

(7) Application of New Accounting Standards

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, issued on May 17, 2006) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied it from this fiscal year. This accounting method decreased retained earnings at the beginning of this fiscal year by ¥3,132 million, and has no material impact on the income or loss for the fiscal year ended March 31, 2009.

(Accounting Standard for Lease Transactions)

Non-transfer ownership finance leases had been accounted for using the same method as for operating leases. However, “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, issued on March 30, 2007) and

“Implementation Guidance for Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, issued on March 30, 2007) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied them from this fiscal year.

As for non-transfer ownership finance lease transactions which commenced before April 1, 2008, their treatment was as follows.

(i) Lessee side

Taking future minimum lease payment, excluding interest portion, at March 31, 2008 as acquisition cost, the amounts are recorded as tangible fixed assets or intangible fixed assets, assuming they had been acquired at the beginning of the fiscal year.

(ii) Lessor side

Book value (excluding depreciation) of lease assets at March 31, 2008 was recorded as the beginning balance of “Lease receivables and investment assets.”

Accordingly, this accounting change has the following impact on the consolidated financial statements as compared with the previous accounting method:

	(Millions of yen)
Lease receivables and investment assets	¥ 1,968,347
Tangible fixed assets	
Lease assets	7,206
Intangible fixed assets	
Lease assets	480
Loans and bills discounted	(138,788)
Lease assets	(1,205,021)
Other assets	(662,005)
Other liabilities	(32,205)
Interest income	
Interest on lease transactions	¥ 77,772
Interest on loans and discounts	(7,659)
Interest expenses	
Other interest expenses	(639)
Other operating income	
Lease-related income	(503,389)
Installment-related income	(242,763)
Other	(810)
Other operating expenses	
Lease-related expenses	(472,005)
Installment-related expenses	(206,456)
General and administrative expenses	(178)

As a result, ordinary profit and income before income taxes and minority interests increased by ¥2,430 million and ¥2,423 million, respectively.