

Liquidity Coverage Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMFG calculates its consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank Holding Company as a Benchmark for Judging the Soundness of Management of Itself and its Subsidiaries, etc., Based on the Provision of Article 52-25 of the Banking Act, and Which Are Also the Criteria to be Referred to for Judging the Soundness of Management in Banks” (Notification No. 62 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “LCR Notification”).

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Consolidated LCR

As described in the following page, the LCR has remained stable with no significant fluctuation since the introduction of the liquidity regulation on March 31, 2015.

2. Assessment of Consolidated LCR

The LCR Notification stipulates that the minimum requirement of LCR for 2017 is set at 80.0% and from 2018 onwards, the minimum requirement of LCR is raised in increments of 10.0% in stages, reaching 100.0% in and after 2019 (see table below).

	2015	2016	2017	2018	2019 onwards
The minimum requirement of LCR	60.0%	70.0%	80.0%	90.0%	100.0%

LCR of consolidated SMFG exceeds the minimum requirements of LCR for 2017 (80.0%) and for 2019 onwards (100.0%), having no cause for concern. SMFG does not expect that the future LCR forecasts will differ significantly from the announced ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

The high-quality liquid assets held by consolidated SMFG that are allowed to be included in the calculation of LCR include deposits with central banks, highly-rated bonds and cash. As described in the following page, the amount of such high-quality liquid assets exceed the amount of net cash outflows. Meanwhile, currency denominations, categories and location, etc. of the high-quality liquid assets allowed to be included in the calculation have not shown any significant changes. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5.0 % or more of SMFG’s total liabilities on the consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Consolidated LCR

SMFG has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 28 of the LCR Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 37 of the same Notification. Meanwhile, SMFG records “cash outflows related to small-sized consolidated subsidiaries,” etc. under “cash outflows based on other contracts” prescribed in Article 59 of the same Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2017/1/1 To 2017/3/31)		Prior Quarter (From 2016/10/1 To 2016/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	52,634,794		50,521,312	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	51,081,510	3,960,053	50,713,432	3,917,699
3	of which, Stable deposits	16,411,266	492,520	16,496,462	495,072
4	of which, Less stable deposits	34,670,244	3,467,533	34,216,969	3,422,627
5	Cash outflows related to unsecured wholesale funding	59,937,087	30,901,940	58,105,137	30,204,667
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	54,047,613	25,012,466	52,699,714	24,799,244
8	of which, Debt securities	5,889,474	5,889,474	5,405,423	5,405,423
9	Cash outflows related to secured funding, etc.	87,369		103,995	
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	20,450,871	7,000,844	19,619,913	6,411,493
11	of which, Cash outflows related to derivative transactions, etc.	1,400,265	1,400,265	1,283,472	1,283,472
12	of which, Cash outflows related to funding programs	523,593	523,593	463,399	463,399
13	of which, Cash outflows related to credit and liquidity facilities	18,527,013	5,076,986	17,873,042	4,664,622
14	Cash outflows related to contractual funding obligations, etc.	9,203,530	6,535,976	8,147,945	5,432,366
15	Cash outflows related to contingencies	68,466,084	1,236,892	67,480,804	1,225,834
16	Total cash outflows	49,723,073		47,296,054	
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	5,583,352	420,934	4,570,709	297,610
18	Cash inflows related to collection of loans, etc.	4,850,618	3,140,446	4,063,964	2,587,713
19	Other cash inflows	3,743,563	2,013,511	4,060,759	2,143,186
20	Total cash inflows	14,177,533	5,574,891	12,695,432	5,028,509
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation	52,634,794		50,521,312	
22	Net cash outflows	44,148,182		42,267,545	
23	Consolidated liquidity coverage ratio (LCR)	119.2%		119.5%	
24	The number of data used to calculate the average value	61		3	

Notes: 1. The data after the introduction of the liquidity regulation on March 31, 2015 is available on SMFG's website.
(http://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. For the current quarter (from January 1, 2017 to March 31, 2017), the average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. For attribute information on customers and some data on consolidated subsidiaries, etc., monthly or quarterly data is used.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item		Current Quarter (From 2017/1/1 To 2017/3/31)		Prior Quarter (From 2016/10/1 To 2016/12/31)	
1	Cash and due from banks	44,521,425		41,140,903	
2	Securities	8,113,369		9,380,409	
3	of which, government bonds, etc.	5,992,859		7,281,907	
4	of which, municipal bonds, etc.	163,076		153,649	
5	of which, other bonds	295,595		329,650	
6	of which, stocks	1,661,839		1,615,203	
7	Total high-quality liquid assets (HQLA)	52,634,794		50,521,312	

Note: The above amounts are the amounts of high-quality liquid assets in accordance with the liquidity regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are the amounts after multiplying factor in the liquidity regulation under the Basel III.