

Reconciliation of regulatory capital elements back to the balance sheet

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Millions of yen)

Items	Consolidated balance sheet as in published financial statements		Cross-reference to Appended Table	Reference # of Basel III common disclosure template under the Composition of Capital Disclosure (Basel III Template)
	As of December 31, 2017	As of September 30, 2017		
(Assets)				
Cash and due from banks	51,736,588	49,333,064		
Call loans and bills bought	1,723,354	1,952,757		
Receivables under resale agreements	1,211,295	1,198,627		
Receivables under securities borrowing transactions	8,608,776	9,589,363		
Monetary claims bought	5,000,117	4,667,042		
Trading assets	5,634,449	6,235,885	7-a	
Money held in trust	2,019	2,544		
Securities	25,824,067	24,426,107	3-b, 7-b	
Loans and bills discounted	81,898,006	81,162,078	7-c	
Foreign exchanges	2,506,916	2,506,683		
Lease receivables and investment assets	2,371,697	2,374,127		
Other assets	8,388,281	8,051,523		
Tangible fixed assets	3,555,169	3,574,624		
Intangible fixed assets	915,449	926,137	3-a	
Net defined benefit asset	334,674	329,413	4	
Deferred tax assets	50,109	55,253	5-a	
Customers' liabilities for acceptances and guarantees	8,974,395	8,525,224		
Reserve for possible loan losses	(588,296)	(607,966)		
Total assets	208,147,072	204,302,493		
(Liabilities)				
Deposits	123,191,265	119,938,693		
Negotiable certificates of deposit	12,355,670	12,896,156		
Call money and bills sold	1,906,331	1,890,031		
Payables under repurchase agreements	4,044,271	3,794,797		
Payables under securities lending transactions	7,749,857	9,344,314		
Commercial paper	2,355,287	2,333,488		
Trading liabilities	4,300,486	4,639,549	7-d	
Borrowed money	10,724,416	10,696,045	9-a	
Foreign exchanges	845,706	1,126,460		
Short-term bonds	1,163,600	1,190,100		
Bonds	9,092,211	8,578,207	9-b	
Due to trust account	1,275,052	1,215,144		
Other liabilities	7,232,149	5,695,922		
Reserve for employee bonuses	44,700	57,785		
Net defined benefit liability	46,499	57,352		
Reserve for executive retirement benefits	1,971	2,175		
Reserve for point service program	22,543	22,394		
Reserve for reimbursement of deposits	6,413	8,721		
Reserve for losses on interest repayment	104,890	119,204		
Reserve under the special laws	2,186	2,037		
Deferred tax liabilities	549,384	436,139	5-b	
Deferred tax liabilities for land revaluation	31,136	31,244	5-c	
Acceptances and guarantees	8,974,395	8,525,224		
Total liabilities	196,020,430	192,601,191		
(Net assets)				
Capital stock	2,338,743	2,338,743	1-a	
Capital surplus	758,207	758,193	1-b	
Retained earnings	5,466,542	5,351,360	1-c	
Treasury stock	(12,518)	(12,480)	1-d	
Total stockholders' equity	8,550,974	8,435,817		
Net unrealized gains on other securities	1,946,748	1,687,457		
Net deferred gains or losses on hedges	(53,732)	(45,882)	6	
Land revaluation excess	37,554	37,650		
Foreign currency translation adjustments	57,774	41,074		
Remeasurements of defined benefit plans	19,752	16,400		
Total accumulated other comprehensive income	2,008,096	1,736,699		
Stock acquisition rights	3,200	3,192	2, 8-a	
Non-controlling interests	1,564,370	1,525,591	8-b	
Total net assets	12,126,642	11,701,301		
Total liabilities and net assets	208,147,072	204,302,493		

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

(Appended Table)

1. Stockholders' equity

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of December 31, 2017	As of September 30, 2017	Remarks	Ref. No.
Capital stock	2,338,743	2,338,743		1-a
Capital surplus	758,207	758,193		1-b
Retained earnings	5,466,542	5,351,360		1-c
Treasury stock	(12,518)	(12,480)		1-d
Total stockholders' equity	8,550,974	8,435,817		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of December 31, 2017	As of September 30, 2017	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	8,550,974	8,435,817	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,096,950	3,096,937		1a
of which: retained earnings	5,466,542	5,351,360		2
of which: treasury stock (-)	12,518	12,480		1c
of which: other than the above	-	-		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Stock acquisition rights

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of December 31, 2017	As of September 30, 2017	Remarks	Ref. No.
Stock acquisition rights	3,200	3,192		2
of which: Stock acquisition rights issued by bank holding company	2,894	2,900		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of December 31, 2017	As of September 30, 2017	Remarks	Basel III Template No.
Stock acquisition rights to common shares	2,894	2,900		1b
Stock acquisition rights to Additional Tier 1 instruments	-	-		31b
Stock acquisition rights to Tier 2 instruments	-	-		46

3. Intangible assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of December 31, 2017	As of September 30, 2017	Remarks	Ref. No.
Intangible fixed assets	915,449	926,137		3-a
Securities	25,824,067	24,426,107		3-b
of which: goodwill attributable to equity-method investees	29,234	30,241		
Income taxes related to above	188,271	189,637		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of December 31, 2017	As of September 30, 2017	Remarks	Basel III Template No.
Goodwill (including those equivalent)	321,355	328,488		8
Other intangible assets other than goodwill and mortgage servicing rights	435,058	438,254	Software and other	9
Mortgage servicing rights	-	-		
Amount exceeding the 10% threshold on specified items	-	-		20
Amount exceeding the 15% threshold on specified items	-	-		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-	-		74

4. Net defined benefit asset

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of December 31, 2017	As of September 30, 2017	Remarks	Ref. No.
Net defined benefit asset	334,674	329,413		4
Income taxes related to above	101,974	99,959		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of December 31, 2017	As of September 30, 2017	Remarks	Basel III Template No.
Net defined benefit asset	232,700	229,453		15

5. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of December 31, 2017	As of September 30, 2017	Remarks	Ref. No.
Deferred tax assets	50,109	55,253		5-a
Deferred tax liabilities	549,384	436,139		5-b
Deferred tax liabilities for land revaluation	31,136	31,244		5-c
Tax effects on other intangible assets	188,271	189,637		
Tax effects on net defined benefit asset	101,974	99,959		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of December 31, 2017	As of September 30, 2017	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,937	1,791	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	3,686	3,909	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	-	-		21
Amount exceeding the 15% threshold on specified items	-	-		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	3,686	3,909		75

6. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of December 31, 2017	As of September 30, 2017	Remarks	Ref. No.
Net deferred gains or losses on hedges	(53,732)	(45,882)		6

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of December 31, 2017	As of September 30, 2017	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	(52,544)	(44,712)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

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

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of December 31, 2017	As of September 30, 2017	Remarks	Ref. No.
Trading assets	5,634,449	6,235,885	Including trading account securities and derivatives for trading assets	7-a
Securities	25,824,067	24,426,107		7-b
Loans and bills discounted	81,898,006	81,162,078	Including subordinated loans	7-c
Trading liabilities	4,300,486	4,639,549	Including trading account securities sold and derivatives for trading liabilities	7-d

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of December 31, 2017	As of September 30, 2017	Remarks	Basel III Template No.
Investments in own capital instruments	11,093	9,947		
Common Equity Tier 1 capital	11,093	9,947		16
Additional Tier 1 capital	-	-		37
Tier 2 capital	0	0		52
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	-	-		
Common Equity Tier 1 capital	-	-		17
Additional Tier 1 capital	-	-		38
Tier 2 capital	-	-		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	749,872	707,716		
Common Equity Tier 1 capital	-	-		18
Additional Tier 1 capital	-	-		39
Tier 2 capital	-	-		54
Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deductions (before risk weighting)	749,872	707,716		72
Significant investments in the capital of Other Financial Institutions, net of eligible short positions	704,107	689,924		
Amount exceeding the 10% threshold on specified items	-	-		19
Amount exceeding the 15% threshold on specified items	-	-		23
Additional Tier 1 capital	81,640	81,640		40
Tier 2 capital	50,000	50,000		55
Significant investments in the common stocks of Other Financial Institutions that are below the thresholds for deductions (before risk weighting)	572,467	558,284		73

8. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of December 31, 2017	As of September 30, 2017	Remarks	Ref. No.
Stock acquisition rights	3,200	3,192		8-a
Non-controlling interests	1,564,370	1,525,591		8-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of December 31, 2017	As of September 30, 2017	Remarks	Basel III Template No.
Amount allowed to be included in group Common Equity Tier 1	178,120	174,786		5
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	-		30-31ab-32
Amount allowed to be included in group Additional Tier 1	228,593	219,963		34-35
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	-		46
Amount allowed to be included in group Tier 2	51,947	49,182		48-49

9. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of December 31, 2017	As of September 30, 2017	Remarks	Ref. No.
Borrowed money	10,724,416	10,696,045		9-a
Bonds	9,092,211	8,578,207		9-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of December 31, 2017	As of September 30, 2017	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	598,800	450,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	901,418	901,505		46

Note:

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