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Sumitomo Mitsui Financial Group, Inc.

Notice regarding Issuance of Stock Compensation-Type Stock Options (Stock Acquisition Rights)

Tokyo, July 29, 2011 --- Sumitomo Mitsui Financial Group, Inc. (the “Company”) hereby announces that the Board of Directors of the Company at the meeting held today resolved that Stock Compensation-Type Stock Options (Stock Acquisition Rights) be issued to Directors (excluding Outside Directors), Corporate Auditors (excluding Outside Corporate Auditors) and Executive Officers of the Company and Sumitomo Mitsui Banking Corporation (“SMBC”), a subsidiary of the Company, in accordance with Article 238 and 240 of the Corporation Law as follows.

1. The reason for issuing Stock Acquisition Rights as Stock Options

The purposes of issuing the Stock Acquisition Rights as Stock Options for Directors and Executive Officers of the Company and SMBC are to increase their motivation to further contribute to the equity appreciation and better corporate performance, and the purposes for Corporate Auditors of the Company and SMBC are to increase their motivation for audit and research aiming to improve corporate value of the Company.

2. Details of Issuance of Stock Acquisition Rights

(1) Name of the Stock Acquisition Rights

Sumitomo Mitsui Financial Group, Inc. Stock Acquisition Rights (2nd series)

(2) Maximum number of Stock Acquisition Rights      2,682

The maximum number as described above is the number of planned allotments. If the maximum number of the Stock Acquisition Rights to be allotted is decreased due to reasons such as the lack of subscription for some of the rights, then the maximum number of the Stock Acquisition Rights to be issued shall be equal to the maximum number of the Stock Acquisition Rights to be allotted.

(3) Class and number of shares to be issued upon exercise of Stock Acquisition Rights

Class of shares to be issued upon exercise of Stock Acquisition Rights shall be common stock of the

Company, and the number of shares to be issued upon exercise of each Stock Acquisition Right (hereinafter referred to as “Number of Shares Granted”) shall be 100. However, in case the Company carries out a share split (including the gratis allotment of common stock of the Company; the same applies to following references to the share split) or share consolidation after the date of allotment of the Stock Acquisition Rights (hereinafter referred to as the “Allotment Date”) as defined in (13), the Number of Shares Granted shall be adjusted according to the following formula, with the resulting fractions of less than one share occurring upon such adjustment rounded down.

$$\begin{array}{l} \text{Number of Shares} \\ \text{Granted after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Number of Shares} \\ \text{Granted before} \\ \text{adjustment} \end{array} \times \begin{array}{l} \text{Ratio of share split} \\ \text{or share consolidation} \end{array}$$

In the case of a share split, the Number of Shares Granted after adjustment shall apply from the day after the record date (or effective date when no record date is specified) of the said share split. In the case of a share consolidation, the Number of Shares Granted after adjustment shall apply from the day the share consolidation becomes effective; however, in cases where the Company conducts a share split subject to the approval at a General Shareholders’ Meeting of the Company to a proposal to reduce surplus and increase capital stock and capital reserve, and the record date for the share split shall be the day prior to the day on which said shareholders’ meeting closes, the Number of Shares Granted after adjustment shall retroactively apply from the day after the day the applicable shareholders’ meeting closes and the day following the applicable record date.

In case the Company carries out measures such as a merger and demerger that require adjustment to the Number of Shares Granted after the Allotment Date, the Company may make appropriate adjustment to the Number of Shares Granted within a reasonable range.

When the Number of Shares Granted is adjusted, the Company shall notify or report the pertinent details to persons holding Stock Acquisition Rights listed in the register of Stock Acquisition Rights (hereinafter the “Stock Acquisition Right Holder”) no later than the day prior to the day the Number of Shares Granted after adjustment becomes effective; however, in cases where the Company cannot issue such a report or notice by the day before the said application date, it will do so immediately on the application date or soon thereafter.

(4) Value of assets to be contributed upon exercise of Stock Acquisition Rights

The value of assets to be contributed upon exercise of Stock Acquisition Rights shall be the exercise price of one yen per share granted upon exercise of each Stock Acquisition Right, multiplied by the Number of Shares Granted.

(5) Exercise period of Stock Acquisition Rights

From August 16, 2011 to August 15, 2041

(6) Matters concerning increase in capital stock and capital reserve by the issuance of shares upon exercise of Stock Acquisition Rights

1) Amount of increase in capital stock by issuing shares upon exercise of Stock Acquisition Rights shall be half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance for Corporate Accounting, with the resulting fractions of less than one yen occurring upon such calculation shall be rounded up to the nearest yen.

2) Amount of increase in capital reserve by issuing shares upon exercise of Stock Acquisition Rights shall be the upper limit of capital increase as described in 1) above less the amount of increase in capital set out therein.

(7) Restriction on acquisition of Stock Acquisition Rights by transfer

Any acquisition of Stock Acquisition Rights by transfer shall be subject to the approval by resolution of the Board of Directors.

(8) Reasons and conditions for acquisition of Stock Acquisition Rights

In case that a resolution for the approval of any of the proposals 1), 2), 3), 4), or 5) below is adopted at the General Meeting of Shareholders of the Company (or at a meeting of the Board of Directors if resolution at a General Meeting of Shareholders is not required), the Company may acquire the Stock Acquisition Rights as at the date specifically determined by the Board of Directors of the Company without contribution.

1) Proposal for approval of a merger agreement under which the Company shall be merged

- 2) Proposal for approval of a demerger agreement or demerger plan under which the Company shall be a split company
  - 3) Proposal for approval of a share exchange agreement or share transfer plan under which the Company shall be a wholly-owned subsidiary
  - 4) Proposal for approval of amendment to the Articles of Incorporation that stipulate the requirement of approval of the Company on acquisition of any of the shares issued by the Company by transfer
  - 5) Proposal for approval of amendment to the Articles of Incorporation that stipulate the requirement of approval of the Company on acquisition of class of shares to be issued upon exercise of Stock Acquisition Rights by transfer or that the Company acquires all of the shares of said class by a resolution at a General Meeting of Shareholders
- (9) Matters concerning the details of the issuance of Stock Acquisition Rights undergoing Organizational Restructuring

In the event the Company merges (limited to cases wherein the Company becomes a dissolving company), performs an absorption-type demerger or an incorporation-type demerger (only if the Company becomes the split company), or conducts a share exchange or a share transfer (only if the Company becomes a wholly-owned subsidiary) (hereinafter collectively referred to as “Organizational Restructuring”), Stock Acquisition Rights of a corporation described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Corporation Law of Japan (hereinafter “Restructured Company”) shall be granted to each Stock Acquisition Right Holder remaining unexercised (hereinafter “Remaining Stock Acquisition Rights”) immediately before the date when Organizational Restructuring takes effect (refers to the date when absorption-type merger takes effect, the date on which the company incorporated through the incorporation-type merger, the date when absorption-type demerger takes effect, the date on which the company incorporated through the incorporation-type demerger, the date when share exchange takes effect, or the date when the wholly-owning parent company is established by share transfer). However, the foregoing shall apply only to cases in which the delivery of Stock Acquisition Rights of the Restructured Company according to the following conditions is stipulated in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the share exchange agreement or the share transfer plan.

1) Number of Stock Acquisition Rights of the Restructured Company to be delivered

The Company shall deliver Stock Acquisition Rights, the number of which shall equal the number of Stock Acquisition Rights held by the holder of the Remaining Stock Acquisition Rights.

2) Class of shares of the Restructured Company to be issued upon exercise of Stock Acquisition Rights

Common stock of the Restructured Company

3) Number of shares of the Restructured Company to be issued upon exercise of Stock Acquisition Rights

To be decided according to (3) above after taking into consideration the conditions etc. of the Organizational Restructuring.

4) Value of the assets to be contributed upon exercise of Stock Acquisition Rights

The value of the assets to be contributed upon exercise of each Stock Acquisition Right shall be the amount obtained by multiplying the amount to be paid after restructuring as stipulated below, and the number of shares of the Reorganized Company to be issued upon exercise of the Stock Acquisition Rights as determined in accordance with 3) above. The amount to be paid after restructuring shall be ¥1 per share of the Restructured Company that can be granted due to the exercise of each Stock Acquisition Right that is to be granted.

5) Exercise period of Stock Acquisition Rights

Starting from the later of either the commencement date of the exercise period of Stock Acquisition Rights as stipulated in (5) above, or the date on which the Organizational Restructuring becomes effective and ending on the expiration date for the exercise of Stock Acquisition Rights as stipulated in (5) above.

6) Matters concerning increase in capital stock and capital reserve to be increased by the issuance of shares upon exercise of Stock Acquisition Rights

To be determined in accordance with (6) above.

7) Restriction on acquisition of Stock Acquisition Rights by transfer

Any acquisition of Stock Acquisition Rights by transfer shall be subject to the approval by resolution of the Board of Directors of the Restructured Company.

8) Conditions for acquisition of Stock Acquisition Rights

To be determined in accordance with (8) above.

9) Other terms and conditions of exercising Stock Acquisition Rights

To be determined in accordance with (11) below.

(10) Rules pertaining to fractions of less than one share arising from the exercise of Stock Acquisition Rights

Fractions of less than one share in the number of shares to be granted to Stock Acquisition Right Holders who exercised Stock Acquisition Rights shall be rounded down.

(11) Other terms and conditions of exercising Stock Acquisition Rights

1) A Stock Acquisition Right Holder may exercise Stock Acquisition Rights within the period described in provision (5) above, from the day when they are relieved of their positions either as a Director, Corporate Auditor or Executive Officer of the Company and SMBC (hereinafter referred to as the “Start of Exercise Date”). Provided, however, the Stock Acquisition Right Holder may exercise his/her stock acquisition right only before 20 years have passed from the Start of Exercise Date.

2) Regardless of 1) above, the Stock Acquisition Right Holder may exercise his/her stock acquisition right in cases specified in A. or B. below, so long as this is done within the period as set forth in (5) above (Provided, however, that this shall exclude cases where Stock Acquisition Rights of the Restructured Company are granted to Stock Acquisition Right Holders in accordance with (9). above in a merger agreement, a share exchange agreement or share transfer plan.)

A. In the event the Stock Acquisition Right Holder does not have the Start of Exercise Date by August 15, 2040.

From August 16, 2040 to August 15, 2041

B. In the event that a resolution for the approval of any of the proposals, a merger agreement under which the Company shall be merged, a share exchange agreement or share transfer plan under which the Company shall be a wholly-owned subsidiary (or at a meeting of the Board of Directors of the Company if resolution at a General Meeting of Shareholders is not required).

A period of 15 days beginning on the day following the particular approval date

3) In the event that a Stock Acquisition Right Holder relinquishes his/her rights, such rights cannot be exercised.

(12) Method for calculating the amount to be paid upon allocation of Stock Acquisition Rights

The amount to be paid upon allocation of each Stock Acquisition Rights shall be the option price per share calculated based on the following figures from 2) to 7) according to the formula of the Black-Scholes model, multiplied by the Number of Shares Granted, with fractions of less than one yen being rounded up to the nearest yen.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

Here,

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- 1) Option price per share (C)
- 2) Share price (S): the closing price (base price for the next trading day when there is no closing price) of the common stock of the Company in regular trading on the Tokyo Stock Exchange on August 16, 2011
- 3) Exercise price (X): ¥1
- 4) Expected remaining period (T): 4 years
- 5) Volatility ( $\sigma$ ): 4 years (from August 17, 2007 to August 16, 2011) volatility of share price computed based on the closing price of the common stock of the Company in regular trading on each trading day.
- 6) Risk-free interest rate (r): The interest rate on Japanese government bonds with remaining years corresponding to the expected remaining period.
- 7) Dividend yield (q): Dividend per share (expected amount of dividend to be paid for the fiscal year ending March, 2012) divided by the share price as set forth in 2) above.
- 8) Cumulative distribution function of the standard normal distribution (N( $\cdot$ ))

The option price to be calculated as described above is a fair value of the Stock Acquisition Rights. Accordingly, the issuance of the Stock Acquisition Rights is not an issuance of shares with favorable terms. The monetary remuneration claims of the person who will be allotted the Stock Acquisition Rights against the Company and their obligations to pay for the allotment of the Stock Acquisition Rights will be offset.

(13) Date of allotment of the Stock Acquisition Rights

August 16, 2011

(14) Date of payment of consideration in exchange of the Stock Acquisition Rights

August 16, 2011

(15) Section to receive requests for exercise of the Stock Acquisition Rights

The Company's Human Resources Department, or such other section in charge of such business from time to time.

(16) Payment location upon exercise of the Stock Acquisition Rights

SMBC Headquarters, or successor of the bank or successor of the branch, if any, from time to time.

(17) Persons to be allotted Stock Acquisition Rights, number of persons, and number of Stock Acquisition Rights to be allotted

Persons to be allotted	Number of persons	Number of Stock Acquisition Rights
Directors, Corporate Auditors and Executive Officers of the Company	14	287
Directors, Corporate Auditors and Executive Officers of SMBC	71	2,395
Total	85	2,682

(18) Details in case of issuance of warrants

There will be no issuance of warrants.