

(Reference 2) Exposure of Securitized Products

- Managerial accounting basis

1. Securitized Products

- (1) As of September 30, 2010, the Group held 0.1 billion yen for sub-prime related securitized products and 27.1 billion yen other than sub-prime related products after write-offs and provisions. Those figures exclude Government Sponsored Enterprises ("GSE") etc.
- (2) No loss was recorded on securitized products in the first half of FY3/2011.

(1) Sub-prime related products

<Consolidated>

(Billions of yen)

	September 30, 2010						March 31, 2010			Ratings of underlying assets etc.
	Balances (after provisions and write-offs)	Change from Mar. 31, 2010	Overseas	Change from Mar. 31, 2010	Net unrealized gains/losses (after write-offs)	Change from Mar. 31, 2010	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
Investments to securitized products	0.1	(0.0)	0.1	(0.0)	0.2	0.2	0.1	0.1	0.0	Speculative ratings
Total	0.1	(0.0)	0.1	(0.0)	0.2	0.2	0.1	0.1	0.0	

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

<Consolidated>

(Billions of yen)

	September 30, 2010						March 31, 2010			Ratings of underlying assets etc.
	Balances (after provisions and write-offs)	Change from Mar. 31, 2010	Overseas	Change from Mar. 31, 2010	Net unrealized gains/losses (after write-offs)	Change from Mar. 31, 2010	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
Cards	2.6	2.6	2.6	2.6	0.0	0.0	-	-	-	BBB
CLO	2.1	(0.8)	2.1	(0.8)	0.6	0.1	2.9	2.9	0.5	
Senior	2.0	(0.8)	2.0	(0.8)	(0.1)	0.1	2.8	2.8	(0.2)	AAA~AA
Equity	0.1	(0.0)	0.1	(0.0)	0.7	0.0	0.1	0.1	0.7	No ratings
CMBS	12.8	(0.8)	-	-	0.1	0.1	13.6	-	0.0	AAA~BBB
RMBS	9.6	9.6	-	-	0.0	0.0	-	-	-	AAA
Investments to securitized products	27.1	10.6	4.7	1.8	0.7	0.2	16.5	2.9	0.5	
Total	27.1	10.6	4.7	1.8	0.7	0.2	16.5	2.9	0.5	

(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 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.**

<Consolidated>

	September 30, 2010						March 31, 2010			Ratings of underlying assets, etc.
	Balances	Change from Mar. 31, 2010	Overseas	Change from Mar. 31, 2010	Net unrealized gains/losses	Change from Mar. 31, 2010	Balances	Overseas	Net unrealized gains/losses	
GSE etc.	79.1	43.2	79.1	43.2	0.5	0.3	35.9	35.9	0.2	AAA

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

Besides RMBS, SMFG held bonds issued by GSEs (FNMA and FHLMC) of 0.1 billion yen.

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.

(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)

	September 30, 2010					March 31, 2010			
	Balances	Change from Mar. 31, 2010	Overseas	Subprime-related	Reserve for possible loan losses	Balances	Overseas	Subprime-related	Reserve for possible loan losses
Receivables of residential mortgage loans	253.7	4.9	-	-	-	248.8	-	-	-
Receivables of loans to corporations	7.8	(0.0)	-	-	2.9	7.8	-	-	3.0
Total	261.5	4.9	-	-	2.9	256.6	-	-	3.0

(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 companiesIn CDS^{*1} brokerage transactions, positions are covered through transactions with monoline insurance companies.As of September 30, 2010, the Group's exposure^{*2} to monoline insurance companies totaled approx. 32.0 billion yen.

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

No loss was recorded on such transactions in the first half of FY3/2011.

*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

<Consolidated>

(Billions of yen)

	September 30, 2010			March 31, 2010		September 30, 2010		March 31, 2010
	Net exposure	Change from Mar. 31, 2010	Reserve for possible loan losses	Net exposure	Reserve for possible loan losses	Amount of reference assets	Change from Mar. 31, 2010	Amount of reference assets
Exposure to CDS transactions with monoline insurance companies	31.8	(16.7)	8.7	48.5	13.6	453.1	(50.0)	503.1

(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. SMFG conducts self-assessment to these loans and investments properly.

<Consolidated>

(Billions of yen)

	September 30, 2010			March 31, 2010	
	Exposure	Change from Mar. 31, 2010	Reserve for possible loan losses	Exposure	Reserve for possible loan losses
Loans and investments guaranteed or insured by monoline insurance companies	9.0	(0.5)	0.0	9.5	0.0

(Reference) In addition, we had approx. 0.3 billion yen in commitment contracts (fully-drawn) to insurance companies with monoline insurance as group members.

3. Leveraged loans

- (1) As of September 30, 2010, the Group's balance of financing for mergers and acquisitions of whole or part of companies was approx. 590 billion yen and undrawn commitments for them was approx. 110 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.

<Consolidated>

(Billions of yen)

		September 30, 2010				March 31, 2010		
		Loans	Change from Mar. 31, 2010	Undrawn commitments	Change from Mar. 31, 2010	Reserve for possible loan losses	Loans	Undrawn commitments
	Europe	215.9	(45.2)	26.5	(2.3)	8.3	261.1	28.8
	Japan	223.4	47.2	10.0	(1.8)	13.9	176.2	11.8
	United States	94.8	(18.4)	67.3	(6.2)	12.8	113.2	73.5
	Asia (excluding Japan)	51.7	(7.9)	6.4	(3.0)	4.1	59.6	9.4
	Total	585.8	(24.3)	110.2	(13.3)	39.1	610.1	123.5

(Notes) 1. Above figures include the amount to be sold of approx. 6 billion yen.

In the first half of FY3/2011, we sold leveraged loans of approx. 5 billion yen, and loss on the sale amounted to approx. 0.3 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 September 30, 2010, the total notional amount of reference assets of sponsored ABCP programs was approx. 350 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 conduct self-assessment, making provisions and write-offs properly.

(Billions of yen)

Types of reference assets		September 30, 2010					March 31, 2010			Support for programs	
		Notional amount of reference assets	Change from Mar. 31, 2010	Overseas	Change from Mar. 31, 2010	Reserve for possible loan losses	Notional amount of reference assets	Overseas	Reserve for possible loan losses	Liquidity support	Credit support
	Claims on corporations	321.4	(146.4)	88.2	(16.9)	-	467.8	105.1	-	yes	yes
	Claims on financial institutions	14.3	(3.4)	14.3	(3.4)	-	17.7	17.7	-	yes	yes
	Retail loan claims	16.4	0.6	16.4	0.6	-	15.8	15.8	-	yes	yes
	Total	352.1	(149.2)	118.9	(19.7)	-	501.3	138.6	-		

(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. 47 billion yen.

5. Others

We have no securities issued by Structured Investment Vehicles.