

Notes to Consolidated Statement of Operations

1. Amounts less than one million yen have been omitted.
2. Net loss per share is 44,388.07 yen.
3. 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 valuation differences of securities and money claims between the previous fiscal year-end and this fiscal year-end are 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 fiscal year-end are recorded in the above-mentioned accounts.
4. 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.
5. “Other income” includes gains on sales of stocks and other securities of 129,258 million yen and gains on securities contributed to employee retirement benefits trust of 75,275 million yen.
6. “Other” in “Other expenses” includes write-off of loans of 759,399 million yen, losses on devaluation of stocks and other securities of 224,266 million yen and losses on delinquent loans sold of 147,984 million yen.
7. “Other extraordinary gains” includes gains on change in equity of a subsidiary due to the subsidiary’s capital increase of 3,120 million yen.
8. “Other extraordinary losses” includes amortized cost of unrecognized net transition obligation from initial application of the new accounting standard for employee retirement benefits of 17,876 million yen.
9. With the implementation of the “Revision of the Local Tax Law” (Legislation No.9, 2003) on March 31, 2003, a part of the tax basis of enterprise taxes comprises “amount of added value” and “amount of capital” from the fiscal year commenced April 1, 2004. As a result, SMFG and its consolidated domestic subsidiaries calculate enterprise taxes based on “amount of added value” and “amount of capital” and they are included in “General and administrative expenses” from this fiscal year pursuant to “Practical Treatment for Presentation of External Based-Corporate Enterprise Taxes in the Statement of Income” (Accounting Standards Board, Practical Solution Report No.12).