

Sumitomo Mitsui Financial Group, Inc. (SMFG)

Consolidated Financial Results for the Third Quarter ended December 31, 2006 (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: January 31, 2007

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 2006)
 Consolidation: Newly consolidated 36, Excluded 15 Equity method: Newly applied 4, Excluded 5

2. Financial Results (for the nine months ended December 31, 2006)

Amounts less than one million yen have been omitted.

(1) Operating Results

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

	Ordinary Income		Ordinary Profit		Net Income	
Nine Months ended December 31, 2006	¥ 2,803,491	3.1%	¥ 604,087	(23.4)%	¥ 396,054	(33.9)%
ended December 31, 2005	2,718,972	–	788,703	–	599,611	–
(Ref.) Fiscal Year ended March 31, 2006	3,705,136	3.5	963,554	–	686,841	–

	Net Income per Share	Net Income per Share (Diluted)
Nine Months ended December 31, 2006	¥ 52,941.38	¥ 46,127.37
ended December 31, 2005	87,698.61	67,588.70
(Ref.) Fiscal Year ended March 31, 2006	94,733.62	75,642.94

Notes:

1. Equity in earnings (losses) of affiliates
 for the nine months ended December 31, 2006: (29,525) million yen
 for the nine months ended December 31, 2005: 26,580 million yen (Ref.) for the fiscal year ended March 31, 2006: 31,887 million yen
2. Average number of common stocks outstanding (consolidated)
 for the nine months ended December 31, 2006: 7,481,003 shares
 for the nine months ended December 31, 2005: 6,837,181 shares (Ref.) for the fiscal year ended March 31, 2006: 6,978,978 shares

(2) Financial Position

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

	Total Assets	Net Assets	Net Assets Ratio	Net Assets per Share	Capital Ratio
December 31, 2006	¥ 104,025,839	¥ 4,918,034	3.4%	¥ 417,697.64	(Preliminary) 10.46%
December 31, 2005	104,671,142	3,742,481	3.6	330,872.62	11.14
(Ref.) March 31, 2006	107,010,575	4,454,399	4.2	400,168.90	12.39

Notes:

1. Number of common stocks outstanding (consolidated)
 as of December 31, 2006: 7,560,154 shares
 as of December 31, 2005: 6,897,453 shares (Ref.) as of March 31, 2006: 7,417,865 shares
2. Net assets ratio
 = (Net assets as of period-end – Stock acquisition rights as of period-end – Minority interests as of period-end) / Total assets as of period-end

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

Earnings forecast shown below that was announced on November 22, 2006 remains unchanged.

(Millions of yen)

	Ordinary Income	Ordinary Profit	Net Income
Fiscal Year ending March 31, 2007	¥ 3,700,000	¥ 950,000	¥ 570,000

(Reference) Forecasted net income per share for the fiscal year ending March 31, 2007 is ¥ 73,681.23.

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.

Sumitomo Mitsui Financial Group (SMFG) reports the financial results for the nine months ended December 31, 2006.

Operating Results

Consolidated gross profit of SMFG decreased ¥177.8 billion year on year to ¥1,367.2 billion mainly due to a decrease in gross banking profit of the Treasury Unit of Sumitomo Mitsui Banking Corporation (SMBC), a major subsidiary of SMFG, by approximately ¥150 billion, resulting mainly from losses on bonds of ¥60.4 billion, versus gains of ¥18.4 billion a year earlier, as it reduced its bond portfolio in response to rising interest rates in Japan and the United States. Other group companies, however, increased their gross profit steadily through continuous efforts to strengthen business and promote collaboration with leading companies in various industries.

General and administrative expenses increased ¥11.8 billion year on year to ¥647.4 billion as SMFG actively allocated expenses to focal business areas for the enhancement of sales promotion targeting retail customers and reinforcement of loans to small-and medium-sized enterprises.

Credit cost amounted to ¥88.7 billion, an improvement of ¥83.1 billion compared with a year earlier. The primary factor was gains on reversal of loan loss reserves resulting from a decrease in non-performing loans following sale and recovery of loans, and an upward migration of borrower category by borrowers as their financial conditions improved.

As a result of these factors, on a consolidated basis, SMFG recorded ordinary profit of ¥604.1 billion, a year-on-year decrease of ¥184.6 billion and net income of ¥396.1 billion, a year-on-year decrease of ¥203.6 billion.

<Consolidated>

			(Billions of yen)
	Nine months ended December 31, 2006	Year-on-year change	Six months ended September 30, 2006 (reference)
Gross profit	1,367.2	(177.8)	885.8
General and administrative expenses	(647.4)	(11.8)	(432.7)
Credit cost	(88.7)	+ 83.1	(58.0)
Ordinary profit	604.1	(184.6)	357.1
Net income	396.1	(203.6)	243.7

<SMBC, Non-consolidated>

Gross banking profit	948.6	(196.6)	609.1
Expenses (excluding non-recurring losses)	(449.2)	(10.4)	(297.5)
Banking profit (*)	499.4	(207.0)	311.6
Credit cost	(54.1)	+ 60.7	(33.2)
Ordinary profit	440.9	(159.6)	269.1
Net income	303.5	(160.2)	183.6

(*) 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, 2006 decreased ¥2,984.8 billion to ¥104,025.8 billion, compared with March 31, 2006. Total net assets amounted to ¥4,918.0 billion. Stockholders' equity was ¥2,692.4 billion as a result of acquisition and retirement of own shares for the repayment of public funds and recording of net income for the three quarters.

Deposits increased ¥1,626.4 billion to ¥72,460.5 billion. Loans and bills discounted also increased ¥2,742.1 billion to ¥60,009.3 billion. SMBC increased its loan balance on a non-consolidated basis to ¥54,872.7 billion, an increase of ¥3,015.1 billion from March 31, 2006 mainly due to an increase in overseas lending to companies with high credit ratings and overseas project finance.

(1) Consolidated capital ratio

SMFG's consolidated capital ratio as of December 31, 2006 was 10.46%, a decline of 1.93% from March 31, 2006 due mainly to acquisition and retirement of own shares in the amount of ¥1,473.0 billion for the repayment of public funds, offsetting the net income and capital raised through the issuance of preferred securities. Consolidated Tier I capital ratio was 5.68%. The ratio of net deferred tax assets to consolidated Tier I capital was 21.9%.

<Consolidated>

	December 31, 2006		September 30, 2006 (reference)
		Change from March 31, 2006	
Capital ratio	10.46%	- 1.93%	10.07%
Tier I capital ratio	5.68%	- 1.43%	5.50%
Net deferred tax assets / Tier I capital	21.9%	+ 0.3%	26.0%

(2) Non-performing loans

On a consolidated basis, problem assets (non-performing loans as defined under the Financial Reconstruction Law) decreased ¥154.1 billion to ¥1,138.4 billion from March 31, 2006 due mainly to sale and recovery of non-performing loans and an upward migration of borrower category by borrowers as their financial conditions improved.

SMBC's non-consolidated problem assets totaled ¥829.4 billion, a decrease of ¥130.7 billion from March 31, 2006. Problem asset ratio was 1.4%, an improvement of 0.3% from March 31, 2006.

SMFG will further endeavor to help customers improve their financial conditions through greater efforts on corporate revitalization and continue efforts to enhance the soundness of credit portfolio.

<Consolidated>

	December 31, 2006		September 30, 2006 (reference)
		Change from March 31, 2006	
Bankrupt and quasi-bankrupt assets	233.7	(16.4)	217.5
Doubtful assets	456.4	(108.6)	515.6
Substandard loans	448.3	(29.1)	451.6
Total	1,138.4	(154.1)	1,184.7
Problem asset ratio (*)	1.7%	- 0.4%	1.8%

(Billions of yen)

<SMBC, Non-consolidated>

	December 31, 2006		September 30, 2006 (reference)
		Change from March 31, 2006	
Bankrupt and quasi-bankrupt assets	153.3	(11.2)	136.0
Doubtful assets	360.6	(112.8)	425.1
Substandard loans	315.5	(6.7)	305.6
Total	829.4	(130.7)	866.7
Problem asset ratio (*)	1.4%	- 0.3%	1.5%

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

Further Strengthening Financial Base

SMFG completed repayment of public funds in October 2006 and strengthened its capital base by issuing more than ¥300 billion in preferred securities through the establishment of overseas special purpose companies in December 2006, in order to support its future growth strategy. SMFG will continue to enhance its capital in terms of both quality and quantity, while actively allocating resources to strategic areas in order to increase its corporate value over the medium-to-long-term.

[Appendix]

1. Consolidated Balance Sheets

	December 31, 2006	March 31, 2006	Change (A) - (B)	(Millions of yen) December 31, 2005 (Reference)
December 31, 2006 and 2005, and March 31, 2006	(A)	(B)		(Reference)
Assets:				
Cash and due from banks	3,672,665	7,107,469	(3,434,804)	6,608,162
Call loans and bills bought	739,534	651,905	87,629	1,044,928
Receivables under resale agreements	103,533	117,474	(13,941)	542,991
Receivables under securities borrowing transactions	2,098,117	1,956,650	141,467	1,785,634
Commercial paper and other debt purchased	994,360	633,760	360,600	684,358
Trading assets	3,744,496	4,078,025	(333,529)	3,495,256
Money held in trust	2,858	2,912	(54)	923
Securities	22,356,695	25,505,861	(3,149,166)	22,499,792
Loans and bills discounted	60,009,269	57,267,203	2,742,066	57,628,814
Foreign exchanges	1,046,526	947,744	98,782	1,109,368
Other assets	3,546,846	3,403,832	143,014	3,662,355
Premises and equipment	—	806,369	(806,369)	804,934
Tangible fixed assets	706,821	—	706,821	—
Intangible fixed assets	222,696	—	222,696	—
Lease assets	986,869	999,915	(13,046)	1,005,214
Deferred tax assets	913,095	1,051,609	(138,514)	1,152,515
Goodwill	—	6,612	(6,612)	8,010
Customers' liabilities for acceptances and guarantees	3,852,110	3,508,695	343,415	3,646,868
Reserve for possible loan losses	(970,658)	(1,035,468)	64,810	(1,008,989)
Total assets	<u>104,025,839</u>	<u>107,010,575</u>	<u>(2,984,736)</u>	<u>104,671,142</u>
Liabilities:				
Deposits	72,460,481	70,834,125	1,626,356	70,885,616
Negotiable certificates of deposit	2,795,868	2,708,643	87,225	2,939,757
Call money and bills sold	2,795,793	8,016,410	(5,220,617)	7,284,214
Payables under repurchase agreements	572,837	396,205	176,632	519,593
Payables under securities lending transactions	2,402,191	2,747,125	(344,934)	2,302,511
Commercial paper	—	10,000	(10,000)	—
Trading liabilities	2,082,157	2,908,158	(826,001)	1,912,925
Borrowed money	4,161,101	2,133,707	2,027,394	2,144,128
Foreign exchanges	364,136	447,722	(83,586)	501,768
Short-term bonds	468,500	383,900	84,600	462,000
Bonds	4,068,078	4,241,417	(173,339)	4,339,471
Due to trust account	102,303	318,597	(216,294)	29,691
Other liabilities	2,838,697	2,625,594	213,103	2,702,502
Reserve for employee bonuses	7,906	25,300	(17,394)	7,435
Reserve for employee retirement benefits	34,143	36,786	(2,643)	36,357
Other reserves	1,136	1,141	(5)	1,092
Deferred tax liabilities	50,786	49,484	1,302	52,185
Deferred tax liabilities for land revaluation	49,572	50,133	(561)	50,466
Acceptances and guarantees	3,852,110	3,508,695	343,415	3,646,868
Total liabilities	<u>99,107,804</u>	<u>101,443,151</u>	<u>(2,335,347)</u>	<u>99,818,587</u>
Minority interests	<u>—</u>	<u>1,113,025</u>	<u>(1,113,025)</u>	<u>1,110,073</u>

	December 31, 2006 (A)	March 31, 2006 (B)	Change (A) - (B)	December 31, 2005 (Reference)
Stockholders' equity:				
Capital stock	—	1,420,877	(1,420,877)	1,352,651
Capital surplus	—	1,229,225	(1,229,225)	974,360
Retained earnings	—	992,064	(992,064)	905,151
Land revaluation excess	—	38,173	(38,173)	37,872
Net unrealized gains on other securities	—	819,927	(819,927)	801,012
Foreign currency translation adjustments	—	(41,475)	41,475	(57,251)
Treasury stock	—	(4,393)	4,393	(271,315)
Total stockholders' equity	—	4,454,399	(4,454,399)	3,742,481
Total liabilities, minority interests and stockholders' equity	—	107,010,575	(107,010,575)	104,671,142
Net assets:				
Capital stock	1,420,877	—	1,420,877	—
Capital surplus	55,885	—	55,885	—
Retained earnings	1,341,298	—	1,341,298	—
Treasury stock	(125,625)	—	(125,625)	—
Total stockholders' equity	2,692,436	—	2,692,436	—
Net unrealized gains on other securities	923,662	—	923,662	—
Net deferred losses on hedges	(97,884)	—	(97,884)	—
Land revaluation excess	37,450	—	37,450	—
Foreign currency translation adjustments	(37,503)	—	(37,503)	—
Total valuation and translation adjustments	825,725	—	825,725	—
Stock acquisition rights	9	—	9	—
Minority interests	1,399,863	—	1,399,863	—
Total net assets	4,918,034	—	4,918,034	—
Total liabilities and net assets	104,025,839	—	104,025,839	—

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

2. Consolidated Statements of Income

Nine months ended December 31, 2006 and 2005, and Year ended March 31, 2006	(Millions of yen)			
	Nine months ended December 31,			[Condensed] Year ended March 31,
	2006 (A)	2005 (B)	Change (A) - (B)	2006 (Reference)
Ordinary income	2,803,491	2,718,972	84,519	3,705,136
Interest income	1,419,922	1,206,620	213,302	1,662,600
Interest on loans and discounts	1,022,911	903,606	119,305	1,214,142
Interest and dividends on securities	238,246	206,580	31,666	317,352
Trust fees	2,182	6,370	(4,188)	8,631
Fees and commissions	511,150	505,284	5,866	703,928
Trading profits	69,171	10,487	58,684	32,807
Other operating income	756,650	891,338	(134,688)	1,144,147
Other income	44,414	98,871	(54,457)	153,021
Ordinary expenses	2,199,404	1,930,268	269,136	2,741,582
Interest expenses	586,354	354,390	231,964	500,993
Interest on deposits	326,679	192,088	134,591	266,648
Fees and commissions	77,134	74,160	2,974	84,336
Trading losses	2,160	31,991	(29,831)	—
Other operating expenses	726,195	614,569	111,626	876,635
General and administrative expenses	647,369	635,538	11,831	853,796
Other expenses	160,189	219,619	(59,430)	425,819
Ordinary profit	604,087	788,703	(184,616)	963,554
Extraordinary gains	49,296	61,619	(12,323)	97,952
Extraordinary losses	5,903	15,381	(9,478)	18,144
Income before income taxes and minority interests	647,481	834,940	(187,459)	1,043,362
Income taxes, current	64,468	50,541	13,927	69,818
Income taxes, deferred	141,629	139,276	2,353	226,901
Minority interests in net income	45,328	45,511	(183)	59,800
Net income	<u>396,054</u>	<u>599,611</u>	<u>(203,557)</u>	<u>686,841</u>

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

3. Consolidated Statement of Changes in Net Assets

Nine months ended December 31, 2006

(Millions of yen)

	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at March 31, 2006	1,420,877	1,229,225	992,064	(4,393)	3,637,773
Changes in the nine months					
Increase due to exchange of shares		221,365			221,365
Cash dividends			(47,951)		(47,951)
Net income			396,054		396,054
Acquisition of own shares				(1,519,306)	(1,519,306)
Disposal of treasury shares		1,571		1,797	3,369
Retirement of treasury shares		(1,396,277)		1,396,277	—
Increase due to increase of subsidiaries			393		393
Increase due to decrease of subsidiaries			20		20
Decrease due to increase of subsidiaries			(8)		(8)
Decrease due to decrease of subsidiaries			(4)		(4)
Transfer from land revaluation excess			729		729
Net changes in the items other than stockholders' equity in the nine months					
Net changes in the nine months	—	(1,173,340)	349,234	(121,231)	(945,337)
Balance at December 31, 2006	1,420,877	55,885	1,341,298	(125,625)	2,692,436

(Millions of yen)

	Valuation and translation adjustments					Stock acquisition rights	Minority interests	Total net assets
	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2006	819,927	—	38,173	(41,475)	816,625	—	1,113,025	5,567,424
Changes in the nine months								
Increase due to exchange of shares								221,365
Cash dividends								(47,951)
Net income								396,054
Acquisition of own shares								(1,519,306)
Disposal of treasury shares								3,369
Retirement of treasury shares								—
Increase due to increase of subsidiaries								393
Increase due to decrease of subsidiaries								20
Decrease due to increase of subsidiaries								(8)
Decrease due to decrease of subsidiaries								(4)
Transfer from land revaluation excess								729
Net changes in the items other than stockholders' equity in the nine months	103,735	(97,884)	(722)	3,971	9,099	9	286,838	295,947
Net changes in the nine months	103,735	(97,884)	(722)	3,971	9,099	9	286,838	(649,389)
Balance at December 31, 2006	923,662	(97,884)	37,450	(37,503)	825,725	9	1,399,863	4,918,034

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

4. Segment Information

Business segment information

Nine months ended December 31, 2006 and 2005, and Year ended March 31, 2006	Nine months ended December 31,			(Millions of yen) Year ended March 31,
	2006 (A)	2005 (B)	Change (A) - (B)	2006 (Reference)
Ordinary profit				
Banking business	515,858	641,609	(125,751)	766,278
Leasing business	30,533	34,303	(3,770)	45,277
Other business	80,702	129,169	(48,467)	181,130
Subtotal	627,094	805,082	(177,988)	992,686
Elimination and unallocated corporate assets	(23,006)	(16,378)	(6,628)	(29,131)
Consolidated	604,087	788,703	(184,616)	963,554

(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, 2006 - Supplementary Information -

<Table of Contents>

1. Operating Results [SMFG]	<Consolidated>	...	1
2. Operating Results [SMBC]	<Non-consolidated>	...	2
3. Capital Ratio	<Consolidated>	...	3
4. Problem Assets Based on the Financial Reconstruction Law	<Consolidated> <Non-consolidated>	...	3
5. Unrealized Gains (Losses) on Securities	<Consolidated> <Non-consolidated>	...	4
6. Overview of Derivative Transactions (on Deferred Hedge Accounting Basis)	<Non-consolidated>	...	5
7. Deposits and Loans	<Non-consolidated>	...	5
8. Return on Equity	<Consolidated>	...	5

<Consolidated> SMFG's consolidated figures

<Non-consolidated> SMBC's non-consolidated figures

Sumitomo Mitsui Financial Group, Inc.
Sumitomo Mitsui Banking Corporation

1. Operating Results <Consolidated>

(Millions of yen)

		Nine months ended Dec. 31, 2006 (A)	Change (A) - (B)	Nine months ended Dec. 31, 2005 (B)	Year ended Mar. 31, 2006 (Reference)
Consolidated gross profit	1	1,367,232	(177,756)	1,544,988	2,090,149
Net interest income	2	833,568	(18,662)	852,230	1,161,607
Trust fees	3	2,182	(4,188)	6,370	8,631
Net fees and commissions	4	434,015	2,892	431,123	619,591
Net trading income	5	67,010	88,514	(21,504)	32,807
Net other operating income	6	30,454	(246,315)	276,769	267,511
General and administrative expenses	7	(647,369)	(11,831)	(635,538)	(853,796)
Credit related costs	8	(93,813)	77,968	(171,781)	(333,571)
Write-off of loans	9	(80,138)	(56,883)	(23,255)	(69,355)
Provision for specific reserve for possible loan losses	10	—	135,337	(135,337)	(45,047)
Provision for general reserve for possible loan losses	11	—	(44,769)	44,769	(120,078)
Other credit cost	12	(13,674)	44,284	(57,958)	(99,091)
Gains (losses) on stocks	13	23,138	(16,528)	39,666	47,119
Equity in earnings (losses) of affiliates	14	(29,525)	(56,105)	26,580	31,887
Other income (expenses)	15	(15,574)	(362)	(15,212)	(18,233)
Ordinary profit	16	604,087	(184,616)	788,703	963,554
Extraordinary gains (losses)	17	43,393	(2,844)	46,237	79,807
Losses on impairment of fixed assets	18	(2,172)	8,709	(10,881)	(12,303)
Gains on reversal of reserve for possible loan losses	19	4,328	4,328	—	—
Gains on collection of written-off claims	20	793	249	544	31,584
Gains on return of securities from employee retirement benefits trust	21	36,330	36,330	—	—
Income before income taxes and minority interests	22	647,481	(187,459)	834,940	1,043,362
Income taxes, current	23	(64,468)	(13,927)	(50,541)	(69,818)
Income taxes, deferred	24	(141,629)	(2,353)	(139,276)	(226,901)
Minority interests in net income	25	(45,328)	183	(45,511)	(59,800)
Net income	26	396,054	(203,557)	599,611	686,841

(Notes)

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

2. 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)

Total credit cost (8+19+20)	27	(88,692)	83,089	(171,781)	(301,987)
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(Notes)

<Reference>

(Billions of yen)

Consolidated net business profit	28	679.3	(222.1)	901.4	1,225.4
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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)

<Reference>

		Dec. 31, 2006	Change	Mar. 31, 2006	Sept. 30, 2006
Consolidated subsidiaries	29	183	21	162	176
Affiliates accounted for by the equity method	30	62	(1)	63	61

2. Operating Results <SMBC, Nonconsolidated>

(Millions of yen)

		Nine months ended Dec. 31, 2006 (A)	Change (A) - (B)	Nine months ended Dec. 31, 2005 (B)	Year ended Mar. 31, 2006 (Reference)
Gross banking profit	1	948,557	(196,663)	1,145,220	1,552,033
<i>Excluding gains (losses) on bonds</i>	2	1,008,952	(117,884)	1,126,836	1,562,354
Net interest income	3	660,453	(37,140)	697,593	954,544
Trust fees	4	2,169	(4,199)	6,368	8,626
Net fees and commissions	5	244,531	(3,573)	248,104	366,675
Net trading income	6	49,174	86,256	(37,082)	11,937
Net other operating income	7	(7,770)	(238,006)	230,236	210,248
<i>Gains (losses) on bonds</i>	8	(60,394)	(78,778)	18,384	(10,320)
Expenses (excluding non-recurring losses)	9	(449,167)	(10,330)	(438,837)	(586,459)
Personnel expenses	10	(145,312)	2,186	(147,498)	(192,359)
Non-personnel expenses	11	(278,663)	(11,997)	(266,666)	(360,720)
Taxes	12	(25,191)	(520)	(24,671)	(33,379)
Banking profit (before provision for general reserve for possible loan losses)	13	499,390	(206,993)	706,383	965,573
<i>Excluding gains (losses) on bonds</i>	14	559,785	(128,213)	687,998	975,894
Provision for general reserve for possible loan losses	15	—	(20,559)	20,559	(154,980)
Banking profit	16	499,390	(227,552)	726,942	810,593
Non-recurring gains (losses)	17	(58,449)	67,950	(126,399)	(89,659)
Credit related costs	18	(71,231)	64,087	(135,318)	(106,560)
Gains (losses) on stocks	19	18,729	(5,435)	24,164	25,460
Gains on sale of stocks	20	32,962	(12,354)	45,316	70,085
Losses on sale of stocks	21	(331)	207	(538)	(13,367)
Losses on devaluation of stocks	22	(13,901)	6,713	(20,614)	(31,257)
Other non-recurring gains (losses)	23	(5,947)	9,298	(15,245)	(8,559)
Ordinary profit	24	440,941	(159,602)	600,543	720,933
Extraordinary gains (losses)	25	34,851	40,001	(5,150)	25,739
Gains (losses) on disposal of premises and equipment	26	—	(474)	474	1,457
Gains (losses) on disposal of fixed assets	27	1,143	1,143	—	—
Losses on impairment of fixed assets	28	(1,480)	4,109	(5,589)	(6,300)
Gains on reversal of reserve for possible loan losses	29	16,885	16,885	—	—
Gains on collection of written-off claims	30	227	210	17	30,605
Gains on return of securities from retirement benefits trust	31	36,330	36,330	—	—
Losses on liquidation of subsidiary	32	(18,254)	(18,254)	—	—
Income before income taxes	33	475,792	(119,600)	595,392	746,672
Income taxes, current	34	(12,744)	(2,905)	(9,839)	(13,512)
Income taxes, deferred	35	(159,594)	(37,778)	(121,816)	(213,639)
Net income	36	303,454	(160,282)	463,736	519,520
Total credit cost (15+18+29+30)	37	(54,118)	60,640	(114,758)	(230,935)
Provision for general reserve for possible loan losses	38	21,919	1,360	20,559	(154,980)
Write-off of loans	39	(58,528)	(71,529)	13,001	(12,650)
Provision for specific reserve for possible loan losses	40	(5,119)	107,338	(112,457)	(15,825)
Losses on sales of delinquent loans	41	(12,702)	23,517	(36,219)	(79,659)
Provision for loan loss reserve for specific overseas countries	42	84	(273)	357	1,575
Gains on collection of written-off claims	43	227	227	—	30,605

(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)

<Consolidated>

<Reference>

		December 31, 2006	Change from March 31, 2006	March 31, 2006	September 30, 2006
(1) Capital ratio	1	10.46%	(1.93)%	12.39%	10.07%
Tier I ratio	2	5.68%	(1.43)%	7.11%	5.50%
(2) Tier I capital	3	3,945.0	(700.9)	4,645.9	3,737.7
(3) Tier II capital included as qualifying capital	4	3,945.0	(122.7)	4,067.7	3,737.7
(a) Unrealized gains on securities	5	705.4	77.6	627.8	629.1
(b) Land revaluation excess	6	39.3	(0.6)	39.9	39.7
(c) General reserve for possible loan losses	7	707.7	(34.9)	742.6	712.8
(d) Subordinated debt	8	2,492.6	(164.8)	2,657.4	2,356.1
(4) Subtraction items	9	626.2	6.9	619.3	630.6
(5) Total capital (2)+(3)-(4)	10	7,263.7	(830.7)	8,094.4	6,844.9
(6) Risk-adjusted assets	11	69,420.6	4,098.3	65,322.3	67,945.9

4. Problem Assets Based on the Financial Reconstruction Law

(Billions of yen)

<Consolidated>

<Reference>

<Reference>

		December 31, 2006	Change from March 31, 2006	March 31, 2006	September 30, 2006
Bankrupt and quasi-bankrupt assets	12	233.7	(16.4)	250.1	217.5
Doubtful assets	13	456.4	(108.6)	565.0	515.6
Substandard loans	14	448.3	(29.1)	477.4	451.6
Total (A)	15	1,138.4	(154.1)	1,292.5	1,184.7

Normal assets	16	64,100.4	3,369.3	60,731.1	62,978.7
Total (B)	17	65,238.8	3,215.2	62,023.6	64,163.4

Problem asset ratio (A/B)	18	1.7%	(0.4)%	2.1%	1.8%
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Amount of direct reduction		692.6	(106.5)	799.1	750.5
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(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)

<SMBC, Non-consolidated>

<Reference>

<Reference>

		December 31, 2006	Change from March 31, 2006	March 31, 2006	September 30, 2006
Bankrupt and quasi-bankrupt assets	19	153.3	(11.2)	164.5	136.0
Doubtful assets	20	360.6	(112.8)	473.4	425.1
Substandard loans	21	315.5	(6.7)	322.2	305.6
Total (A)	22	829.4	(130.7)	960.1	866.7

Normal assets	23	59,671.1	3,686.2	55,984.9	58,442.1
Total (B)	24	60,500.5	3,555.5	56,945.0	59,308.8

Problem asset ratio (A/B)	25	1.4%	(0.3)%	1.7%	1.5%
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Amount of direct reduction		474.1	(129.5)	603.6	537.0
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5. Unrealized Gains (Losses) on Securities

<Consolidated>

<Reference>

(Billions of yen)

		December 31, 2006					March 31, 2006			
		Balance sheet amount	Net unrealized gains (losses)	Change from Mar.2006	Gains	Losses	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Held-to-maturity securities	1	1,242.2	(18.6)	12.2	0.3	(18.9)	1,250.4	(30.8)	0.6	(31.4)
Other securities	2	20,896.3	1,542.7	169.3	1,813.4	(270.7)	23,843.3	1,373.4	1,771.2	(397.8)
Stocks	3	4,120.8	1,749.3	46.6	1,767.3	(18.0)	4,008.6	1,702.7	1,722.1	(19.4)
Bonds	4	11,745.4	(193.1)	104.1	1.5	(194.6)	14,905.4	(297.2)	1.0	(298.2)
Others	5	5,030.1	(13.5)	18.6	44.6	(58.1)	4,929.3	(32.1)	48.1	(80.2)
Other money held in trust	6	2.9	0.3	0.1	0.3	—	2.9	0.2	0.2	—
Total	7	22,141.4	1,524.4	181.6	1,814.0	(289.6)	25,096.6	1,342.8	1,772.0	(429.2)
Stocks	8	4,120.8	1,749.3	46.6	1,767.3	(18.0)	4,008.6	1,702.7	1,722.1	(19.4)
Bonds	9	12,972.4	(211.9)	116.4	1.6	(213.5)	16,132.1	(328.3)	1.3	(329.6)
Others	10	5,048.2	(13.0)	18.6	45.1	(58.1)	4,955.9	(31.6)	48.6	(80.2)

(Notes)

- The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks" and beneficiary claims on loan trust 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 unrealized gains on other securities as of Mar. 31, 2006 include losses of JPY 3.2 billion that were recognized in income statement by applying fair value hedge accounting, which are included in the amount to be directly included in Stockholders' equity.

<SMBC, Non-consolidated>

<Reference>

(Billions of yen)

		December 31, 2006					March 31, 2006			
		Balance sheet amount	Net unrealized gains (losses)	Change from Mar.2006	Gains	Losses	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Held-to-maturity securities	11	1,233.7	(18.6)	12.2	0.3	(18.9)	1,236.1	(30.8)	0.6	(31.4)
Stocks of subsidiaries and affiliates	12	1,522.2	(10.8)	(278.4)	87.4	(98.2)	1,528.8	267.6	270.3	(2.7)
Other securities	13	19,342.0	1,570.5	254.2	1,828.3	(257.8)	22,520.4	1,316.3	1,695.7	(379.4)
Stocks	14	4,076.1	1,773.2	140.8	1,788.0	(14.8)	3,841.6	1,632.4	1,649.9	(17.5)
Bonds	15	10,741.6	(185.0)	97.2	0.9	(185.9)	14,174.6	(282.2)	0.8	(283.0)
Others	16	4,524.3	(17.7)	16.2	39.4	(57.1)	4,504.2	(33.9)	45.0	(78.9)
Other money held in trust	17	2.9	0.3	0.1	0.3	—	2.9	0.2	0.2	—
Total	18	22,100.8	1,541.4	(11.9)	1,916.3	(374.9)	25,288.2	1,553.3	1,966.8	(413.5)
Stocks	19	4,667.8	1,762.4	(137.6)	1,875.4	(113.0)	4,457.9	1,900.0	1,920.2	(20.2)
Bonds	20	11,968.3	(203.8)	109.5	1.0	(204.8)	15,401.0	(313.3)	1.0	(314.3)
Others	21	5,464.7	(17.2)	16.2	39.9	(57.1)	5,429.3	(33.4)	45.6	(79.0)

(Notes)

- The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks" and beneficiary claims on commodity investment trust and loan trust in "Commercial paper and other debt purchased."
- 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 unrealized gains on other securities as of Mar. 31, 2006 include losses of JPY 3.2 billion that were recognized in income statement by applying fair value hedge accounting, which are included in the amount to be directly included in Stockholders' equity.

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

<SMBC, Non-consolidated>

<Reference>

(Billions of yen)

	December 31, 2006				March 31, 2006			
	Assets	Liabilities	Net assets	Net deferred gains(losses)	Assets	Liabilities	Net assets	Net deferred gains(losses)
Interest rate swaps	40.1	111.0	(70.9)	(159.4)	46.5	101.0	(54.5)	(170.4)
Currency swaps	5.5	12.0	(6.5)	0.7	3.3	5.6	(2.3)	0.8
Others	0.4	1.4	(1.0)	(5.9)	6.4	3.3	3.1	2.4
Total	46.0	124.4	(78.4)	(164.6)	56.2	109.9	(53.7)	(167.2)

(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.
- Figures for Net deferred gains (losses) are those before application of tax effect accounting.

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

<Reference>

(Billions of yen)

	December 31, 2006				March 31, 2006			
	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	6,922.9	11,997.6	4,365.4	23,285.9	5,587.5	16,061.5	5,045.3	26,694.3
Receivable floating rate /payable fixed rate	1,447.5	4,980.4	5,342.9	11,770.8	903.4	5,564.3	5,635.5	12,103.2
Receivable floating rate /payable floating rate	202.0	30.5	20.3	252.8	253.8	230.7	20.8	505.3
Total contract amount	8,572.4	17,008.5	9,728.6	35,309.5	6,744.7	21,856.5	10,701.6	39,302.8

7. Deposits and Loans

(Billions of yen)

<SMBC, Non-consolidated>

<Reference>

	December 31, 2006	Change from March 31, 2006	March 31, 2006	September 30, 2006
Domestic deposits	61,938.5	(1,169.2)	63,107.7	62,699.4
Individual	34,470.7	1,710.4	32,760.3	33,816.0

(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	54,872.7	3,015.1	51,857.6	53,902.5
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8. Return on Equity

<Consolidated>

<Reference>

	Nine months ended December 31, 2006	Change from the year ended March 31, 2006	Year ended March 31, 2006	Six months ended September 30, 2006
Fully-diluted ROE	13.2%	(5.8)%	19.0%	12.1%

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