DESCRIPTION OF THE NOTES

The following description of the notes supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of our perpetual subordinated debt securities set forth in the accompanying prospectus under the heading "Description of the Debt Securities." It is important for you to consider the information contained in this prospectus supplement and in the accompanying prospectus and any applicable pricing term sheet in making your investment decision with respect to the notes. Whenever a defined term is referred to but not defined in this section, the definition of that term is contained in the accompanying prospectus or in the Indenture. As used in this section, unless the context otherwise requires, references to "we," "us," "our" and similar terms refer only to Sumitomo Mitsui Financial Group, Inc. and not any of its subsidiaries.

General

The notes will constitute perpetual subordinated debt securities to be issued under a perpetual subordinated indenture between us and The Bank of New York Mellon, as trustee, dated as of March 5, 2024, as may be supplemented from time to time, or the Indenture. The Indenture is qualified under the U.S. Trust Indenture Act of 1939, as amended. The Indenture is more fully described in the accompanying prospectus. Copies of the Indenture and any amendments or supplements thereto will be available at the offices of the trustee.

We will issue the notes in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. The notes will be represented by one or more registered notes in global form without coupons deposited with a custodian and registered in the name of DTC or its nominee, in each case for credit to the accounts of direct and indirect participants, including Euroclear and Clearstream. In certain circumstances, the notes may be represented by definitive notes in certificated form. See "Description of the Debt Securities—Form, Book-entry and Transfer" in the accompanying prospectus.

The notes:

- are our perpetual obligations, and have no fixed maturity or mandatory redemption date;
- are our subordinated obligations, as described below under "—Ranking" and "—Subordination;"
- permit us in our sole and absolute discretion at all times and for any reason, and under certain circumstances may require us, to cancel any payment of interest, as described below under "—Cancellation of Interest Payments;" and
- may be subject to a write-down of all or part of their principal amount under defined circumstances, specifically, a Going Concern Write-Down (as defined below) upon the occurrence of a Capital Ratio Event (as defined below) or a Write-Down and Cancellation (as defined below) upon the occurrence of a Non-Viability Event (as defined below) or a Bankruptcy Event (as defined below), as described below under "—Write-Downs and Write-Ups of the Notes."

As a result of these and other features of the notes you may lose all or part of your investment in the notes or receive reduced or no interest payments. You should carefully consider the provisions of the notes related to such features and their potential effects before making an investment decision in the notes, and read the risk factors appearing in this document, including those under the heading "Risk Factors—Risks Related to the Notes."

The notes may only be redeemed, at our option, in the circumstances and subject to the conditions set forth below under "—Redemption." The notes will not be subject to any sinking fund.

In this section, the term "Business Day" means any day which is not a day on which banking institutions in The City of New York, London or Tokyo are authorized or required by law, regulation or executive order to close.

Ranking

The notes will constitute our direct and unsecured obligations and shall at all times rank *pari passu* and without any preference among themselves and at least equally and ratably with all of our indebtedness that is subordinated to Senior Indebtedness (as defined below), which term, for the avoidance of doubt, shall include our dated subordinated debt securities.

Notwithstanding the stated ranking of the notes, the notes may be subject to a Write-Down and Cancellation (as defined below) or Going Concern Write-Down (as defined below), as described under "—Write-Downs and Write-Ups of the Notes."

Subordination

Upon the occurrence and continuation of a Liquidation Event (as defined below), our obligations pursuant to the notes (except for such amounts which shall have become due and payable prior to the occurrence of a Liquidation Event and remain unpaid) shall be subordinated in right of payment to all existing and future Senior Indebtedness, and each holder of the notes will only have a Liquidation Claim (as defined below). For so long as such Liquidation Event continues, no payments in respect of a Liquidation Claim shall be made unless and until a Condition for Liquidation Payment (as defined below) shall have occurred. Payments made in respect of a Liquidation Claim shall not exceed the applicable Liquidation Distributable Amount (as defined below). At any time prior to the payment of a Liquidation Claim in accordance with the subordination provisions of the notes, a Liquidation Claim shall be subject to a Going Concern Write-Down upon the occurrence of a Capital Ratio Event (as defined below), or a Write-Down and Cancellation upon the occurrence of a Non-Viability Event (as defined below) or Bankruptcy Event (as defined below), as the case may be. See "—Write-Downs and Write-Ups of the Notes—Going Concern Write-Down upon a Capital Ratio Event" and "—Write-Downs and Write-Ups of the Notes—Write-Down and Cancellation upon a Non-Viability Event or Bankruptcy Event."

"Condition for Liquidation Payment" means, upon the occurrence and continuation of a Liquidation Event, all Senior Indebtedness held by our creditors entitled to payment or satisfaction prior to commencement of distribution of residual assets to our shareholders is paid in full or otherwise satisfied in full in the liquidation proceeding (*seisan*) pursuant to the Companies Act (as defined below).

"Liquidation Claim" means the claim of each holder of the notes then outstanding in a liquidation proceeding (*seisan*) with respect to us (excluding a special liquidation proceeding (*tokubetsu seisan*)), in an amount equal to the Current Principal Amount (as defined below) of the notes held by such holder on the date on which such claim becomes due and payable pursuant to the subordination provisions of the notes, *plus* any accrued and unpaid interest thereon to, but excluding, the date on which the Liquidation Event occurs (excluding any amounts that shall have become due and payable prior to the occurrence of a Liquidation Event and remain unpaid).

"Liquidation Distributable Amount" means the amount of liquidation distributions that would have been paid from our assets in respect of a Liquidation Claim, assuming that the Liquidation Claims and all of the Liquidation Parity Liabilities had been our Senior Liquidation Preferred Shares (as defined below).

"Liquidation Event" means a liquidation proceeding (*seisan*), excluding a special liquidation proceeding (*tokubetsu seisan*), having been commenced by or in respect of us under the Companies Act.

"Liquidation Parity Liabilities" mean our liabilities that rank, or are expressed to rank, *pari passu*, or effectively *pari passu*, as to liquidation distributions with our liabilities under the notes (including (i) any existing or future Additional Tier 1 Liabilities (as defined below) and (ii) any liabilities which we may in the future owe to any Special Purpose Corporation (as defined below) and the proceeds of which are applied to liquidation distributions under the perpetual preferred securities issued by such Special Purpose Corporation). For the avoidance of doubt, this term shall not include any instruments issued or created directly or indirectly by any of our banking subsidiaries, including SMBC.

"Senior Indebtedness" means all our liabilities (including our liabilities under dated subordinated obligations) other than (i) our liabilities under the notes (except for liabilities which have become due and payable prior to the occurrence of a Liquidation Event and remain unpaid), (ii) Liquidation Parity Liabilities and (iii) any of our liabilities that rank, or are expressed to rank, effectively subordinate in priority of payment as to liquidation distributions to our liabilities under the notes.

"Senior Liquidation Preferred Shares" means our preferred shares ranking most senior in priority of payment as to liquidation distributions.

For the purposes of the calculation of the Liquidation Distributable Amount, the amount of Liquidation Claims and the amount of principal and accrued and unpaid interest (including additional amounts with respect thereto, if any) in respect of any Liquidation Parity Liabilities that are not denominated in Japanese yen shall be calculated in Japanese yen, and the Liquidation Distributable Amount payable in respect of a Liquidation Claim upon an occurrence of a Condition for Liquidation Payment (if any) shall be initially calculated in Japanese yen and converted into the currency in which the notes are denominated, each in a manner that we deem appropriate pursuant to applicable Japanese law.

The relative rankings and payment of the Liquidation Claims and other claims against us in any liquidation proceeding (*seisan*) in respect of us are in all events are subject to the provisions of the Companies Act, which prohibit distribution of residual assets to shareholders prior to payment or satisfaction of all of our then outstanding debts, which includes the Liquidation Claims to the extent not written down or cancelled pursuant to the Going Concern Write-Down, Write-Down and Cancellation or interest cancellation provisions, and subject to the subordination provisions, set forth in the Indenture and as applicable to the notes, as described herein.

No amendment or modification which is prejudicial to any present or future creditor in respect of any Senior Indebtedness of us shall be made to the subordination provisions contained in the Indenture in any respect. In no event shall any such amendment or modification be effective against any such creditor.

A holder or beneficial owner of a note by its acceptance thereof shall thereby agree that if any payment on the notes is made to such holder or beneficial owner with respect to a payment obligation that did not become due and payable prior to the occurrence of a Liquidation Event and the amount of such payment shall exceed the amount, if any, that should have been paid to such holder or beneficial owner upon the proper application of the subordination provisions of the notes, the payment of such excess amount shall be deemed null and void and such holder or beneficial owner shall be obliged to return the amount of the excess payment within ten days after receiving notice of the excess payment. Such holder or beneficial owner shall also thereby agree that upon the occurrence of a Liquidation Event and for so long as such Liquidation Event shall continue, such holder or beneficial owner shall not be entitled to exercise any right to set off any of our liabilities under the notes (except for such amounts which shall have become due and payable prior to the occurrence of the Liquidation Event) against any liabilities of such holder or beneficial owner owed to us unless and until the Condition for Liquidation Payment shall have been fulfilled, or in excess of the applicable Liquidation Distributable Amount.

As of September 30, 2024, we had ¥10,305.4 billion in outstanding indebtedness constituting our Senior Indebtedness on a non-consolidated basis. As of September 30, 2024, we had ¥1,681.8 billion in outstanding Liquidation Parity Liabilities on a non-consolidated basis, consisting of perpetual subordinated bonds and loans that constitute our Additional Tier 1 Liabilities.

Neither the Indenture nor the notes contain any limitations on the amount of Senior Indebtedness, Liquidation Parity Liabilities, Senior Liquidation Preference Shares or other liabilities or shares that we may hereafter issue, incur or assume (including through guarantee obligations) or on the amount of indebtedness or other liabilities that our subsidiaries may hereafter incur.

Principal and Interest for the Notes

We expect to issue perpetual subordinated notes with the initial aggregate principal amount set forth in the applicable pricing term sheet and described on the cover page of this prospectus supplement and under "Prospectus Supplement Summary—The Offering."

The notes are our perpetual obligations in respect of which there is no fixed maturity or mandatory redemption date. The notes may only be redeemed, at our option, in the circumstances and subject to the conditions set forth below under "—Redemption."

General

We will pay interest on the notes semiannually in arrears on June 5 and December 5 of each year (each an "interest payment date"), beginning on June 5, 2025 (short first coupon), or the "first interest payment date." The period from, and including, the issue date of the notes to, but excluding, the first interest payment date, and each period from, and including, an interest payment date to, but excluding, the next interest payment date, are each referred to herein as an "interest period."

From, and including, the issue date of the notes to, but excluding, June 5, 2035, or the "first interest rate reset date," interest on the notes will accrue at the rate *per annum* set forth in the pricing term sheet and described on the cover page of this prospectus supplement and under "Prospectus Supplement Summary—The Offering." Interest will be calculated per each $1,000 in Original Principal Amount, subject to any Going Concern Write-Down or Write-Up of the notes, and rounded to the nearest cent (half a cent being rounded upward). For the first interest payment date on June 5, 2025 and for each subsequent interest payment date until (and including) the first interest rate reset date, the respective amounts of interest per $1,000 in Original Principal Amount of the notes are each set forth in the pricing term sheet and described under "Prospectus Supplement Summary—The Offering," subject to any necessary amendments and recalculations of such interest amounts for an interest period during which any Capital Ratio Event or Write-Up Date (as defined below) occurs, as described herein under "—Principal and Interest for the Notes—Calculating Interest Payments upon the Occurrence of a Capital Ratio Event and/or Write-Up of the Notes," and the interest payment cancellation provisions, the Write-Down and Cancellation provisions and the subordination provisions described herein under "—Cancellation of Interest Payments," "—Write-Downs and Write-Ups of the Notes," "—Ranking" and "—Subordination," respectively.

The rate of interest on the notes will be reset on the first interest rate reset date and every date that falls five, or a multiple of five, years thereafter (each such date, an "interest rate reset date"). From, and including, each interest rate reset date to, but excluding, the next following interest rate reset date (each such period, a "reset interest period"), the interest rate *per annum* on the notes will be equal to the sum of the applicable U.S. Treasury Rate (as defined below) as determined by the Calculation Agent (as defined below) on the applicable reset determination date (as defined below) *plus* the margin *per annum* set forth in the applicable pricing term sheet and described on the cover page of this prospectus supplement and under "Prospectus Supplement Summary—The Offering," or the "reset interest rate."

Interest will be payable to the persons in whose names the notes are registered as of the close of business on the fifteenth day before the interest payment date (whether or not a Business Day). Interest on the notes will be paid to, but excluding, the relevant interest payment date. We will compute interest on the notes on the basis of a 360-day year consisting of twelve 30-day months, and in the case of an incomplete month, the number of days elapsed and rounding the resulting figure to the nearest cent (half a cent being rounded upward).

We will pay the principal of, and interest on, the notes (including additional amounts with respect thereto, if any) in U.S. dollars or in such other coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

If any payment of principal of or interest on the notes is due and payable on a day that is not a Business Day, we will make payment on the date that is the next succeeding Business Day. Payments postponed to the next succeeding Business Day in this situation will be treated under the Indenture as if they were made on the original due date and no interest will accrue on the postponed amount from the original due date to the next succeeding Business Day. Postponement of this kind will not result in a default or breach under the notes.

Notwithstanding anything contrary contained in the terms of the notes, our obligations to make payments of principal of or interest on the notes are subject to the interest payment cancellation provisions, the Going Concern Write-Down and Write-Down and Cancellation provisions and the subordination provisions described herein under "—Cancellation of Interest Payments," "—Write-Downs and Write-Ups of the Notes" and "—Ranking" and "—Subordination," respectively.

Determination of Reset Interest Rate and Applicable U.S. Treasury Rate

The reset interest rate and the U.S. Treasury Rate in respect of each reset interest period shall be determined by The Bank of New York Mellon as calculation agent (the "Calculation Agent") as soon as practicable after 5:00 p.m. (New York City time) on the reset determination date.

"U.S. Treasury Rate" means, with respect to a reset interest period, the rate *per annum* equal to:

(1) the yield on U.S. Treasury securities having a maturity of five years for the most recent day appearing in the most recently published statistical release designated "H.15," or any successor publication, as of 5:00 p.m. (New York City time) on the reset determination date, that is published by the Board of Governors of the Federal Reserve System that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity, under the caption "Treasury constant maturities," for the maturity of five years; or

(2) if such release (or any successor release) is not published during any of the five New York Banking Days immediately prior to the reset determination date or does not contain such yield, the rate *per annum* equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (as defined below), calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (as defined below) for such reset determination date.

"Comparable Treasury Issue" means, with respect to a reset interest period, the U.S. Treasury security that is selected by us (and notified to the Calculation Agent) with a maturity date on or about (but not more than 30 calendar days before or after) the interest rate reset date immediately after the last day of the reset interest period and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in U.S. dollars and having a maturity of five years; *provided, however*, that the selection of the Comparable Treasury Issue shall be at our sole discretion and judgment, and that such determination shall be final and conclusive for all purposes and binding on the Calculation Agent, the trustee, the paying agent and the holders of the notes.

"Comparable Treasury Price" means, with respect to a reset determination date, (i) the arithmetic average, as determined by the Calculation Agent, of the Reference Treasury Dealer Quotations (as defined below) for the Comparable Treasury Issue as of the reset determination date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if fewer than five such Reference Treasury Dealer Quotations are received, the arithmetic average, as determined by the Calculation Agent, of all such quotations, or (iii) if fewer than two such Reference Treasury Dealer Quotations are received, then the Reference Treasury Dealer Quotation as quoted by a Reference Treasury Dealer (as defined below).

"New York Banking Day" means any day, other than a Saturday, Sunday, that is neither a legal holiday in The City of New York nor a day on which commercial banking institutions are authorized or required by law, regulation or executive order to close in The City of New York.

"Reference Treasury Dealer" means each of up to five banks selected by us (and notified to the Calculation Agent), or the affiliates of such banks, which are (i) primary U.S. Treasury securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues denominated in U.S. dollars; *provided, however*, that the selection of the Reference Treasury Dealers shall be at our sole discretion and judgment, and that such determination shall be final and conclusive for all purposes and binding on the Calculation Agent, the trustee, the paying agent and the holders of the notes.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and a reset determination date, the arithmetic average, as determined by the Calculation Agent, of the bid and asked prices quoted to us (and notified to the Calculation Agent) by such Reference Treasury Dealer for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, approximately at 11:00 a.m. (New York City time), on the reset determination date.

A "reset determination date" means, with respect to a reset interest period, the second Business Day immediately preceding the interest rate reset date falling on the first day of the reset interest period.

The Calculation Agent will, as soon as practicable after the determination of the reset interest rate on the notes, calculate the amount of interest (the "relevant interest amount") for each interest period during the reset interest period during which such reset interest rate will apply.

All determinations, calculations and quotations made or obtained for the purposes of calculating the reset interest rate and the relevant interest amount, whether by us, the Calculation Agent or any Reference Treasury Dealer, in the absence of manifest error, will be final and conclusive for all purposes and binding on us, the trustee, the Calculation Agent, the paying agent and the holders of the notes.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one thousandth of a percentage point, with five ten-thousands of a percentage point rounded upward (e.g., 9.8765% (or 0.098765) being rounded to 9.877% (or 0.09877)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (half a cent being rounded upward).

The reset interest rate on the notes during any reset interest period will in no event be higher than the maximum rate permitted by applicable laws and regulations or lower than 0% *per annum*.

The Calculation Agent will cause the reset interest rate, the relevant interest amount for each interest period during the reset interest period during which such reset interest rate will apply, and the interest payment date in relation to each such interest period to be notified to us, the trustee, the paying agent and DTC, and such information will be notified or published to the holders of the notes through DTC or through another reasonable manner as soon as possible after their determination.

If at any time any Capital Ratio Event or Write-Up Date occurs during an interest period, and the relevant interest amount for any interest period is required to be amended from the relevant interest amount previously calculated pursuant to the terms of the notes, as described below under "—Calculating Interest Payments upon the Occurrence of a Capital Ratio Event and/or Write-Up of the Notes," the Calculation Agent will, as soon as practicable, recalculate and amend the relevant interest amount for each relevant interest period, and cause the amended relevant interest amount for each such relevant interest period and the interest payment date in relation to each such relevant interest period to be notified to us, the trustee, the paying agent and DTC, and such information will be notified or published to the holders of the notes through DTC or through another reasonable manner.

Calculating Interest Payments upon the Occurrence of a Capital Ratio Event and/or Write-Up of the Notes

Except in the circumstances where a Write-Up Date occurs during an interest period as set forth in the following two paragraphs, if one or more Capital Ratio Events occurs during an interest period, the notes shall, for the entirety of such interest period, bear interest based on the Current Principal Amount of the notes (after giving effect to the Going Concern Write-Downs, as if the Going Concern Write-Downs resulting from such Capital Ratio Events had occurred on the first day of such interest period) on the immediately following interest payment date.

If a Write-Up Date occurs during an interest period, the notes shall bear interest for such interest period as follows:

(i) for the portion of the interest period beginning on, and including, the first day of such interest period and ending on, but excluding, the Write-Up Date (the "pre-Write-Up Period"), the notes shall bear interest based on the Current Principal Amount of the notes on the date immediately preceding the Write-Up Date, without giving effect to the Write-Up; and

(ii) for the portion of the interest period beginning on, and including, the Write-Up Date and ending on, but excluding, the immediately following interest payment date (the "post-Write-Up Period"), the notes shall bear interest based on the Current Principal Amount of the notes (after giving effect to the Write-Up) on the immediately following interest payment date; *provided, however*, that if one or more Capital Ratio Events occurs during the post-Write-Up Period, then for the post-Write-Up Period, the notes shall bear interest based on the Current Principal Amount of the notes (after giving effect to the Write-Up as well as the Going Concern Write-Downs, as if the Going Concern Write-Downs resulting from such Capital Ratio Events had occurred on the first day of the post-Write-Up Period) on the immediately following interest payment date.

Notwithstanding the foregoing, if (x) a Write-Up Date occurs during an interest period, (y) one or more Capital Ratio Events occurs during the post-Write-Up Period, and (z) the Current Principal Amount of the notes (after giving effect to the Going Concern Write-Downs as if the Going Concern Write-Downs resulting from such Capital Ratio Events had occurred on the first day of the post-Write-Up Period) on the immediately following interest payment date is less than the Current Principal Amount of the notes on the date immediately preceding the Write-Up Date, then the notes shall, for the entirety of such interest period, including the pre-Write-Up Period, bear interest based on the Current Principal Amount of the notes (after giving effect to the Going Concern Write-Downs, as if the Going Concern Write-Downs resulting from such Capital Ratio Events had occurred on the first day of such interest period) on the immediately following interest payment date.

If, during any interest period, more than one Write-Up occurs, interest for such period shall be calculated by us in a manner that we deem appropriate based on the general principles used to calculate interest on the notes described in the immediately preceding paragraphs and the Applicable Capital Adequacy Regulations.

For subsequent interest periods, the notes shall continue to bear interest based on the Current Principal Amount of the notes on the relevant interest payment date until any subsequent interest period during which one or more Capital Ratio Events or a Write-Up Date occur again.

Cessation of Accrual of Interest

Notwithstanding anything to the contrary contained in the terms of the notes, no interest shall accrue on the notes (i) after any date fixed for redemption, or (ii) during any period where a Liquidation Event occurs and continues.

Cancellation of Interest Payments

Optional Cancellation of Interest Payments

If we determine that it is necessary to cancel payment of interest on the notes at any time and in our sole discretion, we may cancel payment of all or part of the interest accrued on the notes on an interest payment date (including additional amounts with respect thereto, if any), even if no cancellation of interest is required or the amount so cancelled exceeds the amount we are required to cancel, as described below under "—Mandatory Cancellation of Interest Payments."

If we determine not to make an interest payment (or if we determine to make a payment of a portion, but not all, of such interest payment) on any interest payment date, such non-payment will be deemed to be an effective cancellation of such interest payment (or the portion of such interest payment not paid) without any further action being taken or any other condition being satisfied.

Mandatory Cancellation of Interest Payments

In addition to our ability to cancel interest payments in our sole discretion, as described above in "—Optional Cancellation of Interest Payments," we shall be prohibited from paying, and shall cancel, all or part of the interest on the notes on an interest payment date (including additional amounts with respect thereto, if any), if, and to the extent that, on such interest payment date, the amount of Distributable Amounts (as defined below) is less than the sum of (1) the aggregate amount of interest that should have been paid in respect of the notes on such interest payment date (disregarding the effect of any non-business day adjustments), (2) the aggregate amount of interest and dividends that should have been paid in respect of any Additional Tier 1 Instruments (as defined below) on the same date as such interest payment date (disregarding the effect of any non-business day adjustments), and (3) the aggregate amount of interest and dividends paid in respect of the notes and Additional Tier 1 Instruments, excluding amounts already deducted from Distributable Amounts, on or after the first day of the fiscal year in which such interest payment date falls and before such interest payment date (disregarding the effect of any non-business day adjustments).

For the purposes of the preceding paragraph, (i) the amounts of interest in respect of the notes and any Additional Tier 1 Instruments shall be deemed to include applicable additional amounts (including their equivalent under the Additional Tier 1 Instruments), if any, and (ii) the amounts of interest or dividends in respect of the notes and any Additional Tier 1 Instruments that are denominated in a currency other than Japanese yen shall be calculated in Japanese yen, and the amount of interest on the notes that is required to be cancelled on the relevant interest payment date (if any) shall be initially calculated in Japanese yen and converted into the currency in which the notes are denominated, each in a manner that we deem appropriate.

Effect of a Cancellation of Interest Payment; Dividend Stopper

Interest payments are non-cumulative, and any interest amount (including additional amounts with respect thereto, if any), the payment of which is cancelled (in whole or in part) either (i) in our discretion, as described above in "—Optional Cancellation of Interest Payments," or (ii) because such cancellation is mandatory, as described above in "—Mandatory Cancellation of Interest Payments," will be deemed not to have accrued and will not be due and payable at any time thereafter, and we shall be discharged and released from any and all of our obligations to pay such cancelled interest (and additional amounts with respect thereto, if any) on the notes. Non-payment of such cancelled interest (or additional amounts with respect thereto, if any) shall not constitute a breach, a default, an event of default or an event of acceleration under the terms of the notes or the Indenture. Accordingly, holders or beneficial owners of the notes will not have any claim therefor, whether or not interest is paid in respect of any other period. See "—No Events of Default or Rights of Acceleration."

If we determine to cancel an interest payment on the notes (in whole or in part), either in our sole discretion or because such cancellation is mandatory, on an interest payment date, (i) we shall determine to cancel

payments of interest in respect of any Additional Tier 1 Liabilities that should have been due and payable on the same date as such interest payment date for the notes (disregarding the effect of any non-business day adjustments), by at least the same ratio by which we determine to cancel the interest payment on the notes on such interest payment date, and (ii) until such time that we have first determined to resume payment in full of interest due on the notes based on the Current Principal Amount of the notes on an interest payment date after cancelling all or part of a payment of interest on the notes, or, if earlier, such time that all of the notes have been redeemed or repurchased and cancelled in accordance with their terms, we shall procure that our board of directors shall not resolve, or present its own proposal at a general meeting of shareholders, to make a payment of a cash dividend on our common stock.

Except as otherwise described above or prohibited by applicable law or regulations, we have the right to use the funds from cancelled payments of interest (including additional amounts with respect thereto, if any) without restriction.

Each holder or beneficial owner of a note by its acceptance thereof shall thereby agree that if any payment of interest in respect of the notes all or part of which should have not been paid to such holder or beneficial owner upon the proper application of the optional or mandatory interest payment cancellation provisions of the notes is made to such holder, such payment shall be deemed null and void, and such holder or beneficial owner or the trustee or paying agent (to the extent it has not paid such amount to any holder), as the case may be, shall be obliged to return the amount of the payment within ten days after receiving notice of the payment, and shall also thereby agree that any of our liabilities owed to such holder or beneficial owner, or in respect of interest on the notes which was cancelled under the optional or mandatory interest payment cancellation provisions of the notes, shall not be set off against any liabilities of such holder or beneficial owner owed to us.

Notice of Interest Cancellation

If we determine to cancel all or part of a payment of interest on the notes, either in our discretion or because such cancellation is mandatory, we shall endeavor to deliver a written notice of such cancellation to the holders of the notes and to the trustee in accordance with the terms of the Indenture at least five Business Days prior to the relevant interest payment date. Such notice shall include the ratio by which the interest payment under the notes is determined by us to be cancelled and the aggregate amount of interest on the notes to be paid (if any) on the relevant interest payment date in accordance with such ratio.

Any failure or delay by us to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest payment, or give holders of the notes any rights as a result of such failure or delay.

Agreement to Interest Cancellation

Each holder and beneficial owner of the notes, by its acquisition of the notes, whether upon original issue or upon transfer, assignment or exchange thereof, accepts and agrees that, to the extent and in the manner set forth in the Indenture or the notes:

(a) no amount of interest (including additional amounts with respect thereto, if any) shall become due and payable in respect of the relevant interest period to the extent that it has been cancelled (in whole or in part) by us in our sole discretion and/or required to be cancelled (in whole or in part), as a result of the optional or mandatory interest payment cancellation provisions of the notes;

(b) a cancellation of interest (including additional amounts with respect thereto, if any) (in each case, in whole or in part) in accordance with the terms of the Indenture shall not constitute a default or breach in payment or otherwise under the terms of the notes or the Indenture;

(c) interest (including additional amounts with respect thereto, if any) will only be due and payable on an interest payment date to the extent it is not cancelled in accordance with the provisions described under "—Cancellation of Interest Payments";

(d) any interest (or additional amounts with respect thereto, if any) cancelled (in each case, in whole or in part) in the circumstances described above shall not be due and shall not accumulate or be payable at any time thereafter, and holders or beneficial owners of the notes shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation;

(e) except as otherwise described above or prohibited by applicable law or regulations, we have the right to use the funds from cancelled payments of interest (including additional amounts with respect thereto, if any) without restriction; and

(f) such holder or beneficial owner shall be deemed to have authorized, directed and requested DTC and any other intermediary and the paying agent to take any and all necessary action, if required, to implement an interest payment cancellation of the notes without any further action or direction on the part of such holder.

Redemption

Notwithstanding anything to the contrary contained in the Indenture or in the terms of the notes, any redemption of the notes shall be subject to the Going Concern Write-Down provisions, the Write-Down and Cancellation provisions, the Write-Up provisions, the cancellation of interest payment provisions and the subordination provisions, each described herein.

Optional Redemption

The notes may be redeemed at our option, in whole but not in part, subject to prior confirmation of the FSA, if such confirmation is required under the Applicable Capital Adequacy Regulations, on June 5, 2035 or any subsequent interest rate reset date and on giving not less than ten Business Days nor more than 60 days' notice of redemption to the holders of the notes, at a redemption price equal to 100% of the Original Principal Amount of the notes together with any accrued and unpaid interest (including additional amounts with respect thereto, if any), to (but excluding) the date fixed for redemption; *provided, however*, that we shall not have such option to redeem the notes if the principal amount of the notes has been subject to one or more Going Concern Write-Downs and such written down amount has not been reinstated in full on the date fixed for redemption.

Optional Tax Redemption

The notes may be redeemed at our option, in whole, but not in part, subject to prior confirmation of the FSA, if such confirmation is required under the Applicable Capital Adequacy Regulations, at any time, on giving not less than ten Business Days nor more than 60 days' notice of redemption to the holders of the notes, at a redemption price equal to 100% of the Current Principal Amount of the notes on the date fixed for redemption together with any accrued and unpaid interest (including additional amounts with respect thereto, if any) to (but excluding) the date fixed for redemption if (i) we are or will be obliged to pay additional amounts with respect to the notes as described under "Description of the Debt Securities—Taxation and Additional Amounts" in the accompanying prospectus, or (ii) there is more than an insubstantial risk that, for Japanese corporate tax purposes, any portion of the interest payable on the notes is not or will not be deductible from our taxable income or is or will be required to be deducted from the amount to be excluded from our taxable gross receipts, in each case of (i) and (ii) above, as a result of any change in, or amendment to, the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the issuance of the notes; *provided* that such obligation cannot be avoided by us through the taking of reasonable measures available to us; and *provided* further that, in the case of (i) above no such notice of redemption shall be given sooner than 90 days prior to the earliest date on which we would be obliged to pay such additional amounts were a payment then due in respect of the notes. Prior to the publication of any notice of redemption pursuant to this paragraph, we shall deliver to the trustee a certificate signed by an authorized officer stating that the conditions precedent to our right to so redeem have been fulfilled and an opinion of independent

legal or tax advisor of recognized standing to the effect that we are or will be obliged to pay such additional amounts, in the case of (i) above, or, in the case of (ii) above, there is more than an insubstantial risk that, for Japanese corporate tax purposes, any portion of interest to be payable on the notes is not or will not be deductible from our taxable income or is or will be required to be deducted from the amount to be excluded from our taxable gross receipts, as the case may be, as a result of such change or amendment.

Repurchases

We or any subsidiary of ours may at any time, subject to prior confirmation of the FSA, if such confirmation is required under the Applicable Capital Adequacy Regulations, purchase any or all of the notes in the open market or otherwise at any price. Upon such repurchase, the paying agent shall, in accordance with the terms of the Indenture, cancel any notes so purchased that are surrendered to it. For the avoidance of doubt, the Original Principal Amount and the Current Principal Amount of the notes shall be adjusted to reflect any such partial repurchases and cancellation.

Subject to applicable law, neither we nor any subsidiary of ours shall have any obligation to offer to purchase any notes held by any holder as a result of our or its purchase or offer to purchase notes held by any other holder in the open market or otherwise.

Optional Regulatory Redemption

The notes may be redeemed at our option, in whole, but not in part, subject to prior confirmation of the FSA, if such confirmation is required under the Applicable Capital Adequacy Regulations, at any time, on giving not less than ten Business Days nor more than 60 days' notice of redemption to the holders of the notes, at a redemption price equal to 100% of the Current Principal Amount of the notes on the date fixed for redemption together with any accrued and unpaid interest (including additional amounts with respect thereto, if any) to (but excluding) the date fixed for redemption if we determine after consultation with the FSA that there is more than an insubstantial risk that the notes will be partially or fully excluded from our Additional Tier 1 Capital under the applicable standards set forth in the Applicable Capital Adequacy Regulations and such exclusion cannot be avoided by us through the taking of reasonable measures available to us. Prior to the publication of any notice of redemption pursuant to this paragraph, we shall deliver to the trustee a certificate signed by an authorized officer stating that the conditions precedent to our right to so redeem have been fulfilled.

Notices of Redemption

Any notice of redemption of the notes shall conform to the requirements with respect to such notice set forth in the Indenture. A redemption notice will be automatically rescinded and will have no force and effect, and no redemption amount will be due and payable, if a Capital Ratio Event, Non-Viability Event, Bankruptcy Event or a Liquidation Event occurs prior to the applicable date fixed for redemption, in which case the notes will be subject to a Going Concern Write-Down or a Write-Down and Cancellation as described under "—Write-Downs and Write-Ups of the Notes" or the subordination provisions as described under "—Ranking" and "—Subordination." Furthermore, if prior confirmation of the FSA with respect to any redemption of the notes is not obtained or is withdrawn or annulled for any reason prior to the applicable date fixed for redemption, then notice of redemption will be automatically rescinded and will have no force and effect, and no redemption amount will be due and payable. If a notice of redemption is rescinded for any of the reasons described in this paragraph, we will endeavor to promptly deliver written notice to the holders of the notes, the trustee and the agents, specifying the occurrence of the relevant event.

Write-Downs and Write-Ups of the Notes

Going Concern Write-Down upon a Capital Ratio Event

If a Capital Ratio Event occurs, the notes will be subject to a Going Concern Write-Down (as defined below) on the relevant Going Concern Write-Down Date (as defined below) automatically and without any additional action by us, the trustee, the agents or the holders or beneficial owners of the notes.

Upon the occurrence of a Capital Ratio Event, the following will occur on the relevant Going Concern Write-Down Date:

(i) the Current Principal Amount of the notes will be written down by an amount equal to the relevant Going Concern Write-Down Amount (as defined below);

(ii) we will be discharged and released from any and all of our obligations with respect to the payment of the Current Principal Amount of or interest on the notes (including additional amounts with respect thereto, if any) to the extent related to the relevant Going Concern Write-Down Amount, except for payments of principal or interest (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Capital Ratio Event and remain unpaid; and

(iii) each of the holders and beneficial owners of the notes will be deemed to have irrevocably waived its right to claim or receive, and will not have any rights against us with respect to, and cannot instruct the trustee to enforce, the payment of principal of the notes to the extent related to the relevant Going Concern Write-Down Amount or interest thereon (including additional amounts with respect thereto, if any), except for any payments of principal or interest (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Capital Ratio Event and remain unpaid

(together, items (i) – (iii) describing a "Going Concern Write-Down").

Our obligations with respect to, and any claims for, the payment of the Current Principal Amount of or interest on the notes (including additional amounts with respect thereto, if any) will be suspended to the extent related to the relevant Going Concern Write-Down Amount from the occurrence of a Capital Ratio Event until the relevant Going Concern Write-Down Date, except for payments of principal or interest (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Capital Ratio Event and remain unpaid. Each holder and beneficial owner of the notes by its acceptance thereof, authorizes and directs the trustee on its behalf to take such action as may be necessary or appropriate to effectuate the Going Concern Write-Down and appoints the trustee as its attorney-in-fact for any and all such purposes.

A Capital Ratio Event may occur on any number of occasions and accordingly the notes may be written down on any number of occasions. For the avoidance of doubt, the Current Principal Amount of the notes may never be reduced to below one cent per $1,000 in Original Principal Amount as a result of any Going Concern Write-Down.

Except for claims with respect to payments of principal of or interest on the notes (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Capital Ratio Event and remain unpaid, upon the occurrence of a Capital Ratio Event, (a) no holder or beneficial owner of the notes shall have any rights whatsoever under the Indenture or the notes to take any action or enforce any rights or to instruct the trustee to take any action or enforce any rights whatsoever, (b) except for any indemnity or security provided by any holder or beneficial owner in such instruction or related to such instruction, any instruction previously given to the trustee by such holder or beneficial owner shall cease automatically and shall be deemed null and void and of no further effect, (c) no holder or beneficial owner may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by us arising under, or in connection with, the notes and each holder and beneficial owner of notes shall, by virtue of its holding of any

notes, be deemed to have irrevocably waived all such rights of set-off, compensation or retention, and (d) no holder or beneficial owner will be entitled to make any claim in any bankruptcy, corporate reorganization or liquidation proceedings involving us or have any ability to initiate or participate in any such proceedings or do so through a representative, in each case, to the extent such right, instruction, exercise, claim or pleading, pertains to principal of the notes that has been or will be subject to a Going Concern Write-Down as a result of such Capital Ratio Event having occurred, or interest thereon (including additional amounts with respect thereto, if any), unless such principal amount has been reinstated, as described below under "—Write-Up upon a Write-Up Event."

We shall, on the date of or as soon as practicable after the occurrence of a Capital Ratio Event, deliver a written notice (a "Going Concern Write-Down Notice") to the holders and beneficial owners of the notes through DTC and to the trustee and the agents, confirming, among other things, the occurrence of such Capital Ratio Event and specifying with respect to the notes: the relevant Going Concern Write-Down Date, the relevant Going Concern Write-Down Amount and the Current Principal Amount of all of the notes on the relevant Going Concern Write-Down Date after giving effect to the relevant Going Concern Write-Down. Any failure or delay by us to deliver such Going Concern Write-Down Notice will not change or delay the effect of the occurrence of a Capital Ratio Event on our payment and other obligations under the notes, nor give holders or beneficial owners of the notes any rights as a result of such failure or delay.

"Going Concern Write-Down Date" means the date on which a Going Concern Write-Down shall become effective. A Going Concern Write-Down Date shall occur following each Capital Ratio Event, unless the Current Principal Amount of the notes is one cent per $1,000 in Original Principal Amount. Each Going Concern Write-Down Date shall be determined by us after consultation with the FSA and will be no less than one and no more than 30 days following the date of the relevant Capital Ratio Event.

"Going Concern Write-Down Amount" means the amount by which the Current Principal Amount of the notes per $1,000 in Original Principal Amount is to be reduced on any Going Concern Write-Down Date, such amount being:

(i) the product of the Total Going Concern Write-Down Amount (as defined below) and a ratio, the numerator of which is the Current Principal Amount of the notes per $1,000 in Original Principal Amount and the denominator of which is the sum of the Current Principal Amounts of (x) the notes and (y) any Going Concern Loss Absorbing Instruments (rounding any amount less than a whole cent up to the nearest whole cent); *provided, however*, that if there is outstanding any Going Concern Loss Absorbing Instrument that by its terms (A) provides for the Write-Down or Conversion of such instrument prior to any Going Concern Write-Down of the notes or (B) provides for the Write-Down or Conversion of such instrument in an amount greater than that which would have been applied to such instrument if such instrument contained terms substantially equivalent to the Going Concern Write-Down provisions applicable to the notes, then the Going Concern Write-Down Amount shall be the product of the Total Going Concern Write-Down Amount less the sum of the Current Principal Amounts of any Going Concern Loss Absorbing Instruments identified in (A) and (B) above that shall become subject to the Write-Down or Conversion as set forth in said (A) and (B) (and if the Total Going Concern Write-Down Amount less the said sum becomes less than zero, the Total Going Concern Write-Down Amount shall be zero) and a ratio, the numerator of which is the Current Principal Amount of the notes per $1,000 in Original Principal Amount and the denominator of which is sum of the Current Principal Amounts of (x) the notes and (y) any Going Concern Loss Absorbing Instruments (other than any such Going Concern Loss Absorbing Instruments identified in (A) and (B) above) (rounding any amount less than a whole cent up to the nearest whole cent); or

(ii) if the amount set forth in (i) is equal to or greater than the Current Principal Amount of the notes per $1,000 in Original Principal Amount, then the amount necessary to reduce the Current Principal Amount of the notes per $1,000 in Original Principal Amount to one cent per $1,000 in Original Principal Amount.

"Total Going Concern Write-Down Amount" means the amount determined by us in consultation with the FSA that would be sufficient in order to restore our Consolidated Common Equity Tier 1 Capital Ratio above 5.125% by the Going Concern Write-Down of the notes and the Write-Down or Conversion of any Going Concern Loss Absorbing Instruments.

The Going Concern Write-Down Amount of the notes and the Write-Down or Conversion amount of any Going Concern Loss Absorbing Instruments that are denominated in a currency other than Japanese yen shall be initially calculated in Japanese yen and converted into the currency in which the notes or the relevant Going Concern Loss Absorbing Instruments are denominated based on the relevant exchange rate(s) used by us in respect of the notes and the relevant Going Concern Loss Absorbing Instruments in calculating our Consolidated Common Equity Tier 1 Capital Ratio which resulted in the Capital Ratio Event.

A holder or beneficial owner of a note by its acceptance thereof shall thereby agree that if any payment on the notes is made to such holder or beneficial owner with respect to a payment obligation that was subject to a Going Concern Write-Down as described above, and which did not become due and payable prior to the occurrence of the relevant Capital Ratio Event, then the payment of such amount shall be deemed null and void and the holder or beneficial owner shall be obliged to return the amount of such payment within ten days after receiving notice of the payment.

Under the Indenture, none of the trustee and the agents shall be under any duty to determine, monitor or report whether a Capital Ratio Event has occurred or circumstances exist which may lead to the occurrence of a Capital Ratio Event and will not be responsible or liable to the holders of the notes or any other person for any loss arising from any failure by it to do so. Unless and until the trustee and the agents receive a Going Concern Write-Down Notice in accordance with the terms of the Indenture, the trustee and each agent shall be entitled to assume that no Capital Raito Event or other such event or circumstance has occurred or exists. The trustee and each agent shall be entitled, without further enquiry and without liability to any holder or any other person, to rely on any Going Concern Write-Down Notice and each such Going Concern Write-Down Notice shall be conclusive evidence of the occurrence of the Capital Ratio Event. Each of the trustee, the agents, DTC and any other relevant clearing system shall be entitled without further enquiry and without liability to any holder of the notes or any other person to rely conclusively on any Going Concern Write-Down Notice, and the same shall be conclusive and binding on holders of the notes. So long as the notes are held in global form, neither the trustee nor the agents nor any common depository nor any registered holder thereof shall, in any circumstances, be responsible or liable to the holders of the notes or any other person for any act, omission or default by DTC or any other relevant clearing system, or its respective participants, members, any broker-dealer or any other relevant third party with respect to the notification and/or implementation of any Going Concern Write-Down by any of them in respect of such notes.

Write-Up upon a Write-Up Event

Subject to compliance with the Applicable Capital Adequacy Regulations, upon the occurrence of a Write-Up Event (as defined below), we shall cause the Current Principal Amount of the outstanding notes that have been subject to one or more Going Concern Write-Downs to be increased by the relevant Write-Up Amount (as defined below) on a Write-Up Date. Each such reinstatement of principal is referred to as a "Write-Up."

Upon a Write-Up, claims of holders of the notes with respect to payments of principal of the notes that were previously waived upon the occurrence of a Going Concern Write-Down, and our obligations to pay the principal of the notes that were previously discharged and released upon the occurrence of a Going Concern Write-Down, shall be deemed reinstated, and such waiver, discharge and release previously given or granted shall be of no further effect, to the extent of the relevant Write-Up Amount, without any retroactive effect, on the relevant Write-Up Date.

The notes may be subject to one or more Write-Ups, but in no event shall the Current Principal Amount of the notes, after giving effect to any Write-Up, exceed the Original Principal Amount of the notes.

A "Write-Up Event" shall be deemed to occur if we determine, in our sole discretion and in accordance with the Applicable Capital Adequacy Regulations, to reinstate an amount of principal of the notes that was previously subject to one or more Going Concern Write-Downs after we obtain prior confirmation from the FSA that our Consolidated Common Equity Tier 1 Capital Ratio will remain at a sufficiently high level after giving effect to the relevant Write-Up of the notes together with the write-up of any Write-Up Instruments (as defined below).

"Write-Up Amount" means the amount by which the Current Principal Amount of the notes per $1,000 in Original Principal Amount is to be increased on any Write-Up Date, such amount being the product of:

(i) the total amount determined by us after consultation with the FSA by which the Current Principal Amount of the notes and any Write-Up Instruments is to be increased; and

(ii) a ratio, the numerator of which is $1,000 in Original Principal Amount of the notes minus the Current Principal Amount of the notes per $1,000 in Original Principal Amount, and the denominator of which is the sum of (x) the Original Principal Amount of the notes minus the Current Principal Amount of the notes and (y) the Original Principal Amount of any Write-Up Instruments minus the Current Principal Amount of any Write-Up Instruments, each as of the date of the relevant Write-Up Event (rounding any amount less than a whole cent down to the nearest whole cent).

The Write-Up Amount of the notes and the amount written-up of any Write-Up Instruments that are denominated in a currency other than Japanese yen shall be initially calculated in Japanese yen and converted into the currency in which the notes or the Write-Up Instruments are denominated based on the exchange rate(s) used by us in respect of the notes and the Write-Up Instruments in calculating our most recent Consolidated Common Equity Tier 1 Capital Ratio published prior to the date of the relevant Write-Up Event.

"Write-Up Date" means the date on which a Write-Up shall become effective. Each Write-Up Date will be determined by us in our sole discretion after consultation with the FSA and shall be no less than one and no later than 30 days following the date of the relevant Write-Up Event.

Notwithstanding anything to the contrary contained in the terms of the notes, no Write-Up Event shall occur (i) after any date fixed for the redemption, (ii) after a Liquidation Claim becomes due and payable pursuant to the subordination provisions as described under "—Ranking" and "—Subordination," or (iii) after an occurrence of a Non-Viability Event or a Bankruptcy Event.

If we determine to effect a Write-Up of the notes, as soon as practicable after such determination, we will deliver a written notice (a "Write-Up Notice") to the holders of the notes through DTC and to the trustee and the agents, confirming, among other things, our determination to effect a Write-Up and with respect to the notes: the Write-Up Date, the Write-Up Amount and the Current Principal Amount of all of the notes on the Write-Up Date after giving effect to the Write-Up.

Write-Down and Cancellation upon a Non-Viability Event or Bankruptcy Event

If a Non-Viability Event or Bankruptcy Event occurs, the notes will be subject to a Write-Down and Cancellation on the relevant Write-Down and Cancellation Date (as defined below) upon the occurrence of the Non-Viability Event, or immediately upon the occurrence of the Bankruptcy Event, automatically and without any additional action by us, the trustee, the agents or the holders or beneficial owners of the notes.

Upon the occurrence of a Non-Viability Event or a Bankruptcy Event, the following will occur, (a) in the case of a Non-Viability Event, on the relevant Write-Down and Cancellation Date, or (b) in the case of a Bankruptcy Event, immediately upon the occurrence of the Bankruptcy Event:

(i) the Current Principal Amount of the notes will be permanently written down to zero and the notes will be deemed cancelled;

(ii) we shall be discharged and released from any and all of our obligations to pay any amount of principal or interest (including additional amounts with respect thereto, if any) on the notes, except for payments of principal or interest (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Non-Viability Event or Bankruptcy Event, as the case may be, and remain unpaid; and

(iii) each of the holders and beneficial owners of the notes will be deemed to have irrevocably waived its right to claim or receive, and will not have any rights against us with respect to, and cannot instruct the trustee to enforce, the payment of principal of or interest on the notes (including additional amounts with respect thereto, if any), except for any payments of principal or interest (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Non-Viability Event or Bankruptcy Event, as the case may be, and remain unpaid

(together, items (i)-(iii) describing a "Write-Down and Cancellation").

In the case of a Non-Viability Event, our obligations with respect to, and any claims for, the payment of principal of or interest on the notes (including additional amounts with respect thereto, if any), except for payments of principal or interest (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Non-Viability Event and remain unpaid, will be suspended from the occurrence of the Non-Viability Event until the Write-Down and Cancellation Date. Each holder and beneficial owner of the notes by its acceptance thereof, authorizes and directs the trustee and the agents on its behalf to take such action as may be necessary or appropriate to effectuate the Write-Down and Cancellation and appoints the trustee as its attorney-in-fact for any and all such purposes.

Except for claims with respect to payments of principal of or interest on the notes (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of the Non-Viability Event or Bankruptcy Event, as the case may be, and remain unpaid, upon the occurrence of a Non-Viability Event or Bankruptcy Event, (a) no holder or beneficial owner of the notes shall have any rights whatsoever under the Indenture or the notes to take any action or enforce any rights or to instruct the trustee to take any action or enforce any rights whatsoever, (b) except for any indemnity or security provided by any holder or beneficial owner in such instruction or related to such instruction, any instruction previously given to the trustee by any holders or beneficial owners of the notes shall cease automatically and shall be deemed null and void and of no further effect, (c) no holder or beneficial owner may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by us arising under, or in connection with, the notes and each holder and beneficial owner of notes shall, by virtue of its holding of any notes, be deemed to have irrevocably waived all such rights of set-off, compensation or retention and (d) no holder or beneficial owner will be entitled to make any claim in any bankruptcy, corporate reorganization or liquidation proceedings involving us or have any ability to initiate or participate in any such proceedings or do so through a representative.

"Write-Down and Cancellation Date" means the date on which the Write-Down and Cancellation shall become effective. In the case of a Bankruptcy Event, the Write-Down and Cancellation Date shall be the date on and the time at which the Bankruptcy Event occurs. In the case of a Non-Viability Event, the Write-Down and Cancellation Date shall be determined by us after consultation with the FSA and will be no less than one and no more than ten Business Days following the date of the Write-Down and Cancellation Notice.

We shall, on the date of or as soon as practicable after the occurrence of a Non-Viability Event or Bankruptcy Event, deliver a written notice (a "Write-Down and Cancellation Notice") to the holders and beneficial owners of the notes through DTC and to the trustee and the agents, confirming the occurrence of such Non-Viability Event or Bankruptcy Event and specifying the Write-Down and Cancellation Date. Any failure or delay by us to provide a Write-Down and Cancellation Notice shall not change or delay the effect of the occurrence of such Non-Viability Event or Bankruptcy Event on our payment and other obligations under the notes, nor give holders or beneficial owners of the notes any rights as a result of such failure or delay.

Following the receipt of a Write-Down and Cancellation Notice by DTC and the commencement of the Suspension Period (as defined below), DTC will suspend all clearance and settlement of the notes through DTC for the duration of the Suspension Period. After such suspension has commenced, holders of beneficial interests in the notes will not be able to settle the transfer of any notes through DTC, and any sale or other transfer of the notes that a holder may have initiated prior to such suspension will be rejected by, and will not be settled within, DTC. See "Risk Factors—Risks Related to the Notes—Settlement activities of the notes through DTC will be suspended following DTC's receipt of a Write-Down and Cancellation Notice."

"Suspension Period" means the period commencing on the New York Banking Day immediately following the date on which a Write-Down and Cancellation Notice is received by DTC (except that such period may commence on the second New York Banking Day immediately following the day on which a Write-Down and Cancellation Notice is received by DTC, if DTC so determines in its discretion in accordance with its rules and procedures) and ending on (i) the Write-Down and Cancellation Date in the case of the occurrence of a Non-Viability Event, or (ii) the date on which DTC writes down the full principal amount of the notes pursuant to its rules and procedures in the case of the occurrence of a Bankruptcy Event, as applicable.

A holder or beneficial owner of a note by its acceptance thereof shall thereby agree that if any payment on the notes is made to such holder or beneficial owner with respect to a payment obligation that did not become due and payable prior to the occurrence of a Non-Viability Event or Bankruptcy Event, as the case may be, then the payment of such amount shall be deemed null and void and the holder or beneficial owner shall be obliged to return the amount of such payment within ten days after receiving notice of the payment.

Under the Indenture, none of the trustee and the agents shall be under any duty to determine, monitor or report whether a Non-Viability Event or Bankruptcy Event has occurred or circumstances exist which may lead to the occurrence of a Non-Viability Event or Bankruptcy Event and will not be responsible or liable to the holders of the notes or any other person for any loss arising from any failure by it to do so. Unless and until the trustee and the agents receive a Write-Down and Cancellation Notice in accordance with the terms of the Indenture, the trustee and each agent shall be entitled to assume that no Non-Viability Event or Bankruptcy Event or other such event or circumstance has occurred or exists. The trustee and each agent shall be entitled, without further enquiry and without liability to any holder or any other person, to rely on any Write-Down and Cancellation Notice and each such Write-Down and Cancellation Notice shall be conclusive evidence of the occurrence of the Non-Viability Event or Bankruptcy Event, as the case may be. Each of the trustee, the agents, DTC and any other relevant clearing system shall be entitled without further enquiry and without liability to any holder or any other person to rely conclusively on any Write-Down and Cancellation Notice, and the same shall be conclusive and binding on holders. So long as the notes are held in global form, neither the trustee nor the agents nor any common depository nor any registered holder thereof shall, in any circumstances, be responsible or liable to the holders or any other person for any act, omission or default by DTC or any other relevant clearing system, or its respective participants, members, any broker-dealer or any other relevant third party with respect to the notification and/or implementation of any Write-Down and Cancellation by any of them in respect of such notes.

Agreement to Going Concern Write-Down and Write-Down and Cancellation

Each holder and beneficial owner of the notes, by its acquisition of the notes, whether upon original issue or upon transfer, assignment or exchange thereof, accepts and agrees that, to the extent and in the manner set forth in the Indenture or the notes,

(i) the notes shall be subject to Going Concern Write-Down upon the occurrence of a Capital Ratio Event on the relevant Going Concern Write-Down Date and that we shall not be obliged to make any payment of Current Principal Amount of the notes to the extent of the relevant Going Concern Write-Down Amount or interest thereon (including additional amounts with respect thereto, if any) except for payments of principal or interest on the notes (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of such Capital Ratio Event; and

(ii) we shall not be obliged to make any payment of principal or interest on the notes (including additional amounts with respect thereto, if any) except for payments of principal of or interest on the notes (including additional amounts with respect thereto, if any) that have become due and payable prior to the occurrence of a Non-Viability Event or a Bankruptcy Event and that the notes shall be subject to Write-Down and Cancellation on the relevant Write-Down and Cancellation Date upon the occurrence of a Non-Viability Event or immediately upon the occurrence of a Bankruptcy Event.

No Events of Default or Rights of Acceleration

Non-payment of principal of or interest on the notes (including additional amounts with respect thereto, if any) or breach of covenants in the Indenture or the notes shall not constitute an event of default or an event of acceleration under the Indenture or the notes or give rise to any right of the holders or the trustee to declare the principal of or interest on the notes to be due and payable or accelerate any payment of such principal or interest, and there are no events of default or circumstances in respect of the notes that entitle the holders or the trustee to require that the notes become immediately due and payable.

Upon the occurrence and continuation of a Liquidation Event, holders of the notes shall have a Liquidation Claim, payment of which is subject to the subordination provisions of the notes as described under "—Ranking" and "—Subordination."

Under the Indenture, subject to the provisions as described in the immediately preceding paragraphs, a "breach" with respect to the notes means each one of the following events which shall have occurred and be continuing:

(i) our failure to pay the principal, if, when and to the extent due, or, to pay the interest when due unless we determined to cancel such interest payment in respect of the notes, and the continuance of any such failure for a period of 30 days after the date when due, unless we shall have cured such failure by payment within such period; or

(ii) our failure to duly perform or observe any other term, covenant or agreement contained in the Indenture in respect of the notes for a period of 90 days after the date on which written notice of such failure, requiring us to remedy the same, shall have been given first to us (and to the trustee in the case of notice by the holders referred to below) by the trustee or holders of at least 25% in Current Principal Amount of the then outstanding notes (such notification must specify the breach, demand that it be remedied and state that the notification is a "Notice of Breach" under the Indenture).

Limitations on a holder's ability to institute proceedings against us under the Indenture, including with respect to a "breach," are described under "Description of the Debt Securities—Limitation on Suits" in the accompanying prospectus.

Notwithstanding the above, the right of any holder of notes to receive payment of the principal of and interest on such notes on or after the date on which it has become due and payable, or to institute suit for the enforcement of any such payment on or after such date, shall not be impaired or affected without the consent of such holder. For the avoidance of doubt, the foregoing shall not be construed to impair the effectiveness of the Going Concern Write-Down, Write-Down and Cancellation, interest cancellation or subordination provisions set forth in the Indenture or the notes.

Definitions

Set forth below are definitions for certain terms used in this Description of the Notes for which no definition is otherwise provided.

"Additional Tier 1 Capital" means any and all items constituting Additional Tier 1 capital under the Applicable Capital Adequacy Regulations and shall also include any successor or substitute term applicable pursuant to the Applicable Capital Adequacy Regulations.

"Additional Tier 1 Instruments" means at any time (i) Additional Tier 1 Liabilities, (ii) any preferred stock issued directly by us and (iii) any instruments (including preferred shares) issued or created by us through one of our Special Purpose Corporations; *provided* that, in the cases of (ii) or (iii), such preferred stock or instrument constitutes our Additional Tier 1 Capital. For the avoidance of doubt, this term shall not include any instruments issued or created directly or indirectly by any of our banking subsidiaries, including SMBC.

"Additional Tier 1 Liabilities" means at any time instruments qualifying as our Additional Tier 1 Capital (other than the notes, but including any other series of perpetual subordinated debt securities issued or to be issued under the Indenture) that are issued directly by us and are treated as our liabilities under the Applicable Capital Adequacy Regulations.

"Applicable Capital Adequacy Regulations" means, at any time, any laws, cabinet orders, ministerial ordinances, public ministerial announcements, guidelines and policies and other published documents of the FSA or other governmental authority each relating to the capital adequacy regulations that are then in effect and applicable to us, including, without limitation, the Banking Act of Japan (Act No. 59 of 1981, as amended) and the Public Ministerial Announcement (*kokuji* (No. 20 of the FSA Public Ministerial Announcement of 2006, as amended)).

"Bankruptcy Act" means the Bankruptcy Act of Japan (Act No. 75 of 2004), as amended or replaced from time to time.

"Bankruptcy Event" means any of the following events:

(i) a court of competent jurisdiction in Japan shall have commenced bankruptcy proceedings with respect to us pursuant to the provisions of the Bankruptcy Act;

(ii) a court of competent jurisdiction in Japan shall have commenced reorganization proceedings with respect to us pursuant to the provisions of the Reorganization Act;

(iii) a court of competent jurisdiction in Japan shall have commenced civil rehabilitation proceedings with respect to us pursuant to the provisions of the Civil Rehabilitation Act;

(iv) a special liquidation proceeding (*tokubetsu seisan*) shall have been commenced by or with respect to us pursuant to the provisions of the Companies Act; or

(v) we shall have become subject to bankruptcy, corporate reorganization, civil rehabilitation, special liquidation or other equivalent proceedings pursuant to any applicable law of any jurisdiction other than Japan, which proceedings have an equivalent effect to those set forth in clauses (i), (ii), (iii) or (iv) above.

A "Capital Ratio Event" will be deemed to have occurred if we publicly announce (including without limitation by way of a public announcement made in accordance with applicable law or the rules of a relevant securities exchange) that our Consolidated Common Equity Tier 1 Capital Ratio, calculated by us pursuant to the Applicable Capital Adequacy Regulations as of a Quarterly Financial Period End Date or any other date, has fallen below 5.125%; *provided, however,* that a Capital Ratio Event will be deemed not to have occurred if, prior to such public announcement, (a) we submit a plan to the FSA, under which plan our Consolidated Common Equity Tier 1 Capital Ratio is expected to increase above 5.125% in the absence of a Going Concern Write-Down of the notes and (b) the FSA approves such plan.

"Consolidated Common Equity Tier 1 Capital Ratio" means, as of any date, the Common Equity Tier 1 risk-weighted capital ratio on a consolidated basis, as calculated in accordance with the Applicable Capital Adequacy Regulations, and shall also include any successor or substitute term applicable pursuant to the Applicable Capital Adequacy Regulations.

"Civil Rehabilitation Act" means the Civil Rehabilitation Act of Japan (Act No. 225 of 1999), as amended or replaced from time to time.

"Companies Act" means the Companies Act of Japan (Act No. 86 of 2005), as amended or replaced from time to time.

"Current Principal Amount" means at any time:

(i) with respect to the notes, the then outstanding principal amount of the notes, being the principal amount of the notes upon issuance; as such amount may be reduced on one or more occasions, including pursuant to a Going Concern Write-Down, and/or reinstated on one or more occasions following a Write-Up, as the case may be, in accordance with the terms of the notes and the Indenture; or

(ii) with respect to any Going Concern Loss Absorbing Instruments, the then outstanding principal amount of such Going Concern Loss Absorbing Instruments, as calculated in accordance with its terms and conditions, including the application of loss absorption (including Write-Down or Conversion) or write-up provisions, if any.

For the avoidance of doubt, the Current Principal Amount shall be subject to adjustment due to partial redemptions or repurchases and cancellation, if any, conducted pursuant to the terms of the Indenture and the notes or such Going Concern Loss Absorbing Instruments.

"Deposit Insurance Act" means the Deposit Insurance Act of Japan (Act No. 34 of 1971), as amended or replaced from time to time.

"Distributable Amounts" means, in respect of any interest payment date of the notes, our distributable amounts (*bunpai kano gaku*) on such interest payment date calculated in accordance with the Companies Act.

"FSA" means the Financial Services Agency of Japan, or any successor or similar authority.

"Going Concern Loss Absorbing Instrument" means at any time any Additional Tier 1 Instrument that is subject to Write-Down or Conversion upon the occurrence of a Capital Ratio Event pursuant to such instrument's terms or otherwise.

"New York Banking Day" means any day, other than a Saturday, Sunday, that is neither a legal holiday in The City of New York nor a day on which commercial banking institutions are authorized or required by law, regulation or executive order to close in The City of New York.

A "Non-Viability Event" will be deemed to have occurred at the time that the Prime Minister of Japan, following deliberation by Japan's Financial Crisis Response Council pursuant to the Deposit Insurance Act, confirms (*nintei*) that "Specified Item 2 measures (*tokutei dai nigo sochi*)," which are the measures set forth in Article 126-2, Paragraph 1, Item 2 of the Deposit Insurance Act (including any successor articles thereto), as then in effect, need to be applied to us under circumstances where our liabilities exceed or are likely to exceed our assets, or we have suspended or are likely to suspend payment of our obligations.

"Original Principal Amount" means with respect to the notes and any Going Concern Loss Absorbing Instruments, the principal amount of the notes or such Going Concern Loss Absorbing Instruments upon initial issuance or creation. For the avoidance of doubt, the Original Principal Amount is subject to adjustment due to partial redemptions or repurchases and cancellation, if any, conducted pursuant to the terms of the Indenture and the notes or such Going Concern Loss Absorbing Instruments.

"principal" means, when used with respect to the notes, and when the context so requires, the Current Principal Amount of the notes at any relevant time and, where such term is used in relation to any payment, the principal if, when and to the extent due and payable under the Indenture and the notes.

"Quarterly Financial Period End Date" means the last day of each quarterly financial period of us.

"Reorganization Act" means the Corporate Reorganization Act of Japan (Act No. 154 of 2002), as amended or replaced from time to time.

"Special Purpose Corporation" means any of our consolidated subsidiaries incorporated solely for the purposes of issuing instruments constituting our regulatory capital.

"Write-Down or Conversion" means, with respect to any Going Concern Loss Absorbing Instrument, the write-down or, if applicable, conversion of all or part of such instrument's outstanding principal amount (including an acquisition by a holder of such Going Concern Loss Absorbing Instrument of shares of common stock in exchange for all or part of such Going Concern Loss Absorbing Instrument pursuant to the Companies Act).

"Write-Up Instrument" means any Going Concern Loss Absorbing Instrument that includes provisions requiring or permitting the reinstatement of previously written-down principal amounts equivalent, or substantially equivalent, to those applicable to the notes.

The Trustee

The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of New York with limited liability, will be the trustee for the notes. The trustee may, subject to certain conditions, act as trustee for other securities issued by us or by our affiliates.

Paying Agent, Calculation Agent, Transfer Agent and Registrar

The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of New York with limited liability, will initially act as paying agent, calculation agent, transfer agent and registrar for the notes. We may change the paying agent, calculation agent, transfer agent or registrar without prior notice to holders of the notes, and we or any of our subsidiaries may act as paying agent, calculation agent, transfer agent or registrar.

Modification and Waiver

No amendment or modification which is prejudicial to any present or future creditor in respect of any Senior Indebtedness shall be made to the subordination provision contained in the Indenture. In addition, any amendment or modification to the principal terms of the notes is subject to prior confirmation of the FSA, if such confirmation is required under the Applicable Capital Adequacy Regulations.

We and the trustee may effect certain amendments or modifications to the Indenture or the notes with or without the consent of holders, as the case may be, as described under "Description of the Debt Securities—Modification and Waiver" in the accompanying prospectus.

Governing Law

The notes and the Indenture will be governed by and construed in accordance with the laws of the State of New York.