

Major Questions and Answers on the Financial Results
for the Fiscal Year ended March 31, 2007.

This document contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this document: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.

The followings are frequently asked questions and their answers on the financial results for the fiscal year ended March 31, 2007, announced on May 21, 2007.

1. SMBC's Financial Results for Fiscal 2006

Q. What was the reason for the year-over-year change in Banking profit*? What was the reason for the decrease from the earnings forecast announced in November 2006?

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

A. Banking profit decreased by JPY 225.0 billion year over year to JPY 740.6 billion.

This was due to (a) a year-over-year decrease in Gross banking profit of JPY 207.6 billion, which was mainly caused by a year-over-year decrease in the Treasury Unit's profit of approximately JPY 170 billion, and (b) a year-over-year increase in Expenses of approximately JPY 17.4 billion.

The Treasury Unit's profit decreased mainly due to (a) JPY 112.4 billion in Losses on bonds, a JPY 102.1 billion increase in losses year over year, arising from a reduction of bond exposure in order to reduce risks on the portfolio in view of domestic and overseas interest rate trends, and (b) a decrease in profits of Japanese yen denominated ALM operations due mainly to a decrease in interest income on the bond reduction and narrowing of spreads between long-term interest rates and short-term interest rates.

Compared with our earnings forecast announced last November, Banking profit was lower by JPY 104.4 billion mainly due to a greater-than-expected decrease, JPY 100.5 billion, in Gross banking profit, arising mainly from the lower-than-expected profits of the Treasury Unit and investment banking businesses.

Q. Please explain about Expenses.

A. In fiscal 2006, Expenses increased by JPY 17.4 billion year over year to JPY 603.9 billion. This was due to such factors as active allocation of resources to domestic retail business and other focal areas, and improvement of our channel network.

Q. Total credit cost in fiscal 2006 was JPY 89.5 billion, a large decrease compared with the previous year's JPY 230.9 billion. Please explain the factors behind the decrease.

A. Total credit cost in fiscal 2006 decreased JPY 141.4 billion year over year to JPY 89.5 billion versus JPY 100 billion forecasted last November.

The decrease in Total credit cost was a result of our continuous efforts to revitalize businesses of problematic borrowers and reduction in asset quality deterioration risks.

Q. What was the amount of Total credit cost on a SMFG consolidated basis? What was the reason for the difference vis-à-vis the cost on a SMBC non-consolidated basis?

A. Total credit cost on a SMFG consolidated basis was JPY 145.0 billion and Total credit cost on a SMBC non-consolidated basis was JPY 89.5 billion, so that the difference between them was JPY 55.5 billion.

Subsidiaries engaging in lending business, such as THE MINATO BANK, LTD., Kansai Urban Banking Corporation, and credit card and leasing business accounted for most of the difference. As with SMBC, the situation at group companies has been improving on the whole.

Q. Please explain about the impact of the financial results of Promise Co., Ltd ("Promise") on both SMBC's non-consolidated and SMFG's consolidated financial results.

A. On a SMBC non-consolidated basis, taking a conservative stance, JPY 77.5 billion of Reserve for possible losses on investments was recognized for the investment in Promise shares, because Promise's share price was considerably below SMBC's acquisition cost for a certain period of time.

Meanwhile, on a SMFG consolidated basis, the financial results of Promise are

consolidated on the basis of the equity method, and JPY83.0 billion of investment loss on equity method, which was SMFG's pro rata share of Net loss of Promise, was recognized in fiscal 2006 as Equity in losses of affiliates. In addition, the full amount of goodwill (a part of Intangible fixed assets), which had been recognized at the time of acquisition of Promise shares, was written down and the loss related to the write-down was also included in Equity in losses of affiliates in fiscal 2006.

2. SMBC's Balance Sheet

Q. What was the reason for the change in loan balance?

A. The loan balance as of March 31, 2007 increased by approximately JPY 1,900 billion from March 31, 2006. Domestic loans (excluding offshore banking account) increased by approximately JPY 730 billion, while overseas loans (including offshore banking account) increased by approximately JPY 1,170 billion.

Domestic loans increased mainly due to increase in real estate non-recourse finance, loans to SMFG and so on. Overseas loans increased mainly due to increase in loans to corporations with high credit ratings and project finance.

The balance of Problem assets as of March 31, 2007 was JPY 738.7 billion, a decrease of JPY 221.4 billion compared with March 31, 2006. As a result, the Problem asset ratio as of March 31, 2007 was 1.2%, a 0.5 percentage point decrease compared with March 31, 2006.

Q. On a SMFG consolidated basis, what is the ratio of Net deferred tax assets to Tier I capital under the Basel Accord?

A. The balance sheet amount of Net deferred tax assets as of March 31, 2007, on a SMFG consolidated basis, was JPY 836.3 billion, a decrease of JPY 165.8 billion from March 31, 2006. On the other hand, the amount of Tier I capital was JPY 3,903.3 billion as of March 31, 2007. Consequently, the ratio of Net deferred tax assets to Tier I capital as of March 31, 2007 decreased by 0.2 percentage point from March 31, 2006 to 21.4%, well below 30%, the upper limit for BIS capital ratio calculation under the Japanese regulatory guidelines for March-end 2007.

3. SMBC's Business Strategy

Q. Please explain the results of unsecured loans to SMEs in fiscal 2006 and the plan for fiscal 2007.

A. The origination of unsecured loans to SMEs decreased by approximately JPY 800 billion year over year to approximately JPY 2.9 trillion in fiscal 2006, comprising approximately JPY 1.22 trillion in *Business Select Loan ("BSL")*, approximately JPY 220 billion in *Creceer Loan*, and approximately JPY 1.46 trillion in *N-Funds and others*. The decrease was mainly due to our initiatives to improve the quality of SME loan portfolio.

In fiscal 2007 we will strengthen our ability to meet the diversifying needs of growth companies and medium-sized enterprises by providing various financing techniques. Our origination target on *BSL* for fiscal 2007 is almost the same as the amount originated in fiscal 2006.

Q. Please give the results of the financial consulting for individuals.

A. The balance of investment trusts held by individuals under SMBC account increased by approximately JPY 620 billion from March 31, 2006 to approximately JPY 3.42 trillion as of March 31, 2007. Sales of pension-type insurance in fiscal 2006 was approximately JPY 460 billion, a decrease of approximately JPY 200 billion year over year, but the cumulative total since its launch in October 2002 was approximately JPY 2.19 trillion.

The origination of mortgage loans (residential purpose) in fiscal 2006 decreased by approximately JPY 340 billion year over year to approximately JPY 1.8 trillion mainly due to a diminishing demand for refinancing debts, negatively affected by the rise in interest rates. Meanwhile, the balance of mortgage loans (residential purpose) decreased by approximately 120 billion year over year to approximately JPY 9.9 trillion as of March 31, 2007 as a result of approximately JPY 790 billion of securitization. With regard to the mortgage loan with insurance for repayment of outstanding loan balance in the case the borrower is diagnosed with a serious illness such as cancer and a heart attack, the origination of this highly popular loan in fiscal 2006 was approximately 270 billion and the cumulative total for approximately 18 months, since its launch in October 2005 to March 2007, reached approximately JPY 370 billion.

4. Earnings Forecasts

Q. Please give us SMFG's and SMBC's earnings forecasts for fiscal 2007.

A. SMFG's consolidated Ordinary profit and Net income forecasts for fiscal 2007 are JPY 980 billion and 540 billion, respectively. SMBC's non-consolidated Banking profit* and Net income forecasts are JPY 830 billion and 410 billion, respectively.

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

Q. Please explain SMBC's non-consolidated Banking profit* forecast for fiscal 2007 with regard to changes from the results in the previous fiscal year.

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

A. SMBC's non-consolidated Banking profit is forecasted to increase by approximately JPY 90 billion year over year to JPY 830 billion. This is because Gross banking profit is forecasted to increase by approximately JPY 150 billion mainly due to: (a) an increase in non-interest income in the targeted growth areas such as financial consulting business for individuals, solution providing for corporations and investment banking businesses, (b) an increase in net interest income on loans and deposits driven by the expected rise in market interest rate, and (c) the recovery of profits of the Treasury Unit, which experienced losses on bonds in fiscal 2006. Meanwhile, Expenses are planned to increase by JPY 60 billion year over year to JPY 660 billion as we will proactively increase system investment to strengthen businesses in the targeted growth areas, investment for the expansion of the branch networks and expenses for reinforcement of human resources.

Q. Please explain SMBC's non-consolidated Total credit cost forecast for fiscal 2007.

A. We expect SMBC's non-consolidated Total credit cost in fiscal 2007 to be approximately JPY 90 billion, about the same as in fiscal 2006.

5. SMFG's Management Strategies

Q. Please tell us SMFG's management strategies on and after fiscal 2007.

A. SMFG has launched a new medium-term management plan, "LEAD THE VALUE" Plan, for the coming three years from fiscal 2007 to 2009 given the completion of repayment of public funds last October and in response to the greatly changed business environment, including the economic situation and competitive environment.

In the new medium-term management plan, the basic policy of SMFG is to aim for a globally competitive financial services group with the highest trust by maximizing its strengths – “Spirit of Innovation,” “Speed” and “Solution & Execution.” Under this basic policy, SMFG has set the following three goals.

1. Aim for top quality in growth business areas
2. Realize solid financial base as a global player
3. Increase return to shareholders.

In the new medium-term management plan, SMFG will implement strategic initiatives centered on “strengthening targeted growth business areas” and “fortifying platform to support sustainable growth.” SMFG and its group companies will especially strengthen the following seven growth areas.

- Financial consulting for individuals
- Solution providing for corporations
- Focused business areas in global markets
- Payment & Settlement service, Consumer finance
- Investment banking and trust business
- Proprietary investment
- Credit derivative, trading & distribution

SMFG has set the following financial targets for fiscal 2009, the last year of medium-term management plan.

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|------------------------|------------------|-------------------------------|
| i) Net income: | JPY 650 billion | <SMFG consolidated basis> |
| ii) Tier I ratio: | approximately 8% | <SMFG consolidated basis> |
| iii) Net income RORA : | approximately 1% | <SMFG consolidated basis> |
| iv) Overhead ratio: | 40 – 45% | <SMBC non-consolidated basis> |

In addition, SMFG is aiming for a payout ratio of over 20% on a consolidated net income basis in fiscal 2009. SMFG expects consolidated net income ROE during the period of medium-term management plan to be 10 - 15%.

SMFG and its group companies will make every effort to achieve the goals of the medium-term management plan in order to realize sustainable growth and higher corporate value.

Q. Please tell us SMFG’s dividend policy on common stock for the fiscal year ending March 31, 2008.

A. From the viewpoint of increasing return to shareholders paralleling the progress of the

medium-term management plan, we plan to increase cash dividends on common stock for the fiscal year ending March 31, 2008 by 3,000 to 10,000, from the amount for the fiscal year ending March 31, 2007. Also, half of the annual cash dividends will be paid as an interim dividend.

Q. Please explain about the details of the strategic alliance with Central Finance and Mitsui & Co., Ltd. in consumer finance business.

A. For details, please refer to the press release on our web-site at

http://www.smfg.co.jp/news_e/e200057_01.html

Reference: Page 20 of the "Financial Results Fiscal Year 2006 Supplementary Information"

24. Earnings Forecast for FY2007

Sumitomo Mitsui Financial Group, Inc.

<Non-consolidated> (Billions of yen)

	FY2007 Forecast		FY2006 Result
	1H FY2007		
Operating income	24.0	105.0	376.5
Operating profit	22.0	100.0	372.9
Ordinary profit	17.0	90.0	364.5
Net income	14.0	85.0	363.6

Dividend per share forecast (Yen)

	FY2007 Forecast		FY2006 Result
	1H FY2007		
Common stock	5,000	10,000	7,000
1st - 12th series Type 4 Preferred stock	67,500	135,000	135,000
1st Series Type 6 Preferred stock	44,250	88,500	88,500

(Reference) (Billions of yen)

Total dividend planned	44.8	89.6	66.6
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<Consolidated> (Billions of yen)

	FY2007 Forecast		FY2006 Result
	1H FY2007		
Ordinary income	1,950.0	4,100.0	3,901.3
Ordinary profit	400.0	980.0	798.6
Net income	220.0	540.0	441.4

(Reference)

Sumitomo Mitsui Banking Corporation

<Non-consolidated> (Billions of yen)

	FY2007 Forecast		FY2006 Result
	1H FY2007		
Gross banking profit	695.0	1,490.0	1,344.5
Expenses	(330.0)	(660.0)	(603.9)
Banking profit (before provision for general reserve for possible loan losses)	365.0	830.0	740.6
Ordinary profit	260.0	700.0	573.3
Net income	150.0	410.0	315.7

Total credit cost (*)	(70.0)	(90.0)	(89.5)
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(*) (Provision for general reserve for possible loan losses) + (Credit cost included in non-recurring losses)
+ (Gains on collection of written-off claims included in Extraordinary gains)