

Sumitomo Mitsui Financial Group, Inc.
(Securities Code: 8316)
Sumitomo Mitsui Banking Corporation
Nikko Cordial Securities Inc.

Sumitomo Mitsui Banking Corporation's Acquisition of
Nikko Cordial Securities Inc. as its Wholly-Owned Subsidiary,
Commencement of Operation by Nikko Cordial Securities Inc. as Securities and
Investment Banking Company, and Establishment of Business Cooperation between
Both Companies

TOKYO, October 1, 2009 --- Sumitomo Mitsui Banking Corporation (“SMBC”, President: Masayuki Oku), a wholly-owned subsidiary of Sumitomo Mitsui Financial Group, Inc. (SMFG, President: Teisuke Kitayama) hereby announces that, pursuant to the agreement reached on May 1, 2009 among SMBC, Nikko Citi Holdings, Inc. (Chairman, Representative Director, President and CEO: Douglas L. Peterson), a wholly-owned subsidiary of Citigroup Inc. (“Citi”, Headquarters: New York, U.S.), and other affiliates of Citi, SMBC has acquired all of the shares of Nikko Cordial De-merger Preparatory Company Ltd. (the “Acquisition of Target Shares”), making it a wholly-owned subsidiary of SMBC. Nikko Cordial De-merger Preparatory Company succeeded all of the operations (excluding selected assets and liabilities) of Nikko Cordial Securities Inc. (“Former Nikko Cordial”, President: Eiji Watanabe), which was engaged mainly in the retail securities business (the “Retail Business”), and certain businesses, including the domestic debt and equity underwriting businesses, of Nikko Citigroup Ltd. (“Former Nikko Citi”), which was engaged mainly in the wholesale securities business (the “Wholesale Business” and with the Retail Business, collectively, the “Target Businesses”), through a corporate de-merger (the “De-merger”). (As of today, Former Nikko Citi’s name has been changed to Citigroup Global Markets Japan Inc.)

As explained below, in addition to the Target Businesses, SMBC indirectly acquired, certain assets succeeded or transferred to Former Nikko Cordial or Nikko Cordial De-merger Preparatory Company Ltd. from related companies of Citi through in-kind contributions, etc. (together with the Acquisition of Target Shares, the “Transaction”) as a result of the Acquisition of Target Shares.

As of today, Nikko Cordial De-merger Preparatory Company Ltd.’s name has been changed to Nikko Cordial Securities Inc. (President: Eiji Watanabe)

1. About the Transaction

The business environment surrounding the financial industry has been changing dramatically since the Lehman Brothers collapse in September 2008, as the global financial industry has moved to realign itself, and banks and securities firms have accelerated integration activities. In Japan, there was also the amendment of firewall regulations.

In addition to such changes in the external environment, the financial and capital markets are showing signs of normalizing as the global economic recovers, and a new financial business model which boldly captures new customer needs and business opportunities for the next generation, as well as taking into account the lessons learned from the financial crisis, is expected to be created.

Under such changing circumstances, through the Transaction, Nikko Cordial Securities will launch its business and be reborn as a new securities and investment banking company, with

close collaboration between its retail and wholesale arms, as a result of its succession of all the operations (excluding selected assets and liabilities) of Former Nikko Cordial, which already firmly establishes its domestic retail securities business, and hiring top-class, experienced professionals from the Wholesale Business of Former Nikko Citi.

As announced on May 1, 2009, SMFG brought Nikko Cordial Securities into a member of its group companies (the “SMFG Group”) as a wholly-owned subsidiary of SMBC so that it can respond rapidly and effectively to changes in the business environment and capture the new business opportunities arising from these changes in order to quickly establish the next pillar in its foundation for future growth.

Going forward, by positioning Nikko Cordial Securities at the center of the SMFG Group’s securities business strategy, SMFG plans to create a new leading financial services group which combines customer base, stability and reliability of a commercial bank with the highly-sophisticated securities expertise of Nikko Cordial Securities, and provide all of our retail and wholesale customers with highly value-added products and services, based on the “Spirit of Innovation,” “Speed,” and “Solution & Execution”.

2. Collaboration between SMBC and Nikko Cordial Securities

(1) Collaboration in the Retail Business

By adding Nikko Cordial Securities as a new SMFG Group member, SMFG’s retail platform will expand to JPY 65 trillion in financial assets under account, with approximately 9,800 sales personnel at 600 locations nationwide.

On the strength of this platform, we will respond to the various needs of our customers by strengthening the SMFG Group’s retail financial business through the introduction of consulting know-how established over the years and new products and services developed through cooperation between SMBC and Nikko Cordial Securities.

Specific cooperative projects planned between the two companies in the retail business are as follows:

1) Sale of Investment Trust Products by SMBC and Nikko Cordial Securities

Today, SMBC and Nikko Cordial Securities begin providing new investment products developed jointly by the two companies that aim to capture new global economic trends. SMBC and Nikko Cordial Securities will jointly develop and provide superior products.

2) Joint Seminars

Starting from October 3, 2009, joint seminars, co-sponsored by SMBC and Nikko Cordial Securities, will be held in Tokyo, at the Tokyo International Forum, continued in other cities as Yokohama, Nagoya and Osaka. Each seminar will include keynote speeches by notable figures that have extensive experience and deep insights in both economics and politics, and a briefing by a Nikko Cordial Securities’ strategist on the recent investment environment and market forecasts and updates.

3) Referral Services for Customers

We will start referral services between SMBC and Nikko Cordial Securities. SMBC will introduce its customers to Nikko Cordial Securities upon customer’s request, and Nikko Cordial Securities will refer to SMBC its customers who have mortgage loan needs, for example.

We will deliver optimal financial products and services tailored to the needs of customers both at SMBC and Nikko Cordial Securities.

4) Placing New ATMs on the Branches of Nikko Cordial Securities

ATMs that accept SMBC cash cards have been installed at the head office, Ikebukuro, Yokohama-Ekimae, Nagoya, Osaka, and Kobe Branches of Nikko Cordial Securities and started operating as of today.

We plan to expand this ATM network based on customer needs.

5) Other

Targeting April 2010 or later, we intend to launch a securities intermediary business between SMBC and Nikko Cordial Securities. We intend to aggressively implement projects bridging the divide between banking and securities industries in order to offer more convenience and higher value-added products and services to our customers.

(2) Collaboration in the Wholesale Business

Nikko Cordial Securities will start a full-line wholesale securities business by adding a newly-launched sales & trading business and an investment banking business, including underwriting, to be conducted mainly by employees hired from Former Nikko Citi, to the corporate business and the M&A advisory business, which have been conducted by Former Nikko Cordial. Also in the overseas market, by maintaining the cooperative relationship with Citi that was built over the years by Former Nikko Cordial, we will continue to deliver high value-added services, such as proposals for increasing enterprise value and capital management to corporate clients.

Going forward, concurrently with our efforts to further strengthen the wholesale securities business of Nikko Cordial Securities, we will pursue an integrated business model between banking and securities activities based on the close cooperation between SMBC and Nikko Cordial Securities and will provide high-quality services to a broad range of customers, from global companies to small and medium-sized enterprises, that bridge the divide between banking and securities industries.

For the present, we will actively refer to Nikko Cordial Securities to the SMBC's corporate clients who wish to engage Nikko Cordial Securities to assist, for example, in the issuance and/or investment of stocks/fixed income securities, and we will also provide optimal products and services tailored to the needs of our clients in cooperation with Nikko Cordial Securities. We have established "The SMBC Desk" at Nikko Cordial Securities as the point of contact for the integration of our banking and securities services, and it will be at the core of the development of integrated businesses model between banking and securities activities going forward.

Further, we will launch a securities intermediary business at SMBC in cooperation with Nikko Cordial Securities and are considering establishing an organization whose staffs will serve customers concurrently as both companies in order to rapidly and steadily expand the integrated banking and securities services business.

3. Overview of the Transaction

(1) Overview

SMBC acquired the following Target Businesses and assets from Citi, etc.

- The entire business (excluding certain assets and liabilities) of Former Nikko Cordial
- Certain businesses of Former Nikko Citi (including its domestic equity and debt underwriting business)
- Other subsidiaries and affiliates related to the Target Businesses (Nikko System Solutions, Ltd., Nikko Global Wrap, Ltd., Nikko Business Systems Co., Ltd., etc.) (hereinafter the “Affiliates”)
- Strategic Shareholdings
- Other assets including the “Nikko” brand and related trademarks

The Acquisition of Target Shares was implemented in a manner by which SMBC obtained Nikko Cordial Securities’ shares from Former Nikko Cordial immediately after the succession of the Target Businesses by Nikko Cordial Securities as a result of the De-merger from Former Nikko Cordial and Former Nikko Citi.

In addition, the acquisition of the shares of the Affiliates or other assets was implemented in a manner by which Nikko Cordial Securities either (i) succeeded such shares or other assets which had been assigned or transferred to Former Nikko Cordial from related companies of Citi prior to the De-merger, or (ii) acquired such shares or other assets after the De-merger.

(2) Final Acquisition Price

The final acquisition price is the sum of:

- | | |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) The acquisition price for the Target Shares, etc. | JPY 545.0 billion (note that this figure will be adjusted by the end of December, 2009, based on the net assets, etc. of Nikko Cordial Securities as of the effective date of the De-merger.) |
| 2) Strategic Shareholdings | JPY 29.8 billion |

*Note that JPY 201.0 billion in cash was excluded from the scope of the Transaction, and it has been retained by Former Nikko Cordial and was not transferred to Nikko Cordial Securities.

4. Miscellaneous

(1) Business Alliance with Citi with respect to the operations of Nikko Cordial Securities

Pursuant to the agreement between SMFG and Citi, announced on May 1, 2009, to enter into an alliance agreement, we have concluded a strategic business alliance centering on various collaborative activities between Nikko Cordial Securities and Citigroup Global Markets Japan.

(2) Future Outlook

There is no revision to the earnings forecast for the fiscal year ending March 31, 2010 in connection with the Transaction.

[Reference]

1. Outline of Nikko Cordial Securities Inc.

(1) Company Name	Nikko Cordial Securities Inc. (The company name changed from “Nikko Cordial De-merger Preparatory Company Ltd.” as of October 1, 2009)	
(2) Description of Principal Business	Financial Instruments Business, etc.	
(3) Location of Head Office	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo	
(4) Representative	Representative Director and President, Eiji Watanabe	
(5) Amount of Capital	JPY 10 billion	
(6) Date of Incorporation	June 15, 2009	
(7) Number of Employees	Approx. 6,400 persons*	
(8) Major Shareholders and Shareholding Ratio	Sumitomo Mitsui Banking Corporation 100%	
(9) Relationship with the Listed Company	Capital Relation	100% owned through Sumitomo Mitsui Banking Corporation
	Personnel Relationship	No personnel relationship as of the end of FY3/2009 (Former Nikko Cordial)
	Business Relationship	No specific business relationship as of the end of FY3/2009 (Former Nikko Cordial)

* The figures are estimates as of September 15, 2009 and exclude contracted employees, part-timers, and temps.

Note: No financial conditions and operating results are disclosed as Nikko Cordial Securities is a newly-founded entity.

2. Operating Results and Financial Condition of Former Nikko Cordial (Non-consolidated)

	FY3/2009	1 st Quarter, FY3/2010
Operating Revenues	JPY 164,135 million	JPY 42,496 million
Net Operating Revenues	JPY 158,942 million	JPY 41,859 million
Operating Income	JPY 19,685 million	JPY 10,295 million
Ordinary Income	JPY 22,158 million	JPY 11,031 million
Net Income	JPY (3,626) million	JPY 8,253 million
Net Assets	JPY 393,392 million	JPY 401,681 million
Total Assets	JPY 1,466,956 million	JPY 1,207,438 million

3. SMFG's Consolidated Earnings Forecast for FY3/2010 (announced on May 15, 2009) and SMFG's Consolidated Financial Results for the Previous Period

	Consolidated Ordinary Income	Consolidated Ordinary Profit	Consolidated Net Income (Loss)
FY3/2010 Forecast	JPY 3,400,000 million	JPY 510,000 million	JPY 220,000 million
FY3/2009 Results	JPY 3,552,843 million	JPY 45,311 million	JPY (373,456) million