

Apr 12, 2021

## R&I Affirms A/a-1, Changes Outlook to Positive: Tokyo Century Corp.

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER:** Tokyo Century Corp.  
**Issuer Rating:** A, Affirmed  
**Rating Outlook:** Positive, Changed from Stable

**Commercial Paper:** a-1, Affirmed

### RATIONALE:

Tokyo Century Corp., an equity-method affiliate of Itochu Corp., is a major provider of comprehensive leasing services. In addition to domestic equipment leasing, the company's long-established business, Tokyo Century is involved in the domestic mobility & fleet management business centered around automobile leasing and car rental services, the specialty financing business which mainly handles aviation, shipping, real estate and environment and energy, and the international business. With a broadened scope of businesses including services and operation management, it has a robust franchise. Tokyo Century's overseas businesses comprise a leading U.S. aircraft leasing firm Aviation Capital Group LLC (ACG) and a U.S. IT equipment leasing firm CSI Leasing, Inc.

R&I was concerned about any lower evaluation of business risk that is attributable to deterioration in earnings from the aircraft-related business amid the COVID-19 outbreak. The impact thereof, however, is likely to be smaller than initially expected. It is due to the fact that ACG's fleet portfolio consists primarily of narrow-body aircraft for which demand recovers relatively quickly and many of these aircraft are new. It is worth mentioning that negative effects from the COVID-19 pandemic have been partly offset by the results of general leasing, automobile leasing for individual and corporate customers, real estate financing and other businesses. Tokyo Century will be able to maintain higher earning capacity in the A rating category, as its earnings base will be enhanced through investment on the equity method and partnership, in R&I's view.

Tokyo Century's risk resilience matches the A rating category. It is taking a clearer stance to value financial discipline by, for instance, announcing its policy to control the use of capital at a certain level under the company's standards. Therefore, the stability of its risk resilience will be increased. Given persisting uncertainties in the operating environment, R&I has affirmed the rating, but changed the Rating Outlook to Positive in light of the results of business and financial risk assessment.

The rating can be upgraded when Tokyo Century can stop a decline in the aircraft-related business earnings and maintain its risk resilience by keeping financial discipline. Meanwhile, the Rating Outlook will be returned to Stable if R&I determines that the company's profit accumulation will not proceed as intended due to time taken to rebuild the aircraft-related business.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Leasing" and "Evaluation of Equity Credit Attributes of Hybrid Securities and Rating Perspectives". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

[https://www.r-i.co.jp/en/rating/about/rating\\_method.html](https://www.r-i.co.jp/en/rating/about/rating_method.html)

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**R&I RATINGS:**

**ISSUER:** Tokyo Century Corp. (Sec. Code: 8439)  
**Issuer Rating**  
**RATING:** A, Affirmed  
**RATING OUTLOOK:** Positive, Changed from Stable

**Shelf Registration (Bonds)**

**ISSUE AMOUNT (mn):** JPY 400,000  
**ISSUE PERIOD:** From Feb 25, 2020 to Feb 24, 2022  
**RATING:** A, Affirmed (Preliminary)

| <b>Unsec. Str. Bonds No.16</b> | <b>Issue Date</b> | <b>Maturity Date</b> | <b>Issue Amount (mn)</b> |
|--------------------------------|-------------------|----------------------|--------------------------|
|                                | Apr 14, 2016      | Apr 14, 2021         | JPY 20,000               |

**RATING:** A, Affirmed

| <b>Unsec. Str. Bonds No.18</b> | <b>Issue Date</b> | <b>Maturity Date</b> | <b>Issue Amount (mn)</b> |
|--------------------------------|-------------------|----------------------|--------------------------|
|                                | Apr 18, 2017      | Apr 18, 2022         | JPY 15,000               |

**RATING:** A, Affirmed

| <b>Unsec. Str. Bonds No.20</b> | <b>Issue Date</b> | <b>Maturity Date</b> | <b>Issue Amount (mn)</b> |
|--------------------------------|-------------------|----------------------|--------------------------|
|                                | Oct 18, 2017      | Oct 18, 2022         | JPY 10,000               |

**RATING:** A, Affirmed

| <b>Unsec. Str. Bonds No.21</b> | <b>Issue Date</b> | <b>Maturity Date</b> | <b>Issue Amount (mn)</b> |
|--------------------------------|-------------------|----------------------|--------------------------|
|                                | Oct 18, 2017      | Oct 18, 2024         | JPY 10,000               |

**RATING:** A, Affirmed

| <b>Unsec. Str. Bonds No.22</b> | <b>Issue Date</b> | <b>Maturity Date</b> | <b>Issue Amount (mn)</b> |
|--------------------------------|-------------------|----------------------|--------------------------|
|                                | Apr 13, 2018      | Apr 13, 2021         | JPY 20,000               |

**RATING:** A, Affirmed

| <b>Unsec. Str. Bonds No.23</b> | <b>Issue Date</b> | <b>Maturity Date</b> | <b>Issue Amount (mn)</b> |
|--------------------------------|-------------------|----------------------|--------------------------|
|                                | Apr 13, 2018      | Apr 13, 2023         | JPY 20,000               |

**RATING:** A, Affirmed

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| <b>Unsec. Str. Bonds No.24</b> | <b>Issue Date</b><br>Apr 13, 2018 | <b>Maturity Date</b><br>Apr 11, 2025 | <b>Issue Amount (mn)</b><br>JPY 10,000  |
| <b>RATING:</b>                 | <b>A, Affirmed</b>                |                                      |   |
| <b>Unsec. Str. Bonds No.25</b> | <b>Issue Date</b><br>Oct 15, 2018 | <b>Maturity Date</b><br>Oct 13, 2023 | <b>Issue Amount (mn)</b><br>JPY 10,000  |
| <b>RATING:</b>                 | <b>A, Affirmed</b>                |                                      |   |
| <b>Unsec. Str. Bonds No.26</b> | <b>Issue Date</b><br>Oct 15, 2018 | <b>Maturity Date</b><br>Oct 15, 2021 | <b>Issue Amount (mn)</b><br>JPY 10,000  |
| <b>RATING:</b>                 | <b>A, Affirmed</b>                |                                      |   |
| <b>Unsec. Sub. Bonds No.1</b>  | <b>Issue Date</b><br>Apr 22, 2019 | <b>Maturity Date</b><br>Apr 22, 2054 | <b>Issue Amount (mn)</b><br>JPY 30,000  |
| <b>RATING:</b>                 | <b>BBB+, Affirmed</b>             |                                      |   |
| <b>Unsec. Sub. Bonds No.2</b>  | <b>Issue Date</b><br>Jul 30, 2020 | <b>Maturity Date</b><br>Jul 30, 2080 | <b>Issue Amount (mn)</b><br>JPY 100,000 |
| <b>RATING:</b>                 | <b>BBB+, Affirmed</b>             |                                      |   |
| <b>Unsec. Sub. Bonds No.3</b>  | <b>Issue Date</b><br>Jul 30, 2020 | <b>Maturity Date</b><br>Jul 30, 2080 | <b>Issue Amount (mn)</b><br>JPY 30,000  |
| <b>RATING:</b>                 | <b>BBB+, Affirmed</b>             |                                      |   |
| <b>Unsec. Str. Bonds No.27</b> | <b>Issue Date</b><br>Oct 22, 2020 | <b>Maturity Date</b><br>Oct 20, 2023 | <b>Issue Amount (mn)</b><br>JPY 20,000  |
| <b>RATING:</b>                 | <b>A, Affirmed</b>                |                                      |   |
| <b>Unsec. Str. Bonds No.28</b> | <b>Issue Date</b><br>Oct 22, 2020 | <b>Maturity Date</b><br>Oct 22, 2030 | <b>Issue Amount (mn)</b><br>JPY 10,000  |
| <b>RATING:</b>                 | <b>A, Affirmed</b>                |                                      |   |
| <b>Unsec. Str. Bonds No.29</b> | <b>Issue Date</b><br>Jan 27, 2021 | <b>Maturity Date</b><br>Jan 27, 2026 | <b>Issue Amount (mn)</b><br>JPY 20,000  |
| <b>RATING:</b>                 | <b>A, Affirmed</b>                |                                      |   |

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|--------------------------------|-----------------------------------|--------------------------------------|--|
| <b>Unsec. Str. Bonds No.30</b> | <b>Issue Date</b><br>Jan 27, 2021 | <b>Maturity Date</b><br>Jan 27, 2028 | <b>Issue Amount (mn)</b><br>JPY 10,000 |
| <b>RATING:</b>                 | <b>A, Affirmed</b>                |                                      |  |
|                                | <b>Euro MTN Prog.</b>             |                                      |  |
| <b>ISSUE LIMIT (mn):</b>       | USD 2,000                         |                                      |  |
| <b>SUPPORT:</b>                | Unsecured                         |                                      |  |
| <b>RATING:</b>                 | <b>A, Affirmed</b>                |                                      |  |
|                                | <b>Commercial Paper</b>           |                                      |  |
| <b>ISSUE LIMIT (mn):</b>       | JPY 800,000                       |                                      |  |
| <b>SUPPORT:</b>                | Unsecured                         |                                      |  |
| <b>RATING:</b>                 | <b>a-1, Affirmed</b>              |                                      |  |

A credit rating for a medium-term note (MTN) program is assigned to the program and not to individual notes issued under the program. The credit rating of individual notes is generally the same as that of the program. As regards credit-linked notes, index-linked notes or other notes, however, there are some cases where the rating on each note will not be on par with the program or no rating will be assigned, depending on the details of the individual note contract. Upon the issuer's request, R&I may assign a credit rating to individual notes issued under the program.

A preliminary rating is assigned when a provisional credit rating is needed for an individual obligation on which final terms have not been determined. A credit rating finally assigned may differ from the preliminary rating depending on, among others, the details of the actual contract of the individual obligation.

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