Overview
First-Quarter Results for FY2011

IBJ Leasing Co., Ltd.

(Securities Code: 8425)

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1. Highlights

Overall Situation

- The Great East Japan Earthquake triggered a large decline in economic activity, and companies have put off capital expenditure.

Overview of Results

- In the first quarter of fiscal 2011, the decline in gross profit before write-offs and funding costs was offset by the drop in funding costs and credit costs. Ordinary income increased 0.8% compared with FY10 1Q to ¥4.2 billion, while net income increased 13% to ¥2.5 billion.

Progress

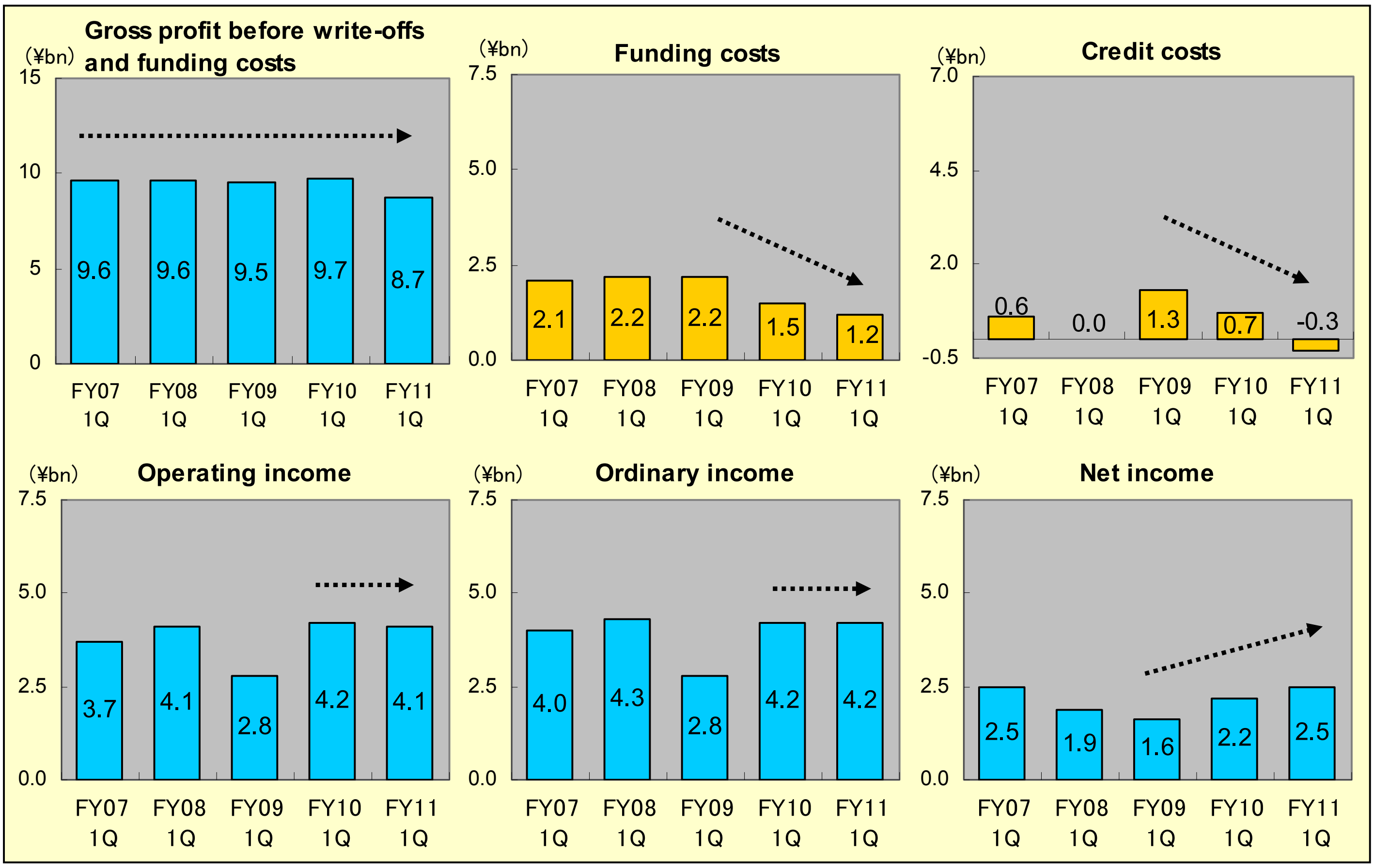
- 1Q progress toward 1H forecast was approximately 55% for each profit line item.

(JPY billion)

	FY09 1Q	FY10 1Q (A)	FY11 1Q (B)	Change (B – A)	Percentage change ((B / A) – 1)	FY11 1H Forecast
Revenues	**68.1**	**64.6**	**66.0**	**+1.4**	**+2.1%**	**130.0**
Gross profit	**7.3**	**8.1**	**7.5**	**-0.6**	**-8.3%**	**—**
Operating income	**2.8**	**4.2**	**4.1**	**-0.1**	**-1.6%**	<53.7%> **7.7**
(credit costs)	(1.3)	(0.7)	(-0.3)	(-1.0)	(—%)	—
Ordinary income	**2.8**	**4.2**	**4.2**	**+0.0**	**+0.8%**	<54.4%> **7.8**
Net income	**1.6**	**2.2**	**2.5**	**+0.3**	**+12.9%**	<55.7%> **4.5**

Note: <> denotes 1H forecast execution ratio

Year-over-year Performance



2. P/L Overview

Profit and Loss Overview

- Operating revenue and operating expenses both declined by the same amount in the first quarter of fiscal 2011
  - — Operating revenue declined ¥0.9 billion (¥9.8 billion → ¥8.9 billion) (Of this, ¥1.0 billion decline in gross profit before write-offs and funding costs)
  - — Operating expenses declined ¥0.9 billion (¥5.6billion → ¥4.7 billion) (Of this, ¥1.0 billion decline in credit costs)
- There was an excess reversal in credit costs due to thorough risk management and a decline in corporate bankruptcies
  - — Bad debt losses in conjunction with the Great East Japan Earthquake were less than ¥100 million

(JPY billion)

	FY09 1Q	FY10 1Q (A)	FY11 1Q (B)	Change (B – A)	Percentage change ((B / A) – 1)
Operating revenue (a)	**9.8**	**9.8**	**8.9**	**-0.9**	**-9.3%**
Gross profit before write-offs and funding costs	9.5	9.7	8.7	-1.0	-10.2%
Interest and dividend income	0.2	0.0	0.1	+0.1	+47.7%
Equity in earnings of affiliates	—	0.1	0.1	+0.0	+49.6%
Operating expenses (b)	**7.0**	**5.6**	**4.7**	**-0.9**	**-16.8%**
Funding costs	2.2	1.5	1.2	-0.3	-19.9%
Interest expenses	0.3	0.1	0.1	-0.0	-20.7%
General expenses	3.1	3.2	3.6	+0.4	+11.9%
Credit costs	1.3	0.7	-0.3	-1.0	—%
Ordinary income (a – b)	**2.8**	**4.2**	**4.2**	**+0.0**	**+0.8%**
Ordinary income before write-offs	4.1	4.9	4.0	-0.9	-19.3%
Net income	**1.6**	**2.2**	**2.5**	**+0.3**	**+12.9%**

Gross Profit before Write-offs and Funding Cost

Gross profit before write-offs and funding costs declined as market interest rates fell and competition intensified

Funding cost

Funding cost dropped further due to continued monetary easing. However, this was not enough to cover the decline in gross profit before write-offs and funding costs

Operating Asset Yields and Interest Rates on Funding (JPY billion)

	FY09 1Q		FY10 1Q (A)		FY11 1Q (B)		Change (B – A)	
Gross profit before write-offs and funding costs	(4.03%)	**9.5**	(4.18%)	**9.7**	(3.82%)	**8.7**	(-0.36%)	**-1.0**
Funding costs	(0.93%)	**2.2**	(0.67%)	**1.5**	(0.54%)	**1.2**	(-0.13%)	**-0.3**
Gross profit	(3.10%)	**7.3**	(3.52%)	**8.1**	(3.28%)	**7.5**	(-0.24%)	**-0.6**

Figures in parentheses represent the yields on operating assets (average of figures for the beginning and end of the period)

3. Financial Position

Assets

- Operating assets declined 3.7% versus fiscal year-end to ¥894.3 billion.
  Equipment financing assets: Leasing and installment sales decreased as companies reduced capital expenditure.
  Financing assets: Bridge financing aimed at large companies and other large deals were redeemed

(JPY billion)

	End of Mar 10	End of Mar 11 (A)	End of June 11 (B)	Change (B – A)	Percentage change ((B / A) – 1)
Equipment Financing	**661.0**	**640.7**	**623.2**	**-17.5**	**-2.7%**
Leasing	(553.5)	(546.2)	(533.4)	(-12.8)	(-2.3%)
Installment sales	(107.5)	(94.5)	(89.8)	(-4.7)	(-5.0%)
Financing	**274.2**	**287.9**	**271.1**	**-16.8**	**-5.8%**
Loans	(237.4)	(241.9)	(230.4)	(-11.5)	(-4.8%)
Operational investment securities	(36.8)	(46.0)	(40.8)	(-5.2)	(-11.4%)
Operating Assets	**935.2**	**928.6**	**894.3**	**-34.3**	**-3.7%**
Total Assets	**1,017.1**	**1,028.0**	**977.2**	**-50.8**	**-4.9%**

Liabilities and Capital

- Interest-bearing debt declined as operating assets decreased
  — Continued to utilize commercial paper funding, taking advantage of low interest rates
- Net assets amounted to ¥71.0 billion due to accretion of earnings during the period
  — Equity ratio continued to rise, from 6.7% to 7.2%.

(JPY billion)

	End of Mar 10	End of Mar 11 (A)	End of June 11 (B)	Change (B – A)	Percentage change
Long/Short-term borrowings	**513.4**	**517.3**	**458.3**	**-59.0**	**-11.4%**
Market funding	**355.2**	**360.3**	**373.7**	**+13.4**	**+3.7%**
(of which CP)	(302.7)	(327.3)	(326.4)	(-0.9)	(-0.3%)
Interest-bearing debt	**868.6**	**877.6**	**832.0**	**-45.6**	**-5.2%**
Net assets	**63.3**	**69.4**	**71.0**	**+1.6**	**+2.3%**
(of which equity*)	(61.4)	(68.7)	(70.3)	(+1.6)	(+2.4%)
Equity ratio	**6.1%**	**6.7%**	**7.2%**	**+0.5%**	**—**

*Equity is the aggregate of common stock, capital surplus, and retained earnings minus treasury stock.

4. Sales

Contract Execution Volume

- Although we worked to capture the needs of large companies and focus on consultative sales, contract execution volume slumped amid the downturn in domestic capital expenditure. On the other hand, we saw moderate results in our focus areas

Focus Areas

— In the area of construction machinery, our Chinese subsidiary is capturing demand for construction machinery
As part of restoration following the earthquake, we quickly responded to demand for rentals in the Tohoku region

— In the medical equipment field, we saw a contribution from Siemens Financial Services, which we acquired in FY10

— We are focusing on power generation facility introductions and capturing demand for lithium ion storage batteries and solar power generation systems

(JPY billion)

Contract execution volume	FY09 1Q	FY10 1Q (A)	FY11 1Q (B)	Change (B – A)	Percentage change ((B / A) – 1)
Equipment financing	**53.3**	**53.0**	**49.0**	**-4.0**	**-7.6%**
Leasing	41.8	44.8	41.7	-3.1	-7.0%
Installment sales	11.6	8.1	7.3	-0.8	-10.9%
Financing	**28.9**	**28.1**	**17.7**	**-10.4**	**-36.9%**
Loans	24.8	22.2	17.5	-4.7	-21.3%
Operational investment securities	4.1	5.9	0.3	-5.6	-95.7%
Total	**82.2**	**81.1**	**66.7**	**-14.4**	**-17.8%**
(of which, for large companies)	(45.2)	(39.5)	(30.5)	(-9.0)	(-22.7%)

For reference: Leasing volume for the industry for April - June 2011 was down 3.7% versus April - June 2010 (according to preliminary data from the Japan Leasing Association)

Contract Execution Volume by Equipment Type

(JPY billion)

	FY09 1Q	FY10 1Q (A)	FY11 1Q (B)	Change (B – A)	Percentage change ((B / A) – 1)
Industrial and factory equipment	17.3	14.0	10.4	-3.6	-25.5%
Transport equipment	4.7	6.8	5.3	-1.5	-22.0%
Construction equipment	4.5	4.5	5.8	+1.3	+27.5%
Information and communications equipment	12.4	11.1	13.4	+2.3	+20.8%
Commerce and service equipment	5.4	7.0	5.7	-1.3	-17.7%
Medical equipment	2.2	2.4	2.7	+0.3	+14.9%
Other	6.7	7.2	5.6	-1.6	-22.4%
Total	**53.3**	**53.0**	**49.0**	**-4.0**	**-7.6%**

5. FY2011 Earnings Forecast

Analysis of Business Environment

- Our outlook is cautious, since in FY2011 1H the economy is weak following the earthquake, while in 2H it will take more for an overall economic recovery due to the electric power problem and the appreciation of the yen, among other factors.

Business Strategy

- Focus on continued development as a multimodal corporate financial services group as detailed in our Third Medium-Term Management Plan
  - ･Accumulate quality operating assets that widely capture customers' needs with respect to equipment financing and financing.
  - ･Promote business in growth areas, such as medical, the environment and energy
  - ･Further develop business in China, Thailand, Indonesia, and other Asian countries
  - ･Use M&A and enhanced Group management to expand the business base
- Use our equipment and financing capabilities to continue to contribute to the revival of the Japanese economy

Earnings Forecast

- We forecast both 1H and FY11 results cautiously
  - — 1Q results were roughly 55% of our forecast for 1H.

Dividend Forecast

- Annual Dividend: ¥48 per share (+¥2 vs. FY10), 10th consecutive increase

Earnings Forecast for FY2011 (JPY billion)

	FY10 Actual (A)	FY11 Full year forecast (B)	FY 1H forecast	FY11 1Q actual	1H execution ratio	Change (B – A)	Percentage change ((B / A) – 1)
Revenues	**256.1**	**250.0**	130.0	66.0	50.8%	**-6.1**	**-2.4%**
Operating income	**15.4**	**15.0**	7.7	4.1	53.7%	**-0.4**	**-2.9%**
Ordinary income	**15.9**	**15.0**	7.8	4.2	54.4%	**-0.9**	**-5.5%**
Net income	**9.0**	**8.5**	4.5	2.5	55.7%	**-0.5**	**-5.8%**

Per-share Dividend Forecast (Yen)

	FY08	FY09	FY10 (A)	FY11 (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 40th anniversary commemorative dividend

For Reference: Quarterly Results

(JPY billion)

	FY2008				FY2009				FY2010				FY2011
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
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
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
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
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
(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)
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
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