

4. Consolidated Financial Statements

Basis of presentation

1. Scope of consolidation

(1) Consolidated subsidiaries 65 companies

Manufactures Bank
Sakura Securities Co., Ltd.
Sakura Finance International Limited
SMBC Capital Markets, Inc.

From this fiscal year, nine companies including The Minato Bank, Ltd. are consolidated due to acquiring stocks, ten companies including The Japan Net Bank, Ltd. and The Sakura Loan Partner, Ltd. are consolidated due to establishment, and Sakura Friend Research Center Ltd. is consolidated due to merger of its parent company. On the other hand, six companies including Sakura Financial Futures (Singapore) Pte Limited are excluded from consolidation due to liquidation.

(2) Unconsolidated Subsidiaries

SMBC Consulting Co., Ltd. and others

Since any of the respective total amounts of unconsolidated subsidiaries' assets, operating profits, net incomes (equity incomes) and surpluses (equity surpluses) do not have a significant influence on the consolidated financial statements, those subsidiaries are excluded from the consolidation scope.

2. Equity method

(1) Affiliates accounted for by the equity method: 12

Bangkok SMBC Leasing Co., Limited and others

SMSB Co., Ltd and Japan Pension Navigator are accounted for by the equity method due to establishment from this fiscal year. On the other hand, Far East Bank and Trust Company is excluded due to merger. Sakura Investment Management Co., Ltd. is excluded as it is consolidated from this fiscal year. Other 20 subsidiaries and affiliates are excluded as they are sold or liquidated.

(2) Non-equity method unconsolidated subsidiaries and affiliates

Sakura Information Systems (USA), Inc. and others

Since net incomes (equity incomes) and surpluses (equity surpluses) of non-equity method unconsolidated subsidiaries and affiliates do not have a significant influence on the consolidated financial statements, they are excluded from equity method subsidiaries and affiliates.

3. Fiscal year ends of consolidated subsidiaries and related matters

(1) Fiscal Year Ends of Consolidated Subsidiaries

-October 31 1
-December 31 23
-January 31 1
-March 31 40

(2) For a consolidated subsidiary whose fiscal year ended on October 31, 2000, the financial statements based on its provisional settlement of accounts as of March 31, 2001 was consolidated. For other consolidated subsidiaries, financial statements as of their respective fiscal year ends were consolidated. Necessary adjustments have been made for significant transactions during the periods from their respective fiscal year ends to the date of the consolidated financial statements.

4. Changes in accounting methods

Please refer to the footnotes of the consolidated balance sheet and the consolidated statement of income.

5. Evaluation of consolidated subsidiaries' assets and liabilities

All assets and liabilities of consolidated subsidiaries are evaluated for consolidation at fair value when the Bank acquires their control.

6. Amortization of goodwill

Amortization of goodwill is charged or credited to income directly.

7. Appropriation of profit

The consolidated statement of retained earnings reflects the appropriation of profit made during the consolidated fiscal year.

8. Scope of "Cash and cash equivalents" on the consolidated statement of cash flows

Please refer to the footnotes of the consolidated statements of cash flows.