Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Years ended March 31, 2006 and 2005

1. Basis of Presentation

Sumitomo Mitsui Financial Group, Inc. (SMFG) was established on December 2, 2002 as a holding company for the SMFG group through a statutory share transfer (*kabushiki iten*) of all of the outstanding equity securities of former Sumitomo Mitsui Banking Corporation ("former SMBC") in exchange for SMFG's newly issued securities. SMFG is a joint stock corporation with limited liability (*Kabushiki Kaisha*) incorporated under the Commercial Code of Japan. Upon formation of SMFG and completion of the statutory share transfer, former SMBC became a direct wholly owned subsidiary of SMFG.

SMFG has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of stockholders' equity) from the consolidated financial statements of SMFG prepared in accordance with Japanese GAAP.

Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2006, which was ¥117.48 to US$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

2. Significant Accounting Policies

(1) Consolidation and equity method

(a) Scope of consolidation

Japanese accounting standards on consolidated financial statements require a company to consolidate any subsidiaries of which the company substantially controls the operations, even if it is not a majority owned subsidiary. Control is defined as the power to govern the decision making body of an enterprise.

(i) Consolidated subsidiaries

Number of consolidated subsidiaries is as follows:

March 31	2006	2005
Consolidated subsidiaries	162	167

Principal companies:

Sumitomo Mitsui Banking Corporation (SMBC)
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 ended March 31, 2006 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.

(ii) 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.

(b) Application of the equity method

Japanese accounting standards also require any unconsolidated subsidiaries and affiliates on which SMFG is able to exercise material influence over their financial and operating policies to be accounted for by the equity method.

(i) Unconsolidated subsidiaries accounted for by the equity method

Number of unconsolidated subsidiaries accounted for by the equity method is as follows:

March 31	2006	2005
Unconsolidated subsidiaries	3	4

Principal company:

SBCS Co., Ltd.

In the fiscal year ended March 31, 2006, 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.

(ii) Affiliates accounted for by the equity method

Number of affiliates accounted for by the equity method is as follows:

March 31	2006	2005
Affiliates	60	49

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 in the fiscal year ended March 31, 2006 are as follows:

Fifteen companies including former NIF Ventures Co., Ltd. (current name: NIF SMBC Ventures Co., Ltd.) newly became affiliated companies accounted for by the equity method due to acquisition of shares.

Four companies including P.T. Perjahl Leasing Indonesia were excluded from the scope of affiliated companies due to sale of shares.

(iii) Unconsolidated subsidiaries 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 are not treated as affiliated companies accounted for by the equity method pursuant to Article 10 Paragraph 1 Item 2 of Consolidated Financial Statements Regulations.

(iv) Affiliates that are not accounted for by the equity method

Principal company:

Daiwa SB Investments (USA) Ltd.

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.

(c) The balance sheet dates of consolidated subsidiaries

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

March 31	2006	2005
June 30	2	—
September 30	5	5
October 31	1	1
November 30	2	—
December 31	64	70
January 31	1	2
February 28	2	—
March 31	85	89

A consolidated overseas subsidiary changed its balance sheet date from December 31 to March 31 from the fiscal year ended March 31, 2006. Therefore, SMFG's consolidated financial statements for the fiscal year ended March 31, 2006 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.

(ii) As for the companies whose balance sheet dates are June 30, September 30 and November 30, 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 were consolidated on the basis of their respective balance sheet dates.

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

(2) Statements of cash flows

(a) For the purposes of the consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

(b) The presentation of statements of cash flows for the fiscal year ended March 31, 2006 is changed as follows:

(i) "Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary," which was included in "Other, net" of "Net cash provided by (used in) operating activities" in the amount of ¥(3,120) million for the fiscal year ended March 31, 2005, was separately presented for the fiscal year ended March 31, 2006, reflecting the growth in its importance.

(ii) "Net change in payable on trading and securities contracts," which was separately presented in "Net cash provided by (used in) operating activities" for the fiscal year ended March 31, 2005, was included in "Other, net" of "Net cash provided by (used in) operating cash flows" in the amount of ¥(788) million ($(7) million) for the fiscal year ended March 31, 2006, reflecting a decrease in its importance.

(iii) "Proceeds from sale of treasury stock," which was presented in "Net cash provided by financing activities" for the fiscal year ended March 31, 2005, was included in "Proceeds from disposal of treasury stock" in the amount of ¥452,277 million ($3,850 million) for the fiscal year ended March 31, 2006.

(3) Trading assets/liabilities and trading profits/losses

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. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading profits" and "Trading losses."

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.

"Trading profits" and "Trading losses" include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary 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.

SMBC accounts for foreign currency translation differences arising from currency swaps for trading purposes as "Trading assets" or "Trading liabilities" on a gross basis, pursuant to the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

(4) Securities

As for securities other than trading purposes, 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.

Securities included in money held in trust are carried in the same method as for securities mentioned above.

(5) Derivative transactions

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) Hedge accounting

(a) Hedging against interest rate changes

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 on groups 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. Gross amounts of deferred hedge losses and gains on "macro hedge" at March 31, 2006 were ¥100,159 million ($853 million) and ¥78,635 million ($669 million), respectively.

(b) Hedging against currency fluctuations

SMBC applies deferred hedge accounting stipulated in 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.

(c) Transactions between consolidated subsidiaries

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 use 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).

(7) Non-accrual loans

Loans are generally placed on non-accrual status when their borrowers are classified as Bankrupt, Effectively Bankrupt or Potentially Bankrupt under the self-assessment rule (see (11) Reserve for possible loan losses).

(8) Bills discounted

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 at March 31, 2006 and 2005 was ¥891,160 million ($7,586 million) and ¥966,552 million, respectively, 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 ($25 million) and ¥11,576 million of the total amount at March 31, 2006 and 2005, respectively.

(9) Premises and equipment

Premises and equipment owned by SMFG and SMBC are generally stated at cost less accumulated depreciation. Depreciation of premises is calculated using the straight-line method over the estimated useful lives of the respective assets. They calculated the depreciation cost for the fiscal year by proportionally allocating the estimated annual cost to the fiscal year. 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.

(10) Software costs

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).

(11) Reserve for possible loan losses

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 provided based on the results of these assessments.

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 ($6,802 million) and ¥1,782,244 million at March 31, 2006 and 2005, respectively.

(12) Reserve for expenses related to EXPO 2005 Japan
In the fiscal year ended March 31, 2005, SMBC accounted for the exhibition expenses related to "The 2005 World Exposition, Aichi, Japan" as "Reserve for expenses related to EXPO 2005 Japan," which included the reserve that was stipulated in Article 57-2 of the Specific Taxation Measures Law.

(13) Reserve for employee bonuses
Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the respective fiscal year.

(14) Reserve for employee retirement benefits
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.

Unrecognized net transition obligation from the initial application of the new accounting standard for employee retirement benefits was amortized primarily using the straight-line method over five years in the fiscal year ended March 31, 2005.

A part of "Accounting Standards for Retirement Benefits" (issued by the Business Accounting Deliberation Council on June 16, 1998) was revised on March 16, 2005. As a result, the amount by which the plan assets exceed the projected benefit obligation ("unrecognized plan assets") due to excess of the actual return on the plan assets over the expected return on the plan assets, or occurrence of prior service costs due to lowering of pension benefit levels was permitted to be recognized as assets and gains. SMBC implemented an early adoption of the revised standards from the fiscal year ended March 31, 2005 and treated the unrecognized plan assets as actuarial differences. This accounting change had no impact on profit and loss accounts.

(15) Other reserves
Reserves required by special laws are provided as follows:
(a) Reserve for contingent liabilities from financial futures transactions is provided in accordance with Article 81 of the Financial Futures Transaction Law, in order to cover losses arising from financial futures transactions.
(b) Reserve for contingent liabilities from securities transactions is provided in accordance with Article 51 of the Securities and Exchange Law in provision for losses arising from securities transactions.

(16) Translation of foreign currency assets and liabilities
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.

(17) Lease transactions
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.

Standards for recognizing lease-related income on lease transactions and income/expenses on installment sales are as follows:
(a) 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.
(b) 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.

(18) Valuation of consolidated subsidiaries' assets and liabilities
Assets and liabilities of consolidated subsidiaries including the portion attributable to the minority shareholders are valuated for consolidation at fair value when SMFG acquires control.

(19) 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.

(20) Appropriation of retained earnings
Payments of dividends are accounted for as appropriations of retained earnings in the fiscal year when such appropriations are approved at the general shareholders' meeting or, in the case of interim dividends, at the meeting of the Board of Directors.

Cash dividends charged to retained earnings are those actually paid during the fiscal year and consist of year-end dividends applicable to the preceding year and interim dividends for the current year.

(21) Application of new accounting standards for impairment of fixed assets

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 Deliberation 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 by the Accounting Standards Board of Japan on October 31, 2003). As a result, net income before income taxes and minority interests decreased by ¥11,523 million ($98 million) 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 and the accumulated impairment loss is also deducted from the book value of each asset.

At SMBC, each 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, 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 "Other expenses." 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.

(22) Issuance of new shares and sale of treasury shares

On January 31, 2006, SMFG issued 80,000 new shares of common stock at ¥1,130,500 per share (issue price) for final allocation by underwriters at ¥1,166,200 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 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 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 is accounted for as capital stock and ¥565,250 as capital surplus.

Also, on January 31, 2006, SMFG disposed of 400,000 shares of treasury stock at ¥1,130,500 per share (disposal price) for final allocation by underwriters at ¥1,166,200 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 capital surplus.

(23) Amounts per share

Net income (loss) per share is calculated by deducting dividends for preferred stock from net income (loss), divided by the weighted average number of shares of common stock, excluding treasury stock outstanding for the fiscal year.

Diluted net income per share reflects the potential dilution that could occur if preferred stocks and other contracts to issue common stocks were exercised.

Stockholders' equity per share is calculated by deducting from stockholders' equity the number of preferred shares at the fiscal year-end multiplied by the issue price, divided by the number of common shares (excluding treasury shares) at the fiscal year-end.

Declared dividends represent the cash dividends declared applicable to the respective fiscal year, including dividends to be paid after the end of the fiscal year.

3. Trading Assets

Trading assets at March 31, 2006 and 2005 consisted of the following:

March 31	Millions of yen 2006	2005	Millions of U.S. dollars 2006
Trading securities	¥ 163,042	¥ 269,678	$ 1,388
Derivatives of trading securities	275	812	2
Derivatives of securities related to trading transactions	4,162	2,033	36
Trading-related financial derivatives	2,984,988	2,440,254	25,409
Other trading assets	925,557	1,056,293	7,878
	¥4,078,025	¥3,769,073	$34,713

4. Securities

Securities at March 31, 2006 and 2005 consisted of the following:

March 31	Millions of yen 2006	2005	Millions of U.S. dollars 2006
Japanese government bonds*1	¥11,566,093	¥13,636,577	$ 98,452
Japanese local government bonds	607,777	486,884	5,173
Japanese corporate bonds	3,958,181	3,243,443	33,692
Japanese stocks*1, 2	4,500,639	3,516,280	38,310
Other*2	4,873,169	3,350,515	41,481
	¥25,505,861	¥24,233,701	$217,108

*1 Unsecured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥1,331 million ($11 million) are included in Japanese government bonds and Japanese stocks at March 31, 2006, and such securities in the amount of ¥8,774 million are included in Japanese government bonds at March 31, 2005.
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 ($14,581 million) of securities are pledged, and ¥199,720 million ($1,700 million) of securities are held in hand at March 31, 2006. The respective amounts at March 31, 2005 were ¥467,647 million and ¥192,791 million.

*2 Japanese stocks and other include investments in unconsolidated subsidiaries and affiliates of ¥498,660 million ($4,245 million) and ¥395,984 million at March 31, 2006 and 2005, respectively.

5. Loans and Bills Discounted

(1) Loans and bills discounted at March 31, 2006 and 2005 consisted of the following:

March 31	Millions of yen 2006	2005	Millions of U.S. dollars 2006
Bills discounted	¥ 432,795	¥ 525,763	$ 3,684
Loans on notes	4,022,517	4,847,367	34,240
Loans on deeds	44,949,655	42,211,430	382,615
Overdrafts	7,862,235	7,215,244	66,924
	¥57,267,203	¥54,799,805	$487,463

(2) Loans and bills discounted includes the following "Risk-monitored loans" stipulated in the Banking Law:

March 31	Millions of yen 2006	2005	Millions of U.S. dollars 2006
Risk-monitored loans:			
Bankrupt loans*1	¥ 59,332	¥ 68,337	$ 505
Non-accrual loans*2	714,366	1,398,964	6,081
Past due loans (3 months or more)*3	24,571	29,441	209
Restructured loans*4	444,889	730,701	3,787
	¥1,243,160	¥2,227,445	$10,582

*1 "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.

*2 "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.

*3 "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."

*4 "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)."

The amounts above include the trusted amount with the Resolution and Collection Corporation of ¥41 million at March 31, 2005, which is treated as off-balancing.

(3) 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 at March 31, 2006 and 2005 was ¥38,176,896 million ($324,965 million) and ¥37,440,642 million, respectively, and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time at March 31, 2006 and 2005 was ¥32,754,665 million ($278,811 million) and ¥33,204,890 million, respectively.

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 the contracts are made.

6. Other Assets

Other assets at March 31, 2006 and 2005 consisted of the following:

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Prepaid expenses	¥ 36,731	¥ 37,677	$ 313
Accrued income	275,870	264,704	2,348
Deferred assets	702,914	597,825	5,983
Financial derivatives*	814,433	792,007	6,933
Other	1,573,880	1,418,239	13,397
	¥3,403,832	¥3,110,454	$28,974

* Net amount of deferred unrealized losses on hedging instruments to which deferred hedge accounting is applied is reported as deferred losses on hedge and is included in "Financial derivatives." Gross deferred unrealized losses and gains on hedging instruments before netting at March 31, 2006 were ¥610,517 million ($5,197 million) and ¥436,183 million ($3,713 million), respectively. The respective amounts at March 31, 2005 were ¥527,374 million and ¥429,751 million.

7. Premises and Equipment

Premises and equipment at March 31, 2006 and 2005 consisted of the following:

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Land*	¥ 396,667	¥ 411,545	$ 3,376
Buildings	493,406	487,686	4,200
Equipment and others	462,967	465,828	3,941
Total	1,353,041	1,365,060	11,517
Accumulated depreciation	(546,672)	(529,007)	(4,653)
	¥ 806,369	¥ 836,053	$ 6,864

* Includes land revaluation excess referred to in Note 16.

8. Lease Assets

Lease assets at March 31, 2006 and 2005 were as follows:

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Equipment and others	¥2,564,601	¥2,563,586	$21,830
Accumulated depreciation	(1,564,686)	(1,556,570)	(13,319)
	¥ 999,915	¥1,007,015	$ 8,511

9. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2006 and 2005 consisted of the following:

March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Assets pledged as collateral			
Cash and due from banks and Deposits with banks	¥ 79,117	¥ 75,769	$ 673
Trading assets	114,551	630,553	975
Securities	9,229,645	6,492,047	78,564
Loans and bills discounted	1,552,435	1,524,286	13,214
Other assets	1,131	1,080	10
Liabilities corresponding to assets pledged as collateral			
Deposits	19,111	12,745	163
Call money and bills sold	6,996,598	3,976,469	59,556
Payables under repurchase agreements	383,597	393,895	3,265
Payables under securities lending transactions	2,543,261	3,283,601	21,648
Trading liabilities	196,137	143,819	1,670
Borrowed money	27,019	7,566	230
Other liabilities	36,317	14,072	309
Acceptances and guarantees	157,658	144,023	1,342

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes at March 31, 2006 and 2005:

March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Cash and due from banks and Deposits with banks	¥ 6,729	¥ 5,613	$ 57
Trading assets	665,395	126,821	5,664
Securities	4,072,275	6,659,318	34,664
Loans and bills discounted	—	27,500	—

Premises and equipment included surety deposits and intangibles of ¥97,162 million ($827 million) and ¥100,014 million at March 31, 2006 and 2005, respectively. Other assets included initial margins of futures markets of ¥14,631 million ($125 million) and ¥9,582 million at March 31, 2006 and 2005, respectively.

10. Deposits

Deposits at March 31, 2006 and 2005 consisted of the following:

March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Current deposits	¥ 7,043,924	¥ 6,172,889	$ 59,959
Ordinary deposits	33,369,831	31,159,513	284,047
Savings deposits	1,025,890	1,090,677	8,732
Deposits at notice	4,458,093	4,319,669	37,948
Time deposits	20,866,095	21,157,264	177,614
Negotiable certificates of deposit	2,708,643	2,713,270	23,056
Other deposits	4,070,290	4,574,846	34,647
	¥73,542,769	¥71,188,131	$626,003

11. Trading Liabilities

Trading liabilities at March 31, 2006 and 2005 consisted of the following:

March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Trading securities sold for short sales	¥ 119,337	¥ 69,419	$ 1,016
Derivatives of trading securities	1,238	524	11
Derivatives of securities related to trading transactions	4,079	2,061	35
Trading-related financial derivatives	2,783,503	2,038,468	23,693
	¥2,908,158	¥2,110,473	$24,755

12. Borrowed Money

Borrowed money at March 31, 2006 and 2005 consisted of the following:

March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006	Average interest rate*1	Due
Bills rediscounted	¥ 2,918	¥ 11,576	$ 25	2.20%	Apr. 2006 — Aug. 2006
Other borrowings*2	2,130,788	2,131,297	18,137	1.23	Jan. 2006 — Perpetual
	¥2,133,707	¥2,142,873	$18,162	1.23%	

*1 Average interest rate represents the weighted average interest rate based on the balances and rates at respective year-end of SMBC and other consolidated subsidiaries.

*2 Includes subordinated debt of ¥622,500 million ($5,299 million) and ¥734,097 million at March 31, 2006 and 2005, respectively.

The repayment schedule within five years on borrowed money at March 31, 2006 was as follows:

March 31	Millions of yen 2006	Millions of U.S. dollars 2006
Within 1 year	¥731,697	$6,228
After 1 year through 2 years	187,741	1,598
After 2 years through 3 years	182,088	1,550
After 3 years through 4 years	158,198	1,347
After 4 years through 5 years	121,200	1,032

13. Bonds

Bonds at March 31, 2006 and 2005 consisted of the following:

March 31 Issuer Description	Millions of yen* 2006	Millions of yen* 2005	Millions of U.S. dollars 2006	Interest rate (%)	Due
SMBC:					
Straight bonds, payable in Yen	¥1,883,760	¥2,198,996	$16,035	0.51–3.00	Apr. 2006–May 2025
	[390,781]	[491,666]			
Straight bonds, payable in Euroyen	22,900	9,500	195	2.053–10.00	Mar. 2012–Mar. 2036
Straight bonds, payable in U.S. dollars	—	75,124	—	—	—
		($700,000 thousand)			
		[75,124]			
Subordinated bonds, payable in Yen	450,000	400,000	3,830	1.71–2.62	Jun. 2010–Aug. 2015
Subordinated bonds, payable in Euroyen	774,800	664,900	6,595	0.43063–2.97	May 2011–Perpetual
Subordinated bonds, payable in U.S. dollars	349,385	174,287	2,974	5.625–8.15	Nov. 2011–Perpetual
	($2,974,000 thousand)	($1,624,000 thousand)			
Subordinated bonds, payable in British pound sterling	2,462	2,422	21	6.98	Perpetual
	(£12,000 thousand)	(£12,000 thousand)			
Subordinated bonds, payable in Euro	99,960	—	851	4.375	Perpetual
	(€700,000 thousand)				
Subordinated bonds, payable in Euro	178,500	173,437	1,519	4.375	Oct. 2014
	(€1,250,000 thousand)	(€1,250,000 thousand)			
Other consolidated subsidiaries:					
Straight bonds, payable in Yen	197,181	180,823	1,678	0.04–4.00	Apr. 2006–Oct. 2024
	[85,893]	[67,865]			
Straight bonds, payable in U.S. dollars	3,886	3,950	33	1.55–7.35	Dec. 2006–May 2009
	($33,000 thousand)	($38,000 thousand)			
	[1,525]	[521]			
Straight bonds, payable in Australian dollars	—	113	—	—	—
		(A$2,000 thousand)			
		[113]			
Straight bonds, payable in other foreign currency	1,622	3,007	14	4.35	Oct. 2008
		[1,596]			
Subordinated bonds, payable in Yen	159,478	345,613	1,358	0.3775–5.99375	Feb. 2007–Perpetual
	[1,993]	[36,649]			
Subordinated bonds, payable in U.S. dollars	117,480	107,320	1,000	8.50	Jun. 2009
	($1,000,000 thousand)	($1,000,000 thousand)			
Short-term bonds	383,900	1,000	3,268	0.075–0.30	Apr.2006–Aug. 2006
	[383,900]	[1,000]			
	¥4,625,317	¥4,340,497	$39,371		

* Figures in ( ) are the balances in the original currency of the foreign currency denominated bonds, and figures in [ ] are the amounts to be redeemed within one year.

The redemption schedule within five years on bonds at March 31, 2006 was as follows:

	Millions of yen	Millions of U.S. dollars
March 31	2006	2006
Within 1 year	¥864,093	$7,355
After 1 year through 2 years	420,864	3,582
After 2 years through 3 years	427,100	3,636
After 3 years through 4 years	564,486	4,805
After 4 years through 5 years	312,497	2,660

14. Other Liabilities

Other liabilities at March 31, 2006 and 2005 consisted of the following:

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Accrued expenses	¥ 127,194	¥ 128,568	$ 1,083
Unearned income	183,091	178,394	1,559
Income taxes payable	47,260	33,190	402
Financial derivatives	830,867	689,318	7,072
Other	1,437,180	1,334,314	12,233
	¥2,625,594	¥2,363,786	$22,349

15. Other Reserves

Other reserves at March 31, 2006 and 2005 consisted of the following:

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Reserve for contingent liabilities from financial futures transactions	¥ 18	¥ 18	$ 0
Reserve for contingent liabilities from securities transactions	1,122	1,075	10
	¥1,141	¥1,093	$10

16. Land Revaluation Excess

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 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.”

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.

Total fair value of land used for business activities at March 31, 2006 and 2005, whose book value had been revaluated pursuant to Article 10 of the Law, was ¥15,253 million ($130 million) and ¥21,022 million lower than the book value, respectively.

17. Minority Interests

SB Treasury Company L. L. C., a subsidiary of SMBC, issued noncumulative perpetual preferred securities, totaling $1,800 million in February 1998. SB Equity Securities (Cayman), Limited, a subsidiary of SMBC, issued noncumulative perpetual preferred securities, totaling ¥340,000 million in February and March 1999. Sakura Preferred Capital (Cayman) Limited, a subsidiary of SMBC, issued noncumulative perpetual preferred securities, totaling ¥283,750 million in December 1998 and March 1999. These subsidiaries are consolidated and the preferred securities are accounted for as minority interests.

18. Capital Stock

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2006 and 2005 were as follows:

	Number of shares			
	2006		2005	
March 31	Authorized	Issued	Authorized	Issued
Common stock	15,000,000	7,424,172.77	15,000,000	6,273,792.49
Preferred stock (Type 1)*	35,000	35,000	35,000	35,000
Preferred stock (Type 2)*	100,000	100,000	100,000	100,000
Preferred stock (Type 3)	695,000	695,000	695,000	695,000
Preferred stock (Type 4)	135,000	50,100	242,087	157,187
Preferred stock (Type 5)	250,000	—	250,000	—
Preferred stock (Type 6)	300,000	70,001	300,000	70,001
Total	16,515,000	8,374,273.77	16,622,087	7,330,980.49

* See Note 32.

All of the preferred stock is noncumulative and nonparticipating for dividend payments, and shareholders of the preferred stock are not entitled to vote at a general meeting of shareholders except when the proposal to pay the prescribed dividends to shareholders is not submitted to the general meeting of shareholders or is rejected at the general meeting of shareholders.

Annual dividends per share of preferred stock (Type 1, Type 2, Type 3, 1st to 12th series Type 4 and 1st series Type 6) are paid to shareholders by ¥10,500, ¥28,500, ¥13,700, ¥135,000 and ¥88,500, respectively.

In cases of liquidation distribution, shareholders of preferred stock (Type 1, Type 2, Type 3, 1st to 12th series Type 4 and 1st series Type 6) will receive ¥3,000,000, ¥3,000,000, ¥1,000,000, ¥3,000,000 and ¥3,000,000 per share, respectively, and will not have the right to participate in any further liquidation distribution.

SMFG may, at any time, purchase and retire preferred stocks out of earnings available for distribution to the shareholders.

Shareholders of preferred stock may request SMFG to convert their preferred stocks into common stocks. The period during which the conversion may be requested (the "conversion period") and the terms and conditions of conversion with respect to preferred stock (Type 1, Type 2 and Type 3) were determined by the resolution made in accordance with the provisions of Article 365 of the Commercial Code, of a shareholders meeting of SMBC. The conditions of conversion of preferred stock (1st to 12th series Type 4) were determined by the resolution of the board of directors relating to the issuance of the relevant preferred stocks. The conversion period and conversion price* as of March 31, 2006 of each type of preferred stock are as follows:

Preferred stock (Type 1):
December 2, 2002 to February 26, 2009
¥942,500

Preferred stock (Type 2):
August 1, 2005 to February 26, 2009
¥942,500

Preferred stock (Type 3):
December 2, 2002 to September 30, 2009
¥826,900

Preferred stock (1st to 12th series Type 4):
February 8, 2003 to February 7, 2028
¥320,700

* Conversion prices are adjusted pursuant to the appointed rules governing conversion of the preferred stocks.

Any preferred stock (Type 1, Type 2, Type 3 and 1st to 12th series Type 4) with respect to which conversion has not been requested during the conversion period shall be mandatorily converted, as of the date immediately following the last day of the conversion period (the "mandatory conversion date"), into such number of common stocks as is obtained by dividing the corresponding amount set forth below by the average of the daily closing prices per share of common stock in regular transactions at the Tokyo Stock Exchange on each of the 30 consecutive trading days (excluding any day on which the closing price is not available) commencing on the 45th trading day preceding the mandatory conversion date. If such average price is less than ¥500,000, in the case of preferred stock (Type 1, Type 2 and 1st to 12th series Type 4), or less than ¥258,330, in the case of preferred stock (Type 3), then the preferred stock shall be converted into such number of common stocks as is obtained by dividing the corresponding amount set forth below by the relevant amount described above:

Preferred stock (Type 1): ¥3,000,000 per share
Preferred stock (Type 2): ¥3,000,000 per share
Preferred stock (Type 3): ¥1,000,000 per share
Preferred stock (1st to 12th series Type 4):
¥3,000,000 per share

Shares of common stock held by SMFG and consolidated subsidiaries, and equity method unconsolidated subsidiaries and affiliates are as follows:

	Number of shares (in thousands)	
March 31	2006	2005
Common stock	6	404

19. Fees and Commissions

Fees and commissions for the years ended March 31, 2006 and 2005 consisted of the following:

	Millions of yen		Millions of U.S. dollars
Year ended March 31	2006	2005	2006
Fees and commissions (income):			
Deposits and loans	¥ 54,698	¥ 45,105	$ 466
Remittances and transfers	131,526	124,289	1,120
Securities-related business	64,773	51,973	551
Agency	18,929	19,304	161
Safe deposits	7,384	6,735	63
Guarantees	41,445	39,442	353
Credit card business	108,643	93,768	925
Investment trusts	69,481	45,574	591
Other	207,046	169,891	1,762
	¥703,928	¥596,086	$5,992
Fees and commissions (expenses):			
Remittances and transfers	¥ 25,868	¥ 24,215	$ 220
Other	58,468	55,760	498
	¥ 84,336	¥ 79,976	$ 718

20. Trading Income

Trading income for the years ended March 31, 2006 and 2005 consisted of the following:

	Millions of yen		Millions of U.S. dollars
Year ended March 31	2006	2005	2006
Trading profits:			
Gains on trading securities	¥12,880	¥ 7,857	$110
Gains on securities related to trading transactions	1,229	—	10
Gains on trading-related financial derivatives	18,599	136,224	158
Other	97	504	1
	¥32,807	¥144,587	$279
Trading losses:			
Losses on securities related to trading transactions	¥ —	¥ 199	$ —
	¥ —	¥ 199	$ —

21. Other Operating Income

Other operating income for the years ended March 31, 2006 and 2005 consisted of the following:

	Millions of yen		Millions of U.S. dollars
Year ended March 31	2006	2005	2006
Gains on sale of bonds	¥ 51,003	¥ 85,683	$ 434
Gains on redemption of bonds	90	583	1
Lease-related income	716,846	691,864	6,102
Gains on foreign exchange transactions	203,929	118,840	1,736
Other	172,278	161,318	1,466
	¥1,144,147	¥1,058,289	$9,739

22. Other Income

Other income for the years ended March 31, 2006 and 2005 consisted of the following:

Year ended March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Gains on sale of stocks and other securities	¥ 93,433	¥129,258	$ 795
Gains on money held in trust	39	0	0
Equity in earnings of affiliates	31,887	27,142	271
Gains on disposal of premises and equipment	5,794	4,909	49
Collection of written-off claims	31,584	1,032	269
Gains on securities contributed to retirement benefits trust	—	75,275	—
Gains on sale of a subsidiary's shares and change in equity of the subsidiary	60,574	—	516
Other	27,660	28,951	236
	¥250,973	¥266,569	$2,136

23. Other Operating Expenses

Other operating expenses for the years ended March 31, 2006 and 2005 consisted of the following:

Year ended March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Losses on sale of bonds	¥ 66,483	¥105,828	$ 566
Losses on redemption of bonds	195	693	2
Losses on devaluation of bonds	50	255	0
Bond issuance costs	760	1,898	6
Lease-related expenses	650,132	626,387	5,534
Losses on financial derivatives	5,619	3,904	48
Other	153,395	128,779	1,306
	¥876,635	¥867,748	$7,462

24. Other Expenses

Other expenses for the years ended March 31, 2006 and 2005 consisted of the following:

Year ended March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Write-off of loans	¥ 69,355	¥ 759,399	$ 590
Losses on sale of stocks and other securities	13,968	6,910	119
Losses on devaluation of stocks and other securities	32,345	224,266	275
Losses on sale of delinquent loans	100,666	147,984	857
Losses on disposal of premises and equipment	5,242	68,883	45
Losses on impairment of fixed assets*	12,303	—	105
Amortization of unrecognized net transition obligation for employee retirement benefits	—	17,876	—
Provision for reserve for contingent liabilities from securities transactions	47	23	0
Other	46,484	33,133	396
	¥280,414	¥1,258,478	$2,387

*Losses on impairment of fixed assets consisted of the following:

Year ended March 31 Area	Purpose of use	Type	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Tokyo metropolitan area	Idle assets (47 items)	Land and premises etc.	¥5,277	¥—	$45
Kinki area	Branches (15 branches)	Land and premises etc.	4,668	—	40
	Idle assets (29 items)		2,022	—	17
Other	Idle assets (15 items)	Land and premises etc.	334	—	3

25. Income Taxes

(1) Significant components of deferred tax assets and liabilities at March 31, 2006 and 2005 were as follows:

March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Deferred tax assets:			
Net operating loss carryforwards	¥1,190,699	¥ 926,210	$10,135
Reserve for possible loan losses	374,368	470,016	3,187
Write-off of securities	301,260	401,414	2,564
Write-off of loans	170,249	545,008	1,449
Reserve for employee retirement benefits	91,208	92,852	777
Depreciation	8,984	8,389	77
Other	92,013	109,942	783
Subtotal	2,228,784	2,553,833	18,972
Valuation allowance	(533,411)	(598,451)	(4,541)
Total deferred tax assets	1,695,373	1,955,381	14,431
Deferred tax liabilities:			
Net unrealized gains on other securities	(560,800)	(281,966)	(4,774)
Leveraged lease	(56,423)	(49,651)	(480)
Gains on securities contributed to employee retirement benefits trust	(52,329)	(53,001)	(445)
Undistributed earnings of subsidiaries	(11,223)	(9,108)	(96)
Other	(12,470)	(8,754)	(106)
Total deferred tax liabilities	(693,247)	(402,482)	(5,901)
Net deferred tax assets	¥1,002,125	¥1,552,898	$ 8,530

(2) A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of operations to the statutory tax rate for the years ended March 31, 2006 and 2005 was as follows:

	2006	2005
Statutory tax rate	40.69%	40.69%
Valuation allowance	(8.53)	(140.70)
Dividends exempted for income tax purposes	(2.45)	4.15
Difference in the effective statutory tax rate between SMFG and consolidated overseas subsidiaries	(2.15)	16.96
Equity in earnings of affiliates	—	9.82
Other	0.88	0.27
Effective income tax rate	28.44%	(68.81)%

(3) External based-corporate enterprise taxes

With the implementation of the "Revision of the Local Tax Law" (Legislation No. 9, 2003) on March 31, 2003, a part of the tax basis of enterprise taxes comprises "amount of added value" and "amount of capital" from the fiscal year commenced April 1, 2004. As a result, enterprise taxes that are calculated based on "amount of added value" and "amount of capital" are included in "General and administrative expenses" from the fiscal year ended March 31, 2005 pursuant to "Practical Treatment for Presentation of External Based-Corporate Enterprise Taxes in the Statement of Income" (Accounting Standards Board, Practical Solution Report No. 12).

26. Employee Retirement Benefits

(1) Outline of employee retirement benefits

Consolidated subsidiaries in Japan have contributory funded defined benefit pension plans such as employee pension plans, qualified pension plans and lump-sum severance indemnity plans. Some domestic consolidated subsidiaries have general type of employee pension plans. They may grant additional benefits in cases where certain requirements are met when employees retire.

A consolidated subsidiary in Japan adopts defined-contribution pension plan. SMBC and some consolidated subsidiaries in Japan contributed some of their marketable equity securities to employee retirement benefit trusts.

(2) Projected benefit obligation

March 31		Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Projected benefit obligation	(A)	¥ (909,802)	¥(891,311)	$ (7,744)
Plan assets	(B)	1,236,535	908,453	10,525
Unfunded projected benefit obligation	(C)=(A)+(B)	326,733	17,141	2,781
Unrecognized net actuarial gain or loss	(D)	(126,816)	175,153	(1,080)
Unrecognized prior service cost	(E)	(59,727)	(69,163)	(508)
Net amount recorded on the consolidated balance sheet	(F)=(C)+(D)+(E)	140,189	123,131	1,193
Prepaid pension cost	(G)	176,976	157,924	1,506
Reserve for employee retirement benefits	(F)–(G)	¥ (36,786)	¥ (34,792)	$ (313)

(a) On January 26, 2004, SMBC received the approval from the Minister of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of the employee pension fund, in accordance with the implementation of the "Defined benefit enterprise pension plan law." On September 1, 2005, SMBC also received the approval from the Minister of Health, Labor and Welfare for exemption from past retirement benefit obligations with respect to the entrusted portion, and adopted defined benefit pension plan.

(b) On January 17, 2003, some domestic consolidated subsidiaries received the approval from the Minister of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of the employees pension fund, in accordance with the implementation of the "Defined benefit enterprise pension plan law." On May 1, 2004, the subsidiaries also received the approval from the Minister of Health, Labor and Welfare for exemption from past retirement benefit obligations with respect to the entrusted portion, and adopted defined benefit pension plan.

(c) Plan assets related to the general type of welfare pension plan at March 31, 2006 and 2005, amounted to ¥18,701 million ($159 million) and ¥14,057 million, respectively, and were not included in the "Plan assets" shown above.

(3) Pension expenses

Year ended March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Service cost	¥20,600	¥22,109	$175
Interest cost on projected benefit obligation	22,002	22,041	187
Expected return on plan assets	(24,416)	(21,048)	(208)
Amortization of unrecognized net transition obligation from initial application of the new accounting standard	—	17,876	—
Amortization of unrecognized net actuarial gain or loss	23,343	26,828	199
Amortization of unrecognized prior service cost	(9,374)	(9,159)	(80)
Other (nonrecurring additional retirement allowance paid and other)	3,263	8,139	28
Pension expenses	¥35,419	¥66,788	$301

(4) Assumptions

The principal assumptions used in determining benefit obligation and pension expenses at or for the years ended March 31, 2006 and 2005 were as follows:

Year ended March 31	2006	2005
Discount rate	1.4% to 2.5%	1.5% to 2.5%
Expected rate of return on plan assets	0% to 4.0%	0% to 4.0%
Allocation of estimated amount of retirement benefits	Allocated to each period by the straight-line method	Allocated to each period by the straight-line method
Term to amortize unrecognized prior service cost	Mainly 10 years	Mainly 10 years
Term to amortize unrecognized net actuarial gain or loss	Mainly 10 years	Mainly 10 years
Term to amortize unrecognized net transition obligation from initial application of new accounting standard	—	Mainly 5 years

27. Lease Transactions

(1) Financing leases

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value for financing leases without transfer of ownership at March 31, 2006 and 2005 was as follows:

(a) Lessee side

	Millions of yen						Millions of U.S. dollars		
	2006			2005			2006		
March 31	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥7,464	¥3,146	¥4,317	¥4,779	¥2,716	¥2,063	$63	$26	$37
Other	313	193	120	392	234	157	3	2	1
Total	¥7,778	¥3,339	¥4,438	¥5,171	¥2,950	¥2,221	$66	$28	$38

Future minimum lease payments excluding interests at March 31, 2006 and 2005 were as follows:

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Due within one year	¥1,653	¥ 880	$14
Due after one year	2,888	1,437	25
	¥4,542	¥2,318	$39

Total lease expenses for the years ended March 31, 2006 and 2005 were ¥1,509 million ($13 million) and ¥1,589 million, respectively. Assumed depreciation for the years ended March 31, 2006 and 2005 amounted to ¥1,383 million ($12 million) and ¥1,449 million, respectively. Assumed depreciation is calculated using the straight-line method over the lease term of the respective assets without salvage values. The difference between the minimum lease payments and the acquisition costs of the lease assets represents interest expenses. The allocation of such interest expenses over the lease term is calculated using the effective interest method. Interest expenses for the years ended March 31, 2006 and 2005 amounted to ¥141 million ($1 million) and ¥144 million, respectively.

(b) Lessor side

	Millions of yen						Millions of U.S. dollars		
	2006			2005			2006		
March 31	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥1,834,771	¥1,173,611	¥661,159	¥1,911,595	¥1,204,282	¥707,313	$15,618	$ 9,990	$5,628
Other	670,443	376,694	293,749	611,354	342,715	268,639	5,706	3,206	2,500
Total	¥2,505,215	¥1,550,306	¥954,908	¥2,522,949	¥1,546,997	¥975,952	$21,324	$13,196	$8,128

Future lease payments receivable excluding interests at March 31, 2006 and 2005 were as follows:

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Due within one year	¥304,065	¥319,727	$2,588
Due after one year	667,086	668,731	5,679
	¥971,151	¥988,459	$8,267

At March 31, 2006, future lease payments receivable shown above included subleases of ¥1,963 million ($17 million) (due within one year: ¥707 million ($6 million)) on the lessor side. The amount on the lessee side was almost the same and was included in the future minimum lease payments shown in (a).

Total lease income for the years ended March 31, 2006 and 2005 was ¥412,926 million ($3,515 million) and ¥412,550 million, respectively. Depreciation for the years ended March 31, 2006 and 2005 amounted to ¥327,776 million ($2,790 million) and ¥348,971 million, respectively. Interest income represents the difference between the sum of the lease payments receivable and estimated salvage values, and the acquisition costs of the lease assets. The allocation of such interest income over the lease term is calculated using the effective interest method. Interest income for the years ended March 31, 2006 and 2005 amounted to ¥58,255 million ($496 million) and ¥66,591 million, respectively.

(2) Operating leases

(a) Lessee side

Future minimum lease payments at March 31, 2006 and 2005 were as follows:

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Due within one year	¥ 18,089	¥17,692	$154
Due after one year	87,061	81,546	741
	¥105,150	¥99,238	$895

(b) Lessor side

Future lease payments receivable at March 31, 2006 and 2005 were as follows:

March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Due within one year	¥11,703	¥ 7,584	$ 99
Due after one year	28,648	13,623	244
	¥40,352	¥21,207	$343

Future lease payments receivable at March 31, 2006 and 2005 amounting to ¥56,572 million ($482 million) and ¥74,176 million, respectively, on the lessor side referred to in (1) and (2) above were pledged as collateral for borrowings.

28. Market Value of Securities and Money Held in Trust

(1) Securities

The market value of securities at March 31, 2006 and 2005 was as follows:

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 “Deposits with banks,” and beneficiary claims on commodity investment trust classified as “Commercial paper and other debt purchased,” in addition to “Securities” stated in the consolidated balance sheets.

(a) Securities classified as trading purposes

March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars 2006
Consolidated balance sheet amount	¥1,088,599	¥1,325,972	$9,266
Valuation losses included in the earnings for the fiscal year	648	3,717	6

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

	Millions of yen				
	2006				
March 31	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

	Millions of yen				
	2005				
March 31	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

	Millions of U.S. dollars				
	2006				
March 31	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	$ 6,386	$ 6,219	$(167)	$3	$170
Japanese local government bonds	825	796	(29)	—	29
Japanese corporate bonds	3,231	3,163	(68)	—	68
Other	167	169	2	2	—
Total	$10,609	$10,347	$(262)	$5	$267

Note: Market value is calculated by using market prices at the fiscal year-end.

(c) Other securities with market value

March 31	Millions of yen 2006 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

March 31	Millions of yen 2005 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

March 31	Millions of U.S. dollars 2006 Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	$ 16,201	$ 30,694	$14,493	$14,659	$ 166
Bonds	107,966	105,436	(2,530)	8	2,538
Japanese government bonds	94,345	92,066	(2,279)	1	2,280
Japanese local government bonds	4,469	4,348	(121)	2	123
Japanese corporate bonds	9,152	9,022	(130)	5	135
Other	35,701	35,428	(273)	409	682
Total	$159,868	$171,558	$11,690	$15,076	$3,386

Notes: 1. Net unrealized gains at March 31, 2006 included losses of ¥3,193 million ($27 million) that were recognized in the fiscal year's earnings by applying fair value hedge accounting.
Net unrealized gains at March 31, 2005 included gains of ¥469 million that were recognized in the fiscal year's earnings by applying fair value hedge accounting and gains of ¥82 million on embedded financial instruments in their entirety that were recognized in the earnings because their embedded derivatives were not measured separately.
2. 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
3. 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 years ended March 31, 2006 and 2005 was ¥97 million ($1 million) and ¥172 million, respectively. 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.

(d) Held-to-maturity bonds sold during the years ended March 31, 2006 and 2005

There are no corresponding transactions.

(e) Other securities sold during the years ended March 31, 2006 and 2005

	Millions of yen		Millions of U.S. dollars
Year ended March 31	2006	2005	2006
Sales amount	¥33,089,259	¥36,133,895	$281,659
Gains on sales	138,964	214,022	1,183
Losses on sales	78,609	90,314	669

(f) Securities with no available market value

	Millions of yen		Millions of U.S. dollars
	Consolidated balance sheet amount		Consolidated balance sheet amount
March 31	2006	2005	2006
Bonds classified as held-to-maturity			
Unlisted foreign securities	¥ 269	¥ 2,400	$ 2
Other	3,758	8,566	32
Other securities			
Unlisted stocks (excluding OTC stocks)	402,747	429,658	3,428
Unlisted bonds	2,518,691	2,110,338	21,439
Unlisted foreign securities	457,953	412,118	3,898
Other	309,303	221,982	2,633

(g) Change of classification of securities

There are no corresponding transactions.

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

	Millions of yen			
	2006			
March 31	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

	Millions of yen			
	2005			
March 31	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	¥3,110,902	¥ 9,065,255	¥2,237,616	¥2,953,130
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
Total	¥3,711,027	¥10,690,962	¥2,496,581	¥3,679,096

	Millions of U.S. dollars			
	2006			
March 31	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	$49,724	$40,727	$21,014	$25,853
Japanese government bonds	45,451	17,542	10,551	24,907
Japanese local government bonds	274	2,147	2,749	4
Japanese corporate bonds	3,999	21,038	7,714	942
Other	7,407	13,317	5,806	7,223
Total	$57,131	$54,044	$26,820	$33,076

(2) Money held in trust

(a) Money held in trust classified as trading purposes
There are no corresponding transactions.

(b) Money held in trust classified as held-to-maturity
There are no corresponding transactions.

(c) Other money held in trust

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Acquisition cost	¥2,703	¥3,628	$23
Consolidated balance sheet amount	2,912	3,832	25
Net unrealized gains	209	204	2
Unrealized gains	209	300	2
Unrealized losses	—	95	—

(3) Net unrealized gains on other securities and other money held in trust

	Millions of yen		Millions of U.S. dollars
March 31	2006	2005	2006
Net unrealized gains	¥1,376,785	¥695,951	$11,720
Other securities	1,376,576	695,746	11,718
Other money held in trust	209	204	2
(−) Deferred tax liabilities	559,501	282,389	4,763
Net unrealized gains on other securities (before following adjustment)	817,283	413,561	6,957
(−) Minority interests	8,343	7,982	71
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	10,986	5,074	93
Net unrealized gains on other securities	¥ 819,927	¥410,653	$ 6,979

Notes: 1. Net unrealized gains on other securities at March 31, 2006 included losses of ¥3,193 million ($27 million) that were recognized in the fiscal year's earnings by applying fair value hedge accounting.
Net unrealized gains on other securities at March 31, 2005 included gains of ¥469 million that were recognized in the fiscal year's earnings by applying fair value hedge accounting and gains of ¥82 million on embedded financial instruments in their entirety that were recognized in the earnings because their embedded derivatives were not measured separately.
2. Net unrealized gains included foreign currency translation adjustments on nonmarketable securities denominated in foreign currency.

29. Derivative Transactions

(1) Interest rate derivatives

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Interest rate futures:				
Sold	¥ 49,280,626	¥ 2,201,562	¥ 60,069	¥ 60,069
Bought	50,392,316	2,231,955	(64,209)	(64,209)
Interest rate options:				
Sold	176,220	—	(178)	(178)
Bought	2,702,918	2,526,698	691	691
Over-the-counter transactions				
Forward rate agreements:				
Sold	801,161	—	1	1
Bought	7,893,630	216,820	(98)	(98)
Interest rate swaps:	419,010,536	332,474,995	125,464	125,464
Receivable fixed rate/payable floating rate	199,965,277	160,275,395	(1,679,647)	(1,679,647)
Receivable floating rate/payable fixed rate	199,621,924	157,996,133	1,789,530	1,789,530
Receivable floating rate/payable floating rate	19,271,520	14,070,934	20,004	20,004
Interest rate swaptions:				
Sold	2,088,827	1,524,826	(45,860)	(45,860)
Bought	2,237,396	1,836,727	82,932	82,932
Caps:				
Sold	13,530,699	9,447,218	(28,931)	(28,931)
Bought	7,730,947	5,314,256	16,252	16,252
Floors:				
Sold	413,170	205,858	(1,460)	(1,460)
Bought	211,275	124,754	1,661	1,661
Other:				
Sold	717,241	554,895	(5,505)	(5,505)
Bought	2,034,707	1,470,629	15,554	15,554
Total	/	/	¥ 156,383	¥ 156,383

March 31	Millions of yen 2005 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Interest rate futures:				
Sold	¥ 39,978,468	¥ 866,455	¥ 45,530	¥ 45,530
Bought	42,079,595	1,915,442	(52,737)	(52,737)
Interest rate options:				
Sold	—	—	—	—
Bought	250,080	250,080	21	21
Over-the-counter transactions				
Forward rate agreements:				
Sold	613,308	456,503	(60)	(60)
Bought	9,782,626	56,503	(4)	(4)
Interest rate swaps:	391,811,677	291,895,257	156,432	156,432
Receivable fixed rate/payable floating rate	186,359,947	140,866,355	2,048,207	2,048,207
Receivable floating rate/payable fixed rate	185,522,906	136,402,214	(1,885,274)	(1,885,274)
Receivable floating rate/payable floating rate	19,847,624	14,605,046	(3,515)	(3,515)
Interest rate swaptions:				
Sold	2,720,750	1,358,410	(31,840)	(31,840)
Bought	2,807,739	1,970,731	39,263	39,263
Caps:				
Sold	7,957,445	5,140,360	(8,601)	(8,601)
Bought	5,131,777	3,276,916	6,496	6,496
Floors:				
Sold	287,377	123,982	(3,373)	(3,373)
Bought	310,056	167,044	3,673	3,673
Other:				
Sold	—	—	—	—
Bought	639,798	105,311	4,989	4,989
Total	/	/	¥ 159,789	¥ 159,789

March 31	Millions of U.S. dollars 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Interest rate futures:				
Sold	$ 419,481	$ 18,740	$ 511	$ 511
Bought	428,944	18,999	(546)	(546)
Interest rate options:				
Sold	1,500	—	(2)	(2)
Bought	23,007	21,507	6	6
Over-the-counter transactions				
Forward rate agreements:				
Sold	6,820	—	0	0
Bought	67,191	1,846	(1)	(1)
Interest rate swaps:	3,566,654	2,830,056	1,068	1,068
Receivable fixed rate/payable floating rate	1,702,122	1,364,278	(14,297)	(14,297)
Receivable floating rate/payable fixed rate	1,699,199	1,344,877	15,233	15,233
Receivable floating rate/payable floating rate	164,041	119,773	170	170
Interest rate swaptions:				
Sold	17,780	12,979	(390)	(390)
Bought	19,045	15,634	706	706
Caps:				
Sold	115,174	80,416	(246)	(246)
Bought	65,806	45,235	138	138
Floors:				
Sold	3,517	1,752	(12)	(12)
Bought	1,798	1,062	14	14
Other:				
Sold	6,105	4,723	(47)	(47)
Bought	17,320	12,518	132	132
Total	/	/	$ 1,331	$ 1,331

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
Some consolidated overseas subsidiaries account for interest rate derivatives in accordance with local accounting standards. Such transactions are not included in the amounts above. Net unrealized losses at March 31, 2006 amounted to ¥589 million ($5 million). Net unrealized losses at March 31, 2005 amounted to ¥2,344 million.
2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo International Financial Futures Exchange and others. Market value of OTC transactions is calculated mainly using discounted present value and option pricing models.

(2) Currency derivatives

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	¥20,199,152	¥12,978,710	¥ 75,779	¥ 64,049
Currency swaptions				
Sold	1,021,039	1,009,291	(2,495)	(2,502)
Bought	1,237,505	1,215,027	12,292	12,299
Forward foreign exchange	46,902,149	3,882,673	(139,351)	(139,351)
Currency options				
Sold	3,516,658	1,672,181	(126,859)	(126,859)
Bought	3,297,890	1,501,779	71,540	71,540
Total	/	/	(109,094)	(120,824)

March 31	Millions of yen 2005 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	¥18,581,388	¥12,017,760	¥188,219	¥122,850
Currency swaptions				
Sold	985,339	979,291	(22,071)	(22,071)
Bought	1,218,665	1,208,413	42,475	42,475
Forward foreign exchange	41,706,257	2,301,053	6,194	6,194
Currency options				
Sold	2,620,171	1,229,664	(83,225)	(83,225)
Bought	2,633,024	1,193,964	103,782	103,782
Other				
Sold	3,176	—	17	17
Bought	188	—	0	0
Total	/	/	¥235,392	¥170,023

March 31	Millions of U.S. dollars 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	$171,937	$110,476	$ 644	$ 545
Currency swaptions				
Sold	8,691	8,591	(21)	(21)
Bought	10,534	10,342	105	105
Forward foreign exchange	399,235	33,050	(1,186)	(1,186)
Currency options				
Sold	29,934	14,234	(1,080)	(1,080)
Bought	28,072	12,783	609	609
Total	/	/	$ (929)	$(1,028)

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. The amounts above do not include the following:
(a) Derivative transactions to which deferred hedge accounting method is applied;
(b) Those that are allotted to financial assets/liabilities denominated in foreign currency and whose market values are already reflected to the consolidated balance sheet; and
(c) Those that are allotted to financial assets/liabilities denominated in foreign currency and the financial assets/liabilities are eliminated in the process of consolidation.
Some consolidated overseas subsidiaries account for currency derivatives in accordance with local accounting standards. Such transactions are not included in the amounts above. Net unrealized losses at March 31, 2006 amounted to ¥276 million ($2 million). Net unrealized gains at March 31, 2005 amounted to ¥698 million.
2. Market value is calculated mainly using discounted present value.

(3) Equity derivatives

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Equity price index futures:				
Sold	¥20,967	¥ —	¥(1,037)	¥(1,037)
Bought	23,459	—	1,103	1,103
Over-the-counter transactions				
Equity options:				
Sold	19,051	19,051	238	238
Bought	21,672	21,672	(219)	(219)
Total	/	/	¥ 84	¥ 84

March 31	Millions of yen 2005 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Equity price index futures:				
Sold	¥ 233	¥ —	¥ —	¥ —
Bought	594	—	(0)	(0)
Equity price index options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions				
Equity options:				
Sold	17,500	17,500	(277)	(277)
Bought	17,000	17,000	271	271
Equity price index swaps:				
Receivable equity index/payable floating rate	—	—	—	—
Receivable floating rate/payable equity index	—	—	—	—
Other:				
Sold	22,834	—	(1,146)	(1,146)
Bought	66,278	8,583	4,887	4,887
Total	/	/	¥3,735	¥3,735

March 31	Millions of U.S. dollars 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Equity price index futures:				
Sold	$178	$ —	$ (9)	$ (9)
Bought	200	—	10	10
Over-the-counter transactions				
Equity options:				
Sold	162	162	2	2
Bought	184	184	(2)	(2)
Total	/	/	$ 1	$ 1

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo Stock Exchange. Market value of OTC transactions is calculated mainly using discounted present value and option pricing models.

(4) Bond derivatives

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Bond futures:				
Sold	¥565,847	¥ —	¥3,517	¥3,517
Bought	627,879	—	(5,063)	(5,063)
Bond futures options:				
Sold	4,699	—	(88)	(88)
Bought	42,880	2,937	122	122
Over-the-counter transactions				
Forward bond agreements:				
Sold	—	—	—	—
Bought	17,038	9,517	1,614	1,614
Bond options:				
Sold	162,044	13,044	(540)	(540)
Bought	349,000	—	1,525	1,525
Total	/	/	¥1,088	¥1,088

March 31	Millions of yen 2005 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Bond futures:				
Sold	¥598,657	¥ —	¥(1,720)	¥(1,720)
Bought	823,707	—	6,645	6,645
Bond futures options:				
Sold	17,500	—	(50)	(50)
Bought	15,000	—	21	21
Over-the-counter transactions				
Forward bond agreements:				
Sold	—	—	—	—
Bought	263,054	243,588	1,485	1,485
Bond options:				
Sold	702,330	11,851	(4,141)	(4,141)
Bought	691,518	—	1,144	1,144
Total	/	/	¥ 3,383	¥ 3,383

March 31	Millions of U.S. dollars 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Bond futures:				
Sold	$4,817	$ —	$30	$30
Bought	5,345	—	(43)	(43)
Bond futures options:				
Sold	40	—	(1)	(1)
Bought	365	25	1	1
Over-the-counter transactions				
Forward bond agreements:				
Sold	—	—	—	—
Bought	145	81	14	14
Bond options:				
Sold	1,379	111	(5)	(5)
Bought	2,971	—	13	13
Total	/	/	$ 9	$ 9

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations.
Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo Stock Exchange.
Market value of OTC transactions is calculated mainly using option pricing models.

(5) Commodity derivatives

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	¥211,239	¥180,091	¥(136,629)	¥(136,629)
Receivable floating price/payable fixed price	202,635	168,747	153,389	153,389
Commodity options:				
Sold	9,924	7,454	(8,056)	(8,056)
Bought	8,921	7,135	7,875	7,875
Total	/	/	¥ 16,578	¥ 16,578

March 31	Millions of yen 2005 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Commodity futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	310	—	(16)	(16)
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	142,921	140,114	(57,396)	(57,396)
Receivable floating price/payable fixed price	139,453	136,482	67,597	67,597
Commodity options:				
Sold	6,861	6,854	(4,873)	(4,873)
Bought	6,095	5,925	5,056	5,056
Total	/	/	¥10,367	¥10,367

March 31	Millions of U.S. dollars 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	$1,798	$1,533	$(1,163)	$(1,163)
Receivable floating price/payable fixed price	1,725	1,436	1,306	1,306
Commodity options:				
Sold	84	63	(69)	(69)
Bought	76	61	67	67
Total	/	/	$ 141	$ 141

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value is calculated based on factors such as price of the relevant commodity and contract term.
3. Commodity derivatives are transactions on fuel and metal.

(6) Credit derivative transactions

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Credit default options:				
Sold	¥301,923	¥298,381	¥ 118	¥ 118
Bought	306,790	298,748	1,359	1,359
Other:				
Sold	754	—	(23)	(23)
Bought	140	—	7	7
Total	/	/	¥1,462	¥1,462

March 31	Millions of yen 2005 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Credit default options:				
Sold	¥45,468	¥37,132	¥ (779)	¥ (779)
Bought	76,405	62,558	1,552	1,552
Other:				
Sold	923	—	(84)	(84)
Bought	1,481	—	115	115
Total	/	/	¥ 803	¥ 803

March 31	Millions of U.S. dollars 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Credit default options:				
Sold	$2,570	$2,540	$ 1	$ 1
Bought	2,611	2,543	11	11
Other:				
Sold	6	—	(0)	(0)
Bought	1	—	0	0
Total	/	/	$12	$12

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value is calculated based on factors such as price of the reference assets and contract term.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

30. Segment Information

(1) Business segment information

Year ended March 31	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
	Millions of yen					
	2006					
I. 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
II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure						
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: 1. 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.
2. "Other business" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.
3. As for assets, unallocated corporate assets that were included in "Elimination" mainly consisted of investments in subsidiaries and affiliates of ¥4,214,877 million ($35,877 million).
4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves.
Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

Year ended March 31	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
	Millions of yen					
	2005					
I. 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)
II. Assets, depreciation and capital expenditure						
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

Notes: 1. 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.
2. "Other business" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.
3. As for assets, unallocated corporate assets that were included in "Elimination" mainly consisted of investments in subsidiaries and affiliates of ¥3,806,067 million.
4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves.
Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

Year ended March 31	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
	Millions of U.S. dollars					
	2006					
I. Ordinary income						
(1) External customers	$ 21,156	$ 6,428	$ 3,954	$ 31,538	$ —	$ 31,538
(2) Intersegment	382	157	1,739	2,278	(2,278)	—
Total	21,538	6,585	5,693	33,816	(2,278)	31,538
Ordinary expenses	15,015	6,200	4,151	25,366	(2,030)	23,336
Ordinary profit	$ 6,523	$ 385	$ 1,542	$ 8,450	$ (248)	$ 8,202
II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure						
Assets	$876,973	$17,502	$51,781	$946,256	$(35,373)	$910,883
Depreciation	535	2,872	181	3,588	0	3,588
Losses on impairment of fixed assets	64	5	36	105	—	105
Capital expenditure	532	3,272	194	3,998	0	3,998

(2) Geographic segment information

	Millions of yen						
	2006						
Year ended March 31	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
I. 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
II. Assets	¥97,046,578	¥5,034,350	¥2,825,039	¥3,856,601	¥108,762,570	¥(1,751,994)	¥107,010,575

Notes: 1. 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.
2. 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.
3. As for assets, unallocated corporate assets that were included in "Elimination" mainly consisted of investments in subsidiaries and affiliates of ¥4,214,877 million ($35,877 million).
4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves. Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

	Millions of yen						
	2005						
Year ended March 31	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
I. 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)
II. Assets	¥91,564,408	¥4,704,584	¥2,462,266	¥3,253,758	¥101,985,019	¥(2,253,160)	¥99,731,858

Notes: 1. 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.
2. 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.
3. As for assets, unallocated corporate assets that were included in "Elimination" mainly consisted of investments in subsidiaries and affiliates of ¥3,806,067 million.
4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves. Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

	Millions of U.S. dollars						
	2006						
Year ended March 31	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
I. Ordinary income							
(1) External customers	$ 27,721	$ 1,502	$ 1,067	$ 1,248	$ 31,538	$ —	$ 31,538
(2) Intersegment	597	350	24	309	1,280	(1,280)	—
Total	28,318	1,852	1,091	1,557	32,818	(1,280)	31,538
Ordinary expenses	21,131	1,297	883	1,166	24,477	(1,141)	23,336
Ordinary profit	$ 7,187	$ 555	$ 208	$ 391	$ 8,341	$ (139)	$ 8,202
II. Assets	$826,069	$42,853	$24,047	$32,827	$925,796	$(14,913)	$910,883

(3) Ordinary income from overseas operations

	Millions of yen		Millions of U.S. dollars
Year ended March 31	2006	2005	2006
Consolidated ordinary income from overseas operations (A)	¥ 448,406	¥ 249,602	$ 3,817
Consolidated ordinary income (B)	3,705,136	3,580,796	31,538
(A) / (B)	12.1%	7.0%	12.1%

Notes: 1. Consolidated ordinary income from overseas operations are presented as counterparts of overseas sales of companies in other industries.
2. 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.

31. Per Share Data

March 31	Millions of yen 2006	2005	Millions of U.S. dollars 2006
Stockholders' equity per share	¥400,168.89	¥164,821.08	$3,406.27

Year ended March 31	Millions of yen 2006	2005	Millions of U.S. dollars 2006
Net income (loss) per share	¥94,733.62	¥(44,388.07)	$806.38
Net income per share (diluted)	75,642.93	—	643.88

The following is a reconciliation of the net income and share data used in the basic and diluted net income per share calculations for the years ended March 31, 2006 and 2005.

Year ended March 31	Millions of yen 2006	2005	Millions of U.S. dollars 2006
Net income (loss) per share			
Net income (loss)	¥686,841	¥(234,201)	$5,846
Amount not attributable to common stockholders	25,697	26,781	219
[preferred stock dividends]	[25,697]	[26,781]	[219]
Net income (loss) attributable to common stock	661,143	(260,982)	5,628
Average number of common stock during the year (in thousand)	6,978	5,879	6,978
Net income per share (diluted)			
Adjustment for net income	19,483	—	166
[preferred stock dividends]	[19,502]	—	[166]
[stock acquisition rights issued by subsidiaries and affiliates]	[(18)]	—	[(0)]
Increase in number of common stock (in thousand)	2,018	—	2,018
[preferred stock]	[2,018]	—	[2,018]
[stock acquisition rights]	[0]	—	[0]

Note: The following potentially dilutive securities are not included in the calculation of "Net income per share (diluted)" for the fiscal year ended March 31, 2005 because they do not have dilutive effect:
Preferred stock (in thousand shares) of type 1, type 2, type 3, type 4 (1st-12th series) and type 4 (13th series), at 35, 100, 695, 50, and 107, respectively.
Stock acquisition rights: 1,620 units

32. Subsequent Events

(1) The following appropriations of retained earnings of SMFG at March 31, 2006 were approved by the ordinary general meeting of shareholders held on June 29, 2006:

		Millions of yen	Millions of U.S. dollars
Cash dividends,	¥3,000 per share on common stock	¥22,253	$189
	¥10,500 per share on preferred stock (Type 1)	367	3
	¥28,500 per share on preferred stock (Type 2)	2,850	24
	¥13,700 per share on preferred stock (Type 3)	9,521	81
	¥135,000 per share on preferred stock (1st to 12th series Type 4)	6,763	58
	¥88,500 per share on preferred stock (1st series Type 6)	6,195	53

(2) On April 27, 2006, SMBC received 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, from the Financial Services Agency, pursuant to Article 26-1 of the Banking Law.

(3) 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.

(4) SMFG resolved to repurchase and retire shares of Type 1 preferred stock and Type 2 preferred stock owned by the Resolution and Collection Corporation 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 to be retired was deducted from capital surplus. Details of repurchase and retirement are as follows:

a. Type 1 preferred stock
(i) Number of shares: 35,000 shares
(ii) Total amount of repurchase: ¥141,960,000,000

b. Type 2 preferred stock
(i) Number of shares: 33,000 shares
(ii) Total amount of repurchase: ¥133,956,900,000

33. Parent Company

(1) Nonconsolidated Balance Sheets
Sumitomo Mitsui Financial Group, Inc.

March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars (Note 1) 2006
Assets			
Current assets	¥ 579,372	¥ 134,989	$ 4,932
Cash and due from banks	561,862	44,021	4,783
Prepaid expenses	21	21	0
Deferred tax assets	43	40	0
Accrued income	17	443	0
Current portion of long-term loans to subsidiaries and affiliates	—	40,000	—
Accrued income tax refunds	17,371	50,349	148
Other current assets	55	112	1
Fixed assets	3,586,657	3,659,517	30,530
Premises and equipment	1	2	0
Buildings	0	0	0
Equipment	0	1	0
Intangible assets	28	41	0
Software	28	41	0
Investments and other assets	3,586,627	3,659,472	30,530
Investments in securities	20	10	0
Investments in subsidiaries and affiliates	3,586,045	3,656,465	30,525
Deferred tax assets	562	2,997	5
Deferred charges	301	603	2
Organization cost	301	603	2
Total assets	¥4,166,332	¥3,795,110	$35,464
Liabilities			
Current liabilities	¥ 230,905	¥ 475,494	$ 1,965
Short-term borrowings	230,000	475,000	1,958
Accounts payable	117	67	1
Accrued expenses	465	286	4
Income taxes payable	36	31	0
Business office taxes payable	4	5	0
Reserve for employees bonuses	70	66	0
Other current liabilities	211	36	2
Total liabilities	230,905	475,494	1,965
Stockholders' equity			
Capital stock	1,420,877	1,352,651	12,095
Capital surplus	2,105,396	1,852,293	17,921
Capital reserve	1,420,989	1,352,764	12,095
Other capital surplus	684,406	499,529	5,826
Retained earnings	413,546	384,527	3,520
Voluntary reserve	30,420	30,420	259
Unappropriated retained earnings	383,126	354,107	3,261
Treasury stock	(4,393)	(269,857)	(37)
Total stockholders' equity	3,935,426	3,319,615	33,499
Total liabilities and stockholders' equity	¥4,166,332	¥3,795,110	$35,464

(2) **Nonconsolidated Statements of Income**
Sumitomo Mitsui Financial Group, Inc.

Year ended March 31	Millions of yen 2006	Millions of yen 2005	Millions of U.S. dollars (Note 1) 2006
Operating income	¥55,482	¥258,866	$472
Dividends on investments in subsidiaries and affiliates	46,432	251,735	395
Fees and commissions received from subsidiaries	9,038	6,289	77
Interest income on loans to subsidiaries and affiliates	11	841	0
Operating expenses	3,196	2,644	27
General and administrative expenses	3,196	2,644	27
Operating profit	52,285	256,222	445
Nonoperating income	138	134	1
Interest income on deposits	71	45	1
Fees and commissions income	27	17	0
Other nonoperating income	39	70	0
Nonoperating expenses	4,159	2,908	35
Interest on borrowings	1,490	1,274	13
Amortization of organization cost	301	301	2
Stock issuance cost	739	788	6
Fees and commissions expenses	1,519	537	13
Other nonoperating expenses	108	6	1
Ordinary profit	48,264	253,448	411
Extraordinary gains	27,579	—	235
Gains on sale of a subsidiary's shares	27,579	—	235
Income before income taxes	75,844	253,448	646
Income taxes:			
Current	3	3	0
Refund	—	(329)	—
Deferred	2,431	1,545	21
Net income	¥73,408	¥252,228	$625

	Yen 2006	Yen 2005	U.S. dollars (Note 1) 2006
Per share data:			
Net income	¥6,836.35	¥38,302.88	$58.19
Net income — diluted	6,737.46	25,178.44	57.35