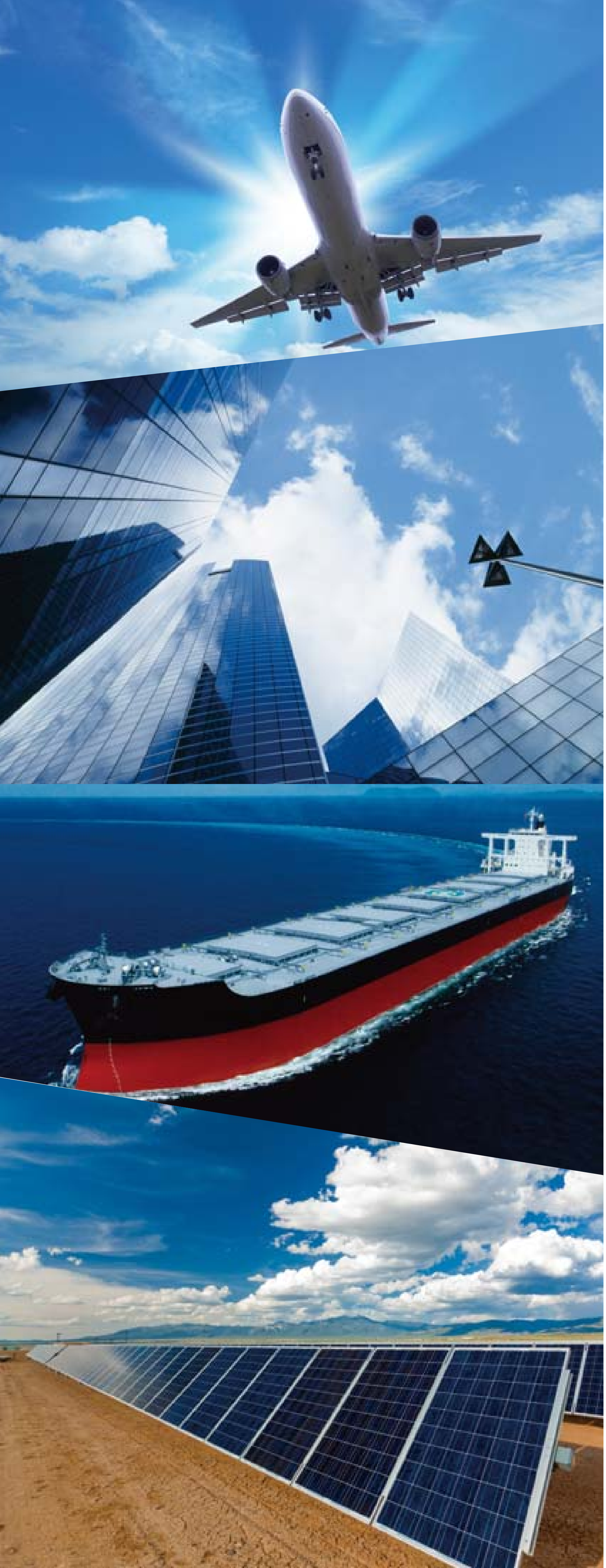


Annual Report 2013

For the fiscal year ended March 31, 2013

IBJ LEASING CO., LTD.

IBJ Leasing Company, Limited (the “Company”) 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 (the “Group”), which has 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 and machine tools, information and communication equipment, medical equipment and vessels, 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, we will continue to meet increasingly sophisticated and diversified financial needs, and earn the satisfaction and trust of our clients.

Contents

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.

Photo: Siemens Japan K.K.

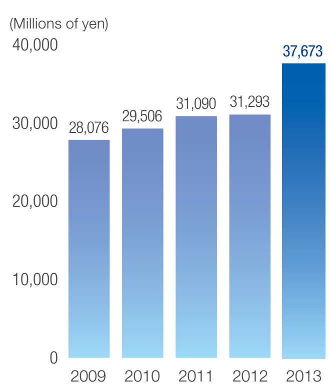
Consolidated Financial Highlights

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

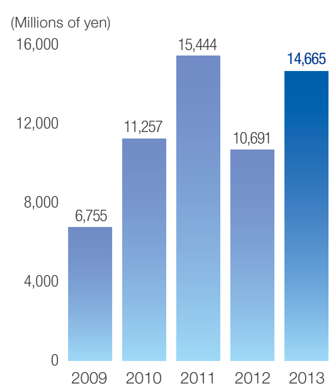
(Millions of yen)

	2009	2010	2011	2012	2013
Summary of income:					
Revenues	298,707	263,598	256,059	270,066	**352,492**
Gross profit	28,076	29,506	31,090	31,293	**37,673**
Operating income	6,755	11,257	15,444	10,691	**14,665**
Net income	3,348	7,019	9,025	4,296	**8,920**
Financial position:					
Operating assets	984,981	935,223	928,633	1,211,268	**1,263,116**
Total assets	1,076,150	1,017,099	1,028,020	1,332,963	**1,372,246**
Interest-bearing debt	927,454	868,631	877,629	1,133,481	**1,176,464**
Equity	55,994	63,342	69,392	74,717	**84,905**
Per share data: (Yen)					
Net income	91.90	193.91	249.33	118.71	**246.43**
Equity	1,509.00	1,709.86	1,889.18	1,954.63	**2,218.77**
Dividend	40.00	44.00	46.00	48.00	**50.00**
Key indicators: (%)					
ROE	6.0	12.0	13.9	6.2	**11.8**
Equity ratio	5.1	6.1	6.7	5.3	**5.9**

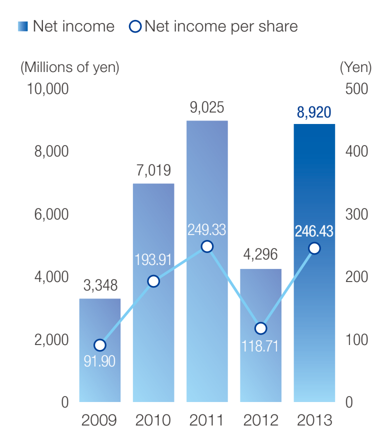
Gross Profit



Operating Income



Net Income/Net Income per Share



Fiscal 2012 Highlights

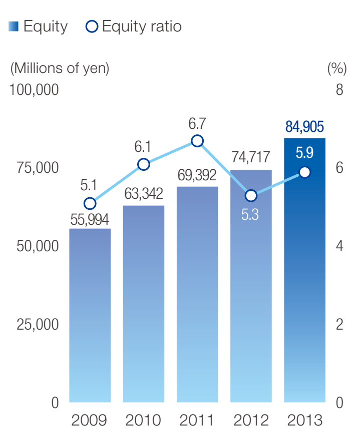
>> Enhancing our business infrastructure led operating assets to increase steadily in each segment—leasing, installment sales and loans—rising to ¥1,263.1 billion.

>> Corporate acquisitions also contributed to performance, resulting in a substantial increase in the Group's basic earnings potential and leading to gross profit of ¥37.7 billion.

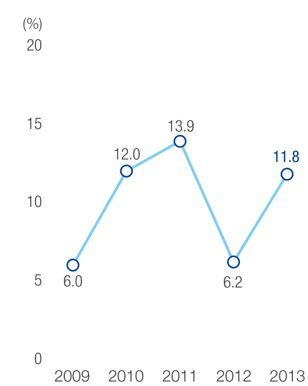
>> Owing to an increase in our basic earnings potential and lower credit costs, each measure of profit recovered, and ROE rose to 11.8%.

>> The annual dividend per share increased for the 11th consecutive year.

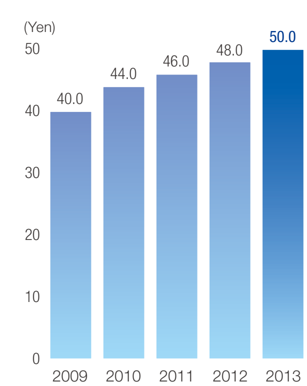
Equity/Equity Ratio



ROE



Dividend per Share



A Message from the President

Economic Environment in Fiscal 2012

In fiscal 2012, the year ended March 31, 2013, the global economy entered a phase of gradual recovery. The European economy remained lackluster due to the financial crisis, but internal demand in the United States demonstrated underlying strength, as demonstrated by factors such as personal consumption and housing investment. Furthermore, economic stimulus measures in China prompted a rebound in the economic growth rate.

In the Japanese economy, reconstruction-related public investment supported internal demand throughout the fiscal year. Also, following the change of administration in December 2012, high yen exchange rates and low stock prices began to correct in early 2013, pushing the economy toward recovery. However, sluggish exports during the year sapped energy from producers. Furthermore, the unreadable economic outlook led companies, particularly manufacturers, to adopt a cautious posture toward capital investment, and investment remained weak. Although leasing demand had been trending downward, lease transaction volume for the leasing industry as a whole expanded 6.0% year on year. Domestic capital investment remained low, however, causing competition to heat up from banks and other quarters.

In Fiscal 2012, Concentrated on Building a Robust Business Infrastructure and Bolstering Group Profitability

The IBJ Leasing Group launched the Third Medium-Term Management Plan (Fiscal 2011 to Fiscal 2013) in fiscal 2011, and during the year we focused on initiatives related to this plan. The Third

Medium-Term Management Plan sets forth a basic objective: to “step up as a multimodal financial services group offering services for corporate clients.” We have pursued five priority initiatives to achieve the plan’s objective, namely to capitalize on our client base and solutions capabilities, expand specialized financing areas, step up overseas operations, cultivate new business domains and utilize M&As.

In fiscal 2011, the first year of the plan, we acquired the corporate business division of Toshiba Finance Corporation, the Toshiba Group financing company (now IBJL-TOSHIBA Leasing Company, Limited) and Toshiba Medical Finance Co., Ltd., significantly augmenting the IBJ Leasing Group’s business infrastructure. Based on this success, in fiscal 2012, the second year of the medium-term management plan, while pursuing its basic thrust we revised our business strategy, taking into account such factors as economic globalization and changes in the industry structure. We worked in particular on building a stronger business infrastructure and bolstering Group profitability. As a result, we steadily racked up successes on both the sales and earnings fronts.

On the sales front, in Japan we proactively conducted proposal-based activities employing leasing and installment sales, cultivating transactions in industries related to internal demand, such as distribution and retailing, healthcare and welfare, and information and communications. In addition, by acquiring the two Toshiba-affiliated companies we substantially augmented transactions in industrial equipment and machine tools, information and communications equipment, and medical equipment. Consequently, leasing and installment sales contracts executed on all types of equipment were up year on year. In financing, we enhanced our ability to respond to diverse needs for specialized financing, increasing the number of fields in which we conduct transactions. In factoring and other types of corporate finance, we took advantage of our flexibility to aggressively promote proposal-based sales and focused on meeting broad-ranging financial needs. Overseas, we augmented our personnel and established an Asia Desk in Bangkok, Thailand, to respond to the financial needs of customers expanding their businesses in regions where we have no sales bases, continuing to strengthen our sales efforts centered on Asia. Owing to these efforts, contracts executed for the Group as a whole increased substantially year on year, and operating assets expanded steadily.

On the profit front, we benefited from the substantial growth of our basic earnings potential as a result of the acquisitions we made, and credit costs fell as corporate bankruptcies subsided. Consequently, operating income and ordinary income both grew by double-digit percentages, and net income improved substantially, rising 107.6%, to ¥8.9 billion.

Enhancing Corporate Governance and Promoting CSR

The IBJ Leasing Group considers enhancing corporate governance a universal theme in achieving sustainable corporate development and accordingly takes this to be one of its topmost management priorities, even amid the rapidly changing environment in which we operate. To provide robust internal management structures, we are working to construct and operate an effective and appropriate internal control system to ensure thorough compliance and put in place a crisis management structure that will enable us to respond to disasters and other unexpected events. We also believe that ensuring such a system requires dynamic and sound organizational operations. To this end, we are enhancing our system for supporting personnel development, and building a secure and rewarding workplace. We are also concentrating on employees' work-life balance by embracing diverse working styles.

In addition, the Group makes corporate social responsibility (CSR) an integral part of its business activities. We aim to be a corporate group that contributes to larger society by promoting environmental initiatives and social contribution activities in a systematic and ongoing manner.

Dividends

In fiscal 2012, we continued to increase shareholder returns by raising the dividend ¥2, to ¥50 per share, the 11th consecutive year of dividend increases. Based on our dividend policy and annual profit expectations, we expect to raise the dividend per share an additional ¥2 in fiscal 2013, to ¥52 per share, amounting to the 12th consecutive year of dividend increases.

The Company's basic policy on shareholder returns is to pay dividends in accordance with business performance while striving to increase ROE. 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, taking into account our earnings capabilities and medium- to long-term growth strategies.

Fiscal 2013 as the Final Stage of the Third Medium-Term Management Plan

In fiscal 2013, economic conditions in Japan are expected to improve, but the prospect of sustained recovery in the real economy remains uncertain, and we expect the operating environment to remain difficult. While aware of these difficult circumstances, fiscal 2013 marks the final stage of the Third Medium-Term Management Plan that is currently under way, so we will work to meet the plan's numerical targets and solidify our foundations for future growth. We will define our Group growth strategy and begin building a robust foundation for realizing this strategy.

The IBJ Leasing Group's policy on business operations is to further expand its sales foundation and augment its basic earnings potential. On the sales front, we will concentrate on enhancing three areas: responsiveness to customer needs, global expansion power and comprehensive Group strengths. While we are developing our overseas sales activities, and performance is rising steadily as a result, the overall weight of this business for the Group as a whole indicates that ample room for growth remains. We also need to pursue additional synergies from IBJL-TOSHIBA Leasing Company, Limited and Toshiba Medical Finance Co., Ltd., which we acquired in February 2012. Furthermore, we will heighten the effectiveness of our sales initiatives, and on the management front we will enhance our sales support and promotion structure as we pursue higher overall Group efficiency and profitability. We will pull together throughout the Group on these developments, as well as on enhancing human resource training. We ask for the continued understanding and support of our stakeholders in the coming years.

President and CEO

Setsu Onishi

State of Progress on the Third Medium-Term Management Plan (Fiscal 2011 to Fiscal 2013)

The IBJ Leasing Group launched its three-year Third Medium-Term Management Plan in fiscal 2011. Under this plan, we are working toward the goals of enhancing our business infrastructure and achieving sustainable growth.

Overview of the Third Medium-Term Management Plan

Basic Objective

"Step up as a multimodal corporate financial services group"

Five Priority Initiatives

We are pursuing five priority initiatives to achieve the objectives set forth in our Third Medium-Term Management Plan.

1. **Build business by capitalizing on our client base and solutions capabilities**
2. **Expand specialized financing area**
3. **Step up overseas operations**
4. **Cultivate new business domains**
5. **Utilize M&As**

Consolidated Numerical Targets in the Final Year of the Plan

As a result of these measures, by the final year of the plan, fiscal 2013, our consolidated numerical targets are **operating assets of ¥1.2 trillion**, **net income of ¥10 billion** and **ROE of 10% or higher**.

	Fiscal 2012 Results	Fiscal 2013 Targets
Operating assets	¥1,263.1 billion	**¥1,200.0 billion**
Net income	¥8.9 billion	**¥10.0 billion**
ROE	11.8%	**10.0% or higher**

Fiscal 2012 Results

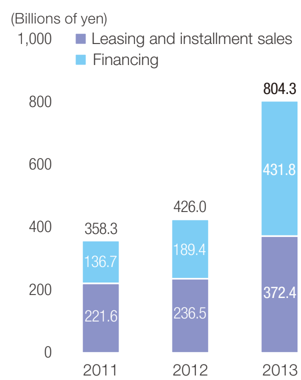
In fiscal 2012, the second year of the medium-term management plan, we racked up steady successes on the sales and profit fronts.

(1) Expanding Our Sales Foundation

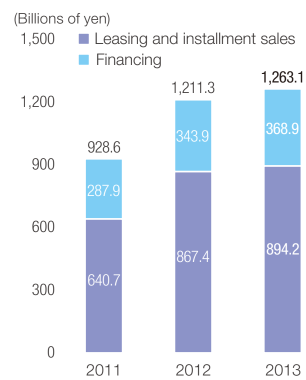
We broadened our sales base through the February 2012 acquisition of IBJL-TOSHIBA Leasing Company, Limited, and Toshiba Medical Finance Co., Ltd. Contracts executed rose significantly, in leasing and installments sales, as well as in the financing business. Operating assets also grew steadily.

The addition of short-term factoring by IBJL-TOSHIBA Leasing Company, Limited, prompted a notable increase in contracts executed in the financing business.

Amount of Contracts Executed



Operating Assets

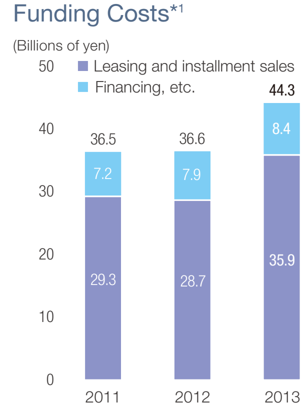


(2) Augmenting Basic Earnings Potential

The contribution of stable profits at IBJL-TOSHIBA Leasing Company, Limited, and Toshiba Medical Finance Co., Ltd., significantly boosted the IBJ Leasing Group's basic earnings potential.

In particular, gross profit before write-offs and funding costs on leasing and installment sales surged ¥7.2 billion year on year, owing to the expansion of operating assets due to the acquisitions.

Gross Profit before Funding Costs*1

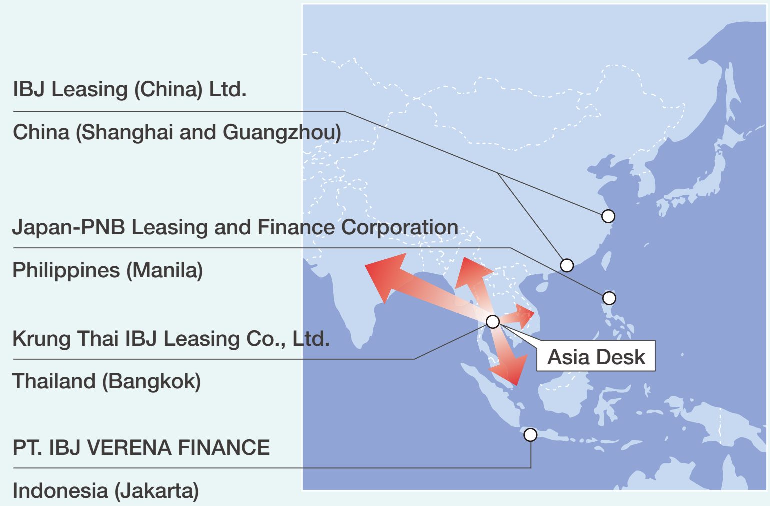


*1 After subtraction of deferred profit on installment sales

(3) Augmenting Overseas Sales

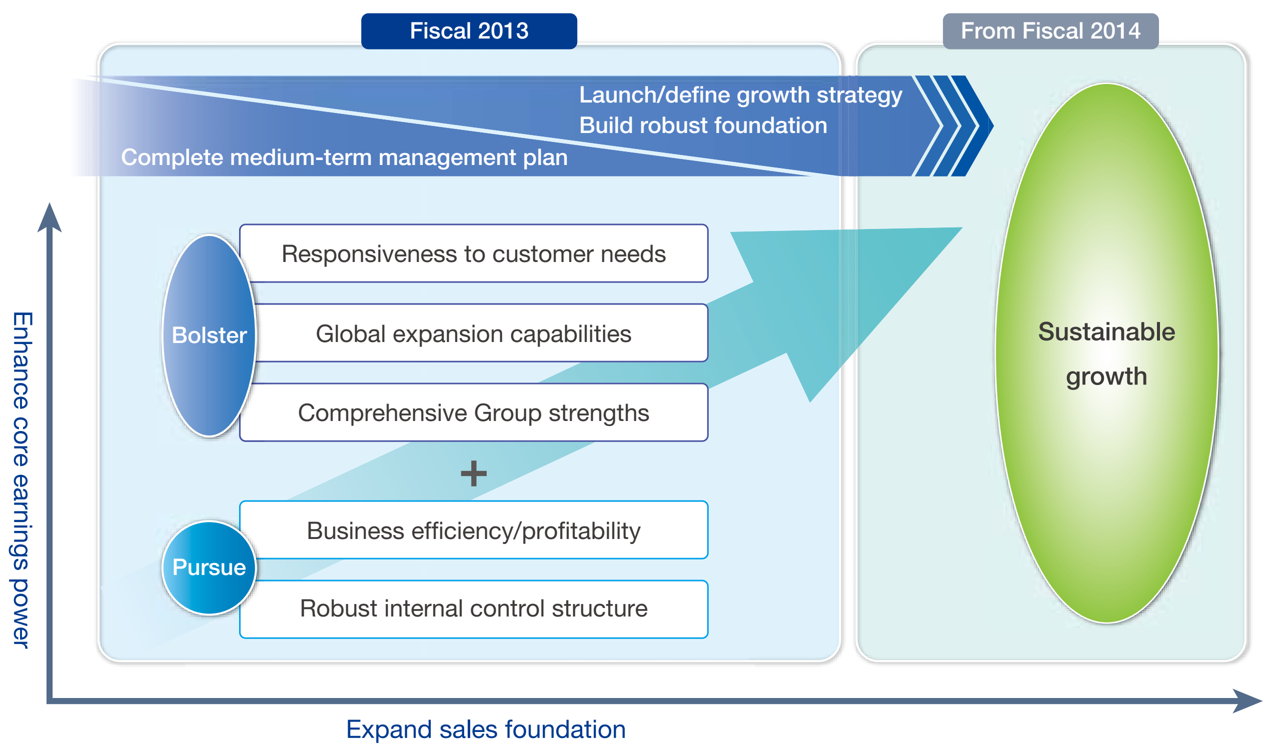
We prepared our structure for future expansion in our overseas business structure.

- Strengthened support for customers' overseas expansion, primarily in Asia
  —Increased number of staff at overseas sites and in sales promotion departments
- Worked aggressively to meet diverse financing needs in ASEAN countries where we have no sales bases
  —Established the Asia Desk in Bangkok, Thailand, in October 2012
- Focused on the cultivation of transactions with the Toshiba Group in collaboration with IBJL-TOSHIBA Leasing
  —Achieved steady increase in facilities financing transactions, centered on China



Business Operation Policies for Fiscal 2013

Positioning fiscal 2013 as the final stage of the medium-term management plan and the year to solidify our foundation for future growth, we will work to further expand our sales foundation and enhance core earnings power by adapting to the market environment. At the same time, we will bolster our responsiveness to customer needs, global expansion capabilities and comprehensive Group strengths, as we pursue higher levels of business efficiency and profitability, as well as a robust internal control structure.



Business Overview

The IBJ Leasing Group comprises IBJ Leasing, 22 consolidated subsidiaries and three equity-method affiliates (as of March 31, 2013). Centered on this structure, we provide wide-ranging financial services, including leasing, installment sales and loans by utilizing its 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 is a financial service by 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

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

Financing (Loans + Operational Investment Securities)

Specialized Financing, Corporate Finance, Other

We provide a range of services, including specialized financing to deliver cash flow through vessels, real estate, 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

Vessel Financing

Real Estate-Related Financing

Factoring

General Loans

Liquidization of Occupancy Guarantee Deposits

Liquidization of Medical Fee Reimbursement Receivables

Entrusted Payments

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

Review of Operations

In fiscal 2012, the Japanese economy was characterized by robust personal consumption and reconstruction-related public investment throughout the fiscal year. In addition, from the time the new administration came into office at the beginning of 2013, the introduction of bold financial measures led to corrections in the high yen and low stock prices, prompting economic recovery, albeit gradual. Nevertheless, sluggish exports caused manufacturing to remain weak, and corporate capital investment continued in the doldrums. In the leasing industry, leasing transaction volumes, which had been lackluster for some time, bottomed out and expanded 6.0% year on year. With this level still down 60% from peak levels, however, the environment remained extremely competitive.

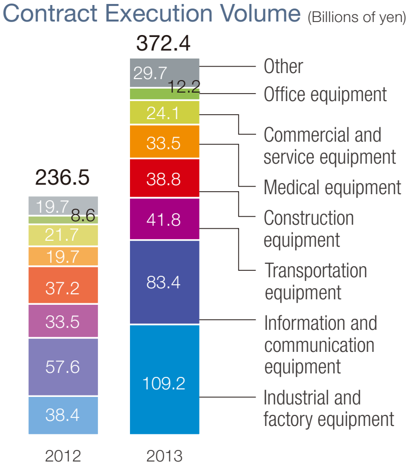
Under these circumstances, the IBJ Leasing Group leveraged its superior customer base, centered on large companies, to benefit from large-scale capital investment demand. Furthermore, the results of the two Toshiba Group financing companies that we acquired contributed fully to performance throughout the fiscal year. These factors prompted major growth in the contracts executed for the Group as a whole, as well as a steady increase in operating assets.

Leasing and Installment Sales

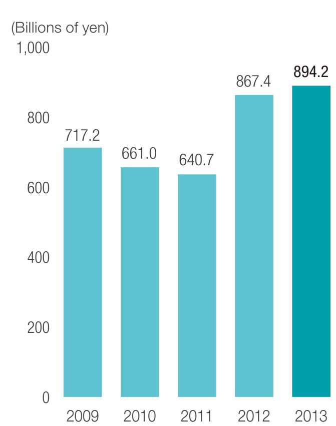
Looking at leasing and installment sales for fiscal 2012, proactive sales efforts enabled us to take advantage of demand for upgrading facilities, particularly for large companies. This factor, plus the performance contributions of the two companies we acquired, resulted in a 57.5% year-on-year increase in leasing and installment sales contracts executed, to ¥372.4 billion. Operating assets also rose by a net ¥26.8 billion, to ¥894.2 billion. In terms of contracts executed by type of equipment, we enjoyed year-on-year growth across all types of equipment, with transaction volumes increasing in particular for industrial equipment and machine tools, information and communication equipment, medical equipment and other equipment.

Examining the reasons for these increases by type of equipment, in industrial equipment and machine tools, large-scale capital investments in the automotive and electrical machinery sectors recovered after a year of stagnation following the Great East Japan Earthquake. By meeting customer needs, performance in this category approximately tripled compared with the previous fiscal year. In information and communication equipment, in addition to the contribution to performance of our subsidiary, IBJL-TOSHIBA Leasing Company, Limited, we took advantage of broad-based investment increases based on large corporate customers' information strategy and communications investments. In the medical equipment category, we forged a sales alliance with the Siemens Japan Group. This move, plus the acquisition of Toshiba Medical Finance Co., Ltd., augmented our sales base and drove an increase in transactions. Bolstering performance in the other equipment category were large real estate leases to retail industry leaders and equipment leases for large-scale commercial facilities. As a result, transaction volume in this sector expanded ¥10.0 billion year on year.

Leasing and Installment Sales Contract Execution Volume (Billions of yen)



Balance of Operating Assets in Leasing and Installment Sales



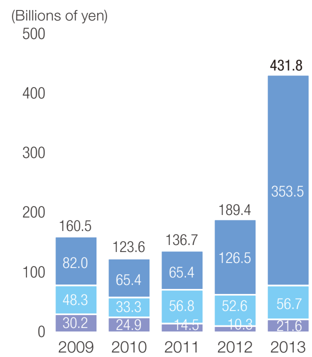
Financing

In fiscal 2012, contracts executed in the financing business jumped ¥242.4 billion, to ¥431.8 billion, and operating assets as of March 31, 2013, amounted to ¥368.9 billion, ¥25.0 billion higher than a year earlier.

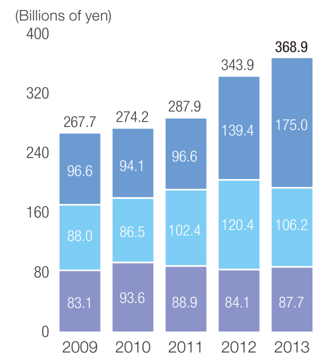
In specialized financing, we increased our responsiveness to diverse financial needs. We also expanded the number of sectors that we handle, through initiatives involving aircraft financing and collaboration with financial institutions on financing denominated in foreign currencies. In the financing of real estate and vessels, which tends to be highly dependent on market trends and property characteristics, we continued to carefully monitor fluctuations in the operating environment and manage credit, applying rigorous selection criteria to minimize risk.

In factoring, business finance and other types of corporate financing, we took an active approach to leverage our flexibility on proposal-based sales, meeting broad-based financial needs. IBJL-TOSHIBA Leasing Company, Limited, also began providing short-term factoring to the Toshiba Group, causing contracts executed to expand sharply.

Value of Financing Contracts Executed



Trend in the Balance of Operating Assets in Financing



■ Vessel financing ■ Real estate financing ■ Corporate financing

Overseas Operations

To provide support for Japanese companies that are accelerating the development of their overseas operations, the IBJ Leasing Group continued to augment its sales structure in Asia.

Within Asia, the Group already operates sales bases in China, Thailand, Indonesia and the Philippines. Through the establishment of the new Asia Desk in Bangkok, Thailand, the IBJ Leasing Group concentrates on meeting the diverse financial needs of Japanese companies operating in Singapore, Vietnam, Myanmar and other ASEAN countries where we have no sales bases.

To expand its overseas business going forward, we believe it is important for the IBJ Leasing Group to work with its subsidiary, IBJL-TOSHIBA Leasing, to increase the volume of transactions with the Toshiba Group. The Toshiba Group has numerous manufacturing subsidiaries in parts of Asia where the IBJ Leasing Group operates, and we have already begun conducting business with several of these companies. By taking collaborative sales with IBJL-TOSHIBA Leasing to the next level, we should be able to augment operating assets further.

Fee Businesses

In its mainstay businesses related to leasing, installment sales and financing, the IBJ Leasing Group engages in the purchase and sale of used equipment and the sale of investment products, as it works to meet the varied needs of its customers in the course of their business activities.

In the used equipment business, the IBJ Leasing Group makes use of the expertise in valuing moveable assets that it has cultivated through its business in leases and installment sales. In this category, we are focusing on initiatives from the viewpoint of differentiating ourselves from banks and other financial institutions. An IBJ Leasing Group subsidiary, KL & Co., Ltd., actively meets client needs for the acquisition of used equipment and facilities and the disposal of idle assets during facility updates, utilizing property appraisal expertise and a network of trading companies specialized in used equipment and facilities.

Topics

Promoting Sales in Lifestyle-Related Businesses

The overseas shift of Japanese companies, manufacturers in particular, is accelerating as these companies seek to reduce production costs and cultivate new consumer regions. At the same time, capital investment in such lifestyle-related industries as distribution and retailing, logistics, and healthcare and welfare is growing more vigorous on the back of robust internal demand in Japan.

To take advantage of these corporate trends, the IBJ Leasing Group is stepping up its initiatives in industry sectors with high capital investment needs. We are also working to further expand our business infrastructure.

Distribution and Retailing, Logistics

In the distribution and retailing sectors, the recovery in domestic personal consumption is invigorating capital investment, as prominent, large-scale companies launch new shops in an effort to meet wide-ranging consumer needs. In the logistics sector, the advancement of an Internet-based society is driving changes in personal consumption behavior and increasingly diverse values, encouraging aggressive investment to increase the sophistication and efficiency of logistics systems. The IBJ Leasing Group is augmenting its proposal-based sales in an effort to stay one step ahead of these trends and meet the broad-based financial needs of its customers. Specifically, in addition to our conventional business in leasing point-of-sale (POS) systems, showcases, and other in-store fixtures and fittings, in recent years we have also begun focusing on customers' needs to install LED lighting, solar power generation facilities and other energy-efficient equipment. To help prominent distribution companies that develop multiple stores reduce in-store electricity costs, we take a proactive proposal-based sales approach involving the utilization of energy-related subsidy programs. In addition, through alliances with banks and leading store developers, we focus on land and building leases and real estate financing. For clients pursuing strategies of expanding stores or logistics facilities, we are augmenting our proposal-based sales on a number of fronts, including the smoothing of cash flow, diversification of funding methods and shrinking of the balance sheet.

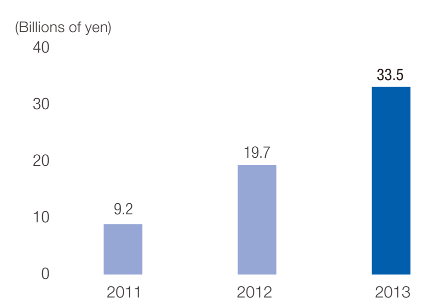
Solar power generation system installed on a store roof

Healthcare and Welfare

The operating environment in the healthcare and welfare sector is changing rapidly, due to the aging of Japanese society and healthcare system reforms. Amid these changes, in April 2000, we established the Medical and Welfare Department to meet diverse needs for wide-ranging financial services in the healthcare and welfare sector, including for public hospitals and other major hospital groups, nursing home operators and welfare equipment rental service operators. Furthermore, to leverage the expanded sales base resulting from our recent acquisitions, we are enhancing collaborative sales efforts with the Siemens Japan and Toshiba Medical Systems groups. This cooperation allows us to benefit from synergies between the expertise in sales financing services possessed by the companies we acquired and the IBJ Leasing Group's fund procurement capabilities and financial expertise. This combination has enabled us to more than triple leasing and installment sales contracts executed over the past two years, sharply increasing our share in the leasing industry. Going forward, the IBJ Leasing Group will continue working to propose solutions that meet the diverse needs of medical institutions as we contribute to the development of the healthcare and welfare sector.


320-row Area Detector CT Scanner (320-ADCT)
Photo: Toshiba Medical Systems Corporation

Medical Equipment Contracts Executed



Funding

1. Funding Policies

The IBJ Leasing Group offers wide-ranging financial services to meet customers' needs through funding that ensures stability and curtails costs. The Group also raises funds based on its annual cash plans and in a flexible manner that responds to fluctuations in the financial environment based on its asset liability management (ALM) policies.

When procuring funds, we use a combination of borrowings from financial institutions and raising funds in the market, thereby achieving a balance between short- and long-term funding. We borrow funds from more than 100 financial institutions, including city banks and regional banks, as well as insurance companies, and we maintain stable transactions with these institutions through relationship management. The Company obtains funding from financial markets through the issuance of commercial paper and corporate bonds and the securitization of lease receivables. In addition to ourselves, IBJL-TOSHIBA Leasing also issues commercial paper. IBJ Leasing has an issue limit of ¥350 billion, and IBJL-TOSHIBA Leasing of ¥150 billion.

With regard to ALM operations, the Company's ALM Committee holds monthly meetings to analyze current interest rate trends and their future outlook. We also perform detailed analyses of the impact of interest rate volatilities on the present value of assets and liabilities, using indicators such as Delta and Value at Risk (VaR). We have formulated ALM policies based on these analyses, and work to ensure smooth funding and cost control by flexibly implementing those policies in day-to-day operations.

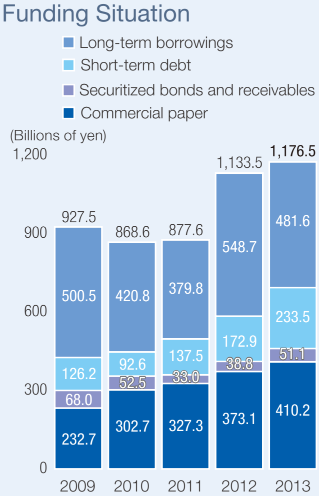
2. Funding in Fiscal 2012

Looking at yen interest rate trends in fiscal 2012, short-term interest rates continued to fall, due to enhanced monetary easing measures, such as the Bank of Japan's expansion of its asset-purchase fund. Long-term interest rates also trended downward, as "risk-off" investing grew more prominent worldwide. Furthermore, following the change of administration in December 2012, in early 2013 expectations rose that the Japanese government and the Bank of Japan would introduce far-reaching monetary easing measures designed to pull Japan out of its deflationary spiral. The anticipation of these moves drove down both short- and long-term interest rates.

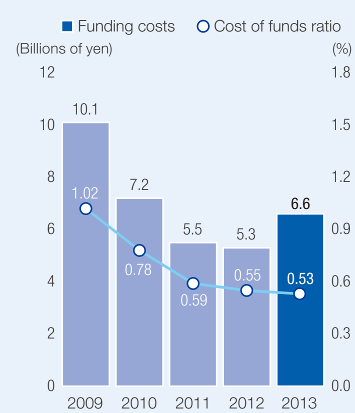
Given this environment, the IBJ Leasing Group continued to take advantage of the low interest rates, raising funds through the issuance of commercial paper. We also diversified our funding methods by issuing our first-ever corporate bonds, floating ¥10.0 billion in three-year instruments. In addition, we are working to curtail funding costs for the Group as a whole by reviewing individual Group companies' relative needs for long-term versus short-term funding. As a result of these activities, even though our absolute funding costs rose ¥1.3 billion from the preceding fiscal year, to ¥6.6 billion, because we took on the interest-bearing debts of IBJL-TOSHIBA Leasing and Toshiba Medical Finance, our cost of funds ratio continued to decline, to 0.53%.

Ratings Information	Rating & Investment Information, Inc. (R&I)	Japan Credit Rating Agency, Ltd. (JCR)
IBJ Leasing		
Commercial paper	a–1	J–1
Preliminary shelf registration rating	—	A
Senior long-term credit rating	—	A
IBJL-TOSHIBA Leasing		
Commercial paper	—	J–1
Preliminary shelf registration rating	—	A
Senior long-term credit rating	—	A

Funding Situation



Funding Costs/Cost of Funds Ratio



Cost of funds ratio: Funding costs ÷ Operating assets (average balance)

Corporate Governance

Corporate Governance Structure

Basic Approach

To enhance corporate value consistently over the long term, the IBJ Leasing Group recognizes that it is essential to ensure effective corporate governance, meaning a framework governing business activities centered on a closely regulated relationship between shareholders and management, and that the basic objective for corporate governance is to put in place an environment to ensure this.

The Board of Directors and Executive Officers

To facilitate vibrant deliberations of agendas and speedy decision making, the Company's Board of Directors currently (as of July 2013) has eight members. To ensure transparency by incorporating objective perspectives, the Company appoints three outside directors to the board. The Board of Directors determines fundamental management policies, makes important decisions and supervises the execution of operations. The Chairman of the Board of Directors, who does not have a concurrent business execution role, serves as the chairperson of Board of Directors meetings. The Chairman ensures the appropriateness of the supervisory function and decision making of the Board joined by outside directors.

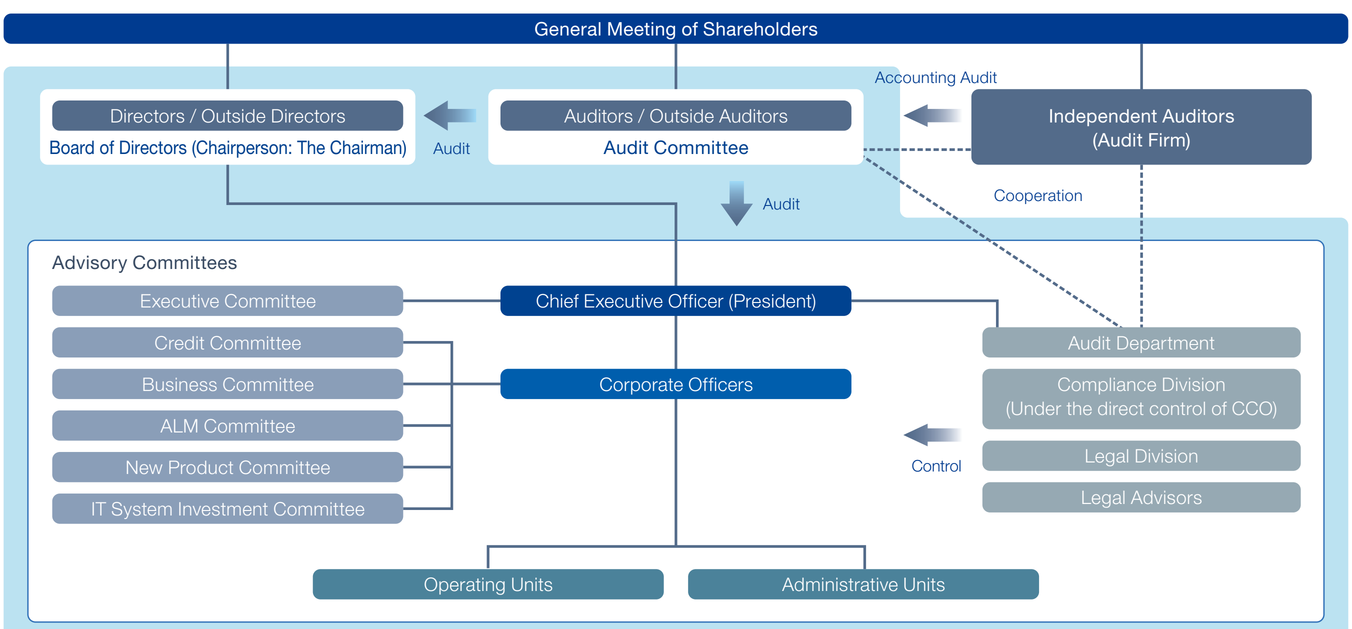
The Company has adopted an executive officer system to ensure rapid and efficient execution of business in accordance with Board of Directors decisions, and delegates authority for business execution to the Chief Executive Officer and executive officers. The Company determines the executive officer with approval authority for each business operation, clearly defines the authority of the executive officers, and has established an advisory body to support the decisions of executive officers with approval authority and ensure mutual supervision among them.

Auditors and Audit Committee

The Company has adopted a "company with auditors" system consisting of one internal auditor and three outside statutory auditors. The Audit Committee audits Directors' decision-making activities at Board of Directors meetings and other occasions, as well as the Company's entire business operations, to ensure that Directors fulfill their legal duties, such as duty of prudence, fiduciary duties and ensuring that business operations are conducted properly.

To ensure the effectiveness of audits, corporate auditors attend important meetings, including Board of Directors meetings and Executive Committee meetings, and also have regular meetings with Representative Directors to exchange views on important audit-related issues. Corporate auditors also cooperate closely with the Audit Department, an internal audit department, to ensure efficiency, and regularly receive reports from this department regarding the plans and results of audits.

Corporate Governance Structure



Furthermore, the Audit Committee holds regular meetings with independent auditors to listen to their reports, and to exchange information about each other's auditing policies to raise the efficiency and quality of auditing.

Internal Audit Department

The Company's Audit Department is responsible for conducting internal audits. To ensure the independence of this function, the department reports directly to the President. The Audit Department conducts internal audits on the entire Company organization as well as consolidated subsidiaries to ensure efficiency and appropriate conduct in business operations and compliance measures, and to give specific advice, recommendations and suggestions regarding the improvement of business operations.

The Audit Department coordinates corporate auditors and independent auditors as necessary. Audit results are periodically reported to the Board of Directors, which determines, based on these results, whether improvements to systems, organizations and regulations are necessary for the avoidance of various risks.

Compliance

The IBJ Leasing Group regards strict compliance as essential to the creation of a stable management base. On this understanding, the Group complies with laws and regulations and practices honest and fair business activities in accordance with the norms of society. To ensure the trust and confidence of society, the Group is firmly committed to maintaining strict compliance.

Compliance Structure

The Company has formulated Compliance Regulations to ensure compliance, appointed a Chief Compliance Officer (CCO), and established the Compliance Division. Furthermore, each department general manager functions as the department-level head of compliance, and is tasked with supervising and enforcing its practice. In addition, the Audit Department examines and assesses the current state of compliance in each department. The Company has created a system in which necessary measures are taken based on reports from the Audit Department. As an internal reporting system, the Company has set up a compliance hotline structure to enable all of its employees to report potential violations directly to the Compliance Division and/or the corporate auditors. The Company has also formulated Rules on the Protection of Whistleblowers to protect reporters.

Compliance Activities

To ensure compliance throughout the organization, the Company has formulated The Corporate Code of Conduct of IBJ Leasing Group as well as published a Compliance Manual, a guidebook describing key rules and regulations that must be followed to ensure full compliance within all business operations. The Compliance Manual is also available on the corporate intranet so that directors and employees can refer to it easily in the course of their daily work.

Furthermore, every year the Company arranges a Compliance Program, a set of concrete hands-on activities that raises awareness of compliance issues through education and training for general managers, as well as stratified training and/or e-learning.

Internal Control

The Group regards it as a key management responsibility to maintain and ensure the appropriate operation of a system that ensures proper conduct of business operations, and to work toward strengthening internal control. Under the Corporate Law, the Group is required to strengthen its internal control system, and to this end, IBJ Leasing and 11 domestic affiliates have formulated basic policies to ensure proper and effective operation.

CSR

The Company recognizes that any company will need to fulfill its corporate social responsibilities (CSR) if it is to grow sustainably and strengthen its ties with society. Therefore, we work to ensure that our organization operates with CSR as an integral part of all business activities, with the aim of becoming a corporate group capable of earning the trust and understanding of society at large.

In accordance with its environmental plan, the Company has created an Environmental Policy. Under this policy, we work to ensure strict compliance with environmental laws and regulations; to provide services that contribute to environmental conservation, such as leases with emission credits; to properly manage equipment for which lease terms have expired, and to reduce the environmental impact of business activities. In addition, with the formation and implementation of an environmental management system that forms the foundation of the above activities, the Company itself and its 11 consolidated subsidiaries within Japan have been awarded ISO 14001 certification.

Risk Management

Risk Management Activities

As financial services become more diversified and sophisticated, the risks that arise from business operations grow increasingly complex. In this environment, the IBJ Leasing Group recognizes that precise monitoring and analysis as well as proper control and management of these risks is exceedingly important for maintaining or increasing the soundness of business operations, and is strengthening and streamlining its risk management system accordingly.

For the various risks involved in the business operations of the IBJ Leasing Group (e.g., credit risk,[1] market risk,[2] operational risk, system risk, legal risk, etc.), each operational department sets up its own management methods, systems and procedures according to the characteristics of the risks it faces, and carries out its own internal risk management.

Recently, we have quantified the risks of fluctuations in value (excluding marketable products), such as the estimated residual value in the operating leases and the inherent risk involved in real estate-related financing (the risk of fluctuations in value of the real estate at the time of expiry of the agreement), and incorporated them into our risk management framework.

In addition, to realize the goal of becoming a multiple financial services company and expand our specialized financial services, we are aware that further enhancement of our risk management system, for example, monitoring and handling the various risks inherent in transactions, etc., will be more important than ever. Thus we are strengthening our risk management. For example, when we start handling new products and developing new businesses, we thoroughly review the identification and evaluation of inherent risks made by the New Product Committee, whose members include executives in charge of administrative units.

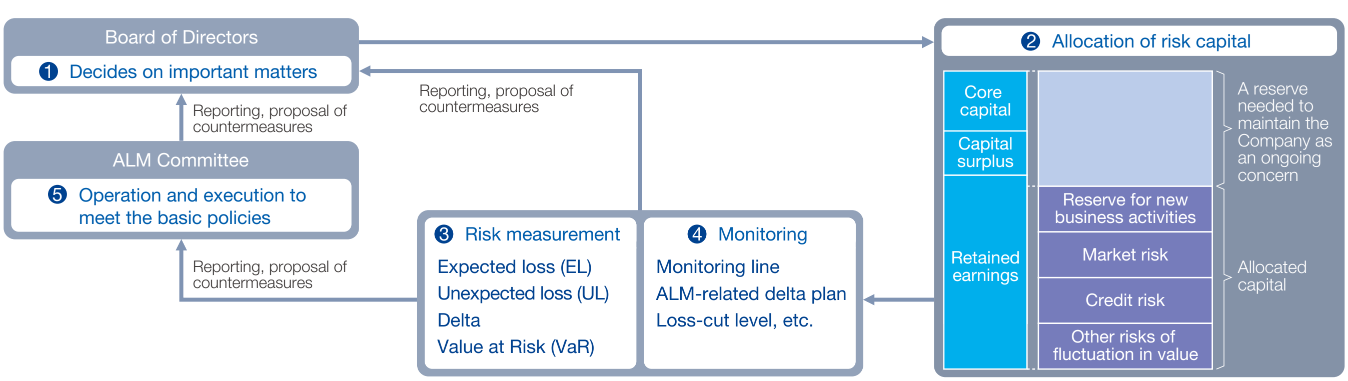
Integrated Risk Management Structure

The IBJ Leasing Group places an extremely high priority on the integrated monitoring and control of total financial risk, including credit risk and market risk, which consists of interest rate risk and the risk of fluctuations in share prices or exchange rates. Thus we incorporate an integrated risk management structure in accordance with that of the mega-banks into our management policies in order to improve the soundness and stability of our business.

Specifically, we quantify various risk factors and employ integrated and centralized control systems to ensure that our total risk exposure remains below the required percentage of our shareholders' equity (i.e., our financial strength). In other words, we define our risk tolerance as the amount of risk capital, calculated by subtracting equity capital and part of retained income as reserves reported for the maintenance of the Company from shareholders' equity. By allocating this risk capital to credit risk, market risk and other risks, we should be able

Notes: [1] Credit risk is the risk of incurring loss because of the inability to collect lease payments or other credits as contracted as a result of obligor bankruptcy or deterioration in obligor financial position or because of a decline in, or total loss of, the value of owned assets.
[2] Market risk is the risk of incurring loss as a result of a decline in, or total loss of, the value of the Company's financial assets and liabilities attendant on market price fluctuations (interest rates, stock prices, foreign exchange rates, etc.).

Risk Management Framework Centered on Allocation of Risk Capital



* The colored box on the right side of the chart above is not intended to denote the relative size of risk allocated to each risk category.

to keep losses incurred from any unforeseen situation within manageable limits, thereby maintaining our financial stability.

Key aspects, such as the amount of risk capital to be allocated for each financial risk, are discussed as a part of the fiscal year's management plan at the Board of Directors meetings, and specific operating policies are determined through resolutions by the officers in charge and their advisory bodies, and reflected in business operations. Within such a framework, the Risk Management Department, which is independent from the business and treasury departments, monitors operations periodically to measure risks. The results of this monitoring are reported to the Board of Directors on a monthly basis.

Credit Risk Management Structure

The IBJ Leasing Group aims to minimize credit costs by optimizing its credit management structure at all stages of each transaction, from entrance to exit.

Firstly, at the initial stage of deal execution under our "client credit rating system," we grant a credit rating for each debtor, conduct a strict credit screening, and facilitate the avoidance of excessive concentrations of credit by using our "credit monitoring systems by ratings."

Next, during the contract period, we apply asset self-assessment rules, which are as stringent as those employed by mega-banks, in accordance with the Financial Services Agency's "Financial Inspection Manual," and also implement write-offs and provide reserves based on the assessment results. We diversify risks by offsetting risks with risk assets, and we continuously improve our asset quality to control the risks of whole assets. Also, we periodically follow up on non-performing assets and make debt collection of assets for which we have already provided reserves to facilitate final disposal of nonperforming assets.

Meanwhile, our approach to credit portfolio management is based on the use of statistical methods to calculate the potential for losses related to credit risk. To that end, each month we calculate the expected loss (EL, i.e., credit cost), which is the average loss anticipated over the next year, and the unexpected losses (UL, i.e., credit risk amount), which is the maximum amount of any additional loss in excess of the EL.

As for expected losses, our stance is to cover an expected loss from income gained through lease and finance transactions, and we use this amount as a reference value when estimating the cost of credit for our income plan as well as when arranging deals. Concerning unexpected losses, if an unexpected loss is incurred, our stance is to cover it from our equity capital, which we monitor in relation to the pre-allocated risk capital, and report to the Board of Directors on a monthly basis.

Market Risk Management Structure

Regarding market risk, ALM operating policies, various kinds of frame of dealing, and loss limits, etc., are determined on a monthly basis at the meetings of the ALM Committee, whose members include executives in charge of relevant departments, and we strive to maintain stable earnings by controlling risk factors, such as interest rate risk and price fluctuation risk, at an appropriate level.

Meanwhile, in order to provide effective checks and balances in business operations, we have established clearly defined dividing lines between those departments responsible for managing market risks, departments providing back-office administrative functions, and departments handling market operations. Our market risk management departments measure, analyze and monitor market risks and check if the departments carrying out market transactions are operating in compliance with the Company's internal rules. These risk-related analyses are reported at regular meetings of the ALM Committee as well as those of the Board of Directors.

Directors, Auditors and Executive Officers (As of July 31, 2013)

Chairman of the Board of Directors
Shinichiro Nagashima

President and CEO
Setsu Onishi

Senior Managing Director
Shin Kuranaka

Director and Senior Adviser
Tsutomu Abe

Director
Shinichiro Maruyama

Outside Director
Takao Komine

Outside Director
Kensaku Aomoto

Outside Director
Tetsuhiro Hosono

Board of Directors

Chairman of the Board of Directors
Shinichiro Nagashima

President and CEO
Setsu Onishi

Senior Managing Director
Shin Kuranaka

Director and Senior Adviser
Tsutomu Abe

Director
Shinichiro Maruyama

Outside Director
Takao Komine

Outside Director
Kensaku Aomoto

Outside Director
Tetsuhiro Hosono

Corporate Auditors

Standing Auditor
Osamu Hatakeyama

Outside Standing Auditor
Hidemi Hiroi

Outside Auditor
Shinichi Kimura

Outside Auditor
Kouichi Maruno

Corporate Executive Officers

Senior Managing Executive Officers
Tsuneo Endou
Katsuji Nagatsu

Managing Executive Officers
Kazuhiko Izumi
Daisuke Yamamoto
Satoru Kobayashi
Akira Ueda
Kenji Yoneda
Noriyuki Yukawa
Yasuo Sato
Toru Yoshida

Executive Officers
Shinobu Koyanagi
Kenji Suzuki
Shunsuke Horiuchi
Fukuji Yajima
Eiji Yamanouchi
Kunimoto Wakasugi
Katsuhiko Yoshida
Toshiyuki Kamimura
Kozo Shino

Financial Section

Contents

10-year Financial Summary

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

	2004	2005	2006	2007
For the year: (Millions of yen)				
Revenues	368,553	355,509	318,194	350,423
Gross profit before funding costs	34,026	31,001	30,534	34,155
Funding costs	12,582	8,705	4,320	7,627
Gross profit	21,444	22,296	26,213	26,527
Selling, general and administrative expenses	14,203	12,871	14,251	12,861
Operating income	7,241	9,424	11,962	13,666
Net income	3,239	5,591	7,981	8,984
At year-end: (Millions of yen)				
Total assets	1,032,771	979,621	1,090,027	1,132,989
Operating assets	823,520	813,517	953,724	1,031,249
Lease	653,864	606,855	683,881	699,874
Installment sales receivable*1	93,353	89,948	105,755	117,595
Loans	76,302	116,714	163,211	209,399
Operational investment securities	—	—	876	4,379
Long-term receivables	20,651	8,141	4,798	3,062
Interest-bearing debt	916,485	862,501	962,596	987,677
Equity	27,680	37,552	47,631	54,943
Per share data: (Yen)				
Net income	96.84	158.82	215.23	243.82
Equity	827.54	1,018.29	1,291.24	1,456.98
Dividends (non-consolidated basis)	12.00	18.00	27.00	33.00
Key indicators: (%)				
Return on equity (ROE)	13.0	17.1	18.7	17.7
Return on assets (ROA)	0.7	1.0	1.3	1.3
Equity ratio	2.6	3.8	4.4	4.7
Others:				
Issued shares (thousands of shares)*2	33,449	36,849	36,849	36,849
Number of employees	585	595	694	702

*1 After subtraction of deferred profit on installment sales
*2 After subtraction of treasury stock

	2008	2009	2010	2011	2012	2013
	341,320	298,707	263,598	256,059	270,066	352,492
	36,351	38,181	36,720	36,549	36,579	44,270
	9,849	10,105	7,213	5,459	5,286	6,596
	26,501	28,076	29,506	31,090	31,293	37,673
	14,956	21,320	18,248	15,646	20,601	23,007
	11,544	6,755	11,257	15,444	10,691	14,665
	7,799	3,348	7,019	9,025	4,296	8,920
	1,195,336	1,076,150	1,017,099	1,028,020	1,332,963	1,372,246
	1,092,247	984,981	935,223	928,633	1,211,268	1,263,116
	698,861	596,869	553,541	546,185	755,139	780,234
	121,989	120,373	107,487	94,514	112,243	113,939
	243,304	233,687	237,414	241,925	295,008	320,143
	28,091	34,050	36,779	46,008	48,876	48,798
	2,920	9,470	14,082	10,397	19,153	18,502
	1,057,295	927,454	868,631	877,629	1,133,481	1,176,464
	57,428	55,994	63,342	69,392	74,717	84,905
	212.23	91.90	193.91	249.33	118.71	246.43
	1,534.45	1,509.00	1,709.86	1,889.18	1,954.63	2,218.77
	38.00	40.00	44.00	46.00	48.00	50.00
	14.2	6.0	12.0	13.9	6.2	11.8
	1.0	0.6	1.2	1.6	0.9	1.1
	4.7	5.1	6.1	6.7	5.3	5.9
	36,548	36,198	36,198	36,198	36,198	36,198
	723	743	766	765	1,073	1,050

Management's Discussion and Analysis

1. Overview of Business Performance

Throughout fiscal 2012, ended March 31, 2013, reconstruction-related public investment supported internal demand in the Japanese economy. Also, following the change of administration in December 2012, high yen exchange rates and low stock prices began to correct in early 2013, pushing the economy toward recovery. However, sluggish exports during the year sapped energy from producers. Furthermore, the unreadable economic outlook led to a cautious investment posture, particularly in the manufacturing sector, causing corporate capital investment to remain lackluster.

In this operating environment, due to the IBJ Leasing Group's acquisition of two Toshiba Group financing companies, operating assets grew substantially in fiscal 2012, and the Group's basic earnings potential increased, leading to higher earnings and gross profit. Furthermore, credit costs declined as corporate bankruptcies subsided. Accordingly, operating income and net income improved significantly compared with the preceding fiscal year.

2. Amount of Contracts Executed and Operating Assets

In leasing and installment sales, the amount of lease contracts executed rose 59.9% year on year, to ¥307,601 million, and the amount of installment sales contracts executed grew 46.7%, to ¥64,836 million. In the equipment financing business overall, this figure climbed 57.5%, to ¥372,438 million. Although domestic capital investment was depressed, we continued to aggressively promote proposal-based sales to cultivate industries that have high capital investment needs, fueled by internal demand. In the distribution and retailing sector, in addition to leasing in-store fixtures and fittings and energy-efficient equipment, through alliances with banks and leading store developers we sought to meet the shop expansion needs of leading retailers with initiatives focused on real estate leases. In industries fueled by internal demand, we increased initiatives targeting the information and communications sector, anticipating demand for investment to maintain and update facilities. Through these efforts and as the result of the acquisition of two Toshiba-affiliated companies, transaction volumes expanded substantially for industrial equipment and machine tools, information and communications equipment, and medical equipment, and contracts executed were up year on year for all types of equipment.

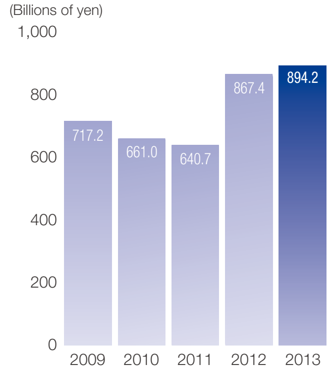
In the financing sector, the amount of contracts executed rose 128.0% during the year, to ¥431,813 million. In specialized financing, we enhanced our responsiveness to diverse financial needs and worked to expand the number of fields in which we operate by undertaking aircraft financing and collaborating with financial institutions on financing denominated in foreign currencies. Meanwhile, we applied rigorous selection criteria to minimize risk in the financing of real estate and vessels, monitoring market fluctuations and carefully managing credit. In factoring and other types of corporate finance, we took an active approach to leverage our flexibility on proposal-based sales. At the same time, we worked with the companies we have acquired to uncover wide-ranging financial needs, expanding our transactions.

As a result of these developments, as of March 31, 2013, the balance of operating assets in leasing and installment sales amounted to ¥894,174 million, up ¥26,791 million (3.1%) compared with one year earlier. Operating assets in the financing business rose ¥25,056 million (7.3%), to ¥368,942 million as of March 31, 2013.

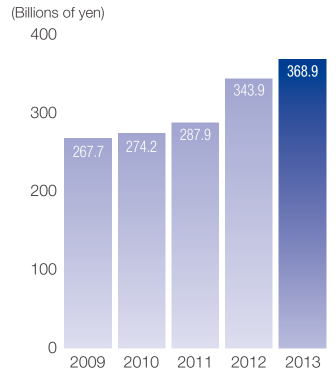
Amount of Contracts Executed (Millions of yen)

	2010	2011	2012	2013
Lease	176,615	186,823	192,329	307,601
Installment sales	39,541	34,777	44,208	64,836
Loans	108,696	121,145	167,158	411,299
Operational investment securities	14,936	15,556	22,261	20,514
Total	339,791	358,303	425,959	804,252

Balance of Operating Assets
(Equipment Financing Sector)



Balance of Operating Assets
(Financing Sector)



Operating Assets (Millions of yen)

	2010	2011	2012	2013
Lease	553,541	546,185	755,139	780,234
Installment sales	107,487	94,514	112,243	113,939
Loans	237,414	241,925	295,008	320,143
Operational investment securities	36,779	46,008	48,876	48,798
Total	935,223	928,633	1,211,268	1,263,116

3. Results of Operations

Revenues

Revenues increased ¥82,426 million (30.5%) year on year, to ¥352,492 million, benefiting from the full-year contribution to sales of the two Toshiba Group financing companies we acquired.

Gross profit before funding costs and write-offs

Gross profit before funding costs and write-offs increased ¥7,694 million (21.0%) year on year, to ¥44,275 million. This result stemmed from the substantial increase in our basic earnings potential due to the companies we acquired, even though ongoing monetary easing caused investment yield to fall. The IBJ Leasing Group considers gross profit before funding costs and write-offs to be useful supplemental information on revenues for analyses of the Group's business performance, and discloses this information voluntarily. Leasing business revenues include the collection of the principal invested in leased assets as well as insurance premiums and taxes, and revenues and costs are expressed as total amounts in the consolidated statements of income. Installment sales revenues include the collection of the invested principal, and revenues and costs are similarly expressed as total amounts. In contrast, loan revenues are interest income only. Gross profit before funding costs and write-offs is expressed as a net amount to facilitate comparisons with the various forms of revenue. This figure matches gross profit before credit costs and funding costs.

Gross Profit before Funding Costs and Write-offs by Segment (Millions of yen)

	2010	2011	2012	2013
Lease	26,958	26,624	26,443	33,522
Installment sales	3,479	2,805	2,452	2,799
Loans	6,097	5,829	6,131	7,645
Other	563	1,714	1,861	846
Elimination or corporate	(354)	(422)	(308)	(540)
Total	36,744	36,551	36,580	44,275

Funding costs

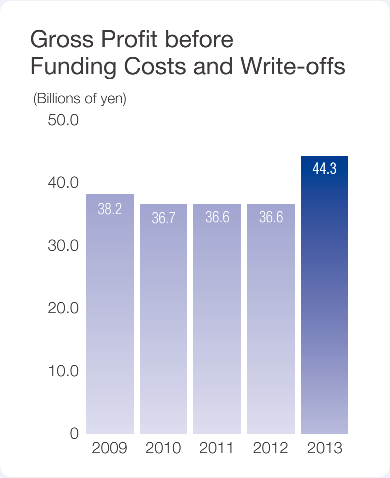
Funding costs rose ¥1,309 million (24.8%), to ¥6,596 million, owing to the addition of costs throughout the year from the two companies we acquired. Given the ongoing monetary easing, the IBJ Leasing Group continued to raise funds by issuing commercial paper, thereby benefiting from low interest rates. At the same time, we issued three-year corporate bonds and diversified our funding methods. Moreover, we concentrated on curtailing funding costs for the Group as a whole by reviewing individual Group companies' relative needs for long-term versus short-term funding.

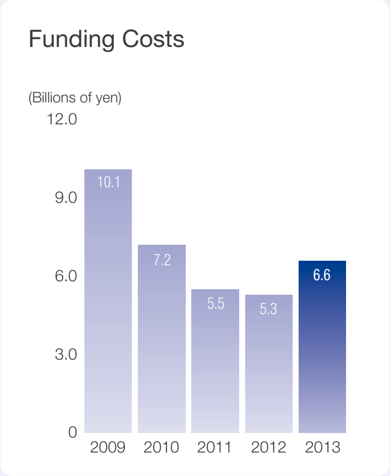
Selling, general and administrative expenses

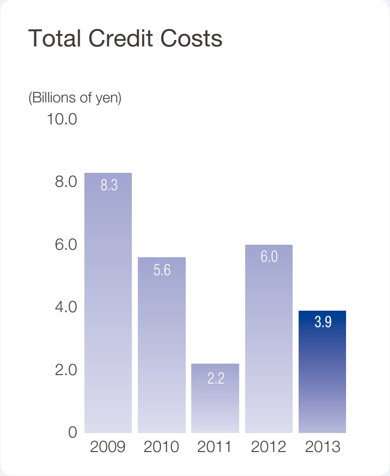
Personnel and non-personnel expenses rose ¥4,416 million (30.4%), to ¥18,951 million, owing to the addition of expenses from the two companies acquired during the year.

Other income and expenses

Net other income increased ¥267 million during the year, to ¥700 million. Of this amount, Krung Thai IBJ Leasing Co., Ltd., and other companies contributed to a ¥254 million increase in income on investments in equity-method holdings, and interest income on shares held in companies in order to bolster transactional relationships increased. Meanwhile, other expenses rose ¥90 million, to ¥570 million, due to an increase in interest expenses.







Total credit costs

In the consolidated statements of income, the IBJ Leasing Group records bad debt-related costs under cost of revenues, selling, general and administrative expenses, and other income and expenses. Total credit costs are the sum of these items. Owing to a falloff in corporate bankruptcies, total credit costs dropped substantially, falling ¥2,088 million during the year, to ¥3,910 million.

Income taxes

Corporate taxes amounted to ¥5,802 million, an increase of ¥735 million year on year. The effective tax rate was 37.8%.

Net income

As a result of the above developments, net income rose to ¥8,920 million, an increase of ¥4,623 million (107.6%) from the previous year.

4. Assets, Liabilities and Equity

Assets

Total assets as of the fiscal year-end amounted to ¥1,372,246 million, an increase of ¥39,283 million (2.9%) year on year. The status of operating assets is indicated on page 24 under the item "The amount of contracts executed and operating assets."

Liabilities

Total liabilities as of the fiscal year-end amounted to ¥1,287,341 million, an increase of ¥29,095 million (2.3%) year on year. Interest-bearing debt rose to ¥1,176,464 million, an increase of ¥42,982 million (3.8%) year on year, due to the increase in operating assets. The ratio of financing from capital markets to total financing was 39.2%.

Equity

Earnings during the period rose steadily, so equity continued to increase. Consequently, equity had risen to ¥84,905 million as of fiscal year-end.

5. Cash Flows

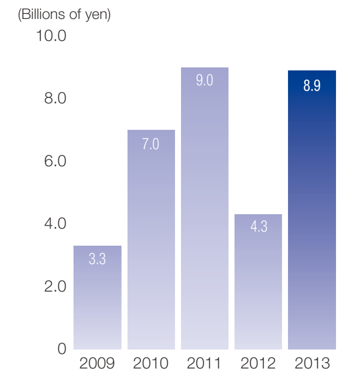
Net cash used in operating activities was ¥46,718 million, due to an increase in contracts executed.

Net cash used in investing activities was ¥2,537 million. This figure was due to factors such as the acquisition of shares in business partners in order to bolster transactional relationships.

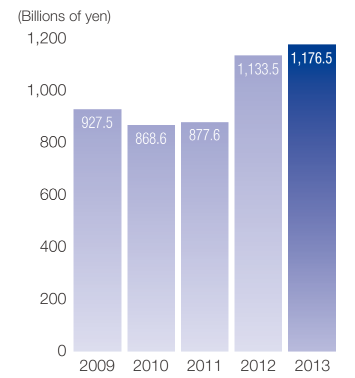
Net cash used in financing activities was ¥37,717 million. There were payments of ¥9,918 million in indirect financing and proceeds of ¥49,392 million in direct financing through means including the issuance of corporate bonds and commercial paper.

As a result of the above activities, the balance of cash and cash equivalents as of the fiscal year-end fell to ¥29,245 million, a year-on-year decrease of ¥10,654 million.

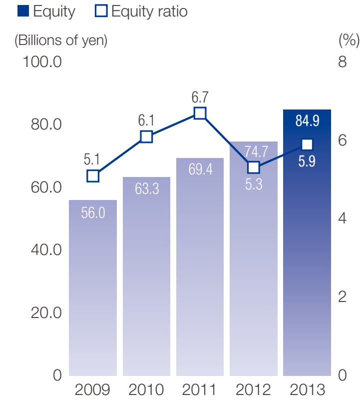
Net Income



Interest-bearing Debt



Equity/Equity Ratio



Business Risks and Other Risks

The following factors constitute the principal business risks that have potential to affect the business results, stock price and financial position of the IBJ Leasing Group. Forward-looking statements contained herein represent the judgment of the IBJ Leasing Group as of June 25, 2013. Business risks and other risks are not limited to those listed.

1. Trends in Corporate Capital Investment and Investments in Leased Plant and Equipment

In Japan, lease transactions are widely used as a fund procurement technique when companies undertake capital investments. Trends in the amount of corporate capital investment and in the amount of investment in leased plant and equipment tend to follow the same underlying pattern, and the amount of investment in leased plant and equipment may be affected by trends in corporate capital investment.

Trends in the amount of contracts executed by the IBJ Leasing Group, the amount of corporate capital investment and the amount of investment in leased plant and equipment do not always coincide. However, any significant decrease in the amount of corporate capital investment and the amount of investment in leased plant and equipment may affect the future business performance of the IBJ Leasing Group.

2. Interest Rate Fluctuation Risk and Effect of Changes in the Funding Environment

Although many leasing fees and installment payments are based on the interest rate levels prevalent at the time of agreements, and the majority are fixed revenues, interest-bearing debt includes debt with floating interest rates. Therefore, funding costs, which are part of the cost and expenses, fluctuate. As a result, interest rate fluctuations may affect the business performance of the IBJ Leasing Group.

Also, while it is possible to reduce the effects of interest rate fluctuations by raising the weight of interest-bearing debt with fixed interest rates, gross margins may contract since fixed-rate interest is generally higher than floating-rate interest. Accordingly, the weighting and component ratios of interest-bearing debt with fixed-rate interest and interest-bearing debt with floating-rate interest may affect the business performance of the IBJ Leasing Group.

The Company uses derivative transactions to hedge the risk of such interest rate fluctuations. Specifically, we manage the matching ratio (setting the ratio of the portion of assets not subjected to interest rate fluctuation risk by allocating liabilities and derivatives with fixed-rate interest and floating-rate interest to assets with fixed-rate and floating-rate yields) through the use of ALM (asset liability management) techniques. Accordingly, with respect to transactions subject to interest rate fluctuations, fluctuations in market interest rates may affect the business performance of the IBJ Leasing Group.

The IBJ Leasing Group's fund procurement methods include commercial paper and other direct funding in addition to indirect funding. Therefore, changes in the funding environment may affect the procurement of funds.

3. Credit Risk

Lease transactions involve the provision of credit to customers in the form of leases over relatively long terms (averaging five years). The initial expected profit is secured by collecting the full amount of leasing fees from the customer. Therefore, the IBJ Leasing Group assesses the appropriateness of entering into contracts by conducting strict credit checks of each customer, and by assessing the future second-hand value of leased equipment. We also strive to control and minimize credit risk within the operating assets portfolio through quantitative monitoring of credit risks. Moreover, in instances when a customer's credit status has deteriorated and non-payment of leasing fees, etc., occurs, we work to recover as much as possible of the outstanding amount through the sale or transfer of leased equipment to other customers.

Furthermore, from the perspective of credit risk management, we conduct self-assessments of assets in compliance with the Financial Inspection Manual of the Financial Services Agency, which is recommended by "Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry". (Report No. 19 of the Industry Auditing Committee of the Japanese Institute of Certified Public Accountants).

As a result, the portion of credit in "Long-term receivables" in the year ended March 31, 2013 was ¥13,244 million. The Company provides allowance against 100% of this amount and directly reduces the entire amount as the amount deemed uncollectible. Nonetheless, depending upon future economic trends, new bad debts caused by the deterioration of the credit status of companies may affect the business performance of the IBJ Leasing Group.

4. Risk of Changes to Regulatory Systems

The IBJ Leasing Group provides comprehensive financial services, mainly leases, rentals, installment sales and loans, in accordance with current laws and regulations, tax systems and accounting standards. Significant changes to such regulatory systems and standards may affect the business performance of the IBJ Leasing Group.

5. Other Risks

Other risks that may affect the business performance of the IBJ Leasing Group include price fluctuation risk (the risk of the estimated residual value of operating leases falling below the originally anticipated level), operational risk (the risk of inappropriate processing of clerical work), and systems risk (the risk of IT systems failure or incorrect operation).

Consolidated Financial Statements

Consolidated Balance Sheet

IBJ Leasing Company, Limited and Consolidated Subsidiaries
As of March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 15)	¥ 29,245	¥ 39,900	$ 311,161
Marketable Securities (Notes 4 and 15)	—	141	—
Lease Receivables and Investments in Lease (Notes 5, 6, 14 and 15)	728,928	704,210	7,755,381
Receivables (Notes 5, 6, 15 and 19):			
Notes and Accounts	40	44	428
Lease	5,011	9,040	53,320
Installment Sales	114,341	112,588	1,216,526
Loans	212,959	226,679	2,265,766
Factoring	107,184	68,328	1,140,378
Total Receivables	439,536	416,683	4,676,418
Operational Investment Securities (Notes 4 and 15)	48,798	48,876	519,189
Deferred Tax Assets (Note 9)	1,801	2,698	19,167
Prepaid Expenses and Other	21,646	24,303	230,305
Allowance for Doubtful Receivables	(4,380)	(7,748)	(46,601)
Total Current Assets	1,265,577	1,229,065	13,465,020
Property and Equipment:			
Leased Assets (Note 5)	222,122	264,539	2,363,258
Accumulated Depreciation	(171,156)	(213,971)	(1,821,004)
Net Leased Assets	50,966	50,568	542,254
Own-used Assets	6,014	5,882	63,986
Accumulated Depreciation	(2,645)	(2,461)	(28,142)
Net Own-used Assets	3,369	3,420	35,844
Total Property and Equipment	54,335	53,988	578,098
Investments and Other Assets:			
Investment Securities (Notes 4 and 15)	14,639	11,145	155,760
Investments in Unconsolidated Subsidiaries and Associated Companies	6,096	5,613	64,859
Long-term Receivables (Note 15)	18,502	19,153	196,852
Goodwill	395	455	4,210
Intangible Leased Assets (Note 5)	339	361	3,616
Deferred Tax Assets (Note 9)	3,841	4,097	40,867
Other	11,678	12,418	124,255
Allowance for Doubtful Receivables	(3,159)	(3,336)	(33,616)
Total Investments and Other Assets	52,333	49,909	556,803
Total Assets	¥ 1,372,246	¥ 1,332,963	$ 14,599,921

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
LIABILITIES and EQUITY			
Current Liabilities:			
Short-term Borrowings (Notes 7 and 15)	¥ 643,748	¥ 546,019	$ 6,849,115
Current Portion of Long-term Debt (Notes 6, 7 and 15)	236,594	240,681	2,517,230
Lease Payable (Notes 14 and 15)	14,061	19,228	149,610
Accounts Payable — trade (Notes 15 and 19)	59,769	68,877	635,911
Accrued Expenses	2,231	2,284	23,745
Income Taxes Payable	3,141	2,425	33,428
Deferred Profit on Installment Sales (Note 5)	401	345	4,274
Accruals for Debt Guarantees	101	98	1,084
Other	19,824	20,940	210,919
Total Current Liabilities	979,875	900,900	10,425,316
Long-term Liabilities:			
Long-term Debt (Notes 6, 7 and 15)	296,121	346,780	3,150,564
Deposits Received	7,344	6,814	78,139
Retirement Benefits for Employees (Note 8)	2,336	2,148	24,854
Retirement Allowance for Directors and Audit & Supervisory Board members	42	194	451
Other	1,621	1,406	17,255
Total Long-term Liabilities	307,466	357,345	3,271,263
Commitments and Contingent Liabilities (Note 10)			
Equity: (Notes 11 and 20)			
Common Stock Authorized, 140,000,000 Shares Issued, 36,849,000 Shares as of March 31, 2013 and 2012	11,760	11,760	125,122
Capital Surplus	9,680	9,680	102,996
Retained Earnings	58,054	50,871	617,668
Treasury Stock - at cost 650,442 shares as of March 31, 2013 and 2012	(1,079)	(1,079)	(11,483)
Accumulated Other Comprehensive Income:			
Unrealized Gain on Available-for-sale Securities	2,616	1,003	27,839
Deferred Loss on Derivatives under Hedge Accounting	(117)	(42)	(1,252)
Foreign Currency Translation Adjustments	(598)	(1,439)	(6,370)
Total	80,316	70,754	854,520
Minority Interests	4,588	3,962	48,822
Total Equity	84,905	74,717	903,342
Total Liabilities and Equity	¥ 1,372,246	¥ 1,332,963	$ 14,599,921

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Revenues	¥ 352,492	¥ 270,066	$ 3,750,322
Cost and Expenses	314,818	238,772	3,349,493
Gross Profit	37,673	31,293	400,829
Selling, General and Administrative Expenses (Note 12)	23,007	20,601	244,791
Operating Income	14,665	10,691	156,038
Other Income (Expenses):			
Interest Income	13	4	145
Dividend Income	316	264	3,366
Equity in Earnings of Associated Companies	309	54	3,291
Profit from Investments	143	421	1,531
Interest Expenses	(347)	(320)	(3,699)
Foreign Exchange Loss	(132)	(69)	(1,406)
Gain on Sales of Investment Securities	1	13	19
Loss on Sales of Investment Securities	—	(1,599)	—
Loss on Devaluation of Investment Securities	(13)	(24)	(144)
Other — net	397	78	4,228
Income before Income Taxes and Minority Interests	15,355	9,515	163,369
Income Taxes: (Note 9)			
Current	5,711	5,773	60,771
Deferred	90	(706)	962
Total	5,802	5,067	61,733
Net Income before Minority Interests	9,552	4,448	101,636
Minority Interests in Earnings of Consolidated Subsidiaries	632	151	6,728
Net Income	¥ 8,920	¥ 4,296	$ 94,908

	Yen		U.S. dollars (Note 1)
	2013	2012	2013
Amounts per Share of Common Stock (Notes 2(x) and 18)			
Net Income per Share	¥ 246.43	¥ 118.71	$ 2.62
Cash Dividends applicable to fiscal year	¥ 50.00	¥ 48.00	$ 0.53

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Net Income before Minority Interests	¥ 9,552	¥ 4,448	$ 101,636
Other Comprehensive Income: (Note 17)			
Unrealized Gain (Loss) on Available-for-sale Securities	1,614	(13)	17,183
Deferred Loss on Derivatives under Hedge Accounting	(75)	(5)	(801)
Foreign Currency Translation Adjustments	713	(139)	7,586
Share of Other Comprehensive Income in Associated Companies	136	(48)	1,452
Total Other Comprehensive Income	2,389	(207)	25,420
Total Comprehensive Income	¥ 11,941	¥ 4,240	$ 127,056
Total Comprehensive Income attributable to:			
Owners of the Parent	¥ 11,298	¥ 4,096	$ 120,215
Minority Interests	643	144	6,841

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2013

	Thousands of shares		Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013	2012	2013
Common Stock:					
Balance at beginning of year	36,849	36,849	¥ 11,760	¥ 11,760	$ 125,122
Balance at end of year	36,849	36,849	11,760	11,760	125,122
Capital Surplus:					
Balance at beginning of year			9,680	9,680	102,996
Balance at end of year			9,680	9,680	102,996
Retained Earnings:					
Balance at beginning of year			50,871	48,301	541,246
Net Income			8,920	4,296	94,908
Cash Dividends Paid			(1,737)	(1,737)	(18,486)
Increase resulting from Change of Fiscal Period of Consolidated Subsidiaries			—	10	—
Balance at end of year			58,054	50,871	617,668
Treasury Stock:					
Balance at beginning of year	(650)	(650)	(1,079)	(1,079)	(11,483)
Treasury Stock Acquired, net	—	(0)	—	(0)	—
Balance at end of year	(650)	(650)	(1,079)	(1,079)	(11,483)
Accumulated Other Comprehensive Income:					
Unrealized Gain on Available-for-sale Securities:					
Balance at beginning of year			1,003	994	10,675
Net change during year			1,613	8	17,164
Balance at end of year			2,616	1,003	27,839
Deferred Loss on Derivatives under Hedge Accounting:					
Balance at beginning of year			(42)	(46)	(451)
Net change during year			(75)	4	(801)
Balance at end of year			(117)	(42)	(1,252)
Foreign Currency Translation Adjustments:					
Balance at beginning of year			(1,439)	(1,225)	(15,313)
Net change during year			840	(213)	8,943
Balance at end of year			(598)	(1,439)	(6,370)
Total Accumulated Other Comprehensive Income:					
Balance at beginning of year			(478)	(277)	(5,089)
Net change during year			2,378	(200)	25,306
Balance at end of year			1,900	(478)	20,217
Total			80,316	70,754	854,520
Minority Interests:					
Balance at beginning of year			3,962	1,007	42,158
Net change during year			626	2,955	6,664
Balance at end of year			4,588	3,962	48,822
Total Equity			¥ 84,905	¥ 74,717	$ 903,342

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

IBJ Leasing Company, Limited and Consolidated Subsidiaries
For year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	¥ 15,355	¥ 9,515	$ 163,369
Adjustments for:			
Income Taxes Paid	(4,996)	(6,583)	(53,161)
Depreciation and Disposal of Fixed Assets	14,266	9,335	151,790
Equity in Earnings of Associated Companies	(309)	(54)	(3,291)
Profit from Investments	(143)	(421)	(1,531)
(Decrease) Increase in Allowance for Doubtful Receivables	(3,548)	3,339	(37,749)
Increase (Decrease) in Accruals for Debt Guarantees	3	(326)	36
(Gain) Loss on Sales of Marketable and Investment Securities	(1)	1,585	(19)
Loss on Devaluation of Marketable and Investment Securities	13	24	143
Change in assets and liabilities:			
(Increase) Decrease in Lease Receivables and Investments in Lease	(26,562)	18,922	(282,611)
(Increase) Decrease in Receivables	(13,142)	84,107	(139,825)
Decrease (Increase) in Operational Investment Securities	495	(2,500)	5,269
Decrease in Accounts Payable — trade	(9,161)	(6,745)	(97,474)
Purchases of Leased Assets	(17,857)	(14,410)	(189,992)
Proceeds from Sales of Leased Assets	3,613	1,784	38,444
Decrease in Interest Payable	(89)	(241)	(952)
Other — net	(4,652)	(4,967)	(49,504)
Total Adjustments	(62,073)	82,848	(660,427)
Net Cash (Used in) Provided by Operating Activities	(46,718)	92,364	(497,058)
Cash Flows from Investing Activities:			
Purchases of Own-used Assets	(1,513)	(1,247)	(16,103)
Purchases of Marketable and Investment Securities	(1,382)	(516)	(14,710)
Proceeds from Sales and Redemption of Marketable and Investment Securities	84	4,182	900
Purchases of Investments in Subsidiaries causing Changes in Scope of Consolidation	—	(3,696)	—
Other — net	273	298	2,914
Net Cash Used in Investing Activities	(2,537)	(979)	(26,999)
Cash Flows from Financing Activities:			
Net Increase (Decrease) in Short-term Borrowings	96,822	(33,871)	1,030,139
Proceeds from Long-term Debt	377,891	812,567	4,020,554
Repayments of Long-term Debt	(435,241)	(864,751)	(4,630,717)
Cash Dividends Paid	(1,737)	(1,737)	(18,486)
Other — net	(18)	(8)	(201)
Net Cash Provided by (Used in) Financing Activities	37,717	(87,800)	401,289
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	884	(51)	9,406
Net (Decrease) Increase in Cash and Cash Equivalents	(10,654)	3,532	(113,362)
Cash and Cash Equivalents at Beginning of Year	39,900	36,110	424,523
Increase in Cash and Cash Equivalents resulting from Change of Fiscal Period of Consolidated Subsidiaries	—	258	—
Cash and Cash Equivalents at End of Year	¥ 29,245	¥ 39,900	$ 311,161

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of IBJ Leasing Company, Limited ("IBJL") and its consolidated subsidiaries (together with IBJL, "IBJL Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the company's financial statements issued domestically in order to present them in a form of which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which IBJL is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.99 to US$1.00, the approximate rate of exchange at March 31, 2013. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. The amounts indicated in millions of yen are rounded down by truncating the figures below one million. As a result, totals may not add up exactly.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of IBJL Group including IBJL-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd., Nissan Leasing Co., Ltd., IBJ Auto Lease Company, Limited, Toshiba Medical Finance Co., Ltd., IBJ Leasing (China) Ltd. and PT. IBJ Verena Finance.

The number of consolidated subsidiaries as of March 31, 2013 and 2012 was 22 and 24, respectively. The consolidated financial statements for the year ended March 31, 2013 do not include the accounts of IS Leasing Co., Ltd. and E-Front Leasing Co., Ltd. as they were liquidated during the year.

The number of associated companies accounted for under the equity method as of March 31, 2013 and 2012 was 3. Investments in associated companies are Krung Thai IBJ Leasing Co., Ltd., The Toho Lease Co., Ltd. and Juhachi Sogo Lease Co., Ltd.

Astro Leasing International Co., Ltd. and 84 other subsidiaries are neither consolidated nor accounted for under the equity method, as they are acting as operators under Tokumei Kumiai agreements and the leased assets and liabilities do not substantially belong to the subsidiaries. Achilles Line Shipping S.A. and 25 other subsidiaries, and I-N Information Systems, Ltd., an associated company, are also not consolidated or accounted for under the equity method, as they are immaterial.

Upon consolidation, significant intercompany accounts and transactions have been eliminated. In addition, all significant unrealized profit included in assets resulting from transactions within IBJL Group has also been eliminated.

The accounting standard for consolidated financial statements requires a company to consolidate all subsidiaries of which the company controls the operations, irrespective of whether or not the company owns a majority of their shares. Control is considered to exist where the company has (a) the power to appoint or remove the majority of the Board of Directors or an equivalent governing body, and/or (b) the power to cast the majority of the votes at a meeting of the Board of Directors or an equivalent governing body.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition. The differences between the costs and underlying net equity of investments in consolidated subsidiaries and associated companies at acquisition are recorded as Goodwill and are amortized on a straight-line basis over the estimated benefit period.

Implementation Guidance No. 15 "Implementation Guidance on Disclosures about Certain Special Purpose Entities" issued by the Accounting Standards Board of Japan (the "ASBJ") permits companies to avoid consolidation of certain Special Purpose Entities ("SPEs") which were established and are being operated for the purpose of securitization of receivables.

IBJL securitizes its lease receivables to diversify its funding sources and ensure stable funding. In the securitization structures, IBJL uses SPEs which include *Tokurei Yugen Kaisha* and *Kabushiki Kaisha*. IBJL transfers the lease receivables to the SPEs in the securitization structures. The SPEs procure funds, such as borrowings, backed by the transferred assets and these funds flow back to IBJL as sales proceeds of the transferred assets. IBJL also provides collection services to the SPEs. A portion of the receivables is not transferred and is held by IBJL. These receivables held by IBJL are properly evaluated at the end of the fiscal year, and these are appropriately reflected in the consolidated financial statements.

As a result of securitizations, IBJL had 19 and 17 SPEs which were not consolidated under Guidance No. 15 as of March 31, 2013 and 2012, respectively. Total assets (simply compiled amount) of such SPEs as of March 31, 2013 and 2012 were ¥132,446 million ($1,409,158 thousand) and ¥111,688 million, respectively. Total liabilities (simply compiled amount) of such

SPEs as of March 31, 2013 and 2012 were ¥132,887 million ($1,413,849 thousand) and ¥111,938 million, respectively. IBJL owns no voting rights in most of the SPEs while some employees of IBJL serve as directors.

The total amount of Lease Receivables and Investments in Lease transferred from IBJL to such SPEs in 2013 and 2012 were ¥16,880 million ($179,603 thousand) and ¥265 million, with no gain/loss in 2013 and a gain of ¥1 million in 2012 on the transfer of such receivables. IBJL holds no subordinated interests of such transferred receivables for 2013 while it recognized ¥160 million in 2012. IBJL recognized profit dividends of ¥14 million ($157 thousand) and ¥17 million for the year ended March 31, 2013 and 2012, and servicing fees received of ¥1 million ($21 thousand) with respect to the transactions with such SPEs for both of the year ended March 31, 2013 and 2012. These amounts do not include transactions with SPEs that do not meet the criteria for off-balance-sheet transactions, because IBJL treats these asset transfer transactions to the SPEs as financial transactions.

(b) Business Combination

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations", and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". The accounting standard for business combinations allowed companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation.

(c) Cash Equivalents

Cash Equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash Equivalents include time deposits, certificates of deposit, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

(d) Lease Accounting

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions. As a lessor, all finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as Lease Receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee are recognized as Investments in Lease. All other leases are accounted for as operating leases.

As a lessee, all finance leases that are deemed to transfer ownership of the leased property to the lessee are capitalized. In addition, IBJL accounted for leases which existed at the transition date and did not transfer ownership of the leased property to the lessee as operating lease transactions. ASBJ Statement No. 13 permits those leases to be accounted for as operating lease transactions with pro forma information disclosed in the notes to the accompanying consolidated financial statements.

(e) Installment Sales

For installment sales contracts, Installment Sales Receivables are recognized for the principal equivalent portion of the total contract amounts, when properties are delivered. Interest equivalent amounts are recognized as Installment Sales when the related installment receivables become due.

For sales-type contracts, Installment Sales and the corresponding Installment Cost of Sales are fully recognized when the property is sold. Interest equivalent amounts applicable to the portion to be collected are deferred and recorded as Deferred Profit on Installment Sales.

(f) Marketable Securities, Operational Investment Securities and Investment Securities

Marketable Securities, Operational Investment Securities and Investment Securities are classified as Available-for-sale securities based upon management's intent. Available-for-sale securities, which have a readily determinable fair value, are stated at fair value with changes in net unrealized gain or loss, net of applicable income taxes, included directly in Equity (cost of securities sold is calculated by the moving average method). Available-for-sale securities, which do not have readily determinable fair value, are stated at cost.

(g) Loans Receivables and Factoring Receivables

Loans to customers and receivables arising from factoring are included in Loans Receivables and Factoring Receivables, respectively. Income from these receivables is recognized as Revenues.

(h) Property and Equipment

1. Leased Assets
   Leased Property and Equipment are initially accounted for at their acquisition costs and depreciated over the lease term by the straight-line method to the residual value which is an amount to be realized at the time when the lease contract is terminated. Loss on disposals of leased assets resulting from cancellation of lease contracts are estimated and added to depreciation expense.
2. Own-used Assets
   Own-used Assets of IBJL and its domestic consolidated subsidiaries are stated at cost and depreciated over the following estimated useful lives mainly by the declining-balance method:

Building	3-65 years
Fixtures and furniture	2-20 years

(i) Long-Lived Assets

IBJL Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(j) Intangible Assets

1. Leased Assets
   Intangible Leased Assets are accounted for the same way as Leased Property and Equipment.
2. Own-used Software
   Own-used Software is amortized over the internally estimated useful lives (5 or 8 years) by the straight-line method.
3. Other Intangible Assets
   Other Intangible Assets are stated at cost. Amortization of intangible assets by IBJL and its domestic consolidated subsidiaries is mainly computed by the straight–line method over the estimated useful lives.

(k) Bond Issue Costs

Costs for bond issuance are expensed upon payment.

(l) Allowance for Doubtful Receivables

Allowance for Doubtful Receivables is provided based on the estimated historical default rate for general trade receivables, and is based on individual reviews for receivables from doubtful and legally bankrupt creditors.

The amounts of Long-term Receivables considered uncollectible, which include receivables from legally bankrupt creditors, were directly written-off. The amounts directly written-off were ¥13,244 million ($140,916 thousand) and ¥16,121 million at March 31, 2013 and 2012, respectively.

(m) Reserve for Bonuses Payments

IBJL and certain domestic consolidated subsidiaries provide a reserve for future bonuses payments to employees. This reserve is maintained at the estimated amount payable after the year-end, based on the services provided during the fiscal year.

(n) Reserve for Bonuses Payments to Directors

IBJL and certain domestic consolidated subsidiaries provide a reserve for future bonuses payments to executive officers. This reserve is maintained at the estimated amount payable for the fiscal year.

(o) Retirement Benefits for Employees

IBJL and certain consolidated subsidiaries provide Retirement Benefits for Employees for future pension payments to employees. Retirement Benefits for Employees are based on the projected benefit obligation and the estimated plan asset amount at the end of the fiscal year. Unrecognized actuarial gain (loss) is amortized over a range from ten to fifteen years, which is the average remaining service period, using the straight-line method from the fiscal year after the year when the gain or loss is incurred.

(p) Retirement Allowance for Directors and Audit & Supervisory Board members

Certain domestic consolidated subsidiaries provide Retirement Allowances for Directors and Audit & Supervisory Board members for future retirement benefits to directors and Audit & Supervisory Board members. Retirement Allowances for Directors and Audit & Supervisory Board members are provided at the amount accrued at the end of the fiscal year, based on the internally established standards for the payments.

(q) Asset Retirement Obligations

In March 2008, the ASBJ issued the accounting standard for asset retirement obligations, ASBJ Statement No. 18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No. 21 “Guidance on Accounting Standard for Asset Retirement Obligations”. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(r) Accruals for Debt Guarantees

IBJL and certain domestic consolidated subsidiaries provide Accruals for Debt Guarantees for losses that might occur in relation to guarantees of the indebtedness of others, taking the debtors’ financial condition into consideration.

(s) Income Taxes

IBJL and its domestic consolidated subsidiaries are subject to corporate tax, inhabitants’ taxes and enterprise taxes. Deferred income taxes are recorded by the asset and liability method based on the differences between the tax bases of assets and liabilities and those as reported in the consolidated financial statements, using enacted tax rates which will be in effect when the differences are expected to reverse.

(t) Recognition of Revenues and Cost of Sales

Revenues and cost of sales relating to finance lease transactions are recognized when lease payments are received.

(u) Translation of Foreign Currencies Assets and Liabilities

1. Translation of foreign currency transactions

   All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gain and loss from translation are recognized in the Consolidated Statement of Income as income or expenses.

   Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into Japanese yen at the rates effective at the respective transaction dates.

2. Translation of foreign currency financial statements
   The assets, liabilities, revenues and expenses of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet dates of each subsidiary. Differences arising from such translation are shown in Foreign Currency Translation Adjustments under Accumulated Other Comprehensive Income in a separate component of Equity.

(v) Derivative and Hedging Activities

IBJL Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Interest rate swaps are utilized to manage interest rate risks associated with certain assets and liabilities, including Marketable Securities, Operational Investment Securities, Investment Securities, Short-term Borrowings and Long-term Debt. Foreign currency forward contracts and Non-deliverable forwards are utilized to reduce the risks associated with fluctuations of foreign currency exchange rates. IBJL Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the Consolidated Statement of Income and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

(w) Consumption Taxes

IBJL and its domestic consolidated subsidiaries are subject to Japanese consumption taxes. Japanese consumption taxes are excluded from the transaction amounts.

(x) Per Share Information

The computation of basic net income per share is based on the weighted-average number of outstanding shares of common stock. Cash dividends per share shown in the Consolidated Statement of Income are the amounts applicable to the respective years including dividends to be paid after the end of the year.

(y) Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections”. Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation - When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates - A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors - When an error in prior-period financial statements is discovered, those statements are restated.

(z) New Accounting Pronouncements

Accounting Standard for Consolidated Financial Statements—On March 25, 2011, the ASBJ issued ASBJ Statement No. 22, “Revised Accounting Standard for Consolidated Financial Statements”, ASBJ Guidance No. 15, “Revised Guidance on Disclosures about Certain Special Purpose Entities”, ASBJ Guidance No. 22, “Revised Guidance on Determining a Subsidiary and an Affiliate” and ASBJ PITF No. 20, “Revised Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations”.

1. Summary
   Although a special purpose company which meets certain requirements is presumed to be not treated as a subsidiary of an equity investor or a subsidiary of the company which transferred its assets to the special purpose company, this treatment will be applied only to a company which transferred its assets, pursuant to “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22) etc.
2. Expected date of application
   IBJL Group will apply the revised accounting standard and guidance from the consolidated fiscal year beginning on or after April 1, 2013.

3. Effect of applying the revised accounting standard and guidance
   The application has no impact on the consolidated financial statements, as there is no change in the scope of consolidation even if the above accounting standard and guidance are applied at the end of the current consolidated fiscal year.

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits", which replaced the Accounting Standard for Retirement Benefits that had been issued by Business Accounting Council in 1998 with an effective date of April 1, 2000 and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

1. Treatment in the balance sheet
   Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefits obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.
   Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
2. Treatment in the statement of income and the statement of comprehensive income
   The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.
3. Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases
   The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for 1 and 2 above are effective for the end of annual periods beginning on or after April 1, 2013, and for 3 above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

IBJL Group expects to apply the revised accounting standard for 1 and 2 above from the end of the annual period beginning on April 1, 2013, and for 3 above from the beginning of annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

3. Accounting Change

Change in accounting policy which is difficult to distinguish changes in accounting estimates

Following the revision of Corporation Tax Law, effective from the fiscal year ended March 31, 2013, own-used depreciable assets of IBJL and its domestic consolidated subsidiaries acquired on or after April 1, 2012 are depreciated under the depreciation method stipulated in the revised Corporation Tax Law. The effect of the change is immaterial.

4. Marketable Securities, Operational Investment Securities and Investment Securities

(1) Available-for-sale securities whose fair values are readily determinable as of March 31, 2013 and 2012 were as follows:

Available-for-sale securities

Securities with carrying amounts exceeding acquisition costs

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			2013		
	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)
Equity Securities	¥ 8,351	¥ 5,413	¥ 2,938	¥ 3,938	¥ 2,732	¥ 1,206	$ 88,854	$ 57,593	$ 31,261
Bonds									
Corporate Bonds	7,188	6,438	750	7,144	6,438	705	76,477	68,497	7,980
Other	9,280	8,725	554	5,435	5,204	230	98,738	92,834	5,904
Total	¥ 24,819	¥ 20,576	¥ 4,243	¥ 16,517	¥ 14,375	¥ 2,142	$ 264,069	$ 218,924	$ 45,145

Securities with carrying amounts not exceeding acquisition costs

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			2013		
	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)	Carrying amount	Acquisition cost	Unrealized gain (loss)
Equity Securities	¥ 985	¥ 1,170	¥ (185)	¥ 2,640	¥ 3,182	¥ (542)	$ 10,480	$ 12,455	$ (1,975)
Bonds									
Corporate Bonds	—	—	—	1,064	1,282	(218)	—	—	—
Other	109	128	(19)	133	181	(48)	1,163	1,370	(207)
Total	¥ 1,094	¥ 1,299	¥ (205)	¥ 3,838	¥ 4,646	¥ (808)	$ 11,643	$ 13,825	$ (2,182)

(2) Proceeds from sales of available-for-sale securities for the years ended March 31, 2013 and 2012 were ¥38 million ($414 thousand) and ¥4,527 million, respectively. Gross realized gains and losses on these sales were ¥2 million ($24 thousand) and none for the years ended March 31, 2013, and ¥13 million and ¥16 million for the year ended March 31, 2012, respectively.

(3) IBJL Group recorded impairment losses on investment securities of ¥13 million ($143 thousand) and ¥24 million for the years ended March 31, 2013 and 2012, respectively.

5. Operating Assets

(1) Operating Assets by industry segment as of March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Leasing: (*1)			
Finance Lease	¥ 728,928	¥ 704,210	$ 7,755,381
Operating Lease	51,306	50,929	545,870
Leasing total	780,234	755,139	8,301,251
Installment Sales (*2)	113,939	112,243	1,212,252
Loans and Factoring	320,143	295,008	3,406,144
Other	48,798	48,876	519,189
Total Operating Assets	¥ 1,263,116	¥ 1,211,268	$ 13,438,836

(*1) Leasing total consists of the aggregate of "Lease Receivables and Investments in Lease", "Leased Assets" and "Intangible Leased Assets" on the Consolidated Balance Sheet at the year-ends.

(*2) Installment Sales represent "Installment Sales Receivables" less "Deferred Profit on Installment Sales" on the Consolidated Balance Sheet at the year-ends.

(2) The total amount of new contracts entered into during the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Leasing:			
Finance Lease	¥ 289,701	¥ 177,919	$ 3,082,263
Operating Lease	17,900	14,410	190,446
Leasing total	307,601	192,329	3,272,709
Installment Sales (*1)	64,836	44,208	689,827
Loans and Factoring	411,299	167,158	4,375,993
Other	20,514	22,261	218,258
Total	¥ 804,252	¥ 425,959	$ 8,556,787

(*1) The amount of Installment Sales is shown as "Installment Sales Receivables" less "Deferred Profit on Installment Sales".

6. Pledged Assets

Assets pledged as collateral as of March 31, 2013 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Lease Receivables and Investments in Lease	¥ 19,310	$ 205,457
Factoring Receivables	125	1,335
Total	¥ 19,436	$ 206,792

Liabilities secured by the above assets as of March 31, 2013 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Current Portion of Long-term Debt	¥ 1,808	$ 19,240
Long-term Debt	17,341	184,501
Total	¥ 19,149	$ 203,741

7. Short-term Borrowings and Long-term Debt

(1) "Short-term Borrowings" as of March 31, 2013 and 2012 was as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	2013	2012	2013	2013
Short-term Borrowings				
Short-term Borrowings from banks and other financial institutions	¥ 233,548	¥ 172,919	$2,484,821	0.56%
Commercial Paper	410,200	373,100	4,364,294	0.13%
Total	¥ 643,748	¥ 546,019	$ 6,849,115	
Current Portion of Long-term Debt				
Long-term Debt from banks and other financial institutions	¥ 195,539	¥ 202,973	$ 2,080,424	0.80%
Payables under securitized lease receivables due within one year	41,055	37,707	436,806	0.23%
Total	¥ 236,594	¥ 240,681	$ 2,517,230	

(2) "Long-term Debt" as of March 31, 2013 and 2012 was as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	2013	2012	2013	2013
Long-term Debt				
Bonds payable	¥ 10,000	¥ —	$ 106,394	0.34%
Long-term Debt from banks and other financial institutions	286,099	345,702	3,043,933	0.74%
Payables under securitized lease receivables due over one year	22	1,077	237	4.21%
Total	¥ 296,121	¥ 346,780	$ 3,150,564	

(*1) IBJL Group has entered into overdraft contracts which provided IBJL Group with overdraft facilities with 61 and 47 financial institutions as of March 31, 2013 and 2012 amounting to ¥522,380 million ($5,557,825 thousand) and ¥372,680 million, respectively. The unused facilities maintained by IBJL Group as of March 31, 2013 and 2012 amounted to ¥299,334 million ($3,184,752 thousand) and ¥219,569 million, respectively.

(*2) "Payables under securitized lease receivables" is a type of financing based on the law for the regulation of specific claims. The lease receivables sold under this law as of March 31, 2013 and 2012 were ¥43,939 million ($467,486 thousand) and ¥45,167 million, respectively.

(*3) The aggregate annual maturities of "Long-term Debt" as of March 31, 2013 were as follows:

	Millions of yen	Thousands of U.S. dollars
Year Ending March 31	2013	2013
2015	¥ 129,233	$ 1,374,971
2016	91,371	972,135
2017	36,305	386,272
2018	14,563	154,947
2019 and thereafter	24,647	262,239
Total	¥ 296,121	$ 3,150,564

8. Retirement Benefits for Employees

(1) IBJL and certain consolidated subsidiaries have a corporate pension plan and/or lump-sum severance payment plan as a defined benefit type of a retirement benefits plan as well as a corporate pension plan as a defined contribution type of a retirement benefits plan. There are some cases in which extra retirement benefits are paid to employees when they retire.

(2) The liability for employees' retirement benefits at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Projected benefit obligations	¥ (5,348)	¥ (4,987)	$ (56,903)
Plan assets	2,910	2,528	30,970
Unfunded projected benefit obligations	(2,437)	(2,459)	(25,933)
Unrecognized actuarial differences	101	310	1,079
Unrecognized prior service costs	—	—	—
Net retirement benefits obligations	(2,336)	(2,148)	(24,854)
Retirement benefits for employees	¥ (2,336)	¥ (2,148)	$ (24,854)

(*1) Certain consolidated subsidiaries which have lump-sum severance payment plans use the simplified method in determining the projected benefit obligations.

(3) The components of net periodic benefit costs for the years ended March 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service Costs	¥ 310	¥ 198	$ 3,301
Interest Costs	61	56	656
Expected Return on Plan Assets	(23)	(9)	(252)
Amortization of Actuarial Differences	34	(4)	370
Prior Service Costs	—	1	—
Payment of employer contributions to the defined contribution pension plan	56	55	599
Net Retirement Benefits Expenses	¥ 439	¥ 297	$ 4,674

Service Costs include retirement benefits expenses of certain consolidated subsidiaries which use the simplified methods.

(4) Assumptions used in calculation of the above information were as follows:

	2013	2012
Discount rate	1.22-1.40%	1.22-1.40%
Expected rate of return on plan assets	0.89-2.50%	0.42-2.50%
Allocation method for estimated retirement benefits	Periodic Straight-line method	Periodic Straight-line method
Amortization period of prior service costs	—	5 or 10 years
Amortization period of unrecognized actuarial differences	From 10 to 15 years	From 10 to 15 years

9. Income Taxes

IBJL is subject to a number of taxes based on income, which, in the aggregate, indicate the normal effective statutory tax rate in Japan of approximately 38.0% for the year ended March 31, 2013 and 40.7% for the year ended March 31, 2012.

Deferred Tax Assets and Liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred Tax Assets:			
Allowance for Doubtful Receivables	¥ 3,917	¥ 3,978	$ 41,679
Depreciation	1,365	1,628	14,525
Retirement Benefits for Employees	390	386	4,158
Write-off of Securities	320	549	3,413
Accrued Enterprise Tax	280	202	2,984
Other	2,103	1,990	22,382
Deferred Tax Assets Subtotal	8,378	8,736	89,141
Valuation Allowance	(622)	(611)	(6,626)
Total Deferred Tax Assets	7,755	8,124	82,515
Deferred Tax Liabilities:			
Net unrealized gain on Available-for-sale securities	(1,381)	(525)	(14,697)
Investments in Lease	(568)	(836)	(6,046)
Other	(209)	(260)	(2,232)
Total Deferred Tax Liabilities	(2,159)	(1,622)	(22,975)
Net Deferred Tax Assets	¥ 5,596	¥ 6,502	$ 59,540

Balance reported on the Consolidated Balance Sheets:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred Tax Assets:			
Current Assets	¥ 1,801	¥ 2,698	$ 19,167
Investments and Other Assets	3,841	4,097	40,867
Deferred Tax Liabilities			
Current Liabilities	(46)	(293)	(494)
Net Deferred Tax Assets	¥ 5,596	¥ 6,502	$ 59,540

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying Consolidated Statement of Income for the year ended March 31, 2012 was as follows:

	2012
Normal effective statutory tax rate	40.7%
Increase (decrease) due to:	
Amortization of goodwill	0.3
Valuation allowance	(1.2)
Change of statutory tax rate	7.8
Impact of sales of Investment Securities	6.8
Other	(1.1)
Actual effective tax rate	53.3%

Such information for the year ended March 31, 2013 is not presented as the difference is less than 5% of the effective statutory tax rate.

10. Commitments and Contingent Liabilities

(1) Commitments

IBJL Group had loan commitment agreements as of March 31, 2013 and 2012 amounting to ¥16,002 million ($170,263 thousand) and ¥33,225 million, respectively. The loans provided under these credit facilities as of March 31, 2013 and 2012 amounted to ¥2,290 million ($24,373 thousand) and ¥4,705 million, respectively. Many of these facilities expire without being utilized and the related borrowings are subject to periodic reviews of the borrowers' credibility. Any unused amount will not necessarily be utilized in full.

(2) Contingent Liabilities

Contingent Liabilities as of March 31, 2013 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Guarantee Obligations with respect to operating activities (*1)	¥ 25,528	$ 271,608
Other Guarantee Obligations	6,484	68,992
Accruals for Debt Guarantees	(101)	(1,084)
Total	¥ 31,911	$ 339,516

(*1) The amount includes bank loans and trade receivables provided by Mizuho Corporate Bank, Ltd. and others, which are guaranteed by IBJL Group.

11. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividends upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Audit & Supervisory Board members, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if IBJL has prescribed so in its articles of incorporation. However, IBJL cannot do so because it does not meet (4) of the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserves and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserves may be reversed without limitation. The Companies Act also provides that common stock, legal reserves, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

12. Selling, General and Administrative Expenses

Major components of Selling, General and Administrative expenses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Provision for Doubtful Receivables	¥ 415	¥ 6,100	$ 4,417
Write-off of Bad Debts	3,567	15	37,958
Provision for Debt Guarantees	13	—	148
Salaries and Wages	7,273	5,480	77,388
Provision for Bonuses Payments	645	422	6,868
Provision for Bonuses Payments to Directors	65	37	698
Retirement Benefits Expenses for Employees	439	297	4,674
Retirement Allowance for Directors and Audit & Supervisory Board members	28	70	305
Depreciation of Software	1,711	1,138	18,209
Depreciation for Own-used Assets	230	264	2,452

13. Segment Information

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures", an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments of IBJL

The reportable segments of IBJL Group are those for which separate financial information is available and regular evaluation by IBJL management is being performed in order to decide how resources are allocated among the IBJL Group.

IBJL Group provides total financial services to a wide range of customers from large companies to small and medium-sized companies. IBJL Group has four business segments based on the services: "Leasing", "Installment Sales", "Loans" and "Other".

The Leasing segment is engaged in leasing services (leasing and renting) for industrial machinery, transportation equipment and information-related equipment (including sales of subject properties upon expiration or cancellation of lease agreements). The Installment Sales segment is engaged in installment sales of production equipment, construction and engineering machinery, and commercial equipment. The Loans segment is engaged in corporate finance, vessel finance and factoring services. The Other segment is engaged in investing in securities which are held for the purpose of generating operational revenues, as well as engaged in insurance agent services and assurance services.

(2) Methods of measurement for the amounts of sales, profit, assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies". As mentioned in Note 3, "Accounting Change", effective from the fiscal year ended March 31, 2013, following the revision of Corporation Tax Law, own-used depreciable assets of IBJL and its domestic consolidated subsidiaries acquired on or after April 1, 2012 are depreciated under the depreciation method stipulated in the revised Corporation Tax Law. The effect of the change is immaterial.

(3) Information about sales, profit (loss), assets, liabilities and other items for the years ended March 31, 2013 and 2012 was as follows:

Millions of yen

2013	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	¥ 327,324	¥ 15,110	¥ 6,979	¥ 3,077	¥ 352,492	¥ —	¥ 352,492
Intersegment sales and transfers	180	312	239	75	808	(808)	—
Total	327,505	15,423	7,218	3,153	353,300	(808)	352,492
Operating Expenses	308,499	14,547	8,803	2,402	334,253	3,573	337,826
Segment Profit (Loss)	¥ 19,006	¥ 875	¥ (1,584)	¥ 750	¥ 19,047	¥ (4,381)	¥ 14,665
Segment Assets	¥ 824,789	¥ 126,704	¥ 347,920	¥ 53,831	¥ 1,353,245	¥ 19,000	¥ 1,372,246
Others							
Depreciation and Amortization	12,314	—	—	—	12,314	1,941	14,256
Capital Expenditure	17,857	—	—	—	17,857	1,513	19,370

Millions of yen

2012	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	¥ 249,487	¥ 11,544	¥ 6,255	¥ 2,778	¥ 270,066	¥ —	¥ 270,066
Intersegment sales and transfers	146	61	198	70	476	(476)	—
Total	249,634	11,605	6,454	2,848	270,543	(476)	270,066
Operating Expenses	234,694	11,023	8,306	1,653	255,677	3,696	259,374
Segment Profit (Loss)	¥ 14,939	¥ 582	¥ (1,851)	¥ 1,195	¥ 14,865	¥ (4,173)	¥ 10,691
Segment Assets	¥ 813,312	¥ 127,372	¥ 321,202	¥ 55,995	¥ 1,317,881	¥ 15,081	¥ 1,332,963
Others							
Depreciation and Amortization	7,929	—	—	—	7,929	1,403	9,332
Capital Expenditure	26,233	—	—	—	26,233	4,162	30,396

Thousands of U.S. dollars

2013	Reportable segment						
	Leasing	Installment sales	Loans	Other	Total	Reconciliations (*1)(*2)(*3)	Consolidated (*4)
Sales:							
Sales to external customers	$ 3,482,549	$ 160,771	$ 74,256	$ 32,746	$ 3,750,322	$ —	$ 3,750,322
Intersegment sales and transfers	1,925	3,322	2,543	808	8,598	(8,598)	—
Total	3,484,474	164,093	76,799	33,554	3,758,920	(8,598)	3,750,322
Operating Expenses	3,282,259	154,779	93,661	25,565	3,556,264	38,020	3,594,284
Segment Profit (Loss)	$ 202,215	$ 9,314	$ (16,862)	$ 7,989	$ 202,656	$ (46,618)	$ 156,038
Segment Assets	$ 8,775,290	$ 1,348,061	$ 3,701,675	$ 572,736	$14,397,762	$202,159	$14,599,921
Others							
Depreciation and Amortization	131,015	—	—	—	131,015	20,661	151,676
Capital Expenditure	189,992	—	—	—	189,992	16,103	206,095

(*1) The details of Reconciliations to Segment Profit for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Elimination of intersegment transactions	¥ (353)	¥ (112)	$ (3,764)
Administrative expenses not allocated to the reportable segments	(4,027)	(4,060)	(42,854)
Total	¥ (4,381)	¥ (4,173)	$ (46,618)

(*2) The details of Reconciliations to Segment Assets as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Elimination of intersegment transactions	¥ (5,688)	¥ (6,486)	$ (60,518)
Corporate assets not allocated to the reportable segments	24,688	21,568	262,677
Total	¥ 19,000	¥ 15,081	$ 202,159

(*3) Reconciliations of "Depreciation and Amortization" and "Capital Expenditure" are related to corporate assets not allocated to the reportable segments.

(*4) Segment Profits are reconciled to Operating Income in the Consolidated Statement of Income.

(4) Impairment loss of long-lived assets or goodwill per reportable segment:
Not applicable

14. Lease Transactions

Finance Lease as lessee

Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 was as follows:

Acquisition cost, accumulated depreciation and net leased property:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Acquisition cost	¥ —	¥ 38	$ —
Accumulated depreciation	—	(36)	—
Net leased property	¥ —	¥ 1	$ —

Obligations under finance lease:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ —	¥ 1	$ —
Due after one year	—	—	—
Total	¥ —	¥ 1	$ —

Lease expenses and depreciation equivalents:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Lease Expenses	¥ 1	¥ 3	$ 16
Depreciation Equivalents	1	3	16

(*1) Interest expense is included in acquisition costs equivalents and depreciation equivalents, as the proportion of future lease payments to the balance of Property and Equipment is not significant.

(*2) Depreciation equivalents were calculated using the straight-line method over the lease period with no residual value.

Operating Lease as lessee

The minimum rental commitments under non-cancellable operating lease at March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ 7	¥ 9	$ 82
Due after one year	6	3	71
Total	¥ 14	¥ 12	$ 153

Finance lease as lessor

(1) The net investments in lease were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Lease contract receivables	¥ 721,924	¥ 722,485	$ 7,680,865
Estimated residual value	1,876	1,606	19,970
Interest income equivalents	(29,743)	(38,251)	(316,456)
Total	¥ 694,057	¥ 685,840	$ 7,384,379

(2) Maturities of Lease Receivables for finance lease that were deemed to transfer ownership of the leased property to the lessee were as follows:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
2014	¥ 9,622	$ 102,383
2015	7,916	84,224
2016	7,170	76,287
2017	7,311	77,786
2018	3,462	36,841
2019 and thereafter	1,416	15,069
Total	¥ 36,899	$ 392,590

(3) Maturities of Investments in Lease for finance lease that were deemed not to transfer ownership of the leased property to the lessee were as follows:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
2014	¥ 253,853	$ 2,700,853
2015	172,272	1,832,878
2016	126,994	1,351,146
2017	81,220	864,142
2018	40,810	434,198
2019 and thereafter	46,773	497,648
Total	¥ 721,924	$ 7,680,865

(4) The beginning balance of Investments in Lease for finance lease that were deemed not to transfer ownership of the leased property to the lessee and whose lease inception was before March 31, 2008, is an amount equal to the net carrying value (net of accumulated depreciation) of lease assets at the end of the preceding year in the year of initial application of the new accounting standard. Interest income equivalents for Investments in Lease (assets) are allocated on a straight-line basis over the remaining useful life of the assets after the initial application of the new accounting standard.

The effect of this accounting treatment was to increase Operating Income, and Income before Income Taxes and Minority Interests by ¥1,658 million ($17,641 thousand), compared to the case if the new accounting standard would have been retrospectively applied to all prior years up to the date of lease inception.

Operating leases as lessor

Future lease receivables under non-cancelable operating lease were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ 13,012	¥ 16,135	$ 138,446
Due after one year	20,968	20,357	223,088
Total	¥ 33,980	¥ 36,492	$ 361,534

Sub-lease transactions

Among the receivables and obligations relating to the sub-lease transactions, the amounts before deducting interest equivalents and included in the Consolidated Balance Sheet as of March 31, 2013 were summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Investments in Lease	¥ 13,217	$ 140,632
Lease Payable	14,061	149,604

15. Financial Instruments and related disclosures

(1) Policy for financial instruments

IBJL Group provides comprehensive financial services including leasing, installment sales and loans. From the perspective of financial stability, IBJL Group diversifies its funding sources. In addition to the indirect funding from financial institutions, IBJL Group utilizes direct funding such as issuing bonds, commercial paper and securitization of lease receivables. In relation to the maturity of funding, IBJL Group makes effort to reduce finance costs by mixing the long-term and short-term loans, depending upon the financial environment. Further, IBJL Group implements integrated Asset-Liability Management (ALM). Derivatives are used to avoid fluctuation risks such as interest rates and to secure stable profits.

(2) Nature and extent of risks arising from financial instruments

Financial assets held by IBJL Group mainly consist of lease receivables and investments in lease, installment sales receivables, loans receivables, and factoring receivables mainly due from domestic business companies. These assets are exposed to the credit risks triggered by a contractual default of a counterparty to the transactions. In the case of deterioration in the credit conditions of counterparties caused by a change in economic conditions or the environment, it is possible that the performance of obligations under the contract may not be fulfilled. In addition, marketable securities and investment securities are mainly comprised of stocks, bonds, preferred equities and investments in partnerships. Stocks are held for the purpose of strengthening relationships with trade customers and financial institutions and are exposed to market price fluctuation risks in addition to the credit risk of issuers of the stocks. Bonds consist of specified bonds, etc., under the Asset Liquidation Law. Similarly, preferred stocks and investments in partnerships represent equity mainly in real estate securitization vehicles. Because these investments are backed by the profits generated by real estate, they are exposed to the risk of price fluctuations in the real estate market.

Borrowings, bonds and commercial paper are exposed to the liquidity risk that agile access to funds may close due to a change in the financial market environment. Interest rate swap transactions are employed for floating interest rate funding to avoid interest rate fluctuation risk.

Derivative transactions are mainly composed of interest rate swaps arranged as a part of ALM. IBJL Group enters into interest rate swap transactions as a hedging instrument and applies hedge accounting to the interest rate fluctuation risk associated with interest bearing debt such as bank loans. It is IBJL Group policy to utilize hedge transactions within the level of subject debt to reduce interest rate risks and to improve cash flow from financial activities. The effectiveness of the hedge transactions are assessed by comparing the changes in the market price and cumulative cash flows between the hedging instrument and the hedged item from the beginning of the hedge to the time of assessment.

IBJL Group utilizes derivative transactions such as Non-deliverable forwards and foreign currency forward contracts for exchange risks associated with other certain assets and liabilities denominated in foreign currencies in order to avoid excessive risks.

(3) Risk management for financial instruments

(a) Integrated risk management

IBJL Group places an extremely high priority on integrated monitoring and control of total financial risks including credit risks and market risks which consist of interest rate risk and share price fluctuation risk. Thus IBJL Group incorporates an integrated risk management system into our management policy in order to improve the stability of business. Namely, IBJL Group manages various quantified risks in an integrated fashion to control the total amount of risks under a certain level of net equity (business capacity) of the company. In addition, the measurement of risks is made monthly and the monitoring results are reported to the Board of Directors.

(b) Credit risk management

IBJL Group aims to minimize credit costs by optimizing its credit management structure at all stages of each transaction, from entrance to exit to manage the credit risks of business partners.

Firstly, at the initial stage of deal execution, IBJL Group grants a credit rating for each debtor under client credit rating system and conducts a strict credit screening, makes judgments on contract arrangement based on the prospects of future value of leasing assets and, from the perspective of the avoidance of excessive concentrations of credit, IBJL Group monitors credit administration ceiling by using our credit monitoring systems by ratings. Furthermore, when IBJL Group starts dealing with new services or new products, IBJL Group thoroughly reviews the identification and evaluation of inherent risks made by the New Product Committee, whose members include executives in charge of control units. Any large contract and matters requiring complex risk judgment are deliberated and decided by the Credit Committee, whose members include the representative director and executives in charge of screening. By these means, IBJL Group reinforces risk management. Additionally, as an ongoing management measure IBJL Group provides necessary write-offs or allowances in accordance with the self-assessment rules for assets conforming to the financial inspection manual published by the Financial Services Agency, as recommended by "Temporary treatment of accounting and auditing on the application of accounting standard for financial instruments in the leasing industry". Furthermore, regarding credit risk management for the portfolio as a whole, through the quantification of the volume of the risk based on the credit rating of business customers, IBJL Group endeavors to minimize credit costs. Also, IBJL Group periodically follows up on non-performing assets and performs debt collection of assets for which IBJL Group has already provided reserves to facilitate final disposal of non-performing assets.

(c) Market risk management

IBJL Group resolves basic policies (e.g., funding policy, setting program for commercial paper, hedging policy, securities trading policy) that are designed based on market environments and financial strength at the Board of Directors meeting to control risks in line with financial operations. In addition, monthly ALM operating policies based on the basic policies, various kinds of position limits, and loss limits, etc. are determined on a monthly basis at the ALM Committee meeting, whose members include executives in charge of relevant departments, and IBJL Group strives to maintain stable earnings by controlling risk factors. Also, with regard to market transactions, in order to maintain a mutual check system, IBJL Group separately established the risk control department that is independent from departments that are responsible for executions or for approval of delivery settlement.

(i) Interest rate risk management

In order to manage interest rate risk, IBJL Group monitors the matching ratio (i.e., proportion of assets that is not exposed to interest rate fluctuation risk without allocation of the matching fixed/floating interest bearing debt to entire assets) under ALM. Also, IBJL Group quantifies the interest rate and maturity of financial assets and liabilities based on *BPV (Basis Point Value). IBJL Group analyzes and monitors them using a statistical technique such as *VaR (Value at Risk).

In addition, the status of compliance to the rules etc. is managed by the risk control department.

Sensitivity to interest rate (10BPV) interest rate risk volume (VaR) figures in IBJL Group as of March 31, 2013 and 2012 are as shown below. The Internal Models Approach applied to measure VaR is based on the assumption that past price fluctuation follows normal distribution and the model calculates variance and covariance, based on which IBJL Group estimates maximum losses statistically (variance/covariance method).

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Sensitivity to interest rate (10BPV)	¥ (1,380)	¥ (1,310)	$ (14,682)
Interest rate risk volume (VaR)	¥ 880	¥ 940	$ 9,363

VaR measurement method is as follows:

Variance covariance model for linear risk

Quantitative criteria;

(1) Confidence interval: 99%;

(2) Holding period of 1 month; and

(3) Historical observation period of one year.

(ii) Price fluctuation risk management of securities such as stock

Relating to the price fluctuation risk of securities, the risk management department captures the volume of the risk using VaR. In addition, it monitors the status of compliance with our internal rules.

VaR measurements in IBJL Group are shown below. To measure the VaR, IBJL Group created a model that shows price fluctuation of each stock based on the stock price index fluctuation. IBJL Group adopted the stock price fluctuation model that sets the stock price index fluctuation ratio represented by the risk factor of general market risk. Also, the inherent fluctuation portion of each stock that is unable to be shown by the stock price index is set as a risk factor of individual risk in our model.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Price variation risk of stock (VaR)	¥ 2	¥ 450	$ 27

(Note) VaR value shown above reflects annual realized profit or loss (including impairment loss) and unrealized profit or loss, net of corporate income taxes.

VaR measurement method is as follows:

Quantitative criteria;

(1) Confidence interval: 99%;

(2) Holding period of 1 month; and

(3) Historical observation period of one year.

Market price at the measurement date is employed for marketable securities. Acquisition costs or amortized cost method is used for other securities. General market risk (risk of suffering losses due to stock market movement) and individual risk (price variance risk due to factors associated with the issuer of stock) are calculated and combined. Individual risk for non-marketable securities is calculated assuming that the fluctuation ratio is 8%.

(iii) Derivative transactions

The derivative transactions carried out by IBJL Group mainly consist of interest rate swaps, entered as a part of ALM, to hedge the interest rate fluctuation risks. The operating policy of hedging is determined at the monthly ALM council to control the risk of assets exposed to interest rate fluctuation. Also, from the operational control perspective, in order to ensure a checking function, IBJL Group adopts an organization clearly separated the transaction execution department from the market risk control department which is responsible for evaluation of the effectiveness of hedging transactions and the operations department which is responsible for delivery settlement. For the use of derivative transactions, IBJL Group enters into such transactions only with major financial institutions in order to mitigate counterparty risks.

(d) Other price fluctuation risk management

The risk mainly consists of real estate price fluctuation risks for specified bonds, preferred shares, investments in partnerships and non-recourse loans relating to a real estate finance vehicle. The risk is managed by estimating the fair value of real estate at exit and monitoring the quantified risk for loss of principal.

(e) Liquidity risk management

IBJL Group manages liquidity risk by diversifying the method of funding and balancing its long-term and short-term funding needs, depending upon the market environment.

(4) Supplemental explanation for quantitative information concerning market risk

Because quantitative information concerning market risk is based on statistical assumptions, the quantitative information may differ depending upon the quantitative basis and measurement method assumed. Also, the quantitative information is a statistical result based on certain assumptions. It is not intended to show the expected maximum losses. Because future market situations may differ considerably from past situations, there are many limitations of the quantitative data that are estimated using observation values of past data.

(Glossary)

*BPV: BPV is one of the interest rate risk indices indicating the change in present value of subject assets or liabilities given a basis point (0.01%) change in interest rates. IBJL Group adopts 10 basis points (0.1%) as the basis for change of value.

*VaR: VaR is a technique for estimating the probable maximum portfolio losses as a volume of risk when the market is affected adversely based on the statistical analysis of historical data under a given time and probability (99% one sided confidence interval).

(5) Supplemental explanation for fair values of financial instruments

Fair values of financial instruments are based on the quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Such prices have been calculated using certain assumptions, and may differ if calculated based on different assumptions.

(a) Fair values of financial instruments

Millions of yen

March 31,	2013			2012		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Cash and Cash Equivalents	¥ 29,245	¥ 29,245	¥ —	¥ 39,900	¥ 39,900	¥ —
Securities (*1) Available-for-sale securities	25,914	25,914	—	20,356	20,356	—
Lease Receivables and Investments in Lease (*2) (*3) (*4) (*5)	721,308	732,969	11,660	696,309	708,210	11,901
Installment Sales Receivables (*2) (*6)	113,688	116,801	3,113	111,832	115,141	3,309
Loans Receivables (*2)	210,414	220,857	10,443	221,622	235,626	14,004
Factoring Receivables (*2) (*7)	106,718	108,597	1,879	67,716	68,715	998
Long-term Receivables (*8)	15,363	15,363	—	15,827	15,827	—
Assets total	¥ 1,222,652	¥ 1,249,749	¥ 27,096	1,173,564	1,203,778	30,214
Short-term Borrowings	¥ 643,748	¥ 643,761	¥ (13)	¥ 546,019	¥ 546,035	¥ (15)
Lease Payable	14,062	14,046	15	19,229	19,116	112
Accounts Payable — trade	59,769	59,262	506	68,877	68,580	296
Long-term Debt (*9)	532,715	534,164	(1,448)	587,461	590,251	(2,789)
Liabilities total	¥ 1,250,295	¥ 1,251,235	¥ (939)	¥ 1,221,588	¥ 1,223,984	¥ (2,396)
Hedge accounting is not applied (*10)	¥ (406)	¥ (406)	¥ —	¥ (46)	¥ (46)	¥ —
Hedge accounting is applied (*10)	(184)	(184)	—	(65)	(65)	—
Derivative transactions total	¥ (591)	¥ (591)	¥ —	¥ (112)	¥ (112)	¥ —

Thousands of U.S. dollars

March 31,	2013		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and Cash Equivalents	$ 311,161	$ 311,161	$ —
Securities (*1) Available-for-sale securities	275,713	275,713	—
Lease Receivables and Investments in Lease (*2) (*3) (*4) (*5)	7,674,316	7,798,379	124,063
Installment Sales Receivables (*2) (*6)	1,209,580	1,242,702	33,122
Loans Receivables (*2)	2,238,685	2,349,801	111,116
Factoring Receivables (*2) (*7)	1,135,420	1,155,415	19,995
Long-term Receivables (*8)	163,454	163,454	—
Assets total	$ 13,008,329	$ 13,296,625	$ 288,296
Short-term Borrowings	$ 6,849,115	$ 6,849,259	$(144)
Lease Payable	149,612	149,445	167
Accounts Payable — trade	635,911	630,522	5,389
Long-term Debt (*9)	5,667,794	5,683,201	(15,407)
Liabilities total	$ 13,302,432	$ 13,312,427	$ (9,995)
Hedge accounting is not applied (*10)	$ (4,327)	$ (4,327)	$ —
Hedge accounting is applied (*10)	(1,964)	(1,964)	—
Derivative transactions total	$ (6,291)	$ (6,291)	$ —

(*1) Securities include Marketable Securities, Operational Investment Securities and Investment Securities.
(*2) Lease Receivables and Investments in Lease, Installment Sales Receivables, Loans Receivables and Factoring Receivables are stated net of Allowance for Doubtful Receivables.
(*3) Investments in Lease are stated net of estimated residual value of lease assets for finance lease that were deemed not to transfer ownership of the leased property to the lessee.
(*4) The beginning balance of Investments in Lease for finance lease that were deemed not to transfer ownership of the leased property to the lessee and whose lease inception was before March 31, 2008, is an amount equal to the net carrying value (net of accumulated depreciation) of lease assets at the end of the preceding year in the year of initial application of the new accounting standard. Therefore, the carrying amount is different from the amount that is expected to be recovered.
(*5) Unearned lease payments received are not included in Lease Receivables and Investments in Lease.
(*6) Installment Sales Receivables are stated net of Deferred Profit on Installment Sales.
(*7) Factoring Receivables whose fair values are not measured under disclosure requirements in Japan are not included in the above table.
(*8) Long-term Receivables are stated net of Allowance for Doubtful Receivables.
(*9) Current Portion of Long-term Debt is included.
(*10) Assets and liabilities incurred resulting from derivative transactions are netted and liability items are presented in parenthesis.

Methods for determining the fair values of financial instruments are as follows:

(a) Cash and Cash Equivalents
The carrying values of bank deposits approximate fair values because of their short maturities.

(b) Marketable Securities, Operational Investment Securities and Investment Securities
The fair values of securities are measured at the quoted market price of the stock exchange for the equity instruments. The fair values of bonds are measured at the quoted price obtained from the financial institution for the debt instruments, or are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread. Fair value information for securities by classifications is included in Note 4. Marketable Securities, Operational Investment Securities and Investment Securities.

(c) Lease Receivables and Investments in Lease
The fair values of Lease Receivables and Investments in Lease are principally determined by discounting the future cash flows (lease payments received less maintenance fees), by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(d) Installment Sales Receivables
The fair values of Installment Sales Receivables are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(e) Loans Receivables and Factoring Receivables
The fair values of Loans Receivables and Factoring Receivables are determined by discounting the future cash flows, by credit risk categories for risk management, at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(f) Long-term Receivables
The carrying values of Long-term Receivables at the balance sheet date (net of Allowance for Doubtful Receivables) approximate their fair values, because the Allowance for Doubtful Receivables is determined based on the amount that is expected to be recovered from collateral and guarantees.

(g) Short-term Borrowings
The fair values of Short-term Borrowings are measured at the amount of principal plus interest to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(h) Lease Payable
The fair values of Lease Payable are principally determined by discounting the future cash flows at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(i) Accounts Payable — trade
The carrying values of Accounts Payable - trade approximate fair values because they are settled within a short period. The fair values of long-term Accounts Payable are determined by discounting the future cash flows at an appropriate benchmark rate such as interbank market rate plus a credit spread.

(j) Long-term Debt
Bonds Payable
The fair values of Bonds Payable are measured at the amount of interest and principal to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

Long-term Debt from banks and other financial institutions
The fair values of Long-term Debt from banks and other financial institutions are measured at the amount of interest and principal to be paid at maturity discounted at an appropriate benchmark rate such as interbank market rate plus a credit spread.

Payables under Securitized Lease Receivables

The fair values of Long-term Debt under Securitized Lease Receivables are determined by discounting the future cash flows at an appropriate benchmark rate such as interbank market rate plus spread for securitization.

(b) Carrying amount of financial instruments whose fair values cannot be readily determined

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unlisted Stocks (*1) (*2)	¥ 7,123	¥ 6,095	$ 75,792
Funds, Investments in Partnerships (*3)	27,921	28,688	297,065
Preferred Equities (*4)	7,775	10,366	82,722
Other (*4)	800	271	8,517

(*1) As unlisted stocks do not have the quoted market price in an active market and whose fair values cannot be readily determined, they are excluded from the disclosure of market value information.
(*2) The impairment loss on certain unlisted stocks for the year ended March 31, 2013 and 2012 were ¥13 million ($143 thousand) and ¥24 million, respectively.
(*3) As investments in funds and partnerships are comprised of financial instruments whose fair values cannot be readily determined such as unlisted stocks, they are excluded from the disclosure of market value information.
(*4) As they do not have the quoted market price in an active market and whose fair values cannot be readily determined, they are excluded from the disclosure of market value information.

(6) Maturity analysis for financial assets and securities with contractual maturities

Millions of yen

March 31, 2013	Due in one year or less	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
Cash and Cash Equivalents	¥ 29,245	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale securities Bonds						
Corporate Bonds	—	4,000	—	—	2,138	300
Other	4,088	19,886	3,104	315	382	8,816
Lease Receivables and Investments in Lease	250,198	173,852	129,489	84,386	44,456	46,545
Installment Sales Receivables	47,399	27,425	18,507	12,356	6,231	2,420
Loans Receivables	51,473	33,087	44,627	28,649	26,182	28,938
Factoring Receivables (*1)	85,058	4,424	7,513	2,159	1,733	5,994
Total	¥ 467,464	¥ 262,676	¥ 203,241	¥ 127,867	¥ 81,124	¥ 93,015

Thousands of U.S. dollars

March 31, 2013	Due in one year or less	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
Cash and Cash Equivalents	$ 311,161	$ —	$ —	$ —	$ —	$ —
Securities						
Available-for-sale securities Bonds						
Corporate Bonds	—	42,558	—	—	22,747	3,192
Other	43,498	211,583	33,026	3,357	4,072	93,798
Lease Receivables and Investments in Lease	2,661,969	1,849,690	1,377,691	897,823	472,992	495,216
Installment Sales Receivables	504,309	291,788	196,910	131,467	66,296	25,756
Loans Receivables	547,645	352,037	474,809	304,817	278,567	307,891
Factoring Receivables (*1)	904,979	47,075	79,938	22,976	18,440	63,778
Total	$ 4,973,561	$ 2,794,731	$ 2,162,374	$ 1,360,440	$ 863,114	$ 989,631

(*1) Factoring Receivables whose fair values are not measured under disclosure requirements in Japan are not included in the above table.
(*2) Please see Note 7 for annual maturities of Long-term Debt.

16. Derivatives

Derivative transactions to which hedge accounting is not applied:

Millions of yen

At March 31	2013				2012			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency forward contracts:								
Selling U.S.$	¥ 202	¥ —	¥ (8)	¥ (8)	¥ 1,904	¥ —	¥ 198	¥ 198
Buying U.S.$	¥ 190	¥ —	¥ 8	¥ 8	¥ 1,904	¥ —	¥(198)	¥(198)
Non-deliverable forward: Selling Chinese Yuan	¥ 1,984	¥ 1,894	¥ (406)	¥ (406)	¥ 2,062	¥ 1,984	¥ (46)	¥ (46)

Thousands of U.S. dollars

At March 31	2013			
	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$	$ 2,155	$ —	$ (92)	$ (92)
Buying U.S.$	$ 2,025	$ —	$ 93	$ 93
Non-deliverable forward: Selling Chinese Yuan	$ 21,112	$ 20,157	$ (4,328)	$ (4,328)

(*1) The fair value of derivative transactions is measured at quoted prices obtained from financial institutions.
(*2) The contract amounts which are shown in the above tables are the notional amounts of derivatives and do not measure IBJL's exposure to credit or market risks.

Derivative transactions to which hedge accounting is applied:

Millions of yen

At March 31	2013				2012			
	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term Debt	¥ 62,153	¥ 54,631	¥ (181)	Long-term Debt	¥ 51,887	¥ 34,247	¥ (62)
	Operational Investment Securities	¥ 300	¥ 300	¥ (2)	Operational Investment Securities	¥ 300	¥ 300	¥ (3)

Thousands of U.S. dollars

At March 31	2013			
	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term Debt	$ 661,272	$ 581,243	$ (1,932)
	Operational Investment Securities	$ 3,192	$ 3,192	$ (32)

(*1) The fair value of derivative transactions is measured at quoted prices obtained from the financial institution.
(*2) The contract amounts which are shown in the above tables are the notional amounts of derivatives and do not measure IBJL's exposure to credit or market risks.

The following interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not re-measured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 15 is included in that of the hedged items (i.e. Long-term Debt).

Millions of yen

At March 31	2013			2012		
	Hedged item	Contract Amount	Contract Amount due after One Year	Hedged item	Contract Amount	Contract Amount due after One Year
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term Debt	¥ 123,381	¥ 78,388	Long-term Debt	¥ 142,141	¥ 106,554

Thousands of U.S. dollars

At March 31	2013		
	Hedged item	Contract Amount	Contract Amount due after One Year
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term Debt	$ 1,312,714	$ 834,013

17. Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unrealized Gain on Available-for-sale securities			
Gains arising during the year	¥ 3,126	¥ 508	$ 33,263
Reclassification adjustments to profit or loss	(655)	(605)	(6,971)
Amount before income tax effect	2,471	(97)	26,292
Income tax effect	856	(83)	9,109
Total	¥ 1,614	¥ (13)	$ 17,183
Deferred Loss on Derivatives under Hedge Accounting			
Losses arising during the year	¥ (181)	¥ (75)	$ (1,929)
Reclassification adjustments to profit or loss	62	71	660
Amount before income tax effect	(119)	(3)	(1,269)
Income tax effect	(44)	2	(468)
Total	¥ (75)	¥ (5)	$ (801)
Foreign Currency Translation Adjustments			
Adjustments arising during the year	¥ 713	¥ (139)	$ 7,586
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	713	(139)	7,586
Income tax effect	—	—	—
Total	¥ 713	¥ (139)	$ 7,586
Share of Other Comprehensive Income in associates			
Gains (Losses) arising during the year	¥ 136	¥ (82)	$ 1,452
Reclassification adjustments to profit or loss	—	33	—
Total	¥ 136	¥ (48)	$ 1,452
Total Other Comprehensive Income	¥ 2,389	¥ (207)	$ 25,420

18. Net Income per Share

Details of basic net income per share ("EPS") for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars	Millions of yen	Thousands of shares	Yen	U.S. dollars
For the year ended March 31	2013				2012			
	Net income	Weighted average shares	EPS		Net income	Weighted average shares	EPS	
Basic EPS								
Net income available to common shareholders	¥ 8,920	36,198	¥ 246.43	$ 2.62	¥ 4,296	36,198	¥ 118.71	$ 1.26

19. Effect of Bank Holiday

As financial institutions in Japan were closed on March 31, 2013, amounts that would normally have been settled on that day were collected or paid on the following business day, April 1, 2013. The effects of the settlements on April 1 instead of March 31 include the followings:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Receivables:		
Notes and Accounts Receivables	¥ 6	$ 74
Payables:		
Accounts Payable — trade	2,268	24,135
Other		
Notes Deposit for Installment Sales Receivables	473	5,041
Notes Deposit for Investments in Lease	91	971
Notes Deposit for other	401	4,274

20. Subsequent Events

Appropriation of Retained Earnings

On May 9, 2013, the Board of Directors of IBJL resolved to propose the payment of the year-end cash dividends to its shareholders registered as of March 31, 2013 as follows:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥ 26.00 ($0.28) per share	¥ 941	$ 10,013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of IBJ Leasing Company, Limited:

We have audited the accompanying consolidated balance sheet of IBJ Leasing Company, Limited and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IBJ Leasing Company, Limited and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2013

Member of
Deloitte Touche Tohmatsu Limited

Corporate Information

Corporate Profile (As of March 31, 2013)	
Company Name	IBJ Leasing Company, Limited
Head Office	2-6 Toranomon 1-chome, Minato-ku, Tokyo 105-0001, Japan Tel: +81-3-5253-6511 (main exchange)
Date of Establishment	December 1, 1969
Paid-in Capital	¥11,760,180,000
Number of Employees	Consolidated: 1,050 Non-consolidated: 529
Business Description	Integrated financial services (leasing, rental, installment sales, and financial services related to industrial equipment and machine tools, construction equipment, automobiles, vessels, aircraft, information equipment, medical equipment and real estate)

History	
December 1969	Pacific Lease Company, Limited is established under the initiative of The Industrial Bank of Japan, Ltd. (now Mizuho Bank, Ltd.) with the participation of life insurance companies and major companies representing Japanese industries.
January 1972	Begins vendor leases of construction equipment.
December 1972	Begins vessel financing overseas.
November 1981	Changes trading name to IBJ Leasing Company, Limited.
December 1982	Begins leveraged leasing of aircraft.
October 1985	Undertakes Japan's first rolling stock leasing.
July 1993	Undertakes securitization of lease receivables funding using a trust scheme.
April 1998	IBJ Auto Lease Company, Limited is established.
November 1998	Begins full-scale business in structured finance.
February 1999	Acquires Nissan Leasing Co., Ltd. from Nissan Motor Group.
June 2000	Acquires Saison Auto Lease Systems Co., Ltd. from Credit Saison Group (now, IBJ Auto Lease Company, Limited).
December 2000	Awarded ISO 9001 certification for management of business quality (all departments).
June 2001	Acquires Universal Leasing Co., Ltd. from Sankyu Group.
October 2004	Shares listed on the Second Section of the Tokyo Stock Exchange.
September 2005	Designated an issue on the First Section of the Tokyo Stock Exchange.
October 2005	KL Insurance & Co., Ltd. is spun off as a subsidiary specializing in life insurance sales.
March 2006	Acquires Dai-ichi Leasing Co., Ltd. from the Dai-ichi Mutual Life Insurance Group.
September 2006	Acquires The Higashi-Nippon Leasing Corporation from Higashi-Nippon Bank Group.
March 2007	Acquires The Toho Lease Co., Ltd. (Toho Bank Group), making this company an equity-method affiliate.
March 2008	Awarded certification under the ISO 14001 standard for environmental management. (all departments and major domestic Group companies)
July 2008	Acquires Juhachi Sogo Lease Co., Ltd. (The Eighteenth Bank Group), making this company an equity-method affiliate. IBJ Leasing (China) Ltd. is established.
August 2010	PT. IBJ VERENA FINANCE is established in Jakarta, Indonesia.
February 2012	Acquires TF Asset Service Co., Ltd. (now, IBJL-TOSHIBA Leasing Company, Limited and a consolidated subsidiary), a receiver company succeeding the corporate financial services business split off from Toshiba Finance Corporation Acquires Toshiba Medical Finance Co., Ltd (now, a consolidated subsidiary)

Stock Information

(As of March 31, 2013)

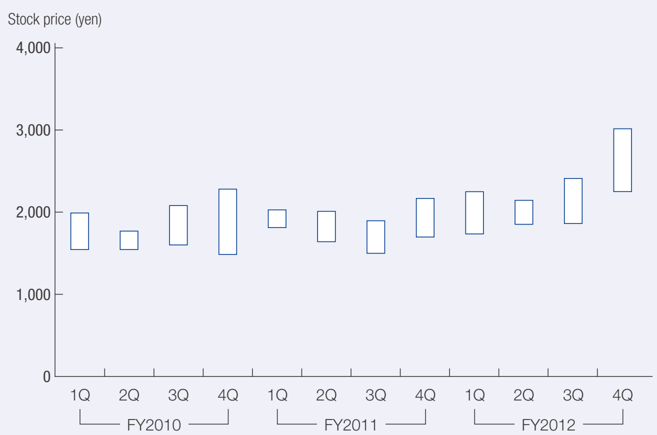
Number of Shares Authorized	140,000,000
Number of Shares Issued	36,849,000
Number of Shareholders	14,990

Major Shareholders

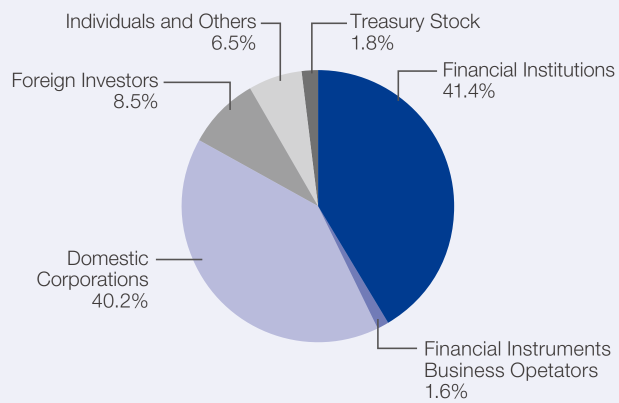
Shareholders	Number of Shares Held (1,000 shares)	Shareholding Ratio* (%)
The Dai-ichi Life Insurance Company, Limited	2,930	7.95
Trust & Custody Services Bank, Ltd. (Nissan Motor Co., Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.)	1,750	4.74
Mizuho Corporate Bank, Ltd.	1,626	4.41
Jowa Holdings Co., Ltd.	1,546	4.19
Japan Trustee Services Bank, Ltd. (Trust Account)		3.52
Meiji Yasuda Life Insurance Company	1,251	3.39
DOWA HOLDINGS Co., Ltd.	1,120	3.03
NIPPON STEEL KOWA REAL ESTATE CO., LTD.	975	2.64
The Kyoritsu Co., Ltd.	949	2.57
Toshiba Corporation	900	2.44
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	742	2.01
Nippon Life Insurance Company	720	1.95
Tosoh Corporation	720	1.95
Fuji Heavy Industries Ltd.	720	1.95
The Master Trust Bank of Japan, Ltd. (Trust Account)	677	1.83
Credit Saison Co., Ltd.	670	1.81
The Shiga Bank, Ltd.	670	1.81
Iino Kaiun Kaisha, Ltd.	666	1.80
Sompo Japan Insurance Inc.	600	1.62
The Tokyo Tomin Bank, Limited	500	1.35

*Percentage of the total number of shares issued.
*Treasury shares of 650 thousand are excluded from the above table.

Stock Performance



Distribution of Shareholders



Headquarters and Branches

(As of July 31, 2013)

Head Office	2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001	TEL. +81-3-5253-6511	FAX. +81-3-5253-6501
Sapporo Branch	2, Kita 1 Nishi 5, Chuo-ku, Sapporo, Hokkaido 060-0001	TEL. +81-11-231-1341	FAX. +81-11-231-5727
Sendai Branch	4-1, Ichiban-cho 2-chome, Aoba-ku, Sendai, Miyagi 980-0811	TEL. +81-22-223-2611	FAX. +81-22-266-9556
Omiya Branch	96-1, Miyacho 2-chome, Omiya-ku, Saitama, Saitama 330-0802	TEL. +81-48-631-0751	FAX. +81-48-631-0754
Niigata Branch	866, Rokuban-cho, Nishihori-dori, Chuo-ku, Niigata, Niigata 951-8061	TEL. +81-25-229-7800	FAX. +81-25-229-7741
Toyama Branch	5-13, Sakurabashi-dori, Toyama, Toyama 930-0004	TEL. +81-76-444-1080	FAX. +81-76-444-1083
Shizuoka Branch	5-9, Miyuki-cho, Aoi-ku, Shizuoka, Shizuoka 420-0857	TEL. +81-54-205-3330	FAX. +81-54-205-3331
Nagoya Branch	11-11, Nishiki 1-chome, Naka-ku, Nagoya, Aichi 460-0003	TEL. +81-52-203-5891	FAX. +81-52-203-9025
Kyoto Branch	659, Tearaimizu-cho, Nishikikozi-agaru, Karasuma-dori, Nakagyo-ku, Kyoto, Kyoto 604-8152	TEL. +81-75-223-1545	FAX. +81-75-223-1571
Osaka Business Dept.	1-1, Koraibashi 4-chome, Chuo-ku, Osaka, Osaka 541-0043	TEL. +81-6-6201-3981	FAX. +81-6-6222-2541
Kobe Branch	69, Kyomachi, Chuo-ku, Kobe, Hyogo 650-0034	TEL. +81-78-392-5440	FAX. +81-78-392-5441
Hiroshima Branch	1-22, Kamiyacho 2-chome, Naka-ku, Hiroshima, Hiroshima 730-0031	TEL. +81-82-249-4435	FAX. +81-82-249-8232
Takamatsu Branch	6-8, Bancho 1-chome, Takamatsu, Kagawa 760-0017	TEL. +81-87-823-7321	FAX. +81-87-823-7324
Fukuoka Branch	13-2, Tenzin 1-chome, Chuo-ku, Fukuoka, Fukuoka 810-0001	TEL. +81-92-714-5671	FAX. +81-92-715-0553

Major Group Companies

(As of July 31, 2013)

	Paid-in Capital or Investment	Business Activity	Ownership
Network in Japan			
IBJL-TOSHIBA Leasing Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6700	¥1,520 million	General leasing	90%
Dai-ichi Leasing Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-3501-5711 FAX. +81-3-3501-5748	¥2,000 million	General leasing	90%
Nissan Leasing Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6830 FAX. +81-3-5253-6828	¥10 million	General leasing	100%
IBJ Auto Lease Company, Limited 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6800 FAX. +81-3-5253-6805	¥386 million	Auto leasing	100%
Toshiba Medical Finance Co., Ltd. 15-2, Hongo 3-chome, Bunkyo-ku, Tokyo, 113-0033 TEL. +81-3-3813-1021 FAX. +81-3-3813-6864	¥120 million	General leasing	65%
Universal Leasing Co., Ltd. 5-3, Kachidoki 6-chome, Chuo-ku, Tokyo 104-0054 TEL. +81-3-3536-3981 FAX. +81-3-3536-3892	¥50 million	General leasing	90%
The Higashi-Nippon Leasing Corporation 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6818 FAX. +81-3-5253-6823	¥100 million	General leasing	95%
KL Lease & Estate Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6833 FAX. +81-3-5253-6834	¥10 million	Building leasing	100%
KL & Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6835 FAX. +81-3-5253-6837	¥10 million	Used equipment sales	100%
KL Insurance & Co., Ltd. 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6826 FAX. +81-3-5253-6827	¥10 million	Life insurance sales	100%
KL Office Service Company, Limited 2-6, Toranomon 1-chome, Minato-ku, Tokyo 105-0001 TEL. +81-3-5253-6840 FAX. +81-3-5253-6839	¥10 million	Office services	100%
The Toho Lease Co., Ltd.* 5-10, Mansei-cho, Fukushima, Fukushima 960-8033 TEL. +81-24-521-1441 FAX. +81-24-524-0840	¥60 million	General leasing	28.3%
Juhachi Sogo Lease Co., Ltd.* 4-18, Doza-machi, Nagasaki, Nagasaki 850-0841 TEL. +81-95-822-1171 FAX. +81-95-826-8860	¥895 million	General leasing	17.3%
Overseas network			
IBJ Leasing (UK) Ltd. Bracken House, One Friday Street, London EC4M 9JA, U.K. TEL. +44-20-7236-2222 FAX. +44-20-7236-5555	GBP6,000 thousand	General leasing	100%
IBJ Leasing (China) Ltd. (Shanghai Head Office) Room 08-10, 20F, Metro Plaza, No. 555, Loushanguan Road, Changning District, Shanghai, PRC (200051) TEL. +86-21-6229-0022 FAX. +86-21-6241-5670 (Guangzhou Branch) Room 1336, 13F Teem Tower, 208 Tianhe Road, Tianhe District, Guangzho, PRC (510620) TEL. +86-20-2826-1841 FAX. +86-20-2826-1990	US$30,000 thousand	General leasing	100%
PT. IBJ VERENA FINANCE Sentral Senayan 1, 6th Fl., Jl. Asia Afrika No. 8, Gelora Bung Karno, Senayan, Jakarta Pusat 10270, Indonesia TEL. +62-21-572-4101 FAX. +62-21-572-4102	IDR166,000,000 thousand	General leasing	85%
Krung Thai IBJ Leasing Co., Ltd.* 18th Floor, Nantawan Bldg., 161 Rajdamri Road, Lumpini, Pathumwan, Bangkok 10330, Thailand TEL. +66-2-252-9620 FAX. +66-2-254-6119	THB100,000 thousand	General leasing	49%
Japan-PNB Leasing and Finance Corporation 7th Floor, Salustiana D. Ty Tower, 104 Paseo de Roxas, Legaspi Village, Makati City, Metro Manila, Philippines TEL. +63-2-892-5555 FAX. +63-2-893-0032	PHP150,000 thousand	General leasing	10%

*Affiliates accounted for under the equity method

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