

4. Consolidated Financial Statements

Basis of presentation

1. Scope of consolidation

(1) Consolidated subsidiaries 84 companies

The Bank of Kansai, Ltd

SB Leasing Company, Ltd

The Sumitomo Credit Service Company, Ltd (new name: Sumitomo Mitsui Card Company, Limited)

Sumigin General Finance Company, Ltd

SB Investment Co., Ltd (new name: SMBC Capital Co., Ltd.)

The Japan Research Institute, Limited

Sumitomo Bank Capital Markets, Inc. (new name: SMBC Capital Markets, Inc.) and others

As for nine companies such as the Japan Research Institute, Limited which were accounted for by the equity method in the previous fiscal year, the Bank increased its share of voting rights and acquired substantial control over them, and accordingly they are consolidated from this fiscal year. Other eight companies which are newly established are consolidated from this fiscal year.

As three subsidiaries such as SB Trust Bank Co., Ltd were sold and five subsidiaries such as Sumitomo Bank (Deutschland) GmbH were liquidated, they were excluded from consolidation.

(2) Unconsolidated subsidiaries

Fifty-two 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 Article 5 Paragraph 1 Item 2 of Consolidated Financial Statements Regulations, they were not treated as consolidated subsidiaries.

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

2. Application of the equity method

(1) Subsidiaries accounted for by the equity method

None

(2) Affiliates accounted for by the equity method 29 companies

Daiwa Securities SB Capital Markets Co. Ltd (new name: Daiwa Securities SMBC Co. Ltd.)

QUOQ Inc. and others

As shares of two companies, such as Japan Pension Navigator Co., Ltd, were obtained, they were newly included in affiliates accounted for by the equity method.

As nine affiliates such as the Japan Research Institute, Limited which were accounted for by the equity method

are newly consolidated and other two companies were sold and liquidated, they are excluded from affiliates accounted for by the equity method.

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

Fifty-two 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 Article 10 Paragraph 1 Item 2 of the Consolidated Financial Statements Regulations, they were not treated as affiliates accounted for by the equity method.

Net income and surplus of other nonconsolidated subsidiaries and affiliates which are not accounted for by the equity method have no significant impact on the consolidated financials.

3. Balance sheet dates of consolidated subsidiaries

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

September 30	5	Companies
October 31	1	Company
December 31	35	Companies
January 31	1	Company
March 31	42	Companies

(2) As for the companies whose balance sheet dates are September 30 and October 31, the accounts were closed provisionally for consolidation as of March 31 and January 31, respectively. The other companies are consolidated on the basis of their respective balance sheet dates. Appropriate adjustments were made for any significant transactions during the periods from their respective balance sheet dates to March 31.

4. Accounting policies

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

Goodwill on The Sumitomo Credit Service Company, Ltd is amortized using the straight-line method over five years and other 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.

(Reference)

- Net Income per Share :

$$\frac{\text{Net income} - \text{Preferred share dividends}}{\text{Average number of common shares outstanding during Fiscal 2000 (*)}}$$

- Return on Stockholders' Equity

$$\frac{\text{Net income} - \text{Preferred share dividends}}{\{(\text{Stockholders' equity at beginning of year} - \text{Number of preferred shares outstanding at beginning of year} \times \text{Issue price}) + (\text{Stockholders' equity at year end} - \text{Number of preferred shares outstanding at year end} \times \text{Issue price}) \} / 2}} \times 100$$

- Stockholders' Equity per Share :

$$\frac{\text{Stockholders' equity at year end} - \text{Number of preferred shares outstanding at year end} \times \text{Issue price}}{\text{Number of common shares outstanding at year end (*)}}$$

- Forecasted Net Income per Share :

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred share dividends}}{\text{Average number of forecasted common shares outstanding during Fiscal 2000 (*)}}$$

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