Sumitomo Mitsui Financial Group, Inc.

Major Questions and Answers on the Financial Results for the Six Months ended September 30, 2010.

The followings are frequently asked questions and their answers on the financial results for the Six Months ended September 30, 2010, announced on November 12, 2010.
For overview of the financial results, please refer to the announcement posted on our web-site at
www.smfg.co.jp/english/investor/financial/latest_statement/h2209press_pdf/h2209_e4_01.pdf

1. Financial Results for 1st Half, FY3/2011

Q1. What was the reason why Financial Results for the first half was better than May 2010 forecast?

A1. Net income on SMFG's consolidated basis for the first half FY3/2011 was JPY417.5 billion, JPY 257.5 billion higher than half-year forecast announced on May, 2010, or higher than full-year forecast of JPY340.0 billion. This was principally because (a) SMBC's non-consolidated Ordinary profit and Net income were substantially higher than May 2010 forecast mainly due to (i) an increase in Banking profit led by an increase in Gains on bonds resulting from our ALM operations that quickly responded to the decline in market interest rates in both domestic and overseas markets and (ii) a decrease in Total credit cost as a result of detailed responses to our clients, and because (b) other group companies, such as Nikko Cordial Securities, contributed. As a result, both SMFG's consolidated Net income and SMBC's non-consolidated Net income were the highest half-year Net income since the merger to form SMBC in April, 2001.

Q2. What was the reason why Total credit cost on SMBC's non-consolidated basis decreased year over year?

A2. Total credit cost on SMBC's non-consolidated basis in the first half FY3/2011 was JPY43.3 billion, a JPY 113.6 billion decrease year over year. This was partly due to a decline in credit costs as a result of our individualized efforts to assist certain debtors to improve their businesses and financial conditions and the reversal of provision for reserve for possible loan losses in accordance with a decrease in the balance of non-performing loans etc. Moreover, Total credit cost of our banking subsidiaries in general also decreased.

2. Capital Ratio

Q3. What was the reason for an increase in BIS Capital ratio and Tier I ratio?

A3. The preliminary figure, as of September 30, 2010, on the SMFG's consolidated Capital ratio was 16.02%, a 1.00% increase compared with that of March 31, 2010, and consolidated Tier I ratio was 12.32%, a 1.17% increase compared with that of March 31, 2010, respectively. This was because SMFG's consolidated Risk-adjusted assets decreased by JPY 2.5 trillion and because SMFG's Total capital increased by JPY 143.7 billion due mainly to steadily accumulation of earnings.

3. Earnings Forecasts

Q4. Please explain SMBC's non-consolidated Banking profit* forecast for FY3/2011 with regard to changes from the results in FY3/2010.

** Banking profit before provision for general reserve for possible loan losses*

A4. SMBC's non-consolidated Banking profit for FY3/2011 is forecasted to increase by approximately JPY 70 billion year over year to JPY 840 billion.

Gross banking profit for FY3/2011 is forecasted to increase by approximately JPY 95 billion year over year to JPY 1,550 billion. This is mainly due to forecasted increase in (a) Gross banking profit of Treasury Unit which achieved favorable performance in the first half, (b) Gross banking profit of International Banking Unit through an reinforcement of overseas business, and (c) Net fees and commissions in domestic market led by an increase in sales of investment trusts, even under the severe business environment with continuously limited loan demand etc.

Meanwhile, expenses are forecasted to be increased by approximately JPY 24 billion year over year to JPY 710 billion in FY3/2011 with continued stringent control on expenses, despite of estimated increase from investments in branches and systems in the past and allocation into growth business areas including overseas operation in order to drive growth in gross profit.

Q5. Please explain the forecast for SMBC's non-consolidated Total credit cost in FY3/2011.

A5. We expect SMBC's non-consolidated Total credit cost in FY3/2011 to be JPY 130 billion, a decrease of JPY 90 billion compared with May 2010 forecast, because Total credit cost in the first half was approximately JPY67 billion lower than May 2010 forecast. We will continuously suppress Total credit cost by taking detailed measures against our corporate clients, while economic slowdown is expected in the second half mainly due to the waning of government stimulus effects and the appreciation of yen.

Q6. Please explain assumptions of exchange rates for the Earnings forecast for FY3/2011.

A6. We assume that exchange rate of Japanese yen to U.S. dollar to be JPY 85 to USD 1 and exchange rate of Japanese yen to Euro to be JPY 110 to Euro 1.