

Sumitomo Mitsui Financial Group, Inc.

(Code No. 8316)

Notice Concerning Termination of Joint Venture  
with Daiwa Securities Group Inc.

TOKYO, September 10, 2009 --- Sumitomo Mitsui Financial Group, Inc. (President: Teisuke Kitayama) (hereinafter referred to individually as “SMFG,” and, together with its subsidiaries and affiliates, referred to collectively as the “SMFG Group”) hereby announces that it has reached an agreement to terminate the joint venture (hereinafter referred to as the “Joint Venture”) relating to Daiwa Securities SMBC Co. Ltd. (President: Shin Yoshidome; hereinafter referred to as “Daiwa Securities SMBC”), a joint venture company owned by SMFG and Daiwa Securities Group Inc. (President and CEO: Shigeharu Suzuki) (hereinafter referred to individually as “Daiwa Securities Group Inc.,” and, together with its subsidiaries and affiliates, referred to collectively as the “Daiwa Securities Group”), upon the completion of various procedures as required by applicable governmental agencies, as follows:

1. Termination of Joint Venture
  - (1) Reasons for Terminating Joint Venture

Since its formation and commencement of business in April 1999 as a joint venture company owned by Daiwa Securities Group Inc. (which currently owns 60% of the common shares issued by Daiwa Securities SMBC) and SMFG (which currently owns 40% of the common shares issued by Daiwa Securities SMBC), Daiwa Securities SMBC has consistently held a leadership position in the market as a “hybrid” investment bank formed by a major securities firm and a major commercial bank, a unique business model in Japan, thereby serving the needs of clients, both in domestic and overseas markets.

At the same time, the external environment affecting the applicable parties has been changing dramatically, due to the acceleration of the worldwide trend to combine banking and securities activities triggered by the Lehman Brothers collapse in September 2008, and the progress of efforts to improve conditions for the promotion of the business model based on the integration

of banking and securities activities through the amendment of the firewall regulations in June 2009, etc.

Taking into consideration such changes in the external environment, etc., SMFG and Daiwa Securities Group Inc. have held extensive discussions concerning the possible enhancement of cooperation between them in order to provide clients with convenient and high-quality services.

Through such discussions, however, differences between SMFG and Daiwa Securities Group Inc. became clear in their opinions concerning the future implementation of the business model integrating banking and securities activities in the wholesale securities business. For this reason, SMFG and Daiwa Securities Group Inc. concluded that it would be desirable for each of them to pursue its own securities strategies separately and agreed to terminate the Joint Venture for their future benefit, while mutually confirming the continuation of the amicable trust relationship between them.

## (2) Details Concerning Termination of Joint Venture

SMFG and Daiwa Securities Group Inc. plan to hereafter discuss the specifics of and to implement a transfer (hereinafter referred to as the “Stock Transfer”), in principle, of all of SMFG’s equity interest in Daiwa Securities SMBC to Daiwa Securities Group Inc. by the end of December 2009.

The Basic Agreement executed as of the date hereof by and between SMFG and Daiwa Securities Group Inc. provides that the officers and employees, who have been seconded or transferred from SMFG Group to Daiwa Securities SMBC will, with some exceptions, be returned to the employ of the SMFG Group as of October 1, 2009.

## 2. Business Cooperation between SMFG and Daiwa Securities Group Inc.

The joint venture relating to Daiwa Securities SMBC will soon be terminated; however, SMFG and Daiwa Securities Group Inc. have mutually confirmed that the amicable trust relationship between them, which has been nurtured over a long period of time, including the fact that Sumitomo Mitsui Banking Corporation is the “main bank” of Daiwa Securities Group, will remain unaffected in the future.

Based on this fundamental understanding, an agreement has been reached to cause Daiwa Securities SMBC Principal Investments Co. Ltd. to continue its existence as a joint venture between Daiwa Securities Group Inc. (which will own 60% of the shares) and SMFG Group (which will own 40% of the shares) upon the completion of various procedures as required by applicable governmental agencies, and the framework of future cooperation in other businesses will be studied.

Further, SMFG and Daiwa Securities Group Inc. have agreed to study the possibility of entering into new business alliances in the investment banking area.

## 3. Schedule for Termination of Joint Venture

September 10, 2009	Resolution of a meeting of the board of directors of SMFG; Execution of the Basic Agreement
October 1, 2009	Return of certain officers and employees seconded or transferred by SMFG Group to Daiwa Securities SMBC to SMFG Group
[December 31, 2009] (tentative)	Completion of Stock Transfer, Termination of Joint Venture Agreement

\* The schedule for and timing of the detailed procedures that need to be completed to terminate the Joint Venture are subject to change depending on, among other things, the progress of the discussions between SMFG and Daiwa Securities Group Inc., the completion of any procedures required by applicable governmental agencies, etc.

4. Impact to Earnings Forecast

No revision is made to SMFG's earnings forecast for the fiscal year ending March 31, 2010, in connection with the matter at issue.

(Reference)

(1) Outline of Joint Venture

Company Name	Daiwa Securities SMBC Co. Ltd.
Location of Head Office	GranTokyo North Tower, 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Title and Name of Representative	President, Shin Yoshidome
Description of Principal Business	Securities business
Amount of Capital	JPY 255,700 million (As of March 31, 2009)
Date of Incorporation	Commencement of Operations as Joint Venture on April 5, 1999
Fiscal Period	April 1 to March 31
Net Assets	JPY 475,057 million (As of March 31, 2009)
Total Assets	JPY 10,553,033 million (As of March 31, 2009)
Investment Ratio	Daiwa Securities Group Inc. : 60% Sumitomo Mitsui Financial Group, Inc. : 40%

(2) Outline of the Partner of Joint Venture

Company Name	Daiwa Securities Group Inc.	
Location of Head Office	GranTokyo North Tower, 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	
Title and Name of Representative	President and CEO, Shigeharu Suzuki	
Description of Principal Business	Holding company	
Amount of Capital	JPY 178,324 million (As of March 31, 2009)	
Date of Incorporation	December 27, 1943	
Net Assets	JPY 952,329 million (As of March 31, 2009)	
Total Assets	JPY 14,182,579. million (As of March 31, 2009)	
Major Shareholders and Shareholding Ratio	Japan Trustee Services Bank, Ltd. (Trust Account 4G)	5.88%
	STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy agent: Mizuho Corporate Bank, Ltd. Kabutocho Custody & Proxy Department)	5.48%
	Japan Trustee Services Bank, Ltd. (Trust Account)	5.31%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.39%
	STATE STREET BANK AND TRUST COMPANY (Standing proxy agent: Mizuho Corporate Bank, Ltd. Kabutocho Custody & Proxy Department)	3.43%
Relationship with the Listed Company	Capital Relation	Indirectly holding 30,328,000 shares
	Personnel Relationship	No personnel relationship (including overlapping directors)
	Business Relationship	Not applicable.
	Relevant Condition to Related Parties	Not applicable.

Consolidated Operating Results and Consolidated Financial Condition for Last Three Years			
Fiscal Period	March 2007	March 2008	March 2009
Consolidated Net Assets	JPY 1,223,225 million	JPY 1,082,923 million	JPY 952,329 million
Consolidated Total Assets	JPY 14,411,265 million	JPY 17,307,119 million	JPY 14,182,579 million
Consolidated Net Assets Per Share	JPY 665.98	JPY 607.64	JPY 534.99
Consolidated Operating Revenues	JPY 917,307 million	JPY 825,422 million	JPY 413,936 million
Consolidated Net Operating Revenues	JPY 526,764 million	JPY 447,491 million	JPY 199,544 million
Consolidated Net Ordinary Income (Loss)	JPY 195,415 million	JPY 90,143 million	JPY (141,150) million
Consolidated Net Income (Loss)	JPY 92,724 million	JPY 46,411 million	JPY (85,039) million
Consolidated Net Income (Loss) Per Share	JPY 67.90	JPY 33.69	JPY (63.16)
Dividend Per Share	JPY 28.00	JPY 22.00	JPY 8.00

(3) Forecast of Consolidated Financial Results (announced on May 15, 2009) and Consolidated Financial Results for the Previous Period

	Consolidated Ordinary Income	Consolidated Net Ordinary Profit	Consolidated Net Income (Loss)
Forecast of Consolidated Financial Results (March 2010)	JPY 3,400,000 million	JPY 510,000 million	JPY 220,000 million
Consolidated Financial Results for the Previous Period (March 2009)	JPY 3,552,843 million	JPY 45,311 million	JPY (373,456) million

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