

Notice Concerning Joint Venture and Business Alliance with Daiwa Securities Group Inc.

TOKYO, December 25, 2009 — Sumitomo Mitsui Financial Group, Inc. (President: Mr. Teisuke Kitayama) (hereinafter referred to as “SMFG”) hereby announces that, after discussion with Daiwa Securities Group, Inc. (President and CEO: Mr. 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”), pursuant to an agreement made as of September 10, 2009, concerning the termination of the joint venture (hereinafter referred to as the “Joint Venture”) relating to Daiwa Securities SMBC Co., Ltd. (President: Mr. Shin Yoshidome; hereinafter referred to as “Daiwa Securities SMBC”), it has reached the following agreement.

1. Sale of SMFG’s interest in Daiwa Securities SMBC to Daiwa Securities Group, Inc.

Today, SMFG reached an agreement to sell SMFG’s entire interest in Daiwa Securities SMBC to Daiwa Securities Group, Inc. on December 31, 2009 (hereinafter referred to as the “Stock Transfer”).

Upon completion of the Stock Transfer, the joint venture relating to Daiwa Securities SMBC will be terminated as of the date of the Stock Transfer.

2. Reorganization concerning the principal investment business

Rationale for the reorganization

Currently, SMFG and Daiwa Securities Group, Inc. jointly engage in the principal investment business through Daiwa Securities SMBC Principal Investments Co., Ltd. (hereinafter referred to as “Current Daiwa SMBC-PI”), which is a wholly-owned subsidiary of Daiwa Securities SMBC.

While SMFG and Daiwa Securities Group, Inc. have agreed to terminate the Joint Venture, SMFG and Daiwa Securities Group, Inc. have also agreed to preserve the principal investment business as a joint venture between the parties. In order to establish a joint venture for the principal investment business, subject to any regulatory approvals, if necessary, Daiwa SMBC-PI will transfer its business (except for certain businesses) to one of the wholly-owned subsidiaries of Daiwa Securities Group, Inc. (“New Daiwa SMBC-PI”) by corporate demerger, effective as of February 1, 2010. Subsequently, Sumitomo Mitsui Banking Corporation will acquire 40% and Daiwa Securities Group, Inc. will indirectly acquire 60% of the shares in New Daiwa SMBC-PI, which will be issued upon the corporate demerger as the consideration for the transferred business.

As of February 1, 2010, New Daiwa SMBC-PI will change its corporate name to “Daiwa Securities SMBC Principal Investments Co., Ltd.”.

Summary of the new joint venture company (New Daiwa SMBC-PI)

The corporate profile of the new joint venture company is as follows.

Corporate Name:	Daiwa Securities SMBC Principal Investments Co., Ltd.
Address:	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Representative:	Representative Director and Chairman, Mr. Toshihiko Onishi President Director and President, Mr. Akira Inoue
Description of Principal Business:	Investment business
Amount of Capital:	JPY500 million
Date of Incorporation:	Commencement of operation of business on February 1, 2010 (see Timetable)
Fiscal Period:	April 1 to March 31
Investment Ratio:	Sumitomo Mitsui Banking Corporation: 40% Daiwa Securities Group, Inc.: 60% (indirect investment)

3. Timetable

December 25, 2009	Resolution of a meeting of the board of directors of SMFG
December 31, 2009	Stock Transfer and termination of the Joint Venture
February 1, 2010	Effective Date of the corporate demerger and subsequent acquisition of 40% of the shares in New Daiwa SMBC-PI issued upon the corporate demerger

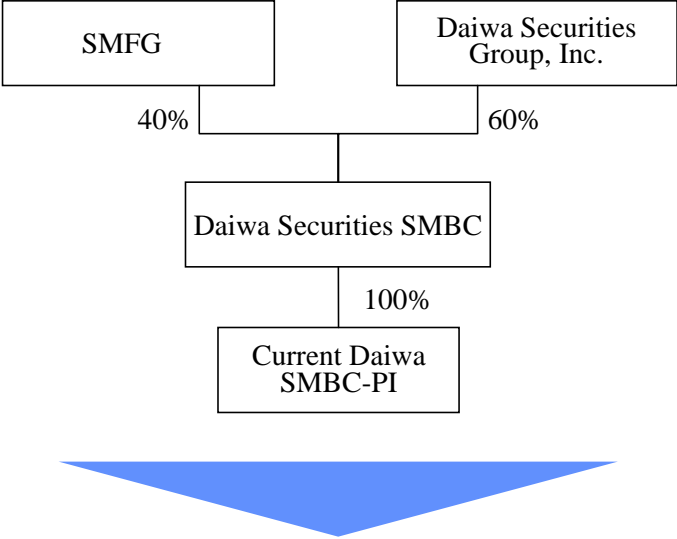
The schedule and transaction scheme outlined above are subject to the completion of any procedures that may be required by applicable governmental agencies.

4. Future Outlook

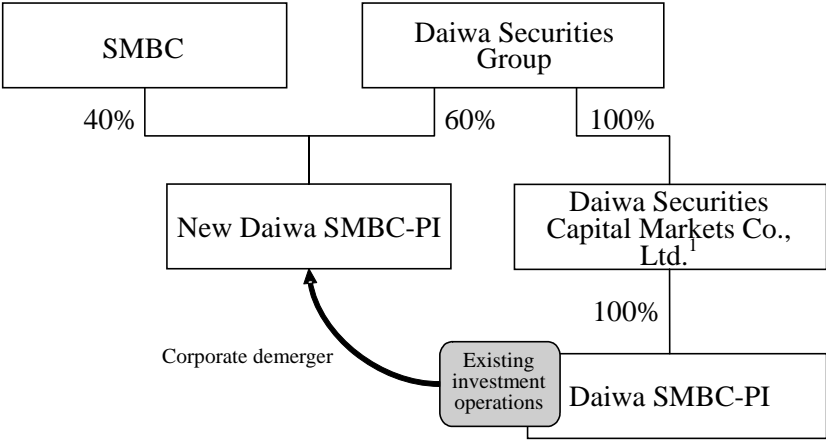
There is no revision to the earnings forecast for the fiscal year ending March 31, 2010 in connection with the transaction described herein.

For reference purposes: Scheme of the corporate reorganization and investment structure of Daiwa Securities SMBC Principal Investments Co., Ltd.

Current Structure



Proposed Structure



1. On January 1, 2010, Daiwa Securities SMBC will change its name to Daiwa Securities Capital Markets Co., Ltd.