

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020 and 2019

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED BALANCE SHEETS
March 31, 2020 and 2019

	Millions of yen		Thousands of
	2020	2019	U.S. dollars
<u>Assets</u>			
Current assets:			
Cash and bank deposits (Notes 13, 14, 26 and 28)	¥ 252,775	¥ 126,277	\$ 2,323,095
Installment sales receivable (Note 28)	558,161	516,538	5,129,689
Lease receivables and investment assets (Notes 14 and 28)	2,161,247	2,093,824	19,862,582
Loans receivable (Notes 14 and 28)	361,029	400,032	3,317,985
Short-term investment securities (Notes 28 and 29)	—	1,116	—
Merchandise	8,854	7,397	81,373
Other (Notes 7, 13 and 14)	185,460	220,385	1,704,447
Allowance for doubtful accounts	(8,811)	(7,198)	(80,977)
Total current assets	<u>3,518,718</u>	<u>3,358,373</u>	<u>32,338,194</u>
Property and equipment:			
Leased assets (Notes 8 and 14)	2,151,414	1,783,387	19,772,214
Allowance for loss on disposal of leased assets	(214)	(532)	(1,975)
Advances on purchases of leased assets (Notes 13 and 14)	384,793	342,647	3,536,378
Property and equipment for internal use (Note 8)	5,876	5,236	54,010
Total property and equipment	<u>2,541,869</u>	<u>2,130,739</u>	<u>23,360,627</u>
Intangible assets:			
Goodwill	68,144	77,297	626,275
Other	33,231	33,925	305,405
Total intangible assets	<u>101,376</u>	<u>111,222</u>	<u>931,679</u>
Investments and other assets:			
Investment securities (Notes 14, 28 and 29)	170,815	163,581	1,569,849
Long-term loans receivable	2	1,045	19
Delinquent receivables (Notes 10 and 28)	17,611	21,494	161,857
Deferred tax assets (Note 24)	22,628	20,757	207,960
Other (Notes 13)	13,404	13,447	123,189
Allowance for doubtful accounts	(7,724)	(7,962)	(70,993)
Total investments and other assets	<u>216,736</u>	<u>212,363</u>	<u>1,991,880</u>
Total assets	¥ <u><u>6,378,701</u></u>	¥ <u><u>5,812,698</u></u>	\$ <u><u>58,622,381</u></u>

(continued)

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Trade notes payable and accounts payable (Notes 7 and 28)	¥ 86,578	¥ 93,404	\$ 795,685
Short-term loans (Notes 11 and 28)	1,037,413	1,060,316	9,534,177
Long-term loans due within one year (Notes 11, 14 and 28)	351,793	353,554	3,233,100
Bonds due within one year (Notes 12 and 28)	67,400	80,120	619,428
Commercial paper (Notes 11 and 28)	1,021,900	1,040,900	9,391,600
Payables under securitization of lease receivables (Notes 11, 15 and 28)	17,179	14,412	157,883
Long-term payables under securitization of lease receivables due within one year (Notes 11, 15 and 28)	21,047	34,486	193,430
Lease obligations (Notes 11 and 28)	18,633	19,098	171,250
Income taxes payable	4,451	3,926	40,911
Deferred profit on installment sales	25,417	25,884	233,592
Reserve for employee bonuses	2,095	2,245	19,262
Reserve for directors' bonuses	394	205	3,630
Asset retirement obligations (Note 17)	209	93	1,925
Other (Note 14)	115,851	117,129	1,064,712
Total current liabilities	<u>2,770,366</u>	<u>2,845,779</u>	<u>25,460,584</u>
Non-current liabilities:			
Bonds (Notes 12, 13, 14 and 28)	695,552	483,561	6,392,358
Long-term loans (Notes 11, 13, 14 and 28)	1,791,445	1,418,288	16,463,976
Long-term payables under securitization of lease receivables (Notes 11, 15 and 28)	22,402	29,349	205,883
Lease obligations (Notes 11 and 28)	34,432	40,814	316,448
Deferred tax liabilities (Note 24)	39,207	39,258	360,327
Reserve for directors' retirement benefits	411	452	3,780
Net defined benefit liability (Note 16)	9,818	7,306	90,234
Guarantee deposits received (Notes 14 and 28)	113,275	108,435	1,041,036
Asset retirement obligations (Note 17)	1,184	1,441	10,890
Other	165,063	103,969	1,516,985
Total non-current liabilities	<u>2,872,792</u>	<u>2,232,878</u>	<u>26,401,918</u>
Total liabilities	<u>5,643,158</u>	<u>5,078,657</u>	<u>51,862,502</u>
Net assets:			
Shareholders' equity:			
Capital stock	15,000	15,000	137,855
Capital surplus	419,255	419,255	3,853,097
Retained earnings	362,264	322,858	3,329,335
Treasury stock	(168,639)	(168,639)	(1,549,855)
Total shareholders' equity	<u>627,880</u>	<u>588,474</u>	<u>5,770,432</u>
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	16,671	22,187	153,217
Deferred gains or losses on hedges	(42,617)	(14,340)	(391,669)
Foreign currency translation adjustments	15,905	19,789	146,175
Remeasurements of defined benefit plans	(3,600)	(2,260)	(33,092)
Total accumulated other comprehensive income	<u>(13,641)</u>	<u>25,376</u>	<u>(125,368)</u>
Non-controlling interests	121,303	120,190	1,114,815
Total net assets	<u>735,542</u>	<u>734,041</u>	<u>6,759,879</u>
Total liabilities and net assets	<u>¥ 6,378,701</u>	<u>¥ 5,812,698</u>	<u>\$ 58,622,381</u>

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Revenues:			
Leasing	¥ 1,145,261	¥ 1,144,615	\$ 10,525,331
Installment sales	335,388	316,492	3,082,335
Loans	8,423	9,801	77,411
Other	24,628	31,468	226,344
Total revenues	1,513,701	1,502,378	13,911,422
Costs and expenses:			
Leasing	948,966	949,743	8,721,313
Installment sales	317,432	299,638	2,917,309
Interest expenses	56,078	56,652	515,385
Other	10,049	10,852	92,354
Total costs and expenses (Note 22)	1,332,526	1,316,886	12,246,360
Gross profit	181,175	185,492	1,665,061
Selling, general and administrative expenses (Note 21)	91,761	94,559	843,318
Operating income	89,413	90,932	821,743
Other income (expenses):			
Interest income	184	130	1,700
Dividend income	1,327	1,171	12,197
Interest expenses	(3,054)	(2,611)	(28,073)
Equity in earnings of affiliates	2,761	2,000	25,376
Loss on cancellation of interest swaps	—	(2,674)	—
Gain on reversal of foreign currency translation adjustments resulting from liquidation of foreign subsidiaries	—	1,092	—
Foreign exchange gains (losses)	142	(7)	1,309
Amortization of bond issuance cost	(794)	(1,823)	(7,299)
Loss on sales of long-term receivables	(125)	(137)	(1,152)
Gain on sales of investment securities	2,550	2,934	23,441
Loss on valuation of investment securities	(2,041)	(94)	(18,764)
Gain on sales of shares of subsidiaries and affiliates	162	1,775	1,498
Gain on transfer from business divestitures	280	—	2,573
Loss on sales and retirement of property and equipment for internal use (Note 23)	(189)	(55)	(1,741)
Other—net	417	660	3,841
Total other income (expenses)—net	1,621	2,360	14,906
Profit before income taxes	91,035	93,293	836,649
Income taxes:			
Current	9,963	13,927	91,566
Deferred	6,783	(14,572)	62,345
Profit	74,288	93,938	682,737
Profit attributable to non-controlling interests	13,069	13,927	120,109
Profit attributable to owners of parent	¥ 61,219	¥ 80,010	\$ 562,629
	Yen		U.S. dollars
	2020	2019	2020
Per share of common stock (Note 34):			
Earnings per share	¥ 795.01	¥ 920.10	\$ 7.31

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Profit	¥ 74,288	¥ 93,938	\$ 682,737
Other comprehensive income:			
Net unrealized holding gains or losses on securities	(5,421)	(2,158)	(49,826)
Deferred gains or losses on hedges	(42,325)	(16,505)	(388,988)
Foreign currency translation adjustments	(6,622)	8,093	(60,864)
Remeasurements of defined benefit plans	(1,353)	(313)	(12,437)
Share of other comprehensive income of affiliates accounted for using equity method	(147)	(235)	(1,360)
Total other comprehensive income (Note 25)	(55,871)	(11,119)	(513,476)
Comprehensive income	¥ 18,417	¥ 82,818	\$ 169,261
Comprehensive income attributable to:			
Owners of parent	¥ 22,201	¥ 70,636	\$ 204,040
Non-controlling interests	(3,784)	12,182	(34,779)

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2020 and 2019

	Shareholders' equity					Millions of yen
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
	¥	¥	¥	¥	¥	¥
Balance at April 1, 2018	15,000	421,017	263,301	(20,000)	679,318	
Cumulative effects of changes in accounting policies			(505)		(505)	
Restated balance	15,000	421,017	262,796	(20,000)	678,813	
Changes during the period						
Dividends			(19,703)		(19,703)	
Profit attributable to owners of parent			80,010		80,010	
Purchase of treasury stock				(176,284)	(176,284)	
Disposal of treasury stock		1,355		27,644	29,000	
Change in ownership interest of parent due to transactions with non-controlling interests		(3,116)			(3,116)	
Change in scope of consolidation			(244)		(244)	
Net changes other than shareholders' equity						
Total changes during the period		(1,761)	60,062	(148,639)	(90,338)	
Balance at March 31, 2019	15,000	419,255	322,858	(168,639)	588,474	

	Accumulated other comprehensive income						
	Net unrealized holding gains or losses on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	¥	¥	¥	¥	¥	¥	¥
Balance at April 1, 2018	24,435	(2,377)	14,570	(1,878)	34,750	110,533	824,602
Cumulative effects of changes in accounting policies						(87)	(592)
Restated balance	24,435	(2,377)	14,570	(1,878)	34,750	110,446	824,010
Changes during the period							
Dividends							(19,703)
Profit attributable to owners of parent							80,010
Purchase of treasury stock							(176,284)
Disposal of treasury stock							29,000
Change in ownership interest of parent due to transactions with non-controlling interests							(3,116)
Change in scope of consolidation							(244)
Net changes other than shareholders' equity	(2,247)	(11,963)	5,218	(382)	(9,374)	9,743	369
Total changes during the period	(2,247)	(11,963)	5,218	(382)	(9,374)	9,743	(89,969)
Balance at March 31, 2019	22,187	(14,340)	19,789	(2,260)	25,376	120,190	734,041

	Shareholders' equity					Millions of yen
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
	¥	¥	¥	¥	¥	¥
Balance at April 1, 2019	15,000	419,255	322,858	(168,639)	588,474	
Cumulative effects of changes in accounting policies			(100)		(100)	
Restated balance	15,000	419,255	322,758	(168,639)	588,373	
Changes during the period						
Dividends			(20,175)		(20,175)	
Profit attributable to owners of parent			61,219		61,219	
Change in scope of consolidation			(1,537)		(1,537)	
Net changes other than shareholders' equity						
Total changes during the period			39,506		39,506	
Balance at March 31, 2020	15,000	419,255	362,264	(168,639)	627,880	

	Accumulated other comprehensive income						
	Net unrealized holding gains or losses on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	¥	¥	¥	¥	¥	¥	¥
Balance at April 1, 2019	22,187	(14,340)	19,789	(2,260)	25,376	120,190	734,041
Cumulative effects of changes in accounting policies						(46)	(147)
Restated balance	22,187	(14,340)	19,789	(2,260)	25,376	120,143	733,894
Changes during the period							
Dividends							(20,175)
Profit attributable to owners of parent							61,219
Change in scope of consolidation							(1,537)
Net changes other than shareholders' equity	(5,516)	(28,277)	(3,884)	(1,340)	(39,018)	1,159	(37,858)
Total changes during the period	(5,516)	(28,277)	(3,884)	(1,340)	(39,018)	1,159	1,648
Balance at March 31, 2020	16,671	(42,617)	15,905	(3,600)	(13,641)	121,303	735,542

Thousands of U.S. dollars

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at April 1, 2019	\$ 137,855	\$ 3,853,097	\$ 2,967,178	\$ (1,549,855)	\$ 5,408,275
Cumulative effects of changes in accounting policies			(924)		(924)
Restated balance	137,855	3,853,097	2,966,255	(1,549,855)	5,407,351
Changes during the period					
Dividends			(185,416)		(185,416)
Profit attributable to owners of parent			562,629		562,629
Change in scope of consolidation			(14,131)		(14,131)
Net changes other than shareholders' equity					
Total changes during the period	—	—	363,081	—	363,081
Balance at March 31, 2020	\$ 137,855	\$ 3,853,097	\$ 3,329,335	\$ (1,549,855)	\$ 5,770,432

	Accumulated other comprehensive income						Total net assets
	Net unrealized holding gains or losses on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Balance at April 1, 2019	\$ 203,912	\$ (131,793)	\$ 181,872	\$ (20,771)	\$ 233,220	\$ 1,104,588	\$ 6,746,084
Cumulative effects of changes in accounting policies						(429)	(1,353)
Restated balance	203,912	(131,793)	181,872	(20,771)	233,220	1,104,159	6,744,731
Changes during the period							
Dividends							(185,416)
Profit attributable to owners of parent							562,629
Change in scope of consolidation							(14,131)
Net changes other than shareholders' equity	(50,695)	(259,876)	(35,697)	(12,320)	(358,588)	10,656	(347,933)
Total changes during the period	(50,695)	(259,876)	(35,697)	(12,320)	(358,588)	10,656	15,148
Balance at March 31, 2020	\$ 153,217	\$ (391,669)	\$ 146,175	\$ (33,092)	\$ (125,368)	\$ 1,114,815	\$ 6,759,879

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash flows from operating activities:			
Profit before income taxes	¥ 91,035	¥ 93,293	\$ 836,649
Depreciation of leased assets and property and equipment for internal use	99,519	97,448	914,618
Impairment loss	2,625	5,386	24,125
Amortization of goodwill	9,129	9,133	83,904
Increase (decrease) in allowance for doubtful accounts	1,156	(1,467)	10,632
Increase (decrease) in other reserves (Note 26)	(318)	(139)	(2,928)
Increase (decrease) in net defined benefit liability	526	345	4,842
Loss (gain) on disposal of property and equipment for internal use	187	6	1,721
Loss (gain) on valuation of investment securities	2,041	94	18,764
Loss on valuation of golf club memberships	23	11	217
Gain on transfer from business divestitures	(280)	—	(2,573)
Gain on reversal of foreign currency translation adjustments resulting from liquidation of foreign subsidiaries	—	(1,092)	—
Interest income and dividend income	(1,512)	(1,301)	(13,897)
Interest expenses	59,133	59,263	543,458
Amortization of bond issuance cost	794	1,823	7,299
Equity in losses (earnings) of affiliates	(2,761)	(2,000)	(25,376)
Loss (gain) on disposal of leased assets	(22,112)	(8,495)	(203,220)
Loss (gain) on sales of investment securities	(2,547)	(2,934)	(23,413)
Loss (gain) on sales of shares of subsidiaries and affiliates	(139)	(1,775)	(1,280)
Decrease (increase) in installment sales receivable	(41,154)	(20,242)	(378,221)
Net decrease (increase) in lease receivables and investment assets	(68,769)	(76,971)	(632,015)
Decrease (increase) in loans receivable	39,007	(27,436)	358,492
Decrease (increase) in other operating assets	(15,277)	(5,021)	(140,404)
Decrease (increase) in delinquent receivables	4,391	308	40,360
Purchase of leased assets	(553,730)	(459,066)	(5,088,969)
Proceeds from sales of leased assets	238,705	200,418	2,193,778
Decrease (increase) in advances on purchases of leased assets	(45,973)	(100,138)	(422,508)
Increase (decrease) in trade notes payable and accounts payable	(6,693)	6,896	(61,511)
Other, net	44,930	(28,074)	412,924
	<u>(168,060)</u>	<u>(261,729)</u>	<u>(1,544,531)</u>
Interest income and dividend income received	2,849	1,619	26,192
Interest expenses paid	(59,106)	(56,223)	(543,210)
Income taxes paid	(8,312)	(26,686)	(76,393)
Net cash used in operating activities	<u>(232,629)</u>	<u>(343,019)</u>	<u>(2,137,942)</u>
Cash flows from investing activities:			
Purchase of property and equipment for internal use	(7,041)	(6,660)	(64,715)
Proceeds from sales of property and equipment for internal use	5	616	49
Purchase of investment securities	(34,064)	(36,136)	(313,066)
Proceeds from sales and redemption of investment securities	4,775	4,688	43,893
Decrease (increase) in time deposits	(1,000)	—	(9,190)
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 26)	(5,398)	—	(49,616)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 26)	—	25,673	—
Proceeds from business divestitures	280	—	2,573
Payments for liquidation of subsidiaries	—	(1,512)	—
Other, net	(123)	(2,358)	(1,135)
Net cash used in investing activities	<u>(42,567)</u>	<u>(15,689)</u>	<u>(391,207)</u>
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(24,141)	334,229	(221,867)
Net increase (decrease) in commercial paper	(19,000)	(41,000)	(174,616)
Proceeds from long-term loans	1,105,400	804,445	10,158,996
Repayments of long-term loans	(819,143)	(751,995)	(7,528,197)
Proceeds from securitization of lease receivables	54,294	54,872	498,984
Repayments of payables under securitization of lease receivables	(71,914)	(66,723)	(660,919)
Proceeds from issuance of bonds	279,721	292,825	2,570,731
Redemption of bonds	(80,076)	(82,547)	(735,927)
Repayments of lease obligations	(2,870)	(21,180)	(26,384)
Decrease (increase) in pledged deposits	(48,398)	(17,427)	(444,800)
Cash dividends paid	(20,175)	(19,703)	(185,416)
Proceeds from stock issuance to non-controlling shareholders	—	31,754	—
Cash dividends paid to non-controlling interests	(33)	(1,605)	(311)
Repayments to non-controlling shareholders	—	(31,628)	—
Purchase of treasury stock	—	(176,284)	—
Proceeds from sales of treasury stock	—	29,000	—
Other, net	—	(2,674)	—
Net cash provided by financing activities	<u>353,662</u>	<u>334,357</u>	<u>3,250,274</u>
Effect of exchange rate change on cash and cash equivalents	<u>(1,340)</u>	<u>(279)</u>	<u>(12,317)</u>
Net increase (decrease) in cash and cash equivalents	<u>77,125</u>	<u>(24,631)</u>	<u>708,808</u>
Cash and cash equivalents at the beginning of the year	<u>108,420</u>	<u>135,181</u>	<u>996,421</u>
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	<u>318</u>	<u>(2,129)</u>	<u>2,923</u>
Cash and cash equivalents at the end of the year (Note 26)	<u>¥ 185,864</u>	<u>¥ 108,420</u>	<u>\$ 1,708,153</u>

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 consolidated financial statements in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan (the “FIEA”) 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 consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP.

Some supplementary information included in the statutory Japanese language consolidated financial statements, but not necessarily required for fair presentation, is not presented in the accompanying 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 March 31, 2020, which was ¥108.81 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. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS

(1) Scope of consolidation

(a) Consolidated subsidiaries

The number of consolidated subsidiaries at March 31, 2020 was 76.

Principal companies at March 31, 2020 were as follows:

SMFL MIRAI Partners Co., Ltd.

SC Club Co., Ltd.

SFI Leasing Company, Limited

SMFL Rental Company, Limited

AJCC Corporation

MAX-REALTY INC.

Kyushu Capital Finance Company, Limited

SMFL Trust Company, Limited

SMFL Business Service Company, Limited

SMBC Aviation Capital Limited

SMBC Aviation Capital (UK) Limited

SMBC Aero Engine Lease B.V.
Sumitomo Mitsui Finance and Leasing (China) Co., Ltd.
Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.
Shanghai Sumitomo Mitsui Finance and Leasing Co., Ltd.
Sumitomo Mitsui Finance and Leasing (Singapore) Pte. Ltd.
SMFL Hire Purchase (Malaysia) Sdn. Bhd.
SMFL Leasing (Malaysia) Sdn. Bhd.
PT. SMFL Leasing Indonesia
DMG MORI Finance GmbH
SMFL Leasing (Thailand) Co., Ltd.
Sumitomo Mitsui Finance and Leasing (Hong Kong) Ltd.
Otemachi 142 Tokutei Mokuteki Kaisha
Other 53 companies

Sumisho Aero Engine Lease B.V. (currently SMBC Aero Engine Lease B.V.) and MAX-REALTY INC. were newly included in the scope of consolidation due to the acquisitions of shares in the fiscal year ended March 31, 2020.

SS MIRAI Solar Co., Ltd. and other 18 companies were newly included in the scope of consolidation due to establishment in the fiscal year ended March 31, 2020.

Hospital Supply Japan Company, Limited and other 6 companies were excluded from the scope of consolidation due to liquidation in the fiscal year ended March 31, 2020.

(b) Unconsolidated subsidiaries

Eifel Leasing Co., Ltd. and other 143 companies have been excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially.

Abisko Leasing Co., Ltd. and other 82 companies have been excluded from the scope of consolidation because they are small business and the effect of their total assets, revenues, profit or loss (the amount in proportion to the share held by the Company), and retained earnings (the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements are not significant.

(2) Application of the equity method

(a) Affiliates accounted for by the equity method: 12 companies

Sumitomo Mitsui Auto Service Company, Limited

NEC Capital Solutions Limited

SMART Incorporated

Mirai Energy Partners Co., Ltd.

The Shimizu Lease and Card Co., Ltd.

Other 7 companies

Mirai Energy Partners Co., Ltd. was newly included in the scope of equity method due to the acquisition of shares in the fiscal year ended March 31, 2020.

SMART Incorporated and other 5 companies were newly included in the scope of equity method due to establishment in the fiscal year ended March 31, 2020.

Fukugin Lease Co., Ltd. was excluded from the scope of equity method because the Company's ownership ratios of voting rights decreased due to the disposal of the shares in the fiscal year ended March 31, 2020.

(b) Unconsolidated subsidiaries and affiliates not accounted for by the equity method

Eifel Leasing Co., Ltd. and other 143 unconsolidated subsidiaries have been excluded from the scope of equity method pursuant to Article 10 Paragraph 1 Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets and profit/losses do not belong to them substantially.

Abisko Leasing Co., Ltd. and other 82 unconsolidated subsidiaries, and Bangkok SMBC Consulting Co., Ltd. have been excluded from the scope of equity method because the effect of their profit or loss (the amount in proportion to the share held by the Company) and retained earnings (the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements are not significant.

(3) The balance sheet dates of consolidated subsidiaries

The balance sheet date of Sumitomo Mitsui Finance and Leasing (China) Co., Ltd. and other 32 companies is December 31. The balance sheet date of Aviation Management Co., Ltd. and other 1 company is the end of February. They are consolidated on the basis of their respective balance sheet dates because the differences from consolidated balance sheet date are three months or less.

Appropriate adjustments are made for material transactions during the periods between their respective balance sheet dates and the consolidated balance sheet date.

Atlas Leasing Co., Ltd. and other 12 companies are consolidated based on provisional financial

statements as of the consolidated balance sheet date.

(4) Accounting policies

(a) Securities

Other securities (Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "Other securities.")

Other securities with market prices: Stocks are carried at their average market prices during one month immediately before the balance sheet date. Bonds and others are carried at their fiscal year-end market prices. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets. The costs of securities sold are calculated by moving-average method.

Other securities whose fair values are extremely difficult to determine: Carrying amounts are calculated by using moving-average cost method or amortized cost method.

Investments in limited partnership, which are deemed securities under Article 2, Clause 2 of the FIEA, are recorded under the equity method and based on the latest financial statements available on the reportable date stipulated by the partnership contracts.

(b) Derivative transactions

Derivative transactions are carried at fair value, unless allocation method or special treatment for hedge accounting is applied, in which case the derivative transaction balances are not recorded as assets or liabilities.

(c) Inventories

Inventories held for sale in the ordinary course of business are stated at the lower of cost which is determined by specific identification method or net selling value which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of net selling value, if appropriate.

(d) Leased assets

Leased assets are generally depreciated using the straight-line method over the lease term or estimated useful lives considering the estimated disposal values at the end of the lease term as residual values.

(e) Property and equipment for internal use (excluding Lease rental assets)

Depreciation of property and equipment of the Company and domestic consolidated subsidiaries is generally calculated using the declining-balance method, while depreciation of buildings, facilities attached to buildings and structures acquired on or after April 1, 2016 is calculated using the straight-line method. Depreciation of property and equipment of overseas consolidated subsidiaries is generally calculated using the straight-line method. The estimated useful lives of

major items are as follows.

Buildings . . . 3 to 50 years

Office Equipment . . . 3 to 20 years

(f) Intangible assets (excluding Goodwill and Lease rental assets)

Capitalized software for internal use owned by the Company and consolidated subsidiaries is amortized using the straight-line method over its estimated useful life (basically five years). Amortization of other intangible assets is calculated using the straight-line method.

(g) Lease rental assets used as lessees

Lease rental assets with respect to non-ownership-transfer type finance leases are depreciated using the straight-line method, assuming that the lease terms are their estimated useful lives and residual values are zero.

(h) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for the estimated amount of probable losses on receivables. The allowance for doubtful accounts for normal receivables is computed based on the actual historical percentage of bad debts, while the allowance for doubtful accounts for specifically identified doubtful receivables is based on the estimate of uncollectible amounts.

As for claims in bankruptcy etc., the amounts deemed uncollectible were directly written off. The amounts directly written off for the fiscal years ended March 31, 2020 and 2019 were ¥36,745 million (US\$337,699 thousand) and ¥36,669 million, respectively.

(i) Allowance for loss on disposal of leased assets

The Company provides for estimated disposal losses individually on leased assets resulting from expiration of lease agreements.

(j) Reserve for employee bonuses

Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the fiscal year.

(k) Reserve for directors' bonuses

Reserve for directors' bonuses is provided for payment of bonuses to directors, in the amount of estimated bonuses, which are attributable to the fiscal year.

(l) Reserve for directors' retirement benefits

Reserve for directors' retirement benefits is provided for payment of retirement benefits to directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end based on the Company's internal regulations.

(m) Accounting method for severance and retirement benefits

The benefit formula basis is used to attribute expected retirement benefits to the respective fiscal year in calculating projected benefit obligations.

Unrecognized prior service costs are amortized under straight-line method over a certain period (primarily 10 years) within the estimated average remaining service period of employees, commencing from the year of incurrence.

Unrecognized actuarial gains or losses are amortized under straight-line method over a certain period (primarily 10 years) within the estimated average remaining service period of employees, commencing from the next fiscal year of incurrence.

(n) Recognition of income and expense

i) Recognition of income and expense on finance leases

Lease income and related costs are recognized over the lease term when lease payments become due.

ii) Recognition of income on operating leases

Lease income is recognized on the straight-line basis over the lease term, based on the contractual amount of lease fees per month.

(o) Foreign currency translation

All receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income. All assets, liabilities, revenues and expenses in the financial statements of overseas subsidiaries and affiliates are translated into Japanese yen at the spot rate at the consolidated balance sheet date etc. The resulting foreign currency translation adjustments are shown as "Foreign currency translation adjustments" or "Non-controlling interests" in the separate components of net assets.

(p) Hedge accounting

i) Hedge accounting methods

The Group principally applies either deferred hedge accounting or fair value hedge accounting, etc. However, the allocation method is applied for foreign exchange forward contracts and other contracts meeting certain criteria. In addition, the special treatment is applied for interest-rate swaps meeting certain criteria.

ii) Hedging instruments and hedged items

Hedging instruments: Loans denominated in foreign currencies, foreign exchange forward contract transactions, currency swap transactions, interest rate swap transactions and others

Hedged items: Investments in subsidiaries denominated in foreign currencies, other securities denominated in foreign currencies, future transactions, loans and others

iii) Hedging policy and method of assessing hedge effectiveness

The Group uses derivative transactions to reduce foreign exchange and interest rate fluctuation risks associated with business activities and manage assets, liabilities, profits and losses comprehensively.

For the comprehensive hedges where the hedged item is a group of loans and the hedging instruments are interest rate swaps, etc., the Group assesses the hedge effectiveness by comparing the accumulated fluctuation of cash flows from the hedged items with those from the hedging instruments between the inception of the hedges and the consolidated fiscal year-end.

As for fair value hedges applied to other securities denominated in foreign currencies, the Group assesses the hedge effectiveness by identifying the items to be hedged in advance and comparing the ratio of fluctuation amount of the hedged items (other securities dominated in foreign currencies) and the hedging instruments (loans denominated in foreign currencies) due to changes in foreign exchange rates.

(q) Goodwill

Goodwill is amortized using the straight-line method within 20 years in which the effect of the return on the investment is expected to realize.

However, immaterial goodwill is charged to expense directly when it is generated.

(r) Scope of "Cash and cash equivalents" on consolidated statements of cash flows

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents represent cash, due from banks and short-term investments due within three months from the date of acquisition, which are easily convertible into cash with little or no risk from fluctuation in value.

(s) National and local consumption taxes

National and local consumption taxes are accounted for using the tax-excluded method.

(t) Interest expense on development projects

Interest expenses for large real estate development projects during normal development period are included in the acquisition costs.

(u) Application of the consolidated taxation system

The consolidated taxation system is applied from the fiscal year ended March 31, 2020.

(v) 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” (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” (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.

3. CHANGE IN ACCOUNTING POLICY

For the fiscal year ended March 31, 2020

Adoption of “Leases” (IFRS 16)

The Company’s overseas consolidated subsidiaries adopted “Leases” (IFRS 16) effective from the beginning of the fiscal year ended March 31, 2020. Accordingly, a lessee is required to recognize substantially all leases as assets or liabilities on the consolidated balance sheet.

In applying this standard, the Company has elected to recognize the cumulative effect of applying this standard on the date of initial application, which is permitted as a transitional measure.

As a result, at the beginning of the fiscal year ended March 31, 2020, property and equipment for internal use and lease obligations increased by ¥946 million (\$8,694 thousand) and ¥1,094 million (\$10,054 thousand), respectively, and non-controlling interests and retained earnings decreased by ¥46 million (\$429 thousand) and ¥100 million (\$924 thousand), respectively.

The effect of this change on profit and amounts per share of the Company’s overseas consolidated subsidiaries for the fiscal year ended March 31, 2020 is immaterial.

For the fiscal year ended March 31, 2019

Application of “Financial Instruments” (IFRS 9)

Overseas consolidated subsidiaries have applied “Financial Instruments” (IFRS 9) effective from the beginning of the fiscal year ended March 31, 2019. IFRS 9 has introduced new requirements for classification and measurement, impairment and hedge accounting of financial instruments.

In applying this standard, the Company has elected to recognize the cumulative effect of applying this standard on the date of initial application, which is permitted as a transitional measure.

As a result, at the beginning of the fiscal year ended March 31, 2019, allowance for doubtful accounts and deferred tax assets increased by ¥770 million and ¥178 million, respectively, and

non-controlling interests and retained earnings decreased by ¥87 million and ¥505 million, respectively.

The effect of this change on profit and amounts per share of the Company's overseas consolidated subsidiaries for the fiscal year ended March 31, 2019 is immaterial.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020)

(1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition.

Under the standard and guidance, revenue is recognized by applying following five steps:

Step1: Identify contract(s) with customers.

Step2: Identify the performance obligations in the contract.

Step3: Determine the transaction price.

Step4: Allocate the transaction price to the performance obligation in the contract.

Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)

"Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 4, 2019)

"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

In order to enhance comparability with internationally recognized accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on

Accounting Standard for Fair Value Measurement” (together, hereinafter referred to as “Fair Value Accounting Standards”) were developed and guidance on methods measuring fair value was issued. Fair Value Accounting Standards are applicable to the fair value measurement of the following items:

- Financial instruments in “Accounting Standard for Financial Instruments”; and inventories held for trading purposes in “Accounting Standard for Measurement of Inventories.”

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised to include notes regarding the breakdown by level of fair values of financial instruments.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020)

(1) Overview

The purpose of this accounting standard is to clarify the principles and the overview of procedures of the accounting treatment adopted, in cases where the provisions of relevant accounting standards, etc. are unclear.

(2) Effective date

Effective from the end of the fiscal year ending March 31, 2021.

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020)

(1) Overview

The purpose of this accounting standard is to disclose information that will facilitate understanding of the users of the financial statements, regarding items of accounting estimates recorded in the financial statements for the current fiscal year that have the risk of significantly impacting the financial statements for the following fiscal year.

(2) Effective date

Effective from the end of the fiscal year ending March 31, 2021.

5. CHANGE IN PRESENTATION

For the fiscal year ended March 31, 2020

There were no changes in presentation in the fiscal year ended March 31, 2020.

For the fiscal year ended March 31, 2019

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and others have been applied from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets are classified as part of “investments and other assets” and deferred tax liabilities are classified as part of “non-current liabilities”.

Also, the income taxes note includes new disclosure required by annotation 8 (except for total amounts of valuation allowance) and annotation 9 of the explanatory note for the Accounting Standard for Tax Effect Accounting which are stipulated in Paragraphs 3 to 5 of “Partial Amendments to Accounting Standard for Tax Effect Accounting.” However, the disclosures related to the previous fiscal year were omitted in accordance with the transitional measure stated in Paragraph 7 of “Partial Amendments to Accounting Standard for Tax Effect Accounting.”

6. ADDITIONAL INFORMATION

For the fiscal year ended March 31, 2020

Accounting Estimates Related to the Effects of the Spread of the Novel Coronavirus Disease (COVID-19)

In the fiscal year ended March 31, 2020, the rapid spread of COVID-19 on a global scale has brought the global economic activity to a standstill.

For the Group, there are possibilities that the collections of lease receivables will be delayed, and depending on the timing of the settlement of COVID-19, accounting estimates regarding allowance for doubtful accounts, impairment of leased assets, and recoverability of deferred tax assets may be affected significantly.

While it is extremely difficult to predict when the effects of COVID-19 will be contained, the Group has made accounting estimates assuming that the effects of COVID-19 will continue for a certain period in the fiscal year ending March 31, 2021, based on information from several external sources.

Also, since estimates concerning the effects of COVID-19 are highly uncertain, changes in the above assumptions may result in additional recording of allowance for doubtful accounts, recognition of impairment loss, and a reversal of deferred tax assets in the following fiscal year.

For the fiscal year ended March 31, 2019

The Company and certain domestic consolidated subsidiaries have been approved by the Commissioner of the National Tax Agency regarding the application of the consolidated taxation system from the fiscal year ending March 31, 2020. Therefore, the Company applies the “Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)” (Practical Issues Task Force (“PITF”) No. 5, January 16, 2015) and the “Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)” (PITF No. 7, January 16, 2015) from the fiscal year ended March 31, 2019 on the premise that the Company files a tax return as a consolidated entity.

7. NOTES RECEIVABLE AND PAYABLE

Notes receivable and notes payable that were to mature at the end of fiscal year are derecognized at the date of actual settlement. The end of the fiscal years ended March 31, 2019 coincided with a bank holiday, and the following notes matured on March 31, 2019 were included in the consolidated balance sheets at the end of the fiscal years ended March 31, 2019.

	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Other current assets.....	¥ —	¥ 20	\$ —
Notes received for lease and installment contracts.....	—	3,152	—
Notes payable.....	—	2,068	—

8. ADVANCED DEPRECIATION AND ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT

The Company applied advanced depreciation to property and equipment (leased assets) purchased with government subsidy. ¥152 million (US\$1,397 thousand) and ¥163 million were deducted from the cost of property and equipment (leased assets) at March 31, 2020 and 2019, respectively.

Accumulated depreciation of property and equipment at March 31, 2020 and 2019 were as follows:

At March 31,	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Leased assets.....	¥ 372,338	¥ 343,096	\$ 3,421,910
Property and equipment for internal use	6,337	5,471	58,239

Note: Accumulated depreciation includes accumulated impairment loss.

9. INVESTMENT AND RENTAL PROPERTY

The Company and certain consolidated subsidiaries own commercial properties and office buildings for rent in Tokyo and other areas.

Rental profits were ¥14,892 million (\$136,862 thousand) and ¥18,498 million (rental profits are recorded as revenues and rental expenses are recorded as costs and expenses) for the fiscal years ended March 31, 2020 and 2019, respectively.

The carrying amounts in the consolidated balance sheets, the increase/decrease during the fiscal year, and the fair value of the rental properties for the fiscal years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Carrying amounts in the consolidated balance sheets:			
Beginning balance	¥ 602,908	¥ 554,842	\$ 5,540,925
Net increase during the fiscal year	208,145	48,065	1,912,922
Ending balance	811,053	602,908	7,453,846
Fair value at the balance sheet date	892,074	673,980	8,198,456

Notes:

1. The carrying amounts in the consolidated balance sheets represent the acquisition cost less accumulated depreciation and accumulated impairment loss.
2. For the fiscal year ended March 31, 2020, the main reason for the increase was the purchase of property of ¥301,446 million (US\$2,770,389 thousand) and the main reason for the decrease was the sales of property of ¥84,129 million (US\$773,173 thousand). For the fiscal year ended March 31, 2019, the main reason for the increase was the purchase of property of ¥156,955 million and the main reason for the decrease was the sales of property of ¥60,149 million.
3. With regard to the fair value at the balance sheet date, the fair values of major properties were estimated based on Japan's Real Estate Appraisal Standard. For other properties, fair values were estimated based on consistent values and indices that are judged as appropriately reflecting market values.

10. DELINQUENT RECEIVABLES

Delinquent receivables are receivables, of which definition is stipulated in Section 32, Paragraph 1-10 of Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc.

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

11. BORROWED MONEY

At March 31,	Millions of Yen		Thousands of U.S. Dollars	Weighted average interest rate (%)	Due
	2020	2019	2020		
Short-term loans from banks and other financial institutions.....	¥ 1,037,413	¥ 1,060,316	\$ 9,534,177	0.27	—
Long-term loans due within one year from banks and other financial institutions.....	351,793	353,554	3,233,100	1.98	—
Lease obligations due within one year.....	18,633	19,098	171,250	4.68	—
Long-term loans excluded due within one year from banks and other financial institutions	1,782,295	1,413,588	16,379,882	2.02	Apr. 2021 -Nov.2034
Non-recourse long-term loans excluded due within one year from banks and other financial institutions.....	9,150	4,700	84,092	0.76	Sep. 2025
Lease obligations excluded due within one year	34,432	40,814	316,448	5.18	Apr. 2021 -Apr. 2028
Other interest bearing debts					
Commercial paper due within one year	1,021,900	1,040,900	9,391,600	0.00	—
Payables under securitization of lease receivables.....	17,179	14,412	157,883	0.85	—
Long-term payables under securitization of lease receivables due within one year..	21,047	34,486	193,430	1.25	—
Long-term payables under securitization of lease receivables.....	22,402	29,349	205,883	0.97	Apr. 2021 -Dec. 2034
Total	¥ 4,316,247	¥ 4,011,222	\$ 39,667,742	—	—

Sumitomo Mitsui Finance and Leasing Company, Limited
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2020 and 2019

Notes:

1. Weighted average interest rates are calculated based on the year-end balance of the borrowings.
2. The repayment schedule on long-term loans, lease obligations and other interest bearing debts excluding due within one year subsequent to March 31, 2020 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Long-term loans		
After one year through two years	¥ 359,147	\$ 3,300,680
After two years through three years	316,053	2,904,632
After three years through four years	220,270	2,024,354
After four years through five years.....	268,481	2,467,429
Lease obligations		
After one year through two years	¥ 14,191	\$ 130,420
After two years through three years	10,060	92,455
After three years through four years	6,021	55,335
After four years through five years.....	2,901	26,661
Other interest bearing debts		
After one year through two years	¥ 9,227	\$ 84,799
After two years through three years	3,694	33,949
After three years through four years	2,780	25,549
After four years through five years.....	895	8,225

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

12. BONDS

Issuers	Date of issuance	Millions of yen		Thousands of U.S. Dollars	Interest rate (%)	Collateral	Due
		2020	2019	2020			
The Company:							
Euro Medium Term Note (Japanese yen)	May 17, 2018 - Mar. 23, 2020	¥ 67,400	¥ 69,900	\$ 619,428	0.01~ 0.17	Unsecured	May 7, 2020 - Mar 13, 2025
(Due within one year)		37,400		343,718			
Euro Medium Term Note (U.S. dollar)	—	—	2,220	—	—	—	—
(Due within one year)		—		—			
Unsecured Bond (public offering)	Jan.31, 2014 - Mar. 12, 2020	260,000	165,000	2,389,486	0.05~ 0.73	Unsecured	May 28, 2020 - Jul. 26, 2029
(Due within one year)		30,000		275,710			
Unsecured Bond (U.S. dollar)	Jan. 22, 2020	54,405	—	500,000	2.55	Unsecured	Jan. 22, 2025
(Due within one year)		—		—			
Unsecured Bond (private placement)	Jan.31, 2017 - Mar. 11, 2019	105,000	105,000	964,985	0.11~ 0.25	Unsecured	Jan. 31, 2022 - Mar. 10, 2026
(Due within one year)		—		—			
SMBC AVIATION CAPITAL FINANCE DESIGNATED ACTIVITY COMPANY:							
U.S. dollar-denominated Bond	Jul. 19, 2016 - Apr. 15, 2019	218,036	164,972	2,003,823	2.65~ 4.13	Unsecured	Jul. 15, 2021- Apr. 15, 2024
(Due within one year)		—		—			
Otemachi 142 Tokutei Mokuteki Kaisha: Specified Bond (Note)	Mar. 24, 2017	50,730	50,730	466,226	0.75	Secured	Sep. 30, 2025
(Due within one year)		—		—			
Others		7,380	5,859	67,825	—	—	—
(Due within one year)		—		—			
Total		¥ 762,952	¥ 563,681	\$ 7,011,782			
(Due within one year)		67,400		619,428			

Note: The specified bond is classified as a non-recourse loan.

Sumitomo Mitsui Finance and Leasing Company, Limited
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2020 and 2019

Note: The redemption schedule on bonds subsequent to March 31, 2020 was as follows:

	Bonds	
	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥ 67,400	\$ 619,428
After one year through two years.....	93,980	863,707
After two years through three years	106,821	981,720
After three years through four years.....	94,405	867,613
After four years through five years	199,615	1,834,528

13. NON-RECOURSE LOANS

(1) Non-recourse loans of consolidated special purpose company at March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Bonds.....	¥ 50,730	¥ 50,730	\$ 466,226
Long-term loans	9,150	4,700	84,092

(2) Assets corresponding to the non-recourse loans at March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Cash and bank deposits	¥ 3,164	¥ 1,887	\$ 29,078
Other current assets.....	17	8	156
Advances on purchases of leased assets.....	81,679	76,083	750,657
Other investments and other assets.....	543	590	4,990

Note: Part of the amount presented in Note 14. ASSETS PLEDGED AS COLLATERAL AND CORRESPONDING LIABILITIES is included in the above amounts.

14. ASSETS PLEDGED AS COLLATERAL AND CORRESPONDING LIABILITIES

(1) Assets pledged as collateral at March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Cash and bank deposits	¥ 65,495	¥ 17,437	\$ 601,921
Lease receivables and investment assets.....	22,499	25,890	206,773
Loans receivable.....	2,297	2,409	21,110
Other current assets.....	726	153	6,672
Leased assets (*1)	272,571	2,755	2,505,018
Advances on purchases of leased assets.....	95,003	89,406	873,109
Investment securities.....	2,681	1,647	24,639
Delinquent receivables	756	—	6,948
Total.....	¥ 462,031	¥ 139,699	\$ 4,246,218

*1. Operating lease contract receivables are also pledged as collateral.

(2) Liabilities corresponding to the assets pledged as collateral at March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Long-term loans (including current portion). ¥	255,978	¥ 49,664	\$ 2,352,523
Other current liabilities	484	83	4,448
Bonds.....	50,730	50,730	466,226
Guarantee deposits received	1,527	1,566	14,034
Total.....	¥ 308,720	¥ 102,044	\$ 2,837,239

Note: ¥70,460 million (US\$647,551 thousand) and ¥21,483 million of the above total assets were pledged as collateral for debts of silent partnerships and others and for derivative transactions for the fiscal years ended March 31, 2020 and 2019, respectively.

15. PAYABLES UNDER SECURITIZATION OF LEASE RECEIVABLES AND LONG-TERM PAYABLES UNDER SECURITIZATION OF LEASE RECEIVABLES

Payables under securitization of lease receivables are payables which arise from the securitization of lease receivables.

16. EMPLOYEE RETIREMENT BENEFITS

(1) Outline of employee retirement benefits

The Company and certain consolidated subsidiaries have established defined benefit plans such as employee pension plans and lump-sum severance indemnity plans, and also established defined contribution plans. They may grant additional benefits in case where certain requirements are met when employees retire. The Company contributed some of its marketable equity securities to employee retirement benefits trust.

(2) Defined benefit plans

(a) Reconciliation of the beginning balance and the ending balance of projected benefit obligations

For the fiscal year ended March 31,	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Balance at the beginning of the fiscal year..¥	23,102	¥ 22,863	\$ 212,315
Service costs.....	1,354	1,373	12,444
Interest costs.....	79	122	726
Actuarial gains or losses.....	(399)	798	(3,667)
Benefits paid.....	(715)	(704)	(6,571)
Prior service costs.....	2,180	—	20,035
Decrease due to exclusion from the scope of consolidation.....	—	(1,330)	—
Other.....	9	(22)	83
Balance at the end of the fiscal year.....	¥ 25,611	¥ 23,102	\$ 235,374

Note: Certain consolidated subsidiaries adopt the simple method in calculating the projected benefit obligations, under which the projected benefit obligations are deemed to be an amount of benefits calculated assuming all employees retired voluntarily at the year-end.

(b) Reconciliation of the beginning balance and the ending balance of plan assets

For the fiscal year ended March 31,	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Balance at the beginning of the fiscal year..¥	15,795	¥ 15,185	\$ 145,161
Expected return on plan assets.....	285	276	2,619
Actuarial gains or losses.....	(570)	(153)	(5,238)
Employer contributions.....	874	895	8,032
Benefits paid.....	(591)	(408)	(5,431)
Balance at the end of the fiscal year.....	¥ 15,793	¥ 15,795	\$ 145,143

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

(c) Reconciliation of the ending balance of projected benefit obligations and plan assets and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet at March 31, 2020 and 2019

At March 31,	Millions of Yen		Thousands of U.S. Dollars	
	2020	2019	2020	
Funded projected benefit obligations.....¥	25,392	¥ 22,910	\$	233,361
Plan assets	(15,793)	(15,795)		(145,143)
	9,599	7,114		88,218
Unfunded projected benefit obligations	219	192		2,013
Net of liability and asset on the consolidated balance sheet	¥ 9,818	¥ 7,306	\$	90,234
Net defined benefit liability	¥ 9,818	¥ 7,306	\$	90,234
Net of liability and asset on the consolidated balance sheet	¥ 9,818	¥ 7,306	\$	90,234

(d) Breakdown of pension expenses

For the fiscal year ended March 31,	Millions of Yen		Thousands of U.S. Dollars	
	2020	2019	2020	
Service costs.....¥	1,354	¥ 1,373	\$	12,444
Interest costs	79	122		726
Expected return on plan assets.....	(285)	(276)		(2,619)
Amortization of actuarial gains or losses....	404	341		3,713
Amortization of prior service costs.....	(3)	(6)		(28)
Other.....	128	60		1,176
Pension expenses for defined benefit plans ¥	1,677	¥ 1,616	\$	15,412

(e) Breakdown of remeasurements of defined benefit plans (before tax effect) in other comprehensive income

For the fiscal year ended March 31,	Millions of Yen		Thousands of U.S. Dollars	
	2020	2019	2020	
Prior service costs.....¥	(2,184)	¥ (16)	\$	(20,072)
Actuarial gains or losses.....	233	(542)		2,141
Total	¥ (1,950)	¥ (559)	\$	(17,921)

Sumitomo Mitsui Finance and Leasing Company, Limited
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2020 and 2019

(f) Breakdown of remeasurements of defined benefit plans (before tax effect) in accumulated other comprehensive income

At March 31,	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Unrecognized prior service costs.....¥	2,161	¥ (22)	\$ 19,860
Unrecognized actuarial gains or losses.....	3,010	3,244	27,663
Total.....¥	5,172	¥ 3,221	\$ 47,532

(g) Plan assets

(i) Components of plan assets as a percentage of total plan assets

At March 31,	2020	2019
Bonds.....	42.6%	41.9%
Stocks.....	16.4	18.5
General accounts of life insurance companies.....	30.9	30.0
Other.....	10.1	9.6
Total.....	100.0%	100.0%

Note: The total amount of plan assets above includes 7.1% and 7.1% of retirement benefits trust established for employee pension plans at March 31, 2020 and 2019, respectively.

(ii) Long-term expected rate of return

Current and target asset allocations, current and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(h) Assumptions used for actuarial calculations

For the fiscal year ended March 31,	2020	2019
Discount rate.....	Primarily 0.3%	Primarily 0.4%
Long-term expected rate of return.....	Primarily 2.0%	Primarily 2.0%

(3) Defined contribution plans

The amount to be contributed to the defined contribution pension plans of the Company and certain consolidated subsidiaries for the fiscal years ended March 31, 2020 and 2019 was ¥829 million (US\$7,619 thousand) and ¥848 million, respectively.

17. ASSET RETIREMENT OBLIGATIONS

Disclosures of asset retirement obligations were omitted since the amount of these obligations were 1% or less of total liabilities and net assets at the beginning and end of the fiscal year ended March 31, 2020.

18. CONTINGENT LIABILITIES

At March 31,	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
8,614 (11,045 in 2019) guarantees of obligations for business (including commitment to guarantee)	¥ 40,239	¥ 43,536	\$ 369,810
Loan guarantees to employees (housing loan, etc.)	10	20	92

Note: ¥100 million (US\$919 thousand) and ¥100 million at March 31, 2020 and 2019, respectively, of the above guarantees of obligations for business are guaranteed by other third parties.

19. COMMITMENT LINES

(1) Lender side

Unused commitments at March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Total amounts of lending commitment lines	¥ 111,730	¥ 67,972	\$ 1,026,836
Lending execution balances.....	71,242	36,944	654,738
Net unused balance	¥ 40,488	¥ 31,028	\$ 372,098

Note: Commitment line contracts are agreements to lend to customers, up to prescribed amount, as long as there is no violation of any condition established in the contracts. The commitments above include the contracts which require screening of credit condition and purpose of loan beforehand. Therefore, full amounts are not necessarily used.

(2) Borrower side

To enhance efficiency and stability in fund procurement, the Company has concluded commitment lines with 31 banks at March 31, 2020 (21 in 2019). The amounts of unused commitments on loans at March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2020	2019	2020	
Total amounts of borrowing commitment lines.....	¥ 522,692	¥ 393,431	\$ 4,803,713	
Borrowing execution balances.....	143,790	68,882	1,321,478	
Net unused balance	¥ 378,902	¥ 324,549	\$ 3,482,235	

20. CHANGES IN NET ASSETS

Under the Law and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus in the accompanying consolidated balance sheets.

The Law provides that earnings in an amount equal to at least 10 percent of appropriations of retained earnings to be paid as dividends should be appropriated as a capital surplus or a legal reserve until the total of capital surplus and legal reserve equals 25 percent of stated common stock. Legal reserve is included in retained earnings in the accompanying consolidated balance sheets. In addition to transfer from capital surplus to stated common stock, either capital surplus or legal reserve may be available for dividends by resolution of the general meeting of shareholders.

Under the Law, all additional paid-in capital and all legal reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

(1) Type and number of stocks issued and treasury stocks for the fiscal years ended March 31, 2020 and 2019 were as follows:

	Number of stocks (Thousands of stocks)			
	March 31, 2019	Increase	Decrease	March 31, 2020
Stocks issued				
Common stock	95,314	—	—	95,314
Total.....	95,314	—	—	95,314
Treasury stocks				
Common stock	18,309	—	—	18,309
Total.....	18,309	—	—	18,309

	Number of stocks (Thousands of stocks)			
	March 31, 2018	Increase	Decrease	March 31, 2019
Stocks issued				
Common stock	95,314	—	—	95,314
Total.....	95,314	—	—	95,314
Treasury stocks				
Common stock	2,810	18,500	3,001	18,309
Total.....	2,810	18,500	3,001	18,309

Notes:

1. The increase of 18,500 thousand shares of treasury stocks is due to the acquisition of treasury stocks resolved at the meeting of the Board of Directors held on November 27, 2018.
2. The decrease of 3,001 thousand shares of treasury stocks is due to the disposal of treasury stocks resolved at the meeting of the Board of Directors held on December 27, 2018.

(2) Information on stock acquisition rights

There were no corresponding transactions for the fiscal years ended March 31, 2020 and 2019.

(3) Information on dividends is as follows:

(a) Dividends paid in the fiscal years ended March 31, 2020 and 2019

2020						
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	¥ 20,175	\$ 185,416	¥ 262	\$ 2.41	March 31, 2019	June 26, 2019
Date of resolution: Ordinary general meeting of shareholders held on June 25, 2019						

2019						
Type of shares	Aggregate amount of dividends		Cash dividends per stock		Record date	Effective date
	Millions of Yen		Yen			
Common stock	¥ 19,703		¥ 213		March 31, 2018	June 28, 2018
Date of resolution: Ordinary general meeting of shareholders held on June 27, 2018						

(b) Dividends resolved to be payable in the fiscal year ending March 31, 2021

2020						
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	\$ 142,946	¥ 202	\$ 1.86	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.

21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the fiscal year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Employee salaries and bonuses	¥ 34,647	¥ 36,538	\$ 318,417
Provision for allowance for doubtful accounts and credit losses	7,175	6,268	65,941
Amortization of goodwill	9,129	9,133	83,904
Provision for reserve for employee bonuses ..	2,095	2,523	19,254
Provision for reserve for directors' bonuses...	394	205	3,621
Pension expenses	2,507	2,465	23,040
Provision for reserve for directors' retirement benefits	138	132	1,268

22. IMPAIRMENT LOSS

The Group recognized impairment losses mainly for groups of property and equipment in the fiscal years ended March 31, 2020 and 2019 as follows:

Use	Type of assets	2020	
		Millions of Yen	Thousands of U.S. Dollars
Leased assets	Aircraft	¥ 2,594	\$ 23,840

Certain consolidated subsidiaries recognized impairment losses on the leased assets with low profitability mainly due to a decrease in expected future cash flows by reducing their carrying amounts to the respective recoverable amounts of each asset. The impairment losses are included in "Costs and expenses" in the consolidated statement of income. The recoverable amounts are measured by their value in use calculated by discounting future cash flows using mainly 5%.

Use	Type of assets	2019	
		Millions of Yen	
Leased assets	Aircraft	¥ 4,320	
Leased assets	Vessel	1,041	

Certain consolidated subsidiaries recognized impairment losses on the leased assets with low profitability mainly due to a decrease in expected future cash flows by reducing their carrying amounts to the respective recoverable amounts of each asset. The impairment losses are included in "Costs and expenses" in the consolidated statement of income. The recoverable amounts are

measured by their value in use calculated by discounting future cash flows using mainly 6%.

23. LOSS ON SALES AND RETIREMENT OF PROPERTY AND EQUIPMENT FOR INTERNAL USE

For the fiscal year ended March 31,	Millions of Yen		Thousands of U.S. Dollars	
	2020	2019	2020	
Building.....	¥ 40	¥ 37	\$	368
Office equipment.....	148	16		1,360
Software	0	0		0
Others	0	2		0
Total.....	¥ 189	¥ 55	\$	1,741

24. INCOME TAXES

(1) Significant components of the Group's deferred tax assets and liabilities at March 31, 2020 and 2019 were as follows:

At March 31,	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Deferred tax assets			
Net operating loss carry-forward (*2)	¥ 110,587	¥ 118,501	\$ 1,016,331
Allowance for doubtful accounts.....	15,051	15,188	138,324
Deferred gains or losses on hedges	9,472	4,021	87,051
Depreciation	4,652	4,460	42,753
Write-off of securities	4,336	4,688	39,849
Net defined benefit liability.....	3,325	2,535	30,558
Other.....	10,319	11,895	94,835
Subtotal of deferred tax assets.....	<u>157,746</u>	<u>161,290</u>	<u>1,449,738</u>
Valuation allowance for net operating loss carry-forward (*2).....	(62,970)	(68,514)	(578,715)
Valuation allowance for total deductible temporary differences	(13,737)	(16,029)	(126,248)
Subtotal of valuation allowance (*1).....	<u>(76,708)</u>	<u>(84,544)</u>	<u>(704,972)</u>
Total of deferred tax assets	¥ <u>81,037</u>	¥ <u>76,745</u>	\$ <u>744,757</u>
Deferred tax liabilities			
Depreciation	¥ (74,566)	¥ (70,503)	\$ (685,286)
Valuation differences due to business combination.....	(8,147)	(9,599)	(74,874)
Net unrealized holding gains or losses on securities.....	(6,218)	(8,549)	(57,145)
Special exemption for lease transactions under tax law	(5,744)	(5,654)	(52,789)
Other.....	(2,940)	(939)	(27,020)
Total of deferred tax liabilities	<u>(97,616)</u>	<u>(95,247)</u>	<u>(897,123)</u>
Net deferred tax assets (liabilities).....	¥ <u>(16,579)</u>	¥ <u>(18,501)</u>	\$ <u>(152,367)</u>

Notes:

*1. Valuation allowance decreased by ¥7,835 million (US\$72,006 thousand) for the fiscal year ended March 31, 2020 mainly due to the decrease of valuation allowance for net operating loss carry-forward.

*2. The expiry schedule on net operating loss carry-forward and the related deferred tax assets subsequent to March 31, 2020 and 2019 was as follows:

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

At March 31, 2020	Millions of Yen		
	Net operating loss carry-forward (a)	Valuation allowance	Deferred tax assets
Within one year.....	¥ 19,108	¥ (15,134)	¥ 3,974
After one year through two years.....	4,176	(4)	4,171
After two years through three years	34,732	(23,046)	11,686
After three years through four years.....	12,239	(12,239)	—
After four years through five years	9,076	(9,076)	—
After five years.....	31,255	(3,470)	27,784
Total	¥ 110,587	¥ (62,970)	¥ (b) 47,616

At March 31, 2019	Millions of Yen		
	Net operating loss carry-forward (a)	Valuation allowance	Deferred tax assets
Within one year.....	¥ 25,132	¥ (18,767)	¥ 6,365
After one year through two years.....	4,180	(0)	4,179
After two years through three years	4,085	(4)	4,080
After three years through four years.....	34,557	(28,062)	6,494
After four years through five years	12,170	(12,170)	—
After five years.....	38,374	(9,508)	28,866
Total	¥ 118,501	¥ (68,514)	¥ (b) 49,987

At March 31, 2020	Thousands of U.S. Dollars		
	Net operating loss carry-forward (a)	Valuation allowance	Deferred tax assets
Within one year.....	\$ 175,609	\$ (139,086)	\$ 36,522
After one year through two years.....	38,379	(37)	38,333
After two years through three years	319,199	(211,800)	107,398
After three years through four years.....	112,480	(112,480)	—
After four years through five years	83,411	(83,411)	—
After five years.....	287,244	(31,890)	255,344
Total	\$ 1,016,331	\$ (578,715)	\$ (b) 437,607

Notes:

- (a) Net operating loss carry-forward shown in the above table is after multiplying the statutory tax rate.
- (b) Deferred tax assets of ¥47,616 million (US\$437,607 thousand) and ¥49,987 million were recognized with respect to net operating loss carry-forward of ¥110,587 million (US\$1,016,331 thousand) and ¥118,501 million (amounts multiplied by the statutory tax rate) at March 31, 2020

Sumitomo Mitsui Finance and Leasing Company, Limited
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2020 and 2019

and 2019, respectively. Such deferred tax assets were recognized primarily for a part of net operating loss carry-forward for the Company and certain overseas consolidated subsidiaries. Valuation allowance was not recognized for such deferred tax assets on net operating loss carry-forward as the amount was determined to be recoverable based on the estimate of future taxable income.

(2) A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the fiscal years ended March 31, 2020 and 2019 was as follows:

For the fiscal year ended March 31,	2020	2019
Statutory tax rate.....	30.6%	30.6%
Difference of statutory tax rates of the Company and overseas consolidated subsidiaries.....	(8.4)	(8.4)
Changes in valuation allowance.....	(5.2)	(1.4)
Net operating loss carry-forward related to deferred tax assets.....	(0.0)	(22.6)
Amortization of goodwill.....	3.1	3.0
Other.....	(1.7)	(1.9)
Effective income tax rate.....	18.4%	(0.7)%

25. COMPREHENSIVE INCOME

Reclassification adjustments and tax effects for each component of other comprehensive income for the fiscal years ended March 31, 2020 and 2019

For the fiscal year ended March 31,	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Net unrealized holding gains or losses on securities			
Increase (decrease) during the year..... ¥	(9,654)	¥ (1,980)	\$ (88,723)
Reclassification adjustments	2,007	(1,137)	18,445
Before income tax effect	(7,647)	(3,118)	(70,278)
Income tax effect	2,226	959	20,458
Net unrealized holding gains or losses on securities..... ¥	(5,421)	¥ (2,158)	\$ (49,826)
Deferred gains or losses on hedges			
Decrease during the year..... ¥	(51,881)	¥ (21,812)	\$ (476,804)
Reclassification adjustments	4,103	2,471	37,708
Before income tax effect	(47,777)	(19,340)	(439,086)
Income tax effect	5,451	2,835	50,096
Deferred gains or losses on hedges	¥ (42,325)	¥ (16,505)	\$ (388,988)
Foreign currency translation adjustments			
Increase (decrease) during the year..... ¥	(6,622)	¥ 9,149	\$ (60,864)
Reclassification adjustments	—	(1,055)	—
Foreign currency translation adjustments	¥ (6,622)	¥ 8,093	\$ (60,864)
Remeasurements of defined benefit plans			
Decrease during the year..... ¥	(2,351)	¥ (895)	\$ (21,606)
Reclassification adjustments	401	335	3,685
Before income tax effect	(1,950)	(559)	(17,921)
Income tax effect	597	246	5,487
Remeasurements of defined benefit plans	¥ (1,353)	¥ (313)	\$ (12,437)
Share of other comprehensive income of affiliates accounted for using equity method			
Increase (decrease) during the year..... ¥	(157)	¥ (175)	\$ (1,443)
Reclassification adjustments	9	(60)	83
Share of other comprehensive income of affiliates accounted for using equity method	¥ (147)	¥ (235)	\$ (1,360)
Total other comprehensive income	¥ (55,871)	¥ (11,119)	\$ (513,476)

26. STATEMENT OF CASH FLOWS

(1) Cash and cash equivalents and amounts of the account mentioned in consolidated balance sheets at March 31, 2020 and 2019

	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Cash and bank deposits	¥ 252,775	¥ 126,277	\$ 2,323,095
Time deposits with maturities exceeding three months.....	(1,430)	(430)	(13,142)
Deposits pledged as collateral.....	(65,481)	(17,427)	(601,792)
Cash and cash equivalents at the end of the fiscal year	¥ 185,864	¥ 108,420	\$ 1,708,153

(2) Increase/decrease in other reserves

Increase/decrease in other reserves consists of those in allowance for loss on disposal of leased assets, reserve for employee bonuses, reserve for directors' bonuses, and reserve for directors' retirement benefits.

(3) Breakdown of assets and liabilities of a newly consolidated subsidiary as a result of acquisition of shares

The following table represents the breakdown of acquired assets and assumed liabilities upon acquisition as well as a reconciliation of acquisition costs and expenditure for acquisition of shares of Sumisho Aero Engine Lease B.V. (currently SMBC Aero Engine Lease B.V.) and MAX-REALTY INC., which were newly consolidated following the acquisition of shares in the fiscal year ended March 31, 2020.

	2020	
	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 2,716	\$ 24,961
Non-current assets	43,715	401,755
Current liabilities	(7,324)	(67,310)
Non-current liabilities	(26,919)	(247,395)
Non-controlling interests	(4,528)	(41,614)
Acquisition costs of shares.....	¥ 7,659	\$ 70,389
Cash and cash equivalents.....	(2,260)	(20,770)
Net: purchase of investments in subsidiaries resulting in change in scope of consolidation	¥ 5,398	\$ 49,616

(4) Breakdown of assets and liabilities of a subsidiary which was excluded from the scope of consolidation following the sales of shares

The following table represents breakdown of assets and liabilities upon sales as well as the reconciliation of the sales amount and the proceeds from the sales of shares of MG Leasing Corporation (currently Mizuho Marubeni Leasing Corporation) and its 12 subsidiaries and others as well as SMAS Fleet Co., Ltd. (currently Sumitomo Mitsui Auto Service Company, Limited) and other two companies, which were excluded from the scope of consolidation following the sales of shares in the fiscal year ended March 31, 2019.

	2019	
	Millions of Yen	
Current assets	¥	183,137
Non-current assets		193,670
Current liabilities		(242,913)
Non-current liabilities		(97,340)
Foreign currency translation adjustments		35
Non-controlling interests		(7,723)
Gain on sales of shares of subsidiaries and affiliates		1,775
Sales amounts of shares	¥	30,642
Cash and cash equivalents		(4,968)
Net: proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	¥	25,673

27. LEASE TRANSACTIONS

(Lessee Side)

(1) Finance Lease Transactions

(a) Non-ownership-transfer type Finance leases

1) Breakdown of lease rental assets

i) Property and equipment

For the year ended March 31, 2020:

Vehicles for sales activity and buildings including right-of-use assets recognized based on IFRS 16

For the year ended March 31, 2019:

Mainly vehicles for sales activity

ii) Intangible assets

Software

2) Depreciation method of lease rental assets

It is described in Note 2 (4).

(2) Operating Lease Transactions

Future minimum lease payments on operating leases which were not cancelable at March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2020	2019	2020	
Due within one year	¥ 3,251	¥ 3,994	\$ 29,878	
Due after one year.....	5,665	2,914	52,063	
Total	¥ 8,916	¥ 6,909	\$ 81,941	

Note: Operating leases of overseas consolidated subsidiaries are only included in the figures for the fiscal year ended March 31, 2019 since these subsidiaries have applied IFRS 16 from the fiscal year ended March 31, 2020.

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

(Lessor Side)

(1) Finance Lease Transactions

(a) Breakdown of lease investment assets

At March 31,	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Lease receivables.....	¥ 1,308,718	¥ 1,278,651	\$ 12,027,553
Estimated residual value.....	59,168	60,776	543,774
Unearned interest revenue	(150,212)	(151,029)	(1,380,498)
Lease investment assets.....	¥ 1,217,674	¥ 1,188,398	\$ 11,190,828

(b) The scheduled collections of lease receivables and investment assets

At March 31,	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Lease receivables			
Within one year	¥ 317,322	¥ 302,667	\$ 2,916,294
After one year through two years.....	226,453	237,478	2,081,178
After two years through three years	161,750	154,310	1,486,536
After three years through four years.....	117,674	102,383	1,081,463
After four years through five years	71,062	75,062	653,083
After five years.....	192,177	172,205	1,766,170
Total	¥ 1,086,441	¥ 1,044,107	\$ 9,984,753
Lease investment assets			
Within one year	¥ 401,219	¥ 377,097	\$ 3,687,336
After one year through two years.....	301,830	312,081	2,773,918
After two years through three years	232,168	226,029	2,133,701
After three years through four years.....	165,172	158,612	1,517,985
After four years through five years	101,351	97,932	931,449
After five years.....	106,975	106,897	983,136
Total	¥ 1,308,718	¥ 1,278,651	\$ 12,027,553

(c) Non-ownership-transfer type finance lease

Except for certain consolidated subsidiaries, non-ownership-transfer type finance leases, which commenced before April 1, 2008, are valued at their appropriate book value, net of accumulated depreciation at March 31, 2008, and recorded as lease investment assets as of April 1, 2008. Moreover, interest on such non-ownership-transfer type finance leases during the remaining term of the leases is allocated over the lease term using the straight-line method.

Accordingly, profit before income taxes increased by ¥1,131 million (US\$10,394 thousand) and

¥1,744 million for the fiscal years ended March 31, 2020 and 2019, respectively, compared with that it would have been if such transactions had been treated in a similar way to sale of the underlying assets at the beginning of the respective lease contract.

(2) Operating lease transactions

Future minimum lease payments on operating leases which were not cancelable at March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Due within one year	¥ 225,168	¥ 214,722	\$ 2,069,369
Due after one year.....	1,719,562	1,537,446	15,803,345
Total	¥ 1,944,730	¥ 1,752,168	\$ 17,872,714

(3) Sublease transactions

Lease receivables and investment assets and lease obligations under sublease transactions reported on consolidated balance sheets include interest, and the amounts at March 31, 2020 and 2019 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Lease receivables and investment assets.....	¥ 8,027	¥ 10,169	\$ 73,771
Lease obligations.....	8,041	10,181	73,899

28. FINANCIAL INSTRUMENTS

(1) Group policy for financial instruments

The Group operates financial services such as leases, installment sales, and loans. The Group finances necessary funds through indirect finance such as loans from financial institutions and through direct finance such as commercial papers and bonds. Also, the Group manages interest-rate fluctuation risks and foreign exchange risks by Asset Liability Management (“ALM,” a method to manage assets and liabilities as a whole). The Group uses derivative transactions to reduce interest-rate and foreign exchange fluctuation risks arising from operating assets acquisition and financing.

(2) Details of financial instruments and associated risks

Operating assets such as lease receivables and investment assets, installment sales receivable and loans receivable are exposed to credit risk. Short-term investment securities and investment securities consist of stocks, bonds and investments in partnership. The Group holds these securities for the business strategy and gaining financial returns, and they are exposed to market fluctuation risk and credit risk of issuers.

Financing by loans, commercial papers and bonds are exposed to liquidity risk, such as higher interest rate for financing and difficulty for sufficient financing due to rapid deterioration of financial environment or credit worthiness of the Group.

Most of operating assets are fixed interest financial assets whose collectible amount is determined based on the interest rate at the contract date. The Group plans to increase profit margin and decrease finance costs by financing with fixed and variable interest rate funds on these operating assets. Accordingly, the Group is exposed to interest rate fluctuation risk such as increase of finance costs when interest rates rise.

The Group uses derivative transactions such as interest-rate swaps to reduce and hedge interest rate fluctuation risk and applies hedge accounting on future transactions, loans and others. The effectiveness of hedges is assessed by comparing the accumulated cash flow fluctuation of the hedged items and the hedging instruments from the start date of hedges to the consolidated fiscal year-end. For interest-rate swaps that meet certain criteria, the special treatment for interest-rate swap is applied. For foreign exchange forward contracts that meet certain criteria, the allocation method is applied.

(3) Risk management of financial instruments

(a) Credit risk management

The Group establishes basic principles, guidelines, and rules in general credit policies and detailed operating standards in their operating standards manual. Risk Management Department, Credit Department and Credit Administration Department handle credit risk related procedures. Risk Management Department plans risk management system and evaluation method of credit risk. Also

Risk Management Department measures credit risk and controls risk capital management. Each Credit Department reviews credit transactions, supervises sales branches and plans and controls security policies and its execution. Credit Administration Department manages doubtful receivables and makes efforts to minimize doubtful receivables. In addition, independent Internal Auditing Department audits the accuracy of the credit risk management, credit risk evaluation standard, measurement method and status of the credit risk management and reports to management meeting and board meeting.

(b) Market risk and liquidity risk management

The Group establishes the risk management basic framework for market risk and liquidity risk management policy and determines the structure for risk management operation as well as management system, methods, and rules in market risk and liquidity risk management rules. Risk Management Department manages and controls market risk and liquidity risk, establishing and monitoring risk limits and guidelines and reports to management meeting regularly.

(i) Interest rate risk management

The Group manages interest rate risk by monitoring assets and liabilities with fixed interest rates using ALM and executes hedging appropriately by keeping track of the financial environment and interest rate trend.

(ii) Foreign exchange risk management

The Group has a policy of principally not taking any foreign exchange risks. The Group manages the assets and liabilities in foreign currencies by hedging individual items.

(iii) Stock price fluctuation risk management

The Group holds stocks that have price fluctuation risk for the purpose of business strategies. Since it is difficult to buy and sell stocks flexibly and to control the risk, the Group measures the gains and losses arising from the fluctuation of listed stocks.

(iv) Derivative transactions

The Group sets basic transaction rules, transaction limits and reporting in the derivatives and hedge accounting rules. The Group uses derivative financial instruments to hedge interest rate and foreign exchange risk arising from financing, fund operation and acquisition of operating assets. The Group executes and manages derivative transactions appropriately by establishing the segregation of duties, which segregate functions between transaction executing Treasury Department and verifying Accounting Department.

(v) Liquidity risk management

The Group manages its liquidity risk by maintaining the liquidity of the fund through ALM such as considering the appropriate financing and the balance of long-term and short-term loans.

(vi) Quantitative information about market risk

Interest rate risk is a key risk variable for the Group, and installment sales receivable, lease receivables and investment assets, loans receivable, bonds, long-term loans, interest-rate swaps are main financial instruments which are exposed to the interest rate risk. Of non-financial instruments, future minimum lease payments on operating leases are main instruments which are exposed to the interest rate risk. The Group manages these operating assets including non-financial instruments and financial liabilities by ALM. The Group calculates Basis Point Value (BPV) regularly, the index of change in present value of position related to interest rate when interest rate fluctuates by 0.01% (changes in unrealized gains or losses), and manages the upper limit by comparing with the originally established limits. Assuming all other risk variables except for interest rate are stable, if yen interest rate increases by 1bp (0.01%) at March 31, 2020 and 2019, the Group estimates present value of entire position related to interest rate decreases by ¥363 million (US\$3,336 thousand) and ¥454 million, if yen interest rate decreases by 1bp (0.01%), present value of financial instruments susceptible to interest rate fluctuation increases by ¥363 million (US\$3,336 thousand) and ¥454 million, respectively. These amounts are calculated under the assumption that all risk variables except for interest rate are stable and correlations between interest rate and other risk variables are not considered.

(4) Fair value of financial instruments

As well as the values based on market prices, fair values of financial instruments include values which are reasonably calculated in cases where market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary when different assumptions are applied. Also, for the contract amount regarding derivative transactions described in Note 30. DERIVATIVE TRANSACTIONS, the contract amount itself does not indicate market risk related to derivative transactions.

(a) Fair values of financial instruments

	Millions of yen		
	March 31, 2020		
	Consolidated balance sheets amount	Fair Value	Difference
(i) Cash and bank deposits	¥ 252,775	¥ 252,775	¥ —
(ii) Installment sales receivable	558,161		
Deferred profit on installment sales	(25,417)		
Allowance for doubtful accounts (*2)	(1,115)		
	531,629	547,888	16,259
(iii) Lease receivables and investment assets	2,161,247		
Allowance for doubtful accounts (*2)	(5,653)		
	2,155,593	2,265,689	110,095
(iv) Loans receivable	361,029		
Allowance for doubtful accounts (*2)	(1,002)		
	360,027	366,092	6,064
(v) Short-term investment securities and investment securities			
Other securities	54,240	54,240	—
Stocks of subsidiaries and affiliates	23,167	10,113	(13,054)
(vi) Delinquent receivables	17,611		
Allowance for doubtful accounts (*3)	(7,435)		
	10,175	10,175	—
Total	¥ 3,387,611,	¥ 3,506,977	¥ 119,365

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

	Millions of yen		
	March 31, 2019		
	Consolidated		
	balance sheets	Fair Value	Difference
	amount		
(i) Cash and bank deposits	¥ 126,277	¥ 126,277	¥ —
(ii) Installment sales receivable	516,538		
Deferred profit on installment sales	(25,884)		
Allowance for doubtful accounts (*2)	(1,232)		
	489,420	502,289	12,869
(iii) Lease receivables and investment assets	2,093,824		
Allowance for doubtful accounts (*2)	(4,271)		
	2,089,553	2,190,438	100,884
(iv) Loans receivable	400,032		
Allowance for doubtful accounts (*2)	(1,399)		
	398,633	407,029	8,396
(v) Short-term investment securities and investment securities			
Other securities	62,885	62,885	—
Stocks of subsidiaries and affiliates	22,268	9,500	(12,767)
(vi) Delinquent receivables	21,494		
Allowance for doubtful accounts (*3)	(7,683)		
	13,811	13,811	—
Total	¥ 3,202,848	¥ 3,312,231	¥ 109,381

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

	Thousands of U.S. Dollars		
	March 31, 2020		
	Consolidated balance sheets amount	Fair Value	Difference
(i) Cash and bank deposits	\$ 2,323,095	\$ 2,323,095	\$ —
(ii) Installment sales receivable	5,129,689		
Deferred profit on installment sales	(233,592)		
Allowance for doubtful accounts (*2)	(10,247)		
	<u>4,885,847</u>	<u>5,035,272</u>	<u>149,426</u>
(iii) Lease receivables and investment assets	19,862,582		
Allowance for doubtful accounts (*2)	(51,953)		
	<u>19,810,615</u>	<u>20,822,434</u>	<u>1,011,810</u>
(iv) Loans receivable	3,317,985		
Allowance for doubtful accounts (*2)	(9,209)		
	<u>3,308,768</u>	<u>3,364,507</u>	<u>55,730</u>
(v) Short-term investment securities and investment securities			
Other securities	498,484	498,484	—
Stocks of subsidiaries and affiliates	212,912	92,942	(119,971)
(vi) Delinquent receivables	161,857		
Allowance for doubtful accounts (*3)	(68,330)		
	<u>93,512</u>	<u>93,512</u>	<u>—</u>
Total	<u>\$ 31,133,269</u>	<u>\$ 32,230,282</u>	<u>\$ 1,097,004</u>

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

				Millions of yen		
				March 31, 2020		
				Consolidated		
				balance sheets	Fair Value	Difference
				amount		
(i) Trade notes payable and accounts payable	¥	86,578	¥	86,578	¥	—
(ii) Short-term loans		1,037,413		1,037,413		—
(iii) Commercial paper		1,021,900		1,021,886		(13)
(iv) Payables under securitization of lease receivables		17,179		17,179		—
(v) Bonds		762,952		778,288		15,335
(vi) Long-term loans		2,143,238		2,261,824		118,585
(vii) Long-term payables under securitization of lease receivables		43,449		44,052		603
(viii) Lease obligations		53,066		53,436		369
(ix) Guarantee deposits received		113,275		111,116		(2,158)
Total	¥	5,279,053	¥	5,411,777	¥	132,723
Derivative transactions (*4)						
Hedge accounting not applied	¥	522	¥	522	¥	—
Hedge accounting applied		(72,351)		(72,351)		—
Total	¥	(71,829)	¥	(71,829)	¥	—

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

	Millions of yen		
	March 31, 2019		
	Consolidated		
	balance sheets	Fair Value	Difference
	amount		
(i) Trade notes payable and accounts payable	¥ 93,404	¥ 93,404	¥ —
(ii) Short-term loans	1,060,316	1,060,316	—
(iii) Commercial paper	1,040,900	1,040,894	(5)
(iv) Payables under securitization of lease receivables	14,412	14,412	—
(v) Bonds	563,681	569,915	6,234
(vi) Long-term loans	1,771,843	1,844,602	72,758
(vii) Long-term payables under securitization of lease receivables	63,836	64,639	803
(viii) Lease obligations	59,913	60,222	308
(ix) Guarantee deposits received	108,435	105,529	(2,905)
Total	¥ 4,776,743	¥ 4,853,937	¥ 77,193
Derivative transactions (*4)			
Hedge accounting not applied	¥ 828	¥ 828	¥ —
Hedge accounting applied	(22,978)	(22,978)	—
Total	¥ (22,150)	¥ (22,150)	¥ —

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

	Thousands of U.S. Dollars		
	March 31, 2020		
	Consolidated balance sheets amount	Fair Value	Difference
(i) Trade notes payable and accounts payable	\$ 795,685	\$ 795,685	\$ —
(ii) Short-term loans	9,534,177	9,534,177	—
(iii) Commercial paper	9,391,600	9,391,471	(119)
(iv) Payables under securitization of lease receivables	157,883	157,883	—
(v) Bonds	7,011,782	7,152,725	140,934
(vi) Long-term loans	19,697,068	20,786,913	1,089,835
(vii) Long-term payables under securitization of lease receivables	399,311	404,852	5,542
(viii) Lease obligations	487,694	491,095	3,391
(ix) Guarantee deposits received	1,041,036	1,021,193	(19,833)
Total	\$ 48,516,249	\$ 49,736,026	\$ 1,219,768
Derivative transactions (*4)			
Hedge accounting not applied	\$ 4,797	\$ 4,797	\$ —
Hedge accounting applied	(664,930)	(664,930)	—
Total	\$ (660,132)	\$ (660,132)	\$ —

Notes:

- *1. The financial instruments whose fair value is extremely difficult to determine are not included above.
- *2. Allowance for doubtful accounts corresponding to each financial instrument is deducted.
- *3. Specifically identified allowances for doubtful accounts corresponding to delinquent receivables are deducted.
- *4. Net assets and liabilities arising from derivative transactions are presented on a net basis and net liability positions are shown in parenthesis.

Valuation methods for financial instruments are as follows.

Assets

- (i) Cash and bank deposit

The consolidated balance sheet amount is deemed to approximate the fair value since the instruments are scheduled to be settled in a short period of time.

- (ii) Installment sales receivables and (iii) Lease receivables and investment assets

The fair value of these items is measured by estimated future cash flows discounted by the market interest rate, considering the internal ratings of the counterparties, probability of default based on the internal ratings and estimated uncollectible rate of the default based on the collateral

and guarantees.

(iv) Loans receivable

With regard to loans receivable with floating rate, the consolidated balance sheet amount is deemed to approximate the fair value because these loans reflect the short-term market interest rate unless the credit conditions of the counterparties do not change significantly after executing the loans. For fixed rate loans, the fair value is measured by estimated future cash flows discounted by the market interest rate, considering the internal ratings of the counterparties, probability of default based on the internal ratings and estimated uncollectible rate of the default based on the collateral and guarantees.

(v) Short-term investment securities and investment securities

The fair value of the securities with available market price is based on the average market price during one month before the fiscal year-end. The consolidated balance sheet amount of the securities without available market price maturing within six months is deemed to approximate the fair value due to short period of time. The fair value of investment securities with remaining term more than six months without market prices is measured by estimated future cash flows discounted by the market interest rate, considering the internal ratings of each issuer, probability of default based on the internal ratings and estimated uncollectible probability on the default based on the collateral and guarantees.

(vi) Delinquent receivables

The consolidated balance sheet amount after deducting estimated uncollectible amount on the fiscal year-end is deemed to approximate the fair value since the uncollectible amount is calculated considering the expected amount of recoveries from their collateral and guarantees.

Liabilities

(i) Trade notes payable and accounts payable

The carrying value is deemed to approximate the fair value since the instruments are scheduled to be settled in a short period of time.

(ii) Short-term loans, (iii) Commercial paper and (iv) Payables under securitization of lease receivables

Among these with floating rate, the consolidated balance sheet amount is deemed to approximate the fair value because interest rate changes have been timely reflected and the credit conditions of the Company has not changed significantly after executing the borrowing. For those with fixed interest rate and remaining term within six months, the consolidated balance sheet amount is deemed to approximate the fair value since the instruments are scheduled to be settled in a short period of time. For those with remaining term more than six months, the fair value is based on present values of total principal amounts and interests discounted by an interest rate which is expected to be applied in case of similar new borrowings.

(v) Bonds, (vi) Long-term loans, (vii) Long-term payables under securitization of lease receivables, (viii) Lease obligations and (ix) Guarantee deposits received

The fair value of these with available market price (publicly-offered corporate bonds) is determined by market price. Among these without available market price, for those with floating rate, the consolidated balance sheet amount is deemed to approximate the fair value because interest rate changes have been timely reflected and the credit conditions of the Company has not changed significantly after executing the borrowing. For those with fixed interest rate, the fair value is based on present values of total principal amounts and interests discounted by an interest rate which is expected to be applied in case of similar new fund-raising from the market. The fair value of bonds and long-term loans to which the allocation method for foreign exchange forward contracts and the special treatment for interest-rate swaps are applied is based on present values of total principal amounts and interests together with cash flows of these derivative transactions discounted by an interest rate which is expected to be applied in case of similar new bonds issue and borrowings.

Derivative transactions

The fair value of derivative transactions is based on the price presented by the counterparty financial institutions. The fair value of foreign exchange forward contracts under the allocation method and interest-rate swaps under the special treatment is included in the fair value of corresponding bonds or long-term loans hedged by these derivative transactions.

Additional information is provided in Note 30. DERIVATIVE TRANSACTIONS.

(b) Financial instruments whose fair value is extremely difficult to determine

At March 31,	Millions of Yen		Thousands of U.S. Dollars	
	2020	2019	2020	
Unlisted stocks (*1)	¥ 41,576	¥ 45,703	\$ 382,097	
Investments in partnerships (*2)	49,730	32,340	457,035	
Investments in others (*2)	2,100	1,500	19,300	
Total	¥ 93,406	¥ 79,543	\$ 858,432	

Notes:

*1. Unlisted stocks do not have market prices and thus are not included in the above (a) Short-term investment securities and investment securities, as it is extremely difficult to determine the fair value.

*2. Investments in partnerships and investments in others are not included in the above (a) Short-term investment securities and investment securities, as future cash flow is not determined and it is extremely difficult to determine the fair value.

(5) The redemption schedule for monetary claims and securities with maturities

	Millions of yen							
	March 31, 2020							
	Due in six months or less	Due after six months through one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	
Bank deposits	¥ 251,345	¥ 1,430	¥ —	¥ —	¥ —	¥ —	¥ —	—
Installment sales receivable	168,995	80,756	123,667	87,235	54,703	28,066	14,735	
Lease receivables and investment assets (*1).....	321,023	314,329	468,914	351,482	252,482	152,127	221,764	
Loans receivable.....	195,246	27,971	32,316	32,992	20,957	15,556	36,247	
Short-term investment securities and investment securities (*2).....	—	—	7,603	9,287	5,238	647	18,869	
Other securities with maturities of the above								
Corporate bonds.....	—	—	1,623	—	2,462	—	750	
Other.....	—	—	5,979	9,287	2,776	647	18,119	
Total.....	¥ 936,610	¥ 424,488	¥ 632,501	¥ 480,998	¥ 333,381	¥ 196,397	¥ 291,617	

	Millions of yen							
	March 31, 2019							
	Due in six months or less	Due after six months through one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	
Bank deposits	¥ 125,847	¥ 430	¥ —	¥ —	¥ —	¥ —	¥ —	—
Installment sales receivable	155,940	78,138	117,465	79,223	48,514	23,903	13,352	
Lease receivables and investment assets (*1).....	311,448	281,515	488,418	338,124	231,322	152,833	205,682	
Loans receivable.....	241,037	18,402	42,415	32,795	31,865	18,366	15,499	
Short-term investment securities and investment securities (*2).....	1,116	—	750	10,725	8,983	2,487	13,318	
Other securities with maturities of the above								
Corporate bonds.....	—	—	—	1,992	—	2,487	—	
Other.....	1,116	—	750	8,733	8,983	—	13,318	
Total.....	¥ 835,389	¥ 378,486	¥ 649,050	¥ 460,869	¥ 320,685	¥ 197,590	¥ 247,851	

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

Thousands of U.S. Dollars

	March 31, 2020						
	Due in six months or less	Due after six months through one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bank deposits	\$ 2,309,944	\$ 13,142	\$ —	\$ —	\$ —	\$ —	\$ —
Installment sales receivable	1,553,120	742,174	1,136,541	801,719	502,739	257,936	135,420
Lease receivables and investment assets (*1).....	2,950,308	2,888,788	4,309,475	3,230,236	2,320,393	1,398,098	2,038,085
Loans receivable.....	1,794,376	257,063	296,995	303,207	192,602	142,965	333,122
Short-term investment securities and investment securities (*2).....	—	—	69,874	85,351	48,139	5,946	173,412
Other securities with maturities of the above							
Corporate bonds.....	—	—	14,916	—	22,627	—	6,893
Other	—	—	54,949	85,351	25,512	5,946	166,520
Total.....	\$ 8,607,757	\$ 3,901,186	\$ 5,812,894	\$ 4,420,531	3,063,882	\$ 1,804,954	\$ 2,680,057

Notes:

*1. Estimated residual value of ¥79,122 million (US\$727,157 thousand) and ¥84,479 million are not included in lease receivables and investment assets for the fiscal years ended March 31, 2020 and 2019, respectively.

*2. Short-term investment securities and investment securities of ¥0 million (US\$0 thousand) and ¥111 million are not included in the table above since they are deemed as uncollectible for the fiscal years ended March 31, 2020 and 2019, respectively.

(6) The redemption schedule for bonds, short-term loans and other liabilities with bearing interest

	Millions of yen							
	March 31, 2020							
	Due in six months or less	Due after six months through one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	
Short-term loans.....	¥ 981,798	¥ 55,615	¥ —	¥ —	¥ —	¥ —	¥ —	—
Commercial paper	1,004,900	17,000	—	—	—	—	—	—
Payables under securitization of lease receivables	16,742	436	—	—	—	—	—	—
Bonds.....	30,100	37,300	93,980	106,821	94,405	199,615	200,730	
Long-term loans	177,334	174,458	359,147	316,053	220,270	268,481	627,492	
Long-term payables under securitization of lease receivables	12,318	8,728	9,227	3,694	2,780	895	5,803	
Lease obligations.....	9,652	8,981	14,191	10,060	6,021	2,901	1,257	
Total.....	¥ 2,232,846	¥ 302,520	¥ 476,545	¥ 436,630	¥ 323,477	¥ 471,894	¥ 835,284	

	Millions of yen							
	March 31, 2019							
	Due in six months or less	Due after six months through one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	
Short-term loans.....	¥ 999,493	¥ 60,823	¥ —	¥ —	¥ —	¥ —	¥ —	—
Commercial paper	1,032,900	8,000	—	—	—	—	—	—
Payables under securitization of lease receivables	14,387	24	—	—	—	—	—	—
Bonds.....	61,120	19,000	31,000	93,331	75,500	95,500	188,230	
Long-term loans	170,797	182,756	278,238	297,124	211,816	160,797	470,310	
Long-term payables under securitization of lease receivables	12,950	21,536	15,071	4,619	1,285	2,162	6,210	
Lease obligations.....	9,606	9,492	17,160	11,603	7,385	3,465	1,200	
Total.....	¥ 2,301,255	¥ 301,633	¥ 341,470	¥ 406,677	¥ 295,987	¥ 261,926	¥ 665,952	

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

Thousands of U.S. Dollars

	March 31, 2020						
	Due in six months or less	Due after six months through one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans.....	\$ 9,023,049	\$ 511,120	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial paper	9,235,364	156,236	—	—	—	—	—
Payables under securitization of lease receivables	153,865	4,007	—	—	—	—	—
Bonds.....	276,629	342,799	863,707	981,720	867,613	1,834,528	1,844,775
Long-term loans	1,629,758	1,603,327	3,300,680	2,904,632	2,024,354	2,467,429	5,766,860
Long-term payables under securitization of lease receivables	113,207	80,213	84,799	33,949	25,549	8,225	53,331
Lease obligations.....	88,705	82,538	130,420	92,455	55,335	26,661	11,552
Total.....	\$ 20,520,596	\$ 2,780,259	\$ 4,379,607	\$ 4,012,775	\$ 2,972,861	\$ 4,336,862	\$ 7,676,537

29. SECURITIES

(1) Investments in unconsolidated subsidiaries and affiliates

At March 31,	Millions of Yen		Thousands of
	2020	2019	U.S. Dollars
Investment securities (stocks).....	¥ 62,124	¥ 60,854	\$ 570,940

(2) Other securities with market prices

	Type	Millions of Yen		Consolidated balance sheet amount	Net unrealized gains (losses)
		Acquisition cost	March 31, 2020		
Securities whose consolidated balance sheet amount exceeds the acquisition costs	Stocks	¥ 9,930	¥ 34,087	¥ 24,157	
	Bonds:				
	Corporate bonds	—	—	—	
	Other	4,591	5,527	935	
	Sub total	14,521	39,615	25,093	
Securities whose consolidated balance sheet amount does not exceed the acquisition costs	Stocks	9,950	8,008	(1,942)	
	Bonds:				
	Corporate bonds	4,836	4,836	—	
	Other	1,991	1,781	(210)	
	Sub total	16,778	14,625	(2,153)	
	Total	¥ 31,300	¥ 54,240	¥ 22,940	

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

		Millions of Yen			
		March 31, 2019			
	Type	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	
Securities whose consolidated balance sheet amount exceeds the acquisition costs	Stocks	¥ 17,617	¥ 48,413	¥ 30,795	
	Bonds:				
	Corporate bonds	—	—	—	
	Other	5,784	6,620	835	
	Sub total	23,402	55,034	31,631	
Securities whose consolidated balance sheet amount does not exceed the acquisition costs	Stocks	4,308	3,371	(937)	
	Bonds:				
	Corporate bonds	4,479	4,479	—	
	Other	—	—	—	
	Sub total	8,788	7,850	(937)	
	Total	¥ 32,190	¥ 62,885	¥ 30,694	

		Thousands of U.S. Dollars			
		March 31, 2020			
	Type	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	
Securities whose consolidated balance sheet amount exceeds the acquisition costs	Stocks	\$ 91,260	\$ 313,271	\$ 222,011	
	Bonds:				
	Corporate bonds	—	—	—	
	Other	42,193	50,795	8,593	
	Sub total	133,453	364,075	230,613	
Securities whose consolidated balance sheet amount does not exceed the acquisition costs	Stocks	91,444	73,596	(17,848)	
	Bonds:				
	Corporate bonds	44,444	44,444	—	
	Other	18,298	16,368	(1,930)	
	Sub total	154,195	134,409	(19,787)	
	Total	\$ 287,657	\$ 498,484	\$ 210,826	

Note: Unlisted stocks and investments in silent partnerships, etc. (consolidated balance sheet amount: ¥55,494 million (US\$510,008 thousand) and ¥42,001 million for the fiscal years ended March 31, 2020 and 2019, respectively) do not have market prices and thus are not included in the above "Other securities," as it is extremely difficult to determine the fair value.

(3) Other securities sold during the fiscal year

Millions of Yen			
For the fiscal year ended March 31, 2020			
Type	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 3,220	¥ 2,550	¥ 3
Bonds:			
Corporate bonds	528	—	—
Other.....	15,359	—	—
Total	¥ 19,108	¥ 2,550	¥ 3

Millions of Yen			
For the fiscal year ended March 31, 2019			
Type	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 4,280	¥ 2,934	¥ 0
Bonds:			
Corporate bonds	1,795	—	—
Other.....	8,395	57	—
Total	¥ 14,471	¥ 2,992	¥ 0

Thousands of U.S. Dollars			
For the fiscal year ended March 31, 2020			
Type	Sales Amount	Gains on Sales	Losses on sales
Stocks.....	\$ 29,593	\$ 23,441	\$ 28
Bonds:			
Corporate bonds	4,852	—	—
Other.....	141,154	—	—
Total	\$ 175,609	\$ 23,441	\$ 28

(4) Other securities on which valuation losses were recognized

If the fair value of other securities with market prices declines materially below the acquisition costs, it is regarded as non-recoverable and the Company reduces the book value to the fair value and recognizes valuation losses in the consolidated statement of income. Valuation losses, including for the securities whose fair value was extremely difficult to determine, were ¥2,041 million (US\$18,764 thousand) and ¥94 million for the fiscal years ended March 31, 2020 and 2019, respectively.

30. DERIVATIVE TRANSACTIONS

(1) Derivative transaction to which hedge accounting is not applied

(a) Interest rate derivatives

There were no interest rate derivatives to which hedge accounting is not applied at March 31, 2020 and 2019.

(b) Currency derivatives

Type	Millions of Yen							
	March 31, 2020							
	Contract amount		Fair value	Valuation gains (losses)				
Total	Over one year							
Over-the-counter transaction								
Currency swaps	¥	19,024	¥	16,892	¥	522	¥	522
Total.....	¥	19,024	¥	16,892	¥	522	¥	522

Type	Millions of Yen							
	March 31, 2019							
	Contract amount		Fair value	Valuation gains (losses)				
Total	Over one year							
Over-the-counter transaction								
Currency swaps	¥	21,311	¥	20,273	¥	829	¥	829
Foreign exchange forward contracts								
Sold.....		74		—		0		0
Bought.....		17		—		0		0
Total.....	¥	21,403	¥	20,273	¥	828	¥	828

Type	Thousands of U.S. Dollars							
	March 31, 2020							
	Contract amount		Fair value	Valuation gains (losses)				
Total	Over one year							
Over-the-counter transaction								
Currency swaps	\$	174,837	\$	155,243	\$	4,797	\$	4,797
Total.....	\$	174,837	\$	155,243	\$	4,797	\$	4,797

Note: Fair value is calculated using discounted present value and forward exchange rates.

(2) Derivative transactions to which hedge accounting is applied

(a) Interest rate derivatives

Millions of Yen				
March 31, 2020				
Type	Hedged item	Contract amount		Fair value
		Total	Over one year	
<u>Deferral hedge method</u>				
Interest-rate swaps	Future transactions, loans and others			
Receivable floating rate/ payable fixed rate		¥ 865,080	¥ 819,235	¥ (72,085)
<u>Recognition of gain or loss on the hedged items</u>				
Interest-rate swaps	Bonds			
Receivable fixed rate/ payable floating rate		54,405	54,405	306
<u>Special treatment</u>				
Interest-rate swaps	Loans and others			
Receivable floating rate/ payable fixed rate		55,122	53,621	(*2)
Total.....		¥ 974,608	¥ 927,261	¥ (71,779)

Millions of Yen				
March 31, 2019				
Type	Hedged item	Contract amount		Fair value
		Total	Over one year	
<u>Deferral hedge method</u>				
Interest-rate swaps	Future transactions, loans and others			
Receivable floating rate/ payable fixed rate.....		¥ 717,559	¥ 659,811	¥ (21,262)
<u>Recognition of gain or loss on the hedged items</u>				
Interest-rate swaps	Bonds			
Receivable fixed rate/ payable floating rate		55,500	55,500	(1,517)
<u>Special treatment</u>				
Interest-rate swaps	Loans and others			
Receivable floating rate/ payable fixed rate		44,771	43,172	(*2)
Total.....		¥ 817,830	¥ 758,483	¥ (22,779)

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

Thousands of U.S. Dollars				
March 31, 2020				
Type	Hedged item	Contract amount		Fair value
		Total	Over one year	
<u>Deferral hedge method</u>				
Interest-rate swaps	Future transactions, loans and others			
Receivable floating rate/ payable fixed rate		\$ 7,950,372	\$ 7,529,041	\$ (662,485)
<u>Recognition of gain or loss on the hedged items</u>				
Interest-rate swaps	Bonds			
Receivable fixed rate/ payable floating rate		500,000	500,000	2,812
<u>Special treatment</u>				
Interest-rate swaps	Loans and others			
Receivable floating rate/ payable fixed rate		506,589	492,795	(*2)
Total.....		\$ 8,956,971	\$ 8,521,836	\$ (659,673)

Notes:

*1. Fair value is calculated using discounted present value.

*2. Fair value of the interest-rate swaps contracts to which the special treatment for interest-rate swap is applied is included in the fair value of loans and others as hedged item.

(b) Currency derivatives

Millions of Yen				
March 31, 2020				
Type	Hedged item	Contract amount		Fair value
		Total	Over one year	
<u>Deferral hedge method</u>				
Currency swaps	Future transactions, loans and others	¥ 29,789	¥ 27,084	¥ (572)
<u>Allocation method</u>				
Currency swaps	Loans and others	31,722	24,170	(*2)
Foreign exchange forward contracts Sold		782	—	(*2)
Total		¥ 62,294	¥ 51,255	¥ (572)

Millions of Yen				
March 31, 2019				
Type	Hedged item	Contract amount		Fair value
		Total	Over one year	
<u>Deferral hedge method</u>				
Currency swaps	Future transactions, loans and others	¥ 28,170	¥ 26,945	¥ (199)
<u>Allocation method</u>				
Currency swaps	Loans and others	38,044	34,686	(*2)
Foreign exchange forward contracts Sold		811	—	(*2)
Total		¥ 67,026	¥ 61,632	¥ (199)

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

Thousands of U.S. Dollars				
March 31, 2020				
Type	Hedged item	Contract amount		Fair value
		Total	Over one year	
<u>Deferral hedge method</u>				
Currency swaps	Future transactions, loans and others	\$ 273,771	\$ 248,911	\$ (5,257)
<u>Allocation method</u>				
Currency swaps	Loans and others	291,536	222,130	(*2)
Foreign exchange forward contracts				
Sold		7,187	—	(*2)
Total.....		\$ 572,503	\$ 471,050	\$ (5,257)

Notes:

*1. Fair value is calculated using discounted present value and forward exchange rates.

*2. Fair value of the foreign exchange forward contracts to which allocation method is applied is included in the fair value of loans and others as hedged item.

31. BUSINESS COMBINATION

For the fiscal year ended March 31, 2020

1. Transactions under common control

Divestiture of the Real Estate Leasing Business

The Company resolved at the meeting of the Board of Directors held on January 29, 2019 that a part of the real estate leasing business of the Company would be succeeded by SMFL MIRAI Partners Co., Ltd., a wholly owned subsidiary of the Company, through an absorption-type split (the "Absorption-type Split of the Real Estate Leasing Business"). On the same date, the Company entered into an agreement for the Absorption-type Split of the Real Estate Leasing Business, based on which the Company executed the said Absorption-type Split effective April 1, 2019.

(1) Outline of the transaction

(a) Name of the business subject to the transaction and description of business

Real estate leasing

(b) Date of the business combination

April 1, 2019

(c) Legal form of the business combination

Absorption-type split in which the Company would be the splitting company and SMFL MIRAI Partners Co., Ltd. would be the succeeding company.

(d) Name of the company after the business combination

SMFL MIRAI Partners Co., Ltd.

(e) Other matters concerning the transaction

SMFL MIRAI Partners Co., Ltd. will provide various new services in each area including real estate, environment energy, regional revitalization, social infrastructure and healthcare, based on the various insights, expertise and achievements accumulated by the Company.

The Absorption-type Split of the Real Estate Leasing Business was executed in order to significantly improve the Company's client services as well as to strengthen its client relationship.

(2) Outline of the accounting treatment

The Absorption-type Split of the Real Estate Leasing Business is accounted for as a transaction under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

2. Business combination through acquisition

Joint Partnership of the Aircraft Engine Leasing Business

Based on an agreement with Sumitomo Corp. signed on December 28, 2018, the Company completed the acquisition of the shares of Sumisho Aero Engine Lease B.V. ("SAEL"), an aircraft engine leasing company and joint venture between Sumitomo Corp. and MTU Aero Engines (a major Germany-based company that manufactures and services aircraft engines), on April 1, 2019. As a result, SAEL became a subsidiary of the Company.

(1) Outline of the business combination

(a) Name of the absorbed company and description of its business

Name: Sumisho Aero Engine Lease B.V. (currently SMBC Aero Engine B.V.)

Description of its business: Aircraft engine leasing

(b) Objective of the business combination

The airline industry is rapidly growing supported by the strong demand from passengers. In this environment, the Group intends to expand the scale of SAEL's operations to raise its profile in the industry as well as to broaden the scope of its aircraft business in partnership with SMBC Aviation Capital Limited, which is affiliated under the Company.

(c) Date of the business combination

April 1, 2019

(d) Legal form of the business combination

Acquisition of shares

(e) Name of the company after the business combination

Sumitomo Mitsui Finance and Leasing Company, Limited

(f) Ratio of voting rights acquired

65.0%

(g) Primary reason for determining the acquiring company

The primary reason was because the Company acquired the shares for cash consideration.

(2) Period of performance of the acquired company included in the consolidated statements of income

Period from April 1, 2019 to December 31, 2019

(3) Acquisition cost of the acquired company and its breakdown by type of consideration

Acquisition cost of Sumisho Aero Engine Lease B.V. (Cash): ¥6,571 million (US\$60,390 thousand)

(4) Primary acquisition-related cost and its amount

Fees and commissions payable to advisors: ¥48 million (US\$441 thousand)

(5) Amount of goodwill recognized, reason for recognition, amortization method and amortization period

Not applicable.

(6) Amount of assets acquired and liabilities assumed on the date of business combination and its major breakdown

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 622	\$ 5,716
Non-current assets	43,128	396,361
Total assets	43,750	402,077
Current liabilities.....	7,194	66,115
Non-current liabilities.....	26,461	243,185
Total liabilities	33,655	309,301

(7) Approximate amount of impact of business combination on the consolidated statements of income for the fiscal year ended March 31, 2020 assuming that the business combination was completed at the beginning of the fiscal year ended March 31, 2020 and calculation method thereof

	Millions of Yen	Thousands of U.S. Dollars
Revenues	¥ 970	\$ 8,915
Profit before income taxes	146	1,342
Profit attributable to owners of parent	75	689

Calculation method:

The amounts are calculated based on the assumption that the business combination was completed on April 1, 2019. This note has not been audited by KPMG AZSA LLC.

For the fiscal year ended March 31, 2019

On November 6, 2017, Sumitomo Mitsui Financial Group, Inc. (“SMFG”), the parent company of the Company and Sumitomo Corporation (“Sumitomo Corp”) entered into a basic agreement (the “Basic Agreement”) concerning the reorganization of the joint leasing partnership, which is jointly owned by SMFG and Sumitomo Corp (the “Reorganization”), subject to the approval of foreign and domestic regulatory authorities. In relation to this, at the meeting of the Board of Directors held on November 6, 2017, the Company resolved 1) the acquisition of the Company’s common stock held by SMFG, which may result in a change of the parent company and 2) basic policy to implement the Reorganization including absorption-type merger (the “Merger”) in which the Company would be a surviving company and SMFL Capital Company, Limited (“FLC”) would be an absorbed company. On March 30, 2018, SMFG, Sumitomo Corp, FLC and the Company entered into a comprehensive leasing business reorganization agreement in connection with the Reorganization upon resolution at the meeting of the Board of Directors held on March 27, 2018.

Further, at the meeting of the Board of Directors held on March 27, 2018, the Company resolved that the automobile leasing business of the Company would be succeeded by a new company to be established by the Company (the “New Company”) through absorption-type split (the “Absorption-type Split”) after the Merger. On March 30, 2018, SMFG, Sumitomo Corp, Sumitomo Mitsui Auto Service Company, Limited (“SMAS”) and the Company entered into an automobile leasing business reorganization agreement which includes the Absorption-type Split of the automobile leasing business.

The Company executed the Merger and the Absorption-type Split of the automobile leasing business effective on January 1, 2019, based on the absorption-type merger agreement between the Company and FLC as well as the absorption-type split agreement regarding the automobile

leasing business between the Company and the New Company entered into upon resolution at the meeting of the Board of Directors held on October 22, 2018. On the same date, the Company transferred all shares of the New Company, the succeeding company which will absorb the automobile leasing business, to SMAS.

1. Transactions under common control

Absorption-type merger of FLC

(1) Outline of the transaction

(a) Name of the companies subject to the transaction and description of business

Surviving company:

Name: Sumitomo Mitsui Finance and Leasing Company, Limited

Description of business: Comprehensive leasing

Absorbed company:

Name: SMFL Capital Company, Limited

Description of business: Comprehensive leasing

(b) Date of the Merger

January 1, 2019

(c) Legal form of the Merger

Absorption-type merger in which the Company would be a surviving company and FLC would be an absorbed company.

(d) Name of the company after the Merger

Sumitomo Mitsui Finance and Leasing Company, Limited

(e) Other matters concerning the transaction

The objective of the Merger is establishing an operating system to realize swift and efficient business operation and management strategy of the overall joint leasing business, jointly owned by SMFG and Sumitomo Corp.

(2) Outline of the accounting treatment

The Merger is accounted for as a transaction under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and "Implementation Guidance on Accounting Standard for Business Combinations and Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013).

2. Business divestiture

Absorption-type split of the automobile leasing business and transfer of shares to SMAS

(1) Outline of the business divestiture

(a) Name of the company that will succeed the business

Sumitomo Mitsui Auto Service Company, Limited

(b) Description of the business to be divested

Automobile leasing

(c) Objective of the business divestiture

The objective of the Absorption-type Split and the transfer of shares to SMAS is establishing an operating system to realize swift and efficient business operation and management strategy of the overall joint leasing business, jointly operated by SMFG and Sumitomo Corp.

(d) Date of the business divestiture

January 1, 2019

(e) Other matters concerning the transaction including the legal form

Following an absorption-type split in which consideration consisted solely of shares, the shares were transferred for cash consideration.

(2) Outline of the accounting treatment

(a) Profit and loss recognized upon the transfer

No profits or losses were recognized upon the transfer.

(b) The appropriate carrying amounts and the breakdown of the assets and liabilities related to the divested business

	Millions of Yen	
Current assets	¥	56,844
Non-current assets		102,368
Total assets		159,213
Current liabilities.....		131,663
Non-current liabilities.....		8,064
Total liabilities		139,727

(c) Accounting treatment

The investment related to the transferred automobile leasing business is treated as liquidated.

(3) Reportable segment which included the divested business

Leases, rentals and installment sales, loans and other

(4) Approximate amount recorded in the consolidated statements of income for the fiscal year ended March 31, 2019

	Millions of Yen	
Revenue.....	¥	48,311
Operating income		1,385

32. SEGMENT INFORMATION

(1) General information about reportable segments

The Group's reportable segments are those for which discrete financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated among the Group. The Group has established business structure by service to suit the customers' needs. Therefore, the Group consists of segments classified by type of service and has two reportable segments "Leases, rentals and installment sales" and "Loans." "Leases, rentals and installment sales" consists of the business of leases, rentals and installment sales of equipment, machinery and others. "Loans" consists of loan business, factoring business and others.

(2) Basis of measurement about reported segment revenues, segment profit or loss, segment assets, segment liabilities and other material items

The accounting policies of each reportable segment are consistent to those disclosed in Note 2 SIGNIFICANT ACCOUNTING POLICIES. Intersegment profits and transfers are based on prevailing market price.

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

(3) Information about reported segment revenues, segment profit or loss, segment assets, segment liabilities and other material items

For the fiscal year ended March 31, 2020	Millions of yen				Consolidated financial statements amount (*3)
	Reportable segment		Other (*1)	Adjustments (*2)	
	Leases, rentals and Installment sales	Loans			
Revenues					
Revenues from external customers..	¥ 1,480,650	¥ 8,423	¥ 24,628	¥ —	¥ 1,513,701
Intersegment revenues or transfers .	—	6,410	2,914	(9,325)	—
Total revenues	1,480,650	14,833	27,543	(9,325)	1,513,701
Segment profit	99,249	10,331	11,580	(31,746)	89,413
Segment assets	¥ 5,437,665	¥ 361,340	¥ 75,764	¥ 503,931	¥ 6,378,701
Other items:					
Depreciation	¥ 94,444	¥ —	¥ —	¥ 5,075	¥ 99,519
Increase in property and equipment and intangible assets	553,730	—	—	8,298	562,028

Notes:

- *1. "Other" contains fee business, investment in or management of the securities held for earning financial revenues classified as an operating income, guarantee business and others.
- *2. a) "Adjustments" for "Segment profit" of ¥(31,746) million included amortization of goodwill of ¥(8,441) million and corporate expenses which were not allocated to each reportable segment of ¥(23,304) million. Corporate expenses were mainly general and administrative expenses that were not attributable to any reportable segments.
- b) "Adjustments" for "Segment assets" of ¥503,931 million were corporate assets which were not allocated to each reportable segment.
- c) "Adjustments" for "Depreciation" of ¥5,075 million were depreciation on corporate assets.
- d) "Adjustments" for "Increase in property and equipment and intangible assets" of ¥8,298 million were investments in corporate assets.
- *3. "Adjustments" for "Segment profit" were made to reach operating income in the consolidated statements of income.

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

For the fiscal year ended March 31, 2019	Millions of yen				Consolidated financial statements amount (*3)
	Reportable segment		Other (*1)	Adjustments (*2)	
	Leases, rentals and Installment sales	Loans			
Revenues					
Revenues from external customers..	¥ 1,461,108	¥ 9,801	¥ 31,468	¥ —	¥ 1,502,378
Intersegment revenues or transfers .	—	4,161	3,159	(7,320)	—
Total revenues.....	1,461,108	13,962	34,628	(7,320)	1,502,378
Segment profit.....	95,912	9,669	19,262	(33,912)	90,932
Segment assets	¥ 4,969,044	¥ 400,368	¥ 58,473	¥ 384,812	¥ 5,812,698
Other items:					
Depreciation	¥ 92,810	¥ —	¥ —	¥ 4,638	¥ 97,448
Increase in property and equipment and intangible assets.....	459,066	—	—	7,138	466,205

Notes:

- *1. "Other" contains fee business, investment in or management of the securities held for earning financial revenues classified as an operating income, guarantee business and others.
- *2. a) "Adjustments" for "Segment profit" of ¥(33,912) million included amortization of goodwill of ¥(8,420) million and corporate expenses which were not allocated to each reportable segment of ¥(25,492) million. Corporate expenses were mainly general and administrative expenses that were not attributable to any reportable segments.
- b) "Adjustments" for "Segment assets" of ¥384,812 million were corporate assets which were not allocated to each reportable segment.
- c) "Adjustments" for "Depreciation" of ¥4,638 million were depreciation on corporate assets.
- d) "Adjustments" for "Increase in property and equipment and intangible assets" of ¥7,138 million were investments in corporate assets.
- *3. "Adjustments" for "Segment profit" were made to reach operating income in the consolidated statements of income.

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

For the fiscal year ended March 31, 2020	Thousands of U.S. Dollars				Consolidated financial statements amount (*3)
	Reportable segment		Other (*1)	Adjustments (*2)	
	Leases, rentals and Installment sales	Loans			
Revenues					
Revenues from external customers..	\$ 13,607,665	\$ 77,410	\$ 226,339	\$ —	\$ 13,911,422
Intersegment revenues or transfers .	—	58,910	26,781	(85,700)	—
Total revenues	13,607,665	136,320	253,129	(85,700)	13,911,422
Segment profit	912,131	94,945	106,424	(291,756)	821,743
Segment assets	\$ 49,973,945	\$ 3,320,834	\$ 696,296	\$ 4,631,293	\$ 58,622,381
Other items:					
Depreciation	\$ 867,972	\$ —	\$ —	\$ 46,641	\$ 914,618
Increase in property and equipment and intangible assets	5,088,962	—	—	76,261	5,165,224

Notes:

- *1. "Other" contains fee business, investment in or management of the securities held for earning financial revenues classified as an operating income, guarantee business and others.
- *2. a) "Adjustments" for "Segment profit" of US\$(291,756) thousand included amortization of goodwill of US\$(77,576) thousand and corporate expenses which were not allocated to each reportable segment of US\$(214,171) thousand. Corporate expenses were mainly general and administrative expenses that were not attributable to any reportable segments.
- b) "Adjustments" for "Segment assets" of US\$4,631,293 thousand were corporate assets which were not allocated to each reportable segment.
- c) "Adjustments" for "Depreciation" of US\$46,641 thousand were depreciation on corporate assets.
- d) "Adjustments" for "Increase in property and equipment and intangible assets" of US\$76,261 thousand were investments in corporate assets.
- *3. "Adjustments" for "Segment profit" were made to reach operating income in the consolidated statements of income.

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

(4) Geographic information

a. Revenues

Millions of yen				
2020				
Europe and the United States				
Japan	Ireland	Other	Asia /Oceania	Total
¥ 1,156,516	¥ 233,203	¥ 102,399	¥ 21,582	¥ 1,513,701

Millions of yen				
2019				
Europe and the United States				
Japan	Ireland	Other	Asia /Oceania	Total
¥ 1,182,873	¥ 220,394	¥ 77,952	¥ 21,158	¥ 1,502,378

Thousands of U.S. Dollars				
2020				
Europe and the United States				
Japan	Ireland	Other	Asia /Oceania	Total
\$ 10,628,766	\$ 2,143,213	\$ 941,081	\$ 198,346	\$ 13,911,422

Notes:

1. Revenues represent revenues in countries or regions where the Group companies are located.
2. Classification of countries or regions is based on geographical proximity.
3. The major countries or regions in each classification
 - (1) Europe and the United States ……Ireland, the United Kingdom, the United States
 - (2) Asia/Oceania …… China, Taiwan, Thailand

b. Property and equipment

Millions of yen				
2020				
Europe and the United States				
Japan	Ireland	Other	Asia /Oceania	Total
¥ 1,030,599	¥ 1,377,717	¥ 128,252	¥ 5,300	¥ 2,541,869

Millions of yen				
2019				
Europe and the United States				
Japan	Ireland	Other	Asia /Oceania	Total
¥ 703,347	¥ 1,318,575	¥ 105,785	¥ 3,031	¥ 2,130,739

Thousands of U.S. Dollars				
2020				
Europe and the United States				
Japan	Ireland	Other	Asia /Oceania	Total
\$ 9,471,547	\$ 12,661,676	\$ 1,178,678	\$ 48,709	\$ 23,360,627

Sumitomo Mitsui Finance and Leasing Company, Limited
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2020 and 2019

(5) Information about major customers

Information by major customer is omitted because there are no third party customers individually accounting for 10% or more of revenues in the consolidated statements of income.

(6) Information about impairment loss on fixed assets by reportable segment

Millions of yen					
For the fiscal year ended March 31, 2020					
	Leases, rentals and Installment sales	Loans	Other	Corporate or elimination	Total
Impairment loss	¥ 2,625	¥ —	¥ —	¥ —	¥ 2,625

Millions of yen					
For the fiscal year ended March 31, 2019					
	Leases, rentals and Installment sales	Loans	Other	Corporate or elimination	Total
Impairment loss	¥ 5,386	¥ —	¥ —	¥ —	¥ 5,386

Thousands of U.S. Dollars					
For the fiscal year ended March 31, 2020					
	Leases, rentals and Installment sales	Loans	Other	Corporate or elimination	Total
Impairment loss	\$ 24,125	\$ —	\$ —	\$ —	\$ 24,125

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

(7) Information about amortization and carrying amount of goodwill by reportable segment

	Millions of yen					Total
	For the fiscal year ended March 31, 2020					
	Leases, rentals and Installment sales	Loans	Other	Corporate or elimination (*1)		
Amortization of goodwill	¥ 688	¥ —	¥ —	¥ 8,441	¥	9,129
Carrying amount of goodwill	1,490	—	—	66,653	¥	68,144

	Millions of yen					Total
	For the fiscal year ended March 31, 2019					
	Leases, rentals and Installment sales	Loans	Other	Corporate or elimination (*1)		
Amortization of goodwill	¥ 700	¥ 12	¥ —	¥ 8,420	¥	9,133
Carrying amount of goodwill	2,222	—	—	75,074	¥	77,297

	Thousands of U.S. Dollars					Total
	For the fiscal year ended March 31, 2020					
	Leases, rentals and Installment sales	Loans	Other	Corporate or elimination (*1)		
Amortization of goodwill	\$ 6,323	\$ —	\$ —	\$ 77,576	\$	83,904
Carrying amount of goodwill	13,694	—	—	612,563	\$	626,275

Note:

*1. Amount in "Corporate or elimination" contains amortization of goodwill and unamortized balance of goodwill that were not allocated to each reportable segment.

(8) Information about negative goodwill by reportable segment

There was no material negative goodwill.

33. RELATED PARTY TRANSACTION

(1) Related party transaction

(a) Transactions between the Company and related parties

(i) Fellow subsidiaries

For the fiscal year ended March 31, 2020							
Category	Related party	Location	Capital		Business	Ownership ratio	Connection
			(Millions of yen)	(Thousands of U.S. Dollars)			
Subsidiary of other affiliates	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996	\$ 16,276,041	Banking	—	Concurrent officers Loan borrowings

Transaction	Transaction amount		Account	Balance	
	(Millions of yen)	(Thousands of U.S. Dollars)		(Millions of yen)	(Thousands of U.S. Dollars)
Loan borrowings	¥ 6,872,902	\$ 63,164,250	Short-term loans	¥ 511,757	\$ 4,703,217
Payment of interest	3,364	30,916	Long-term loans due within one year	18,986	174,488
			Long-term loans	66,289	609,218

For the fiscal year ended March 31, 2019							
Category	Related party	Location	Capital		Business	Ownership ratio	Connection
			(Millions of yen)	(Thousands of U.S. Dollars)			
Subsidiary of other affiliates	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996		Banking	—	Concurrent officers Loan borrowings

Transaction	Transaction amount		Account	Balance	
	(Millions of yen)	(Thousands of U.S. Dollars)		(Millions of yen)	(Thousands of U.S. Dollars)
Loan borrowings	¥ 6,178,551	\$ 57,164,250	Short-term loans	¥ 548,150	\$ 4,703,217
Payment of interest	2,486	24,456	Long-term loans due within one year	14,486	174,488
			Long-term loans	71,478	609,218

Note: Trade conditions and its determination policy

As for loan borrowings, interest rates have been reasonably determined taking the market interest rate into consideration.

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

(ii) Other affiliates

For the fiscal year ended March 31, 2020

Category	Related party	Location	Capital		Business	Ownership ratio	Connection
			(Millions of yen)	(Thousands of U.S. Dollars)			
Other affiliates	Sumitomo Corporation	Chiyoda-ku, Tokyo	¥ 219,612	\$ 2,018,307	General trading	Directly owned by 50%	Concurrent officers Leasing of equipment Purchase of receivables

Transaction	Transaction amount		Account	Balance	
	(Millions of yen)	(Thousands of U.S. Dollars)		(Millions of yen)	(Thousands of U.S. Dollars)
Leasing of equipment	¥ 746	\$ 6,856	Lease investment assets	¥ 16,705	\$ 153,524
Purchase of receivables	109,468	1,006,047	Other loans receivable	22,829	209,806

For the fiscal year ended March 31, 2019

Category	Related party	Location	Capital		Business	Ownership ratio	Connection
			(Millions of yen)	(Thousands of U.S. Dollars)			
Other affiliates	Sumitomo Mitsui Financial Group, Inc.	Chuo-ku, Tokyo	¥ 2,339,443		Bank holding company	Directly owned by 50%	Concurrent officers
Other affiliates	Sumitomo Corporation	Chuo-ku, Tokyo	¥ 219,449		General trading	Directly owned by 50%	Concurrent officers Leasing of equipment Purchase of receivables

Transaction	Transaction amount		Account	Balance	
	(Millions of yen)	(Thousands of U.S. Dollars)		(Millions of yen)	(Thousands of U.S. Dollars)
Purchase of treasury stock	¥ 176,284		—	—	—
Disposal of treasury stock	14,500		—	—	—
Leasing of equipment	¥ 563		Lease investment assets	¥ 13,769	
Purchase of receivables	136,920		Other loans receivable	31,148	
Disposal of treasury stock	14,500		—	—	—

Notes: Trade conditions and its determination policy

- i) In leasing of equipment and related purchasing of assets, the Company has offered the transaction price based on the market situation and the same trade conditions as the other general contracts.
- ii) In purchasing of receivables, interest rates have been reasonably determined taking the market interest rate into consideration.
- iii) The amounts of purchase and disposal of treasury stock were based on the agreement of the transaction parties.

Sumitomo Mitsui Finance and Leasing Company, Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

(b) Transactions between consolidated subsidiaries of the Company and its related parties

Fellow subsidiaries

For the fiscal year ended March 31, 2020

Category	Related party	Location	Capital		Business	Ownership ratio	Connection
			(Millions of yen)	(Thousands of U.S. Dollars)			
Subsidiary of other affiliates	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996	\$ 16,276,041	Banking	—	Concurrent officers Loan borrowings
Subsidiary of other affiliates	SMBC Trust Bank Ltd.	Minato-ku, Tokyo	¥ 87,550	\$ 804,614	Banking	—	Concurrent officers Loan borrowings

Transaction	Transaction amount			Account	Balance	
	(Millions of yen)	(Thousands of U.S. Dollars)	(Thousands of U.S. Dollars)		(Millions of yen)	(Thousands of U.S. Dollars)
Loan borrowings	¥ 426,285	\$ 3,917,701		Short-term loans	¥ 4,679	\$ 43,002
Payment of interest	15,525	142,680		Long-term loans due within one year	60,631	557,219
				Long-term loans	505,495	4,645,667
Loan borrowings	¥ 74,944	\$ 688,760		Long-term loans due within one year	¥ 6,256	\$ 57,495
Payment of interest	10,504	96,535		Long-term loans	243,573	2,238,517

For the fiscal year ended March 31, 2019

Category	Related party	Location	Capital		Business	Ownership ratio	Connection
			(Millions of yen)	(Thousands of U.S. Dollars)			
Subsidiary of other affiliates	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996		Banking	—	Concurrent officers Loan borrowings
Subsidiary of other affiliates	SMBC Trust Bank Ltd.	Minato-ku, Tokyo	¥ 87,550		Banking	—	Concurrent officers Loan borrowings

Transaction	Transaction amount		Account	Balance	
	(Millions of yen)	(Thousands of U.S. Dollars)		(Millions of yen)	(Thousands of U.S. Dollars)
Loan borrowings	¥ 341,518		Short-term loans	¥ 4,430	
Payment of interest	18,145		Long-term loans due within one year	82,350	
			Long-term loans	358,209	
Loan borrowings	¥ 118,120		Long-term loans due within one year	¥ 4,536	
Payment of interest	8,299		Long-term loans	177,613	

Note: Trade conditions and its determination policy

As for loan borrowings, interest rates have been reasonably determined taking the market interest rate into consideration.

34. PER SHARE DATA

At and for the fiscal year ended March 31,	Yen		U.S. Dollars
	2020	2019	2020
Net assets per share	¥ 7,976.67	¥ 7,971.63	\$ 73.31
Earnings per share	795.01	920.10	7.31

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 fiscal year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Earnings per share			
Profit attributable to owners of parent.....	¥ 61,219	¥ 80,010	\$ 562,629
Amount not attributable to common stockholders.....	—	—	—
Profit attributable to owners of parent related to common stock	61,219	80,010	562,629
Average number of common stock during the fiscal year (thousand)	77,004	86,958	

Note: Net assets per share were calculated based on the followings:

At March 31,	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Net assets	¥ 735,542	¥ 734,041	\$ 6,759,879
Amounts excluded from net assets.....	121,303	120,190	1,114,815
Non-controlling interests on the above.....	(121,303)	(120,190)	(1,114,815)
Net assets attributable to common stock at the fiscal year-end	614,239	613,851	5,645,060
Number of common stock at the fiscal year-end used for the calculation of net assets per share (thousand).....	77,004	77,004	

35. SUBSEQUENT EVENTS

For the fiscal year ended March 31, 2020

Change of reportable segments

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 period of the new medium-term management plan, the previous reportable segments of "Leases, rentals and installment sales" and "Loans" have been changed to "Domestic Leasing Business," "Transportation Business," "Real Estate Business," and "Overseas Business."

The Company is currently in the process of calculating the effects of these changes on reported segment revenues, segment profit or loss, and segment assets for the fiscal year ended March 31, 2020.

Possibilities of uncollectable or delayed collections of receivables

Aerovias Del Continente Americano S.A. Avianca and TACA International Airlines S.A.

On May 10, 2020, Aerovias Del Continente Americano S.A. Avianca and TACA International Airlines S.A., which are customers of the Company's consolidated subsidiaries SMBC Aviation Capital Limited and Malpelo Leasing Co., Ltd., filed for Chapter 11 of the Federal Bankruptcy Code of the United States.

The total amount of receivables related to operating lease contracts held by the Company's consolidated subsidiaries SMBC Aviation Capital Limited and Malpelo Leasing Co., Ltd. against the above customers is ¥87,036 million (US\$799,890 thousand), the amount of operating lease receivables of which are ¥84,682 million (US\$778,256 thousand). The treatment of lease investment assets and the effects on collectability of the above receivables for the fiscal year ending March 31, 2021 have not been determined at this point in time since the procedures for the rehabilitation of the above customers have been undecided.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

On May 19, 2020, the Cabinet of the Kingdom of Thailand approved a rehabilitation plan based on the Bankruptcy Act for THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED, which is a customer of the Company's consolidated subsidiaries SMBC Aviation Capital Limited and SMBC Aviation Capital (UK) Limited.

The total amount of receivables related to operating lease contracts held by the Company's consolidated subsidiaries SMBC Aviation Capital Limited and SMBC Aviation Capital (UK) Limited against the above customers is ¥39,704 million (US\$364,893 thousand), the entire amount of which are operating lease receivables. The treatment of lease investment assets and the effects on collectability of the above receivables for the fiscal year ending March 31, 2021 have not been determined at this point in time since the procedures for the rehabilitation of the above customers have been undecided.

36. QUARTERLY INFORMATION (Unaudited)

Quarterly information for the fiscal year ended March 31, 2020 was as follows:

<u>Cumulative</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Revenues (Millions of Yen).....	¥ 377,428	¥ 764,688	¥ 1,144,750	¥ 1,513,701
Quarterly profit before income taxes (Millions of Yen).....	22,764	48,552	73,374	91,035
Quarterly profit attributable to owners of parent (Millions of Yen).....	16,093	34,189	51,597	61,219
Quarterly earnings per share (Yen).....	208.99	443.99	670.06	795.01

<u>Cumulative</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Revenues (Thousands of U.S. Dollars)	\$ 3,468,689	\$ 7,027,736	\$ 10,520,632	\$ 13,911,422
Quarterly profit before income taxes (Thousands of U.S. Dollars)	209,209	446,209	674,331	836,649
Quarterly profit attributable to owners of parent (Thousands of U.S. Dollars).....	147,900	314,208	474,194	562,629
Quarterly earnings per share (U.S. Dollars) ..	1.92	4.08	6.16	7.31

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Quarterly earnings per share (Yen).....	¥ 208.99	¥ 235.00	¥ 226.07	¥ 124.95

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Quarterly earnings per share (U.S. Dollars) ..	\$ 1.92	\$ 2.16	\$ 2.08	\$ 1.15