

## Sumitomo Mitsui Financial Group, Inc. (SMFG)

### Consolidated Financial Results for the Third Quarter ended December 31, 2005 (Unaudited)

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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 Consolidated Financial Statements by the Board of Directors: February 9, 2006

#### 1. Accounting Policy

(1) Simplified accounting method is not applied.

(2) There is no change in accounting methods.

(3) Changes in Scope of Consolidation and Application of the Equity Method (change from March 2005)

Consolidation: Newly consolidated 12, Excluded 19 Equity method: Newly applied 13, Excluded 2

#### 2. Financial Results (for the nine months ended December 31, 2005)

Amounts less than one million yen have been omitted.

##### (1) Operating Results

	Ordinary Income		Ordinary Profit (Loss)		Net Income (Loss)	
Nine Months ended December 31, 2005	¥ million	%	¥ million	%	¥ million	%
ended December 31, 2005	2,718,972	4.0	788,703	233.8	599,611	319.7
ended December 31, 2004	2,614,461	–	236,274	–	142,880	–
(Ref.) Fiscal year ended March 31, 2005	3,580,796	0.8	(30,293)	–	(234,201)	–

	Net Income (Loss) Per Share	Net Income Per Share (Diluted)
Nine Months ended December 31, 2005	¥	¥
ended December 31, 2005	87,698.61	67,588.70
ended December 31, 2004	24,268.31	14,163.50
(Ref.) Fiscal year ended March 31, 2005	(44,388.07)	–

##### Notes:

##### 1. Equity in earnings of affiliates

for the nine months ended December 31, 2005: 26,580 million yen

for the nine months ended December 31, 2004: 17,644 million yen (Ref.) for the fiscal year ended March 31, 2005: 27,142 million yen

##### 2. Average number of common stocks outstanding (consolidated)

for the nine months ended December 31, 2005: 6,837,181 shares

for the nine months ended December 31, 2004: 5,887,551 shares (Ref.) for the fiscal year ended March 31, 2005: 5,879,572 shares

##### (2) Financial Position

	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share
	¥ million	¥ million	%	¥
December 31, 2005	104,671,142	3,742,481	3.6	330,872.62
December 31, 2004	101,271,934	2,843,062	2.8	216,084.81
(Ref.) March 31, 2005	99,731,858	2,775,728	2.8	164,821.09

Note: Number of common stocks outstanding (consolidated)

as of December 31, 2005: 6,897,453 shares

as of December 31, 2004: 5,836,860 shares (Ref.) as of March 31, 2005: 5,869,288 shares

#### 3. Earnings Forecast (for the fiscal year ending March 31, 2006)

Earnings forecast shown below that was announced on November 22, 2005 remains unchanged.

(Millions of yen)

	Ordinary Income	Ordinary Profit	Net Income
Fiscal year ending March 31, 2006	3,500,000	850,000	550,000

(Reference) Forecasted net income per share\* for the fiscal year ending March 31, 2006 is 75,198.46 yen.

(\*) Calculated using forecasted average number of common stocks of 6,972,249, which includes the offering of new shares (80,000 shares) and treasury shares (400,000 shares).

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.

SMFG reports the financial results for the nine months ended December 31, 2005.

### Operating Results

Designated as an essential year for “securing a solid profit level,” fiscal year ended March 31, 2006, is the first year of our medium-term plan. To achieve this target, we implemented various measures on a group basis in the third quarter.

Gross banking profit of Sumitomo Mitsui Banking Corporation (SMBC), a major subsidiary of SMFG, increased ¥5.0 billion year on year to ¥1,145.2 billion on a non-consolidated basis. This was mainly due to an increase in fees and commissions from sales of investment trust and pension-type insurance, securities intermediary services and investment banking business which more than offset a decrease in net interest income resulting from rising U.S. interest rates. In addition, other subsidiaries such as Sumitomo Mitsui Card and SMBC Leasing also steadily increased their gross profits as we continued to strengthen each subsidiary’s business and promote collaboration among these companies. As a result, SMFG’s consolidated gross profit increased ¥20.0 billion year on year to ¥1,545.0 billion.

We continued to seek higher efficiency in the existing operations while actively allocated resources into strategic areas such as the business alliance with Promise Co., Ltd. Consequently, general and administrative expenses basically remained unchanged compared with a year earlier.

Credit cost substantially decreased ¥581.3 billion year on year to ¥171.8 billion. The decline in credit cost was primarily due to measures taken in the previous fiscal year in the initiative on the intensive improvement in asset quality, such as increasing loan loss reserves, in order to be better prepared for future credit risks.

As a result of the increase in gross profit and decrease in credit cost mentioned above, on a consolidated basis, SMFG recorded ordinary profit of ¥788.7 billion, a year-on-year increase of ¥552.4 billion and net income of ¥599.6 billion, a year-on-year increase of ¥456.7 billion.

#### <Consolidated>

(Billions of yen)

	Nine months ended December 31, 2005	Change from the third Quarter 2004	Six months ended September 30, 2005 (reference)
Gross profit	1,545.0	+ 20.0	1,021.9
General and administrative expenses	(635.5)	+ 1.8	(421.6)
Credit cost	(171.8)	+ 581.3	(176.5)
Ordinary profit	788.7	+ 552.4	463.8
Net income	599.6	+ 456.7	392.3

#### <SMBC, Non-consolidated>

Gross banking profit	1,145.2	+ 5.0	766.6
Expenses (excluding non-recurring losses)	(438.8)	(1.4)	(292.4)
Banking profit (*)	706.4	+ 3.7	474.2
Credit cost	(114.8)	+ 450.7	(129.7)
Ordinary profit	600.5	+ 395.3	359.8
Net income	463.7	+ 271.9	298.8

(\*) Banking profit (before provision for general reserve for possible loan losses)

### Changes in Financial Position

On a consolidated basis, SMFG’s total assets as of December 31, 2005 increased ¥4,939.3 billion to ¥104,671.1 billion, compared with March 31, 2005. Total stockholders’ equity increased ¥966.8 billion to ¥3,742.5 billion due mainly to recording of net income for the nine months and increase in net unrealized gains on other securities owing to a higher stock market. Deposits increased ¥2,410.8 billion to ¥70,885.6 billion. Loans and bills discounted also increased ¥2,829.0 billion to ¥57,628.8 billion.

On a non-consolidated basis, SMBC increased its loan balances to ¥52,260.0 billion, an increase of ¥2,192.4 billion from March 31, 2005 mainly because it continued to reinforce origination of housing loans to individual customers and new-type unsecured loans, such as “Business Select Loans,” to small and medium-sized enterprises, and overseas loans.

SMFG's consolidated capital ratio as of December 31, 2005 was 11.14%, an improvement of 1.20% from March 31, 2005 due mainly to an increase in capital resulting from recording of net income for the nine months ended December 31, 2005. Consolidated Tier I capital ratio was 6.05%. The ratio of net deferred tax assets to consolidated Tier I capital was 27.6%.

<Consolidated>			
	December 31, 2005		September 30, 2005 (reference)
		Change from March 31, 2005	
Capital ratio	11.14%	+ 1.20%	11.00%
Tier I capital ratio	6.05%	+ 0.67%	5.93%
Net deferred tax assets / Tier I capital	27.6%	- 20.0%	36.5%

On a consolidated basis, problem assets (non-performing loans as defined under the Financial Reconstruction Law) decreased ¥688.4 billion to ¥1,634.6 billion from March 31, 2005 due mainly to off-balancing of non-performing loans.

SMBC's non-consolidated problem assets totaled ¥1,216.8 billion, a decrease of ¥607.8 billion. Problem asset ratio was 2.1%, an improvement of 1.2% from March 31, 2005.

SMFG will further reduce non-performing loans through greater efforts for corporate revitalization, prevention of deterioration of borrowers' financial conditions and off-balancing.

<Consolidated>			(Billions of yen)
	December 31, 2005		September 30, 2005 (reference)
		Change from March 31, 2005	
Bankrupt and quasi-bankrupt assets	326.7	(154.3)	394.1
Doubtful assets	768.9	(305.3)	830.1
Substandard loans	539.0	(228.8)	622.1
Total	1,634.6	(688.4)	1,846.3
Problem asset ratio (*)	2.6%	- 1.3%	3.0%

<SMBC, Non-consolidated>			
	December 31, 2005		September 30, 2005 (reference)
		Change from March 31, 2005	
Bankrupt and quasi-bankrupt assets	240.8	(207.5)	301.7
Doubtful assets	662.0	(262.4)	723.8
Substandard loans	314.0	(137.9)	380.5
Total	1,216.8	(607.8)	1,406.0
Problem asset ratio (*)	2.1%	- 1.2%	2.5%

(\*) Problem asset ratio = Problem asset / (Problem asset + Normal asset)

### Further Strengthening Capital Base

In January 2006, SMFG carried out a capital raising of approximately ¥540 billion\* through the offering of new shares (80,000 shares) and treasury shares (400,000 shares) of common stock in order to strengthen its capital base, facilitating an accelerated repayment of public funds which will increase its managerial flexibility in strategic resource allocation and profit distribution policy.

As for the ¥1,100 billion in public fund preferred stock, we aim to further accelerate the repayment, earlier than the previous target of full repayment by March 31, 2008, by about one year, subject to approval of the regulatory authorities, and taking into consideration our financial condition, including the effect of the capital raising this time, the stock market, macroeconomic conditions, and other factors.

Through these and other initiatives, we will further promote sustainable growth as a leading financial services group.

(\*) In the event of full third-party share allocation (40,700 shares) related to the offering of shares through over-allotment, total amount raised will be approximately ¥590 billion.

[ Appendix ]

**1. Consolidated Balance Sheets**

	December 31, 2005	March 31, 2005	Change (A) - (B)	(Millions of yen) December 31, 2004 (Reference)
December 31, 2005 and 2004, and March 31, 2005	(A)	(B)	(A) - (B)	(Reference)
<b>Assets:</b>				
Cash and due from banks	6,608,162	4,989,814	1,618,348	5,163,965
Call loans and bills bought	1,044,928	1,004,512	40,416	452,650
Receivables under resale agreements	542,991	124,856	418,135	194,336
Receivables under securities borrowing transactions	1,785,634	568,340	1,217,294	1,232,430
Commercial paper and other debt purchased	684,358	606,032	78,326	596,552
Trading assets	3,495,256	3,769,073	(273,817)	3,422,953
Money held in trust	923	3,832	(2,909)	3,811
Securities	22,499,792	24,233,701	(1,733,909)	23,365,832
Loans and bills discounted	57,628,814	54,799,805	2,829,009	56,168,320
Foreign exchanges	1,109,368	895,586	213,782	1,045,263
Other assets	3,662,355	3,110,454	551,901	3,655,565
Premises and equipment	804,934	836,053	(31,119)	934,471
Lease assets	1,005,214	1,007,015	(1,801)	990,405
Deferred tax assets	1,152,515	1,598,158	(445,643)	1,752,817
Deferred tax assets for land revaluation	—	—	—	75
Goodwill	8,010	13,381	(5,371)	27,763
Customers' liabilities for acceptances and guarantees	3,646,868	3,444,799	202,069	3,506,833
Reserve for possible loan losses	(1,008,989)	(1,273,560)	264,571	(1,242,117)
<b>Total assets</b>	<u>104,671,142</u>	<u>99,731,858</u>	<u>4,939,284</u>	<u>101,271,934</u>
<b>Liabilities:</b>				
Deposits	70,885,616	68,474,861	2,410,755	68,125,760
Negotiable certificates of deposit	2,939,757	2,713,270	226,487	3,332,478
Call money and bills sold	7,284,214	4,971,462	2,312,752	4,680,288
Payables under repurchase agreements	519,593	405,671	113,922	663,686
Payables under securities lending transactions	2,302,511	3,868,001	(1,565,490)	4,794,608
Commercial paper	—	374,100	(374,100)	374,900
Trading liabilities	1,912,925	2,110,473	(197,548)	1,902,108
Borrowed money	2,144,128	2,142,873	1,255	2,202,309
Foreign exchanges	501,768	478,482	23,286	508,096
Short-term bonds	462,000	1,000	461,000	—
Bonds	4,339,471	4,339,497	(26)	4,504,849
Due to trust account	29,691	50,457	(20,766)	22,789
Other liabilities	2,702,502	2,363,786	338,716	2,648,603
Reserve for employee bonuses	7,435	23,816	(16,381)	7,144
Reserve for employee retirement benefits	36,357	34,792	1,565	32,319
Reserve for expenses related to EXPO 2005 Japan	—	231	(231)	201
Other reserves	1,092	1,093	(1)	1,093
Deferred tax liabilities	52,185	45,259	6,926	48,217
Deferred tax liabilities for land revaluation	50,466	90,994	(40,528)	54,422
Acceptances and guarantees	3,646,868	3,444,799	202,069	3,506,833
<b>Total liabilities</b>	<u>99,818,587</u>	<u>95,934,927</u>	<u>3,883,660</u>	<u>97,410,713</u>
<b>Minority interests</b>	<u>1,110,073</u>	<u>1,021,203</u>	<u>88,870</u>	<u>1,018,158</u>
<b>Stockholders' equity:</b>				
Capital stock	1,352,651	1,352,651	—	1,247,650
Capital surplus	974,360	974,346	14	869,344
Retained earnings	905,151	329,963	575,188	707,323
Land revaluation excess	37,872	57,853	(19,981)	94,138
Net unrealized gains on other securities	801,012	410,653	390,359	251,645
Foreign currency translation adjustments	(57,251)	(79,883)	22,632	(57,481)
Treasury stock	(271,315)	(269,857)	(1,458)	(269,558)
<b>Total stockholders' equity</b>	<u>3,742,481</u>	<u>2,775,728</u>	<u>966,753</u>	<u>2,843,062</u>
<b>Total liabilities, minority interests and stockholders' equity</b>	<u>104,671,142</u>	<u>99,731,858</u>	<u>4,939,284</u>	<u>101,271,934</u>

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

## 2. Consolidated Statements of Income

Nine months ended December 31, 2005 and 2004, and Year ended March 31, 2005	Nine months ended December 31,			(Millions of yen) [ Condensed ] Year ended March 31,
	2005	2004	Change	2005
	(A)	(B)	(A) - (B)	(Reference)
Ordinary income	2,718,972	2,614,461	104,511	3,580,796
Interest income	1,206,620	1,121,932	84,688	1,521,728
Interest on loans and discounts	903,606	854,528	49,078	1,145,653
Interest and dividends on securities	206,580	175,997	30,583	256,396
Trust fees	6,370	1,294	5,076	2,609
Fees and commissions	505,284	426,275	79,009	596,086
Trading profits	10,487	148,241	(137,754)	144,587
Other operating income	891,338	736,429	154,909	1,058,289
Other income	98,871	180,288	(81,417)	257,495
Ordinary expenses	1,930,268	2,378,187	(447,919)	3,611,089
Interest expenses	354,390	250,110	104,280	350,385
Interest on deposits	192,088	87,526	104,562	131,498
Fees and commissions	74,160	68,351	5,809	79,976
Trading losses	31,991	539	31,452	199
Other operating expenses	614,569	590,137	24,432	867,748
General and administrative expenses	635,538	637,324	(1,786)	852,715
Other expenses	219,619	831,724	(612,105)	1,460,064
Ordinary profit (loss)	788,703	236,274	552,429	(30,293)
Extraordinary gains	61,619	3,634	57,985	9,074
Extraordinary losses	15,381	30,541	(15,160)	87,316
Income (loss) before income taxes and minority interests	834,940	209,367	625,573	(108,535)
Income taxes, Current	50,541	28,788	21,753	30,638
Income taxes, Refund	—	8,598	(8,598)	8,869
Income taxes, Deferred	139,276	4,981	134,295	52,912
Minority interests in net income	45,511	41,315	4,196	50,983
Net income (loss)	599,611	142,880	456,731	(234,201)

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

### 3. Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of yen)

Nine months ended December 31, 2005 and 2004, and Year ended March 31, 2005	Nine months ended December 31,			Year ended March 31,
	2005 (A)	2004 (B)	Change (A) - (B)	2005 (Reference)
<b>Capital surplus</b>				
Capital surplus at beginning of term (year)	974,346	865,282	109,064	865,282
Increase of capital surplus	13	4,062	(4,049)	109,064
Issuance of preferred stocks	—	—	—	105,001
Gains on disposal of treasury stock	13	4,062	(4,049)	4,063
Capital surplus at end of term	<u>974,360</u>	<u>869,344</u>	<u>105,016</u>	<u>974,346</u>
<b>Retained earnings</b>				
Retained earnings at beginning of term (year)	329,963	611,189	(281,226)	611,189
Increase of retained earnings	619,587	147,021	472,566	3,863
Net income	599,611	142,880	456,731	—
Increase due to increase of consolidated subsidiaries	2	—	2	—
Increase due to decrease of consolidated subsidiaries	6	4	2	4
Increase due to decrease of affiliates accounted for by the equity method	—	1,747	(1,747)	1,747
Increase due to transfer of land revaluation excess	19,968	2,389	17,579	2,111
Decrease of retained earnings	44,400	50,887	(6,487)	285,088
Net loss	—	—	—	234,201
Dividends paid	44,389	46,421	(2,032)	46,421
Decrease due to increase of consolidated subsidiaries	2	—	2	—
Decrease due to decrease of consolidated subsidiaries	7	0	7	0
Decrease due to decrease of affiliates accounted for by the equity method	—	4,466	(4,466)	4,466
Retained earnings at end of term (year)	<u>905,151</u>	<u>707,323</u>	<u>197,828</u>	<u>329,963</u>

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

### 4. Segment Information

Business segment information

(Millions of yen)

Nine months ended December 31, 2005 and 2004, and Year ended March 31, 2005	Nine months ended December 31,			Year ended March 31,
	2005 (A)	2004 (B)	Change (A) - (B)	2005 (Reference)
<b>Ordinary profit</b>				
Banking business	641,609	117,578	524,031	(154,548)
Leasing business	34,303	31,442	2,861	41,931
Other business	129,169	98,139	31,030	111,246
Subtotal	805,082	247,159	557,923	(1,370)
Elimination and unallocated corporate assets	(16,378)	(10,884)	(5,494)	(28,922)
Consolidated	<u>788,703</u>	<u>236,274</u>	<u>552,429</u>	<u>(30,293)</u>

(Notes)

1. Amounts less than one million yen have been omitted.
2. "Other business" includes securities, credit card, investment banking, loans, venture capital, system development and data processing business.

# Third Quarter Financial Results for the Nine Months ended December 31, 2005 - Supplementary Information -

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**Sumitomo Mitsui Financial Group, Inc.**  
**Sumitomo Mitsui Banking Corporation**

## 1. Operating Results &lt;Consolidated&gt;

(Millions of yen)

		Nine months ended Dec. 31, 2005 (A)	Change (A) - (B)	Nine months ended Dec. 31, 2004 (B)	Year ended Mar. 31, 2005 (Reference)
Consolidated gross profit	1	1,544,988	19,954	1,525,034	2,024,990
Net interest income	2	852,230	(19,592)	871,822	1,171,342
Trust fees	3	6,370	5,076	1,294	2,609
Net fees and commissions	4	431,123	73,200	357,923	516,109
Net trading income	5	(21,504)	(169,205)	147,701	144,387
Net other operating income	6	276,769	130,477	146,292	190,540
General and administrative expenses	7	(635,538)	1,786	(637,324)	(852,715)
Total credit costs	8	(171,781)	581,334	(753,115)	(1,196,797)
Write-off of loans	9	(23,255)	438,716	(461,971)	(759,399)
Provision for specific reserve for possible loan losses	10	(135,337)	295,288	(430,625)	(493,947)
Provision for general reserve for possible loan losses	11	44,769	(179,394)	224,163	201,216
Other credit cost	12	(57,958)	26,724	(84,682)	(144,666)
Gains (losses) on stocks	13	39,666	19,268	20,398	(101,918)
Equity in earnings of affiliates	14	26,580	8,936	17,644	27,142
Other income (expenses)	15	(15,212)	(78,848)	63,636	69,005
<b>Ordinary profit (loss)</b>	<b>16</b>	<b>788,703</b>	<b>552,429</b>	<b>236,274</b>	<b>(30,293)</b>
Extraordinary gains (losses)	17	46,237	73,144	(26,907)	(78,242)
Losses on impairment of fixed assets	18	(10,881)	(10,881)	—	—
Income (loss) before income taxes and minority interests	19	834,940	625,573	209,367	(108,535)
Income taxes, current	20	(50,541)	(21,753)	(28,788)	(30,638)
Income taxes, refund	21	—	(8,598)	8,598	8,869
Income taxes, deferred	22	(139,276)	(134,295)	(4,981)	(52,912)
Minority interests in net income	23	(45,511)	(4,196)	(41,315)	(50,983)
<b>Net income (loss)</b>	<b>24</b>	<b>599,611</b>	<b>456,731</b>	<b>142,880</b>	<b>(234,201)</b>

(Notes)

- Amounts less than one million yen have been omitted. Figures in parenthesis indicate the amount of loss or decrease.
- Consolidated gross profit = (Interest income - interest expenses) + Trust fees + (Fees and commissions (income) - Fees and commissions (expenses)) + (Trading profits - Trading losses) + (Other income - Other expenses)

&lt;Reference&gt;

(Billions of yen)

Consolidated net business profit	25	901.4	83.4	818.0	1,014.4
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(Note) Consolidated net business profit = (SMBC Non-consolidated banking profit (before provision for general reserve for possible loan losses)) + (Other consolidated subsidiaries' ordinary profit (excluding non-recurring items) + (Affiliates' ordinary profit) X (Ownership ratio) - (Internal transaction (dividends, etc.))

(Number of consolidated subsidiaries and affiliates)

&lt;Reference&gt;

		Dec. 31, 2005	Change	Mar. 31, 2005	Sept. 30, 2005
Consolidated subsidiaries	26	160	(7)	167	166
Affiliates accounted for by the equity method	27	64	11	53	59



## 2. Operating Results &lt;SMBC, Nonconsolidated&gt;

(Millions of yen)

&lt;Reference&gt;

		Nine months ended Dec. 31, 2005 (A)	Change (A) - (B)	Nine months ended Dec. 31, 2004 (B)	Year ended Mar. 31, 2005 (Reference)
Gross banking profit	1	1,145,220	5,045	1,140,175	1,522,861
Excluding gains (losses) on bonds	2	1,126,836	28,290	1,098,546	1,544,452
Net interest income	3	697,593	(16,510)	714,103	972,506
Trust fees	4	6,368	5,074	1,294	2,609
Net fees and commissions	5	248,104	51,646	196,458	298,076
Net trading income	6	(37,082)	(171,594)	134,512	131,579
Net other operating income	7	230,236	136,430	93,806	118,088
Gains (losses) on bonds	8	18,384	(23,245)	41,629	(21,590)
Expenses (excluding non-recurring losses)	9	(438,837)	(1,394)	(437,443)	(582,365)
Personnel expenses	10	(147,498)	9,099	(156,597)	(204,146)
Non-personnel expenses	11	(266,666)	(13,394)	(253,272)	(341,534)
Taxes	12	(24,671)	2,901	(27,572)	(36,684)
Banking profit (before provision for general reserve for possible loan losses)	13	706,383	3,651	702,732	940,495
Excluding gains (losses) on bonds	14	687,998	26,895	661,103	962,086
Provision for general reserve for possible loan losses	15	20,559	(317,022)	337,581	351,477
Banking profit	16	726,942	(313,372)	1,040,314	1,291,972
Non-recurring gains (losses)	17	(126,399)	708,665	(835,064)	(1,363,653)
Credit related costs	18	(135,318)	767,716	(903,034)	(1,306,320)
Write-off of loans	19	13,001	411,642	(398,641)	(697,941)
Provision for specific reserve for possible loan losses	20	(112,457)	308,101	(420,558)	(474,155)
Losses on sale of delinquent loans	21	(36,219)	50,990	(87,209)	(138,052)
Provision for loan loss reserve for specific overseas countries	22	357	(3,017)	3,374	3,828
Gains (losses) on stocks	23	24,164	10,174	13,990	(118,727)
Gains on sale of stocks	24	45,316	(26,244)	71,560	113,059
Losses on sale of stocks	25	(538)	437	(975)	(4,206)
Losses on devaluation of stocks	26	(20,614)	35,980	(56,594)	(227,580)
Other non-recurring gains (losses)	27	(15,245)	(69,225)	53,980	61,394
Ordinary profit (loss)	28	600,543	395,293	205,250	(71,680)
Extraordinary gains (losses)	29	(5,150)	15,210	(20,360)	(28,398)
Gains (losses) on disposal of premises and equipment	30	474	8,969	(8,495)	(12,495)
Losses on impairment of fixed assets	31	(5,589)	(5,589)	—	—
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	32	—	12,001	(12,001)	(16,001)
Income (loss) before income taxes	33	595,392	410,502	184,890	(100,079)
Income taxes, current	34	(9,839)	(6,955)	(2,884)	(6,379)
Income taxes, refund	35	—	(7,890)	7,890	8,184
Income taxes, deferred	36	(121,816)	(123,777)	1,961	(38,579)
Net income (loss)	37	463,736	271,879	191,857	(136,854)
Total credit cost (15+18)	38	(114,758)	450,694	(565,452)	(954,843)

(Note) Amounts less than one million yen have been omitted. Figures in parenthesis indicate the amount of loss or decrease.

**3. Capital Ratio**

(Billions of yen)

## &lt;Consolidated&gt;

&lt;Reference&gt;

		December 31, 2005	Change from March 31, 2005	March 31, 2005	September 30, 2005
(1) Capital ratio	1	11.14%	1.20%	9.94%	11.00%
(2) Tier I capital	2	3,992.4	730.1	3,262.3	3,746.1
(3) Tier II capital included as qualifying capital	3	3,963.7	701.4	3,262.3	3,746.1
(a) Unrealized gains on securities	4	616.6	299.5	317.1	410.9
(b) Land revaluation excess	5	39.9	(27.2)	67.1	39.9
(c) General reserve for possible loan losses	6	591.0	(42.5)	633.5	597.4
(d) Subordinated debt	7	2,716.3	471.7	2,244.6	2,697.9
(4) Subtraction items	8	611.7	107.3	504.4	548.0
(5) Total capital (2)+(3)-(4)	9	7,344.3	1,324.2	6,020.1	6,944.2
(6) Risk-adjusted assets	10	65,897.5	5,344.9	60,552.6	63,127.9

**4. Problem Assets Based on the Financial Reconstruction Law**

(Billions of yen)

## &lt;Consolidated&gt;

&lt;Reference&gt;

		December 31, 2005	Change from March 31, 2005	March 31, 2005	September 30, 2005
Bankrupt and quasi-bankrupt assets	11	326.7	(154.3)	481.0	394.1
Doubtful assets	12	768.9	(305.3)	1,074.2	830.1
Substandard loans	13	539.0	(228.8)	767.8	622.1
Total (A)	14	1,634.6	(688.4)	2,323.0	1,846.3
Normal assets	15	60,916.3	3,821.5	57,094.8	59,145.1
Total (B)	16	62,550.9	3,133.1	59,417.8	60,991.4
Problem asset ratio (A/B)	17	2.6%	(1.3)%	3.9%	3.0%
Amount of direct reduction		1,263.2	(519.0)	1,782.2	1,367.6

(Note) In addition to loans, acceptances and guarantees, suspense payments, and other credit-type assets are included in the "Problem Assets Based on the Financial Reconstruction Law."

(Billions of yen)

## &lt;SMBC, Non-consolidated&gt;

&lt;Reference&gt;

		December 31, 2005	Change from March 31, 2005	March 31, 2005	September 30, 2005
Bankrupt and quasi-bankrupt assets	18	240.8	(207.5)	448.3	301.7
Doubtful assets	19	662.0	(262.4)	924.4	723.8
Substandard loans	20	314.0	(137.9)	451.9	380.5
Total (A)	21	1,216.8	(607.8)	1,824.6	1,406.0
Normal assets	22	56,464.5	3,011.9	53,452.6	54,970.7
Total (B)	23	57,681.3	2,404.1	55,277.2	56,376.7
Problem asset ratio (A/B)	24	2.1%	(1.2)%	3.3%	2.5%
Amount of direct reduction		1,034.7	(497.1)	1,531.8	1,113.0

## 5. Unrealized Gains (Losses) on Securities

&lt;Consolidated&gt;

&lt;Reference&gt;

(Billions of yen)

		December 31, 2005					March 31, 2005			
		Balance sheet amount	Net unrealized gains (losses)	Change from Mar.2005	Gains	Losses	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Held-to-maturity securities	1	1,364.4	(6.5)	(4.7)	2.5	(9.0)	547.2	(1.8)	2.1	(3.9)
Other securities	2	20,732.8	1,351.9	655.5	1,594.1	(242.2)	23,377.4	696.4	801.4	(105.0)
Stocks	3	3,845.8	1,544.3	839.2	1,563.6	(19.3)	3,127.4	705.1	750.5	(45.4)
Bonds	4	12,163.8	(163.3)	(178.3)	3.6	(166.9)	16,859.6	15.0	35.0	(20.0)
Others	5	4,723.2	(29.1)	(5.4)	26.9	(56.0)	3,390.4	(23.7)	15.9	(39.6)
Other money held in trust	6	0.9	0.2	0.0	0.2	—	3.8	0.2	0.3	(0.1)
Total	7	22,098.1	1,345.6	650.8	1,596.8	(251.2)	23,928.4	694.8	803.8	(109.0)
Stocks	8	3,845.8	1,544.3	839.2	1,563.6	(19.3)	3,127.4	705.1	750.5	(45.4)
Bonds	9	13,495.5	(170.1)	(182.8)	5.7	(175.8)	17,366.9	12.7	36.6	(23.9)
Others	10	4,756.8	(28.6)	(5.6)	27.5	(56.1)	3,434.1	(23.0)	16.7	(39.7)

(Notes)

- The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks" and beneficiary claims on trust such as receivables in "Commercial paper and other debt purchased."
- Unrealized gains (losses) on stocks are mainly calculated using average market prices during the final month of the corresponding period. Rest of the securities is valued at the market prices as of the balance sheet date.
- Other securities and Other money held in trust are valued and recorded on the balance sheet at market prices. Net unrealized gains (losses) in the table above indicate the difference between the acquisition cost (or amortized costs) and the balance sheet amounts.  
Net unrecognized gains on other securities as of December 31, 2005 include losses of JPY 0.7 billion that were recognized in income statement by applying fair value hedge accounting and valuation losses of JPY 0.0 billion on embedded financial instruments in their entirety that were recorded in income statement because their embedded derivatives are not measured separately. Therefore, JPY 0.7 billion is added to the amount to be directly included in stockholders' equity. As for March 31, 2005, respective amount was gains of JPY 0.5 billion and gains of JPY 0.1 billion, and JPY 0.6 billion was excluded from the amount to be directly included in stockholders' equity.

&lt;SMBC, Non-consolidated&gt;

&lt;Reference&gt;

(Billions of yen)

		December 31, 2005					March 31, 2005			
		Balance sheet amount	Net unrealized gains (losses)	Change from Mar.2005	Gains	Losses	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Held-to-maturity securities	11	1,341.3	(6.5)	(4.7)	2.5	(9.0)	516.3	(1.8)	2.1	(3.9)
Stocks of subsidiaries and affiliates	12	1,528.8	280.0	219.7	280.0	—	1,436.7	60.3	60.7	(0.4)
Other securities	13	19,256.4	1,288.9	637.5	1,518.6	(229.7)	21,802.0	651.4	750.1	(98.7)
Stocks	14	3,681.1	1,475.7	808.4	1,492.3	(16.6)	2,987.2	667.3	708.6	(41.3)
Bonds	15	11,328.5	(156.3)	(164.0)	2.4	(158.7)	15,870.7	7.7	27.3	(19.6)
Others	16	4,246.8	(30.5)	(6.9)	23.9	(54.4)	2,944.1	(23.6)	14.2	(37.8)
Other money held in trust	17	0.9	0.2	0.0	0.2	—	3.8	0.2	0.3	(0.1)
Total	18	22,127.4	1,562.6	852.5	1,801.3	(238.7)	23,758.8	710.1	813.2	(103.1)
Stocks	19	4,297.4	1,755.7	1,028.1	1,772.3	(16.6)	3,536.9	727.6	769.3	(41.7)
Bonds	20	12,660.1	(163.2)	(168.6)	4.5	(167.7)	16,377.1	5.4	28.9	(23.5)
Others	21	5,169.9	(29.9)	(7.0)	24.5	(54.4)	3,844.8	(22.9)	15.0	(37.9)

(Notes)

- The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks."
- Unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates) are calculated using average market prices during the final month of the corresponding period. Rest of the securities is valued at the market prices as of the balance sheet date.
- Other securities and Other money held in trust are valued and recorded on the balance sheet at market prices. Net unrealized gains (losses) in the table above indicate the difference between the acquisition cost (or amortized costs) and the balance sheet amounts.  
Net unrecognized gains on other securities as of December 31, 2005 include losses of JPY 0.7 billion that were recognized in income statement by applying fair value hedge accounting and valuation losses of JPY 0.0 billion on embedded financial instruments in their entirety that were recorded in income statement because their embedded derivatives are not measured separately. Therefore, JPY 0.7 billion is added to the amount to be directly included in stockholders' equity. As for March 31, 2005, respective amount was gains of JPY 0.5 billion and gains of JPY 0.1 billion, and JPY 0.6 billion was excluded from the amount to be directly included in stockholders' equity.

## 6. Overview of Derivative Transactions (on Deferred Hedge Accounting Basis)

&lt;SMBC, Non-consolidated&gt;

&lt;Reference&gt;

(Billions of yen)

	December 31, 2005				March 31, 2005			
	Assets	Liabilities	Net assets	Net deferred gains(losses)	Assets	Liabilities	Net assets	Net deferred gains(losses)
Interest rate swaps	40.3	47.4	(7.1)	(105.5)	57.7	52.9	4.8	(74.2)
Currency swaps	7.1	5.4	1.7	1.5	1.1	9.7	(8.6)	2.8
Others	3.4	3.2	0.2	(9.7)	7.5	5.7	1.8	12.1
Total	50.8	56.0	(5.2)	(113.7)	66.3	68.3	(2.0)	(59.3)

(Notes)

- Derivative transactions are valued at fair value in the balance sheet.
- SMBC applies individual deferred hedge or fair value hedge accounting based on Practical Guidelines for Accounting Standard for Financial Instruments as well as deferred hedge accounting for banking industry based on JICPA Industry Audit Committee Report No. 24 and No. 25.

(Appendix) Contract amount of interest rate swaps (on deferred hedge accounting basis), classified by maturity

&lt;Reference&gt;

(Billions of yen)

	December 31, 2005				March 31, 2005			
	1 year or less	1-5 years	Over 5 years	Total	1 year or less	1-5 years	Over 5 years	Total
Receivable fixed rate /payable floating rate	5,733.9	16,200.6	4,799.9	26,734.4	7,304.7	16,947.2	3,170.8	27,422.7
Receivable floating rate /payable fixed rate	510.2	5,209.9	5,352.4	11,072.5	949.8	5,995.4	3,270.3	10,215.5
Receivable floating rate /payable floating rate	250.0	232.0	20.8	502.8	155.0	452.0	50.8	657.8
Total contract amount	6,494.1	21,642.5	10,173.1	38,309.7	8,409.5	23,394.6	6,491.9	38,296.0

## 7. Deposits and Loans

(Billions of yen)

&lt;SMBC, Non-consolidated&gt;

&lt;Reference&gt;

	December 31, 2005	Change from March 31, 2005	March 31, 2005	September 30, 2005
	Domestic deposits	61,540.7	931.1	60,609.6
Individual	33,314.1	1,160.1	32,154.0	32,484.7

(Note) Calculation based on the numbers before elimination of temporary inter-office accounts, excluding "negotiable certificates of deposit" and offshore banking accounts.

Loans and bills discounted	52,260.0	2,192.4	50,067.6	50,949.2
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## 8. Return on Equity

&lt;Consolidated&gt;

&lt;Reference&gt;

	Nine months ended December 31, 2005	Change from the year ended March 31, 2005	Year ended March 31, 2005	Six months ended September 30, 2005
	Fully-diluted ROE	24.4%	32.4%	(8.0)%

(Note)

$$\text{Fully-diluted ROE} = \frac{(\text{Net income}) \times (\text{number of days in a year}) / (\text{number of days in the relevant period})}{\{(\text{Stockholders' equity at the beginning of the period}) + (\text{Stockholders' equity at the end of the period})\} / 2} \times 100$$