

15. Problem Assets Based on the Financial Reconstruction Law and the Coverage

<SMBC Non-consolidated>

(Millions of yen, %)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Bankrupt and quasi-bankrupt assets	108,893	(55,617)	164,510
Doubtful assets	300,097	(173,312)	473,409
Substandard loans	329,677	7,502	322,175
Total (A)	738,667	(221,428)	960,095
Normal assets	60,542,238	4,557,301	55,984,937
Total (B)	61,280,906	4,335,874	56,945,032
Problem asset ratio (A/B)	1.2	(0.5)	1.7

Amount of direct reduction 298,314 (305,308) 603,622

(Note) Problem Assets Based on the Financial Reconstruction Law include loans, acceptances and guarantees, suspense payments, and other credit-type assets.

Privately-placed bonds guaranteed by SMBC has newly been included in Problem Assets since March 31, 2007, because of the amendment of Ordinance for Enforcement of The Law concerning Emergency Measures the Revitalization of the Financial Functions.

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Total coverage (C)	586,681	(286,783)	873,464
Reserve for possible loan losses* (D)	243,703	(112,434)	356,137
Amount recoverable due to guarantees, collateral and others (E)	342,977	(174,350)	517,327

* Sum of general reserve for Substandard loans and specific reserve.

(%)

Coverage ratio (C) / (A)	79.4	(11.6)	91.0
Coverage ratio calculated with total reserve for possible loan losses included in the numerator	138.2	(0.7)	138.9

(%)

Reserve ratio to unsecured assets (D) / (A - E)	61.6	(18.8)	80.4
Reserve ratio calculated with total reserve for possible loan losses included in the numerator	171.2	(13.2)	184.4

<Consolidated>

(Millions of yen, %)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Bankrupt and quasi-bankrupt assets	193,792	(56,309)	250,101
Doubtful assets	384,817	(180,132)	564,949
Substandard loans	506,024	28,619	477,405
Total (A)	1,084,632	(207,825)	1,292,457
Normal assets	64,815,607	4,084,513	60,731,094
Total (B)	65,900,240	3,876,689	62,023,551
Problem asset ratio (A/B)	1.6	(0.5)	2.1

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Total coverage (C)	881,501	(251,420)	1,132,921
Reserve for possible loan losses (D)	281,658	(117,221)	398,879
Amount recoverable due to guarantees, collateral and others (E)	599,843	(134,199)	734,042

(%)

Coverage ratio (C) / (A)	81.3	(6.4)	87.7
Coverage ratio calculated with total reserve for possible loan losses included in the numerator	137.3	0.4	136.9

(%)

Reserve ratio to unsecured assets (D) / (A - E)	58.1	(13.3)	71.4
Reserve ratio calculated with total reserve for possible loan losses included in the numerator	183.4	(2.0)	185.4