



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

FISCAL YEAR **2006** INTERIM FINANCIAL REPORT

APRIL 1 — SEPTEMBER 30, 2006

SUMITOMO MITSUI FINANCIAL GROUP
SUMITOMO MITSUI BANKING CORPORATION

Our Mission

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

Profile (as of September 30, 2006)

Company Name:	Sumitomo Mitsui Financial Group, Inc.	Establishment:	December 2, 2002
Head Office:	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan	Capital Stock:	¥1,420.8 billion
Chairman of the Board:	Masayuki Oku (Concurrent President at Sumitomo Mitsui Banking Corporation)	Business Description:	Management of the affairs of banking subsidiaries (under the stipulations of the Banking Law) and of non-bank subsidiaries, and ancillary functions
President:	Teisuke Kitayama (Concurrent Chairman of the Board at Sumitomo Mitsui Banking Corporation)	Stock Exchange Listings:	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section) Nagoya Stock Exchange (First Section)

Shares Issued and Outstanding (as of September 30, 2006)

Ordinary Shares:	7,733,653.77	Type 4 Preference Shares (4th series):	4,175	Type 4 Preference Shares (9th series):	4,175
Type 3 Preference Shares:	195,000	Type 4 Preference Shares (5th series):	4,175	Type 4 Preference Shares (10th series):	4,175
Type 4 Preference Shares (1st series):	4,175	Type 4 Preference Shares (6th series):	4,175	Type 4 Preference Shares (11th series):	4,175
Type 4 Preference Shares (2nd series):	4,175	Type 4 Preference Shares (7th series):	4,175	Type 4 Preference Shares (12th series):	4,175
Type 4 Preference Shares (3rd series):	4,175	Type 4 Preference Shares (8th series):	4,175	Type 6 Preference Shares (1st series):	70,001

Credit Ratings

Credit ratings for applicable companies within SMFG as of January 31, 2007 are as follows:

	● Sumitomo Mitsui Banking Corporation		● Sumitomo Mitsui Card Company, Limited		● SMBC Leasing Company, Limited			
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term		
Moody's	A1	P-1	JCR	A+	J-1+	R&I	A	a-1
S&P	A	A-1				JCR	A+	J-1
Fitch	A	F1						
R&I	A	a-1						
JCR	A+	J-1+						

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This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this material as assumptions.

In addition, the following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.

Sumitomo Mitsui Financial Group, Inc.

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Sumitomo Mitsui Banking Corporation

Public Relations Department
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February 2007



We are pleased to present to you the Interim Report 2006, summarizing our activities and results in the first half of fiscal 2006 and our business policy for the second half of fiscal 2006 onward.

All of us at SMFG, the directors, officers and employees, will continue to make every effort to enhance our customers' trust and our shareholders' and the market's confidence in SMFG. We intend to achieve these goals by quickly and accurately providing new value that answers our customers' increasingly diversified and sophisticated needs, thereby leading to greater profitability that will further solidify our financial base.

We look forward to your continued support and encouragement as we move forward in the new stage of our development.

February 2007

Masayuki Oku
Chairman of the Board

Teisuke Kitayama
President



As president of the Sumitomo Mitsui Financial Group (SMFG), I would first like to take this opportunity, on behalf of all our management and staff, to express our gratitude for your continued interest in and support for SMFG.

At SMFG, we have nurtured a wide variety of strategic businesses, utilizing our strengths of speedy execution, a thirst for innovation, and a high level of efficiency. By these means, we have built a high-earnings business model on a Groupwide basis. Over the same period, we have achieved steady progress in solving issues relating to our financial position by improving the quality of the Group's asset portfolio and completing the repayment of public funds. In this way, we have succeeded in significantly strengthening our financial base, enabling us to expand our business portfolio. Moving forward, our core mission is to achieve the sustainable growth of our corporate value—both qualitatively and quantitatively—by leveraging the synergies of SMFG as a leading financial services group.

We have positioned fiscal 2006 as the year for laying the groundwork for sustainable future growth, and to attain this goal we are focusing on two objectives: providing high-quality financial products and services to assist our customers' value creation, and building a solid business base. Hereunder, we outline the Group's business performance for the first half of fiscal 2006, and explain the measures we are taking during the second half of the current fiscal year.

Fiscal 2006 First-Half Highlights

Looking back on the business environment in the first half of fiscal 2006, the ongoing recovery trend in the Japanese economy was supported by strong demand, both in the domestic market and from abroad. In overseas economies, meanwhile, the U.S. economy continued to grow, albeit at a slower pace. The European economies, too, maintained their gradual recovery, while in Asia, high-paced growth continued in various

countries, most notably China. In the financial and capital markets, the most significant development during the period was the Bank of Japan's ending of its de facto zero interest rate policy in July, and its moves to lead the unsecured overnight call rate to the target level of around 0.25%. In long-term interest rates, the going yield for benchmark 10-year Japanese government bonds reached 2% at one point, but the rate subsequently fell back after it became clear that further interest rate increases were not imminent, ending the six-month period in the 1.60 - 1.70% range.

Amid this environment, in line with our aim of providing high-quality financial products and services to assist customers' value creation, we put still further effort into enhancing our consulting services for individuals and our solutions services for corporate customers. At the same time, to further reinforce our solid business base, we enforced increasingly tighter internal controls to ensure even fuller compliance, and also worked hard to thoroughly implement our policy of putting the customer first, while simultaneously enhancing the quality of our financial products and services. In parallel with these efforts, we also worked to further strengthen the Group's financial base.

Regarding the business performance of SMFG for the reporting first-half period, credit costs borne by SMBC in relation to the disposal of non-performing loans were lower than initially forecast, but as a result of a reduction in the bank's bond portfolio in anticipation of higher interest rates, SMBC recognized losses on bond holdings, principally Japanese government bonds, of ¥61.6 billion. As a result of this, in addition to other factors, ordinary profit for the six-month period, on a consolidated basis, declined by ¥106.6 billion year on year, to ¥357.1 billion, while net income was down by ¥148.7 billion year on year, at ¥243.6 billion.

Fiscal 2006 Second-Half Business Policy

We will continue to implement the following Groupwide initiatives during the second half of fiscal 2006.

Providing Even Higher-Quality Financial Products and Services

In our consumer banking business, the staff of SMBC will continue working to further enhance the sophistication of consulting services for individuals. Specifically, we will introduce new types of personal asset management products and services, including fund wrap accounts that will be jointly offered with SMBC Friend Securities. We will also conduct marketing campaigns promoting new financial products designed to match customers' current needs, such as a housing loan with a clause exempting the borrower from repayment in the event of such medical conditions as cancer, a stroke, or a heart attack. We also plan to open more business premises offering specialist services, such as our SMBC Consulting Plazas, which are open for business in the evening on weekdays, and on weekends and national holidays. The number of highly qualified specialist consultants at these outlets will also be increased to further improve the convenience of our services and enable us to meet customer needs more effectively.

SMFG will continue to expand the scope of its services through collaborative efforts with a large number of leading companies in various business fields. Concrete examples to date include the consumer loan business pursued jointly by SMBC and Promise, as well as the sophisticated credit card business under the brand name of *Mitsui Sumitomo Card iD*[®] offered by Sumitomo Mitsui Card in collaboration with NTT DoCoMo.

Regarding corporate customers, Group companies will also develop more advanced solution-providing capabilities. For large corporations and second-tier companies, optimal solutions are designed for such management issues as business expansion and reorganization via mergers and acquisitions. These solutions draw on the combined expertise of the Corporate Advisory Division, set up within SMBC in April 2006, and Group company Daiwa Securities SMBC. For SMEs, we offer assistance in meeting their fund-raising and settlement needs via such products and services as our *Business Select Loans* and other unsecured loan products, as well as online banking services. Another area in which we take a proactive approach to solving our corporate customers' management issues is business succession, where we are able to provide specialist advice.

In addition to the foregoing, the Group as a whole will further improve and expand its solution-providing capabilities, with SMBC Leasing offering an extensive range of leasing services and the Japan Research Institute (JRI) undertaking contracts for the upgrading or replacement of core computer systems as well as various IT consulting services. In October 2006, SMFG signed a basic agreement with the Sumitomo Corporation Group on the startup of strategic joint ventures in the fields of general leasing and automobile leasing. SMBC Leasing is scheduled to merge with Sumisho Lease Co., Ltd. in October 2007, and SMBC Auto Leasing Company, Limited will merge with Sumisho Auto Leasing Corporation. These mergers will allow the provision of very high-quality value-added services, leveraging the combined expertise of leasing specialists from the banking and trading company sectors.

A Solid Platform to Support Growth

To support the initiatives described above and realize sustained growth, we are working to build a solid platform, as detailed below.

In April of 2006 SMBC was issued with administrative orders in respect to the manner in which it marketed interest rate swaps at its Corporate Business Offices, by the Financial Services Agency of Japan. We deeply regret this situation, and initiatives to further improve our internal control systems will be continuously implemented to prevent reoccurrence and regain the trust of all concerned.

Firstly, with regard to compliance, in April 2006 SMBC's newly established Compliance Unit commenced a program aimed at ensuring even stricter observance by bank staff of laws and regulations. To raise customer satisfaction through the provision of even higher quality products and services, the staff of the Quality Management Department—another

newly established department—will work to make sure that customers' opinions are more fully conveyed to Group management and more effectively reflected in the services offered by the bank. As for risk management, we will continue to adopt even more cutting-edge methods to keep pace with the diversification of our risk management requirements in tandem with the expansion in the scope of the Group's business operations. Staff across the entire Group are putting the finishing touches to a program of strengthening our risk management system to meet the stricter requirements of BIS's new capital adequacy accord (Basel II), due to come into effect in Japan at the fiscal 2006 year-end. Finally, we are planning to strengthen SMFG's internal auditing system so as to carefully verify the effectiveness of the above-listed measures. Moreover, while employing a balanced performance evaluation system for each branch that takes our customers' views into account and is based on a medium-to-long-term perspective, we will also be adopting an advanced, modern approach to human resources management that will make it easier for our staff to fulfill their potential.

With respect to SMFG's plans to further reinforce its financial base, the Group completed the repayment of public funds in October 2006. We are duly grateful for the infusion of public funds beginning in March 1998, which has proven to be an invaluable support for the Group. From here onward, we will continue to reinforce our financial and capital base in terms of both quality and quantity, while taking an even more active stance on the investment of resources in strategic business fields with the aim of realizing an improvement in corporate value on a group basis over the medium-to-long term. Additionally, to enhance shareholder returns, the management of SMFG have revised upward the projected annual dividend for fiscal 2006 (ending March 2007) to ¥7,000 per share, an increase of ¥3,000 from the start-of-term forecast and up ¥4,000 over the annual dividend for the previous term. The management will continue to follow a policy of paying appropriate dividends in accordance with business results.

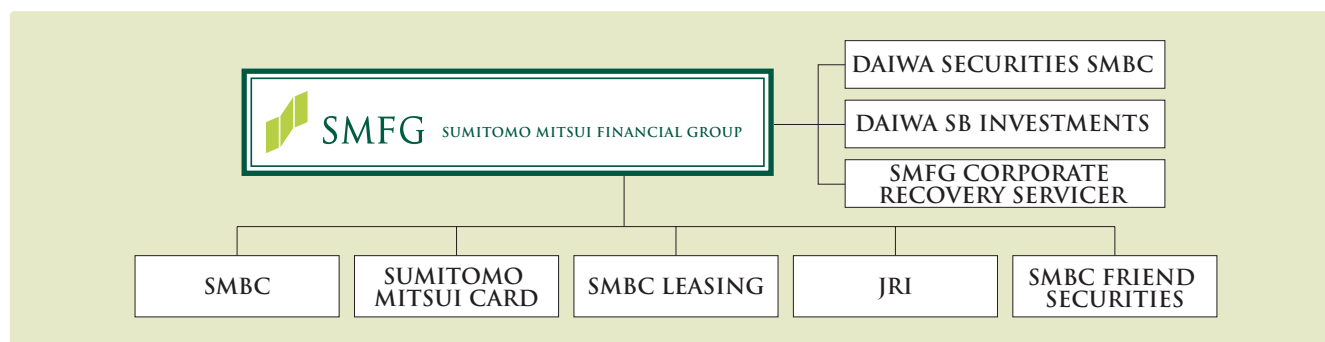
In Closing

The operating environment in the financial sector is becoming more fiercely competitive with each passing year. However, as explained above, SMFG is taking measures that are sure to yield substantial results. In these ways, we aim to satisfy the expectations of our customers, shareholders, and the market, as well as of society as a whole. I would like to conclude by asking for your continued support and encouragement of our endeavors.

Teisuke Kitayama
President

Group Companies (as of September 30, 2006)

The companies under the umbrella of Sumitomo Mitsui Financial Group (SMFG) offer diversified financial services centering on banking operations, and including leasing, securities and credit card services, and information services.



SUMITOMO MITSUI BANKING CORPORATION

www.smbc.co.jp/global/

Sumitomo Mitsui Banking Corporation (SMBC) was established in April 2001 through the merger of two leading banks, The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. was established through a stock transfer as a holding company, under which SMBC became a wholly owned subsidiary. SMBC boasts a number of competitive advantages, including a strong customer base, the quick implementation of strategies, and an extensive lineup of financial products that leverage the expertise of strategic Group companies in specialized areas.

As a pivotal member of SMFG, SMBC works closely with other Group companies to offer customers highly sophisticated, comprehensive financial services.

Company Name: Sumitomo Mitsui Banking Corporation
Business Profile: Banking
Establishment: June 6, 1996
Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo
President & CEO: Masayuki Oku
Number of Employees: 16,686

Network:

Domestic:	1,434 locations*
Branches	454
(including 28 specialized deposit account branches)	
Subbranches	150
Agency	1
Offices handling nonbanking business	17
Automated service centers	812
Overseas:	34 locations
Branches	17
Subbranches	4
Representative offices	13



*Excluding the number of ATMs installed at convenience stores

Consolidated

	Billions of yen			
	Sept. 30, 2006	Mar. 31, 2006	Mar. 31, 2005	Mar. 31, 2004
For the Interim Term (Year):				
Ordinary income	¥ 1,352.5	¥ 2,750.2	¥ 2,691.3	¥ 2,717.0
Ordinary profit (loss)	318.7	862.0	(99.7)	282.1
Net income (loss).....	220.0	563.5	(278.9)	301.6
At Interim Term- (Year-) End:				
Net assets	¥ 4,497.0	¥ 3,598.2	¥ 2,633.9	¥ 2,722.1
Total assets	100,049.5	104,418.5	97,478.3	99,843.2



SUMITOMO MITSUI CARD COMPANY, LIMITED

www.smbc-card.com*

As the pioneer in the issuance of the Visa Card in Japan and a leader in the domestic credit card industry, Sumitomo Mitsui Card Company, Limited enjoys the strong support of its many customers.

It also plays a major role as one of the strategic businesses of SMFG. Leveraging its strong brand image and its excellent capabilities across a wide range of card-related services, the company meets customers' credit needs through the provision of settlement and financing services. Sumitomo Mitsui Card's core priority is to provide customers with the most convenient and user-friendly card services, thereby becoming the card provider of choice.

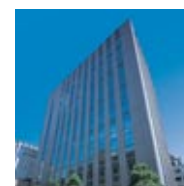
Company Name: Sumitomo Mitsui Card Company, Limited
Business Profile: Credit card services
Establishment: December 26, 1967

Head Office:

Tokyo Head Office 5-2-10, Shimbashi, Minato-ku, Tokyo
Osaka Head Office 4-5-15, Imahashi, Chuo-ku, Osaka

President & CEO: Koichi Tsukihara
Number of Employees: 1,884

*Available in Japanese only



	Billions of yen			
	Sept. 30, 2006	Mar. 31, 2006	Mar. 31, 2005	Mar. 31, 2004
For the Interim Term (Year):				
Revenues from credit card operations.....	¥2,274.0	¥4,181.3	¥3,598.7	¥3,258.4
Operating revenue.....	76.5	148.2	132.1	126.3
Operating profit.....	7.7	25.8	23.1	18.5
At Interim Term- (Year-) End:				
Number of cardholders (in thousands).....	14,597	14,067	13,462	12,758
Number of merchant outlets (in thousands)	3,600	3,434	3,089	2,892



SMBC LEASING COMPANY, LIMITED

www.smbcleasing.co.jp*

SMBC Leasing Company, Limited, and its subsidiaries specialize in providing tailor-made solutions for corporate customers' large-scale capital investment needs. The company and its subsidiaries combine a broad spectrum of leasing products such as energy-saving equipment, commercial real estate properties (shops, factories and warehouses), and overseas facilities for Japanese companies expanding abroad. The company and its subsidiaries are working actively to offer auto leases and rentals, lease trusts and other services associated with leases.

SMBC Leasing is scheduled to merge with Sumisho Lease Co., Ltd. in October 2007. The new company aims to become the top leasing company in Japan in terms of both quantity and quality by leveraging the assets of the two founding companies, i.e. the customer base and know-how possessed by SMBC Leasing as a bank-affiliated leasing company; the financial solutions offered by other subsidiaries of SMFG; the customer base of trading company-affiliated Sumisho Lease; and the various value chains of Sumitomo Corporation.

Company Name: SMBC Leasing Company, Limited

Business Profile: Leasing

Establishment: September 2, 1968

Head Office:

Tokyo Head Office 3-9-4, Nishishimbashi,
Minato-ku, Tokyo

Osaka Head Office 3-10-19, Minamisenba,
Chuo-ku, Osaka

President & CEO: Koji Ishida

Number of Employees: 924

*Available in Japanese only



Billions of yen

	Sept. 30, 2006	Mar. 31, 2006	Mar. 31, 2005	Mar. 31, 2004
For the Interim Term (Year):				
Revenues from leasing operations	¥278.5	¥615.5	¥580.0	¥555.7
Operating revenue	319.5	619.7	589.1	553.0
Operating profit	15.6	32.2	28.0	23.2



The Japan Research Institute, Limited

www.jri.co.jp/english/

The Japan Research Institute, Limited (JRI) is a "knowledge engineering" company that offers comprehensive high value-added services, effectively combining the three functions of information systems integrator, consultant, and think-tank.

Targeting customers in a wide range of sectors, JRI offers consulting services focusing on management innovation and IT-related issues. It also provides services such as the design and development of strategic information systems, as well as outsourcing. In addition, JRI conducts research and analysis of the Japanese and overseas economies, formulates policy recommendations, and assists in the incubation of new businesses.

In July 2006, JRI spun off part of its operations to create JRI Solutions, Limited with the aim of strengthening the provision of information technology solutions to corporate customers outside our Group. The new company will leverage the extensive fund of know-how in system development and operations amassed by JRI in its long years of service (principally to SMFG companies) to offer the very best IT solutions to a wider array of customers in the general industrial, financial, and public sectors.

Company Name: The Japan Research Institute, Limited

Business Profile: Systems engineering, data processing, management consulting, economic research

Establishment: November 1, 2002

Head Office:

Tokyo Head Office 16, Ichibancho,
Chiyoda-ku, Tokyo

Osaka Head Office 1-5-8, Shimmachi,
Nishi-ku, Osaka

President & CEO: Yasuyuki Kimoto

Number of Employees: 2,924

(including JRI Solutions, Limited)



Billions of yen

	Sept. 30, 2006*	Mar. 31, 2006	Mar. 31, 2005	Mar. 31, 2004
For the Interim Term (Year):				
Operating revenue	¥48.4	¥115.8	¥111.2	¥105.1
Operating profit	0.6	5.2	6.3	7.6

*Figures include JRI Solutions (for three months through June 30, 2006)



SMBC FRIEND SECURITIES CO., LTD.

www.smbc-friend.co.jp*

SMBC Friend Securities was founded through the merger of Meiko National Securities and Sakura Friend Securities in April 2003. It later merged with Izumi Securities, an affiliate of Sumitomo Life Insurance Company, in April 2004. It became a wholly-owned subsidiary of SMFG through a share transfer in September 2006.

SMBC Friend Securities boasts one of the strongest financial bases among Japanese securities companies. Its operations are highly efficient, and it provides a full range of securities services, focused mainly on retail customers through its nationwide network of branches. Aiming to become the leading provider of high-quality retail securities services in Japan, the company precisely tailors products and services to match customers' needs.

Company Name: SMBC Friend Securities Co., Ltd.

Business Profile: Securities services

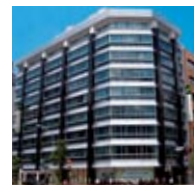
Establishment: March 2, 1948

Head Office: 7-12 Nihonbashi-Kabutocho,
Chuo-ku, Tokyo

President: Katsuhiko Tamaki

Number of Employees: 1,902

*Available in Japanese only



Billions of yen

	Sept. 30, 2006	Mar. 31, 2006	Mar. 31, 2005	Mar. 31, 2004*
For the Interim Term (Year):				
Operating revenue	¥26.9	¥68.5	¥52.3	¥48.3 8.3
Operating profit	8.6	31.0	18.0	18.8 1.6

*SMBC Friend Securities (top), Izumi Securities (bottom)

Consumer Banking

The member companies of the SMFG are working together to enhance their consumer financial services.

At SMBC, we offer value-added financial services under the brand name "One's Next." This reflects the emphasis we place on helping customers determine the next step of their financial plans according to their stage of life. By creating services that address specific customer needs, we are working to make SMFG into the No. 1 financial group in consumer financial services.

Specifically, we are leveraging our capabilities to develop outstanding products and services, our consulting abilities—provided by staff with high-level expertise—and our area marketing approach to provide superior financial services to our customers. Pension-type insurance sales in the first half of fiscal 2006 amounted to ¥235.5 billion. Sales of foreign bonds came to ¥64.8 billion. As of September 30, 2006, the outstanding balance of investment trusts under management was ¥2,963.4 billion, and that of housing loans was ¥13,583.8 billion. These achievements underscore the popularity of our services.

In December 2005 we commenced the sale of a new single-premium whole life insurance product, with a lineup of five plans offered by three life insurance companies. By the end of September 2006, sales amounted to ¥38.0 billion.



Housing loan with exemptions in the event of cancer, strokes and heart attacks



Investment trust for retirement

Consulting Business

In the first half of fiscal 2006, SMBC's Consumer Banking Unit introduced new investment trusts and single-premium whole life insurance products, as well as a securities intermediary service, to bolster its lineup of financial products and services to address the asset management needs of our individual customers.

In the loan business, SMBC has expanded the scope of its housing loan with insurance which covers the outstanding loan balance for borrowers in the event of cancer, a stroke or a heart attack (the three major causes of death in Japan). First offered in October 2005, this product now also covers five chronic conditions: hypertension, diabetes, chronic kidney failure, cirrhosis of the liver, and chronic pancreatitis (beginning with applications submitted in August 2006).

Since August 2006, Daiwa Securities Co., Ltd. has been introducing SMBC housing loans to its customers. This is one way in which we are working to increase customer points of access for consulting on housing loans, to enhance convenience.

With regard to members-only services, SMBC operates "One's Next Club 50s," which primarily targets individuals in their late 50s, a time when many people are preparing for life after retirement. Through an arrangement with East Japan Railway Company (JR East), members of "One's Next Club 50s" and JR East's "Adult Holiday Club" gained mutual access to the information services offered by the two clubs.

SMBC continued to open new business premises where individuals can receive advice on personal asset management or loans. As of September 2006, there were 67 SMBC Consulting Plazas, which are open on weekends and national holidays, as well as evenings on weekdays, and 16 SMBC



Announcing a members-only information service

Consulting Offices, which offer the same services but on a smaller scale. Additionally, we upgraded the Kamagaya representative office to branch status in November 2006, and announced our plans to establish three more Consulting Offices. We plan to continue expanding the network of Consulting Plazas and Offices to make consulting services even more easily accessible to our customers.

Settlement Business

In December 2005, SMBC launched the *Mitsui Sumitomo Card iD*[®] service (an electronic settlement service utilizing NTT DoCoMo's *Mobile Wallet*[®] mobile phones). This new credit service was made possible through a strategic business alliance between Sumitomo Mitsui Card Co., Ltd. and NTT DoCoMo, Inc. As of the end of September 2006, this business had grown to about 80,000 subscribers and a network of about 55,000 affiliated merchants accepting payments via the *iD*[®] service.

Sumitomo Mitsui Card will continue to fully leverage the know-how it has accumulated through its business as a comprehensive provider of credit card services to create a settlement system capable of handling the full range of settlement and credit items from small to very large amounts, and thereby enhance our service for settlement system users.

We are continuously working to upgrade the features of our popular online service "One's Direct" by expanding the service menu, thus enhancing customer convenience. This remote banking service was ranked as the industry leader for five consecutive years in the Internet Banking Services ranking by Gomez, Inc., a leading Internet performance rating company. The service was also ranked by Gomez in May 2006 as the leading mobile banking service in Japan. The number of subscribers to "One's Direct" as of September 30, 2006 was

7.0 million, an increase of 400,000 from March 31, 2006.

In addition, some reductions in fees were implemented in October 2006 for remittances made via PCs or mobile phones, and in December 2006 for remittances conducted at teller counters and via ATMs. In these ways, we are constantly working to supply products and services that better meet customers' needs.

Consumer Finance Business

In April 2005, SMBC, Promise, and At-Loan Co., Ltd. (a joint venture between the two companies) began providing a new consumer finance service, leveraging a business alliance formed in September 2004. As of the end of the six-month reporting period, 568 automatic contract machines (ACMs) had been installed in offices in the nationwide networks of the three companies involved, and the combined balance of loans reached approximately ¥244.5 billion.



Announcing Mitsui Sumitomo Card iD[®]

Topics

"Bank TV" Consulting Booths

SMBC is increasing the number of "Bank TV" consulting booths, where customers can consult with specialists at the bank's call center about housing loans and asset management.



Bank TV uses a TV-phone system which connects the customer to the consultant via the Internet, allowing customers to view various materials on the monitor during phone conversations with a consultant. The service is basically the same as talking with someone face-to-face at the bank office. With this service, SMBC is providing customers with an entirely new medium by which to learn about its housing loans and asset management services.

There were Bank TV consulting booths at seven locations as of December 31, 2006, including within the offices of corporate clients and at shopping centers. SMBC plans to open more Bank TV consulting booths to make this service even more accessible.

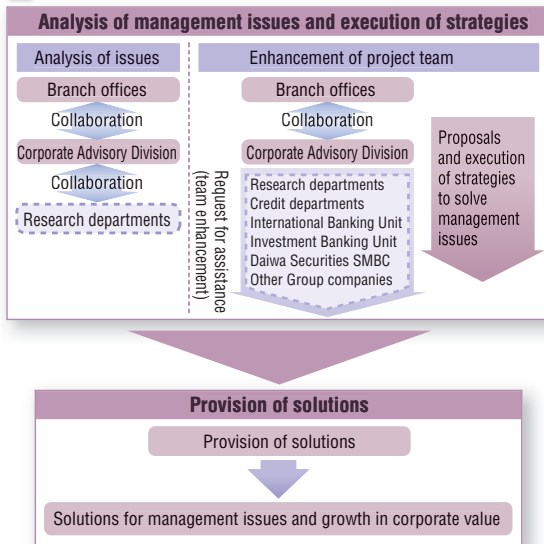


■ Corporate Banking

Enhancing Services for Major Corporate Clients and Other Publicly Traded Companies

SMFG is dedicated to facilitating the business activities of major corporate clients and other publicly traded companies by providing optimal solutions for the increasingly sophisticated and diverse management issues they face and supporting their aggressive business expansion efforts. At SMBC, the Corporate Advisory Division was established in April 2006 to enhance these solution-based services of the Middle Market Banking Unit and the Corporate Banking Unit.

■ How Project Teams Serve Corporate Clients



The Corporate Advisory Division takes full advantage of its structure, organizing staff into teams by industry to gather and utilize information from external sources and within SMBC. The division uses this information to provide sophisticated financial services that raise the corporate value of client companies. Support includes the formation of project teams made up of staff with specialized skills drawn from the relevant SMBC departments to address specific individual needs and design value-added proposals, and collaboration with Daiwa Securities SMBC Co., Ltd. when necessary.

SMFG's services also reflect the increasingly global scope of management at large corporations. Two major trends are the growth in cross-border M&A activity, and the need for highly sophisticated cash management on a consolidated basis. Expertise in both of these fields has become essential to meeting the requirements of large corporations.

SMFG understands the challenges of the operating environment of forward-looking global companies, and supports

them with a system in which SMBC's bases in Japan and overseas cooperate closely with other SMFG subsidiaries.

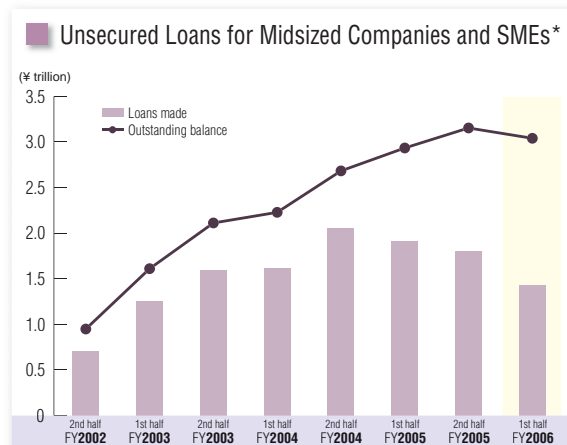
For example, SMBC supports customers who aim to carry out fund procurement and cash flow management on a global basis by making proposals for the creation of a company responsible for customers' overall fund procurement and management, and the introduction of centralized fund administration systems. In this way, SMFG helps them realize their goals.

SMFG will continue to upgrade its capabilities, offering the sophisticated services that corporate clients need if they are to successfully conduct business operations on a global scale.

Upgrading Services for Midsized Companies and SMEs

The Middle Market Banking Unit of SMBC, along with other SMFG members, offers a diverse lineup of services targeting midsized companies and small and medium-sized enterprises (SMEs). These services reflect our recognition of the important role that the sound development of these companies plays in the growth of Japan's economy.

Recognizing the strong demand among SMEs for unsecured loans, SMBC became a trendsetter among Japanese banks by developing the *Business Select Loan*, which requires no third-party guarantee. Thus far, SMBC has extended *Business Select Loans* totaling ¥4.9 trillion to more than 70,000 SMEs. At the end of September 2006, the outstanding balance of *Business Select Loans* was ¥1.8 trillion. These figures demonstrate the success of this product in meeting a diverse range of SME fund procurement needs. SMBC continues to work on ways to meet the requirements of SMEs, such as through the development of risk-sharing loans offered in cooperation with credit guarantee associations and municipalities. SMBC also plans to supply a variety of information



**Business Select Loans, SMBC Crecer Loans, N-Fund Loans, SMBC-CLO, V-Fund Loans, etc.*

and financial advice. All forms of support will embody added value that reflects the distinctive strengths of SMBC.

With this in mind, SMBC formed the New Business Group and Business Succession Group within the Small and Medium Enterprises Business Promotion Department, which was established in April 2006. These groups offer assistance to growth companies aiming at IPOs, as well as solutions for business succession—an area of business that is recently drawing greater interest and for which demand is increasing—and other issues frequently encountered by SMEs.

In addition, SMBC is upgrading its solution capabilities involving environmental issues and many other fields of particular interest to SMEs and larger companies.

Upgrading Services to Support the Global Development of Midsized Companies and SMEs

In recent years, the globalization of operations has advanced rapidly at SMEs and medium-sized companies. In many cases, parts suppliers follow large manufacturers when they set up factories outside Japan, and other companies are targeting opportunities of their own in overseas markets.

SMBC maintains a system for closely supporting such companies. In addition to its usual international trade settlement services, SMBC provides information on the establishment of overseas operations, and facilitates their financing activities afterwards.

One significant need at many SMEs and larger companies involves reducing the burden of administrative tasks such as financial affairs and accounting procedures overseas. One SMBC solution is an e-banking system for processing

payments. In addition, SMBC has developed financial products that allow customers to perform most account settlement procedures in Japan, thereby efficiently strengthening the management process.

At several SMBC branches and offices in Asia, professionals are assigned to service Japanese SMEs. In this way, the bank has built a system through which it can meet the demands of Japanese customers overseas, working in collaboration with its corporate business offices in Japan as well as each related section.

Through these and other global support activities, SMBC will continue to supply SMEs and larger companies operating outside Japan with valuable services that meet all their cross-border financial needs.



Poster for an Internet banking foreign currency transaction service for corporate clients

Topics

SMBC Starts Free Information Service

In November 2006, SMBC started its Business Information Service, which distributes various types of information to corporate clients at no charge. The objective is to enhance customer satisfaction by supplying value-added services in areas other than loans. The new service is offered to customers who have a *Business Select Loan* balance over a certain amount. With the backup of SMBC Consulting Co., Ltd., SMBC uses fax and e-mail to distribute a variety of information on topics of interest to the managers of SMEs and larger companies. We have assigned dedicated staff to handle direct inquiries from customers regarding the Business Information Service and mail out more detailed brochures when necessary.



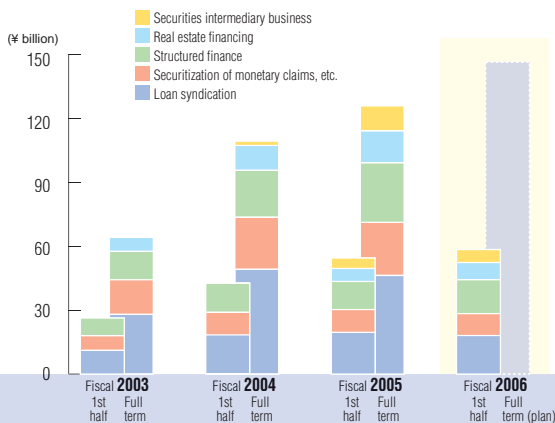
Announcing the launch of a new business information service

Investment Banking

SMFG uses the resources of SMBC's Investment Banking Unit and other Group companies to provide corporate clients with solutions to their diverse and sophisticated management issues, such as financing, asset management, M&A, risk hedging, and settlement. In every case, the highest priority is placed on providing solutions best suited to increasing corporate value for clients.

Backed by our expertise in these main investment banking activities, SMFG offers the highest caliber of services in Japan. For example, SMBC has staff skilled in structured finance, loan syndications and other fields. Clients can also benefit from the expertise of Daiwa Securities SMBC Co., Ltd. in stock and bond underwriting, M&A advisory services and other fields. Innovation in investment banking further distinguishes SMFG due to its commitment to, and track record in, developing new products and starting new businesses. SMFG is determined to continue meeting customers' expectations through the speedy provision of value-added services.

Profits from SMBC Investment Banking Business*



*Profits managed in SMBC

Topics

Synthetic ESOP

SMBC has developed a financial instrument named "Synthetic ESOP" (employee stock ownership plan) based on similar systems in the U.S. for employee retirement benefits. In this system, the method of securitization is employed for two purposes: firstly, to ensure a consistent supply of shares for ESOP members over the long term; and secondly, to strengthen the role of employees in corporate governance. As an unprecedented concept in Japan, SMBC's Synthetic ESOP has earned high marks from customers.

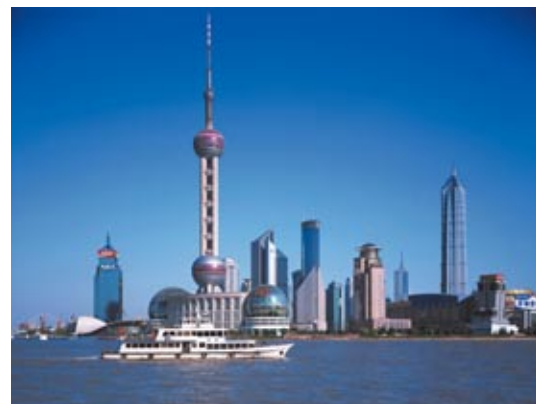
Mezzanine Finance

Demand for mezzanine finance, such as preferred stock and subordinated loans, is growing as a result of customers seeking to change their capital structure, as well as higher financing needs for buyouts accompanying the growth in the M&A market. SMBC is an active participant in the mezzanine finance market, primarily through a mezzanine fund established jointly with the Development Bank of Japan.

International Banking

Primarily through SMBC's overseas network, SMFG serves corporate clients with global operations, working in close cooperation with other Group companies and alliance partners to accommodate specific requirements without being limited by geographic restrictions. We have also drawn up a strategy for proactively capitalizing on business opportunities in emerging markets.

In Asia, we are working to provide even more closely tailored services to support Japanese corporate customers expanding their operations in growing economies such as China and Vietnam. In North America, we are strengthening our business relationships with major players in the U.S., while acquiring greater expertise in cutting-edge financial technology. In addition to the longstanding member countries of the E.U. in Western Europe, we are extending our business operations into Central and Eastern Europe, not to mention Russia, as well as in neighboring regions such as the Middle East. In this way, we aim to provide services globally in order to fully satisfy our customers' requirements.



View of Shanghai

Topics

Expansion of Service Network

SMBC seeks to strengthen its service network by opening specialized branches that target the specific characteristics of each market. Viewing Italy as a promising market for structured finance products, Sumitomo Mitsui Banking Corporation Europe Limited opened a branch in Milan in October 2006. In addition, SMBC is preparing to open a branch in Dubai in March 2007, as well as representative offices in China in the Binhai New District of Tianjin and in the Suzhou Industrial Park in the city of Suzhou, Jiangsu Province.

Establishment of China Division

SMBC has established a China Division, and within this division it has created a Planning Department with the aim of unifying oversight of operations in China. The two new units will allow SMBC to respond even faster to deregulation, market liberalization and other events in China's rapidly growing markets. Through these organizational changes, the bank expects to achieve even higher levels of customer satisfaction through the provision of products and services that meet specific needs, as well as the further reinforcement of risk management and compliance systems.

Support for Customers Starting Overseas Operations

During the six-month period under review, we signed a memorandum of agreement with Amata Corporation, a leading manager of industrial estates in Thailand, and are inviting Japanese companies to set up operations in industrial estates in Thailand and Vietnam. This is just one of the ways in which we provide support to Japanese enterprises in their efforts to open factories and other business bases overseas.

Treasury Markets

SMFG aims to provide its clients with world-class support services for their market transaction needs through the Treasury Unit of SMBC. The Treasury Unit undertakes operations in the money, foreign exchange, bond, and derivatives markets. Based on a careful evaluation of each client's needs, we design financial products and services that deliver optimal value-added solutions.

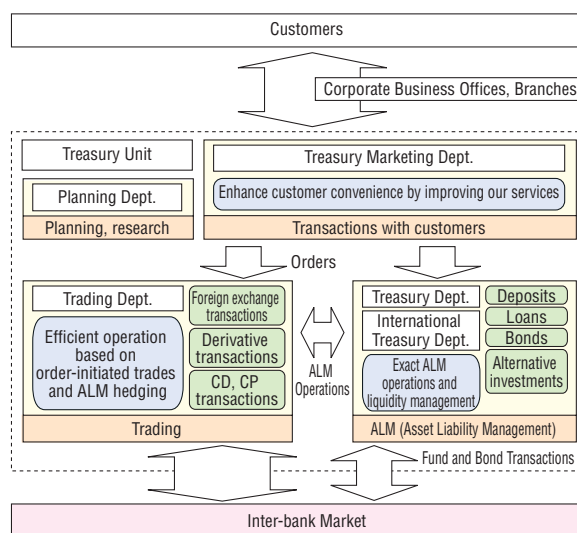
The Treasury Unit focuses on expanding transaction volume, strengthening ALM operations and diversifying fund management channels through the accurate assessment of domestic and overseas market trends to further strengthen profitability, while effectively managing risk.

The Treasury Unit will continue working to fulfill all our

customers' market transaction needs by providing comprehensive support services of the highest level.

Through its asset liability management (ALM) and trading operations, the Treasury Unit strives to control market and liquidity risks while maximizing earnings. To do this, it uses an expanded array of investment techniques, including alternative investments, leading to a more diversified investment portfolio and increased arbitrage investment opportunities.

We will continue to pursue optimal capital allocation with a level of risk exposure appropriate to market conditions, with the aim of securing stable profits.



Topics

Expanding Support Systems to Meet User Needs

To further increase customer convenience, SMBC periodically enhances the functions of *i-Deal*, a system that allows customers to conclude foreign exchange contracts and other transactions over the Internet.

We are responding promptly and effectively to the diversification of our customers' needs by such means as expanding our systems for providing foreign exchange risk hedging to customers engaging in large-scale capital transactions such as M&As, and our system for promoting Asian business for Japanese clients through our offices in the ASEAN nations, Hong Kong, and Shanghai.

Diversified Investment and Efficient Use of ALM

The Treasury Unit has been utilizing alternative investments, in addition to derivatives linked to interest rate and foreign exchange movements, thereby diversifying and expanding our menu of investment options. The Treasury Unit also effectively employs ALM operations in response to market movements.

Financial Highlights

Sumitomo Mitsui Financial Group

Six months ended September 30, 2006, 2005 and 2004, and years ended March 31, 2006 and 2005

Consolidated

	Millions of yen				
	September 30			March 31	
	2006	2005	2004	2006	2005
For the Interim Period (Year):					
Total income.....	¥ 1,874,035	¥ 1,819,276	¥ 1,780,844	¥ 3,803,089	¥ 3,589,871
Total expenses.....	1,472,733	1,307,983	1,684,128	2,759,726	3,698,406
Net income (loss).....	243,660	392,327	53,372	686,841	(234,201)
At Interim Period- (Year-) End:					
Total net assets.....	¥ 4,622,792	¥ 3,262,340	¥ 3,020,911	¥ 4,454,399	¥ 2,775,728
Total assets.....	102,551,964	102,233,832	101,054,242	107,010,575	99,731,858
Risk-monitored loans.....	1,148,036	1,788,499	2,868,696	1,243,160	2,227,445
Reserve for possible loan losses.....	978,999	1,037,217	1,222,391	1,035,468	1,273,560
Net unrealized gains on other securities.....	1,387,933	897,653	484,076	1,373,337	696,339
Capital ratio.....	10.07%	11.00%	10.93%	12.39%	9.94%
Number of employees.....	41,936	41,490	42,339	40,681	40,683
Per Share (Yen):					
Net assets.....	¥394,556.25	¥261,250.37	¥230,491.11	¥400,168.89	¥164,821.08
Net income (loss).....	32,782.19	57,635.50	9,119.40	94,733.62	(44,388.07)
Net income — diluted.....	27,514.41	44,223.65	5,245.69	75,642.93	—

- Notes: 1. Unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month. For details, please refer to page 15.
2. Number of employees has been reported on the basis of full-time workers. Number of employees includes locally hired overseas staff members but excludes contract employees and temporary staff.
3. From this interim period, SMFG applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No.8).
4. The Accounting Standards Board of Japan (ASBJ) revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No.4). From this interim period, SMFG applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.

Nonconsolidated

	Millions of yen				
	September 30			March 31	
	2006	2005	2004	2006	2005
For the Interim Period (Year):					
Operating income.....	¥ 321,340	¥ 16,206	¥ 205,265	¥ 55,482	¥ 258,866
Operating expenses.....	1,567	1,737	1,312	3,196	2,644
Net income.....	318,223	38,435	202,194	73,408	252,228
At Interim Period- (Year-) End:					
Total net assets.....	¥3,252,213	¥3,312,686	¥3,328,039	¥3,935,426	¥3,319,615
Total assets.....	3,929,752	3,653,155	3,558,800	4,166,332	3,795,110
Capital stock.....	1,420,877	1,352,651	1,247,650	1,420,877	1,352,651
Number of shares issued					
Preferred stock.....	315,101	950,101	994,302	950,101	1,057,188
Common stock.....	7,733,653	7,303,472	6,205,379	7,424,172	6,273,792
Number of employees.....	135	122	99	124	115
Per Share (Yen):					
Net assets.....	¥349,036.81	¥268,549.24	¥279,738.68	¥330,206.27	¥257,487.78
Dividends:					
Common stock.....	—	—	—	3,000	3,000
Preferred stock (Type 1).....	—	—	—	10,500	10,500
Preferred stock (Type 2).....	—	—	—	28,500	28,500
Preferred stock (Type 3).....	—	—	—	13,700	13,700
Preferred stock (1st series Type 4).....	—	—	—	135,000	135,000
Preferred stock (2nd series Type 4).....	—	—	—	135,000	135,000
Preferred stock (3rd series Type 4).....	—	—	—	135,000	135,000
Preferred stock (4th series Type 4).....	—	—	—	135,000	135,000
Preferred stock (5th series Type 4).....	—	—	—	135,000	135,000
Preferred stock (6th series Type 4).....	—	—	—	135,000	135,000
Preferred stock (7th series Type 4).....	—	—	—	135,000	135,000
Preferred stock (8th series Type 4).....	—	—	—	135,000	135,000
Preferred stock (9th series Type 4).....	—	—	—	135,000	135,000
Preferred stock (10th series Type 4).....	—	—	—	135,000	135,000
Preferred stock (11th series Type 4).....	—	—	—	135,000	135,000
Preferred stock (12th series Type 4).....	—	—	—	135,000	135,000
Preferred stock (13th series Type 4).....	/	—	—	/	67,500
Preferred stock (1st series Type 6).....	—	—	—	88,500	728
Net income.....	42,605.28	5,646.36	34,489.13	6,836.35	38,302.88

- Notes: 1. All SMFG employees are on secondment assignment from SMBC and another Group company.
2. From this interim period, SMFG applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No.8).
3. The ASBJ revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No.4). From this interim period, SMFG applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.

Sumitomo Mitsui Banking Corporation

Six months ended September 30, 2006, 2005 and 2004, and years ended March 31, 2006 and 2005

Consolidated

	Millions of yen				
	September 30			March 31	
	2006	2005	2004	2006	2005
For the Interim Period (Year):					
Total income.....	¥ 1,401,690	¥ 1,308,406	¥ 1,355,055	¥ 2,789,433	¥ 2,699,202
Total expenses.....	1,037,617	894,129	1,289,905	1,903,374	2,875,897
Net income (loss).....	220,078	310,772	31,379	563,584	(278,995)
At Interim Period- (Year-) End:					
Total net assets.....	¥ 4,497,004	¥ 3,080,642	¥ 2,695,749	¥ 3,598,294	¥ 2,633,912
Total assets.....	100,049,543	99,841,434	98,632,829	104,418,597	97,478,308
Risk-monitored loans.....	1,129,117	1,755,763	2,808,404	1,219,383	2,186,739
Reserve for possible loan losses.....	949,212	1,003,154	1,183,025	1,006,223	1,239,882
Net unrealized gains on other securities.....	1,438,792	876,146	474,107	1,337,192	678,527
Capital ratio.....	10.86%	11.19%	11.03%	10.77%	10.60%
Number of employees.....	32,082	33,717	34,284	32,918	32,868
Per Share (Yen):					
Net assets.....	¥54,445.50	¥32,069.28	¥28,901.73	¥41,444.83	¥23,977.62
Net income (loss).....	3,963.89	5,628.61	571.79	9,864.54	(5,300.46)
Net income — diluted.....	3,897.22	5,479.30	544.38	9,827.19	—

Nonconsolidated

	Millions of yen				
	September 30			March 31	
	2006	2005	2004	2006	2005
For the Interim Period (Year):					
Total income.....	¥ 1,166,046	¥ 1,094,146	¥ 1,140,745	¥ 2,322,699	¥ 2,290,935
Total expenses.....	867,695	739,030	1,027,674	1,576,026	2,391,014
Net income (loss).....	183,646	298,766	118,554	519,520	(136,854)
(Appendix)					
Gross banking profit (A).....	609,120	766,648	762,716	1,552,033	1,522,861
Banking profit.....	311,609	498,568	821,314	810,593	1,291,972
Banking profit (before provision for general reserve for possible loan losses).....	311,609	474,233	471,580	965,573	940,495
Expenses (excluding nonrecurring losses)(B).....	297,511	292,415	291,136	586,459	582,365
Expense ratio (B)/(A).....	48.8%	38.1%	38.2%	37.8%	38.2%
At Interim Period- (Year-) End:					
Total net assets.....	¥ 3,492,390	¥ 3,171,235	¥ 2,756,776	¥ 3,634,776	¥ 2,752,735
Total assets.....	93,149,162	93,293,761	92,742,940	97,443,428	91,129,776
Deposits.....	68,541,049	65,983,526	65,250,782	68,222,167	65,591,627
Loans and bills discounted.....	53,902,477	50,949,158	50,723,607	51,857,559	50,067,586
Securities.....	22,047,445	23,039,486	23,524,899	25,202,541	23,676,696
Risk-monitored loans.....	833,503	1,351,621	2,390,768	914,173	1,735,863
Problem assets based on the Financial Reconstruction Law.....	866,734	1,406,027	2,484,350	960,095	1,824,622
Reserve for possible loan losses.....	771,822	772,141	962,583	816,437	989,121
Net unrealized gains on other securities.....	1,417,430	851,571	457,372	1,316,206	651,385
Trust assets and liabilities.....	1,288,805	880,586	560,087	1,305,915	777,177
Loans and bills discounted.....	8,080	9,880	5,490	7,870	9,780
Securities.....	241,904	150,999	27,788	238,205	81,840
Capital stock.....	664,986	664,986	559,985	664,986	664,986
Number of shares issued (in thousands)					
Preferred stock.....	900	900	830	900	900
Common stock.....	56,202	55,212	55,212	55,212	55,212
Number of employees.....	16,686	16,806	17,658	16,050	16,338
Selected Ratios:					
Capital ratio.....	11.48%	12.00%	11.35%	11.35%	11.32%
Return on Equity.....	13.53%	36.07%	14.65%	26.57%	—%
Per Share (Yen):					
Net assets.....	¥54,933.11	¥33,710.06	¥30,007.03	¥42,105.57	¥26,129.71
Dividends:					
Common stock.....	—	—	—	5,714	683
Preferred stock (Type 1).....	—	—	—	10,500	10,500
Preferred stock (Type 2).....	—	—	—	28,500	28,500
Preferred stock (Type 3).....	—	—	—	13,700	13,700
Preferred stock (1st series Type 6).....	—	—	—	88,500	485
Net income (loss).....	3,307.70	5,411.16	2,160.29	9,066.46	(2,718.23)
Net income — diluted.....	3,252.19	5,267.66	2,057.29	9,050.63	—

- Notes: 1. Please refer to page 68 for the definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Law.
2. Unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." The values of stocks are calculated using the average market prices during the final month. For details, please refer to page 19.
3. Number of employees has been reported on the basis of full-time workers. Number of employees includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who are not also Board members.
4. From this interim period, SMBC applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No.8).
5. The ASBJ revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No.4). From this interim period, SMBC applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.

Financial Review

Sumitomo Mitsui Financial Group (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The following is a summary of SMFG's consolidated financial results for the first half of fiscal 2006, the six-month period ended September 30, 2006.

1. Operating Results

Operating results for the first half of fiscal 2006 include the results of 176 consolidated subsidiaries (126 in Japan and 50 overseas) and 61 subsidiaries and affiliates accounted for by the equity method (34 in Japan and 27 overseas).

Gross profit showed a year-on-year decrease of ¥136.1 billion to ¥885.8 billion. As a result of a reduction in the bond portfolio in anticipation of higher interest rates in both Japan and the United States, the Group suffered a sharp decrease in gains on investments in bonds (including

Japanese government bonds) within the category of "other operating income."

After factoring in general and administrative expenses, credit cost and gains on stocks, ordinary profit decreased ¥106.6 billion year on year to ¥357.1 billion.

Net extraordinary gains and income taxes under tax-effect accounting resulted in a net income of ¥243.6 billion, a year-on-year decrease of ¥148.6 billion.

Number of Consolidated Subsidiaries, and Subsidiaries and Affiliates Accounted for by the Equity Method

September 30, 2006 and 2005, and March 31, 2006

	September 30, 2006	September 30, 2005	March 31, 2006
Consolidated subsidiaries.....	176	166	162
Subsidiaries and affiliates accounted for by the equity method.....	61	59	63

Income Summary

Six months ended September 30, 2006 and 2005, and year ended March 31, 2006

	Millions of yen		
	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Consolidated gross profit.....	¥885,809	¥1,021,916	¥2,090,149
Net interest income.....	559,615	553,715	1,161,607
Trust fees.....	1,416	4,285	8,631
Net fees and commissions.....	283,394	278,707	619,591
Net trading income.....	51,613	12,259	32,807
Net other operating income.....	(10,230)	172,948	267,511
General and administrative expenses.....	(432,705)	(421,626)	(853,796)
Credit cost (A).....	(64,977)	(176,525)	(333,571)
Write-off of loans.....	(57,626)	(42,681)	(69,355)
Provision for specific reserve for possible loan losses.....	—	(143,816)	(45,047)
Provision for general reserve for possible loan losses.....	—	39,495	(120,078)
Others.....	(7,350)	(29,522)	(99,091)
Gains on stocks.....	10,370	35,265	47,119
Equity in earnings (losses) of affiliates.....	(32,344)	14,081	31,887
Other income (expenses).....	(9,016)	(9,342)	(18,233)
Ordinary profit.....	357,136	463,768	963,554
Extraordinary gains (losses).....	44,165	47,524	79,807
Losses on impairment of fixed assets.....	(2,006)	(10,580)	(12,303)
Gains on reversal of reserve for possible loan losses (B).....	6,470	—	—
Gains on collection of written-off claims (C).....	542	371	31,584
Gains on return of securities from retirement benefits trust.....	36,330	—	—
Income before income taxes and minority interests.....	401,302	511,293	1,043,362
Income taxes:			
Current.....	(42,273)	(32,367)	(69,818)
Deferred.....	(86,218)	(60,672)	(226,901)
Minority interests in net income.....	(29,149)	(25,925)	(59,800)
Net income.....	¥243,660	¥392,327	¥686,841
Total credit cost (A) + (B) + (C).....	¥(57,963)	¥(176,525)	¥(301,987)
[Reference]			
Consolidated banking profit (Billions of yen).....	¥426.4	¥579.6	¥1,225.4

- Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + Trust fees + (Fees and commissions (income) – Fees and commissions (expenses)) + (Trading profits – Trading losses) + (Other operating income – Other operating expenses)
2. Total credit cost for six months ended September 30, 2006 and year ended March 31, 2006 include gains on collection of written-off claims.
3. Consolidated banking profit = SMBC's nonconsolidated banking profit (before provision for general reserve for possible loan losses) + SMFG's ordinary profit + Other subsidiaries' ordinary profit (excluding nonrecurring factors) + Equity method affiliates' ordinary profit x Ownership ratio – Internal transactions (dividends, etc.)

Deposits (excluding negotiable certificates of deposit) as of September 30, 2006, stood at ¥72,165.5 billion, a ¥1,331.4 billion increase compared with the previous fiscal year-end. Negotiable certificates of deposit stood at ¥2,492.3 billion, a decrease of ¥216.2 billion over the same period.

Loans and bills discounted increased ¥1,917.2 billion to

¥59,184.4 billion, while securities decreased ¥3,154.2 billion to ¥22,351.6 billion.

Net assets came to ¥4,622.7 billion, of which stockholders' equity amounted to ¥2,835.6 billion, and valuation and translation adjustments came to ¥725.1 billion.

Assets, Liabilities and Net Assets

September 30, 2006 and 2005, and March 31, 2006

	Millions of yen		
	September 30, 2006	September 30, 2005	March 31, 2006
Assets.....	¥102,551,964	¥102,233,832	¥107,010,575
Securities.....	22,351,635	23,579,596	25,505,861
Loans and bills discounted.....	59,184,457	56,095,034	57,267,203
Liabilities.....	97,929,171	97,896,973	101,443,151
Deposits.....	72,165,553	69,242,541	70,834,125
Negotiable certificates of deposit.....	2,492,353	2,529,775	2,708,643
Minority interests.....	/	1,074,517	1,113,025
Net assets.....	4,622,792	3,262,340	4,454,399

Note: From this interim period, SMFG applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No.8). Minority interests are included in net assets with an application of these standards.

2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2006 amounted to ¥1,371.9 billion, which was an increase of ¥29.1 billion from the previous fiscal year-end. Net unrealized gains on other securities (including "other money held in

trust"), changes in which are directly credited to net assets, increased by ¥14.6 billion over the same period, to ¥1,388.1 billion.

Unrealized Gains (Losses) on Securities

September 30, 2006 and March 31, 2006

	Millions of yen						
	September 30, 2006				March 31, 2006		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥ (16,195)	¥ 14,586	¥ 375	¥ 16,571	¥ (30,781)	¥ 580	¥ 31,361
Other securities.....	1,387,933	14,596	1,652,324	264,391	1,373,337	1,771,170	397,833
Stocks.....	1,598,922	(103,768)	1,619,410	20,487	1,702,690	1,722,129	19,438
Bonds.....	(176,252)	120,981	1,354	177,607	(297,233)	988	298,222
Others.....	(34,736)	(2,616)	31,558	66,295	(32,120)	48,052	80,172
Other money held in trust.....	217	8	236	18	209	209	—
Total.....	1,371,955	29,190	1,652,936	280,980	1,342,765	1,771,960	429,195
Stocks.....	1,598,922	(103,768)	1,619,410	20,487	1,702,690	1,722,129	19,438
Bonds.....	(192,670)	135,618	1,508	194,178	(328,288)	1,294	329,583
Others.....	(34,296)	(2,660)	32,017	66,314	(31,636)	48,535	80,172

Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Cash and due from banks & Deposits with banks" and on beneficiary claims on loan trust in "Commercial paper and other debt purchased."
 2. Unrealized gains (losses) on stocks are mainly calculated using average market prices during the final month of the respective reporting period. The rest of the securities are valued at market prices as of the balance sheet date.
 3. "Other securities" and "Other money held in trust" are valued and recorded on the consolidated balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.
 Net unrealized gains on other securities as of March 31, 2006 include losses of ¥3,193 million that were recognized in income statement by applying fair value hedge accounting, which are included in the amount to be directly included in Stockholders' equity.

3. Consolidated Capital Ratio

SMFG's consolidated capital ratio (BIS guidelines) as of September 30, 2006 was 10.07%. (Please refer to "Capital Ratio" on page 57 for more information.)

Total capital, which constitutes the numerator in the capital ratio calculation equation, was ¥6,844.8 billion, representing a ¥1,249.4 billion decrease from the previous fiscal year-end. This was mainly the result of the repayment of

public funds.

On the other hand, risk-weighted assets, the denominator in the equation, increased ¥2,623.5 billion to ¥67,945.8 billion from the previous fiscal year-end. This was principally attributable to an increase in lending in response to demand from customers both in Japan and overseas.

Consolidated Capital Ratio

September 30, 2006 and 2005, and March 31, 2006

	Millions of yen		
	September 30, 2006	September 30, 2005	March 31, 2006
Tier I capital (A)	¥ 3,737,747	¥ 3,746,083	¥ 4,645,905
Tier II capital included as qualifying capital (B)	3,737,747	3,746,083	4,067,736
Deductions (C).....	(630,601)	(548,006)	(619,279)
Total capital (D) = (A) + (B) - (C)	6,844,893	6,944,161	8,094,361
Risk-adjusted assets (E).....	67,945,876	63,127,899	65,322,349
Capital ratio = (D) / (E) × 100.....	10.07%	11.00%	12.39%

4. Deferred Tax Assets

Net deferred tax assets decreased by ¥28.6 billion from the previous fiscal year-end, to stand at ¥973.4 billion. This decline was attributable to the posting of an income before income taxes and an increase in unrealized gains on other

(available-for-sale) securities. We have been adopting a conservative stance on the recording of deferred tax assets in consideration of the need to secure a sound financial position.

Deferred Tax Assets

September 30, 2006 and 2005, and March 31, 2006

	Millions of yen		
	September 30, 2006	September 30, 2005	March 31, 2006
Net deferred tax assets	¥973,448	¥1,367,233	¥1,002,125
Net deferred tax assets / Tier I capital × 100	26.0%	36.5%	21.6%

Sumitomo Mitsui Banking Corporation (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

The following is a summary of SMBC's nonconsolidated financial results for the first half of fiscal 2006, the six-month period ended September 30, 2006.

1. Operating Results

Banking profit (before provision for general reserve for possible loan losses) in the first half of fiscal 2006 decreased ¥162.6 billion to ¥311.6 billion year on year, as a result of a ¥157.5 billion decrease in gross banking profit to ¥609.1 billion, and a ¥5.0 billion increase in expenses (excluding nonrecurring losses) to ¥297.5 billion.

Ordinary profit, calculated by adjusting banking profit (before provision for general reserve for possible loan losses) for nonrecurring items such as credit cost and gains on stocks, decreased ¥90.7 billion to ¥269.0 billion.

After adjusting ordinary profit for extraordinary gains and losses, and for income taxes, net income came to ¥183.6 billion, a year-on-year decrease of ¥115.1 billion.

2. Income Analysis

Gross Banking Profit

Gross banking profit in the first half of fiscal 2006 decreased ¥157.5 billion year on year to ¥609.1 billion.

This was the result of a decrease of ¥90 billion in gains on investments in bonds (including Japanese government bonds) within the category of "other operating income," principally as a result of a reduction in the bond portfolio in anticipation of higher interest rates in both Japan and the United States.

Expenses

Expenses (excluding nonrecurring losses) increased ¥5.0 billion year on year, to ¥297.5 billion. This increase was mainly attributable to higher non-personnel expenses incurred as part of our policy of aggressive investment in priority business fields.

Banking Profit

Banking profit (before provision for general reserve for possible loan losses) decreased ¥162.6 billion year on year, to ¥311.6 billion.

Banking Profit

Six months ended September 30, 2006 and 2005, and year ended March 31, 2006

	Millions of yen		
	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Gross banking profit	¥609,120	¥766,648	¥1,552,033
[Gross domestic banking profit]	[540,056]	[626,576]	[1,266,488]
[Gross international banking profit]	[69,064]	[140,071]	[285,545]
Net interest income	443,810	454,350	954,544
Trust fees	1,407	4,284	8,626
Net fees and commissions	159,486	163,433	366,675
Net trading income	40,125	3,570	11,937
Net other operating income (loss)	(35,709)	141,009	210,248
[Gross banking profit (excluding gains (losses) on bonds)]	[670,813]	[738,282]	[1,562,354]
Expenses (excluding nonrecurring losses)	(297,511)	(292,415)	(586,459)
Personnel expenses	(96,868)	(98,888)	(192,359)
Nonpersonnel expenses	(183,893)	(177,046)	(360,720)
Taxes	(16,749)	(16,480)	(33,379)
Banking profit (before provision for general reserve for possible loan losses) ...	311,609	474,233	965,573
[Banking profit (before provision for general reserve for possible loan losses and gains (losses) on bonds)]	[373,301]	[445,867]	[975,894]
Provision for general reserve for possible loan losses	—	24,335	(154,980)
Banking profit	311,609	498,568	810,593

<Reference>

Banking Profit by Business Unit

Six months ended September 30, 2006

	Billions of yen						
	Consumer Banking Unit	Middle Market Banking Unit	Corporate Banking Unit	International Banking Unit	Treasury Unit	Others	Total
Banking profit (losses) (before provision for general reserve for possible loan losses)	¥68.1	¥197.0	¥74.7	¥34.7	¥ (8.8)	¥(54.1)	¥311.6
Year-on-year increase (decrease)	(3.8)	(42.9)	(9.2)	5.0	(123.4)	11.7	(162.6)

Notes: 1. Year-on-year comparisons are those used for internal reporting and exclude changes due to interest rate and foreign exchange rate fluctuations.
2. "Others" consists of (1) financing costs on preferred securities and subordinated debt, (2) profit earned on investing the Bank's own capital, and (3) adjustment of inter-unit transactions, etc.

Nonrecurring Losses (Credit Cost, etc.)

Nonrecurring losses amounted to ¥42.5 billion, representing a ¥96.2 billion improvement year on year. This was caused principally by a decrease of ¥107.2 billion in credit cost. Total credit cost amounted to ¥33.2 billion, which was calculated after deduction of gains on the reversal of reserves for possible loan losses and gains on the collection of written-off claims (registered as extraordinary gains) from the above-mentioned credit cost in the amount of ¥46.7 billion. (Please refer to the “Asset Quality” section beginning on page 20 for more information on credit cost and problem assets.)

Ordinary Profit and Net Income

Six months ended September 30, 2006 and 2005, and year ended March 31, 2006

	Millions of yen		
	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Banking profit (before provision for general reserve for possible loan losses)....	¥311,609	¥ 474,233	¥ 965,573
Provision for general reserve for possible loan losses (A)	—	24,335	(154,980)
Banking profit.....	311,609	498,568	810,593
Nonrecurring gains (losses).....	(42,531)	(138,790)	(89,659)
Credit cost (B).....	(46,701)	(153,994)	(106,560)
Gains (losses) on stocks	8,720	24,942	25,460
Gains on sale of stocks	14,742	34,137	70,085
Losses on sale of stocks	(97)	(360)	(13,367)
Losses on devaluation of stocks	(5,924)	(8,833)	(31,257)
Others.....	(4,550)	(9,738)	(8,559)
Ordinary profit.....	269,078	359,778	720,933
Extraordinary gains (losses)	29,272	(4,662)	25,739
Gains (losses) on disposal of premises and equipment	—	665	1,457
Gains (losses) on disposal of fixed assets	(864)	—	—
Losses on impairment of fixed assets	(1,457)	(5,288)	(6,300)
Gains on reversal of reserve for possible loan losses (C)	13,330	—	—
Gains on collection of written-off claims (D)	137	12	30,605
Gains on return of securities from retirement benefits trust.....	36,330	—	—
Losses on liquidation of subsidiary	(18,203)	—	—
Income taxes:			
Current.....	(7,753)	(5,081)	(13,512)
Deferred.....	(106,951)	(51,267)	(213,639)
Net income	¥183,646	¥ 298,766	¥ 519,520
Total credit cost (A) + (B) + (C) + (D)	¥ (33,233)	¥(129,659)	¥(230,935)
Provision for general reserve for possible loan losses	19,549	24,335	(154,980)
Write-off of loans	(39,937)	(16,804)	(12,650)
Provision for specific reserve for possible loan losses	(6,265)	(122,647)	(15,825)
Losses on sales of delinquent loans.....	(6,764)	(14,746)	(79,659)
Provision for loan loss reserve for specific overseas countries	46	202	1,575
Gains on collection of written-off claims	137	/	30,605

Note: Total credit cost for six months ended September 30, 2006 and year ended March 31, 2006 include gains on collection of written-off claims.

3. Assets, Liabilities and Net Assets

Total Assets

SMBC's total assets as of September 30, 2006 stood at ¥93,149.1 billion on a nonconsolidated basis, a ¥4,294.2 billion decrease compared with the previous fiscal year-end.

Ordinary Profit

As a result of the foregoing, ordinary profit decreased ¥90.7 billion year on year to ¥269.0 billion.

Extraordinary Gains (Losses)

Net extraordinary gains amounted to ¥29.2 billion, which compared with net extraordinary losses of ¥4.7 billion for the previous first-half period.

Net Income

Income taxes prior to the application of tax-effect accounting amounted to ¥7.7 billion, and deferred income taxes under tax-effect accounting amounted to ¥106.9 billion. As a result of the various factors described above, net income decreased ¥115.1 billion to ¥183.6 billion year on year.

This decrease was the result of a decrease of ¥3,155.0 billion in the balance of securities held, owing to the divestiture of securities in anticipation of higher interest rates. Additionally, a decline in cash and due from the Bank of

Japan (BOJ), as a result of the ending of the BOJ's quantitative monetary easing policy, led to a fall of ¥2,745.7 billion in cash and due from banks, which more than offset a year-on-year increase of ¥2,044.9 billion in lending to customers both in Japan and overseas.

Total Liabilities

Total liabilities as of September 30, 2006 decreased ¥4,151.8 billion to ¥89,656.7 billion from the previous fiscal year-end. This was mainly attributable to a decrease in fund procurement in line with the shrinkage of the bank's assets, which more than offset a ¥1,076.4 billion increase in deposits held (principally from overseas depositors).

Assets, Liabilities and Net Assets

September 30, 2006 and 2005, and March 31, 2006

	Millions of yen		
	September 30, 2006	September 30, 2005	March 31, 2006
Assets.....	¥93,149,162	¥93,293,761	¥97,443,428
Securities.....	22,047,445	23,039,486	25,202,541
Loans and bills discounted.....	53,902,477	50,949,158	51,857,559
Liabilities.....	89,656,772	90,122,526	93,808,652
Deposits.....	66,147,242	63,380,886	65,070,784
Negotiable certificates of deposit.....	2,393,807	2,602,639	3,151,382
Net assets.....	3,492,390	3,171,235	3,634,776

Note: From this interim period, SMBC applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No.8).

4. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2006 amounted to ¥1,434.2 billion, which was a decrease of ¥118.9 billion from the previous fiscal year-end. Net unrealized gains on other securities (including "other money held in trust"), changes in which are recorded in net assets,

increased by ¥101.2 billion over the same period, to ¥1,417.6 billion.

The increase in unrealized gains on other securities was attributable to an improvement in the balance of unrealized gains/losses on bond holdings.

Unrealized Gains (Losses) on Securities

September 30, 2006 and March 31, 2006

	Millions of yen						
	September 30, 2006				March 31, 2006		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥ (16,195)	¥ 14,587	¥ 374	¥ 16,570	¥ (30,782)	¥ 577	¥ 31,359
Stocks of subsidiaries and affiliates	32,776	(234,799)	103,063	70,286	267,575	270,285	2,710
Other securities	1,417,430	101,224	1,669,272	251,841	1,316,206	1,695,589	379,383
Stocks	1,622,075	(10,329)	1,639,651	17,575	1,632,404	1,649,881	17,476
Bonds	(169,151)	113,103	618	169,770	(282,254)	727	282,981
Others	(35,493)	(1,550)	29,002	64,495	(33,943)	44,980	78,924
Other money held in trust.....	217	8	236	18	209	209	—
Total	1,434,229	(118,979)	1,772,946	338,716	1,553,208	1,966,661	413,453
Stocks	1,654,852	(245,127)	1,742,714	87,862	1,899,979	1,920,166	20,186
Bonds	(185,568)	127,739	771	186,340	(313,307)	1,033	314,341
Others	(35,053)	(1,590)	29,460	64,514	(33,463)	45,460	78,924

Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Cash and due from banks & Deposits with banks" and on beneficiary claims on loan trust and commodity investment trusts in "Commercial paper and other debt purchased."

2. Unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates) are calculated using average market prices during the final month of the respective reporting period. The rest of the securities are valued at market prices as of the balance sheet date.

3. "Other securities" and "Other money held in trust" are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

Net unrealized gains on other securities as of March 31, 2006 include losses of ¥3,193 million that were recognized in income statement by applying fair value hedge accounting, which are included in the amount to be directly included in Stockholders' equity.

Asset Quality

Current Status of Problem Assets

SMBC continues to improve the quality of its assets in fiscal 2006 as it implements initiatives aimed at building a much stronger financial base for supporting sustainable growth.

The total credit cost for the six-month reporting period, ended September 2006, declined by ¥96.5 billion from the corresponding period of the previous year, to ¥33.2 billion.

The balance of non-performing loans (NPLs)—referred to as “problem assets” under the Financial Reconstruction Law—stood at ¥866.7 billion as of the end of September 2006, and the NPL ratio (the ratio of problem assets to total assets) was 1.5%. We will continue to leverage the know-how we have accumulated in the course of implementing NPL workouts to actively develop business opportunities in corporate revitalization support services and new business areas.

I. Self-Assessment, Write-Offs, and Reserves

1. Self-Assessment

SMBC conducts rigorous self-assessment of asset quality using criteria based on the *Financial Inspection Manual* of the Financial Services Agency and the *Practical Guideline* published by the Japanese Institute of Certified Public Accountants. Self-assessment is the latter stage of the obligor grading process for determining the borrower’s ability to fulfill debt obligations, and the obligor grade criteria are consistent with the categories used in self-assessment.

At the same time, self-assessment is a preparatory task for ensuring SMBC’s asset quality and calculating the appropriate level of write-offs and reserves. Each asset is assessed individually for its security and collectibility. Depending on the borrower’s current situation, the borrower is assigned to one of five categories: Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, and Bankrupt Borrowers. Based on the borrower’s category, claims on the borrower are classified into Classification I, II, III, and IV assets according to their default and impairment risk levels, taking into account such factors as collateral and guarantees. As part of our efforts to bolster risk

management throughout the Group, our consolidated subsidiaries carry out self-assessment in substantially the same manner.

Borrower Categories, Defined

Normal Borrowers	Borrowers with good business performance and in good financial standing without identified problems
Borrowers Requiring Caution	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	Borrowers perceived to have a high risk of falling into bankruptcy
Effectively Bankrupt Borrowers	Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt
Bankrupt Borrowers	Borrowers that have been legally or formally declared bankrupt

Asset Classifications, Defined

Classification I	Assets not classified under Classifications II, III, or IV
Classification II	Assets perceived to have an above-average risk of noncollectibility
Classification III	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	Assets assessed as uncollectible or worthless

2. Asset Write-Offs and Reserves

In cases where claims have been determined to be uncollectible, or deemed to be uncollectible, write-offs signify the recognition of losses on the account books with respect to such claims. Write-offs can be made either in the form of loss recognition by offsetting uncollectible amounts against corresponding balance sheet items, referred to as a direct write-off, or else by recognition of a loan loss provision on a contra-asset account in the amount

deemed uncollectible, referred to as an indirect write-off. Recognition of indirect write-offs is generally known as provision of reserves.

SMBC’s write-off and reserve criteria for each self-assessment borrower category are shown in the table below. As part of our overall measures to strengthen risk management throughout the Group, all consolidated subsidiaries use substantially the same standards as SMBC for write-offs and reserves.

Self-Assessment Borrower Categories		Standards for Write-Offs and Reserves
Normal Borrowers		Amounts are recorded as general reserves in proportion to the expected losses over the next 12 months based on the historical bankruptcy rate for each obligor grading.
Borrowers Requiring Caution		These assets are divided into groups according to the risk of default. Amounts are recorded as general reserves in proportion to the expected losses based on the historical bankruptcy rate for each group. The groups are “claims to substandard borrowers,” and “claims to other borrowers requiring caution” excluding claims to substandard borrowers. For the latter, the borrower’s financial position and credit situation are additionally taken into account for establishing sub-groups. Additionally, SMBC uses the discounted cash flow (DCF) method to calculate the amount of reserve for possible losses on large-scale claims.
Potentially Bankrupt Borrowers		SMBC sets specific reserves for possible loan losses on the portion of Classification III assets (calculated for each borrower) not secured by collateral, guarantee, or other means. In addition, SMBC applies the discounted cash flow (DCF) method to large-scale claims for calculating individual amounts on the condition of rational estimates of future cash flows.
Effectively Bankrupt/ Bankrupt Borrowers		SMBC calculates the amount of Classification III assets and Classification IV assets for each borrower, and writes off the full amount of Classification IV assets (deemed to be uncollectible or of no value) and sets aside specific reserves for possible loan losses against the full amount of Classification III assets.
Notes	General reserve	Provisions made in accordance with general inherent default risks of loans, unrelated to specific individual loans or other claims
	Specific reserve	Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims)

Discounted Cash Flow Method

SMBC utilizes the discounted cash flow (DCF) method to calculate the amount of reserves required to cover possible losses on large-scale claims to substandard borrowers and potentially bankrupt borrowers. The DCF method is applied in cases where it is reasonable to estimate the future cash inflow of the borrower that can be used for repayment of the principal and the payment of interest on the debt. SMBC then makes provisions equivalent to the excess of the book value of the claims over the said cash inflow, discounted by the initial contractual interest rate or the effective interest rate at the time of origination. In this way, we provide sufficient reserves against the risk of a future deterioration in asset quality.

One of the major advantages of the DCF method over conventional methods of calculating the amount of reserves required to cover possible loan losses is that it enables effective evaluation of each individual borrower. In the case of this method, the required amount of reserves may vary according to the basic data used in applying the DCF method, such as estimated future cash flow based on the borrower's business reconstruction plan, the applied discount rate, and the probability of the borrower going into bankruptcy. Thus, SMBC makes every effort to utilize timely and appropriate data to realize the most accurate estimates possible.

II. Credit Cost

The amount required for the disposal of NPLs—known as “credit cost”—refers to the additional provision for loan losses in the case of provisioning, and the difference between the amount of

uncollectible loans and provisions already made in the case of write-offs. The credit cost for the first half of fiscal 2006 is shown in the table below.

■ Credit Cost (SMBC Nonconsolidated; six months ended September 30, 2006)

(Billions of yen)

Total Credit cost	¥ 33.2
Provision for general reserve for possible loan losses	(19.5)
Write-off of loans	39.9
Provision for specific reserve	6.2
Losses on sale of loans	6.7
Provision for loan loss reserve for specific overseas countries	(0.0)
Gains on collection of written-off claims	(0.1)
Reserve for possible loan losses	¥771.9
Amount of direct reduction	¥537.0

■ Credit Cost (SMFG Consolidated; six months ended September 30, 2006)

(Billions of yen)

Total credit cost	¥ 58.0
Reserve for possible loan losses	¥979.0
Amount of direct reduction	¥750.5

Note: Gains on collection of written-off claims are included in total credit cost since fiscal 2005.

■ Reserve for Possible Loan Losses (September 30, 2006)

(Billions of yen)

	SMBC (Nonconsolidated)	SMFG (Consolidated)
Reserve for possible loan losses	¥771.9	¥979.0
General reserve	553.5	712.8
Specific reserve	216.1	263.9
Loan loss reserve for specific overseas countries	2.3	2.3

III. Disclosure of Problem Assets and Off-Balancing

1. Disclosure of Problem Assets

Problem assets are loans and other claims of which recovery of either principal or interest appears doubtful, and are disclosed in accordance with the Banking Law (in which they are referred to as “risk-monitored loans”) and the Financial Reconstruction Law

(where they are referred to as “problem assets”). Problem assets are classified based on the borrower categories assigned during self-assessment. The following tables explain the asset classification stipulated by the Financial Reconstruction Law and the differences between risk-monitored loans and problem assets.

Classification of Problem Assets Based on the Financial Reconstruction Law

Bankrupt and quasi-bankrupt assets	This category is defined as the sum of claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers under self-assessment, excluding Classification IV assets, which are fully written off. Classification III assets are fully covered by reserves, and Classification I and II assets, the collectible portion, are secured by collateral, guarantees, or other means.
Doubtful assets	This category is defined as claims on Potentially Bankrupt Borrowers under self-assessment. Specific reserves are set aside for Classification III assets, and Classification I and II assets, the collectible portion, are secured by collateral, guarantees, or other means.
Substandard loans	This category is defined as claims on Borrowers Requiring Caution under self-assessment. This category comprises past due loans (three months or more) and restructured loans.
Normal assets	This category is defined as the term-end sum of loans, securities lending, import and export, accrued interest, suspense payments, and customers' liabilities for acceptances and guarantees that are not included in the other three categories.

Note: Based on the borrower's category under self-assessment, claims on the borrower are categorized as Classification I, II, III, and IV assets according to their default and impairment risk levels. (Please refer to page 20 for the asset classification table.)

□ Problem Assets Based on the Financial Reconstruction Law, and Risk-Monitored Loans

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law		Risk-monitored loans	
	Total loans	Other assets	Total loans	Other assets
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	(C)
Effectively Bankrupt Borrowers			Non-accrual loans	
Potentially Bankrupt Borrowers	Doubtful assets	Past due loans (3 months or more)		
Borrowers Requiring Caution	Substandard loans	Restructured loans		
Normal Borrowers	(Normal assets)			
	(A)		(B)	(C)

The disclosure of risk-monitored loans corresponds exactly to the disclosure of problem assets based on the Financial Reconstruction Law, except for such non-loan assets as securities lending, import and export, accrued interest, suspense payments, and customers' liabilities for acceptances and guarantees, which are not subject to disclosure.

Since overdue interest from borrowers classified under self-assessment as Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, and Bankrupt Borrowers is, as a rule, not recognized as accrued interest, the amount is not included in the problem assets disclosed on the basis of the Financial Reconstruction Law.

2. Problem Asset Disclosure Amounts

The amounts of problem assets (as defined in the Financial Reconstruction Law) and risk-monitored loans, as of September 30, 2006, are shown on the following page. The balance of problem assets held by SMBC as of the end of September 2006 was ¥866.7 billion, a decline of ¥93.4 billion compared with the ¥960.1 billion recorded at the previous term-end. The NPL ratio

improved by 0.2 percentage point from the end of fiscal 2005, to 1.5%. We will continue working to prevent the reoccurrence of further NPL problems through support for corporate revitalization and by helping our customers to upgrade their borrower categories. In parallel with these initiatives, we will continue taking proactive measures to further enhance the soundness of the bank's credit portfolio.

■ Problem Assets Based on the Financial Reconstruction Law (September 30, 2006)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2006	SMFG (Consolidated)
Bankrupt and quasi-bankrupt assets	¥ 136.0	¥ (28.5)	¥ 217.5
Doubtful assets	425.1	(48.3)	515.6
Substandard loans	305.6	(16.6)	451.6
Subtotal	¥ 866.7	¥ (93.4)	¥ 1,184.7
Normal assets	58,442.1	2,457.2	62,978.7
Total	¥59,308.8	¥2,363.8	¥64,163.4
Amount of direct reduction	¥ 537.0		¥ 750.5

■ Risk-Monitored Loans (September 30, 2006)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2006	SMFG (Consolidated)
Bankrupt loans	¥ 42.1	¥ 1.2	¥ 64.8
Non-accrual loans	485.8	(65.3)	638.4
Past due loans (3 months or more)	33.6	10.1	36.9
Restructured loans	272.0	(26.7)	407.9
Total	¥833.5	¥(80.7)	¥1,148.0
Amount of direct reduction	¥517.8		¥ 701.3

■ Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves (SMBC Nonconsolidated; September 30, 2006)

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law	Classification under self-assessment				(Billions of yen)	
		Classification I	Classification II	Classification III	Classification IV	Reserve for possible loan losses	Reserve ratio
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥136.0	Portion of claims secured by collateral or guarantees, etc. (5) ¥124.2	Fully reserved ¥11.8	Direct write-offs (Note 1)	Specific reserve ¥16.4 (Note 2)	100% (Note 3)	
Effectively Bankrupt Borrowers							
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥425.1	Portion of claims secured by collateral or guarantees, etc. (6) ¥223.3	Necessary amount reserved ¥201.8		Specific reserve ¥199.7 (Note 2)	98.9% (Note 3)	
Borrowers Requiring Caution							
Normal Borrowers	Substandard loans (3) ¥305.6	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥102.8			General reserve for substandard loans ¥91.9	46.1% (Note 3)	
	(Claims to substandard borrowers)						
	Normal assets ¥58,442.1	Claims to normal borrowers			General reserve ¥553.5	7.5% [16.9%] (Note 4)	
					Loan loss reserve for specific overseas countries ¥2.3	23.5% (Note 3)	
						0.4% (Note 4)	
	Total (4) ¥59,308.8	NPL ratio (A) / (4) 1.5% (Note 5)		Total reserve for possible loan losses ¥771.9		Reserve ratio (B) / (D) 74.0% (Note 6)	
	(A) = (1) + (2) + (3) ¥866.7	Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥450.3		(B) Specific reserve + General reserve for substandard loans ¥308.0			
		Unsecured portion (D) = (A) - (C) ¥416.4		Coverage ratio { (B) + (C) } / (A)		87.5%	

Notes: 1. Includes amount of direct reduction totaling ¥537.0 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥4.6 billion; Potentially Bankrupt Borrowers: ¥5.8 billion)

3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.

4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.

5. Ratio of problem assets to total assets subject to Financial Reconstruction Law

6. Reserve ratio = (Specific reserve + General reserve for substandard loans) ÷ (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans - Portion secured by collateral or guarantees, etc.)

3. Off-Balancing Problem Assets

The off-balancing (also known as "final disposal") of problem assets refers to the removal of such assets from the bank's balance sheet by way of sale, direct write-off or other means.

SMBC off-balanced ¥200.7 billion in problem assets during the six-month period under review.

■ Breakdown of Off-Balancing (SMBC Nonconsolidated; September 30, 2006)

	March 31, 2005 ①	Fiscal 2005		March 31, 2006 ②	First half of fiscal 2006		September 30, 2006 ③
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets	¥ 448.3	¥ 70.5	¥ (354.3)	¥ 164.5	¥ 27.2	¥ (55.7)	¥136.0
Doubtful assets	924.4	481.8	(932.8)	473.4	96.7	(145.0)	425.1
Total	¥1,372.7	¥552.3	¥(1,287.1)	¥ 637.9	¥123.9	¥(200.7)	¥561.1
				Increase/Decrease (②-①)			Increase/Decrease (③-②)
Bankrupt and quasi-bankrupt assets				¥(283.8)			¥ (28.5)
Doubtful assets				(451.0)			(48.3)
Total				¥(734.8)			¥ (76.8)

4. Problem Assets by Region and Industry

■ Problem Assets by Domicile of Borrowers (SMBC Nonconsolidated; September 30, 2006)

	Financial Reconstruction Law Basis (Excluding normal assets)		Risk-Monitored Loans	
	Percentage		Percentage	
Domestic	93.8%	¥812.6	94.0%	¥783.3
Overseas	6.2%	54.1	6.0%	50.2
Asia	4.7%	41.2	4.7%	39.6
Indonesia	0.1%	1.0	0.1%	1.0
Hong Kong	2.2%	19.2	2.3%	19.2
Thailand	0.2%	1.7	0.0%	0.4
China	0.3%	3.0	0.3%	2.7
Others	1.9%	16.3	2.0%	16.3
North America	1.5%	12.7	1.3%	10.6
Central and South America	—	—	—	—
Western Europe	0.0%	0.2	—	—
Eastern Europe	—	—	—	—
Total	100.0%	¥866.7	100.0%	¥833.5

Note: "Domestic" means the total for domestic branches, excluding the special account for international financial transactions. "Overseas" means the total for overseas branches, including the special account for international financial transactions. The above countries and areas are categorized by the obligor's domicile.

■ Problem Assets by Type of Borrowers (SMBC Nonconsolidated; September 30, 2006)

	Financial Reconstruction Law Basis (Excluding normal assets)		Risk-Monitored Loans	
	Percentage		Percentage	
Domestic	93.8%	¥812.6	94.0%	¥783.3
Manufacturing	7.5%	64.8	7.5%	62.4
Agriculture, forestry, fishery and mining	0.4%	3.2	0.4%	3.2
Construction	4.5%	38.8	4.5%	37.9
Transportation, communications, and other public enterprises	10.7%	92.4	11.1%	92.2
Wholesale and retail	9.6%	83.3	9.8%	81.3
Finance and insurance	0.7%	6.3	0.6%	5.2
Real estate	28.4%	246.0	27.5%	229.1
Services	24.1%	209.0	24.6%	205.2
Municipalities	—	—	—	—
Others	7.9%	68.8	8.0%	66.8
Overseas	6.2%	¥ 54.1	6.0%	¥ 50.2
Public sector	—	—	—	—
Financial institutions	—	—	—	—
Commerce and industry	6.2%	54.1	6.0%	50.2
Others	—	—	—	—
Total	100.0%	¥866.7	100.0%	¥833.5

Note: "Domestic" means the total for domestic branches, excluding the special account for international financial transactions. "Overseas" means the total for overseas branches, including the special account for international financial transactions.

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Financial Section

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries
September 30, 2006 and 2005, and March 31, 2006

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2006	2005	2006	2006
Assets				
Cash and due from banks	¥ 2,478,784	¥ 3,039,507	¥ 5,159,822	\$ 21,025
Deposits with banks	1,532,202	2,037,189	1,947,647	12,996
Call loans and bills bought	1,462,077	789,440	651,905	12,401
Receivables under resale agreements	110,257	138,675	117,474	935
Receivables under securities borrowing transactions	1,178,045	2,165,749	1,956,650	9,992
Commercial paper and other debt purchased	940,702	612,330	633,760	7,979
Trading assets	3,404,589	3,627,610	4,078,025	28,877
Money held in trust	2,820	811	2,912	24
Securities	22,351,635	23,579,596	25,505,861	189,581
Loans and bills discounted	59,184,457	56,095,034	57,267,203	501,989
Foreign exchanges	929,490	892,413	947,744	7,884
Other assets	3,257,139	3,348,723	3,403,832	27,626
Premises and equipment	—	807,079	806,369	—
Tangible fixed assets	706,702	—	—	5,994
Intangible fixed assets	228,885	—	—	1,941
Lease assets	991,699	1,005,761	999,915	8,411
Deferred tax assets	1,023,325	1,414,656	1,051,609	8,680
Goodwill	—	9,408	6,612	—
Customers' liabilities for acceptances and guarantees	3,748,150	3,707,061	3,508,695	31,791
Reserve for possible loan losses	(978,999)	(1,037,217)	(1,035,468)	(8,304)
Total assets	¥102,551,964	¥102,233,832	¥107,010,575	\$869,822

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2006	2005	2006	2006
Liabilities, minority interests and stockholders' equity				
Liabilities				
Deposits	¥ 74,657,906	¥ 71,772,317	¥ 73,542,769	\$633,231
Call money and bills sold	2,562,041	6,137,278	8,016,410	21,731
Payables under repurchase agreements	805,915	508,598	396,205	6,836
Payables under securities lending transactions	3,141,635	3,651,048	2,747,125	26,647
Commercial paper	—	7,500	10,000	—
Trading liabilities	1,932,323	1,786,166	2,908,158	16,389
Borrowed money	3,061,744	2,087,187	2,133,707	25,969
Foreign exchanges	329,273	433,654	447,722	2,793
Short-term bonds	405,100	460,500	383,900	3,436
Bonds	4,155,770	4,329,026	4,241,417	35,248
Due to trust account	50,733	42,260	318,597	430
Other liabilities	2,920,902	2,817,197	2,625,594	24,774
Reserve for employee bonuses	22,868	22,018	25,300	194
Reserve for employee retirement benefits	33,864	35,893	36,786	287
Reserve for expenses related to EXPO 2005 Japan	—	284	—	—
Other reserves	1,136	1,092	1,141	10
Deferred tax liabilities	49,876	47,422	49,484	423
Deferred tax liabilities for land revaluation	49,929	50,466	50,133	423
Acceptances and guarantees	3,748,150	3,707,061	3,508,695	31,791
Total liabilities	97,929,171	97,896,973	101,443,151	830,612
Minority interests	—	1,074,517	1,113,025	—
Stockholders' equity				
Capital stock	—	1,352,651	1,420,877	—
Capital surplus	—	974,349	1,229,225	—
Retained earnings	—	697,905	992,064	—
Land revaluation excess	—	37,839	38,173	—
Net unrealized gains on other securities	—	533,070	819,927	—
Foreign currency translation adjustments	—	(62,640)	(41,475)	—
Treasury stock	—	(270,834)	(4,393)	—
Total stockholders' equity	—	3,262,340	4,454,399	—
Total liabilities, minority interests and stockholders' equity	—	¥102,233,832	¥107,010,575	—
Net assets				
Capital stock	1,420,877	—	—	12,052
Capital surplus	276,570	—	—	2,346
Retained earnings	1,188,399	—	—	10,080
Treasury stock	(50,178)	—	—	(426)
Total stockholders' equity	2,835,668	—	—	24,052
Net unrealized gains on other securities	823,213	—	—	6,982
Net deferred losses on hedges	(88,079)	—	—	(747)
Land revaluation excess	37,948	—	—	322
Foreign currency translation adjustments	(47,909)	—	—	(406)
Total valuation and translation adjustments	725,173	—	—	6,151
Stock acquisition rights	4	—	—	0
Minority interests	1,061,946	—	—	9,007
Total net assets	4,622,792	—	—	39,210
Total liabilities and net assets	¥102,551,964	—	—	\$869,822

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2006 and 2005, and year ended March 31, 2006

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2005	Year ended March 31 2006	Six months ended September 30 2006
	2006			
Income				
Interest income:	¥ 909,808	¥ 769,316	¥1,662,600	\$ 7,717
Interest on loans and discounts.....	664,011	593,689	1,228,472	5,632
Interest and dividends on securities.....	157,718	120,932	317,352	1,338
Trust fees.....	1,416	4,285	8,631	12
Fees and commissions.....	337,322	327,875	703,928	2,861
Trading profits.....	54,496	12,448	32,807	462
Other operating income.....	501,121	576,540	1,144,147	4,250
Other income.....	69,870	128,809	250,973	593
Total income	1,874,035	1,819,276	3,803,089	15,895
Expenses				
Interest expenses:	350,193	215,601	500,993	2,970
Interest on deposits.....	220,348	117,904	279,526	1,869
Fees and commissions.....	53,927	49,167	84,336	457
Trading losses.....	2,883	189	—	25
Other operating expenses.....	511,352	403,592	876,635	4,337
General and administrative expenses.....	432,705	421,626	853,796	3,670
Provision for reserve for possible loan losses.....	—	104,118	163,549	—
Other expenses.....	121,672	113,687	280,414	1,032
Total expenses	1,472,733	1,307,983	2,759,726	12,491
Income before income taxes and minority interests	401,302	511,293	1,043,362	3,404
Income taxes:				
Current.....	42,273	32,367	69,818	359
Deferred.....	86,218	60,672	226,901	731
Minority interests in net income.....	29,149	25,925	59,800	247
Net income	¥ 243,660	¥ 392,327	¥ 686,841	\$ 2,067

	Yen			U.S. dollars
	Six months ended September 30	2005	Year ended March 31 2006	Six months ended September 30 2006
	2006			
Per share data:				
Net income.....	¥32,782.19	¥57,635.50	¥94,733.62	\$278.05
Net income — diluted.....	27,514.41	44,223.65	75,642.93	233.37

See accompanying notes to interim consolidated financial statements.

Consolidated Statement of Stockholders' Equity (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2005

	Millions of yen							
	Capital stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains on other securities	Foreign currency translation adjustments	Treasury stock	Total
Balance at March 31, 2005	¥1,352,651	¥974,346	¥329,963	¥57,853	¥410,653	¥(79,883)	¥(269,857)	¥2,775,728
Change due to increase of consolidated subsidiaries.....			(0)					(0)
Change due to decrease of consolidated subsidiaries.....			1					1
Gains on disposal of treasury stock.....		2						2
Transfer of land revaluation excess.....			20,001	(20,001)				—
Change in tax rate and others.....				(12)				(12)
Cash dividends paid.....			(44,389)					(44,389)
Net income.....			392,327					392,327
Change in net unrealized gains on other securities.....					122,416			122,416
Change in foreign currency translation adjustments.....						17,243		17,243
Change in treasury stock.....							(977)	(977)
Balance at September 30, 2005	¥1,352,651	¥974,349	¥697,905	¥37,839	¥533,070	¥(62,640)	¥(270,834)	¥3,262,340

Consolidated Statement of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries
Six months ended September 30, 2006

Millions of yen

	Stockholders' equity					Valuation and translation adjustments							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock acquisition rights	Minority interests	
Balance at March 31, 2006	¥1,420,877	¥1,229,225	¥ 992,064	¥ (4,393)	¥3,637,773	¥819,927	¥ —	¥38,173	¥(41,475)	¥816,625	¥—	¥1,113,025	¥5,567,424
Changes in the six months:													
Increase due to exchange of shares....		221,365			221,365								221,365
Cash dividends			(47,951)		(47,951)								(47,951)
Net income			243,660		243,660								243,660
Acquisition of own shares				(1,219,877)	(1,219,877)								(1,219,877)
Disposal of treasury shares		15		56	71								71
Retirement of treasury shares.....		(1,174,036)		1,174,036	—								—
Increase due to increase of subsidiaries.....			391		391								391
Increase due to decrease of subsidiaries.....			11		11								11
Decrease due to increase of subsidiaries.....			(6)		(6)								(6)
Decrease due to decrease of subsidiaries.....			(2)		(2)								(2)
Transfer from land revaluation excess			231		231								231
Net changes in the items other than stockholders' equity in the six months.....						3,285	(88,079)	(224)	(6,434)	(91,452)	4	(51,078)	(142,526)
Net changes in the six months.....	—	(952,655)	196,335	(45,785)	(802,105)	3,285	(88,079)	(224)	(6,434)	(91,452)	4	(51,078)	(944,631)
Balance at September 30, 2006	¥1,420,877	¥ 276,570	¥1,188,399	¥ (50,178)	¥2,835,668	¥823,213	¥(88,079)	¥37,948	¥(47,909)	¥725,173	¥ 4	¥1,061,946	¥4,622,792

Millions of U.S. dollars

	Stockholders' equity					Valuation and translation adjustments							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock acquisition rights	Minority interests	
Balance at March 31, 2006	\$12,052	\$10,426	\$ 8,414	\$ (37)	\$30,855	\$6,954	\$ —	\$324	\$(352)	\$6,926	\$—	\$9,441	\$47,222
Changes in the six months:													
Increase due to exchange of shares....		1,878			1,878								1,878
Cash dividends			(407)		(407)								(407)
Net income			2,067		2,067								2,067
Acquisition of own shares				(10,347)	(10,347)								(10,347)
Disposal of treasury shares		0		0	0								0
Retirement of treasury shares.....		(9,958)		9,958	—								—
Increase due to increase of subsidiaries.....			4		4								4
Increase due to decrease of subsidiaries.....			0		0								0
Decrease due to increase of subsidiaries.....			(0)		(0)								(0)
Decrease due to decrease of subsidiaries.....			(0)		(0)								(0)
Transfer from land revaluation excess			2		2								2
Net changes in the items other than stockholders' equity in the six months.....						28	(747)	(2)	(54)	(775)	0	(434)	(1,209)
Net changes in the six months.....	—	(8,080)	1,666	(389)	(6,803)	28	(747)	(2)	(54)	(775)	0	(434)	(8,012)
Balance at September 30, 2006	\$12,052	\$ 2,346	\$10,080	\$ (426)	\$24,052	\$6,982	\$(747)	\$322	\$(406)	\$6,151	\$ 0	\$9,007	\$39,210

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Cash Flows (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2006 and 2005, and year ended March 31, 2006

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2005	Year ended March 31 2006	Six months ended September 30 2006
1. Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 401,302	¥ 511,293	¥ 1,043,362	\$ 3,404
Depreciation of premises, equipment and others	—	40,218	82,671	—
Depreciation of fixed assets	38,389	—	—	326
Depreciation of lease assets	167,651	166,592	336,871	1,422
Losses on impairment of fixed assets	2,006	10,580	12,303	17
Amortization of goodwill	2,070	3,469	6,270	18
Equity in losses (earnings) of affiliates	32,344	(14,081)	(31,887)	274
Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary	(5,121)	(60,192)	(63,257)	(43)
Net change in reserve for possible loan losses	(56,241)	(238,154)	(241,530)	(477)
Net change in reserve for employee bonuses	(2,512)	(1,857)	1,403	(21)
Net change in reserve for employee retirement benefits	(3,200)	1,101	1,993	(27)
Net change in reserve for expenses related to EXPO 2005 Japan	—	53	(231)	—
Interest income	(909,808)	(769,316)	(1,662,600)	(7,717)
Interest expenses	350,193	215,601	500,993	2,970
Net losses (gains) on securities	56,013	(64,257)	(27,853)	475
Net gains from money held in trust	(0)	(13)	(13)	(0)
Net exchange gains	(41,522)	(62,513)	(175,815)	(352)
Net gains from disposal of premises and equipment	—	(275)	(551)	—
Net losses from disposal of fixed assets	1,327	—	—	11
Net gains from disposal of lease assets	(473)	(666)	(3,235)	(4)
Net change in trading assets	628,566	163,674	(225,005)	5,331
Net change in trading liabilities	(965,531)	(347,755)	746,642	(8,189)
Net change in loans and bills discounted	(1,909,796)	(1,213,748)	(2,311,499)	(16,198)
Net change in deposits	1,332,022	688,527	2,210,634	11,298
Net change in negotiable certificates of deposit	(222,330)	(186,912)	(8,026)	(1,886)
Net change in borrowed money (excluding subordinated debt) ...	934,051	(13,469)	90,612	7,922
Net change in deposits with banks	410,829	55,542	175,960	3,485
Net change in call loans and bills bought and others	(981,573)	200,494	342,387	(8,326)
Net change in receivables under securities borrowing transactions	778,605	(1,597,409)	(1,388,310)	6,604
Net change in call money and bills sold and others	(5,047,597)	1,262,966	3,027,037	(42,813)
Net change in commercial paper	(10,000)	(366,600)	(364,100)	(85)
Net change in payables under securities lending transactions ...	394,509	(216,953)	(1,120,876)	3,346
Net change in foreign exchanges (assets)	18,596	6,635	(46,473)	158
Net change in foreign exchanges (liabilities)	(118,530)	(45,233)	(31,381)	(1,005)
Net change in short-term bonds (liabilities)	21,200	459,500	382,900	180
Issuance and redemption of bonds (excluding subordinated bonds)	(95,170)	(269,880)	(365,646)	(807)
Net change in due to trust account	(267,864)	(8,196)	268,140	(2,272)
Interest received	905,873	803,273	1,691,320	7,683
Interest paid	(324,296)	(208,281)	(509,760)	(2,751)
Other, net	240,032	129,264	(104,996)	2,036
Subtotal	(4,245,985)	(966,978)	2,238,450	(36,013)
Income taxes paid	(84,921)	14,248	(30,096)	(721)
Net cash (used in) provided by operating activities	(4,330,906)	(952,729)	2,208,354	(36,734)

(Continued)

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	Year ended March 31	Six months ended September 30	2006
	2006	2005	2006	
2. Cash flows from investing activities:				
Purchases of securities.....	¥(18,563,216)	¥(29,777,298)	¥(43,620,790)	\$(157,449)
Proceeds from sale of securities.....	11,389,367	24,077,266	33,089,259	96,602
Proceeds from maturity of securities	10,257,301	6,696,817	10,164,213	87,000
Purchases of money held in trust	—	(750)	(2,851)	—
Proceeds from sale of money held in trust	—	3,789	3,789	—
Purchases of premises and equipment	—	(13,389)	(43,066)	—
Purchases of tangible fixed assets	(24,041)	—	—	(204)
Proceeds from sale of premises and equipment	—	11,107	17,733	—
Proceeds from sale of tangible fixed assets	3,545	—	—	30
Purchases of intangible fixed assets	(23,957)	—	—	(203)
Proceeds from sale of intangible fixed assets	4	—	—	0
Purchases of lease assets.....	(180,717)	(192,899)	(380,894)	(1,533)
Proceeds from sale of lease assets.....	21,565	28,661	55,186	183
Proceeds from sale of stocks of subsidiaries.....	3,468	54,937	54,937	30
Net cash provided by (used in) investing activities	2,883,317	888,242	(662,482)	24,456
3. Cash flows from financing activities:				
Proceeds from issuance of subordinated debt	10,000	33,000	103,000	85
Repayment of subordinated debt.....	(15,000)	(82,343)	(215,884)	(127)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	120,000	408,038	431,458	1,018
Repayment of subordinated bonds and bonds with stock acquisition rights	(126,829)	(162,800)	(198,800)	(1,076)
Proceeds from issuance of stocks	—	—	136,451	—
Dividends paid	(47,904)	(44,355)	(44,373)	(406)
Proceeds from minority stockholders.....	30,740	48,025	59,640	261
Dividends paid to minority stockholders	(30,883)	(27,034)	(42,366)	(262)
Purchases of treasury stock	(1,174,922)	(1,001)	(2,209)	(9,966)
Proceeds from sale of treasury stock	—	26	—	—
Proceeds from disposal of treasury stock.....	71	—	452,549	0
Net cash (used in) provided by financing activities	(1,234,728)	171,555	679,464	(10,473)
4. Effect of exchange rate changes on cash and due from banks ...	1,279	1,794	3,840	11
5. Net change in cash and due from banks	(2,681,038)	108,861	2,229,177	(22,740)
6. Cash and due from banks at beginning of period	5,159,822	2,930,645	2,930,645	43,765
7. Change in cash and due from banks due to newly consolidated subsidiaries.....	0	—	—	0
8. Change in cash and due from banks due to exclusion of consolidated subsidiaries.....	—	—	(0)	—
9. Cash and due from banks at end of period.....	¥ 2,478,784	¥ 3,039,507	¥ 5,159,822	\$ 21,025

See accompanying notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries
Six months ended September 30, 2006

I. Significant Accounting Policies

1. Scope of consolidation

- (1) Consolidated subsidiaries: 176 companies

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 six months ended September 30, 2006 are as follows:

Twenty-two companies including JRI Solutions Ltd. were newly consolidated due to establishment and other reasons.

Two companies including SUMIGIN GUARANTEE COMPANY, LIMITED were excluded from the scope of consolidation because they were no longer subsidiaries owing to merger and other reason. Six companies, including SMLC MAHOGANY CO., LTD., became unconsolidated subsidiaries that are not accounted for by the equity method because they became silent partnerships for lease transactions.

- (2) Unconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

One hundred and nineteen 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 were excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of the Interim Consolidated Financial Statements Regulations.

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

2. Application of the equity method

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

Principal company:

SBCS Co., Ltd.

- (2) Affiliates accounted for by the equity method: 58 companies

Principal companies:

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

Changes in affiliates in the six months ended September 30, 2006 are as follows:

Three companies, including NIF SMBC-V2006 S1 Investment Enterprise Partnership newly became affiliated companies accounted for by the equity method owing to establishment and other reasons.

Five companies, including SMFC Holdings (Cayman) Limited, were excluded from the scope of affiliated companies accounted for by the equity method because they were no longer affiliated companies owing to liquidation and other reasons.

- (3) Unconsolidated subsidiaries that are not accounted for by the equity method
One hundred and nineteen 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 7 Paragraph 1 Item 2 of the Interim Consolidated Financial Statements Regulations.

- (4) Affiliates that are not accounted for by the equity method
Principal company:

Daiwa SB Investments (USA) Ltd.

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

3. The interim balance sheet dates of consolidated subsidiaries

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

December 31:	2 Companies
March 31:	5 Companies
April 30:	2 Companies
May 31:	2 Companies
June 30:	73 Companies
July 31:	1 Company
August 31:	5 Companies
September 30:	86 Companies

A consolidated overseas subsidiary changed its interim balance sheet date from June 30 to September 30 from this fiscal year. Therefore, SMFG's consolidated financial statements include the subsidiary's profit or loss for the period from January 1, 2006 to September 30, 2006. However, this change had no material impact on the interim consolidated financial statements.

- (2) As for the companies whose interim balance sheet dates are March 31 and May 31, the accounts are provisionally closed for the purpose of consolidation as of September 30. As for the companies whose interim balance sheet dates are December 31, the accounts are provisionally closed for the purpose of consolidation as of June 30. As for the companies whose interim balance sheet dates are April 30, the accounts are provisionally closed for the purpose of consolidation as of July 31 and September 30. The other companies are consolidated on the basis of their respective interim balance sheet dates.

A consolidated subsidiary (established in August 2006) whose interim balance sheet date is June 30 is consolidated after the accounts were provisionally closed as of September 30 for the purpose of consolidation.

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

4. Accounting methods

(1) Standards for recognition and measurement of 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 interim 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 interim period-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 interim consolidated balance sheet date.

"Trading profits" and "Trading losses" include interest received or paid during the interim period. The valuation differences of securities and money claims between the previous fiscal year-end and this interim period-end are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the valuation differences between the previous fiscal year-end and this interim period-end are also recorded in the above-mentioned accounts.

(2) Standards for recognition and measurement of securities

- (a) 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 interim period, and bonds and others that have market prices are carried at their interim period-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 "Net assets," after deducting the amount that is reflected in the interim period's earnings by applying fair value hedge accounting.

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

(3) Standards for recognition and measurement of 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.

(4) Depreciation

- (a) Depreciation of tangible fixed assets and lease assets
Tangible fixed assets owned by SMFG and SMBC are depreciated using the straight-line method. Equipment is depreciated using the declining-balance method. The depreciation cost for the interim period is calculated by proportionally allocating the estimated annual cost to the interim period. The estimated useful lives of major items are as follows:

Buildings: 7 to 50 years

Equipment: 2 to 20 years

Other consolidated subsidiaries depreciate tangible fixed assets 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.

- (b) Depreciation of intangible fixed assets
Intangible fixed assets are depreciated using the straight-line method. 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).

(5) 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 certain specific 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 ¥750,546 million (\$6,366 million) at September 30, 2006.

(6) 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 this interim period.

(7) 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 interim period-end, based on the projected retirement benefit obligation and the fair value of plan assets at this fiscal year-end.

Unrecognized prior service cost for the six months ended September 30, 2006 is amortized using the straight-line method, primarily over 9 years within the employees’ average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) for the six months ended September 30, 2006 is amortized using the straight-line method, primarily over 9 years within the employees’ average remaining service period, commencing from the next fiscal year of incurrence.

(8) Other reserves required by special laws

Other reserves required by special laws are reserve for contingent liabilities from financial futures transactions in accordance with Article 81 of the Financial Futures Transaction Law of ¥18 million (\$0 million) and reserve for contingent liabilities from securities transactions in accordance with Article 51 of the Securities and Exchange Law of ¥1,118 million (\$9 million).

(9) 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 interim 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 interim balance sheet dates.

(10) Accounting method for 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 by 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 period of the installment sales.

(11) 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” (before deducting tax effect) at September 30, 2006 were ¥60,758 million (\$515 million) and ¥44,682 million (\$379 million), respectively.

(b) Hedging against currency fluctuations

SMBC applies deferred hedge accounting stipulated in “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No. 25) to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

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

In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.

(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).

(12) Consumption tax

National and local consumption taxes of SMFG and its consolidated domestic subsidiaries are accounted for by using the tax-excluded method.

(13) Tax effect accounting

On the premise that transfer to and from the reserve for losses on overseas investments will be conducted through appropriation of retained earnings (deficit) at the end of this fiscal year of SMFG and its consolidated domestic subsidiaries, current and deferred income taxes are recorded in the amount corresponding to the interim consolidated period.

(14) Amortization of goodwill

Goodwill on SMBC Friend Securities Co., Ltd. and SMBC Leasing Company, Limited is amortized using the straight-line method over twenty years and five years, respectively. Other goodwill is amortized when incurred.

5. Application of new accounting standards

(1) Accounting Standard for Presentation of Net Assets in the Balance Sheet

“Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5, issued on December 9, 2005) and “Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No. 8, issued on December 9, 2005) were applicable from this fiscal year and SMFG changed its consolidated balance sheet presentation as follows:

- (a) Former “Stockholders’ equity” was renamed as “Net assets,” which consisted of stockholders’ equity, valuation and translation adjustments, stock acquisition rights and minority interests. The amount corresponding to former stockholders’ equity at September 30, 2006 was ¥3,648,921 million (\$30,949 million).
- (b) “Minority interests” which had been presented below liabilities section were presented in net assets.
- (c) Deferred unrealized losses or gains on hedging instruments which had been previously included in “Other assets” or “Other liabilities” on a net basis were presented as “Net deferred gains (losses) on hedges” in valuation and translation adjustments after deducting tax effect on a net basis.

(2) Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations

“Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations” (Practical Issues Task Force No. 20, issued by the ASBJ on September 8, 2006) was applicable from on and after the fiscal period ending September 8, 2006 and SMFG applied the new accounting pronouncement. This accounting change had no material impact on the interim consolidated financial statements.

(3) Accounting Standard for Share-based Payment

SMFG applied “Accounting Standard for Share-based Payment” (ASBJ Statement No. 8, issued on December 27, 2005) and “Guidance on Accounting Standard for Share-based Payment” (ASBJ Guidance No. 11, issued on May 31, 2006) from the fiscal year beginning on April 1, 2006. This accounting change had no material impact on the interim consolidated financial statements.

(4) Accounting Standards for Business Combinations and Business Divestiture

“Accounting Standards for Business Combinations” (“Opinion Concerning Establishment of Accounting Standards for Business Combinations,” issued by the Business Accounting Council (“BAC”) on October 31, 2003), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on December 27, 2005) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on December 27, 2005) were applicable from the fiscal year beginning on April 1, 2006. Effective April 1, 2006, SMFG applied the new accounting standards.

(5) Revision of Accounting Standards for Financial Instruments

On August 11, 2006, “Accounting Standard for Financial Instruments” (issued by the BAC on January 22, 1999) was revised by ASBJ Statement No. 10, “Accounting Standards for Financial Instruments,” and the revised accounting standards were applicable from on and after the fiscal period ending August 11, 2006. SMFG applied the revised accounting standards and bonds were carried at the amounts calculated based on amortized cost (straight-line method) on the interim consolidated balance sheet. As a result, deferred bond discounts in “Other assets” and “Bonds” each decreased by ¥2,400 million (\$20 million) compared with the former method.

Deferred bond discounts, which were recognized on the consolidated balance sheet as of March 31, 2006, were accounted for by the former method pursuant to “Tentative Solution on Accounting for Deferred Assets” (Practical Issues Task Force No. 19, issued by the ASBJ on August 11, 2006) and amortized over the redemption periods and the unamortized balances have been deducted from bonds balances.

6. Statements of cash flows

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

7. Others

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 September 30, 2006, which was ¥117.90 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.

II. Changes in Presentation

The Enforcement Ordinance of the Banking Law was revised on April 28, 2006 and applicable from the fiscal year beginning on and after April 1, 2006. Effective April 1, 2006, SMFG changed its consolidated balance sheet presentation as follows:

(1) Balance sheet

- (a) “Premises and equipment” were separately presented as “Tangible fixed assets,” “Intangible fixed assets” and “Other assets.”
- (b) Software which had been included in “Other assets” was included in “Intangible fixed assets.”
- (c) “Goodwill” which had been separately presented in assets section was included in “Intangible fixed assets.”

(2) Statement of income

Amortization of goodwill which had been accounted for as “Other expenses” in “Expenses” was accounted for as amortization of intangible fixed assets and included in “General and administrative expenses.”

(3) Statement of cash flows

- (a) In accordance with the change in presentation of “Premises and equipment” in the interim consolidated balance sheet, “Depreciation of premises and equipment and others” was presented as “Depreciation of fixed assets.” “Net (gains) losses from disposal of premises and equipment” was also renamed as “Net (gains) losses from disposal of fixed assets.” In addition, “Purchases of premises and equipment” and “Proceeds from sale of premises and equipment” were presented as “Purchases of tangible fixed assets” and “Proceeds from sale of tangible fixed assets,” respectively.
- (b) In accordance with the change in presentation of interim consolidated balance sheet, software which had been included in “Other assets” was included in “Intangible fixed assets.” Therefore, payments or proceeds from purchase or sale of software which had been included in “Other” in “Net cash (used in) provided by operating activities” were included in “Purchases of intangible fixed assets” and “Proceeds from sale of intangible fixed assets.”
- (c) “Proceeds from sale of treasury stock” of ¥42 million (\$0 million) was included in “Proceeds from disposal of treasury stock” from this interim period.

III. Notes to Consolidated Balance Sheet

1. Securities include ¥489,178 million (\$4,149 million) of stocks of unconsolidated subsidiaries and affiliates and ¥948 million (\$8 million) of investments.
2. Japanese government bonds and stocks as sub-accounts of Securities include ¥34,361 million (\$291 million) of unsecured loaned securities for which borrowers have the right to sell or pledge.
As for the unsecured borrowed securities for which SMBC has the right to sell or pledge and the securities which SMBC purchased under resale agreements and borrowed with cash collateral, that are permitted to be sold or pledged without restrictions, ¥857,892 million (\$7,276 million) of securities are pledged, and ¥185,462 million (\$1,573 million) of securities are held in hand as of the interim consolidated balance sheet date.
3. Bankrupt loans and Non-accrual loans were ¥64,857 million (\$550 million) and ¥638,385 million (\$5,414 million), respectively.

“Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No. 97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons. “Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.

4. Past due loans (3 months or more) totaled ¥36,865 million (\$313 million).

“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.”

5. Restructured loans totaled ¥407,927 million (\$3,460 million).

“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).”

6. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was ¥1,148,036 million (\$9,737 million).

The amounts of loans presented in 3. to 6. above are the amounts before deduction of reserve for possible loan losses.

7. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. SMFG’s banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was ¥885,675 million (\$7,512 million), and bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought that were rediscounted by the banking subsidiaries accounted for ¥884 million (\$7 million) of the total amount.

8. Assets pledged as collateral were as follows:

September 30, 2006	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral:		
Cash and due from banks and		
Deposits with banks.....	¥ 103,547	\$ 878
Trading assets.....	53,278	452
Securities.....	5,842,395	49,554
Loans and bills discounted.....	557,311	4,727
Other assets (installment account receivable, etc.).....	1,936	16
Liabilities corresponding to assets pledged as collateral:		
Deposits.....	¥ 16,352	\$ 139
Call money and bills sold.....	1,340,000	11,366
Payables under repurchase agreements.....	791,883	6,717
Payables under securities lending transactions.....	3,003,162	25,472
Trading liabilities.....	139,666	1,185
Borrowed money.....	930,197	7,890
Other liabilities.....	26,247	223
Acceptances and guarantees.....	167,064	1,417

In addition, Cash and due from banks and Deposits with banks of ¥9,108 million (\$77 million), Commercial paper and other debt purchased of ¥38,898 million (\$330 million), Trading assets of ¥848,721 million (\$7,199 million), Securities of ¥4,092,185 million (\$34,709 million) and Loans and bills discounted of ¥1,621,611 million (\$13,754 million) were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

At September 30, 2006, other assets included surety deposits of ¥87,964 million (\$746 million) and variation margins of futures markets of ¥4,737 million (\$40 million).

9. 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 September 30, 2006 was ¥39,240,098 million (\$332,825 million), and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time at September 30, 2006 was ¥33,373,534 million (\$283,066 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 contracts are made.

10. 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 "Net assets."

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 "Net assets."

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 (provided 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 provided 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 provided in Article 2-3 and 2-5 of the Enforcement Ordinance No. 119.

11. Accumulated depreciation on tangible fixed assets and accumulated depreciation on lease assets amounted to ¥561,404 million (\$4,762 million) and ¥1,583,375 million (\$13,430 million), respectively.

12. Deferred gain on tangible fixed assets deductible for tax purposes amounted to ¥64,987 million (\$551 million).

13. The balance of subordinated debt included in "Borrowed money" was ¥617,500 million (\$5,237 million).

14. The balance of subordinated bonds included in "Bonds" was ¥2,138,556 million (\$18,139 million).

IV. Notes to Consolidated Statement of Income

- "Other income" includes gains of return of securities from employee retirement benefits trust of ¥36,330 million (\$308 million), gains on sales of stocks and other securities of ¥17,987 million (\$153 million), gains of reversal of reserve for possible loan losses of ¥6,470 million (\$55 million) and gains on change in equity of a subsidiary of ¥4,226 million (\$36 million).
- "Other expenses" includes write-off of loans of ¥57,626 million (\$489 million), losses on delinquent loans sold of ¥5,545 million (\$47 million), equity in losses of affiliates of ¥32,344 million (\$274 million), write-off of stocks of ¥7,051 million (\$60 million), losses on impairment of fixed assets of ¥2,006 million (\$17 million) and losses on disposal of fixed assets of ¥2,037 million (\$17 million).
- The difference between the recoverable amount and the book value of the following assets is recognized as "Losses on impairment of fixed assets" and included in "Other expenses" in this interim period.

Six months ended September 30, 2006

Area	Purpose of use	Type	Millions of yen	Millions of U.S. dollars
Tokyo metropolitan area ...	Idle assets (27 items)	Land and premises etc.	¥873	\$7
Kinki area.....	Branches (13 branches)	Land and premises etc.	349	3
	Idle assets (18 items)		410	4
Other.....	Idle assets (12 items)	Land and premises etc.	373	3

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

On assets which investments are not expected to be recovered, 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 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.

V. Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of shares issued and treasury shares

Six months ended September 30, 2006	Number of shares			September 30, 2006
	March 31, 2006	Increase	Decrease	
Shares issued				
Common stock.....	7,424,172.77	309,481 ⁽¹⁾	—	7,733,653.77
Preferred stock (type 1).....	35,000	—	35,000 ⁽²⁾	—
Preferred stock (type 2).....	100,000	—	100,000 ⁽³⁾	—
Preferred stock (type 3).....	695,000	—	500,000 ⁽⁴⁾	195,000
Preferred stock (1st series type 4).....	4,175	—	—	4,175
Preferred stock (2nd series type 4).....	4,175	—	—	4,175
Preferred stock (3rd series type 4).....	4,175	—	—	4,175
Preferred stock (4th series type 4).....	4,175	—	—	4,175
Preferred stock (5th series type 4).....	4,175	—	—	4,175
Preferred stock (6th series type 4).....	4,175	—	—	4,175
Preferred stock (7th series type 4).....	4,175	—	—	4,175
Preferred stock (8th series type 4).....	4,175	—	—	4,175
Preferred stock (9th series type 4).....	4,175	—	—	4,175
Preferred stock (10th series type 4).....	4,175	—	—	4,175
Preferred stock (11th series type 4).....	4,175	—	—	4,175
Preferred stock (12th series type 4).....	4,175	—	—	4,175
Preferred stock (1st series type 6).....	70,001	—	—	70,001
Total.....	8,374,273.77	309,481	635,000	8,048,754.77
Treasury shares				
Common stock.....	6,307.15	109,907.81 ⁽⁵⁾	77.62 ⁽⁵⁾	116,137.34
Preferred stock (type 1).....	—	35,000 ⁽²⁾	35,000 ⁽²⁾	—
Preferred stock (type 2).....	—	100,000 ⁽³⁾	100,000 ⁽³⁾	—
Preferred stock (type 3).....	—	500,000 ⁽⁴⁾	500,000 ⁽⁴⁾	—
Total.....	6,307.15	744,907.81	635,077.62	116,137.34

Notes: 1. Increase in number of common shares issued:

- 60,466 shares due to exercising of rights to request acquisition of common shares with respect to preferred stock (type 3)
- 249,015 shares due to issuance of new shares related to the share exchange with SMBC Friend Securities Co., Ltd.

2. Increase in number of treasury shares of preferred stock (type 1):

- 35,000 shares due to acquisition of own shares on May 17, 2006 pursuant to the resolution of the ordinary general meeting of shareholders

Decreases in numbers of shares issued and treasury shares of preferred stock (type 1):

- 35,000 shares due to retirement of treasury shares on May 17, 2006

3. Increase in number of treasury shares of preferred stock (type 2):

- 100,000 shares due to acquisition of own shares on May 17 and September 6, 2006 pursuant to the resolution of the ordinary general meeting of shareholders

Decreases in numbers of shares issued and treasury shares of preferred stock (type 2):

- 100,000 shares due to retirement of treasury shares on May 17 and September 6, 2006

4. Increase in number of treasury shares of preferred stock (type 3):

- 450,000 shares due to acquisition of own shares on September 29, 2006 pursuant to the resolution of the ordinary general meeting of shareholders

- 50,000 shares due to acquisition of own shares as a result of exercising of rights to request acquisition of common shares

Decreases in numbers of shares issued and treasury shares of preferred stock (type 3):

- 500,000 shares due to retirement of treasury shares on September 29, 2006

5. Increase in number of treasury common shares:

- 702.81 shares due to purchase of fractional shares

- 109,205 shares owned by consolidated subsidiaries and affiliates in connection with the share exchange with SMBC Friend Securities Co., Ltd.

Decrease in number of treasury common shares:

- 77.62 shares due to sale of fractional shares and delivery of shares in connection with exercising of stock options

2. Information on stock acquisition rights

	Detail of stock acquisition rights	Type of shares	Number of shares			Millions of yen	
			March 31, 2006	Increase	Decrease	September 30, 2006	Balance at September 30, 2006
SMFG.....	Stock acquisition rights as stock options	—	—	—	—	—	¥—
Consolidated subsidiaries.....	—	—	—	—	—	—	4
Total							¥ 4

3. Information on dividends

Following dividends were paid in the six months ended September 30, 2006:

Type of shares	Millions of yen	
	Amount of dividends	Yen Cash dividends per share
Shares issued		
Common stock.....	¥22,253	¥ 3,000
Preferred stock (type 1).....	367	10,500
Preferred stock (type 2).....	2,850	28,500
Preferred stock (type 3).....	9,521	13,700
Preferred stock (1st series type 4).....	563	135,000
Preferred stock (2nd series type 4).....	563	135,000
Preferred stock (3rd series type 4).....	563	135,000
Preferred stock (4th series type 4).....	563	135,000
Preferred stock (5th series type 4).....	563	135,000
Preferred stock (6th series type 4).....	563	135,000
Preferred stock (7th series type 4).....	563	135,000
Preferred stock (8th series type 4).....	563	135,000
Preferred stock (9th series type 4).....	563	135,000
Preferred stock (10th series type 4).....	563	135,000
Preferred stock (11th series type 4).....	563	135,000
Preferred stock (12th series type 4).....	563	135,000
Preferred stock (1st series type 6).....	6,195	88,500

Notes: 1. Date of the resolution of the ordinary general meeting of shareholders was June 29, 2006.

2. Record date of all type of stock was March 31, 2006.

3. Effective date of all type of stock was June 29, 2006.

VI. Notes to Consolidated Statement of Cash Flows

Significant non-money transactions consisted of the followings:

Capital surplus increased by ¥221,365 million (\$1,878 million) because SMFG made SMBC Friend Securities Co., Ltd. into a wholly-owned subsidiary through a share exchange in the six months ended September 30, 2006 and delivered common stocks.

VII. 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 September 30, 2006 was as follows:

(1) Lessee side

September 30, 2006	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥10,528	¥278	¥10,806
Accumulated depreciation	3,775	172	3,948
Net book value	¥ 6,752	¥105	¥6,858

September 30, 2006	Millions of U.S. dollars		
	Equipment	Other	Total
Acquisition cost	\$89	\$2	\$91
Accumulated depreciation	32	1	33
Net book value	\$57	\$1	\$58

Future minimum lease payments excluding interests at September 30, 2006 were as follows:

September 30, 2006	Millions of	
	yen	U.S. dollars
Due within one year	¥2,679	\$23
Due after one year	4,292	36
Total	¥6,971	\$59

Total lease expenses for this interim period were ¥1,256 million (\$11 million).

Assumed depreciation for this interim period amounted to ¥1,166 million (\$10 million).

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 this interim period amounted to ¥106 million (\$1 million).

(2) Lessor side

September 30, 2006	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥1,825,326	¥679,721	¥2,505,048
Accumulated depreciation	1,186,645	378,023	1,564,668
Net book value	¥ 638,681	¥301,698	¥ 940,379

September 30, 2006	Millions of U.S. dollars		
	Equipment	Other	Total
Acquisition cost	\$15,482	\$5,765	\$21,247
Accumulated depreciation	10,065	3,206	13,271
Net book value	\$ 5,417	\$2,559	\$ 7,976

Future lease payments receivable excluding interests at September 30, 2006 were as follows:

September 30, 2006	Millions of	
	yen	U.S. dollars
Due within one year	¥305,531	\$2,591
Due after one year	649,941	5,513
Total	¥955,472	\$8,104

At September 30, 2006, future lease payments receivable shown above included subleases of ¥4,577 million (\$39 million) (due within one year: ¥1,785 million (\$15 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 (1).

Total lease income for this interim period was ¥202,388 million (\$1,717 million).

Depreciation for this interim period amounted to ¥162,851 million (\$1,381 million).

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 this interim period amounted to ¥27,193 million (\$231 million).

2. Operating leases

(1) Lessee side

Future minimum lease payments at September 30, 2006 were as follows:

September 30, 2006	Millions of	
	yen	U.S. dollars
Due within one year	¥ 19,046	\$162
Due after one year	83,714	710
Total	¥102,760	\$872

(2) Lessor side

Future lease payments receivable at September 30, 2006 were as follows:

September 30, 2006	Millions of	
	yen	U.S. dollars
Due within one year	¥14,873	\$126
Due after one year	38,086	323
Total	¥52,960	\$449

Future lease payments receivable amounting to ¥51,157 million (\$434 million) on the lessor side referred to in 1. and 2. above were pledged as collateral for borrowings.

VIII. Market Value Information

1. Securities

Note: The market value of securities at September 30, 2006 was as follows:

The amounts shown in the following tables include negotiable certificates of deposit bought classified as “Deposits with banks,” and beneficiary claims on loan trust classified as “Commercial paper and other debt purchased,” in addition to “Securities” stated in the interim consolidated balance sheets.

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

September 30, 2006	Millions of yen			Millions of U.S. dollars		
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)
Japanese government bonds	¥ 749,983	¥ 740,068	¥ (9,915)	\$ 6,361	\$ 6,277	\$ (84)
Japanese local government bonds	96,997	94,594	(2,403)	823	802	(20)
Japanese corporate bonds	379,928	375,829	(4,099)	3,222	3,188	(35)
Other	9,917	10,139	222	84	86	2
Total	¥1,236,826	¥1,220,630	¥(16,195)	\$10,490	\$10,353	\$(137)

Note: Market value is calculated by using market prices at the interim period-end.

(2) Other securities with market value

September 30, 2006	Millions of yen			Millions of U.S. dollars		
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)
Stocks	¥ 1,970,424	¥ 3,569,347	¥1,598,922	\$ 16,713	\$ 30,274	\$13,562
Bonds	9,328,374	9,152,122	(176,252)	79,121	77,626	(1,495)
Japanese government bonds	7,874,690	7,719,254	(155,436)	66,791	65,473	(1,318)
Japanese local government bonds	512,392	501,778	(10,613)	4,346	4,256	(90)
Japanese corporate bonds	941,292	931,089	(10,202)	7,984	7,897	(87)
Other	4,175,904	4,141,168	(34,736)	35,419	35,125	(295)
Total	¥15,474,703	¥16,862,637	¥1,387,933	\$131,253	\$143,025	\$11,772

Notes: 1. Consolidated balance sheet amount is calculated as follows:

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

2. 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 interim consolidated balance sheet amount, and the amount of write-down is accounted for as valuation loss for this interim period. Valuation loss for this interim period was ¥1,247 million (\$11 million). 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.

(3) Securities with no available market value

September 30, 2006	Millions of yen	Millions of U.S. dollars
	Consolidated balance sheet amount	Consolidated balance sheet amount
Bonds classified as held-to-maturity		
Unlisted foreign securities	¥ 26	\$ 0
Other	8,267	70
Other securities		
Unlisted stocks (excluding OTC stocks)	421,099	3,572
Unlisted bonds	2,729,834	23,154
Unlisted foreign securities	475,506	4,033
Other	409,421	3,473

2. Money held in trust

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

There are no corresponding transactions.

(2) Other money held in trust

September 30, 2006	Millions of yen			Millions of U.S. dollars		
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains
Other money held in trust	¥2,602	¥2,820	¥217	\$22	\$24	\$2

Note: Interim consolidated balance sheet amount is calculated using market prices at the interim period-end.

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

September 30, 2006	Millions of yen	Millions of U.S. dollars
Net unrealized gains	¥1,388,146	\$11,774
Other securities	1,387,928	11,772
Other money held in trust	217	2
(-) Deferred tax liabilities	563,620	4,781
Net unrealized gains on other securities (before following adjustment)	824,525	6,993
(-) Minority interests	7,123	60
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	5,811	49
Net unrealized gains on other securities	¥ 823,213	\$ 6,982

Note: Net unrealized gains included foreign currency translation adjustments on nonmarketable securities denominated in foreign currency.

4. Derivative transactions

(1) Interest rate derivatives

September 30, 2006	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Interest rate futures	¥104,551,884	¥ (951)	¥ (951)	\$ 886,784	\$ (8)	\$ (8)
Over-the-counter transactions:						
Forward rate agreements	10,103,047	(516)	(516)	85,692	(4)	(4)
Interest rate swaps	430,354,032	95,199	95,199	3,650,161	807	807
Interest rate swaptions	5,418,113	23,650	23,650	45,955	201	201
Caps	24,281,152	(23,902)	(23,902)	205,947	(203)	(203)
Floors	4,672,579	1,316	1,316	39,632	11	11
Other	4,316,614	22,838	22,838	36,613	194	194
Total	/	¥117,634	¥117,634	/	\$998	\$998

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of income.

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 amounted to ¥183 million (\$2 million).

(2) Currency derivatives

September 30, 2006	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Currency swaps	¥20,049,596	¥ 90,413	¥ 45,307	\$170,056	\$ 767	\$ 384
Currency swaptions	2,100,318	8,382	8,382	17,814	71	71
Forward foreign exchange	48,858,917	(54,204)	(54,204)	414,410	(460)	(460)
Currency options	7,624,342	(61,336)	(61,336)	64,668	(520)	(520)
Total	/	¥(16,745)	¥(61,851)	/	\$(142)	\$(525)

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of income. The amounts above do not include the following:

(a) Derivative transactions to which the 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 gains amounted to ¥74 million (\$1 million).

(3) Equity derivatives

September 30, 2006	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Equity price index futures	¥ 90,675	¥(20)	¥(20)	\$ 769	\$(0)	\$(0)
Over-the-counter transactions:						
Equity options	183,359	0	0	1,555	0	0
Total	/	¥(20)	¥(20)	/	\$(0)	\$(0)

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of income.

Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.

(4) Bond derivatives

September 30, 2006	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Bond futures	¥1,861,839	¥ (542)	¥ (542)	\$15,792	\$(4)	\$(4)
Over-the-counter transactions:						
Forward bond agreements	68,993	1,693	1,693	585	14	14
Bond options	104,000	(12)	(12)	882	(0)	(0)
Total	/	¥1,137	¥1,137	/	\$10	\$10

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of income.

Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.

(5) Commodity derivatives

September 30, 2006	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Commodity futures	¥ 14,496	¥ (268)	¥ (268)	\$ 123	\$(2)	\$(2)
Over-the-counter transactions:						
Commodity swaps	560,099	90,463	90,463	4,751	767	767
Commodity options	43,822	5,768	5,768	372	49	49
Total	/	¥95,963	¥95,963	/	\$814	\$814

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of income.

Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.

2. Commodity derivatives are transactions on fuel and metal.

(6) Credit derivative transactions

September 30, 2006	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Credit default options	¥1,321,566	¥1,118	¥1,118	\$11,209	\$9	\$9
Other	175	(0)	(0)	1	(0)	(0)
Total	/	¥1,117	¥1,117	/	\$9	\$9

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of income.

Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.

IX. Stock Option

SMFG recorded stock option expenses in "General and Administrative expenses" of ¥4 million (\$0 million) in the six months ended September 30, 2006.

X. Segment Information

1. Business segment information

Six months ended September 30, 2006	Millions of yen					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	¥1,227,836	¥390,901	¥207,013	¥1,825,751	¥ —	¥1,825,751
(2) Intersegment	22,937	9,729	101,444	134,111	(134,111)	—
Total	1,250,773	400,631	308,458	1,959,863	(134,111)	1,825,751
Ordinary expenses	933,478	379,804	273,075	1,586,359	(117,744)	1,468,614
Ordinary profit	¥ 317,295	¥ 20,826	¥ 35,382	¥ 373,504	¥ (16,367)	¥ 357,136

Six months ended September 30, 2006	Millions of U.S. dollars					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	\$10,414	\$3,316	\$1,756	\$15,486	\$ —	\$15,486
(2) Intersegment	195	82	860	1,137	(1,137)	—
Total	10,609	3,398	2,616	16,623	(1,137)	15,486
Ordinary expenses	7,918	3,221	2,316	13,455	(998)	12,457
Ordinary profit	\$ 2,691	\$ 177	\$ 300	\$ 3,168	\$ (139)	\$ 3,029

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. Ordinary income represents total income excluding gains on disposal of fixed assets, collection of written-off claims, gains on return of securities from employee retirement benefits trust and other extraordinary gains.

Ordinary expenses represent total expenses excluding losses on disposal of fixed assets, losses on impairment of fixed assets and other extraordinary expenses.

2. Geographic segment information

Six months ended September 30, 2006	Millions of yen						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	¥1,532,565	¥119,112	¥81,932	¥ 92,141	¥1,825,751	¥ —	¥1,825,751
(2) Intersegment	45,146	21,838	2,909	27,607	97,501	(97,501)	—
Total	1,577,711	140,951	84,841	119,748	1,923,253	(97,501)	1,825,751
Ordinary expenses	1,290,105	101,982	68,373	95,788	1,556,249	(87,634)	1,468,614
Ordinary profit	¥ 287,606	¥ 38,968	¥16,468	¥ 23,960	¥ 367,003	¥ (9,867)	¥ 357,136

Six months ended September 30, 2006	Millions of U.S. dollars						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	\$12,999	\$1,011	\$695	\$ 781	\$15,486	\$ —	\$15,486
(2) Intersegment	383	185	25	234	827	(827)	—
Total	13,382	1,196	720	1,015	16,313	(827)	15,486
Ordinary expenses	10,943	865	580	812	13,200	(743)	12,457
Ordinary profit	\$ 2,439	\$ 331	\$140	\$ 203	\$ 3,113	\$ (84)	\$ 3,029

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. Ordinary income represents total income excluding gains on disposal of fixed assets, collection of written-off claims, gains on return of securities from employee retirement benefits trust and other extraordinary gains.

Ordinary expenses represent total expenses excluding losses on disposal of fixed assets, losses on impairment of fixed assets and other extraordinary expenses.

3. Ordinary income from overseas operations

Six months ended September 30, 2006	Millions of yen	Millions of U.S. dollars
Consolidated ordinary income from overseas operations (A)	¥ 293,186	\$ 2,487
Consolidated ordinary income (B)	1,825,751	15,486
(A) / (B)	16.1%	16.1%

Notes: 1. Consolidated ordinary income from overseas operations is presented as a counterpart 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.

XI. Notes Related to Business Combination (Transactions under Common Control)

1. Outline of the transactions

- (1) **Name and business of combined entity**
SMBC Friend Securities Co., Ltd. ("SMBC Friend Securities")
Securities business
- (2) **Form of reorganization**
Exchange of shares
- (3) **Name of the entity after the reorganization**
Sumitomo Mitsui Financial Group, Inc.
- (4) **Outline and purpose of the transaction**
In accordance with the stabilization of the Japanese financial system, Japanese households' portfolios have shown clear signs of a shift from savings to investment, and their investment needs are expected to become further diversified. At the same time, we believe that new types of asset management services will become popular among individual investors who improve their financial knowledge and have an increased interest in portfolio management based on asset allocation concepts.
- In view of these trends, SMFG will further strengthen cooperation among group companies by making SMBC Friend Securities a wholly-owned subsidiary, establishing a new business model distinct from the conventional one by combining banking and securities businesses and maximizing synergies between them. With such initiatives, SMFG will try to make every effort to enhance the enterprise value of the whole group.

2. Accounting method

SMFG applied the following accounting treatments stipulated by the Accounting Standard for Business Combinations to the consolidated and nonconsolidated financial statements:
"Chapter 3 Accounting Standard for Business Combinations, Article 4 Accounting treatment for the transactions under common control, Paragraph 2 Transactions with minority shareholders."

3. Additional acquisition of subsidiary's shares

(1) Acquisition cost

	Millions of yen	Millions of U.S. dollars
Common shares	¥221,365	\$1,878
Expenses for acquiring the common shares	160	1
Acquisition cost	¥221,525	\$1,879

(2) Share exchange ratio, its basis for determination, number of shares delivered and its values

- (a) Type of shares and share exchange ratio
Common shares
SMFG 1: SMBC Friend Securities 0.0008
- (b) Basis for determination of share exchange ratio
SMFG appointed Goldman Sachs (Japan) Ltd. as its financial advisor and SMBC Friend Securities appointed Merrill Lynch Japan Securities Co., Ltd. as its financial advisor. SMFG and SMBC Friend Securities comprehensively considered numerous factors including results of the analyses provided by their respective financial advisors, and discussed and agreed to the above.
- (c) Number of shares delivered and values
249,015 shares
¥221,525 million (\$1,879 million)
- (3) **Goodwill, reason for recognizing goodwill, amortization method and amortization term**
- (a) Amount of goodwill
¥99,995 million (\$848 million)
- (b) Reason for recognizing goodwill
SMFG accounted for the difference between the acquisition cost to acquire shares of common stock of SMBC Friend Securities additionally and the amount of minority interests decreased as goodwill.
- (c) Method and term to amortize goodwill
Straight-line method over 20 years

XII. Per Share Data

September 30, 2006	Yen	U.S. dollars
Net assets per share	¥394,556.25	\$3,346.53
Net income per share	32,782.19	278.05
Net income per share (diluted)	27,514.41	233.37

The ASBJ revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4, issued on September 25, 2002) on January 31, 2006, and the revised Guidance was applicable from the fiscal period ending on and after May 1, 2006, the implementation date of the Company Law. Effective April 1, 2006, SMFG applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges. This accounting change decreased net assets per share by ¥11,562.77 (\$98.07) compared with the former method.

XIII. Subsequent Events (up to December 5, 2006)

1. SMFG resolved to acquire and retire shares of preferred stock (type 3) owned by the Resolution and Collection Corporation (“RCC”) at the meeting of the Board of Directors held on October 5, 2006, and carried it out on October 11, 2006 as described below. The acquisition of the preferred shares was executed within SMFG’s own stock acquisition limit pursuant to Article 155-3 and 156-1 of the Company Law.

Details of acquisition and retirement

Type 3 preferred stock

- (1) Number of shares to be acquired and retired:
195,000 shares
- (2) Total amount to be acquired: ¥222,241,500,000

2. SMFG resolved to establish the limit for acquiring own shares at the meeting of the Board of Directors held on October 13, 2006, and carried it out on October 17, 2006.

(1) Resolution of the Board of Directors regarding establishment of the limit for acquiring own shares

(a) Acquisition of SMFG’s own stock in accordance with the resolution at the ordinary general meeting of shareholders held on June 29, 2006

- Type of stock to be acquired: Common stock
- Number of shares to be acquired: 60,466 shares (upper limit)
- Amount of cash to be tendered in exchange for the acquired stock: ¥79,639,200,000 (upper limit)
- Acquisition period: From October 16, 2006 to December 29, 2006

(b) The limit for acquiring SMFG’s own stock established pursuant to Article 8 of the Articles of Incorporation

- Type of stock to be acquired: Common stock
- Number of shares to be acquired: 6,700 shares (upper limit)
- Amount of cash to be tendered in exchange for the acquired stock: ¥10,000,000,000 (upper limit)
- Acquisition period: From October 16, 2006 to December 29, 2006

4. SMFG resolved at the meeting of the Board of Directors held on December 4, 2006 to issue preferred securities through overseas special purpose subsidiaries and establish wholly-owned subsidiaries in Cayman Island so as to strengthen capital to support SMFG’s implementation of its growth strategies. The preferred securities to be issued are as follows:

Issuer	SMFG Preferred Capital USD 1 Limited	SMFG Preferred Capital GBP 1 Limited
	Each issuer is an overseas special purpose subsidiary established in the Cayman Islands, the voting rights of which are wholly owned by SMFG	
Type of securities	U.S. Dollar denominated Non-cumulative Perpetual Preferred Securities	British pound sterling denominated Non-cumulative Perpetual Preferred Securities
	The preferred securities are not convertible or exchangeable into common stock of SMFG	
Total issue amount	To be determined	To be determined
Use of proceeds	To be provided to SMBC, a banking subsidiary of SMFG, as perpetual subordinated loans	
Ranking	The preferred securities rank, as to rights to liquidation preferences, effectively pari passu with preferred stock of SMFG	
Method of offering	Offered in the U.S. market through private placement to qualified institutional investors. Also offered in the euro market	
Listing	Singapore Exchange Securities Trading Limited (to be determined)	

Note: The above description is prepared on the assumptions that SMFG performs necessary filings and obtains the approval required under the relevant laws.

(2) Acquisition of own shares

- (a) Type of shares acquired: Common stock
- (b) Number of shares acquired: 60,466 shares
- (c) Acquisition price (total amount): ¥1,270,000 per share (total amount: ¥76,791,820,000)
- (d) Method of acquisition: Acquisition through ToSTNet-2 (closing price orders), operated by Tokyo Stock Exchange, Inc.

On October 17, 2006, Deposit Insurance Corporation of Japan announced that RCC sold 60,466 shares of common stock of SMFG, all of which SMFG delivered to RCC under the request for acquiring common shares in exchange for 50,000 shares of preferred stock (type 3) (total amount: ¥50,000 million) on September 29, 2006, at ¥76,791,820,000.

3. On October 13, 2006, SMFG, SMBC Leasing Company, Limited (“SMBC Leasing”) and SMBC Auto Leasing Company, Limited (“SMBC Auto Leasing”) agreed to pursue strategic joint businesses in leasing and auto leasing with Sumitomo Corporation, Sumisho Lease Co., Ltd. (“Sumisho Lease”) and Sumisho Auto Leasing Corporation (“Sumisho Auto Lease”). Upon the basic agreement, SMBC Leasing and Sumisho Lease plan to merge on October 1, 2007 and the new leasing company is expected to become a consolidated subsidiary of SMFG (55% of voting rights held). This merger is regarded as an acquisition under the Accounting Standard for Business Combinations, and upon this merger taking effect, SMFG plans to recognize goodwill for purposes of its consolidated financial statements. However, the amount of goodwill to be recognized has not yet been determined at present. In addition, SMBC Auto Leasing and Sumisho Auto Lease also plan to merge on October 1, 2007.

XIV. Parent Company

1. Nonconsolidated balance sheets (unaudited)

Sumitomo Mitsui Financial Group, Inc.

September 30, 2006 and 2005, and March 31, 2006

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2006	2005	2006	2006
Assets				
Current assets	¥ 81,894	¥ 65,176	¥ 579,372	\$ 695
Cash and due from banks	18,458	54,252	561,862	157
Other current assets	63,436	10,923	17,509	538
Fixed assets	3,847,707	3,587,526	3,586,657	32,635
Tangible fixed assets	9	2	1	0
Intangible fixed assets	26	34	28	0
Investments and other assets	3,847,671	3,587,489	3,586,627	32,635
Investments in subsidiaries and affiliates	3,847,651	3,586,045	3,586,045	32,635
Other	20	1,443	582	0
Deferred charges	150	452	301	1
Total assets	¥3,929,752	¥3,653,155	¥4,166,332	\$33,331
Liabilities				
Current liabilities	¥ 677,539	¥ 340,469	¥ 230,905	\$ 5,747
Short-term borrowings	620,000	340,000	230,000	5,259
Reserve for employees bonuses	76	61	70	1
Other current liabilities	57,463	407	835	487
Total liabilities	677,539	340,469	230,905	5,747
Stockholders' equity				
Capital stock	—	1,352,651	1,420,877	—
Capital surplus	—	1,852,296	2,105,396	—
Capital reserve	—	1,352,764	1,420,989	—
Other capital surplus	—	499,532	684,406	—
Retained earnings	—	378,572	413,546	—
Voluntary reserve	—	30,420	30,420	—
Unappropriated retained earnings	—	348,152	383,126	—
Treasury stock	—	(270,834)	(4,393)	—
Total stockholders' equity	—	3,312,686	3,935,426	—
Total liabilities and stockholders' equity	—	¥3,653,155	¥4,166,332	—
Net assets				
Stockholders' equity	1,420,877	—	—	12,052
Capital stock	1,420,877	—	—	12,052
Capital surplus	1,152,740	—	—	9,777
Capital reserve	642,355	—	—	5,448
Other capital surplus	510,385	—	—	4,329
Retained earnings	683,818	—	—	5,800
Other retained earnings				
Voluntary reserve	30,420	—	—	258
Retained earnings brought forward	653,398	—	—	5,542
Treasury stock	(5,223)	—	—	(45)
Total stockholders' equity	3,252,213	—	—	27,584
Total net assets	3,252,213	—	—	27,584
Total liabilities and net assets	¥3,929,752	—	—	\$33,331

2. Nonconsolidated statements of income (unaudited)

Sumitomo Mitsui Financial Group, Inc.

Six months ended September 30, 2006 and 2005, and year ended March 31, 2006

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30		Year ended March 31	Six months ended September 30
	2006	2005	2006	2006
Operating income	¥321,340	¥16,206	¥55,482	\$2,725
Dividends on investments in subsidiaries and affiliates	317,486	12,039	46,432	2,693
Fees and commissions received from subsidiaries.....	3,854	4,155	9,038	32
Interest income on loans to subsidiaries and affiliates.....	—	11	11	—
Operating expenses	1,567	1,737	3,196	13
General and administrative expenses.....	1,567	1,737	3,196	13
Operating profit	319,772	14,468	52,285	2,712
Nonoperating income	219	66	138	2
Nonoperating expenses	880	2,111	4,159	7
Ordinary profit	319,112	12,424	48,264	2,707
Extraordinary gains	—	27,579	27,579	—
Income before income taxes	319,112	40,004	75,844	2,707
Income taxes:				
Current.....	345	1	3	3
Deferred	542	1,567	2,431	5
Net income	¥318,223	¥38,435	¥73,408	\$2,699

3. Nonconsolidated statement of changes in net assets (unaudited)

Sumitomo Mitsui Financial Group, Inc.

Six months ended September 30, 2006

	Millions of yen									
	Stockholders' equity									
	Capital surplus				Retained earnings					
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Other retained earnings		Total retained earnings	Treasury stock	Total stockholders' equity
Retained earnings brought forward						Retained earnings				
Balance at March 31, 2006	¥1,420,877	¥1,420,989	¥ 684,406	¥2,105,396	¥30,420	¥383,126	¥413,546	¥ (4,393)	¥3,935,426	¥3,935,426
Changes in the six months:										
Transfer of capital reserve to other capital surplus....		(1,000,000)	1,000,000	—					—	—
Increase due to exchange of shares.....		221,365		221,365					221,365	221,365
Cash dividends.....						(47,951)	(47,951)		(47,951)	(47,951)
Net income.....						318,223	318,223		318,223	318,223
Acquisition of own shares								(1,174,922)	(1,174,922)	(1,174,922)
Disposal of treasury shares			15	15				56	71	71
Retirement of treasury shares			(1,174,036)	(1,174,036)				1,174,036	—	—
Net changes in the six months.....	—	(778,634)	(174,021)	(952,655)	—	270,272	270,272	(830)	(683,213)	(683,213)
Balance at September 30, 2006	¥1,420,877	¥ 642,355	¥ 510,385	¥1,152,740	¥30,420	¥653,398	¥683,818	¥ (5,223)	¥3,252,213	¥3,252,213

	Millions of U.S. dollars									
	Stockholders' equity									
	Capital surplus				Retained earnings					
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Other retained earnings		Total retained earnings	Treasury stock	Total stockholders' equity
Retained earnings brought forward						Retained earnings				
Balance at March 31, 2006	\$12,052	\$12,052	\$5,805	\$17,857	\$258	\$3,250	\$3,508	\$ (38)	\$33,379	\$33,379
Changes in the six months:										
Transfer of capital reserve to other capital surplus....		(8,482)	8,482	—					—	—
Increase due to exchange of shares.....		1,878		1,878					1,878	1,878
Cash dividends.....						(407)	(407)		(407)	(407)
Net income.....						2,699	2,699		2,699	2,699
Acquisition of own shares								(9,965)	(9,965)	(9,965)
Disposal of treasury shares			0	0				0	0	0
Retirement of treasury shares			(9,958)	(9,958)				9,958	—	—
Net changes in the six months.....	—	(6,604)	(1,476)	(8,080)	—	2,292	2,292	(7)	(5,795)	(5,795)
Balance at September 30, 2006	\$12,052	\$ 5,448	\$4,329	\$ 9,777	\$258	\$5,542	\$5,800	\$ (45)	\$27,584	\$27,584

Supplemental Information

Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

September 30, 2006 and 2005, and March 31, 2006

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2006	2005	2006	2006
Assets				
Cash and due from banks	¥2,333,306	¥ 2,767,847	¥ 4,798,403	\$19,791
Deposits with banks	1,510,891	1,893,890	1,791,564	12,815
Call loans and bills bought	1,277,245	707,319	576,909	10,833
Receivables under resale agreements	81,686	80,057	81,470	693
Receivables under securities borrowing transactions	1,067,359	2,165,749	1,956,650	9,053
Commercial paper and other debt purchased	360,065	138,907	115,637	3,054
Trading assets	3,085,593	3,368,665	3,694,791	26,171
Money held in trust	2,820	811	2,912	24
Securities	22,047,445	23,039,486	25,202,541	187,001
Loans and bills discounted	53,902,477	50,949,158	51,857,559	457,187
Foreign exchanges	868,028	823,751	877,570	7,362
Other assets	1,432,776	1,647,867	1,567,812	12,153
Premises and equipment	—	640,700	639,538	—
Tangible fixed assets	553,697	—	—	4,696
Intangible fixed assets	73,251	—	—	621
Deferred tax assets	889,187	1,328,517	976,203	7,542
Customers' liabilities for acceptances and guarantees	4,435,152	4,513,173	4,120,300	37,618
Reserve for possible loan losses	(771,822)	(772,141)	(816,437)	(6,546)
Total assets	¥93,149,162	¥93,293,761	¥97,443,428	\$790,069
Liabilities and stockholders' equity				
Liabilities				
Deposits	¥68,541,049	¥65,983,526	¥68,222,167	\$581,349
Call money and bills sold	2,547,399	5,968,256	7,937,965	21,606
Payables under repurchase agreements	790,836	469,130	382,082	6,708
Payables under securities lending transactions	3,141,635	3,612,024	2,709,084	26,646
Trading liabilities	1,635,612	1,533,711	2,515,932	13,873
Borrowed money	2,909,422	2,067,062	2,023,023	24,677
Foreign exchanges	333,041	431,622	449,560	2,825
Bonds	3,710,437	3,872,570	3,776,707	31,471
Due to trust account	50,733	42,260	318,597	430
Other liabilities	1,503,085	1,571,010	1,295,135	12,749
Reserve for employee bonuses	8,277	8,239	8,691	70
Reserve for point service program	792	—	—	7
Reserve for expenses related to EXPO 2005 Japan	—	284	—	—
Other reserves	18	18	18	0
Deferred tax liabilities for land revaluation	49,276	49,637	49,384	418
Acceptances and guarantees	4,435,152	4,513,173	4,120,300	37,618
Total liabilities	89,656,772	90,122,526	93,808,652	760,447
Stockholders' equity				
Capital stock	—	664,986	664,986	—
Capital surplus	—	1,367,548	1,367,548	—
Retained earnings	—	607,900	794,033	—
Land revaluation excess	—	24,488	24,716	—
Net unrealized gains on other securities	—	506,310	783,491	—
Total stockholders' equity	—	3,171,235	3,634,776	—
Total liabilities and stockholders' equity	—	¥93,293,761	¥97,443,428	—
Net assets				
Capital stock	664,986	—	—	5,641
Capital surplus	1,367,548	—	—	11,599
Retained earnings	677,810	—	—	5,749
Treasury stock	—	—	—	—
Total stockholders' equity	2,710,345	—	—	22,989
Net unrealized gains on other securities	841,657	—	—	7,139
Net deferred losses on hedges	(84,171)	—	—	(714)
Land revaluation excess	24,558	—	—	208
Total valuation and translation adjustments	782,045	—	—	6,633
Total net assets	3,492,390	—	—	29,622
Total liabilities and net assets	¥93,149,162	—	—	\$790,069

Notes: 1. Amounts less than one million yen have been omitted.

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥117.90 to US\$1, the exchange rate prevailing at September 30, 2006.

Nonconsolidated Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation

Six months ended September 30, 2006 and 2005, and year ended March 31, 2006

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2005	Year ended March 31 2006	Six months ended September 30 2006
Income				
Interest income	¥ 777,964	¥ 663,008	¥1,426,546	\$6,598
Trust fees	1,407	4,284	8,626	12
Fees and commissions	219,239	220,503	474,972	1,860
Trading profits	43,432	5,055	13,250	368
Other operating income	55,870	158,767	273,861	474
Other income	68,132	42,526	125,442	578
Total income	1,166,046	1,094,146	2,322,699	9,890
Expenses				
Interest expenses	334,155	208,658	472,002	2,834
Fees and commissions	59,752	57,070	108,296	507
Trading losses	3,307	1,485	1,312	28
Other operating expenses	91,580	17,757	63,613	776
General and administrative expenses	294,617	301,739	604,098	2,499
Provision for reserve for possible loan losses	—	96,119	164,630	—
Other expenses	84,282	56,200	162,072	715
Total expenses	867,695	739,030	1,576,026	7,359
Income before income taxes	298,351	355,115	746,672	2,531
Income taxes:				
Current	7,753	5,081	13,512	66
Deferred	106,951	51,267	213,639	907
Net income	¥ 183,646	¥ 298,766	¥ 519,520	\$1,558

Notes: 1. Amounts less than one million yen have been omitted.

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥117.90 to US\$1, the exchange rate prevailing at September 30, 2006.

Income Analysis (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

	Millions of yen			
	Six months ended September 30, 2006			
	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥669,798	¥260,926	¥(20,915)	¥909,808
Interest expenses	188,864	174,798	(13,471)	350,191
Net interest income	480,933	86,128	(7,444)	559,617
Trust fees	1,416	—	—	1,416
Fees and commissions (income)	308,644	29,029	(352)	337,322
Fees and commissions (expenses)	51,060	3,008	(141)	53,927
Net fees and commissions	257,583	26,021	(210)	283,394
Trading profits	57,247	15,023	(17,774)	54,496
Trading losses	10,473	10,184	(17,774)	2,883
Net trading income	46,773	4,839	—	51,613
Other operating income	493,369	8,041	(289)	501,121
Other operating expenses	507,261	4,184	(94)	511,352
Net other operating income	(13,892)	3,856	(194)	(10,230)

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (first half of fiscal 2006, ¥1 million) related to the management of money held in trust.
3. Intersegment transactions are reported in "Elimination" column.

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Average balance	Interest	Earnings yield
Interest-earning assets	¥77,332,447	¥669,798	1.73%
Loans and bills discounted	51,544,254	481,416	1.87
Securities	20,875,872	136,557	1.31
Call loans and bills bought	883,704	8,165	1.85
Receivables under resale agreements	42,697	19	0.09
Receivables under securities borrowing transactions	1,437,162	1,615	0.22
Deposits with banks	1,139,174	13,743	2.41
Interest-bearing liabilities	¥81,673,373	¥188,864	0.46%
Deposits	65,285,046	76,231	0.23
Negotiable certificates of deposit	2,307,551	1,590	0.14
Call money and bills sold	3,937,832	1,608	0.08
Payables under repurchase agreements	142,187	127	0.18
Payables under securities lending transactions	2,349,592	33,050	2.81
Commercial paper	1,416	1	0.24
Borrowed money	3,057,003	20,845	1.36
Short-term bonds	351,434	513	0.29
Bonds	3,831,209	33,792	1.76

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2006, ¥1,400,562 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (first half of fiscal 2006, ¥2,607 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2006, ¥2,607 million) and corresponding interest (first half of fiscal 2006, ¥1 million).

Overseas Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Average balance	Interest	Earnings yield
Interest-earning assets	¥10,536,815	¥260,926	4.95%
Loans and bills discounted	7,236,264	181,394	5.01
Securities	1,085,709	28,609	5.27
Call loans and bills bought	177,086	4,827	5.45
Receivables under resale agreements	160,353	3,732	4.65
Receivables under securities borrowing transactions	—	—	—
Deposits with banks	1,363,415	26,398	3.87
Interest-bearing liabilities	¥ 8,067,107	¥174,798	4.33%
Deposits	6,244,001	125,375	4.02
Negotiable certificates of deposit	761,386	18,824	4.94
Call money and bills sold	251,630	5,632	4.48
Payables under repurchase agreements	347,611	8,563	4.93
Payables under securities lending transactions	—	—	—
Commercial paper	—	—	—
Borrowed money	84,867	722	1.70
Short-term bonds	—	—	—
Bonds	368,175	10,763	5.85

- Notes: 1. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2006, ¥39,070 million).

Total of Domestic and Overseas Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Average balance	Interest	Earnings yield
Interest-earning assets	¥87,436,836	¥909,808	2.08%
Loans and bills discounted	58,198,676	651,018	2.24
Securities	22,209,525	157,718	1.42
Call loans and bills bought	1,060,790	12,993	2.45
Receivables under resale agreements	203,051	3,751	3.69
Receivables under securities borrowing transactions	1,437,162	1,615	0.22
Deposits with banks	2,404,594	38,467	3.20
Interest-bearing liabilities	¥89,059,773	¥350,191	0.79%
Deposits	71,430,863	199,933	0.56
Negotiable certificates of deposit	3,068,937	20,415	1.33
Call money and bills sold	4,189,463	7,240	0.35
Payables under repurchase agreements	489,799	8,691	3.55
Payables under securities lending transactions	2,349,592	33,050	2.81
Commercial paper	1,416	1	0.24
Borrowed money	2,559,879	9,771	0.76
Short-term bonds	351,434	513	0.29
Bonds	4,199,384	44,556	2.12

- Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2006, ¥1,459,271 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (first half of fiscal 2006, ¥2,607 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2006, ¥2,607 million) and corresponding interest (first half of fiscal 2006, ¥1 million).

Fees and Commissions

	Millions of yen			
	Six months ended September 30, 2006			
	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions (income).....	¥308,644	¥29,029	¥(352)	¥337,322
Deposits and loans	11,878	19,383	—	31,262
Remittances and transfers.....	61,462	4,502	(0)	65,964
Securities-related business	24,188	0	—	24,188
Agency	8,521	—	—	8,521
Safe deposits	3,904	2	(0)	3,906
Guarantees.....	21,131	2,072	(214)	22,989
Credit card	57,374	—	—	57,374
Fees and commissions (expenses).....	¥ 51,060	¥ 3,008	¥(141)	¥ 53,927
Remittances and transfers.....	12,291	930	(74)	13,146

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Intersegment transactions are reported in "Elimination" column.

Trading Income

	Millions of yen			
	Six months ended September 30, 2006			
	Domestic operations	Overseas operations	Elimination	Total
Trading profits.....	¥57,247	¥15,023	¥(17,774)	¥54,496
Gains on trading securities	5,837	951	—	6,788
Gains on securities related to trading transactions.....	—	—	—	—
Gains on trading-related financial derivatives.....	50,312	14,072	(17,774)	46,610
Others	1,096	—	—	1,096
Trading losses	¥10,473	¥10,184	¥(17,774)	¥ 2,883
Losses on trading securities	—	—	—	—
Losses on securities related to trading transactions.....	2,813	69	—	2,883
Losses on trading-related financial derivatives.....	7,659	10,114	(17,774)	—
Others	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Intersegment transactions are reported in "Elimination" column.

Assets and Liabilities (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Deposits and Negotiable Certificates of Deposit

Period-End Balance

	Millions of yen	
	September 30, 2006	
Domestic operations:		
Liquid deposits.....	¥41,003,292	
Fixed-term deposits.....	21,555,525	
Others.....	3,667,991	
Subtotal.....	66,226,808	
Negotiable certificates of deposit.....	1,573,691	
Total.....	¥67,800,500	
Overseas operations:		
Liquid deposits.....	¥ 5,033,358	
Fixed-term deposits.....	899,078	
Others.....	6,307	
Subtotal.....	5,938,744	
Negotiable certificates of deposit.....	918,661	
Total.....	¥ 6,857,406	
Grand total.....	¥74,657,906	

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

3. Fixed-term deposits = Time deposits + Installment savings

Balance of Loan Portfolio, Classified by Industry

Period-End Balance

	Millions of yen	
	September 30, 2006	
Domestic operations:		
Manufacturing.....	¥ 5,581,376	10.71%
Agriculture, forestry, fisheries and mining.....	138,844	0.27
Construction.....	1,415,820	2.72
Transportation, communications and public enterprises.....	2,942,712	5.64
Wholesale and retail.....	5,466,420	10.48
Finance and insurance.....	4,350,822	8.34
Real estate.....	7,596,954	14.57
Services.....	6,440,243	12.35
Municipalities.....	587,012	1.13
Others.....	17,614,154	33.79
Subtotal.....	¥52,134,361	100.00%
Overseas operations:		
Public sector.....	¥ 43,239	0.61%
Financial institutions.....	497,687	7.06
Commerce and industry.....	5,933,734	84.17
Others.....	575,434	8.16
Subtotal.....	¥ 7,050,096	100.00%
Total.....	¥59,184,457	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Japan offshore banking accounts are included in overseas operations' accounts.

Risk-Monitored Loans

	Millions of yen		
	September 30, 2006	September 30, 2005	March 31, 2006
Bankrupt loans.....	¥ 64,857	¥ 89,680	¥ 59,332
Non-accrual loans.....	638,385	1,084,678	714,366
Past due loans (3 months or more)	36,865	53,845	24,571
Restructured loans	407,927	560,295	444,889
Total.....	¥1,148,036	¥1,788,499	¥1,243,160

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Securities

Period-End Balance

	Millions of yen	
	September 30, 2006	
Domestic operations:		
Japanese government bonds	¥ 8,469,237	
Japanese local government bonds.....	598,776	
Japanese corporate bonds	4,040,854	
Japanese stocks.....	4,215,106	
Others.....	3,652,334	
Subtotal	¥20,976,308	
Overseas operations:		
Japanese government bonds	¥ —	
Japanese local government bonds.....	—	
Japanese corporate bonds	—	
Japanese stocks.....	—	
Others.....	1,116,429	
Subtotal	¥ 1,116,429	
Total of domestic and overseas operations:		
Japanese government bonds	¥ —	
Japanese local government bonds.....	—	
Japanese corporate bonds	—	
Japanese stocks.....	258,897	
Others.....	—	
Subtotal	¥ 258,897	
Total.....	¥22,351,635	

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

	Millions of yen			
	September 30, 2006			
	Domestic operations	Overseas operations	Elimination	Total
Trading assets:	¥3,094,648	¥339,412	¥(29,471)	¥3,404,589
Trading securities	73,112	5,963	—	79,075
Derivatives of trading securities	624	—	—	624
Securities related to trading transactions	—	—	—	—
Derivatives of securities related to trading transactions	3,624	—	—	3,624
Trading-related financial derivatives	1,932,777	333,449	(29,471)	2,236,755
Other trading assets	1,084,509	—	—	1,084,509
Trading liabilities:	¥1,632,027	¥329,768	¥(29,471)	¥1,932,323
Trading securities sold for short sales	23,155	3,087	—	26,242
Derivatives of trading securities	700	—	—	700
Securities related to trading transactions	—	—	—	—
Derivatives of securities related to trading transactions	3,998	—	—	3,998
Trading-related financial derivatives	1,604,173	326,680	(29,471)	1,901,382
Other trading liabilities	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Intersegment transactions are reported in "Elimination" column.

Capital Ratio (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

		Millions of yen		
		September 30, 2006	September 30, 2005	March 31, 2006
Tier I capital:	Capital stock	¥ 1,420,877	¥ 1,352,651	¥ 1,420,877
	Capital surplus	276,570	974,349	1,229,225
	Retained earnings	1,188,399	697,905	944,112
	Treasury stock	(50,178)	(270,834)	(4,393)
	Foreign currency translation adjustments	(47,909)	(62,640)	(41,475)
	Stock acquisition rights	4	—	—
	Minority interests	1,055,000	1,064,181	1,104,244
	Goodwill and others	(105,016)	(9,528)	(6,686)
	Subtotal (A)	3,737,747	3,746,083	4,645,905
Tier II capital:	45% of unrealized gains on other securities	629,087	410,926	627,807
	45% of unrealized gains on land	39,709	39,875	39,934
	General reserve for possible loan losses	712,817	597,385	742,614
	Qualifying subordinated debt	2,595,141	2,710,942	2,657,378
	Subtotal	3,976,755	3,759,129	4,067,736
	Tier II capital included as qualifying capital (B)	3,737,747	3,746,083	4,067,736
Deductions:	(C)	630,601	548,006	619,279
Total capital:	(D) = (A) + (B) - (C)	¥ 6,844,893	¥ 6,944,161	¥ 8,094,361
Risk-adjusted assets:	On-balance-sheet	¥61,250,419	¥56,978,478	¥58,984,821
	Off-balance-sheet	6,304,295	5,736,346	5,952,321
	Asset equivalent of market risk	391,161	413,074	385,206
	Subtotal (E)	¥67,945,876	¥63,127,899	¥65,322,349
Capital ratio:	(D) / (E) × 100	10.07%	11.00%	12.39%

Capital (Nonconsolidated)

Sumitomo Mitsui Financial Group, Inc.

Capital Stock (as of September 30, 2006)

¥1,420,877 million

Number of Shares Issued

September 30, 2006	Number of shares issued
Common stock.....	7,733,653.77
Preferred stock (Type 3).....	195,000
Preferred stock (1st series Type 4).....	4,175
Preferred stock (2nd series Type 4).....	4,175
Preferred stock (3rd series Type 4).....	4,175
Preferred stock (4th series Type 4).....	4,175
Preferred stock (5th series Type 4).....	4,175
Preferred stock (6th series Type 4).....	4,175
Preferred stock (7th series Type 4).....	4,175
Preferred stock (8th series Type 4).....	4,175
Preferred stock (9th series Type 4).....	4,175
Preferred stock (10th series Type 4).....	4,175
Preferred stock (11th series Type 4).....	4,175
Preferred stock (12th series Type 4).....	4,175
Preferred stock (1st series Type 6).....	70,001
Total.....	8,048,754.77

Stock Exchange Listings

Tokyo Stock Exchange (First Section) / Osaka Securities Exchange (First Section) / Nagoya Stock Exchange (First Section)

Principal Shareholders

a. Common Stock

September 30, 2006 Shareholders	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account).....	468,747.00	6.06%
The Master Trust Bank of Japan, Ltd. (Trust account).....	430,054.00	5.56
The Chase Manhattan Bank N.A. London*.....	205,911.00	2.66
State Street Bank and Trust Company 505103*.....	164,504.00	2.12
Nippon Life Insurance Company.....	154,667.42	1.99
State Street Bank and Trust Company*.....	126,399.00	1.63
Sumitomo Mitsui Banking Corporation.....	100,481.00	1.29
JPMCB USA Residents Pension Jasdec Lend 385051*.....	89,158.00	1.15
Trust & Custody Services Bank, Ltd. (Trust Account B).....	88,423.00	1.14
Mellon Bank N.A. as agent for its client Mellon Omnibus US Pension**.....	86,381.00	1.11
Total.....	1,914,725.42	24.75%

* Standing agent: Mizuho Corporate Bank, Ltd.'s Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division

** Standing agent: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch Custody and Clearing

b. Preferred Stock (Type 3)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
The Resolution and Collection Corporation.....	195,000	100.00%

d. Preferred Stock (2nd series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs (Japan) Ltd.).....	4,175	100.00%

c. Preferred Stock (1st series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs (Japan) Ltd.).....	4,175	100.00%

e. Preferred Stock (3rd series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs (Japan) Ltd.).....	4,175	100.00%

f. Preferred Stock (4th series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

g. Preferred Stock (5th series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

h. Preferred Stock (6th series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

i. Preferred Stock (7th series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

j. Preferred Stock (8th series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

k. Preferred Stock (9th series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

l. Preferred Stock (10th series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

m. Preferred Stock (11th series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

n. Preferred Stock (12th series Type 4)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

o. Preferred Stock (1st series Type 6)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Life Insurance Company....	23,334	33.33%
Nippon Life Insurance Company	20,000	28.57
MITSUI LIFE INSURANCE COMPANY LIMITED	16,667	23.81
Mitsui Sumitomo Insurance Company, Limited.....	10,000	14.29
Total	70,001	100.00%

- Notes: 1. The exercise of voting rights of Company shares held by Sumitomo Mitsui Banking Corporation is restricted, as stipulated in Article 67 of the enforcement regulations for the Company Law.
2. The following reports on shareholdings (including their amendment reports) were submitted to the authorities. However, as we could not confirm how many shares are in beneficial possession of the submitters as of September 30, 2006, we did not include them in the list of principal shareholders shown above. The contents of the reports are summarized as follows:

Submitters	Filing date	Number of shares*	Percentage of shares outstanding
Capital Research and Management Company.....	May 15, 2006	387,480	5.22%
Resona Holdings, Inc.	Oct. 6, 2006	72,895	0.85
Goldman Sachs (Japan) Ltd.	Oct. 13, 2006	439,628	5.17

* Includes shares held by co-shareholders.

Income Analysis (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Gross Banking Profit, Classified by Domestic and International Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Domestic operations	International operations	Total
Interest income.....	¥491,654	¥290,077	¥777,964
Interest expenses.....	40,140	297,781	334,153
Net interest income.....	451,514	(7,703)	443,810
Trust fees.....	1,404	2	1,407
Fees and commissions (income).....	181,447	37,791	219,239
Fees and commissions (expenses).....	52,055	7,697	59,752
Net fees and commissions.....	129,392	30,094	159,486
Trading profits.....	1,394	42,038	43,432
Trading losses.....	423	2,883	3,307
Net trading income.....	971	39,154	40,125
Other operating income.....	17,812	38,057	55,870
Other operating expenses.....	61,038	30,541	91,580
Net other operating income.....	(43,226)	7,516	(35,709)
Gross banking profit.....	¥540,056	¥ 69,064	¥609,120
Gross banking profit rate (%).....	1.61%	0.98%	1.50%

- Notes: 1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign-currency-denominated transactions by domestic branches and operations by overseas branches. Yen-denominated nonresident transactions and Japan offshore banking accounts are included in international operations.
2. "Interest expenses" are shown after deduction of amounts equivalent to interest expenses on money held in trust (first half of fiscal 2006, ¥1 million).
3. Figures in brackets [] indicate interest payments between domestic and international operations. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
4. Gross banking profit rate = Gross banking profit / Days in the interim period x Days in the fiscal year / Average balance of interest-earning assets x 100

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥66,681,331	¥491,654	1.47%
	[138,041]	[79]	
Loans and bills discounted.....	46,712,723	388,831	1.66
Securities.....	17,673,733	88,797	1.00
Call loans.....	417,702	553	0.26
Receivables under resale agreements.....	19,749	0	0.00
Receivables under securities borrowing transactions.....	1,431,128	1,607	0.22
Bills bought.....	96,052	21	0.04
Deposits with banks.....	47,682	60	0.00
Interest-bearing liabilities.....	¥68,882,326	¥ 40,140	0.11%
		[3,688]	
Deposits.....	57,538,883	17,088	0.05
Negotiable certificates of deposit.....	2,833,138	1,830	0.12
Call money.....	1,990,078	1,186	0.11
Payables under repurchase agreements.....	147,951	133	0.18
Payables under securities lending transactions.....	739,075	634	0.17
Bills sold.....	1,907,027	220	0.02
Commercial paper.....	—	—	—
Borrowed money.....	1,127,182	7,244	1.28
Bonds.....	2,279,763	11,478	1.00

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2006, ¥1,312,748 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2006, ¥2,607 million) and corresponding interest (first half of fiscal 2006, ¥1 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

International Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Average balance	Interest	Earnings yield
Interest-earning assets	¥13,915,049	¥290,077	4.15%
		[3,688]	
Loans and bills discounted	5,877,660	147,364	5.00
Securities	4,118,281	66,322	3.21
Call loans	430,005	10,424	4.83
Receivables under resale agreements	109,811	2,228	4.04
Receivables under securities borrowing transactions	—	—	—
Bills bought	—	—	—
Deposits with banks	2,194,373	33,970	3.08
Interest-bearing liabilities	¥13,716,943	¥297,781	4.32%
	[138,041]	[79]	
Deposits	7,814,450	155,445	3.96
Negotiable certificates of deposit	518,279	13,704	5.27
Call money	259,450	5,816	4.47
Payables under repurchase agreements	311,577	7,729	4.94
Payables under securities lending transactions	1,586,886	32,400	4.07
Bills sold	—	—	—
Commercial paper	—	—	—
Borrowed money	1,267,882	30,396	4.78
Bonds	1,442,264	24,771	3.42

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2006, ¥40,719 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method, under which the TT middle rate at the end of the previous month is applied to nonexchange transactions of the month concerned.

Total of Domestic and International Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Average balance	Interest	Earnings yield
Interest-earning assets	¥80,458,339	¥777,964	1.92%
Loans and bills discounted	52,590,383	536,196	2.03
Securities	21,792,015	155,120	1.41
Call loans	847,708	10,977	2.58
Receivables under resale agreements	129,560	2,228	3.43
Receivables under securities borrowing transactions	1,431,128	1,607	0.22
Bills bought	96,052	21	0.04
Deposits with banks	2,242,055	34,030	3.02
Interest-bearing liabilities	¥82,461,229	¥334,153	0.80%
Deposits	65,353,334	172,533	0.52
Negotiable certificates of deposit	3,351,418	15,535	0.92
Call money	2,249,529	7,002	0.62
Payables under repurchase agreements	459,529	7,863	3.41
Payables under securities lending transactions	2,325,962	33,034	2.83
Bills sold	1,907,027	220	0.02
Commercial paper	—	—	—
Borrowed money	2,395,065	37,641	3.13
Bonds	3,722,028	36,249	1.94

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2006, ¥1,353,468 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2006, ¥2,607 million) and corresponding interest (first half of fiscal 2006, ¥1 million).
2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

Breakdown of Interest Income and Interest Expenses

Domestic Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥ 7,224	¥ (2,919)	¥ 4,304
Loans and bills discounted.....	22,881	(31,918)	(9,037)
Securities.....	(12,281)	27,761	15,479
Call loans.....	18	516	535
Receivables under resale agreements.....	0	0	0
Receivables under securities borrowing transactions.....	62	1,337	1,400
Bills bought.....	1	15	16
Deposits with banks.....	3	56	60
Interest expenses.....	¥ (1,033)	¥12,870	¥11,837
Deposits.....	178	11,075	11,254
Negotiable certificates of deposit.....	(281)	1,701	1,419
Call money.....	3	1,159	1,163
Payables under repurchase agreements.....	(2)	133	130
Payables under securities lending transactions.....	(135)	692	556
Bills sold.....	(21)	222	200
Borrowed money.....	6,137	(7,562)	(1,424)
Bonds.....	(1,270)	(133)	(1,404)

International Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥25,400	¥86,424	¥111,824
Loans and bills discounted.....	26,746	35,645	62,391
Securities.....	5,726	13,171	18,897
Call loans.....	2,816	3,327	6,143
Receivables under resale agreements.....	(611)	1,051	440
Deposits with banks.....	1,112	9,064	10,177
Interest expenses.....	¥24,139	¥90,692	¥114,832
Deposits.....	9,750	55,215	64,965
Negotiable certificates of deposit.....	10,876	846	11,722
Call money.....	1,854	1,846	3,701
Payables under repurchase agreements.....	4,014	1,774	5,789
Payables under securities lending transactions.....	(2,572)	11,905	9,333
Borrowed money.....	(5,116)	5,440	323
Bonds.....	3,337	1,677	5,014

Total of Domestic and International Operations

	Millions of yen		
	Six months ended September 30, 2006		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥23,760	¥ 91,195	¥114,955
Loans and bills discounted.....	23,804	29,549	53,354
Securities.....	(11,517)	45,895	34,377
Call loans.....	3,210	3,468	6,678
Receivables under resale agreements.....	(1,322)	1,762	440
Receivables under securities borrowing transactions.....	62	1,337	1,400
Bills bought.....	1	15	16
Deposits with banks.....	1,648	8,588	10,237
Interest expenses.....	¥ 2,574	¥122,921	¥125,495
Deposits.....	3,750	72,469	76,220
Negotiable certificates of deposit.....	(748)	13,891	13,142
Call money.....	449	4,415	4,864
Payables under repurchase agreements.....	999	4,920	5,919
Payables under securities lending transactions.....	(16,752)	26,642	9,889
Bills sold.....	(21)	222	200
Borrowed money.....	7,470	(8,571)	(1,100)
Bonds.....	(1,280)	4,891	3,610

Notes: 1. Amounts posted under "increase (decrease)" are year-on-year comparisons.
2. Volume/rate variance is prorated according to changes in volume and rate.

Fees and Commissions

	Millions of yen		
	Six months ended September 30, 2006		
	Domestic operations	International operations	Total
Fees and commissions (income).....	¥181,447	¥37,791	¥219,239
Deposits and loans.....	5,333	14,620	19,953
Remittances and transfers	48,209	13,505	61,715
Securities-related business	11,344	536	11,881
Agency	7,276	—	7,276
Safe deposits	3,445	—	3,445
Guarantees	10,567	3,381	13,949
Fees and commissions (expenses).....	¥ 52,055	¥ 7,697	¥ 59,752
Remittances and transfers	9,377	2,548	11,926

Trading Income

	Millions of yen		
	Six months ended September 30, 2006		
	Domestic operations	International operations	Total
Trading profits	¥1,394	¥42,038	¥43,432
Gains on trading securities.....	—	—	—
Gains on securities related to trading transactions	—	—	—
Gains on trading-related financial derivatives	—	42,038	42,038
Others	1,394	—	1,394
Trading losses	¥ 423	¥ 2,883	¥ 3,307
Losses on trading securities.....	423	—	423
Losses on securities related to trading transactions	—	2,883	2,883
Losses on trading-related financial derivatives	—	—	—
Others	—	—	—

Note: Figures represent net gains (losses) after offsetting income against expenses.

Net Other Operating Income

	Millions of yen		
	Six months ended September 30, 2006		
	Domestic operations	International operations	Total
Net other operating income.....	¥(43,226)	¥ 7,516	¥(35,709)
Gains (losses) on bonds	(49,996)	(11,696)	(61,692)
Gains (losses) on financial derivatives.....	(1,679)	(12,176)	(13,855)
Gains (losses) on foreign exchange transactions	—	31,622	31,622

Deposits (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Deposits and Negotiable Certificates of Deposit

Period-End Balance

	Millions of yen	
	September 30, 2006	
Domestic operations:		
Liquid deposits.....	¥38,905,363	64.9%
Fixed-term deposits.....	18,661,632	31.2
Others.....	617,379	1.0
Subtotal.....	58,184,375	97.1
Negotiable certificates of deposit.....	1,725,717	2.9
Total.....	¥59,910,092	100.0%
International operations:		
Liquid deposits.....	¥ 4,260,722	49.4%
Fixed-term deposits.....	661,861	7.7
Others.....	3,040,282	35.2
Subtotal.....	7,962,866	92.3
Negotiable certificates of deposit.....	668,090	7.7
Total.....	¥ 8,630,957	100.0%
Grand total.....	¥68,541,049	—

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. Fixed-term deposits = Time deposits + Installment savings

Average Balance

	Millions of yen	
	Six months ended September 30, 2006	
Domestic operations:		
Liquid deposits.....	¥39,113,285	
Fixed-term deposits.....	17,820,575	
Others.....	605,023	
Subtotal.....	57,538,883	
Negotiable certificates of deposit.....	2,833,138	
Total.....	¥60,372,022	
International operations:		
Liquid deposits.....	¥ 4,142,352	
Fixed-term deposits.....	778,724	
Others.....	2,893,374	
Subtotal.....	7,814,450	
Negotiable certificates of deposit.....	518,279	
Total.....	¥ 8,332,729	
Grand total.....	¥68,704,752	

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. Fixed-term deposits = Time deposits + Installment savings
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Deposits, Classified by Type of Depositor

	Millions of yen	
	September 30, 2006	
Individual.....	¥33,815,971	53.9%
Corporate.....	28,883,451	46.1
Total.....	¥62,699,422	100.0%

Notes: 1. Figures are before adjustment on interoffice accounts in transit.
2. Negotiable certificates of deposit are excluded.
3. Accounts at overseas branches and Japan offshore banking accounts are excluded.

Balance of Investment Trusts, Classified by Type of Customer

	Millions of yen	
	September 30, 2006	
Individual.....	¥2,963,395	
Corporate.....	116,839	
Total.....	¥3,080,234	

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

Balance of Time Deposits, Classified by Maturity

	Millions of yen						
	September 30, 2006						
	Less than three months	Three — six months	Six months — one year	One — two years	Two — three years	Three years or more	Total
Time Deposits.....	¥5,994,704	¥4,059,675	¥4,799,413	¥1,443,306	¥1,399,396	¥1,626,947	¥19,323,444
Fixed interest rates.....	5,397,661	4,019,733	4,784,751	1,433,381	1,378,361	1,222,852	18,236,742
Floating interest rates.....	—	—	—	5,100	15,650	404,090	424,840

Note: The figures above do not include installment savings.

Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Period-End Balance

	Millions of yen	
	September 30, 2006	
Domestic operations:		
Loans on notes	¥	2,626,168
Loans on deeds		35,565,892
Overdrafts		9,133,649
Bills discounted		345,865
Subtotal		¥47,671,576
International operations:		
Loans on notes	¥	539,420
Loans on deeds		5,578,851
Overdrafts		105,297
Bills discounted		7,331
Subtotal	¥	6,230,901
Total		¥53,902,477

Average Balance

	Millions of yen	
	Six months ended September 30, 2006	
Domestic operations:		
Loans on notes	¥	2,653,559
Loans on deeds		35,283,246
Overdrafts		8,459,819
Bills discounted		316,097
Subtotal		¥46,712,723
International operations:		
Loans on notes	¥	523,467
Loans on deeds		5,226,118
Overdrafts		120,451
Bills discounted		7,623
Subtotal	¥	5,877,660
Total		¥52,590,383

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Loans and Bills Discounted, Classified by Purpose

	Millions of yen	
	September 30, 2006	
Funds for capital investment	¥20,771,364	38.5%
Funds for working capital	33,131,113	61.5
Total	¥53,902,477	100.0%

Balance of Loans and Bills Discounted, Classified by Collateral

	Millions of yen	
	September 30, 2006	
Securities	¥	874,129
Commercial claims		1,111,344
Commercial goods		—
Real estate		6,714,799
Others		321,385
Subtotal		9,021,658
Guaranteed		22,378,312
Unsecured		22,502,506
Total		¥53,902,477

Balance of Loans and Bills Discounted, Classified by Maturity

	Millions of yen	
	September 30, 2006	
One year or less	¥ 9,174,988	
Floating interest rates	/	
Fixed interest rates	/	
One — three years	8,080,316	
Floating interest rates	6,480,275	
Fixed interest rates	1,600,040	
Three — five years	7,640,441	
Floating interest rates	6,155,250	
Fixed interest rates	1,485,190	
Five — seven years	3,221,954	
Floating interest rates	2,626,719	
Fixed interest rates	595,235	
More than seven years	16,545,829	
Floating interest rates	15,555,837	
Fixed interest rates	989,991	
No designated term	9,238,947	
Floating interest rates	9,238,947	
Fixed interest rates	—	
Total	¥53,902,477	

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

Balance of Loan Portfolio, Classified by Industry

	Millions of yen	
	September 30, 2006	
Domestic offices:		
Manufacturing	¥ 5,215,867	10.8%
Agriculture, forestry, fisheries and mining	132,045	0.3
Construction	1,209,362	2.5
Transportation, communications and public enterprises	2,786,748	5.7
Wholesale and retail	5,060,573	10.4
Finance and insurance	5,523,470	11.4
Real estate	6,407,086	13.2
Services	5,943,919	12.2
Municipalities	522,672	1.1
Others	15,696,483	32.4
Subtotal	¥48,498,229	100.0%
Overseas offices:		
Public sector	¥ 25,386	0.5%
Financial institutions	297,156	5.5
Commerce and industry	4,813,446	89.1
Others	268,257	4.9
Subtotal	¥ 5,404,247	100.0%
Total	¥53,902,477	—

Note: Japan offshore banking accounts are included in overseas offices' accounts.

Loans to Individuals/Small and Medium-Sized Enterprises

	Millions of yen	
	September 30, 2006	
Total domestic loans (A)	¥48,498,229	
Loans to individuals, and small and medium-sized enterprises (B)	36,114,517	
(B) / (A)	74.5%	

Notes: 1. The figures above exclude outstanding balance of loans at overseas branches and of Japan offshore banking accounts.

2. Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Consumer Loans Outstanding

	Millions of yen
	September 30, 2006
Consumer loans	¥14,531,670
Housing loans.....	13,583,819
Residential purpose.....	9,915,204
Others.....	947,851

Note: Housing loans include general-purpose loans used for housing purposes as well as housing loans and apartment house acquisition loans.

Breakdown of Reserve for Possible Loan Losses

	Millions of yen				
	Six months ended September 30, 2006				
	Balance at beginning of the fiscal year	Increase during the interim period	Decrease during the interim period		Balance at end of the interim period
			Objectives	Others	
General reserve for possible loan losses	¥573,007 [(471)]	¥553,458	¥ —	¥573,007*	¥553,458
Specific reserve for possible loan losses	241,558 [(12)]	216,056	31,767	209,791*	216,056
Reserve for possible losses on specific overseas loans	2,354	2,307	—	2,354*	2,307
Total	¥816,920 [(483)]	¥771,822	¥31,767	¥785,153	¥771,822

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

	Millions of yen				
	Six months ended September 30, 2005				
	Balance at beginning of the fiscal year	Increase during the interim period	Decrease during the interim period		Balance at end of the interim period
			Objectives	Others	
General reserve for possible loan losses	¥419,545 [(1,989)]	¥393,220	¥ —	¥419,545*	¥393,220
Specific reserve for possible loan losses	567,760 [(124)]	375,193	315,214	252,546*	375,193
Reserve for possible losses on specific overseas loans	3,930	3,727	—	3,930*	3,727
Total	¥991,236 [(2,114)]	¥772,141	¥315,214	¥676,022	¥772,141

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Write-off of Loans

	Millions of yen	
	Six months ended September 30, 2006	Six months ended September 30, 2005
Write-off of loans	¥39,937	¥16,804

Note: Write-off of loans includes amount of direct reduction.

Specific Overseas Loans

	Millions of yen
	September 30, 2006
Indonesia	¥34,803
Argentina	2
Total.....	¥34,806
Ratio of the total amounts to total assets	0.03%
Number of countries	2

Risk-Monitored Loans

Consolidated

	Millions of yen		
	September 30, 2006	September 30, 2005	March 31, 2006
Bankrupt loans.....	¥ 65,026	¥ 90,003	¥ 59,681
Non-accrual loans.....	620,473	1,058,101	694,658
Past due loans (3 months or more)	36,865	53,845	24,571
Restructured loans	406,751	553,812	440,471
Total.....	¥1,129,117	¥1,755,763	¥1,219,383

Nonconsolidated

	Millions of yen		
	September 30, 2006	September 30, 2005	March 31, 2006
Bankrupt loans.....	¥ 42,129	¥ 72,184	¥ 40,914
Non-accrual loans.....	485,764	898,868	551,083
Past due loans (3 months or more)	33,648	51,310	23,446
Restructured loans	271,960	329,258	298,728
Total.....	¥833,503	¥1,351,621	¥914,173

Notes: **Definition of risk-monitored loan categories**

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Law

Nonconsolidated

	Billions of yen		
	September 30, 2006	September 30, 2005	March 31, 2006
Bankrupt and quasi-bankrupt assets	¥ 136.0	¥ 301.7	¥ 164.5
Doubtful assets	425.1	723.8	473.4
Substandard loans.....	305.6	380.5	322.2
Total of problem assets	866.7	1,406.0	960.1
Normal assets.....	58,442.1	54,970.7	55,984.9
Total.....	¥59,308.8	¥56,376.7	¥56,945.0

Notes: **Definition of problem asset categories**

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Law (Law No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Law. Assets in question include loans and bills discounted, foreign exchanges, accrued interest, and advance payment in "other assets," customers' liabilities for acceptance and guarantees, and securities lent under the loan for consumption or leasing agreements.

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the three categories above

Securities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Securities

Period-End Balance

	Millions of yen
	September 30, 2006
Domestic operations:	
Japanese government bonds	¥ 7,985,919
Japanese local government bonds	541,427
Japanese corporate bonds	3,812,327
Japanese stocks	4,539,778
Others	967,351
Foreign bonds	/
Foreign stocks	/
Subtotal	¥17,846,805
International operations:	
Japanese government bonds	¥ —
Japanese local government bonds	—
Japanese corporate bonds	—
Japanese stocks	—
Others	4,200,640
Foreign bonds	2,967,430
Foreign stocks	1,233,209
Subtotal	¥ 4,200,640
Total	¥22,047,445

Average Balance

	Millions of yen
	Six months ended September 30, 2006
Domestic operations:	
Japanese government bonds	¥ 9,551,449
Japanese local government bonds	556,969
Japanese corporate bonds	3,740,184
Japanese stocks	2,910,406
Others	914,724
Foreign bonds	/
Foreign stocks	/
Subtotal	¥17,673,733
International operations:	
Japanese government bonds	¥ —
Japanese local government bonds	—
Japanese corporate bonds	—
Japanese stocks	—
Others	4,118,281
Foreign bonds	2,880,924
Foreign stocks	1,237,356
Subtotal	¥ 4,118,281
Total	¥21,792,015

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Securities Held, Classified by Maturity

	Millions of yen							
	September 30, 2006							
	One year or less	One — three years	Three — five years	Five — seven years	Seven — 10 years	More than 10 years	No designated term	Total
Japanese government bonds	¥3,719,628	¥ 64,985	¥ 991,821	¥583,990	¥224,614	¥2,400,878	¥ —	¥7,985,919
Japanese local government bonds...	38,570	125,006	62,685	212,684	102,044	436	—	541,427
Japanese corporate bonds	509,253	1,021,126	1,174,940	618,922	383,714	104,370	—	3,812,327
Japanese stocks	—	—	—	—	—	—	4,539,778	4,539,778
Others	1,034,674	567,480	472,105	128,415	711,309	524,171	1,729,834	5,167,991
Foreign bonds	980,998	516,729	361,684	86,187	582,370	408,638	30,822	2,967,430
Foreign stocks	—	—	13,650	—	7,464	106,657	1,105,437	1,233,209

Capital Ratio

Sumitomo Mitsui Banking Corporation and Subsidiaries

Consolidated Capital Ratio

		Millions of yen		
		September 30, 2006	September 30, 2005	March 31, 2006
Tier I capital:	Capital stock	¥ 664,986	¥ 664,986	¥ 664,986
	Capital surplus	1,603,512	1,603,512	1,603,512
	Retained earnings	448,757	290,063	242,524
	Foreign currency translation adjustments	(52,757)	(64,127)	(44,568)
	Stock acquisition rights	4	—	—
	Minority interests	1,025,875	1,037,158	1,074,933
	Goodwill and others	(5)	(7)	(6)
	Subtotal (A)	3,690,374	3,531,587	3,541,382
Tier II capital:	45% of unrealized gains on other securities	648,516	395,212	605,793
	45% of unrealized gains on land	39,709	39,875	39,934
	General reserve for possible loan losses	694,015	575,383	722,147
	Qualifying subordinated debt	2,595,141	2,710,942	2,657,378
	Subtotal	3,977,382	3,721,413	4,025,254
Tier II capital included as qualifying capital (B)		3,690,374	3,531,587	3,541,382
Deductions:	(C)	264,544	263,081	308,195
Total capital:	(D) = (A) + (B) - (C)	¥ 7,116,203	¥ 6,800,093	¥ 6,774,569
Risk-adjusted assets:	On-balance-sheet	¥58,769,353	¥54,609,727	¥56,513,824
	Off-balance-sheet	6,363,767	5,747,789	5,990,301
	Asset equivalent of market risk	364,429	411,599	383,276
	Subtotal (E)	¥65,497,549	¥60,769,116	¥62,887,402
Capital ratio:	(D) / (E) × 100	10.86%	11.19%	10.77%

Nonconsolidated Capital Ratio

		Millions of yen		
		September 30, 2006	September 30, 2005	March 31, 2006
Tier I capital:	Capital stock	¥ 664,986	¥ 664,986	¥ 664,986
	Capital reserve	665,033	665,033	665,033
	Other capital surplus	702,514	702,514	702,514
	Other retained earnings	676,709	—	—
	Voluntary reserves	—	221,502	221,502
	Unappropriated retained earnings at end of period (year)	—	350,825	271,368
	Others	838,728	830,042	840,794
	Subtotal (A)	3,547,973	3,434,905	3,366,200
Tier II capital:	45% of unrealized gains on other securities	637,941	383,762	593,853
	45% of unrealized gains on land	33,225	33,356	33,345
	General reserve for possible loan losses	553,458	393,220	572,536
	Qualifying subordinated debt	2,523,141	2,671,942	2,605,378
	Subtotal	3,747,767	3,482,281	3,805,114
Tier II capital included as qualifying capital (B)		3,547,973	3,434,905	3,366,200
Deductions:	(C)	104,290	108,278	95,734
Total capital:	(D) = (A) + (B) - (C)	¥ 6,991,656	¥ 6,761,532	¥ 6,636,666
Risk-adjusted assets:	On-balance-sheet	¥54,511,090	¥50,631,175	¥52,482,811
	Off-balance-sheet	6,047,594	5,329,245	5,676,962
	Asset equivalent of market risk	305,602	343,555	303,674
	Subtotal (E)	¥60,864,287	¥56,303,976	¥58,463,447
Capital ratio:	(D) / (E) × 100	11.48%	12.00%	11.35%

Ratios (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Income Ratio

	Percentage
	Six months ended September 30, 2006
Ordinary profit to total assets.....	0.58%
Ordinary profit to net assets	19.83
Net income to total assets	0.39
Net income to net assets	13.53

Notes: 1. Ordinary profit (net income) to total assets = Ordinary profit (net income) / Days in the interim period x Days in the fiscal year / Average balance of total assets excluding customers' liabilities for acceptances and guarantees x 100
 2. Ordinary profit (net income) to net assets = (Ordinary profit (net income) - Preferred dividends) / Days in the interim period x Days in the fiscal year / ((Stockholders' equity at beginning of the fiscal year - Number of shares of preferred stock outstanding at beginning of the fiscal year x Issue price) + (Net assets at end of the interim period - Number of shares of preferred stock outstanding at end of the interim period x Issue price)) divided by 2 x 100

Yield/Interest Rate

	Percentage
	Six months ended September 30, 2006
Domestic operations	
Interest-earning assets (A)	1.47%
Interest-bearing liabilities (B)	0.88
(A) - (B).....	0.59
International operations	
Interest-earning assets (A)	4.15%
Interest-bearing liabilities (B)	4.79
(A) - (B).....	(0.64)
Total	
Interest-earning assets (A)	1.92%
Interest-bearing liabilities (B)	1.52
(A) - (B).....	0.40

Loan-Deposit Ratio

	Millions of yen
	September 30, 2006
Domestic operations	
Loans and bills discounted (A)	¥47,671,576
Deposits (B).....	59,910,092
Loan-deposit ratio (%)	
(A) / (B).....	79.57%
Ratio by average balance for the interim period.....	77.37
International operations	
Loans and bills discounted (A)	¥ 6,230,901
Deposits (B).....	8,630,957
Loan-deposit ratio (%)	
(A) / (B).....	72.19%
Ratio by average balance for the interim period.....	70.53
Total	
Loans and bills discounted (A)	¥53,902,477
Deposits (B).....	68,541,049
Loan-deposit ratio (%)	
(A) / (B).....	78.64%
Ratio by average balance for the interim period.....	76.54

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

	Millions of yen
	September 30, 2006
Domestic operations	
Securities (A)	¥17,846,805
Deposits (B)	59,910,092
Securities-deposit ratio (%)	
(A) / (B)	29.78%
Ratio by average balance for the interim period.....	29.27
International operations	
Securities (A)	¥ 4,200,640
Deposits (B)	8,630,957
Securities-deposit ratio (%)	
(A) / (B)	48.66%
Ratio by average balance for the interim period.....	49.42
Total	
Securities (A)	¥22,047,445
Deposits (B)	68,541,049
Securities-deposit ratio (%)	
(A) / (B)	32.16%
Ratio by average balance for the interim period.....	31.71

Note: Deposits include negotiable certificates of deposit.

Capital (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Capital Stock (as of September 30, 2006)

¥664,986 million

Number of Shares Issued

September 30, 2006	Number of shares issued
Common stock.....	56,202,668
Preferred stock (Type 1).....	35,000
Preferred stock (Type 2).....	100,000
Preferred stock (Type 3).....	695,000
Preferred stock (1st series Type 6).....	70,001
Total.....	<u>57,102,669</u>

Note: The shares above are not listed on any stock exchange.

Principal Shareholders

a. Common Stock

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	<u>56,202,668</u>	<u>100.00%</u>

b. Preferred Stock (Type 3)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	<u>195,000</u>	<u>28.05%</u>

c. Preferred Stock (1st series Type 6)

September 30, 2006 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	<u>70,001</u>	<u>100.00%</u>

Note: Shares in treasury of SMBC (35,000 shares of Type 1 preferred stock, 100,000 shares of Type 2 preferred stock and 500,000 shares of Type 3 preferred stock) are not included in the tables above.

Others (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

	Millions of yen
	September 30, 2006
Securities.....	¥ 22,858
Commercial claims.....	26,882
Commercial goods.....	4,785
Real estate.....	60,251
Others.....	22,103
Subtotal.....	<u>¥ 136,882</u>
Guaranteed.....	546,882
Unsecured.....	3,751,388
Total.....	<u>¥4,435,152</u>

Trust Assets and Liabilities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Statement of Trust Assets and Liabilities

	Millions of yen
	September 30, 2006
Assets:	
Loans and bills discounted	¥ 8,080
Loans on deeds	8,080
Securities	241,904
Japanese government bonds	137,899
Corporate bonds	12,000
Foreign securities	92,004
Securities held in custody accounts	33,297
Monetary claims	708,378
Monetary claims for housing loans	131,785
Other monetary claims	576,593
Other claims	1,009
Due from banking account	50,733
Cash and due from banks	245,401
Deposits with banks	245,401
Total assets	¥1,288,805
Liabilities:	
Money trusts	¥ 529,687
Security trusts	33,297
Monetary claims trusts	595,876
Composite trusts	129,944
Total liabilities	¥1,288,805

Notes: 1. Amounts less than one million yen have been omitted.
 2. SMBC has no co-operative trusts under other trust bank's administration as of interim period-end.
 3. SMBC does not deal with any trusts with principal indemnification.

Balance of Money Trusts and Others

	Millions of yen
	September 30, 2006
Money trusts	¥529,687
Pension trusts	—
Asset formation benefit trusts	—
Loan trusts	—
Total	¥529,687

Balance of Trusts with Principal Indemnification

There are no corresponding items.

Risk-Monitored Loans Related with Trusts with Principal Indemnification

There are no corresponding items.

Balance of Principal Amounts of Money Trusts and Loan Trusts, Classified by Maturity

	Millions of yen
	September 30, 2006
Money trusts:	
Less than one year	¥ 80,378
One — two years	8,758
Two — five years	286,063
Five years and more	148,821
No designated term	—
Total	¥524,021
Loan trusts:	
Less than one year	¥ —
One — two years	—
Two — five years	—
Five years and more	—
No designated term	—
Total	¥ —

Balance of Money Trusts and Others

	Millions of yen
	September 30, 2006
Money trusts:	
Loans and bills discounted	¥ 8,080
Securities	241,904
Subtotal	249,984
Pension trusts:	
Loans and bills discounted	—
Securities	—
Subtotal	—
Asset formation benefit trusts:	
Loans and bills discounted	—
Securities	—
Subtotal	—
Loan trusts:	
Loans and bills discounted	—
Securities	—
Subtotal	—
Total of loans and bills discounted	8,080
Total of securities	241,904
Total	¥249,984

Balance of Loans and Bills Discounted

	Millions of yen
	September 30, 2006
Loans on deeds	¥8,080
Loans on notes	—
Bills discounted	—
Total	¥8,080

Balance of Loans and Bills Discounted, Classified by Maturity

	Millions of yen
	September 30, 2006
Loans and bills discounted	
One year or less	¥1,580
One — three years	1,300
Three — five years	4,000
Five — seven years	—
More than seven years	1,200
Total	¥8,080

Balance of Loans and Bills Discounted, Classified by Collateral

	Millions of yen
	September 30, 2006
Securities	¥ —
Commercial claims	—
Real estate	—
Factory	—
Fund	—
Ships and vessels	—
Others	—
Subtotal	—
Guaranteed	3,000
Unsecured	5,080
Total	¥8,080

Balance of Loans and Bills Discounted, Classified by Purpose

	Millions of yen	
	September 30, 2006	
Funds for capital investment.....	¥4,000	49.50%
Funds for working capital.....	4,080	50.50
Total.....	¥8,080	100.00%

Breakdown of Loan Portfolio, Classified by Industry

	Millions of yen	
	September 30, 2006	
Manufacturing.....	¥1,000	12.38%
Agriculture, forestry, fisheries and mining	—	—
Construction	—	—
Transportation, communications and public enterprises	4,880	60.39
Wholesale and retail	1,000	12.38
Finance and insurance	1,200	14.85
Real estate	—	—
Services.....	—	—
Municipalities.....	—	—
Others.....	—	—
Total.....	¥8,080	100.00%

Loans to Individuals/Small and Medium-Sized Enterprises

Balance of Loans

	Millions of yen	
	September 30, 2006	
Total to individuals, and small and medium-sized enterprises (A)	¥4,880	
Total loans (B)	8,080	
(A) / (B)	60.39%	

Number of Loans Lent

	Number of loans	
	September 30, 2006	
Total to individuals, and small and medium-sized enterprises (C)	5	
Total loans (D)	8	
(C) / (D).....	62.50%	

Note: Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Balance of Securities Related with Money Trusts and Others

	Millions of yen	
	September 30, 2006	
Japanese government bonds	¥137,899	57.01%
Japanese local government bonds.....	—	—
Short-term Japanese corporate bonds	—	—
Japanese corporate bonds	12,000	4.96
Japanese stocks.....	—	—
Others.....	92,004	38.03
Total.....	¥241,904	100.00%

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