Business Combinations

＜Purchase method＞

Merger of subsidiary bank

Kansai Urban Banking Corporation ("KUBC"), a consolidated subsidiary of SMFG, merged with The Biwako Bank, Limited ("Biwako Bank") on March 1, 2010. Outline of the merger is as follows.

(1) Outline of the business combination

(a) Name of the acquired company and its business

Biwako Bank (banking business)

(b) Reason for the business combination

KUBC and Biwako Bank merged in order to become a regional bank with top-level financial soundness and a broad operating base in the Kansai area with a view to realizing a more stable operation as a regional financial institution.

(c) Date of the business combination

March 1, 2010

(d) Legal form of the business combination

The merger was a merger by absorption with KUBC as the surviving company.

(Name of the new company: Kansai Urban Banking Corporation)

(e) Name of the controlling entity after the business combination

Sumitomo Mitsui Financial Group, Inc.

(f) Percentage share of voting rights SMFG has acquired

56%

(2) Period of the acquired company's financial results included in the consolidated financial statements

From March 1, 2010 to March 31, 2010

(3) Acquisition cost of the acquired company

SMFG's interests in KUBC's common stock	¥ 7,182 million
SMFG's interests in KUBC's preferred stock	40,000 million
Acquisition cost	¥47,182 million

(4) Merger ratio, calculation method, number of shares delivered and valuation

(a) Merger ratio

Common stock	KUBC	1 :	Biwako Bank	0.75
Preferred stock (Type 1)	KUBC	1 :	Biwako Bank	1
Preferred stock (Type 2)	KUBC	1 :	Biwako Bank	1

(b) Basis for calculation of the merger ratio

(i) Common stock

In order to ensure the fairness of the merger ratio, KUBC and Biwako Bank appointed Daiwa Securities Capital Markets Co. Ltd. and The Goldman Sachs Group, Inc., respectively, as their financial advisors and requested them to calculate the merger ratio of common stock. After conducting negotiations and discussions taking into account factors such as their financial conditions, asset quality and future prospects, the analysis of the merger ratio provided by each financial advisor and results of due diligence they carried out on each other, the two banks agreed and decided on the above merger ratio of common stock as being appropriate.

(ii) Preferred stocks (Type 1 and Type 2)

Market prices of preferred stocks (Type 1 and Type 2) issued by Biwako Bank were not available (in contrast to common stock which market price was available). KUBC therefore decided to set the same conditions as those of Biwako Bank's preferred stocks on KUBC's newly-issued preferred stocks, taking the merger ratio of common stock into account.

(c) Number of shares delivered and value

Number of shares delivered

Common stock of KUBC	103,532,913 shares
Preferred stock of KUBC (Type1)	27,500,000 shares
Preferred stock of KUBC (Type2)	23,125,000 shares

Value

Common stock of KUBC	¥12,803 million
Preferred stock (Type 1) of KUBC	¥19,025 million
Preferred stock (Type 2) of KUBC	¥16,500 million

(5) Goodwill

(a) Amount of goodwill

¥11,056 million

(b) Reason for recognizing goodwill

SMFG accounted for the difference between the acquisition cost and the equivalent amount of SMFG’s interest in Biwako Bank as goodwill.

(c) Method and term to amortize goodwill

Straight-line method over 20 years

(6) Amounts of assets and liabilities acquired on the day of the business combination

(a) Assets

Total assets	¥1,113,801 million
Loans and bills discounted	795,445 million
Securities	89,968 million

(b) Liabilities

Total liabilities	¥1,078,769 million
Deposits	1,033,256 million

(7) Approximate amounts of impact on the consolidated statement of income for the fiscal year ended March 31, 2010 assuming that the business combination had been completed on the commencement date of the fiscal year

(a) The differences between ordinary income and other income data estimated assuming that the business combination had been completed on the commencement date of the fiscal year and the actual ordinary income and other income data that are recorded in the consolidated statement of income are as follows.

Ordinary income	¥25,832 million
Ordinary profit	705 million
Net income	183 million

(Note) Ordinary income is presented as counterparts of sales of companies in other industries.

(b) Calculation method of the approximate amounts and material assumptions

The approximate amounts were calculated retroactively to the commencement date of the fiscal year based on the amounts stated in Biwako Bank’s statement of income for the period from April 1, 2009 to February 28, 2010, including the amount of amortization of goodwill for the same period and are different from results of operation if the business combination had been completed on the commencement date of the fiscal year.

The information mentioned above has not been audited by KPMG AZSA & Co.

＜Business combination of subsidiaries＞

Merger of credit card companies

A consolidated subsidiary, QUOQ and equity method affiliates, Central Finance Co., Ltd. ("CF") and OMC Card, Inc. ("OMC Card") merged on April 1, 2009. The new company was named Cedyna Financial Corporation and became an equity method affiliate of SMFG. Outline of the merger is as follows:

(1) Outline of the business combination

(a) Company profiles

Surviving company: OMC Card (Credit card business)
Merged company: CF (Shopping credit business and general credit business)
Merged company: QUOQ (Shopping credit business and general credit business)

(b) Reason for the business combination

The credit card market is growing steadily, propelled by the expansion into new areas of settlement, such as for small purchases, the growing popularity of reward point programs, and other developments. Further substantial growth of the industry is anticipated with the greater use of credit cards to pay for public services charges and in other fields. At the same time, the business environment surrounding the industry is changing dramatically - development of new technologies and new services, such as electronic money; investment in systems that can respond to customers' needs for more in-depth, sophisticated and diverse services; enactment of laws on money lending business; etc. - and the industry is at a major turning point. In the shopping credit business, the Installment Sales Act is being revised amid the trend to strengthen consumer protection.

Under these circumstances, the companies need to restructure their operations in order to establish new business models. On April 1, 2009, CF, OMC Card and QUOQ merged to create one of the largest consumer finance companies in Japan with a high level of specialization and flexibility in its core businesses of credit cards and shopping credit by combining the customer bases, marketing capabilities, know-how and other resources of the 3 companies.

(c) Date of the business combination

April 1, 2009

(d) Legal form of the business combination

The merger was a merger by absorption with OMC Card as the surviving company.
(Name of the new company: Cedyna Financial Corporation)

(2) Outline of accounting method

SMFG applies the accounting procedures stipulated by Articles 39, 42 and 48 of the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7).

(3) Name of the business segment, in which the subsidiary was included, in the segment information

Other business

(4) Approximate amounts of the subsidiary's earnings included in the consolidated statement of operations ended March 31, 2010

SMFG did not record profit or loss of QUOQ and its subsidiaries because they were excluded from the scope of consolidation at the beginning of the fiscal year.

(5) Status after the business combination

QUOQ and its subsidiaries are excluded from the scope of consolidation, and Cedyna Financial Corporation has become an affiliated company accounted for by the equity method.