

IV. Consolidated Interim Financial Statements

Significant Accounting Policies

1. Scope of consolidation

(1) Consolidated subsidiaries 147 companies

Principal companies

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

Financial link Company, Limited and MAZDA AUTO LEASING COMPANY, LIMITED are consolidated due to acquirement of shares. There are four newly established companies, including SMBC PERSONNEL SUPPORT CO., LTD., which are consolidated from this fiscal year.

Sakura Trust International Limited and a company are excluded from consolidation due to liquidation. SB Auto Service, Co., LTD. is excluded due to sale from this fiscal year.

(2) Nonconsolidated subsidiaries

Principal company

SBCS Co., Ltd.

One hundred and seventeen subsidiaries such as S.B.L. Management Company Limited are silent 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 excluded from consolidation.

Assets, income, net income and retained earnings of other nonconsolidated subsidiaries have no significant impact on the consolidated financial statements.

2. Application of the equity method

(1) Nonconsolidated subsidiaries accounted for by the equity method 5 companies

Principal company

SBCS Co., Ltd.

(2) Affiliates accounted for by the equity method 33 companies

Principal companies

Daiwa Securities SMBC Co. Ltd.
QUOQ Inc.

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

One hundred and seventeen subsidiaries such as S.B.L. Management Company Limited are silent 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 by the equity method.

Net income and retained earnings of other nonconsolidated subsidiaries and affiliates which are not accounted for by the equity

method have no significant impact on the consolidated financial statements.

3. The interim balance sheet dates of consolidated subsidiaries

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

March 31	5	Companies
April 30	1	Company
June 30	56	Companies
July 31	1	Company
September 30	84	Companies

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

Appropriate adjustment was made for any significant transactions during the periods from their respective interim balance sheet dates to the consolidated closing dates.

4. Accounting policies

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

5. Scope of 'Cash and cash equivalents' on Consolidated Interim Statement of Cash Flows

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

(Reference)

- Net Income per Share:

$$\frac{\text{Net income} - \text{Preferred stock dividends}}{\text{Average number of common stocks outstanding during the (interim term) year}}$$

- Stockholders' Equity per Share:

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

(Notes)

1. Treasury stock and the SMBC's stock held by consolidated subsidiaries are excluded from the average number of common stocks and the number of common stocks outstanding as of September 30, 2001 and March 31, 2002.
2. Treasury stocks, including the number of SMBC's stocks held by consolidated subsidiaries and affiliates accounted for by the equity method, are excluded from the average number of common stocks outstanding and the number of common stocks as of September 30, 2002,
3. The average number of preferred stocks outstanding and the number of preferred stocks as of the term (year)-end are shown in 'Nonconsolidated Financial Results for the First Half of Fiscal 2002 ended September 30, 2002' (page 41).