Basel III Information

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

■ Scope of Consolidation

1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 341
  Please refer to “Principal Subsidiaries and Affiliates” on page 104 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, except percentages)

Basel III Template No.	Items	As of March 31, 2016		As of March 31, 2015	
			Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Common Equity Tier 1 capital: instruments and reserves					
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,351,752		6,909,010	
1a	of which: capital and capital surplus	3,095,202		3,095,225	
2	of which: retained earnings	4,534,472		4,098,425	
1c	of which: treasury stock (–)	175,381		175,261	
26	of which: cash dividends to be paid (–)	102,541		109,379	
	of which: other than the above	–		–	
1b	Stock acquisition rights to common shares	2,635		2,085	
3	Accumulated other comprehensive income and other disclosed reserves	875,680	583,787	801,543	1,202,315
5	Adjusted non-controlling interests, etc. (amount allowed to be included in group Common Equity Tier 1)	164,550		153,863	
	Total of items included in Common Equity Tier 1 capital: instruments and reserves subject to transitional arrangements	48,257		70,451	
	of which: non-controlling interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	48,257		70,451	
6	Common Equity Tier 1 capital: instruments and reserves (A)	8,442,875		7,936,954	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Total intangible assets (excluding those relating to mortgage servicing rights)	451,805	301,203	303,449	455,174
8	of which: goodwill (including those equivalent)	223,573	149,048	174,118	261,177
9	of which: other intangible assets other than goodwill and mortgage servicing rights	228,232	152,154	129,330	193,996
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,282	855	2,003	3,004
11	Net deferred gains or losses on hedges	34,278	22,852	(11,477)	(17,216)
12	Shortfall of eligible provisions to expected losses	34,496	22,997	12,822	19,233
13	Gain on sale on securitization transactions	30,051	20,034	18,683	28,025
14	Gains and losses due to changes in own credit risk on fair valued liabilities	5,089	3,392	2,597	3,896
15	Net defined benefit asset	84,995	56,663	102,160	153,241
16	Investments in own shares (excluding those reported in the Net assets section)	4,424	2,949	3,954	5,931
17	Reciprocal cross-holdings in common equity	–	–	–	–
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("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)	–	–	26,239	39,359
19+20+21	Amount exceeding the 10% threshold on specified items	–	–	–	–
19	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	–	–	–	–
20	of which: mortgage servicing rights	–	–	–	–
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	–	–	–	–
22	Amount exceeding the 15% threshold on specified items	–	–	–	–
23	of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	–	–	–	–
24	of which: mortgage servicing rights	–	–	–	–
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	–	–	–	–
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–		–	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	646,423		460,433	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	7,796,451		7,476,520	

(Millions of yen, except percentages)

Basel III Template No.		Items		As of March 31, 2016	Amounts excluded under transitional arrangements	As of March 31, 2015	Amounts excluded under transitional arrangements
Additional Tier 1 capital: instruments							
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown		–		–	
	31b	Stock acquisition rights to Additional Tier 1 instruments		–		–	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards		300,000		–	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities		–		–	
34-35		Adjusted non-controlling interests, etc. (amount allowed to be included in group Additional Tier 1)		183,267		182,251	
33+35		Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments		961,997		1,124,296	
33		of which: instruments issued by bank holding companies and their special purpose vehicles		961,997		1,124,296	
35		of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)		–		–	
		Total of items included in Additional Tier 1 capital: items subject to transitional arrangements		34,817		93,785	
		of which: foreign currency translation adjustments		34,817		93,785	
36		Additional Tier 1 capital: instruments	(D)	1,480,082		1,400,333	
Additional Tier 1 capital: regulatory adjustments							
37		Investments in own Additional Tier 1 instruments		–	–	–	–
38		Reciprocal cross-holdings in Additional Tier 1 instruments		–	–	–	–
39		Non-significant Investments in the Additional Tier 1 capital of Other Financial Institutions, net of eligible short positions (amount above 10% threshold)		–	–	203	304
40		Significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)		48,032	32,021	63,453	95,180
		Total of items included in Additional Tier 1 capital: regulatory adjustments subject to transitional arrangements		196,827		284,571	
		of which: goodwill and others		165,294		246,929	
		of which: gain on sale on securitization transactions		20,034		28,025	
		of which: amount equivalent to 50% of shortfall of eligible provisions to expected losses		11,498		9,616	
42		Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		–		–	
43		Additional Tier 1 capital: regulatory adjustments	(E)	244,860		348,227	
Additional Tier 1 capital (AT1)							
44		Additional Tier 1 capital ((D)-(E))	(F)	1,235,221		1,052,105	
Tier 1 capital (T1 = CET1 + AT1)							
45		Tier 1 capital (T1 = CET1 + AT1) ((C)+(F))	(G)	9,031,672		8,528,626	
Tier 2 capital: instruments and provisions							
46		Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown		–		–	
		Stock acquisition rights to Tier 2 instruments		–		–	
		Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards		655,064		374,988	
		Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities		–		–	
48-49		Adjusted non-controlling interests, etc. (amount allowed to be included in group Tier 2)		42,036		39,348	
47+49		Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions		1,220,569		1,423,997	
47		of which: instruments issued by bank holding companies and their special purpose vehicles		–		–	
49		of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)		1,220,569		1,423,997	
50		Total of general reserve for possible loan losses and eligible provisions included in Tier 2		78,017		64,776	
50a		of which: general reserve for possible loan losses		78,017		64,776	
50b		of which: eligible provisions		–		–	
		Total of items included in Tier 2 capital: instruments and provisions subject to transitional arrangements		345,673		699,394	
		of which: unrealized gains on other securities after 55% discount		332,809		679,578	
		of which: land revaluation excess after 55% discount		12,863		19,816	
51		Tier 2 capital: instruments and provisions	(H)	2,341,360		2,602,505	

(Millions of yen, except percentages)

Basel III Template No.	Items		As of March 31, 2016	Amounts excluded under transitional arrangements	As of March 31, 2015	Amounts excluded under transitional arrangements
Tier 2 capital: regulatory adjustments						
52	Investments in own Tier 2 instruments		–	–	–	–
53	Reciprocal cross-holdings in Tier 2 instruments		–	–	–	–
54	Non-significant Investments in the Tier 2 capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)		–	–	4,043	6,065
55	Significant investments in the Tier 2 capital of Other Financial Institutions (net of eligible short positions)		75,000	50,000	50,023	75,034
	Total of items included in Tier 2 capital: regulatory adjustments subject to transitional arrangements		62,109		111,149	
	of which: Tier 2 and deductions under Basel II		62,109		111,149	
57	Tier 2 capital: regulatory adjustments	(I)	137,109		165,216	
Tier 2 capital (T2)						
58	Tier 2 capital (T2) ((H)-(I))	(J)	2,204,250		2,437,289	
Total capital (TC = T1 + T2)						
59	Total capital (TC = T1 + T2) ((G) + (J))	(K)	11,235,923		10,965,916	
Risk weighted assets						
	Total of items included in risk weighted assets subject to transitional arrangements		68,865		210,891	
	of which: intangible assets (excluding those relating to mortgage servicing rights)		31,824		32,434	
	of which: net defined benefit asset		16,093		33,867	
	of which: Non-significant Investments in the capital of Other Financial Institutions, net of eligible short positions (amount above the 10% threshold)		–		64,835	
	of which: significant investments in Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)		83		52,936	
	of which: significant investments in Tier 2 capital of Other Financial Institutions (net of eligible short positions)		16,156		17,981	
60	Risk weighted assets	(L)	66,011,621		66,136,801	
Capital ratio (consolidated)						
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))		11.81%		11.30%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))		13.68%		12.89%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))		17.02%		16.58%	
Regulatory adjustments						
72	Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)		620,209		798,335	
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)		522,466		477,320	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)		–		–	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)		9,700		5,285	
Provisions included in Tier 2 capital: instruments and provisions						
76	Provisions (general reserve for possible loan losses)		78,017		64,776	
77	Cap on inclusion of provisions (general reserve for possible loan losses)		88,359		84,065	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		–		–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		309,031		312,347	
Capital instruments subject to transitional arrangements						
82	Current cap on Additional Tier 1 instruments subject to transitional arrangements		975,514		1,138,100	
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)		–		–	
84	Current cap on Tier 2 instruments subject to transitional arrangements		1,220,569		1,423,997	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)		30,203		43,258	

(Millions of yen)

Items	As of March 31, 2016	As of March 31, 2015
Required capital ((L) × 8%)	5,280,929	5,290,944

Capital Requirements

	Billions of yen	
March 31	2016	2015
Capital requirements for credit risk:		
Internal ratings-based approach	4,954.4	5,093.8
Corporate exposures:	3,102.8	3,091.1
Corporate exposures (excluding specialized lending)	2,645.2	2,588.4
Sovereign exposures	43.1	42.1
Bank exposures	136.5	183.2
Specialized lending	278.1	277.4
Retail exposures:	623.1	661.2
Residential mortgage exposures	373.1	404.9
Qualifying revolving retail exposures	134.9	127.4
Other retail exposures	115.1	128.9
Equity exposures:	459.5	498.3
PD/LGD approach	317.6	374.7
Market-based approach	141.9	123.6
Simple risk weight method	92.4	87.7
Internal models method	49.4	35.9
Credit risk-weighted assets under Article 145 of the Notification	252.6	324.0
Securitization exposures	78.6	75.5
Other exposures	437.8	443.6
Standardized approach	547.2	519.6
Amount corresponding to CVA risk	197.0	179.5
CCP-related exposures	8.3	8.2
Total capital requirements for credit risk	5,706.9	5,801.1
Capital requirements for market risk:		
Standardized method	64.7	74.6
Interest rate risk	38.0	42.0
Equity position risk	17.6	26.0
Foreign exchange risk	2.2	1.9
Commodities risk	0.2	1.4
Options	6.7	3.3
Internal models approach	52.3	82.7
Securitization exposures	—	—
Total capital requirements for market risk	116.9	157.3
Capital requirements for operational risk:		
Advanced measurement approach	226.7	193.3
Basic indicator approach	40.6	33.1
Total capital requirements for operational risk	267.2	226.4
Total amount of capital requirements	6,091.1	6,184.8

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.
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., JSC Sumitomo Mitsui Rus Bank, PT Bank Sumitomo Mitsui Indonesia, Sumitomo Mitsui Banking Corporation Malaysia Berhad, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited and SMBC Capital Markets (Asia) Limited

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 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 81). Different rating series are used for domestic and overseas obligors — J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors — as shown in the table 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 and business loans are assigned obligor grades using grading models developed specifically for these exposures.
- PDs used for calculating credit risk-weighted assets are estimated based on the default experience for each grade and taking into account the possibility of estimation errors. In addition to internal data, external data are used to estimate and validate PDs. The definition of default is the definition stipulated in the Notification (an event that would lead to an exposure being classified as "substandard loans," "doubtful assets" or "bankrupt and quasi-bankrupt assets" occurring to the obligor).
- Loss Given Defaults (LGDs) and exposure at default (EAD) used in the calculation of credit risk-weighted assets are estimated based on historical loss experience of credits in default, taking into account the possibility of estimation errors.

Obligor Grade			
Domestic Corporate	Overseas Corporate	Definition	Borrower Category
J1	G1	Very high certainty of debt repayment	Normal Borrowers
J2	G2	High certainty of debt repayment	
J3	G3	Satisfactory certainty of debt repayment	
J4	G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	
J5	G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of significant changes in economic trends or business environment	
J6	G6	Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems	
J7	G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Borrowers Requiring Caution
J7R	G7R	Of which Substandard Borrowers	Substandard Borrowers
J8	G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
J9	G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Effectively Bankrupt Borrowers
J10	G10	Legally or formally bankrupt	Bankrupt Borrowers

(B) Portfolio

a. Domestic Corporate, Sovereign and Bank Exposures

March 31, 2016	Exposure amount (Billions of yen) Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
J1-J3	25,425.1	20,176.1	5,249.0	5,214.0	49.47%	0.07%	35.03%	—%	19.36%
J4-J6	16,856.1	14,637.0	2,219.1	1,070.1	49.97	0.74	34.65	—	50.60
J7 (excluding J7R)	791.2	745.3	45.9	24.2	49.39	15.69	34.24	—	149.46
Japanese government and local municipal corporations	45,890.5	45,414.0	476.5	106.1	49.39	0.00	35.31	—	0.01
Others	4,874.7	4,346.0	528.7	253.7	49.86	0.81	44.36	—	54.86
Default (J7R, J8-J10)	732.3	692.3	40.1	0.6	96.36	100.00	47.52	46.87	8.15
Total	94,570.0	86,010.6	8,559.4	6,668.8	—	—	—	—	—

March 31, 2015	Exposure amount (Billions of yen) Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
J1-J3	24,669.4	19,660.6	5,008.8	4,323.8	50.41%	0.07%	34.52%	—%	19.82%
J4-J6	16,265.1	14,077.4	2,187.7	844.1	50.85	0.78	33.10	—	49.61
J7 (excluding J7R)	936.5	894.2	42.2	9.8	50.72	15.42	33.77	—	146.52
Japanese government and local municipal corporations	47,942.0	47,447.1	494.9	237.9	50.32	0.00	35.31	—	0.03
Others	5,070.3	4,575.3	495.1	158.7	50.41	0.84	43.50	—	50.10
Default (J7R, J8-J10)	914.4	873.8	40.7	1.3	98.50	100.00	46.88	45.98	11.21
Total	95,797.7	87,528.3	8,269.4	5,575.6	—	—	—	—	—

Note: "Others" includes exposures guaranteed by credit guarantee corporations, exposures to public sector entities and voluntary organizations, 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 of more than ¥100 million.

b. Overseas Corporate, Sovereign and Bank Exposures

March 31, 2016	Exposure amount (Billions of yen) Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	38,146.3	28,329.7	9,816.6	8,977.6	49.39%	0.14%	30.26%	—%	17.98%
G4-G6	2,100.5	1,461.7	638.9	347.0	49.39	2.87	24.37	—	69.62
G7 (excluding G7R)	490.0	386.6	103.4	129.0	49.39	14.86	26.66	—	132.5
Others	314.3	117.8	196.5	193.3	49.39	2.59	25.04	—	73.14
Default (G7R, G8-G10)	119.3	89.8	29.6	26.6	100.00	100.00	54.56	50.41	51.88
Total	41,170.4	30,385.5	10,785.0	9,673.5	—	—	—	—	—

March 31, 2015	Exposure amount (Billions of yen) Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	36,212.6	26,970.0	9,242.7	8,406.7	50.32%	0.13%	30.44%	—%	17.93%
G4-G6	2,610.0	1,255.5	1,354.5	383.2	50.32	3.07	18.42	—	50.47
G7 (excluding G7R)	396.6	355.2	41.4	58.1	50.32	13.98	27.59	—	132.48
Others	341.8	143.3	198.5	49.0	50.32	2.44	31.65	—	92.25
Default (G7R, G8-G10)	114.6	86.7	27.8	25.4	100.00	100.00	48.94	44.68	53.25
Total	39,675.6	28,810.6	10,865.0	8,922.4	—	—	—	—	—

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, 2016.
- 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					
	Risk weight	2016			2015		
March 31		Project finance	Object finance	IPRE	Project finance	Object finance	IPRE
Strong:							
Residual term less than 2.5 years	50%	0.0	—	2.5	0.0	—	0.3
Residual term 2.5 years or more	70%	28.2	2.8	11.5	15.5	3.0	12.2
Good:							
Residual term less than 2.5 years	70%	33.2	—	5.0	35.9	—	2.7
Residual term 2.5 years or more	90%	20.6	—	5.4	27.8	—	4.7
Satisfactory	115%	4.5	0.9	23.4	29.2	—	10.3
Weak	250%	20.9	—	0.7	—	—	—
Default	—	3.5	—	0.0	3.8	—	1.6
Total		110.8	3.6	48.6	112.4	3.0	31.7

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

		Billions of yen	
March 31	Risk weight	2016	2015
Strong:			
Residual term less than 2.5 years	70%	8.7	3.6
Residual term 2.5 years or more	95%	4.8	6.6
Good:			
Residual term less than 2.5 years	95%	113.7	94.9
Residual term 2.5 years or more	120%	71.1	48.7
Satisfactory	140%	156.5	103.0
Weak	250%	1.8	—
Default	—	—	—
Total		356.7	256.7

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

(a) Project Finance

March 31, 2016	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount: Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	3,279.4	2,279.7	999.8	1,039.7	49.39%	0.29%	27.51%	—%	42.48%
G4-G6	214.3	168.8	45.5	44.4	49.39	3.16	33.98	—	113.01
G7 (excluding G7R)	21.8	21.2	0.6	—	—	19.28	27.45	—	148.59
Others	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	29.3	29.1	0.1	0.1	100.00	100.00	53.30	49.15	51.88
Total	3,544.9	2,498.8	1,046.0	1,084.2	—	—	—	—	—

March 31, 2015	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount: Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	3,069.8	2,184.3	885.5	914.9	50.32%	0.29%	29.91%	—%	41.97%
G4-G6	210.5	178.8	31.7	41.8	50.32	2.46	22.83	—	74.63
G7 (excluding G7R)	33.0	30.9	2.1	0.1	50.32	17.45	45.64	—	254.13
Others	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	15.1	15.1	—	—	—	100.00	62.68	58.42	53.25
Total	3,328.3	2,409.0	919.3	956.8	—	—	—	—	—

(b) Object Finance

March 31, 2016	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount: Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	226.1	183.8	42.4	33.8	49.39%	0.32%	13.04%	—%	19.02%
G4-G6	19.2	18.2	1.0	—	—	3.43	22.46	—	83.48
G7 (excluding G7R)	0.6	0.6	—	—	—	14.44	45.00	—	246.61
Others	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	0.0	0.0	—	—	—	100.00	91.00	86.85	51.88
Total	246.0	202.6	43.4	33.8	—	—	—	—	—

March 31, 2015	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount: Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
G1-G3	198.9	151.0	47.9	42.0	50.32%	0.26%	17.70%	—%	25.08%
G4-G6	11.0	11.0	—	—	—	4.05	14.31	—	50.86
G7 (excluding G7R)	0.7	0.7	—	—	—	13.71	5.00	—	22.09
Others	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10)	1.3	1.3	—	—	—	100.00	62.77	58.51	53.25
Total	211.8	163.9	47.9	42.0	—	—	—	—	—

(c) Income-Producing Real Estate (IPRE)

March 31, 2016	Billions of yen: Exposure amount: Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount: Total	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
J1-J3	850.1	746.8	103.3	2.6	49.39%	0.04%	22.28%	—%	9.95%
J4-J6	469.2	376.8	92.4	1.2	49.39	1.16	27.60	—	61.50
J7 (excluding J7R)	12.6	5.4	7.2	—	—	25.57	19.95	—	110.47
Others	301.7	290.7	11.0	14.5	49.39	0.81	30.05	—	26.31
Default (J7R, J8-J10)	20.4	—	20.4	—	—	100.00	35.12	34.27	10.63
Total	1,654.0	1,419.8	234.3	18.4	—	—	—	—	—

March 31, 2015	Billions of yen									
	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	504.9	459.1	45.8	2.2	50.32%	0.05%	29.91%	—%	14.12%
J4-J6	859.5	717.1	142.4	—	—	1.20	33.11	—	76.26
J7 (excluding J7R)	5.5	5.5	—	—	—	10.38	1.00	—	4.45
Others	250.1	242.6	7.5	11.7	50.32	1.18	33.84	—	30.59
Default (J7R, J8-J10)	27.0	0.7	26.3	—	—	100.00	37.73	36.55	14.75
Total	1,647.0	1,425.0	222.0	13.9	—	—	—	—	—

(2) Retail Exposures

A. Residential Mortgage Exposures

(A) Rating Procedures

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

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

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

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

(B) Portfolio

March 31, 2016	Billions of yen						
	Exposure amount						
	Total	On-balance sheet assets	Off-balance sheet assets	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
Mortgage loans							
PD segment:							
Not delinquent							
Use model	12,005.4	11,980.6	24.9	0.45%	34.20%	—%	23.75%
Others	428.3	428.3	—	1.05	51.55	—	69.54
Delinquent	86.5	82.3	4.2	19.54	37.29	—	194.86
Default	184.0	183.9	0.1	100.00	35.15	33.64	18.95
Total	12,704.3	12,675.1	29.2	—	—	—	—

March 31, 2015	Billions of yen						
	Exposure amount						
	Total	On-balance sheet assets	Off-balance sheet assets	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
Mortgage loans							
PD segment:							
Not delinquent							
Use model	12,134.0	12,104.3	29.8	0.45%	35.37%	—%	24.77%
Others	473.2	473.2	—	1.07	53.26	—	73.55
Delinquent	97.2	92.4	4.8	20.59	38.08	—	202.39
Default	201.0	200.8	0.2	100.00	36.70	34.86	22.99
Total	12,905.4	12,870.6	34.8	—	—	—	—

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		Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
March 31, 2016	Total	Balance	Increase		Total					
Card loans										
PD segment:										
Not delinquent	846.6	736.4	108.4	1.8	233.1	46.51%	2.63%	83.31%	—%	62.07%
Delinquent	16.0	15.4	0.6	—	3.1	20.67	28.09	77.69	—	213.34
Credit card balances										
PD segment:										
Not delinquent	1,514.6	893.4	334.0	287.2	4,368.5	7.65	1.00	71.74	—	22.63
Delinquent	6.2	5.3	0.9	—	—	—	77.63	72.21	—	122.12
Default	25.7	22.9	2.8	—	—	—	100.00	80.60	74.17	80.39
Total	2,409.2	1,673.4	446.8	289.0	4,604.7	—	—	—	—	—

	Billions of yen									
	Exposure amount				Undrawn amount					
		On-balance sheet assets		Off-balance sheet assets		Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average risk weight
March 31, 2015	Total	Balance	Increase		Total					
Card loans										
PD segment:										
Not delinquent	789.4	683.5	103.9	2.0	221.3	46.97%	2.49%	83.32%	—%	59.90%
Delinquent	15.0	14.4	0.6	—	3.1	19.50	26.61	77.40	—	210.88
Credit card balances										
PD segment:										
Not delinquent	1,506.1	845.6	333.8	326.7	4,243.4	7.87	0.99	72.92	—	22.93
Delinquent	6.8	5.7	1.1	—	—	—	76.40	72.98	—	126.20
Default	24.6	21.7	2.9	—	—	—	100.00	80.99	74.75	77.94
Total	2,341.9	1,570.9	442.3	328.7	4,467.8	—	—	—	—	—

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 and consumer loans such as My Car Loan.
- Business loans and consumer loans are rated as follows.

a. Business loans are allocated to a portfolio segment with similar risk characteristics in terms of (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 LTV for business loans.

PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

b. Rating procedures for consumer loans depends on whether the loan is collateralized. Collateralized consumer loans are allocated to a portfolio segment using the same standards as for mortgage loans of "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, 2016	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	1,024.3	1,006.1	18.1	0.93%	48.13%	—%	41.99%
Others	214.4	213.3	1.1	0.78	41.51	—	33.56
Delinquent	92.5	91.1	1.4	6.43	42.63	—	67.78
Consumer loans							
PD segment:							
Not delinquent							
Use model	323.6	323.1	0.5	0.78	42.07	—	33.84
Others	133.3	131.9	1.5	1.64	53.77	—	64.94
Delinquent	24.5	24.3	0.2	16.94	45.78	—	94.52
Default	67.1	67.0	0.1	100.00	52.55	48.90	45.60
Total	1,879.7	1,856.9	22.8	—	—	—	—

	Billions of yen						
	Exposure amount						
March 31, 2015	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	1,029.5	1,012.5	17.0	0.99%	47.87%	—%	43.26%
Others	210.5	209.2	1.3	0.82	42.77	—	35.64
Delinquent	111.0	109.6	1.4	6.50	43.40	—	69.19
Consumer loans							
PD segment:							
Not delinquent							
Use model	324.2	323.5	0.7	0.87	43.25	—	36.25
Others	138.5	136.8	1.7	1.67	55.52	—	67.59
Delinquent	30.6	30.5	0.2	16.69	46.73	—	95.47
Default	80.1	79.9	0.2	100.00	53.54	49.81	46.69
Total	1,924.3	1,901.9	22.5	—	—	—	—

Notes: 1. "Business loans" includes apartment construction loans. Following implementation of our domestic business structure revision started in April 2014, "Domestic Corporate Exposures" includes SME loans because their grading system is integrated into that of Corporate 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 83) 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

March 31	Billions of yen 2016	2015
Market-based approach	532.6	809.1
Simple risk weight method	322.0	305.2
Listed equities (300%)	197.9	185.9
Unlisted equities (400%)	124.1	119.3
Internal models method	210.6	503.9
PD/LGD approach	3,514.6	4,093.4
Total	4,047.2	4,902.5

Note: The above exposures are "equity exposures" stipulated in the Notification and differ from "stocks" described in the consolidated financial statements.

b. PD/LGD Approach

	Billions of yen					
	2016			2015		
March 31	Exposure amount	Weighted average PD	Weighted average risk weight	Exposure amount	Weighted average PD	Weighted average risk weight
J1-J3	3,229.5	0.05%	100.45%	3,687.2	0.06%	100.55%
J4-J6	195.5	0.45	161.79	240.5	0.47	166.81
J7 (excluding J7R)	2.5	10.56	561.96	5.0	10.88	570.39
Others	86.7	0.45	192.60	160.4	0.36	172.78
Default (J7R, J8-J10)	0.4	100.00	1,125.00	0.3	100.00	1,125.00
Total	3,514.6	—	—	4,093.4	—	—

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 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

March 31	Billions of yen 2016	2015
Exposures under Article 145 of the Notification	1,317.3	1,763.4

(4) Analysis of Actual Losses

A. Year-on-Year Comparison of Actual Losses

SMFG recorded an increase of ¥95.0 billion in total credit costs (the total of the general reserve, non-performing loan write-offs and gains on collection of written-off claims) compared to the previous fiscal year, amounting to ¥102.8 billion on a consolidated basis for fiscal year 2015.

SMBC recorded an increase of ¥76.9 billion in total credit costs compared to the previous fiscal year, which resulted in a gain on reversal of allowance for loan losses of ¥3.2 billion on a non-consolidated basis in fiscal year 2015. This was due primarily to a decrease in a gain on reversal of allowance for loan losses and the recognition of expenses derived from the deterioration in credit quality of natural resources-related borrowers, mainly overseas.

Total Credit Costs

	Billions of yen			
	Fiscal 2015 (A)	Fiscal 2014 (B)	Fiscal 2013	Increase (decrease) (A) – (B)
SMFG (consolidated) total	102.8	7.8	(49.1)	95.0
SMBC (consolidated) total	13.9	(65.4)	(113.3)	79.3
SMBC (non-consolidated) total	(3.2)	(80.1)	(123.9)	76.9
Corporate exposures	0.1	(40.6)	(122.8)	40.7
Sovereign exposures	(1.7)	(6.0)	0.3	4.3
Bank exposures	(0.1)	(0.7)	(0.9)	0.6
Residential mortgage exposures	0.0	(0.3)	(0.1)	0.4
QRRE	0.0	(0.1)	(0.0)	0.1
Other retail exposures	(1.8)	(2.6)	(0.5)	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 (non-consolidated).

B. Comparison of Estimated and Actual Losses

Billions of yen

	Fiscal 2015			Fiscal 2014		
	Estimated loss amounts			Estimated loss amounts		
		After deduction of reserves	Actual loss amounts		After deduction of reserves	Actual loss amounts
SMFG (consolidated) total	—	—	102.8	—	—	7.8
SMBC (consolidated) total	—	—	13.9	—	—	(65.4)
SMBC (non-consolidated) total	513.1	153.9	(3.2)	642.5	171.1	(80.1)
Corporate exposures	483.0	139.0	0.1	523.6	128.1	(40.6)
Sovereign exposures	9.1	3.8	(1.7)	12.7	1.4	(6.0)
Bank exposures	10.7	7.2	(0.1)	8.5	4.2	(0.7)
Residential mortgage exposures	3.9	3.5	0.0	2.9	2.3	(0.3)
QRRE	0.0	0.0	0.0	0.0	(0.0)	(0.1)
Other retail exposures	6.4	5.5	(1.8)	94.8	40.7	(2.6)

Billions of yen

	Fiscal 2013			Fiscal 2012		
	Estimated loss amounts			Estimated loss amounts		
		After deduction of reserves	Actual loss amounts		After deduction of reserves	Actual loss amounts
SMFG (consolidated) total	—	—	(49.1)	—	—	173.1
SMBC (consolidated) total	—	—	(113.3)	—	—	70.6
SMBC (non-consolidated) total	871.2	171.2	(123.9)	940.1	245.4	19.5
Corporate exposures	734.0	123.6	(122.8)	765.9	164.9	10.7
Sovereign exposures	5.6	4.1	0.3	22.0	11.4	(0.3)
Bank exposures	11.4	6.1	(0.9)	14.9	5.5	(0.4)
Residential mortgage exposures	5.2	4.3	(0.1)	3.7	2.9	0.2
QRRE	0.0	(0.0)	(0.0)	0.1	(0.0)	0.1
Other retail exposures	114.9	38.2	(0.5)	133.5	65.6	9.7

Billions of yen

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

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, 2016 (i.e. consolidated subsidiaries not listed in the “Internal Ratings-Based (IRB) Approach: 1. Scope” on page 213).

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

Cedyna Financial Corporation, SMBC Aviation Capital Limited

(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			
	2016		2015	
March 31		Of which assigned country risk score		Of which assigned country risk score
0%	8,337.8	598.7	6,992.0	639.0
10%	0.2	—	0.1	—
20%	1,209.2	724.8	1,189.6	639.6
35%	51.5	—	0.5	—
50%	109.0	10.6	99.5	20.2
75%	3,381.0	—	3,231.1	—
100%	3,589.6	3.9	3,446.3	2.2
150%	96.6	0.0	93.1	0.0
250%	117.5	—	97.5	—
1250%	0.1	—	0.1	—
Others	0.0	—	0.0	—
Total	16,892.6	1,338.1	15,149.7	1,300.9

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

Credit Risk Mitigation (CRM) Techniques

1. Risk Management Policy and Procedures

In calculating credit risk-weighted asset amounts, SMFG takes into account credit risk mitigation (CRM) techniques. Specifically, amounts are adjusted for eligible financial or real estate collateral, guarantees, and credit derivatives. 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 large exposure limit lines, risk concentration monitoring, and reporting to the Credit Risk Committee (please refer to pages 80 to 84). 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			
	2016		2015	
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	134.3	56.0	84.3	55.0
Corporate exposures	46.4	56.0	44.9	55.0
Sovereign exposures	—	—	—	—
Bank exposures	87.8	—	39.5	—
Standardized approach	5,409.5	—	5,040.9	—
Total	5,543.8	56.0	5,125.2	55.0

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			
	2016		2015	
March 31	Guarantee	Credit derivative	Guarantee	Credit derivative
Internal Ratings-Based (IRB) approach	8,955.9	373.8	8,966.1	374.2
Corporate exposures	8,377.2	373.8	8,083.1	374.2
Sovereign exposures	305.7	—	522.7	—
Bank exposures	168.1	—	242.1	—
Residential mortgage exposures	104.9	—	118.3	—
QRRE	—	—	—	—
Other retail exposures	—	—	—	—
Standardized approach	34.1	—	43.3	—
Total	8,990.0	373.8	9,009.4	374.2

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	2016	2015
Gross replacement cost	6,182.7	6,629.6
Gross add-on amount	4,302.9	4,718.7
Gross credit equivalent amount	10,485.6	11,348.4
Foreign exchange related transactions	3,397.0	3,365.0
Interest rate related transactions	6,809.2	7,680.5
Gold related transactions	—	—
Equities related transactions	158.7	194.5
Precious metals (excluding gold) related transactions	—	—
Other commodity related transactions	75.3	74.6
Credit default swaps	45.3	33.8
Reduction in credit equivalent amount due to netting	4,895.2	5,869.0
Net credit equivalent amount	5,590.3	5,479.3
Collateral amount	20.9	35.2
Eligible financial collateral	20.9	35.2
Other eligible IRB collateral	—	—
Net credit equivalent amount (after taking into account the CRM effect of collateral)	5,569.4	5,444.1

(2) Notional Principal Amounts of Credit Derivatives

Credit Default Swaps

	Billions of yen			
	2016		2015	
	Notional principal amount		Notional principal amount	
March 31	Total	Of which for CRM	Total	Of which for CRM
Protection purchased	719.8	373.8	605.4	370.2
Protection provided	373.4	—	332.9	—

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. Particularly, with respect to securitization transactions backed by retail loans whose creditworthiness is relatively inferior, such as subprime loans in the U.S., the Group deals only with transactions that are sufficiently structured by taking into account not only the above policies, but others such as the underlying asset selection criteria of the originator and the average life.

The Group shall basically not conduct 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

The recognition of the generation and extinguishment of financial assets and financial liabilities associated with securitization transactions and the valuation and accounting treatment thereof are mainly governed by the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

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, 2016			Fiscal 2015			
	Underlying asset amount						
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales
Claims on corporates	9.1	0.0	9.1	—	4.4	24.3	—
Mortgage loans	1,278.1	1,278.1	—	164.7	1.5	0.4	12.5
Retail loans (excluding mortgage loans)	—	—	—	—	—	—	—
Other claims	0.4	0.4	—	—	—	—	—
Total	1,287.5	1,278.5	9.1	164.7	5.9	24.7	12.5

Billions of yen

	March 31, 2015			Fiscal 2014			
	Underlying asset amount						
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales
Claims on corporates	10.8	0.1	10.7	—	4.9	24.1	—
Mortgage loans	1,277.6	1,277.6	—	182.6	1.4	0.3	14.5
Retail loans (excluding mortgage loans)	—	—	—	—	—	—	—
Other claims	87.6	2.5	85.1	—	—	—	—
Total	1,376.0	1,280.2	95.8	182.6	6.3	24.4	14.5

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

	2016					2015				
	Term-end balance					Term-end balance				
March 31	Total	On-balance sheet assets	Off-balance sheet assets	Amounts subject to a 1250% risk weight	Increase in capital equivalent	Total	On-balance sheet assets	Off-balance sheet assets	Amounts subject to a 1250% risk weight	Increase in capital equivalent
Claims on corporates	4.7	1.5	3.2	2.1	—	4.9	1.6	3.4	2.3	—
Mortgage loans	289.2	289.2	—	24.0	50.1	272.7	272.7	—	25.7	46.7
Retail loans (excluding mortgage loans)	—	—	—	—	—	—	—	—	—	—
Other claims	0.3	0.3	—	0.0	—	36.1	0.5	35.6	0.7	—
Total	294.2	291.0	3.2	26.1	50.1	313.8	274.8	39.0	28.7	46.7

b. Risk Weights

Billions of yen

	2016				2015			
	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	0.0	—	0.0	0.0	34.6	—	34.6	0.1
100% or less	0.3	—	0.3	0.0	0.3	—	0.3	0.0
650% or less	0.7	—	0.7	0.1	1.1	—	1.1	0.2
Less than 1250%	0.0	—	0.0	0.0	—	—	—	—
1250%	293.2	291.0	2.2	27.7	277.7	274.8	3.0	30.4
Total	294.2	291.0	3.2	27.8	313.8	274.8	39.0	30.7

(C) Resecuritization Exposures

There are no amounts that represent "resecuritization exposures."

B. As Sponsor

(A) Underlying Assets

Billions of yen

	March 31, 2016			Fiscal 2015		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates	883.6	883.6	—	7,138.8	75.8	104.0
Mortgage loans	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	583.5	583.5	—	477.7	2.7	7.3
Other claims	10.4	10.4	—	10.6	0.0	0.0
Total	1,477.6	1,477.6	—	7,627.1	78.5	111.4

Billions of yen

	March 31, 2015			Fiscal 2014		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates	1,059.5	1,059.5	—	7,849.0	63.3	91.4
Mortgage loans	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	404.5	404.5	—	300.2	0.6	3.0
Other claims	31.8	31.8	—	10.7	1.2	0.3
Total	1,495.8	1,495.8	—	8,160.0	65.2	94.7

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

	2016					2015				
	Term-end balance			Amounts subject to a 1250% risk weight	Increase in capital equivalent	Term-end balance			Amounts subject to a 1250% risk weight	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	681.7	681.7	—	1.5	—	826.3	826.3	—	0.3	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	497.7	497.7	—	—	—	375.0	375.0	—	—	—
Other claims	5.9	5.9	—	—	—	25.1	25.1	—	—	—
Total	1,185.2	1,185.2	—	1.5	—	1,226.4	1,226.4	—	0.3	—

b. Risk Weights

March 31	2016 Term-end balance Total	2016 Term-end balance On-balance sheet assets	2016 Term-end balance Off-balance sheet assets	2016 Required capital	2015 Term-end balance Total	2015 Term-end balance On-balance sheet assets	2015 Term-end balance Off-balance sheet assets	2015 Required capital
	Billions of yen							
20% or less	1,158.9	1,158.9	—	7.1	1,218.7	1,218.7	—	7.3
100% or less	24.9	24.9	—	0.9	7.5	7.5	—	0.4
650% or less	—	—	—	—	—	—	—	—
Less than 1250%	—	—	—	—	—	—	—	—
1250%	1.5	1.5	—	1.6	0.3	0.3	—	0.3
Total	1,185.2	1,185.2	—	9.7	1,226.4	1,226.4	—	8.0

(C) Resecuritization Exposures

There are no amounts that represent "resecuritization exposures."

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

(A) Securitization Exposures (Excluding Resecuritization Exposures)

a. Underlying Assets by Asset Type

March 31	2016 Term-end balance Total	2016 Term-end balance On-balance sheet assets	2016 Term-end balance Off-balance sheet assets	2016 Amounts subject to a 1250% risk weight	2016 Increase in capital equivalent	2015 Term-end balance Total	2015 Term-end balance On-balance sheet assets	2015 Term-end balance Off-balance sheet assets	2015 Amounts subject to a 1250% risk weight	2015 Increase in capital equivalent
	Billions of yen									
Claims on corporates	685.5	303.2	382.3	32.1	—	533.6	201.0	332.6	30.9	—
Mortgage loans	83.6	83.6	—	—	—	76.9	76.9	—	—	—
Retail loans (excluding mortgage loans)	338.1	325.5	12.5	—	—	192.4	190.0	2.4	—	—
Other claims	8.4	8.2	0.3	0.1	—	—	—	—	—	—
Total	1,115.6	720.5	395.2	32.2	—	802.9	467.9	335.0	30.9	—

Notes: 1. Asset type classification is based on the major items in the underlying assets for each transaction.
2. "Retail loans (excluding mortgage loans)" includes balances of ¥5.6 billion as of March 31, 2016 and ¥3.6 billion as of March 31, 2015 for the securitization exposures which includes loans whose credit risk are relatively high, such as U.S. subprime loans.

b. Risk Weights

March 31	2016 Term-end balance Total	2016 Term-end balance On-balance sheet assets	2016 Term-end balance Off-balance sheet assets	2016 Required capital	2015 Term-end balance Total	2015 Term-end balance On-balance sheet assets	2015 Term-end balance Off-balance sheet assets	2015 Required capital
	Billions of yen							
20% or less	976.3	688.7	287.6	5.1	682.7	462.4	220.3	3.4
100% or less	31.7	31.7	—	1.7	5.5	5.5	—	0.3
650% or less	—	—	—	—	—	—	—	—
Less than 1250%	—	—	—	—	—	—	—	—
1250%	107.6	0.1	107.5	34.2	114.7	—	114.7	32.8
Total	1,115.6	720.5	395.2	41.0	802.9	467.9	335.0	36.4

Note: The risk weight of "100% or less" includes balances of ¥5.6 billion as of March 31, 2016 and ¥3.6 billion as of March 31, 2015 for the securitization exposures which includes loans whose credit risk are relatively high, such as U.S. subprime loans.

(B) Resecuritization Exposures

a. Underlying Assets by Asset Type

Billions of yen

March 31	2016 Term-end balance Total	2016 Term-end balance On-balance sheet assets	2016 Term-end balance Off-balance sheet assets	2016 Amounts subject to a 1250% risk weight	2016 Increase in capital equivalent	2015 Term-end balance Total	2015 Term-end balance On-balance sheet assets	2015 Term-end balance Off-balance sheet assets	2015 Amounts subject to a 1250% risk weight	2015 Increase in capital equivalent
Claims on corporates	0.2	0.1	0.1	0.1	—	0.5	0.5	—	0.1	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	0.3	—	0.3	—	—	—	—	—	—	—
Other claims	0.1	0.1	—	0.0	—	0.7	0.3	0.4	0.3	—
Total	0.6	0.3	0.4	0.1	—	1.2	0.9	0.4	0.4	—

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

March 31	2016 Term-end balance Total	2016 Term-end balance On-balance sheet assets	2016 Term-end balance Off-balance sheet assets	2016 Required capital	2015 Term-end balance Total	2015 Term-end balance On-balance sheet assets	2015 Term-end balance Off-balance sheet assets	2015 Required capital
20% or less	0.4	0.1	0.4	0.0	0.7	0.5	0.2	0.0
100% or less	—	—	—	—	0.1	—	0.1	0.0
650% or less	—	—	—	—	0.1	—	0.1	0.0
Less than 1250%	—	—	—	—	—	—	—	—
1250%	0.2	0.2	—	0.1	0.4	0.4	—	0.4
Total	0.6	0.3	0.4	0.1	1.2	0.9	0.4	0.5

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 as Investor

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

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			
	2016		2015	
March 31	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures	3,811.3	3,811.3	4,383.7	4,383.7
Equity exposures other than above	227.2	—	276.9	—
Total	4,038.5	—	4,660.6	—

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

	Billions of yen	
	Fiscal 2015	Fiscal 2014
Gains (losses)	69.0	66.7
Gains on sale	100.3	83.5
Losses on sale	20.8	4.0
Devaluation	10.4	12.8

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	2016	2015
Unrealized gains (losses) recognized on consolidated balance sheets but not on consolidated statements of income	1,734.3	2,259.1

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

	Billions of yen	
March 31	2016	2015
Unrealized gains (losses) not recognized on consolidated balance sheets or consolidated statements of income	(25.6)	(50.1)

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

	Billions of yen				
March 31, 2016	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing	9,649.7	140.2	240.4	2,661.0	12,691.3
Agriculture, forestry, fishery and mining	368.2	8.2	3.1	30.1	409.7
Construction	1,238.9	22.8	4.6	242.5	1,508.8
Transport, information, communications and utilities	6,124.1	51.3	164.0	1,131.7	7,471.2
Wholesale and retail	6,130.8	38.1	182.7	898.2	7,249.8
Financial and insurance	42,235.4	418.2	1,637.7	1,382.3	45,673.7
Real estate, goods rental and leasing	9,438.2	411.9	64.7	422.9	10,337.7
Services	5,627.8	30.9	59.1	649.9	6,367.7
Local municipal corporations	1,558.8	56.8	11.8	20.7	1,648.1
Other industries	27,111.3	13,380.7	338.7	5,630.9	46,461.5
Subtotal	109,483.2	14,559.1	2,706.7	13,070.2	139,819.3
Overseas operations and offshore banking accounts					
Sovereigns	7,755.5	1,190.7	21.8	21.8	8,989.7
Financial institutions	5,882.2	557.9	1,849.3	915.7	9,205.2
C&I companies	22,624.1	164.0	903.0	899.6	24,590.7
Others	5,288.5	829.4	84.4	2,356.9	8,559.2
Subtotal	41,550.2	2,742.0	2,858.5	4,194.0	51,344.7
Total	151,033.4	17,301.2	5,565.3	17,264.2	191,164.0

	Billions of yen				
March 31, 2015	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing	9,095.1	143.2	204.1	2,980.0	12,422.4
Agriculture, forestry, fishery and mining	189.5	3.7	8.1	36.7	238.1
Construction	1,217.2	18.3	2.9	221.6	1,460.0
Transport, information, communications and utilities	6,018.7	54.6	115.6	1,052.6	7,241.5
Wholesale and retail	6,119.0	37.5	148.1	859.8	7,164.4
Financial and insurance	39,834.8	358.6	1,919.6	1,804.0	43,917.1
Real estate, goods rental and leasing	8,784.0	394.0	47.8	442.6	9,668.4
Services	5,244.2	36.4	63.5	668.0	6,012.1
Local municipal corporations	1,864.7	156.0	10.4	18.4	2,049.5
Other industries	27,552.6	16,690.0	189.7	6,115.3	50,547.6
Subtotal	105,919.6	17,892.4	2,709.9	14,199.2	140,721.1
Overseas operations and offshore banking accounts					
Sovereigns	7,453.1	1,080.3	22.7	22.7	8,578.7
Financial institutions	6,008.0	429.3	1,762.6	801.3	9,001.2
C&I companies	21,393.5	233.1	850.2	841.1	23,317.8
Others	5,050.7	879.7	98.3	2,447.9	8,476.6
Subtotal	39,905.3	2,622.4	2,733.7	4,113.0	49,374.4
Total	145,824.9	20,514.9	5,443.6	18,312.2	190,095.6

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

	Billions of yen				
March 31, 2016	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year	39,469.8	4,442.1	826.9	1,003.6	45,742.3
More than 1 year to 3 years	18,046.6	3,550.6	1,243.0	1,393.3	24,233.5
More than 3 years to 5 years	17,316.5	5,449.0	1,356.7	1,256.8	25,379.0
More than 5 years to 7 years	7,318.5	564.1	576.6	507.3	8,966.4
More than 7 years	25,408.3	3,295.4	1,562.1	1,363.4	31,629.2
No fixed maturity	43,473.7	—	—	11,739.8	55,213.5
Total	151,033.4	17,301.2	5,565.3	17,264.2	191,164.0

	Billions of yen				
March 31, 2015	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year	40,443.4	4,621.5	750.0	891.5	46,706.4
More than 1 year to 3 years	16,895.6	7,981.9	1,494.2	1,660.5	28,032.1
More than 3 years to 5 years	16,656.4	4,787.3	1,364.7	1,314.0	24,122.4
More than 5 years to 7 years	6,652.4	1,006.1	512.6	524.3	8,695.4
More than 7 years	25,508.1	2,117.9	1,322.3	1,134.6	30,082.9
No fixed maturity	39,669.0	—	—	12,787.3	52,456.3
Total	145,824.9	20,514.9	5,443.6	18,312.2	190,095.6

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

	Billions of yen	
March 31	2016	2015
Domestic operations (excluding offshore banking accounts)	1,301.9	1,526.4
Overseas operations and offshore banking accounts	177.9	171.5
Asia	47.3	46.8
North America	67.8	42.9
Other regions	62.8	81.8
Total	1,479.8	1,697.9

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

	Billions of yen	
March 31	2016	2015
Domestic operations (excluding offshore banking accounts)		
Manufacturing	173.1	190.0
Agriculture, forestry, fishery and mining	3.0	7.4
Construction	34.0	44.5
Transport, information, communications and utilities	130.9	185.7
Wholesale and retail	171.6	191.1
Financial and insurance	9.1	10.4
Real estate, goods rental and leasing	233.7	304.1
Services	137.6	169.0
Other industries	408.9	424.2
Subtotal	1,301.9	1,526.4
Overseas operations and offshore banking accounts		
Financial institutions	2.8	1.0
C&I companies	123.8	152.5
Others	51.3	18.0
Subtotal	177.9	171.5
Total	1,479.8	1,697.9

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	2016 (A)	2015 (B)	2014	Increase (decrease) (A) – (B)
General reserve for possible loan losses	395.5	387.0	473.2	8.5
Loan loss reserve for specific overseas countries	1.3	0.7	0.7	0.6
Specific reserve for possible loan losses	530.1	647.1	784.6	(117.0)
Domestic operations (excluding offshore banking accounts)	457.9	590.0	745.6	(132.1)
Overseas operations and offshore banking accounts	72.2	57.1	39.0	15.1
Asia	19.0	28.6	14.3	(9.6)
North America	15.3	5.4	3.3	9.9
Other regions	37.9	23.1	21.4	14.8
Total	926.9	1,034.8	1,258.5	(107.9)

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	2016 (A)	2015 (B)	2014	Increase (decrease) (A) – (B)
General reserve for possible loan losses	395.5	387.0	473.2	8.5
Loan loss reserve for specific overseas countries	1.3	0.7	0.7	0.6
Specific reserve for possible loan losses	530.1	647.1	784.6	(117.0)
Domestic operations (excluding offshore banking accounts)	457.9	590.0	745.6	(132.1)
Manufacturing	60.0	83.7	110.0	(23.7)
Agriculture, forestry, fishery and mining	2.6	2.9	3.0	(0.3)
Construction	13.7	20.0	38.4	(6.3)
Transport, information, communications and utilities	69.8	81.9	63.7	(12.1)
Wholesale and retail	63.9	79.2	115.1	(15.3)
Financial and insurance	6.7	8.2	10.9	(1.5)
Real estate, goods rental and leasing	81.3	109.1	173.0	(27.8)
Services	48.0	68.1	89.9	(20.1)
Other industries	111.9	136.9	141.6	(25.0)
Overseas operations and offshore banking accounts	72.2	57.1	39.0	15.1
Financial institutions	0.3	0.3	2.9	0.0
C&I companies	65.9	43.7	34.1	22.2
Others	6.0	13.1	2.0	(7.1)
Total	926.9	1,034.8	1,258.5	(107.9)

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 2015	Fiscal 2014
Domestic operations (excluding offshore banking accounts)		
Manufacturing	(0.3)	(0.3)
Agriculture, forestry, fishery and mining	0.0	(0.0)
Construction	0.1	(0.1)
Transport, information, communications and utilities	1.3	0.1
Wholesale and retail	0.5	(0.9)
Financial and insurance	(0.1)	0.0
Real estate, goods rental and leasing	0.1	0.1
Services	(0.0)	0.2
Other industries	64.8	74.5
Subtotal	66.4	73.6
Overseas operations and offshore banking accounts		
Financial institutions	—	—
C&I companies	0.6	0.0
Others	7.2	3.4
Subtotal	7.8	3.4
Total	74.2	77.0

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 2015		Fiscal 2014	
	VaR	Stressed VaR	VaR	Stressed VaR
Fiscal year-end	1.7	1.9	2.7	3.5
Maximum	5.9	11.7	5.6	13.2
Minimum	1.2	1.8	1.7	2.3
Average	2.6	4.4	3.2	7.1

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 2015	Fiscal 2014
Fiscal year-end	34.0	39.0
Maximum	48.9	46.1
Minimum	23.5	36.6
Average	38.7	41.7

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, 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 Loan Business Service Co., Ltd., SMBC Loan Administration and Operations Service Co., Ltd., Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Nikko Securities Inc., Cedyna Financial Corporation and SMBC Consumer Finance Co., Ltd.

2. Outline of the AMA

For the "Outline of the AMA," please refer to pages 88 to 90.

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 (As of March 31, 2015 and 2016)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Millions 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)
	As of March 31, 2016	As of March 31, 2015		
(Assets)				
Cash and due from banks	42,789,236	39,748,979		
Call loans and bills bought	1,291,365	1,326,965		
Receivables under resale agreements	494,949	746,431		
Receivables under securities borrowing transactions	7,972,918	6,477,063		
Monetary claims bought	4,350,012	4,286,592		
Trading assets	8,063,281	7,483,681	7-a	
Money held in trust	5,163	7,087		
Securities	25,264,445	29,633,667	3-b, 7-b	
Loans and bills discounted	75,066,080	73,068,240	7-c	
Foreign exchanges	1,577,167	1,907,667		
Lease receivables and investment assets	1,987,034	1,909,143		
Other assets	6,702,774	6,156,091		
Tangible fixed assets	2,919,424	2,770,853		
Intangible fixed assets	878,265	819,560	3-a	
Net defined benefit asset	203,274	376,255	4	
Deferred tax assets	125,832	127,841	5-a	
Customers' liabilities for acceptances and guarantees	7,519,635	7,267,713		
Reserve for possible loan losses	(625,019)	(671,248)		
Total assets	186,585,842	183,442,585		
(Liabilities)				
Deposits	110,668,828	101,047,918		
Negotiable certificates of deposit	14,250,434	13,825,898		
Call money and bills sold	1,220,455	5,873,123		
Payables under repurchase agreements	1,761,822	991,860		
Payables under securities lending transactions	5,309,003	7,833,219		
Commercial paper	3,017,404	3,351,459		
Trading liabilities	6,112,667	5,664,688	7-d	
Borrowed money	8,571,227	9,778,095	9-a	
Foreign exchanges	1,083,450	1,110,822		
Short-term bonds	1,271,300	1,370,800		
Bonds	7,006,357	6,222,918	9-b	
Due to trust account	944,542	718,133		
Other liabilities	6,632,027	6,728,951		
Reserve for employee bonuses	68,476	73,359		
Reserve for executive bonuses	2,446	3,344		
Net defined benefit liability	48,570	38,096		
Reserve for executive retirement benefits	2,202	2,128		
Reserve for point service program	19,706	19,050		
Reserve for reimbursement of deposits	16,979	20,870		
Reserve for losses on interest repayment	228,741	166,793		
Reserve under the special laws	1,498	1,124		
Deferred tax liabilities	348,190	601,393	5-b	
Deferred tax liabilities for land revaluation	32,203	34,550	5-c	
Acceptances and guarantees	7,519,635	7,267,713		
Total liabilities	176,138,173	172,746,314		
(Net assets)				
Capital stock	2,337,895	2,337,895	1-a	
Capital surplus	757,306	757,329	1-b	
Retained earnings	4,534,472	4,098,425	1-c	
Treasury stock	(175,381)	(175,261)	1-d	
Total stockholders' equity	7,454,294	7,018,389		
Net unrealized gains on other securities	1,347,689	1,791,049		
Net deferred gains or losses on hedges	55,130	(30,180)	6	
Land revaluation excess	39,416	39,014		
Foreign currency translation adjustments	87,042	156,309		
Remeasurements of defined benefit plans	(69,811)	47,667		
Total accumulated other comprehensive income	1,459,467	2,003,859		3
Stock acquisition rights	2,884	2,284	2, 8-a	
Non-controlling interests	1,531,022	1,671,738	8-b	
Total net assets	10,447,669	10,696,271		
Total liabilities and net assets	186,585,842	183,442,585		

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

(Appended Table)

1. Stockholders' equity

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Capital stock	2,337,895	2,337,895		1-a
Capital surplus	757,306	757,329		1-b
Retained earnings	4,534,472	4,098,425		1-c
Treasury stock	(175,381)	(175,261)		1-d
Total stockholders' equity	7,454,294	7,018,389		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,454,294	7,018,389	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,095,202	3,095,225		1a
of which: retained earnings	4,534,472	4,098,425		2
of which: treasury stock (–)	175,381	175,261		1c
of which: other than the above	—	—		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Stock acquisition rights

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Stock acquisition rights	2,884	2,284		2
of which: Stock acquisition rights issued by bank holding company	2,635	2,085		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Stock acquisition rights to common shares	2,635	2,085		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

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Intangible fixed assets	878,265	819,560		3-a
Securities	25,264,445	29,633,667		3-b
of which: goodwill attributable to equity-method investees	46,540	92,771		

Income taxes related to above	171,796	153,707	

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Goodwill (including those equivalent)	372,622	435,296		8
Other intangible assets other than goodwill and mortgage servicing rights	380,386	323,327	Software and other	9
Mortgage servicing rights	—	—		
Amount exceeding the 10% threshold on specified items	—	—		20
Amount exceeding the 15% threshold on specified items	—	—		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—		74

4. Net defined benefit asset

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Net defined benefit asset	203,274	376,255		4

Income taxes related to above	61,615	120,853	

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Net defined benefit asset	141,659	255,401		15

5. Deferred tax assets

(1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Deferred tax assets	125,832	127,841		5-a
Deferred tax liabilities	348,190	601,393		5-b
Deferred tax liabilities for land revaluation	32,203	34,550		5-c

Tax effects on other intangible assets	171,796	153,707	
Tax effects on net defined benefit asset	61,615	120,853	

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,137	5,008	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	9,700	5,285	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	—	—		21
Amount exceeding the 15% threshold on specified items	—	—		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	9,700	5,285		75

6. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Net deferred gains or losses on hedges	55,130	(30,180)		6

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	57,131	(28,694)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

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

(1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Trading assets	8,063,281	7,483,681	Including trading account securities and derivatives for trading assets	7-a
Securities	25,264,445	29,633,667		7-b
Loans and bills discounted	75,066,080	73,068,240	Including subordinated loans	7-c
Trading liabilities	6,112,667	5,664,688	Including trading account securities sold and derivatives for trading liabilities	7-d

(2) Composition of capital (Millions of yen)

Composition of capital disclosure		As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Investments in own capital instruments		7,374	9,886		
	Common Equity Tier 1 capital	7,374	9,886		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)		620,209	874,552		
	Common Equity Tier 1 capital	—	65,599		18
	Additional Tier 1 capital	—	507		39
	Tier 2 capital	—	10,109		54
	Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deductions (before risk weighting)	620,209	798,335		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions		727,520	761,011		
	Amount exceeding the 10% threshold on specified items	—	—		19
	Amount exceeding the 15% threshold on specified items	—	—		23
	Additional Tier 1 capital	80,053	158,633		40
	Tier 2 capital	125,000	125,057		55
	Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deductions (before risk weighting)	522,466	477,320		73

8. Non-controlling interests

(1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Stock acquisition rights	2,884	2,284		8-a
Non-controlling interests	1,531,022	1,671,738		8-b

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	164,550	153,863		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	183,267	182,251		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	42,036	39,348		48-49

9. Other capital instruments

(1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	As of March 31, 2016	As of March 31, 2015	Remarks	Ref. No.
Borrowed money	8,571,227	9,778,095		9-a
Bonds	7,006,357	6,222,918		9-b

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2016	As of March 31, 2015	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	300,000	—		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	655,064	374,988		46

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 well as amounts included as regulatory capital. In addition, items for regulatory purpose under transitional arrangement are excluded from this table.