

Kansai Urban Banking Corporation
(Code: 8545)
Biwako Bank, Ltd.
(Code: 8552)
Sumitomo Mitsui Banking Corporation

Basic Agreement on Merger between
Kansai Urban Banking Corporation and Biwako Bank, Ltd.

OSAKA, March 13, 2009 --- Kansai Urban Banking Corporation (KUBC, President: Koji Kita), Biwako Bank, Ltd. (President: Osamu Yamada) and Sumitomo Mitsui Banking Corporation (SMBC, President: Masayuki Oku) are pleased to announce that KUBC and Biwako Bank have reached a basic agreement on their merger based on the spirit of equal partnership (hereinafter the “Merger,” and the company formed by the merger will be referred to as the “Merged Bank”).

1. Objectives of the Merger

Amid the global recession that has further depressed local economies, regional financial institutions need to enhance their management soundness to fulfill more stable financial functions. Furthermore, stronger operational bases, improved profitability as well as offering of diverse and sophisticated financial services have been increasingly required of such institutions to deal with changes in the business environment and to sustain stable growth.

With the awareness of such business environment, KUBC and Biwako Bank have reached a basic agreement to merge, seeking to become a regional bank with top-level financial soundness in the Kansai Area and a broad operating base able to respond to the transition to *Doshusei* (regional government system) in the future.

The Merged Bank looks to its further development in Osaka, a city with a large economy, and, at the same time, focuses on Shiga Prefecture, a market with a sharp population increase and a large number of high net worth residents, as a key operating base for business with individual customers. As a new type of retail regional bank that covers wider areas, the Merged Bank aims to offer small and medium-sized companies as well as individual customers with enhanced satisfaction with our financial services and to contribute to the development of the regional economies by capitalizing on SMBC Group’s sophisticated financial know-how.

Moreover, SMBC regards the Merged Bank to be one of its core group members. It will leveraging its strengths as a comprehensive financial services group and collaborate with the Merged Bank to offer higher-than-ever satisfaction to a wider range of customers in the Kansai Area including Shiga Prefecture.

2. Outline of the Merger

(1) Targeted Date of Merger: March 1, 2010

(2) Surviving Company under the Applicable Laws: KUBC

(3) Location of the Registered Head Office of the Merged Bank:

2-4, Nishi-Shinsaibashi 1-chome, Chuo-ku, Osaka-shi

(4) Other

- Upon separate consultation, the parties will determine the trade name, the merger ratio, the capital and the representative of the Merged Bank as well as other details before the execution of the merger agreement, which is scheduled to take place in November 2009.

- The parties have the policy that the Merged Bank will maintain its listing on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange.

- The organizational headquarters functions of the Merged Bank will be located in Osaka and Shiga.

- The closing of the Merger is subject to approval by resolutions of the general meetings of the shareholders and the permissions, authorizations, etc. of the relevant authorities as required by law or otherwise.

3. Framework for Deliberation on Matters to Come

The parties will promptly establish a “merger preparatory committee” to deliberate on details of the basic terms of the Merger and to develop comprehensive post-Merger strategies.

Also, the parties will establish subcommittees under the merger preparatory committee to deliberate each specialized area such as planning, human resources, marketing, system operations, risk management and compliance, and proceed with the preparations for the Merger.

4. Impact on Earnings

(1) KUBC

There will be no effect on KUBC's results for fiscal 2008 due to the Merger. However, KUBC separately has published the revision of its earnings forecast for fiscal 2008 today (Ref. "Notice concerning Revision of Earnings Forecast and Year-End Dividends Forecast for Fiscal Year 2008"). Regarding earnings forecasts for fiscal 2009 and onward, KUBC will publish them as soon as they are determined.

(2) Biwako Bank

There will be no revision of Biwako Bank's earnings forecast for fiscal 2008 due to the Merger. Regarding earnings forecasts for fiscal 2009 and onward, Biwako Bank will publish them as soon as they are determined.

5. Proposed Schedule up to the Merger

- | | |
|-----------------------------------|---|
| (1) Around November 2009 (target) | Execution of the merger agreement |
| (2) Around January 2010 (target) | Extraordinary shareholders' meeting for approval of the Merger |
| (3) March 1, 2010 (target) | Closing date of the Merger (On four days, excluding non-business days, before the Closing date of the Merger, the stock of Biwako Bank will be delisted from the First Section of the Osaka Securities Exchange. However, the Merged Bank will maintain its listing in the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange.) |

6. Corporate Profile of the two Merging Parties (as of the end of September 2009)

Trade Name	Kansai Urban Banking Corporation	Biwako Bank, Ltd.
Date of Foundation	July 1, 1922	October 2, 1942
Location of Head Office	2-4, Nishi-Shinsaibashi 1-chome, Chuo-ku, Osaka-shi	5-12, Chuo 4-chome, Otsu-shi, Shiga
Name and Title of Representative	Koji Kita, President	Osamu Yamada, President
Description of Business	Banking business	Banking business
Capital stock	JPY 37 billion	JPY 28 billion
Number of Issued and Outstanding Shares	479,348,000 shares	190,813,000 shares
(Breakdown) - Ordinary shares	479,348,000 shares	140,188,000 shares
- Preferred shares	-	50,625,000 shares
Net Assets	JPY 111.3 billion (Consolidated)	JPY 38.7 billion(Consolidated)
Total Assets	JPY 3,488.4 billion (Consolidated)	JPY 1,093.7 billion (Consolidated)
Fiscal Year End	March 31st	March 31st
Number of Employees	1,926 (Consolidated)	936(Consolidated)
Major Shareholders and Shareholding Ratio (ordinary shares)	Sumitomo Mitsui Banking Corporation (42.16%) Ginsen Co., Ltd. (7.11%) QUOQ Inc. (5.70%) Sumitomo Mitsui Card Co., Ltd. (3.71%) The Taiyo Fund L.P. (3.62%) Sumitomo Mitsui Finance and Leasing Co., Ltd. (3.07%)	Biwako Bank Employees' Shareholding Association (3.88%) Ginsen Co., Ltd. (3.76%) Sumitomo Mitsui Banking Corporation (3.74%) The Towa Bank, Ltd. (2.67%) Japan Trustee Services Bank, Ltd. (trust account) (2.62%)

7. Results of the Merging Parties for the Most Recent Three Accounting Periods (JPY millions)

Fiscal Year Ended	Kansai Urban Banking Corporation (Consolidated)			Biwako Bank, Ltd. (Consolidated)		
	March 2006	March 2007	March 2008	March 2006	March 2007	March 2008
Ordinary Income	81,443	99,990	112,619	30,350	31,524	33,012
Ordinary Profit	13,779	23,039	18,866	3,706	4,330	4,728
Net Income	6,718	10,552	13,055	4,881	5,853	3,466
BIS Capital Ratio (Domestic standards)	9.31%	9.92%	9.63%	8.49%	9.41%	9.57%

END