

Sumitomo Mitsui Financial Group, Inc.

Consolidated financial results for the fiscal year ended March 31, 2020

<Under Japanese GAAP>



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Stock exchange listings: Tokyo Stock Exchange, Nagoya Stock Exchange, New York Stock Exchange

 URL: <https://www.smfg.co.jp/english/>

President: Jun Ohta

Date of ordinary general meeting of shareholders: June 26, 2020 Date of payment of year-end dividends: June 29, 2020

 Annual securities report (*Yukashoken hokokusho*) issuing date: June 26, 2020

Investors meeting presentation for financial results: Scheduled

Note: Amounts less than one million yen have been rounded down.

1. Consolidated financial results (for the fiscal year ended March 31, 2020)
(1) Operating results

(Millions of yen, except per share data and percentages)

| | Ordinary income | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-----------------|---------|-----------------|----------|---|---------|
| Fiscal year ended March 31, 2020 | ¥5,314,313 | (7.3) % | ¥ 932,064 | (17.9) % | ¥ 703,883 | (3.1) % |
| Fiscal year ended March 31, 2019 | 5,735,312 | (0.5) | 1,135,300 | (2.5) | 726,681 | (1.0) |

Notes: 1. Comprehensive income:

(a) for the fiscal year ended March 31, 2020: ¥ 372,971 million [(53.1)%]

(b) for the fiscal year ended March 31, 2019: ¥ 795,191 million [(19.2)%]

2. Percentages shown in ordinary income, ordinary profit, profit attributable to owners of parent and comprehensive income are the increase (decrease) from the previous fiscal year.

| | Earnings per share | Earnings per share (Diluted) | Return on net assets | Ordinary profit on total assets | Ordinary profit on ordinary income |
|----------------------------------|--------------------|------------------------------|----------------------|---------------------------------|------------------------------------|
| Fiscal year ended March 31, 2020 | ¥ 511.87 | ¥ 511.57 | 6.6 % | 0.4 % | 17.5 % |
| Fiscal year ended March 31, 2019 | 519.95 | 519.59 | 6.9 | 0.6 | 19.8 |

Note: Equity in gains (losses) of affiliates:

(a) for the fiscal year ended March 31, 2020: ¥56,051 million (b) for the fiscal year ended March 31, 2019: ¥61,145 million

(2) Financial position

(Millions of yen, except per share data and percentages)

| | Total assets | Net assets | Net assets ratio | Net assets per share |
|----------------------|---------------|--------------|------------------|----------------------|
| As of March 31, 2020 | ¥ 219,863,518 | ¥ 10,784,903 | 4.9 % | ¥ 7,827.50 |
| As of March 31, 2019 | 203,659,146 | 11,451,611 | 5.3 | 7,715.91 |

Notes: 1. Stockholders' equity:

(a) as of March 31, 2020: ¥10,719,969 million (b) as of March 31, 2019: ¥10,768,320 million

2. Net assets ratio = {(Net assets - Stock acquisition rights - Non-controlling interests) / Total assets} X 100

(3) Cash flows

(Millions of yen)

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at year-end |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| Fiscal year ended March 31, 2020 | ¥ 7,087,460 | ¥ (3,011,660) | ¥ (1,024,554) | ¥ 56,097,807 |
| Fiscal year ended March 31, 2019 | 4,596,242 | 1,006,260 | (632,819) | 53,120,963 |

2. Dividends on common stock

(Millions of yen, except per share data and percentages)

| | Cash dividends per share | | | | | Total dividends (annual) | Dividend payout ratio | Ratio of dividends to net assets |
|----------------------------------|--------------------------|-------------|-------------|-------------|--------|--------------------------|-----------------------|----------------------------------|
| | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Annual | | | |
| Fiscal year ended March 31, 2019 | ¥ — | ¥ 85 | ¥ — | ¥ 95 | ¥ 180 | ¥ 251,208 | 34.6 % | 2.4 % |
| ended March 31, 2020 | — | 90 | — | 100 | 190 | 260,205 | 37.0 | 2.4 |
| ending March 31, 2021 (forecast) | — | 95 | — | 95 | 190 | | 65.1 % | |

Notes: 1. Dividend payout ratio = (Total dividends on common stock / Profit attributable to owners of parent) X 100

2. Ratio of dividends to net assets = Total dividends on common stock / {(Beginning balance of Stockholders' equity + Ending balance of Stockholders' equity) / 2} X 100

3. Earnings forecast on a consolidated basis (for the fiscal year ending March 31, 2021)

(Millions of yen, except per share data and percentages)

| | Profit attributable to owners of parent | Earnings per share |
|-----------------------------------|---|--------------------|
| Fiscal year ending March 31, 2021 | ¥ 400,000 (43.2)% | ¥ 292.07 |

Notes: Forecasted earnings per share is calculated by dividing forecasted profit attributable to owners of parent by the number of issued common stock(excluding treasury stock) as of March 31, 2020.

[Notes]

- (1) There were no changes in material consolidated subsidiaries in the fiscal year.
 (2) Changes in accounting policies, changes in accounting estimates and restatements
 (a) Changes in accounting policies due to application of new or revised accounting standards : No
 (b) Changes in accounting policies due to reasons other than above (a) : No
 (c) Changes in accounting estimates : No
 (d) Restatements : No

(3) Number of shares issued (common stock)

| | As of March 31, 2020 | As of March 31, 2019 |
|---|-------------------------------------|-------------------------------------|
| (a) Number of shares issued (including treasury stocks) | 1,373,171,556 shares | 1,399,401,420 shares |
| (b) Number of treasury stocks | 3,645,043 shares | 3,800,918 shares |
| | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2019 |
| (c) Average number of shares issued in the year | 1,375,118,034 shares | 1,397,599,329 shares |

Note: Number of shares used in calculating “Earnings per share” (on a consolidated basis) is reported on page 14.

[Reference] Summary of financial information on a non-consolidated basis

Non-consolidated financial results (for the fiscal year ended March 31, 2020)

(1) Operating results (Millions of yen, except per share data and percentages)

| | Operating income | | Operating profit | | Ordinary profit | | Net income | |
|----------------------------------|------------------|--------|------------------|--------|-----------------|--------|------------|--------|
| Fiscal year ended March 31, 2020 | ¥ 833,835 | 59.6 % | ¥ 639,310 | 83.7 % | ¥ 629,263 | 84.4 % | ¥ 636,128 | 34.1 % |
| ended March 31, 2019 | 522,543 | 42.6 | 347,952 | 49.5 | 341,203 | 54.4 | 474,196 | 106.8 |

| | Earnings per share | Earnings per share (diluted) |
|----------------------------------|--------------------|------------------------------|
| Fiscal year ended March 31, 2020 | ¥ 462.60 | ¥ 462.33 |
| ended March 31, 2019 | 339.29 | 339.07 |

Note: Percentages shown in operating income, operating profit, ordinary profit and net income are the increase (decrease) from the previous fiscal year.

(2) Financial position

(Millions of yen, except per share data and percentages)

| | Total assets | Net assets | Net assets ratio | Net assets per share |
|----------------------|--------------|-------------|------------------|----------------------|
| As of March 31, 2020 | ¥ 14,225,470 | ¥ 5,966,267 | 41.9% | ¥ 4,354.94 |
| As of March 31, 2019 | 12,991,386 | 5,685,011 | 43.7 | 4,071.70 |

Note: Stockholders' equity

(a) as of March 31, 2020: ¥5,964,203 million (b) as of March 31, 2019: ¥5,682,471 million

[Note on audit procedures]

This report is out of the scope of the audit procedures.

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 Sumitomo Mitsui Financial Group, Inc. (“the Company”) and its management with respect to the Company’s 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 the Company’s securities portfolio; incurrence of significant credit-related costs; the Company’s ability to successfully implement its business strategy through its subsidiaries, affiliates and alliance partners; and exposure to new risks as the Company expands the scope of its 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. The Company undertakes no obligation to update or revise any forward-looking statements. Please refer to the Company’s most recent disclosure documents such as its annual report on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as its earnings press releases, for a more detailed description of the risks and uncertainties that may affect its financial conditions, its operating results, and investors’ decisions.

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* Appendix: Financial results for the fiscal year ended March 31, 2020 supplementary information

I. Operating and financial review

1. Consolidated operating results for the fiscal year ended March 31, 2020 (fiscal 2019)

(1) Operating results

In fiscal 2019, net business profit decreased by ¥107.2 billion year-on-year to ¥1,085.0 billion. The primary reasons were a decrease in profit due to the novel coronavirus disease (COVID-19) outbreak, in addition to an increase in general and administrative expenses due to the costs of continuous investment of resources in overseas businesses and the impact of reorganization of Sumitomo Mitsui Finance and Leasing Limited from a consolidated subsidiary to an equity method affiliate in November 2019, despite an increase in profit from overseas operations in the Global Market Business Unit, by grasping the trend of decline in market interest rate.

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 at SMBC and the record of reserve for possible loan losses arising from the spread of COVID-19.

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 Sumitomo Mitsui Card Company, Limited joined in the consolidated corporate-tax system and related expense was recognized in the previous year, which is not recognized in this fiscal year.

| Consolidated | | (Billions of yen) | |
|---|-------------------------------------|--|--|
| | Fiscal year ended March 31, 2020 | Change from the fiscal year ended March 31, 2019 | |
| Net business profit | ¥ 1,085.0 | ¥ (107.2) | |
| Gross profit | 2,768.6 | (77.6) | |
| General and administrative expenses | (1,739.6) | (24.6) | |
| Equity in gains of affiliates | 56.1 | (5.1) | |
| Total credit cost | (170.6) | (60.4) | |
| Ordinary profit | 932.1 | (203.2) | |
| Profit attributable to owners of parent | 703.9 | (22.8) | |

SMBC non-consolidated

| | | |
|---|---------|---------|
| Banking profit * | ¥ 604.0 | ¥ 19.9 |
| Gross banking profit | 1,412.0 | 16.4 |
| Expenses (excluding non-recurring losses) | (808.1) | 3.5 |
| Total credit cost | (49.6) | (51.8) |
| Ordinary profit | 483.9 | (165.7) |
| Net income | 317.4 | (160.0) |

* Banking profit (before provision for general reserve for possible loan losses)

(2) Earnings forecast for the fiscal year ending March 31, 2021(fiscal 2020)

Earnings forecast for profit attributable to owners of parent is expected to amount to ¥ 400.0 billion.

2. Consolidated financial position as of March 31, 2020

(1) Assets and liabilities

Total assets as of March 31, 2020 were ¥ 219,863.5 billion, a year-on-year increase of ¥ 16,204.4 billion.

As for major account balances, loans and bills discounted increased by ¥ 4,538.4 billion to ¥ 82,517.6 billion year-on-year and deposits increased by ¥ 4,717.2 billion to ¥ 127,042.2 billion year-on-year.

(2) Net assets

Net assets were ¥ 10,784.9 billion, a year-on-year decrease of ¥ 666.7 billion. Stockholders' equity within net assets was ¥ 9,354.3 billion, a year-on-year increase of ¥ 299.9 billion due to the contribution of profit attributable to owners of parent and the payment of cash dividends.

(3) Cash flows

The Company generated ¥ 7,087.5 billion in cash flows from operating activities including interest received and paid, net changes in loans and bills discounted and deposits, a year-on-year increase in cash flows of ¥ 2,491.2 billion, and used ¥ 3,011.7 billion in cash flows from investing activities including purchases and sale of, securities and tangible fixed assets, a year-on-year decrease in cash flows of ¥ 4,017.9 billion, and used ¥ 1,024.6 billion in cash flows from financing activities including payment of dividends, a year-on-year decrease in cash flows of ¥ 391.7 billion. Consequently, cash and cash equivalents amounted to ¥ 56,097.8 billion, a year-on-year increase of ¥ 2,976.8 billion.

II. Basic approach to the selection of accounting standards

The Company selects Japanese GAAP as our accounting standards.

Since American depository receipts (ADRs) of the Company are listed on the New York Stock Exchange, the Company separately prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and the Company is considering the possibility of application of IFRS in the future.

III. Consolidated financial statements**1. Consolidated balance sheets**

| March 31, | Millions of yen | |
|---|------------------------|----------------------|
| | 2019 | 2020 |
| Assets: | | |
| Cash and due from banks | ¥ 57,411,276 | ¥ 61,768,573 |
| Call loans and bills bought | 2,465,744 | 896,739 |
| Receivables under resale agreements | 6,429,365 | 8,753,816 |
| Receivables under securities borrowing transactions | 4,097,473 | 5,005,103 |
| Monetary claims bought | 4,594,578 | 4,559,429 |
| Trading assets | 5,328,778 | 7,361,253 |
| Money held in trust | 390 | 353 |
| Securities | 24,338,005 | 27,128,751 |
| Loans and bills discounted | 77,979,190 | 82,517,609 |
| Foreign exchanges | 1,719,402 | 2,063,284 |
| Lease receivables and investment assets | 247,835 | 219,733 |
| Other assets | 7,307,305 | 8,298,393 |
| Tangible fixed assets | 1,504,703 | 1,450,323 |
| Assets for rent | 573,292 | 506,755 |
| Buildings | 345,420 | 341,505 |
| Land | 427,484 | 423,346 |
| Lease assets | 25,548 | 28,933 |
| Construction in progress | 37,663 | 46,138 |
| Other tangible fixed assets | 95,293 | 103,645 |
| Intangible fixed assets | 769,231 | 753,579 |
| Software | 431,135 | 440,407 |
| Goodwill | 193,127 | 194,289 |
| Lease assets | 990 | 986 |
| Other intangible fixed assets | 143,977 | 117,896 |
| Net defined benefit asset | 329,434 | 230,573 |
| Deferred tax assets | 40,245 | 26,314 |
| Customers' liabilities for acceptances and guarantees | 9,564,993 | 9,308,882 |
| Reserve for possible loan losses | (468,808) | (479,197) |
| Total assets | ¥ 203,659,146 | ¥ 219,863,518 |

(continued)

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

2. Consolidated statements of income and consolidated statements of comprehensive income**(Consolidated statements of income)**

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

(continued)

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

(Consolidated statements of comprehensive income)

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

3. Consolidated statements of changes in net assets

| 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 |

(Continued)

| 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 | ¥ 11,612,892 |
| Changes in the fiscal year | | | |
| Issuance of new stock | | | 1,398 |
| Cash dividends | | | (245,576) |
| Profit attributable to owners of parent | | | 726,681 |
| Purchase of treasury stock | | | (70,094) |
| Disposal of treasury stock | | | 294 |
| Cancellation of treasury stock | | | — |
| Changes in shareholders' interest due to transaction with non-controlling interests | | | 4,419 |
| Increase due to increase in subsidiaries | | | 0 |
| Increase due to decrease in subsidiaries | | | 4 |
| Decrease due to increase in subsidiaries | | | (11) |
| Decrease due to decrease in subsidiaries | | | (23) |
| Reversal of land revaluation excess | | | 302 |
| Transfer from retained earnings to capital surplus | | | — |
| Net changes in items other than stockholders' equity in the fiscal year | 1,926 | (541,063) | (578,677) |
| Net changes in the fiscal year | 1,926 | (541,063) | (161,280) |
| Balance at the end of the fiscal year | ¥ 4,750 | ¥ 678,540 | ¥ 11,451,611 |

| Year ended March 31, 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 | 521 | (47,044) | 344,064 | 2,318 | 299,860 |
| 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 |

(Continued)

| | Millions of yen | | | | | Total |
|---|---|---------------------------------------|-------------------------|--|---|-------------|
| | Accumulated other comprehensive income | | | | | |
| Year ended March 31, 2020 | 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 | |
| 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 |

| | Millions of yen | | |
|---|--------------------------|---------------------------|------------------|
| | Stock acquisition rights | Non-controlling interests | Total net assets |
| Year ended March 31, 2020 | | | |
| Balance at the beginning of the fiscal year | ¥ 4,750 | ¥ 678,540 | ¥ 11,451,611 |
| 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 |

4. Consolidated statements of cash flows

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

(continued)

| Year ended March 31, | Millions of yen | |
|---|-----------------|--------------|
| | 2019 | 2020 |
| Cash flows from investing activities: | | |
| Purchases of securities | (26,615,239) | (35,544,708) |
| Proceeds from sale of securities | 17,969,410 | 23,204,983 |
| Proceeds from redemption of securities | 10,078,569 | 9,550,000 |
| Purchases of money held in trust | (2) | (284) |
| Proceeds from sale of money held in trust | 1,094 | 321 |
| Purchases of tangible fixed assets | (510,213) | (103,052) |
| Proceeds from sale of tangible fixed assets | 104,451 | 19,206 |
| Purchases of intangible fixed assets | (139,329) | (147,784) |
| Purchases of stocks of subsidiaries resulting in change in scope of consolidation | (57,182) | (17,365) |
| Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation | 174,702 | 27,021 |
| Net cash provided by (used in) investing activities | 1,006,260 | (3,011,660) |
| Cash flows from financing activities: | | |
| Repayment of subordinated borrowings | (8,000) | (8,000) |
| Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights | — | 139,405 |
| Redemption of subordinated bonds and bonds with stock acquisition rights | (27,539) | (113,000) |
| Dividends paid | (245,594) | (255,771) |
| Repayment to non-controlling stockholders | (212,537) | (436,500) |
| Dividends paid to non-controlling stockholders | (77,185) | (16,922) |
| Purchases of treasury stock | (70,094) | (100,088) |
| Proceeds from disposal of treasury stock | 294 | 483 |
| Purchases of stocks of subsidiaries not resulting in change in scope of consolidation | — | (234,159) |
| 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) |
| Effect of exchange rate changes on cash and cash equivalents | 166,646 | (74,480) |
| Net change in cash and cash equivalents | 5,136,329 | 2,976,764 |
| Cash and cash equivalents at the beginning of the fiscal year | 47,983,114 | 53,120,963 |
| Net change in cash and cash equivalents resulting from business combinations between subsidiaries | — | 79 |
| 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 | ¥ 53,120,963 | ¥ 56,097,807 |

5. Notes to consolidated financial statements

(Note on going concern)

Not applicable.

(Segment information)

1. Information on profit and loss amount by reportable segment

| Fiscal 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 |
| General and administrative 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) | ¥ 1,085,034 |

- 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.

2. Difference between total amount of consolidated net business profit by reportable segment and ordinary profit on consolidated statements of income (adjustment of difference)

| Fiscal 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.

(Per share data)

| As of and year ended March 31, 2020 | Yen |
|-------------------------------------|------------|
| Net assets per share | ¥ 7,827.50 |
| Earnings per share | 511.87 |
| Earnings per share (diluted) | 511.57 |

(Notes)

1. Earnings per share and earnings per share (diluted) are calculated based on the followings:

| Year ended March 31, 2020 | Millions of yen, except number of shares |
|---|--|
| Earnings per share | |
| Profit attributable to owners of parents | ¥ 703,883 |
| Amount not attributable to common stockholders | — |
| Profit attributable to owners of parents attributable to common stock | 703,883 |
| Average number of common stock during the fiscal year (in thousands) | 1,375,118 |
| Earnings per share (diluted) | |
| Adjustment for profit attributable to owners of parents | (6) |
| Adjustment of dilutive shares issued by consolidated subsidiaries and equity method affiliates..... | (6) |
| Increase in number of common stock (in thousands) | 801 |
| Stock acquisition rights (in thousands) | 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 is calculated based on the followings:

| March 31, 2020 | Millions of yen, except number of shares |
|---|--|
| Net assets | ¥ 10,784,903 |
| Amount excluded from Net assets | 64,933 |
| Stock acquisition rights | 2,064 |
| Non-controlling interests | 62,869 |
| Net assets attributable to common stock at the fiscal year-end | 10,719,969 |
| Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands) | 1,369,526 |

(Significant subsequent events)

There are no significant subsequent events to be disclosed.