

# Capital Ratio Information

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The consolidated capital ratio at the end of March 2007 and thereafter is calculated using the method stipulated in “Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Law” (Notification 20 issued by the Japanese Financial Services Agency in 2006; hereinafter referred to as “the Notification”). The consolidated capital ratio at the end of March 2006 was calculated using the method stipulated in “Standards for Consolidated Capital Ratio Pursuant to Article 52-25 of the Banking Law” (Ordinance 62 issued by the Ministry of Finance in 1998; hereinafter referred to as “the Ordinance”).

In addition to the method stipulated in the Notification to calculate consolidated capital ratio (referred to as “First Standard” in the Notification), SMFG has adopted the foundation internal ratings-based approach for calculating credit risk-weighted asset amounts and implemented market risk controls.

“Capital Ratio Information” contains financial data as of March-end 2007 and September-end 2007 only as Basel II became effective from March 31, 2007. Further, the section was prepared based on the Notification and the terms and details in the section may differ from the terms and details in other sections of the Annual Report.

## ■ Scope of Consolidation

### Companies Subject to Deduction from Capital with Capital below Basel II Required Amount and Total Shortfall Amount

Not applicable.

## ■ Capital Structure Information (Consolidated Capital Ratio (First Standard))

Regarding the calculation of consolidated capital ratio as of March 31, 2007, certain procedures were performed by KPMG AZSA & Co. pursuant to “Treatment of Inspection of Capital Ratio Calculation Framework Based on Agreed-Upon Procedures” (JICPA Industry Committee Report No. 30), and as of September 30, 2006, certain procedures were performed by KPMG AZSA & Co. pursuant to “Treatment of Inspection of Capital Ratio Calculation Framework by External Auditors Based on Practical Guidelines Concerning External Audit of Internal Controls of Financial Institutions” (JICPA Industry Audit Committee Report No. 30). The certain procedures performed by the external auditor are not part of the audit of consolidated financial statements. The certain procedures performed on our internal control framework for calculating the consolidated capital ratio are based on procedures agreed upon by SMFG and the external auditor and are not a validation of appropriateness of the consolidated capital ratio itself or opinion on the internal controls related to consolidated capital ratio calculation.

		Millions of yen		
		September 30		March 31
		2007	2006	2007
Tier I capital:	Capital stock.....	¥ 1,420,877	¥ 1,420,877	¥ 1,420,877
	Capital surplus .....	57,869	276,570	57,773
	Retained earnings .....	1,491,378	1,188,399	1,386,436
	Treasury stock.....	(123,855)	(50,178)	(123,454)
	Cash dividends to be paid .....	(44,806)	—	(66,619)
	Foreign currency translation adjustments .....	(8,428)	(47,909)	(30,656)
	Stock acquisition rights .....	27	4	14
	Minority interests .....	1,414,273	1,055,000	1,399,794
	Goodwill and others .....	(96,685)	(105,015)	(100,850)
	Gain on sale on securitization transactions.....	(41,372)	—	(40,057)
	Total Tier I capital (A) .....	4,069,277	3,737,747	3,903,257
Tier II capital:	Unrealized gains on other securities after 55% discount .....	693,073	629,087	825,432
	Land revaluation excess after 55% discount.....	39,163	39,709	39,367
	General reserve for possible loan losses .....	48,889	712,817	35,309
	Excess amount of provision .....	193,061	—	175,921
	Subordinated debt.....	2,507,177	2,595,141	2,564,195
	Total Tier II capital.....	3,481,365	3,976,755	3,640,226
	Tier II capital included as qualifying capital (B) ....	3,481,365	3,737,747	3,640,226
Deductions*:	(C) .....	738,262	630,601	690,759
Total qualifying capital:	(D) = (A) + (B) - (C) .....	¥ 6,812,380	¥ 6,844,893	¥ 6,852,723
Risk-adjusted assets:	On-balance sheet items .....	¥49,351,076	¥61,250,419	¥47,394,806
	Off-balance sheet items .....	10,487,217	6,304,295	8,713,413
	Market risk items .....	378,136	391,161	412,044
	Operational risk .....	4,034,689	—	4,020,082
	Total risk-adjusted assets (E).....	¥64,251,120	¥67,945,876	¥60,540,346
Tier I risk-adjusted capital ratio:	(A) / (E) x 100 .....	6.33%	5.50%	6.44%
Total risk-adjusted capital ratio:	(D) / (E) x 100.....	10.60%	10.07%	11.31%
Required capital:	(E) x 8% .....	¥ 5,140,089	¥ —	¥ 4,843,227

\* “Deductions” refers to deductions stipulated in Article 8-1 of the Notification (Article 7-1 of the Ordinance) and includes willful holding of securities issued by other financial institutions and securities stipulated in Clause 2 (Clause 2 of Article 7-1 of the Ordinance).

## ■ Capital Requirements

	Billions of yen	
	September 30, 2007	March 31, 2007
<b>Capital requirements for credit risk:</b>		
Internal ratings-based approach .....	<b>¥5,383.9</b>	¥5,155.6
Corporate exposures: .....	<b>3,335.1</b>	3,185.5
Corporate exposures (excluding specialized lending) .....	<b>2,926.5</b>	2,836.8
Sovereign exposures .....	<b>61.2</b>	42.8
Bank exposures .....	<b>143.4</b>	126.6
Specialized lending .....	<b>204.0</b>	179.3
Retail exposures: .....	<b>784.2</b>	763.6
Residential mortgage exposures .....	<b>333.4</b>	332.1
Qualifying revolving retail exposures .....	<b>90.7</b>	81.1
Other retail exposures .....	<b>360.2</b>	350.4
Equity exposures: .....	<b>438.0</b>	424.6
Grandfathered equity exposures .....	<b>314.0</b>	336.2
PD/LGD approach .....	<b>48.9</b>	35.7
Market-based approach .....	<b>75.0</b>	52.7
Simple risk weight method .....	<b>64.8</b>	52.7
Internal models method .....	<b>10.2</b>	—
Credit risk-weighted assets under Article 145 of the Notification .....	<b>317.7</b>	301.5
Securitization exposures .....	<b>163.8</b>	158.9
Other exposures .....	<b>345.1</b>	321.3
Standardized approach .....	<b>586.0</b>	487.1
Total capital requirements for credit risk .....	<b>5,969.9</b>	5,642.7
<b>Capital requirements for market risk:</b>		
Standardized measurement method .....	<b>5.0</b>	4.7
Interest rate risk .....	<b>3.1</b>	3.2
Equity position risk .....	<b>1.0</b>	0.6
Foreign exchange risk .....	<b>0.9</b>	0.9
Commodities risk .....	—	—
Options .....	—	—
Internal models method .....	<b>25.2</b>	28.2
Total capital requirements for market risk .....	<b>30.3</b>	33.0
<b>Capital requirements for operational risk</b> .....	<b>322.8</b>	321.6
<b>Total amount of capital requirements</b> .....	<b>¥6,322.9</b>	¥5,997.2

- Notes: 1. Capital requirements for credit risk are capital equivalent to “credit risk-weighted assets X 8%” under the standardized approach and “credit risk-weighted assets X 8% + expected loss amount” under the internal ratings-based approach. Regarding exposures to be deducted from capital, the deduction amount is added to the amount of required capital.
2. The above amounts are after credit risk mitigation.
3. “Securitization exposures” includes securitization exposures under the standardized approach.
4. “Other exposures” includes estimated lease residual values, purchased receivables and other assets.

## ■ Internal Ratings-Based (IRB) Approach

### Exposures by Asset Class

#### (1) Corporate Exposures

##### A. Corporate, Sovereign and Bank Exposures

###### Portfolio

###### a. Domestic Corporate, Sovereign and Bank Exposures

	Billions of yen					
	Exposure amount					
	Total	On-balance sheet assets	Off-balance sheet assets	Weighted- average PD	Weighted- average LGD	Weighted- average risk weight
September 30, 2007						
J1-J3 .....	¥19,662.1	¥14,783.5	¥4,878.5	0.09%	44.79%	21.68%
J4-J6 .....	13,603.7	10,677.8	2,925.9	1.12	41.52	69.44
J7 (excluding J7R) .....	2,018.1	1,814.0	204.1	11.20	41.03	167.75
Japanese government and local municipal corporations .....	10,780.2	10,736.7	43.4	0.00	44.96	0.47
Other .....	6,467.2	5,373.5	1,093.7	1.41	43.33	71.79
Default (J7R, J8-J10) .....	911.2	881.0	30.2	100.00	42.99	—
Total .....	¥53,442.4	¥44,266.6	¥9,175.8	—	—	—

	Billions of yen			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Exposure amount					
March 31, 2007	Total	On-balance sheet assets	Off-balance sheet assets			
J1-J3 .....	¥18,261.6	¥13,350.4	¥4,911.1	0.10%	44.97%	22.88%
J4-J6 .....	14,378.6	11,355.4	3,023.2	0.84	41.78	63.13
J7 (excluding J7R) .....	1,978.0	1,759.6	218.4	10.67	40.63	161.66
Japanese government and local municipal corporations .....	10,983.0	10,875.2	107.8	0.00	44.70	0.46
Other .....	6,793.1	6,016.1	777.0	1.26	43.48	70.91
Default (J7R, J8-J10) .....	991.9	965.0	26.9	100.00	43.45	—
Total .....	¥53,386.2	¥44,321.7	¥9,064.5	—	—	—

Notes: 1. "Other" includes exposures guaranteed by credit guarantee corporations, exposures to public sector entities and voluntary organizations, and exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies), as well as business loans and standardized SME loans of more than ¥100 million.

2. "LGD" stands for loss given default.

###### b. Overseas Corporate, Sovereign and Bank Exposures

	Billions of yen			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Exposure amount					
	Total	On-balance sheet assets	Off-balance sheet assets			
September 30, 2007						
G1-G3	¥18,435.4	¥11,044.4	¥7,391.0	0.20%	42.06%	32.39%
G4-G6	957.1	725.2	231.8	1.89	44.59	111.40
G7 (excluding G7R)	144.3	68.7	75.5	27.01	44.64	241.75
Other	92.5	57.9	34.5	1.45	44.97	98.47
Default (G7R, G8-G10)	32.0	24.8	7.3	100.00	44.91	—
Total	¥19,661.2	¥11,921.1	¥7,740.1	—	—	—

	Billions of yen					
	Exposure amount					
March 31, 2007	Total	On-balance sheet assets	Off-balance sheet assets	Weighted- average PD	Weighted- average LGD	Weighted- average risk weight
G1-G3 .....	¥12,579.4	¥6,984.1	¥5,595.3	0.22%	43.73%	38.57%
G4-G6 .....	670.4	478.4	192.0	1.71	44.66	105.65
G7 (excluding G7R) .....	152.0	71.5	80.5	27.13	44.89	251.83
Other .....	163.6	121.5	42.1	0.94	44.88	86.24
Default (G7R, G8-G10) .....	88.7	77.8	10.9	100.00	44.95	—
Total .....	¥13,654.1	¥7,733.3	¥5,920.8	—	—	—

Note: "Other" includes exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies).

## B. Specialized Lending (SL)

### Portfolio

#### a. Project Finance, Object Finance and IPRE

	Risk weight	Billions of yen					
		September 30, 2007			March 31, 2007		
		Project finance	Object finance	IPRE	Project finance	Object finance	IPRE
Strong:							
Residual term less than 2.5 years .....	50%	¥109.1	¥ 3.6	¥ 410.7	¥100.4	¥ 3.2	¥ 274.6
Residual term 2.5 years or more .....	70%	589.5	76.8	662.9	435.9	64.8	695.7
Good:							
Residual term less than 2.5 years .....	70%	38.6	1.7	47.6	34.8	1.0	44.7
Residual term 2.5 years or more .....	90%	197.9	18.1	126.9	146.8	10.0	105.0
Satisfactory .....	115%	30.4	7.7	29.9	31.4	9.0	56.4
Weak .....	250%	11.5	7.7	6.7	22.7	8.2	1.5
Default .....	—	5.8	3.1	—	3.6	—	—
Total .....		¥982.9	¥118.6	¥1,284.7	¥775.6	¥96.3	¥1,177.9

#### b. HVCRE

	Risk weight	Billions of yen	
		September 30, 2007	March 31, 2007
Strong:			
Residual term less than 2.5 years .....	70%	¥ 3.8	¥ 5.9
Residual term 2.5 years or more .....	95%	0.8	5.6
Good:			
Residual term less than 2.5 years .....	95%	93.5	86.8
Residual term 2.5 years or more .....	120%	86.7	46.4
Satisfactory .....	140%	163.1	162.0
Weak .....	250%	4.3	—
Default .....	—	—	—
Total .....		¥352.3	¥306.7

## (2) Retail Exposures

### A. Residential Mortgage Exposures

#### Portfolio

	Billions of yen			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Exposure amount					
September 30, 2007	Total	On-balance sheet assets	Off-balance sheet assets			
Mortgage loans						
PD segment:						
Not delinquent						
Use model .....	¥8,914.9	¥8,816.2	¥ 98.7	0.32%	45.95%	25.09%
Other .....	877.3	877.3	—	0.61	67.04	67.68
Delinquent .....	54.0	46.8	7.2	25.42	50.24	281.07
Default .....	117.5	116.7	0.8	100.00	46.11	25.03
Total .....	¥9,963.7	¥9,857.0	¥106.7	—	—	—

	Billions of yen			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Exposure amount					
March 31, 2007	Total	On-balance sheet assets	Off-balance sheet assets			
Mortgage loans						
PD segment:						
Not delinquent						
Use model .....	¥8,925.2	¥8,818.8	¥106.4	0.32%	45.91%	25.11%
Other .....	915.3	915.3	—	0.62	70.60	67.60
Delinquent .....	39.1	31.9	7.3	26.34	51.49	287.54
Default .....	119.3	116.7	2.6	100.00	46.09	26.54
Total .....	¥9,998.9	¥9,882.7	¥116.2	—	—	—

Notes: 1. "Delinquent" loans are past due loans and loans to obligors categorized as "Borrowers Requiring Caution" that do not satisfy the definition of default stipulated in the Notification.

2. "Other" includes loans guaranteed by employers.

## B. Qualifying Revolving Retail Exposures (QRRE)

### Portfolio

Item	Billions of yen					Average CCF	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Exposure amount								
	Total	On-balance sheet assets		Off-balance sheet assets	Undrawn amount				
September 30, 2007		Balance	Increase						
Card loans									
PD segment:									
Not delinquent.....	¥ 438.2	¥ 372.6	¥ 65.6	¥—	¥ 145.9	44.98%	2.60%	79.53%	62.07%
Delinquent.....	38.3	37.2	1.1	—	4.4	25.20	9.27	81.98	120.53
Credit card balances									
PD segment:									
Not delinquent.....	944.2	626.5	317.7	—	3,676.7	8.64	1.15	79.82	26.83
Delinquent.....	6.6	5.4	1.2	—	—	—	74.69	82.52	139.25
Default .....	18.7	16.0	2.8	—	—	—	100.00	82.55	48.93
Total.....	¥1,446.0	¥1,057.6	¥388.4	¥—	¥3,827.0	—	—	—	—

March 31, 2007	Billions of yen					Average CCF	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Exposure amount			Off-balance sheet assets	Undrawn amount				
	Total	On-balance sheet assets	Increase						
Card loans									
PD segment:									
Not delinquent...	¥ 430.4	¥ 356.3	¥ 74.1	¥—	¥ 141.8	52.24%	2.45%	79.11%	58.93%
Delinquent.....	29.9	29.2	0.7	—	4.3	15.33	9.81	81.16	126.30
Credit card balances									
PD segment:									
Not delinquent...	904.3	599.4	305.0	—	3,497.3	8.72	1.09	80.49	26.27
Delinquent.....	6.0	4.9	1.1	—	—	—	71.46	83.42	152.96
Default .....	14.4	12.3	2.2	—	—	—	100.00	83.22	48.93
Total.....	¥1,385.1	¥1,002.1	¥383.0	¥—	¥3,643.4	—	—	—	—

Notes: 1. On-balance sheet exposure amount is estimated by estimating the amount of increase in each transaction balance and not by multiplying the undrawn amount by CCF (credit conversion factor).

2. "Average CCF" is "on-balance sheet exposure amount ÷ undrawn amount" and provided for reference only. It is not used for estimating on-balance sheet exposure amounts.

3. Past due loans of less than three months are recorded in "delinquent."

## C. Other Retail Exposures

### Portfolio

	Billions of yen					
	Exposure amount					
September 30, 2007	Total	On-balance sheet assets	Off-balance sheet assets	Weighted- average PD	Weighted- average LGD	Weighted- average risk weight
Business loans						
PD segment:						
Not delinquent						
Use model .....	¥1,705.7	¥1,683.9	¥21.8	1.66%	62.18%	63.36%
Other .....	221.0	220.8	0.2	1.34	56.58	58.09
Delinquent .....	329.1	325.5	3.5	11.08	62.32	100.03
Consumer loans						
PD segment:						
Not delinquent						
Use model .....	387.5	369.5	18.1	1.55	51.33	46.16
Other .....	206.8	204.6	2.2	1.63	59.73	71.78
Delinquent .....	38.8	38.5	0.3	25.04	48.88	115.25
Default .....	221.4	221.1	0.4	100.00	59.90	48.44
Total .....	¥3,110.4	¥3,064.0	¥46.4	—	—	—

	Billions of yen					
	Exposure amount					
March 31, 2007	Total	On-balance sheet assets	Off-balance sheet assets	Weighted- average PD	Weighted- average LGD	Weighted- average risk weight
Business loans						
PD segment:						
Not delinquent						
Use model .....	¥1,805.5	¥1,790.1	¥15.4	1.82%	60.42%	64.34%
Other .....	208.7	208.7	0.0	1.78	53.09	62.24
Delinquent .....	352.2	348.5	3.7	10.99	60.21	98.65
Consumer loans						
PD segment:						
Not delinquent						
Use model .....	370.1	356.3	13.8	1.47	45.11	51.30
Other .....	249.3	247.1	2.3	1.76	66.29	64.45
Delinquent .....	37.2	36.9	0.3	23.10	49.81	116.06
Default .....	195.8	184.0	11.8	100.00	56.46	44.71
Total .....	¥3,218.8	¥3,171.5	¥47.3	—	—	—

Notes: 1. "Business loans" includes apartment construction loans and standardized SME loans.  
2. "Delinquent" loans are past due loans and loans to obligors categorized as "Borrowers Requiring Caution" that do not satisfy the definition of default stipulated in the Notification.  
3. "Other" includes loans guaranteed by employers.

### (3) Equity Exposures and Credit Risk-Weighted Assets under Article 145 of the Notification

#### A. Equity Exposures

##### Portfolio

##### a. Equity Exposure Amounts

	Billions of yen	
	September 30, 2007	March 31, 2007
Market-based approach .....	¥ 256.7	¥ 166.8
Simple risk weight method .....	208.7	166.8
Listed equities (300%) .....	70.4	45.6
Unlisted equities (400%) .....	138.2	121.2
Internal models method .....	48.0	—
PD/LGD approach .....	391.1	367.5
Grandfathered equity exposures .....	3,703.1	3,965.0
Total .....	¥4,350.9	¥4,499.3

Notes: 1. The above exposures are equity exposures stipulated in the Notification and differ from "stocks" described in the consolidated financial statements.  
2. "Grandfathered equity exposures" amount was calculated in accordance with Supplementary Provision No. 15 of the Notification.

##### b. PD/LGD Approach

	Billions of yen					
	September 30, 2007			March 31, 2007		
	Exposure amount	Weighted-average PD	Weighted-average risk weight	Exposure amount	Weighted-average PD	Weighted-average risk weight
J1-J3 .....	¥343.7	0.05%	104%	¥350.0	0.05%	105%
J4-J6 .....	11.2	0.55	188	8.9	0.47	176
J7 (excluding J7R) .....	36.0	9.88	442	4.4	9.30	432
Other .....	0.2	0.58	138	4.2	2.24	275
Default (J7R, J8-J10) .....	—	—	—	0.0	100.00	—
Total .....	¥391.1	—	—	¥367.5	—	—

Notes: 1. The above exposures are "equity exposures" stipulated in the Notification to which the PD/LGD approach is applied and differ from "stocks" of consolidated financial statements.  
2. "Other" includes exposures to public sector entities.

#### B. Credit Risk-Weighted Assets under Article 145 of the Notification

##### Portfolio

	Billions of yen	
	September 30, 2007	March 31, 2007
Exposures under Article 145 of the Notification .....	¥1,659.6	¥1,896.2

(4) Securitization Exposures

Portfolio

(A) Securitization Transactions as Originator

a. As Originator (excluding as Sponsor)

(a) Underlying Assets

Billions of yen							
September 30, 2007				First half of fiscal 2007			
Underlying asset amount							
Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales	
Claims on corporates .....	¥ 364.8	¥ 120.4	¥244.3	¥374.3	¥ 8.2	¥0.2	¥ —
Mortgage loans.....	1,662.1	1,662.1	—	166.0	0.2	0.0	7.1
Retail loans (excluding mortgage loans) .....	569.0	92.7	476.4	123.2	30.0	2.2	—
Other claims .....	183.1	7.4	175.8	91.1	0.2	0.1	—
Total .....	¥2,779.0	¥1,882.5	¥896.4	¥754.6	¥38.6	¥2.5	¥7.1

Billions of yen							
March 31, 2007				Fiscal 2006			
Underlying asset amount							
Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales	
Claims on corporates .....	¥ 330.2	¥ 181.5	¥148.7	¥ 520.5	¥13.3	¥4.3	¥ —
Mortgage loans.....	1,550.9	1,550.9	—	789.7	0.3	0.0	26.8
Retail loans (excluding mortgage loans) .....	450.4	—	450.4	341.2	20.1	2.1	—
Other claims .....	174.7	5.9	168.8	0.4	0.0	0.2	—
Total .....	¥2,506.3	¥1,738.4	¥768.0	¥1,651.7	¥33.7	¥6.6	¥26.8

- Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing securitization exposure.  
2. "Default amount" is the total of underlying assets which are past due three months or more and defaulted underlying assets.  
3. There were no securitization exposures subject to early amortization provision.  
4. There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.  
5. "Other claims" includes claims on PFI (Private Finance Initiative) businesses and lease fees.

(b) Securitization Exposures

i. Underlying Assets by Asset Type

Billions of yen						
September 30, 2007			March 31, 2007			
Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent	
Claims on corporates.....	¥231.6	¥16.7	¥ —	¥183.4	¥ 1.7	¥ —
Mortgage loans.....	157.7	32.5	41.4	142.7	29.9	40.1
Retail loans (excluding mortgage loans) .....	96.7	12.7	—	111.1	6.8	—
Other claims.....	89.3	7.1	—	8.4	8.4	—
Total.....	¥575.3	¥69.0	¥41.4	¥445.6	¥46.7	¥40.1

ii. Risk Weights

Billions of yen				
September 30, 2007		March 31, 2007		
Term-end balance	Required capital	Term-end balance	Required capital	
20% or less.....	¥278.9	¥ 2.2	¥175.1	¥ 1.2
100% or less.....	—	—	76.7	1.0
650% or less.....	2.0	0.7	2.0	0.7
Less than 1250%.....	—	—	—	—
Capital deduction.....	294.4	69.0	191.8	46.7
Total.....	¥575.3	¥71.9	¥445.6	¥49.6



b. As Sponsor

(a) Underlying Assets

	Billions of yen					
	September 30, 2007			First half of fiscal 2007		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates .....	¥ 882.4	¥ 882.4	¥—	¥3,148.4	¥104.4	¥102.8
Mortgage loans .....	4.2	4.2	—	—	—	—
Retail loans (excluding mortgage loans) .....	52.1	52.1	—	—	0.3	0.7
Other claims .....	124.1	124.1	—	260.1	0.5	0.2
Total .....	¥1,062.8	¥1,062.8	¥—	¥3,408.5	¥105.2	¥103.6

	Billions of yen					
	March 31, 2007			Fiscal 2006		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates .....	¥1,014.3	¥1,014.3	¥—	¥5,898.5	¥206.0	¥204.8
Mortgage loans .....	—	—	—	—	—	—
Retail loans (excluding mortgage loans) .....	37.1	37.1	—	0.5	0.0	0.0
Other claims .....	124.2	124.2	—	175.0	1.5	1.3
Total .....	¥1,175.6	¥1,175.6	¥—	¥6,074.0	¥207.5	¥206.0

- Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing securitization exposure.  
2. "Default amount" is the amount of defaulted underlying assets and those past due three months or more.  
3. "Default amount" and "loss amount" when acting as a sponsor of securitization of customer claims are estimated using the following methods and alternative data are used as it is difficult to obtain relevant data in a timely manner because the underlying assets are recovered by the customer.  
(1) "Default amount" estimation method  
• For securitization transactions subject to the external ratings-based approach, the amount is estimated based on information on underlying assets obtainable from customers, etc.  
• For securitization transactions subject to supervisory formula, the amount is estimated based on obtainable information on, or default rate of, each obligor. Further, when it is difficult to estimate the amount using either method, it is conservatively estimated by assuming that the underlying asset is a default asset.  
(2) "Loss amount" estimation method  
• For securitization transactions subject to the external ratings-based approach, the amount is the same amount as the default amount estimated conservatively in (1) above.  
• For securitization transactions subject to supervisory formula, when expected loss ratios of defaulted underlying assets can be determined, the amount is estimated using the ratios. When it is difficult to determine the ratios, the amount is the same amount as the default amount estimated in (1) above.  
4. "Other claims" includes lease fees.  
5. There were no securitization exposures subject to early amortization provision.  
6. There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.

(b) Securitization Exposures

i. Underlying Assets by Asset Type

	Billions of yen					
	September 30, 2007			March 31, 2007		
	Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent
Claims on corporates .....	¥719.6	¥2.6	¥—	¥807.7	¥13.1	¥—
Mortgage loans .....	4.2	—	—	—	—	—
Retail loans (excluding mortgage loans) .....	52.1	—	—	37.1	—	—
Other claims .....	94.8	—	—	100.3	—	—
Total .....	¥870.7	¥2.6	¥—	¥945.1	¥13.1	¥—

Note: "Other claims" includes lease fees.

ii. Risk Weights

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Term-end balance	Required capital	Term-end balance	Required capital
20% or less .....	¥739.8	¥ 5.0	¥809.4	¥ 5.6
100% or less .....	128.4	4.0	103.1	3.7
650% or less .....	—	—	18.9	2.4
Less than 1250% .....	—	—	—	—
Capital deduction .....	2.6	2.6	13.7	13.1
Total .....	¥870.7	¥11.6	¥945.1	¥24.9

(B) Securitization Transactions in which the Group is the Investor

Securitization Exposures

(a) Underlying Assets by Asset Type

	Billions of yen					
	September 30, 2007			March 31, 2007		
	Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent
Claims on corporates.....	¥308.0	¥70.7	¥—	¥301.6	¥76.9	¥—
Mortgage loans.....	37.2	—	—	379.3	—	—
Retail loans (excluding mortgage loans) .....	17.2	—	—	17.8	—	—
Other claims.....	58.1	4.5	—	124.0	1.3	—
Total.....	¥420.6	¥75.2	¥—	¥822.8	¥78.2	¥—

Notes: 1. "Other claims" includes securitization products.

2. There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.

(b) Risk Weights

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Term-end balance	Required capital	Term-end balance	Required capital
20% or less.....	¥318.7	¥ 2.4	¥668.5	¥ 4.7
100% or less.....	16.3	1.0	26.2	1.6
650% or less.....	10.4	1.6	—	—
Less than 1250%.....	—	—	—	—
Capital deduction.....	75.2	75.2	128.1	78.2
Total.....	¥420.6	¥80.2	¥822.8	¥84.4

(5) Analysis of Actual Losses

A. Year-On-Year Comparison of Actual Losses

SMFG recorded total credit cost of ¥143.1 billion on a consolidated basis for the first half of fiscal 2007, a year-on-year increase of ¥85.1 billion.

SMBC recorded ¥114.2 billion in total credit cost on a nonconsolidated basis for the first half of fiscal 2007, a year-on-year increase of ¥81.0 billion. In terms of exposure category, the credit cost for corporate exposures increased ¥69.4 billion year on year to ¥61.9 billion (versus a net gain of ¥7.5 billion in the previous first half resulting from a reversal of reserve for possible loan losses). The increase was attributable mainly to a decrease in reversal of reserve for possible loan losses. Credit cost for other retail exposures increased ¥4.4 billion to ¥23.6 billion, mainly due to higher default rates.

Total Credit Cost (Notes 1, 2 and 3)

	Billions of yen					
	First half of fiscal 2007 (A)	First half of fiscal 2006 (B)	(A) - (B)	First half of fiscal 2005	Fiscal 2006	Fiscal 2005
SMFG (consolidated) total .....	¥143.1	¥58.0	¥85.1	¥176.5	¥145.0	¥302.0
SMBC (consolidated) total .....	131.5	47.9	83.6	162.7	122.9	275.0
SMBC (nonconsolidated) total .....	114.2	33.2	81.0	129.7	89.5	230.9
Corporate exposures .....	61.9	(7.5)	69.4	86.5	58.7	49.1
Sovereign and bank exposures .....	0.1	0.7	(0.7)	(1.1)	(0.7)	(0.4)
Residential mortgage exposures (Note 4) .....	(0.0)	0.3	(0.3)	0.2	0.5	(0.1)
QRRE (Note 4) .....	0.0	(0.1)	0.1	0.7	(0.1)	0.7
Other retail exposures .....	23.6	19.2	4.4	16.5	43.9	33.6

Notes: 1. The above amounts do not include gains/losses on equity exposures, exposures on capital market-driven transactions (such as bonds) and exposures under Article 145 of the Notification that were recognized as gains/losses on bonds and stocks in the income statement.

2. Exposure category amounts do not include general provisions for Normal Borrowers.

3. Bracketed fiscal year amount indicates gains generated by reversal of provisions, etc.

4. Credit costs for residential mortgages and QRRE guaranteed by consolidated subsidiaries are not included in the total credit cost of SMBC (nonconsolidated).

## B. Comparison of Estimated and Actual Losses

	Billions of yen		
	Estimated loss amounts (Note 1)	After deduction of reserves (Note 2)	First half of fiscal 2007 Actual loss amounts
SMFG (consolidated) total .....	¥ —	¥ —	¥143.1
SMBC (consolidated) total .....	—	—	131.5
SMBC (nonconsolidated) total .....	741.1	164.8	114.2
Corporate exposures .....	637.4	111.5	61.9
Sovereign and bank exposures .....	10.8	9.0	0.1
Residential mortgage exposures .....	4.5	4.0	(0.0)
QRRE .....	0.1	0.1	0.0
Other retail exposures .....	88.3	53.3	23.6

Notes: 1. Representing the estimated loss amount at the end of fiscal 2006. Amounts on consumer loans guaranteed by SMBC's consolidated subsidiaries or its affiliates as well as on equity exposures and other exposures subject to Article 145 of the Notification are excluded.

2. Representing the estimated loss amount after deduction of specific reserves for possible losses on substandard loans or below.

## ■ Standardized Approach

### Exposure Balance by Risk Weight Segment

	Billions of yen			
	September 30, 2007		March 31, 2007	
		Assigned country risk score		Assigned country risk score
0% .....	¥ 1,297.9	¥ 76.3	¥1,078.7	¥ 83.7
10% .....	553.8	—	562.3	—
20% .....	643.1	313.2	574.4	261.9
35% .....	1,296.5	—	1,247.5	—
50% .....	141.3	0.8	97.7	1.9
75% .....	1,874.2	—	643.5	—
100% .....	5,260.7	0.1	5,128.1	0.4
150% .....	24.1	—	16.6	—
Total .....	¥11,091.7	¥390.4	¥9,348.9	¥348.0

Notes: 1. The above amounts are exposures amounts after credit risk mitigation (before deduction of direct write-offs).

2. Securitization exposures are not included.

## ■ Credit Risk Mitigation Techniques

### Exposure Balance after CRM

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Eligible financial collateral	Eligible real estate collateral	Eligible financial collateral	Eligible real estate collateral
Foundation IRB approach .....	¥2,091.7	¥2,765.6	¥2,325.5	¥2,661.4
Corporate exposures .....	795.5	2,764.1	1,675.0	2,660.2
Sovereign exposures .....	0.1	1.4	0.1	1.2
Bank exposures .....	1,296.0	0.1	650.4	0.1
Standardized approach .....	138.2	—	133.4	—
Total .....	¥2,229.9	¥2,765.6	¥2,458.9	¥2,661.4

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Guarantee	Credit derivative	Guarantee	Credit derivative
Foundation IRB approach .....	¥4,112.7	¥293.5	¥3,659.7	¥226.0
Corporate exposures .....	3,417.8	293.5	3,044.9	226.0
Sovereign exposures .....	63.0	—	58.3	—
Bank exposures .....	376.8	—	294.8	—
Residential mortgage exposures .....	254.5	—	261.3	—
QRRE .....	—	—	—	—
Other retail exposures .....	0.6	—	0.4	—
Standardized approach .....	84.2	—	90.2	—
Total .....	¥4,197.0	¥293.5	¥3,749.9	¥226.0

## ■ Derivative Transactions

### Credit Equivalent Amounts

#### (1) Derivative Transactions

##### A. Calculation Method

Current exposure method

##### B. Credit Equivalent Amounts

	Billions of yen	
	September 30, 2007	March 31, 2007
Gross replacement cost .....	¥3,124.4	¥2,901.8
Gross add-on amount .....	3,989.5	3,931.1
Gross credit equivalent amount .....	7,113.9	6,832.9
Foreign exchange related transactions .....	3,150.1	2,932.7
Interest rate related transactions .....	3,648.8	3,616.1
Gold related transactions .....	—	—
Equities related transactions .....	2.1	2.3
Precious metals (excluding gold) related transactions .....	—	—
Other commodity related transactions .....	248.1	265.1
Credit default swaps .....	64.8	16.7
Reduction in credit equivalent amount due to netting .....	3,556.1	3,253.1
Net credit equivalent amount .....	3,557.7	3,579.8
Collateral amount .....	138.7	216.6
Qualifying financial collateral .....	50.1	122.7
Qualifying real estate collateral .....	88.6	93.9
Net credit equivalent amount (after taking into account credit risk mitigation effect of collateral) .....	¥3,557.7	¥3,579.8

Note: Net credit equivalent amount was the same before and after taking into account the CRM effect of collateral as the foundation IRB approach and simple approach of the standardized approach have been adopted.

#### (2) Notional Principal Amounts of Credit Derivatives

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Notional principal amount	Of which for CRM	Notional principal amount	Of which for CRM
Protection purchased .....	¥1,538.0	¥293.5	¥1,260.4	¥226.0
Protection provided .....	1,266.5	—	1,067.4	—

Note: The “notional principal amount” is defined as the total of “amounts subject to calculation of credit equivalents” and “amounts employed for CRM.”

## ■ Market Risk

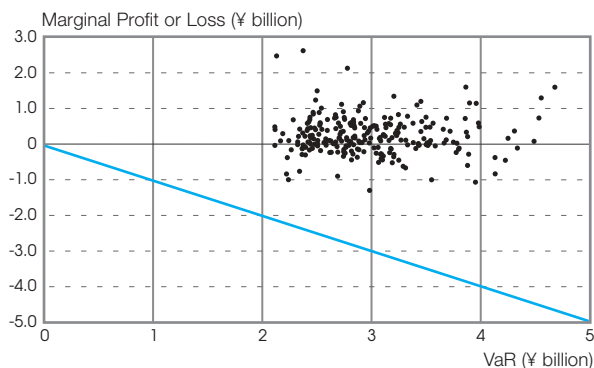
### 1. VaR Results (Trading Book)

	Billions of yen	
	First half of fiscal 2007	Fiscal 2006
June 30 .....	¥3.0	¥2.1
September 30 .....	2.2	2.9
December 31 .....	—	3.1
March 31 .....	—	2.9
Maximum .....	¥4.3	¥4.7
Minimum .....	2.1	2.1
Average .....	2.9	2.9

Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using historical simulation based on data collected over a four-year period.  
 2. Figures for the trading book exclude specific risks.  
 3. The VaR model for the trading book includes principal consolidated subsidiaries.

### 2. Back-Testing Result (Trading Book)

The results of back-testing for the one-year period from October 2006 to September 2007 are shown below. Actual loss amounts during the said period did not exceed the predicted VaR results.



Note: A data point below the diagonal line indicates a loss in excess of the predicted VaR for that day.

## ■ Equity Exposures in Banking Book

### 1. Consolidated Balance Sheet Amounts and Fair Values

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures .....	¥3,626.2	¥3,626.2	¥3,980.3	¥3,980.3
Stocks of subsidiaries and affiliates and equity exposures other than above .....	519.2	—	519.0	—
Total .....	¥4,145.4	¥ —	¥4,499.3	¥ —

### 2. Gains (Losses) on Sale and Devaluation of Stocks of Subsidiaries and Affiliates and Equity Exposures

	Billions of yen	
	First half of fiscal 2007	Fiscal 2006
Gains (losses) .....	¥(47.4)	¥44.7
Gains on sale .....	14.3	62.8
Losses on sale .....	1.4	1.5
Devaluation .....	60.4	16.6

Note: The above amounts are “gains (losses) on stocks and other securities” in the consolidated statements of income.

### 3. Unrealized Gains (Losses) Recognized on Consolidated Balance Sheet but Not on Consolidated Statements of Income

	Billions of yen	
	September 30, 2007	March 31, 2007
Unrealized gains (losses) recognized on consolidated balance sheet but not on consolidated statements of income .....	<b>¥1,738.0</b>	¥1,982.6

Note: The above amount is for stocks of Japanese companies and foreign stocks with market prices.

### 4. Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheet or Consolidated Statements of Income

	Billions of yen	
	September 30, 2007	March 31, 2007
Unrealized gains (losses) not recognized on consolidated balance sheet or consolidated statements of income .....	<b>¥(23.3)</b>	¥65.7

Note: The above amount is for stocks of affiliates with market prices.

## ■ Interest Rate Risk in Banking Book

### VaR Results

	Billions of yen	
	First half of fiscal 2007	Fiscal 2006
June 30 .....	<b>¥33.7</b>	¥57.0
September 30 .....	<b>27.6</b>	42.8
December 31 .....	—	47.1
March 31 .....	—	47.6
Maximum .....	<b>¥59.3</b>	¥78.9
Minimum .....	<b>20.9</b>	36.8
Average .....	<b>35.8</b>	51.6

Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using historical simulation based on data collected over a four-year period.

2. Includes principal consolidated subsidiaries.

### Outlier Framework (Sumitomo Mitsui Banking Corporation and Subsidiaries)

In the event the economic value of a bank declines by more than 20% of the sum of Tier I and Tier II capital ("outlier ratio") as a result of a standardized interest rate shock (200 basis points) or its equivalent, the bank falls into the category of "outlier bank," as stipulated in the Basel II framework.

As of September 30, 2007, the outlier ratio of SMBC was 3.7%, which is substantially below the maximum ratio of 20%.

	Billions of yen	
	September 30, 2007	March 31, 2007
	Decline in economic value	Decline in economic value
Impact of yen interest rate .....	<b>¥170.6</b>	¥119.7
Impact of US dollar interest rate .....	<b>86.7</b>	33.6
Impact of Euro interest rate .....	<b>6.9</b>	3.4
Total .....	<b>¥284.4</b>	¥165.8
Total / Tier I + Tier II .....	<b>3.7%</b>	2.1%

Note: "Decline in economic value" is the decline of present value after a standardized interest rate shock (1st and 99th percentile of observed interest rate changes using a 1 year holding period and 5 years of observations).

## ■ Exposure Balance by Type of Assets, Geographic Region, Industry and Residual Term

### 1. Exposure Balance by Type of Assets, Geographic Region and Industry

Billions of yen					
September 30, 2007	Loans, etc.	Bonds	Derivatives	Other	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥ 8,191.9	¥ 125.8	¥ 415.2	¥ 2,719.0	¥ 11,451.9
Agriculture, forestry, fishery and mining .....	180.3	0.1	9.3	64.2	253.8
Construction .....	1,696.5	51.1	11.1	162.2	1,920.9
Transport, information, communications and utilities....	3,884.6	129.2	103.1	787.6	4,904.6
Wholesale and retail .....	6,571.4	53.1	429.4	683.9	7,737.9
Financial and insurance.....	9,002.1	1,008.7	1,257.2	268.9	11,537.0
Real estate .....	8,419.1	120.8	36.0	254.6	8,830.5
Services.....	6,629.2	61.3	72.9	546.2	7,309.6
Local municipal corporations .....	1,219.4	637.7	2.0	3.6	1,862.7
Other industries .....	20,683.4	9,008.4	86.0	4,590.8	34,368.6
Subtotal .....	¥66,478.0	¥11,196.4	¥2,422.2	¥10,081.0	¥ 90,177.6
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 250.3	¥ 337.6	¥ 10.3	¥ —	¥ 598.1
Financial institutions .....	4,682.1	340.3	814.5	0.0	5,836.9
C&I companies .....	9,802.4	159.1	286.8	—	10,248.3
Others.....	3,146.2	319.6	24.0	366.3	3,856.1
Subtotal .....	¥17,881.0	¥ 1,156.5	¥1,135.6	¥ 366.3	¥ 20,539.4
Total.....	¥84,359.0	¥12,352.9	¥3,557.7	¥10,447.4	¥110,717.0

Billions of yen					
March 31, 2007	Loans, etc.	Bonds	Derivatives	Other	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥ 8,135.7	¥ 132.7	¥ 400.5	¥2,846.4	¥ 11,515.2
Agriculture, forestry, fishery and mining .....	179.1	1.1	9.0	66.7	255.9
Construction .....	1,772.1	57.9	14.6	185.3	2,029.8
Transport, information, communications and utilities....	3,793.9	137.7	97.7	880.6	4,909.9
Wholesale and retail .....	6,982.3	64.3	433.6	685.1	8,165.2
Financial and insurance.....	7,593.2	1,275.2	1,217.3	322.3	10,408.0
Real estate .....	8,766.4	89.1	40.0	262.0	9,157.5
Services.....	7,010.9	65.6	87.5	515.1	7,679.1
Local municipal corporations .....	1,133.8	750.2	1.1	2.6	1,887.7
Other industries .....	18,412.1	7,912.8	160.7	3,771.8	30,257.3
Subtotal .....	¥63,779.4	¥10,486.5	¥2,461.9	¥9,537.9	¥ 86,265.7
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 315.8	¥ 82.5	¥ 8.4	¥ —	¥ 406.6
Financial institutions .....	2,473.8	243.9	805.3	0.0	3,523.0
C&I companies .....	8,964.0	258.8	263.0	—	9,485.7
Others.....	2,075.2	350.4	41.3	293.8	2,760.7
Subtotal .....	¥13,828.8	¥ 935.5	¥1,117.9	¥ 293.8	¥ 16,176.0
Total.....	¥77,608.2	¥11,422.0	¥3,579.8	¥9,831.6	¥102,441.7

Notes: 1. The above amounts are exposure amounts after credit risk mitigation.

2. The above amounts do not include securitization exposures and credit risk-weighted assets under Article 145 of the Notification.

3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

4. "Loans, etc." includes loans, commitments and off-balance sheet assets except other derivatives, and "Other" includes equity exposures and standardized approach applied funds.

## 2. Exposure Balance by Residual Term

September 30, 2007	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
To 1 year .....	¥26,649.6	¥ 3,148.0	¥ 414.6	¥ 233.3	¥ 30,445.5
More than 1 year to 3 years.....	12,852.4	1,943.3	1,329.1	511.0	16,635.9
More than 3 years to 5 years.....	13,009.9	1,938.7	986.6	621.5	16,556.7
More than 5 years to 7 years.....	4,635.5	1,054.3	384.7	180.6	6,255.1
More than 7 years .....	20,366.1	4,268.5	442.8	127.8	25,205.1
No fixed maturity.....	6,845.5	—	—	8,773.1	15,618.7
Total.....	¥84,359.0	¥12,352.9	¥3,557.7	¥10,447.4	¥110,717.0

March 31, 2007	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
To 1 year .....	¥22,237.0	¥ 3,747.2	¥ 389.4	¥ 176.6	¥ 26,550.3
More than 1 year to 3 years.....	11,762.0	1,628.6	1,232.6	503.0	15,126.2
More than 3 years to 5 years.....	11,734.2	1,451.8	1,058.7	621.5	14,866.1
More than 5 years to 7 years.....	4,508.1	1,382.4	431.9	162.9	6,485.3
More than 7 years .....	20,365.9	3,212.1	467.2	110.4	24,155.7
No fixed maturity.....	7,000.9	—	—	8,257.2	15,258.2
Total.....	¥77,608.2	¥11,422.0	¥3,579.8	¥9,831.6	¥102,441.7

Notes: 1. The above amounts are exposure amounts after credit risk mitigation.

2. The above amounts do not include securitization exposures and credit risk-weighted assets under Article 145 of the Notification.

3. "Loans, etc." includes loans, commitments and off-balance sheet assets except other derivatives, and "Other" includes equity exposures and standardized approach applied funds.

4. "No fixed maturity" includes exposures not classified by residual term.



### 3. Term-end Balance of Exposures Past Due 3 Months or More or Defaulted and Their Breakdown

#### (1) By Geographic Region

	Billions of yen	
	September 30, 2007	March 31, 2007
Domestic operations (excluding offshore banking accounts) .....	<b>¥1,627.8</b>	¥1,948.3
Overseas operations and offshore banking accounts .....	<b>131.7</b>	135.0
Asia.....	<b>51.4</b>	81.9
North America.....	<b>66.7</b>	42.3
Other regions.....	<b>13.6</b>	10.8
Total .....	<b>¥1,759.5</b>	¥2,083.3

- Notes: 1. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.  
2. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.  
3. The above amounts include partial direct write-offs (direct reductions).

#### (2) By Industry

	Billions of yen	
	September 30, 2007	March 31, 2007
Domestic operations (excluding offshore banking accounts)		
Manufacturing.....	<b>¥ 138.7</b>	¥ 123.6
Agriculture, forestry, fishery and mining .....	<b>6.1</b>	6.3
Construction .....	<b>110.9</b>	196.4
Transport, information, communications and utilities .....	<b>114.8</b>	155.8
Wholesale and retail .....	<b>238.0</b>	170.5
Financial and insurance .....	<b>23.8</b>	16.6
Real estate .....	<b>345.6</b>	556.5
Services.....	<b>323.5</b>	452.2
Other industries .....	<b>326.4</b>	270.4
Subtotal .....	<b>¥1,627.8</b>	¥1,948.3
Overseas operations and offshore banking accounts		
Financial institutions .....	<b>¥ 5.6</b>	¥ 1.1
C&I companies .....	<b>126.1</b>	133.9
Others.....	<b>—</b>	—
Subtotal .....	<b>¥ 131.7</b>	¥ 135.0
Total .....	<b>¥1,759.5</b>	¥2,083.3

- Notes: 1. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.  
2. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.  
3. The above amounts include partial direct write-offs (direct reductions).

### 4. Term-end Balances of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and Loan Loss Reserve for Specific Overseas Countries

#### (1) By Geographic Region

	Billions of yen		
	September 30, 2007	March 31, 2007	Increase (decrease)
General reserve for possible loan losses .....	<b>¥ 706.5</b>	¥ 683.6	¥22.9
Loan loss reserve for specific overseas countries .....	<b>0.0</b>	1.9	(1.9)
Specific reserve for possible loan losses .....	<b>741.5</b>	693.7	47.8
Domestic operations (excluding offshore banking accounts) .....	<b>713.1</b>	661.0	52.1
Overseas operations and offshore banking accounts .....	<b>28.4</b>	32.7	(4.3)
Asia .....	<b>13.2</b>	14.1	(0.9)
North America .....	<b>10.9</b>	12.9	(2.0)
Other regions .....	<b>4.3</b>	5.7	(1.4)
Total .....	<b>¥1,448.0</b>	¥1,379.2	¥68.8

- Notes: 1. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.  
2. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).

## (2) By Industry

	Billions of yen		
	September 30, 2007	March 31, 2007	Increase (decrease)
General reserve for possible loan losses .....	¥ 706.5	¥ 683.6	¥22.9
Loan loss reserve for specific overseas countries .....	0.0	1.9	(1.9)
Specific reserve for possible loan losses .....	741.5	693.7	47.8
Domestic operations (excluding offshore banking accounts).....	713.1	661.0	52.1
Manufacturing .....	65.0	43.6	21.4
Agriculture, forestry, fishery and mining.....	1.0	0.4	0.6
Construction .....	49.5	37.5	12.0
Transport, information, communications and utilities .....	61.6	48.7	12.9
Wholesale and retail .....	112.0	82.7	29.3
Financial and insurance .....	9.1	8.7	0.4
Real estate .....	130.3	157.7	(27.4)
Services .....	130.9	154.6	(23.7)
Other industries .....	153.7	127.1	26.6
Overseas operations and offshore banking accounts .....	28.4	32.7	(4.3)
Financial institutions.....	0.6	0.9	(0.3)
C&I companies.....	27.8	31.8	(4.0)
Others .....	—	—	—
Total .....	¥1,448.0	¥1,379.2	¥68.8

Notes: 1. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.  
2. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).

## 5. Loan Write-Offs by Industry

	Billions of yen	
	First half of fiscal 2007	Fiscal 2006
Domestic operations (excluding offshore banking accounts)		
Manufacturing .....	¥18.3	¥10.6
Agriculture, forestry, fishery and mining.....	0.1	0.0
Construction .....	7.8	5.6
Transport, information, communications and utilities .....	6.0	14.9
Wholesale and retail.....	25.6	21.3
Financial and insurance .....	(0.3)	1.1
Real estate .....	(4.3)	(10.2)
Services .....	7.8	16.2
Other industries.....	5.9	25.4
Subtotal.....	¥66.9	¥84.9
Overseas operations and offshore banking accounts		
Financial institutions.....	¥ 0.0	¥ 0.0
C&I companies.....	(1.9)	(3.5)
Others .....	—	—
Subtotal.....	¥ (1.9)	¥ (3.5)
Total.....	¥65.0	¥81.4

Note: "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.