

**Overview**

**Third-Quarter Results for FY2011**



**IBJ Leasing Co., Ltd.**

**(Securities Code: 8425)**

**February 3, 2012**

This document contains forecasts and other forward-looking statements that are based on information available at the time of the preparation of this document. Actual business results may differ materially from those expressed or implied by such forward-looking statements due to various factors.

# I. Highlights

## 【Overview of Results】

**[Earnings]** Operating income: ¥11.7 billion; Ordinary income: ¥12.3 billion; Net income: ¥7.3 billion.

- Gross profit before write-offs and funding costs declined due to lower returns on newly contracted assets and decline in balance of contracted assets, amid continuing low interest rates.
- Continued reduction in funding/credit costs partly offset the decrease in gross profit before write-offs and funding costs.

**[Execution]** Operating income: 78%; Ordinary income: 82%; Net income: 86%

## 【Topics】

○IBJL Toshiba Leasing and Toshiba Medical Finance became consolidated subsidiaries as of February 1.

— From next fiscal year onward, contract execution volume, revenues, earnings and other results of operations will make a full contribution.

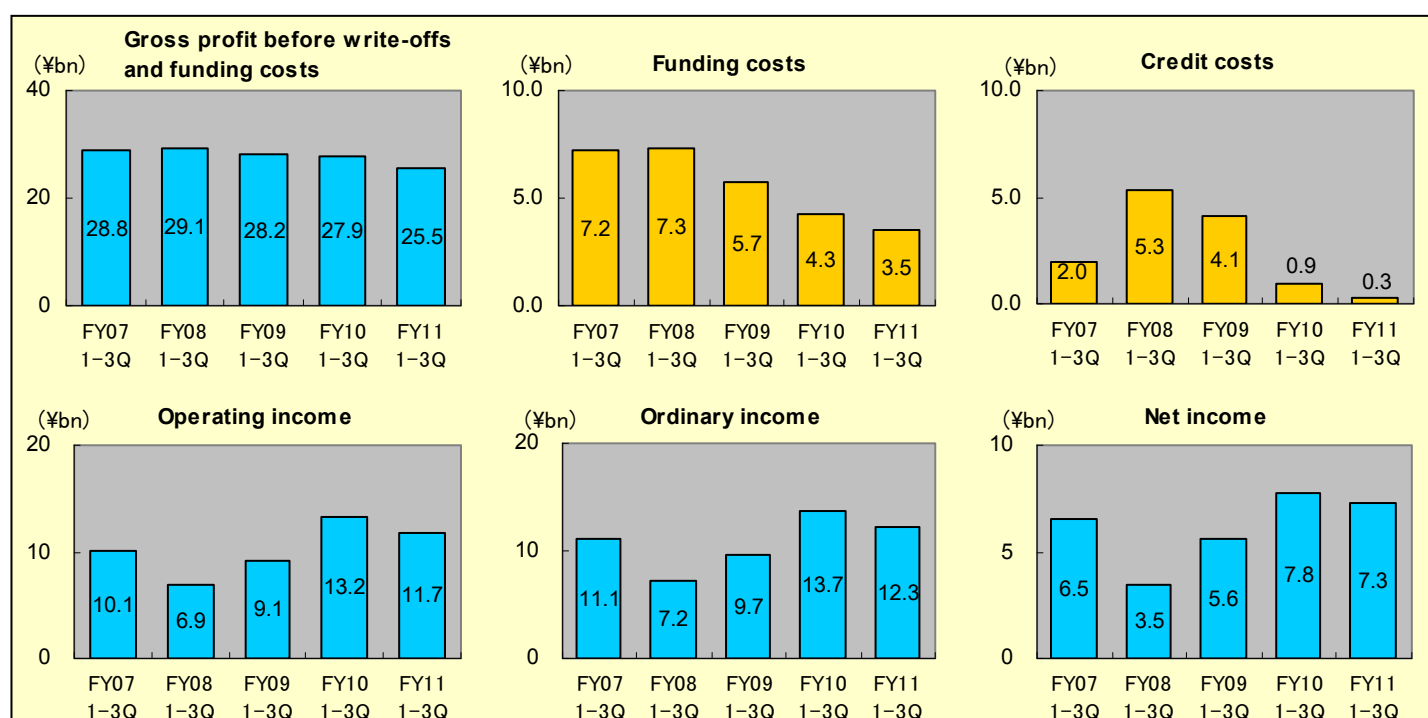
○Focusing on expanding the operational foundation of our Chinese subsidiary in Shanghai.

— Provided additional equity funding (\$10 million) and opened Guangzhou Branch, which started operation on February 1.

(JPY billion)

	FY09/1-3Q	FY10/1-3Q (A)	FY11/1-3Q (B)	Change (B-A)	Percentage change	Annual forecast
Revenues	198.7	192.1	187.1	-5.0	-2.6%	250.0
Gross profit	22.5	23.6	22.0	-1.6	-6.7%	—
Operating income	9.1	13.2	11.7	-1.5	-11.5%	<77.8%> 15.0
(credit costs)	(4.1)	(0.9)	(0.3)	(-0.6)	(-70.1%)	(—)
Ordinary income	9.7	13.7	12.3	-1.4	-9.8%	<82.1%> 15.0
Net income	5.6	7.8	7.3	-0.5	-6.4%	<86.2%> 8.5

Note: < > denotes forecast execution ratio



## II. P/L Overview

### 【Profit and Loss Overview】

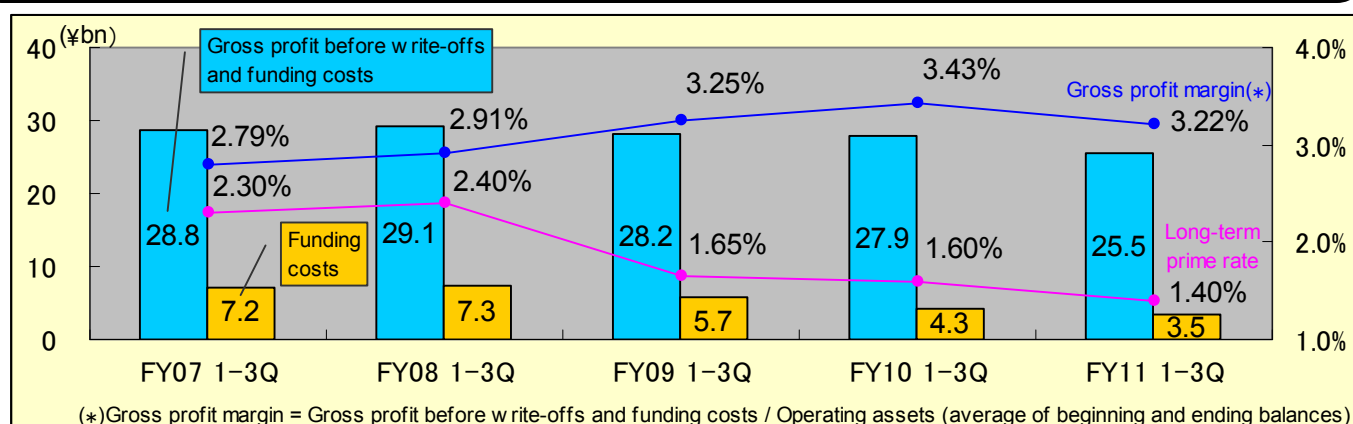
- Efforts to reduce operating expenses continued (-¥1 billion) but were not enough to offset the decline in operating revenue (-¥2.3 billion).
  - Operating revenue declined ¥2.3 billion (¥28.7 billion → ¥26.4 billion): (¥2.4 billion decline in gross profit before funding costs; ¥0.4 billion increase in return on investment)
  - Operating expenses declined ¥1 billion (¥15.1 billion → ¥14.1 billion): (¥0.6 billion decline in credit costs; ¥0.9 billion decline in funding cost)
- The increase in general expenses was caused by temporary expenses such as “cost of restoration of the old head office building to its original condition.”
- Credit costs continued to improve as a result of thorough risk management and with a decline in corporate bankruptcies. Meanwhile, precautionary reserves were provided for debtors at risk of bankruptcy due to appreciation of the yen.
- ¥0.4 billion was transferred from deferred tax assets due to the tax rate change.

(JPY billion)

	FY09/1-3Q	FY10/1-3Q (A)	FY11/1-3Q (B)	Change (B-A)	Percentage change
<b>Operating revenue (a)</b>	<b>29.6</b>	<b>28.7</b>	<b>26.4</b>	<b>-2.3</b>	<b>-7.9%</b>
Gross profit before write-offs and funding costs	28.2	27.9	25.5	-2.4	-8.4%
Interest and dividend income	0.8	0.2	0.2	+0	+9.2%
Equity in earnings of affiliates	0.3	0.5	0.1	-0.4	-72.0%
Return on investment	0.2	0.1	0.5	+0.4	+318.4%
<b>Operating expenses (b)</b>	<b>19.9</b>	<b>15.1</b>	<b>14.1</b>	<b>-1.0</b>	<b>-6.1%</b>
Funding costs	5.7	4.3	3.5	-0.8	-17.9%
Interest expenses	0.8	0.3	0.2	-0.1	-29.2%
General expenses	9.3	9.5	10.1	+0.6	+6.2%
Credit costs	4.1	0.9	0.3	-0.6	-70.9%
<b>Ordinary income (a - b)</b>	<b>9.7</b>	<b>13.7</b>	<b>12.3</b>	<b>-1.4</b>	<b>-9.8%</b>
(Ordinary income before write-offs)	(13.8)	(14.6)	(12.6)	(-2.0)	(-13.7%)
Income before tax	9.6	13.3	12.3	-1.0	-7.9%
<b>Net income</b>	<b>5.6</b>	<b>7.8</b>	<b>7.3</b>	<b>-0.5</b>	<b>-6.4%</b>

### 【Gross profit margin】

Low interest rates continued, but gross profit margin declined reflecting changes in operating assets composition.



### III. Financial Position

#### 【Assets】

- Operating assets declined 3.4% versus fiscal year-end to ¥897.1 billion.  
**Equipment financing assets:** Leasing and installment sales decreased as companies reduced/postponed capital investment.  
**Financial assets:** Remained unchanged due to acquisition of operational investment securities (to offset the decline in loans.)

(JPY billion)

	End of Mar 10	End of Mar 11 (A)	End of Dec 11 (B)	Change (B-A)	Percentage change
<b>Equipment Financing</b>	<b>661.0</b>	<b>640.7</b>	<b>609.5</b>	<b>-31.2</b>	<b>-4.9%</b>
Leasing	(553.5)	(546.2)	(519.9)	(-26.3)	(-4.8%)
Installment sales	(107.5)	(94.5)	(89.6)	(-4.9)	(-5.2%)
<b>Financing</b>	<b>274.2</b>	<b>287.9</b>	<b>287.6</b>	<b>-0.3</b>	<b>-0.1%</b>
Loans	(237.4)	(241.9)	(235.7)	(-6.2)	(-2.6%)
Operational investment securities	(36.8)	(46.0)	(51.9)	(+5.9)	(+12.8%)
<b>Operating Assets</b>	<b>935.2</b>	<b>928.6</b>	<b>897.1</b>	<b>-31.5</b>	<b>-3.4%</b>
<b>Total Assets</b>	<b>1,017.1</b>	<b>1,028.0</b>	<b>991.6</b>	<b>-36.4</b>	<b>-3.5%</b>

#### 【Liabilities and Net Worth】

- Interest-bearing debt declined as a whole
  - Continued to utilize commercial paper funding, taking advantage of low interest rates
  - CP rating (JCR): IBJ Leasing's rating was unchanged (J-1) while IBJL Toshiba Leasing was newly rated J-1.
- Net assets amounted to ¥74.4 billion due to accretion of earnings during the period.
- Return on Equity (ROE) remained unchanged at 13.8%.

(JPY billion)

	End of Mar 10	End of Mar 11 (A)	End of Dec 11 (B)	Change (B-A)	Percentage change
<b>Long/Short-term borrowings</b>	<b>513.4</b>	<b>517.3</b>	<b>472.3</b>	<b>-45.0</b>	<b>-8.7%</b>
<b>Market funding</b>	<b>355.2</b>	<b>360.3</b>	<b>372.2</b>	<b>+11.9</b>	<b>+3.3%</b>
(of which CP)	(302.7)	(327.3)	(328.4)	(+1.1)	(+0.3%)
<b>Interest-bearing debt</b>	<b>868.6</b>	<b>877.6</b>	<b>844.6</b>	<b>-33.0</b>	<b>-3.8%</b>
<b>Net assets</b>	<b>63.3</b>	<b>69.4</b>	<b>74.4</b>	<b>+5.0</b>	<b>+7.2%</b>
(of which equity)	(61.4)	(68.7)	(74.3)	(+5.6)	(+8.1%)
<b>Equity ratio</b>	<b>6.1%</b>	<b>6.7%</b>	<b>7.4%</b>	<b>+0.7%</b>	<b>—</b>
<b>ROE</b>	<b>12.0%</b>	<b>13.9%</b>	<b>13.8%</b>	<b>-0.1%</b>	<b>—</b>

## IV. Sales

### 【Contract Execution Volume】

- Decreased 4.3% year on year to ¥246.2 billion amid the downturn in domestic capital investment.
  - Capital investment by large corporations was sluggish in the wake of prolonged appreciation of the yen, earthquake disaster, flood in Thailand, etc.

(JPY billion)

Contract execution volume	FY09/1-3Q	FY10/1-3Q (A)	FY11/1-3Q (B)	Change (B-A)	Percentage change
<b>Equipment financing</b>	<b>149.9</b>	<b>160.8</b>	<b>155.2</b>	<b>-5.6</b>	<b>-3.5%</b>
Leasing	123.0	135.9	128.5	-7.4	-5.5%
Installment sales	26.9	24.9	26.7	+1.8	+7.2%
<b>Financing</b>	<b>89.8</b>	<b>96.5</b>	<b>91.0</b>	<b>-5.5</b>	<b>-5.6%</b>
Loans	77.0	90.0	74.4	-15.6	-17.4%
Investment securities	12.8	6.5	16.7	+10.2	+157.6%
<b>Total</b>	<b>239.6</b>	<b>257.3</b>	<b>246.2</b>	<b>-11.1</b>	<b>-4.3%</b>
(of which, for large companies)	(123.8)	(133.1)	(123.0)	(-10.1)	(-7.6%)

For reference: Leasing volume for the industry for 2011/1-3Q was down 0.9% versus 2010/1-3Q (according to preliminary data from the Japan Leasing Association)

### 【Equipment financing】

- Contract execution volume in equipment financing declined 3.5% year on year to ¥155.2 billion.
  - **Industrial and factory equipment:** Auto-related capital investment was sluggish by the impact of appreciation of the yen, earthquake disaster, etc.
  - **Transport equipment:** Captured the needs for large vehicles in disaster-stricken areas. Aircraft-related operating leasing also made a positive contribution.
  - **Engineering/Construction equipment:** Growth in China slowed down, but recovery needs made a contribution.
  - **Information and communications equipment:** Captured the needs of companies for investing in information systems and renewing communications facilities.
  - **Medical equipment:** Captured customer needs through the tie-up with Siemens.

### Contract Execution Volume by Equipment Type

(JPY billion)

	FY09/1-3Q	FY10/1-3Q (A)	FY11/1-3Q (B)	Change (B-A)	Percentage change
<b>Industrial and factory equipment</b>	38.6	43.4	25.3	-18.1	-41.8%
<b>Transport equipment</b>	15.5	20.4	23.4	+3.0	+14.9%
<b>Construction equipment</b>	17.5	20.8	26.4	+5.6	+27.1%
Information and communications equipment	34.1	30.4	36.5	+6.1	+20.2%
<b>Commerce and service equipment</b>	16.2	19.1	17.1	-2.0	-10.9%
<b>Medical equipment</b>	6.0	7.5	8.5	+1.0	+13.9%
<b>Other</b>	22.0	19.3	18.0	-1.3	-6.6%
<b>Total</b>	<b>149.9</b>	<b>160.8</b>	<b>155.2</b>	<b>-5.6</b>	<b>-3.5%</b>

## V. Topics

### 【Expansion of Group with two newly consolidated companies】

Further expansion of operational foundation and improvement of earning capacity are sought as a result of the acquisition of IBJL Toshiba Leasing and Toshiba Medical Financing as subsidiaries

#### ○ IBJL Toshiba Leasing Co. Ltd.

<Scale of operation>

Operating assets: approx. ¥320 billion

Ordinary income: approx. ¥3 billion

<Shareholder composition>

IBJ Leasing: 90%; Toshiba: 10%

} (※)

(※)Based on the figures for FY2010 of Toshiba Financing's Corporate Business division

#### ○ Toshiba Medical Finance

<Scale of operation>

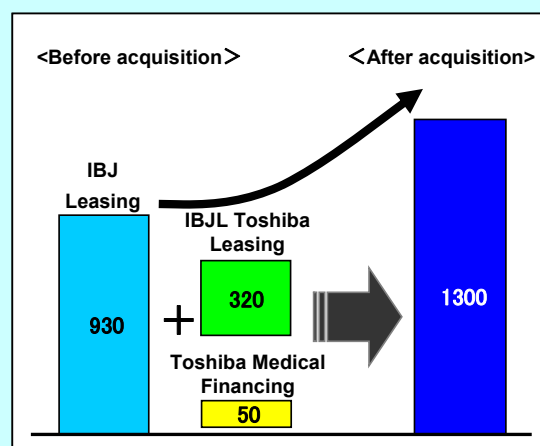
Operating assets: approx. ¥50 billion

Ordinary income: approx. ¥0.3 billion

<Shareholder composition>

IBJ Leasing: 65%; Toshiba Medical Systems: 35%

<Consolidated operating assets (¥bn)>



### 【Expansion of Asian subsidiaries】

Capture Japanese companies' overseas capex demand.

#### ○ China

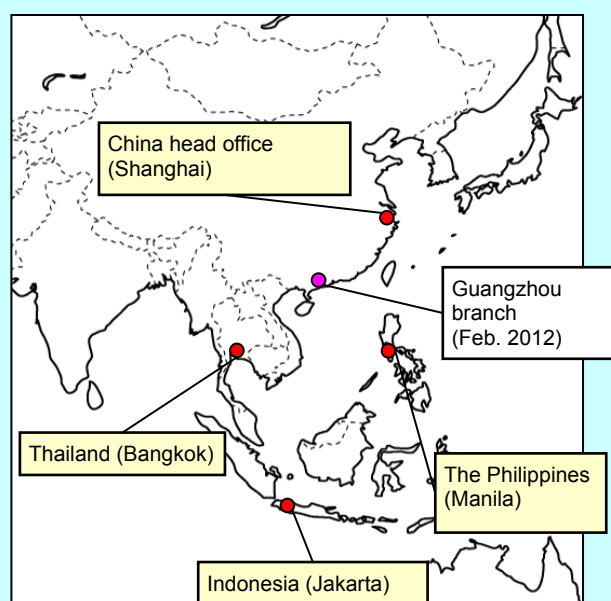
- Further expansion of business foundation is sought through additional equity financing and opening of new Guangzhou Branch.

#### ○ Thailand and Indonesia

- Focus on capturing Japanese companies' financing needs mainly in auto industry

#### ○ Other regions

- Creative approaches to meeting demand in regions without offices



### 【Promotion of business in the areas of environment and energy】

- Utilization of the government support programs for achieving an energy-saving, low-carbon society (subsidy system, taxation incentive)
  - Capturing the needs for capital investment such as solar power generation facilities
- Handling business matching and trade of secondhand properties on the theme of environment and energy

## VI. FY2011 Earnings Forecast

### 【Analysis of Business Environment】

- Our outlook is cautious, since it will take more time for an overall economic recovery due to the prolonged debt problem in Europe, concerns over economic slow-down in U.S. and Europe, and appreciation of the yen, among other factors.

### 【Business Strategy】

- **Moving up as an “multimodal corporate financial services group”**
  - Expand operational foundation by actively promoting sales expansion with two new subsidiaries.
  - Accumulate quality operating assets that widely capture customers’ needs with respect to equipment financing and financing.
  - Promote business in growth areas, such as medical, environment and energy
  - Further develop business in China, Thailand, Indonesia, and other Asian countries

### 【Annual Earnings Forecast】

- While initial annual earnings targets are already 80% achieved, the annual forecast is unchanged from the initial forecast due to ad hoc expenditures expected in relation to the acquisition of IBJL Toshiba Leasing.

### 【Dividend Forecast】

- **Interim dividend:** ¥24 per share (+¥2 YoY) paid (December 2011)
- **Year-end dividend:** ¥24 per share (unchanged from the previous year-end dividend)
- **Annual dividend:** ¥48 per share (+¥2 on annual dividend forecasted)  
→ Increase in dividend for 10 consecutive periods

### Earnings Forecast for FY2011

(JPY billion)

	Mar 2011	Mar 2012			Change (B)-(A)	Percentage change
	Actual (A)	Full-year forecast (B)	2011/1-3Q Actual	Execution ratio		
Revenues	256.1	250.0	187.1	74.9%	-6.1	-2.4%
Operating income	15.4	15.0	11.7	77.8%	-0.4	-2.9%
Ordinary income	15.9	15.0	12.3	82.1%	-0.9	-5.5%
Net income	9.0	8.5	7.3	86.2%	-0.5	-5.8%

### Per-share Dividend Forecast

	FY2008	FY2009	Fy2010 (A)	FY2011 (B)	Change (B-A)
Interim dividend	¥20	¥20	¥22	¥24	+ ¥2
Year-end dividend	¥20	(4) ¥24	¥24	¥24	—
Annual per-share dividend	¥40	(4) ¥44	¥46	¥48	+ ¥2

\*Figures in parentheses represent our 40<sup>th</sup> anniversary commemorative dividend.

# For Reference: Quarterly

(JPY billion)

	FY08				FY09				FY10				FY11		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Gross profit before write-offs and funding costs	9.6	9.9	9.6	9.1	9.5	9.2	9.5	8.6	9.7	9.2	9.0	8.7	8.7	8.7	8.1
Funding costs	2.2	2.3	2.7	2.8	2.2	1.8	1.7	1.5	1.5	1.4	1.3	1.2	1.2	1.1	1.1
Gross profit	7.3	7.6	6.9	6.2	7.3	7.4	7.8	7.1	8.1	7.8	7.7	7.5	7.5	7.6	7.0
Operating income	4.1	0.9	1.9	-0.2	2.8	2.9	3.4	2.2	4.2	4.1	4.5	2.3	4.1	4.5	3.0
(Total credit costs)	(0.0)	(3.3)	(1.8)	(3.2)	(1.3)	(1.4)	(1.4)	(1.6)	(0.7)	(0.5)	(-0.4)	(1.3)	(-0.3)	(-0.2)	(0.7)
Ordinary income	4.3	1.1	1.7	-0.4	2.8	3.5	3.5	2.4	4.2	4.4	4.7	2.2	4.2	5.0	3.1
Net income	1.9	1.1	0.5	-0.1	1.6	2.2	1.8	1.4	2.2	2.6	3.0	1.2	2.5	2.8	2.0

