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Convocation Notice

Securities Code: 8572
May 31, 2017

To Shareholders with Voting Rights

Shigeyoshi Kinoshita
Chairman & President
ACOM CO., LTD.
1-1, Marunouchi 2-chome,
Chiyoda-ku, Tokyo, Japan

CONVOCATION NOTICE FOR THE 40TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 40th Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

Even if you are unable to attend the meeting, you can still exercise your voting rights by mail or via the Internet. Please exercise your voting rights after a careful review of the Reference Documents for the General Meeting of Shareholders presented hereunder.

1. Date and Time: Thursday, June 22, 2017, at 10:00 a.m.

2. Place: MY PLAZA HALL, 4th floor, Meiji Yasuda Seimei Building (Marunouchi MY PLAZA), located at 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan

3. Agenda of the Meeting:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Company Auditors for the 40th fiscal year (from April 1, 2016, to March 31, 2017)
 2. Non-consolidated Financial Statements for the 40th fiscal year (from April 1, 2016, to March 31, 2017)

Proposal to be resolved:

- Proposal No. 1:** Partial Amendments to the Articles of Incorporation
- Proposal No. 2:** Election of Six Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of Four Directors Serving as Audit and Supervisory Committee Members
- Proposal No. 4:** Determination of Amount of Remuneration to Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal No. 5:** Determination of Amount of Remuneration to Directors Serving as Audit and Supervisory Committee Members

4. Internet-based disclosure on the Company's website:

- (1) In accordance with relevant laws and regulations, and the provisions of Article 15 of the Articles of Incorporation of the Company, the Company has posted the following information on its website on the Internet, and so these notes have not been included in this notice. Therefore, the documents attached to this notice are part of the documents audited by the Company Auditors and Accounting Auditor in preparing the Audit Report.
- Notes to the Consolidated Financial Statements
 - Notes to the Non-consolidated Financial Statements
- (2) If there is any amendment to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, such amendment will be posted on the Company's website on the Internet.

The Company's website (Japanese): https://www.acom.co.jp/corp/ir/index.html
*Please access the following for information in English: https://www.acom.co.jp/corp/english/ir/index.html

- If you exercise your voting rights by proxy, you may only delegate your voting rights to a proxy who is a shareholder holding voting rights in the Company. In such cases, only one proxy is allowed.
- We kindly ask you to bring this Notice and other documents we mail you in advance, where possible. These documents will be available at the meeting venue, but in limited supply. Thank you for your understanding.

Reference Documents for General Meeting of Shareholders

Proposal and references

Proposal No. 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

The Company plans to adopt an “Audit and Supervisory Committee” structure with the aim of expediting decision-making, strengthening supervisory functions of the Board of Directors and improving transparency and objectivity of the management.

The Company proposes, in line with the adoption of an Audit and Supervisory Committee structure, to make amendments as required, including establishing new provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee Members and deleting provisions concerning the Board of Company Auditors and Company Auditors.

The amendments to the Articles of Incorporation shall take effect at the conclusion of this General Meeting of Shareholders.

2. Details of the amendments

Details of the amendments are as follows:

(Underlined parts are amended)

Current Articles of Incorporation	Proposed Amendments
Article 1 to Article 3 (Omitted)	Article 1 to Article 3 (Unchanged)
Article 4 (Organizations) The Company shall have Shareholders Meetings and Directors, as well as the following organizations: (1) Board of Directors (2) <u>Company Auditors</u> (3) <u>Board of Company Auditors</u> (4) Accounting Auditors	Article 4 (Organizations) The Company shall have Shareholders Meetings and Directors, as well as the following organizations: (1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (Deleted) (3) Accounting Auditors
Article 5 to Article 17 (Omitted)	Article 5 to Article 17 (Unchanged)
Article 18 (Number) The Company shall have not more than <u>twelve</u> (12) Directors. (New)	Article 18 (Number) 1. The Company shall have not more than <u>ten</u> (10) Directors <u>(excluding those serving as Audit and Supervisory Committee Members)</u> . 2. <u>The Company shall have not more than five (5) Directors serving as Audit and Supervisory Committee Members.</u>
Article 19 (Method of Election) 1. Directors shall be elected at a general meeting of shareholders.	Article 19 (Method of Election) 1. <u>Directors serving as Audit and Supervisory Committee Members and other</u> Directors shall be elected <u>separately</u> at a general meeting of shareholders.
2. (Omitted)	2. (Unchanged)
3. (Omitted)	3. (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p>Article 20 (Term of Office)</p> <p>The term of office of Directors shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ended within one (1) year after their appointments.</p> <p>(New)</p> <p>(New)</p> <p>(New)</p>	<p>Article 20 (Term of Office)</p> <p>1. The term of office of Directors <u>(excluding those serving as Audit and Supervisory Committee Members)</u> shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ended within one (1) year after their appointments.</p> <p>2. <u>The term of office of Directors serving as Audit and Supervisory Committee Members shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ended within two (2) years after their appointments.</u></p> <p>3. <u>The term of office of any Director serving as an Audit and Supervisory Committee Member elected to fill any vacancy of any former Director serving as an Audit and Supervisory Committee Member who resigned before the expiration of the term of office shall expire when the term of office of his or her predecessor Director serving as an Audit and Supervisory Committee Member would expire.</u></p> <p>4. <u>The effective term of pre-election of Directors serving as Audit and Supervisory Committee Members elected to fill a vacancy shall expire at the commencement of the ordinary general meeting of shareholders held with respect to the last business year ended within two (2) years after their appointments.</u></p>
<p>Article 21 (Representative Directors and Directors with Special Titles)</p> <p>1. Representative Directors of the Company shall be elected by a resolution of the Board of Directors.</p> <p>2. The Board of Directors may, by its resolution, appoint <u>from among Directors</u>, one Chairman, one Deputy Chairman and one President and one or more Deputy Presidents, Senior Managing Directors, Managing Directors and Executive Counselors.</p>	<p>Article 21 (Representative Directors and Directors with Special Titles)</p> <p>1. Representative Directors of the Company shall be elected <u>from Directors (excluding those serving as Audit and Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p> <p>2. The Board of Directors may, by its resolution, appoint one Chairman, one Deputy Chairman and one President and one or more Deputy Presidents, Senior Managing Directors, Managing Directors and Executive Counselors, <u>from Directors (excluding those serving as Audit and Supervisory Committee Members).</u></p>
<p>Article 22 (Omitted)</p>	<p>Article 22 (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 23 (Notice of Convocation)</p> <p>1. Notice of convocation of a meeting of the Board of Directors shall be dispatched to <u>each Director and Company Auditor</u> not later than three (3) days prior to the date set for such meeting: provided, however, in the case of urgency, this period may be shortened.</p> <p>2. Upon the consent of all of <u>the Directors and the Company Auditors</u>, a meeting of the Board of Directors may be held without taking the procedures for convocation.</p>	<p>Article 23 (Notice of Convocation)</p> <p>1. Notice of convocation of a meeting of the Board of Directors shall be dispatched to <u>each Director</u> not later than three (3) days prior to the date set for such meeting: provided, however, in the case of urgency, this period may be shortened.</p> <p>2. Upon the consent of all of <u>the Directors</u>, a meeting of the Board of Directors may be held without taking the procedures for convocation.</p>
Article 24 (Omitted)	Article 24 (Unchanged)
Article 25 (Omitted)	Article 25 (Unchanged)
(New)	<p><u>Article 26 (Delegation of Decision on the Execution of Significant Business Operations)</u></p> <p><u>In accordance with the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may, by a resolution of the Board of Directors, delegate the decision on the execution of significant business operations (excluding matters listed in each item of Paragraph 5 of the Article) to Directors in whole or part.</u></p>
Article 26 (Omitted)	Article 27 (Unchanged)
<p>Article 27 (Remuneration)</p> <p>Remuneration, bonuses and other <u>compensation</u> (hereinafter, the “Remuneration”) which shall be paid to Directors as consideration for the performance of duties shall be determined by a resolution of a general meeting of shareholders.</p>	<p>Article 28 (Remuneration)</p> <p>Remuneration, bonuses and other <u>compensation</u> which shall be paid to <u>Directors serving as Audit and Supervisory Committee Members and other</u> Directors as consideration for the performance of duties shall be determined <u>separately</u> by a resolution of a general meeting of shareholders.</p>
Article 28 (Omitted)	Article 29 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER V <u>COMPANY AUDITORS AND BOARD OF</u> <u>COMPANY AUDITORS</u></p> <p><u>Article 29 (Number)</u> <u>The Company shall have not more than five (5) Company Auditors.</u></p> <p><u>Article 30 (Method of Election)</u> 1. <u>Company Auditors shall be elected at a general meeting of shareholders.</u> 2. <u>The resolution for election of Company Auditors shall be adopted by a majority of the votes of the shareholders present thereat having not less than one-third (1/3) of the voting rights of the shareholders entitled to exercise their voting rights.</u></p> <p><u>Article 31 (Term of Office)</u> 1. <u>The term of office of Company Auditors shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ended within four (4) years after their appointments.</u> 2. <u>The term of office of any Company Auditor elected to fill any vacancy of any former Company Auditor who resigned before the expiration of the term of office shall expire when the term of office of his predecessor Company Auditor would expire.</u></p> <p><u>Article 32 (Full-time Company Auditors)</u> <u>The Board of Company Auditors shall, by its resolution, appoint one or more Full-time Company Auditors.</u></p> <p><u>Article 33 (Notice of Convocation)</u> 1. <u>Notice of convocation of a meeting of the Board of Company Auditors shall be dispatched to each Company Auditors not later than three (3) days prior to the date set for such meeting; provided, however, in the case of urgency, this period may be shortened.</u> 2. <u>Upon the consent of all of the Company Auditors, a meeting of the Board of Company Auditors may be held without taking the procedures for convocation.</u></p>	<p style="text-align: center;">CHAPTER V <u>AUDIT AND SUPERVISORY COMMITTEE</u></p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p> <p><u>Article 30 (Notice of Convocation)</u> 1. <u>Notice of convocation of a meeting of the Audit and Supervisory Committee shall be dispatched to each Audit and Supervisory Committee Member not later than three (3) days prior to the date set for such meeting; provided, however, in the case of urgency, this period may be shortened.</u> 2. <u>Upon the consent of all of the Audit and Supervisory Committee Members, a meeting of the Audit and Supervisory Committee may be held without taking the procedures for convocation.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article <u>34</u> (Method of Adopting Resolutions) <u>Unless otherwise provided for by laws or ordinances, a resolution of the meeting of the Board of Company Auditors shall be adopted by a majority of the votes of the Company Auditors then in office.</u></p> <p>Article <u>35</u> (Regulations of <u>the Board of Company Auditors</u>) Matters concerning <u>the Board of Company Auditors</u> shall be governed by the Regulations of <u>the Board of Company Auditors</u> established by <u>the Board of Company Auditors</u> in addition to laws or ordinances or these Articles of Incorporation.</p> <p><u>Article 36 (Remuneration)</u> <u>Remuneration for Company Auditors shall be determined by a resolution of a general meeting of shareholders.</u></p> <p><u>Article 37 (Limitation of Liabilities of Company Auditors)</u> 1. <u>The Company may, by a resolution of the Board of Directors, exempt Company Auditors (including ex-Company Auditors) failing to perform their duties from their liabilities for damage pursuant to Article 426, Paragraph 1 of the Companies Act to the extent permitted by laws and regulations.</u> 2. <u>The Company may enter into an agreement with Company Auditors, pursuant to Article 427, Paragraph 1 of the Companies Act, which limits the maximum amount of their liabilities for damage regarding failure to perform their duties; provided, however, that such limitation of liability under the relevant agreement shall be limited to the extent permitted by laws and regulations.</u></p>	<p>Article <u>31</u> (Method of Adopting Resolutions) <u>A resolution of the meeting of the Audit and Supervisory Committee shall be adopted by a majority of votes by Audit and Supervisory Committee Members provided a majority of the Audit and Supervisory Committee Members are in attendance.</u></p> <p>Article <u>32</u> (Regulations of <u>the Audit and Supervisory Committee</u>) Matters concerning <u>the Audit and Supervisory Committee</u> shall be governed by the Regulations of <u>the Audit and Supervisory Committee</u> established by <u>the Audit and Supervisory Committee</u> in addition to laws or ordinances or these Articles of Incorporation.</p> <p>(Deleted)</p> <p>(Deleted)</p>
<p>Article <u>38</u> to Article <u>41</u> (Omitted) (New)</p>	<p>Article <u>33</u> to Article <u>36</u> (Unchanged)</p> <p><u>Supplementary Provisions</u> <u>(Transitional Measure Regarding Limitation of Liabilities of Company Auditors)</u> The Company may, by a resolution of the Board of Directors, exempt Company Auditors (including ex-Company Auditors) failing to perform their duties assigned prior to partial amendment to the Articles of Incorporation which was resolved at the 40th Ordinary General Meeting of Shareholders taking effect, from their liabilities for damage pursuant to Article 426, Paragraph 1 of the Companies Act to the extent permitted by laws and regulations.</p>

Proposal No. 2: Election of Six Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

All eight Directors will complete their terms of office at the conclusion of this Ordinary General Meeting of Shareholders.

In addition, the Company will adopt an Audit and Supervisory Committee structure when Proposal No. 1 “Partial Amendments to the Articles of Incorporation” is approved as proposed.

Accordingly, the Company proposes that six Directors (excluding Directors serving as Audit and Supervisory Committee Members) be elected.

This proposal shall take effect subject to the amendments to the Articles of Incorporation proposed under Proposal No. 1 “Partial Amendments to the Articles of Incorporation” taking effect.

Candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are as follows.

List of candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members):

No.	Name	Current position and assignment at the Company and significant concurrent positions	Remarks
1	Shigeyoshi Kinoshita	Chairman, President and Chief Executive Officer	Reappointed
2	Masataka Kinoshita	Managing Director and Executive Managing Officer In charge of Human Resources Dept., General Affairs Dept. and Business Planning Dept. In charge of Special Mission on Innovation Planning	Reappointed
3	Teruyuki Sagehashi	Managing Director and Executive Managing Officer In charge of Corporate Planning Dept. and Finance Dept.	Reappointed
4	Atsushi Murakami	Director (Significant concurrent position) Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. Managing Director (Representative Director), The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Reappointed
5	Kaoru Wachi	(Significant concurrent position) Representative Director, President, The Master Trust Bank of Japan, Ltd.	Newly appointed
6	Noriyoshi Watanabe	Executive Managing Officer Vice in charge of Corporate Planning Dept.	Newly appointed

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
1	<p><u>Reappointed</u></p> <p>Shigeyoshi Kinoshita (April 14, 1949)</p> <p>Cumulative years of service as Director of the Company: 34 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2017: Attendance at 18 out of 18 meetings (100%)</p> <p>Number of shares of the Company held: 30,007,260 shares</p>	<p>April 1973 Joined Marubeni Corporation</p> <p>April 1978 Joined Japan Consumer Finance Co., Ltd.</p> <p>February 1983 Director and Chief General Manager, General Affairs Dept. of the Company</p> <p>May 1984 Director and Chief General Manager, Accounting Dept. of the Company</p> <p>August 1986 Managing Director of the Company</p> <p>June 1988 Managing Director and Head of Business Promotion Division of the Company</p> <p>October 1991 Representative and Senior Managing Director of the Company</p> <p>October 1992 Representative and Senior Managing Director and Head of the Loan Sales Division of the Company</p> <p>October 1996 Representative Director and Deputy President of the Company</p> <p>June 2000 Representative Director and President of the Company</p> <p>June 2003 President and Chief Executive Officer of the Company (to present)</p> <p>June 2010 Chairman, President and Chief Executive Officer of the Company (to present)</p>
	<p>[Reason for nomination as a candidate for Director]</p> <p>As President, Mr. Shigeyoshi Kinoshita has an excellent track record of serving as the driving force of the Company and the Group for a number of years, backed by his wealth of experience and sophisticated insight in general management. It is believed he will contribute further to the growth and development of the Company and the Group. Therefore, the Company proposes his election as a Director.</p>	

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
2	<p><u>Reappointed</u></p> <p>Masataka Kinoshita (September 19, 1977)</p> <p>Cumulative years of service as Director of the Company: 2 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2017: Attendance at 17 out of 18 meetings (94%)</p> <p>Number of shares of the Company held: 10,203,120 shares</p>	<p>September 2005 Joined the Company</p> <p>October 2009 General Manager, Credit Supervision Division of the Company</p> <p>January 2010 General Manager, Corporate Planning Dept. of the Company</p> <p>April 2010 General Manager, Guarantee Business Dept. of the Company</p> <p>April 2012 General Manager, Business Promotion Dept. of the Company</p> <p>April 2013 Chief General Manager, Business Planning Dept. of the Company</p> <p>April 2014 Executive Officer and Chief General Manager, Business Planning Dept. of the Company</p> <p>June 2014 Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Dept. of the Company</p> <p>April 2015 Executive Managing Officer and Deputy Head of Credit Business Promotion Division</p> <p>June 2015 Managing Director of the Company (to present)</p> <p>June 2015 Executive Managing Officer and Head of Credit Business Promotion Division of the Company</p> <p>June 2016 Executive Managing Officer (to present)</p> <p>(Assignment)</p> <p>In charge of Human Resources Dept., General Affairs Dept. and Business Planning Dept.</p> <p>In charge of Special Mission on Innovation Planning</p>
	<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Masataka Kinoshita has served as General Manager of the loan business and the guarantee business as well as Executive Officer, and has the wealth of knowledge and track record necessary to promote operations accurately and efficiently. Since assuming the position of Director, he has used that knowledge and experience to ably perform his role and responsibilities and is expected to implement strategies towards the further business growth and enhanced business performance of the Company. Therefore, the Company proposes his election as a Director.</p>	

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
3	<p><u>Reappointed</u></p> <p>Teruyuki Sagehashi (October 27, 1955)</p> <p>Cumulative years of service as Director of the Company: 2 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2017: Attendance at 18 out of 18 meetings (100%)</p> <p>Number of shares of the Company held: 4,000 shares</p>	<p>December 1981 Joined the Company</p> <p>April 2002 General Manager, Corporate Management Dept. of the Company</p> <p>June 2003 Chief General Manager, Human Resources Dept. of the Company</p> <p>June 2004 General Manager, Internal Audit Dept. of the Company</p> <p>April 2005 General Manager, Internal Audit Dept. of the Company</p> <p>June 2005 Chief General Manager, Internal Audit Dept. of the Company</p> <p>October 2005 Chief General Manager, Operation Risk Management Dept. of the Company</p> <p>April 2007 Chief General Manager, Business Operations Planning Dept. of the Company</p> <p>April 2008 Executive Officer and Chief General Manager, Business Operations Planning Dept. of the Company</p> <p>April 2010 Executive Officer and Chief General Manager, System Development & Administration Dept. of the Company</p> <p>June 2012 Executive Managing Officer and Chief General Manager, System Development & Administration Dept. of the Company</p> <p>April 2014 Executive Managing Officer of the Company (to present)</p> <p>June 2015 Managing Director of the Company (to present) (Assignment)</p> <p>In charge of Corporate Planning Dept. and Finance Dept.</p>
	<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Teruyuki Sagehashi has served as General Manager of the Corporate Management, Human Resources, Internal Audit, Business Operations Planning and System Development & Administration divisions as well as Executive Officer, and has the wealth of experience and extensive insight necessary to streamline and promote the internal control system. Since assuming the position of Director, he has used his knowledge and experience to ably perform his role and responsibilities, and he is expected to contribute to the implementation of strategies towards the further business growth and enhanced business performance of the Company. Therefore, the Company proposes his election as a Director.</p>	

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
4	<p><u>Reappointed</u> Atsushi Murakami (May 9, 1961)</p> <p>Cumulative years of service as Director of the Company: 1 year</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2017: Attendance at 11 out of 13 meetings (84%)</p> <p>*The Board of Directors meetings held before his assumption of office as Director on June 23, 2016 are not counted.</p> <p>Number of shares of the Company held: 0 shares</p>	<p>April 1984 May 2010 May 2010 June 2010 June 2010 June 2011 May 2012 May 2012 May 2013 May 2013 May 2014 May 2014 May 2015 May 2016 May 2016 June 2016 June 2016</p> <p>Joined The Sanwa Bank, Ltd. General Manager, Consumer Finance Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. General Manager, Consumer Finance Planning Division, Mitsubishi UFJ Financial Group, Inc. Executive Officer and General Manager, Consumer Finance Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Executive Officer and General Manager, Consumer Finance Planning Division, Mitsubishi UFJ Financial Group, Inc. Outside Director, JCB Co., Ltd. Executive Officer and General Manager, Retail Business Promotion Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Executive Officer and General Manager, Retail Business Promotion Planning Division, Mitsubishi UFJ Financial Group, Inc. Executive Officer and General Manager, Retail Banking Planning Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Executive Officer and General Manager, Retail Business Planning Division, Mitsubishi UFJ Financial Group, Inc. Managing Executive Officer, Deputy Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Executive Officer, Mitsubishi UFJ Financial Group, Inc. Outside Director, Bank of Ayudhya Public Company Limited Managing Executive Officer, Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Managing Executive Officer, Group Head, Retail Banking Business Group, Mitsubishi UFJ Financial Group, Inc. (to present) Director of the Company (to present) Managing Director (Representative Director), Chief Executive, Retail Banking Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (to present)</p> <p>(Significant concurrent position) Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. Managing Director (Representative Director), The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p>
	<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Atsushi Murakami has served as Executive Officer and General Manager of the retail business including the consumer finance business of Mitsubishi UFJ Financial Group, Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., and it is expected that his wealth of knowledge and experience can be utilized for the further growth of the Company and in the supervision of execution of business. Therefore, the Company proposes his election as a Director.</p>	

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
5	<p>Newly appointed</p> <p>Kaoru Wachi (December 9, 1955)</p> <p>Number of shares of the Company held: 0 shares</p>	<p>April 1978 Joined The Mitsubishi Trust and Banking Corporation (MTB)</p> <p>April 2002 General Manager, Osaka Pension Business Division of MTB</p> <p>May 2003 General Manager, Trust Business Division of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>March 2004 General Manager, Trust Assets Planning Division of MTB</p> <p>April 2004 General Manager, Asset Management and Administration Planning Division of Mitsubishi Tokyo Financial Group, Inc.</p> <p>June 2005 Executive Officer and General Manager, Asset Management and Administration Planning Division of Mitsubishi Tokyo Financial Group, Inc.</p> <p>June 2005 Executive Officer and General Manager, Trust Assets Planning Division of MTB</p> <p>October 2005 Executive Officer and General Manager, Asset Management and Administration Planning Division of Mitsubishi UFJ Financial Group, Inc.</p> <p>October 2005 Executive Officer and General Manager, Trust Assets Planning Division of Mitsubishi UFJ Trust and Banking Corporation (MUTB)</p> <p>June 2008 Director of Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2008 Managing Director of MUTB</p> <p>June 2010 Senior Managing Director of MUTB</p> <p>June 2011 Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2012 Group Head, Trust Assets Consolidation Business Group</p> <p>June 2013 Director and Deputy President of MUTB</p> <p>June 2014 Representative Director and President of M.U. Trust Sougou Kanri Co., Ltd.</p> <p>Representative Director, President of The Master Trust Bank of Japan, Ltd. (to present)</p> <p>(Significant concurrent position) Representative Director, President, The Master Trust Bank of Japan, Ltd.</p>
	<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Kaoru Wachi has an excellent track record in the banking business and is an experienced corporate manager. Based on that experience, he is expected to fully play a role in conducting highly effective supervision of management of the Company. Therefore, the Company proposes his election as a Director.</p>	

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
6	<p>Newly appointed</p> <p>Noriyoshi Watanabe (April 7, 1957)</p> <p>Number of shares of the Company held: 4,000 shares</p>	<p>March 1982 Joined the Company</p> <p>April 2000 General Manager, Corporate Strategy Dept. of the Company</p> <p>August 2001 Chief General Manager, Corporate Strategy Dept. of the Company</p> <p>June 2003 Chief General Manager, Corporate Planning Dept. of the Company</p> <p>April 2007 Chief General Manager, Marketing Dept. of the Company</p> <p>December 2007 Executive Managing Officer of Japan Financial Services Association</p> <p>April 2010 Chief General Manager, Marketing Dept. of the Company</p> <p>April 2011 Chief General Manager, Business Planning Dept. of the Company</p> <p>April 2012 Executive Officer and Chief General Manager, Business Planning Dept. of the Company</p> <p>June 2012 Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company</p> <p>April 2017 Executive Managing Officer and Chief General Manager, Corporate Planning Dept. of the Company (to present)</p> <p>(Assignment) Vice in charge of Corporate Planning Dept.</p>
	<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Noriyoshi Watanabe has a wealth of experience and excellent insight, serving as General Manager of the Business Planning and Corporate Planning divisions of the Company as well as Executive Officer for a number of years, and is well versed in the operations of the Company. He is expected to contribute to the implementation of strategies towards the further business growth and enhanced business performance of the Company. Therefore, the Company proposes his election as a Director.</p>	

- Notes: 1. Mr. Atsushi Murakami is Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc. and Managing Director (Representative Director) of The Bank of Tokyo-Mitsubishi UFJ, Ltd., both of which are in competition with the Company. There is no conflict of interest between the Company and each of the other candidates.
2. Mr. Atsushi Murakami is Managing Executive Officer, Group Head, Retail Banking Business Group of Mitsubishi UFJ Financial Group, Inc., which is the Company's parent company, and Managing Director (Representative Director), Chief Executive, Retail Banking Business Unit of The Bank of Tokyo-Mitsubishi UFJ, Ltd., which is a subsidiary of the Company's parent company.
3. The Company has entered into a limited liability agreement with Mr. Atsushi Murakami that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act, based on the provisions in Article 427, Paragraph 1 of the Act. The liability for damages under the agreement is limited to the minimum amount stipulated in the relevant laws and ordinances, and the agreement with Mr. Atsushi Murakami is scheduled to be renewed upon his reappointment.
4. Mr. Kaoru Wachi is Representative Director, President of The Master Trust Bank of Japan, Ltd., which is a subsidiary of the Company's parent company. He was also Director and Deputy President of Mitsubishi UFJ Trust and Banking Corporation and Representative Director and President of M.U. Trust Sougou Kanri Co., Ltd., both of which are a subsidiary of the Company's parent company, within the past five years.

Proposal No. 3: Election of Four Directors Serving as Audit and Supervisory Committee Members

The Company will adopt an Audit and Supervisory Committee structure when Proposal No. 1 “Partial Amendments to the Articles of Incorporation” is approved as proposed.

Accordingly, the Company proposes that four Directors serving as Audit and Supervisory Committee Members be elected.

The consent of the Board of Company Auditors has been obtained with respect to this proposal.

This proposal shall take effect subject to the amendments to the Articles of Incorporation proposed under Proposal No. 1 “Partial Amendments to the Articles of Incorporation” taking effect.

Candidates for Directors serving as Audit and Supervisory Committee Members are as follows.

List of candidates for Directors serving as Audit and Supervisory Committee Members:

No.	Name	Current position and assignment at the Company and significant concurrent positions	Remarks
1	Kazuo Fukumoto	Managing Director and Executive Managing Officer In charge of Treasury Dept. and System Development & Administration Division	Newly appointed
2	Tatsuya Ito	Full-time Outside Company Auditor	Newly appointed Outside Director Independent Director
3	Osamu Takada	Outside Company Auditor (Significant concurrent position) Outside Director, TOHOKU CHEMICAL CO., LTD.	Newly appointed Outside Director Independent Director
4	Takashi Doi	Outside Company Auditor (Significant concurrent position) Representative, Takashi Doi Law Firm Outside Auditor, ARATA CORPORATION	Newly appointed Outside Director Independent Director

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
1	<div>Newly appointed</div> <div>Kazuo Fukumoto (February 27, 1958)</div> <div>Number of shares of the Company held: 10,000 shares</div>	<div>March 1980 April 2002 June 2003 October 2005 April 2007 June 2012 June 2013 June 2015</div> <div> Joined the Company General Manager, Corporate Management Dept. of the Company Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Managing Director of the Company (to present) Executive Managing Officer of the Company (to present) </div> <div> (Assignment) In charge of Treasury Dept. and System Development & Administration Division </div>
	<div>[Reason for nomination as a candidate for Director]</div> <div> Mr. Kazuo Fukumoto has a wealth of experience and excellent insight from serving as General Manager and Executive Officer of Corporate Planning, Management, and Accounting divisions of the Company over many years. Since assuming the position of Director, he has been in charge of Accounting divisions and has demonstrated considerable knowledge of finance and accounting. Based on such knowledge and experience, he is expected to be instrumental to the further reinforcement of the audit functions of the Company. Therefore, the Company proposes his election as a Director serving as an Audit and Supervisory Committee Member. </div>	

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
2	<div> <div>Newly appointed</div> <div>Outside Director</div> <div>Independent Director</div> </div> <p>Tatsuya Ito (February 10, 1958)</p> <p>Number of shares of the Company held: 0 shares</p>	<p>April 1981 October 1999 March 2001 March 2002 March 2003 March 2005 July 2006 April 2007 February 2008 October 2008 July 2010 July 2010 July 2012 March 2013 June 2015</p> <p>Joined Japan Development Bank Section Chief, Commerce & Logistics Department of Development Bank of Japan (DBJ) Section Chief, Environment & Energy Department of DBJ Deputy Manager, Environment & Energy Department of DBJ Deputy Manager, Kansai Branch of DBJ Deputy Manager, Environment & Energy Department of DBJ Deputy Manager, Manufacturing & Technology Department of DBJ Planning Counselor, Legal and Compliance Department of DBJ Registered as an attorney-at-law (Dai-Ichi Tokyo Bar Association) (to present) Planning Counselor, Legal Affairs & Compliance Department of Development Bank of Japan Inc. (DBJI) Temporary transfer to OKUNO & PARTNERS Joined OKUNO & PARTNERS Planning Counselor, Legal Affairs & Compliance Department of DBJI Councilor, Legal Affairs & Compliance Department of DBJI Full-time Company Auditor of the Company (to present)</p>
	<p>[Reason for nomination as a candidate for Outside Director]</p> <p>Mr. Tatsuya Ito has a wealth of experience and knowledge acquired through his career primarily in the fields of practical finance and corporate legal affairs of the finance industry, in which the Company operates, as well as experience as an attorney, over many years. The Company proposes his election as an Outside Director serving as an Audit and Supervisory Committee Member based on the judgment that it will be able to create an increasingly-robust supervisory function by reflecting his capabilities in the Company's business management. Although he has not been directly involved in corporate management, it is judged that he will perform his duties as an Outside Director appropriately, for the reasons mentioned above.</p>	

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
3	<div> <div> <div>Newly appointed</div> <div>Outside Director</div> <div>Independent Director</div> </div> <div> Osamu Takada (October 12, 1950) </div> <div> Number of shares of the Company held: 0 shares </div> </div>	<div> <div>April 1973</div> <div>October 1998</div> <div>April 2001</div> <div>April 2003</div> <div>April 2005</div> <div>April 2006</div> <div>April 2008</div> <div>April 2011</div> <div>May 2011</div> <div>May 2014</div> <div>April 2015</div> <div>June 2015</div> <div>December 2015</div> </div> <div> <div>Joined Mitsubishi Corporation</div> <div>General Manager, Crude Oil Dept. of Mitsubishi Corporation</div> <div>General Manager, Utility Feedstock Dept. of Mitsubishi Corporation</div> <div>General Manager, Malaysia Project Unit of Mitsubishi Corporation</div> <div>SVP, Group Head for Energy and General Manager of Los Angeles Branch of Mitsubishi International Corporation</div> <div>Senior Vice President (Riji) of Mitsubishi Corporation, SVP, Group Head for Energy and General Manager of Los Angeles Branch of Mitsubishi International Corporation</div> <div>Senior Vice President (Riji) and General Manager of Tohoku Branch of Mitsubishi Corporation</div> <div>Advisor of CHIYODA SEKIYU CORPORATION (CSC)</div> <div>President and Chief Executive Officer of CSC</div> <div>Advisor of CSC</div> <div>Advisor of TOHOKU CHEMICAL CO., LTD.</div> <div>Company Auditor of the Company (to present)</div> <div>Outside Director of TOHOKU CHEMICAL CO., LTD. (to present)</div> <div>(Significant concurrent position)</div> <div>Outside Director, TOHOKU CHEMICAL CO., LTD.</div> </div>

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
4	<div> <div> <div>Newly appointed</div> <div>Outside Director</div> <div>Independent Director</div> </div> <div> <div>Takashi Doi</div> <div>(August 28, 1955)</div> </div> </div> <div> <div>Number of shares of the Company held:</div> <div>0 shares</div> </div>	<div> <div>April 1987</div> <div>Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present)</div> </div> <div> <div>April 2003</div> <div>Chief, Inspection Office of Daini Tokyo Bar Association</div> </div> <div> <div>April 2005</div> <div>Director, Secretariat of Daini Tokyo Bar Association</div> </div> <div> <div>April 2010</div> <div>Vice President, Daini Tokyo Bar Association</div> </div> <div> <div>April 2010</div> <div>Managing Director, Japan Federation of Bar Associations</div> </div> <div> <div>April 2010</div> <div>Manager, Kanto Office of Japan Bar Association</div> </div> <div> <div>June 2011</div> <div>Company Auditor of the Company (to present)</div> </div> <div> <div>June 2012</div> <div>Outside Company Auditor of ARATA CORPORATION (to present)</div> </div> <div> <div>October 2016</div> <div>Representative, Takashi Doi Law Firm (to present)</div> </div> <div> <div>(Significant concurrent position)</div> <div>Representative, Takashi Doi Law Firm</div> <div>Outside Auditor, ARATA CORPORATION</div> </div>
	<div>[Reason for nomination as a candidate for Outside Director]</div> <div>Mr. Takashi Doi has expertise and experience acquired through serving as an attorney over many years. The Company proposes his election as an Outside Director serving as an Audit and Supervisory Committee Member based on the judgment that he is capable of contributing to the further enhancement of the Company's auditing structure and corporate governance. Although he has not been directly involved in corporate management, it is judged that he will perform his duties as an Outside Director appropriately, for the reasons mentioned above.</div>	

- Notes: 1. There is no conflict of interest between the Company and each candidate.
2. Mr. Tatsuya Ito, Mr. Osamu Takada and Mr. Takashi Doi are candidates for Outside Directors.
3. The Company has entered into limited liability agreements with Mr. Tatsuya Ito, Mr. Osamu Takada and Mr. Takashi Doi that limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, based on the provisions in Article 427, Paragraph 1 of the Act. The liability for damages under those agreements is limited to the minimum amount stipulated in the relevant laws and ordinances, and similar agreements with Mr. Tatsuya Ito, Mr. Osamu Takada and Mr. Takashi Doi are scheduled to be entered upon their respective appointments. The Company plans to enter into a similar agreement with Mr. Kazuo Fukumoto upon his appointment.
4. The Company has reported to the Tokyo Stock Exchange that Mr. Tatsuya Ito, Mr. Osamu Takada and Mr. Takashi Doi are independent directors subject to the rules of the Tokyo Stock Exchange, and the Company plans to continue to designate each of them as an independent director upon their respective appointments.

Proposal No. 4: Determination of Amount of Remuneration to Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The Company will adopt an Audit and Supervisory Committee structure when Proposal No. 1 “Partial Amendments to the Articles of Incorporation” is approved as proposed.

The amount of remuneration to the Company’s Directors per year has remained unchanged to date at no more than 420 million yen since it was resolved at the 29th Ordinary General Meeting of Shareholders held on June 22, 2006. The Company proposes that, in line with the adoption of an Audit and Supervisory Committee structure, the amount of remuneration to Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall be newly determined upon abolishing the aforementioned amount. The proposed amount of remuneration shall be no more than 400 million yen per year, taking into consideration various circumstances such as recent economic climate.

The portion of employee’s salary paid to Directors who concurrently serve as employees shall not be included in the amount of remuneration.

The Company currently has eight Directors (two of whom are Outside Directors). The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) with respect to this proposal will be six when Proposals No. 1 and No. 2 are approved as proposed.

In addition, this proposal shall take effect subject to the amendments to the Articles of Incorporation proposed under Proposal No. 1 “Partial Amendments to the Articles of Incorporation” taking effect.

Proposal No. 5: Determination of Amount of Remuneration to Directors Serving as Audit and Supervisory Committee Members

The Company will adopt an Audit and Supervisory Committee structure when Proposal No. 1 “Partial Amendments to the Articles of Incorporation” is approved as proposed.

Accordingly, the Company proposes that the amount of remuneration to Directors serving as Audit and Supervisory Committee Members shall be no more than 100 million yen per year, taking into consideration various circumstances including recent economic climate.

The number of Directors serving as Audit and Supervisory Committee Members with respect to this proposal will be four when Proposals No. 1 and No. 3 are approved as proposed.

In addition, this proposal shall take effect subject to the amendments to the Articles of Incorporation proposed under the Proposal No. 1 “Partial Amendments to the Articles of Incorporation” taking effect.

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(Appendix to the Convocation Notice for 40th Ordinary General Meeting of Shareholders)

Business Report

(April 1, 2016 - March 31, 2017)

1. Overview of Consolidated Business Activities

(1) Developments and Results of Business Activities

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

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

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

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

Details of main financial service businesses by segment are as follows:

1) Loan and credit card business

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

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

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

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

In addition to the above marketing activities, we 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 training for customer reception including the improvement of the accuracy of credit screenings. As a result, accounts receivable - operating loans at the end of the fiscal year under review increased to 784,806 million yen (up 2.3% year-on-year) and accounts receivable - installment increased to 38,109 million yen (up 36.8% year-on-year).

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

2) Guarantee business

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

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

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

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

3) Overseas financial business

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

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

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

In the Socialist Republic of Vietnam, where the Company has established a representative office, the

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

For the current fiscal year, the business segment's operating revenue was 45,618 million yen (down 5.5% year-on-year) and operating income was 12,640 million yen (up 13.5% year-on-year) primarily due to decreases in both operating revenue and operating expenses, affected by exchange rate fluctuations stemming from the appreciation of the yen.

4) Loan servicing business

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

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

(2) Capital Investment

During the fiscal year under review, there was no notable capital investment or disposal or sale of important equipment to report.

(3) Financing

- 1) The Company has issued the Domestic Unsecured Straight Bonds and Commercial Papers for purposes such as repayment of loans payable as follows:

June 2016	72nd Domestic Unsecured Straight Bond	10.0 billion yen
February 2017	73rd Domestic Unsecured Straight Bond	10.0 billion yen
February 2017	74th Domestic Unsecured Straight Bond	10.0 billion yen
February 2017	17th Commercial Paper	15.0 billion yen

- 2) EASY BUY Public Company Limited, the Company's consolidated subsidiary, has issued bonds payable for purposes such as repayment of loans payable as follows:

February 2016	4.0 billion Thai baht
September 2016	2.0 billion Thai baht

(Note) The fiscal year end for EASY BUY Public Company Limited is December 31.

(4) Issues to be Addressed

In the three-year medium-term management plan beginning in the fiscal year ended March 31, 2017, the Company has set a medium-term management policy of "with expeditious reactions to environmental changes, ACOM will establish a solid management base which can support continuous growth, while creating services which exceed customers' expectations." The Company will speedily respond to changes in customer needs and in products and services in the consumer credit market, as well as social changes such as the evolution of ICT, advances of women in society, and the declining birth rate and aging population, to create services that exceed customer expectations. Furthermore, in order to fulfill the social responsibility and mission expected of a money-lending and guarantee business and become a company that grows together with society, the Company aims to build up its management base by strengthening the human resources, computer systems, and financial foundations that support the business, in addition to further promoting compliance and CS management.

For the fiscal year ending March 31, 2019, the final year of this medium-term management plan, the Company has set targets in the domestic market of 870.0 billion yen in balance of receivables in the loan and credit card business, and 1,280.0 billion yen in balance of guaranteed receivables, a total of 2,100 billion yen or more, and in overseas markets, targets of 51.0 billion Thai baht in balance of loans receivable for EASY BUY Public Company Limited in the Kingdom of Thailand, and 8,010.0 billion rupiah of loans receivable in the banking business of PT. Bank Nusantara Parahyangan, Tbk. in the Republic of Indonesia.

In the fiscal year ending March 31, 2018, the second year of this medium-term management plan, the Company will address the following issues to achieve these targets.

Targets and other forward-looking statements are based on information currently available to the

Company and on certain assumptions deemed to be reasonable, and do not constitute a promise by the Company that the anticipated results will be achieved. Actual results may differ significantly due to various factors.

- Loan and credit card business

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

- Guarantee business

The Group will promote the guarantee business with a firm grasp on market trends in personal card loans provided by financial institutions. In order to meet needs of each and every financial institution in alliance which are increasing in complexity, the Group will make the best use of its expertise gained from loan business to enhance and improve service functions, as well as continue working to conduct proper screening.

- Overseas financial business

In the overseas financial business, we will continue striving to expand business at existing overseas subsidiaries and maintain the soundness of loan portfolio, as well as steadily pursue research and analysis activities aimed at realization of starting operations in new regions with a focus on expanding our overseas finance business.

(5) Changes in Assets and Income of the Company

(Millions of yen, unless otherwise stated)

Item	37th fiscal year ended March 31, 2014	38th fiscal year ended March 31, 2015	39th fiscal year ended March 31, 2016	40th fiscal year ended March 31, 2017
Operating revenue	202,240	219,289	237,683	245,148
Ordinary income (loss)	15,567	14,747	16,200	(69,543)
Profit (loss) attributable to owners of parent	10,632	12,864	14,598	(72,187)
Basic earnings (loss) per share (yen)	6.79	8.21	9.32	(46.08)
Total assets	1,155,203	1,190,368	1,175,063	1,228,930
Net assets	306,726	328,315	338,132	267,226
Net assets per share (yen)	187.92	199.53	206.42	159.58
Loans receivable of consumer loans at fiscal year-end	828,622	877,427	902,150	930,292
Accounts receivable - installment at fiscal year-end	18,111	22,295	28,393	38,648
Shareholders' equity ratio (%)	25.48	26.26	27.52	20.34

(Note) Basic earnings (loss) per share is calculated based on the average number of shares issued during each fiscal year excluding treasury stock. Net assets per share are calculated based on the total number of shares issued as of the end of each fiscal year excluding treasury stock.

(6) Principal Parent Company and Subsidiaries

1) Relationship with the parent company

Company Name	Number of shares held (Thousands)	Parent company's percentage of voting rights held (%)	Remarks
Mitsubishi UFJ Financial Group, Inc.	629,788 (41,065)	40.20 (2.62)	Conclusion of business management agreement Conclusion of business and capital alliance agreement

(Note) The numbers in parentheses in the "Number of shares held" and "Parent company's percentage of voting rights held" represent the included number of shares indirectly held and the percentage of voting rights indirectly held, respectively.

2) Principal subsidiaries

Subsidiaries with capital exceeding 100 million yen are as follows:

Company name	Capital	The Company's percentage of voting rights holding (%)	Main business
IR Loan Servicing, Inc.	520 (Millions of yen)	100.00	Loan servicing business
MU Credit Guarantee Co., LTD.	300 (Millions of yen)	100.00	Credit guarantee business
EASY BUY Public Company Limited	4,500 (Millions of Thai baht)	71.00	Unsecured loan business and installment loan business (installment sales finance business)
PT. Bank Nusantara Parahyangan, Tbk.	338,416 (Millions of rupiah)	66.15	Banking business

(7) Principal Businesses (as of March 31, 2017)

The principal businesses of the Group include loan and credit card business, guarantee business, overseas financial business, and loan servicing business.

(8) Principal Offices (as of March 31, 2017)

1) Principal offices of the Company

Head office: 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo

Business outlets

Loan business outlets	1,068
Staffed outlets	22
Unstaffed outlets	1,046
Automatic contract machine corners	1,068 locations (1,107)

(Note) The following are the numbers of automated teller machines:

ATMs	55,796
Proprietary	1,087
Tie-up	54,709

2) Principal offices of the subsidiaries

Name	Location	Name	Location
IR Loan Servicing, Inc.	Chiyoda-ku, Tokyo	EASY BUY Public Company Limited	Bangkok, Kingdom of Thailand
MU Credit Guarantee Co., LTD.	Shinjuku-ku, Tokyo	PT. Bank Nusantara Parahyangan, Tbk.	Bandung, Republic of Indonesia

(9) Employees (as of March 31, 2017)**1) Number of employees of the consolidated group**

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

(Notes) 1. The number of employees represents the number of employees at work (excluding the number of employees transferred from the Group companies to non-Group companies and including the number of employees transferred to the Group companies from non-Group companies) and does not include the number of fixed-term employees.

2. The figures in parentheses in “Number of employees” are the annual average number of fixed-term employees. (If the number of temporary employees of fixed-term employees is counted as 1 person per 8 work hours a day, the annual average number of fixed-term employees will be 504.)

3. The number of employees in the “Company-wide (common)” is the number of employees belonging to the administration departments of the Head Office and thus do not fall into any business segment.

2) Employees of the Company

Category	Number of employees	Year-on-year increase (decrease)	Average age	Average length of service
Male	1,193	(21)	42 years and 7 months	18 years and 6 months
Female	661	(17)	35 years and 1 month	9 years and 1 months
Total	1,854	(38)	39 years and 11 month	15 years and 2 months

(Note) The number of employees represents the number of employees at work (excluding the number of employees transferred out of the Company and including the number of employees transferred in the Company), and does not include the number of fixed-term employees.

(10) Major Creditors (as of March 31, 2017)

The Company’s major creditors and amounts borrowed are as follows.

Creditor	Amount borrowed (Millions of yen)
Mitsubishi UFJ Trust and Banking Corporation	156,058
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	58,918
Shinsei Bank, Limited	46,625
Aozora Bank, Ltd.	30,440
Shinkin Central Bank	20,175

(Note) The amount borrowed from The Bank of Tokyo-Mitsubishi UFJ, Ltd. includes borrowings by privately placed bonds.

2. Matters concerning Shares of the Company (as of March 31, 2017)

(1) Shares

Total number of shares authorized to be issued	Total number of shares issued	Number of shareholders
5,321,974,000	1,596,282,800	14,749

(2) Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Percentage of ownership (%)
Mitsubishi UFJ Financial Group, Inc.	588,723	37.57
Maruito Shokusan Co., Ltd.	273,467	17.45
Maruito Co., Ltd.	125,533	8.01
Foundation of Kinoshita Memorial Enterprise	92,192	5.88
Maruito Shoten Co., Ltd.	38,733	2.47
Trust Account of General Incorporated Association Kyoei-Kai	32,598	2.08
Mitsubishi UFJ Trust and Banking Corporation	31,572	2.01
Shigeyoshi Kinoshita	30,007	1.91
NOBUKA Co., Ltd.	30,000	1.91
Japan Trustee Service Bank, Ltd. (Trust account 4)	26,822	1.71

(Notes) 1. For the number of shares held, the amount is rounded down to the nearest thousand.
2. The Company holds 29,668,592 shares of treasury stock but is excluded from the list of major shareholders above.
3. The percentage of ownership is calculated excluding treasury stock.

3. Matters concerning the Stock Acquisition Rights, etc.

(1) Stock acquisition rights held by the Directors and Company Auditors of the Company and issued in consideration of their execution of duties

Not applicable.

(2) Stock acquisition rights issued to employees, etc. in consideration of their execution of duties during this fiscal year

Not applicable.

4. Matters concerning Directors and Company Auditors of the Company

(1) Directors and Company Auditors (as of March 31, 2017)

Position	Name	Responsibility within the Company and significant concurrent positions
Chairman, President & CEO	Shigeyoshi Kinoshita	Chief Executive Officer
Deputy Chairman	Toshiaki Kajiura	In charge of Compliance Department and Internal Audit Department
Managing Director	Masataka Kinoshita	Executive Managing Officer (In charge of Human Resources Department, General Affairs Department and Business Planning Department) (In charge of Special Mission on Innovation Planning)
Managing Director	Kazuo Fukumoto	Executive Managing Officer (In charge of Treasury Department and System Development & Administration Division)
Managing Director	Teruyuki Sagehashi	Executive Managing Officer (In charge of Corporate Planning Department and Finance Department)
Director	Atsushi Murakami	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc. Managing Director (Representative Director) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Director	Mitsuhiro Umezu	Associate Professor, Faculty of Business and Commerce, Keio University Outside Director of SAN-AI OIL CO., LTD.
Director	Hitoshi Shimbo	Attorney at law Nozomi Sogo Attorneys at Law
Full-time Company Auditor	Shigeru Sato	
Full-time Company Auditor	Tatsuya Ito	
Company Auditor	Osamu Takada	Outside Director of TOHOKU CHEMICAL CO., LTD.
Company Auditor	Takashi Doi	Attorney at law Representative Partner of Doi Law Office Outside Auditor of ARATA CORPORATION

- (Notes)
1. Directors Mitsuhiro Umezu and Hitoshi Shimbo are both Outside Directors, and have been designated and registered as independent directors with the Tokyo Stock Exchange in accordance with its regulations.
 2. Company Auditors Tatsuya Ito, Osamu Takada and Takashi Doi are Outside Company Auditors, and have been designated and registered as independent auditors with the Tokyo Stock Exchange in accordance with its regulations.
 3. Company Auditor Shigeru Sato held the positions of Executive Officer and Chief General Manager of Treasury Dept. of the Company, possessing sufficient knowledge regarding finance and accounting.
 4. Executive Officers who do not hold concurrent positions as Directors are as follows:

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

5. Changes in Executive Officers during the fiscal year under review

Name	Position before change	Position after change	Date of change
Etsuro Tabuchi	Executive Managing Officer	—	June 23, 2016
Yoshiharu Kita	Executive Officer	—	March 31, 2017

6. Changes in Executive Officers after the end of the fiscal year under review

Name	Position before change	Position after change	Date of change
Noriyoshi Watanabe	Executive Officer	Executive Managing Officer	April 1, 2017
Yasuhide Doi	—	Executive Officer	April 1, 2017
Masashi Yoshida	—	Executive Officer	April 1, 2017

(2) Directors Who Retired during the Fiscal Year under Review

Name	Date of retirement	Reason for retirement	Position, responsibility within the Company and significant concurrent positions at the time of retirement
Takahiro Yanai	June 23, 2016	Expiration of term	Director Senior Managing Director of The Bank of Tokyo Mitsubishi-UFJ, Ltd.

(3) Total Amount of Compensation to Directors and Company Auditors

Category	Number of recipients	Amount paid (Thousands of yen)
Directors	9	151,857
Company Auditors	4	53,400
Total	13	205,257

- (Notes)
1. At the 29th Ordinary General Meeting of Shareholders held on June 22, 2006, it was resolved that compensation paid to Directors per year shall be no more than 420 million yen.
 2. At the 26th Ordinary General Meeting of Shareholders held on June 27, 2003, it was resolved that compensation paid to Company Auditors per month shall be no more than 8 million yen.
 3. The number of Directors at the end of the fiscal year under review was eight. The reason for the discrepancy between this number and the above compensation recipients is that the above number of recipients includes one Director who retired due to the expiration of his term of office at the close of the 39th Ordinary General Meeting of Shareholders held on June 23, 2016.
 4. Total amount of compensation paid to Outside Directors and Outside Company Auditors was 51,600 thousand yen (five persons).

(4) Summary of Limited Liability Agreement

Based on the provisions in Paragraph 1, Article 427 of the Companies Act, the Company has concluded a limited liability agreement under Paragraph 1, Article 423 of the Companies Act with each Director (excluding those with authority on business execution, etc.) and Company Auditor. In addition, liability for damage under such agreement will be limited to the minimum amount stipulated in the law.

(5) Matters concerning Outside Directors and Outside Company Auditors

- 1) Significant concurrent positions in other companies and relationship between the Company and these companies.
 - Director Mitsuhiro Umezu is an Outside Director of SAN-AI OIL CO., LTD. There are no special interests between the organization and the Company.
 - Director Hitoshi Shimbo is an attorney at Nozomi Sogo Attorneys at Law. There are no special interests between the organization and the Company.
 - Company Auditor Osamu Takada is an Outside Director of TOHOKU CHEMICAL CO., LTD. There are no special interests between the organization and the Company.
 - Company Auditor Takashi Doi is the Representative Partner of Doi Law Office and an Outside Auditor of ARATA CORPORATION. There are no special interests between the organizations and the Company.

2) Major activities of Outside Directors and Outside Company Auditors during the fiscal year under review

Name	Position	Major activities
Mitsuhiro Umezu	Outside Director	He attended 16 out of 18 Board of Directors meetings held during the fiscal year under review and made productive opinions and advice for the Company's management, drawing on his acquired diverse experience and knowledge, deep insights regarding corporate ethics, and abundant experience as an Outside Director of other companies.
Hitoshi Shimbo	Outside Director	He attended all 18 Board of Directors meetings held during the fiscal year under review and made valuable opinions and advice for the Company's management, drawing on his sophisticated expertise and a wealth of working experience gained through his career as an attorney at law.
Tatsuya Ito	Outside Company Auditor	He attended all 18 Board of Directors meetings and all 13 Board of Company Auditors meetings held during the fiscal year under review and actively offered opinions and advice and posed questions from an independent standpoint, drawing on his wealth of experience and knowledge gained through his career at a financial institution, as well as his insight as an attorney at law. In addition, he maintained active cooperation with accounting auditors and the internal audit department, etc.
Osamu Takada	Outside Company Auditor	He attended all 18 Board of Directors meetings and all 13 Board of Company Auditors meetings held during the fiscal year under review and actively offered opinions and advice and posed questions from an independent standpoint, drawing on his wealth of experience and knowledge in general, as well as those gained through his past career as corporate executive. In addition, he maintained active cooperation with accounting auditors and the internal audit department, etc.
Takashi Doi	Outside Company Auditor	He attended all 18 Board of Directors meetings and all 13 Board of Company Auditors meetings held during the fiscal year under review and actively offered opinions and advice and posed questions from an independent standpoint, drawing on his wealth of experience primarily in his career as an attorney at law. In addition, he maintained active cooperation with accounting auditors and the internal audit department, etc.

5. Accounting Auditor

(1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of Compensation to Accounting Auditor for the Fiscal Year under Review

- | | |
|---|----------------------|
| 1) Compensation to the accounting auditor for the fiscal year under review | 111,000 thousand yen |
| 2) Total amount of monetary and other financial benefits payable to the accounting auditor by the Company and its consolidated subsidiaries | 136,700 thousand yen |

(Notes) 1. The audit agreement entered into by the Company and the accounting auditor does not clearly distinguish the amount of compensation for audits prescribed in the Companies Act and those prescribed in the Financial Instruments and Exchange Act, and practically it cannot be distinguished. Therefore, 1) above shows the total amount of such compensation.

2. The Board of Company Auditors of the Company 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/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.

3. Among the Company's principal subsidiaries, EASY BUY Public Company Limited and PT. Bank Nusantara Parahyangan, Tbk. have been subject to statutory audit by accounting auditors other than the Company's accounting auditor.

4. The Company entrusts the accounting auditor with the preparation of a comfort letter, which is a service outside the scope of services stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act, and pays the accounting auditor for performing such service.

(3) Policy on Determination of Dismissal or Non-Reappointment of the Accounting Auditor

In case the Board of Company Auditors determines that the accounting auditor falls under the provisions specified in each item, Paragraph 1, Article 340 of the Companies Act, the Board of Company Auditors shall dismiss the accounting auditor conditional upon its unanimous approval.

In cases that the Board of Company Auditors 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 Board of Company Auditors shall decide the contents of proposal for the General Meeting of Shareholders to dismiss or not to reappoint the accounting auditor.

6. The Company's System and Policy

Systems to ensure the appropriateness of business activities and overview of the status of operation thereof

- 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
 - (a) 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.
 - (b) The Company and its subsidiaries establish a committee on compliance, etc., officers responsible for compliance, and departments with across-the-board responsibilities for compliance.
 - (c) The Company and its subsidiaries formulate compliance plans and manage its progress.
 - (d) The Company and its subsidiaries establish contact points for reporting and inquiries concerning the act of violations or possible violations of compliance.
 - (e) In accordance with the ACOM Group Code of Ethics and the 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.
 - (f) In accordance with the 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.
 - (g) 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 businesses. Additionally, the Company's internal audit department implements audits on its subsidiaries or supports their audits in order to contribute to development of the internal control system of its subsidiaries.

[Overview of the status of operation]

The Company has formulated the ACOM Group Code of Ethics and Code of Conduct and issued copies thereof to all officers and employees. The Company has appointed officers responsible for compliance and established departments with across-the-board responsibilities for compliance, arranging quarterly report to the Board of Directors on the progress of the compliance plan, status of prevention of transactions involving antisocial forces, and results of audits including those of subsidiaries. The Compliance Committee has held six meetings, carrying out deliberation on the important matters concerning the development and operation of the compliance system, matters concerning the formulation of the basic compliance plan, etc. The Financial Information Disclosure Committee has held eight meetings, conducting prior deliberation of the matters to be discussed at the Board of Directors, on issues such as the financial information subject to disclosure.

- 2) System concerning storage and management of information on the execution of duties by Directors of the Company
 - (a) 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.
 - (b) 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.

[Overview of the status of operation]

The Company makes amendments to the rules, etc. concerning information management, such as the "Information Security Management Rules" and the "Classified Information Management Rules," and reviews the framework for storage and management of information as appropriate. The Company has appointed personnel responsible for information security management, and regularly verifies the roles of respective organizations, officers and employees involved in information security, as well as the status of storage and management of information.

- 3) Rules concerning loss risk management and other systems of the Company and its subsidiaries
- (a) The Company and its subsidiaries establish systems for proper and efficient risk management in accordance with the rules for risk management.
 - (b) In order to manage risks in an integrated manner, the Company and its subsidiaries establish a committee on risk management, etc., officers responsible for risk management, and departments with across-the-board responsibilities for risk management.
 - (c) The Company and its subsidiaries establish systems 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.

[Overview of the status of operation]

The Company has appointed officers responsible for risk management and established departments with across-the-board responsibilities for risk management. The Company makes amendments to the rules, etc. concerning business continuity and reviews the framework for business continuity and prompt restoration of business operations as appropriate. The Risk Management Committee has held four meetings, deliberating on matters concerning the development of the risk management system in general, matters concerning risk assessment, and priority risk management measures.

- 4) System to ensure efficient execution of duties by the Directors of the Company and its subsidiaries
- (a) The Company formulates the Group's management policies and management plans and carries out business management based on appropriate methods.
 - (b) The Company establishes the Executive Officer's meeting and various committees so as to conduct decision making concerning the execution of duties delegated from the Board of Directors and prior deliberations on matters to be discussed in the meetings of the Board of the Directors.
 - (c) 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.

[Overview of the status of operation]

The Board of Directors makes resolutions on the Group's management policies and management plans. Status of business execution based on qualitative management data, etc. is reported to the Board of Directors on a monthly basis. 29 meetings of the Executive Officers' Meeting have been held, engaging in decision-making concerning the execution of duties delegated from the Board of Directors and prior deliberation on the matters to be discussed at the Board of Directors.

- 5) System to ensure the propriety of business carried out by the group consisting of the Company, parent company and subsidiaries
- (a) 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.
 - (b) The Company establishes departments for managing its subsidiaries, and manages subsidiaries in accordance with the rules for management of subsidiaries, etc. The Company's subsidiaries report important matters with business operations and management to the Company's Executive Officer's meeting.

[Overview of the status of operation]

The Company manages subsidiaries based on the "Affiliates Management Rules." Status of various aspects of operation at each subsidiary including budgetary control, main qualitative management data and the progress of credit business measures is reported to the Executive Officers' Meeting on a monthly basis.

- 6) System concerning employees to assist Company Auditors' duties
- (a) The Company will establish the Administration for Board of Company Auditors to assist in the Company Auditors' duties, and appoint assistants for Company Auditors.
 - (b) The number of employees to assist Company Auditors and their requirements will be decided after discussion with the Board of Company Auditors.
 - (c) Employees to assist Company Auditors will be exclusively in charge of work that assists Company Auditors, and will not be subject to instructions and orders from the Directors and other operational

organizations.

- (d) Assignment, transfer, evaluation and disciplinary action of employees who assist Company Auditors will be decided after discussion with the Board of Company Auditors.

[Overview of the status of operation]

The Company has established the Administration for Board of Company Auditors to assist in the Company Auditors' duties, and appointed two dedicated employees to assist Company Auditors, who will not be subject to instructions and orders from the Directors and other operational organizations.

7) System for reporting to Company Auditors

The Company reports to Company Auditors the following matters concerning the Company and its subsidiaries. The person who reports to Company Auditors shall not be treated unfavorably due to the reporting.

- (i) Matters which may significantly damage the Company
- (ii) Any material violation of laws and regulations, etc.
- (iii) Implementation Status and results of internal audits
- (iv) Status of whistleblowing and details of the reporting
- (v) Other matters Company Auditors ask to be reported

[Overview of the status of operation]

Status of the execution of Directors' duties, status of internal audits, etc., are reported to Company Auditors on a regular basis, while matters which may significantly damage the Company and any like cases are reported to Company Auditors without delay when such matters occur.

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

- (a) Directors will ensure a system that allows Company Auditors to: attend the Board of Directors meetings, the Executive Officers' meetings, and other important meetings and committees; and have access to the important documents concerning the execution of duties, such as statutory documents.
- (b) Directors will have regular meetings with Company Auditors to exchange opinions on issues with which the Company should deal, issues concerning the execution of duties, and primary issues on audits. They will also take actions regarding the matters that the Company Auditors deems necessary to be addressed.
- (c) Directors and employees will esteem the rules of the Board of Company Auditors and other rules, including audit policies, and cooperate with Company Auditors for inspection and consultation requests.
- (d) The internal audit department will establish a cooperation system for exchanging information with Company Auditors in order to contribute to ensuring the effectiveness of audits.
- (e) The Board of Company Auditors will prepare budgets for expenses necessary for the execution of their duties and present them to the Company. Expenses incurred over the budget, in an urgent or temporary manner, may be requested for reimbursement afterwards.

[Overview of the status of operation]

Under the provision of Company Auditors' authority to attend meetings made in the "Rules of the Executive Officers' Meeting" and regulations on various Committees, Company Auditors attend various Committees including the Executive Officers' Meeting, the Compliance Committee, the Financial Information Disclosure Committee and the Risk Management Committee, apart from the Board of Directors meetings. Company Auditors' access to statutory documents and other important documents concerning the execution of duties is prescribed in the "Rules for Ensuring the Effectiveness of Audits by Company Auditors." Directors have regular meetings with Company Auditors to exchange opinions on issues which the Company should address, issues concerning the execution of duties, and primary issues on audits.

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Consolidated Financial Statements

(April 1, 2016 - March 31, 2017)

Consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	1,177,815	Current liabilities	257,134
Cash and deposits	104,939	Accounts payable-trade	413
Loans receivable of consumer loans	930,292	Short-term loans payable	17,627
Loans receivable of banking business	45,872	Commercial papers	14,997
Accounts receivable-installment	38,648	Current portion of long-term loans payable	117,907
Purchased receivables	11,334	Current portion of bonds payable	25,000
Short-term investment securities	260	Deposits of banking business	55,427
Trading account securities	4,391	Lease obligations	281
Supplies	79	Income taxes payable	3,543
Deferred tax assets	39,106	Provision for loss on guarantees	8,722
Other	69,575	Asset retirement obligations	18
Allowance for doubtful accounts	(66,685)	Deferred installment income	66
Noncurrent assets	51,115	Other	13,128
Property, plant and equipment	22,739	Noncurrent liabilities	704,570
Buildings and structures	5,289	Bonds payable	216,838
Vehicles	1	Long-term loans payable	313,505
Equipment	10,681	Lease obligations	329
Land	6,233	Deferred tax liabilities	4,037
Lease assets	533	Provision for directors' retirement benefits	27
Intangible assets	10,600	Provision for loss on interest repayment	164,900
Software	5,082	Net defined benefit liability	272
Goodwill	5,474	Asset retirement obligations	4,480
Leasehold right	4	Other	177
Telephone subscription right	37		
Other	1	Total liabilities	961,704
Investments and other assets	17,775		
Investment securities	5,341	(Net assets)	
Net defined benefit asset	4,074	Shareholders' equity	249,453
Deferred tax assets	66	Capital stock	63,832
Guarantee deposits	5,504	Capital surplus	73,578
Other	3,550	Retained earnings	131,837
Allowance for doubtful accounts	(762)	Treasury stock	(19,794)
		Accumulated other comprehensive income	552
		Valuation difference on available-for-sale securities	4
		Foreign currency translation adjustments	1,128
		Remeasurements of defined benefit plans	(579)
		Non-controlling interests	17,219
		Total net assets	267,226
Total assets	1,228,930	Total liabilities and net assets	1,228,930

Consolidated Statement of Income

(April 1, 2016 - March 31, 2017)

(Millions of yen)

Description	Amount	
Operating revenue		245,148
Interest on consumer loans	153,140	
Interest on loans of banking business	6,550	
Credit card revenue	4,455	
Per-item revenue	66	
Revenue from credit guarantee	50,400	
Collection from purchased receivable	6,148	
Other financial revenue	759	
Other operating revenue	23,626	
Operating expenses		315,315
Financial expenses	13,524	
Cost of purchased receivable	2,759	
Other operating expenses	299,031	
Operating loss		70,166
Non-operating income		716
Interest income	276	
Dividend income	7	
Equity in earnings of affiliates	19	
House rent income	276	
Other	135	
Non-operating expenses		92
Interest expenses	12	
Foreign exchange losses	27	
Other	53	
Ordinary loss		69,543
Extraordinary income		190
Gain on sales of noncurrent assets	9	
Gain on sales of investment securities	180	
Extraordinary loss		144
Loss on sales of noncurrent assets	2	
Loss on retirement of noncurrent assets	141	
Other	0	
Loss before income taxes		69,497
Income taxes-current	5,251	
Income taxes-deferred	(5,630)	(378)
Loss		69,118
Profit attributable to non-controlling interests		3,069
Loss attributable to owners of parent		72,187

Consolidated Statement of Changes in Net Assets

(April 1, 2016 - March 31, 2017)

(Millions of yen)

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

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

Notes to the Consolidated Financial Statements

(From April 1, 2016 to March 31, 2017)

1. Notes to Significant Matters Providing the Basis for the Preparation of Consolidated Financial Statements

(1) Matters concerning the scope of consolidation

Number of consolidated subsidiaries: 6

Names of principal consolidated subsidiaries are referred to in “(6) Principal Parent Company and Subsidiaries of 1. Overview of Consolidated Business Activities,” therefore they are omitted here.

(2) Matters concerning application of the equity method

Number of equity-method-affiliate: 1

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

(3) Matters concerning accounting policies

1) Evaluation standards and methods for significant assets

(a) Marketable 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)

Other marketable securities

Securities with market quotations

Stated at market value at the end of the fiscal year (Unrealized gains or losses are comprehensively reported as a component of net assets 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.

(b) Derivative transactions, etc.

Swap transactions

Market value method

(c) Inventories

Merchandise

Stated at cost, on an individual specified cost basis (balance sheet value is computed by the method of devaluing book price to reflect declines in profitability)

Supplies

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

2) Depreciation and amortization methods for significant depreciable assets

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

The Company and its domestic consolidated subsidiaries

Declining balance method

Overseas consolidated subsidiaries

Straight-line method

(b) Intangible assets (excluding lease assets)

Software for internal use

Amortized by the straight-line method over their estimated useful lives (5 years) in the Company.

Other intangible assets

Straight-line method

(c) Lease assets

Lease assets concerning transfer ownership finance lease transactions

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

Lease assets concerning non-transfer ownership finance lease transactions

Depreciated by the straight-line method, defining the

	lease term of respective assets as their useful lives, with residual value equaling zero
(d) Long-term prepaid expenses	Depreciated by the equal installment method
(e) Deferred assets	
Bond issuance cost	These costs are fully charged to income when they are paid.
3) Accounting standards for the translation of foreign currency-denominated assets and liabilities into Japanese yen	
Foreign currency-denominated 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.	
Assets and liabilities and income and expenses of overseas subsidiaries are translated into Japanese yen at the spot exchange rates on the account closing date and average exchange rates, respectively. The resulting translation gains and losses are recorded as foreign currency translation adjustments and non-controlling interests under the net assets section.	
4) Accounting standards for significant allowances and provisions	
Allowance for doubtful accounts	To provide for potential loss on consumer loans and other loans, the Company and its consolidated subsidiaries make an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis. (Change in Accounting Estimates) In the current fiscal year, the Company and some of its consolidated subsidiaries made partial changes in estimates of allowance for doubtful accounts for the loan and credit card business and the guarantee business, based on detailed analysis of the status of default risks in each loan category, in order to provide more precise allowance and prepare for business scale expansion in the guarantee business. As a result of this change, operating loss, ordinary loss and loss before income taxes increased by 1,160 million yen, respectively, compared with the amounts determined using the conventional method.
Provision for loss on guarantees	To provide for loss on guarantees, the Company and its consolidated subsidiaries make an allowance for potential losses at the end of the fiscal year.
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.
Provision for loss on interest repayment	To prepare for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.
5) Accounting standards for significant revenue and expenses	
Interest on consumer loans	Interest 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.
Credit card revenue	

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 revenue is calculated pursuant to the prescribed rates applicable to the relevant credit balance.

6) Significant hedge accounting method

(a) Hedge accounting method

The Company adopts the deferred hedge accounting. However, exceptional accounting treatments are applied to certain interest-rate swaps which meet specific conditions and designation transactions are applied to those that conform to the requirements of designated currency swap transactions.

(b) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments

Interest-rate swap agreements

Hedging items

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

Currency-related items

Hedging instruments

Currency swap agreements

Hedging items

Foreign-currency-denominated loans payable and foreign-currency-denominated bonds payable

(c) Hedging policy

The Company and its subsidiaries enter 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 loans payable with variable interest rates and bonds payable with variable interest rates for the purpose of protecting cash flows. Currency swap contracts to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans relating to foreign-currency-denominated loans payable and foreign-currency-denominated bonds payable for the purpose of protecting cash flows.

(d) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, important 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 implementation of hedging contracts. Therefore, the judgment of hedging effectiveness is omitted. On currency-related hedging, currency swap contracts are entered into on the same conditions as hedging items, thus the Company can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedge instruments. Therefore, the judgment of hedging effectiveness is omitted.

7) Method and period for amortization of goodwill

Goodwill is amortized by the equal installments method over a period of 10 to 15 years. However, those with insignificant value are fully amortized in the fiscal year in which they were incurred.

8) Other significant matters for the preparation of consolidated financial statements

(a) Accounting method for retirement benefits

Net defined benefit liability is recorded at the amount obtained by subtracting pension assets from retirement benefit obligations based on their projected amounts at the end of the current fiscal year, in order to provide for employees' retirement benefits. If the projected amount of pension assets exceeds the projected amount of retirement benefit obligations, the excess amount is recorded as net defined benefit asset.

Past service costs are charged to expenses, using the straight-line method, over the determined years (5 years) that are not longer than average remaining service years of the employees at the time of occurrence.

Actuarial differences are amortized evenly using the straight-line method over the determined years (5 years) that are not longer than the average remaining service years of employees at the time of occurrence in each fiscal year, beginning from the fiscal year following the time of occurrence.

Actuarial differences and unrecognized past service costs are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under the net assets section, after

adjustments for tax effect.

(b) 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.

(c) Adoption of consolidated taxation system

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

2. Notes to changes in presentation method

<Consolidated Statement of Income>

From the fiscal year under review, “Loss on investments in partnership” and “Loss on insurance cancellation” under non-operating expenses, which were listed separately in the prior fiscal year, are included in “Other,” as their monetary value has become insignificant.

The amounts of “Loss on investment in partnership” and “Loss on insurance cancellation” for the fiscal year under review are 0 million yen and 2 million yen, respectively.

3. Supplemental information

From the fiscal year under review, the Company has adopted the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No.26, March 28, 2016).

4. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 37,600 million yen

(2) Guaranteed liabilities	(Millions of yen)
Outstanding guarantee obligation in the guarantee business	1,129,773
Outstanding guarantee obligation in the banking business	939
Provision for loss on guarantees	8,722
Net	1,121,990

(3) Cash and deposits include 3,213 million yen of reserve for deposit of a consolidated subsidiary pursuant to the regulations of Bank Indonesia.

5. Notes to Consolidated Statement of Changes in Net Assets

(1) Class and total number of shares issued as of the end of the current fiscal year
Common stock 1,596,282,800 shares

(2) Matters concerning dividends from surplus

1) Dividends paid
Not applicable.

2) Dividends whose record date falls in the current fiscal year, but whose effective date comes after March 31, 2017
Not applicable.

(3) Class and number of shares to be issued upon the exercise of the stock acquisition rights as of the end of the current fiscal year
Not applicable.

6. Notes to financial instruments

(1) Matters concerning the financial instruments

1) The Group’s policy for financial instruments

The Group conducts financial service businesses. These include 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 hedging against the risk of fluctuations in interest rates and exchange rates

associated with these financing operations, and does not have a policy to conduct speculative trading.

2) Details of financial instruments and associated risks

Major financial assets held by the Group are loans receivable of consumer 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 value 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 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-denominated liabilities are exposed to the risk of fluctuations in foreign currency exchange rates, which is averted with the help of currency swap agreements.

Derivative transactions include interest rate swap agreements for the purpose of hedging against the risk of fluctuations in interest rates associated with loans payable, etc.; and currency swap agreements that aim to hedge against the risk of fluctuations in exchange rates concerning foreign-currency-denominated loans payable and foreign-currency-denominated 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 "1. Notes to Significant Matters Providing the Basis for the Preparation of Consolidated Financial Statements, (3) Matters concerning accounting policies, 6) Significant hedge accounting method."

3) Risk management system for financial instruments

(a) Credit risk management

According to internal rules, the Company incorporates and operates a structure to cope 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 surveillance function. In addition, the Company holds a regular management meeting 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.

(b) Market risk management

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

With regard to marketable securities, such as shares and bonds, managements receive regular monitoring report 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 fixed/variable interest rates proportion. It does not have a policy of 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 the loans receivable of consumer loans, which are the Group's principal financial assets, are fixed interest rates, and large part of loans payable and bonds, which are the Group's principal financial liabilities, are also fixed interest rates, therefore they have low sensitivity to fluctuations in interest rates. That is why the Group does not conduct a quantitative analysis on the market risk.

With regards to the items of which market values are determined using the market interest rate, if the interest rate as of March 31, 2017, had been 1 basis point (0.01%) lower, the market value of their net amount (asset side) - relevant financial assets after deduction of financial liabilities - would increase

by 98 million yen on the condition that all risk variables other than interest rate are constant. To the contrary, if the interest rate had been higher by 1 basis point (0.01%), the net amount would decrease by 98 million yen.

(c) Management of liquidity risk associated with financing activities

The Company manages the 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 financing systems in place.

4) Supplementary explanations on market value of financial instruments

Market 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. Market value of financial instruments 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 “(2) Matters concerning the market value of financial instruments” does not represent the market risk of the derivative transactions.

(2) Matters concerning the market value of financial instruments

The book value on the consolidated balance sheet and market value of financial instruments as of March 31, 2017, as well as the differences between these values are described below. Financial instruments whose market values appear to be extremely difficult to determine are not included in the table. (See (Note 2))

(Millions of yen)

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

(*) Receivables and payables incurred by derivative transactions are presented in net. Net payables are presented in brackets “[].”

Note 1: Matters concerning the calculation method for the market value of financial instruments, marketable securities and derivatives trading

Assets

1) Cash and deposits

Deposits without maturity are stated at their book values, as their market values approximate book values. Deposits with maturity are stated at their book values, as their remaining periods are short (within a year) and their market values approximate book values.

2) Loans receivable of consumer loans, 3) loans receivable of banking business and 4) accounts receivable-installment

The fiscal year-end outstanding balances are stated at their present values, 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 and accounts receivable-installment, which are stated at adjusted book value; the expected amount of loan losses on these assets are calculated based on the expected recoverable amount of their collateral securities, hence their market values approximate their balance sheet values at the closing date, less the current expected amount of loan losses. Meanwhile, the assets related to the installment sales finance business at certain consolidated subsidiaries are stated at adjusted book value, as their average remaining periods are roughly one year and their market values approximate their balance sheet values net of an allowance for doubtful accounts.

5) Purchased receivables

These are stated at adjusted book value. 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 market values approximate their balance sheet values 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, bonds are stated at either the stock exchange quoted price or the price presented by transacting financial institutions. Certain bonds are stated at book value using the amortized cost method, as they are redeemed in the short term and their market values approximate book values. Certificate of deposit is stated at book value, as they are short-term assets and their market values approximate book values.

Notes to securities according to holding purposes are as follows.

(a) Held-to-maturity securities

The book values on the consolidated balance sheet and market values of held-to-maturity securities by type, as well as differences between these values are as follows. No held-to-maturity securities were sold during the current fiscal year.

(Millions of yen)			
Type	Book Value	Market Value	Difference
Market value greater than book value on the consolidated balance sheet			
(a) Government/municipal	3,341	3,407	66
(b) Corporate	-	-	-
(c) Other	-	-	-
Subtotal	3,341	3,407	66
Market value not greater than book value on the consolidated balance sheet			
(a) Government/municipal	1,016	1,007	(9)
(b) Corporate	-	-	-
(c) Other	-	-	-
Subtotal	1,016	1,007	(9)
Total	4,358	4,415	56

(b) Other securities

Sale value for other securities during the current fiscal year is 189 million yen; the total gain on sales is 180 million yen. The acquisition costs of other securities, their value on the consolidated balance sheet and differences by type are as follows.

(Millions of yen)

Type	Book Value	Acquisition cost	Difference
Acquisition cost not greater than book value on the consolidated balance sheet			
(a) Stocks	0	0	0
(b) Bonds			
Government/municipal	58	57	1
Corporate	-	-	-
Other	-	-	-
(c) Other	-	-	-
Subtotal	58	57	1
Acquisition cost greater than book value on the consolidated balance sheet			
(a) Stocks	-	-	-
(b) Bonds			
Government/municipal	-	-	-
Corporate	-	-	-
Other	-	-	-
(c) Other	-	-	-
Subtotal	-	-	-
Total	58	57	1

(c) Impaired securities that were written down to their fair values

During the fiscal year under review, there were no impaired securities that were written down to their fair values.

Liabilities

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

These liabilities are stated at book value as they are settled in the short-term and their market values approximate their book values.

3) Deposits of banking business

Deposits with maturity less than 1 year are stated at book value as they are settled in the short-term and their market values approximate their book values. Deposits with maturity exceeding 1 year are stated at the present value which is calculated by discounting a principal with interest income by the current market interest rate.

4) Current portion of bonds payable and bonds payable

Bonds with market value are stated at market price. Bonds without market value and privately offered bonds are stated at the present value which is calculated by discounting a principal with interest income by the discount rate (i.e. the current market interest rate in consideration of credit risk).

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

Long-term loans payable are stated at the present value which is calculated by discounting a principal with interest income by the discount rate (i.e. the current market interest rate in consideration of credit risk).

Derivative transactions

Derivative transactions subject to the application of hedge accounting

With regard to derivative transactions which are subject to the application of hedge accounting, the contract amount or equivalent of the principal amount prescribed by the contract as of the closing date of consolidated accounting according to hedge accounting methods are as follows.

(a) Interest-related derivatives

(Millions of yen)

Hedge accounting method	Transaction type	Major hedging items	Contract amount	Amount of more than 1 year-period contracts	Market value
Interest rate swap agreements subject to the application of exceptional accounting treatments	Interest rate swap agreements Fixed interest payments and floating interest receivables	Long-term loans payable and bonds payable	210,904	156,524	(Note)

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

(b) Currency-related derivatives

(Millions of yen)

Hedge accounting method	Transaction type	Major hedging items	Contract amount	Amount of more than 1 year-period contracts	Market value
Exchange contracts subject to the application of designation transactions	Currency swap agreements	Long-term loans payable and bonds payable	30,910	21,093	(Note)

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

Note 2: Financial instruments whose market values appear to be extremely difficult to determine are as follows.

(Millions of yen)

Item	Book value
1) Unlisted shares (*1) (*2)	1,161
2) Investments in investment partnerships (*1) (*3)	22
Total	1,184

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

(*2) The market value of unlisted shares is not disclosed, as they are not quoted on a stock exchange and it appears to be extremely difficult to determine their market values.

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

Note 3: The scheduled redemption amount of monetary claims and marketable securities with maturity
(Millions of yen)

	Up to 1 year	More than 1 year and up to 2 years	More than 2 years and up to 3 years	More than 3 years and up to 4 years	More than 4 years and up to 5 years	More than 5 years
Cash and deposits	104,939	-	-	-	-	-
Loans receivable of consumer loans (*1) (*2)	173,921	168,995	164,476	161,118	155,406	23,279
Loans receivable of banking business	29,189	2,893	2,522	3,215	3,111	4,939
Accounts receivable-installment (*1) (*2)	7,880	7,367	7,367	7,367	7,211	-
Marketable securities and Investment securities						
1) Held-to-maturity securities						
Government bond	260	893	304	147	-	2,753
2) Other marketable securities with maturities						
Government bond	-	58	-	-	-	-
Other	-	-	-	-	-	-
Total	316,190	180,208	174,671	171,849	165,729	30,972

(*1) Loans receivables of consumer loans and accounts receivable-installment do not include loans with potential defaults whose redemption schedule is unclear (amount: 35,201 million yen).

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

Note 4: Scheduled repayment amount of bonds payable, long-term loans payable, lease obligations and other interest-bearing liabilities after the consolidated closing date

(Millions of yen)

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

7. Notes to Per Share Information

- (1) Net assets per share 159.58 yen
(2) Basic loss per share 46.08 yen

8. Other

Figures less than one million yen are rounded down to the nearest one million yen.

Non-consolidated Financial Statements

(April 1, 2016 - March 31, 2017)

Non-consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	958,234	Current liabilities	166,158
Cash and deposits	90,802	Accounts payable-trade	402
Loans receivable of consumer loans	784,806	Short-term loans payable	6,000
Accounts receivable-installment	38,109	Commercial papers	14,997
Supplies	26	Current portion of long-term loans payable	99,666
Prepaid expenses	531	Current portion of bonds payable	25,000
Deferred tax assets	36,506	Lease obligations	281
Accrued income	14,122	Accounts payable-other	2,675
Short-term loans receivable from subsidiaries and affiliates	3,300	Accrued expenses	6,987
Right to reimbursement	38,525	Income taxes payable	1,679
Other	2,252	Deposits received	252
Allowance for doubtful accounts	(50,750)	Provision for loss on guarantees	8,100
Noncurrent assets	63,693	Asset retirement obligations	17
Property, plant and equipment	21,319	Other	97
Buildings	4,018	Noncurrent liabilities	634,952
Structures	871	Bonds payable	176,000
Vehicles	0	Long-term loans payable	287,890
Equipment	9,774	Lease obligations	329
Land	6,121	Deferred tax liabilities	1,457
Lease assets	533	Provision for loss on interest repayment	164,900
Intangible assets	9,004	Asset retirement obligations	4,229
Software	3,486	Other	144
Goodwill	5,474		
Leasehold right	4		
Telephone subscription right	36	Total liabilities	801,110
Other	1		
Investments and other assets	33,369	(Net assets)	
Investment securities	917	Shareholders' equity	220,812
Stocks of subsidiaries and affiliates	19,347	Capital stock	63,832
Long-term loans receivable from subsidiaries and affiliates	665	Capital surplus	76,010
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,174	Legal capital surplus	72,322
Long-term prepaid expenses	446	Other capital surplus	3,687
Guarantee deposits	5,087	Retained earnings	100,763
Prepaid pension cost	4,711	Legal retained earnings	4,320
Other	1,768	Other retained earnings	96,443
Allowance for doubtful accounts	(750)	General reserve	80,000
		Retained earnings brought forward	16,443
		Treasury stock	(19,794)
		Valuation and translation adjustments	4
		Valuation difference on available-for-sale securities	4
		Total net assets	220,816
Total assets	1,021,927	Total liabilities and net assets	1,021,927

Non-consolidated Statement of Income

(April 1, 2016 - March 31, 2017)

(Millions of yen)

Description	Amount	
Operating revenue		183,997
Interest on consumer loans	117,819	
Credit card revenue	4,455	
Revenue from credit guarantee	42,199	
Other financial revenue	0	
Other operating revenue	19,522	
Operating expenses		269,388
Financial expenses	7,153	
Other operating expenses	262,234	
Operating loss		85,390
Non-operating income		1,366
Interest income	78	
Interest on securities	0	
Dividend income	871	
House rent income	273	
Other	142	
Non-operating expenses		30
Interest expenses	12	
Foreign exchange losses	8	
Other	9	
Ordinary loss		84,054
Extraordinary income		189
Gain on sales of noncurrent assets	8	
Gain on sales of investment securities	180	
Gain on sales of stocks of subsidiaries and affiliates	0	
Extraordinary loss		121
Loss on sales of noncurrent assets	1	
Loss on retirement of noncurrent assets	118	
Other	0	
Loss before income taxes		83,986
Income taxes-current	1,005	
Income taxes-deferred	(5,702)	(4,697)
Loss		79,289

Non-consolidated Statement of Changes in Net Assets

(April 1, 2016 - March 31, 2017)

(Millions of yen)

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

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

Notes to Non-consolidated Financial Statements

1. Notes to Matters concerning Significant Accounting Policies

(1) Evaluation standards and methods for assets

1) Evaluation standards and methods for marketable securities

Stocks of subsidiaries and affiliates	Stated at cost by the moving-average method
Other marketable securities	
Securities with market quotations	Stated at market value at the end of the fiscal year (Unrealized gains or losses are comprehensively reported as a component of net assets 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) Evaluation standards and methods for derivatives

Swap transactions	Market value method
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3) Evaluation standards and methods for inventories

Merchandise	Stated at cost, on an individual specified cost basis (balance sheet value is computed by the method of devaluing book price to reflect declines in profitability)
Supplies	Mainly at cost, based on the first-in first-out method

(2) Depreciation and amortization methods for noncurrent assets

Property, plant and equipment (excluding lease assets)	Declining balance method
Intangible assets (excluding lease assets)	
Software for internal use	Amortized by the straight-line method over their estimated useful lives (5 years) in the Company
Goodwill	Amortized by the equal installments method over a period of 10 to 15 years
Other intangible assets	Straight-line method
Lease assets	
Non-transfer ownership finance lease transactions	Depreciated by the straight-line method, defining the lease term of respective assets as their useful lives, with residual value equaling zero
Long-term prepaid expenses	Depreciated by the equal installment method

(3) Accounting method for deferred assets

Bond issuance cost	These costs are fully charged to income when they are paid.
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(4) Accounting standards for allowances and provisions

Allowance for doubtful accounts	To provide for potential loss on consumer loans and other loans, the Company makes an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis.
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	(Change in Accounting Estimates) In the current fiscal year, the Company made partial changes in estimates of allowance for doubtful accounts for the loan and credit card business and the guarantee business, based on detailed analysis of the status of default risks in each loan category, in order to provide more precise allowance and prepare for business scale expansion in the guarantee business. As a result of this change, operating loss, ordinary loss and loss before income taxes increased by 528 million yen, respectively, compared with the amounts determined using the conventional method.
Provision for loss on guarantees	To provide for loss on guarantees, the Company makes an allowance for potential losses at the end of the fiscal year.
Provision for retirement benefits	To provide for employees' retirement benefits, the amount obtained by subtracting pension assets from retirement benefit obligations is recorded, based on their projected amounts as of the end of this fiscal year. If the projected amount of pension assets exceeds the projected amount of retirement benefit obligations after addition or deduction of unrecognized past service liabilities and unrecognized actuarial differences, the excess amount is recorded as prepaid pension cost. Past service costs are charged to expenses, using the straight-line method, over the determined years (5 years) that are not longer than average remaining service years of the employees at the time of occurrence. Actuarial differences are amortized evenly using the straight-line method over the determined years (5 years) that are not longer than the average remaining service years of employees at the time of occurrence in each fiscal year, beginning from the fiscal year following the time of occurrence.
Provision for loss on interest repayment	To prepare for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, in consideration of the past actual results and the latest interest repayment situations.
(5) Accounting standards for revenue and expenses	
Interest on consumer loans	Interest 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.
Credit card revenue	
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 revenue is calculated pursuant to the prescribed rates applicable to the relevant credit balance.
(6) Hedge accounting method	
1) Hedge accounting method	The Company adopts the deferred hedge accounting. However, exceptional accounting treatments are applied to certain interest-rate swaps which meet specific conditions and designation transactions are

applied to those that conform to the requirements of designated currency swap transactions.

2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments

Hedging items

Interest-rate swap agreements

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

Currency-related items

Hedging instruments

Hedging items

Currency swap agreements

Foreign-currency-denominated loans payable

3) Hedging policy

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 loans payable with variable interest rates and bonds payable with variable interest rates for the purpose of protecting cash flows. Currency swap contracts to hedge against the risk of fluctuations in exchange rates relating to loans payable and interest on loans relating to foreign-currency-denominated loans payable for the purpose of protecting cash flows.

4) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, important 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 implementation of hedging contracts. Therefore, the judgment of hedging effectiveness is omitted. On currency-related hedging, currency swap contracts are entered into on the same conditions as hedging items, thus the Company can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedge instruments. Therefore, the judgment of hedging effectiveness is omitted.

(7) Other significant matters providing the basis for the preparation of 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.

2) Adoption of consolidated taxation system

The Company adopts the consolidated taxation system.

2. Notes to Changes in Accounting Policies

<Non-consolidated Statement of Income>

From the fiscal year under review, "House rent income" under non-operating income, which was included in "Other" in the prior fiscal year, is listed separately, as its monetary value has become significant.

The amount of "House rent income" for the prior fiscal year was 298 million yen.

From the fiscal year under review, "Loss on insurance cancellation" under non-operating expenses, which was listed separately in the prior fiscal year, is included in "Other," as its monetary value has become insignificant.

The amount of "Loss on insurance cancellation" for the fiscal year under review was 2 million yen.

3. Supplemental information

From the fiscal year under review, the Company has adopted the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26, March 28, 2016).

4. Notes to Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 33,575 million yen

(2) Guaranteed liabilities (Millions of yen)

Outstanding guarantee obligation for liabilities of subsidiaries and affiliates	4,253
Outstanding guarantee obligation in the guarantee business	1,005,029
Provision for loss on guarantees	8,100
Net	996,929

(3) Monetary claims and liabilities to subsidiaries and affiliates (Millions of yen)

Short-term monetary claims	1,131
Long-term monetary claims	0
Short-term monetary liabilities	18

5. Notes to Non-consolidated Statement of Income

Transactions with subsidiaries and affiliates (Millions of yen)

Operating transactions	
Operating revenue	183
Operating expenses	434
Transactions other than operating transactions	962

6. Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as of March 31, 2017

Common stock 29,668,592 shares

7. Notes to tax effect accounting

Breakdown of major factors that caused deferred tax assets and liabilities (Millions of yen)

Deferred tax assets	
Bad debts expenses	13,913
Allowance for doubtful accounts	6,019
Provision for loss on guarantees	2,499
Provision for loss on interest repayment	50,648
Accrued bonuses	415
Unrecognized accrued interest	495
Software	2,790
Asset retirement obligations	1,181
Deferred assets	341
Deferred consumption taxes	252
Loss on valuation of securities	197
Loss on valuation of stocks of subsidiaries and affiliates	1,034
Enterprise tax payable	226
Impairment loss	255
Dividends on shares	2,460
Retained loss	145,942
Other	389
Deferred tax assets (subtotal)	229,064
Valuation allowance	(192,558)
Total deferred tax assets	36,506
Deferred tax liabilities	
Valuation difference on available-for-sale securities	1
Prepaid pension cost	1,442
Other	13
Total deferred tax liabilities	1,457
Net deferred tax assets	35,048

8. Notes to Transactions between Related Parties
Companies etc. with the same parent company

(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	-

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 the capital	Borrowing 36,786 Repayment 38,788	Short-term loans payable	6,000
					Commercial papers	3,999
					Current portion of long-term loans payable	44,557
					Long-term loans payable	105,501
			Payment of interest	2,498	Accrued expenses	6
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing	Borrowing of the capital	Borrowing 13,698 Repayment 3,000	Commercial papers	3,999
					Long-term loans payable	48,918
			Payment of interest	869	Accrued expenses	-
		Guarantee of liabilities	Receiving of guarantee fees for unsecured loans provided by the Company	21,844	Accrued income	5,616
			Outstanding guarantee obligation	615,591	-	-

(Note) Terms and conditions of the transaction and its policies

1. Interest rates of the 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 loan by The Bank of Tokyo-Mitsubishi UFJ, Ltd. is determined after negotiation by taking the market of guarantee

commission into consideration. In the event that consumer loan debtors of The Bank of Tokyo-Mitsubishi UFJ, Ltd. are deemed to have difficulty in performing debt payments, in accordance with the agreement with the Bank of Tokyo-Mitsubishi UFJ, Ltd, the Company performs subrogation. Terms and conditions of this subrogation performance are determined through mutual consultation by both parties.

9. Notes to Per Share Information

(1) Net assets per share	140.95 yen
(2) Basic loss per share	50.61 yen

10. Other

Figures less than one million yen are rounded down to the nearest one million yen.