Presentation Materials

Financial Results for FY2013 Presentation Materials

May 14, 2014

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

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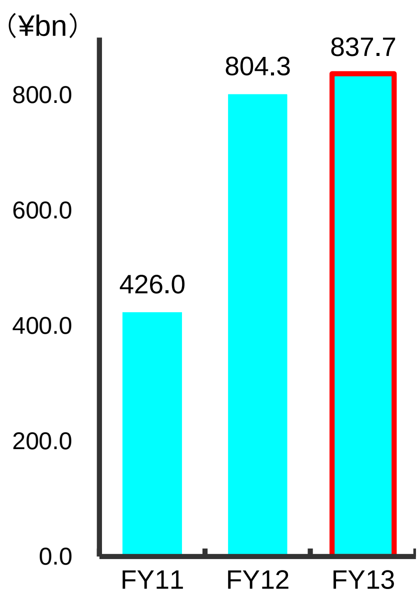
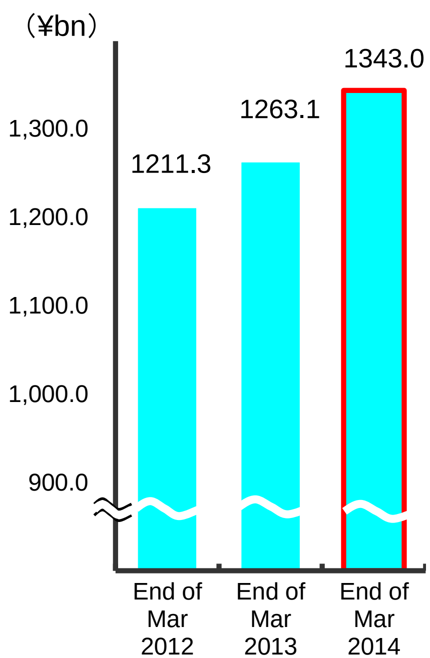
FY2013 financial Results Highlights

- **In addition to minimizing the impact of the drop in interest rates by aggressively accumulating operating assets, cost improvements resulted in an increase in operating, ordinary and net income**
- **Achieved the targets for the final fiscal year of the previous Mid-term Management Plan (Year 2011-2013)**
  - Operating Assets: ¥1,343.0 billion (¥1,200 billion)
  - Net Income: ¥10.5 billion (¥10 billion), ROE: 11.4% (at least 10%) ※ Figures in parenthesis are targets

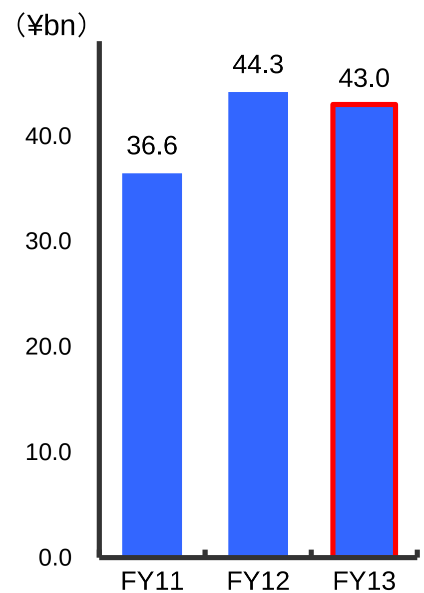
Contract Execution Volume



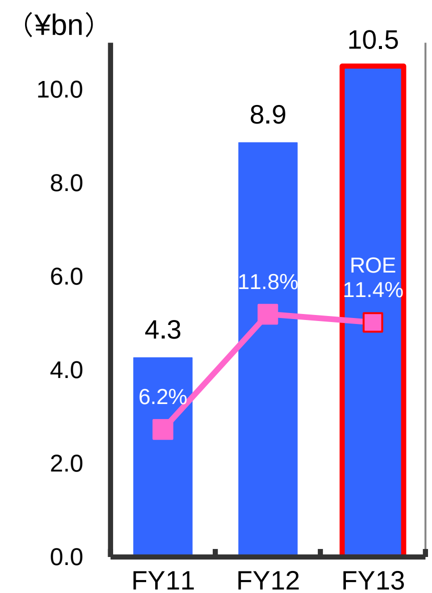
Operating Assets



Gross profit before write-offs, funding costs



Net income

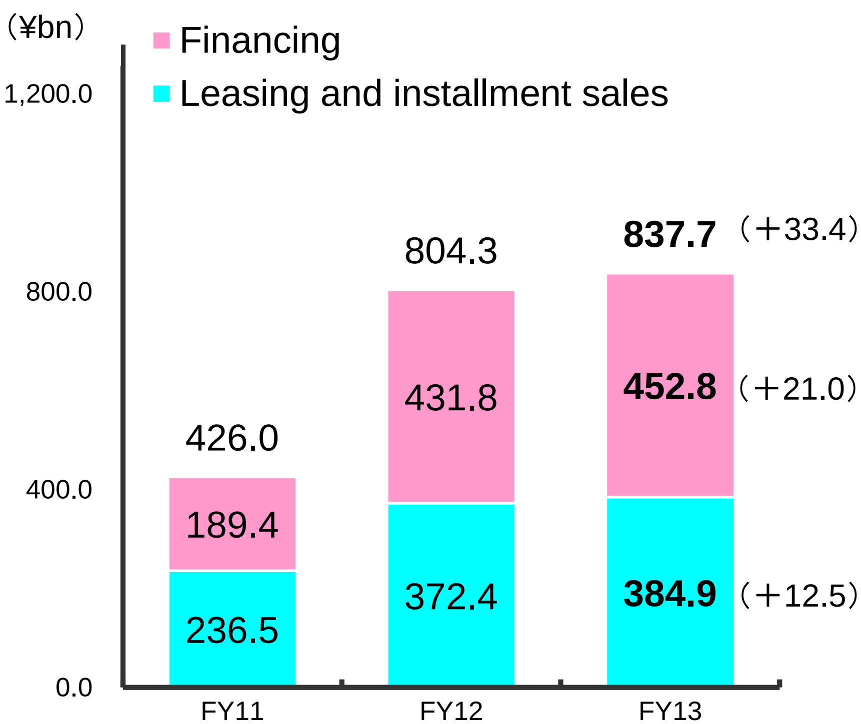


Ⅰ. Business Performance Overview

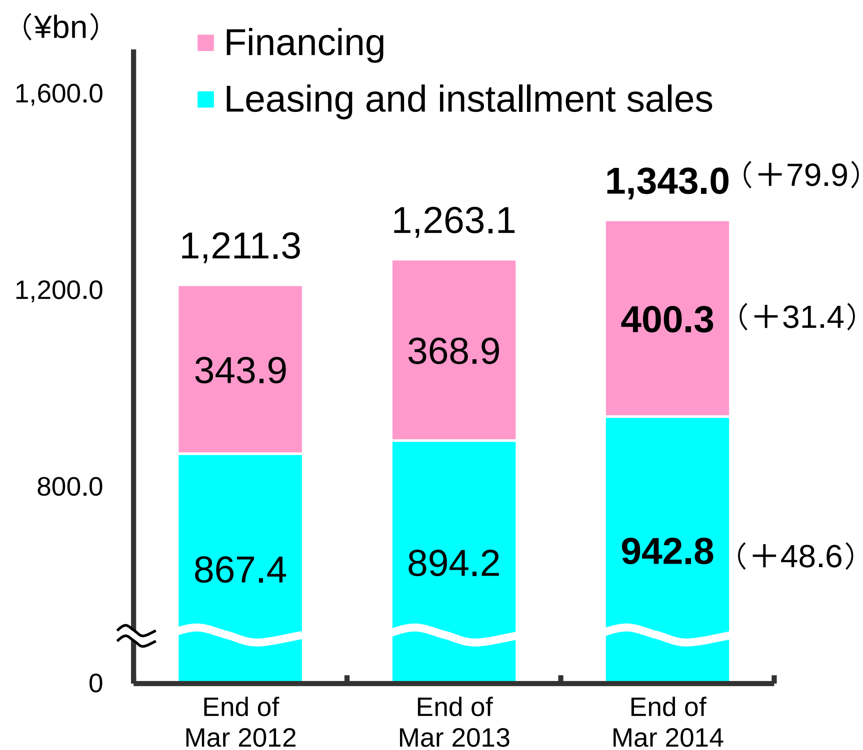
Business Overview

- **Diverse needs were captured, resulting in an increase in contract execution volume for both leasing and installment sales as well as financing**
- **The balance of operating assets increased to ¥1.343 trillion, exceeding the fiscal year target of ¥1.3 trillion**

Contract Execution Volume



Operating Assets



Leasing and Installment Sales

- **Overall contract execution volume increased y-o-y as companies' capital investment needs were widely captured**
  -The decline due to the fading of some large projects was absorbed by growth in other equipment types
- **Initiatives targeting the growth sector of domestic demand oriented industries produced steady results**
  -Growth in Medical, Commerce and services, and Other (real estate leases) continued

Contract Execution Volume by Equipment Type

(¥bn)	FY11	FY12	**FY13**	Change (%)	
Industrial and factory	38.4	109.1	82.6	- 26.5	(- 24%)
Information and communications	57.6	83.4	93.2	＋ 9.8	(+ 12%)
Transport	33.5	41.8	34.4	- 7.4	(- 18%)
Construction	37.2	38.8	57.4	＋ 18.6	(+ 48%)
Medical	19.7	33.5	36.9	＋ 3.4	(+ 10%)
Commerce and services	21.7	24.1	31.2	＋ 7.1	(+ 30%)
Office equipment	8.6	12.2	15.2	＋ 3.0	(+ 25%)
Other	19.7	29.7	33.9	＋ 4.2	(+ 14%)
Total	236.5	372.4	384.9	＋ 12.5	(+ 3%)

Sales Activities (Leasing and Installment Sales)

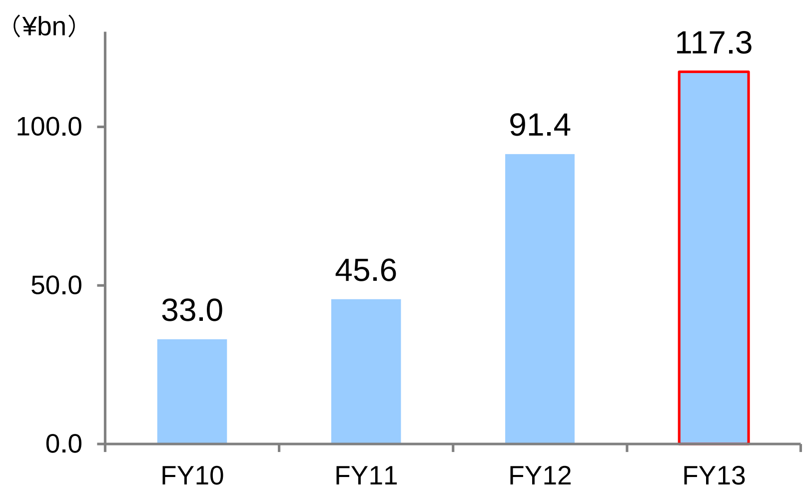
[Commerce and Services]

- **Leveraged real estate leasing to support business development efforts by top blue-chip companies**
- **In addition to in-store equipment, steadily captured the demand for solar power generation and other energy-saving equipment**

[Medical]

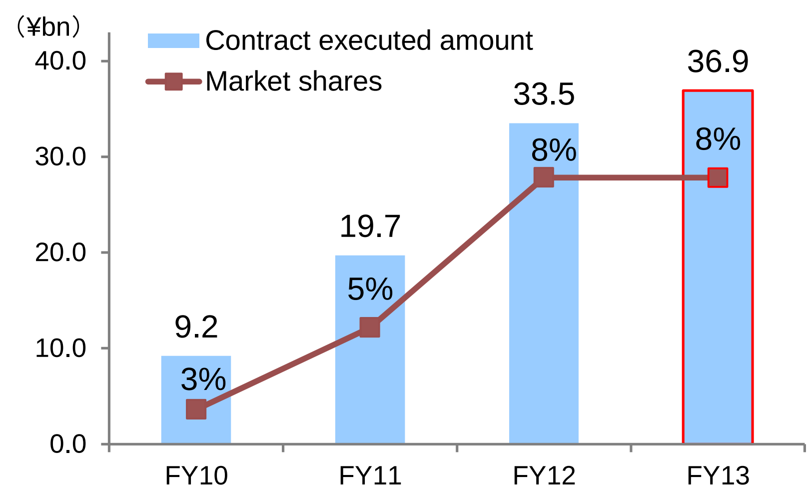
- **Leveraged the sales networks of both Siemens and Toshiba Medical Systems to increase execution volume**
- **Began real estate leasing for assisted living centers for the elderly**

Contract execution for commerce and services



(Note) Leasing, Installment sales, Loan contracts execution for retail, wholesale, restaurant corporates.

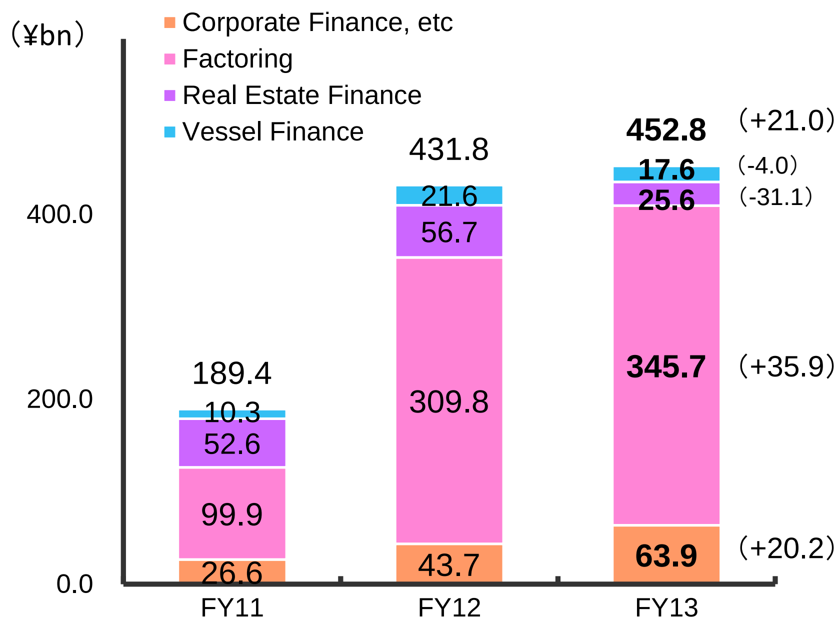
Contract execution for medical equipment



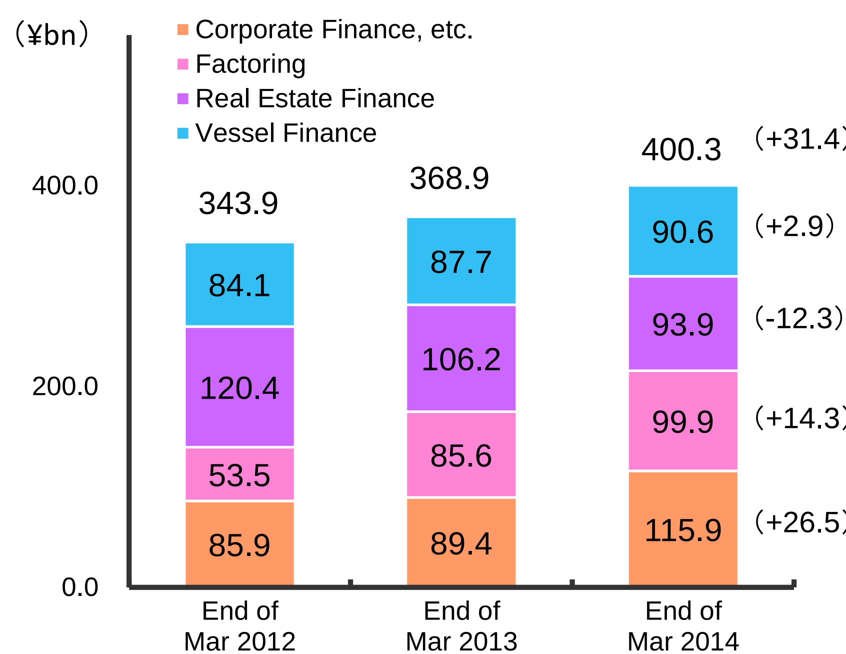
Financing

- **Contract execution volume increased ¥21.0 billion y-o-y, to ¥452.8 billion**
  - Captured diverse financing needs, resulting in a steady increase in areas such as factoring and specialized financing
- **The balance of operating assets increased ¥31.4 billion versus March 31, 2013, due to steady accumulation of assets**
  - Accumulated high-quality assets in areas such as aircraft financing and overseas project financing

Contract Execution Volume



Operating Assets



Sales Activities (Financing)

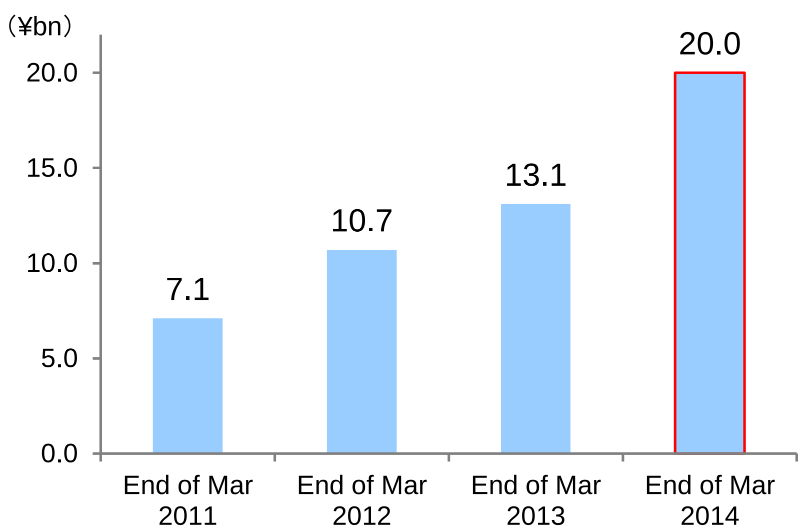
[Aircraft Financing]

- **Accumulated superior assets, such as aircraft-backed collateral loans to top airlines, while keeping portfolio diversified**

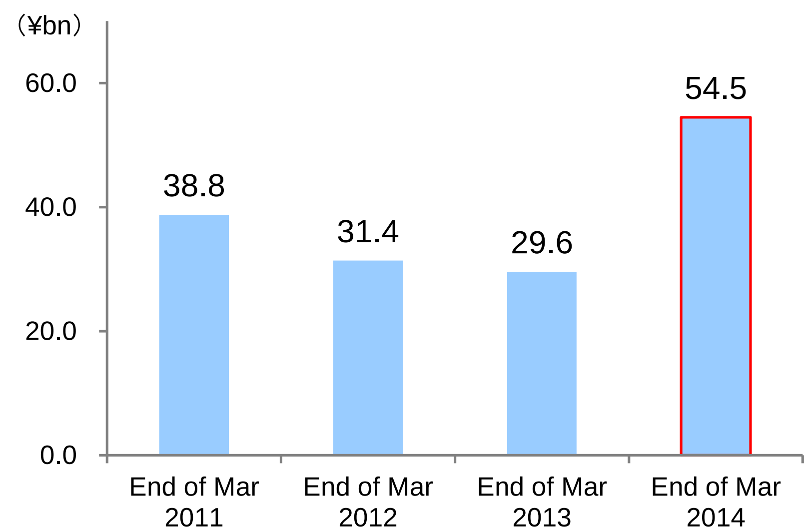
[Specialized Financing]

- **Enhanced ability to handle new specialized financing, and diversified fields of business**
  - Energy-related project financing, cross-border loans, etc.
  - Aggressively responded to the wide-ranging needs in the fields of electric power, gas, renewable energy, and social infrastructure

Balance of Aircraft Financing



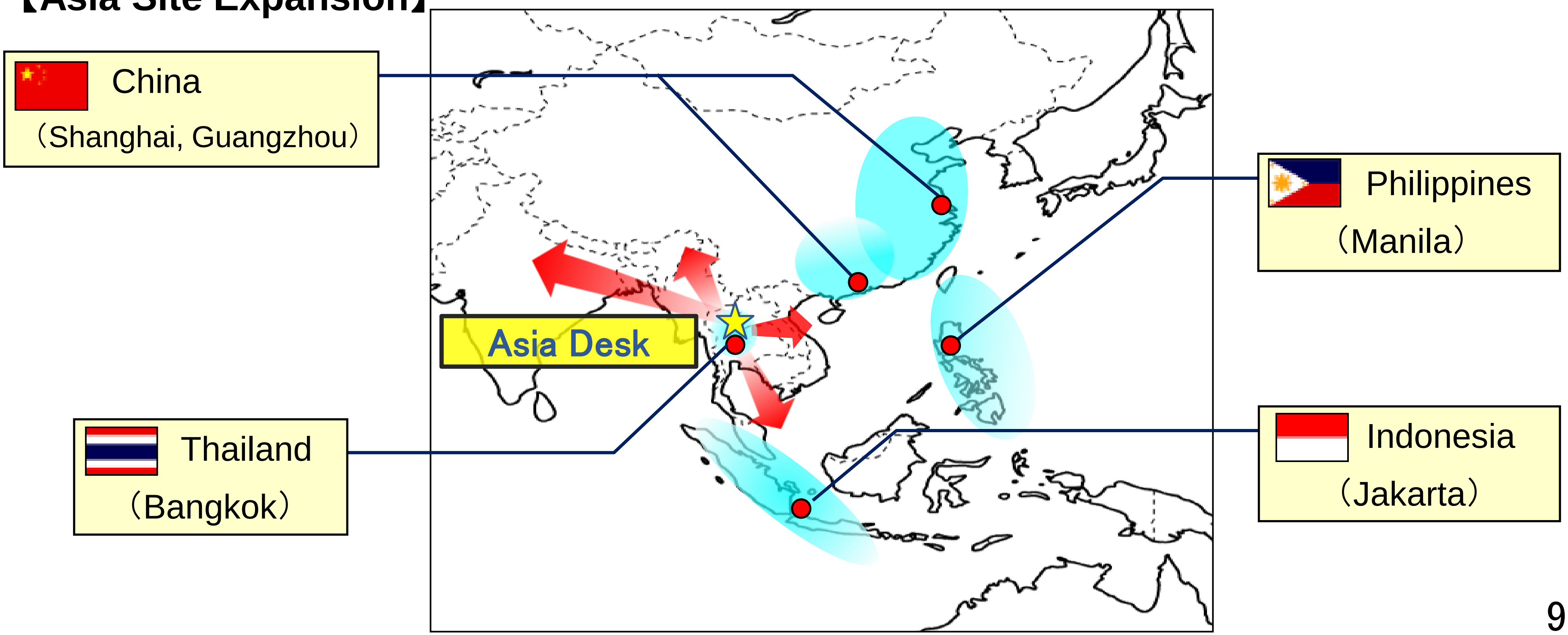
Balance of Specialized Financing



Sales Activities（Overseas）

- **Supported Japanese companies' overseas development, particularly in Asia**
  - Overseas offices, the Asia desk, and units in Japan worked together to capture a wide range of needs
  - In addition to using domestic RM to capture business deals, efforts to cultivate business locally on our own yielded results
- **Collaboration with IBJL-TOSHIBA Leasing led to significant growth in overseas business brought in**

【Asia Site Expansion】



Ⅱ. Financial Results Overview

Consolidated P/L

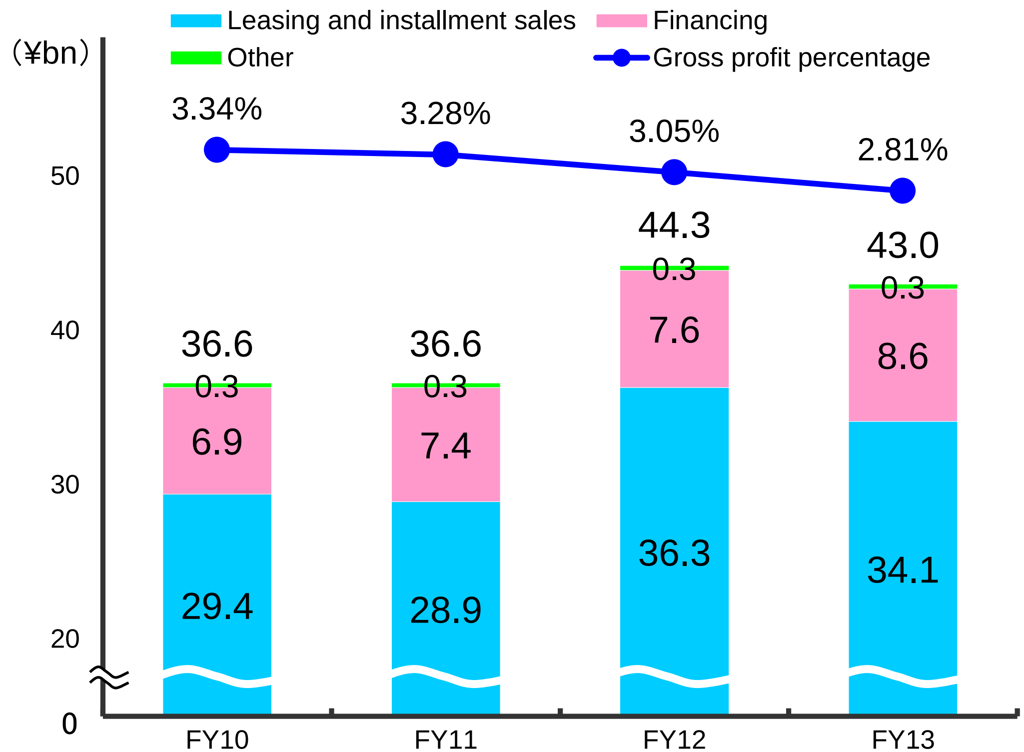
- **Gross profit before write-offs and funding declined as a result of continued asset reshuffling, resulting in a drop in yields**
- **Operating income, ordinary income, and net income increased by double digits due to the improvement in credit costs and a decline in funding costs**

Consolidated P/L (¥bn)	FY11	FY12 (A)	**FY13 (B)**	Change (B)-(A)	Percentage Change (B)/(A)
Revenues	270.1	352.5	**354.8**	+2.3	+1%
Gross profit before write-offs, funding costs	36.6	44.3	**43.0**	-1.3	-3%
(Funding Costs)	(5.3)	(6.6)	**(6.4)**	(-0.2)	(-3%)
Gross profit	31.3	37.7	**36.6**	-1.1	-3%
(General Expenses)	(14.5)	(19.0)	**(19.0)**	(0.0)	(+0%)
Operating income	10.7	14.7	**16.7**	+2.0	+14%
Ordinary income	11.1	15.4	**17.4**	+2.0	+13%
(Ordinary income before write-offs)	(17.1)	(19.3)	**(18.2)**	(-1.1)	(-6%)
(Credit costs)	(6.0)	(3.9)	**(0.8)**	(-3.1)	(-80%)
Net income	4.3	8.9	**10.5**	+1.6	+18%

Profitability

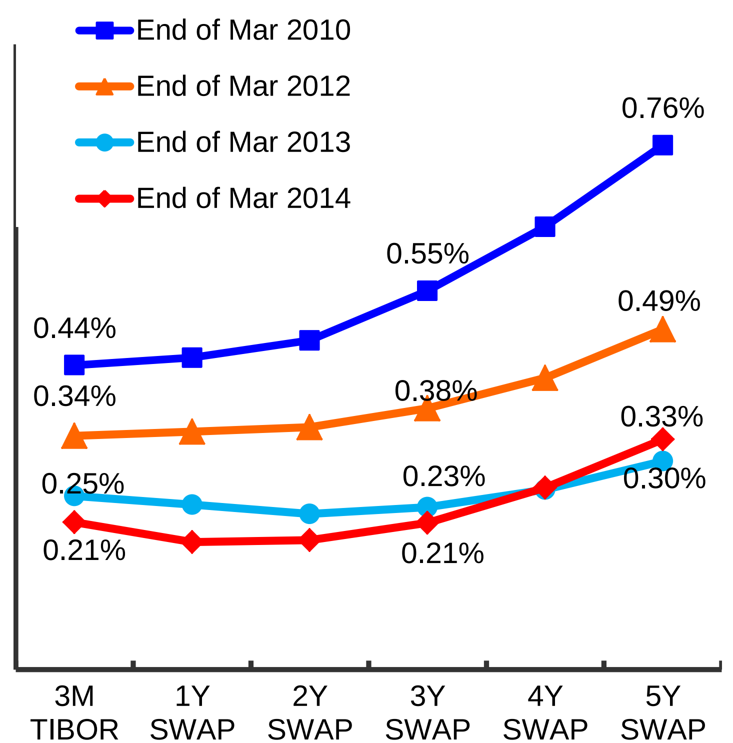
- **Some of the decline in gross profit before write-offs caused by the drop in leasing and installment sales was offset by the increase in financing.**
- **Yields declined due to the reshuffling of assets amid the drop in market interest rates and the flattening of the yield curve**

Gross profit before write-offs



Note: Gross profit percentage＝Gross profit / Operating Assets（average balance）

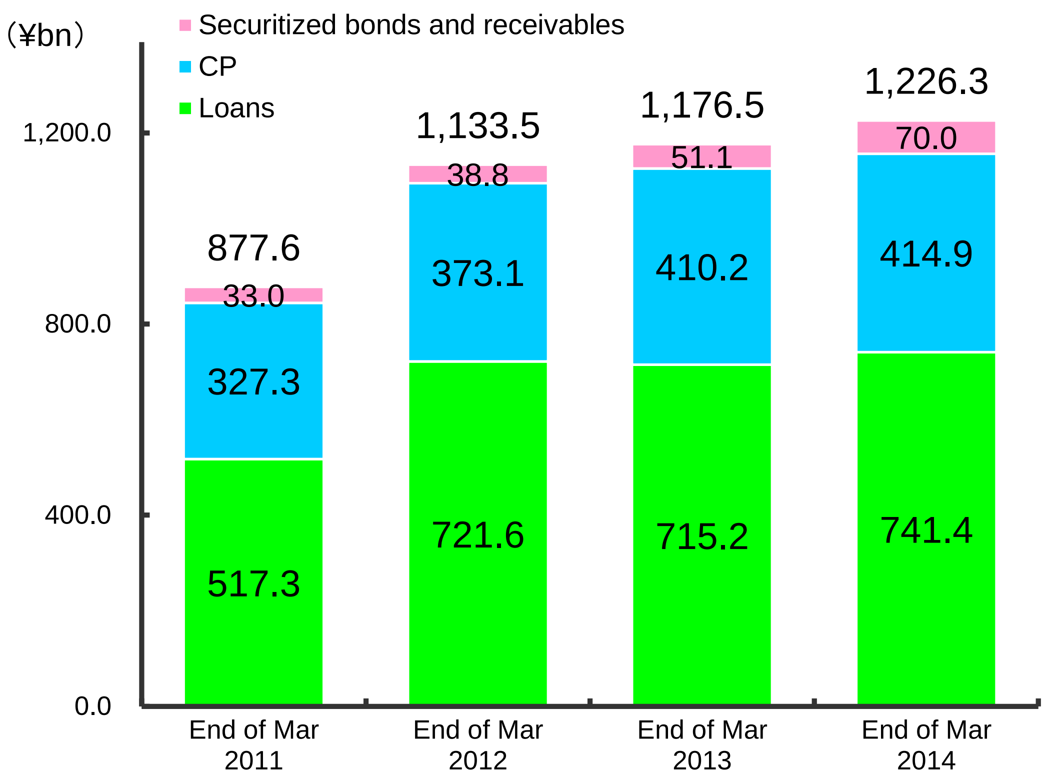
Yield curb of market interest rate



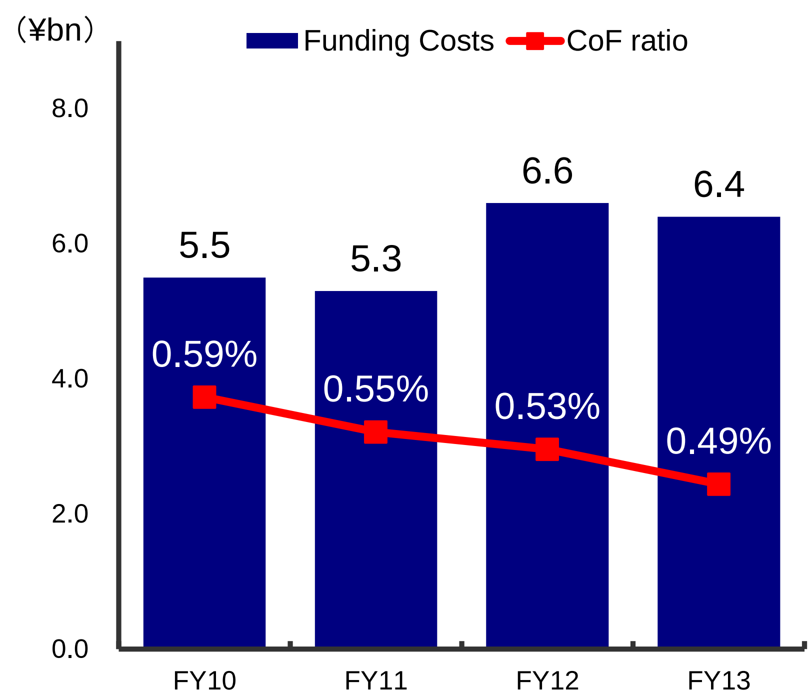
Funding

- **Utilized market funding by issuing CP and corporate bonds (3-Year Corporate Bond: ¥20 billion issued)**
- **The cost of funds ratio continued to drop due to unified Group financing, including revisions of the funding composition**

Interest-bearing Debt



Funding Costs (%)

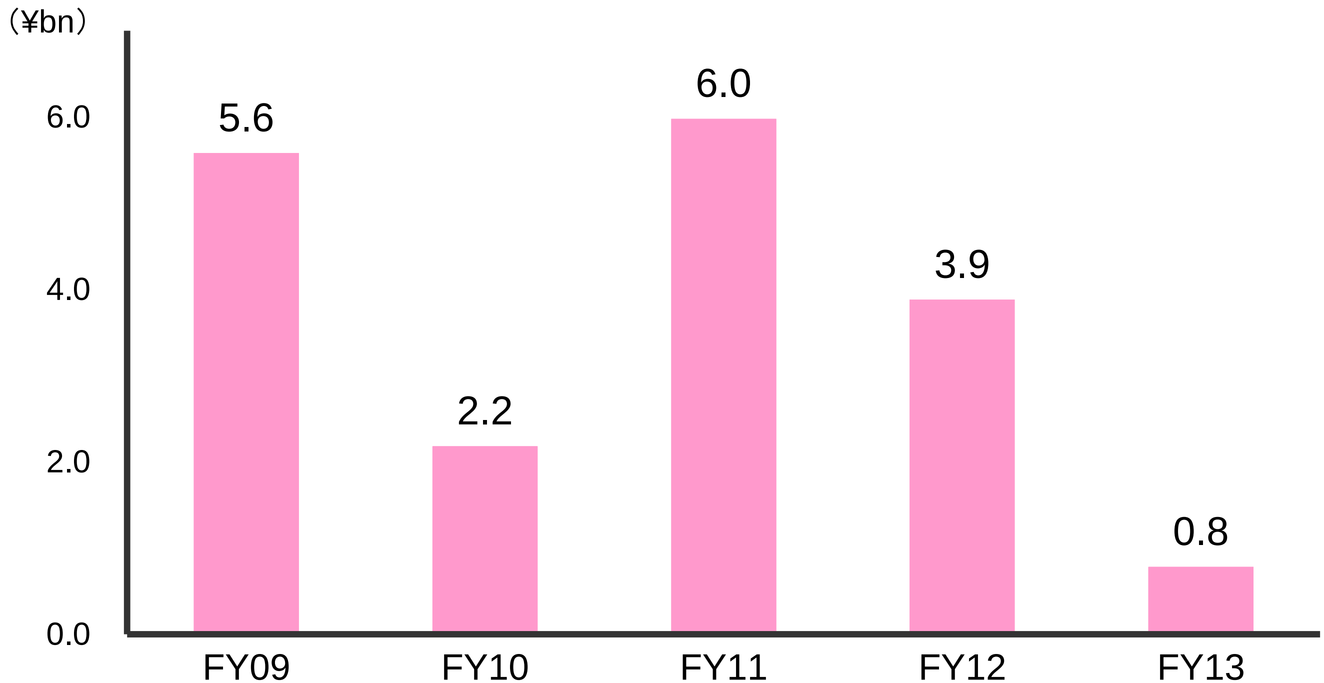


Note: CoF ratio = Funding costs/Operating assets(average of year-start and year-end balances)

Credit Costs

- **Credit costs declined by ¥3.1 billion versus the previous year to ¥800 million of carryover reserves, due to the reversal of prior years' reserves**
  - Individual deals and the correction of the yen's appreciation resulted in a reversal of prior years' vessel-related reserves
  - Made the necessary allowances from the regular evaluation revisions in certain asset finance deals

Credit Costs



Ⅲ. The Fourth Mid-term Management Plan

The outline of the Fourth Mid-term Management Plan

The Third Mid-term Management Plan
(Year 2011－2013)

＜Major Results＞
- Significant increases in operating assets through large scale M&A's
- Successful business development in distribution/retail and medical sectors
- Sufficient funding secured for future growth and reinforced financial stability through successful completion of capital increase by public offering

Successful expansion of client base and business domains in tandem with changes in business environment and social structure

Business Opportunity

＜Domestic economy trend＞
- CAPEX needs among domestic demand oriented industries and other growth sectors

＜Market Trend＞
- Market fluctuations, financial globalization, diversification in corporate sourcing of funds

＜ Overseas ＞
- Increased funding requirements related to Japanese corporations' expansion of offshore capital investments and global business

Evolutionary Succession

Business Infrastructure

＜ Sales infrastructure ＞
- Reinforced networking with friendly financial institutions and corporations
- Business expansion with domestic demand oriented industries
- Develop know-how for special finance services

＜ Financial base ＞
- High quality, secured source of funds
- Risk tolerance commensurate with increased risk assets

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

『 Challenging for renewed growth 』

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

Basic strategy for the Fourth Mid-term Management Plan

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

Vision

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

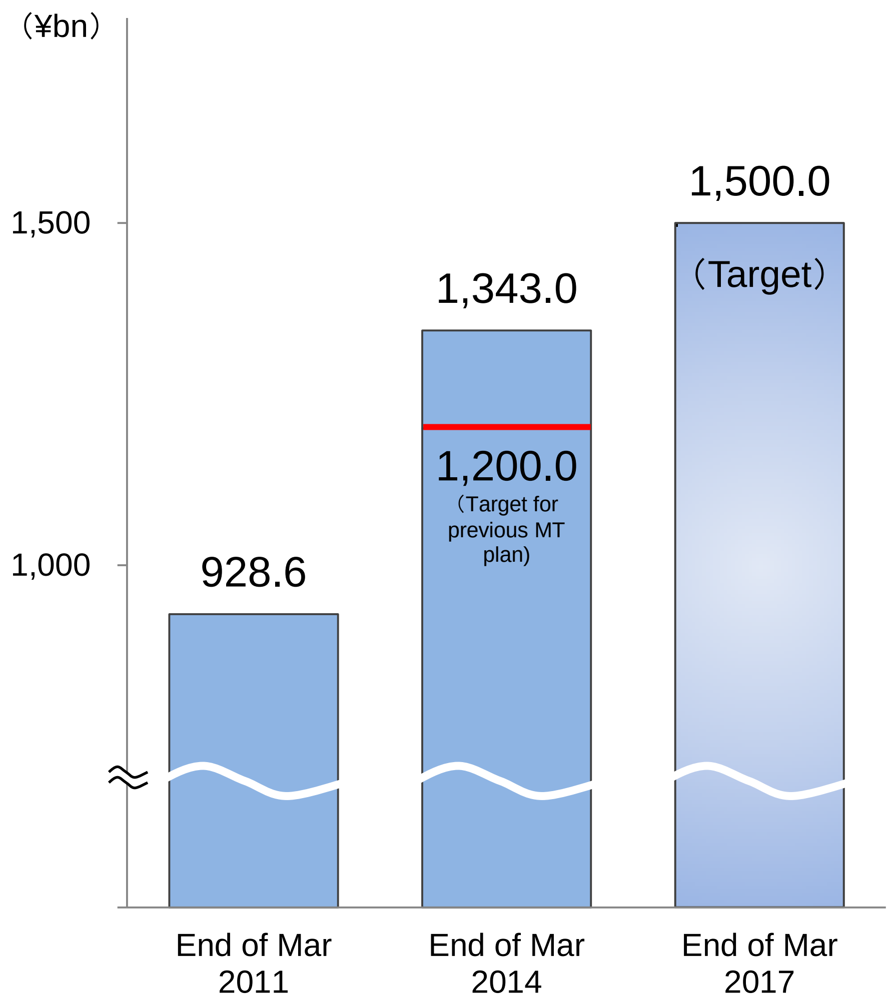
Basic strategies

- Further enhance core earnings and build robust business infrastructure
- Improve quality and volume of special finance portfolio
- Build robust infrastructure and expand business areas for offshore businesses
- Build business infrastructure reflecting changes in business environment

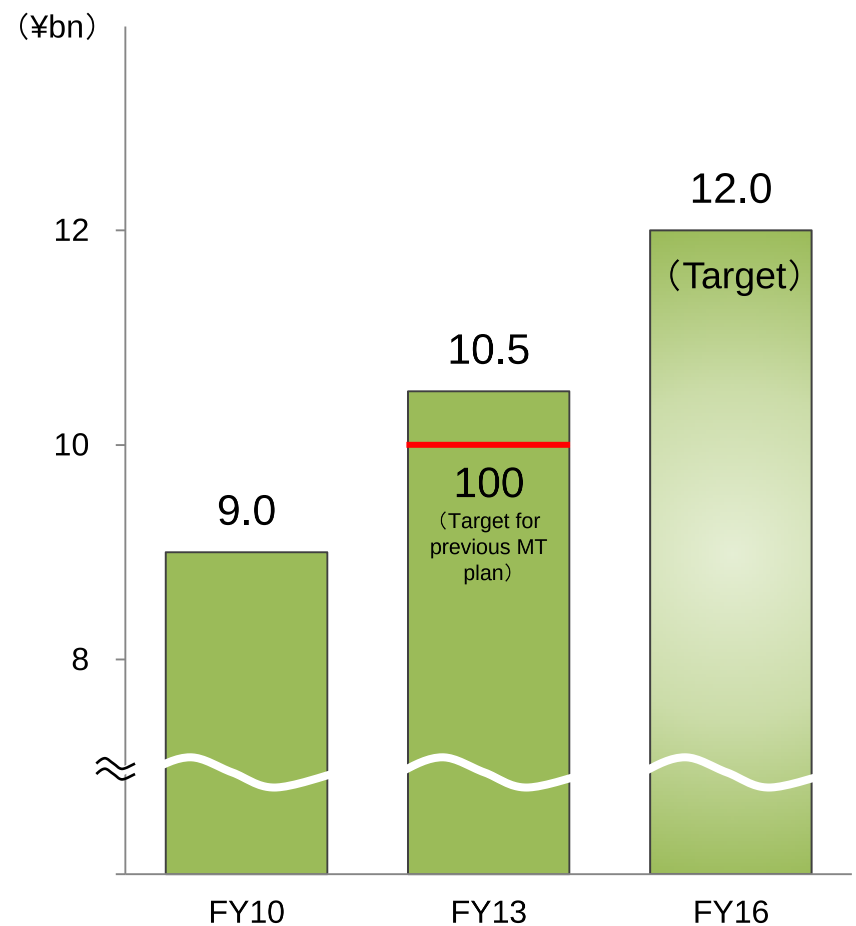
Sustainable growth based on further consolidation of asset/earnings base

Target Value for the final year of the management plan

Balance of operating assets



Net Income



Ⅳ. Business and Dividend Forecasts

Business and Dividend Forecasts

- **Amid the ongoing fierce competitive environment, will steadily roll out basic strategies aimed at taking a sure step towards realizing stable growth in the first fiscal year of the new Mid-term Management Plan**
  - Forecasting higher net income, as the increase in base earnings power will outweigh the expected growth in costs
- **Per Share Dividend**
  - The plan for the FY13 year-end dividend is a ¥2 upward revision to ¥28 from initial forecast of ¥26
  - The plan for the FY14 annual dividend is a ¥2 increase, marking the 13th straight year of increase

(¥bn)	FY12 (Results)	FY13 (Results) (A)	**FY14 (Forecast) (B)**	Change (A)-(B)	Percentage change (B)/(A)
Revenues	352.5	354.8	**355.0**	＋0.2	＋0%
Operating income	14.7	16.7	**16.7**	0	＋0%
Ordinary income	15.4	17.4	**17.4**	0	＋0%
Net income	8.9	10.5	**11.0**	＋0.5	＋4%

	FY12	FY13	FY14	Change
Annual dividend	¥50	¥54	¥56	＋¥2
Interim dividend	¥24	¥26	¥28	＋¥2
Year-end dividend	¥26	(Planned) ¥28	¥28	—

Appendix

Company Profile

Company Name:	**IBJ Leasing Company, Limited**
Address:	**1-2-6 Toranomon, Minato-ku, Tokyo 105-0001**
Business:	**Multimodal financial services**
Representative:	**Setsu Onishi, President and CEO**
Establishment:	**December 1, 1969**
Listing:	**Tokyo Stock Exchange, 1st Section (Code:8425)**
Capital Stock:	**¥17.87 billion (outstanding shares:42,649thousand)**
Employees:	**1,036 （As of March 31, 2014）**

Shareholders（As of March 31, 2014）

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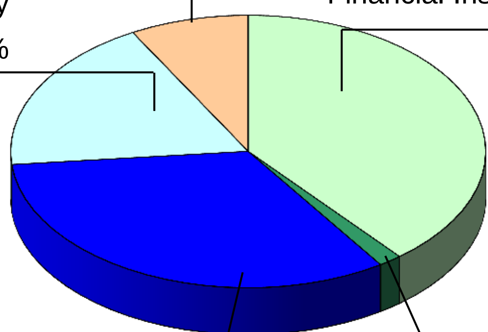
〇Outstanding Shares: 42,649 thousand

〇Shareholders　18,324

〇Shareholder Distribution（Holding ratio）



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

〇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
Meiji Yasuda Life Insurance Company	1,251	2.93
Japan Trustee Services Bank, Ltd.(Trust Account)	1,244	2.91
DOWA HOLDINGS CO., LTD.	1,120	2.62
RBC ISB A/C DUB NON RESIDENT – TREATY RATE	1,000	2.34
NIPPON STEEL KOWA REAL ESTATE CO., LTD.	975	2.28
The Master Trust Bank of Japan, Ltd.(Trust Account)	954	2.23
The Kyoritu Co., Ltd.	949	2.22
Japan Trustee Services Bank, Ltd.(TOSHIBA CORPORATION Retirement Benefit Trust Account re-entrusted by the Mitsui Sumitomo Trust & Banking Co.,Ltd.)	900	2.11

IBJ Leasing Group

IBJ Leasing

Expansion of Market Footprint:
Utilize client base held by operating companies and financial institutions

IBJL-TOSHIBA Leasing
Main customer: Toshiba Group and its customers

Dai-ichi Leasing
Main clients: Dai-ichi Life Insurance corporate customers

Nissan Leasing
Main clients: Nissan Motor Group & its business associates

Toshiba Medical Finance | **Universal Leasing** | **Higashi-Nippon Leasing**

<Affiliates> **Toho Lease** | **Juhachi Sogo Lease**

Specialized function and services:
Diversifying service offerings to complement IBJ Leasing's functions

IBJ Auto Lease — Auto leasing

KL Lease & Estate — Real estate leasing

KL & Co. — Used asset sales

KL Insurance & Co. | **KL Office Service Company**

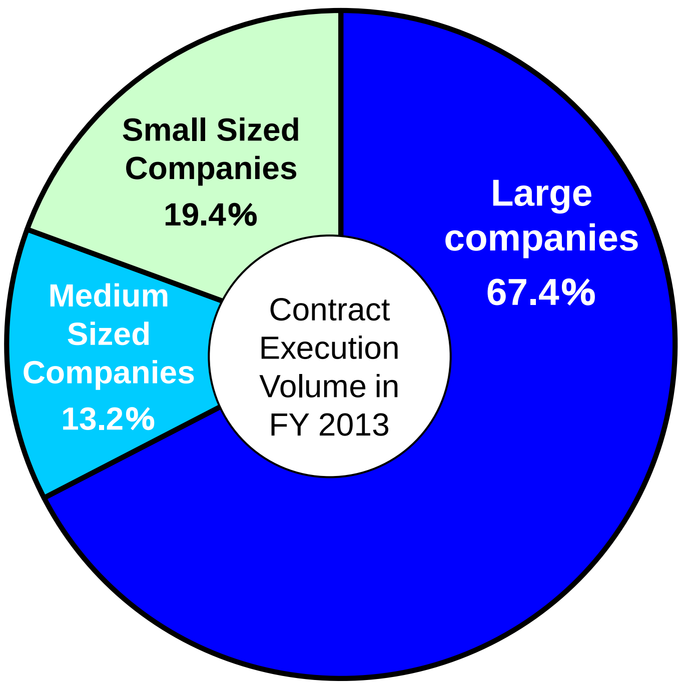
Overseas subsidiaries:
Active player in dynamically expanding Asian markets

Asia: **China** (HQ: Shanghai, Office: Guangzhou) | **Indonesia** | **Thailand** | **Philippines**

Europe: U.K.

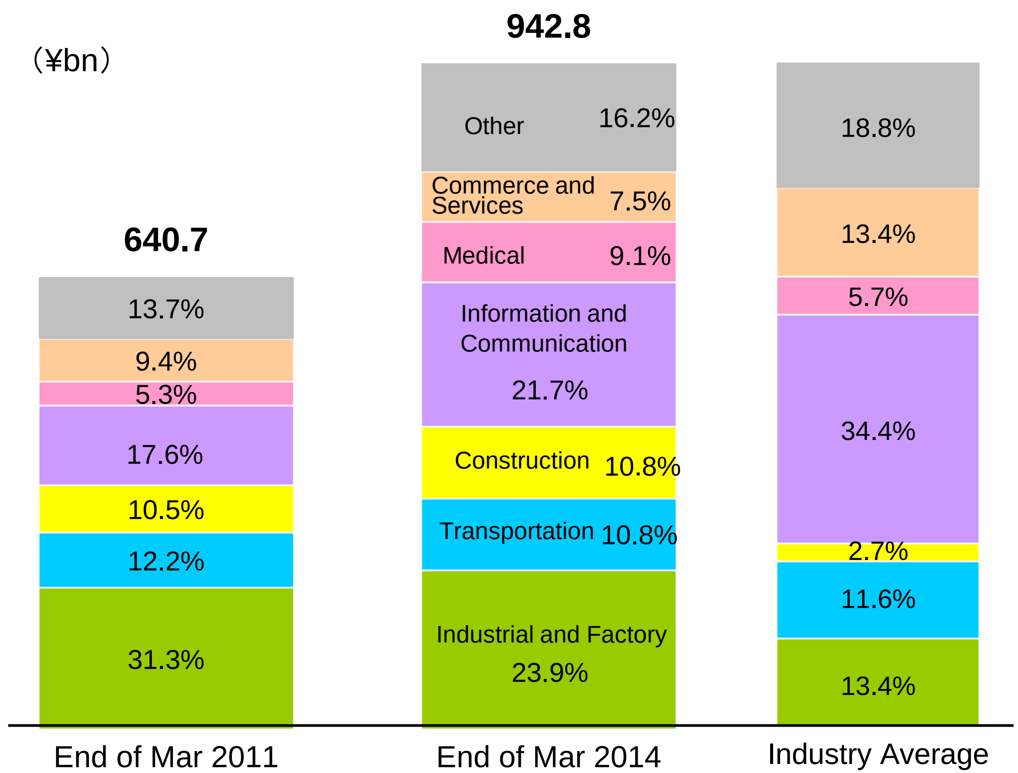
Business Infrastructure

Contract Execution Volume by Corporate Size



* Large companies : Capital more than ¥1,000M
Medium Sized Companies : Capital more than ¥100M and less than ¥1,000M
Small Sized Companies : Capital Less than ¥100M
** Excluding contract directed at SPC transactions

Balance of operating assets (Leasing and Installment sales) by equipment type



※Industry Average : Averaged 5 year business volume which announced by Japan Leasing Association. (FY13 is preliminary figures)

Consolidated B/S (Assets)

(¥bn)

	Mar.31, 2010	Mar.31, 2011	Mar.31, 2012	Mar.31, 2013 (A)	**Mar.31, 2014 (B)**	Change (B) – (A)	Change (B)/(A)
Current Assets	904.9	947.9	1229.1	1265.6	**1356.0**	+90.4	+7.1%
Cash and Cash equivalents	18.5	37.7	41.3	30.5	**37.7**	+7.2	+23.4%
Lease receivable	522.3	511.7	704.2	728.9	**753.8**	+24.9	+3.4%
Installment sales receivable	108.9	95.1	112.6	114.3	**133.8**	+19.5	+17.0%
Operational Loans	237.4	241.9	295.0	320.1	**359.5**	+39.4	+12.3%
Operational investment securities	-	46.0	48.9	48.8	**40.7**	-8.1	-16.5%
Marketable Securities	4.0	0.7	0.1	-	**0.1**	+0.1	-
Allowance for doubtful receivables	-3.9	-4.6	-7.7	-4.4	**-2.3**	+2.1	+46.9%
Property & Equipment	112.2	80.1	103.9	106.7	**106.2**	-0.5	-0.4%
Leased assets	31.2	34.5	50.9	51.3	**55.7**	+4.4	+8.6%
Investment securities	54.9	20.9	16.8	20.7	**24.3**	+3.6	+17.0%
Doubtful operating receivables	14.1	10.4	19.2	18.5	**11.4**	-7.1	-38.4%
Allowance for doubtful receivables	-0.7	-0.9	-3.3	-3.2	**-2.3**	+0.9	+26.3%
Total Assets	1017.1	1028.0	1333.0	1372.2	**1462.2**	+90.0	+6.6%

Operating Assets	935.2	928.6	1211.3	1263.1	**1343.0**	+79.9	+6.3%

Consolidated B／S（Liabilities and Net worth）

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（¥bn）

	Mar.31, 2010	Mar.31, 2011	Mar.31, 2012	Mar.31, 2013 (A)	**Mar.31, 2014 (B)**	Change (B) - (A)	Change (B)/(A)
Current Liabilities	701.6	705.9	900.9	979.9	**1019.0**	+39.1	+4.0%
Short-term borrowings	92.6	137.5	172.9	233.5	**295.4**	+61.9	+26.5%
Current portion of long-term debt	186.4	138.9	203.0	195.5	**158.1**	-37.4	-19.1%
Commercial Paper	302.7	327.3	373.1	410.2	**414.9**	+4.7	+1.1%
Lease Payable	21.6	15.4	19.2	14.1	**11.3**	-2.8	-19.8%
Long-term Liabilities	252.1	252.7	357.3	307.5	**333.4**	+25.9	+8.4%
Long-term debt	234.4	241.0	345.7	286.1	**287.8**	+1.7	+0.6%
Corporate bond	-	-	-	10.0	**30.0**	+20.0	+200.0%
Total Liabilities	953.8	958.6	1258.2	1287.3	**1352.3**	+65.0	+5.0%
Net assets	63.3	69.4	74.7	84.9	**109.8**	+24.9	+29.4%
Shareholder`s equity	61.4	68.7	71.2	78.4	**100.5**	+22.1	+28.2%
Accumulated other comprehensive income	0.5	-0.3	-0.5	1.9	**4.3**	+2.4	+128.7%
Minority interest	1.4	1.0	4.0	4.6	**5.0**	+0.4	+8.9%
Total	1017.1	1028.0	1333.0	1372.2	**1462.2**	+90.0	+6.6%

Interest-bearing debt	868.6	877.6	1133.5	1176.5	**1226.3**	+49.8	+4.2%

Equity ratio	6.1%	6.7%	5.3%	5.9%	**7.2%**	+1.3%	

Consolidated statements of income

(¥bn)

	FY2009	FY2010	FY2011	FY2012 (A)	**FY2013 (B)**	Change (B)－(A)	Change (B)/(A)
Revenues	263.6	256.1	270.1	352.5	**354.8**	+2.3	+0.6%
Gross profit before write-offs and funding costs	36.7	36.5	36.6	44.3	**43.0**	-1.3	-2.9%
Funding costs	7.2	5.5	5.3	6.6	**6.4**	-0.2	-2.6%
Gross profit	29.5	31.1	31.3	37.7	**36.6**	-1.1	-2.9%
SGA expenses	18.2	15.6	20.6	23.0	**19.9**	-3.1	-13.6%
Personnel, facilities costs	12.6	13.3	14.5	19.0	**18.9**	-0.1	-0.0%
Operating income	11.3	15.4	10.7	14.7	**16.7**	+2.0	+13.9%
Other income	2.0	0.9	0.9	1.3	**1.3**	+0.0	+3.4%
Other expenses	1.1	0.5	0.5	0.6	**0.6**	+0.0	+6.9%
Ordinary income	12.1	15.9	11.1	15.4	**17.4**	+2.0	+13.3%
Extraordinary income	0.1	0.1	0.0	0.0	**0.1**	+0.1	-
Extraordinary loss	0.2	0.5	1.6	0.0	**0.0**	+0.0	-
Income before income taxes	12.1	15.4	9.5	15.4	**17.5**	+2.1	+13.8%
Income taxes	5.0	6.3	5.1	5.8	**6.5**	+0.7	+11.3%
Net income	7.0	9.0	4.3	8.9	**10.5**	+1.6	+18.1%

Credit costs	5.6	2.2	6.0	3.9	**0.8**	-3.1	-79.4%

Consolidated statement of comprehensive income

(¥bn)

	FY2009	FY2010	FY2011	FY2012 (A)	**FY2013 (B)**	Change (B)-(A)	Change (B)/(A)
Net income before minority interests	7.1	9.1	4.4	9.6	**11.0**	+1.4	+15.4%
Unrealized gain on available-for-sale securities	1.4	-0.5	-0.0	1.6	**0.9**	-0.7	-44.8%
Deferred loss on derivatives under hedge accounting	-0.0	-0.0	-0.0	-0.1	**0.3**	+0.4	-
Foreign currency translation adjustment	0.1	-0.4	-0.1	0.7	**1.0**	+0.3	+40.2%
Share of other comprehensive income of associated companies	0.2	0.1	-0.0	0.1	**0.2**	+0.1	+28.3%
Total other comprehensive income	1.7	-0.9	-0.2	2.4	**2.4**	-0.0	-0.1%
Total comprehensive income	8.8	8.3	4.2	11.9	**13.4**	+1.5	+12.3%

Gross profit before write-off s and funding costs by segment

(¥bn)

		FY2009	FY2010	FY2011	FY2012 (A)	**FY2013 (B)**	Change (B)-(A)	Change (B)/(A)
Revenues		263.6	256.1	270.1	352.5	354.8	+2.3	+0.6%
	Leasing	242.0	233.8	249.6	327.5	316.2	-11.3	-3.5%
	Installment sales	14.5	14.2	11.6	15.4	25.9	+10.5	+67.7%
	Loans	6.5	6.1	6.5	7.2	7.0	-0.2	-3.6%
	Other	1.1	2.3	2.8	3.2	6.6	+3.4	+108.5%
	Elimination/Corporate	-0.4	-0.4	-0.5	-0.8	-0.8	+0.0	+1.8%
Cost of sales		226.9	219.5	233.5	308.2	311.8	+3.6	+1.2%
	Leasing	215.1	207.2	223.2	294.0	284.8	-9.2	-3.1%
	Installment sales	11.0	11.4	9.2	12.6	23.2	+10.6	+83.9%
	Loans	0.4	0.3	0.3	0.3	0.3	+0.0	+5.5%
	Other	0.5	0.6	1.0	1.6	3.8	+2.2	+139.4%
	Elimination/Corporate	-0.1	-0.0	-0.2	-0.3	-0.3	+0.0	+14.1%
Gross profit before write-offs and funding costs		36.7	36.5	36.6	44.3	43.0	-1.3	-2.9%
	Leasing	26.9	26.6	26.4	33.5	31.4	-2.1	-6.2%
	Installment sales	3.5	2.8	2.5	2.8	2.7	-0.1	-5.2%
	Loans	6.1	5.8	6.1	6.9	6.6	-0.3	-4.0%
	Other	0.6	1.7	1.9	1.6	2.8	+1.2	+77.4%
	Elimination/Corporate	-0.4	-0.4	-0.3	-0.5	-0.5	-0.0	-4.3%
Funding costs		7.2	5.5	5.3	6.6	6.4	-0.2	-2.6%
Gross profit		29.5	31.1	31.3	37.7	36.6	-1.1	-2.9%