TC-Lease

Century Tokyo Leasing Corporation

Integrated Report 2016

Solutions to Your Pursuits

Solutions to your Pursuits

Creating new values from
Finance × Services × Business Expertise

Tokyo Century

As Tokyo Century Corporation, we will transform globally from a comprehensive financial services enterprise into a highly specialized and unique finance and service company. We will pioneer new business fields that combine finance, services and business expertise, and work alongside customers in pursuit of their growth while pursuing unlimited possibilities and opportunities for Tokyo Century Group.

Century Tokyo Leasing Is Becoming Tokyo Century*

*Our corporate name will change on October 1, 2016

Management Philosophy

Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally-sound, sustainable economy and society.

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Who We Are

Our Goals beyond Creating New Values

Value Creation Initiatives

Foundation for Value Creation

Editorial Policy

As of the year ended March 31, 2016, Century Tokyo Leasing (CTL) Group has transitioned to an integrated report that includes the annual and CSR reports it published separately in the past. The integrated report briefly covers financial information including management direction, strategies and a review of operations as well as non-financial information on its initiatives with respect to the environment, society and governance (ESG). Our objective is to help shareholders, investors and other stakeholders understand how the Group will create value over the medium to long term. We compiled the integrated report with reference to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) to maintain the perspective of stakeholders.

Forward-Looking Statements

Statements in this integrated report with respect to CTL Group's plans, forecasts, strategies, presumptions and other statements that are not historical facts are forward-looking statements and are based on management's assumptions and beliefs grounded on information that was available when this report was written. The actual performance of the Group may differ considerably from that discussed in the forward-looking statements.

Century Tokyo Leasing Group's Value Creation Model

As specialized and unique finance professionals, Century Tokyo Leasing Group aims to contribute to the creation of a sustainable economy and society that grow while using resources efficiently.

Social Issues

- Global warming
- Natural disasters
- Resources and energy
- Income disparity
- Aging

Issues

Corporate Issues

- Continuous business innovation
- Capital plan
- Facilities plan
- Earnings growth scenarios

Our Strengths

Financial Capital
- Sound financial base
- Outstanding capital efficiency

Human Capital
- Enthusiastic employees
- Highly specialized employees

Intellectual Capital
- Able to anticipate change
- Able to take on unconventional challenges

Social and Relationship Capital
- Expansive customer base
- Extensive global network

Natural Capital
- Involved in renewable energy and diverse energy businesses

Our Value Creation

Our strengths in specialized finance contribute to sound economic and social development.

We provide solutions that help increase corporate value.

Support Mechanisms

- Personnel development
- Corporate governance
- Risk management

The Value We Create

Our Strengths

Century Tokyo Leasing Group creates unique value by integrating its broad range of business fields that extends beyond finance and the powerful network that it shares with its customers.

Strengths by the Numbers

Century Tokyo Leasing (CTL) Group has four core businesses: Equipment Leasing, Specialty Financing, Domestic Automobile Financing and International Business. We are delivering added-value that only we can, with the aim of being a leading global company in each of these businesses.

Equipment Leasing Market Share

Top-Class Share

Share of total volume of leasing transactions[1]

12.7%

Share of results attributable to the new measure to promote investment in cutting-edge facilities using lease methods[2]

50%

1. Announced by Nikkei Inc.
2. Based on CTL estimates

Focus on Specialty Financing

Our high level of expertise drives growth

Operating Assets

3.2 times

compared with the year ended March 31, 2009

(¥814.1 billion as of March 31, 2016)

Domestic Automobile Financing Operating Capabilities

Leading automobile leasing and car rental lineup in Japan

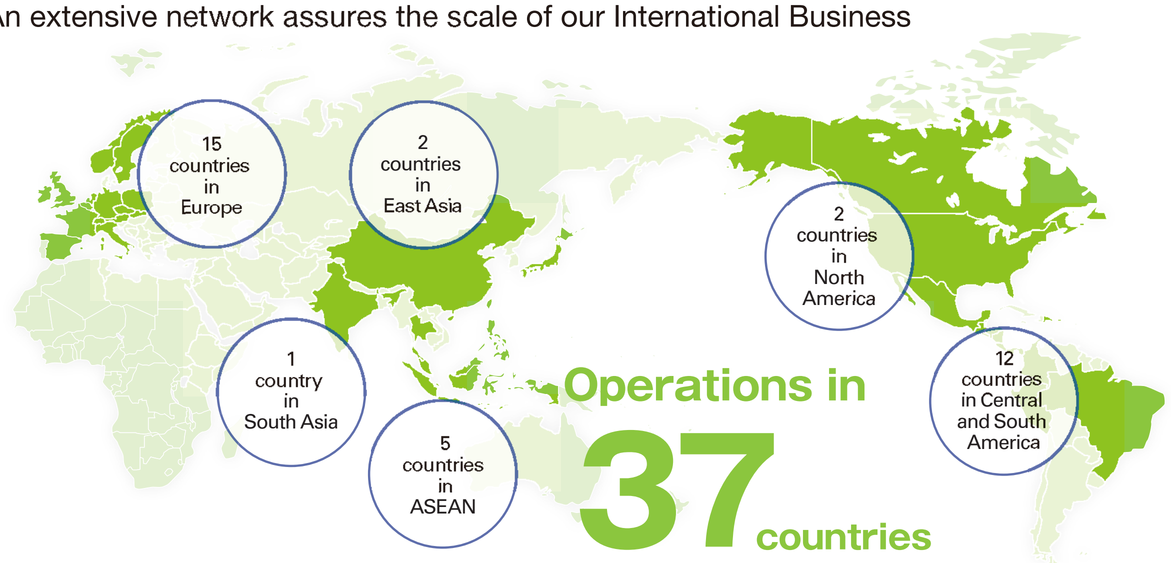
Group vehicles under management

570,000

(+30,000 vehicles year on year)

Global Network of the International Business

An extensive network assures the scale of our International Business



Operations in 37 countries

(As of April 1, 2016)
Note: Hong Kong is included in China. Taiwan is counted as a separate country.

Group Network

CTL Group's strengths are the experience and expertise it has cultivated to date and its network of relationships with leading companies in Japan and overseas. The synergies that we achieve by combining our service provision capabilities with our network of partners and our product capabilities enable us to accurately identify customer needs and create additional value.

Equipment Leasing

Partner Companies

- FUJITSU LIMITED
- IHI Corporation
- Shiseido Company, Limited
- NHK Group
- Orient Corporation

Investment

Joint Ventures

- Fujitsu Leasing Co., Ltd.
- IHI Finance Support Corporation
- S.D.L Co., Ltd.
- ITEC Leasing Co., Ltd.
- Orico Business Leasing Co., Ltd.

Specialty Financing

Partner Companies

- CIT Group Inc.
- Kyocera Corporation

Investment

Joint Ventures

- TC-CIT Aviation Ireland Limited
- TC-CIT Aviation U.S., Inc.
- Kyocera TCL Solar LLC

Investment Investment

TC-Lease

Investment Investment

Domestic Automobile Financing

Joint Ventures

- Nippon Car Solutions Co., Ltd.
- Orico Auto Leasing Co., Ltd.

Investment

Partner Companies

- NIPPON TELEGRAPH AND TELEPHONE CORPORATION
- Orient Corporation

International Business

Joint Ventures

- Century Tokyo Leasing China Corporation
- PT. Century Tokyo Leasing Indonesia
- TISCO Tokyo Leasing Co., Ltd.
- President Tokyo Corporation
- Tong-Sheng Finance Leasing Co., Ltd.
- BPI Century Tokyo Lease & Finance Corporation
- HTC Leasing Co., Ltd.
- PT. Hexa Finance Indonesia

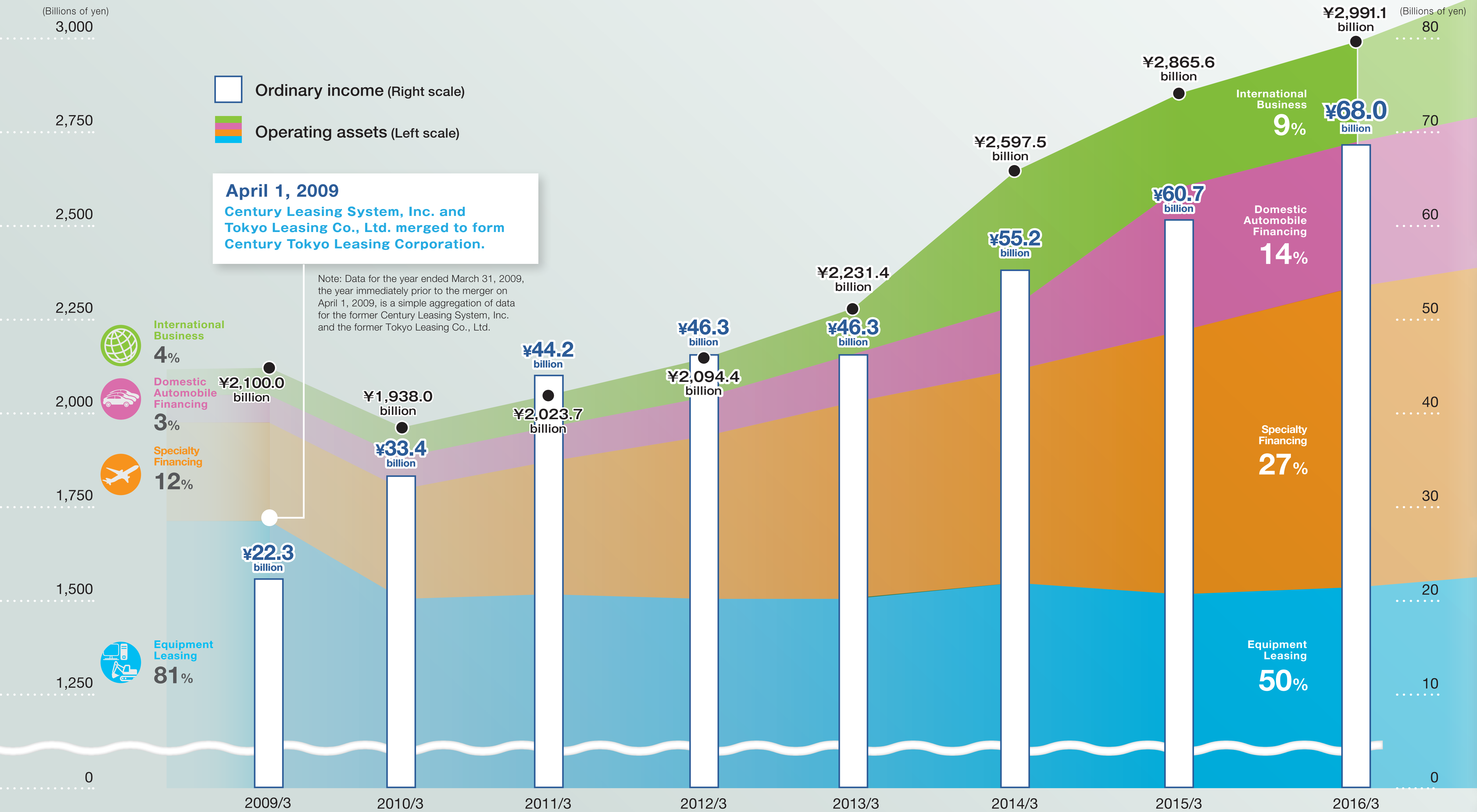
Investment

Partner Companies

- ITOCHU Group
- TISCO Financial Group Pcl.
- Uni-President Enterprises Group
- Bank of the Philippine Islands
- Hitachi Construction Machinery Group

Century Tokyo Leasing Group in Action

Operating assets as of March 31, 2016 totaled ¥2,991.1 billion, 1.4 times operating assets as of March 31, 2009, immediately prior to the merger on April 1, 2009.
Ordinary income for the year ended March 31, 2016 was ¥68.0 billion, 3.0 times operating income in the year ended March 31, 2009.
We have generated record ordinary income for seven consecutive fiscal years.



Operating assets

2016/3
¥2,991.1 billion
1.4 times
2009/3
¥2,100.0 billion

Ordinary income

2016/3
¥68.0 billion
3.0 times
2009/3
¥22.3 billion

Net income attributable to owners of parent

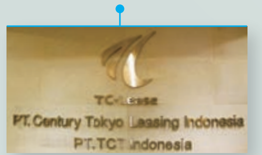
2016/3
¥40.0 billion
4 times
2009/3
¥10.0 billion

ROE

2016/3
13.1%
Over 12.0% for seven consecutive fiscal years

Highlights from April 1, 2009 to March 31, 2016

The IHI Group's IHI Finance Support Corporation became a consolidated subsidiary.



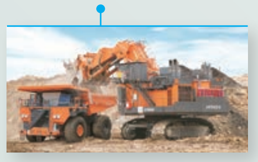
Established a subsidiary in Indonesia.

Entered the electric power sales business by establishing the joint venture Kyocera TCL Solar LLC with Kyocera Corporation

Began operating in India through a business alliance with TATA Capital Limited.

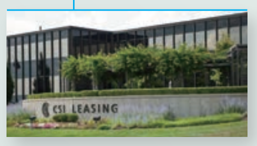
Nippon Car Solutions Co., Ltd., and Nippon Rent A Car Service, Inc., the third largest automobile leasing and car rental companies in Japan respectively, became consolidated subsidiaries.

Established aircraft leasing joint ventures with U.S. company CIT Group Inc., the world's fourth largest global aircraft leasing company.



Began a vendor financing venture for construction machinery with Hitachi Construction Machinery Group in Thailand and Indonesia.

Established a vendor leasing business serving small and medium-sized companies by establishing joint venture Orico Business Leasing Co., Ltd. with Orient Corporation.



Decided to make CSI Leasing, Inc., the largest independent leasing company in the United States, a wholly owned subsidiary.

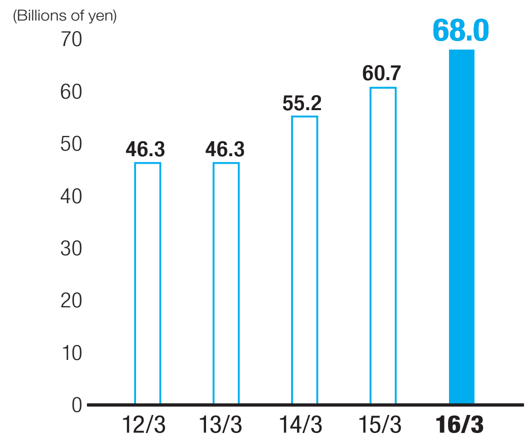
Financial and Non-Financial Highlights

Financial Information

Ordinary Income

¥68.0 billion

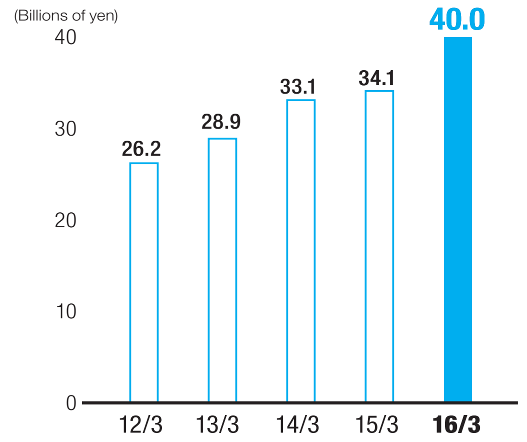
(+¥7.3 billion YoY)



Net Income Attributable to Owners of Parent

¥40.0 billion

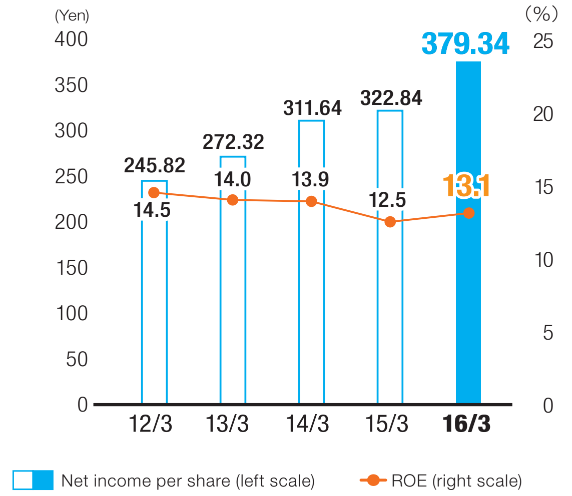
(+¥5.9 billion YoY)



Net Income per Share and ROE

¥379.34/13.1%

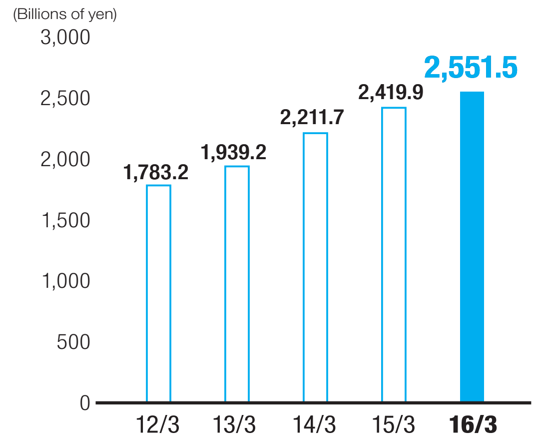
(+¥56.50 YoY) (+0.6 points YoY)



Interest-bearing Debt

¥2,551.5 billion

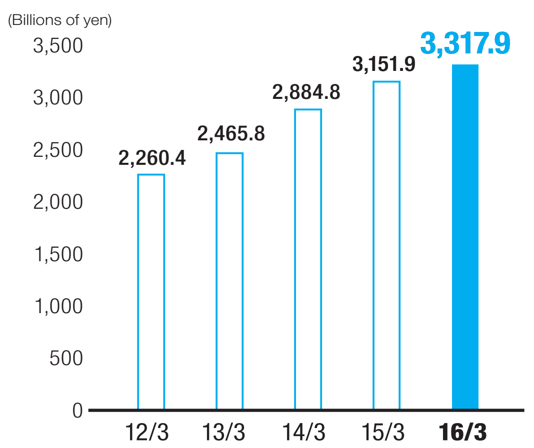
(+¥131.6 billion YoY)



Total Assets

¥3,317.9 billion

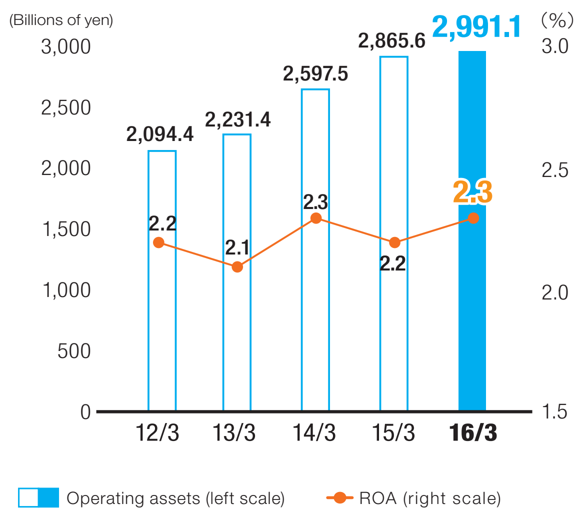
(+¥166.0 billion YoY)



Operating Assets and ROA[1]

¥2,991.1 billion/2.3%

(+¥125.5 billion YoY) (+0.1 points YoY)

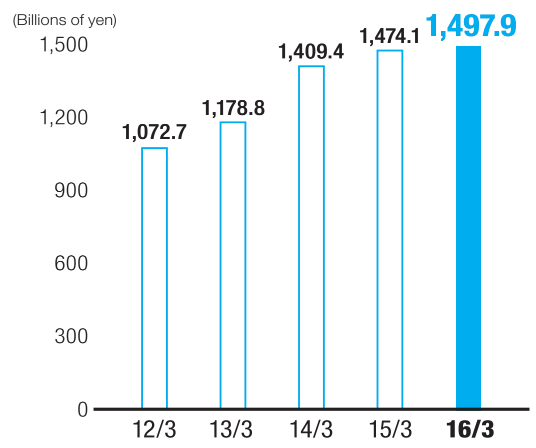


1. Ratio of ordinary income to operating assets

New Transactions Volume

¥1,497.9 billion

(+¥23.9 billion YoY)

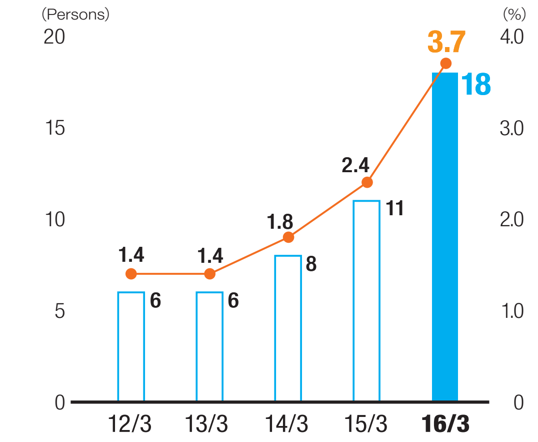


Non-Financial Information

Ratio of Female Managers
(Non-consolidated)

Percentage of managers who are female employees

3.7%
(+1.3 points YoY)



Number of female managers (left scale)
Percentage of managers who are female employees (right scale)

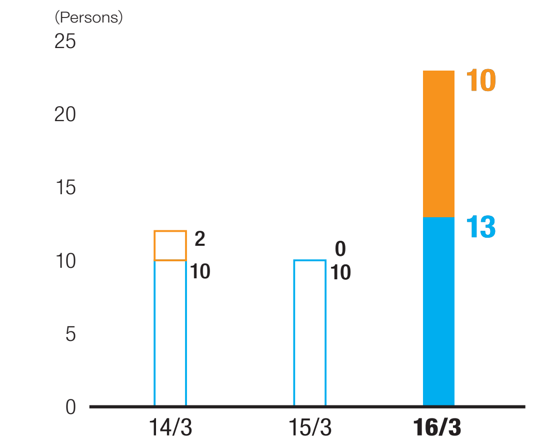
Eligible Employees Who Have Taken Childcare Leave (Non-consolidated; by gender)

Eligible female employees who have taken childcare leave

100.0%

Eligible male employees who have taken childcare leave

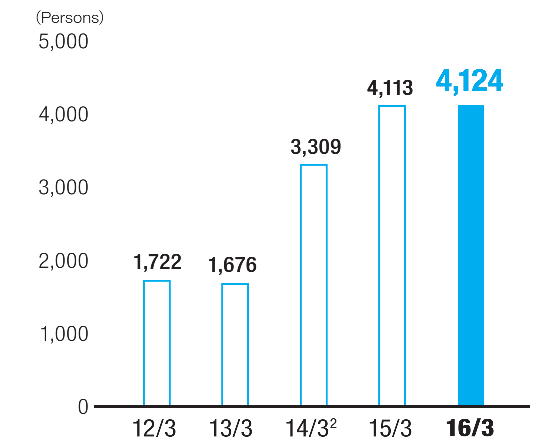
45.5%



Number of eligible male employees who have taken childcare leave
Number of eligible female employees who have taken childcare leave

Number of Employees (Consolidated)

4,124
(+11 YoY)

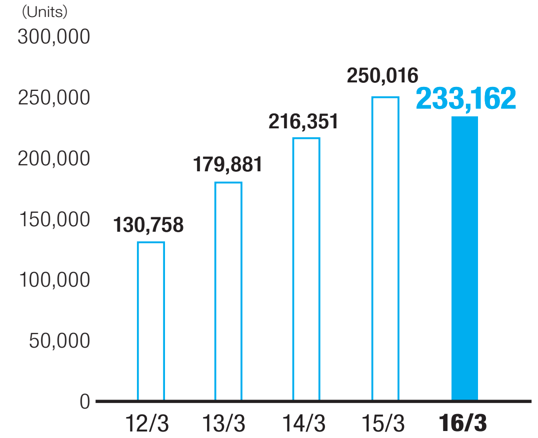


2. Increased because Nippon Car Solutions Co., Ltd. and Nippon Rent-A-Car Service, Inc. became consolidated subsidiaries

Pre-Owned Personal Computers Sold

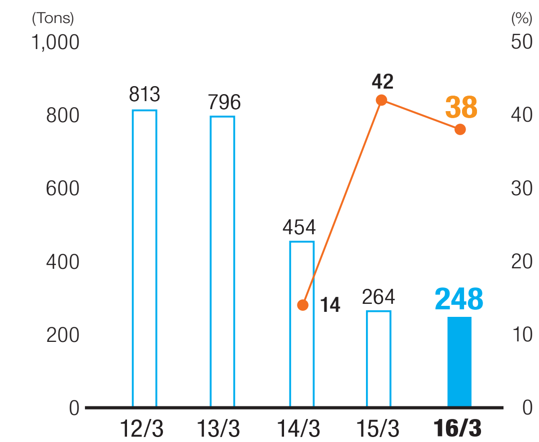
Five-year total of pre-owned personal computers sold

1.01 million units



Industrial Waste Emissions

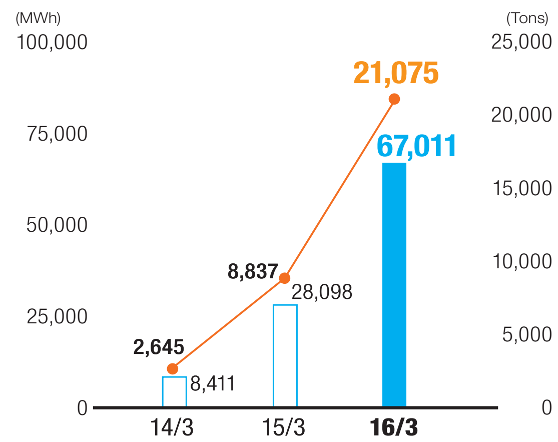
248 tons
(-16 tons YoY)



Industrial waste emissions (left scale)
Percentage of useful materials recycled (right scale)

Reduction of CO_2 by solar power generation[3] of Kyocera TCL Solar LLC

21,075 tons
(+12,238 tons YoY)



Electricity generated annually through solar power generation (left scale)
CO_2 reduction (right scale)
3. Compared with conventional thermal power generation

A Message from the President & CEO

Century Tokyo Leasing (CTL) Group has steadily expanded its operations as a comprehensive financial services enterprise since the merger that created it in April 2009. We recently decided to change our name to Tokyo Century Corporation to broaden the perception of our business beyond leasing. The new name expresses our resolve to develop a broader range of businesses as a unique, highly specialized financial services company, while continuing to pursue the evolution and advancement of our leasing and financing capabilities.

July 2016

Shunichi Asada
President & CEO

The "Tokyo Century" brand name has been used for many years by shareholders, customers and other stakeholders and alike represents a precious asset for us.

As an expression of our resolve to increase corporate value by pioneering into new domains and realizing sustainable growth, we want our new corporate name to reinforce the internal and external recognition of the company as being engaged in a broad range of businesses in addition to leasing and signify that a new era has opened for us as a non-banking institution that is largely free of regulation.

Contents

1. New Corporate Name: Tokyo Century Corporation

We decided to remove the word "lease" from the company name to more accurately express to ourselves and the general public that we are no longer simply a leasing and financing provider. We want to clearly acknowledge the challenges we are facing across a broader range of businesses as well as our potential for growth.

Also, we have updated our corporate philosophy, including our management philosophy, corporate slogan, and management policy, in accordance with our new name. The new management philosophy explicitly states our steadfast determination to be a unique, highly specialized financial services company that develops businesses in new domains by integrating finance, services, and business functions. It also declares our commitment to working alongside customers in pursuit of their growth and to contributing to the creation of an environmentally-sound, sustainable economy and society through our businesses as our civic responsibility as a financial services company. We will continue to conduct business with vigor and sincerity, ever-mindful of this social obligation.

Management philosophy

Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally-sound, sustainable economy and society.

Corporate slogan

Solutions to your Pursuits

Creating new values from Finance × Services × Business Expertise

Tokyo Century

*Our corporate name will change on October 1, 2016

Management policy

1. We will provide the best products and services around the world to contribute to the success of our customers' businesses while pursuing all possibilities by collaborating with customers and uniting the overall strengths of the Group.
2. We will strive to raise our corporate value over the mid to long term by pioneering new business fields and realizing sustainable growth.
3. We will cultivate a corporate culture that allows diverse human resources to fully demonstrate their skills and personalities, and we will build a company where all officers and employees can hone their expertise and experience growth as well as a sense of pride.
4. We will always be mindful of our social responsibility as a corporation and will conduct our business activities with vigor and sincerity as we fulfill our role of creating a sustainable economy and society.

2. Overview of the Second Medium-Term Management Plan

For the year ended March 31, 2016, the final year of the second medium-term management plan, consolidated ordinary income was ¥68.0 billion and consolidated operating assets totaled ¥2,991.1 billion, substantially exceeding our initial targets of ¥50.0 billion and ¥2,600.0 billion, respectively.

During the second medium-term management plan, we aggressively deployed the core earnings capabilities and cash flow generated through equipment leasing, our core business since our inception, to high-potential specialty financing, domestic automobile financing, and international business where we are able to demonstrate our unique strengths. We also methodically employed alliance strategies in Japan and overseas to establish the foundation for four core businesses that include equipment leasing.

In January 2014, Tokyo Stock Exchange, Inc. and Nikkei Inc. selected CTL Group for inclusion in their joint JPX-Nikkei Index 400 in recognition of its sustainable growth initiatives and excellent capital efficiency, as demonstrated by rate of return on equity (ROE).

Moreover, in May 2015 the Group was selected as a “Competitive IT Strategy Company” in a themed stock initiative jointly promoted by Japan’s Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in recognition of its leadership in providing IT tools to customers and management that embrace a proactive IT strategy. We were the only “other financial services” enterprise to be selected. Our selection as a “Competitive IT Strategy Company” for the second consecutive year demonstrates our ability to manage the Group for consistent success.

Our market capitalization at the end of the second medium-term management plan on March 31, 2016 was ¥445.2 billion, a sevenfold increase over the comparable figure at the Group’s establishment in April 2009. This result reflects the acknowledgement by shareholders and investors of the results we have achieved since the merger in the first and second medium-term management plans as well as the confidence of the Group’s management and employees.

Success in Our Four Businesses during the Second Medium-Term Management Plan

Equipment Leasing
Improved profitability, and adopted a sales approach that promotes differentiation and enhances services

Specialty Financing
Exceptional growth in shipping, aviation, environment and energy, real estate, and other business areas

Domestic Automobile Financing
Established a business foundation by making Nippon Car Solutions Co., Ltd. and Nippon Rent-A-Car Service, Inc. consolidated subsidiaries and steadily expanded Orico Auto Leasing Co., Ltd.

International Business
Executed alliance-building strategy with blue-chip companies, and established a global network

3. CTL Group’s Risks and Opportunities

Japan’s economy is exhibiting a moderate recovery as a result of government fiscal policies and the ongoing monetary easing measures of the Bank of Japan. However, a slowdown in overseas economies centered on China and emerging countries and factors such as movements in currency exchange and oil prices have increasingly complicated our operating environment. We therefore anticipate that greater challenges will arise in the future.

CTL Group’s risks include those associated with corporate credit, interest rate fluctuations, capital investment trends, fluctuation of portfolio asset prices, and regulatory changes. We recognize that effective corporate governance is a management priority for maximizing corporate value and are therefore committed to sound, highly transparent management that facilitates the swift decisions required to address changes in our operating environment.

On the other hand, we view this operating environment as an opportunity for further growth. In such an environment, various regulations govern the capital structure and business operations of institutions such as banks, which seek earnings in limited markets. CTL Group, however, is not governed by these regulations and can therefore develop its businesses free of these constraints. We are confident that nimble, flexible business development will emerge as one of our strengths. We therefore believe that the pathway to additional growth involves taking full advantage of the significant freedom to enter new business domains in our operating environment.

Summary of the Third Medium-Term Management Plan
Fiscal 2016 - Fiscal 2018

Basic Policy	Promote the shift to a high-revenue business model with a focus on asset efficiency in order to lay the foundations for sustainable growth.
Management Strategies Strengthen the Sales Base	1. Transform to take on new business areas that transcend the conventional concept of leasing 2. Create new values by integrating finance and business 3. Make a Group-wide effort to become first in the overall ranking for the automobile finance business 4. Expand overseas businesses by promoting alliance strategies 5. Engage in business planning and development aimed at lasting corporate development
Management Strategies Strengthen the Management Base	1. Strengthen consolidated management 2. Enhance and reinforce the financial base 3. Raise the level of risk control 4. Bolster development of human resources 5. Strengthen corporate governance
Management Targets	(see table below)

Management Targets

	Plans for the year ending March 31, 2019	Results for the year ended March 31, 2016
Consolidated ordinary income	80 billion yen or more	68 billion yen
Consolidated ROA (ROA = Ordinary income/ Operating assets)	2.3% or more	2.3%
Shareholders’ equity ratio	11.0%	9.6%

Ordinary Income Targets for the Third Medium-Term Management Plan

4. Basic Policy of the Third Medium-Term Management Plan

In the past, we emphasized quantitatively expanding operating assets and generating growth in promising fields such as specialty financing, domestic automobile financing, and international business. As operating assets diversified and increased to about ¥3 trillion, however, management faced greater challenges such as the need to boost profitability to handle new sources and levels of risk.

The third medium-term management plan announced in May 2016 addresses this shift in our operating environment. Over the course of this plan, we will transition into a high-revenue business model focused on asset efficiency in order to lay the foundation for sustainable growth. The third medium-term management plan marks a major turning point in building the foundation for lasting growth. We intend to shift the goal of our business model from quantitative expansion to the generation of high-revenue based on accumulating highly profitable assets. The omission of targets for consolidated operating assets in our management plan follows from our emphasis on asset efficiency. We will establish an organization that can consistently achieve consolidated ordinary income of at least ¥80.0 billion, and consolidated ROA (the ratio of ordinary income to operating assets that we use internally) of at least 2.3%. Financial leverage will be addressed by further strengthening our financial base, with a target of 11.0% for the consolidated shareholders' equity ratio.

5. Third Medium-Term Management Plan Strategies:
Strengthen the Sales Base and the Management Base

We will strengthen our sales and management foundations in accordance with the basic policy of the third medium-term management plan.

Strengthen the Sales Base

Equipment Leasing

Although the equipment leasing operating environment is expected to remain harsh, we intend to reach beyond conventional leasing concepts by entering new business domains. This means that we will emphasize ROA through service as we expand into businesses where we possess a competitive advantage. At the same time, we will concentrate on joint ventures with leading partners. Moreover, we will strengthen businesses that are focused on high-value areas such as operating leases and the rental business and expand reuse and recycling operations. We expect these efforts to contribute to the creation of an environmentally-sound, sustainable economy and society.

Specialty Financing

Specialty financing concentrates on the highly specialized domains of shipping, aviation, environment and energy, and real estate, with the goal of creating new value by combining finance and business. In concrete terms, we will shift our focus from the quantitative expansion of operating assets to qualitative considerations such as credit quality and earnings potential. We will also enhance the expertise of those responsible for creating value on the front lines of our businesses and expand the range of businesses with strategic partners. In addition, we plan to establish a sound earnings foundation through, for example, creative, intelligent schemes and exit strategies in each of our focal business areas to improve profitability while generating non-interest income, including fees and capital gains from equity investments.

Domestic Automobile Financing

Domestic automobile financing will take on the challenge of mobilizing Group strengths to become first in Japan's automobile finance business. This business stands on one of the most solid foundations in its industry in Japan, encompassing Nippon Car Solutions Co., Ltd., which serves corporate clients; Orico Auto Leasing Co., Ltd., which serves individuals; and Nippon Rent-A-Car Service, Inc., which serves both individuals and companies. We will integrate our unique advantages as Group strengths while considering the environment of the automobile leasing and rental markets to enable us to create new offerings and prevail against the competition. In addition, we will aggressively form alliances and engage in M&A with leading partners to take on new challenges, such as advanced automotive technology.

International Business

Our international business reaches across the globe from East Asia and ASEAN to the United States, and we will further expand overseas operations by building alliances. We will work with leading local partners by complementing their strengths, including extensive customer bases, with our unique knowledge and expertise, to generate synergies and expand business with a sense of urgency. We will also address the key issue of improving profitability by increasing transactions with non-Japanese companies with due regard for risks and returns.

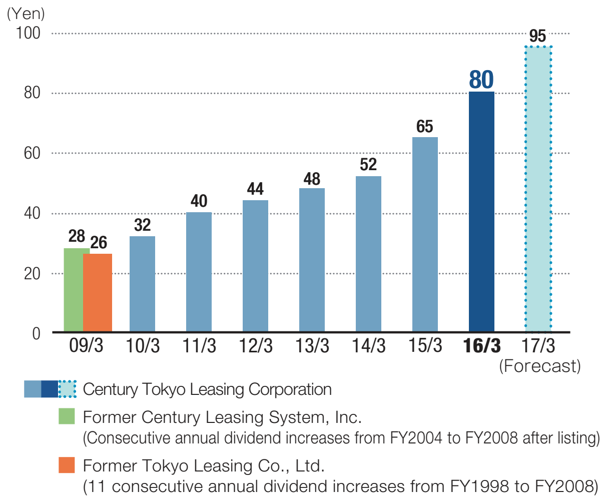
Strengthen the Management Base

We will establish a more robust management foundation by (1) strengthening consolidated management, (2) enhancing and reinforcing our financial base, (3) raising the level of risk control, (4) bolstering development of human resources, and (5) strengthening corporate governance. Greater stability will be achieved by improving and enhancing organizational support capabilities to ensure close alignment with the Group's global business development. We are committed to maintaining effective management that increases the Group's corporate value in accordance with the Corporate Governance Code enacted in June 2015.

6. Shareholder Returns

We committed to a payout ratio of at least 20% in November 2014. For the year ended March 31, 2016, net income attributable to owners of parent stock increased ¥5.9 billion year on year to ¥40.0 billion. Accordingly, for the year ended March 31, 2016, we paid dividends per share totaling ¥80.0, an increase of ¥15.0 per share, higher than initially planned. The payout ratio was 21.1%. For the year ending March 31, 2017, we recognize that expectations for corporate shareholder returns have risen since the Bank of Japan implemented a negative interest rate policy; therefore, we plan to increase dividends per share by ¥15.00 to ¥95.00, for a payout ratio of 23.6%. This would be the 19th consecutive increase in dividends per

Dividends per Share



share going back to the year ended March 31, 1999 for the former Tokyo Leasing Co., Ltd.

We also intend to balance investment in growth with shareholder returns and to steadily raise dividends by achieving the objectives of the third medium-term management plan.

7. CSR Initiatives

The Group has adopted a new management philosophy under the slogan “Solutions to your Pursuits.” This means that Century Tokyo Leasing Corporation will apply its organizational capabilities to provide solutions to the pursuits of its customers as well as the Group employees who are assisting them, which will lead to the sustainable growth we seek. In addition, we will keep in mind our social responsibility as a corporation. Our corporate philosophy calls on us to contribute to the creation of an environmentally-sound, sustainable economy and society while efficiently using resources by leveraging the freedom of our businesses to provide unique, highly specialized financial services.

During the third medium-term management plan, we are enthusiastically engaging in dialogs with stakeholders including customers, business partners, shareholders, investors, communities, and employees to promote awareness of our responsibilities as an upstanding corporate citizen, and we set operating goals and policies to achieve an affluent society. Moreover, our activities in equipment leasing, specialty financing, domestic automobile financing, and international business were directed beyond making a profit. We are also working with customers to address social issues through businesses that contribute to achieving an environmentally-sound, sustainable economy and society, such as green businesses that reuse and recycle and clean energy businesses, such as solar power energy generation.

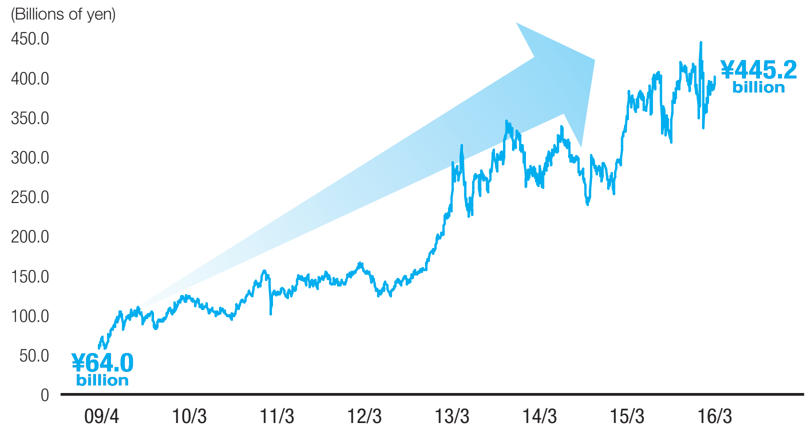
Our employees support these activities and represent the source of growth for the Group. By demonstrating professionalism, foresight, imagination, and creativity, they assist our customers in building and advancing their businesses, and we expect them to contribute to achieving an environmentally-sound, sustainable economy and society. We therefore established the Diversity Promotion Office in the Personnel Department to promote the creation of an environment in which our diverse employees can thrive by fully demonstrating their various capabilities. We also formulated our Basic Policy for Diversity and are implementing a variety of related measures.

CTL Group will not only expand its business results; as a leading enterprise, it will also fulfill its corporate social responsibilities by adopting a management stance that deeply considers the well-being of the environment and society. We will contribute to society and promote environmental preservation as an integral aspect of our business activities. We will also maintain strict compliance, ensuring we have no ties with anti-social forces and preventing bribery and corruption. Furthermore, we intend to earn the trust and meet the expectations of our stakeholders through sound, transparent management undergirded by even stronger corporate governance.

Topics in 2016

TOPIC 1 Market Capitalization Has Increased about Sevenfold since the Merger

We have consistently exceeded our performance targets by steadily executing management strategies that fully leverage our unique strengths. Capital markets appreciate Century Tokyo Leasing (CTL) as a result, and our market capitalization has increased about sevenfold since the merger.



TOPIC 2 “Competitive IT Strategy Company” for Two Consecutive Years

2016
攻めのIT経営銘柄
Competitive IT Strategy Company

In June 2016, CTL was selected as a “FY2016 Competitive IT Strategy Company” by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). CTL was awarded this designation for the second consecutive year.

“Competitive IT Strategy Company” stocks are selected from among the roughly 3,500 companies listed on the TSE as companies that are actively using IT to stimulate innovation in management and improve earnings levels and productivity from the standpoint of enhancing corporate value and boosting competitiveness over the mid to long term. The companies are selected from each industry category.

CTL has been a pioneer in developing Internet-based IT tools to broadly respond to customer needs. It delivers information on leasing contracts and management of customer assets while enhancing customer convenience by utilizing cloud services. Group company Nippon Car Solutions has been providing customers with the “NCS Drive Doctor,” a telematics service, as an additional service in its automobile leasing business. NCS provides services that contribute to realizing safe and secure transportation through functions for visualizing driving behaviors, such as reckless driving, and supporting efficient vehicle operation management

In addition, CTL’s top management has consistently communicated the importance of utilizing IT through annual reports and various media. CTL was recognized for its internal meetings related to the use of IT and its response to information security, as well as for the direct, active interest that its top management has demonstrated.

TOPIC 3 Continued Inclusion in the JPX-Nikkei Index 400

JPX-Nikkei Index 400 is a stock price index composed of companies that are highly appealing to investors and that meet global investment criteria, such as rate of return on equity (ROE) that demonstrates efficient use of corporate capital. CTL has been selected for inclusion in this index since it was created in 2014.

JPX-NIKKEI 400

Feature

Century Tokyo Leasing (CTL) Group's Unique Global Strategy to Generate New Growth

Since its establishment, CTL Group has provided high-value-added products and services that address customer needs and market changes in Japan and overseas. In recent years the Group has leveraged its unique strengths to develop highly profitable businesses in growing overseas markets, and is targeting further growth. The Group has multiple growth strategies, and this feature highlights our strategy for global growth.

Feature 1

CSI Leasing's Business Strategy and Outlook

Feature 2

Growth Strategy in Thailand: Build the Nippon Rent-A-Car Brand

CSI Leasing's Business Strategy and Outlook

CSI Leasing, Inc. (CSI) is the largest privately-held independent leasing company in the United States specializing in information and communication technology (IT) equipment leasing. It operates in the leasing business through 40 locations in the United States and in over 30 countries. CSI is also engaging in IT equipment sales and the refurbishing business, including data destruction and IT equipment recycling, through wholly owned subsidiaries including EPC, Inc. at 9 locations throughout North America and 5 other countries. Taking full advantage of an extensive network and lineup of services, CSI is pursuing further strong growth in the growing global IT market.

CTL acquired additional shares of CSI in 2016 to make it a wholly owned subsidiary, which will be the cornerstone of the CTL Group's global growth strategy.

CSI's Strengths and Features

Proactive and Highly Flexible Business Approach

CSI's greatest strength is its proactive and highly flexible business approach. This strength comes from CSI's position as the largest privately-held independent leasing company which is not affiliated with any particular banking or manufacturing group in the United States, the world's largest economy. While bank-affiliated leasing companies and captive finance companies are under headwind conditions as their parent companies are suffering from stricter banking regulations or forced to concentrate resources in their main business, CSI is aggressively developing business globally as an

Name	CSI Leasing, Inc.
Established	October 23, 1978
Head office	St. Louis, Missouri, USA
Employees*	894
Consolidated net assets*	USD 169 million
Consolidated ordinary income*	USD 23 million

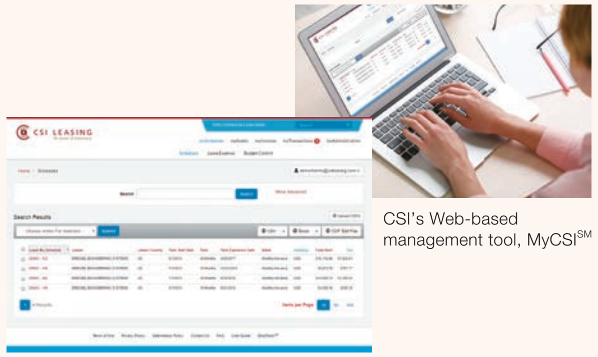
*As of June 30, 2015

independent leasing company by placing its high importance on meeting customer and market needs.

Global Network Rooted in Local Markets and Powerful Sales Capabilities

CSI delivers products and services to customers worldwide through an extensive sales network that spans 40 locations in the United States and over 30 countries. The true strength of CSI's global business network is its organic structure, with dedicated employees rooted in local markets worldwide. CSI draws on the distinctive knowledge and expertise it has acquired in local markets to deeply understand customers and businesses, which enables it to make new proposals that anticipate market needs. CSI offers Web-based management tools such as MyCSI℠, a support system that allows customers to confirm lease transactions and asset status on a global basis. In addition, CSI's account executives constantly monitor customers' needs and make proactive proposals such as IT equipment upgrades, lease renewals and other solutions tailored to the customers' business strategy and cash flow.

CSI's marketing approach earns the solid trust of customers in local markets and business associates including financial institutions, manufacturers and vendors, which helps in structuring new lease deals.

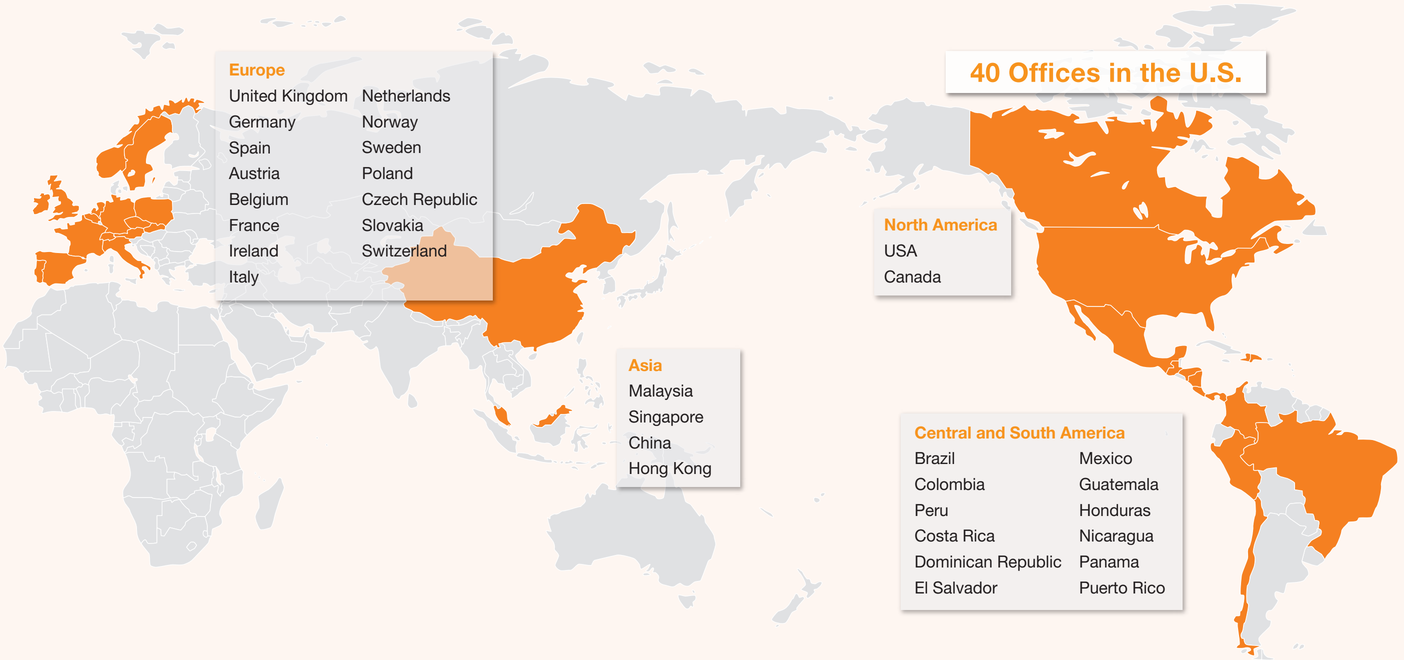


CSI's Web-based management tool, MyCSI℠

Distinctive Expertise with Fair Market Value Leases

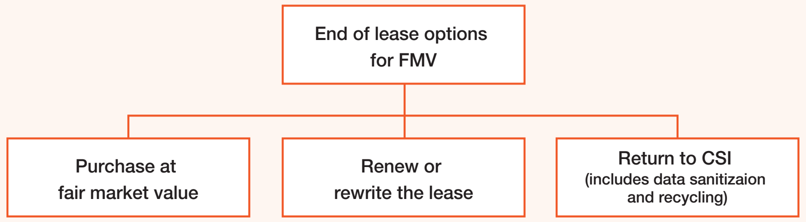
CSI structures fair market value (FMV) leases for IT equipment in the United States, the world's largest IT market, and around the world.

CSI's Global Network



FMV leases are structured using knowledge of market value and the value of continuing use after the lease term ends. At the end of the lease term, the customer can select from options that include buying the asset at fair market value, returning the asset, or renewing the lease.

End of Lease Options for FMV



CSI leverages its many years of experience and expertise to provide optimal FMV lease solutions for customer needs, which include asset upgrades during the lease term, lease term extensions, and other changes to the lease agreement.

Highly Experienced in the Lifecycle Management Business

CSI has extensive experience in IT equipment lifecycle management (LCM) and provides outstanding services such as refurbishment, equipment resale and data wiping through EPC and other wholly owned subsidiaries.

The IT equipment LCM business requires solid reliability for services such as personal data destruction. EPC has earned the business of large financial institutions, multinationals and other companies by providing secure processing for customers on-site using its own specialized Data Destruction Recycling Vehicles. EPC has enabled CSI to develop a unique worldwide LCM business by having the ability to provide one-stop services from purchase of IT equipment to its environmentally correct disposal.

An EPC on-site Data Destruction Recycling Vehicle (DDRV)

Creating Synergy between CTL Group and CSI

Extensive Global Network

The global IT equipment leasing market is expected to continue its growth, supported by rapid advances in technology and expanded application. In particular, the ¥8 trillion U.S. market– by far the largest in the world–is projected to grow further at an annual rate of 4.7%.

CTL Group's expertise in IT equipment leasing and that of CSI complement each other. Adding CSI's network in the Americas to CTL Group's network in Asia will enable us to offer IT equipment leasing with exceptional added value worldwide. CTL Group now will be able to access markets where other Japanese leasing companies have little coverage, allowing us to expand our customer base.

Further Evolution of IT Equipment Leasing

CTL Group has the top share of Japan's IT equipment leasing market, and CSI has well-developed knowledge and expertise in the same industry. We will aim to develop world-class products and services by combining the strengths of two companies in order to meet our customers' diverse requirements.

Further Expanding Our Global Business

CTL Group has steadily acquired experience and a track record as it expanded its global business by supporting Japanese companies that are advancing overseas, by building alliances with blue-chip local companies, and by strengthening partnerships with Japanese and other multinational vendors operating globally. Operating assets in the International Business have increased by about three times in the six years since April 1, 2009.

We will further evolve our business model by creating synergy and leveraging CSI's global network that is rooted in local markets. Furthermore, we will substantially strengthen our support for our customers globally and advance our capabilities as a comprehensive financial services company.

Strong Affinity between the Corporate Cultures of CTL Group and CSI

CTL Group and CSI demonstrate strong affinity. Both are aggressively expanding their businesses with a great degree of flexibility, yet both have similar attitudes toward their businesses, similar approaches to their employees, and similar corporate cultures. When CTL announced that CSI will become a wholly owned subsidiary, its head office in St. Louis, Missouri immediately expressed its enthusiasm for taking on new businesses and challenges, and we have initiated various initiatives such as personnel exchanges to create synergies between the CTL Group and CSI.

Many of CSI's employees have been with the company for over 20 years and take pride in CSI's business.

Both companies are committed to understanding each other's corporate culture and accelerating business integration. In one initiative, CSI held training sessions for its employees to study Japanese culture and business etiquette before the arrival of CTL Group staff from Japan, who in turn introduced Japanese cuisine on Japanese Lunch Day. CSI employees and expatriate staff from Japan also join in cheering on the Cardinals baseball team, a proud symbol of St. Louis.

Everyone at CSI from officers to new employees see the transition to a CTL Group subsidiary as a great opportunity. We will organically unite our organizations to become an even more effective organization that will create value unique to CTL Group.

Feature 2 Growth Strategy in Thailand: Build the Nippon Rent-A-Car Brand

TTL management

Thailand has the second largest GDP after Indonesia in ASEAN, a dynamic region that has drawn the attention of the global economy. This section covers Century Tokyo Leasing (CTL) Group's strategy for building alliances in the growing Thai market.

The History of CTL Group in Thailand

The history of CTL Group in Thailand began with its investment in DKB Leasing (Thailand), Ltd., a subsidiary of The Dai-Ichi Kangyo Bank established in 1993. In July 2008, the Group acquired Mizuho Bank's shares in the company and launched a full-scale leasing venture. In January 2009, the equity holdings of the company were restructured as a joint venture between CTL Group and the TISCO Financial Group Pcl., which is anchored by the major Thai bank TISCO Bank Public Co., Ltd., and the company began providing a broad array of equipment leasing services for Japanese businesses under its new name, TISCO Tokyo Leasing Co., Ltd. (TTL).

Today, in addition to offering equipment leases to Japanese and Thai companies, we are forming alliances with Japanese, multinational, and Thai business partners to propose and deliver additional services.

An Alliance Strategy That Generates Strong Local Growth

A key aspect of our global business operations in ASEAN and emerging countries is the establishment of joint ventures with leading local companies. We specifically partner with leading, well-trusted local companies that maintain extensive networks, including TISCO in Thailand and the Bank of the Philippine Islands (BPI), the oldest and one of the largest banks in the Philippines. These joint ventures possess advantages not available to other Japanese leasing companies, based on combining our reputation among Japanese companies with the local trust gained from our partners. In addition, we are uniquely able to balance risk management and profitability while rapidly developing businesses in new fields and achieving strong growth by virtue of uniting the knowledge, expertise, and business models we have cultivated in Japan with the powerful credit analysis skills, customer base, and resources of our local partners.

Growth Model in Thailand

Building the Nippon Rent-A-Car Brand at TTL in Thailand

We have recently been accelerating our automobile leasing initiatives in Thailand. In February 2015, we expanded our operations by purchasing approximately 500 fleet vehicles and associated lease receivables of the automobile leasing business of Mitsui Bussan Automotive (Thailand) Co., Ltd.

In addition, in February 2016, our subsidiary Nippon Rent-A-Car Service Inc. (NRS) and TTL agreed to use the Nippon-Rent-A-Car brand to establish an auto leasing business in Thailand under the name Nippon Rent-A-Car Leasing.

TTL will boost recognition for its automobile leasing business under the Nippon Rent-A-Car brand, which is widely known in Japan, and will pursue growth by fully leveraging the appeal of the brand's image of reliability, trust, and quality service while deepening relationships with Thai partners.

Other initiatives are planned beyond Thailand as well. NRS and TTL will collaboratively promote the use of Nippon Rent-A-Car among the rising number of Thai tourists and businesspeople traveling to Japan each year as one means for capitalizing on the synergies between the two nations to generate growth.

Strong Growth Potential from a Diverse Workforce

Diversity has been a fundamental strength of TTL since its establishment as a joint venture, and the company's human resources continue to become ever-more diverse. While several Japanese expatriate employees, including the president, are on hand, the majority of employees are local hires and employees assigned by TISCO. In addition, reflecting the active participation of women in the workforce in Thailand and ASEAN countries, women also drive growth at TTL, comprising 60% of its employees and 90% of its managers.

This broad diversity provides a source for medium to long-term growth by enabling us to anticipate changing trends and emerging market needs.

Value Creation Initiatives

Century Tokyo Leasing Group focuses on four core businesses: Equipment Leasing, Specialty Financing, Domestic Automobile Financing and the International Business. We aim to be an industry leader in each of these businesses by delivering added value that is unique to the Group.

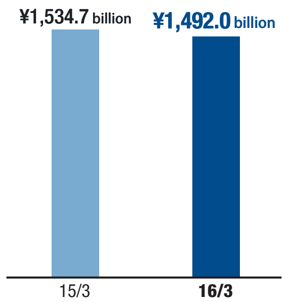
Core Businesses

Equipment Leasing

For details, see pages 30–31

Equipment leasing leverages the Group's comprehensive capabilities and potent customer base to provide products and services spanning a broad array of machinery and equipment including information and communications equipment, factory equipment, medical devices, construction equipment and commercial equipment.

Operating Assets

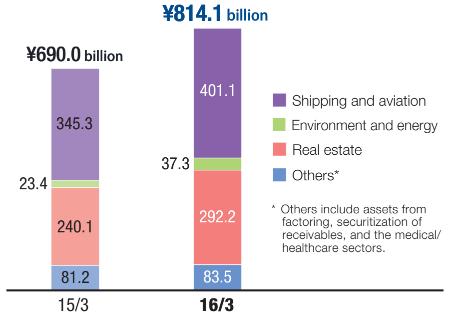


Specialty Financing

For details, see pages 32–33

We have acquired specialized knowledge of various products to create new growth fields beyond leasing and financing services. We are concentrating on four areas: shipping, aviation, environment and energy, and real estate.

Operating Assets

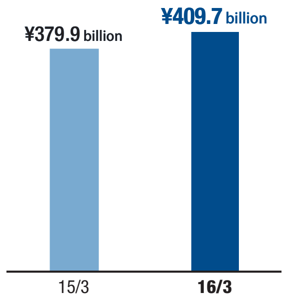


Domestic Automobile Financing

For details, see pages 34–35

We offer automobile leasing for companies and individuals as well as car rental with a leading lineup of services in Japan through Nippon Car Solutions, Orico Auto Leasing and Nippon Rent-A-Car, providing optimum services according to the customer's intended use.

Operating Assets

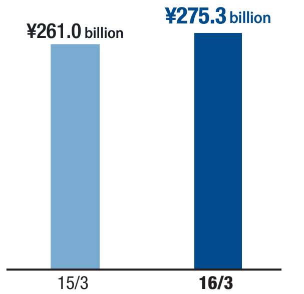


International Business

For details, see pages 36–37

Overseas, we provide local financial support to Japanese corporations and cooperate with local partners, financial institutions, manufacturers and dealers to meet customer needs. We provide specialized services that meet the unique requirements of the regions we serve.

Operating Assets



Value Creation Initiatives

Equipment Leasing

Operating Strengths

Equipment leasing has been a Century Tokyo Leasing Corporation business since the company was created. As one of our platform businesses, equipment leasing serves approximately 25,000 corporate customers.

Equipment leasing has taken advantage of the networks of major shareholders Mizuho Bank, Ltd. and ITOCHU Corporation to expand, addressing a wide range of customer needs by providing financial services that are centered on leasing and installment sales. We command a major share of the information and communications equipment leasing market while also handling items such as factory equipment and machinery, commercial equipment, construction machinery, and office equipment.

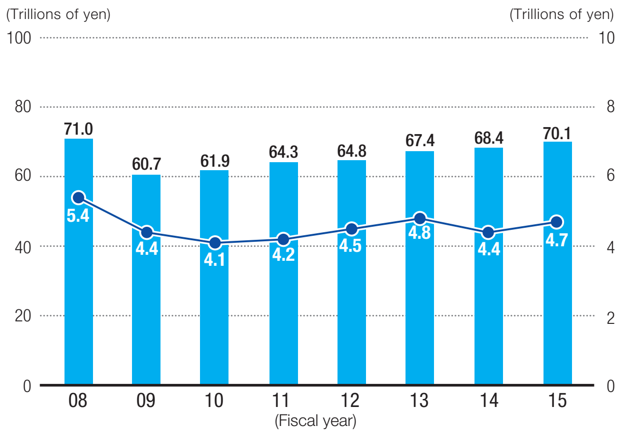
In addition, we structure and provide flexible financing programs for diverse customer needs along with the financing subsidiaries of Fujitsu Ltd. and IHI Corporation as part of Century Tokyo Leasing (CTL) Group and in cooperation with numerous manufacturers and dealers.

Share of Leasing Transactions in Japan

	Fiscal Year Ended March 2014	Fiscal Year Ended March 2015	Fiscal Year Ended March 2016
No. 1	Sumitomo Mitsui Finance & Leasing Co., Ltd. 12.4%	Sumitomo Mitsui Finance & Leasing Co., Ltd. 12.8%	Sumitomo Mitsui Finance & Leasing Co., Ltd. 13.8%
No. 2	**Century Tokyo Leasing Corporation 11.9%**	ORIX Corporation 12.1%	**Century Tokyo Leasing Corporation 12.7%**
No. 3	Mitsubishi UFJ Lease & Finance Co. Ltd. 11.5%	**Century Tokyo Leasing Corporation 11.8%**	Mitsubishi UFJ Lease & Finance Co. Ltd. 11.8%

Source: Nikkei Inc.

Private Capital Investment & Capital Investment Financed by Leasing



Private Capital Investment (Left scale)
Capital Investment Financed by Leasing (Right scale)
Source: Japan Leasing Association (As of June 8, 2016)

Overview of Fiscal 2015 and Review of the Second Medium-Term Management Plan

Overview of Fiscal 2015

The equipment leasing market in Japan has rebounded after a period of contraction following the increased consumption tax in fiscal 2014, and it has benefited from the effects of Abenomics policies. Given that the total volume of leasing transactions in the industry increased by 4.4% year on year in fiscal 2015 according to Japan Leasing Association statistics, our equipment leasing business sought higher profitability by avoiding low-margin transactions and promoting further differentiation. As a result, our profitability steadily increased despite a lower volume of transactions.

Moreover, the Ministry of Economy, Trade and Industry (METI) has spearheaded a program to support bold investment in advanced equipment called the "Promotion of investment in cutting-edge facilities using lease methods." We have been aggressively marketing in line with the goals of this program to help companies prevail against international competition. As a result, our estimates show that CTL Group has been able to capture about 50% of all equipment investment using leases concluded by the leasing industry as a whole under the program.

Review of the Second Medium-Term Management Plan

Japan's leasing market was consistently challenging during the second medium-term management plan due to factors such as a decrease in the value of leased equipment, the progress of the shift overseas among Japanese companies, and aggressively low interest rates of banks. In this market, our equipment leasing initiatives included maintaining operating assets at approximately ¥1.5 trillion, embracing a high value-added sales approach under a marketing strategy that emphasized profitability, collaborating with businesses in other operating segments, and creating joint ventures with leading partners.

These joint ventures included Orico Business Leasing Co., Ltd., a 50/50 partnership with consumer credit industry leader Orient Corporation (Orico). Established in April 2015, the company specializes in vendor leasing. The venture got off to a smooth start as we maximized synergies by integrating Orico's sales capabilities and our expertise in leasing operations.

Initiatives during the Third Medium-Term Management Plan

Theme for Equipment Leasing under the Third Medium-Term Management Plan

Transform to Take on New Business Areas that Transcend the Conventional Concept of Leasing

Under the third medium-term management plan, we intend to transform our equipment leasing business to take on new domains that transcend the conventional concept of leasing.

Anticipating that the operating environment will remain harsh, CTL Group cannot generate sustainable growth if it clings to conventional ways of thinking and doing business. Equipment leasing will take full advantage of CTL's unique strengths to take on the challenges of new business domains under the following five core policies.

1. Seek greater advances in lease transactions. Cultivate ventures that use our customer base to expand highly competitive businesses with a focus on service and identify customer needs from a global perspective.
2. As in the second medium-term management plan, promote joint ventures that build on our strengths and those of prime business partners and create new business models with financial institution partners.
3. Fully exploit businesses that focus on asset value and promote businesses that reuse and recycle resources to strengthen initiatives for creating an environmentally-sound, sustainable economy and society.
4. Focus even more intently on identifying and executing liquidity opportunities that improve asset efficiency.
5. Steadfastly optimize and raise the efficiency of our organization to adapt to the changing operating environment.

Contribution to Society through Equipment Leasing

Green Businesses

Under our new management philosophy and policies, CTL Group will work alongside customers in pursuit of their growth and contribute to the creation of an environmentally-sound, sustainable economy and society.

Although shipments of personal computers and tablets in the Japanese market now exceed 20 million units annually, the reuse and recycle rate represents a comparatively small fraction of that volume. Therefore, both users and manufacturers urgently require measures for realizing an environmentally-sound, sustainable economy and society. Possessing a leading share of the information and communications equipment leasing market in Japan, we will leverage our expertise in handling property for expired leases and join with leading partners to aggressively operate businesses that target secondary markets.

Erasing data on a used personal computer

Value Creation Initiatives

Specialty Financing

Operating Strengths

Specialty financing is the business with the highest growth potential for Century Tokyo Leasing Group, and we are exploring global markets to bring in further growth opportunities. We lay focus on the rapidly growing aviation financing business and other businesses such as solar power generation that are attracting much attention. We also provide financing and services towards shipping, real estate, structured finance and the medical/healthcare sectors, utilizing our highly specialized knowledge and expertise.

Shipping

- Our wide range of products finance a variety of vessel types including bulk carriers, car carriers, container ships and tankers, as well as energy-related vessels such as offshore wind power vessels.
- We are creating new businesses in cooperation with core partners.

Environment and Energy

- We have generated a strong pipeline consisting of transactions totaling approximately ¥200 billion.
- We operate a large number of solar power generation businesses in Japan, including joint ventures with Kyocera Corporation.

Aviation

- We actively pursue aviation business by providing lifecycle management in the aviation market from new and used aircraft to engine parts.
- We also focus on arranging aircraft leasing transactions through alliances with investors and financial institutions.

Real Estate

- We are building a portfolio of prime assets that meet the needs of strategic partners.
- Our specialized knowledge and expertise allows us to maximize profits when exiting transactions.

Overview of Fiscal 2015 and Review of the Second Medium-Term Management Plan

Overview of Fiscal 2015

Our growing four core business segments of shipping, aviation, environment and energy, and real estate expedited the growth of our specialty financing business under the second medium-term management plan, raising the balance of operating assets in specialty financing to ¥814.1 billion as of March 31, 2016, up 18.0% compared with the end of the previous fiscal year. Of them, shipping and aviation account for 49.3%, environment and energy for 4.6% and real estate for 35.9%. Shipping, aviation and environment and energy, which we identified as areas with strong growth potential, constitute approximately 54% of the total consolidated operating assets of specialty financing.

Review of the Second Medium-Term Management Plan

Specialty financing has the highest growth potential for the Group, and has been an engine for the company's growth since its merger. Aviation financing is enjoying the highest growth with its operating assets rising sevenfold during the second medium-term management plan, leading to a surge in revenues. In addition, the transaction volume of solar power generation through Kyocera TCL Solar LLC grew rapidly, contributing to the profitability of our specialty financing business.

Initiatives during the Third Medium-Term Management Plan

Theme for Specialty Financing under the Third Medium-Term Management Plan

Create New Values by Integrating Finance and Business

In specialty financing, our aim under the third medium-term management plan is to create new value through the integration of our expertise in financing and business.

We intend to pursue profit-focused initiatives while evolving our business models in line with changing market environment and risks. Specifically, we attempt to increase the balance of operating assets while further improving the credit quality and profitability of our portfolio. In addition, we will expand our business platform by cultivating professional talents of our employees who create value on the front lines and by carefully selecting strategic partners.

We also aim to establish a stable foundation for profits by developing effective exit strategies and creative structures in each business segment that will lead to higher profitability and generation of non-interest income including fee income and capital gains from equity investments. Moreover, we will look to diversify our earning sources by developing products and business framework on a global basis and by investing into companies with exponential growth.

With these initiatives, specialty financing seeks to increase the balance of its operating assets to approximately ¥1.0 trillion during the term of the third management plan.

Initiatives by Business Segment

In ship financing, we aim to diversify our portfolio by continuously creating business opportunities along with core partners and developing new partnerships.

In aviation financing, we will enhance our market presence and focus on adding assets by aggressively pursuing opportunities through our joint ventures and alliances with strategic partners. We will also look to optimize our portfolio through asset reallocation. In addition, we will cultivate and enhance the talents of our employees in order to strengthen our marketing capabilities.

In environment and energy, we will continuously engage in solar power generation business of Kyocera TCL Solar, a joint venture established with Kyocera Corporation, while pursuing renewable energy business consisting of geothermal, offshore wind and hydrogen power, areas that are expected to grow over the medium to long term.

In real estate, we are entering the asset management business with the acquisition of 30% equity interest in Nittochi Asset Management Co., Ltd., a subsidiary of Nippon Tochi-Tatemono Co., Ltd., with an aim to building a stable profit foundation resilient to changing market conditions and gaining access to new revenue sources.

Contribution to Society through Mainstay Businesses of Specialty Financing

Retinal Imaging Laser Eyewear

We are supporting the development of retinal imaging laser eyewear by investing in QD Laser Co., Inc., a semiconductor laser company, which is developing this product as an assistive device for people with low vision* with the goal of full-scale commercialization.

*Low vision: A state of poor vision with corrected visual acuity of less than 0.3 and equal to 0.05 or better defined by the World Health Organization.

Next-generation Electric Wheelchair

We are supporting the creation of new value and product category by investing in WHILL, Inc., a manufacturer/distributor of "personal mobility" devices appealing to both wheelchair and non-wheelchair users.

Value Creation Initiatives

Domestic Automobile Financing

Operating Strengths

The increasing popularity and advanced functions of automobiles has changed the demand for automobiles in Japan from ownership to use. Century Tokyo Leasing (CTL) Group has established an industry-leading structure that meets the needs of today with a well-balanced portfolio of businesses, from automobile leasing for corporate customers and individuals to car rental. As an industry leader in Japan, the Group currently maintains a fleet of about 570,000 vehicles*.

* Total for Nippon Car Solutions Co., Ltd. (NCS), Orico Auto Leasing Co., Ltd. (OAL), and Nippon Rent-A-Car Service, Inc. (NRS)

Main Differences among Automobile Leasing, Rental and Ownership

	Leasing	Rental	Ownership (incl. the use of loans)
Intended use	Routine, continuous usage	Temporary and short-term intensive usage	Long-term continuous usage
Loan or rental contract term	Long-term (years) Note: Early termination is generally not possible	Short-term (hours, days, weeks, months)	Automobile loan contracts are long-term Note: Early repayment is possible
Users	Specified customers	Multiple unspecified customers	Specified (owner)
License plates	Cannot be distinguished from privately owned vehicles	"Wa" and "Re" numbers	Regular, privately owned vehicles
Model selection	Customers obtain their desired vehicle	Selection from rental car company vehicles	Purchase of desired vehicle
Payment for insurance, maintenance, taxes and inspections	Generally handled by the leasing company. Included in lease payment depending on the contract	Handled by the car rental company and included in the rental fee	Purchaser pays as costs are incurred

Century Tokyo Leasing Group Automobile Financing Companies

(Percentages in parentheses are Century Tokyo Leasing's percentage of voting shares as of March 31, 2016)

Automobile Leasing	Mainly for Companies	Nippon Car Solutions Co., Ltd. (59.5%)
	Mainly for Individuals	Orico Auto Leasing Co., Ltd. (50.0%)
Rental Car Services		Nippon Rent-A-Car Service, Inc. (69.6%)

Overview of Fiscal 2015 and Review of the Second Medium-Term Management Plan

Overview of Fiscal 2015

Domestic automobile financing operating assets as of March 31, 2016 increased by 7.8% year on year to ¥409.7 billion. Over the past three years, the number of vehicles in the domestic automobile leasing market has grown at a solid annual rate of about 3%. Meanwhile, the car rental market has rapidly expanded since about 2012, driven by the reconstruction in the immediate aftermath of the Great East Japan Earthquake. Although the rate of expansion subsequently slowed, the growth in the number of rental vehicles has continued at a steady annual pace of about 7% over the past three years.

Review of the Second Medium-Term Management Plan

CTL Group implemented a number of key initiatives to expand domestic automobile financing during the second medium-term management plan. The Automobile Business Promotion Division was established in April 2013, NRS became a consolidated subsidiary in June, and NCS was created through a merger of Tokyo Auto Leasing Co., Ltd. with the former Nippon Car Solutions Co., Ltd. in October. In 2015, we transferred the headquarters of NRS and NCS to Akihabara, near the headquarters of OAL in Okachimachi, to boost the synergies among these three businesses.

Each company has also been separately partnering with CTL Group. NCS has been working with CTL Group to expand the company's revenue base through such means as developing new customers and deepening relationships with strategic customers. NRS joint efforts with the Group are focused on strengthening the Corporate Sales Division and aggressively capturing inbound demand, while OAL's initiatives have included cultivating large alliance partners and identifying new alliance partners. All of these initiatives have produced steady growth for each company as well as a solid business foundation for CTL Group.

Initiatives during the Third Medium-Term Management Plan

Theme for Domestic Automobile Financing under the Third Medium-Term Management Plan

Make a Group-wide Effort to Become First in the Overall Ranking for the Automobile Finance Business

The primary objective for domestic automobile financing under the third medium-term management plan is to strive Group-wide to become the first in the business. Group automobile leasing and car rental companies will generate growth while closely monitoring changes in the operating environment. We will unite Group strengths to create unique capabilities and new strategies for prevailing over the competition.

Group companies generated growth through the following initiatives.

Nippon Car Solutions Co., Ltd.

NCS is developing a business model that is resilient to price competition by providing more specialized customer service under a new NCS brand. Specifically, NCS initiatives will acquire outstanding projects with multiple revenue opportunities, broaden and deepen its customer base by leveraging the sales channels it shares with CTL Group, and strengthen its non-asset and solutions businesses.

Nippon Rent-A-Car Service, Inc.

NRS plans to expand revenues by leveraging its overwhelming brand strength. Specifically, it intends to enhance corporate sales and capture inbound demand, which is expected to surge with the approach of the 2020 Tokyo Olympics.

Orico Auto Leasing Co., Ltd.

OAL will expand transaction volume through a more sophisticated business model. These efforts will involve strengthening its Koala Club with approximately 700 agencies and cultivating relationships with large affiliated agencies.

In addition, CTL Group will expand existing businesses through alliances with leading partners as well as M&A and boldly enter new business fields that involve advanced automotive technologies and data usage. Systems and business platforms will be upgraded and bolstered to support rapid business growth.

Contribution to Society through Domestic Automobile Financing

NRS Becomes the First in the Car Rental Industry to Receive Official Approval under the Eco First Program

In May 2010, NRS became the first car rental business to be approved as an Eco First* Company by Japan's Ministry of the Environment in recognition of the actions it has taken under its commitment to the ministry to protect the environment. The car rental business is viewed as contributing to sustainability by virtue of its efficient, environmentally-sound business model in which people use rental cars on an "as-needed" basis, and therefore future initiatives in this industry are attracting attention. As a car rental business that is leading car rental business in environmental protection, NRS is taking action to benefit the environment from multiple perspectives, including the promotion of Eco Drive, which helps to reduce CO_2 emissions, and the introduction of vehicles such as hybrids that also reduce harmful emissions.

ECO FIRST

* The Eco First Program encourages companies to lead their respective industries in environmental protection through voluntary commitments to the Ministry of the Environment to protect the environment, including the prevention of global warning.

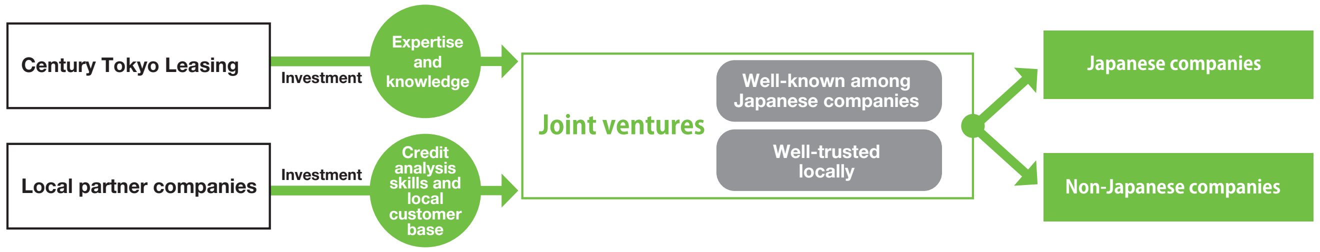
Value Creation Initiatives

International Business

Operating Strengths

Our international business has been very successful, primarily in East Asia and ASEAN. Operating assets have quadrupled over seven years since the merger in April 2009, that formed Century Tokyo Leasing (CTL) Group. In February 2016, we determined to consolidate CSI Leasing, Inc. (CSI), the largest privately-held independent leasing company in the United States. By incorporating CSI's global network, CTL Group's coverage now extends to the United States, Latin America, and Europe where CSI has business strength. The core of our international business lies in the business model to meet customer and market needs through close cooperation between headquarters and overseas offices by utilizing this global network. In addition, we are building alliances with blue-chip local companies, and expanding partnerships with Japanese vendors operating globally. In this way, we are focusing on increasing transactions with local non-Japanese companies, which is expected to be highly profitable, mainly in the growing markets of Asia and the United States.

Business Model of the International Business



Overview of Fiscal 2015 and Review of the Second Medium-Term Management Plan

Overview of Fiscal 2015

International business operating assets as of March 31, 2016 increased 5.5% from a year earlier to ¥275.3 billion. We steadily increased transaction value in East Asia and ASEAN by promoting stronger relationships with major financial groups and government-affiliated companies. In addition, in February 2015 we initiated full-scale maintenance-inclusive automobile leasing in Thailand by purchasing automobile leasing assets from Mitsui Bussan Automotive (Thailand), Co., Ltd. including a fleet of approximately 500 vehicles as well as personnel and loaner cars, which significantly strengthened our operating organization.

CTL was allied with CSI as a strategic partner in the United States. Since then, both have developed and expanded the partnership and in February 2016 CTL decided to acquire additional shares of CSI to make it a wholly owned subsidiary.

Review of the Second Medium-Term Management Plan

We were the first Japanese company to establish a factoring company in China with the opening of Century Tokyo Factoring China Corporation in Shanghai in June 2013. In April 2014, we started an automobile leasing business in Suzhou, China by establishing Tong-Sheng Finance Leasing Co., Ltd. as a subsidiary of President Tokyo Corporation, which is a joint venture with the Uni-President Enterprises Corporation group of Taiwan. Moreover, we expanded our scope of business with a focus on alliances with blue-chip corporate groups and government-affiliated companies. This included making Suzhou New District Furui Leasing Co., Ltd., which was established by a government-affiliated Chinese firm, an equity-method affiliate in February 2015.

In ASEAN, we made a leasing subsidiary of Bank of the Philippine Islands, the oldest bank in Southeast Asia and one of the largest banks in the Philippines, an equity-method affiliate in December 2014. In March 2015, we invested in Hitachi Construction Machinery Group's sales finance subsidiaries in Thailand and Indonesia and made them joint ventures to enter the construction machinery market in both countries. In addition, in Thailand we expanded equipment and auto leasing transactions with local Thai companies at TISCO Tokyo Leasing Co., Ltd., a joint venture with TISCO Financial Group Pcl.

Moreover, in the United States we made CSI, the largest privately-held independent leasing company in the United States, an equity-method affiliate. This expanded our global network in the United States, Central and South America, and Europe.

Initiatives during the Third Medium-Term Management Plan

Theme for International Business under the Third Medium-Term Management Plan

Expand Overseas Businesses by Promoting Alliance Strategies

The international business aims to expand through an alliance strategy during the third medium-term management plan.

We will shift to highly profitable businesses by using an alliance strategy and efficiently managing assets to drive the high-revenue business model that the Group is aiming for.

Alliance Strategy

Our alliance strategy is a strategy for expanding our business by partnering with local financial institutions and blue-chip companies that have extensive customer bases, channels and infrastructure; the ability to take risks and screen credit; and the ability to raise money and deal with local regulatory systems. Local financial institutions and blue-chip companies can furnish resources to conduct business in their respective countries, so CTL Group will have even more business opportunities by partnering with them.

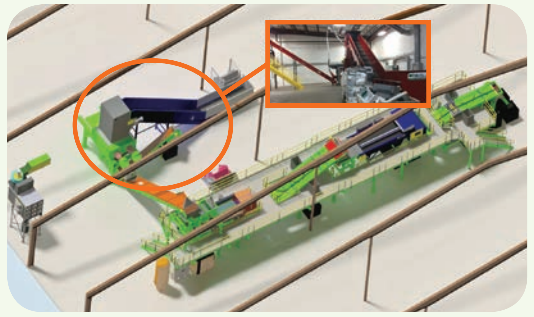
Increasing Profitability

Increasing profitability will involve a focus on increasing transactions with non-Japanese companies with due consideration of risks and returns. It will also involve ongoing initiatives to further increase transactions with Japanese vendors operating globally. Moreover, we will target non-interest income by expanding and increasing services in full maintenance-inclusive automobile leasing.

At the same time, we will establish a corporate governance system appropriate for a global company to address rapid expansion in the number of bases and the scope of business, and will enhance risk management.

Contribution to Society through the International Business

New E-Scrap Facility is built in the United States



Rendering: E-Scrap Processing Center

CSI's subsidiary EPC, Inc., one of the premier global Asset Recovery Solution provider in the U.S., is building a new E-Scrap Processing Center in Wright City, Missouri. The new facility is more than 50 percent larger than the existing processing center, which will be closed. A fully automated e-waste shredding and separation system will be installed into the new building when completed. All St. Louis area equipment auditing, SecureTrack and recycling operations will be moved to the new facility. The building is expected to be completed by mid-to-late summer with operations in full swing by the end of August. EPC is committed to compliance with environmental legislation and the prevention of pollution. Taking full advantage of this brand new state-of-art equipment processing and recycling center, EPC will continue to provide professional asset recovery solutions in full compliance with environmental regulations. The new center also helps EPC to further social contribution through new job creation in the local community.

Foundation for Value Creation

Century Tokyo Leasing Group is strengthening governance to ensure sound, transparent management, contributing to society through our business activities, and promoting initiatives in areas such as environmental conservation. We aim to be a company that society trusts by practicing CSR management that achieves balance with the community and the environment.

Management Organization (As of June 24, 2016)

Board of Directors

Chairman & Co-CEO, Representative Director
Toshihito Tamba

President & CEO, Representative Director
Shunichi Asada

Directors (External Directors)
Yoshinori Shimizu[1,3]
Akio Nakamura[1,3]

Deputy Presidents, Directors and Executive Officers
Makoto Nogami
Koichi Nakajima

Director and Senior Managing Executive Officer
Masataka Yukiya

Directors and Executive Officers
Osamu Tamano
Akihiro Naruse
Seiichi Mizuno

Corporate Auditors

Standing Corporate Auditor (External Corporate Auditor)
Futoshi Okada

Standing Corporate Auditor
Yasuyoshi Nozaki

Corporate Auditors (External Corporate Auditor)
Mikio Fukushima[2,3]
Kenichi Kobayashi[2]

Executive Officers

Senior Managing Executive Officers
Yuichiro Ikeda
Takeshi Honda
Atsuhiko Iwatake
Yasushi Yoshino
Yoichiro Nakai

Managing Executive Officers
Takashi Muramatsu
Kenji Murai
Shogo Ozaki
Takashi Kamite
Yoshio Nomura
Koichi Baba
Mahoko Hara

Executive Officers
Osamu Miyata
Kazuhiro Shibata
Toshifumi Takashima
Tomoyuki Akamatsu
Shuji Ozawa
Toshio Kitamura
Tatsuya Yamamoto

1. External directors as stipulated by Article 2-15 of the Corporation Law of Japan
2. External corporate auditors as stipulated by Article 2-16 of the Corporation Law of Japan
3. Designated independent officer as stipulated by the Tokyo Stock Exchange

Corporate Governance

Century Tokyo Leasing Corporation recognizes that effective corporate governance is an important management issue in maximizing corporate value. We also enhance the soundness and transparency of corporate management.

Management System

Century Tokyo Leasing's management organization reflects the will of shareholders. It centers on the Board of Directors and Board of Corporate Auditors, which consist of directors and corporate auditors, respectively, who are elected by the General Meeting of Shareholders. Furthermore, we have an executive officer system to accelerate management strategy decisions and further strengthen supervision and execution. One of the 25 executive officers is female.

Board of Directors

The Board of Directors consists of 10 directors, two of whom are external directors as specified in Article 2-15 of the Corporation Law of Japan. The Board of Directors deliberates on and decides important issues associated with the management of Century Tokyo Leasing and its Group companies as well as matters specified by prevailing laws, regulations, articles of incorporation, and rules governing the Board of Directors. Moreover, it supervises the execution of operations by directors and executive officers.

Century Tokyo Leasing Corporation's Articles of Incorporation limit the number of directors to 18 or fewer.

Board of Corporate Auditors

Century Tokyo Leasing has adopted the organizational structure of a company with a board of corporate auditors. The Board of Corporate Auditors consists of four corporate auditors, two of whom are full-time corporate auditors and three of whom are external corporate auditors as defined by Article 2-16 of the Corporation Law of Japan. The Board of Corporate Auditors meets regularly and rigorously executes independent and fair audits of compliance and the appropriateness of corporate activities including the performance of duties by directors and executive officers.

Nomination Committee and Compensation Committee

Tokyo Century Lease's Nomination Committee and Compensation Committee consist primarily of external directors and advise the Board of Directors. The Nomination Committee nominates and selects director and corporate auditor candidates and executive officers. The Compensation Committee discusses matters including decisions about compensation systems and policies. Both committees report to the Board of Directors.

Independence of Management Oversight Structure

Century Tokyo Leasing uses the standards for independent directors under the Tokyo Stock Exchange listing rules when appointing its external directors and auditors. However, we appoint external directors and auditors who we believe are able to objectively supervise management, based on their extensive background in corporate management, specialized knowledge, and common sense.

No conflicts of interest exist between the Company and its external directors and auditors. The two external directors and three external auditors also hold positions at other companies and organizations as listed on the following page.

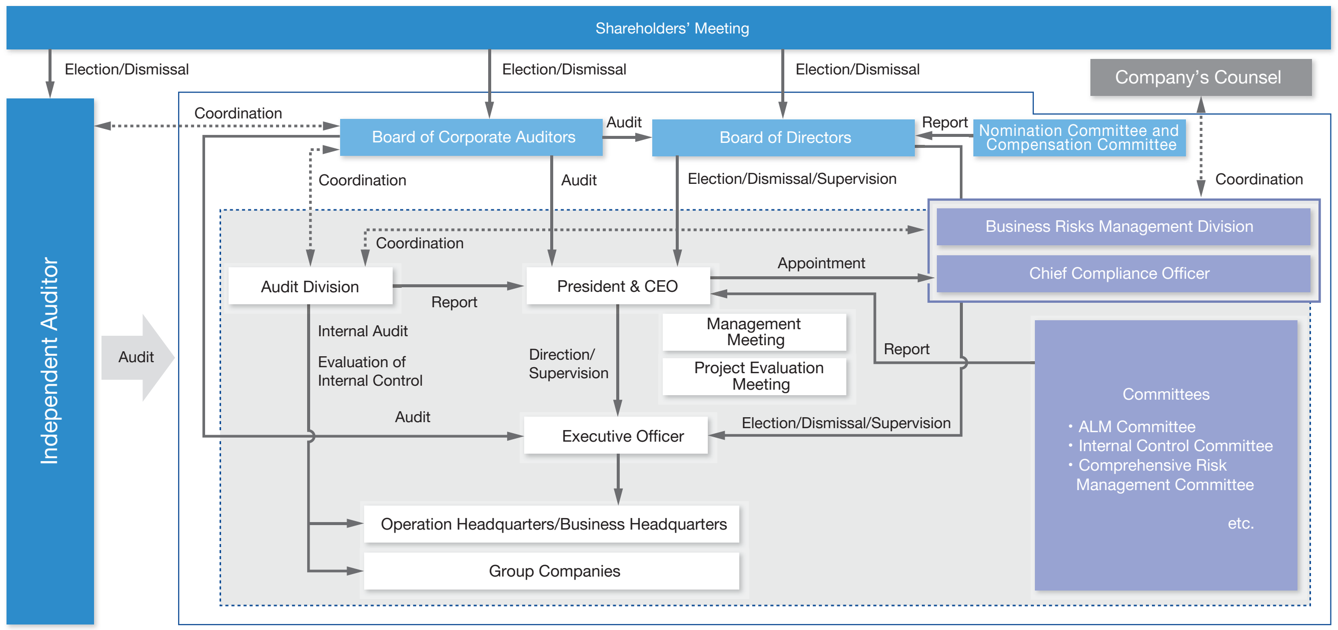
Management Meeting

The Management Meeting consists of the President and officers appointed by the President. Chaired by the President, it deliberates on particularly important matters concerning the execution of operations and makes decisions for the entire Group.

Project Evaluation Meeting

The Project Evaluation Meeting consists of the President and officers appointed by the President. It discusses and makes decisions about major business transactions being considered by Century Tokyo Leasing and Group companies, as well as transactions that warrant complex risk analysis.

System of Corporate Governance and Internal Control (As of June 24, 2016)



External Directors, External Corporate Auditors and Reasons for Appointment (As of June 24, 2016)

External Directors			
		Reason for Appointment	Shares Held (Thousands)
	**Yoshinori Shimizu** ・Honorary Professor, Hitotsubashi University ・External Director, Nisshinbo Holdings Inc.	Mr. Shimizu has highly advanced knowledge as a monetary economics research professional. He uses this expertise in the management of the Company from a macro standpoint, and monitors management from an independent perspective.	2
	**Akio Nakamura** ・Special Partner, Tanabe & Partners ・External Corporate Auditor, NTT DATA Corporation	Mr. Nakamura uses his extensive experience in finance and taxation and his broad insight to provide accurate and objective advice on the overall management of Century Tokyo Leasing, and monitors management from an independent perspective.	0
External Corporate Auditors			
		Reason for Appointment	Shares Held (Thousands)
	**Futoshi Okada** ・Auditor, Nippon Car Solutions Co., Ltd. ・Auditor, Nippon Rent-A-Car Service, Inc. ・Auditor, IHI Finance Support Corporation ・Auditor, TC Property Solutions Corporation ・Auditor, TRY, Inc. ・Auditor, TC Business Experts Corporation ・Auditor, Century Tokyo Leasing China Corporation ・Auditor, Century Tokyo Factoring China Corporation	Mr. Okada uses his extensive experience in the management of financial institutions and broad knowledge in Century Tokyo Leasing's audit functions.	0
	**Mikio Fukushima** ・Advisor, JFE Shoji Trade Corporation	Mr. Fukushima uses his extensive experience in management and his broad knowledge in Century Tokyo Leasing's audit functions.	0
	**Kenichi Kobayashi** ・President, Nissay Information Technology Co., Ltd. ・Outside Director, Asahi Broadcasting Corporation	Mr. Kobayashi uses his extensive experience and broad knowledge gained through financial institution management, marketing and compliance in Century Tokyo Leasing's audit functions.	—

Committees

Internal Control Committee

Century Tokyo Leasing created the Internal Control Committee to ensure the internal control system functions effectively. The Internal Control Committee discusses general internal control matters including evaluation of the effectiveness of the financial reporting system and the scope of evaluation and reports to the Management Meeting.

Comprehensive Risk Management Committee

Century Tokyo Leasing created the Comprehensive Risk Management Committee to address exposure to a wide array of risks. The Comprehensive Risk Management Committee discusses matters including construction of the risk management system and approaches to measuring risk. It also periodically assesses Century Tokyo Leasing's risk exposure and reports to the Management Meeting.

Credit Risk Management Committee

Century Tokyo Leasing created the Credit Risk Management Committee to manage credit risk. The Credit Management Committee discusses matters including the Group's credit portfolio as a whole and credit risk management and reports to the Management Meeting.

ALM Committee

Century Tokyo Leasing created the Asset Liability Management (ALM) Committee to identify and minimize the exposure of assets and liabilities to risks including fluctuations in interest and foreign currency exchange rates. The ALM Committee discusses matters relevant to managing market, liquidity and other risks and reports to the Management Meeting.

IT and Administration Strategy Management Committee

Century Tokyo Leasing created the IT and Administration Strategy Management Committee to address system risk and administration risk. The IT and Administration Strategy Management Committee discusses matters including IT strategy, IT investment plans, and administrative organization plans and reports to the Management Meeting.

Comments from Our External Directors

The commonly shared will and aspirations of officers and employees are the core of corporate governance.

The current corporate governance activities of Century Tokyo Leasing Corporation are well in compliance with requisite systems and frameworks. The true objective of corporate governance is the enhancement of corporate value, along with creation of values for society. Century Tokyo Leasing Corporation works toward these objectives with a system and a corporate culture that reflect its desired outcomes.

External Director **Yoshinori Shimizu**

Professional Background

1989 Apr.	Professor, Faculty of Commerce and Management, Hitotsubashi University
2000 Apr.	Dean, Graduate School of Commerce and Management, Hitotsubashi University
2003 Apr.	Vice President, Hitotsubashi University
2004 May	President, Japan Society of Monetary Economics
2004 Sep.	Vice President and Director, The Mont Pelerin Society
2010 Jul.	Advisor, Century Tokyo Leasing Corporation
2011 Apr.	Professor Emeritus, Hitotsubashi University (current position)
2011 Jun.	External Director, Century Tokyo Leasing Corporation (current position)
2012 Jun.	External Director, Nisshinbo Holdings Inc. (current position)

A Shared Dream

Corporate governance begins with an organization unified by a shared dream among officers and employees of the value they should be creating. Clear top-down communication and the lively expression of opinions among employees are equally important. When they are integrated, corporate governance functions, leading to the value creation. Viewed from this perspective, my evaluation of Century Tokyo Leasing Group's corporate governance activities as an external director is as follows: The Board of Directors, the linchpin of the organization, frankly exchanges opinions about opportunities and risks, exercising management judgment that is responsible to all stakeholders. As a researcher in monetary economics, I present lectures within the Company several times a year. Active exchange of opinions and discussions at that time among attending officers is one example of the Company's corporate governance management at the front lines of value creation. I am hoping to use my knowledge and experience to help align vectors of all members of the Company towards one shared direction so that the Company can fully achieve its social responsibilities to the society through its businesses.

How can we create value as a global enterprise with a high level of expertise and as a new generation of financial services company?

Since the merger, Century Tokyo Leasing Group's value-creation initiatives have yielded steady and high growth, achieving consecutive new records for annual income. Fiscal 2016 is an important year for the next stage of further growth. With the start of its third medium-term management plan, the Group must evolve its businesses, fully utilizing its high level of expertise and powerful sense of urgency to enhance corporate value.

I am sure that the Group will create new business models backed by a corporate governance structure that leverages its expanded international network as a global company and by the specialized financial expertise it has long cultivated. I hope to contribute to tangible initiatives based on my responsibility as an external director by asking how the Group can create values while maintaining a corporate culture that allows all employees to work energetically towards a shared dream.

Recognizing CTL's strengths and circumstances to balance risk appropriately is the essence of corporate governance.

The most important component of corporate governance is to comprehensively recognize CTL's strengths, from its business foundation and people to its range of knowledge and expertise, and then to determine the risks the Company should take given these strengths. The Company currently has corporate governance that correctly recognizes its organic strengths and implements initiatives based on an appropriate recognition of risk.

External Director **Akio Nakamura**

Professional Background

1978 Apr.	Joined the Ministry of Finance
2005 Jul.	Director-General, Fukuoka Regional Taxation Bureau, National Tax Agency
2006 Jul.	Deputy Director-General (Debt Management), Financial Bureau, Ministry of Finance
2007 Jul.	Deputy Director-General (Fiscal Investment and Loan Program, National Property), Financial Bureau, Ministry of Finance
2009 Jul.	Director-General, Osaka Regional Taxation Bureau, National Tax Agency
2010 Jul.	Director-General, Financial Bureau, Ministry of Finance
2011 Oct.	Chairman, Sompo Japan Research Institute Inc. (now called Sompo Japan Nipponkoa Research Institute Inc.)
2013 Mar.	Special Partner, Tanabe & Partners (current position)
2015 Jun.	External Director, Century Tokyo Leasing Corporation (current position)
2016 Jun.	External Corporate Auditor, NTT DATA Corporation (current position)

CTL Group seeks optimal solutions, which are more meaningful than standardized corporate governance.

Naturally, as social institutions, companies must comply with the Corporate Governance Code now in force. The key to corporate governance is practical implementation, not formalization or standardization. A company needs to pursue optimal corporate governance solutions accurately tailored to its operating environment in order to enhance corporate value. This is also the desire of shareholders and other stakeholders. Considering CTL's Board of Directors from this perspective, I believe that mechanisms and an organizational culture are in place to allow each director to recognize the market environment confronting the Group and freely voice opinions about and discuss the direction for the Group as a whole. At board meetings, the responsibilities that I emphasize as an external director are first to confirm compliance, then to give pragmatic opinions that clarify the Group's various growth strategies and possible risks. I seek optimal solutions for corporate governance and sustainable growth by objectively recognizing the Group's strengths and risks from my position as an external director.

The Group generates appropriate profits by confronting risk correctly.

I believe that the essence of corporate governance is determining a company's risk appetite. CTL Group is currently transitioning to a high-revenue business model, which raises the important issue of how it should confront risks and convert them into business opportunities for further growth. Strengths and weaknesses, or risks, are two sides of the same coin, and they are not limited to the numerical values appearing on financial statements and the like. They also include the organic structural relationship among people, things and capital, encompassing human resources, infrastructure, and the Group's unique knowledge, expertise and network. Therefore, to grow further it will become increasingly important for all officers and employees to demonstrate a high level of expertise in their day-to-day work, to confront risks correctly, and to generate appropriate profits. As an external director, I will contribute to the Group's sustainable growth through the improvement of corporate governance.

Internal Control

Basic Policy for the Internal Control System

All officers, managers and employees are expected to refer to the Management Philosophy as a basic policy for performing their work.

Guided by our management philosophy, we have established an internal control system with the recognition that creating and using a system to ensure appropriate business execution is an important management responsibility. We will upgrade this system to respond to changes in our internal and external environment.

Compliance

We recognize that thorough compliance is essential for the continued existence of a corporation. Therefore, we aim to establish a management system that ensures that every officer and employee operates under the principle of fairness and with the highest ethical standards to earn the trust of society.

The Chief Compliance Officer takes the lead in promoting compliance in accordance with compliance programs, implementing continuous education and training through the use of e-learning and other initiatives and enhancing compliance awareness.

In addition, we have established several contacts, including an external law office, with whom employees can consult on compliance issues and to whom they can provide information on fraudulent actions and practices. We also operate a whistle-blower system that strictly protects those reporting problems.

Compliance Education

Century Tokyo Leasing Group instills a compliance mindset through systematic, ongoing education. Initiatives include rank-based training for new employees and new managers, training via e-learning for all officers, managers and employees, and training at the divisional and branch level by compliance officers using compliance information as instructional material.

Compliance Training during Fiscal 2015

Target	Themes	Timing
New employees (rank-based training)	• Compliance fundamentals • Attitudes toward laws and internal rules • Information security rules and measures, etc.	April 2015
All officers, managers and employees (e-learning)	• Insider trading regulations • Social media posts • Power harassment self-assessment, sexual harassment, etc.	June 2015
New managers (rank-based training)	• Compliance management for managers • Compliance and risk management, etc.	July 2015
All officers, managers and employees (e-learning)	• My Number system • Century Tokyo Leasing Group consulting/whistle-blower system, etc.	February 2016
Compliance officers (communication of information)	• Bankruptcies caused by compliance violations • Fraud mechanisms • Guidelines for preventing the bribery of foreign public officials, etc.	Six times annually Optional training at divisions and branches

Risk Management

Century Tokyo Leasing Group has proactively designed appropriate risk countermeasures according to risk scale and likelihood. Our systematic countermeasures to minimize the risk of losses are as follows.

Credit Risks

The Credit Risk Executive Committee sets basic policies in accordance with its rules, measures credit risk, and manages risk. The Project Evaluation Meeting uses a rule-based methodology to assess and decide on projects that require complex analysis, such as major deals and new schemes.

Market and Liquidity Risks

The ALM Committee comprehensively manages and procures funds based on committee rules to address interest rate fluctuations and other market risks and liquidity risk related to funding.

Information Security Risk

The Company manages information security risk based on a basic policy regarding information security, rules for handling personal information, and a management system based on ISO 27001 standards.

IS91018-ISO27001

System and Administration Risk

The IT and Administration Strategy Management Committee was established to discuss IT strategy, IT investment, and administrative organization to address system risk and administration risk based on the rules of the committee.

Operational Risk

The Business Risks Management Division addresses operational risk by identifying, quantifying and reviewing risk countermeasures, while the Business Risk Management Committee comprehensively reviews the Company's overall risk controls, risk management systems, policies and measures based on the rules of the committee. In the event of a large-scale natural disaster or other crisis, the committee is organized to take immediate action.

For the Environment / With Society

CTL Group recognizes that addressing environmental issues is an important social responsibility and is engaged in environmental protection activities in all of its businesses. Furthermore, we are working in harmony with our customers, shareholders, investors, local communities, our employees, and other stakeholders to contribute to the realization of a prosperous society.

Environmental Performance Report

Based on its Basic Environmental Policy, CTL Group has adopted an ISO14001-compliant environmental management system for reducing its impact on the environment. While calculating and continually monitoring our annual CO_2 emissions, we are implementing environmental management with the aim of achieving sustainable development.

(The following statistics are the data points managed through CTL Group's environmental management system.)

Environmental Performance Report (April 1, 2015 - March 31, 2016)

Environmental Objective	Item (units)	FY2014	FY2015	Change	FY2016
		Result	Result		Target
Reduce use of electricity	Electricity used (kWh)	1,976,525	1,870,991	–5.3%	2,000,000
	CO_2 emitted (t-CO_2)	1,087	1,029	–58	1,158
Reduce use of paper*	Office-use paper (sheets)	15,670,500	15,517,125	–1.0%	17,700,000
Improve fuel efficiency	Fuel consumed (L)	112,138 (for rental cars: 21,945)	106,777 (for rental cars: 24,477)	–5,361	110,000
	Fuel efficiency (km/L)	13.5	13.5	—	13.5
	CO_2 emitted (t-CO_2)	258	247	–11	256
Promote green business	Items reused (items)	—	—	—	100,000
	Sent for recycling (t)	—	—	—	200
Reduce industrial waste	Industrial waste (t)	264	248	–16	
	Volume of valuable waste recovered (t)	190	151	–39	
	Valuable waste ratio (%)	41.8	37.8	–4.0	
	Used PCs sold (units)	250,016	233,162	–16,854	

* Number of sheets purchased is converted into A4 size sheets using a multiple of 2 for A3 size, 0.75 for B5 size, and 1.5 for B4 size.

Medium- and Long-Term Initiatives

Environmental Objective	Item (units)	Medium-Term Objective (March 31, 2019)	Long-Term Objective
Reduce use of electricity	Electricity used (kWh)	2,000,000	By FY2030, reduce annual electricity use per unit of head office floor space by 20% compared with FY2009*
	Annual CO_2 emissions (t-CO_2)	1,158	

* Century Tokyo Leasing Corporation participates in the Japan Leasing Association's plan for achieving a low carbon society in the leasing industry. and has set long-term objectives that comply with that plan.

Planting Mangroves as Part of Out-of-Office Training

Employees of TTL in Thailand attended a lecture on the importance of maintaining mangroves, which is the habitat for fish, shellfish, monkeys and other life forms, the importance of doing so to the environment in a training session held outside the office. After the lecture, the employees took part in planting mangroves.

Award of Excellence from Chiyoda Ward (Tokyo) Recognizing Environmental Protection Initiatives

In recognition of our wide-ranging environmental activities including education and contributions to local communities, we received an award of excellence in the fiscal 2015 Chiyoda Ward Global Warming Awareness Program.

Environmental Accounting

Century Tokyo Leasing Corporation uses environmental accounting to accurately assess the impact of environmental protection costs on its business activities and make its environmental management more efficient and effective. (The following statistics apply to Century Tokyo Leasing Corporation only.)

Environmental Accounting (April 1, 2015 – March 31, 2016)

Category		Type of Initiative	Environmental Protection Costs (Millions of yen)	Environmental Protection Effects (reduced annual CO_2 emissions) (t-CO_2)
(1) Costs within our business areas			626	84
	Pollution control costs	Switching sales fleet to low-emission cars	6	2
	Energy savings costs	System streamlining; platform renewal	620	82
(2) Upstream/ downstream costs		Waste treatment	10	—
(3) Management costs		ISO14001 certification maintenance/ management	5	—
		Management office operation		
		CSR report publication		
Total (1)+(2)+(3)			641	84

Acquisition of ISO14001 Certification for Environmental Management Systems

Century Tokyo Leasing Corporation has acquired ISO14001 certification (the international standard for environmental management systems).

[Scope of Coverage]

Century Tokyo Leasing Corporation (head office, Okachimachi office, Akihabara UDX, and Tokyo Techno Center)
TRY, Inc., TC Agency Corporation
In addition, the following two subsidiaries have independently obtained this certification.
Nippon Car Solutions Co., Ltd., Fujitsu Leasing Co., Ltd.

Diversity Initiatives

As part of our diversity initiatives, we formulated our Action Plan for Supporting Female Employees in March 2016. Recognizing current issues, we set the following quantitative targets to be achieved by March 31, 2020.

Quantitative Objectives

1. Raise the ratio of female graduate recruits to 30% or more of new graduate recruits
2. Raise the ratio of female managers to 10% or more of all managers
3. Achieve a 100% utilization rate for childcare leave by eligible male employees
4. Raise the utilization rate for paid leave to 70% or more

Lunchtime Community Gatherings

We hold regular lunchtime gatherings in order to deepen interaction among working mothers.

Commending Utilization of Childcare Leave by Male Employees

Aiming to create a workplace conducive to male employees taking childcare leave, we highlight male employees who have utilized childcare leave, and their supervisors, in our internal newsletter.

Male Employee Utilizing Childcare Leave

Satoshi Nurimoto Employee since 2008

During childcare leave, I was able to reassess how much I relied on my spouse, who is also employed, to handle the housework and childcare. Being able to experience our child's growth first-hand was a very valuable gift.

Social Contributions

Lectures in Indonesia for Improving Financial Literacy

The Indonesian government is promoting increased financial literacy focusing on the country's growing economy and financial markets. Our subsidiary in Indonesian holds lectures every year at local universities and high schools on the topic "business products of finance companies."

Explaining Japanese Culture in St. Louis, U.S.A.

An employee (pictured on the far right) of CSI, in St. Louis, Missouri (U.S.A.) introduced students at prestigious Washington University to Japanese culture and the structure of financing and leasing, and explained the differences between business environments in Japan and the United States. Two weeks after the lecture, 20 students from Washington University visited CSI as part of the company's two-way exchange program to contribute to the local community in St. Louis.

Social Contribution Activities through the Shareholder Incentive Program

Our company donates 5% of the total annual value of the original Quo cards we provide as incentives to shareholders to the Japan Service Dog Association in order to help raise service dogs.*

* Dogs that receive advanced training that enables them to assist people with physical disabilities in carrying out daily activities.

Dialogue with Shareholders and Investors

To ensure the transparency of our corporate activities, we have established a disclosure system for providing timely information appropriately and fairly to stakeholders including shareholders and investors. We also deepen understanding of the Group's strengths and strategies, including our medium-term management plan, among institutional investors and analysts through results briefings and individual meetings, and among individual investors through forums such as corporate briefings.

Key Briefings during Fiscal 2015

May 2015	Results briefing for the fiscal year ended March 31, 2015
Nov. 2015	Results briefing for the first six months of the fiscal year ending March 31, 2016
Dec. 2015	Corporate briefing for individual investors

A total of about 830 people attended three briefings held in Tokyo, Nagoya, and Fukuoka.

Corporate briefing for individual investors

External Evaluation

Century Tokyo Leasing is a constituent stock in the FTSE4Good Index, a leading global indicator of socially responsible investment (SRI). This index is composed of companies that meet international standards for environmental sustainability and human rights, and that have excellent labor standards along the supply chain and measures in place to prevent bribery and corruption. The index is used as a benchmark by SRI funds when they screen for investment candidates.

FTSE4Good

Financial Section

Financial Section

Five-Year Summary

	Millions of yen				
	2012/03	2013/03	2014/03	2015/03	2016/03
Operating Results					
Revenues	716,342	691,128	828,558	882,976	940,460
Leasing	603,767	584,636	707,483	758,749	808,458
Installment sales	88,955	81,898	86,768	81,841	81,481
Finance	14,030	16,934	19,938	22,921	29,266
Other	9,588	7,658	14,368	19,464	21,254
Costs	643,684	620,245	731,229	759,298	803,645
Leasing	538,691	525,372	628,745	656,537	698,358
Installment sales	84,156	77,265	81,773	76,513	75,806
Finance	1,148	1,705	1,046	1,704	1,262
Other	8,129	6,036	10,481	14,111	14,880
Funding Cost	11,558	9,864	9,183	10,431	13,336
Gross profit	72,657	70,882	97,329	123,678	136,815
Sales revenues (Gross profit before deducting funding cost)	84,215	80,747	106,513	134,109	150,152
SG&A expenses	30,780	28,909	45,912	65,235	70,910
Personnel and non-personnel expenses	30,767	29,838	45,986	66,299	69,693
Allowance for doubtful accounts	12	(929)	(73)	(1,064)	1,217
Operating income	41,877	41,973	51,416	58,443	65,904
Ordinary income	**46,252**	**46,292**	**55,167**	**60,668**	**68,008**
Extraordinary income and losses	(2,170)	(103)	(96)	(960)	450
Net income attributable to owners of parent	**26,194**	**28,934**	**33,050**	**34,132**	**40,033**
Financial Condition					
Total assets	2,260,389	2,465,817	2,884,773	3,151,871	3,317,862
Operating assets	**2,094,402**	**2,231,363**	**2,597,476**	**2,865,593**	**2,991,141**
Leasing	1,375,761	1,473,866	1,783,880	1,914,950	2,026,907
Installment sales	187,986	201,559	213,719	239,390	214,441
Finance	530,655	555,938	593,105	699,232	724,350
Other	—	—	6,770	12,019	25,442
Interest-bearing debt	1,783,173	1,939,219	2,211,673	2,419,856	2,551,491
Net assets	201,272	233,668	285,484	336,537	374,872
Cash Flows					
Cash flows from operating activities	(26,425)	(89,711)	(28,314)	(171,023)	(136,618)
Cash flows from investing activities	(515)	(5,592)	9,994	(18,682)	(3,072)
Cash flows from financing activities	38,289	135,868	54,486	156,885	155,770
Cash and cash equivalents at end of year	44,530	83,122	115,841	71,864	91,762
	Yen				
Per Share Data					
Net income	245.82	272.32	311.64	322.84	379.34
Net assets	1,796.62	2,092.46	2,386.02	2,776.37	3,033.61
Dividends	44.00	48.00	52.00	65.00	80.00
Significant Indicators	%				
Rate of return on equity (ROE)[2]	**14.5**	**14.0**	**13.9**	**12.5**	13.1
Return on assets (ROA)[3]	**2.1**	**2.0**	**2.1**	**2.0**	2.1
Shareholders' equity ratio	**8.4**	**9.0**	**8.8**	**9.3**	9.6
Overhead ratio[4]	42.3	42.1	47.2	53.6	50.9
Other Data	Persons				
Employees	1,722	1,676	3,309	4,113	4,124

Notes: 1. Revenues do not include internal revenues or transfers between segments.
2. ROE = Net income attributable to owners of parent / Equity (simple average of beginning and end of term balance sheet figures) X 100
3. ROA = Ordinary income / Total assets (simple average of beginning and end of term balance sheet figures) X 100
4. Overhead ratio = (Personnel expenses + Non-personnel expenses) / Gross profit X 100
5. Data are rounded down to the nearest million beginning with the financial statements for the fiscal year ended March 31, 2016. Data for prior fiscal years have been restated accordingly.

Management's Discussion and Analysis of Operating Results

Century Tokyo Leasing Corporation and Consolidated Subsidiaries
Years ended March 31

Business Environment and the Group's Response

In fiscal 2015, the year ended March 31, 2016, the Japanese economy recovered moderately owing to the continuation of government fiscal policies and the Bank of Japan's monetary easing measures, but remained uncertain mainly due to slowdowns in overseas economies such as China and emerging countries.

Under these circumstances, Century Tokyo Leasing (CTL) Group entered the final year of its second three-year medium-term management plan, which was launched in fiscal 2013 with the aim of becoming a robust, comprehensive financial services enterprise, and further reinforced its sales base and management base.

We reinforced our sales base by enhancing our competitiveness in the leasing business, bolstering the financing business, expanding overseas businesses and reinforcing activities in the automobile financing business both in Japan and overseas.

We enhanced our competitiveness in the leasing business by actively utilizing operating leases in the application of the "Compensation program for promoting enterprises' investment in cutting-edge facilities using lease methods" conducted by the Ministry of Economy, Trade and Industry in accordance with the Industrial Competitiveness Enhancement Act, which went into effect in January 2014. Furthermore, with Orient Corporation, we jointly established and began operating Orico Business Leasing Co., Ltd., which specializes in vendor leasing.

In bolstering the financing business, operations in aviation were steady at TC-CIT Aviation U.S., Inc. and TC-CIT Aviation Ireland, Limited, which we established in the United States and Ireland, respectively, in partnership with CIT Group Inc., and the balance of our aviation-related operating assets increased. In environment and energy, Kyocera TCL Solar LLC, a joint venture with Kyocera Corporation, advanced its efforts to construct and operate mega-solar power plants including the world's largest floating solar power plant (as of January 15, 2016) on the Yamakura Dam reservoir in Chiba Prefecture.

We also expanded the solar power business by acquiring 15% of the common stock of Ciel & Terre International (headquartered in France), a global pioneer in floating solar systems and other measures.

In expanding overseas businesses, Century Tokyo Factoring China Corporation, our subsidiary in China, started offering export receivables guarantees (export factoring) in China in collaboration with Mizuho Factors, Limited. This enables us to provide financial services for Japanese companies operating in China to mitigate the collection risk of export payments amid the rise in exports from China to countries other than Japan. Furthermore, we decided to acquire additional shares of our equity-method affiliate CSI Leasing, Inc., the largest privately held independent leasing company in the United States, to make it our wholly owned subsidiary.

In reinforcing activities in the automobile financing business both in Japan and overseas, TISCO Tokyo Leasing Co., Ltd. (TTL), our subsidiary in Thailand, agreed to use the Nippon Rent-A-Car brand of our consolidated subsidiary Nippon Rent-A-Car Service, Inc. (NRS). Using the brand name in Thailand, TTL will seek to gain higher recognition for its automobile leasing business and aims to further expand business. NRS and TTL will also work together in a variety of ways to promote the use of Nippon Rent-A-Car services by the growing number of Thai tourists and business travelers visiting Japan each year.

To establish a more solid management base, we worked to strengthen consolidated management, enhance and reinforce the financial base, bolster development of human resources and fortify other management bases.

In strengthening consolidated management, we transferred the headquarters of our consolidated subsidiaries Nippon Car Solutions Co., Ltd. and NRS to Chiyoda-ku, where Century Tokyo Leasing Corporation's head office is located, in order to further solidify the automobile financing business.

To enhance and reinforce the financial base, we continued to issue unsecured bonds (with a limited inter-bond pari passu clause) to diversify our financing methods. TTL also issued baht-denominated unsecured straight bonds to meet increased demand for funds in Thailand.

To boost development of human resources, we established the Diversity Promotion Office in the Personnel Department. Under our Basic Policy for Diversity, in addition to developing human resources, we are working to foster a corporate culture in which our diverse employees can thrive by fully demonstrating their various capabilities.

In fortifying other management bases, in recognition of its active use of IT to achieve business innovation and strengthen competitiveness, CTL was chosen for inclusion in the Competitive IT Strategy Company Stock Selection, which is jointly operated by the Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange, Inc. (TSE). Under the Competitive IT Strategy Company Stock Selection program, METI and TSE first screen listed companies based on their competitive IT strategies and whether their most recent three-year average ROE is above the industry average. One outstanding enterprise is then selected from each industry, for a total of 18 enterprises from all the enterprises listed on the TSE.

We also enhanced our shareholder special benefit plan by presenting complimentary coupons for discounted car rental at CTL Group company NRS in addition to the original QUO cards we have distributed in the past.

Overview of Results

The new transactions volume increased 1.6% compared with the previous fiscal year to ¥1,497,936 million. Revenues increased 6.5% compared with the previous fiscal year to ¥940,460 million, operating income increased 12.8% to ¥65,904 million, ordinary income increased 12.1% to ¥68,008 million, and net income attributable to owners of parent increased 17.3% to ¥40,033 million.

Revenues

Revenues increased ¥49,349 million, or 5.9%, in Leasing and Installment Sales, ¥6,345 million, or 27.7%, in Finance, and ¥1,789 million, or 9.2%, in Other, compared with the previous fiscal year. As a whole, revenues increased ¥57,483 million, or 6.5%, to ¥940,460 million, primarily because of an increase in aircraft leasing transactions in Leasing and Installment Sales and revenue growth driven by successful exit strategies in real estate financing in Finance. These factors affected earnings as discussed below.

Gross Profit and Operating Income

Gross profit increased ¥13,136 million, or 10.6%, compared with the previous fiscal year to ¥136,815 million. Selling, general and administrative (SG&A) expenses increased ¥5,675 million, or 8.7%, to ¥70,910 million. As a result, operating income increased ¥7,461 million, or 12.8%, to ¥65,904 million.

Ordinary Income

Non-operating income and expenses decreased ¥121 million, or 5.5%, compared with the previous fiscal year to ¥2,103 million, mainly because of a decrease in foreign exchange-related loss of ¥1,115 million, comprising a decrease of ¥4,652 million in foreign exchange gains and losses, and an increase of ¥3,537 million in income from derivatives other than for trading or hedging, despite an increase of ¥772 million in equity in earnings of affiliates to ¥1,286 million. As a result, ordinary income increased ¥7,340 million, or 12.1%, to ¥68,008 million.

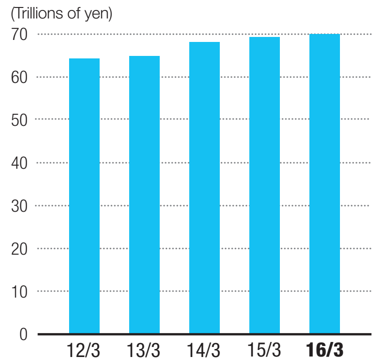
Net Income Attributable to Owners of Parent

Extraordinary income and expenses increased ¥1,411 million compared with the previous fiscal year to ¥450 million, primarily due to the absence of the ¥791 million in system integration related expenses of consolidated subsidiaries recorded in the previous fiscal year and an increase of ¥322 million in gain on sale of investments in securities to ¥922 million. As a result, income before income taxes increased ¥8,751 million, or 14.7%, to ¥68,459 million.

The total of income taxes-current, and income taxes-deferred, increased ¥1,545 million, or 7.2%, compared with the previous fiscal year to ¥23,152 million, and net income attributable to non-controlling interests increased ¥1,305 million, or 32.9%, to ¥5,273 million.

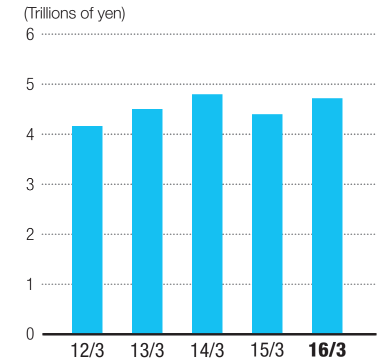
Consequently, net income attributable to owners of parent increased ¥5,900 million, or 17.3%, compared with the previous

■ Total Private Capital Investment



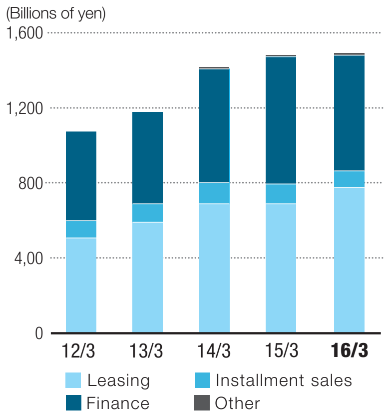
Source: Cabinet Office Survey Preliminary data announced on June 8, 2016 for the fiscal year ended March 31, 2016

■ Total Capital Investment Financed by Leasing

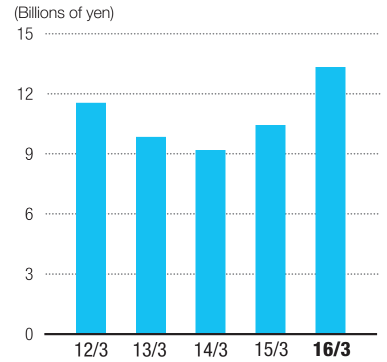


Source: Japan Leasing Association

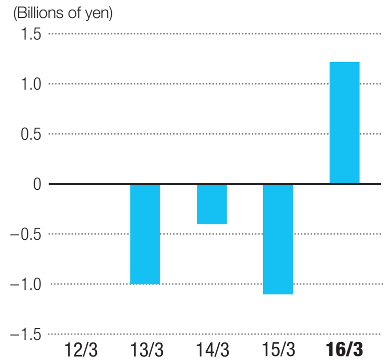
■ New Transactions Volume



■ Interest Expenses

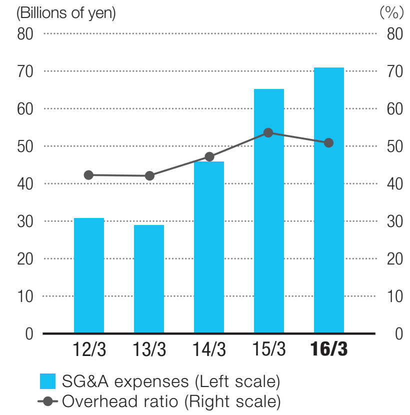


■ Credit Costs[1]



1. Credit costs represent the sum of doubtful account costs, which were included in costs of sales, and allowance for doubtful accounts, which was included in SG&A expenses.

■ SG&A Expenses/Overhead Ratio[2]



2. Overhead ratio = (Personnel expenses + Non-personnel expenses) ÷ Gross profit X 100

fiscal year to ¥40,033 million.

Net income per share increased ¥56.50 compared with the previous fiscal year to ¥379.34, ROE (rate of return on equity) increased 0.6 percentage points to 13.1%, and ROA (return on assets) increased 0.1 percentage points to 2.1%.

Results by Reportable Segment

In Leasing and Installment Sales, the new transactions volume increased 9.0% compared with the previous fiscal year to ¥866,241 million owing to growth mainly in real estate and aircraft leasing transactions. Revenues increased 5.9% to ¥889,939 million, and segment profit increased 8.4% to ¥50,339 million. The main factor behind the increase in profit was an increase in aircraft leasing transactions.

In Finance, the new transactions volume decreased 8.4% compared with the previous fiscal year to ¥617,063 million. Revenues increased 27.7% to ¥29,266 million, and segment profit increased 17.8% to ¥16,479 million, primarily due to increased profit associated with successful exit strategies in real estate financing.

In Other, the new transactions volume was ¥14,630 million. Revenues increased 9.2% compared with the previous fiscal year to ¥21,254 million, and segment profit increased 19.3% to ¥5,728 million.

Financial Condition

Total Assets

Total assets as of March 31, 2016 increased ¥165,991 million, or 5.3%, from a year earlier to ¥3,317,862 million. This was mainly due to an increase in operating assets.

Operating Assets

The balance of operating assets as of March 31, 2016 increased ¥125,548 million, or 4.4%, from a year earlier to ¥2,991,141 million. By segment, the balance of operating assets was ¥2,241,348 million for Leasing and Installment Sales, ¥724,350 million for Finance, and ¥25,442 million for Other.

Liabilities

Total liabilities as of March 31, 2016 increased ¥127,656 million, or 4.5%, from a year earlier to ¥2,942,990 million. The primary factor was an increase in interest-bearing debt.

Total interest-bearing debt increased ¥131,634 million, or 5.4%, from a year earlier to ¥2,551,491 million. By component, short-term financing decreased ¥12,286 million, or 0.9%, from a year earlier to ¥1,284,981 million, and long-term financing increased ¥143,920 million, or 12.8%, to ¥1,266,509 million.

Net assets

Net assets as of March 31, 2016 increased ¥38,335 million, or 11.4%, from a year earlier to ¥374,872 million. The primary factor was an increase of ¥32,394 million in retained earnings.

Funding and Liquidity

Basic Funding Policy

CTL Group has a basic policy of reducing funding costs and enhancing stability by diversifying financing sources and methods while responding flexibly to changes in financial conditions. The Group also uses asset-liability management (ALM) to comprehensively analyze and appropriately control market risks.

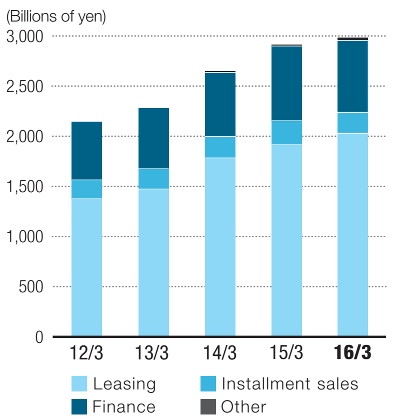
Indirect and Direct Funding

CTL Group's funding consists of indirect funding through debt financing from financial institutions and direct funding from capital markets.

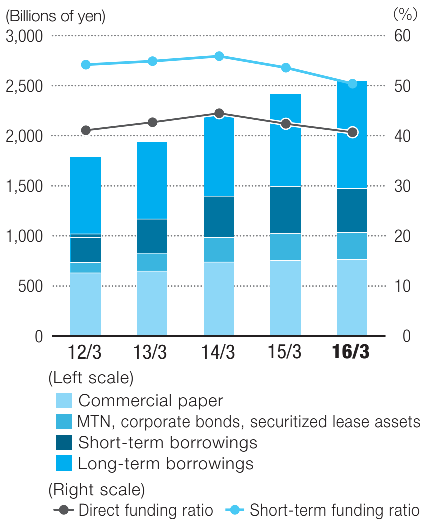
As of March 31, 2016, indirect funding increased ¥119,022 million from a year earlier to ¥1,513,391 million. Direct funding, such as by the issuance of commercial paper and securitization of accounts receivable, increased ¥12,611 million to ¥1,038,099 million. As a result, the direct funding ratio as of March 31, 2016 decreased 1.7 percentage points to 40.7%.

In addition, the long-term funding ratio increased 3.2 percentage points to 49.6%.

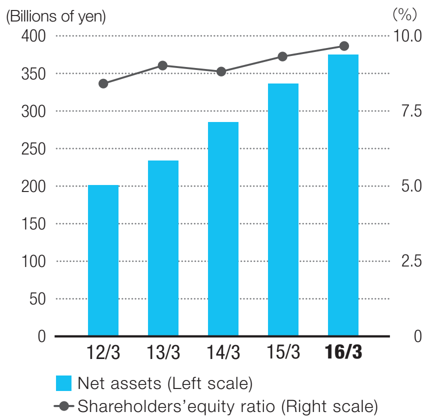
■ Operating Assets by Segment



■ Fund Procurement



■ Net Assets/Shareholders' Equity Ratio



Ensuring Liquidity

CTL Group has executed overdraft agreements and committed line of credit agreements with 84 financial institutions to ensure liquidity. As of March 31, 2016, total funding available under these agreements increased ¥52,448 million from a year earlier to ¥1,226,770 million.

The balance of unused facilities under the overdraft and committed line of credit agreements as of March 31, 2016 was ¥753,040 million. The Group is confident that it has ensured ample funding liquidity.

Cash Flows

Cash Flows from Operating Activities

Net cash used in operating activities was ¥136,618 million, a year-on-year decrease compared with net cash used in operating activities of ¥171,023 million in the previous fiscal year. The primary factor was an increase in proceeds mainly due to the disposal of major leasing assets despite net cash used due to the continuing increase in operating assets in fiscal 2015.

Cash Flows from Investing Activities

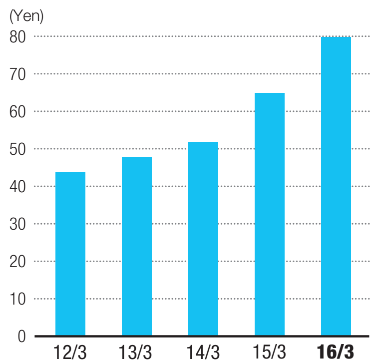
Net cash used in investing activities was ¥3,072 million, a year-on-year decrease compared with net cash used in investing activities of ¥18,682 million in the previous fiscal year. The primary factor was a decrease in purchases of investments in securities to ¥4,069 million (in the previous fiscal year, purchases of investments in securities totaling ¥24,192 million mainly consisted of purchase of shares of equity-method affiliate CSI Leasing, Inc.).

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥155,770 million, approximately the same level as the ¥156,885 million provided in the previous fiscal year. The primary factor was an increase in proceeds from long-term debt to ¥476,094 million (¥407,236 million in the previous fiscal year) despite an increase in repayment of short-term borrowings resulting in net cash used of ¥30,455 million (compared with net cash provided of ¥24,830 million in the previous fiscal year).

As a result, cash and cash equivalents as of March 31, 2016 increased ¥19,898 million from a year earlier to ¥91,762 million.

■ Dividends per Share



Fiscal 2016 Outlook

The state of the Japanese economy is expected to remain uncertain primarily due to the yen's appreciation and low stock prices from the start of fiscal 2016 and a downturn in business confidence, although there is a moderate recovery with solid corporate earnings and an improved employment environment.

Given this outlook, CTL Group will continue to minimize funding costs and credit costs. As a highly specialized, unique financial services enterprise, the Group will work alongside customers in pursuit of growth while striving to create an environmentally sound, sustainable economy and society.

As a result, for fiscal 2016, the year ending March 31, 2017, we forecast that revenues will increase 1.0% year on year to ¥950,000 million, operating income will increase 7.0% to ¥70,500 million, ordinary income will increase 5.9% to ¥72,000 million, and net income attributable to owners of parent will increase 6.2% to ¥42,500 million.

Basic Policy for Distribution of Profits and Dividends for Fiscal 2015 and Fiscal 2016

CTL Group increases corporate value by continuously expanding its business operations and reinforcing its business structure. The Group does so with a basic policy of enhancing internal capital reserves while providing stable distributions of profits to shareholders over the long term.

Management will effectively deploy internal capital reserves largely to purchase quality operating assets.

For fiscal 2015, ended March 31, 2016, CTL Corporation initially forecast that it would pay an annual dividend of ¥70 per share consisting of a ¥35 interim dividend and a ¥35 year-end dividend. We paid the interim dividend according to the forecast. The Company decided to increase the year-end dividend by ¥10 per share to ¥45 per share, for an annual dividend of ¥80 per share including the ¥35 interim dividend.

For fiscal 2016, ending March 31, 2017, the Company plans to pay an annual dividend of ¥95 per share, which will consist of a ¥47 interim dividend and a ¥48 year-end dividend, based on the above policy for the distribution of profits to shareholders and in appreciation of the support of the shareholders.

Business and Other Risks

The following are risks that may influence the Group's business performance, stock price and financial condition.

Credit Risk

Leasing transactions involve providing credit to customers, generally on an unsecured basis, over a relatively long period averaging about five years. The expected profit is secured only when all leasing and other fees have been collected from the customer. However, in the event of incidents such as nonpayment by the customer, we collect as much as possible through such measures as selling the leased property in question or leasing it to another customer.

The Group minimizes credit risk by cautiously managing credit, assessing property, and controlling credit risks in its portfolio of operating assets. However, the Group's performance may be affected if future economic trends cause the creditworthiness of companies to deteriorate and bad debt to emerge.

Impact of Interest Rate Volatility and Changes in the Funding Environment

In our main business of lease and installment sales transactions, we set leasing fees according to factors including the property purchase price and interest rates when the contract is signed, and leasing fees do not vary during the contract period. On the other hand, interest expense (financing costs) represents the cost of lease transactions, and is affected by fluctuations in market interest rates because the Group funds the underlying assets using both loans with variable interest rates and long-term fixed-rate funding. Therefore, interest expense may increase if market interest rates rise.

The Group funds its operations with indirect funding and direct funding that includes commercial paper and corporate bonds. Changes in the funding environment may affect funding.

Interest rate volatility and changes in the funding environment may affect the Group's performance. However, the Group rigorously controls funding risks using ALM analysis, and hedges risks as necessary.

The Impact of Changes in Private Capital Investment Trends

Temporary differences notwithstanding, private capital investment and capital investment financed by leasing are interrelated. This trend is expected to continue in the future.

While the Group's new transactions volume has not been perfectly correlated with private capital investment and capital investment financed by leasing in recent years, a large decrease in private capital investment and a concomitant decline in capital investment financed by leasing could affect the Group's performance.

Stock Price Volatility Risk

The Group may opt to strengthen its relationships with partner companies by owning shares of their stock. The Group periodically reviews stockholdings associated with particular business relationships, but stock price volatility could affect the Group's performance.

The Impact of Fluctuations in the Value of Asset Holdings and Investment Assets

CTL Group holds and invests in assets with specified values, including ships, aircraft, real estate and automobiles, as a part of its operating lease and rental operations. While the Group takes great care in identifying the value of these assets, asset values are subject to change.

Accordingly, a decline in the value of portfolio and investment assets could affect the Group's performance.

System Change Risk

The Group operates based on current legal, tax, accounting and other systems and standards. Considerable change in these systems could affect the Group's performance.

Risk of Unpredictable Events

The Group has established measures based on its business continuity plan (BCP) to ensure preparedness in the event of large-scale disasters including earthquakes, wind and flood damage, fire and man-made disasters, or the outbreak of infectious diseases, such as a new strain of influenza or SARS. Unpredictable events that cause economic damage could affect the Group's performance.

Other Risks

In addition to the above risks, the Group is exposed to various other risks including information system risks, such as failure and errors in sales management, contract management, asset management, statistical operations and other areas; administrative risks due to improper administrative procedures; and compliance risk that may result in loss of social trust due to noncompliance with laws or regulations or social norms.

Consolidated Balance Sheet

Century Tokyo Leasing Corporation and Consolidated Subsidiaries
As of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Assets			
Current assets:			
Cash on hand and in banks (Notes 8, 13 and 18)	¥ 80,395	¥ 70,560	$ 713,419
Accounts receivable:			
Installment sales (Notes 8, 9 and 18)	226,467	252,946	2,009,654
Lease receivables and investment assets (Notes 8, 16 and 18)	1,480,951	1,485,017	13,141,820
Loans (Notes 8, 9 and 18)	528,365	535,842	4,688,663
Leases	24,287	18,630	215,527
Operational investment securities (Notes 6 and 18)	194,627	161,790	1,727,105
Short-term investment securities (Notes 6, 13 and 18)	12,843	2,760	113,970
Inventories	677	880	6,008
Deferred tax assets (Note 14)	4,349	5,943	38,599
Other current assets (Note 8)	69,256	56,804	614,573
Allowance for doubtful accounts (Note 18)	(3,236)	(3,787)	(28,716)
Total current assets	2,618,986	2,587,387	23,240,626
Investments and other assets:			
Investments in securities (Notes 6, 8 and 18)	64,278	67,344	570,404
Long-term loans and other assets	27,934	24,314	247,887
Claims provable in bankruptcy or rehabilitation (Note 18)	2,199	2,239	19,517
Deferred tax assets (Note 14)	4,701	3,575	41,719
Allowance for doubtful accounts (Note 18)	(1,490)	(1,372)	(13,228)
Total investments and other assets	97,623	96,101	866,300
Property and equipment, at cost less accumulated depreciation:			
Leased assets (Notes 7 and 8)	545,724	429,659	4,842,707
Advances for purchases of property for lease	12,302	8,424	109,169
Other operating assets (Note 7)	25,442	12,019	225,770
Own assets in use (Note 7)	9,733	9,219	86,376
Property and equipment, net	593,202	459,322	5,264,024
Intangible assets:			
Computer programs leased to customers	231	273	2,052
Goodwill	3,614	4,139	32,077
Other intangible assets	4,204	4,646	37,307
Total intangible assets	8,050	9,059	71,437
Total assets	¥3,317,862	¥3,151,871	$29,442,388

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Liabilities and net assets			
Current liabilities:			
Short-term borrowings (Notes 8, 9 and 18)	¥1,275,981	¥ 1,282,567	$11,322,938
Current portion of long-term debt (Notes 8,9 and 18)	323,426	373,272	2,870,053
Notes and accounts payable – trade (Note 18)	197,272	202,880	1,750,576
Lease obligations (Notes 16 and 18)	7,335	7,305	65,092
Accrued income taxes (Note 14)	9,614	10,160	85,318
Deferred tax liabilities (Note 14)	1,507	1,244	13,380
Deferred profit on installment sales (Note 18)	12,026	13,555	106,724
Other current liabilities	51,076	52,234	453,248
Total current liabilities	1,878,241	1,943,221	16,667,333
Long-term liabilities:			
Long-term debt (Notes 8, 9 and 18)	952,082	764,016	8,448,688
Lease obligations (Notes 16 and 18)	10,912	11,329	96,839
Provision for directors' retirement benefits	259	445	2,305
Net defined benefit liability (Note 15)	9,614	7,119	85,318
Deferred tax liabilities (Note 14)	2,483	3,381	22,036
Provision for automobile inspection costs	940	911	8,349
Other long-term liabilities	88,454	84,908	784,935
Total long-term liabilities	1,064,748	872,112	9,448,472
Total liabilities	2,942,990	2,815,334	26,115,805
Contingent liabilities (Note 17)			
Net assets (Note 24):			
Shareholders' equity (Notes 19, 20 and 21):			
Common stock without par value:			
Authorized: 400,000,000 shares			
Issued: 106,624,620 shares in 2016 and 2015	34,231	34,231	303,762
Capital surplus	6,122	5,537	54,330
Retained earnings	266,044	233,650	2,360,849
Treasury stock: 1,086,343 shares in 2016 and 1,114,634 shares in 2015	(2,806)	(2,876)	(24,905)
Total shareholders' equity	303,591	270,542	2,694,037
Accumulated other comprehensive income			
Net unrealized holding gains on securities	15,474	16,439	137,319
Deferred gain (loss) on hedges	(624)	(9)	(5,538)
Translation adjustments	3,028	6,026	26,874
Remeasurements of defined benefit plans	(1,307)	(64)	(11,605)
Total accumulated other comprehensive income	16,570	22,392	147,049
Share subscription rights (Note 21)	716	491	6,354
Non-controlling interests	53,994	43,110	479,141
Total net assets	374,872	336,537	3,326,582
Total liabilities and net assets	¥3,317,862	¥3,151,871	$29,442,388

The accompanying notes are an integral part of these statements.

Consolidated Statement of Income

Century Tokyo Leasing Corporation and Consolidated Subsidiaries
Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Revenues	¥940,460	¥882,976	$8,345,555
Costs	803,645	759,298	7,131,469
Gross profit	136,815	123,678	1,214,085
Selling, general and administrative expenses (Note 10)	70,910	65,235	629,256
Operating income	65,904	58,443	584,829
Other income (expenses):			
Interest and dividend income	902	964	8,004
Interest expense	(306)	(458)	(2,716)
Equity in earnings of affiliates	1,286	513	11,411
Gain (loss) on derivatives other than for trading or hedging	755	(2,782)	6,702
Foreign exchange gain (loss)	(858)	3,794	(7,616)
Gain on bargain purchase	—	667	—
Gain on sales of investments in securities	922	600	8,187
Loss on disposal of non-current assets	(80)	(63)	(710)
System integration related expenses	—	(791)	—
Office transfer related expenses (Note11)	(289)	(330)	(2,566)
Other, net	222	(850)	1,974
Income before income taxes	68,459	59,707	607,500
Income taxes (Note 14):			
Current	21,429	24,399	190,161
Deferred	1,723	(2,792)	15,292
	23,152	21,607	205,453
Net income	45,306	38,100	402,046
Net income attributable to:			
Non-controlling interests	5,273	3,968	46,796
Owners of parent (Note 24)	¥ 40,033	¥ 34,132	$ 355,249

The accompanying notes are an integral part of these statements.

Consolidated Statement of Comprehensive Income

Century Tokyo Leasing Corporation and Consolidated Subsidiaries
Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Net income	¥45,306	¥38,100	$402,046
Other comprehensive income (Note 12):			
Net unrealized holding gain (loss) on securities	(947)	6,136	(8,408)
Deferred gain (loss) on hedges	(927)	748	(8,234)
Translation adjustments	(2,664)	4,912	(23,646)
Remeasurements of defined benefit plans	(1,657)	667	(14,712)
Share of other comprehensive income (loss) of affiliates accounted for using equity method	(318)	605	(2,829)
Total other comprehensive income (loss)	(6,516)	13,069	(57,830)
Comprehensive income	¥38,789	¥51,170	$344,215
Comprehensive income attributable to:			
Owners of parent	¥34,211	¥46,453	$303,589
Non-controlling interests	¥ 4,578	¥ 4,716	$ 40,626

The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Net Assets

Century Tokyo Leasing Corporation and Consolidated Subsidiaries
Years Ended March 31, 2016 and 2015

	Number of shares (Thousands)		Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016	2015	2016
Common stock					
Balance at beginning of year	106,624	106,624	¥ 34,231	¥ 34,231	$ 303,762
Balance at end of year	106,624	106,624	34,231	34,231	303,762
Capital surplus					
Balance at beginning of year			5,537	5,537	49,143
Disposal of treasury stock			(12)	—	(111)
Purchase of shares of consolidated subsidiaries			597	—	5,298
Balance at end of year			6,122	5,537	54,330
Retained earnings					
Balance at beginning of year			233,650	204,606	2,073,388
Cumulative effects of changes in accounting policies			—	49	—
Restated balance at beginning of year			233,650	204,655	2,073,388
Net income attributable to owners of parent for the year			40,033	34,132	355,249
Cash dividends			(7,175)	(6,137)	(63,676)
Disposal of treasury stock			—	(7)	—
Change of scope of consolidation			18	1,006	167
Change of scope of equity method			(420)	—	(3,734)
Decrease due to change in equity			(61)	—	(544)
Balance at end of year			266,044	233,650	2,360,849
Treasury stock					
Balance at beginning of year	(1,114)	(821)	(2,876)	(1,999)	(25,527)
Purchase of treasury stock	(0)	(307)	(3)	(913)	(27)
Disposal of treasury stock	28	14	72	35	642
Change of scope of equity method	1	—	0	—	7
Balance at end of year	(1,086)	(1,114)	(2,806)	(2,876)	(24,905)
Total shareholders' equity			303,591	270,542	2,694,037
Balance at beginning of year			270,542	242,376	2,400,767
Cumulative effects of changes in accounting policies			—	49	—
Restated balance at beginning of year			270,542	242,425	2,400,767
Cash dividends			(7,175)	(6,137)	(63,676)
Net income attributable to owners of parent for the year			40,033	34,132	355,249
Purchase of treasury stock			(3)	(913)	(27)
Disposal of treasury stock			59	28	530
Change of scope of consolidation			18	1,006	167
Purchase of shares of consolidated subsidiaries			597	—	5,298
Change of scope of equity method			(420)	—	(3,727)
Decrease due to change in equity			(61)	—	(544)
Balance at end of year			303,591	270,542	2,694,037
Net unrealized holding gains on securities					
Balance at beginning of year			16,439	10,338	145,884
Net changes of items other than shareholders' equity			(965)	6,101	(8,565)
Balance at end of year			15,474	16,439	137,319
Deferred gain (loss) on hedges					
Balance at beginning of year			(9)	(761)	(87)
Net changes of items other than shareholders' equity			(614)	752	(5,451)
Balance at end of year			(624)	(9)	(5,538)
Translation adjustments					
Balance at beginning of year			6,026	1,057	53,480
Net changes of items other than shareholders' equity			(2,998)	4,969	(26,606)
Balance at end of year			3,028	6,026	26,874
Remeasurements of defined benefit plans					
Balance at beginning of year			(64)	(562)	(568)
Net changes of items other than shareholders' equity			(1,243)	498	(11,037)
Balance at end of year			(1,307)	(64)	(11,605)
Total accumulated other comprehensive income			16,570	22,392	147,049
Balance at beginning of year			22,392	10,071	198,709
Net changes of items other than shareholders' equity			(5,821)	12,321	(51,660)
Balance at end of year			16,570	22,392	147,049
Share subscription rights (Note 21)					
Balance at beginning of year			491	312	4,364
Net changes of items other than shareholders' equity			224	179	1,989
Balance at end of year			716	491	6,354
Non-controlling interests					
Balance at beginning of year			43,110	32,724	382,557
Net changes of items other than shareholders' equity			10,883	10,386	96,583
Balance at end of year			53,994	43,110	479,141
Total net assets			374,872	336,537	3,326,582
Balance at beginning of year			336,537	285,484	2,986,399
Cumulative effects of changes in accounting policies			—	49	—
Restated balance at beginning of year			336,537	285,534	2,986,399
Cash dividends			(7,175)	(6,137)	(63,676)
Net income attributable to owners of parent for the year			40,033	34,132	355,249
Purchase of treasury stock			(3)	(913)	(27)
Disposal of treasury stock			59	28	530
Change of scope of consolidation			18	1,006	167
Purchase of shares of consolidated subsidiaries			597	—	5,298
Change of scope of equity method			(420)	—	(3,727)
Decrease due to change in equity			(61)	—	(544)
Net changes of items other than shareholders' equity			5,286	22,886	46,912
Balance at end of year			¥374,872	¥336,537	$3,326,582

The accompanying notes are an integral part of these statements.

Consolidated Statement of Cash Flows

Century Tokyo Leasing Corporation and Consolidated Subsidiaries
Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Cash flows from operating activities:			
Income before income taxes	¥ 68,459	¥59,707	$ 607,500
Adjustments to reconcile income before income taxes to net cash used in operating activities:			
Depreciation and amortization of leased assets	80,137	70,832	711,129
Increase (decrease) in allowance for doubtful accounts	(336)	(2,074)	(2,988)
Loss on disposal of leased assets	45,496	18,236	403,735
Loss on devaluation of investments in securities	5	885	50
Foreign exchange loss (gain)	858	(3,794)	7,616
Interest and dividend income	(902)	(964)	(8,004)
Interest expense	13,643	10,890	121,067
Gain on sale of investments in securities	(920)	(600)	(8,166)
Decrease (increase) in installment sales receivable	19,961	(11,526)	177,139
Decrease (increase) in lease receivables and investment assets	(10,374)	885	(92,066)
Decrease (increase) in loans receivable	2,146	(64,761)	19,049
Decrease (increase) in operational investment securities	(31,778)	(46,900)	(281,997)
Purchases of leased assets	(239,962)	(177,131)	(2,129,407)
Decrease (increase) in other operating assets	(13,422)	(5,249)	(119,107)
Decrease (increase) in claims provable in bankruptcy or rehabilitation	20	2,134	178
Increase (decrease) in trade notes and accounts payable	(5,433)	(19,877)	(48,212)
Other, net	(29,860)	37,645	(264,981)
Subtotal	(102,262)	(131,663)	(907,464)
Interest and dividend income received	1,665	1,505	14,780
Interest expense paid	(13,832)	(11,093)	(122,747)
Income taxes paid	(22,189)	(29,772)	(196,908)
Net cash used in operating activities	(136,618)	(171,023)	(1,212,340)
Cash flows from investing activities:			
Purchases of own assets in use	(3,167)	(3,297)	(28,106)
Proceeds from sales/redemptions of investments in securities	3,699	5,252	32,830
Purchases of investments in securities	(4,069)	(24,192)	(36,110)
Other, net	464	3,555	4,118
Net cash provided by (used in) investing activities	(3,072)	(18,682)	(27,267)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	(4,055)	40,130	(35,985)
Proceeds from long-term debt	476,094	409,236	4,224,820
Repayment of long-term debt	(304,328)	(311,441)	(2,700,577)
Proceeds from issuance of bonds	80,604	96,770	715,275
Redemption of bonds	(91,144)	(73,616)	(808,805)
Proceeds from stock issuance to non-controlling interest shareholders	7,190	3,757	63,808
Cash dividends paid	(7,175)	(6,137)	(63,676)
Cash dividends paid to non-controlling interest shareholders	(777)	(500)	(6,902)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(584)	—	(5,182)
Other, net	(54)	(1,314)	(486)
Net cash provided by financing activities	155,770	156,885	1,382,287
Effect of exchange rate changes on cash and cash equivalents	3,816	(13,151)	33,863
Net increase (decrease) in cash and cash equivalents	19,894	(45,972)	176,543
Cash and cash equivalents at beginning of year	71,864	115,841	637,714
Increase in cash and cash equivalents from newly consolidated subsidiaries	3	1,995	29
Cash and cash equivalents at end of year (Note 13)	¥ 91,762	¥ 71,864	$ 814,287

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Century Tokyo Leasing Corporation and Consolidated Subsidiaries
March 31, 2016 and 2015

1. Basis of Presentation

Century Tokyo Leasing Corporation (the "Company") and its consolidated subsidiaries (collectively, the "Companies") maintain their books of account in accordance with the provisions set forth in the Corporation Law of Japan (the "Law"), the Financial Instruments and Exchange Law of Japan and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements of the Companies, which were filed with the Director of the Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Law of Japan. In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥112.69 = US$1.00, the approximate rate of exchange in effect on March 31, 2016. This translation should not be construed as a representation that Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at this or any other rate.

2. Summary of Significant Accounting Policies

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries over which the Company exerts control.

The Company's share in the earnings or losses of affiliates over which it is able to exercise significant influence in terms of their operating and financial decisions is accounted for by the equity method and included in the consolidated operating results.

The Company established Orico Business Leasing Co., Ltd. as a consolidated subsidiary. In addition, 6 other new companies have been included in the scope of consolidation during the fiscal year ended March 31, 2016 due to establishment and so on.

A total of 2 companies, including TCI Finance Corporation, have been excluded from the scope of consolidation due to the selling of all shares and the completion of liquidation proceedings from the fiscal year ended March 31, 2016.

FHF I , L.P. has been included as an affiliated company accounted for by the equity method due to a new contribution from the fiscal year ended March 31, 2016. Chikugin Lease Co., Ltd. has been excluded from the equity method accounting due to the selling of its shares from the fiscal year ended March 31, 2016.

With respect to affiliated companies accounted for by the equity method whose account closing dates differ from the closing date of the Company, the Company has mainly used their financial statements as of their respective fiscal year end.

The number of consolidated subsidiaries and affiliated companies for 2016 are as follows:

	2016
Consolidated subsidiaries	130
Affiliated companies	15

In preparing the consolidated financial statements as of March 31, 2016, the financial statements of TLC Freesia Co., Ltd. and 4 other subsidiaries were consolidated by using their financial statements prepared solely for consolidation purposes. Century Tokyo Leasing (USA) and 40 other subsidiaries were consolidated using their financial statements as of their respective fiscal year end, which falls on December 31, 2015, and necessary adjustments were made to their financial statements to reflect any significant transactions from January 1 to March 31, 2016.

b) Foreign currency translation

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at the balance sheet date. Foreign exchange gain or loss on translation is recognized in the consolidated statement of income.

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of net assets excluding non-controlling interests which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and non-controlling interests in its consolidated financial statements.

c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, net of overdrafts and short-term investments with original maturities of three months or less which are readily convertible into cash and are subject to little risk of any change in their value.

d) Revenue recognition

(Leases)
Lease revenues and the related costs on finance leases are recognized on the day to receive lease payment.

Revenues from operating leases are recognized on a straight-line basis over the scheduled lease terms, and leased assets are depreciated by the straight-line method based on the scheduled lease terms of the respective assets.

(Installment sales)
Installment sales and the related costs are recognized when each payment becomes due under the respective installment sales agreements.

e) Allocation of interest expense

Interest expense is allocated to cost of sales and other expenses based on the balances of the respective operating assets, which consist principally of lease receivables, lease investment assets and loans. Interest expense classified as cost of sales is stated net of interest income.

f) Securities
Securities held by the Companies are classified as available-for-sale securities. Marketable available-for-sale securities are carried at fair value with any unrealized gain or loss, net of the related income taxes, included directly in net assets. Cost of securities sold is determined principally by the moving average method. Non-marketable available-for-sale securities are stated at cost determined principally by the moving average method.

Investments in a limited partnership are measured using the equity method. As of March 31, 2016 and 2015, the Companies did not have any trading securities.

g) Inventories
Inventories held by the Company are stated at cost determined by specific identification method (of which carrying values are calculated based on the method of reduction of book value accompanied with decline in market value).

h) Property and equipment
Property and equipment is stated at cost less accumulated depreciation. Depreciation of leased assets is computed by the straight-line method based on the lease term of the respective assets. Depreciation of assets owned and used by the Companies is computed primarily by the declining-balance method (while the straight-line method is applied to buildings acquired on and after April 1, 1998) based on the estimated useful lives of the respective assets which range principally from 3 to 47 years for buildings, and from 3 to 20 years for equipment.

i) Intangible assets
Computer software leased to customers is amortized by the straight-line method based on the lease term of the respective assets. Costs related to software purchased for internal use are amortized by the straight-line method over the estimated useful life (generally 5 years).

Goodwill is amortized by the straight-line method over a period between 5 and 10 years.

j) Income taxes
Provision is made for the Companies' liabilities for various types of income taxes, i.e., corporation, inhabitants and enterprise taxes.

Deferred tax assets and liabilities are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and operating losses and tax credits carried forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which these temporary differences are expected to be recovered or settled.

k) Retirement benefits
Accrued retirement benefits for employees have been provided mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet date. The Company and certain domestic subsidiaries have defined benefit plans covering substantially all employees other than directors and corporate auditors. Under the terms of these plans, eligible employees are entitled to lump-sum or annuity payments based on their level of compensation at termination and their years of service with the Company or the subsidiaries. To provide coverage for part of the lump-sum or annuity payments, the Company and certain domestic subsidiaries have joined a multi-employers' welfare pension fund (the "Fund") established in accordance with the Welfare Pension Insurance Law by the ITOCHU group companies.

In addition, accrued retirement benefits for directors and corporate auditors are provided at an amount to be required at the year-end according to internal regulations.

l) Derivatives and hedging activities
The Companies enter into interest-rate swap contracts, forward foreign exchange contracts, currency swaps and loans from banks in order to hedge interest-rate and foreign currency exchange rate exposure on certain liabilities and assets, including loans from banks, installment sales receivables, operational investment securities, loans receivables and forecasted transactions. The Companies utilize these derivatives to reduce the risk of cash flow fluctuation inherent in the liabilities and assets hedged and such transactions are not entered into for speculative or trading purposes. For interest-rate swap contracts and forward foreign exchange contracts, the Companies follow "Accounting Standard for Financial Instruments" and "Accounting Standard for Foreign Currency Transactions." More specifically, interest-rate swaps not designated as hedging instruments are recorded at fair value in the consolidated balance sheet. Interest-rate swaps which qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income. Other interest-rate swaps which qualify for hedge accounting are measured at fair value as of the balance sheet date and the recognition of any unrealized gain or loss is deferred until maturity.

For forward foreign exchange contracts, the Companies follow the accounting method specified in "Accounting Standard for Financial Instruments" ("Allocation method"), if the contracts qualify for hedge accounting. Under this method, foreign currency transactions and the related monetary assets (installment sales receivables and loans receivables) are to be translated at the fixed yen amount of such foreign currency contracts at the settlement dates based on the contracted rates. The difference between this amount and the amount as translated at the current rate of exchange on the date of forward contract is allocated over the life of each contract.

Hedge effectiveness is assessed based on comparative analysis between the accumulated future cash flows for hedged items and those for hedging instruments. As for the hedging of forecast transactions denominated in foreign currencies, hedge effectiveness is assessed if substantial terms and conditions such as amounts and periods of the hedging instruments and the hedged forecasted transactions are the same. Hedge effectiveness is not assessed for the foreign currency exchange contracts which meet the requirements for allocation method and the interest rate swaps which meet the requirements for short-cut method. The consolidated subsidiaries for the Company assess hedge effectiveness primarily based on the above methods.

m) Appropriation of retained earnings
Under the Law the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting to be held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations.

Under the Law, flexible payment of dividends is permissible subject to certain limits on appropriation of retained earnings as well as to approval by resolution of the shareholders.

n) Allowance for doubtful accounts
The allowance for doubtful accounts is recorded on the basis of historical experience to provide for possible losses from bad debts related to general trade accounts and also for the estimated amounts considered to be uncollectible after individually reviewing the specific collectibility of certain doubtful accounts.

o) Consumption taxes
Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

p) Provision for automobile inspection costs
Under lease and maintenance service contracts, provision for automobile inspection costs is recorded on the basis of historical experience.

3. Accounting Standards Issued but Not Yet Effective

Implementation Guidance on Recoverability of Deferred Tax Assets

On March 28, 2016, the Accounting Standards Board of Japan (ASBJ) issued "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26).

(1) Overview
Regarding the treatment of the recoverability of deferred tax assets, a review was conducted following the framework of the Japanese Institute of Certified Public Accountants Audit Committee Report No. 66 "Audit Treatment on Determining the Recoverability of Deferred Tax Assets," whereby companies are categorized into five categories and deferred tax assets are calculated based on each of these categories.

1) Treatment of companies that do not satisfy any of the category requirements for (Category 1) through (Category 5)
2) Category requirements for (Category 2) and (Category 3)
3) Treatment related to future deductible temporary differences which cannot be scheduled in companies that qualify as (Category 2)
4) Treatment related to the reasonable estimable period of future pre-adjusted taxable income in companies that qualify as (Category3)
5) Treatment in cases that companies that satisfy the category requirements for (Category 4) but qualify as (Category 2) or (Category3)

(2) Scheduled date of adoption
The Company expects to adopt the revised implementation guidance from the beginning of the fiscal year ending March 31, 2017.

(3) Impact of adopting revised implementation guidance
The Company is currently evaluating the effect of adopting this revised implementation guidance on its consolidated financial statements.

4. Accounting Changes

The Company and its domestic consolidated subsidiaries adopted "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7) and other standards effective from April 1, 2015. As a result, under these revised accounting standards, the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary and the corresponding accounting for acquisition-related costs were revised. In addition, the presentation method of net income and others were amended, the reference to "minority interests" was changed to "non-controlling interest," and accounting treatment for adjustments to provisional amounts during the measurement period was also changed.

In the consolidated statement of cash flows for the fiscal year ended March 31, 2016, cash flows on the acquisition or sales of shares that do not result in a change in the scope of consolidation are classified into "Cash flows from financing activities," and cash flows on costs related the acquisition of shares of subsidiaries that result in a change in the scope of consolidation or costs arising in association with the acquisition or sales of shares of subsidiaries that do not result in a change in the scope of consolidation are classified into "Cash flows from operating activities."

"The Revised Accounting Standard for Business Combinations" and other standards were applied prospectively from the beginning of the fiscal year ended March 31, 2016 in accordance with the transitional treatment set forth in these standards.

As a result, operating income and income before income taxes for the fiscal year ended March 31, 2016 decreased by ¥146 million ($1,299 thousand) and ¥743 million ($6,598 thousand), respectively. Furthermore, capital surplus increased by ¥597 million ($5,298 thousand).

In addition, the effects on net assets per share, basic net income and diluted net income per share were immaterial.

5. Changes in Presentation Method

(Consolidated Statement of Income)
"Loss on disposal of non-current assets" in the amount of ¥63 million in the fiscal year ended March 31, 2015, which was included in "Other, net," is presented separately from the fiscal year ended March 31, 2016 since the amount is significant.

"Loss on valuation of investments in securities" in the amount of ¥885 million in the fiscal year ended March 31, 2015, which was presented separately, is included in "Other, net" from the fiscal year ended March 31, 2016 since the amount is insignificant.

(Consolidated Statement of Cash Flows)
"Decrease (increase) in other operating assets" in the amount of ¥5,249 million in the fiscal year ended March 31, 2015, which was included in "Other, net" under "Cash flows from operating activities," is presented separately from the fiscal year ended March 31, 2016 since the amount is significant.

"Collection of loans receivable" in the amount of ¥9 million in the fiscal year ended March 31, 2015, which was presented separately under "Cash flows from investing activities," is included in "Other, net" under "Cash flows from investing activities" from the fiscal year ended March 31, 2016 since the amount is insignificant.

"Cash dividends paid to non-controlling interests shareholders" in the amount of ¥500 million in the fiscal year ended March 31, 2015, which was included in "Other, net" under "Cash flows from financing activities," is presented separately from the fiscal year ended March 31, 2016 since the amount is significant.

6. Operational Investment Securities, Short-term Investment Securities and Investments in Securities

Operational investment securities, short-term investment securities and investments in securities as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Available-for-sale securities	¥161,464	¥147,366	$1,432,819
Investments in unconsolidated subsidiaries and affiliates	110,285	84,527	978,660
	¥271,749	¥231,894	$2,411,480

Available-for-sale securities included in operational investment securities, short-term investment securities and investments in securities as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Equity securities	¥ 44,148	¥ 42,735	$ 391,769
Debt securities	9,566	7,764	84,892
Other	107,749	96,866	956,157
	¥161,464	¥147,366	$1,432,819

The carrying amounts and aggregate fair value of available-for-sale securities with determinable market value as of March 31, 2016 and 2015 were as follows:

	Millions of yen			
	March 31, 2016			
	Cost or book value	Unrealized gain	Unrealized loss	Fair value
Equity securities	¥17,328	¥16,788	¥412	¥33,703
Debt securities	9,236	58	27	9,266
Other	35,139	5,452	—	40,591

	Millions of yen			
	March 31, 2015			
	Cost or book value	Unrealized gain	Unrealized loss	Fair value
Equity securities	¥13,662	¥18,876	¥80	¥32,459
Debt securities	7,504	7	47	7,464
Other	26,542	3,877	—	30,419

	Thousands of U.S. dollars			
	March 31, 2016			
	Cost or book value	Unrealized gain	Unrealized loss	Fair value
Equity securities	$153,767	$148,980	$3,662	$299,085
Debt securities	81,962	516	248	82,230
Other	311,822	48,386	—	360,208

Available-for-sale securities whose fair value was not readily determinable as of March 31, 2016 and 2015 were as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Equity securities	¥10,444	¥10,276	$ 92,684
Debt securities	299	299	2,662
Other	67,157	66,446	595,949

Proceeds from the sale of available-for-sale securities and the resulting realized gain or loss for the years ended March 31, 2016 and 2015 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Proceeds	¥10,177	¥10,231	$90,315
Realized gain	1,995	3,503	17,704
Realized loss	0	—	2

The impairment losses on securities recognized for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Available-for-sale securities:			
Equity securities	¥2	¥ 885	$21
Other	—	381	—
Investments in unconsolidated subsidiaries and affiliates:			
Unconsolidated subsidiaries	3	1	28
	¥5	¥1,268	$50

7. Accumulated Depreciation for Property and Equipment

Accumulated depreciation for property and equipment as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Leased assets	¥228,518	¥216,475	$2,027,851
Other operating assets	1,886	677	16,737
Own assets in use	6,283	6,453	55,754

8. Short-Term Borrowings, Long-Term Debt and Assets Pledged

Short-term borrowings as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted-average interest rate
	2016	2015	2016	
Short-term loans from banks	¥ 437,181	¥470,167	$ 3,879,509	0.72%
Commercial paper	763,400	754,600	6,774,336	0.09%
Payables under securitized lease receivables	75,400	57,800	669,092	0.18%
Total	¥1,275,981	¥1,282,567	$11,322,938	

Long-term debt as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Weighted-average interest rate
	2016	2015	2016	
Long-term loans, principally from banks	¥1,076,209	¥ 924,201	$ 9,550,180	0.70%
Long-term payables under securitized lease receivables	2,697	3,784	23,933	0.23%
Bonds payable	196,602	209,302	1,744,627	0.38%
Total	1,275,509	1,137,288	11,318,742	
Less current portion	323,426	(373,272)	2,870,053	
	¥ 952,082	¥ 764,016	$ 8,448,688	

The Companies have entered into overdraft contracts which provided the Companies with the overdraft facilities with 84 and 86 financial institutions as of March 31, 2016 and 2015 amounting to ¥1,226,770 million ($10,886,244 thousand) and ¥1,174,322 million, respectively. The unused facilities maintained by the Companies as of March 31, 2016 and 2015 amounted to ¥753,040 million ($6,682,408 thousand) and ¥700,732 million, respectively.

The aggregate annual maturity of long-term debt subsequent to March 31, 2016 is summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 323,426	$ 2,870,053
2018	309,421	2,745,772
2019	225,430	2,000,448
2020	169,272	1,502,106
2021	163,069	1,447,060
2022 and thereafter	84,889	753,300
	¥1,275,509	$11,318,742

The Companies' assets pledged as collateral, principally for liabilities of ¥137,398 million ($1,219,256 thousand), as of March 31, 2016 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash on hand and in banks	¥ 42	$ 377
Accounts receivable-installment sales	9,145	81,156
Accounts receivable-lease receivables and investment assets	126,420	1,121,846
Accounts receivable-loans	899	7,978
Advances for purchases of property for lease	1,461	12,971
Leased assets	14,678	130,258
Investments in securities	12	113
	¥152,661	$1,354,702

9. Derivatives

In general, interest-rate swaps and forward foreign exchange contracts are exposed to market risk arising from fluctuation in interest rates and foreign exchange rates, and to credit risk arising from the potential for default by the counterparties. As the derivative instruments which the Companies utilize aim to reduce the risk of fluctuation in interest rates and foreign exchange rates associated with the underlying assets and liabilities hedged, these derivatives function to reduce the overall market risk to which the Companies are exposed. The Companies believe that any related credit risk is very low because all counterparties to the derivatives instrument are financial institutions with high credit ratings.

With respect to the interest-rate swap contracts entered into by the Company, the Treasury Department, which is responsible for financing activities, handles the execution of, and monitors the internal control over, these transactions in accordance with the Company's internal regulations. The ALM Committee determines the Company's hedging strategy for the coming six months based on an analysis of market rate trends and the Treasury Department enters into derivatives transactions in accordance with this strategy.

The Treasury Department is also involved in the management of risk associated with foreign exchange rate fluctuation on an individual contract basis.

Before the Company executes the transactions involving compound derivative instruments where credit derivatives are embedded, persons responsible sufficiently confer on the type or management method of the risk beforehand, and then obtain approval in accordance with the Company's internal regulations.

The consolidated subsidiaries of the Company follow the Company's internal regulations, and regularly report to the Company the results of their hedging activities, the counterparties, the period remaining for each contract and the fair value of the transactions.

The following table presents the outstanding derivatives positions that do not qualify for hedge accounting as of March 31, 2016:

	Millions of yen			Thousands of U.S. dollars		
	Notional amount (over one year)	Fair value	Unrealized gain (loss)	Notional amount (over one year)	Fair value	Unrealized gain (loss)
Non-deliverable forward:						
Put/RMB	¥ 618 (207)	¥(227)	¥(227)	$ 5,484 (1,843)	$(2,014)	$(2,014)
Forward exchange contracts:						
Put/RMB	9,819 (9,516)	(660)	(660)	87,137 (84,448)	(5,861)	(5,861)
Total	¥10,437 (9,724)	¥ (887)	¥ (887)	$92,621 (86,291)	$(7,875)	$(7,875)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

The following table presents the outstanding derivatives positions that do not qualify for hedge accounting as of March 31, 2015:

	Millions of yen		
	Notional amount (over one year)	Fair value	Unrealized gain (loss)
Currency swap contracts:			
Receive/USD; Pay/SGD	¥ 1,439 (—)	¥ 109	¥ 109
Non-deliverable forward:			
Put/RMB	1,188 (618)	(618)	(618)
Forward exchange contracts:			
Put/RMB	10,126 (9,819)	(1,326)	(1,326)
Total	¥12,754 (10,437)	¥(1,835)	¥(1,835)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

The following table presents the outstanding derivative positions that qualify for hedge accounting at March 31, 2015:

	Millions of yen			Thousands of U.S. dollars	
	Hedged items	Notional amount (over one year)	Fair value	Notional amount (over one year)	Fair value
Allocation method:					
Forward exchange contracts:					
Put					
USD	Accounts-receivable -installment sales	¥ 3,761 (2,125)	¥(452)	$ 33,375 (18,864)	$(4,011)
RMB	Accounts-receivable -installment sales	1,554 (982)	(113)	13,790 (8,716)	(1,006)
Call					
USD	Accounts-receivable -installment sales	25 (—)	0	221 (—)	0
Currency swap contracts:					
Receive/USD; Pay/MYR	Borrowings	3,845 (2,413)	360	34,124 (21,417)	3,200
Receive/USD; Pay/THB	Borrowings	1,675 (1,675)	(138)	14,863 (14,863)	(1,230)
Call					
USD	Forecasted transactions	2,224 (—)	18	19,913 (—)	161
Total		¥13,104 (7,196)	¥ (47)	$ 116,290 (63,862)	$ (425)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

	Millions of yen			Thousands of U.S. dollars	
	Hedged items	Notional amount (over one year)	Fair value	Notional amount (over one year)	Fair value
Interest rate swap					
Deferral hedge accounting:					
Pay/fixed; Receive/floating	Borrowings	¥ 49,549 (42,834)	¥(1,435)	$439,694 (380,107)	$(12,740)
Short-cut method:					
Pay/fixed; Receive/floating	Borrowings Accounts-receivable-loans	50,515 (43,493)	(1,561)	448,265 (385,959)	(13,854)
Total		¥100,064 (86,328)	¥(2,996)	$887,960 (766,067)	$(26,594)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

The following table presents the outstanding derivative positions that qualify for hedge accounting as of March 31, 2015:

	Millions of yen		
	Hedged items	Notional amount (over one year)	Fair value
Allocation method:			
Forward exchange contracts:			
Put			
USD	Accounts-receivable -installment sales	¥ 5,059 (3,002)	¥(1,268)
RMB	Accounts-receivable -installment sales	1,974 (1,494)	(303)
Call			
USD	Accounts-receivable -installment sales	11 (—)	0
EUR	Accounts-receivable -installment sales	42 (—)	4
SGD	Accounts-receivable -installment sales	3 (—)	0
Currency swap contracts :			
Receive/USD; Pay/MYR	Borrowings	4,955 (1,119)	475
Receive/USD; Pay/THB	Borrowings	2,524 (2,269)	(33)
Total		¥14,570 (7,887)	¥(1,125)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

	Millions of yen		
	Hedged items	Notional amount (over one year)	Fair value
Interest rate swap			
Deferral hedge accounting:			
Pay/fixed; Receive/floating	Borrowings	¥11,506 (10,532)	¥ (17)
Short-cut method:			
Pay/fixed; Receive/floating	Borrowings Accounts-receivable -loans	51,519 (30,967)	(1,044)
Total		¥63,025 (41,499)	¥(1,062)

Note: Fair value is primarily based on the prices indicated by corresponding financial institutions.

10. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Employees' salaries, wages and bonuses	¥29,389	¥28,122	$260,797
Rent expenses	9,429	9,206	83,675
Provision for accrued bonuses for employees	3,298	2,799	29,272
Retirement benefit expenses	1,700	1,779	15,093
Provision for accrued bonuses for directors	170	173	1,512
Provision for directors' retirement benefits	76	97	679
Provision of allowance for doubtful accounts	1,217	(1,064)	10,804

11. Office Transfer Related Expenses

Certain consolidated subsidiaries incurred office transfer related expenses for the years ended March 31, 2016 and 2015.

12. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net unrealized holding gains on securities			
Amount arising during the year	¥ (545)	¥11,911	$ (4,841)
Reclassification adjustments for gains and losses included in net income	(874)	(3,506)	(7,763)
Amount before tax effect	(1,420)	8,405	(12,605)
Tax effect	472	(2,269)	4,196
Net unrealized holding gains on securities	(947)	6,136	(8,408)
Deferred gain (loss) on hedges			
Amount arising during the year	(1,783)	(136)	(15,822)
Reclassification adjustments for gains and losses included in net income	446	1,281	3,965
Amount before tax effect	(1,336)	1,145	(11,857)
Tax effect	408	(396)	3,623
Deferred gain (loss) on hedges	(927)	748	(8,234)
Translation adjustments			
Amount arising during the year	(2,664)	4,912	(23,646)
Remeasurements of defined benefit plans			
Amount arising during the year	(2,588)	599	(22,972)
Reclassification adjustments for gains and losses included in net income	196	428	1,741
Amount before tax effect	(2,392)	1,028	(21,230)
Tax effect	734	(360)	6,518
Remeasurements of defined benefit plans	(1,657)	667	(14,712)
Share of other comprehensive income of affiliates accounted for using equity method			
Amount arising during the year	(315)	605	(2,796)
Reclassification adjustments for gains and losses included in net income	(3)	—	(32)
Share of other comprehensive income (loss) of affiliates accounted for using equity method	(318)	605	(2,829)
Total other comprehensive income (loss)	¥(6,516)	¥13,069	$(57,830)

13. Notes to the Consolidated Statement of Cash Flows

Cash and cash equivalents as of March 31, 2016 and 2015 are reconciled to the accounts reported in the consolidated balance sheet as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash on hand and in banks	¥80,395	¥70,560	$713,419
Time deposits with maturities of more than three months	(1,093)	(1,106)	(9,700)
Cash equivalents included in short-term investment securities	12,460	2,410	110,568
Cash and cash equivalents	¥91,762	¥71,864	$814,287

14. Income Taxes

The significant components of deferred tax assets and liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Net operating loss carryforwards	¥ 4,129	¥ 536	$ 36,643
Net defined benefit liability	2,798	2,175	24,837
Allowance for doubtful accounts	2,261	2,012	20,072
Tax adjustments for lease transactions	1,827	1,438	16,213
Loss on devaluation of investments in securities	1,109	1,922	9,845
Accrued expenses	940	738	8,349
Depreciation	893	1,084	7,926
Accrued bonuses	865	950	7,683
Loss on valuation of own assets in use	522	415	4,640
Unearned revenue	—	1,155	—
Other	5,416	4,514	48,063
Subtotal	20,766	16,945	184,275
Less valuation allowance	(402)	(494)	(3,569)
Total deferred tax assets	20,363	16,450	180,706
Deferred tax liabilities:			
Net unrealized holding gain on securities	(6,518)	(7,322)	(57,848)
Depreciation of leased assets of foreign subsidiaries	(5,002)	(828)	(44,393)
Other	(3,782)	(3,406)	(33,561)
Total deferred tax liabilities	(15,303)	(11,558)	(135,803)
Net deferred tax assets	¥ 5,060	¥ 4,892	$ 44,903

(Changes in Presentation)
"Net operating loss carryforwards," which was included in "Other" under deferred tax assets as of March 31, 2015, is presented separately since the amount is significant. To reflect the changes in presentation, the information of the previous fiscal year has been reclassified.

As a result, "Other" under deferred tax assets in the amount of ¥5,051 million as of March 31, 2015 has been reclassified as ¥536 million in "Net operating loss carryforwards" and ¥4,514 million in "Other."

Reconciliations between the effective statutory tax rates and the effective tax rates for the years ended March 31, 2016 and 2015 are not presented because the difference between the effective statutory tax rates and the effective tax rates is insignificant.

The "Act for Partial Amendment of the Income Tax Act, etc." and the "Act for Partial Amendment of the Local Tax Act, etc." were enacted in the Japanese Diet on March 29, 2016.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 32.3% to 30.9% and 30.6% for the temporary differences expected to be realized or settled for the fiscal year beginning April 1, 2016 and 2017, and for the fiscal year beginning April 1, 2018 and onwards, respectively. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets after offsetting deferred tax liabilities by ¥285 million ($2,537 thousand), increase deferred income taxes by ¥611 million ($5,425 thousand), increase unrealized holding gain on securities by ¥380 million ($3,375 thousand), decrease deferred loss on hedges by ¥23 million ($206 thousand) and decrease remeasurements of defined benefit plans by ¥31 million ($281 thousand) as of and for the year ended March 31, 2016.

15. Retirement Benefit Plans

1. Overview of Retirement Benefit Plans Implemented by the Company

The Company has implemented a corporate pension fund plan (multi-employer welfare pension fund) and a defined benefit corporate pension plan under its defined benefit plan system, and a defined contribution pension plan under its defined contribution plan system.

Some of the Company's consolidated subsidiaries in Japan have a lump-sum payment plan and a defined benefit corporate pension plan under their defined benefit plan system, and a defined contribution pension plan under their defined contribution plan system.

Some of the Company's consolidated subsidiaries use the simplified method in the calculation of their retirement benefit obligation.

2. Defined Benefit Plans (except the simplified method)

The changes in the retirement benefit obligation during the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at the beginning of the year	¥18,104	¥17,036	$160,658
Cumulative effects of changes in accounting policies	—	(76)	—
Restated balance	18,104	16,960	160,658
Service cost	856	846	7,601
Interest cost	275	264	2,444
Actuarial gain and loss	2,451	(46)	21,757
Retirement benefits paid	(536)	(516)	(4,757)
Past service cost	(7)	(11)	(66)
Adjustment from the simplified method to the principle method	917	607	8,139
Balance at the end of the year	¥22,062	¥18,104	$195,777

The changes in plan assets during the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at the beginning of the year	¥12,961	¥11,793	$115,016
Expected return on plan assets	233	220	2,073
Actuarial gain and loss	(144)	578	(1,281)
Contributions by the Company	805	731	7,149
Retirement benefits paid	(316)	(363)	(2,811)
Adjustment from the simplified method to the principle method principle method	231	—	2,058
Balance at the end of the year	¥13,771	¥12,961	$122,205

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2016 and 2015 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Funded retirement benefit obligation	¥ 17,939	¥ 14,502	$ 159,192
Plan assets at fair value	(13,771)	(12,961)	(122,205)
	4,168	1,540	36,986
Unfunded retirement benefit obligation	4,122	3,602	36,585
Net liability for retirement benefits in the balance sheet	8,290	5,143	73,572
Liability for retirement benefits	8,290	5,143	73,572
Net liability for retirement benefits in the balance sheet	¥ 8,290	¥ 5,143	$ 73,572

The components of retirement benefit expense for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥ 856	¥ 846	$7,601
Interest cost	275	264	2,444
Expected return on plan assets	(233)	(220)	(2,073)
Amortization of actuarial gain and loss	79	149	704
Amortization of prior service cost	116	242	1,037
Retirement benefit expense	¥1,094	¥1,282	$9,713

The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Prior service cost	¥ 124	¥ 253	$ 1,104
Actuarial gain and loss	(2,516)	774	(22,334)
Total	¥(2,392)	¥1,028	$(21,230)

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized prior service cost	¥ (142)	¥ (17)	$ (1,261)
Unrecognized actuarial gain and loss	2,379	(137)	21,118
Total	¥2,237	¥ (154)	$19,856

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2016 and 2015 are as follows:

	2016	2015
General accounts	50%	52%
Bonds	33%	29%
Stocks	14%	17%
Other	3%	2%
Total	100%	100%

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans are as follows:

	2016	2015
Discount rates	Mainly 0.2% - 0.6%	0.7% - 1.7%
Expected rates of return on plan assets	Mainly 1.2% - 2.5%	1.5% - 3.2%
Estimated rates of salary increases	Mainly 1.3% - 7.0%	1.1% - 7.0%

3. Defined Benefit Plans The simplified method
The changes in liability for retirement benefits during the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at the beginning of the year	¥1,976	¥1,926	$17,540
Retirement benefits expense	234	289	2,081
Retirement benefits paid	(199)	(125)	(1,771)
Contributions by the Company	(2)	(7)	(23)
Change of scope of consolidation	—	501	—
Adjustment from the simplified method to the principle method	(685)	(607)	(6,081)
Balance at the end of the year	¥1,323	¥1,976	$11,746

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2016 and 2015 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Funded retirement benefit obligation	¥ 416	¥1,227	$ 3,699
Plan assets at fair value	(156)	(368)	(1,388)
	260	859	2,310
Unfunded retirement benefit obligation	1,063	1,117	9,435
Net liability for retirement benefits in the balance sheet	1,323	1,976	11,746
Liability for retirement benefits	1,323	1,976	11,746
Net liability for retirement benefits in the balance sheet	¥1,323	¥1,976	$ 11,746

Retirement benefit expenses for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Retirement benefit expense	¥234	¥289	$2,081

4. Contributions to the defined contribution pension plan by the Company and its consolidated subsidiaries during the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Contributions to the defined contribution pension plan	¥215	¥177	$1,910

5. The following summarizes the most recent funded status of the multi-employer welfare pension fund as of March 31, 2016 and 2015.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Amount of plan assets	¥ 21,191	¥ 16,132	$188,048
Benefit obligations under pension funding programs	(31,939)	(30,177)	(283,428)
Difference	¥(10,748)	¥(14,044)	$ (95,380)

The differences as of March 31, 2016 and 2015 above mainly consisted of prior service cost under pension funding programs of ¥13,429 million ($119,176 thousand) and ¥13,874 million, respectively.

For the years ended March 31, 2016 and 2015, the ratios of the Company's contributions to the multi-employer welfare pension fund against total contributions were 6.12% and 6.07%, respectively.

16. Lease Transactions

(Lessors' accounting)
Finance leases that do not transfer ownership to lessee are capitalized as lease investment assets. Information relating to finance leases of the Companies as of March 31, 2016 and 2015 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Future lease receivables	¥1,185,782	¥1,200,469	$10,522,518
Estimated residual value	41,359	41,821	367,017
Future interest income	(66,354)	(66,994)	(588,827)
	¥1,160,786	¥1,175,295	$10,300,709

The aggregate annual maturity of finance lease receivables that transfer ownership to lessees, subsequent to March 31, 2016 and 2015 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	¥106,502	¥102,898	$ 945,096
Due after one to two years	90,408	82,051	802,279
Due after two to three years	69,742	67,842	618,892
Due after three to four years	32,599	48,627	289,283
Due after four to five years	21,986	14,648	195,103
Due after five years	23,953	18,455	212,558
	¥345,193	¥334,523	$3,063,213

The aggregate annual maturity of finance lease receivables that do not transfer ownership to lessees, subsequent to March 31, 2016 and 2015 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	¥ 386,407	¥ 394,811	$ 3,428,946
Due after one to two years	294,819	298,860	2,616,201
Due after two to three years	220,529	220,462	1,956,958
Due after three to four years	132,879	148,586	1,179,160
Due after four to five years	76,808	72,802	681,588
Due after five years	74,337	64,945	659,663
	¥1,185,782	¥1,200,469	$10,522,518

As for the lease accounting treatment for finance lease transactions that do not transfer ownership to lessees starting before April 1, 2008, the amounts of "Leased assets" (net of accumulated depreciation) as of March 31, 2008 were recorded as the beginning balance of "Lease investment assets," and the amounts of rental revenues were recorded by the straight-line method based on the scheduled lease terms. As a result, "Income before income taxes" increased compared with the amount calculated on assumption that the finance lease transactions that do not transfer ownership to the lessee starting before April 1, 2008 would have been accounted for using the interest method retroactively from each lease commencement date.

The related information is omitted because the amount is insignificant.

The future minimum lease income subsequent to March 31, 2016 and 2015 under non-cancellable operating leases is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	¥104,790	¥ 89,972	$ 929,902
Due after one year	268,166	199,456	2,379,686
	¥372,957	¥289,429	$3,309,588

(Sublease)
Lease investment assets and obligations under sublease transactions that include interests on the consolidated balance sheet as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Lease investment assets	¥18,352	¥19,424	$162,854
Lease obligations	18,262	19,311	162,061

17. Commitments and Contingent Liabilities

The Companies' contingent liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
As a guarantor of indebtedness of:			
Loans and others	¥25,134	¥42,318	$223,045
Asset purchases	3,178	3,150	28,204
Employees housing loans	122	153	1,084
	¥28,435	¥45,621	$252,334

The amount of guarantee of "Loans and others," which was stated at the line of credit, is changed to the utilized amount and restated about the previous fiscal year.

The Companies, as lenders, have loan commitment agreements as of March 31, 2016 and 2015 amounting to ¥52,560 million ($466,412 thousand) and ¥45,158 million, respectively. The loans provided under these credit facilities as of March 31, 2016 and 2015 amounted to ¥15,413 million ($136,776 thousand) and ¥8,258 million, respectively. Many of the facilities may expire without being utilized and the loans provided are subject to periodic reviews of the borrowers' credit standing. The unused portion of these facilities may not be fully utilized.

18. Estimated Fair Value of Financial Instruments

The following table presents the carrying value and estimated fair value of financial instruments as of March 31, 2016 and 2015. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

	Millions of yen		
As of March 31, 2016	Carrying value	Estimated fair value	Difference
Assets			
(1) Cash on hand and in banks	¥ 80,395	¥ 80,395	¥ —
(2) Accounts receivable-installment sales	226,467		
Deferred profit on installment sales	(12,026)		
	214,441		
Allowance for doubtful accounts(*1)	(939)		
	213,502	214,088	586
(3) Accounts receivable-lease receivables and investment assets	1,480,951		
Estimated residual value(*2)	(41,359)		
	1,439,592		
Allowance for doubtful accounts(*1)	(946)		
	1,438,646	1,488,507	49,861
(4) Accounts receivable-loans	528,365		
Allowance for doubtful accounts(*1)	(1,334)		
	527,030	539,489	12,458
(5) Operational investment securities	43,156	43,156	—
(6) Short-term investment securities and investments in securities	40,406	40,406	—
(7) Claims provable in bankruptcy or rehabilitation	2,199		
Allowance for doubtful accounts(*1)	(1,490)		
	708	708	—
Total assets	¥2,343,844	¥2,406,751	¥62,906
Liabilities			
(1) Notes and accounts payable-trade	¥ 197,272	¥ 197,272	¥ —
(2) Short-term loans from banks	437,181	437,181	—
(3) Commercial paper	763,400	763,400	—
(4) Payables under securitized lease receivables	75,400	75,400	—
(5) Bonds payable	196,602	195,486	1,115
(6) Long-term loans, principally from banks	1,076,209	1,067,707	8,502
(7) Long-term payables under securitized lease receivables	2,697	2,714	(17)
(8) Lease obligations	18,248	18,069	178
Total liabilities	¥2,767,011	¥2,757,232	¥ 9,779
Derivatives			
Hedge accounting not applied	¥ (887)	¥ (887)	¥ —
Hedge accounting applied	(1,417)	(3,044)	(1,627)
Total derivatives	¥ (2,305)	¥ (3,932)	¥ (1,627)

As of March 31, 2015	Millions of yen Carrying value	Estimated fair value	Difference
Assets			
(1) Cash on hand and in banks	¥ 70,560	¥ 70,560	¥ —
(2) Accounts receivable-installment sales	252,946		
Deferred profit on installment sales	(13,555)		
	239,390		2,189
Allowance for doubtful accounts(*1)	(1,034)		
	238,356	240,545	
(3) Accounts receivable-lease receivables and investment assets	1,485,017		
Estimated residual value(*2)	(41,821)		
	1,443,196		38,330
Allowance for doubtful accounts(*1)	(1,382)		
	1,441,814	1,480,145	
(4) Accounts receivable-loans	535,842		
Allowance for doubtful accounts(*1)	(1,370)		11,790
	534,471	546,262	—
(5) Operational investment securities	39,343	39,343	—
(6) Short-term investment securities and investments in securities	30,999	30,999	
(7) Claims provable in bankruptcy or rehabilitation	2,239		
Allowance for doubtful accounts(*1)	(1,372)		
	867	867	—
Total assets	¥2,356,412	¥2,408,723	¥52,310
Liabilities			
(1) Notes and accounts payable-trade	¥ 202,880	¥ 202,880	¥ —
(2) Short-term loans from banks	470,167	470,167	—
(3) Commercial paper	754,600	754,600	—
(4) Payables under securitized lease receivables	57,800	57,800	—
(5) Bonds payable	209,302	207,689	1,613
(6) Long-term loans, principally from banks	924,201	914,205	9,996
(7) Long-term payables under securitized lease receivables	3,784	3,833	(49)
(8) Lease obligations	18,634	18,364	270
Total liabilities	¥2,641,371	¥2,629,540	¥11,830
Derivatives			
Hedge accounting not applied	¥ (1,835)	¥ (1,835)	¥ —
Hedge accounting applied	(17)	(2,187)	(2,170)
Total derivatives	¥ (1,853)	¥ (4,023)	¥ (2,170)

As of March 31, 2016	Thousands of U.S. dollars Carrying value	Estimated fair value	Difference
Assets			
(1) Cash on hand and in banks	$ 713,419	$ 713,419	$ —
(2) Accounts receivable-installment sales	2,009,654		
Deferred profit on installment sales	(106,724)		
	1,902,930		
Allowance for doubtful accounts(*1)	(8,333)		
	1,894,596	1,899,802	5,206
(3) Accounts receivable-lease receivables and investment assets	13,141,820		
Estimated residual value(*2)	(367,017)		
	12,774,802		
Allowance for doubtful accounts(*1)	(8,398)		
	12,766,403	13,208,868	442,465
(4) Accounts receivable-loans	4,688,663		
Allowance for doubtful accounts(*1)	(11,846)		
	4,676,817	4,787,374	110,557
(5) Operational investment securities	382,963	382,963	—
(6) Short-term investment securities and investments in securities	358,560	358,560	—
(7) Claims provable in bankruptcy or rehabilitation	19,517		
Allowance for doubtful accounts(*1)	(13,228)		
	6,289	6,289	—
Total assets	$20,799,049	$21,357,279	$558,229
Liabilities			
(1) Notes and accounts payable-trade	$ 1,750,576	$ 1,750,576	$ —
(2) Short-term loans from banks	3,879,509	3,879,509	—
(3) Commercial paper	6,774,336	6,774,336	—
(4) Payables under securitized lease receivables	669,092	669,092	—
(5) Bonds payable	1,744,627	1,734,728	9,899
(6) Long-term loans, principally from banks	9,550,180	9,474,727	75,453
(7) Long-term payables under securitized lease receivables	23,933	24,091	(157)
(8) Lease obligations	161,931	160,345	1,586
Total liabilities	$24,554,189	$24,467,407	$ 86,781
Derivatives			
Hedge accounting not applied	$ (7,875)	$ (7,875)	$ —
Hedge accounting applied	(12,579)	(27,020)	(14,440)
Total derivatives	$ (20,455)	$ (34,896)	$ (14,440)

(*1) General and specific allowances are deducted from the amounts of accounts receivable-installment sales, accounts receivable-lease receivables and investment assets, accounts receivable-loans and claims provable in bankruptcy or rehabilitation, respectively.
(*2) Estimated residual value included in lease investment assets is deducted.

(Note 1) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions.

Assets

(1) Cash on hand and in banks

Since these items are settled in a short period of time, the carrying value approximates fair value.

(2) Accounts receivable-installment sales, (3) Lease receivables and investment assets and (4) Loans

Based on the classification by internal rating and contract terms, the fair value is estimated by the present value of the total of principal and interest discounted by the interest rate to be applied if similar new contracts were entered into.

(5) Operational investment securities and (6) Short-term investment securities and Investments in securities

The fair value of the above securities is based on either quoted market prices or the prices provided by the counterparty financial institutions.

For information on securities classified by holding purpose, please refer to *Note 6 Operational Investment Securities, Short-term Investment Securities and Investments in Securities.*

(7) Claims provable in bankruptcy or rehabilitation

The fair value of above is assumed to approximate their carrying value with the deduction of relevant allowances because their carrying value is based on the fair value of the collateral and guarantees.

Liabilities

(1) Notes and accounts payable-trade, (2) Short-term loans from banks, (3) Commercial paper and (4) Payables under securitized lease receivables

Since these items are settled in a short period of time, the carrying value approximates fair value.

(5) Bonds payable, (6) Long-term loans, principally from banks and (7) Long-term payables under securitized lease receivables

The fair value is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new bond or loan agreements were entered into.

(8) Lease obligations

Based on the classification by internal rating and contract terms, the fair value is estimated by the present value of the total of principal and interest discounted by the interest rate to be applied if similar new contracts were entered into.

Derivatives

The value of assets and liabilities arising from derivatives is shown at net value in the above table and with the amount in parentheses representing net liability position. Please refer to Note 9 Derivatives regarding the details of derivative transactions.

(Note 2) Financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Investments in unconsolidated subsidiaries and affiliates	¥110,285	¥ 84,527	$ 978,660
Unlisted shares	10,444	10,276	92,684
Bonds	299	299	2,662
Trust beneficiary rights	4,592	5,429	40,749
Investments in limited partnerships, etc.	62,565	61,017	555,199
Total	¥188,187	¥161,551	$1,669,956

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in (5) Operational investment securities and (6) Short-term investment securities and investments in securities.

(Note 3) Redemption schedule for receivables and marketable securities with maturities subsequent to March 31, 2016 and 2015

	Millions of yen					
	As of March 31, 2016					
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash on hand and in banks	¥80,395	¥ —	¥ —	¥ —	¥ —	¥ —
Accounts receivable–installment sales	87,524	57,545	38,753	21,490	12,207	8,946
Accounts receivable–loans	238,061	78,626	76,813	44,677	24,640	65,546
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	299	1,200	1,036	—	—	5,000
(2) Other	5,629	802	2,177	3,111	8,826	46,762
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	—	—
(2) Other	12,810	—	—	—	—	—
Total	¥424,721	¥138,174	¥118,780	¥69,279	¥45,674	¥126,254

	Millions of yen					
	As of March 31, 2015					
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash on hand and in banks	¥ 70,560	¥ —	¥ —	¥ —	¥ —	¥ —
Accounts receivable–installment sales	88,687	65,381	44,954	27,604	12,711	13,606
Accounts receivable–loans	222,973	104,351	58,469	49,843	37,020	63,182
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	112	446	1,212	1,034	—	5,000
(2) Other	5,868	482	1,809	2,557	4,752	45,340
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	—	—
(2) Other	—	—	—	—	—	—
Total	¥388,202	¥170,662	¥106,445	¥81,040	¥54,485	¥127,128

	Thousands of U.S. dollars					
	As of March 31, 2016					
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Cash on hand and in banks	$ 713,419	$ —	$ —	$ —	$ —	$ —
Accounts receivable–installment sales	776,685	510,652	343,896	190,703	108,327	79,389
Accounts receivable–loans	2,112,537	697,719	681,632	396,464	218,656	581,651
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	2,662	10,648	9,196	—	—	44,369
(2) Other	49,955	7,123	19,325	27,610	78,327	414,961
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	—	—
(2) Other	113,674	—	—	—	—	—
Total	$3,768,935	$1,226,145	$1,054,050	$614,778	$405,311	$1,120,372

The redemption schedules for long-term debt and lease receivables and investment assets are disclosed in Note 8 Short-Term Borrowings, Long-Term Debt and Assets Pledged and Note 16 Lease Transactions, respectively.

19. Dividends

(1) Dividends paid to shareholders

For the year ended March 31, 2016

(Date of approval) Resolution approved by	Type of shares	Amount: Millions of yen / Thousands of U.S. dollars	Amount per share: Yen / U.S. dollars	Shareholders' cut-off date	Effective date
(June 25, 2015) Annual general meeting of the shareholders	Common stock	¥3,481 / $30,897	¥33.0 / $0.29	March 31, 2015	June 26, 2015
(November 9, 2015) Meeting of the Board of Directors	Common stock	¥3,693 / $32,778	¥35.0 / $0.31	September 30, 2015	December 10, 2015

For the year ended March 31, 2015

(Date of approval) Resolution approved by	Type of shares	Amount: Millions of yen	Amount per share: Yen	Shareholders' cut-off date	Effective date
(June 19, 2014) Annual general meeting of the shareholders	Common stock	¥2,750	¥26.0	March 31, 2014	June 20, 2014
(November 4, 2014) Meeting of the Board of Directors	Common stock	¥3,386	¥32.0	September 30, 2014	December 10, 2014

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

(Date of approval) Resolution approved by	Type of shares (Paid from)	Amount: Millions of yen / Thousands of U.S. dollars	Amount per share: Yen / U.S. dollars	Shareholders' cut-off date	Effective date
(June 24, 2016) Annual general meeting of the shareholders	Common stock (Retained earnings)	¥4,749 $42,144	¥45.0 $0.39	March 31, 2016	June 27, 2016

20. Legal Reserve and Additional Paid-in Capital

In accordance with the Law, the Company provides a legal reserve which is included in retained earnings. The Law provides that an amount equal to 10% of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. The Law provides that neither additional paid-in capital nor the legal reserve is available for the payment of dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Law also provides that, if the total amount of additional paid-in capital and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. Under the Law, however, such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

21. Stock Based Compensation

The Company has stock option plans for certain directors, executive officers and eligible employees. Under the plans, the rights to purchase the common shares of the Company are granted at an exercise price of ¥1 per share. The contractual term of the stock options is 30 years. The stock option holders may exercise their share subscription rights only in a lump sum during the ten-day period starting a day after leaving their position as director, corporate auditor, executive officer or employee of the Company.

The stock options outstanding as of March 31, 2016 were as follows:

	2013 stock option	2014 stock option	2015 stock option	2016 stock option
Persons granted	7 directors 22 executive officers	7 directors 20 executive officers	7 directors 19 executive officers 6 eligible employees	7 directors 20 executive officers 7 eligible employees
Type and number of shares to be issued upon the exercise of the share subscription rights	Common stock 113,700	Common stock 59,300	Common stock 76,000	Common stock 74,600
Date of grant	October 15, 2012	September 24, 2013	September 29, 2014	October 26,2015
The fair value per stock at the grant date	¥1,306 ($13.90)	¥3,038 ($29.52)	¥2,716 ($22.58)	¥3,805 ($33.76)

The total stock-based compensation costs recognized for the years ended March 31, 2016 and 2015 were ¥283 million ($2,518 thousand) and ¥206 million, respectively.

The fair value of the 2016 stock option is estimated using the Black-Scholes option pricing model with the assumptions noted in the following table.

	2016 stock option
Expected volatility	29.6%
Expected holding period	4.6 years
Expected dividend	¥70 per share
Risk free interest rate	0.047%

The volatility of the stock price is based on the historical volatility of the Company's stock for the period equal to the option's estimated remaining outstanding period from the grant date. The estimated remaining outstanding period is based on the average term and average age as of retirement. The estimated dividend is based on the forecast of dividends of ¥70 ($0.62) made for the year ended March 31, 2016 at the grant date. The risk free interest rate is based on the yield of Japanese government bonds having a remaining life equal to the option's estimated remaining outstanding period.

The stock option activity for the fiscal years ended March 31, 2016 was as follows:

	Number of shares			
Stock option activity	2013 stock option	2014 stock option	2015 stock option	2016 stock option
Share subscription rights which are not yet vested				
Outstanding as of March 31, 2015	–	–	–	–
Granted	–	–	–	74,600
Forfeited	–	–	–	–
Vested	–	–	–	74,600
Outstanding as of March 31, 2016	–	–	–	–
Share subscription rights which have already been vested				
Outstanding as of March 31, 2015	92,500	54,200	76,000	–
Vested	–	–	–	74,600
Exercised	13,300	7,400	7,300	–
Forfeited	–	–	–	–
Outstanding as of March 31, 2016	79,200	46,800	68,700	74,600
Exercise price (yen)	¥ 1	¥ 1	¥ 1	¥ 1
Weighted average exercise price (yen)	¥4,001	¥4,002	¥3,990	–
Weighted average fair value per stock at the grant date (yen)	¥1,306	¥3,038	¥2,716	¥3,805
Exercise price (U.S. dollars)	$ 0	$ 0	$ 0	$ 0
Weighted average exercise price (U.S. dollars)	$35.50	$35.51	$35.40	–
Weighted average fair value per stock at the grant date (U.S. dollars)	$11.58	$26.95	$24.10	$33.76

22. Investment and Rental Properties

The Company and certain consolidated subsidiaries own rental properties, such as commercial facilities and office buildings, in Tokyo and other areas. The net operating income relating to these properties was ¥2,084 million ($18,501 thousand) and ¥2,072 million for the years ended March 31, 2016 and 2015, respectively.

The carrying value in the consolidated balance sheet, change in carrying value and corresponding fair value of these properties for the years ended March 31, 2016 and 2015 are as follows:

Millions of yen

Year ended March 31, 2016			
Carrying Value			Fair Value
Beginning of year	Net change	End of year	End of year
¥47,686	¥31,949	¥79,635	¥81,387

Millions of yen

Year ended March 31, 2015			
Carrying Value			Fair Value
Beginning of year	Net change	End of year	End of year
¥43,456	¥4,229	¥47,686	¥47,836

Millions of yen			
Year ended March 31, 2016			
Carrying Value			Fair Value
Beginning of year	Net change	End of year	End of year
$423,161	$283,519	$706,681	$722,221

Notes:
1. The carrying value represents the acquisition cost less accumulated depreciation.
2. The components of net change in carrying value include an increase mainly due to the acquisition of real estate in the amount of ¥58,769 million ($521,511 thousand) for the year ended March 31, 2016.
3. Regarding major properties, the fair value is mainly estimated in accordance with appraisal standards for valuing real estate. For other properties, it is based on the appropriate index, which reflects market value.

23. Segment Information

1. Overview of reportable segments

The Company's reportable segments shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Company is mainly engaged in leasing business and installment sales business as well as financing service business relating to the main businesses. Therefore, the "Leasing and Installment Sales Business," the "Financing Business" and the "Other Businesses" constitute the Company's reportable segments.

The "Leasing and Installment Sales Business" consists of leasing and installment sales of IT-related equipment and office equipment, industrial machinery, commercial and service equipment, etc. (including sales of assets thereof pertaining to maturity and/or cancellation before maturity of leasing transactions). The "Financing Business" consists of money-lending business and investment business such as capital investments in operational investment securities and silent partnerships. The "Other Businesses" consists of commission transactions, solar power sales business, and other businesses.

2. Calculation Method for Amounts for Revenues, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segments

The accounting method for reportable business segments is the same as stated under "Summary of Significant Accounting Policies" in Note 2.

3. Information on Revenues, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segments

	Millions of yen			
	Year ended March 31, 2016			
	Leasing and installment sales	Finance	Other	Total
Revenues, profit and assets by reportable segments				
Revenue from customers	¥ 889,939	¥ 29,266	¥21,254	¥940,460
Inter-segment revenue	–	–	797	797
Total revenue	889,939	29,266	22,051	941,257
Segment profit	¥ 50,339	¥ 16,479	¥ 5,728	¥ 72,547
Segment assets	¥2,392,491	¥752,048	¥27,837	¥3,172,376
Other items				
Depreciation	¥ 80,137	–	¥ 1,208	¥ 81,345
Increase in property and equipment and intangible assets	¥ 239,962	–	¥14,630	¥ 254,593

	Millions of yen			
	Year ended March 31, 2015			
	Leasing and installment sales	Finance	Other	Total
Revenues, profit and assets by reportable segments				
Revenue from customers	¥ 840,590	¥ 22,921	¥19,464	¥ 882,976
Inter-segment revenue	–	–	740	740
Total revenue	840,590	22,921	20,205	883,717
Segment profit	¥ 46,439	¥ 13,993	¥ 4,800	¥ 65,233
Segment assets	¥2,276,399	¥723,028	¥22,749	¥3,022,177
Other items				
Depreciation	¥ 70,832	–	¥ 486	¥ 71,318
Increase in property and equipment and intangible assets	¥ 177,131	–	¥ 5,739	¥ 182,870

	Thousands of U.S. dollars			
	Year ended March 31, 2016			
	Leasing and installment sales	Finance	Other	Total
Revenues, profit and assets by reportable segments				
Revenue from customers	$ 7,897,239	$ 259,708	$188,607	$ 8,345,555
Inter-segment revenue	–	–	7,074	7,074
Total revenue	7,897,239	259,708	195,681	8,352,629
Segment profit	$ 446,707	$ 146,234	$50,838	$ 643,780
Segment assets	$21,230,732	$6,673,605	$247,022	$28,151,360
Other items				
Depreciation	$ 711,129	–	$10,725	$ 721,855
Increase in property and equipment and intangible assets	$ 2,129,407	–	$129,833	$ 2,259,241

4. Difference between the total of reporting segments and the amounts on the consolidated financial statements and details for the difference (The matter for the reconciliation of the difference)

	Millions of yen		Thousands of U.S. dollars
Revenues	2016	2015	2016
Reportable segment total	¥941,257	¥883,717	$8,352,629
Inter-segment eliminations	(797)	(740)	(7,074)
Revenues on consolidated statement of income	¥940,460	¥882,976	8,345,555

	Millions of yen		Thousands of U.S. dollars
Profit	2016	2015	2016
Reportable segment total	¥72,547	¥65,233	$643,780
Inter-segment eliminations	(797)	(740)	(7,074)
General and administrative expenses not attributable to reporting segment	(5,845)	(6,050)	(51,876)
Operating income on consolidated statement of income	¥65,904	¥58,443	$584,829

	Millions of yen		Thousands of U.S. dollars
Assets	2016	2015	2016
Reportable segment total	¥3,172,376	¥3,022,177	$28,151,360
Assets not attributable to reporting segment	145,485	129,694	1,291,027
Total assets on consolidated balance sheet	¥3,317,862	¥3,151,871	$29,442,388

	Millions of yen					
	Reportable segment total		Adjustments		Consolidated	
	2016	2015	2016	2015	2016	2015
Other items						
Depreciation	¥ 81,345	¥71,318	¥3,449	¥3,745	¥ 84,795	¥75,063
Increase in property and equipment and intangible assets	254,593	182,870	3,535	3,596	258,129	186,466

	Thousands of U.S. dollars		
	Reportable segment total	Adjustments	Consolidated
	2016	2016	2016
Other items			
Depreciation	$ 721,855	$30,614	$ 752,470
Increase in property and equipment and intangible assets	2,259,241	31,376	2,290,617

Information by products and services

	Finance lease	Operating lease	Installment sales	Finance	Other	Total
	Millions of yen					
	March 31, 2016					
Revenue from customers	¥554,062	¥254,396	¥81,481	¥29,266	¥21,254	¥940,460

	Finance lease	Operating lease	Installment sales	Finance	Other	Total
	Millions of yen					
	March 31, 2015					
Revenue from customers	¥573,116	¥185,633	¥81,841	¥22,921	¥19,464	¥882,976

	Finance lease	Operating lease	Installment sales	Finance	Other	Total
	Thousands of U.S. dollars					
	March 31, 2016					
Revenue from customers	$4,916,697	$2,257,487	$723,055	$259,708	$188,607	$8,345,555

Geographical information

(a) Revenues

Information by geographic segment is not disclosed since revenues to third parties located in Japan for the years ended March 31, 2016 and 2015 represented more than 90% of the consolidated revenues for the respective years.

(b) Property and equipment

Information by geographic segment is summarized as follows:

Millions of yen					
March 31, 2016					
	Europe and North America				
Japan	Ireland	Others	Asia	Central and South America	Total
¥381,344	¥116,651	¥60,353	¥5,111	¥29,740	¥593,202

Millions of yen					
March 31, 2015					
	Europe and North America				
Japan	Ireland	Others	Asia	Central and South America	Total
¥319,774	¥84,553	¥28,530	¥3,058	¥23,405	¥459,322

Thousands of U.S. dollars					
March 31, 2016					
	Europe and North America				
Japan	Ireland	Others	Asia	Central and South America	Total
$3,384,016	$1,035,153	$535,574	$45,360	$263,918	$5,264,024

Information by main customer

Information by main customer for the years ended March 31, 2016 and 2015 is not disclosed due to no third party customer to which revenues volume consisted 10% or more of the consolidated revenues.

24. Amounts Per Share

	Yen		U.S. dollars
	2016	2015	2016
Net assets	¥3,033.61	¥2,776.37	$26.92
Net income attributable to owners of parent:			
Basic	¥ 379.34	¥ 322.84	$ 3.37
Diluted	¥ 378.51	¥ 322.28	$ 3.36

Net assets per share are computed based on the net assets available for distribution to the shareholders of common stock (i.e., the net assets excluding non-controlling interests and share subscription rights) and the number of shares of common stock outstanding at each balance sheet date.

Basic net income attributable to owners of parent per share is computed by dividing the net income attributable to owners of parent available for distribution to shareholders of common stock by the weighted-average number of shares of common stock outstanding during the period.

Diluted net income attributable to owners of parent per share is computed based on the net income attributable to owners of parent available for distribution to shareholders and the weighted-average number of shares of common stock outstanding during the period after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants and stock subscription rights.

The bases for calculation are as follows:

1. Net assets per share

	Thousands of shares	
	March 31, 2016	March 31, 2015
Number of shares of common stock used for the calculation of net assets per share	105,538	105,509

	March 31, 2016	March 31, 2015	March 31, 2016
	Millions of yen		Thousands of U.S. dollars
Total net assets	¥374,872	¥336,537	$3,326,582
Amount deducted from total net assets:	54,710	43,602	485,495
Share subscription rights	716	491	6,354
Non-controlling interests	53,994	43,110	479,141
Net assets attributable to shares of common stock	¥320,162	¥292,935	$2,841,086

2. Basic and diluted net income attributable to owners of parent per share

	2016	2015
Net assets	Thousands of shares	
Weighted average number of shares of common stock	105,532	105,723
Increase in shares of common stock		
Exercise of share subscription rights	232	185

25. Subsequent Events

1. Issuance of bonds

The Company issued the fifteenth unsecured bond and the sixteenth unsecured bond (with inter-bond pari passu clause) on April 14, 2016. The details are as follows:

	The fifteenth	The sixteenth
Total amount issued	¥30,000 million ($266,217 thousand)	¥20,000 million ($177,478 thousand)
Issuance price	¥100 ($0.88) per ¥100 ($0.88) of face value	
Interest rate	0.110% per annum	0.200% per annum
Redemption price	¥100 ($0.88) per ¥100 ($0.88) of face value	
Redemption date	April 12, 2019	April 14,2021
Redemption method	Lump-sum redemption at maturity	
Payment date	April 14, 2016	
Collateral	This bond is without any collateral or guaranty and there are no assets reserved for this debenture.	
Application of the fund	For the purchase of leasing property	

2. Share acquisition
On June 9, 2016, the Company obtained additional shares in CSI Leasing, Inc. (hereinafter “CSI Leasing”), which had been an equity-method affiliate, with the aim of incorporating it as a wholly owned subsidiary.

(1) Summary of the business combination

1) Name of the acquired company, a description of its business and scale

Name:	CSI Leasing, Inc. (Headquartered in Missouri, U.S.A.)
Description of business:	Leasing business for information and communications equipment (hereinafter “IT equipment”)
Scale (June 30, 2015):	Consolidated net assets: $169 million
	Consolidated total assets: $1,635 million

Note: The consolidated financial statements of CSI Leasing are prepared in accordance with accounting principles generally accepted in the United States of America.

2) Purpose of the additional share acquisition

The Company continues to pursue expansion in its global operations with the aim of strengthening the management base. To this end, the Company has worked with CSI Leasing through strategic partnerships since 2003, when the first business transaction was completed with it. In March 2015, the Company acquired 35% of voting rights of CSI Leasing and it became an equity-method affiliate. Further, the Company is planning to integrate the CSI Leasing as a wholly owned subsidiary, through which the CSI Leasing Group with its expertise regarding U.S., Central and South American and European operations can be integrated into the group with strength in Asia thus enhancing the global network. In addition, the Company expects the acquisition to support it in achieving further growth by sharing CSI Leasing’s business know-how of the U.S. leasing market and the Company’s strength of having the largest share in the Japanese IT equipment leasing market.

The Company is committed to contributing to the formulation of customers’ IT strategies alongside the reinforcement of support systems at domestic and overseas.

3) Date of business combination

June 9, 2016

4) Legal form of business combination

Acquisition of shares

5) Name of the company after business combination

No change

6) Percentage of voting rights acquired

Additional shares acquired: 65.7%
Prior to additional shares acquisition: 34.3%
After additional shares acquisition: 100.0%

7) Main reason to determine the acquiring company

The Company acquired shares with cash.

(2) Payment for acquisition and fund-raising method

Cash consideration to acquire additional shares: ¥21.6 billion ($191 million)
The Company raised funds from new borrowings for the additional share acquisition.
Note: The fair value of shares held before the business combination and gain or loss on step acquisition have not yet been determined.

(3) Main acquisition-related costs

Advisory fees and other expenses: approximately ¥0.2 billion ($1.77 million)

(4) Amount of goodwill, reason, and method and period of amortization

These items have not yet been determined.

(5) Assets acquired and liabilities assumed on the date of business combination

These items have not yet been determined.

Report of Independent Auditors

Building a better working world

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

Independent Auditor’s Report

The Board of Directors
Century Tokyo Leasing Corporation

We have audited the accompanying consolidated financial statements of Century Tokyo Leasing Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity’s internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Century Tokyo Leasing Corporation and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 23, 2016
Tokyo, Japan

A member firm of Ernst & Young Global Limited

Main Subsidiaries and Affilliates / Japan Desk

(As of March 31, 2016)

Names	Location	Main business	Capital (Millions of yen)	Voting shares
Consolidated Subsidiaries (Domestic)				
Nippon Car Solutions Co., Ltd.	Japan	Automobile leasing	1,181	60%
Orico Auto Leasing Co., Ltd.	Japan	Automobile leasing for individual customers	240	50%
Nippon Rent-A-Car Service, Inc.	Japan	Automobile rental and leasing	720	70%
Fujitsu Leasing Co., Ltd.	Japan	IT-related equipment leasing	1,000	80%
IHI Finance Support Corporation	Japan	Finance and general leasing	200	67%
S.D.L Co., Ltd.	Japan	General leasing	100	90%
ITEC Leasing Co., Ltd.	Japan	General leasing	20	85%
Orico Business Leasing Co., Ltd.	Japan	General leasing	240	50%
TC Property Solutions Corporation	Japan	Property management	100	100%
TRY, Inc.	Japan	Refurbishment of PCs	21	100%
TC Agency Corporation	Japan	Casualty insurance	10	100%
TC Business Service Corporation	Japan	Business processing services for the Group	20	100%
TC Business Experts Corporation	Japan	Business inspection services for the Group	10	100%
Kyocera TCL Solar LLC	Japan	Sales of solar electric power	10	81%

Names	Location	Main business	Capital	Voting shares
Consolidated Subsidiaries (Overseas)				
Century Tokyo Leasing China Corporation	China	General leasing	USD 47 million	80%
Century Tokyo Factoring China Corporation	China	Factoring	CNY 150 million	100%
Century Tokyo Leasing (Singapore) Pte. Ltd.	Singapore	General leasing	SGD 19 million	100%
Century Tokyo Capital (Malaysia) Sdn. Bhd.	Malaysia	General leasing	MYR 86 million	100%
PT. Century Tokyo Leasing Indonesia	Indonesia	General leasing	IDR 300,000 million	85%
PT. TCT Indonesia	Indonesia	General trading	USD 600 thousand	100%
TISCO Tokyo Leasing Co., Ltd.	Thailand	General leasing	THB 60 million	49%
HTC Leasing Co., Ltd.	Thailand	Construction equipment finance	THB 100 million	70%
Tokyo Leasing (Hong Kong) Ltd.	Hong Kong	General leasing	HKD 13 million	100%
Century Tokyo Leasing (USA) Inc.	USA	General leasing	USD 26 million	100%
TC-CIT Aviation U.S., Inc.	USA	Aviation leasing and finance	USD 72 million	50%
TC Realty Investments Inc.	USA	Real estate investment	USD 66 million	100%
TC Aviation Capital Ireland Limited	Ireland	Aviation leasing and finance	EUR 80 thousand	100%
TC-CIT Aviation Ireland Limited	Ireland	Aviation leasing and finance	USD 159 million	50%
Tokyo Leasing (UK) Plc	UK	General leasing	GBP 6 million	100%
Equity-Method Affiliates				
President Tokyo Corporation	Taiwan	Automobile leasing and general leasing	TWD 588 million	49%
Tong-Sheng Finance Leasing Co., Ltd.	China	Automobile and equipment leasing	USD 10 million	49%
Suzhou New District Furui Leasing Co., Ltd.	China	Finance and leasing	CNY 300 million	20%
BPI Century Tokyo Lease & Finance Corporation	Philippines	General leasing	PHP 80 million	49%
PT. Hexa Finance Indonesia	Indonesia	Construction equipment finance	IDR 300,000 million	20%
CSI Leasing, Inc.	USA	IT-related equipment leasing	USD 40 million	34%
GA Telesis, LLC[2]	USA	Provider of products, services and solutions to the commercial aerospace industry	—	20%
Japan Desk				
TATA Capital Financial Services Limited	India	Finance and leasing	—	—

1. Voting shares percentages are rounded to the nearest whole number.
2. GA Telesis, LLC does not have a direct equivalent to paid-in capital because it is a limited liability company under U.S. law.

Stock Information / Bond Ratings

(As of March 31, 2016)

Transfer Agent Mizuho Trust & Banking Co., Ltd.

Stock Listing Tokyo Stock Exchange, First Section

Securities Code 8439

Trading Lot Size 100 shares

Major Shareholders

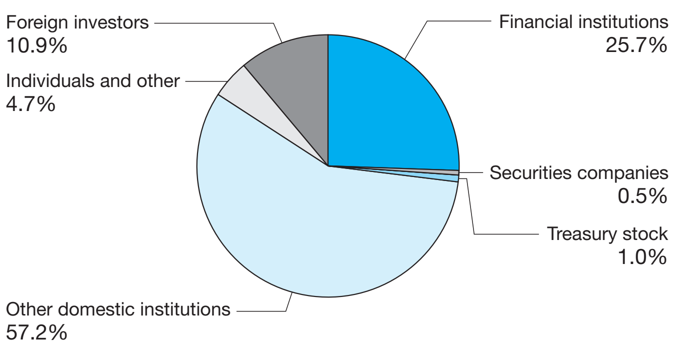
Shareholders	Number of shares held (thousands)	Percentage of shares outstanding (%)
ITOCHU Corporation	26,656	25.0
Nippon Tochi-Tatemono Co., Ltd.	15,369	14.4
KSO Co., Ltd.	9,963	9.3
Japan Trustee Services Bank, Ltd. (Trust accounts)	5,525	5.2
Mizuho Bank, Ltd.	4,688	4.4
Seiwa Sogo Tatemono Co., Ltd.	2,972	2.8
Nippon Life Insurance Company	2,228	2.1
The Master Trust Bank of Japan, Ltd. (Trust accounts)	2,114	2.0
Mizuho Trust & Banking Co., Ltd. (Retirement Allowance Trust, Orient Corporation Account Trust & Custody Services Bank, Ltd. re-entrusted)	1,900	1.8
J.P.MORGAN BANK LUXEMBOURG S.A.380578 (Standing agent: Mizuho Bank, Ltd.)	1,737	1.6

Number of Shares of Common Stock Authorized 400,000,000 shares

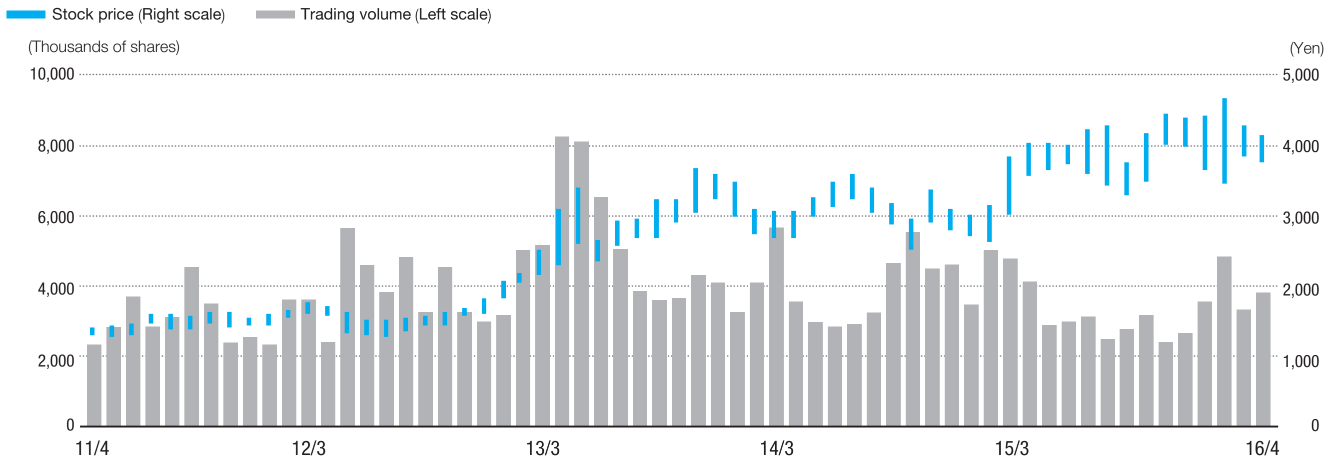
Number of Shares of Common Stock Issued 106,624,620 shares

Number of Shareholders 9,171

Breakdown of Shareholders



Stock Price and Trading Volume



Bond Ratings (As of February 15, 2016)

Century Tokyo Leasing Corporation's ratings assigned by Japan Credit Rating Agency, Ltd. and Rating and Investment Information, Inc.

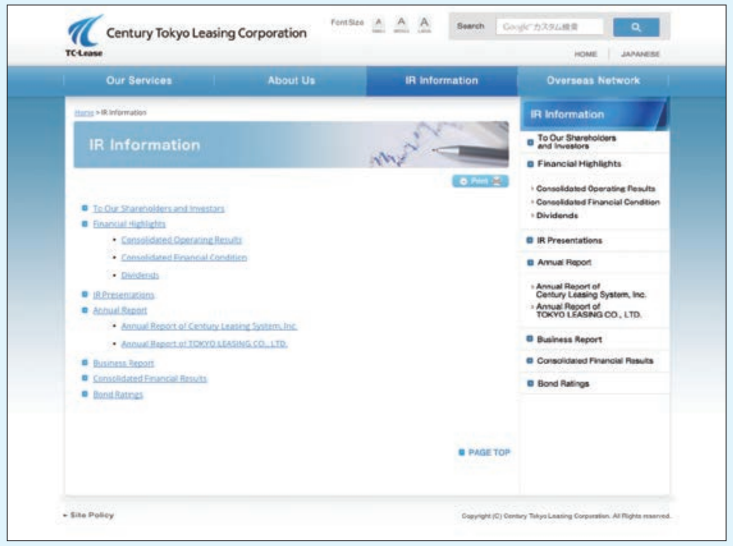
Credit Rating Agency	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)
Long-term	(Long-Term Issuer Rating) Rating: A+ Outlook: Stable	(Issuer Rating) Rating: A Outlook: Stable
	(Preliminary Rating for Bonds Registered for Issuance) Rating: A+ Expected Issue Amount: ¥200 billion Issue Period: Two Years Beginning February 14, 2016	(Preliminary Rating for Bonds Registered for Issuance) Rating: A Expected Issue Amount: ¥200 billion Issue Period: Two Years Beginning February 14, 2016
	(Euro Medium-Term Note Program) Rating: A+ Maximum Outstanding Amount: Equivalent of US$2 billion	(Euro Medium-Term Note Program) Rating: A Maximum Outstanding Amount: Equivalent of US$2 billion
Short-term	(Commercial Paper) Rating: J-1 Maximum Outstanding Amount: ¥650 billion	(Commercial Paper) Rating: a-1 Maximum Outstanding Amount: ¥650 billion

Note: Each bond will be rated by each rating company upon issuance.

Corporate Information

Company Name	Century Tokyo Leasing Corporation (Abbreviation: TC-Lease)
Head Office	FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan
Founded	July 1, 1969
Paid-in Capital	¥34,231 million
Company Representative	Chairman & Co-CEO Toshihito Tamba President & CEO Shunichi Asada
Number of Employees	4,124 (1,021 on a non-consolidated basis) (as of March 31, 2016)
Closing of Accounts	March 31
Main Banks	Mizuho Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Mitsubishi UFJ Trust and Banking Corporation; The Norinchukin Bank; The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Independent Auditor	Ernst & Young ShinNihon LLC
Network	Domestic: Head Office, Sapporo, Sendai, Saitama, Tachikawa, Yokohama, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Okayama, Hiroshima, Fukuoka Overseas: We operate in 37 countries in Asia, North America, Central and South America, Europe and elsewhere (as of April 1, 2016).

IR Web Site



http://www.ctl.co.jp/english/ir/

For Further Information:
Investor Relations Office
Telephone: +81-3-5209-6710

TC-Lease

Century Tokyo Leasing Corporation

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Corporate name will change on October 1, 2016
New Corporate Name: Tokyo Century Corporation

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