

## II. Business Overview

### 1. Management Policy, Business Environment, and Issues to be Addressed

The forward-looking statements included in the following description are based on our judgment as of the end of the fiscal year.

#### (1) Basic management policy

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. Positioning the loan and credit card business, guarantee business, and overseas financial business as the three core business categories, the Company will strive to become 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), the shareholders’ equity ratio, and the shareholders’ equity ratio calculated by adding total assets to the balance of guaranteed receivables 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 and service capabilities in the loan and credit card business, expanding the scale of its guarantee business and financial business in Asia in collaboration with the MUFG Group, based on the know-how the Company Group has fostered such as in the consumer finance business at home and abroad, centralization of business, and low-cost operations, as well as expand ICT investment such as AI and RPA. 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 future environmental changes, and work to achieve the sustainable growth and enhanced corporate value
- c) Make the transition to business models capable of realizing drastic cost reductions and thereby achieve increased price competitiveness

#### (4) Issues to be addressed

In the three-year medium-term management plan beginning in the fiscal year ending March 31, 2020, the Company has described a medium-term management policy of “with expeditious reactions to environmental changes, ACOM will create services which exceed customers’ expectations, while endeavoring to achieve continuous growth and increase corporate value.” The Company will speedily respond to the diversifying trends of customer needs such as the evolution of ICT and women's empowerment in society to create services that exceed customer expectations. Furthermore, in order to fulfill the social responsibility and mission expected of loan and credit card business and guarantee business and become a company that grows together with society, the Company aims to enhance corporate value by strengthening the human resources, computer systems, financial foundations, and governance that support the business, in addition to further promoting compliance and CS management.

For the fiscal year ending March 31, 2022, the final year of this medium-term management plan, the Company has set targets, in the domestic market, of 1,000.0 billion yen in balance of the loan and credit card business, and 1,300.0 billion yen in balance of the guarantee business, a total of 2,300.0 billion yen, and in overseas markets, targets of 54.9 billion Thai baht in balance of the loan business of EASY BUY Public Company Limited in the Kingdom of Thailand, 1.59 billion pesos in balance of the loan business of ACOM CONSUMER FINANCE CORPORATION in the Republic of the Philippines, 190.0 billion yen in the total overseas financial business, and 2,500.0 billion yen in the total three core businesses.

In the medium-term management plan, the Company will continue working to expand business and address the following issues.

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 and credit card business, the Company will appropriately grasp new customer needs arising from the progress of ICT and strive to provide customers with favorable experiences by strengthening the customer-reception quality of our employees and promoting digitization while enhancing its promotion activities and improving credit screening accuracy as a means to increase the number of new 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 environmental changes 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 working for appropriate screening and responding to the customer needs for sound financing, as well.

(Overseas financial business)

In the overseas financial business, we will strive to expand business and maintain the soundness of loan portfolio at EASY BUY Public Company Limited, while pursuing single-year profitability during the term of this medium-term management plan in order to make ACOM CONSUMER FINANCE CORPORATION the second pillar of profit in the overseas financial business. We will also steadily pursue research and analysis activities aimed at realization of starting operations in other Asian countries and endeavor to expand our overseas finance business.

## 2. 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 environmental conditions affecting the consumer credit market, 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, the Company may accept to write off such loan or reimburse payments. Though the costs of write-off and reimbursing repayments (hereinafter referred to as “loss on interest repayment”) have steadily decreased, 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 money lenders at a clear disadvantage, could have an impact on the Company’s business performance.

### (3) Fund procurement

The Group secures the necessary funds for its operations and liabilities repayments through 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. In that case, the financial expenses 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) Addressing 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) Guarantee business

In the guarantee business, the Company and MU Credit Guarantee Co., LTD. took measures to enhance partnerships with existing partners and continued appropriate screening. The Company also provided the results of analysis about loan portfolio and the effect of advertisement, and provided various support for existing partners with a view to enhancing their business results and stabilizing their growth. Nevertheless, business performance of the Company and MU Credit Guarantee Co., LTD. may be negatively influenced in cases where regulations on bank card loans become stringent in the future, etc.

(7) Information systems

The Group relies on computer systems and networks to manage data on our store network and customers, etc. , 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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 & CEO, 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 impact on our share price.

(12) 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 pandemic, 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.

3. Analyses of Consolidated Business Results, Financial Position and Cash Flows by the Corporate Managers  
 (1) Business results

During the fiscal year ended March 31, 2019, recovery in consumer spending and improvement in the employment and income environment continued in Japan. The Japanese economy is expected to maintain moderate economic recovery in the future as well, due in part to the effects of the various economic policies implemented by the government. However, the possibility of an economic downturn still remained due to uncertainty in overseas economies and the impact of fluctuations in the financial and capital markets.

In the nonbank business sector, the market is gradually expanding while requests for interest repayment have steadily decreased. However, future trends need to be closely monitored on an ongoing basis, as requests for interest repayment are susceptible to the impacts of changes in the external environment.

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 personal loan market, while making efforts to contribute to sound growth of the market.

1) Analyses on year on year basis

(Millions of yen, unless otherwise stated)

|   | Prior fiscal year (result) | Current fiscal year (result) | yoy      |        |
|---|----------------------------|------------------------------|----------|--------|
|   | amount                     | amount                       | amount   | %      |
| Operating Revenue                       | 263,453                    | 277,069                      | +13,615  | +5.2   |
| Loan and Credit Card Business           | 139,826                    | 144,829                      | +5,002   | +3.6   |
| Guarantee Business                      | 65,295                     | 69,341                       | +4,046   | +6.2   |
| Overseas Financial Business             | 51,904                     | 56,995                       | +5,091   | +9.8   |
| Loan Servicing Business                 | 6,560                      | 5,893                        | (666)    | (10.2) |
| Operating Profit                        | 80,942                     | 57,607                       | (23,334) | (28.8) |
| Loan and Credit Card Business           | 46,864                     | 11,804                       | (35,060) | (74.8) |
| Guarantee Business                      | 17,808                     | 25,241                       | +7,433   | +41.7  |
| Overseas Financial Business             | 15,478                     | 19,802                       | +4,324   | +27.9  |
| Loan Servicing Business                 | 615                        | 390                          | (224)    | (36.5) |
| Ordinary Profit                         | 81,694                     | 58,205                       | (23,489) | (28.8) |
| Profit attributable to owners of parent | 70,572                     | 37,781                       | (32,791) | (46.5) |

(Note) The amounts of operating revenue and operating profit for prior fiscal year and current fiscal year are different from sum of financial service businesses. Please refer to “4. Reconciliation between the total amounts of reported segments and amounts in the consolidated financial statements of Segment Information, in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information” for the explanation of difference

Consolidated operating revenue for the fiscal year ended March 31, 2019, increased to 277,069 million yen (up 5.2% year-on-year) primarily due to increases in operating revenue from three core businesses. Operating expenses increased to 219,461 million yen (up 20.2% year-on-year) mainly due to the posting of provision for loss on interest repayment, in spite of decreases in financial expenses and provision for bad debts. As a result, operating profit was 57,607 million yen (down 28.8% year-on-year), ordinary profit was 58,205 million yen (down 28.8% year-on-year), and profit attributable to owners of parent was 37,781 million yen (down 46.5% year-on-year).

Please refer to “(2) Status of financial service businesses” for the details.

2) Analyses on comparison with plan target

(Millions of yen, unless otherwise stated)

|   | Prior fiscal year (plan) | Current fiscal year (result) | Compared to plan |        |
|---|--------------------------|------------------------------|------------------|--------|
|   | amount                   | amount                       | amount           | %      |
| Operating Revenue                       | 269,900                  | 277,069                      | +7,169           | +2.7   |
| Loan and Credit Card Business           | 142,800                  | 144,829                      | +2,029           | +1.4   |
| Guarantee Business                      | 67,800                   | 69,341                       | +1,541           | +2.3   |
| Overseas Financial Business             | 53,700                   | 56,995                       | +3,295           | +6.1   |
| Loan Servicing Business                 | 5,600                    | 5,893                        | +293             | +5.2   |
| Operating Profit                        | 77,200                   | 57,607                       | (19,592)         | (25.4) |
| Ordinary Profit                         | 77,700                   | 58,205                       | (19,494)         | (25.1) |
| Profit attributable to owners of parent | 63,600                   | 37,781                       | (25,818)         | (40.6) |

(Note) The amounts of operating revenue for current fiscal year are different from sum of financial service businesses. Please refer to “4. Reconciliation between the total amounts of reported segments and amounts in the consolidated financial statements of Segment Information, in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information” for the explanation of difference.

Consolidated operating revenue for the fiscal year ended March 31, 2019, increased by 7,169 million yen (up 2.7% compared to the plan target) compared to the plan target of 269,900 million yen primarily due to outpacing in revenue from three core businesses. Consolidated operating profit decreased by 19,592 million yen (down 25.4% compared to the plan target) compared to the plan target of 77,200 million yen mainly due to the posting of provision for loss on interest repayment. Consolidated ordinary profit decreased by 19,494 million yen (down 25.1% compared to the plan target) and profit attributable to owners of parent decreased by 25,818 million yen (down 40.6% compared to the plan target).

Please refer to “(2) Status of financial service businesses” for the details.

(2) Overview of business results in each financial service business

1) Loan and credit card business

In the domestic loan business, we made efforts to increase the number of new customers, improve product/service functions, and maintain the soundness of loan portfolio.

As for measures for increasing the number of new customers, we began featuring Atsuro Watabe and Miki Sato as celebrity promoters in August 2018 to publicize a sound logo of “Hajimete-no (First time at) ACOM” and products/services while placing advertisements on the Internet video site YouTube. Through these efforts, we strove to expand recognition and earn favorable public image for targets.

As for the improvement of product/service functions, we responded to all-day real-time transfer, a service that financial institutions have launched, for the purpose of further enhancing convenience for customers. Further, we made continuous efforts to enhance the quality of digital channels such as our website.

In addition to these 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 821,943 million yen (up 2.3% year-on-year).

In the domestic credit card business, we have promoted sales and increased the utilization rate mainly by making it possible to issue IC-chip-embedded credit cards from instant-issue credit card machines installed at automatic contract machine corners nationwide, effective from October 2018. Consequently, accounts receivable - installment at the end of the current fiscal year increased to 63,137 million yen (up 20.4% year-on-year).

As a result, the business segment’s operating revenue was 144,829 million yen (up 3.6% year-on-year) mainly due to increases in interest on operating loans and revenue from credit card business.

However, operating profit was 11,804 million yen (down 74.8% year-on-year) mainly due to the posting of provision for loss on interest repayment under operating expenses.

Operating revenue increased by 2,029 million yen (up 1.4% compared to the plan target) compared to the plan target of 142,800 million yen due to outpacing in average yield.

## 2) Guarantee business

In the guarantee business, we continued to work on reasonable communication with existing partners as a credit guarantee company.

To enhance partnerships with existing partners, the Company continued appropriate screening, provided the results of analysis about loan portfolio and the effect of advertisement, and provided various support for existing partners with a view to enhancing their business results and stabilizing their growth.

As a result, the total balance of guaranteed receivables in the guarantee operation of the Company and MU Credit Guarantee Co., LTD. at the end of the current fiscal year was 1,212,255 million yen (up 1.1% year-on-year). The business segment's operating revenue was 69,341 million yen (up 6.2% year-on-year) mainly due to revisions in guarantee rates, and operating profit was 25,241 million yen (up 41.7% year-on-year) due primarily to an increase in operating revenue, combined with a decrease in provision of allowance for doubtful accounts under operating expenses.

Operating revenue increased by 1,541 million yen (up 2.3% compared to the plan target) compared to the plan target of 67,800 million yen due to outpacing in revenue from credit guarantee although receivable was below the plan.

## 3) Overseas financial business

In the overseas financial business, we carried out business operations in the pursuit of further expanding the relevant businesses.

EASY BUY Public Company Limited, which engages in the loan business 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 amid an environment of new loan regulations including new loan standards implemented by the Bank of Thailand in September 2017. As a result, the number of new contracts and accounts receivable - operating loans have increased steadily, thereby building the top-brand position in the Kingdom of Thailand.

PT. Bank Nusantara Parahyangan, Tbk., which engages in the banking business in the Republic of Indonesia, resolved to merge with PT Bank Danamon Indonesia, Tbk., the country's major bank in which MUFG Bank, Ltd. has made strategic investments, for the purpose of establishing a foundation of retail commercial business as a member of the MUFG Group.

ACOM CONSUMER FINANCE CORPORATION, which engages in the loan business in the Republic of the Philippines, launched a full-fledged business in July 2018 and proactively promoted marketing activities. We will strive to steadily secure profits in the Republic of the Philippines amidst the country's rapid economic growth by taking advantage of the experience we have nurtured in the personal loan business and overseas financial business development in Japan, the Kingdom of Thailand, and the Republic of Indonesia.

The Company also continues with necessary survey activities in other Asian countries to explore the feasibility of business development.

As a result, the business segment's operating revenue amounted to 56,995 million yen (up 9.8% year-on-year), due primarily to an increase in interest on operating loans in accordance with our business expansion, and operating profit was 19,802 million yen (up 27.9% year-on-year).

Operating revenue increased by 3,295 million yen (up 6.1% compared to the plan target) compared to the plan target of 53,700 million yen due to expansion of receivables and currency impact.

## 4) Loan servicing business

IR Loan Servicing, Inc., which engages in the loan servicing business, 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 5,893 million yen (down 10.2% year-on-year), mainly due to a year-on-year decrease in amount of collection from purchased receivables, and operating profit was 390 million yen (down 36.5% year-on-year).

Operating revenue increased by 293 million yen (up 5.2% compared to the plan target) compared to the plan target of 5,600 million yen due to outpacing in collection from purchased receivable thanks to collection of retail receivable.



### (3) Analysis of financial position

Compared with the end of the prior fiscal year, total assets increased by 25,951 million yen and total liabilities decreased by 11,113 million yen, whereas net assets increased by 37,064 million yen as of March 31, 2019. Details of changes in assets, liabilities and net assets are as follows:

#### (Assets)

Current assets increased by 35,100 million yen while noncurrent assets decreased by 9,149 million yen. Consequently, total assets increased by 25,951 million yen. The breakdown of major changes in current assets is as follows: accounts receivable - operating loans (up 25,311 million yen), accounts receivable - installment (up 10,706 million yen), cash and deposits (down 6,338 million yen), and trading account securities (down 1,651 million yen). The breakdown of major decreases in noncurrent assets is as follows: land (down 3,006 million yen), software (down 1,716 million yen), buildings and structures (down 1,052 million yen), and goodwill (down 813 million yen).

#### (Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 5,171 million yen and a decrease of 5,942 million yen, respectively, resulting in a decrease of 11,113 million yen in total liabilities. The breakdown of major decreases in liabilities includes: the outstanding balance of funds procured mainly in the form of loans and bonds payable (down 9,376 million yen) and provision for loss on interest repayment (down 1,768 million yen).

#### (Net assets)

In terms of net assets, shareholders' equity increased by 34,619 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income decreased by 1,361 million yen due to decreases in remeasurements of defined benefit plans and foreign currency translation adjustment, and non-controlling interests increased by 3,806 million yen. As a result, total net assets increased by 37,064 million yen, and the shareholders' equity ratio increased by 2.1 percentage points to 27.4%.

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current fiscal year. Accordingly, the figures in the current financial position are compared and analyzed with the figures in the prior fiscal year to which the above accounting standard, etc. has been retrospectively applied.

### (4) Status of cash flows during the current fiscal year

Cash and cash equivalents (hereinafter, "funds") at the end of the current fiscal year decreased by 6,204 million yen (down 7.0%) from the end of the prior fiscal year to 82,346 million yen.

With respect to net cash provided by operating activities, funds saw an increase of 7,329 million yen, reflecting various factors such as 55,334 million yen in profit before income taxes, an increase of 4,749 million yen in depreciation and amortization, an increase of 2,800 million yen in impairment loss, an increase of 1,214 million yen in allowance for doubtful accounts, and a decrease of 1,768 million yen in provision for loss on interest repayment, as well as funds-decreasing factors such as an increase of 27,327 million yen in accounts receivable - operating loans and an increase of 10,713 million yen in accounts receivable - installment.

With respect to net cash used in investing activities, funds saw a decrease of 1,165 million yen. This was primarily due to the fact that the purchase of intangible assets amounted to 2,019 million yen, the purchase of securities amounted to 1,365 million yen, and that the amount of proceeds from redemption of securities amounted to 1,187 million yen.

With respect to net cash used in financing activities, funds saw a decrease of 12,573 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 8,405 million yen less than the repayments of loans payable and payments at maturity of bonds and cash dividends paid amounted to 3,131 million yen.

With regard to the financial resources of capital, the Group raised funds by way of borrowings from financial institutions, bond issuance, etc. With regard to the liquidity of funds, the Group secures sufficient liquidity through various fundraising measures, along with a commitment line agreement and overdraft agreement concluded with a main bank.

## (5) Consolidated operating results

## 1) Operating revenue by business segment

| Business segment                   |          |                              | Prior fiscal year<br>(From April 1, 2017<br>to March 31, 2018) |                   | Current fiscal year<br>(From April 1, 2018<br>to March 31, 2019) |                   |
|------------------------------------|----------|------------------------------|--|-------------------|--|-------------------|
|                                    |          |                              | Amount<br>(Millions of yen)                                    | Proportion<br>(%) | Amount<br>(Millions of yen)                                      | Proportion<br>(%) |
| Financial<br>service<br>businesses | Japan    | Loan business                | 133,280  | 50.6              | 136,671  | 49.3              |
|                                    |          | Credit card<br>business      | 6,545  | 2.5               | 8,154  | 3.0               |
|                                    |          | Guarantee<br>business        | 65,171   | 24.7              | 69,341   | 25.0              |
|                                    |          | Loan servicing<br>business   | 6,560  | 2.5               | 5,893  | 2.1               |
|                                    |          | Others                       | 0  | 0.0               | 23   | 0.0               |
|                                    | Overseas | Loan business                | 44,667   | 17.0              | 49,692   | 18.0              |
|                                    |          | Installment loan<br>business | 107  | 0.0               | 83   | 0.0               |
|                                    |          | Banking business             | 7,120  | 2.7               | 7,207  | 2.6               |
|                                    | Total    |                              |  | 263,453           | 100.0  | 277,069           |

(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

## (i) Transaction volume

| Business segment |                           | Prior fiscal year<br>(From April 1, 2017<br>to March 31, 2018) |                   | Current fiscal year<br>(From April 1, 2018<br>to March 31, 2019) |                   |
|------------------|---------------------------|--|-------------------|--|-------------------|
|                  |                           | Amount<br>(Millions of yen)                                    | Proportion<br>(%) | Amount<br>(Millions of yen)                                      | Proportion<br>(%) |
| Japan            | Loan business             | 370,973  | 62.7              | 372,240  | 63.5              |
|                  | Credit card business      | 41,476   | 7.0               | 43,523   | 7.4               |
|                  | Loan servicing business   | 3,154  | 0.5               | 2,286  | 0.4               |
| Overseas         | Loan business             | 118,807  | 20.1              | 115,154  | 19.6              |
|                  | Installment loan business | 692  | 0.1               | 731  | 0.1               |
|                  | Banking business          | 56,803   | 9.6               | 52,469   | 9.0               |
| Total            |                           | 591,907  | 100.0             | 586,407  | 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 during the current fiscal year.   |
| 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 extended for shopping through the use of credit cards during the current fiscal year. |
| 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.  |

## (ii) Receivables outstanding

| Business segment |                           | Prior fiscal year<br>(As of March 31, 2018) |                | Current fiscal year<br>(As of March 31, 2019) |                |
|------------------|---------------------------|---|----------------|---|----------------|
|                  |                           | Amount<br>(Millions of yen)                 | Proportion (%) | Amount<br>(Millions of yen)                   | Proportion (%) |
| Japan            | Loan business             | 803,405                                     | 73.9           | 821,976                                       | 73.3           |
|                  | Credit card business      | 52,445                                      | 4.8            | 63,137  | 5.6            |
|                  | Loan servicing business   | 10,603                                      | 1.0            | 9,435   | 0.8            |
| Overseas         | Loan business             | 171,711                                     | 15.8           | 178,452                                       | 15.9           |
|                  | Installment loan business | 588   | 0.0            | 603   | 0.1            |
|                  | Banking business          | 48,808                                      | 4.5            | 48,331  | 4.3            |
| Total            |                           | 1,087,562                                   | 100.0          | 1,121,936                                     | 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<br>(As of March 31, 2018) | Current fiscal year<br>(As of March 31, 2019) |
|----------|---|---|
| Outlets  | 1,205                                       | 1,173   |

## 4) Number of customer accounts

| Business segment |                           | Prior fiscal year<br>(As of March 31, 2018) | Current fiscal year<br>(As of March 31, 2019) |
|------------------|---------------------------|---|---|
| Japan            | Loan business             | 1,486,183                                   | 1,540,012                                     |
|                  | Credit card business      | 400,220                                     | 426,572                                       |
|                  | Loan servicing business   | 355,584                                     | 359,351                                       |
| Overseas         | Loan business             | 1,286,090                                   | 1,355,618                                     |
|                  | Installment loan business | 12,209                                      | 12,699  |
|                  | Banking business          | 73,541                                      | 72,463  |

(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

(i) By loan type

| Loan type        |   | Prior fiscal year<br>(As of March 31, 2018) |                |                                       |                |                                      | Current fiscal year<br>(As of March 31, 2019) |                |                                       |                |                                      |
|------------------|---|---|----------------|---------------------------------------|----------------|--------------------------------------|---|----------------|---------------------------------------|----------------|--------------------------------------|
|                  |   | 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) | 2,770,042                                   | 99.9           | 969,035                               | 99.4           | 17.54                                | 2,893,695                                     | 99.9           | 995,223                               | 99.5           | 17.53                                |
|                  | Secured loans (excluding housing loans)   | 2,207                                       | 0.1            | 5,980                                 | 0.6            | 11.57                                | 1,915   | 0.1            | 5,110                                 | 0.5            | 11.58                                |
|                  | Housing loans                             | —   | —              | —                                     | —              | —                                    | —   | —              | —                                     | —              | —                                    |
|                  | Subtotal                                  | 2,772,249                                   | 100.0          | 975,016                               | 100.0          | 17.50                                | 2,895,610                                     | 100.0          | 1,000,333                             | 100.0          | 17.49                                |
| Commercial loans | Unsecured loans                           | 4   | 0.0            | 3                                     | 0.0            | 14.91                                | 3   | 0.0            | 3                                     | 0.0            | 15.00                                |
|                  | Secured loans                             | 20  | 0.0            | 96                                    | 0.0            | 9.57                                 | 17  | 0.0            | 91                                    | 0.0            | 8.90                                 |
|                  | Subtotal                                  | 24  | 0.0            | 100                                   | 0.0            | 9.77                                 | 20  | 0.0            | 95                                    | 0.0            | 9.13                                 |
| Total            |   | 2,772,273                                   | 100.0          | 975,116                               | 100.0          | 17.50                                | 2,895,630                                     | 100.0          | 1,000,428                             | 100.0          | 17.49                                |

(ii) By industry

| Industry  | Prior fiscal year<br>(As of March 31, 2018) |                |                                       |                | Current fiscal year<br>(As of March 31, 2019) |                |                                       |                |
|---|---|----------------|---------------------------------------|----------------|---|----------------|---------------------------------------|----------------|
|   | 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                       | 1   | 0.0            | 0                                     | 0.0            | —   | —              | —                                     | —              |
| Construction  | 6   | 0.0            | 18                                    | 0.0            | 5   | 0.0            | 17                                    | 0.0            |
| Manufacturing   | 1   | 0.0            | 2                                     | 0.0            | 1   | 0.0            | 1                                     | 0.0            |
| Electricity; gas; heat supply; water supply             | —   | —              | —                                     | —              | —   | —              | —                                     | —              |
| Information and communications                          | 1   | 0.0            | 4                                     | 0.0            | 1   | 0.0            | 4                                     | 0.0            |
| Transport and postal services                           | 1   | 0.0            | 4                                     | 0.0            | 1   | 0.0            | 4                                     | 0.0            |
| Wholesale and retail                                    | 5   | 0.0            | 11                                    | 0.0            | 3   | 0.0            | 9                                     | 0.0            |
| Finance and insurance                                   | 1   | 0.0            | 4                                     | 0.0            | 1   | 0.0            | 3                                     | 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           | 2   | 0.0            | 12                                    | 0.0            | 2   | 0.0            | 11                                    | 0.0            |
| Education and educational support                       | —   | —              | —                                     | —              | —   | —              | —                                     | —              |
| Healthcare and welfare                                  | 1   | 0.0            | 0                                     | 0.0            | —   | —              | —                                     | —              |
| Multiple services                                       | —   | —              | —                                     | —              | —   | —              | —                                     | —              |
| Other services (Does not fall under any other category) | 4   | 0.0            | 14                                    | 0.0            | 5   | 0.0            | 14                                    | 0.0            |
| Individuals   | 2,772,249                                   | 100.0          | 975,016                               | 100.0          | 2,895,610                                     | 100.0          | 1,000,333                             | 100.0          |
| Specified nonprofit organization                        | —   | —              | —                                     | —              | —   | —              | —                                     | —              |
| Others  | —   | —              | —                                     | —              | —   | —              | —                                     | —              |
| Total   | 2,772,273                                   | 100.0          | 975,116                               | 100.0          | 2,895,630                                     | 100.0          | 1,000,428                             | 100.0          |

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

## (iii) By collateral type

| Collateral                                   | Prior fiscal year<br>(As of March 31, 2018) |                | Current fiscal year<br>(As of March 31, 2019) |                |
|--|---|----------------|---|----------------|
|  | Amount<br>(Millions of<br>yen)              | Proportion (%) | Amount<br>(Millions of<br>yen)                | Proportion (%) |
| Securities<br>(Stocks included in the above) | —<br>(—)                                    | —<br>(—)       | —<br>(—)                                      | —<br>(—)       |
| Credit<br>(Deposits included in the above)   | —<br>(—)                                    | —<br>(—)       | —<br>(—)                                      | —<br>(—)       |
| Merchandise                                  | —   | —              | —   | —              |
| Real estate                                  | 6,018                                       | 0.6            | 5,143   | 0.5            |
| Foundations                                  | —   | —              | —   | —              |
| Others                                       | 58  | 0.0            | 58  | 0.0            |
| Subtotal                                     | 6,077                                       | 0.6            | 5,201   | 0.5            |
| Guarantee                                    | —   | —              | —   | —              |
| Unsecured                                    | 969,039                                     | 99.4           | 995,226                                       | 99.5           |
| Total  | 975,116                                     | 100.0          | 1,000,428                                     | 100.0          |

## (iv) By loan term

| Loan period                         |                                     | Prior fiscal year<br>(As of March 31, 2018) |                |  |                | Current fiscal year<br>(As of March 31, 2019) |                |  |                |
|-------------------------------------|-------------------------------------|---|----------------|--|----------------|---|----------------|--|----------------|
|                                     |                                     | Number of loan contracts                    | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) | Number of loan contracts                      | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) |
| Unsecured loans                     | Revolving                           | 2,634,448                                   | 95.0           | 916,457                                  | 94.0           | 2,748,225                                     | 94.9           | 942,685                                  | 94.2           |
|                                     | Due within 1 year                   | 837   | 0.0            | 127                                      | 0.0            | 3,615   | 0.1            | 185                                      | 0.0            |
|                                     | Due after 1 year through 5 years    | 75,833                                      | 2.7            | 17,992                                   | 1.9            | 78,339  | 2.7            | 18,351                                   | 1.9            |
|                                     | Due after 5 years through 10 years  | 38,001                                      | 1.4            | 18,490                                   | 1.9            | 47,278  | 1.6            | 21,995                                   | 2.2            |
|                                     | Due after 10 years through 15 years | 20,875                                      | 0.8            | 15,933                                   | 1.7            | 16,179  | 0.6            | 11,964                                   | 1.2            |
|                                     | Due after 15 years through 20 years | 47  | 0.0            | 34                                       | 0.0            | 56  | 0.0            | 39                                       | 0.0            |
|                                     | Due after 20 years through 25 years | 4   | 0.0            | 4  | 0.0            | 4   | 0.0            | 3  | 0.0            |
|                                     | Due after 25 years                  | 1   | 0.0            | 0  | 0.0            | 2   | 0.0            | 0  | 0.0            |
|                                     | Subtotal                            | 2,770,046                                   | 99.9           | 969,039                                  | 99.5           | 2,893,698                                     | 99.9           | 995,226                                  | 99.5           |
| Secured loans                       | Revolving                           | 1,684                                       | 0.1            | 4,347                                    | 0.4            | 1,472   | 0.1            | 3,767                                    | 0.4            |
|                                     | Due within 1 year                   | 16  | 0.0            | 36                                       | 0.0            | 5   | 0.0            | 13                                       | 0.0            |
|                                     | Due after 1 year through 5 years    | 110   | 0.0            | 201                                      | 0.0            | 96  | 0.0            | 147                                      | 0.0            |
|                                     | Due after 5 years through 10 years  | 239   | 0.0            | 489                                      | 0.0            | 201   | 0.0            | 413                                      | 0.0            |
|                                     | Due after 10 years through 15 years | 78  | 0.0            | 282                                      | 0.0            | 67  | 0.0            | 242                                      | 0.0            |
|                                     | Due after 15 years through 20 years | 16  | 0.0            | 83                                       | 0.0            | 17  | 0.0            | 81                                       | 0.0            |
|                                     | Due after 20 years through 25 years | 83  | 0.0            | 634                                      | 0.1            | 74  | 0.0            | 536                                      | 0.1            |
|                                     | Due after 25 years                  | 1   | 0.0            | 1  | 0.0            | —   | —              | —  | —              |
|                                     | Subtotal                            | 2,227                                       | 0.1            | 6,077                                    | 0.5            | 1,932   | 0.1            | 5,201                                    | 0.5            |
| Revolving                           | 2,636,132                           | 95.1  | 920,805        | 94.4                                     | 2,749,697      | 95.0  | 946,453        | 94.6                                     |                |
| Due within 1 year                   | 853                                 | 0.0   | 163            | 0.0                                      | 3,620          | 0.1   | 198            | 0.0                                      |                |
| Due after 1 year through 5 years    | 75,943                              | 2.7   | 18,193         | 1.9                                      | 78,435         | 2.7   | 18,499         | 1.9                                      |                |
| Due after 5 years through 10 years  | 38,240                              | 1.4   | 18,979         | 1.9                                      | 47,479         | 1.6   | 22,408         | 2.2                                      |                |
| Due after 10 years through 15 years | 20,953                              | 0.8   | 16,215         | 1.7                                      | 16,246         | 0.6   | 12,206         | 1.2                                      |                |
| Due after 15 years through 20 years | 63                                  | 0.0   | 117            | 0.0                                      | 73             | 0.0   | 120            | 0.0                                      |                |
| Due after 20 years through 25 years | 87                                  | 0.0   | 638            | 0.1                                      | 78             | 0.0   | 540            | 0.1                                      |                |
| Due after 25 years                  | 2                                   | 0.0   | 2              | 0.0                                      | 2              | 0.0   | 0              | 0.0                                      |                |
| Total                               | 2,772,273                           | 100.0                                       | 975,116        | 100.0                                    | 2,895,630      | 100.0   | 1,000,428      | 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

| Funding sources, etc.                        | Prior fiscal year<br>(As of March 31, 2018) |                                 | Current fiscal year<br>(As of March 31, 2019) |                                 |
|--|---|---------------------------------|---|---------------------------------|
|  | Outstanding<br>balance<br>(Millions of yen) | Average<br>interest rate<br>(%) | Outstanding<br>balance<br>(Millions of yen)   | Average<br>interest rate<br>(%) |
| Borrowings from financial institutions, etc. | 447,960                                     | 1.21                            | 440,933                                       | 0.96                            |
| Others<br>(Corporate bonds, CPs)             | 286,558<br>(286,558)                        | 1.08<br>(1.08)                  | 284,209<br>(284,209)                          | 0.97<br>(0.97)                  |
| Total  | 734,519                                     | 1.16                            | 725,142                                       | 0.96                            |
| Owners' equity<br>(Capital stock)            | 511,295<br>(63,832)                         | —<br>(—)                        | 542,754<br>(63,832)                           | —<br>(—)                        |

(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).

7) Operating results of the Filing Company

(i) The number of outlets and customer accounts by business segment

(A) The number of outlets and automated teller machines

| Category                     | Prior fiscal year<br>(As of March 31, 2018) | Current fiscal year<br>(As of March 31, 2019) |
|------------------------------|---|---|
| Outlets                      | 1,042                                       | 1,000   |
| Staffed outlets              | 22  | 22  |
| Unstaffed outlets            | 1,020                                       | 978   |
| Automatic contract machines  | 1,042 locations (1,082)                     | 1,000 locations (1,040)                       |
| ATMs                         | 56,128                                      | 51,737  |
| Proprietary                  | 1,057                                       | 1,014   |
| Tie-up                       | 55,071                                      | 50,723  |
| (Number of tie-up companies) | (17)  | (16)  |

(Note) In addition to the above 1,000 loan business outlets, based on the Money Lending Business Act, we registered 22 automatic contract machines installed in staffed outlets (they stood at 22 as of March 31, 2018), 6 automated teller machines installed outside outlets (6 as of March 31, 2018) and 1 service center (1 as of March 31, 2018) for the various applications and registration acceptance via automatic contract machines and other means as outlets.

(B) Number of customer accounts

| Business segment     | Prior fiscal year<br>(As of March 31, 2018) | Current fiscal year<br>(As of March 31, 2019) |
|----------------------|---|---|
| Loan business        | 1,486,114                                   | 1,539,957                                     |
| Credit card business | 400,220                                     | 426,572                                       |

(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

## (ii) Breakdown of operating revenue

## Operating revenue by business segment

| Business segment     | Prior fiscal year<br>(From April 1, 2017<br>to March 31, 2018) |                | Current fiscal year<br>(From April 1, 2018<br>to March 31, 2019) |                |
|----------------------|--|----------------|--|----------------|
|                      | Amount<br>(Millions of yen)                                    | Proportion (%) | Amount<br>(Millions of yen)                                      | Proportion (%) |
| Loan Business        | 133,281  | 68.2           | 136,674  | 67.1           |
| Unsecured loans      | 132,517  | 67.8           | 136,046  | 66.8           |
| Consumer loans       | 132,516  | 67.8           | 136,045  | 66.8           |
| Commercial loans     | 0  | 0.0            | 0  | 0.0            |
| Secured loans        | 763  | 0.4            | 628  | 0.3            |
| Credit card business | 6,545  | 3.4            | 8,154  | 4.0            |
| Guarantee business   | 55,401   | 28.4           | 58,729   | 28.9           |
| Others               | 81   | 0.0            | 78   | 0.0            |
| Total                | 195,310  | 100.0          | 203,636  | 100.0          |

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

## (A) Transaction volume

| Business segment     | Prior fiscal year<br>(From April 1, 2017<br>to March 31, 2018) |                | Current fiscal year<br>(From April 1, 2018<br>to March 31, 2019) |                |      |
|----------------------|--|----------------|--|----------------|------|
|                      | Amount<br>(Millions of yen)                                    | Proportion (%) | Amount<br>(Millions of yen)                                      | Proportion (%) |      |
| Loan business        | Unsecured loans  | 370,952        | 89.9   | 372,221        | 89.5 |
|                      | Consumer loans   | 370,952        | 89.9   | 372,221        | 89.5 |
|                      | Commercial loans   | —              | —  | —              | —    |
|                      | Secured loans  | 21             | 0.0  | 18             | 0.0  |
|                      | Subtotal   | 370,973        | 89.9   | 372,240        | 89.5 |
| Credit card business | 41,476   | 10.1           | 43,523   | 10.5           |      |
| Total                | 412,450  | 100.0          | 415,764  | 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 during the current fiscal year.

## 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 extended for shopping through the use of credit cards during the current fiscal year.

## (B) Receivables outstanding

| Business segment     | Prior fiscal year<br>(As of March 31, 2018) |                | Current fiscal year<br>(As of March 31, 2019) |                |      |
|----------------------|---|----------------|---|----------------|------|
|                      | Amount<br>(Millions of yen)                 | Proportion (%) | Amount<br>(Millions of yen)                   | Proportion (%) |      |
| Loan business        | Unsecured loans                             | 797,288        | 93.2  | 816,742        | 92.3 |
|                      | Consumer loans                              | 797,284        | 93.2  | 816,738        | 92.3 |
|                      | Commercial loans                            | 3              | 0.0   | 3              | 0.0  |
|                      | Secured loans                               | 6,077          | 0.7   | 5,201          | 0.6  |
|                      | Subtotal                                    | 803,365        | 93.9  | 821,943        | 92.9 |
| Credit card business | 52,445                                      | 6.1            | 63,137  | 7.1            |      |
| Total                | 855,811                                     | 100.0          | 885,081                                       | 100.0          |      |



## (iv) Increase/decrease and outstanding balance of operating loans

(Millions of yen)

| Item  | Prior fiscal year<br>(As of March 31, 2018) |                 |               | Current fiscal year<br>(As of March 31, 2019) |                 |               |
|---|---|-----------------|---------------|---|-----------------|---------------|
|   | Total amount                                | Unsecured loans | Secured loans | Total amount                                  | Unsecured loans | Secured loans |
| Beginning balance   | 784,806                                     | 777,535         | 7,270         | 803,365                                       | 797,288         | 6,077         |
| Loans made during the period                              | 370,973                                     | 370,952         | 21            | 372,240                                       | 372,221         | 18            |
| Collection during the period                              | 320,943                                     | 319,807         | 1,136         | 323,246                                       | 322,383         | 863           |
| Transfer of claims on bankruptcy and reorganization, etc. | 587   | 562             | 25            | 627   | 621             | 6             |
| Write-off of bad debts during the period                  | 30,881                                      | 30,828          | 53            | 29,787  | 29,763          | 24            |
| Final balance   | 803,365                                     | 797,288         | 6,077         | 821,943                                       | 816,742         | 5,201         |
| Average loans receivable                                  | 793,490                                     | 786,784         | 6,706         | 812,008                                       | 806,357         | 5,650         |

## (v) Breakdown of operating loans

## (A) By loan type

| Loan type        |   | Prior fiscal year<br>(As of March 31, 2018) |                |                                       |                |                                      | Current fiscal year<br>(As of March 31, 2019) |                |                                       |                |                                      |
|------------------|---|---|----------------|---------------------------------------|----------------|--------------------------------------|---|----------------|---------------------------------------|----------------|--------------------------------------|
|                  |   | 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) | 1,483,883                                   | 99.9           | 797,284                               | 99.2           | 15.64                                | 1,538,022                                     | 99.9           | 816,738                               | 99.4           | 15.62                                |
|                  | Secured loans (excluding housing loans)   | 2,207                                       | 0.1            | 5,980                                 | 0.8            | 11.57                                | 1,915   | 0.1            | 5,110                                 | 0.6            | 11.58                                |
|                  | Housing loans                             | —   | —              | —                                     | —              | —                                    | —   | —              | —                                     | —              | —                                    |
|                  | Subtotal                                  | 1,486,090                                   | 100.0          | 803,265                               | 100.0          | 15.61                                | 1,539,937                                     | 100.0          | 821,848                               | 100.0          | 15.60                                |
| Commercial loans | Unsecured loans                           | 4   | 0.0            | 3                                     | 0.0            | 14.91                                | 3   | 0.0            | 3                                     | 0.0            | 15.00                                |
|                  | Secured loans                             | 20  | 0.0            | 96                                    | 0.0            | 9.57                                 | 17  | 0.0            | 91                                    | 0.0            | 8.90                                 |
|                  | Subtotal                                  | 24  | 0.0            | 100                                   | 0.0            | 9.77                                 | 20  | 0.0            | 95                                    | 0.0            | 9.13                                 |
| Total            |   | 1,486,114                                   | 100.0          | 803,365                               | 100.0          | 15.61                                | 1,539,957                                     | 100.0          | 821,943                               | 100.0          | 15.60                                |

## (B) By industry

| Industry   | Prior fiscal year<br>(As of March 31, 2018) |                |  |                | Current fiscal year<br>(As of March 31, 2019) |                |  |                |
|--|---|----------------|--|----------------|---|----------------|--|----------------|
|  | Number of loan contracts                    | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) | Number of loan contracts                      | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) |
| Agriculture, forestry and fishery                          | 1   | 0.0            | 0  | 0.0            | —   | —              | —  | —              |
| Construction   | 6   | 0.0            | 18                                       | 0.0            | 5   | 0.0            | 17                                       | 0.0            |
| Manufacturing  | 1   | 0.0            | 2  | 0.0            | 1   | 0.0            | 1  | 0.0            |
| Electricity; gas; heat supply; water supply                | —   | —              | —  | —              | —   | —              | —  | —              |
| Information and communications                             | 1   | 0.0            | 4  | 0.0            | 1   | 0.0            | 4  | 0.0            |
| Transport and postal services                              | 1   | 0.0            | 4  | 0.0            | 1   | 0.0            | 4  | 0.0            |
| Wholesale and retail                                       | 5   | 0.0            | 11                                       | 0.0            | 3   | 0.0            | 9  | 0.0            |
| Finance and insurance                                      | 1   | 0.0            | 4  | 0.0            | 1   | 0.0            | 3  | 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              | 2   | 0.0            | 12                                       | 0.0            | 2   | 0.0            | 11                                       | 0.0            |
| Education and educational support                          | —   | —              | —  | —              | —   | —              | —  | —              |
| Healthcare and welfare                                     | 1   | 0.0            | 0  | 0.0            | —   | —              | —  | —              |
| Multiple services  | —   | —              | —  | —              | —   | —              | —  | —              |
| Other services<br>(Does not fall under any other category) | 4   | 0.0            | 14                                       | 0.0            | 5   | 0.0            | 14                                       | 0.0            |
| Individuals  | 1,486,090                                   | 100.0          | 803,265                                  | 100.0          | 1,539,937                                     | 100.0          | 821,848                                  | 100.0          |
| Specified nonprofit organization                           | —   | —              | —  | —              | —   | —              | —  | —              |
| Others   | —   | —              | —  | —              | —   | —              | —  | —              |
| Total  | 1,486,114                                   | 100.0          | 803,365                                  | 100.0          | 1,539,957                                     | 100.0          | 821,943                                  | 100.0          |

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

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

| Sex and age |                    | Prior fiscal year<br>(As of March 31, 2018) |                |                                       |                | Current fiscal year<br>(As of March 31, 2019) |                |                                       |                |
|-------------|--------------------|---|----------------|---------------------------------------|----------------|---|----------------|---------------------------------------|----------------|
|             |                    | 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              | 277,680                                     | 18.7           | 117,735                               | 14.8           | 300,824                                       | 19.6           | 124,440                               | 15.2           |
|             | 30-39              | 266,968                                     | 18.0           | 157,944                               | 19.8           | 270,684                                       | 17.6           | 159,581                               | 19.5           |
|             | 40-49              | 252,839                                     | 17.0           | 181,441                               | 22.7           | 250,592                                       | 16.3           | 179,468                               | 22.0           |
|             | 50-59              | 176,101                                     | 11.9           | 135,201                               | 17.0           | 180,096                                       | 11.7           | 138,215                               | 16.9           |
|             | 60 years and older | 116,965                                     | 7.9            | 59,586                                | 7.5            | 119,256                                       | 7.7            | 61,720                                | 7.6            |
|             | Subtotal           | 1,090,553                                   | 73.5           | 651,910                               | 81.8           | 1,121,452                                     | 72.9           | 663,426                               | 81.2           |
| Female      | 18-19 years        | —   | —              | —                                     | —              | —   | —              | —                                     | —              |
|             | 20-29              | 96,355                                      | 6.5            | 31,014                                | 3.9            | 108,880                                       | 7.1            | 34,286                                | 4.2            |
|             | 30-39              | 84,233                                      | 5.7            | 31,452                                | 3.9            | 87,398  | 5.7            | 32,558                                | 4.0            |
|             | 40-49              | 96,131                                      | 6.5            | 38,167                                | 4.8            | 98,094  | 6.4            | 39,155                                | 4.8            |
|             | 50-59              | 69,855                                      | 4.7            | 29,451                                | 3.7            | 73,787  | 4.8            | 31,161                                | 3.8            |
|             | 60 years and older | 46,756                                      | 3.1            | 15,290                                | 1.9            | 48,411  | 3.1            | 16,151                                | 2.0            |
|             | Subtotal           | 393,330                                     | 26.5           | 145,374                               | 18.2           | 416,570                                       | 27.1           | 153,312                               | 18.8           |
| Total       | 1,483,883          | 100.0                                       | 797,284        | 100.0                                 | 1,538,022      | 100.0   | 816,738        | 100.0                                 |                |

(D) By collateral type

| Collateral accepted                          | Prior fiscal year<br>(As of March 31, 2018) |                | Current fiscal year<br>(As of March 31, 2019) |                |
|--|---|----------------|---|----------------|
|  | Amount (Millions of yen)                    | Proportion (%) | Amount (Millions of yen)                      | Proportion (%) |
| Securities<br>(Stocks included in the above) | —<br>(—)                                    | —<br>(—)       | —<br>(—)                                      | —<br>(—)       |
| Credit<br>(Deposits included in the above)   | —<br>(—)                                    | —<br>(—)       | —<br>(—)                                      | —<br>(—)       |
| Merchandise                                  | —   | —              | —   | —              |
| Real estate                                  | 6,018                                       | 0.8            | 5,143   | 0.6            |
| Foundations                                  | —   | —              | —   | —              |
| Others                                       | 58  | 0.0            | 58  | 0.0            |
| Subtotal                                     | 6,077                                       | 0.8            | 5,201   | 0.6            |
| Guarantee                                    | —   | —              | —   | —              |
| Unsecured                                    | 797,288                                     | 99.2           | 816,742                                       | 99.4           |
| Total  | 803,365                                     | 100.0          | 821,943                                       | 100.0          |

## (E) By loan amount

| Loan amount  |   | Prior fiscal year<br>(As of March 31, 2018) |                |  |                | Current fiscal year<br>(As of March 31, 2019) |                |  |                |
|--|---|---|----------------|--|----------------|---|----------------|--|----------------|
|  |   | Number of loan contracts                    | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) | Number of loan contracts                      | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) |
| Unsecured loans  | Due within 100,000 yen                          | 187,642                                     | 12.6           | 11,885                                   | 1.5            | 198,519                                       | 12.9           | 12,605                                   | 1.6            |
|  | Due over 100,000 yen through 300,000 yen        | 342,575                                     | 23.1           | 72,365                                   | 9.0            | 364,068                                       | 23.6           | 77,145                                   | 9.4            |
|  | Due over 300,000 yen through 500,000 yen        | 500,487                                     | 33.7           | 216,456                                  | 26.9           | 515,811                                       | 33.5           | 222,960                                  | 27.1           |
|  | Due over 500,000 yen                            | 453,183                                     | 30.5           | 496,581                                  | 61.8           | 459,627                                       | 29.9           | 504,030                                  | 61.3           |
|  | Subtotal  | 1,483,887                                   | 99.9           | 797,288                                  | 99.2           | 1,538,025                                     | 99.9           | 816,742                                  | 99.4           |
| Secured loans  | Due within 1 million yen                        | 517   | 0.0            | 275                                      | 0.0            | 494   | 0.0            | 254                                      | 0.0            |
|  | Due over 1 million yen through 5 million yen    | 1,451                                       | 0.1            | 3,759                                    | 0.5            | 1,213   | 0.1            | 3,178                                    | 0.4            |
|  | Due over 5 million yen through 10 million yen   | 215   | 0.0            | 1,442                                    | 0.2            | 189   | 0.0            | 1,270                                    | 0.1            |
|  | Due over 10 million yen through 50 million yen  | 44  | 0.0            | 600                                      | 0.1            | 36  | 0.0            | 498                                      | 0.1            |
|  | Due over 50 million yen through 100 million yen | —   | —              | —  | —              | —   | —              | —  | —              |
|  | Due over 100 million yen                        | —   | —              | —  | —              | —   | —              | —  | —              |
|  | Subtotal  | 2,227                                       | 0.1            | 6,077                                    | 0.8            | 1,932   | 0.1            | 5,201                                    | 0.6            |
| Total  |   | 1,486,114                                   | 100.0          | 803,365                                  | 100.0          | 1,539,957                                     | 100.0          | 821,943                                  | 100.0          |
| Average loans receivable per contract (Thousands of yen) |   | —   | —              | 540                                      | —              | —   | —              | 533                                      | —              |
| Unsecured loans  |   | —   | —              | 537                                      | —              | —   | —              | 531                                      | —              |
| Secured loans  |   | —   | —              | 2,728                                    | —              | —   | —              | 2,692                                    | —              |

## (F) By loan term

| Loan term                           |                                     | Prior fiscal year<br>(As of March 31, 2018) |                |  |                | Current fiscal year<br>(As of March 31, 2019) |                |  |                |
|-------------------------------------|-------------------------------------|---|----------------|--|----------------|---|----------------|--|----------------|
|                                     |                                     | Number of loan contracts                    | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) | Number of loan contracts                      | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) |
| Unsecured loans                     | Revolving                           | 1,388,134                                   | 93.4           | 750,554                                  | 93.4           | 1,435,749                                     | 93.2           | 770,159                                  | 93.7           |
|                                     | Due within 1 year                   | 833   | 0.1            | 126                                      | 0.0            | 978   | 0.1            | 142                                      | 0.0            |
|                                     | Due after 1 year through 5 years    | 36,008                                      | 2.4            | 12,156                                   | 1.5            | 37,793  | 2.5            | 12,444                                   | 1.5            |
|                                     | Due after 5 years through 10 years  | 37,985                                      | 2.6            | 18,478                                   | 2.3            | 47,264  | 3.1            | 21,987                                   | 2.7            |
|                                     | Due after 10 years through 15 years | 20,875                                      | 1.4            | 15,933                                   | 2.0            | 16,179  | 1.0            | 11,964                                   | 1.5            |
|                                     | Due after 15 years through 20 years | 47  | 0.0            | 34                                       | 0.0            | 56  | 0.0            | 39                                       | 0.0            |
|                                     | Due after 20 years through 25 years | 4   | 0.0            | 4  | 0.0            | 4   | 0.0            | 3  | 0.0            |
|                                     | Due after 25 years                  | 1   | 0.0            | 0  | 0.0            | 2   | 0.0            | 0  | 0.0            |
|                                     | Subtotal                            | 1,483,887                                   | 99.9           | 797,288                                  | 99.2           | 1,538,025                                     | 99.9           | 816,742                                  | 99.4           |
| Secured loans                       | Revolving                           | 1,684                                       | 0.1            | 4,347                                    | 0.6            | 1,472   | 0.1            | 3,767                                    | 0.5            |
|                                     | Due within 1 year                   | 16  | 0.0            | 36                                       | 0.0            | 5   | 0.0            | 13                                       | 0.0            |
|                                     | Due after 1 year through 5 years    | 110   | 0.0            | 201                                      | 0.0            | 96  | 0.0            | 147                                      | 0.0            |
|                                     | Due after 5 years through 10 years  | 239   | 0.0            | 489                                      | 0.1            | 201   | 0.0            | 413                                      | 0.0            |
|                                     | Due after 10 years through 15 years | 78  | 0.0            | 282                                      | 0.0            | 67  | 0.0            | 242                                      | 0.0            |
|                                     | Due after 15 years through 20 years | 16  | 0.0            | 83                                       | 0.0            | 17  | 0.0            | 81                                       | 0.0            |
|                                     | Due after 20 years through 25 years | 83  | 0.0            | 634                                      | 0.1            | 74  | 0.0            | 536                                      | 0.1            |
|                                     | Due after 25 years                  | 1   | 0.0            | 1  | 0.0            | —   | —              | —  | —              |
|                                     | Subtotal                            | 2,227                                       | 0.1            | 6,077                                    | 0.8            | 1,932   | 0.1            | 5,201                                    | 0.6            |
| Revolving                           | 1,389,818                           | 93.5  | 754,902        | 94.0                                     | 1,437,221      | 93.3  | 773,927        | 94.2                                     |                |
| Due within 1 year                   | 849                                 | 0.1   | 163            | 0.0                                      | 983            | 0.1   | 156            | 0.0                                      |                |
| Due after 1 year through 5 years    | 36,118                              | 2.4   | 12,357         | 1.5                                      | 37,889         | 2.5   | 12,591         | 1.5                                      |                |
| Due after 5 years through 10 years  | 38,224                              | 2.6   | 18,967         | 2.4                                      | 47,465         | 3.1   | 22,400         | 2.7                                      |                |
| Due after 10 years through 15 years | 20,953                              | 1.4   | 16,215         | 2.0                                      | 16,246         | 1.0   | 12,206         | 1.5                                      |                |
| Due after 15 years through 20 years | 63                                  | 0.0   | 117            | 0.0                                      | 73             | 0.0   | 120            | 0.0                                      |                |
| Due after 20 years through 25 years | 87                                  | 0.0   | 638            | 0.1                                      | 78             | 0.0   | 540            | 0.1                                      |                |
| Due after 25 years                  | 2                                   | 0.0   | 2              | 0.0                                      | 2              | 0.0   | 0              | 0.0                                      |                |
| Total                               | 1,486,114                           | 100.0                                       | 803,365        | 100.0                                    | 1,539,957      | 100.0   | 821,943        | 100.0                                    |                |
| Average term per contract           | —                                   |   |                |  | —              |   |                |  |                |

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

## (G) By interest rate

| Interest rate   |                          | Prior fiscal year<br>(As of March 31, 2018) |                |  |                | Current fiscal year<br>(As of March 31, 2019) |                |  |                |
|-----------------|--------------------------|---|----------------|--|----------------|---|----------------|--|----------------|
|                 |                          | Number of loan contracts                    | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) | Number of loan contracts                      | Proportion (%) | Outstanding balance<br>(Millions of yen) | Proportion (%) |
| Unsecured loans | Below 10% p.a.           | 84,519                                      | 5.7            | 41,291                                   | 5.1            | 93,038  | 6.0            | 44,490                                   | 5.4            |
|                 | From 10.0% to 15.0% p.a. | 349,736                                     | 23.5           | 371,127                                  | 46.2           | 348,729                                       | 22.7           | 374,258                                  | 45.6           |
|                 | From 15.0% to 18.0% p.a. | 1,032,094                                   | 69.5           | 375,683                                  | 46.8           | 1,082,229                                     | 70.3           | 390,438                                  | 47.5           |
|                 | From 18.0% to 20.0% p.a. | 1,260                                       | 0.1            | 1,955                                    | 0.2            | 1,081   | 0.1            | 1,643                                    | 0.2            |
|                 | Above 20.0% p.a.         | 16,278                                      | 1.1            | 7,230                                    | 0.9            | 12,948  | 0.8            | 5,910                                    | 0.7            |
|                 | Subtotal                 | 1,483,887                                   | 99.9           | 797,288                                  | 99.2           | 1,538,025                                     | 99.9           | 816,742                                  | 99.4           |
| Secured loans   | Below 10.0% p.a.         | 518   | 0.0            | 1,869                                    | 0.3            | 451   | 0.0            | 1,592                                    | 0.2            |
|                 | From 10.0% to 15.0% p.a. | 1,708                                       | 0.1            | 4,206                                    | 0.5            | 1,480   | 0.1            | 3,607                                    | 0.4            |
|                 | From 15.0% to 18.0% p.a. | 1   | 0.0            | 1  | 0.0            | 1   | 0.0            | 1  | 0.0            |
|                 | Subtotal                 | 2,227                                       | 0.1            | 6,077                                    | 0.8            | 1,932   | 0.1            | 5,201                                    | 0.6            |
| Total           |                          | 1,486,114                                   | 100.0          | 803,365                                  | 100.0          | 1,539,957                                     | 100.0          | 821,943                                  | 100.0          |

## vi) Breakdown of funds

## (A) Breakdown by funding sources

| Funding sources                              | Prior fiscal year<br>(As of March 31, 2018) |                                 | Current fiscal year<br>(As of March 31, 2019) |                                 |
|--|---|---------------------------------|---|---------------------------------|
|  | Outstanding<br>balance<br>(Millions of yen) | Average<br>interest rate<br>(%) | Outstanding<br>balance<br>(Millions of yen)   | Average<br>interest rate<br>(%) |
| Borrowings from financial institutions, etc. | 396,722                                     | 0.98                            | 393,594                                       | 0.74                            |
| Others<br>(Corporate bonds, CPs)             | 230,998<br>(230,998)                        | 0.64<br>(0.64)                  | 230,998<br>(230,998)                          | 0.55<br>(0.55)                  |
| Total  | 627,720                                     | 0.85                            | 624,592                                       | 0.67                            |
| Owners' equity<br>(Capital stock)            | 453,960<br>(63,832)                         | —<br>(—)                        | 479,775<br>(63,832)                           | —<br>(—)                        |

(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).

## (B) Breakdown by financial institution

(Millions of yen)

| Financial institution  |   | Prior fiscal year<br>(As of March 31, 2018) |                    |               |               | Current fiscal year<br>(As of March 31, 2019) |                    |               |               |
|--|---|---|--------------------|---------------|---------------|---|--------------------|---------------|---------------|
|  |   | Beginning<br>balance                        | Amount<br>procured | Amount repaid | Final balance | Beginning<br>balance                          | Amount<br>procured | Amount repaid | Final balance |
| Borrowings   | City banks, etc.  | 138,321                                     | 23,800             | 19,098        | 143,023       | 143,023                                       | 277,270            | 116,892       | 303,401       |
|  | Regional banks  | 41,918                                      | 14,800             | 16,234        | 40,484        | 40,484  | 18,035             | 16,992        | 41,527        |
|  | Trust banks   | 156,908                                     | 57,176             | 54,876        | 159,208       | 159,208                                       | —                  | 158,708       | 500           |
|  | Foreign banks   | 3,000                                       | 1,000              | 1,300         | 2,700         | 2,700   | 500                | 700           | 2,500         |
|  | Life insurance companies                                      | 21,902                                      | 6,000              | 9,500         | 18,402        | 18,402  | 6,000              | 9,472         | 14,930        |
|  | Non-life insurance companies                                  | 4,459                                       | 2,500              | 2,664         | 4,295         | 4,295   | 500                | 1,164         | 3,631         |
|  | Business corporations (leasing and financing companies, etc.) | 2,812                                       | 800                | 1,112         | 2,500         | 2,500   | 500                | 940           | 2,060         |
|  | Other financial institutions                                  | 24,237                                      | 8,500              | 6,626         | 26,110        | 26,110  | 6,700              | 7,765         | 25,045        |
| Subtotal   |   | 393,557                                     | 114,576            | 111,410       | 396,722       | 396,722                                       | 309,505            | 312,633       | 393,594       |
| Commercial papers  |   | 14,997                                      | 130,001            | 115,000       | 29,998        | 29,998  | 159,999            | 150,000       | 39,998        |
| Corporate bonds (including current portion of bonds payable) |   | 201,000                                     | 25,000             | 25,000        | 201,000       | 201,000                                       | 25,000             | 35,000        | 191,000       |
| Subtotal   |   | 215,997                                     | 155,001            | 140,000       | 230,998       | 230,998                                       | 184,999            | 185,000       | 230,998       |
| Total  |   | 609,554                                     | 269,577            | 251,410       | 627,720       | 627,720                                       | 494,505            | 497,633       | 624,592       |

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

4. Material Business Agreements, etc.  
Not applicable

5. Research and Development Activities

Research and development activities for data analysis using AI and operational automation based on the RPA (Robotic Process Automation) have been conducted in the operational areas of loan and credit card business and guarantee business.

During the current fiscal year, the total amount of research and development expenses was 111 million yen.