

## (Reference 2) Exposure of Securitized Products

- Managerial accounting basis

## 1. Securitized Products

- (1) As of March 31, 2009, the Group held 0.3 billion yen in sub-prime related securitized products and 36.6 billion yen other than sub-prime related products after write-offs and provisions. Those figures exclude Government Sponsored Enterprises ("GSE") etc.
- (2) The amount of loss on securitized products for fiscal year ended March 31, 2009 was 4.6 billion yen for sub-prime related products and 4.2 billion yen for products other than sub-prime, respectively.

## (1) Sub-prime related products

&lt;Consolidated&gt;

(Billions of yen)

		March 31, 2009						March 31, 2008			Ratings of underlying assets, etc.
		Balances (after provisions and write-offs)		Overseas	Net unrealized gains/losses (after write-offs)		Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)		
		Change from Mar. 2008	Change from Mar. 2008		Change from Mar. 2008	Change from Mar. 2008					
	Investments to securitized products	0.3	(4.6)	0.3	(4.6)	-	-	4.9	4.9	-	Speculative ratings
	Warehousing Loans etc.	-	(0.6)	-	(0.6)	-	-	0.6	0.6	-	
	Total	0.3	(5.2)	0.3	(5.2)	-	-	5.5	5.5	-	

(Notes)1. Warehousing loans are loans made based on collateral consisting of securitized investment products held by a special-purpose company established for the purpose of securitization.

2. Ratings shown are the lower of those issued by Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"). Ratings are shown in the ranking employed by S&P.

## (2) Products other than sub-prime related (Excludes GSE etc.)

&lt;Consolidated&gt;

(Billions of yen)

		March 31, 2009						March 31, 2008			Ratings of underlying assets, etc.
		Balances (after provisions and write-offs)		Overseas	Net unrealized gains/losses (after write-offs)		Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)		
		Change from Mar. 2008	Change from Mar. 2008		Change from Mar. 2008	Change from Mar. 2008					
	Cards	4.1	(8.4)	4.1	(8.4)	(0.4)	0.2	12.5	12.5	(0.6)	BBB
	CLO	5.1	(18.8)	5.1	(18.8)	(1.1)	1.9	23.9	23.9	(3.0)	
	Senior	5.0	(17.0)	5.0	(17.0)	(1.1)	1.3	22.0	22.0	(2.4)	AAA
	Equity	0.1	(1.8)	0.1	(1.8)	-	0.6	1.9	1.9	(0.6)	No ratings
	CMBS	20.8	14.8	-	-	(0.2)	(0.2)	6.0	-	0.0	AAA~BBB
	Investments to securitized products	30.0	(12.4)	9.2	(27.2)	(1.7)	1.9	42.4	36.4	(3.6)	
	Warehousing Loans etc.	6.6	0.7	6.6	0.7	-	-	5.9	5.9	-	
Total		36.6	(11.7)	15.8	(26.5)	(1.7)	1.9	48.3	42.3	(3.6)	

(Notes)1. "Senior" means the upper tranche under senior-subordinate structure.

2. Credit ratings are in principle indicated by the lower of S&P ratings and Moody's ratings.

Notation of credit ratings is followed by the notation system of S&P.

3. There is no amount of RMBS (excludes GSE etc.) and ABCP.

4. Excludes GSE and SMBC's exposure to subordinated beneficiaries owned through the securitization of SMBC's loan receivables (see next page for details).

**(Reference 1)****Government Sponsored Enterprises ("GSE") etc.**

&lt;Consolidated&gt;

(Billions of yen)

	March 31, 2009						March 31, 2008			Ratings of underlying assets, etc.
	Balances	Change from Mar. 2008	Overseas	Change from Mar. 2008	Net unrealized gains/losses	Change from Mar. 2008	Balances	Overseas	Net unrealized gains/losses	
GSE etc.	275.2	55.4	275.2	55.4	3.1	4.7	219.8	219.8	(1.6)	AAA

(Notes) 1. GSE etc. includes GNMA, FNMA and FHLMC.

Besides RMBS, SMFG held bonds issued by GSEs (FNMA, FHLMC and Federal Home Loan Banks) of 3.3 billion yen.

2. Credit ratings are in principle indicated by the lower of S&amp;P ratings and Moody's ratings.

Notation of credit ratings is followed by the notation system of S&amp;P.

3. The amount of losses on sales related to GSE etc. in the fiscal year ended March 31, 2009 was 3.1 billion yen.

**(Reference 2)****Subordinated beneficiaries in securitization of SMBC's loans**

Most of the securitized assets are domestic residential mortgage loans with low default rates.

SMBC properly conducts self-assessment and has made the necessary write-offs and provisions for the subordinated beneficiaries.

(Billions of yen)

	March 31, 2009					March 31, 2008			
	Balances	Change from Mar. 2008	Overseas	Subprime-related	Reserve for possible loan losses	Balances	Overseas	Subprime-related	Reserve for possible loan losses
Receivables of residential mortgage loans	250.8	5.3	-	-	-	245.5	-	-	-
Receivables of loans to corporations	7.1	(0.8)	-	-	1.5	7.9	-	-	1.5
Total	257.9	4.5	-	-	1.5	253.4	-	-	1.5

(Notes) 1. No subsidiary other than SMBC has those subordinated beneficiaries mentioned above.

2. Reserves do not include general reserve for possible loan losses for normal borrowers.

**2. Transactions with Monoline Insurance Companies**

Monoline insurance companies guarantee payment on underlying or reference assets. Our recognition of profit or loss on the transactions with monoline insurance companies is basically affected by the credit conditions and prices of underlying or reference assets, and is also affected by the credit conditions of monoline insurance companies.

**(1) Credit derivatives (Credit Default Swap ["CDS"]) transactions with monoline insurance companies**

In CDS<sup>\*1</sup> brokerage transactions, positions are covered through transactions with monoline insurance companies. As of March 31, 2009, the Group's exposure<sup>\*2</sup> to monoline insurance companies totaled approx. 130.0 billion yen.

Reference assets of these CDS transactions are rated investment grade or equivalent, and do not include subprime-related assets.

SMFG recorded loss on such transactions of 4.6 billion yen in the fiscal year ended March 31, 2009.

\*1 Derivatives to hedge credit risks

\*2 Mark-to-market value claimable to monoline insurance companies for net loss of reference assets on the settlement

&lt;Consolidated&gt;

(Billions of yen)

	March 31, 2009			March 31, 2008		March 31, 2009		March 31, 2008
	Net exposure	Change from Mar. 2008	Reserve for possible loan losses	Net exposure	Reserve for possible loan losses	Amount of reference assets	Change from Mar. 2008	Amount of reference assets
Exposure to CDS transactions with monoline insurance companies	132.0	100.9	5.0	31.1	1.9	536.7	(22.4)	559.1

## (2) Loans and investments guaranteed by monoline insurance companies etc.

Underlying assets are those of project finance and local government bonds rated investment grade or equivalent, and include no subprime-related assets. We conduct self-assessment to these loans and investments properly.

&lt;Consolidated&gt;

(Billions of yen)

	March 31, 2009			March 31, 2008	
	Exposure	Change from Mar. 2008	Reserve for possible loan losses	Exposure	Reserve for possible loan losses
Loans and investments guaranteed or insured by monoline insurance companies	12.3	(29.4)	0.0	41.7	0.0

(Reference) In addition, we had approx. 1.5 billion yen in commitment contracts (undrawn) to insurance companies with monoline insurance as group members.

## 3. Leveraged loans

- (1) As of March 31, 2009, the Group's balance of financing for mergers and acquisitions of whole or part of companies was approx. 740 billion yen and undrawn commitments for them was approx. 140 billion yen.
- (2) In providing loans and commitment lines for mergers and acquisitions, we carefully scrutinize stability of cash flow of the borrowers, and, diversify the exposure especially for overseas portfolio in order to reduce concentration risk. At the same time, in credit risk management, we monitor each of such transactions individually, making loss provisions properly, thereby maintaining the quality of both domestic and overseas portfolios.

&lt;Consolidated&gt;

(Billions of yen)

		March 31, 2009				March 31, 2008		
		Loans	Change from Mar.2008	Undrawn commitments	Change from Mar.2008	Reserve for possible loan losses	Loans	Undrawn commitments
	Europe	306.0	(19.4)	34.2	23.2	2.8	325.4	11.0
	Japan	179.9	(52.4)	29.2	11.3	13.4	232.3	17.9
	United States	179.0	(16.4)	70.0	(11.2)	4.1	195.4	81.2
	Asia (excluding Japan)	78.8	(10.8)	3.9	(4.1)	2.3	89.6	8.0
	Total	743.7	(99.0)	137.3	19.2	22.6	842.7	118.1

(Notes)1. Above figures include the amount to be sold of approx. 9 billion yen.

In the fiscal year ended March 31, 2009, we sold leveraged loans of approx. 90 billion yen, and loss on the sale amounted to approx. 20 billion yen.

2. Above figures do not include leveraged loans which are included in underlying assets of "1. securitized products" shown on page 22.

3. Reserves do not include general reserve for possible loan losses against normal borrowers.

#### 4. Asset Backed Commercial Paper (ABCP) Programs as Sponsor

- (1) The Group sponsors issuance of ABCP, whose reference assets are such as clients' receivables, in order to fulfill clients' financing needs.  
Specifically, as a sponsor, we provide services to special purpose vehicles, which are set up for clients' financing needs, for purchase of claims, financing, issuance and sales of ABCPs. We also provide liquidity and credit supports for such special purpose vehicles.
- (2) As of March 31, 2009, the total notional amount of reference assets of sponsored ABCP programs was approx. 710 billion yen. Most of the reference assets are high-grade claims of corporate clients and do not include subprime loan related assets.  
In addition, regarding the exposure of liquidity and credit supports, we properly conduct self-assessment, making provisions and write-offs properly.

(Billions of yen)

Types of reference assets		March 31, 2009					March 31, 2008			Support for programs	
		Notional amount of reference assets	Change from Mar.2008	Overseas	Change from Mar.2008	Reserve for possible loan losses	Notional amount of reference assets	Overseas	Reserve for possible loan losses	Liquidity support	Credit support
	Claims on corporations	659.9	(168.7)	212.3	20.0	-	828.6	192.3	0.1	yes	yes
		-	(65.4)	-	-	-	65.4	-	-	no	no
	Claims on financial institutions	19.7	(20.4)	19.7	(20.4)	-	40.1	40.1	-	yes	yes
	Retail loan claims	28.4	3.3	28.4	3.3	-	25.1	25.1	-	yes	yes
	Other claims	0.6	(1.5)	0.6	(1.5)	-	2.1	2.1	-	yes	yes
Total		708.6	(252.7)	261.0	1.4	-	961.3	259.6	0.1		

(Note) Reserves do not include general reserve for possible loan losses against normal borrowers.

(Reference) In addition, we provide liquidity and credit supports for ABCP programs which are sponsored by other banks.

Total notional amount of reference assets of such programs are approx. 100 billion yen.

#### 5. Others

We have no securities issued by Structured Investment Vehicles.