Notes to Consolidated Statement of Income

1. Amounts less than one million yen have been omitted.

2. “Other income” included gains on sales of stocks and other securities of ¥61,509 million.

3. “Other expenses” included write-off of loans of ¥141,750 million, losses on devaluation of stocks and other securities of ¥62,835 million, losses on delinquent loans sold of ¥35,300 million and equity in losses of affiliates of ¥41,760 million.

4. “Other extraordinary gains” included gains on change in equity due to mergers of subsidiaries of ¥103,133 million.

5. 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	Branches	4 branches	Land and premises etc.	¥ 41
	Idle assets	27 items		1,196
	Others	2 items		69
Kinki area	Branches	5 branches	Land and premises etc.	298
	Idle assets	18 items		3,086
Others	Branches	9 branches	Land and premises etc.	17
	Idle assets	13 items		451

SMBC continuously manages every branch and determines its income and expenses. SMBC considers each branch as the smallest unit of asset group for recognition and measurement of impairment loss. Fixed assets (such as corporate headquarters facilities, training institutes, business and system centers, and health and recreational facilities) which do not have identifiable cash flows 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.

In case investments in idle assets and branches (only idle assets in the case of SMBC) are not expected to be recovered, SMBC and other consolidated subsidiaries reduced the book values to their recoverable amounts and recognized the relevant losses as “losses on impairment of fixed assets,” which were included in “Extraordinary losses” in the fiscal year.

Recoverable amounts are calculated mainly using net realizable value which is based on appraisal value in accordance with the Real Estate Appraisal Standard less the expected sale costs.