

■ Equity Exposures in Banking Book

1. Risk Management Policy and Procedures

Securities in the banking book are properly managed, for example, by setting upper limits on the allowable amount of risk under the market or credit risk management framework selected according to their holding purpose and risk characteristics.

For securities held as “available-for-sale securities,” the upper limits are also set in terms of price fluctuation risk.

Regarding stocks of subsidiaries, assets and liabilities of subsidiaries are managed on a consolidated basis, and risks related to stocks of affiliates are recognized separately. Their risk as equity is not measured as upper limits on the allowable amount of risk are set for stocks of subsidiaries and affiliates, and the limits are established within the “risk capital limit” of SMFG, taking into account the financial and business situations of the subsidiaries and affiliates.

2. Valuation of Securities in Banking Book and Other Significant Accounting Policies

Stocks of subsidiaries and affiliates are carried at amortized cost using the moving-average method. Available-for-sale securities with market prices (including foreign stocks) are carried at their average market prices during the final month of the fiscal year. Securities other than these securities are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method) and those with no available market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities and net of income taxes are reported as a component of “net assets.” Derivative transactions are carried at fair value.

3. Consolidated Balance Sheet Amounts and Fair Values

	Billions of yen			
	2011		2010	
March 31	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures	¥2,470.7	¥2,470.7	¥2,570.5	¥2,570.5
Stocks of subsidiaries and affiliates and equity exposures other than above	609.1	—	629.8	—
Total	¥3,079.7	¥ —	¥3,200.3	¥ —

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

	Billions of yen	
	Fiscal 2010	Fiscal 2009
Gains (losses)	¥ (91.9)	¥ (10.1)
Gains on sale	27.5	57.2
Losses on sale	4.6	34.8
Devaluation	114.9	32.5

Note: The above amounts are gains (losses) on stocks and available-for-sale securities in the consolidated statements of income.

5. Unrealized Gains (Losses) Recognized on Consolidated Balance Sheets but Not on Consolidated Statements of Income

March 31	Billions of yen	
	2011	2010
Unrealized gains (losses) recognized on consolidated balance sheets but not on consolidated statements of income	¥383.8	¥483.6

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

6. Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheets or Consolidated Statements of Income

March 31	Billions of yen	
	2011	2010
Unrealized gains (losses) not recognized on consolidated balance sheets or consolidated statements of income	¥(52.7)	¥(39.7)

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