Capital Ratio Information

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The consolidated capital ratio is calculated using the method stipulated in “Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, Etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Act” (Notification No. 20 issued by the Japanese Financial Services Agency in 2006; hereinafter referred to as “the Notification”).

In addition to the method stipulated in the Notification to calculate the consolidated capital ratio (referred to as “First Standard” in the Notification), SMFG has adopted the advanced internal ratings-based (IRB) approach for calculating credit risk-weighted asset amounts. Further, SMFG has implemented market risk controls, and, in calculating the amount corresponding to operational risk, the Advanced Measurement Approach (AMA).

“Capital Ratio Information” was prepared based on the Notification, and the terms and details in the section may differ from the terms and details in other sections of this report.

■ Scope of Consolidation

1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 337
  Please refer to “Principal Subsidiaries and Affiliates” on page 216 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.
- There are no companies engaged exclusively in ancillary banking business or in developing new businesses as stipulated in Article 52-23 of the Banking Act.

2. Deduction from Capital

- Number of nonconsolidated subsidiaries subject to deduction from capital: 197
  Principal subsidiaries: SMLC MAHOGANY CO., LTD. (Office rental, etc.)
  SBCS Co., Ltd. (Venture capital and consulting)
- Number of financial affiliates subject to deduction from capital: 52
  Please refer to “Principal Subsidiaries and Affiliates” on page 216 for their names and business outline.

3. Restrictions on Movement of Funds and Capital within Holding Company Group

There are no special restrictions on movement of funds and capital among SMFG and its group companies.

4. Companies Subject to Deduction from Capital, with Capital below Basel II Required Amount and Total Shortfall Amount

Not applicable.

Capital Structure Information (Consolidated Capital Ratio (First Standard))

Regarding the calculation of the capital ratio, certain procedures were performed by KPMG AZSA LLC pursuant to "Treatment of Inspection of the Capital Ratio Calculation Framework Based on Agreed-Upon Procedures" (JICPA Industry Committee Report No. 30). The certain procedures performed by the external auditor are not part of the audit of consolidated financial statements. The certain procedures performed on our internal control framework for calculating the capital ratio are based on procedures agreed upon by SMFG and the external auditor and are not a validation of appropriateness of the capital ratio itself or opinion on the internal controls related to the capital ratio calculation.

		Millions of yen	
March 31		2012	2011
Tier I capital:	Capital stock	¥ 2,337,895	¥ 2,337,895
	Capital surplus	759,800	978,851
	Retained earnings	2,152,654	1,776,433
	Treasury stock	(236,037)	(171,760)
	Cash dividends to be paid	(68,230)	(73,612)
	Foreign currency translation adjustments	(141,382)	(122,889)
	Stock acquisition rights	692	262
	Minority interests	2,030,638	2,029,481
	Goodwill and others	(496,434)	(394,342)
	Gain on sale on securitization transactions	(38,284)	(36,324)
	Amount equivalent to 50% of expected losses in excess of reserve	(29,052)	—
	Total Tier I capital (A)	6,272,260	6,323,995
Tier II capital:	Unrealized gains on other securities after 55% discount	214,611	169,267
	Land revaluation excess after 55% discount	35,755	35,739
	General reserve for possible loan losses	66,695	100,023
	Excess of eligible reserves relative to expected losses	—	21,742
	Subordinated debt	2,454,062	2,210,184
	Total Tier II capital	2,771,125	2,536,958
	Tier II capital included as qualifying capital (B)	2,771,125	2,536,958
Deductions*:	(C)	399,634	428,082
Total qualifying capital:	(D) = (A) + (B) – (C)	¥ 8,643,751	¥ 8,432,871
Risk-weighted assets:	On-balance sheet items	¥38,150,731	¥38,985,243
	Off-balance sheet items	7,825,808	7,433,319
	Market risk items	1,174,187	584,020
	Operational risk	3,892,505	3,691,113
	Total risk-weighted assets (E)	¥51,043,232	¥50,693,696
Tier I risk-weighted capital ratio:	(A) / (E) × 100	12.28%	12.47%
Total risk-weighted capital ratio:	(D) / (E) × 100	16.93%	16.63%
Required capital:	(E) × 8%	¥ 4,083,458	¥ 4,055,495

* "Deductions" refers to deductions stipulated in Article 8-1 of the Notification and includes willful holding of securities issued by other financial institutions and securities stipulated in Clause 2.

Capital Requirements

March 31	Billions of yen 2012	2011
Capital requirements for credit risk:		
Internal ratings-based approach	¥4,573.4	¥4,605.9
Corporate exposures:	2,780.8	2,790.4
Corporate exposures (excluding specialized lending)	2,358.5	2,393.4
Sovereign exposures	46.3	39.5
Bank exposures	104.9	124.9
Specialized lending	271.1	232.6
Retail exposures:	876.2	904.0
Residential mortgage exposures	432.9	438.3
Qualifying revolving retail exposures	125.8	152.3
Other retail exposures	317.4	313.4
Equity exposures:	333.2	335.3
Grandfathered equity exposures	168.7	175.4
PD/LGD approach	76.1	84.9
Market-based approach	88.4	75.1
Simple risk weight method	53.9	47.8
Internal models method	34.5	27.3
Credit risk-weighted assets under Article 145 of the Notification	140.0	160.4
Securitization exposures	137.2	150.7
Other exposures	306.0	265.1
Standardized approach	569.2	699.7
Total capital requirements for credit risk	5,142.6	5,305.6
Capital requirements for market risk:		
Standardized measurement method	41.9	29.1
Interest rate risk	30.9	21.9
Equity position risk	7.5	3.2
Foreign exchange risk	0.5	2.3
Commodities risk	1.6	1.6
Options	1.4	0.1
Internal models method	52.0	17.6
Securitization exposures	0.5	—
Total capital requirements for market risk	94.5	46.7
Capital requirements for operational risk:		
Advanced measurement approach	251.5	235.1
Basic indicator approach	59.9	60.2
Total capital requirements for operational risk	311.4	295.3
Total amount of capital requirements	¥5,548.4	¥5,647.6

Notes: 1. Capital requirements for credit risk are capital equivalents to "credit risk-weighted assets × 8%" under the standardized approach and "credit risk-weighted assets × 8% + expected loss amount" under the IRB approach. Regarding exposures to be deducted from capital, the deduction amount is added to the amount of required capital.
2. Portfolio classification is after CRM.
3. "Securitization exposures" includes such exposures based on the standardized approach.
4. "Other exposures" includes estimated lease residual values, purchased receivables (including exposures to qualified corporate enterprises and others), long settlement transactions and other assets.

Internal Ratings-Based (IRB) Approach

1. Scope

SMFG and the following consolidated subsidiaries have adopted the advanced IRB 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.

(2) Overseas Operations

Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, Sumitomo Mitsui Banking Corporation of Canada, Banco Sumitomo Mitsui Brasileiro S.A., ZAO Sumitomo Mitsui Rus Bank, PT Bank Sumitomo Mitsui Indonesia, Sumitomo Mitsui Banking Corporation Malaysia Berhad, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited and SMBC Capital Markets (Asia) Limited

THE MINATO BANK, LTD., SMBC Finance Service Co., Ltd. and Sumitomo Mitsui Finance and Leasing Co., Ltd. have adopted the foundation IRB approach.

Among consolidated subsidiaries that have adopted the standardized approach for exposures as of March 31, 2012, Kansai Urban Banking Corporation is scheduled to adopt the foundation IRB approach from March 31, 2013.

Note: Directly controlled SPCs and limited partnerships for investment of consolidated subsidiaries using the advanced IRB approach have also adopted the advanced IRB approach. Further, the advanced IRB approach is applied to equity exposures on a group basis, including equity exposures of consolidated subsidiaries applying the standardized approach.

2. Exposures by Asset Class

(1) Corporate Exposures

A. Corporate, Sovereign and Bank Exposures

(A) Rating Procedures

- "Corporate, sovereign and bank exposures" includes credits to domestic and overseas commercial/industrial (C&I) companies, individuals for business purposes (domestic only), sovereigns, public sector entities, and financial institutions. Business loans such as apartment construction loans, and small and medium-sized enterprises (SME) loans with standardized screening process (hereinafter referred to as "standardized SME loans") are, in principle, included in "retail exposures." However, credits of more than ¥100 million are treated as corporate exposures in accordance with the Notification.
- An obligor is assigned an obligor grade by first assigning a financial grade using a financial strength grading model and data obtained from the obligor's financial statements. The financial grade is then adjusted taking into account the actual state of the obligor's balance sheet and qualitative factors to derive the obligor grade (for details, please refer to "Credit Risk Assessment and Quantification" on page 35). Different rating series are used for domestic and overseas obligors — J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors — as shown below due to differences in actual default rate levels and portfolios' grade distribution. Different Probability of Default (PD) values are applied also.
- In addition to the above basic rating procedure which builds on the financial grade assigned at the beginning, in some cases, the obligor grade is assigned based on the parent company's credit quality or credit ratings published by external rating agencies. The Japanese government, local authorities and other public sector entities with special basis for existence and unconventional financial statements are assigned obligor grades based on their attributes (for example, "local municipal corporations"), as the data on these obligors are not suitable for conventional grading models. Further, credits to individuals for business purposes, business loans and standardized SME 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) 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	Overseas Corporate	Definition	Borrower Category
J1	G1	Very high certainty of debt repayment	Normal Borrowers
J2	G2	High certainty of debt repayment	
J3	G3	Satisfactory certainty of debt repayment	
J4	G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	
J5	G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of significant changes in economic trends or business environment	
J6	G6	Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems	
J7	G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Borrowers Requiring Caution
J7R	G7R	Of which Substandard Borrowers	Substandard Borrowers
J8	G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
J9	G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Effectively Bankrupt Borrowers
J10	G10	Legally or formally bankrupt	Bankrupt Borrowers

(B) Portfolio

a. Domestic Corporate, Sovereign and Bank Exposures

March 31, 2012	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
J1-J3	¥19,184.2	¥14,359.7	¥4,824.6	¥3,649.0	75.00%	0.07%	35.28%	—%	16.71%
J4-J6	14,778.7	11,837.4	2,941.3	948.9	75.00	0.77	30.13	—	42.64
J7 (excluding J7R)	1,565.7	1,341.0	224.7	44.5	75.00	12.82	27.98	—	118.09
Japanese government and local municipal corporations	35,535.5	35,341.4	194.1	87.1	75.00	0.00	35.21	—	0.04
Others	5,197.7	4,776.4	421.3	44.1	75.00	1.04	37.37	—	49.67
Default (J7R, J8-J10)	1,439.9	1,302.9	137.0	3.1	100.00	100.00	48.39	47.30	13.58
Total	¥77,701.7	¥68,958.7	¥8,743.0	¥4,776.6	—	—	—	—	—

March 31, 2011	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
J1-J3	¥18,775.3	¥13,538.6	¥5,236.6	¥3,677.9	75.00%	0.06%	34.50%	—%	15.62%
J4-J6	14,013.7	10,817.1	3,196.6	920.3	75.00	0.85	29.25	—	42.24
J7 (excluding J7R)	1,778.7	1,541.3	237.4	20.5	75.00	12.54	27.70	—	112.16
Japanese government and local municipal corporations	32,765.0	32,641.9	123.0	30.7	75.00	0.00	35.25	—	0.06
Others	5,529.7	5,071.1	458.5	85.4	75.00	1.00	37.06	—	49.16
Default (J7R, J8-J10)	1,401.0	1,334.5	66.6	0.3	100.00	100.00	53.22	51.84	17.19
Total	¥74,263.3	¥64,944.6	¥9,318.7	¥4,735.1	—	—	—	—	—

Note: "Others" includes exposures guaranteed by credit guarantee corporations, exposures to public sector entities and voluntary organizations, and exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies), as well as business loans and standardized SME loans of more than ¥100 million.

b. Overseas Corporate, Sovereign and Bank Exposures

March 31, 2012	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	¥24,500.5	¥16,397.7	¥8,102.8	¥4,286.7	75.00%	0.16%	29.21%	—%	17.13%
G4-G6	738.2	585.7	152.5	145.8	75.00	2.51	26.58	—	69.99
G7 (excluding G7R)	174.5	130.0	44.5	28.1	75.00	25.63	20.84	—	110.79
Others	90.4	39.9	50.5	38.0	75.00	2.81	34.79	—	100.62
Default (G7R, G8-G10)	94.9	86.5	8.4	1.8	100.00	100.00	66.36	62.64	46.44
Total	¥25,598.5	¥17,239.8	¥8,358.7	¥4,500.4	—	—	—	—	—

March 31, 2011	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	¥23,232.7	¥15,404.6	¥7,828.1	¥3,515.5	75.00%	0.15%	29.36%	—%	16.66%
G4-G6	779.8	610.7	169.1	158.5	75.00	2.34	28.31	—	72.23
G7 (excluding G7R)	288.7	190.1	98.6	99.5	75.00	23.26	27.49	—	146.10
Others	118.1	98.6	19.5	16.9	75.00	2.21	38.20	—	111.24
Default (G7R, G8-G10)	170.1	154.1	15.9	6.7	100.00	100.00	63.54	56.97	82.12
Total	¥24,589.4	¥16,458.2	¥8,131.3	¥3,797.2	—	—	—	—	—

B. Specialized Lending (SL)

(A) Rating Procedures

- "Specialized lending" is sub-classified into "project finance," "object finance," "commodity finance," "income-producing real estate" (IPRE) and "high-volatility commercial real estate" (HVCRE) in accordance with the Notification. Project finance is financing of a single project, such as a power plant or transportation infrastructure, and cash flows generated by the project are the primary source of repayment. Object finance includes aircraft finance and ship finance, and IPRE and HVCRE include real estate finance (a primary example is non-recourse real estate finance). There were no commodity finance exposures as of March 31, 2012.
- Each SL product is classified as either a facility assigned a PD grade and LGD grade or a facility assigned a grade based primarily on the expected loss ratio, both using grading models and qualitative assessment. The former has the same grading structure as

that of corporate, and the latter has ten grade levels as with obligor grades but the definition of each grade differs from that of the obligor grade which is focused on PD.

For the credit risk-weighted asset amount for the SL category, the former facility is calculated in a manner similar to corporate exposures, while the latter facility is calculated by mapping the expected loss-based facility grades to the below five categories (hereinafter the "slotting criteria") of the Notification because it does not satisfy the requirements for PD application specified in the Notification.

(B) Portfolio

a. Slotting Criteria Applicable Portion

(a) Project Finance, Object Finance and Income-Producing Real Estate (IPRE)

		Billions of yen					
		2012			2011		
March 31	Risk weight	Project finance	Object finance	IPRE	Project finance	Object finance	IPRE
Strong:							
Residual term less than 2.5 years	50%	¥ 152.2	¥ —	¥ 9.4	¥ 120.1	¥ 2.1	¥—
Residual term 2.5 years or more	70%	1,047.7	6.8	11.0	746.2	7.9	—
Good:							
Residual term less than 2.5 years	70%	27.9	1.3	—	28.9	1.7	—
Residual term 2.5 years or more	90%	242.1	—	1.3	224.9	3.1	—
Satisfactory	115%	20.9	—	20.7	13.7	—	—
Weak	250%	50.4	—	3.0	43.8	—	—
Default	—	25.5	—	4.7	29.2	—	—
Total		¥1,566.7	¥8.1	¥50.0	¥1,206.8	¥14.9	¥—

Note: A portion of "Object finance" is calculated using the PD/LGD approach.

(b) High-Volatility Commercial Real Estate (HVCRE)

		Billions of yen	
March 31	Risk weight	2012	2011
Strong:			
Residual term less than 2.5 years	70%	¥ —	¥ —
Residual term 2.5 years or more	95%	—	—
Good:			
Residual term less than 2.5 years	95%	41.1	31.0
Residual term 2.5 years or more	120%	91.8	74.3
Satisfactory	140%	125.0	96.1
Weak	250%	—	20.0
Default	—	—	2.1
Total		¥257.9	¥223.5

b. PD/LGD Approach Applicable Portion, Other Than Slotting Criteria Applicable Portion

(a) Object Finance

	Billions of yen								
	Exposure amount								
March 31, 2012	Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	¥144.8	¥102.1	¥42.7	¥8.1	75.00%	0.47%	23.73%	—%	37.11%
G4-G6	9.1	8.5	0.6	0.1	75.00	4.99	34.40	—	131.09
G7 (excluding G7R)	4.2	4.1	0.0	0.1	75.00	27.21	28.44	—	157.84
Others	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	4.0	3.9	0.0	0.0	100.00	100.00	82.02	78.31	46.44
Total	¥162.1	¥118.7	¥43.4	¥8.2	—	—	—	—	—

	Billions of yen								
	Exposure amount								
March 31, 2011	Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	¥116.0	¥ 91.7	¥24.3	¥1.2	75.00%	0.39%	22.67%	—%	37.81%
G4-G6	27.6	21.0	6.6	7.3	75.00	3.06	9.21	—	29.41
G7 (excluding G7R)	10.9	10.9	0.0	0.1	75.00	18.75	27.05	—	155.72
Others	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	9.9	9.6	0.3	—	—	100.00	58.20	51.63	82.12
Total	¥164.5	¥133.3	¥31.2	¥8.5	—	—	—	—	—

(b) Income-Producing Real Estate (IPRE)

March 31, 2012	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
J1-J3	¥ 427.1	¥ 387.5	¥ 39.6	¥ —	—%	0.05%	28.28%	—%	12.37%
J4-J6	1,056.2	915.8	140.4	3.6	75.00	1.11	33.85	—	69.56
J7 (excluding J7R)	67.5	49.3	18.3	—	—	12.55	29.69	—	128.45
Others	82.9	81.1	1.8	1.9	75.00	8.60	34.13	—	62.46
Default (J7R, J8-J10)	29.0	22.2	6.9	—	—	100.00	29.19	27.99	15.00
Total	¥1,662.7	¥1,455.8	¥206.9	¥5.6	—	—	—	—	—

March 31, 2011	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
J1-J3	¥ 546.9	¥ 487.0	¥ 59.9	¥0.6	75.00%	0.06%	26.77%	—%	11.71%
J4-J6	920.1	832.1	88.0	3.6	75.00	0.87	34.73	—	60.42
J7 (excluding J7R)	78.0	65.9	12.2	—	—	14.08	27.09	—	125.31
Others	74.2	72.2	2.1	2.6	75.00	9.77	36.14	—	62.17
Default (J7R, J8-J10)	22.8	22.7	0.1	—	—	100.00	49.85	48.37	18.53
Total	¥1,642.0	¥1,479.8	¥162.2	¥6.8	—	—	—	—	—

(2) Retail Exposures

A. Residential Mortgage Exposures

(A) Rating Procedures

- "Residential mortgage exposures" includes mortgage loans to individuals and some real estate loans in which the property consists of both residential and commercial facilities such as a store or rental apartment units, but excludes apartment construction loans.
- Mortgage loans are rated as follows.

Mortgage loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of an exclusive grading model and a borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk at the time of default determined using Loan To Value (LTV) calculated based on the assessment value of collateral real estate. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the portfolio is subdivided based on the lapse of years from the contract date, and the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

March 31, 2012	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
Mortgage loans							
PD segment:							
Not delinquent							
Use model	¥10,894.3	¥10,844.8	¥49.5	0.42%	39.96%	—%	27.02%
Others	638.0	638.0	—	1.05	58.00	—	80.10
Delinquent	97.1	90.6	6.5	26.61	45.19	—	247.74
Default	233.6	233.3	0.4	100.00	36.43	34.93	18.69
Total	¥11,863.0	¥11,806.8	¥56.3	—	—	—	—

March 31, 2011	Billions of yen Exposure amount Total	On-balance sheet assets	Off-balance sheet assets	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
Mortgage loans							
PD segment:							
Not delinquent							
Use model	¥10,773.9	¥10,716.0	¥57.9	0.40%	42.14%	—%	27.25%
Others	703.4	703.4	—	0.92	58.92	—	75.66
Delinquent	105.3	98.2	7.1	29.44	47.09	—	267.96
Default	216.8	216.4	0.4	100.00	38.36	36.34	25.24
Total	¥11,799.4	¥11,734.0	¥65.4	—	—	—	—

Notes: 1. "Others" includes loans guaranteed by employers.
2. "Delinquent" loans are past due loans and loans to obligors categorized as "Borrowers Requiring Caution" that do not satisfy the definition of default stipulated in the Notification.

B. Qualifying Revolving Retail Exposures (QRRE)

(A) Rating Procedures

- "Qualifying revolving retail exposures" includes card loans and credit card balances.
- Card loans and credit card balances are rated as follows.

Card loans and credit card balances are allocated to a portfolio segment with similar risk characteristics determined based, for card loans, on the credit quality of the loan guarantee company, credit limit, settlement account balance and payment history, and, for credit card balances, on repayment history and frequency of use.

PDs and LGDs used to calculate credit risk-weighted asset amounts are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

March 31, 2012	Billions of yen Exposure amount Total	On-balance sheet assets Balance	On-balance sheet assets Increase	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
Card loans										
PD segment:										
Not delinquent	¥ 606.4	¥ 549.0	¥ 54.9	¥ 2.5	¥ 188.0	29.22%	2.46%	84.84%	—%	60.95%
Delinquent	15.1	14.6	0.4	—	3.3	13.48	25.42	77.67	—	214.45
Credit card balances										
PD segment:										
Not delinquent	1,208.4	677.8	327.3	203.4	3,975.9	8.23	1.19	76.46	—	26.87
Delinquent	5.4	4.5	0.9	—	—	—	80.92	77.44	—	110.68
Default	39.3	35.3	4.0	—	—	—	100.00	84.09	78.03	75.77
Total	¥1,874.6	¥1,281.1	¥387.6	¥205.9	¥4,167.2	—	—	—	—	—

March 31, 2011	Billions of yen Exposure amount Total	On-balance sheet assets Balance	On-balance sheet assets Increase	Off-balance sheet assets	Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
Card loans										
PD segment:										
Not delinquent	¥ 576.4	¥ 520.0	¥ 54.2	¥ 2.3	¥ 183.9	29.47%	3.08%	85.42%	—%	71.88%
Delinquent	18.5	17.9	0.6	—	4.7	12.44	28.53	79.34	—	220.77
Credit card balances										
PD segment:										
Not delinquent	1,116.4	625.8	327.1	163.5	3,925.5	8.33	1.60	77.60	—	32.54
Delinquent	12.7	10.2	2.5	—	—	—	92.99	78.55	—	38.45
Default	45.4	40.9	4.6	—	—	—	100.00	85.33	79.29	75.50
Total	¥1,769.5	¥1,214.7	¥389.0	¥165.8	¥4,114.0	—	—	—	—	—

Notes: 1. The on-balance sheet exposure amount is estimated by estimating the amount of increase in each transaction balance and not by multiplying the undrawn amount by the CCF.
2. "Weighted average CCF" is "On-balance sheet exposure amount ÷ Undrawn amount" and provided for reference only. It is not used for estimating on-balance sheet exposure amounts.
3. Past due loans of less than three months are recorded in "Delinquent."

C. Other Retail Exposures

(A) Rating Procedures

- "Other retail exposures" includes business loans such as apartment construction loans, standardized SME loans, and consumer loans such as My Car Loan.
- Business loans, standardized SME loans and consumer loans are rated as follows.

a. Business loans and standardized SME loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of exclusive grading model and borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk determined based on, for standardized SME loans, obligor attributes and, for business loans, LTV. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

b. Rating procedures for consumer loans depends on whether the loan is collateralized. Collateralized consumer loans are allocated to a portfolio segment using the same standards as for mortgage loans of "A. Residential Mortgage Exposures." Uncollateralized consumer loans are allocated to a portfolio segment based on account history. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

	Billions of yen						
	Exposure amount			Weighted	Weighted	Weighted	Weighted
March 31, 2012	Total	On-balance sheet assets	Off-balance sheet assets	average PD	average LGD	average EL default	average risk weight
Business loans							
PD segment:							
Not delinquent							
Use model	¥1,192.4	¥1,174.8	¥17.6	0.97%	52.90%	—%	48.59%
Others	354.7	353.4	1.2	0.66	56.39	—	26.65
Delinquent	302.2	299.3	2.9	29.29	59.63	—	99.95
Consumer loans							
PD segment:							
Not delinquent							
Use model	179.3	177.8	1.5	1.43	46.37	—	51.48
Others	159.2	157.6	1.6	2.13	58.62	—	76.46
Delinquent	51.9	51.6	0.3	19.09	49.23	—	106.20
Default	201.8	201.7	0.2	100.00	65.41	60.91	56.17
Total	¥2,441.5	¥2,416.3	¥25.2	—	—	—	—

	Billions of yen						
	Exposure amount			Weighted	Weighted	Weighted	Weighted
March 31, 2011	Total	On-balance sheet assets	Off-balance sheet assets	average PD	average LGD	average EL default	average risk weight
Business loans							
PD segment:							
Not delinquent							
Use model	¥ 917.8	¥ 907.7	¥10.1	0.80%	49.93%	—%	44.07%
Others	356.9	355.6	1.3	0.70	55.59	—	27.79
Delinquent	361.8	358.5	3.4	28.72	60.16	—	95.33
Consumer loans							
PD segment:							
Not delinquent							
Use model	211.2	209.6	1.6	1.42	47.80	—	52.62
Others	171.8	170.1	1.7	2.14	60.44	—	78.96
Delinquent	56.8	56.6	0.2	20.06	50.96	—	112.17
Default	188.1	187.6	0.5	100.00	66.98	62.31	58.41
Total	¥2,264.5	¥2,245.8	¥18.7	—	—	—	—

Notes: 1. "Business loans" includes apartment construction loans and standardized SME loans.
2. "Others" includes loans guaranteed by employers.
3. "Delinquent" loans are past due loans and loans to obligors categorized as "Borrowers Requiring Caution" that do not satisfy the definition of default stipulated in the Notification.

(3) Equity Exposures and Credit Risk-Weighted Assets under Article 145 of the Notification

A. Equity Exposures

(A) Rating Procedures

When acquiring equities subject to the PD/LGD approach, issuers are assigned obligor grades using the same rules as those of general credits to C&I companies, sovereigns and financial institutions. The obligors are monitored (for details, please refer to page 37) and their grades are revised if necessary (credit risk-weighted asset amount is set to 1.5 times when they are not monitored individually). In the case there is no credit transaction with the issuer or it is difficult to obtain financial information, internal grades are assigned using ratings of external rating agencies if it is a qualifying investment. In the case it is difficult to obtain financial information and it is not a qualifying investment, the simple risk weight method under the market-based approach is applied.

(B) Portfolio

a. Equity Exposure Amounts

	Billions of yen	
March 31	2012	2011
Market-based approach	¥ 333.7	¥ 251.6
Simple risk weight method	178.7	158.2
Listed equities (300%)	79.6	69.5
Unlisted equities (400%)	99.1	88.7
Internal models method	155.0	93.4
PD/LGD approach	655.9	774.0
Grandfathered equity exposures	1,988.8	2,068.1
Total	¥2,978.4	¥3,093.7

Notes: 1. The above exposures are "equity exposures" stipulated in the Notification and differ from "stocks" described in the consolidated financial statements.
2. "Grandfathered equity exposures" amount is calculated in accordance with Supplementary Provision 13 of the Notification.

b. PD/LGD Approach

	Billions of yen					
	2012			2011		
March 31	Exposure amount	Weighted average PD	Weighted average risk weight	Exposure amount	Weighted average PD	Weighted average risk weight
J1-J3	¥430.0	0.06%	109.93%	¥536.5	0.05%	108.50%
J4-J6	78.5	0.83	208.11	79.5	0.86	213.83
J7 (excluding J7R)	3.3	8.90	412.05	2.1	9.02	402.32
Others	141.7	0.41	144.01	155.4	0.35	139.50
Default (J7R, J8-J10)	2.4	100.00	—	0.5	100.00	—
Total	¥655.9	—	—	¥774.0	—	—

Notes: 1. The above exposures are "equity exposures" stipulated in the Notification to which the PD/LGD approach is applied and differ from "stocks" described in the consolidated financial statements.
2. "Others" includes exposures to overseas corporate entities.

B. Credit Risk-Weighted Assets under Article 145 of the Notification

(A) Outline of Method for Calculating Credit Risk Assets

Exposures under Article 145 of the Notification include credits to funds. In the case of such exposures, in principle, each underlying asset of the fund is assigned an obligor grade to calculate the asset's credit risk-weighted asset amount and the amounts are totaled to derive the credit risk-weighted asset amount of the fund. When equity exposures account for more than half of the underlying assets of the fund, or it is difficult to directly calculate the credit risk-weighted asset amount of individual underlying assets, the credit risk-weighted asset amount of the fund is calculated using the simple majority adjustment method, in which credit risk-weighted assets are calculated using a risk weight of 400% (when the risk-weighted average of individual assets underlying the portfolio is less than 400%) or a risk weight of 1250% (in other cases).

(B) Portfolio

	Billions of yen	
March 31	2012	2011
Exposures under Article 145 of the Notification	¥574.5	¥697.3

(4) Analysis of Actual Losses

A. Year-on-Year Comparison of Actual Losses

SMFG recorded total credit costs (the total of the general reserve, non-performing loan write-offs and gains on collection of written-off claims) of ¥121.3 billion on a consolidated basis for fiscal year 2011, a decrease of ¥96.0 billion compared to the previous fiscal year.

SMBC recorded ¥58.6 billion in total credit costs on non-consolidated basis in fiscal year 2011, a decrease of ¥35.7 billion compared to the previous fiscal year. By exposure category, the credit cost for “corporate exposures” was ¥57.5 billion, a decrease of ¥14.4 billion compared to the previous year. The credit cost for “other retail exposures” decreased by ¥23.5 billion to ¥10.5 billion compared to the previous year. These results are primarily due to the measures taken by SMBC to improve the business and financial conditions of obligors according to the circumstances of each obligor, and a partial reversal of the loan-loss reserve associated with collection and repayment.

Total Credit Costs

	Billions of yen			
	Fiscal 2011 (A)	Fiscal 2010 (B)	Fiscal 2009	Increase (decrease) (A) – (B)
SMFG (consolidated) total	¥121.3	¥217.3	¥473.0	¥(96.0)
SMBC (consolidated) total	91.7	159.8	419.4	(68.1)
SMBC (nonconsolidated) total	58.6	94.3	254.7	(35.7)
Corporate exposures	57.5	71.9	216.6	(14.4)
Sovereign exposures	(0.2)	5.4	3.9	(5.6)
Bank exposures	(0.0)	(14.0)	3.5	14.0
Residential mortgage exposures	0.2	0.3	0.7	(0.1)
QRRE	(0.0)	(0.1)	0.1	0.1
Other retail exposures	10.5	34.0	61.6	(23.5)

Notes: 1. The above amounts do not include gains/losses on “equity exposures,” “exposures on capital market-driven transactions (such as bonds)” and “exposures under Article 145 of the Notification” that were recognized as gains/losses on bonds and stocks in the statements of income.
2. Exposure category amounts do not include general reserve for Normal Borrowers.
3. Bracketed fiscal year amounts indicate gains generated by the reversal of reserve, etc.
4. Credit costs for “Residential mortgage exposures” and “QRRE” guaranteed by consolidated subsidiaries are not included in the total credit costs of SMBC (nonconsolidated).

B. Comparison of Estimated and Actual Losses

	Billions of yen					
	Fiscal 2011			Fiscal 2010		
	Estimated loss amounts			Estimated loss amounts		
		After deduction of reserves	Actual loss amounts		After deduction of reserves	Actual loss amounts
SMFG (consolidated) total	¥ —	¥ —	¥121.3	¥ —	¥ —	¥217.3
SMBC (consolidated) total	—	—	91.7	—	—	159.8
SMBC (nonconsolidated) total	1,062.7	213.9	58.6	1,204.3	417.2	94.3
Corporate exposures	889.3	132.2	57.5	1,021.1	277.4	71.9
Sovereign exposures	12.4	1.8	(0.2)	7.8	6.3	5.4
Bank exposures	14.9	4.7	(0.0)	30.5	19.2	(14.0)
Residential mortgage exposures	3.8	2.9	0.2	4.1	3.2	0.3
QRRE	0.1	(0.0)	(0.0)	0.1	(0.0)	(0.1)
Other retail exposures	142.3	77.4	(10.5)	140.8	111.2	34.0

	Billions of yen					
	Fiscal 2009			Fiscal 2008		
	Estimated loss amounts			Estimated loss amounts		
		After deduction of reserves	Actual loss amounts		After deduction of reserves	Actual loss amounts
SMFG (consolidated) total	¥ —	¥ —	¥473.0	¥ —	¥ —	¥767.8
SMBC (consolidated) total	—	—	419.4	—	—	724.4
SMBC (nonconsolidated) total	1,197.2	354.0	254.7	954.2	323.9	550.1
Corporate exposures	984.0	210.0	216.6	806.7	278.6	411.4
Sovereign exposures	5.8	4.3	3.9	9.0	7.5	(0.4)
Bank exposures	52.1	34.4	3.5	6.1	5.9	22.7
Residential mortgage exposures	4.0	3.4	0.7	4.0	3.6	0.5
QRRE	0.1	0.1	0.1	0.1	0.1	0.0
Other retail exposures	151.2	107.5	61.6	128.3	65.9	68.1

	Billions of yen		
	Fiscal 2007		
	Estimated loss amounts		
		After deduction of reserves	Actual loss amounts
SMFG (consolidated) total	¥ —	¥ —	¥248.6
SMBC (consolidated) total	—	—	221.6
SMBC (nonconsolidated) total	887.7	311.4	147.8
Corporate exposures	778.6	252.6	143.2
Sovereign exposures	11.2	9.6	0.4
Bank exposures	5.1	4.9	0.0
Residential mortgage exposures	4.6	4.1	0.1
QRRE	0.1	0.1	0.0
Other retail exposures	88.2	53.1	59.8

Notes: 1. Amounts on consumer loans guaranteed by consolidated subsidiaries or affiliates as well as on "equity exposures" and "exposures under Article 145 of the Notification" are excluded.
2. "Estimated loss amounts" are the EL at the beginning of the term.
3. "After deduction of reserves" represents the estimated loss amounts after deduction of reserves for possible losses on substandard borrowers or below.

Standardized Approach

1. Scope

The following consolidated subsidiaries have adopted the standardized approach for exposures as of March 31, 2012 (i.e. consolidated subsidiaries not listed in the "Internal Ratings-Based (IRB) Approach: 1. Scope" on page 178).

(1) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the IRB Approach

Kansai Urban Banking Corporation and Cedyna Financial Corporation

(2) Other Consolidated Subsidiaries

These are consolidated subsidiaries judged not to be significant in terms of credit risk management based on the type of business, scale, and other factors. These subsidiaries will adopt the standardized approach on a permanent basis.

2. Credit Risk-Weighted Asset Calculation Methodology

A 100% risk weight is applied to claims on corporates in accordance with Article 45 of the Notification, and risk weights corresponding to country risk scores published by the Organization for Economic Co-operation and Development (OECD) are applied to claims on sovereigns and financial institutions.

3. Exposure Balance by Risk Weight Segment

	Billions of yen			
	2012		2011	
March 31		Of which assigned country risk score		Of which assigned country risk score
0%	¥ 8,398.4	¥ 75.1	¥ 8,773.2	¥ 81.6
10%	224.9	—	243.3	—
20%	820.8	275.1	814.8	298.2
35%	1,062.7	—	1,061.6	—
50%	358.7	27.7	377.7	2.8
75%	3,871.8	—	3,242.1	—
100%	3,430.0	0.1	5,645.9	0.1
150%	156.9	0.0	78.4	—
Capital deduction	0.0	—	0.0	—
Others	0.0	—	0.0	—
Total	¥18,324.2	¥378.0	¥20,237.0	¥382.8

Notes: 1. The above amounts are exposures after CRM (but before deduction of direct write-offs). Please note that for off-balance sheet assets the credit equivalent amount has been included.
2. "Securitization exposures" have not been included.

Credit Risk Mitigation (CRM) Techniques

1. Risk Management Policy and Procedures

In calculating credit risk-weighted asset amounts, SMFG takes into account credit risk mitigation (CRM) techniques. Specifically, amounts are adjusted for eligible financial or real estate collateral, guarantees, and credit derivatives or by netting loans against the obligors' deposits with SMFG financial institutions. 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.

C. Netting of Loans against Deposits

SMBC verifies the legal effectiveness of netting arrangements for loans and deposits for each transaction. Specifically, lending transactions subject to the netting of loans against deposits are stipulated in the "Agreement on Bank Transactions," and fixed-term deposits that have fixed maturity dates and cannot be transferred to third-party entities are subject to netting. Regarding deposits with us submitted as collateral, their effect as credit risk mitigation is taken into account under the eligible financial collateral framework described in A. above.

Further, maturity dates and balances (including the post-netting situation) are monitored for subject loans and deposits in accordance with the Notification. When there is a maturity/currency mismatch, netting is executed after making adjustments as stipulated in the Notification, and the credit risk-weighted asset amount is calculated after netting.

(2) Concentration of Credit Risk and Market Risk Accompanying Application of Credit Risk Mitigation Techniques

At SMBC, there is a framework in place for controlling concentration of risk in obligors with large exposures which includes credit limit guidelines, risk concentration monitoring, and reporting to the Credit Risk Committee (please refer to page 34). Further, exposures to these obligors are monitored on a group basis, taking into account risk concentration in their parent companies in cases of guaranteed exposures.

When marketable financial products (for example, credit derivatives) are used as credit risk mitigants, market risk generated by these products is controlled by setting upper limits.

2. Exposure Balance after CRM

	Billions of yen			
	2012		2011	
March 31	Eligible financial collateral	Other eligible IRB collateral	Eligible financial collateral	Other eligible IRB collateral
IRB approach	¥ 86.5	¥32.7	¥ 115.2	¥45.6
Corporate exposures	86.5	32.7	115.2	45.6
Sovereign exposures	—	—	—	—
Bank exposures	—	—	—	—
Standardized approach	3,824.9	—	3,044.5	—
Total	¥3,911.4	¥32.7	¥3,159.7	¥45.6

	Billions of yen			
	2012		2011	
March 31	Guarantee	Credit derivative	Guarantee	Credit derivative
IRB approach	¥7,153.2	¥149.0	¥7,076.9	¥264.5
Corporate exposures	6,426.4	149.0	6,382.9	264.5
Sovereign exposures	281.3	—	271.6	—
Bank exposures	274.3	—	232.2	—
Residential mortgage exposures	171.2	—	190.3	—
QRRE	—	—	—	—
Other retail exposures	—	—	—	—
Standardized approach	61.9	—	74.2	—
Total	¥7,215.1	¥149.0	¥7,151.1	¥264.5

Derivative Transactions and Long Settlement Transactions

1. Risk Management Policy and Procedures

(1) Policy on Collateral Security and Impact of Deterioration of Our Credit Quality

Collateralized derivative is a CRM technique in which collateral is delivered or received regularly in accordance with replacement cost. The Group conducts collateralized derivative transactions as necessary, thereby reducing credit risk. In the event our credit quality deteriorates, however, the counterparty may demand additional collateral, but its impact is deemed to be insignificant.

(2) Netting

Netting is another CRM technique, and "close-out netting" is the main type of netting. In close-out netting, when a default event, such as bankruptcy, occurs to the counterparty, all claims against, and obligations to, the counterparty, regardless of maturity and currency, are netted out to create a single claim or obligation.

Close-out netting is applied to foreign exchange and swap transactions covered under a master agreement with a net-out clause or other means of securing legal effectiveness, and the effect of CRM is taken into account only for such claims and obligations.

2. Credit Equivalent Amounts

(1) Derivative Transactions and Long Settlement Transactions

A. Calculation Method

Current exposure method

B. Credit Equivalent Amounts

	Billions of yen	
March 31	2012	2011
Gross replacement cost	¥5,729.0	¥4,897.5
Gross add-on amount	3,370.1	3,232.7
Gross credit equivalent amount	9,099.1	8,130.3
Foreign exchange related transactions	2,689.0	2,989.5
Interest rate related transactions	6,165.5	4,859.0
Gold related transactions	—	—
Equities related transactions	73.5	63.1
Precious metals (excluding gold) related transactions	—	—
Other commodity related transactions	99.5	144.0
Credit default swaps	71.6	74.7
Reduction in credit equivalent amount due to netting	5,478.8	4,541.8
Net credit equivalent amount	3,620.3	3,588.5
Collateral amount	19.8	16.5
Eligible financial collateral	19.8	16.5
Other eligible IRB collateral	—	—
Net credit equivalent amount (after taking into account the CRM effect of collateral)	¥3,600.6	¥3,572.0

(2) Notional Principal Amounts of Credit Derivatives

Credit Default Swaps

	Billions of yen			
	2012		2011	
	Notional principal amount		Notional principal amount	
March 31	Total	Of which for CRM	Total	Of which for CRM
Protection purchased	¥672.7	¥149.0	¥803.0	¥264.5
Protection provided	635.8	—	793.6	—

Note: "Notional principal amount" is defined as the total of "amounts subject to calculation of credit equivalents" and "amounts employed for CRM."

■ Securitization Exposures

1. Risk Management Policy and Procedures

Definition of securitization exposure has been clarified in order to properly identify, measure, evaluate and report risks, and a risk management department, independent of business units, has been established to centrally manage risks from recognizing securitization exposures to measuring, evaluating and reporting risks.

Securitization transactions are subject to the following policies.

- Undertake those which allow separate assessment of underlying 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.

The Group shall basically not conduct resecuritization transactions.

Its policy is to conduct securitization transactions by verifying effectiveness in mitigating credit risk through the use of the asset transfer type or synthetic type securitization transactions covering domestic and foreign exposures and using them as underlying exposures if securitization transactions are used as an approach for credit risk mitigation.

The Group takes one of the following positions for securitization transactions.

- Originator (a direct or indirect originator of underlying assets or a sponsor of an ABCP conduit or a similar program that acquires exposures from third-party entities)
- Investor
- Others (for example, provider of swap for preventing a mismatch between the dividend on trust beneficiary rights and cash flows generated by underlying assets on which the rights are issued)

2. Overview of Risk Characteristics

Securitization exposures have, in addition to credit risk and market risk, the following intrinsic risks, which are properly managed based on the nature of each risk.

(1) Dilution Risk

Means the risk of a decrease in purchased receivables due to cancellation or termination of the original contract for the purchased receivables, or netting of debts between the original obligor and the original obligee.

(2) Servicer Risk

A. Commingling Risk

Means the risk of uncollectible funds, which should be collected from the underlying assets, due to the bankruptcy of the servicer before the delivery of the funds collected from the obligor of the receivables.

B. Performance Risk

Means the risk of difficulty in maintenance and collection due to the servicer's failure to properly and accurately perform its clerical duties and procedures.

(3) Liquidity Risk

Means the risk that cash flows related to the underlying assets may be insufficient for paying the principal and interest of the securitization exposure due to a timing mismatch between the securitization conduit's receipt of the cash flows related to the underlying assets and payment of the securitization exposure of the principal and interest, etc.

(4) Fraud Risk

Means the risk of a decrease in or complete loss of the receivables subject to collection due to a fraud, prejudicial or other malicious act by a customer or a third-party obligor.

3. Calculation Methodology for Credit Risk-Weighted Assets and Market Risk Equivalent Amount

There are three methods of calculating the credit risk-weighted asset amount of securitization exposures subject to the IRB approach: the ratings-based approach, the supervisory formula, and the internal assessment approach. The methods are used as follows.

- First, securitization exposures are examined and the ratings-based approach is applied to qualifying exposures.
- The remaining exposures are examined and the supervisory formula is applied to qualifying exposures.
- The remaining exposures are deducted from capital.

Note that the application of the ratings-based approach is subject to monitoring in accordance with the "Regulations Concerning the Distribution, etc. of Securitized Products" and the "Standardized Information Reporting Package (SIRP)" published by the Japan Securities Dealers Association. The same applies to resecuritized products.

The credit risk-weighted asset amount for securitization exposures subject to the standardized approach is calculated mostly using ratings published by qualifying rating agencies or based on weighted average risk weights of underlying assets as stipulated in the Notification.

In order to determine market risk equivalent amounts of "securitization exposures," general market risk is subject to the standardized measurement method while specific risk is based on the risk weights corresponding to the ratings published by qualifying rating agencies pursuant to the regulations set forth in the Notification.

4. Type of Securitization Conduit Used in Securitization Transactions Associated with Third Party Assets and Status of Holdings of Securitization Exposures Related to Such Transactions

In order to undertake securitization transactions related to third-party assets, the Group mainly uses a special purpose company (SPC) as a securitization conduit.

If such transactions are undertaken, the following securitization exposures result.

- Backup line to the ABCP issued by the securitization conduit (off-balance sheet assets)
- ABL to the securitization conduit (on-balance sheet assets), etc.

5. Names of Subsidiaries and Affiliated Companies Holding Securitization Exposures Related to Securitization Transactions Conducted by Holding Company Group

No securitization exposures related to the security transactions conducted by the Holding Company Group are held by the subsidiaries or affiliated companies excluding consolidated subsidiaries.

6. Accounting Policy on Securitization Transactions

Valuation, accounting treatment etc. for financial assets and financial liabilities associated with securitization transactions are mainly governed by the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10). The fair value for such valuation is the value based on the market price or, if there is no market price, reasonably calculated value, unless it is deemed to be extremely difficult to determine the fair value.

Accounting treatment of securitization of financial assets is as follows. Extinguishment of financial assets is recognized when the contractual rights over the financial assets are exercised, forfeited or control over the rights is transferred to a third-party, and the difference between the book value of the financial assets and the amount received/paid is recorded as the term's gain/loss. When the control over the contractual rights is not deemed to have been transferred, the securitization transaction is treated as a financial transaction such as a mortgage loan.

When a portion of financial assets satisfies the extinguishment condition, the extinguishment of the said portion is recognized and the difference between the book value of the extinguished portion and the amount received/paid is recorded as the term's gain/loss. The book value of the extinguished portion is calculated by allocating the book value of the financial assets based on the proportion of the financial assets' fair value that the extinguished portion represents.

Further, the remaining portion whose fair value is available is measured at fair value, and the related valuation differences are reported as a component of "net assets." The impairments are measured and recorded as necessary.

7. Qualifying External Ratings Agencies

In order to apply the rating-based approach under the IRB approach or standardized approach or to calculate an amount of market risk associated with specific risk, the risk weights are determined by mapping the ratings of qualifying rating agencies to the risk weights stipulated in the Notification. The qualifying rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), and Fitch Ratings Ltd. (Fitch). When more than one rating is available for an exposure, the second smallest risk weight is used, in accordance with the Notification.

8. Portfolio (Credit Risk)

(1) Securitization Transactions as Originator

A. As Originator (Excluding as Sponsor)

(A) Underlying Assets

Billions of yen

	March 31, 2012			Fiscal 2011			
	Underlying asset amount						
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales
Claims on corporates	¥ 17.6	¥ 17.6	¥ —	¥ —	¥ 3.3	¥ 2.9	¥ —
Mortgage loans	1,378.4	1,378.4	—	77.6	1.5	0.3	6.5
Retail loans (excluding mortgage loans)	131.7	107.6	24.1	—	12.0	19.0	—
Other claims	221.9	23.8	198.0	—	0.0	0.0	—
Total	¥1,749.6	¥1,527.5	¥222.1	¥77.6	¥16.8	¥22.2	¥6.5

Billions of yen

	March 31, 2011			Fiscal 2010			
	Underlying asset amount						
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales
Claims on corporates	¥ 44.6	¥ 44.6	¥ 0.0	¥ —	¥ 5.2	¥ 3.0	¥ —
Mortgage loans	1,486.3	1,486.3	—	51.4	1.6	0.5	4.1
Retail loans (excluding mortgage loans)	228.7	194.3	34.4	—	7.6	18.2	—
Other claims	244.4	36.6	207.8	31.2	0.0	0.1	—
Total	¥2,004.1	¥1,761.9	¥242.2	¥82.6	¥14.4	¥21.8	¥4.1

Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing "securitization exposures."
2. "Default amount" is the total of underlying assets which are past due three months or more and defaulted underlying assets.
3. Asset type classification is based on the major items in the underlying assets for each transaction.
4. "Other claims" includes claims on Private Finance Initiative (PFI) businesses and lease fees.
5. Following Articles 230 and 248 of the Notification, there are no amounts that represent "exposure to products subject to early amortization provisions" to investors.
6. There are no amounts that represent "assets held for securitization transactions."

(B) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

Billions of yen

	2012					2011				
	Term-end balance					Term-end balance				
March 31	Total	On-balance sheet assets	Off-balance sheet assets	To be deducted from capital	Increase in capital equivalent	Total	On-balance sheet assets	Off-balance sheet assets	To be deducted from capital	Increase in capital equivalent
Claims on corporates	¥ 16.5	¥ 16.5	¥ —	¥ 2.0	¥ —	¥ 31.3	¥ 31.3	¥ 0.0	¥ 1.2	¥ —
Mortgage loans	212.5	212.5	—	33.0	38.1	203.0	203.0	—	34.4	36.0
Retail loans (excluding mortgage loans)	48.7	40.4	8.3	43.2	0.2	68.1	55.6	12.4	58.4	0.4
Other claims	149.1	2.4	146.6	4.1	—	158.4	4.0	154.4	5.7	—
Total	¥426.8	¥271.9	¥155.0	¥82.3	¥38.3	¥460.7	¥293.9	¥166.8	¥99.7	¥36.3

b. Risk Weights

Billions of yen

	2012				2011			
	Term-end balance				Term-end balance			
March 31	Total	On-balance sheet assets	Off-balance sheet assets	Required capital	Total	On-balance sheet assets	Off-balance sheet assets	Required capital
20% or less	¥156.4	¥ 11.4	¥145.0	¥ 1.4	¥149.0	¥ 24.7	¥124.3	¥ 1.0
100% or less	3.2	—	3.2	0.2	34.7	—	34.7	0.9
650% or less	1.9	1.8	0.1	0.3	1.0	1.0	—	0.2
Less than 1250%	—	—	—	—	1.8	1.8	—	1.1
Capital deduction	265.4	258.6	6.7	82.3	274.2	266.4	7.8	99.7
Total	¥426.8	¥271.9	¥155.0	¥84.2	¥460.7	¥293.9	¥166.8	¥102.9

(C) Resecuritization Exposures

There are no amounts that represent "resecuritization exposures."

(D) Amount of Credit Risk-Weighted Assets Calculated Using Supplementary Provision 15 of the Notification

	Billions of yen	
March 31	2012	2011
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification	¥4.1	¥16.3

B. As Sponsor

(A) Underlying Assets

	Billions of yen					
	March 31, 2012			Fiscal 2011		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates	¥508.0	¥508.0	¥—	¥4,336.8	¥69.8	¥68.1
Mortgage loans	—	—	—	—	2.8	2.8
Retail loans (excluding mortgage loans)	157.3	157.3	—	395.5	17.4	17.9
Other claims	66.9	66.9	—	34.1	4.3	4.0
Total	¥732.2	¥732.2	¥—	¥4,766.5	¥94.2	¥92.8

	Billions of yen					
	March 31, 2011			Fiscal 2010		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates	¥484.7	¥484.7	¥—	¥3,845.2	¥ 81.3	¥ 79.0
Mortgage loans	—	—	—	—	3.3	3.3
Retail loans (excluding mortgage loans)	181.4	181.4	—	391.2	22.6	23.0
Other claims	74.1	74.1	—	132.7	5.2	5.1
Total	¥740.1	¥740.1	¥—	¥4,369.1	¥112.4	¥110.4

Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing "securitization exposures."
2. "Default amount" is the total of underlying assets which are past due three months or more and defaulted underlying assets.
3. "Default amount" and "Loss amount" when acting as a sponsor of securitization of customer claims are estimated using the following methods and alternative data, as in some cases it can be difficult to obtain relevant data in a timely manner because the underlying assets have been recovered by the customer.
(1) "Default amount" estimation method
• For securitization transactions subject to the ratings-based approach, the amount is estimated based on information on underlying assets obtainable from customers, etc.
• For securitization transactions subject to the supervisory formula, the amount is estimated based on obtainable information on, or default rate of, each obligor. Further, when it is difficult to estimate the amount using either method, it is conservatively estimated by assuming that the underlying asset is a default asset.
(2) "Loss amount" estimation method
• For securitization transactions subject to the ratings-based approach, the amount is the same amount as the "Default amount" estimated conservatively in (1) above.
• For securitization transactions subject to the supervisory formula, when expected loss ratios of defaulted underlying assets can be determined, the amount is estimated using the ratios. When it is difficult to determine the ratios, the amount is the same amount as the "Default amount" estimated conservatively in (1) above.
4. Asset type classification is based on the major items in the underlying assets for each transaction.
5. "Other claims" includes lease fees.
6. Following Articles 230 and 248 of the Notification, there are no amounts that represent "exposure to products subject to early amortization provisions" to investors.
7. There are no amounts that represent "assets held for securitization transactions."

(B) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

Billions of yen

March 31	2012 Total	2012 Term-end balance: On-balance sheet assets	2012 Term-end balance: Off-balance sheet assets	2012 To be deducted from capital	2012 Increase in capital equivalent	2011 Total	2011 Term-end balance: On-balance sheet assets	2011 Term-end balance: Off-balance sheet assets	2011 To be deducted from capital	2011 Increase in capital equivalent
Claims on corporates	¥398.7	¥170.7	¥228.0	¥0.0	¥—	¥384.6	¥169.1	¥215.6	¥0.8	¥—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	145.5	65.3	80.2	—	—	172.3	118.8	53.5	1.2	—
Other claims	61.5	46.0	15.5	—	—	70.0	51.7	18.3	—	—
Total	¥605.7	¥281.9	¥323.8	¥0.0	¥—	¥626.9	¥339.5	¥287.3	¥2.0	¥—

Note: "Other claims" includes lease fees.

b. Risk Weights

Billions of yen

March 31	2012 Total	2012 Term-end balance: On-balance sheet assets	2012 Term-end balance: Off-balance sheet assets	2012 Required capital	2011 Total	2011 Term-end balance: On-balance sheet assets	2011 Term-end balance: Off-balance sheet assets	2011 Required capital
20% or less	¥597.2	¥274.4	¥322.8	¥3.9	¥582.7	¥329.3	¥253.4	¥3.8
100% or less	7.3	6.3	1.0	0.3	42.2	10.2	32.0	1.9
650% or less	1.2	1.2	—	0.1	—	—	—	—
Less than 1250%	—	—	—	—	—	—	—	—
Capital deduction	0.0	0.0	—	0.0	2.0	0.1	1.9	2.0
Total	¥605.7	¥281.9	¥323.8	¥4.4	¥626.9	¥339.5	¥287.3	¥7.7

(C) Resecuritization Exposures

There are no amounts that represent "resecuritization exposures."

(D) Amount of Credit Risk-Weighted Assets Calculated Using Supplementary Provision 15 of the Notification

Billions of yen

March 31	2012	2011
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification	¥—	¥—

(2) Securitization Transactions in which the Group is the Investor

(A) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

Billions of yen

March 31	2012 Total	2012 Term-end balance: On-balance sheet assets	2012 Term-end balance: Off-balance sheet assets	2012 To be deducted from capital	2012 Increase in capital equivalent	2011 Total	2011 Term-end balance: On-balance sheet assets	2011 Term-end balance: Off-balance sheet assets	2011 To be deducted from capital	2011 Increase in capital equivalent
Claims on corporates	¥311.9	¥118.4	¥193.5	¥44.2	¥—	¥296.8	¥123.7	¥173.0	¥35.8	¥—
Mortgage loans	65.6	65.6	—	—	—	33.5	33.5	—	—	—
Retail loans (excluding mortgage loans)	2.5	2.5	—	—	—	2.9	2.6	0.3	—	—
Other claims	22.9	22.9	—	—	—	16.8	16.1	0.7	0.8	—
Total	¥403.0	¥209.5	¥193.5	¥44.2	¥—	¥349.9	¥175.9	¥174.0	¥36.6	¥—

Note: Asset type classification is based on the major items in the underlying assets for each transaction.

b. Risk Weights

March 31	2012 Term-end balance Total	2012 Term-end balance On-balance sheet assets	2012 Term-end balance Off-balance sheet assets	2012 Required capital	2011 Term-end balance Total	2011 Term-end balance On-balance sheet assets	2011 Term-end balance Off-balance sheet assets	2011 Required capital
	Billions of yen							
20% or less	¥293.2	¥178.2	¥115.1	¥ 1.5	¥224.8	¥130.2	¥ 94.6	¥ 0.9
100% or less	28.3	28.3	—	1.8	39.3	39.3	—	2.2
650% or less	2.3	2.3	—	0.2	3.3	3.3	—	0.5
Less than 1250%	—	—	—	—	—	—	—	—
Capital deduction	79.1	0.7	78.4	44.2	82.5	3.1	79.4	36.6
Total	¥403.0	¥209.5	¥193.5	¥47.6	¥349.9	¥175.9	¥174.0	¥40.1

(B) Resecuritization Exposures

a. Underlying Assets by Asset Type

March 31, 2012	Term-end balance Total	Term-end balance On-balance sheet assets	Term-end balance Off-balance sheet assets	To be deducted from capital	Increase in capital equivalent
	Billions of yen				
Claims on corporates	¥2.0	¥1.7	¥0.3	¥0.4	¥—
Mortgage loans	—	—	—	—	—
Retail loans (excluding mortgage loans)	0.3	—	0.3	—	—
Other claims	0.9	0.6	0.3	0.6	—
Total	¥3.1	¥2.3	¥0.8	¥1.0	¥—

Notes: 1. Asset type classification is based on the major items in the underlying assets for each transaction.
2. "Other claims" includes securitization products.
3. Credit risk mitigation (CRM) techniques are not applied to the resecuritization exposures.

b. Risk Weights

March 31, 2012	Term-end balance Total	Term-end balance On-balance sheet assets	Term-end balance Off-balance sheet assets	Required capital
	Billions of yen			
20% or less	¥1.3	¥0.6	¥0.7	¥0.0
100% or less	—	—	—	—
650% or less	—	—	—	—
Less than 1250%	—	—	—	—
Capital deduction	1.8	1.7	0.1	1.0
Total	¥3.1	¥2.3	¥0.8	¥1.0

(C) Amount of Credit Risk-Weighted Assets Calculated Using Supplementary Provision 15 of the Notification

March 31	2012	2011
	Billions of yen	
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification	¥—	¥—

9. Portfolio (Market Risk)

(1) Securitization Transactions as Originator

There are no amounts that represent "securitization transactions where the Group serves as the originator."

(2) Securitization Transactions in which the Group is the Investor

(A) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

March 31, 2012	Term-end balance Total	Term-end balance On-balance sheet assets	Term-end balance Off-balance sheet assets	To be deducted from capital	Increase in capital equivalent
	Billions of yen				
Claims on corporates	¥0.5	¥0.5	¥—	¥0.5	¥—
Mortgage loans	—	—	—	—	—
Retail loans (excluding mortgage loans)	—	—	—	—	—
Other claims	—	—	—	—	—
Total	¥0.5	¥0.5	¥—	¥0.5	¥—

Note: There are no amounts that represent "securitization exposures subject to the measurement of the comprehensive risk held."

b. Risk Weights

March 31, 2012	Billions of yen: Term-end balance: Total	On-balance sheet assets	Off-balance sheet assets	Required capital
20% or less	¥ —	¥ —	¥—	¥ —
100% or less	—	—	—	—
650% or less	—	—	—	—
Less than 1250%	—	—	—	—
Capital deduction	0.5	0.5	—	0.5
Total	¥0.5	¥0.5	¥—	¥0.5

(B) Resecuritization Exposures

There are no amounts that represent "resecuritization exposures."

Equity Exposures in Banking Book

1. Risk Management Policy and Procedures

Securities in the banking book are properly managed, for example, by setting upper limits on the allowable amount of risk under the market or credit risk management framework selected according to their holding purpose and risk characteristics.

For securities held as "available-for-sale securities," the upper limits are also set in terms of price fluctuation risk.

Regarding stocks of subsidiaries, assets and liabilities of subsidiaries are managed on a consolidated basis, and risks related to stocks of affiliates are recognized separately. Their risk as equity is not measured as upper limits on the allowable amount of risk are set for stocks of subsidiaries and affiliates, and the limits are established within the "risk capital limit" of SMFG, taking into account the financial and business situations of the subsidiaries and affiliates.

2. Valuation of Securities in Banking Book and Other Significant Accounting Policies

Stocks of subsidiaries and affiliates are carried at amortized cost using the moving-average method. Available-for-sale securities with market prices (including foreign stocks) are carried at their average market prices during the final month of the fiscal year. Securities other than these securities are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method) and those with no available market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities and net of income taxes are reported as a component of "net assets." Derivative transactions are carried at fair value.

3. Consolidated Balance Sheet Amounts and Fair Values

	Billions of yen			
	2012		2011	
March 31	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures	¥2,444.0	¥2,444.0	¥2,470.7	¥2,470.7
Stocks of subsidiaries and affiliates and equity exposures other than above	505.7	—	609.1	—
Total	¥2,949.7	¥ —	¥3,079.7	¥ —

4. Gains (Losses) on Sale and Devaluation of Stocks of Subsidiaries and Affiliates and Equity Exposures

	Billions of yen: Fiscal 2011	Fiscal 2010
Gains (losses)	¥(27.9)	¥ (91.9)
Gains on sale	15.7	27.5
Losses on sale	11.7	4.6
Devaluation	31.9	114.9

Note: The above amounts are gains (losses) on stocks and available-for-sale securities in the consolidated statements of income.

5. Unrealized Gains (Losses) Recognized on Consolidated Balance Sheets but Not on Consolidated Statements of Income

March 31	Billions of yen: 2012	2011
Unrealized gains (losses) recognized on consolidated balance sheets but not on consolidated statements of income	¥338.8	¥383.8

Note: The above amount is for stocks of Japanese companies and foreign stocks with market prices.

6. Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheets or Consolidated Statements of Income

March 31	Billions of yen 2012	2011
Unrealized gains (losses) not recognized on consolidated balance sheets or consolidated statements of income	¥(21.4)	¥(52.7)

Note: The above amount is for stocks of affiliates with market prices.

Exposure Balance by Type of Assets, Geographic Region, Industry and Residual Term

1. Exposure Balance by Type of Assets, Geographic Region and Industry

March 31, 2012	Loans, etc.	Bonds	Derivatives	Others	Total
	Billions of yen				
Domestic operations (excluding offshore banking accounts)					
Manufacturing	¥ 9,679.3	¥ 230.7	¥ 435.3	¥1,802.3	¥ 12,147.5
Agriculture, forestry, fishery and mining	233.5	3.4	9.7	26.8	273.5
Construction	1,246.3	51.6	7.2	147.6	1,452.8
Transport, information, communications and utilities	5,250.7	173.5	180.6	646.3	6,251.2
Wholesale and retail	5,594.5	63.4	430.1	546.7	6,634.7
Financial and insurance	15,079.2	470.5	1,252.3	322.7	17,124.6
Real estate, goods rental and leasing	8,047.8	279.7	49.2	313.0	8,689.7
Services	4,528.8	118.0	60.7	499.1	5,206.6
Local municipal corporations	1,922.5	573.1	12.4	6.8	2,514.7
Other industries	27,441.9	33,346.5	65.4	3,807.0	64,660.7
Subtotal	¥79,024.5	¥35,310.4	¥2,502.8	¥8,118.3	¥124,956.0
Overseas operations and offshore banking accounts					
Sovereigns	¥ 2,748.4	¥ 1,066.7	¥ 7.6	¥ —	¥ 3,822.7
Financial institutions	3,145.8	216.6	663.8	11.4	4,037.5
C&I companies	12,171.1	204.2	398.0	—	12,773.3
Others	2,445.3	251.1	27.3	593.4	3,317.0
Subtotal	¥20,510.6	¥ 1,738.6	¥1,096.6	¥ 604.7	¥ 23,950.5
Total	¥99,535.1	¥37,049.0	¥3,599.4	¥8,723.0	¥148,906.6

March 31, 2011	Loans, etc.	Bonds	Derivatives	Others	Total
	Billions of yen				
Domestic operations (excluding offshore banking accounts)					
Manufacturing	¥ 9,366.5	¥ 220.7	¥ 532.1	¥2,056.6	¥ 12,175.8
Agriculture, forestry, fishery and mining	230.1	0.0	12.4	28.9	271.4
Construction	1,280.5	35.8	8.8	152.8	1,478.0
Transport, information, communications and utilities	4,986.5	178.7	225.7	640.7	6,031.6
Wholesale and retail	5,626.2	65.5	565.2	571.8	6,828.7
Financial and insurance	20,169.6	428.6	1,157.3	306.8	22,062.4
Real estate, goods rental and leasing	8,301.7	309.4	53.8	388.5	9,053.5
Services	4,778.1	110.1	72.5	412.2	5,372.9
Local municipal corporations	1,824.8	648.6	11.8	5.8	2,491.1
Other industries	23,725.1	30,730.3	40.5	4,070.0	58,565.9
Subtotal	¥80,289.2	¥32,727.9	¥2,680.2	¥8,634.1	¥124,331.3
Overseas operations and offshore banking accounts					
Sovereigns	¥ 2,746.8	¥ 686.6	¥ 5.0	¥ —	¥ 3,438.3
Financial institutions	3,381.7	351.4	564.0	0.0	4,297.1
C&I companies	9,799.3	248.7	310.6	—	10,358.6
Others	1,918.8	220.7	11.1	612.6	2,763.2
Subtotal	¥17,846.5	¥ 1,507.4	¥ 890.6	¥ 612.7	¥ 20,857.2
Total	¥98,135.7	¥34,235.3	¥3,570.8	¥9,246.7	¥145,188.5

Notes: 1. The above amounts are exposures after CRM.
2. The above amounts do not include "securitization exposures" and "credit risk-weighted assets under Article 145 of the Notification."
3. "Loans, etc." includes loans, commitments and off-balance sheet assets except derivatives, and "Others" includes "equity exposures" and standardized approach applied funds.
4. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Exposure Balance by Type of Assets and Residual Term

March 31, 2012	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year	¥33,826.0	¥ 8,071.5	¥ 480.4	¥ 216.7	¥ 42,594.6
More than 1 year to 3 years	13,771.2	13,576.9	899.0	505.4	28,752.5
More than 3 years to 5 years	11,335.7	11,511.2	1,216.5	559.7	24,623.0
More than 5 years to 7 years	5,118.9	1,286.6	295.8	141.9	6,843.3
More than 7 years	24,111.9	2,602.7	707.7	153.4	27,575.8
No fixed maturity	11,371.4	—	—	7,145.9	18,517.4
Total	¥99,535.1	¥37,049.0	¥3,599.4	¥8,723.0	¥148,906.6

March 31, 2011	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year	¥34,370.8	¥12,960.0	¥ 443.3	¥ 350.8	¥ 48,124.8
More than 1 year to 3 years	14,534.6	9,091.8	1,004.7	858.4	25,489.5
More than 3 years to 5 years	10,020.8	6,603.8	1,111.3	855.4	18,591.3
More than 5 years to 7 years	3,917.6	1,574.9	359.8	233.5	6,085.7
More than 7 years	23,783.5	4,004.8	651.8	259.8	28,699.8
No fixed maturity	11,508.6	—	—	6,688.8	18,197.4
Total	¥98,135.7	¥34,235.3	¥3,570.8	¥9,246.7	¥145,188.5

Notes: 1. The above amounts are exposures after CRM.
2. The above amounts do not include "securitization exposures" and "credit risk-weighted assets under Article 145 of the Notification."
3. "Loans, etc." includes loans, commitments and off-balance sheet assets except derivatives, and "Others" includes "equity exposures" and standardized approach applied funds.
4. "No fixed maturity" includes exposures not classified by residual term.

3. Term-End Balance of Exposures Past Due 3 Months or More or Defaulted and Their Breakdown

(1) By Geographic Region

March 31	Billions of yen	
	2012	2011
Domestic operations (excluding offshore banking accounts)	¥2,492.3	¥2,413.9
Overseas operations and offshore banking accounts	148.5	227.4
Asia	18.9	22.0
North America	53.8	67.2
Other regions	75.8	138.2
Total	¥2,640.8	¥2,641.3

Notes: 1. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.
2. The above amounts include partial direct write-offs (direct reductions).
3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.

(2) By Industry

March 31	Billions of yen	
	2012	2011
Domestic operations (excluding offshore banking accounts)		
Manufacturing	¥ 256.8	¥ 273.0
Agriculture, forestry, fishery and mining	7.0	7.9
Construction	142.3	147.0
Transport, information, communications and utilities	234.7	167.0
Wholesale and retail	333.6	317.8
Financial and insurance	24.9	19.5
Real estate, goods rental and leasing	693.9	738.4
Services	304.3	364.3
Other industries	494.8	379.0
Subtotal	¥2,492.3	¥2,413.9
Overseas operations and offshore banking accounts		
Financial institutions	¥ 14.1	¥ 39.5
C&I companies	134.4	187.9
Subtotal	¥ 148.5	¥ 227.4
Total	¥2,640.8	¥2,641.3

Notes: 1. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.
2. The above amounts include partial direct write-offs (direct reductions).
3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

4. Term-End Balances of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and Loan Loss Reserve for Specific Overseas Countries

(1) By Geographic Region

	Billions of yen			
March 31	2012 (A)	2011 (B)	2010	Increase (decrease) (A) – (B)
General reserve for possible loan losses	¥ 593.3	¥ 696.2	¥ 702.6	¥(102.9)
Loan loss reserve for specific overseas countries	0.2	0.6	0.6	(0.4)
Specific reserve for possible loan losses	1,071.3	1,230.0	1,208.9	(158.7)
Domestic operations (excluding offshore banking accounts)	1,008.2	1,148.2	1,126.3	(140.0)
Overseas operations and offshore banking accounts	63.1	81.8	82.6	(18.7)
Asia	12.9	16.0	20.0	(3.1)
North America	22.3	24.3	25.1	(2.0)
Other regions	27.9	41.5	37.5	(13.6)
Total	¥1,664.8	¥1,926.8	¥1,912.1	¥(262.0)

Notes: 1. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).
2. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.

(2) By Industry

	Billions of yen			
March 31	2012 (A)	2011 (B)	2010	Increase (decrease) (A) – (B)
General reserve for possible loan losses	¥ 593.3	¥ 696.2	¥ 702.6	¥(102.9)
Loan loss reserve for specific overseas countries	0.2	0.6	0.6	(0.4)
Specific reserve for possible loan losses	1,071.3	1,230.0	1,208.9	(158.7)
Domestic operations (excluding offshore banking accounts)	1,008.2	1,148.2	1,126.3	(140.0)
Manufacturing	121.3	167.3	143.5	(46.0)
Agriculture, forestry, fishery and mining	3.0	3.5	3.3	(0.5)
Construction	66.0	73.5	86.0	(7.5)
Transport, information, communications and utilities	65.5	46.3	74.7	19.2
Wholesale and retail	139.5	175.1	169.3	(35.6)
Financial and insurance	11.9	12.2	14.8	(0.3)
Real estate, goods rental and leasing	287.6	325.0	336.7	(37.4)
Services	127.2	156.4	161.0	(29.2)
Other industries	186.2	188.9	137.0	(2.7)
Overseas operations and offshore banking accounts	63.1	81.8	82.6	(18.7)
Financial institutions	10.6	26.1	36.7	(15.5)
C&I companies	52.5	55.7	45.9	(3.2)
Total	¥1,664.8	¥1,926.8	¥1,912.1	¥(262.0)

Notes: 1. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).
2. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

5. Loan Write-Offs by Industry

	Billions of yen	
	Fiscal 2011	Fiscal 2010
Domestic operations (excluding offshore banking accounts)		
Manufacturing	¥ (7.1)	¥ 27.6
Agriculture, forestry, fishery and mining	(0.0)	0.2
Construction	3.3	5.3
Transport, information, communications and utilities	3.6	5.7
Wholesale and retail	7.1	20.0
Financial and insurance	(0.2)	0.0
Real estate, goods rental and leasing	2.2	6.5
Services	3.4	7.8
Other industries	76.7	80.2
Subtotal	¥89.0	¥153.3
Overseas operations and offshore banking accounts		
Financial institutions	¥ 1.2	¥ 0.8
C&I companies	0.2	2.5
Subtotal	¥ 1.4	¥ 3.3
Total	¥90.3	¥156.6

Note: "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

Market Risk

1. Scope

The following approaches are used to calculate market risk equivalent amounts.

(1) Internal Models Method

General market risk of SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited

(2) Standardized Measurement Method

- Specific risk
- General market risk of consolidated subsidiaries other than SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited
- A portion of general market risk of SMBC

2. Valuation Method Corresponding to Transaction Characteristics

All assets and liabilities held in the trading book — therefore, subject to calculation of the market risk equivalent amount — are transactions with high market liquidity. Securities and monetary claims are carried at the fiscal year-end market price, and derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

3. VaR Results (Trading Book)

Billions of yen

	Fiscal 2011		Fiscal 2010
	VaR	Stressed VaR	VaR
Fiscal year-end	¥1.8	¥2.5	¥1.3
Maximum	3.5	4.7	3.2
Minimum	1.0	1.5	1.1
Average	2.1	3.0	1.9

Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using the historical simulation method based on four years of historical observations.
2. The stressed VaR is calculated on a daily basis by using the historical simulation method for the holding period of one day, one-sided confidence interval of 99.0%, and measurement period of 12 months (including the stress period).
3. Specific risks for the trading book are excluded.
4. Principal consolidated subsidiaries are included.

Interest Rate Risk in Banking Book

Interest rate risk in the banking book fluctuates significantly depending on the method of recognizing maturity of demand deposits (such as current accounts and ordinary deposits from which funds can be withdrawn on demand) and the method of predicting early withdrawal from fixed-term deposits and prepayment of consumer loans. Key assumptions made by SMBC in measuring interest rate risk in the banking book are as follows.

1. Method of Recognizing Maturity of Demand Deposits

The total amount of demand deposits expected to remain with the bank for the long term (with 50% of the lowest balance during the past 5 years as the upper limit) is recognized as a core deposit amount and interest rate risk is measured for each maturity with 5 years as the maximum term (the average is 2.5 years).

2. Method of Estimating Early Withdrawal from Fixed-term Deposits and Prepayment of Consumer Loans

The rate of early withdrawal from fixed-term deposits and the rate of prepayment of consumer loans are estimated and the rates are used to calculate cash flows used for measuring interest rate risk.

3. VaR Results (Banking Book)

Billions of yen

	Fiscal 2011	Fiscal 2010
Fiscal year-end	¥32.0	¥48.6
Maximum	53.6	50.9
Minimum	31.8	29.7
Average	38.9	40.5

Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using the historical simulation method based on four years of historical observations.
2. Principal consolidated subsidiaries are included.

Operational Risk

1. Operational Risk Equivalent Amount Calculation Methodology

SMFG adopted the Advanced Measurement Approach (AMA) for exposures as of March 31, 2008. The following consolidated subsidiaries have also adopted the AMA, and the remaining consolidated subsidiaries have adopted the Basic Indicator Approach (BIA).

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited, The Japan Research Institute, Limited, SMBC Friend Securities Co., Ltd., Sumitomo Mitsui Finance and Leasing Co., Ltd., Kansai Urban Banking Corporation, The Japan Net Bank, Limited, SMBC Guarantee Co., Ltd., SMBC Finance Service Co., Ltd., THE MINATO BANK, LTD., SMBC Center Service Co., Ltd., SMBC Delivery Service Co., Ltd., SMBC Green Service Co., Ltd., SMBC International Business Co., Ltd., SMBC International Operations Co., Ltd., SMBC Loan Business Service Co., Ltd., SMBC Market Service Co., Ltd., SMBC Loan Administration and Operations Service Co., Ltd., Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited and SMBC Nikko Securities Inc.

2. Outline of the AMA

For the "Outline of the AMA," please refer to pages 42 to 44.

3. Usage of Insurance to Mitigate Risk

SMFG had not taken measures to mitigate operational risk through insurance coverage for exposures.