

**SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS ENDED JUNE 30, 2020 and 2019**

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
June 30, 2020 and March 31, 2020

	Millions of yen		Thousands of U.S. dollars
	June 30, 2020	March 31, 2020	June 30, 2020
<u>Assets</u>			
Current assets:			
Cash and bank deposits	¥ 525,169	¥ 252,775	\$ 4,875,776
Installment sales receivable	530,312	558,161	4,923,523
Lease receivables and investment assets	2,138,943	2,161,247	19,858,356
Loans receivable	417,776	361,029	3,878,719
Merchandise	10,096	8,854	93,734
Other	209,909	185,460	1,948,836
Allowance for doubtful accounts	(9,619)	(8,811)	(89,307)
Total current assets	<u>3,822,588</u>	<u>3,518,718</u>	<u>35,489,637</u>
Property and equipment:			
Leased assets	2,198,157	2,151,414	20,408,106
Allowance for loss on disposal of leased assets	(230)	(214)	(2,140)
Advances on purchases of leased assets	346,122	384,793	3,213,466
Property and equipment for internal use	6,087	5,876	56,520
Total property and equipment	<u>2,550,136</u>	<u>2,541,869</u>	<u>23,675,951</u>
Intangible assets:			
Goodwill	65,854	68,144	611,404
Other	32,639	33,231	303,035
Total intangible assets	<u>98,494</u>	<u>101,376</u>	<u>914,439</u>
Investments and other assets:			
Investment securities	176,884	170,815	1,642,225
Long-term loans receivable	2	2	20
Delinquent receivables	23,435	17,611	217,576
Deferred tax assets	20,262	22,628	188,124
Other	17,955	13,404	166,699
Allowance for doubtful accounts	(11,882)	(7,724)	(110,315)
Total investments and other assets	<u>226,657</u>	<u>216,736</u>	<u>2,104,329</u>
Total assets	¥ <u>6,697,877</u>	¥ <u>6,378,701</u>	\$ <u>62,184,356</u>

(continued)

	Millions of yen		Thousands of U.S. dollars
	June 30, 2020	March 31, 2020	June 30, 2020
Liabilities and Net Assets			
Current liabilities:			
Trade notes payable and accounts payable	¥ 60,216	¥ 86,578	\$ 559,064
Short-term loans	1,195,106	1,037,413	11,095,590
Long-term loans due within one year	392,622	351,793	3,645,183
Bonds due within one year	57,300	67,400	531,984
Commercial paper	1,019,900	1,021,900	9,468,944
Payables under securitization of lease receivables	17,341	17,179	160,998
Long-term payables under securitization of lease receivables due within one year	17,626	21,047	163,649
Lease obligations	18,192	18,633	168,901
Income taxes payable	2,165	4,451	20,104
Deferred profit on installment sales	21,418	25,417	198,851
Reserve for employee bonuses	139	2,095	1,297
Reserve for directors' bonuses	—	394	—
Asset retirement obligations	209	209	1,945
Other	133,861	115,851	1,242,800
Total current liabilities	<u>2,936,100</u>	<u>2,770,366</u>	<u>27,259,311</u>
Non-current liabilities:			
Bonds	746,500	695,552	6,930,652
Long-term loans	1,904,220	1,791,445	17,679,142
Long-term payables under securitization of lease receivables	20,656	22,402	191,775
Lease obligations	32,451	34,432	301,287
Deferred tax liabilities	39,301	39,207	364,885
Reserve for directors' retirement benefits	271	411	2,517
Net defined benefit liability	9,342	9,818	86,740
Guarantee deposits received	115,292	113,275	1,070,401
Asset retirement obligations	1,189	1,184	11,046
Other	166,843	165,063	1,549,007
Total non-current liabilities	<u>3,036,070</u>	<u>2,872,792</u>	<u>28,187,451</u>
Total liabilities	<u>5,972,170</u>	<u>5,643,158</u>	<u>55,446,762</u>
Net assets:			
Shareholders' equity:			
Capital stock	15,000	15,000	139,263
Capital surplus	419,255	419,255	3,892,447
Retained earnings	352,540	362,264	3,273,057
Treasury stock	(168,639)	(168,639)	(1,565,683)
Total shareholders' equity	<u>618,156</u>	<u>627,880</u>	<u>5,739,084</u>
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	21,652	16,671	201,026
Deferred gains or losses on hedges	(43,347)	(42,617)	(402,443)
Foreign currency translation adjustments	11,405	15,905	105,888
Remeasurements of defined benefit plans	(3,470)	(3,600)	(32,220)
Total accumulated other comprehensive income	<u>(13,759)</u>	<u>(13,641)</u>	<u>(127,749)</u>
Non-controlling interests	121,309	121,303	1,126,260
Total net assets	<u>725,706</u>	<u>735,542</u>	<u>6,737,594</u>
Total liabilities and net assets	¥ <u>6,697,877</u>	¥ <u>6,378,701</u>	\$ <u>62,184,356</u>

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three months ended June 30, 2020 and 2019

	Millions of yen		Thousands of
	U.S. dollars		
	Three months ended June 30,		
	2020	2019	2020
Profit	¥ 7,601	¥ 19,128	\$ 70,571
Other comprehensive income:			
Net unrealized holding gains or losses on securities	4,959	(1,745)	46,045
Deferred gains or losses on hedges	(1,137)	(11,782)	(10,557)
Foreign currency translation adjustments	(5,987)	(7,584)	(55,593)
Remeasurements of defined benefit plans	112	68	1,048
Share of other comprehensive income of affiliates accounted for using equity method	2	(110)	21
Total other comprehensive income	(2,050)	(21,153)	(19,036)
Comprehensive income	¥ 5,550	¥ (2,025)	\$ 51,535
Comprehensive income attributable to:			
Owners of parent	¥ 5,877	¥ 2,399	\$ 54,564
Non-controlling interests	(326)	(4,424)	(3,029)

See accompanying notes.

1. BASIS OF PRESENTATION

Sumitomo Mitsui Finance and Leasing Company, Limited (“the Company”) and its subsidiaries (together “the Group”) have prepared the accompanying interim consolidated financial statements in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (“IFRS”).

The accompanying interim consolidated financial statements have been restructured and translated into English from the interim consolidated financial statements of the Company prepared in accordance with Japanese GAAP.

Some supplementary information included in the statutory Japanese language interim consolidated financial statements, but not necessarily required for fair presentation, is not presented in the accompanying interim consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at June 30, 2020, which was ¥107.71 to US\$1. These translations should not be construed as representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

2. CHANGE IN SCOPE OF CONSOLIDATION OR SCOPE OF APPLICATION OF THE EQUITY METHOD

(1) Significant change in scope of consolidation

SMFL LCI Helicopters Limited and its 10 subsidiaries were newly included in the scope of consolidation due to the acquisition of shares of SMFL LCI Helicopters Limited in the three months ended June 30, 2020.

(2) Significant change in scope of application of the equity method

SMBC REIT Management Co., Ltd. was newly included in the scope of equity method due to the acquisition of shares in the three months ended June 30, 2020.

3. APPLICATION OF ACCOUNTING TREATMENTS SPECIFIC TO PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Calculation of tax expenses

The Company and certain domestic consolidated subsidiaries calculated tax expenses by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year including the three months ended June 30, 2020.

Amounts of income taxes include deferred income taxes.

4. ADDITIONAL INFORMATION

Application of tax effect accounting for the transition from the consolidated taxation system to the group taxation system

Having regard to paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Practical Issues Task Force (“PITF”) No. 39, March 31, 2020), the Company and its domestic consolidated subsidiaries did not follow paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 28, February 16, 2018) but applied provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group taxation system and related amendments of tax laws for transitioning to the single tax payment system.

5. CONTINGENT LIABILITIES

	Millions of Yen		Thousands of
	June 30, 2020	March 31, 2020	U.S. Dollars June 30, 2020
8,020 (8,614 at March 31, 2020) guarantees of obligations for business (including commitment to guarantee)	¥ 41,021	¥ 40,239	\$ 380,847
Loan guarantees to employees (housing loan, etc.).....	9	10	84

Note: ¥100 million (US\$928 thousand) and ¥100 million at June 30, 2020 and March 31, 2020, respectively, of the above guarantees of obligations for business are guaranteed by other third parties.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
 NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 Three months ended June 30, 2020 and 2019

6. STATEMENTS OF CASH FLOWS

The interim consolidated statements of cash flows for the three months ended June 30, 2020 and 2019 are not prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill were as follows:

	Millions of Yen		Thousands of
			U.S. Dollars
	Three months ended June 30,		
	2020	2019	2020
Depreciation	¥ 27,001	¥ 22,293	\$ 250,682
Amortization of goodwill	2,275	2,275	21,122

7. NET ASSETS

Dividends paid in the three months ended June 30, 2020 and 2019

Type of shares	Aggregate amount of dividends		Cash dividends per stock		Record date	Effective date
	Millions of Yen	Thousands of U.S. Dollars	Yen	U.S. Dollars		
Common stock	¥ 15,554	\$ 144,406	¥ 202	\$ 1.88	March 31, 2020	June 24, 2020

Notes:

1. Date of resolution: Ordinary general meeting of shareholders held on June 23, 2020
2. The dividends were paid out from retained earnings.

Type of shares	Aggregate amount of dividends		Cash dividends per stock		Record date	Effective date
	Millions of Yen		Yen			
Common stock	¥ 20,175		¥ 262		March 31, 2019	June 26, 2019

Notes:

1. Date of resolution: Ordinary general meeting of shareholders held on June 25, 2019
2. The dividends were paid out from retained earnings.

8. SEGMENT INFORMATION

(1) Change in reportable segment

The Group's reportable segments are business units of the Group whose discrete financial information is available and Board of Directors regularly reviews to make decisions regarding allocation of management resources and evaluate performance.

The Company has decided to change its reportable segments as a result of a review of its business management method in light of the current organizational structure, changes of its business portfolio and other factors under its medium-term management plan (fiscal year 2020 to 2022).

Accordingly, from the three months ended June 30, 2020, the previous reportable segments of "Leases, rentals and installment sales" and "Loans" have been changed to "Domestic Leasing Business," "Real Estate Business," "Transportation Business," and "Overseas Business." In addition, segment profit has been changed from operating income to ordinary income.

The details of the new reportable segments are as follows:

Domestic Leasing Business	Leasing and installment sales, loans, rental, and secondhand trading, etc. of various goods, including equipment and machinery, for domestic large companies and small and medium-sized companies
Real Estate Business	Leasing and loans for real estate, such as commercial facilities, office buildings, and logistics warehouses; Real estate rental business; and Real estate development business, etc.
Transportation Business	Aircraft leasing business, aircraft engine leasing business, helicopter leasing business, leasing and installment sales of vessels, and loans, etc.
Overseas Business	Sales finance for overseas companies, and finance services for capital investments of Japanese companies, etc.

In case business is obtained through collaboration with several other business departments, the amount calculated based on the actual revenue amount in accordance with the rules for internal managerial accounting will be recorded in each of the collaborating business departments.

Information on segment profit or loss for the three months ended June 30, 2019 reflects the above changes in reportable segments.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
 NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 Three months ended June 30, 2020 and 2019

(2) Information about reported segment revenues and segment profit or loss

For the three months ended June 30, 2020	Millions of yen					Adjustments (*1)	Consolidated (*2)
	Reportable segment						
	Domestic leasing	Real estate	Trans- portation	Overseas			
Revenues							
Revenues from external customers.....	¥ 243,998	¥ 21,856	¥ 44,167	¥ 19,523	¥ —	¥ 329,546	
Intersegment revenues or transfers.....	1,770	33	764	14,058	(16,627)	—	
Total revenues	245,769	21,889	44,932	33,582	(16,627)	329,546	
Segment profit	¥ 5,154	¥ 5,425	¥ 4,320	¥ 1,346	¥ (3,448)	¥ 12,799	

Notes:

- *1. "Adjustments" for "Segment profit" of ¥(3,448) million included amortization of goodwill of ¥(2,275) million which was not allocated to each reportable segment.
- *2. Adjustments for "Segment profit" were made to reach ordinary income in the interim consolidated statements of income. Ordinary income, which equals operating income after adjustment for non-operating gains/losses, is a subtotal required under Japanese presentation and a management index that is widely used in Japan.
- Due to differences in accounting presentation, ordinary income is not referred to the Company's financial statements under English presentation.

For the three months ended June 30, 2019	Millions of yen					Adjustments (*1)	Consolidated (*2)
	Reportable segment						
	Domestic leasing	Real estate	Trans- portation	Overseas			
Revenues							
Revenues from external customers.....	¥ 230,572	¥ 58,238	¥ 62,208	¥ 26,408	¥ —	¥ 377,428	
Intersegment revenues or transfers.....	1,433	31	887	14,882	(17,235)	—	
Total revenues	232,005	58,270	63,096	41,290	(17,235)	377,428	
Segment profit	¥ 7,626	¥ 4,708	¥ 9,696	¥ 2,074	¥ (1,952)	¥ 22,152	

Notes:

- *1. "Adjustments" for "Segment profit" of ¥(1,952) million included amortization of goodwill of ¥(2,275) million which was not allocated to each reportable segment.
- *2. Adjustments for "Segment profit" were made to reach ordinary income in the interim consolidated statements of income. Ordinary income, which equals operating income after adjustment for non-operating gains/losses, is a subtotal required under Japanese presentation and a management index that is widely used in Japan.
- Due to differences in accounting presentation, ordinary income is not referred to the Company's financial statements under English presentation.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three months ended June 30, 2020 and 2019

For the three months ended June 30, 2020	Thousands of U.S. Dollars					Adjustments (*1)	Consolidated (*2)
	Reportable segment						
	Domestic leasing	Real estate	Trans- portation	Overseas			
Revenues							
Revenues from external customers.....	\$ 2,265,324	\$ 202,915	\$ 410,055	\$ 181,255	\$ —	\$ 3,059,573	
Intersegment revenues or transfers.....	16,433	306	7,093	130,517	(154,368)	—	
Total revenues	2,281,766	203,222	417,157	311,782	(154,368)	3,059,573	
Segment profit	\$ 47,851	\$ 50,367	\$ 40,108	\$ 12,497	\$ (32,012)	\$ 118,828	

Notes:

- *1. "Adjustments" for "Segment profit" of US\$(32,012) thousand included amortization of goodwill of US\$(21,122) thousand which was not allocated to each reportable segment.
- *2. Adjustments for "Segment profit" were made to reach ordinary income in the interim consolidated statements of income. Ordinary income, which equals operating income after adjustment for non-operating gains/losses, is a subtotal required under Japanese presentation and a management index that is widely used in Japan.
- Due to differences in accounting presentation, ordinary income is not referred to the Company's financial statements under English presentation.

Reconciliation between operating income in the interim consolidated statements of income and ordinary income was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Three months ended June 30,		
	2020	2019	2020
Operating income	¥ 11,515	¥ 21,250	\$ 106,909
Interest income.....	36	49	341
Dividend income.....	220	325	2,050
Interest expenses	(815)	(747)	(7,568)
Equity in earnings of affiliates.....	1,385	1,312	12,863
Foreign exchange gains (losses)	33	62	309
Amortization of bond issuance cost	(211)	(151)	(1,962)
Other—net	634	51	5,886
Ordinary income.....	¥ 12,799	¥ 22,152	\$ 118,828

(3) Information about impairment loss on fixed assets or goodwill, etc. by reportable segment

There were no items to be reported.

9. FINANCIAL INSTRUMENTS

There were no significant changes as compared with the end of the fiscal year ended March 31, 2020.

10. SECURITIES

There were no significant changes as compared with the end of the fiscal year ended March 31, 2020.

11. DERIVATIVE TRANSACTIONS

There were no significant changes as compared with the end of the fiscal year ended March 31, 2020.

12. BUSINESS COMBINATION

There were no items to be reported.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three months ended June 30, 2020 and 2019

13. PER SHARE DATA

For the three months ended June 30,	Yen		U.S. Dollars
	2020	2019	2020
Earnings per share	¥ 77.86	¥ 208.99	\$ 0.72

Notes: 1. Information on diluted earnings per share is omitted due to an absence of potential shares.

2. Earnings per share were calculated based on the followings:

For the three months ended June 30,	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Earnings per share			
Profit attributable to owners of parent.....	¥ 5,995	¥ 16,093	\$ 55,665
Amount not attributable to common stockholders.....	—	—	—
Profit attributable to owners of parent related to common stock	5,995	16,093	55,665
Average number of common stock during the period (thousand)	77,004	77,004	

14. SUBSEQUENT EVENTS

There were no items to be reported.