

## Notes to Consolidated Statement of Income

1. Amounts less than one million yen have been omitted.
2. Net income per share was 94,733.62 yen.
3. Net income per share (diluted) was 75,642.94 yen.
4. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as “Trading profits” and “Trading losses.” Both accounts include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and money claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.
5. Standards for recognizing lease-related income on lease transactions and income/expenses on installment sales are as follows:
  - (1) Recognition of lease-related income on lease transactions  
Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.
  - (2) Recognition of income and expenses on installment sales  
Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full term of the installment sales.
6. “Other income” included gains on sales of stocks and other securities of 93,433 million yen and equity in earnings of affiliates of 31,887 million yen.
7. “Other” in “Other expenses” included write-off of loans of 69,355 million yen, losses on devaluation of stocks and other securities of 32,345 million yen and losses on delinquent loans sold of 100,666 million yen.
8. “Other extraordinary gains” included gains on sale of a subsidiary’s shares and change in equity of the subsidiary of 60,574 million yen.
9. The difference between the recoverable amount and the book value of the following assets is recognized as “Losses on impairment of fixed assets” and included in “Extraordinary losses” in the fiscal year.

				(Millions of yen)
Area	Purpose of use		Type	Impairment loss
Tokyo metropolitan area	Idle assets	47 items	Land and premises etc.	5,277
	Branches	15 branches		4,668
Kinki area	Idle assets	29 items	Land and premises etc.	2,022
	Branches	15 branches		334
Other	Idle assets	15 items	Land and premises etc.	

At the consolidated subsidiary, SMBC, every branch, which continuously manages and determines income and expenses, is the smallest unit of asset group for recognition and measurement of impairment loss. Fixed assets which do not have identifiable cash flows (such as corporate headquarters facilities, training institutes, business and system centers, and health and recreational facilities) are grouped with other assets. As for idle assets, impairment loss on each asset is measured individually. At other consolidated subsidiaries, a branch is generally considered as the smallest grouping unit.

On assets which investments are not expected to be recovered, this interim term, SMBC and other consolidated subsidiaries reduced the carrying amounts of idle assets, in the case of SMBC, and those of idle assets and branches, in the case of SMFG and other consolidated subsidiaries, to their recoverable amounts and recognized the relevant losses as “losses on impairment of fixed assets,” which is included in “Extraordinary losses.”

Recoverable amounts of some of the branches are calculated based on future cash flows using a discount rate of 5-6%. Recoverable amounts of other assets are calculated using net realizable value which is based on appraisal value in accordance with the Real Estate Appraisal Standard less the expected sale costs.