

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

**Notice regarding signing of share exchange agreement for making
SMBC Friend Securities into a wholly-owned subsidiary of SMFG**

TOKYO, April 28, 2006 --- Sumitomo Mitsui Financial Group, Inc. (SMFG), Sumitomo Mitsui Banking Corporation (SMBC), and SMBC Friend Securities Co., Ltd. (SMBC Friend Securities), a subsidiary of SMBC, announced that SMFG and SMBC Friend Securities had signed a share exchange agreement to make SMBC Friend Securities into a wholly-owned subsidiary of SMFG, subject to regulatory approval of an application to be submitted pursuant to Article 52-23, paragraph 3 of the Banking Law, in accordance with decisions of each company's board of directors at meetings held today. The signing is based on the basic agreement the three companies entered into on March 30, 2006.

1. Purpose of making SMBC Friend Securities a wholly-owned subsidiary of SMFG

In accordance with the stabilization of the Japanese financial system, Japanese households' portfolios have shown clear signs of a shift from savings to investment, and their investment

Rule 802 Legend

This business combination is made for the securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer of the securities is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than under this business combination, such as in open market or privately negotiated purchases.

needs are expected to become further diversified. At the same time, we believe that new types of asset management services will become popular among individual investors who improve their financial knowledge and have an increased interest in portfolio management based on asset allocation concepts.

In view of these trends, SMFG will further strengthen cooperation among group companies by making SMBC Friend Securities a wholly-owned subsidiary, establishing a new business model distinct from the conventional one by combining banking and securities businesses and maximizing synergies between them. With such initiatives, SMFG will try to make every effort to enhance the enterprise value of the whole group.

In particular, SMBC will provide fund wrap services through collaboration with SMBC Friend Securities. Furthermore, SMFG will accelerate the exchange of personnel between SMBC and SMBC Friend Securities and expand the consulting services of SMBC Friend Securities to SMBC's individual customers who are interested in investments in individual stocks.

2. Terms and conditions of share exchange

(1) Schedule of share exchange

Board meetings to approve share exchange agreement	April 28, 2006
Signing of share exchange agreement	April 28, 2006
General shareholders' meeting to approve share exchange agreement (SMBC Friend Securities)	June 29, 2006*
SMBC Friend Securities to be delisted	August 28, 2006*
Deadline of submission of SMBC Friend Securities stock certificates	August 31, 2006*
Effective date of share exchange	September 1, 2006*

* Planned

(Note) 1. The effective date of share exchange may be changed if SMFG and SMBC Friend Securities so agree.

2. SMFG will conduct the share exchange without obtaining approval at its general shareholders' meeting, since this share exchange is deemed a "simple share exchange" under Article 358 of the Commercial Code of Japan.

(2) Share exchange ratio

	SMFG (Parent company)	SMBC Friend Securities (Wholly-owned subsidiary)
Share exchange ratio	1	0.0008

(Note 1) Allotment ratio

0.0008 shares of SMFG will be allotted to 1 share of SMBC Friend Securities.

(Note 2) Basis for determination of share exchange ratio

SMFG appointed Goldman Sachs (Japan) Ltd. (“Goldman Sachs”) as its financial advisor and SMBC Friend Securities appointed Merrill Lynch Japan Securities Co., Ltd. (“Merrill Lynch”) as its financial advisor in connection with the transaction. SMFG and SMBC Friend Securities comprehensively considered numerous factors including results of the analyses provided by their respective financial advisors, and discussed and agreed to the above.

(Note 3) Methods of and basis for calculation by financial advisors

Goldman Sachs analyzed the share exchange ratio based on, among other things, review of market price trends of the common stock of SMFG and SMBC Friend Securities, a discounted cash flow analysis, a selected companies analysis and a selected transactions analysis.

Merrill Lynch analyzed the share exchange ratio based on a comprehensive judgment using a market stock price analysis, a discounted cash flow analysis, and a comparable companies analysis.

(Note 4) Number of new shares to be issued by SMFG

Common stock: 249,015 shares

(3) Listing after share exchange

SMFG will hold 100% ownership of SMBC and remain listed. On the other hand, SMBC Friend Securities will become a wholly-owned subsidiary of SMFG and be delisted on August 28, 2006.

(4) Cash to be paid upon share exchange

No cash will be paid in connection with the share exchange.

(5) Situation after share exchange

(a) Corporate name, business, head office, and representative

The corporate names, businesses, head offices, and representatives of SMFG and SMBC Friend Securities will remain unchanged from the description in the “Overview of SMFG and SMBC Friend Securities.”

(b) Capital stock

SMFG’s capital stock will not increase as a result of the share exchange, while SMFG’s capital reserve will be increased by the allowed maximum amount calculated pursuant to Article 357 of the Commercial Code of Japan.

(c) Impact on financial results

The share exchange will not affect SMFG’s consolidated earnings for this fiscal year since SMBC Friend Securities is already a consolidated subsidiary of SMFG. On the other hand, SMFG believes that it can further promote cooperation among group companies by making SMBC Friend Securities a wholly-owned subsidiary and by maximizing synergies between the banking and securities businesses, thereby improving its future consolidated financial results.

(d) Treatment of fractional shares

Cash, instead of fractional shares of SMFG, will be distributed to shareholders of SMBC Friend Securities who have the right to receive fractional shares of SMFG as a result of the share exchange, in accordance with Article 234 of the Japanese Commercial Code of Japan.

Overview of SMFG and SMBC Friend Securities

(As of September 30, 2005 ^{(*)1}, non-consolidated basis)

	Parent company	Wholly-owned subsidiary
Company name	Sumitomo Mitsui Financial Group, Inc.	SMBC Friend Securities Co., Ltd. ^{(*)2}
Business description	Management of the affairs of subsidiaries and relevant ancillary functions	Securities business
Date of establishment	December 2, 2002	March 2, 1948
Head office	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	7-12, Nihonbashi-kabuto-cho, Chuo-ku, Tokyo
Representative	President: Teisuke Kitayama	President & CEO: Katsuhiko Tamaki
Capital Stock	1,352,651 millions of yen ^{(*)3}	27,270 millions of yen
Shares issued and outstanding	Common stock 7,303,472.77 Preferred stock 950,101	Common stock 311,269,929
Stockholder's equity	3,312,686 millions of yen	127,320 millions of yen
Total assets	3,653,155 millions of yen	243,482 millions of yen
Date of fiscal year end	March 31	March 31
Number of employees	122	1,844
Principal customers	Not applicable	Individuals, companies, etc
Principal shareholders (Name and percentage of shares outstanding) ^{(*)4}	Japan Trustee Services Bank, Ltd. (Trust Account) 6.56%	Sumitomo Mitsui Banking Corporation 40.35%
	The Master Trust Bank of Japan, Ltd. (Trust account) 5.99%	Sumitomo Life Insurance Company 8.71%
	The Chase Manhattan Bank N.A. London (Standing agent; Mizuho Corporate Bank, Ltd.'s Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division) 2.13%	The Master Trust Bank of Japan, Ltd. (Trust account) 4.05%
	Nippon Life Insurance Company 2.11%	Japan Trustee Services Bank, Ltd. (Trust Account) 2.26%
	State Street Bank and Trust Company 505103 (Standing agent; Mizuho Corporate Bank, Ltd.'s Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division) 1.91%	QUOQ Inc. 1.43%

Relationship between SMFG and SMBC Friend Securities		Capital relationship		SMBC, a wholly-owned subsidiary of SMFG, holds 40.35 % of the total outstanding common shares of SMBC Friend Securities.			
		Personnel relationship		No one concurrently holds a position of director in SMFG and SMBC Friend Securities.			
		Business relationship		There is no business relationship between SMFG and SMBC Friend Securities.			
Financial Results of the past 3 fiscal years	Fiscal year	FY2003 ended March 31, 2004	FY2004 ended March 31, 2005	1 st half of FY 2005 ended September 30, 2005	FY2003 ended March 31, 2004	FY2004 ended March 31, 2005	1 st half of FY 2005 ended September 30, 2005
	Operating income (millions of yen)	55,515	258,866	16,206	48,342	52,304	27,299
	Operating profit (millions of yen)	52,470	256,222	14,468	18,806	18,042	9,795
	Ordinary profit (million of yen)	51,188	253,448	12,424	19,104	18,323	10,031
	Net income (millions of yen)	50,505	252,228	38,435	15,417	13,201	6,352
	Net income per share (yen)	3,704.49	38,302.88	5,646.36	52.49	42.37	20.56
	Dividend per share (yen) (*4)	3,000	3,000	—	12.00	12.00	—
	Stockholders' equity per share (yen)	232,550.74	257,487.78	268,549.24	345.25	402.58	413.29

(*1)SMBC Friend Securities announced its most recent financial results, as of March 2006, today. However, in light of time constraints, SMBC Friend Securities listed its financial results as of September 2005 for purposes of the above overview.

(*2)SMBC Friend Securities is a consolidated subsidiary of SMFG.

(*3)SMFG's capital stock is currently 1,420,877 millions of yen.

(*4)Principal shareholders and dividend per share of common stock