



Annual Report
2015

For the fiscal year ended March 31, 2015

IBJ LEASING CO., LTD.

IBJ Leasing Company, Limited was established in 1969 as a general leasing company under an initiative by The Industrial Bank of Japan, Ltd. (now Mizuho Bank, Ltd.), with the participation of 16 major companies representing Japanese industries, including life insurance companies.

The IBJ Leasing Group, which has proactively developed its operations in leasing and installment sales—the financing of physical items—operates as a multimodal financial services group that provides services for corporate clients in Japan and overseas. In addition to financing related to capital expenditure, including industrial equipment, information and communication equipment and medical equipment, we are expanding the scope of our business activities by proposing a wide range of solutions that meet clients' increasingly diversified needs, through initiatives in a broad range of financial sectors and through M&A activities.

In the coming years, in keeping with changes in the times and the operating environment we will continue to meet increasingly sophisticated and diversified financial needs on a host of fronts and earn the satisfaction and trust of our clients.

Forward-Looking Statements

This annual report contains statements concerning management policies and future operating results. Such statements are not guarantees. Please be aware that future performance is subject to various changes in conditions in the operating environment.

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The IBJ Leasing Group Characteristics

The IBJ Leasing Group is a multimodal financial services group oriented toward corporate clients. We expand our business by leveraging five characteristic strengths.



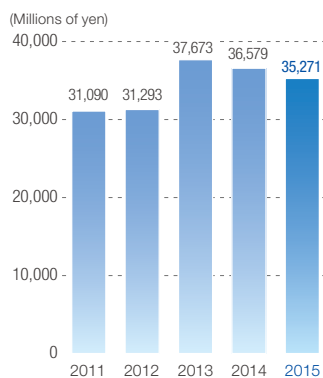
Consolidated Financial Highlights

IBJ Leasing Company, Limited and consolidated subsidiaries, years ended March 31

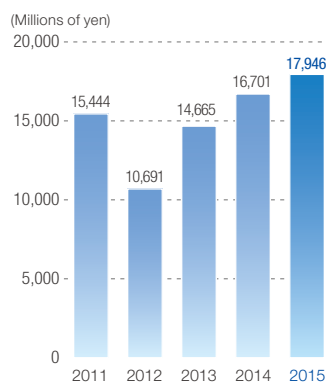
(Millions of yen)

	2011	2012	2013	2014	2015
Summary of income:					
Revenues	256,059	270,066	352,492	354,779	353,733
Gross profit	31,090	31,293	37,673	36,579	35,271
Operating income	15,444	10,691	14,665	16,701	17,946
Net income	9,025	4,296	8,920	10,531	11,144
Financial position:					
Operating assets	928,633	1,211,268	1,263,116	1,343,046	1,432,299
Total assets	1,028,020	1,332,963	1,372,246	1,462,183	1,551,704
Interest-bearing debt	877,629	1,133,481	1,176,464	1,226,274	1,309,951
Equity	69,392	74,717	84,905	109,840	123,297
Per share data: (Yen)					
Net income	249.33	118.71	246.43	264.75	261.32
Equity	1,889.18	1,954.63	2,218.77	2,458.28	2,764.23
Dividend	46.00	48.00	50.00	54.00	56.00
Key indicators: (%)					
ROE	13.9	6.2	11.8	11.4	10.0
Equity ratio	6.7	5.3	5.9	7.2	7.6

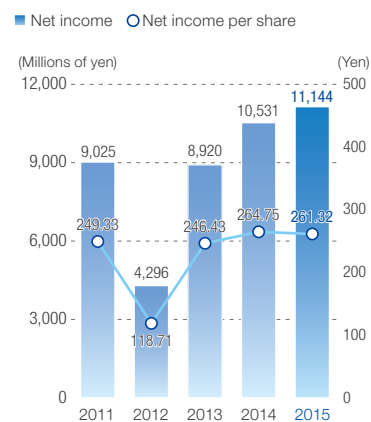
Gross Profit



Operating Income



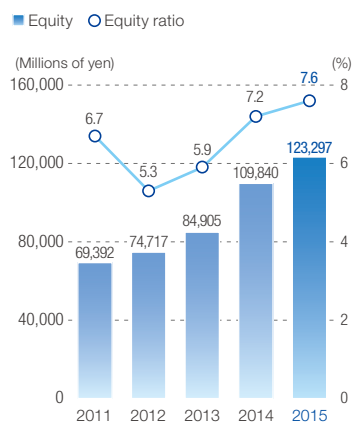
Net Income/Net Income per Share



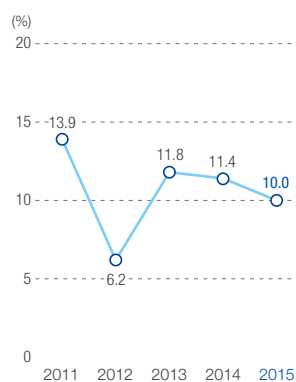
Fiscal 2014 Highlights

- >> Launched the Medium-Term Management Plan, which was off to a strong start as we promoted basic strategies aimed at achieving plan objectives.
- >> Met a wide range of medium-sized and large company needs in particular, substantially expanding operating assets to ¥1,432.3 billion.
- >> Achieved all-time highest operating income, ordinary income and net income for the second straight fiscal year.
- >> The annual dividend per share increased for the 13th consecutive year.

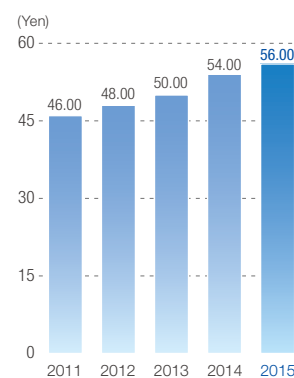
Equity/Equity Ratio



ROE



Dividend per Share





A Message from the President



Economic Environment in Fiscal 2014

In fiscal 2014, the year ended March 31, 2015, the global economy continued toward a mild recovery. Overseas, the U.S. economy gained traction as steady economic expansion continued amid employment environment improvements and a rally in personal consumption, although the economies of Europe and China were impacted by continued slow growth.

In the Japanese economy, despite weak personal consumption due to unseasonable weather and the pullback in demand caused by the consumption tax increase, the business environment continued toward a mild recovery. In the leasing industry, optimism buoyed by improving performance and recovering business sentiment underpinned capital investment, primarily by large companies. However, this was not enough to overcome the pullback from the consumption tax hike during the fiscal year, thus leasing transaction volumes did not exceed those in the previous fiscal year.

In the financial markets, in October 2014 the Bank of Japan substantially increased quantitative and qualitative monetary easing measures. This, combined with a sudden drop in crude oil prices at the beginning of the year and uncertainty over the political situation in Greece, temporarily drove long-term interest rates below 0.2%, while short-term interest rates maintained low and stable levels.

Achievements in the First Year of the Fourth Medium-Term Management Plan

Within this business environment, the IBJ Leasing Group aims to become a general financial services group fully in tune with needs and trends of the time, uniquely positioned to grow with clients. To this end, the three-year Medium-Term Management Plan was launched in April 2014. Under the theme of “Challenging for renewed growth,” this plan sets out to capitalize on IBJL’s distinctiveness as a general financial services group and support corporate growth by responding to a wide range of customer needs while pursuing further advancements by proactively responding to environmental changes.

In fiscal 2014, the first year of this management plan, we took the first step toward achieving plan objectives with the steady deployment of three basic strategies aimed at further enhancing our core businesses (leasing, installment sales and financing), improving our specialized financing portfolio and reinforcing and expanding our overseas businesses.

On the sales front, in leasing and installment sales, industry-wide performance fell short of the previous fiscal year, partly due to the consumption tax hike. The IBJ Leasing Group proactively engaged in comprehensive proposal-based sales anticipating latent customer needs to further expand its medium-sized and large company client base. As a result, we captured demand for large-scale investments to augment capacity, significantly increasing leasing transactions in core industrial and factory equipment. In the internal demand-related business focus area, we strengthened sales aimed at logistics and retail businesses through alliances with leading store developers and banks, capturing demand for the introduction of environment-related equipment aimed at rationalizing energy usage, while at the same time further expanding real estate lease transactions targeting land and buildings for retail use. Furthermore, this approach to utilizing real estate leases proactively responds to proposals targeting large logistics facilities where investment remains active, substantially expanding transactions.

In financing, specialized financing efforts were focused on aggressively capturing financing projects targeting aircraft and engines in the aircraft business, which continues to expand globally. In addition to strengthening overseas project finance and syndicated loans, we launched initiatives aimed at new real estate financing in Europe and the United States in collaboration with influential partners in an attempt to accumulate quality assets in Japan and overseas. In corporate finance, we proactively responded to a diverse array of customer financing needs, focusing on proposal-based sales for the securitization of receivables and the guarantee business in support of diverse customer funding needs.

Asia continued to be a focus of our overseas business. We conducted sales strategically, narrowing our focus to target automotive-related and other specific industries and corporate groups, enabling us to consistently meet Japanese corporate financing needs, including large capital investment projects. In the Philippines, where in recent years Japanese companies have been actively advancing, we increased our equity holdings in local subsidiaries. We are also selling in Vietnam, despite having no base there, from the Asia Desk in Thailand, among other efforts focused on expanding markets in the Asia region. Furthermore, in addition to transactions aimed at Japanese companies, we intend to further expand our overseas business base by cultivating transactions with non-Japanese blue-chip companies in Asia.

On the profit front, market interest rates remained low, leading to an unavoidable decrease in the balance of operating assets and gross profit. At the same time, in addition to enhancing credit risk management, corporate bankruptcy declined nationwide. Curtailing new credit costs and reversing credit cost provision enabled us to achieve record operating income, ordinary income and net income for the second fiscal year in a row.

Outlook for the Second Year of the Fourth Medium-Term Management Plan

In terms of the business environment surrounding the IBJ Leasing Group, the Japanese economy is expected to expand as employment and income environments improve, in turn stimulating personal consumption, while corporate earnings recover against the backdrop of a weaker yen and lower crude oil prices, fueling ongoing capital investment.

Accordingly, we will promote three basic strategies aimed at further enhancing our core businesses (leasing, installment sales and financing), improving our specialized financing portfolio and reinforcing and expanding our overseas businesses in fiscal 2015, the second year of the Medium-Term Management Plan. The entire Group will make an effort to further expand its client base and accumulate quality operating assets. While proactively engaging in proposal-based sales meeting a variety of customer needs, we will further enhance our ability to support various financial businesses through alliances with influential partners. Moreover, we will go beyond the conventional sales framework to aggressively pursue new business opportunities in an attempt to further enhance profitability with the aim of firmly positioning ourselves to achieve objectives in the final year of Medium-Term Management Plan.

Enhancing Corporate Governance and Promoting CSR

To live up to the trust and expectations of all its stakeholders, the IBJ Leasing Group considers robust corporate governance to be one of management's top priorities. In addition to the man-

agement of an effective and appropriate internal control system deployed at all Group companies, we engage in further enhancements to our internal management structures through strict compliance and comprehensive risk management.

To achieve sustainable corporate growth, it is also critical to retain personnel with a diverse array of perspectives and values based on a variety of experiences and skills, while providing all employees with a meaningful and engaging workplace. In recognition of this, a project team was started up in fiscal 2014 to create a workplace empowering women to play a more active role. We believe this will enable us to cultivate a corporate culture that encourages women to pursue full-time careers while expanding the ratio of women in management positions, resulting in a more engaging workplace.

Furthermore, corporate social responsibility (CSR) is the basis of our business management. We aim to become a corporate group that contributes broadly to society through the systematic and ongoing promotion of environmental initiatives based on ISO 14001 and social contribution activities aimed at realizing a sustainable society.

Dividends

The Company's basic policy on shareholder returns is to pay dividends in accordance with business performance in an attempt to improve profitability. At the same time, as the distinctive characteristics of the financial services industry make a strong shareholders' equity position key to increasing corporate value, we intend to pay dividends while maintaining a balance between shareholder returns and shareholders' equity. We intend to continue paying steady dividends. Retained earnings are effectively utilized as funds for future growth in an attempt to further expand our business base and increase ROE over the medium to long term.

In line with this policy, in fiscal 2014 we continued to increase shareholder returns by raising the dividend ¥2, to ¥56 per share. Based on our dividend policy and annual profit expectations, we expect to raise the dividend per share an additional ¥4 in fiscal 2015, to ¥60 per share, amounting to the 14th consecutive year of dividend increases.

In fiscal 2014, although the pullback after the consumption tax increase created challenging conditions in the business environment throughout the entire industry, the IBJ Leasing Group achieved solid results by following the basic strategies defined in the Medium-Term Management Plan. In fiscal 2015, the second year of the plan, we will carry this momentum forward to ensure profit targets are met in the final fiscal year, focusing on accumulating quality operating assets in an attempt to achieve the operating asset balance target of ¥1,500.0 billion a year ahead of schedule.

We ask for the continued understanding and support of our stakeholders in the coming years.



Setsu Onishi

President and CEO



Fourth Medium-Term Management Plan

Overview of the Fourth Medium-Term Management Plan

Fiscal 2014 marked the start of the IBJ Leasing Group’s Fourth Medium-Term Management Plan. This plan aims to carry forward the developments of the previous medium-term management plan, accelerate its initiatives, make steady progress on identifying potential business opportunities in light of Japanese economic and market trends and corporate moves into overseas markets, and further reinforce and enhance the business infrastructure. Themed “Challenging for renewed growth,” while positively differentiating ourselves as a general financial services group this plan calls for us to support the growth of our corporate clients by responding to their broad-ranging needs and to respond proactively to changes in the operating environment.



Fourth Medium-Term Management Plan
(Fiscal 2014 to Fiscal 2016)

“Challenging for renewed growth”

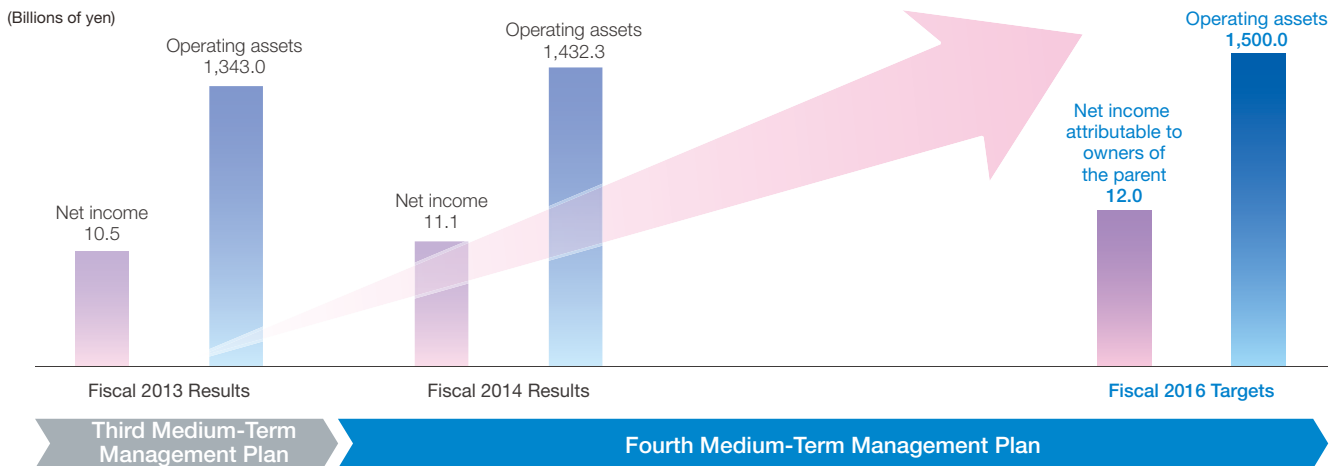
- Positively differentiate ourselves in our ability to support growth for corporate clients
- Pursue further evolutionary growth from a new stage of development

▶ **Vision** General financial services group fully in tune with needs and trends of the time, uniquely positioned to grow with clients

▶ **Basic Strategies**

1. Further enhance core businesses and build robust business infrastructure
2. Improve quality and volume of specialized financing portfolio
3. Build robust infrastructure and expand business areas for overseas businesses
4. Build business infrastructure reflecting changes in business environment

<Consolidated Numerical Targets in the Final Year of the Plan>



Fiscal 2014 Results

In fiscal 2014, the first year of the Medium-Term Management Plan, the steady execution of basic operational strategies resulted in net income of ¥11.1 billion and operating assets of ¥1,432.3 billion.

(1) Core Businesses (Leasing and Installment Sales, etc.)

- Comprehensive proposal-based sales captured demand for investments to augment capacity of production facilities
- In addition to logistics and retail facility needs, focused on real estate leases targeting land and buildings
- Utilized real estate leases in response to proposals targeting large logistics facilities

(2) Specialized Financing

- In aircraft financing, accumulated quality assets, mainly through loans where aircraft are used as collateral
- Enhanced syndicated loans and project finance aimed at overseas blue-chip companies
- Rearranged portfolio in light of risk/return in real estate business

(3) Overseas Businesses

- Conducted sales strategically, narrowing our focus to target automotive-related and other specific industries and corporate groups, consistently meeting needs
- Promoted to expand markets in ASEAN countries where we have no base through use of the Asia Desk
- Increased equity holdings in local subsidiaries in the Philippines, brought affiliates accounted for under the equity method into the Group

Fiscal 2015 Management Policies

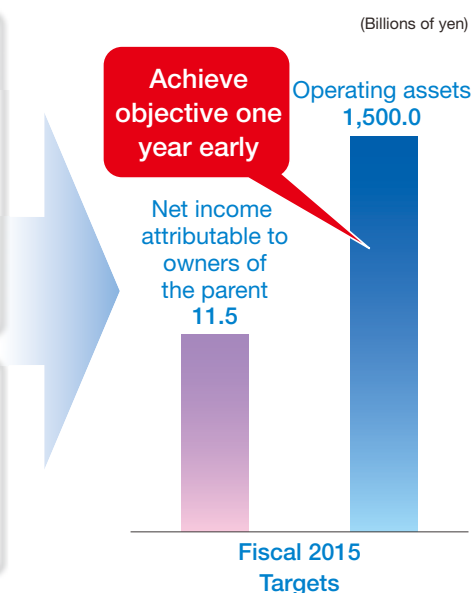
In fiscal 2015, we will further accelerate the accumulation of quality operating assets in an attempt to achieve the operating asset balance goal of ¥1,500.0 billion ahead of schedule, while taking proactive steps toward achieving profit objectives in the final year of the management plan.

Thoroughly strengthen basic strategies under the Medium-Term Management Plan

- Company-wide support for domestic demand-oriented industries and other areas and industries with vigorous investment
- Aggressively pursue projects in specialized financing business with an awareness of risk
- Expand overseas business development focused on quasi-Japanese and non-Japanese companies

Challenging for renewed growth

- Proactively engage in business opportunities that anticipate market fluctuations
- Capture new business needs arising from responses to business environment changes



The IBJ Leasing Group comprises IBJ Leasing, 22 consolidated subsidiaries and four equity-method affiliates (as of March 31, 2015). Centered on this structure, we provide wide-ranging financial services, including leasing, installment sales and loans by utilizing our extensive financial expertise and understanding of equipment.

In addition to Japan, the IBJ Leasing Group meets the diverse needs of clients overseas, centering on Asia, with Group companies cooperating to offer the best solutions.

Leasing and Installment Sales

Finance Leasing, Operating Leasing, Auto Leasing, Other

The leasing business provides a financial service in which the Company purchases machinery and equipment that clients have selected, and leases them to clients.

We provide structured leases and other high-value-added leases to satisfy the sophisticated and diverse requirements of clients.

Installment Sales

Installment sales constitute a financial service provided for articles unsuited to leasing and items that have a statutory service life extending over many years. As with leasing, the Company purchases machinery and equipment that clients have selected and sells them on an installment basis over the term of the contract.

Products and Services

Leasing

- Finance Leasing
- Operating Leasing
- Leasing with an Option to Buy
- Vendor Leasing
- Structured Leases
- Real Estate Leasing
- Simple Leasing
- Package Leasing
- Variable Leasing

Auto Leasing

- Rental
- Installment Sales
- Environmental Solutions

Financing

Specialized Financing, Corporate Finance

We provide a range of services, including specialized financing to deliver cash flow through real estate, vessels, aircraft and other items, as well as factoring, business finance and other types of corporate financing, to meet the diverse financing requirements of clients.

Products and Services

- Real Estate-Related Financing
- Vessel Financing
- Aircraft Financing
- Factoring
- General Loans
- Liquidization of Occupancy Guarantee Deposits
- Liquidization of Medical Fee Reimbursement Receivables
- Entrusted Payments

Support for Overseas Expansion

Through a wide range of financial services, we provide support for business partners who are moving into overseas markets and developing their businesses there.

By leveraging the expertise of the IBJ Leasing Group and taking full advantage of our overseas networks, we meet the overseas capital investment financing needs of our business partners by proposing optimal financial services.

Products and Services

Overseas Leasing and Installment Sales

- Domestic Contracts + Extension to Overseas Entities
- Leasing and Installment Sales between Overseas Subsidiaries
- Cross-Border Financing

Overseas Sales Financing Services

Fee Businesses

Used Equipment Sales, Other Services

As one means of accommodating diverse client equipment requirements, the Company serves as an intermediary in the purchase and sale of used machinery and other equipment.

The Company provides investment management and guarantor services to satisfy the various needs arising from clients' business activities.

Products and Services

- Used Equipment Sales
- Investment Management Services
- Sales of Commercial Paper
- Guarantor Services