

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

November 14, 2012

Announcement of Financial Results for the Six Months ended September 30, 2012

We would now like to explain our financial results for the Six Months ended September 30, 2012, by using *Financial Results for the Six Months ended September 30, 2012* and *its Supplementary Information*.

Let us look at the *Supplementary Information*.

In this report, “Non-consolidated” indicates SMBC’s non-consolidated figures, and “Consolidated” indicates SMFG’s consolidated figures, if not otherwise specified.

SMBC non-consolidated financial results

Please look at page 1. This is an overview of SMBC’s non-consolidated earnings results.

Banking profit before provision for general reserve for possible loan losses, as shown in line 22, was JPY 428.7 billion, a JPY 36.2 billion decrease year-on-year.

Gross banking profit, as shown in line 1, was JPY 786.7 billion, a JPY 32.8 billion decrease year-on-year.

This was mainly due to the following factors:

- Net interest income of International banking unit surged resulting from an increase in overseas loan balance reflecting our active responses to infrastructure financing needs mainly in Asia;
- Domestic net interest income decreased resulting from a decline in domestic loan balance due to weak demand; and
- Gains on bonds decreased, although recording substantial gains through ALM operations that quickly responded to the decline in market interest rates in both domestic and overseas markets.

Expenses, as shown in line 18, were up slightly year-on-year to JPY 358.0 billion mainly due to an increase in overseas headcount and an increase in business promotion expenses, while we continued to reexamine and contain ordinary expenses.

SMBC Non-consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2012	Change	Sep. 30, 2011
Gross banking profit	1	786.7	(32.8)	819.5
<i>Excluding gains (losses) on bonds</i>	2	669.4	(25.7)	695.2
Expenses (excluding non-recurring losses)	18	(358.0)	(3.4)	(354.6)
Banking profit (before provision for general reserve for possible loan losses)	22	428.7	(36.2)	464.9
Gains (losses) on bonds	26	117.3	(7.1)	124.4

Let us move on to Non-recurring gains (losses).

As shown in line 44, Total credit cost, which is the sum of Credit costs in line 28, Gains on reversal of reserve for possible loan losses in line 29 and Recoveries of written-off claims in line 30, decreased by JPY 27.3 billion year-on-year for a net reversal of JPY 24.4 billion.

This was mainly due to a decrease in incurrence of credit cost as a result of our individualized efforts to assist certain borrowers to improve their business and financial conditions, as well as a reversal of provisions for reserve due to a decline in the reserve ratio for normal borrowers resulting from an improvement of our loan portfolio.

SMBC Non-consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2012	Change	Sep. 30, 2011
Provision for general reserve for possible loan losses	24	—	—	—
Non-recurring gains (losses)	27	(154.1)	(86.8)	(67.3)
Credit costs	28	(14.4)	0.8	(15.2)
Gains on reversal of reserve for possible loan losses	29	38.8	26.8	12.0
Recoveries of written-off claims	30	0.0	(0.3)	0.3
Total credit cost (24+28+29+30)	44	24.4	27.3	(2.9)

Gains (losses) on stocks, as shown in line 31, were a net loss of JPY 133.6 billion, worsened by JPY 87.5 billion year-on-year, mainly due to an increase in Losses on devaluation of stocks and other securities, as shown in line 34, reflecting a decline in domestic stock prices.

SMBC Non-consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2012	Change	Sep. 30, 2011
Gains (losses) on stocks	31	(133.6)	(87.5)	(46.1)
Gains on sale of stocks and other securities	32	20.2	7.7	12.5
Losses on sale of stocks and other securities	33	(3.8)	(2.8)	(1.1)
Losses on devaluation of stocks and other securities	34	(149.9)	(92.4)	(57.5)

These items added up to Ordinary profit of JPY 274.5 billion, a JPY 123.0 billion decrease year-on-year, as shown in line 36.

Income taxes-current, shown in line 41, reduced Net income by JPY 68.8 billion, while Income taxes-deferred, shown in line 42, pushed up Net income by JPY 36.3 billion.

Income taxes, the sum of them, were JPY 32.5 billion and their proportion against Income before income taxes is lower than the effective tax rate. This is mainly due to a decrease in valuation allowance associated with deferred tax assets resulting from a reversal of loan loss provisions.

Finally, Net income, as shown in line 43, was JPY 239.7 billion, a JPY 50.9 billion decrease year-on-year.

SMBC Non-consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2012	Change	Sep. 30, 2011
Ordinary profit	36	274.5	(123.0)	397.6
Extraordinary gains (losses)	37	(2.3)	(2.9)	0.5
Income before income taxes	40	272.2	(125.9)	398.1
Income taxes-current	41	(68.8)	(53.6)	(15.2)
Income taxes-deferred	42	36.3	128.6	(92.3)
Net income (loss)	43	239.7	(50.9)	290.6

SMFG consolidated financial results

Let us now look at SMFG's consolidated earnings results on the next page, page 2.

Although Ordinary profit of SMBC decreased year-on-year by JPY123.0 billion as previously explained, it was partly offset by contribution of SMBC Consumer Finance, which became a consolidated subsidiary in December 2011. As a result, Ordinary profit on a SMFG consolidated basis was JPY 468.2 billion, a decrease of JPY 78.3 billion year-on-year as shown in line 18.

Net Income increased by JPY 17.3 billion year-on-year to JPY 331.0 billion, as shown in line 27.

SMFG Consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2012	Change	Sep. 30, 2011
Consolidated gross profit	1	1,371.8	49.9	1,321.9
General and administrative expenses	7	(721.8)	(28.1)	(693.8)
Credit costs	8	(58.5)	(15.2)	(43.4)
Gains on reversal of reserve for possible loan losses	13	5.2	(9.0)	14.1
Recoveries of written-off claims	14	5.4	4.1	1.2
Gains (losses) on stocks	15	(132.9)	(120.7)	(12.1)
Equity in earnings (losses) of affiliates	16	5.7	46.3	(40.6)
Other income (expenses)	17	(6.6)	(5.7)	(0.9)
Ordinary profit	18	468.2	(78.3)	546.5
Extraordinary gains (losses)	19	(3.1)	(2.0)	(1.1)
Net income (loss)	27	331.0	17.3	313.8
Total credit cost (8+13+14)	28	(48.0)	(20.0)	(28.0)

Unrealized gains (losses) on securities

Next, let us look at page 4 for Unrealized gains (losses) on securities.

Figures of SMFG consolidated Unrealized gains (losses) on securities portfolio are shown in the bottom of the page.

As shown in the table, compared with March 31, 2012, Net unrealized gains on Other securities decreased by JPY 177.0 billion to JPY 297.9 billion, comprising JPY 127.4 billion in Net unrealized gains on Stocks, JPY 115.0 billion in Net unrealized gains on Bonds, and JPY 55.5 billion in Net unrealized gains on Others.

SMFG Consolidated		(Billions of yen)		
		Sep. 30, 2012		
		Net unrealized gains (losses)		
		Change from Mar. 31, 2012	Gains	Losses
Other securities	297.9	(177.0)	601.1	303.1
Stocks	127.4	(144.1)	369.8	242.4
Bonds	115.0	3.2	120.9	5.9
Others	55.5	(36.2)	110.3	54.8

BIS capital ratio

Next, let us move on to page 7 for consolidated capital ratio on a preliminary basis.

As of September 30, 2012, SMFG's consolidated BIS capital ratio was 17.63%, an increase of 0.70% compared with March 31, 2012. This is mainly due to an increase in Retained earnings as a result of recording Net income, as well as a decrease in risk-weighted assets resulting from a decrease in loan balance.

Tier I ratio also increased by 0.90% compared with March 31, 2012, to 13.18%.

SMFG Consolidated		(%)	
	Sep. 30, 2012		Mar. 31, 2012
	[Preliminary]	Change	
Capital ratio	17.63	0.70	16.93
Tier I ratio	13.18	0.90	12.28

Non-performing loans

Let us now move on to page 8, our non-performing loan situation.

The total amount of Problem assets based on the Financial Reconstruction Act, as shown at the bottom left of the table, was JPY 1,133.6 billion, a JPY 49.2 billion decrease compared with March 31, 2012.

The ratio of Problem assets to Total claims including Normal assets decreased by 0.08% compared with March 31, 2012, and remained at a low level of 1.78%.

SMBC Non-consolidated		(Billions of yen, %)	
	Sep. 30, 2012		Mar. 31, 2012
	(a)	(a) - (b)	(b)
Bankrupt and quasi-bankrupt assets	147.5	13.1	134.4
Doubtful assets	718.0	(61.6)	779.6
Substandard loans	268.1	(0.7)	268.8
Total (A)	1,133.6	(49.2)	1,182.8
Normal assets	62,608.6	115.0	62,493.6
Total (B)	63,742.2	65.7	63,676.4
Problem asset ratio (A/B)	1.78%	△ 0.08%	1.86%

Earnings forecast for FY3/2013

Let us move on to the earnings forecast for FY3/2013 on page 19.

As shown at the top, consolidated earnings forecast of SMFG is as follows:

Ordinary profit: JPY 830 billion

Net income: JPY 540 billion, JPY 60 billion higher than our previous forecast.

SMBC non-consolidated earnings forecast is as follows:

Banking profit: JPY 770 billion

Total credit cost: JPY 80 billion

Ordinary profit: JPY 490 billion

Net income: JPY 400 billion, JPY 20 billion higher than our previous forecast.

Next, we will explain the forecast for cash dividends per share.

We forecast annual cash dividends per share for common stock for FY3/2013 to be JPY 100, unchanged since the previous forecast, and the half of which, JPY 50, will be paid as an interim dividend.

FY3/2013 management policy and 1st Half, FY3/2013 performance

Please look at page 20, which shows our FY3/2013 management policy and 1st Half, FY3/2013 performance.

Our FY3/2013 management policy is defined as “Move forward steadily towards the targets of the medium-term management plan, capturing opportunities with proactive ideas and actions”. We have continued to pursue two strategies, “strengthening initiatives in strategic business areas” and “establishing a solid financial base and corporate infrastructure”, while focusing on “3Cs”; cross selling, credit control and cost control.

Shown on the bottom of the page is our business performance for the 1st half of FY3/2013.

In terms of financial performance, SMBC’s non-consolidated Net income exceeded our May forecast by JPY 39.7 billion to be JPY 239.7 billion. This was mainly due to a good performance of the Treasury Unit and a decrease in Total credit cost, despite incurrence of impairment losses on stocks.

SMFG’s consolidated Net income exceeded our May forecast by JPY 81.0 billion to be JPY 331.0 billion, due to contribution of SMBC and other group companies.

Regarding strategic initiatives, we made steady progress in “development of international business” by establishing marketing offices in emerging markets, mainly in Asia, and reinforcing HR system to educate and promote overseas local staff. In addition, we completed the joint acquisition of the aircraft leasing business from The RBS Group and commenced its operation as SMBC Aviation Capital.

With regards to “synergies between SMBC and SMBC Nikko”, we further strengthened cooperation between the companies by releasing an on-line account linkage service called “Bank and Trade” in October. Separately, SMBC Nikko Securities is reinforcing its internal management system.

In the consumer finance business, we made concentration and selection with an aim to strengthen cooperation among group companies and to facilitate prompt and flexible decision-making. Specifically, Promise was made a wholly-owned subsidiary and renamed to SMBC Consumer Finance; shares of ORIX Credit were sold back to ORIX; and SMBC Consumer Finance dissolved Mobit joint venture.

Through the implementation of these strategic initiatives, we have almost accomplished the financial targets in the medium-term management plan. Core Tier I ratio on a Basel

III fully loaded basis was around 7.5% and overseas banking profit ratio reached 30%.

In this changing business environment, we intend to always foresee a step ahead and respond flexibly with an aim to increase shareholder value and to be a globally competitive financial services group.

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”, “estimate”, “expect”, “intend”, “may”, “plan”, “probability”, “risk”, “project”, “should”, “seek”, “target” 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 or registration statement on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and results of operations, and investors’ decisions.