

IV. Interim Consolidated Financial Statements

Significant Accounting Policies for Interim Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries 176 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 Finance Service Co., Ltd.
 SMBC Friend Securities Co., Ltd.
 The Japan Research Institute, Limited
 SMBC Capital Markets, Inc.

From this interim term, twenty-two companies including JRI Solutions Ltd. were newly consolidated due to establishment and other reason.

From this interim term, two companies including SUMIGIN GUARANTEE COMPANY, LIMITED were excluded from the scope of consolidation because they were no longer subsidiaries due to merger and other reason. From this interim term, six companies including SMLC MAHOGANY 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 nineteen 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.

Other unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income and retained earnings are so immaterial that they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of consolidation.

2. Application of the equity method

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

Principal company

SBCS Co., Ltd.

(2) Affiliates accounted for by the equity method 58 companies

Principal companies

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

From this interim term, three companies including NIFSMBC-V2006S1 Investment Enterprise Partnership newly became affiliated companies accounted for by the equity method due to establishment and other reasons.

From this interim term, five companies including SMFC Holdings (Cayman) Limited was excluded from the scope of affiliated companies accounted for by the equity method because it was no longer an affiliated company due to liquidation and other reasons.

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

One hundred and nineteen 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.

Other unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are also excluded from the scope of equity method because their total amounts in terms of net income and retained earnings are so immaterial that they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of equity method.

3. The interim balance sheet dates of consolidated subsidiaries

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

December 31	2	companies
March 31	5	companies
April 30	2	companies
May 31	2	companies
June 30	73	companies
July 31	1	company
August 31	5	companies
September 30	86	companies

A consolidated overseas subsidiary changed its interim balance sheet date from June 30 to September 30 from this fiscal year. Therefore, SMFG's consolidated financial statements include the subsidiary's profit or loss for the period from January 1, 2006 to September 30, 2006. However, this change had no material impact on the interim consolidated financial statements.

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

A consolidated subsidiary (established in August 2006) 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 interim 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. Amortization of goodwill

Goodwill on SMBC Friend Securities Co., Ltd. and SMBC Leasing Company, Limited is amortized using the straight-line method over twenty years and five years, respectively. Other goodwill is amortized when incurred.

6. Scope of "Cash and cash equivalents" on Interim Consolidated Statement of Cash Flows

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