

ACOM CO., LTD.



Annual Report 2017

Year ended March 31, 2017

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Annual Report 2017

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Consolidated Financial Highlights

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

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

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

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

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

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

1. Forward-Looking Statements

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

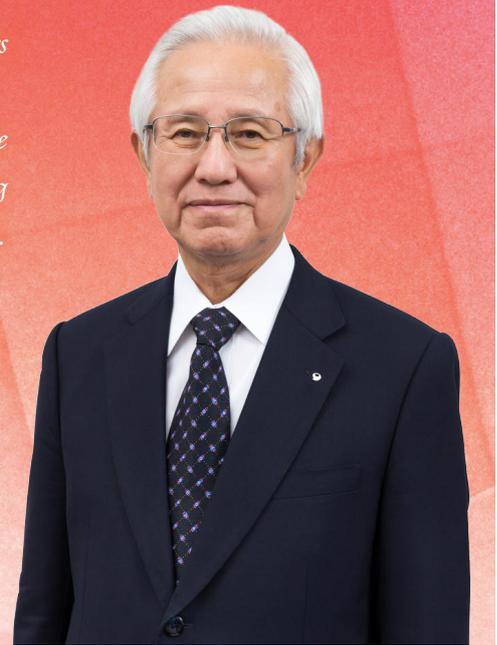
2. All amounts are truncated to the nearest expressed unit.

3. Percentage figures are a result of rounding.

Letter to Shareholders

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

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



Shigeyoshi Kinoshita

Chairman, President & Chief Executive Officer

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

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

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

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

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

present circumstances.

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

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

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

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

Current Environment Surrounding ACOM Group

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

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

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

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

Annual Forecasts for the Fiscal Year Ending March 2018

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

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

financial business growing by 9 %.

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

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

ACOM Group's Vision

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

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

3 components emphasized in the management vision

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

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



Shigeyoshi Kinoshita
Chairman, President & Chief Executive Officer

ACOM in the New Stage

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

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

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

Issue of Interest Repayment

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

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

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

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

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

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

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

“Miru’ Concert Monogatari Version”

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

“Bowling Version (Emphasis on Speediness)”

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

“Announcer Version (Interest-free service)”

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

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



Business Highlights

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

Loan and Credit Card Business

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

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

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

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

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

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

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

Guarantee Business

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

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

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

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

Overseas Financial Businesses

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

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

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

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

In the Socialist Republic of Vietnam, where the Company

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

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

Loan Servicing Business

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

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

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

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

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

Social Contribution Activity

ACOM's Social Contribution Activity Policy

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

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

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

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

Culture and Arts

Barrier-free Concerts Enjoyable by Everyone Regardless of Age and Handicaps Helping with Smiles, "ACOM 'Miru' Concert Monogatari"

We are proud to announce we welcomed more than 200 thousand audiences!

◆ Three wishes

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

◆ Integrating "harmony", "shadow pictures" and "narration"

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

◆ Unique features of these performances

As a part of its social contribution activities, ACOM began to hold "ACOM 'Miru' Concert Monogatari" performances all over

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

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



Social Welfare

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

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

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

Environment Conservation Activities

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

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

Investor Information as of March 31, 2017

Stock Listing

First Section of Tokyo Stock Exchange

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

General Shareholders' Meeting

June 22, 2017

Authorized Shares: 5,321,974,000

Outstanding Shares: 1,596,282,800

Number of Shareholders: 14,749

ADR (American Depositary Receipts) Information

Type: Sponsored Level-1 Program

ADR Ratio: 2ADRs : 5 Ordinary Shares

Symbol: ACMUY

CUSIP: 004845202

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

Depository Bank: The Bank of New York Mellon
101 Barclay Street, 22W, NEW YORK, NY 10286, U.S.A.

Toll Free # for Domestic Calls:

1-888-BNY-ADRS

Number for International Calls: 201-680-6825

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

For further information, please contact:

Public & Investor Relations Office

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

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

Annual Securities Report

(The 40th fiscal year)

ACOM CO., LTD.

Annual Securities Report

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

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

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

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data and Trends

(1) Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

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

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

(2) Financial data etc. of the Filing Company

(Millions of yen, unless otherwise stated)

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

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

2. ACOM History

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

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

3. Description of Business

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

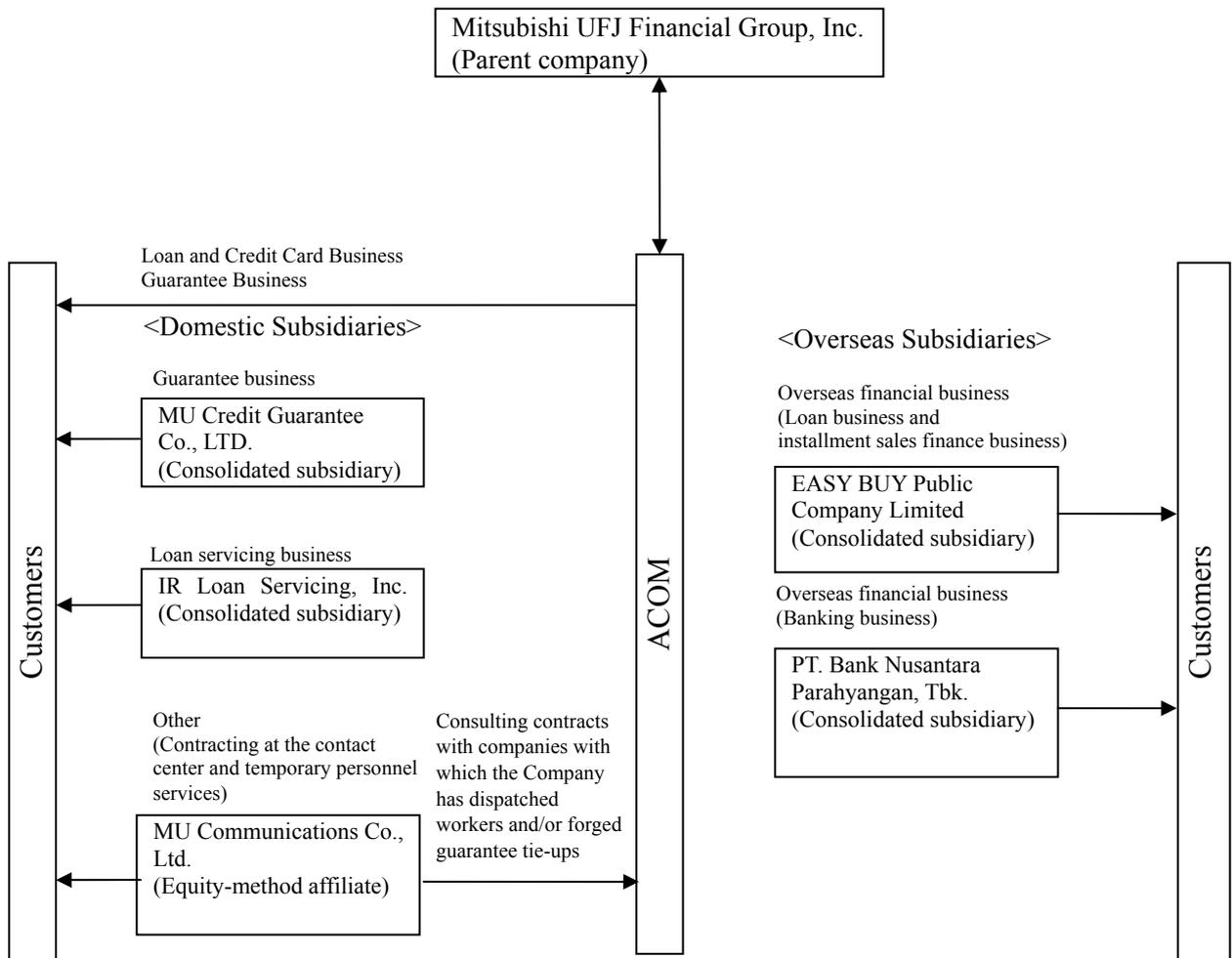
The ACOM Group consists of ACOM and 6 subsidiaries and 1 affiliate. The Group’s main line of business is [loan and credit card business, guarantee business, overseas financial business and loan servicing business].

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

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

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

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



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

4. Information on Subsidiaries and Affiliates

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

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

Key profit/loss information:

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

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

5. Employees

(1) Consolidated Companies

As of March 31, 2017

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

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

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

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

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

(2) The Filing Company

As of March 31, 2017

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

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

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

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

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

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

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

(3) Status of labor union

Relationship between management and labor union is stable.

II. Business Overview

1. Summary of Results

(1) Business results

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

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

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

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

(2) Status of financial service businesses

1) Loan and credit card business

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

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

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

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

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

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

2) Guarantee business

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

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

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

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

3) Overseas financial business

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

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

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

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

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

4) Loan servicing business

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

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

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

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

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

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

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

2. Consolidated Operating Results

(1) Operating revenue by business segment

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

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

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

1) Transaction volume

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

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

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

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

2) Receivables outstanding

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

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

(3) Number of outlets

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

(4) Number of customer accounts

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

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

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

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

(5) Breakdown of accounts receivable - operating loans

1) By loan type

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

2) By industry

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

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

3) By collateral type

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

4) By loan term

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

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

(6) Breakdown of funds

1) Breakdown by funding sources

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

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

2) Breakdown by financial institution

(Millions of yen)

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

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

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

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

(7) Operating results of the Filing Company

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

(i) The number of outlets and automated teller machines

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

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

(ii) Number of customer accounts

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

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

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

2) Breakdown of operating revenue

(i) Operating revenue by business segment

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

(ii) Interest on operating loans by region

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

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

Hokkaido: Hokkaido

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

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

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

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

Chugoku: Tottori, Shimane, Okayama, Hiroshima and Yamaguchi

Shikoku: Tokushima, Kagawa, Ehime and Kochi

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

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

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

(i) Transaction volume

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

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

| | |
|----------------------|---|
| Loan business | Provision of loans by the Filing Company directly to customers. The scope of this segment's transaction volume is the amount of loans to customers. |
| Credit card business | Provision of general financial services through the use of credit cards, based on comprehensive credit administration. The scope of transaction volume is the total amount of credit. |

(ii) Receivables outstanding

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

4) Increase/decrease and outstanding balance of operating loans

(Millions of yen)

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

5) Breakdown of operating loans

(i) By loan type

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

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

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

(iii) By industry

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

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

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

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

(v) By collateral type

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

(vi) By loan amount

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

(vii) By loan term

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

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

(viii) By interest rate

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

(ix) By product type

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

(x) By region

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

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

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

(Notes)

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 1,006 and 966, respectively.

6) Number of outlets and employees by region

(i) Number of outlets by region

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

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

(ii) Number of employees by region

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

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

7) Breakdown of funds

(i) Breakdown by funding sources

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

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

(ii) Breakdown by financial institution

(Millions of yen)

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

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

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

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

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

(1) Basic management policy of the Company

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

(2) Targeted management indices

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

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

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

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

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

(4) Issues the Company needs to address

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

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

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

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

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

(Loan and credit card business)

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

(Guarantee business)

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

(Overseas financial business)

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

4. Risks Related to Business

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

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

(1) Financial results

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

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

(2) Status of interest repayment

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

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

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

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

(3) Fund procurement

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

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

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

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

(4) Allowance for doubtful accounts

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

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

(5) Issues concerning multiple debtors

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

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

(6) Information systems

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

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

(7) Management of personal information

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

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

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

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

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

(8) Business and capital alliance with MUFG

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

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

(9) Investments

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

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

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

(11) Accidents and disasters

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

5. Material Business Agreements, etc.
Not applicable

6. Research and Development Activities
Not applicable

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

(1) Analysis of financial position

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

(Assets)

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

(Liabilities)

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

(Net assets)

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

(2) Analysis of business results

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

(Operating revenue)

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

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

(Operating expenses)

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

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

(Non-operating income/expenses)

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

(Extraordinary income/loss)

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

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

(Tax etc.)

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

(3) Status of cash flows

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

(Net cash used in operating activities)

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

(Net cash used in investing activities)

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

(Net cash provided by financing activities)

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

III. Equipment and Facilities

1. Status of Capital Expenditures, etc.

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

2. Situation of Major Equipment

The major equipment in ACOM Group is the following:

(1) The Filing Company

As of March 31, 2017

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

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

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

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

(2) Domestic subsidiaries
Not applicable

(3) Overseas subsidiaries
Not applicable

3. Plans for Equipment Introduction, Disposals, etc.

(1) Major equipment introduction, etc.
Not applicable

(2) Major equipment disposal, etc.
Not applicable

IV. Information on the Filing Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

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

2) Total number of shares issued

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

(2) Status of the stock acquisition rights

Not applicable

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

Not applicable

(4) Rights plans

Not applicable

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

(Millions of yen, unless otherwise stated)

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

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

(6) Status of shareholders

As of March 31, 2017

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

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

(7) Major shareholders

As of March 31, 2017

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

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

(8) Status of voting rights

1) Issued shares

As of March 31, 2017

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

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

2) Treasury stock, etc.

As of March 31, 2017

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

(9) Details of stock option plans

Not applicable

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

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

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

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

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

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

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

3. Basic Policy on Dividends

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

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

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

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

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

4. Changes in Share Prices

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

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

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

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

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

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

5. Directors and Company Auditors

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

| Title | Position | Name | Date of birth | Career summary | | Term | Number of shares of the Company held (Thousands) |
|---------------------------------|----------|-------------------------|-------------------|----------------|---|----------|--|
| Chairman, President & CEO | | Shigeyoshi Kinoshita | April 14, 1949 | 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. | Kaoru Wachi | December 9, 1955 | April 1978 | Joined The Mitsubishi Trust and Banking Corporation | (Note) 3 | — |
| | | | | April 2002 | General Manager, Osaka Pension Business Division of The Mitsubishi Trust and Banking Corporation | | |
| | | | | May 2003 | General Manager, Trust Business Division of The Bank of Tokyo-Mitsubishi, Ltd. | | |
| | | | | March 2004 | General Manager, Trust Assets Planning Division of The Mitsubishi Trust and Banking Corporation | | |
| | | | | April 2004 | General Manager, Asset Management and Administration Planning Div. of Mitsubishi Tokyo Financial Group, Inc. | | |
| | | | | June 2005 | Executive Officer and General Manager, Asset Management and Administration Planning Div. of Mitsubishi Tokyo Financial Group, Inc. | | |
| | | | | June 2005 | Executive Officer and General Manager, Trust Assets Planning Division of The Mitsubishi Trust and Banking Corporation | | |
| | | | | October 2005 | Executive Officer and General Manager, Asset Management and Administration Planning Div. of Mitsubishi UFJ Financial Group, Inc. | | |
| | | | | October 2005 | Executive Officer and General Manager, Trust Assets Planning Division of Mitsubishi UFJ Trust and Banking Corporation | | |
| | | | | June 2008 | Director of Mitsubishi UFJ Financial Group, Inc. | | |
| | | | | June 2008 | Managing Director of Mitsubishi UFJ Trust and Banking Corporation | | |
| | | | | June 2010 | Senior Managing Director of Mitsubishi UFJ Trust and Banking Corporation | | |
| | | | | June 2011 | Managing Officer and General Manager, Trust Assets Business Group of Mitsubishi UFJ Financial Group, Inc. | | |
| | | | | June 2012 | Director and Deputy President of Mitsubishi UFJ Trust and Banking Corporation | | |
| | | | | June 2013 | Representative Director and President of M.U. Trust Sougou Kanri Co., Ltd. | | |
| | | | | June 2014 | Representative Director, President of The Master Trust Bank of Japan, Ltd. | | |
| | | | | June 2017 | Deputy Chairman of the Company (to present) | | |

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

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

| Title | Position | Name | Date of birth | Career summary | | Term | Number of shares of the Company held (Thousands) |
|-----------|---|------------------|---------------|----------------|--|----------|--|
| Director | | Atsushi Murakami | May 9, 1961 | 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. | | |
| | | | | 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 | | |
| | | | | May 2016 | Managing Executive Officer, Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. | | |
| 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) | | | | | | |
| June 2016 | Managing Director (representative director), Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (to present) | | | | | | |

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

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

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

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

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

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

6. Corporate Governance

(1) Status of Corporate Governance

1) Corporate Governance Structure

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

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

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

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

The organs installed by the Company are as follows:

(A) Board of Directors

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

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

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

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

(B) Audit & Supervisory Committee

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

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

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

(C) Executive Officers

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

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

(D) Executive Officers' Meeting

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

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

(E) Committees

(a) Compliance Committee

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

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

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

(b) Risk Management Committee

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

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

(c) Financial Information Disclosure Committee

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

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

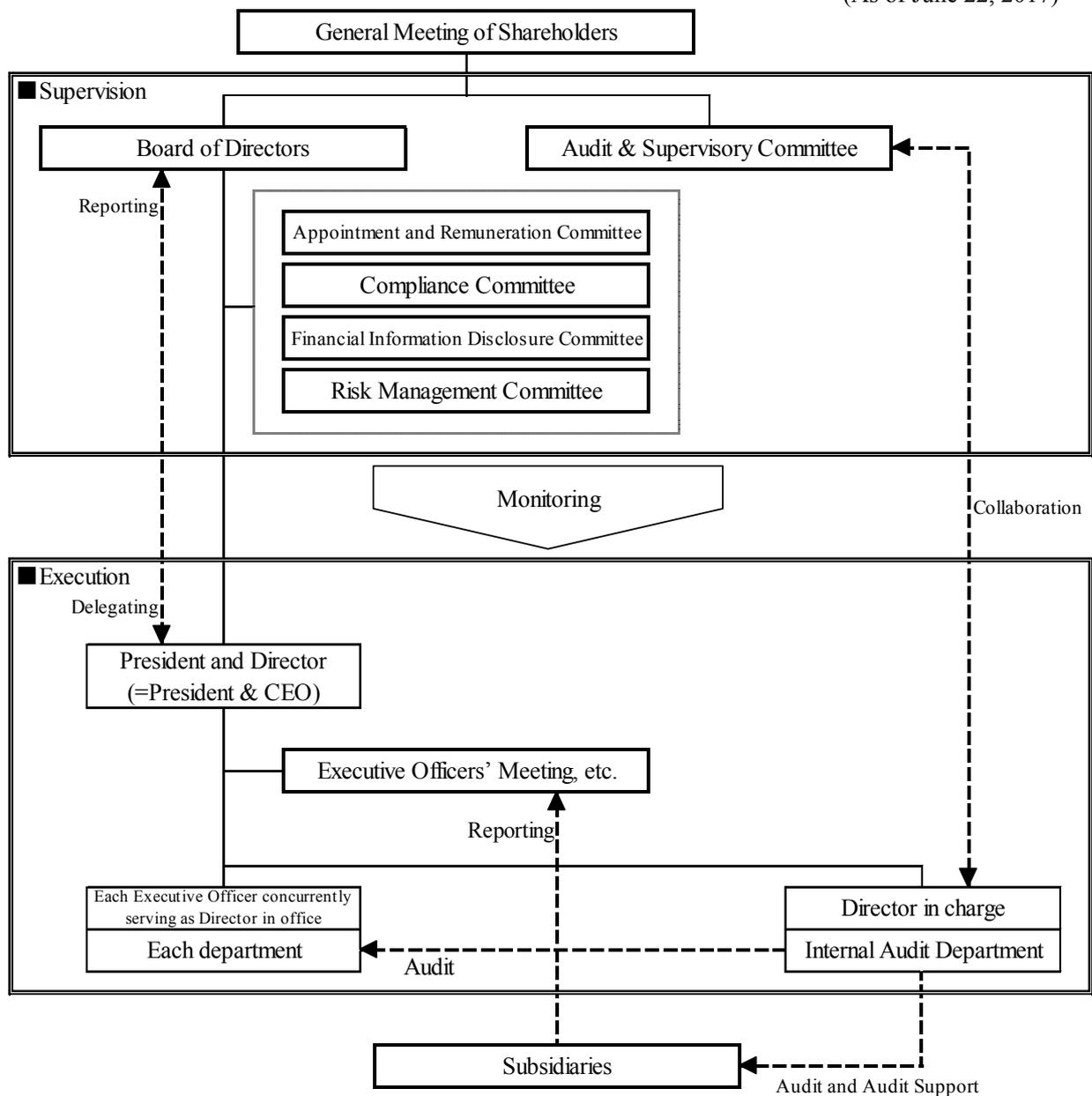
(d) Appointment and Remuneration Committee

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

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

(ii) Corporate governance structure and internal control system structure

(As of June 22, 2017)



(iii) Other corporate governance related matters

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

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

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

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

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

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

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

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

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

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

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

(B) Development of risk management system

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

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

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

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

(i) Internal audits

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

Committee.

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

(ii) Audits by the Audit & Supervisory Committee

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

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

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

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

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

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

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

3) Outside Directors

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

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

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

4) Compensation to Directors and Company Auditors

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

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

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

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

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

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

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

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

5) Status of securities held by the Company

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

Not applicable

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

Prior fiscal year:

Special investment securities

Not applicable

Deemed shareholdings

Not applicable

Current fiscal year:

Special investment securities

Not applicable

Deemed shareholdings

Not applicable

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

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

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

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

6) Status of Accounting Audits

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

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

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

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

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

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

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

CPAs: 6 persons

Assistant certified public accountants, etc.: 5 persons

Other staffs: 21 persons

7) Resolution Requirement for Election of Directors

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

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

8) Purchase of Treasury Stock

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

9) Liability Exemption for Directors

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

10) Interim Dividend

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

11) Special Resolutions at the General Meeting of Shareholders

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

(2) Details of Compensation for Auditors

1) Details of Compensation for Certified Public Accountants

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

2) Other important details concerning remuneration

(Prior fiscal year)

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

(Current fiscal year)

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

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

(Prior fiscal year)

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

(Current fiscal year)

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

4) Policies concerning auditing remuneration

Not applicable

V. Financial Information

1. Basis of preparation of the consolidated financial statements

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

2. Audit reports

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

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

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

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

(Millions of yen)

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

(Millions of yen)

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

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

(Millions of yen)

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

(Millions of yen)

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

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

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

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

4) Consolidated Statement of Cash Flows

(Millions of yen)

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

(Millions of yen)

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

[Notes]

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

1. The scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 6

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

2. Application of the equity-method

Number of equity-method affiliate: 1

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

3. Accounting period of consolidated subsidiaries

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

EASY BUY Public Company Limited

PT. Bank Nusantara Parahyangan, Tbk.

General Incorporated Association Mirai Capital

Power Investments LLC

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

4. Significant accounting policies

(1) Valuation standards and methods for significant assets

1) Marketable and investment securities

Trading securities:

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

Held-to-maturity securities:

Mainly amortization cost method (Interest method)

Available-for-sale securities:

Securities with market quotations:

Stated at market value at the end of the fiscal year

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

Securities without market quotations:

Stated at cost by the moving-average method

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

2) Derivative financial instruments

Swap transactions:

Fair value method

3) Inventories

Merchandise:

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

Supplies:

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

(2) Depreciation methods for significant assets

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

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

Useful lives of assets are principally as follows:

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

2) Intangible assets (excluding lease assets)

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

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

3) Lease assets

Lease assets concerning transfer ownership finance lease transactions:

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

Lease assets concerning non-transfer ownership finance lease transactions:

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

4) Long-term prepaid expenses

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

5) Deferred assets

Bond issuance cost:

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

(3) Accounting policies for significant allowances and provisions

1) Allowance for doubtful accounts

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

(Changes in accounting estimates)

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

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

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

2) Provision for loss on guarantees

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

3) Provision for directors' retirement benefits

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

4) Provision for loss on interest repayment

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

(4) Accounting method relating to retirement benefits

1) Periodic allocation of projected retirement benefit

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

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

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

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

(5) Accounting policies for significant revenue and expenses

Interest on consumer loans

Interest on consumer loans is recorded on an accrual basis.

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

Revenue from credit card business

Fees from customers:

Recorded by the credit balance method

Fees from member stores:

Recorded as fees at the time of transaction

Revenue from credit guarantee

Recorded by the credit balance method

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

Credit balance method:

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

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

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

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

(7) Significant hedge accounting method

1) Hedge accounting method

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

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

2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

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

Currency-related items

Hedging instruments:

Currency swap agreements

Hedging items:

Foreign currency loans payable and foreign currency bonds payable

3) Hedging policy

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

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

4) Method for evaluating hedging effectiveness

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

(8) Method and period of amortization of goodwill

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

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

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

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

1) Accounting method for consumption tax

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

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

2) Adoption of consolidated taxation system

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

(Changes in presentation)

<Consolidated statement of income>

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

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

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

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

(Additional information)

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

(Notes to Consolidated Balance Sheet)

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

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

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

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

*3. Contingent liabilities

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

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

Prior fiscal year (As of March 31, 2016)

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

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

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

Current fiscal year (As of March 31, 2017)

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

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

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

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

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

Prior fiscal year (As of March 31, 2016)

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

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

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

Current fiscal year (As of March 31, 2017)

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

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

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

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

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

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

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

Notes:

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

*7. Agreements for overdraft and commitment facilities

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

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

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

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

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

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

*10. Balance of deferred installment income

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

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

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

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

(Notes to Consolidated Statement of Income)

*1. Breakdown of gain on sales of noncurrent assets

(Millions of yen)

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

*2. Breakdown of loss on sales of noncurrent assets

(Millions of yen)

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

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

(Millions of yen)

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

*4. Impairment loss

The following losses on impairment of noncurrent assets are recorded.

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

(1) Assets recognized as having suffered impairment

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

(2) Method of grouping assets

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

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

(b) For other financial businesses: each company

(c) For the overseas financial business: each company

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

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

(3) Process through which impairment loss was recognized

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

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

(4) Amount of impairment loss

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

(5) Calculation method of recoverable amount

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

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

Not applicable

*5. Breakdown of other extraordinary loss

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

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

(1) Financial revenue stated as operating revenue

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

(2) Financial expenses stated as operating expenses

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

(Notes to Consolidated Statement of Comprehensive Income)

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

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

(Notes to Consolidated Statement of Changes in Net Assets)

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

1. Matters related to outstanding shares

(Shares)

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

2. Matters related to treasury stock

(Shares)

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

(Major causes for changes)

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

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Not applicable

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

Not applicable

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

1. Matters related to outstanding shares

(Shares)

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

2. Matters related to treasury stock

(Shares)

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

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Not applicable

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

Not applicable

(Notes to Consolidated Statement of Cash Flows)

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

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

(Notes to lease transactions)

1. Finance lease transactions

(1) Finance lease transactions that transfer ownership

1) Details of lease assets

Property, plant and equipment

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

2) Depreciation of lease assets

Same depreciation method as that applied to our noncurrent assets

(2) Finance lease transactions that do not transfer ownership

1) Details of lease assets

Property, plant and equipment

They are mainly automatic contract machines of loan business.

2) Depreciation of lease assets

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

2. Operating lease transactions

The rental commitments under noncancellable operating leases are as follows:

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

(Notes to financial instruments)

1. Financial instruments and related disclosures

(1) Policy for financial instruments

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

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

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

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

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

(3) Risk management for financial instruments

1) Credit risk management

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

2) Market risk management

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

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

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

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

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

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

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

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

3) Liquidity risk management associated with financing activities

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

(4) Supplementary explanations on fair value of financial instruments

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

2. Fair value of financial instruments

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

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

| | (Millions of yen) | | |
|--|-------------------|------------------|----------------------|
| | Carrying amount | Fair value | Unrealized gain/loss |
| (1) Cash and deposits | 87,506 | 87,506 | — |
| (2) Accounts receivable - operating loans | 902,150 | | |
| Allowance for doubtful accounts | (37,585) | | |
| Provision for loss on interest repayment (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 | — |
| Total assets | 1,032,902 | 1,296,949 | 264,046 |
| (1) Short-term loans payable | 18,286 | 18,286 | — |
| (2) Commercial papers | — | — | — |
| (3) Deposits of banking business | 63,875 | 63,875 | — |
| (4) Current portion of bonds and bonds payable | 209,758 | 212,041 | 2,282 |
| (5) Current portion of long-term loans payable and long-term loans payable | 420,525 | 422,250 | 1,725 |
| Total liabilities | 712,445 | 716,453 | 4,007 |
| Derivative transactions* | | | |
| (1) not subject to the application of hedge accounting | — | — | — |
| (2) subject to the application of hedge accounting | — | — | — |
| Total derivative transactions | — | — | — |

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

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

(Millions of yen)

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

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

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

Assets

(1) Cash and deposits

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

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

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

(5) Purchased receivables

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

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

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

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

Liabilities

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

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

(3) Deposits of banking business

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

(4) Current portion of bonds and bonds payable

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

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

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

Derivative transactions

Please refer to “Notes to derivative transactions.”

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

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

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

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

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

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

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

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

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

(Millions of yen)

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

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

(Millions of yen)

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

(Notes to securities)

1. Trading securities

(Millions of yen)

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

2. Held-to-maturity securities

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

(Millions of yen)

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

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

(Millions of yen)

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

3. Available-for-sale securities

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

(Millions of yen)

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

(Millions of yen)

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

5. Impaired securities written down to their fair values

(Millions of yen)

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

(Notes to derivative transactions)

1. Derivative transactions not subject to hedge accounting

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

Not applicable

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

Not applicable

2. Derivative transactions subject to hedge accounting

(1) Interest rate-related derivatives

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

(2) Currency-related derivatives

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

(Notes to retirement benefits)

1. Overview of retirement benefit plans

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

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

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

2. Defined-benefit plans

(1) Changes in retirement benefit obligations

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

(2) Changes in plan assets

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

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

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

(4) Breakdown of retirement benefit expenses

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

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

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

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

(6) Remeasurements of defined benefit plans

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

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

(7) Plan assets

1) Components of plan assets

Plan assets consist of the following:

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

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

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

(8) Assumptions used in actuarial calculations

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

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

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

3. Defined-contribution plans

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

(Notes to stock options, etc.)

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

Not applicable

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

Not applicable

(Notes to the method of tax effect accounting)

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

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

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

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

(Notes to asset retirement obligations)

Asset retirement obligations reported in the consolidated balance sheet

(1) Description of relevant asset retirement obligations

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

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

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

(3) Changes in asset retirement obligations

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

(Segments of an enterprise and related information)

[Segment information]

1. Summary of reported segment information

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

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

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

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

<Changes in reportable segment, etc.>

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

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

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

<Changes in the estimated allowance for doubtful accounts>

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

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

(Millions of yen)

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

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

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

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

(Millions of yen)

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

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

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

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

(Millions of yen)

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

(Millions of yen)

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

(Millions of yen)

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

(Millions of yen)

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

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

[Related information]

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

1. Information about products and services

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

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

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

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

(2) Property, plant and equipment

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

3. Information about major customers

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

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

1. Information about products and services

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

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)

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

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

(2) Property, plant and equipment

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

3. Information about major customers

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

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

(Millions of yen)

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

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

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

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

(Millions of yen)

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

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

(Millions of yen)

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

[Information about gain on negative goodwill of each reported segment]
For the prior fiscal year (from April 1, 2015, to March 31, 2016)

Not applicable

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

Not applicable

[Information on related parties]

1. Transactions between related parties

(1) Transactions between the Company and related parties

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

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

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

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

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

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

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

(Millions of yen)

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

(Millions of yen)

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

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

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

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

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

(Millions of yen)

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

(Millions of yen)

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

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

2. Terms and conditions of the transactions and its policies

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

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

Not applicable

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

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

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

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

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

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

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

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

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

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

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

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

Not applicable

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

Not applicable

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

(1) Information on the parent company

Mitsubishi UFJ Financial Group, Inc.

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

(2) Financial statements of other significant affiliated company

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

(Per share information)

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

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

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

(Millions of yen unless otherwise stated)

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

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

(Millions of yen unless otherwise stated)

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

(Significant subsequent events)

Not applicable

5) Consolidated supplemental schedules
[Schedule of bonds]

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

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

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

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

[Schedule of loans]

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

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

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

[Schedule of asset retirement obligations]

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

(2) [Others]

Quarterly Information for the current fiscal year

(Millions of yen unless otherwise stated)

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

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

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

(Millions of yen)

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

(Millions of yen)

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

2) Non-consolidated Statement of Income

(Millions of yen)

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

(Millions of yen)

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

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

[Notes]

(Significant accounting policies)

1. Valuation methods for marketable and investment securities

(1) Subsidiaries and affiliates' stocks

Stated at cost by the moving-average method

(2) Available-for-sale securities

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

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

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

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

2. Derivative financial instruments

Swap transactions: Fair value method

3. Valuation methods for inventories

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

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

4. Depreciation and amortization methods for noncurrent assets

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

Useful lives of assets are principally as follows:

Buildings: 2 to 47 years

Structures: 3 to 45 years

Vehicles: 2 years

Equipment: 2 to 20 years

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

Period of amortization is principally as follows:

Goodwill: 10 to 15 years

Software for internal use: Estimated useful life of 5 years

(3) Lease assets

Lease assets concerning non-transfer ownership finance lease transactions:

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

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

5. Accounting method for deferred assets

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

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

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

7. Accounting policies for allowances and provisions

(1) Allowance for doubtful accounts

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

(Changes in accounting estimates)

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

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

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

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

(2) Provision for loss on guarantees

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

(3) Provision for retirement benefits

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

1) Periodic allocation of projected retirement benefits

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

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

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

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

(4) Provision for loss on interest repayment

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

8. Accounting policies for revenue and expenses

(1) Interest on consumer loans

Interest on consumer loans is recorded on an accrual basis.

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

(2) Revenue from credit card business

Fees from customers:

Recorded by the credit balance method

Fees from member stores:

Recorded as fees at the time of transaction

(3) Revenue from credit guarantee

Recorded by the credit balance method

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

Credit balance method:

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

9. Hedge accounting method

(1) Hedge accounting method

The Company adopts the deferred hedge accounting method. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the

differential paid or received under the swap agreements are recognized and included in interest expenses or income.

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

(2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

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

Currency-related items

Hedging instruments:

Currency swap agreements

Hedging items:

Foreign currency loans payable

(3) Hedging policy

In accordance with the Company's internal rules, the Company enters into derivatives contracts to hedge against various risks. These contracts include the following: interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to the loans payable with variable interest rates and bonds payable with variable interest rates for the purpose of protecting cash flows. Currency swaps to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans. Currency swap contracts to hedge against the risk of fluctuations in exchange rates relating to foreign currency loans payable for the purpose of protecting cash flows.

(4) Method for evaluating hedging effectiveness

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

10. Other significant accounting policies as bases for the preparation of financial statements

(1) Accounting for retirement benefits

The method for accounting for unrecognized actuarial gain or loss and unrecognized past service costs is different from that applied for the consolidated financial statements.

(2) Accounting method for consumption tax

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax.

However, consumption tax and other taxes imposed on non tax-deductible assets are recorded as an expense when incurred.

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

(3) Adoption of consolidated taxation system

The Company has adopted the consolidated taxation system.

(Changes in presentation)

<Non-consolidated Statement of Income>

"House rent income" in non-operating income was included in "Other" for the prior fiscal year. As it has increased its quantitative significance, "House rent income" has been separately listed effective from the current fiscal year. To reflect these changes in presentation, the financial statements for the prior fiscal year have been reclassified.

To reflect this change in the statement of income for the prior fiscal year, 475 million yen of "Other" in non-operating income has been reclassified into 298 million yen of "House rent income" and 177 million yen of "Other."

“Loss on insurance cancellation” was separately listed within non-operating expenses in the prior fiscal year. As it has decreased its quantitative significance, “Loss on insurance cancellation” is included in “Other” effective from the current fiscal year. To reflect these changes in presentation, the financial statements for the prior fiscal year have been reclassified.

To reflect this change in the statement of income for the prior fiscal year, 16 million yen of “Loss on insurance cancellation” and 20 million yen of “Other” in non-operating expenses have been reclassified into 36 million yen of “Other.”

(Additional information)

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

(Notes to Non-consolidated Balance Sheet)

*1. Contingent liabilities

(1) Outstanding guarantee obligation in the guarantee business

| | (Millions of yen) | |
|----------------------------------|---|---|
| | Prior fiscal year (As of March 31, 2016) | Current fiscal year (As of March 31, 2017) |
| Guarantee obligation | 885,770 | 1,005,029 |
| Provision for loss on guarantees | 7,590 | 8,100 |
| Net | 878,180 | 996,929 |

(2) Outstanding guarantee obligation of affiliated companies

| | (Millions of yen) | |
|------------------------------------|---|---|
| | Prior fiscal year (As of March 31, 2016) | Current fiscal year (As of March 31, 2017) |
| EASY BUY Public Company Limited | 15,094 | 4,253 |

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

Prior fiscal year (As of March 31, 2016)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 311,385 million yen at the end of the fiscal year. This included a total of 151,819 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

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

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

Current fiscal year (As of March 31, 2017)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 329,390 million yen at the end of the fiscal year. This included a total of 170,911 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

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

Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

*3. Status of non-performing loans in accounts receivable - operating loans

Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to bankrupt parties include those to debtors who have petitioned for bankruptcy as of the end of the fiscal year, but have not yet been declared bankrupt. This entire amount is charged to the allowance for doubtful accounts.

| | (Millions of yen) | |
|--|---|---|
| | Prior fiscal year (As of March 31, 2016) | Current fiscal year (As of March 31, 2017) |
| Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt | 267 | 273 |

| | (Millions of yen) | |
|---------------------------------------|---|---|
| | Prior fiscal year (As of March 31, 2016) | Current fiscal year (As of March 31, 2017) |
| Loans to bankrupt parties | 709 | 713 |
| Loans in arrears | 23,966 | 24,644 |
| Loans overdue by three months or more | 1,625 | 1,704 |
| Restructured loans | 26,922 | 28,957 |
| Total | 53,223 | 56,020 |

Notes:

1. Loans to bankrupt parties refer to loans to bankrupt parties, parties in rehabilitation and reorganization, and others which are loans where interest is not accrued.
2. Loans in arrears refer to other loans where interest is not accrued, excluding loans on which interest payment is deferred for the purpose of reconstructing or assisting debtors.
3. Loans overdue by three months or more refer to loans other than the above that are overdue by three months or more.
4. Restructured loans refer to loans other than the above that are restructured on favorable terms for debtors, such as reduction or waiving of interest, in order to facilitate collection of an outstanding balance.

*4. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company maintains overdraft contracts and designated commitment line contracts with financial institutions. The unexercised portion of facilities based on these contracts is as follows.

| | (Millions of yen) | |
|---|---|---|
| | Prior fiscal year (As of March 31, 2016) | Current fiscal year (As of March 31, 2017) |
| Amount of agreement for overdraft and commitment line | 71,282 | 74,600 |
| Amount of borrowing | — | 6,700 |
| Net | 71,282 | 67,900 |

*5. Amount of unsecured consumer loans in accounts receivable - operating loans (Millions of yen)

| | Prior fiscal year (As of March 31, 2016) | Current fiscal year (As of March 31, 2017) |
|---|---|---|
| Unsecured consumer loans in accounts receivable - operating loans | 758,278 | 777,531 |

*6. Balances of accounts receivable - installment by business categories

All of accounts receivable - installment is from the credit card business.

(Notes to Non-consolidated Statement of Income)

- *1. The business operation results with subsidiaries and affiliates are included into non-operating income as follows:

| | (Millions of yen) | |
|-------------------------------|--|--|
| | Prior fiscal year (From April 1, 2015 to March 31, 2016) | Current fiscal year (From April 1, 2016 to March 31, 2017) |
| Interest income | 72 | 72 |
| Dividends income | 3,716 | 863 |
| Guarantee commission received | 61 | 23 |
| Part-time director's bonus | 3 | 2 |
| Total | 3,852 | 962 |

- *2. Gain on sales of noncurrent assets results from sales of welfare facilities.

- *3. Other extraordinary income results from sales of subsidiaries and affiliates' stocks.

- *4. Breakdown of loss on sales of noncurrent assets

| | (Millions of yen) | |
|-----------|--|--|
| | Prior fiscal year (From April 1, 2015 to March 31, 2016) | Current fiscal year (From April 1, 2016 to March 31, 2017) |
| Equipment | 2 | 1 |
| Land | 1 | — |
| Total | 3 | 1 |

- *5. Loss on retirement of noncurrent assets mainly results from transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below.

| | (Millions of yen) | |
|--------------|--|--|
| | Prior fiscal year (From April 1, 2015 to March 31, 2016) | Current fiscal year (From April 1, 2016 to March 31, 2017) |
| Buildings | 48 | 69 |
| Structures | 14 | 34 |
| Equipment | 6 | 15 |
| Lease assets | 1 | — |
| Total | 71 | 118 |

- *6. Breakdown of other extraordinary loss

| | (Millions of yen) | |
|--|--|--|
| | Prior fiscal year (From April 1, 2015 to March 31, 2016) | Current fiscal year (From April 1, 2016 to March 31, 2017) |
| Lump sum amortization of long-term prepaid expenses | — | 0 |
| Losses on retirement, including amortization of lease and guarantee deposits | 0 | 0 |
| Total | 0 | 0 |

7. Basis for classification of financial revenue and financial expenses on Non-consolidated statement of income

- (1) Financial revenue stated as operating revenue

Includes all financial revenue, excluding interest on loans and dividends income related to subsidiaries and affiliates, and dividends and interest on investment securities.

(2) Financial expenses stated as operating expenses

Include all financial expenses, excluding interest expenses, etc. which have no relationship to operating revenue.

(Notes to securities)

Subsidiaries and affiliates' stocks

For the prior fiscal year (As of March 31, 2016)

(Millions of yen)

| Category | Carrying amount | Market value | Difference |
|----------------------|-----------------|--------------|------------|
| Subsidiaries' stocks | 5,366 | 7,078 | 1,712 |
| Affiliates' stocks | — | — | — |
| Total | 5,366 | 7,078 | 1,712 |

For the current fiscal year (As of March 31, 2017)

(Millions of yen)

| Category | Carrying amount | Market value | Difference |
|----------------------|-----------------|--------------|------------|
| Subsidiaries' stocks | 5,365 | 7,183 | 1,817 |
| Affiliates' stocks | — | — | — |
| Total | 5,365 | 7,183 | 1,817 |

(Note) Subsidiaries and affiliates' stocks whose market values appear to be extremely difficult to determine:

(Millions of yen)

| Category | Prior fiscal year (As of March 31, 2016) | Current fiscal year (As of March 31, 2017) |
|----------------------|---|---|
| Subsidiaries' stocks | 13,481 | 13,481 |
| Affiliates' stocks | 500 | 500 |
| Total | 13,981 | 13,981 |

For above mentioned stocks, quoted market prices are not available. Accordingly, their market values appear to be extremely difficult to determine.

(Notes to the method of tax effect accounting)

1. Breakdown of major factors that resulted in deferred tax assets and liabilities

| | (Millions of yen) | |
|--|---|---|
| | Prior fiscal year (As of March 31, 2016) | Current fiscal year (As of March 31, 2017) |
| Deferred tax assets | | |
| Bad debt expenses | 10,800 | 13,913 |
| Allowance for doubtful accounts | 2,895 | 6,019 |
| Provision for loss on guarantees | 2,342 | 2,499 |
| Provision for loss on interest repayment | 27,774 | 50,648 |
| Accrued bonuses | 419 | 415 |
| Unrecognized accrued interest | 486 | 495 |
| Software | 2,447 | 2,790 |
| Deferred assets | 267 | 341 |
| Deferred consumption taxes | 213 | 252 |
| Loss on valuation of securities | 201 | 197 |
| Loss on valuation of shares of subsidiaries and affiliates | 1,035 | 1,034 |
| Enterprise tax payable | 222 | 226 |
| Impairment loss | 257 | 255 |
| Asset retirement obligations | 1,191 | 1,181 |
| Stock dividends | 2,460 | 2,460 |
| Retained loss | 148,952 | 145,942 |
| Other | 403 | 389 |
| Deferred tax assets (subtotal) | 202,369 | 229,064 |
| Valuation allowance | (171,731) | (192,558) |
| Deferred tax assets (total) | 30,638 | 36,506 |
| Deferred tax liabilities | | |
| Valuation difference on available-for-sale securities | 3 | 1 |
| Prepaid pension costs | 1,277 | 1,442 |
| Other | 13 | 13 |
| Total deferred tax liabilities | 1,294 | 1,457 |
| Balance of net deferred tax assets | 29,344 | 35,048 |

2. Breakdown of items which caused the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

| | Prior fiscal year (As of March 31, 2016) | Current fiscal year (As of March 31, 2017) |
|---|---|---|
| Normal effective statutory tax rate | 33.1% | 30.9% |
| (Adjustment) | | |
| Changes in valuation allowance | (216.3%) | (25.1%) |
| Amortization of goodwill | 8.4% | (0.4%) |
| Dividends income and other items not counted for tax purposes | (41.6%) | 0.3% |
| Reduction in year-end deferred tax assets due to tax-rate changes | 54.2% | —% |
| Withholding income tax relating to dividends from overseas subsidiaries | 6.6% | (0.1%) |
| Other | 1.3% | (0.0%) |
| Actual effective tax rate | (154.3%) | 5.6% |

(Significant subsequent events)

Not applicable

4) [Supplemental schedules]
 [Schedule of marketable securities]
 [Stocks]

| Name | | | Number of shares | Carrying amount (Millions of yen) |
|-----------------------|------------------|---|------------------|--------------------------------------|
| Investment securities | Other securities | Japan Credit Information Reference Center Corp. | 24,234 | 737 |
| | | Koganei Golf Co., Ltd. | 1 | 40 |
| | | Others (26 brands) | 1,048,639 | 58 |
| Total | | | 1,072,874 | 836 |

[Bonds]

| Name | | | Total face value (Millions of yen) | Carrying amount (Millions of yen) |
|-----------------------|------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| Investment securities | Other securities | National government bond (one issue) | 58 | 58 |
| Total | | | 58 | 58 |

[Others]

| Classification and name | | | Number of units invested, etc. | Carrying amount (Millions of yen) |
|-------------------------|------------------|---|--------------------------------|--------------------------------------|
| Investment securities | Other securities | Equity in limited investment partnership, etc. (4 brands) | 8 | 22 |
| Total | | | 8 | 22 |

[Schedule of property, plant and equipment, etc.]

(Millions of yen)

| Type of asset | Balance at the beginning of current period | Increase during the period | Decrease during the period | Balance at the end of current period | Accumulated depreciation or amortization at end of current fiscal year | Depreciation or amortization during the period | Balance at end of current fiscal year, net of accumulated depreciation or amortization |
|---|--|----------------------------|----------------------------|--------------------------------------|--|--|--|
| Property, plant and equipment | | | | | | | |
| Buildings | 24,483 | 259 | 951 | 23,791 | 19,772 | 492 | 4,018 |
| Structures | 4,176 | 59 | 175 | 4,060 | 3,188 | 109 | 871 |
| Vehicles | 2 | — | — | 2 | 2 | — | 0 |
| Equipment | 18,633 | 849 | 1,133 | 18,348 | 8,574 | 834 | 9,774 |
| Land | 6,121 | — | — | 6,121 | — | — | 6,121 |
| Lease assets | 2,559 | 24 | 13 | 2,570 | 2,036 | 342 | 533 |
| Total property, plant and equipment | 55,976 | 1,193 | 2,274 | 54,895 | 33,575 | 1,779 | 21,319 |
| Intangible assets | | | | | | | |
| Goodwill | 12,435 | — | — | 12,435 | 6,960 | 984 | 5,474 |
| Leasehold right | 4 | — | — | 4 | — | — | 4 |
| Software | 6,708 | 622 | — | 7,331 | 3,844 | 1,362 | 3,486 |
| Telephone subscription right | 36 | — | — | 36 | — | — | 36 |
| Other (right to use specific communication channel, etc.) | 13 | — | — | 13 | 12 | — | 1 |
| Total intangible assets | 19,198 | 622 | — | 19,820 | 10,816 | 2,347 | 9,004 |
| Long-term prepaid expenses | 2,407 | 439 | 245 | 2,601 | 2,154 | 34 | 446 |

[Schedule of allowances]

(Millions of yen)

| Category | Balance at the beginning of current fiscal year | Increase during the period | Decrease during the period | | Balance at the end of current fiscal year |
|--|---|----------------------------|----------------------------|--------|---|
| | | | Used for primary purposes | Others | |
| Allowance for doubtful accounts | 44,700 | 51,276 | 44,446 | 30 | 51,500 |
| Provision for loss on guarantees | 7,590 | 8,100 | 7,590 | — | 8,100 |
| Provision for loss on interest repayment | 90,000 | 143,728 | 68,828 | — | 164,900 |

(Note) “Decrease during the period (others)” in the amount of “Allowance for doubtful accounts” consists of the following.

Reversal due to payment 30 million yen

(2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

(3) Others

Not applicable

VI. Stock-Related Administration for the Filing Company

| | |
|---|--|
| Fiscal year | From April 1 to March 31 |
| Ordinary General Meeting of Shareholders | In June |
| Record date | March 31 |
| Record date for distribution from surplus | September 30 and March 31 |
| Number of shares constituting one unit | 100 shares |
| Purchase of shares of less than one unit | |
| Handling office | (Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department |
| Transfer agent | (Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation |
| Forward office | — |
| Purchasing fee | Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares |
| Method of public notice | The Company's method of public notice is through electronic public notice. However, if the above-mentioned method of public notice is not possible due to an accident or through other compelling reasons, then Nihon Keizai Shimbun will be adopted as its medium. The Company's electronic public notice is posted on our home page, and the following is the address: https://www.acom.co.jp |
| Shareholders' privileges | None |

(Note) The Company's shareholders, concerning the possession of shares of less than one unit, are not able to exercise their rights other than the rights that are stipulated in the following:

- (1) The rights stipulated in each item of Article 189, Paragraph 2, of the Companies Act;
- (2) The right to demand what is stipulated under Article 166, Paragraph 1, of the Companies Act;
and
- (3) The right to receive an allotment of offered shares and offered new stock acquisition rights in proportion to the number of shares held.

VII. Reference Information on the Filing Company

1. Information on a Parent Company, etc. of the Filing Company

The Company does not have a parent company or other entity that is provided in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company submitted the following documents during the period from the starting date of the current fiscal year to the date on which the Annual Securities Report was submitted.

(1) Shelf Registration Supplement (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on May 27, 2016

Submitted to the Director-General of the Kanto Local Finance Bureau on February 21, 2017

(2) Amended Shelf Registration Statement

Submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2016

(3) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

The Annual Securities Report for the 39th fiscal year (from April 1, 2015, to March 31, 2016) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2016.

(4) Internal Control Report

The Internal Control Report was submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2016.

(5) Quarterly Securities Report and Confirmation Letter thereof

The Quarterly Securities Report for the 1st Quarter (from April 1, 2016, to June 30, 2016) of the 40th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on August 12, 2016.

The Quarterly Securities Report for the 2nd Quarter (from July 1, 2016, to September 30, 2016) of the 40th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 14, 2016.

The Quarterly Securities Report for the 3rd Quarter (from October 1, 2016, to December 31, 2016) of the 40th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2017.

(6) Extraordinary Report

The Extraordinary Report according to the provision of Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at the shareholders' general meetings) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. was submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2016.

Part II Information on Guarantors for the Filing Company

Not applicable