Sumitomo Mitsui Financial Group, Inc.

Major Questions and Answers on the Revision of Earnings Forecast for the Fiscal Year ended March 31, 2009

The following is a set of frequently asked questions and answers regarding the revision of consolidated earnings forecast for the fiscal year ended March 31, 2009, announced on April 9, 2009.

1. Earnings Forecast for the Fiscal Year ended March 31, 2009

Q1. Please explain the reasons for the large downward revision of SMFG's consolidated net income forecast.

A1. Due to the turmoil in the financial markets, a sharp decline in stock prices and a slowdown in the global economy since last year, we expect an impairment loss on stocks and an increase in credit costs for the fiscal year ended March 31, 2009 (hereafter referred to as "fiscal 2008"). In order to quickly adapt to these changes in the business environment and promote a steady recovery of the earnings starting from the fiscal year ended March 31, 2010 (hereafter referred to as "fiscal 2009"), we have decided to make additional loss provisions for our credit portfolio in preparation for further economic deterioration and to recognize Deferred tax assets more conservatively. As a result, compared with the earnings forecast announced in November 2008 (hereafter referred to as the "previous forecast"), we have reduced the earnings forecast for SMFG's consolidated Ordinary profit by JPY 450 billion to JPY 30 billion. The earnings forecast for SMFG's consolidated Net loss will be JPY 390 billion, or JPY 570 billion worse than the previous forecast.

SMBC expects to secure non-consolidated Banking profit (before provision of allowance for general loan losses) of approximately JPY 810 billion, which is JPY 10 billion higher than the previous forecast, even under the current severe business environment. On the other hand, SMBC's non-consolidated Ordinary profit is expected to be approximately JPY 20 billion, or JPY 300 billion below the previous forecast. Also, SMBC's non-consolidated Net loss will be approximately JPY 310 billion, or JPY 470 billion worse than the previous forecast. These downward revisions are mainly due to:

(1) an increase in credit costs resulting from the rapid global economic downturn and additional provisions made in preparation for future economic deterioration (Total credit cost: expected to be approximately JPY 550 billion),
(2) impairment loss on stocks due mainly to a decline in stock prices (Loss on stocks: approximately JPY 220 billion),
(3) more conservative approach including putting more stress on the estimation of future earnings, that we use to calculate the value of our Deferred tax assets, reflecting the severity of the current economic environment. (Adjustments for income taxes: expense of approximately JPY 300 billion. Consequently, Net deferred tax assets as of March 31, 2009, are expected to decrease by JPY 300 billion year-on-year to JPY 670 billion.)

Furthermore, earnings of certain subsidiaries other than SMBC and of some affiliates worsened. In addition, these entities have also made additional loss provisions for their assets reflecting the recent economic and business environment, disposed of securities, and recognized Deferred tax assets conservatively. As a result, the impact of our subsidiaries other than SMBC and our affiliates on SMFG's consolidated Net income is expected to be minus JPY 80 billion, or JPY 100 billion below the previous forecast.

Q2. Please explain expected earnings from fiscal 2009.

A2. We have decided to make additional loss provisions for our credit portfolio in preparation for severe economic and business environment and to recognize Deferred tax assets more conservatively in fiscal 2008. We will promote a steady recovery of the earnings starting from fiscal 2009.

Q3. Please explain the expected impairment loss on stocks when the stock prices further decline in the future.

A3. As we expect to record impairment loss on stocks of approximately JPY 220 billion for fiscal 2008, the risk of further impairment on stocks in the future is expected to be diminished. For example, should the Nikkei Stock Average decline to around 6,500, which is 500 points below the lowest level it has recorded in the past 15 months

(7,054), the expected impairment loss on listed stocks would be limited to about JPY 35 billion, though it depends on stock price behavior of the specific stocks held by SMBC.

2. Balance Sheet

Q4. Please explain the estimate for SMFG's consolidated BIS capital ratio as of March 31, 2009.

A4. We have established a more sophisticated risk-assets management system. We have been using the Advanced Measurement Approach since March 31, 2008, which is the most sophisticated measurement technique under the Basel II framework for the measurement of operational risk, and have decided to adopt the Advanced Internal Ratings-Based Approach for the measurement of credit risk from March 31, 2009. As a result, SMFG's consolidated capital ratio and Tier I ratio, as of March 31, 2009, is expected to rise to approximately 11% and almost 8% respectively, due mainly to a decrease in risk-weighted assets resulting from the adoption of the Advanced Internal Ratings-Based Approach.

3. Others

Q5. Please explain the filing of the shelf registration statement for future equity issuances announced simultaneously with the revision of the earnings forecast.

A5. Amid the circumstances where various initiatives and efforts to structure a new regulatory framework are being implemented globally to stabilize the financial system, we consider it necessary to enhance our capital base both in terms of quantity and quality in order to maintain our competitiveness notwithstanding any future changes that might occur in the global financial sector and to realize sustainable growth. We, therefore, have filed a shelf registration statement for common stock which will permit us to flexibly issue new shares.

We believe that issuing new shares will enable us to more quickly achieve "a solid financial base as a global player," one of the goals of our medium-term management plan; secure a more solid capital base to better withstand further financial and economic stresses; more sufficient supply funds to clients, which is one of our core missions as a financial institution; and capture various business opportunities.

For your reference, the planned amount of issuance announced in the shelf registration statement (JPY 800 billion) is merely the limit of the amount of new shares that we can issue. At this moment, no decision has been made on other matters, including whether we will actually issue shares or not, except as written in the shelf registration statement.

In addition, although we expect SMFG to record a consolidated Net loss for fiscal 2008 as a result of the additional loss provisions and conservative calculation of Deferred tax assets, etc., we expect that SMFG’s consolidated Tier I ratio as of March 31, 2009 will increase to almost 8%, as discussed above. Therefore, our shelf registration statement is not intended to offset a decline in our capital ratio associated with the expected Net loss.