

Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

	Millions of yen	
March 31	2008	2007
Domestic operations:		
Loans on notes	¥ 2,061,876	¥ 2,460,937
Loans on deeds	35,965,609	35,242,150
Overdrafts	9,622,647	9,190,227
Bills discounted	285,790	368,778
Subtotal	¥47,935,924	¥47,262,094
International operations:		
Loans on notes	¥ 491,480	¥ 587,967
Loans on deeds	8,421,557	5,802,753
Overdrafts	97,013	95,220
Bills discounted	11,837	8,404
Subtotal	¥ 9,021,889	¥ 6,494,346
Total	¥56,957,813	¥53,756,440

Average Balance

	Millions of yen	
Year ended March 31	2008	2007
Domestic operations:		
Loans on notes	¥ 2,197,327	¥ 2,606,379
Loans on deeds	34,625,555	35,279,808
Overdrafts	9,572,162	8,994,841
Bills discounted	280,843	307,527
Subtotal	¥46,675,889	¥47,188,557
International operations:		
Loans on notes	¥ 530,865	¥ 568,081
Loans on deeds	6,935,439	5,676,262
Overdrafts	96,039	118,873
Bills discounted	10,702	7,826
Subtotal	¥ 7,573,047	¥ 6,371,044
Total	¥54,248,936	¥53,559,601

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Loans and Bills Discounted, Classified by Purpose

	Millions of yen			
March 31	2008		2007	
Funds for capital investment	¥20,934,771	36.8%	¥20,710,260	38.5%
Funds for working capital	36,023,042	63.2	33,046,180	61.5
Total	¥56,957,813	100.0%	¥53,756,440	100.0%

Breakdown of Loans and Bills Discounted, Classified by Collateral

	Millions of yen	
March 31	2008	2007
Securities	¥ 670,902	¥ 765,605
Commercial claims	1,124,816	1,078,115
Commercial goods	—	—
Real estate	6,834,925	6,685,582
Others	648,222	329,637
Subtotal	9,278,868	8,858,940
Guaranteed	21,143,991	21,732,934
Unsecured	26,534,953	23,164,565
Total	¥56,957,813	¥53,756,440

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2008	2007
One year or less.....	¥ 9,041,643	¥ 8,772,225
One — three years.....	8,589,738	7,741,633
Floating interest rates	6,813,129	6,048,170
Fixed interest rates	1,776,609	1,693,463
Three — five years.....	8,610,480	7,843,601
Floating interest rates	6,770,462	6,118,653
Fixed interest rates	1,840,018	1,724,948
Five — seven years	3,565,191	3,287,700
Floating interest rates	2,823,756	2,692,523
Fixed interest rates	741,434	595,176
More than seven years	17,431,098	16,825,830
Floating interest rates	16,482,691	15,862,230
Fixed interest rates	948,407	963,599
No designated term.....	9,719,661	9,285,448
Floating interest rates	9,719,661	9,285,448
Fixed interest rates	—	—
Total	¥56,957,813	¥53,756,440

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

Balance of Loan Portfolio, Classified by Industry

March 31	Millions of yen			
	2008		2007	
Domestic offices:				
Manufacturing	¥ 5,284,513	10.8%	¥ 5,236,097	10.9%
Agriculture, forestry, fisheries and mining.....	138,440	0.3	132,196	0.3
Construction.....	1,153,752	2.4	1,224,951	2.5
Transportation, communications and public enterprises	2,891,612	5.9	2,886,168	6.0
Wholesale and retail	4,902,333	10.0	5,089,297	10.6
Finance and insurance	6,083,560	12.4	5,675,905	11.8
Real estate	6,310,993	12.9	6,369,243	13.2
Services	5,453,700	11.2	5,742,376	11.9
Municipalities	780,942	1.6	592,238	1.2
Others	15,877,739	32.5	15,242,033	31.6
Subtotal.....	¥48,877,589	100.0%	¥48,190,509	100.0%
Overseas offices:				
Public sector	¥ 19,835	0.3%	¥ 19,029	0.3%
Financial institutions	679,195	8.4	287,898	5.2
Commerce and industry.....	6,790,929	84.0	5,038,808	90.5
Others	590,262	7.3	220,195	4.0
Subtotal.....	¥ 8,080,224	100.0%	¥ 5,565,931	100.0%
Total	¥56,957,813	—	¥53,756,440	—

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches). Overseas operations comprise the operations of SMBC's overseas branches.
2. Japan offshore banking accounts are included in overseas offices' accounts.

Loans to Individuals/Small and Medium-Sized Enterprises

March 31	Millions of yen	
	2008	2007
Total domestic loans (A)	¥48,877,589	¥48,190,509
Loans to individuals, and small and medium-sized enterprises (B)	36,129,519	36,276,238
(B) / (A)	73.9%	75.3%

- Notes: 1. The figures above exclude the outstanding balance of loans at overseas branches and of Japan offshore banking accounts.
2. Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Consumer Loans Outstanding

March 31	Millions of yen	
	2008	2007
Consumer loans	¥14,581,772	¥14,492,814
Housing loans	13,647,753	13,557,521
Residential purpose	10,033,842	9,918,884
Others	934,018	935,292

Note: Housing loans include general-purpose loans used for housing purposes as well as housing loans and apartment house acquisition loans.

Breakdown of Reserve for Possible Loan Losses

Year ended March 31, 2008	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses	¥527,819 [2,987]	¥430,919	¥ —	¥527,819*	¥430,919
Specific reserve for possible loan losses	144,800 [23]	189,084	47,319	97,481*	189,084
For nonresident loans	12,670 [19]	28,394	6,034	6,636*	28,394
Loan loss reserve for specific overseas countries	1,941	0	—	1,941*	0
Total	¥674,562 [3,011]	¥620,004	¥47,319	¥627,242	¥620,004
Amount of direct reduction	¥295,552 [2,762]				¥333,811

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Year ended March 31, 2007	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses	¥574,302 [(1,766)]	¥530,807	¥ —	¥574,302*	¥530,807
Specific reserve for possible loan losses	241,566 [(19)]	144,824	141,100	100,465*	144,824
For nonresident loans	18,096 [(19)]	12,690	1,720	16,375*	12,690
Loan loss reserve for specific overseas countries	2,354	1,941	—	2,354*	1,941
Total	¥818,223 [(1,786)]	¥677,573	¥141,100	¥677,123	¥677,573
Amount of direct reduction	¥604,309 [(687)]				¥298,314

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Write-off of Loans

Year ended March 31	Millions of yen	
	2008	2007
Write-off of loans	¥121,801	¥50,468

Note: Write-off of loans include the amount of direct reduction.

Specific Overseas Loans

March 31	Millions of yen	
	2008	2007
Indonesia	¥ —	¥32,574
Argentina	4	3
Total	¥ 4	¥32,578
Ratio of the total amounts to total assets	0.00%	0.03%
Number of countries	1	2

Risk-Monitored Loans

March 31	Millions of yen	
	2008	2007
Bankrupt loans	¥ 48,734	¥ 33,754
Non-accrual loans	437,699	357,632
Past due loans (3 months or more)	23,747	20,543
Restructured loans	260,405	309,133
Total	¥ 770,587	¥ 721,064
Amount of direct reduction	¥ 291,246	¥ 266,873

Note: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Law

March 31	Millions of yen	
	2008	2007
Bankrupt and quasi-bankrupt assets	¥ 117,757	¥ 108,893
Doubtful assets	402,028	300,097
Substandard loans	284,153	329,677
Total of problem assets	803,939	738,667
Normal assets	63,928,140	60,542,238
Total	¥ 64,732,080	¥ 61,280,906
Amount of direct reduction	¥ 333,811	¥ 298,314

Note: Definition of problem asset categories

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Law (Law No.132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Law. Assets in question include private placement bonds, loans and bills discounted, foreign exchanges, accrued interest, and advance payment in "other assets," customers' liabilities for acceptance and guarantees, and securities lent under the loan for consumption or leasing agreements.

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the three categories above

Problem Assets Based on the Financial Reconstruction Law, and Risk-Monitored Loans

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law		Risk-monitored loans		Other assets
	Total loans	Other assets	Total loans		
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans		Ⓒ
Effectively Bankrupt Borrowers			Non-accrual loans		
Potentially Bankrupt Borrowers			Past due loans (3 months or more)		
Borrowers Requiring Caution	Substandard loans		Restructured loans		
Normal Borrowers	(Normal assets)				
Ⓐ			Ⓑ	=	Ⓒ

Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves

March 31, 2008		(Billions of yen)									
Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law	Classification under self-assessment				Reserve for possible loan losses	Reserve ratio				
		Classification I	Classification II	Classification III	Classification IV						
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥117.8	Portion of claims secured by collateral or guarantees, etc. (5) ¥104.3	Fully reserved ¥13.5	Direct write-offs (Note 1)	Specific reserve	¥18.3 (Note 2)	100% (Note 3)				
Effectively Bankrupt Borrowers											
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥402.0	Portion of claims secured by collateral or guarantees, etc. (6) ¥180.8	Necessary amount reserved ¥221.2			¥170.8 (Note 2)	77.21% (Note 3)				
Borrowers Requiring Caution	Substandard loans (3) ¥284.1 (Claims to substandard borrowers)	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥85.2			General reserve	General reserve for substandard loans ¥88.5	44.57% (Note 3)	14.56% (Note 3)			
		Claims to borrowers requiring caution, excluding claims to substandard borrowers					6.25% [10.38%] (Note 4)				
Normal Borrowers	Normal assets ¥63,928.2	Claims to normal borrowers				¥430.9	0.20% (Note 4)				
Loan loss reserve for specific overseas countries						¥0.0					
Total (4) ¥64,732.1		NPL ratio (A) / (4) 1.24% (Note 5)		Total reserve for possible loan losses (B) Specific reserve + General reserve for substandard loans		¥620.0	Reserve ratio (B) / (D) 64.02% (Note 6)				
(A) = (1) + (2) + (3) ¥803.9		Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥370.3		Unsecured portion (D) = (A) - (C) ¥433.6		¥277.6					
					Coverage ratio { (B) + (C) } / (A)		80.60%				

Notes: 1. Includes amount of direct reduction totaling ¥333.8 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥4.8 billion; Potentially Bankrupt Borrowers: ¥6.6 billion)

3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.

4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.

5. Ratio of problem assets to total assets subject to the Financial Reconstruction Law

6. Reserve ratio = (Specific reserve + General reserve for substandard loans) ÷ (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans — Portion secured by collateral or guarantees, etc.)

Off-Balancing Problem Assets

Billions of yen

	March 31, 2006 ①	Fiscal 2006		March 31, 2007 ②	Fiscal 2007		March 31, 2008 ③
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets	¥164.5	¥ 56.8	¥(112.4)	¥ 108.9	¥ 71.8	¥ (62.9)	¥117.8
Doubtful assets	473.4	300.8	(474.1)	300.1	382.9	(281.0)	402.0
Total	¥637.9	¥357.6	¥(586.5)	¥ 409.0	¥454.7	¥(343.9)	¥519.8
				Increase/ Decrease ② — ①			Increase/ Decrease ③ — ②
Bankrupt and quasi-bankrupt assets				¥ (55.6)			¥ 8.9
Doubtful assets				(173.3)			101.9
Total				¥(228.9)			¥110.8

Notes: 1. The off-balancing (also known as "final disposal") of problem assets refers to the removal of such assets from the bank's balance sheet by way of sale, direct write-off or other means.

2. The figures shown in the above table under "new occurrences" and "off-balanced" are simple additions of the figures for the first and second halves of the two periods reviewed. Amounts of ¥78.8 billion for fiscal 2006 and ¥84.7 billion in fiscal 2007, recognized as "new occurrences" in the first halves of the terms, were included in the amounts off-balanced in the respective second halves.