

September 30, 2016

Sumitomo Mitsui Financial Group, Inc.
Sumitomo Mitsui Banking Corporation
SMBC Nikko Securities Inc.
SMBC Friend Securities Co., Ltd.

Execution of the Merger Agreement between
SMBC Nikko Securities and SMBC Friend Securities

Tokyo, September 30, 2016 --- Sumitomo Mitsui Financial Group, Inc. (SMFG, President: Koichi Miyata), Sumitomo Mitsui Banking Corporation (SMBC, President and CEO: Takeshi Kunibe), SMBC Nikko Securities Inc. (SMBC Nikko, President and CEO: Yoshihiko Shimizu) and SMBC Friend Securities Co., Ltd. (SMBC Friend, President: Koichi Danno, and together with SMBC Nikko, the “Two Securities Companies”), having approved the proposed merger of SMBC Nikko and SMBC Friend (the “Merger”), entered into a memorandum of understanding, and proceeded with further considerations and discussions regarding the Merger, as announced in the press release “Memorandum of Understanding on the Merger between SMBC Nikko Securities and SMBC Friend Securities” dated May 12, 2016 (the “MoU Press Release”), hereby announce, as of today, that Two Securities Companies have executed a merger agreement.

1. Objectives of the Merger

As announced in the MoU Press Release, the objective of the Merger is to fundamentally strengthen the competitiveness by taking full advantage of synergies from the Merger while capitalizing on the strengths of each of the Two Securities Companies.

Specifically, it is contemplated that the Merger will result in: (1) improved customer satisfaction as a result of the increased product offering and product-related research, the enhancement of sales channels, and the reinforcement of consulting type sales, (2) enhancement of productivity through the optimization of sales personnel staffing as well as the improvement of employee motivation from strengthening of competitiveness and better industry positioning, (3) streamlining of corporate management units which will allow us to achieve cost saving synergies resulting from the consolidation of management infrastructure such as overlapping functions, systems, sales channels and others.

In order to realize the synergies from an earlier stage, the implementation of personnel secondments and the supply of certain SMBC Nikko’s products to SMBC Friend will be considered prior to the Merger.

2. Outline of the Merger

- (1) Contemplated Schedule for the Merger
- | | |
|--|-----------------------------|
| Execution date of the Merger Agreement | September 30, 2016 |
| Effective date | January 1, 2018 (tentative) |
- (2) Structure of the Merger
- The structure of the Merger will be an absorption-type merger with SMBC Nikko as the surviving company and SMBC Friend as the absorbed company. As announced in the MoU Press Release, by October 2016, SMBC Nikko will become a wholly owned direct subsidiary of SMFG.
- (3) Details of Allotment related to the Merger
- Due to the fact that SMFG will own all outstanding shares in Two Securities Companies as of the time immediately before the Merger becomes effective, there will be no allotment of shares or any cash, etc. distributed to the shareholders of SMBC Friend upon the Merger.
- (4) Preparation for the Merger
- As previously announced in the MoU Press Release, in order to facilitate preparations for the Merger, the “Merger Preparation Committee” has been established. Sub-committees which have been established under the Merger Preparation Committee conduct individual merger preparations such as front office functions, planning, personnel, operations, system, risk management and compliance and others.

3. Status after the Merger

Company name:	SMBC Nikko Securities Inc.
Capital relationship:	Wholly owned subsidiary of SMFG
Location of the head office:	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo (Current location of SMBC Nikko’s head office)
Business Profile:	Securities services

4. Corporate Profile of the Merged Companies

(As of the end of June 2016)

(1) Company Name	SMBC Nikko Securities Inc.	SMBC Friend Securities Co., Ltd.
(2) Location of Head Office	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo	7-12, Nihonbashi-Kabutocho, Chuo-ku, Tokyo
(3) Title and Name of Representative	Yoshihiko Shimizu, President and CEO	Koichi Danno, President
(4) Business Profile	Securities services	Securities services

(5) Establishment	June 15, 2009	March 2, 1948
(6) Fiscal Year End	March	March
(7) Total Assets (Consolidated)	10,944,526 million yen	358,167 million yen
(8) Net Assets (Consolidated)	696,471 million yen	214,549 million yen
(9) Number of Employees	8,944 (as of the end of March 2016)	1,890 (as of the end of March 2016)
(10) Number of Branches	124 branches (as of September 30, 2016)	61 branches (58 branches, 3 satellites)

End.