

16. Progress in Off-Balancing of Problem Assets <SMBC Non-consolidated>  
(Performance of the first half-year)

(Billions of yen)

	Mar. 31, 2006	Change in the six months ended Sep. 30, 2006	Problem assets newly classified during the six months ended Sep. 30, 2006	Amount of off-balancing	Sep. 30, 2006
Bankrupt and quasi-bankrupt assets	164.5	(28.5)	27.2	(55.7)	136.0
Doubtful assets	473.4	(48.3)	96.7	(145.0)	425.1
Total	637.9	(76.8)	123.9*1	(200.7)	561.1
Result of measures connected to off-balancing*2	112.9				97.0

Breakdown of off-balancing by factor*2		
	Disposition by borrowers' liquidation	(53.2)
Reconstructive disposition --- (a)	(20.1)	
Improvement in debtors' performance due to (a)	(12.2)	
Loan sales to market	(60.5)	
Direct write-offs	64.6	
Others	(119.3)	
	Collection/repayment, etc.	(93.6)
	Improvement in debtors' performance	(25.7)
Total	(200.7)	

## (Performance of the second half-year)

(Billions of yen)

	Sep. 30, 2006	Change in the six months ended Mar. 31, 2007	Problem assets newly classified during the six months ended Mar. 31, 2007	Amount of off-balancing	Mar. 31, 2007
Bankrupt and quasi-bankrupt assets	136.0	(27.1)	29.6	(56.7)	108.9
Doubtful assets	425.1	(125.0)	204.1	(329.1)	300.1
Total	561.1	(152.1)	233.7	(385.8)*1	409.0
Result of measures connected to off-balancing*2	97.0				80.9

Breakdown of off-balancing by factor*3		
	Disposition by borrowers' liquidation	(3.8)
Reconstructive disposition --- (a)	(45.6)	
Improvement in debtors' performance due to (a)	-	
Loan sales to market	(279.7)	
Direct write-offs	143.1	
Others	(199.8)	
	Collection/repayment, etc.	(168.0)
	Improvement in debtors' performance	(31.8)
Total	(385.8)	

(\*1) The amount of Problem assets newly classified during the six months ended Sep. 30, 2006 and off-balanced in the six months ended Mar. 31, 2007 was JPY 78.8 billion.

(\*2) The measures connected to off-balancing are legal reorganizations, measures associated with legal reorganizations, corporate splits to good companies and bad companies, partial direct write-offs of retail exposure to individuals and small- and medium-sized enterprises, and trusts to RCC for the purpose of revitalization which is scheduled to be off-balanced before the maturity.

(\*3) 1. "Disposition by borrowers' liquidation" refers to abandonment or write-off of loans involved in bankruptcy liquidation proceedings (bankruptcy or special liquidations).  
2. "Reconstructive disposition" refers to abandonment of loans involved in rehabilitative bankruptcy proceedings (corporate reorganization, civil rehabilitation, composition and arrangement), debt forgiveness involved in special mediation or other types of civil mediation, or debt forgiveness for restructuring involved in private reorganization.