Sumitomo Mitsui Financial Group, Inc.

Major Questions and Answers on the Financial Results
for the Fiscal Year ended March 31, 2008.

The followings are frequently asked questions and their answers on the financial results for the fiscal year ended March 31, 2008, announced on May 16, 2008.

1. SMBC's Financial Results for fiscal 2007

Q1. What was the reason for the year over year change in Banking profit*? What was the reason for the increase from the earnings forecast announced in November 2007?

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

A1. Banking profit increased by JPY 79.1 billion year over year to JPY 819.7 billion, mainly because Gross banking profit increased by JPY 140.3 billion to JPY 1,484.8 billion, while Expenses increased by JPY 61.2 billion year over year to JPY 665.1 billion.

This was mainly due to a JPY 82.3 billion year over year decrease in Losses on bonds, reflecting a reduction in bond exposure with losses in fiscal 2006 in order to prepare for anticipated interest rate hike, a JPY 33.3 billion year over year increase in Net interest income led by expansion of Loan to deposit spread etc.

Compared with the earnings forecast announced in November 2007, Banking profit was lower by JPY 10.3 billion, because Gross banking profit decreased by JPY 5.2 billion, at the same time Expenses increased by JPY 5.1 billion.

Q2. Please explain about Expenses.

A2. In fiscal 2007, Expenses increased by JPY 61.2 billion year over year to JPY 665.1 billion, an increase by JPY 5.1 billion compared with the earnings forecast announced in November. This was mainly due to the aggressive investment in growth business areas in order to improve customer convenience and enhance competitiveness.

Q3. Total credit cost in fiscal 2007 was JPY 147.8 billion, which was higher than the earnings forecasts announced in November as well as the previous year's result. Please explain the factors behind the increase.

A3. SMBC's Total credit cost in fiscal 2007 was approximately JPY 60 billion higher than the previous year's result, because, in the previous year, SMBC recorded higher Gains on reversal of reserve for possible loan losses through work-out of non-performing assets and improvements in borrower categories.

Compared with the earnings forecast announced in November, the result was approximately JPY 40 billion higher mainly due to the provisions for subprime loan related exposure and unanticipated deterioration in credit quality of certain borrowers which suffered worsening business performance.

Meanwhile, Problem asset ratio based on the Financial Reconstruction Law, a ratio of Problem assets to Total credit which includes Normal assets was 1.24%, maintained as low level as FY2006 results.

Q4. 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?

A4. Total credit cost on a SMFG consolidated basis was JPY 248.6 billion increased by JPY 103.6 billion year over year. This was mainly due to the increase at SMBC on non-consolidated basis and the provision for exposure to monoline insurance companies of approximately JPY 30 billion at a subsidiary engaging in swap-related transactions.

In addition to the provision at the swap subsidiary, the credit costs at subsidiaries engaging in lending business, such as THE MINATO BANK, LTD., and Kansai Urban Banking Corporation accounted for most of the difference of JPY 100.8 billion in Total credit cost between SMFG consolidated basis and SMBC non-consolidated basis.

Q5. Please explain in detail about SMBC's losses on stocks of JPY 141.0 billion attributable to such factors as impairment on shares of equity method affiliates. Also, how were these losses reflected in SMFG's consolidated P/L?

A5. Major factors of SMBC's losses on stocks were impairment on shares of affiliates such as OMC Card, Inc. and Promise Co., Ltd., because their share prices as of March-end 2008 fell more than certain degree from their acquisition cost.

The breakdown of impairment is as follows: (a) approximately JPY 56 billion on shares of OMC Card, (b) approximately JPY 44 billion on shares of Promise, net of JPY 78 billion of loss provisions for investments reserved in fiscal 2006, and (c) approximately JPY 6 billion on shares of Central Finance Co., Ltd. For shares of Central Finance, SMFG, the holding company, also recognized impairment of approximately JPY 5 billion on its non-consolidated P/L for the position which the holding company owns.

Impairments on shares of equity method affiliates on SMBC non-consolidated basis do not affect SMFG's consolidated P/L. On the other hand, SMFG's pro-rata share of each company's Net income is recognized as Equity in earnings/ losses of affiliates. In case of OMC Card, SMFG recognized the same degree of loss on both SMFG consolidated P/L and SMBC non-consolidated P/L in fiscal 2007. This is because the loss related to write-down on goodwill on SMFG consolidated P/L was the same as the loss related to impairment on shares on SMBC non-consolidated P/L.

2. SMBC's Balance Sheet

Q6. What was the reason for the change in loan balance?

A6. Total loan balance as of March 31, 2008 increased by approximately JPY 3,200 billion from March 31, 2007 with an increase of domestic loans (excluding offshore banking account) by approximately JPY 690 billion and overseas loans (including offshore banking account) by approximately JPY 2,510 billion, respectively.

Domestic loans increased mainly due to an increase in loans to the Government. Meanwhile, overseas loans increased mainly due to an increase in loans to corporations with high credit ratings and project finance, reflecting a strong loan demand in the market.

The balance of problem assets based on the Financial Reconstruction Law as of March 31, 2008 increased by JPY 65.2 billion year over year to JPY 803.9 billion; however, problem asset ratio as of March 31, 2008 was 1.24%, maintaining as low level as fiscal 2006 results.

Q7. On a SMFG consolidated basis, what is the ratio of Net deferred tax assets to Tier I capital under the Basel Accord?

A7. The balance sheet amount of Net deferred tax assets as of March 31, 2008, on SMFG consolidated basis, was JPY 933.5 billion, an increase by JPY 97.2 billion from March

31, 2007, due to the decrease of evaluation gains of Other securities, triggered by the decline in market stock prices, and consequently, the ratio of Net deferred tax assets to Tier I capital as of March 31, 2008 became 21.3%. We expect that the ratio will be reduced in accordance with accumulating profits in the future.

3. SMBC's Business Strategy

Q8. Please give the results of the financial consulting for individuals.

A8. The balance of investment trusts as of March 31, 2008 held by individuals under SMBC account decreased by approximately JPY 400 billion from March 31, 2007 to approximately JPY 3 trillion, mainly due to the decline in stock market prices. Sales of pension-type insurance in fiscal 2007 were approximately JPY 390 billion, a decrease of approximately JPY 70 billion year over year, but the cumulative total amount of sales since its launch in October 2002 has reached approximately JPY 2.6 trillion.

The origination of mortgage loans (residential purpose) in fiscal 2007 decreased by approximately JPY 300 billion year over year to approximately JPY 1,500 billion, mainly due to a declining demand for refinancing existing loans, negatively affected by the rise in interest rates, and a decreasing sales of condominiums. Meanwhile, as of March 31, 2008, the balance of mortgage loans (residential purpose) increased by approximately JPY 100 billion from March 31, 2007, to approximately JPY 10.03 trillion. The volume of mortgage loans securitized in fiscal 2007 amounted to approximately JPY 300 billion.

Q9. Please explain the results of origination of Business Select Loan in fiscal 2007 and the expectation going forward.

A9. In fiscal 2007, the originated amount of Business Select Loan, an unsecured loan product to SMEs, decreased by approximately JPY 300 billion to JPY 900 billion year over year. SMBC has focused on improving the quality of its SME loan portfolio with revisions of credit scoring model, credit application guideline and pricing table, considering severe business environment surrounding domestic SMEs sector. Going forward, SMBC will keep providing additional products and services for its customers of Business Select Loan.

4. Earnings Forecasts

Q10. Please give us SMFG's and SMBC's earnings forecasts for fiscal 2008.

A10. SMFG's consolidated Ordinary profit and Net income forecasts for fiscal 2008 are JPY 850.0 billion and JPY 480.0 billion, respectively. SMBC's non-consolidated Banking profit* and Net income forecasts are JPY 830.0 billion and JPY 390.0 billion, respectively.

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

Q11. Please explain economic assumptions of Earnings forecasts for fiscal 2008, such as interest rate, exchange rate and share price.

A11. For Earnings forecasts for fiscal 2008, we assume that Yen interest rate, U.S. dollar interest rate, and Nikkei Stock Average remain the same level as the end of March 2008. Meanwhile, Japanese yen to U.S. dollar exchange rate assumed to be JPY 105 to US$ 1, by considering recent market condition.

Q12. Please explain SMBC's non-consolidated Banking profit* forecast for fiscal 2008 with regard to changes from the results in fiscal 2007.

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

A12. SMBC's non-consolidated Banking profit is forecasted to increase by approximately JPY 10.0 billion year over year to JPY 830.0 billion. This is because Gross banking profit is forecasted to increase year over year by approximately JPY 55 billion to JPY 1,540.0 billion mainly due to (a) an increase in Non-interest income in the targeted growth areas such as financial consulting for individuals, solution providing and investment banking for corporations, (b) an increase in profit of the International Banking Unit led through the growth of overseas assets with high profitability, and (c) a recovery in profit of the Treasury Unit which experienced losses regarding subprime loan related exposure in fiscal 2007. We forecast a decrease in domestic loan related profit due to a further decline in loan spread. Meanwhile, Expenses are planned to increase by JPY 45.0 billion year over year to JPY 710.0 billion as we will increase (a) expenses for reinforcement of human resources and system investment to strengthen businesses in the targeted growth areas, and (b) investment in the expansion of the branch network.

Q13. Please explain SMBC's non-consolidated Total credit cost forecast for fiscal 2008.

A13. We expect SMBC's non-consolidated Total credit cost in fiscal 2008 to be approximately JPY 180 billion, an increase of approximately JPY 30 billion year over year, based on the past results of provisions and future prospects.

5. SMFG’s exposure to securitized products

Q14. Please explain about the balance and the unrealized gains/losses of securitized products as of March-end 2008. Also, please explain about other type of related exposure such as loans, other than investments.

A14. SMFG’s exposure to securitized products is described in page 22 of the “Supplementary Information” for Financial Results for Fiscal Year 2007, with the title of “SMFG's exposure of securitized products.” As shown, on the SMFG consolidated basis, the balance of securitized products after loss provisions and write-offs as of March-end 2008 was approximately JPY 270 billion. Most of them were AAA graded securitized products guaranteed by U.S. government sponsored enterprises. The unrealized losses on this exposure were approximately JPY 5 billion as of March-end 2008.

Meanwhile, regarding loans collateralized with securitized products such as warehousing loans in the U.S. (of approximately JPY 35 billion as of March 31, 2008), SMFG made loss provisions of approximately JPY 30 billion for such loans, including those collateralized with subprime loan related assets.

SMFG has no securities issued by Structured Investment Vehicles. SMFG also does not have any ABCPs.

Q15. What was the total amount of losses on subprime loan related exposure in fiscal 2007? What will be its impact on the business results in fiscal 2008?

A15. SMFG recorded approximately JPY 93 billion of losses on subprime loan related exposure in fiscal 2007, which consist of approximately JPY 4 billion of loss on sale, and approximately JPY 89 billion of loss provisions and write-offs. As a result, the remaining balance after loss provisions and write-offs was merely JPY 5.5 billion, and therefore, we believe that potential negative impact on fiscal 2008 results will be limited, if any.

Q16. Please explain about transactions with monoline insurance companies.

A16. Regarding credit derivatives transactions with monoline insurance companies, since creditworthiness of a part of monoline insurance companies substantially deteriorated, we realized loss of approximately JPY 30 billion in FY2007. As a result, our net exposure after net of reserve as of March 31, 2008 was approximately JPY 30 billion. All of the remaining exposure is with monoline insurance companies which are currently rated AA grade or higher by Standard and Poor's and Moody's.

Also, the exposure in loans and investments guaranteed by monoline insurance companies as of March 31, 2008 was approximately JPY 40 billion, and all of the reference assets guaranteed are investment grade equivalent.

6. Alliance Strategy, etc.

Q17. Please explain in detail about the strategic alliance with Central Finance and OMC Card in the credit card business.

A17. For details, please refer to the press release posted on our web-site at

http://www.smfg.co.jp/news_e/e200075_01.html

Reference: Page 20 of the "Financial Results for fiscal 2007 Supplementary Information"

24. Earnings Forecast for FY2008

Sumitomo Mitsui Financial Group, Inc.

<Non-consolidated> (Billions of yen)

	FY2008 Forecast		FY2007
	1H FY2008		Result
Operating income	49.0	150.0	111.6
Operating profit	46.0	145.0	105.4
Ordinary profit	36.0	130.0	89.1
Net income	35.0	125.0	83.0

Dividend per share forecast (Yen)

	FY2008 Forecast		FY2007
	Interim	Annual	Annual Result
Common stock (*)	7,000	14,000	12,000
Type 4 preferred stock	67,500	135,000	135,000
Type 6 preferred stock	44,250	88,500	88,500

(*) As announced on May 16, 2008, a 100 for 1 split of common stock will be implemented on the previous day of the enforcement of the "Law Partially Amending the Law Concerning Book-Entry Transfer of Corporate Bonds, Etc. and other Laws for Streamlining the Settlement for Trade in Stocks and Other Securities" (Law No. 88 of 2004).
Assuming that the stock split had been implemented at the beginning of the fiscal year, interim and year-end common stock dividends per share for the fiscal year ending March 31, 2009 would be JPY 70 each, and total annual dividends per share would be JPY 140.

(Reference) (Billions of yen)

Total dividend planned	60.1	120.2	104.9

<Consolidated> (Billions of yen)

	FY2008 Forecast		FY2007
	1H FY2008		Result
Ordinary income	1,850.0	3,900.0	4,623.5
Ordinary profit	380.0	850.0	831.2
Net income	210.0	480.0	461.5

(Reference)
Sumitomo Mitsui Banking Corporation

<Non-consolidated> (Billions of yen)

	FY2008 Forecast		FY2007
	1H FY2008		Result
Gross banking profit	740.0	1,540.0	1,484.8
Expenses	(350.0)	(710.0)	(665.1)
Banking profit (before provision for general reserve for possible loan losses)	390.0	830.0	819.7
Ordinary profit	270.0	610.0	510.7
Net income	180.0	390.0	205.7

Total credit cost (*)	(90.0)	(180.0)	(147.8)

(*) (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)