

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

November 12, 2013

Announcement of financial results for the six months ended September 30, 2013

We would now like to explain our financial results for the six months ended September 30, 2013, by using *Consolidated financial results for the six months ended September 30, 2013* and its *Supplementary Information*.

Let us look at the *Supplementary Information*.

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

SMFG consolidated financial results

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

Ordinary profit on a SMFG consolidated basis as shown in line 18 was JPY 835.9 billion, JPY 367.7 billion higher compared with the six months ended September 30, 2012.

This was largely due to an increase in profits of following subsidiaries: Gains (losses) on stocks of SMBC included in line 15 significantly improved; sales of investment trusts and bonds at SMBC Nikko Securities Inc. and SMBC Friend Securities Co., Ltd. performed well, reflecting yen depreciation and higher stock prices; and other group companies also showed steady results.

Net income, after income taxes, rose by JPY 174.7 billion year-on-year to JPY 505.7 billion as shown in line 27.

SMFG Consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2013	Change	Sep. 30, 2012
Consolidated gross profit	1	1,510.0	138.2	1,371.8
Ordinary profit	18	835.9	367.7	468.2
Net income	27	505.7	174.7	331.0

SMBC non-consolidated financial results

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

As shown in line 19, Banking profit before provision for general reserve for possible loan losses was JPY 453.2 billion, up by JPY 24.5 billion compared with the six months ended September 2012.

This was driven by an increase in Gross banking profit shown in line 1, which totaled JPY 821.8 billion, JPY 35.1 billion higher over the prior year period mainly due to the following factors:

- Domestic Net interest income in line 3 increased as profits from equity index-linked investment trusts pushed up Interest and dividends on securities;
- Net fees and commissions in lines 5 and 11 increased, driven by higher loan-related fees in line with asset growth mainly in Asia and the Americas, as well as increased fees related to loan syndication resulting from our active responses to our clients' needs such as corporate restructuring-related financing; and
- a year-on-year decline in Gains on bonds by JPY 111.0 billion was more than offset by the foregoing.

Expenses, as shown in line 15, were JPY 368.6 billion. While we continued to reexamine and contain ordinary expenses, factors such as rise in overseas headcount and effects from investments over the past years in systems and facilities, in addition to the impact of yen depreciation, led to a year-on-year increase by JPY 10.6 billion.

SMBC Non-consolidated

(Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2013	Change	Sep. 30, 2012
Gross banking profit	1	821.8	35.1	786.7
Expenses (excluding non-recurring losses)	15	(368.6)	(10.6)	(358.0)
Banking profit (before provision for general reserve for possible loan losses)	19	453.2	24.5	428.7
<i>Gains (losses) on bonds</i>	20	<i>6.3</i>	<i>(111.0)</i>	<i>117.3</i>

Next, Total credit cost, as shown in line 39, fell by JPY 53.9 billion year-on-year for a net reversal of JPY 78.3 billion.

This was mainly due to lower 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 made in previous years reflecting the improving economic environment.

Gains (losses) on stocks, as shown in line 27, were a net gain of JPY 76.5 billion, an improvement by JPY 210.1 billion over the prior year period, owing in part to a decrease in devaluation of stocks due to stock market recovery.

SMBC Non-consolidated (Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2013	Change	Sep. 30, 2012
Provision for general reserve for possible loan losses	21	-	-	-
Non-recurring gains (losses)	23	70.3	224.4	(154.1)
Credit costs	24	(1.6)	12.8	(14.4)
Gains on reversal of reserve for possible loan losses	25	77.4	38.6	38.8
Recoveries of written-off claims	26	2.5	2.5	0.0
Gains (losses) on stocks	27	76.5	210.1	(133.6)
Total credit cost (21+24+25+26)	39	78.3	53.9	24.4

These items added up to a year-on-year increase in Ordinary profit by JPY 249.0 billion to JPY 523.5 billion, as shown in line 31.

Finally, Net income, after income taxes, as shown in line 38, totaled JPY 330.2 billion, JPY 90.5 billion higher compared with the six month ended September 30, 2012.

SMBC Non-consolidated (Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2013	Change	Sep. 30, 2012
Ordinary profit	31	523.5	249.0	274.5
Extraordinary gains (losses)	32	(1.0)	1.3	(2.3)
Income before income taxes	35	522.5	250.3	272.2
Income taxes-current	36	(115.7)	(46.9)	(68.8)
Income taxes-deferred	37	(76.6)	(112.9)	36.3
Net income	38	330.2	90.5	239.7

Interest spread (domestic)

Next, let us look at page 3 for domestic Interest spread.

As shown on the table, Interest spread, the difference between Interest paid on deposits, etc. and Interest earned on loans and bills discounted, was down by 0.10% year-on-year to 1.40% due to a decline in Interest earned on loans and bills discounted.

SMBC Non-consolidated (%)

		Six months ended		Six months ended
		Sep. 30, 2013	Change	Sep. 30, 2012
Interest earned on loans and bills discounted (C)		1.44	(0.11)	1.55
Interest paid on deposits, etc. (D)		0.04	(0.01)	0.05
Interest spread (C) - (D)		1.40	(0.10)	1.50

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 the securities portfolio are shown on the top of the page.

As shown on the table, Net unrealized gains on Other securities were up by JPY 278.4 billion to JPY 1,400.0 billion compared with March 31, 2013, comprising JPY 1,157.3 billion in Net unrealized gains on Stocks, JPY 66.5 billion in Net unrealized gains on Bonds, and JPY 176.2 billion in Net unrealized gains on Others.

SMFG Consolidated		(Billions of yen)		
		Sep. 30, 2013		
		Net unrealized gains (losses)		
		Change from Mar. 31, 2013	Gains	Losses
Other securities	1,400.0	278.4	1,530.8	130.7
Stocks	1,157.3	386.1	1,225.4	68.1
Bonds	66.5	(41.8)	70.1	3.6
Others	176.2	(65.8)	235.2	59.0

Capital ratio

Next, let us move on to page 7 for consolidated capital ratio on a preliminary basis under Basel 3 standards.

As of September 30, 2013, compared with March 31, 2013, SMFG's consolidated Total capital ratio rose by 1.32% to 16.03%; Common equity Tier 1 capital ratio was 0.97% higher and stood at 10.35%.

SMFG Consolidated		(%)	
		Sep. 30, 2013 [Preliminary]	Mar. 31, 2013
		Change	
Total capital ratio	16.03	1.32	14.71
Common equity Tier 1 capital ratio	10.35	0.97	9.38

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, item marked with an "A" at the bottom left of the table, was JPY 1,026.3 billion, a JPY 67.2 billion decrease compared with March 31, 2013.

As a result, the ratio of Problem assets to Total claims including Normal assets improved by 0.13% compared with March 31, 2013, and remained at a low level of 1.47%.

SMBC Non-consolidated (Billions of yen, %)

	Sep. 30, 2013 (a)	(a) - (b)	Mar. 31, 2013 (b)
Bankrupt and quasi-bankrupt assets	140.6	(4.9)	145.5
Doubtful assets	637.0	(54.4)	691.4
Substandard loans	248.7	(7.9)	256.6
Total (A)	1,026.3	(67.2)	1,093.5
Normal assets	68,560.3	1,270.8	67,289.5
Total (B)	69,586.6	1,203.6	68,383.0
Problem asset ratio (A/B)	1.47	(0.13)	1.60

Earnings and dividends forecast for FY3/2014

Let us move on to the earnings and dividends forecast for FY3/2014 on page 17.

We have revised SMFG's consolidated earnings forecast as follows.

Ordinary profit: JPY 1,280 billion, JPY 250 billion higher than our May forecast and a year-on-year increase by JPY 206.3 billion;

Net income: JPY 750 billion, JPY 170 billion higher than our May forecast.

The forecast for SMBC's non-consolidated earnings is as follows.

Banking profit: JPY 800 billion

Total credit cost: net reversal of JPY 50 billion

Ordinary profit: JPY 810 billion

Net income: JPY 510 billion, JPY 80 billion higher than our May forecast.

Next, with regards to dividends, we have revised annual cash dividend forecast for common stock to be JPY 120 per share, an increase by JPY 10 from our May forecast. Interim dividends remain unchanged at JPY 55 per share.

FY3/2014 management policy and topics in 1H, FY3/2014

Please look at page 18, which shows FY3/2014 management policy and topics in 1H, FY3/2014.

Our management policy for FY3/2014 is to "proactively contribute to the revitalization of the Japanese economy, and as a result achieve the growth of SMFG" and "create new business models and challenge for 'innovation' in order to make the next leap forward".

Accordingly, we are making efforts to support our corporate clients through financing, to take advantage of the shift from savings to investment by Japanese individuals, and to capture the growth of Asia and other emerging markets.

With regards to the consumer banking business, against the backdrop of increasing needs of individual clients for asset management and inheritance-related services, we started the “bank-securities integration model” between SMBC and SMBC Nikko Securities as a trial run. In addition, SMBC made Societe Generale Private Banking Japan a wholly-owned subsidiary and commenced its operation as SMBC Trust Bank on October 1.

In the corporate banking business, SMBC actively extended loans by measures such as utilizing the loan support program of the Bank of Japan. Moreover, SMBC made investments in a regenerative medicine fund and an agricultural fund to support growth industries. Furthermore, through collaboration with SMBC, SMBC Nikko Securities was appointed lead manager of global equity offerings by corporations for the first time after joining SMFG group.

Regarding the international business, we expanded our network as SMBC established three marketing offices in emerging markets, mainly in Asia, until October and other group companies such as Sumitomo Mitsui Finance & Leasing and SMBC Consumer Finance set up offices in Chengdu and Chongqing respectively. In addition, we made progress in our Multi-Franchise strategy, including investing in BTPN in Indonesia.

Through the implementation of these strategic initiatives, we accomplished all the financial targets in the medium-term management plan.

As the last year of the medium-term management plan, we will continue to proactively seize business opportunities while focusing on quality and at the same time enhance our client base and implement medium- to long-term initiatives to realize sustainable growth.

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 or registration statement 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.