I. Operating and Financial Review

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2009 (Fiscal 2008)

(1) Operating Results

SMFG designated fiscal 2008 as the year for "taking a step forward, while coping with uncertainty in business environment" and continued to focus on implementing its two strategic initiatives: "strengthening targeted growth business areas" and "fortifying the platform for supporting sustainable growth."

In fiscal 2008, Ordinary income decreased 23.2% year over year to ¥3,552.8 billion. This was attributable mainly to a decrease in interest income from a decrease in interest on loans and bills discounts arising from the global credit expansion. Fees and commissions declined also due to a decrease in sale of investment trusts amid the slumping stock market. In addition, other operating income decreased because of a change in lease accounting on non-transfer ownership finance lease transactions.

Ordinary expenses decreased 7.5% year over year to ¥3,507.5 billion. Although other operating expenses decreased due to the foregoing change in lease accounting, other expenses increased due to impairment loss on stocks from a sharp decline in stock prices, an increase in credit cost resulting from the rapid global economic downturn, and additional loss provisions in preparation for further economic deterioration.

As a result, Ordinary profit was ¥45.3 billion, a year-on-year decrease of ¥785.8 billion.

Net loss was ¥373.4 billion, compared with ¥461.5 billion in Net income in fiscal 2007, mainly because of recording of "gains on change in equity due to merger of subsidiaries" as extraordinary gains in fiscal 2007 and more conservative calculation of deferred tax assets in fiscal 2008.

(2) Segment Information

The breakdown of Total assets and Ordinary income before elimination of internal transactions is as follows:

By business

Ordinary income		
Banking business	72%	(up 7 points from the previous fiscal year)
Leasing business	9%	(down 11 points)
Other business	19%	(up 4 points)
Total assets		
Banking business	91%	(down 1 point from the previous fiscal year-end)
Leasing business	2%	(down 0 point)
Other business	7%	(up 1 point)

By Region

Ordinary income		
Japan	79%	(down 4 points from the previous fiscal year)
The Americas	8%	(up 1 point)
Europe and Middle East	7%	(up 2 points)
Asia and Oceania	6%	(up 1 point)
Total assets		
Japan	83%	(down 1 point from the previous fiscal year-end)
The Americas	8%	(up 1 point)
Europe and Middle East	5%	(up 1 point)
Asia and Oceania	4%	(down 1 point)

(3) Earnings Forecast

SMFG has designated fiscal 2009 as the year establishing the next foundation for future growth while continuing to strengthen businesses consistent with the principles on the keyword "follow the basics."

As for earnings forecast on a consolidated basis, Ordinary income, Ordinary profit and Net income are expected to amount to ¥3,400 billion, ¥510 billion, and ¥220 billion, respectively.

On a non-consolidated basis, Operating income, Operating profit, Ordinary profit and Net income are expected to amount to ¥130 billion, ¥120 billion, ¥100 billion, and ¥100 billion, respectively.

2. Consolidated Financial Position as of March 31, 2009

(1) Assets and Liabilities

Deposits were ¥75,569.4 billion, an year-over-year increase of ¥2,878.8 billion and Negotiable certificates of deposit were ¥7,461.2 billion, an increase of ¥4,383.1 billion.

Loans and bills discounted were ¥65,135.3 billion, an increase of ¥2,990.4 billion mainly because of a proactive response to demand for bank loans in Japan and overseas.

Total assets were ¥119,637.2 billion, an increase of ¥7,681.3 billion.

(2) Net Assets

Stockholders' equity was to ¥2,599.1 billion, an year-over-year decrease of ¥496.1 billion, as a result of recording of net loss. In addition, net unrealized losses on other securities were ¥14.6 billion as of March 31, 2009, compared with net unrealized gains of ¥550.6 billion as of March 31, 2008. As a result, Net assets decreased ¥612.3 billion year over year to ¥4,611.7 billion.

(3) Cash Flows

SMFG generated ¥7,368.0 billion of "Cash flows from operating activities," used ¥6,639.2 billion of "Cash flows from investing activities," and generated ¥352.6 billion of "Cash flows from financing activities."

Consequently, Cash and cash equivalents amounted to ¥3,800.8 billion, an increase of ¥1,064.1 billion.

(4) Capital Ratio (preliminary)

Capital ratio was 11.47% on a consolidated basis.

3. Dividend Policy and Dividends for the Fiscal Year Ended March 31, 2009 and for the Fiscal Year Ending March 31, 2010

SMFG has a basic policy of steadily increasing returns to shareholders through the sustainable growth of its enterprise value, while enhancing its capital to maintain financial soundness in consideration of its public nature as a bank holding company. Under its "LEAD THE VALUE" medium-term management plan, SMFG aims to realize a payout ratio of over 20% on a consolidated net income basis from the viewpoint of increasing returns to shareholders.

In the fiscal year ended March 31, 2009, SMFG recorded a net loss due mainly to the turmoil in the financial markets, a sharp decline in stock markets and a rapid global economic downturn, and has regrettably decided to pay the following year-end dividends on common stock. Dividends on preferred stock will be paid as prescribed.

Common stock:		
Year-end dividends	¥20 per share	
Annual (including interim dividend of ¥70 per share) *	¥90	(year-on-year decrease by ¥30)
Preferred stock (type 4):		
Year-end dividends	¥ 67,500	
Annual (including interim dividend of ¥67,500 per share)	¥135,000	
Preferred stock (type 6):		
Year-end dividends	¥44,250	
Annual (including interim dividend of ¥44,250 per share)	¥88,500	

* Annual dividend per share reflects the January 4, 2009 100-for-1 stock split.

Based on its current earnings forecast and dividend payout ratio as well as its policy of maintaining stable dividends, SMFG expects to pay the following annual dividends on common stock for the fiscal year ending March 31, 2010. Dividends on preferred stock are expected to be paid as prescribed.

Common stock:	Annual	¥90 per share	(same as the previous year)
	Interim	¥45	
Preferred stock (type 4):	Annual	¥135,000	
	Interim	¥67,500	
Preferred stock (type 6):	Annual	¥88,500	
	Interim	¥44,250	