

Sumitomo Mitsui Financial Group, Inc. (SMFG)

Nonconsolidated Financial Results for the Six Months ended September 30, 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 Financial Results by the Board of Directors: November 22, 2006

1. Financial Results (for the six months ended September 30, 2006)

Amounts less than one million yen have been omitted.

(1) Operating Results

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

	Operating Income		Operating Profit		Ordinary Profit	
Six Months ended September 30, 2006	¥ 321,340	- %	¥ 319,772	- %	¥ 319,112	- %
ended September 30, 2005	16,206	(92.1)	14,468	(92.9)	12,424	(93.9)
Fiscal Year ended March 31, 2006	55,482		52,285		48,264	

	Net Income		Net Income per Share	
Six Months ended September 30, 2006	¥ 318,223	728.0%	¥ 42,605.28	
ended September 30, 2005	38,435	(81.0)	5,646.36	
Fiscal Year ended March 31, 2006	73,408		6,836.35	

Notes: 1. Average number of common stocks outstanding

(a) for the six months ended September 30, 2006: 7,469,110 shares (b) for the six months ended September 30, 2005: 6,807,052 shares

(c) for the fiscal year ended March 31, 2006 : 6,978,978 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 interim term. In case the amounts are more than one thousand, they are not reported pursuant to the Regulations of Tokyo Stock Exchange.

(2) Financial Position

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

	Total Assets	Net Assets	Net Assets Ratio	Net Assets per Share
September 30, 2006	¥ 3,929,752	¥ 3,252,213	82.8%	¥ 349,036.81
September 30, 2005	3,653,155	3,312,686	90.7	268,549.24
March 31, 2006	4,166,332	3,935,426	94.5	330,206.27

Notes: 1. Number of common stocks outstanding

(a) as of September 30, 2006: 7,726,721 shares (b) as of September 30, 2005: 6,897,741 shares (c) as of March 31, 2006: 7,417,865 shares

2. Number of treasury stocks

(a) as of September 30, 2006: 6,932 shares (b) as of September 30, 2005: 405,731 shares (c) as of March 31, 2006: 6,307 shares

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

(Millions of yen)

	Operating Income	Ordinary Profit	Net Income
Fiscal Year ending March 31, 2007	¥ 370,000	¥ 365,000	¥ 365,000

(Reference) Forecasted net income per share for the fiscal year ending March 31, 2007 is 46,519.05 yen.

3. Cash Dividends (common stock) Please see the next page for information of the preferred stock.

	Interim Dividends per Share	Year-end Dividends per Share	Annual Dividends per Share
Fiscal Year ended March 31, 2006	¥ -	¥ 3,000	¥ 3,000
Fiscal Year ending March 31, 2007 (result)	-	-	7,000
Fiscal Year ending March 31, 2007 (forecast)	-	7,000	

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

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

Average number of shares outstanding during the term (year)

	For the Six Months ended September 30, 2006	For the Six Months ended September 30, 2005	For the Fiscal Year ended March 31, 2006
Common stock	7,469,110	6,807,052	6,978,978
Preferred stock (type 1)	5,833	35,000	35,000
Preferred stock (type 2)	61,333	100,000	100,000
Preferred stock (type 3)	611,666	695,000	695,000
Preferred stock (1st to 12th series type 4)	50,100	50,100	50,100
Preferred stock (13th series type 4)	–	9,496	4,748
Preferred stock (1st series type 6)	70,001	70,001	70,001

Number of shares outstanding as of term (year)-end

	As of September 30, 2006	As of September 30, 2005	As of March 31, 2006
Common stock	7,726,721	6,897,741	7,417,865
Preferred stock (type 1)	–	35,000	35,000
Preferred stock (type 2)	–	100,000	100,000
Preferred stock (type 3)	195,000	695,000	695,000
Preferred stock (1st to 12th series type 4)	50,100	50,100	50,100
Preferred stock (1st series type 6)	70,001	70,001	70,001

(Notes)

- The amounts shown above exclude numbers of treasury stock.
- Change in the number of shares during the interim term is as follows:

	Type	Change in number of shares
Decrease due to retirement of preferred stock (type 1)	Preferred stock (type 1)	(35,000) shares
Decrease due to retirement of preferred stock (type 2)	Preferred stock (type 2)	(100,000) shares
Decrease due to retirement of preferred stock (type 3)	Preferred stock (type 3)	(500,000) shares
Increase due to delivery of common stock in exchange of preferred stock (type 3)	Common stock	60,466 shares
Increase in common stock due to exchange of shares with SMBC Friend Securities Co., Ltd.	Common stock	249,015 shares

Calculation for Index

- Forecasted Net Income per Share:

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

(*) On October 17, 2006, SMFG acquired 60,466 own shares of common stock in accordance with the resolution of the meeting of the Board of Directors held on October 13, 2006. Therefore, forecasted net income per share is calculated assuming that forecasted average number of common stocks issued is 7,567,682.

Dividends per share (preferred stock)

Type	Record Date	Cash dividends per share (Yen)		
		Interim term-end	Year-end	Annual
Preferred stock (type 1)	Fiscal year ended March 31, 2006	–	¥ 10,500	¥ 10,500
	Fiscal year ended March 31, 2007 (result)	–	–	–
	Fiscal year ended March 31, 2007 (forecast)	–	–	–
Preferred stock (type 2)	Fiscal year ended March 31, 2006	–	28,500	28,500
	Fiscal year ended March 31, 2007 (result)	–	–	–
	Fiscal year ended March 31, 2007 (forecast)	–	–	–
Preferred stock (type 3)	Fiscal year ended March 31, 2006	–	13,700	13,700
	Fiscal year ended March 31, 2007 (result)	–	–	–
	Fiscal year ended March 31, 2007 (forecast)	–	–	–
Preferred stock (1st to 12th series type 4)	Fiscal year ended March 31, 2006	–	135,000	135,000
	Fiscal year ended March 31, 2007 (result)	–	–	–
	Fiscal year ended March 31, 2007 (forecast)	–	135,000	135,000
Preferred stock (1st series type 6)	Fiscal year ended March 31, 2006	–	88,500	88,500
	Fiscal year ended March 31, 2007 (result)	–	–	–
	Fiscal year ended March 31, 2007 (forecast)	–	88,500	88,500

Nonconsolidated Balance Sheets

September 30, 2006 and 2005, and March 31, 2006	September 30		(Millions of yen, %)			
			March 31, 2006			
	2006	2005	(Condensed)			
Assets		%	%		%	
Current assets						
Cash and due from banks	18,458		54,252		561,862	
Other current assets	63,436		10,923		17,509	
Total current assets	81,894	2.1	65,176	1.8	579,372	13.9
Fixed assets						
Tangible fixed assets	9		2		1	
Intangible fixed assets	26		34		28	
Investments and other assets	3,847,671		3,587,489		3,586,627	
Investments in subsidiaries and affiliates	3,847,651		3,586,045		3,586,045	
Other	20		1,443		582	
Total fixed assets	3,847,707	97.9	3,587,526	98.2	3,586,657	86.1
Deferred charges	150	0.0	452	0.0	301	0.0
Total assets	<u>3,929,752</u>	100.0	<u>3,653,155</u>	100.0	<u>4,166,332</u>	100.0
Liabilities						
Current liabilities						
Short-term borrowings	620,000		340,000		230,000	
Reserve for employees bonuses	76		61		70	
Other current liabilities	57,463		407		835	
Total current liabilities	677,539	17.2	340,469	9.3	230,905	5.5
Total liabilities	<u>677,539</u>	17.2	<u>340,469</u>	9.3	<u>230,905</u>	5.5
Stockholders' equity						
Capital stock	–	–	1,352,651	37.0	1,420,877	34.1
Capital surplus						
Capital reserve	–		1,352,764		1,420,989	
Other capital surplus	–		499,532		684,406	
Total capital surplus	–	–	1,852,296	50.7	2,105,396	50.6
Retained earnings						
Voluntary reserve	–		30,420		30,420	
Unappropriated retained earnings	–		348,152		383,126	
Total retained earnings	–	–	378,572	10.4	413,546	9.9
Treasury stock	–	–	(270,834)	(7.4)	(4,393)	(0.1)
Total stockholders' equity	–	–	3,312,686	90.7	3,935,426	94.5
Total liabilities and stockholders' equity	<u>–</u>	–	<u>3,653,155</u>	100.0	<u>4,166,332</u>	100.0
Net assets						
Stockholders' equity						
Capital stock	1,420,877	36.2	–	–	–	–
Capital surplus						
Capital reserve	642,355		–	–	–	–
Other capital surplus	510,385		–	–	–	–
Total capital surplus	1,152,740	29.3	–	–	–	–
Retained earnings						
Other retained earnings						
Voluntary reserve	30,420		–	–	–	–
Retained earnings brought forward	653,398		–	–	–	–
Total retained earnings	683,818	17.4	–	–	–	–
Treasury stock	(5,223)	(0.1)	–	–	–	–
Total stockholders' equity	3,252,213	82.8	–	–	–	–
Total net assets	3,252,213	82.8	–	–	–	–
Total liabilities and net assets	<u>3,929,752</u>	100.0	<u>–</u>	–	<u>–</u>	–

Nonconsolidated Statements of IncomeSix months ended September 30, 2006 and 2005, and
Year ended March 31, 2006

	Six months ended						(Millions of yen, %)		
	September 30						Year ended		
	2006		2005		March 31, 2006				
			%			%			%
Operating income									
Dividends on investments in subsidiaries and affiliates	317,486			12,039			46,432		
Fees and commissions received from subsidiaries	3,854			4,155			9,038		
Interest income on loans to subsidiaries and affiliates	–	321,340	100.0	11	16,206	100.0	11	55,482	100.0
Operating expenses									
General and administrative expenses	1,567	1,567	0.5	1,737	1,737	10.7	3,196	3,196	5.8
Operating profit		319,772	99.5		14,468	89.3		52,285	94.2
Nonoperating income		219	0.1		66	0.4		138	0.3
Nonoperating expenses		880	0.3		2,111	13.0		4,159	7.5
Ordinary profit		319,112	99.3		12,424	76.7		48,264	87.0
Extraordinary gains		–	–		27,579	170.2		27,579	49.7
Income before income taxes		319,112	99.3		40,004	246.9		75,844	136.7
Income taxes:									
Current	345			1			3		
Deferred	542	888	0.3	1,567	1,569	9.7	2,431	2,435	4.4
Net income		318,223	99.0		38,435	237.2		73,408	132.3
Unappropriated retained earnings carried forward		–			309,717			309,717	
Unappropriated retained earnings at end of term (year)		–			348,152			383,126	

Nonconsolidated Statement of Changes in Net Assets

Six months ended September 30, 2006

(Millions of yen)

	Stockholders' equity									Net assets
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total stockholders' equity	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings			
					Voluntary reserve	Retained earnings brought forward				
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

Significant Accounting Policies for Nonconsolidated 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) Tangible fixed assets
SMFG adopts the declining-balance method. Buildings are depreciated using the straight-line method.
 - (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. Reserve for employee bonuses
Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses attributable to this interim term.
4. 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.
5. Consumption taxes
National and local consumption taxes are accounted for using the tax-excluded method.

Changes in Significant Accounting Policies

1. Accounting Standard for Presentation of Net Assets in the Balance Sheet
Effective April 1, 2006, SMFG applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan (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), and changed its balance sheet presentation as follows:
 - (1) Former "Stockholders' equity" was renamed as "Net assets." The amount corresponding to former stockholders' equity at September 30, 2006 was 3,252,213 million yen.
 - (2) "Voluntary reserve" and "Unappropriated retained earnings" which had been included in "Retained earnings" was presented as "Voluntary reserve" and "Retained earnings brought forward" in "Other retained earnings," respectively.
2. Accounting Standard for Share-based Payment
Effective April 1, 2006, SMFG applied "Accounting Standard for Share-based Payment" (ASBJ Statement No.8, issued on December 27, 2005) and "Guidance on Accounting Standard for Stock Options" (ASBJ Guidance No.11, issued on May 31, 2006). This accounting change had no impact on the interim statement of income.
3. Accounting Standards for Business Combinations
Effective April 1, 2006, SMFG applied "Accounting Standards for Business Combinations" ("Opinion Concerning Establishment of Accounting Standards for Business Combinations," issued by the Business Accounting Council 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).

Notes to Nonconsolidated Balance Sheet

1. Amounts less than one million yen have been omitted.
2. Accumulated depreciation of premises and equipment was 2 million yen.
3. Contingent liabilities
SMFG has guaranteed the Deposit Protection Fund within the Association of German Banks for the return of up to 95,475 million yen in customers' deposits at SMBC's Düsseldorf Branch.

Notes to Nonconsolidated Statement of Income

- Amounts less than one million yen have been omitted.
- Nonoperating income includes interest on loans of 208 million yen.
- Nonoperating expenses include interest on borrowings of 550 million yen, fees and commissions of 179 million yen and amortization of organization costs of 150 million yen.
- Depreciation cost is as follows:

Tangible fixed assets	0 million yen
Intangible fixed assets	6 million yen

Notes to Nonconsolidated Statement of Changes in Net Assets

- Amounts less than one million yen have been omitted.
- Type and number of treasury shares are as follows:

	Number of treasury shares at the previous fiscal year-end	Increase in numbers of shares in the interim term	Decrease in numbers of shares in the interim term	Number of treasury shares at the interim term-end
Treasury shares				
Common stock	6,307.15	(*1) 702.81	(*2) 77.62	6,932.34
Preferred stock (type 1)	–	(*3) 35,000	(*3) 35,000	–
Preferred stock (type 2)	–	(*4) 100,000	(*4) 100,000	–
Preferred stock (type 3)	–	(*5) 500,000	(*5) 500,000	–
Total	6,307.15	635,702.81	635,077.62	6,932.34

(Notes)

***1. Increase in number of treasury shares:**

- 702.81 shares due to purchase of fractional shares

2. Decrease in number of treasury shares:

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

3. Increase in number of treasury shares:

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

Decrease in number of treasury shares:

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

4. Increase in number of treasury shares:

- 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

Decrease in number of treasury shares:

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

5. Increase in number of treasury shares:

- 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 rights to request acquisition of common shares on September 29, 2006.

Decrease in number of treasury shares:

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

Securities

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

Business Combinations

Transactions under common control

Please refer to note 41 in Notes to Interim Consolidated Balance Sheet.

Subsequent Events

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. The amount of retired shares was deducted from Capital surplus.

Details of acquisition and retirement

Preferred stock (type 3)

(1) Number of shares to be acquired: 195,000 shares

(2) Total amount to be acquired: 222,241,500,000 yen

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

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

(a) Type of stock to be acquired: Common stock

(b) Number of shares to be acquired: 60,466 shares (upper limit)

(c) Amount of cash to be tendered in exchange for the acquired stock: 79,639,200,000 yen (upper limit)

(d) Acquisition period: From October 16, 2006 to December 29, 2006

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

(a) Type of stock to be acquired: Common stock

(b) Number of shares to be acquired: 6,700 shares (upper limit)

(c) Amount of cash to be tendered in exchange for the acquired stock: 10,000,000,000 yen (upper limit)

(d) Acquisition period: From October 16, 2006 to December 29, 2006

(2) Acquisition of own shares

(i) Type of shares acquired: Common shares

(ii) Number of shares acquired: 60,466 shares (upper limit)

(iii) Acquisition price (total amount): 1,270,000 yen per share (total: 76,791,820,000 yen)

(iv) Method of acquisition: Acquisition through ToSTNet-2 (closing price orders), operated by Tokyo Stock Exchange, Inc.

On October 17, 2006, RCC announced that it 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 of 50,000 shares of preferred stock (type 3) (total amount: 50,000 million yen) on September 29, 2006, at 76,791,820,000 yen.