Sumitomo Mitsui Financial Group, Inc.

Revision of Earnings Forecasts

TOKYO, October 29, 2008 --- Sumitomo Mitsui Financial Group, Inc. (“SMFG”) announces a revision of its earnings forecast which was announced in May 2008.

SMFG has revised its consolidated earnings forecast for the fiscal year 2008, which was announced in May 2008, as shown below.

(Billions of yen, except percentages)

	Six months ended September 30, 2008			Fiscal year ending March 31, 2009		
	Ordinary income	Ordinary profit	Net income	Ordinary income	Ordinary profit	Net income
Previous forecast (*)	¥ 1,850	¥ 380	¥ 210	¥ 3,900	¥ 850	¥ 480
Revised forecast	1,850	190	85	3,700	480	180
Change	–	(190)	(125)	(200)	(370)	(300)
Percentage change	–	(50.0)%	(59.5)%	(5.1)%	(43.5)%	(62.5)%

(*) Announced in May 2008

[Appendix 1] Revision of Earnings Forecast

1. SMFG Consolidated Earnings Forecast

(Billions of yen)

	Six months ended Sept. 30, 2008	Change from the previous forecast	Fiscal year ending Mar. 31, 2009	Change from the previous forecast
Ordinary profit	¥ 190	¥ (190)	¥ 480	¥ (370)
Net income	85	(125)	180	(300)

<Six months ended September 30, 2008>

As described in Section 2 in next page, Sumitomo Mitsui Banking Corporation (“SMBC”), a major consolidated subsidiary, expects credit cost to increase by ¥130 billion from the previous forecast. As a result, SMFG expects ordinary profit for the six months ended September 30, 2008 to be approximately ¥190 billion, ¥190 billion below the previous forecast. Net income is expected to be approximately ¥85 billion, ¥125 billion below the previous forecast.

<Fiscal year ending March 31, 2009>

As described in Section 2 in next page, SMBC expects increased credit cost and recording of an impairment loss on stocks. As a result, SMFG expects ordinary profit for the full year to be approximately ¥480 billion, ¥370 billion below the previous forecast. Net income will decrease by ¥300 billion to ¥180 billion.

(*) Forecasts on non-consolidated earnings remain unchanged.

2. SMBC Non-consolidated Earnings Forecast

(Billions of yen)

	Six months ended Sept. 30, 2008	Change from the previous forecast	Fiscal year ending Mar. 31, 2009	Change from the previous forecast
Banking profit (before provision of allowance for general loan losses)	¥ 375	¥ (15)	¥ 800	¥ (30)
Ordinary profit	120	(150)	320	(290)
Net income	80	(100)	160	(230)
Total credit cost	(220)	(130)	(370)	(190)

< Six months ended September 30, 2008>

Banking profit (before provision of allowance for general loan losses):

SMBC expects banking profit to be approximately ¥375 billion, ¥15 billion below the previous forecast. This decrease is mainly attributable to a decrease in sale of financial products such as investment trusts reflecting volatile stock markets, which was partially offset by an increase in interest income of the International Banking Unit from an increase in loan balances and an improvement of loan spread.

Total credit cost:

SMBC expects total credit cost to be approximately ¥220 billion, ¥130 billion above the previous forecast, due mainly to a deterioration of credit portfolio from a downturn of debtors' business performance and a provision for claims on certain overseas financial institutions against a backdrop of financial market turmoil and global economic slowdown.

Ordinary profit and Net income:

As a result of the factors mentioned above, SMBC expects ordinary profit to be approximately ¥120 billion, ¥150 billion below the previous forecast. Net income is expected to be approximately ¥80 billion, ¥100 billion below the previous forecast.

< Fiscal year ending March 31, 2009>

Banking profit (before provision of allowance for general loan losses):

SMBC expects demand for bank loans to continue to be weak in the second half, reflecting a domestic and overseas economic slowdown. In addition, it will take time for customers' investment needs to recover. Therefore, banking profit (before provision of allowance for general loan losses) is expected to be approximately ¥800 billion, ¥30 billion below the previous forecast.

Total credit cost:

SMBC expects to record further increases in credit cost amid a domestic and overseas economic slowdown in the second half of fiscal 2008. On the other hand, the deterioration of credit exposure is expected to be suppressed in the second half, due mainly to implementation of measures to prevent deterioration of borrowers' business situations. As a result, total credit cost for the full year is expected to be ¥370 billion, ¥190 billion above the previous forecast.

Ordinary profit and Net income:

Ordinary profit is expected to be ¥320 billion, ¥290 billion below the previous forecast and net income is expected to be ¥160 billion, ¥230 billion decrease from the previous forecast, due mainly to an increase in credit cost as well as impairment loss on stocks.

3. Forecast on problem assets based on the Financial Reconstruction Law (SMBC, Non-consolidated basis)

(Billions of yen, except percentages)

	September 30, 2008 (Forecast)	March 31, 2008 (Result)	Change
Problem assets based on the Financial Reconstruction Law	¥ 1,080.0	¥ 803.9	¥ 276.1
Problem asset ratio	1.6 %	1.2 %	+ 0.4%

As of September 30, 2008, problem assets are expected to be approximately ¥1,080 billion, and problem asset ratio will remain at a low-level of 1.6%.

4. Forecast on net unrealized gains on other securities (SMBC, Non-consolidated basis)

(Billions of yen)

	September 30, 2008 (Forecast)	March 31, 2008 (Result)	Change
Net unrealized gains (losses) on other securities	¥ 480.0	¥ 755.7	¥ (275.7)
Stocks	780.0	936.3	(156.3)
Bonds	(200.0)	(129.5)	(70.5)
Others	(100.0)	(51.1)	(48.9)

(Note) The amounts shown above are subject to change based on “Practical Solution on Measurement of Fair Value of Financial Assets” (ASBJ Practical Issues Task Force No. 25), issued by Accounting Standard Board of Japan on October 28, 2008.

[Appendix 2] Exposure of Securitized Products (Preliminary)

- Managerial accounting basis
- Reserves do not include general reserve for possible loan losses for normal borrowers.

1. Securitized Products

(1) As of September 30, 2008, the Group held 1.3 billion yen in sub-prime related securitized products after write-offs and provisions. Most parts of the Group's exposure of securitized products other than sub-prime related products are those to Government Sponsored Enterprises ("GSE") etc. (Approx. 250 billion yen).

(2) The amount of loss on securitized products for the first half of FY2008 was 4.6 billion yen (3.9 billion yen of provisions and write-offs and 0.7 billion yen of losses on sale) for sub-prime related products and 10.9 billion (4.0 billion yen of provisions and write-offs and 6.9 billion yen of losses on sales) for products other than sub-prime, respectively.

(*) The amounts shown above are subject to change based on “Practical Solution on Measurement of Fair Value of Financial Assets” (ASBJ Practical Issues Task Force No. 25), issued by Accounting Standard Board of Japan on October 28, 2008.

(1) Sub-prime related products

<Consolidated> (Billions of yen)

	September 30, 2008						March 31, 2008			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 2008	Overseas	Change from Mar. 2008	Net unrealized gains/losses (after write-offs)	Change from Mar. 2008	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
Investments to securitized products	1.3	(3.6)	1.3	(3.6)	-	-	4.9	4.9	-	Speculative ratings
Warehousing Loans etc.	-	(0.6)	-	(0.6)	-	-	0.6	0.6	-	
Total	1.3	(4.2)	1.3	(4.2)	-	-	5.5	5.5	-	

(*)1. Warehousing loans are loans made based on collateral consisting of securitized investment products held by a special-purpose company established for the purope of securitization.

2. Ratings shown are the lower of those issued by Standard & Poor's and Moody's Investors Service. Ratings are shown in the ranking employed by Standard & Poor's.

(2) Products other than sub-prime related

<Consolidated> (Billions of yen)

	September 30, 2008						March 31, 2008			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 2008	Overseas	Change from Mar. 2008	Net unrealized gains/losses (after write-offs)	Change from Mar. 2008	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
RMBS	178.2	(41.6)	178.2	(41.6)	(4.4)	(2.8)	219.8	219.8	(1.6)	
Guaranteed by GSE etc.	178.2	(41.6)	178.2	(41.6)	(4.4)	(2.8)	219.8	219.8	(1.6)	AAA
Cards	9.6	(2.9)	9.6	(2.9)	(0.4)	0.2	12.5	12.5	(0.6)	A～BBB
CLO	6.7	(17.2)	6.7	(17.2)	(0.5)	2.5	23.9	23.9	(3.0)	
Senior	5.8	(16.2)	5.8	(16.2)	(0.5)	1.9	22.0	22.0	(2.4)	AAA
Equity	0.9	(1.0)	0.9	(1.0)	-	0.6	1.9	1.9	(0.6)	No ratings
CMBS	20.7	14.7	-	-	0.1	0.1	6.0	-	0.0	AAA～BBB
ABCP	31.1	31.1	31.1	31.1	-	-	-	-	-	A1 (short-term rating)
Investments to securitized products	246.3	(15.9)	225.6	(30.6)	(5.2)	0.0	262.2	256.2	(5.2)	
Warehousing Loans etc.	3.4	(2.5)	3.4	(2.5)	-	-	5.9	5.9	-	
Total	249.7	(18.4)	229.0	(33.1)	(5.2)	0.0	268.1	262.1	(5.2)	

(*)1. GSE etc. includes GNMA, FNMA and FHLMC.
Besides RMBS, SMFG held bonds issued by GSEs (FNMA, FHLMC and Federal Home Loan Banks) of 11.4 billion yen.

2. "Senior" means the upper tranche under senior-subordinate structure.

3. Credit ratings are in principle indicated by the lower of S&P ratings and Moody's Investors Services ("Moody's") ratings.
Notation of credit ratings is followed by the notation system of S&P.

4. SMBC's exposure to subordinated beneficiaries owned through the securitization of SMBC's loan receivables (see next page for details) isn't included.

（Reference）

Subordinated beneficiaries in securitization of SMBC's loans

Most of the securitized assets are domestic residential mortgage loans with low default rates.

SMBC properly conducts self-assessment and has made the necessary write-offs and provisions for the subordinated beneficiaries.

(Billions of yen)

	September 30, 2008					March 31, 2008			
	Balances	Change from Mar.2008	Overseas	Subprime-related	Allowance for loan losses	Balances	Overseas	Subprime-related	Allowance for loan losses
Receivables of residential mortgage loans	247.5	2.0	-	-	-	245.5	-	-	-
Receivables of loans to corporations	6.3	(1.6)	-	-	1.8	7.9	-	-	1.5
Total	253.8	0.4	-	-	1.8	253.4	-	-	1.5

(*) No subsidiary other than SMBC has those subordinated beneficiaries mentioned above.

2. Transactions with Monoline Insurance Companies

Monoline insurance companies guarantee payment on underlying or reference assets. Our recognition of profit or loss on the transactions with monoline insurance companies is basically affected by the credit conditions and prices of underlying or reference assets, and is also affected by the credit conditions of monoline insurance companies.

(1) Credit derivatives (Credit Default Swap ["CDS"]) transactions with monoline insurance companies

In CDS* brokerage transactions, positions are covered through transactions with monoline insurance companies. As of September 30, 2008, the Group's exposure** to monoline insurance companies, which are rated investment grade, after loss provision totaled apporx. 36 billion yen.
Reference assets of these CDS transactions are rated investment grade or equivalent, and do not include subprime-related assets.
SMFG recorded loss on such transactions of 1.7 billion yen in the 1st half of FY2008.

* Derivatives to hedge credit risks
** Mark-to-market value claimable to monoline insurance companies for net loss of reference assets on the settlement

<Consolidated> (Billions of yen)

	September 30, 2008			March 31, 2008		September 30, 2008		March 31, 2008
	Net exposure	Change from Mar. 2008	Allowance for loan losses	Net exposure	Allowance for loan losses	Amount of reference assets	Change from Mar. 2008	Amount of reference assets
Exposure to CDS transactions with monoline insurance companies	35.8	4.7	3.9	31.1	1.9	578.3	19.2	559.1

(*)1. Excluding figures related to the portion to which SMFG already realized losses in the previous fiscal ye
2. The credit ratings of counterparty monoline insurance companies (excluding those to which losses have been realized) a
investment grade, most of which are rated equal to or above AA by S&P or Moody

(2) Loans and investments guaranteed by monoline insurance companies etc.

Underlying assets are those of project finance and local government bonds rated investment grade or equivalent, and include no subprime-related assets. We conduct self-assessment to these loans and investments properly.

<Consolidated> (Billions of yen)

	September 30, 2008			March 31, 2008	
	Exposure	Change from Mar. 2008	Allowance for loan losses	Exposure	Allowance for loan losses
Loans and investments guaranteed or insured by monoline insurance companies	16.7	(25.0)	-	41.7	-

(Reference) In addition, we had approx. 12 billion yen in commitment contracts (drawn down amount: 1.2 billion yen) to insurance companies with monoline insurance companies as group members.
There are no indications so far that the creditworthiness of these insurance companies are at issue.

3. Leveraged loans

(1) As of September 30, 2008, the Group's balance of financing for mergers and acquisitions of whole or part of companies was approx. 810 billion yen and undrawn commitments for them was approx. 150 billion yen.

(2) In providing loans and commitment lines for mergers and acquisitions, we carefully scrutinize stability of cash flow of the borrowers, and, diversify the exposure especially for oveaseas portfolio in order to reduce concentration risk. At the same time, in credit risk management, we monitor each of such transactions individually, making loss provisions properly, thereby maintaining the quality of both domestic and overseas portfolios.

<Consolidated> (Billions of yen)

	September 30, 2008					March 31, 2008		
	Loans	Change from Mar.2008	Undrawn commitments	Change from Mar.2008	Allowance for loan losses	Loans	Undrawn commitments	Allowance for loan losses
Europe	334.0	8.6	49.2	38.2	-	325.4	11.0	-
Japan	197.3	(35.0)	7.6	(10.3)	15.2	232.3	17.9	13.7
United States	189.4	(6.0)	85.5	4.3	1.7	195.4	81.2	1.3
Asia (excluding Japan)	91.2	1.6	5.6	(2.4)	0.6	89.6	8.0	0.5
Total	811.9	(30.8)	147.9	29.8	17.5	842.7	118.1	15.5

(*)1. Above figures include the amount to be sold of approx. 13 billion yen. Loss on sales is expected to be approx. 10% to its face value, currently. In the first half of FY2008, we sold leveraged loans of approx. 73 billion yen, and loss on the sale amounted to approx. 8 billion yen.

2. Above figures do not include leveraged loans which are included in underlying assets of "1. securitized products" shown on page 5.

4. Asset Backed Commercial Paper (ABCP) Programs as Sponsor

(1) The Group sponsors issuance of ABCP, whose reference assets are such as clients' receivables, in order to fulfill clients' financing needs.
Specifically, as a sponsor, we provide services to special purpose vehicles, which are set up for clients' financing needs, for purchase of claims, financing, issuance and sales of ABCPs. We also provide liquidity and credit supports for such special purpose vehicles.

(2) As of September 30, 2008, the total notional amount of reference assets of sponsored ABCP programs was approx. 870 billion yen. Most of the reference assets are high-grade claims of corporate clients and do not include subprime loan related assets.
In addition, regarding the exposure of liquidity and credit supports, we properly conducts self-assessment, making provisions and write-offs properly.

The Group held approx. 30 billion yen of ABCP issued under the program, and they are reported in "ABCP" on page 5.

(Billions of yen)

Types of reference assets	September 30, 2008					March 31, 2008			Support for programs	
	Notional amount of reference assets	Change from Mar.2008	Overseas	Change from Mar.2008	Allowance	Notional amount of reference assets	Overseas	Allowance	Liquidity support	Credit support
Claims on corporations	729.0	(99.6)	311.9	119.6	0.0	828.6	192.3	0.1	yes	yes
	57.0	(8.4)	-	-	-	65.4	-	-	no	no
Claims on financial institutions	51.8	11.7	51.8	11.7	-	40.1	40.1	-	yes	yes
Retail loan claims	34.3	9.2	34.3	9.2	-	25.1	25.1	-	yes	yes
Other claims	1.8	(0.3)	1.8	(0.3)	-	2.1	2.1	-	yes	yes
Total	873.9	(87.4)	399.8	140.2	0.0	961.3	259.6	0.1		

(Note) The maximum amount of credit supports provided for overseas ABCP program is limited to 10% of the balance of reference assets.
On the other hand, the maximum amount of credit supports provided for domestic ABCP programs are limited to the balance of 100% of reference assets.

(Reference) In addition, we provide liquidity and credit supports for ABCP programs which are sponsored by other banks.
Total notional amount of reference assets of such programs are approx. 110 billion yen.

5. Others

We have no securities issued by Structured Investment Vehicles.