

Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

March 31	Millions of yen	
	2009	2008
Domestic operations:		
Loans on notes	¥ 1,932,245	¥ 2,061,876
Loans on deeds	37,914,257	35,965,609
Overdrafts	9,780,746	9,622,647
Bills discounted	216,066	285,790
Subtotal	¥49,843,316	¥47,935,924
International operations:		
Loans on notes	¥ 454,926	¥ 491,480
Loans on deeds	9,853,939	8,421,557
Overdrafts	88,613	97,013
Bills discounted	470	11,837
Subtotal	¥10,397,950	¥ 9,021,889
Total	¥60,241,266	¥56,957,813

Average Balance

Year ended March 31	Millions of yen	
	2009	2008
Domestic operations:		
Loans on notes	¥ 1,978,289	¥ 2,197,327
Loans on deeds	36,221,243	34,625,555
Overdrafts	10,094,088	9,572,162
Bills discounted	240,653	280,843
Subtotal	¥48,534,275	¥46,675,889
International operations:		
Loans on notes	¥ 502,065	¥ 530,865
Loans on deeds	9,559,202	6,935,439
Overdrafts	132,123	96,039
Bills discounted	3,124	10,702
Subtotal	¥10,196,514	¥ 7,573,047
Total	¥58,730,789	¥54,248,936

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Loans and Bills Discounted, Classified by Purpose

March 31	Millions of yen			
	2009		2008	
Funds for capital investment	¥21,398,268	35.5%	¥20,934,771	36.8%
Funds for working capital	38,842,997	64.5	36,023,042	63.2
Total	¥60,241,266	100.0%	¥56,957,813	100.0%

Breakdown of Loans and Bills Discounted, Classified by Collateral

March 31	Millions of yen	
	2009	2008
Securities	¥ 496,562	¥ 670,902
Commercial claims	974,977	1,124,816
Commercial goods	—	—
Real estate	6,700,496	6,834,925
Others	527,776	648,222
Subtotal	8,699,811	9,278,868
Guaranteed	21,371,798	21,143,991
Unsecured	30,169,656	26,534,953
Total	¥60,241,266	¥56,957,813

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2009	2008
One year or less	¥ 9,736,533	¥ 9,041,643
One — three years	9,926,623	8,589,738
Floating interest rates	7,543,515	6,813,129
Fixed interest rates	2,383,107	1,776,609
Three — five years	8,815,570	8,610,480
Floating interest rates	6,797,016	6,770,462
Fixed interest rates	2,018,554	1,840,018
Five — seven years	3,470,099	3,565,191
Floating interest rates	2,629,283	2,823,756
Fixed interest rates	840,816	741,434
More than seven years	18,423,079	17,431,098
Floating interest rates	17,261,520	16,482,691
Fixed interest rates	1,161,559	948,407
No designated term	9,869,360	9,719,661
Floating interest rates	9,869,360	9,719,661
Fixed interest rates	—	—
Total	¥60,241,266	¥56,957,813

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

Balance of Loan Portfolio, Classified by Industry

March 31	Millions of yen			
	2009		2008	
Domestic offices:				
Manufacturing	¥ 6,632,207	12.9%	¥ 5,284,513	10.8%
Agriculture, forestry, fisheries and mining	143,591	0.3	138,440	0.3
Construction	1,088,910	2.1	1,153,752	2.4
Transportation, communications and public enterprises	3,208,281	6.3	2,891,612	5.9
Wholesale and retail	4,632,637	9.0	4,902,333	10.0
Finance and insurance	5,967,376	11.7	6,083,560	12.4
Real estate	6,222,052	12.1	6,310,993	12.9
Services	5,260,544	10.3	5,453,700	11.2
Municipalities	970,577	1.9	780,942	1.6
Others	17,115,639	33.4	15,877,739	32.5
Subtotal	¥51,241,816	100.0%	¥48,877,589	100.0%
Overseas offices:				
Public sector	¥ 25,567	0.3%	¥ 19,835	0.3%
Financial institutions	524,236	5.8	679,195	8.4
Commerce and industry	7,708,512	85.7	6,790,929	84.0
Others	741,134	8.2	590,262	7.3
Subtotal	¥ 8,999,450	100.0%	¥ 8,080,224	100.0%
Total	¥60,241,266	—	¥56,957,813	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches). Overseas operations comprise the operations of SMBC's overseas branches.

2. Japan offshore banking accounts are included in overseas offices' accounts.

Loans to Individuals/Small and Medium-Sized Enterprises

March 31	Millions of yen	
	2009	2008
Total domestic loans (A)	¥51,241,816	¥48,877,589
Loans to individuals, and small and medium-sized enterprises (B)	35,667,854	36,129,519
(B) / (A)	69.6%	73.9%

Notes: 1. The figures above exclude the outstanding balance of loans at overseas branches and of Japan offshore banking accounts.

2. Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Consumer Loans Outstanding

March 31	Millions of yen	
	2009	2008
Consumer loans	¥15,002,856	¥14,581,772
Housing loans	14,077,130	13,647,753
Residential purpose	10,509,845	10,033,842
Others	925,726	934,018

Note: Housing loans include general-purpose loans used for housing purposes as well as housing loans and apartment house acquisition loans.

Breakdown of Reserve for Possible Loan Losses

Year ended March 31, 2009	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses	¥428,663 [2,256]	¥506,649	¥ —	¥428,663*	¥506,649
Specific reserve for possible loan losses	188,975 [109]	284,818	86,503	102,471*	284,818
For nonresident loans	28,307 [86]	71,309	15,005	13,301*	71,039
Loan loss reserve for specific overseas countries	0	417	—	0*	417
Total	¥617,639 [2,365]	¥791,885	¥86,503	¥531,135	¥791,885
Amount of direct reduction	¥332,924 [886]				¥479,484

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Year ended March 31, 2008	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses	¥527,819 [2,987]	¥430,919	¥ —	¥527,819*	¥430,919
Specific reserve for possible loan losses	144,800 [23]	189,084	47,319	97,481*	189,084
For nonresident loans	12,670 [19]	28,394	6,034	6,636*	28,394
Loan loss reserve for specific overseas countries	1,941	0	—	1,941*	0
Total	¥674,562 [3,011]	¥620,004	¥47,319	¥627,242	¥620,004
Amount of direct reduction	¥295,552 [2,762]				¥333,811

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Write-Off of Loans

Year ended March 31	Millions of yen	
	2009	2008
Write-off of loans	¥231,412	¥121,801

Note: Write-off of loans include amount of direct reduction.

Specific Overseas Loans

March 31	Millions of yen	
	2009	2008
Ukraine.....	¥3,456	¥—
Iceland.....	1,160	—
Pakistan	64	—
Argentina.....	4	4
Total	¥4,686	¥ 4
Ratio of the total amounts to total assets	0.00%	0.00%
Number of countries.....	4	1

Risk-Monitored Loans

	Millions of yen	
March 31	2009	2008
Bankrupt loans	¥ 196,062	¥ 48,734
Non-accrual loans	744,692	437,699
Past due loans (3 months or more)	32,549	23,747
Restructured loans	163,753	260,405
Total	¥1,137,058	¥770,587
Amount of direct reduction	¥ 419,511	¥291,246

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Law

	Millions of yen	
March 31	2009	2008
Bankrupt and quasi-bankrupt assets	¥ 319,627	¥ 117,757
Doubtful assets	678,240	402,028
Substandard loans	196,303	284,153
Total of problem assets	1,194,170	803,939
Normal assets	66,028,576	63,928,140
Total	¥67,222,747	¥64,732,080
Amount of direct reduction	¥ 479,484	¥ 333,811

Notes: Definition of problem asset categories

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Law (Law No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Law. Assets in question include private placement bonds, loans and bills discounted, foreign exchanges, accrued interest, and advance payment in "other assets," customers' liabilities for acceptance and guarantees, and securities lent under the loan for consumption or leasing agreements.

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above

Problem Assets Based on the Financial Reconstruction Law, and Risk-Monitored Loans

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law		Risk-monitored loans		Other assets	
	Total loans	Other assets	Total loans			
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	Ⓒ		
Effectively Bankrupt Borrowers			Non-accrual loans			
Potentially Bankrupt Borrowers	Doubtful assets		Past due loans (3 months or more)			
Borrowers Requiring Caution	Substandard loans		Restructured loans			
Normal Borrowers	(Normal assets)					
	(A)		(B)	=	(C)	

Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves

March 31, 2009			(Billions of yen)					
Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law	Classification under self-assessment				Reserve for possible loan losses	Reserve ratio	
		Classification I	Classification II	Classification III	Classification IV			
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥319.6	Portion of claims secured by collateral or guarantees, etc. (5) ¥296.9	Fully reserved ¥22.7	Direct write-offs (Note 1)	Specific reserve	¥34.4 (Note 2)	100% (Note 3)	
Effectively Bankrupt Borrowers								
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥678.3	Portion of claims secured by collateral or guarantees, etc. (6) ¥299.4	Necessary amount reserved ¥378.9			¥250.4 (Note 2)	66.09% (Note 3)	
Borrowers Requiring Caution	Substandard loans (3) ¥196.3	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥91.2			General reserve	General reserve for substandard loans ¥56.1	53.76% (Note 3)	13.09% (Note 3)
	(Claims to substandard borrowers)							
	Normal assets ¥66,028.5	Claims to borrowers requiring caution, excluding claims to substandard borrowers				¥506.7	5.94% [10.47%] (Note 4)	
Normal Borrowers		Claims to normal borrowers					0.27% (Note 4)	
Loan loss reserve for specific overseas countries						¥0.4		
Total (4) ¥67,222.7		NPL ratio (A) / (4) 1.78% (Note 5)		Total reserve for possible loan losses (B) Specific reserve + General reserve for substandard loans		¥791.9	Reserve ratio (B) / (D) 67.27% (Note 6)	
(A) = (1) + (2) + (3) ¥1,194.2		Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥687.5		Unsecured portion (D) = (A) – (C) ¥506.7		¥340.9		
Coverage ratio { (B) + (C) } / (A)						86.11%		

Notes: 1. Includes amount of direct reduction totaling ¥479.5 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥11.7 billion; Potentially Bankrupt Borrowers: ¥7.3 billion)

3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.

4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.

5. Ratio of problem assets to total assets subject to the Financial Reconstruction Law

6. Reserve ratio = (Specific reserve + General reserve for substandard loans) / (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans - Portion secured by collateral or guarantees, etc.)

Off-Balancing Problem Assets

	Billions of yen						
	March 31, 2007			March 31, 2008			March 31, 2009
	①	New occurrences	Off-balanced	②	New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets	¥108.9	¥ 71.8	¥ (62.9)	¥117.8	¥265.7	¥ (63.9)	¥319.6
Doubtful assets	300.1	382.9	(281.0)	402.0	659.0	(382.7)	678.3
Total	¥409.0	¥454.7	¥(343.9)	¥519.8	¥924.7	¥(446.6)	¥997.9
				Increase/ Decrease ② - ①			Increase/ Decrease ③ - ②
Bankrupt and quasi-bankrupt assets				¥ 8.9			¥201.8
Doubtful assets				101.9			276.3
Total				¥110.8			¥478.1

Notes: 1. The off-balancing (also known as "final disposal") of problem assets refers to the removal of such assets from the bank's balance sheet by way of sale, direct write-off or other means.

2. The figures shown in the above table under "new occurrences" and "off-balanced" are simple additions of the figures for the first and second halves of the two periods reviewed. Amounts of ¥84.7 billion for fiscal 2007 and ¥201.2 billion in fiscal 2008, recognized as "new occurrences" in the first halves of the terms, were included in the amounts off-balanced in the respective second halves.