

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.

Figures in the charts are round numbers. Figures in parenthesis indicate loss or decrease.

November 22, 2006

### **Announcement of Financial Results for the Six Months ended September 30, 2006**

We would now like to explain our financial results for the six months ended September 30, 2006, by using *Financial Results for the Six Months ended September 30, 2006* and *Financial Results for the Six Months ended September 30, 2006 Supplementary Information*.

The *Financial Results* of Sumitomo Mitsui Financial Group (“SMFG”) is provided pursuant to the listing rules in Japan. Financial statements of Sumitomo Mitsui Banking Corporation (“SMBC”) are provided at the end of SMFG’s *Supplementary Information* as “Reference.”

Let us look at the *Supplementary Information*. In this report, <Non-consolidated> indicates SMBC’s non-consolidated figures and <Consolidated> indicates SMFG’s consolidated figures if not otherwise specified.

#### **<SMBC Non-consolidated Financial Results>**

Please look at page 1. This is an overview of SMBC’s non-consolidated financial results. In line 22, Banking profit before provision for general reserve for possible loan losses was JPY 311.6 billion, a JPY 162.6 billion decrease year over year.

Gross banking profit, shown in line 1, decreased by JPY 157.5 billion year over year, to JPY 609.1 billion, mainly due to approximately JPY 120 billion year-over-year decrease in the Treasury Unit’s profits which is attributable to JPY 61.7 billion of Losses on bonds (a JPY 90.1 billion decrease year over year) from the reduction of bond portfolio in response to an upward movement of interest rates in Japan and the U.S.

Expenses shown in line 18 increased year over year by JPY 5.1 billion, to JPY 297.5 billion, mainly due to the aggressive investment in strategic areas, such as expanding loans to small- and medium-sized enterprises and actively promoting businesses to individual customers.

<SMBC Non-consolidated> (Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2006	Change	Sep. 30, 2005
Gross banking profit	1	609.1	(157.5)	766.6
Expenses (excluding non-recurring losses)	18	(297.5)	(5.1)	(292.4)
Banking profit (before provision for general reserve for possible loan losses)	22	311.6	(162.6)	474.2

Let us move on to Non-recurring gains (losses). Total credit cost, calculated by adding Credit related costs in line 28, Gains on reversal of reserve for possible loan losses in line 39 under Extraordinary gains, and Gains on collection of written-off claims in line 40, was JPY 33.2 billion, a JPY 96.5 billion decrease year over year, as shown in line 47.

The decline in Total credit cost was mainly because of the decrease in non-performing loans from sales and recoveries, and gains on reversal of reserve due to improvement in borrowers' financial condition through corporate restructuring.

<SMBC Non-consolidated> (Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2006	Change	Sep. 30, 2005
Provision for general reserve for possible loan losses	24	-	(24.3)	24.3
Non-recurring gains (losses)	27	(42.5)	96.2	(138.7)
Credit related costs	28	(46.7)	107.3	(154.0)
Extraordinary gains (losses)	35	29.3	34.0	(4.7)
Gains on reversal of reserve for possible loan losses	39	13.3	13.3	-
Gains on collection of written-off claims	40	0.2	0.2	0.0
Gains on return of securities from retirement benefits trust	41	36.3	36.3	-
Total credit cost (24+28+39+40)	47	(33.2)	96.5	(129.7)

Now looking at Gains (losses) on stocks in line 29, despite JPY 5.9 billion of losses on devaluation of unlisted stocks in line 32, there was a net gain of JPY 8.7 billion thanks to JPY 14.6 billion of net gains on sale of stocks, .

<SMBC Non-consolidated>

(Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2006	Change	Sep. 30, 2005
Gains (losses) on stocks	29	8.7	(16.3)	25.0
Gains on sale of stocks	30	14.7	(19.5)	34.2
Losses on sale of stocks	31	(0.1)	0.3	(0.4)
Losses on devaluation of stocks	32	(5.9)	2.9	(8.8)

These items added up to Ordinary profit of JPY 269.1 billion, a JPY 90.7 billion decrease year over year, as shown in line 34.

Extraordinary gains (losses) were a net gain of JPY 29.3 billion as shown in line 35.

The increase in extraordinary gains is mainly due to JPY 13.3 billion of Gains on reversal of reserve for possible loan losses and to JPY 36.3 billion of Gains on return of securities from retirement benefits trust in line 41.

Mainly because of tax payments in overseas branches, Income taxes totaled JPY 7.8 billion as shown in line 44.

Also, from a viewpoint of securing a sound financial base, Deferred income tax has been recorded conservatively. Deferred income tax was JPY 107.0 billion, as shown in line 45.

As a result, in line 46, we can see Net income of JPY 183.6 billion, a year over year decrease of JPY 115.1 billion.

<SMBC Non-consolidated>

(Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2006	Change	Sep. 30, 2005
Ordinary profit (loss)	34	269.1	(90.7)	359.8
Extraordinary gains (losses)	35	29.3	34.0	(4.7)
Income (loss) before income taxes	43	298.4	(56.7)	355.1
Income taxes, current	44	(7.8)	(2.7)	(5.1)
Income taxes, deferred	45	(107.0)	(55.7)	(51.3)
Net income (loss)	46	183.6	(115.1)	298.7

### <SMFG Consolidated Financial Results>

Let us now look at SMFG's consolidated financial results on the next page. Mainly

due to SMBC's profit decrease, Ordinary profit shown in line 16 was JPY 357.1 billion, a decrease of JPY 106.6 billion year over year, and Net income shown in line 26 was JPY 243.7 billion, a decrease of JPY 148.7 billion year over year.

<SMFG Consolidated> (Billions of yen)

		Six months ended		Six months ended Sep. 30, 2005
		Sep. 30, 2006	Change	
Consolidated gross profit	1	885.8	(136.1)	1,021.9
General and administrative expenses	7	(432.7)	(11.1)	(421.6)
Credit related costs	8	(65.0)	111.5	(176.5)
Gains (losses) on stocks	13	10.4	(24.9)	35.3
Equity in earnings of affiliates	14	(32.3)	(46.4)	14.1
Other income (expenses)	15	(9.0)	0.3	(9.3)
Ordinary profit (loss)	16	357.1	(106.6)	463.8
Net income (loss)	26	243.7	(148.7)	392.3

#### <Unrealized Gains (Losses) on Securities>

Next, let us look at page 4 for Unrealized gains (losses) on securities. Figures on non-consolidated Unrealized gains (losses) on securities portfolio of SMBC are shown in the middle of the page. In the table, you can find Unrealized gains on Other securities totaling JPY 1,417.4 billion, which consist of Gains on stocks (JPY 1,622.1 billion), Losses on bonds (JPY 169.2 billion), and Losses on others (JPY 35.5 billion).

<SMBC Non-consolidated> (Billions of yen)

	Sep. 30, 2006			
	Net unrealized gains (losses)			
		Change from Mar. 31, 2006	Gains	Losses
Other securities	1,417.4	101.2	1,669.3	(251.9)
Stocks	1,622.1	(10.3)	1,639.7	(17.6)
Bonds	(169.2)	113.1	0.6	(169.8)
Others	(35.5)	(1.6)	29.0	(64.5)

#### <BIS Capital Ratio>

Next, we would like to explain about the consolidated BIS capital ratio on page 7. As you can see, the preliminary figure on the consolidated BIS capital ratio as of September 30, 2006 was 10.07%, a 2.32% decrease compared with March 31, 2006. The decrease was mainly due to JPY 1,174.0 billion of acquisition and cancellation of own stock in accordance with the repayment of public funds, offsetting the recording of net income.

<SMFG Consolidated> ( % )

	Sep. 30, 2006	Change	Mar. 31, 2006
	[Preliminary]		
Capital ratio	10.07	(2.32)	12.39

### <Non-Performing Loans>

Let us now move on to page 8, which shows the situation of non-performing loans.

The breakdown of Problem assets based on the Financial Reconstruction Law is as follows:

Bankrupt and quasi-bankrupt assets:	JPY 136.0 billion
Doubtful assets:	JPY 425.1 billion
Substandard loans:	JPY 305.6 billion

The aggregate amount was JPY 866.7 billion (a JPY 93.4 billion decrease compared with March 31, 2006).

Meanwhile, Problem asset ratio, a ratio of Problem assets to Total assets which include Normal assets, was 1.5%, a 0.2% decrease compared with the ratio at March 31, 2006.

<SMBC Non-consolidated> (Billions of yen, %)

	Sep. 30, 2006	Change from Mar. 31, 2006
Bankrupt and quasi-bankrupt assets	136.0	(28.5)
Doubtful assets	425.1	(48.3)
Substandard loans	305.6	(16.6)
Total (A)	866.7	(93.4)
Normal assets	58,442.1	2,457.2
Total (B)	59,308.8	2,363.8
Problem asset ratio (A/B)	1.5%	(0.2%)

The Reserve ratio for each category of borrowers is as follows:

- 100% for the unsecured portion of Bankrupt and quasi-bankrupt assets
- 98.9% for the unsecured portion of Doubtful assets
- 46.1% for the unsecured portion of Substandard loans

For Normal assets:

- 7.5% for total claims on Borrowers requiring caution, excluding Substandard borrowers,
- 0.4% for total claims on Normal borrowers

#### <Deferred Tax Assets>

Next, please look at page 18. On page 18, the amount of Net deferred tax assets on the balance sheet and the breakdown by factors are provided. The amount of Net deferred tax assets recorded on the balance sheet as of September 30, 2006 was JPY 889.2 billion as shown in line 18, a JPY 87.0 billion decrease compared with March 31, 2006. This decrease was mainly due to collection of Deferred tax assets led by recognition of Income before income taxes, as well as the increase in Deferred tax liabilities due to the increase in Unrealized gains on other securities.

A ratio of Net deferred tax assets to Tier I capital on SMFG consolidated basis was 26.0%, a 4.4% increase compared with March 31, 2006. It is below 30%, the upper limit for BIS capital ratio calculation under the Japanese regulatory guidelines to be applied at March-end 2007.

<SMBC Non-consolidated>

(Billions of yen)

		Sep. 30, 2006	Change	Mar. 31, 2006
Net deferred tax assets (Balance sheet amount)	18	889.2	(87.0)	976.2
Amount corresponding to the deferred tax assets shown in Net deferred losses on hedges	19	59.9	59.9	-
Amount corresponding to the deferred tax liabilities shown in Net unrealized gains on other securities	20	(576.0)	(39.8)	(536.2)
Net deferred tax assets excluding the amount shown in line 20	21	1,405.3	(107.1)	1,512.4

#### < Earnings Forecast for fiscal 2006 >

Next, we will explain about the earnings forecast for fiscal 2006, which you can see on page 20.

Let us look at SMFG's non-consolidated earnings forecast for fiscal 2006. We revised the earnings forecast for fiscal 2006, which was announced in May 2006. The revised forecast are as follows: Operating income to be JPY 370.0 billion, Ordinary profit to be JPY 365.0 billion, and Net income to be JPY 365.0 billion (all of them were revised upward by JPY 10 billion compared with the previous forecast).

<SMFG Non-consolidated>		(Billions of yen)
		FY2006 forecast
Operating income		370.0
Ordinary profit		365.0
Net income		365.0

From viewpoint of returning profits to shareholders, we have revised the forecast of cash dividends per common share for the fiscal year 2006 to be JPY 7,000, an increase by JPY 3,000 compared with the previous forecast announced in May 2006. Dividend per preferred share is as originally set. As a result, total dividends forecasted to be paid for fiscal 2006 are JPY 66.6 billion.

<SMFG Non-consolidated>		(Yen)
Dividend per share forecast for the fiscal year end		
		FY2006 forecast
Common stock		7,000

(Reference)	(Billions of yen)
Total dividend planned	66.6

Next, let us look at SMFG's consolidated earnings forecast for fiscal 2006. We revised the forecast of Ordinary profit for fiscal 2006 announced in May 2006 to be JPY 950.0 billion (a JPY 60.0 billion decrease compared with the previous forecast), mainly due to the decrease in SMBC's profit, while Net income forecast of JPY 570.0 billion remains unchanged.

SMBC's non-consolidated earnings forecast for fiscal 2006 is shown at the bottom of the page. We revised the forecast for Banking profit and Total credit cost for fiscal 2006 announced in May 2006, mainly due to financial results for the six months ended September 30, 2006. Now we forecast:

Banking profit (before provision for general reserve for possible loan losses)  
: JPY 845.0 billion  
Ordinary profit : JPY 760.0 billion (a JPY 20.0 billion decrease compared with the  
previous forecast)  
Net income :JPY 460.0 billion  
Total credit cost :JPY (100.0) billion

(END)