Composite trusts.....	968,982	1,243,045
Total liabilities.....	¥4,261,245	¥3,842,641

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 and Leverage 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 31,2020	As of March 31,2019	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	7,105,013	7,120,831	
1a	of which: capital and capital surplus	3,527,284	3,527,346	
2	of which: retained earnings	3,622,140	3,743,614	
1c	of which: treasury stock (-)	—	—	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	44,411	150,128	
	of which: other than the above	—	—	
1b	Stock acquisition rights to common shares	—	—	
3	Accumulated other comprehensive income and other disclosed reserves	1,128,741	1,434,667	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	5,182	2,181	
6	Common Equity Tier 1 capital: instruments and reserves (A)	8,238,937	8,557,681	
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)	235,399	281,339	
8	of which: goodwill (including those equivalent)	10,074	26,214	
9	of which: other intangibles other than goodwill and mortgage servicing rights	225,324	255,125	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,331	2,208	
11	Net deferred gains or losses on hedges	105,676	(45,242)	
12	Shortfall of eligible provisions to expected losses	—	—	
13	Securitisation gain on sale	62,486	60,286	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	5,582	3,940	
15	Net defined benefit asset	157,217	225,610	
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)	569,694	528,146	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	7,669,242	8,029,535	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31,2020	As of March 31,2019	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	1,185,000	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)	13,554	23,795		
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—	173,000		
33	of which: instruments issued by banks and their special purpose vehicles	—	173,000		
35	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—	—		
36	Additional Tier 1 capital: instruments (D)	1,198,554	1,296,795		
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)	25,525	25,516		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—	—		
43	Additional Tier 1 capital: regulatory adjustments (E)	25,525	25,516		
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,173,028	1,271,279		
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	8,842,271	9,300,814		
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	961,777	1,003,250	
		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)	3,471	5,921		
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	358,595	488,222		
47	of which: instruments issued by banks and their special purpose vehicles	358,595	488,222		
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	23,731	7,664		
50a	of which: general reserve for possible loan losses	8,354	7,477		
50b	of which: eligible provisions	15,377	187		
51	Tier 2 capital: instruments and provisions (H)	1,347,576	1,505,059		

(Millions of yen, except percentages)

Basel III Template No.	Items		a	b	c
			As of March 31,2020	As of March 31,2019	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)		82,643	50,000	
57	Tier 2 capital: regulatory adjustments	(I)	82,643	50,000	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I))	(J)	1,264,933	1,455,059	
Total capital (TC = T1 + T2)					
59	Total capital (TC = T1 + T2) ((G) + (J))	(K)	10,107,204	10,755,873	
Risk weighted assets (6)					
60	Total risk-weighted assets (RWA)	(L)	55,953,809	52,910,688	
Capital ratio (consolidated) (7)					
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))		13.70%	15.17%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))		15.80%	17.57%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))		18.06%	20.32%	
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)		199,699	289,593	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)		561,567	567,146	
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)		126	220	
Provisions included in Tier 2 capital: instruments and provisions (9)					
76	Provisions (general reserve for possible loan losses)		8,354	7,477	
77	Cap on inclusion of provisions (general reserve for possible loan losses)		26,349	29,069	
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")		15,377	187	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		252,170	243,795	
Capital instruments subject to transitional arrangements (10)					
82	Current cap on AT1 instruments subject to transitional arrangements		247,571	371,357	
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		406,905	610,358	
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 31,2020	As of March 31,2019
Required capital ((L) × 8%)	4,476,304	4,232,855

■ 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, 2020	As of March 31, 2019				
(Assets)						
Cash and due from banks	59,991,835	55,747,048				
Call loans and bills bought	1,246,739	2,665,744				
Receivables under resale agreements	8,243,182	5,082,709				
Receivables under securities borrowing transactions	957,271	1,440,159				
Monetary claims bought	4,550,644	4,582,886				
Trading assets	4,133,816	2,452,825		6-a		
Money held in trust	0	0				
Securities	26,282,649	23,469,621		2-b,6-b		
Loans and bills discounted	84,280,613	79,792,401		6-c		
Foreign exchanges	2,057,887	1,715,759				
Lease receivables and investment assets	219,733	247,835				
Other assets	4,647,291	3,571,248		6-d		
Tangible fixed assets	1,341,895	1,409,802				
Intangible fixed assets	320,622	375,389		2-a		
Net defined benefit asset	226,273	324,672		3		
Deferred tax assets	26,147	23,399		4-a		
Customers' liabilities for acceptances and guarantees	7,898,071	8,121,131				
Reserve for possible loan losses	(335,041)	(332,343)				
Total assets	206,089,633	190,690,293				
(Liabilities)						
Deposits	127,623,995	123,190,830				
Negotiable certificates of deposit	10,330,435	11,335,486				
Call money and bills sold	2,920,539	572,778				
Payables under repurchase agreements	10,691,772	8,743,386				
Payables under securities lending transactions	829,729	680,051				
Commercial paper	1,409,249	2,291,813				
Trading liabilities	3,459,117	1,818,610		6-e		
Borrowed money	21,820,785	15,988,948		8		
Foreign exchanges	1,492,634	1,196,960				
Bonds	1,942,291	2,955,282				
Due to trust account	1,811,355	1,352,773				
Other liabilities	5,032,050	2,929,172		6-f		
Reserve for employee bonuses	36,494	34,283				
Reserve for executive bonuses	1,236	1,249				
Net defined benefit liability	4,114	4,457				
Reserve for executive retirement benefits	617	669				
Reserve for point service program	388	468				
Reserve for reimbursement of deposits	4,687	7,936				
Deferred tax liabilities	381,605	446,993		4-b		
Deferred tax liabilities for land revaluation	30,111	30,259		4-c		
Acceptances and guarantees	7,898,071	8,121,131				
Total liabilities	197,721,284	181,703,543				
(Net assets)						
Capital stock	1,770,996	1,770,996		1-a		
Capital surplus	1,966,291	1,966,353		1-b		
Retained earnings	3,622,140	3,743,614		1-c		
Treasury stock	(210,003)	(210,003)		1-d		
Total stockholders' equity	7,149,425	7,270,960				
Net unrealized gains or losses on other securities	1,125,808	1,426,493				
Net deferred gains or losses on hedges	103,609	(47,281)		5		
Land revaluation excess	36,870	36,531				
Foreign currency translation adjustments	(48,969)	24,371				
Accumulated remeasurements of defined benefit plans	(88,577)	(5,446)				
Total accumulated other comprehensive income	1,128,741	1,434,667	(a)			
Stock acquisition rights	—	2,210		7-a		
Non-controlling interests	90,182	278,910		7-b		
Total net assets	8,368,349	8,986,749				
Total liabilities and net assets	206,089,633	190,690,293				

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, 2020	As of March 31, 2019	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	1,966,291	1,966,353	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	3,622,140	3,743,614		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	7,149,425	7,270,960		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,149,425	7,270,960	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,527,284	3,527,346		1a
of which: retained earnings	3,622,140	3,743,614		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, 2020	As of March 31, 2019	Remarks	Ref. No.
Intangible fixed assets	320,622	375,389		2-a
Securities	26,282,649	23,469,621		2-b
of which: goodwill attributable to equity-method investees	10,074	14,211		
Income taxes related to above	95,298	108,261		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Goodwill (including those equivalent)	10,074	26,214		8
Other intangibles other than goodwill and mortgage servicing rights	225,324	255,125	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, 2020	As of March 31, 2019	Remarks	Ref. No.
Net defined benefit asset	226,273	324,672		3
Income taxes related to above	69,056	99,062		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Net defined benefit asset	157,217	225,610		15

4. Deferred tax assets

(1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	As of March 31, 2020	As of March 31, 2019	Remarks	Ref. No.
Deferred tax assets	26,147	23,399		4-a
Deferred tax liabilities	381,605	446,993		4-b
Deferred tax liabilities for land revaluation	30,111	30,259		4-c
Tax effects on intangible fixed assets	95,298	108,261		
Tax effects on net defined benefit asset	69,056	99,062		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,331	2,208	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)	126	220	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)	126	220		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, 2020	As of March 31, 2019	Remarks	Ref. No.
Net deferred gains or losses on hedges	103,609	(47,281)		5

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	105,676	(45,242)	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, 2020	As of March 31, 2019	Remarks	Ref. No.
Trading assets	4,133,816	2,452,825	Including trading account securities and derivatives for trading assets	6-a
Securities	26,282,649	23,469,621		6-b
Loans and bills discounted	84,280,613	79,792,401	Including subordinated loans	6-c
Other assets	4,647,291	3,571,248	Including derivatives	6-d
Trading liabilities	3,459,117	1,818,610	Including trading account securities sold and derivatives for trading liabilities	6-e
Other liabilities	5,032,050	2,929,172	Including derivatives	6-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	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)	199,699	289,593		
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)	199,699	289,593		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)	669,736	642,662		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	25,525	25,516		40
Tier 2 capital and other TLAC liabilities	82,643	50,000		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	561,567	567,146		73

7. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2020	As of March 31, 2019	Remarks	Ref. No.
Stock acquisition rights	—	2,210		7-a
Non-controlling interests	90,182	278,910		7-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Amount allowed in group CET1	5,182	2,181	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	13,554	23,795	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	3,471	5,921	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, 2020	As of March 31, 2019	Remarks	Ref. No.
Borrowed money	21,820,785	15,988,948		8

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	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	1,185,000	1,100,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	961,777	1,003,250		46

■ 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, 2020	As of March 31, 2019
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	182,339,952	172,497,155
1a	1	Total assets reported in the consolidated balance sheet	206,089,633	190,690,293
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	—	—
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	—	—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)	23,749,681	18,193,137
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	421,474	534,678
3		Total on-balance sheet exposures (a)	181,918,477	171,962,477
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.	6,246,855	2,329,551
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.	3,661,146	3,413,858
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	744,315	499,696
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) (-)	151,482	97,391
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	83,014	—
10		The amount of deductions from effective notional amount of written credit derivatives (-)	—	—
11	4	Total exposures related to derivative transactions (b)	10,583,849	6,145,714
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	9,200,454	6,522,869
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	401,975	562,301
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	9,602,429	7,085,171
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	55,713,902	55,580,884
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	35,281,098	35,362,496
19	6	Total exposures related to off-balance sheet transactions (d)	20,432,803	20,218,388
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	8,842,271	9,300,814
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	222,537,560	205,411,750
22		Leverage ratio on a consolidated basis ((e)/(f))	3.97%	4.52%

Reason for the significant difference from the leverage ratio on a consolidated basis in the previous fiscal year

Decrease in leverage ratio on a consolidated basis is attributable to an increase in total exposures, due to a decrease in capital associated with a decline in net unrealized gains or losses on other securities, and a decrease in additional Tier 1 instruments, along with an increase in on-balance sheet assets primarily comprising loans and bills discounted and cash and due from banks.

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 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 at 100%. The LCR of SMBC (consolidated) exceeds the minimum requirements of the LCR, 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 “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 (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2020/1/1 To 2020/3/31)		Prior Quarter (From 2019/10/1 To 2019/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	63,857,207		64,495,445	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	51,569,057	4,043,605	50,794,060	3,989,544
3	of which, Stable deposits	15,941,139	480,193	15,605,762	470,103
4	of which, Less stable deposits	35,627,918	3,563,412	35,188,298	3,519,441
5	Cash outflows related to unsecured wholesale funding	67,378,301	33,595,357	66,460,732	32,969,328
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	62,517,563	28,734,620	61,709,391	28,217,987
8	of which, Debt securities	4,860,738	4,860,738	4,751,341	4,751,341
9	Cash outflows related to secured funding, etc.	209,707		192,472	
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	24,385,085	7,838,434	24,248,308	7,676,828
11	of which, Cash outflows related to derivative transactions, etc.	1,471,642	1,471,642	1,519,563	1,519,563
12	of which, Cash outflows related to funding programs	428,946	428,946	254,594	254,594
13	of which, Cash outflows related to credit and liquidity facilities	22,484,498	5,937,846	22,474,151	5,902,672
14	Cash outflows related to contractual funding obligations, etc.	7,847,102	5,888,911	7,216,805	5,514,918
15	Cash outflows related to contingencies	65,118,323	1,249,957	67,347,605	1,334,815
16	Total cash outflows	52,825,972		51,677,905	
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	3,202,109	123,786	2,458,964	71,434
18	Cash inflows related to collection of loans, etc.	3,251,582	2,369,650	2,620,401	1,839,301
19	Other cash inflows	2,119,675	1,048,771	2,122,165	970,240
20	Total cash inflows	8,573,366	3,542,207	7,201,531	2,880,975
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation	63,857,207		64,495,445	
22	Net cash outflows	49,283,765		48,796,930	
23	Consolidated liquidity coverage ratio (LCR)	129.5%		132.1%	
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 2020/1/1 To 2020/3/31)		Prior Quarter (From 2019/10/1 To 2019/12/31)	
1	Cash and due from banks	55,140,341		56,224,520	
2	Securities	8,716,866		8,270,925	
3	of which, government bonds, etc.	6,222,267		5,861,487	
4	of which, municipal bonds, etc.	75,678		46,533	
5	of which, other bonds	1,080,960		896,419	
6	of which, stocks	1,337,962		1,466,485	
7	Total high-quality liquid assets (HQLA)	63,857,207		64,495,445	

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 and Leverage 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 31,2020	As of March 31,2019	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	6,166,883	6,382,096	
1a	of which: capital and capital surplus	3,335,548	3,335,548	
2	of which: retained earnings	2,875,747	3,196,677	
1c	of which: treasury stock (-)	—	—	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	44,411	150,128	
	of which: other than the above	—	—	
1b	Stock acquisition rights to common shares	—	—	
3	Valuation and translation adjustment and other disclosed reserves	1,284,923	1,430,047	(a)
6	Common Equity Tier 1 capital: instruments and reserves (A)	7,451,807	7,812,144	
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)	162,839	164,075	
8	of which: goodwill	—	—	
9	of which: other intangibles other than goodwill and mortgage servicing rights	162,839	164,075	
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	187,152	(20,578)	
12	Shortfall of eligible provisions to expected losses	—	19,757	
13	Securitisation gain on sale	62,486	60,286	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	
15	Prepaid pension cost	239,000	222,859	
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)	651,480	446,401	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	6,800,327	7,365,742	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31,2020	As of March 31,2019	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	1,185,000	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		
36	Additional Tier 1 capital: instruments (D)	1,185,000	1,273,000		
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)	25,525	25,516		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—	—		
43	Additional Tier 1 capital: regulatory adjustments (E)	25,525	25,516		
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,159,474	1,247,483		
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	7,959,801	8,613,226		
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	961,777	1,003,250	
		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	358,595	488,222		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	4,472	—		
50a	of which: general reserve for possible loan losses	—	—		
50b	of which: eligible provisions	4,472	—		
51	Tier 2 capital: instruments and provisions (H)	1,324,845	1,491,472		

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31,2020	As of March 31,2019	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)	82,643	50,000	
57	Tier 2 capital: regulatory adjustments (I)	82,643	50,000	
Tier 2 capital (T2)				
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,242,202	1,441,472	
Total capital (TC = T1 + T2)				
59	Total capital (TC = T1 + T2) ((G) + (J)) (K)	9,202,003	10,054,699	
Risk weighted assets (6)				
60	Total risk-weighted assets (RWA) (L)	52,248,875	49,574,518	
Capital ratio (7)				
61	Common Equity Tier 1 risk-weighted capital ratio ((C)/(L))	13.01%	14.85%	
62	Tier 1 risk-weighted capital ratio ((G)/(L))	15.23%	17.37%	
63	Total risk-weighted capital ratio ((K)/(L))	17.61%	20.28%	
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)	198,628	281,885	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	491,896	516,070	
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)	2,727	3,671	
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")	4,472	—	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	258,012	248,544	
Capital instruments subject to transitional arrangements (10)				
82	Current cap on AT1 instruments subject to transitional arrangements	247,471	371,207	
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	403,448	605,172	
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 31,2020	As of March 31,2019
Required capital ((L) × 8%)	4,179,910	3,965,961

■ 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			
	As of March 31, 2020	As of March 31, 2019	As of March 31, 2020	As of March 31, 2019		
(Assets)						
Cash and due from banks	57,971,293	54,205,583	57,971,293	54,205,583		
Call loans	645,967	2,134,392	645,967	2,134,392		
Receivables under resale agreements	5,963,377	3,364,070	5,963,377	3,364,070		
Receivables under securities borrowing transactions	943,940	1,222,284	943,940	1,222,284		
Monetary claims bought	1,562,083	1,470,872	1,562,083	1,470,872		
Trading assets	3,189,980	1,534,100	3,189,980	1,534,100		6-a
Securities	27,058,633	24,336,638	27,058,633	24,328,778		6-b
Loans and bills discounted	80,187,382	76,401,807	80,187,382	76,401,807		6-c
Foreign exchanges	1,896,157	1,627,105	1,896,157	1,627,105		
Other assets	4,178,263	2,895,757	4,178,263	2,895,757		6-d
Tangible fixed assets	794,957	802,501	794,957	802,501		
Intangible fixed assets	234,707	236,352	234,707	236,352		2
Prepaid pension cost	344,481	321,031	344,481	321,031		3
Customers' liabilities for acceptances and guarantees	9,399,524	9,078,706	9,399,524	9,078,706		
Reserve for possible loan losses	(279,702)	(275,185)	(279,702)	(275,185)		
Reserve for possible losses on investments	(127,256)	(7,363)	(127,256)	(7,363)		
Total assets	193,963,791	179,348,654	193,963,791	179,340,794		
(Liabilities)						
Deposits	119,973,324	116,091,103	119,973,324	116,084,925		
Negotiable certificates of deposit	10,580,261	11,581,605	10,580,261	11,581,605		
Call money	3,068,726	796,761	3,068,726	796,761		
Payables under repurchase agreements	8,728,522	7,364,577	8,728,522	7,364,577		
Payables under securities lending transactions	571,095	418,912	571,095	418,912		
Commercial paper	642,447	1,634,811	642,447	1,634,811		
Trading liabilities	2,959,613	1,348,931	2,959,613	1,348,931		6-e
Borrowed money	21,561,177	15,567,626	21,561,177	15,392,856		7
Foreign exchanges	1,519,777	1,213,861	1,519,777	1,213,861		
Bonds	1,894,369	2,910,794	1,894,369	2,910,794		
Due to trust account	1,735,889	1,292,699	1,735,889	1,292,699		
Other liabilities	3,453,008	1,659,172	3,453,008	1,657,565		6-f
Reserve for employee bonuses	13,794	13,285	13,794	13,285		
Reserve for executive bonuses	939	937	939	937		
Reserve for point service program	388	468	388	468		
Reserve for reimbursement of deposits	3,900	7,425	3,900	7,425		
Deferred tax liabilities	330,699	374,529	330,699	374,529		4-a
Deferred tax liabilities for land revaluation	30,111	30,259	30,111	30,259		4-b
Acceptances and guarantees	9,399,524	9,078,706	9,399,524	9,078,706		
Total liabilities	186,467,572	171,386,468	186,467,572	171,203,913		
(Net assets)						
Capital stock	1,770,996	1,770,996	1,770,996	1,770,996		1-a
Capital surplus	1,774,554	1,774,554	1,774,554	1,774,554		1-b
Retained earnings	2,875,747	3,196,504	2,875,747	3,196,677		1-c
Treasury stock	(210,003)	(210,003)	(210,003)	(210,003)		1-d
Total stockholders' equity	6,211,295	6,532,053	6,211,295	6,532,225		
Net unrealized gains or losses on other securities	1,073,795	1,427,008	1,073,795	1,427,008		
Net deferred gains or losses on hedges	185,163	(22,444)	185,163	(22,542)		5
Land revaluation excess	25,964	25,568	25,964	25,568		
Foreign currency translation adjustments	—	—	—	13		
Total valuation and translation adjustments	1,284,923	1,430,131	1,284,923	1,430,047	(a)	
Non-controlling interests	—	—	—	174,606		
Total net assets	7,496,219	7,962,185	7,496,219	8,136,880		
Total liabilities and net assets	193,963,791	179,348,654	193,963,791	179,340,794		

(Appended Table)

1. Stockholders' equity

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2020	As of March 31, 2019	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	1,774,554	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	2,875,747	3,196,677		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,211,295	6,532,225		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,211,295	6,532,225	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	3,335,548		1a
of which: retained earnings	2,875,747	3,196,677		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 absorber clause upon entering into effectively bankruptcy	31a

2. Intangible fixed assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2020	As of March 31, 2019	Remarks	Ref. No.
Intangible fixed assets	234,707	236,352		2
Income taxes related to above	71,867	72,276		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Goodwill	—	—		8
Other intangibles other than goodwill and mortgage servicing rights	162,839	164,075	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, 2020	As of March 31, 2019	Remarks	Ref. No.
Prepaid pension cost	344,481	321,031		3
Income taxes related to above	105,480	98,171		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Prepaid pension cost	239,000	222,859		15

4. Deferred tax assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2020	As of March 31, 2019	Remarks	Ref. No.
Deferred tax liabilities	330,699	374,529		4-a
Deferred tax liabilities for land revaluation	30,111	30,259		4-b
Tax effects on intangible fixed assets	71,867	72,276		
Tax effects on prepaid pension cost	105,480	98,171		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	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, 2020	As of March 31, 2019	Remarks	Ref. No.
Net deferred gains or losses on hedges	185,163	(22,542)		5

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	187,152	(20,578)	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, 2020	As of March 31, 2019	Remarks	Ref. No.
Trading assets	3,189,980	1,534,100	Including trading account securities and derivatives for trading assets	6-a
Securities	27,058,633	24,328,778		6-b
Loans and bills discounted	80,187,382	76,401,807	Including subordinated loans	6-c
Other assets	4,178,263	2,895,757	Including derivatives	6-d
Trading liabilities	2,959,613	1,348,931	Including trading account securities sold and derivatives for trading liabilities	6-e
Other liabilities	3,453,008	1,657,565	Including derivatives	6-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	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)	198,628	281,885		
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)	198,628	281,885		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)	600,065	591,586		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	25,525	25,516		40
Tier 2 capital and other TLAC liabilities	82,643	50,000		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	491,896	516,070		73

7. Other capital instruments

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2020	As of March 31, 2019	Remarks	Ref. No.
Borrowed money	21,561,177	15,392,856		7

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2020	As of March 31, 2019	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	1,185,000	1,100,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	961,777	1,003,250		46

■ 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, 2020	As of March 31, 2019
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	171,987,707	162,689,001
1a	1	Total assets reported in the balance sheet	193,963,791	179,340,794
1b	3	The amount of assets that are deducted from the total assets reported in the balance sheet (except adjustment items) (-)	21,976,084	16,651,792
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	427,366	432,209
3		Total on-balance sheet exposures (a)	171,560,340	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.	3,412,019	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.	2,201,998	2,017,546
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	497,394	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) (-)	225,519	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)	5,885,893	3,555,174
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	6,907,318	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.	366,826	542,831
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	7,274,144	5,129,185
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	53,501,369	58,704,798
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	31,790,200	37,308,724
19	6	Total exposures related to off-balance sheet transactions (d)	21,711,168	21,396,073
Leverage ratio (5)				
20		The amount of capital (Tier 1 capital) (e)	7,959,801	8,613,226
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	206,431,546	192,337,226
22		Leverage ratio ((e)/(f))	3.85%	4.47%

Reason for the significant difference from the leverage ratio on a non-consolidated basis in the previous fiscal year

Decrease in leverage ratio on a non-consolidated basis is attributable to an increase in total exposures, due to a decrease in capital associated with a decline in net unrealized gains or losses on other securities and a decrease in retained earnings due to dividend payments, along with an increase in on-balance sheet assets primarily comprising loans and bills discounted and cash and due from banks.

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 2020/1/1 To 2020/3/31)		Prior Quarter (From 2019/10/1 To 2019/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	58,994,905		59,539,021	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	48,883,010	3,806,306	48,169,397	3,757,840
3	of which, Stable deposits	15,465,940	463,978	15,138,728	454,162
4	of which, Less stable deposits	33,417,070	3,342,327	33,030,669	3,303,678
5	Cash outflows related to unsecured wholesale funding	64,434,658	32,356,463	63,406,409	31,526,598
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	59,480,908	27,402,712	58,604,993	26,725,182
8	of which, Debt securities	4,953,750	4,953,750	4,801,416	4,801,416
9	Cash outflows related to secured funding, etc.	202,346		189,089	
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	21,927,960	6,634,858	21,810,875	6,439,096
11	of which, Cash outflows related to derivative transactions, etc.	426,396	426,396	434,093	434,093
12	of which, Cash outflows related to funding programs	428,946	428,946	254,594	254,594
13	of which, Cash outflows related to credit and liquidity facilities	21,072,618	5,779,516	21,122,188	5,750,409
14	Cash outflows related to contractual funding obligations, etc.	6,795,280	3,659,963	6,331,550	3,380,980
15	Cash outflows related to contingencies	67,014,239	1,222,015	67,127,219	1,248,136
16	Total cash outflows	47,881,950		46,541,739	
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	1,710,217	124,083	1,411,727	65,714
18	Cash inflows related to collection of loans, etc.	4,101,004	3,330,475	3,607,724	2,933,080
19	Other cash inflows	1,535,830	829,475	1,607,791	782,797
20	Total cash inflows	7,347,051	4,284,033	6,627,242	3,781,591
Non-Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation	58,994,905		59,539,021	
22	Net cash outflows	43,597,917		42,760,148	
23	Non-consolidated liquidity coverage ratio (LCR)	135.3%		139.2%	
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 2020/1/1 To 2020/3/31)		Prior Quarter (From 2019/10/1 To 2019/12/31)	
1	Cash and due from banks	50,845,503		51,992,957	
2	Securities	8,149,402		7,546,063	
3	of which, government bonds, etc.	5,762,150		5,273,656	
4	of which, municipal bonds, etc.	75,678		46,533	
5	of which, other bonds	973,612		759,388	
6	of which, stocks	1,337,962		1,466,485	
7	Total high-quality liquid assets (HQLA)	58,994,905		59,539,021	

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, 2019 to March 31, 2020)
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 while materializing our medium-/long-term vision.

Sumitomo Mitsui Banking Corporation, one of the Group’s main subsidiaries shall determine its executive compensations in accordance with this Policy.

<Basic Concept>

Executive compensation at SMBC Group shall be determined based on the following concept.

- I. SMBC Group’s executive compensation aims at providing appropriate incentives toward the realization of our mission and our vision.
- II. SMBC 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, customer satisfaction, and realisation of sustainable society.
- III. Individual remuneration shall reflect the assigned roles and responsibilities as well as the performance of the respective Executive.
- IV. SMBC 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. SMBC 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. SMBC 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. SMBC Group’s executive compensation programme (the “Programme”) shall have three components: base salary, cash bonus, and stock compensation.
However, compensation for outside directors and Audit Committee members shall comprise base salary alone, in consideration of the nature of their role of management supervision.
- II. In order to hold the Executives accountable and provide them with appropriate incentives for the performance of SMBC 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 stockbased 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 single year performance of SMBC Group 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. Around 70% of the determined amount shall be paid in cash and the remaining 30% or so shall be paid under Stock Compensation Plan II (the “Plan II”).
- VII. Stock compensation plans consist of three types, which are, Stock Compensation Plan I (the “Plan I”), under which the remuneration of the Executives shall be determined based on SMBC Group’s medium-term performance, etc., the Plan II, determined based on SMBC Group’s single year 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 SMBC 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 single year performance of SMBC 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 forfeited.
- IX. Notwithstanding the aforementioned “Compensation Programme,” executive compensation for the Executives locally appointed at overseas entities and those domiciled outside Japan shall be individually designed, not only in accordance with the basic concept above, but also with consideration to local regulations, tax regime, 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, establishes a “Compensation Committee” to resolve the following:

- The Policy, executive compensation programme including the aforementioned compensation programme and regulations concerning the Policy
 - Individual remunerations for Sumitomo Mitsui Financial Group's directors and corporate executive officers
- In addition to the above, the Compensation Committee shall review and discuss the below:
- The individual remuneration for Sumitomo Mitsui Financial Group's corporate officers and other officers.
 - Executive compensation programmes/practices of group companies of Sumitomo Mitsui Financial Group.

(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. Compensation for employees and others are determined by the HR departments of respective SMBC Group companies by comprehensively taking into account the surrounding business environment, performance trends, pay history and other factors. Compensation policies for overseas employees are determined following the aforementioned compensation policy for employees and others in Japan as well as in accordance with local laws, regulations and employment practices.

■ 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 SMBC 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	17	150
2		Total fixed compensation (3+5+7)	945	6,442
3		of which: cash compensation	895	5,863
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	32	404
6		of which in 5: deferred amount	32	404
7		of which: other compensation	16	173
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	14	150
10		Total variable compensation (11+13+15)	504	5,283
11		of which: cash compensation	218	4,538
12		of which in 11: deferred amount	—	876
13		of which: amount of stock compensation or stock-linked compensation	285	745
14		of which in 13: deferred amount	285	665
15		of which: amount of other compensation	—	—
16	of which in 15: deferred amount	—	—	
17	Retirement allowance	Number of applicable officers, employees and others	—	81
18		Amount of retirement allowance	—	360
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	28
21		Amount of other compensation	—	102
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,449	12,189

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	55	359	—	—	5	449

■ 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	1,364	930	—	—	63
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	1,527	388	—	—	628
	Amount of stock compensation or stock-linked compensation	2,868	2,256	—	—	286
	Amount of other compensation	—	—	—	—	—
Total amount		5,760	3,576	—	—	978

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 375).

■ 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 376).

■ 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 page 377).

■ 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	14	141
2		Total fixed compensation (3+5+7)	770	6,002
3		of which: cash compensation	710	5,434
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	42	394
6		of which in 5: deferred amount	42	394
7		of which: other compensation	16	173
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	11	141
10		Total variable compensation (11+13+15)	381	4,844
11		of which: cash compensation	165	4,096
12		of which in 11: deferred amount	—	806
13		of which: amount of stock compensation or stock-linked compensation	216	747
14		of which in 13: deferred amount	216	667
15		of which: amount of other compensation	—	—
16	of which in 15: deferred amount	—	—	
17	Retirement allowance	Number of applicable officers, employees and others	—	81
18		Amount of retirement allowance	—	360
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	28
21		Amount of other compensation	—	102
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,152	11,311

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	55	359	—	—	5	449

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	14	141
2		Total fixed compensation (3+5+7)	770	6,002
3		of which: cash compensation	710	5,434
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	42	394
6		of which in 5: deferred amount	42	394
7		of which: other compensation	16	173
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	11	141
10		Total variable compensation (11+13+15)	381	4,844
11		of which: cash compensation	165	4,096
12		of which in 11: deferred amount	—	806
13		of which: amount of stock compensation or stock-linked compensation	216	747
14		of which in 13: deferred amount	216	667
15		of which: amount of other compensation	—	—
16	of which in 15: deferred amount	—	—	
17	Retirement allowance	Number of applicable officers, employees and others	—	81
18		Amount of retirement allowance	—	360
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	28
21		Amount of other compensation	—	102
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,152	11,311

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	55	359	—	—	5	449

■ 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)

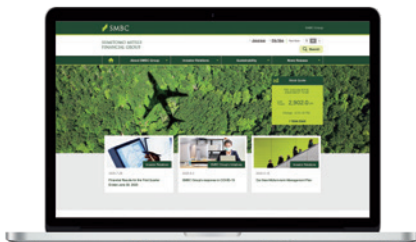
		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the 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	1,078	735	—	—	112
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	1,360	388	—	—	544
	Amount of stock compensation or stock-linked compensation	2,963	2,292	—	—	232
	Amount of other compensation	—	—	—	—	—
Total amount		5,402	3,415	—	—	888

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	1,078	735	—	—	112
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	1,360	388	—	—	544
	Amount of stock compensation or stock-linked compensation	2,963	2,292	—	—	232
	Amount of other compensation	—	—	—	—	—
Total amount		5,402	3,415	—	—	888



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)



Sustainability

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

