

Notice regarding Repayment of Public Fund Preferred Stock

Tokyo, September 28, 2006 --- Sumitomo Mitsui Financial Group, Inc. (SMFG, President: Teisuke Kitayama) hereby announces that SMFG's Board of Directors resolved at a meeting held today to take the following actions with respect to part of the Type 3 Preferred Stock owned by The Resolution and Collection Corporation (RCC), and obtained an approval of the relevant authorities to such actions.

SMFG had thorough discussion about repayment of public fund preferred stock with Deposit Insurance Corporation of Japan (DICJ), which had initiated such discussion in accordance with the administrative guidelines published in October 2005 regarding disposal of the financial assets that DICJ acquired through public fund injection, and, as a consequence, SMFG has come to propose repayment of public fund preferred stock from the viewpoint of enhancing shareholders' value.

PARTICULARS

Repayment of Public Fund Preferred Stock

1. Acquisition and Cancellation of Preferred Stock of SMFG

SMFG will acquire and cancel part of its Type 3 Preferred Stock (Total issue price: JPY 450 billion) as follows.

Acquisition of Type 3 Preferred Stock will be executed within the limit for acquiring SMFG's own stock authorized at its annual general shareholders' meeting held in June 2006 and SMFG intends to cancel the preferred stock upon acquisition.

Details of Acquisition and Cancellation

Type 3 Preferred Stock

Number of shares to be acquired	450,000 shares
Acquisition price	JPY 1,451,200 per share
Total amount of acquisition price	JPY 653,040,000,000
Acquire from	RCC
Expected date of acquisition	September 29, 2006

2. Request by RCC to SMFG for Acquisition of Type 3 Preferred Stock and Disposal by RCC of the Common Stock Delivered in Exchange for the Type 3 Preferred Stock

(1) Request by RCC to SMFG for Acquisition of Type 3 Preferred Stock

SMFG will ask RCC to exercise its right to request acquisition with respect to part of its Type 3 Preferred Stock (Total issue price: JPY 50 billion) and to receive common stock of SMFG delivered in exchange.

Number of shares of Type 3 Preferred Stock as to which request for acquisition is made	50,000 shares
Total issue price of Type 3 Preferred Stock to be acquired upon request	JPY 50,000,000,000
Expected date of request for acquisition	September 29, 2006
Acquisition price at which a share of common stock is issued and delivered in exchange for Type 3 Preferred Stock	JPY 826,900
Number of shares of common stock to be delivered in exchange for Type 3 Preferred Stock	60,466 shares

This "Notice regarding Repayment of Public Fund Preferred Stock" 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.

Any fraction of less than one share arising as a result of calculation of the number of shares of common stock to be delivered shall be treated in accordance with the provisions of Paragraph 3 of Article 167 of the Company Law.

(2) Disposal by RCC of the Common Stock Delivered in Exchange for Type 3 Preferred Stock

SMFG assumes that, in principle, the common stock that will be delivered to RCC upon exercise of its right to request acquisition as described in (1) above will be disposed of by RCC in market transactions at the request of SMFG.

Basically, SMFG intends to acquire the common stock disposed of by RCC, after careful consideration of its financial conditions, stock price and so forth, through ToSTNeT-2 (closing price orders) operated by Tokyo Stock Exchange, Inc., and within the limit for acquiring SMFG's own stock authorized at the annual general shareholders' meeting of SMFG held in June 2006. SMFG will ask DICJ through RCC for disposal of the common stock when it decides to acquire them at a later date.

(REFERENCE)

As announced in the recent press release, acquisition price of Type 3 Preferred Stock will be reset to JPY 1,273,000 on October 1, 2006 and the new acquisition price will be applicable thereafter to the part of Type 3 Preferred Stock that is not acquired as herein described (Total issue price: JPY 195 billion).

Summary of public fund preferred stock:

Type of preferred stock	Type 3 Preferred Stock
Original date of issue	March 31, 1999
Number of shares issued	800,000 shares
Issue price	JPY 1,000,000 per share
Aggregate amount issued	JPY 800 billion
Number of shares outstanding as of the date hereof	695,000 shares
Aggregate amount outstanding as of the date hereof	JPY 695 billion

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