

Financial Results for FY2014 Presentation Materials

May 13, 2015



IBJ Leasing Co., Ltd. (TSE : 8425)

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《Contents》

I . Fiscal 2014 Overview	· · · · ·	2
II . Business Performance Overview	· · · · ·	5
III . Financial Results Overview	· · · · ·	12
IV . Business and Dividend Forecast	· · · · ·	17
(Appendix)	· · · · ·	19

I . Fiscal 2014 Overview

The Fourth Mid-term Management Plan (Year 2014–2016)

Theme

“Challenging for renewed growth”

Business Strategies

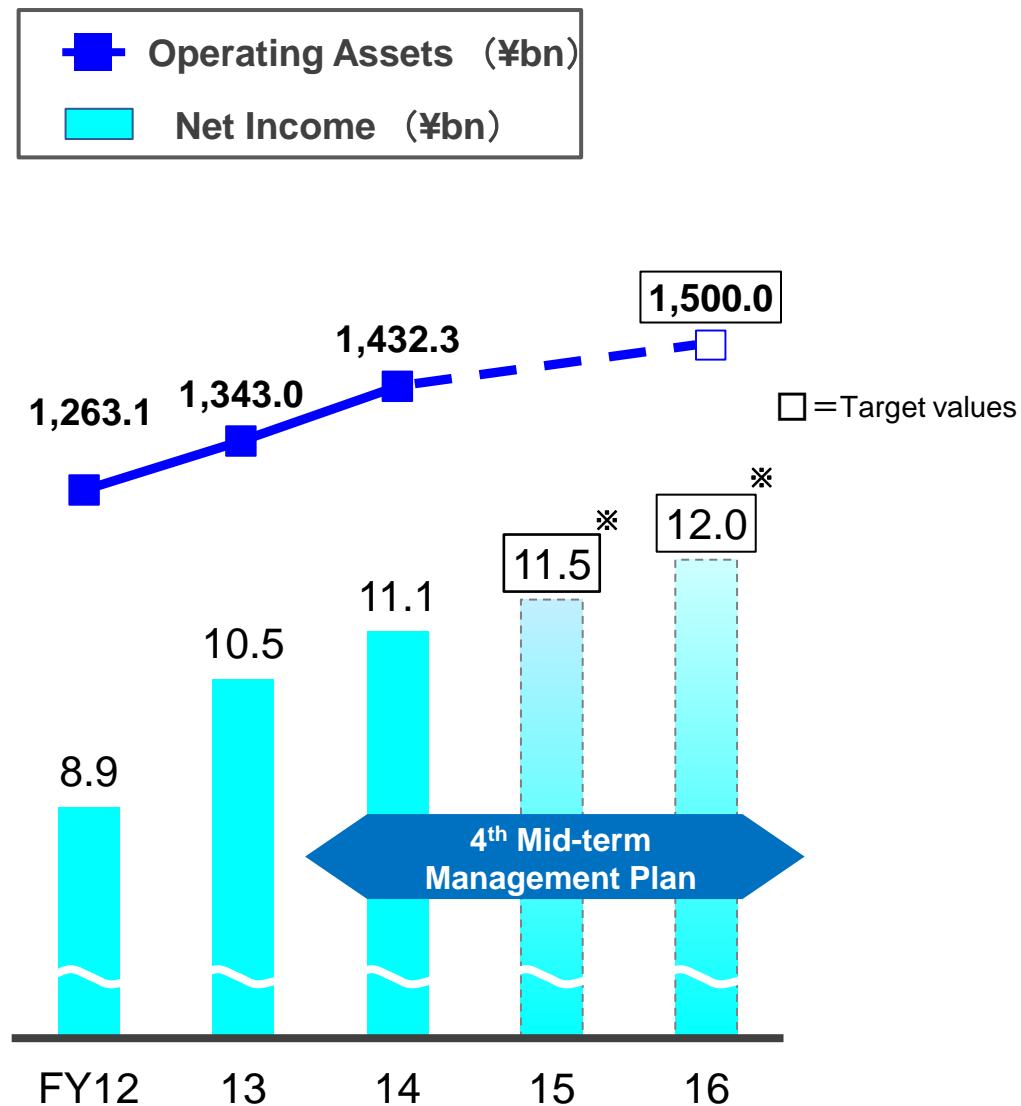
Enhancement of core businesses

Improvement of special finance portfolio

Bolstering and expansion of offshore businesses



Further increase assets and enhance earnings power to realize stable growth



*Net Income Attributable to Owners of the Parent is shown.

FY2014 Financial Results Highlights

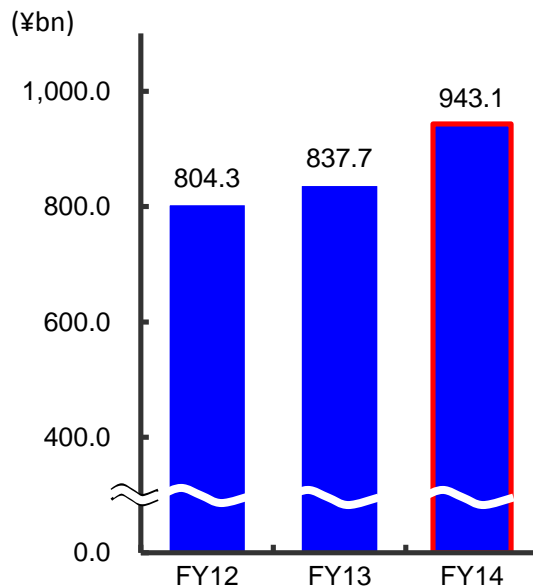
■ In FY2014, both asset balance and profits exceeded the targets for the fiscal year

※Figures in parenthesis are FY2014 forecast values

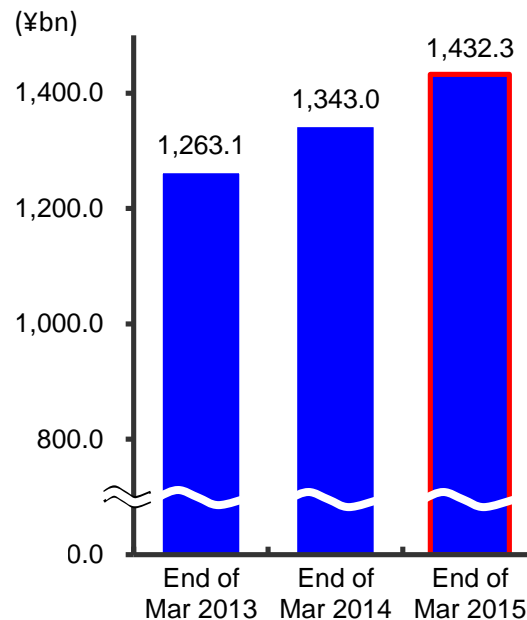
- Operating Assets : ¥1,432.3 billion (¥1,400.0 billion)
- Operating Income : ¥17.9 billion (¥16.7 billion), Ordinary Income : ¥19.0 billion (¥17.4 billion)
Net Income : ¥11.1 billion (¥11.0 billion)

■ Smooth start in first fiscal year of Mid-term Management Plan (Year 2014-2016)

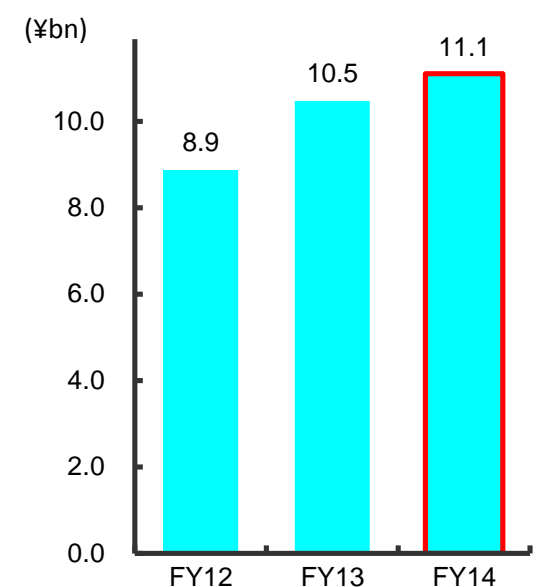
Contract Execution Volume



Operating Assets



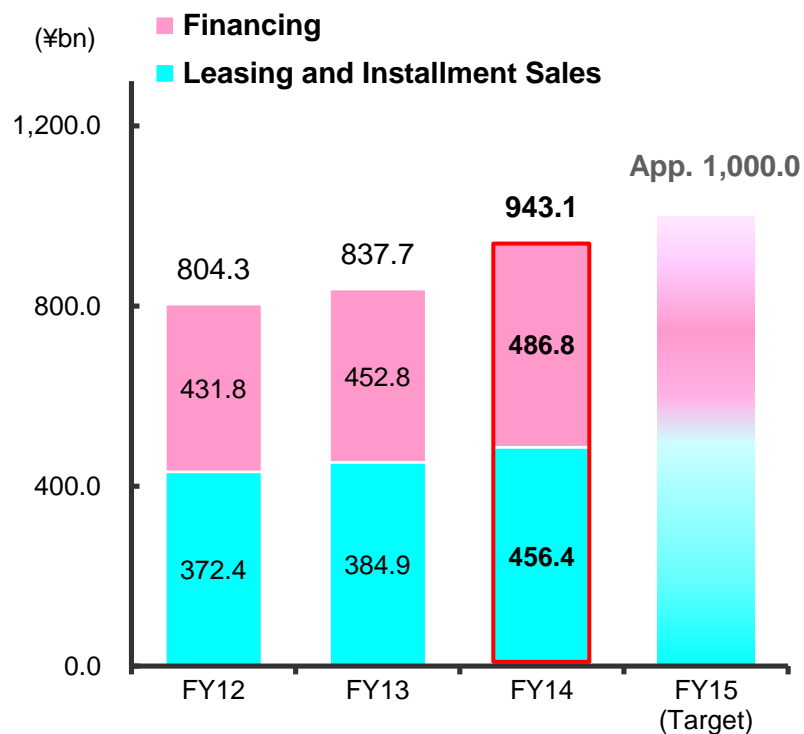
Net Income



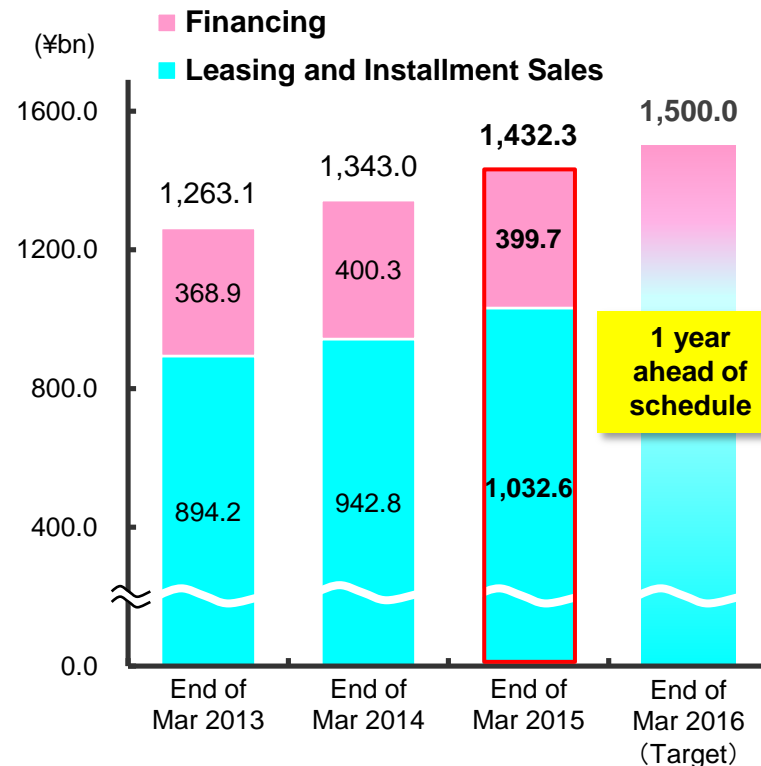
II . Business Performance Overview

- Contract execution volume increased for both leasing and installment sales and financing, as we captured diverse needs
- Operating assets reached the FY2014 target of ¥1.4 trillion, as there was a significant increase in leasing and installment sales
- The FY2015 operating assets target is ¥1.5 trillion, and we are aiming to achieve the Mid-term Management Plan targets ahead of schedule

Contract execution volume



Operating assets



Leasing and Installment Sales

■ **Despite the lingering impact of the consumption tax rate hike on the market overall, contract execution volume increased 19% y-o-y**

- In the mainstay Industrial and factory equipment area, there was a significant increase as we captured capital investment targeting major companies
- There was a steady increase in Commerce and services as we cultivated business with distribution and retail sectors
- In Real estate leases, there was a rapid growth, partially due to the capturing of large deals targeting distribution warehouses, etc.

Contract Execution Volume by Equipment Type

(¥bn)	FY12	FY13	FY14	Change (%)	% change for entire industry*
Industrial and factory	109.1	82.6	117.9	+35.3 (+43%)	(-8%)
Information and communications	83.4	93.2	73.1	-20.1 (-22%)	(-13%)
Transport	41.8	34.4	42.9	+8.5 (+25%)	(-3%)
Construction	38.8	57.4	54.7	-2.7 (-5%)	(-22%)
Medical	33.5	36.9	30.3	-6.6 (-18%)	(-29%)
Commerce and services	24.1	31.2	35.8	+4.6 (+15%)	(-4%)
Office equipment	12.2	15.2	10.0	-5.2 (-34%)	(-4%)
Other	29.7	33.9	91.5	+57.6 (+170%)	(-6%)
Real estate lease	4.5	10.8	66.7	+55.9 (+519%)	
Total	372.4	384.9	456.4	+71.5 (+19%)	(-10%)

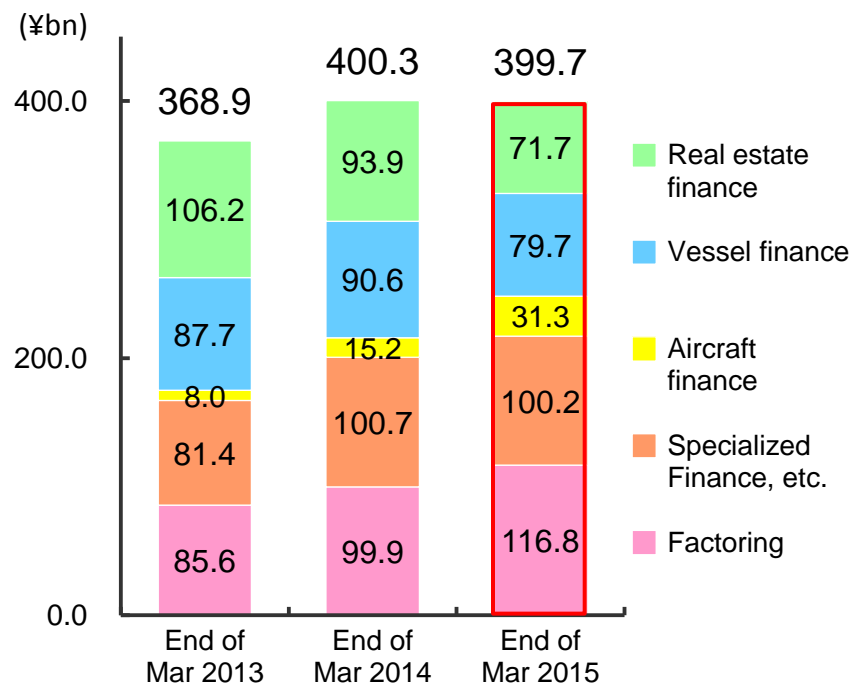
* Percentage year-on-year change based on "FY2014 Leasing Capital Investment Statistics [by Equipment Type]" announced by the Japan Leasing Association (preliminary figures)

- **Contract execution volume increased ¥34.0 billion y-o-y to ¥486.8 billion**
- **Operating assets stayed at roughly the same level as the previous year, due to overcome large lease repayments**
 - There was an increase in factoring contract execution volume and operating assets as we captured the diverse needs of large companies
 - We accumulated superior assets in areas such as aircraft finance and overseas project finance

Contract execution volume

(¥bn)	FY12	FY13	FY14	Change (%)
Factoring	309.8	345.7	389.0	+43.3 (+13%)
Specialized Finance, etc.	40.3	56.2	43.8	-12.4 (-22%)
Aircraft Finance	3.4	7.7	16.6	+8.9 (+115%)
Real Estate Finance	56.7	25.6	21.5	-4.1 (-16%)
Vessel Finance	21.6	17.6	15.9	-1.7 (-10%)
Total	431.8	452.8	486.8	+34.0 (+8%)

Operating assets



Core Businesses Overview

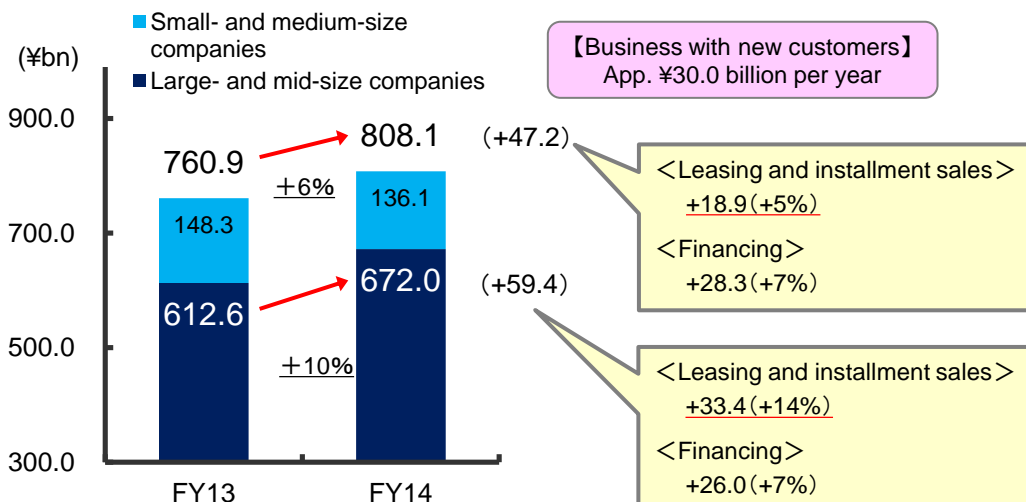
【Customer Base Expansion】

- Proactively carried out integrated consultative sales, and captured a wide range of needs centered on large- and mid-sized companies
- In addition to large-scale capital investment, we also responded to financial management needs including funding diversification
- We deepened business with existing customers and made steady progress on beginning transactions with new customers

【Distribution and Retail】

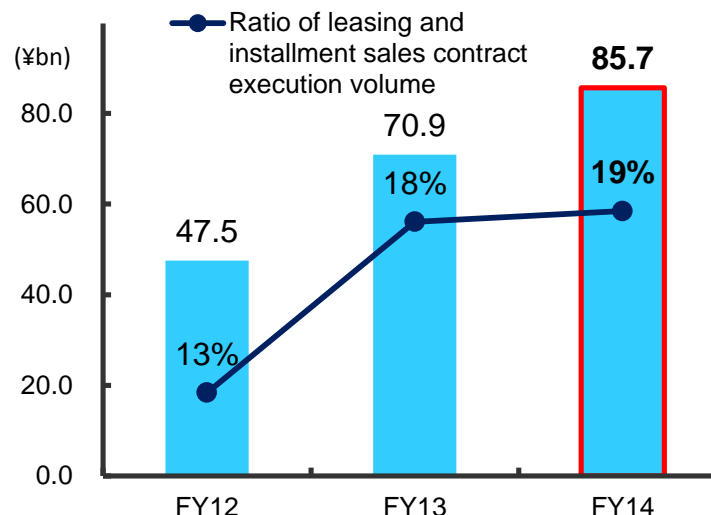
- Proactively captured needs for installing eco-friendly equipment aimed at saving energy
- Bolstered partnerships with influential businesses developing stores, etc., and real estate leasing business grew steadily

Contract Execution Volume by Company Size



※Large- and mid-size companies : Capital of ¥100 million or above
 ※Excludes real estate leases (bridge deals), targeting vessel or real estate SPCs, etc.

Contract Execution Volume for Retail, etc.



※ Leasing and installment sales contract execution volume retail, wholesale, restaurant corporates.

Specialized Finance

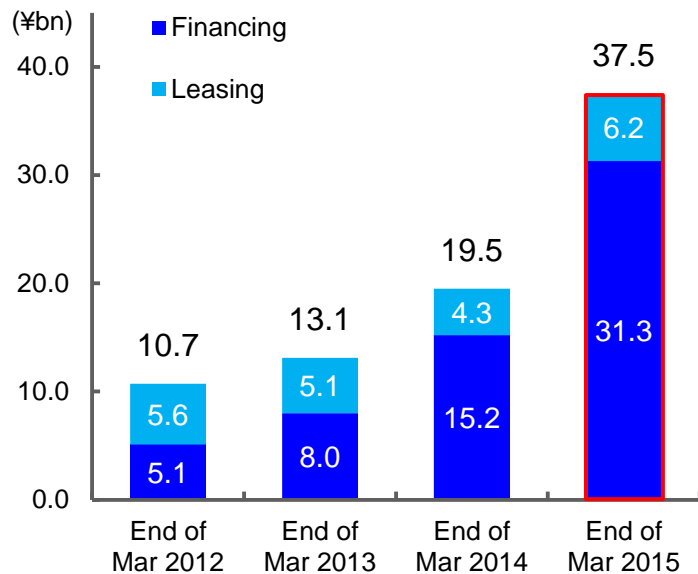
【Aircraft Finance】

- Doubled asset balance, by accumulating superior assets, centered on aircraft-backed collateral loans, while keeping a diversified portfolio

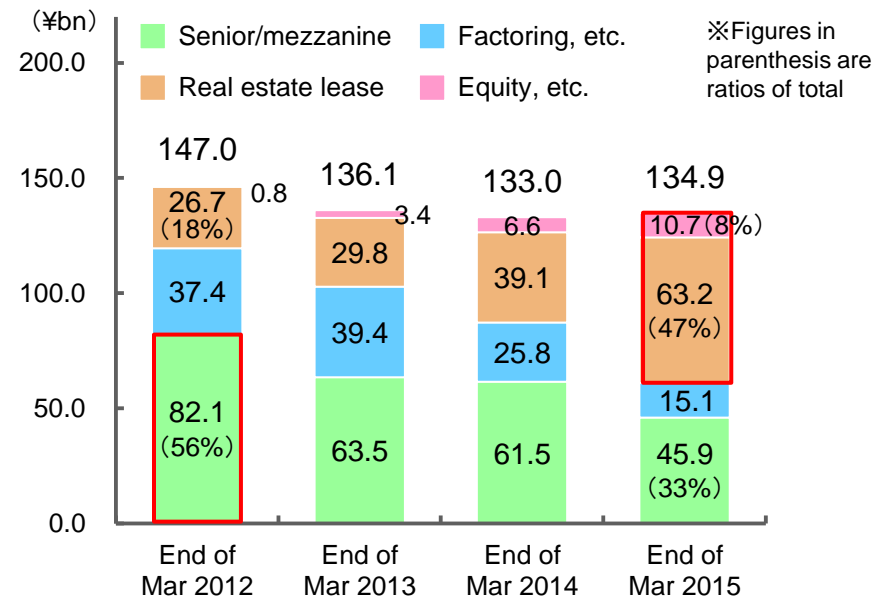
【Real Estate-related Business】

- Maintained and increased asset balance while boosting profitability by reshuffling the portfolio with a consideration of risk/return
 - Utilized real estate leases to aggressively capture investment needs for large distribution facilities, etc.

Balance of Aircraft-related Financing



Balance of Real Estate-related Business

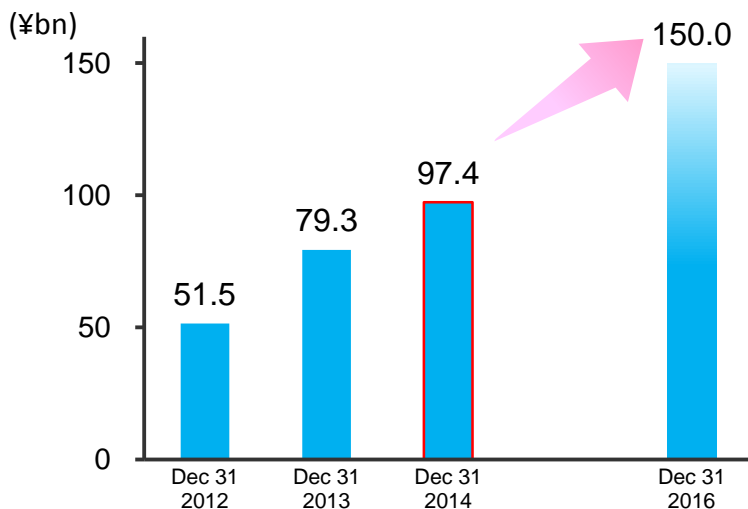


■ **Supported Japanese companies' overseas development, particularly in Asia**

- Proactively carried out sales narrowing the target on specific sectors and corporate groups, such as automobile-related, etc.
- Ramped up sales activities in the Philippines, Vietnam, and other areas where active investment continues

■ **Promoted further expansion of the business base, including the cultivation of business with blue-chip non-Japanese companies**

Balance of Overseas Business Operating



※Total of local subsidiaries in China, Indonesia, Thailand, Philippines, and cross-border transactions from Japan (excluding vessels, aircraft, etc.)

※Valued using forex rates on December 31, 2014

【Business Sites in Asia】



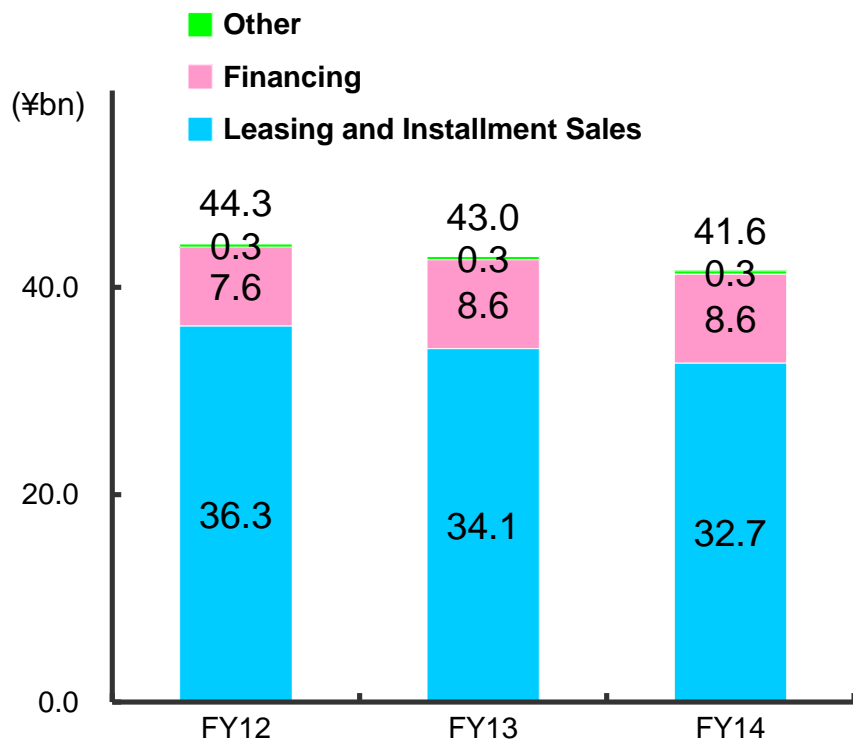
III. Financial Results Overview

- Gross profit before write-offs declined despite the fact that the increase in asset volume partially offset the impact of the decline in yield
- There was a credit cost reversal of ¥2.0 billion, and there was an increase in all profit lines below operating income (a new record high)
- There was a ¥500 million impact from the tapping into deferred assets due to amendments to the tax code

(¥bn)	FY12	FY13 (A)	FY14 (B)	Change (B)−(A)	% Change (B)/(A)
Revenues	352.5	354.8	353.7	-1.1	-0%
Gross profit before write-offs, funding costs	44.3	43.0	41.6	-1.4	-3%
(Funding costs)	(6.6)	(6.4)	(6.3)	(-0.1)	(-1%)
Gross profit	37.7	36.6	35.3	-1.3	-4%
(General expenses)	(19.0)	(19.0)	(19.2)	(+0.2)	(+1%)
Operating income	14.7	16.7	17.9	+1.2	+8%
Ordinary income	15.4	17.4	19.0	+1.6	+9%
(Ordinary income before write-offs)	(19.3)	(18.2)	(17.0)	(-1.2)	(-7%)
(Credit costs)	(3.9)	(0.8)	(-2.0)	(-2.8)	(—)
Net income	8.9	10.5	11.1	+0.6	+6%
Operating Assets	1,263.1	1,343.0	1,432.3	+89.3	+7%

- While there was a decline in gross profit before write-offs and funding costs, the increase in volume of operating assets offset the impact of the decline in yield
 - In Financing, profit was roughly flat y-o-y, while in Leasing and Installment sales secondary profit such as from re-leases declined
- There was an improvement in flow-based spread, and the impact of the decline in yield due to the replacement of assets has largely run its course

Gross profit before write-offs, funding costs



Yield

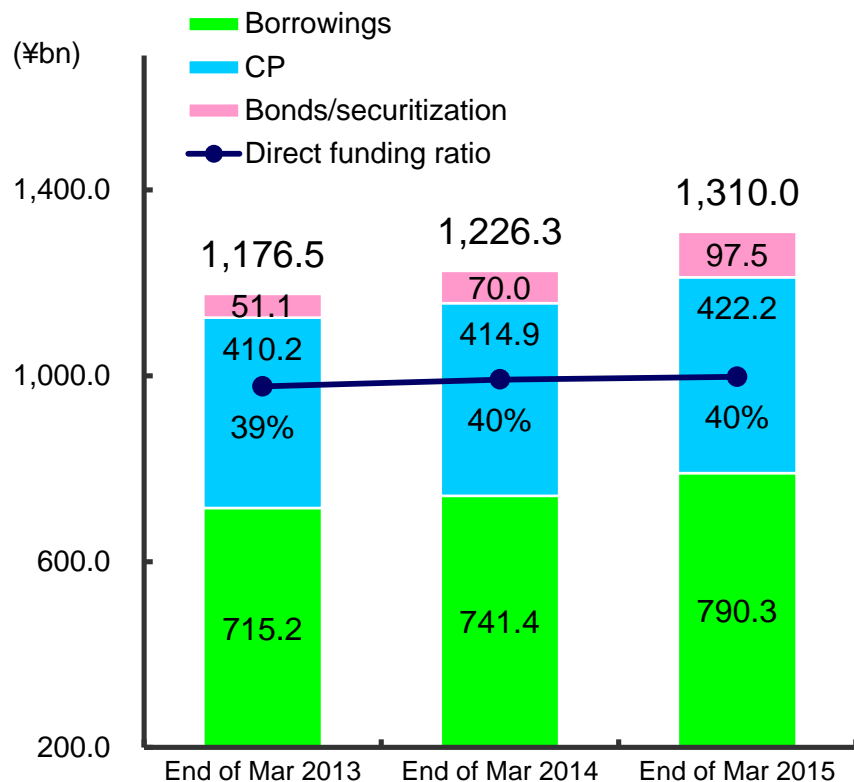
	FY12	FY13	FY14	Change
Gross profit margin before write-offs and funding costs	3.58%	3.30%	3.00%	-0.30pt
CoF Ratio	0.53%	0.49%	0.46%	-0.03pt
Gross Profit Margin	3.05%	2.81%	2.54%	-0.27pt
Operating assets (average balance, ¥bn)	1,237.2	1,303.1	1,387.7	+84.6

(Note) Gross profit margin before write-offs and funding costs
 =Gross profit before write-offs and funding costs/Operating assets (average balance)
 Gross profit margin = Gross profit / Operating assets (average balance)
 CoF ratio = Cost of funding / Operating assets (average balance)

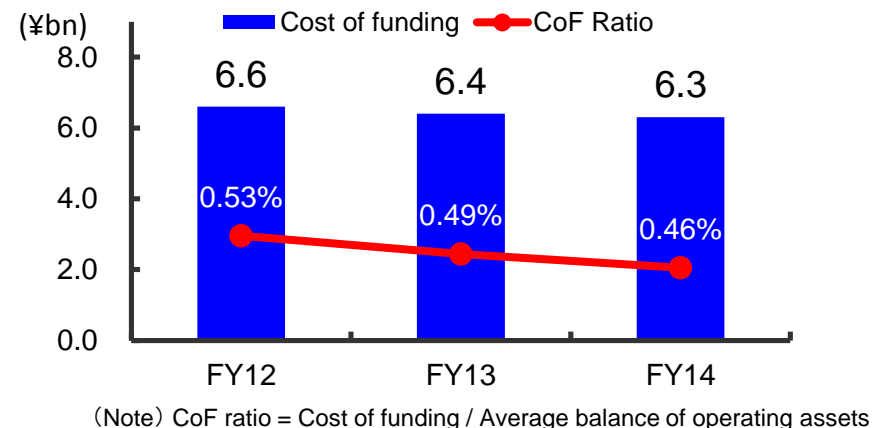
Interest-bearing Debt and Net Assets

- Interest-bearing debt increased in conjunction with the increase in operating assets, while foreign-currency denominated debt increased due to the increase in overseas assets
- The group worked as one to lower borrowing costs, and cost of funding continued to decline both in terms of amount and percentage

Interest-bearing debt



Funding costs (%)

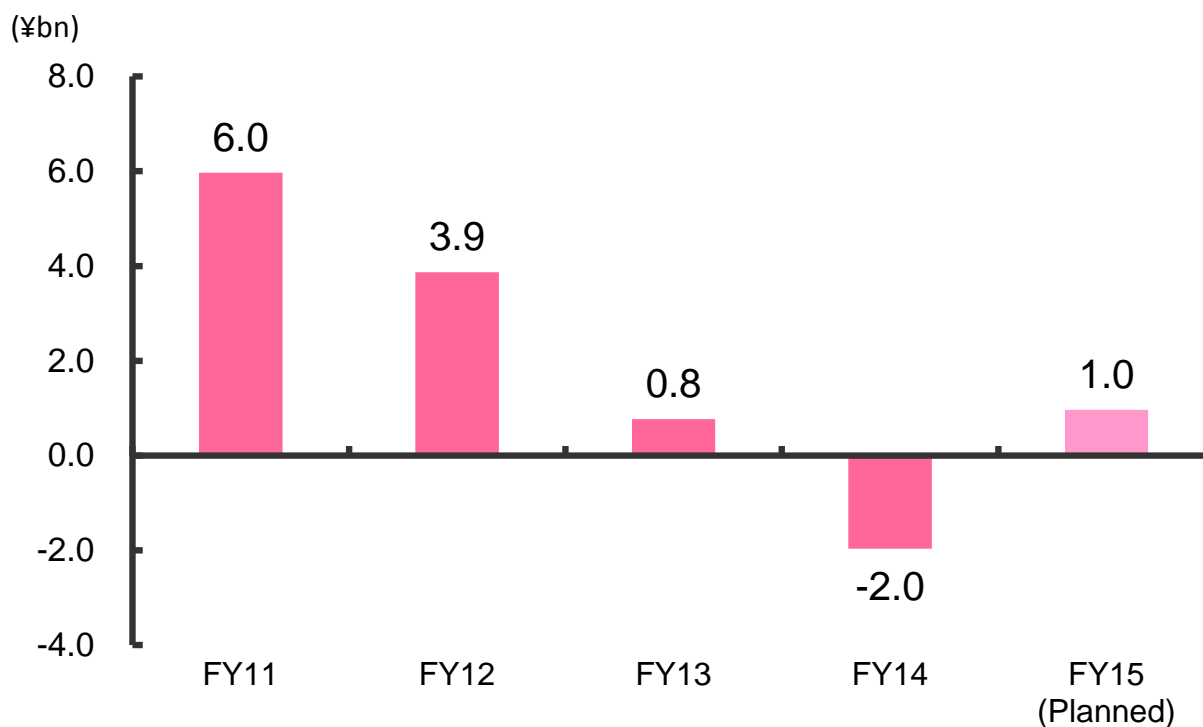


Net assets / Equity ratio

(¥bn)	End of March 2012	End of March 2013	End of March 2014	End of March 2015
Net assets	74.7	84.9	109.8	123.3
Equity ratio	5.3%	5.9%	7.2%	7.6%

- There was a reversal of ¥2.0 billion, due to the low level of new credit costs along with the decline in the charge-off ratio
 - The quality of assets increased, as in addition to the settling down of corporate bankruptcies, as well as enhanced credit management
- This fiscal year (FY2015) the forecast credit costs are ¥1.0 billion

C r e d i t C o s t s



IV. Business and Dividend Forecast

Results Forecast and Dividend

- We expect the domestic economy to grow modestly, aided by solid personal consumption and capital investment
- We will steadily step up our efforts aimed at achieving the targets for the final fiscal year of the Mid-Term Management Plan
 - We will further strengthen our organizational sales capabilities, and focus on further growing our customer base and profits
 - While we are estimating a certain amount of credit costs in our profit forecast, we will aim for an increase in net income
- Per Share Dividend
 - The plan for the FY15 annual dividend is a ¥4 increase, marking the 14th straight year of increase

(¥bn)	FY14 (Results)(A)	FY15 (Forecast)(B)	Change (B)-(A)	% Change (B)/(A)
Revenues	353.7	355.0	+1.3	+0%
Operating income	17.9	16.9	-1.0	-6%
Ordinary income	19.0	17.6	-1.4	-7%
Net income	11.1	※ 11.5	+0.4	+3%
Annual dividend (payout ratio)	¥56 (21.4%)	¥60 (22.3%)	+¥4	
Interim dividend	¥28	¥30	+¥2	
Year-end dividend	¥28 (planned)	¥30	+¥2	

※Net Income Attributable to Owners of the Parent is shown.

Appendix

Company Profile

Company Name: IBJ Leasing Company, Limited

Address: 1-2-6 Toranomom, Minato-ku, Tokyo 105-0001

Representative: Setsu Onishi, President and CEO

Establishment: December 1, 1969

Listing: Tokyo Stock Exchange, 1st Section (Code:8425)

Capital Stock: ¥17.874 billion (Outstanding shares: 42,649 thousand)

Employees: 1,050 (consolidated, as of March 31, 2015)

Business Sites: 14 in Japan (Tokyo, Osaka, Nagoya, others)
6 overseas (5 in Asia, 1 in Europe)

Key Group Companies:

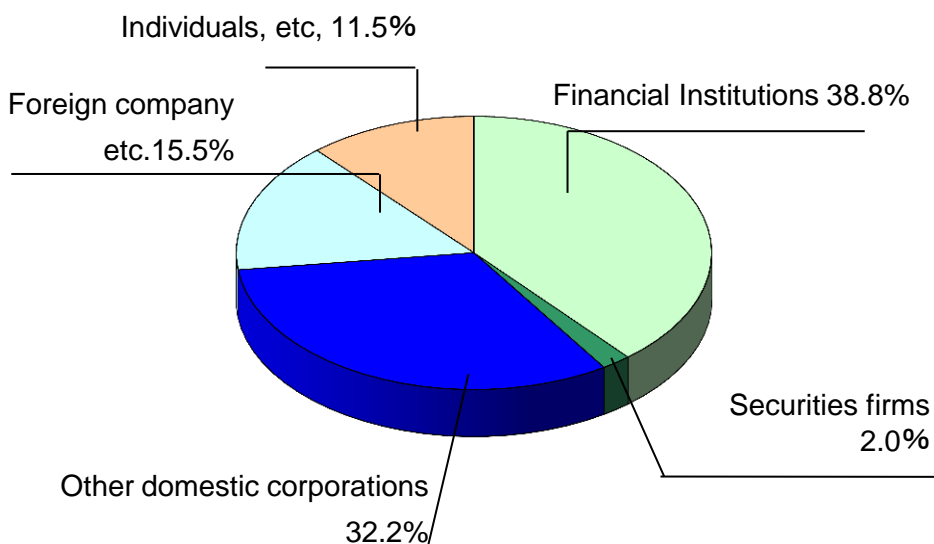
IBJL-TOSHIBA Leasing Company, Limited, Dai-ichi Leasing Co., Ltd.,
Toshiba Medical Finance Co., Ltd., Universal Leasing Co., Ltd.,
IBJ Auto Lease Company, Limited, KL Lease & Estate Co., Ltd. (building leases),
KL & Co., Ltd. (used property purchase/sales)

Shareholders (As of March 31, 2015)

○ Outstanding Shares: 42,649 thousand

○ Shareholders 27,337

○ Shareholder Distribution (Holding ratio)



(Note) Shareholding ratio is the percentage of total outstanding shares

○ Largest shareholders

Shareholders	Shares held (thousand)	Ratio (%)
The Dai-ichi Life Insurance Company, Limited	2,930	6.87
NISSAN MOTOR.,LTD. Retirement Benefit Trust Account, with the trustee being Mizuho Trust & Banking Co.,Ltd. And re-trustee Trust & Custody Services Bank, Ltd.	1,750	4.10
Mizuho Bank, Ltd.	1,626	3.81
Jowa Holdings Company, Limited	1,546	3.62
RBC ISB A/C DUB NON RESIDENT – TREATY RATE	1,300	3.04
Meiji Yasuda Life Insurance Company	1,251	2.93
The Master Trust Bank of Japan, Ltd.(Trust Account)	1,128	2.64
DOWA HOLDINGS CO., LTD.	1,120	2.62
NIPPON STEEL KOWA REAL ESTATE CO., LTD.	975	2.28
The Kyoritu Co., Ltd.	949	2.22
Japan Trustee Services Bank, Ltd.(Trust Account)	940	2.20
Japan Trustee Services Bank, Ltd.(TOSHIBA CORPORATION Retirement Benefit Trust Account re-entrusted by the Mitsui Sumitomo Trust & Banking Co.,Ltd.)	900	2.11

Consolidated B/S (Assets)

(¥bn)

	Mar.31, 2011	Mar.31, 2012	Mar.31, 2013	Mar.31, 2014 (A)	Mar.31, 2015 (B)	Change (B) – (A)	Change (B)/(A)
Current Assets	947.9	1,229.1	1,265.6	1,356.0	1,434.4	+78.4	+5.8%
Cash and Cash equivalents	37.7	41.3	30.5	37.7	38.7	+1.0	+2.8%
Lease receivable	511.7	704.2	728.9	753.8	812.0	+58.2	+7.7%
Installment sales receivable	95.1	112.6	114.3	133.8	154.4	+20.6	+15.4%
Operational Loans	241.9	295.0	320.1	359.5	361.1	+1.6	+0.4%
Operational investment securities	46.0	48.9	48.8	40.7	38.6	-2.1	-5.2%
Marketable Securities	0.7	0.1	-	0.1	—	-0.1	—
Allowance for doubtful receivables	-4.6	-7.7	-4.4	-2.3	-1.0	+1.3	+55.5%
Property & Equipment	80.1	103.9	106.7	106.2	117.3	+11.1	+10.5%
Leased assets	34.5	50.9	51.3	55.7	66.7	+11.0	+19.7%
Investment securities	20.9	16.8	20.7	24.3	28.6	+4.3	+17.8%
Doubtful operating receivables	10.4	19.2	18.5	11.4	8.9	-2.5	-21.5%
Allowance for doubtful receivables	-0.9	-3.3	-3.2	-2.3	-2.1	+0.2	+8.2%
Total Assets	1,028.0	1,333.0	1,372.2	1,462.2	1,551.7	+89.5	+6.1%
Operating Assets	928.6	1,211.3	1,263.1	1,343.0	1,432.3	+89.3	+6.6%

Consolidated B/S (Liabilities and Net worth)

(¥bn)

	Mar.31, 2011	Mar.31, 2012	Mar.31, 2013	Mar.31, 2014 (A)	Mar.31, 2015 (B)	Change (B) - (A)	Change (B)/(A)
Current Liabilities	705.9	900.9	979.9	1,019.0	1,044.3	+25.3	+2.5%
Short-term borrowings	137.5	172.9	233.5	295.4	336.5	+41.1	+13.9%
Current portion of corporate bond	-	-	-	-	10.0	+10.0	—
Current portion of long-term debt	138.9	203.0	195.5	158.1	131.1	-27.0	-17.1%
Commercial Paper	327.3	373.1	410.2	414.9	422.2	+7.3	+1.8%
Lease Payable	15.4	19.2	14.1	11.3	8.8	-2.5	-21.6%
Long-term Liabilities	252.7	357.3	307.5	333.4	384.1	+50.7	+15.2%
Long-term debt	241.0	345.7	286.1	287.8	322.7	+34.9	+12.1%
Corporate bond	-	-	10.0	30.0	40.0	+10.0	+33.3%
Total Liabilities	958.6	1,258.2	1,287.3	1,352.3	1,428.4	+76.1	+5.6%
Net assets	69.4	74.7	84.9	109.8	123.3	+13.5	+12.3%
Shareholder`s equity	68.7	71.2	78.4	100.5	109.3	+8.8	+8.8%
Accumulated other comprehensive income	-0.3	-0.5	1.9	4.3	8.6	+4.3	+96.7%
Minority interest	1.0	4.0	4.6	5.0	5.4	+0.4	+8.2%
Total	1,028.0	1,333.0	1,372.2	1,462.2	1,551.7	+89.5	+6.1%
Interest-bearing debt	877.6	1,133.5	1,176.5	1,226.3	1,310.0	+83.7	+6.8%
Equity ratio	6.7%	5.3%	5.9%	7.2%	7.6%	+0.4%	

Consolidated statements of income

(¥bn)

	FY2010	FY2011	FY2012	FY2013 (A)	FY2014 (B)	Change (B)–(A)	Change (B)/(A)
Revenues	256.1	270.1	352.5	354.8	353.7	-1.1	-0.3%
Gross profit before write-offs and funding costs	36.5	36.6	44.3	43.0	41.6	-1.4	-3.2%
Funding costs	5.5	5.3	6.6	6.4	6.3	-0.1	-1.4%
Gross profit	31.1	31.3	37.7	36.6	35.3	-1.3	-3.6%
SGA expenses	15.6	20.6	23.0	19.9	17.3	-2.6	-12.8%
Personnel, facilities costs	13.3	14.5	19.0	18.9	19.1	+0.2	+1.0%
Operating income	15.4	10.7	14.7	16.7	17.9	+1.2	+7.5%
Other income	0.9	0.9	1.3	1.3	1.6	+0.3	+19.2%
Other expenses	0.5	0.5	0.6	0.6	0.5	-0.1	-11.3%
Ordinary income	15.9	11.1	15.4	17.4	19.0	+1.6	+9.0%
Extraordinary income	0.1	0.0	0.0	0.1	0.0	-0.1	-58.5%
Extraordinary loss	0.5	1.6	0.0	0.0	0.1	+0.1	+184.9%
Income before income taxes	15.4	9.5	15.4	17.5	18.9	+1.4	+8.1%
Income taxes	6.3	5.1	5.8	6.5	7.3	+0.8	+13.3%
Net income	9.0	4.3	8.9	10.5	11.1	+0.6	+5.8%
Credit costs	2.2	6.0	3.9	0.8	-2.0	-2.8	—

Consolidated statement of comprehensive income

(¥bn)

	FY2010	FY2011	FY2012	FY2013 (A)	FY2014 (B)	Change (B)-(A)	Change (B)/(A)
Net income before minority interests	9.1	4.4	9.6	11.0	11.6	+0.6	+5.0%
Unrealized gain on available-for-sale securities	-0.5	-0.0	1.6	0.9	2.8	+1.9	+213.9%
Deferred loss on derivatives under hedge accounting	-0.0	-0.0	-0.1	0.3	0.1	-0.2	-83.7%
Foreign currency translation adjustment	-0.4	-0.1	0.7	1.0	0.9	-0.1	-8.4%
Remeasurements of defined benefit plans	—	—	—	—	0.3	+0.3	—
Share of other comprehensive income of associated companies	0.1	-0.0	0.1	0.2	0.2	+0.0	+9.3%
Total other comprehensive income	-0.9	-0.2	2.4	2.4	4.2	+1.8	+77.7%
Total comprehensive income	8.3	4.2	11.9	13.4	15.8	+2.4	+18.0%

Gross profit before write-offs and funding costs by segment

(¥bn)

	FY2010	FY2011	FY2012	FY2013 (A)	FY2014 (B)	Change (B)-(A)	Change (B)/(A)
Revenues	256.1	270.1	352.5	354.8	353.7	-1.1	-0.3%
Leasing	233.8	249.6	327.5	316.2	318.6	+2.4	+0.8%
Installment sales	14.2	11.6	15.4	25.9	25.2	-0.7	-2.4%
Loans	6.1	6.5	7.2	7.0	7.5	+0.5	+8.4%
Other	2.3	2.8	3.2	6.6	3.2	-3.4	-51.0%
Elimination/Corporate	-0.4	-0.5	-0.8	-0.8	-0.9	-0.1	+11.3%
Cost of sales	219.5	233.5	308.2	311.8	312.1	+0.3	+0.1%
Leasing	207.2	223.2	294.0	284.8	288.4	+3.6	+1.3%
Installment sales	11.4	9.2	12.6	23.2	22.8	-0.4	-1.8%
Loans	0.3	0.3	0.3	0.3	0.4	+0.1	+41.1%
Other	0.6	1.0	1.6	3.8	0.9	-2.9	-75.3%
Elimination/Corporate	0.0	-0.2	-0.3	-0.3	-0.4	-0.1	-38.6%
Gross profit before write-offs and funding costs	36.5	36.6	44.3	43.0	41.6	-1.4	-3.2%
Leasing	26.6	26.4	33.5	31.4	30.3	-1.1	-3.7%
Installment sales	2.8	2.5	2.8	2.7	2.4	-0.3	-7.8%
Loans	5.8	6.1	6.9	6.6	7.1	+0.5	+6.8%
Other	1.7	1.9	1.6	2.8	2.3	-0.5	-18.0%
Elimination/Corporate	-0.4	-0.3	-0.5	-0.5	-0.5	+0.0	+4.9%
Funding costs	5.5	5.3	6.6	6.4	6.3	-0.1	-1.4%
Gross profit	31.1	31.3	37.7	36.6	35.3	-1.3	-3.6%