Sumitomo Mitsui Financial Group, Inc.

Major Questions and Answers on the Financial Results for the Six Months ended September 30, 2011.

Frequently asked questions on the financial results for the Six Months ended September 30, 2011, announced on November 14, 2011 and our answers are as follows.
For the overview of the financial results, please refer to the announcement posted on our website at
www.smfg.co.jp/english/investor/financial/latest_statement/h2309_pdf/h2309_e4_01.pdf

1. Financial Results for 1st Half, FY3/2012

Q1. Please explain major factors of the year-over-year decrease in SMFG's consolidated Net income.

A1. SMFG's consolidated Net income for 1H, FY3/2012 was JPY313.8 billion, a JPY 103.7 decrease year-over-year.
SMBC's non-consolidated Ordinary profit was at the same level compared with 1H, FY3/2011. This was principally because a decrease in Banking profit (JPY 28.4 billion decrease year-over-year) resulting from decreased Gains on bonds was offset by a decline in Total credit cost. However, SMBC's non-consolidated Net income decreased by JPY 60.6 billion year-over-year to JPY 290.6 billion, mainly due to an increase in Income taxes-deferred.
In addition, the contribution of SMFG's subsidiaries and affiliates to SMFG's Net income decreased by JPY 43.1 billion to JPY 23.2 billion. Contribution from Promise, of which stakes we held 22% as of Sep.30, 2011, decreased by approximately JPY 45 billion year-over-year to loss of approximately JPY 46 billion, because Promise recorded a Net loss of JPY 208.5 billion in 1H, FY3/2012 resulting from a substantial increase in provision for reserve for losses on interest repayments. Meanwhile, the Net income of major subsidiaries, such as Sumitomo Mitsui Card and Sumitomo Mitsui Finance and Leasing, increased due to a decline of credit cost.

Q2. Please explain major factors of the increase in SMFG's consolidated Net income compared to the May forecast.

A2. SMFG's consolidated Net income for 1H, FY3/2012 was JPY 143.8 billion higher than the May forecast. This was mainly due to a JPY 140.6 billion increase in SMBC's non-consolidated Net income , resulting from an increase in the profit from Treasury Unit and a decrease in Total credit cost.
Meanwhile, the contribution of SMFG's subsidiaries and affiliates to SMFG's Net income was at the same level compared with the May forecast. The contribution of

Promise was approximately JPY 48 billion below the May forecast, while a) Net income of some subsidiaries, such as Sumitomo Mitsui Card and Sumitomo Mitsui Finance and Leasing was above the May forecast and b) the losses on stocks of group companies recorded on a SMBC's non-consolidated basis were reversed on a SMFG's consolidated basis.

2. Earnings Forecasts

Q3. Please explain major factors of the upward revision of SMFG's consolidated Net income forecast for FY3/2012 from the May forecast.

A3. We revised upward of SMFG's consolidated Net income for FY3/2012 to JPY 500 billion, a JPY 100 billion increase compared with the May forecast. This revision is mainly due to an increase in 1H, FY3/2012 result compared to the May forecast. However, SMFG's consolidated Net income for 2H, FY3/2012 is expected to be lower than the 1H, FY3/2012 result. We expect "unpredictable," "uncertain," and "unstable" interest rate conditions to continue, accordingly, we conservatively forecast SMBC's non-consolidated Banking profit for 2H, FY3/2012 to decrease from 1H, FY3/2012 result, due mainly to the decline in Gains on bonds. We also forecast an increase in Total credit cost considering negative impact to our corporate clients caused by issues such as a slowdown in the U.S. and European economy and yen appreciation.

Q4. Please explain the reason for the annual cash dividend per share forecast has been unchanged while SMFG's consolidated Net income is revised upward.

A4. Although SMFG's consolidated Net income for FY3/2012 is forecasted to increase by JPY 100 billion compared with the May forecast to JPY 500 billion, the annual cash dividend per share forecast for FY 3/2012 has been unchanged at JPY 100. This is mainly because we aim to strengthen our capital base to address strengthening of global financial regulations through accumulation of retained earnings and at the same time, we secure a certain level of dividend payout ratio with the current annual cash divided forecast.

3. Others

Q5. Please explain the progress of the medium-term management plan.

A5. We are moving steadily forward toward achieving financial targets in the medium-term management plan. As shown below, every target has improved compared to FY3/2011 results.

- Core Tier I ratio (pro forma)[*1]: Slightly more than 7% (Slightly less than 6%, as of the end of March 2011)

- Consolidated net income RORA (annualized): around 1.2% (FY3/2011: 0.8%)
- Overhead ratio <SMBC non-consolidated basis>: 43.3% (FY3/2011: 45.6%)
  Overhead ratio <SMFG consolidated basis>: 51.2% (FY3/2011: 52.5%)
- Overseas banking profit ratio: 25.3%*2 (FY3/2011: 23.3%)

*1 SMFG consolidated basis; calculated based on the definition at the full implementation of Basel III in 2019; regulatory adjustments are fully deducted from Common Equity Tier I, excluding unrealized gains

*2 Based on the assumption under the medium-term management plan (USD 1 = JPY 85)

Q6. SMFG was identified as one of the global systemically important financial institutions (G-SIFIs) in the announcement published this November by Financial Stability Board (FSB) and Basel Committee on Banking Supervision. Please explain how you will address the strengthening of global financial regulations.

A6. SMFG was identified as one of the G-SIFIs in the announcement published this November by FSB and Basel Committee on Banking Supervision. Requirements for G-SIFIs (so-called the capital surcharge) are "to have additional loss absorption capacity from 1% to 2.5% of risk-weighted assets (with an empty bucket of 3.5% to discourage further systemicness), to be met with common equity," while the requirements will be phased in starting in January 2016 with full implementation by January 2019, and the list of G-SIFIs, to which the requirements will be applied, will be fixed and disclosed by November 2014 based on end-2013 data.
In the medium-term management plan, we have set a management goal to achieve Core Tier I ratio* of approximately 8% on March 31, 2014. This means that we will strive to achieve a capital ratio of approximately 1% higher than the Basel III required level of 7% five years earlier than the Basel III full implementation deadline of March 2019. Core Tier I ratio* (pro forma) as of Sep. 30, 2011 is slightly higher than 7%, which means we will be able to address the new financial regulations appropriately by implementing initiatives in the medium-term management plan and accumulating retained earnings.

*SMFG consolidated basis; calculated based on the definition at the full implementation of Basel III in 2019; regulatory adjustments are fully deducted from Common Equity Tier I, excluding unrealized gains

Q7. Please explain the purpose of making Promise a wholly-owned subsidiary.

A7. Although the consumer finance business has faced a severe business environment, we consider that the business still bears steady and stable profit with relatively higher margin in the medium to long term, therefore, we attach great importance to the business as a part of our retail business line-up that support individual consumption. Against this backdrop, and considering signs of decreasing number of interest refund claims and recovery of origination of new loans, and other factors, we reached a common understanding with Promise that it is the best timing to start going forward again. Through making Promise a wholly-owned subsidiary, we aim to build up an infrastructure that accommodates group-wide prompt and flexible decision making and to maximize synergies in the consumer finance business.

Q8. Please explain SMFG's exposure to PIIGS countries.

A8. Our exposure to PIIGS countries is approximately USD 5.3 billion in total, including approximately USD 3 million of government bonds. The breakdown by country is;

approximately USD 2.5 billion to Italy,
approximately USD 2.2 billion to Spain,
approximately USD 0.4 billion to Ireland,
approximately USD 0.1 billion to Portugal, and
approximately USD 0.1 billion to Greece.

By segment, the exposure is composed of approximately USD 0.03 billion to public sector entities, approximately USD 0.3 billion to financial institutions and approximately 5 billion to non-financial institutions. As a major part of the exposure to non-financial institutions is to large corporations and project financing, we do not have any material concern for this exposure.