

## Sumitomo Mitsui Financial Group, Inc (SMFG)

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

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 Stock Exchange Listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange (code: 8316)  
 URL: <http://www.smfg.co.jp>  
 President: Teisuke Kitayama  
 Date of Approval of the Non-consolidated Financial Statements by the Board of Directors: May 23, 2006  
 Date of Scheduled Payment of Dividends: June 29, 2006  
 Date of Ordinary General Meeting of Shareholders: June 29, 2006

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

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

##### (1) Operating Results

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

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

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

Notes: 1. Average number of common stock outstanding

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

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

2. There is no change in accounting methods.

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

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

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

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

##### (3) Financial Position

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

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

Notes: 1. Number of common stock outstanding

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

2. Number of treasury stock

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

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

(Millions of yen, except per share data)

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

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

This document contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

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

## Average number of shares outstanding during the fiscal year

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

## Number of shares outstanding at the fiscal year-end

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

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

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

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

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

(Millions of yen, except per share data)

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

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

(Millions of yen, except per share data)

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

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

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

## Calculation for Indices

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

- Return on Common Stockholders' Equity:

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

- Dividend Payout Ratio:

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

- Ratio of Dividends to Stockholders' Equity:

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

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

- Forecasted Net Income per Share:

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

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

## NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

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

**NON-CONSOLIDATED STATEMENTS OF INCOME**

(Millions of yen)

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

## Significant Accounting Policies for Non-consolidated Financial Statements

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

## Change in Accounting Method

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

## Additional Information

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

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

Notes to Non-consolidated Balance Sheet

- Amounts less than one million yen have been omitted.
- Accumulated depreciation of premises and equipment was 1 million yen.
- Assets and liabilities related to transactions with subsidiaries and affiliates are as follows:
 

Deposits	: 561,862 million yen
Short-term borrowings:	230,000 million yen
- Contingent liabilities
 

SMFG has guaranteed the Deposit Protection Fund within the Association of German Banks for the return of up to 48,545 million yen in customers' deposits at SMBC's Düsseldorf Branch.
- Number of shares authorized
 

Common stock:	15,000,000 shares
Preferred stock:	1,515,000 shares

 Number of shares issued
 

Common stock:	7,424,172.77 shares
Preferred stock:	950,101 shares
- Treasury stock
 

Number of treasury stock (common stock) as of year-end is 6,307.15.
- Under the Articles of Incorporation of SMFG, followings are the maximum amounts of annual cash dividends to preferred shareholders:
 

Preferred stock (type 1):	10,500 yen per share
Preferred stock (type 2):	28,500 yen per share
Preferred stock (type 3):	13,700 yen per share
Preferred stock (type 4):	Amount to be resolved at meeting of the Board of Directors (Max. 200,000 yen per share)
Preferred stock (type 5):	Amount to be resolved at meeting of the Board of Directors (Max. 200,000 yen per share)
Preferred stock (type 6):	Amount to be resolved at meeting of the Board of Directors (Max. 300,000 yen per share)

Notes to Non-consolidated Statement of Income

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

Securities

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

Tax Effect Accounting

- Major components of deferred tax assets as of March 31, 2006 were as follows:  
(Millions of yen)

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

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

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

### Per Share Data

Stockholders' equity per share was 330,206.27 yen.

Net income per share was 6,836.35 yen.

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

(Note)

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

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

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

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

Preferred stock	
type 2:	100,000 shares outstanding
type 3:	695,000 shares outstanding
1st-12th series type 4:	50,100 shares outstanding

### Subsequent Events

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

Details of repurchase and retirement

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



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

(Yen)

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