

Annual Securities Report

(The 42nd 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.

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[Cover]

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[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 21, 2019
[Accounting Period]	The 42nd Fiscal Year (from April 1, 2018, to March 31, 2019)
[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
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[Phone No.]	03-5533-0811 (main)
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[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	38th fiscal year	39th fiscal year	40th fiscal year	41st fiscal year	42nd fiscal year
Period of account	March 2015	March 2016	March 2017	March 2018	March 2019
Operating revenue	219,289	237,683	245,148	263,453	277,069
Ordinary profit (loss)	14,747	16,200	(69,543)	81,694	58,205
Profit (loss) attributable to owners of parent	12,864	14,598	(72,187)	70,572	37,781
Comprehensive income	22,835	12,888	(70,550)	77,461	40,643
Net assets	328,315	338,132	267,226	344,437	381,501
Total assets	1,190,368	1,175,063	1,228,930	1,275,957	1,301,908
Net assets per share (yen)	199.53	206.42	159.58	206.12	227.35
Basic earnings (loss) per share (yen)	8.21	9.32	(46.08)	45.05	24.12
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	26.26	27.52	20.34	25.31	27.36
Return on equity (%)	4.24	4.59	(25.18)	24.64	11.13
Price earnings ratio (times)	50.79	60.84	(9.66)	10.52	16.38
Net cash provided by (used in) operating activities	(38,249)	(43,045)	(37,451)	(32,634)	7,329
Net cash provided by (used in) investing activities	(5,155)	(2,368)	(2,858)	(1,711)	(1,165)
Net cash provided by (used in) financing activities	13,503	6,589	58,863	21,259	(12,573)
Cash and cash equivalents at end of period	122,306	83,275	101,719	88,551	82,346
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	5,820 [467]	6,036 [394]	6,057 [517]	6,202 [592]	6,623 [284]

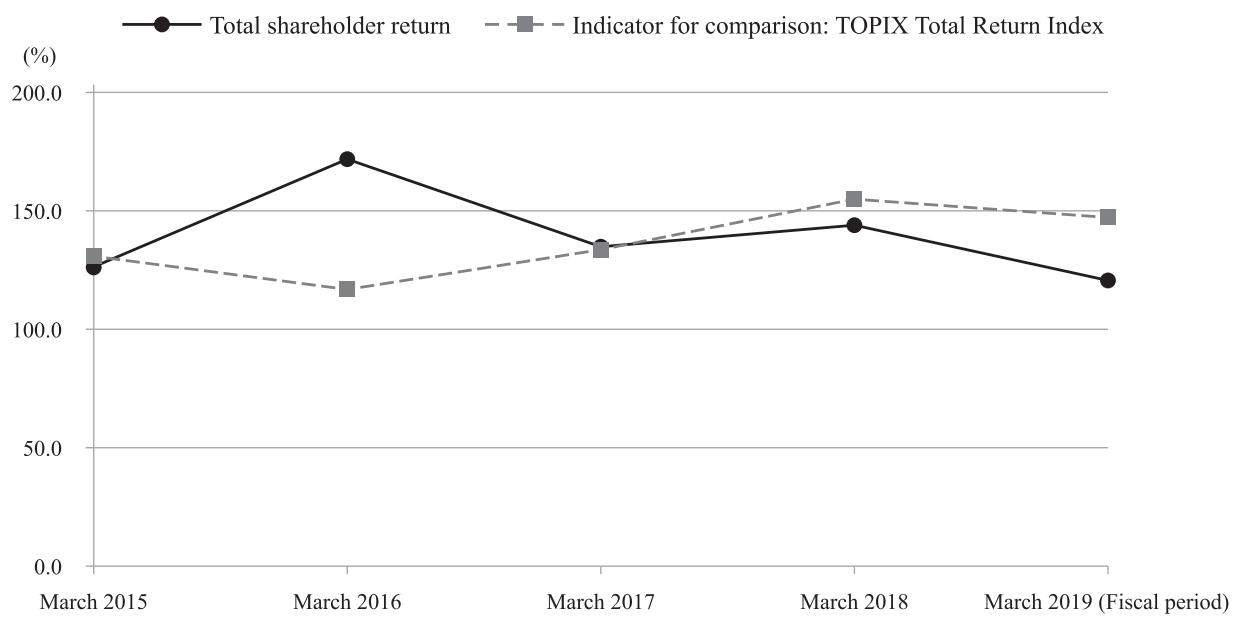
- (Notes)
1. "Operating revenue" is presented exclusive of consumption tax, etc.
 2. "Diluted earnings per share" for the 38th, 39th, 41st and 42nd fiscal years are not shown since there was no dilutive security.
 3. "Diluted earnings per share" for the 40th fiscal year is not shown since the Company posted a loss per share and there was no dilutive security.
 4. The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current fiscal year. Accordingly, key financial data for the prior fiscal year are stated as figures to which the above accounting standard, etc. has been retrospectively applied.

(2) Financial data etc. of the Filing Company

(Millions of yen, unless otherwise stated)

Fiscal period	38th fiscal year	39th fiscal year	40th fiscal year	41st fiscal year	42nd fiscal year
Period of account	March 2015	March 2016	March 2017	March 2018	March 2019
Operating revenue	163,644	175,380	183,997	195,310	203,636
Ordinary profit (loss)	4,161	5,171	(84,054)	65,471	37,472
Profit (loss)	9,316	9,857	(79,289)	63,184	29,927
Capital stock	63,832	63,832	63,832	63,832	63,832
Total number of outstanding shares (thousands of shares)	1,596,282	1,596,282	1,596,282	1,596,282	1,596,282
Net assets	290,252	300,109	220,816	283,997	310,792
Total assets	975,799	970,803	1,021,927	1,048,349	1,070,518
Net assets per share (yen)	185.27	191.57	140.95	181.28	198.38
Dividends per share [Of the above, interim dividends per share] (yen)	— [—]	— [—]	— [—]	1.00 [—]	2.00 [1.00]
Basic earnings (loss) per share (yen)	5.95	6.29	(50.61)	40.33	19.10
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	29.75	30.91	21.61	27.09	29.03
Return on equity (%)	3.26	3.34	(30.44)	25.03	10.06
Price earnings ratio (times)	70.08	90.14	(8.79)	11.75	20.68
Dividend payout ratio (%)	—	—	—	2.48	10.47
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	1,851 [172]	1,892 [144]	1,854 [161]	1,936 [116]	2,020 [113]
Total shareholder return (%) [Indicator for comparison: TOPIX Total Return Index] (%)	126.36 [130.69]	171.82 [116.55]	134.85 [133.67]	143.94 [154.88]	120.61 [147.08]
The highest share price (yen)	497	699	643	540	511
The lowest share price (yen)	299	372	441	422	331

- (Notes)
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 5. The highest and lowest share prices were those recorded on the First Section of the Tokyo Stock Exchange.
 6. Total shareholder return changes over the latest five years are as follows.



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, “MUFG Bank, 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.	Partially 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.” (present, “MUFG Bank, 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.” (present, “MUFG Bank, 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.” (present, “MUFG Bank, 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.”
2017 Jul.	Established “ACOM CONSUMER FINANCE CORPORATION” a joint venture which operates the unsecured loan business (present, a consolidated subsidiary), in the Republic of the Philippines.

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

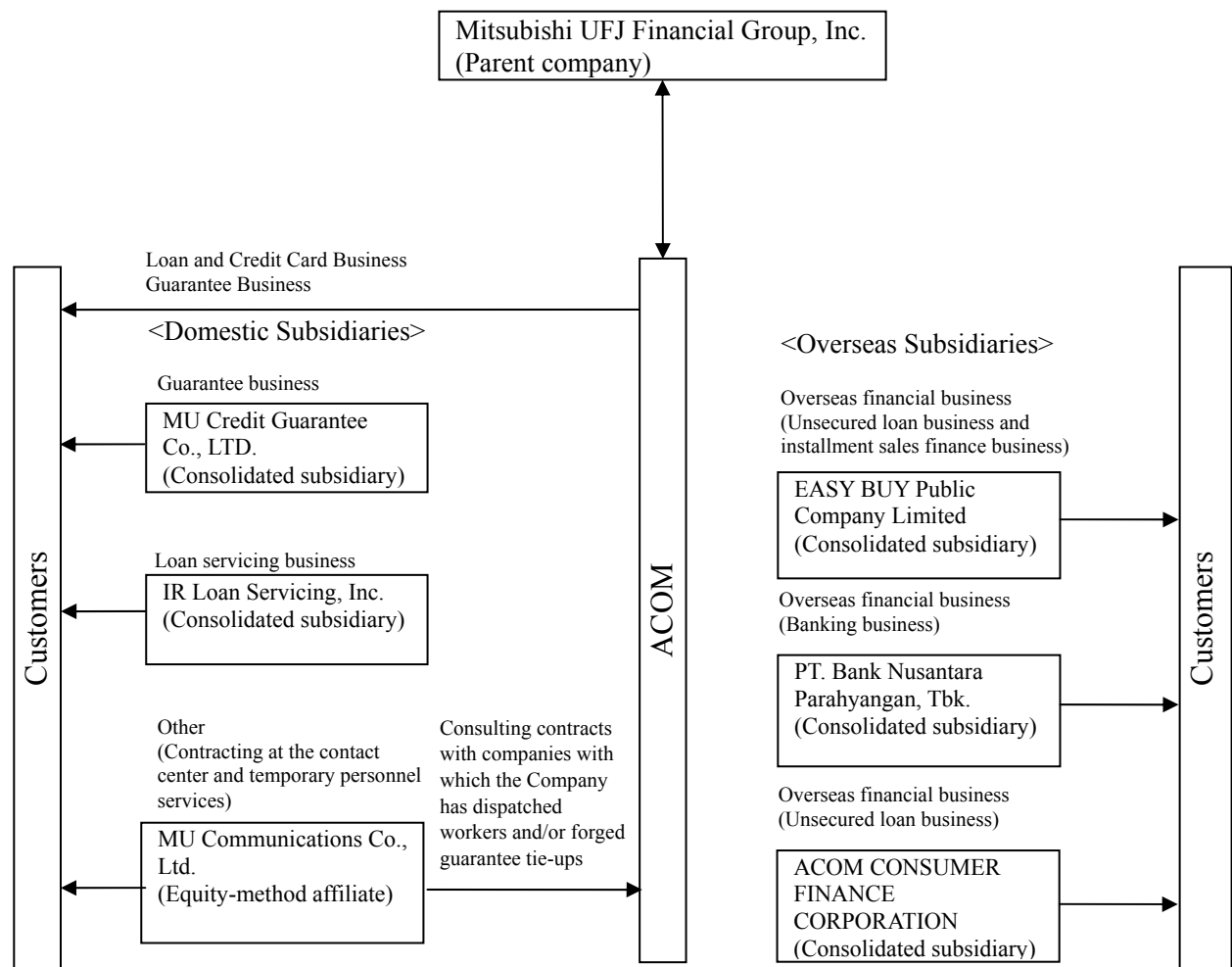
The table below explains the positioning of group companies and their relevant segments.

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

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

(Note) PT. Bank Nusantara Parahyangan, Tbk. merged on May 1, 2019 with PT Bank Danamon Indonesia, Tbk. (the surviving company), a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc.

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



4. Information on Subsidiaries and Affiliates

Company name	Location	Paid in capital (Million yen)	Principal business	Ratio of voting rights holding or held		Relationship
				Ratio of voting rights holding (%)	Ratio of voting rights held (%)	
(Parent company)						
Mitsubishi UFJ Financial Group, Inc. (Note) 3	Chiyoda-ku, Tokyo	2,141,513	Bank holding company	—	40.18 (2.60)	Business management, business and capital alliance
(Consolidated 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) 6,000	Overseas financial business	71.00	—	Loan guarantee to said company
PT. Bank Nusantara Parahyangan, Tbk. (Note) 6	Bandung, Republic of Indonesia	(Million IDR) 399,947	Overseas financial business	67.59	—	Loan guarantee to said company
ACOM CONSUMER FINANCE CORPORATION	Pasig, Republic of the Philippines	(Million PHP) 500	Overseas financial business	80.00	—	—
IR Loan Servicing, Inc.	Chiyoda-ku, Tokyo	520	Loan servicing business	100.00	—	Financial loan to said company
(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 49,751 million yen (14,547 million THB)
- (2) Ordinary profit 20,337 million yen (5,946 million THB)
- (3) Profit 16,254 million yen (4,752 million THB)
- (4) Net assets 75,142 million yen (22,035 million THB)
- (5) Total assets 181,097 million yen (53,107 million THB)
6. PT. Bank Nusantara Parahyangan, Tbk. merged on May 1, 2019 with PT Bank Danamon Indonesia, Tbk. (the surviving company), a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc.

5. Employees

(1) Consolidated Companies

As of March 31, 2019

Name of business segment	Number of employees
Loan and credit card business	1,411 (80)
Guarantee business	208 (13)
Overseas financial business	4,400 (149)
Loan servicing business	137 (14)
Corporate wide (shared)	467 (28)
Total	6,623 (284)

(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 275 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, 2019

Number of employees	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of yen)
2,020 (113)	40.4	14.4	6,023

Name of business segment	Number of employees
Loan and credit card business	1,411 (80)
Guarantee business	142 (5)
Corporate wide (shared)	467 (28)
Total	2,020 (113)

(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 105 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. Management Policy, Business Environment, and Issues to be Addressed

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

(1) Basic management policy

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

(2) Targeted management indices

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

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

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

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

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

(4) Issues to be addressed

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

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

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

The financial goal and other forward-looking statements herein were compiled based on information

available to the Company and certain assumptions considered reasonable at the time this material was compiled, and are not meant as guarantee of the Company to achieve such results. Actual results may differ significantly from these forecasts due to various factors.

(Loan and credit card business)

In the loan and credit card business, the Company will appropriately grasp new customer needs arising from the progress of ICT and strive to provide customers with favorable experiences by strengthening the customer-reception quality of our employees and promoting digitization while enhancing its promotion activities and improving credit screening accuracy as a means to increase the number of new customers, grow the number of members, and maintain the soundness of its loan portfolio.

(Guarantee business)

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

(Overseas financial business)

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

2. Risks Related to Business

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

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

(1) Financial results

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

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

(2) Status of interest repayment

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

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

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

In case our customers request a reduction in the loan amount or reimbursement of excess interest paid, the Company may accept to write off such loan or reimburse payments. Though the costs of write-off and reimbursing repayments (hereinafter referred to as “loss on interest repayment”) have steadily decreased, close attention should be paid to the number of requests for interest repayment. Future potential for loss on interest repayment, further booking of the provision for loss on interest repayment, and court rulings from lawsuits demanding refunds of interest paid that put the Company and other money lenders at a clear disadvantage, could have an impact on the Company’s business performance.

(3) Fund procurement

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

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

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

(4) Allowance for doubtful accounts

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

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

(5) Addressing issues concerning multiple debtors

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

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

(6) Guarantee business

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

(7) Information systems

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

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

(8) Management of personal information

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

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

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

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

(9) Business and capital alliance with MUFG

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

(10) Investments

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

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

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

(12) Accidents and disasters

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

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

(1) Business results

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

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

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

1) Analyses on year on year basis

(Millions of yen, unless otherwise stated)

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

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

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

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

2) Analyses on comparison with plan target

(Millions of yen, unless otherwise stated)

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

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

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

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

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

1) Loan and credit card business

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

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

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

In addition to these marketing activities, we have endeavored to maintain the soundness of our loan portfolio and improve the customer-reception quality of our employees by reinforcing the development of human resources through training for credit control, and customer reception including the improvement of the accuracy of credit screenings. As a result, accounts receivable - operating loans at the end of the current fiscal year increased to 821,943 million yen (up 2.3% year-on-year).

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

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

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

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

2) Guarantee business

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

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

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

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

3) Overseas financial business

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

EASY BUY Public Company Limited, which engages in the loan business in the Kingdom of Thailand, actively conducted marketing activities of the Umay+ brand with the aim of enhancing the brand image and gathering and acquiring new customers amid an environment of new loan regulations including new loan standards implemented by the Bank of Thailand in September 2017. As a result, the number of new contracts and accounts receivable - operating loans have increased steadily, thereby building the top-brand position in the Kingdom of Thailand.

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

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

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

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

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

4) Loan servicing business

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

As a result, the business segment's operating revenue was 5,893 million yen (down 10.2% year-on-year), mainly due to a year-on-year decrease in amount of collection from purchased receivables, and operating profit was 390 million yen (down 36.5% year-on-year).

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

(3) Analysis of financial position

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

(Assets)

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

(Liabilities)

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

(Net assets)

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

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

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

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

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

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

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

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

(5) Consolidated operating results

1) Operating revenue by business segment

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

(i) Transaction volume

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

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

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

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

(ii) Receivables outstanding

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

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

3) Number of outlets

Category	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Outlets	1,205	1,173

4) Number of customer accounts

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

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

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

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

5) Breakdown of accounts receivable - operating loans

(i) By loan type

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

(ii) By industry

Industry	Prior fiscal year (As of March 31, 2018)				Current fiscal year (As of March 31, 2019)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Agriculture, forestry and fishery	1	0.0	0	0.0	—	—	—	—
Construction	6	0.0	18	0.0	5	0.0	17	0.0
Manufacturing	1	0.0	2	0.0	1	0.0	1	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	1	0.0	4	0.0	1	0.0	4	0.0
Transport and postal services	1	0.0	4	0.0	1	0.0	4	0.0
Wholesale and retail	5	0.0	11	0.0	3	0.0	9	0.0
Finance and insurance	1	0.0	4	0.0	1	0.0	3	0.0
Real estate, and goods rental and leasing	1	0.0	26	0.0	1	0.0	26	0.0
Accommodation, and food and beverage services	2	0.0	12	0.0	2	0.0	11	0.0
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	1	0.0	0	0.0	—	—	—	—
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	4	0.0	14	0.0	5	0.0	14	0.0
Individuals	2,772,249	100.0	975,016	100.0	2,895,610	100.0	1,000,333	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	2,772,273	100.0	975,116	100.0	2,895,630	100.0	1,000,428	100.0

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

(iii) By collateral type

Collateral	Prior fiscal year (As of March 31, 2018)		Current fiscal year (As of March 31, 2019)	
	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	6,018	0.6	5,143	0.5
Foundations	—	—	—	—
Others	58	0.0	58	0.0
Subtotal	6,077	0.6	5,201	0.5
Guarantee	—	—	—	—
Unsecured	969,039	99.4	995,226	99.5
Total	975,116	100.0	1,000,428	100.0

(iv) By loan term

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

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

6) Breakdown of funds

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

7) Operating results of the Filing Company

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

(A) The number of outlets and automated teller machines

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

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

(B) Number of customer accounts

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

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

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

(ii) Breakdown of operating revenue

Operating revenue by business segment

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

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

(A) Transaction volume

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

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

Loan business

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

Credit card business

Provision of general financial services through the use of credit cards, based on comprehensive credit administration. The scope of transaction volume is the total amount of credit extended for shopping through the use of credit cards during the current fiscal year.

(B) Receivables outstanding

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

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

(Millions of yen)

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

(v) Breakdown of operating loans

(A) By loan type

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

(B) By industry

Industry	Prior fiscal year (As of March 31, 2018)				Current fiscal year (As of March 31, 2019)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Agriculture, forestry and fishery	1	0.0	0	0.0	—	—	—	—
Construction	6	0.0	18	0.0	5	0.0	17	0.0
Manufacturing	1	0.0	2	0.0	1	0.0	1	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	1	0.0	4	0.0	1	0.0	4	0.0
Transport and postal services	1	0.0	4	0.0	1	0.0	4	0.0
Wholesale and retail	5	0.0	11	0.0	3	0.0	9	0.0
Finance and insurance	1	0.0	4	0.0	1	0.0	3	0.0
Real estate, and goods rental and leasing	1	0.0	26	0.0	1	0.0	26	0.0
Accommodation, and food and beverage services	2	0.0	12	0.0	2	0.0	11	0.0
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	1	0.0	0	0.0	—	—	—	—
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	4	0.0	14	0.0	5	0.0	14	0.0
Individuals	1,486,090	100.0	803,265	100.0	1,539,937	100.0	821,848	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	1,486,114	100.0	803,365	100.0	1,539,957	100.0	821,943	100.0

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

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

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

(D) By collateral type

Collateral accepted	Prior fiscal year (As of March 31, 2018)		Current fiscal year (As of March 31, 2019)	
	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	6,018	0.8	5,143	0.6
Foundations	—	—	—	—
Others	58	0.0	58	0.0
Subtotal	6,077	0.8	5,201	0.6
Guarantee	—	—	—	—
Unsecured	797,288	99.2	816,742	99.4
Total	803,365	100.0	821,943	100.0

(E) By loan amount

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

(F) By loan term

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

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

(G) By interest rate

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

vi) Breakdown of funds

(A) Breakdown by funding sources

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

(B) Breakdown by financial institution

(Millions of yen)

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

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

4. Material Business Agreements, etc.
Not applicable

5. Research and Development Activities

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

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

III. Equipment and Facilities

1. Status of Capital Expenditures, etc.

During this fiscal year, there was no noteworthy capital investment.

During the fiscal year under review, the Company sold the following important equipment.

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Book value (Millions of yen)					Date of sale
			Buildings and structures	Furniture and fixtures	Land [Area in m ²]	Leased Assets	Total	
Minami Kashiwa Company Residence (Kashiwa-shi, Chiba) 2 other residential buildings	Corporate wide (shared)	Company residence	605	0	2,986 (10,247.77)	—	3,593	March 2019

2. Situation of Major Equipment

The major equipment in ACOM Group is the following:

(1) The Filing Company

As of March 31, 2019

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	35	8,047	—	7	8,089	343 [8]
ACOM Ikegami Building (Ota-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	191	122	—	820	1,133	—
Toritsu Daigaku Company Residence (Meguro-ku, Tokyo) 4 other residential buildings	Corporate wide (shared)	Company residence	690	1	3,123 (3,008.04)	—	3,814	—
Nishishinjuku (Shinjuku-ku, Tokyo) and 999 other outlets, etc.	Loan and credit card business	Outlets Other facilities and equipment	2,164 11	652 101	— —	107 326	2,924 439	1,110 [56]

(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 3,924 million yen.

3. Consumption tax, etc., are not included in the above amounts.

4. There are no major facilities that are not operating.

5. Major facilities on lease other than the consolidated subsidiaries stated above are:

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Number of units	Lease period	Annual leasing fee (Millions of yen)	Lease contracts with receivable outstanding (Millions of yen)
Head office (Chiyoda-ku, Tokyo) and 1 other place	Corporate wide (shared)	Automatic contract machines	2	5 years	1	0
		Vehicles	2	3 years	3	7
ACOM Ikegami Building (Ota-ku, Tokyo) and 1 other place	Corporate wide (shared)	Computer equipment and others	619	Primarily 5 years	366	1,219
Nishishinjuku (Shinjuku-ku, Tokyo) and 999 other outlets	Loan and credit card business	Automatic contract machines	297	5 years	205	122

(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, 2019)	As of the submission date (June 21, 2019)	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

1) Details of stock option plans

Not applicable

2) Rights plans

Not applicable

3) Other stock acquisition rights

Not applicable

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

Not applicable

(4) 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.

(5) Status of shareholders

As of March 31, 2019

As of March 31, 2019

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	—	29	41	109	403	6	11,201	11,789	—
Number of shares held (Units)	—	1,338,341	36,926	12,035,680	736,394	346	1,814,980	15,962,667	16,100
Ratio of shares held (%)	—	8.38	0.23	75.40	4.62	0.00	11.37	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.

(6) Major shareholders

As of March 31, 2019

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of issued shares (excluding shares of treasury stock) (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	588,723	37.57
Maruito Shokusan Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	273,467	17.45
Maruito Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	125,533	8.01
Foundation of Kinoshita Memorial Enterprise	6-2-14 Motomachi-dori, Chuo-ku, Kobe City	92,192	5.88
Maruito Shoten Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	38,733	2.47
General Incorporated Association Kyoeikai Trust Account	1-16-7 Ginza, Chuo-ku, Tokyo	32,598	2.08
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	2.01
Shigeyoshi Kinoshita	Minato-ku, Tokyo	30,007	1.91
NOBUKA CO., LTD.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	30,000	1.91
Japan Trustee Services Bank, Ltd. (Trust account 4)	1-8-11 Harumi, Chuo-ku, Tokyo	27,059	1.72
Total	—	1,269,888	81.05

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

(7) Status of voting rights

1) Issued shares

As of March 31, 2019

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 1,566,598,200	15,665,982	—
Shares less than one unit	Common stock 16,100	—	—
Total number of shares issued	1,596,282,800	—	—
Total voting rights held by all shareholders	—	15,665,982	—

- (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, 2019

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

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, 2019, to the submission date of the Securities Report.

3. Basic Policy on Dividends

With regard to the Company's policy on dividends, we make it a basic policy 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.

With regard to the year-end dividend for the current fiscal year, we set the payment at ¥1.00, as stated in the "Financial Report (*Kessan Tanshin*)" released on May 14, 2019.

With regard to dividends for the next fiscal year, the annual dividend per share will be ¥4.00 per share, including the interim dividend of ¥2.00 per share and the year-end dividend of ¥2.00 per share.

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

The Company intends to use its internal reserves to enhance its financial base.

The Company stipulates in its Articles of Incorporation that it may distribute an interim dividend.

(Note) Dividends whose record date falls in the current fiscal year are as follows:

Date of resolution	Total amount of dividends	Dividends per share
Resolution at the Board of Directors meeting held on November 1, 2018	1,566 million yen	1.00 yen
Resolution at the General Meeting of Shareholders held on June 21, 2019	1,566 million yen	1.00 yen

4. Corporate Governance

(1) Overview of Corporate Governance

1) Basic Policy on Corporate Governance

The ACOM Group, guided by its lifelong “Circle of Trust” spirit, maintains an ongoing corporate commitment to respecting other people, putting the customer first, and conducting creative and innovative management. Based on this commitment, we are seeking to deepen mutual trust between our stakeholders and ourselves and thus progress in partnership with society.

In order to meet the expectations of stakeholders and build stronger trust, we will strengthen corporate governance as a key management priority. To this end, we will take steps to enhance the soundness, transparency, and efficiency of our operations and achieve sustained increases in our shareholder value.

We recognize that effective internal control systems are essential to creating an appropriate corporate governance framework. Based on this recognition, we are encouraging all members of our organization to join forces in building internal control systems and assuring their effectiveness, under the leadership of the Chairman, President & CEO. At the same time, we are constantly evaluating, verifying, and improving the effectiveness of internal control mechanisms already in place.

2) Corporate Governance Structure

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

The Company is a company with an Audit & Supervisory Committee and aims to enable swift decision-making and enhance the Board of Directors’ supervisory functions by significantly delegating decision-making on material business executions to directors from the Board of Directors. The Board of Directors, in turn, performs 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 nine members: Chairman, President & CEO Shigeyoshi Kinoshita who chairs the Board, Directors Kaoru Wachi, Masataka Kinoshita, Teruyuki Sagehashi, Tomomi Uchida and Naoki Hori, and Members of Audit & Supervisory Committee Tatsuya Ito (Outside Director), Kazuo Fukumoto and Masahide Ishikawa (Outside Director).

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

The Board deliberates and decides important business management matters, such as management strategies and business planning, and basic policies for building corporate governance and internal control systems, while ensuring objective and rational judgment. Furthermore, the Board 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, and monitors and supervises the execution of duties 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 three members: Tatsuya Ito (Outside Director) who chairs the committee, Kazuo Fukumoto and Masahide Ishikawa (Outside Director).

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

To support the Audit & Supervisory Committee’s 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. Assignment, transfer, evaluation and disciplinary action of such employees are decided after consultation with the Audit & Supervisory Committee.

(C) Committees

(a) Appointment and Remuneration Committee

The Appointment and Remuneration Committee consists of six members: Chairman, President & CEO Shigeyoshi Kinoshita who chairs the committee, Representative Directors Kaoru Wachi and Masataka Kinoshita, and Members of Audit & Supervisory Committee Tatsuya Ito (Outside Director), Kazuo Fukumoto and Masahide Ishikawa (Outside Director).

The Appointment and Remuneration Committee reviews and proposes 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 Committee also checks management and the status of training for candidates for management and provides an overview of the same to the Board of Directors.

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

(b) Compliance Committee

The Compliance Committee consists of five members: an expert from outside the Company Tatsuzo Honma who chairs the committee, experts from outside the Company Mitsuhiro Umezu and Tan Mitchell, and Representative Directors Shigeyoshi Kinoshita and Kaoru Wachi.

In the presence of Members of Audit & Supervisory Committee, it discusses and, as necessary, makes recommendations to the Board of Directors about the following compliance-related matters.

- 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.

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

(c) Financial Information Disclosure Committee

The Financial Information Disclosure Committee consists of twelve members: an executive officer who concurrently serve as director in charge of Treasury Department Nobuyoshi Matsutani who chairs the committee, executive officers who concurrently serve as directors in charge of the relevant departments, Teruyuki Sagehashi, Tomomi Uchida, Makoto Kondo and Masataka Kinoshita, and chief general managers in charge of the relevant departments, Akifumi Kinoshita, Takashi Okamoto, Masamitsu Iwamura, Akihide Izumi, Takashi Kiribuchi, Masahiko Machida and Daishi Haraguchi.

In the presence of 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 and internal control of financial reports 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) Risk Committee

The Risk Committee consists of seven members: Deputy Chairman Kaoru Wachi who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Masataka Kinoshita, and Members of Audit & Supervisory Committee Tatsuya Ito (Outside Director), Kazuo Fukumoto and Masahide Ishikawa (Outside Director), and an executive officer who concurrently serve as director in charge of Corporate Risk Management Department Makoto Kondo.

The Risk Committee discusses important items related to risk management and makes proposals and reports to the Board of Directors as deemed necessary. The Committee also monitors the status of risk management and other matters and reports the results to the Board of Directors.

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

(D) Executive Officers' Meeting

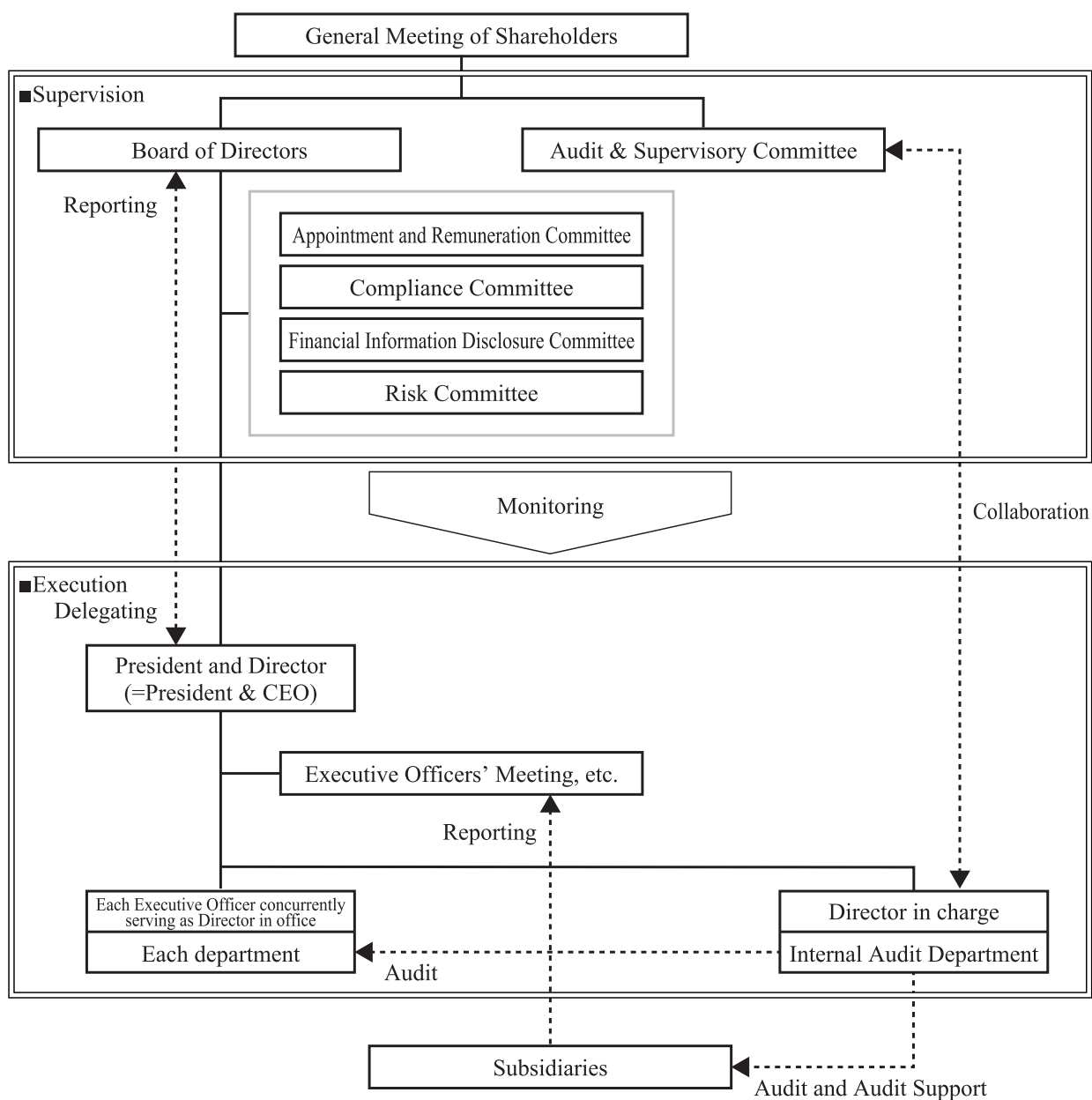
The Executive Officers' Meeting consists of ten members: Chairman, President & CEO Shigeyoshi Kinoshita who chairs the committee, Representative Directors Kaoru Wachi and Masataka Kinoshita, executive officers who serve concurrently as directors Teruyuki Sagehashi, Tomomi Uchida, Nobuyoshi Matsutani, Makoto Kondo, Yasuhiro Kamura, Masaru Kuroda and Michihito Onodera.

In the presence of 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.

(ii) Corporate governance structure and internal control system structure

(As of June 21, 2019)



(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 establishes 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 are 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 are not 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 are 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 ensures 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 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 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 respect the rules of the Audit & Supervisory Committee and other rules, including audit policies, and cooperate with the Audit & Supervisory Committee for inspection and consultation requests.
- (4) The internal audit department establishes 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 has established the Risk Committee to comprehensively control risks and clarifies basic matters concerning risk management such as risks to be managed and departments and sections in charge of risk management in the Risk Management Regulations, 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 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.

3) Number of Directors and 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.

4) 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.

5) 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.

6) 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.

7) 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) Directors and Company Auditors

1) List of Directors and Company Auditors

Male: 9, Female: – (Ratio of females to Directors and Company Auditors: –%)

Title and 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 April 1978 December 1980 February 1983 May 1984 August 1986 June 1988 October 1991 October 1992 October 1996 June 2000 June 2003 June 2010	Joined Marubeni Corporation Joined Japan Consumer Finance Co., Ltd. Joined the Company Director and Chief General Manager, General Affairs Dept. of the Company Director and Chief General Manager, Accounting Dept. of the Company Managing Director of the Company Managing Director and Head of Business Promotion Division of the Company Representative and Senior Managing Director of the Company Representative and Senior Managing Director, and Head of the Loan Sales Division of the Company Representative Director and Deputy President of the Company Representative Director and President of the Company President and Chief Executive Officer of the Company (to present) Chairman and President of the Company (to present)	(Note) 2	30,007

Title and 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) 2	10
			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 and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Deputy President and Deputy CEO In charge of: Corporate Planning Dept., Human Resources Dept. and System Development & Administration Division	Masataka Kinoshita	September 19, 1977	September 2005	Joined the Company	(Note) 2	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 and 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: 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) 2	4

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Managing Director and Executive Managing Officer Head of Credit Supervision Division In charge of: General Affairs Dept., Credit Supervision Dept. I, Credit Supervision Dept. II and Compliance for Credit Supervision Office Chief General Manager of Credit Supervision Dept. II	Tomomi Uchida	December 27, 1961	October 1982 April 2003 October 2005 April 2007 December 2007 October 2008 April 2011 April 2013 June 2015 April 2016 June 2016 June 2018 October 2018 June 2019	Joined the Company General Manager, Business Promotion Dept. III of the Company General Manager, Business Promotion Dept. II of the Company Chief General Manager, Credit Business Management Dept. of the Company Chief General Manager, Marketing Dept. of the Company Head of East Japan Branch of the Company Chief General Manager, Business Promotion Dept. of the Company Executive Officer and Chief General Manager, Business Promotion Dept. of the Company Executive Managing Officer, Deputy Head of Credit Business Promotion Division, and Chief General Manager, Business Promotion Dept. of the Company Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. I of the Company Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. II of the Company (to present) Managing Director of the Company (to present)	(Note) 2	1

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director	Naoki Hori	January 27, 1961	<p>April 1983 May 2010</p> <p>May 2010</p> <p>June 2010</p> <p>June 2010</p> <p>May 2012</p> <p>May 2012</p> <p>May 2013</p> <p>May 2016</p> <p>June 2016</p> <p>May 2017</p> <p>June 2017</p> <p>April 2018</p> <p>May 2018</p> <p>June 2018 April 2019</p>	<p>Joined The Sanwa Bank, Ltd. General Manager, Corporate Business Planning Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>General Manager, Corporate Business Planning Division, General Manager, Trust Business Planning Division (Special Mission), Mitsubishi UFJ Financial Group, Inc.</p> <p>Executive Officer and General Manager, Corporate Business Planning Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Executive Officer and General Manager, Corporate Business Planning Division, General Manager, Trust Business Planning Division (Special Mission), Mitsubishi UFJ Financial Group, Inc.</p> <p>Executive Officer and General Manager, Corporate Banking Business Promotion Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Executive Officer and General Manager, Corporate Banking Business Division, Mitsubishi UFJ Financial Group, Inc.</p> <p>Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc.</p> <p>Managing Director (representative director), The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Senior Managing Director (representative director), The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Member of the Board of Directors, Senior Managing Executive Officer (representative of the Board of directors), The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Member of the Board of Directors, Senior Managing Executive Officer (representative of the Board of directors), MUFG Bank, Ltd.</p> <p>Senior Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc. (to present)</p> <p>Director of the Company (to present)</p> <p>Member of the Board of Directors, Deputy President (representative of the Board of directors), MUFG Bank, Ltd. (to present)</p>	(Note) 2	—

Title and 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)	Tatsuya Ito	February 10, 1958	<p>April 1981 October 1999</p> <p>March 2001</p> <p>March 2002</p> <p>March 2003</p> <p>March 2005</p> <p>July 2006</p> <p>April 2007</p> <p>February 2008</p> <p>October 2008</p> <p>July 2010</p> <p>July 2010</p> <p>July 2012</p> <p>March 2013</p> <p>June 2015</p> <p>June 2017</p>	<p>Joined Japan Development Bank Section Chief, Commerce & Logistics Department of Development Bank of Japan (DBJ)</p> <p>Section Chief, Environment & Energy Department of DBJ</p> <p>Deputy Manager, Environment & Energy Department of DBJ</p> <p>Deputy Manager, Kansai Branch of DBJ</p> <p>Deputy Manager, Environment & Energy Department of DBJ</p> <p>Deputy Manager, Manufacturing & Technology Department of DBJ</p> <p>Planning Counselor, Legal and Compliance Department of DBJ</p> <p>Registered as an attorney-at-law (Dai-ichi Tokyo Bar Association) (to present)</p> <p>Planning Counselor, Legal Affairs & Compliance Department of Development Bank of Japan Inc. (DBJI)</p> <p>Temporary transfer to OKUNO & PARTNERS</p> <p>Joined OKUNO & PARTNERS</p> <p>Planning Counselor, Legal Affairs & Compliance Department of DBJI</p> <p>Councilor, Legal Affairs & Compliance Department of DBJI</p> <p>Outside Company Auditor (Full-time) of the Company</p> <p>Director serving as Member of Audit & Supervisory Committee (Full-time) of the Company (to present)</p>	(Note) 3	—
Director serving as Member of Audit & Supervisory Committee (Full-time)	Kazuo Fukumoto	February 27, 1958	<p>March 1980</p> <p>April 2002</p> <p>June 2003</p> <p>October 2005</p> <p>April 2007</p> <p>June 2012</p> <p>June 2013</p> <p>June 2015</p> <p>June 2017</p>	<p>Joined the Company</p> <p>General Manager, Corporate Management Dept. of the Company</p> <p>Chief General Manager, Corporate Management Dept. of the Company</p> <p>Executive Officer and Chief General Manager, Corporate Management Dept. of the Company</p> <p>Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company</p> <p>Executive Managing Officer and Head of Credit Business Promotion Division of the Company</p> <p>Managing Director of the Company</p> <p>Executive Managing Officer of the Company</p> <p>Director serving as Member of Audit & Supervisory Committee (Full-time) of the Company (to present)</p>	(Note) 3	10

Title and 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)	Masahide Ishikawa	March 15, 1956	April 1978	Joined Meiji Mutual Life Insurance Company	(Note) 3	—
			April 2002	General Manager, Financial Affairs Department, Investment Division of Meiji Mutual Life Insurance Company		
			January 2004	General Manager, Investment Planning & Research Department of Meiji Yasuda Life Insurance Company		
			April 2005	Managing Director and Managing Operating Officer of Meiji Dresdner Asset Management Ltd.		
			April 2007	General Manager, Credit Analysis & Investment Risk Management Department of Meiji Yasuda Life Insurance Company		
			July 2007	Operating Officer and General Manager, Credit Analysis & Investment Risk Management Department of Meiji Yasuda Life Insurance Company		
			April 2009	Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company		
			April 2010	Managing Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company		
			April 2011	Managing Operating Officer of Meiji Yasuda Life Insurance Company		
			April 2013	Representative Director and President of Meiji Yasuda Asset Management Company Ltd.		
			July 2014	Vice Chairman of Japan Investment Advisers Association		
			July 2017	Vice Chairman of Japan Investment Advisers Association		
			April 2018	Representative Director and Chairman of the Board of Meiji Yasuda Asset Management Company Ltd.		
			June 2019	Director serving as Member of Audit & Supervisory Committee (Full-time) of the Company (to present)		
Total						40,235

- (Notes) 1. Directors serving as Members of Audit & Supervisory Committee, Tatsuya Ito and Masahide Ishikawa are all Outside Directors.
2. 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, 2019, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2020.
3. 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, 2019, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2021.
4. Representative Director and Deputy President Masataka Kinoshita is a biological son of Chairman and President Shigeyoshi Kinoshita.

5. 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 21, 2019, are as follows:

Title	Name	Position
Executive Managing Officer	Nobuyoshi Matsutani	<ul style="list-style-type: none"> · In charge of Treasury Dept. · Vice in charge of Compliance Dept.
Executive Managing Officer	Makoto Kondo	<ul style="list-style-type: none"> · In charge of Business Process Management Dept. and Corporate Risk Management Dept.
Executive Managing Officer	Yasuhiro Kamura	<ul style="list-style-type: none"> · Head of Credit Business Promotion Division · In charge of Business Planning Dept., Business Promotion Dept., East Japan Business Promotion Dept., West Japan Business Promotion Dept. and Compliance for Credit Business Promotion Office
Executive Managing Officer	Masaru Kuroda	<ul style="list-style-type: none"> · In charge of Overseas Business Dept.
Executive Managing Officer	Michihito Onodera	<ul style="list-style-type: none"> · In charge of Guarantee Business Dept. · Chief General Manager of Guarantee Business Dept.
Executive Officer	Tomoo Shikanoya	<ul style="list-style-type: none"> · Chief General Manager of System Development & Administration Division
Executive Officer	Masayuki Sone	<ul style="list-style-type: none"> · Chief General Manager of West Japan Business Promotion Dept.
Executive Officer	Takashi Kiribuchi	<ul style="list-style-type: none"> · Chief General Manager of Corporate Planning Dept.
Executive Officer	Akihiro Kiyooka	<ul style="list-style-type: none"> · Corporate Planning Dept. (Special Mission)
Executive Officer	Yasuhide Doi	<ul style="list-style-type: none"> · Chief General Manager of Business Process Management Dept.
Executive Officer	Masashi Yoshiba	<ul style="list-style-type: none"> · Chief General Manager of Compliance Dept.
Executive Officer	Hidehiko Shibata	<ul style="list-style-type: none"> · Chief General Manager of East Japan Business Promotion Dept.
Executive Officer	Yuji Kinoshita	<ul style="list-style-type: none"> · Chief General Manager of Business Promotion Dept.
Executive Officer	Masahiko Machida	<ul style="list-style-type: none"> · Chief General Manager of Internal Audit Dept.

6. 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.
7. Shares below one thousand shares have been truncated.

8. In preparation for the contingency that the number of Directors serving as Members of Audit & Supervisory Committee falls below the required number stipulated in laws and ordinances, the Company has appointed a Substitute Director serving as an Audit & Supervisory Committee Member as stipulated under the provisions in Article 329, Paragraph 3 of the Companies Act. Career summary of the Substitute Director serving as Audit & Supervisory Committee Member is as follows.

Name	Date of birth	Career summary		Number of shares of the Company held (Thousands)
Hitoshi Shimbo	July 10, 1952	April 1983	Appointed Prosecutor, the Tokyo District Public Prosecutor's Office	—
		April 1990	Assistant Judge, Tokyo District Court	
		April 1993	Prosecutor, the Tokyo District Public Prosecutor's Office	
		June 1995	Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present)	
		June 1995	Joined Nozomi Sogo Attorneys at Law (to present)	
		March 2009	Outside Company Auditor, EMCOM Holdings Co., Ltd.	
		April 2012	Managing Director, Kanto Federation of Bar Associations	
		April 2012	Vice President, Daini Tokyo Bar Association	
		April 2012	Managing Director, Japan Federation of Bar Associations	
		April 2013	Mediator, Nuclear Damage Compensation Dispute Resolution Centre (to present)	
		June 2015	Outside Director of the Company	

2) Outside Directors

The Company has two 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.
Masahide Ishikawa	<ul style="list-style-type: none">- No special interests in the Company- He has a wealth of knowledge and experience acquired in the finance industry over many years, as well as achievements as a corporate manager. He has also served as Vice Chairman of the Japan Investment Advisers Association twice in total, and thus has wide-ranging insight. Therefore, the Company believes that he can supervise and provide appropriate advice for the management of the Company from an external viewpoint based on his knowledge and experience.- 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.

(3) Status of Audits

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

(i) Internal Audits

With an auditing staff of nineteen 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 Audit & Supervisory Committee's auditing policies and auditing plans, the Members of the Audit & Supervisory Committee attend the Executive Officers' Meetings 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 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, 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 consultation between the Audit & Supervisory Committee and the Internal Audit Department on audit plans in advance.

2) 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: Kunikazu Awashima, Deloitte Touche Tohmatsu LLC

*Since all two 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: 13 persons

Assistant certified public accountants, etc.: 7 persons

Other staffs:

19 persons

(iii) Reasons for selecting Certified Public Accountants

Policies set forth by the Company prescribe that if the Audit & Supervisory Committee determines that the accounting auditor falls under the provisions specified in each item of Article 340, Paragraph 1, of the Companies Act, the Audit & Supervisory Committee shall dismiss the accounting auditor conditional upon its unanimous approval, and if the Audit & Supervisory Committee determines that dismissal or non-reappointment of the accounting auditor is appropriate mainly including the fact that the accounting auditor has difficulty in execution of duties, the Audit & Supervisory Committee shall decide the contents of proposal for the General Meeting of Shareholders to dismiss or not to reappoint the accounting auditor. In accordance with these policies, the Audit & Supervisory Committee has examined the suitability of an accounting auditor mainly from a viewpoint of independence and auditing quality, and has judged that it is appropriate to reappoint the accounting auditor as a result.

(iv) Evaluation of Certified Public Accountants and details of the evaluation

The Audit & Supervisory Committee has set the items for appropriately evaluating an accounting auditor and evaluates the accounting auditor by obtaining the required materials and receiving reports from directors, the relevant internal departments and offices, and the accounting auditor on the details of activities, etc. of the accounting auditor.

3) Details of Compensation for Auditors

(i) 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	115,000	1,100	125,000	1,100
Consolidated subsidiaries	23,500	—	23,500	—
Total	138,500	1,100	148,500	1,100

* Details of non-audit work

(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.

(ii) Details of compensation (excluding (i)) for the same network as 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	3,632	2,400	3,974	2,400
Consolidated subsidiaries	17,099	646	18,332	—
Total	20,731	3,046	22,307	2,400

* Details of non-audit work
(Prior fiscal year)

The Company entrusted the same network as certified public accountants with the tax advisory works, 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. In addition, some consolidated subsidiaries entrusted the same network as certified public accountants with research works for the application of establishing a company, 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 the same network as certified public accountants with the tax advisory works, 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.

(iii) Details of remuneration for other important audit certification
Not applicable

(iv) Policies concerning auditing remuneration
Not applicable

(v) Reasons for the agreement by the Audit & Supervisory Committee on the proposed compensation payable to Accounting Auditors

The Audit & Supervisory Committee agreed to the amount of compensation to the accounting auditor, as it decided that such amount was reasonable based on the examination thereof, following the analysis and evaluation on the results of accounting audit carried out in the prior fiscal year by the accounting auditor, as well as the verification of the audit plan for the current fiscal year and the basis for calculating the estimated compensation, etc.

(4) Compensation to Directors and Company Auditors

1) Matters concerning the policy for the decision on the amounts of compensation to Directors and Company Auditors or the calculation method thereof

The amount of compensation payable to Directors (excluding Directors serving as Members of Audit & Supervisory Committee) is reviewed and proposed at the Appointment and Remuneration Committee and determined at the Board of Directors in consideration of business results and other factors, within the total amount of compensation resolved at the meeting of shareholders. 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 compensation resolved at the meeting of shareholders. The Company newly introduced performance-linked compensation based on single-year performance for compensation to full-time Directors (excluding Directors serving as Members of Audit & Supervisory Committee) from the fiscal year ending March 31, 2020.

It was resolved that compensation to Directors (excluding Directors serving as Members of Audit & Supervisory Committee) per year shall be no more than 400 million yen (excluding the portion of employee's salary paid to Directors who concurrently serve as employees) at the 40th Ordinary General Meeting of Shareholders held on June 22, 2017. It was also resolved that compensation to Directors serving as Members of Audit & Supervisory Committee per year shall be no more than 100 million yen at the said Ordinary General Meeting of Shareholders.

The final decision of specific amount of compensation to Directors (excluding Directors serving as Members of Audit & Supervisory Committee) is entrusted to Chairman, President & CEO Shigeyoshi Kinoshita by resolution at the Board of Directors Meeting based on the result of meetings of the Appointment and Remuneration Committee.

For the composition of the Appointment and Remuneration Committee and the Audit & Supervisory Committee and details of the committees' activities, please see (a) Appointment and Remuneration Committee in 4. Corporate Governance, (1) Overview of Corporate Governance, 2) Corporate Governance Structure, (i) An overview of corporate governance structure and reasons for employing said structure, (C) Committees, and (B) Audit & Supervisory Committee.

2) 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
		Fixed compensation	Performance- linked compensation	Retirement benefits	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	139	139	—	—	7
Audit & Supervisory Committee Members (excluding Outside Directors)	19	19	—	—	1
Outside Directors and Outside Company Auditors	37	37	—	—	3
Total	196	196	—	—	11

(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.

3) 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.

(5) Status of securities held by the Company

1) Criteria and basic stance of classification of investment securities

For classification between investment securities held for pure investment purposes and investment securities held for other than pure investment purposes, the Company does not hold any investment securities held for other than pure investment purposes and does not have a plan to hold them in the future.

2) Investment securities held for other than pure investment purposes
Not applicable

3) Investment securities held for pure investment purposes

Classification	Current fiscal year		Prior fiscal year	
	Number of names (Name)	Value in balance sheet (Millions of yen)	Number of names (Name)	Value in balance sheet (Millions of yen)
Non-listed securities	22	821	24	827
Securities other than the above	2	0	1	0

Classification	Current fiscal year		
	Total dividend received (Millions of yen)	Total gain or loss on sale (Millions of yen)	Total valuation gain or loss (Millions of yen)
Non-listed securities	15	3	(Note)
Securities other than the above	—	0	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.

4) Investment securities, of which holding purpose has been changed from pure investment to other than pure investment
Not applicable

5) Investment securities, of which holding purpose has been changed from other than pure investment to pure investment
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).

Of the comparative information in consolidated financial statements for the current fiscal year (from April 1, 2018, to March 31, 2019), any information related to Article 15-5, Paragraph 5, Item 2-(2) and Item 3 of Regulations on Consolidated Financial Statements, which has been revised in compliance with the “Cabinet Office Ordinance to Amend the ‘Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements’” (Cabinet Office Ordinance No. 7, March 23, 2018; hereinafter, “Amending Ordinance”), is prepared as per pre-revision Regulations on Consolidated Financial Statements in accordance with Article 3, Item 2 of Amending Ordinance.

- (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).

Of the comparative information in non-consolidated financial statements for the current fiscal year (from April 1, 2018, to March 31, 2019), any information related to Article 8-12, Paragraph 2, Item 3 and Paragraph 3 of Regulations on Financial Statements, which has been revised in compliance with the Amending Ordinance, is prepared as per pre-revision Regulations on Financial Statements in accordance with Article 2, Item 2 of Amending Ordinance.

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, 2018, to March 31, 2019) 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, 2018)	Current fiscal year (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	*2 91,884	*2 85,546
Accounts receivable - operating loans	*4, *6, *8 975,116	*4, *6, *8 1,000,428
Loans receivable of banking business	*5 48,808	*5 48,331
Accounts receivable - installment	*9 53,034	*9 63,740
Purchased receivables	10,603	9,435
Securities	904	479
Trading account securities	1,651	—
Raw materials and supplies	60	64
Other	81,342	91,327
Allowance for doubtful accounts	(75,686)	(76,532)
Total current assets	1,187,721	1,222,821
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	28,599	24,545
Accumulated depreciation	(23,755)	(20,753)
Buildings and structures, net	4,844	3,791
Vehicles	14	11
Accumulated depreciation	(13)	(10)
Vehicles, net	0	0
Equipment	21,324	21,245
Accumulated depreciation	(11,129)	(11,638)
Equipment, net	10,195	9,606
Land	6,203	3,196
Lease assets	4,232	4,139
Accumulated depreciation	(2,675)	(2,870)
Lease assets, net	1,556	1,269
Total property, plant and equipment	22,800	17,864
Intangible assets		
Goodwill	4,063	3,250
Leasehold right	4	4
Software	7,103	5,387
Telephone subscription right	37	37
Other	1	9
Total intangible assets	11,210	8,687
Investments and other assets		
Investment securities	*1 4,261	*1 4,247
Net defined benefit asset	4,559	3,898
Deferred tax assets	36,850	36,117
Guarantee deposits	5,259	5,035
Other	*6 4,194	*6 4,266
Allowance for doubtful accounts	(899)	(1,032)
Total investments and other assets	54,224	52,534
Total noncurrent assets	88,235	79,086
Total assets	1,275,957	1,301,908

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	500	509
Short-term loans payable	*7 10,873	*7 11,547
Commercial papers	29,998	39,998
Current portion of long-term loans payable	*7 160,244	*7 146,714
Current portion of bonds	45,350	41,519
Deposits of banking business	53,074	52,319
Lease obligations	573	523
Income taxes payable	5,112	7,772
Provision for loss on guarantees	*3 10,061	*3 9,661
Asset retirement obligations	89	10
Deferred installment income	*10 53	*10 42
Other	16,063	16,205
Total current liabilities	331,995	326,824
Noncurrent liabilities		
Bonds payable	211,210	202,691
Long-term loans payable	*7 276,841	*7 282,671
Lease obligations	1,150	896
Deferred tax liabilities	0	28
Provision for directors' retirement benefits	22	25
Provision for loss on interest repayment	104,068	102,300
Net defined benefit liability	334	338
Asset retirement obligations	4,320	4,159
Other	1,574	470
Total noncurrent liabilities	599,523	593,581
Total liabilities	931,519	920,406
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,578	73,549
Retained earnings	202,410	237,058
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	320,026	354,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	3,412	2,832
Remeasurements of defined benefit plans	(523)	(1,304)
Total accumulated other comprehensive income	2,889	1,528
Non-controlling interests	21,521	25,327
Total net assets	344,437	381,501
Total liabilities and net assets	1,275,957	1,301,908

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Operating revenue		
Interest on operating loans	161,564	169,273
Interest on loans of banking business	6,049	6,135
Revenue from credit card business	6,168	7,773
Revenue from installment sales finance business	74	64
Revenue from credit guarantee	58,401	61,428
Collection from purchased receivable	5,429	4,739
Other financial revenue		
Interest on deposits	61	61
Interest on securities	224	101
Interest on loans	19	87
Interest on deposits with banks	187	126
Other	298	455
Total other financial revenue	792	832
Other operating revenue	24,973	26,822
Total operating revenue	263,453	277,069
Operating expenses		
Financial expenses		
Interest expenses	5,931	5,044
Interest expenses of banking business	2,912	2,615
Interest on bonds	2,851	2,845
Amortization of bond issuance cost	148	143
Other	610	662
Total financial expenses	12,454	11,310
Cost of purchased receivable	2,465	2,087
Other operating expenses		
Advertising expenses	11,734	12,103
Provision of allowance for doubtful accounts	67,519	66,261
Provision for loss on guarantees	10,050	9,728
Provision for loss on interest repayment	—	39,479
Employees' salaries and bonuses	19,534	20,193
Retirement benefit expenses	1,045	954
Provision for directors' retirement benefits	3	3
Welfare expenses	2,723	2,684
Rent expenses	6,599	6,408
Depreciation	4,448	4,749
Commission fee	24,197	22,954
Amortization of goodwill	984	813
Other	18,750	19,728
Total other operating expenses	*1 167,591	*1 206,062
Total operating expenses	182,511	219,461
Operating profit	80,942	57,607

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Non-operating income		
Interest income	252	209
Dividend income	13	15
Equity in earnings of affiliates	10	7
House rent income	277	282
Settlement received	*2 199	—
Other	212	209
Total non-operating income	965	724
Non-operating expenses		
Interest expenses	28	31
Foreign exchange losses	84	25
Loss on insurance cancellation	16	55
Other	83	13
Total non-operating expenses	213	126
Ordinary profit	81,694	58,205
Extraordinary income		
Gain on sales of noncurrent assets	*3 38	*3 384
Gain on sales of investment securities	25	3
Total extraordinary income	63	388
Extraordinary loss		
Loss on sales of noncurrent assets	*4 10	*4 259
Loss on retirement of noncurrent assets	*5 149	*5 191
Impairment loss	*6 426	*6 2,800
Loss on valuation of investment securities	0	6
Other	*7 2	*7 1
Total extraordinary losses	589	3,259
Profit before income taxes	81,168	55,334
Income taxes-current	8,505	11,126
Income taxes-deferred	(1,571)	1,684
Total income taxes	6,934	12,810
Profit	74,233	42,523
Profit attributable to non-controlling interests	3,661	4,742
Profit attributable to owners of parent	70,572	37,781

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Profit	74,233	42,523
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(0)
Foreign currency translation adjustment	3,185	(1,113)
Remeasurements of defined benefit plans, net of tax	45	(766)
Total other comprehensive income	* 3,228	* (1,880)
Comprehensive income	77,461	40,643
Comprehensive income attributable to:		
Owners of parent	72,909	36,420
Non-controlling interests	4,552	4,223

3) Consolidated Statement of Changes in Net Assets
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(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	131,837	(19,794)	249,453
Changes of items during the period					
Dividends of surplus					
Profit attributable to owners of parent			70,572		70,572
Purchase of shares of consolidated subsidiaries					
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	70,572	—	70,572
Balance at the end of the period	63,832	73,578	202,410	(19,794)	320,026

	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	4	1,128	(579)	552	17,219	267,226
Changes of items during the period						
Dividends of surplus						
Profit attributable to owners of parent						70,572
Purchase of shares of consolidated subsidiaries						
Net changes of items other than shareholders' equity	(3)	2,284	56	2,337	4,301	6,638
Total changes of items during the period	(3)	2,284	56	2,337	4,301	77,211
Balance at the end of the period	0	3,412	(523)	2,889	21,521	344,437

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(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	202,410	(19,794)	320,026
Changes of items during the period					
Dividends of surplus			(3,133)		(3,133)
Profit attributable to owners of parent			37,781		37,781
Purchase of shares of consolidated subsidiaries		(29)			(29)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(29)	34,648	—	34,619
Balance at the end of the period	63,832	73,549	237,058	(19,794)	354,646

	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	0	3,412	(523)	2,889	21,521	344,437
Changes of items during the period						
Dividends of surplus						(3,133)
Profit attributable to owners of parent						37,781
Purchase of shares of consolidated subsidiaries						(29)
Net changes of items other than shareholders' equity	(0)	(579)	(781)	(1,361)	3,806	2,444
Total changes of items during the period	(0)	(579)	(781)	(1,361)	3,806	37,064
Balance at the end of the period	(0)	2,832	(1,304)	1,528	25,327	381,501

4) Consolidated Statement of Cash Flows

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net cash provided by (used in) operating activities		
Profit before income taxes	81,168	55,334
Depreciation and amortization	4,448	4,749
Impairment loss	426	2,800
Amortization of goodwill	984	813
Increase (decrease) in allowance for doubtful accounts	8,496	1,214
Increase (decrease) in provision for loss on guarantees	1,338	(399)
Increase (decrease) in net defined benefit liability	56	48
Increase (decrease) in provision for directors' retirement benefits	(5)	3
Increase (decrease) in provision for loss on interest repayment	(60,831)	(1,768)
Interest and dividends income	(265)	(224)
Interest expenses	28	31
Amortization of bond issuance cost	148	143
Foreign exchange losses (gains)	86	13
Equity in (earnings) losses of affiliates	(10)	(7)
Settlement received	(199)	—
Loss (gain) on sales of property, plant and equipment	(27)	(125)
Loss on retirement of property, plant and equipment	140	191
Loss (gain) on sales of investment securities	(25)	(3)
Loss (gain) on valuation of investment securities	0	6
Decrease (increase) in accounts receivable - operating loans	(34,713)	(27,327)
Decrease (increase) in loans receivable of banking business	(4,518)	(3,637)
Decrease (increase) in accounts receivable - installment	(14,350)	(10,713)
Decrease (increase) in purchased receivables	730	1,167
Decrease (increase) in net defined benefit asset	(425)	(492)
Decrease (increase) in trading account securities	2,589	1,533
Decrease (increase) in inventories	17	(6)
Decrease (increase) in other current assets	(11,489)	(10,430)
Increase (decrease) in notes and accounts payable - trade	85	9
Increase (decrease) in deposits of banking business	(441)	3,714
Increase (decrease) in deferred installment income	(16)	(11)
Increase (decrease) in other current liabilities	1,791	193
Increase (decrease) by other operating activities	(1,266)	(1,178)
Subtotal	(26,049)	15,641
Interest and dividends income received	265	235
Interest expenses paid	(28)	(31)
Settlement package received	199	—
Income taxes paid	(7,022)	(8,516)
Net cash provided by (used in) operating activities	(32,634)	7,329

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net cash provided by (used in) investing activities		
Purchase of securities	—	(1,365)
Proceeds from redemption of securities	—	1,187
Purchase of property, plant and equipment	(1,060)	(704)
Proceeds from sales of property, plant and equipment	67	917
Purchase of intangible assets	(1,647)	(2,019)
Purchase of investment securities	—	(477)
Proceeds from sales and redemption of investment securities	285	784
Increase (decrease) by other investing activities	644	511
Net cash provided by (used in) investing activities	(1,711)	(1,165)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	98,729	143,597
Repayments of short-term loans payable	(106,233)	(142,880)
Proceeds from issuance of commercial papers	129,982	159,976
Redemption of commercial papers	(115,000)	(150,000)
Proceeds from issuance of bonds	36,438	33,404
Redemption of bonds	(25,000)	(45,260)
Proceeds from long-term loans payable	127,133	158,191
Repayment of long-term loans payable	(124,045)	(165,436)
Repayments of finance lease obligations	(494)	(591)
Proceeds from share issuance to non-controlling shareholders	221	357
Cash dividends paid	—	(3,131)
Cash dividends paid to non-controlling shareholders	(471)	(790)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(13)
Net cash provided by (used in) financing activities	21,259	(12,573)
Effect of exchange rate change on cash and cash equivalents	(81)	205
Net increase (decrease) in cash and cash equivalents	(13,168)	(6,204)
Cash and cash equivalents at beginning of period	101,719	88,551
Cash and cash equivalents at end of period	* 88,551	* 82,346

[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: 5

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.

ACOM CONSUMER FINANCE CORPORATION

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, etc.

Derivative transactions:

Fair value method

3) Inventories

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: 4 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.

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 operating loans

Interest on operating loans is recorded on an accrual basis.

Accrued interest on operating 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 and forward contracts 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.

- 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 and forward contracts 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 and forward contracts 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 and forward 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 its domestic consolidated subsidiaries have adopted the consolidated taxation system.

(Changes in Presentation)

<Changes associated with the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”>

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the current fiscal year. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under noncurrent liabilities.

Consequently, in the consolidated balance sheet for the prior fiscal year, “Deferred tax assets” under “Current assets” decreased by 41,307 million yen and “Deferred tax assets” under “Investments and other assets” increased by 36,413 million yen, while “Deferred tax liabilities” under “Current liabilities” decreased by 0 million yen and “Deferred tax liabilities” under “Noncurrent liabilities” decreased by 4,893 million yen.

As “Deferred tax assets” and “Deferred tax liabilities” offset each other in the same taxable entity, total assets, total liabilities, and total liabilities and net assets decreased by 4,893 million yen, respectively.

In addition, notes on “Accounting Standard for Tax Effect Accounting” (Note 8) (1) (excluding total of valuation allowance) and (Note 9) provided in Items 3 to 5 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting” have been added to the Notes to the Method of Tax Effect Accounting. However, related matters pertaining to the prior consolidated fiscal year have not been stated under the transitional treatment provided in Item 7 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting.”

<Consolidated statement of income>

In the prior fiscal year, “Loss on insurance cancellation” was included in “Other” under non-operating expenses. As its quantitative materiality became significant, “Loss on insurance cancellation” has been listed separately in the current fiscal year. To reflect this change in presentation, the consolidated financial statements for the prior fiscal year have been reclassified.

As a result, 100 million yen of “Other” under non-operating expenses of the consolidated statement of income for the prior fiscal year has been reclassified into 16 million yen of “Loss on insurance cancellation” and 83 million yen of “Other.”

(Notes to Consolidated Balance Sheet)

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Investment securities	335	342

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Cash and deposits	3,327	3,092

*3. Contingent liabilities (Millions of yen)

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Outstanding guarantee obligation in the guarantee business	1,199,644	1,212,255
Outstanding guarantee obligation in the banking business	568	510
Provision for loss on guarantees	10,061	9,661
Net	1,190,151	1,203,103

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

Prior fiscal year (As of March 31, 2018)

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 456,235 million yen at the end of the fiscal year. This included a total of 275,973 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, 2019)

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 496,960 million yen at the end of the fiscal year. This included a total of 314,419 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, 2018)

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 13,161 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, 2019)

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 10,336 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, 2018)	Current fiscal year (As of March 31, 2019)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	308	275

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Loans to bankrupt parties	788	769
Loans in arrears	23,821	24,179
Loans overdue by three months or more	4,753	4,753
Restructured loans	31,477	31,990
Total	60,841	61,692

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 by 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, 2018)	Current fiscal year (As of March 31, 2019)
Amount of agreement for overdraft and commitment line	125,922	123,458
Amount of borrowing	47,207	39,579
Net	78,715	83,879

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Unsecured consumer loans in accounts receivable - operating loans	969,035	995,223

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Fees from the credit card business	52,445	63,137
Fees from installment sales finance business	588	603
Total	53,034	63,740

*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, 2018)	Current fiscal year (As of March 31, 2019)
Balance at the beginning of period	66 [8]	53 [15]
Accrued during the period	62 [26]	53 [34]
Realized during the period	74 [18]	64 [25]
Balance at the end of period	53 [15]	42 [24]

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

(Notes to Consolidated Statement of Income)

*1. Research and development expenses included in “Other operating expenses” are as follows.

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Research and development expenses	31	111

*2. The Company recorded settlement money pertaining to the suspension of system development as “settlement received” under non-operating income.

*3. Breakdown of gain on sales of noncurrent assets

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings and structures	33	383
Vehicles	0	0
Equipment	4	1
Lease assets	0	—
Total	38	384

*4. Breakdown of loss on sales of noncurrent assets

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings and structures	—	1
Equipment	4	7
Land	6	250
Total	10	259

*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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings and structures	124	178
Equipment	15	13
Telephone subscription right	0	—
Software	9	0
Total	149	191

*6. Impairment loss

The following losses on impairment of noncurrent assets are recorded.

Prior fiscal year (from April 1, 2017, to March 31, 2018)

(1) Assets recognized as having suffered impairment

Location	Usage	Type
—	Other	Goodwill

(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 because there is no longer any possibility of acquiring the revenues initially expected with respect to a part of the business that the Company succeeded by corporate separation under the guarantee business.

(4) Amount of impairment loss

Goodwill 426 million yen

(5) Calculation method of recoverable amount

The recoverable amount of goodwill is measured by utility value determined by discounting future cash flows at 7.8%.

Current fiscal year (from April 1, 2018, to March 31, 2019)

(1) Assets recognized as having suffered impairment

Location	Usage	Type
Kashiwa City, Chiba and other	Properties to be sold	Land, buildings and structures, and equipment

(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 carrying amounts of the assets.

(4) Amount of impairment loss

	(Millions of yen)
Land	2,337
Buildings and structures	462
Equipment	0
Total	2,800

(5) Calculation method of recoverable amount

The recoverable amount of the properties to be sold is measured by the net selling price and evaluated based on the minimum limit of the appraised selling price.

*7. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Lump sum amortization of long-term prepaid expenses	—	0
Losses on retirement, including amortization of lease and guarantee deposits	2	1
Loss on sales of golf club memberships	0	0
Total	2	1

8. 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 which 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 which 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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Valuation difference on available-for-sale securities		
Gains arising during the year	(3)	(0)
Reclassification adjustments	(1)	—
Amount before income tax effect	(5)	(0)
Income tax effect	1	0
Valuation difference on available-for-sale securities	(3)	(0)
Foreign currency translation adjustment		
Gains arising during the year	3,185	(1,730)
Reclassification adjustments	—	—
Amount before income tax effect	3,185	(1,730)
Income tax effect	—	617
Foreign currency translation adjustment	3,185	(1,113)
Remeasurements of defined benefit plans, net of tax		
Gains arising during the year	174	(1,020)
Reclassification adjustments	(105)	(92)
Amount before income tax effect	68	(1,112)
Income tax effect	(22)	346
Remeasurements of defined benefit plans, net of tax	45	(766)
Total other comprehensive income	3,228	(1,880)

(Notes to Consolidated Statement of Changes in Net Assets)
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2017	Increase	Decrease	As of March 31, 2018
Common stock	1,596,282,800	—	—	1,596,282,800

2. Matters related to treasury stock

(Shares)

Class of shares	As of April 1, 2017	Increase	Decrease	As of March 31, 2018
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, 2018

Resolution	Class of shares	Sources of dividend	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2018	Common stock	Retained earnings	1,566	1.00	March 31, 2018	June 25, 2018

For the current fiscal year (from April 1, 2018, to March 31, 2019)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common stock	1,596,282,800	—	—	1,596,282,800

2. Matters related to treasury stock

(Shares)

Class of shares	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
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

Resolution	Class of shares	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2018	Common stock	1,566	1.00	March 31, 2018	June 25, 2018
Board of Directors meeting held on November 1, 2018	Common stock	1,566	1.00	September 30, 2018	December 6, 2018

(2) Dividends whose record date fell in the fiscal year, but whose effective date is after March 31, 2019

Resolution	Class of shares	Sources of dividend	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2019	Common stock	Retained earnings	1,566	1.00	March 31, 2019	June 24, 2019

(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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Cash and deposits	91,884	85,546
Short-term investment securities	904	479
Time deposits with original maturities of more than three months	(5)	(106)
Cash reserved for banking business	(3,327)	(3,092)
Bonds with maturities of more than three months	(904)	(479)
Cash and cash equivalents	88,551	82,346

(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 mainly servers.

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 servers, automatic contract machines, etc.

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, 2018)	Current fiscal year (As of March 31, 2019)
Due within 1 year	99	101
Due after 1 year	103	26
Total	203	127

(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 and forward contracts.

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 swaps and forward contracts 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 agreements and forward contracts 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, 2018	As of March 31, 2019
If the market interest rate had been:		
higher by 1 basis point	(139)	71
lower by 1 basis point	139	(71)

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, 2018)

			(Millions of yen)
	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	91,884	91,884	—
(2) Accounts receivable - operating loans	975,116		
Allowance for doubtful accounts	(39,504)		
Provision for loss on interest repayment	(10,839)		
(Write-off of receivables)			
	924,772	1,207,312	282,539
(3) Loans receivable of banking business	48,808		
Allowance for doubtful accounts	(1,315)		
	47,493	53,881	6,387
(4) Accounts receivable - installment	53,034		
Allowance for doubtful accounts	(3,082)		
Deferred installment income	(53)		
	49,898	64,165	14,267
(5) Purchased receivables	10,603		
Allowance for doubtful accounts	(3,099)		
	7,503	7,503	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	1,651	1,651	—
2) Held-to-maturity securities	3,941	4,200	258
3) Available-for-sale securities	58	58	—
Total assets	1,127,204	1,430,658	303,453
(1) Short-term loans payable	10,873	10,873	—
(2) Commercial papers	29,998	29,998	—
(3) Deposits of banking business	53,074	53,074	—
(4) Current portion of bonds and bonds payable	256,560	258,977	2,417
(5) Current portion of long-term loans payable and long-term loans payable	437,086	437,610	524
Total liabilities	787,593	790,535	2,941
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, 2019)

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and deposits	85,546	85,546	—
(2) Accounts receivable - operating loans	1,000,428		
Allowance for doubtful accounts	(40,191)		
Provision for loss on interest repayment (Write-off of receivables)	(10,300)		
	949,936	1,241,228	291,291
(3) Loans receivable of banking business	48,331		
Allowance for doubtful accounts	(724)		
	47,606	51,591	3,984
(4) Accounts receivable - installment	63,740		
Allowance for doubtful accounts	(3,632)		
Deferred installment income	(42)		
	60,066	76,257	16,190
(5) Purchased receivables	9,435		
Allowance for doubtful accounts	(3,081)		
	6,354	6,354	—
(6) Marketable securities, trading account securities and investment securities			
1) Trading securities	—	—	—
2) Held-to-maturity securities	3,560	3,560	0
3) Available-for-sale securities	0	0	—
Total assets	1,153,071	1,464,538	311,467
(1) Short-term loans payable	11,547	11,547	—
(2) Commercial papers	39,998	39,998	—
(3) Deposits of banking business	52,319	52,319	—
(4) Current portion of bonds and bonds payable	244,211	246,440	2,229
(5) Current portion of long-term loans payable and long-term loans payable	429,386	428,761	(624)
Total liabilities	777,461	779,066	1,605
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, accounts receivable - operating loans and 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.

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 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).

(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, 2018	As of March 31, 2019
1) Unlisted shares (*1) (*2)	1,163	1,164
2) Investments in investment partnerships (*1) (*3)	2	1
Total	1,165	1,166

(*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, 2018)

	(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	91,884	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	182,534	177,582	173,494	170,120	167,335	65,252
Loans receivable of banking business	29,134	2,892	3,287	5,926	3,258	4,310
Accounts receivable - installment (*1) (*2)	10,636	10,048	10,048	10,048	10,048	195
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	846	293	139	—	475	2,187
2) Available-for-sale securities with maturities						
Government bond	58	—	—	—	—	—
Other	—	—	—	—	—	—
Total	315,095	190,817	186,969	186,095	181,117	71,945

For the current fiscal year (As of March 31, 2019)

	(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	85,546	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	187,900	182,437	178,074	174,248	171,125	67,483
Loans receivable of banking business	30,474	3,251	5,039	3,580	2,448	3,537
Accounts receivable - installment (*1) (*2)	12,624	12,021	12,021	12,021	12,021	458
Marketable securities and Investment securities						
1) Held-to-maturity securities (Government bond)	479	598	—	448	223	1,809
2) Available-for-sale securities with maturities						
Government bond	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	317,025	198,308	195,135	190,298	185,820	73,288

(*1) Accounts receivable - operating loans and accounts receivable - installment do not include loans whose recovery is doubtful because their redemption schedule is unclear (amounts: 35,955 million yen for the prior fiscal year and 37,621 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, 2018)

	(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	10,873	—	—	—	—	—
Commercial papers	29,998	—	—	—	—	—
Deposits of banking business	53,074	—	—	—	—	—
Current portion of bonds and bonds payable	45,350	41,678	42,106	40,350	50,175	36,900
Current portion of long-term loans payable and long-term loans payable	160,244	140,855	77,539	39,181	15,525	3,740
Lease obligations	573	456	314	281	97	—
Total	300,115	182,991	119,960	79,813	65,797	40,640

For the current fiscal year (As of March 31, 2019)

	(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	11,547	—	—	—	—	—
Commercial papers	39,998	—	—	—	—	—
Deposits of banking business	52,319	—	—	—	—	—
Current portion of bonds and bonds payable	41,519	47,116	53,640	50,115	28,410	23,410
Current portion of long-term loans payable and long-term loans payable	146,714	84,967	55,350	66,833	45,020	30,500
Lease obligations	523	370	336	150	39	—
Total	292,623	132,453	109,326	117,098	73,470	53,910

(Notes to Securities)

1. Held-to-maturity securities

For the prior fiscal year (As of March 31, 2018)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain (loss)
Market value greater than carrying amount			
(1) Government/municipal bonds	3,941	4,200	258
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	3,941	4,200	258
Market value not greater than carrying amount			
(1) Government/municipal bonds	—	—	—
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	3,941	4,200	258

For the current fiscal year (As of March 31, 2019)

(Millions of yen)

Category	Carrying amount	Market value	Unrealized gain (loss)
Market value greater than carrying amount			
(1) Government/municipal bonds	2,047	2,072	24
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	2,047	2,072	24
Market value not greater than carrying amount			
(1) Government/municipal bonds	1,512	1,487	(24)
(2) Corporate bonds	—	—	—
(3) Other	—	—	—
Subtotal	1,512	1,487	(24)
Total	3,560	3,560	0

2. Available-for-sale securities

For the prior fiscal year (As of March 31, 2018)

(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	0
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	58	57	0
Acquisition cost greater than carrying amount			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	58	57	0

For the current fiscal year (As of March 31, 2019)

(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	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	0	0	0
Acquisition cost greater than carrying amount			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	0	0	0

3. Available-for-sale securities sold during the fiscal year
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(Millions of yen)

Category	Amount of proceeds	Total gains on sales	Total losses on sales
(1) Stocks	33	25	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	33	25	—

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(Millions of yen)

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

4. Impaired securities written down to their fair values

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Loss on impairment of securities (shares classified as “Available-for-sale securities”)	0	6

(Notes to Derivative Transactions)

1. Derivative transactions not subject to hedge accounting

For the prior fiscal year (As of March 31, 2018)

Not applicable

For the current fiscal year (As of March 31, 2019)

Not applicable

2. Derivative transactions subject to hedge accounting

(1) Interest rate-related derivatives

For the prior fiscal year (As of March 31, 2018)

(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	162,459	78,381	(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, 2019)

(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	81,715	32,455	(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, 2018)

(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	27,614	25,186	(Note)
	Forward contracts Buy US dollars	Short-term loans payable	1,838	—	
	Total		29,452	25,186	

(Note) Forward contracts subject to the application of designation transactions are recognized together with hedging items (i.e. long-term loans payable, bonds payable, and short-term loans 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, 2019)

(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	21,197	8,980	(Note)

(Note) Forward contracts subject to the application of designation transactions are recognized together with hedging items (i.e. long-term loans payable, bonds payable, and short-term loans 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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Balance at the beginning of the year	22,030	22,631
Service cost	1,449	1,452
Interest cost	93	70
Actuarial differences generated	203	311
Retirement benefits paid	(1,083)	(1,014)
Other	(63)	(74)
Balance at the end of year	22,631	23,377

(2) Changes in plan assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Balance at the beginning of the year	25,831	26,856
Expected return on plan assets	780	830
Actuarial differences generated	378	(709)
Contribution from employers	973	1,027
Retirement benefits paid	(1,083)	(1,014)
Other	(25)	(54)
Balance at the end of the year	26,856	26,937

(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, 2018)	Current fiscal year (As of March 31, 2019)
Retirement benefit obligations for funded type plans	22,296	23,038
Plan assets	(26,856)	(26,937)
	(4,559)	(3,898)
Retirement benefit obligations for unfunded type plans	334	338
Net asset and liability reported on the consolidated balance sheet	(4,224)	(3,559)
Net defined benefit liability	334	338
Net defined benefit asset	(4,559)	(3,898)
Net asset and liability reported on the consolidated balance sheet	(4,224)	(3,559)

(4) Breakdown of retirement benefit expenses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Service cost	1,449	1,452
Interest cost	93	70
Expected return on plan assets	(780)	(830)
Recognized actuarial gain or loss	(103)	(103)
Special severance pay premium	103	74
Retirement benefit expenses for defined benefit plans	762	663

(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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Actuarial gain or loss	68	(1,112)

(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, 2018)	Current fiscal year (As of March 31, 2019)
Unrecognized actuarial gain or loss	(803)	(1,916)

(7) Plan assets

1) Components of plan assets

Plan assets consist of the following:

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Domestic stocks	23%	21%
Domestic bonds	23%	22%
Foreign stocks	16%	16%
Foreign bonds	8%	8%
Alternative investments	18%	18%
Insurer's general accounts	5%	4%
Other	7%	11%
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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Discount rates	Primarily 0.09%	Primarily 0.00%
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 282 million yen for the prior fiscal year and 290 million yen for the current fiscal year.

(Notes to Stock Options, etc.)

For the prior fiscal year (from April 1, 2017, to March 31, 2018)

Not applicable

For the current fiscal year (from April 1, 2018, to March 31, 2019)

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, 2018)	Current fiscal year (As of March 31, 2019)
Deferred tax assets		
Bad debt expenses	17,979	20,791
Allowance for doubtful accounts	10,374	10,432
Provision for loss on guarantees	3,080	2,958
Provision for loss on interest repayment	31,865	31,324
Accrued bonuses	534	488
Accrued directors' retirement benefits	51	52
Unrecognized accrued interest	487	501
Software	3,250	3,676
Deferred assets	349	282
Deferred consumption taxes	378	363
Loss on valuation of securities	170	163
Loss on valuation of golf club memberships	14	13
Impairment loss	255	255
Asset adjustment	21	—
Asset retirement obligations	1,211	1,153
Stock dividends	3,493	3,493
Net defined benefit liability	66	67
Retained tax loss (Note 2)	126,354	100,090
Other	934	989
Deferred tax assets (subtotal)	200,877	177,100
Valuation allowance pertaining to retained tax loss (Note 2)	—	(93,764)
Valuation allowance pertaining to total deductible temporary difference	—	(41,382)
Valuation allowance (subtotal) (Note 1)	(158,899)	(135,146)
Total deferred tax assets	41,977	41,953
Deferred tax liabilities		
Retained earnings of subsidiaries	3,709	4,655
Valuation difference on available-for-sale securities	0	—
Net defined benefit asset	1,395	1,190
Other	21	18
Total deferred tax liabilities	5,127	5,864
Balance of net deferred tax assets	36,850	36,089

(Notes) 1. Valuation allowance showed a decrease of 23,752 million yen composed mainly of a 27,746 million yen decrease in valuation allowance pertaining to retained tax loss and a 1,907 million yen increase in valuation allowance pertaining to provision for loss on interest repayment.

2. Amounts classified by the deadline for retention of retained tax loss and related deferred tax assets

Current fiscal year (As of March 31, 2019)

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Retained tax loss (a)	40,609	29,782	18,206	6,824	4,667	—	100,090
Valuation allowance	(34,283)	(29,782)	(18,206)	(6,824)	(4,667)	—	(93,764)
Deferred tax assets	6,326	—	—	—	—	—	(b) 6,326

(a) Retained tax loss is shown as an amount multiplied by the effective tax rate.

(b) The Company recorded deferred tax assets of 6,326 million yen for a retained tax loss of 100,090 million yen (an amount multiplied by the effective tax rate). The deferred tax assets of 6,326 million yen were recognized for the balance of a retained tax loss (an amount multiplied by the effective tax rate) of 99,976 million yen in the Company. We believe that the above retained tax loss will be recoverable mainly by the estimated future taxable income.

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, 2018)	Current fiscal year (As of March 31, 2019)
Normal effective statutory tax rate	30.9%	30.6%
(Adjustment)		
Changes in valuation allowance	(41.1%)	(43.7%)
Amortization of goodwill	0.4%	0.5%
Dividends income and other items not counted for tax purposes	(1.2%)	0.0%
Retained earnings of subsidiaries	0.8%	2.8%
Difference in tax rates for consolidated subsidiaries	(2.2%)	(3.9%)
Withholding income tax relating to dividends from overseas subsidiaries	0.5%	0.4%
Expiration of retained loss	19.5%	36.2%
Other	0.9%	0.3%
Actual effective tax rate	8.5%	23.2%

(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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Balance at the beginning of the year	4,499	4,410
Additional provisions associated with the acquisition of property, plant and equipment	42	33
Accretion with passage of time	29	20
Reduction associated with meeting asset retirement obligations	(174)	(282)
Reduction associated with changes in estimates	—	(9)
Foreign currency translation adjustment	14	(2)
Balance at the end of the year	4,410	4,170

(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."

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.

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current fiscal year. Segment assets in the prior fiscal year are presented in figures to which the above accounting standard has been retrospectively applied.

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

For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(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	139,826	65,171	51,895	6,560	263,453	0	263,453
Revenues from transactions with other operating segments	0	124	8	—	133	81	214
Total	139,826	65,295	51,904	6,560	263,586	81	263,668
Segment profit	46,864	17,808	15,478	615	80,766	81	80,848
Segment assets	853,532	36,143	239,492	8,788	1,137,957	49,793	1,187,751
Other items							
Depreciation	2,648	1,117	672	11	4,449	—	4,449
Amortization of goodwill	—	984	—	—	984	—	984
Provision for bad debts (Note 2)	28,633	33,361	14,171	1,404	77,570	—	77,570
Provision for loss on interest repayment	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	1,069	100	586	8	1,765	—	1,765

(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.

3. The standard for the distribution of noncurrent assets to segments differs from the standard for the distribution of the relevant depreciation.

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(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	144,826	69,341	56,984	5,893	277,045	23	277,069
Revenues from transactions with other operating segments	2	—	11	—	14	54	69
Total	144,829	69,341	56,995	5,893	277,060	78	277,138
Segment profit	11,804	25,241	19,802	390	57,239	78	57,317
Segment assets	882,241	42,163	245,352	7,713	1,177,471	6,987	1,184,458
Other items							
Depreciation	2,824	1,282	631	10	4,749	—	4,749
Amortization of goodwill	—	813	—	—	813	—	813
Provision for bad debts (Note 2)	29,761	30,245	14,634	1,406	76,048	—	76,048
Provision for loss on interest repayment	39,479	—	—	—	39,479	—	39,479
Increase in property, plant and equipment and intangible assets	677	175	245	62	1,160	—	1,160

(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.

3. The standard for the distribution of noncurrent assets to segments differs from the standard for the distribution of the relevant depreciation.

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	263,586	277,060
Operating revenue of “Others” category	81	78
Elimination of intersegment transactions	(206)	(69)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(8)	0
Operating revenue in the consolidated financial statements	263,453	277,069

(Millions of yen)

Profit	For the prior fiscal year	For the current fiscal year
Total reported segments	80,766	57,239
Profit of “Others” category	81	78
Elimination of intersegment transactions	(48)	48
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	141	241
Operating profit in the consolidated financial statements	80,942	57,607

(Millions of yen)

Assets	For the prior fiscal year	For the current fiscal year
Total reported segments	1,137,957	1,177,471
Assets of “Others” category	49,793	6,987
Elimination of intersegment assets	(24,452)	(23,828)
Corporate assets	117,322	148,843
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(4,664)	(7,565)
Total assets in the consolidated financial statements	1,275,957	1,301,908

(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	4,449	4,749	—	—	(1)	—	4,448	4,749
Amortization of goodwill	984	813	—	—	—	—	984	813
Provision for bad debts	77,570	76,048	—	—	(0)	(58)	77,570	75,989
Provision for loss on interest repayment	—	39,479	—	—	—	—	—	39,479
Increase of property, plant and equipment and intangible assets	1,765	1,160	—	—	4,898	597	6,663	1,758

(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, 2017, to March 31, 2018)

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
211,474	51,979	263,453

(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, 2018, to March 31, 2019)

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
219,995	57,073	277,069

(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, 2017, to March 31, 2018)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Impairment loss	—	426	—	—	—	—	426

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination (Note)	Total
Impairment loss	—	—	—	—	—	2,800	2,800

(Note) Represents impairment loss of our headquarters' welfare/leisure facilities for our employees that is not allocated to reported segments.

[Information about amortization of goodwill and unamortized balance of each reported segment]
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(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	—	4,063	—	—	—	—	4,063

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	813	—	—	—	—	813
Goodwill at the end of the fiscal year	—	3,250	—	—	—	—	3,250

[Information about gain on negative goodwill of each reported segment]
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

Not applicable

For the current fiscal year (from April 1, 2018, to March 31, 2019)

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, 2017, to March 31, 2018)

(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 94,171	Commercial papers	8,999
				Repayment 80,676	Current portion of long-term loans payable	61,694
					Long-term loans payable	96,864
			Payment of interest	2,034	Other current liabilities	9
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of funds	Borrowing 40,295	Commercial papers	8,999
					Current portion of long-term loans payable	32,618
				Repayment 32,000	Long-term loans payable	19,600
			Payment of interest	903	Other current liabilities	2
		Debt guarantee	Receipt of credit guarantee fees for unsecured loans of the bank	24,684	Other current assets	6,565
			Guarantee obligation for unsecured loans issued by the bank	629,008	—	—

(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.
3. The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its name to MUFG Bank, Ltd. effective on April 1, 2018.

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(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 %)
	MUFG Bank, 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	Repayment 167,558	—	—
			Payment of interest	73	—	—
	MUFG Bank, Ltd.	Borrowing	Borrowing of funds	Borrowing 340,859	Commercial papers	21,999
					Current portion of long-term loans payable	63,454
			Repayment 169,312		Long-term loans payable	147,322
					Other current liabilities	13
		Debt guarantee	Receipt of credit guarantee fees for unsecured loans of the bank	24,545	Other current assets	6,249
			Guarantee obligation for unsecured loans issued by the bank	618,836	—	—

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

1. The interest rates of borrowing from Mitsubishi UFJ Trust and Banking Corporation and MUFG Bank, Ltd., are the money market rates.
2. Guarantee commission rates on the debt guarantees for consumer loans by MUFG Bank, 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.
3. Borrowing from Mitsubishi UFJ Trust and Banking Corporation was transferred to MUFG Bank, Ltd. as of April 16, 2018, as a result of a functional reorganization of Mitsubishi UFJ Financial Group, Inc. The repayment amount for the above-stated transaction with Mitsubishi UFJ Trust and Banking Corporation corresponds to borrowing of the capital transferred to MUFG Bank, Ltd. The same amount is included in the amount of borrowing in the transaction amount with MUFG Bank, Ltd.

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

For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business description or occupation	Ratio of voting rights holding (held)
Directors and their close relatives	Kazuo Fukumoto	—	—	Trustee 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	Kazuo Fukumoto	—	Donation	16	—	—

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

2. Terms and conditions of the transactions and its policies

The Institute for Research on Household Economics conducts research on household income and expenditure. The Company determines the terms and conditions of transactions by comprehensively considering the Institute's business plans and business performance.

For the current fiscal year (from April 1, 2018, to March 31, 2019)

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, 2017, to March 31, 2018)

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 11,916	Short-term loans payable	172
					Current portion of long-term loans payable	1,725
				Repayment 10,592	Long-term loans payable	9,260
			Payment of interest	356	Other current liabilities	88

(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.

For the current fiscal year (from April 1, 2018, to March 31, 2019)

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 10,410	Short-term loans payable	1,125
					Current portion of long-term loans payable	1,023
				Repayment 7,743	Long-term loans payable	11,539
			Payment of interest	388	Other current liabilities	72

(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, 2017, to March 31, 2018)

Not applicable

For the current fiscal year (from April 1, 2018, to March 31, 2019)

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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net assets per share	206.12 yen	227.35 yen
Basic earnings per share	45.05 yen	24.12 yen

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

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

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Profit attributable to owners of parent	70,572	37,781
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent in relation to common stock	70,572	37,781
Weighted average number of common stock during the fiscal year	1,566,614,208 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, 2018)	Current fiscal year (As of March 31, 2019)
Total net assets	344,437	381,501
Amount deducted from total net assets	21,521	25,327
[Non-controlling interests included in the above]	[21,521]	[25,327]
Amounts of net assets related to common stock at the end of the fiscal year	322,916	356,174
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)

<Sales of shares of a consolidated subsidiary>

The Company accepted cash offer from MUFG Bank, Ltd. (“MUFG Bank”) and sold all holding shares of PT. Bank Nusantara Parahyangan, Tbk. (“Bank BNP”), a consolidated subsidiary, on April 29, 2019 based on a resolution at the Board of Directors meeting held on March 15, 2019. Bank BNP will be excluded from the scope of consolidation of the Company following the above sales of shares.

1. Overview of sales of shares

(1) Name of counterpart to sales of shares

MUFG Bank

(2) Reasons for sales of shares

Since Indonesia has the largest populations in Southeast Asia and is expected to grow in the market of the retail financial field, the Company ventured into Indonesia in the form of a bank for which an unsecured personal loans business is licensed. But, as a result of MUFG Bank’s strategic investment in PT Bank Danamon Indonesia, Tbk. (“Bank Danamon”), we have sold all holding shares of Bank BNP because we expect various synergistic effects in the MUFG Group, such as providing comprehensive services of Bank Danamon to Bank BNP’s customers at Bandung, the Republic of Indonesia.

(3) Date of sales of shares

April 29, 2019

(4) Overview of transactions including legal form

Sales of shares in consideration of cash

2. Overview of a consolidated subsidiary

(1) Line of business

Banking business in the Republic of Indonesia

(2) Scale of business

i) Amounts of assets and liabilities (as of December 31, 2018)

Total assets	63,206 million yen
Liabilities	52,871 million yen
Net assets	10,334 million yen

* Translated at the spot rate of JPY 0.0077 to IDR 1.00 as of December 31, 2018

ii) Amounts of profit or loss (from January 1, 2018 to December 31, 2018)

Operating revenue	7,354 million yen
Operating profit	94 million yen
Ordinary profit	136 million yen
Profit	62 million yen

* Translated at the average exchange rate of JPY 0.0078 to IDR 1.00 for a period from January 1, 2018 to December 31, 2018

3. Number of shares sold, sale value, and the rate of equity interest after sale

Number of shares sold	540,619,195 shares
Sale value	4,088 rupiah per share
Rate of equity interest after sale	—%

4. Reported segment in which a consolidated subsidiary was included

Overseas financial business

5. Overview of accounting

We plan to record the difference between book value and sale value of the relevant assets sold as gain on sales of subsidiaries and affiliates' stocks in extraordinary income. With regard to the amount of extraordinary income, we plan to calculate it based on financial statements as of the deemed date of the sale of Bank BNP. Because the above financial statements are still not available, the amount of gain on sales of subsidiaries and affiliates' stocks is pending.

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	64th Issuance of Domestic Unsecured Bonds (Public Offering)	September 5, 2013	25,000	—	—	—	—
	65th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2014	18,000	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 (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 (—)	0.369 (Note 3)	—	March 31, 2022
	70th Issuance of Domestic Unsecured Bonds (Public Offering)	May 29, 2015	10,000	—	—	—	—
	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	10,000 (—)	0.370	—	June 3, 2021
	73rd Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2017	10,000	10,000 (—)	0.369	—	February 28, 2022
	74th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2017	10,000	10,000 (—)	0.590	—	February 28, 2024
	75th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2018	25,000	25,000 (—)	0.309	—	February 28, 2023
	76th Issuance of Domestic Unsecured Bonds (Public Offering)	August 30, 2018	—	10,000 (—)	0.140	—	August 30, 2021
	77th Issuance of Domestic Unsecured Bonds (Public Offering)	August 30, 2018	—	15,000 (—)	0.274	—	August 30, 2023

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	6th privately offered unsecured bonds	September 26, 2014	3,328 [964 million baht]	3,289 (3,289) [964 million baht]	3.880	—	September 26, 2019
	7th privately offered unsecured bonds	February 24, 2015	3,931 [1,139 million baht]	3,886 (—) [1,139 million baht]	3.491	—	February 24, 2020
	8th privately offered unsecured bonds	March 12, 2015	5,175 [1,500 million baht]	—	—	—	—
	9th privately offered unsecured bonds	March 12, 2015	3,450 [1,000 million baht]	3,410 (—) [1,000 million baht]	4.100	—	March 12, 2020
	10th privately offered unsecured bonds	September 30, 2015	5,175 [1,500 million baht]	—	—	—	—
	11th privately offered unsecured bonds	September 30, 2015	1,725 [500 million baht]	1,705 (—) [500 million baht]	3.080	—	September 30, 2020
	12th privately offered unsecured bonds	February 25, 2016	6,900 [2,000 million baht]	6,820 (6,820) [2,000 million baht]	2.070	—	February 25, 2019
	13th privately offered unsecured bonds	February 25, 2016	6,900 [2,000 million baht]	6,820 (—) [2,000 million baht]	2.560	—	February 25, 2021
	14th privately offered unsecured bonds	September 15, 2016	3,450 [1,000 million baht]	3,410 (—) [1,000 million baht]	2.990	—	September 15, 2023
	15th privately offered unsecured bonds	September 15, 2016	3,450 [1,000 million baht]	3,410 (3,410) [1,000 million baht]	2.140	—	September 16, 2019
	16th privately offered unsecured bonds	March 30, 2017	5,175 [1,500 million baht]	5,115 (—) [1,500 million baht]	3.020	—	March 30, 2022
	17th privately offered unsecured bonds	June 7, 2017	3,450 [1,000 million baht]	3,410 (—) [1,000 million baht]	3.370	—	June 7, 2024
	18th privately offered unsecured bonds	November 24, 2017	3,450 [1,000 million baht]	3,410 (—) [1,000 million baht]	2.220	—	November 24, 2021
	19th privately offered unsecured bonds	April 27, 2018	—	3,410 (—) [1,000 million baht]	1.990	—	April 27, 2021
	20th privately offered unsecured bonds	October 22, 2018	—	5,115 (—) [1,500 million baht]	2.500	—	October 22, 2020
Total	—	—	256,560	244,211 (41,519)	—	—	—

- (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 2019 is stated.
4. The redemption schedule of bonds for 5 years subsequent to March 31, 2019, 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
41,519	47,116	53,640	50,115	28,410

[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	10,873	11,547	1.87	—
Commercial papers	29,998	39,998	0.05	—
Current portion of long-term loans payable	160,244	146,714	1.16	—
Current portion of lease obligations	573	523	1.83	—
Long-term loans payable (excluding current portion)	276,841	282,671	0.82	From March 31, 2020 to December 30, 2024
Lease obligations (excluding current portion)	1,150	896	2.16	From April 20, 2020 to December 29, 2023
Other interest-bearing debt (Deposits of banking business)	53,074	52,319	5.33	—
Total	532,757	534,670	—	—

- (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, 2019, is summarized as follows:

(Millions of yen)				
Category	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Long-term loans payable	84,967	55,350	66,833	45,020
Lease obligations	370	336	150	39

[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, 2018)	Second Quarter (Six months ended Sept. 30, 2018)	Third Quarter (Nine months ended Dec. 31, 2018)	Fourth Quarter (Fiscal year ended March 31, 2019)
Operating revenue	68,049	137,323	206,933	277,069
Profit before income taxes	23,205	48,192	71,128	55,334
Profit attributable to owners of parent	18,965	39,839	57,826	37,781
Basic earnings per share (Yen)	12.11	25.43	36.91	24.12

Each quarter	First Quarter (From April 1, 2018 to June 30, 2018)	Second Quarter (From July 1, 2018 to Sept. 30, 2018)	Third Quarter (From Oct. 1, 2018 to Dec. 31, 2018)	Fourth Quarter (From Jan. 1, 2019 to March 31, 2019)
Basic earnings (loss) per share (Yen)	12.11	13.32	11.48	(12.79)

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, 2018)	Current fiscal year (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	78,196	72,826
Accounts receivable - operating loans	*2, *3, *5 803,365	*2, *3, *5 821,943
Accounts receivable - installment	*6 52,445	*6 63,137
Securities	58	—
Raw materials and supplies	25	34
Prepaid expenses	612	763
Accrued income	15,529	15,833
Short-term loans receivable from subsidiaries and affiliates	2,600	1,300
Current portion of long-term loans receivable from subsidiaries and affiliates	630	—
Right to reimbursement	47,852	52,608
Other	2,564	3,483
Allowance for doubtful accounts	(57,230)	(58,410)
Total current assets	946,651	973,522
Noncurrent assets		
Property, plant and equipment		
Buildings	23,147	19,561
Accumulated depreciation	(19,369)	(16,713)
Buildings, net	3,778	2,847
Structures	3,848	3,411
Accumulated depreciation	(3,085)	(2,744)
Structures, net	763	667
Vehicles	2	—
Accumulated depreciation	(2)	—
Vehicles, net	0	—
Equipment	18,351	18,109
Accumulated depreciation	(8,996)	(9,139)
Equipment, net	9,355	8,969
Land	6,109	3,123
Lease assets	3,992	4,130
Accumulated depreciation	(2,435)	(2,868)
Lease assets, net	1,556	1,261
Total property, plant and equipment	21,563	16,869
Intangible assets		
Goodwill	4,063	3,250
Leasehold right	4	4
Software	5,895	4,593
Telephone subscription right	36	36
Other	1	1
Total intangible assets	10,001	7,886
Investments and other assets		
Investment securities	830	823
Subsidiaries and affiliates' stocks	20,231	21,437
Claims provable in bankruptcy, claims provable in rehabilitation and other	*3 1,375	*3 1,589
Long-term prepaid expenses	1,418	1,920
Deferred tax assets	36,068	36,919
Guarantee deposits	4,812	4,598
Prepaid pension costs	5,064	5,458
Other	1,201	483
Allowance for doubtful accounts	(870)	(990)
Total investments and other assets	70,132	72,240
Total noncurrent assets	101,697	96,996
Total assets	1,048,349	1,070,518

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Liabilities		
Current liabilities		
Accounts payable - trade	489	494
Commercial papers	29,998	39,998
Current portion of long-term loans payable	*4 150,572	*4 134,718
Current portion of bonds	35,000	28,000
Lease obligations	573	521
Accounts payable - other	4,791	3,270
Accrued expenses	7,462	8,419
Income taxes payable	2,582	5,348
Deposits received	329	350
Provision for loss on guarantees	*1 9,360	*1 8,850
Asset retirement obligations	85	10
Other	142	337
Total current liabilities	241,385	230,319
Noncurrent liabilities		
Bonds payable	166,000	163,000
Long-term loans payable	*4 246,150	*4 258,876
Lease obligations	1,150	890
Provision for loss on interest repayment	104,068	102,300
Asset retirement obligations	4,052	3,901
Other	1,542	438
Total noncurrent liabilities	522,965	529,406
Total liabilities	764,351	759,726
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	79,627	106,422
Total retained earnings	163,948	190,743
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	283,997	310,792
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	(0)
Total valuation and translation adjustments	0	(0)
Total net assets	283,997	310,792
Total liabilities and net assets	1,048,349	1,070,518

2) Non-consolidated Statement of Income

(Millions of yen)

	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Operating revenue		
Interest on operating loans	120,405	123,474
Revenue from credit card business	6,168	7,773
Revenue from credit guarantee	48,892	51,231
Other financial revenue		
Interest on deposits	0	0
Foreign exchange gains	—	10
Total other financial revenue	0	11
Other operating revenue	19,843	21,145
Total operating revenue	195,310	203,636
Operating expenses		
Financial expenses		
Interest expenses	4,263	3,652
Interest on bonds	1,448	1,349
Amortization of bond issuance cost	127	130
Other	601	487
Total financial expenses	6,442	5,619
Other operating expenses		
Advertising expenses	11,299	11,800
Provision of allowance for doubtful accounts	49,893	48,057
Provision for loss on guarantees	9,360	8,850
Provision for loss on interest repayment	—	39,479
Employees' salaries and bonuses	12,042	12,300
Retirement benefit expenses	718	644
Welfare expenses	2,006	1,997
Rent expenses	5,087	4,940
Depreciation	3,263	3,629
Commission fee	20,804	19,476
Amortization of goodwill	984	813
Other	11,639	12,391
Total other operating expenses	127,100	164,381
Total operating expenses	133,542	170,000
Operating profit	61,767	33,635

	(Millions of yen)			
	Prior fiscal year (From April 1, 2017 to March 31, 2018)		Current fiscal year (From April 1, 2018 to March 31, 2019)	
Non-operating income				
Interest income	*1	68	*1	42
Interest on securities		0		0
Dividend income	*1	3,167	*1	3,449
Other	*1	662	*1	467
Total non-operating income		3,899		3,960
Non-operating expenses				
Interest expenses		28		30
Foreign exchange losses		71		31
Loss on insurance cancellation		16		55
Other		79		6
Total non-operating expenses		195		124
Ordinary profit		65,471		37,472
Extraordinary income				
Gain on sales of noncurrent assets	*2	4	*2	345
Gain on sales of investment securities		25		3
Total extraordinary income		29		348
Extraordinary loss				
Loss on sales of noncurrent assets	*3	6	*3	258
Loss on retirement of noncurrent assets	*4	138	*4	185
Impairment loss		426		2,800
Loss on valuation of investment securities		0		6
Other	*5	2	*5	1
Total extraordinary losses		574		3,252
Profit before income taxes		64,926		34,568
Income taxes-current		2,759		5,492
Income taxes-deferred		(1,018)		(851)
Total income taxes		1,741		4,640
Profit		63,184		29,927

3) Non-consolidated Statement of Changes in Net Assets
For the prior fiscal year (from April 1, 2017, to March 31, 2018)

(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	16,443	100,763	(19,794)	220,812
Changes of items during the period										
Dividends of surplus										
Profit							63,184	63,184		63,184
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	63,184	63,184	—	63,184
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	79,627	163,948	(19,794)	283,997

	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	4	4	220,816
Changes of items during the period			
Dividends of surplus			
Profit			63,184
Net changes of items other than shareholders' equity	(3)	(3)	(3)
Total changes of items during the period	(3)	(3)	63,181
Balance at the end of the period	0	0	283,997

For the current fiscal year (from April 1, 2018, to March 31, 2019)

(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	79,627	163,948	(19,794)	283,997
Changes of items during the period										
Dividends of surplus							(3,133)	(3,133)		(3,133)
Profit							29,927	29,927		29,927
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	26,794	26,794	—	26,794
Balance at the end of the period	63,832	72,322	3,687	76,010	4,320	80,000	106,422	190,743	(19,794)	310,792

	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	0	0	283,997
Changes of items during the period			
Dividends of surplus			(3,133)
Profit			29,927
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes of items during the period	(0)	(0)	26,794
Balance at the end of the period	(0)	(0)	310,792

[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

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

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 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: 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.

(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.

(2) Hedging instruments and hedging items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

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

(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.

(4) Method for evaluating hedging effectiveness

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.

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)

<Changes associated with the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”>

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the current fiscal year. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under noncurrent liabilities.

Consequently, in the non-consolidated balance sheet for the prior fiscal year, “Deferred tax assets” under “Current assets” decreased by 37,632 million yen and “Deferred tax assets” under “Investments and other assets” increased by 36,068 million yen, while “Deferred tax liabilities” under “Noncurrent liabilities” decreased by 1,564 million yen.

As “Deferred tax assets” and “Deferred tax liabilities” offset each other in the same taxable entity, total assets, total liabilities, and total liabilities and net assets decreased by 1,564 million yen, respectively.

In addition, notes on “Accounting Standard for Tax Effect Accounting” (Note 8) (1) (excluding total of valuation allowance) provided in Item 4 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting” have been added to the Notes to the Method of Tax Effect Accounting. However, related matters pertaining to the prior fiscal year have not been stated under the transitional treatment provided in Item 7 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting.”

<Non-consolidated statement of income>

In the prior fiscal year, “Loss on insurance cancellation” was included in “Other” under non-operating expenses. As its quantitative materiality became significant, “Loss on insurance cancellation” has been listed separately in the current fiscal year. To reflect this change in presentation, the financial statements for the prior fiscal year have been reclassified.

As a result, 95 million yen of “Other” under non-operating expenses of the non-consolidated statement of income for the prior fiscal year has been reclassified into 16 million yen of “Loss on insurance cancellation” and 79 million yen of “Other.”

(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, 2018)	Current fiscal year (As of March 31, 2019)
Guarantee obligation	1,056,532	1,058,760
Provision for loss on guarantees	9,360	8,850
Net	1,047,172	1,049,910

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

Prior fiscal year (As of March 31, 2018)

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 359,685 million yen at the end of the fiscal year. This included a total of 193,858 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, 2019)

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 386,385 million yen at the end of the fiscal year. This included a total of 217,588 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, 2018)	Current fiscal year (As of March 31, 2019)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	308	275

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Loans to bankrupt parties	788	769
Loans in arrears	23,774	24,140
Loans overdue by three months or more	1,767	1,839
Restructured loans	30,582	31,302
Total	56,912	58,052

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, 2018)	Current fiscal year (As of March 31, 2019)
Amount of agreement for overdraft and commitment line	44,600	44,600
Amount of borrowing	—	—
Net	44,600	44,600

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

	Prior fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
Unsecured consumer loans in accounts receivable - operating loans	797,284	816,738

*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, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Interest income	63	38
Dividends income	3,154	3,433
Guarantee commission received	3	—
Part-time director's bonus	3	3
Total	3,224	3,475

- *2. Breakdown of gain on sales of noncurrent assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings	4	344
Vehicles	—	0
Equipment	—	0
Total	4	345

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Structures	—	1
Equipment	0	6
Land	6	250
Total	6	258

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Buildings	79	107
Structures	44	63
Equipment	14	13
Telephone subscription right	0	—
Total	138	185

*5. Breakdown of other extraordinary loss

	(Millions of yen)	
	Prior fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Lump sum amortization of long-term prepaid expenses	—	0
Losses on retirement, including amortization of lease and guarantee deposits	2	1
Loss on sales of golf club memberships	0	0
Total	2	1

6. 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, 2018)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	5,365	7,682	2,316
Affiliates' stocks	—	—	—
Total	5,365	7,682	2,316

For the current fiscal year (As of March 31, 2019)

(Millions of yen)

Category	Carrying amount	Market value	Difference
Subsidiaries' stocks	6,572	9,277	2,704
Affiliates' stocks	—	—	—
Total	6,572	9,277	2,704

(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, 2018)	Current fiscal year (As of March 31, 2019)
Subsidiaries' stocks	14,365	14,365
Affiliates' stocks	500	500
Total	14,865	14,865

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, 2018)	Current fiscal year (As of March 31, 2019)
Deferred tax assets		
Bad debt expenses	16,880	19,499
Allowance for doubtful accounts	7,491	7,280
Provision for loss on guarantees	2,866	2,709
Provision for loss on interest repayment	31,865	31,324
Accrued bonuses	481	437
Unrecognized accrued interest	485	499
Software	3,168	3,604
Deferred assets	349	282
Deferred consumption taxes	362	353
Loss on valuation of securities	170	163
Loss on valuation of shares of subsidiaries and affiliates	1,034	1,034
Enterprise tax payable	269	391
Impairment loss	255	255
Asset retirement obligations	1,156	1,099
Stock dividends	3,493	3,493
Retained tax loss	126,226	99,976
Other	385	395
Deferred tax assets (subtotal)	196,946	172,802
Valuation allowance pertaining to retained tax loss	—	(93,650)
Valuation allowance pertaining to total deductible temporary difference	—	(40,560)
Valuation allowance (subtotal)	(159,313)	(134,211)
Deferred tax assets (total)	37,632	38,591
Deferred tax liabilities		
Prepaid pension costs	1,550	1,671
Other	13	—
Total deferred tax liabilities	1,564	1,671
Balance of net deferred tax assets	36,068	36,919

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, 2018)	Current fiscal year (As of March 31, 2019)
Normal effective statutory tax rate	30.9%	30.6%
(Adjustment)		
Changes in valuation allowance	(51.5%)	(73.9%)
Amortization of goodwill	0.4%	0.7%
Dividends income and other items not counted for tax purposes	(3.0%)	(3.0%)
Withholding income tax relating to dividends from overseas subsidiaries	0.7%	0.6%
Expiration of retained loss	24.4%	57.9%
Other	0.8%	0.5%
Actual effective tax rate	2.7%	13.4%

(Significant Subsequent Events)

<Sales of shares of a consolidated subsidiary>

The Company accepted cash offer from MUFG Bank, Ltd. and sold all holding shares of PT. Bank Nusantara Parahyangan, Tbk., a consolidated subsidiary, on April 29, 2019 based on a resolution at the Board of Directors meeting held on March 15, 2019.

We expect to record gain on sales of subsidiaries and affiliates' stocks of 10,824 million yen in extraordinary income in the fiscal year ending March 31, 2020, following the above sale of shares.

Details are described in (Significant Subsequent Events) in [Notes] of (1) Consolidated Financial Statements under 1. Consolidated Financial Statements, etc. of V. Financial Information.

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 (22 brands)	1,122,454	43
Total			1,146,689	821

[Others]

Classification and name			Number of units invested, etc.	Carrying amount (Millions of yen)
Investment securities	Other securities	Equity in limited investment partnership (one brand)	5	1
Total			5	1

[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	23,147	178	3,764 (457)	19,561	16,713	424	2,847
Structures	3,848	60	497 (5)	3,411	2,744	86	667
Vehicles	2	—	2	—	—	—	—
Equipment	18,351	228	470 (0)	18,109	9,139	592	8,969
Land	6,109	—	2,986 (2,337)	3,123	—	—	3,123
Lease assets	3,992	257	119	4,130	2,868	552	1,261
Total property, plant and equipment	55,453	725	7,842 (2,800)	48,336	31,466	1,656	16,869
Intangible assets							
Goodwill	12,008	—	—	12,008	8,758	813	3,250
Leasehold right	4	—	—	4	—	—	4
Software	11,209	654	—	11,863	7,270	1,956	4,593
Telephone subscription right	36	—	—	36	—	—	36
Other (right to use specific communication channel, etc.)	13	—	—	13	12	—	1
Total intangible assets	23,272	654	—	23,926	16,040	2,770	7,886
Long-term prepaid expenses	3,492	995	584	3,903	1,983	30	1,920

(Note) Figures in brackets “()” in the column of “Decrease during the period” represents the amounts of impairment losses for the current fiscal year.

[Schedule of allowances]

(Millions of yen)

Category	Balance at the beginning of current fiscal year	Increase during the period	Decrease during the period		Balance at the end of current fiscal year
			Used for primary purposes	Others	
Allowance for doubtful accounts	58,100	57,434	56,116	17	59,400
Provision for loss on guarantees	9,360	8,850	9,360	—	8,850
Provision for loss on interest repayment	104,068	39,479	41,248	—	102,300

(Note) “Decrease during the period (others)” in the amount of “Allowance for doubtful accounts” consists of the following.

Reversal due to payment	17 million yen
Gain on reversal of allowance for doubtful accounts of golf club memberships	0 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 August 23, 2018

(2) Correction of Shelf Registration was submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2018.

(3) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

The Annual Securities Report for the 41st fiscal year (from April 1, 2017, to March 31, 2018) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2018.

(4) Internal Control Report

The Internal Control Report was submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2018.

(5) Quarterly Securities Report and Confirmation Letter thereof

The Quarterly Securities Report for the 1st Quarter (from April 1, 2018, to June 30, 2018) of the 42nd fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on August 14, 2018.

The Quarterly Securities Report for the 2nd Quarter (from July 1, 2018, to September 30, 2018) of the 42nd fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 14, 2018.

The Quarterly Securities Report for the 3rd Quarter (from October 1, 2018, to December 31, 2018) of the 42nd fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2019.

(6) Extraordinary Report

The Extraordinary Report according to the provision of Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at the shareholders' general meetings) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. was submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2018.

Part II Information on Guarantors for the Filing Company

Not applicable