

Notes to Interim Consolidated Statement of Income

1. Amounts less than one million yen have been omitted.
2. Net income per share was 32,782.19 yen.
3. Net income per share (diluted) was 27,514.41 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 interim term. The valuation differences of securities and money claims between the previous fiscal year-end and this interim term-end are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the valuation differences between the previous fiscal year-end and this interim term-end 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” includes gains on sales of stocks and other securities of 17,987 million yen.
7. “Other expenses” includes write-off of loans of 57,626 million yen, losses on devaluation of stocks of 7,051 million yen, losses on sale of delinquent loans of 5,545 million yen and equity in losses of affiliates of 32,344 million yen.
8. “Extraordinary gains” includes gains on return of securities from retirement benefits trust of 36,330 million yen, gains on reversal of reserve for possible loan losses of 6,470 million yen and gains on change in equity of a subsidiary due to the subsidiary’s capital increase of 4,226 million yen.
9. “Extraordinary losses” includes losses on disposal of fixed assets of 2,037 million yen and losses on impairment of fixed assets of 2,006 million yen.
10. 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 this interim term.

				(Millions of yen)
Area	Purpose of use		Type	Impairment loss
Tokyo metropolitan area	Idle assets	27 items	Land and premises etc.	873
	Branches	13 branches		349
Kinki area	Idle assets	18 items	Land and premises etc.	410
	Other	12 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 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.