

Sumitomo Mitsui Financial Group, Inc.

Business and Capital Alliance between Yahoo Japan and SMBC Group

TOKYO, June 29, 2006 --- Sumitomo Mitsui Financial Group, Inc. (SMFG) hereby announces that Sumitomo Mitsui Banking Corporation (SMBC) and The Japan Net Bank, Limited, consolidated subsidiaries of SMFG, published the attached press release today.

SMFG's earnings forecast for the fiscal year ending March 31, 2007 remains unchanged.

Business and Capital Alliance between Yahoo Japan and SMBC Group

TOKYO, June 29, 2006 --- Yahoo Japan Corporation (“Yahoo Japan,” President: Masahiro Inoue), The Japan Net Bank, Limited (“Japan Net Bank,” President: Shuichi Fujimori), and Sumitomo Mitsui Banking Corporation (“SMBC,” President: Masayuki Oku) announced that they had entered into a basic agreement on business alliance and a capital alliance agreement today as agreed on March 30, 2006.

1. Outline of business alliance

Yahoo Japan and Japan Net Bank will jointly develop and provide new products and services with their customers by leveraging their brand names, customer bases, expertise, and experiences.

As a first step, Yahoo Japan and Japan Net Bank will provide participants in the Internet “Yahoo! Auction” with a new service to enhance user convenience of payment and settlement. The new service will enable a successful bidder participating in “Yahoo! Auction” to easily specify seller’s bank account and remit the purchase price if both of them have bank accounts at Japan Net Bank. Two companies will advance the preparations with a target of introducing the new service in November 2006.

In addition, Yahoo Japan will provide advanced, secure and convenient settlement and financial services closely linked to its current services and “Yahoo! Japan ID.” On the other hand, Japan Net Bank will try to improve user convenience and increase its customer base by offering more user friendly Internet-based payment and settlement services reflecting users’ consumption patterns.

2. Outline of capital alliance

Towards the launch of new payment and settlement service, Japan Net Bank will increase its capital on September 29, 2006. At the same time, SMBC and Yahoo Japan will continue to consider establishing a bank holding company subject to regulatory approval.

Japan Net Bank will issue new shares by means of third party allocation to Yahoo Japan and SMBC as described below. As a result, each of Yahoo Japan and SMBC will own 40% of the total shares of Japan Net Bank. As for voting rights, Yahoo Japan and SMBC will own 10.4% and 59.7%, respectively, of the total voting rights of Japan Net Bank.

(1) Issuance of common shares

- (i) Number of shares to be issued : 176,200 shares
- (ii) Aggregate amount of issue price : JPY 13,215 million (JPY 75,000 per share)
- (iii) Companies to be allocated to and number of shares to be allocated
 - : (a) SMBC 116,000 shares
(Amount to be paid: JPY 8,700 million)
 - (b) Yahoo Japan 60,200 shares
(Amount to be paid: JPY 4,515 million)
- (iv) Payment date : September 29, 2006

(2) Issuance of nonvoting shares with acquisition clause

- (i) Number of shares to be issued : 283,800 shares
- (ii) Aggregate amount of issue price : JPY 21,285 million (JPY 75,000 per share)
- (iii) Company to be allocated to and number of shares to be allocated
 - : Yahoo Japan 283,800 shares
(Amount to be paid: JPY 21,285 million)
- (iv) Payment date : September 29, 2006

Upon obtaining an approval to become a major share holder of Japan Net Bank from the regulatory authority, Yahoo Japan will own 40% of the total voting rights of Japan Net Bank.

3. Schedule (planned)

On September 29, 2006 : Capital increase by Japan Net Bank

In November 2006 : Launch of new payment and settlement service

Appendix

Outline of Yahoo Japan Corporation:

Company name	Yahoo Japan Corporation
Businesses description	Internet Advertising business, Broadband business, Auction business, Other businesses
Date of establishment	January 31, 1996
Head office	10-1, Roppongi 6-chome, Minato-ku, Tokyo, Japan
Representative	President & CEO: Masahiro Inoue
Capital stock	JPY 7,032 million (as of March 31, 2006)
Number of employees	1,940 (as of March 31, 2006)
Principal shareholders (Name and percentage of shares outstanding)	SOFTBANK CORP. 41.1% Yahoo! Inc. 33.4% (as of March 31, 2006)

Outline of The Japan Net Bank, Limited:

Company name	The Japan Net Bank, Limited
Businesses description	Banking
Date of establishment	September 19, 2000
Head office	1-1, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo, Japan
Representative	President: Shuichi Fujimori
Capital stock	JPY 20,000 million (as of March 31, 2006)
Number of employees	86 (as of March 31, 2006)
Principal shareholders (Name and percentage of shares outstanding)	Sumitomo Mitsui Banking Corporation 57.0% Nippon Life Insurance Company 10.0% Fujitsu Limited 10.0% (as of March 31, 2006)

Outline of Sumitomo Mitsui Banking Corporation:

Company name	Sumitomo Mitsui Banking Corporation
Businesses description	Banking
Date of establishment	June 6, 1996
Head office	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan
Representative	President: Masayuki Oku
Capital stock	JPY 664,986 million (as of March 31, 2006)
Number of employees	16,050 (as of March 31, 2006)
Principal shareholders (Name and percentage of shares outstanding)	Sumitomo Mitsui Financial Group, Inc. 100.0% (as of March 31, 2006)