

Notes to Consolidated Statement of Operations

1. “Other income” included gains on sales of stocks and other securities of ¥15,242 million.
2. “Other expenses” included write-off of loans of ¥302,353 million, losses on devaluation of stocks and other securities of ¥191,117 million, losses on delinquent loans sold of ¥62,549 million and equity in losses of affiliates of ¥94,876 million.
3. 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 1 branch	Land and buildings etc.	¥ 57
	Corporate assets 1 item		4,700
	Idle assets 24 items		664
	Others 6 items		444
Kinki area	Branches 5 branches	Land and buildings etc.	389
	Idle assets 10 items		607
	Others 4 items		318
Others	Idle assets 9 items	Land and buildings etc.	179

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 branches and idle assets (corporate assets and 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.