



NEWS RELEASE

Jul 29, 2010

R&I Assigns A+: Sumitomo Mitsui Finance & Leasing SB No.1 Formal

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER: Sumitomo Mitsui Finance and Leasing Co., Ltd. (Sec. Code: Unlisted)
Unsec. Str. Bonds No.1
New Issue**

R&I RATING: A+ (Assigned)

RATIONALE:

Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL) is a major general leasing company, 60% owned by Sumitomo Mitsui Financial Group (SMFG; Issuer Rating of the group's core bank Sumitomo Mitsui Banking Corp.: A+) and 40% owned by Sumitomo Corp. (Sec. Code: 8053, Issuer Rating: AA-). SMFL's strength lies in its access to operating bases as well as management resources of both SMFG and Sumitomo Corp. SMFL has been able to achieve a well-balanced structure regarding leases and installment credits with a variety of models and business categories. As such, the company secures a stable operating base.

In tandem with the market contraction, the overall leasing industry has been facing downward pressure, experiencing continued declines in transaction volumes. Because of such harsh environment, SMFL has seen lower transaction volume. Nevertheless, its profitability of operating assets based on gross profit before funding costs remains relatively high, suggesting that the cost efficiency is basically good. Although credit costs have been high since FY2008 ended March 2009 and this requires attention, SMFL still maintains the level of cost coverage that meets the requirements for the A rating category even though such negative factor is taken into account. The weight of asset value risk seems to be growing, but the risk resilience continues to correspond with the A category. Risk management is appropriately put into practice under SMFG's framework for group management. As such, R&I sees limited possibility of SMFL taking excessive risk that exceeds R&I's assumptions. The proportion of short-term borrowings is high, but strong ties with SMBC and other major financial institutions mitigate financing concerns.

Since SMFL is strategically very important in the SMFG Group and the unity within the Group is strong, there is marginal possibility that the gap between SMFL and the entire Group's creditworthiness will widen substantially in the future.

The primary rating methodologies applied to this rating are provided at "Basic Methodologies for R&I's Credit Rating" and "R&I's Analytical Approach to Hybrid Securities and Financial Institutions". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

R&I RATINGS:

ISSUER: Sumitomo Mitsui Finance and Leasing Co., Ltd. (Sec. Code: Unlisted)

LONG-TERM ISSUE RATING:	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No.1	Aug 05, 2010	Aug 05, 2015	Yen 20,000

R&I RATING: A+ (Assigned)

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Notes/Financial covenants:

1) negative pledge clause, which covers other unsecured domestic straight bonds the firm may issue in the future, except those with a change of security status clause.

ISSUER RATING: **A+**
RATING OUTLOOK: **Stable**

An Issuer Rating is R&I's opinion on an issuer's general capacity to fulfill its financial obligations and is, in principle, assigned to all issuers. The credit rating of an individual obligation reflects the terms and recoverability of the obligation and may be lower or higher than the Issuer Rating.