

Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

March 31	Millions of yen	
	2010	2009
Domestic operations:		
Loans on notes	¥ 1,472,451	¥ 1,932,245
Loans on deeds	38,069,787	37,914,257
Overdrafts	8,202,796	9,780,746
Bills discounted	152,782	216,066
Subtotal	¥47,897,818	¥49,843,316
International operations:		
Loans on notes	¥ 416,026	¥ 454,926
Loans on deeds	8,223,003	9,853,939
Overdrafts	82,210	88,613
Bills discounted	—	470
Subtotal	¥ 8,721,240	¥10,397,950
Total	¥56,619,058	¥60,241,266

Average Balance

Year ended March 31	Millions of yen	
	2010	2009
Domestic operations:		
Loans on notes	¥ 1,720,223	¥ 1,978,289
Loans on deeds	38,993,305	36,221,243
Overdrafts	8,969,237	10,094,088
Bills discounted	160,676	240,653
Subtotal	¥49,843,442	¥48,534,275
International operations:		
Loans on notes	¥ 444,610	¥ 502,065
Loans on deeds	8,704,843	9,559,202
Overdrafts	91,980	132,123
Bills discounted	104	3,124
Subtotal	¥ 9,241,539	¥10,196,514
Total	¥59,084,981	¥58,730,789

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			
	2010		2009	
Funds for capital investment	¥21,487,115	38.0%	¥21,398,268	35.5%
Funds for working capital	35,131,942	62.0	38,842,997	64.5
Total	¥56,619,058	100.0%	¥60,241,266	100.0%

Balance of Loans and Bills Discounted, Classified by Collateral

March 31	Millions of yen	
	2010	2009
Securities	¥ 562,243	¥ 496,562
Commercial claims	996,719	974,977
Commercial goods	—	—
Real estate	6,895,988	6,700,496
Others	603,538	527,776
Subtotal	9,058,490	8,699,811
Guaranteed	21,075,681	21,371,798
Unsecured	26,484,887	30,169,656
Total	¥56,619,058	¥60,241,266

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2010	2009
One year or less	¥ 8,933,280	¥ 9,736,533
One — three years	9,765,902	9,926,623
Floating interest rates	7,597,080	7,543,515
Fixed interest rates	2,168,821	2,383,107
Three — five years	7,973,882	8,815,570
Floating interest rates	6,035,859	6,797,016
Fixed interest rates	1,938,023	2,018,554
Five — seven years	2,479,598	3,470,099
Floating interest rates	2,035,407	2,629,283
Fixed interest rates	444,190	840,816
More than seven years	19,181,387	18,423,079
Floating interest rates	18,171,664	17,261,520
Fixed interest rates	1,009,722	1,161,559
No designated term	8,285,006	9,869,360
Floating interest rates	8,285,006	9,869,360
Fixed interest rates	—	—
Total	¥56,619,058	¥60,241,266

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		March 31	Millions of yen	
	2010			2009	
Domestic operations:			Domestic operations:		
Manufacturing	¥ 6,308,200	12.7%	Manufacturing	¥ 6,632,207	12.9%
Agriculture, forestry, fisheries and mining	146,765	0.3	Agriculture, forestry, fisheries and mining	143,591	0.3
Construction	897,987	1.8	Construction	1,088,910	2.1
Transportation, communications and public enterprises	3,067,711	6.2	Transportation, communications and public enterprises	3,208,281	6.3
Wholesale and retail	4,061,267	8.2	Wholesale and retail	4,632,637	9.0
Finance and insurance	5,907,426	11.9	Finance and insurance	5,967,376	11.7
Real estate, goods rental and leasing	6,809,580	13.8	Real estate	6,222,052	12.1
Services	3,769,330	7.6	Services	5,260,544	10.3
Municipalities	984,186	2.0	Municipalities	970,577	1.9
Others	17,573,287	35.5	Others	17,115,639	33.4
Subtotal	¥49,525,741	100.0%	Subtotal	¥51,241,816	100.0%
Overseas operations:			Overseas operations:		
Public sector	¥ 21,320	0.3%	Public sector	¥ 25,567	0.3%
Financial institutions	484,892	6.8	Financial institutions	524,236	5.8
Commerce and industry	6,026,280	85.0	Commerce and industry	7,708,512	85.7
Others	560,823	7.9	Others	741,134	8.2
Subtotal	¥ 7,093,316	100.0%	Subtotal	¥ 8,999,450	100.0%
Total	¥56,619,058	—	Total	¥60,241,266	—

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 operations' accounts.

3. In accordance with the revision of the Japan Standard Industrial Classification (in November 2007), from the fiscal year beginning on April 1, 2009, the sector classification has been partly changed. "Goods rental and leasing" is included in others in fiscal 2008.

Loans to Individuals/Small and Medium-Sized Enterprises

March 31	Millions of yen	
	2010	2009
Total domestic loans (A)	¥49,525,741	¥51,241,816
Loans to individuals, and small and medium-sized enterprises (B)	34,457,098	35,667,854
(B) / (A)	69.6%	69.6%

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	
	2010	2009
Consumer loans	¥15,400,531	¥15,002,856
Housing loans	14,497,508	14,077,130
Residential purpose	11,010,697	10,509,845
Others	903,023	925,726

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, 2010	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	¥504,379	¥497,582	¥ —	¥506,310*1, 2	¥495,650
	[2,270]				
Specific reserve for possible loan losses	284,799	267,351	109,562	180,245*1, 2	262,343
	[18]				
For nonresident loans	71,028	35,393	35,048	40,988*1, 2	30,385
	[10]				
Loan loss reserve for specific overseas countries ...	417	184	—	417*1	184
Total	¥789,596	¥765,118	¥109,562	¥686,973	¥758,178
	[2,288]				
Amount of direct reduction	¥477,529				¥478,042
	[1,954]				

*1 Transfer from reserves by reversal or origination method

*2 "Others" under "Decrease during the fiscal year" include the amount transferred to Sumitomo Mitsui Banking Corporation (China) Limited in connection with a business transfer. The transferred amount comprises ¥1,931 million for the general reserve for possible loan losses and ¥5,008 million for the specific reserve for possible loan losses for nonresident loans.

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

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	¥506,649	¥ —	¥428,663*	¥506,649
	[2,256]				
Specific reserve for possible loan losses	188,975	284,818	86,503	102,471*	284,818
	[109]				
For nonresident loans	28,307	71,309	15,005	13,301*	71,039
	[86]				
Loan loss reserve for specific overseas countries ...	0	417	—	0*	417
Total	¥617,639	¥791,885	¥86,503	¥531,135	¥791,885
	[2,365]				
Amount of direct reduction	¥332,924				¥479,484
	[886]				

*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	
	2010	2009
Write-off of loans	¥102,663	¥231,412

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

Specific Overseas Loans

March 31	Millions of yen	
	2010	2009
Ukraine	¥ 160	¥3,456
Iceland	1,112	1,160
Pakistan	61	64
Argentina	4	4
Total	¥1,339	¥4,686
Ratio of the total amounts to total assets	0.00%	0.00%
Number of countries	4	4

Risk-Monitored Loans

	Millions of yen	
March 31	2010	2009
Bankrupt loans	¥ 112,973	¥ 196,062
Non-accrual loans	776,364	744,692
Past due loans (3 months or more)	22,889	32,549
Restructured loans	155,790	163,753
Total	¥1,068,017	¥1,137,058
Amount of direct reduction.....	¥ 411,715	¥ 419,511

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	2010	2009
Bankrupt and quasi-bankrupt assets	¥ 224,335	¥ 319,627
Doubtful assets	697,670	678,240
Substandard loans	178,679	196,303
Total of problem assets	1,100,685	1,194,170
Normal assets	62,116,059	66,028,576
Total	¥63,216,745	¥67,222,747
Amount of direct reduction.....	¥ 478,042	¥ 479,484

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 acceptances and guarantees, and securities lent under the loan for consumption or leasing agreements.

Privately-placed bonds guaranteed by SMBC have been recorded with fair value since March 31, 2010, in accordance with the revision of "Accounting Standard for Financial Instruments."

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		
	Total loans	Other assets	Total loans	Other assets	
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	<div>©</div>	
Effectively Bankrupt Borrowers			Non-accrual loans		
Potentially Bankrupt Borrowers			Past due loans (3 months or more)		
Borrowers Requiring Caution	Doubtful assets	Restructured loans			
Normal Borrowers	Substandard loans				
	(Normal assets)				
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Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves

March 31, 2010

March 31, 2010				(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) ¥224.3	Portion of claims secured by collateral or guarantees, etc. (5) ¥206.0	Fully reserved ¥18.3	Direct write-offs (Note 1)	Specific reserve	¥24.4 (Note 2)	100% (Note 3)	
Effectively Bankrupt Borrowers								
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥697.7	Portion of claims secured by collateral or guarantees, etc. (6) ¥415.7	Necessary amount reserved ¥282.0		General reserve	¥221.6 (Note 2)	78.58% (Note 3)	
Borrowers Requiring Caution	Substandard loans (3) ¥178.7 (Claims to substandard borrowers)	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥75.9						53.50% (Note 3)
	Normal assets ¥62,116.0	Claims to borrowers requiring caution, excluding claims to substandard borrowers				¥512.0 (Note 5)	7.30% [14.37%] (Note 4)	0.24% (Note 4)
Normal Borrowers		Claims to normal borrowers						
					Loan loss reserve for specific overseas countries	¥0.1		
Total (4) ¥63,216.7		NPL ratio(A) / (4) 1.74% (Note 6)	Total reserve for possible loan losses (B) Specific reserve + General reserve for substandard loans		¥758.1	Reserve ratio (B) / (D) 74.22% (Note 7)		
(A) = (1) + (2) + (3) ¥1,100.7		Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥697.6	Unsecured portion (D) = (A) – (C) ¥403.1		¥299.2			
					Coverage ratio { (B) + (C) } / (A)	90.56%		

Notes: 1. Includes amount of direct reduction totaling ¥478.0 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥6.0 billion; Potentially Bankrupt Borrowers: ¥11.6 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. Includes amount of specific reserve for Borrowers Requiring Caution totaling ¥16.3 billion.

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

7. Reserve ratio = (Specified 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, 2008	Fiscal 2008		March 31, 2009	Fiscal 2009		March 31, 2010
	①	New occurrences	Off-balanced	②	New occurrences	Off-balanced	③
Bankrupt and quasi-bankrupt assets...	¥117.8	¥265.7	¥ (63.9)	¥319.6	¥ 86.1	¥(181.4)	¥224.3
Doubtful assets	402.0	659.0	(382.7)	678.3	529.3	(509.9)	697.7
Total	¥519.8	¥924.7	¥(446.6)	¥997.9	¥615.4	¥(691.3)	¥922.0
				Increase/ Decrease ② – ①			Increase/ Decrease ③ – ②
Bankrupt and quasi-bankrupt assets...				¥201.8			¥(95.3)
Doubtful assets				276.3			19.4
Total				¥478.1			¥(75.9)

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 2 periods reviewed. Amounts of ¥201.2 billion for fiscal 2008 and ¥179.6 billion in fiscal 2009, recognized as "new occurrences" in the first halves of the terms, were included in the amounts off-balanced in the respective second halves.