

ACOM CO., LTD.



# Annual Report 2016

Year ended March 31, 2016



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# Consolidated Financial Highlights

	2012/3	2013/3	2014/3	2015/3	2016/3
<b>Profit and Loss Related:</b> (Millions of Yen)					
Operating Revenue	210,456	193,028	202,240	219,289	<b>237,683</b>
Operating Income	30,885	20,961	14,333	14,073	<b>15,516</b>
Profit Attributable to Owners of Parent	21,464	20,839	10,632	12,864	<b>14,598</b>

<b>Balance Sheet Related:</b> (Millions of Yen)					
Total Assets	1,212,461	1,165,576	1,155,203	1,190,368	<b>1,175,063</b>
Interest-bearing Debt <sup>1</sup>	664,032	632,523	619,966	646,854	<b>648,568</b>
Net Assets	264,915	286,710	306,726	328,315	<b>338,132</b>

<b>Per Share<sup>2</sup>:</b> (Yen)					
Net Income, Basic	137.01	13.30	6.79	8.21	<b>9.32</b>
Net Assets	1,645.35	178.59	187.92	199.53	<b>206.42</b>
Cash Dividends	0	0	0	0	<b>0</b>

<b>Financial Ratios:</b> (%)					
ROE	8.7	7.8	3.7	4.2	<b>4.6</b>
ROA	1.7	1.8	0.9	1.1	<b>1.2</b>
Shareholders' Equity Ratio	21.3	24.0	25.5	26.3	<b>27.5</b>
Shareholders' Equity Ratio (shareholders' equity ratio computed using the sum of total assets and guaranteed receivables)	15.2	16.0	15.4	15.2	<b>15.0</b>

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

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

## 1. Forward-Looking Statements

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

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

3. Percentage figures are a result of rounding.

# Letter to Shareholders

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

*Please let me give following reports on outline of financial results for the fiscal year ended March 2016, the current environment surrounding the Group, annual forecasts for the fiscal year ending March 2017 and new medium-term management plan.*



Shigeyoshi Kinoshita

Chairman, President & Chief Executive Officer

## The Outline of Financial Results for the Fiscal Year Ended March 2016

With regard to consolidated operating revenue, revenue from loan & credit card business increased by 3.5% year-on-year to 133.1 billion yen mainly owing to increases in interest on operating loans and gain on bad debts recovered. Revenue from guarantee business increased by 19.2% year-on-year to 48.8 billion yen. As for overseas financial business, revenue increased by 12.4% year-on-year to 48.2 billion yen as business operation at EASY BUY progressed smoothly and favorable currency exchange impact from depreciation of yen in term average basis. Hence, revenue from all three core businesses increased and overall operating revenue increased by 8.4% year-on-year to 237.6 billion yen.

In terms of consolidated operating expenses, financial expenses decreased owing to further improvements in ACOM's funding environment. Nonetheless, provision for bad debts and other operating expenses increased due to scale expansions made by three core businesses and adverse currency exchange impact from depreciation of yen. Moreover, we made addition of 56.6 billion

yen to provision for loss on interest repayment as the number of requests is exceeding our initial estimate. Therefore, overall operating expenses increased by 8.3% year-on-year to 222.1 billion yen.

Thereby, operating income amounted to 15.5 billion yen while ordinary income amounted to 16.2 billion yen. Profit attributable to owners of parent was 14.5 billion yen.

It is truly regrettable to inform you that we decided not to make year-end dividend payment, previously undecided, as we still face uncertainty of future requests for interest repayment.

We have announced to make no interim dividend payment and that we are undetermined about year-end dividend payment for the fiscal year ending March 2017. However, we intend to resume dividend payment once we are certain that three core businesses are growing in stable manners and that we are free from uncertainty of future requests for interest repayment.

## Current Environment Surrounding ACOM Group

During the fiscal year ended March 31, 2016, the Japanese economy showed signs of gradual improvement in the corporate earnings and employment environment and steady movement in consumer spending due to the effects from various economic policies by the government.

However, the possibility of an economic downturn remained due to the possibility of downside risks in overseas economies triggered by the unclear economic outlook of emerging nations in Asia,

represented by China, and other factors.

The market volume of domestic card loan made a turnover to increasing trend from the end of March 2015 owing to growth in the bank market. The preliminary figures at the end of December 2015 showed steady increase of 4.9% year-on-year to 9,660.0 billion yen. I believe that domestic card loan market is reaching a "stable growth phase" as the nonbank market is approaching the bottom while further growth is expected in the bank market.

However, nonbanks still face adversities represented by issues of interest repayment.

In such an environment, under its management vision of “strive to become the leading company in personal loan market which provides prime satisfaction to utmost number of customers and win

their trust in return,” the Company Group has positioned its loan business, guarantee business and overseas financial business as the three core business categories and strives to increase market shares in the consumer loan market.

## Annual Forecasts for the Fiscal Year Ending March 2017

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We expect following year-on-year increases in receivables outstanding of three core businesses: 3.2% for loan & credit card business; 10.7% for guarantee business; and 3.4% for overseas financial business. Therefore, we expect increase by 7.0% year-on-year to 2,123.5 billion yen by all businesses combined.

With regard to operating revenue, we expect increase by 1.9% year-on-year to 242.3 billion yen of overall consolidated operating revenue. The breakdown of year-on-year changes in three core businesses are as follows: increase by 1.1% in loan & credit card business; increase by 11.1% in guarantee business; decrease by 3.1% in overseas financial business due to currency exchange impacts from strong yen.

In terms of consolidated operating expenses, financial expenses

is expected to decrease by 6.4% year-on-year owing to further improvements in funding environment and favorable currency exchange impacts from strong yen in overseas financial business. Scale expansions in three core businesses will lead to year-on-year increases in provision for bad debts and other operating expenses by 13.4% and 5.7%, respectively. However, no addition of provision for loss on interest repayment is planned. Therefore, we expect consolidated operating expenses to decrease by 20.1% year-on-year to 177.5 billion yen.

Consequently, the Group forecasts consolidated operating income of 64.8 billion yen, ordinary income of 65.3 billion yen and profit attributable to owners of parent of 58.5 billion yen.

## Evaluation on Previous Medium-term Management Plan (2014/3 - 2016/3)

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As the previous medium-term management plan came to its conclusion in the fiscal year ended March 2016, new medium-term management plan made its start from this fiscal year.

Looking back on the previous plan, the Company was able to: maintain increases in the number of new customers; increase receivables outstanding from fiscal year ended March 2014; increase the number of customer accounts from the fiscal year ended March 2016; and maintain soundness of loan portfolio in loan business. The measures which contributed to these successes consisted of continued interest free service up to 30days, enhanced online application completion system, and placement of card issuers to 344 branches nationwide.

The Company commenced new guarantee alliances with 6 banks and established MU Credit Guarantee Co., LTD. which later became a wholly-owned subsidiary. Consequently, the Group was able to increase guaranteed receivables from a megabank, regional and online banks in alliance. At the same time, MUCG made a substantial achievement in outperforming its guaranteed receivables target.

EASY BUY, in overseas financial business, engaged in swift channel development, promoted advantageous interest rates

and attempted to control increase in expenses. As a result, both revenue and income increased for 3 consecutive years while making substantial outperformance in receivables outstanding.

Bank BNP, on the other hand, attempted to maintain and improve soundness of its portfolio while facing difficulty caused by slowing economy and financial regulations introduced in Indonesia. It also organized screening and collection structure for unsecured consumer loan business and expanding its scale gradually.

Moreover, we have submitted request for license in May 2014 to establish a financial institution in the Socialist Republic of Vietnam.

Owing to abovementioned measures, we have achieved final operating revenue target of 214.0 billion yen 1 year ahead of original schedule. For domestic receivables outstanding, though we were not able to meet target for loan business, we have achieved target value of 1.6 trillion yen in loan and guarantee businesses combined. EASY BUY, too, met its target receivables outstanding of 35.2 billion baht 1 year ahead of original schedule. Nonetheless, Bank BNP was not able to meet its target receivables from banking business of 11.3 trillion rupiah due to slowing economy and financial regulations.

## Overview of the New Medium-term Management Plan (2017/3 – 2019/3)

The Group has integrated credit card business to loan business and newly positions loan & credit card business, guarantee business, and overseas financial business as its three core businesses. The Company formulated new medium-term management policy which states “With expeditious reactions to environmental changes, ACOM will establish a solid management base which can support continuous growth, while creating services which exceed customers’ expectations.”

The key quantitative receivables targets for the fiscal year ending March 2019 consist of following: 871.6 billion yen for loan & credit card business; 1,283.7 billion yen for guarantee business; 230.4 billion yen for overseas financial business; thus, 2,398.8 billion yen for all businesses combined.

The target values for operating revenue are as follows: 142.0 billion yen for loan & credit card business; 65.8 billion yen for guarantee business; 52.9 billion yen for overseas financial business; thus, 267.6 billion yen for all businesses combined. Target operating income consists of 42.9 billion yen from loan & credit card business, 18.0 billion yen from guarantee business and 12.7

billion yen from overseas financial business. Thus, 74.0 billion yen from all businesses combined.

With regard to target management indices, we aim to achieve consolidated ROE no less than 12%, and shareholders’ equity ratio of 20%, computed using the sum of consolidated total assets and guaranteed receivables.

As for our capital policy, we will closely monitor both the “consolidated shareholders’ equity ratio” and “shareholders’ equity ratio computed using the sum of consolidated total assets and guaranteed receivables.” Moreover, we will place the maximum priority to enhancing management stability through enhanced internal reserves.

We will review the target value of shareholders’ equity ratio, determine and announce proactive strategic investments and dividend payout ratio as soon as we can conclude that we are “free of uncertainty of requests for interest repayment in the future,” in addition to “indisputable continuous and stable growths in three core businesses.”

## ACOM Group’s Vision

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

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

### 3 components emphasized in the management vision

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



Shigeyoshi Kinoshita  
Chairman, President & Chief Executive Officer

## ACOM in the New Stage

Although domestic personal card loan market has been in a shrinking trend, it returned to increase in year-on-year basis as of March 31, 2015, owing to scale expansion by the bank market. Non-bank market still faces adversities represented by the number of requests for interest repayment remaining at a high level. Nonetheless, market volume of consumer finance industry made a turnover in June 2015 and is making a gradual recovery.

At ACOM on non-consolidated basis, loan business made a good progress; its receivables outstanding continued to increase for three consecutive years while No. of customer accounts increased for the first time in 12 years. Guarantee business, on the other hand, is also enjoying as steady scale expansion.

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

## Issue of Interest Repayment

The number of requests for interest repayment decreased by 9.3% to 72,200.

During the fiscal year ended in March 2016, we took out a total of 69.2 billion yen, the breakdown of which is 57.6 billion yen in cash out and 11.6 billion yen in principal write-offs associated with interest repayment, from a reserve of 102.6 billion yen from the end of the fiscal year before.

ACOM made additional provision of 56.6 billion yen to provision for loss on interest repayment upon reassessing validity and sufficiency of remaining provision. The remaining amount of provision at the end of fiscal year ended March 2016 is 90.0 billion yen.

We plan to conduct comparative analysis on our estimate and actual amount requested every quarter to judge whether more provision is necessary since requests for interest repayment are highly sensitive to changes in external factors.

## TV Commercials: Broadcasted New Commercials with Emphases on the Company's 80<sup>th</sup> Anniversary, Services and Customer Friendliness

We have been featuring actress Hiromi Nagasaku for TV commercials since August 2013. For the period from April 2015 to March 2016, we broadcasted several versions of TV commercials. Most recent versions put emphases on the fact that we will celebrate our 80<sup>th</sup> anniversary this year, our specific services and customer friendliness of these services.

### “80<sup>th</sup> Anniversary Version (Picture-card Show Version)”

This version illustrates to viewers ACOM's history of foundation as a draper, upcoming 80<sup>th</sup> anniversary in 2016, and that ACOM has served more than 10 million customers in total.



### “Interest-free Service Version (Café version)”

Ms. Hiromi Nagasaku, joined by a group of rugby men, makes a thorough and concise explanation on our “Interest-free service” to viewers in this version.



### “Swiftness Version (Baseball Version)”

We illustrated our swiftness of “providing screening results to applications” through the speed of ball pitched by Ms. Hiromi Nagasaku and how she runs through the ground, both of which are faster than the eye.



# Business Highlights

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

## Loan & Credit Card Business

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

As for the improvement of product/service functions and gathering and acquiring of new customers, we extended operating hours of our automatic contract machines by one hour both in the morning and in the evening, to from 8:00 a.m. to 10:00 p.m. in September 2015, in order to further enhance customer convenience. Recognizing the growing importance of the internet as an advertising platform, we continued advertising on YouTube and other sites while implementing

online campaigns such as our new “Incentive Program Provided Exclusively Online” for customers who make online registration in advance and then introduce their friends to us. Furthermore, in light of the advances of women in society and other trends, we strove to appeal to working women by introducing web pages for women and promoting other measures.

In addition to abovementioned marketing activities, we have strived to maintain the soundness of 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 accuracy of credit screenings.

## Guarantee Business

ACOM has forged alliances with banks, mainly The Bank of Tokyo-Mitsubishi UFJ, Ltd. and top-tier regional banks, and provides guarantee on unsecured personal loans provided by these alliance partners. The main source of revenue in this business is guarantee fees received on guaranteed receivables.

The Company and MU Credit Guarantee Co., LTD. worked on the promotion of new guarantee tie-ups and measures to enhance partnerships with existing partners amid the growth trend in bank card loan market. The Company formed a new guarantee alliance with Sony Bank Incorporated, increasing the combined number of business partners of the Company and MU Credit Guarantee Co.,

LTD. to 47 banks at the end of the current fiscal year.

To enhance partnerships with existing partners, the Company reviewed and revised its system for receiving applications for guarantee screening and workflow and strove to reduce the screening times for the purpose of meeting the needs of customers. Moreover, as a support toward improved performance for partners, the Company made proposals and offered assistance on product revisions such as credit limit renewals and loan interest rate adjustments, with a view to strengthening their product competitiveness and ability to gather and acquire new customers.

## Overseas Financial Businesses

There are concerns about political instability, slowdown in economic growth due to decline in demand, etc. in financial businesses at overseas. However, the Group has worked on business expansion with its highest priority placed on improving quality of loan portfolio. Therefore, there is negligible impact on its performance at overseas.

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

steadily, thereby building the top-brand position in Thailand.

The banking business of PT. Bank Nusantara Parahyangan, Tbk. in the Republic of Indonesia worked to expand revenue with a view to strengthening its internal control structure amid lingering future uncertainty about the domestic economy.

In the Socialist Republic of Vietnam, the Company applied for a license to operate as a finance company in May 2014. While waiting for the result of the screening, the Company has continued surveys on various local laws/regulations and risks, and market analysis for future business development. The Company also continues with necessary surveys in other Asian countries to explore the feasibility of business development.

## Loan Servicing Business

In the loan servicing business, The primary sources of revenue in our loan servicing business consist of marginal profit from recovery of purchased receivables, combined with commissions received for handling debt collection activities on consignment from banks and

other financial institutions.

IR Loan Servicing, Inc. has endeavored to strengthen its business structure and increase profitability amid intensified competition in the purchased receivables market.

# Social Contribution Activity

## ACOM's Social Contribution Activity Policy

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

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

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

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

## Culture and Arts

### ● Barrier-free Concerts Enjoyable by Everyone Regardless of Age and Handicaps

Helping with Smiles, "ACOM 'Miru' Concert Monogatari"

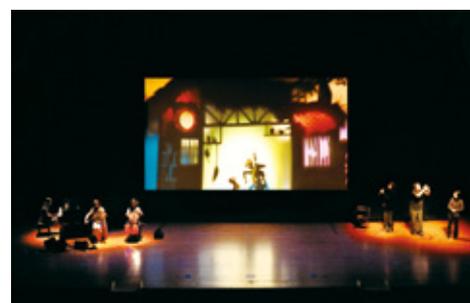
"ACOM 'Miru' Concert Monogatari" contains our three wishes to: "do something for others", "see other people's smiling faces" and "establish a harmonious relationship with society."

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

As a part of its social contribution activities, ACOM began to hold "ACOM 'Miru' Concert Monogatari" performances all over Japan since 1994. The first intended audiences were parents and their children. However, as we wished to extend the joy to more

diverse audience, we made the performances barrier-free event through means of on-stage sign language interpretation, expanded reserved seats for wheelchair users, etc.

Since the first performance in 1994, we held over 203 performances, inviting over 190,000 audiences.



## Social Welfare

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

The "ACOM Bluebird Fund" is one such activity that began at

employees' suggestion in 1984. Employees can make donations on their will to collection boxes placed at each workplace. Their contributions are donated to social welfare organizations and community chests in disaster-stricken areas.

## Supporting Activities in Regional Development

ACOM is actively involved in various regional activities such as sponsorships to diverse cultural and athletic events.

## Investor Information as of March 31, 2016

### Stock Listing

First Section of Tokyo Stock Exchange

### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

### General Shareholders' Meeting

June 23, 2016

**Authorized Shares:** 5,321,974,000

**Outstanding Shares:** 1,596,282,800

**Number of Shareholders:** 11,488

### ADR (American Depositary Receipts) Information

Type: Sponsored Level-1 Program

ADR Ratio: 2ADRs : 5 Ordinary Shares

Symbol: ACMUY

CUSIP: 004845202

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

Depository Bank: The Bank of New York Mellon

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

**Toll Free # for Domestic Calls:**

1-888-BNY-ADRS

**Number for International Calls:** 201-680-6825

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

For further information, please contact:

### Public & Investor Relations Office

Meiji Yasuda Seimei Bldg., 1-1, Marunouchi 2-chome,

Chiyoda-ku, Tokyo, 100-8307, Japan

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# Annual Securities Report

(The 39th fiscal year)

ACOM CO., LTD.

# Annual Securities Report

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

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

[Cover]

[Document Submitted]

Annual Securities Report (“Yukashoken Hokokusho”)

[Article of the Applicable Law Requiring Submission of This Document]

Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan

[Submitted to]

Director, Kanto Local Finance Bureau

[Date of Submission]

June 23, 2016

[Accounting Period]

The 39th Fiscal Year (from April 1, 2015, to March 31, 2016)

[Company Name]

ACOM Kabushiki-Kaisha

[Company Name in English]

ACOM CO., LTD. (the “Company”)

[Position and Name of Representative]

Shigeyoshi Kinoshita, Chairman, President & CEO

[Location of Head Office]

1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo

[Phone No.]

03-5533-0811 (main)

[Contact for Communications]

Takashi Kiribuchi, Executive Officer, Chief General Manager of Treasury Department

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[Contact for Communications]

Takashi Kiribuchi, Executive Officer, Chief General Manager of Treasury Department

[Place Where Available for Public Inspection]

Tokyo Stock Exchange, Inc.  
(2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Part I Information on the Company

### I. Overview of the Company

#### 1. Key Financial Data and Trends

##### (1) Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

Fiscal period	35th fiscal year	36th fiscal year	37th fiscal year	38th fiscal year	39th fiscal year
Period of account	March 2012	March 2013	March 2014	March 2015	March 2016
Operating revenue	210,456	193,028	202,240	219,289	237,683
Ordinary income	32,219	21,835	15,567	14,747	16,200
Profit attributable to owners of parent	21,464	20,839	10,632	12,864	14,598
Comprehensive income	21,566	24,793	15,619	22,835	12,888
Net assets	264,915	286,710	306,726	328,315	338,132
Total assets	1,212,461	1,165,576	1,155,203	1,190,368	1,175,063
Net assets per share (yen)	1,645.35	178.59	187.92	199.53	206.42
Basic earnings per share (yen)	137.01	13.30	6.79	8.21	9.32
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	21.26	24.00	25.48	26.26	27.52
Return on equity (%)	8.67	7.75	3.70	4.24	4.59
Price earnings ratio (times)	13.50	20.29	48.60	50.79	60.84
Net cash provided by (used in) operating activities	48,421	2,245	(29,135)	(38,249)	(43,045)
Net cash provided by (used in) investing activities	10,981	53,030	(9,342)	(5,155)	(2,368)
Net cash provided by (used in) financing activities	(28,554)	(40,414)	(21,392)	13,503	6,589
Cash and cash equivalents at end of period	193,441	208,969	151,711	122,306	83,275
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	5,537 [193]	5,766 [219]	5,643 [421]	5,820 [467]	6,036 [394]

- (Notes)
1. "Operating revenue" is presented exclusive of consumption tax, etc.
  2. "Diluted earnings per share" is not shown since there was no dilutive security.
  3. As of October 1, 2013, the Company executed a stock split where each share of its common stock was split into 10 shares. In association therewith, "Net assets per share" and "Basic earnings per share" were calculated supposing that the stock split was conducted at the beginning of the 36th fiscal year.
  4. Effective from the current fiscal year, the Company has adopted the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) in respect to provisions stated in Paragraph 39, etc. Accordingly, "net income" has been renamed to "profit attributable to owners of parent."

## (2) Financial data etc. of the Filing Company

(Millions of yen, unless otherwise stated)

Fiscal period	35th fiscal year	36th fiscal year	37th fiscal year	38th fiscal year	39th fiscal year
Period of account	March 2012	March 2013	March 2014	March 2015	March 2016
Operating revenue	173,837	155,927	155,659	163,644	175,380
Ordinary income	26,461	18,456	8,192	4,161	5,171
Profit	20,853	21,952	8,297	9,316	9,857
Capital stock	63,832	63,832	63,832	63,832	63,832
Total number of outstanding shares (thousands of shares)	159,628	159,628	1,596,282	1,596,282	1,596,282
Net assets	248,606	269,861	278,173	290,252	300,109
Total assets	1,085,904	1,013,280	972,335	975,799	970,803
Net assets per share (yen)	1,586.90	172.26	177.56	185.27	191.57
Dividends per share [Of the above, interim dividends per share] (yen)	— [—]	— [—]	— [—]	— [—]	— [—]
Basic earnings per share (yen)	133.11	14.01	5.30	5.95	6.29
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	22.89	26.63	28.61	29.75	30.91
Return on equity (%)	8.75	8.47	3.03	3.26	3.34
Price earnings ratio (times)	13.89	19.26	62.26	70.08	90.14
Dividend payout ratio (%)	—	—	—	—	—
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	1,756 [171]	1,685 [204]	1,748 [169]	1,851 [172]	1,892 [144]

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

## 2. ACOM History

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

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

### 3. Description of Business

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

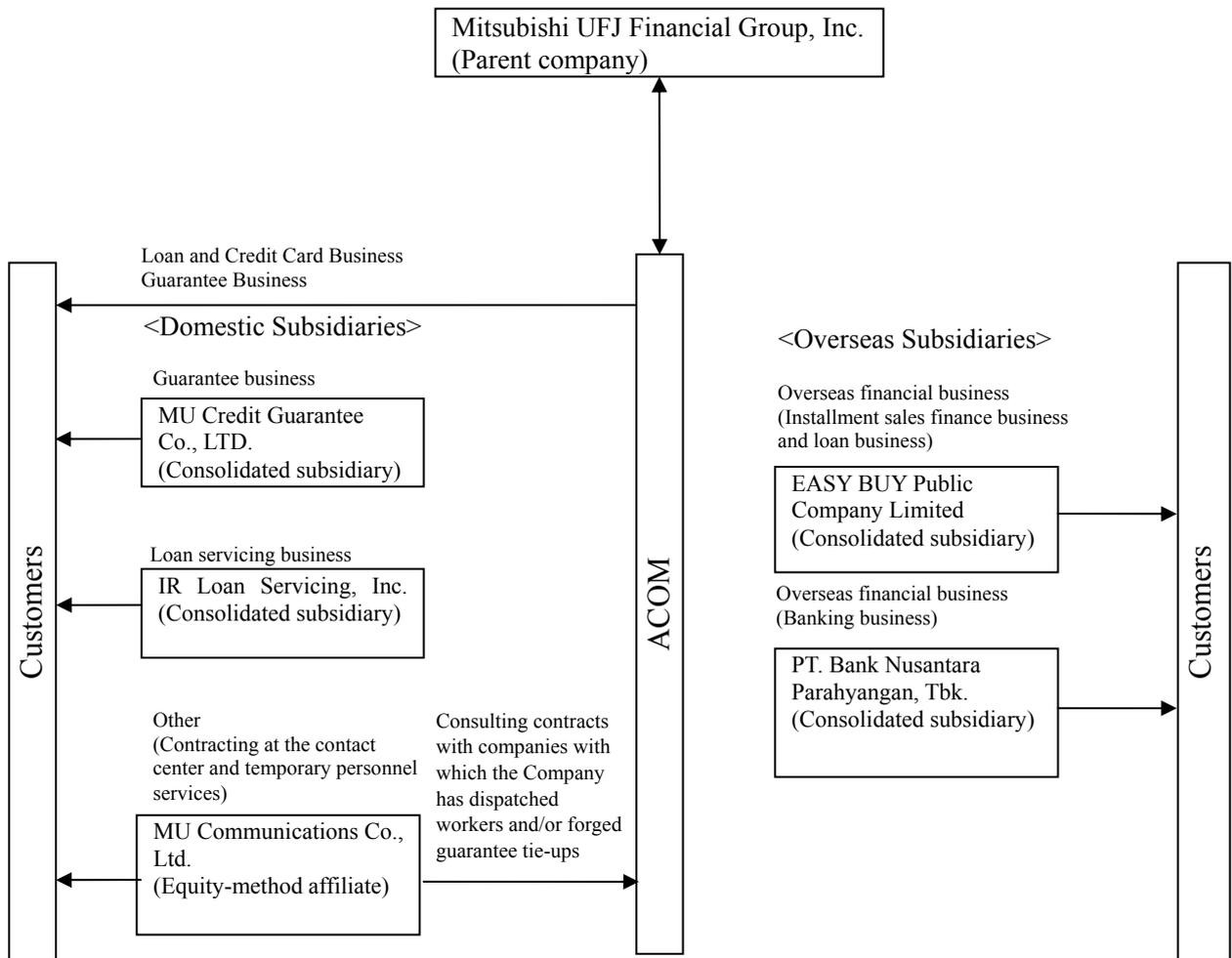
The ACOM Group consists of ACOM and 6 subsidiaries and 1 affiliate. The Group’s main line of business is [loan and credit card business, guarantee business, overseas financial business and loan servicing business].

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

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

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

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



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

#### 4. Information on Subsidiaries and Affiliates

Company name	Location	Paid in capital (Million yen)	Principal business	Ratio of voting rights holding or held		Relationship
				Ratio of voting rights holding (%)	Ratio of voting rights held (%)	
(Parent company)  Mitsubishi UFJ Financial Group, Inc. (Note) 3	Chiyoda-ku, Tokyo	2,141,513	Bank holding company	—	40.18 (2.60)	Business management, business and capital alliance
(Consolidated subsidiary)  MU Credit Guarantee Co., LTD.	Shinjuku- ku, Tokyo	300	Guarantee business	100.00	—	—
EASY BUY Public Company Limited (Note) 4, 5	Bangkok, Kingdom of Thailand	(Million THB) 4,500	Overseas financial business	71.00	—	Loan guarantee to said company
PT. Bank Nusantara Parahyangan, Tbk.	Bandung, Republic of Indonesia	(Million IDR) 338,416	Overseas financial business	66.15	—	Holding of subordinated loans issued by said company
IR Loan Servicing, Inc.	Chiyoda-ku, Tokyo	520	Loan servicing business	100.00	—	Financial loan to said company
General Incorporated Association Mirai Capital (Note) 6	Shibuya-ku, Tokyo	3	Loan servicing business	100.00 (100.00)	—	—
Power Investments LLC (Note) 7	Shibuya-ku, Tokyo	0	Loan servicing business	100.00 (100.00)	—	—
(Equity-method affiliate)  MU Communications Co., Ltd.	Shibuya-ku, Tokyo	1,020	Other	23.15	—	Consulting contracts with companies with which the Company has dispatched workers and/or forged guarantee tie-ups

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

#### Key profit/loss information:

(1) Operating revenue	39,041 million yen (THB 11,028 million)
(2) Ordinary income	10,973 million yen (THB 3,099 million)
(3) Profit	8,761 million yen (THB 2,475 million)
(4) Net assets	38,738 million yen (THB 11,598 million)
(5) Total assets	137,259 million yen (THB 41,095 million)

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

## 5. Employees

### (1) Consolidated Companies

As of March 31, 2016

Name of business segment	Number of employees
Loan and credit card business	1,354 (123)
Guarantee business	186 (8)
Overseas financial business	3,962 (230)
Loan servicing business	139 (14)
Corporate wide (shared)	395 (19)
Total	6,036 (394)

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

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

(The average number of fixed-term employees was 381 if the number of temporary employees among fixed-term employees is converted at the rate of one (1) person per 8-working-hour shift a day.)

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

### (2) The Filing Company

As of March 31, 2016

Number of employees	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of yen)
1,892 (144)	39.6	14.8	6,009

Name of business segment	Number of employees
Loan and credit card business	1,354 (123)
Guarantee business	143 (2)
Corporate wide (shared)	395 (19)
Total	1,892 (144)

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

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

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

(The average number of fixed-term employees was 135 if the number of temporary employees among fixed-term employees is converted at the rate of one (1) person per 8-working-hour shift a day.)

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

### (3) Status of labor union

Relationship between management and labor union is stable.

## II. Business Overview

### 1. Summary of Results

#### (1) Business results

During the fiscal year ended March 31, 2016, the Japanese economy showed signs of gradual improvement in corporate earnings and the employment environment, as well as hints of recovery in consumer spending due to the effects of various economic policies implemented by the government. However, the possibility of an economic downturn remained due to the possibility of downside risks in overseas economies triggered by the unclear economic outlook of emerging nations in Asia, represented by China, and other factors.

In the consumer finance industry, business conditions continued to be severe due to factors including requests for interest repayment remaining at a high level, although there are some signs that shrinking trend of the market is approaching a halt.

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 business, guarantee business and overseas financial business as the three core business categories and strives to increase market shares in the consumer loan market.

In the fiscal year ended March 31, 2016, the final year of the medium-term management plan, the Group continued to focus its efforts on expanding business bases in the aforementioned three core businesses. The total balance of receivables in the loan business and guarantee business reached our medium-term target of 1.6 trillion yen. Accounts receivable-operating loans as of the end of the current fiscal year continued to favorably increase for the second consecutive fiscal year in the loan business and the balance of guaranteed receivables rose further than in the previous fiscal year in the guarantee business. Also, the Group worked to expand business operations and strengthen its internal control structures in the overseas financial business.

Consolidated operating revenue for fiscal year ended March 31, 2016, amounted to 237,683 million yen (up 8.4% year-on-year) primarily due to increases in interest on consumer loans and revenue from credit guarantee. Operating expenses increased to 222,166 million yen (up 8.3% year-on-year) primarily due to increases in provision for loss on interest repayment and provision of allowance for doubtful accounts. Operating income increased to 15,516 million yen (up 10.3% year-on-year), ordinary income increased to 16,200 million yen (up 9.9% year-on-year), and profit attributable to owners of parent increased to 14,598 million yen (up 13.5% year-on-year).

#### (2) Status of financial service businesses

##### 1) Loan and credit card business

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

As for the improvement of product/service functions and gathering and acquiring of new customers, in September 2015 we extended operating hours of our automatic contract machines by one hour both in the morning and in the evening, to 8:00 a.m. to 10:00 p.m., in order to further enhance convenience for customers. Recognizing the growing importance of the internet as an advertising platform, we continued advertising on YouTube and other sites while implementing online campaigns such as our new “Web-only Introduce A Friend Program” for customers who introduce their friends to us after pre-registering online. Furthermore, in light of the advances of women in society and other trends, we strove to appeal to working women by introducing web pages for women and promoting other measures. We continued airing commercials featuring the actress “Hiromi Nagasaku” and the sound logo of “*Hajimete-no* (First time at) ACOM,” maintaining an advertising strategy that has earned positive public reception and contributed to increasing the number of new customers.

We continued to focus our efforts on the promotion of credit cards. The total number of card members increased to 254 thousand (up 18.0% year-on-year) and the annual transaction volume increased to 23,381 million yen (up 30.8% year-on-year).

In addition to the above 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 767,127 million yen (up 2.7% year-on-year) and accounts receivable-installment increased to 27,855 million yen (up 29.0% year-on-year).

In the domestic loan and credit card business, the business segment's operating revenue was 133,170 million yen (up 3.5% year-on-year) mainly due to an increase in interest on consumer loans in accordance with our business expansion. The business segment posted an operating loss of 11,841 million yen mainly due to an increase in provision for loss on interest repayment under operating expenses (compared with operating loss of 8,364 million yen for the prior fiscal year).

## 2) Guarantee business

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

The Company started guarantee tie-ups with Sony Bank Incorporated, increasing the combined number of business partners of the Company and MU Credit Guarantee Co., LTD. to 47 banks at the end of the current fiscal year.

To enhance partnerships with existing partners, the Company reviewed and revised its system for receiving applications for guarantee screening and workflow and strove to reduce the screening times for the purpose of meeting the needs of customers. Moreover, as a support toward the increased balance of loan products for partners, the Company made proposals and offered assistance on credit limit renewals and loan interest rate adjustments, with a view to strengthening their product competitiveness and ability to gather and acquire new customers.

As a result, the balance of guaranteed receivables at the Group level has reached 987,508 million yen (up 14.7% year-on-year) at the end of the current fiscal year. The business segment's operating revenue was 48,868 million yen (up 19.2% year-on-year) mainly due to an increase in revenue from credit guarantee. Operating income was 14,466 million yen (up 30.0% year-on-year).

## 3) Overseas financial business

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

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

The banking business of PT. Bank Nusantara Parahyangan Tbk. in the Republic of Indonesia worked to expand revenue with a view to strengthening its internal control structure amid lingering future uncertainty about the domestic economy.

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

As a result, the business segment's operating revenue and operating income were 48,294 million yen (up 12.5% year-on-year) and 11,138 million yen (up 9.7% year-on-year), respectively.

## 4) Loan servicing business

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

As the amount of collection from purchased receivables increased from the prior fiscal year, the business segment's operating revenue was 6,579 million yen (up 0.7% year-on-year) and operating income was 1,071 million yen (up 43.5% year-on-year) primarily due to decreases in cost of purchased receivable and provision for bad debts.

(3) 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 39,030 million yen (down 31.9% year-on-year) from the end of the prior fiscal year to 83,275 million yen.

With respect to net cash used in operating activities, funds saw a decrease of 43,045 million yen, reflecting funds-increasing factors such as 14,985 million yen in income before income taxes, an increase of 6,162 million yen in allowance for doubtful accounts, and 4,155 million yen in depreciation, as well as funds-decreasing factors such as an increase of 37,417 million yen in accounts receivable-operating loans, a decrease of 12,600 million yen in provision for loss on interest repayment, and a decrease of 8,293 million yen in deposits of banking business.

With respect to net cash used in investing activities, funds saw a decrease of 2,368 million yen. This was primarily due to the fact that the amount of proceeds from sales of noncurrent assets was 2,222 million yen less than the payments for purchase of noncurrent assets and that the amount of proceeds from sales of short-term investment securities was 459 million yen less than the payments for purchase of short-term investment securities.

With respect to net cash provided by financing activities, funds saw an increase of 6,589 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 10,114 million yen more than the repayments of loans payable and payments at maturity of bonds.

## 2. Consolidated Operating Results

### (1) Operating revenue by business segment

Business segment			Prior fiscal year (From April 1, 2014 to March 31, 2015)		Current fiscal year (From April 1, 2015 to March 31, 2016)	
			Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Financial service businesses	Japan	Loan business	125,739	57.3	129,385	54.4
		Credit card business	2,985	1.4	3,785	1.6
		Guarantee business	40,992	18.7	48,868	20.6
		Loan servicing business	6,533	3.0	6,579	2.8
		Others	82	0.0	790	0.3
	Overseas	Loan business	32,822	15.0	38,907	16.4
		Installment sales finance business	265	0.1	133	0.0
		Banking business	9,868	4.5	9,233	3.9
Total			219,289	100.0	237,683	100.0

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

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

#### 1) Transaction volume

Business segment		Prior fiscal year (From April 1, 2014 to March 31, 2015)		Current fiscal year (From April 1, 2015 to March 31, 2016)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	375,177	63.6	376,966	68.1
	Credit card business	17,877	3.0	23,381	4.2
	Loan servicing business	3,600	0.6	5,715	1.0
Overseas	Loan business	95,381	16.2	96,047	17.4
	Installment sales finance business	883	0.1	561	0.1
	Banking business	97,247	16.5	50,735	9.2
Total		590,167	100.0	553,409	100.0

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

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

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

2) Receivables outstanding

Business segment		Prior fiscal year (As of March 31, 2015)		Current fiscal year (As of March 31, 2016)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	747,236	76.8	767,196	76.9
	Credit card business	21,595	2.2	27,855	2.8
	Loan servicing business	8,473	0.9	10,709	1.1
Overseas	Loan business	130,190	13.4	134,954	13.5
	Installment sales finance business	699	0.1	538	0.0
	Banking business	64,582	6.6	56,575	5.7
Total		972,778	100.0	997,828	100.0

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

(3) Number of outlets

Category	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Outlets	1,246	1,244

(4) Number of customer accounts

Business segment		Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Japan	Loan business	1,397,353	1,409,926
	Credit card business	215,687	254,534
	Loan servicing business	330,649	336,266
Overseas	Loan business	1,122,447	1,150,661
	Installment sales finance business	17,084	12,558
	Banking business	20,468	22,000

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

## (5) Breakdown of accounts receivable-operating loans

## 1) By loan type

Loan type		Prior fiscal year (As of March 31, 2015)					Current fiscal year (As of March 31, 2016)				
		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)	2,516,189	99.9	866,718	98.8	17.58	2,557,476	99.9	893,301	99.0	17.45
	Secured loans (excluding housing loans)	3,563	0.1	10,524	1.2	11.94	3,072	0.1	8,690	1.0	11.78
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	2,519,752	100.0	877,242	100.0	17.51	2,560,548	100.0	901,992	100.0	17.40
Commercial loans	Unsecured loans	6	0.0	5	0.0	14.36	6	0.0	4	0.0	14.63
	Secured loans	42	0.0	178	0.0	9.09	33	0.0	153	0.0	8.99
	Subtotal	48	0.0	184	0.0	9.25	39	0.0	158	0.0	9.17
Total		2,519,800	100.0	877,427	100.0	17.51	2,560,587	100.0	902,150	100.0	17.40

## 2) By industry

Industry	Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
	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	3	0.0	8	0.0	2	0.0	6	0.0
Construction	13	0.0	28	0.0	10	0.0	21	0.0
Manufacturing	5	0.0	9	0.0	4	0.0	7	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	1	0.0	5	0.0	1	0.0	5	0.0
Transport and postal services	2	0.0	11	0.0	2	0.0	12	0.0
Wholesale and retail	9	0.0	26	0.0	8	0.0	20	0.0
Finance and insurance	4	0.0	24	0.0	3	0.0	23	0.0
Real estate, and goods rental and leasing	2	0.0	27	0.0	1	0.0	26	0.0
Accommodation, and food and beverage services	3	0.0	19	0.0	3	0.0	18	0.0
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	1	0.0	0	0.0	1	0.0	0	0.0
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	5	0.0	21	0.0	4	0.0	16	0.0
Individuals	2,519,752	100.0	877,242	100.0	2,560,548	100.0	901,992	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	2,519,800	100.0	877,427	100.0	2,560,587	100.0	902,150	100.0

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

3) By collateral type

Collateral	Prior fiscal year (As of March 31, 2015)		Current fiscal year (As of March 31, 2016)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Securities (Stocks included in the above)	— (—)	— (—)	— (—)	— (—)
Credit (Deposits included in the above)	— (—)	— (—)	— (—)	— (—)
Merchandise	—	—	—	—
Real estate	10,623	1.2	8,766	1.0
Foundations	—	—	—	—
Others	80	0.0	77	0.0
Subtotal	10,703	1.2	8,844	1.0
Guarantee	—	—	—	—
Unsecured	866,723	98.8	893,306	99.0
Total	877,427	100.0	902,150	100.0

4) By loan term

Loan period		Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Revolving	2,386,253	94.7	814,575	92.8	2,429,694	94.9	839,891	93.1
	Due within 1 year	753	0.0	97	0.0	977	0.0	135	0.0
	Due after 1 year through 5 years	80,630	3.2	19,625	2.3	76,012	3.0	18,688	2.1
	Due after 5 years through 10 years	16,291	0.7	7,626	0.9	20,054	0.8	9,912	1.1
	Due after 10 years through 15 years	32,234	1.3	24,764	2.8	30,696	1.2	24,636	2.7
	Due after 15 years through 20 years	30	0.0	29	0.0	44	0.0	37	0.0
	Due after 20 years through 25 years	4	0.0	3	0.0	5	0.0	4	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	2,516,195	99.9	866,723	98.8	2,557,482	99.9	893,306	99.0
Secured loans	Revolving	2,831	0.1	7,950	0.9	2,400	0.1	6,455	0.7
	Due within 1 year	22	0.0	83	0.0	23	0.0	88	0.0
	Due after 1 year through 5 years	144	0.0	189	0.0	145	0.0	226	0.0
	Due after 5 years through 10 years	347	0.0	892	0.1	317	0.0	747	0.1
	Due after 10 years through 15 years	74	0.0	307	0.1	69	0.0	310	0.1
	Due after 15 years through 20 years	42	0.0	222	0.0	28	0.0	147	0.0
	Due after 20 years through 25 years	145	0.0	1,058	0.1	122	0.0	859	0.1
	Due after 25 years	—	—	—	—	1	0.0	8	0.0
	Subtotal	3,605	0.1	10,703	1.2	3,105	0.1	8,844	1.0
Revolving	2,389,084	94.8	822,526	93.7	2,432,094	95.0	846,346	93.8	
Due within 1 year	775	0.0	181	0.0	1,000	0.0	224	0.0	
Due after 1 year through 5 years	80,774	3.2	19,815	2.3	76,157	3.0	18,914	2.1	
Due after 5 years through 10 years	16,638	0.7	8,518	1.0	20,371	0.8	10,660	1.2	
Due after 10 years through 15 years	32,308	1.3	25,072	2.9	30,765	1.2	24,946	2.8	
Due after 15 years through 20 years	72	0.0	251	0.0	72	0.0	185	0.0	
Due after 20 years through 25 years	149	0.0	1,061	0.1	127	0.0	864	0.1	
Due after 25 years	—	—	—	—	1	0.0	8	0.0	
Total	2,519,800	100.0	877,427	100.0	2,560,587	100.0	902,150	100.0	
Average term per contract	—				—				

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

## (6) Breakdown of funds

## 1) Breakdown by funding sources

Funding sources, etc.	Prior fiscal year (As of March 31, 2015)		Current fiscal year (As of March 31, 2016)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	443,540	1.92	438,811	1.63
Others (Corporate bonds, CPs)	203,313 (203,313)	1.62 (1.62)	209,758 (209,758)	1.49 (1.49)
Total	646,854	1.83	648,570	1.59
Owners' equity (Capital stock)	475,407 (63,832)	— (—)	479,894 (63,832)	— (—)

(Notes) 1. "Owners' equity" was calculated by deducting total liabilities, the amount of non-controlling interests in the "net assets" section, and the planned amount of dividend from total assets, and then adding the total amount of reserves (including reserves under special laws).

2. "Borrowings from financial institutions, etc." as of the end of the prior fiscal year includes 5,036 million yen borrowings by liquidation of receivables.

## 2) Breakdown by financial institution

(Millions of yen)

Financial institution		Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	142,131	110,478	103,880	148,727	148,727	28,638	39,628	137,737
	Regional banks	30,352	22,005	14,765	37,591	37,591	16,000	15,156	38,435
	Trust banks	157,911	109,287	109,388	157,809	157,809	56,052	49,930	163,931
	Foreign banks	21,256	89,601	80,864	29,992	29,992	109,284	101,508	37,768
	Life insurance companies	23,299	13,500	14,768	22,031	22,031	11,500	11,669	21,862
	Non-life insurance companies	1,506	2,500	658	3,348	3,348	1,000	676	3,672
	Business corporations (leasing and financing companies, etc.)	2,834	2,000	1,332	3,502	3,502	2,202	1,864	3,840
	Other financial institutions	52,663 (11,791)	19,612 (—)	31,739 (6,754)	40,537 (5,036)	40,537 (5,036)	22,718 (—)	31,691 (5,036)	31,564 (—)
Subtotal	431,952	368,985	357,397	443,540	443,540	247,395	252,124	438,811	
Corporate bonds (including current portion of bonds payable)	188,014	67,460	52,161	203,313	203,313	43,836	37,391	209,758	
Subtotal	188,014	67,460	52,161	203,313	203,313	43,836	37,391	209,758	
Total	619,966	436,445	409,558	646,854	646,854	291,231	289,515	648,570	

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

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

3. Amounts procured and repaid by overseas subsidiaries are stated after foreign currency translation adjustment.

(7) Operating results of the Filing Company

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

(i) The number of outlets and automated teller machines

Category		Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Outlets		1,086	1,085
	Staffed outlets	39	39
	Unstaffed outlets	1,047	1,046
Automatic contract machines		1,086 locations (1,112)	1,085 locations (1,119)
ATMs		62,241	64,156
	Proprietary	1,112	1,112
	Tie-up	61,129	63,044
	(Number of tie-up companies)	(18)	(18)

(Note) In addition to the above 1,085 loan business outlets, based on the Money Lending Business Act, we registered 39 automatic contract machines installed in staffed outlets (they stood at 39 as of March 31, 2015), 6 automated teller machines installed outside outlets (6 as of March 31, 2015) and 1 service center (1 as of March 31, 2015) for the various applications and registration acceptance via automatic contract machines and other means as outlets.

(ii) Number of customer accounts

Business segment		Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Loan business		1,397,049	1,409,768
Credit card business	Credit cards	215,687	254,534

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

Loan business                      Number of accounts receivable-operating loans

Credit card business

    Credit cards      Number of "MasterCard®" holders

2) Breakdown of operating revenue

(i) Operating revenue by business segment

Business segment	Prior fiscal year (From April 1, 2014 to March 31, 2015)		Current fiscal year (From April 1, 2015 to March 31, 2016)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan Business	125,739	76.8	129,385	73.8
Unsecured loans	124,377	76.0	128,260	73.1
Consumer	124,376	76.0	128,259	73.1
Commercial	0	0.0	0	0.0
Secured loans	1,362	0.8	1,125	0.7
Credit card business	2,985	1.8	3,785	2.1
Guarantee business	34,630	21.2	41,500	23.7
Sales of products	—	—	490	0.3
Others	288	0.2	218	0.1
Total	163,644	100.0	175,380	100.0

(ii) Interest on consumer loans by region

Region	Prior fiscal year (From April 1, 2014 to March 31, 2015)		Current fiscal year (From April 1, 2015 to March 31, 2016)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Hokkaido	4,390	3.9	4,422	3.8
Tohoku	7,067	6.2	7,236	6.2
Kanto	42,130	37.1	43,039	37.1
Chubu	16,879	14.8	16,893	14.5
Kinki	21,382	18.8	22,512	19.4
Chugoku	5,754	5.1	5,819	5.0
Shikoku	2,969	2.6	2,987	2.6
Kyushu	13,032	11.5	13,201	11.4
Total	113,608	100.0	116,112	100.0

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

Hokkaido: Hokkaido

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

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

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

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

Chugoku: Tottori, Shimane, Okayama, Hiroshima and Yamaguchi

Shikoku: Tokushima, Kagawa, Ehime and Kochi

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

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

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

(i) Transaction volume

Business segment		Prior fiscal year (From April 1, 2014 to March 31, 2015)		Current fiscal year (From April 1, 2015 to March 31, 2016)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	375,131	95.5	376,923	94.2
	Consumer loans	375,131	95.5	376,923	94.2
	Commercial loans	—	—	—	—
	Secured loans	46	0.0	42	0.0
	Subtotal	375,177	95.5	376,966	94.2
Credit card business	Credit cards	17,877	4.5	23,381	5.8
Total		393,055	100.0	400,348	100.0

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

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

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

(ii) Receivables outstanding

Business segment		Prior fiscal year (As of March 31, 2015)		Current fiscal year (As of March 31, 2016)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	736,436	95.8	758,283	95.4
	Consumer loans	736,430	95.8	758,278	95.4
	Commercial loans	5	0.0	4	0.0
	Secured loans	10,703	1.4	8,844	1.1
	Subtotal	747,139	97.2	767,127	96.5
Credit card business	Credit cards	21,595	2.8	27,855	3.5
Total		768,735	100.0	794,982	100.0

4) Increase/decrease and outstanding balance of operating loans

(Millions of yen)

Item	Prior fiscal year (As of March 31, 2015)			Current fiscal year (As of March 31, 2016)		
	Total amount	Unsecured loans	Secured loans	Total amount	Unsecured loans	Secured loans
Beginning balance	726,191	713,148	13,043	747,139	736,436	10,703
Loans made during the period	375,177	375,131	46	376,966	376,923	42
Collection during the period	322,326	320,193	2,133	324,832	323,040	1,792
Transfer of claims on bankruptcy and reorganization, etc.	454	414	40	483	470	13
Write-off of bad debts during the period	31,446	31,234	211	31,661	31,565	96
Other decrease	0	0	—	—	—	—
Final balance	747,139	736,436	10,703	767,127	758,283	8,844
Average loans receivable	736,740	724,812	11,928	757,167	747,347	9,819

(Note) "Other decrease" is the result of the transfer of receivables.

5) Breakdown of operating loans

(i) By loan type

Loan type		Prior fiscal year (As of March 31, 2015)					Current fiscal year (As of March 31, 2016)				
		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)	1,393,438	99.7	736,430	98.6	15.94	1,406,657	99.8	758,278	98.9	15.82
	Secured loans (excluding housing loans)	3,563	0.3	10,524	1.4	11.94	3,072	0.2	8,690	1.1	11.78
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	1,397,001	100.0	746,955	100.0	15.89	1,409,729	100.0	766,969	100.0	15.78
Commercial loans	Unsecured loans	6	0.0	5	0.0	14.36	6	0.0	4	0.0	14.63
	Secured loans	42	0.0	178	0.0	9.09	33	0.0	153	0.0	8.99
	Subtotal	48	0.0	184	0.0	9.25	39	0.0	158	0.0	9.17
Total		1,397,049	100.0	747,139	100.0	15.89	1,409,768	100.0	767,127	100.0	15.78

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

Occupation	Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Clerical work	194,400	14.0	127,017	17.2	197,681	14.0	130,763	17.3
Marketing	124,119	8.9	88,575	12.0	123,877	8.8	89,758	11.8
Sales	90,925	6.5	36,796	5.0	95,015	6.8	38,637	5.1
Labor	528,027	37.9	264,180	35.9	539,201	38.3	275,808	36.4
Drivers	77,512	5.6	45,610	6.2	76,862	5.5	46,511	6.1
Technicians and engineers	84,074	6.0	52,933	7.2	85,664	6.1	54,444	7.2
Management	160,818	11.5	75,510	10.3	158,532	11.3	76,559	10.1
Hospitality service	50,517	3.6	18,516	2.5	51,102	3.6	19,108	2.5
Others	83,046	6.0	27,290	3.7	78,723	5.6	26,686	3.5
Total	1,393,438	100.0	736,430	100.0	1,406,657	100.0	758,278	100.0

## (iii) By industry

Industry	Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
	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	3	0.0	8	0.0	2	0.0	6	0.0
Construction	13	0.0	28	0.0	10	0.0	21	0.0
Manufacturing	5	0.0	9	0.0	4	0.0	7	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	1	0.0	5	0.0	1	0.0	5	0.0
Transport and postal services	2	0.0	11	0.0	2	0.0	12	0.0
Wholesale and retail	9	0.0	26	0.0	8	0.0	20	0.0
Finance and insurance	4	0.0	24	0.0	3	0.0	23	0.0
Real estate, and goods rental and leasing	2	0.0	27	0.0	1	0.0	26	0.0
Accommodation, and food and beverage services	3	0.0	19	0.0	3	0.0	18	0.0
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	1	0.0	0	0.0	1	0.0	0	0.0
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	5	0.0	21	0.0	4	0.0	16	0.0
Individuals	1,397,001	100.0	746,955	100.0	1,409,729	100.0	766,969	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	1,397,049	100.0	747,139	100.0	1,409,768	100.0	767,127	100.0

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

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

Sex and age		Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
		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	225,917	16.2	95,871	13.0	238,489	17.0	102,911	13.6
	30-39	265,949	19.1	150,515	20.4	263,915	18.8	153,692	20.3
	40-49	257,601	18.5	180,065	24.4	255,620	18.2	182,375	24.0
	50-59	172,953	12.4	130,005	17.7	172,150	12.2	131,387	17.3
	60 years and older	116,935	8.4	56,570	7.7	116,017	8.2	57,498	7.6
	Subtotal	1,039,355	74.6	613,027	83.2	1,046,191	74.4	627,865	82.8
Female	18-19 years	—	—	—	—	—	—	—	—
	20-29	73,250	5.3	23,465	3.2	78,077	5.5	25,362	3.4
	30-39	81,966	5.9	29,021	3.9	81,278	5.8	29,731	3.9
	40-49	88,455	6.3	32,755	4.5	90,847	6.5	35,143	4.6
	50-59	62,942	4.5	24,510	3.3	63,972	4.5	26,054	3.4
	60 years and older	47,470	3.4	13,649	1.9	46,292	3.3	14,122	1.9
	Subtotal	354,083	25.4	123,402	16.8	360,466	25.6	130,413	17.2
Total	1,393,438	100.0	736,430	100.0	1,406,657	100.0	758,278	100.0	

## (v) By collateral type

Collateral accepted	Prior fiscal year (As of March 31, 2015)		Current fiscal year (As of March 31, 2016)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Securities (Stocks included in the above)	— (—)	— (—)	— (—)	— (—)
Credit (Deposits included in the above)	— (—)	— (—)	— (—)	— (—)
Merchandise	—	—	—	—
Real estate	10,623	1.4	8,766	1.2
Foundations	—	—	—	—
Others	80	0.0	77	0.0
Subtotal	10,703	1.4	8,844	1.2
Guarantee	—	—	—	—
Unsecured	736,436	98.6	758,283	98.8
Total	747,139	100.0	767,127	100.0

## (vi) By loan amount

Loan amount		Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Due within 100,000 yen	173,885	12.4	10,617	1.4	170,790	12.1	10,545	1.4
	Due over 100,000 yen through 300,000 yen	348,110	24.9	73,749	9.9	331,652	23.5	69,877	9.1
	Due over 300,000 yen through 500,000 yen	460,605	33.0	198,407	26.6	475,894	33.8	205,566	26.8
	Due over 500,000 yen	410,844	29.4	453,662	60.7	428,327	30.4	472,293	61.5
	Subtotal	1,393,444	99.7	736,436	98.6	1,406,663	99.8	758,283	98.8
Secured loans	Due within 1 million yen	610	0.1	327	0.0	619	0.0	333	0.1
	Due over 1 million yen through 5 million yen	2,540	0.2	6,844	0.9	2,111	0.2	5,586	0.7
	Due over 5 million yen through 10 million yen	385	0.0	2,586	0.4	313	0.0	2,089	0.3
	Due over 10 million yen through 50 million yen	70	0.0	945	0.1	62	0.0	834	0.1
	Due over 50 million yen through 100 million yen	—	—	—	—	—	—	—	—
	Due over 100 million yen	—	—	—	—	—	—	—	—
	Subtotal	3,605	0.3	10,703	1.4	3,105	0.2	8,844	1.2
Total		1,397,049	100.0	747,139	100.0	1,409,768	100.0	767,127	100.0
Average loans receivable per contract (Thousands of yen)		—	—	534	—	—	—	544	—
Unsecured loans		—	—	528	—	—	—	539	—
Secured loans		—	—	2,969	—	—	—	2,848	—

## (vii) By loan term

Loan term		Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Revolving	1,301,960	93.2	689,516	92.3	1,316,890	93.4	709,894	92.5
	Due within 1 year	744	0.1	97	0.0	971	0.1	135	0.0
	Due after 1 year through 5 years	42,276	3.0	14,428	2.0	38,045	2.7	13,683	1.8
	Due after 5 years through 10 years	16,198	1.1	7,598	1.0	20,014	1.4	9,893	1.3
	Due after 10 years through 15 years	32,232	2.3	24,762	3.3	30,694	2.2	24,633	3.2
	Due after 15 years through 20 years	30	0.0	29	0.0	44	0.0	37	0.0
	Due after 20 years through 25 years	4	0.0	3	0.0	5	0.0	4	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	1,393,444	99.7	736,436	98.6	1,406,663	99.8	758,283	98.8
Secured loans	Revolving	2,831	0.2	7,950	1.1	2,400	0.2	6,455	0.9
	Due within 1 year	22	0.0	83	0.0	23	0.0	88	0.0
	Due after 1 year through 5 years	144	0.0	189	0.0	145	0.0	226	0.0
	Due after 5 years through 10 years	347	0.1	892	0.1	317	0.0	747	0.1
	Due after 10 years through 15 years	74	0.0	307	0.1	69	0.0	310	0.1
	Due after 15 years through 20 years	42	0.0	222	0.0	28	0.0	147	0.0
	Due after 20 years through 25 years	145	0.0	1,058	0.1	122	0.0	859	0.1
	Due after 25 years	—	—	—	—	1	0.0	8	0.0
	Subtotal	3,605	0.3	10,703	1.4	3,105	0.2	8,844	1.2
Revolving	1,304,791	93.4	697,466	93.4	1,319,290	93.6	716,350	93.4	
Due within 1 year	766	0.1	180	0.0	994	0.1	223	0.0	
Due after 1 year through 5 years	42,420	3.0	14,618	2.0	38,190	2.7	13,909	1.8	
Due after 5 years through 10 years	16,545	1.2	8,490	1.1	20,331	1.4	10,640	1.4	
Due after 10 years through 15 years	32,306	2.3	25,069	3.4	30,763	2.2	24,944	3.3	
Due after 15 years through 20 years	72	0.0	251	0.0	72	0.0	185	0.0	
Due after 20 years through 25 years	149	0.0	1,061	0.1	127	0.0	864	0.1	
Due after 25 years	—	—	—	—	1	0.0	8	0.0	
Total	1,397,049	100.0	747,139	100.0	1,409,768	100.0	767,127	100.0	
Average term per contract	—				—				

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

## (viii) By interest rate

Interest rate		Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Below 10% p.a.	71,852	5.1	31,754	4.3	70,646	5.0	33,116	4.3
	From 10.0% to 15.0% p.a.	336,715	24.1	343,662	46.0	343,059	24.3	357,654	46.6
	From 15.0% to 18.0% p.a.	928,356	66.5	334,886	44.8	956,023	67.8	349,646	45.6
	From 18.0% to 20.0% p.a.	3,005	0.2	4,795	0.6	2,237	0.2	3,548	0.4
	Above 20.0% p.a.	53,516	3.8	21,337	2.9	34,698	2.5	14,317	1.9
	Subtotal	1,393,444	99.7	736,436	98.6	1,406,663	99.8	758,283	98.8
Secured loans	Below 10.0% p.a.	731	0.1	2,990	0.4	668	0.0	2,580	0.4
	From 10.0% to 15.0% p.a.	2,873	0.2	7,711	1.0	2,436	0.2	6,262	0.8
	From 15.0% to 18.0% p.a.	1	0.0	1	0.0	1	0.0	1	0.0
	Subtotal	3,605	0.3	10,703	1.4	3,105	0.2	8,844	1.2
Total		1,397,049	100.0	747,139	100.0	1,409,768	100.0	767,127	100.0

## (ix) By product type

Product type		Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Comprehensive contract type (Card loans)	1,301,960	93.2	689,516	92.3	1,316,890	93.4	709,894	92.5
	Individual contract type	91,478	6.5	46,914	6.3	89,767	6.4	48,383	6.3
	Commercial loans	6	0.0	5	0.0	6	0.0	4	0.0
	Subtotal	1,393,444	99.7	736,436	98.6	1,406,663	99.8	758,283	98.8
Secured loans	Real estate card loans	3,373	0.3	9,183	1.2	2,910	0.2	7,580	1.0
	Mortgage loans	216	0.0	1,440	0.2	181	0.0	1,185	0.2
	Loans backed by securities or golf club memberships	16	0.0	80	0.0	14	0.0	77	0.0
	Commercial loans	—	—	—	—	—	—	—	—
	Subtotal	3,605	0.3	10,703	1.4	3,105	0.2	8,844	1.2
Total		1,397,049	100.0	747,139	100.0	1,409,768	100.0	767,127	100.0

## (x) By region

Region		Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Hokkaido	54,674	3.9	27,268	3.7	53,271	3.8	27,460	3.6
	Tohoku	87,540	6.3	44,621	6.0	86,575	6.1	45,780	6.0
	Kanto	518,631	37.1	278,438	37.3	526,200	37.3	286,590	37.3
	Chubu	184,452	13.2	105,587	14.1	181,114	12.9	106,229	13.8
	Kinki	283,128	20.3	145,090	19.4	298,754	21.2	154,989	20.2
	Chugoku	66,269	4.7	36,079	4.8	65,087	4.6	36,658	4.8
	Shikoku	35,056	2.5	18,437	2.5	34,443	2.5	18,550	2.4
	Kyushu	163,694	11.7	80,911	10.8	161,219	11.4	82,025	10.7
	Subtotal	1,393,444	99.7	736,436	98.6	1,406,663	99.8	758,283	98.8
Secured loans	Hokkaido	185	0.0	451	0.1	155	0.0	354	0.0
	Tohoku	223	0.0	548	0.1	191	0.0	438	0.1
	Kanto	1,238	0.1	4,032	0.5	1,066	0.1	3,330	0.4
	Chubu	518	0.1	1,598	0.2	456	0.0	1,340	0.2
	Kinki	906	0.1	2,646	0.3	791	0.1	2,221	0.3
	Chugoku	157	0.0	485	0.1	136	0.0	403	0.1
	Shikoku	67	0.0	173	0.0	59	0.0	151	0.0
	Kyushu	311	0.0	766	0.1	251	0.0	604	0.1
	Subtotal	3,605	0.3	10,703	1.4	3,105	0.2	8,844	1.2
Total	1,397,049	100.0	747,139	100.0	1,409,768	100.0	767,127	100.0	

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

Item	Prior fiscal year (As of March 31, 2015)		Current fiscal year (As of March 31, 2016)	
	Number of loan contracts	Outstanding balance (Millions of yen)	Number of loan contracts	Outstanding balance (Millions of yen)
Per loan business outlet	35,821	19,157	36,147	19,669
Per loan business employee	1,450	775	1,401	762

(Notes)

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

The number of employees at the end of the period is the number of employees who work at the contact center and the loan business outlets. The numbers as of the end of the prior fiscal year and as of the end of the current fiscal year are 963 and 1,006, respectively.

6) Number of outlets and employees by region

(i) Number of outlets by region

Region	Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
	Total	Proportion (%)	Loan outlets	Proportion (%)	Total	Proportion (%)	Loan outlets	Proportion (%)
Hokkaido	1	2.6	1	2.6	1	2.6	1	2.6
Tohoku	2	5.1	2	5.1	2	5.1	2	5.1
Kanto	16	41.0	16	41.0	16	41.0	16	41.0
Chubu	6	15.4	6	15.4	6	15.4	6	15.4
Kinki	7	17.9	7	17.9	7	17.9	7	17.9
Chugoku	2	5.1	2	5.1	2	5.1	2	5.1
Shikoku	1	2.6	1	2.6	1	2.6	1	2.6
Kyushu	4	10.3	4	10.3	4	10.3	4	10.3
Total	39	100.0	39	100.0	39	100.0	39	100.0

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

(ii) Number of employees by region

Region	Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
	Total	Proportion (%)	Loan outlets	Proportion (%)	Total	Proportion (%)	Loan outlets	Proportion (%)
Hokkaido	8	0.4	8	0.8	8	0.4	8	0.8
Tohoku	12	0.6	12	1.3	15	0.8	15	1.5
Kanto	1,348	72.8	578	60.0	1,356	71.7	583	57.9
Chubu	38	2.1	38	3.9	39	2.1	39	3.9
Kinki	398	21.5	280	29.1	421	22.2	308	30.6
Chugoku	13	0.7	13	1.4	15	0.8	15	1.5
Shikoku	7	0.4	7	0.7	8	0.4	8	0.8
Kyushu	27	1.5	27	2.8	30	1.6	30	3.0
Total	1,851	100.0	963	100.0	1,892	100.0	1,006	100.0

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

7) Breakdown of funds

(i) Breakdown by funding sources

Funding sources	Prior fiscal year (As of March 31, 2015)		Current fiscal year (As of March 31, 2016)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	387,914	1.62	382,956	1.35
Others (Corporate bonds, CPs)	171,000 (171,000)	0.96 (0.96)	171,000 (171,000)	0.88 (0.88)
Total	558,914	1.42	553,956	1.21
Owners' equity (Capital stock)	439,912 (63,832)	— (—)	442,399 (63,832)	— (—)

(Notes) 1. "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).

2. "Borrowings from financial institutions, etc." as of the end of the prior fiscal year includes 5,036 million yen borrowings by liquidation of receivables.

(ii) Breakdown by financial institution

(Millions of yen)

Financial institution		Prior fiscal year (As of March 31, 2015)				Current fiscal year (As of March 31, 2016)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	129,505	80,600	78,862	131,243	131,243	25,700	26,328	130,615
	Regional banks	30,352	20,600	14,765	36,186	36,186	16,000	15,030	37,156
	Trust banks	151,008	103,220	103,420	150,808	150,808	55,730	49,930	156,608
	Foreign banks	3,400	4,000	2,400	5,000	5,000	—	1,600	3,400
	Life insurance companies	23,299	13,500	14,768	22,031	22,031	11,500	11,669	21,862
	Non-life insurance companies	1,506	2,500	658	3,348	3,348	1,000	676	3,672
	Business corporations (leasing and financing companies, etc.)	2,834	2,000	1,332	3,502	3,502	1,200	1,864	2,838
	Other financial institutions	43,711 (11,791)	11,750 (—)	19,664 (6,754)	35,796 (5,036)	35,796 (5,036)	10,500 (—)	19,491 (5,036)	26,805 (—)
Subtotal	385,615	238,170	235,870	387,914	387,914	121,630	126,588	382,956	
Corporate bonds (including current portion of bonds payable)	161,326	60,000	50,326	171,000	171,000	25,000	25,000	171,000	
Subtotal	161,326	60,000	50,326	171,000	171,000	25,000	25,000	171,000	
Total	546,941	298,170	286,196	558,914	558,914	146,630	151,588	553,956	

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

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

### 3. Issues to be Addressed

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

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

For the fiscal year ending March 31, 2017, the first year of the medium-term management plan, the Company will be addressing the following issues aimed at achieving the aforementioned target and objectives.

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

#### (Loan and credit card business)

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

#### (Guarantee business)

The Group will promote guarantee business with a firm grasp on current market that is expanding in personal card loans provided by financial institutions. In order to meet needs of each and every financial institution in alliance, increasing in complexity as market invigorates, the Group will make the best use of its expertise gained from loan business to enhance and improve service functions.

#### (Overseas financial business)

For overseas financial business, with a focus on expanding our overseas finance business, the Company will continue to pursue research and analysis activities aimed at realization of beginning business in new regions, as well as work on expanding business at existing overseas subsidiaries and strengthen their internal control structures.

### 4. Risks Related to Business

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

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

(1) Financial results

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

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

(2) Status of interest repayment

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

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

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

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

(3) Fund procurement

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

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

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

(4) Allowance for doubtful accounts

Accounts receivable-operating loans and accounts receivable-installment constitute the majority of total assets of the Group. For this reason, we book allowance for doubtful accounts, based on the

conditions of customers and the estimates of pledged collateral value at the end of the fiscal year.

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

(5) Issues concerning multiple debtors

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

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

(6) Information systems

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

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

(7) Management of personal information

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

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

As for the management of Computer Center, we have formulated rigorous safety measures for physical security, including controls on entering and leaving the Computer Center, and for information security, such as controlling access to computer systems. Moreover, we have introduced the framework of Information Security Management System (ISMS) certification for the operation and maintenance of the Computer Center.

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

(8) Business and capital alliance with MUFG

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

concerning the business fields in which they operate.

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

(9) Investments

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

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

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

(11) Accidents and disasters

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

5. Material Business Agreements, etc.  
Not applicable

6. Research and Development Activities  
Not applicable

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

(1) Analysis of financial position

Compared with the end of the prior fiscal year, total assets decreased by 15,305 million yen and total liabilities decreased by 25,123 million yen, whereas net assets increased by 9,817 million yen as of March 31, 2016. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 10,280 million yen while noncurrent assets decreased by 5,025 million yen, and total assets decreased by 15,305 million yen. The breakdown of major increases and decreases in current assets is as follows: cash and deposits (down 32,329 million yen), loans receivable of banking business (down 8,006 million yen), short-term investment securities (down 7,454 million yen), accounts receivable-operating loans (up 24,723 million yen), deferred tax assets (up 7,989 million yen), accounts receivable-installment (up 6,098 million yen). The breakdown of major decreases in noncurrent assets is as follows: net defined benefit asset (down 2,100 million yen), software (down 1,107 million yen), and goodwill (down 984 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were a decrease of 56,283 million yen and an increase of 31,160 million yen, respectively, resulting in a decrease of 25,123 million yen in total liabilities. The breakdown of major increases and decreases in liabilities include: deposits of banking business (down 15,372 million yen), provision for loss on interest repayment (down 12,600 million yen), loans and bonds payable (up 1,716 million yen), and provision for loss on guarantees (up 1,079 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 14,504 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income decreased by 3,715 million yen, and non-controlling interests decreased by 972 million yen. As a result, total net assets increased by 9,817 million yen and the shareholders' equity ratio increased by 1.2 percentage points year-on-year to 27.5%.

(2) Analysis of business results

In the current fiscal year, we recorded operating revenue of 237,683 million yen (up 8.4% year-on-year), operating income of 15,516 million yen (up 10.3% year-on-year), ordinary income of 16,200 million yen (up 9.9% year-on-year), and profit attributable to owners of parent of 14,598 million yen (up 13.5% year-on-year). Details of year-on-year changes in primary accounts are as follows:

(Operating revenue)

Operating revenue increased by 18,394 million yen from the prior fiscal year mainly due to a 8,125 million yen increase in interest on consumer loans and a 7,212 million yen increase in revenue from credit guarantee.

The increase in interest on consumer loans was mainly attributable to the increased balance of accounts receivable-operating loans at ACOM CO., LTD., the increased balance of accounts receivable-operating loans at EASY BUY Public Company Limited, and higher revenue overall boosted by the weaker yen.

(Operating expenses)

Operating expenses increased by 16,951 million yen from the prior fiscal year. This is mainly due to a 19,317 million yen increase in other operating expenses.

Factors for the increase in other operating expenses include a 6,778 million yen increase in provision for loss on interest repayment and a 5,224 million yen increase in provision of allowance for doubtful accounts.

(Non-operating income/expenses)

Non-operating income increased by 54 million yen, and non-operating expenses increased by 44 million yen from the prior fiscal year. Either did not change significantly.

(Extraordinary income/loss)

Extraordinary income decreased by 669 million yen, and extraordinary loss increased by 1,202 million yen from the prior fiscal year. Factors for the increase in extraordinary loss include the recording of loss on liquidation of a subsidiary resulting from the liquidation of ACOM (U.S.A.) INC., a dormant consolidated subsidiary of the Company.

(Tax etc.)

In comparison with the prior fiscal year, income taxes-current increased by 1,420 million yen. Income taxes-deferred decreased by 3,934 million yen from the prior fiscal year.

(3) Status of cash flows

Cash and cash equivalents (hereinafter, "funds") as of the end of this fiscal year decreased by 39,030 million yen (down 31.9%) from the prior fiscal year to 83,275 million yen. Cash flows from each activity are as follows:

(Net cash used in operating activities)

Funds from operating activities saw a decrease of 43,045 million yen. Major factors of this decrease were funds-increasing factors such as 14,985 million yen in income before income taxes, an increase of 6,162 million yen in allowance for doubtful accounts, and 4,155 million yen in depreciation and amortization, as well as funds-decreasing factors such as an increase of 37,417 million yen in accounts receivable-operating loans, a decrease of 12,600 million yen in provision for loss on interest repayment, and a decrease of 8,293 million yen in deposits of banking business.

(Net cash used in investing activities)

Funds from investing activities saw a decrease of 2,368 million yen. This was primarily due to the fact that the amount of proceeds from sales of noncurrent assets was 2,222 million yen less than the payments for purchase of noncurrent assets and that the amount of proceeds from sales of short-term investment securities was 459 million yen less than the payments for purchase of short-term investment securities.

(Net cash provided by financing activities)

Funds from financing activities saw an increase of 6,589 million yen. This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 10,114 million yen more than the repayments of loans payable and payments at maturity of bonds.

### III. Equipment and Facilities

#### 1. Status of Capital Expenditures, etc.

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

#### 2. Situation of Major Equipment

The major equipment in ACOM Group is the following:

##### (1) The Filing Company

As of March 31, 2016

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees [Average number of fixed-term employees not included in the above numbers]
			Buildings and structures	Furniture and fixtures	Land [Area in m <sup>2</sup> ]	Leased Assets	Total	
Head Office (Note) 1 (Chiyoda-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	55	8,044	—	7	8,106	312 [10]
ACOM Ikegami Building (Ota-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	190	56	—	—	247	—
Minami Kashiwa Company Residence (Kashiwa-shi, Chiba) 8 other residential buildings	Corporate wide (shared)	Company residence	1,466	6	6,121 (13,285.03)	—	7,594	—
Nishishinjuku (Shinjuku-ku, Tokyo) and 1,084 other outlets, etc.	Loan and credit card business	Outlets	2,930	1,535	—	841	5,307	1,082
		Other facilities and equipment	18	50	—	—	69	[88]

- (Notes) 1. Part of the building has been on lease since December 2004 and the leasing fee is 416 million yen.  
2. The rent for part of the building and land other than the above (Note) 1 that is on lease is 4,482 million yen.  
3. Consumption tax, etc., are not included in the above amounts.  
4. There are no major facilities that are not operating.  
5. Major facilities on lease other than the consolidated subsidiaries stated above are:

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Number of units	Lease period	Annual leasing fee (Millions of yen)	Lease contracts with receivable outstanding (Millions of yen)
Head office (Chiyoda-ku, Tokyo) and 1 other place	Corporate wide (shared)	Automatic contract machines	2	5 years	1	3
		Vehicles	2	3 years	2	7
Nishishinjuku (Shinjuku-ku, Tokyo) and 1,084 other outlets	Loan and credit card business	Automatic contract machines	908	5 years	440	947

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

(2) Domestic subsidiaries  
Not applicable

(3) Overseas subsidiaries  
Not applicable

3. Plans for Equipment Introduction, Disposals, etc.

(1) Major equipment introduction, etc.  
Not applicable

(2) Major equipment disposal, etc.  
Not applicable

#### IV. Information on the Filing Company

##### 1. Information on the Company's Shares

###### (1) Total number of shares, etc.

###### 1) Total number of shares

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

###### 2) Total number of shares issued

Class	As of the end of the current fiscal year (March 31, 2016)	As of the submission date (June 23, 2016)	Stock exchange on which the Company is listed	Description
Common stock	1,596,282,800	1,596,282,800	First Section of the Tokyo Stock Exchange	These are the Company's standard shares with no restricted rights. One unit of stock constitutes 100 common shares.
Total	1,596,282,800	1,596,282,800	—	—

###### (2) Status of the stock acquisition rights

Not applicable

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

Not applicable

###### (4) Rights plans

Not applicable

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

(Millions of yen, unless otherwise stated)

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

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

## (6) Status of shareholders

As of March 31, 2016

Classification	Status of shares (the number of minimum unit is 100 shares)								Status of shares below unit (Shares)
	Government and local municipalities	Japanese financial institutions and insurance companies	Financial instruments business operators	Other Japanese corporations	Foreign corporations, etc.		Individuals, others	Total	
					Others	Individuals			
Number of shareholders	—	32	54	94	352	5	10,736	11,273	—
Number of shares held (Units)	—	1,364,203	50,745	12,016,090	812,613	12	1,719,006	15,962,669	15,900
Ratio of shares held (%)	—	8.55	0.32	75.27	5.09	0.00	10.77	100.00	—

- (Notes) 1. 29,668,592 shares of treasury stocks include 296,685 units in the “Individuals, others” box and 92 shares in the “Status of shares below unit” box.
2. The number of shares in the “Other Japanese corporations” box includes 30 units of shares under the name of Japan Securities Depository Center, Inc.

## (7) Major shareholders

As of March 31, 2016

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of issued shares (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	588,723	36.88
Maruito Shokusan Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	273,467	17.13
Maruito Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	125,533	7.86
Foundation of Kinoshita Memorial Enterprise	6-2-14 Motomachi-dori, Chuo-ku, Kobe City	92,192	5.77
Maruito Shoten Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	38,733	2.42
General Incorporated Association Kyoekai Trust Account	1-16-7 Ginza, Chuo-ku, Tokyo	32,598	2.04
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	31,572	1.97
Shigeyoshi Kinoshita	Minato-ku, Tokyo	30,007	1.87
NOBUKA CO., LTD.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	30,000	1.87
Japan Trustee Services Bank, Ltd. (Trust account 4)	1-8-11 Harumi, Chuo-ku, Tokyo	26,824	1.68
Total	—	1,269,653	79.53

- (Notes) 1. In addition to the shares above, the Company owns 29,668 thousand shares of treasury stocks (1.85%).
2. In “Number of shares held,” figures less than one thousand are truncated.

## (8) Status of voting rights

## 1) Issued shares

As of March 31, 2016

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury stock, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 29,668,500	—	—
Shares with full voting rights (others)	Common stock 1,566,598,400	15,665,984	—
Shares less than one unit	Common stock 15,900	—	—
Total number of shares issued	1,596,282,800	—	—
Total voting rights held by all shareholders	—	15,665,984	—

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

## 2) Treasury stock, etc.

As of March 31, 2016

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

## (9) Details of stock option plans

Not applicable

2. Status of Acquisition of Treasury Stock, etc.

Class of stocks, etc.: Acquisition of common stock under Article 155, Item 7, of the Companies Act

(1) Status of the acquisition of treasury stock resolved at shareholders' meetings

Not applicable

(2) Status of the acquisition of treasury stock resolved at the meetings of the Board of Directors

Not applicable

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

Category	Number of shares (shares)	Total amount (Thousands of yen)
Treasury stock acquired during the current fiscal year	73	39
Treasury stock acquired during the period for acquisition	—	—

(Note) "Treasury stock acquired during the period for acquisition" does not include the number of shares less than one unit purchased during the period from June 1, 2016, to the submission date of this securities report.

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

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

(Note) "The number of shares of treasury stock held" during the current term does not include the number of shares acquired for purchase of shares less than one unit from June 1, 2016, to the submission date of the Securities Report.

### 3. Basic Policy on Dividends

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

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

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

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

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

### 4. Changes in Share Prices

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

Fiscal Year	35th	36th	37th	38th	39th
Year end	March 2012	March 2013	March 2014	March 2015	March 2016
Highest (yen)	1,906	2,735	4,945 ※ 420	497	699
Lowest (yen)	980	1,379	2,451 ※ 274	299	372

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

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

Month	October 2015	November	December	January 2016	February	March
Highest (yen)	699	663	639	570	630	605
Lowest (yen)	619	600	559	455	420	506

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

## 5. Directors and Company Auditors

Male: 12, Female: – (Ratio of females to Directors and Company Auditors: –%)

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

Title	Position	Name	Date of birth	Career summary	Term	Number of shares of the Company held (Thousands)
Deputy Chairman	In Charge of: Compliance Dept. and Internal Audit Dept.	Toshiaki Kajiura	April 8, 1953	<p>April 1977 Joined The Mitsubishi Trust and Banking Corporation</p> <p>February 1999 General Manager, Nagasaki Branch of The Mitsubishi Trust and Banking Corporation</p> <p>June 2001 General Manager, Business Integration Office of The Mitsubishi Trust and Banking Corporation</p> <p>November 2001 General Manager, Osaka Sales Division II of The Mitsubishi Trust and Banking Corporation</p> <p>March 2004 General Manager, Investment Planning Division of The Mitsubishi Trust and Banking Corporation</p> <p>June 2004 Executive Officer and General Manager, Investment Planning Division of The Mitsubishi Trust and Banking Corporation</p> <p>June 2004 Executive Officer and Assistant General Manager, Asset Management and Administration Planning Division of Mitsubishi Tokyo Financial Group, Inc.</p> <p>June 2005 Executive Officer and General Manager, Corporation Finance Division of The Mitsubishi Trust and Banking Corporation</p> <p>June 2005 Executive Officer and General Manager of Trust Business Planning Division, and Assistant General Manager, Corporate Business Planning Division of Mitsubishi Tokyo Financial Group, Inc.</p> <p>October 2005 Executive Officer and General Manager, Corporation Finance Division of Mitsubishi UFJ Trust and Banking Corporation</p> <p>October 2005 Executive Officer and General Manager, Trust Business Planning Division, Corporate Business Planning Division and Corporate Business Division I of Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2006 Executive Officer and General Manager, Corporate Business Promotion Division of Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2007 Managing Director of Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2009 Managing Executive Officer of Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2010 Senior Managing Executive Officer of Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2011 Deputy Chairman of the Company (to present)</p>	(Note) 3	10

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Managing Director & Executive Managing Officer	In Charge of: Human Resources Dept., General Affairs Dept. and Business Planning Dept.	Masataka Kinoshita	September 19, 1977	September 2005 October 2009 January 2010 April 2010 April 2012 April 2013 April 2014 June 2014 April 2015 June 2015 June 2015 June 2016	Joined the Company General Manager, Credit Supervision Division of the Company General Manager, Corporate Planning Dept. of the Company General Manager, Guarantee Business Dept. of the Company General Manager, Business Promotion Dept. of the Company Chief General Manager, Business Planning Dept. of the Company Executive Officer and Chief General Manager, Business Planning Dept. of the Company Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Dept. of the Company Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company Managing Director of the Company (to present) Executive Managing Officer and Head of Credit Business Promotion Division of the Company Executive Managing Officer of the Company (to present)	(Note) 3	10,203
Managing Director & Executive Managing Officer	In charge of: Treasury Dept. and System Development & Administration Division	Kazuo Fukumoto	February 27, 1958	March 1980 April 2002 June 2003 October 2005 April 2007 June 2012 June 2013 June 2015	Joined the Company General Manager, Corporate Management Dept. of the Company Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Managing Director of the Company (to present) Executive Managing Officer of the Company (to present)	(Note) 3	10

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Managing Director & Executive Managing Officer	In charge of: Corporate Planning Dept. and Finance Dept.	Teruyuki Sagehashi	October 27, 1955	December 1981	Joined the Company	(Note) 3	4
				April 2002	General Manager, Corporate Management Dept. of the Company		
				June 2003	Chief General Manager, Human Resources Dept. of the Company		
				June 2004	General Manager, Internal Audit Dept. of the Company		
				April 2005	General Manager, Internal Audit Dept. of the Company		
				June 2005	Chief General Manager, Internal Audit Dept. of the Company		
				October 2005	Chief General Manager, Operation Risk Management Dept. of the Company		
				April 2007	Chief General Manager, Business Process Planning Dept. of the Company		
				April 2008	Executive Officer and Chief General Manager, Business Process Planning Dept. of the Company		
				April 2010	Executive Officer and Chief General Manager, System Dept. of the Company		
				June 2012	Executive Managing Officer and Chief General Manager, System Development & Administration Dept. of the Company		
				April 2014	Executive Managing Officer of the Company (to present)		
June 2015	Managing Director of the Company (to present)						

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director		Atsushi Murakami	May 9, 1961	April 1984	Joined The Sanwa Bank, Ltd.	(Note) 3	—
				May 2010	General Manager, Consumer Finance Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
				May 2010	General Manager, Consumer Finance Planning Division, Mitsubishi UFJ Financial Group, Inc.		
				June 2010	Executive Officer and General Manager, Consumer Finance Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
				June 2010	Executive Officer and General Manager, Consumer Finance Planning Division, Mitsubishi UFJ Financial Group, Inc.		
				June 2011	Outside Director, JCB Co., Ltd. (to present)		
				May 2012	Executive Officer and General Manager, Retail Business Promotion Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
				May 2012	Executive Officer and General Manager, Retail Business Promotion Planning Division, Mitsubishi UFJ Financial Group, Inc.		
				May 2013	Executive Officer and General Manager, Retail Banking Planning Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
				May 2013	Executive Officer and General Manager, Retail Business Planning Division, Mitsubishi UFJ Financial Group, Inc.		
				May 2014	Managing Executive Officer, Deputy Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
				May 2014	Executive Officer, Mitsubishi UFJ Financial Group, Inc.		
				May 2015	Outside Director, Bank of Ayudhya Public Company Limited (to present)		
				May 2016	Managing Executive Officer, Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (to present)		
May 2016	Managing Executive Officer, Group Head, Retail Banking Business Group, Mitsubishi UFJ Financial Group, Inc. (to present)						
June 2016	Director of the Company (to present)						
Director		Mitsuhiro Umezu	May 18, 1957	April 2005	Assistant Professor, Faculty of Business and Commerce, Keio University	(Note) 3	—
				April 2007	Associate Professor, Faculty of Business and Commerce, Keio University (to present)		
				June 2007	Outside Director of Nissay Dowa General Insurance Co., Ltd.		
				April 2010	Outside Director of MS&AD Insurance Group Holdings, Inc.		
				June 2010	Outside Director of SAN-AI OIL CO., LTD. (to present)		
				June 2014	Director of the Company (to present)		

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director		Hitoshi Shimbo	July 10, 1952	April 1983 April 1990 April 1993 June 1995 June 1995 March 2009 April 2009 April 2012 April 2012 June 2015	Appointed Prosecutor, the Tokyo District Public Prosecutor's Office Assistant Judge, Tokyo District Court Prosecutor, the Tokyo District Public Prosecutor's Office Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present) Joined Nozomi Sogo Attorneys at Law (to present) Outside Company Auditor, EMCOM HOLDINGS CO., LTD. Managing Director, Kanto Federation of Bar Associations Vice President, Daini Tokyo Bar Association Managing Director, Japan Federation of Bar Associations Director of the Company (to present)	(Note) 3	—
Full-time Company Auditor		Shigeru Sato	January 17, 1952	October 1975 April 1999 June 2000 June 2003 June 2007 June 2008 June 2011	Joined Maruito Co., Ltd. General Manager, Treasury Dept. of the Company Chief General Manager, Treasury Dept. of the Company Executive Officer and Chief General Manager, Treasury Dept. of the Company Executive Managing Officer of the Company Managing Director of the Company Full-time Company Auditor of the Company (to present)	(Note) 4	—

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Full-time Company Auditor		Tatsuya Ito	February 10, 1958	April 1981	Joined Japan Development Bank	(Note) 4	—
				October 1999	Section Chief, Commerce & Logistics Department of Development Bank of Japan (DBJ)		
				March 2001	Section Chief, Environment & Energy Department of DBJ		
				March 2002	Deputy Manager, Environment & Energy Department of DBJ		
				March 2003	Deputy Manager, Kansai Branch of DBJ		
				March 2005	Deputy Manager, Environment & Energy Department of DBJ		
				July 2006	Deputy Manager, Manufacturing & Technology Department of DBJ		
				April 2007	Planning Counselor, Legal and Compliance Department of DBJ		
				February 2008	Registered as an attorney-at-law (Dai-ichi Tokyo Bar Association) (to present)		
				October 2008	Planning Counselor, Legal Affairs & Compliance Department of Development Bank of Japan Inc. (DBJI)		
				July 2010	Temporary transfer to OKUNO & PARTNERS		
				July 2010	Joined OKUNO & PARTNERS		
				July 2012	Planning Counselor, Legal Affairs & Compliance Department of DBJI		
March 2013	Councilor, Legal Affairs & Compliance Department of DBJI						
June 2015	Full-time Company Auditor of the Company (to present)						
Company Auditor		Osamu Takada	October 12, 1950	April 1973	Joined Mitsubishi Corporation	(Note) 4	—
				October 1998	General Manager, Crude Oil Dept. of Mitsubishi Corporation		
				April 2001	General Manager, Utility Feedstock Dept. of Mitsubishi Corporation		
				April 2003	General Manager, Malaysia Project Unit of Mitsubishi Corporation		
				April 2005	SVP, Group Head for Energy and General Manager of Los Angeles Branch of Mitsubishi International Corporation		
				April 2006	Senior Vice President ( <i>Riji</i> ) of Mitsubishi Corporation, SVP, Group Head for Energy and General Manager of Los Angeles Branch of Mitsubishi International Corporation		
				April 2008	Senior Vice President ( <i>Riji</i> ) and General Manager of Tohoku Branch of Mitsubishi Corporation		
				April 2011	Advisor of CHIYODA SEKIYU CORPORATION (CSC)		
				May 2011	President and Chief Executive Officer of CSC		
				May 2014	Advisor of CSC		
				April 2015	Advisor of TOHOKU CHEMICAL CO., LTD.		
June 2015	Company Auditor of the Company (to present)						
December 2015	Outside Director of TOHOKU CHEMICAL CO., LTD. (to present)						

Title	Position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Company Auditor		Takashi Doi	August 28, 1955	April 1987	Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present)	(Note) 4	—
				April 2003	Chief, Inspection Office of Daini Tokyo Bar Association		
				April 2005	Director, Secretariat of Daini Tokyo Bar Association		
				April 2010	Vice President, Daini Tokyo Bar Association		
				April 2010	Managing Director, Japan Federation of Bar Associations		
				April 2010	Manager, Kanto Office of Japan Bar Association		
				June 2011	Company Auditor of the Company (to present)		
				June 2012	Outside Company Auditor of ARATA CORPORATION (to present)		
Total							40,234

- (Notes)
1. Directors Mitsuhiro Umezu and Hitoshi Shimbo are both Outside Directors.
  2. Company Auditors Tatsuya Ito, Osamu Takada, and Takashi Doi are all Outside Company Auditors.
  3. The term of office for Directors is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2016, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2017.
  4. The term of office for Company Auditors is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2015, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2019.
  5. Managing Director Masataka Kinoshita is a biological son of Chairman and President Shigeyoshi Kinoshita.
  6. We have an executive officer system in order to establish corporate structure to quickly and accurately respond to issues of management by expanding the scope of corporate governance, strengthened function of the Board of Directors, separating decision making from business execution, and enforcing the function of audit.

Executive officers who are not Directors as of June 23, 2016, are as follows:

Title	Name	Position
Executive Managing Officer	Michio Atsuda	In charge of Overseas Business Dept.
Executive Managing Officer	Nobuyoshi Matsutani	In charge of Business Process Management Dept. and Corporate Risk Management Dept. Vice in charge of Compliance Dept.
Executive Managing Officer	Tomomi Uchida	Head of Credit Business Promotion Division In Charge of Business Promotion Dept., East Japan Business Promotion Dept., West Japan Business Promotion Dept. and Compliance for Credit Business Promotion Office
Executive Managing Officer	Makoto Kondo	In charge of Guarantee Business Dept.
Executive Managing Officer	Yasuhiro Kamura	Head of Credit Supervision Division In charge of Credit Supervision Dept. I, Credit Supervision Dept. II and Compliance for Credit Supervision Office
Executive Officer	Yoshiharu Kita	Chief General Manager of Internal Audit Dept.
Executive Officer	Noriyoshi Watanabe	Chief General Manager of Corporate Planning Dept.
Executive Officer	Yoshinori Matsubara	Chief General Manager of System Development & Administration Division
Executive Officer	Satoru Miyakawa	Chief General Manager of General Affairs Dept.
Executive Officer	Michihito Onodera	Chief General Manager of Guarantee Business Dept.
Executive Officer	Tomoo Shikanoya	Chief General Manager of Business Process Management Dept.
Executive Officer	Masayuki Sone	Chief General Manager of East Japan Business Promotion Dept.
Executive Officer	Takashi Kiribuchi	Chief General Manager of Treasury Dept.
Executive Officer	Akihiro Kiyooka	Chief General Manager of Finance Dept.

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

## 6. Corporate Governance

### (1) Status of Corporate Governance

#### 1) Corporate Governance Structure

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

The Company has a Board of Company Auditors. Of the four Company Auditors, three are Outside Company Auditors. In addition, of the two Full-time Company Auditors, one is Outside Company Auditor. These ensure the independence of audits. All Company Auditors attend Board of Directors meetings, and Company Auditors divide duties to attend important meetings and committee meetings, ensuring a system in which Company Auditors can offer their opinions. The reason for adopting the aforementioned corporate governance structure is to establish a system in which the function of external surveillance on the management is more effectively fulfilled because objective and neutral surveillance of the management is conducted, and the fairness, soundness, and transparency of the management are ensured due to the implementation of audit by Outside Company Auditors.

The organs installed by the Company are as follows:

#### (A) Board of Directors

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

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

In the presence of Company Auditors, the Board decides important business management matters, such as management strategies and business planning, and also determines basic policies for building corporate governance and internal control systems. The Board monitors and supervises the execution of duties of the respective Directors.

It meets once a month in principle, and more as deemed necessary.

#### (B) Board of Company Auditors and Company Auditors

The Board of Company Auditors consists of four Company Auditors, including three Outside Company Auditors.

The Company has concluded a limited liability agreement with each of the four Company Auditors, which limits the liability for damage under Article 423, Paragraph 1, of the Companies Act to the extent of the amount stipulated in the law, in accordance with the provision of Article 427, Paragraph 1, of the Act.

It meets once a month, in principle, and more as deemed necessary, to receive reports concerning important audit-related matters, hold discussions, and pass resolutions.

To upgrade the Company Auditors' capabilities, the Company established "the Administration for Board of Company Auditors" and assigned persons to assist Company Auditors. Decisions regarding their number, appointments and transfers of such persons are made after consultation with the Board of Company Auditors in order to secure independence of these persons.

#### (C) Executive Officers

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

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

#### (D) Executive Officers' Meeting

The Executive Officers' Meeting consists of executive officers who serve concurrently as directors, executive officers in charge of departments, and the Director in charge of the Internal Audit Department. In the presence of Company Auditors, the Executive Officers' Meeting discusses and makes decisions related to the execution of business operations delegated by the Board of Directors and

deliberates in advance resolutions for proposal to the Board of Directors in accordance with basic policies determined by the Board of Directors.

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

(E) Committees

(a) Compliance Committee

The Compliance Committee, established by the Board of Directors, consists of experts from outside the Company, Outside Directors and Representative Directors. In the presence of Company Auditors, it discusses and makes recommendations about the following compliance-related matters.

The Compliance Committee meets once every two months, or six times a year, in principle, and more as deemed necessary.

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

(b) Risk Management Committee

The Risk Management Committee consists of executive officers who serve concurrently as directors and the Director in charge of the Internal Audit Department. In the presence of Company Auditors, based on authority bestowed upon it by the Executive Officers' Meeting, the Committee discusses and approves the status of sustenance in general of the Company's risk management approach, the matters related to risk evaluation, the matters related to risk management priority measures and other important items related to risk management, such as evaluations of risks. As necessary, it participates in Executive Officers' Meetings and Board of Directors Meeting and makes proposals and reports.

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

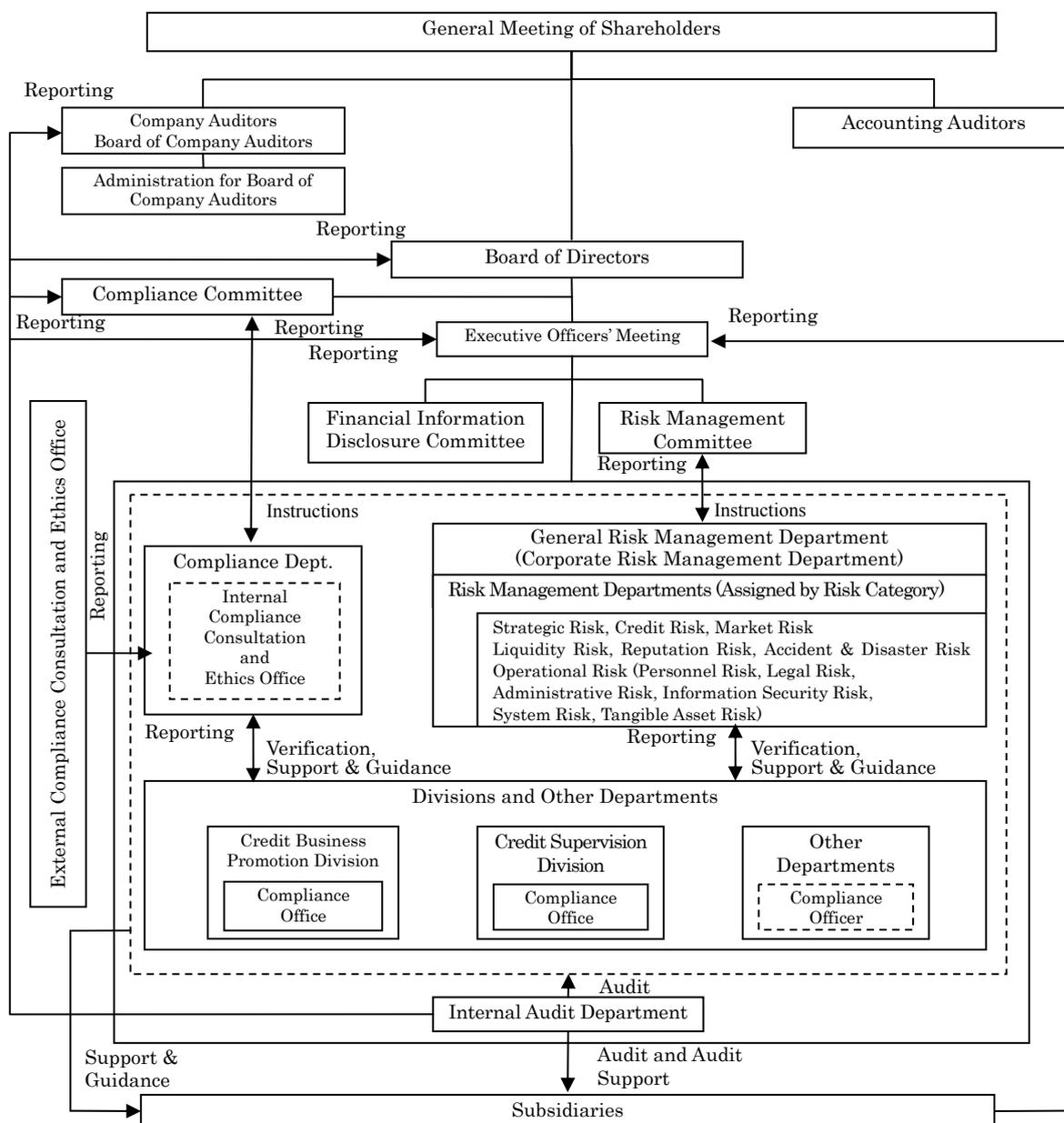
(c) Financial Information Disclosure Committee

The Financial Information Disclosure Committee is presided over by the Executive Officer who serves concurrently as director in charge of the Treasury Department as the committee chairperson, and consists of executive officers who concurrently serve as directors in office that are in charge of the relevant departments and chief general managers of the relevant departments. In the presence of Company Auditors, based on authority bestowed upon it by the Executive Officers' Meeting, the Committee discusses and makes decisions on items related to the improvement of the financial disclosure system in order for the disclosure of the financial information to be made in accordance with the relevant laws in a timely and in an appropriate manner. In addition, the Committee conducts prior consultations before the Board meeting on matters for proposal to the Board of Directors regarding the financial information to be disclosed.

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

(ii) Corporate governance structure and internal control system structure

(As of June 23, 2016)



(iii) Other corporate governance related matters

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

The Company resolved as described below to improve its internal control system to ensure the appropriateness of its business activities, in accordance with Article 362, Paragraph 4, Item 6, and Paragraph 5 of the Companies Act, as well as Article 100, Paragraphs 1 and 3, of the Enforcement Regulations of the Companies Act.

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

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

1. System to ensure that execution of duties by the Directors and employees of the Company and its subsidiaries complies with laws, regulations and the Articles of Incorporation of the Company

- (1) The Company regards compliance as the highest priority in the corporate management, and establishes the ACOM Group Code of Ethics and Code of Conduct, while developing the rules for compliance and various internal rules and making employees fully aware of them.
- (2) The Company and its subsidiaries establish a committee on compliance, etc. and place officers in charge of compliance and departments with across-the-board responsibilities for compliance.
- (3) The Company and its subsidiaries formulate compliance plans, while managing their progress.
- (4) The Company and its subsidiaries establish contact points for reporting and inquiry by employees concerning the act of violations or possible violations of compliance.
- (5) In accordance with the ACOM Group Code of Ethics and the Company Group's basic policy with respect to antisocial forces, the Company develops a system to prevent relations with antisocial forces and ensure appropriate business operations.
- (6) In accordance with the Company Group's basic policy for the internal control over financial reporting, the Company develops a system to ensure the accuracy and reliability of financial reporting. The Company also establishes a system to disclose financial information by setting up a Financial Information Disclosure Committee.
- (7) The Company establishes an internal audit department and ensures its independence and specialties. It also develops an internal audit system in accordance with the rules on internal audit to ensure the soundness and appropriateness of its business activities. In order to contribute to the development of internal controls at the subsidiaries of the Company, an internal audit department of the Company audits the subsidiaries and assists the subsidiaries with their audits.

2. System concerning storage and management of information on the execution of duties by Directors of the Company

- (1) In accordance with the rules for confidential information management and related rules, the Company establishes procedures for managing documents related to the execution of duties by the Directors (including electromagnetic records), stores and manages such information in an appropriate manner, ensuring that such documents are available for inspection by directors when necessary.
- (2) In order to maintain the appropriateness of information storage and management, the

Company appoints personnel responsible for information security management, determines the roles of respective organizations, officers and employees, and stores and manages information in a systematic manner. The Company regularly verifies the status of information storage and management.

3. Rules concerning loss risk management and other systems of the Company and its subsidiaries

- (1) The Company and its subsidiaries establish a system for proper and efficient risk management in accordance with the rules for risk management.
- (2) In order to manage risks in an integrated manner, the Company and its subsidiaries establish a committee on risk management, etc. and officers and departments in charge of risk management.
- (3) The Company and its subsidiaries establish a system to minimize economic losses and loss of credibility and to continue or swiftly resume business operations in cases where risks that may have significant internal or external impacts arise.

4. System to ensure efficient execution of duties by the Directors of the Company and its subsidiaries

- (1) The Company formulates management policies and management plans of the Company Group and carries out business management based on appropriate methods.
- (2) The Company establishes the Executive Officer's Meeting and various committees so as to conduct decision making concerning the execution of duties delegated from the Board of Directors and prior deliberations on matters to be discussed in the meetings of the Board of Directors.
- (3) The Company and its subsidiaries, based on internal rules, etc., determine the division of duties by each organization and the criteria of decision making for each position so as to make decisions more quickly and execute duties more efficiently.

5. System to ensure the propriety of business carried out by the group consisting of the Company, parent company and subsidiaries

- (1) While maintaining independence as a publicly-traded company, the Company coordinates with the parent company in accordance with the rules for consultation and reporting with the parent company. The Company also establishes the Group's business management systems in accordance with the parent company's policy for its group management so as to contribute to the appropriate business operations of both of the groups.
- (2) The Company establishes departments for managing its subsidiaries, and manages its

subsidiaries in accordance with the rules for management of subsidiaries, etc. The subsidiaries of the Company report important matters related to management and business execution to the Executive Officers' Meeting of the Company.

6. System for employees to assist the Company Auditors of the Company in the execution of their duties

- (1) The Company will establish the Administration for Board of Company Auditors to assist in the Company Auditors' duties, and appoint assistants for Company Auditors.
- (2) The number of employees to assist Company Auditors and their requirements will be decided after discussion with the Board of Company Auditors.
- (3) Employees to assist Company Auditors will be exclusively in charge of work that assists Company Auditors, and will not be subject to instructions and orders from the Directors and other operational organizations.
- (4) Assignment, transfer, evaluation and disciplinary action of employees who assist Company Auditors will be decided after discussion with the Board of Company Auditors.

7. System for reporting to Company Auditors of the Company

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

- (i) Matters which may significantly damage the company
- (ii) Material breach of laws and regulations, etc.
- (iii) Implementation status and results of an internal audit
- (iv) Status of whistleblowing and the details of cases reported
- (v) Other matters that the Company Auditors ask the company to report

8. Other systems to ensure that audits are effectively implemented by Company Auditors of the Company

- (1) Directors will ensure a system that allows Company Auditors to: attend the Board of Directors meetings, the Executive Officers' meetings, and other important meetings and committees; and have access to the important documents concerning the execution of duties, such as statutory documents.
- (2) Directors will have regular meetings with Company Auditors to exchange opinions on issues with which the Company should deal, issues concerning the execution of duties, and primary issues on audits. They will also take actions regarding the matters that the Company Auditors deems necessary to be addressed.

- (3) Directors and employees will respect the rules of the Board of Company Auditors and other rules, including audit policies, and cooperate with Company Auditors for inspection and consultation requests.
- (4) The internal audit department will establish a cooperation system for exchanging information with Company Auditors in order to contribute to ensuring the effectiveness of audits.
- (5) The Board of Company Auditors specifies a budget for expenses acknowledged by the Board of Company Auditors to be necessary for the execution of their duties. Any expenses expended urgently or extraordinarily beyond the budget can be claimed after the event.

(B) Development of risk management system

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

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

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

2) Internal Audits and Audits by Company Auditors

(i) Internal audits

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

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

(ii) Audits by Company Auditors

Based on the Company's auditing policies and auditing plans, Company Auditors attend meetings of the Board of Directors and other important meetings. Through examination of the Company's business and financial situation, Company Auditors audit the execution of business by directors and make appropriate and timely suggestions and recommendations to facilitate establishment of legal compliance and business ethics protocols. In addition, the Company Auditors work together with the accounting auditors and the Internal Audit Department to ensure an accurate grasp of operating status and monitor and verify the condition of internal control systems.

The Company Auditors endeavor to share information in the Group with Company Auditors of its subsidiaries through active communications with the directors and company auditors of the subsidiaries.

Company Auditor Shigeru Sato has abundant knowledge about financial and accounting affairs with his experience of having worked as Executive Officer and Chief General Manager, Treasury Dept. of the Company.

(iii) Collaboration between Company Auditors and Accounting Auditors

Company Auditors held meetings with the accounting auditors 25 times a year to confirm the accounting auditors' auditing plan for the relevant fiscal year, and receive audit reports and the overview and results of the audit. In addition, the Company promotes collaboration between Company Auditors and the accounting auditors by having opinion exchange meetings when necessary, as well as being present at audits.

(iv) Collaboration between Company Auditors and the Internal Audit Department

Company Auditors and the Internal Audit Department hold a monthly meeting on audit plans and audit results in order to collaborate between them.

### 3) Outside Directors and Outside Company Auditors

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

Although the Company does not have specific standards or policies regarding the independence of Outside Directors and Outside Company Auditors from the Company in designating such Outside Directors and/or Outside Company Auditors, the Company designates them with reference to the standards regarding the independency of independent directors/auditors stipulated by the Tokyo Stock Exchange.

Name of Outside Director	Relations with the Company
Mitsuhiro Umezu	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- As an external member of the Compliance Committee, he has given recommendations since April 2007 to practice compliance and strengthen the structure of compliance.</li> <li>- He has in-depth insight in business ethics as he has studied in the field of business ethics and applied ethics for many years. He also has considerable experience as an Outside Director of other companies. Therefore, the Company believes that he can fulfill the outside director's roles such as supervising the decision making of the Board of Directors and the execution of duties by the respective Directors.</li> <li>- As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent director.</li> </ul>
Hitoshi Shimbo	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- He has a thorough knowledge of corporate legal affairs as a legal professional and has sophisticated expertise and rich experience acquired through years of duties. Therefore, the Company believes that he can fulfill the outside director's roles such as supervising the decision making of the Board of Directors and the execution of duties by the respective Directors.</li> <li>- As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent director.</li> </ul>

Name of Outside Company Auditor	Relations with the Company
Tatsuya Ito	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- He has garnered rich experience and knowledge centered around financial practice and corporate legal affairs through years of duties in the financial industry, the industry to which the Company belongs. He also has experience as an attorney-at-law. Therefore, the Company believes that he can contribute to further enhancement of the audit system and corporate governance of the Company.</li> <li>- As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent company auditor.</li> </ul>

Name of Outside Company Auditor	Relations with the Company
Osamu Takada	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- He has rich experience and knowledge acquired through years of duties at Mitsubishi Corporation. He also has experience as a corporate manager at CHIYODA SEKIYU CORPORATION. Therefore, the Company believes that he can contribute to further enhancement of the audit system and corporate governance of the Company.</li> <li>- As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent company auditor.</li> </ul>
Takashi Doi	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- In light of his expert knowledge and experience acquired through years of duties as an attorney-at-law, he is judged as being capable of monitoring corporate management from a legal point of view. Therefore, the Company believes that he can contribute to further enhancement of the audit system and corporate governance of the Company.</li> <li>- As he has no potential conflict of interest with general shareholders and meets the independence requirements of the Tokyo Stock Exchange, he has been designated as an independent company auditor.</li> </ul>

#### 4) Compensation to Directors and Company Auditors

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

Category	Total amount (Millions of yen)	Total amount of compensations by type (Millions of yen)				Number of persons
		Basic salary	Stock option	Bonus	Retirement benefits	
Directors (excluding Outside Directors)	135	135	—	—	—	9
Company Auditors (excluding Outside Company Auditors)	19	19	—	—	—	1
Outside Directors and Outside Company Auditors	50	50	—	—	—	7
Total	205	205	—	—	—	17

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

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

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

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

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

The Company has no policy concerning the decision on the amounts of compensations paid to officers.

5) Status of securities held by the Company

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

Not applicable

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

Prior fiscal year:

Special investment securities

Not applicable

Deemed shareholdings

Not applicable

Current fiscal year:

Special investment securities

Not applicable

Deemed shareholdings

Not applicable

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

Category	Prior fiscal year (Millions of yen)	Current fiscal year (Millions of yen)			
	Total value in balance sheet	Total value in balance sheet	Total dividend received	Total gain or loss on sale	Total valuation gain or loss
Non-listed securities	833	844	10	1	(Note)
Securities other than the above	0	0	—	103	0

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

- (iv) Name, the number of shares and value recorded in the balance sheet of individual investment securities, of which holding purpose has been changed from pure investment to other than pure investment

Not applicable

- (v) Name, the number of shares and value recorded in the balance sheet of individual investment securities, of which holding purpose has been changed from other than pure investment to pure investment

Not applicable

6) Status of Accounting Audits

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

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

Designated employee, managing partner: Koichiro Watanabe, Deloitte Touche Tohmatsu LLC

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

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

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

(ii) Breakdown of Team Auditing the Company's Accounts

CPAs: 12 persons

Assistant certified public accountants, etc.: 11 persons

Other staffs: 18 persons

7) Resolution Requirement for Election of Directors

The Articles of Incorporation stipulates the Board of Directors consist of twelve members or less.

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

8) Purchase of Treasury Stock

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

9) Liability Exemption for Directors and Company Auditors

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

10) Interim Dividend

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

11) Special Resolutions at the General Meeting of Shareholders

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

(2) Details of Compensation for Auditors

1) Details of Compensation for Certified Public Accountants

Classification	Prior fiscal year		Current fiscal year	
	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)
The Filing Company	110,900	—	110,100	—
Consolidated subsidiaries	23,000	—	23,500	—
Total	133,900	—	133,600	—

2) Other important details concerning remuneration

(Prior fiscal year)

EASY BUY Public Company Limited, a consolidated subsidiary of the Company, paid 8,606 thousand yen of compensation in accordance with audit certification to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., a company that belongs to the same network as Deloitte Touche Tohmatsu LLC.

(Current fiscal year)

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

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

Not applicable

4) Policies concerning auditing remuneration

Not applicable

## V. Financial Information

### 1. Basis of preparation of the consolidated financial statements

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

### 2. Audit reports

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements and non-consolidated financial statements for the fiscal year (from April 1, 2015, to March 31, 2016) were audited by Deloitte Touche Tohmatsu LLC.

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

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

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

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	*3 119,835	*3 87,506
Accounts receivable - operating loans	*2,*5,*7,*9 877,427	*5,*7,*9 902,150
Loans receivable of banking business	*6 64,582	*6 56,575
Accounts receivable - installment	*10 22,295	*10 28,393
Purchased receivables	8,473	10,709
Short-term investment securities	8,000	545
Trading account securities	1,804	692
Merchandise and finished goods	325	—
Raw materials and supplies	65	67
Deferred tax assets	25,189	33,179
Other	56,833	59,903
Allowance for doubtful accounts	(52,923)	(58,094)
<b>Total current assets</b>	<b>1,131,909</b>	<b>1,121,629</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	30,560	30,187
Accumulated depreciation	(24,010)	(24,361)
Buildings and structures, net	6,549	5,826
Vehicles	38	17
Accumulated depreciation	(33)	(14)
Vehicles, net	5	3
Equipment	21,555	21,363
Accumulated depreciation	(11,278)	(10,782)
Equipment, net	10,277	10,580
Land	6,249	6,234
Lease assets	3,300	3,353
Accumulated depreciation	(2,166)	(2,502)
Lease assets, net	1,133	851
<b>Total property, plant and equipment</b>	<b>24,215</b>	<b>23,495</b>
Intangible assets		
Goodwill	7,443	6,459
Leasehold right	4	4
Software	7,081	5,973
Telephone subscription right	37	37
Other	2	1
<b>Total intangible assets</b>	<b>14,568</b>	<b>12,476</b>
Investments and other assets		
Investment securities	*1 4,467	*1 4,962
Net defined benefit asset	6,474	4,374
Deferred tax assets	57	—
Guarantee deposits	5,772	5,632
Other	*7 3,559	*7 3,177
Allowance for doubtful accounts	(656)	(685)
<b>Total investments and other assets</b>	<b>19,675</b>	<b>17,462</b>
<b>Total noncurrent assets</b>	<b>58,459</b>	<b>53,434</b>
<b>Total assets</b>	<b>1,190,368</b>	<b>1,175,063</b>

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	331	385
Short-term loans payable	*8 32,850	*8 18,286
Current portion of long-term loans payable	*2, *8 113,340	*8 103,758
Current portion of bonds	35,422	16,700
Deposits of banking business	79,248	63,875
Lease obligations	434	372
Income taxes payable	2,218	3,136
Provision for loss on guarantees	*4 7,013	*4 8,093
Asset retirement obligations	2	14
Deferred installment income	*11 86	*11 64
Other	12,863	12,842
Total current liabilities	283,812	227,529
Noncurrent liabilities		
Bonds payable	167,890	193,058
Long-term loans payable	*8 297,349	*8 316,766
Lease obligations	828	586
Deferred tax liabilities	4,288	3,913
Provision for directors' retirement benefits	28	26
Provision for loss on interest repayment	102,600	90,000
Net defined benefit liability	343	207
Asset retirement obligations	4,608	4,546
Other	302	295
Total noncurrent liabilities	578,240	609,401
Total liabilities	862,053	836,930
<b>Net assets</b>		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,671	73,578
Retained earnings	189,426	204,025
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	307,136	321,641
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	7
Foreign currency translation adjustment	3,546	1,669
Remeasurements of defined benefit plans	1,896	57
Total accumulated other comprehensive income	5,450	1,735
Non-controlling interests	15,727	14,755
Total net assets	328,315	338,132
Total liabilities and net assets	1,190,368	1,175,063

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

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
<b>Operating revenue</b>		
Interest on operating loans	143,474	151,600
Interest on loans of banking business	8,503	8,104
Revenue from credit card business	2,637	3,401
Revenue from installment sales finance business	104	87
Revenue from credit guarantee	36,260	43,472
Collection from purchased receivable	5,315	5,549
<b>Other financial revenue</b>		
Interest on deposits	148	71
Interest on securities	152	102
Interest on loans	3	5
Foreign exchange gains	41	275
Gain on valuation of derivatives	41	—
Other	875	733
<b>Total other financial revenue</b>	<b>1,263</b>	<b>1,187</b>
Other operating revenue	21,731	24,279
<b>Total operating revenue</b>	<b>219,289</b>	<b>237,683</b>
<b>Operating expenses</b>		
<b>Financial expenses</b>		
Interest expenses	8,689	7,741
Interest expenses of banking business	5,368	4,816
Interest on bonds	3,678	3,477
Amortization of bond issuance cost	449	292
Loss on valuation of derivatives	—	269
Other	1,311	715
<b>Total financial expenses</b>	<b>19,498</b>	<b>17,313</b>
Cost of purchased receivable	2,563	2,382
<b>Other operating expenses</b>		
Advertising expenses	11,518	11,407
Provision of allowance for doubtful accounts	46,773	51,997
Provision for loss on guarantees	7,013	8,042
Provision for loss on interest repayment	49,859	56,638
Employees' salaries and bonuses	17,894	19,009
Retirement benefit expenses	375	549
Provision for directors' retirement benefits	9	6
Welfare expenses	2,507	2,587
Rent expenses	6,748	6,849
Depreciation	3,808	4,155
Commission fee	21,354	23,139
Amortization of goodwill	984	984
Other	14,305	17,102
<b>Total other operating expenses</b>	<b>183,153</b>	<b>202,471</b>
<b>Total operating expenses</b>	<b>205,215</b>	<b>222,166</b>
<b>Operating income</b>	<b>14,073</b>	<b>15,516</b>

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Non-operating income		
Interest income	216	308
Dividend income	11	10
Equity in earnings of affiliates	13	8
House rent income	312	302
Other	172	152
Total non-operating income	726	781
Non-operating expenses		
Interest expenses	22	18
Foreign exchange losses	—	34
Loss on investments in partnerships	17	12
Loss on insurance cancellation	8	16
Other	5	15
Total non-operating expenses	53	97
Ordinary income	14,747	16,200
Extraordinary income		
Gain on sales of noncurrent assets	*1 716	*1 8
Gain on sales of investment securities	66	105
Other	*2 0	—
Total extraordinary income	783	113
Extraordinary loss		
Loss on sales of noncurrent assets	*3 11	*3 3
Loss on retirement of noncurrent assets	*4 114	*4 74
Impairment loss	—	*5 6
Loss on valuation of investment securities	0	0
Loss on liquidation of a subsidiary	—	1,243
Other	*6 0	*6 0
Total extraordinary losses	126	1,329
Income before income taxes	15,403	14,985
Income taxes-current	3,235	4,656
Income taxes-deferred	(3,672)	(7,606)
Total income taxes	(436)	(2,950)
Profit	15,840	17,935
Profit attributable to non-controlling interests	2,975	3,337
Profit attributable to owners of parent	12,864	14,598

## (Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Profit	15,840	17,935
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	(0)
Foreign currency translation adjustment	6,427	(3,243)
Remeasurements of defined benefit plans, net of tax	581	(1,803)
Total other comprehensive income	* 6,995	* (5,047)
Comprehensive income	22,835	12,888
Comprehensive income attributable to:		
Owners of parent	18,188	10,883
Non-controlling interests	4,647	2,005

3) Consolidated Statement of Changes in Net Assets  
For the prior fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	63,832	76,010	173,398	(19,793)	293,447
Cumulative effects of changes in accounting policies		(2,339)	3,163		824
Restated balance	63,832	73,671	176,562	(19,793)	294,272
Changes of items during the period					
Profit attributable to owners of parent			12,864		12,864
Purchase of treasury stock				(0)	(0)
Purchase of shares of consolidated subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	12,864	(0)	12,864
Balance at the end of the period	63,832	73,671	189,426	(19,794)	307,136

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	22	(756)	1,679	945	12,333	306,726
Cumulative effects of changes in accounting policies		(433)	(385)	(819)		5
Restated balance	22	(1,190)	1,293	126	12,333	306,732
Changes of items during the period						
Profit attributable to owners of parent						12,864
Purchase of treasury stock						(0)
Purchase of shares of consolidated subsidiaries						-
Net changes of items other than shareholders' equity	(14)	4,736	602	5,324	3,394	8,718
Total changes of items during the period	(14)	4,736	602	5,324	3,394	21,583
Balance at the end of the period	8	3,546	1,896	5,450	15,727	328,315

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

(Millions of yen)

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

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

## 4) Consolidated Statement of Cash Flows

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	15,403	14,985
Depreciation and amortization	3,808	4,155
Impairment loss	—	6
Amortization of goodwill	984	984
Increase (decrease) in allowance for doubtful accounts	6,556	6,162
Increase (decrease) in provision for loss on guarantees	1,106	1,079
Increase (decrease) in net defined benefit liability	13	32
Increase (decrease) in provision for directors' retirement benefits	0	(2)
Increase (decrease) in provision for loss on interest repayment	(21,500)	(12,600)
Interest and dividends income	(228)	(318)
Interest expenses	22	18
Amortization of bond issuance costs	449	292
Foreign exchange losses (gains)	(8)	(221)
Equity in (earnings) losses of affiliates	(13)	(8)
Loss (gain) on sales of property, plant and equipment	(704)	(5)
Loss on retirement of property, plant and equipment	114	74
Loss (gain) on sales of investment securities	(66)	(105)
Loss (gain) on valuation of investment securities	0	0
Loss (gain) on liquidation of a subsidiary	—	1,243
Decrease (increase) in accounts receivable - operating loans	(32,338)	(37,417)
Decrease (increase) in loans receivable of banking business	3,223	2,083
Decrease (increase) in accounts receivable - installment	(4,090)	(6,155)
Decrease (increase) in purchased receivables	372	(2,235)
Decrease (increase) in net defined benefit asset	(153)	(294)
Decrease (increase) in trading account securities	935	976
Decrease (increase) in inventories	6	224
Decrease (increase) in other current assets	(5,396)	(5,326)
Increase (decrease) in notes and accounts payable - trade	88	56
Increase (decrease) in deposits of banking business	(4,453)	(8,293)
Increase (decrease) in deferred installment income	(17)	(15)
Increase (decrease) in other current liabilities	(1,243)	111
Increase (decrease) by other operating activities	996	805
Subtotal	(36,132)	(39,704)
Interest and dividends income received	228	317
Interest expenses paid	(22)	(18)
Income taxes refunds	408	352
Income taxes paid	(2,732)	(3,992)
Net cash provided by (used in) operating activities	(38,249)	(43,045)

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,876)	(1,293)
Proceeds from sales of property, plant and equipment	1,753	15
Purchase of intangible assets	(2,601)	(944)
Purchase of investment securities	(2,480)	(567)
Proceeds from sales of investment securities	157	108
Increase (decrease) by other investing activities	(108)	313
Net cash provided by (used in) investing activities	(5,155)	(2,368)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	156,398	114,670
Repayments of short-term loans payable	(173,898)	(127,596)
Proceeds from issuance of bonds	62,695	44,671
Payments at maturity of bonds	(51,956)	(35,053)
Proceeds from long-term loans payable	191,881	130,496
Repayments of long-term loans payable	(169,921)	(117,073)
Repayments of finance lease obligations	(455)	(453)
Purchase of treasury stock	(0)	(0)
Repayments to non-controlling shareholders	(903)	—
Cash dividends paid to non-controlling shareholders	(337)	(470)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(2,600)
Net cash provided by (used in) financing activities	13,503	6,589
Effect of exchange rate change on cash and cash equivalents	496	(206)
Net increase (decrease) in cash and cash equivalents	(29,405)	(39,030)
Cash and cash equivalents at beginning of period	151,711	122,306
Cash and cash equivalents at end of period	* 122,306	* 83,275

[Notes]

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

1. The scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 6

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

ACOM (U.S.A.) INC., which had been a consolidated subsidiary until the prior fiscal year, was excluded from the scope of consolidation, since its liquidation procedures were completed during the current fiscal year.

2. Application of the equity-method

Number of equity-method affiliate: 1

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

3. Accounting period of consolidated subsidiaries

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

EASY BUY Public Company Limited

PT. Bank Nusantara Parahyangan, Tbk.

General Incorporated Association Mirai Capital

Power Investments LLC

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

4. Significant accounting policies

(1) Valuation standards and methods for significant assets

1) Marketable and investment securities

Trading securities:

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

Held-to-maturity securities:

Mainly amortization cost method (Interest method)

Available-for-sale securities:

Securities with market quotations:

Stated at market value at the end of the fiscal year

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

Securities without market quotations:

Stated at cost by the moving-average method

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

2) Derivative financial instruments

Swap transactions:

Fair value method

3) Inventories

Merchandise:

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

Supplies:

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

- (2) Depreciation methods for significant assets
- 1) Property, plant and equipment (excluding lease assets)  
The Company and its domestic consolidated subsidiaries use the declining balance method, and overseas consolidated subsidiaries use straight-line method.  
Useful lives of assets are principally as follows:
 

Buildings and structures:	2 to 47 years
Vehicles:	2 to 8 years
Equipment:	2 to 20 years
  - 2) Intangible assets (excluding lease assets)  
The Companies use the straight-line method.  
Software for internal use is amortized over an estimated useful life of 5 years.
  - 3) Lease assets  
Lease assets concerning transfer ownership finance lease transactions:  
Depreciated using the same depreciation method applied to noncurrent assets owned by the Company  
Lease assets concerning non-transfer ownership finance lease transactions:  
Depreciated using the straight-line method, defining the lease term of respective assets as their useful lives, without residual value
  - 4) Long-term prepaid expenses  
The Companies use the equal installment method over the estimated useful life.
  - 5) Deferred assets  
Bond issuance cost:  
These costs are fully charged to expenses when they are paid.
- (3) Accounting policies for significant allowances and provisions
- 1) Allowance for doubtful accounts  
To provide for potential loss on accounts receivable - operating loans and other receivables, the Companies recognize an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, based on the historical rate of defaults. For specific debts where recovery is doubtful, the Companies consider the likelihood of recovery on an individual basis.
  - 2) Provision for loss on guarantees  
To provide for loss on guarantees, the Company and its consolidated subsidiaries recognize an allowance for potential losses at the end of the fiscal year.
  - 3) Provision for directors' retirement benefits  
Certain domestic consolidated subsidiaries make provisions for a necessary amount of directors' retirement benefits at the end of each fiscal year, in accordance with the Company's internal rules.
  - 4) Provision for loss on interest repayment  
To provide for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.
- (4) Accounting method relating to retirement benefits
- 1) Periodic allocation of projected retirement benefit  
In calculating retirement benefit obligations, the attribution on a benefit formula basis is applied for allocation of projected benefits to the periods until the end of the current fiscal year.
  - 2) Amortization of actuarial gain or loss and past service costs  
Past service costs are charged to expenses using the straight-line method over the determined years (5 years) that are no longer than average remaining service years of the employees at the time of occurrence.  
Actuarial gain or loss are amortized evenly using the straight-line method over the determined years (5 years) that are no longer than the average remaining service years of employees, beginning from the fiscal year following the time of occurrence.
- (5) Accounting policies for significant revenue and expenses
- Interest on consumer loans  
Interest on consumer loans is recorded on an accrual basis.  
Accrued interest on consumer loans is recorded, using the interest rate stipulated in the Interest Rate

Restriction Act or the contracted interest rate of the Company, whichever the lower.  
Revenue from credit card business  
Fees from customers:  
Recorded by the credit balance method  
Fees from member stores:  
Recorded as fees at the time of transaction  
Revenue from credit guarantee  
Recorded by the credit balance method

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

Credit balance method:

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

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

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

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

(7) Significant hedge accounting method

1) Hedge accounting method

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

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

2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

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

Currency-related items

Hedging instruments:

Currency swap agreements

Hedging items:

Foreign currency loans payable and foreign currency bonds payable

3) Hedging policy

In accordance with the Company's internal rules and those of its consolidated subsidiaries, the Company and one of its consolidated subsidiaries enter into derivatives contracts to hedge against various risks. These contracts include interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to their loans payable with variable interest rates and bonds payable with variable interest rates for the purpose of protecting cash flows, and currency swaps to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans relating to foreign currency loans payable and foreign currency bonds payable for the purpose of protecting cash flows.

4) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, critical requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Company and one of its consolidated subsidiaries can assume that fluctuations in interest rates and cash flows are fully offset by the

fluctuations in hedging instruments on an ongoing basis since the inception of hedging contracts. Therefore, the determination of hedging effectiveness is omitted. On currency-related hedging, currency swap contracts are entered into on the same conditions as hedged items, thus the Company and one of its consolidated subsidiaries can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedging instruments. Therefore, the determination of hedging effectiveness is omitted.

(8) Method and period of amortization of goodwill

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

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

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

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

1) Accounting method for consumption tax

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

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

2) Adoption of consolidated taxation system

Effective from the current fiscal year, the Company and some of its domestic consolidated subsidiaries have adopted the consolidated taxation system.

(Changes in presentation)

<Changes Resulting from Adoption of the "Revised Accounting Standard for Consolidated Financial Statements">

Effective from the current fiscal year, the Company has adopted the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) in respect to provisions stated in Paragraph 39, etc., and changed the presentation of net income, etc., as well as the presentation of minority interests to non-controlling interests. To reflect these changes in presentation, the consolidated financial statements for the prior fiscal year have been reclassified.

<Consolidated statement of income>

"Foreign exchange gains" was included in "Other" in "Other financial revenue" for the prior fiscal year. As it currently increases in its significance, "Foreign exchange gains" has been separately listed effective from the current fiscal year.

To reflect this change in the consolidated statement of income for the prior fiscal year, 917 million yen of "Other" in "Other financial revenue" has been reclassified into 41 million yen of "Foreign exchange gains" and 875 million yen of "Other."

(Notes to Consolidated Balance Sheet)

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

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Investment securities	296	305

\*2. Pledged assets

(1) Assets pledged as collateral (Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Accounts receivable - operating loans	31,542 [31,542]	— [—]

(2) Secured obligations (Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Current portion of long-term loans payable	5,036 [5,036]	— [—]

Figures in brackets “[ ]” represent amount concerning liquidation of receivables. In addition, accounts receivable - operating loans shown above have been transferred by trust for the purpose of liquidation, whose right of ownership has been transferred to the trust bank (trustees).

\*3. Reserve for deposit of a consolidated subsidiary pursuant to the regulations of Bank Indonesia

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Cash and deposits	5,523	4,224

\*4. Contingent liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Outstanding guarantee obligation in the guarantee business	861,212	987,508
Outstanding guarantee obligation in the banking business	1,109	931
Provision for loss on guarantees	7,013	8,093
Net	855,308	980,346

\*5. Commitment line contracts for accounts receivable - operating loans

Prior fiscal year (As of March 31, 2015)

Contracts for accounts receivable - operating loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 353,962 million yen at the end of the fiscal year. This included a total of 181,004 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

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

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

Current fiscal year (As of March 31, 2016)

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

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

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

\*6. Commitment line contracts for loans receivable of banking business

Prior fiscal year (As of March 31, 2015)

The consolidated subsidiary PT. Bank Nusantara Parahyangan, Tbk. has concluded a savings overdraft agreement pledging to lend funds up to an established limit when such financing is requested by a customer (as long as this lending does not violate conditions stipulated in the agreements) and a commitment line agreement on loans. The balance of undrawn lines of credit based on these agreements is 16,606 million yen as of the end of the fiscal year.

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

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

Current fiscal year (As of March 31, 2016)

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

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

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

\*7. Status of non-performing loans in accounts receivable - operating loans

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	243	269

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Loans to bankrupt parties	745	712
Loans in arrears	23,095	24,051
Loans overdue by three months or more	4,225	4,249
Restructured loans	30,111	28,674
Total	58,178	57,687

Notes:

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

\*8. Agreements for overdraft and commitment facilities

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

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Amount of agreement for overdraft and commitment line	153,019	137,305
Amount of borrowing	66,099	52,626
Net	86,920	84,678

\*9. Amount of unsecured consumer loans in accounts receivable - operating loans (Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Unsecured consumer loans in accounts receivable - operating loans	866,718	893,301

\*10. Balances of accounts receivable - installment by business categories (Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Fees from the credit card business	21,595	27,855
Fees from installment sales finance business	699	538
Total	22,295	28,393

\*11. Balance of deferred installment income

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

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

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Balance at the beginning of period	93	86
	[1]	[1]
Accrued during the period	97	65
	[1]	[3]
Realized during the period	104	87
	[2]	[1]
Balance at the end of period	86	64
	[1]	[3]

Figures in brackets “[ ]” represent fees from member outlets.

(Notes to Consolidated Statement of Income)

\*1. Breakdown of gain on sales of noncurrent assets

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Buildings and structures	6	3
Vehicles	0	2
Equipment	709	2
Land	0	—
Total	716	8

\*2. Other extraordinary income results from sales of golf club memberships.

\*3. Breakdown of loss on sales of noncurrent assets

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Equipment	11	2
Land	—	1
Total	11	3

\*4. Loss on retirement of noncurrent assets mainly results from transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below.

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Buildings and structures	99	65
Vehicles	0	—
Equipment	14	7
Lease assets	—	1
Total	114	74

\*5. Impairment loss

The following losses on impairment of noncurrent assets are recorded.

Prior fiscal year (from April 1, 2014, to March 31, 2015)

Not applicable

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

(1) Assets recognized as having suffered impairment

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

(2) Method of grouping assets

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

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

(b) For other financial businesses: each company

(c) For the overseas financial business: each company

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

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

(3) Process through which impairment loss was recognized

An impairment loss was recognized on properties to be sold because the expected sale prices were significantly lower than the assets' carrying amounts. Some of telephone subscription rights became dormant assets as they were suspended. An impairment loss was recognized on the dormant assets because there is no expectation of collecting the assets' carrying amounts through future net cash flows.

(4) Amount of impairment loss

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

(5) Calculation method of recoverable amount

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

\*6. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Lump sum amortization of long-term prepaid expenses	0	—
Losses on retirement, including amortization of lease and guarantee deposits	—	0
Total	0	0

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

(1) Financial revenue stated as operating revenue

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

(2) Financial expenses stated as operating expenses

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

## (Notes to Consolidated Statement of Comprehensive Income)

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Valuation difference on available-for-sale securities		
Gains arising during the year	(24)	6
Reclassification adjustments	3	(9)
Amount before income tax effect	(21)	(2)
Income tax effect	6	2
Valuation difference on available-for-sale securities	(14)	(0)
Foreign currency translation adjustment		
Gains arising during the year	6,427	(4,487)
Reclassification adjustments	—	1,243
Foreign currency translation adjustment	6,427	(3,243)
Remeasurements of defined benefit plans, net of tax		
Gains arising during the year	1,425	(2,268)
Reclassification adjustments	(657)	(414)
Amount before income tax effect	767	(2,683)
Income tax effect	(185)	880
Remeasurements of defined benefit plans, net of tax	581	(1,803)
Total other comprehensive income	6,995	(5,047)

(Notes to Consolidated Statement of Changes in Net Assets)

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Common stock	1,596,282,800	—	—	1,596,282,800

2. Matters related to treasury stock

(Shares)

Class of shares	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Common stock	29,668,359	160	—	29,668,519

(Major causes for changes)

The increase of 160 shares of treasury stock results from the purchase of shares of less than one unit.

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Not applicable

(2) Dividends whose record date fell in the fiscal year, but whose effective date is after March 31, 2015

Not applicable

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

1. Matters related to outstanding shares

(Shares)

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

2. Matters related to treasury stock

(Shares)

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

(Major causes for changes)

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

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Not applicable

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

Not applicable

(Notes to Consolidated Statement of Cash Flows)

\*1. Relationship between the fiscal year-end balance of cash and cash equivalents and the amount of consolidated balance sheet items

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Cash and deposits	119,835	87,506
Short-term investment securities	8,000	545
Time deposits with original maturities of more than three months	(6)	(6)
Cash reserved for banking business	(5,523)	(4,224)
Bonds to be matured within 1 year	—	(545)
Cash and cash equivalents	122,306	83,275

(Notes to lease transactions)

1. Finance lease transactions

(1) Finance lease transactions that transfer ownership

1) Details of lease assets

Property, plant and equipment

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

2) Depreciation of lease assets

Same depreciation method as that applied to our noncurrent assets

(2) Finance lease transactions that do not transfer ownership

1) Details of lease assets

Property, plant and equipment

They are mainly automatic contract machines of loan business.

2) Depreciation of lease assets

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

2. Operating lease transactions

The rental commitments under noncancellable operating leases are as follows:

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Due within 1 year	122	179
Due after 1 year	192	115
Total	315	295

(Notes to financial instruments)

## 1. Financial instruments and related disclosures

### (1) Policy for financial instruments

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

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

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

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

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

### (3) Risk management for financial instruments

#### 1) Credit risk management

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

#### 2) Market risk management

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

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

The Group conducts derivative transactions primarily with the aim of optimizing financing costs and

adjustment of the proportion of fixed/variable interest rates. It has a policy of not conducting derivatives trading for speculative purposes. Further, execution and administration of derivatives transactions are conducted in accordance with the Company's internal rules that stipulate the trading authority, trading limits, etc., under the basic policy approved at meetings of management.

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

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

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

	(Millions of yen)	
	As of March 31, 2015	As of March 31, 2016
If the market interest rate had been:		
higher by 1 basis point	(31)	94
lower by 1 basis point	31	(94)

### 3) Liquidity risk management associated with financing activities

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

### (4) Supplementary explanations on fair value of financial instruments

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

## 2. Fair value of financial instruments

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

For the prior fiscal year (As of March 31, 2015)

	(Millions of yen)		
	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	119,835	119,835	—
(2) Accounts receivable - operating loans	877,427		
Allowance for doubtful accounts	(35,552)		
Provision for loss on interest repayment (Write-off of receivables)	(15,800)		
	826,074	1,013,113	187,039
(3) Loans receivable of banking business	64,582		
Allowance for doubtful accounts	(771)		
	63,811	71,937	8,126
(4) Accounts receivable - installment	22,295		
Allowance for doubtful accounts	(1,868)		
Deferred installment income	(86)		
	20,339	26,560	6,221
(5) Purchased receivables	8,473		
Allowance for doubtful accounts	(2,399)		
	6,074	6,074	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	1,804	1,804	—
2) Held-to-maturity securities	3,123	3,162	39
3) Available-for-sale securities	8,058	8,058	—
<b>Total assets</b>	<b>1,049,121</b>	<b>1,250,547</b>	<b>201,426</b>
(1) Short-term loans payable	32,850	32,850	—
(2) Deposits of banking business	79,248	79,251	3
(3) Current portion of bonds and bonds payable	203,313	205,216	1,902
(4) Current portion of long-term loans payable and long-term loans payable	410,690	411,779	1,089
<b>Total liabilities</b>	<b>726,102</b>	<b>729,097</b>	<b>2,995</b>
Derivative transactions*			
(1) not subject to the application of hedge accounting	303	303	—
(2) subject to the application of hedge accounting	—	—	—
<b>Total derivative transactions</b>	<b>303</b>	<b>303</b>	<b>—</b>

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

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

(Millions of yen)

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

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

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

#### Assets

##### (1) Cash and deposits

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

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

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

##### (5) Purchased receivables

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

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

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

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

#### Liabilities

##### (1) Short-term loans payable

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

##### (2) Deposits of banking business

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

##### (3) Current portion of bonds and bonds payable

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

##### (4) Current portion of long-term loans payable and long-term loans payable

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

Derivatives transactions

Please refer to “Notes to derivatives transactions.”

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

Item	As of March 31, 2015	As of March 31, 2016
1) Unlisted shares (*1) (*2)	1,130	1,149
2) Investments in investment partnerships (*1) (*3)	155	94
Total	1,286	1,244

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

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

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

## (Note 3) Maturity analysis for financial assets and securities with contractual maturity

For the prior fiscal year (As of March 31, 2015)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	119,835	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	216,782	172,672	154,709	147,369	144,367	8,607
Loans receivable of banking business	35,486	3,267	4,431	5,093	6,084	10,217
Accounts receivable - installment (*1) (*2)	4,808	4,108	4,108	4,108	4,108	128
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	—	601	286	—	339	1,895
2) Available-for-sale securities with contractual maturities						
Government bond	—	—	—	58	—	—
Other	8,000	—	—	—	—	—
<b>Total</b>	<b>384,913</b>	<b>180,650</b>	<b>163,536</b>	<b>156,630</b>	<b>154,899</b>	<b>20,849</b>

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

(Millions of yen)

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

(\*1) Accounts receivable - operating loans and accounts receivable - installment do not include loans whose recovery is doubtful because their redemption schedule is unclear (amounts: 25,170 million yen for the prior fiscal year and 34,336 million yen for the current fiscal year).

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

(Note 4) Scheduled repayment amount of bonds payable, long-term loans payable, lease obligations and other interest-bearing liabilities after the consolidated fiscal year-end

For the prior fiscal year (As of March 31, 2015)

	(Millions of yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	32,850	—	—	—	—	—
Deposits of banking business	79,248	—	—	—	—	—
Current portion of bonds and bonds payable	35,422	18,350	25,000	25,000	31,540	68,000
Current portion of long-term loans payable and long-term loans payable	113,340	91,527	82,027	74,833	48,961	—
Lease obligations	434	342	245	181	58	—
Total	261,296	110,219	107,273	100,014	80,560	68,000

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

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

(Notes to securities)

1. Trading securities

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Unrealized gain (loss) reported in the consolidated statement of income	(49)	0

2. Held-to-maturity securities

For the prior fiscal year (As of March 31, 2015)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain(loss)
Market value greater than carrying amount			
(1) Government/municipal bonds	2,514	2,558	43
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	2,514	2,558	43
Market value not greater than carrying amount			
(1) Government/municipal bonds	608	604	(4)
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	608	604	(4)
Total	3,123	3,162	39

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

(Millions of yen)

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

3. Available-for-sale securities

For the prior fiscal year (As of March 31, 2015)

(Millions of yen)

Category	Carrying amount	Acquisition cost	Unrealized gain(loss)
Acquisition cost not greater than carrying amount			
(1) Stocks	0	0	0
(2) Bonds			
Government/municipal	58	55	2
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	58	55	2
Acquisition cost greater than carrying amount			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	58	55	2

(Note) Certificates of deposits (8,000 million yen of carrying amount on the consolidated balance sheet), whose book value is considered as market value, are not included in the table above.

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

(Millions of yen)

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

4. Available-for-sale securities sold during the fiscal year  
 For the prior fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

Category	Amount of proceeds	Total gains on sales	Total losses on sales
(1) Stocks	67	66	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	67	66	—

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

(Millions of yen)

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

5. Impaired securities written down to their fair values

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Loss on impairment of securities (shares classified as “Available-for-sale securities”)	0	0

(Notes to derivatives transactions)

1. Derivative financial instruments not subject to hedge accounting

(1) Currency-related derivatives

For the prior fiscal year (As of March 31, 2015)

The currency-related derivatives transactions used by some of the consolidated subsidiaries are currency swap transactions with the aim of fixing the value of foreign-currency borrowings in local currency. Because these borrowings include transactions between consolidated companies that are eliminated in consolidation, they are not treated as hedging transactions in the consolidated accounts.

(Millions of yen)

Category	Type of derivatives	Contract amount	Contract amount due after 1 year-period	Fair value	Valuation gain (loss)
Transactions out of the market	Currency swap	5,926	—	303	303

(Note) Calculation method for fair value

Calculated based on the price presented by counterparty financial institutions

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

Not applicable

2. Derivatives transactions subject to hedge accounting

(1) Interest rate-related derivatives

For the prior fiscal year (As of March 31, 2015)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Interest rate swaps which qualify for hedge accounting and meet specific matching criteria	Interest rate swap transactions Fixed interest payments and floating interest receivables	Long-term loans payable	265,121	208,927	(Note)

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

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

(Millions of yen)

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

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

(2) Currency-related derivatives

For the prior fiscal year (As of March 31, 2015)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Currency swaps which qualify for hedge accounting and meet specific matching criteria	Currency swap	Long-term loans payable and bonds payable	18,018	16,545	(Note)

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

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

(Millions of yen)

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

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

(Notes to retirement benefits)

1. Overview of retirement benefit plans

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

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

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

2. Defined-benefit plans

(1) Changes in retirement benefit obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Balance at the beginning of the year	21,023	18,980
Cumulative effects of changes in accounting policies	(3,794)	—
Restated balance	17,228	18,980
Service cost	1,247	1,276
Interest cost	174	143
Actuarial differences generated	636	1,026
Retirement benefits paid	(405)	(863)
Other	98	(88)
Balance at the end of year	18,980	20,474

(2) Changes in plan assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Balance at the beginning of the year	21,831	25,111
Expected return on plan assets	679	777
Actuarial differences generated	2,067	(1,239)
Contribution from employers	879	910
Retirement benefits paid	(405)	(863)
Other	59	(56)
Balance at the end of the year	25,111	24,640

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Retirement benefit obligations for funded type plans	18,795	20,266
Plan assets	(25,111)	(24,640)
	(6,315)	(4,374)
Retirement benefit obligations for unfunded type plans	184	207
Net asset and liability reported on the consolidated balance sheet	(6,131)	(4,166)
Net defined benefit liability	343	207
Net defined benefit asset	(6,474)	(4,374)
Net asset and liability reported on the consolidated balance sheet	(6,131)	(4,166)

(4) Breakdown of retirement benefit expenses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Service cost	1,247	1,276
Interest cost	174	143
Expected return on plan assets	(679)	(777)
Recognized actuarial gain or loss	(641)	(432)
Special severance pay premium	14	66
Retirement benefit expenses for defined benefit plans	115	275

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

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Actuarial gain or loss	767	(2,683)

(6) Remeasurements of defined benefit plans

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Unrecognized actuarial gain or loss	2,751	68

(7) Plan assets

1) Components of plan assets

Plan assets consist of the followings:

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Domestic stocks	18%	19%
Domestic bonds	17%	22%
Foreign stocks	15%	16%
Foreign bonds	10%	9%
Alternative investments	18%	24%
Insurer's general accounts	9%	5%
Other	13%	5%
Total	100%	100%

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

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

(8) Assumptions used in actuarial calculations

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

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Discount rates	Primarily 0.47%	Primarily (0.05%)
Long-term expected rates of return on plan assets	Primarily 3.00%	Primarily 3.00%
Expected rates of salary raises	Primarily 6.50%	Primarily 6.50%

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

3. Defined-contribution plans

The required amounts of contribution to the defined-contribution plans of the Company and its consolidated subsidiaries were 259 million yen for the prior fiscal year and 274 million yen for the current fiscal year.

(Notes to stock options, etc.)

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

Not applicable

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

Not applicable

(Notes to the method of tax effect accounting)

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Deferred tax assets		
Bad debt expenses	5,866	11,311
Allowance for doubtful accounts	3,216	4,904
Provision for loss on guarantees	2,319	2,470
Provision for loss on interest repayment	33,674	27,774
Accrued bonuses	485	459
Accrued directors' retirement benefits	61	52
Unrecognized accrued interest	435	486
Software	2,458	2,503
Deferred assets	306	267
Deferred consumption taxes	221	237
Loss on valuation of securities	252	201
Loss on valuation of golf club memberships	25	22
Loss on valuation of inventories	163	—
Impairment loss	231	257
Asset adjustment	189	126
Asset retirement obligations	1,287	1,232
Stock dividends	2,140	2,460
Net defined benefit liability	77	41
Retained loss	160,876	148,952
Other	610	638
Deferred tax assets (subtotal)	214,901	204,400
Valuation allowance	(189,386)	(171,003)
Total deferred tax assets	25,514	33,396
Deferred tax liabilities		
Retained earnings of subsidiaries	2,216	2,285
Valuation difference on available-for-sale securities	5	3
Net defined benefit asset	2,093	1,339
Other	240	502
Total deferred tax liabilities	4,556	4,130
Balance of net deferred tax assets	20,958	29,266

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

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Normal effective statutory tax rate	35.6%	33.1%
(Adjustment)		
Changes in valuation allowance	(130.7%)	(59.1%)
Amortization of goodwill	2.3%	2.2%
Dividends income and other items not counted for tax purposes	(0.2%)	(2.6%)
Retained earnings of subsidiaries	6.5%	0.5%
Difference in tax rates for consolidated subsidiaries	(10.4%)	(10.0%)
Reduction in year-end deferred tax assets due to tax-rate changes	10.4%	14.1%
Withholding income tax relating to dividends from overseas subsidiaries	0.5%	1.7%
Expiration of retained loss	83.3%	—%
Other	(0.1%)	0.4%
Actual effective tax rate	(2.8%)	(19.7%)

3. Changes in the amount of deferred tax assets and deferred tax liabilities due to changes in income tax rate, etc.

Due to the enactment of the “Act on Partial Revision of the Income Tax Act, etc.” and “Act on Partial Revision of the Local Tax Act, etc.” at the Diet session held on March 29, 2016, the statutory tax rate used in the calculation of deferred tax assets and liabilities for the current fiscal year (limited to those that will be settled on or after April 1, 2016) has been reduced from 32.34% of the prior fiscal year to 30.86% for items expected to be recovered or settled in the period from April 1, 2016, to March 31, 2018, and to 30.62% for items expected to be recovered or settled on or after April 1, 2018.

As a result, the amount of deferred tax assets (net of deferred tax liabilities) decreased by 1,378 million yen and income taxes-deferred, valuation difference on available-for-sale securities and remeasurements of defined benefit plans for the current fiscal year increased by 1,381 million yen, 0 million yen and 2 million yen, respectively.

(Notes to asset retirement obligations)

Asset retirement obligations reported in the consolidated balance sheet

(1) Description of relevant asset retirement obligations

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

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

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

(3) Changes in asset retirement obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Balance at the beginning of the year	4,553	4,611
Additional provisions associated with the acquisition of property, plant and equipment	36	18
Accretion with passage of time	40	36
Reduction associated with meeting asset retirement obligations	(48)	(84)
Reduction associated with change in estimation	(0)	—
Foreign currency translation adjustment	29	(21)
Balance at the end of the year	4,611	4,561

(Segments of an enterprise and related information)

[Segment information]

1. Summary of reported segment information

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

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

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

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

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

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

3. Operating revenue, income or loss, assets and other items by reported segments

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Reported segments					Others (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	128,725	40,992	42,956	6,533	219,207	82	219,289
Revenues from transactions with other operating segments	—	—	(16)	2	(14)	214	200
Total	128,725	40,992	42,939	6,535	219,192	296	219,489
Segment income (loss)	(8,364)	11,125	10,156	746	13,664	208	13,872
Segment assets	768,132	30,028	224,722	6,727	1,029,610	78,526	1,108,136
Other items							
Depreciation	2,464	772	583	13	3,834	0	3,834
Amortization of goodwill	—	984	—	—	984	—	984
Provision for bad debts (Note 2)	23,165	18,678	10,580	1,292	53,716	—	53,716
Provision for loss on interest repayment	49,859	—	—	—	49,859	—	49,859
Increase in property, plant and equipment and intangible assets	2,533	854	731	12	4,132	—	4,132

(Notes) 1. The "Others" category is a business segment which is not included in the reported segments and includes installment sales finance business, etc.

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

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

(Millions of yen)

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

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

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

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

(Millions of yen)

Operating revenue	For the prior fiscal year	For the current fiscal year
Total reported segments	219,192	236,912
Operating revenue of “Others” category	296	709
Elimination of intersegment transactions	(221)	(194)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	21	256
Operating revenue in the consolidated financial statements	219,289	237,683

(Millions of yen)

Income	For the prior fiscal year	For the current fiscal year
Total reported segments	13,664	14,834
Income of “Others” category	208	478
Elimination of intersegment transactions	209	156
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(8)	47
Operating income in the consolidated financial statements	14,073	15,516

(Millions of yen)

Assets	For the prior fiscal year	For the current fiscal year
Total reported segments	1,029,610	1,049,481
Assets of “Others” category	78,526	46,587
Elimination of intersegment assets	(33,112)	(23,987)
Corporate assets	112,722	103,448
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	2,622	(467)
Total assets in the consolidated financial statements	1,190,368	1,175,063

(Millions of yen)

Other items	Total reported segments		Others		Adjustment amount		Amounts in the consolidated financial statements	
	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year
Depreciation	3,834	4,179	0	—	(26)	(23)	3,808	4,155
Amortization of goodwill	984	984	—	—	—	—	984	984
Provision for bad debts	53,716	60,044	—	—	111	(4)	53,828	60,040
Provision for loss on interest repayment	49,859	56,638	—	—	—	—	49,859	56,638
Increase of property, plant and equipment and intangible assets	4,132	2,294	—	—	100	255	4,232	2,550

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

[Related information]

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

1. Information about products and services

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

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

Japan	Overseas	Total
176,298	42,990	219,289

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

(2) Property, plant and equipment

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

3. Information about major customers

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

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

1. Information about products and services

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

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

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

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

(2) Property, plant and equipment

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

3. Information about major customers

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

[Information about impairment loss on noncurrent assets of each reported segment]

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

Not applicable

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

(Millions of yen)

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

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

[Information about amortization of goodwill and unamortized balance of each reported segment]

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	984	—	—	—	—	984
Goodwill at the end of the fiscal year	—	7,443	—	—	—	—	7,443

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

(Millions of yen)

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

[Information about gain on negative goodwill of each reported segment]

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

Not applicable

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

Not applicable

[Information on related parties]

1. Transactions between related parties

(1) Transactions between the Company and related parties

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

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

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

							(Millions of yen)
Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year	
Companies of the same parent company	Mitsubishi UFJ Trust and Banking Corporation	Borrowing	Borrowing of funds	Borrowing 103,220	Short-term loans payable	15,000	
				Repayment 103,220	Current portion of long-term loans payable	34,730	
			Payment of interest	2,855	Long-term loans payable	100,328	
				Other current liabilities	47		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 34,600	Long-term loans payable	42,218	
				Repayment 40,850	Other current liabilities	—	
			Payment of interest	750	Other current assets	4,518	
				Receipt of credit guarantee fees for unsecured loans of the bank	16,344	—	—
	Debt guarantee	Guarantee obligation for unsecured loans issued by the bank	517,624	—	—		

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

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

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

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

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

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

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

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

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

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

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Directors and their close relatives	Kyosuke Kinoshita	—	Donation	50	—	—

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

(Millions of yen)

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

(Millions of yen)

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

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

2. Terms and conditions of the transactions and its policies

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

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

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

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

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

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Companies of the same parent company	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 19,657	Short-term loans payable	4,110
				Repayment 24,971	Long-term loans payable	6,606
			Payment of interest	620	Other current liabilities	60

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

The interest rates of borrowing from The Bank of Tokyo-Mitsubishi UFJ, Ltd. are the money market rates.

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

(Millions of yen)

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

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

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

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

For the prior fiscal year (from April 1, 2014, to March 31, 2015)

Not applicable

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

Not applicable

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

(1) Information on the parent company

Mitsubishi UFJ Financial Group, Inc.

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

(2) Financial statements of other significant affiliated company

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

(Per share information)

Item	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Net assets per share	199.53 yen	206.42 yen
Basic earnings per share	8.21 yen	9.32 yen

Notes: 1. Diluted earnings per share is not stated because there is no dilutive security.

2. The basis for calculation of basic earnings per share is as follows.

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Profit attributable to owners of parent	12,864	14,598
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent in relation to common stock	12,864	14,598
Weighted average number of common stock during the fiscal year	1,566,614,308 shares	1,566,614,236 shares

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

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Total net assets	328,315	338,132
Amount deducted from total net assets	15,727	14,755
[Non-controlling interests included in the above]	[15,727]	[14,755]
Amounts of net assets related to common stock at the end of the fiscal year	312,587	323,377
Number of common stock used to calculate net assets per share at the end of the fiscal year	1,566,614,281 shares	1,566,614,208 shares

(Significant subsequent events)

Not applicable

5) Consolidated supplemental schedules  
[Schedule of bonds]

Company	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
The Company	62nd Issuance of Domestic Unsecured Bonds (Public Offering)	March 5, 2013	25,000	—	—	—	—
	63rd Issuance of Domestic Unsecured Bonds (Public Offering)	June 7, 2013	25,000	25,000 (—)	0.990	—	June 7, 2017
	64th Issuance of Domestic Unsecured Bonds (Public Offering)	September 5, 2013	25,000	25,000 (—)	0.880	—	September 5, 2018
	65th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	18,000	18,000 (—)	0.700	—	February 28, 2020
	66th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	18,000	18,000 (—)	0.900	—	February 26, 2021
	67th Issuance of Domestic Unsecured Bonds (Public Offering)	June 6, 2014	10,000	10,000 (—)	0.500	—	June 6, 2019
	68th Issuance of Domestic Unsecured Bonds (Public Offering)	June 6, 2014	20,000	20,000 (—)	0.950	—	June 6, 2022
	69th Issuance of Domestic Unsecured Bonds (Public Offering)	September 26, 2014	20,000	20,000 (—)	1.210	—	September 26, 2024
	8th Issuance of Domestic Unsecured Bonds (Private Placement)	March 31, 2015	10,000	10,000 (—)	0.399 (Note 3)	—	March 31, 2022
	70th Issuance of Domestic Unsecured Bonds (Public Offering)	May 29, 2015	—	10,000 (—)	0.360	—	May 29, 2018
	71st Issuance of Domestic Unsecured Bonds (Public Offering)	May 29, 2015	—	15,000 (—)	0.560	—	May 29, 2020

Company	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
EASY BUY Public Company Limited	2nd publicly offered unsecured bonds	December 23, 2011	1,835 [500 million baht]	—	—	—	—
	3rd publicly offered unsecured bonds	March 30, 2012	6,752 [1,840 million baht]	3,340 (3,340) [1,000 million baht]	5.350	—	February 29, 2016
	4th publicly offered unsecured bonds	July 13, 2012	12,845 [3,500 million baht]	6,680 (6,680) [2,000 million baht]	5.400	—	February 12, 2016
	5th privately offered unsecured bonds	March 14, 2013	3,670 [1,000 million baht]	3,340 (3,340) [1,000 million baht]	4.950	—	March 14, 2016
	5th publicly offered unsecured bonds	December 4, 2013	3,670 [1,000 million baht]	3,340 (3,340) [1,000 million baht]	4.800	—	December 2, 2016
	6th privately offered unsecured bonds	September 26, 2014	3,540 [964 million baht]	3,222 (—) [964 million baht]	3.880	—	September 26, 2019
	7th privately offered unsecured bonds	February 24, 2015	—	3,806 (—) [1,139 million baht]	3.491	—	February 24, 2020
	8th privately offered unsecured bonds	March 12, 2015	—	5,010 (—) [1,500 million baht]	3.570	—	March 12, 2018
	9th privately offered unsecured bonds	March 12, 2015	—	3,340 (—) [1,000 million baht]	4.100	—	March 12, 2020
	10th privately offered unsecured bonds	September 30, 2015	—	5,010 (—) [1,500 million baht]	2.450	—	October 1, 2018
	11th privately offered unsecured bonds	September 30, 2015	—	1,670 (—) [500 million baht]	3.080	—	September 30, 2020
Total	—	—	203,313	209,758 (16,700)	—	—	—

- (Notes) 1. Figures in parentheses “( )” in the columns of “Balance at the end of current fiscal year” represent the amounts which are scheduled to be redeemed within one year.
2. Figures in brackets “[ ]” in the columns of “Balance at the beginning of current fiscal year” and “Balance at the end of current fiscal year” are stated in a foreign currency.
3. Because of the bond with the variable interest rate, the applicable interest rate as of the end of March 2016 is stated.
4. The redemption schedule of bonds for 5 years subsequent to March 31, 2016, is summarized as follows:

(Millions of yen)				
Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
16,700	25,000	45,020	31,222	41,816

[Schedule of loans]

Category	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Average interest rate (%)	Maturity
Short-term loans payable	32,850	18,286	2.12	—
Current portion of long-term loans payable	113,340	103,758	1.43	—
Current portion of lease obligations	434	372	1.78	—
Long-term loans payable (excluding current portion)	297,349	316,766	1.17	From February 28, 2017, to March 31, 2021
Lease obligations (excluding current portion)	828	586	1.57	From April 20, 2016, to March 20, 2021
Other interest-bearing debt (Deposits of banking business)	79,248	63,875	6.87	—
Total	524,051	503,645	—	—

- (Notes) 1. To calculate “Average interest rate,” fiscal year-end interest rates and balances are used.  
 2. The redemption schedule of long-term loans payable and lease obligations (excluding current portion) for 5 years subsequent to March 31, 2016, is summarized as follows:

(Millions of yen)

Category	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Long-term loans payable	102,668	118,821	75,312	19,965
Lease obligations	276	211	87	11

[Schedule of asset retirement obligations]

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

## (2) [Others]

## Quarterly Information for the current fiscal year

(Millions of yen unless otherwise stated)

Cumulative period	First Quarter (Three months ended June 30, 2015)	Second Quarter (Six months ended Sept. 30, 2015)	Third Quarter (Nine months ended Dec. 31, 2015)	Fourth Quarter (Fiscal year ended March 31, 2016)
Operating revenue	58,660	118,407	177,924	237,683
Income before income taxes	18,790	37,167	40,334	14,985
Profit attributable to owners of parent	16,938	33,814	35,538	14,598
Basic earnings per share (Yen)	10.81	21.58	22.68	9.32

Each quarter	First Quarter (From April 1, 2015 to June 30, 2015)	Second Quarter (From July 1, 2015 to Sept. 30, 2015)	Third Quarter (From Oct. 1, 2015 to Dec. 31, 2015)	Fourth Quarter (From Jan. 1, 2016 to March 31, 2016)
Basic earnings (losses) per share (Yen)	10.81	10.77	1.10	(13.37)

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	103,255	73,932
Accounts receivable - operating loans	*1, *3,*4,*6 747,139	*3, *4,*6 767,127
Accounts receivable - installment	*7 21,595	*7 27,855
Short-term investment securities	8,000	—
Merchandise and finished goods	325	—
Raw materials and supplies	34	41
Prepaid expenses	652	520
Deferred tax assets	22,688	30,638
Accrued income	11,616	12,774
Short-term loans receivable from subsidiaries and affiliates	2,500	4,000
Right to reimbursement	24,327	30,901
Other	2,723	1,454
Allowance for doubtful accounts	(39,850)	(44,020)
Total current assets	905,010	905,226
Noncurrent assets		
Property, plant and equipment		
Buildings	24,692	24,483
Accumulated depreciation	(19,942)	(20,123)
Buildings, net	4,749	4,360
Structures	4,236	4,176
Accumulated depreciation	(3,184)	(3,220)
Structures, net	1,052	956
Vehicles	2	2
Accumulated depreciation	(2)	(2)
Vehicles, net	0	0
Equipment	18,626	18,633
Accumulated depreciation	(9,328)	(8,857)
Equipment, net	9,297	9,776
Land	6,124	6,121
Lease assets	2,427	2,559
Accumulated depreciation	(1,293)	(1,707)
Lease assets, net	1,133	851
Total property, plant and equipment	22,357	22,065
Intangible assets		
Goodwill	7,443	6,459
Leasehold right	4	4
Software	4,928	4,226
Telephone subscription right	37	36
Other	1	1
Total intangible assets	12,415	10,728
Investments and other assets		
Investment securities	1,047	997
Subsidiaries and affiliates' stocks	22,198	19,347
Long-term loans receivable from subsidiaries and affiliates	472	668
Claims provable in bankruptcy, claims provable in rehabilitation and other	*4 1,018	*4 1,064
Long-term prepaid expenses	365	212
Guarantee deposits	5,379	5,241
Prepaid pension costs	3,476	4,171
Other	2,706	1,758
Allowance for doubtful accounts	(650)	(680)
Total investments and other assets	36,016	32,782
Total noncurrent assets	70,788	65,577
Total assets	975,799	970,803

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	312	369
Short-term loans payable	*5 15,000	—
Current portion of long-term loans payable	*1, *5 107,653	*5 93,942
Current portion of bonds	25,000	—
Lease obligations	434	372
Accounts payable - other	2,268	2,882
Accrued expenses	7,357	6,829
Income taxes payable	185	2,057
Deposits received	229	242
Provision for loss on guarantees	*2 6,560	*2 7,590
Asset retirement obligations	0	12
Other	213	59
<b>Total current liabilities</b>	<b>165,215</b>	<b>114,356</b>
Noncurrent liabilities		
Bonds payable	146,000	171,000
Long-term loans payable	*5 265,261	*5 289,014
Lease obligations	828	586
Deferred tax liabilities	1,144	1,294
Provision for loss on interest repayment	102,600	90,000
Asset retirement obligations	4,336	4,297
Other	160	144
<b>Total noncurrent liabilities</b>	<b>520,331</b>	<b>556,337</b>
<b>Total liabilities</b>	<b>685,546</b>	<b>670,693</b>
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus		
Legal capital surplus	72,322	72,322
Other capital surplus	3,687	3,687
<b>Total capital surpluses</b>	<b>76,010</b>	<b>76,010</b>
Retained earnings		
Legal retained earnings	4,320	4,320
Other retained earnings		
General reserve	80,000	80,000
Retained earnings brought forward	85,874	95,732
<b>Total retained earnings</b>	<b>170,194</b>	<b>180,052</b>
Treasury stock	(19,794)	(19,794)
<b>Total shareholders' equity</b>	<b>290,244</b>	<b>300,101</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8	7
<b>Total valuation and translation adjustments</b>	<b>8</b>	<b>7</b>
<b>Total net assets</b>	<b>290,252</b>	<b>300,109</b>
<b>Total liabilities and net assets</b>	<b>975,799</b>	<b>970,803</b>

## 2) Non-consolidated Statement of Income

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Operating revenue		
Interest on operating loans	113,608	116,112
Revenue from credit card business	2,637	3,401
Revenue from credit guarantee	30,191	36,460
Other financial revenue		
Interest on deposits	18	14
Interest on securities	11	4
Interest on loans	3	5
Foreign exchange gains	34	—
Total other financial revenue	68	23
Net sales of goods	—	490
Other operating revenue	17,138	18,891
Total operating revenue	163,644	175,380
Operating expenses		
Financial expenses		
Interest expenses	6,390	5,690
Interest on bonds	2,222	1,740
Amortization of bond issuance costs	366	138
Other	1,102	730
Total financial expenses	10,081	8,299
Cost of sales		
Beginning-of-period inventories	325	325
Cost of purchased inventories	—	—
Total	325	325
Transfer to other account	—	97
End-of-period inventories	325	—
Total cost of sales	—	228
Other operating expenses		
Advertising expenses	11,253	11,155
Provision of allowance for doubtful accounts	33,868	36,190
Provision for loss on guarantees	6,560	7,590
Provision for loss on interest repayment	49,859	56,638
Employees' salaries and bonuses	11,816	11,912
Retirement benefit expenses	141	290
Welfare expenses	1,983	2,013
Rent expenses	5,500	5,491
Depreciation	2,788	3,010
Commission fee	18,822	20,149
Amortization of goodwill	984	984
Other	8,852	10,397
Total other operating expenses	152,431	165,824
Total operating expenses	162,512	174,352
Operating income	1,132	1,028

(Millions of yen)

	Prior fiscal year (From April 1, 2014 to March 31, 2015)		Current fiscal year (From April 1, 2015 to March 31, 2016)	
<b>Non-operating income</b>				
Interest income	*1	117	*1	79
Interest on securities		0		0
Dividend income	*1	2,369	*1	3,726
Other	*1	590	*1	475
Total non-operating income		3,078		4,282
<b>Non-operating expenses</b>				
Interest expenses		22		18
Foreign exchange losses		—		85
Loss on insurance cancellation		8		16
Other		18		20
Total non-operating expenses		49		140
Ordinary income		4,161		5,171
<b>Extraordinary income</b>				
Gain on sales of noncurrent assets	*2	711	*2	3
Gain on sales of investment securities		66		105
Other	*3	0		—
Total extraordinary income		778		108
<b>Extraordinary loss</b>				
Loss on sales of noncurrent assets	*4	11	*4	3
Loss on retirement of noncurrent assets	*5	110	*5	71
Impairment loss		—		6
Loss on valuation of investment securities		0		0
Loss on liquidation of a subsidiary		—		1,320
Other	*6	0	*6	0
Total extraordinary losses		122		1,402
Income before income taxes		4,817		3,876
Income taxes-current		131		1,816
Income taxes-deferred		(4,630)		(7,797)
Total income taxes		(4,499)		(5,980)
Profit		9,316		9,857

3) Non-consolidated Statement of Changes in Net Assets  
For the prior fiscal year (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total legal retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the period	63,832	72,322	3,687	76,010	4,320	80,000	73,780	158,101	(19,793)	278,150
Cumulative effects of changes in accounting policies							2,776	2,776		2,776
Restated balance	63,832	72,322	3,687	76,010	4,320	80,000	76,557	160,878	(19,793)	280,927
Changes of items during the period										
Profit							9,316	9,316		9,316
Purchase of treasury stock									(0)	(0)
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	9,316	9,316	(0)	9,316
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	85,874	170,194	(19,794)	290,244

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	22	22	278,173
Cumulative effects of changes in accounting policies			2,776
Restated balance	22	22	280,949
Changes of items during the period			
Profit			9,316
Purchase of treasury stock			(0)
Net changes of items other than shareholders' equity	(14)	(14)	(14)
Total changes of items during the period	(14)	(14)	9,302
Balance at the end of the period	8	8	290,252

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

(Millions of yen)

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

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

[Notes]

(Significant accounting policies)

1. Valuation methods for marketable and investment securities

(1) Subsidiaries and affiliates' stocks

Stated at cost by the moving-average method

(2) Available-for-sale securities

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

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

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

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

2. Derivative financial instruments

Swap transactions: Fair value method

3. Valuation methods for inventories

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

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

4. Depreciation and amortization methods for noncurrent assets

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

Useful lives of assets are principally as follows:

Buildings: 2 to 47 years

Structures: 3 to 45 years

Vehicles: 2 years

Equipment: 2 to 20 years

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

Period of amortization is principally as follows:

Goodwill: 10 to 15 years

Software for internal use: Estimated useful life of 5 years

(3) Lease assets

Lease assets concerning non-transfer ownership finance lease transactions:

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

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

5. Accounting method for deferred assets

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

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

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

7. Accounting policies for allowances and provisions

(1) Allowance for doubtful accounts

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

(2) Provision for loss on guarantees  
To provide for loss on guarantees, the Company recognizes an allowance for potential losses at the end of the fiscal year.

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

1) Periodic allocation of projected retirement benefits

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

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

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

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

(4) Provision for loss on interest repayment

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

8. Accounting policies for revenue and expenses

(1) Interest on consumer loans

Interest on consumer loans is recorded on an accrual basis.

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

(2) Revenue from credit card business

Fees from customers:

Recorded by the credit balance method

Fees from member stores:

Recorded as fees at the time of transaction

(3) Revenue from credit guarantee

Recorded by the credit balance method

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

Credit balance method:

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

9. Hedge accounting method

(1) Hedge accounting method

The Company adopts the deferred hedge accounting method. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

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

(2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements  
Hedging items:  
Loans payable with variable interest rates and bonds payable with variable interest rates

Currency-related items  
Hedging instruments:  
Currency swap agreements  
Hedging items:  
Foreign currency loans payable

(3) Hedging policy

In accordance with the Company's internal rules, the Company enters into derivatives contracts to hedge against various risks. These contracts include the following: interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to the loans payable with variable interest rates and bonds payable with variable interest rates for the purpose of protecting cash flows. Currency swaps to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans. Currency swap contracts to hedge against the risk of fluctuations in exchange rates relating to foreign currency loans payable for the purpose of protecting cash flows.

(4) Method for evaluating hedging effectiveness

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

10. Other significant accounting policies as bases for the preparation of financial statements

(1) Accounting for retirement benefits

The method for accounting for unrecognized actuarial gain or loss and unrecognized past service costs is different from that applied for the consolidated financial statements.

(2) Accounting method for consumption tax

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax.

However, consumption tax and other taxes imposed on non tax-deductible assets are recorded as an expense when incurred.

In addition, accrued consumption tax payable is included in "Other" in current assets on the balance sheet.

(3) Adoption of consolidated taxation system

Effective from the current fiscal year, the Company has adopted the consolidated taxation system.

(Changes in presentation)

<Non-consolidated Statement of Income>

"Loss on investments in partnerships" was listed separately as an item within non-operating expenses in the prior fiscal year. As it currently falls below 10% of total non-operating expenses, "Loss on investments in partnerships" has been included in "Other" effective from the current fiscal year.

To reflect this change in the statement of income for the prior fiscal year, 17 million yen of "Loss on investments in partnerships" and 1 million yen of "Other" in non-operating expenses has been reclassified into 18 million yen of "Other."

(Notes to Non-consolidated Balance Sheet)

\*1. Pledged assets

(1) Assets pledged as collateral

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Accounts receivable - operating loans	31,542 [31,542]	— [—]

(2) Secured obligations

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Current portion of long-term loans payable	5,036 [5,036]	— [—]

Figures in brackets “[ ]” represent amount concerning liquidation of receivables. In addition, accounts receivable - operating loans shown above have been transferred by trust for the purpose of liquidation, whose right of ownership has been transferred to the trust bank (trustees).

\*2. Contingent liabilities

(1) Outstanding guarantee obligation in the guarantee business

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Guarantee obligation	776,544	885,770
Provision for loss on guarantees	6,560	7,590
Net	769,984	878,180

(2) Outstanding guarantee obligation of affiliated companies

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
EASY BUY Public Company Limited	38,572	15,094

\*3. Commitment line contracts for accounts receivable - operating loans

Prior fiscal year (As of March 31, 2015)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 287,440 million yen at the end of the fiscal year. This included a total of 134,525 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

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

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

Current fiscal year (As of March 31, 2016)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 311,385 million yen at the end

of the accounting period. This included a total of 151,819 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

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

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

\*4. Status of non-performing loans in accounts receivable - operating loans

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	242	267

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Loans to bankrupt parties	743	709
Loans in arrears	22,979	23,966
Loans overdue by three months or more	1,510	1,625
Restructured loans	26,323	26,922
Total	51,558	53,223

Notes:

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

\*5. Agreements for overdraft and commitment facilities

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

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Amount of agreement for overdraft and commitment line	86,282	71,282
Amount of borrowing	15,000	—
Net	71,282	71,282

\*6. Amount of unsecured consumer loans in accounts receivable - operating loans (Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Unsecured consumer loans in accounts receivable - operating loans	736,430	758,278

\*7. Balances of accounts receivable - installment by business categories

All of accounts receivable - installment is from the credit card business.

(Notes to Non-consolidated Statement of Income)

- \*1. The business operation results with subsidiaries and affiliates are included into non-operating income as follows:

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Interest income	110	72
Dividends income	2,358	3,716
Guarantee commission received	104	61
Part-time director's bonus	3	3
Total	2,576	3,852

- \*2. Breakdown of gain on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Buildings	5	3
Equipment	705	—
Land	0	—
Total	711	3

- \*3. Other extraordinary income results from sales of golf club memberships.

- \*4. Breakdown of loss on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Equipment	11	2
Land	—	1
Total	11	3

- \*5. Loss on retirement of noncurrent assets mainly results from transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below.

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Buildings	32	48
Structures	64	14
Equipment	13	6
Lease assets	—	1
Total	110	71

\*6. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Lump sum amortization of long-term prepaid expenses	0	—
Losses on retirement, including amortization of lease and guarantee deposits	—	0
<b>Total</b>	<b>0</b>	<b>0</b>

7. Basis for classification of financial revenue and financial expenses on Non-consolidated statement of income

(1) Financial revenue stated as operating revenue

Includes all financial revenue, excluding interest on loans and dividends income related to subsidiaries and affiliates, and dividends and interest on investment securities.

(2) Financial expenses stated as operating expenses

Include all financial expenses, excluding interest expenses, etc. which have no relationship to operating revenue.

(Notes to securities)

Subsidiaries and affiliates' stocks

For the prior fiscal year (As of March 31, 2015)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	5,366	9,515	4,149
Affiliates' stocks	—	—	—
<b>Total</b>	<b>5,366</b>	<b>9,515</b>	<b>4,149</b>

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

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	5,366	7,078	1,712
Affiliates' stocks	—	—	—
<b>Total</b>	<b>5,366</b>	<b>7,078</b>	<b>1,712</b>

(Note) Subsidiaries and affiliates' stocks whose market values appear to be extremely difficult to determine:

(Millions of yen)

Category	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Subsidiaries' stocks	16,332	13,481
Affiliates' stocks	500	500
<b>Total</b>	<b>16,832</b>	<b>13,981</b>

For above mentioned stocks, quoted market prices are not available. Accordingly, their market values appear to be extremely difficult to determine.

(Notes to the method of tax effect accounting)

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Deferred tax assets		
Bad debt expenses	5,323	10,800
Allowance for doubtful accounts	969	2,895
Provision for loss on guarantees	2,171	2,342
Provision for loss on interest repayment	33,674	27,774
Accrued bonuses	443	419
Unrecognized accrued interest	435	486
Software	2,392	2,447
Deferred assets	306	267
Deferred consumption taxes	190	213
Loss on valuation of securities	252	201
Loss on valuation of shares of subsidiaries and affiliates	1,093	1,035
Valuation loss on goods	163	—
Enterprise tax payable	43	222
Impairment loss	226	257
Asset retirement obligations	1,247	1,191
Stock dividends	2,140	2,460
Retained loss	160,870	148,952
Other	437	403
Deferred tax assets (subtotal)	212,382	202,369
Valuation allowance	(189,693)	(171,731)
Deferred tax assets (total)	22,688	30,638
Deferred tax liabilities		
Valuation difference on available-for-sale securities	5	3
Prepaid pension costs	1,124	1,277
Other	14	13
Total deferred tax liabilities	1,144	1,294
Balance of net deferred tax assets	21,544	29,344

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

	Prior fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Normal effective statutory tax rate	35.6%	33.1%
(Adjustment)		
Changes in valuation allowance	(420.6%)	(216.3%)
Amortization of goodwill	7.3%	8.4%
Dividends income and other items not counted for tax purposes	(18.1%)	(41.6%)
Reduction in year-end deferred tax assets due to tax-rate changes	33.7%	54.2%
Withholding income tax relating to dividends from overseas subsidiaries	1.7%	6.6%
Expiration of retained loss	268.9%	—%
Other	(1.9%)	1.3%
Actual effective tax rate	(93.4%)	(154.3%)

3. Changes in the amount of deferred tax assets and deferred tax liabilities due to changes in the income tax rate, etc.

Due to the enactment of the “Act on Partial Revision of the Income Tax Act, etc.” and the “Act on Partial Revision of the Local Tax Act, etc.” at the Diet session held on March 29, 2016, the statutory tax rate used in the calculation of deferred tax assets and liabilities for the current fiscal year (limited to those that will be settled on or after April 1, 2016) has been reduced from 32.34% of the prior fiscal year to 30.86% for items expected to be recovered or settled in the period from April 1, 2016 to March 31, 2018, and to 30.62% for items expected to be recovered or settled on or after April 1, 2018.

As a result, the amount of deferred tax assets (net of deferred tax liabilities) decreased by 1,379 million yen and income taxes-deferred and valuation difference on available-for-sale securities for the current fiscal year increased by 1,379 million yen and 0 million yen, respectively.

(Significant subsequent events)

Not applicable

4) [Supplemental schedules]  
 [Schedule of marketable securities]  
 [Stocks]

Name			Number of shares	Carrying amount (Millions of yen)
Investment securities	Other securities	Japan Credit Information Reference Center Corp.	24,234	737
		Koganei Golf Co., Ltd.	1	40
		Others (27 brands)	1,049,239	66
Total			1,073,474	844

[Bonds]

Name			Total face value (Millions of yen)	Carrying amount (Millions of yen)
Investment securities	Other securities	National government bond (one issue)	58	58
Total			58	58

[Others]

Classification and name			Number of units invested, etc.	Carrying amount (Millions of yen)
Investment securities	Other securities	Equity in limited investment partnership, etc. (6 brands)	10	94
Total			10	94

[Schedule of property, plant and equipment, etc.]

(Millions of yen)

Type of asset	Balance at the beginning of current period	Increase during the period	Decrease during the period	Balance at the end of current period	Accumulated depreciation or amortization at end of current fiscal year	Depreciation or amortization during the period	Balance at end of current fiscal year, net of accumulated depreciation or amortization
Property, plant and equipment							
Buildings	24,692	200	409 (6)	24,483	20,123	529	4,360
Structures	4,236	39	99	4,176	3,220	120	956
Vehicles	2	—	—	2	2	—	0
Equipment	18,626	1,144	1,137 (0)	18,633	8,857	657	9,776
Land	6,124	—	3	6,121	—	—	6,121
Lease assets	2,427	138	6	2,559	1,707	419	851
Total property, plant and equipment	56,110	1,522	1,657 (6)	55,976	33,911	1,727	22,065
Intangible assets							
Goodwill	12,435	—	—	12,435	5,975	984	6,459
Leasehold right	4	—	—	4	—	—	4
Software	6,157	550	—	6,708	2,481	1,252	4,226
Telephone subscription right	37	—	0 (0)	36	—	—	36
Other (right to use specific communication channel, etc.)	13	—	—	13	12	—	1
Total intangible assets	18,647	550	0 (0)	19,198	8,469	2,237	10,728
Long-term prepaid expenses	2,539	34	166	2,407	2,194	36	212

(Note) Figures in brackets “( )” in the column of “Decrease during the period” represents the amounts of impairment losses for the current fiscal year.

[Schedule of allowances]

(Millions of yen)

Category	Balance at the beginning of current fiscal year	Increase during the period	Decrease during the period		Balance at the end of current fiscal year
			Used for primary purposes	Others	
Allowance for doubtful accounts	40,500	42,744	38,452	91	44,700
Provision for loss on guarantees	6,560	7,590	6,560	—	7,590
Provision for loss on interest repayment	102,600	56,638	69,238	—	90,000

(Note) “Decrease during the period (others)” in the amount of “Allowance for doubtful accounts” consists of the following.

Reversal due to payment	84 million yen
Gain on reversal of allowance for doubtful accounts of golf club memberships	6 million yen

(2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

(3) Others

Not applicable

## VI. Stock-Related Administration for the Filing Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	In June
Record date	March 31
Record date for distribution from surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Purchase of shares of less than one unit	
Handling office	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
Transfer agent	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Forward office	—
Purchasing fee	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	The Company's method of public notice is through electronic public notice. However, if the above-mentioned method of public notice is not possible due to an accident or through other compelling reasons, then Nihon Keizai Shimbun will be adopted as its medium. The Company's electronic public notice is posted on our home page, and the following is the address: <a href="http://www.acom.co.jp">http://www.acom.co.jp</a>
Shareholders' privileges	None

(Note) The Company's shareholders, concerning the possession of shares of less than one unit, are not able to exercise their rights other than the rights that are stipulated in the following:

- (1) The rights stipulated in each item of Article 189, Paragraph 2, of the Companies Act;
- (2) The right to demand what is stipulated under Article 166, Paragraph 1, of the Companies Act;  
and
- (3) The right to receive an allotment of offered shares and offered new stock acquisition rights in proportion to the number of shares held.

## VII. Reference Information on the Filing Company

### 1. Information on a Parent Company, etc. of the Filing Company

The Company does not have a parent company or other entity that is provided in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

### 2. Other Reference Information

The Company submitted the following documents during the period from the starting date of the current fiscal year to the date on which the Annual Securities Report was submitted.

#### (1) Shelf Registration Statements (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on July 2, 2015

#### (2) Shelf Registration Supplement (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on May 27, 2016

#### (3) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

The Annual Securities Report for the 38th fiscal year (from April 1, 2014, to March 31, 2015) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2015.

#### (4) Internal Control Report

The Internal Control Report was submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2015.

#### (5) Quarterly Securities Report and Confirmation Letter thereof

The Quarterly Securities Report for the 1st Quarter (from April 1, 2015, to June 30, 2015) of the 39th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on August 14, 2015.

The Quarterly Securities Report for the 2nd Quarter (from July 1, 2015, to September 30, 2015) of the 39th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 13, 2015.

The Quarterly Securities Report for the 3rd Quarter (from October 1, 2015, to December 31, 2015) of the 39th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on February 12, 2016.

#### (6) Extraordinary Report

The Extraordinary Report according to the provision of Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at the shareholders' general meetings) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. was submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2015.

Part II Information on Guarantors for the Filing Company

Not applicable