

**Notice regarding Establishment of Limit for Acquiring Own Stock and Reduction in “Capital Reserve” (Transfer to “Other Capital Surplus”)**

TOKYO, May 23, 2006 --- Sumitomo Mitsui Financial Group, Inc. (SMFG, President: Teisuke Kitayama) hereby announces that SMFG’s Board of Directors resolved at a meeting today to propose establishment of a limit for acquiring its own stock pursuant to the Provisions of Item 3, Article 155 and Paragraph 1, Article 156 of the Japanese Corporate Law and reduction in “Capital reserve” at SMFG’s 4<sup>th</sup> annual general shareholders’ meeting to be held on June 29, 2006.

1. Establishment of the limit for acquiring SMFG’s own stock

(1) Reason for establishment of the limit

In order to have flexibility to repay public funds in a timely and appropriate manner under changing business environment, SMFG will establish a limit for acquiring its own stock pursuant to the provisions of Item 3, Article 155 and Paragraph 1, Article 156 of the Japanese Corporate Law.

SMFG will take its financial condition and other factors into account and consider using the limit to acquire its own stock, so that the acquisition will be consistent with the intent of the Law Concerning Emergency Measures for Early Strengthening of the Functions of the Financial System (Early Strengthening Law).

With regard to the outstanding public funds, SMFG aims to repay them in full by the end of fiscal 2006, subject to approval of the relevant authorities, taking into consideration such factors as its financial condition, stock market and macro-economy.

(2) Details of the limit to be proposed

SMFG intends to establish the limit for acquiring the types of stocks and the number of shares as shown below in exchange for cash up to JPY 1.2 trillion.


This “Notice regarding Establishment of Limit for Acquiring Own Stock and Reduction in “Capital Reserve” (Transfer to “Other Capital Surplus”)” is published in order to publicly announce the facts herein described, not to solicit anyone into making any investment in or outside of Japan, nor for any other similar purposes.

(3) Acquisition Period

From August 11, 2006 to May 31, 2007

The establishment of the acquisition limit will become effective subject to approval of shareholders at SMFG's 4<sup>th</sup> annual general shareholders' meeting scheduled on June 29, 2006 and to the proposal on reduction in "Capital reserve" described in 2 below coming into effect.

(Reference 1) Number of shares held as treasury stock as of March 31, 2006

Number of outstanding common shares (excluding treasury stock) : 7,417,865.62 shares

Number of common shares held as treasury stock : 6,307.15 shares

2. Reduction in "Capital reserve" (Transfer to "Other capital surplus")

(1) Reason for reduction

In order to ensure more flexibility and speed in implementing its financial strategy, SMFG will reduce its "Capital reserve" for transfer to "Other capital surplus" pursuant to the provisions of Paragraph 1, Article 448 of the Japanese Corporate Law.

(2) Amount of "Capital reserve" to be reduced

JPY 1.0 trillion

(There will be no change in the amount of total shareholders' equity because the amount of "Capital reserve" to be reduced will be transferred to "Other capital surplus", which is also a component of the shareholders' equity.)

(3) Effective date of reduction in "Capital reserve"

August 11, 2006

(The reduction in "Capital reserve" will become effective upon expiration of the creditor demurral period.)

(Reference 2)

In connection with SMFG's establishment of the limit for acquiring its own stock as described above, Sumitomo Mitsui Banking Corporation (SMBC), a consolidated subsidiary of SMFG, is expected to establish a limit (upper limit of cash amount to be given in exchange for the stock acquired: JPY 400 billion) for acquiring its own stock from SMFG.

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