

## **SUMITOMO MITSUI FINANCIAL GROUP**

### **Consolidated Financial Statements as of and for the year ended March 31, 2017**

This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of Sumitomo Mitsui Financial Group, Inc. (“SMFG”) and its management with respect to SMFG’s future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include: deterioration of Japanese and global economic conditions and financial markets; declines in the value of SMFG’s securities portfolio; incurrence of significant credit-related costs; SMFG’s ability to successfully implement its business strategy through its subsidiaries, affiliates and alliance partners; and exposure to new risks as SMFG expands the scope of its business. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. SMFG undertakes no obligation to update or revise any forward-looking statements. Please refer to SMFG’s most recent disclosure documents such as its annual report on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as its earnings press releases, for a more detailed description of the risks and uncertainties that may affect its financial conditions, its operating results, and investors’ decisions.

**CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED BALANCE SHEETS**

<b>March 31</b>	Millions of yen		Millions of U.S. dollars	
	2016	2017	2016	2017
<b>Assets:</b>				
Cash and due from banks	*8 ¥ 42,789,236	*8 ¥ 46,865,538	\$ 417,734	
Call loans and bills bought	*8 1,291,365	1,872,144	16,687	
Receivables under resale agreements	494,949	899,897	8,021	
Receivables under securities borrowing transactions	7,972,918	8,760,390	78,085	
Monetary claims bought	*8 4,350,012	*8 4,420,377	39,401	
Trading assets	*8 8,063,281	*8 6,755,428	60,214	
Money held in trust	5,163	3,439	31	
Securities	*1, *2, *8, *15 25,264,445	*1, *2, *8, *15 24,631,792	219,554	
Loans and bills discounted	*3, *4, *5, *6, *7, *8, *9 75,066,080	*3, *4, *5, *6, *7, *8, *9 80,237,322	715,191	
Foreign exchanges	*7 1,577,167	*7 1,723,867	15,366	
Lease receivables and investment assets	*8 1,987,034	*8 2,395,597	21,353	
Other assets	*8 6,702,774	*8 7,355,845	65,566	
Tangible fixed assets	*8, *10, *11, *12 2,919,424	*8, *10, *11, *12 3,101,642	27,646	
Assets for rent	1,884,778	2,086,391	18,597	
Buildings	386,222	381,378	3,399	
Land	489,144	489,167	4,360	
Lease assets	7,558	7,186	64	
Construction in progress	27,188	20,575	183	
Other tangible fixed assets	124,531	116,942	1,042	
Intangible fixed assets	878,265	946,506	8,437	
Software	408,272	431,833	3,849	
Goodwill	339,185	318,578	2,840	
Lease assets	268	185	2	
Other intangible fixed assets	130,538	195,909	1,746	
Net defined benefit asset	203,274	314,922	2,807	
Deferred tax assets	125,832	63,001	562	
Customers' liabilities for acceptances and guarantees	7,519,635	8,090,111	72,111	
Reserve for possible loan losses	(625,019)	(646,215)	(5,760)	
<b>Total assets</b>	<b>¥ 186,585,842</b>	<b>¥ 197,791,611</b>	<b>\$ 1,763,006</b>	

(Continued)

March 31	Millions of yen		Millions of
	2016	2017	U.S. dollars
<b>Liabilities and net assets:</b>			
<b>Liabilities:</b>			
Deposits	*8 ¥ 110,668,828	*8 ¥ 117,830,210	\$ 1,050,274
Negotiable certificates of deposit	14,250,434	11,880,937	105,900
Call money and bills sold	1,220,455	2,088,019	18,611
Payables under repurchase agreements	*8 1,761,822	*8 2,715,752	24,207
Payables under securities lending transactions	*8 5,309,003	*8 7,444,655	66,358
Commercial paper	3,017,404	2,311,542	20,604
Trading liabilities	*8 6,112,667	4,704,931	41,937
Borrowed money	*8, *13 8,571,227	*8, *13 10,786,713	96,147
Foreign exchanges	1,083,450	683,252	6,090
Short-term bonds	1,271,300	1,125,600	10,033
Bonds	*14 7,006,357	*14 8,129,232	72,460
Due to trust account	944,542	1,180,976	10,527
Other liabilities	*8 6,632,027	*8 6,880,273	61,327
Reserve for employee bonuses	68,476	77,375	690
Reserve for executive bonuses	2,446	3,045	27
Net defined benefit liability	48,570	59,110	527
Reserve for executive retirement benefits	2,202	2,347	21
Reserve for point service program	19,706	21,744	194
Reserve for reimbursement of deposits	16,979	15,464	138
Reserve for losses on interest repayment	228,741	156,775	1,397
Reserves under the special laws	1,498	1,745	16
Deferred tax liabilities	348,190	335,908	2,994
Deferred tax liabilities for land revaluation	*10 32,203	*10 31,596	282
Acceptances and guarantees	*8 7,519,635	*8 8,090,111	72,111
Total liabilities	<u>176,138,173</u>	<u>186,557,325</u>	<u>1,662,869</u>

<b>Net assets:</b>			
Capital stock	2,337,895	2,337,895	20,839
Capital surplus	757,306	757,346	6,751
Retained earnings	4,534,472	5,036,756	44,895
Treasury stock	<u>(175,381)</u>	<u>(12,913)</u>	<u>(115)</u>
Total stockholders' equity	<u>7,454,294</u>	<u>8,119,085</u>	<u>72,369</u>
Net unrealized gains (losses) on other securities	1,347,689	1,542,308	13,747
Net deferred gains (losses) on hedges	55,130	(42,077)	(375)
Land revaluation excess	*10 39,416	*10 38,109	340
Foreign currency translation adjustments	87,042	65,078	580
Accumulated remeasurements of defined benefit plans	<u>(69,811)</u>	<u>9,034</u>	<u>81</u>
Total accumulated other comprehensive income	<u>1,459,467</u>	<u>1,612,453</u>	<u>14,373</u>
Stock acquisition rights	2,884	3,482	31
Non-controlling interests	<u>1,531,022</u>	<u>1,499,264</u>	<u>13,364</u>
Total net assets	<u>10,447,669</u>	<u>11,234,286</u>	<u>100,136</u>
Total liabilities and net assets	<u>¥ 186,585,842</u>	<u>¥ 197,791,611</u>	<u>\$ 1,763,006</u>

## CONSOLIDATED STATEMENTS OF INCOME

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Ordinary income	¥ 4,772,100	¥ 5,133,245	\$ 45,755
Interest income	1,868,313	1,912,027	17,043
Interest on loans and discounts	1,326,402	1,384,119	12,337
Interest and dividends on securities	303,132	259,840	2,316
Interest on call loans and bills bought	20,457	12,205	109
Interest on receivables under resale agreements	10,100	18,886	168
Interest on receivables under securities borrowing transactions	10,747	12,172	108
Interest on deposits with banks	37,537	48,040	428
Interest on lease transactions	59,366	70,227	626
Other interest income	100,567	106,534	950
Trust fees	3,681	3,797	34
Fees and commissions	1,134,463	1,195,452	10,656
Trading income	225,481	237,394	2,116
Other operating income	1,342,665	1,583,316	14,113
Lease-related income	197,699	257,847	2,298
Installment-related income	743,815	883,657	7,876
Other	401,150	441,811	3,938
Other income	197,494	201,257	1,794
Recoveries of written-off claims	19,735	14,089	126
Other	*1 177,759	*1 187,167	1,668
Ordinary expenses	3,786,815	4,127,389	36,789
Interest expenses	445,385	553,394	4,933
Interest on deposits	140,633	189,204	1,686
Interest on negotiable certificates of deposit	49,319	67,232	599
Interest on call money and bills sold	5,360	5,491	49
Interest on payables under repurchase agreements	8,077	16,281	145
Interest on payables under securities lending transactions	6,726	4,631	41
Interest on commercial paper	10,415	15,510	138
Interest on borrowed money	39,825	39,528	352
Interest on short-term bonds	1,400	118	1
Interest on bonds	129,295	144,755	1,290
Other interest expenses	54,331	70,641	630
Fees and commissions payments	130,625	182,104	1,623
Other operating expenses	1,094,630	1,275,747	11,371
Lease-related expenses	91,017	128,468	1,145
Installment-related expenses	698,904	832,749	7,423
Other	304,708	314,529	2,804
General and administrative expenses	*2 1,724,836	*2 1,812,433	16,155
Other expenses	391,338	303,710	2,707
Provision for reserve for possible loan losses	34,842	75,915	677
Other	*3 356,495	*3 227,795	2,030
Ordinary profit	<u>985,284</u>	<u>1,005,855</u>	<u>8,966</u>

(Continued)

Year ended March 31	Millions of yen		Millions of
	2016	2017	U.S. dollars
Extraordinary gains	¥ 3,911	¥ 30,960	\$ 276
Gains on disposal of fixed assets	3,714	1,552	14
Gains on negative goodwill	138	—	—
Reversal of reserve for eventual future operating losses from financial instruments transactions	0	82	1
Other extraordinary gains	58	*4 29,325	261
Extraordinary losses	9,026	57,511	513
Losses on disposal of fixed assets	4,289	7,720	69
Losses on impairment of fixed assets	*5 4,362	*5 49,460	441
Provision for reserve for eventual future operating losses from financial instruments transactions	374	329	3
Income before income taxes	980,170	979,305	8,729
Income taxes-current	244,223	265,045	2,362
Income taxes-deferred	(19,175)	(94,093)	(839)
Income taxes	225,047	170,951	1,524
Profit	755,123	808,353	7,205
Profit attributable to non-controlling interests	108,435	101,834	908
Profit attributable to owners of parent	¥ 646,687	¥ 706,519	\$ 6,298

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
Profit	¥ 755,123	¥ 808,353	\$ 7,205
Other comprehensive income (losses)	*1 (576,794)	*1 157,703	1,406
Net unrealized gains (losses) on other securities	(444,981)	201,653	1,797
Net deferred gains (losses) on hedges	82,552	(93,989)	(838)
Land revaluation excess	1,705	(6)	(0)
Foreign currency translation adjustments	(92,121)	(12,699)	(113)
Remeasurements of defined benefit plans	(121,933)	81,193	724
Share of other comprehensive income of affiliates	(2,016)	(18,448)	(164)
Total comprehensive income	178,328	966,057	8,611
Comprehensive income attributable to owners of parent	103,599	860,806	7,673
Comprehensive income attributable to non-controlling interests	74,728	105,250	938

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended March 31, 2016	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥ 2,337,895	¥ 757,329	¥ 4,098,425	¥ (175,261)	¥ 7,018,389
Changes in the fiscal year					
Cash dividends			(211,921)		(211,921)
Profit attributable to owners of parent			646,687		646,687
Purchase of treasury stock				(191)	(191)
Disposal of treasury stock		(17)		71	54
Changes in shareholders' interest due to transaction with non-controlling interests		(5)			(5)
Increase due to increase in subsidiaries			50		50
Increase due to decrease in subsidiaries			3		3
Decrease due to increase in subsidiaries			(16)		(16)
Decrease due to decrease in subsidiaries			(51)		(51)
Reversal of land revaluation excess			1,295		1,295
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	—	(23)	436,047	(119)	435,904
Balance at the end of the fiscal year	¥ 2,337,895	¥ 757,306	¥ 4,534,472	¥ (175,381)	¥ 7,454,294

Year ended March 31, 2016	Millions of yen					
	Accumulated other comprehensive income					
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	¥ 1,791,049	¥ (30,180)	¥ 39,014	¥ 156,309	¥ 47,667	¥ 2,003,859
Changes in the fiscal year						
Cash dividends						
Profit attributable to owners of parent						
Purchase of treasury stock						
Disposal of treasury stock						
Changes in shareholders' interest due to transaction with non-controlling interests						
Increase due to increase in subsidiaries						
Increase due to decrease in subsidiaries						
Decrease due to increase in subsidiaries						
Decrease due to decrease in subsidiaries						
Reversal of land revaluation excess						
Net changes in items other than stockholders' equity in the fiscal year	(443,359)	85,310	401	(69,266)	(117,478)	(544,392)
Net changes in the fiscal year	(443,359)	85,310	401	(69,266)	(117,478)	(544,392)
Balance at the end of the fiscal year	¥ 1,347,689	¥ 55,130	¥ 39,416	¥ 87,042	¥ (69,811)	¥ 1,459,467



**Millions of yen**

<b>Year ended March 31, 2016</b>	<b>Stock acquisition rights</b>	<b>Non-controlling interests</b>	<b>Total net assets</b>
Balance at the beginning of the fiscal year	¥ 2,284	¥ 1,671,738	¥ 10,696,271
Changes in the fiscal year			
Cash dividends			(211,921)
Profit attributable to owners of parent			646,687
Purchase of treasury stock			(191)
Disposal of treasury stock			54
Changes in shareholders' interest due to transaction with non-controlling interests			(5)
Increase due to increase in subsidiaries			50
Increase due to decrease in subsidiaries			3
Decrease due to increase in subsidiaries			(16)
Decrease due to decrease in subsidiaries			(51)
Reversal of land revaluation excess			1,295
Net changes in items other than stockholders' equity in the fiscal year	600	(140,715)	(684,507)
Net changes in the fiscal year	600	(140,715)	(248,602)
Balance at the end of the fiscal year	¥ 2,884	¥ 1,531,022	¥ 10,447,669

(Continued)

Year ended March 31, 2017	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥ 2,337,895	¥ 757,306	¥ 4,534,472	¥ (175,381)	¥ 7,454,294
Changes in the fiscal year					
Cash dividends			(205,083)		(205,083)
Profit attributable to owners of parent			706,519		706,519
Purchase of treasury stock				(100)	(100)
Disposal of treasury stock		(2)		162,567	162,564
Changes in shareholders' interest due to transaction with non-controlling interests		42			42
Increase due to increase in subsidiaries			25		25
Increase due to decrease in subsidiaries			13		13
Decrease due to increase in subsidiaries			(288)		(288)
Decrease due to decrease in subsidiaries			(4)		(4)
Decrease due to decrease in affiliates accounted for by the equity method			(200)		(200)
Reversal of land revaluation excess			1,300		1,300
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	—	40	502,283	162,467	664,791
Balance at the end of the fiscal year	¥ 2,337,895	¥ 757,346	¥ 5,036,756	¥ (12,913)	¥ 8,119,085

Year ended March 31, 2017	Millions of yen					
	Accumulated other comprehensive income					
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	¥ 1,347,689	¥ 55,130	¥ 39,416	¥ 87,042	¥ (69,811)	¥ 1,459,467
Changes in the fiscal year						
Cash dividends						
Profit attributable to owners of parent						
Purchase of treasury stock						
Disposal of treasury stock						
Changes in shareholders' interest due to transaction with non-controlling interests						
Increase due to increase in subsidiaries						
Increase due to decrease in subsidiaries						
Decrease due to increase in subsidiaries						
Decrease due to decrease in subsidiaries						
Decrease due to decrease in affiliates accounted for by the equity method						
Reversal of land revaluation excess						
Net changes in items other than stockholders' equity in the fiscal year	194,619	(97,208)	(1,306)	(21,964)	78,845	152,985
Net changes in the fiscal year	194,619	(97,208)	(1,306)	(21,964)	78,845	152,985
Balance at the end of the fiscal year	¥ 1,542,308	¥ (42,077)	¥ 38,109	¥ 65,078	¥ 9,034	¥ 1,612,453

**Millions of yen**

<b>Year ended March 31, 2017</b>	<b>Stock acquisition rights</b>	<b>Non-controlling interests</b>	<b>Total net assets</b>
Balance at the beginning of the fiscal year	¥ 2,884	¥ 1,531,022	¥ 10,447,669
Changes in the fiscal year			
Cash dividends			(205,083)
Profit attributable to owners of parent			706,519
Purchase of treasury stock			(100)
Disposal of treasury stock			162,564
Changes in shareholders' interest due to transaction with non-controlling interests			42
Increase due to increase in subsidiaries			25
Increase due to decrease in subsidiaries			13
Decrease due to increase in subsidiaries			(288)
Decrease due to decrease in subsidiaries			(4)
Decrease due to decrease in affiliates accounted for by the equity method			(200)
Reversal of land revaluation excess			1,300
Net changes in items other than stockholders' equity in the fiscal year	598	(31,758)	121,825
Net changes in the fiscal year	598	(31,758)	786,616
Balance at the end of the fiscal year	¥ 3,482	¥ 1,499,264	¥ 11,234,286

(Continued)

	Millions of U.S. dollars				
	Stockholders' equity				
Year ended March 31, 2017	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	\$ 20,839	\$ 6,750	\$ 40,418	\$ (1,563)	\$ 66,443
Changes in the fiscal year					
Cash dividends			(1,828)		(1,828)
Profit attributable to owners of parent			6,298		6,298
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(0)		1,449	1,449
Changes in shareholders' interest due to transaction with non-controlling interests		0			0
Increase due to increase in subsidiaries			0		0
Increase due to decrease in subsidiaries			0		0
Decrease due to increase in subsidiaries			(3)		(3)
Decrease due to decrease in subsidiaries			(0)		(0)
Decrease due to decrease in affiliates accounted for by the equity method			(2)		(2)
Reversal of land revaluation excess			12		12
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	—	0	4,477	1,448	5,926
Balance at the end of the fiscal year	\$ 20,839	\$ 6,751	\$ 44,895	\$ (115)	\$ 72,369

	Millions of U.S. dollars					
	Accumulated other comprehensive income					
Year ended March 31, 2017	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	\$ 12,013	\$ 491	\$ 351	\$ 776	\$ (622)	\$ 13,009
Changes in the fiscal year						
Cash dividends						
Profit attributable to owners of parent						
Purchase of treasury stock						
Disposal of treasury stock						
Changes in shareholders' interest due to transaction with non-controlling interests						
Increase due to increase in subsidiaries						
Increase due to decrease in subsidiaries						
Decrease due to increase in subsidiaries						
Decrease due to decrease in subsidiaries						
Decrease due to decrease in affiliates accounted for by the equity method						
Reversal of land revaluation excess						
Net changes in items other than stockholders' equity in the fiscal year	1,735	(866)	(12)	(196)	703	1,364
Net changes in the fiscal year	1,735	(866)	(12)	(196)	703	1,364
Balance at the end of the fiscal year	\$ 13,747	\$ (375)	\$ 340	\$ 580	\$ 81	\$ 14,373

**Millions of U.S. dollars**

<b>Year ended March 31, 2017</b>	<b>Stock acquisition rights</b>	<b>Non-controlling interests</b>	<b>Total net assets</b>
Balance at the beginning of the fiscal year	\$ 26	\$ 13,647	\$ 93,125
Changes in the fiscal year			
Cash dividends			(1,828)
Profit attributable to owners of parent			6,298
Purchase of treasury stock			(1)
Disposal of treasury stock			1,449
Changes in shareholders' interest due to transaction with non-controlling interests			0
Increase due to increase in subsidiaries			0
Increase due to decrease in subsidiaries			0
Decrease due to increase in subsidiaries			(3)
Decrease due to decrease in subsidiaries			(0)
Decrease due to decrease in affiliates accounted for by the equity method			(2)
Reversal of land revaluation excess			12
Net changes in items other than stockholders' equity in the fiscal year	5	(283)	1,086
Net changes in the fiscal year	5	(283)	7,011
Balance at the end of the fiscal year	<u>\$ 31</u>	<u>\$ 13,364</u>	<u>\$ 100,136</u>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 980,170	¥ 979,305	\$ 8,729
Depreciation	238,348	274,988	2,451
Losses on impairment of fixed assets	4,362	49,460	441
Amortization of goodwill	27,670	29,272	261
Gains on negative goodwill	(138)	—	—
Gains on step acquisitions	(58)	(29,325)	(261)
Equity in (gains) losses of affiliate	36,196	(24,552)	(219)
Net change in reserve for possible loan losses	(48,022)	21,620	193
Net change in reserve for employee bonuses	(5,077)	7,765	69
Net change in reserve for executive bonuses	(946)	584	5
Net change in net defined benefit asset and liability	(23,434)	(47,173)	(420)
Net change in reserve for executive retirement benefits	68	145	1
Net change in reserve for point service program	656	2,076	19
Net change in reserve for reimbursement of deposits	(4,138)	(1,514)	(13)
Net change in reserve for losses on interest repayment	61,947	(71,789)	(640)
Interest income	(1,868,313)	(1,912,027)	(17,043)
Interest expenses	445,385	553,394	4,933
Net (gains) losses on securities	(126,398)	(98,190)	(875)
Net (gains) losses from money held in trust	(0)	(0)	(0)
Net exchange (gains) losses	445,713	16,280	145
Net (gains) losses from disposal of fixed assets	575	6,167	55
Net change in trading assets	(579,837)	1,260,408	11,235
Net change in trading liabilities	448,508	(1,364,902)	(12,166)
Net change in loans and bills discounted	(2,223,331)	(5,197,594)	(46,328)
Net change in deposits	7,646,207	7,287,109	64,953
Net change in negotiable certificates of deposit	442,445	(2,367,722)	(21,105)
Net change in borrowed money (excluding subordinated borrowings)	(1,119,170)	1,800,886	16,052
Net change in deposits with banks	849,019	837,507	7,465
Net change in call loans and bills bought and others	157,822	(1,198,782)	(10,685)
Net change in receivables under securities borrowing transactions	(1,495,854)	(787,472)	(7,019)
Net change in call money and bills sold and others	(3,838,358)	1,895,762	16,898
Net change in commercial paper	(346,866)	(654,552)	(5,834)
Net change in payables under securities lending transactions	(2,524,215)	2,135,651	19,036
Net change in foreign exchanges (assets)	314,707	(144,713)	(1,290)
Net change in foreign exchanges (liabilities)	(22,636)	(400,001)	(3,565)
Net change in lease receivables and investment assets	(41,649)	(53,854)	(480)
Net change in short-term bonds (liabilities)	(99,500)	(145,700)	(1,299)
Issuance and redemption of bonds (excluding subordinated bonds)	420,778	1,109,521	9,890
Net change in due to trust account	226,408	236,434	2,107
Interest received	1,875,947	1,911,477	17,038
Interest paid	(438,246)	(536,129)	(4,779)
Other, net	(649,079)	(523,175)	(4,663)
Subtotal	(832,332)	4,856,646	43,289
Income taxes paid	(294,976)	(342,268)	(3,051)
Net cash provided by (used in) operating activities	(1,127,308)	4,514,377	40,239

(Continued)

Year ended March 31	Millions of yen		Millions of
	2016	2017	U.S. dollars
			2017
<b>Cash flows from investing activities:</b>			
Purchases of securities	¥(27,007,243)	¥(21,215,546)	\$ (189,104)
Proceeds from sale of securities	22,537,031	13,611,842	121,328
Proceeds from redemption of securities	7,992,771	8,852,923	78,910
Purchases of money held in trust	(1)	(1)	(0)
Proceeds from sale of money held in trust	1,925	1,744	16
Purchases of tangible fixed assets	(529,264)	(495,823)	(4,419)
Proceeds from sale of tangible fixed assets	147,995	169,423	1,510
Purchases of intangible fixed assets	(158,779)	(145,290)	(1,295)
Proceeds from sale of intangible fixed assets	223	636	6
Purchases of stocks of subsidiaries resulting from their merger	(860)	—	—
Proceeds from acquisition of business	*2 2,251,106	—	—
Purchases of stocks of subsidiaries resulting in change in scope of consolidation	(652)	*3 (199,755)	(1,781)
Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation	6,698	1,193	11
Net cash provided by (used in) investing activities	<u>5,240,950</u>	<u>581,347</u>	<u>5,182</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of subordinated borrowings	18,000	—	—
Repayment of subordinated borrowings	(39,696)	(11,000)	(98)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	577,142	394,495	3,516
Redemption of subordinated bonds and bonds with stock acquisition rights	(182,617)	(371,640)	(3,313)
Dividends paid	(211,952)	(205,078)	(1,828)
Repayments to non-controlling stockholders	(142,000)	(86,886)	(774)
Dividends paid to non-controlling stockholders	(74,891)	(66,458)	(592)
Purchases of treasury stock	(191)	(100)	(1)
Proceeds from disposal of treasury stock	54	179,757	1,602
Purchases of stocks of subsidiaries not resulting in change in scope of consolidation	(6)	(4)	(0)
Proceeds from sale of stocks of subsidiaries not resulting in change in scope of consolidation	162	390	3
Net cash provided by (used in) financing activities	<u>(55,995)</u>	<u>(166,524)</u>	<u>(1,484)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(99,579)</u>	<u>(10,555)</u>	<u>(94)</u>
Net change in cash and cash equivalents	<u>3,958,066</u>	<u>4,918,645</u>	<u>43,842</u>
Cash and cash equivalents at the beginning of the fiscal year	33,598,680	37,556,806	334,761
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	59	2,943	26
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(1)	(0)
Cash and cash equivalents at the end of the fiscal year	*1 <u>¥ 37,556,806</u>	*1 <u>¥ 42,478,393</u>	<u>\$ 378,629</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (Basis of presentation)

Sumitomo Mitsui Financial Group, Inc. (“SMFG”) was established on December 2, 2002 as a holding company for the SMFG group through a statutory share transfer (*kabushiki iten*) of all of the outstanding equity securities of Sumitomo Mitsui Banking Corporation (“SMBC”) in exchange for SMFG’s newly issued securities. SMFG is a joint stock corporation with limited liability (*Kabushiki Kaisha*) incorporated under the Companies Act of Japan. Upon formation of SMFG and completion of the statutory share transfer, SMBC became a direct wholly owned subsidiary of SMFG.

SMFG has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (“IFRS”).

The accounts of overseas subsidiaries and affiliated companies, are, in principle, integrated with those of SMFG’s accounting policies for purposes of consolidation unless they apply different accounting principles and standards as required under U.S. GAAP or IFRS, in which case a certain limited number of items are adjusted based on their materiality.

These consolidated financial statements are translated from the consolidated financial statements contained in the annual securities report filed under the Financial Instrument and Exchange Act of Japan (“FIEA based financial statements”) except for the addition of the non-consolidated financial statements and US dollar figures.

Amounts less than 1 million yen have been rounded down. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2017 which was ¥112.19 to US\$1. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.



## (Significant accounting policies for preparing consolidated financial statements)

### 1. Scope of consolidation

#### (1) Consolidated subsidiaries

The number of consolidated subsidiaries at March 31, 2017 is 354.

Principal companies:

- Sumitomo Mitsui Banking Corporation (“SMBC”)
- SMBC Trust Bank Ltd. (“SMBC Trust”)
- Sumitomo Mitsui Finance and Leasing Company, Limited (“SMFL”)
- SMBC Nikko Securities Inc. (“SMBC Nikko”)
- SMBC Friend Securities Co., Ltd. (“SMBC Friend”)
- Sumitomo Mitsui Card Company, Limited (“SMCC”)
- Cedyna Financial Corporation (“Cedyna”)
- SMBC Consumer Finance Co., Ltd. (“SMBCCF”)
- The Japan Research Institute, Limited
- Sumitomo Mitsui Asset Management Company, Limited (“SMAM”)
- THE MINATO BANK, LTD. (“MINATO”)
- Kansai Urban Banking Corporation (“KUBC”)
- Sumitomo Mitsui Banking Corporation Europe Limited
- Sumitomo Mitsui Banking Corporation (China) Limited
- SMBC Guarantee Co., Ltd.
- SMBC Capital Markets, Inc.

Changes in the consolidated subsidiaries in the fiscal year ended March 31, 2017 are as follows:

SMAM, SMFL Capital Company, Limited and 60 other companies were newly included in the scope of consolidation as a result of the acquisition of stocks and for other reasons.

SAKURA CARD CO., Ltd. and 48 other companies were excluded from the scope of consolidation as they ceased to be subsidiaries due to merger and for other reasons.

#### (2) Unconsolidated subsidiaries

Principal company: SBCS Co., Ltd.

169 unconsolidated subsidiaries are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have been excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Other unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income and retained earnings are immaterial, as such, they do not hinder a rational judgment of SMFG’s financial position and results of operations when excluded from the scope of consolidation.

### 2. Application of the equity method

#### (1) Unconsolidated subsidiaries accounted for by the equity method

The number of unconsolidated subsidiaries accounted for by the equity method at March 31, 2017 is 5.

Principal company: SBCS Co., Ltd.

#### (2) Affiliates accounted for by the equity method

The number of affiliates accounted for by the equity method at March 31, 2017 is 49.

Principal companies:

- PT Bank Tabungan Pensiunan Nasional Tbk.
- Sumitomo Mitsui Auto Service Company, Limited
- Daiwa SB Investments Ltd.

Changes in the equity method affiliates in the fiscal year ended March 31, 2017 are as follows:

2 companies newly became equity method affiliates due to an increase in the percentage of their voting rights and for other reasons.

SMAM and 6 other companies were excluded from the scope of equity method affiliates as they became subsidiaries due to acquisition of stocks and for other reasons.

(3) Unconsolidated subsidiaries that are not accounted for by the equity method

169 unconsolidated subsidiaries that are not accounted for by the equity method are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have not been accounted for by the equity method pursuant to Article 10 Paragraph 1 Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

(4) Affiliates that are not accounted for by the equity method

Principal company: Daiwa SB Investments (USA) Ltd.

Affiliates that are not accounted for by the equity method are also excluded from the scope of equity method because their total amounts in terms of net income and retained earnings are immaterial, and as such, they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of equity method.

### 3. The balance sheet dates of consolidated subsidiaries

(1) The balance sheet dates of the consolidated subsidiaries at March 31, 2017 are as follows:

May 31	1
June 30	9
July 31	1
September 30	7
October 31	3
November 30	3
December 31	156
January 31	16
February 28	8
March 31	150

(2) The subsidiaries with balance sheets dated May 31, June 30, July 31, September 30 and November 30 are consolidated using the financial statements as of March 31. The subsidiaries with balance sheets dated October 31 are consolidated using the financial statements as of January 31. Certain subsidiaries with balance sheets dated December 31 and January 31 are consolidated using the financial statements as of March 31. Other subsidiaries are consolidated using the financial statements as of their respective balance sheet dates.

Appropriate adjustments were made to material transactions during the periods between their respective balance sheet dates and the consolidated closing date.

### 4. Accounting policies

(1) Standards for recognition and measurement of trading assets/liabilities and trading income/losses

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheets on a trade date basis. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading income" and "Trading losses" on the consolidated statements of income.

Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial 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.

"Trading income" and "Trading losses" include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.

(2) Standards for recognition and measurement of securities

- 1) Debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method. Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method. Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "Other securities" (available-for-sale securities). Stocks (including foreign stocks) in Other securities are carried at their average market prices during the final month of the fiscal year, and bonds and others are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities which are extremely difficult to determine fair value are carried at cost using the moving-average method.

Net unrealized gains (losses) on other securities, net of income taxes, are included in "Net assets."

- 2) Securities included in "Money held in trust" are carried in the same method as in (1) and (2), 1) above.

(3) Standards for recognition and measurement of derivative transactions

Derivative transactions, excluding those classified as trading derivatives, are carried at fair value.

(4) Depreciation

- 1) Tangible fixed assets (excluding assets for rent and lease assets)

Buildings owned by SMFG and SMBC are depreciated using the straight-line method. Others are depreciated using the declining-balance method. The estimated useful lives of major items are as follows:

Buildings: 7 to 50 years  
Others: 2 to 20 years

Other consolidated subsidiaries depreciate tangible fixed assets primarily using the straight-line method over the estimated useful lives of the respective assets.

- 2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use owned by SMFG and its consolidated domestic subsidiaries is depreciated over its estimated useful life (5 to 10 years).

- 3) Assets for rent

Assets for rent are depreciated using the straight-line method, assuming that lease terms are, in principle, their depreciation period and the salvage is estimated disposal value when the lease period expires.

- 4) Lease assets

Lease assets with respect to non-transfer ownership finance leases, which are recorded in "Tangible fixed assets," are depreciated using the straight-line method, assuming that lease terms are their expected lifetime and salvage values are zero.

(5) Reserve for possible loan losses

The reserve for possible loan losses of major consolidated subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("bankrupt borrowers") or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("effectively bankrupt borrowers"), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy ("potentially bankrupt borrowers"), a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the borrowers, net of the expected amount of recoveries from collateral and guarantees.

Discounted Cash Flows ("DCF") method is used for claims on borrowers whose cash flows from collection of principals and interest can be rationally estimated and SMBC applies it to claims on large potentially bankrupt borrowers and claims on large

borrowers requiring close monitoring that have been classified as “Past due loans (3 months or more)” or “Restructured loans,” whose total loans from SMBC exceed a certain amount. SMBC establishes a reserve for possible loan losses using the DCF method for such claims in the amount of the difference between the present value of principal and interest (calculated using the rationally estimated cash flows discounted at the initial contractual interest rate) and the book value.

For other claims, a reserve is provided based on the historical loan-loss ratio. For claims originated in specific overseas countries, an additional reserve is provided in the amount deemed necessary based on the assessment of political and economic conditions.

Branches and credit supervision departments assess all claims in accordance with the internal rules for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment.

The reserve for possible loan losses of SMFG and other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratios, and for doubtful claims in the amount deemed uncollectible based on assessment of each claim.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off for the years ended March 31, 2016 and 2017 were ¥301,983 million and ¥288,145 million, respectively.

(6) Reserve for employee bonuses

The reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the fiscal year.

(7) Reserve for executive bonuses

The reserve for executive bonuses is provided for payment of bonuses to executives, in the amount of estimated bonuses, which are attributable to the fiscal year.

(8) Reserve for executive retirement benefits

The reserve for executive retirement benefits is provided for payment of retirement benefits to directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end based on our internal regulations.

(9) Reserve for point service program

The reserve for point service program is provided for the potential future redemption of points awarded to customers under the "SMBC Point Pack," credit card points programs, and other customer points award programs. The amount is calculated by converting the outstanding points into a monetary amount, and rationally estimating and recognizing the amount that will be redeemed in the future.

(10) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursements.

(11) Reserve for losses on interest repayment

The reserve for losses on interest repayment is provided for the possible losses on future claims of repayment of interest based on historical interest repayment experience.

(12) Reserve under the special laws

The reserve under the special laws is a reserve for contingent liabilities and provided for compensation for losses from securities related transactions or derivative transactions, pursuant to Article 46-5 of the Financial Instruments and Exchange Act.

(13) Employee retirement benefits

In calculating the projected benefit obligation, mainly the benefit formula basis is used to calculate the expected benefit attributable to the respective fiscal year.

Unrecognized prior service cost is amortized on a straight-line basis, primarily over 9 years within the employees' average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized on a straight-line basis, primarily over 9 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

(14) Translation of foreign currency assets and liabilities

Assets and liabilities of SMFG and SMBC denominated in foreign currencies and accounts of SMBC overseas branches are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.

Other consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet dates.

(15) Lease transactions

1) Recognition of income on finance leases

Interest income is allocated to each period.

2) Recognition of income on operating leases

Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.

3) Recognition of income and expenses on installment sales

Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full period of the installment sales.

(16) Hedge accounting

1) Hedging against interest rate changes

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applies deferred hedge accounting.

SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.

As for the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.

As for the individual hedges, SMBC also assesses the effectiveness of such individual hedges.

2) Hedging against currency fluctuations

SMBC applies deferred hedge accounting stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002) to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

Pursuant to JICPA Industry Audit Committee Report No. 25, SMBC assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.

In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.

3) Hedging against share price fluctuations

SMBC applies fair value hedge accounting to individual hedges offsetting the price fluctuation of the shares that are classified under Other securities, and accordingly evaluates the effectiveness of such individual hedges.

4) Transactions between consolidated subsidiaries

As for derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts (or among internal sections), SMBC manages the interest rate swaps and currency swaps that are designated as hedging instruments in accordance with the non-arbitrary and strict criteria for external transactions stipulated in JICPA Industry Audit Committee Report No. 24 and No. 25. Therefore, SMBC accounts for the gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.

Certain other consolidated subsidiaries apply the deferred hedge accounting, fair value hedge accounting or the special treatment for interest rate swaps.

(17) Amortization of goodwill

Goodwill is amortized using the straight-line method over a period in which its benefit is expected to be realized, not to exceed 20 years. Immaterial goodwill is charged or credited to income directly when incurred.

(18) Scope of “Cash and cash equivalents” on consolidated statements of cash flows

For the purposes of presenting the consolidated statements of cash flows, “Cash and cash equivalents” are cash on hand, non-interest earning deposits with banks and deposits with the Bank of Japan.

(19) Consumption taxes

National and local consumption taxes of SMFG and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.

**(Changes in accounting policies)**

In accordance with the revision to the Corporation Tax Act, some domestic consolidated subsidiaries apply the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (ASBJ Practical Issues Task Force No.32, issued on June 17, 2016) and changed the depreciation method for accompanying facilities to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method, starting from the fiscal year ended March 31, 2017. Effects of this change to Ordinary Profit and Income before income taxes during the fiscal year ended March 31, 2017 are immaterial.

**(Additional information)**

Recoverability of Deferred Tax Assets

SMFG applies the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No.26 issued on March 28, 2016) from the fiscal year ended March 31, 2017.

Adoption of the consolidated corporate-tax system

SMFG applies the “Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)” (ASBJ Practical Issues Task Force No.5, issued on January 16, 2015) and “Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)” (ASBJ Practical Issues Task Force No.7, issued on January 16, 2015) from fiscal year ended March 31, 2017 on the premise that SMFG file a tax return as a consolidated entity, since the Commissioner of the National Tax Agency has approved the adoption of the consolidated corporate-tax system by SMFG and some consolidated subsidiaries starting from fiscal year ended March 31, 2018.



(Notes to consolidated balance sheets)

**\*1 Japanese stocks and investments in unconsolidated subsidiaries and affiliates**

Japanese stocks and investments in unconsolidated subsidiaries and affiliates at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Japanese stocks	¥ 609,830	¥ 603,177
Investments	592	1,371

Japanese stocks of jointly controlled entities were as follows:

March 31	Millions of yen	
	2016	2017
Japanese stocks of jointly controlled entities	¥ 104,779	¥ 93,717

**\*2 Unsecured loaned securities for which borrowers have the right to sell or pledge**

The amount of unsecured loaned securities for which borrowers have the right to sell or pledge at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Japanese government bonds in "Securities"	¥ 900	¥ 905

As for the unsecured borrowed securities, securities under resale agreements and securities borrowed with cash collateral with rights to sell or pledge without restrictions, those securities pledged and those securities held without being disposed at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Securities pledged	¥ 5,245,608	¥ 5,977,541
Securities held without being disposed	3,152,831	3,112,106

**\*3 Bankrupt loans and non-accrual loans**

Bankrupt loans and non-accrual loans at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Bankrupt loans	¥ 44,748	¥ 34,441
Non-accrual loans	594,077	558,855

"Bankrupt loans" are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

"Non-accrual loans" are loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

**\*4 Past due loans (3 months or more)**

Past due loans (3 months or more) at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Past due loans (3 months or more)	¥ 19,845	¥ 22,434

"Past due loans (3 months or more)" are loans on which the principal or interest payment is past due for 3 months or more, excluding "Bankrupt loans" and "Non-accrual loans."

**\*5 Restructured loans**

Restructured loans at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Restructured loans	¥ 266,698	¥ 252,790

“Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”

**\*6 Risk-monitored loans**

The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Risk-monitored loans	¥ 925,370	¥ 868,521

The amounts of loans presented in Notes \*3 to \*6 above are the amounts before deduction of reserve for possible loan losses.

**\*7 Bills discounted**

Bills discounted are accounted for as financial transactions in accordance with the “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 24, February 13, 2002). SMBC and its banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions, etc. The total face value at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Bills discounted	¥ 820,990	¥ 802,664

**\*8 Assets pledged as collateral**

Assets pledged as collateral at March 31, 2016 and 2017 consisted of the following:

March 31, 2016	Millions of yen	March 31, 2017	Millions of yen
Assets pledged as collateral:		Assets pledged as collateral:	
Cash and due from banks	¥ 75,954	Cash and due from banks	¥ 72,981
Call loans and bills bought	433,224	Monetary claims bought	29,021
Monetary claims bought	49,961	Trading assets	2,315,475
Trading assets	2,531,750	Securities	3,544,026
Securities	5,560,230	Loans and bills discounted	8,239,227
Loans and bills discounted	2,609,736	Lease receivables and investment assets	4,303
Lease receivables and investment assets	2,467	Tangible fixed assets	9,112
Tangible fixed assets	9,557	Other assets (installment account receivable, etc.)	564
Other assets (installment account receivable, etc.)	135		
Liabilities corresponding to assets pledged as collateral:		Liabilities corresponding to assets pledged as collateral:	
Deposits	39,403	Deposits	37,944
Payables under repurchase agreements	448,908	Payables under repurchase agreements	1,436,571
Payables under securities lending transactions	3,307,827	Payables under securities lending transactions	6,072,016
Trading liabilities	430,159	Borrowed money	6,922,810
Borrowed money	4,922,927	Other liabilities	24,752
Other liabilities	28,710	Acceptances and guarantees	193,294
Acceptances and guarantees	194,035		

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, and substitution for margins of futures transactions and certain other purposes at March 31, 2016 and 2017:

March 31, 2016	Millions of yen	March 31, 2017	Millions of yen
Cash and due from banks	¥ 12,731	Cash and due from banks	¥ 12,688
Trading assets	13,026	Trading assets	111,189
Securities	6,284,022	Securities	7,617,741
		Loans and bills discounted	1,593,035

Other assets include collateral money deposited for financial instruments, surety deposits, margin of futures markets and other margins. The amounts for such assets were as follows:

March 31, 2016	Millions of yen	March 31, 2017	Millions of yen
Collateral money deposited for financial instruments	¥ 873,964	Collateral money deposited for financial instruments	¥ 1,264,271
Surety deposits	114,976	Surety deposits	114,293
Margins of futures markets	47,015	Margins of futures markets	61,086
Other margins	35,058	Other margins	32,119

**\*9 Commitment line contracts on overdrafts and loans**

Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amounts of unused commitments at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
The amounts of unused commitments	¥ 57,798,996	¥ 62,035,638
The amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time	42,315,486	46,185,404

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when such need arises and securing claims after the contracts are made.

**\*10 Land revaluation excess**

SMBC and other consolidated subsidiaries revalued their own land for business activities in accordance with "Act on Revaluation of Land" (the "Act") (Act No. 34, effective March 31, 1998) and "Act for Partial Revision of Act on Revaluation of Land" (Act No. 19, effective March 31, 2001). The income taxes corresponding to the net unrealized gains are reported in "Liabilities" as "Deferred tax liabilities for land revaluation excess," and SMFG's share of the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Net assets."

Certain equity method affiliates also revalued its own land for business activities in accordance with the Act. SMFG's share of the net unrealized gains and net of deferred taxes are reported as "Land revaluation excess" in "Net assets."

Date of the revaluation

SMBC: March 31, 1998 and March 31, 2002

Other consolidated subsidiaries and equity method affiliates: March 31, 1999 and March 31, 2002

Method of revaluation (stipulated in Article 3-3 of the Act)

SMBC: Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of "Order for Enforcement of Act on Revaluation of Land" (Cabinet Order No. 119 effective March 31, 1998).

Other consolidated subsidiaries and equity method affiliates: Fair values were determined based on the values stipulated in Article 2-3 and 2-5 of "Order for Enforcement of Act on Revaluation of Land" (Cabinet Order No. 119 effective March 31, 1998).

**\*11 Accumulated depreciation on tangible fixed assets**

Accumulated depreciation on tangible fixed assets at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Accumulated depreciation	¥ 977,479	¥ 1,129,612

**\*12 Deferred gain on tangible fixed assets deductible for tax purposes**

Deferred gain on tangible fixed assets deductible for tax purposes at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Deferred gain on tangible fixed assets deductible for tax purposes [The consolidated fiscal year concerned]	¥ 62,665 [—]	¥ 63,213 [1,813]

**\*13 Subordinated borrowings**

The balance of subordinated borrowings with the special clause specifying that the repayment order of the borrowing subordinate to other borrowings included in “Borrowed money” at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Subordinated borrowings	¥ 295,199	¥ 284,200

**\*14 Subordinated bonds**

The balance of subordinated bonds included in “Bonds” at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Subordinated bonds	¥ 2,142,286	¥ 2,158,167

**\*15 Guaranteed amount to privately-placed bonds**

The amount guaranteed by SMBC and its banking subsidiaries to privately-placed bonds (stipulated by Article 2-3 of the Financial Instruments and Exchange Act) in “Securities” at March 31, 2016 and 2017 were as follows:

March 31	Millions of yen	
	2016	2017
Guaranteed amount to privately-placed bonds	¥ 2,004,096	¥ 1,974,118

(Notes to consolidated statements of income)

**\*1 Other income**

“Other” in “Other income” for the fiscal years ended March 31, 2016 and 2017 included the following:

<u>Year ended March 31, 2016</u>	<u>Millions of yen</u>	<u>Year ended March 31, 2017</u>	<u>Millions of yen</u>
Gains on sales of stocks	¥ 100,302	Gains on sales of stocks	¥ 80,307

**\*2 General and administrative expenses**

“General and administrative expenses” for the fiscal years ended March 31, 2016 and 2017 included the following:

<u>Year ended March 31, 2016</u>	<u>Millions of yen</u>	<u>Year ended March 31, 2017</u>	<u>Millions of yen</u>
Salaries and related expenses	¥ 626,149	Salaries and related expenses	¥ 669,496
Research and development costs	207	Research and development costs	89

**\*3 Other expenses**

“Other expenses” for the fiscal years ended March 31, 2016 and 2017 included the following:

<u>Year ended March 31, 2016</u>	<u>Millions of yen</u>	<u>Year ended March 31, 2017</u>	<u>Millions of yen</u>
Write-off of loans	¥ 74,180	Write-off of loans	¥ 87,792
Provision for reserve for losses on interest repayment	140,264	Write-off of stocks and others	14,859
Equity in losses of affiliates	36,196	Loss on sales of non-accrual loans	13,204

**\*4 Other extraordinary gains**

“Other extraordinary gains” for the fiscal year ended March 31, 2017 was 29,325 million yen due to gains on step acquisitions.

## \*5 Losses on impairment of fixed assets

The differences between the recoverable amounts and the book value of the following asset is recognized as “Losses on impairment of fixed assets,” and included in “Extraordinary losses” for the fiscal year ended March 31, 2016 and 2017.

Year ended March 31, 2016			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (3 items)	Land and buildings, etc.	¥ 45
	Idle assets (26 items)		2,265
	Other (1 item)		0
Kinki area	Branches (14 items)	Land and buildings, etc.	649
	Corporate asset (1 item)		349
	Idle assets (24 items)		628
Other	Branch (1 item)	Land and buildings, etc.	6
	Idle assets (11 items)		416
	Others (4 items)		0
Year ended March 31, 2017			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (11 items)	Land and buildings, etc.	¥ 518
	Corporate assets (10 items)		371
	Idle assets (57 items)		3,650
	Others (6 item)		58
Kinki area	Branches (16 items)	Land and buildings, etc.	285
	Corporate asset (1 item)		32
	Idle assets (36 items)		893
	Others (2 items)		1
Other	Branches (7 items)	Land and buildings, etc.	274
	Idle assets (15 items)		292
	Others (10 items)		86
—	—	Goodwill	42,995

At SMBC, a branch, which continuously manages and determines its income and expenses, is the smallest unit of asset group for recognition and measurement of impairment loss of fixed assets. Assets such as corporate headquarters facilities, training facilities, data and system centers, and health and recreational facilities which do not produce cash flows that can be attributed to individual assets are treated as corporate assets. As for idle assets, impairment loss is measured individually. At SMFG and other consolidated subsidiaries, a branch or other group is the smallest asset grouping unit as well.

The carrying amounts of idle assets at SMBC are reduced to their recoverable amounts, and the decreased amounts are included in “Extraordinary losses” as “Losses on impairment of fixed assets,” if there are indicators that the invested amounts may not be recoverable. And the carrying amounts of branches, corporate assets and idle assets at other consolidated subsidiaries are reduced in the same method as at SMBC.

The recoverable amount is calculated using net realizable value which is basically determined by subtracting the expected disposal cost from the appraisal value based on the Real Estate Appraisal Standard.

The unit of goodwill is mainly based on each consolidated subsidiary. All unamortized balance of goodwill for the fiscal year ended March 31, 2017 was included in “Extraordinary losses” as “Losses on impairment of fixed assets” since there are indicators that amount of goodwill relating to SMBC Friend may not be recoverable. The recoverable amount is calculated using net realizable value which is determined based on revalued corporate value.

(Notes to consolidated statements of comprehensive income)

\*1 Reclassification adjustment and tax effect of other comprehensive income

Year ended March 31	Millions of yen	
	2016	2017
Net unrealized gains (losses) on other securities:		
Amount arising during the fiscal year	¥ (467,311)	¥ 426,339
Reclassification adjustments	(201,084)	(144,428)
Before adjustments to tax effect	(668,396)	281,910
Tax effect	223,414	(80,256)
Net unrealized gains (losses) on other securities	(444,981)	201,653
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	88,104	(175,291)
Reclassification adjustments	31,934	39,212
Before adjustments to tax effect	120,038	(136,079)
Tax effect	(37,486)	42,089
Net deferred gains (losses) on hedges	82,552	(93,989)
Land revaluation excess:		
Amount arising during the fiscal year	—	—
Reclassification adjustments	—	—
Before adjustments to tax effect	—	—
Tax effect	1,705	(6)
Land revaluation excess	1,705	(6)
Foreign currency translation adjustments:		
Amount arising during the fiscal year	(84,007)	(12,699)
Reclassification adjustments	(8,114)	—
Before adjustments to tax effect	(92,121)	(12,699)
Tax effect	—	—
Foreign currency translation adjustments	(92,121)	(12,699)
Remeasurements of defined benefit plans:		
Amount arising during the fiscal year	(206,195)	61,564
Reclassification adjustments	31,776	54,960
Before adjustments to tax effect	(174,418)	116,525
Tax effect	52,485	(35,332)
Remeasurements of defined benefit plans	(121,933)	81,193
Share of other comprehensive income of affiliates:		
Amount arising during the fiscal year	(659)	(17,517)
Reclassification adjustments	(1,357)	(930)
Before adjustments to tax effect	(2,016)	(18,448)
Tax effect	—	—
Share of other comprehensive income of affiliates	(2,016)	(18,448)
Total other comprehensive income	¥ (576,794)	¥ 157,703

(Notes to consolidated statements of changes in net assets)

Fiscal year ended March 31, 2016

1. Type and number of shares issued and treasury stock

Year ended March 31, 2016	Number of shares			At the end of the fiscal year	Notes
	At the beginning of the fiscal year	Increase	Decrease		
Shares issued					
Common stock	1,414,055,625	—	—	1,414,055,625	
Total	1,414,055,625	—	—	1,414,055,625	
Treasury stock					
Common stock	46,814,201	39,113	22,432	46,830,882	1,2
Total	46,814,201	39,113	22,432	46,830,882	

Notes: 1. Increase of 39,113 shares in the number of treasury common stock was due to purchases of fractional shares.  
2. Decrease of 22,432 shares in the number of treasury common stock was due to sales of fractional shares and exercise of stock options.

2. Information on stock acquisition rights

Year ended March 31, 2016	Details of stock acquisition rights	Type of shares	Number of shares			At the end of the fiscal year	Millions of yen	Notes
			At the beginning of the fiscal year	Increase	Decrease		At the end of the fiscal year	
SMFG	Stock acquisition rights as stock options	—	—	—	—	—	¥ 2,635	
Consolidated subsidiaries	—	—	—	—	—	—	249	
Total							¥ 2,884	

3. Information on dividends

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount			
		Cash dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2015	Common stock	¥ 112,804	¥ 80	March 31, 2015	June 26, 2015
Meeting of the Board of Directors held on November 12, 2015	Common stock	105,753	75	September 30, 2015	December 3, 2015

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount				
		Cash dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2016	Common stock	¥ 105,753	Retained earnings	¥ 75	March 31, 2016	June 29, 2016



*Fiscal year ended March 31, 2017*

**1. Type and number of shares issued and treasury stock**

Year ended March 31, 2017	Number of shares			At the end of the fiscal year	Notes
	At the beginning of the fiscal year	Increase	Decrease		
Shares issued					
Common stock	1,414,055,625	—	—	1,414,055,625	
Total	1,414,055,625	—	—	1,414,055,625	
Treasury stock					
Common stock	46,830,882	24,993	42,826,992	4,028,883	1,2
Total	46,830,882	24,993	42,826,992	4,028,883	

Notes: 1. Increase of 24,993 shares in the number of treasury common stock was due to purchases of fractional shares.  
 2. Decrease of 42,826,992 shares in the number of treasury common stock includes decrease of 6,128 shares due to sales of fractional shares and exercise of stock options and decrease of 42,820,864 shares due to sale of stocks of SMFG held by SMBC and its banking subsidiaries.

**2. Information on stock acquisition rights**

Year ended March 31, 2017	Details of stock acquisition rights	Type of shares	Number of shares			At the end of the fiscal year	Millions of yen	Notes
			At the beginning of the fiscal year	Increase	Decrease		At the end of the fiscal year	
SMFG	Stock acquisition rights as stock options	—	—	—	—	—	¥ 3,206	
Consolidated subsidiaries	—	—	—	—	—	—	276	
Total							¥ 3,482	

**3. Information on dividends**

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount			
		Cash dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2016	Common stock	¥ 105,753	¥ 75	March 31, 2016	June 29, 2016
Meeting of the Board of Directors held on November 11, 2016	Common stock	105,752	75	September 30, 2016	December 2, 2016

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount				
		Cash dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2017	Common stock	¥ 105,752	Retained earnings	¥ 75	March 31, 2017	June 30, 2017

(Notes to consolidated statements of cash flows)

**\*1 The relation between the amounts of accounts listed on the consolidated financial statements and “Cash and cash equivalents”**

Year ended March 31	Millions of yen	
	2016	2017
Cash and due from banks	¥ 42,789,236	¥ 46,865,538
Interest earning deposits with banks (excluding the deposit with the Bank of Japan)	(5,232,430)	(4,387,144)
Cash and cash equivalents	¥ 37,556,806	¥ 42,478,393

**\*2 The major components of increased assets and liabilities by succession**

The major components of increased assets and liabilities due to the integration of the retail banking business of Citibank Japan Ltd. by SMBC Trust and the relation between the acquisition cost of the acquired business and net gains from acquisition of business were as follows;

Year ended March 31, 2016	Millions of yen
Assets	¥ 2,407,085
Cash and due from banks	2,296,106
Liabilities	(2,376,561)
Deposits	(2,361,907)
Goodwill	14,476
Acquisition cost	45,000
Cash and cash equivalents included in acquired asset	(2,296,106)
Proceeds from acquisition of business	¥ 2,251,106

**\*3 The major components of assets and liabilities for entities newly consolidated by stock acquisition and for other reasons**

The major components of assets and liabilities at the commencement of consolidation due to stock acquisition of SMFL Capital Company, Limited (former name: GE Japan LLC) and 5 other companies by SMFL's stock acquisition and the relation between the acquisition cost of shares and expenditure to acquire were as follows;

Year ended March 31, 2017	Millions of yen
Assets	¥ 669,763
Lease receivables and investment assets	394,459
Liabilities	(502,042)
Borrowed money	(436,526)
Non-controlling interests	(393)
Goodwill	13,632
Acquisition cost of 6 companies	180,959
Cash and cash equivalents included in acquired assets of 6 companies	(1,015)
Expenditure for acquisition of 6 companies	¥ 179,944

The major components of assets and liabilities at the commencement of consolidation due to consolidating SMAM and 7 other companies by SMBC's stock acquisition and the relation between the acquisition cost of shares and expenditure to acquire were as follows;

Year ended March 31, 2017	Millions of yen
Assets	¥ 50,524
Securities	13,466
Liabilities	(12,516)
Non-controlling interests	(15,203)
Goodwill	38,053
Acquisition cost of 8 companies	60,858
Cash and cash equivalents included in acquired assets of 8 companies	(474)

Fair value of SMAM's common stocks immediately prior to the business combination

(40,572)

Expenditure for acquisition of 8 companies

¥ 19,811

**(Notes to lease transactions)**

**1. Finance leases**

(1) Lessee side

1) Lease assets

(a) Tangible fixed assets

Tangible fixed assets mainly consisted of branches and equipment.

(b) Intangible fixed assets

Intangible fixed assets are software.

2) Depreciation method of lease assets

Depreciation method of lease assets is reported in 4. Accounting policies (4) Depreciation.

(2) Lessor side

1) Breakdown of lease investment assets

March 31	Millions of yen	
	2016	2017
Lease receivables	¥ 1,239,009	¥ 1,575,535
Residual value	120,223	141,815
Unearned interest income	(215,850)	(219,854)
Total	¥ 1,143,383	¥ 1,497,496

2) The scheduled collections of lease payments receivable related to lease receivables and investment assets are as follows:

March 31	Millions of yen			
	2016		2017	
	Lease payments receivable related to lease receivables	Lease payments receivable related to investment assets	Lease payments receivable related to lease receivables	Lease payments receivable related to investment assets
Within 1 year	¥ 297,221	¥ 320,674	¥ 307,509	¥ 423,147
More than 1 year to 2 years	209,762	253,931	218,544	342,384
More than 2 years to 3 years	149,792	198,762	153,983	272,786
More than 3 years to 4 years	91,901	143,147	111,720	190,488
More than 4 years to 5 years	65,764	93,905	55,302	116,975
More than 5 years	145,560	228,588	186,669	229,752
Total	¥ 960,003	¥ 1,239,009	¥ 1,033,730	¥ 1,575,535

3) Non-transfer ownership finance leases, which commenced in fiscal years beginning before April 1, 2008, are valued at their appropriate book value, net of accumulated depreciation, as of March 31, 2008, and recorded as the beginning balance of “Lease receivables and investment assets.”

Moreover, interest on such non-transfer ownership finance leases during the remaining term of the leases is allocated over the lease term using the straight-line method.

As a result of this accounting treatment, “Income before income taxes” for the fiscal years ended March 31, 2016 and 2017 were ¥1,759 million and ¥1,688 million, respectively, more than it would have been if such transactions had been treated in a similar way to sales of the underlying assets.

## 2. Operating leases

### (1) Lessee side

Future minimum lease payments on operating leases which were not cancelable were as follows:

March 31	Millions of yen	
	2016	2017
Due within 1 year	¥ 42,254	¥ 44,745
Due after 1 year	213,401	254,258
Total	¥ 255,656	¥ 299,004

### (2) Lessor side

Future minimum lease payments on operating leases which were not cancelable were as follows:

March 31	Millions of yen	
	2016	2017
Due within 1 year	¥ 186,113	¥ 215,329
Due after 1 year	1,218,850	1,275,289
Total	¥ 1,404,963	¥ 1,490,618

Future lease payments receivable on operating leases which were not cancelable at March 31, 2016 and 2017 amounting to ¥0 million and ¥0 million, respectively, on the lessor side were pledged as collateral for borrowings.

## (Notes to financial instruments)

### 1. Status of financial instruments

#### (1) Policies on financial instruments

SMFG Group conducts banking and other financial services such as leasing, securities, consumer finance, system development and information processing. Its banking business includes deposit taking, lending, securities trading and investment, remittance and transfer, foreign exchange, bond subscription agent, trust business, and over-the-counter sales of securities investment trusts and insurance products.

These services entail holding of financial assets such as loans and bills discounted, bonds, and stocks. Meanwhile, SMFG Group raises funds through deposit taking, borrowing, bond offering, etc. Furthermore, it undertakes derivative transactions to meet customers' hedging needs, to control market risk associated with deposit taking and lending ("ALM purposes"), and to make profit on short-term fluctuations in interest rates, foreign exchange rates, etc. ("trading purposes"). At SMBC, SMFG's major consolidated subsidiary, derivative transactions for ALM purposes are undertaken by the Treasury Dept. and the International Treasury Dept. of the Treasury Unit, while derivative transactions for trading purposes are undertaken by the Trading Dept. of the Treasury Unit (in Asia and Oceania regions, the Asia and Oceania Treasury Dept. is responsible for derivative transactions for both ALM and trading purposes).

#### (2) Details of financial instruments and associated risks

##### 1) Financial assets

The main financial assets held by SMFG Group include loans to foreign and domestic companies and domestic individuals, and securities such as bonds (government and corporate bonds) and stocks (foreign and domestic stocks), etc. Bonds such as government bonds are held for both trading and ALM purposes, and certain bonds are held as held-to-maturity securities. Stocks are held mainly for strategic purposes. These assets expose SMFG to credit risk, market risk and liquidity risk. Credit risk is the risk of loss arising from nonperformance of obligations by the borrower or issuer due to factors such as deterioration in the borrower's/issuer's financial conditions. Market risk is the risk stemming from fluctuations in interest rates, exchange rates, or share prices. Liquidity risk is the risk arising from difficulty executing transactions in desired quantities at appropriate prices due to low market liquidity. These risks are properly monitored and managed based on "(3) Risk management framework for financial instruments" below.

##### 2) Financial liabilities

Financial liabilities of SMFG Group include borrowed money and bonds, etc. in addition to deposits. Deposits mainly comprise deposits of domestic and foreign companies and domestic individuals. Borrowed money and bonds include subordinated borrowings and subordinated bonds. Also, financial liabilities, like financial assets, expose SMFG to not only market risk but also funding liquidity risk: the risk of SMFG not being able to raise funds due to market turmoil, deterioration in its creditworthiness or other factors. These risks are properly monitored and managed based on "(3) Risk management framework for financial instruments" below.

##### 3) Derivative transactions

Derivatives handled by SMFG Group include foreign exchange futures; futures, forwards, swaps and options related to interest rates, currencies, equities, bonds and commodities; and credit and weather derivatives.

Major risks associated with derivatives include market risk, liquidity risk, and credit risk arising from nonperformance of contractual obligations due to deterioration in the counterparty's financial conditions. These risks are properly monitored and managed based on "(3) Risk management framework for financial instruments" below.

Hedge accounting is applied to derivative transactions executed for ALM purposes, as necessary. Hedging instruments, hedged items, hedging policy and hedging method to assess the effectiveness of the hedge are described in "(Notes to significant accounting policies for preparing consolidated financial statements), 4. Accounting policies, (16) Hedge accounting."

#### (3) Risk management framework for financial instruments

The fundamental matters on risk management for the entire Group are set forth in "Regulations on Risk Management." SMFG's Management Committee establishes the basic risk management policy for the entire Group, based on the Regulations, which is then approved by the Board of Directors. SMFG Group has a risk management system based on the basic policy. The Corporate Risk Management Dept., which, together with the Corporate Planning Dept., controls risk management across SMFG Group by monitors the development and implementation of SMFG Group's risk management system, and gives appropriate guidance as needed. Under this framework, SMFG comprehensively and systematically manages risks on a Group basis.

## 1) Management of credit risk

SMFG has established fundamental principles on credit risk management to thoroughly manage the credit risk of the entire Group. Each group company conducts integrated management of credit risk according to its operational characteristics, and the credit risk inherent in the entire portfolio as well as the risk in individual credits are managed quantitatively and continuously.

### (a) Credit risk management system

At SMBC, SMFG's major consolidated subsidiary, basic policies on credit risk management and other significant matters require the resolution of Management Committee and the approval of Board of Directors.

The Credit & Investment Planning Dept. of the Risk Management Unit is responsible for the comprehensive management of credit risk. This department establishes, revises or abolishes credit policies, the internal rating system, credit authority regulations, credit application regulations, and manages non-performing loans and other aspects of credit portfolio management. The department also controls SMBC's total credit risk by quantifying credit risk (*i.e.* calculating risk capital and risk-weighted assets) in cooperation with the Corporate Risk Management Dept. The department also monitors risk situations and regularly reports to the Management Committee and the Board of Directors.

Moreover, the Credit Portfolio Management Dept. within the Credit & Investment Planning Dept. works to stabilize SMBC's overall credit portfolio through selling credit derivatives and loan claims.

The Credit Departments of Wholesale Banking Unit, Retail Banking Unit and other business units play a central role in credit screening and managing their units' credit portfolios. In the Wholesale Banking Unit, the Credit Administration Dept. is responsible for formulating and implementing measures to reduce SMBC's exposures mainly to borrowers classified as potentially bankrupt or lower. Each business unit establishes its credit limits based on the baseline amounts for each borrower's grading category. Borrowers or loans perceived to have high credit risk undergo intensive evaluation and administration by the unit's Credit Department. The Corporate Research Dept. analyzes industries as well as investigates individual borrowers' business situations to detect early signs of problems.

Moreover, the Credit Risk Management Committee, a consultative body straddling the business units, rounds out SMBC's oversight system for undertaking flexible and efficient control of credit risk and ensuring the overall soundness of the bank's loan operations.

In addition to these, the Internal Audit Unit, operating independently of the business units, audits asset quality, grading accuracy, self-assessment, and appropriateness of the credit risk management system, and reports the results directly to the Board of Directors and the Management Committee.

### (b) Method of credit risk management

SMBC properly manages the credit risk inherent in individual loans and the entire portfolio by assessing and quantifying the credit risk of each borrower/loan using the internal rating system. In addition to management of individual loans through credit screening and monitoring, it manages the credit portfolio as described below in order to secure and improve the credit portfolio's soundness and medium-term profitability.

- Appropriate risk-taking within the scope of capital

To keep credit risk exposure to a permissible level relative to capital, SMBC sets "credit risk capital limit" for internal control purposes. Under these limits, separate guidelines are issued for each business unit and marketing unit. SMBC regularly monitors compliance with these guidelines.

- Controlling concentration of risk

Because concentration of credit risk in an industry or corporate group has the potential to impair a bank's capital significantly, SMBC implements measures to prevent excessive concentration of loan in a single industry and to control large exposure to individual borrowers by setting maximum loan amounts and conducting loan reviews thoroughly. To manage country risk, SMBC also has credit limit guidelines based on each country's creditworthiness.

- Greater understanding of actual corporate conditions and balancing returns and risks

SMBC runs credit operations on the basic principle of thoroughly understanding actual corporate conditions and gaining profit commensurate with the level of credit risk entailed, and makes every effort to improve profit at after-cost (credit cost, capital cost and overhead) level.

- Reduction and prevention of non-performing loans

For non-performing loans and potential non-performing loans, SMBC carries out loan reviews to clarify credit policies and action plans, enabling it to swiftly implement measures to prevent deterioration of borrowers' business situations, support business recoveries, collect on loans, and enhance loan security.

In regards to financial instruments such as investments in certain funds, securitized products and credit derivatives that indirectly retain risks related to assets such as corporate bonds and loan claims (underlying assets), such instruments entail market and liquidity risks in addition to credit risk, since such instruments are traded on the market. Credit risk management for these instruments involving detailed analysis and evaluation of characteristics of underlying assets is performed while market risk is comprehensively managed within the framework for managing market and liquidity risks. Moreover, guidelines have been established based on the characteristics of each type of risk to appropriately manage risks of incurring losses.

In regards to credit risk of derivative transactions, the potential exposure based on the market price is regularly calculated and properly managed. When the counterparty is a financial institution with whom SMBC frequently conducts derivative transactions, measures such as a close-out netting provision, which provide that offsetting credit exposures between the two parties will be combined into a single net payment from one party to the other in case of bankruptcy or other default event, are implemented to reduce credit risk.

## 2) Management of market and liquidity risks

SMFG manages market and liquidity risks across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; and clearly separating front-office, middle-office, and back-office operations for a highly efficient system of mutual checks and balances.

### (a) Market and liquidity risk management systems

At SMBC, important matters such as basic policies for managing market and liquidity risks and risk management framework are determined by the Management Committee and then approved by the Board of Directors.

The aforementioned Corporate Risk Management Dept., which is independent of the business units that directly handle business transactions and manages market and liquidity risks in an integrated manner. The department also monitors market and liquidity risk situations and regularly reports to the Management Committee and the Board of Directors.

Furthermore, its cross-departmental “ALM Committee” reports on the state of observance of SMBC’s market and liquidity risk capital limits, and deliberates on administration of ALM policies. It also has a system whereby front-office departments, middle-office departments and back-office departments check each other’s work in order to prevent clerical errors, unauthorized transactions, etc.

In addition, its Internal Audit Unit, which is independent of other departments, periodically performs comprehensive internal audits to verify that the risk management framework is properly functioning and reports the audit results to the Management Committee, the Board of Directors and other concerned committees and departments.

### (b) Market and liquidity risk management methodology

#### • Market risk management

SMBC manages market risk by setting maximum loss and VaR (value at risk: maximum potential loss that may be incurred to a specific financial instrument for a given probability) within the market risk capital limit, which is set taking into account stockholders’ equity and other factors in accordance with the market transaction policies.

SMBC uses the historical simulation method (a method for estimating the maximum loss by running simulations of changes in profit and loss on market fluctuations scenarios based on historical data) to measure VaR. Regarding banking activities (activities for generating profit through management of interest rates, terms, and other aspects of such as loans and bonds in assets, deposits in liabilities) and trading activities (activities for generating profit by taking advantage of short-term fluctuations in market values and differences in value among markets), SMBC calculates the maximum loss that may occur as a result of market fluctuations in 1 day with a probability of 1% based on 4 years of historical observation. With regard to the holding of shares (such as listed shares) for the purpose of strategic investment, SMBC calculates the maximum loss that may occur as a result of market fluctuations in 1 year with a probability of 1% based on 10 years of historical observation.

Regarding risks associated with foreign exchange rates, interest rates, equity risk, option prices and other market risk factors, SMBC manages such risks by setting a maximum limit on the indicator suited for each market risk factor such as BPV (basis point value: denotes the change in value of a financial instrument resulting from a 0.01 percentage-point change in the yield).

#### • Quantitative information on market risks

As of March 31, 2017, total VaR of SMBC and its major consolidated subsidiaries was ¥47.4 billion for the banking activities, ¥23.6 billion for the trading activities and ¥1,544.5 billion for the holding of shares (such as listed shares) for the purpose of strategic investment.



However, it should be noted that these figures are statistical figures that change according to changes in assumptions and calculation methods, and may not cover the risk of future market conditions fluctuating drastically compared to market fluctuations of the past.

- Liquidity risk management

At SMBC, funding liquidity risk is managed based on a framework consisting of setting funding gap limits, establishing contingency plans, and maintaining a system of highly liquid supplementary funding sources. A funding gap is the amount of funds needed in the future to cover duration mismatch between required investments and funding resources. SMBC tries to avoid excessive reliance on short-term funds by managing funding gap limits and has established a contingency plan covering emergency action plans such as reducing funding gap limits. In addition, to ensure smooth fulfillment of transactions in face of market turmoil, it holds assets such as U.S. treasuries that can be sold immediately and emergency committed lines as supplemental liquidity.

Moreover, to manage the liquidity risk of marketable instruments, derivative transactions, etc., SMBC has trading limits for each business office classified by currency, instrument, transaction period, etc. As for financial futures, etc., risks are managed by restricting positions to within a certain percentage of open interest in the entire market.

(4) Supplementary explanations about matters concerning fair value of financial instruments

Fair values of financial instruments are based on their market prices and, in cases where market prices are not available, on reasonably calculated prices. These prices have been calculated using certain assumptions, and may differ if calculated based on different assumptions.

## 2. Fair value of financial instruments

- (1) “Consolidated balance sheet amount”, “Fair value” and “Net unrealized gains (losses)” of financial instruments as of March 31, 2016 and 2017 are as follows:

The amounts shown in the following tables do not include financial instruments (see (3) below) whose fair values are extremely difficult to determine, such as unlisted stocks classified as Other securities, and stocks of subsidiaries and affiliates.

March 31, 2016	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks *1	¥ 42,776,432	¥ 42,783,707	¥ 7,274
2) Call loans and bills bought *1	1,290,196	1,291,525	1,329
3) Receivables under resale agreements	494,949	494,867	(82)
4) Receivables under securities borrowing transactions *1	7,972,679	7,973,016	337
5) Monetary claims bought *1	4,345,143	4,354,958	9,814
6) Trading assets			
Securities classified as trading purposes	3,634,054	3,634,054	—
7) Money held in trust	5,163	5,163	—
8) Securities			
Bonds classified as held-to-maturity	2,267,598	2,284,166	16,568
Other securities	21,980,120	21,980,120	—
9) Loans and bills discounted	75,066,080		
Reserve for possible loan losses *1	(415,728)		
	<u>74,650,351</u>	<u>76,996,975</u>	<u>2,346,623</u>
10) Foreign exchanges *1	1,574,079	1,576,439	2,359
11) Lease receivables and investment assets *1	1,977,899	2,081,232	103,333
Total assets	<u>¥ 162,968,668</u>	<u>¥ 165,456,227</u>	<u>¥ 2,487,558</u>
1) Deposits	¥ 110,668,828	¥ 110,672,780	¥ 3,951
2) Negotiable certificates of deposit	14,250,434	14,258,203	7,769
3) Call money and bills sold	1,220,455	1,220,455	(0)
4) Payables under repurchase agreements	1,761,822	1,761,822	—
5) Payables under securities lending transactions	5,309,003	5,309,003	—
6) Commercial paper	3,017,404	3,017,372	(32)
7) Trading liabilities			
Trading securities sold for short sales	2,197,673	2,197,673	—
8) Borrowed money	8,571,227	8,635,608	64,380
9) Foreign exchanges	1,083,450	1,083,450	—
10) Short-term bonds	1,271,300	1,271,295	(4)
11) Bonds	7,006,357	7,258,216	251,858
12) Due to trust account	944,542	944,542	—
Total liabilities	<u>¥ 157,302,500</u>	<u>¥ 157,630,423</u>	<u>¥ 327,923</u>
Derivative transactions *2			
Hedge accounting not applied	¥ 492,569	¥ 492,569	¥ —
Hedge accounting applied	[207,696]	[207,696]	—
Total	<u>¥ 284,872</u>	<u>¥ 284,872</u>	<u>¥ —</u>

\*1 The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses. The reserves for possible losses on “Cash and due from banks,” “Call loans and bills bought,” “Receivables under securities borrowing transactions,” “Monetary claims bought,” “Foreign exchanges” and “Lease receivables and investment assets” are deducted directly from consolidated balance sheet amount since they are immaterial.

\*2 The amounts collectively represent the derivative transactions which are recorded in “Trading assets,” “Trading liabilities,” “Other assets” and “Other liabilities.” Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

March 31, 2017	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks *1	¥ 46,856,755	¥ 46,863,245	¥ 6,490
2) Call loans and bills bought *1	1,870,376	1,872,041	1,665
3) Receivables under resale agreements	899,897	901,214	1,316
4) Receivables under securities borrowing transactions *1	8,759,837	8,761,000	1,163
5) Monetary claims bought *1	4,415,287	4,428,894	13,606
6) Trading assets			
Securities classified as trading purposes	3,778,798	3,778,798	—
7) Money held in trust	3,439	3,439	—
8) Securities			
Bonds classified as held-to-maturity	1,173,423	1,180,318	6,895
Other securities	22,412,795	22,412,795	—
9) Loans and bills discounted	80,237,322		
Reserve for possible loan losses *1	(360,465)		
	<u>79,876,857</u>	<u>81,964,043</u>	<u>2,087,186</u>
10) Foreign exchanges *1	1,716,259	1,717,458	1,198
11) Lease receivables and investment assets *1	2,387,292	2,483,992	96,699
Total assets	<u>¥ 174,151,021</u>	<u>¥ 176,367,243</u>	<u>¥ 2,216,221</u>
1) Deposits	¥ 117,830,210	¥ 117,826,321	¥ (3,888)
2) Negotiable certificates of deposit	11,880,937	11,886,844	5,906
3) Call money and bills sold	2,088,019	2,088,066	47
4) Payables under repurchase agreements	2,715,752	2,715,752	—
5) Payables under securities lending transactions	7,444,655	7,444,655	—
6) Commercial paper	2,311,542	2,311,536	(6)
7) Trading liabilities			
Trading securities sold for short sales	2,071,583	2,071,583	—
8) Borrowed money	10,786,713	10,794,049	7,335
9) Foreign exchanges	683,252	683,252	—
10) Short-term bonds	1,125,600	1,125,590	(9)
11) Bonds	8,129,232	8,333,946	204,713
12) Due to trust account	1,180,976	1,180,976	—
Total liabilities	<u>¥ 168,248,478</u>	<u>¥ 168,462,576</u>	<u>¥ 214,097</u>
Derivative transactions *2			
Hedge accounting not applied	¥ 272,439	¥ 272,439	¥ —
Hedge accounting applied	[162,498]	[162,498]	—
Total	<u>¥ 109,940</u>	<u>¥ 109,940</u>	<u>¥ —</u>

\*1 The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses. The reserves for possible losses on “Cash and due from banks,” “Call loans and bills bought,” “Receivables under securities borrowing transactions,” “Monetary claims bought,” “Foreign exchanges” and “Lease receivables and investment assets” are deducted directly from consolidated balance sheet amount since they are immaterial.

\*2 The amounts collectively represent the derivative transactions which are recorded in “Trading assets,” “Trading liabilities,” “Other assets” and “Other liabilities.” Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in square brackets.

## (2) Fair value calculation methodology for financial instruments

### Assets

1) Cash and due from banks, 2) Call loans and bills bought, 3) Receivables under resale agreements, 4) Receivables under securities borrowing transactions, 9) Loans and bills discounted, 10) Foreign exchanges and 11) Lease receivables and investment assets:

Of these transactions, for dues from banks without maturity and overdrafts with no specified repayment dates, the book values are used as fair value as they are considered to approximate their fair value.

For short-term transactions with remaining maturity not exceeding 6 months, in principle, the book values are used as fair value as they are considered to approximate their fair value.

The fair value of those with a remaining maturity of more than 6 months is, in principle, the present value of future cash flows (calculated by discounting estimated future cash flows, taking into account factors such as the borrower's internal rating and pledged collateral, using a rate comprising of a risk-free interest rate and an adjustment). Certain consolidated subsidiaries of SMFG calculate the present value by discounting the estimated future cash flows computed based on the contractual interest rate, using a rate comprising a risk-free rate and a credit risk premium.

Regarding claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers, expected losses on such claims are calculated based on either the expected recoverable amount from disposal of collateral or guarantees, or the present value of expected future cash flows. Since the claims' balance sheet amounts minus the expected amount of loan losses approximate their fair values, such amounts are considered to be their fair values.

### 5) Monetary claims bought:

The fair values of monetary claims bought, such as subordinated trust beneficiary interests related to securitized housing loans, are based on the assessed value of underlying housing loans securitized through the trust scheme minus the assessed value of senior beneficial interests, etc. The fair values of other transactions are, in principle, based on prices calculated using methods similar to the methods applied to 9) Loans and bills discounted.

### 6) Trading assets:

The fair values of bonds and other securities held for trading purposes are, in principle, based on their market price at the end of the fiscal year.

### 7) Money held in trust:

The fair values of money held in trust are, in principle, based on the market prices of securities held in trust calculated using methods similar to the methods applied to 8) Securities.

### 8) Securities:

In principle, the fair values of stocks (including foreign stocks) are based on the average market price during 1 month before the end of the fiscal year. The fair values of bonds and securities with market prices other than stocks are prices calculated based on their market prices as of the end of the fiscal year.

In light of the "Practical Solution on Measurement of Fair Value for Financial Assets" (ASBJ Practical Issue Task Force No. 25), the fair values of floating rate government bonds are based on the present value of future cash flows (the government bond yield is used to discount and estimate future cash flows). Bond yield and yield volatility are the main price parameters. The fair values of those without market prices, such as private placement bonds, are based on the present value of future cash flows calculated by discounting estimated future cash flows taking into account the borrower's internal rating and pledged collateral by a rate comprising a risk-free interest rate and an adjustment. However, the fair values of bonds, such as private placement bonds issued by bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers are based on the bond's book value after the deduction of the expected amount of a loss on the bond computed by using the same method applied to the estimation of a loan loss. Meanwhile, the fair values of publicly offered investment trusts are calculated based on the published net asset value (NAV) per share, while those of private placement investment trusts are calculated based on the NAV published by securities firms and other financial institutions.

## Liabilities

1) Deposits, 2) Negotiable certificates of deposit and 12) Due to trust account:

The fair values of demand deposits and deposits without maturity are based on their book values. The fair values of short-term transactions with remaining maturity not exceeding 6 months are also based on their book values, as their book values are regarded to approximate their market values. The fair values of transactions with a remaining maturity of more than 6 months are, in principle, based on the present value of estimated future cash flows calculated using the rate applied to the same type of deposits that are newly accepted until the end of the remaining maturity.

3) Call money and bills sold, 4) Payables under repurchase agreements, 5) Payables under securities lending transactions, 6) Commercial paper, 8) Borrowed money, 10) Short-term bonds and 11) Bonds:

The fair values of short-term transactions with remaining maturity not exceeding 6 months are based on their book values, as their book values are considered to approximate their fair values. For transactions with a remaining maturity of more than 6 months, their fair values are, in principle, based on the present value of estimated future cash flows calculated using the refinancing rate applied to the same type of instruments for the remaining maturity. The fair values of bonds are based on the present value of future cash flows calculated using the rate derived from the data on the yields of benchmark bonds and publicly-offered subordinated bonds published by securities firms.

7) Trading liabilities:

The fair values of bonds sold for short sales and other securities for trading purposes are, in principle, based on their market prices as of the end of the fiscal year.

9) Foreign exchanges:

The fair values of foreign currency-denominated deposits without maturity received from other banks are based on their book values.

The fair values of foreign exchange related short-term borrowings are based on their book values, as their book values are regarded to approximate their fair values.

## Derivatives transactions

The fair values of exchange-traded derivatives are based on their closing prices. With regard to OTC transactions, the fair values of interest rate, currency, stock, bond and credit derivatives are based on their prices calculated based on the present value of the future cash flows, option valuation models, etc. The fair values of commodity derivatives transactions are based on their prices calculated based on the derivative instrument's components, including price and contract term.

(3) Consolidated balance sheet amount of financial instruments whose fair values are extremely difficult to determine are as follows:

March 31	Millions of yen	
	2016	2017
Monetary claims bought:		
Monetary claims bought without market prices *1	¥ 2,460	¥ 2,460
Securities:		
Unlisted stocks, etc. *2*4	157,382	176,818
Investments in partnership, etc. *3*4	248,921	264,205
Total	¥ 408,764	¥ 443,485

\*1 They are beneficiary claims on loan trusts (a) that behave more like equity than debt, (b) that do not have market prices, and (c) for which it is difficult to rationally estimate their fair values.

\*2 They are not included in the scope of fair value disclosure since there are no market prices and it is extremely difficult to determine their fair values.

\*3 They are capital contributions with no market prices. The above-stated amount includes the book value amount of investments in the partnership of which SMFG records net changes in their balance sheets and statements of income.

\*4 Unlisted stocks and investments in partnership totaling ¥7,618 million and ¥9,869 million were written-off in the fiscal year ended March 31, 2016 and 2017, respectively.

## (4) Redemption schedule of monetary claims and securities with maturities

March 31, 2016	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥ 41,764,849	¥ 33,628	¥ 24,213	¥ 1,329
Call loans and bills bought	1,235,295	50,706	5,363	—
Receivables under resale agreements	427,377	67,572	—	—
Receivables under securities borrowing transactions	7,961,878	11,040	—	—
Monetary claims bought* <sup>1</sup>	3,349,198	678,150	43,207	235,211
Securities* <sup>1</sup>	5,125,770	10,864,943	2,047,674	1,712,001
Bonds classified as held-to-maturity	1,093,340	1,172,636	—	—
Japanese government bonds	1,080,000	1,160,000	—	—
Japanese local government bonds	13,340	7,426	—	—
Japanese corporate bonds	—	5,210	—	—
Other	—	—	—	—
Other securities with maturity	4,032,430	9,692,306	2,047,674	1,712,001
Japanese government bonds	1,548,400	6,172,500	11,000	239,400
Japanese local government bonds	12,838	14,197	3,855	33
Japanese corporate bonds	476,283	1,558,803	555,748	96,278
Other	1,994,907	1,946,805	1,477,070	1,376,289
Loans and bills discounted* <sup>1</sup> * <sup>2</sup>	16,340,462	31,637,487	11,694,402	9,085,329
Foreign exchanges* <sup>1</sup>	1,572,622	2,557	—	—
Lease receivables and investment assets* <sup>1</sup>	531,712	1,039,875	155,118	102,003
<b>Total</b>	<b>¥ 78,309,168</b>	<b>¥ 44,385,961</b>	<b>¥ 13,969,979</b>	<b>¥ 11,135,875</b>

\*1 The amounts shown in the table above do not include amounts for claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers and other claims for which redemption is unlikely. The amounts for such claims are Monetary claims bought: ¥0 million, Securities: ¥33,496 million, Loans and bills discounted: ¥608,928 million, Foreign exchanges: ¥1,987 million, Lease receivables and investment assets: ¥18,510 million.

\*2 “Loans and bills discounted” without the maturity dates are not included. Such amount is totaled to ¥5,697,958 million at March 31, 2016.

March 31, 2017	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥ 45,684,741	¥ 34,913	¥ 21,577	¥ 1,136
Call loans and bills bought	1,824,664	46,118	1,360	—
Receivables under resale agreements	832,583	67,314	—	—
Receivables under securities borrowing transactions	8,754,840	5,550	—	—
Monetary claims bought* <sup>1</sup>	3,456,614	599,502	59,428	266,599
Securities* <sup>1</sup>	3,530,979	11,390,925	2,658,678	1,353,291
Bonds classified as held-to-maturity	791,800	380,836	—	—
Japanese government bonds	790,000	370,000	—	—
Japanese local government bonds	1,800	5,626	—	—
Japanese corporate bonds	—	5,210	—	—
Other	—	—	—	—
Other securities with maturity	2,739,178	11,010,089	2,658,678	1,353,291
Japanese government bonds	79,000	6,789,300	220,400	147,000
Japanese local government bonds	4,822	28,545	49,538	26
Japanese corporate bonds	515,524	1,493,515	609,414	145,798
Other	2,139,831	2,698,728	1,779,326	1,060,466
Loans and bills discounted* <sup>1</sup> * <sup>2</sup>	18,502,646	33,099,462	12,842,320	8,943,328
Foreign exchanges* <sup>1</sup>	1,704,057	12,397	—	—
Lease receivables and investment assets* <sup>1</sup>	660,683	1,272,477	171,960	117,548
<b>Total</b>	<b>¥ 84,951,811</b>	<b>¥ 46,528,660</b>	<b>¥ 15,755,326</b>	<b>¥ 10,681,905</b>

\*1 The amounts shown in the table above do not include amounts for claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers and other claims for which redemption is unlikely. The amounts for such claims are Monetary claims bought: ¥2 million, Securities: ¥7,340 million, Loans and bills discounted: ¥542,240 million, Foreign exchanges: ¥7,413 million, Lease receivables and investment assets: ¥31,113 million.

\*2 “Loans and bills discounted” without the maturity dates are not included. Such amount is totaled to ¥6,306,217 million at March 31, 2017.

## (5) Redemption schedule of bonds, borrowed money and other interest-bearing debts

March 31, 2016	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥ 105,655,087	¥ 4,098,017	¥ 468,420	¥ 447,303
Negotiable certificates of deposit	13,740,528	506,777	3,125	1
Call money and bills sold	1,219,196	1,259	—	—
Payables under repurchase agreements	1,761,822	—	—	—
Payables under securities lending transactions	5,309,003	—	—	—
Commercial paper	3,017,404	—	—	—
Borrowed money	5,790,740	1,292,699	1,018,602	469,186
Foreign exchanges	1,083,450	—	—	—
Short-term bonds	1,271,300	—	—	—
Bonds	985,979	3,213,584	2,094,283	716,106
Due to trust account	944,542	—	—	—
Total	¥ 140,779,055	¥ 9,112,338	¥ 3,584,431	¥ 1,632,598

\* Demand deposits are included in “Within 1 year.” Deposits include current deposits.

March 31, 2017	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥ 113,529,261	¥ 3,562,082	¥ 252,345	¥ 486,521
Negotiable certificates of deposit	11,514,609	363,542	2,785	0
Call money and bills sold	2,088,019	—	—	—
Payables under repurchase agreements	2,715,752	—	—	—
Payables under securities lending transactions	7,444,655	—	—	—
Commercial paper	2,311,542	—	—	—
Borrowed money	7,802,225	1,475,260	1,095,556	413,670
Foreign exchanges	683,252	—	—	—
Short-term bonds	1,125,600	—	—	—
Bonds	1,113,373	3,756,532	2,436,522	825,462
Due to trust account	1,180,976	—	—	—
Total	¥ 151,509,270	¥ 9,157,417	¥ 3,787,208	¥ 1,725,655

\* Demand deposits are included in “Within 1 year.” Deposits include current deposits.

## (Notes to securities)

The amounts shown in the following tables include trading securities and short-term bonds classified as “Trading assets,” negotiable certificates of deposit classified as “Cash and due from banks,” and beneficiary claims on loan trust classified as “Monetary claims bought,” in addition to “Securities” stated in the consolidated balance sheets.

### 1. Securities classified as trading purposes

March 31	Millions of yen	
	2016	2017
Valuation gains (losses) included in the earnings for the fiscal year	¥ (32,241)	¥ (56,814)

### 2. Bonds classified as held-to-maturity

March 31, 2016	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:			
Japanese government bonds	¥ 2,241,546	¥ 2,258,065	¥ 16,518
Japanese local government bonds	16,460	16,485	25
Japanese corporate bonds	5,202	5,230	27
Other	—	—	—
Subtotal	2,263,208	2,279,780	16,572
Bonds with unrealized losses:			
Japanese government bonds	—	—	—
Japanese local government bonds	4,389	4,385	(3)
Japanese corporate bonds	—	—	—
Other	—	—	—
Subtotal	4,389	4,385	(3)
Total	¥ 2,267,598	¥ 2,284,166	¥ 16,568

March 31, 2017	Millions of yen		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:			
Japanese government bonds	¥ 1,160,754	¥ 1,167,616	¥ 6,861
Japanese local government bonds	7,463	7,474	11
Japanese corporate bonds	5,205	5,227	22
Other	—	—	—
Subtotal	1,173,423	1,180,318	6,895
Bonds with unrealized losses:			
Japanese government bonds	—	—	—
Japanese local government bonds	—	—	—
Japanese corporate bonds	—	—	—
Other	—	—	—
Subtotal	—	—	—
Total	¥ 1,173,423	¥ 1,180,318	¥ 6,895



### 3. Other securities

		Millions of yen		
March 31, 2016		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks	¥ 3,103,065	¥ 1,480,085	¥ 1,622,980
	Bonds	9,870,848	9,759,438	111,410
	Japanese government bonds	7,380,250	7,317,408	62,842
	Japanese local government bonds	26,353	26,195	157
	Japanese corporate bonds	2,464,245	2,415,834	48,411
	Other	5,318,399	5,027,532	290,867
	Subtotal	18,292,314	16,267,055	2,025,258
Other securities with unrealized losses:	Stocks	277,214	327,194	(49,979)
	Bonds	1,022,241	1,024,465	(2,223)
	Japanese government bonds	724,800	725,202	(402)
	Japanese local government bonds	4,867	4,885	(17)
	Japanese corporate bonds	292,573	294,377	(1,803)
	Other	3,132,891	3,198,433	(65,542)
	Subtotal	4,432,347	4,550,093	(117,745)
Total		¥ 22,724,662	¥ 20,817,149	¥ 1,907,512

- Notes: 1. Net unrealized gains (losses) on other securities shown above include gains of ¥871 million for the fiscal year ended March 31, 2016 that are recognized in the earnings by applying fair value hedge accounting.
2. Consolidated balance sheet amounts of other securities whose fair values are extremely difficult to determine are as follows:

March 31, 2016	Millions of yen
Stocks	¥ 131,602
Other	277,161
Total	¥ 408,764

These amounts are not included in “3. Other securities” since there are no market prices and it is extremely difficult to determine their fair values.

		Millions of yen		
March 31, 2017		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks	¥ 3,468,261	¥ 1,531,248	¥ 1,937,012
	Bonds	8,052,272	7,981,171	71,100
	Japanese government bonds	5,660,891	5,629,640	31,251
	Japanese local government bonds	12,242	12,165	76
	Japanese corporate bonds	2,379,138	2,339,365	39,772
	Other	4,233,661	3,879,509	354,152
	Subtotal	15,754,194	13,391,929	2,362,265
Other securities with unrealized losses:	Stocks	142,601	157,742	(15,140)
	Bonds	2,129,124	2,139,848	(10,724)
	Japanese government bonds	1,633,041	1,639,835	(6,793)
	Japanese local government bonds	70,537	71,086	(548)
	Japanese corporate bonds	425,545	428,927	(3,381)
	Other	5,147,417	5,295,109	(147,691)
	Subtotal	7,419,143	7,592,700	(173,556)
Total		¥ 23,173,338	¥ 20,984,630	¥ 2,188,708

- Notes: 1. There is no net unrealized gains (losses) on other securities shown above for the fiscal year ended March 31, 2017 recognized in the earnings by applying fair value hedge accounting.
2. Consolidated balance sheet amounts of other securities whose fair values are extremely difficult to determine are as follows:

March 31, 2017	Millions of yen
Stocks	¥ 146,906
Other	296,578
Total	¥ 443,485

These amounts are not included in “3. Other securities” since there are no market prices and it is extremely difficult to determine their fair values.

#### 4. Held-to-maturity bonds sold during the fiscal year

##### *Fiscal year ended March 31, 2016*

There are no corresponding transactions.

##### *Fiscal year ended March 31, 2017*

There are no corresponding transactions.

#### 5. Other securities sold during the fiscal year

Year ended March 31, 2016	Millions of yen		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 161,735	¥ 42,097	¥ (2,784)
Bonds	12,304,977	25,883	(1,520)
Japanese government bonds	12,079,605	25,531	(237)
Japanese local government bonds	61,407	23	(98)
Japanese corporate bonds	163,963	329	(1,185)
Other	10,175,242	117,516	(28,467)
Total	¥ 22,641,955	¥ 185,497	¥ (32,773)

  

Year ended March 31, 2017	Millions of yen		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 179,108	¥ 70,660	¥ (8,676)
Bonds	7,331,730	27,719	(6,727)
Japanese government bonds	7,171,992	27,202	(6,330)
Japanese local government bonds	24,678	19	(57)
Japanese corporate bonds	135,059	496	(339)
Other	6,384,241	55,618	(20,032)
Total	¥ 13,895,079	¥ 153,998	¥ (35,436)

#### 6. Change of classification of securities

##### *Fiscal year ended March 31, 2016*

There are no significant corresponding transactions to be disclosed.

##### *Fiscal year ended March 31, 2017*

There are no significant corresponding transactions to be disclosed.

#### 7. Write-down of securities

Bonds classified as held-to-maturity and other securities (excluding securities whose fair values are extremely difficult to determine) are considered as impaired if the fair value decreases materially below the acquisition cost and such decline is not considered as recoverable. The fair value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation losses for the fiscal years ended March 31, 2016 and 2017 were ¥4,838 million and ¥8,592 million, respectively. The rule for determining “material decline” is as follows and is based on the classification of issuers under the rules of self-assessment of assets.

Bankrupt/Effectively bankrupt/Potentially bankrupt issuers:	Fair value is lower than acquisition cost.
Issuers requiring caution:	Fair value is 30% or lower than acquisition cost.
Normal issuers:	Fair value is 50% or lower than acquisition cost.
Bankrupt issuers:	Issuers that are legally bankrupt or formally declared bankrupt.
Effectively bankrupt issuers:	Issuers that are not legally bankrupt but regarded as substantially bankrupt.
Potentially bankrupt issuers:	Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.
Issuers requiring caution:	Issuers that are identified for close monitoring.
Normal issuers:	Issuers other than the above 4 categories of issuers.

(Notes to money held in trust)

**1. Money held in trust classified as trading purposes**

*Fiscal year ended March 31, 2016*

There are no corresponding transactions.

*Fiscal year ended March 31, 2017*

There are no corresponding transactions.

**2. Money held in trust classified as held-to-maturity**

*Fiscal year ended March 31, 2016*

There are no corresponding transactions.

*Fiscal year ended March 31, 2017*

There are no corresponding transactions.

**3. Other money held in trust**

	Millions of yen		
March 31, 2016	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥ 5,163	¥ 5,163	—

	Millions of yen		
March 31, 2017	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥ 3,439	¥ 3,439	—

### (Notes to net unrealized gains (losses) on other securities)

The breakdown of “Net unrealized gains (losses) on other securities” reported on the consolidated balance sheets is as shown below:

<b>March 31, 2016</b>	<b>Millions of yen</b>
Net unrealized gains (losses)	¥ 1,907,093
Other securities	1,907,093
Other money held in trust	—
(-) Deferred tax liabilities	504,144
Net unrealized gains (losses) on other securities (before following adjustments)	1,402,948
(-) Non-controlling interests	57,075
(+) SMFG’s interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	1,817
Net unrealized gains (losses) on other securities	¥ 1,347,689

- Notes:
1. Net unrealized gains of ¥871 million for the fiscal year ended March 31, 2016 recognized in the fiscal year’s earnings by applying fair value hedge accounting are deducted from net unrealized gains on other securities.
  2. Net unrealized gains (losses) on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is extremely difficult to determine.

<b>March 31, 2017</b>	<b>Millions of yen</b>
Net unrealized gains (losses)	¥ 2,189,003
Other securities	2,189,003
Other money held in trust	—
(-) Deferred tax liabilities	584,401
Net unrealized gains (losses) on other securities (before following adjustments)	1,604,602
(-) Non-controlling interests	62,511
(+) SMFG’s interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	218
Net unrealized gains (losses) on other securities	¥ 1,542,308

- Notes:
1. There is no net unrealized gains (losses) on other securities shown above for the fiscal year ended March 31, 2017 recognized in the earnings by applying fair value hedge accounting.
  2. Net unrealized gains (losses) on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is extremely difficult to determine.

(Notes to derivative transactions)

1. Derivative transactions to which the hedge accounting method is not applied

The following tables set forth the contract amount or the amount equivalent to the notional amount, fair value, valuation gains (losses) and fair value calculation methodologies by type of derivative with respect to derivative transactions to which the hedge accounting method is not applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

(1) Interest rate derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Interest rate futures:				
Sold	¥ 63,471,276	¥ 7,435,505	¥ (79,505)	¥ (79,505)
Bought	57,572,037	4,357,650	75,639	75,639
Interest rate options:				
Sold	44,716	24,106	(8)	(8)
Bought	33,993,010	14,119,537	6,597	6,597
<b>Over-the-counter</b>				
Forward rate agreements:				
Sold	7,874,784	148,664	(1,288)	(1,288)
Bought	7,963,487	220,176	1,352	1,352
Interest rate swaps:	396,761,415	332,313,682	176,265	176,265
Receivable fixed rate/payable floating rate	183,975,452	154,668,295	6,357,881	6,357,881
Receivable floating rate/payable fixed rate	180,604,918	151,380,739	(6,206,980)	(6,206,980)
Receivable floating rate/payable floating rate	32,005,448	26,092,014	14,589	14,589
Interest rate swaptions:				
Sold	4,681,782	2,792,669	(7,029)	(7,029)
Bought	3,416,990	2,680,830	(22,676)	(22,676)
Caps:				
Sold	27,745,929	20,292,051	(13,737)	(13,737)
Bought	8,098,947	6,390,955	(6,724)	(6,724)
Floors:				
Sold	623,291	431,693	(596)	(596)
Bought	275,954	274,754	4,193	4,193
Other:				
Sold	1,412,146	1,128,576	(433)	(433)
Bought	5,480,980	4,930,203	484	484
<b>Total</b>	<u>          /</u>	<u>          /</u>	<u>¥ 132,532</u>	<u>¥ 132,532</u>

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.  
2. Fair value of transactions listed on an exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Interest rate futures:				
Sold	¥ 39,837,289	¥ 3,213,205	¥ 3,982	¥ 3,982
Bought	34,841,230	3,262,040	(1,580)	(1,580)
Interest rate options:				
Sold	718,513	204,206	(240)	(240)
Bought	33,980,612	15,937,968	6,504	6,504
<b>Over-the-counter</b>				
Forward rate agreements:				
Sold	11,433,074	19,570	(2,018)	(2,018)
Bought	11,301,863	5,009	1,953	1,953
Interest rate swaps:				
Receivable fixed rate/payable floating rate	394,190,398	322,989,184	118,372	118,372
Receivable floating rate/payable fixed rate	182,815,914	149,614,851	3,440,828	3,440,828
Receivable floating rate/payable floating rate	176,422,223	147,558,435	(3,338,573)	(3,338,573)
Receivable floating rate/payable floating rate	34,784,385	25,704,222	9,465	9,465
Interest rate swaptions:				
Sold	5,239,445	3,217,041	(4,722)	(4,722)
Bought	4,247,277	2,688,847	(733)	(733)
Caps:				
Sold	34,315,074	21,689,220	(30,630)	(30,630)
Bought	9,224,573	6,854,953	5,479	5,479
Floors:				
Sold	623,227	323,811	(705)	(705)
Bought	967,498	943,700	1,685	1,685
Other:				
Sold	1,173,711	759,423	2,081	2,081
Bought	7,182,812	5,947,819	13,001	13,001
Total	/	/	¥ 112,429	¥ 112,429

- Notes:
1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
  2. Fair value of transactions listed on an exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

## (2) Currency derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Currency futures:				
Sold	¥ 658	¥ —	¥ 17	¥ 17
Bought	32	—	0	0
<b>Over-the-counter</b>				
Currency swaps	33,811,276	24,295,023	387,527	15,992
Currency swaptions:				
Sold	621,538	576,940	(5,697)	(5,697)
Bought	785,064	735,396	5,823	5,823
Forward foreign exchange	56,831,766	7,266,262	7,441	7,441
Currency options:				
Sold	2,692,132	1,560,230	(138,718)	(138,718)
Bought	2,558,291	1,381,862	112,318	112,318
<b>Total</b>	<u>/</u>	<u>/</u>	<u>¥ 368,712</u>	<u>¥ (2,822)</u>

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.  
2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value, option pricing models and other methodologies.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Currency futures:				
Sold	¥ 1,559	¥ —	¥ (18)	¥ (18)
Bought	701	—	0	0
<b>Over-the-counter</b>				
Currency swaps	36,267,949	27,100,479	246,213	32,616
Currency swaptions:				
Sold	669,791	636,245	(3,328)	(3,328)
Bought	793,518	751,472	3,594	3,594
Forward foreign exchange	74,917,450	7,537,097	(77,907)	(77,907)
Currency options:				
Sold	2,478,270	1,404,036	(87,132)	(86,625)
Bought	2,289,036	1,280,452	79,065	78,559
<b>Total</b>	<u>/</u>	<u>/</u>	<u>¥ 160,485</u>	<u>¥ (53,110)</u>

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.  
2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value, option pricing models and other methodologies.

## (3) Equity derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Equity price index futures:				
Sold	¥ 739,284	¥ —	¥ (4,371)	¥ (4,371)
Bought	350,541	23,912	804	804
Equity price index options:				
Sold	211,201	118,394	(19,465)	(19,465)
Bought	146,407	67,456	8,512	8,512
<b>Over-the-counter</b>				
Equity options:				
Sold	225,296	207,647	(20,896)	(20,896)
Bought	220,558	209,864	20,609	20,609
Equity index forward contracts:				
Sold	4,236	—	152	152
Bought	7,722	400	333	333
Equity price index swaps:				
Receivable equity index/payable short-term floating rate	65,728	51,288	(12,612)	(12,612)
Receivable short-term floating rate/payable equity index	136,471	113,501	21,211	21,211
<b>Total</b>	<u>/</u>	<u>/</u>	<u>¥ (5,723)</u>	<u>¥ (5,723)</u>

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.  
2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Equity price index futures:				
Sold	¥ 738,963	¥ —	¥ 10,580	¥ 10,580
Bought	333,271	17,149	(39)	(39)
Equity price index options:				
Sold	516,415	271,916	(41,434)	(41,434)
Bought	495,812	211,696	21,651	21,651
<b>Over-the-counter</b>				
Equity options:				
Sold	264,806	215,549	(23,648)	(23,648)
Bought	265,834	215,026	24,398	24,398
Equity index forward contracts:				
Sold	—	—	—	—
Bought	15,677	303	156	156
Equity price index swaps:				
Receivable equity index/payable short-term floating rate	101,785	91,030	(8,670)	(8,670)
Receivable short-term floating rate/payable equity index	204,793	183,842	15,460	15,460
<b>Total</b>	<u>/</u>	<u>/</u>	<u>¥ (1,544)</u>	<u>¥ (1,544)</u>

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.  
2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.



## (4) Bond derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Bond futures:				
Sold	¥ 2,881,937	¥ —	¥ (11,472)	¥ (11,472)
Bought	2,533,396	—	10,038	10,038
Bond futures options:				
Sold	158,794	—	(362)	(362)
Bought	31,426	—	26	26
<b>Over-the-counter</b>				
Bond options:				
Sold	455,731	—	(11)	(11)
Bought	382,507	119,292	737	737
Total	/	/	¥ (1,043)	¥ (1,043)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.  
2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using option pricing models.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Bond futures:				
Sold	¥ 2,201,646	¥ —	¥ (5,334)	¥ (5,334)
Bought	1,665,948	—	6,633	6,633
Bond futures options:				
Sold	283,595	—	(124)	(124)
Bought	29,100	—	24	24
<b>Over-the-counter</b>				
Bond forward contract:				
Sold	2,051	—	25	25
Bought	—	—	—	—
Bond options:				
Sold	212,475	—	(341)	(341)
Bought	320,867	104,888	774	774
Total	/	/	¥ 1,657	¥ 1,657

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.  
2. Fair value of transactions listed on exchange is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using option pricing models.

## (5) Commodity derivatives

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Commodity futures:				
Sold	¥ 7,458	¥ —	¥ 377	¥ 377
Bought	7,841	—	(590)	(590)
<b>Over-the-counter</b>				
Commodity swaps:				
Receivable fixed price/payable floating price	82,658	54,945	21,539	21,539
Receivable floating price/payable fixed price	80,511	52,227	(19,680)	(19,680)
Receivable floating price/payable floating price	3,141	3,061	299	299
Commodity options:				
Sold	19,191	16,972	(967)	(967)
Bought	15,141	13,044	(1)	(1)
Total	/	/	¥ 975	¥ 975

- Notes:
1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
  2. Fair value of transactions listed on exchange is calculated using the closing price on the New York Mercantile Exchange or other relevant exchanges. Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.
  3. Underlying assets of commodity derivatives are fuels and metals.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Listed</b>				
Commodity futures:				
Sold	¥ 13,929	¥ —	¥ 75	¥ 75
Bought	14,638	—	(100)	(100)
<b>Over-the-counter</b>				
Commodity swaps:				
Receivable fixed price/payable floating price	57,683	27,606	8,191	8,191
Receivable floating price/payable fixed price	56,396	25,795	(6,551)	(6,551)
Receivable floating price/payable floating price	2,444	2,116	(40)	(40)
Commodity options:				
Sold	15,401	14,168	(726)	(726)
Bought	12,477	12,039	70	70
Total	/	/	¥ 920	¥ 920

- Notes:
1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
  2. Fair value of transactions listed on exchange is calculated using the closing price on the New York Mercantile Exchange or other relevant exchanges. Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.
  3. Underlying assets of commodity derivatives are fuels and metals.

(6) Credit derivative transactions

March 31, 2016	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Over-the-counter</b>				
Credit default options:				
Sold	¥ 583,300	¥ 482,110	¥ 3,336	¥ 3,336
Bought	765,485	611,156	(6,221)	(6,221)
Total	/	/	¥ (2,885)	¥ (2,885)

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.  
2. Fair value is calculated using discounted present value and option pricing models.  
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

March 31, 2017	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
<b>Over-the-counter</b>				
Credit default options:				
Sold	¥ 555,356	¥ 412,834	¥ 7,277	¥ 7,277
Bought	732,991	522,137	(8,786)	(8,786)
Total	/	/	¥ (1,509)	¥ (1,509)

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.  
2. Fair value is calculated using discounted present value and option pricing models.  
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

## 2. Derivative transactions to which the hedge accounting method is applied

The following tables set forth the contract amount or the amount equivalent to the notional amount, fair value and fair value calculation methodologies by type of derivative and hedge accounting method with respect to derivative transactions to which the hedge accounting method is applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

### (1) Interest rate derivatives

March 31, 2016		Millions of yen			
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit			
	Sold		¥ 469,759	¥ 20,000	¥ (853)
	Bought		466,100	—	176
	Interest rate swaps:				
	Receivable fixed rate/payable floating rate		30,806,710	27,874,743	873,379
	Receivable floating rate/payable fixed rate		17,287,315	15,999,299	(746,964)
	Interest rate swaptions:				
	Sold		75,230	75,230	4,382
	Bought		—	—	—
	Caps:				
Sold	61,472	50,267	5		
Bought	61,472	50,267	(5)		
Recognition of gain or loss on the hedged items	Interest rate swaps: Receivable floating rate/payable fixed rate	Loans and bills discounted	121,347	118,381	(4,850)
Special treatment for interest rate swaps	Interest rate swaps: Receivable floating rate/payable fixed rate Receivable floating rate/payable floating rate	Loans and bills discounted; borrowed money, corporate bonds	446,074	430,758	(Note 3)
	Total		/	/	¥ 125,268

- Notes: 1. SMFG applies deferred hedge accounting stipulated in “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 24, February 13, 2002).
2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.
3. Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the borrowed money or other transactions that are subject to the hedge. Therefore, such fair value is included in the fair value of the relevant hedged items such as borrowed money disclosed in “(Notes to financial instruments) 2. Fair value of financial instruments.”

March 31, 2017		Millions of yen			
Hedge accounting Method	Type of derivative	Principal items hedged	Contract amount		
			Total	Over 1 year	Fair value
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit			
	Sold		¥ 5,853,880	¥ 4,263,220	¥ (643)
	Bought		—	—	—
	Interest rate swaps:				
	Receivable fixed rate/payable floating rate		34,269,289	30,639,419	119,862
	Receivable floating rate/payable fixed rate		19,875,014	17,418,379	(97,711)
Interest rate swaptions:					
	Sold	129,018	129,018	(1,623)	
	Bought	—	—	—	
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted, corporate bonds			
	Receivable fixed rate/payable floating rate		56,095	56,095	(2,046)
	Receivable floating rate/payable fixed rate		135,303	125,572	(2,743)
Special treatment for interest rate swaps	Interest rate swaps:	Loans and bills discounted, borrowed money, corporate bonds			
	Receivable floating rate/payable fixed rate		38,192	34,442	(Note 3)
	Total		/	/	¥ 15,094

- Notes: 1. SMFG applies deferred hedge accounting stipulated in “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 24, February 13, 2002).
2. Fair value of transactions listed on exchange is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.
3. Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the borrowed money or other transactions that are subject to the hedge. Therefore, such fair value is included in the fair value of the relevant hedged items such as borrowed money disclosed in “(Notes to financial instruments) 2. Fair value of financial instruments.”

(2) Currency derivatives

March 31, 2016			Millions of yen		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Currency swaps	Foreign currency denominated loans and bills discounted, other securities,	¥ 9,600,108	¥ 4,735,539	¥ (364,414)
	Forward foreign exchange	deposits, foreign exchange, etc.	8,052	—	158
Recognition of gain or loss on the hedged items	Currency swaps	Loans and bills discounted, foreign	90,378	69,277	22,037
	Forward foreign exchange	exchange	494,141	—	8,939
Allocation method	Currency swaps	Borrowed money	46,415	44,900	(Note 3)
	Total		/	/	¥ (333,280)

- Notes: 1. SMFG applies deferred hedge accounting stipulated in “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No. 25, July 29, 2002).
2. Fair value is calculated using discounted present value.
3. Forward foreign exchange amounts treated by the allocation method are treated with the borrowed money that are subject to the hedge. Therefore, such fair value is included in the fair value of the relevant hedged items such as borrowed money disclosed in “(Notes to financial instruments) 2. Fair value of financial instruments.”

March 31, 2017			Millions of yen		
Hedge accounting Method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Currency swaps	Foreign currency denominated loans and bills discounted, other securities,	¥ 6,226,217	¥ 3,431,683	¥ (181,138)
	Forward foreign exchange	deposits, foreign exchange, etc.	5,363	—	106
Recognition of gain or loss on the hedged items	Currency swaps	Loans and bills discounted, foreign	117,797	80,427	3,439
	Forward foreign exchange	exchange			
Allocation method	Currency swaps	Borrowed money	47,081	42,493	(Note 3)
	Total		/	/	¥ (177,593)

- Notes: 1. SMFG applies deferred hedge accounting stipulated in “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No. 25, July 29, 2002).
2. Fair value is calculated using discounted present value.
3. Forward foreign exchange amounts treated by the allocation method are treated with the borrowed money that are subject to the hedge. Therefore, such fair value is included in the fair value of the relevant hedged items such as borrowed money disclosed in “(Notes to financial instruments) 2. Fair value of financial instruments.”

(3) Equity derivatives

<b>March 31, 2016</b>		<b>Principal items hedged</b>	<b>Millions of yen</b>		
<b>Hedge accounting method</b>	<b>Type of derivative</b>		<b>Contract amount</b>		<b>Fair value</b>
			<b>Total</b>	<b>Over 1 year</b>	
Recognition of gain or loss on the hedged items	Equity price index swaps:	Other securities			
	Receivable equity index/payable floating rate		—	—	—
	Receivable floating rate/payable equity index		9,929	—	315
	<b>Total</b>		<u>          /          </u>	<u>          /          </u>	<u>¥ 315</u>

Note: Fair value is calculated using discounted present value.

***Fiscal year ended March 31, 2017***

There are no corresponding transactions.

## (Notes to employee retirement benefits)

### 1. Outline of employee retirement benefits

SMFG's consolidated subsidiaries have funded and unfunded contributory defined benefit pension plans and defined-contribution pension plans for benefit payments to their employees.

Funded contributory defined benefit pension plans mainly consist of contributory funded defined benefit pension plans and lump-sum severance indemnity plans which set up employee retirement benefit trusts.

Unfunded contributory defined benefit pension plans are lump-sum severance indemnity plans which do not use such trust scheme.

Some consolidated subsidiaries adopt the simplified method in calculating the projected benefit obligation. Additional benefits may also be granted when employees retire.

### 2. Contributory defined benefit pension plan

#### (1) Reconciliation of beginning and ending balances of projected benefit obligation

Year ended March 31	Millions of yen	
	2016	2017
Beginning balance of projected benefit obligation	¥ 1,083,109	¥ 1,202,471
Service cost	34,653	41,098
Interest cost on projected benefit obligation	11,735	4,984
Unrecognized net actuarial gain or loss incurred	114,691	(21,509)
Payments of retirement benefits	(51,724)	(52,901)
Unrecognized prior service cost	(31)	(3)
Net change as a result of business combinations	13,477	7,125
Other	(3,438)	(1,528)
Ending balance of projected benefit obligation	¥ 1,202,471	¥ 1,179,737

#### (2) Reconciliation of beginning and ending balances of plan assets

Year ended March 31	Millions of yen	
	2016	2017
Beginning balance of plan assets	¥ 1,421,268	¥ 1,357,175
Expected return on plan assets	39,543	39,975
Unrecognized net actuarial gain or loss incurred	(91,563)	40,016
Contributions by the employer	45,233	44,574
Payments of retirement benefits	(66,589)	(42,387)
Net change as a result of business combinations	12,281	—
Other	(2,998)	(3,805)
Ending balance of plan assets	¥ 1,357,175	¥ 1,435,548



(3) Reconciliation of the projected benefit obligation and plan assets to net defined benefit asset and net defined benefit liability reported on the consolidated balance sheets

March 31	Millions of yen	
	2016	2017
Funded projected benefit obligation	¥ (1,166,606)	¥ (1,134,322)
Plan assets	1,357,175	1,435,548
	190,568	301,226
Unfunded projected benefit obligation	(35,864)	(45,414)
Net amount of asset and liability reported on the consolidated balance sheet	¥ 154,704	¥ 255,811

  

March 31	Millions of yen	
	2016	2017
Net defined benefit asset	¥ 203,274	¥ 314,922
Net defined benefit liability	(48,570)	(59,110)
Net amount of asset and liability reported on the consolidated balance sheet	¥ 154,704	¥ 255,811

(4) Pension expenses

Year ended March 31	Millions of yen	
	2016	2017
Service cost	¥ 34,653	¥ 41,098
Interest cost on projected benefit obligation	11,735	4,984
Expected return on plan assets	(39,543)	(39,975)
Amortization of unrecognized net actuarial gain or loss	31,956	55,123
Amortization of unrecognized prior service cost	(179)	(162)
Other (nonrecurring additional retirement allowance paid and other)	4,672	6,536
Pension expenses	¥ 43,294	¥ 67,605

Note: Pension expenses of consolidated subsidiaries which adopt the simplified method are included in "Service cost."

(5) Remeasurements of defined benefit plans

The breakdown of "Remeasurements of defined benefit plans" (before deducting tax effect) is as shown below:

Year ended March 31	Millions of yen	
	2016	2017
Prior service cost	¥ 148	¥ 159
Net actuarial gain or loss	174,270	(116,685)
Total	¥ 174,418	¥ (116,525)

(6) Accumulated remeasurements of defined benefit plans

The breakdown of "Accumulated remeasurements of defined benefit plans" (before deducting tax effect) is as shown below:

March 31	Millions of yen	
	2016	2017
Unrecognized prior service cost	¥ (808)	¥ (648)
Unrecognized net actuarial gain or loss	104,633	(12,052)
Total	¥ 103,824	¥ (12,700)

(7) Plan assets

1) Major asset classes of plan assets

The proportion of major asset classes to the total plan assets is as follows:

<u>March 31</u>	<u>2016</u>	<u>2017</u>
Stocks	61.3%	60.4%
Bonds	27.3%	23.2%
General account of life insurance	4.4%	4.4%
Other	7.0%	12.0%
Total	100.0%	100.0%

Note: The retirement benefit trusts set up for employee pension plans and lump-sum severance indemnity plans account for 34.0% and 34.8% of the total plan assets at March 31, 2016 and 2017, respectively.

2) Method for setting the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on the current and expected allocation of plan assets and the current and expected long-term rates of return on various asset classes of plan assets.

(8) Actuarial assumptions

The principal assumptions used in determining benefit obligation and pension expenses are as follows:

1) Discount rate

<u>Year ended March 31, 2016</u>	<u>Percentages</u>	<u>Year ended March 31, 2017</u>	<u>Percentages</u>
Domestic consolidated subsidiaries	(0.1)% to 1.5%	Domestic consolidated subsidiaries	(0.1)% to 0.8%
Overseas consolidated subsidiaries	3.3% to 12.8%	Overseas consolidated subsidiaries	2.5% to 11.3%

2) Long-term expected rate of return on plan assets

<u>Year ended March 31, 2016</u>	<u>Percentages</u>	<u>Year ended March 31, 2017</u>	<u>Percentages</u>
Domestic consolidated subsidiaries	0% to 4.3%	Domestic consolidated subsidiaries	0% to 4.0%
Overseas consolidated subsidiaries	3.5% to 12.8%	Overseas consolidated subsidiaries	2.5% to 11.3%

**3. Defined contribution plan**

***Fiscal year ended March 31, 2016***

The amount required to be contributed by the consolidated subsidiaries is ¥7,060 million.

***Fiscal year ended March 31, 2017***

The amount required to be contributed by the consolidated subsidiaries is ¥9,787 million.

## (Notes to stock options)

### 1. Amount of stock options expenses

Stock options expenses which were accounted for as general and administrative expenses for the fiscal years ended March 31, 2016 and 2017 are as follows:

Year ended March 31	Millions of yen	
	2016	2017
General and administrative expenses	¥ 652	¥ 638

### 2. Amount of profit by non-exercise of stock acquisition rights

Profit by non-exercise of stock acquisition rights which were accounted for as other income for the fiscal years ended March 31, 2016 and 2017 are as follows:

Year ended March 31	Millions of yen	
	2016	2017
Other income	¥ 6	¥ 19

### 3. Outline of stock options and changes

#### (1) SMFG

##### 1) Outline of stock options

Date of resolution	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013
Title and number of grantees	Directors of SMFG 8 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 69	Directors of SMFG 9 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of SMFG 9 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of SMFG 9 Corporate auditors of SMFG 3 Executive officers of SMFG 3 Directors, corporate auditors and executive officers of SMBC 67
Number of stock options*	Common shares 102,600	Common shares 268,200	Common shares 280,500	Common shares 115,700
Grant date	August 13, 2010	August 16, 2011	August 15, 2012	August 14, 2013
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.
Requisite service period	From June 29, 2010 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2011	From June 29, 2011 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2012	From June 28, 2012 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2013	From June 27, 2013 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2014
Exercise period	August 13, 2010 to August 12, 2040	August 16, 2011 to August 15, 2041	August 15, 2012 to August 14, 2042	August 14, 2013 to August 13, 2043
Date of resolution	July 30, 2014	July 31, 2015	July 26, 2016	
Title and number of grantees	Directors of SMFG 10 Corporate auditors of SMFG 3 Executive officers of SMFG 2 Directors, corporate auditors and executive officers of SMBC 67	Directors of SMFG 8 Corporate auditors of SMFG 3 Executive officers of SMFG 4 Directors, corporate auditors and executive officers of SMBC 68	Directors of SMFG 8 Corporate auditors of SMFG 3 Executive officers of SMFG 5 Directors, corporate auditors and executive officers of SMBC 73	
Number of stock options*	Common shares 121,900	Common shares 132,400	Common shares 201,200	
Grant date	August 15, 2014	August 18, 2015	August 15, 2016	
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.	

Requisite service period	From June 27, 2014 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2015	From June 26, 2015 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2016	From June 29, 2016 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2017
Exercise period	August 15, 2014 to August 14, 2044	August 18, 2015 to August 17, 2045	August 15, 2016 to August 14, 2046

\* Number of stock options has been converted and stated as number of shares.

## 2) Stock options granted and changes

### (a) Number of stock options

Date of resolution	Number of stock options						
	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013	July 30, 2014	July 31, 2015	July 26, 2016
Before vested							
Previous fiscal year-end	29,000	131,200	146,300	89,500	109,700	132,400	—
Granted	—	—	—	—	—	—	201,200
Forfeited	—	—	—	—	—	1,200	—
Vested	2,200	41,100	14,800	2,800	10,500	8,600	—
Outstanding	26,800	90,100	131,500	86,700	99,200	122,600	201,200
After vested							
Previous fiscal year-end	60,600	128,400	121,800	24,900	10,600	—	—
Vested	2,200	41,100	14,800	2,800	10,500	8,600	—
Exercised	2,700	1,700	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Exercisable	60,100	167,800	136,600	27,700	21,100	8,600	—

Note: Number of stock options has been converted and stated as number of shares.

### (b) Price information

Date of resolution	Yen						
	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013	July 30, 2014	July 31, 2015	July 26, 2016
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average exercise price	4,337	4,500	—	—	—	—	—
Fair value at the grant date	2,215	1,872	2,042	4,159	3,661	4,904	2,811

## 3) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year were valuated using the following valuation technique.

- Valuation technique: Black-Scholes option-pricing model
- Principal parameters used in the option-pricing model

Date of resolution	July 26, 2016
Expected volatility *1	32.20%
Average expected remaining term *2	4 years
Expected dividends *3	¥150 per share
Risk-free interest rate *4	(0.17)%

\*1. Calculated based on the actual stock prices during 4 years from August 16, 2012 to August 15, 2016.

\*2. The average expected remaining term could not be estimated rationally due to insufficient amount of data. Therefore, it was estimated based on average assumption periods of directors of SMFG and SMBC.

\*3. Expected dividends are based on the expected dividends on common stock for the fiscal year ended March 31, 2017 of the date of grant.

\*4. Japanese government bond yield corresponding to the average expected remaining term.

## 4) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(2) Consolidated subsidiary, KUBC

1) Outline of stock options

<u>Date of resolution</u>	<u>June 29, 2006</u>	<u>June 29, 2006</u>	<u>June 28, 2007</u>	<u>June 28, 2007</u>
Title and number of grantees	Directors 9	Officers not doubling as directors 14 Employees 46	Directors 10	Officers not doubling as directors 14 Employees 48
Number of stock options*	Common shares 16,200	Common shares 11,500	Common shares 17,400	Common shares 11,200
Grant date	July 31, 2006	July 31, 2006	July 31, 2007	July 31, 2007
Condition for vesting	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.	N.A.
Exercise period	June 30, 2008 to June 29, 2016	June 30, 2008 to June 29, 2016	June 29, 2009 to June 28, 2017	June 29, 2009 to June 28, 2017
<u>Date of resolution</u>	<u>June 27, 2008</u>	<u>June 26, 2009</u>		
Title and number of grantees	Directors 9 Officers not doubling as directors 16 Employees 45	Directors 11 Officers not doubling as directors 14 Employees 57		
Number of stock options*	Common shares 28,900	Common shares 35,000		
Grant date	July 31, 2008	July 31, 2009		
Condition for vesting	N.A.	N.A.		
Requisite service period	N.A.	N.A.		
Exercise period	June 28, 2010 to June 27, 2018	June 27, 2011 to June 26, 2019		

Note: Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2014.

2) Stock options granted and changes

(a) Number of stock options

<u>Date of resolution</u>	<u>Number of stock options</u>					
	<u>June 29, 2006</u>	<u>June 29, 2006</u>	<u>June 28, 2007</u>	<u>June 28, 2007</u>	<u>June 27, 2008</u>	<u>June 26, 2009</u>
Before vested						
Previous fiscal year-end	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	—	—
Outstanding	—	—	—	—	—	—
After vested						
Previous fiscal year-end	6,200	4,000	7,800	5,100	20,000	28,800
Vested	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Forfeited	6,200	4,000	1,600	100	3,800	3,800
Exercisable	—	—	6,200	5,000	16,200	25,000

Note: Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2014.

(b) Price information

<u>Date of resolution</u>	<u>Yen</u>					
	<u>June 29, 2006</u>	<u>June 29, 2006</u>	<u>June 28, 2007</u>	<u>June 28, 2007</u>	<u>June 27, 2008</u>	<u>June 26, 2009</u>
Exercise price	¥ 4,900	¥ 4,900	¥ 4,610	¥ 4,610	¥ 3,020	¥ 1,930
Average exercise price	—	—	—	—	—	—
Fair value at the grant date	1,380	1,380	960	960	370	510

3) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(3) Consolidated subsidiary, MINATO

1) Outline of stock options

<b>Date of resolution</b>	<b>June 28, 2012</b>	<b>June 27, 2013</b>	<b>June 27, 2014</b>
Title and number of grantees	Directors 7 Executive Officers 12	Directors 7 Executive Officers 12	Directors 7 Executive Officers 16
Number of stock options*	Common shares 36,800	Common shares 33,400	Common shares 32,000
Grant date	July 20, 2012	July 19, 2013	July 18, 2014
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.
Requisite service period	June 28, 2012 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2013.	June 27, 2013 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2014.	June 27, 2014 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2015
Exercise period	July 21, 2012 to July 20, 2042	July 20, 2013 to July 19, 2043	July 19, 2014 to July 18, 2044
<hr/>			
<b>Date of resolution</b>	<b>June 26, 2015</b>	<b>June 29, 2016</b>	
Title and number of grantees	Directors 7 Executive Officers 17	Directors 7 Executive Officers 17	
Number of stock options*	Common shares 20,000	Common shares 38,000	
Grant date	July 17, 2015	July 21, 2016	
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director or executive officer of MINATO.	
Requisite service period	June 26, 2015 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2016.	June 29, 2016 to the closing of the ordinary general meeting of shareholders of MINATO for the fiscal year ended March 31, 2017.	
Exercise period	July 18, 2015 to July 17, 2045	July 22, 2016 to July 21, 2046	

Note: Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2016.

2) Stock options granted and changes

(a) Number of stock options

Date of resolution	Number of stock options				
	June 28, 2012	June 27, 2013	June 27, 2014	June 26, 2015	June 29, 2016
Before vested					
Previous fiscal year-end	13,100	14,200	18,600	17,600	—
Granted	—	—	—	—	38,000
Forfeited	—	—	—	—	1,000
Vested	—	—	1,200	600	3,600
Outstanding	13,100	14,200	17,400	17,000	33,400
After vested					
Previous fiscal year-end	21,400	18,600	11,600	1,900	—
Vested	—	—	1,200	600	3,600
Exercised	2,500	2,900	1,900	—	—
Forfeited	—	—	—	—	—
Exercisable	18,900	15,700	10,900	2,500	3,600

Note: Number of stock options has been converted and stated as the number of shares in consideration of the reverse stock split to combine 10 common shares as one share, performed on October 1, 2016.

(b) Price information

Date of resolution	June 28, 2012	June 27, 2013	June 27, 2014	June 26, 2015	June 29, 2016
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average exercise price	2,343	2,343	2,343	—	—
Fair value at the grant date	1,320	1,660	1,810	3,090	1,530

3) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year were valuated using the following valuation technique.

- Valuation technique: Black-Scholes option-pricing model
- Principal parameters used in the option-pricing model

Date of resolution	June 29, 2016
Expected volatility*1	33.31%
Average expected remaining term*2	2 years
Expected dividends*3	¥5 per share
Risk-free interest rate*4	(0.33)%

\*1 Calculated based on the actual stock prices during 2 years from July 22, 2014 to July 21, 2016.

\*2 The average expected remaining term could not be estimated rationally due to insufficient amount of data. Therefore, it was estimated based on average assumption periods of directors of MINATO.

\*3 Expected dividends are based on the actual dividends on common stock for the fiscal year ended March 31, 2016.

\*4 Japanese government bond yield corresponding to the average expected remaining term.

4) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.



(Notes to deferred tax assets and liabilities)

1. Significant components of deferred tax assets and liabilities

March 31, 2016	Millions of yen	March 31, 2017	Millions of yen
Deferred tax assets:		Deferred tax assets:	
Net operating loss carryforwards	¥ 319,801	Net operating loss carryforwards	¥ 450,959
Reserve for possible loan losses and write-off of loans	246,676	Reserve for possible loan losses and write-off of loans	249,877
Write-off of securities	115,451	Write-off of securities	59,304
Reserve for losses on interest repayment	70,267	Reserve for losses on interest repayment	48,170
Net defined benefit liability	33,116	Net defined benefit liability	39,755
Other	223,969	Other	208,634
Subtotal	1,009,283	Subtotal	1,056,702
Valuation allowance	(517,459)	Valuation allowance	(493,247)
Total deferred tax assets	491,823	Total deferred tax assets	563,454
Deferred tax liabilities:		Deferred tax liabilities:	
Net unrealized gains on other securities	(498,610)	Net unrealized gains on other securities	(586,254)
Gains on securities contributed to employee retirement benefits trust	(33,593)	Gains on securities contributed to employee retirement benefits trust	(33,130)
Undistributed earnings of subsidiaries	(19,284)	Undistributed earnings of subsidiaries	(21,084)
Other	(162,694)	Other	(195,892)
Total deferred tax liabilities	(714,182)	Total deferred tax liabilities	(836,361)
Net deferred tax assets (liabilities)	¥ (222,358)	Net deferred tax assets (liabilities)	¥ (272,906)

As a result of applying the accounting treatments based on the adoption of the consolidated corporate-tax system applying from the fiscal year ending March 31, 2018 by SMFG and some consolidated subsidiaries, total deferred tax assets increased by ¥115,147 million mainly due to decreasing of valuation allowance.

2. Significant components of difference between the statutory tax rate used by SMFG and the effective income tax rate

March 31, 2016	Percentages	March 31, 2017	Percentages
Statutory tax rate	33.06%	Statutory tax rate	30.86%
Valuation allowance	(8.06)	Valuation allowance	(12.80)
Difference between SMFG and overseas consolidated subsidiaries	(2.42)	Difference between SMFG and overseas consolidated subsidiaries	(2.29)
Difference of the scope of taxable income between corporate income tax and enterprise income tax	(1.08)	Difference of gains on step acquisition	(0.92)
Dividends exempted for income tax purposes	(0.61)	Dividends exempted for income tax purposes	(0.87)
Effects of changes in the corporate income tax rate	1.34	Impairment losses of goodwill	1.35
Equity in losses of affiliates	1.22	Foreign tax	1.15
Other	(0.49)	Other	0.98
Effective income tax rate	22.96%	Effective income tax rate	17.46%

**(Notes to asset retirement obligations)**

***Fiscal year ended March 31, 2016***

There is no significant information to be disclosed.

***Fiscal year ended March 31, 2017***

There is no significant information to be disclosed.

**(Notes to real estate for rent)**

***Fiscal year ended March 31, 2016***

There is no significant information to be disclosed.

***Fiscal year ended March 31, 2017***

There is no significant information to be disclosed.

**(Notes to segment and other related information)**

**[Segment information]**

**1. Summary of reportable segment**

SMFG Group's reportable segment is defined as an operating segment for which discrete financial information is available and reviewed by the Board of Directors and SMFG's Management Committee regularly in order to make decisions about resources to be allocated to the segment and assess its performance.

Besides commercial banking, SMFG Group companies conduct businesses such as leasing, securities, consumer finance, system development and data processing. The primary businesses, "Commercial banking," "Leasing," "Securities" and "Consumer Finance," are separate reportable segments, and other businesses are aggregated as "Other business."

SMBC assesses business performance by classifying "Commercial banking" into the following 4 business units: "Wholesale banking unit," "Retail banking unit" and "International banking unit" that are based on the client segment, and "Treasury unit" that is based on the financial markets.

**2. Method of calculating profit and loss amount by reportable segment**

Accounting methods applied to the reported business segment are the same as those described in "(Notes to significant accounting policies for preparing consolidated financial statements)."

SMFG does not assess assets by business segments.

### 3. Information on profit and loss amount by reportable segment

Year ended March 31, 2016	Millions of yen							Total
	Commercial banking							
	SMBC							
	SMBC Sub-total	Wholesale Banking Unit	Retail Banking Unit	International Banking Unit	Treasury Unit	Head office account	Others	
Gross profit	¥ 1,534,271	¥ 545,350	¥ 372,811	¥ 355,994	¥ 293,570	¥ (33,453)	¥ 302,987	¥ 1,837,258
Interest income	1,023,576	300,125	302,025	225,437	168,190	27,799	174,431	1,198,007
Non-interest income	510,694	245,225	70,786	130,557	125,380	(61,253)	128,555	639,250
Expenses, etc.	(805,483)	(205,095)	(354,116)	(116,484)	(29,074)	(100,714)	(218,991)	(1,024,475)
Depreciation	(92,376)	(23,592)	(35,577)	(10,934)	(5,473)	(16,800)	(11,597)	(103,974)
Consolidated net business profit	¥ 728,787	¥ 340,255	¥ 18,695	¥ 239,510	¥ 264,496	¥ (134,168)	¥ 83,995	¥ 812,783

Year ended March 31, 2016	Millions of yen							Total
	Leasing			Securities				
	SMFL	Others	Total	SMBC Nikko	SMBC Friend	Others	Total	
Gross profit	¥ 142,813	¥ 19,740	¥ 162,553	¥ 316,329	¥ 43,771	¥ (2,971)	¥ 357,130	
Interest income	17,847	5,053	22,900	1,605	1,499	1,531	4,636	
Non-interest income	124,965	14,686	139,652	314,724	42,271	(4,502)	352,493	
Expenses, etc.	(62,140)	(4,944)	(67,084)	(255,820)	(38,797)	(12,652)	(307,270)	
Depreciation	(3,170)	(5,487)	(8,658)	(2,895)	(1,291)	(755)	(4,942)	
Consolidated net business profit	¥ 80,673	¥ 14,795	¥ 95,468	¥ 60,509	¥ 4,974	¥ (15,624)	¥ 49,859	

Year ended March 31, 2016	Millions of yen							Grand Total
	Consumer Finance					Other Business		
	SMCC	Cedyna	SMBCCF	Others	Total			
Gross profit	¥ 208,514	¥ 165,143	¥ 233,388	¥ 4,467	¥ 611,512	¥ (64,490)	¥ 2,903,964	
Interest income	13,579	23,685	156,985	(5,382)	188,867	8,515	1,422,928	
Non-interest income	194,934	141,458	76,402	9,849	422,645	(73,005)	1,481,036	
Expenses, etc.	(157,112)	(124,151)	(104,843)	(11,118)	(397,225)	35,023	(1,761,032)	
Depreciation	(12,865)	(7,896)	(7,028)	(824)	(28,615)	(12,373)	(158,564)	
Consolidated net business profit	¥ 51,402	¥ 40,991	¥ 128,544	¥ (6,651)	¥ 214,287	¥ (29,467)	¥ 1,142,931	

#### Notes:

- Figures shown in the parenthesis represent the loss.
- “SMFL” and “SMBCCF” represent consolidated figures of respective companies.  
“SMBC Nikko” represents non-consolidated figures of SMBC Nikko plus figures of the overseas incorporated securities companies.  
“Cedyna” represents consolidated figures of Cedyna excluding figures of the immaterial subsidiaries.
- “Other business” includes profit or loss to be eliminated as inter-segment transactions.

	Millions of yen							
	Commercial banking							
	SMBC							
	SMBC	Wholesale	Retail	International	Treasury	Head office	Others	Total
Year ended March 31, 2017	Sub-total	Banking	Banking	Banking	Unit	account		
Gross profit	¥ 1,663,654	¥ 528,376	¥ 355,288	¥ 327,529	¥ 272,419	¥ 180,042	¥ 296,137	¥ 1,959,791
Interest income	1,138,939	271,137	294,799	194,655	144,201	234,147	184,390	1,323,330
Non-interest income	524,715	257,239	60,489	132,874	128,218	(54,104)	111,746	636,461
Expenses, etc.	(816,942)	(199,080)	(350,888)	(128,834)	(27,375)	(110,765)	(246,994)	(1,063,936)
Depreciation	(100,552)	(26,042)	(37,227)	(12,494)	(5,141)	(19,648)	(11,940)	(112,493)
Consolidated net business profit	¥ 846,711	¥ 329,296	¥ 4,400	¥ 198,695	¥ 245,044	¥ 69,276	¥ 49,142	¥ 895,854

	Millions of yen							
	Leasing			Securities				
	SMFL	Others	Total	SMBC Nikko	SMBC Friend	Others	Total	
Year ended March 31, 2017								
Gross profit	¥ 178,845	¥ 17,587	¥ 196,433	¥ 351,220	¥ 43,334	¥ (5,767)	¥ 388,788	
Interest income	25,003	4,189	29,192	4,588	1,581	1,441	7,611	
Non-interest income	153,842	13,398	167,240	346,632	41,753	(7,208)	381,177	
Expenses, etc.	(82,620)	(6,815)	(89,435)	(268,854)	(37,458)	(9,920)	(316,233)	
Depreciation	(3,719)	(6,266)	(9,985)	(2,989)	(1,399)	(853)	(5,242)	
Consolidated net business profit	¥ 96,225	¥ 10,772	¥ 106,997	¥ 82,366	¥ 5,876	¥ (15,687)	¥ 72,554	

	Millions of yen							
	Consumer Finance					Other	Grand	
	SMCC	Cedyna	SMBCCF	Others	Total	Business	Total	
Year ended March 31, 2017								
Gross profit	¥ 222,068	¥ 168,365	¥ 246,288	¥ 3,737	¥ 640,459	¥(264,731)	¥ 2,920,742	
Interest income	14,501	23,569	162,466	(1,244)	199,292	(200,794)	1,358,632	
Non-interest income	207,566	144,796	83,822	4,981	441,167	(63,936)	1,562,109	
Expenses, etc.	(172,977)	(126,952)	(104,836)	(10,606)	(415,372)	97,097	(1,787,881)	
Depreciation	(16,974)	(7,181)	(6,981)	(187)	(31,324)	(14,504)	(173,550)	
Consolidated net business profit	¥ 49,091	¥ 41,413	¥ 141,452	¥ (6,869)	¥ 225,086	¥(167,633)	¥ 1,132,860	

Notes:

- Figures shown in the parenthesis represent the loss.
- Interest income in Commercial banking includes dividends income of ¥200,000 million from SMBC Nikko.
- “SMFL” and “SMBCCF” represent consolidated figures of respective companies.  
“SMBC Nikko” represents non-consolidated figures of SMBC Nikko plus figures of the overseas incorporated securities companies.  
“Cedyna” represents consolidated figures of Cedyna excluding figures of the immaterial subsidiaries.
- “Other business” includes profit or loss to be eliminated as inter-segment transactions.

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

Year ended March 31, 2016	Millions of yen
Consolidated net business profit	¥ 1,142,931
Other ordinary income	197,494
Other ordinary expenses (excluding equity in losses of affiliates)	(355,141)
Ordinary profit on consolidated statements of income	¥ 985,284

Notes: Figures shown in the parenthesis represent losses.

Year ended March 31, 2017	Millions of yen
Consolidated net business profit	¥ 1,132,860
Other ordinary income (excluding equity in gains of affiliates)	176,704
Other ordinary expenses	(303,710)
Ordinary profit on consolidated statements of income	¥ 1,005,855

Notes: Figures shown in the parenthesis represent losses.

[Related information]

Fiscal year ended March 31, 2016

1. Information on each service

	Millions of yen					
	Commercial banking	Leasing	Securities	Consumer Finance	Other business	Total
Ordinary income to external customers	¥ 2,481,366	¥ 671,074	¥ 368,052	¥ 1,106,836	¥ 144,771	¥ 4,772,100

Note: Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

2. Geographic information

(1) Ordinary income

	Millions of yen				
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
	¥ 3,592,825	¥ 370,538	¥ 419,241	¥ 389,495	¥ 4,772,100

- Notes:
1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.
  2. Ordinary income from transactions of SMFG and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their geographic proximity and other factors.
  3. The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany, France and others; Asia and Oceania includes China, Singapore, Australia and others except Japan

(2) Tangible fixed assets

	Millions of yen				
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
	¥ 1,479,043	¥ 238,373	¥ 1,181,711	¥ 20,296	¥ 2,919,424

3. Information on major customers

There are no major customers individually accounting for 10% or more of ordinary income reported on the consolidated statements of income.

*Fiscal year ended March 31, 2017*

**1. Information on each service**

	Millions of yen					Total
	Commercial banking	Leasing	Securities	Consumer Finance	Other business	
Ordinary income to external customers	¥ 2,506,619	¥ 823,448	¥ 385,513	¥ 1,218,269	¥ 199,394	¥ 5,133,245

Note: Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.

**2. Geographic information**

(1) Ordinary income

Millions of yen					
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	
¥ 3,747,786	¥ 493,079	¥ 461,876	¥ 430,502	¥ 5,133,245	

- Notes:
1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.
  2. Ordinary income from transactions of SMFG and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their geographic proximity and other factors.
  3. The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany, France and others; Asia and Oceania includes China, Singapore, Australia and others except Japan.

(2) Tangible fixed assets

Millions of yen					
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	
¥ 1,621,388	¥ 245,816	¥ 1,223,456	¥ 10,981	¥ 3,101,642	

**3. Information on major customers**

There are no major customers individually accounting for 10% or more of ordinary income reported on the consolidated statements of income.

**[Information on impairment loss for fixed assets by reportable segment]**

Year ended March 31, 2016	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Impairment loss	¥ 4,076	¥ —	¥ 241	¥ 0	¥ 43	¥ 4,362

  

Year ended March 31, 2017	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Impairment loss	¥ 4,838	¥ —	¥ 44,491	¥ 130	¥ —	¥ 49,460

Note: Impairment loss of goodwill of ¥42,995 million relating to SMBC Friend is included in “Securities.”

**[Information on amortization of goodwill and unamortized balance by reportable segment]**

Year ended March 31, 2016	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Amortization of goodwill	¥ 3,237	¥ 6,375	¥ 14,013	¥ 4,019	¥ 23	¥ 27,670
Unamortized balance	34,262	68,526	174,188	62,160	47	339,185

  

Year ended March 31, 2017	Millions of yen					
	Commercial Banking	Leasing	Securities	Consumer finance	Other business	Total
Amortization of goodwill	¥ 2,734	¥ 7,053	¥ 14,013	¥ 4,019	¥ 1,450	¥ 29,272
Unamortized balance	31,527	75,081	117,179	58,140	36,649	318,578

**[Information on gains on negative goodwill by reportable segment]**

*Fiscal year ended March 31, 2016*

There is no significant information to be disclosed.

*Fiscal year ended March 31, 2017*

There are no corresponding transactions.

**[Information on total credit cost by reportable segment]**

Year ended March 31, 2016	Millions of yen					
	Commercial banking	Leasing	Securities	Consumer finance	Other business	Total
Total credit cost	¥ 10,333	¥ (1,491)	¥ (197)	¥ 91,425	¥ 2,750	¥ 102,820

Notes: 1. Total credit cost = Provision for reserve for possible loan losses + Write-off loans + Losses on sales of delinquent loans – Recoveries of written-off claims.  
2. “Other business” includes profit or loss to be eliminated as inter-segment transactions.  
3. Figures shown in the parenthesis represent the reversal of total credit cost.

Year ended March 31, 2017	Millions of yen					
	Commercial banking	Leasing	Securities	Consumer finance	Other business	Total
Total credit cost	¥ 58,968	¥ 3,705	¥ (97)	¥ 98,630	¥ 3,164	¥ 164,371

Notes: 1. Total credit cost = Provision for reserve for possible loan losses + Write-off loans + Losses on sales of delinquent loans – Recoveries of written-off claims.  
2. “Other business” includes profit or loss to be eliminated as inter-segment transactions.  
3. Figures shown in the parenthesis represent the reversal of total credit cost.

**[Information on related parties]**

*Fiscal year ended March 31, 2016*

There is no significant corresponding information to be disclosed.

*Fiscal year ended March 31, 2017*

There is no significant corresponding information to be disclosed.



## (Business Combination)

<Business Combination through acquisition>

GE Japan GK became a consolidated subsidiary of SMFL

On April 1, 2016, SMFL, a consolidated subsidiary of SMFG, acquired all shares of GE Japan GK (“GE Japan”) under the contract agreed with General Electric Company on December 15, 2015. As a result, GE Japan and its 5 leasing subsidiaries became consolidated subsidiaries of SMFG. The outline of the business combination through acquisition is as described below.

On September 5, 2016, GE Japan changed its form to a joint stock corporation with limited liability (*Kabushiki Kaisha*) and its name to SMFL Capital Company, Limited.

### (1) Outline of the business combination

- 1) Name of the acquired company and details of its business  
GE Japan GK (Leasing business)
- 2) Main reasons for the business combination  
SMFG aims at achieving further improvement in corporate value of SMFG and strengthening its top-class position in the domestic leasing market, by leveraging business knowledge and resources from both SMFL and GE Japan.
- 3) Date of the business combination  
April 1, 2016
- 4) Legal form of the business combination  
Acquisition of shares
- 5) Name of the entity after the business combination  
Sumitomo Mitsui Financial Group, Inc.
- 6) The ratio of acquired voting rights  
100%
- 7) Grounds for deciding on the acquirer  
SMFL acquired all shares of GE Capital by cash.

### (2) Period of the acquired company’s financial result included in the consolidated financial statements of SMFG

From April 1, 2016 to March 31, 2017

### (3) Acquisition cost and consideration of the acquired company

Consideration	Cash	180,959 million yen
Acquisition cost		180,959 million yen

### (4) Major acquisition-related costs

Advisory fees, etc. 751 million yen

### (5) Amount of goodwill, reason for recognizing goodwill, amortization method and the period

- 1) Amount of goodwill  
13,632 million yen
- 2) Reason for recognizing goodwill  
SMFG accounted for the difference between the acquisition cost and fair value of the acquired net assets on the date of the business combination as goodwill.
- 3) Amortization method and the period  
Straight-line method over 20 years

### (6) Amounts of assets acquired and liabilities assumed on the date of the business combination

1) Assets	
Total assets:	669,763 million yen
Lease receivables and investment assets:	394,459 million yen
2) Liabilities	
Total liabilities:	502,042 million yen
Borrowed money:	436,526 million yen

### (7) Amounts allocated to intangible fixed assets other than goodwill, breakdown by component and the weighted average amortization period by component

Intangible fixed assets other than goodwill 76,027 million yen (11 years)

Assets related to customers

76,027 million yen (11 years)

- (8) Approximate amount and their calculation method of impact on the consolidated statements of income for the fiscal year ended March 31, 2017, assuming that the business combination had been completed at the beginning of the fiscal year.**

There are no corresponding amounts since the date of business combination was at the beginning of the period.

<Business combination through acquisition>

SMAM became a consolidated subsidiary of SMBC

On July 29, 2016, SMBC, a consolidated subsidiary of SMFG, acquired the common stocks of SMAM under the contract agreed with Sumitomo Life Insurance Company, Mitsui Sumitomo Insurance Company, Limited and Mitsui Life Insurance Company Limited on May 12, 2016. As a result, SMAM and its 7 subsidiaries became consolidated subsidiaries of SMBC.

On October 1, 2016, SMFG received a dividend of the common stocks of SMAM from SMBC. As a result, SMAM became a directly owned subsidiary of SMFG.

The outline of the business combination through acquisition is as follows:

**(1) Outline of the business combination**

1) Name of the acquired company and its business

Sumitomo Mitsui Asset Management Company, Limited (Investment management business, Investment advisory and agency business)

2) Main reasons for the business combination

As the asset management industry is expanding year by year, SMFG included SMAM in the scope of consolidation in order to encourage the growth of SMAM by utilizing the management resource of SMFG Group, thereby strengthening the domestic asset management business base at SMFG Group.

3) Date of the business combination

July 29, 2016

4) Legal form of the business combination

Acquisition of stocks

5) Name of the entity after the business combination

Sumitomo Mitsui Financial Group, Inc.

6) The ratio of acquired voting rights

Ratio of voting rights owned by SMBC immediately prior to the business combination	40%
Ratio of voting rights acquired additionally by SMBC on the date of business combination	20%
Ratio of voting rights after the acquisition	60%

7) Grounds for deciding on the acquirer

SMBC acquired a majority of the voting rights of SMAM, resulting in SMAM becoming a consolidated subsidiary of SMBC.

**(2) Period of the acquired company's financial result included in the consolidated financial statements of SMFG**

From April 1, 2016 to March 31, 2017

Profit and losses related to SMAM arising from April 1, 2016 to June 30, 2016 were recorded as equity in gains (losses) of affiliates in the consolidated statements of income since the deemed acquisition date is on July 1, 2016.

**(3) Acquisition cost and consideration of the acquired business**

Fair value of common stocks of SMAM on the date of business combination owned by SMBC immediately prior to the business combination	40,572 million yen
Consideration of common stocks of SMAM acquired additionally by SMBC on the date of the business combination (cash)	20,286 million yen
Acquisition cost	60,858 million yen

**(4) Difference between acquisition cost and total amount of acquisition cost of each transaction**

Acquisition cost	60,858 million yen
Sum of acquisition costs of each transaction resulting in the acquisition	31,532 million yen
Difference (gains on step acquisitions)	29,325 million yen

**(5) Major acquisition-related costs**

Advisory fees, etc. 8 million yen

**(6) Amount of goodwill, reason for recognizing goodwill, amortization method and the period**

1) Amount of goodwill

38,053 million yen

2) Reason for recognizing goodwill

SMFG accounted for the difference between the acquisition cost and fair value of the acquired net assets on the date of the business combination as goodwill.

3) Amortization method and period

Straight-line method over 20 years

**(7) Amounts of assets acquired and liabilities assumed on the date of the business combination**

1) Assets	
Total assets:	50,524 million yen
Securities:	13,466 million yen
2) Liabilities	
Total liabilities:	12,516 million yen

**(8) Amounts allocated to intangible fixed assets other than goodwill, breakdown by component and the weighted average amortization period by component**

Intangible fixed assets other than goodwill	13,908 million yen	(14 years)
Assets related to market	4,288 million yen	(20 years)
Assets related to customers	9,620 million yen	(11 years)

**(9) Approximate amounts and their calculation method of impact on the consolidated statements of income for the fiscal year ended March 31, 2017, assuming that the business combination had been completed at the beginning of the fiscal year**

The approximate amounts have not been disclosed since they are immaterial.

**(Per Share Data)**

As of and year ended March 31	Yen	
	2016	2017
Net assets per share	¥ 6,519.60	¥ 6,901.67
Earnings per share	472.99	516.00
Earnings per share (diluted)	472.67	515.58

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

Year ended March 31	Millions of yen except number of shares	
	2016	2017
Earnings per share:		
Profit attributable to owners of parent	¥ 646,687	¥ 706,519
Amount not attributable to common stockholders	—	—
Profit attributable to owners of parent attributable to common stock	¥ 646,687	¥ 706,519
Average number of common stock during the fiscal year (in thousand)	1,367,228	1,369,231
Earnings per share (diluted):		
Adjustment for profit attributable to owners of parent	¥ (0)	¥ (9)
Adjustment of dilutive shares issued by subsidiaries and affiliates	(0)	(9)
Increase in number of common stock (in thousand)	928	1,092
Stock acquisition rights	928	1,092
Outline of dilutive shares which were not included in the calculation of “Earnings per share (diluted)” because they do not have dilutive effect:	—	—

2. Net assets per share are calculated based on the following:

March 31	Millions of yen except number of shares	
	2016	2017
Net assets	¥ 10,447,669	¥11,234,286
Amounts excluded from Net assets	1,533,907	1,502,747
Stock acquisition rights	2,884	3,482
Non-controlling interests	1,531,022	1,499,264
Net assets attributable to common stock at the fiscal year-end	¥ 8,913,761	¥ 9,731,538
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands)	1,367,224	1,410,026

**(Significant Subsequent Events)**

There is no significant subsequent event to be disclosed.

[Consolidated supplementary financial schedules]

[Schedule of bonds]

Company	Type of bonds	Date of issuance	Millions of yen		Percentages		Collateral	Date of maturity
			At the beginning of the fiscal year	At the end of the fiscal year	Interest rate (Note 1)			
SMFG	Straight bonds, payable in U.S. dollars (Note 3)	Mar. 2016 ~	450,480	1,651,436	1.9879 ~	None	Mar. 2021 ~	
		Mar. 2017	(\$4,000,000 thousand)	(\$14,720,000 thousand)	4.3		Mar. 2047	
	Straight bonds, payable in Euro (Note 3)	Jun. 2016 ~	—	239,680	0.606 ~	None	Jan. 2022 ~	
		Jan. 2017	—	(€2,000,000 thousand)	1.546		Jun. 2026	
	Straight bonds, payable in Austlian dollars (Note 3)	Sep. 2016 ~	—	93,961	3.065 ~	None	Mar. 2022 ~	
		Mar. 2017	—	(A\$1,095,000 thousand)	3.662		Sep. 2026	
	Subordinated bonds, payable in Yen	Sep. 2014 ~	255,815	366,335	0.469 ~	None	Sep. 2024 ~	
		Sep. 2016	153,531	287,878	1.328		May. 2030	
	Subordinated bonds, payable in Yen	Sep. 2014 ~	—	—	0.3~	None	Sep. 2024~	
		Sep. 2016	—	—	0.61		Sep. 2026	
Perpetual subordinated bonds, payable in Yen	Jul. 2015~	300,000	449,897	1.39~	None	Perpetual		
	Jan. 2017	196,717	195,697	2.88				
Subordinated bonds, payable in U.S. dollars (Note 3)	Apr. 2, 2014	(\$1,746,753 thousand)	(\$1,744,337 thousand)	4.436	None	Apr. 2, 2024		
	Aug. 2004 ~	35,000	—	—				
Straight bonds, payable in Yen (Note 4)	Sep. 2004	[35,000]	—	—	—	—		
	Apr. 2011 ~	359,992	159,998	0.254 ~		Oct. 2017 ~		
Straight bonds, payable in Yen (Note 4)	Apr. 2014	[200,000]	[60,000]	0.33	None	Apr. 2019		
		2,538,524	2,344,158					
Straight bonds, payable in U.S.dollars (Notes 3 and 4)	Jul. 2011~	(\$22,540,617 thousand)	(\$20,894,544 thousand)	1.21~	None	Jun. 2017~		
	Jan. 2017	[439,218]	[608,069]	4.13		Mar. 2030		
Subordinated bonds, payable in U.S. dollars (Note 3)		73,766	73,484		None	May. 30,		
	May. 28, 2015	(\$655,000 thousand)	(\$655,000 thousand)	4.3		2045		
Straight bonds, payable in Euro (Notes 3 and 4)	Jul. 2013 ~	445,008	€3,492,666 thousand)	0~	None	Sep. 2017 ~		
	Nov. 2015	(€3,491,084 thousand)	[179,760]	2.75		Jul. 2023		
Straight bonds, payable in Australian dollars (Notes 3 and 4)	Jun. 2012 ~	(A\$1,529,597 thousand)	(A\$909,720 thousand)	2.97 ~	None	Jun. 2017 ~		
	Aug. 2015	[53,487]	[11,155]	4.13		Mar. 2025		
Straight bonds, payable in Hong Kong dollars (Note 3)	Mar. 2015 ~	34,348	34,136	2.09 ~	None	Apr. 2020 ~		
	Apr. 2015	(HK\$2,364,000 thousand)	(HK\$2,364,000 thousand)	2.92		Apr. 2025		
Straight bonds, payable in Thai Baht (Note 3)		—	11,410		None			
	Nov. 2, 2016	—	(THB3,500,000 thousand)	2.09		Nov. 4, 2019		
Subordinated bonds, payable in Yen (Note 4)	Feb. 2007 ~	534,055	463,982	1.43 ~	None	Dec. 2017 ~		
	Dec. 2011	[70,000]	[79,900]	2.8		Dec. 2026		
Subordinated bonds, payable in Yen	Nov. 2011 ~	354,651	99,724	0.87	None	Feb. 28, 2023		
	Jan. 2013	2,000	2,000	2.564		Jun. 16, 2023		
Perpetual subordinated bonds, payable in U.S. dollars (Note 3)	Jun. 16, 2008	168,794	168,221		None			
	Mar. 1, 2012	(\$1,498,795 thousand)	(\$1,499,434 thousand)	4.85		Mar. 1, 2022		
Subordinated bonds, payable in Euro (Note 3)		94,421	89,429		None			
	Nov. 9, 2010	(€740,733 thousand)	(€746,242 thousand)	4		Nov. 9, 2020		
(*1) Consolidated subsidiaries, straight bonds, payable in Yen (Notes 2 and 4)	Feb. 2011 ~	746,465	786,802	0.01 ~	None	Apr. 2017 ~		
	Mar. 2017	[139,660]	[160,804]	20		Mar. 2047		
(*2) Consolidated subsidiaries, straight bonds, payable in U.S. dollars (Notes 2,3 and 4)	Apr. 2014 ~	3,294	15,028	0.01 ~	None	Apr. 2017 ~		
	Mar. 2017	(\$32,530 thousand)	(\$135,510 thousand)	8		Jan. 2037		
(*3) Consolidated subsidiaries, straight bonds, payable in Australian dollars (Notes 2 and 3)	Mar. 2016~	89	1,654	0.01~	None	Jan. 2019~		
	Mar. 2017	(A\$1,040 thousand)	(A\$19,280 thousand)	3		Aug. 2031		
(*4) Consolidated subsidiaries, straight bonds, payable in U.S. dollars (Notes 2 and 3)	Jul. 15, 2016	—	54,000		None	Jul. 15, 2021		
		36,365	(\$481,333 thousand)	2.65				
(*5) Consolidated subsidiaries, straight bonds, payable in Renminbi (Notes 2,3 and 4)	May. 2014~	(RMB2,093,569 thousand)	—	—	—	—		
	Mar. 2016	[36,365]	—	—				
(*6) Consolidated subsidiaries, straight bonds, payable in Indonesia rupiah (Notes 2,3 and 4)		8,778	8,688		None			
	Feb. 3, 2015	(IDR997,500,994 thousand)	(IDR998,631,966 thousand)	9.85		Feb. 3, 2018		
(*7) Consolidated subsidiaries, subordinated bonds, payable in Yen (Notes 2 and 4)	Mar. 1996~	82,300	[8,688]	2.31 ~	None	Aug. 2019 ~		
	Dec. 2012	[11,250]	35,000	4.15		Jan. 2028		

(*8)	Consolidated subsidiaries, short-term bonds, payable in Yen (Notes 2 and 4)	Apr. 2015 ~ Mar. 2017	1,271,300 [1,271,300]	1,125,600 [1,125,600]	0.00001 ~ 0.065	None	Apr. 2017 ~ Jun. 2017
Total		—	¥8,277,657	¥9,254,832	—	—	—



- Notes: 1. “Interest rate” indicates a nominal interest rate which is applied at respective consolidated balance sheet dates. Therefore, this rate may differ from an actual interest rate.
2. (\*1) This represents an aggregate of straight bond issued in yen by SMFL and SMBC Nikko, domestic consolidated subsidiaries.  
 (\*2) This represents an aggregate of straight bond issued in U.S. dollar by SMBC Nikko, a domestic consolidated subsidiary.  
 (\*3) This is a straight bond issued in Australian dollar by SMBC Nikko, a domestic consolidated subsidiary.  
 (\*4) This is a straight bond issued in U.S. dollar by SMBC Aviation Capital Limited, an overseas consolidated subsidiary.  
 (\*5) This is a straight bond issued in Renminbi by Sumitomo Mitsui Banking Corporation (China) Limited, an overseas consolidated subsidiary.  
 (\*6) This is a straight bond issued in Indonesia rupiah by PT Bank Sumitomo Mitsui Indonesia, an overseas consolidated subsidiary.  
 (\*7) This represents an aggregate of perpetual subordinated bonds and subordinated term bonds issued in yen by SMBC International Finance N.V., an overseas consolidated subsidiary and KUBC and MINATO, domestic consolidated subsidiaries.  
 (\*8) This represents an aggregate of short-term bond issued in yen by SMCC, SMFL and SMBC Nikko, domestic consolidated subsidiaries.
3. Figures showed in ( ) in “At the beginning of the fiscal year” and “At the end of the fiscal year” are in foreign currency.
4. Figures showed in [ ] in “At the beginning of the fiscal year” and “At the end of the fiscal year” are the amounts to be redeemed within one year.
5. The redemption schedule over the next 5 years after respective balance sheet dates of the consolidated subsidiaries was as follows:

Millions of yen				
Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
¥ 2,238,973	¥ 931,813	¥ 606,400	¥ 929,195	¥ 1,289,123

**[Schedule of borrowings]**

Classification	Millions of yen		Percentages	Repayment Term
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rate	
Borrowed money	¥ 8,571,227	¥ 10,786,713	0.68	—
Other borrowings	8,571,227	10,786,713	0.68	Jan. 2017 ~ Perpetual
Lease obligations	105,691	106,924	4.61	Apr. 2017 ~ Jul. 2032

Notes: 1. “Average interest rate” represents the weighted average interest rate based on the interest rates and “At the end of the fiscal year” at respective balance sheet dates of consolidated subsidiaries.

2. The redemption schedule over the next 5 years on Borrowings and Lease obligations after respective balance sheet dates of the consolidated subsidiaries was as follows:

	Millions of yen				
	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
Other borrowings	¥ 7,802,225	¥ 357,610	¥ 366,064	¥ 454,297	¥ 297,287
Lease obligations	25,831	23,562	21,284	18,894	9,157

Since the commercial banking business accepts deposits and raises and manages funds through the call loan and commercial paper markets as a normal course of business, the schedule of borrowings shows a breakdown of Borrowed money included in the “Liabilities” and Lease obligations included in “Other liabilities” in the consolidated balance sheet.

Reference: Commercial paper issued for funding purpose as a normal course of business is as follows:

	Millions of yen		Percentages	Repayment Term
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rate	
Commercial paper	¥ 3,017,404	¥ 2,311,542	0.79	Apr. 2017 ~ Jan. 2018

**[Schedule of asset retirement obligations]**

Since the amount of asset retirement obligations accounts for 1% or less than the total of liabilities and net assets, the schedule of asset liability obligation is not disclosed.

**[Others]**

Quarterly consolidated financial information in the fiscal year ended March 31, 2017 is as follows;

	Millions of yen (except Earnings per share)			
	First quarter consolidated total period	Second quarter consolidated total period	Third quarter consolidated total period	Fiscal year ended March 31, 2017
Ordinary income	¥ 1,197,817	¥ 2,402,177	¥ 3,757,570	¥ 5,133,245
Income before income taxes	273,115	541,066	837,213	979,305
Profit attributable to owners of parent	184,285	359,198	544,679	706,519
Earnings per share	134.79	262.72	398.38	516.00

  

	Yen			
	First quarter consolidated accounting period	Second quarter consolidated accounting period	Third quarter consolidated accounting period	Fourth quarter consolidated accounting period
Earnings per share	¥ 134.79	¥ 127.93	¥ 135.66	¥ 117.67

(Non-consolidated financial statements)

1. Non-consolidated balance sheets

March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
<b>Assets:</b>			
<b>Current assets</b>			
Cash and due from banks	¥ 502,449	¥ 728,445	\$ 6,493
Prepaid expenses	139	140	1
Accrued income	8,940	21,240	189
Accrued income tax refunds	110,953	87,571	781
Deferred tax assets	—	36,266	323
Other current assets	2,661	3,312	30
Total current assets	625,144	876,975	7,817
<b>Fixed assets</b>			
Tangible fixed assets			
Buildings	41	39	0
Equipment	1	0	0
Total tangible fixed assets	43	39	0
Intangible fixed assets			
Software	318	316	3
Total intangible fixed assets	318	316	3
Investments and other assets			
Investments in subsidiaries and affiliates	6,155,487	6,155,487	54,867
Long-term loans receivable from subsidiaries and affiliates	1,406,565	3,424,217	30,522
Deferred tax assets	—	102	1
Other investments and other assets	0	0	0
Total investments and other assets	7,562,053	9,579,808	85,389
Total fixed assets	7,562,414	9,580,164	85,392
<b>Total assets</b>	¥ 8,187,559	¥ 10,457,139	\$ 93,209
<b>Liabilities:</b>			
<b>Current liabilities</b>			
Short-term borrowings	¥ 1,228,030	¥ 1,228,030	\$ 10,946
Accounts payable	839	844	8
Accrued expenses	11,268	23,156	206
Income taxes payable	31	80	1
Business office taxes payable	8	9	0
Reserve for employee bonuses	203	234	2
Reserve for executive bonuses	88	95	1
Other current liabilities	898	1,090	10
Total current liabilities	1,241,369	1,253,541	11,173
<b>Fixed liabilities</b>			
Bonds	1,624,265	3,558,111	31,715
Long-term borrowings	49,000	132,805	1,184
Total fixed liabilities	1,673,265	3,690,917	32,899
<b>Total liabilities</b>	2,914,634	4,944,459	44,072
<b>Net assets:</b>			
<b>Stockholders' equity</b>			
Capital stock	2,337,895	2,337,895	20,839
Capital surplus			
Capital reserve	1,559,374	1,559,374	13,899
Other capital surplus	24,332	24,327	217
Total capital surplus	1,583,706	1,583,701	14,116
Retained earnings			
Other retained earnings			

Voluntary reserve	30,420	30,420	271
Retained earnings brought forward	1,331,100	1,570,369	13,997
Total retained earnings	1,361,520	1,600,789	14,269
Treasury stock	(12,833)	(12,913)	(115)
Total stockholders' equity	5,270,289	5,509,473	49,108
<b>Stock acquisition rights</b>	2,635	3,206	29
<b>Total net assets</b>	5,272,925	5,512,680	49,137
<b>Total liabilities and net assets</b>	¥ 8,187,559	¥ 10,457,139	\$ 93,209

## 2. Non-consolidated statements of income

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2016	2017	2017
<b>Operating income:</b>			
Dividends on investments in subsidiaries and affiliates	¥ 543,143	¥ 428,846	\$ 3,822
Fees and commissions received from subsidiaries	16,621	20,705	185
Interests on loans receivable from subsidiaries and affiliates	18,080	52,931	472
Total operating income	577,845	502,484	4,479
<b>Operating expenses:</b>			
General and administrative expenses	9,742	10,830	97
Interest on bonds	29,259	63,347	565
Interest on long term borrowings	347	1,110	10
Total operating expenses	39,349	75,288	671
<b>Operating profit</b>	538,496	427,196	3,808
<b>Non-operating income:</b>			
Interest income on deposits	267	44	0
Fees and commissions income	2	1	0
Other non-operating income	222	194	2
Total non-operating income	492	240	2
<b>Non-operating expenses:</b>			
Interest on borrowings	5,787	4,451	40
Fees and commissions payments	—	155	1
Amortization of bond issuance cost	5,906	8,417	75
Other non-operating expenses	1	2	0
Total non-operating expenses	11,696	13,026	116
<b>Ordinary profit</b>	527,292	414,410	3,694
<b>Income before income taxes</b>	527,292	414,410	3,694
Income taxes-current	3	3	0
Income taxes-deferred	—	(36,368)	(324)
Income taxes	3	(36,365)	(324)
<b>Net income</b>	¥ 527,288	¥ 450,775	\$ 4,018

	Yen		U.S. dollars
	2016	2017	2017
<b>Per share data:</b>			
Earnings per share	¥ 373.95	¥ 319.69	\$ 2.85
Earnings per share (diluted)	373.70	319.44	2.85

### 3. Non-consolidated statements of changes in net assets

	Millions of yen						
	Stockholders' equity						
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Retained earnings brought forward	Total retained earnings
<b>Year ended March 31, 2016</b>							
Balance at the beginning of the fiscal year	¥ 2,337,895	¥ 1,559,374	¥ 24,349	¥ 1,583,723	¥ 30,420	¥ 1,022,371	¥ 1,052,791
Changes in the fiscal year:							
Cash dividends						(218,558)	(218,558)
Net income						527,288	527,288
Purchase of treasury stock							
Disposal of treasury stock			(17)	(17)			
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	(17)	(17)	—	308,729	308,729
Balance at the end of the fiscal year	¥ 2,337,895	¥ 1,559,374	¥ 24,332	¥ 1,583,706	¥ 30,420	¥ 1,331,100	¥ 1,361,520

	Millions of yen			
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
<b>Year ended March 31, 2016</b>				
Balance at the beginning of the fiscal year	¥ (12,713)	¥ 4,961,697	¥ 2,085	¥ 4,963,782
Changes in the fiscal year:				
Cash dividends		(218,558)		(218,558)
Net income		527,288		527,288
Purchase of treasury stock	(191)	(191)		(191)
Disposal of treasury stock	71	54		54
Net changes in items other than stockholders' equity in the fiscal year			549	549
Net changes in the fiscal year	(119)	308,592	549	309,142
Balance at the end of the fiscal year	¥ (12,833)	¥ 5,270,289	¥ 2,635	¥ 5,272,925

Millions of yen							
Stockholders' equity							
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Retained earnings brought forward	Total retained earnings
<b>Year ended March 31, 2017</b>							
Balance at the beginning of the fiscal year	¥ 2,337,895	¥ 1,559,374	¥ 24,332	¥ 1,583,706	¥ 30,420	¥ 1,331,100	¥ 1,361,520
Changes in the fiscal year:							
Cash dividends						(211,506)	(211,506)
Net income						450,775	450,775
Purchase of treasury stock							
Disposal of treasury stock			(4)	(4)			
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	(4)	(4)	—	239,268	239,268
Balance at the end of the fiscal year	¥ 2,337,895	¥ 1,559,374	¥ 24,327	¥ 1,583,701	¥ 30,420	¥ 1,570,369	¥ 1,600,789

Millions of yen				
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
<b>Year ended March 31, 2017</b>				
Balance at the beginning of the fiscal year	¥ (12,833)	¥ 5,270,289	¥ 2,635	¥ 5,272,925
Changes in the fiscal year:				
Cash dividends		(211,506)		(211,506)
Net income		450,775		450,775
Purchase of treasury stock	(100)	(100)		(100)
Disposal of treasury stock	19	15		15
Net changes in items other than stockholders' equity in the fiscal year			571	571
Net changes in the fiscal year	(80)	239,183	571	239,755
Balance at the end of the fiscal year	¥ (12,913)	¥ 5,509,473	¥ 3,206	¥ 5,512,680

Millions of U. S. dollars							
Stockholders' equity							
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Retained earnings brought forward	Total retained earnings
<b>Year ended March 31, 2017</b>							
Balance at the beginning of the fiscal year	\$ 20,839	\$ 13,899	\$ 217	\$ 14,116	\$ 271	\$ 11,865	\$ 12,136
Changes in the fiscal year:							
Cash dividends						(1,885)	(1,885)
Net income						4,018	4,018
Purchase of treasury stock							
Disposal of treasury stock			(0)	(0)			
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	(0)	(0)	—	2,133	2,133
Balance at the end of the fiscal year	\$ 20,839	\$ 13,899	\$ 217	\$ 14,116	\$ 271	\$ 13,997	\$ 14,269

Millions of U. S. dollars				
	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total		
<b>Year ended March 31, 2017</b>				
Balance at the beginning of the fiscal year	\$ (114)	\$ 46,976	\$ 23	\$ 47,000
Changes in the fiscal year:				
Cash dividends		(1,885)		(1,885)
Net income		4,018		4,018
Purchase of treasury stock	(1)	(1)		(1)
Disposal of treasury stock	0	0		0
Net changes in items other than stockholders' equity in the fiscal year			5	5
Net changes in the fiscal year	(1)	2,132	5	2,137
Balance at the end of the fiscal year	\$ (115)	\$ 49,108	\$ 29	\$ 49,137