

Figures in the charts are rounded. Figures in parenthesis indicate loss or decrease.

November 14, 2016

Announcement of financial results for the six months ended September 30, 2016

We would like to explain our financial results for the six months ended September 30, 2016, by using two results-related disclosures titled *Consolidated financial results for the six months ended September 30, 2016* and its *Supplementary Information*.

In this report, “Consolidated” indicates SMFG’s consolidated figures, and “Non-consolidated” indicates SMBC’s non-consolidated figures.

SMFG consolidated financial results

Please turn to page 1. This is an overview of SMFG’s consolidated earnings results.

Consolidated gross profit shown in line 1 was JPY 1,417.5 billion, JPY 95.3 billion lower compared with the six months ended September 30, 2015. This was largely due to a decrease in profits at the Treasury Unit of SMBC, which had demonstrated good results in the previous year, as well as the effects of yen appreciation and negative interest rates.

General and administrative expenses, as shown in line 7, were JPY 882.0 billion, an increase of JPY 29.8 billion year-on-year mainly due to expenditures by SMBC Trust Bank and others to enhance top-line profit growth.

Equity in gains (losses) of affiliates shown in line 8 were up by JPY 56.1 billion year-on-year. This was primarily due to the absence of an impairment loss on goodwill of investments recorded in the previous year for PT Bank Tabungan Pensiunan Nasional Tbk (“BTPN”). As a result, Consolidated net business profit in line 9 was JPY 548.1 billion, a decrease of JPY 69.0 billion year-on-year.

Total credit cost in line 10 was JPY 54.8 billion, an increase of JPY 30.6 billion year-on-year. This was largely due to the result of reduced gains on reversal of provisions at SMBC.

Overall, Ordinary profit in line 19 was JPY 514.3 billion, down by JPY 117.6 billion year-on-year, and Profit attributable to owners of parent as shown in line 29 was JPY 359.2 billion, decreased by JPY 28.9 billion year-on-year.

SMFG consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2016	Change	Sep. 30, 2015
Consolidated gross profit	1	1,417.5	(95.3)	1,512.7
General and administrative expenses	7	(882.0)	(29.8)	(852.2)
Equity in gains (losses) of affiliates	8	12.7	56.1	(43.4)
Consolidated net business profit	9	548.1	(69.0)	617.1
Total credit cost	10	(54.8)	(30.6)	(24.1)
Ordinary profit	19	514.3	(117.6)	631.8
Profit attributable to owners of parent	29	359.2	(28.9)	388.1

SMBC non-consolidated financial results

Page 2 shows SMBC's non-consolidated earnings results.

In line 1, Gross banking profit was JPY 914.0 billion, an increase of JPY 111.0 billion year-on-year largely due to the following factors:

- In the domestic operations, Net interest income, as shown in line 3, increased due to dividends income received from its subsidiaries;
- In the international operations, Net interest income, as shown in line 10, decreased due to a rise in funding costs associated with rising deposit yields.

Expenses in line 15 was JPY 402.0 billion, remained nearly at the same level as the previous year.

As a result, Banking profit (before provision for general reserve for possible loan losses) in line 20 was JPY 512.0 billion, increased by JPY 107.9 billion year-on-year.

SMBC non-consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2016	Change	Sep. 30, 2015
Gross banking profit	1	914.0	111.0	803.0
Gross domestic profit	2	667.5	128.3	539.2
Net interest income	3	539.9	101.7	438.3
Gross international profit	9	246.6	(17.2)	263.8
Net interest income	10	100.0	(33.7)	133.7
Expenses (excluding non-recurring losses)	15	(402.0)	(3.2)	(398.8)
Banking profit (before provision for general reserve for possible loan losses)	20	512.0	107.9	404.2

Total credit cost in line 38 was a net reversal of JPY 8.0 billion, JPY 19.6 billion lower in terms of gains year-on-year. This was primarily due to reduced gains on reversal of provisions in Japan and a slight increase of losses overseas.

Other non-recurring gains (losses) in line 29 were a net loss of 54.8 billion, down by JPY 37.0 billion year-on-year mainly resulting from an increase in provision of allowance for investment loss for subsidiaries.

SMBC non-consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2016	Change	Sep. 30, 2015
Provision for general reserve for possible loan losses	22	10.4	10.4	-
Non-recurring gains (losses)	24	(42.2)	(53.0)	10.8
Credit costs	25	(6.5)	(3.9)	(2.5)
Gains on reversal of reserve for possible loan losses	26	-	(25.2)	25.2
Recoveries of written-off claims	27	4.0	(0.8)	4.9
Gains (losses) on stocks	28	15.1	14.0	1.1
Other non-recurring gains (losses)	29	(54.8)	(37.0)	(17.8)
Total credit cost (22+25+26+27)	38	8.0	(19.6)	27.6

As a result, Ordinary profit in line 30 was JPY 480.3 billion, up by JPY 65.3 billion year-on-year, and Net income, after income taxes, in line 37 was JPY 398.1 billion, an increase of JPY 112.8 billion year-on-year.

SMBC non-consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2016	Change	Sep. 30, 2015
Ordinary profit	30	480.3	65.3	415.0
Net income	37	398.1	112.8	285.3

Domestic Interest spread

Next, let us explain our domestic interest spread in page 3.

As shown on the table, Interest spread, the difference between Interest earned on loans and bills discounted and Interest paid on deposits, etc., was 1.08%, down by 0.13% year-on-year. This was primarily due to a decline in Interest earned on loans and bills discounted, resulting from shrinking loan spreads and lowered market interest rates.

As presented under the table for reference, Interest spread after excluding loans to the Japanese government, etc. were down by 0.09% year-on-year.

SMBC non-consolidated (%)

	Six months ended		Six months ended Sep. 30, 2015
	Sep. 30, 2016	Change	
Interest earned on loans and bills discounted (C)	1.09	(0.15)	1.24
Interest paid on deposits, etc. (D)	0.01	(0.02)	0.03
Interest spread (C) - (D)	1.08	(0.13)	1.21

Reference: After excluding loans to the Japanese government, etc.

Interest earned on loans and bills discounted (E)	1.13	(0.11)	1.24
Interest spread (E) - (D)	1.12	(0.09)	1.21

Unrealized gains (losses) on securities

Next, please turn to page 4.

The table shows figures of SMFG consolidated Unrealized gains (losses) on securities.

In line 2, Net unrealized gains on Other securities were JPY 1,778.2 billion, decreased by JPY 129.3 billion compared with March 31, 2016 mainly as a result of a decline in stock prices.

SMFG consolidated (Billions of yen)

		Sep. 30, 2016			
		Net unrealized gains (losses)	Change from Mar. 31, 2016	Gains	Losses
Other securities	2	1,778.2	(129.3)	1,908.6	130.4
Stocks	3	1,453.6	(119.4)	1,506.4	52.7
Bonds	4	103.6	(5.6)	106.6	3.0
Others	6	221.0	(4.3)	295.7	74.7

Non-performing loans

Let us move on to page 7, SMBC's non-performing loans.

The ratio of Non-performing loans to Total claims including Normal assets, was 0.64%, improved by 0.14% year-on-year.

In addition, the total amount of Non-performing loans based on the Financial Reconstruction Act, item marked with an "A" on the table, was JPY 522.1 billion, JPY 100.5 billion lower compared with the amount as of March 31, 2016.

SMBC non-consolidated		(Billions of yen, %)		
		Sep. 30, 2016 (a)	(a) - (b)	Mar. 31, 2016 (b)
	Bankrupt and quasi-bankrupt assets	118.3	(17.3)	135.6
	Doubtful assets	294.3	(82.1)	376.4
	Substandard loans	109.6	(1.1)	110.6
	Total (A)	522.1	(100.5)	622.6
	Normal assets	80,826.2	1,780.2	79,046.1
	Grand Total (B)	81,348.3	1,679.7	79,668.7
	NPL ratio (A/B)	0.64	(0.14)	0.78

* The above table is extracted from page 9

Loans

Next, let us move on to page 14, our loan balance.

SMBC's domestic loans increased by JPY 4.4 trillion compared with September 30, 2015. This was mainly due to an increase in loans to the Japanese government, etc.

Overseas loans decreased by JPY 2.1 trillion. However, if excluding the impact of yen appreciation, overseas loans increased by JPY 1.2 trillion year-on-year mainly driven by the Americas.

Overall, SMBC's loan portfolio was JPY 71.1 trillion, grew by JPY 2.3 trillion year-on-year.

SMBC non-consolidated		(Trillions of yen)		
		Sep. 30, 2016	Change	Sep. 30, 2015
	Loans	71.1	2.3	68.8
	Domestic offices (excluding Japan offshore banking accounts)	53.3	4.4	49.0
	Overseas offices and Japan offshore banking accounts	17.7	(2.1)	19.8

Capital ratio (BIS guidelines)

Now turn to page 16 for consolidated capital ratio on a preliminary basis.

SMFG's consolidated capital ratio as of September 30, 2016 were all well above required levels: (1) Total capital ratio was 17.45%, higher by 0.43% compared with March 31, 2016; (3) Common equity Tier 1 capital ratio was 12.04%, higher by 0.23% compared with March 31, 2016.

SMFG consolidated	Sep. 30, 2016	(a) - (b)	Mar. 31, 2016
	[Preliminary] (a)		(b)
(1) Total capital ratio	17.45	0.43	17.02
(3) Common equity Tier 1 capital ratio	12.04	0.23	11.81

Earnings targets and dividends forecast for FY3/2017

Let us move on to the earnings targets for FY3/2017 on page 17.

SMFG's consolidated earnings targets are as follows.

Ordinary profit: JPY 960 billion

Profit attributable to owners of parent: JPY 700 billion, unchanged from our target announced in May

The targets for SMBC's non-consolidated earnings are as follows.

Banking profit: JPY 825 billion

Total credit cost: JPY 50 billion

Ordinary profit: JPY 740 billion

Net income: JPY 600 billion, JPY 30 billion higher than our target announced in May

Our dividends forecast on common stock for FY3/2017 remains at JPY 150 per share annually and JPY 75 per share for an interim dividend as announced in May since our target of Profit attributable to owners of parent has not changed.

This is the end of the presentation. Thank you very much for your attention.

(END)

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 us and our managements with respect to our 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 our securities portfolio; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; exposure to new risks as we expand the scope of our business; and incurrence of significant credit-related costs. 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. We undertake no obligation to update or revise any forward-looking statements.

Please refer to our most recent disclosure documents such as our annual report on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as our earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and our operating results, and investors’ decisions.