



SMFG SUMITOMO MITSUI  
FINANCIAL GROUP

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# Acquisition of Nikko Cordial Securities Inc. and Other Businesses

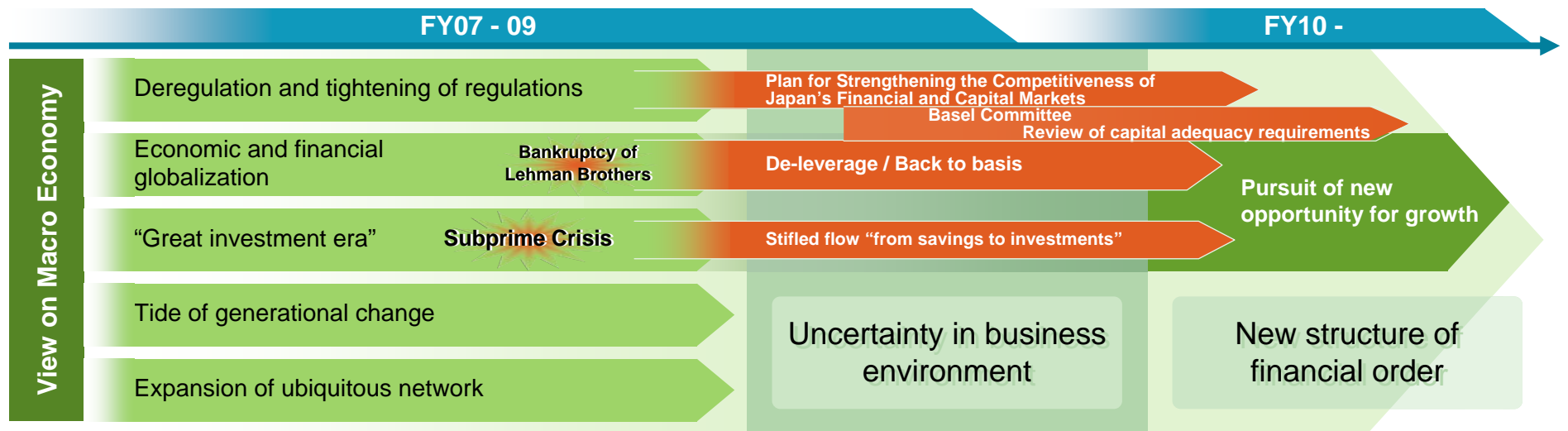
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Sumitomo Mitsui Financial Group, Inc.  
Sumitomo Mitsui Banking Corporation

# Objectives of Acquisition of Target Shares, etc.

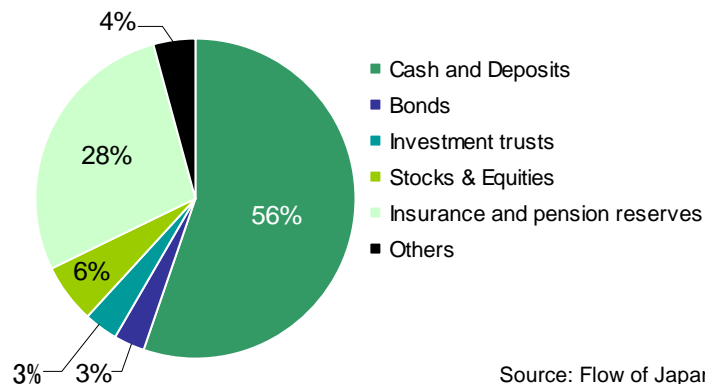
The recent increase in financial literacy and the need for diversified financial products have led to heightened needs for foreign bonds and subordinated bonds for individuals. Thus, individual customers without a doubt still need investment opportunities, which are not impacted by trends in a single market.

The needs of the customers in our wholesale business on management issues are changing. We believe that the investment banking business model is reverting to a traditional customer-oriented business.



**Financial Assets held by households in Japan**

JPY 1,434 trillion  
(Outstanding amount as of Dec. 2008)



Source: Flow of Japan , Bank of Japan

# Objectives of Acquisition of Target Shares, etc.

*SMFG will be able to provide stable and sustainable high-quality services through the broad combined network under “One Flag” as “a leading financial services group focused on its relationships with its customers.”*



## Description of Acquiring Business and Assets

*SMFG and SMBC agreed with Citigroup and its wholly owned subsidiary, Nikko Citi HD, that SMBC would acquire all operations of Nikko Cordial, which engages mainly in the retail securities business, and some businesses including the domestic debt and equity underwriting and other businesses of Nikko Citi, which engages mainly in the wholesale securities business, other related subsidiaries and affiliates relating to these businesses and other assets, all of which are either directly or indirectly owned by Nikko Citi HD, conditioned on the approval of relevant authorities.*

### Description of acquiring business and assets

- i. The entire business of Nikko Cordial (excluding selected assets and liabilities)
- ii. Some businesses of Nikko Citi
- iii. Other related subsidiaries and affiliates (Nikko System Solutions, Nikko Global Wrap, Nikko Business Systems, etc.)
- iv. Shares held for strategic reason
- v. Trademarks relating to the “Nikko” brand

Regarding i. and ii., SMBC would acquire all shares in New Nikko Securities which will succeed through absorption-typed demerger, pursuant to approval of relevant authorities.

### Acquisition price, etc. \*1

- i. Total acquisition price for target shares, etc.:  
JPY 545 billion\*2
- ii. Shares held for policy reasons (public stock) :  
JPY 28.5 billion\*3

\*1 JPY 201billion in cash will be excluded from the scope of this transaction, and will be retained by Nikko Cordial instead of being succeeded by New Nikko Securities.

\*2 To be adjusted based on net assets, etc. at New Nikko Securities and Affiliates, etc. at the point in time on the effective date.

\*3 95% of the market value based on closing prices as of March 31, 2009. Actual acquisition price will be calculated based on 95% of the market value of the shares 4 business days before the closing date.

# Strategic Rational in Retail Business

SMFG has been aiming to achieve “total consulting” services to serve as a one-stop shop for all financial services.

## Expansion of SMFG’s retail platform



- Provide new products and services which rapidly reflect the diversification of needs of customers and structural changes such as deregulation
- Expand branch office network
- Recruit more consultants



- Financial assets under account approx. JPY 24 trillion
- High-quality sales personnel approx. 3,000
- Branch office network 109 locations nationwide
- Reputable online trading channel



- Financial assets under account approx. JPY 64 trillion
- Sales personnel approx. 9,800
- Location nationwide approx. 600

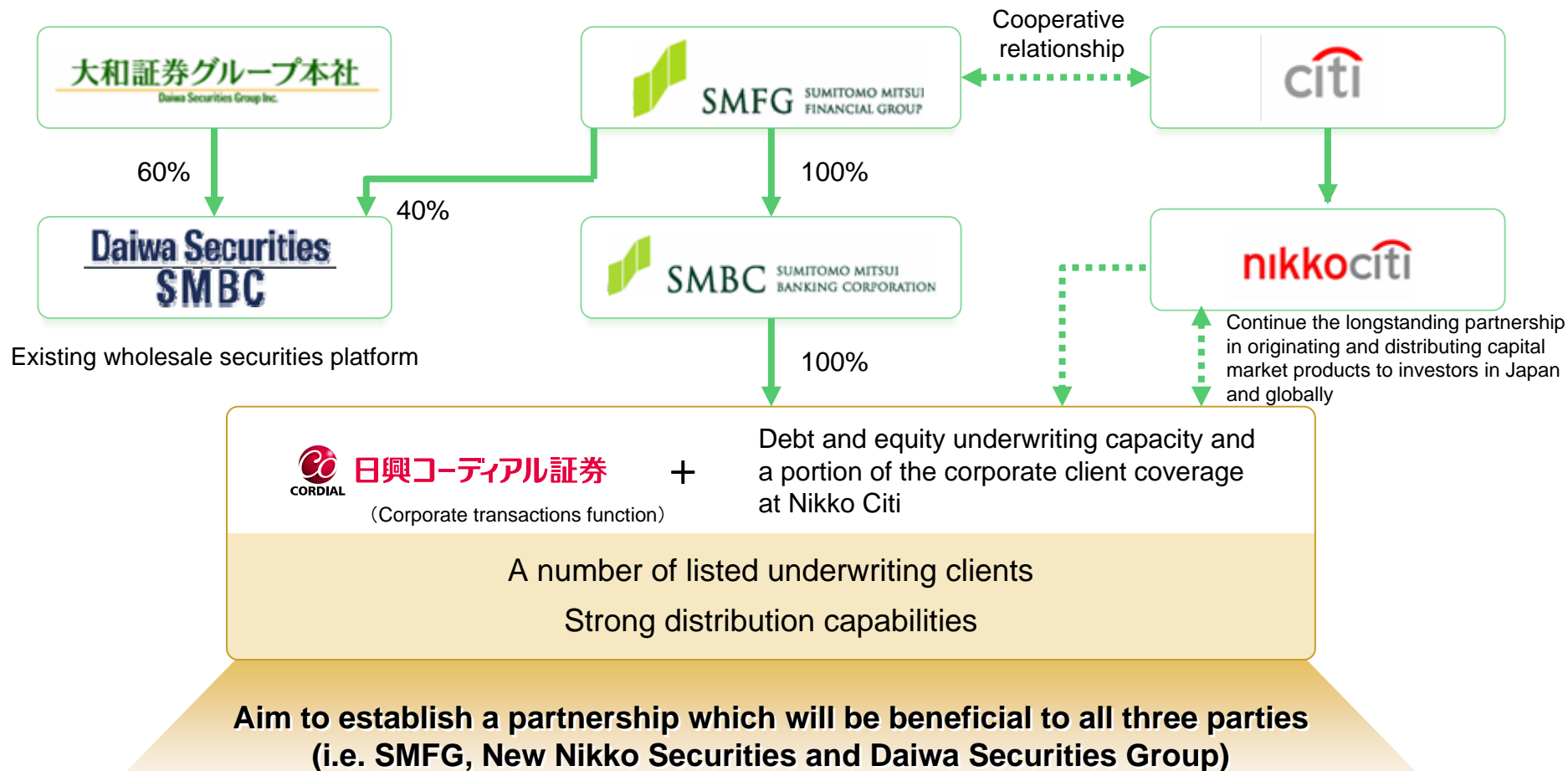
## High compatibility of policies and structures

- Focus on consulting services
- Use of an open architecture
- SMBC’s strengths including an advanced training system and low cost operations
- Nikko Cordial’s efficient operational control structure based on Citigroup’s state-of-the-art IT infrastructure

- Aim to establish a strong integrated business model
- Aim to realize the combined entity to provide high-quality consulting services

# Strategic Rationale in Wholesale Business

SMFG will be able to add New Nikko Securities, which has a number of listed underwriting clients and strong distribution capabilities to its existing wholesale securities platform (i.e. Daiwa Securities SMBC), creating significant potential for growth.





This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

This material is prepared for the purpose of presentation the acquisition of Nikko Cordial Securities Inc. and other businesses and does not constitute a solicitation of an offer for the purchase of any securities within or outside of Japan. This document is neither an offer to sell nor a solicitation of an offer to buy the shares in the United States. The shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Act”) and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements under the Act.