

## **4. Principles of Consolidation**

### 1. Scope of consolidation and application of the equity method

#### (1) Consolidated subsidiaries      71 companies

The Sumitomo Credit Service Company, Ltd

SB Leasing Company, Ltd

Sumigin General Finance Company, Ltd

SB Investment Co., Ltd

The Bank of Kansai, Ltd

Sumitomo Bank Capital Market, Inc. and others

As SB Trust Bank Co., Ltd was sold and Sumitomo Bank (Deutschland) GmbH was liquidated, they were excluded from consolidation.

#### (2) Non-consolidated subsidiaries

Forty-eight subsidiaries such as S.B.L.Management Company Limited are anonymous partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, based on the Article 5 Paragraph 1 Item 2 of Consolidated Interim Financial Statements Regulation, they were not treated as consolidated subsidiaries.

Assets, income, net income and surplus of other non-consolidated subsidiaries have no significant impact on the consolidated financials.

### 2. Application of the equity method

#### (1) Subsidiaries accounted for under the equity method

N/A

#### (2) Affiliates accounted for under the equity method      39 companies

Daiwa Securities SB Capital Markets Co. Ltd

QUOQ Inc.

The Japan Research Institute, Limited and others

As a share of Japan Pension Navigator Co., Ltd was obtained, it was newly included in affiliates accounted for under the equity method.

#### (3) Subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method

Forty-eight subsidiaries such as S.B.L.Management are anonymous partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, based on the Article 7 Paragraph 1 Item 2 of Consolidated Interim Financial Statements Regulation, they were not treated as affiliates accounted for under equity method.

Net income and surplus of other non-consolidated subsidiaries and affiliates which are not accounted for under the

equity method have no significant impact on the consolidated financials.

3. The balance sheets dates of consolidated subsidiaries

(1) The dates of interim account closing of consolidated subsidiaries are as follows:

April end	1 company
June end	32 companies
July end	1 company
September end	37 companies

(2) As for the company whose balance sheets date is April end, the account closing was done provisionally as of July end for consolidation. The other companies are consolidated on the basis of their respective balance sheets date. Appropriate adjustment was made for any significant transactions during the periods from their respective balance sheets dates and September 30.

4. Accounting policies

Please refer to the footnotes of Consolidated Interim Balance Sheets and Consolidated Interim Statements of Income.

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

Please refer to the footnotes of Interim Consolidated Statements of Cash Flows.

(reference)

- Basic Earnings per Share :

$$\frac{\text{Net income} - \text{Preferred share dividends}}{\text{Weighted average number of common shares outstanding during the first half of FY2000 (*)}}$$

- Shareholders' Equity per Share :

$$\frac{\text{Shareholders' equity as of mid term end} - \text{Number of preferred share outstanding at mid term end} \times \text{Issue price}}{\text{Number of common shares outstanding at mid term end (*)}}$$

- Forecast of Net Income per Share :

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred share dividends}}{\text{Number of common shares outstanding at mid term end (*)}}$$

Notes: The numbers to which (\*) is attached exclude common shares in treasury and the Bank's shares held by subsidiaries.