

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

November 13, 2014

Announcement of financial results for the six months ended September 30, 2014

We would now like to explain our financial results for the six months ended September 30, 2014, by using *Consolidated financial results for the six months ended September 30, 2014* 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.

Consolidated gross profit shown in line 1 was JPY 1,450.1 billion, JPY 59.9 billion lower compared with the six months ended September 30, 2013. This was largely due to a decrease in profits at SMBC Nikko Securities and SMBC Friend Securities, impacted by a slow growth in sales of stocks and investment trusts, a reflection of the stock market moving in a narrow range.

General and administrative expenses, as shown in line 7, were up by JPY 23.6 billion year-on-year to JPY 804.3 billion, mainly due to an increase in expenditures by SMBC aimed at strengthening its overseas business.

As a result, Consolidated net business profit in line 9 decreased by JPY 91.6 billion year-on-year to JPY 645.9 billion.

Next, Total credit cost, as shown in line 10, improved by JPY 49.2 billion year-on-year for a net reversal of JPY 88.8 billion, mainly due to our individualized efforts to assist certain borrowers to improve their business and financial conditions.

Finally, Ordinary profit, as shown in line 19, decreased by JPY 55.4 billion year-on-year to JPY 780.5 billion and Net income in line 28 was down by JPY 26.2 billion year-on-year to JPY 479.5 billion.

SMFG consolidated

(Billions of yen)

		Six months ended		Six months ended
		Sep.30, 2014	Change	Sep.30, 2013
Consolidated gross profit	1	1,450.1	(59.9)	1,510.0
General and administrative expenses	7	(804.3)	(23.6)	(780.6)
Consolidated net business profit	9	645.9	(91.6)	737.4
Total credit costs	10	88.8	49.2	39.6
Credit costs	11	(32.6)	13.4	(46.0)
Gains on reversal of reserve for possible loan losses	15	106.7	28.7	78.0
Recoveries of written-off claims	16	14.7	7.1	7.6
Ordinary profit	19	780.5	(55.4)	835.9
Net income	28	479.5	(26.2)	505.7

SMBC non-consolidated financial results

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

Banking profit before provision for general reserve for possible loan losses in line 19 was JPY 440.9 billion, JPY 12.3 billion lower compared with the six months ended September 30, 2013.

Gross banking profit in line 1 rose by JPY 6.0 billion year-on-year to JPY 827.8 billion largely due to the following factors:

- Domestic Net fees and commissions in line 5 decreased mainly resulting from declines in fees relating to investment trust sales and loan syndication;
- Overseas Net interest income in line 10 increased due to a rise in interest income on loans in line with asset growth mainly in Asia and the Americas.

Expenses, in line 15, were up by JPY 18.3 billion year-on-year to JPY 386.9 billion caused by an increase in expenditures aimed at enhancing top-line growth such as to strengthen the overseas business, and also by the impact of an increase in the consumption tax rate.

SMBC non-consolidated

(Billions of yen)

		Six months ended		Six months ended
		Sep.30, 2014	Change	Sep.30, 2013
Gross banking profit	1	827.8	6.0	821.8
Expenses (excluding non-recurring losses)	15	(386.9)	(18.3)	(368.6)
Banking profit (before provision for general reserve for possible loan losses)	19	440.9	(12.3)	453.2

Next, Total credit cost, as shown in line 37, improved by JPY 45.9 billion year-on-year for a net reversal of JPY 124.2 billion.

This was mainly the result of our continued individualized efforts to assist certain borrowers to improve their businesses and financial conditions, as well as a reversal of provisions due to a decline in loan reserve ratio arising from the downward trend of loan losses, reflecting the favorable economic environment.

Gains (losses) on stocks in line 27 were a net gain of JPY 48.2 billion, a considerable level, but nonetheless a year-on-year decrease by JPY 28.3 billion.

Other non-recurring gains (losses) in line 28 were a net loss of JPY 20.8 billion, improved by JPY 63.7 billion year-on-year mainly due to a decrease of provision of allowance for investment loss relating to subsidiaries.

SMBC non-consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep.30, 2014	Change	Sep.30, 2013
Provision for general reserve for possible loan losses	21	-	-	-
Non-recurring gains (losses)	23	151.6	81.3	70.3
Credit costs	24	(2.4)	(0.8)	(1.6)
Gains on reversal of reserve for possible loan losses	25	116.9	39.5	77.4
Recoveries of written-off claims	26	9.7	7.2	2.5
Gains (losses) on stocks	27	48.2	(28.3)	76.5
Other non-recurring gains (losses)	28	(20.8)	63.7	(84.5)
Total credit cost (21+24+25+26)	37	124.2	45.9	78.3

These items added up to a year-on-year increase in Ordinary profit of JPY 68.9 billion to JPY 592.5 billion, as shown in line 29.

Finally, Net income, after income taxes, as shown in line 36, was JPY 408.2 billion, a JPY 78.0 billion increase year-on-year.

SMBC non-consolidated		(Billions of yen)		
		Six months ended		Six months ended
		Sep.30, 2014	Change	Sep.30, 2013
Ordinary profit	29	592.5	68.9	523.5
Net income	36	408.2	78.0	330.2

Domestic Interest spread

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 0.09% year-on-year to 1.31%. This was largely because of a decline in Interest earned on loans and bills discounted, due to shrinking loan spreads resulting from intense competition and lower market interest rates.

SMBC non-consolidated		(%)		
		Six months ended	Change	Six months ended
		Sep.30, 2014		Sep.30, 2013
Interest earned on loans and bills discounted (C)		1.34	(0.10)	1.44
Interest paid on deposits, etc. (D)		0.03	(0.01)	0.04
Interest spread (C) - (D)		1.31	(0.09)	1.40

Unrealized gains (losses) on securities

Next, let us look at page 4.

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

Net unrealized gains on Other securities in line 2 were up by JPY 333.6 billion compared with March 31, 2014 to JPY 1,738.6 billion mainly due to a rise in the stock market. This was comprised by JPY 1,445.9 billion in Net unrealized gains on Stocks, JPY 53.4 billion in Net unrealized gains on Bonds, and JPY 239.4 billion in Net unrealized gains on Others, as shown in lines 3, 4 and 6.

SMFG consolidated		(Billions of yen)			
		Sep. 30, 2014			
		Net unrealized gains (losses)			
			Change from Mar. 31, 2014	Gains	Losses
Other securities	2	1,738.6	333.6	1,831.1	92.4
Stocks	3	1,445.9	314.7	1,483.9	38.1
Bonds	4	53.4	(12.2)	61.5	8.1
Others	6	239.4	31.1	285.7	46.3

Non-performing loans

Let us now move on to page 7, SMBC's non-performing loan situation.

The ratio of Non-performing loans to Total claims including Normal assets was 1.08%, an improvement by 0.13% compared with March 31, 2014, and the lowest ratio since the establishment of SMBC.

In addition, the total amount of Non-performing loans based on the Financial Reconstruction Act, item marked with an "A" at the bottom left of the table, was JPY 823.8 billion, a JPY 57.6 billion decrease compared with March 31, 2014.

SMBC non-consolidated		(Billions of yen, %)		
		Sep. 30, 2014 (a)	(a) - (b)	Mar. 31, 2014 (b)
	Bankrupt and quasi-bankrupt assets	101.6	(12.7)	114.3
	Doubtful assets	558.3	(16.1)	574.4
	Substandard loans	163.9	(28.8)	192.7
	Total (A)	823.8	(57.6)	881.4
	Normal assets	75,294.7	3,387.7	71,907.0
	Total (B)	76,118.5	3,330.1	72,788.4
	NPL ratio (A/B)	1.08	(0.13)	1.21

Loans

Next, let us move on to page 11, our loan balance.

SMBC's domestic loans, shown at the top of the table, increased by JPY 300 billion compared with March 31, 2014 to JPY 48.5 trillion. A JPY 500 billion increase in loans to corporations, mainly to large corporations offset a JPY 200 billion decrease in loans to individuals, mostly in housing loans.

Overseas loans increased by JPY 2.1 trillion compared with March 31, 2014 to JPY 17.3 trillion, largely in Asia and the Americas. This includes an increase of JPY 900 billion due to the impact of yen's depreciation.

Overall, SMBC's loan portfolio grew by JPY 2.4 trillion to JPY 65.8 trillion compared with March 31, 2014.

SMBC non-consolidated		(Trillions of yen)		
		Sep. 30, 2014	Change	Mar. 31, 2014
	Domestic offices (excluding Japan offshore banking accounts)	48.5	0.3	48.2
	Overseas offices and Japan offshore banking accounts	17.3	2.1	15.2
	Total	65.8	2.4	63.4

Capital ratio (BIS guidelines)

Next, let us move on to page 16 for consolidated capital ratio on a preliminary basis.

SMFG's consolidated capital ratios as of September 30, 2014 were well above required levels: Total capital ratio was 15.98%, higher by 0.47% compared with March 31, 2014; Common equity Tier 1 capital ratio was 10.80%, higher by 0.17% compared with March 31, 2014.

SMFG consolidated	Sep. 30, 2014		(%)
	[Preliminary]	(a) - (b)	Mar. 31, 2014
	(a)		(b)
(1) Total capital ratio	15.98	0.47	15.51
(3) Common equity Tier 1 capital ratio	10.80	0.17	10.63

Earnings targets and dividends forecast for FY3/2015

Let us move on to the earnings targets for FY3/2015 on page 17.

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

Ordinary profit: JPY 1,200 billion, JPY 90 billion higher than our May announcement;
Net income: JPY 700 billion, JPY 20 billion higher than our May announcement.

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

Banking profit: JPY 750 billion
Total credit cost: net reversal of JPY 50 billion
Ordinary profit: JPY 800 billion
Net income: JPY 530 billion, JPY 20 billion higher than our May announcement.

Next, with regards to dividends, we have revised our annual dividend forecast for common stock to JPY 130 per share, an increase by JPY 10 from our May forecast. Interim dividends remain unchanged at JPY 60 per share.

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.