

ACOM CO., LTD.



Annual Report 2017

Year ended March 31, 2017

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Consolidated Financial Highlights

	2013/3	2014/3	2015/3	2016/3	2017/3
					(Millions of Yen)
Profit and Loss Related:					
Operating Revenue	193,028	202,240	219,289	237,683	245,148
Operating Profit	20,961	14,333	14,073	15,516	(70,166)
Profit (loss) Attributable to Owners of Parent	20,839	10,632	12,864	14,598	(72,187)

					(Millions of Yen)
Balance Sheet Related:					
Total Assets	1,165,576	1,155,203	1,190,368	1,175,063	1,228,930
Interest-bearing Debt ¹	632,523	619,966	646,854	648,568	705,874
Net Assets	286,710	306,726	328,315	338,132	267,226

					(Yen)
Per Share²:					
Net Income (Loss), Basis	13.30	6.79	8.21	9.32	(46.08)
Net Assets	178.59	187.92	199.53	206.42	159.58
Cash Dividends	0	0	0	0	0

					(%)
Financial Ratios:					
ROE	7.8	3.7	4.2	4.6	(25.2)
ROA (Net Income to total assets)	1.8	0.9	1.1	1.2	(6.0)
Shareholders' Equity Ratio	24.0	25.5	26.3	27.5	20.3
Shareholders' Equity Ratio (shareholders' equity ratio computed using the sum of total assets and guaranteed receivables)	16.0	15.4	15.2	15.0	10.6

Notes: 1. Interest-bearing Debt = Short-term loans payable + Commercial papers + Current portion of long-term loans payable + Current portion of bonds + Bonds payable + Long-term loans payable

2. As of October 1, 2013, ACOM executed a stock split where each share of its common stock was split into 10 shares. In association therewith, "Net Income, Basic" and "Net Assets" were calculated supposing that the stock split was conducted at the beginning of the year ended March 2013.

1. Forward-Looking Statements

The figures contained in this annual report with respect to ACOM's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual result may differ from those in the forward-looking statements as a result of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest Rate Restriction Law, the level of interest rates paid on the ACOM's debt and legal limits on interest rates charged by ACOM.

2. All amounts are truncated to the nearest expressed unit.

3. Percentage figures are a result of rounding.

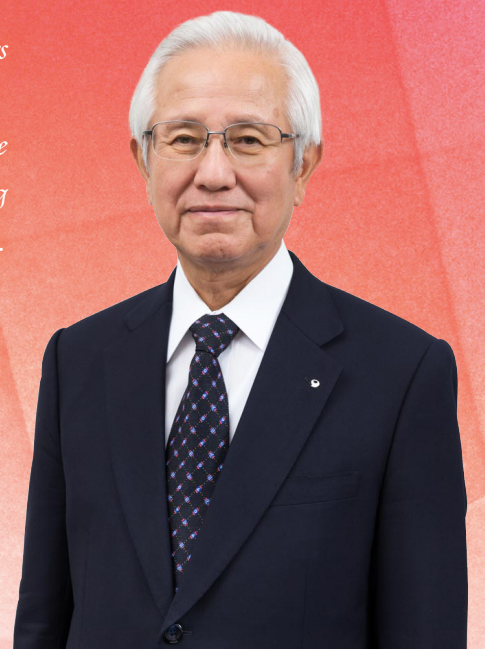
Letter to Shareholders

I would like to express my sincere gratitude to all ACOM stakeholders for your continuous patronage to the Group.

Please let me give following reports on outline of financial results for the fiscal year ended March 2017, the current environment surrounding the Group and annual forecasts for the fiscal year ending March 2018.

Shigeyoshi Kinoshita

Chairman, President & Chief Executive Officer



The Outline of Financial Results for the Fiscal Year Ended March 2017

Operating revenue in the loan & credit card business grew by 2.1%. This was largely because the loan yield contraction was offset by growth of receivables in both the businesses. Operating revenue in the guarantee business increased by 15.4% owing mainly to growth of guaranteed receivables. Operating revenue of our overseas financial businesses decreased by 5.5% due to an adverse currency impact despite steady growth of EASY BUY's receivables. As a result, the total operating revenue increased by 3.1% to 245.1 billion yen.

Consolidated operating expenses increased by 41.9% to 315.3 billion yen. While financial expenses dropped thanks to a further improvement of ACOM's funding environment and exchange impact, provision for bad debt grew due to the expansion of the core businesses. On top of that, there was addition of 143.7 billion yen for provision for loss on interest repayment, which was not initially planned due to higher-than-expected claims for interest repayment.

As a result, consolidated operating loss was 70.1 billion yen, ordinary loss was 69.5 billion yen and net loss was 72.1 billion yen.

It is with my sincere regret to inform you I decided not to make year-end dividend after I had taken duly consideration on

present circumstances.

I have formerly announced that we plan to resume dividend payment as soon as we can conclude that we are free of uncertainty of requests for interest repayment in the future, in addition to indisputable continuous and stable growths in three core businesses. However, the requests for interest repayment far exceeded what we have initially estimated. Moreover, addition made to provision for loss on interest repayment significantly impaired our shareholders' equity.

I believe that it is our duty with the top priority to increase shareholders' equity from management stability and security perspective. While focusing on the value of shareholders' equity ratio, we will closely monitor difference between estimated and actually requested amount of request for interest repayment. We will resume dividend payment as soon as future concern on requests for interest repayment is solved. I would like to humbly request your understanding on the matter.

We will endeavor to meet stakeholders' expectations and become a corporate group that contributes to society as we keep close cooperation with MUFG Group.

I humbly ask for your ongoing support as we embrace the challenges for the future.

Current Environment Surrounding ACOM Group

The Japanese economy showed signs of gradual improvement in corporate earnings and the employment and income environment, as well as hints of ongoing recovery in consumer spending, due to the effects of various economic policies implemented by the government. However, the possibility of an economic downturn remained due to uncertainty in overseas economies and the impact of fluctuations in the financial and capital markets, though economic recovery is expected to continue in the future.

In the consumer finance industry, business conditions continued to be severe due to factors such as persistent requests for interest repayment with no foreseeable prospect of ending,

although there are some signs that the market is in a gradual increasing trend.

In such an environment, under its management vision of “strive to become the leading company in personal loan market which provides prime satisfaction to the utmost number of customers and win their trust in return,” the Company Group has positioned its loan & credit card business, guarantee business and overseas financial business as the three core business categories and has strived to increase market shares in the consumer loan market, while making efforts to contribute to sound growth of the market.

Annual Forecasts for the Fiscal Year Ending March 2018

As for consolidated receivables outstanding, we project a 7.3% increase in our combined consolidated receivables to 2 trillion and 312.6 billion yen with the loan & credit card business growing by 3.3%, the guarantee business growing by 9.8% and the overseas financial business growing by 9.6%.

As for consolidated operating revenue, we project a 4.8% increase in our combined consolidated operating revenue to 257 billion yen with the loan & credit card business growing by 1.3%, the guarantee business growing by 11.9% and the overseas

financial business growing by 9 %.

On the cost front, we expect financial expenses to drop by 6.8%. We, on the other hand, project provision for bad debt and other operating expenses to increase 11.5% and 8% respectively with the growth of the 3 core businesses. We expect no additional provision for loss on interest repayment and forecast the total operating expenses to decrease by 41.1% to 185.7 billion yen.

On the profitability front, we project 71.3 billion yen of consolidated operating profit and 64.2 billion yen of net income.

ACOM Group's Vision

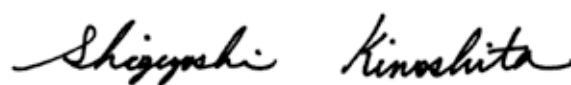
Under management vision of “becoming the ‘leading company’ which provides prime satisfactions to utmost number of customers and win their trust in return,” and in close cooperation with MUFG Group, ACOM Group is going to promote

optimum distribution of resources for stable management basis and future growth while growing loan & credit card business in steady manner. The Group will also strive to increase guaranteed receivables and further promote overseas financial business.

3 components emphasized in the management vision

1. Customers first, which is the basis of our business and a constituent of our corporate philosophy. This also reflects each and every member of ACOM's intention to provide prime satisfactions to as many customers as possible.	2. Concentrate our management resources to “personal loan market” regardless of the nature of business segment.	3. Establish a solid brand image of “leading company which win trust from the market” by further strengthening the brand of “safety and trust.”
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I humbly ask for your ongoing support as we embrace the challenges for the future.



Shigeyoshi Kinoshita

Chairman, President & Chief Executive Officer

ACOM in the New Stage

The domestic personal card loan market continued to grow in the fiscal year ended March 2017. However, the competitive nature of environment is going through changes. It now involves different players from diverse sectors beyond traditional bank and nonbank sectors. Non-bank market still faces adversities represented by the number of requests for interest repayment remaining at a high level. Nonetheless, market volume of consumer finance industry made a turnover in June 2015 and is making a gradual recovery.

At ACOM on non-consolidated basis, loan business made a good progress; its receivables outstanding continued to increase for four consecutive years. Guarantee business, on the other hand, is also enjoying as steady scale expansion.

Under its management vision of “strive to become the leading company in personal loan market which provides prime satisfaction to utmost number of customers and win their trust in return,” ACOM has positioned its loan & credit card business, guarantee business and overseas financial business as the three core business categories and strives to increase market shares in the consumer loan market.

Issue of Interest Repayment

The number of requests for interest repayment decreased by 15.9% to 60,700 in the fiscal year ended March 2017.

During the fiscal year ended March 2017, we drew down a total of 68.8 billion yen from a reserve of 90.0 billion yen from the end of the prior fiscal year before. This amount consisted of 58.8 billion yen in cash out and 9.9 billion yen in principal write-offs associated with interest repayment,

As the number of requests for interest repayment of year under review was far above our initial estimate, we reassessed provision for loss on interest repayment at the year-end.

Reassessment showed that we still need 164.9 billion yen of provision. Therefore, we made additional provision for shortage, 129.3 billion yen, in the fourth quarter. In annual basis, 143.7 billion yen was added to provision: 14.4 billion yen in the third quarter and 129.3 billion yen in the fourth quarter.

Although we do not plan to make any addition to the provision in the fiscal year ending March 2018, we are aware that the requests for interest repayment in particular is highly uncertain, due to its sensitivity to changes in external environmental changes. Therefore, we plan to conduct comparative analysis on our estimate and actual amount requested every quarter to assess validity and sufficiency of the provision.

TV Commercials: Broadcasted New Commercials on “Miru” Concert Monogatari, Emphases on Our Services and Customer Friendliness

We have been featuring actress Hiromi Nagasaku for TV commercials since August 2013. For the period from April 2015 to March 2017, we broadcasted several versions of TV commercials that emphasize our services and customer friendliness. We have now newly featured Ms. Atsuko Maeda on TV commercials on “Miru” Concert Monogatari, our key social contribution activity.

“‘Miru’ Concert Monogatari Version”

This version demonstrates “Miru” Concert Monogatari, our historical social contribution activity which we have performed over 200 times since its first performance in 1996. Ms. Atsuko Maeda explains to viewers that measures such as sign language interpretation are in place to welcome all kinds of audiences.

“Bowling Version (Emphasis on Speediness)”

At a bowling center, Ms. Hiromi Nagasaku throws a fast ball, faster than the eye. She also eats a gigantic hamburger at lightning speed. These speediness links to those of our service provision.

“Announcer Version (Interest-free service)”

Ms. Hiromi Nagasaku makes an announcement at a rugby playground.

Rugger men huddle up and form “zero” shape which hints to viewers our “Interest-free service”.



Business Highlights

The ACOM Group has garnered highly sophisticated expertise in credit screening and loan collection from loan & credit card business. Fully utilizing such expertise, the Group also operates guarantee business, overseas financial business and loan servicing business.

Loan and Credit Card Business

In the domestic loan & credit card business, we made efforts to improve product/service functions, gather and acquire new customers, promote sales of credit cards (AC MasterCard) and maintain the soundness of loan portfolios.

As for the improvement of product/service functions and gathering and acquiring of new customers, we have revised the lowest interest rate from 4.7% to 3.0% in July 2016 in order to strengthen operating competitiveness and respond to customer needs. Recognizing the recent increases in the use of the internet, we completed the full renewal of our website in March 2017 to realize improved online content that will allow us to meet customer expectations more than ever.

At the same time, we continued airing commercials featuring the actress “Hiromi Nagasaki” and the sound logo of “Hajimete-no (First time at) ACOM,” as both have earned positive public reception and contributed to increasing the number of new customers.

As for the sales promotion of credit cards, the total number of card members increased to 314 thousand (up 23.5% year-on-year) and the annual transaction volume increased to 31,644

million yen (up 35.3% year-on-year), as we promoted the installation of instant issue credit card machines.

In addition to the abovementioned marketing activities, we have endeavored to maintain the soundness of our loan portfolio and improve the customer-reception quality of our employees by reinforcing the development of human resources through training for credit control, and customer reception including the improvement of the accuracy of credit screenings. As a result, accounts receivable - operating loans at the end of the current fiscal year increased to 784,806 million yen (up 2.3% year-on-year) and accounts receivable - installment increased to 38,109 million yen (up 36.8% year-on-year).

As a result, the business segment's operating revenue was 135,971 million yen (up 2.1% year-on-year) mainly due to increases in interest on operating loans and revenue from credit card business in accordance with our business expansion. However, the business segment posted an operating loss of 93,373 million yen mainly due to an increase in provision for loss on interest repayment under operating expenses (operating loss of 11,841 million yen for the prior fiscal year).

Guarantee Business

In the guarantee business, the Company and MU Credit Guarantee Co., LTD. worked on the promotion of new guarantee tie-ups and measures to enhance partnerships with existing partners amid the growth of the bank card loan market.

The Company formed a new guarantee alliance with Bank of The Ryukyus, Limited. MU Credit Guarantee Co., LTD. formed new guarantee alliances with Momiji Bank, Ltd. and CHIKUHO BANK Ltd. As a result, the combined number of business partners of the Company and MU Credit Guarantee Co., LTD. increased to 50 banks at the end of the current fiscal year. To enhance partnerships with existing partners, the Company continued appropriate screening, provided various support for

existing partners with a view to enhancing their business results, and shared positive examples.

As a result, the total balance of guaranteed receivables in the guarantee operation of the Company and MU Credit Guarantee Co., LTD. was 1,129,773 million yen (up 14.4% year-on-year). The business segment's operating revenue was 56,411 million yen (up 15.4% year-on-year) mainly due to an increase in revenue from credit guarantee, while operating profit was 9,614 million yen (operating profit of 14,466 million yen in prior fiscal year) due primarily to an increase in provision of allowance for doubtful accounts.

Overseas Financial Businesses

In the overseas financial business, business operations were carried out in the pursuit of expanding the relevant businesses in parallel with efforts to improve the companies' loan portfolios.

The loan business of EASY BUY Public Company Limited in the Kingdom of Thailand actively conducted marketing activities of the Umay+ brand with the aim of enhancing the brand image and gathering and acquiring new customers, in spite of the current political instabilities in that country. As a result, the

number of new contracts and accounts receivable - operating loans have increased steadily, thereby building the top-brand position in Thailand.

The banking business of PT. Bank Nusantara Parahyangan, Tbk. in the Republic of Indonesia worked to strengthen its internal control structure and improve its loan portfolio amid lingering future uncertainty about the domestic economy.

In the Socialist Republic of Vietnam, where the Company

has established a representative office, the Company applied for a license to operate as a finance company in May 2014. The Company has continued surveys on various local laws/regulations and risks, and market analysis for future business development, while awaiting the results of the licensing examination. The Company also continues with necessary surveys in other Asian countries to explore the feasibility of business development.

We had reached an agreement with Itochu to establish a joint venture in the Philippines to start retail loan business in that country. We have chosen the Philippines since the country, with

the second largest population in the ASEAN region, has a future prospect for continued strong growth. On top of that, it has an expanding middle class, the main target segment of this business, whose loan demand is likely to continue to grow.

As a result, the business segment's operating revenue amounted to 45,618 million yen (down 5.5% year-on-year), while operating profit was 12,640 million yen (operating profit of 11,138 million yen in prior fiscal year), mainly due to decreases in both operating revenue and operating expenses affected by foreign exchange rate fluctuations attributable to the stronger yen.

Loan Servicing Business

In the loan servicing business, IR Loan Servicing, Inc. has endeavored to acquire new business partners and increase profitability amid intensified competition in the purchased receivables market.

As a result, the business segment's operating revenue was 7,159 million yen (up 8.8% year-on-year), mainly due to an increase in

the amount of collection from purchased receivables. However, operating profit was 544 million yen (operating profit of 1,071 million yen in prior fiscal year) due primarily to an increase in provision of allowance for doubtful accounts under operating expenses.

Social Contribution Activity

ACOM's Social Contribution Activity Policy

Guided by the basic principle of the “Circle of Trust” spirit on which it was founded, ACOM Group embraces a corporate philosophy emphasizing contribution to enriched cultural lifestyles.

In line with this philosophy, ACOM aims to build good relations with local communities and become the “company next door” and a “corporate citizen in harmony with society” through

its wide range of social activities comprising of social welfare, regional contribution, and other.

As for spirit of a corporate citizen, ACOM also encourages and supports its employees’ voluntary participation while it addresses various activities such as customer awareness and money management programs.

Culture and Arts

Barrier-free Concerts Enjoyable by Everyone Regardless of Age and Handicaps
Helping with Smiles, “ACOM ‘Miru’ Concert Monogatari”
We are proud to announce we welcomed more than 200 thousand audiences!

◆ Three wishes

“ACOM ‘Miru’ Concert Monogatari” contains our three wishes to: “do something for others”, “see other people’s smiling faces” and “establish a harmonious relationship with society.”

◆ Integrating “harmony”, “shadow pictures” and “narration”

“ACOM ‘Miru’ Concert Monogatari” is a creative form of art performance which creates a fantastic world by integrating “shadow pictures” that give shapes to light, “harmony” made by live performance and “narration” that gives lives to shadow pictures. Performers and audiences can share emotions and feel heart-to-heart exchanges by enjoying the presence of handmade stages.

◆ Unique features of these performances

As a part of its social contribution activities, ACOM began to hold “ACOM ‘Miru’ Concert Monogatari” performances all over

Japan since 1994. The first intended audiences were parents and their children. However, as we wished to extend the joy to more diverse audience, we made the performances barrier-free event through means of on-stage sign language interpretation, expanded reserved seats for wheelchair users, etc.

Since the first performance in 1994, we held over 213 performances, inviting over 200 thousand audiences.



Social Welfare

ACOM encourages active involvements of its employees in social contribution activities in order to materialize its foundation spirit of the “Circle of Trust.”

Since its foundation in 1984 from proposals by employees, the ACOM Bluebird Fund continues to operate today. This fund is

raised via donation boxes placed at all workplaces and deduction from employees’ salaries. Collected funds are then donated to welfare groups and disaster relief programs. The Company makes matching donations of same amount to support employees’ initiative.

Environment Conservation Activities

As a part of initiatives to prevent global warming, energy saving models and/or modes are used at ATMs installed at outlets. Moreover, some of our illumination signboards have installed LED. Therefore, we attempt to reduce CO₂ emission and

electricity consumption. Furthermore, we prioritize energy efficiency when we consider and implement replacement and/or introduction of air conditioners and office equipments.

Investor Information as of March 31, 2017

Stock Listing

First Section of Tokyo Stock Exchange

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

General Shareholders' Meeting

June 22, 2017

Authorized Shares: 5,321,974,000

Outstanding Shares: 1,596,282,800

Number of Shareholders: 14,749

ADR (American Depositary Receipts) Information

Type: Sponsored Level-1 Program

ADR Ratio: 2ADRs : 5 Ordinary Shares

Symbol: ACMUY

CUSIP: 004845202

Market: The U.S. Market for OTC (Over-the-Counter)

Depository Bank: The Bank of New York Mellon

101 Barclay Street, 22W, NEW YORK, NY 10286, U.S.A.

Toll Free # for Domestic Calls:

1-888-BNY-ADRS

Number for International Calls: 201-680-6825

URL: <http://www.adrbnymellon.com/>

For further information, please contact:

Public & Investor Relations Office

Meiji Yasuda Seimei Bldg., 1-1, Marunouchi 2-chome,
Chiyoda-ku, Tokyo, 100-8307, Japan

Tel: +81-3-5533-0861 e-mail: ir@acom.co.jp

Annual Securities Report

(The 40th fiscal year)

ACOM CO., LTD.

Annual Securities Report

This document has been outputted and printed by adding a table of contents and page numbers to the data contained in the Annual Securities Report which has been submitted through the usage of Electronic Disclosure for Investors' NETwork (EDINET) that is stipulated in Article 27-30-2 of the Financial Instruments and Exchange Act of Japan.

This document is a translation of the Annual Securities Report (original text: Japanese) submitted to the Prime Minister pursuant to Article 24-1 of the Financial Instruments and Exchange Act. It does not bear any responsibility pertaining to the aforementioned Financial Instruments and Exchange Act regarding the content of the English text. We recommend that the determination of the authenticity of the content be based on the Japanese text of the Annual Securities Report.

[Cover]

[Document Submitted]	Annual Securities Report (“Yukashoken Hokokusho”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	June 22, 2017
[Accounting Period]	The 40th Fiscal Year (from April 1, 2016, to March 31, 2017)
[Company Name]	ACOM Kabushiki-Kaisha
[Company Name in English]	ACOM CO., LTD. (the “Company”)
[Position and Name of Representative]	Shigeyoshi Kinoshita, Chairman, President & CEO
[Location of Head Office]	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-5533-0811 (main)
[Contact for Communications]	Akifumi Kinoshita, Chief General Manager of Treasury Department
[Nearest Contact]	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-5533-0811 (main)
[Contact for Communications]	Akifumi Kinoshita, Chief General Manager of Treasury Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data and Trends

(1) Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

Fiscal period	36th fiscal year	37th fiscal year	38th fiscal year	39th fiscal year	40th fiscal year
Period of account	March 2013	March 2014	March 2015	March 2016	March 2017
Operating revenue	193,028	202,240	219,289	237,683	245,148
Ordinary profit (loss)	21,835	15,567	14,747	16,200	(69,543)
Profit (loss) attributable to owners of parent	20,839	10,632	12,864	14,598	(72,187)
Comprehensive income	24,793	15,619	22,835	12,888	(70,550)
Net assets	286,710	306,726	328,315	338,132	267,226
Total assets	1,165,576	1,155,203	1,190,368	1,175,063	1,228,930
Net assets per share (yen)	178.59	187.92	199.53	206.42	159.58
Basic earnings (loss) per share (yen)	13.30	6.79	8.21	9.32	(46.08)
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	24.00	25.48	26.26	27.52	20.34
Return on equity (%)	7.75	3.70	4.24	4.59	(25.18)
Price earnings ratio (times)	20.29	48.60	50.79	60.84	(9.66)
Net cash provided by (used in) operating activities	2,245	(29,135)	(38,249)	(43,045)	(37,451)
Net cash provided by (used in) investing activities	53,030	(9,342)	(5,155)	(2,368)	(2,858)
Net cash provided by (used in) financing activities	(40,414)	(21,392)	13,503	6,589	58,863
Cash and cash equivalents at end of period	208,969	151,711	122,306	83,275	101,719
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	5,766 [219]	5,643 [421]	5,820 [467]	6,036 [394]	6,057 [517]

- (Notes)
1. "Operating revenue" is presented exclusive of consumption tax, etc.
 2. "Diluted earnings per share" from the 36th to 39th fiscal years is not shown since there was no dilutive security.
 3. "Diluted earnings per share" for the 40th fiscal year is not shown since the Company posted a loss per share and there was no dilutive security.
 4. As of October 1, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares. In association therewith, "Net assets per share" and "Basic earnings per share" were calculated supposing that the stock split was conducted at the beginning of the 36th fiscal year.

(2) Financial data etc. of the Filing Company

(Millions of yen, unless otherwise stated)

Fiscal period	36th fiscal year	37th fiscal year	38th fiscal year	39th fiscal year	40th fiscal year
Period of account	March 2013	March 2014	March 2015	March 2016	March 2017
Operating revenue	155,927	155,659	163,644	175,380	183,997
Ordinary profit (loss)	18,456	8,192	4,161	5,171	(84,054)
Profit (loss)	21,952	8,297	9,316	9,857	(79,289)
Capital stock	63,832	63,832	63,832	63,832	63,832
Total number of outstanding shares (thousands of shares)	159,628	1,596,282	1,596,282	1,596,282	1,596,282
Net assets	269,861	278,173	290,252	300,109	220,816
Total assets	1,013,280	972,335	975,799	970,803	1,021,927
Net assets per share (yen)	172.26	177.56	185.27	191.57	140.95
Dividends per share [Of the above, interim dividends per share] (yen)	— [—]	— [—]	— [—]	— [—]	— [—]
Basic earnings (loss) per share (yen)	14.01	5.30	5.95	6.29	(50.61)
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	26.63	28.61	29.75	30.91	21.61
Return on equity (%)	8.47	3.03	3.26	3.34	(30.44)
Price earnings ratio (times)	19.26	62.26	70.08	90.14	(8.79)
Dividend payout ratio (%)	—	—	—	—	—
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	1,685 [204]	1,748 [169]	1,851 [172]	1,892 [144]	1,854 [161]

- (Notes)
1. "Operating revenue" is presented exclusive of consumption tax, etc.
 2. "Diluted earnings per share" from the 36th to 39th fiscal years is not shown since there was no dilutive security.
 3. "Diluted earnings per share" for the 40th fiscal year is not shown since the Company posted a loss per share and there was no dilutive security.
 4. As of October 1, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares. In association therewith, "Net assets per share" and "Basic earnings per share" were calculated supposing that the stock split was conducted at the beginning of the 36th fiscal year.

2. ACOM History

Year/Month		ACOM History
1978	Oct.	“ACOM CO., LTD.” was founded with paid-in capital of 500 million yen as the business of consumer finance, and established its office in Nihombashi, Chuo-ku, Tokyo.
1978	Dec.	Acquired 69 consumer finance outlets and receivable-outstanding from “Maruito Co., Ltd.” and “Joy Co., Ltd.” and started consumer finance business.
1979	Dec.	Installed an automatic teller machine (ATM), which provides a 24-hour/365-day service, at the Ginza branch (located in Ginza, Chuo-ku), as the first in the industry.
1983	Dec.	Registered to Kanto Local Finance Bureau as a money-lending company along with enforcement of “Money-Lending Business Control and Regulations Law.”
1984	Aug.	Moved headquarters location to Fujimi, Chiyoda-ku, Tokyo.
1986	Dec.	Established “ACOM (U.S.A.) INC.” in Delaware, U.S.A. as the business of real estate lease (dissolved in December 2015).
1992	Mar.	Absorbed “N.S.K. Shinpan Co., Ltd.” and started the business of installment sales finance, golf membership mortgage loan, and commercial loan.
1993	July	Installed “MUJINKUN,” automatic contract machine, at the Shinjuku branch and the Hakata branch as the first in the industry.
1993	Oct.	Listed ACOM stock on the over-the-counter market at Japan Securities Dealers Association.
1994	Dec.	Listed ACOM stock on the second section of the Tokyo Stock Exchange.
1996	Sept.	Established “SIAM A&C CO., LTD.” as a joint venture of hire purchase business in Kingdom of Thailand.
1996	Sept.	Listed ACOM stock on the first section of the Tokyo Stock Exchange.
1998	July	Acquired principal membership of MasterCard International and obtained a license to issue credit cards.
1999	Apr.	Started issuing MasterCard® and advanced into credit card business.
2000	Oct.	Acquired all shares of “JUKI CREDIT CO., LTD.”
2000	Nov.	Established “A B PARTNER CO., LTD.” as the business of temporary employment agencies and back-office services.
2001	Mar.	Invested capital in “IR Loan Servicing, Inc.” (present, a consolidated subsidiary) to advance into the servicing business.
2001	Aug.	Established “Tokyo-Mitsubishi Cash One Ltd.” with “The Bank of Tokyo-Mitsubishi, Ltd.” (present, “The Bank of Tokyo-Mitsubishi UFJ, Ltd.”), “The Mitsubishi Trust and Banking Corporation” (present, “The Mitsubishi UFJ Trust and Banking Corporation”), “DC CARD Co., Ltd.” (present, “Mitsubishi UFJ NICOS Co., Ltd.”), and “JACCS CO., LTD.”
2001	Sept.	“JUKI CREDIT CO., LTD.” changed its corporate name to “JCK CREDIT CO., LTD.”
2004	Mar.	Reached an agreement with respect to a strategic business and capital alliance with “Mitsubishi Tokyo Financial Group, Inc.” (present, “Mitsubishi UFJ Financial Group, Inc.”).
2004	June	Was granted the “Privacy Mark” authorized by Japan Information Processing Development Corporation (present, Japan Institute for Promotion of Digital Economy and Community (JIPDEC)).
2004	Dec.	Moved headquarters location to Marunouchi, Chiyoda-ku, Tokyo.
2005	Jan.	Acquired shares of “Tokyo-Mitsubishi Cash One Ltd.” and changed its corporate name into “DC Cash One Ltd.”
2005	Jan.	Established “RELATES CO., LTD.” which operated entrusted call center functions from banks.
2005	Mar.	Acquired all shares of “MTB Capital Co., Ltd.” and changed its corporate name to “AC Ventures Co., Ltd.”
2005	Apr.	“SIAM A&C CO., LTD.” changed its corporate name to “EASY BUY Public Company Limited” (present, a consolidated subsidiary).
2007	Apr.	“JCK CREDIT CO., LTD.” succeeded to installment sales finance business split up from ACOM and changed its corporate name into “AFRESH CREDIT CO., LTD.”
2007	Dec.	Jointly acquired “PT. Bank Nusantara Parahyangan, Tbk.” (present, a consolidated subsidiary) in Republic of Indonesia with “The Bank of Tokyo-Mitsubishi UFJ, Ltd.”
2008	Feb.	Acquired all shares of “IR Loan Servicing, Inc.”
2008	Sept.	Agreed upon further strengthening strategic business and capital alliance with “Mitsubishi UFJ Financial Group, Inc.” and “The Bank of Tokyo-Mitsubishi UFJ, Ltd.”

Year/Month	ACOM History
2008 Dec.	Became a consolidated subsidiary of “Mitsubishi UFJ Financial Group, Inc.” as the parent company.
2009 Apr.	“RELATES CO., Ltd.” was dissolved due to absorption-type merger with “MU Communication Co., Ltd.” (present, an equity-method affiliate), a subsidiary of “The Bank of Tokyo-Mitsubishi UFJ, Ltd.,” where “MU Communication Co., Ltd.” was the surviving company.
2009 May	“DC Cash One Ltd.” was dissolved due to absorption-type merger with the Company where the Company was the surviving company.
2010 Aug.	“A B PARTNER CO., LTD.” was dissolved due to absorption-type merger with “IR Loan Servicing, Inc.,” where “IR Loan Servicing, Inc.” was the surviving company.
2012 Apr.	“AC Ventures Co., Ltd.” was dissolved due to absorption-type merger with the Company where the Company was the surviving company.
2013 Sept.	Established “MU Credit Guarantee Co., LTD.,” which operates in the guarantee business (present, a consolidated subsidiary).
2014 Sept.	“AFRESH CREDIT CO., LTD.” was dissolved due to absorption-type merger with “IR Loan Servicing, Inc.” where “IR Loan Servicing, Inc.” was the surviving company.
2015 Dec.	Acquired all shares of “MU Credit Guarantee Co., LTD.”

3. Description of Business

ACOM is a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc. (hereinafter, “MUFG”), and MUFG is the “Parent company” of ACOM.

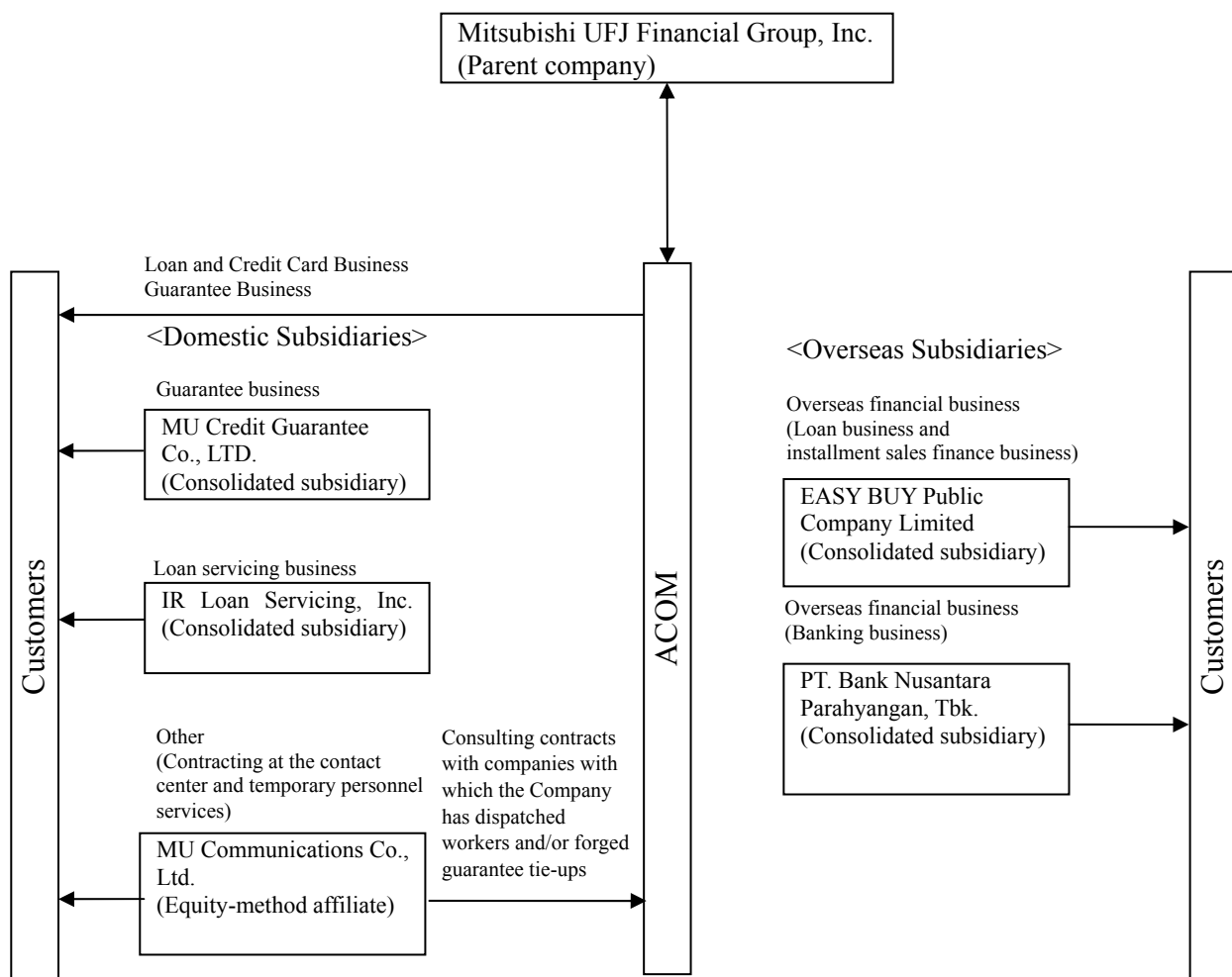
The ACOM Group consists of ACOM and 6 subsidiaries and 1 affiliate. The Group’s main line of business is [loan and credit card business, guarantee business, overseas financial business and loan servicing business].

The table below explains the positioning of group companies and their relevant segments.

The following four segments are consistent with those stated in [Notes], (1) Consolidated Financial Statements in 1. Consolidated Financial Statements, etc. of V. Financial Information.

Segment	Company Name	Business Outline
Loan and Credit Card Business	ACOM CO., LTD.	Unsecured loan business
		Credit card business of which the principal commodity is MasterCard®
Guarantee Business	ACOM CO., LTD.	Guarantee business
	MU Credit Guarantee Co., LTD.	
Overseas financial business	EASY BUY Public Company Limited	Unsecured loan business in Kingdom of Thailand
		Installment loan business in Kingdom of Thailand
	PT. Bank Nusantara Parahyangan, Tbk.	Banking business in Republic of Indonesia
Loan Servicing Business	IR Loan Servicing, Inc.	Servicing business (Loan servicing business)
	General Incorporated Association Mirai Capital	Loan servicing business (Special Purpose Companies)
	Power Investments LLC	
Others	MU Communications Co., Ltd.	Contracting at the contact center and temporary personnel services

The diagram below illustrates the businesses of the ACOM Group companies.



(Note) This diagram does not include both General Incorporated Association Mirai Capital and Power investments LLC as they were established as Special Purpose Companies.

4. Information on Subsidiaries and Affiliates

Company name	Location	Paid in capital (Million yen)	Principal business	Ratio of voting rights holding or held		Relationship
				Ratio of voting rights holding (%)	Ratio of voting rights held (%)	
(Parent company)						
Mitsubishi UFJ Financial Group, Inc. (Note) 3	Chiyoda-ku, Tokyo	2,141,513	Bank holding company	—	40.20 (2.62)	Business management, business and capital alliance
(Consolidated subsidiaries)						
MU Credit Guarantee Co., LTD.	Shinjuku- ku, Tokyo	300	Guarantee business	100.00	—	—
EASY BUY Public Company Limited (Note) 4, 5	Bangkok, Kingdom of Thailand	(Million THB) 4,500	Overseas financial business	71.00	—	Loan guarantee to said company
PT. Bank Nusantara Parahyangan, Tbk.	Bandung, Republic of Indonesia	(Million IDR) 338,416	Overseas financial business	66.15	—	Holding of subordinated loans issued by said company
IR Loan Servicing, Inc.	Chiyoda-ku, Tokyo	520	Loan servicing business	100.00	—	Financial loan to said company
General Incorporated Association Mirai Capital (Note) 6	Shibuya-ku, Tokyo	3	Loan servicing business	100.00 (100.00)	—	—
Power Investments LLC (Note) 7	Shibuya-ku, Tokyo	0	Loan servicing business	100.00 (100.00)	—	—
(Equity-method affiliate)						
MU Communications Co., Ltd.	Shibuya-ku, Tokyo	1,020	Other	23.15	—	Consulting contracts with companies with which the Company has dispatched workers and/or forged guarantee tie-ups

- (Notes) 1. Name of business segments of consolidated subsidiaries in the box of “Principal business” are the same as those stated in the segment information.
2. The ratio of voting rights holding (held) indirectly is shown in parentheses “()” in the boxes of “Ratio of voting rights holding or held.”
3. The Company files Securities Reports.
4. EASY BUY Public Company Limited falls under a specified subsidiary.
5. EASY BUY’s operating revenue (excluding intragroup operating revenue among consolidated subsidiaries) accounted for 10% or more of the total operating revenue for the consolidated financial statements.

Key profit/loss information:

(1) Operating revenue	38,053 million yen (12,354 million THB)
(2) Ordinary profit	13,095 million yen (4,251 million THB)
(3) Profit	10,449 million yen (3,392 million THB)
(4) Net assets	47,326 million yen (14,606 million THB)
(5) Total assets	148,127 million yen (45,718 million THB)

6. General Incorporated Association Mirai Capital is a subsidiary of IR Loan Servicing Inc., which is a consolidated subsidiary of the Company.
7. Power Investments LLC is a subsidiary of General Incorporated Association Mirai Capital., which is a consolidated subsidiary of the Company.

5. Employees

(1) Consolidated Companies

As of March 31, 2017

Name of business segment	Number of employees
Loan and credit card business	1,298 (133)
Guarantee business	196 (10)
Overseas financial business	4,016 (338)
Loan servicing business	140 (13)
Corporate wide (shared)	407 (23)
Total	6,057 (517)

(Notes) 1. The number of employees represents the number of workers employed by the consolidated companies (excluding employees from intragroup to extra-group companies and including those from extra-group to intragroup companies) but excludes fixed-term employees.

2. The bracketed figure is the average number of fixed-term employees during the current fiscal year.

(The average number of fixed-term employees was 504 if the number of temporary employees among fixed-term employees is converted at the rate of one (1) person per 8-working-hour shift a day.)

3. The employees in Corporate wide (shared) section are those belonging to the administration department of the Filing Company and thus do not fall into any business segment.

(2) The Filing Company

As of March 31, 2017

Number of employees	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of yen)
1,854 (161)	39.9	15.2	6,037

Name of business segment	Number of employees
Loan and credit card business	1,298 (133)
Guarantee business	149 (5)
Corporate wide (shared)	407 (23)
Total	1,854 (161)

(Notes) 1. The number of employees represents the number of workers employed by the Company (excluding employees from the Company to external companies and including those from external companies to the company) but excludes fixed-term employees.

2. Bonus and extra remuneration are included in the average annual salary.

3. The bracketed figure is the average number of fixed-term employees during the current fiscal year.

(The average number of fixed-term employees was 149 if the number of temporary employees among fixed-term employees is converted at the rate of one (1) person per 8-working-hour shift a day.)

4. The employees in the Corporate wide (shared) section are those belonging to the administration department of the Head Office and thus do not fall into any business segment.

(3) Status of labor union

Relationship between management and labor union is stable.

II. Business Overview

1. Summary of Results

(1) Business results

During the fiscal year ended March 31, 2017, the Japanese economy showed signs of gradual improvement in corporate earnings and the employment and income environment, as well as hints of ongoing recovery in consumer spending, due to the effects of various economic policies implemented by the government. However, the possibility of an economic downturn remained in Japan due to uncertainty in overseas economies and the impact of fluctuations in the financial and capital markets, though economic recovery is expected to continue in the future.

In the consumer finance industry, business conditions continued to be severe due to factors such as persistent requests for interest repayment with no foreseeable prospect of ending, although there are some signs that the market is slowly expanding.

In such an environment, under its management vision of “strive to become the leading company in personal loan market which provides prime satisfaction to the utmost number of customers and win their trust in return,” the Company Group has positioned its loan and credit card business, guarantee business and overseas financial business as the three core business categories and has strived to increase market shares in the consumer loan market, while making efforts to contribute to sound growth of the market.

Consolidated operating revenue for the fiscal year ended March 31, 2017, increased to 245,148 million yen (up 3.1% year-on-year) primarily due to increases in interest on operating loans and revenue from credit guarantee. Operating expenses increased to 315,315 million yen (up 41.9% year-on-year) primarily due to increases in provision for loss on interest repayment and provision of allowance for doubtful accounts. Operating loss was 70,166 million yen (operating profit of 15,516 million yen for the prior fiscal year), ordinary loss was 69,543 million yen (ordinary profit of 16,200 million yen for the prior fiscal year), and loss attributable to owners of parent was 72,187 million yen (profit attributable to owners of parent of 14,598 million yen for the prior fiscal year).

(2) Status of financial service businesses

1) Loan and credit card business

In the domestic loan and credit card business, we made efforts to improve product/service functions, gather and acquire new customers, promote sales of credit cards (AC MasterCard) and maintain the soundness of loan portfolios.

As for the improvement of product/service functions and gathering and acquiring of new customers, we have revised the lowest interest rate from 4.7% to 3.0% in July 2016 in order to strengthen operating competitiveness and respond to customer needs. Recognizing the recent increases in the use of the internet, we completed the full renewal of our website in March 2017 to realize improved online content that will allow us to meet customer expectations more than ever.

At the same time, we continued airing commercials featuring the actress “Hiromi Nagasaki” and the sound logo of “Hajimete-no (First time at) ACOM,” as both have earned positive public reception and contributed to increasing the number of new customers.

As for the sales promotion of credit cards, the total number of card members increased to 314 thousand (up 23.5% year-on-year) and the annual transaction volume increased to 31,644 million yen (up 35.3% year-on-year), as we promoted the installation of instant issue credit card machines.

In addition to the abovementioned marketing activities, we have endeavored to maintain the soundness of our loan portfolio and improve the customer-reception quality of our employees by reinforcing the development of human resources through training for credit control, and customer reception including the improvement of the accuracy of credit screenings. As a result, accounts receivable - operating loans at the end of the current fiscal year increased to 784,806 million yen (up 2.3% year-on-year) and accounts receivable - installment increased to 38,109 million yen (up 36.8% year-on-year).

As a result, the business segment’s operating revenue was 135,971 million yen (up 2.1% year-on-year) mainly due to increases in interest on operating loans and revenue from credit card business in accordance with our business expansion. However, the business segment posted an operating loss of 93,373 million yen mainly due to an increase in provision for loss on interest repayment under operating expenses (operating loss of 11,841 million yen for the prior fiscal year).

2) Guarantee business

In the guarantee business, the Company and MU Credit Guarantee Co., LTD. worked on the promotion of new guarantee tie-ups and measures to enhance partnerships with existing partners amid the growth of the bank card loan market.

The Company formed a new guarantee alliance with Bank of The Ryukyus, Limited. MU Credit Guarantee Co., LTD. formed new guarantee alliances with Momiji Bank, Ltd. and CHIKUHO BANK Ltd. As a result, the combined number of business partners of the Company and MU Credit Guarantee Co., LTD. increased to 50 banks at the end of the current fiscal year.

To enhance partnerships with existing partners, the Company continued appropriate screening, provided various support for existing partners with a view to enhancing their business results, and shared positive examples.

As a result, the total balance of guaranteed receivables in the guarantee operation of the Company and MU Credit Guarantee Co., LTD. was 1,129,773 million yen (up 14.4% year-on-year). The business segment's operating revenue was 56,411 million yen (up 15.4% year-on-year) mainly due to an increase in revenue from credit guarantee, while operating profit was 9,614 million yen (down 33.5% year-on-year) due primarily to an increase in provision of allowance for doubtful accounts.

3) Overseas financial business

In the overseas financial business, business operations were carried out in the pursuit of expanding the relevant businesses in parallel with efforts to improve the companies' loan portfolios.

The loan business of EASY BUY Public Company Limited in the Kingdom of Thailand actively conducted marketing activities of the Umay+ brand with the aim of enhancing the brand image and gathering and acquiring new customers, in spite of the current political instabilities in that country. As a result, the number of new contracts and accounts receivable - operating loans have increased steadily, thereby building the top-brand position in Thailand.

The banking business of PT. Bank Nusantara Parahyangan Tbk. in the Republic of Indonesia worked to strengthen its internal control structure and improve its loan portfolio amid lingering future uncertainty about the domestic economy.

In the Socialist Republic of Vietnam, where the Company has established a representative office, the Company applied for a license to operate as a finance company in May 2014. The Company has continued surveys on various local laws/regulations and risks, and market analysis for future business development, while awaiting the results of the licensing examination. The Company also continues with necessary surveys in other Asian countries to explore the feasibility of business development.

As a result, the business segment's operating revenue amounted to 45,618 million yen (down 5.5% year-on-year), while operating profit was 12,640 million yen (up 13.5% year-on-year), mainly due to decreases in both operating revenue and operating expenses affected by foreign exchange rate fluctuations attributable to the stronger yen.

4) Loan servicing business

In the loan servicing business, IR Loan Servicing, Inc. has endeavored to acquire new business partners and increase profitability amid intensified competition in the purchased receivables market.

As a result, the business segment's operating revenue was 7,159 million yen (up 8.8% year-on-year), mainly due to an increase in the amount of collection from purchased receivables. However, operating profit was 544 million yen (down 49.2% year-on-year) due primarily to an increase in provision of allowance for doubtful accounts under operating expenses.

(3) Status of cash flows during the current fiscal year

Cash and cash equivalents (hereinafter, “funds”) at the end of the current fiscal year increased by 18,444 million yen (up 22.1%) from the end of the prior fiscal year to 101,719 million yen.

With respect to net cash used in operating activities, funds saw a decrease of 37,451 million yen, reflecting funds-increasing factors such as an increase of 74,900 million yen in provision for loss on interest repayment, a decrease of 9,481 million yen in loans receivable of banking business, an increase of 8,926 million yen in allowance for doubtful accounts, as well as funds-decreasing factors such as 69,497 million yen in loss before income taxes, an increase of 31,465 million yen in accounts receivable - operating loans, and an increase of 10,269 million yen in accounts receivable - installment.

With respect to net cash used in investing activities, funds saw a decrease of 2,858 million yen. This was primarily due to the fact that the amount of proceeds from sales of noncurrent assets was 2,857 million yen less than the payments for purchase of noncurrent assets and that the amount of proceeds from sales of short-term investment securities was 26 million yen less than the payments for purchase of short-term investment securities.

With respect to net cash provided by financing activities, funds saw an increase of 58,863 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 59,631 million yen more than the repayments of loans payable and payments at maturity of bonds.

2. Consolidated Operating Results

(1) Operating revenue by business segment

Business segment			Prior fiscal year (From April 1, 2015 to March 31, 2016)		Current fiscal year (From April 1, 2016 to March 31, 2017)	
			Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Financial service businesses	Japan	Loan business	129,385	54.4	131,155	53.5
		Credit card business	3,785	1.6	4,815	2.0
		Guarantee business	48,868	20.6	56,411	23.0
		Loan servicing business	6,579	2.8	7,159	2.9
		Others	790	0.3	0	0.0
	Overseas	Loan business	38,907	16.4	37,954	15.5
		Installment loan business	133	0.0	98	0.0
		Banking business	9,233	3.9	7,552	3.1
Total			237,683	100.0	245,148	100.0

(Note) Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

(2) Transaction volume and outstanding receivables at the end of the fiscal year of the financial service business segments

1) Transaction volume

Business segment		Prior fiscal year (From April 1, 2015 to March 31, 2016)		Current fiscal year (From April 1, 2016 to March 31, 2017)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	376,966	68.1	374,486	66.3
	Credit card business	23,381	4.2	31,644	5.6
	Loan servicing business	5,715	1.0	4,578	0.8
Overseas	Loan business	96,047	17.4	100,504	17.8
	Installment loan business	561	0.1	599	0.1
	Banking business	50,735	9.2	52,860	9.4
Total		553,409	100.0	564,673	100.0

(Notes) 1. Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

2. Details and transaction volume of the above Financial Service business segments are as follows:

Loan business	Provision of loans directly to customers. The scope of this segment's transaction volume is the amount of loans to customers.
Credit card business	Provision of general financial services through the use of credit cards, based on comprehensive credit administration. The scope of transaction volume is the total amount of credit.
Loan servicing business	The amount of purchased receivables.
Installment loan business	Provision of financial services without using credit cards. Each transaction of this service involves customer screening and review. The scope of transaction volume is the sum of credit amount and commission fees.
Banking business	Provision of loans directly to customers. The scope of this segment's transaction volume is the amount of loans to customers.

2) Receivables outstanding

Business segment		Prior fiscal year (As of March 31, 2016)		Current fiscal year (As of March 31, 2017)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	767,196	76.9	784,858	76.5
	Credit card business	27,855	2.8	38,109	3.7
	Loan servicing business	10,709	1.1	11,334	1.1
Overseas	Loan business	134,954	13.5	145,434	14.2
	Installment loan business	538	0.0	538	0.0
	Banking business	56,575	5.7	45,872	4.5
Total		997,828	100.0	1,026,147	100.0

(Note) Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

(3) Number of outlets

Category	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Outlets	1,244	1,221

(4) Number of customer accounts

Business segment		Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Japan	Loan business	1,409,926	1,441,786
	Credit card business	254,534	314,235
	Loan servicing business	336,266	434,848
Overseas	Loan business	1,150,661	1,202,393
	Installment loan business	12,558	11,047
	Banking business	22,000	70,687

(Notes) 1. Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

2. The number of customer accounts by business segment shown above is as follows:

Loan business	Number of accounts with outstanding accounts receivable - operating loans
Credit card business	Number of credit card “MasterCard®” holders
Loan servicing business	Number of accounts with outstanding purchased receivables
Installment loan business	Number of contracts with outstanding accounts receivable - installment
Banking business	Number of loan accounts with outstanding loans receivable of banking business

(5) Breakdown of accounts receivable - operating loans

1) By loan type

Loan type		Prior fiscal year (As of March 31, 2016)					Current fiscal year (As of March 31, 2017)				
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)
Consumer loans	Unsecured loans (excluding housing loans)	2,557,476	99.9	893,301	99.0	17.45	2,641,552	99.9	923,018	99.2	17.42
	Secured loans (excluding housing loans)	3,072	0.1	8,690	1.0	11.78	2,598	0.1	7,144	0.8	11.63
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	2,560,548	100.0	901,992	100.0	17.40	2,644,150	100.0	930,162	100.0	17.37
Commercial loans	Unsecured loans	6	0.0	4	0.0	14.63	4	0.0	3	0.0	14.50
	Secured loans	33	0.0	153	0.0	8.99	25	0.0	126	0.0	8.75
	Subtotal	39	0.0	158	0.0	9.17	29	0.0	130	0.0	8.93
Total		2,560,587	100.0	902,150	100.0	17.40	2,644,179	100.0	930,292	100.0	17.37

2) By industry

Industry	Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Agriculture, forestry and fishery	2	0.0	6	0.0	1	0.0	1	0.0
Construction	10	0.0	21	0.0	8	0.0	20	0.0
Manufacturing	4	0.0	7	0.0	3	0.0	6	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	1	0.0	5	0.0	1	0.0	5	0.0
Transport and postal services	2	0.0	12	0.0	1	0.0	4	0.0
Wholesale and retail	8	0.0	20	0.0	5	0.0	14	0.0
Finance and insurance	3	0.0	23	0.0	2	0.0	22	0.0
Real estate, and goods rental and leasing	1	0.0	26	0.0	1	0.0	26	0.0
Accommodation, and food and beverage services	3	0.0	18	0.0	2	0.0	12	0.0
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	1	0.0	0	0.0	1	0.0	0	0.0
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	4	0.0	16	0.0	4	0.0	15	0.0
Individuals	2,560,548	100.0	901,992	100.0	2,644,150	100.0	930,162	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	2,560,587	100.0	902,150	100.0	2,644,179	100.0	930,292	100.0

(Note) Commercial loans to sole proprietors are included in corresponding categories other than “Individuals.”

3) By collateral type

Collateral	Prior fiscal year (As of March 31, 2016)		Current fiscal year (As of March 31, 2017)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Securities (Stocks included in the above)	— (—)	— (—)	— (—)	— (—)
Credit (Deposits included in the above)	— (—)	— (—)	— (—)	— (—)
Merchandise	—	—	—	—
Real estate	8,766	1.0	7,193	0.8
Foundations	—	—	—	—
Others	77	0.0	76	0.0
Subtotal	8,844	1.0	7,270	0.8
Guarantee	—	—	—	—
Unsecured	893,306	99.0	923,022	99.2
Total	902,150	100.0	930,292	100.0

4) By loan term

Loan period		Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Revolving	2,429,694	94.9	839,891	93.1	2,513,022	95.0	869,968	93.5
	Due within 1 year	977	0.0	135	0.0	886	0.0	166	0.0
	Due after 1 year through 5 years	76,012	3.0	18,688	2.1	73,297	2.8	17,913	1.9
	Due after 5 years through 10 years	20,054	0.8	9,912	1.1	27,838	1.1	13,925	1.5
	Due after 10 years through 15 years	30,696	1.2	24,636	2.7	26,458	1.0	21,006	2.3
	Due after 15 years through 20 years	44	0.0	37	0.0	50	0.0	37	0.0
	Due after 20 years through 25 years	5	0.0	4	0.0	5	0.0	4	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	2,557,482	99.9	893,306	99.0	2,641,556	99.9	923,022	99.2
Secured loans	Revolving	2,400	0.1	6,455	0.7	1,991	0.1	5,190	0.6
	Due within 1 year	23	0.0	88	0.0	13	0.0	19	0.0
	Due after 1 year through 5 years	145	0.0	226	0.0	139	0.0	274	0.0
	Due after 5 years through 10 years	317	0.0	747	0.1	273	0.0	621	0.1
	Due after 10 years through 15 years	69	0.0	310	0.1	77	0.0	305	0.0
	Due after 15 years through 20 years	28	0.0	147	0.0	23	0.0	110	0.0
	Due after 20 years through 25 years	122	0.0	859	0.1	104	0.0	734	0.1
	Due after 25 years	1	0.0	8	0.0	3	0.0	12	0.0
	Subtotal	3,105	0.1	8,844	1.0	2,623	0.1	7,270	0.8
Revolving		2,432,094	95.0	846,346	93.8	2,515,013	95.1	875,158	94.1
Due within 1 year		1,000	0.0	224	0.0	899	0.0	186	0.0
Due after 1 year through 5 years		76,157	3.0	18,914	2.1	73,436	2.8	18,188	1.9
Due after 5 years through 10 years		20,371	0.8	10,660	1.2	28,111	1.1	14,547	1.6
Due after 10 years through 15 years		30,765	1.2	24,946	2.8	26,535	1.0	21,311	2.3
Due after 15 years through 20 years		72	0.0	185	0.0	73	0.0	148	0.0
Due after 20 years through 25 years		127	0.0	864	0.1	109	0.0	739	0.1
Due after 25 years		1	0.0	8	0.0	3	0.0	12	0.0
Total		2,560,587	100.0	902,150	100.0	2,644,179	100.0	930,292	100.0
Average term per contract		—				—			

(Note) “Average term per contract” is not calculated since revolving loan contracts are included in the table above.

(6) Breakdown of funds

1) Breakdown by funding sources

Funding sources, etc.	Prior fiscal year (As of March 31, 2016)		Current fiscal year (As of March 31, 2017)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	438,811	1.63	449,040	1.43
Others (Corporate bonds, CPs)	209,758 (209,758)	1.49 (1.49)	256,835 (256,835)	1.10 (1.10)
Total	648,570	1.59	705,876	1.31
Owners' equity (Capital stock)	479,894 (63,832)	— (—)	489,213 (63,832)	— (—)

(Note) "Owners' equity" was calculated by deducting total liabilities, the amount of non-controlling interests in the "net assets" section, and the planned amount of dividend from total assets, and then adding the total amount of reserves (including reserves under special laws).

2) Breakdown by financial institution

(Millions of yen)

Financial institution		Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	148,727	28,638	39,628	137,737	137,737	49,061	35,791	151,007
	Regional banks	37,591	16,000	15,156	38,435	38,435	18,100	13,376	43,158
	Trust banks	157,809	56,052	49,930	163,931	163,931	37,111	35,927	165,115
	Foreign banks	29,992	109,284	101,508	37,768	37,768	133,298	138,925	32,140
	Life insurance companies	22,031	11,500	11,669	21,862	21,862	10,000	9,960	21,902
	Non-life insurance companies	3,348	1,000	676	3,672	3,672	1,000	213	4,459
	Business corporations (leasing and financing companies, etc.)	3,502	2,202	1,864	3,840	3,840	1,000	1,056	3,784
	Other financial institutions	40,537 (5,036)	22,718 (—)	31,691 (5,036)	31,564 (—)	31,564 (—)	21,351 (—)	25,443 (—)	27,472 (—)
Subtotal		443,540	247,395	252,124	438,811	438,811	270,923	260,694	449,040
Commercial papers		—	—	—	—	—	24,997	10,000	14,997
Corporate bonds (including current portion of bonds payable)		203,313	43,836	37,391	209,758	209,758	49,440	17,360	241,838
Subtotal		203,313	43,836	37,391	209,758	209,758	74,437	27,360	256,835
Total		646,854	291,231	289,515	648,570	648,570	345,360	288,054	705,876

(Notes) 1. "City banks, etc." includes Shinsei Bank, Limited and Aozora Bank, Ltd.
2. Figures in parentheses in "Other financial institutions" are borrowings by liquidation of receivables.
3. Amounts procured and repaid by overseas subsidiaries are stated after foreign currency translation adjustment.

(7) Operating results of the Filing Company

1) The number of outlets and customer accounts by business segment

(i) The number of outlets and automated teller machines

Category	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Outlets	1,085	1,068
Staffed outlets	39	22
Unstaffed outlets	1,046	1,046
Automatic contract machines	1,085 locations (1,119)	1,068 locations (1,107)
ATMs	64,156	55,796
Proprietary	1,112	1,087
Tie-up	63,044	54,709
(Number of tie-up companies)	(18)	(17)

(Note) In addition to the above 1,068 loan business outlets, based on the Money Lending Business Act, we registered 22 automatic contract machines installed in staffed outlets (they stood at 39 as of March 31, 2016), 6 automated teller machines installed outside outlets (6 as of March 31, 2016) and 1 service center (1 as of March 31, 2016) for the various applications and registration acceptance via automatic contract machines and other means as outlets.

(ii) Number of customer accounts

Business segment	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Loan business	1,409,768	1,441,686
Credit card business	254,534	314,235

(Note) The number of customer accounts by business segment shown above is as follows:

Loan business Number of accounts with outstanding accounts receivable - operating loans
Credit card business Number of “MasterCard®” holders

2) Breakdown of operating revenue

(i) Operating revenue by business segment

Business segment	Prior fiscal year (From April 1, 2015 to March 31, 2016)		Current fiscal year (From April 1, 2016 to March 31, 2017)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan Business	129,385	73.8	131,155	71.3
Unsecured loans	128,260	73.1	130,256	70.8
Consumer	128,259	73.1	130,255	70.8
Commercial	0	0.0	0	0.0
Secured loans	1,125	0.7	899	0.5
Credit card business	3,785	2.1	4,815	2.6
Guarantee business	41,500	23.7	47,842	26.0
Sales of products	490	0.3	—	—
Others	218	0.1	184	0.1
Total	175,380	100.0	183,997	100.0

(ii) Interest on operating loans by region

Region	Prior fiscal year (From April 1, 2015 to March 31, 2016)		Current fiscal year (From April 1, 2016 to March 31, 2017)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Hokkaido	4,422	3.8	4,391	3.7
Tohoku	7,236	6.2	7,326	6.2
Kanto	43,039	37.1	44,062	37.4
Chubu	16,893	14.5	16,733	14.2
Kinki	22,512	19.4	23,479	20.0
Chugoku	5,819	5.0	5,785	4.9
Shikoku	2,987	2.6	2,937	2.5
Kyushu	13,201	11.4	13,103	11.1
Total	116,112	100.0	117,819	100.0

(Note) The prefectures belonging to each region are as follows:

Hokkaido: Hokkaido

Tohoku: Aomori, Iwate, Miyagi, Akita, Yamagata and Fukushima

Kanto: Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo and Kanagawa

Chubu: Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano, Gifu, Shizuoka and Aichi

Kinki: Mie, Shiga, Kyoto, Osaka, Hyogo, Nara and Wakayama

Chugoku: Tottori, Shimane, Okayama, Hiroshima and Yamaguchi

Shikoku: Tokushima, Kagawa, Ehime and Kochi

Kyushu: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima and Okinawa

Total amount for each region is calculated based on the locations of sales outlets.

3) Transaction volume and outstanding receivables at the end of the fiscal year for the financial service business segments

(i) Transaction volume

Business segment		Prior fiscal year (From April 1, 2015 to March 31, 2016)		Current fiscal year (From April 1, 2016 to March 31, 2017)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	376,923	94.2	374,459	92.2
	Consumer loans	376,923	94.2	374,459	92.2
	Commercial loans	—	—	—	—
	Secured loans	42	0.0	26	0.0
	Subtotal	376,966	94.2	374,486	92.2
Credit card business		23,381	5.8	31,644	7.8
Total		400,348	100.0	406,130	100.0

(Note) Details and transaction volume of the above Financial Service business segments are as follows:

Loan business

Provision of loans by the Filing Company directly to customers. The scope of this segment's transaction volume is the amount of loans to customers.

Credit card business

Provision of general financial services through the use of credit cards, based on comprehensive credit administration. The scope of transaction volume is the total amount of credit.

(ii) Receivables outstanding

Business segment		Prior fiscal year (As of March 31, 2016)		Current fiscal year (As of March 31, 2017)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	758,283	95.4	777,535	94.5
	Consumer loans	758,278	95.4	777,531	94.5
	Commercial loans	4	0.0	3	0.0
	Secured loans	8,844	1.1	7,270	0.9
	Subtotal	767,127	96.5	784,806	95.4
Credit card business		27,855	3.5	38,109	4.6
Total		794,982	100.0	822,916	100.0

4) Increase/decrease and outstanding balance of operating loans

(Millions of yen)

Item	Prior fiscal year (As of March 31, 2016)			Current fiscal year (As of March 31, 2017)		
	Total amount	Unsecured loans	Secured loans	Total amount	Unsecured loans	Secured loans
Beginning balance	747,139	736,436	10,703	767,127	758,283	8,844
Loans made during the period	376,966	376,923	42	374,486	374,459	26
Collection during the period	324,832	323,040	1,792	324,850	323,337	1,512
Transfer of claims on bankruptcy and reorganization, etc.	483	470	13	491	480	11
Write-off of bad debts during the period	31,661	31,565	96	31,465	31,388	76
Final balance	767,127	758,283	8,844	784,806	777,535	7,270
Average loans receivable	757,167	747,347	9,819	776,996	768,892	8,103

5) Breakdown of operating loans

(i) By loan type

Loan type		Prior fiscal year (As of March 31, 2016)					Current fiscal year (As of March 31, 2017)				
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)
Consumer loans	Unsecured loans (excluding housing loans)	1,406,657	99.8	758,278	98.9	15.82	1,439,059	99.8	777,531	99.1	15.71
	Secured loans (excluding housing loans)	3,072	0.2	8,690	1.1	11.78	2,598	0.2	7,144	0.9	11.63
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	1,409,729	100.0	766,969	100.0	15.78	1,441,657	100.0	784,676	100.0	15.67
Commercial loans	Unsecured loans	6	0.0	4	0.0	14.63	4	0.0	3	0.0	14.50
	Secured loans	33	0.0	153	0.0	8.99	25	0.0	126	0.0	8.75
	Subtotal	39	0.0	158	0.0	9.17	29	0.0	130	0.0	8.93
Total		1,409,768	100.0	767,127	100.0	15.78	1,441,686	100.0	784,806	100.0	15.67

(ii) Breakdown of unsecured consumer loans by consumers' occupation

Occupation	Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Clerical work	197,681	14.0	130,763	17.3	203,481	14.1	133,548	17.2
Marketing	123,877	8.8	89,758	11.8	125,427	8.7	90,527	11.6
Sales	95,015	6.8	38,637	5.1	100,181	7.0	40,317	5.2
Labor	539,201	38.3	275,808	36.4	555,057	38.6	285,253	36.7
Drivers	76,862	5.5	46,511	6.1	76,957	5.3	46,760	6.0
Technicians and engineers	85,664	6.1	54,444	7.2	88,096	6.1	55,707	7.2
Management	158,532	11.3	76,559	10.1	159,259	11.1	78,323	10.1
Hospitality service	51,102	3.6	19,108	2.5	54,243	3.8	20,189	2.6
Others	78,723	5.6	26,686	3.5	76,358	5.3	26,904	3.4
Total	1,406,657	100.0	758,278	100.0	1,439,059	100.0	777,531	100.0

(iii) By industry

Industry	Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Agriculture, forestry and fishery	2	0.0	6	0.0	1	0.0	1	0.0
Construction	10	0.0	21	0.0	8	0.0	20	0.0
Manufacturing	4	0.0	7	0.0	3	0.0	6	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	1	0.0	5	0.0	1	0.0	5	0.0
Transport and postal services	2	0.0	12	0.0	1	0.0	4	0.0
Wholesale and retail	8	0.0	20	0.0	5	0.0	14	0.0
Finance and insurance	3	0.0	23	0.0	2	0.0	22	0.0
Real estate, and goods rental and leasing	1	0.0	26	0.0	1	0.0	26	0.0
Accommodation, and food and beverage services	3	0.0	18	0.0	2	0.0	12	0.0
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	1	0.0	0	0.0	1	0.0	0	0.0
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	4	0.0	16	0.0	4	0.0	15	0.0
Individuals	1,409,729	100.0	766,969	100.0	1,441,657	100.0	784,676	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	1,409,768	100.0	767,127	100.0	1,441,686	100.0	784,806	100.0

(Note) Commercial loans to sole proprietors are included in corresponding categories other than “Individuals.”

(iv) Breakdown of unsecured consumer loans receivable by consumers' sex and age

Sex and age		Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Male	18-19 years	—	—	—	—	—	—	—	—
	20-29	238,489	17.0	102,911	13.6	255,908	17.8	110,232	14.2
	30-39	263,915	18.8	153,692	20.3	264,922	18.4	156,038	20.1
	40-49	255,620	18.2	182,375	24.0	255,276	17.7	183,457	23.6
	50-59	172,150	12.2	131,387	17.3	171,627	11.9	131,598	16.9
	60 years and older	116,017	8.2	57,498	7.6	116,153	8.1	58,448	7.5
	Subtotal	1,046,191	74.4	627,865	82.8	1,063,886	73.9	639,775	82.3
Female	18-19 years	—	—	—	—	—	—	—	—
	20-29	78,077	5.5	25,362	3.4	86,116	6.0	27,961	3.6
	30-39	81,278	5.8	29,731	3.9	82,550	5.7	30,612	3.9
	40-49	90,847	6.5	35,143	4.6	94,381	6.6	37,047	4.8
	50-59	63,972	4.5	26,054	3.4	65,935	4.6	27,451	3.5
	60 years and older	46,292	3.3	14,122	1.9	46,191	3.2	14,681	1.9
	Subtotal	360,466	25.6	130,413	17.2	375,173	26.1	137,756	17.7
Total		1,406,657	100.0	758,278	100.0	1,439,059	100.0	777,531	100.0

(v) By collateral type

Collateral accepted	Prior fiscal year (As of March 31, 2016)		Current fiscal year (As of March 31, 2017)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Securities (Stocks included in the above)	— (—)	— (—)	— (—)	— (—)
Credit (Deposits included in the above)	— (—)	— (—)	— (—)	— (—)
Merchandise	—	—	—	—
Real estate	8,766	1.2	7,193	0.9
Foundations	—	—	—	—
Others	77	0.0	76	0.0
Subtotal	8,844	1.2	7,270	0.9
Guarantee	—	—	—	—
Unsecured	758,283	98.8	777,535	99.1
Total	767,127	100.0	784,806	100.0

(vi) By loan amount

Loan amount		Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Due within 100,000 yen	170,790	12.1	10,545	1.4	179,473	12.4	11,206	1.4
	Due over 100,000 yen through 300,000 yen	331,652	23.5	69,877	9.1	329,818	22.9	69,438	8.9
	Due over 300,000 yen through 500,000 yen	475,894	33.8	205,566	26.8	488,551	33.9	211,394	26.9
	Due over 500,000 yen	428,327	30.4	472,293	61.5	441,221	30.6	485,496	61.9
	Subtotal	1,406,663	99.8	758,283	98.8	1,439,063	99.8	777,535	99.1
Secured loans	Due within 1 million yen	619	0.0	333	0.1	576	0.1	301	0.0
	Due over 1 million yen through 5 million yen	2,111	0.2	5,586	0.7	1,739	0.1	4,542	0.6
	Due over 5 million yen through 10 million yen	313	0.0	2,089	0.3	257	0.0	1,730	0.2
	Due over 10 million yen through 50 million yen	62	0.0	834	0.1	51	0.0	695	0.1
	Due over 50 million yen through 100 million yen	—	—	—	—	—	—	—	—
	Due over 100 million yen	—	—	—	—	—	—	—	—
	Subtotal	3,105	0.2	8,844	1.2	2,623	0.2	7,270	0.9
Total		1,409,768	100.0	767,127	100.0	1,441,686	100.0	784,806	100.0
Average loans receivable per contract (Thousands of yen)		—	—	544	—	—	—	544	—
	Unsecured loans	—	—	539	—	—	—	540	—
	Secured loans	—	—	2,848	—	—	—	2,771	—

(vii) By loan term

Loan term		Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Revolving	1,316,890	93.4	709,894	92.5	1,347,246	93.4	729,465	92.9
	Due within 1 year	971	0.1	135	0.0	881	0.1	166	0.0
	Due after 1 year through 5 years	38,045	2.7	13,683	1.8	36,602	2.5	12,944	1.7
	Due after 5 years through 10 years	20,014	1.4	9,893	1.3	27,822	2.0	13,912	1.8
	Due after 10 years through 15 years	30,694	2.2	24,633	3.2	26,457	1.8	21,006	2.7
	Due after 15 years through 20 years	44	0.0	37	0.0	50	0.0	37	0.0
	Due after 20 years through 25 years	5	0.0	4	0.0	5	0.0	4	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	1,406,663	99.8	758,283	98.8	1,439,063	99.8	777,535	99.1
Secured loans	Revolving	2,400	0.2	6,455	0.9	1,991	0.2	5,190	0.7
	Due within 1 year	23	0.0	88	0.0	13	0.0	19	0.0
	Due after 1 year through 5 years	145	0.0	226	0.0	139	0.0	274	0.0
	Due after 5 years through 10 years	317	0.0	747	0.1	273	0.0	621	0.1
	Due after 10 years through 15 years	69	0.0	310	0.1	77	0.0	305	0.0
	Due after 15 years through 20 years	28	0.0	147	0.0	23	0.0	110	0.0
	Due after 20 years through 25 years	122	0.0	859	0.1	104	0.0	734	0.1
	Due after 25 years	1	0.0	8	0.0	3	0.0	12	0.0
	Subtotal	3,105	0.2	8,844	1.2	2,623	0.2	7,270	0.9
Revolving		1,319,290	93.6	716,350	93.4	1,349,237	93.6	734,655	93.6
Due within 1 year		994	0.1	223	0.0	894	0.1	185	0.0
Due after 1 year through 5 years		38,190	2.7	13,909	1.8	36,741	2.5	13,218	1.7
Due after 5 years through 10 years		20,331	1.4	10,640	1.4	28,095	2.0	14,533	1.9
Due after 10 years through 15 years		30,763	2.2	24,944	3.3	26,534	1.8	21,311	2.7
Due after 15 years through 20 years		72	0.0	185	0.0	73	0.0	148	0.0
Due after 20 years through 25 years		127	0.0	864	0.1	109	0.0	739	0.1
Due after 25 years		1	0.0	8	0.0	3	0.0	12	0.0
Total		1,409,768	100.0	767,127	100.0	1,441,686	100.0	784,806	100.0
Average term per contract		—				—			

(Note) “Average term per contract” is not calculated since revolving loan contracts are included in the table above.

(viii) By interest rate

Interest rate		Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Below 10% p.a.	70,646	5.0	33,116	4.3	76,346	5.3	37,271	4.7
	From 10.0% to 15.0% p.a.	343,059	24.3	357,654	46.6	348,766	24.2	366,956	46.8
	From 15.0% to 18.0% p.a.	956,023	67.8	349,646	45.6	989,024	68.6	360,802	46.0
	From 18.0% to 20.0% p.a.	2,237	0.2	3,548	0.4	1,664	0.1	2,589	0.3
	Above 20.0% p.a.	34,698	2.5	14,317	1.9	23,263	1.6	9,915	1.3
	Subtotal	1,406,663	99.8	758,283	98.8	1,439,063	99.8	777,535	99.1
Secured loans	Below 10.0% p.a.	668	0.0	2,580	0.4	597	0.1	2,196	0.3
	From 10.0% to 15.0% p.a.	2,436	0.2	6,262	0.8	2,025	0.1	5,072	0.6
	From 15.0% to 18.0% p.a.	1	0.0	1	0.0	1	0.0	1	0.0
	Subtotal	3,105	0.2	8,844	1.2	2,623	0.2	7,270	0.9
Total		1,409,768	100.0	767,127	100.0	1,441,686	100.0	784,806	100.0

(ix) By product type

Product type		Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Comprehensive contract type (Card loans)	1,316,890	93.4	709,894	92.5	1,347,246	93.4	729,465	93.0
	Individual contract type	89,767	6.4	48,383	6.3	91,813	6.4	48,066	6.1
	Commercial loans	6	0.0	4	0.0	4	0.0	3	0.0
	Subtotal	1,406,663	99.8	758,283	98.8	1,439,063	99.8	777,535	99.1
Secured loans	Real estate card loans	2,910	0.2	7,580	1.0	2,449	0.2	6,172	0.8
	Mortgage loans	181	0.0	1,185	0.2	160	0.0	1,020	0.1
	Loans backed by securities or golf club memberships	14	0.0	77	0.0	14	0.0	76	0.0
	Commercial loans	—	—	—	—	—	—	—	—
	Subtotal	3,105	0.2	8,844	1.2	2,623	0.2	7,270	0.9
Total		1,409,768	100.0	767,127	100.0	1,441,686	100.0	784,806	100.0

(x) By region

Region		Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Hokkaido	53,271	3.8	27,460	3.6	52,928	3.7	27,698	3.5
	Tohoku	86,575	6.1	45,780	6.0	86,618	6.0	46,688	6.0
	Kanto	526,200	37.3	286,590	37.3	544,546	37.8	295,855	37.7
	Chubu	181,114	12.9	106,229	13.8	179,945	12.5	106,575	13.6
	Kinki	298,754	21.2	154,989	20.2	316,284	21.9	163,172	20.8
	Chugoku	65,087	4.6	36,658	4.8	64,612	4.5	36,913	4.7
	Shikoku	34,443	2.5	18,550	2.4	33,686	2.3	18,308	2.3
	Kyushu	161,219	11.4	82,025	10.7	160,444	11.1	82,323	10.5
	Subtotal	1,406,663	99.8	758,283	98.8	1,439,063	99.8	777,535	99.1
Secured loans	Hokkaido	155	0.0	354	0.0	126	0.0	276	0.0
	Tohoku	191	0.0	438	0.1	164	0.0	337	0.0
	Kanto	1,066	0.1	3,330	0.4	903	0.1	2,794	0.4
	Chubu	456	0.0	1,340	0.2	394	0.0	1,088	0.1
	Kinki	791	0.1	2,221	0.3	676	0.1	1,836	0.2
	Chugoku	136	0.0	403	0.1	112	0.0	338	0.1
	Shikoku	59	0.0	151	0.0	48	0.0	118	0.0
	Kyushu	251	0.0	604	0.1	200	0.0	480	0.1
	Subtotal	3,105	0.2	8,844	1.2	2,623	0.2	7,270	0.9
Total		1,409,768	100.0	767,127	100.0	1,441,686	100.0	784,806	100.0

(xi) Accounts receivable - operating loans per outlet and per employee

Item	Prior fiscal year (As of March 31, 2016)		Current fiscal year (As of March 31, 2017)	
	Number of loan contracts	Outstanding balance (Millions of yen)	Number of loan contracts	Outstanding balance (Millions of yen)
Per loan business outlet	36,147	19,669	65,531	35,673
Per loan business employee	1,401	762	1,492	812

(Notes)

$$\begin{aligned}
 &1. \text{Accounts receivable - operating loans per loan business outlet} = \frac{\text{Accounts receivable - operating loans at the end of the period}}{\text{Number of staffed loan outlets at the end of the period}} \\
 &2. \text{Accounts receivable - operating loans per loan business employee} = \frac{\text{Accounts receivable - operating loans at the end of the period}}{\text{Number of employees at the end of the period}}
 \end{aligned}$$

The number of employees at the end of the period is the number of employees who work at the contact center and the loan business outlets. The numbers as of the end of the prior fiscal year and as of the end of the current fiscal year are 1,006 and 966, respectively.

6) Number of outlets and employees by region

(i) Number of outlets by region

Region	Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
	Total	Proportion (%)	Loan outlets	Proportion (%)	Total	Proportion (%)	Loan outlets	Proportion (%)
Hokkaido	1	2.6	1	2.6	1	4.5	1	4.5
Tohoku	2	5.1	2	5.1	1	4.6	1	4.6
Kanto	16	41.0	16	41.0	9	40.9	9	40.9
Chubu	6	15.4	6	15.4	3	13.6	3	13.6
Kinki	7	17.9	7	17.9	4	18.2	4	18.2
Chugoku	2	5.1	2	5.1	1	4.6	1	4.6
Shikoku	1	2.6	1	2.6	1	4.5	1	4.5
Kyushu	4	10.3	4	10.3	2	9.1	2	9.1
Total	39	100.0	39	100.0	22	100.0	22	100.0

(Note) The above number of outlets in each region is the number of staffed outlets.

(ii) Number of employees by region

Region	Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
	Total	Proportion (%)	Loan outlets	Proportion (%)	Total	Proportion (%)	Loan outlets	Proportion (%)
Hokkaido	8	0.4	8	0.8	9	0.5	9	0.9
Tohoku	15	0.8	15	1.5	10	0.5	10	1.0
Kanto	1,356	71.7	583	57.9	1,359	73.3	586	60.7
Chubu	39	2.1	39	3.9	25	1.4	25	2.6
Kinki	421	22.2	308	30.6	417	22.5	302	31.3
Chugoku	15	0.8	15	1.5	10	0.5	10	1.0
Shikoku	8	0.4	8	0.8	6	0.3	6	0.6
Kyushu	30	1.6	30	3.0	18	1.0	18	1.9
Total	1,892	100.0	1,006	100.0	1,854	100.0	966	100.0

(Note) The number of employees of “Loan outlets” is the number of employees at the end of the fiscal year working at the contact center and the loan business outlets.

7) Breakdown of funds

(i) Breakdown by funding sources

Funding sources	Prior fiscal year (As of March 31, 2016)		Current fiscal year (As of March 31, 2017)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	382,956	1.35	393,557	1.15
Others (Corporate bonds, CPs)	171,000 (171,000)	0.88 (0.88)	215,997 (215,997)	0.76 (0.76)
Total	553,956	1.21	609,554	1.01
Owners' equity (Capital stock)	442,399 (63,832)	— (—)	445,316 (63,832)	— (—)

(Notes) "Owners' equity" was calculated by deducting total liabilities and the planned amount of dividend from total assets, and then adding the total amount of reserves (including reserves under special laws).

(ii) Breakdown by financial institution

(Millions of yen)

Financial institution		Prior fiscal year (As of March 31, 2016)				Current fiscal year (As of March 31, 2017)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	131,243	25,700	26,328	130,615	130,615	31,400	23,694	138,321
	Regional banks	36,186	16,000	15,030	37,156	37,156	18,100	13,338	41,918
	Trust banks	150,808	55,730	49,930	156,608	156,608	34,288	33,988	156,908
	Foreign banks	5,000	—	1,600	3,400	3,400	2,000	2,400	3,000
	Life insurance companies	22,031	11,500	11,669	21,862	21,862	10,000	9,960	21,902
	Non-life insurance companies	3,348	1,000	676	3,672	3,672	1,000	213	3,459
	Business corporations (leasing and financing companies, etc.)	3,502	1,200	1,864	2,838	2,838	1,000	1,026	2,812
	Other financial institutions	35,796 (5,036)	10,500 (—)	19,491 (5,036)	26,805 (—)	26,805 (—)	10,000 (—)	12,568 (—)	24,237 (—)
Subtotal		387,914	121,630	126,588	382,956	382,956	107,788	97,187	393,557
Commercial papers		—	—	—	—	—	24,997	10,000	14,997
Corporate bonds (including current portion of bonds payable)		171,000	25,000	25,000	171,000	171,000	30,000	—	201,000
Subtotal		171,000	25,000	25,000	171,000	171,000	54,997	10,000	215,997
Total		558,914	146,630	151,588	553,956	553,956	162,785	107,187	609,554

(Notes) 1. "City banks, etc." includes Shinsei Bank, Limited and Aozora Bank, Ltd.

2. Figures in parentheses in "Other financial institutions" are borrowings by liquidation of receivables.

3. Management Policy, Business Environment, and Issues to be Addressed

The forward-looking statements included in the following description are based on our assumptions and views as of March 31, 2017.

(1) Basic management policy of the Company

The Company Group has established a corporate philosophy that “ACOM, based on the spirit of human dignity and in putting customers first, is contributing to the realization of an enjoyable and affluent personal life, and to improving lifestyle, through creative and innovative management,” under our “Circle of Trust” spirit of foundation. The Company Group has been developing the three core business categories, the loan and credit card business, guarantee business, and overseas financial business, with a view to becoming a “leading company that wins trust from the market.”

(2) Targeted management indices

With regard to the management indices the Company Group targets, the Company Group will place an emphasis on return on equity (ROE), return on assets (ROA), and the shareholders’ equity ratio in order to increase shareholders’ value and maintain stable management, while aiming to enhance the ratio of ordinary profit to operating revenue and earnings per share.

(3) Management strategy in the medium-to-long term

The business environment surrounding the Company Group is expected to remain stringent due to intensifying competition, as well as changes in the social structure such as the drop in birthrate coupled with aging society.

Under these circumstances, the Company Group will focus on strengthening its sales capabilities in the loan and credit card business, expanding the scale of its guarantee business, and expanding business in Asia in collaboration with the MUFG Group, based on the know-how the Company Group has fostered such as the consumer finance business, low-cost operations including increasingly centralized business, and operations of overseas loan business. Through these efforts, we will strive to establish a growth base in the medium-term and aim to deepen mutual trust with stakeholders and develop together with society based on the following basic policy.

- a) Provide service that customers can truly support based on a corporate stance emphasizing sociality and compliance, and thereby establish a corporate brand of “safety and trust”
- b) Appropriately forecast and respond to future environmental changes, and work to establish a firm management base for the stable growth over the long-term
- c) Make the transition to business models capable of realizing drastic cost reductions and thereby achieve increased price competitiveness

(4) Issues the Company needs to address

The Company has set a medium-term management plan for the three years starting from fiscal year ended March 31, 2017, which has “with expeditious reactions to environmental changes, ACOM will establish a solid management base which can support continuous growth, while creating services which exceed customers’ expectations” as medium-term management policy. The Company will materialize creation of services that exceed customer expectations while reacting expeditiously to socio-structural changes such as developing ICT, women’s increased participation in the workforce and drop in birthrate coupled with aging society, combined with changes in customer demands and products/services in consumer credit market. The Company will also aim to establish a management base through further promotion of compliance and customer satisfaction oriented management in addition to enhancing human, system and financial bases which support business management in order to become an enterprise that fulfills both social responsibilities and duties imposed to money lender and credit guarantor.

For the fiscal year ending March 31, 2019, the final year of the medium-term management plan, the Company has set following quantitative targets: operating receivable – operating loans of 870.0 billion yen for loan and credit card business, and guarantee receivables of 1.28 trillion yen for guarantee business, thus no less than 2.1 trillion yen combined for the domestic market; loans receivable of 51.0 billion baht for EASY BUY Public Company Limited in the Kingdom of Thailand and 8.01 trillion rupiah in loans receivable of banking business for PT. Bank Nusantara Parahyangan, Tbk. in the Republic of Indonesia for overseas market.

For the fiscal year ending March 31, 2018, the second year of the medium-term management plan, the

Company will be addressing the following issues aimed at achieving the aforementioned target and objectives.

The financial goal and other forward-looking statements herein were compiled based on information available to the Company and certain assumptions considered reasonable at the time this material was compiled, and are not meant as guarantee of the Company to achieve such results. Actual results may differ significantly from these forecasts due to various factors.

(Loan and credit card business)

In the loan business and credit card business, the Company, under its philosophy “putting the customer first,” will continue to strive to improve its product and service functions and convenience while enhancing its promotion activities and improving credit screening accuracy as a means to gain more customers, grow the number of members, and maintain the soundness of its loan portfolio.

(Guarantee business)

The Group will promote guarantee business with a firm grasp on the trends in the market for personal card loans provided by financial institutions. In order to meet the increasingly complex needs of each and every financial institution in alliance, the Group will make the best use of its expertise gained from loan business to enhance and improve service functions while continuously working for appropriate screening, as well.

(Overseas financial business)

For overseas financial business, with a focus on expanding our overseas finance business, the Company will continue to pursue research and analysis activities aimed at realization of beginning business in new regions, as well as work on expanding business at existing overseas subsidiaries and maintaining the soundness of its loan portfolios.

4. Risks Related to Business

The following report on “Risks Related to Business” details major potential risks to the Group’s operations based on our assumptions and views as of the submission date of this securities report.

However, the risks described below may not cover all potential risks. Moreover, as there may be new risks arising from various uncertain factors such as future changes in economic and business conditions affecting the consumer finance industry, from the viewpoint of prompt and timely disclosure to the investors, we disclose what may not be such risk factors but we believe are important for the investors in making their investment-related decisions. The forward-looking statements included in the following description are based on our assumptions and views as of the submission date of this securities report.

(1) Financial results

The business performance of the Group may be influenced by changes, fluctuations and modifications –and the degree of these – in the each of the items 1) to 9) listed below.

- 1) Increase or decrease in number of customer accounts and average loan balance per customer account
- 2) Changes in judicial rulings and legal regulations applicable to the consumer finance industry
- 3) Changes in average contracted interest rates received from customers
- 4) Changes in number of requests for interest repayment, as well as amounts we will pay, in the loan business
- 5) Competition with other companies
- 6) Rate of default by customers
- 7) The Company’s ability to procure funds and costs involved
- 8) Cost levels for advertising expenses, personnel expenses, and other expenses
- 9) Occurrence of large-scale accidents and disasters

(2) Status of interest repayment

The interest rates charged on some loan products by the Company, in which customers entered into contracts before June 17, 2007, exceed the interest rate ceilings specified in the Interest Rate Restriction Act.

Although the interest exceeding the interest ceilings specified in the Interest Rate Restriction Act is stipulated to be invalid, before the revised Money Lending Business Act was fully reinforced on June 18, 2010, it was determined under the Interest Rate Restriction Act that debtors who had voluntarily paid said excessive interest could not request for interest reimbursement. In addition, Article 13 of the supplementary provisions of the Money Lending Business Act before its full enforcement stipulated that such payment of interest exceeding the interest ceilings could be deemed an effective interest repayment under the condition that certain requirements be satisfied.

However, the verdict handed down by the Supreme Court on January 13, 2006, stated that in the case of a delayed repayment of the agreed interest, to which a contractual clause of “forfeiture of benefit of time” was attached, said payment of the interest exceeding the interest ceilings could be considered enforced without satisfying the “deemed repayment requirements,” which need specific voluntariness in payment. Consequently, by reason of the above verdict of the Supreme Court, several consumers have taken legal action against consumer finance companies, calling for a reimbursement of payments made, in some recent court precedents, the plaintiffs’ demands were accepted.

In case our customers request a reduction in the loan amount or reimbursement of excess interest paid, citing obligations for maximum interest rates under the Interest Rate Restriction Act, the Company may accept to write off such loan or reimburse payments. The costs of write-off and reimbursing repayments (hereinafter referred to as “loss on interest repayment”) currently remain high, and close attention should be paid to the number of requests for interest repayment. Future potential for loss on interest repayment, further booking of the provision for loss on interest repayment, and court rulings from lawsuits demanding refunds of interest paid that put the Company and other finance companies at a clear disadvantage, could have an impact on the Group’s business performance.

(3) Fund procurement

The Group secures the necessary funds for its operations and liabilities repayments through cash provided by operating activities, as well as financing activities such as borrowings from financial institutions, etc. and direct financing from capital markets, including via bond issues.

While the Group has steadily diversified its funding resources in recent years, there is no assurance

that its existing main banks and lenders will not change their current lending policy due to a potential reorganization of the financial industry or other factors. Furthermore, there is no assurance that capital markets will always be available as a reliable financing resource in the future.

There is the possibility that our ability to procure funds may decrease due to changes in credit rating and its rank. In that case, the fund procurement costs might increase and the amount of funding may be restricted. As a result, it may have a negative impact on our business performance in the future.

(4) Allowance for doubtful accounts

Accounts receivable - operating loans and accounts receivable - installment constitute the majority of total assets of the Group. For this reason, we book allowance for doubtful accounts, based on the conditions of customers and the estimates of pledged collateral value at the end of the fiscal year.

An increase of payment delays and uncollected loans receivable might occur as a result of potential future changes in economic conditions, the market environment, and the social structure in Japan as well as increases in the number of individuals (including loan customers of the Group) pursuing remedies under legal guardianship pursuant to revisions in legislation, including “Bankruptcy Act,” “Act on Concerning Specific Conciliation,” “Civil Rehabilitation Act,” and “Judicial Scrivener Act.” Such events may require further increases in the allowance for doubtful accounts, which may have a negative effect on the business performance of the Group.

(5) Issues concerning multiple debtors

The Group addresses the issues concerning multiple debtors, who take out excessive loans or credit-card loans from multiple consumer credit companies, mainly by ways of “promoting consumer enlightenment activities,” “improvement of counseling functions for consumer loan customers,” “implementation of more rigorous credit administration,” “reduction in maximum lending interest rate,” “review of the content of advertisement.”

Nevertheless, business performance of the Group may be negatively influenced in cases where the number of multiple debtors increases due to factors such as economic, employment, and market conditions in Japan or other external factors, which leads to an increase in the allowance for doubtful accounts due to increase in uncollectible loans.

(6) Information systems

The Group relies on computer systems and networks to manage information relating to our business, including data on our store network and customers, in order to provide services to customers and to manage our marketing activities. In case our service for customers are hindered by factors such as damage to the communications infrastructure, the hardware, or the software used for these systems and networks resulting from human error, natural disasters, power outages, computer viruses, etc. or the suspension of support services provided by telecommunications carriers or computer systems companies, it may potentially impact on the performance of the Group. For example, it may result in a decline in new customers, delays in the repayment of loans, and a loss of trust in the Group.

In addition, the Group has a backup center for general ledger system, in order to avoid the possibility of business interruptions. However, it is possible that the Group’s business may be suspended in the event of a large scale natural disaster, such as earthquake or flood.

(7) Management of personal information

The Group, including the Company and its main subsidiaries, are now regarded as businesses handling personal information as defined by the “Act on the Protection of Personal Information.”

In the management of personal information, we have ensured management and control structure under “Policy for Protection of Personal Information” and “Regulation for Protection of Personal Information.” The Company was granted the Privacy Mark authorized by Japan Institute for Promotion of Digital Economy and Community (JIPDEC).

As for the management of Computer Center, we have formulated rigorous safety measures for physical security, including controls on entering and leaving the Computer Center, and for information security, such as controlling access to computer systems.

Nonetheless, if personal information is leaked to a third party for any reason whatsoever, the negative effects may not be limited to a worsening of business performance arising from a decline in the reputation of the Group or compensation for damages. In the case of a violation of regulations concerning

the handling of personal information, the Group may be also subjected to administrative recommendations, and orders.

(8) Business and capital alliance with MUFG

In March 2004, we entered into a strategic business and capital alliance with MUFG. MUFG later raised its stake in the Company, and after completing the necessary procedures, the Company became a consolidated subsidiary of MUFG in December 2008. This means that if laws and regulations governing banks, such as the Banking Act, are changed, Group companies may become subject to restrictions concerning the business fields in which they operate.

In addition, if rival companies of similar business enter into similar business and capital alliances with other banks, etc., there are possibilities that the Group may face intensified competition, depending on the nature of these alliances.

(9) Investments

To date, the Group has stepped up its entry into new markets and broadened the scale of its involvement in the consumer credit market, including through the formation of joint ventures. The prospect of potential profits obtained from such investments is uncertain and not all of the Groups' new joint businesses or expansion is necessarily successful. Although the Group regularly reviews the profitability and growth potential of each business, possibilities still remain that such reviews may prompt us withdraw from new joint businesses or reduce allocation of human and other resources to such businesses in the future. In the case where a joint business falls short of its profit target, there is a risk that the Group may not be able to recoup its existing investments.

(10) Disposal of our shares by major shareholders, etc.

MUFG and the MUFG Group hold around 40% of our issued/outstanding shares. In addition, Shigeyoshi Kinoshita, our chairman, president and chief executive officer, along with members of his families and affiliated companies together, holds around 40% of our issued/outstanding shares. If these shareholders dispose of some of their shares in the future, the market supply of our shares will increase, and this may have an adverse impact on our share price.

(11) Accidents and disasters

Although we endeavor to verify and improve various measures to cope with the occurrence of accidents and disasters due to external factors including natural disasters such as large-scale earthquakes, wind and flood damage and the prevalence of infectious diseases such as new types of influenza, the occurrence of these phenomena could have a negative effect on the business performance of the Group attributable to damage to our store and facilities and/or physical damage to employees or customers.

5. Material Business Agreements, etc.
Not applicable

6. Research and Development Activities
Not applicable

7. Analyses of Consolidated Business Results, Financial Position and Cash Flows

(1) Analysis of financial position

Compared with the end of the prior fiscal year, total assets increased by 53,867 million yen and total liabilities increased by 124,773 million yen, whereas net assets decreased by 70,906 million yen as of March 31, 2017. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 56,185 million yen while noncurrent assets decreased by 2,318 million yen, and total assets increased by 53,867 million yen. The breakdown of major increases and decreases in current assets is as follows: accounts receivable - operating loans (up 28,142 million yen), cash and deposits (up 17,432 million yen), accounts receivable - installment (up 10,254 million yen), deferred tax assets (up 5,927 million yen), and loans receivable of banking business (down 10,702 million yen). The breakdown of major decreases in noncurrent assets is as follows: goodwill (down 984 million yen), software (down 890 million yen), and buildings and structures (down 536 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were an increase of 29,604 million yen and an increase of 95,168 million yen, respectively, resulting in an increase of 124,773 million yen in total liabilities. The breakdown of major increases and decreases in liabilities include: provision for loss on interest repayment (up 74,900 million yen), loans and bonds payable (up 57,305 million yen), provision for loss on guarantees (up 628 million yen), and deposits of banking business (down 8,447 million yen).

(Net assets)

In terms of net assets, shareholders' equity decreased by 72,187 million yen mainly due to a decrease in retained earnings, accumulated other comprehensive income decreased by 1,182 million yen, and non-controlling interests increased by 2,464 million yen. As a result, total net assets decreased by 70,906 million yen, and the shareholders' equity ratio decreased by 7.2 percentage points to 20.3%.

(2) Analysis of business results

In the current fiscal year, we recorded operating revenue of 245,148 million yen (up 3.1% year-on-year), operating loss of 70,166 million yen (operating profit of 15,516 million yen for the previous fiscal year), ordinary loss of 69,543 million yen (ordinary profit of 16,200 million yen for the previous fiscal year), and loss attributable to owners of parent of 72,187 million yen (profit attributable to owners of parent of 14,598 million yen for the previous fiscal year). Details of year-on-year changes in primary accounts are as follows:

(Operating revenue)

Operating revenue increased by 7,464 million yen from the prior fiscal year mainly due to a 6,927 million yen increase in revenue from credit guarantee and a 1,539 million yen increase in interest on operating loans.

The increase in revenue from credit guarantee was mainly attributable to an increase of 142,265 million yen in the balance of guaranteed receivables at the Company and MU Credit Guarantee Co., LTD. during the current fiscal year. The increase in interest on operating loans was mainly attributable to an increase of balance of accounts receivable - operating loans at the Company during the current fiscal year.

(Operating expenses)

Operating expenses increased by 93,148 million yen from the prior fiscal year. This is mainly due to a 96,560 million yen increase in other operating expenses.

Factors for the increase in other operating expenses include an 87,089 million yen increase in provision for loss on interest repayment and a 7,808 million yen increase in provision of allowance for doubtful accounts.

(Non-operating income/expenses)

Non-operating income decreased by 65 million yen, and non-operating expenses decreased by 5 million yen from the prior fiscal year. Either did not change significantly.

(Extraordinary income/loss)

Extraordinary income increased by 76 million yen, and extraordinary loss decreased by 1,184 million yen from the prior fiscal year.

Factors for the decrease in extraordinary loss include the recording of loss on liquidation of a subsidiary resulting from the liquidation of ACOM (U.S.A.) INC., a dormant consolidated subsidiary of the Company, in the previous fiscal year.

(Tax etc.)

In comparison with the prior fiscal year, income taxes-current increased by 595 million yen. Income taxes-deferred increased by 1,976 million yen from the prior fiscal year.

(3) Status of cash flows

Cash and cash equivalents (hereinafter, “funds”) as of the end of this fiscal year increased by 18,444 million yen (up 22.1%) from the prior fiscal year to 101,719 million yen. Cash flows from each activity are as follows:

(Net cash used in operating activities)

Funds from operating activities saw a decrease of 37,451 million yen. Major factors of this decrease were funds-increasing factors such as an increase of 74,900 million yen in provision for loss on interest repayment, a decrease of 9,481 million yen in loans receivable of banking business, and an increase of 8,926 million yen in allowance for doubtful accounts, as well as funds-decreasing factors such as 69,497 million yen in loss before income taxes, an increase of 31,465 million yen in accounts receivable - operating loans, and an increase of 10,269 million yen in accounts receivable - installment.

(Net cash used in investing activities)

Funds from investing activities saw a decrease of 2,858 million yen. This was primarily due to the fact that the amount of proceeds from sales of noncurrent assets was 2,857 million yen less than the payments for purchase of noncurrent assets and that the amount of proceeds from sales of short-term investment securities was 26 million yen less than the payments for purchase of short-term investment securities.

(Net cash provided by financing activities)

Funds from financing activities saw an increase of 58,863 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 59,631 million yen more than the repayments of loans payable and payments at maturity of bonds.

III. Equipment and Facilities

1. Status of Capital Expenditures, etc.

During this fiscal year, there was no noteworthy capital investment or disposal or sale of important equipment to report.

2. Situation of Major Equipment

The major equipment in ACOM Group is the following:

(1) The Filing Company

As of March 31, 2017

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees [Average number of fixed-term employees not included in the above numbers]
			Buildings and structures	Furniture and fixtures	Land [Area in m ²]	Leased Assets	Total	
Head Office (Note) 1 (Chiyoda-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	47	8,040	—	3	8,091	320 [11]
ACOM Ikegami Building (Ota-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	165	52	—	—	218	—
Minami Kashiwa Company Residence (Kashiwa-shi, Chiba) 8 other residential buildings	Corporate wide (shared)	Company residence	1,390	4	6,121 (13,285.03)	—	7,516	—
Nishishinjuku (Shinjuku-ku, Tokyo) and 1,067 other outlets, etc.	Loan and credit card business	Outlets	2,724	1,504	—	517	4,746	1,043
		Other facilities and equipment	13	107	—	—	121	[95]

- (Notes) 1. Part of the building has been on lease since December 2004 and the leasing fee is 416 million yen.
2. The rent for part of the building and land other than the above (Note) 1 that is on lease is 4,308 million yen.
3. Consumption tax, etc., are not included in the above amounts.
4. There are no major facilities that are not operating.
5. Major facilities on lease other than the consolidated subsidiaries stated above are:

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Number of units	Lease period	Annual leasing fee (Millions of yen)	Lease contracts with receivable outstanding (Millions of yen)
Head office (Chiyoda-ku, Tokyo) and 1 other place	Corporate wide (shared)	Automatic contract machines	2	5 years	0	2
		Vehicles	2	3 years	3	3
Nishishinjuku (Shinjuku-ku, Tokyo) and 1,067 other outlets	Loan and credit card business	Automatic contract machines	652	5 years	359	605

(Note) Consumption tax, etc., are not included in the above amounts.

(2) Domestic subsidiaries
Not applicable

(3) Overseas subsidiaries
Not applicable

3. Plans for Equipment Introduction, Disposals, etc.

(1) Major equipment introduction, etc.
Not applicable

(2) Major equipment disposal, etc.
Not applicable

IV. Information on the Filing Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued
Common stock	5,321,974,000
Total	5,321,974,000

2) Total number of shares issued

Class	As of the end of the current fiscal year (March 31, 2017)	As of the submission date (June 22, 2017)	Stock exchange on which the Company is listed	Description
Common stock	1,596,282,800	1,596,282,800	First Section of the Tokyo Stock Exchange	These are the Company's standard shares with no restricted rights. One unit of stock constitutes 100 common shares.
Total	1,596,282,800	1,596,282,800	—	—

(2) Status of the stock acquisition rights

Not applicable

(3) Status in the exercise of bonds with stock acquisition rights with exercise price amendment

Not applicable

(4) Rights plans

Not applicable

(5) Changes in the total number of shares issued and the amount of capital stock and other

(Millions of yen, unless otherwise stated)

Date	Changes in the total number of shares issued (Thousands of shares)	Balance of the total number of shares issued (Thousands of shares)	Changes in capital stock	Balance of capital stock	Changes in legal capital surplus	Balance of legal capital surplus
October 1, 2013	1,436,654	1,596,282	—	63,832	—	72,322

(Note) Pursuant to the resolution at the Board of Directors meeting held on June 21, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares with October 1, 2013, as the effective date.

(6) Status of shareholders

As of March 31, 2017

As of March 31, 2017

Classification	Status of shares (the number of minimum unit is 100 shares)								Status of shares below unit (Shares)
	Government and local municipalities	Japanese financial institutions and insurance companies	Financial instruments business operators	Other Japanese corporations	Foreign corporations, etc.		Individuals, others	Total	
					Others	Individuals			
Number of shareholders	—	36	60	117	356	9	13,950	14,528	—
Number of shares held (Units)	—	1,275,487	109,721	12,040,411	681,632	215	1,855,199	15,962,665	16,300
Ratio of shares held (%)	—	7.99	0.69	75.43	4.27	0.00	11.62	100.00	—

(Notes) 1. 29,668,592 shares of treasury stocks include 296,685 units in the “Individuals, others” box and 92 shares in the “Status of shares below unit” box.

2. The number of shares in the “Other Japanese corporations” box includes 30 units of shares under the name of Japan Securities Depository Center, Inc.

(7) Major shareholders

As of March 31, 2017

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of issued shares (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	588,723	36.88
Maruito Shokusan Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	273,467	17.13
Maruito Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	125,533	7.86
Foundation of Kinoshita Memorial Enterprise	6-2-14 Motomachi-dori, Chuo-ku, Kobe City	92,192	5.77
Maruito Shoten Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	38,733	2.42
General Incorporated Association Kyoekai Trust Account	1-16-7 Ginza, Chuo-ku, Tokyo	32,598	2.04
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	31,572	1.97
Shigeyoshi Kinoshita	Minato-ku, Tokyo	30,007	1.87
NOBUKA CO., LTD.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	30,000	1.87
Japan Trustee Services Bank, Ltd. (Trust account 4)	1-8-11 Harumi, Chuo-ku, Tokyo	26,822	1.68
Total	—	1,269,650	79.53

(Notes) 1. In addition to the shares above, the Company owns 29,668 thousand shares of treasury stocks (1.85%).

2. In “Number of shares held,” figures less than one thousand are truncated.

(8) Status of voting rights

1) Issued shares

As of March 31, 2017

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury stock, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 29,668,500	—	—
Shares with full voting rights (others)	Common stock 1,566,598,000	15,665,980	—
Shares less than one unit	Common stock 16,300	—	—
Total number of shares issued	1,596,282,800	—	—
Total voting rights held by all shareholders	—	15,665,980	—

- (Notes) 1. The number of shares of common stock in the “Shares with full voting rights (others)” box includes 3,000 shares (30 units of voting rights) held by Japan Securities Depository Center, Inc.
2. The number of shares of common stock in the “Shares less than one unit” box includes 92 shares of treasury stock held by the Company.

2) Treasury stock, etc.

As of March 31, 2017

Shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total (Shares)	Percentage of shares held to the total number of issued shares (%)
(Treasury stock) ACOM CO., LTD.	1-1, Marunouchi 2- chome, Chiyoda-ku, Tokyo	29,668,500	—	29,668,500	1.85
Total	—	29,668,500	—	29,668,500	1.85

(9) Details of stock option plans

Not applicable

2. Status of Acquisition of Treasury Stock, etc.
Class of stocks, etc.: Common stock

(1) Status of the acquisition of treasury stock resolved at shareholders' meetings
Not applicable

(2) Status of the acquisition of treasury stock resolved at the meetings of the Board of Directors
Not applicable

(3) Details of the acquisition of treasury stock not based on the resolutions of shareholders' meetings or the meetings of the Board of Directors
Not applicable

(4) Status of the disposition and holding of acquired treasury stock

Category	Current fiscal year		Current term	
	Number of shares (shares)	Total amount disposed (Thousands of yen)	Number of shares (shares)	Total amount disposed (Thousands of yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that was disposed of	—	—	—	—
Treasury stock transferred due to merger, stock exchange or corporate separation	—	—	—	—
Others	—	—	—	—
Number of shares of treasury stock held	29,668,592	—	29,668,592	—

(Note) "The number of shares of treasury stock held" during the current term does not include the number of shares acquired for purchase of shares less than one unit from June 1, 2017, to the submission date of the Securities Report.

3. Basic Policy on Dividends

With regard to the Company's policy on dividends, we intend to ensure stable and continuous profit distribution to the shareholders, taking into consideration the Company's business performance and the shareholders' equity as well as the business environment surrounding the Company.

We basically pay dividends twice a year: an interim dividend and a year-end dividend. The amount of interim dividend is decided by the Board of Directors, and that of year-end dividend is decided by the general meeting of shareholders.

Considering that increasing owners' equity is our top-priority issue from the standpoint of improving the stability and safety of corporate management to realize our future growth strategy, we sincerely regret to advise our shareholders that the Company has decided to suspend the payment of dividends for this fiscal year.

The Group is committed to unified vigorous progress for the achievement of its long-term stable growth.

A provision to the effect that the Company may pay an interim dividend is provided for in the Articles of Incorporation.

4. Changes in Share Prices

(1) Highest and lowest share prices by fiscal year during the recent five years

Fiscal Year	36th	37th	38th	39th	40th
Year end	March 2013	March 2014	March 2015	March 2016	March 2017
Highest (yen)	2,735	4,945 ※ 420	497	699	643
Lowest (yen)	1,379	2,451 ※ 274	299	372	441

- (Notes) 1. The highest and lowest share prices are marked on the first section of the Tokyo Stock Exchange.
2. The ※ mark indicates the highest and lowest ex-rights prices after the stock split (where each share of common stock was split into 10 shares as of October 1, 2013).

(2) Highest and lowest share prices by month during the recent six months

Month	October 2016	November	December	January 2017	February	March
Highest (yen)	492	575	588	525	501	479
Lowest (yen)	452	462	496	469	461	441

- (Note) The highest and lowest share prices are marked on the first section of the Tokyo Stock Exchange.

5. Directors and Company Auditors

Male: 10, Female: – (Ratio of females to Directors and Company Auditors: –%)

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Chairman, President & CEO		Shigeyoshi Kinoshita	April 14, 1949	<p>April 1973 April 1978 December 1980 February 1983 May 1984 August 1986 June 1988 October 1991 October 1992 October 1996 June 2000 June 2003 June 2010</p>	<p>Joined Marubeni Corporation Joined Japan Consumer Finance Co., Ltd. Joined the Company Director and Chief General Manager, General Affairs Dept. of the Company Director and Chief General Manager, Accounting Dept. of the Company Managing Director of the Company Managing Director and Head of Business Promotion Division of the Company Representative and Senior Managing Director of the Company Representative and Senior Managing Director, and Head of the Loan Sales Division of the Company Representative Director and Deputy President of the Company Representative Director and President of the Company President and Chief Executive Officer of the Company (to present) Chairman and President of the Company (to present)</p>	(Note) 3	30,007

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Deputy Chairman	In Charge of: Compliance Dept. and Internal Audit Dept.	Kaoru Wachi	December 9, 1955	April 1978	Joined The Mitsubishi Trust and Banking Corporation	(Note) 3	—
				April 2002	General Manager, Osaka Pension Business Division of The Mitsubishi Trust and Banking Corporation		
				May 2003	General Manager, Trust Business Division of The Bank of Tokyo-Mitsubishi, Ltd.		
				March 2004	General Manager, Trust Assets Planning Division of The Mitsubishi Trust and Banking Corporation		
				April 2004	General Manager, Asset Management and Administration Planning Div. of Mitsubishi Tokyo Financial Group, Inc.		
				June 2005	Executive Officer and General Manager, Asset Management and Administration Planning Div. of Mitsubishi Tokyo Financial Group, Inc.		
				June 2005	Executive Officer and General Manager, Trust Assets Planning Division of The Mitsubishi Trust and Banking Corporation		
				October 2005	Executive Officer and General Manager, Asset Management and Administration Planning Div. of Mitsubishi UFJ Financial Group, Inc.		
				October 2005	Executive Officer and General Manager, Trust Assets Planning Division of Mitsubishi UFJ Trust and Banking Corporation		
				June 2008	Director of Mitsubishi UFJ Financial Group, Inc.		
				June 2008	Managing Director of Mitsubishi UFJ Trust and Banking Corporation		
				June 2010	Senior Managing Director of Mitsubishi UFJ Trust and Banking Corporation		
				June 2011	Managing Officer and General Manager, Trust Assets Business Group of Mitsubishi UFJ Financial Group, Inc.		
				June 2012	Director and Deputy President of Mitsubishi UFJ Trust and Banking Corporation		
				June 2013	Representative Director and President of M.U. Trust Sougou Kanri Co., Ltd.		
				June 2014	Representative Director, President of The Master Trust Bank of Japan, Ltd.		
				June 2017	Deputy Chairman of the Company (to present)		

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Deputy President and Deputy CEO	In charge of: Human Resources Dept., Business Planning Dept. and System Development & Administration Division Special Mission on Innovation Planning	Masataka Kinoshita	September 19, 1977	September 2005 October 2009 January 2010 April 2010 April 2012 April 2013 April 2014 June 2014 April 2015 June 2015 June 2015 June 2016 June 2017 June 2017	Joined the Company General Manager, Credit Supervision Division of the Company General Manager, Corporate Planning Dept. of the Company General Manager, Guarantee Business Dept. of the Company General Manager, Business Promotion Dept. of the Company Chief General Manager, Business Planning Dept. of the Company Executive Officer and Chief General Manager, Business Planning Dept. of the Company Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Dept. of the Company Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company Managing Director of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Executive Managing Officer of the Company Deputy President of the Company (to present) Deputy Chief Executive Officer of the Company (to present)	(Note) 3	10,203

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Senior Managing Director and Senior Executive Managing Officer	In charge of: Corporate Planning Dept., Finance Dept. and PR & IR Office	Teruyuki Sagehashi	October 27, 1955	December 1981 April 2002 June 2003 June 2004 April 2005 June 2005 October 2005 April 2007 April 2008 April 2010 June 2012 April 2014 June 2015 June 2017 June 2017	Joined the Company General Manager, Corporate Management Dept. of the Company Chief General Manager, Human Resources Dept. of the Company General Manager, Internal Audit Dept. of the Company General Manager, Internal Audit Dept. of the Company Chief General Manager, Internal Audit Dept. of the Company Chief General Manager, Operation Risk Management Dept. of the Company Chief General Manager, Business Process Planning Dept. of the Company Executive Officer and Chief General Manager, Business Process Planning Dept. of the Company Executive Officer and Chief General Manager, System Dept. of the Company Executive Managing Officer and Chief General Manager, System Development & Administration Dept. of the Company Executive Managing Officer of the Company Managing Director of the Company Senior Managing Director of the Company (to present) Senior Executive Managing Officer of the Company (to present)	(Note) 3	4
Managing Director and Executive Managing Officer	In charge of: Guarantee Business Dept.	Noriyoshi Watanabe	April 7, 1957	March 1982 April 2000 August 2001 June 2003 April 2007 December 2007 April 2010 April 2011 April 2012 June 2012 April 2017 June 2017 June 2017	Joined the Company General Manager, Management Strategy Dept. of the Company Chief General Manager, Management Strategy Dept. of the Company Chief General Manager, Corporate Planning Dept. of the Company Chief General Manager, Marketing Dept. of the Company Executive Managing Officer of the Japan Financial Services Associations Chief General Manager, Marketing Dept. of the Company Chief General Manager, Business Planning Dept. of the Company Executive Officer and Chief General Manager, Business Planning Dept. of the Company Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company Executive Managing Officer and Chief General Manager, Corporate Planning Dept. of the Company Managing Director of the Company (to present) Executive Managing Officer of the Company (to present)	(Note) 3	4

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director		Atsushi Murakami	May 9, 1961	<p>April 1984 May 2010</p> <p>May 2010</p> <p>June 2010</p> <p>June 2010</p> <p>June 2011 May 2012</p> <p>May 2012</p> <p>May 2013</p> <p>May 2013</p> <p>May 2014</p> <p>May 2014</p> <p>May 2015</p> <p>May 2016</p> <p>May 2016</p> <p>June 2016 June 2016</p>	<p>Joined The Sanwa Bank, Ltd. General Manager, Consumer Finance Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>General Manager, Consumer Finance Planning Division, Mitsubishi UFJ Financial Group, Inc.</p> <p>Executive Officer and General Manager, Consumer Finance Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Executive Officer and General Manager, Consumer Finance Planning Division, Mitsubishi UFJ Financial Group, Inc.</p> <p>Outside Director, JCB Co., Ltd. Executive Officer and General Manager, Retail Business Promotion Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Executive Officer and General Manager, Retail Business Promotion Planning Division, Mitsubishi UFJ Financial Group, Inc.</p> <p>Executive Officer and General Manager, Retail Banking Planning Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Executive Officer and General Manager, Retail Business Planning Division, Mitsubishi UFJ Financial Group, Inc.</p> <p>Managing Executive Officer, Deputy Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Executive Officer, Mitsubishi UFJ Financial Group, Inc.</p> <p>Outside Director, Bank of Ayudhya Public Company Limited</p> <p>Managing Executive Officer, Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Managing Executive Officer, Group Head, Retail Banking Business Group, Mitsubishi UFJ Financial Group, Inc. (to present)</p> <p>Director of the Company (to present) Managing Director (representative director), Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (to present)</p>	(Note) 3	—

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director serving as Member of Audit & Supervisory Committee (Full-time)		Kazuo Fukumoto	February 27, 1958	<p>March 1980 April 2002 June 2003 October 2005 April 2007 June 2012 June 2013 June 2015 June 2017</p>	<p>Joined the Company General Manager, Corporate Management Dept. of the Company Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Managing Director of the Company Executive Managing Officer of the Company Director serving as Member of Audit & Supervisory Committee (Full-time) of the Company (to present)</p>	(Note) 4	10
Director serving as Member of Audit & Supervisory Committee (Full-time)		Tatsuya Ito	February 10, 1958	<p>April 1981 October 1999 March 2001 March 2002 March 2003 March 2005 July 2006 April 2007 February 2008 October 2008 July 2010 July 2010 July 2012 March 2013 June 2015 June 2017</p>	<p>Joined Japan Development Bank Section Chief, Commerce & Logistics Department of Development Bank of Japan (DBJ) Section Chief, Environment & Energy Department of DBJ Deputy Manager, Environment & Energy Department of DBJ Deputy Manager, Kansai Branch of DBJ Deputy Manager, Environment & Energy Department of DBJ Deputy Manager, Manufacturing & Technology Department of DBJ Planning Counselor, Legal and Compliance Department of DBJ Registered as an attorney-at-law (Dai-ichi Tokyo Bar Association) (to present) Planning Counselor, Legal Affairs & Compliance Department of Development Bank of Japan Inc. (DBJI) Temporary transfer to OKUNO & PARTNERS Joined OKUNO & PARTNERS Planning Counselor, Legal Affairs & Compliance Department of DBJI Councilor, Legal Affairs & Compliance Department of DBJI Outside Company Auditor (Full-time) of the Company Director serving as Member of Audit & Supervisory Committee (Full-time) of the Company (to present)</p>	(Note) 4	—

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director serving as Member of Audit & Supervisory Committee		Osamu Takada	October 12, 1950	<p>April 1973 October 1998 April 2001 April 2003 April 2005 April 2006 April 2008 April 2011 May 2011 May 2014 April 2015 June 2015 December 2015 June 2017</p>	<p>Joined Mitsubishi Corporation General Manager, Crude Oil Dept. of Mitsubishi Corporation General Manager, Utility Feedstock Dept. of Mitsubishi Corporation General Manager, Malaysia Project Unit of Mitsubishi Corporation SVP, Group Head for Energy and General Manager of Los Angeles Branch of Mitsubishi International Corporation Senior Vice President (<i>Riji</i>) of Mitsubishi Corporation, SVP, Group Head for Energy and General Manager of Los Angeles Branch of Mitsubishi International Corporation Senior Vice President (<i>Riji</i>) and General Manager of Tohoku Branch of Mitsubishi Corporation Advisor of CHIYODA SEKIYU CORPORATION (CSC) President and Chief Executive Officer of CSC Advisor of CSC Advisor of TOHOKU CHEMICAL CO., LTD. Outside Company Auditor of the Company Outside Director of TOHOKU CHEMICAL CO., LTD. (to present) Director serving as Member of Audit & Supervisory Committee of the Company (to present)</p>	(Note) 4	—
Director serving as Member of Audit & Supervisory Committee		Takashi Doi	August 28, 1955	<p>April 1987 April 2003 April 2005 April 2010 April 2010 April 2010 June 2011 June 2012 October 2016 June 2017</p>	<p>Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present) Chief, Inspection Office of Daini Tokyo Bar Association Director, Secretariat of Daini Tokyo Bar Association Vice President, Daini Tokyo Bar Association Managing Director, Japan Federation of Bar Associations Manager, Kanto Office of Japan Bar Association Outside Company Auditor of the Company Outside Company Auditor of ARATA CORPORATION (to present) Representative, Takashi Doi Law Office (to present) Director serving as Member of Audit & Supervisory Committee of the Company (to present)</p>	(Note) 4	—
Total							40,228

- (Notes) 1. Amendments to the Articles of Incorporation were resolved at the Ordinary General Meeting of Shareholders held on June 22, 2017. Accordingly, the Company adopted the Audit & Supervisory Committee structure effective on the same date.
2. Directors serving as Members of Audit & Supervisory Committee, Tatsuya Ito, Osamu Takada, and Takashi Doi are all Outside Directors.
3. The term of office for Directors (excluding Directors serving as Members of Audit & Supervisory Committee) is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2017, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2018.
4. The term of office for Directors serving as Members of Audit & Supervisory Committee is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2017, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2019.
5. Representative Director and Deputy President Masataka Kinoshita is a biological son of Chairman and President Shigeyoshi Kinoshita.
6. We have an executive officer system in order to establish corporate structure to quickly and accurately respond to issues of management by expanding the scope of corporate governance, strengthened function of the Board of Directors, separating decision making from business execution, and enforcing the function of audit.

Executive officers who are not Directors as of June 22, 2017, are as follows:

Title	Name	Position
Executive Managing Officer	Michio Atsuda	· In charge of Overseas Business Dept.
Executive Managing Officer	Nobuyoshi Matsutani	· In charge of Treasury Dept. and General Affairs Dept. · Vice in charge of Compliance Dept.
Executive Managing Officer	Tomomi Uchida	· Head of Credit Business Promotion Division · In charge of Business Promotion Dept., East Japan Business Promotion Dept., West Japan Business Promotion Dept. and Compliance for Credit Business Promotion Office
Executive Managing Officer	Makoto Kondo	· In charge of Business Process Management Dept. and Corporate Risk Management Dept.
Executive Managing Officer	Yasuhiro Kamura	· Head of Credit Supervision Division · In charge of Credit Supervision Dept. I, Credit Supervision Dept. II and Compliance for Credit Supervision Office · Chief General Manager of Credit Supervision Dept. I
Executive Officer	Yoshinori Matsubara	· Corporate Planning Dept. (Special Mission)
Executive Officer	Satoru Miyakawa	· Special Mission
Executive Officer	Michihito Onodera	· Chief General Manager of Guarantee Business Dept.
Executive Officer	Tomoo Shikanoya	· Chief General Manager of System Development & Administration Division
Executive Officer	Masayuki Sone	· Chief General Manager of East Japan Business Promotion Dept.
Executive Officer	Takashi Kiribuchi	· Chief General Manager of Corporate Planning Dept.
Executive Officer	Akihiro Kiyooka	· Chief General Manager of General Affairs Dept.
Executive Officer	Yasuhide Doi	· Chief General Manager of Business Process Management Dept.
Executive Officer	Masashi Yoshida	· Chief General Manager of Compliance Dept.
Executive Officer	Kunihiro Shiba	· Guarantee Business Dept. (Special Mission)

7. After the Japan Consumer Finance Inc. changed its company name to NSK Guarantee Inc. on April 1, 1980, ACOM CO., LTD. absorbed it on March 1, 1992.
8. Shares below one thousand shares have been truncated.

6. Corporate Governance

(1) Status of Corporate Governance

1) Corporate Governance Structure

(i) An overview of corporate governance structure and reasons for employing said structure

The Company shifted from a company with a Board of Company Auditors to a company with an Audit & Supervisory Committee with the approval of the general meeting of shareholders held in June 2017.

Of the four Directors serving as Members of Audit & Supervisory Committee, three are Outside Directors, which ensures the independence of audits. Members of Audit & Supervisory Committee, who are selected by the Audit & Supervisory Committee, (hereinafter referred to as the “Selected Members of Audit & Supervisory Committee”) attend the Executive Officers’ Meeting and other important meetings and committee meetings, ensuring a system in which Members of Audit & Supervisory Committee can offer their opinions.

The reason for adopting the aforementioned corporate governance structure is as follows. The Company aims to establish a structure enabling swift decision-making by delegating decision-making on material business executions to directors from the Board of Directors. The Board of Directors aims to enhance its supervisory functions by thorough monitoring and other measures on delegated matters. The Company aims to improve the transparency and objectivity of its management by having an Audit & Supervisory Committee composed mainly of outside directors conduct audit and supervisory functions.

The organs installed by the Company are as follows:

(A) Board of Directors

The Board of Directors of the Company consists of ten members, three of whom are Outside Directors, in order to speed up decision-making and ensure effective mutual monitoring among directors.

The Company has concluded a limited liability agreement with each of the five non-executive Directors (three of whom are Outside Directors), which limits the liability for damage under Article 423, Paragraph 1, of the Companies Act to the extent of the amount stipulated in the law, in accordance with the provision of Article 427, Paragraph 1, of the Act.

The Board decides important business management matters, such as management strategies and business planning, and also determines basic policies for building corporate governance and internal control systems, as well as delegates decision-making on matters related to the execution of business operations other than matters to be resolved at the Board of Directors to President and Director. The Board monitors and supervises the execution of duties of the respective Directors by thorough monitoring and other measures on delegated matters.

It meets at least once every quarter, in principle, and more as deemed necessary.

(B) Audit & Supervisory Committee

The Audit & Supervisory Committee consists of four Members of Audit & Supervisory Committee, three of whom are Outside Directors.

It meets regularly to receive reports concerning important audit-related matters, hold discussions, and pass resolutions.

To support the Audit & Supervisory Committee’ duties, the Company established “the Administration for Audit & Supervisory Committee” and assigned persons to assist its duties. Employees to assist the Audit & Supervisory Committee will be exclusively in charge of work that assists the Audit & Supervisory Committee, and will not be subject to instructions and orders from the Directors (except for Directors serving as Members of Audit & Supervisory Committee) and other operational organizations. Decisions regarding assignment, transfer, evaluation and disciplinary action of such employees are made after consultation with the Audit & Supervisory Committee.

(C) Executive Officers

The company introduced an executive officer system in June 2003. The Board of Directors or the Executive Officers’ Meeting appoints executive officers, determines their function, lines of responsibility and authority, and delegates execution of operations to them. In these ways, decision-making and business execution are expedited, while supervision and execution functions are clearly separated.

The Company has nineteen executive officers, nine of whom are directors in office, and four of the ten members of the Board of Directors serve concurrently as executive officers.

(D) Executive Officers' Meeting

The Executive Officers' Meeting consists of Representative Directors and executive officers who serve concurrently as directors. In the presence of Selected Members of Audit & Supervisory Committee, the Executive Officers' Meeting discusses and makes decisions related to the execution of important business operations delegated by the Board of Directors to the President and Director, and deliberates management policies and management plans in advance for resolution at the Board of Directors Meeting in accordance with basic policies determined by the Board of Directors.

The Executive Officers' Meeting assembles three times a month, in principle, and more as deemed necessary.

(E) Committees

(a) Compliance Committee

The Compliance Committee consists of experts from outside the Company and Representative Directors. In the presence of Selected Members of Audit & Supervisory Committee, it discusses and makes recommendations about the following compliance-related matters.

The Compliance Committee meets six times a year, in principle, and more as deemed necessary.

- Items relating to formulation, revision or abolishment of the ACOM Group Code of Ethics and Code of Conduct;
- Important items related to establishment and operation of compliance systems;
- Items relating to formulation of basic plans;
- Items relating to the correction of major violations, actions for improvement and recurrence prevention measures; and
- Important items related to other compliance issues.

(b) Risk Management Committee

The Risk Management Committee consists of Representative Directors and executive officers who serve concurrently as directors, etc. In the presence of Selected Members of Audit & Supervisory Committee, the Committee discusses and makes decisions on the matters related to risk evaluation, the matters related to risk management priority measures and other important items related to risk management. It also deliberates in advance the status of sustenance in general of the Company's risk management approach for resolution at the Board of Directors Meeting.

The Risk Management Committee meets at least once every quarter, in principle, and more as deemed necessary.

(c) Financial Information Disclosure Committee

The Financial Information Disclosure Committee consists of executive officers who concurrently serve as directors in office that are in charge of the relevant departments. In the presence of Selected Members of Audit & Supervisory Committee, the Committee deliberates in advance the items related to the improvement of the financial disclosure system and the financial information to be disclosed for resolution at the Board of Directors Meeting, in order for the disclosure of the financial information to be made in accordance with the relevant laws in a timely and in an appropriate manner.

The Financial Information Disclosure Committee meets at least once every quarter, in principle, and more as deemed necessary.

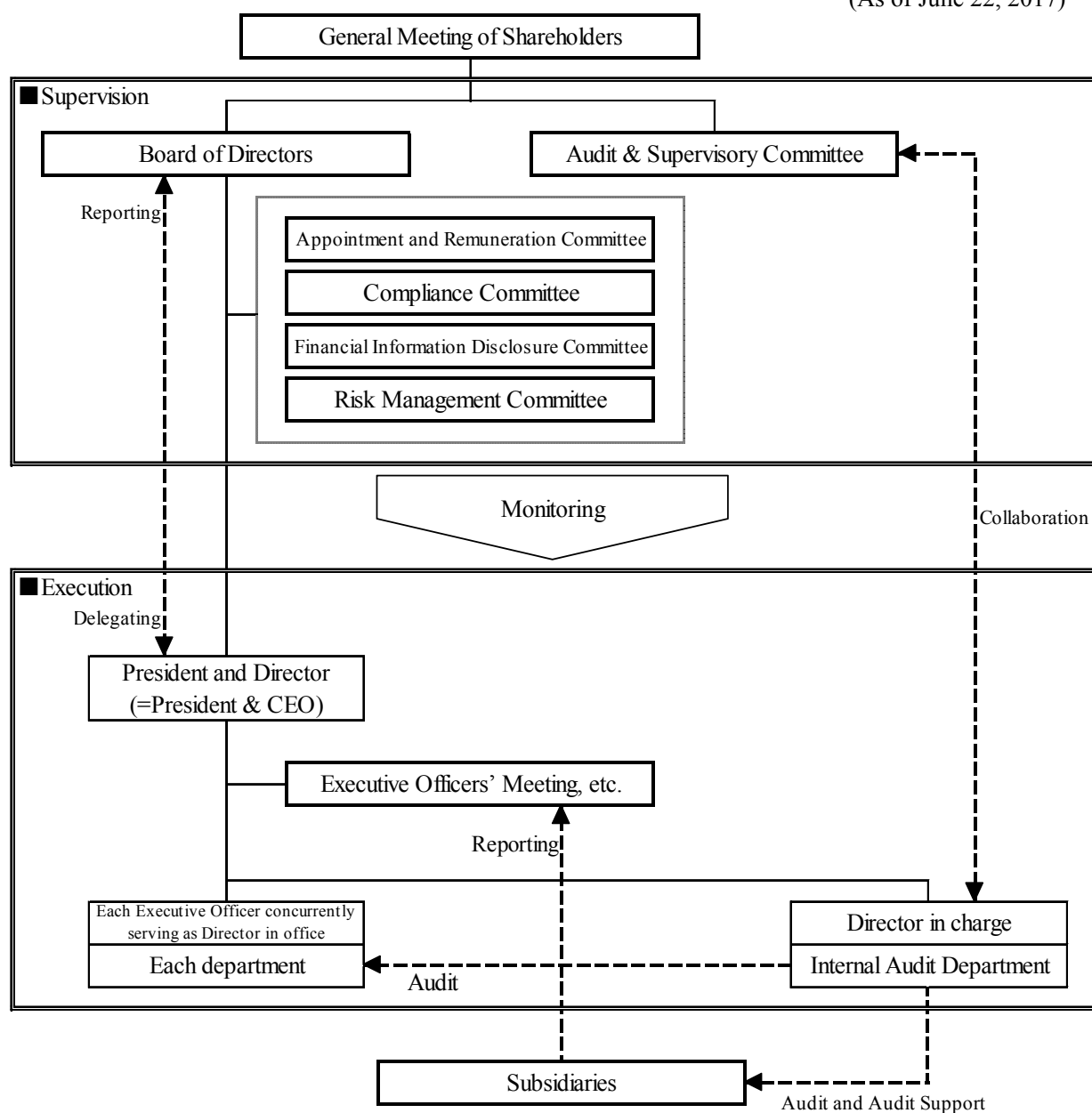
(d) Appointment and Remuneration Committee

The Appointment and Remuneration Committee consists of five directors, including independent outside directors. The Committee deliberates in advance the appointment of candidates and remuneration for directors (excluding directors serving as members of Audit & Supervisory Committee) for resolution at the Board of Directors Meeting.

The Appointment and Remuneration Committee meets twice a year, in principle, and more as deemed necessary.

(ii) Corporate governance structure and internal control system structure

(As of June 22, 2017)



(iii) Other corporate governance related matters

(A) Basic stance on internal control system and the improvement of such system

The Company resolved as described below to improve its internal control system to ensure the appropriateness of its business activities, in accordance with Article 399-13, Paragraph 1, Item 1-(ii) and Item 1-(iii) of the Companies Act, as well as Article 110-4 of the Enforcement Regulations of the Companies Act.

The Company strives to periodically evaluate the status of improvement of the internal control system, take remedial measures as necessary, review the system to respond to changes in the business environment, etc. and improve the effectiveness of the internal control system.

[Basic Policy of Establishing ACOM Group's Internal Control System]

1. System to ensure that execution of duties by the Directors and employees of the Company and its subsidiaries complies with laws, regulations and the Articles of Incorporation of the Company
 - (1) The Company regards compliance as the highest priority in the corporate management, and establishes the ACOM Group Code of Ethics and Code of Conduct, while developing the rules for compliance and various internal rules and making employees fully aware of them.
 - (2) The Company and its subsidiaries establish a committee on compliance, etc. and place officers in charge of compliance and departments with across-the-board responsibilities for compliance.
 - (3) The Company and its subsidiaries formulate compliance plans, while managing their progress.
 - (4) The Company and its subsidiaries establish contact points for reporting and inquiry by employees concerning the act of violations or possible violations of compliance.
 - (5) In accordance with the ACOM Group Code of Ethics and the Company Group's basic policy with respect to antisocial forces, the Company develops a system to prevent relations with antisocial forces and ensure appropriate business operations.
 - (6) In accordance with the Company Group's basic policy for the internal control over financial reporting, the Company develops a system to ensure the accuracy and reliability of financial reporting. The Company also establishes a system to disclose financial information by setting up a Financial Information Disclosure Committee.
 - (7) The Company establishes an internal audit department and ensures its independence and specialties. It also develops an internal audit system in accordance with the rules on internal audit to ensure the soundness and appropriateness of its business activities. In order to contribute to the development of internal controls at the subsidiaries of the Company, an internal audit department of the Company audits the subsidiaries and assists the subsidiaries with their audits.
2. System concerning storage and management of information on the execution of duties by Directors of the Company
 - (1) In accordance with the rules for confidential information management and related rules, the Company establishes procedures for managing documents related to the execution of duties by the Directors (including electromagnetic records), stores and manages such information in an appropriate manner, ensuring that such documents are available for inspection by directors when necessary.
 - (2) In order to maintain the appropriateness of information storage and management, the Company appoints personnel responsible for information security management, determines the roles of respective organizations, officers and employees, and stores and manages information in a systematic manner. The Company regularly verifies the status of information storage and management.
3. Rules concerning loss risk management and other systems of the Company and its subsidiaries
 - (1) The Company and its subsidiaries establish a system for proper and efficient risk management in accordance with the rules for risk management.

- (2) In order to manage risks in an integrated manner, the Company and its subsidiaries establish a committee on risk management, etc. and officers and responsible departments in charge of risk management.
 - (3) The Company and its subsidiaries establish a system to minimize economic losses and loss of credibility and to continue or swiftly resume business operations in cases where risks that may have significant internal or external impacts arise.
4. System to ensure efficient execution of duties by the Directors of the Company and its subsidiaries
 - (1) The Company formulates management policies and management plans of the Company Group and carries out business management based on appropriate methods.
 - (2) The Board of Directors delegates decision-making on matters related to the execution of business operations other than matters to be resolved at the Board of Directors to President and Director. The Company establishes the Executive Officer's Meeting presided over by President and Director to discuss and decide on delegated matters.
 - (3) The Company and its subsidiaries, based on internal rules, etc., determine the division of duties by each organization and the criteria of decision making for each position so as to make decisions more quickly and execute duties more efficiently.
5. System to ensure the propriety of business carried out by the group consisting of the Company, parent company and subsidiaries
 - (1) While maintaining independence as a publicly-traded company, the Company coordinates with the parent company in accordance with the rules for consultation and reporting with the parent company. The Company also establishes the Group's business management systems in accordance with the parent company's policy for its group management so as to contribute to the appropriate business operations of both of the groups.
 - (2) The Company establishes departments for managing its subsidiaries, and manages its subsidiaries in accordance with the rules for management of subsidiaries, etc. The subsidiaries of the Company report important matters related to management and business execution to the Executive Officers' Meeting of the Company.
6. System for employees to assist the Audit & Supervisory Committee of the Company in the execution of their duties
 - (1) The Company will establish the Administration for Audit & Supervisory Committee to assist in the Audit & Supervisory Committee's duties, and assign assistants for the Audit & Supervisory Committee.
 - (2) The number of employees to assist the Audit & Supervisory Committee and their requirements will be decided after discussion with the Audit & Supervisory Committee.
 - (3) Employees to assist the Audit & Supervisory Committee will be exclusively in charge of work that assists the Audit & Supervisory Committee, and will not be subject to instructions and orders from the Directors (except for Directors serving as Members of Audit & Supervisory Committee) and other operational organizations.
 - (4) Assignment, transfer, evaluation and disciplinary action of employees who assist the Audit & Supervisory Committee will be decided after discussion with the Audit & Supervisory Committee.
7. System for reporting to the Audit & Supervisory Committee of the Company

The Company reports the following matters at the Company and its subsidiaries to the Audit & Supervisory Committee. In addition, the Company will not treat any person who has reported to the Audit & Supervisory Committee unfavorably as a reprisal to such reports.

 - (i) Matters which may significantly damage the company
 - (ii) Material breach of laws and regulations, etc.
 - (iii) Implementation status and results of an internal audit

- (iv) Status of whistleblowing and the details of cases reported
- (v) Other matters that the Audit & Supervisory Committee ask the company to report

8. Other systems to ensure that audits are effectively implemented by the Audit & Supervisory Committee of the Company

- (1) The Company will ensure a system that allows Members of Audit & Supervisory Committee selected by the Audit & Supervisory Committee to: attend the Executive Officers' meetings, and other important meetings and committees; and have access to the important documents concerning the execution of duties, such as statutory documents.
- (2) President and Director will have regular meetings with Members of Audit & Supervisory Committee selected by the Audit & Supervisory Committee to exchange opinions on issues with which the Company should deal, issues concerning the execution of duties, and primary issues on audits. They will also take actions regarding the matters that the Audit & Supervisory Committee deems necessary to be addressed.
- (3) Directors (except for Directors serving as Members of Audit & Supervisory Committee) and employees will respect the rules of the Audit & Supervisory Committee and other rules, including audit policies, and will cooperate with the Audit & Supervisory Committee for inspection and consultation requests.
- (4) The internal audit department will establish a cooperation system with the Audit & Supervisory Committee in order to contribute to ensuring the effectiveness of audits by the Audit & Supervisory Committee.
- (5) The Audit & Supervisory Committee specifies a budget for expenses acknowledged by the Audit & Supervisory Committee to be necessary for the execution of their duties. Any expenses expended urgently or extraordinarily beyond the budget can be claimed after the event.

(B) Development of risk management system

As the management environment surrounding the Company changes, risks to be managed are becoming more complex and diverse. Under such circumstance, the Company recognizes that one of the most important tasks of the management is to enhance and strengthen the Company's risk management system in order to fully recognize risks, maintain the soundness of management, and stably secure profitability and growth.

The Company, under the Risk Management Committee, set basic matters concerning risk management as the Risk Management Regulations to clarify risks to be managed, departments and sections in charge of risk management, while comprehensively controlling and uniformly managing potential risks arising in execution of operations at the Corporate Risk Management Department, which comprehensively controls risks, in order to further enhance and strengthen the Company's risk management system.

In addition, with respect to risk management for information assets, such as personal information, the Company, in compliance with its information security management regulations, implements a variety of counter-measures, such as appropriate safety management measures, against potential risks, and strives to secure information security organically and systematically by appointing information security management officers, and deciding the roles of each organization and each manager and employee.

2) Internal Audits and Audits by the Audit & Supervisory Committee

(i) Internal audits

With an auditing staff of seventeen people, the Internal Audit Department verifies, evaluates, and recommends ways to address problems pertaining to compliance status, including observance of relevant laws, internal control initiatives, and other activities of the Company's business execution departments. In addition to ensuring conformity with various rules, the Department obtains an accurate understanding of the risks facing the Company. Based on this understanding, it conducts risk approach audits to evaluate the risk management stance of each relevant entity within the Company, and reports the results of such audits regularly to the Board of Directors and the Audit & Supervisory

Committee.

In addition, the Internal Audit Department conducts direct audits of subsidiaries in the ACOM Group and provides assistance to auditing staff of such subsidiaries, thus ensuring establishment of an effective Group auditing system.

(ii) Audits by the Audit & Supervisory Committee

Based on the Company's auditing policies and auditing plans, the Audit & Supervisory Committee attends the Executive Officers' Meeting and other important meetings and committees. Through examination of the Company's business and financial situation, the Audit & Supervisory Committee audits the execution of business by directors (excluding directors serving as members of Audit & Supervisory Committee) and makes appropriate and timely suggestions and recommendations to facilitate establishment of legal compliance and business ethics protocols. In addition, the Audit & Supervisory Committee works together with the accounting auditors and the Internal Audit Department to ensure an accurate grasp of operating status and monitors and verifies the condition of internal control systems.

The Audit & Supervisory Committee endeavors to share information in the Group with company auditors of its subsidiaries through active communications with the directors and company auditors of the subsidiaries.

A Member of Audit & Supervisory Committee Kazuo Fukumoto has abundant knowledge about financial and accounting affairs with his experience of having served as Chief General Manager of the corporate planning and administration and accounting departments and Executive Officer of the Company, as well as Director in charge of accounting department after his assumption of office.

(iii) Collaboration between the Audit & Supervisory Committee and Accounting Auditors

The Audit & Supervisory Committee confirms the accounting auditors' auditing plan for the relevant fiscal year, and receives audit reports and the overview and results of the audit. In addition, the Company promotes collaboration between the Audit & Supervisory Committee and the Accounting Auditors by having opinion exchange meetings when necessary, as well as being present at audits.

(iv) Collaboration between the Audit & Supervisory Committee and the Internal Audit Department

The Internal Audit Department has established a system for collaborating with the Audit & Supervisory Committee by reporting to the Audit & Supervisory Committee on the implementation status and results of internal audits, etc., in addition to consulting with the Audit & Supervisory Committee on annual audit plans in advance.

3) Outside Directors

The Company has three Outside Directors. Their relationships with the Company are as shown in the chart below.

With respect to the standards for selecting candidates for independent outside directors, the Company places emphasis on how the candidates satisfy the standards regarding the independency of independent directors stipulated by the Tokyo Stock Exchange and whether or not the candidates have extensive experience, deep insight, and advanced expertise.

Name of Outside Director	Relations with the Company
Tatsuya Ito	<ul style="list-style-type: none"> - No special interests in the Company - He has garnered rich experience and knowledge centered around financial practice and corporate legal affairs through years of duty in the financial industry, the industry to which the Company belongs. He also has experience as an attorney-at-law. Therefore, the Company believes that its supervisory functions will be further reinforced by reflecting his strength in the management of the Company. - As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent director.
Osamu Takada	<ul style="list-style-type: none"> - No special interests in the Company - He has rich experience and knowledge acquired through years of duties at a trading company. He also has experience as a corporate manager and achievements as an Outside Director. Therefore, the Company believes that he can supervise the management of the Company and offer appropriate opinions from an external perspective. - As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent director.
Takashi Doi	<ul style="list-style-type: none"> - No special interests in the Company - The Company believes that he can leverage his expert knowledge and experience acquired through years of duties as an attorney-at-law in further reinforcing the audit system and corporate governance of the Company. - As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent director.

4) Compensation to Directors and Company Auditors

- (i) Total amount of compensations by categories for the Filing Company, total amount of compensations by type, and the number of paid officers

Category	Total amount (Millions of yen)	Total amount of compensations by type (Millions of yen)				Number of persons
		Basic salary	Stock option	Bonus	Retirement benefits	
Directors (excluding Outside Directors)	134	134	—	—	—	7
Company Auditors (excluding Outside Company Auditors)	19	19	—	—	—	1
Outside Directors and Outside Company Auditors	51	51	—	—	—	5
Total	205	205	—	—	—	13

(Notes) 1. There are no employee-directors.

2. “Number of persons” represents the cumulative number of officers who received compensation during the current fiscal year.

- (ii) Total amount of consolidated compensations by Filing Company’s officers

This is omitted as none of officers of the Filing Company received aggregated consolidated compensations of 100 million yen and above.

- (iii) Policy concerning the decision on the amounts of compensations paid to officers

The Company determines the amount of compensations payable to Directors (excluding Directors serving as Members of Audit & Supervisory Committee) in consideration of business results and other factors, within the total amount of compensations resolved at shareholders’ meetings. The amount of compensation payable to Members of Audit & Supervisory Committee is determined at consultation with Members of Audit & Supervisory Committee in consideration of their duties and responsibilities, within the total amount of compensations resolved at shareholders’ meetings.

5) Status of securities held by the Company

- (i) The number of stock names and total value recorded in the balance sheet of investment securities held for other than pure investment purposes

Not applicable

- (ii) Type of investment, name, the number of shares, total value recorded in the balance sheet, and purpose of holding of individual investment securities held for other than pure investment purposes

Prior fiscal year:

Special investment securities

Not applicable

Deemed shareholdings

Not applicable

Current fiscal year:

Special investment securities

Not applicable

Deemed shareholdings

Not applicable

- (iii) Total value recorded in the balance sheet, total dividend received, total gain or loss on sale, and total valuation gain or loss in the prior and current fiscal years of investment securities held for pure investment purposes

Category	Prior fiscal year (Millions of yen)	Current fiscal year (Millions of yen)			
	Total value in balance sheet	Total value in balance sheet	Total dividend received	Total gain or loss on sale	Total valuation gain or loss
Non-listed securities	844	836	7	—	(Note)
Securities other than the above	0	0	—	180	0

(Note) “Total valuation gain or loss” is not shown for non-listed securities, since they have no market value and it is considered extremely difficult to obtain the value of such securities.

- (iv) Name, the number of shares and value recorded in the balance sheet of individual investment securities, of which holding purpose has been changed from pure investment to other than pure investment
Not applicable
- (v) Name, the number of shares and value recorded in the balance sheet of individual investment securities, of which holding purpose has been changed from other than pure investment to pure investment
Not applicable

6) Status of Accounting Audits

- (i) Names of Certified Public Accountants (CPAs) who audit the Company’s Accounts, the audit corporation to which they belong, and their years of continuous audit service to the Company

Designated employee, managing partner: Taiji Suzuki, Deloitte Touche Tohmatsu LLC

Designated employee, managing partner: Hitoshi Torii, Deloitte Touche Tohmatsu LLC

Designated employee, managing partner: Kunikazu Awashima, Deloitte Touche Tohmatsu LLC

*Since all three auditors have served ACOM for less than seven years, their years of service have been omitted.

*The abovementioned audit corporation has put mechanisms in place to prevent the managing partners from participating in the auditing of the Company’s accounts for longer than a certain period of time.

- (ii) Breakdown of Team Auditing the Company’s Accounts

CPAs: 6 persons

Assistant certified public accountants, etc.: 5 persons

Other staffs: 21 persons

7) Resolution Requirement for Election of Directors

The Articles of Incorporation stipulate that the number of directors (excluding directors serving as members of Audit & Supervisory Committee) shall be ten or less and that the number of directors serving as members of Audit & Supervisory Committee shall be five or less.

The Articles of Incorporation stipulates that voting on resolutions for election of directors shall take place under the presence of shareholders who represent one-third or more of total voting rights, and the majority of the votes of those shareholders and those which are not contingent upon cumulative votes shall be the requisite for adoption of the resolution.

8) Purchase of Treasury Stock

Pursuant to Article 165, Paragraph 2 of the Companies Act, the Company has included in its Articles of Incorporation a clause allowing purchase of its own shares via the market, subject to a resolution of the Board of Directors. Such inclusion was made to permit flexible share buybacks according to the Company's business and financial conditions and other circumstances.

9) Liability Exemption for Directors

To ensure that directors can adequately carry out the duties they are entrusted with, pursuant to Article 426, Paragraph 1 of the Companies Act, a provision has been included in the Articles of Incorporation to allow the exemption of Directors (including former Directors), by decision of the Board of Directors and within the limits allowed by the law, from liability resulting from dereliction of duty.

10) Interim Dividend

Pursuant to Article 454, Paragraph 5 of the Companies Act, the Company may, by a resolution of the Board of Directors, pay interim dividends each year with September 30 as the base date.

11) Special Resolutions at the General Meeting of Shareholders

For purpose of maintaining smooth operation of the General Meeting of Shareholders, the Articles of Incorporation stipulates that special resolutions pursuant to Article 309, Paragraph 2 of the Companies Act, shall be passed if at least two-thirds of voting rights are cast in favor, if shareholders representing at least one-third of eligible votes are present.

(2) Details of Compensation for Auditors

1) Details of Compensation for Certified Public Accountants

Category	Prior fiscal year		Current fiscal year	
	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)
The Filing Company	109,000	1,100	111,000	2,200
Consolidated subsidiaries	23,500	—	23,500	—
Total	132,500	1,100	134,500	2,200

2) Other important details concerning remuneration

(Prior fiscal year)

EASY BUY Public Company Limited, a consolidated subsidiary of the Company, paid 8,673 thousand yen of compensation in accordance with audit certification to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., a company that belongs to the same network as Deloitte Touche Tohmatsu LLC.

(Current fiscal year)

EASY BUY Public Company Limited, a consolidated subsidiary of the Company, paid 7,777 thousand yen of compensation in accordance with audit certification to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., a company that belongs to the same network as Deloitte Touche Tohmatsu LLC.

3) Details of non-audit work against the Filing Company by certified public accountants

(Prior fiscal year)

The Company entrusted certified public accountants with the preparation of a comfort letter, which are considered services other than the services prescribed in Article 2, Paragraph 1 of the Certified Public Accountant Act and paid compensation to them.

(Current fiscal year)

The Company entrusted certified public accountants with the preparation of a comfort letter, which are considered services other than the services prescribed in Article 2, Paragraph 1 of the Certified Public Accountant Act and paid compensation to them.

4) Policies concerning auditing remuneration

Not applicable

V. Financial Information

1. Basis of preparation of the consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Finance Ministry No. 28 of 1976) and the “Ordinance on Reorganization of Accounting Methods for Special Finance Corporations, etc.” (Ordinance of General Administrative Agency of the Cabinet/the Finance Ministry No. 32 of 1999).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning Terminology, Forms, and Preparation Methods of Non-Consolidated Financial Statements” (Ordinance of the Finance Ministry No. 59 of 1963) and the “Ordinance on Reorganization of Accounting Methods for Special Finance Corporations, etc.” (Ordinance of General Administrative Agency of the Cabinet/the Finance Ministry No. 32 of 1999).

2. Audit reports

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements and non-consolidated financial statements for the fiscal year (from April 1, 2016, to March 31, 2017) were audited by Deloitte Touche Tohmatsu LLC.

3. Specific efforts to ensure the appropriateness of the consolidated financial statements, etc.

As specific efforts to ensure the appropriateness of the consolidated financial statements, etc., the Company holds membership in the Financial Accounting Standards Foundation, etc., and attends seminars provided by the Accounting Standards Board of Japan, etc., to ensure an appropriate understanding of the corporate accounting standards and prepare to adopt any applicable changes in accounting standards, etc.

1. Consolidated Financial Statements, etc.
(1) Consolidated Financial Statements
1) Consolidated Balance Sheet

	(Millions of yen)			
	Prior fiscal year (As of March 31, 2016)		Current fiscal year (As of March 31, 2017)	
Assets				
Current assets				
Cash and deposits	*2	87,506	*2	104,939
Accounts receivable - operating loans	*4, *6, *8	902,150	*4, *6, *8	930,292
Loans receivable of banking business	*5	56,575	*5	45,872
Accounts receivable - installment	*9	28,393	*9	38,648
Purchased receivables		10,709		11,334
Short-term investment securities		545		260
Trading account securities		692		4,391
Raw materials and supplies		67		79
Deferred tax assets		33,179		39,106
Other		59,903		69,575
Allowance for doubtful accounts		(58,094)		(66,685)
Total current assets		1,121,629		1,177,815
Noncurrent assets				
Property, plant and equipment				
Buildings and structures		30,187		29,364
Accumulated depreciation		(24,361)		(24,074)
Buildings and structures, net		5,826		5,289
Vehicles		17		15
Accumulated depreciation		(14)		(13)
Vehicles, net		3		1
Equipment		21,363		21,385
Accumulated depreciation		(10,782)		(10,704)
Equipment, net		10,580		10,681
Land		6,234		6,233
Lease assets		3,353		3,341
Accumulated depreciation		(2,502)		(2,807)
Lease assets, net		851		533
Total property, plant and equipment		23,495		22,739
Intangible assets				
Goodwill		6,459		5,474
Leasehold right		4		4
Software		5,973		5,082
Telephone subscription right		37		37
Other		1		1
Total intangible assets		12,476		10,600
Investments and other assets				
Investment securities	*1	4,962	*1	5,341
Net defined benefit asset		4,374		4,074
Deferred tax assets		—		66
Guarantee deposits		5,632		5,504
Other	*6	3,177	*6	3,550
Allowance for doubtful accounts		(685)		(762)
Total investments and other assets		17,462		17,775
Total noncurrent assets		53,434		51,115
Total assets		1,175,063		1,228,930

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	385	413
Short-term loans payable	*7 18,286	*7 17,627
Commercial papers	—	14,997
Current portion of long-term loans payable	*7 103,758	*7 117,907
Current portion of bonds	16,700	25,000
Deposits of banking business	63,875	55,427
Lease obligations	372	281
Income taxes payable	3,136	3,543
Provision for loss on guarantees	*3 8,093	*3 8,722
Asset retirement obligations	14	18
Deferred installment income	*10 64	*10 66
Other	12,842	13,128
Total current liabilities	227,529	257,134
Noncurrent liabilities		
Bonds payable	193,058	216,838
Long-term loans payable	*7 316,766	*7 313,505
Lease obligations	586	329
Deferred tax liabilities	3,913	4,037
Provision for directors' retirement benefits	26	27
Provision for loss on interest repayment	90,000	164,900
Net defined benefit liability	207	272
Asset retirement obligations	4,546	4,480
Other	295	177
Total noncurrent liabilities	609,401	704,570
Total liabilities	836,930	961,704
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,578	73,578
Retained earnings	204,025	131,837
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	321,641	249,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	4
Foreign currency translation adjustment	1,669	1,128
Remeasurements of defined benefit plans	57	(579)
Total accumulated other comprehensive income	1,735	552
Non-controlling interests	14,755	17,219
Total net assets	338,132	267,226
Total liabilities and net assets	1,175,063	1,228,930

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Operating revenue		
Interest on operating loans	151,600	153,140
Interest on loans of banking business	8,104	6,550
Revenue from credit card business	3,401	4,455
Revenue from installment sales finance business	87	66
Revenue from credit guarantee	43,472	50,400
Collection from purchased receivable	5,549	6,148
Other financial revenue		
Interest on deposits	71	79
Interest on securities	102	192
Interest on loans	5	—
Interest on deposits with banks	387	190
Foreign exchange gains	275	—
Other	345	296
Total other financial revenue	1,187	759
Other operating revenue	24,279	23,626
Total operating revenue	237,683	245,148
Operating expenses		
Financial expenses		
Interest expenses	7,741	6,735
Interest expenses of banking business	4,816	3,261
Interest on bonds	3,477	2,761
Amortization of bond issuance cost	292	220
Loss on valuation of derivatives	269	—
Other	715	544
Total financial expenses	17,313	13,524
Cost of purchased receivable	2,382	2,759
Other operating expenses		
Advertising expenses	11,407	11,763
Provision of allowance for doubtful accounts	51,997	59,805
Provision for loss on guarantees	8,042	8,732
Provision for loss on interest repayment	56,638	143,728
Employees' salaries and bonuses	19,009	18,506
Retirement benefit expenses	549	679
Provision for directors' retirement benefits	6	4
Welfare expenses	2,587	2,520
Rent expenses	6,849	6,592
Depreciation	4,155	4,246
Commission fee	23,139	24,264
Amortization of goodwill	984	984
Other	17,102	17,201
Total other operating expenses	202,471	299,031
Total operating expenses	222,166	315,315
Operating profit (loss)	15,516	(70,166)

(Millions of yen)

	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Non-operating income		
Interest income	308	276
Dividend income	10	7
Equity in earnings of affiliates	8	19
House rent income	302	276
Other	152	135
Total non-operating income	781	716
Non-operating expenses		
Interest expenses	18	12
Foreign exchange losses	34	27
Other	44	53
Total non-operating expenses	97	92
Ordinary profit (loss)	16,200	(69,543)
Extraordinary income		
Gain on sales of noncurrent assets	*1 8	*1 9
Gain on sales of investment securities	105	180
Total extraordinary income	113	190
Extraordinary loss		
Loss on sales of noncurrent assets	*2 3	*2 2
Loss on retirement of noncurrent assets	*3 74	*3 141
Impairment loss	*4 6	—
Loss on valuation of investment securities	0	—
Loss on liquidation of a subsidiary	1,243	—
Other	*5 0	*5 0
Total extraordinary losses	1,329	144
Profit (loss) before income taxes	14,985	(69,497)
Income taxes-current	4,656	5,251
Income taxes-deferred	(7,606)	(5,630)
Total income taxes	(2,950)	(378)
Profit (loss)	17,935	(69,118)
Profit attributable to non-controlling interests	3,337	3,069
Profit (loss) attributable to owners of parent	14,598	(72,187)

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Profit (loss)	17,935	(69,118)
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(3)
Foreign currency translation adjustment	(3,243)	(770)
Remeasurements of defined benefit plans, net of tax	(1,803)	(658)
Total other comprehensive income	* (5,047)	* (1,432)
Comprehensive income	12,888	(70,550)
Comprehensive income attributable to:		
Owners of parent	10,883	(73,370)
Non-controlling interests	2,005	2,819

3) Consolidated Statement of Changes in Net Assets
For the prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	63,832	73,671	189,426	(19,794)	307,136
Changes of items during the period					
Profit attributable to owners of parent			14,598		14,598
Purchase of treasury stock				(0)	(0)
Purchase of shares of consolidated subsidiaries		(93)			(93)
Sales of shares of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(93)	14,598	(0)	14,504
Balance at the end of the period	63,832	73,578	204,025	(19,794)	321,641

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	8	3,546	1,896	5,450	15,727	328,315
Changes of items during the period						
Profit attributable to owners of parent						14,598
Purchase of treasury stock						(0)
Purchase of shares of consolidated subsidiaries						(93)
Sales of shares of consolidated subsidiaries						—
Net changes of items other than shareholders' equity	(0)	(1,876)	(1,838)	(3,715)	(972)	(4,687)
Total changes of items during the period	(0)	(1,876)	(1,838)	(3,715)	(972)	9,817
Balance at the end of the period	7	1,669	57	1,735	14,755	338,132

For the current fiscal year (from April 1, 2016, to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	63,832	73,578	204,025	(19,794)	321,641
Changes of items during the period					
Loss attributable to owners of parent			(72,187)		(72,187)
Purchase of treasury stock					–
Purchase of shares of consolidated subsidiaries					–
Sales of shares of consolidated subsidiaries		0			0
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	0	(72,187)	–	(72,187)
Balance at the end of the period	63,832	73,578	131,837	(19,794)	249,453

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	7	1,669	57	1,735	14,755	338,132
Changes of items during the period						
Loss attributable to owners of parent						(72,187)
Purchase of treasury stock						–
Purchase of shares of consolidated subsidiaries						–
Sales of shares of consolidated subsidiaries						0
Net changes of items other than shareholders' equity	(3)	(541)	(637)	(1,182)	2,464	1,281
Total changes of items during the period	(3)	(541)	(637)	(1,182)	2,464	(70,906)
Balance at the end of the period	4	1,128	(579)	552	17,219	267,226

4) Consolidated Statement of Cash Flows

(Millions of yen)

	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	14,985	(69,497)
Depreciation and amortization	4,155	4,246
Impairment loss	6	—
Amortization of goodwill	984	984
Increase (decrease) in allowance for doubtful accounts	6,162	8,926
Increase (decrease) in provision for loss on guarantees	1,079	628
Increase (decrease) in net defined benefit liability	32	28
Increase (decrease) in provision for directors' retirement benefits	(2)	1
Increase (decrease) in provision for loss on interest repayment	(12,600)	74,900
Interest and dividends income	(318)	(284)
Interest expenses	18	12
Amortization of bond issuance costs	292	220
Foreign exchange losses (gains)	(221)	25
Equity in (earnings) losses of affiliates	(8)	(19)
Loss (gain) on sales of property, plant and equipment	(5)	(7)
Loss on retirement of property, plant and equipment	74	141
Loss (gain) on sales of investment securities	(105)	(180)
Loss (gain) on valuation of investment securities	0	—
Loss (gain) on liquidation of a subsidiary	1,243	—
Decrease (increase) in accounts receivable - operating loans	(37,417)	(31,465)
Decrease (increase) in loans receivable of banking business	2,083	9,481
Decrease (increase) in accounts receivable - installment	(6,155)	(10,269)
Decrease (increase) in purchased receivables	(2,235)	(624)
Decrease (increase) in net defined benefit asset	(294)	(344)
Decrease (increase) in trading account securities	976	(3,494)
Decrease (increase) in inventories	224	(11)
Decrease (increase) in other current assets	(5,326)	(9,821)
Increase (decrease) in notes and accounts payable - trade	56	29
Increase (decrease) in deposits of banking business	(8,293)	(7,277)
Increase (decrease) in deferred installment income	(15)	3
Increase (decrease) in other current liabilities	111	597
Increase (decrease) by other operating activities	805	674
Subtotal	(39,704)	(32,397)
Interest and dividends income received	317	271
Interest expenses paid	(18)	(12)
Income taxes refunds	352	—
Income taxes paid	(3,992)	(5,312)
Net cash provided by (used in) operating activities	(43,045)	(37,451)

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,293)	(1,758)
Proceeds from sales of property, plant and equipment	15	48
Purchase of intangible assets	(944)	(1,147)
Purchase of investment securities	(567)	(723)
Proceeds from sales of investment securities	108	697
Increase (decrease) by other investing activities	313	24
Net cash provided by (used in) investing activities	(2,368)	(2,858)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	114,670	144,921
Repayments of short-term loans payable	(127,596)	(144,790)
Proceeds from issuance of commercial papers	—	24,994
Redemption of commercial papers	—	(10,000)
Proceeds from issuance of bonds	44,671	48,259
Redemption of bonds	(35,053)	(15,400)
Proceeds from long-term loans payable	130,496	117,886
Repayments of long-term loans payable	(117,073)	(106,239)
Repayments of finance lease obligations	(453)	(412)
Purchase of treasury stock	(0)	—
Cash dividends paid to non-controlling shareholders	(470)	(355)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,600)	—
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	0
Net cash provided by (used in) financing activities	6,589	58,863
Effect of exchange rate change on cash and cash equivalents	(206)	(109)
Net increase (decrease) in cash and cash equivalents	(39,030)	18,444
Cash and cash equivalents at beginning of period	122,306	83,275
Cash and cash equivalents at end of period	* 83,275	* 101,719

[Notes]

(Significant matters providing the basis for the preparation of consolidated financial statements)

1. The scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 6

The names of the consolidated subsidiaries are omitted because they are shown in “4. Information on Subsidiaries and Affiliates” under “I. Overview of the Company.”

2. Application of the equity-method

Number of equity-method affiliate: 1

Name of the equity-method affiliate: MU Communications, Co., Ltd.

3. Accounting period of consolidated subsidiaries

Fiscal year of the following consolidated subsidiaries ends on December 31:

EASY BUY Public Company Limited

PT. Bank Nusantara Parahyangan, Tbk.

General Incorporated Association Mirai Capital

Power Investments LLC

Consolidated financial statements hereof are prepared by using financial statements as of the abovementioned closing date and significant matters that occurred between the closing date and the consolidated closing date are subject to the adjustments necessary for consolidation.

4. Significant accounting policies

(1) Valuation standards and methods for significant assets

1) Marketable and investment securities

Trading securities:

Market value method (the cost of securities sold is computed using the moving average method)

Held-to-maturity securities:

Mainly amortization cost method (Interest method)

Available-for-sale securities:

Securities with market quotations:

Stated at market value at the end of the fiscal year

Unrealized gains or losses net of applicable taxes are reported as a component of other comprehensive income and the cost of securities sold is computed using the moving average method.

Securities without market quotations:

Stated at cost by the moving-average method

The investments in limited investment partnerships and other similar partnerships (those deemed as “securities” according to the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported, using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.

2) Derivative financial instruments

Swap transactions:

Fair value method

3) Inventories

Merchandise:

Stated at the lower cost, on an individual specified cost basis or net selling value

Supplies:

Mainly at cost, based on the first-in first-out method

(2) Depreciation methods for significant assets

1) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries use the declining balance method, and overseas consolidated subsidiaries use straight-line method.

Useful lives of assets are principally as follows:

Buildings and structures:	2 to 47 years
Vehicles:	2 to 8 years
Equipment:	2 to 20 years

2) Intangible assets (excluding lease assets)

The Company and its consolidated subsidiaries use the straight-line method.

Software for internal use is amortized over an estimated useful life of 5 years.

3) Lease assets

Lease assets concerning transfer ownership finance lease transactions:

Depreciated using the same depreciation method applied to noncurrent assets owned by the Company

Lease assets concerning non-transfer ownership finance lease transactions:

Depreciated using the straight-line method, defining the lease term of respective assets as their useful lives, without residual value

4) Long-term prepaid expenses

The Company and its consolidated subsidiaries use the equal installment method over the estimated useful life.

5) Deferred assets

Bond issuance cost:

These costs are fully charged to expenses when they are paid.

(3) Accounting policies for significant allowances and provisions

1) Allowance for doubtful accounts

To provide for potential loss on accounts receivable - operating loans and other receivables, the Company and its consolidated subsidiaries recognize an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, based on the historical rate of defaults. For specific debts where recovery is doubtful, the Company and its consolidated subsidiaries consider the likelihood of recovery on an individual basis.

(Changes in accounting estimates)

The Company and some of its consolidated subsidiaries have conducted more rigorous analyses on default risks by loan category and made partial amendments to estimates on allowance for doubtful accounts of loan and credit card business and guarantee business in current fiscal year. These changes were executed in order to cope with scale expansion of guarantee business and further refine accuracy of allowance.

Consequently, operating loss, ordinary loss and loss before income taxes all increased by 1,160 million yen when compared to values using previous logic.

The effect of this change on segment information is stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

2) Provision for loss on guarantees

To provide for loss on guarantees, the Company and its consolidated subsidiaries recognize a provision for potential losses at the end of the fiscal year.

3) Provision for directors' retirement benefits

Certain domestic consolidated subsidiaries make provisions for a necessary amount of directors' retirement benefits at the end of each fiscal year, in accordance with the Company's internal rules.

4) Provision for loss on interest repayment

To provide for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.

(4) Accounting method relating to retirement benefits

1) Periodic allocation of projected retirement benefit

In calculating retirement benefit obligations, the attribution on a benefit formula basis is applied for allocation of projected benefits to the periods until the end of the current fiscal year.

2) Amortization of actuarial gain or loss and past service costs

Past service costs are charged to expenses using the straight-line method over the determined years (5 years) that are no longer than average remaining service years of the employees at the time of occurrence.

Actuarial gain or loss are amortized evenly using the straight-line method over the determined years (5 years) that are no longer than the average remaining service years of employees, beginning from the fiscal year following the time of occurrence.

(5) Accounting policies for significant revenue and expenses

Interest on consumer loans

Interest on consumer loans is recorded on an accrual basis.

Accrued interest on consumer loans is recorded, using the interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate of the Company, whichever the lower.

Revenue from credit card business

Fees from customers:

Recorded by the credit balance method

Fees from member stores:

Recorded as fees at the time of transaction

Revenue from credit guarantee

Recorded by the credit balance method

(Note) Details of each recording method are as follows:

Credit balance method:

Fees to be recorded as income are calculated pursuant to the prescribed rates applicable to the relevant credit balance.

(6) Accounting policies for translation of significant foreign currency assets and liabilities into Japanese yen used in preparing the financial statements of consolidated companies on which consolidated financial statements are based

Foreign currency monetary claims and obligations are translated into Japanese yen, using the spot exchange rates on the closing date of consolidated accounting and the resulting translation gains and losses are recognized as income and expenses.

With regard to overseas subsidiaries, assets and liabilities are translated into Japanese yen at the spot exchange rates on the account closing date whereas income and expenses are translated at average exchange rates. The resulting translation gains and losses are recorded as foreign currency translation adjustments and non-controlling interests under the net assets section.

(7) Significant hedge accounting method

1) Hedge accounting method

The Company and one of its consolidated subsidiaries adopt the deferred hedge accounting method. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreement is recognized and included in interest expenses or income.

The currency swaps that qualify for hedge accounting and meet specific matching criteria are used to hedge the foreign currency fluctuations and are translated at the contracted rate if the forward contracts qualify for hedge accounting.

2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

Loans payable with variable interest rates and bonds payable with variable interest rates

Currency-related items

Hedging instruments:

Currency swap agreements

Hedging items:

Foreign currency loans payable and foreign currency bonds payable

3) Hedging policy

In accordance with the Company's internal rules and those of its consolidated subsidiaries, the Company and one of its consolidated subsidiaries enter into derivatives contracts to hedge against various risks. These contracts include interest-rate swaps to hedge against the risk of fluctuations in

interest rates relating to their loans payable with variable interest rates and bonds payable with variable interest rates for the purpose of protecting cash flows, and currency swaps to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans relating to foreign currency loans payable and foreign currency bonds payable for the purpose of protecting cash flows.

4) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, critical requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Company and one of its consolidated subsidiaries can assume that fluctuations in interest rates and cash flows are fully offset by the fluctuations in hedging instruments on an ongoing basis since the inception of hedging contracts. Therefore, the determination of hedging effectiveness is omitted. On currency-related hedging, currency swap contracts are entered into on the same conditions as hedged items, thus the Company and one of its consolidated subsidiaries can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedging instruments. Therefore, the determination of hedging effectiveness is omitted.

(8) Method and period of amortization of goodwill

Goodwill is amortized in equal installments over a 10 to 15 year period. However, goodwill with immaterial value is fully amortized in the fiscal year acquired.

(9) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents include cash at hand, demand deposits at banks and highly liquid short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

(10) Other significant accounting policies for the preparation of consolidated financial statements

1) Accounting method for consumption tax

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax. However, consumption tax and other taxes imposed on non tax-deductible assets are recorded as an expense for the fiscal year they were incurred.

In addition, unpaid consumption tax is included in “Other” in current liabilities on the consolidated balance sheet.

2) Adoption of consolidated taxation system

The Company and some of its domestic consolidated subsidiaries have adopted the consolidated taxation system.

(Changes in presentation)

<Consolidated statement of income>

“Interest on deposits with banks” was included in “Other” in “Other financial revenue” for the prior fiscal year. In order to improve clarity in the consolidated financial statements, “Interest on deposits with banks” has been separately listed effective from the current fiscal year. To reflect these changes in presentation, the consolidated financial statements for the prior fiscal year have been reclassified.

To reflect this change in the consolidated statement of income for the prior fiscal year, 733 million yen of “Other” in “Other financial revenue” has been reclassified into 387 million yen of “Interest on deposits with banks” and 345 million yen of “Other.”

“Loss on investments in partnerships” and “Loss on insurance cancellation” were separately listed within non-operating expenses in the prior fiscal year. As they have decreased their quantitative significance, “Loss on investments in partnerships” and “Loss on insurance cancellation” are included in “Other” effective from the current fiscal year. To reflect these changes in presentation, the consolidated financial statements for the prior fiscal year have been reclassified.

To reflect this change in the consolidated statement of income for the prior fiscal year, 12 million yen of “Loss on investments in partnerships,” 16 million yen of “Loss on insurance cancellation” and 15 million yen of “Other” in non-operating expenses have been reclassified into 44 million yen of “Other.”

(Additional information)

Effective from the current fiscal year, the Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

(Notes to Consolidated Balance Sheet)

*1. Amount of subsidiaries and affiliates' stocks included in investment securities (Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Investment securities	305	324

*2. Reserve for deposit of a consolidated subsidiary pursuant to the regulations of Bank Indonesia (Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Cash and deposits	4,224	3,213

*3. Contingent liabilities (Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Outstanding guarantee obligation in the guarantee business	987,508	1,129,773
Outstanding guarantee obligation in the banking business	931	939
Provision for loss on guarantees	8,093	8,722
Net	980,346	1,121,990

*4. Commitment line contracts for accounts receivable - operating loans

Prior fiscal year (As of March 31, 2016)

Contracts for accounts receivable - operating loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 392,722 million yen at the end of the fiscal year. This included a total of 209,827 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and its consolidated subsidiaries.

Contracts contain provisions allowing the Company and its consolidated subsidiaries to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

Current fiscal year (As of March 31, 2017)

Contracts for accounts receivable - operating loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 409,336 million yen at the end of the fiscal year. This included a total of 239,735 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and its consolidated subsidiaries.

Contracts contain provisions allowing the Company and its consolidated subsidiaries to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When

necessary, contracts are reviewed and measures are taken to preserve loan assets.

***5. Commitment line contracts for loans receivable of banking business**

Prior fiscal year (As of March 31, 2016)

The consolidated subsidiary PT. Bank Nusantara Parahyangan, Tbk. has concluded a savings overdraft agreement pledging to lend funds up to an established limit when such financing is requested by a customer (as long as this lending does not violate conditions stipulated in the agreements) and a commitment line agreement on loans. The balance of undrawn lines of credit based on these agreements is 14,943 million yen as of the end of the fiscal year.

A certain portion of commitment line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the consolidated subsidiary of the Company.

Contracts contain provisions allowing the consolidated subsidiary of the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

Current fiscal year (As of March 31, 2017)

The consolidated subsidiary PT. Bank Nusantara Parahyangan, Tbk. has concluded a savings overdraft agreement pledging to lend funds up to an established limit when such financing is requested by a customer (as long as this lending does not violate conditions stipulated in the agreements) and a commitment line agreement on loans. The balance of undrawn lines of credit based on these agreements is 13,737 million yen as of the end of the fiscal year.

A certain portion of commitment line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the consolidated subsidiary of the Company.

Contracts contain provisions allowing the consolidated subsidiary of the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

*6. Status of non-performing loans in accounts receivable - operating loans

Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to bankrupt parties include those to debtors who have petitioned for bankruptcy as of the end of the fiscal year, but have not yet been declared bankrupt. This entire amount is charged to the allowance for doubtful accounts.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	269	273

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Loans to bankrupt parties	712	714
Loans in arrears	24,051	24,706
Loans overdue by three months or more	4,249	4,287
Restructured loans	28,674	30,111
Total	57,687	59,819

Notes:

1. Loans to bankrupt parties refer to loans to bankrupt parties, parties in rehabilitation and reorganization, and others which are loans where interest is not accrued.
2. Loans in arrears refer to other loans where interest is not accrued, excluding loans on which interest payment is deferred for the purpose of reconstructing or assisting debtors.
3. Loans overdue by three months or more refer to loans other than the above that are overdue by three months or more.
4. Restructured loans refer to loans other than the above that are restructured on favorable terms for debtors, such as reduction or waiving of interest, in order to facilitate collection of an outstanding balance.

*7. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company and some of its consolidated subsidiaries maintain overdraft contracts and designated commitment line contracts with financial institutions and others. The unexercised portion of facilities based on these contracts is as follows: (Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Amount of agreement for overdraft and commitment line	137,305	155,565
Amount of borrowing	52,626	60,142
Net	84,678	95,423

*8. Amount of unsecured consumer loans in accounts receivable - operating loans (Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Unsecured consumer loans in accounts receivable - operating loans	893,301	923,018

*9. Balances of accounts receivable - installment by business categories (Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Fees from the credit card business	27,855	38,109
Fees from installment sales finance business	538	538
Total	28,393	38,648

*10. Balance of deferred installment income

The balance of deferred installment income belongs entirely to the installment sales finance business.

The breakdown of the amount during the period is as follows: (Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Balance at the beginning of period	86 [1]	64 [3]
Accrued during the period	65 [3]	68 [9]
Realized during the period	87 [1]	66 [4]
Balance at the end of period	64 [3]	66 [8]

Figures in brackets "[]" represent fees from member outlets.

(Notes to Consolidated Statement of Income)

*1. Breakdown of gain on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Buildings and structures	3	8
Vehicles	2	1
Equipment	2	0
Total	8	9

*2. Breakdown of loss on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Equipment	2	2
Land	1	—
Total	3	2

*3. Loss on retirement of noncurrent assets mainly results from transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below.

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Buildings and structures	65	125
Equipment	7	15
Lease assets	1	—
Total	74	141

*4. Impairment loss

The following losses on impairment of noncurrent assets are recorded.

Prior fiscal year (from April 1, 2015, to March 31, 2016)

(1) Assets recognized as having suffered impairment

Location	Usage	Type
Hawaii, U.S.A.	Property to be sold	Buildings and equipment
Chiyoda-ku, Tokyo	Dormant assets	Telephone subscription right

(2) Method of grouping assets

The smallest units the Group has adopted for the grouping of assets are as below:

(a) For the domestic loan and credit card business and guarantee business: each business

(b) For other financial businesses: each company

(c) For the overseas financial business: each company

For leasehold estate and property to be sold, the smallest units are the individual assets themselves.

Our headquarters and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.

(3) Process through which impairment loss was recognized

An impairment loss was recognized on properties to be sold because the expected sale prices were significantly lower than the assets' carrying amounts. Some of telephone subscription rights became dormant assets as they were suspended. An impairment loss was recognized on the dormant assets

because there is no expectation of collecting the assets' carrying amounts through future net cash flows.

(4) Amount of impairment loss

	(Millions of yen)
Buildings	6
Equipment	0
Telephone subscription right	0
Total	6

(5) Calculation method of recoverable amount

The recoverable amount of the property to be sold is measured by net selling price and evaluated based on the minimum limit of the appraised selling price less the estimated expenses for disposal. The recoverable amount of telephone subscription right is set at one yen as it is not expected to be used or to be sold at the market.

Current fiscal year (from April 1, 2016, to March 31, 2017)

Not applicable

*5. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Lump sum amortization of long-term prepaid expenses	—	0
Losses on retirement, including amortization of lease and guarantee deposits	0	0
Total	0	0

6. Basis for classification of financial revenue and financial expenses on consolidated statement of income

(1) Financial revenue stated as operating revenue

Includes all financial revenue earned by the Company and its consolidated subsidiaries engaged in the financial service business, excluding dividends and interest on investment securities, etc.

(2) Financial expenses stated as operating expenses

Include all financial expenses spent by the Company and its consolidated subsidiaries engaged in the financial service business, excluding interest expenses, etc. which have no relationship to operating revenue

(Notes to Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects relating to other comprehensive income:

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Valuation difference on available-for-sale securities		
Gains arising during the year	6	10
Reclassification adjustments	(9)	(15)
Amount before income tax effect	(2)	(5)
Income tax effect	2	1
Valuation difference on available-for-sale securities	(0)	(3)
Foreign currency translation adjustment		
Gains arising during the year	(4,487)	(770)
Reclassification adjustments	1,243	—
Foreign currency translation adjustment	(3,243)	(770)
Remeasurements of defined benefit plans, net of tax		
Gains arising during the year	(2,268)	(659)
Reclassification adjustments	(414)	(281)
Amount before income tax effect	(2,683)	(940)
Income tax effect	880	281
Remeasurements of defined benefit plans, net of tax	(1,803)	(658)
Total other comprehensive income	(5,047)	(1,432)

(Notes to Consolidated Statement of Changes in Net Assets)
For the prior fiscal year (from April 1, 2015, to March 31, 2016)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2015	Increase	Decrease	As of March 31, 2016
Common stock	1,596,282,800	—	—	1,596,282,800

2. Matters related to treasury stock

(Shares)

Class of shares	As of April 1, 2015	Increase	Decrease	As of March 31, 2016
Common stock	29,668,519	73	—	29,668,592

(Major causes for changes)

The increase of 73 shares of treasury stock results from the purchase of shares of less than one unit.

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Not applicable

(2) Dividends whose record date fell in the fiscal year, but whose effective date is after March 31, 2016

Not applicable

For the current fiscal year (from April 1, 2016, to March 31, 2017)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2016	Increase	Decrease	As of March 31, 2017
Common stock	1,596,282,800	—	—	1,596,282,800

2. Matters related to treasury stock

(Shares)

Class of shares	As of April 1, 2016	Increase	Decrease	As of March 31, 2017
Common stock	29,668,592	—	—	29,668,592

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Not applicable

(2) Dividends whose record date fell in the fiscal year, but whose effective date is after March 31, 2017

Not applicable

(Notes to Consolidated Statement of Cash Flows)

- * Relationship between the fiscal year-end balance of cash and cash equivalents and the amount of consolidated balance sheet items

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Cash and deposits	87,506	104,939
Short-term investment securities	545	260
Time deposits with original maturities of more than three months	(6)	(5)
Cash reserved for banking business	(4,224)	(3,213)
Bonds to be matured within 1 year	(545)	(260)
Cash and cash equivalents	83,275	101,719

(Notes to lease transactions)

1. Finance lease transactions

(1) Finance lease transactions that transfer ownership

1) Details of lease assets

Property, plant and equipment

They are servers and ATMs of EASY BUY Public Company Limited.

2) Depreciation of lease assets

Same depreciation method as that applied to our noncurrent assets

(2) Finance lease transactions that do not transfer ownership

1) Details of lease assets

Property, plant and equipment

They are mainly automatic contract machines of loan business.

2) Depreciation of lease assets

Depreciated using the straight-line method, with the lease term of respective assets as their useful lives, without residual value

2. Operating lease transactions

The rental commitments under noncancellable operating leases are as follows:

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Due within 1 year	179	125
Due after 1 year	115	20
Total	295	145

(Notes to financial instruments)

1. Financial instruments and related disclosures

(1) Policy for financial instruments

The Group conducts financial service businesses including, but not limited to, loan business, credit card business, guarantee business, loan servicing business and banking business. To finance the operation of these businesses, the Group raises funds through indirect financing, i.e. borrowings from financial institutions, as well as direct financing, such as issuing bonds, etc., in light of the market situation and balance between variable interest rates and fixed interest rates. The Group conducts derivative transactions primarily for the purpose of avoiding the risk of fluctuations in interest rates and exchange rates associated with these financing operations, and has a policy not to conduct speculative trading.

(2) Nature and extent of risks arising from financial instruments

Major financial assets held by the Group are accounts receivable - operating loans, loans receivable of banking business and accounts receivable - installment; these assets are exposed to credit risk resulting from customers' default of payments. In addition, the Group holds shares, bonds, investments in partnership, etc. either on a held-to-maturity or portfolio investment basis, while some consolidated subsidiaries hold them for trading purposes. These assets are exposed to the risk of market price fluctuations and some are open to the risks of issuer's credit and interest rate fluctuations.

Financial liabilities including loans payable, bonds and commercial papers are exposed to liquidity risk, giving some indication of the possibility that the Company Group may not be able to make payment at the due date as a result of a change in the Group's credit standings or the market environment. Likewise, liabilities with variable interest rates have a certain degree of interest-rate risk, but the Group mitigates this risk through interest rate swap transactions. On the other hand, foreign-currency liabilities are exposed to the risk of fluctuations in foreign currency exchange rates, which is mitigated through currency swap agreements.

Derivative transactions include interest rate swaps for the purpose of hedging against the risk of fluctuations in interest rates associated with loans payable, etc.; and currency swap that aim to hedge against the risk of fluctuations in exchange rates concerning foreign currency loans payable and foreign currency bonds payable. For details of hedging instruments, hedging items, hedging policy and the method for evaluating hedging effectiveness concerning hedge accounting, please refer to aforementioned "Significant matters providing the basis for the preparation of consolidated financial statements, 4. Significant accounting policies, (7) Significant hedge accounting method."

(3) Risk management for financial instruments

1) Credit risk management

According to internal rules, the Company incorporates and operates a structure to manage with individual transaction-based credit administration, credit information management, a credit rating system, a self-assessment system, problem loans and to regularly monitor its credit portfolios. The credit management and credit business promotion divisions separately conduct individual transaction-based screening and credit management, designed to facilitate a mutual monitoring function. In addition, the Company holds regular management meetings to report and discuss important matters on credit risk management and operations. Separately it has a system under which the internal audit department reviews the appropriateness of the Company's credit business operations, ensuring that the Company engages in a proper credit business. Consolidated subsidiaries also have similar management systems in place.

2) Market risk management

The Company and one of its consolidated subsidiaries utilize interest rate swaps to manage the risk of fluctuations in interest payments on their financial liabilities, such as loans payable. Also, they primarily enter into currency swap to hedge against the risk of fluctuations in exchange rate related to their foreign-currency liabilities.

With regard to marketable securities, such as shares and bonds, management receives regular monitoring reports regarding market trends, market values, issuers' financial standings, etc., in order to constantly review their asset holdings.

The Group conducts derivative transactions primarily with the aim of optimizing financing costs and adjustment of the proportion of fixed/variable interest rates. It has a policy of not conducting derivatives

trading for speculative purposes. Further, execution and administration of derivatives transactions are conducted in accordance with the Company's internal rules that stipulate the trading authority, trading limits, etc., under the basic policy approved at meetings of management.

Consolidated subsidiaries also have similar market risk management systems in place.

In addition, all of the accounts receivable - operating loans, which are the Group's major financial assets, have fixed interest rates, and loans payable and bonds, which are the Group's major financial liabilities, have mainly fixed interest rates. Thus, the Group has low sensitivity to fluctuations in interest rates. Therefore, the Group does not use a quantitative analysis on the market risk.

With regard to the items of which fair values are determined using the market interest rate, the estimated effects of a change of 1 basis point (0.01%) in the fiscal year-end market interest rate on their net asset amount-financial assets after deduction of financial liabilities are as follows. This estimation assumes that there are no changes in any risk variables other than the market interest rate.

(Millions of yen)		
	As of March 31, 2016	As of March 31, 2017
If the market interest rate had been:		
higher by 1 basis point	94	(98)
lower by 1 basis point	(94)	98

3) Liquidity risk management associated with financing activities

The Company manages liquidity risk by reviewing its financing plan on a timely basis according to past financing results, change in market conditions or interest rate situations, etc., based on the financing plan approved at meetings of management. Also for that purpose, it maintains a certain amount of liquidity at all times, secures commitment lines, seeking diversity and appropriate balance of financing methods in light of the market environment. Consolidated subsidiaries also have similar management systems in place.

(4) Supplementary explanations on fair value of financial instruments

Fair value of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments for which quoted market price is not available is calculated based on certain assumptions, and the value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described below in "Notes to derivatives transactions" does not represent the market risk of the derivative transactions.

2. Fair value of financial instruments

The carrying amount and fair value of financial instruments as well as the differences between these values are described below. Financial instruments whose fair value appears to be extremely difficult to determine are not included in the table. (See (Note 2))

For the prior fiscal year (As of March 31, 2016)

			(Millions of yen)
	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	87,506	87,506	—
(2) Accounts receivable - operating loans	902,150		
Allowance for doubtful accounts	(37,585)		
Provision for loss on interest repayment	(13,800)		
(Write-off of receivables)			
	850,765	1,101,321	250,556
(3) Loans receivable of banking business	56,575		
Allowance for doubtful accounts	(890)		
	55,684	60,789	5,104
(4) Accounts receivable - installment	28,393		
Allowance for doubtful accounts	(2,560)		
Deferred installment income	(64)		
	25,767	34,216	8,448
(5) Purchased receivables	10,709		
Allowance for doubtful accounts	(2,487)		
	8,221	8,221	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	692	692	—
2) Held-to-maturity securities	4,204	4,142	(62)
3) Available-for-sale securities	58	58	—
Total assets	1,032,902	1,296,949	264,046
(1) Short-term loans payable	18,286	18,286	—
(2) Commercial papers	—	—	—
(3) Deposits of banking business	63,875	63,875	—
(4) Current portion of bonds and bonds payable	209,758	212,041	2,282
(5) Current portion of long-term loans payable and long-term loans payable	420,525	422,250	1,725
Total liabilities	712,445	716,453	4,007
Derivative transactions*			
(1) not subject to the application of hedge accounting	—	—	—
(2) subject to the application of hedge accounting	—	—	—
Total derivative transactions	—	—	—

* The receivables and payables attributable to derivative transactions are shown in their net amounts. If the aggregate balance of the derivative transactions results in net payables, the amount is shown in brackets “[]”.

For the current fiscal year (As of March 31, 2017)

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	104,939	104,939	—
(2) Accounts receivable - operating loans	930,292		
Allowance for doubtful accounts	(35,245)		
Provision for loss on interest repayment (Write-off of receivables)	(18,200)		
	876,846	1,140,825	263,978
(3) Loans receivable of banking business	45,872		
Allowance for doubtful accounts	(936)		
	44,935	49,845	4,909
(4) Accounts receivable - installment	38,648		
Allowance for doubtful accounts	(3,118)		
Deferred installment income	(66)		
	35,463	46,626	11,163
(5) Purchased receivables	11,334		
Allowance for doubtful accounts	(3,114)		
	8,219	8,219	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	4,391	4,391	—
2) Held-to-maturity securities	4,358	4,415	56
3) Available-for-sale securities	58	58	—
Total assets	1,079,214	1,359,322	280,108
(1) Short-term loans payable	17,627	17,627	—
(2) Commercial papers	14,997	14,997	—
(3) Deposits of banking business	55,427	55,427	—
(4) Current portion of bonds and bonds payable	241,838	243,798	1,960
(5) Current portion of long-term loans payable and long-term loans payable	431,413	432,867	1,453
Total liabilities	761,303	764,717	3,413
Derivative transactions*			
(1) not subject to the application of hedge accounting	—	—	—
(2) subject to the application of hedge accounting	—	—	—
Total derivative transactions	—	—	—

* The receivables and payables attributable to derivative transactions are shown in their net amounts. If the aggregate balance of the derivative transactions results in net payables, the amount is shown in brackets “[]”.

(Note 1) The calculation method for the fair value of financial instruments, marketable securities and derivative transactions

Assets

(1) Cash and deposits

Deposits without maturity are stated at their carrying amount, as their fair value approximate carrying amount. Deposits with maturity are stated at their carrying amount, as their remaining periods are short (within a year) and their fair value approximate carrying amount.

(2) Accounts receivable - operating loans, (3) loans receivable of banking business and (4) accounts receivable - installment

The fiscal year-end outstanding balances are stated at their net present value, which are calculated by discounting expected future cash flows of the potentially recoverable principal and interest by the current market interest rate. These exclude secured loans which are stated at adjusted carrying amount; the expected amount of loan losses on these assets are calculated based on the expected recoverable amount of their collateral securities, hence their fair value approximates their carrying amount at the closing date, less the current expected amount of loan losses. Meanwhile, the assets related to the installment sales finance business at certain consolidated subsidiaries are stated at adjusted carrying amount, as their average remaining periods are roughly one year and their fair value approximates their carrying amount net of an allowance for doubtful accounts.

(5) Purchased receivables

These are stated at adjusted carrying amount. The expected amount of loan losses on these assets are calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral securities or guarantees; hence their fair value approximates their carrying amount at the closing date, less the current expected amount of loan losses.

(6) Marketable securities, trading account securities and investment securities

Shares are stated at the stock exchange quoted price and bonds are stated at either the stock exchange quoted price or the price presented by transacting financial institution. Certain bonds are stated at amortized cost method, as they are redeemed in the short term and their fair value approximates carrying amount. Certificate of deposits are stated at carrying amount, as they are short-term assets and their fair value approximates carrying amount.

For notes to securities according to holding purposes, please refer to “Notes to securities.”

Liabilities

(1) Short-term loans payable and (2) commercial papers

These liabilities are stated at carrying amount as they are settled in the short-term and their fair value approximates their carrying amount.

(3) Deposits of banking business

Deposits due within one year are stated at their carrying amount as they are settled in the short term and their fair value approximates their carrying amount. Deposits due after one year are stated at the net present value, which is calculated by discounting the compound value of principal and interest by the current market interest rate.

(4) Current portion of bonds and bonds payable

Bonds with market value are stated at market price. Bonds without market value and privately offered bonds are stated at the net present value, which is calculated by discounting the compound value (for bonds involved in an interest-rate swaps that meet the conditions for exceptional accounting treatments, a principal with interest income at a post-swap interest rate is applied) by the discount rate (i.e. the current market interest rate taking credit risk into consideration).

(5) Current portion of long-term loans payable and long-term loans payable

Long-term loans payable are stated at the net present value, which is calculated by discounting the compound value (for loans involved in an interest-rate swap that meet the conditions for exceptional accounting treatment or a currency swap that conforms to the requirements of designated transactions, a principal with interest income at a post-swap interest rate is applied) by the discount rate (i.e. the current market interest rate taking credit risk into consideration).

Derivative transactions

Please refer to “Notes to derivative transactions.”

(Note 2) The carrying amounts of financial instruments whose fair value cannot be reliably determined
(Millions of yen)

Item	As of March 31, 2016	As of March 31, 2017
1) Unlisted shares (*1) (*2)	1,149	1,161
2) Investments in investment partnerships (*1) (*3)	94	22
Total	1,244	1,184

(*1) These shares are not included in “Asset (6) Marketable securities, trading account securities and investment securities” which contain information about the fair value of financial instruments.

(*2) The fair value of unlisted shares is not disclosed, as they do not have a quoted market price in an active market and it appears to be extremely difficult to determine their fair values.

(*3) The fair value of investments in investment partnerships is not disclosed, as partnerships’ assets comprise unlisted shares and other investment instruments whose fair value appears to be extremely difficult to determine.

(Note 3) Scheduled redemption amount of monetary claims and marketable securities with maturity

For the prior fiscal year (As of March 31, 2016)

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	87,506	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	167,077	164,284	162,203	159,581	157,412	51,280
Loans receivable of banking business	33,257	2,721	4,009	4,472	5,310	6,804
Accounts receivable - installment (*1) (*2)	5,850	5,320	5,341	5,341	5,341	42
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	545	261	533	307	17	2,539
2) Available-for-sale securities with maturities						
Government bond	—	—	58	—	—	—
Other	—	—	—	—	—	—
Total	294,238	172,588	172,146	169,703	168,082	60,666

For the current fiscal year (As of March 31, 2017)

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	104,939	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	174,567	171,451	167,918	165,007	159,392	52,418
Loans receivable of banking business	29,189	2,893	2,522	3,215	3,111	4,939
Accounts receivable - installment (*1) (*2)	7,880	7,367	7,367	7,367	7,211	—
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	260	893	304	147	—	2,753
2) Available-for-sale securities with maturities						
Government bond	—	58	—	—	—	—
Other	—	—	—	—	—	—
Total	316,837	182,664	178,113	175,737	169,715	60,111

(*1) Accounts receivable - operating loans and accounts receivable - installment do not include loans whose recovery is doubtful because their redemption schedule is unclear (amounts: 34,336 million yen for the prior fiscal year and 35,201 million yen for the current fiscal year).

(*2) The amounts of accounts receivable - operating loans and accounts receivable - installment of the credit card business are the expected amounts assuming that average minimum payments are to be made on a fixed date each month.

(Note 4) Scheduled repayment amount of bonds payable, long-term loans payable, lease obligations and other interest-bearing liabilities

For the prior fiscal year (As of March 31, 2016)

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	18,286	—	—	—	—	—
Commercial papers	—	—	—	—	—	—
Deposits of banking business	63,875	—	—	—	—	—
Current portion of bonds and bonds payable	16,700	25,000	45,020	31,222	41,816	50,000
Current portion of long-term loans payable and long-term loans payable	103,758	102,668	118,821	75,312	19,965	—
Lease obligations	372	276	211	87	11	—
Total	202,991	127,944	164,052	106,622	61,793	50,000

For the current fiscal year (As of March 31, 2017)

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	17,627	—	—	—	—	—
Commercial papers	14,997	—	—	—	—	—
Deposits of banking business	55,427	—	—	—	—	—
Current portion of bonds and bonds payable	25,000	44,720	40,845	41,552	36,480	53,240
Current portion of long-term loans payable and long-term loans payable	117,907	137,015	117,177	34,454	19,726	5,132
Lease obligations	281	216	93	17	2	—
Total	231,241	181,952	158,116	76,024	56,208	58,372

(Notes to securities)

1. Trading securities

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Unrealized gain (loss) reported in the consolidated statement of income	0	—

2. Held-to-maturity securities

For the prior fiscal year (As of March 31, 2016)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain (loss)
Market value greater than carrying amount			
(1) Government/municipal bonds	1,054	1,065	10
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	1,054	1,065	10
Market value not greater than carrying amount			
(1) Government/municipal bonds	3,150	3,077	(73)
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	3,150	3,077	(73)
Total	4,204	4,142	(62)

For the current fiscal year (As of March 31, 2017)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain (loss)
Market value greater than carrying amount			
(1) Government/municipal bonds	3,341	3,407	66
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	3,341	3,407	66
Market value not greater than carrying amount			
(1) Government/municipal bonds	1,016	1,007	(9)
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	1,016	1,007	(9)
Total	4,358	4,415	56

3. Available-for-sale securities

For the prior fiscal year (As of March 31, 2016)

(Millions of yen)

Category	Carrying amount	Acquisition cost	Unrealized gain (loss)
Acquisition cost not greater than carrying amount			
(1) Stocks	0	0	0
(2) Bonds			
Government/municipal	58	56	2
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	58	56	2
Acquisition cost greater than carrying amount			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	58	56	2

For the current fiscal year (As of March 31, 2017)

(Millions of yen)

Category	Carrying amount	Acquisition cost	Unrealized gain (loss)
Acquisition cost not greater than carrying amount			
(1) Stocks	0	0	0
(2) Bonds			
Government/municipal	58	57	1
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	58	57	1
Acquisition cost greater than carrying amount			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	58	57	1

4. Available-for-sale securities sold during the fiscal year
For the prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)

Category	Amount of proceeds	Total gains on sales	Total losses on sales
(1) Stocks	108	105	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	108	105	—

For the current fiscal year (from April 1, 2016, to March 31, 2017)

(Millions of yen)

Category	Amount of proceeds	Total gains on sales	Total losses on sales
(1) Stocks	189	180	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	189	180	—

5. Impaired securities written down to their fair values

(Millions of yen)

	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Loss on impairment of securities (shares classified as “Available-for-sale securities”)	0	—

(Notes to derivative transactions)

1. Derivative transactions not subject to hedge accounting

For the prior fiscal year (As of March 31, 2016)

Not applicable

For the current fiscal year (As of March 31, 2017)

Not applicable

2. Derivative transactions subject to hedge accounting

(1) Interest rate-related derivatives

For the prior fiscal year (As of March 31, 2016)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Interest rate swaps which qualify for hedge accounting and meet specific matching criteria	Interest rate swap transactions Fixed interest payments and floating interest receivables	Long-term loans payable and bonds payable	261,813	207,384	(Note)

(Note) Interest rate swaps subject to the application of exceptional treatments are recognized together with hedging items (i.e. long-term loans payable and bonds payable), therefore their fair values are included in the fair value of the relevant long-term loans payable, etc.

For the current fiscal year (As of March 31, 2017)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Interest rate swaps which qualify for hedge accounting and meet specific matching criteria	Interest rate swap transactions Fixed interest payments and floating interest receivables	Long-term loans payable and bonds payable	210,904	156,524	(Note)

(Note) Interest rate swaps subject to the application of exceptional treatments are recognized together with hedging items (i.e. long-term loans payable and bonds payable), therefore their fair values are included in the fair value of the relevant long-term loans payable, etc.

(2) Currency-related derivatives

For the prior fiscal year (As of March 31, 2016)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Currency swaps which qualify for hedge accounting and meet specific matching criteria	Currency swap	Long-term loans payable and bonds payable	21,885	18,081	(Note)

(Note) Currency swap agreements subject to the application of designation transactions are recognized together with hedging items (i.e. long-term loans payable and bonds payable), therefore their fair values are included in the market value of the relevant long-term loans payable, etc.

For the current fiscal year (As of March 31, 2017)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Currency swaps which qualify for hedge accounting and meet specific matching criteria	Currency swap	Long-term loans payable and bonds payable	30,910	21,093	(Note)

(Note) Currency swap agreements subject to the application of designation transactions are recognized together with hedging items (i.e. long-term loans payable and bonds payable), therefore their fair values are included in the market value of the relevant long-term loans payable, etc.

(Notes to retirement benefits)

1. Overview of retirement benefit plans

The Company and consolidated subsidiaries utilize funded and unfunded types of defined-benefit plans and defined-contribution plans to provide for retirement benefits to employees.

Defined-benefit pension plans, all of which are funded plans, offer retirement lump sum grants or pensions according to the salary and service period of the eligible employees.

Retirement lump sum payment plans (unfunded plans) offer retirement lump sum grants according to the salary and service period of the eligible employees.

2. Defined-benefit plans

(1) Changes in retirement benefit obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Balance at the beginning of the year	18,980	20,474
Service cost	1,276	1,363
Interest cost	143	43
Actuarial differences generated	1,026	933
Retirement benefits paid	(863)	(778)
Other	(88)	(4)
Balance at the end of year	20,474	22,030

(2) Changes in plan assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Balance at the beginning of the year	25,111	24,640
Expected return on plan assets	777	747
Actuarial differences generated	(1,239)	280
Contribution from employers	910	941
Retirement benefits paid	(863)	(778)
Other	(56)	0
Balance at the end of the year	24,640	25,831

(3) Adjustments between the ending balances of retirement benefit obligations and plan assets and the net defined benefit liability and net defined benefit asset reported on the consolidated balance sheet

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Retirement benefit obligations for funded type plans	20,266	21,757
Plan assets	(24,640)	(25,831)
	(4,374)	(4,074)
Retirement benefit obligations for unfunded type plans	207	272
Net asset and liability reported on the consolidated balance sheet	(4,166)	(3,801)
Net defined benefit liability	207	272
Net defined benefit asset	(4,374)	(4,074)
Net asset and liability reported on the consolidated balance sheet	(4,166)	(3,801)

(4) Breakdown of retirement benefit expenses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Service cost	1,276	1,363
Interest cost	143	43
Expected return on plan assets	(777)	(747)
Recognized actuarial gain or loss	(432)	(284)
Special severance pay premium	66	41
Retirement benefit expenses for defined benefit plans	275	416

(5) Remeasurements of defined benefit plans, net of tax

Remeasurements of defined benefit plans, net of tax (before tax effect) consist of the following.

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Actuarial gain or loss	(2,683)	(940)

(6) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (before tax effect) consist of the following.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Unrecognized actuarial gain or loss	68	(871)

(7) Plan assets

1) Components of plan assets

Plan assets consist of the following:

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Domestic stocks	19%	23%
Domestic bonds	22%	24%
Foreign stocks	16%	16%
Foreign bonds	9%	9%
Alternative investments	24%	19%
Insurer's general accounts	5%	4%
Other	5%	5%
Total	100%	100%

2) Method for determining the long-term expected rates of return on plan assets

To determine the long-term expected rates of return on plan assets, the current and expected portfolios of the plan assets held, as well as the current and future long-term expected rates of return on the various pension plan assets, are considered.

(8) Assumptions used in actuarial calculations

The major assumptions (on the weighted average basis) used in actuarial calculations are as follows:

	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Discount rates	Primarily (0.05%)	Primarily 0.15%
Long-term expected rates of return on plan assets	Primarily 3.00%	Primarily 3.00%
Expected rates of salary raises	Primarily 6.50%	Primarily 6.50%

(Note) Point system is used as the basis for calculation of expected rates of salary raises.

3. Defined-contribution plans

The required amounts of contribution to the defined-contribution plans of the Company and its consolidated subsidiaries were 274 million yen for the prior fiscal year and 263 million yen for the current fiscal year.

(Notes to stock options, etc.)

For the prior fiscal year (from April 1, 2015, to March 31, 2016)

Not applicable

For the current fiscal year (from April 1, 2016, to March 31, 2017)

Not applicable

(Notes to the method of tax effect accounting)

1. Breakdown of major factors that resulted in deferred tax assets and liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Deferred tax assets		
Bad debt expenses	11,311	14,729
Allowance for doubtful accounts	4,904	8,450
Provision for loss on guarantees	2,470	2,690
Provision for loss on interest repayment	27,774	50,648
Accrued bonuses	459	460
Accrued directors' retirement benefits	52	52
Unrecognized accrued interest	486	496
Software	2,503	2,856
Deferred assets	267	341
Deferred consumption taxes	237	274
Loss on valuation of securities	201	197
Loss on valuation of golf club memberships	22	22
Impairment loss	257	255
Asset adjustment	126	74
Asset retirement obligations	1,232	1,228
Stock dividends	2,460	2,460
Net defined benefit liability	41	54
Retained loss	148,952	145,942
Other	638	648
Deferred tax assets (subtotal)	204,400	231,886
Valuation allowance	(171,003)	(192,073)
Total deferred tax assets	33,396	39,812
Deferred tax liabilities		
Retained earnings of subsidiaries	2,285	3,028
Valuation difference on available-for-sale securities	3	1
Net defined benefit asset	1,339	1,246
Other	502	399
Total deferred tax liabilities	4,130	4,677
Balance of net deferred tax assets	29,266	35,135

2. Breakdown of items which caused the difference between the normal statutory tax rate and the effective tax rate after adoption of tax effect accounting

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Normal effective statutory tax rate	33.1%	30.9%
(Adjustment)		
Changes in valuation allowance	(59.1%)	(30.6%)
Amortization of goodwill	2.2%	(0.5%)
Dividends income and other items not counted for tax purposes	(2.6%)	(0.0%)
Retained earnings of subsidiaries	0.5%	(1.1%)
Difference in tax rates for consolidated subsidiaries	(10.0%)	2.1%
Reduction in year-end deferred tax assets due to tax-rate changes	14.1%	—%
Withholding income tax relating to dividends from overseas subsidiaries	1.7%	(0.1%)
Other	0.4%	(0.1%)
Actual effective tax rate	(19.7%)	0.6%

(Notes to asset retirement obligations)

Asset retirement obligations reported in the consolidated balance sheet

(1) Description of relevant asset retirement obligations

Asset retirement obligations are recognized for internal equipment, etc. furnished in leased properties where restoration is required in lease contracts.

(2) Calculation method for the amount of relevant asset retirement obligations

Assumed use period of 5 to 16 years following acquisition, and discount rate at market rate (swap rate) corresponding to rebate period are used for calculation of asset retirement obligations.

(3) Changes in asset retirement obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Balance at the beginning of the year	4,611	4,561
Additional provisions associated with the acquisition of property, plant and equipment	18	46
Accretion with passage of time	36	33
Reduction associated with meeting asset retirement obligations	(84)	(135)
Foreign currency translation adjustment	(21)	(6)
Balance at the end of the year	4,561	4,499

(Segments of an enterprise and related information)

[Segment information]

1. Summary of reported segment information

The reported segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic review to determine distribution of management resources and evaluate their business results.

The Company conducts finance businesses comprised mainly of loan and credit card business in Japan and overseas.

In Japan, the Company mainly conducts guarantee business and loan servicing business in addition to loan and credit card business. In overseas, the Company also conducts finance businesses in Asia.

Accordingly, the Company's four reported segments are "Loan and credit card business," "Guarantee business," "Overseas financial business" and "Loan servicing business."

<Changes in reportable segment, etc.>

Effective from the second quarter, the "Loan and credit card business" was renamed in the original Japanese (no change in English). The change only affects the segment name and has no impact on segment information. Segment information for the prior fiscal year is presented with the renamed segment (no change in English).

2. Methods of measurement for the amounts of operating revenue, profit or loss, assets and other items by reported segments

The accounting treatment regarding the reported business segments are the same as described in the "Significant matters providing the basis for the preparation of consolidated financial statements." The profit of business segments is based on operating profit. Intersegment operating revenue is based on trading prices in the market.

<Changes in the estimated allowance for doubtful accounts>

As stated in "Significant matters providing the basis for the preparation of consolidated financial statements," the Company changed the estimated allowance for doubtful accounts at the end of the current fiscal year. As a result of the change and upon comparison with the previous method, segment loss in the "loan and credit card business" and segment profit in the "guarantee business" for the current fiscal year decreased by 4,859 million yen and 6,020 million yen, respectively.

3. Operating revenue, profit or loss, assets and other items by reported segments
For the prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)

	Reported segments					Others (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	133,170	48,868	48,275	6,579	236,893	790	237,683
Revenues from transactions with other operating segments	—	—	18	—	18	(80)	(61)
Total	133,170	48,868	48,294	6,579	236,912	709	237,622
Segment profit (loss)	(11,841)	14,466	11,138	1,071	14,834	478	15,313
Segment assets	794,290	32,780	213,196	9,214	1,049,481	46,587	1,096,068
Other items							
Depreciation	2,513	949	702	13	4,179	—	4,179
Amortization of goodwill	—	984	—	—	984	—	984
Provision for bad debts (Note 2)	23,856	21,506	13,490	1,189	60,044	—	60,044
Provision for loss on interest repayment	56,638	—	—	—	56,638	—	56,638
Increase in property, plant and equipment and intangible assets	1,555	321	397	19	2,294	—	2,294

- (Notes) 1. The “Others” category represents operating revenue, profit, assets, and other items which are not included in the reported segments.
2. This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.

For the current fiscal year (from April 1, 2016, to March 31, 2017)

(Millions of yen)

	Reported segments					Others (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	135,971	56,411	45,606	7,159	245,147	0	245,148
Revenues from transactions with other operating segments	—	—	12	—	12	183	196
Total	135,971	56,411	45,618	7,159	245,160	184	245,344
Segment profit (loss)	(93,373)	9,614	12,640	544	(70,574)	184	(70,389)
Segment assets	824,737	32,445	215,325	9,350	1,081,858	54,521	1,136,380
Other items							
Depreciation	2,621	1,030	598	12	4,263	—	4,263
Amortization of goodwill	—	984	—	—	984	—	984
Provision for bad debts (Note 2)	21,249	33,188	12,280	1,819	68,538	—	68,538
Provision for loss on interest repayment	143,728	—	—	—	143,728	—	143,728
Increase in property, plant and equipment and intangible assets	1,392	512	749	2	2,657	—	2,657

(Notes) 1. The “Others” category represents operating revenue, profit, assets, and other items which are not included in the reported segments.

2. This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.

4. Reconciliation between the total amounts of reported segments and amounts in the consolidated financial statements

(Millions of yen)

Operating revenue	For the prior fiscal year	For the current fiscal year
Total reported segments	236,912	245,160
Operating revenue of “Others” category	709	184
Elimination of intersegment transactions	(194)	(183)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	256	(12)
Operating revenue in the consolidated financial statements	237,683	245,148

(Millions of yen)

Profit (loss)	For the prior fiscal year	For the current fiscal year
Total reported segments	14,834	(70,574)
Profit of “Others” category	478	184
Elimination of intersegment transactions	156	97
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	47	125
Operating profit (loss) in the consolidated financial statements	15,516	(70,166)

(Millions of yen)

Assets	For the prior fiscal year	For the current fiscal year
Total reported segments	1,049,481	1,081,858
Assets of “Others” category	46,587	54,521
Elimination of intersegment assets	(23,987)	(24,246)
Corporate assets	103,448	118,722
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(467)	(1,925)
Total assets in the consolidated financial statements	1,175,063	1,228,930

(Millions of yen)

Other items	Total reported segments		Others		Adjustment amount		Amounts in the consolidated financial statements	
	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year
Depreciation	4,179	4,263	—	—	(23)	(17)	4,155	4,246
Amortization of goodwill	984	984	—	—	—	—	984	984
Provision for bad debts	60,044	68,538	—	—	(4)	(0)	60,040	68,538
Provision for loss on interest repayment	56,638	143,728	—	—	—	—	56,638	143,728
Increase of property, plant and equipment and intangible assets	2,294	2,657	—	—	255	147	2,550	2,804

(Note) The adjustment amount of increase of property, plant and equipment and intangible assets represents the amount of capital investment in corporate assets.

[Related information]

For the prior fiscal year (from April 1, 2015, to March 31, 2016)

1. Information about products and services

Information about products and services is omitted as operating revenue from external customers in “financial service businesses” accounts for more than 90% of operating revenue in the consolidated statement of income.

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

Japan	Overseas	Total
189,363	48,320	237,683

(Note) Operating revenue is categorized by country or region based on customers’ location.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as amounts of property, plant and equipment located in Japan account for more than 90% of all property, plant and equipment listed in the consolidated balance sheet.

3. Information about major customers

No single external customer accounts for more than 10% of operating revenue in the consolidated statement of income.

For the current fiscal year (from April 1, 2016, to March 31, 2017)

1. Information about products and services

Information about products and services is omitted as operating revenue from external customers in “financial service businesses” accounts for more than 90% of operating revenue in the consolidated statement of income.

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

Japan	Overseas	Total
199,479	45,669	245,148

(Note) Operating revenue is categorized by country or region based on customers’ location.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as amounts of property, plant and equipment located in Japan account for more than 90% of all property, plant and equipment listed in the consolidated balance sheet.

3. Information about major customers

No single external customer accounts for more than 10% of operating revenue in the consolidated statement of income.

[Information about impairment loss on noncurrent assets of each reported segment]
For the prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination (Note)	Total
Impairment loss	—	—	—	—	—	6	6

(Note) “Corporate/elimination” mainly represents impairment loss of our headquarters’ welfare/leisure facilities for employees that is excluded from reported segments.

For the current fiscal year (from April 1, 2016, to March 31, 2017)
Not applicable

[Information about amortization of goodwill and unamortized balance of each reported segment]
For the prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	984	—	—	—	—	984
Goodwill at the end of the fiscal year	—	6,459	—	—	—	—	6,459

For the current fiscal year (from April 1, 2016, to March 31, 2017)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	984	—	—	—	—	984
Goodwill at the end of the fiscal year	—	5,474	—	—	—	—	5,474

[Information about gain on negative goodwill of each reported segment]
For the prior fiscal year (from April 1, 2015, to March 31, 2016)
Not applicable

For the current fiscal year (from April 1, 2016, to March 31, 2017)
Not applicable

[Information on related parties]

1. Transactions between related parties

(1) Transactions between the Company and related parties

(i) Subsidiaries of the Company's parent company and the subsidiaries of other related companies of the Company

For the prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)					
Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda-ku, Tokyo	324,279	Trust banking business	Direct (2.01 %)
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Chiyoda-ku, Tokyo	1,711,958	Banking business	—

(Millions of yen)						
Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Borrowing	Borrowing of funds	Borrowing 55,730	Current portion of long-term loans payable	33,788
				Repayment 49,730	Long-term loans payable	122,270
			Payment of interest	2,804	Other current liabilities	17
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing —	Long-term loans payable	42,218
				Repayment —		
		Debt guarantee	Payment of interest	746	Other current liabilities	—
			Receipt of credit guarantee fees for unsecured loans of the bank	19,728	Other current assets	5,077
			Guarantee obligation for unsecured loans issued by the bank	565,685	—	—

(Notes) Terms and conditions of the transactions and their policies

1. The interest rates of borrowing from Mitsubishi UFJ Trust and Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd., are the money market rates.
2. Guarantee commission rates on the debt guarantees for consumer loans by The Bank of Tokyo-Mitsubishi UFJ, Ltd. are determined after negotiation by taking the guarantee commission market into consideration. If a debtor with outstanding consumer loans from the bank encounters difficulty in repaying the loans, the Company subrogates the performance of the loans in accordance with an agreement with the bank. The terms and conditions of the subrogated performance are determined through mutual consultation.

For the current fiscal year (from April 1, 2016, to March 31, 2017)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda-ku, Tokyo	324,279	Trust banking business	Direct (2.01 %)
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Chiyoda-ku, Tokyo	1,711,958	Banking business	—

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Borrowing	Borrowing of funds	Borrowing 36,786	Short-term loans payable	6,000
				Repayment 38,788	Commercial papers	3,999
					Current portion of long-term loans payable	44,557
					Long-term loans payable	105,501
			Payment of interest	2,498	Other current liabilities	6
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 13,698	Commercial papers	3,999
				Repayment 3,000	Long-term loans payable	48,918
			Payment of interest	869	Other current liabilities	—
		Debt guarantee	Receipt of credit guarantee fees for unsecured loans of the bank	21,844	Other current assets	5,616
			Guarantee obligation for unsecured loans issued by the bank	615,591	—	—

(Notes) Terms and conditions of the transactions and their policies

1. The interest rates of borrowing from Mitsubishi UFJ Trust and Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd., are the money market rates.
2. Guarantee commission rates on the debt guarantees for consumer loans by The Bank of Tokyo-Mitsubishi UFJ, Ltd. are determined after negotiation by taking the guarantee commission market into consideration. If a debtor with outstanding consumer loans from the bank encounters difficulty in repaying the loans, the Company subrogates the performance of the loans in accordance with an agreement with the bank. The terms and conditions of the subrogated performance are determined through mutual consultation.

(ii) Directors of the Company and major individual shareholders, etc.

For the prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)					
Type	Name	Location	Paid-in capital	Business description or occupation	Ratio of voting rights holding (held)
Directors and their close relatives	Kyosuke Kinoshita	—	—	Chief director of The Institute for Research on Household Economics	—

(Millions of yen)						
Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Directors and their close relatives	Kyosuke Kinoshita	—	Donation	40	—	—

(Notes) 1. Above transaction amounts do not include consumption tax, etc.

2. Terms and conditions of the transactions and its policies

- (1) The Institute for Research on Household Economics conducts research on household economics. The Company determines the terms and conditions of transactions by comprehensively considering the Institute's business plans and business performance.
- (2) Mr. Kyosuke Kinoshita, a chief director of The Institute for Research on Household Economics, retired from office on May 31, 2015, and ceased to fall under the category of "directors and their close relatives." Accordingly, the amounts of transactions stated above represent the amounts for the period until May 31, 2015, when he ceased to be categorized as such related party.

For the current fiscal year (from April 1, 2016, to March 31, 2017)

Not applicable

(2) Transactions between consolidated subsidiaries of the Company and related parties

(i) Subsidiaries of the Company's parent company and the subsidiaries of other related companies of the Company

For the prior fiscal year (from April 1, 2015, to March 31, 2016)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	(Million THB) 73,557	Banking business	—

Type	Name	Relationship	Summary of transactions	Amount of transaction (Million yen)	Item	Outstanding amount at the end of the fiscal year (Million yen)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Borrowing	Borrowing of funds	Borrowing 25,651	Short-term loans payable	6,279
				Repayment 26,452	Long-term loans payable	2,672
			Payment of interest	353	Other current liabilities	52

- (Notes)
1. Funding source has been changed as Bangkok Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. was integrated into Bank of Ayudhya Public Company Limited in the year under review.
 2. Terms and conditions of transactions and their policies
The interest rates of borrowing from Bank of Ayudhya Public Company Limited are the money market rates.

For the current fiscal year (from April 1, 2016, to March 31, 2017)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	(Million THB) 73,557	Banking business	—

Type	Name	Relationship	Summary of transactions	Amount of transaction (Million yen)	Item	Outstanding amount at the end of the fiscal year (Million yen)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Borrowing	Borrowing of funds	Borrowing 47,660	Short-term loans payable	1,458
				Repayment 47,185	Long-term loans payable	7,724
			Payment of interest	375	Other current liabilities	76

- (Note)
- Terms and conditions of transactions and their policies
The interest rates of borrowing from Bank of Ayudhya Public Company Limited are the money market rates.

(ii) Directors of the Company and major individual shareholders, etc.

For the prior fiscal year (from April 1, 2015, to March 31, 2016)

Not applicable

For the current fiscal year (from April 1, 2016, to March 31, 2017)

Not applicable

2. Notes to the parent company or other significant affiliated companies

(1) Information on the parent company

Mitsubishi UFJ Financial Group, Inc.

(Listed on the Tokyo Stock Exchange, Nagoya Stock Exchange, and New York Stock Exchange)

(2) Financial statements of other significant affiliated company

Disclosure is omitted as the information for the current fiscal year is not significant.

(Per share information)

Item	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Net assets per share	206.42 yen	159.58 yen
Basic earnings (loss) per share	9.32 yen	(46.08 yen)

Notes: 1. Diluted earnings per share for the prior fiscal year is not stated because there is no dilutive security. Diluted earnings per share for the current fiscal year is not shown since the Company posted a loss per share and there is no dilutive security.

2. The basis for calculation of Basic earnings (loss) per share is as follows.

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Profit (loss) attributable to owners of parent	14,598	(72,187)
Profit not attributable to common shareholders	—	—
Profit (loss) attributable to owners of parent in relation to common stock	14,598	(72,187)
Weighted average number of common stock during the fiscal year	1,566,614,236 shares	1,566,614,208 shares

3. The basis for calculation of net assets per share is as follows.

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Total net assets	338,132	267,226
Amount deducted from total net assets	14,755	17,219
[Non-controlling interests included in the above]	[14,755]	[17,219]
Amounts of net assets related to common stock at the end of the fiscal year	323,377	250,006
Number of common stock used to calculate net assets per share at the end of the fiscal year	1,566,614,208 shares	1,566,614,208 shares

(Significant subsequent events)

Not applicable

5) Consolidated supplemental schedules
[Schedule of bonds]

Company	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
The Company	63rd Issuance of Domestic Unsecured Bonds (Public Offering)	June 7, 2013	25,000	25,000 (25,000)	0.990	—	June 7, 2017
	64th Issuance of Domestic Unsecured Bonds (Public Offering)	September 5, 2013	25,000	25,000 (—)	0.880	—	September 5, 2018
	65th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	18,000	18,000 (—)	0.700	—	February 28, 2020
	66th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	18,000	18,000 (—)	0.900	—	February 26, 2021
	67th Issuance of Domestic Unsecured Bonds (Public Offering)	June 6, 2014	10,000	10,000 (—)	0.500	—	June 6, 2019
	68th Issuance of Domestic Unsecured Bonds (Public Offering)	June 6, 2014	20,000	20,000 (—)	0.950	—	June 6, 2022
	69th Issuance of Domestic Unsecured Bonds (Public Offering)	September 26, 2014	20,000	20,000 (—)	1.210	—	September 26, 2024
	8th Issuance of Domestic Unsecured Bonds (Private Placement)	March 31, 2015	10,000	10,000 (—)	0.357 (Note 3)	—	March 31, 2022
	70th Issuance of Domestic Unsecured Bonds (Public Offering)	May 29, 2015	10,000	10,000 (—)	0.360	—	May 29, 2018
	71st Issuance of Domestic Unsecured Bonds (Public Offering)	May 29, 2015	15,000	15,000 (—)	0.560	—	May 29, 2020
	72nd Issuance of Domestic Unsecured Bonds (Public Offering)	June 3, 2016	—	10,000 (—)	0.370	—	June 3, 2021
	73rd Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2017	—	10,000 (—)	0.369	—	February 28, 2022
	74th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2017	—	10,000 (—)	0.590	—	February 28, 2024

Company	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
EASY BUY Public Company Limited	3rd publicly offered unsecured bonds	March 30, 2012	3,340 [1,000 million baht]	—	—	—	—
	4th publicly offered unsecured bonds	July 13, 2012	6,680 [2,000 million baht]	—	—	—	—
	5th privately offered unsecured bonds	March 14, 2013	3,340 [1,000 million baht]	—	—	—	—
	5th publicly offered unsecured bonds	December 4, 2013	3,340 [1,000 million baht]	—	—	—	—
	6th privately offered unsecured bonds	September 26, 2014	3,222 [964 million baht]	3,125 (—) [964 million baht]	3.880	—	September 26, 2019
	7th privately offered unsecured bonds	February 24, 2015	3,806 [1,139 million baht]	3,692 (—) [1,139 million baht]	3.491	—	February 24, 2020
	8th privately offered unsecured bonds	March 12, 2015	5,010 [1,500 million baht]	4,860 (—) [1,500 million baht]	3.570	—	March 12, 2018
	9th privately offered unsecured bonds	March 12, 2015	3,340 [1,000 million baht]	3,240 (—) [1,000 million baht]	4.100	—	March 12, 2020
	10th privately offered unsecured bonds	September 30, 2015	5,010 [1,500 million baht]	4,860 (—) [1,500 million baht]	2.450	—	October 1, 2018
	11th privately offered unsecured bonds	September 30, 2015	1,670 [500 million baht]	1,620 (—) [500 million baht]	3.080	—	September 30, 2020
	12th privately offered unsecured bonds	February 25, 2016	—	6,480 (—) [2,000 million baht]	2.070	—	February 25, 2019
	13th privately offered unsecured bonds	February 25, 2016	—	6,480 (—) [2,000 million baht]	2.560	—	February 25, 2021
	14th privately offered unsecured bonds	September 15, 2016	—	3,240 (—) [1,000 million baht]	2.990	—	September 15, 2023
	15th privately offered unsecured bonds	September 15, 2016	—	3,240 (—) [1,000 million baht]	2.140	—	September 16, 2019
Total	—	—	209,758	241,838 (25,000)	—	—	—

- (Notes) 1. Figures in parentheses “()” in the columns of “Balance at the end of current fiscal year” represent the current portions.
2. Figures in brackets “[]” in the columns of “Balance at the beginning of current fiscal year” and “Balance at the end of current fiscal year” are stated in a foreign currency.
3. Because of the bond with the variable interest rate, the applicable interest rate as of the end of March 2017 is stated.
4. The redemption schedule of bonds for 5 years subsequent to March 31, 2017, is summarized as follows:

(Millions of yen)				
Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
25,000	44,720	40,845	41,552	36,480

[Schedule of loans]

Category	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Average interest rate (%)	Maturity
Short-term loans payable	18,286	17,627	1.49	—
Commercial papers	—	14,997	0.05	—
Current portion of long-term loans payable	103,758	117,907	1.70	—
Current portion of lease obligations	372	281	1.66	—
Long-term loans payable (excluding current portion)	316,766	313,505	1.33	From March 30, 2018 to October 6, 2023
Lease obligations (excluding current portion)	586	329	1.43	From April 20, 2018 to October 20, 2021
Other interest-bearing debt (Deposits of banking business)	63,875	55,427	5.85	—
Total	503,645	520,077	—	—

- (Notes) 1. To calculate “Average interest rate,” fiscal year-end interest rates and balances are used.
2. The redemption schedule of long-term loans payable and lease obligations (excluding current portion) for 5 years subsequent to March 31, 2017, is summarized as follows:

(Millions of yen)

Category	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Long-term loans payable	137,015	117,177	34,454	19,726
Lease obligations	216	93	17	2

[Schedule of asset retirement obligations]

The amounts of asset retirement obligations at the beginning and the end of the current fiscal year are not larger than 1% of the total liabilities and net assets at the beginning and the end of the current fiscal year. Therefore, the schedule of asset retirement obligations is not disclosed in accordance with Article 92-2 of the Regulations for Consolidated Financial Statements.

(2) [Others]

Quarterly Information for the current fiscal year

(Millions of yen unless otherwise stated)

Cumulative period	First Quarter (Three months ended June 30, 2016)	Second Quarter (Six months ended Sept. 30, 2016)	Third Quarter (Nine months ended Dec. 31, 2016)	Fourth Quarter (Fiscal year ended March 31, 2017)
Operating revenue	59,878	121,023	182,516	245,148
Profit (loss) before income taxes	18,564	38,436	43,542	(69,497)
Profit (loss) attributable to owners of parent	17,211	35,927	39,629	(72,187)
Basic earnings (loss) per share (Yen)	10.99	22.93	25.30	(46.08)

Each quarter	First Quarter (From April 1, 2016 to June 30, 2016)	Second Quarter (From July 1, 2016 to Sept. 30, 2016)	Third Quarter (From Oct. 1, 2016 to Dec. 31, 2016)	Fourth Quarter (From Jan. 1, 2017 to March 31, 2017)
Basic earnings (loss) per share (Yen)	10.99	11.95	2.36	(71.38)

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	73,932	90,802
Accounts receivable - operating loans	*2, *3, *5 767,127	*2, *3, *5 784,806
Accounts receivable - installment	*6 27,855	*6 38,109
Raw materials and supplies	41	26
Prepaid expenses	520	531
Deferred tax assets	30,638	36,506
Accrued income	12,774	14,122
Short-term loans receivable from subsidiaries and affiliates	4,000	3,300
Right to reimbursement	30,901	38,525
Other	1,454	2,252
Allowance for doubtful accounts	(44,020)	(50,750)
Total current assets	905,226	958,234
Noncurrent assets		
Property, plant and equipment		
Buildings	24,483	23,791
Accumulated depreciation	(20,123)	(19,772)
Buildings, net	4,360	4,018
Structures	4,176	4,060
Accumulated depreciation	(3,220)	(3,188)
Structures, net	956	871
Vehicles	2	2
Accumulated depreciation	(2)	(2)
Vehicles, net	0	0
Equipment	18,633	18,348
Accumulated depreciation	(8,857)	(8,574)
Equipment, net	9,776	9,774
Land	6,121	6,121
Lease assets	2,559	2,570
Accumulated depreciation	(1,707)	(2,036)
Lease assets, net	851	533
Total property, plant and equipment	22,065	21,319
Intangible assets		
Goodwill	6,459	5,474
Leasehold right	4	4
Software	4,226	3,486
Telephone subscription right	36	36
Other	1	1
Total intangible assets	10,728	9,004
Investments and other assets		
Investment securities	997	917
Subsidiaries and affiliates' stocks	19,347	19,347
Long-term loans receivable from subsidiaries and affiliates	668	665
Claims provable in bankruptcy, claims provable in rehabilitation and other	*3 1,064	*3 1,174
Long-term prepaid expenses	212	446
Guarantee deposits	5,241	5,087
Prepaid pension costs	4,171	4,711
Other	1,758	1,768
Allowance for doubtful accounts	(680)	(750)
Total investments and other assets	32,782	33,369
Total noncurrent assets	65,577	63,693
Total assets	970,803	1,021,927

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	369	402
Short-term loans payable	—	*4 6,000
Commercial papers	—	14,997
Current portion of long-term loans payable	*4 93,942	*4 99,666
Current portion of bonds	—	25,000
Lease obligations	372	281
Accounts payable - other	2,882	2,675
Accrued expenses	6,829	6,987
Income taxes payable	2,057	1,679
Deposits received	242	252
Provision for loss on guarantees	*1 7,590	*1 8,100
Asset retirement obligations	12	17
Other	59	97
Total current liabilities	114,356	166,158
Noncurrent liabilities		
Bonds payable	171,000	176,000
Long-term loans payable	*4 289,014	*4 287,890
Lease obligations	586	329
Deferred tax liabilities	1,294	1,457
Provision for loss on interest repayment	90,000	164,900
Asset retirement obligations	4,297	4,229
Other	144	144
Total noncurrent liabilities	556,337	634,952
Total liabilities	670,693	801,110
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus		
Legal capital surplus	72,322	72,322
Other capital surplus	3,687	3,687
Total capital surpluses	76,010	76,010
Retained earnings		
Legal retained earnings	4,320	4,320
Other retained earnings		
General reserve	80,000	80,000
Retained earnings brought forward	95,732	16,443
Total retained earnings	180,052	100,763
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	300,101	220,812
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7	4
Total valuation and translation adjustments	7	4
Total net assets	300,109	220,816
Total liabilities and net assets	970,803	1,021,927

2) Non-consolidated Statement of Income

(Millions of yen)

	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Operating revenue		
Interest on operating loans	116,112	117,819
Revenue from credit card business	3,401	4,455
Revenue from credit guarantee	36,460	42,199
Other financial revenue		
Interest on deposits	14	0
Interest on securities	4	—
Interest on loans	5	—
Total other financial revenue	23	0
Net sales of goods	490	—
Other operating revenue	18,891	19,522
Total operating revenue	175,380	183,997
Operating expenses		
Financial expenses		
Interest expenses	5,690	4,891
Interest on bonds	1,740	1,548
Amortization of bond issuance costs	138	181
Other	730	531
Total financial expenses	8,299	7,153
Cost of sales		
Beginning-of-period inventories	325	—
Cost of purchased inventories	—	—
Total	325	—
Transfer to other account	97	—
End-of-period inventories	—	—
Total cost of sales	228	—
Other operating expenses		
Advertising expenses	11,155	11,427
Provision of allowance for doubtful accounts	36,190	43,686
Provision for loss on guarantees	7,590	8,100
Provision for loss on interest repayment	56,638	143,728
Employees' salaries and bonuses	11,912	11,779
Retirement benefit expenses	290	412
Welfare expenses	2,013	1,937
Rent expenses	5,491	5,266
Depreciation	3,010	3,169
Commission fee	20,149	21,186
Amortization of goodwill	984	984
Other	10,397	10,556
Total other operating expenses	165,824	262,234
Total operating expenses	174,352	269,388
Operating profit (loss)	1,028	(85,390)

(Millions of yen)

	Prior fiscal year (From April 1, 2015 to March 31, 2016)		Current fiscal year (From April 1, 2016 to March 31, 2017)	
Non-operating income				
Interest income	*1	79	*1	78
Interest on securities		0		0
Dividend income	*1	3,726	*1	871
House rent income		298		273
Other	*1	177	*1	142
Total non-operating income		4,282		1,366
Non-operating expenses				
Interest expenses		18		12
Foreign exchange losses		85		8
Other		36		9
Total non-operating expenses		140		30
Ordinary profit (loss)		5,171		(84,054)
Extraordinary income				
Gain on sales of noncurrent assets	*2	3	*2	8
Gain on sales of investment securities		105		180
Other		—	*3	0
Total extraordinary income		108		189
Extraordinary loss				
Loss on sales of noncurrent assets	*4	3	*4	1
Loss on retirement of noncurrent assets	*5	71	*5	118
Impairment loss		6		—
Loss on valuation of investment securities		0		—
Loss on liquidation of a subsidiary		1,320		—
Other	*6	0	*6	0
Total extraordinary losses		1,402		121
Profit (loss) before income taxes		3,876		(83,986)
Income taxes-current		1,816		1,005
Income taxes-deferred		(7,797)		(5,702)
Total income taxes		(5,980)		(4,697)
Profit (loss)		9,857		(79,289)

3) Non-consolidated Statement of Changes in Net Assets
For the prior fiscal year (from April 1, 2015, to March 31, 2016)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total legal retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the period	63,832	72,322	3,687	76,010	4,320	80,000	85,874	170,194	(19,794)	290,244
Changes of items during the period										
Profit							9,857	9,857		9,857
Purchase of treasury stock									(0)	(0)
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	9,857	9,857	(0)	9,857
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	95,732	180,052	(19,794)	300,101

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	8	8	290,252
Changes of items during the period			
Profit			9,857
Purchase of treasury stock			(0)
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes of items during the period	(0)	(0)	9,857
Balance at the end of the period	7	7	300,109

For the current fiscal year (from April 1, 2016, to March 31, 2017)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total legal retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the period	63,832	72,322	3,687	76,010	4,320	80,000	95,732	180,052	(19,794)	300,101
Changes of items during the period										
Loss							(79,289)	(79,289)		(79,289)
Purchase of treasury stock										—
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	(79,289)	(79,289)	—	(79,289)
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	16,443	100,763	(19,794)	220,812

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	7	7	300,109
Changes of items during the period			
Loss			(79,289)
Purchase of treasury stock			—
Net changes of items other than shareholders' equity	(3)	(3)	(3)
Total changes of items during the period	(3)	(3)	(79,292)
Balance at the end of the period	4	4	220,816

[Notes]

(Significant accounting policies)

1. Valuation methods for marketable and investment securities

(1) Subsidiaries and affiliates' stocks

Stated at cost by the moving-average method

(2) Available-for-sale securities

1) Securities with market quotations: Stated at market value at the end of the fiscal year

Unrealized gains or losses net of applicable taxes are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method.

2) Securities without market quotations: Stated at cost by the moving-average method

The investments in limited investment partnerships and other similar partnerships (those deemed as "securities" according to the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported, using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.

2. Derivative financial instruments

Swap transactions: Fair value method

3. Valuation methods for inventories

Merchandise: Stated at the lower cost, on an individual specified cost basis or net selling value

Supplies: Mainly at cost, based on the first-in first-out method

4. Depreciation and amortization methods for noncurrent assets

(1) Property, plant and equipment (excluding lease assets): Declining balance method

Useful lives of assets are principally as follows:

Buildings: 2 to 47 years

Structures: 3 to 45 years

Vehicles: 2 years

Equipment: 2 to 20 years

(2) Intangible assets (excluding lease assets): Straight-line method

Period of amortization is principally as follows:

Goodwill: 10 to 15 years

Software for internal use: Estimated useful life of 5 years

(3) Lease assets

Lease assets concerning non-transfer ownership finance lease transactions:

Depreciated using the straight-line method, defining the lease term of respective assets as their useful lives, without residual value

(4) Long-term prepaid expenses: Equal installment method

5. Accounting method for deferred assets

Bond issuance costs are fully charged to expenses when they are paid.

6. Accounting policies for translation of foreign currency assets and liabilities into Japanese yen

Foreign currency monetary claims and obligations are translated into Japanese yen, using the spot exchange rates on the closing date of accounting and the resulting translation gains and losses are recognized as income and expenses.

7. Accounting policies for allowances and provisions

(1) Allowance for doubtful accounts

To provide for potential loss on accounts receivable - operating loans and other receivables, the Company recognizes an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, based on the historical rate of defaults. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis.

(Changes in accounting estimates)

The Company have conducted more rigorous analyses on default risks by loan category and made

partial amendments to estimates on allowance for doubtful accounts of loan and credit card business and guarantee business in current fiscal year. These changes were executed in order to cope with scale expansion of guarantee business and further refine accuracy of allowance.

Consequently, operating loss, ordinary loss and loss before income taxes all increased by 528 million yen when compared to values using previous logic.

The effect of this change on segment information is stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

(2) Provision for loss on guarantees

To provide for loss on guarantees, the Company recognizes a provision for potential losses at the end of the fiscal year.

(3) Provision for retirement benefits

To provide for employees' retirement benefits, the Company makes a provision for estimated retirement benefits for this fiscal year, based on the projected retirement benefit obligations and related plan assets as of the end of the current fiscal year. If the projected plan assets exceed the amount calculated by adding or deducting unrecognized actuarial gain or loss and unrecognized past service costs to or from the projected retirement benefit obligations, the resulting excess amount is recorded as prepaid pension costs.

1) Periodic allocation of projected retirement benefits

In calculating retirement benefit obligations, the attribution on a benefit formula basis is applied for allocation of projected benefits to the periods until the end of the current fiscal year.

2) Amortization of actuarial gain or loss and past service costs

Past service costs are charged to expenses, using the straight-line method, over the determined years (5 years) that are no longer than average remaining service years of the employees at the time of occurrence.

Actuarial gain or loss are amortized evenly using the straight-line method over the determined years (5 years) that are no longer than the average remaining service years of the employees, beginning from the fiscal year following the time of occurrence.

(4) Provision for loss on interest repayment

To provide for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.

8. Accounting policies for revenue and expenses

(1) Interest on consumer loans

Interest on consumer loans is recorded on an accrual basis.

Accrued interest on consumer loans is recorded, using the interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate of the Company, whichever the lower.

(2) Revenue from credit card business

Fees from customers:

Recorded by the credit balance method

Fees from member stores:

Recorded as fees at the time of transaction

(3) Revenue from credit guarantee

Recorded by the credit balance method

(Note) Details of each recording method are as follows:

Credit balance method:

Fees to be recorded as income are calculated pursuant to the prescribed rates applicable to the relevant credit balance.

9. Hedge accounting method

(1) Hedge accounting method

The Company adopts the deferred hedge accounting method. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the

differential paid or received under the swap agreements are recognized and included in interest expenses or income.

The currency swaps that qualify for hedge accounting and meet specific matching criteria are used to hedge the foreign currency fluctuations and are translated at the contracted rate if the forward contracts qualify for hedge accounting.

(2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

Loans payable with variable interest rates and bonds payable with variable interest rates

Currency-related items

Hedging instruments:

Currency swap agreements

Hedging items:

Foreign currency loans payable

(3) Hedging policy

In accordance with the Company's internal rules, the Company enters into derivatives contracts to hedge against various risks. These contracts include the following: interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to the loans payable with variable interest rates and bonds payable with variable interest rates for the purpose of protecting cash flows. Currency swaps to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans. Currency swap contracts to hedge against the risk of fluctuations in exchange rates relating to foreign currency loans payable for the purpose of protecting cash flows.

(4) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, critical requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Company can assume that fluctuations in interest rates and cash flows are fully offset by the fluctuations in hedging instruments on an ongoing basis since the inception of hedging contracts. Therefore, the determination of hedging effectiveness is omitted. On currency-related hedging, currency swap contracts are entered into on the same conditions as hedged items, thus the Company can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedging instruments. Therefore, the determination of hedging effectiveness is omitted.

10. Other significant accounting policies as bases for the preparation of financial statements

(1) Accounting for retirement benefits

The method for accounting for unrecognized actuarial gain or loss and unrecognized past service costs is different from that applied for the consolidated financial statements.

(2) Accounting method for consumption tax

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax.

However, consumption tax and other taxes imposed on non tax-deductible assets are recorded as an expense when incurred.

In addition, accrued consumption tax payable is included in "Other" in current liabilities on the balance sheet.

(3) Adoption of consolidated taxation system

The Company has adopted the consolidated taxation system.

(Changes in presentation)

<Non-consolidated Statement of Income>

"House rent income" in non-operating income was included in "Other" for the prior fiscal year. As it has increased its quantitative significance, "House rent income" has been separately listed effective from the current fiscal year. To reflect these changes in presentation, the financial statements for the prior fiscal year have been reclassified.

To reflect this change in the statement of income for the prior fiscal year, 475 million yen of "Other" in non-operating income has been reclassified into 298 million yen of "House rent income" and 177 million yen of "Other."

“Loss on insurance cancellation” was separately listed within non-operating expenses in the prior fiscal year. As it has decreased its quantitative significance, “Loss on insurance cancellation” is included in “Other” effective from the current fiscal year. To reflect these changes in presentation, the financial statements for the prior fiscal year have been reclassified.

To reflect this change in the statement of income for the prior fiscal year, 16 million yen of “Loss on insurance cancellation” and 20 million yen of “Other” in non-operating expenses have been reclassified into 36 million yen of “Other.”

(Additional information)

Effective from the current fiscal year, the Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

(Notes to Non-consolidated Balance Sheet)

*1. Contingent liabilities

(1) Outstanding guarantee obligation in the guarantee business

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Guarantee obligation	885,770	1,005,029
Provision for loss on guarantees	7,590	8,100
Net	878,180	996,929

(2) Outstanding guarantee obligation of affiliated companies

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
EASY BUY Public Company Limited	15,094	4,253

*2. Commitment line contracts for accounts receivable - operating loans

Prior fiscal year (As of March 31, 2016)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 311,385 million yen at the end of the fiscal year. This included a total of 151,819 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.

Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

Current fiscal year (As of March 31, 2017)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 329,390 million yen at the end of the fiscal year. This included a total of 170,911 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.

Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

*3. Status of non-performing loans in accounts receivable - operating loans

Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to bankrupt parties include those to debtors who have petitioned for bankruptcy as of the end of the fiscal year, but have not yet been declared bankrupt. This entire amount is charged to the allowance for doubtful accounts.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	267	273

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Loans to bankrupt parties	709	713
Loans in arrears	23,966	24,644
Loans overdue by three months or more	1,625	1,704
Restructured loans	26,922	28,957
Total	53,223	56,020

Notes:

1. Loans to bankrupt parties refer to loans to bankrupt parties, parties in rehabilitation and reorganization, and others which are loans where interest is not accrued.
2. Loans in arrears refer to other loans where interest is not accrued, excluding loans on which interest payment is deferred for the purpose of reconstructing or assisting debtors.
3. Loans overdue by three months or more refer to loans other than the above that are overdue by three months or more.
4. Restructured loans refer to loans other than the above that are restructured on favorable terms for debtors, such as reduction or waiving of interest, in order to facilitate collection of an outstanding balance.

*4. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company maintains overdraft contracts and designated commitment line contracts with financial institutions. The unexercised portion of facilities based on these contracts is as follows.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Amount of agreement for overdraft and commitment line	71,282	74,600
Amount of borrowing	—	6,700
Net	71,282	67,900

*5. Amount of unsecured consumer loans in accounts receivable - operating loans (Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Unsecured consumer loans in accounts receivable - operating loans	758,278	777,531

*6. Balances of accounts receivable - installment by business categories

All of accounts receivable - installment is from the credit card business.

(Notes to Non-consolidated Statement of Income)

- *1. The business operation results with subsidiaries and affiliates are included into non-operating income as follows:

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Interest income	72	72
Dividends income	3,716	863
Guarantee commission received	61	23
Part-time director's bonus	3	2
Total	3,852	962

- *2. Gain on sales of noncurrent assets results from sales of welfare facilities.

- *3. Other extraordinary income results from sales of subsidiaries and affiliates' stocks.

- *4. Breakdown of loss on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Equipment	2	1
Land	1	—
Total	3	1

- *5. Loss on retirement of noncurrent assets mainly results from transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below.

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Buildings	48	69
Structures	14	34
Equipment	6	15
Lease assets	1	—
Total	71	118

- *6. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Lump sum amortization of long-term prepaid expenses	—	0
Losses on retirement, including amortization of lease and guarantee deposits	0	0
Total	0	0

7. Basis for classification of financial revenue and financial expenses on Non-consolidated statement of income

- (1) Financial revenue stated as operating revenue

Includes all financial revenue, excluding interest on loans and dividends income related to subsidiaries and affiliates, and dividends and interest on investment securities.

(2) Financial expenses stated as operating expenses

Include all financial expenses, excluding interest expenses, etc. which have no relationship to operating revenue.

(Notes to securities)

Subsidiaries and affiliates' stocks

For the prior fiscal year (As of March 31, 2016)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	5,366	7,078	1,712
Affiliates' stocks	—	—	—
Total	5,366	7,078	1,712

For the current fiscal year (As of March 31, 2017)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	5,365	7,183	1,817
Affiliates' stocks	—	—	—
Total	5,365	7,183	1,817

(Note) Subsidiaries and affiliates' stocks whose market values appear to be extremely difficult to determine:

(Millions of yen)

Category	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Subsidiaries' stocks	13,481	13,481
Affiliates' stocks	500	500
Total	13,981	13,981

For above mentioned stocks, quoted market prices are not available. Accordingly, their market values appear to be extremely difficult to determine.

(Notes to the method of tax effect accounting)

1. Breakdown of major factors that resulted in deferred tax assets and liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Deferred tax assets		
Bad debt expenses	10,800	13,913
Allowance for doubtful accounts	2,895	6,019
Provision for loss on guarantees	2,342	2,499
Provision for loss on interest repayment	27,774	50,648
Accrued bonuses	419	415
Unrecognized accrued interest	486	495
Software	2,447	2,790
Deferred assets	267	341
Deferred consumption taxes	213	252
Loss on valuation of securities	201	197
Loss on valuation of shares of subsidiaries and affiliates	1,035	1,034
Enterprise tax payable	222	226
Impairment loss	257	255
Asset retirement obligations	1,191	1,181
Stock dividends	2,460	2,460
Retained loss	148,952	145,942
Other	403	389
Deferred tax assets (subtotal)	202,369	229,064
Valuation allowance	(171,731)	(192,558)
Deferred tax assets (total)	30,638	36,506
Deferred tax liabilities		
Valuation difference on available-for-sale securities	3	1
Prepaid pension costs	1,277	1,442
Other	13	13
Total deferred tax liabilities	1,294	1,457
Balance of net deferred tax assets	29,344	35,048

2. Breakdown of items which caused the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

	Prior fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2017)
Normal effective statutory tax rate	33.1%	30.9%
(Adjustment)		
Changes in valuation allowance	(216.3%)	(25.1%)
Amortization of goodwill	8.4%	(0.4%)
Dividends income and other items not counted for tax purposes	(41.6%)	0.3%
Reduction in year-end deferred tax assets due to tax-rate changes	54.2%	—%
Withholding income tax relating to dividends from overseas subsidiaries	6.6%	(0.1%)
Other	1.3%	(0.0%)
Actual effective tax rate	(154.3%)	5.6%

(Significant subsequent events)

Not applicable

4) [Supplemental schedules]
 [Schedule of marketable securities]
 [Stocks]

Name			Number of shares	Carrying amount (Millions of yen)
Investment securities	Other securities	Japan Credit Information Reference Center Corp.	24,234	737
		Koganei Golf Co., Ltd.	1	40
		Others (26 brands)	1,048,639	58
Total			1,072,874	836

[Bonds]

Name			Total face value (Millions of yen)	Carrying amount (Millions of yen)
Investment securities	Other securities	National government bond (one issue)	58	58
Total			58	58

[Others]

Classification and name			Number of units invested, etc.	Carrying amount (Millions of yen)
Investment securities	Other securities	Equity in limited investment partnership, etc. (4 brands)	8	22
Total			8	22

[Schedule of property, plant and equipment, etc.]

(Millions of yen)

Type of asset	Balance at the beginning of current period	Increase during the period	Decrease during the period	Balance at the end of current period	Accumulated depreciation or amortization at end of current fiscal year	Depreciation or amortization during the period	Balance at end of current fiscal year, net of accumulated depreciation or amortization
Property, plant and equipment							
Buildings	24,483	259	951	23,791	19,772	492	4,018
Structures	4,176	59	175	4,060	3,188	109	871
Vehicles	2	—	—	2	2	—	0
Equipment	18,633	849	1,133	18,348	8,574	834	9,774
Land	6,121	—	—	6,121	—	—	6,121
Lease assets	2,559	24	13	2,570	2,036	342	533
Total property, plant and equipment	55,976	1,193	2,274	54,895	33,575	1,779	21,319
Intangible assets							
Goodwill	12,435	—	—	12,435	6,960	984	5,474
Leasehold right	4	—	—	4	—	—	4
Software	6,708	622	—	7,331	3,844	1,362	3,486
Telephone subscription right	36	—	—	36	—	—	36
Other (right to use specific communication channel, etc.)	13	—	—	13	12	—	1
Total intangible assets	19,198	622	—	19,820	10,816	2,347	9,004
Long-term prepaid expenses	2,407	439	245	2,601	2,154	34	446

[Schedule of allowances]

(Millions of yen)

Category	Balance at the beginning of current fiscal year	Increase during the period	Decrease during the period		Balance at the end of current fiscal year
			Used for primary purposes	Others	
Allowance for doubtful accounts	44,700	51,276	44,446	30	51,500
Provision for loss on guarantees	7,590	8,100	7,590	—	8,100
Provision for loss on interest repayment	90,000	143,728	68,828	—	164,900

(Note) “Decrease during the period (others)” in the amount of “Allowance for doubtful accounts” consists of the following.

Reversal due to payment 30 million yen

(2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

(3) Others

Not applicable

VI. Stock-Related Administration for the Filing Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	In June
Record date	March 31
Record date for distribution from surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Purchase of shares of less than one unit	
Handling office	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
Transfer agent	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Forward office	—
Purchasing fee	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	The Company's method of public notice is through electronic public notice. However, if the above-mentioned method of public notice is not possible due to an accident or through other compelling reasons, then Nihon Keizai Shimbun will be adopted as its medium. The Company's electronic public notice is posted on our home page, and the following is the address: https://www.acom.co.jp
Shareholders' privileges	None

(Note) The Company's shareholders, concerning the possession of shares of less than one unit, are not able to exercise their rights other than the rights that are stipulated in the following:

- (1) The rights stipulated in each item of Article 189, Paragraph 2, of the Companies Act;
- (2) The right to demand what is stipulated under Article 166, Paragraph 1, of the Companies Act;
and
- (3) The right to receive an allotment of offered shares and offered new stock acquisition rights in proportion to the number of shares held.

VII. Reference Information on the Filing Company

1. Information on a Parent Company, etc. of the Filing Company

The Company does not have a parent company or other entity that is provided in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company submitted the following documents during the period from the starting date of the current fiscal year to the date on which the Annual Securities Report was submitted.

(1) Shelf Registration Supplement (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on May 27, 2016

Submitted to the Director-General of the Kanto Local Finance Bureau on February 21, 2017

(2) Amended Shelf Registration Statement

Submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2016

(3) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

The Annual Securities Report for the 39th fiscal year (from April 1, 2015, to March 31, 2016) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2016.

(4) Internal Control Report

The Internal Control Report was submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2016.

(5) Quarterly Securities Report and Confirmation Letter thereof

The Quarterly Securities Report for the 1st Quarter (from April 1, 2016, to June 30, 2016) of the 40th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on August 12, 2016.

The Quarterly Securities Report for the 2nd Quarter (from July 1, 2016, to September 30, 2016) of the 40th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 14, 2016.

The Quarterly Securities Report for the 3rd Quarter (from October 1, 2016, to December 31, 2016) of the 40th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2017.

(6) Extraordinary Report

The Extraordinary Report according to the provision of Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at the shareholders' general meetings) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. was submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2016.

Part II Information on Guarantors for the Filing Company

Not applicable