



Financial Review

Sumitomo Mitsui Financial Group (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The following is a summary of SMFG's consolidated financial results for the fiscal year ended March 31, 2015.

1. Operating Results

Operating results for fiscal 2014 include the results of 317 consolidated subsidiaries and 50 subsidiaries and affiliates accounted for by the equity method.

In fiscal 2014, consolidated net business profit declined by ¥28.1 billion year-on-year to ¥1,310.5 billion. Although consolidated gross profit increased largely due to increased profits from the Treasury Unit at SMBC resulting from ALM operations that quickly responded to market conditions and steady results of major subsidiaries such as Sumitomo Mitsui Finance and Leasing, SMBC Nikko Securities, Sumitomo Mitsui Card and SMBC Consumer Finance;

general and administrative expenses were up as SMBC aimed at strengthening its overseas business, and SMBC Nikko Securities, Sumitomo Mitsui Card and other subsidiaries aimed at enhancing the business structure to generate stronger top-line growth.

Ordinary profit after adjustment for total credit cost, net gains on stocks, and other items, declined by ¥111.2 billion year-on-year to ¥1,321.2 billion. Net income after adjustment for extraordinary gains (losses) and income taxes declined by ¥81.7 billion to ¥753.6 billion.

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

March 31	2015 (A)	2014 (B)	Increase (decrease) (A) – (B)
Consolidated subsidiaries	317	324	(7)
Subsidiaries and affiliates accounted for by the equity method	50	46	4

Income Summary

	Millions of yen		
Year ended March 31	2015 (A)	2014 (B)	Increase (decrease) (A) – (B)
Consolidated gross profit	¥ 2,980,403	¥ 2,898,233	¥ 82,170
Net interest income	1,505,178	1,484,169	21,009
Trust fees	2,890	2,472	418
Net fees and commissions	996,676	984,589	12,087
Net trading income	195,119	211,881	(16,762)
Net other operating income	280,538	215,120	65,418
General and administrative expenses	(1,659,341)	(1,569,945)	(89,396)
Equity in gains of affiliates	(10,600)	10,241	(20,841)
Consolidated net business profit	1,310,461	1,338,530	(28,069)
Net total credit cost	(7,847)	49,073	(56,920)
Credit costs	(84,985)	(96,797)	11,812
Gains on reversal of reserve for possible loan losses	61,158	136,212	(75,054)
Recoveries of written-off claims	15,979	9,657	6,322
Gains (losses) on stocks	66,693	89,243	(22,550)
Net other expenses	(48,151)	(44,514)	(3,637)
Ordinary profit	1,321,156	1,432,332	(111,176)
Extraordinary gains (losses)	(11,778)	(9,637)	(2,141)
Losses on disposal of fixed assets	(6,315)	(8,595)	2,280
Losses on impairment of fixed assets	(5,109)	(3,348)	(1,761)
Income before income taxes and minority interests	1,309,377	1,422,694	(113,317)
Income taxes—current	(325,341)	(290,186)	(35,155)
Income taxes—deferred	(116,020)	(168,618)	52,598
Income before minority interests	868,015	963,889	(95,874)
Minority interests in net income	(114,405)	(128,532)	14,127
Net income	¥ 753,610	¥ 835,357	¥ (81,747)

Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + Trust fees + (Fees and commissions – Fees and commissions payments) + (Trading income – Trading losses) + (Other operating income – Other operating expenses)

2. In fiscal 2014 the definition of consolidated net business profit changed. The change has been retroactively applied to the figures for fiscal 2013.

3. Credit costs = Write-off of loans + Provision for reserve for possible loan losses + Others (Losses on sales of delinquent loans)

Loans and bills discounted as of March 31, 2015 totaled ¥73,068.2 billion, a year-on-year increase of ¥4,840.6 billion, as lending increased primarily in Asia and the Americas, and securities totaled ¥29,633.7 billion, an increase of ¥2,480.9 billion.

Deposits as of March 31, 2015 increased by ¥6,716.0 billion year-on-year to ¥101,047.9 billion due to increases in

Japan and overseas, and negotiable certificates of deposit increased by ¥112.4 billion year-on-year to ¥13,825.9 billion.

Net assets totaled ¥10,696.3 billion. Of this amount, stockholders' equity was ¥7,018.4 billion, mainly due to the recording of net income, and the payment of cash dividends. Total accumulated other comprehensive income amounted to ¥2,003.9 billion.

Assets, Liabilities and Net Assets

March 31	Millions of yen		
	2015 (A)	2014 (B)	Increase (decrease) (A) – (B)
Assets.....	¥183,442,585	¥161,534,387	¥21,908,198
Loans and bills discounted.....	73,068,240	68,227,688	4,840,552
Securities.....	29,633,667	27,152,781	2,480,886
Liabilities.....	172,746,314	152,529,368	20,216,946
Deposits.....	101,047,918	94,331,925	6,715,993
Negotiable certificates of deposit.....	13,825,898	13,713,539	112,359
Net assets	10,696,271	9,005,019	1,691,252
Stockholder's equity	7,018,389	6,401,215	617,174
Total accumulated other comprehensive income.....	2,003,859	877,971	1,125,888

2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of March 31, 2015 increased by ¥1,186.8 billion year-on-year to ¥2,625.6 billion, mainly as a result of an increase in unrealized gains on stocks reflecting rising stock prices.

Unrealized Gains (Losses) on Securities

March 31	Millions of yen					
	2015			2014		
	Consolidated balance sheet amount	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	
Held-to-maturity securities.....	¥ 3,397,151	¥ 20,580	¥ (13,217)	¥ 20,580	¥ —	¥ 4,536,849
Other securities	26,263,425	2,604,985	1,199,993	2,653,967	48,981	¥ 33,797
Stocks.....	4,065,999	2,054,308	923,165	2,073,367	19,059	22,866,288
Bonds	13,699,561	50,028	(15,564)	60,837	10,808	3,185,495
JGBs	11,007,006	12,968	(9,486)	18,649	5,680	12,897,704
Others	8,497,864	500,649	292,394	519,762	19,113	65,592
Foreign bonds.....	5,633,955	29,230	56,341	45,707	16,477	9,911,224
Other money held in trust.....	7,087	—	—	—	—	22,454
Total	29,667,664	2,625,566	1,186,777	2,674,548	48,981	6,783,089
Stocks.....	4,065,999	2,054,308	923,165	2,073,367	19,059	4,304,903
Bonds	17,096,713	70,609	(28,779)	81,417	10,808	(27,111)
Others	8,504,952	500,649	292,392	519,762	19,113	23,120

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Cash and due from banks" and "Deposits with banks" and beneficiary claims on loan trusts in "Monetary claims bought," etc.
2. Unrealized gains (losses) on stocks (including foreign stocks) are mainly calculated using the average market price during the final month of the respective reporting period. The rest of the securities are valued at the market price as of the balance sheet date.
3. "Other securities" and "Other money held in trust" are valued and recorded on the consolidated balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the consolidated balance sheet amounts.
- Net unrealized gains (losses) on other securities, as of March 31, 2015 and 2014, included gains of ¥29,870 million and ¥17,031 million, respectively, which were recognized in the statements of income by applying fair value hedge accounting. As a result, the amounts recorded in net assets, as of March 31, 2015 and 2014, were reduced by ¥29,870 million and ¥17,031 million, respectively.
4. Floating-rate Japanese government bonds which SMFG held as "Other securities" are carried on the consolidated balance sheet at their reasonably estimated amounts in accordance with the "Practical Solution on Measurement of Fair Value for Financial Assets" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 25).

3. Consolidated Capital Ratio

As of March 31, 2015, Common equity Tier 1 capital ratio rose by 0.67% year-on-year to 11.30%, Tier 1 capital ratio increased by 0.70% to 12.89% and total capital ratio increased by 1.07% to 16.58%, reflecting the recording of net income and other factors.

Consolidated Capital Ratio (International Standard)

March 31	Millions of yen		
	2015 (A)	2014 (B)	Increase (decrease) (A) – (B)
Common equity Tier 1 capital	¥ 7,476,520	¥ 6,550,796	¥ 925,724
Common equity Tier 1 capital ratio	11.30%	10.63%	0.67%
Additional Tier 1 capital	1,052,105	963,538	88,567
Tier 1 capital	8,528,626	7,514,335	1,014,291
Tier 1 capital ratio	12.89%	12.19%	0.70%
Tier 2 capital	2,437,289	2,047,083	390,206
Total capital	10,965,916	9,561,418	1,404,498
Total capital ratio	16.58%	15.51%	1.07%
Risk weighted assets	66,136,801	61,623,294	4,513,507