

Sumitomo Mitsui Financial Group, Inc.  
(Code: 8316)  
Sumitomo Mitsui Banking Corporation  
Central Finance Co., Ltd.  
(Code: 8588)  
OMC Card, Inc.  
(Code: 8258)  
QUOQ Inc.

## **Basic Agreement on Merger of Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc.**

TOKYO, February 29, 2008 – Sumitomo Mitsui Financial Group, Inc. (“SMFG”, President: Teisuke Kitayama), Sumitomo Mitsui Banking Corporation (“SMBC”, President: Masayuki Oku), Central Finance Co., Ltd. (“CF”, President & Representative Director: Tatsuo Tsuchikawa), OMC Card, Inc. (“OMC”, President and COO: Shinji Ebata) and QUOQ Inc. (“QUOQ”, President: Shinpei Nihei) reached a basic agreement on the merger of CF, OMC and QUOQ (hereinafter the “Merger,” and the company formed by the merger of CF, OMC, and QUOQ shall be referred to as the “Merged Company”).

### **1. Objectives of the Merger**

The Japanese credit card market has been steadily expanding and further growth is expected amid the spread of new domains of settlement, including petty cash settlement. On the other hand, under the requirement for development of new technologies and services, such as electronic money, and for investment in systems that meet more deep, sophisticated and diversified customers’ needs, and under the influence of the amendment to the Money Lending Business Law, among other factors, the business environment surrounding the industry has been dramatically changing, putting the industry at a major turning point. Furthermore, in view of the proposed revision to the Installment Sales Law to reflect the trend of increasing consumer protection, the installment credit business also requires restructuring to establish a new business model.

With these circumstances in mind, CF, OMC and QUOQ have basically agreed to merge in order to bring into existence one of the largest consumer finance companies in Japan that is focused on the credit card and installment credit businesses. It will be equipped with expertise and agility through the combination and integration of the customer bases, sales power, know-how and other assets of each company.

CF, based in the Chubu area, has a nationwide network which covers all of Japan’s 47 prefectures. As a general consumer finance company, CF has also long developed shopping credit, automobile loans and other installment credit businesses, and has a strength in the CF cards and the businesses associated with credit cards affiliated/co-branded with various partners including railway companies, travel agencies, oil companies, automobile-related industries and department stores as well as shopping centers. CF also promotes its strategic alliance with Mitsui & Co., Ltd., a major general trading firm.

OMC, as a credit card company with its origin in retail business, has worked on the 15-minute immediate card issuance screening, the only service in the industry, through the viewpoint of a citizen who lives an ordinary life. In addition, OMC has recorded best-in-industry card utilization rates by the use of advanced database marketing. With the advantage of such unique know-how

on membership solicitation and marketing power, OMC has achieved a top-class frequency of use and competency of soliciting cardholders.

QUOQ is focused on the field of shopping credit, where it is one of the most active service providers in the credit sales industry and is aggressively pursuing its collection agency operations, which have an industry-leading track record of handling voluminous transactions. Another key business of QUOQ is its unique petty claims purchasing scheme for a bulk purchase of small accounts receivables, monthly tuition receivables and similar claims.

While keeping a sense of unity as a member of SMFG group and at the same time maintaining management independence as a listed corporation, the Merged Company will seek to create a people-oriented original business model with characteristics not seen in other companies and will aim at maximizing its corporate value through the development and furtherance of the above-described strengths of each company, using as driving force the synergy of the credit card and installment credit businesses as a result of the merger.

Taking into consideration that CF's core management bases are located mainly in the Tokai area, the Merged Company will continue focusing on that area as one of its key management bases, and seek to build a close alignment with SMFG's and SMBC's marketing strategy for the Tokai area.

As announced in another press release separately issued today with the title "Credit Card Business Strategy of Sumitomo Mitsui Financial Group," SMFG and SMBC will support the Merger, aimed at establishing the number one credit card business entity in Japan through establishment of a close partnership between the Merged Company and Sumitomo Mitsui Card Co., Ltd. ("SMCC", President: Koichi Tsukihara).

## **2. Outline of the Merger**

(1) Targeted Date of Merger: April 1, 2009

(2) Surviving Company under the Applicable Law: OMC

(3) Location of the Registered Head Office of the Merged Company:  
20-27, Nishiki 3-chome, Naka-ku, Nagoya-shi, Aichi

(4) Other

- Upon separate consultation, the parties will determine the trade name, the merger ratio, and capital and representative of the Merged Company as well as other details before the execution of the merger agreement, which is scheduled to take place in September 2008.
- The headquarters of the new organization will be based in Nagoya and Tokyo.
- The parties have the policy of maintaining the Merged Company's listings on the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange. Therefore, OMC, the proposed surviving company, aims for listing on the First Section of the Nagoya Stock Exchange in February 2009.
- SMFG, SMBC, CF, OMC and QUOQ intend to increase the voting rights by the SMFG group in the Merged Company to around the 40 percent range, and will determine the detailed method thereafter.

- The confirmation of the Merger is subject to approval by resolutions of the general meetings of the shareholders, the permissions, authorizations, etc. of the relevant authorities as required by law, and the necessary consent of related parties.

### 3. Framework for Deliberation on Matters to Come

For the purpose of expediting the consultation process towards the merger, the parties will establish a “merger preparatory committee” jointly chaired by the top management of CF, OMC and QUOQ. The “merger preparatory committee” and its subcommittees specialized in such areas as planning, finance, personnel and systems will proceed with the preparations in coordination with promotion of the SMFG group’s credit card strategy.

### 4. Proposed Schedule

|                         |   |
|-------------------------|---|
| September 2008 (target) | Execution of the merger agreement   |
| December 2008 (target)  | Extraordinary meetings of shareholders for approval of the merger agreement |
| February 2009 (target)  | Listing of OMC on the First Section of the Nagoya Stock Exchange            |
| April 1, 2009 (target)  | Closing date of the Merger  |

### 5. Business Forecasts

#### (1) SMFG

There will be no revision to the business forecast for the fiscal year ending March 2008 in connection with this matter.

#### (2) CF

There will be no revision to the business forecast for the fiscal year ending March 2008 in connection with this matter.

#### (3) OMC

There will be no revision to the business forecast for the fiscal year ending February 2008 in connection with this matter.

### 6. Corporate Profile of the Three Companies to be Merged

|                         | As of August 31, 2007                    | As of September 30, 2007   | As of September 30, 2007   |
|-------------------------|--|--|--|
| Trade Name              | OMC Card, Inc.<br>(Surviving Company)    | Central Finance Co., Ltd.<br>(Dissolved Company)   | QUOQ Inc.<br>(Dissolved Company)   |
| Description of Business | Credit card business                     | Credit card business<br>Shopping credit business<br>Loan business<br>Guarantee business<br>Money collection<br>agency business | Credit card business<br>Shopping credit business<br>Loan business<br>Credit guarantee<br>business<br>Money collection<br>agency business |
| Date of Incorporation   | September 11, 1950                       | January 28, 1960   | April 5, 1978  |
| Location of Head Office | 16-4, Konan 2-chome,<br>Minato-ku, Tokyo | 20-27, Nishiki 3-<br>chome, Naka-ku,<br>Nagoya-shi, Aichi  | Sumitomo Fudosan<br>Mita Twin Buildings<br>West Hall, 5-27, Mita   |

|   |   |  |   |
|---|---|--|---|
|   |   |  | 3-chome, Minato-ku, Tokyo   |
| Name and Title of Representative          | Hiromichi Funabashi<br>Chairman & CEO   | Tatsuo Tsuchikawa<br>President & Director  | Shinpei Nihei<br>President  |
| Capital (JPY Million)                     | 43,343  | 23,254   | 4,750   |
| Total Number of Issued Shares (JPY '000)  | 213,682   | 144,785  | 2,400   |
| Net Assets (JPY Million)                  | 46,181<br>(Consolidated)  | 69,877<br>(Consolidated)   | 32,386<br>(Non-Consolidated)  |
| Total Assets (JPY Million)                | 585,211<br>(Consolidated)   | 1,195,672<br>(Consolidated)  | 865,952<br>(Non-Consolidated)   |
| Fiscal Year End                           | End of February   | End of March   | End of March  |
| Number of Employees                       | 1,296<br>(Consolidated)   | 2,415<br>(Consolidated)  | 1,335<br>(Non-Consolidated)   |
| Major Shareholders and Shareholding Ratio | The Nomura Trust and Banking Co., Ltd. (trust account) * <sup>1</sup> (27.44%)<br>The Daiei, Inc. (20.60%)<br>Acom Co., Ltd. (15.02%) | Sumitomo Mitsui Banking Corporation (14.29%)<br>Sumitomo Mitsui Financial Group, Inc. (8.78%)<br>Mitsui & Co., Ltd. (8.78%)  | Central Finance Co., Ltd. (20.00%)<br>Ginsen Co., Ltd. (17.08%)<br>Sumitomo Mitsui Banking Corporation (11.00%) |
| Main Bank of Account                      | SMBC  | SMBC   | SMBC  |
| Relationships among the Parties           | Capital Relationships   | CF holds 480,000 shares of the common stock of QUOQ (representing 20.0% of the total issued shares) .  |   |
|   | Personnel Relationships   | Three employees of CF have been dispatched to QUOQ.  |   |
|   | Business Relationships  | CF and OMC have established a scheme of mutual complementation to address potential information systems failures.<br>Part of CF's affiliated card business processing has been subcontracted to OMC. |   |
|   | Status of Relationship of Related Parties   | QUOQ, which is an affiliate of CF, constitutes a related party.  |   |

\*<sup>1</sup> SMBC owns the trust beneficial interest in the trust assets composed of the 58,633 thousand shares (which represents 27.44% of the total number of the issued shares) held by The Nomura Trust and Banking Co., Ltd. (trust account). The term of this trust expired on February 8, 2008, and thereupon SMBC acquired the above-mentioned shares constituting the trust assets, and OMC has become an affiliated company of SMFG and SMBC under equity method (*mochibun-ho*).




## 7. Business Results of the Three Companies to be Merged for the Latest Three Fiscal Years

| Fiscal Year Ended               | OMC (Consolidated) (Surviving Company) |               |               |
|---------------------------------|--|---------------|---------------|
|                                 | February 2005                          | February 2006 | February 2007 |
| Operating Income (JPY Million)  | 139,178                                | 145,989       | 155,383       |
| Operating Profit (JPY Million)  | 27,739                                 | 34,886        | 32,740        |
| Recurring Profit (JPY Million)  | 27,900                                 | 35,572        | 33,292        |
| Net Profit/Loss (JPY Million)   | 15,823                                 | 18,363        | 13,944        |
| Net Profit/Loss per Share (JPY) | 74.25                                  | 85.89         | 65.92         |
| Annual Dividend per Share (JPY) | 10.0                                   | 17.5          | 20.0          |
| Net Assets per Share (JPY)      | 264.27                                 | 312.20        | 357.57        |

| Fiscal Year Ended               | CF (Consolidated) (Dissolved Company) |            |            |
|---------------------------------|---------------------------------------|------------|------------|
|                                 | March 2005                            | March 2006 | March 2007 |
| Operating Income (JPY Million)  | 98,731                                | 106,178    | 106,425    |
| Operating Profit (JPY Million)  | 4,527                                 | 12,871     | 8,491      |
| Recurring Profit (JPY Million)  | 5,021                                 | 13,402     | 8,888      |
| Net Profit/Loss (JPY Million)   | 3,205                                 | 303        | 1,837      |
| Net Profit/Loss per Share (JPY) | 32.97                                 | 3.02       | 19.12      |
| Annual Dividend per Share (JPY) | 7.0                                   | 7.0        | 9.0        |
| Net Assets per Share (JPY)      | 556.61                                | 582.77     | 531.64     |

| Fiscal Year Ended               | QUOQ (Non-Consolidated) (Dissolved Company) |            |             |
|---------------------------------|---|------------|-------------|
|                                 | March 2005                                  | March 2006 | March 2007  |
| Operating Income (JPY Million)  | 72,803                                      | 67,319     | 62,109      |
| Operating Profit (JPY Million)  | 1,769                                       | 2,066      | 627         |
| Recurring Profit (JPY Million)  | 2,096                                       | 2,456      | 1,069       |
| Net Profit/Loss (JPY Million)   | 1,382                                       | 2,480      | (21,562)    |
| Net Profit/Loss per Share (JPY) | 719.82                                      | 1,291.82   | (11,230.25) |
| Annual Dividend per Share (JPY) | 50.0  | 50.0       | 50.0        |
| Net Assets per Share (JPY)      | 21,208.33                                   | 25,283.35  | 13,057.67   |

(Reference Material)

|   |                           |   |                |  |           |
|---|---------------------------|---|----------------|--|-----------|
|    | Central Finance Co., Ltd. |    | OMC Card, Inc. |   | QUOQ Inc. |
| Central finance “ing”<br>Pursuing strategic alliance  |                           | For The Customers   |                | Best partner to realize customers’ ideals  |           |
| <ul style="list-style-type: none"> <li>➤ Based in the Chubu (Nagoya) area</li> <li>➤ Nationwide network of affiliated stores</li> <li>➤ Card business affiliated with various entities such as railway companies, travel agencies, oil companies and automobile-related industries</li> <li>➤ Strategic alliance with Mitsui &amp; Co.</li> </ul> |                           | <ul style="list-style-type: none"> <li>➤ 15-minute immediate screening for card issuance</li> <li>➤ Best-in-industry card utilization rate by the use of advanced database marketing</li> <li>➤ Unique know-how on membership solicitation and marketing power</li> </ul> |                | <ul style="list-style-type: none"> <li>➤ One of the most active service provider in the credit sales industry</li> <li>➤ Corporate settlement solutions (collection agency business, unique petty claims purchasing scheme, etc.)</li> </ul> |           |

Number of Credit Card Holders (interim results of FY07, including loan card holders)

9.13 million

9.28 million

3.56 million

Credit Card Turnover (FY06 results)

JPY665.2 billion  
(JPY1,034.3bn including guarantee providing business relating to credit card business)

JPY1,590.4 billion

JPY100.4 billion

Installment Credit Sales Turnover (FY06 results)

JPY538.2 billion

JPY0.5 billion

JPY612.1 billion

## Birth of a “largest class consumer finance company in Japan”

*Industry’s top-class operations both in card and installment credit businesses*

*Excellence in collection agency and other corporate solutions*

Number of credit card holders : 21.97 million

Credit card turnover : JPY2,356.0 billion

Installment credit sales and auto-loan turnover : JPY1,150.8 billion

### Growth Strategy

Expansion of cardholder base by MSP  
Linkage between card and credit sales businesses  
Overseas operation

### Competitive Advantage

People-oriented marketing  
Providing services to both individuals and corporations  
Business volume  
Ties with businesses based in the Chubu area

### SMFG’s Card Strategy

Pursuit of economies of scale by partnership with SMCC  
Maximization of top-line synergy

Maximization of Corporate Value

[For Reference] Other Press Release Issued Today concerning this Matter:

SMFG, SMBC, CF, OMC and SMCC

“Credit Card Business Strategy of Sumitomo Mitsui Financial Group”

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