

IV. Interim Consolidated Financial Statements

Significant Accounting Policies for Interim Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries 166 companies

Principal companies

Sumitomo Mitsui Banking Corporation
 THE MINATO BANK, LTD.
 Kansai Urban Banking Corporation
 Sumitomo Mitsui Banking Corporation Europe Limited
 Manufacturers Bank
 SMBC Leasing Company, Limited
 Sumitomo Mitsui Card Company, Limited
 SMBC Capital Co., Ltd.
 SMBC Finance Service Co., Ltd.
 SMBC Friend Securities Co., Ltd.
 The Japan Research Institute, Limited
 SMBC Capital Markets, Inc.

From this interim term, nine companies including NS Capital Co., Ltd. were newly consolidated due to establishment and other reason.

From this interim term, four companies including WAKASHIO OFFICE SERVICE Co., Ltd. were excluded from the scope of consolidation because they were no longer subsidiaries due to liquidation and other reason. From this interim term, six companies including SMLC CENTAURUS CO., LTD. became unconsolidated subsidiaries that are not accounted for by the equity method because they became silent partnerships for lease transactions.

(2) Unconsolidated subsidiaries

Principal company

SBCS Co., Ltd.

One hundred and twenty-one subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they were excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of Interim Consolidated Financial Statements Regulations.

Total assets, ordinary income, net income and retained earnings of other unconsolidated subsidiaries have no material impact on the consolidated financial statements.

2. Application of the equity method

(1) Unconsolidated subsidiaries accounted for by the equity method 3 companies

Principal company

SBCS Co., Ltd.

From this interim term, SBL Holdings Limited was excluded from the scope of unconsolidated subsidiaries accounted for by the equity method because it was no longer a subsidiary due to liquidation.

(2) Affiliates accounted for by the equity method 56 companies

Principal companies

Promise Co., Ltd.
 Daiwa Securities SMBC Co. Ltd.
 NIF Ventures Co., Ltd.
 Daiwa SB Investments Ltd.
 Sumitomo Mitsui Asset Management Company, Limited
 QUOQ Inc.

From this interim term, eight companies including NIF Ventures Co., Ltd. newly became affiliated companies accounted for by the equity method due to acquirement of shares.

From this interim term, P.T.Perjahl Leasing Indonesia was excluded from the scope of affiliated companies accounted for by the equity method because it was no longer an affiliated company due to sale of shares.

(3) Unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

One hundred and twenty-one subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they are not treated as affiliated companies accounted for by the equity method pursuant to Article 7 Paragraph 1 Item 2 of Interim Consolidated Financial Statements Regulations.

Net income and retained earnings of other unconsolidated subsidiaries and affiliates that are not accounted for by the equity method have no material impact on the consolidated financial statements.

3. The interim balance sheet dates of consolidated subsidiaries

(1) The interim balance sheet dates of the consolidated subsidiaries are as follows:

March 31	5	companies
April 30	1	company
June 30	68	companies
July 31	3	companies
September 30	89	companies

(2) As for the companies whose interim balance sheet dates are March 31 and April 30, the accounts are provisionally closed for the purpose of consolidation as of September 30 and July 31, respectively. The other companies are consolidated on the basis of their respective interim balance sheet dates.

A consolidated subsidiary (established in July 2005) whose interim balance sheet date is June 30 is consolidated after the accounts were provisionally closed as of September 30 for the purpose of consolidation.

Appropriate adjustments are made for material transactions during the periods from their respective balance sheet dates to the interim consolidated balance sheet date.

4. Accounting policies

Please refer to the “Notes to Interim Consolidated Balance Sheet” and “Notes to Interim Consolidated Statement of Income.”

5. Scope of “Cash and cash equivalents” on Interim Consolidated Statements of Cash Flows

Please refer to the “Notes to Interim Consolidated Statement of Cash Flows.”