

Liquidity Coverage Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

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, SMBC calculates its non-consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 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 Non-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 Non-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 non-consolidated SMBC exceeds the minimum requirements of LCR for 2017 (80.0%) and for 2019 onwards (100.0%), having no cause for concern. SMBC 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 non-consolidated SMBC 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 SMBC's total liabilities on the non-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 Non-consolidated LCR

SMBC has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 29 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 38 of the same Notification. Meanwhile, SMBC records “due to trust account,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the same Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Non-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)	46,820,211		44,442,390	
Cash Outflows (2)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	43,455,913	3,380,848	43,182,653	3,345,472
3	of which, Stable deposits	13,789,312	413,679	13,902,656	417,080
4	of which, Less stable deposits	29,666,601	2,967,168	29,279,997	2,928,392
5	Cash outflows related to unsecured wholesale funding	55,763,400	28,929,474	53,962,157	28,173,820
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	50,091,798	23,257,873	48,675,932	22,887,596
8	of which, Debt securities	5,671,601	5,671,601	5,286,224	5,286,224
9	Cash outflows related to secured funding, etc.	59,840		45,329	
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	19,161,594	6,314,557	18,339,314	5,791,311
11	of which, Cash outflows related to derivative transactions, etc.	680,475	680,475	632,857	632,857
12	of which, Cash outflows related to funding programs	523,593	523,593	462,610	462,610
13	of which, Cash outflows related to credit and liquidity facilities	17,957,526	5,110,489	17,243,847	4,695,843
14	Cash outflows related to contractual funding obligations, etc.	4,747,490	2,778,959	3,941,667	1,951,856
15	Cash outflows related to contingencies	62,121,895	1,018,972	61,092,224	1,012,762
16	Total cash outflows	42,482,650		40,320,550	
Cash Inflows (3)					
		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	1,500,783	410,480	1,285,608	293,787
18	Cash inflows related to collection of loans, etc.	4,489,205	3,149,210	4,212,274	3,075,163
19	Other cash inflows	1,886,952	1,281,695	2,245,490	1,389,724
20	Total cash inflows	7,876,940	4,841,386	7,743,372	4,758,673
Non-Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation	46,820,211		44,442,390	
22	Net cash outflows	37,641,264		35,561,877	
23	Non-consolidated liquidity coverage ratio (LCR)	124.3%		124.9%	
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 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	39,704,298		36,201,345	
2	Securities	7,115,914		8,241,044	
3	of which, government bonds, etc.	5,422,767		6,518,373	
4	of which, municipal bonds, etc.	98,442		90,987	
5	of which, other bonds	145,382		228,878	
6	of which, stocks	1,449,323		1,402,806	
7	Total high-quality liquid assets (HQLA)	46,820,211		44,442,390	

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.