Capital Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

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

In addition to the method stipulated in the Notification to calculate the consolidated capital ratio (referred to as "International Standard" in the Notification), SMFG has adopted the Advanced Internal Ratings-Based (AIRB) approach for calculating credit risk-weighted asset amounts and the Advanced Measurement Approach (AMA) for calculating the operational risk equivalent amount.

"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: 323
  Please refer to "Principal Subsidiaries and Affiliates" on page 244 for their names and business outline.
- Scope of consolidated subsidiaries for calculation of the consolidated capital ratio is based on the scope of consolidated subsidiaries for preparing consolidated financial statements.
- There are no affiliates to which the proportionate consolidation method is applied.

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

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

3. Names of companies among subsidiaries of bank-holding companies (other financial institutions), with the Basel Capital Accord required amount, and total shortfall amount

Not applicable.

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

Regarding the calculation of the capital ratio, 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 Practical Guideline 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
Tier 1 capital:	Capital stock	¥ 2,337,895
	Capital surplus	759,800
	Retained earnings	2,152,654
	Treasury stock	(236,037)
	Cash dividends to be paid	(68,230)
	Foreign currency translation adjustments	(141,382)
	Stock acquisition rights	692
	Minority interests	2,030,638
	Goodwill and others	(496,434)
	Gain on sale on securitization transactions	(38,284)
	Amount equivalent to 50% of expected losses in excess of reserve	(29,052)
	Total Tier 1 capital (A)	6,272,260
Tier 2 capital:	Unrealized gains on other securities after 55% discount	214,611
	Land revaluation excess after 55% discount	35,755
	General reserve for possible loan losses	66,695
	Excess of eligible reserves relative to expected losses	—
	Subordinated debt	2,454,062
	Total Tier 2 capital	2,771,125
	Tier 2 capital included as qualifying capital (B)	2,771,125
Deductions*:	(C)	399,634
Total qualifying capital:	(D) = (A) + (B) – (C)	¥ 8,643,751
Risk-weighted assets:	On-balance sheet items	¥38,150,731
	Off-balance sheet items	7,825,808
	Market risk	1,174,187
	Operational risk	3,892,505
	Total risk-weighted assets (E)	¥51,043,232
Tier 1 risk-weighted capital ratio:	(A) / (E) × 100	12.28%
Total risk-weighted capital ratio:	(D) / (E) × 100	16.93%
Required capital:	(E) × 8%	¥ 4,083,458

* "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.

(Millions of yen, except percentages)

Items		Year ended March 31, 2013		
			Amounts excluded under transitional arrangements	Basel III Template No.
Common Equity Tier 1 capital: instruments and reserves				
Directly issued qualifying common share capital plus related capital surplus and retained earnings		5,585,856		1a+2-1c-26
of which: capital and capital surplus		3,096,526		1a
of which: retained earnings		2,811,474		2
of which: treasury stock		227,373		1c
of which: cash dividends to be paid		94,771		26
of which: other than the above		—		
Stock acquisition rights to common shares		1,140		1b
Accumulated other comprehensive income and other disclosed reserves		—	664,570	3
Adjusted minority interests, etc. (amount allowed to be included in group Common Equity Tier 1)		139,300		5
Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements		129,556		
of which: minority interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)		129,556		
Common Equity Tier 1 capital: instruments and reserves	(A)	5,855,852		6
Common Equity Tier 1 capital: regulatory adjustments				
Total intangible assets (excluding those relating to mortgage servicing rights)		—	668,853	8+9
of which: goodwill (including those equivalent)		—	400,969	8
of which: other intangible assets other than goodwill and mortgage servicing rights		—	267,884	9
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		—	9,897	10
Net deferred losses on hedges		—	(29,649)	11
Shortfall of eligible provisions to expected losses		—	—	12
Gain on sale on securitization transactions		—	39,149	13
Gains and losses due to changes in own credit risk on fair valued liabilities		—	6,658	14
Prepaid pension cost		—	144,783	15
Investments in own shares (excluding those reported in the Net assets section)		—	9,019	16
Reciprocal cross-holdings in common equity		—	—	17
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)		—	169,361	18
Amount exceeding the 10% threshold on specified items		—	—	19+20+21
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions		—	—	19
of which: mortgage servicing rights		—	—	20
of which: deferred tax assets arising from temporary differences (net of related tax liability)		—	—	21
Amount exceeding the 15% threshold on specified items		—	—	22
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions		—	—	23
of which: mortgage servicing rights		—	—	24
of which: deferred tax assets arising from temporary differences (net of related tax liability)		—	—	25
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		—		27
Common Equity Tier 1 capital: regulatory adjustments	(B)	—		28
Common Equity Tier 1 capital (CET1)				
Common Equity Tier 1 capital (CET1) ((A)-(B))	(C)	5,855,852		29

(Millions of yen, except percentages)

Items		Year ended March 31, 2013		
			Amounts excluded under transitional arrangements	Basel III Template No.
Additional Tier 1 capital: instruments				
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown		—		31a
Stock acquisition rights to Additional Tier 1 instruments		—		31b
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards		—		32
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities		—		30
Adjusted minority interests, etc. (amount allowed to be included in group Additional Tier 1)		127,606		34-35
Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments		1,463,271		33+35
of which: instrument issued by bank holding companies and their special purpose vehicles		1,462,821		33
of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)		450		35
Total of items included in Additional Tier 1 capital: items subject to transitional arrangements		(97,448)		
of which: foreign currency translation adjustments		(97,448)		
Additional Tier 1 capital: instruments	(D)	1,493,429		36
Additional Tier 1 capital: regulatory adjustments				
Investments in own Additional Tier 1 instruments		—	—	37
Reciprocal cross-holdings in Additional Tier 1 instruments		—	—	38
Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)		—	1,589	39
Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)		—	157,149	40
Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements		520,261		
of which: goodwill and others		481,111		
of which: gain on sale on securitization transactions		39,149		
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		—		42
Additional Tier 1 capital: regulatory adjustments	(E)	520,261		43
Additional Tier 1 capital (AT1)				
Additional Tier 1 capital ((D)-(E))	(F)	973,168		44
Tier 1 capital (T1 = CET1 + AT1)				
Tier 1 capital (T1 = CET1 + AT1) ((C)+(F))	(G)	6,829,021		45
Tier 2 capital: instruments and provisions				
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown		—		46
Stock acquisition rights to Tier 2 instruments		—		
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards		—		
Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities		—		
Adjusted minority interests, etc. (amount allowed to be included in group Tier 2)		28,909		48-49
Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions		1,830,854		47+49
of which: instruments issued by bank holding companies and their special purpose vehicles		—		47
of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)		1,830,854		49
Total of general reserve for possible loan losses and eligible provisions included in Tier 2		67,313		50
of which: general reserve for possible loan losses		41,449		50a
of which: eligible provisions		25,864		50b
Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements		506,575		
of which: unrealized gains on other securities after 55% discount		471,203		
of which: land revaluation excess after 55% discount		35,372		
Tier 2 capital: instruments and provisions	(H)	2,433,653		51

(Millions of yen, except percentages)

Items		Year ended March 31, 2013	Amounts excluded under transitional arrangements	Basel III Template No.
Tier 2 capital: regulatory adjustments				
Investments in own Tier 2 instruments		—	—	52
Reciprocal cross-holdings in Tier 2 instruments		—	—	53
Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)		—	73,250	54
Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)		—	125,000	55
Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements		76,663		
of which: Tier 2 and deductions under Basel 2		76,663		
Tier 2 capital: regulatory adjustments	(I)	76,663		57
Tier 2 capital (T2)				
Tier 2 capital (T2) ((H)-(I))	(J)	2,356,989		58
Total capital (TC = T1 + T2)				
Total capital (TC = T1 + T2) ((G) + (J))	(K)	9,186,010		59
Risk weighted assets				
Total of items included in risk weighted assets subject to transitional arrangements		363,360		
of which: intangible assets other than mortgage servicing rights		(76,474)		
of which: Non-significant Investments in the capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)		284,262		
of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)		88,191		
of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)		45,877		
Risk weighted assets	(L)	62,426,124		60
Capital ratio (consolidated)				
Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))		9.38%		61
Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))		10.93%		62
Total risk-weighted capital ratio (consolidated) ((K)/(L))		14.71%		63
Regulatory adjustments				
Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)		554,215		72
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)		197,398		73
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)		—		74
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)		506,519		75
Provisions included in Tier 2 capital: instruments and provisions				
Provisions (general reserve for possible loan losses)		41,449		76
Cap on inclusion of provisions (general reserve for possible loan losses)		70,845		77
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		25,864		78
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		291,538		79
Capital instruments subject to transitional arrangements				
Current cap on Additional Tier 1 instruments subject to transitional arrangements		1,463,271		82
Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)		162,585		83
Current cap on Tier 2 instruments subject to transitional arrangements		1,830,854		84
Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)		203,428		85

(Millions of yen)

Items	Year ended March 31, 2013
Required capital ((L) × 8%)	4,994,089

Capital Requirements

March 31	Billions of yen 2013	2012
Capital requirements for credit risk:		
Internal ratings-based approach	¥5,361.9	¥4,573.4
Corporate exposures:	3,278.6	2,780.8
Corporate exposures (excluding specialized lending)	2,768.3	2,358.5
Sovereign exposures	35.3	46.3
Bank exposures	159.7	104.9
Specialized lending	315.2	271.1
Retail exposures:	920.4	876.2
Residential mortgage exposures	497.7	432.9
Qualifying revolving retail exposures	117.9	125.8
Other retail exposures	304.8	317.4
Equity exposures:	407.8	333.2
Grandfathered equity exposures	184.3	168.7
PD/LGD approach	81.6	76.1
Market-based approach	141.9	88.4
Simple risk weight method	64.3	53.9
Internal models method	77.6	34.5
Credit risk-weighted assets under Article 145 of the Notification	273.8	140.0
Securitization exposures	106.1	137.2
Other exposures	375.2	306.0
Standardized approach	422.6	569.2
Amount corresponding to CVA risk	192.7	—
CCP-related exposures	8.7	—
Total capital requirements for credit risk	5,985.9	5,142.6
Capital requirements for market risk:		
Standardized measurement method	54.6	41.9
Interest rate risk	34.6	30.9
Equity position risk	7.5	7.5
Foreign exchange risk	1.0	0.5
Commodities risk	10.8	1.6
Options	0.8	1.4
Internal models method	107.9	52.0
Securitization exposures	—	0.5
Total capital requirements for market risk	162.5	94.5
Capital requirements for operational risk:		
Advanced measurement approach	204.5	251.5
Basic indicator approach	56.0	59.9
Total capital requirements for operational risk	260.5	311.4
Total amount of capital requirements	¥6,408.9	¥5,548.4

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 Internal-Ratings Based (IRB) approach. Regarding exposures to be deducted from capital in the year ended March 31, 2012, 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 Internal Ratings-Based (AIRB) approach for exposures as of March 31, 2009.

(1) **Domestic Operations**

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited and SMBC Guarantee Co., Ltd.

(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., Kansai Urban Banking Corporation, SMBC Finance Service Co., Ltd. and Sumitomo Mitsui Finance and Leasing Co., Ltd. have adopted the Foundation Internal Ratings-Based (FIRB) approach.

Note: Directly controlled SPCs and limited partnerships for investment of consolidated subsidiaries using the AIRB approach have also adopted the AIRB approach. Further, the AIRB approach is applied to equity exposures on a group basis, including equity exposures of consolidated subsidiaries applying the 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 37). 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

Billions of yen

March 31, 2013	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	Weighted average risk weight
J1-J3	¥22,293.4	¥16,543.7	¥5,749.8	¥4,392.9	75.00%	0.07%	36.75%	—%	19.39%
J4-J6	15,507.9	12,920.5	2,587.4	915.8	75.00	0.76	33.08	—	49.08
J7 (excluding J7R)	1,426.9	1,291.3	135.6	42.3	75.00	12.58	30.45	—	127.74
Japanese government and local municipal corporations	34,112.9	33,667.3	445.7	82.0	75.00	0.00	35.56	—	0.04
Others	5,233.9	4,808.9	425.1	56.8	75.00	1.07	38.62	—	54.35
Default (J7R, J8-J10)	1,607.6	1,531.8	75.8	0.4	100.00	100.00	48.27	47.84	5.40
Total	¥80,182.7	¥70,763.4	¥9,419.3	¥5,490.2	—	—	—	—	—

Billions of yen

March 31, 2012	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	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	—	—	—	—	—

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

Billions of yen

March 31, 2013	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	Weighted average risk weight
G1-G3	¥30,565.9	¥22,024.0	¥ 8,541.8	¥5,238.9	75.00%	0.15%	30.65%	—%	18.58%
G4-G6	2,104.3	756.7	1,347.6	191.8	75.00	3.62	13.23	—	34.43
G7 (excluding G7R)	169.5	127.6	41.9	31.6	75.00	23.82	20.79	—	112.64
Others	113.8	40.9	72.8	22.2	75.00	2.12	35.45	—	102.07
Default (G7R, G8-G10)	86.6	79.1	7.5	1.9	100.00	100.00	65.08	60.97	51.35
Total	¥33,040.0	¥23,028.3	¥10,011.7	¥5,486.4	—	—	—	—	—

Billions of yen

March 31, 2012	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	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	—	—	—	—	—

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, 2013.
- 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

March 31	Risk weight	2013 Project finance	2013 Object finance	2013 IPRE	2012 Project finance	2012 Object finance	2012 IPRE
Strong:							
Residual term less than 2.5 years	50%	¥ 109.8	¥1.8	¥10.9	¥ 152.2	¥ —	¥ 9.4
Residual term 2.5 years or more	70%	767.5	—	6.8	1,047.7	6.8	11.0
Good:							
Residual term less than 2.5 years	70%	132.4	—	—	27.9	1.3	—
Residual term 2.5 years or more	90%	895.8	—	5.0	242.1	—	1.3
Satisfactory	115%	175.7	—	16.9	20.9	—	20.7
Weak.....	250%	71.6	—	1.2	50.4	—	3.0
Default	—	13.2	—	3.3	25.5	—	4.7
Total		¥2,166.0	¥1.8	¥44.1	¥1,566.7	¥8.1	¥50.0

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

Billions of yen

March 31	Risk weight	2013	2012
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%	53.7	41.1
Residual term 2.5 years or more	120%	120.7	91.8
Satisfactory	140%	102.5	125.0
Weak.....	250%	9.0	—
Default	—	—	—
Total		¥285.9	¥257.9

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

(a) Object Finance

Billions of yen

	Exposure amount			Undrawn amount					
March 31, 2013	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	Weighted average risk weight
G1-G3	¥ 91.8	¥ 79.0	¥12.8	¥ 6.5	75.00%	0.49%	17.52%	—%	34.95%
G4-G6	19.3	12.5	6.8	7.1	75.00	3.09	23.99	—	75.69
G7 (excluding G7R)	3.1	3.1	—	—	—	27.49	12.19	—	67.60
Others	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	7.8	7.3	0.6	0.0	100.00	100.00	68.18	64.07	51.35
Total	¥122.0	¥101.9	¥20.1	¥13.7	—	—	—	—	—

Billions of yen

	Exposure amount			Undrawn amount					
March 31, 2012	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	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	—	—	—	—	—

(b) Income-Producing Real Estate (IPRE)

Billions of yen

	Exposure amount			Undrawn amount					
March 31, 2013	Total	On-balance sheet assets	Off-balance sheet assets	Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	Weighted average risk weight
J1-J3	¥ 466.2	¥ 429.3	¥ 37.0	¥ —	—%	0.05%	28.67%	—%	13.57%
J4-J6	893.6	793.0	100.6	—	—	1.02	29.19	—	53.97
J7 (excluding J7R)	36.9	34.2	2.7	—	—	12.72	33.52	—	145.16
Others	76.0	72.2	3.9	5.0	75.00	10.68	37.28	—	63.23
Default (J7R, J8-J10)	46.4	27.6	18.8	—	—	100.00	32.79	32.28	6.39
Total	¥1,519.2	¥1,356.2	¥163.0	¥5.0	—	—	—	—	—

Billions of yen

	Exposure amount			Undrawn amount					
March 31, 2012	Total	On-balance sheet assets	Off-balance sheet assets	Total	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	—	—	—	—	—

(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

	Billions of yen						
	Exposure amount						
March 31, 2013	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	¥12,364.9	¥12,323.0	¥41.9	0.49%	38.48%	—%	28.46%
Others	581.3	581.3	—	1.14	56.69	—	82.50
Delinquent	134.4	128.5	5.9	22.79	41.28	—	225.27
Default	245.5	245.2	0.3	100.00	37.73	35.98	21.88
Total	¥13,326.1	¥13,278.0	¥48.1	—	—	—	—

	Billions of yen						
	Exposure amount						
March 31, 2012	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	—	—	—	—

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

Billions of yen

	Exposure amount				Undrawn amount					
		On-balance sheet assets		Off-balance sheet assets						
March 31, 2013	Total	Balance	Increase		Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	Weighted average risk weight
Card loans										
PD segment:										
Not delinquent	¥ 652.4	¥ 588.7	¥ 61.4	¥ 2.3	¥ 198.5	30.92%	2.40%	83.89%	—%	59.21%
Delinquent	16.0	15.5	0.5	—	3.5	14.37	23.97	77.40	—	213.85
Credit card balances										
PD segment:										
Not delinquent	1,220.9	690.0	310.4	220.5	4,044.3	7.68	1.08	74.57	—	25.31
Delinquent	5.1	4.2	0.9	—	—	—	76.76	75.18	—	127.26
Default	31.6	28.3	3.3	—	—	—	100.00	82.51	76.44	75.79
Total	¥1,926.0	¥1,326.7	¥376.4	¥222.9	¥4,246.3	—	—	—	—	—

Billions of yen

	Exposure amount				Undrawn amount					
		On-balance sheet assets		Off-balance sheet assets						
March 31, 2012	Total	Balance	Increase		Total	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	—	—	—	—	—

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						
March 31, 2013	Total	On-balance sheet assets	Off-balance sheet assets	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	Weighted average risk weight
Business loans							
PD segment:							
Not delinquent							
Use model	¥1,324.9	¥1,307.6	¥17.3	1.03%	53.53%	—%	48.90%
Others	346.6	345.4	1.2	0.63	53.42	—	26.49
Delinquent	272.6	270.2	2.3	25.23	56.78	—	100.10
Consumer loans							
PD segment:							
Not delinquent							
Use model	324.1	323.0	1.1	1.04	45.30	—	40.51
Others	152.8	150.7	2.1	1.78	57.67	—	71.54
Delinquent	48.1	47.6	0.5	18.62	48.58	—	103.16
Default	203.1	202.8	0.3	100.00	64.76	58.69	75.99
Total	¥2,672.1	¥2,647.3	¥24.8	—	—	—	—

	Billions of yen						
	Exposure amount						
March 31, 2012	Total	On-balance sheet assets	Off-balance sheet assets	Weighted average PD	Weighted average LGD	Weighted average $EL_{default}$	Weighted 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	—	—	—	—

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 38) 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	2013	2012
Market-based approach	¥ 447.1	¥ 333.7
Simple risk weight method	219.1	178.7
Listed equities (300%)	118.4	79.6
Unlisted equities (400%)	100.7	99.1
Internal models method	228.1	155.0
PD/LGD approach	743.7	655.9
Grandfathered equity exposures	2,173.6	1,988.8
Total	¥3,364.5	¥2,978.4

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					
	2013			2012		
March 31	Exposure amount	Weighted average PD	Weighted average risk weight	Exposure amount	Weighted average PD	Weighted average risk weight
J1-J3	¥474.4	0.06%	112.59%	¥430.0	0.06%	109.93%
J4-J6	50.3	0.75	193.50	78.5	0.83	208.11
J7 (excluding J7R)	4.7	8.81	559.39	3.3	8.90	412.05
Others	214.0	0.26	140.44	141.7	0.41	144.01
Default (J7R, J8-J10)	0.4	100.00	1125.00	2.4	100.00	—
Total	¥743.7	—	—	¥655.9	—	—

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.
3. Weighted average risk weight for the current fiscal year is calculated by including the amount derived by multiplication of the expected loss by a risk weight of 1250% in the credit risk-weighted assets.

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	2013	2012
Exposures under Article 145 of the Notification	¥1,203.2	¥574.5

(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 ¥173.1 billion on a consolidated basis for fiscal year 2012, an increase of ¥51.8 billion compared to the previous fiscal year.

SMBC recorded ¥19.5 billion in total credit costs on non-consolidated basis in fiscal year 2012, a decrease of ¥39.1 billion compared to the previous fiscal year. By exposure category, the credit cost for "corporate exposures" was ¥10.7 billion, a decrease of ¥46.8 billion compared to the previous year. These were mainly due to a decrease in incurrence of credit cost as a result of our individualized efforts to assist certain borrowers to improve their business and financial conditions, as well as a reversal of provisions for reserve made in previous years.

Total Credit Costs

Billions of yen

	Fiscal 2012 (A)	Fiscal 2011 (B)	Fiscal 2010	Increase (decrease) (A) – (B)
SMFG (consolidated) total	¥173.1	¥121.3	¥217.3	¥51.8
SMBC (consolidated) total	70.6	91.7	159.8	(21.1)
SMBC (nonconsolidated) total	19.5	58.6	94.3	(39.1)
Corporate exposures	10.7	57.5	71.9	(46.8)
Sovereign exposures	(0.3)	(0.2)	5.4	(0.1)
Bank exposures	(0.4)	(0.0)	(14.0)	(0.4)
Residential mortgage exposures	0.2	0.2	0.3	0.0
QRRE	0.1	(0.0)	(0.1)	0.1
Other retail exposures	9.7	10.5	34.0	(0.8)

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 2012			Fiscal 2011		
	Estimated loss amounts			Estimated loss amounts		
		After deduction of reserves	Actual loss amounts		After deduction of reserves	Actual loss amounts
SMFG (consolidated) total	¥ —	¥ —	¥173.1	¥ —	¥ —	¥121.3
SMBC (consolidated) total	—	—	70.6	—	—	91.7
SMBC (nonconsolidated) total	940.1	245.4	19.5	1,062.7	213.9	58.6
Corporate exposures	765.9	164.9	10.7	889.3	132.2	57.5
Sovereign exposures	22.0	11.4	(0.3)	12.4	1.8	(0.2)
Bank exposures	14.9	5.5	(0.4)	14.9	4.7	(0.0)
Residential mortgage exposures	3.7	2.9	0.2	3.8	2.9	0.2
QRRE	0.1	(0.0)	0.1	0.1	(0.0)	(0.0)
Other retail exposures	133.5	65.6	9.7	142.3	77.4	10.5

Billions of yen

	Fiscal 2010			Fiscal 2009		
	Estimated loss amounts			Estimated loss amounts		
		After deduction of reserves	Actual loss amounts		After deduction of reserves	Actual loss amounts
SMFG (consolidated) total	¥ —	¥ —	¥217.3	¥ —	¥ —	¥473.0
SMBC (consolidated) total	—	—	159.8	—	—	419.4
SMBC (nonconsolidated) total	1,204.3	417.2	94.3	1,197.2	354.0	254.7
Corporate exposures	1,021.1	277.4	71.9	984.0	210.0	216.6
Sovereign exposures	7.8	6.3	5.4	5.8	4.3	3.9
Bank exposures	30.5	19.2	(14.0)	52.1	34.4	3.5
Residential mortgage exposures	4.1	3.2	0.3	4.0	3.4	0.7
QRRE	0.1	(0.0)	(0.1)	0.1	0.1	0.1
Other retail exposures	140.8	111.2	34.0	151.2	107.5	61.6

Billions of yen

	Fiscal 2008			Fiscal 2007		
	Estimated loss amounts			Estimated loss amounts		
		After deduction of reserves	Actual loss amounts		After deduction of reserves	Actual loss amounts
SMFG (consolidated) total	¥ —	¥ —	¥767.8	¥ —	¥ —	¥248.6
SMBC (consolidated) total	—	—	724.4	—	—	221.6
SMBC (nonconsolidated) total	954.2	323.9	550.1	887.7	311.4	147.8
Corporate exposures	806.7	278.6	411.4	778.6	252.6	143.2
Sovereign exposures	9.0	7.5	(0.4)	11.2	9.6	0.4
Bank exposures	6.1	5.9	22.7	5.1	4.9	0.0
Residential mortgage exposures	4.0	3.6	0.5	4.6	4.1	0.1
QRRE	0.1	0.1	0.0	0.1	0.1	0.0
Other retail exposures	128.3	65.9	68.1	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, 2013 (i.e. consolidated subsidiaries not listed in the "Internal Ratings-Based (IRB) Approach: 1. Scope" on page 183).

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

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

	2013		2012	
March 31		Of which assigned country risk score		Of which assigned country risk score
0%	¥ 5,169.1	¥ 30.1	¥ 8,398.4	¥ 75.1
10%	213.1	—	224.9	—
20%	943.8	367.2	820.8	275.1
35%	1.1	—	1,062.7	—
50%	129.1	24.5	358.7	27.7
75%	2,864.4	—	3,871.8	—
100%	2,559.2	0.5	3,430.0	0.1
150%	110.6	0.0	156.9	0.0
250%	76.8	—	—	—
1250%	0.0	—	0.0	—
Others	0.0	—	0.0	—
Total	¥12,067.2	¥422.2	¥18,324.2	¥378.0

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.
3. Of items with a risk weight of 1250% as of March 31, 2012 recorded here are those that are deducted from capital.

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. The methods and scope of these adjustments and methods of management are as follows.

(1) Scope and Management

A. Collateral (Eligible Financial or Real Estate Collateral)

SMBC designates deposits and securities as eligible financial collateral, and land and buildings as eligible real estate collateral.

Real estate collateral is evaluated by taking into account its fair value, appraisal value, and current condition, as well as our lien position. Real estate collateral must maintain sufficient collateral value in the event security rights must be exercised due to delinquency. However, during the period from acquiring the rights to exercising the rights, the property may deteriorate or suffer damage from earthquakes or other natural disasters, or there may be changes in the lien position due to, for example, attachment or establishment of liens by a third party. Therefore, the regular monitoring of collateral is implemented according to the type of property and the type of security interest.

B. Guarantees and Credit Derivatives

Guarantors are sovereigns, municipal corporations, credit guarantee corporations and other public entities, financial institutions, and C&I companies. Counterparties to credit derivative transactions are mostly domestic and overseas banks and securities companies.

Credit risk-weighted asset amounts are calculated taking into account credit risk mitigation of guarantees and credit derivatives acquired from entities with sufficient ability to provide protection such as sovereigns, municipal corporations and other public sector entities of comparable credit quality, and financial institutions and C&I companies with sufficient credit ratings.

(2) Concentration of Credit Risk and Market Risk 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 36). 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

	2013		2012	
March 31	Eligible financial collateral	Other eligible IRB collateral	Eligible financial collateral	Other eligible IRB collateral
Advanced Internal Ratings-Based (AIRB) approach	¥ —	¥ —	¥ —	¥ —
Foundation Internal Ratings-Based (FIRB) approach	95.4	65.0	86.5	32.7
Corporate exposures	91.6	65.0	86.5	32.7
Sovereign exposures	—	0.0	—	—
Bank exposures	3.8	—	—	—
Standardized approach	3,721.9	—	3,824.9	—
Total	¥3,817.3	¥65.0	¥3,911.4	¥32.7

Note: For exposures to which the AIRB approach was applied, eligible collateral is separately taken into account in Loss Given Default (LGD) estimates.

Billions of yen

	2013		2012	
March 31	Guarantee	Credit derivative	Guarantee	Credit derivative
Internal Ratings-Based (IRB) approach	¥8,381.6	¥222.0	¥7,153.2	¥149.0
Corporate exposures	7,601.0	222.0	6,426.4	149.0
Sovereign exposures	312.4	—	281.3	—
Bank exposures	315.5	—	274.3	—
Residential mortgage exposures	152.7	—	171.2	—
QRRE	—	—	—	—
Other retail exposures	—	—	—	—
Standardized approach	23.1	—	61.9	—
Total	¥8,404.7	¥222.0	¥7,215.1	¥149.0

■ 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	2013	2012
Gross replacement cost	¥ 6,661.7	¥5,729.0
Gross add-on amount	3,703.2	3,370.1
Gross credit equivalent amount	10,364.9	9,099.1
Foreign exchange related transactions	2,533.4	2,689.0
Interest rate related transactions	7,582.1	6,165.5
Gold related transactions	—	—
Equities related transactions	113.7	73.5
Precious metals (excluding gold) related transactions	—	—
Other commodity related transactions	71.9	99.5
Credit default swaps	63.9	71.6
Reduction in credit equivalent amount due to netting	6,643.7	5,478.8
Net credit equivalent amount	3,721.2	3,620.3
Collateral amount	17.9	19.8
Eligible financial collateral	17.9	19.8
Other eligible IRB collateral	—	—
Net credit equivalent amount (after taking into account the CRM effect of collateral)	¥ 3,703.3	¥3,600.6

(2) Notional Principal Amounts of Credit Derivatives

Credit Default Swaps

Billions of yen

	2013		2012	
	Notional principal amount		Notional principal amount	
March 31	Total	Of which for CRM	Total	Of which for CRM
Protection purchased	¥777.8	¥222.0	¥672.7	¥149.0
Protection provided	716.8	—	635.8	—

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

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 short-term assets by making credit decisions on individual underlying assets.
- Undertake those which cover short-term receivables, etc., by creating a framework mainly to estimate the default rate of the underlying assets based on the historical loan-loss ratio and ensure that they have sufficient subordination.
- Undertake others such as those requiring special management by implementing additional management, such as an analysis of the market environment.

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.
- In cases where neither the ratings-based approach nor the supervisory formula can be applied, a risk weight of 1250% is applied.

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, 2013			Fiscal 2012			
	Underlying asset amount						
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales
Claims on corporates	¥ 5.6	¥ 5.6	¥ —	¥ —	¥ 2.2	¥ 2.1	¥ —
Mortgage loans	1,279.4	1,279.4	—	119.0	1.7	0.4	9.8
Retail loans (excluding mortgage loans)	27.3	8.2	19.1	—	11.9	19.4	—
Other claims	135.8	13.4	122.4	—	—	—	—
Total	¥1,448.1	¥1,306.5	¥141.5	¥119.0	¥15.7	¥21.9	¥9.8

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

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

	2013					2012				
	Term-end balance			Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance			To be deducted from capital	Increase in capital equivalent
March 31	Total	On-balance sheet assets	Off-balance sheet assets			Total	On-balance sheet assets	Off-balance sheet assets		
Claims on corporates	¥ 6.9	¥ 6.9	¥ —	¥ 1.2	¥ —	¥ 16.5	¥ 16.5	¥ —	¥ 2.0	¥ —
Mortgage loans	221.8	221.8	—	30.2	39.1	212.5	212.5	—	33.0	38.1
Retail loans (excluding mortgage loans)	9.6	2.9	6.6	7.0	0.1	48.7	40.4	8.3	43.2	0.2
Other claims	74.4	1.1	73.4	1.9	—	149.1	2.4	146.6	4.1	—
Total	¥312.8	¥232.8	¥80.0	¥40.4	¥39.1	¥426.8	¥271.9	¥155.0	¥82.3	¥38.3

b. Risk Weights

Billions of yen

	2013				2012			
	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	¥ 45.8	¥ 2.2	¥43.6	¥ 0.5	¥156.4	¥ 11.4	¥145.0	¥ 1.4
100% or less	29.1	—	29.1	0.9	3.2	—	3.2	0.2
650% or less	1.3	—	1.3	0.1	1.9	1.8	0.1	0.3
Less than 1250%	—	—	—	—	—	—	—	—
1250%	236.5	230.6	6.0	42.6	265.4	258.6	6.7	82.3
Total	¥312.8	¥232.8	¥80.0	¥44.1	¥426.8	¥271.9	¥155.0	¥84.2

Note: Of items with a risk weight of 1250% as of March 31, 2012 recorded here are those that are deducted from capital.

(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	2013	2012
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification...	¥—	¥4.1

B. As Sponsor

(A) Underlying Assets

Billions of yen

	March 31, 2013			Fiscal 2012		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates	¥776.9	¥776.9	¥—	¥4,671.0	¥74.9	¥73.3
Mortgage loans	—	—	—	—	2.3	2.3
Retail loans (excluding mortgage loans)	133.3	133.3	—	487.5	11.1	11.9
Other claims	58.3	58.3	—	21.3	1.6	1.4
Total	¥968.5	¥968.5	¥—	¥5,179.8	¥90.0	¥89.0

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

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

	2013					2012				
	Term-end balance			Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance			To be deducted from capital	Increase in capital equivalent
March 31	Total	On-balance sheet assets	Off-balance sheet assets			Total	On-balance sheet assets	Off-balance sheet assets		
Claims on corporates	¥612.8	¥277.0	¥335.8	¥—	¥—	¥398.7	¥170.7	¥228.0	¥0.0	¥—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	124.0	9.3	114.7	—	—	145.5	65.3	80.2	—	—
Other claims	51.3	34.7	16.6	—	—	61.5	46.0	15.5	—	—
Total	¥788.0	¥321.0	¥467.1	¥—	¥—	¥605.7	¥281.9	¥323.8	¥0.0	¥—

b. Risk Weights

Billions of yen

March 31	2013 Term-end balance Total	2013 On-balance sheet assets	2013 Off-balance sheet assets	2013 Required capital	2012 Term-end balance Total	2012 On-balance sheet assets	2012 Off-balance sheet assets	2012 Required capital
20% or less	¥778.8	¥315.7	¥463.1	¥5.0	¥597.2	¥274.4	¥322.8	¥3.9
100% or less	8.2	5.2	3.0	0.3	7.3	6.3	1.0	0.3
650% or less	1.0	—	1.0	0.1	1.2	1.2	—	0.1
Less than 1250%	—	—	—	—	—	—	—	—
1250%	—	—	—	—	0.0	0.0	—	0.0
Total	¥788.0	¥321.0	¥467.1	¥5.5	¥605.7	¥281.9	¥323.8	¥4.4

Note: Of items with a risk weight of 1250% as of March 31, 2012 recorded here are those that are deducted from capital.

(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	2013	2012
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	2013 Term-end balance Total	2013 On-balance sheet assets	2013 Off-balance sheet assets	2013 Amounts subject to a 1250% risk weight	2013 Increase in capital equivalent	2012 Term-end balance Total	2012 On-balance sheet assets	2012 Off-balance sheet assets	2012 To be deducted from capital	2012 Increase in capital equivalent
Claims on corporates	¥368.8	¥126.2	¥242.6	¥49.3	¥—	¥311.9	¥118.4	¥193.5	¥44.2	¥—
Mortgage loans	67.4	67.4	—	—	—	65.6	65.6	—	—	—
Retail loans (excluding mortgage loans)	104.9	94.6	10.3	—	—	2.5	2.5	—	—	—
Other claims	6.9	6.9	—	—	—	22.9	22.9	—	—	—
Total	¥548.0	¥295.1	¥252.9	¥49.3	¥—	¥403.0	¥209.5	¥193.5	¥44.2	¥—

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

b. Risk Weights

Billions of yen

March 31	2013 Term-end balance Total	2013 On-balance sheet assets	2013 Off-balance sheet assets	2013 Required capital	2012 Term-end balance Total	2012 On-balance sheet assets	2012 Off-balance sheet assets	2012 Required capital
20% or less	¥422.3	¥259.2	¥163.1	¥ 1.9	¥293.2	¥178.2	¥115.1	¥ 1.5
100% or less	35.3	35.3	—	1.3	28.3	28.3	—	1.8
650% or less	—	—	—	—	2.3	2.3	—	0.2
Less than 1250%	—	—	—	—	—	—	—	—
1250%	90.4	0.6	89.8	52.3	79.1	0.7	78.4	44.2
Total	¥548.0	¥295.1	¥252.9	¥55.5	¥403.0	¥209.5	¥193.5	¥47.6

Note: Of items with a risk weight of 1250% as of March 31, 2012 recorded here are those that are deducted from capital.

(B) Resecuritization Exposures

a. Underlying Assets by Asset Type

Billions of yen

	2013					2012				
	Term-end balance			Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance			To be deducted from capital	Increase in capital equivalent
March 31	Total	On-balance sheet assets	Off-balance sheet assets			Total	On-balance sheet assets	Off-balance sheet assets		
Claims on corporates	¥0.8	¥0.8	¥ —	¥0.2	¥—	¥2.0	¥1.7	¥0.3	¥0.4	¥—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	—	—	—	—	—	0.3	—	0.3	—	—
Other claims	1.3	0.7	0.6	0.7	—	0.9	0.6	0.3	0.6	—
Total	¥2.1	¥1.5	¥0.6	¥0.9	¥—	¥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

Billions of yen

	2013				2012			
	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	¥1.1	¥0.4	¥0.6	¥0.0	¥1.3	¥0.6	¥0.7	¥0.0
100% or less	—	—	—	—	—	—	—	—
650% or less	—	—	—	—	—	—	—	—
Less than 1250%	—	—	—	—	—	—	—	—
1250%	1.1	1.1	—	0.9	1.8	1.7	0.1	1.0
Total	¥2.1	¥1.5	¥0.6	¥0.9	¥3.1	¥2.3	¥0.8	¥1.0

Note: Of items with a risk weight of 1250% as of March 31, 2012 recorded here are those that are deducted from capital.

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

Billions of yen

March 31	2013	2012
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

Billions of yen

	2013					2012				
	Term-end balance			Amounts subject to a 100% risk weight	Increase in capital equivalent	Term-end balance			To be deducted from capital	Increase in capital equivalent
March 31	Total	On-balance sheet assets	Off-balance sheet assets			Total	On-balance sheet assets	Off-balance sheet assets		
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

Billions of yen

	2013				2012			
	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
Less than 100%	¥—	¥—	¥—	¥—	¥ —	¥ —	¥—	¥ —
100%	—	—	—	—	0.5	0.5	—	0.5
Total	¥—	¥—	¥—	¥—	¥0.5	¥0.5	¥—	¥0.5

Note: Of items with a risk weight of 100% as of March 31, 2012 recorded here are those that are deducted from capital.

(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 and default risk.

Regarding stocks of subsidiaries, assets and liabilities of subsidiaries are risk-managed on a consolidated basis. As for stocks of affiliates, risks related to gains and losses from investments are recognized separately. As in each case maximum allowable amount of risk is managed individually, risks as stocks are not measured. The limits are established within the "risk capital limit" of 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

	2013		2012	
March 31	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures	¥3,067.5	¥3,067.5	¥2,444.0	¥2,444.0
Equity exposures other than above	310.7	—	505.7	—
Total	¥3,378.2	¥ —	¥2,949.7	¥ —

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

Billions of yen

	Fiscal 2012	Fiscal 2011
Gains (losses)	¥(21.0)	¥(27.9)
Gains on sale	38.4	15.7
Losses on sale	29.4	11.7
Devaluation	29.9	31.9

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

Billions of yen

March 31	2013	2012
Unrealized gains (losses) recognized on consolidated balance sheets but not on consolidated statements of income	¥867.6	¥338.8

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 2013	2012
Unrealized gains (losses) not recognized on consolidated balance sheets or consolidated statements of income	¥(11.4)	¥(21.4)

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, 2013	Billions of yen Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing	¥ 9,917.3	¥ 242.9	¥ 325.5	¥ 2,222.4	¥ 12,708.1
Agriculture, forestry, fishery and mining	189.1	4.3	5.4	30.6	229.4
Construction	1,209.2	44.0	4.8	179.7	1,437.7
Transport, information, communications and utilities	5,837.9	188.0	132.8	845.0	7,003.7
Wholesale and retail	5,775.0	54.8	249.0	848.4	6,927.1
Financial and insurance	13,577.4	489.8	1,546.3	1,885.1	17,498.7
Real estate, goods rental and leasing	8,461.2	228.3	49.6	335.2	9,074.4
Services	4,880.7	101.2	49.9	569.9	5,601.7
Local municipal corporations	1,887.5	452.6	10.6	13.5	2,364.2
Other industries	26,313.6	30,762.8	64.6	4,110.6	61,251.6
Subtotal	¥ 78,048.8	¥32,568.6	¥2,438.6	¥11,040.6	¥124,096.5
Overseas operations and offshore banking accounts					
Sovereigns	¥ 5,869.6	¥ 1,489.1	¥ 9.8	¥ 9.2	¥ 7,377.6
Financial institutions	4,106.0	229.5	742.0	735.0	5,812.5
C&I companies	15,388.9	255.9	474.3	474.7	16,593.8
Others	3,276.4	199.2	37.4	1,499.4	5,012.3
Subtotal	¥ 28,640.8	¥ 2,173.6	¥1,263.5	¥ 2,718.2	¥ 34,796.1
Total	¥106,689.6	¥34,742.2	¥3,702.1	¥13,758.8	¥158,892.7

March 31, 2012	Billions of yen Loans, etc.	Bonds	Derivatives	Others	Total
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

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, standardized approach applied funds, and CVA risk equivalent amount exposures, etc.
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, 2013	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year	¥ 35,122.9	¥ 9,156.4	¥ 672.6	¥ 915.1	¥ 45,867.1
More than 1 year to 3 years	15,025.7	11,803.3	713.5	1,150.7	28,693.2
More than 3 years to 5 years	13,631.5	10,333.2	1,415.6	1,818.5	27,198.8
More than 5 years to 7 years	5,411.7	2,204.2	287.8	430.8	8,334.5
More than 7 years	24,835.3	1,245.1	612.7	811.5	27,504.6
No fixed maturity	12,662.4	—	—	8,632.1	21,294.5
Total	¥106,689.6	¥34,742.2	¥3,702.1	¥13,758.8	¥158,892.7

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

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, standardized approach applied funds, and CVA risk equivalent amount exposures, etc.
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	
	2013	2012
Domestic operations (excluding offshore banking accounts)	¥2,365.5	¥2,492.3
Overseas operations and offshore banking accounts	114.2	148.5
Asia	26.1	18.9
North America	18.6	53.8
Other regions	69.5	75.8
Total	¥2,479.7	¥2,640.8

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	
	2013	2012
Domestic operations (excluding offshore banking accounts)		
Manufacturing	¥ 278.1	¥ 256.8
Agriculture, forestry, fishery and mining	6.0	7.0
Construction	114.6	142.3
Transport, information, communications and utilities	247.3	234.7
Wholesale and retail	293.2	333.6
Financial and insurance	17.0	24.9
Real estate, goods rental and leasing	703.4	693.9
Services	267.6	304.3
Other industries	438.3	494.8
Subtotal	¥2,365.5	¥2,492.3
Overseas operations and offshore banking accounts		
Financial institutions	¥ 6.2	¥ 14.1
C&I companies	105.8	132.2
Others	2.2	2.2
Subtotal	¥ 114.2	¥ 148.5
Total	¥2,479.7	¥2,640.8

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	2013 (A)	2012 (B)	2011	Increase (decrease) (A) – (B)
General reserve for possible loan losses	¥ 539.3	¥ 593.3	¥ 696.2	¥(54.0)
Loan loss reserve for specific overseas countries	0.0	0.2	0.6	(0.2)
Specific reserve for possible loan losses	1,042.7	1,071.3	1,230.0	(28.6)
Domestic operations (excluding offshore banking accounts)	990.7	1,008.2	1,148.2	(17.5)
Overseas operations and offshore banking accounts	52.0	63.1	81.8	(11.1)
Asia	15.0	12.9	16.0	2.1
North America	12.2	22.3	24.3	(10.1)
Other regions	24.8	27.9	41.5	(3.1)
Total	¥1,582.0	¥1,664.8	¥1,926.8	¥(82.8)

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	2013 (A)	2012 (B)	2011	Increase (decrease) (A) – (B)
General reserve for possible loan losses	¥ 539.3	¥ 593.3	¥ 696.2	¥(54.0)
Loan loss reserve for specific overseas countries	0.0	0.2	0.6	(0.2)
Specific reserve for possible loan losses	1,042.7	1,071.3	1,230.0	(28.6)
Domestic operations (excluding offshore banking accounts)	990.7	1,008.2	1,148.2	(17.5)
Manufacturing	133.2	121.3	167.3	11.9
Agriculture, forestry, fishery and mining	3.5	3.0	3.5	0.5
Construction	60.5	66.0	73.5	(5.5)
Transport, information, communications and utilities	98.4	65.5	46.3	32.9
Wholesale and retail	145.8	139.5	175.1	6.3
Financial and insurance	12.2	11.9	12.2	0.3
Real estate, goods rental and leasing	262.1	287.6	325.0	(25.5)
Services	123.0	127.2	156.4	(4.2)
Other industries	152.0	186.2	188.9	(34.2)
Overseas operations and offshore banking accounts	52.0	63.1	81.8	(11.1)
Financial institutions	5.6	10.6	26.1	(5.0)
C&I companies	44.8	51.6	55.7	(6.8)
Others	1.6	0.9	0.0	0.7
Total	¥1,582.0	¥1,664.8	¥1,926.8	¥(82.8)

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 2012	Fiscal 2011
Domestic operations (excluding offshore banking accounts)		
Manufacturing	¥ 12.3	¥ (7.1)
Agriculture, forestry, fishery and mining	0.2	(0.0)
Construction	2.8	3.3
Transport, information, communications and utilities	4.0	3.6
Wholesale and retail	12.6	7.1
Financial and insurance	(0.4)	(0.2)
Real estate, goods rental and leasing	2.6	2.2
Services	3.1	3.4
Other industries	92.6	76.7
Subtotal	¥129.8	¥89.0
Overseas operations and offshore banking accounts		
Financial institutions	¥ (0.1)	¥ 1.2
C&I companies	2.3	(0.7)
Others	1.6	0.9
Subtotal	¥ 3.8	¥ 1.4
Total	¥133.6	¥90.3

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 2012		Fiscal 2011	
	VaR	Stressed VaR	VaR	Stressed VaR
Fiscal year-end	¥2.4	¥ 4.7	¥1.8	¥2.5
Maximum	6.3	12.7	3.5	4.7
Minimum	1.3	2.5	1.0	1.5
Average	3.8	7.7	2.1	3.0

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 2012	Fiscal 2011
Fiscal year-end	¥31.1	¥32.0
Maximum	35.2	53.6
Minimum	23.6	31.8
Average	29.5	38.9

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. 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., SMBC Finance Service Co., Ltd., Kansai Urban Banking Corporation, The Japan Net Bank, Limited, SMBC Guarantee 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 43 to 45.

3. Usage of Insurance to Mitigate Risk

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

Reconciliation of Regulatory Capital Elements Back to the Balance Sheet (Year ended March 31, 2013)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Million of Yen)

Items	Consolidated balance sheet as in published financial statements	Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	Amount		
(Assets)			
Cash and due from banks	10,799,291		
Call loans and bills bought	1,353,746		
Receivables under resale agreements	273,217		
Receivables under securities borrowing transactions	3,494,398		
Monetary claims bought	1,540,516		
Trading assets	7,765,554	7-a	
Money held in trust	22,789	7-b	
Securities	41,306,731	3-b, 7-c	
Loans and bills discounted	65,632,091	7-d	
Foreign exchanges	2,226,427		
Lease receivables and investment assets	1,684,800		
Other assets	4,367,634	4	
Tangible fixed assets	1,983,772		
Intangible fixed assets	790,860	3-a	
Deferred tax assets	374,258	5-a	
Customers' liabilities for acceptances and guarantees	6,009,575		
Reserve for possible loan losses	(928,866)		
Total assets	148,696,800		
(Liabilities)			
Deposits	89,081,811		
Negotiable certificates of deposit	11,755,654		
Call money and bills sold	2,954,051		
Payables under repurchase agreements	2,076,791		
Payables under securities lending transactions	4,433,835		
Commercial paper	1,499,499		
Trading liabilities	6,119,631	7-e	
Borrowed money	4,979,460		
Foreign exchanges	337,901		
Short-term bonds	1,126,300		
Bonds	4,750,806		
Due to trust account	643,350		
Other liabilities	3,989,794		
Reserve for employee bonuses	59,855		
Reserve for executive bonuses	4,037		
Reserve for employee retirement benefits	44,579		
Reserve for executive retirement benefits	2,420		
Reserve for point service program	19,319		
Reserve for reimbursement of deposits	11,195		
Reserve for losses on interest repayment	245,423		
Reserve under the special laws	481		
Deferred tax liabilities	68,120	5-b	
Deferred tax liabilities for land revaluation	39,683	5-c	
Acceptances and guarantees	6,009,575		
Total liabilities	140,253,582		
(Net assets)			
Capital stock	2,337,895	1-a	
Capital surplus	758,630	1-b	
Retained earnings	2,811,474	1-c	
Treasury stock	(227,373)	1-d	
Total stockholders' equity	5,680,627		
Net unrealized gains on other securities	755,753		
Net deferred losses on hedges	(32,863)	6	
Land revaluation excess	39,129		
Foreign currency translation adjustments	(97,448)		
Total accumulated other comprehensive income	664,570		3
Stock acquisition rights	1,260	2,8-a	
Minority interests	2,096,760	8-b	
Total net assets	8,443,218		
Total liabilities and net assets	148,696,800		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Exhibit)

1. Stockholders' equity

(1) Consolidated balance sheet

(Million of Yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Capital stock	2,337,895		1-a
Capital surplus	758,630		1-b
Retained earnings	2,811,474		1-c
Treasury stock	(227,373)		1-d
Total stockholders' equity	5,680,627		

(2) Composition of capital

(Million of Yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	5,680,627	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,096,526		1a
of which: retained earnings	2,811,474		2
of which: treasury stock	(227,373)		1c
of which: other than the above	–		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	–	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Stock acquisition rights

(1) Consolidated balance sheet

(Million of Yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Stock acquisition rights	1,260		2
of which: Stock acquisition rights issued by bank holding company	1,140		

(2) Composition of capital

(Million of Yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Stock acquisition rights to common shares	1,140		1b
Stock acquisition rights to Additional Tier 1 instruments	–		31b
Stock acquisition rights to Tier 2 instruments	–		46

3. Intangible assets

(1) Consolidated balance sheet

(Million of Yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Intangible fixed assets	790,860		3-a
Securities	41,306,731		3-b
of which: goodwill attributable to equity-method investees	25,811		

Income taxes related to above	147,818	

(2) Composition of capital

(Million of Yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Goodwill (including those equivalent)	400,969		8
Other intangible assets other than goodwill and mortgage servicing rights	267,884	Software and other	9
Mortgage servicing rights	–		
Amount exceeding the 10% threshold on specified items	–		20
Amount exceeding the 15% threshold on specified items	–		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	–		74

4. Prepaid pension cost

(1) Consolidated balance sheet

(Million of Yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Other assets	4,367,634		4
of which: prepaid pension cost	224,719		

Income taxes related to above	79,935	

(2) Composition of capital

(Million of Yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Prepaid pension cost	144,783		15

5. Deferred tax assets

(1) Consolidated balance sheet

(Million of Yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Deferred tax assets	374,258		5-a
Deferred tax liabilities	68,120		5-b
Deferred tax liabilities for land revaluation	39,683		5-c
Tax effects on other intangible assets	147,818		
Tax effects on prepaid pension cost	79,935		

(2) Composition of capital

(Million of Yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	9,897	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	506,519	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	—		21
Amount exceeding the 15% threshold on specified items	—		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	506,519		75

6. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet

(Million of Yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Net deferred losses on hedges	(32,863)		6

(2) Composition of capital

(Million of Yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Net deferred losses on hedges	(29,649)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

7. Items associated with investments in the capital of financial institutions

(1) Consolidated balance sheet

(Million of Yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Trading assets	7,765,554	Including trading account securities and derivatives for trading assets	7-a
Money held in trust	22,789		7-b
Securities	41,306,731		7-c
Loans and bills discounted	65,632,091	Including subordinated loans	7-d
Trading liabilities	6,119,631	Including trading account securities sold and derivatives for trading liabilities	7-e

(2) Composition of capital (Million of Yen)

Composition of capital disclosure		Amount	Remarks	Basel III Template No.
Investments in own capital instruments		9,019		
	Common Equity Tier 1 capital	9,019		16
	Additional Tier 1 capital	–		37
	Tier 2 capital	–		52
Reciprocal cross-holdings in the capital of banking, financial and insurance entities		–		
	Common Equity Tier 1 capital	–		17
	Additional Tier 1 capital	–		38
	Tier 2 capital	–		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)		798,416		
	Common Equity Tier 1 capital	169,361		18
	Additional Tier 1 capital	1,589		39
	Tier 2 capital	73,250		54
	Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	554,215		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions		479,547		
	Amount exceeding the 10% threshold on specified items	–		19
	Amount exceeding the 15% threshold on specified items	–		23
	Additional Tier 1 capital	157,149		40
	Tier 2 capital	125,000		55
	Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	197,398		73

8. Minority interests

(1) Consolidated balance sheet (Million of Yen)

Consolidated balance sheet items	Amount	Remarks	Ref. No.
Stock acquisition rights	1,260		8-a
Minority interests	2,096,760		8-b

(2) Composition of capital (Million of Yen)

Composition of capital disclosure	Amount	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	139,300		5
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	–		30-31ab-32
Amount allowed to be included in group Additional Tier 1	127,606		34-35
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	–		46
Amount allowed to be included in group Tier 2	28,909		48-49

Note:
Amounts in the "Composition of capital disclosure" are based on those before considering under transitional arrangements and includes "Amounts excluded under transitional arrangements" disclosed in "Capital Structure Information" as wells as amounts included as regulatory capital. In addition, items for regulatory purpose under transitional arrangement are excluded from this table.