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## Consolidated Financial Results for the Fiscal Year ended March 31, 2006

File No. 82-4395

Exhibit A1(a)  
(English Translation)OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan

Stock Exchange Listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange (code: 8316)

URL: http://www.smfg.co.jp

President: Teisuke Kitayama

Date of Approval of the Consolidated Financial Statements by the Board of Directors: May 23, 2006

(Note) Amounts less than one million yen have been omitted.

## 1. Financial Results (for the fiscal year ended March 31, 2006)

## (1) Operating Results

(Millions of yen, except per share data and percentages)

	Ordinary Income		Ordinary Profit (Loss)		Net Income (Loss)	
Fiscal year ended March 31, 2006	¥ 3,705,136	3.5 %	¥ 963,554	- %	¥ 686,841	- %
ended March 31, 2005	3,580,796	0.8	(30,293)	-	(234,201)	-

	Net Income (Loss) per Share	Net Income (Loss) per Share (Diluted)	Return on Common Stockholders' Equity	Ordinary Profit (Loss) on Total Assets	Ordinary Profit (Loss) on Ordinary Income
Fiscal year ended March 31, 2006	¥ 94,733.62	¥ 75,642.94	33.2 %	0.9 %	26.0 %
ended March 31, 2005	(44,388.07)	-	(23.0)	(0.0)	(0.8)

Notes: 1. Equity in earnings of affiliates

(a) for the fiscal year ended March 31, 2006: 31,887 million yen (b) for the fiscal year ended March 31, 2005: 27,142 million yen

2. Average number of common stocks outstanding (consolidated)

(a) for the fiscal year ended March 31, 2006: 6,978,978 shares (b) for the fiscal year ended March 31, 2005: 5,879,572 shares

3. There is no change in accounting methods.

4. Percentages shown in Ordinary Income, Ordinary Profit (Loss) and Net Income (Loss) are the increase (decrease) from the previous fiscal year.

## (2) Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share	Capital Ratio
March 31, 2006	¥ 107,010,575	¥ 4,454,399	4.2 %	¥ 400,168.90	(Preliminary) 12.39 %
March 31, 2005	99,731,858	2,775,728	2.8	164,821.09	9.94

Note: Number of common stocks outstanding (consolidated)

(a) as of March 31, 2006: 7,417,865 shares (b) as of March 31, 2005: 5,869,288 shares

## (3) Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at year-end
Fiscal Year ended March 31, 2006	¥ 2,208,354	¥ (662,482)	¥ 679,464	¥ 5,159,822
ended March 31, 2005	(3,280,122)	2,623,525	54,199	2,930,645

## (4) Scope of Consolidation and Application of the Equity Method

(a) Number of consolidated subsidiaries : 162

(b) Number of unconsolidated subsidiaries accounted for by the equity method: 3

(c) Number of affiliated companies accounted for by the equity method : 60

## (5) Changes in Scope of Consolidation and Application of the Equity Method (change from the previous fiscal year)

Consolidation: Newly consolidated 20, Excluded 25 Equity method: Newly applied 15, Excluded 5

## 2. Earnings Forecast (for the fiscal year ending March 31, 2007)

(Millions of yen)

	Ordinary Income	Ordinary Profit	Net Income
For the six months ending September 30, 2006	¥ 1,750,000	¥ 440,000	¥ 260,000
For the fiscal year ending March 31, 2007	3,700,000	1,010,000	570,000

(Reference) Forecasted net income per share for the fiscal year ending March 31, 2007 is 72,745.13 yen.

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.

Average number of shares outstanding during the fiscal year (consolidated)

	For the Fiscal Year ended March 31, 2006	For the Fiscal Year ended March 31, 2005
Common stock	6,978,978	5,879,572
Preferred stock (type 1)	35,000	48,333
Preferred stock (type 2)	100,000	100,000
Preferred stock (type 3)	695,000	738,750
Preferred stock (1st to 12th series type 4)	50,100	50,100
Preferred stock (13th series type 4)	4,748	112,352
Preferred stock (1st series type 6)	70,001	575

Number of shares outstanding at fiscal year-end (consolidated)

	As of March 31, 2006	As of March 31, 2005
Common stock	7,417,865	5,869,288
Preferred stock (type 1)	35,000	35,000
Preferred stock (type 2)	100,000	100,000
Preferred stock (type 3)	695,000	695,000
Preferred stock (1st to 12th series type 4)	50,100	50,100
Preferred stock (13th series type 4)	-	107,087
Preferred stock (1st series type 6)	70,001	70,001

Calculation for Indices

- Return on Common Stockholders' Equity:

$$\frac{\text{Net income} - \text{Preferred stock dividends}}{\{( \text{Stockholders' equity at beginning of year} - \text{Number of preferred stocks outstanding at beginning of year} \times \text{Issue price} ) + ( \text{Stockholders' equity at year-end} - \text{Number of preferred stocks outstanding at year-end} \times \text{Issue price} )\} / 2} \times 100$$

- Forecasted Net Income Per Share:

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred stock dividends}}{\text{Forecasted average number of common stocks issued during the year (excluding treasury stock) (*)}$$

(\*) Number of common stock is expected to increase by 249,015 due to the share exchange scheduled in September 2006. Therefore, the forecasted net income per share is calculated assuming that forecasted average number of common stocks issued is 7,500,302.

# I. Overview of SMFG Group

SMFG Group conducts primary banking business through the following financial services: leasing, securities, credit card business, investment banking, loans and venture capital.

SMFG has 162 consolidated subsidiaries and 63 companies accounted for by the equity method.

<b>Sumitomo Mitsui Financial Group, Inc.</b>	<b>Banking business</b>	<p>Principal subsidiaries</p> <p>Domestic</p> <ul style="list-style-type: none"> <li>* Sumitomo Mitsui Banking Corporation</li> <li>* THE MINATO BANK, LTD. (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange)</li> <li>* Kansai Urban Banking Corporation (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange)</li> <li>* The Japan Net Bank, Limited (Internet banking)</li> <li>* SMBC Guarantee Co., Ltd. (Credit guarantee)</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>* Sumitomo Mitsui Banking Corporation Europe Limited</li> <li>* Manufacturers Bank</li> <li>* Sumitomo Mitsui Banking Corporation of Canada</li> <li>* Banco Sumitomo Mitsui Brasileiro S.A.</li> <li>* PT Bank Sumitomo Mitsui Indonesia</li> </ul>
	<b>Leasing business</b>	<p>Principal subsidiaries</p> <p>Domestic</p> <ul style="list-style-type: none"> <li>* SMBC Leasing Company, Limited</li> <li>* SMBC Auto Leasing Company, Limited</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>* SMBC Leasing and Finance, Inc.</li> </ul>
	<b>Other business</b>	<p>Principal subsidiaries and affiliated companies</p> <p>Domestic</p> <ul style="list-style-type: none"> <li>* Sumitomo Mitsui Card Company, Limited (Credit card services)</li> <li>* SAKURA CARD CO., Ltd. (Credit card services)</li> <li>* SMBC Consulting Co., Ltd. (Management consulting and information services)</li> <li>* SMBC Finance Service Co., Ltd. (Loans, factoring and collecting agent)</li> <li>* Financial Link Company, Limited (Data processing service and consulting)</li> <li>* SMBC Friend Securities Co., Ltd. (Securities) (Listed on the First Section of Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange)</li> <li>* The Japan Research Institute, Limited (System development, data processing, management consulting and economic research)</li> <li>* Sakura KCS Corporation (System engineering and data processing) (Listed on the Second Section of Osaka Securities Exchange)</li> <li>* Sakura Information Systems Co., Ltd. (System engineering and data processing)</li> <li>* SMFG Corporate Recovery Servicer Co., Ltd. (Consulting on corporate recovery and servicer)</li> <li>** Promise Co., Ltd. (consumer finance) (Listed on the First Section of Tokyo Stock Exchange)</li> <li>** At-Loan Co., Ltd. (Consumer loans)</li> <li>** QUOQ Inc. (Shopping credit and credit card business)</li> <li>** Daiwa Securities SMBC Co. Ltd. (Securities and derivatives)</li> <li>** NIF SMBC Ventures Co., Ltd. (Venture capital) (Listed on the JASDAQ Securities Exchange)</li> <li>** Daiwa SB Investments Ltd. (Investment advisory and investment trust management)</li> <li>** Sumitomo Mitsui Asset Management Company, Limited (Investment advisory and investment trust management)</li> <li>** Japan Pension Navigator Co., Ltd. (Operational management of defined contribution pension plans)</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>* SMBC Capital Markets, Inc. (Derivatives and investments)</li> <li>* SMBC Capital Markets Limited (Derivatives)</li> <li>* SMBC Securities, Inc. (Securities)</li> <li>* Sumitomo Mitsui Finance Australia Limited (Investments)</li> </ul>

(Note) (\*) means a consolidated subsidiary and (\*\*) means an affiliated company accounted for by the equity method.

## II. Principles and Management

### **1. Management Policy**

SMFG's groupwide management philosophy is as follows:

- To provide optimum added value to our customers and together with them achieve growth
- To create sustainable shareholder value through business growth
- To provide a challenging and professionally rewarding work environment for our dedicated employees

In line with this philosophy, SMFG and the group companies will put their collective energy into becoming "a globally competitive top bank with the highest trust of our customers, our shareholders, market and society".

### **2. Dividend Policy**

SMFG subscribes to a fundamental policy of distributing appropriate dividends while enhancing its Group's capital to maintain sound financial position.

Though the Corporation Law became effective on May 1, 2006, SMFG is not expected to propose an amendment of the Articles of Incorporation so that the Board of Directors can determine whether to make distributions of surplus pursuant to Article 459 of the Company Law at the ordinary general meeting of shareholders to be held on June 29, 2006.

### **3. Policy concerning Lowering of Minimum Stock Investment Amount**

After taking into account various factors such as stock price, number of shareholders, liquidity of shares and cost-effectiveness, we do not believe there is a need to lower the minimum amount for purchasing SMFG's common stock at this time.

### **4. Management Index to be Achieved**

SMFG has established a medium-term plan spanning the four years from fiscal 2005 and has set the following four management indices as the target to be achieved in fiscal 2008, the final year of the plan.

- Consolidated ROE                      More than 15%
- Consolidated net income              More than 650 billion yen
- Consolidated capital ratio\*          Approximately 11%
- Consolidated Tier I ratio\*            Approximately 7%

\*At March 31, 2009

With regard to public funds, we aim to fully repay them by the end of fiscal 2006, subject to the approval of the regulatory authorities, taking into consideration such factors as our financial condition, stock market and macro-economy.

### **5. Mid- to Long-term Management Strategy**

To realize high profitability and growth, and thereby raising corporate value sustainably, it is essential for us to earn "the highest trust of our customers, our shareholders, market and society". In other words, we must

- (i) respond accurately to the ever-changing needs of customers and provide superior products and services;
- (ii) steadily grow profits and establish solid financial base by being highly business-minded; and
- (iii) fulfill our social responsibility by contributing widely to the Japanese economy and society through our business activities.

Grounded on these recognitions, we have set the five core strategies in the medium-term plan spanning the four years from fiscal 2005 as follows and will implement initiatives to achieve our goals.

- First, to grow top-line profit and achieve sufficient growth by challenging new types of risks, new regions and new business areas.
- Second, to strengthen strategic business areas by aggressively allocating resources, while continuing to improve efficiency of existing businesses further.
- Third, to improve capital efficiency and thereby maximizing profitability and growth, by improving risk-return profile of each business and by reallocating capital and risk-weighted assets.
- Fourth, to actively forge alliances lead to raise our corporate value.
- Fifth, to improve corporate governance in order to raise corporate value and fulfill our social responsibility (CSR).

Last December, Sumitomo Mitsui Banking Corporation (“SMBC”), a banking subsidiary, received a recommendation issued by the Fair Trade Commission of Japan for several violations of the Antimonopoly Act, particularly, “abuse of dominant bargaining position of unfair trade practices”, with respect to the manner in which it marketed interest rate swaps to its corporate clients in the past. Also, on April 27, 2006, SMBC was issued administrative orders (Business Suspension Order and Business Improvement Order) in respect to the manner in which it marketed interest rate swaps at its Corporate Business Offices, by the Financial Services Agency of Japan, pursuant to Article 26 (1) of the Banking Law. All of us, the directors, officers and employees deeply regret this situation, and strict measures will be implemented to prevent reoccurrence and regain the trust of all concerned.

In fiscal 2006, we will further provide value-added products and services to our customers and establish a solid platform for supporting business growth, thereby establishing a framework for realizing sustainable growth.

#### **Further provide value-added products and services to our customers**

First, to realize sustainable growth as a “leading financial services group”, we will provide more customer-focused and value-added products and services.

In consumer business, financial consulting will be upgraded further. At the same time we will develop and provide new products responding to the diversifying needs of our customers and changing business environment, such as deregulation, we will provide services incorporating customer opinions even more. Also, we will increase the number of specialized marketing channels such as SMBC Consulting Plazas, which are open also on weekday nights and weekends, and highly qualified consultants with expert knowledge, in order to better respond to customer needs and to improve customer convenience. Furthermore, we will expand services through collaboration with leading companies and group companies. Specifically, while promoting consumer loans provided through the collaboration of SMBC and Promise, and “Mobile Phone Credit Service” provided through the collaboration of Sumitomo Mitsui Card and NTT DoCoMo, we will quickly launch new businesses such as an Internet financial service to be provided through the collaboration of Japan Net Bank and Yahoo Japan, and asset management service to be provided through the collaboration of SMBC and SMBC Friend Securities that were announced this March.

In corporate business, this April, SMBC established a Corporate Advisory Division to which information and know-how of SMBC will be concentrated. The division will be the driver of improvement in our capability to provide solutions to various management issues of customers, such as business expansion and M&A, and thereby contribute to raise customers’ corporate value. Also, we will accurately respond to our customers’ ever-diversifying financing needs by continuously promoting Business Select Loan, a popular unsecured loan product for small-sized enterprises, loan syndication and securitization. In addition, we will further promote group-wide solution providing: SMBC Leasing in services such as product leasing and real-estate leasing; Japan Research Institute in core systems development and IT consulting; and Daiwa Securities SMBC in investment banking. Moreover, at outside Japan, we will respond to customers’ global financial needs by establishing channels in regions with sharp economic growth; further strengthening businesses with competitive edge such as project finance; and further strengthen cooperation between domestic and overseas networks. In treasury market business, while continuously endeavor to improve customer convenience by utilizing Internet business models, we will enhance ALM and diversify investment instruments under appropriate risk management.

#### **Establish solid platform to support business growth**

Second, we will establish a more solid platform for supporting our sustainable growth.

We will improve our internal control systems, such as compliance, risk management and internal audit. In response to the recommendation by the Fair Trade Commission of Japan in December last year, SMBC established a Compliance Unit this April to strengthen compliance with laws, regulations and other rules. And through a newly established Quality Management Department, we will actively incorporate customer opinions and requests in our management policies and business operations even more. Also, SMBC will further strengthen prevention of financial crimes which have been increasing recently. On risk management, we will further reinforce it on a group basis in order to effectively control risk as our business activities diversify further and in response to the Basel II accord which is scheduled to be implemented at the end of fiscal 2006. Moreover, we will further strengthen internal auditing to verify more thoroughly that compliance and risk management are effective. We will also take initiatives to improve human resources management. For example, we will introduce a system to nurture talented staff, taking a longer term view, and establish an organization in which female employees can exercise their abilities even more.

Also, we will grow capital both in terms of quality and in quantity by establishing a sustainable earnings structure. With regard to public funds, we aim to fully repay them by the end of fiscal 2006, in order to increase our flexibility in allocating

resources to strategic business areas and in capital policy including profit distribution to shareholders, subject to the approval of the regulatory authorities, taking into consideration such factors as our financial condition, stock market and macro-economy.

We aim to further improve the overall evaluation of SMFG by “our customers, our shareholders, market and society” by showing steady results in these initiatives this fiscal year.

## **7. Parent company**

SMFG has no parent company.

### III. Operating Results and Financial Position

#### 1. Overview of Consolidated Operating Results and Financial Position as of and for the Fiscal Year Ended March 31, 2006

##### (1) Operating Results

In fiscal 2005 ended March 31, 2006, SMFG took various measures in the strategic business fields and endeavored to strengthen profitability in order to "secure a solid profit level."

Ordinary income increased 3.5% to 3,705.1 billion yen as a result of increases in interest income, fees and commissions and other operating income, although other income including gains on sale of stocks and trading profits decreased. Ordinary expenses decreased 24.1% to 2,741.5 billion yen even though interest expenses including interest on deposits increased. This was a result of huge decreases in other expenses resulting from additional provisioning for possible loan losses executed in fiscal 2004 in order to further prepare for future credit risks.

As a result, Ordinary profit and Net income (after adjusting extraordinary gains/losses and other factors) amounted to 963.5 billion yen and 686.8 billion yen, respectively.

##### (2) Assets and Liabilities

Deposits amounted to 70,834.1 billion yen, an increase of 2,359.2 billion yen from the previous fiscal year-end and Negotiable certificates of deposit amounted to 2,708.6 billion yen, a decrease of 4.6 billion yen.

Loans and bills discounted amounted to 57,267.2 billion yen, an increase of 2,467.3 billion yen.

Total assets amounted to 107,010.5 billion yen, an increase of 7,278.7 billion yen.

##### (3) Stockholders' Equity

Stockholders' equity increased by 1,678.6 billion yen from the previous fiscal year-end to 4,454.3 billion yen, mainly due to recording of net income, increase in net unrealized gains on other securities and the issuance of shares, disposal of treasury shares and offering for sale of shares.

##### (4) Cash Flows

SMFG generated 2,208.3 billion yen of "Cash flows from operating activities," an increase of 5,488.4 billion yen, used 662.4 billion yen of "Cash flows from investing activities," a decrease of 3,286.0 billion yen and generated 679.4 billion yen of "Cash flows from financing activities," an increase of 625.2 billion yen.

Consequently, Cash and cash equivalents amounted to 5,159.8 billion yen, an increase of 2,229.1 billion yen.

##### (5) Segment Information

The breakdown of Total assets and Ordinary income before the elimination of internal transactions is as follows:

###### By business

###### Total assets

Banking business	93%	(down 0 point from the previous fiscal year-end)
Leasing business	2%	(down 0 point)
Other business	5%	(up 0 point)

###### Ordinary income

Banking business	64%	(down 1 point from the previous fiscal year)
Leasing business	19%	(up 0 point)
Other business	17%	(up 1 point)

###### By Region

###### Total assets

Japan	89%	(down 1 point from the previous fiscal year-end)
The Americas	5%	(up 0 point)
Europe	3%	(up 1 point)
Asia and Oceania	3%	(up 0 point)

###### Ordinary income

Japan	86%	(down 5 points from the previous fiscal year)
The Americas	6%	(up 2 points)
Europe	3%	(up 1 point)
Asia and Oceania	5%	(up 2 points)

(6) Capital Ratio (preliminary)

Capital ratio was 12.39% on a consolidated basis.

## 2. Earnings and Dividend Forecast for the Fiscal Year Ending March 31, 2007

### (1) Earnings Forecast

In fiscal 2006, SMFG will try to establish a solid platform for supporting sustainable business growth, develop a sustainable earnings structure, and further strengthens its financial base.

As for earnings forecast on a consolidated basis, Ordinary income, Ordinary profit and Net income are expected to amount to 3,700 billion yen, 1,010 billion yen, and 570 billion yen, respectively. On a non-consolidated basis, Operating income, Ordinary profit and Net income are expected to amount to 360 billion yen, 355 billion yen, and 355 billion yen, respectively.

### (2) Dividend Forecast

SMFG will pay the following fiscal year-end dividends on common stock and preferred stock according to the level of retained earnings. SMFG will not pay interim dividends.

Common stock	4,000 yen per share
Preferred stock (type 2)	28,500 yen per share
Preferred stock (type 3)	13,700 yen per share
Preferred stock (1st series to 12th series type 4)	135,000 yen per share
Preferred stock (1st series type 6)	88,500 yen per share

## 3. Risk Factors

Principal risk factors that could materially affect SMFG's operating results and financial position are as follows. SMFG takes necessary measures to prevent such events from occurring, and responds quickly and appropriately when such events do occur.

- Risk related to increase in non-performing loans and credit costs
- Risk related to equity portfolio
- Risk related to trading business and holding bonds
- Risk related to foreign currency exchange rate
- Risk related to decline in capital ratio
- Risk related to downgrade in SMFG group's debt ratings
- Risk related to failure of SMFG's strategy
- Risk related to failure of joint venture, alliance, merger and acquisition
- Risk related to regulatory amendment of laws, rules and accounting rules etc.

(Note) SMFG recognizes the risk factors shown above on May 23, 2006.

## IV. Consolidated Financial Statements

### Significant Accounting Policies for Consolidated Financial Statements

#### 1. Scope of consolidation

##### (1) Consolidated subsidiaries 162 companies

###### Principal companies:

Sumitomo Mitsui Banking Corporation  
THE MINATO BANK, LTD.  
Kansai Urban Banking Corporation  
Sumitomo Mitsui Banking Corporation Europe Limited  
Manufacturers Bank  
SMBC Leasing Company, Limited  
Sumitomo Mitsui Card Company, Limited  
SMBC Finance Service Co., Ltd.  
SMBC Friend Securities Co., Ltd.  
The Japan Research Institute, Limited  
SMBC Capital Markets, Inc.

Changes in consolidated subsidiaries in the fiscal year are as follows:

Twenty companies including The Japan Research Institute (Shanghai) Solution Co., Ltd. were newly consolidated due to establishment and other reason.

Thirteen companies including WAKASHIO OFFICE SERVICE Co., Ltd. were excluded from the scope of consolidation because they were no longer subsidiaries due to liquidation and other reason. Also, twelve companies including SMLC CENTAURUS CO., LTD. were excluded from the scope of consolidation and became unconsolidated subsidiaries that are not accounted for by the equity method because they became silent partnerships for lease transactions.

##### (2) Unconsolidated subsidiaries

###### Principal company:

SBCS Co., Ltd.

One hundred and twenty-one subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have been excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of Consolidated Financial Statements Regulations.

Other unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income and retained earnings are so immaterial that they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of consolidation.

#### 2. Application of the equity method

##### (1) Unconsolidated subsidiaries accounted for by the equity method 3 companies

###### Principal company:

SBCS Co., Ltd.

In the fiscal year, SBL Holdings Limited was excluded from the scope of unconsolidated subsidiaries accounted for by the equity method because it was no longer a subsidiary due to liquidation.

##### (2) Affiliates accounted for by the equity method 60 companies

###### Principal companies:

Promise Co., Ltd.  
Daiwa Securities SMBC Co. Ltd.  
NIF SMBC Ventures Co., Ltd.  
Daiwa SB Investments Ltd.  
Sumitomo Mitsui Asset Management Company, Limited  
QUOQ Inc.

Changes in affiliates accounted for by the equity method are as follows:

Fifteen companies including former NIF Ventures Co., Ltd. (current name: NIF SMBC Ventures Co., Ltd.) newly

Four companies including P.T.Perjahl Leasing Indonesia were excluded from the scope of affiliated companies accounted for by the equity method because they were no longer affiliated companies due to sale of shares.

(3) Unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

One hundred and twenty-one subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have not been accounted for by the equity method pursuant to Article 10 Paragraph 1 Item 2 of Consolidated Financial Statements Regulations.

Other unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are also excluded from the scope of equity method because their total amounts in terms of net income and retained earnings are so immaterial that they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of equity method.

3. The balance sheet dates of consolidated subsidiaries

(1) The balance sheet dates of the consolidated subsidiaries are as follows:

June 30	2	companies
September 30	5	companies
October 31	1	company
November 30	2	companies
December 31	64	companies
January 31	1	company
February 28	2	companies
March 31	85	companies

A consolidated overseas subsidiary changed its balance sheet date from December 31 to March 31 from this fiscal year. Therefore, SMFG's consolidated financial statements include the subsidiary's profit or loss for the period from January 1, 2005 to March 31, 2006. However, this change had no material impact on the consolidated financial statements.

(2) The subsidiaries whose balance sheet dates are June 30, September 30 and November 30 are consolidated after the accounts were provisionally closed as of March 31 for the purpose of consolidation. As for the subsidiary whose balance sheet date is October 31, its financial statements are consolidated based on the provisional financial statements closed as of January 31. A consolidated subsidiary (established in January 2006) whose balance sheet date is December 31 is consolidated after the accounts were provisionally closed as of March 31 for the purpose of consolidation. The other companies are consolidated on the basis of their respective balance sheet dates.

Appropriate adjustments are made for material transactions during the periods from their respective balance sheet dates to the consolidated balance sheet date.

4. Accounting policies

Please refer to the "Notes to Consolidated Balance Sheet" and "Notes to Consolidated Statement of Income."

5. Valuation of consolidated subsidiaries' assets and liabilities

Assets and liabilities of consolidated subsidiaries including the portion attributable to minority shareholders are valued for consolidation at fair value when SMFG acquires their control.

6. Amortization of goodwill

Goodwill on Sumitomo Mitsui Card Company, Limited and SMBC Leasing Company, Limited is amortized using the straight-line method over five years and goodwill on other companies is charged or credited to income directly when incurred.

7. Appropriation of retained earnings

"Consolidated Statement of Capital Surplus and Retained Earnings" reflects the appropriation of retained earnings made during the consolidated fiscal year.

8. Scope of "Cash and cash equivalents" on Consolidated Statements of Cash Flows

Please refer to the "Notes to Consolidated Statement of Cash Flows."

CONSOLIDATED BALANCE SHEET

March 31, 2006

(Millions of yen)

<b>Assets:</b>	
Cash and due from banks	7,107,469
Call loans and bills bought	651,905
Receivables under resale agreements	117,474
Receivables under securities borrowing transactions	1,956,650
Commercial paper and other debt purchased	633,760
Trading assets	4,078,025
Money held in trust	2,912
Securities	25,505,861
Loans and bills discounted	57,267,203
Foreign exchanges	947,744
Other assets	3,403,832
Premises and equipment	806,369
Lease assets	999,915
Deferred tax assets	1,051,609
Goodwill	6,612
Customers' liabilities for acceptances and guarantees	3,508,695
Reserve for possible loan losses	(1,035,468)
<b>Total assets</b>	<b><u>107,010,575</u></b>
<b>Liabilities:</b>	
Deposits	70,834,125
Negotiable certificates of deposit	2,708,643
Call money and bills sold	8,016,410
Payables under repurchase agreements	396,205
Payables under securities lending transactions	2,747,125
Commercial paper	10,000
Trading liabilities	2,908,158
Borrowed money	2,133,707
Foreign exchanges	447,722
Short-term bonds	383,900
Bonds	4,241,417
Due to trust account	318,597
Other liabilities	2,625,594
Reserve for employee bonuses	25,300
Reserve for employee retirement benefits	36,786
Other reserves	1,141
Deferred tax liabilities	49,484
Deferred tax liabilities for land revaluation	50,133
Acceptances and guarantees	3,508,695
<b>Total liabilities</b>	<b><u>101,443,151</u></b>
<b>Minority interests</b>	<b><u>1,113,025</u></b>
<b>Stockholders' equity:</b>	
Capital stock	1,420,877
Capital surplus	1,229,225
Retained earnings	992,064
Land revaluation excess	38,173
Net unrealized gains on other securities	819,927
Foreign currency translation adjustments	(41,475)
Treasury stock	(4,393)
<b>Total stockholders' equity</b>	<b><u>4,454,399</u></b>
<b>Total liabilities, minority interests and stockholders' equity</b>	<b><u>107,010,575</u></b>

1. Amounts less than one million yen have been omitted.
2. Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheet on a trade date basis.  
Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.
3. Debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method.  
Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method.  
Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "other securities" (available-for-sale securities). Stocks in other securities that have market prices are carried at their average market prices during the final month of the fiscal year, and bonds and others that have market prices are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities with no available market prices are carried at cost or amortized cost using the moving-average method. Net unrealized gains (losses) on other securities, net of income taxes, are included in "Stockholders' equity," after deducting the amount that is reflected in the fiscal year's earnings by applying fair value hedge accounting.
4. Securities included in money held in trust are carried in the same method as in Notes 2 and 3.
5. Derivative transactions, excluding those classified as trading derivatives, are carried at fair value, though some consolidated overseas subsidiaries account for derivative transactions in accordance with their local accounting standards.
6. Premises and equipment owned by Sumitomo Mitsui Financial Group, Inc. (SMFG) and its consolidated subsidiary, Sumitomo Mitsui Banking Corporation (SMBC) are depreciated using the straight-line method for premises and the declining-balance method for equipment. The estimated useful lives of major items are as follows:  
Buildings: 7 to 50 years  
Equipment: 2 to 20 years  
Other consolidated subsidiaries depreciate premises and equipment, and lease assets primarily using the straight-line method over the estimated useful lives of the respective assets and the straight-line method over the lease term based on the residual value of assets at the end of the lease term, respectively.
7. Capitalized software for internal use owned by SMFG and its consolidated domestic subsidiaries is depreciated using the straight-line method over its estimated useful life (basically five years).
8. SMBC's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.  
Other consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet dates.
9. Reserve for possible loan losses of major consolidated subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and provisions.  
For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("bankrupt borrowers") or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("effectively bankrupt borrowers"), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.  
For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy ("potentially bankrupt borrowers"), a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.  
Discounted Cash Flows (DCF) method is used for claims on borrowers whose cash flows from collection of principals and interest can be rationally estimated and SMBC applies it to claims on large potentially bankrupt borrowers and claims on large borrowers requiring close monitoring that have been classified as "Past due loans (3 months or more)" or "Restructured loans," whose total loans from SMBC exceed a certain amount. SMBC establishes a reserve for possible loan losses using the DCF method for such claims in the amount of the difference between the present value of principal and interest (calculated using the rationally estimated cash flows discounted at the initial contractual interest rate) and the book value.  
For other claims, a reserve is provided based on the historical loan-loss ratio.  
For claims originated in specific overseas countries, an additional reserve is provided in the amount deemed necessary based on the assessment of political and economic conditions.  
Branches and credit supervision departments assess all claims in accordance with the internal rules for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment. The reserves are

Reserve for possible loan losses of other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratios, and for doubtful claims in the amount deemed uncollectible based on assessment of each claim.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off was 799,143 million yen.

10. Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the fiscal year.
11. Reserve for employee retirement benefits is provided for payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end.

Unrecognized prior service cost is amortized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized using the straight-line method, primarily over 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.
12. Financing leases of SMFG and its consolidated domestic subsidiaries, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same method as operating leases.
13. As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applies deferred hedge accounting or fair value hedge accounting.

SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.24) to portfolio hedges of large-volume, small-value monetary claims and debts.

As for the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.

As for the individual hedges, SMBC also basically applies deferred hedge accounting. But, SMBC applies fair value hedge accounting to hedging transactions for reducing the market volatility of bonds classified as other securities that are held for the purpose of Asset and Liability Management.

As a result of the application of JICPA Industry Audit Committee Report No.24, SMBC discontinued the application of hedge accounting or applied fair value hedge accounting to a portion of the hedging instruments using "macro hedge," which had been applied in order to manage interest rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives pursuant to "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.15). The deferred hedge losses and gains related to such a portion of hedging instruments are charged to "Interest income" or "Interest expenses" over a 12-year period (maximum) according to their maturity from the fiscal year ended March 31, 2004. At the fiscal year-end, gross amounts of deferred hedge losses and gains on "macro hedge" were 100,159 million yen and 78,635 million yen, respectively.
14. SMBC applies deferred hedge accounting stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No.25) to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

Pursuant to JICPA Industry Audit Committee Report No.25, SMBC assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.

In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.
15. As for derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts (or among internal sections), SMBC manages the interest rate swaps and currency swaps that are designated as hedging instruments in accordance with the strict criteria for external transactions stipulated in JICPA Industry Audit Committee Report No.24 and No.25. Therefore, SMBC accounts for the gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.

Certain other consolidated subsidiaries apply the deferred hedge accounting or the special treatment for interest rate swaps. A consolidated domestic subsidiary (a leasing company) partly applies the accounting method that is permitted by "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Leasing Industry" (JICPA Industry Audit Committee Report No.19).

excluded method.

17. Other reserves required by special laws are reserve for contingent liabilities from financial futures transactions in accordance with Article 81 of the Financial Futures Transaction Law of 18 million yen, and reserve for contingent liabilities from securities transactions in accordance with Article 51 of the Securities and Exchange Law of 1,122 million yen.
18. Accumulated depreciation on premises and equipment and accumulated depreciation on lease assets amounted to 546,672 million yen and 1,564,686 million yen, respectively.
19. Deferred gain on real property deductible for tax purposes amounted to 65,269 million yen.
20. Bankrupt loans and Non-accrual loans were 59,332 million yen and 714,366 million yen, respectively.  
“Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No.97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.  
“Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.
21. Past due loans (3 months or more) totaled 24,571 million yen.  
“Past due loans (3 months or more)” are loans on which the principal or interest is past due for three months or more, excluding “Bankrupt loans” and “Non-accrual loans.”
22. Restructured loans totaled 444,889 million yen.  
“Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”
23. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was 1,243,160 million yen. The amounts of loans presented in Notes 20 to 23 above are the amounts before deduction of reserve for possible loan losses.
24. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24. SMFG’s banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was 891,160 million yen, and bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought that were rediscounted by the banking subsidiaries accounted for 2,918 million yen of the total amount.

25. Assets pledged as collateral were as follows:

	(Millions of yen)
Assets pledged as collateral	
Cash and due from banks	79,117
Trading assets	114,551
Securities	9,229,645
Loans and bills discounted	1,552,435
Other assets (installment account receivable etc.)	1,131
Liabilities corresponding to assets pledged as collateral	
Deposits	19,111
Call money and bills sold	6,996,598
Payables under repurchase agreements	383,597
Payables under securities lending transactions	2,543,261
Trading liabilities	196,137
Borrowed money	27,019
Other liabilities	36,317
Acceptances and guarantees	157,658

In addition, Cash and due from banks of 6,729 million yen, Trading assets of 665,395 million yen and Securities of 4,072,275 million yen were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

Premises and equipment include surety deposits and intangible of 97,162 million yen, and Other assets include initial margins of futures markets of 14,631 million yen.

26. Net amount of non-realized gains (losses) on hedging instruments to which deferred hedge accounting is applied is reported as deferred losses on hedge and is included in "Other assets." Gross deferred unrealized losses and gains on hedging instruments were 610,517 million yen and 436,183 million yen, respectively.

27. SMBC revaluated its own land for business activities in accordance with the "Law Concerning Land Revaluation" (the "Law") effective March 31, 1998 and the law concerning amendment of the Law effective March 31, 2001. The income taxes corresponding to the net unrealized gains are deferred and reported in "Liabilities" as "Deferred tax liabilities for land revaluation," and the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Certain other consolidated subsidiaries revaluated their own land for business activities in accordance with the Law. The income taxes corresponding to the net unrealized gains (losses) are deferred and reported in "Liabilities" or "Assets" as "Deferred tax liabilities for land revaluation" or "Deferred tax assets for land revaluation," and the net unrealized gains (losses), net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Date of the revaluation

SMBC:

March 31, 1998 and March 31, 2002

Certain other consolidated subsidiaries:

March 31, 1999 and March 31, 2002

Method of revaluation (stipulated in Article 3-3 of the Law)

SMBC:

Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of the Enforcement Ordinance of the Law Concerning Land Revaluation (the Enforcement Ordinance No.119) effective March 31, 1998.

Certain other consolidated subsidiaries:

Fair values were determined based on the values stipulated in Article 2-3 and 2-5 of the Enforcement Ordinance No.119.

The total fair value of land used for business activities at the fiscal year-end, whose book value had been revaluated pursuant to Article 10 of the Law, was 15,253 million yen lower than the book value.

28. The balance of subordinated debt included in "Borrowed money" was 622,500 million yen.

29. The balance of subordinated bonds included in "Bonds" was 2,132,066 million yen.

30. Stockholders' equity per share was 400,168.90 yen.

31. Market value and unrealized gains (losses) on securities are shown as below:

The amounts shown in the following tables include trading securities and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks," and beneficiary claims on commodity investment trusts classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the consolidated balance sheet. This definition is applied up to Notes 34.

(1) Securities classified as trading purposes

As of March 31, 2006	(Millions of yen)
Consolidated balance sheet amount	1,088,599
Valuations gains (losses) included in the earnings for the fiscal year	(648)

(2) Bonds classified as held-to-maturity with market value

As of March 31, 2006	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	750,204	730,568	(19,635)	306	19,942
Japanese local government bonds	96,892	93,527	(3,365)	-	3,365
Japanese corporate bonds	379,614	371,560	(8,053)	-	8,053
Other	19,619	19,893	274	274	-
Total	1,246,330	1,215,549	(30,781)	580	31,361

As of March 31, 2006

(Millions of yen)

	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	1,903,193	3,605,884	1,702,690	1,722,129	19,438
Bonds	12,683,880	12,386,646	(297,233)	988	298,222
Japanese government bonds	11,083,609	10,815,889	(267,720)	173	267,894
Japanese local government bonds	525,076	510,885	(14,191)	282	14,473
Japanese corporate bonds	1,075,194	1,059,872	(15,321)	532	15,854
Other	4,194,178	4,162,057	(32,120)	48,052	80,172
Total	18,781,252	20,154,589	1,373,337	1,771,170	397,833

Net unrealized gains on other securities shown above include losses of 3,193 million yen that is recognized in the fiscal year's earnings by applying fair value hedge accounting. As a result, the amount to be recorded in stockholders' equity is 1,376,530 million yen.

"Net unrealized gains on other securities" includes 819,757 million yen which is the sum of the following items:

	(Millions of yen)
Net unrealized gains to be included in stockholders' equity, as a result of applying fair value hedge accounting	(a) 1,376,530
(-) Deferred tax liabilities	(b) 559,416
(c) = (a) - (b)	817,114
(-) Minority interests corresponding to (c)	8,343
(+) SMFG's interests of net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	10,986
Total	819,757

Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation loss for the fiscal year was 97 million yen. The rule for determining "material decline" is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers : Market value is lower than acquisition cost.  
 Issuers requiring caution : Market value is 30% or more lower than acquisition cost.  
 Normal issuers : Market value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt  
 Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt  
 Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy  
 Issuers requiring caution: Issuers that are identified for close monitoring  
 Normal issuers: Issuers other than the above four categories of issuers

32. The amount of other securities sold during the fiscal year is as follows:

Year ended March 31, 2006	(Millions of yen)	
Sales amount	Gains on sales	Losses on sales
33,089,259	138,964	78,609

33. Summary information on securities with no available market value is as follows:

As of March 31, 2006	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	269
Other	3,758
Other securities	
Unlisted stocks (excluding OTC stocks)	402,747
Unlisted bonds	2,518,691
Unlisted foreign securities	457,953
Other	309,303

As of March 31, 2006	(Millions of yen)			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	5,841,530	4,784,630	2,468,673	3,037,217
Japanese government bonds	5,339,631	2,060,842	1,239,560	2,926,058
Japanese local government bonds	32,135	252,239	322,956	445
Japanese corporate bonds	469,763	2,471,547	906,156	110,713
Other	870,175	1,564,473	682,146	848,570
Total	6,711,706	6,349,103	3,150,820	3,885,788

35. Information on money held in trust is as follows:

Other money held in trust

As of March 31, 2006	(Millions of yen)			
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains	Unrealized gains / Unrealized losses
	2,703	2,912	209	209 / -

Net unrealized gains on other money held in trust of 124 million yen (after the deduction of 84 million yen in deferred tax liabilities from the above 209 million yen in net unrealized gains) are included in "Net unrealized gains on other securities."

36. Japanese government bonds and Stocks as a sub-account of Securities include 1,331 million yen of unsecured loaned securities for which borrowers have the right to sell or pledge.

As for the unsecured borrowed securities for which SMBC has the right to sell or pledge and the securities which SMBC purchased under resale agreements, that are permitted to be sold or pledged without restrictions, 1,713,027 million yen of securities are pledged, and 199,720 million yen of securities are held in hand as of the consolidated balance sheet date.

37. Commitment line contracts on overdrafts and loans are agreements to lend to customers up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments was 38,176,896 million yen, and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was 32,754,665 million yen. Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when need arises and securing claims after contracts are made.

38. Information on projected benefit obligation and others at the fiscal year-end is shown as follows:

	(Millions of yen)
Projected benefit obligation	(909,802)
Plan assets (fair value)	1,236,535
Unfunded projected benefit obligation	326,733
Unrecognized net actuarial gain or loss	(126,816)
Unrecognized prior service costs (net)	(59,727)
Net amount recorded on the consolidated balance sheet	140,189
Prepaid pension cost	176,976
Reserve for employee retirement benefits	(36,786)

39. Effective April 1, 2005, SMFG applied "Accounting Standards for Impairment of Fixed Assets" ("Opinion Concerning Establishment of Accounting Standard for Impairment on Fixed Assets," issued by the Business Accounting Council on August 9, 2002) and "Guidelines on Implementation of Accounting Standard for Impairment of Fixed Assets" (Guidelines on Implementation of Business Accounting Standard No.6, issued on October 31, 2003). As a result, net income before income taxes and minority interests decreased by 11,523 million yen compared with the former method.

In the banking industry, fixed assets are stated at cost less accumulated depreciation pursuant to the Enforcement Ordinance of the Banking Law. Accumulated impairment loss is also deducted from the book value of each asset.

allocation by underwriters at 1,166,200 yen per share (offer price). Furthermore, in connection with the over-allotment of 40,700 shares of common stock offered for sale at 1,166,200 yen per share (sales price) in the public offering, SMFG issued on February 28, 2006 the same number of new shares of common stock at 1,130,500 yen per share (issue price) through third-party allocation to the underwriter who conducted the over-allotment. The purchase agreement for the offering prescribes that the total amount of issue price be treated as the total amount of subscription price and no underwriting commission be paid. Accordingly, Other expenses do not include the amount equivalent to the underwriting commission for the offering. Out of the issue price per share, 565,250 yen is accounted for as capital stock and 565,250 yen as capital surplus.

Also, on January 31, 2006, SMFG disposed of 400,000 shares of treasury stock at 1,130,500 yen per share (disposal price) for final allocation by underwriters at 1,166,200 yen per share (sales price). The purchase agreement for the offering prescribes that the total amount of disposal price be treated as the total amount of subscription price and no underwriting commission be paid. Accordingly, Other expenses do not include the amount equivalent to the underwriting commission for the offering. The difference between the disposal price and the book value of the treasury stock sold in the offering is accounted for as Other capital surplus.

41. On April 27, 2006, SMBC was issued administrative orders (business suspension order and business improvement order) in respect to the manner in which it marketed interest rate swaps at its Corporate Business Offices, by the Financial Services Agency, pursuant to Article 26-1 of the Banking Law.
42. On April 28, 2006, SMFG resolved to make SMBC Friend Securities Co., Ltd. ("Friend Securities") into a wholly-owned subsidiary of SMFG through a share exchange, subject to regulatory approval, in order to establish a new business model distinct from the conventional one by combining banking and securities businesses and maximizing synergies between them, and signed a share exchange agreement whose effective date is September 1, 2006 with Friend Securities.
43. SMFG resolved to repurchase shares of Type 1 preferred stock and Type 2 preferred stock owned by the Resolution and Collection Corporation and retire such shares at the meeting of the Board of Directors held on May 12, 2006, and carried it out on May 17, 2006 as described below. The repurchase of the preferred shares was executed within SMFG's own stock repurchase limit pursuant to Article 210 of the former Commercial Code. The amount of retired shares was deducted from Capital surplus.

Details of repurchase and retirement

1. Type 1 preferred stock
  - (1) Number of shares to be repurchased: 35,000 shares
  - (2) Total amount of repurchase: 141,960,000,000 yen
2. Type 2 preferred stock
  - (1) Number of shares to be repurchased: 33,000 shares
  - (2) Total amount of repurchase: 133,956,900,000 yen

<b>Ordinary income:</b>	<b>3,705,136</b>
Interest income	1,662,600
Interest on loans and discounts	1,214,142
Interest and dividends on securities	317,352
Interest on call loans and bills bought	14,330
Interest on receivables under resale agreements	6,767
Interest on receivables under securities borrowing transactions	613
Interest on deposits with banks	59,875
Other interest income	49,519
Trust fees	8,631
Fees and commissions	703,928
Trading profits	32,807
Other operating income	1,144,147
Lease-related income	429,274
Installment-related income	238,537
Other	476,335
Other income	153,021
<b>Ordinary expenses:</b>	<b>2,741,582</b>
Interest expenses	500,993
Interest on deposits	266,648
Interest on negotiable certificates of deposit	12,877
Interest on call money and bills sold	5,969
Interest on payables under repurchase agreements	7,447
Interest on payables under securities lending transactions	58,292
Interest on commercial paper	69
Interest on borrowed money	29,016
Interest on short-term bonds	375
Interest on bonds	86,010
Other interest expenses	34,285
Fees and commissions	84,336
Other operating expenses	876,635
Lease-related expenses	385,307
Installment-related expenses	219,026
Other	272,301
General and administrative expenses	853,796
Other expenses	425,819
Provision for reserve for possible loan losses	163,549
Other	262,269
<b>Ordinary profit</b>	<b>963,554</b>
<b>Extraordinary gains</b>	<b>97,952</b>
Gains on disposal of premises and equipment	5,794
Collection of written-off claims	31,584
Other extraordinary gains	60,574
<b>Extraordinary losses</b>	<b>18,144</b>
Losses on disposal of premises and equipment	5,242
Losses on impairment of fixed assets	12,303
Provision for reserve for contingent liabilities from securities transactions	47
Other extraordinary losses	551
<b>Income before income taxes and minority interests</b>	<b>1,043,362</b>
Income taxes	
Current	69,818
Deferred	226,901
<b>Minority interests in net income</b>	<b>59,800</b>
<b>Net income</b>	<b>686,841</b>

1. Amounts less than one million yen have been omitted.
2. Net income per share was 94,733.62 yen.
3. Net income per share (diluted) was 75,642.94 yen.
4. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading profits" and "Trading losses." Both accounts include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and money claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.
5. Standards for recognizing lease-related income on lease transactions and income/expenses on installment sales are as follows:
  - (1) Recognition of lease-related income on lease transactions  
Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.
  - (2) Recognition of income and expenses on installment sales  
Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full term of the installment sales.
6. "Other income" included gains on sales of stocks and other securities of 93,433 million yen and equity in earnings of affiliates of 31,887 million yen.
7. "Other" in "Other expenses" included write-off of loans of 69,355 million yen, losses on devaluation of stocks and other securities of 32,345 million yen and losses on delinquent loans sold of 100,666 million yen.
8. "Other extraordinary gains" included gains on sale of a subsidiary's shares and change in equity of the subsidiary of 60,574 million yen.
9. The difference between the recoverable amount and the book value of the following assets is recognized as "Losses on impairment of fixed assets" and included in "Extraordinary losses" in the fiscal year.

				(Millions of yen)
Area	Purpose of use		Type	Impairment loss
Tokyo metropolitan area	Idle assets	47 items	Land and premises etc.	5,277
Kinki area	Branches	15 branches	Land and premises etc.	4,668
	Idle assets	29 items		2,022
Other	Idle assets	15 items	Land and premises etc.	334

At the consolidated subsidiary, SMBC, every branch, which continuously manages and determines income and expenses, is the smallest unit of asset group for recognition and measurement of impairment loss. Fixed assets which do not have identifiable cash flows (such as corporate headquarters facilities, training institutes, business and system centers, and health and recreational facilities) are grouped with other assets. As for idle assets, impairment loss on each asset is measured individually. At other consolidated subsidiaries, a branch is generally considered as the smallest grouping unit.

On assets which investments are not expected to be recovered, this interim term, SMBC and other consolidated subsidiaries reduced the carrying amounts of idle assets, in the case of SMBC, and those of idle assets and branches, in the case of SMFG and other consolidated subsidiaries, to their recoverable amounts and recognized the relevant losses as "losses on impairment of fixed assets," which is included in "Extraordinary losses."

Recoverable amounts of some of the branches are calculated based on future cash flows using a discount rate of 5-6%. Recoverable amounts of other assets are calculated using net realizable value which is based on appraisal value in accordance with the Real Estate Appraisal Standard less the expected sale costs.

**CONSOLIDATED STATEMENT OF  
CAPITAL SURPLUS AND RETAINED EARNINGS**

Year ended March 31, 2006

(Millions of yen)

**Capital surplus**

Capital surplus at beginning of year	974,346
Increase of capital surplus	254,878
Issuance of stocks due to capital increase	68,225
Gains on disposal of treasury stock	<u>186,653</u>
Capital surplus at end of year	<u><u>1,229,225</u></u>

**Retained earnings**

Retained earnings at beginning of year	329,963
Increase of retained earnings	706,506
Net income	686,841
Increase due to increase of consolidated subsidiaries	3
Increase due to decrease of consolidated subsidiaries	11
Increase due to transfer of land revaluation excess	19,649
Decrease of retained earnings	44,405
Dividends paid	44,389
Decrease due to increase of consolidated subsidiaries	5
Decrease due to decrease of consolidated subsidiaries	<u>10</u>
Retained earnings at end of year	<u><u>992,064</u></u>

(Note) Amounts less than one million yen have been omitted.

<b>1. Cash flows from operating activities:</b>	
Income before income taxes and minority interests	1,043,362
Depreciation of premises, equipment and others	82,671
Depreciation of lease assets	336,871
Losses on impairment of fixed assets	12,303
Amortization of goodwill	6,270
Equity in earnings of affiliates	(31,887)
Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary	(63,257)
Net change in reserve for possible loan losses	(241,530)
Net change in reserve for employee bonuses	1,403
Net change in reserve for employee retirement benefits	1,993
Net change in reserve for expenses related to EXPO 2005 Japan	(231)
Interest income	(1,662,600)
Interest expenses	500,993
Net (gains) losses on securities	(27,853)
Net (gains) losses from money held in trust	(13)
Net exchange (gains) losses	(175,815)
Net (gains) losses from disposal of premises and equipment	(551)
Net (gains) losses from disposal of lease assets	(3,235)
Net change in trading assets	(225,005)
Net change in trading liabilities	746,642
Net change in loans and bills discounted	(2,311,499)
Net change in deposits	2,210,634
Net change in negotiable certificates of deposit	(8,026)
Net change in borrowed money (excluding subordinated debt)	90,612
Net change in deposits with banks	175,960
Net change in call loans and bills bought and others	342,387
Net change in receivables under securities borrowing transactions	(1,388,310)
Net change in call money and bills sold and others	3,027,037
Net change in commercial paper	(364,100)
Net change in payables under securities lending transactions	(1,120,876)
Net change in foreign exchanges (assets)	(46,473)
Net change in foreign exchanges (liabilities)	(31,381)
Net change in short-term bonds (liabilities)	382,900
Issuance and redemption of bonds (excluding subordinated bonds)	(365,646)
Net change in due to trust account	268,140
Interest received	1,691,320
Interest paid	(509,760)
Other, net	(104,996)
<b>Subtotal</b>	<b>2,238,450</b>
Income taxes paid	(30,096)
<b>Net cash provided by operating activities</b>	<b>2,208,354</b>
<b>2. Cash flows from investing activities:</b>	
Purchases of securities	(43,620,790)
Proceeds from sale of securities	33,089,259
Proceeds from maturity of securities	10,164,213
Purchases of money held in trust	(2,851)
Proceeds from sale of money held in trust	3,789
Purchases of premises and equipment	(43,066)
Proceeds from sale of premises and equipment	17,733
Purchases of lease assets	(380,894)
Proceeds from sale of lease assets	55,186
Proceeds from sale of stocks of subsidiaries	54,937
<b>Net cash used in investing activities</b>	<b>(662,482)</b>
<b>3. Cash flows from financing activities:</b>	
Proceeds from issuance of subordinated debt	103,000
Repayment of subordinated debt	(215,884)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	431,458
Repayment of subordinated bonds and bonds with stock acquisition rights	(198,800)
Proceeds from issuance of stocks	136,451
Dividends paid	(44,373)
Proceeds from minority stockholders	59,640
Dividends paid to minority stockholders	(42,366)
Purchases of treasury stock	(2,209)
Proceeds from sale of treasury stock	452,549
<b>Net cash provided by financing activities</b>	<b>679,464</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,840</b>
<b>5. Net change in cash and cash equivalents</b>	<b>2,229,177</b>
<b>6. Cash and cash equivalents at beginning of year</b>	<b>2,930,645</b>
<b>7. Change in cash and cash equivalents due to exclusion of consolidated subsidiaries</b>	<b>(0)</b>
<b>8. Cash and cash equivalents at end of year</b>	<b>5,159,822</b>

- Notes to Consolidated Statement of Cash Flows
1. Amounts less than one million yen have been omitted.
  2. For the purposes of presenting the consolidated statement of cash flows, "Cash and cash equivalents" are cash on hand and non-interest earning deposits with banks.
  3. Reconciliation of "Cash and due from banks" of the consolidated balance sheet to "Cash and cash equivalents" at the fiscal year-end is as follows:

<u>March 31, 2006</u>	<u>(Millions of yen)</u>
Cash and due from banks	7,107,469
Interest-earning deposits	<u>(1,947,647)</u>
Cash and cash equivalents	<u>5,159,822</u>

	March 31,		(Millions of yen)
	2006 (A)	2005 (B)	Change (A-B)
<b>Assets:</b>			
Cash and due from banks	7,107,469	4,989,814	2,117,655
Call loans and bills bought	651,905	1,004,512	(352,607)
Receivables under resale agreements	117,474	124,856	(7,382)
Receivables under securities borrowing transactions	1,956,650	568,340	1,388,310
Commercial paper and other debt purchased	633,760	606,032	27,728
Trading assets	4,078,025	3,769,073	308,952
Money held in trust	2,912	3,832	(920)
Securities	25,505,861	24,233,701	1,272,160
Loans and bills discounted	57,267,203	54,799,805	2,467,398
Foreign exchanges	947,744	895,586	52,158
Other assets	3,403,832	3,110,454	293,378
Premises and equipment	806,369	836,053	(29,684)
Lease assets	999,915	1,007,015	(7,100)
Deferred tax assets	1,051,609	1,598,158	(546,549)
Goodwill	6,612	13,381	(6,769)
Customers' liabilities for acceptances and guarantees	3,508,695	3,444,799	63,896
Reserve for possible loan losses	(1,035,468)	(1,273,560)	238,092
<b>Total assets</b>	<b>107,010,575</b>	<b>99,731,858</b>	<b>7,278,717</b>
<b>Liabilities:</b>			
Deposits	70,834,125	68,474,861	2,359,264
Negotiable certificates of deposit	2,708,643	2,713,270	(4,627)
Call money and bills sold	8,016,410	4,971,462	3,044,948
Payables under repurchase agreements	396,205	405,671	(9,466)
Payables under securities lending transactions	2,747,125	3,868,001	(1,120,876)
Commercial paper	10,000	374,100	(364,100)
Trading liabilities	2,908,158	2,110,473	797,685
Borrowed money	2,133,707	2,142,873	(9,166)
Foreign exchanges	447,722	478,482	(30,760)
Short-term bonds	383,900	1,000	382,900
Bonds	4,241,417	4,339,497	(98,080)
Due to trust account	318,597	50,457	268,140
Other liabilities	2,625,594	2,363,786	261,808
Reserve for employee bonuses	25,300	23,816	1,484
Reserve for employee retirement benefits	36,786	34,792	1,994
Reserve for expenses related to EXPO 2005 Japan	-	231	(231)
Other reserves	1,141	1,093	48
Deferred tax liabilities	49,484	45,259	4,225
Deferred tax liabilities for land revaluation	50,133	90,994	(40,861)
Acceptances and guarantees	3,508,695	3,444,799	63,896
<b>Total liabilities</b>	<b>101,443,151</b>	<b>95,934,927</b>	<b>5,508,224</b>
<b>Minority interests</b>	<b>1,113,025</b>	<b>1,021,203</b>	<b>91,822</b>
<b>Total stockholders' equity</b>	<b>4,454,399</b>	<b>2,775,728</b>	<b>1,678,671</b>
<b>Total liabilities, minority interests and stockholders' equity</b>	<b>107,010,575</b>	<b>99,731,858</b>	<b>7,278,717</b>

(Note) Amounts less than one million yen have been omitted.

## COMPARATIVE CONSOLIDATED STATEMENTS OF OPERATIONS (CONDENSED)

	Year ended March 31,		(Millions of yen)
	2006 (A)	2005 (B)	Change (A-B)
<b>Ordinary income:</b>	<b>3,705,136</b>	<b>3,580,796</b>	<b>124,340</b>
Interest income	1,662,600	1,521,728	140,872
Interest on loans and discounts	1,214,142	1,145,653	68,489
Interest and dividends on securities	317,352	256,396	60,956
Trust fees	8,631	2,609	6,022
Fees and commissions	703,928	596,086	107,842
Trading profits	32,807	144,587	(111,780)
Other operating income	1,144,147	1,058,289	85,858
Other income	153,021	257,495	(104,474)
<b>Ordinary expenses:</b>	<b>2,741,582</b>	<b>3,611,089</b>	<b>(869,507)</b>
Interest expenses	500,993	350,385	150,608
Interest on deposits	266,648	131,498	135,150
Fees and commissions	84,336	79,976	4,360
Trading losses	-	199	(199)
Other operating expenses	876,635	867,748	8,887
General and administrative expenses	853,796	852,715	1,081
Other expenses	425,819	1,460,064	(1,034,245)
<b>Ordinary profit (loss)</b>	<b>963,554</b>	<b>(30,293)</b>	<b>993,847</b>
<b>Extraordinary gains</b>	<b>97,952</b>	<b>9,074</b>	<b>88,878</b>
<b>Extraordinary losses</b>	<b>18,144</b>	<b>87,316</b>	<b>(69,172)</b>
<b>Income (loss) before income taxes and minority interests</b>	<b>1,043,362</b>	<b>(108,535)</b>	<b>1,151,897</b>
Income taxes			
Current	69,818	30,638	39,180
Refund	-	8,869	(8,869)
Deferred	226,901	52,912	173,989
<b>Minority interests in net income</b>	<b>59,800</b>	<b>50,983</b>	<b>8,817</b>
<b>Net income (loss)</b>	<b>686,841</b>	<b>(234,201)</b>	<b>921,042</b>

(Note) Amounts less than one million yen have been omitted.

**COMPARATIVE CONSOLIDATED STATEMENTS OF  
CAPITAL SURPLUS AND RETAINED EARNINGS (CONDENSED)**

	Year ended March 31,		(Millions of yen)
	2006 (A)	2005 (B)	Change (A-B)
<b><u>Capital surplus</u></b>			
Capital surplus at beginning of year	974,346	865,282	109,064
Increase of capital surplus	<u>254,878</u>	<u>109,064</u>	<u>145,814</u>
Capital surplus at end of year	<u><u>1,229,225</u></u>	<u><u>974,346</u></u>	<u><u>254,879</u></u>
<b><u>Retained earnings</u></b>			
Retained earnings at beginning of year	329,963	611,189	(281,226)
Increase of retained earnings	706,506	3,863	702,643
Decrease of retained earnings	<u>44,405</u>	<u>285,088</u>	<u>(240,683)</u>
Retained earnings at end of year	<u><u>992,064</u></u>	<u><u>329,963</u></u>	<u><u>662,101</u></u>

(Note) Amounts less than one million yen have been omitted.

	2006 (A)	2005 (B)	Change (A-B)
<b>1. Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	1,043,362	(108,535)	1,151,897
Depreciation of premises, equipment and others	82,671	84,120	(1,449)
Depreciation of lease assets	336,871	340,777	(3,906)
Losses on impairment of fixed assets	12,303	-	12,303
Amortization of goodwill	6,270	10,017	(3,747)
Equity in earnings of affiliates	(31,887)	(27,142)	(4,745)
Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary	(63,257)	-	(63,257)
Net change in reserve for possible loan losses	(241,530)	(140,104)	(101,426)
Net change in reserve for employee bonuses	1,403	1,497	(94)
Net change in reserve for employee retirement benefits	1,993	134,819	(132,826)
Net change in reserve for expenses related to EXPO 2005 Japan	(231)	114	(345)
Interest income	(1,662,600)	(1,521,728)	(140,872)
Interest expenses	500,993	350,385	150,608
Net (gains) losses on securities	(27,853)	102,784	(130,637)
Net (gains) losses from money held in trust	(13)	(0)	(13)
Net exchange (gains) losses	(175,815)	(105,603)	(70,212)
Net (gains) losses from disposal of premises and equipment	(551)	63,973	(64,524)
Net (gains) losses from disposal of lease assets	(3,235)	(3,345)	110
Net change in trading assets	(225,005)	(468,577)	243,572
Net change in trading liabilities	746,642	246,434	500,208
Net change in loans and bills discounted	(2,311,499)	468,339	(2,779,838)
Net change in deposits	2,210,634	3,137,797	(927,163)
Net change in negotiable certificates of deposit	(8,026)	(806,192)	798,166
Net change in borrowed money (excluding subordinated debt)	90,612	(180,888)	271,500
Net change in deposits with banks	175,960	(245,726)	421,686
Net change in call loans and bills bought and others	342,387	(743,218)	1,085,605
Net change in receivables under securities borrowing transactions	(1,388,310)	440,987	(1,829,297)
Net change in call money and bills sold and others	3,027,037	(2,013,905)	5,040,942
Net change in commercial paper	(364,100)	91,400	(455,500)
Net change in payables under securities lending transactions	(1,120,876)	(2,078,345)	957,469
Net change in foreign exchanges (assets)	(46,473)	(151,254)	104,781
Net change in foreign exchanges (liabilities)	(31,381)	(94,405)	63,024
Net change in short -term bonds (liabilities)	382,900	1,000	381,900
Issuance and redemption of bonds (excluding subordinated bonds)	(365,646)	130,498	(496,144)
Net change in due to trust account	268,140	14,424	253,716
Interest received	1,691,320	1,553,995	137,325
Interest paid	(509,760)	(336,234)	(173,526)
Net change in payable on trading and securities contracts	-	(1,020,879)	1,020,879
Other, net	(104,996)	(350,488)	245,492
<b>Subtotal</b>	<b>2,238,450</b>	<b>(3,223,208)</b>	<b>5,461,658</b>
Income taxes paid	(30,096)	(56,914)	26,818
<b>Net cash provided by (used in) operating activities</b>	<b>2,208,354</b>	<b>(3,280,122)</b>	<b>5,488,476</b>
<b>2. Cash flows from investing activities:</b>			
Purchases of securities	(43,620,790)	(46,309,832)	2,689,042
Proceeds from sale of securities	33,089,259	36,134,383	(3,045,124)
Proceeds from maturity of securities	10,164,213	13,118,211	(2,953,998)
Purchases of money held in trust	(2,851)	-	(2,851)
Proceeds from sale of money held in trust	3,789	0	3,789
Purchases of premises and equipment	(43,066)	(56,945)	13,879
Proceeds from sale of premises and equipment	17,733	93,474	(75,741)
Purchases of lease assets	(380,894)	(396,497)	15,603
Proceeds from sale of lease assets	55,186	43,702	11,484
Proceeds from sale of stocks of subsidiaries	54,937	-	54,937
Purchases of stocks of subsidiaries	-	(2,970)	2,970
<b>Net cash provided by (used in) investing activities</b>	<b>(662,482)</b>	<b>2,623,525</b>	<b>(3,286,007)</b>
<b>3. Cash flows from financing activities:</b>			
Proceeds from issuance of subordinated debt	103,000	36,000	67,000
Repayment of subordinated debt	(215,884)	(72,212)	(143,672)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	431,458	440,237	(8,779)
Repayment of subordinated bonds and bonds with stock acquisition rights	(198,800)	(234,983)	36,183
Proceeds from issuance of stocks	136,451	210,003	(73,552)
Dividends paid	(44,373)	(46,463)	2,090
Proceeds from minority stockholders	59,640	21,024	38,616
Dividends paid to minority stockholders	(42,366)	(39,457)	(2,909)
Purchases of treasury stock	(2,209)	(269,012)	266,803
Proceeds from sale of treasury stock	452,549	9,063	443,486
<b>Net cash provided by financing activities</b>	<b>679,464</b>	<b>54,199</b>	<b>625,265</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,840</b>	<b>(378)</b>	<b>4,218</b>
<b>5. Net change in cash and cash equivalents</b>	<b>2,229,177</b>	<b>(602,776)</b>	<b>2,831,953</b>
<b>6. Cash and cash equivalents at beginning of year</b>	<b>2,930,645</b>	<b>3,529,479</b>	<b>(598,834)</b>
<b>7. Change in cash and cash equivalents due to merger of consolidated subsidiaries</b>	<b>-</b>	<b>3,941</b>	<b>(3,941)</b>
<b>8. Change in cash and cash equivalents due to exclusion of consolidated subsidiaries</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>
<b>9. Cash and cash equivalents at end of year</b>	<b>5,159,822</b>	<b>2,930,645</b>	<b>2,229,177</b>

(Note) Amounts less than one million yen have been omitted.

**V. SEGMENT INFORMATION**

(1) Business segment information

Year ended March 31, 2006 (Millions of yen)

	Banking business	Leasing business	Other business	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income						
(1) External customers	2,485,470	755,137	464,529	3,705,136	-	3,705,136
(2) Intersegment	44,864	18,503	204,294	267,661	(267,661)	-
Total	2,530,334	773,640	668,823	3,972,798	(267,661)	3,705,136
Ordinary expenses	1,764,055	728,363	487,692	2,980,111	(238,529)	2,741,582
Ordinary profit	766,278	45,277	181,130	992,686	(29,131)	963,554
Assets	103,026,827	2,056,078	6,083,193	111,166,100	(4,155,524)	107,010,575
Depreciation	62,886	337,345	21,274	421,505	13	421,519
Losses on impairment of fixed assets	7,435	620	4,247	12,303	-	12,303
Capital expenditure	62,482	384,370	22,859	469,711	0	469,711

(Notes)

- The business segmentation is classified based on SMFG's internal administrative purpose.  
Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
- "Other business" includes securities, credit card business, investment banking, loans, venture capital, system development and information processing.
- Amount of assets that are included in "Elimination and unallocated corporate assets" is 4,214,877 million yen, most of which are stocks of SMFG's subsidiaries and affiliates.

Year ended March 31, 2005 (Millions of yen)

	Banking business	Leasing business	Other business	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income						
(1) External customers	2,447,122	706,860	426,813	3,580,796	-	3,580,796
(2) Intersegment	41,862	19,723	190,226	251,812	(251,812)	-
Total	2,488,984	726,583	617,040	3,832,609	(251,812)	3,580,796
Ordinary expenses	2,643,533	684,652	505,793	3,833,979	(222,889)	3,611,089
Ordinary profit (loss)	(154,548)	41,931	111,246	(1,370)	(28,922)	(30,293)
Assets	96,420,384	1,924,019	5,649,310	103,993,713	(4,261,855)	99,731,858
Depreciation	60,568	343,134	24,248	427,951	14	427,966
Capital expenditure	66,189	400,119	27,112	493,421	9	493,430

Year ended March 31, 2006

(Millions of yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income							
(1) External customers	3,256,730	176,443	125,351	146,611	3,705,136	-	3,705,136
(2) Intersegment	70,044	41,114	2,836	36,345	150,341	(150,341)	-
Total	3,326,774	217,558	128,188	182,956	3,855,478	(150,341)	3,705,136
Ordinary expenses	2,482,510	152,350	103,720	136,967	2,875,548	(133,966)	2,741,582
Ordinary profit	844,264	65,208	24,468	45,988	979,929	(16,375)	963,554
Assets	97,046,578	5,034,350	2,825,039	3,856,601	108,762,570	(1,751,994)	107,010,575

(Notes)

- The geographic segmentation is classified based on the degrees of following factors:  
geographic proximity, similarity of economic activities and relationship of business activities among regions.  
Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
- The Americas includes the United States, Brazil, Canada and others; Europe includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.
- Amount of assets that are included in "Elimination and unallocated corporate assets" is 4,214,877 million yen, most of which are stocks of SMFG's subsidiaries and affiliates.

Year ended March 31, 2005

(Millions of yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income							
(1) External customers	3,331,194	109,639	62,959	77,003	3,580,796	-	3,580,796
(2) Intersegment	59,278	46,789	6,189	26,013	138,270	(138,270)	-
Total	3,390,472	156,429	69,148	103,016	3,719,067	(138,270)	3,580,796
Ordinary expenses	3,494,330	107,027	63,254	60,692	3,725,305	(114,215)	3,611,089
Ordinary profit (loss)	(103,857)	49,401	5,894	42,323	(6,238)	(24,055)	(30,293)
Assets	91,564,408	4,704,584	2,462,266	3,253,758	101,985,019	(2,253,160)	99,731,858

**(3) Ordinary income from overseas operations**

(Millions of yen)

	Consolidated ordinary income from overseas operations (A)	Consolidated ordinary income (B)	(A) / (B)
Year ended March 31, 2006	448,406	3,705,136	12.1 %
Year ended March 31, 2005	249,602	3,580,796	7.0 %

(Notes)

- Consolidated ordinary income from overseas operations are presented as counterparts of overseas sales of companies in other industries.
- The above table shows ordinary income from transactions of overseas branches of SMBC and transactions of overseas consolidated subsidiaries, excluding internal income. These extensive transactions are not categorized by transaction party and the geographic segment information is not presented because such information is not available.

**VI. Products, Orders and Sales**

This information is not available because of the specialty of banking business.

**Market Value of Securities and Money Held in Trust****[1] Securities****1. As of March 31, 2006**

(Notes)

- The amounts shown in the following tables include trading securities and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks," and commercial paper and beneficiary claims on commodity investment trusts classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the consolidated balance sheet.
- Stocks of subsidiaries and affiliates that have market value are presented in notes to nonconsolidated financial statements.

**(1) Securities classified as trading purposes**

As of March 31, 2006	(Millions of yen)	
	Consolidated balance sheet amount	Valuations gains (losses) included in the earnings for the fiscal year
Securities classified as trading purposes	1,088,599	(648)

**(2) Bonds classified as held-to-maturity with market value**

As of March 31, 2006	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	750,204	730,568	(19,635)	306	19,942
Japanese local government bonds	96,892	93,527	(3,365)	-	3,365
Japanese corporate bonds	379,614	371,560	(8,053)	-	8,053
Other	19,619	19,893	274	274	-
<b>Total</b>	<b>1,246,330</b>	<b>1,215,549</b>	<b>(30,781)</b>	<b>580</b>	<b>31,361</b>

(Note) Market value is calculated using market prices at the fiscal year-end.

**(3) Other securities with market value**

As of March 31, 2006	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	1,903,193	3,605,884	1,702,690	1,722,129	19,438
Bonds	12,683,880	12,386,646	(297,233)	988	298,222
Japanese government bonds	11,083,609	10,815,889	(267,720)	173	267,894
Japanese local government bonds	525,076	510,885	(14,191)	282	14,473
Japanese corporate bonds	1,075,194	1,059,872	(15,321)	532	15,854
Other	4,194,178	4,162,057	(32,120)	48,052	80,172
<b>Total</b>	<b>18,781,252</b>	<b>20,154,589</b>	<b>1,373,337</b>	<b>1,771,170</b>	<b>397,833</b>

(Notes)

- Net unrealized gains on other securities shown above include losses of 3,193 million yen that is recognized in the fiscal year's earnings by applying fair value hedge accounting.
- Consolidated balance sheet amount is calculated as follows:
 

Stocks	Average market prices during one month before the fiscal year-end
Bonds and other	Market prices at the fiscal year-end
- Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation loss for the fiscal year was 97 million yen. The rule for determining "material decline" is as follows and is based on the classification of issuing company under self-assessment of assets.
 

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	: Market value is lower than acquisition cost.
Issuers requiring caution	: Market value is 30% or more lower than acquisition cost.
Normal issuers	: Market value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt.

Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt.

Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.

Issuers requiring caution: Issuers that are identified for close monitoring.

Normal issuers: Issuers other than the above four categories of issuers.

(4) Held-to-maturity bonds sold during the fiscal year

There are no corresponding transactions.

(5) Other securities sold during the fiscal year

Year ended March 31, 2006	(Millions of yen)		
	Sales amount	Gains on sales	Losses on sales
Other securities	33,089,259	138,964	78,609

(6) Securities with no available market value

As of March 31, 2006	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	269
Other	3,758
Other securities	
Unlisted stocks (excluding OTC stocks)	402,747
Unlisted bonds	2,518,691
Unlisted foreign securities	457,953
Other	309,303

(7) Change of classification of securities

There are no corresponding transactions.

(8) Redemption schedule of other securities with maturities and held-to-maturity bonds

As of March 31, 2006	(Millions of yen)			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	5,841,530	4,784,630	2,468,673	3,037,217
Japanese government bonds	5,339,631	2,060,842	1,239,560	2,926,058
Japanese local government bonds	32,135	252,239	322,956	445
Japanese corporate bonds	469,763	2,471,547	906,156	110,713
Other	870,175	1,564,473	682,146	848,570
Total	6,711,706	6,349,103	3,150,820	3,885,788

(Notes)

- The amounts shown in the following tables include trading securities, commercial paper and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks," and beneficiary claims on loan trust classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the consolidated balance sheet.
- Stocks of subsidiaries and affiliates that have market value are presented in notes to nonconsolidated financial statements.

## (1) Securities classified as trading purposes

As of March 31, 2005	(Millions of yen)	
	Consolidated balance sheet amount	Valuations gains (losses) included in the earnings for the fiscal year
Securities classified as trading purposes	1,325,972	(3,717)

## (2) Bonds classified as held-to-maturity with market value

As of March 31, 2005	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	507,342	505,002	(2,339)	1,582	3,922
Japanese local government bonds	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-
Other	28,859	29,380	520	531	11
Total	536,201	534,382	(1,818)	2,114	3,933

(Note) Market value is calculated using market prices at the fiscal year-end.

## (3) Other securities with market value

As of March 31, 2005	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	1,992,711	2,697,765	705,053	750,480	45,426
Bonds	14,734,261	14,749,222	14,961	34,971	20,010
Japanese government bonds	13,116,068	13,129,235	13,167	27,115	13,948
Japanese local government bonds	488,423	486,884	(1,538)	2,061	3,600
Japanese corporate bonds	1,129,770	1,133,102	3,332	5,794	2,462
Other	2,779,971	2,756,295	(23,675)	15,903	39,579
Total	19,506,944	20,203,283	696,339	801,356	105,017

(Notes)

- Net unrealized gains on other securities shown above include gains of 469 million yen that is recognized in the fiscal year's earnings by applying fair value hedge accounting and valuation gains of 82 million yen on embedded financial instruments in their entirety that are recognized in the earnings because their embedded derivatives are not measured separately.

- Consolidated balance sheet amount is calculated as follows:

Stocks	Average market prices during one month before the fiscal year-end
Bonds and other	Market prices at the fiscal year-end

- Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation loss for the fiscal year was 172 million yen. The rule for determining "material decline" is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	: Market value is lower than acquisition cost.
Issuers requiring caution	: Market value is 30% or more lower than acquisition cost.
Normal issuers	: Market value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt.

Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt.

Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.

Issuers requiring caution: Issuers that are identified for close monitoring.

Normal issuers: Issuers other than the above four categories of issuers.

(4) Held-to-maturity bonds sold during the fiscal year

There are no corresponding transactions.

(5) Other securities sold during the fiscal year

<u>Year ended March 31, 2005</u>	<u>(Millions of yen)</u>		
	<u>Sales amount</u>	<u>Gains on sales</u>	<u>Losses on sales</u>
Other securities	36,133,895	214,022	90,314

(6) Securities with no available market value

<u>As of March 31, 2005</u>	<u>(Millions of yen)</u>
	<u>Consolidated balance sheet amount</u>
<u>Bonds classified as held-to-maturity</u>	
Unlisted foreign securities	2,400
Other	8,566
<u>Other securities</u>	
Unlisted stocks (excluding OTC stocks)	429,658
Unlisted bonds	2,110,338
Unlisted foreign securities	412,118
Other	221,982

(7) Change of classification of securities

There are no corresponding transactions.

(8) Redemption schedule of other securities with maturities and held-to-maturity bonds

<u>As of March 31, 2005</u>	<u>(Millions of yen)</u>			
	<u>Within 1 year</u>	<u>After 1 year through 5 years</u>	<u>After 5 years through 10 years</u>	<u>After 10 years</u>
<u>Bonds</u>	<u>3,110,902</u>	<u>9,065,255</u>	<u>2,237,616</u>	<u>2,953,130</u>
Japanese government bonds	2,818,917	6,414,993	1,482,528	2,920,138
Japanese local government bonds	20,003	264,369	202,016	494
Japanese corporate bonds	271,981	2,385,892	553,071	32,497
Other	600,124	1,625,706	258,965	725,965
<u>Total</u>	<u>3,711,027</u>	<u>10,690,962</u>	<u>2,496,581</u>	<u>3,679,096</u>

[2] Money Held in Trust

1. As of March 31, 2006

(1) Money held in trust classified as trading purposes

There are no corresponding transactions.

(2) Money held in trust classified as held-to-maturity

There are no corresponding transactions.

(3) Other money held in trust

As of March 31, 2006	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	2,703	2,912	209	209	-

(Note) Consolidated balance sheet amount is calculated by using market prices at the fiscal year-end.

2. As of March 31, 2005

(1) Money held in trust classified as trading purposes

There are no corresponding transactions.

(2) Money held in trust classified as held-to-maturity

There are no corresponding transactions.

(3) Other money held in trust

As of March 31, 2005	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	3,628	3,832	204	300	95

(Note) Consolidated balance sheet amount is calculated by using market prices at the fiscal year-end.

## 1. As of March 31, 2006

Net unrealized gains on other securities that is reported on the consolidated balance sheet is shown as follows:

As of March 31, 2006	(Millions of yen)
Net unrealized gains	1,376,785
Other securities	1,376,576
Other money held in trust	209
(-) Deferred tax liabilities	559,501
Net unrealized gains on other securities (before following adjustment)	<u>817,283</u>
(-) Minority interests	8,343
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	<u>10,986</u>
Net unrealized gains on other securities	<u><u>819,927</u></u>

## (Notes)

1. Net unrealized gains on other securities shown above include losses of 3,193 million yen that is recognized in the fiscal year's earnings by applying fair value hedge accounting.
2. Net unrealized gains included foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

## 2. As of March 31, 2005

Net unrealized gains on other securities that is reported on the consolidated balance sheet is shown as follows:

As of March 31, 2005	(Millions of yen)
Net unrealized gains	695,951
Other securities	695,746
Other money held in trust	204
(-) Deferred tax liabilities	282,389
Net unrealized gains on other securities (before following adjustment)	<u>413,561</u>
(-) Minority interests	7,982
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	<u>5,074</u>
Net unrealized gains on other securities	<u><u>410,653</u></u>

## (Notes)

1. Net unrealized gains on other securities shown above include gains of 469 million yen that is recognized in the fiscal year's earnings by applying fair value hedge accounting and gains of 82 million yen on embedded financial instruments in their entirety that are recognized in the earnings because their embedded derivatives are not measured separately.
2. Net unrealized gains included foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

## **Market Value Information on Derivative Transactions**

Please refer to EDINET system (<https://info.edinet.go.jp/EdiHtml/main.htm>) after June 30, 2006 (available in Japanese).

SMFG will also disclose derivative information on our Annual Report that will be issued in August. (<http://www.smfg.co.jp/english/index.html>)

## **Related Party Transactions**

There are no material transactions with related parties to be reported for the fiscal year ended March 31, 2006.

There are no material transactions with related parties to be reported for the fiscal year ended March 31, 2005.

# Sumitomo Mitsui Financial Group, Inc (SMFG)

## Non-consolidated Financial Results for the Fiscal Year ended March 31, 2006

Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan

Stock Exchange Listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange (code: 8316)

URL: <http://www.smfg.co.jp>

President: Teisuke Kitayama

Date of Approval of the Non-consolidated Financial Statements by the Board of Directors: May 23, 2006

Date of Scheduled Payment of Dividends: June 29, 2006

Date of Ordinary General Meeting of Shareholders: June 29, 2006

(Note) Amounts less than one million yen have been omitted.

### 1. Financial Results (for the fiscal year ended March 31, 2006)

#### (1) Operating Results

(Millions of yen, except per share data and percentages)

Fiscal Year	Operating Income		Operating Profit		Ordinary Profit		Net Income	
ended March 31, 2006	¥ 55,482	(78.6)%	¥ 52,285	(79.6)%	¥ 48,264	(81.0)%	¥ 73,408	(70.9)%
ended March 31, 2005	258,866	366.3	256,222	388.3	253,448	395.1	252,228	399.4

Fiscal Year	Net Income per Share	Net Income per Share (Diluted)	Return on Common Stockholders' Equity	Ordinary Profit on Total Assets	Ordinary Profit on Operating Income
ended March 31, 2006	¥ 6,836.35	¥ 6,737.46	2.4 %	1.2 %	87.0 %
ended March 31, 2005	38,302.88	25,178.44	15.5	7.0	97.9

Notes: 1. Average number of common stock outstanding

(a) for the fiscal year ended March 31, 2006: 6,978,978 shares

(b) for the fiscal year ended March 31, 2005: 5,885,899 shares

2. There is no change in accounting methods.

3. Percentages shown in Operating Income, Operating Profit, Ordinary Profit and Net Income are the increase (decrease) from the previous fiscal year.

#### (2) Dividends (common stock) Please refer to the next page for the information of the preferred stock.

(Millions of yen, except per share data and percentages)

Fiscal Year	Dividends per Share (Annual)			Total Dividends (Annual)	Dividend Payout Ratio	Ratio of Dividends to Stockholders' Equity
		Interim	Year-End			
ended March 31, 2006	¥ 3,000	¥ 0	¥ 3,000	¥ 22,253	46.6 %	0.9 %
ended March 31, 2005	3,000	0	3,000	17,607	7.8	1.1

#### (3) Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share
March 31, 2006	¥ 4,166,332	¥ 3,935,426	94.5 %	¥ 330,206.27
March 31, 2005	3,795,110	3,319,615	87.5	257,487.78

Notes: 1. Number of common stock outstanding

(a) as of March 31, 2006: 7,417,865 shares (b) as of March 31, 2005: 5,869,288 shares

2. Number of treasury stock

(a) as of March 31, 2006: 6,307 shares (b) as of March 31, 2005: 404,503 shares

### 2. Earnings and Dividends Forecast (for the fiscal year ending March 31, 2007)

(Millions of yen, except per share data)

	Operating Income	Ordinary Profit	Net Income	Dividends per Share		
				Interim	Year-End	Annual
For the six months ending September 30, 2006	¥ 320,000	¥ 315,000	¥ 315,000	¥ 0	-	-
For the fiscal year ending March 31, 2007	360,000	355,000	355,000	-	¥ 4,000	¥ 4,000

(Reference) Forecasted net income per share for the fiscal year ending March 31, 2007 is 43,713.47 yen.

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.

Average number of shares outstanding during the fiscal year

	For the Fiscal Year ended March 31, 2006	For the Fiscal Year ended March 31, 2005
Common stock	6,978,978	5,885,899
Preferred stock (type 1)	35,000	48,333
Preferred stock (type 2)	100,000	100,000
Preferred stock (type 3)	695,000	738,750
Preferred stock (1st to 12th series type 4)	50,100	50,100
Preferred stock (13th series type 4)	4,748	112,352
Preferred stock (1st series type 6)	70,001	575

Number of shares outstanding at the fiscal year-end

	As of March 31, 2006	As of March 31, 2005
Common stock	7,417,865	5,869,288
Preferred stock (type 1)	35,000	35,000
Preferred stock (type 2)	100,000	100,000
Preferred stock (type 3)	695,000	695,000
Preferred stock (1st to 12th series type 4)	50,100	50,100
Preferred stock (13th series type 4)	-	107,087
Preferred stock (1st series type 6)	70,001	70,001

(Notes) 1. The numbers shown above do not include treasury stocks.

2. Number of shares issued changed during the fiscal year ended March 31, 2006 as follows:

		Number of shares issued	Issue price	Capitalized amount
Conversion of preferred stock (13th series type 4) to common stock	Common stock	1,029,680.28	-	-
	Preferred stock (13th series type 4)	(107,087)	-	-
Increase due to issuance of stock	Common stock	80,000	1,130,500 yen	565,250 yen
Increase due to third party share allotment	Common stock	40,700	1,130,500 yen	565,250 yen
Increase due to disposal of treasury stock	Common stock	400,000	-	-

Dividends per share and Total Dividends (for the fiscal year ended March 31, 2006)

(Millions of yen, except per share data)

	Dividends per Share (Annual)			Total Dividends (Annual)
		Interim	Year-End	
Common stock	¥ 3,000	¥ 0	¥ 3,000	¥ 22,253
Preferred stock (type 1)	10,500	0	10,500	367
Preferred stock (type 2)	28,500	0	28,500	2,850
Preferred stock (type 3)	13,700	0	13,700	9,521
Preferred stock (1st to 12th series type 4)	135,000	0	135,000	6,763
Preferred stock (1st series type 6)	88,500	0	88,500	6,195

Dividends per share and Total Dividends (for the fiscal year ended March 31, 2005)

(Millions of yen, except per share data)

	Dividends per Share (Annual)			Total Dividends (Annual)
		Interim	Year-End	
Common stock	¥ 3,000	¥ 0	¥ 3,000	¥ 17,607
Preferred stock (type 1)	10,500	0	10,500	367
Preferred stock (type 2)	28,500	0	28,500	2,850
Preferred stock (type 3)	13,700	0	13,700	9,521
Preferred stock (1st to 12th series type 4)	135,000	0	135,000	6,763
Preferred stock (13th series type 4)	67,500	0	67,500	7,228
Preferred stock (1st series type 6)	728	0	728	50

Forecasted annual dividends per share for the fiscal year ending March 31, 2007

	Dividends per Share (Annual)		
		Interim	Year-End
Common stock	¥ 4,000	¥ 0	¥ 4,000
Preferred stock (type 2)	28,500	0	28,500
Preferred stock (type 3)	13,700	0	13,700
Preferred stock (1st to 12th series type 4)	135,000	0	135,000
Preferred stock (1st series type 6)	88,500	0	88,500

Calculation for Indices

(1) Financial Results for the Fiscal Year ended March 31, 2006

- Return on Common Stockholders' Equity:

$$\frac{\text{Net income} - \text{Preferred stock dividends}}{\{( \text{Stockholders' equity at beginning of year} - \text{Number of preferred stocks outstanding at beginning of year} \times \text{Issue price} ) + ( \text{Stockholders' equity at year-end} - \text{Number of preferred stocks outstanding at year-end} \times \text{Issue price} )\} / 2}} \times 100$$

- Dividend Payout Ratio:

$$\frac{\text{Common stock dividends}}{\text{Net income} - \text{Preferred stock dividends}} \times 100$$

- Ratio of Dividends to Stockholders' Equity:

$$\frac{\text{Common stock dividends}}{\text{Stockholders' equity at year-end} - \text{Number of preferred stocks outstanding at year-end} \times \text{Issue price}} \times 100$$

(2) Forecasted Financial Results for the Fiscal Year ending March 31, 2007

- Forecasted Net Income per Share:

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred stock dividends}}{\text{Forecasted average number of common stocks outstanding during the year (excluding treasury stock) (*)}}$$

(\*) Number of common stock is expected to increase by 249,015 due to the share exchange scheduled in September 2006. Therefore, the forecasted net income per share is calculated assuming that forecasted average number of common stocks issued is 7,563,124.

March 31,

	2006	%	2005	%
<b>Assets</b>				
<b>Current assets</b>				
Cash and due from banks	561,862		44,021	
Prepaid expenses	21		21	
Deferred tax assets	43		40	
Accrued income	17		443	
Current portion of long-term loans to subsidiaries and affiliates	—		40,000	
Accrued income tax refunds	17,371		50,349	
Other current assets	55		112	
Total current assets	579,372	13.9	134,989	3.6
<b>Fixed assets</b>				
Premises and equipment				
Buildings	0		0	
Equipment	0		1	
Total premises and equipment	1	0.0	2	0.0
Intangible assets				
Software	28		41	
Total intangible assets	28	0.0	41	0.0
Investments and other assets				
Investments in securities	20		10	
Investments in subsidiaries and affiliates	3,586,045		3,656,465	
Deferred tax assets	562		2,997	
Total investments and other assets	3,586,627	86.1	3,659,472	96.4
Total fixed assets	3,586,657	86.1	3,659,517	96.4
<b>Deferred charges</b>				
Organization cost	301		603	
Total deferred charges	301	0.0	603	0.0
<b>Total assets</b>	<u>4,166,332</u>	100.0	<u>3,795,110</u>	100.0
<b>Liabilities</b>				
<b>Current liabilities</b>				
Short-term borrowings	230,000		475,000	
Accounts payable	117		67	
Accrued expenses	465		286	
Income taxes payable	36		31	
Business office taxes payable	4		5	
Reserve for employees bonuses	70		66	
Other current liabilities	211		36	
Total current liabilities	230,905	5.5	475,494	12.5
<b>Total liabilities</b>	<u>230,905</u>	5.5	<u>475,494</u>	12.5
<b>Stockholders' equity</b>				
<b>Capital stock</b>	1,420,877	34.1	1,352,651	35.7
<b>Capital surplus</b>				
Capital reserve	1,420,989		1,352,764	
Other capital surplus	684,406		499,529	
Gains on decrease of capital stock and capital reserve	499,503		499,503	
Gains on disposal of treasury stock	184,902		25	
Total capital surplus	2,105,396	50.6	1,852,293	48.8
<b>Retained earnings</b>				
Voluntary reserve	30,420		30,420	
Special voluntary earned reserves	30,420		30,420	
Unappropriated retained earnings	383,126		354,107	
Total retained earnings	413,546	9.9	384,527	10.1
<b>Treasury stock</b>	(4,393)	(0.1)	(269,857)	(7.1)
<b>Total stockholders' equity</b>	<u>3,935,426</u>	94.5	<u>3,319,615</u>	87.5
<b>Total liabilities and stockholders' equity</b>	<u>4,166,332</u>	100.0	<u>3,795,110</u>	100.0

## NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Year ended March 31,					
	2006			2005		
			%			%
<b>Operating income</b>						
Dividends on investments in subsidiaries and affiliates	46,432			251,735		
Fees and commissions received from subsidiaries	9,038			6,289		
Interest income on loans to subsidiaries and affiliates	<u>11</u>	55,482	100.0	<u>841</u>	258,866	100.0
<b>Operating expenses</b>						
General and administrative expenses	<u>3,196</u>	<u>3,196</u>	5.8	<u>2,644</u>	<u>2,644</u>	1.0
<b>Operating profit</b>		<u>52,285</u>	94.2		<u>256,222</u>	99.0
<b>Non-operating income</b>						
Interest income on deposits	71			45		
Fees and commissions income	27			17		
Other	<u>39</u>	138	0.3	<u>70</u>	134	0.0
<b>Non-operating expenses</b>						
Interest on borrowings	1,490			1,274		
Amortization of organization costs	301			301		
Stock issuance costs	739			788		
Fees and commissions expenses	1,519			537		
Other non-operating expenses	<u>108</u>	<u>4,159</u>	7.5	<u>6</u>	<u>2,908</u>	1.1
<b>Ordinary profit</b>		<u>48,264</u>	87.0		<u>253,448</u>	97.9
<b>Extraordinary gains</b>						
Gains on sale of a subsidiary's shares	<u>27,579</u>	<u>27,579</u>	49.7	<u>—</u>	<u>—</u>	—
<b>Income before income taxes</b>		<u>75,844</u>	136.7		<u>253,448</u>	97.9
Income taxes, current	3			3		
refund	—			329		
deferred	<u>2,431</u>	<u>2,435</u>	4.4	<u>1,545</u>	<u>1,219</u>	0.5
<b>Net income</b>		<u>73,408</u>	132.3		<u>252,228</u>	97.4
Unappropriated retained earnings carried forward		<u>309,717</u>			<u>101,878</u>	
Unappropriated retained earnings at end of year		<u><u>383,126</u></u>			<u><u>354,107</u></u>	

## Significant Accounting Policies for Non-consolidated Financial Statements

1. Valuation of securities  
Investments in subsidiaries and affiliates, and other securities without market value are carried at cost using the moving-average method.
2. Depreciation of fixed assets
  - (1) Premises and equipment  
Premises and equipment owned by Sumitomo Mitsui Financial Group, Inc. (SMFG) are depreciated using the straight-line method for premises and the declining-balance method for equipment.
  - (2) Intangible assets  
SMFG computes depreciation for capitalized software for internal use using the straight-line method over its estimated useful life (five years).
3. Deferred charges  
Stock issuance costs are expensed when they are incurred. Organization cost is recognized as assets and depreciated using the straight-line method over five years pursuant to Article 35 of the Ordinance of the former Commercial Code.
4. Reserve  
Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to this fiscal year.
5. Lease transactions  
Financing leases, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same manner as operating leases.
6. Consumption taxes  
National and local consumption taxes are accounted for using the tax-excluded method.

## Change in Accounting Method

Effective April 1, 2005, SMFG applied "Accounting Standards for Impairment of Fixed Assets" ("Opinion Concerning Establishment of Accounting Standard for Impairment on Fixed Assets" issued by the Business Accounting Council on August 9, 2002) and "Guidelines on Implementation of Accounting Standard for Impairment of Fixed Assets" (Guidelines on Implementation of Business Accounting Standard No.6, issued on October 31, 2003). This accounting change has no impact on profit and loss account.

## Additional Information

On January 31, 2006, SMFG issued 80,000 new shares of common stock at 1,130,500 yen per share (issue price) for final allocation by underwriters at 1,166,200 yen per share (offer price). Furthermore, in connection with the over-allotment of 40,700 shares of common stock offered for sale at 1,166,200 yen per share (sales price) in the public offering, SMFG issued on February 28, 2006 the same number of new shares of common stock at 1,130,500 yen per share (issue price) through third-party allocation to the underwriter who conducted the over-allotment. The purchase agreement for the offering prescribes that the total amount of issue price be treated as the total amount of subscription price and no underwriting commission be paid. Accordingly, Stock issuance cost does not include the amount equivalent to the underwriting commission for the offering. Out of the issue price per share, 565,250 yen is accounted for as capital stock and 565,250 yen as capital surplus.

Also, on January 31, 2006, SMFG disposed of 400,000 shares of treasury stock at 1,130,500 yen per share (disposal price) for final allocation by underwriters at 1,166,200 yen per share (sales price). The purchase agreement for the offering prescribes that the total amount of disposal price be treated as the total amount of subscription price and no underwriting commission be paid. Accordingly, Fees and commissions expenses do not include the amount equivalent to the underwriting commission for the offering. The difference between the disposal price and the book value of the treasury stock sold in the offering is accounted for as "other capital surplus."

1. Amounts less than one million yen have been omitted.
2. Accumulated depreciation of premises and equipment was 1 million yen.
3. Assets and liabilities related to transactions with subsidiaries and affiliates are as follows:
  - Deposits : 561,862 million yen
  - Short-term borrowings: 230,000 million yen
4. Contingent liabilities
  - SMFG has guaranteed the Deposit Protection Fund within the Association of German Banks for the return of up to 48,545 million yen in customers' deposits at SMBC's Düsseldorf Branch.
5. Number of shares authorized
  - Common stock: 15,000,000 shares
  - Preferred stock: 1,515,000 shares
 Number of shares issued
  - Common stock: 7,424,172.77 shares
  - Preferred stock: 950,101 shares
6. Treasury stock
  - Number of treasury stock (common stock) as of year-end is 6,307.15.
7. Under the Articles of Incorporation of SMFG, followings are the maximum amounts of annual cash dividends to preferred shareholders:
  - Preferred stock (type 1): 10,500 yen per share
  - Preferred stock (type 2): 28,500 yen per share
  - Preferred stock (type 3): 13,700 yen per share
  - Preferred stock (type 4): Amount to be resolved at meeting of the Board of Directors (Max. 200,000 yen per share)
  - Preferred stock (type 5): Amount to be resolved at meeting of the Board of Directors (Max. 200,000 yen per share)
  - Preferred stock (type 6): Amount to be resolved at meeting of the Board of Directors (Max. 300,000 yen per share)

**Notes to Non-consolidated Statement of Income**

1. Amounts less than one million yen have been omitted.
2. General and administrative expenses include salaries and related expenses of 1,203 million yen, rent and lease expenses of 315 million yen, advertising and publicity expenses of 215 million yen, taxes other than income taxes of 213 million yen and outsourcing expenses of 652 million yen.
3. Non-operating income includes interest received from a subsidiary of 26 million yen.
4. Non-operating expenses include interest on borrowings from a subsidiary of 1,490 million yen.

**Securities**

SMFG has no investments in subsidiaries and affiliates that have market value.

**Tax Effect Accounting**

1. Major components of deferred tax assets as of March 31, 2006 were as follows:

	(Millions of yen)
Deferred tax assets	
Stock of subsidiaries	1,202,944
Net operating loss carryforwards	562
Other	43
Subtotal	1,203,550
Valuation allowance	(1,202,944)
Deferred tax assets	605
Net deferred tax assets	605

2. A reconciliation of the effective income tax rate reflected in the accompanying statement of income to the statutory tax rate for the year ended March 31, 2006 was as follows:

Statutory tax rate	40.69%
[Adjustments]	
Dividends exempted for income tax purposes	(45.78%)
Valuation allowance	8.30%
Other	0.01%
Effective income tax rate	<u>3.21%</u>

### Per Share Data

Stockholders' equity per share was 330,206.27 yen.

Net income per share was 6,836.35 yen.

Net income per share (diluted) was 6,737.46 yen.

(Note)

"Net income per share" and "Net income per share (diluted)" were calculated based on the following data.

#### Net income per share

Net income	73,408	million yen
Amount not attributed to common stockholders	25,697	million yen
[preferred stock dividends]	[25,697]	million yen
Net income attributed to common stock	47,710	million yen
Average number of common stock during the year	6,978,978	shares

#### Net income per share (diluted)

Adjustment for net income	367	million yen
[preferred stock dividends]	[367]	million yen
Increase in number of common stock	156,973	shares
[preferred stock]	[156,522]	shares
[stock acquisition rights]	[450]	shares

Following potentially dilutive securities are not included in calculation of "Net income per share (diluted)" because they do not have dilutive effect:

#### Preferred stock

type 2: 100,000 shares outstanding

type 3: 695,000 shares outstanding

1st-12th series type 4: 50,100 shares outstanding

### Subsequent Events

- On April 28, 2006, SMFG resolved to make SMBC Friend Securities Co., Ltd. ("Friend Securities") into a wholly-owned subsidiary of SMFG through a share exchange, subject to regulatory approval, in order to establish a new business model distinct from the conventional one by combining banking and securities businesses and maximizing synergies between them, and signed a share exchange agreement whose effective date is September 1, 2006 with Friend Securities.
- SMFG resolved to repurchase shares of Type 1 preferred stock and Type 2 preferred stock owned by the Resolution and Collection Corporation and retire such shares at the meeting of the Board of Directors held on May 12, 2006, and carried it out on May 17, 2006 as described below. The repurchase of the preferred shares was executed within SMFG's own stock repurchase limit pursuant to Article 210 of the former Commercial Code. The amount of retired shares was deducted from Other capital surplus.

#### Details of repurchase and retirement

##### 1. Type 1 preferred stock

(1) Number of shares to be repurchased: 35,000 shares

(2) Total amount of repurchase: 141,960,000,000 yen

##### 2. Type 2 preferred stock

(1) Number of shares to be repurchased: 33,000 shares

(2) Total amount of repurchase: 133,956,900,000 yen

**NON-CONSOLIDATED STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS  
AND OTHER CAPITAL SURPLUS (PROPOSAL)**

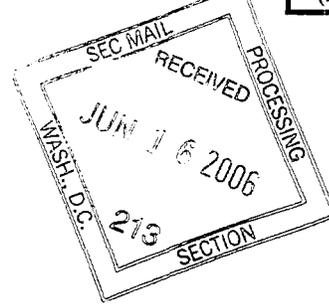
(Yen)

	Year ended March 31,			
	2006		2005	
<b><u>Appropriation of unappropriated retained earnings</u></b>				
Unappropriated retained earnings at end of year		383,126,165,077		354,107,554,945
Retained earnings to be appropriated		47,951,185,360		44,389,698,788
Dividends on preferred stock (type 1)	(10,500 yen per share)	367,500,000	(10,500 yen per share)	367,500,000
Dividends on preferred stock (type 2)	(28,500 yen per share)	2,850,000,000	(28,500 yen per share)	2,850,000,000
Dividends on preferred stock (type 3)	(13,700 yen per share)	9,521,500,000	(13,700 yen per share)	9,521,500,000
Dividends on preferred stock (1st series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (2nd series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (3rd series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (4th series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (5th series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (6th series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (7th series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (8th series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (9th series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (10th series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (11th series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (12th series type 4)	(135,000 yen per share)	563,625,000	(135,000 yen per share)	563,625,000
Dividends on preferred stock (13th series type 4)		–	(67,500 yen per share)	7,228,372,500
Dividends on preferred stock (1st series type 6)	(88,500 yen per share)	6,195,088,500	(728 yen per share)	50,960,728
Dividends on common stock	(3,000 yen per share)	22,253,596,860	(3,000 yen per share)	17,607,865,560
Retained earnings carried forward to next year		335,174,979,717		309,717,856,157
<b><u>Appropriation of other capital surplus</u></b>				
Other capital surplus at end of year		684,406,555,469		499,529,726,103
Other capital surplus to be appropriated		0		0
Other capital surplus carried forward to next year		684,406,555,469		499,529,726,103

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# Financial Results

Fiscal Year 2005

-Supplementary Information-

Sumitomo Mitsui Financial Group, Inc.

Sumitomo Mitsui Banking Corporation

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(Notes) 1. <Consolidated>: Consolidated figures of Sumitomo Mitsui Financial Group, Inc. ("SMFG")

2. <Non-consolidated>: Non-consolidated figures of Sumitomo Mitsui Banking Corporation ("SMBC")

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 material: 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.

## 1. Income Analysis

&lt;SMBC Non-consolidated&gt;

(Millions of yen)

		FY2005		FY2004
			Change	
Gross banking profit	1	1,552,033	29,172	1,522,861
<i>Excluding gains (losses) on bonds</i>	2	1,562,354	17,902	1,544,452
Gross domestic profit	3	1,266,488	83,677	1,182,811
<i>Excluding gains (losses) on bonds</i>	4	1,277,794	88,882	1,188,912
Net interest income	5	943,870	29,298	914,572
Trust fees	6	8,625	6,018	2,607
Net fees and commissions	7	299,415	52,617	246,798
Net trading income	8	(234)	(2,021)	1,787
Net other operating income	9	14,811	(2,234)	17,045
<i>Gains (losses) on bonds</i>	10	(11,305)	(5,205)	(6,100)
Gross international profit	11	285,545	(54,504)	340,049
<i>Excluding gains (losses) on bonds</i>	12	284,559	(70,981)	355,540
Net interest income	13	10,674	(47,259)	57,933
Net fees and commissions	14	67,261	15,982	51,279
Net trading income	15	12,172	(117,620)	129,792
Net other operating income	16	195,436	94,393	101,043
<i>Gains (losses) on bonds</i>	17	985	16,475	(15,490)
Expenses (excluding non-recurring losses)	18	(586,459)	(4,094)	(582,365)
Personnel expenses	19	(192,359)	11,787	(204,146)
Non-personnel expenses	20	(360,720)	(19,186)	(341,534)
Taxes	21	(33,379)	3,305	(36,684)
Banking profit (before provision for general reserve for possible loan losses)	22	965,573	25,078	940,495
<i>Excluding gains (losses) on bonds</i>	23	975,894	13,808	962,086
Provision for general reserve for possible loan losses	24	(154,980)	(506,457)	351,477
Banking profit	25	810,593	(481,379)	1,291,972
Gains (losses) on bonds	26	(10,320)	11,270	(21,590)
Non-recurring gains (losses)	27	(89,659)	1,273,994	(1,363,653)
Credit related costs	28	(106,560)	1,199,760	(1,306,320)
Write-off of loans	29	(12,650)	685,291	(697,941)
Provision for specific reserve for possible loan losses	30	(15,825)	458,330	(474,155)
Losses on sales of delinquent loans	31	(79,659)	58,393	(138,052)
Provision for loan loss reserve for specific overseas countries	32	1,575	(2,253)	3,828
Gains (losses) on stocks	33	25,460	144,187	(118,727)
Gains on sale of stocks	34	70,085	(42,974)	113,059
Losses on sale of stocks	35	(13,367)	(9,161)	(4,206)
Losses on devaluation of stocks	36	(31,257)	196,323	(227,580)
Other non-recurring gains (losses)	37	(8,559)	(69,953)	61,394
Ordinary profit (loss)	38	720,933	792,613	(71,680)
Extraordinary gains (losses)	39	25,739	54,137	(28,398)
Gains (losses) on disposal of premises and equipment	40	1,457	13,952	(12,495)
Gains on disposal of premises and equipment	41	4,157	2,776	1,381
Losses on disposal of premises and equipment	42	(2,699)	11,178	(13,877)
Losses on impairment of fixed assets	43	(6,300)	(6,300)	
Gains on collection of written-off claims	44	30,605	30,424	181
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	45	-	16,001	(16,001)
Income (loss) before income taxes	46	746,672	846,751	(100,079)
Income taxes, current	47	(13,512)	(7,133)	(6,379)
Income taxes, refund	48	-	(8,184)	8,184
Income taxes, deferred	49	(213,639)	(175,060)	(38,579)
Net income (loss)	50	519,520	656,374	(136,854)
Total credit cost (24+28+44)	51	(230,935)	723,908	(954,843)

(Note) 1. Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.

2. Gains on collection of written-off claims are included in Total credit cost in FY2005.

		FY2005		FY2004
			Change	
Consolidated gross profit	1	2,090,149	65,159	2,024,990
Net interest income	2	1,161,607	(9,735)	1,171,342
Trust fees	3	8,631	6,022	2,609
Net fees and commissions	4	619,591	103,482	516,109
Net trading income	5	32,807	(111,580)	144,387
Net other operating income	6	267,511	76,971	190,540
General and administrative expenses	7	(853,796)	(1,081)	(852,715)
Credit related costs	8	(333,571)	863,226	(1,196,797)
Write-off of loans	9	(69,355)	690,044	(759,399)
Provision for specific reserve for possible loan losses	10	(45,047)	448,900	(493,947)
Provision for general reserve for possible loan losses	11	(120,078)	(321,294)	201,216
Other credit cost	12	(99,091)	45,575	(144,666)
Gains (losses) on stocks	13	47,119	149,037	(101,918)
Equity in earnings of affiliates	14	31,887	4,745	27,142
Other income (expenses)	15	(18,233)	(87,238)	69,005
Ordinary profit (loss)	16	963,554	993,847	(30,293)
Extraordinary gains (losses)	17	79,807	158,049	(78,242)
Losses on impairment of fixed assets	18	(12,303)	(12,303)	
Gains on collection of written-off claims	19	31,584	30,552	1,032
Income (loss) before income taxes and minority interests	20	1,043,362	1,151,897	(108,535)
Income taxes, current	21	(69,818)	(39,180)	(30,638)
Income taxes, refund	22	-	(8,869)	8,869
Income taxes, deferred	23	(226,901)	(173,989)	(52,912)
Minority interests in net income (loss)	24	(59,800)	(8,817)	(50,983)
Net income (loss)	25	686,841	921,042	(234,201)

(Note) Consolidated gross profit = (Interest income - interest expenses) + Trust fees + (Fees and commissions (income) - Fees and commissions (expenses)) + (Trading profits - Trading losses) + (Other operating income - Other operating expenses)

Total credit cost (8+19)	26	(301,987)	894,810	(1,196,797)
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(Note) Gains on collection of written-off claims are included in Total credit cost in FY2005.

(Reference) (Billions of yen)

Consolidated net business profit	27	1,225.4	211.0	1,014.4
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(Note) Consolidated net business profit = (SMBC Non-consolidated banking profit (before provision for general reserve for possible loan losses)) + (Other consolidated subsidiaries' ordinary profit (excluding non-recurring items)) + (Affiliates' ordinary profit) X (Ownership ratio) - (Internal transaction (dividends, etc.))

(Number of consolidated subsidiaries and affiliates)

		Mar. 31, 2006	Change	Mar. 31, 2005
Consolidated subsidiaries	28	162	(5)	167
Affiliated companies accounted for by equity method	29	63	10	53

2. Banking Profit per Employee / Overhead Ratio <SMBC Non-consolidated>

(Millions of yen, %)

	FY2005	Change		FY2004
(1) Banking profit (before provision for general reserve for possible loan losses)	965,573	25,078		940,495
Per employee (thousands of yen)	57,739	3,985		53,754
(2) Banking profit	810,593	(481,379)		1,291,972
Per employee (thousands of yen)	48,471	(25,372)		73,843
(3) Banking profit (before provision for general reserve for possible loan losses, excluding gains (losses) on bonds)	975,894	13,808		962,086
Per employee (thousands of yen)	58,356	3,368		54,988
Overhead ratio	37.8	(0.4)		38.2

(Notes) 1. Employees include executive officers (who are not board members) and overseas local staffs, and exclude temporary staffs, employees temporarily transferred from other companies, and transferred staffs to other companies.

2. Banking profit per employee is calculated on the basis of the average number of employees during the period.

3. Overhead ratio = Expenses (excluding non-recurring losses) / Gross banking profit

3. Interest Spread (Domestic) <SMBC Non-consolidated>

(%)

	FY2005	Change		FY2004
Yield on interest earning assets (A)	1.51	0.06		1.45
Interest earned on loans and bills discounted (C)	1.71	(0.07)		1.78
Interest earned on securities	1.03	0.35		0.68
Total cost of funding (including expenses) (B)	0.82	(0.02)		0.84
Cost of interest bearing liabilities	0.07	(0.02)		0.09
Interest paid on deposits, etc. (D)	0.02	0.00		0.02
Interest paid on other liabilities	0.22	(0.05)		0.27
Expense ratio	0.75	0.00		0.75
Overall interest spread (A) - (B)	0.69	0.08		0.61
Interest spread (C) - (D)	1.69	(0.07)		1.76

4. Gains (Losses) on Securities <SMBC Non-consolidated>

(Millions of yen)

	FY2005	Change		FY2004
Gains (losses) on bonds	(10,320)	11,270		(21,590)
Gains on sales	43,102	(37,692)		80,794
Losses on sales	(53,317)	49,026		(102,343)
Gains on redemption	90	(173)		263
Losses on redemption	(195)	(134)		(61)
Losses on devaluation	-	243		(243)
Gains (losses) on stocks	25,460	144,187		(118,727)
Gains on sales	70,085	(42,974)		113,059
Losses on sales	(13,367)	(9,161)		(4,206)
Losses on devaluation	(31,257)	196,323		(227,580)

## (1) Evaluation method of securities

Trading purpose		Fair value method (net valuation gains (losses) are recognized in income statement)
Held-to-maturity purpose		Amortized cost method
Other securities	With market value	Fair value method (net valuation gains (losses)* are directly included in Stockholders' equity)
	Without market value	Cost method or amortized cost method
Investments in subsidiaries and affiliates		Cost method

\*The amount recognized in income statement by application of fair value hedge accounting is excluded from the amount directly included in Stockholders' equity.

## (Reference) Securities in money held in trust

Investment purpose		Fair value method (net valuation gains (losses) are recognized in income statement)
Other money held in trust	With market value	Fair value method (net valuation gains (losses) are directly included in Stockholders' equity)
	Without market value	Cost method or amortized cost method

## (2) Unrealized gains (losses)

&lt;SMBC Non-consolidated&gt;

(Millions of yen)

	Mar. 31, 2006				Mar. 31, 2005		
	Net unrealized gains (losses)				Net unrealized gains (losses)		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	(30,782)	(28,938)	577	(31,359)	(1,844)	2,089	(3,933)
Stocks of subsidiaries and affiliates	267,575	207,232	270,285	(2,710)	60,343	60,690	(347)
Other securities	1,316,206	664,821	1,695,589	(379,383)	651,385	750,143	(98,757)
Stocks	1,632,404	965,078	1,649,881	(17,476)	667,326	708,643	(41,317)
Bonds	(282,254)	(289,954)	727	(282,981)	7,700	27,343	(19,642)
Others	(33,943)	(10,302)	44,980	(78,924)	(23,641)	14,155	(37,797)
Other money held in trust	209	5	209	-	204	300	(95)
Total	1,553,208	843,120	1,966,661	(413,453)	710,088	813,222	(103,133)
Stocks	1,899,979	1,172,310	1,920,166	(20,186)	727,669	769,333	(41,664)
Bonds	(313,307)	(318,667)	1,033	(314,341)	5,360	28,925	(23,565)
Others	(33,463)	(10,522)	45,460	(78,924)	(22,941)	14,963	(37,904)

- (Notes) 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in 'Cash and due from banks & Deposits with banks' and on beneficiary claims on commodity investment trusts in 'Commercial paper and other debt purchased'.
2. Unrealized gains (losses) of stocks (excluding stocks of subsidiaries and affiliates) are calculated with the average market price during the final month of the fiscal year. Rest of the securities are valued at market prices as of the balance sheet date.
3. Other securities and Other money held in trust are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the difference between the acquisition costs (or amortized costs) and the balance sheet amounts.
- Net unrealized gains on other securities as of Mar. 31, 2006 include losses of JPY 3,193 million that were recognized in income statement by applying fair value hedge accounting, which are included in the amount to be directly included in Stockholders' equity.
- Unrealized gains on other securities for Mar. 31, 2005 include gains of JPY 469 million recognized in income statement by applying fair value hedge accounting and valuation gains of JPY 82 million on embedded financial instruments in their entirety that were recorded in income statement because their embedded derivatives are not measured separately. Therefore, JPY 551 million is excluded from the amount to be directly included in stockholders' equity.

&lt;Consolidated&gt;

(Millions of yen)

	Mar. 31, 2006				Mar. 31, 2005		
	Net unrealized gains (losses)				Net unrealized gains (losses)		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	(30,781)	(28,963)	580	(31,361)	(1,818)	2,114	(3,933)
Other securities	1,373,337	676,998	1,771,170	(397,833)	696,339	801,356	(105,017)
Stocks	1,702,690	997,637	1,722,129	(19,438)	705,053	750,480	(45,426)
Bonds	(297,233)	(312,194)	988	(298,222)	14,961	34,971	(20,010)
Others	(32,120)	(8,445)	48,052	(80,172)	(23,675)	15,903	(39,579)
Other money held in trust	209	5	209	-	204	300	(95)
Total	1,342,765	648,041	1,771,960	(429,195)	694,724	803,771	(109,046)
Stocks	1,702,690	997,637	1,722,129	(19,438)	705,053	750,480	(45,426)
Bonds	(328,288)	(340,909)	1,294	(329,583)	12,621	36,554	(23,932)
Others	(31,636)	(8,686)	48,535	(80,172)	(22,950)	16,735	(39,686)

- (Notes) 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in 'Cash and due from banks & Deposits with banks' and on beneficiary claims on commodity investment trusts in 'Commercial paper and other debt purchased'.
2. Unrealized gains (losses) of stocks are mainly calculated with the average market price during the final month of the fiscal year. Rest of the securities are valued at market prices as of the balance sheet date.
3. Other securities and Other money held in trust are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the difference between the acquisition costs (or amortized costs) and the balance sheet amounts.
- Net unrealized gains on other securities as of Mar. 31, 2006 include losses of JPY 3,193 million that were recognized in income statement by applying fair value hedge accounting, which are included in the amount to be directly included in Stockholders' equity.
- Unrealized gains on other securities for Mar. 31, 2005 include gains of JPY 469 million recognized in income statement by applying fair value hedge accounting and valuation gains of JPY 82 million on embedded financial instruments in their entirety that were recorded in income statement because their embedded derivatives are not measured separately. Therefore, JPY 551 million is excluded from the amount to be directly included in stockholders' equity.

6. Overview of Derivative Transactions (on Deferred Hedge Accounting Basis)  
 <SMBC Non-consolidated>

(Billions of yen)

	Mar. 31, 2006				Mar. 31, 2005			
	Assets (a)	Liabilities (b)	Net	Net	Assets (c)	Liabilities (d)	Net	Net
			assets (a) - (b)	deferred gains (losses)			assets (c) - (d)	deferred gains (losses)
Interest rate swaps	46.5	101.0	(54.5)	(170.4)	57.7	52.9	4.8	(74.2)
Currency swaps	3.3	5.6	(2.3)	0.8	1.1	9.7	(8.6)	2.8
Others	6.4	3.3	3.1	2.4	7.5	5.7	1.8	12.1
<b>Total</b>	<b>56.2</b>	<b>109.9</b>	<b>(53.7)</b>	<b>(167.2)</b>	<b>66.3</b>	<b>68.3</b>	<b>(2.0)</b>	<b>(59.3)</b>

(Notes) 1. Derivative transactions are valued at fair value on the balance sheet.

2. SMBC applied individual deferred hedge or fair value hedge accounting based on Practical Guidelines for Accounting Standard for Financial Instruments as well as deferred hedge accounting for banking industry based on JICPA Industry Audit Committee Report No.24 and No.25.

(Appendix) Contract amount of interest rate swaps (on deferred hedge accounting basis), classified by maturity

(Billions of yen)

	Mar. 31, 2006				Mar. 31, 2005			
	1 year or less	More than 1 year to 5 years	More than 5 years	Total	1 year or less	More than 1 year to 5 years	More than 5 years	Total
Receivable fixed rate /payable floating rate	5,587.5	16,061.5	5,045.3	26,694.3	7,304.7	16,947.2	3,170.8	27,422.7
Receivable floating rate /payable fixed rate	903.4	5,564.3	5,635.5	12,103.2	949.8	5,995.4	3,270.3	10,215.5
Receivable floating rate /payable floating rate	253.8	230.7	20.8	505.3	155.0	452.0	50.8	657.8
<b>Total contract amount</b>	<b>6,744.7</b>	<b>21,856.5</b>	<b>10,701.6</b>	<b>39,302.8</b>	<b>8,409.5</b>	<b>23,394.6</b>	<b>6,491.9</b>	<b>38,296.0</b>

7. Employee Retirement Benefits

(1) Projected benefit obligation

<SMBC Non-consolidated>

(Millions of yen)

		Mar. 31, 2006		Mar. 31, 2005
			Change	
Projected benefit obligation	(A)	842,444	13,884	828,560
	<Discount rate>	<2.5%>	< - >	<2.5%>
Fair value of plan assets	(B)	1,207,292	321,882	885,410
Reserve for employee retirement benefits	(C)	-	-	-
Prepaid pension cost	(D)	176,976	19,513	157,463
Unrecognized prior service cost (deductible from the obligation)	(E)	(58,999)	9,240	(68,239)
Unrecognized actuarial net gain (loss)	(A-B-C+D-E)	(128,871)	(297,724)	168,853

(Reference) <Consolidated>

(Millions of yen)

		Mar. 31, 2006		Mar. 31, 2005
			Change	
Projected benefit obligation	(A)	909,802	18,491	891,311
Fair value of plan assets	(B)	1,236,535	328,082	908,453
Reserve for employee retirement benefits	(C)	36,786	1,994	34,792
Prepaid pension cost	(D)	176,976	19,052	157,924
Unrecognized prior service cost (deductible from the obligation)	(E)	(59,727)	9,436	(69,163)
Unrecognized actuarial net gain (loss)	(A-B-C+D-E)	(126,816)	(301,969)	175,153

(2) Cost for employee retirement benefits

<SMBC Non-consolidated>

(Millions of yen)

		FY2005		FY2004
			Change	
Cost for employee retirement benefits		28,952	(24,726)	53,678
Service cost		16,277	(1,344)	17,621
Interest cost on projected benefit obligation		20,714	19	20,695
Expected returns on plan assets		(24,080)	(3,432)	(20,648)
Amortization of net obligation from change of accounting standard (amortized using the straight-line method over 5 years)		-	(16,001)	16,001
Amortization of unrecognized prior service cost		(9,239)	-	(9,239)
Amortization of unrecognized actuarial net gain (loss)		24,190	(1,103)	25,293
Others		1,091	(2,864)	3,955

(Reference) <Consolidated>

(Millions of yen)

		FY2005		FY2004
			Change	
Pension expenses		35,419	(31,369)	66,788

## 8. Capital Ratio <Consolidated>

(Billions of yen, %)

	Mar. 31, 2006		Mar. 31, 2005
	[Preliminary]	Change	
(1) Capital ratio	12.39	2.45	9.94
(2) Tier I	4,645.9	1,383.6	3,262.3
Net unrealized losses on other securities	-	-	-
(3) Tier II	4,067.7	805.4	3,262.3
(a) Unrealized gains on securities	627.8	310.7	317.1
(b) Land revaluation excess	39.9	(27.2)	67.1
(c) General reserve for possible loan losses	742.6	109.1	633.5
(d) Subordinated debt	2,657.4	412.8	2,244.6
(4) Subtraction items	619.3	114.9	504.4
(5) Total capital (2) + (3) - (4)	8,094.4	2,074.3	6,020.1
(6) Risk-adjusted assets	65,322.3	4,769.7	60,552.6

(Note) Risk-adjusted assets as of Sep. 30, 2004, Mar. 31, 2005 and Sep. 30, 2005, were reported greater than they really were, since since part of transaction data concerning market risk was recorded twice at a consolidated subsidiary, SMBC.

Accordingly, capital ratios as of Sep. 30, 2004, Mar. 31, 2005 and Sep. 30, 2005, were reported smaller than they really were.

However, the impact on the level of risk-adjusted assets and capital ratio for each date were small.

For further information, please refer to page 23.

## 9. ROE

### <SMBC Non-consolidated>

(%)

	FY2005		FY2004
		Change	
ROE (numerator: Banking profit*)	50.3	(11.3)	61.6
ROE (numerator: Banking profit)	42.0	(42.9)	84.9
ROE (numerator: Net income)	26.6	36.5	(9.9)

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

### <Consolidated>

(%)

	FY2005		FY2004
		Change	
ROE (numerator: Net income)	33.2	56.2	(23.0)

(Note)

$$\text{ROE} = \frac{(\text{Net income} - \text{Dividends on preferred stocks})}{\frac{\{(\text{Stockholders' equity at the beginning of the term}) - (\text{Number of preferred shares outstanding at the beginning of the term}) \times (\text{Issue price}) + (\text{Stockholders' equity at the end of the term}) - (\text{Number of preferred shares outstanding at the end of the term}) \times (\text{Issue price})\}}{2}} \times 100$$

(%)

	FY2005		FY2004
		Change	
Fully-diluted ROE (numerator: Net income)	19.0	27.0	(8.0)

(Note)

$$\text{Fully-diluted ROE} = \frac{(\text{Net income})}{\frac{\{(\text{Stockholders' equity at the beginning of the term}) + (\text{Stockholders' equity at the end of the term})\}}{2}} \times 100$$

10. Classification under Self-Assessment, Disclosure of Problem Assets, and Write-offs / Reserves  
 <SMBC Non-consolidated>

Category of Borrowers under Self-Assessment	Problem Assets based on the Financial Reconstruction Law	Classification under Self-Assessment				Reserve for possible loan losses	Reserve Ratio
		Classification I	Classification II	Classification III	Classification IV		
Bankrupt Borrowers	Bankrupt and Quasi-Bankrupt Assets 164.5 (i) (Change from Mar. 31, 2005: -283.8)	Portion of claims secured by collateral or guarantees, etc. 148.5 (a)	Fully reserved 16.0	Direct Write-offs (*1)	Specific Reserve	20.2 (*2)	100% (*3)
Effectively Bankrupt Borrowers							
Potentially Bankrupt Borrowers	Doubtful Assets 473.4 (ii) (Change from Mar. 31, 2005: -451.0)	Portion of claims secured by collateral or guarantees, etc. 266.7 (b)	Necessary amount reserved 206.7		Specific Reserve	221.3 (*2)	100% (*3)
Borrowers Requiring Caution	Substandard Loans 322.2 (iii) (Change from Mar. 31, 2005: -129.7) (Claims to Substandard Borrowers)	Portion of Substandard Loans secured by collateral or guarantees, etc. 102.1 (c)			General Reserve for Substandard Loans	114.6	52.6% (*3)
	Normal Assets 55,984.9	Claims to Borrowers Requiring Caution, excluding claims to Substandard Borrowers			General Reserve	572.5	24.9% (*3) 7.3% [16.4%] (*4)
Normal Borrowers		Claims to Normal Borrowers					0.4% (*4)

Total 56,945.0 (iv)				Loan Loss Reserve for Specific Overseas Countries 2.4
A=(i)+(ii)+(iii) 960.1 (v) (Change from Mar. 31, 2005: -864.5) <Problem asset ratio ((v)/(iv)) 1.7%>	B: Portion secured by collateral or guarantees, etc. (a)+(b)+(c) 517.3	C: Unsecured portion (A - B) 442.8	D: Specific Reserve + General Reserve for Substandard Loans (*2) 356.1	Reserve Ratio (*5) $\frac{D}{C}$ 80.4%

Coverage Ratio = (B+D)/A 91.0%

- (\*1) Includes amount of direct reduction totaling JPY 603.6 billion.
- (\*2) Includes reserve for assets that are not subject to disclosure based on the Financial Reconstruction Law standards. (Bankrupt/Effectively Bankrupt Borrowers: JPY 4.2 billion, Potentially Bankrupt Borrowers: JPY 9.6 billion)
- (\*3) Reserve ratios for claims on Bankrupt Borrowers, Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers and Borrowers Requiring Caution including Substandard Borrowers are the proportion of reserve for the possible loan losses to each category's total unsecured claims.
- (\*4) Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers) are the proportion of the reserve for possible loan losses to the respective claims of each category. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in [ ].
- (\*5) The proportion of the reserve to the claims, excluding the portion secured by collateral or guarantees, etc.



12. Reserve for Possible Loan Losses

<SMBC Non-consolidated>

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Reserve for possible loan losses	816,437	(172,684)	989,121
General reserve	572,536	154,981	417,555
Specific reserve	241,546	(326,090)	567,636
Loan loss reserve for specific overseas countries	2,354	(1,576)	3,930
Amount of direct reduction	603,622	(928,224)	1,531,846

<Consolidated>

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Reserve for possible loan losses	1,035,468	(238,092)	1,273,560
General reserve	742,614	109,099	633,515
Specific reserve	290,499	(345,615)	636,114
Loan loss reserve for specific overseas countries	2,354	(1,576)	3,930
Amount of direct reduction	799,144	(983,100)	1,782,244

13. Reserve Ratio to Risk-Monitored Loans

<SMBC Non-consolidated>

(%)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Before direct reduction	94.6	16.8	77.8
After direct reduction	89.3	32.3	57.0

<Consolidated>

(%)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Before direct reduction	91.9	14.6	77.3
After direct reduction	83.3	26.1	57.2

(Note) Reserve ratio to risk-monitored loans = (Reserve for possible loan losses) / (Risk-monitored loans)

## &lt;SMBC Non-consolidated&gt;

(Millions of yen, %)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Bankrupt and quasi-bankrupt assets	164,510	(283,751)	448,261
Doubtful assets	473,409	(451,042)	924,451
Substandard loans	322,175	(129,734)	451,909
Total (A)	960,095	(864,527)	1,824,622
Normal assets	55,984,937	2,532,390	53,452,547
Total (B)	56,945,032	1,667,863	55,277,169
Problem asset ratio (A/B)	1.7	(1.6)	3.3

Amount of direct reduction 603,622 (928,224) 1,531,846

(Note) Problem Assets Based on the Financial Reconstruction Law include loans, acceptances and guarantees, suspense payments, and other credit-type assets.

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Total coverage (C)	873,464	(778,478)	1,651,942
Reserve for possible loan losses* (D)	356,137	(336,045)	692,182
Amount recoverable due to guarantees, collateral and others (E)	517,327	(442,433)	959,760

\* Sum of general reserve for Substandard loans and specific reserve.

(%)

Coverage ratio (C) / (A)	91.0	0.5	90.5
Coverage ratio calculated with total reserve for possible loan losses included in the numerator	138.9	32.1	106.8

(%)

Reserve ratio to unsecured assets (D) / (A - E)	80.4	0.4	80.0
Reserve ratio calculated with total reserve for possible loan losses included in the numerator	184.4	70.0	114.4

## &lt;Consolidated&gt;

(Millions of yen, %)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Bankrupt and quasi-bankrupt assets	250,101	(230,867)	480,968
Doubtful assets	564,949	(509,291)	1,074,240
Substandard loans	477,405	(290,392)	767,797
Total (A)	1,292,457	(1,030,549)	2,323,006
Normal assets	60,731,094	3,636,319	57,094,775
Total (B)	62,023,551	2,605,770	59,417,781
Problem asset ratio (A/B)	2.1	(1.8)	3.9

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Total coverage (C)	1,132,921	(910,121)	2,043,042
Reserve for possible loan losses (D)	398,879	(362,319)	761,198
Amount recoverable due to guarantees, collateral and others (E)	734,042	(547,802)	1,281,844

(%)

Coverage ratio (C) / (A)	87.7	(0.2)	87.9
Coverage ratio calculated with total reserve for possible loan losses included in the numerator	136.9	26.9	110.0

(%)

Reserve ratio to unsecured assets (D) / (A - E)	71.4	(1.7)	73.1
Reserve ratio calculated with total reserve for possible loan losses included in the numerator	185.4	63.1	122.3

## &lt;Progress in the six months ended Sep. 30, 2005&gt;

(Billions of yen)

	Mar. 31, 2005	Change in the six months ended Sep. 30, 2005	Problem assets newly classified during the six months ended Sep. 30, 2005	Amount of off-balancing	Sep. 30, 2005
Bankrupt and quasi-bankrupt assets	448.3	(146.6)	38.7	(185.3)	301.7
Doubtful assets	924.4	(200.6)	276.4	(477.0)	723.8
<b>Total</b>	<b>1,372.7</b>	<b>(347.2)</b> *1	<b>315.1</b>	<b>(662.3)</b>	<b>1,025.5</b>
Result of measures connected to off-balancing*2	202.1				197.1

Breakdown of off-balancing by factor\*3

Disposition by borrowers' liquidation	(18.6)
Reconstructive disposition --- (a)	(237.1)
Improvement in debtors' performance due to (a)	(25.6)
Loan sales to market	(248.3)
Direct write-offs	105.3
Others	(238.0)
Collection/repayment, etc.	(207.6)
Improvement in debtors' performance	(30.4)
<b>Total</b>	<b>(662.3)</b>

## &lt;Progress in the six months ended Mar. 31, 2006&gt;

(Billions of yen)

	Sep. 30, 2005	Change in the six months ended Mar. 31, 2006	Problem assets newly classified during the six months ended Mar. 31, 2006	Amount of off-balancing	Mar. 31, 2006
Bankrupt and quasi-bankrupt assets	301.7	(137.2)	31.8	(169.0)	164.5
Doubtful assets	723.8	(250.4)	205.4	(455.8)	473.4
<b>Total</b>	<b>1,025.5</b>	<b>(387.6)</b> *1	<b>237.2</b>	<b>(624.8)</b>	<b>637.9</b>
Result of measures connected to off-balancing*2	197.1				112.9

Breakdown of off-balancing by factor\*3

Disposition by borrowers' liquidation	(56.4)
Reconstructive disposition --- (a)	(278.7)
Improvement in debtors' performance due to (a)	(2.5)
Loan sales to market	(482.8)
Direct write-offs	532.5
Others	(336.9)
Collection/repayment, etc.	(210.6)
Improvement in debtors' performance	(126.3)
<b>Total</b>	<b>(624.8)</b>

(\*1) The amount of Problem assets newly classified during the six months ended Sep. 30, 2005 and off-balanced in the six months ended Mar. 31, 2006 was JPY 231.4 billion. The amount is respectively recorded in each period.

(\*2) The measures connected to off-balancing are legal reorganizations, measures associated with legal reorganizations, corporate splits to good companies and bad companies, partial direct write-offs of retail exposure to individuals and small- and medium-sized enterprises, and trusts to RCC for the purpose of revitalization which is scheduled to be off-balanced before the maturity.

(\*3) 1. "Disposition by borrowers' liquidation" refers to abandonment or write-off of loans involved in bankruptcy liquidation proceedings (bankruptcy or special liquidations).  
2. "Reconstructive disposition" refers to abandonment of loans involved in rehabilitative bankruptcy proceedings (corporate reorganization, civil rehabilitation, composition and arrangement), debt forgiveness involved in special mediation or other types of civil mediation, or debt forgiveness for restructuring involved in private reorganization.

16. Loan Portfolio, Classified by Industry <SMBC Non-consolidated>

(1) Loans and bills discounted, classified by industry

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Domestic offices (excluding offshore banking account)	47,461,252	787,605	46,673,647
Manufacturing	5,172,704	(149,011)	5,321,715
Agriculture, forestry, fisheries, and mining	133,756	8,182	125,574
Construction	1,283,199	(335,173)	1,618,372
Transportation, communications and public enterprises	2,658,362	(79,024)	2,737,386
Wholesale and retail	5,170,601	(140,280)	5,310,881
Finance and insurance	5,072,348	(86,406)	5,158,754
Real estate	6,316,865	333,905	5,982,960
Various services	5,731,622	25,721	5,705,901
Municipalities	657,755	74,240	583,515
Others	15,264,035	1,135,451	14,128,584
Overseas offices and offshore banking accounts	4,396,307	1,002,369	3,393,938
Public sector	38,992	(36,832)	75,824
Financial institutions	348,464	111,188	237,276
Commerce and industry	3,815,783	821,765	2,994,018
Others	193,066	106,247	86,819
<b>Total</b>	<b>51,857,559</b>	<b>1,789,973</b>	<b>50,067,586</b>

Risk-Monitored Loans

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Domestic offices (excluding offshore banking account)	866,798	(836,793)	1,703,591
Manufacturing	64,620	(16,663)	81,283
Agriculture, forestry, fisheries, and mining	3,177	2,452	725
Construction	39,910	(302,242)	342,152
Transportation, communications and public enterprises	79,399	46,026	33,373
Wholesale and retail	91,046	(12,295)	103,341
Finance and insurance	13,527	(80,982)	94,509
Real estate	257,207	(139,335)	396,542
Various services	254,606	(195,595)	450,201
Municipalities	-	-	-
Others	63,301	(138,161)	201,462
Overseas offices and offshore banking accounts	47,375	15,103	32,272
Public sector	-	(111)	111
Financial institutions	-	(267)	267
Commerce and industry	47,375	15,481	31,894
Others	-	-	-
<b>Total</b>	<b>914,173</b>	<b>(821,690)</b>	<b>1,735,863</b>

## (2) Problem Assets Based on the Financial Reconstruction Law classified by industry, and reserve ratio

(Millions of yen, %)

	Mar. 31, 2006			Mar. 31, 2005
	(a)	Reserve ratio	(a) - (b)	(b)
Domestic offices (excluding offshore banking account)	908,854	81.7	(878,961)	1,787,815
Manufacturing	68,019	67.0	(17,435)	85,454
Agriculture, forestry, fisheries, and mining	3,177	59.0	2,452	725
Construction	41,079	63.0	(355,219)	396,298
Transportation, communications and public enterprises	86,958	71.2	50,754	36,204
Wholesale and retail	93,657	64.6	(11,355)	105,012
Finance and insurance	14,706	88.5	(81,131)	95,837
Real estate	274,159	91.3	(134,392)	408,551
Various services	261,856	88.1	(194,167)	456,023
Municipalities	-	-	-	-
Others	65,237	100.0	(138,468)	203,705
Overseas offices and offshore banking accounts	51,241	67.4	14,434	36,807
Public sector	-	-	(111)	111
Financial institutions	-	-	(462)	462
Commerce and industry	51,241	67.4	15,007	36,234
Others	-	-	-	-
Total	960,095	80.4	(864,527)	1,824,622

(Notes) 1. Problem Assets Based on the Financial Reconstruction Law include loans, acceptances and guarantees, suspense payments, and other credit-type assets.

2. Reserve Ratio = (Reserve for possible loan losses) / (Assets excluding amounts recoverable due to guarantees, collateral and others)

Reserve for possible loan losses is sum of general reserve for substandard loans and specific reserve.

## (3) Consumer loans outstanding

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Consumer loans	14,725,514	494,866	14,230,648
Mortgage loans	13,771,812	531,363	13,240,449
Residential purpose	10,044,534	593,204	9,451,330
Other consumer loans	953,701	(36,497)	990,198

## (4) Loans to small- and medium-sized enterprises, etc.

(Millions of yen, %)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Outstanding balance	35,496,058	204,908	35,291,150
Ratio to total loans	74.8	(0.8)	75.6

(Note) Outstanding balance does not include loans at overseas offices and offshore banking accounts.

17. Loan Portfolio, Classified by Country <SMBC Non-consolidated>

(1) Loans to specific overseas countries

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Loan balance	35,511	(4,653)	40,164
Number of countries	2	(3)	5

(2) Loans classified by country

(i) Loans to major Asian countries

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Indonesia	66,342	2,329	64,013
Risk-monitored loans	2,213	(1,104)	3,317
Thailand	352,781	129,806	222,975
Risk-monitored loans	455	(290)	745
Korea	258,907	63,994	194,913
Risk-monitored loans	1,184	95	1,089
Hong Kong	291,867	71,963	219,904
Risk-monitored loans	13,732	13,410	322
China	342,652	87,762	254,890
Risk-monitored loans	1,748	1,550	198
Singapore	292,271	45,530	246,741
Risk-monitored loans	7,757	6,919	838
India	32,762	15,997	16,765
Risk-monitored loans	-	(1,059)	1,059
Malaysia	68,063	(19,011)	87,074
Risk-monitored loans	5,213	4,711	502
Pakistan	1,622	(402)	2,024
Risk-monitored loans	1,334	115	1,219
Others	90,254	7,125	83,129
Risk-monitored loans	505	505	-
Total	1,797,523	405,091	1,392,432
Risk-monitored loans	34,141	24,852	9,289

(Notes) 1. Classified by domicile of debtors (same for the following tables).

2. Risk-monitored loans are calculated based on the ones in overseas offices and Japan offshore banking accounts (same for the following tables).

(ii) Loans to major Central and South American countries

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Chile	3,288	1,136	2,152
Risk-monitored loans	-	-	-
Columbia	935	(3,598)	4,533
Risk-monitored loans	-	(372)	372
Mexico	37,609	3,482	34,127
Risk-monitored loans	-	-	-
Argentina	14	(42)	56
Risk-monitored loans	-	-	-
Brazil	56,305	5,532	50,773
Risk-monitored loans	-	-	-
Venezuela	5,315	(947)	6,262
Risk-monitored loans	-	-	-
Panama	240,279	72,517	167,762
Risk-monitored loans	-	-	-
Others	3,257	(412)	3,669
Risk-monitored loans	-	(111)	111
Total	347,004	77,668	269,336
Risk-monitored loans	-	(483)	483

(iii) Loans to Russia

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Russia	37,007	25,273	11,734
Risk-monitored loans	-	-	-

(3) Problem Assets Based on the Financial Reconstruction Law, classified by domicile  
(Millions of yen, %)

	Mar. 31, 2006			Mar. 31, 2005
	(a)	Reserve ratio	(a) - (b)	(b)
Overseas offices and Japan offshore banking accounts	51,241	67.4	14,434	36,807
Asia	35,647	62.0	22,832	12,815
Indonesia	2,213	50.0	(1,104)	3,317
Hong Kong	13,732	50.7	13,321	411
India	-	-	(1,080)	1,080
China	1,748	50.2	1,550	198
Others	17,954	70.8	10,145	7,809
North America	15,237	99.3	(7,521)	22,758
Central and South America	-	-	(678)	678
Western Europe	357	49.9	(199)	556
Eastern Europe	-	-	-	-

- (Notes) 1. Problem Assets Based on the Financial Reconstruction Law include loans, acceptances and guarantees, suspense payments, and other credit-type assets.  
2. Reserve Ratio  
= (Reserve for possible loan losses) / (Assets excluding amounts recoverable due to guarantees, collateral and others)  
Reserve for possible loan losses is sum of general reserve for substandard loans and specific reserve.  
3. Classified by domicile of debtors.

18. Deposits and Loans <SMBC Non-consolidated>

(1) Deposits and loans outstanding

(Millions of yen, %)

	FY2005		FY2004
		Change	
Deposits (term-end balance)	65,070,784	2,282,456	62,788,328
Deposits (average balance)	63,825,633	2,414,352	61,411,281
Domestic units	56,437,539	1,815,646	54,621,893
Average yield	0.02	0.00	0.02
Loans (term-end balance)	51,857,559	1,789,973	50,067,586
Loans (average balance)	51,150,685	341,777	50,808,908
Domestic units	46,007,295	(852,050)	46,859,345
Average yield	1.71	(0.07)	1.78

(Note) Deposits do not include "negotiable certificates of deposit."

(2) Deposits outstanding, classified by type of depositor

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Domestic deposits	63,107,711	2,498,081	60,609,630
Individual	32,760,329	606,315	32,154,014
Corporate	30,347,382	1,891,766	28,455,616

(Note) Figures are before adjustment on interoffice accounts in transit.

Excludes "negotiable certificates of deposit" and Japan offshore banking accounts.

(Reference)

(Millions of yen)

	Mar. 31, 2006		Mar. 31, 2005
		Change	
Outstanding balance of investment trusts	2,923,609	575,382	2,348,227
Balance to individuals	2,803,120	538,276	2,264,844

(Note) Balance of investment trusts is recognized on a contract basis and measured according to each fund's net asset balance at the term-end.

19. Other Financial Data <SMBC Non-consolidated>

(1) Debt Forgiveness

(Billions of yen)

	FY2005
Number of companies whose debts have been forgiven	9
Principal amount forgiven	245.8

(Note) Debt forgiveness associated with legal settlement is not included.

(2) Outstanding Balance and the Amount Sold of Stocks in Other Securities

(Billions of yen)

	Mar. 31, 2006
Balance sheet amount	3,841.6
Acquisition cost	2,209.2

(Billions of yen)

	FY2005
Amount sold	approx. 180.0

20. Number of Directors and Employees <SMBC Non-consolidated>

	Mar. 31, 2006		Mar. 31, 2005	Mar. 31, 2006 "The Plan"*3
		Change		
Directors and auditors*1	22	(3)	25	23
Employees*2	20,322	(698)	21,020	20,900

(\*1) Including directors and auditors of SMFG.

(\*2) Registered employees including employees temporarily transferred to other companies but excluding directors, executive officers, contract employees, temporary recruited, and overseas local staffs.

(\*3) The Plan for Strengthening the Financial Base.

21. Number of Offices <SMBC Non-consolidated>

	Mar. 31, 2006		Mar. 31, 2005	Mar. 31, 2006 "The Plan"*4
		Change		
Domestic branches*1	411	(14)	425	415
Overseas branches*2	15	(2)	17	19
Overseas subsidiaries*3	27	-	27	28

(\*1) Sub-branches, agencies, branches specialized in receiving money transfers, branches specialized in controlling ATMs in convenience stores, and International Business Operations Department are excluded.

(\*2) Sub-branches and representative offices are excluded.

(\*3) Excluding affiliates, of which SMBC has 50% or less than 50% equity interest.

(\*4) The Plan for Strengthening the Financial Base.

## (1) Deferred Tax Assets on the Balance Sheet

(Billions of yen)

(Reference)  
Temporary  
differences

			Mar. 31, 2006	Change	Mar. 31, 2005	Mar. 31, 2006
(a) Total deferred tax assets	(b-c)	1	1,572.7	(253.1)	1,825.8	
(b) Subtotal of deferred tax assets		2	2,077.3	(301.8)	2,379.1	5,090.5
Reserve for possible loan losses		3	250.7	(64.7)	315.4	617.0
Write-off of loans		4	170.2	(391.9)	562.1	418.9
Write-off of securities		5	447.7	(85.3)	533.0	1,101.9
Reserve for employee retirement benefits		6	74.4	(2.5)	76.9	183.2
Depreciation		7	6.5	0.4	6.1	16.0
Net unrealized losses on other securities		8	-	-	-	-
Net operating loss carryforwards		9	1,087.4	264.6	822.8	2,654.2
Other		10	40.4	(22.4)	62.8	99.3
(c) Valuation allowance		11	504.6	(48.7)	553.3	
(d) Total deferred tax liabilities		12	596.5	272.9	323.6	1,468.0
Gains on securities contributed to employee retirement benefits trust		13	51.6	(0.1)	51.7	127.1
Net unrealized gains on other securities		14	536.2	271.7	264.5	1,319.7
Other		15	8.7	1.3	7.4	21.2
Net deferred tax assets (Balance sheet amount)	(a-d)	16	976.2	(526.0)	1,502.2	
Amount corresponding to the deferred tax liabilities shown in line 14	(Note)	17	(536.2)	(271.7)	(264.5)	(1,319.7)
Net deferred tax assets excluding the amount shown in line 17		18	1,512.4	(254.3)	1,766.7	3,700.0
Effective income tax rate		19	40.63%	-	40.63%	

(Notes) Deferred tax assets are recognized on the balance sheet on a net basis after offsetting against deferred tax liabilities arising from net unrealized gains on other securities. But the collectability is assessed for the gross deferred tax assets, before offsetting against deferred tax liabilities.

(JICPA Auditing Committee Report No.70 "Auditing Treatment Regarding Application of Tax Effect Accounting to Valuation Differences on Other Securities and Losses on Impairment of Fixed Assets")

## (a) Recognition Criteria

Practical Guideline, examples (4) proviso

(1) SMBC has significant tax loss carryforwards resulting from taking the measures described below in order to quickly strengthen its financial base under the prolonged deflationary pressure, and are accordingly judged to be attributable to extraordinary factors. As a result, SMBC recognized deferred tax assets to the limit of the estimated future taxable income for the period (approximately 5 years) pursuant to the practical guidelines on assessing the collectability of deferred tax assets issued by the JICPA ("Practical Guidelines") (\*).

## (a) Disposal of Non-performing Loans

SMBC established internal standards for write-offs and provisions based on self-assessment in accordance with the "Prompt Corrective Action" adopted in fiscal 1998 pursuant to the law concerning the maintenance of sound management of financial institutions (June 1996).

SMBC has been aggressively disposing of non-performing loans and bolstering provisions against the risk of asset deterioration under the severe business environment of a prolonged sluggish economy.

In addition, pursuant to the government's "Program for Financial Revival" of October 2002, SMBC accelerated the disposal of non-performing loans in order to reduce the problem asset ratio to half by the end of fiscal 2004. As a result, SMBC achieved this target 6 months ahead of schedule, in the first half of fiscal 2004. In the process, taxable disposals that were made in the past were realized, while taxable disposals (\*\*) were newly recognized (taxable disposal of non-performing loans as of March 31, 2006 amounted to approximately ¥1.04 trillion).

## (b) Disposal of Unrealized Losses on Stocks

SMBC has been accelerating its effort to reduce stockholdings in order to lower the risk of stock price fluctuations, and to comply, at an early date, with the regulation limiting stockholdings that was adopted in fiscal 2001.

During fiscal 2002, SMBC sold stocks and reduced the balance by approximately ¥1.1 trillion, and also disposed in lump sum unrealized losses on stocks of approximately ¥1.2 trillion by writing off impaired stocks and using the gains on the March 2003 merger. Consequently, SMBC complied with the regulation limiting stockholdings at the end of fiscal 2002, before the deadline.

As a result, the outstanding balance of taxable write-offs on securities (\*\*) increased temporarily (from approximately ¥0.1 trillion as of March 31, 1999 to approximately ¥1.5 trillion as of March 31, 2003). On the other hand, taxable write-offs of securities carried out in the past are now being realized through accelerated selling of stocks (the balance of taxable write-offs on securities as of March 31, 2006 amounted to approximately ¥1.1 trillion).

(2) Consequently, tax loss carryforwards (\*\*) amounted to approximately ¥2.65 trillion as of March 31, 2006, but they are certain to be offset by the end of their carry-over period by the taxable income that will be generated in the future. No material tax loss carryforwards have expired in the past.

(\*) JICPA Auditing Committee Report No.66 "Auditing Treatment Regarding Judgment of Realizability of Deferred Tax Assets"

(\*\*) Corresponds to "Temporary differences" in the table on the previous page.

## (b) Period for Future Taxable Income to be estimated

5 years

## (c) Accumulated Amount of Estimated Future Taxable Income before Adjustments for the Next 5 Years

		(Billions of yen)	
		Estimates of next 5 years	
	Banking profit (before provision for general reserve for possible loan losses)	1	5,205.0
A	Income before income taxes	2	3,385.8
B	Adjustments to taxable income (excluding reversal of temporary differences as of Mar. 31, 2006)	3	680.5
C	Taxable income before adjustments (A+B)	4	4,066.3
	Deferred tax assets corresponding to taxable income before adjustments	5	1,652.1

## [Basic Policy]

- (1) Estimate when the temporary differences will be reversed
- (2) Conservatively estimate the taxable income before adjustments for the next 5 years
  - (a) Rationally make earnings projection for up to the six months ended September 30, 2010 based on the "Plan for strengthening the financial base (up to fiscal 2008)"
  - (b) Reduce by an amount reflecting the uncertainty of the projected amount from the projected amount.
  - (c) Add the adjustments to the above amount
- (3) Apply the effective tax rate to the above amount and record the amount as "deferred tax assets"

## (Reference) Income of final return (before deducting operating loss carryforwards) for the last 5 years

(Billions of yen)

	FY2001	FY2002	FY2003	FY2004	FY2005
Income of final return (before deducting operating loss carryforwards)	241.9	(745.5)	(1,437.8)	317.2	(652.8)

(Notes) 1. (Income of final return before deduction of operating loss carryforwards)

= (Taxable income before adjustments for each fiscal year) - (Temporary differences to be reversed for each fiscal year)

2. Since the final declaration for the corporate income tax is being done in the end of June, the figures for March 31, 2006 are estimated income of final return as of March 31, 2006.

3. The figures above include amounts arising from "extraordinary factors" that are specified in the Practical Guideline. Taxable income has been reported each year when these amounts are excluded.

<Non-consolidated> (Billions of yen)

	FY2006		FY2005
	Six-month period ending Sep. 30, 2006	Forecast	Result
Operating income	320.0	360.0	55.4
Ordinary profit	315.0	355.0	48.2
Net income	315.0	355.0	73.4

(Billions of yen)

	FY2006		FY2005
	Six-month period ending Sep. 30, 2006	Forecast	Result
Total dividend	-	55.1	48.0

Dividend per share forecast (Yen)

	FY2006		FY2005
	Six-month period ending Sep. 30, 2006	Forecast	Result
Common stock	-	4,000	3,000
Type 1 Preferred stock	-	-	10,500
Type 2 Preferred stock	-	28,500	28,500
Type 3 Preferred stock	-	13,700	13,700
1st - 12th series Type 4 Preferred stock	-	135,000	135,000
1st Series Type 6 Preferred stock	-	88,500	88,500

<Consolidated> (Billions of yen)

	FY2006		FY2005
	Six-month period ending Sep. 30, 2006	Forecast	Result
Ordinary income	1,750.0	3,700.0	3,705.1
Ordinary profit	440.0	1,010.0	963.6
Net income	260.0	570.0	686.8

(Reference)  
 Sumitomo Mitsui Banking Corporation

<Non-consolidated> (Billions of yen)

	FY2006		FY2005
	Six-month period ending Sep. 30, 2006	Forecast	Result
Gross banking profit	720.0	1,540.0	1,552.1
Expenses	(300.0)	(600.0)	(586.5)
Banking profit (before provision for general reserve for possible loan losses)	420.0	940.0	965.6
Ordinary profit	340.0	780.0	720.9
Net income	210.0	460.0	519.5
Total credit cost (*)	(85.0)	(170.0)	(230.9)

(\*) (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)

## FY2005 Achievements

### Management Policy: "Secure solid profit level"

- Further strengthen profitability through aggressive allocation of resources to strategic businesses

	<FY2004 result>	<FY2005 forecast*>	<FY2005 result>
Net income <SMFG consolidated>	(JPY 234.2 billion)	JPY 460.0 billion	<b>JPY 686.8 billion</b>
Net income <SMBC non-consolidated>	(JPY 136.8 billion)	JPY 350.0 billion	<b>JPY 519.5 billion</b>

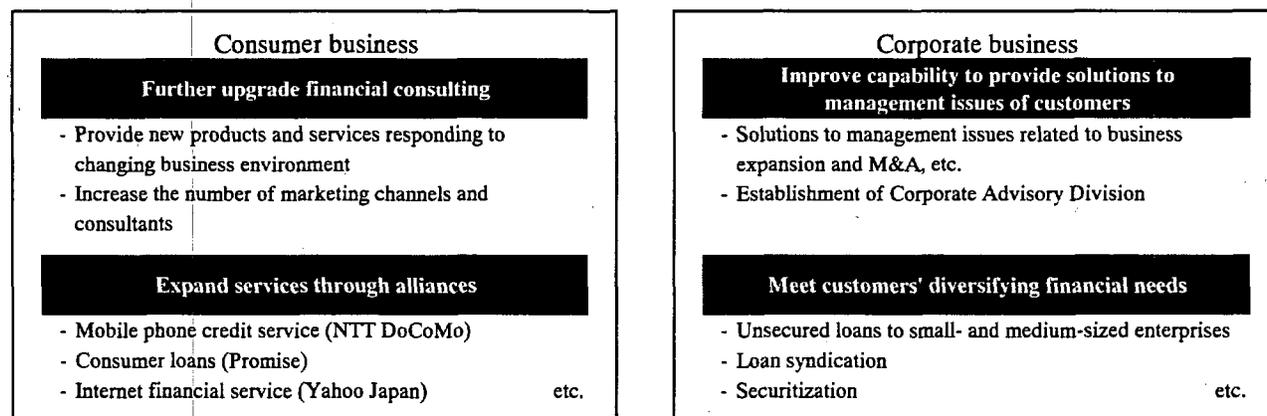
- Decrease credit cost to a normalized level

<SMBC non-consolidated>	<FY2004 result>	<FY2005 forecast*>	<FY2005 result>
Total credit cost	JPY 954.8 billion	JPY 300.0 billion	<b>JPY 230.9 billion</b>
Problem assets based on the Financial Reconstruction Law	JPY 1,824.6 billion	Approximately JPY 1 trillion	<b>JPY 960.1 billion</b>
Problem asset ratio	3.3%	Approximately 2%	<b>1.7%</b>

\*Announced in May 2005 when SMFG released its financial results for FY2004

## FY2006 Management Policy: "Establish a solid framework for realizing sustainable growth"

- Further provide value-added products and services to our customers on a group basis

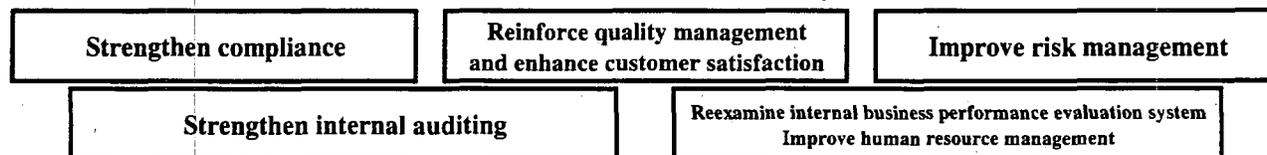


Expand customer base

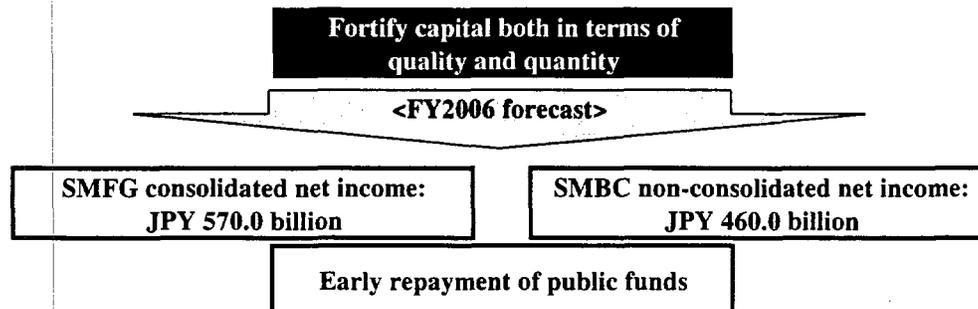
Establish a sustainable earnings structure

- Establish solid platform to support business growth

(1) Further improve internal control systems



(2) Further strengthen financial base



**(Reference 2) Financial Statements of SMBC****1. Highlights of SMBC's Financial Results for the fiscal year ended  
March 31, 2005****<SMBC Non-consolidated>**

Ordinary income	2,287,935 million yen
Ordinary profit	720,933 million yen
Net income	519,520 million yen
Total assets	97,443,428 million yen
Stockholders' equity	3,634,776 million yen
Stockholders' equity to Total assets	3.73 %
Capital ratio (BIS Guidelines) [preliminary]	11.35 %
Number of shares outstanding as of term-end	56,112,948 shares
Common stock	55,212,947 shares
Type 1 Preferred stock	35,000 shares
Type 2 Preferred stock	100,000 shares
Type 3 Preferred stock	695,000 shares
First Series Type 6 Preferred stock	70,001 shares
Number of treasury stock as of term-end	- shares
Average number of shares outstanding during the term	56,112,948 shares
Common stock	55,212,947 shares
Type 1 Preferred stock	35,000 shares
Type 2 Preferred stock	100,000 shares
Type 3 Preferred stock	695,000 shares
First Series Type 6 Preferred stock	70,001 shares
Net income per share	9,066.46 yen
Net income per share (diluted)	9,050.63 yen
Stockholders' equity per share	42,105.57 yen
Total Dividends (annual)	334,420 million yen
Common stock	5,714 yen per share
Type 1 Preferred stock	10,500 yen per share
Type 2 Preferred stock	28,500 yen per share
Type 3 Preferred stock	13,700 yen per share
First Series Type 6 Preferred stock	88,500 yen per share
Increase of net assets by recognizing at fair value	893,900 million yen

**<SMBC Consolidated>**

Capital ratio (BIS Guidelines) [preliminary]	10.77 %
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(Note) Risk-adjusted assets as of Sep. 30, 2004, Mar. 31, 2005 and Sep. 30, 2005, were reported greater than they really were, since part of transaction data concerning market risk was recorded twice at a consolidated subsidiary, SMBC. Accordingly, capital ratios as of Sep. 30, 2004, Mar. 31, 2005 and Sep. 30, 2005, were reported smaller than they really were. However, the impact on the level of risk-adjusted assets and capital ratio for each date were small. For further information, please refer to page 23.

Risk-adjusted assets as of Sep. 30, 2004, Mar. 31, 2005 and Sep. 30, 2005, were reported greater than they really were, since part of transaction data concerning market risk was recorded twice at a consolidated subsidiary, SMBC. Accordingly, capital ratios as of Sep. 30, 2004, Mar. 31, 2005 and Sep. 30, 2005, were reported smaller than they really were.

Although, mainly due to a constraint of data retention period, it is impossible to retrospectively recalculate exact VaR\* necessary to compute risk-adjusted assets, an trial computation based on certain assumptions showed that the impacts on the level of capital ratio for each date were small; they were within the range of approximately 0.00 to 0.02%.

For your reference, the capital ratios as of Sep. 30, 2004, Mar. 31, 2005 and Sep. 30, 2005 were disclosed as follows in the past.

\* Value-at-risk: maximum potential loss on market transactions for a given probability

<Reference>

SMFG Consolidated Capital ratio

(Millions of yen, %)

		Sep. 30, 2004	Mar. 31, 2005	Sep. 30, 2005
Capital ratio	(A)/(B)	10.93	9.94	11.00
Total capital	(A)	6,621,422	6,020,069	6,944,161
Risk-adjusted assets	(B)	60,539,127	60,552,620	63,127,899
Asset equivalent of market risk		285,650	358,876	413,074

SMBC Consolidated Capital ratio

(Millions of yen, %)

		Sep. 30, 2004	Mar. 31, 2005	Sep. 30, 2005
Capital ratio	(A)/(B)	11.03	10.60	11.19
Total capital	(A)	6,428,635	6,175,605	6,800,093
Risk-adjusted assets	(B)	58,233,832	58,244,521	60,769,116
Asset equivalent of market risk		282,759	351,964	411,599

SMBC Non-consolidated Capital ratio

(Millions of yen, %)

		Sep. 30, 2004	Mar. 31, 2005	Sep. 30, 2005
Capital ratio	(A)/(B)	11.35	11.32	12.00
Total capital	(A)	6,157,741	6,118,047	6,761,532
Risk-adjusted assets	(B)	54,224,522	54,034,487	56,303,976
Asset equivalent of market risk		200,978	304,929	343,555

(Millions of yen)

	March 31, 2006 (A)	March 31, 2005 (B)	Change (A-B)
<b>Assets</b>			
Cash and due from banks & Deposits with banks	6,589,967	4,524,830	2,065,137
Call loans	576,909	373,397	203,512
Receivables under resale agreements	81,470	88,021	(6,551)
Receivables under securities borrowing transactions	1,956,650	568,340	1,388,310
Bills bought	-	573,000	(573,000)
Commercial paper and other debt purchased	115,637	126,682	(11,045)
Trading assets	3,694,791	3,363,376	331,415
Money held in trust	2,912	3,832	(920)
Securities	25,202,541	23,676,696	1,525,845
Loans and bills discounted	51,857,559	50,067,586	1,789,973
Foreign exchanges	877,570	840,923	36,647
Other assets	1,567,812	1,446,439	121,373
Premises and equipment	639,538	660,469	(20,931)
Deferred tax assets	976,203	1,502,153	(525,950)
Customers' liabilities for acceptances and guarantees	4,120,300	4,303,148	(182,848)
Reserve for possible loan losses	(816,437)	(989,121)	172,684
<b>Total assets</b>	<b>97,443,428</b>	<b>91,129,776</b>	<b>6,313,652</b>
<b>Liabilities</b>			
Deposits	65,070,784	62,788,328	2,282,456
Negotiable certificates of deposit	3,151,382	2,803,299	348,083
Call money	2,833,865	2,232,507	601,358
Payables under repurchase agreements	382,082	365,127	16,955
Payables under securities lending transactions	2,709,084	3,838,031	(1,128,947)
Bills sold	5,104,100	2,578,700	2,525,400
Trading liabilities	2,515,932	1,711,030	804,902
Borrowed money	2,023,023	2,267,602	(244,579)
Foreign exchanges	449,560	477,845	(28,285)
Bonds	3,776,707	3,718,372	58,335
Due to trust account	318,597	50,457	268,140
Other liabilities	1,295,135	1,143,206	151,929
Reserve for employee bonuses	8,691	9,092	(401)
Reserve for expenses related to EXPO 2005 Japan	-	231	(231)
Other reserves	18	18	-
Deferred tax liabilities for land revaluation	49,384	90,043	(40,659)
Acceptances and guarantees	4,120,300	4,303,148	(182,848)
<b>Total liabilities</b>	<b>93,808,652</b>	<b>88,377,041</b>	<b>5,431,611</b>
<b>Stockholders' equity</b>			
Capital stock	664,986	664,986	-
Capital surplus	1,367,548	1,367,548	-
Capital reserve	665,033	1,009,933	(344,900)
Other capital surplus	702,514	357,614	344,900
Retained earnings	794,033	291,311	502,722
Voluntary reserves	221,502	221,532	(30)
Unappropriated retained earnings at end of year	572,531	69,779	502,752
Land revaluation excess	24,716	42,345	(17,629)
Net unrealized gains on other securities	783,491	386,543	396,948
<b>Total stockholders' equity</b>	<b>3,634,776</b>	<b>2,752,735</b>	<b>882,041</b>
<b>Total liabilities and stockholders' equity</b>	<b>97,443,428</b>	<b>91,129,776</b>	<b>6,313,652</b>

(Note) Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.

### 3. Income Statement (Condensed) <SMBC Non-consolidated>

(Millions of yen)

	FY2005 (A)	FY2004 (B)	Change (A-B)
Ordinary income	2,287,935	2,289,372	(1,437)
Interest income	1,426,546	1,318,698	107,848
<i>Interest on loans and discounts</i>	990,853	934,892	55,961
<i>Interest and dividends on securities</i>	317,180	262,640	54,540
Trust fees	8,626	2,609	6,017
Fees and commissions	474,972	399,434	75,538
Trading profits	13,250	131,779	(118,529)
Other operating income	273,861	228,005	45,856
Other income	90,678	208,845	(118,167)
Ordinary expenses	1,567,002	2,361,053	(794,051)
Interest expenses	472,002	346,195	125,807
<i>Interest on deposits</i>	226,926	107,718	119,208
Fees and commissions	108,296	101,358	6,938
Trading losses	1,312	199	1,113
Other operating expenses	63,613	109,916	(46,303)
General and administrative expenses	604,098	603,477	621
Other expenses	317,679	1,199,906	(882,227)
Ordinary profit (loss)	720,933	(71,680)	792,613
Extraordinary gains	34,763	1,562	33,201
Extraordinary losses	9,024	29,961	(20,937)
Income (loss) before income taxes	746,672	(100,079)	846,751
Income taxes, current	13,512	6,379	7,133
Income taxes, refund	-	8,184	(8,184)
Income taxes, deferred	213,639	38,579	175,060
Net income (loss)	519,520	(136,854)	656,374
Unappropriated retained earnings carried forward	69,774	254,523	(184,749)
Transfer from land revaluation excess	17,629	2,559	15,070
Interim dividends	34,393	50,449	(16,056)
Unappropriated retained earnings at end of year	572,531	69,779	502,752

(Note) Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.

## 4. Statement of Appropriation of Retained Earnings (Proposal) &lt;SMBC Non-consolidated&gt;

(Millions of yen)

	FY2005 (A)	FY2004 (B)	Change (A-B)
<u>Appropriation of unappropriated retained earnings</u>			
Unappropriated retained earnings at end of year	572,531	69,779	502,752
Transfer from voluntary reserves	0	29	(29)
Transfer from reserve for possible losses on overseas investments	0	29	(29)
Total	572,531	69,808	502,723
Retained earnings to be appropriated	300,027	33	299,994
Dividends on First Series Type 6 Preferred stock	-	33	(33)
Dividends on common stock	300,027	-	300,027
Retained earnings carried forward to next year	272,504	69,774	202,730
<u>Appropriation of other capital surplus</u>			
Other capital surplus at end of year	702,514	357,614	344,900
Other capital surplus to be appropriated	-	-	-
Other capital surplus carried forward to next year	702,514	357,614	344,900

(Note) Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.

## 5. Market Value Information on Securities <SMBC Non-consolidated>

### [1] Securities

In addition to "Securities" stated in the non-consolidated balance sheet, negotiable certificates of deposit classified as "Cash and due from banks & Deposits with banks" and beneficiary claims on commodity investment trusts classified as "Commercial paper and other debt purchased" is included in the amount below.

#### (1) Bonds classified as held-to-maturity with market value

(Millions of yen)

	March 31, 2006				
	Balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	750,004	730,370	(19,634)	306	19,940
Japanese local government bonds	96,892	93,527	(3,365)	-	3,365
Japanese corporate bonds	379,514	371,461	(8,053)	-	8,053
Other	9,654	9,924	270	270	-
<b>Total</b>	<b>1,236,065</b>	<b>1,205,283</b>	<b>(30,782)</b>	<b>577</b>	<b>31,359</b>

#### (2) Investments in subsidiaries or affiliates with market value

(Millions of yen)

	March 31, 2006		
	Balance sheet amount	Market value	Net unrealized gains (losses)
Stocks of subsidiaries	84,400	253,120	168,720
Stocks of affiliates	223,660	322,516	98,855
<b>Total</b>	<b>308,061</b>	<b>575,637</b>	<b>267,575</b>

#### (3) Other securities with market value

(Millions of yen)

	March 31, 2006				
	Acquisition cost	Balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	1,835,627	3,468,031	1,632,404	1,649,881	17,476
Bonds	11,968,327	11,686,073	(282,254)	727	282,981
Japanese government bonds	10,642,352	10,387,617	(254,735)	43	254,778
Japanese local government bonds	462,486	449,305	(13,181)	272	13,453
Japanese corporate bonds	863,488	849,151	(14,337)	411	14,749
Other	3,954,859	3,920,915	(33,943)	44,980	78,924
Change of purpose of holding	-	-	66	66	-
<b>Total</b>	<b>17,758,814</b>	<b>19,075,020</b>	<b>1,316,272</b>	<b>1,695,655</b>	<b>379,383</b>

(Notes)

1. Unrealized gains (losses) for other securities include losses of JPY 3,193 million that were recognized in income statement by applying fair value hedge accounting.

As a result of applying fair value hedge accounting, the amount subject to inclusion in the stockholders' equity is JPY 1,319,465 million and the actual amount included in the stockholder's equity under "Net unrealized gains on other securities" is JPY 783,366 million (calculated by deducting deferred tax liabilities of JPY 536,098 million).

2. Other securities with market value are considered impaired if the market value declines materially below the acquisition cost, and such decline is not considered recoverable. The market value is recognized as the balance sheet amount and the amount of write-down is accounted for as valuation loss (impaired) for this term. Valuation loss (impaired) for this term is JPY 21 million. The rule for determining "material decline" is as follows and is based on the classification of issuers under the rules of self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	Market value is lower than acquisition cost.
Issuers requiring caution	Market value is 30% or more lower than acquisition cost.
Normal issuers	Market value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt

Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt

Potentially bankrupt issuers: Issuers that are not currently bankrupt but perceived to have a high risk of falling into bankruptcy

Issuers requiring caution: Issuers that are identified for close monitoring

Normal issuers: Issuers other than the above four categories of issuers

## (4) Securities with no available market value

(Millions of yen)

March 31, 2006	
Investments in subsidiaries and affiliates	
Stocks of subsidiaries	1,151,077
Stocks of affiliates	34,043
Other	35,569
Other securities	
Unlisted stocks (excluding OTC stocks)	373,558
Unlisted bonds	2,488,496
Unlisted foreign securities	293,177
Other	290,158

## (5) Redemption schedule of other securities with maturities and bonds classified as held-to-maturity

(Millions of yen)

	March 31, 2006			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years
Bonds	5,684,097	4,501,578	2,297,157	2,918,147
Japanese government bonds	5,284,223	1,961,984	1,084,424	2,806,988
Japanese local government bonds	21,010	207,340	317,401	445
Japanese corporate bonds	378,863	2,332,253	895,331	110,713
Other	720,694	1,508,411	666,401	671,792
Total	6,404,791	6,009,989	2,963,558	3,589,940

## [2] Money Held in Trust

Other money held in trust (Other than classified as trading or held-to-maturity purpose)

(Millions of yen)

	March 31, 2006				
	Acquisition cost	Balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	2,703	2,912	209	209	-

(Note) Net unrealized gains of 124 million yen (after deducting 84 million yen in deferred tax liabilities from 209 million yen in net unrealized gains) are included in 'Net unrealized gains on other securities.'

## 6. Statements of Trust Assets and Liabilities &lt;SMBC Non-consolidated&gt;

(Millions of yen)

	March 31, 2006 (A)	March 31, 2005 (B)	Change (A-B)
Loans and bills discounted	7,870	9,780	(1,910)
Securities	238,205	81,840	156,365
Securities held in custody accounts	33,590	34,166	(576)
Monetary claims	706,349	600,618	105,731
Premises and equipment	85	-	85
Other claims	1,216	315	901
Due from banking account	318,597	50,457	268,140
Total assets	1,305,915	777,177	528,738
Monetary trusts	530,255	101,323	428,932
Securities trusts	33,590	34,166	(576)
Monetary claims trusts	603,656	480,147	123,509
Composite trusts	138,413	161,539	(23,126)
Total liabilities	1,305,915	777,177	528,738

(Notes) 1. Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.

2. SMBC has no co-operative trusts under other trust bank's administration.

3. SMBC does not handle any trusts with principal indemnification.