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

<SMBC Non-consolidated> (Millions of yen, %)

	Sep. 30, 2007			Mar. 31, 2007	Sep. 30, 2006
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Bankrupt and quasi-bankrupt assets	109,278	385	(26,686)	108,893	135,964
Doubtful assets	340,420	40,323	(84,740)	300,097	425,160
Substandard loans	323,949	(5,728)	18,340	329,677	305,609
Total (A)	773,649	34,982	(93,085)	738,667	866,734
Normal assets	61,964,509	1,422,271	3,522,440	60,542,238	58,442,069
Total (B)	62,738,158	1,457,252	3,429,355	61,280,906	59,308,803
Problem asset ratio (A/B)	1.2	0.0	(0.3)	1.2	1.5
Amount of direct reduction	319,472	21,158	(217,520)	298,314	536,992

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

Since fiscal 2006, SMBC has included bank-guaranteed bonds sold through private placements (SMBC guarantees all or part of the principal repayment and interest payment) among the items subject to disclosure as problem assets due to the revision of the Financial Reconstruction Law.

(Millions of yen)

	Sep. 30, 2007			Mar. 31, 2007	Sep. 30, 2006
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Total coverage (C)	620,628	33,947	(137,633)	586,681	758,261
Reserve for possible loan losses* (D)	252,472	8,769	(55,529)	243,703	308,001
Amount recoverable due to guarantees, collateral and others (E)	368,156	25,179	(82,104)	342,977	450,260

<sup>\*</sup> Sum of general reserve for Substandard loans and specific reserve.

					(%)
Coverage ratio (C) / (A)	80.2	0.8	(7.3)	79.4	87.5
Coverage ratio calculated with total reserve for possible loan losses included in the numerator	136.5	(1.7)	(4.5)	138.2	141.0
					(%)
Reserve ratio to unsecured assets (D) / (A - E)	62.3	0.7	(11.7)	61.6	74.0
Reserve ratio calculated with total reserve for possible loan losses included in the numerator	169.7	(1.5)	(15.6)	171.2	185.3

<Consolidated> (Millions of yen, %)

	Sep. 30, 2007			Mar. 31, 2007	Sep. 30, 2006
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Bankrupt and quasi-bankrupt assets	184,654	(9,138)	(32,798)	193,792	217,452
Doubtful assets	437,261	52,444	(78,365)	384,817	515,626
Substandard loans	480,374	(25,650)	28,724	506,024	451,650
Total (A)	1,102,291	17,659	(82,437)	1,084,632	1,184,728
Normal assets	67,502,134	2,686,527	4,523,413	64,815,607	62,978,721
Total (B)	68,604,425	2,704,185	4,440,976	65,900,240	64,163,449
Problem asset ratio (A/B)	1.6	0.0	(0.2)	1.6	1.8

(Millions of ven)

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	Sep. 30, 2007			Mar. 31, 2007	Sep. 30, 2006
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Total coverage (C)	874,982	(6,519)	(141,808)	881,501	1,016,790
Reserve for possible loan losses (D)	298,238	16,580	(52,677)	281,658	350,915
Amount recoverable due to guarantees, collateral and others (E)	576,744	(23,099)	(89,131)	599,843	665,875
Coverage ratio (C) $/$ (A) Coverage ratio calculated with total reserve for possible loan losses included in the numerator	79.4 136.7	(1.9)	(6.4)	81.3 137.3	(%) 85.8 138.8
Reserve ratio to unsecured assets (D) / (A - E) Reserve ratio calculated with total reserve for possible loan losses	56.7	(1.4)	(10.9)		67.6
included in the numerator	177.1	(6.3)	(11.6)	183.4	188.7