

(Reference 2) Exposure of Securitized Products

- Managerial accounting basis
 - Reserves do not include general reserve for possible loan losses for normal borrowers.

1. Securitized Products

- (1) As of September 30, 2008, the Group held 1.3 billion yen in sub-prime related securitized products after write-offs and provisions. Most parts of the Group's exposure of securitized products other than sub-prime related products are those to Government Sponsored Enterprises ("GSE") etc. (Approx. 250 billion yen).
- (2) The amount of loss on securitized products for the first half of FY2008 was 4.6 billion yen (3.9 billion yen of provisions and write-offs and 0.7 billion yen of losses on sale) for sub-prime related products and 10.9 billion (4.0 billion yen of provisions and write-offs and 6.9 billion yen of losses on sales) for products other than sub-prime, respectively.

(1) Sub-prime related products

<Consolidated>

(Billions of yen)

	September 30, 2008						March 31, 2008			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 2008	Overseas	Change from Mar. 2008	Net unrealized gain/losses (after write-offs)	Change from Mar. 2008	Balances (after provisions and write-offs)	Overseas	Net unrealized gain/losses (after write-offs)	
Investments to securitized products	1.3	(3.6)	1.3	(3.6)	-	-	4.9	4.9	-	Speculative ratings
Warehousing Loans etc.	-	(0.6)	-	(0.6)	-	-	0.6	0.6	-	
Total	1.3	(4.2)	1.3	(4.2)	-	-	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

<Consolidated>

(Billions of yen)

	September 30, 2008						March 31, 2008			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 2008	Overseas	Change from Mar. 2008	Net unrealized gain/losses (after write-offs)	Change from Mar. 2008	Balances (after provisions and write-offs)	Overseas	Net unrealized gain/losses (after write-offs)	
RMBS	178.2	(41.6)	178.2	(41.6)	(4.4)	(2.8)	219.8	219.8	(1.6)	
Guaranteed by GSE etc.	178.2	(41.6)	178.2	(41.6)	(4.4)	(2.8)	219.8	219.8	(1.6)	AAA
Cards	9.6	(2.9)	9.6	(2.9)	(0.4)	0.2	12.5	12.5	(0.6)	A~BBB
CLO	6.7	(17.2)	6.7	(17.2)	(0.5)	2.5	23.9	23.9	(3.0)	
Senior	5.8	(16.2)	5.8	(16.2)	(0.5)	1.9	22.0	22.0	(2.4)	AAA
Equity	0.9	(1.0)	0.9	(1.0)	-	0.6	1.9	1.9	(0.6)	No ratings
CMBS	20.7	14.7	-	-	0.1	0.1	6.0	-	0.0	AAA~BBB
ABCP	31.1	31.1	31.1	31.1	-	-	-	-	-	A1 (short-term rating)
Investments to securitized products	246.3	(15.9)	225.6	(30.6)	(5.2)	0.0	262.2	256.2	(5.2)	
Warehousing Loans etc.	3.4	(2.5)	3.4	(2.5)	-	-	5.9	5.9	-	
Total	249.7	(18.4)	229.0	(33.1)	(5.2)	0.0	268.1	262.1	(5.2)	

(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 11.4 billion yen.

2. "Senior" means the upper tranche under senior-subordinate structure.

3. 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.

4. SMBC's exposure to subordinated beneficiaries owned through the securitization of SMBC's loan receivables (see next page for details) isn't included.

(Reference)**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, 2008					March 31, 2008			
	Balances	Change from Mar.2008	Overseas	Subprime-related	Allowance for loan losses	Balances	Overseas	Subprime-related	Allowance for loan losses
Receivables of residential mortgage loans	247.5	2.0	-	-	-	245.5	-	-	-
Receivables of loans to corporations	6.3	(1.6)	-	-	1.8	7.9	-	-	1.5
Total	253.8	0.4	-	-	1.8	253.4	-	-	1.5

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

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^{*1} brokerage transactions, positions are covered through transactions with monoline insurance companies. As of September 30, 2008, the Group's exposure^{*2} to monoline insurance companies, which are rated investment grade, after loss provision totaled approx. 36 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 1.7 billion yen in the 1st half of FY2008.

(*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, 2008			March 31, 2008		September 30, 2008		March 31, 2008
	Net exposure	Change from Mar. 2008	Allowance for loan losses	Net exposure	Allowance for loan losses	Amount of reference assets	Change from Mar. 2008	Amount of reference assets
Exposure to CDS transactions with monoline insurance companies	35.8	4.7	3.9	31.1	1.9	578.3	19.2	559.1

(Notes)1. Excluding figures related to the portion to which SMFG already realized losses in the previous fiscal year

2. The credit ratings of counterparty monoline insurance companies (excluding those to which losses have been realized) : investment grade, most of which are rated equal to or above AA by S&P or Moody

(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.

<Consolidated>

(Billions of yen)

	September 30, 2008			March 31, 2008	
	Exposure	Change from Mar. 2008	Allowance for loan losses	Exposure	Allowance for loan losses
Loans and investments guaranteed or insured by monoline insurance companies	16.7	(25.0)	-	41.7	-

(Reference) In addition, we had approx. 12 billion yen in commitment contracts (drawn down amount: 1.2 billion yen) to insurance companies with monoline insurance companies as group members.

There are no indications so far that the creditworthiness of these insurance companies are at issue.

3. Leveraged loans

- (1) As of September 30, 2008, the Group's balance of financing for mergers and acquisitions of whole or part of companies was approx. 810 billion yen and undrawn commitments for them was approx. 150 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, 2008					March 31, 2008		
	Loans	Change from Mar.2008	Undrawn commitments	Change from Mar.2008	Allowance for loan losses	Loans	Undrawn commitments	Allowance for loan losses
Europe	334.0	8.6	49.2	38.2	-	325.4	11.0	-
Japan	197.3	(35.0)	7.6	(10.3)	15.2	232.3	17.9	13.7
United States	189.4	(6.0)	85.5	4.3	1.7	195.4	81.2	1.3
Asia (excluding Japan)	91.2	1.6	5.6	(2.4)	0.6	89.6	8.0	0.5
Total	811.9	(30.8)	147.9	29.8	17.5	842.7	118.1	15.5

(Notes)1. Above figures include the amount to be sold of approx. 13 billion yen. Loss on sales is expected to be approx. 10% to its face value, currently. In the first half of FY2008, we sold leveraged loans of approx. 73 billion yen, and loss on the sale amounted to approx. 8 billion yen.

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

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, 2008, the total notional amount of reference assets of sponsored ABCP programs was approx. 870 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 conducts self-assessment, making provisions and write-offs properly.
- The Group held approx. 30 billion yen of ABCP issued under the program, and they are reported in "ABCP" on page 22.

(Billions of yen)

Types of reference assets	September 30, 2008					March 31, 2008			Support for programs	
	Notional amount of reference assets	Change from Mar.2008	Overseas	Change from Mar.2008	Allowance	Notional amount of reference assets	Overseas	Allowance	Liquidity support	Credit support
Claims on corporations	729.0	(99.6)	311.9	119.6	0.0	828.6	192.3	0.1	yes	yes
	57.0	(8.4)	-	-	-	65.4	-	-	no	no
Claims on financial institutions	51.8	11.7	51.8	11.7	-	40.1	40.1	-	yes	yes
Retail loan claims	34.3	9.2	34.3	9.2	-	25.1	25.1	-	yes	yes
Other claims	1.8	(0.3)	1.8	(0.3)	-	2.1	2.1	-	yes	yes
Total	873.9	(87.4)	399.8	140.2	0.0	961.3	259.6	0.1		

(Note) The maximum amount of credit supports provided for overseas ABCP program is limited to 10% of the balance of reference assets.
On the other hand, the maximum amount of credit supports provided for domestic ABCP programs are limited to the balance of 100% of reference assets.

(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. 110 billion yen.

5. Others

We have no securities issued by Structured Investment Vehicles.