Shift.

Tokyo Century

Tokyo Century Corporation　Integrated Report 2017

Creating new values from

Finance
×
Services
×
Business Expertise

Tokyo Century

Combining Finance × Services × Business Expertise to explore new domains for supporting the business development of our global customers while realizing a prosperous and rewarding society

Solutions to your Pursuits

Creating new values from
Finance × Services × Business Expertise

Tokyo Century

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.

Contents

Editorial Policy: Tokyo Century publishes an integrated report comprising its annual and CSR reports that it previously published separately. 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 compile 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 Tokyo Century Group's plans, forecasts, strategies, presumptions, and other statements that are not historical facts are forward-looking statements based on management's assumptions and beliefs grounded on information that was available when the report was written. Actual Group performance may differ considerably from that discussed in the forward-looking statements.

1

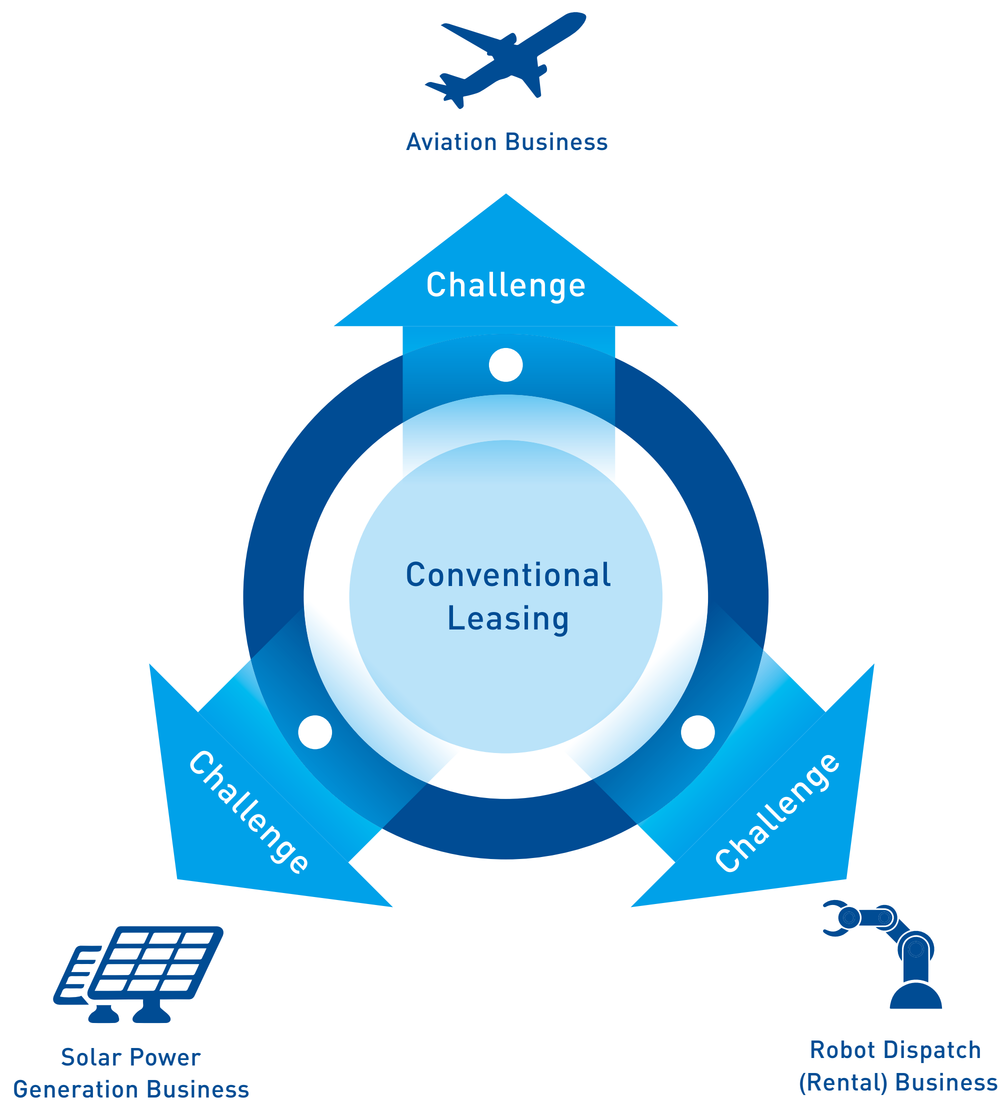
Our Strengths

The Source of Tokyo Century's Strength

We are able to directly engage in services and businesses by fully harnessing our flexible business environment with an advantageous regulatory positioning.

Tokyo Century Group fully harnesses its advantageous business environment, which offers a regulatory positioning that allows us to move with a high degree of freedom. We are focused on high-growth areas that transcend the boundaries of leasing and finance, such as aviation, solar power generation, and robot dispatch (rental) businesses. We will continue to seek opportunities for further growth by boldly taking on the challenges of diverse business fields.

Taking on Challenges in New Fields of Business for the Future



2 Our Strengths

The Source of Tokyo Century's Strength

We possess a broad customer base and the ability to raise funds as an unprecedented non-banking financial services company that embraces business domains beyond leasing.

Tokyo Century Group boasts a broad customer base and the ability to raise funds and has constructed a formidable network of partner companies in Japan and abroad, as an unprecedented non-banking financial services company that embraces business domains beyond leasing.

We are engaged in businesses with high added value in wide-ranging areas that transcend the boundaries of financing, including Equipment Leasing, which leads the industry in the volume of leasing transactions; Specialty Financing, which drives our growth; Domestic Automobile Financing, which provides automobile leasing for corporate customers and individuals as well as car rental services; and International Business, with operations in 37 countries around the world.

A Formidable Network

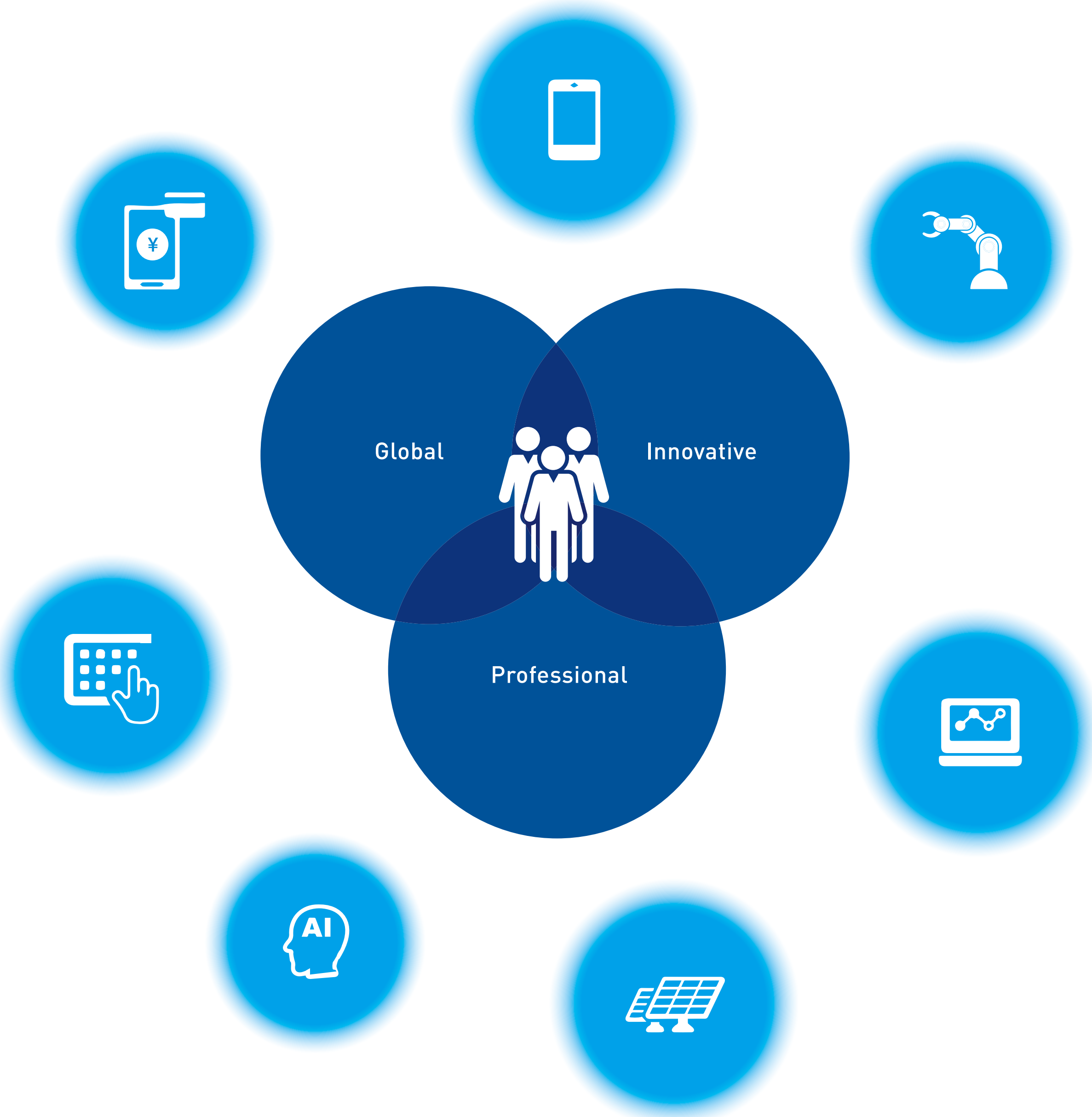
3 Our Strengths

The Source of Tokyo Century's Strength

We are a company with a powerful innovation mindset that rides the changing currents of the time by pursuing challenging new businesses.

Tokyo Century Group's growth is driven by its diversely talented personnel. To serve as the ideal partner in supporting customers in their pursuits, we seek to nurture and bring to bear personnel who demonstrate professionalism, which entails having a high degree of expertise, skills and experience, the ability to manage information, and communication skills. Foresight, imagination, and creativity are also essential for responding to the rapid changes taking place today. We will forge ahead without fear of failure by being able to see across all boundaries and give shape to ideas. We strive to create an organization that is driven by the spirit of rising to the challenge of pioneering new domains.

Pioneering New Domains with the Power of Tokyo Century's Human Resources



Tokyo Century's Trajectory of Growth

Tokyo Century Group has continued to steadily expand its operating assets through M&A and cooperation with partner companies. At the end of fiscal 2016 (the year ended March 31, 2017), our operating assets had grown 1.5 times from the end of fiscal 2008, the year immediately prior to the merger, to ¥3.216 trillion, while ordinary income had grown 3.3 times over the same period to ¥73.5 billion.

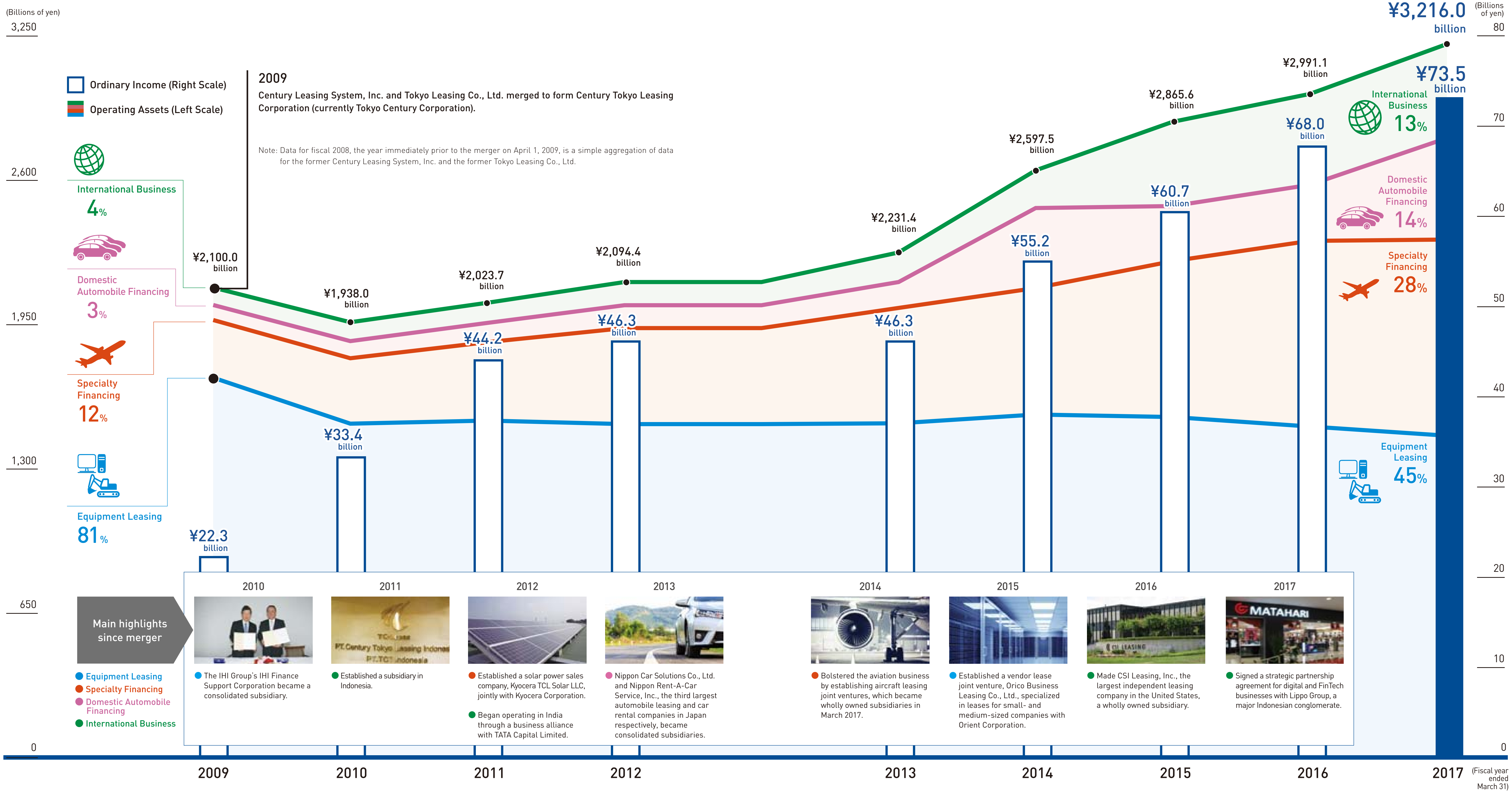
Operating Assets			
1.5 times	March 31, 2009: ¥2.1 trillion	▶	March 31, 2017: ¥3.216 trillion

Ordinary Income			
3.3 times	FY2008: ¥22.3 billion	▶	FY2016: ¥73.5 billion

Net Income Attributable to Owners of Parent			
4.4 times	FY2008: ¥10.0 billion	▶	FY2016: ¥43.7 billion

Market Capitalization*			
6.3 times	April 1, 2009: ¥64.0 billion	▶	March 31, 2017: ¥404.1 billion

* Calculations based on closing price



Tokyo Century Group's Value Creation Model

Tokyo Century Group strives to meet society's needs by pursuing business fields that combine Finance, Services and Business Expertise to create greater value, with our eyes firmly set on the coming era. We will also enhance collaborations with customers and partners and contribute to the creation of a sustainable economy and society that continue to grow while efficiently using resources.

Issues

Social Issues

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

Corporate Issues

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

Tokyo Century's Values Creation

Creating New Values from Finance × Services × Business Expertise

Strength 1
Promotion of business alliances with partner companies in a flexible business environment

Strength 2
Customer base and ability to raise funds

Strength 3
Corporate culture of taking on challenges with an innovative mindset

Equipment Leasing

Financial services encompassing information and communications equipment, factory equipment, construction machinery, commercial equipment, and others

Specialty Financing

A wide array of specialized products in businesses including shipping, aviation, environment and energy, and real estate

Domestic Automobile Financing

A leading automobile leasing and car rental product lineup in Japan serving corporate customers and individuals

International Business

Expanding services that meet local needs through business development with strategic partners

Support Mechanisms

- Personnel Development
- Corporate Governance
- Risk Management

The Value We Create

For Customers

We contribute to customers' businesses with proposals as an unprecedented non-banking financial services company.

For Shareholders and Investors

We increase corporate value by balancing investments in growth and shareholder returns.

For Employees

We cultivate professionals and accommodate diverse working styles.

For Society and Communities

We do business as a good corporate citizen to contribute to the development of communities worldwide.

For the Earth and Environment

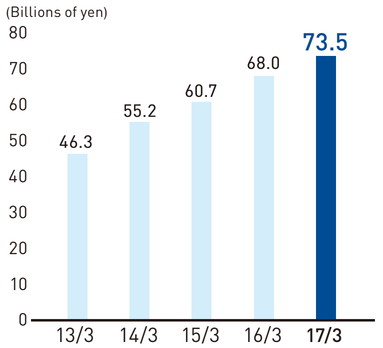
We promote environmental protection initiatives to create a sustainable future.

Financial and Non-Financial Highlights

Financial Information

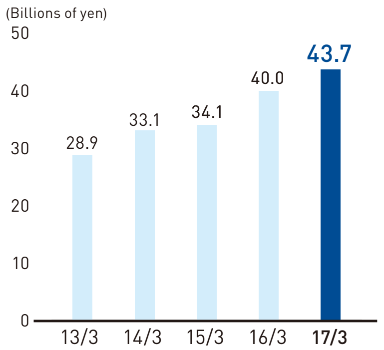
Ordinary Income

¥73.5 billion
(+¥5.5 billion YoY)



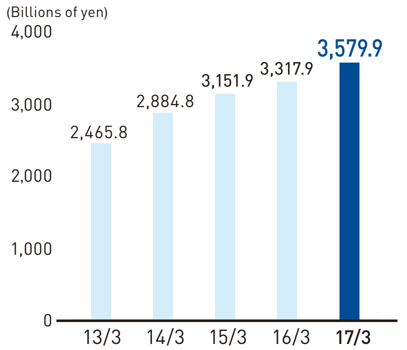
Net Income Attributable to Owners of Parent

¥43.7 billion
(+¥3.7 billion YoY)



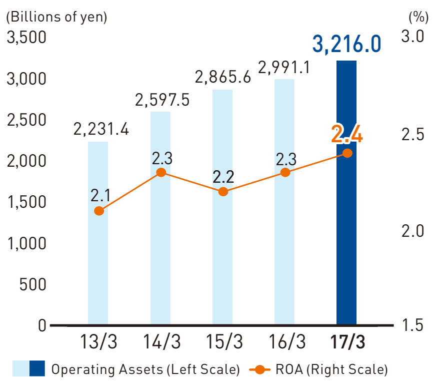
Total Assets

¥3,579.9 billion
(+¥262.0 billion YoY)



Operating Assets and ROA[1]

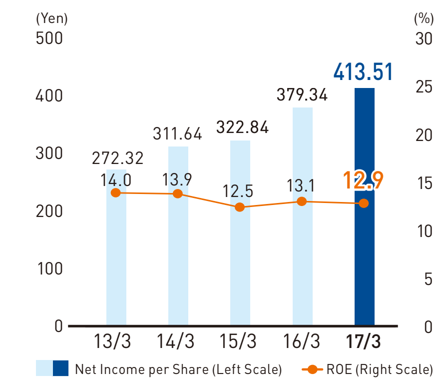
¥3,216.0 billion/2.4%
(+¥224.9 billion YoY) (+0.1 points YoY)



1. Ratio of ordinary income to operating assets

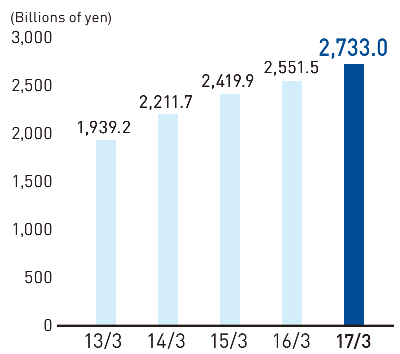
Net Income per Share and ROE

¥413.51/12.9%
(+¥34.17 YoY) (-0.2 points YoY)



Interest-Bearing Debt

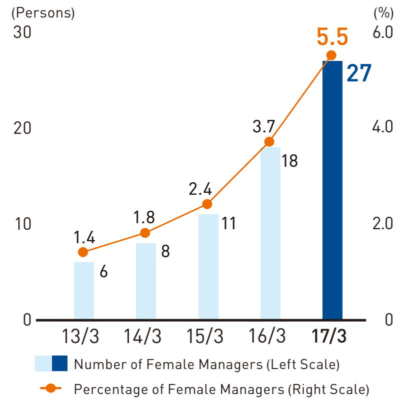
¥2,733.0 billion
(+¥181.6 billion YoY)



Non-Financial Information

Ratio of Female Managers (Non-Consolidated)

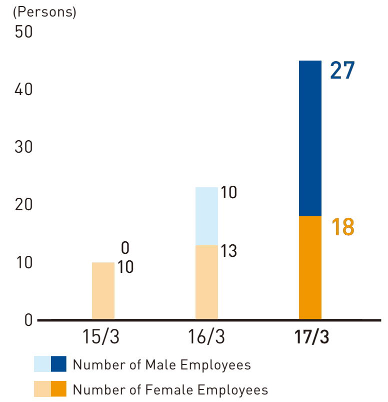
5.5%
(+1.8 points YoY)



Eligible Employees Who Have Taken Childcare Leave (Non-Consolidated, by Gender)

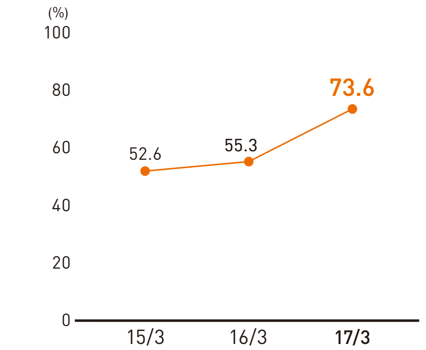
Number of female employees:
18/18
(100%)

Number of male employees:
27/29
(93%)



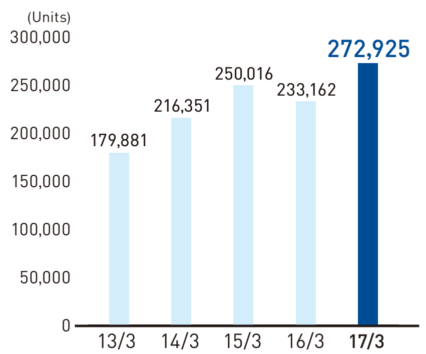
Ratio of Eligible Employees Who Have Taken Paid Annual Leave

73.6%
(+18.3 points YoY)



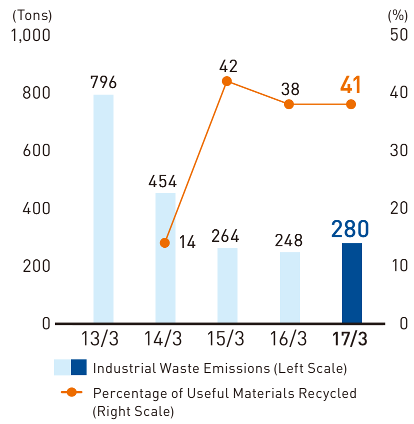
Pre-Owned Personal Computers Sold

272,925 units
(+39,763 units YoY)



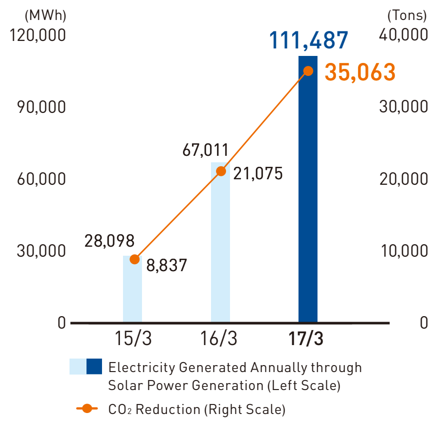
Industrial Waste Emissions

280 metric tons
(+32 tons YoY)



Reduction of CO_2 by Solar Power Generation[2] of Kyocera TCL Solar LLC

35,063 metric tons
(+13,988 tons YoY)



2. Compared with conventional thermal power generation

Financial Summary

(Millions of yen)

	2010/03	2011/03	2012/03	2013/03	2014/03	2015/03	2016/03	2017/03
Operating Results								
Revenues	758,674	713,182	716,342	691,128	828,558	882,976	940,460	976,107
Leasing	635,808	598,925	603,767	584,636	707,483	758,749	808,458	850,607
Installment sales	105,412	94,114	88,955	81,898	86,768	81,841	81,481	73,639
Finance	11,764	13,210	14,030	16,934	19,938	22,921	29,266	24,211
Other	5,688	6,932	9,588	7,658	14,368	19,464	21,254	27,649
Costs	693,569	641,589	643,684	620,245	731,229	759,298	803,645	823,295
Leasing	567,883	531,387	538,691	525,372	628,745	656,537	698,358	716,850
Installment sales	98,377	88,442	84,156	77,265	81,773	76,513	75,806	68,294
Finance	2,476	1,687	1,148	1,705	1,046	1,704	1,262	897
Other	4,830	5,584	8,129	6,036	10,481	14,111	14,880	19,753
Funding cost	20,000	14,487	11,558	9,864	9,183	10,431	13,336	17,500
Gross profit	65,105	71,593	72,657	70,882	97,329	123,678	136,815	152,811
Sales revenues (gross profit before deducting funding cost)	85,105	86,080	84,215	80,747	106,513	134,109	150,152	170,311
SG&A expenses	34,809	30,559	30,780	28,909	45,912	65,235	70,910	80,811
Personnel and non-personnel expenses	29,152	29,420	30,767	29,838	45,986	66,299	69,693	79,605
Credit costs	5,656	1,138	12	(929)	(73)	(1,064)	1,217	1,206
Operating income	30,295	41,034	41,877	41,973	51,416	58,443	65,904	71,999
Ordinary income	**33,414**	**44,170**	**46,252**	**46,292**	**55,167**	**60,668**	**68,008**	**73,511**
Extraordinary income and losses	(249)	(3,465)	(2,170)	(103)	(96)	(960)	450	229
Net income attributable to owners of parent	**25,541**	**23,646**	**26,194**	**28,934**	**33,050**	**34,132**	**40,033**	**43,648**
Financial Condition								
Total assets	2,132,892	2,184,599	2,260,389	2,465,817	2,884,773	3,151,871	3,317,862	3,579,882
Operating assets	**1,937,955**	**2,023,722**	**2,094,402**	**2,231,363**	**2,597,476**	**2,865,593**	**2,991,141**	**3,215,995**
Leasing	1,410,109	1,383,695	1,375,761	1,473,866	1,783,880	1,914,950	2,026,907	2,237,715
Installment sales	200,539	191,836	187,986	201,559	213,719	239,390	214,441	201,490
Finance	327,306	448,190	530,655	555,938	593,105	699,232	724,350	749,965
Other	—	—	—	—	6,770	12,019	25,442	26,823
Interest-bearing debt	1,749,775	1,741,897	1,783,173	1,939,219	2,211,673	2,419,856	2,551,491	2,733,044
Net assets	158,115	178,752	201,272	233,668	285,484	336,537	374,872	404,818
Cash Flows								
Cash flows from operating activities	194,308	48,551	(26,425)	(89,711)	(28,314)	(171,023)	(136,618)	(670)
Cash flows from investing activities	(8,948)	23,191	(515)	(5,592)	9,994	(18,682)	(3,072)	(30,071)
Cash flows from financing activities	(306,146)	(89,762)	38,289	135,868	54,486	156,885	155,770	27,500
Cash and cash equivalents at end of year	50,947	32,793	44,530	83,122	115,841	71,864	91,762	85,730
Per Share Data (Yen)								
Net income	239.57	221.80	245.82	272.32	311.64	322.84	379.34	413.51
Net assets	1,410.61	1,594.57	1,796.62	2,092.46	2,386.02	2,776.37	3,033.61	3,360.27
Dividends	32.00	40.00	44.00	48.00	52.00	65.00	80.00	100.00
Significant Indicators (%)								
Rate of return on equity (ROE)[3]	**18.5**	**14.8**	**14.5**	**14.0**	**13.9**	**12.5**	**13.1**	**12.9**
Return on assets (ROA)[4]	**1.5**	**2.0**	**2.1**	**2.0**	**2.1**	**2.0**	**2.1**	**2.1**
Shareholders' equity ratio	**7.1**	**7.8**	**8.4**	**9.0**	**8.8**	**9.3**	**9.6**	**9.9**
Overhead ratio (OHR)[5]	44.8	41.1	42.3	42.1	47.2	53.6	50.9	52.1
Other Data (Persons)								
Employees	1,732	1,715	1,722	1,676	3,309	4,113	4,124	5,430

Notes: 1. Data are rounded down to the nearest million.
2. Revenues do not include internal revenues or transfers between segments.
3. ROE = Net income attributable to owners of parent / Equity (simple average of beginning and end of term balance sheet figures) × 100
4. ROA = Ordinary income / Total assets (simple average of beginning and end of term balance sheet figures) × 100
5. OHR = (Personnel expenses + Non-personnel expenses) / Gross profit × 100

Driven by our determination to transform our business model, we intend to establish a new financial business that lies in the midst of domains handled by banks, trading companies, and manufacturers.

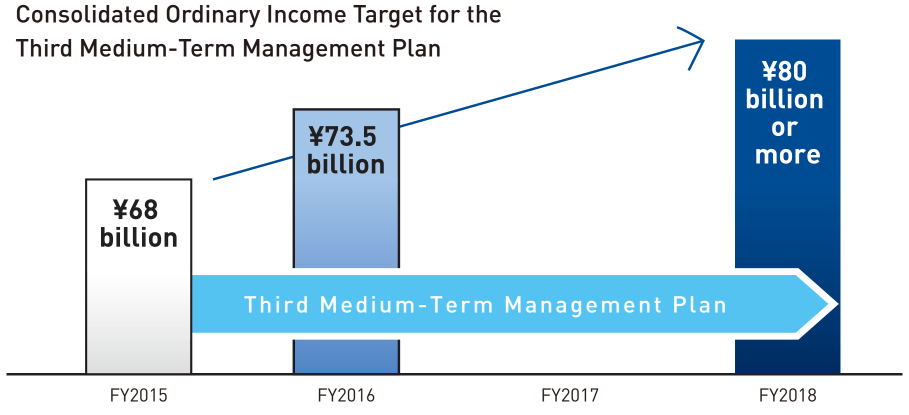
Summary of the Third Medium-Term Management Plan for Fiscal 2016 to 2018

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 Strategy: 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 Expertise 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 Strategy: 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 below)

Management Targets — Third Medium-Term Management Plan

	Results for FY2015	First Year: Results for FY2016	Second Year: Plans for FY2017	Final Year: Plans for FY2018
Consolidated ordinary income	¥68 billion	¥73.5 billion	¥76 billion	¥80 billion or more
Consolidated ROA (ROA = Ordinary income/ Operating assets)	2.3%	2.4%	–	2.3% or more
Consolidated shareholders' equity ratio	9.6%	9.9%	–	11.0%

Consolidated Ordinary Income Target for the Third Medium-Term Management Plan



Shunichi Asada
President & CEO,
Representative Director

The Future of Tokyo Century Group

A Highly Specialized and Unique Financial Services Company

Fiscal 2016 marked a turning point for the company. On October 1, we changed our corporate name to Tokyo Century Corporation and embarked on a path to further growth with a fresh new outlook. Our decision to remove the word "lease" from the company name reflects our determination to move beyond leasing to embrace the challenges posed by a broader range of businesses without placing any limits on our potential for growth.

Under the new company name, we restructured our corporate philosophy and clearly defined our future vision and management policies. We will pursue our vision of becoming a unique, highly specialized financial services company by developing businesses that combine Finance, Services and Business Expertise to accomplish our transition into a new domain that transcends the concept of leasing. Moreover, we will continue actively implementing a competitive IT strategy to improve our corporate value and competitiveness as a financial services company with high IT expertise.

We have accumulated a wealth of expertise related to assets through our leasing business and intend to contribute to the creation of an environmentally-sound, sustainable economy and society by collaborating with corporate partners that provide advanced knowledge on adding value to the reuse and recycling of resources.

Review of the Third Medium-Term Management Plan

All Initial Targets Have Been Attained

Fourth Industrial Revolution in Finance

The advent of the digital revolution, characterized by IoT, big data, AI, and robotics, is changing our economy and society at a breakneck pace. I believe 2017, just three years before the Tokyo 2020 Olympic Games, will mark the turning point of our times, as evident in the launch of the Japanese government's Society 5.0 (Super Smart Society) and Fourth Industrial Revolution initiatives.

These are challenging times for Japanese companies, and not just for manufacturers, as they strive to keep up with the rapid advances in digital technology and the pace of change in business models. The financial industry is no exception, and we are exploring ways to ride the wave of the Fourth Industrial Revolution. At the same time, new opportunities have opened such as the FinTech business, including for example smartphone settlement, in Southeast Asia.

Shifting to a High-Revenue Business Model Focused on Asset Efficiency

As we strive to create value from the Fourth Industrial Revolution, we must also enhance productivity/profitability. Under the third medium-term management plan, which began in fiscal 2016, 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.

We made solid progress in our four operating segments, with respect to the management strategy of strengthening the sales base for the third medium-term management plan by pursuing bold initiatives for pioneering new business fields under the respective themes of each segment. (For more information, please refer to the "Overview of Strategies by Operating Segment" section on pages 28 to 43.) In our International Business segment, we achieved remarkable progress with our alliance strategy, making CSI Leasing into a wholly owned subsidiary and forging a partnership for digital and FinTech businesses with Lippo Group, the leading conglomerate in Indonesia. We also concluded partnership agreements with Grab, the largest ride-hailing platform in Southeast Asia, and with China UnionPay Merchant Services Co., Ltd., the largest card payment service operator in China.

While it will take some time for these alliances to begin contributing to our profits, we expect them to develop into major sources of Tokyo Century's ordinary income.

Setting a New Profit Record

We emphasized asset efficiency with respect to our management targets for the third medium-term management plan, seeking to 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%, while addressing financial leverage with a target of 11.0% for the consolidated shareholders' equity ratio.

In fiscal 2016 we achieved all of the plan's initial targets. Moreover, Tokyo Century extended its streak of record highs for the eighth consecutive year with ¥73.5 billion in consolidated ordinary income, and for the sixth consecutive year with regard to net income attributable to owners of parent. So far, we have made solid overall progress in the third medium-term management plan, as evidenced by our consolidated ROA, which is already at 2.4%. Meanwhile, our consolidated shareholders' equity ratio rose 0.3 percentage points to 9.9%.

Core Initiatives for Fiscal 2017

Accelerate the Shift to a High-Revenue Business Model

We plan to continue extending our profit record by seeking balanced expansion in our four operating segments and through initiatives that emphasize asset efficiency and profitability. Under our policy for fiscal 2017, we will seek to maintain stable operating assets in Equipment Leasing while striving to expand operating assets in Specialty Financing, Domestic Automobile Financing, and International Business.

Corporate Slogan

Solutions to your Pursuits

Creating new values from Finance × Services × Business Expertise

Tokyo Century

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.

Shifting to a High-Revenue Business Model

An Unprecedented Non-Banking Financial Services Company that Transcends Leasing

Pioneer new business fields that combine Finance, Services, and Business Expertise by engaging in services and business ventures in addition to finance

Become a company pursuing businesses that lie in the midst of domains handled by banks, trading companies, and manufacturers

Equipment Leasing

We will continue to raise profitability by pursuing viable business with domestic corporate partners in addition to providing leasing and financing functions. We will also focus on businesses that respond to opportunities presented by social concerns such as the need for robots to address the diminishing workforce in Japan as well as initiatives for creating an environmentally-sound, sustainable economy and society.

Specialty Financing

The environment and energy business is projected to further expand in scope, led by the solar power generation business undertaken by Kyocera TCL Solar LLC. The business is expected to contribute to profits and increasing operating assets in the years ahead.

The aviation business continues to be a prosperous field for sustainable growth, where the focus will be on adding to our core business of aircraft leasing and financing by pursuing advanced businesses related to aircraft, such as handling aircraft engines and other parts. We will accelerate the accumulation of operating assets in the aviation business through Tokyo Century's individual efforts and through the strategic use of alliance partners.

Domestic Automobile Financing

Tokyo Century Group* has increased its fleet of vehicles under management to approximately 600,000. Bolstered by society's need for automobiles based on the general shift from ownership to use and inbound demand from foreign visitors, we will leverage our competitive strengths to develop new schemes as we continue our challenge to become first in the overall ranking for the automobile finance business.

* Nippon Car Solutions Co., Ltd., which mainly serves corporate customers; Orico Auto Leasing Co., Ltd., which mainly serves individuals; and Nippon Rent-A-Car Service, Inc., which serves both corporate customers and individuals.

International Business

We will build on the major advances made in fiscal 2016 and continue pursuing our alliance strategy to form business partnerships with leading local companies and financial institutions overseas. By doing so, we will seek to further develop our existing businesses and expand our business fields to achieve significant growth for Tokyo Century's overseas businesses.

Toward Sustainable Growth

Becoming a Company that Supports Customers Seeking to Transform Their Businesses

Creation of an Environmentally-Sound, Sustainable Economy and Society

Ever mindful of its social responsibility, Tokyo Century Group seeks to work alongside customers in pursuit of their growth and contribute to the creation of an environmentally-sound, sustainable economy and society as its management philosophy. We are aware that realizing economic growth while efficiently using resources is just as urgent a concern for our customers as it is for Tokyo Century.

Tokyo Century has formed a partnership agreement with Tsukishima Kikai Co., Ltd., which engages in the water environment business related to water purification and waste water treatment plants, to collaborate on new renewable energy business, including mixed-digestibility of the biomass in waste water treatment plants. We will continue to pursue initiatives for creating a sustainable economy and society.

Shareholder Returns

For fiscal 2016 we decided to increase annual dividends by ¥5 per share above our forecast at the beginning of fiscal year to ¥100 (payout ratio: 24.2%), as net income attributable to owners of parent rose to ¥43.7 billion, exceeding our forecast at the start of the term. In fiscal 2017 we plan to pay an annual dividend of ¥105 (payout ratio: 24.6%), a further increase of ¥5 per share, in line with the forecasted growth in net income attributable to owners of parent, and a 0.4 percentage point year-on-year rise in the payout ratio.

Looking ahead, we intend to balance investment in growth businesses with shareholder returns while simultaneously seeking to steadily raise dividends by achieving the objectives of the third medium-term management plan.

An Unprecedented Non-Banking Financial Services Company That Transcends Leasing

Boasting a diverse range of excellent customers, including various manufacturers, Tokyo Century is a unique entity that is not bound by the limitations imposed by Japan's Banking Act and can freely pursue businesses that lie in the midst of domains handled by banks, trading companies, and manufacturers. We are keeping pace with the changing times by gradually shifting the focus of our management from finance to business and expanding our scope for future growth toward evolving from a leasing company into an unprecedented non-banking financial services company that transcends leasing.

Tokyo Century Group will continue to draw upon its pioneering spirit and the combined knowledge of its employees to enhance its high expertise and global perspective to solidly support customers in the pursuit of their growth, and thereby achieve its own sustainable growth.

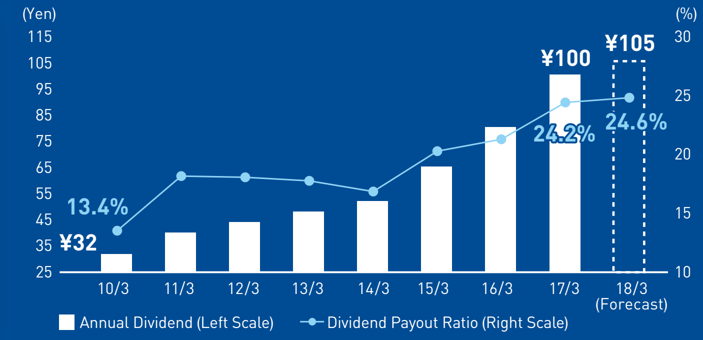
FY2017 Consolidated Results Forecast

(Billions of yen)

	FY2016 Result	FY2017 Forecast		
			Change	Change (%)
Revenues	976.1	980.0	3.9	0.4%
Operating income	72.0	74.0	2.0	2.8%
Ordinary income	73.5	76.0	2.5	3.4%
Net income attributable to owners of parent	43.7	45.0	1.3	3.1%

Dividend and Dividend Payout Ratio

Aiming for a steady increase in revenue by maintaining a good balance between investment in growth businesses and dividends



Features

Taking on the Challenge of Creating New Values from Finance × Services × Business Expertise

1

Feature 1

Finance × Technology

Finance × Technology Exploring New Domains by Promoting Alliance Strategies with Top-Ranking Local Companies

Tokyo Century Group is seeking to expand its overseas business by promoting alliance strategies under the third medium-term management plan for strengthening its sales base as its management strategy. We plan to aggressively advance into the FinTech field to establish our presence in promising growth markets.

Purpose of Our Alliance with Lippo Group

P. 23

- Collaboration in the digital business
- Collaboration in the FinTech business, including financial services based on big data

Purpose of Our Alliance with Grab

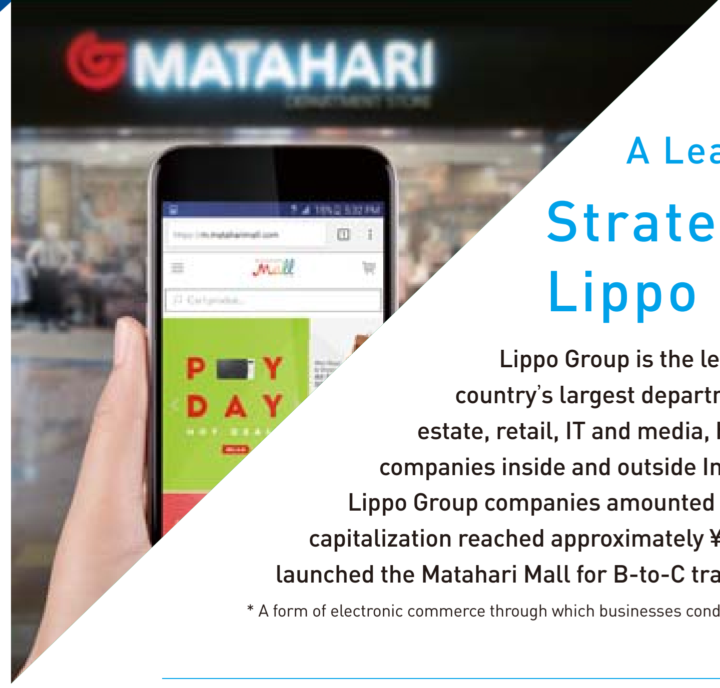
P. 24

- Joint promotion of automobile leasing and rental businesses in the new market for ride-hailing and ridesharing
- Expansion of automobile finance-related businesses in Southeast Asia

Purpose of Our Alliance with China UnionPay Merchant Services Co., Ltd. (China UMS)

P. 25

- Joint development of internet-based e-commerce leasing for China UMS's participating merchants



A Leading Indonesian Conglomerate

Strategic Alliance with Lippo Group

Lippo Group is the leading conglomerate in Indonesia that operates Matahari, which is the country's largest department store chain, along with other businesses, encompassing real estate, retail, IT and media, hospitals, and finance. The group comprises over 400 affiliated companies inside and outside Indonesia, and more than 20 are publicly listed. Total sales of all listed Lippo Group companies amounted to approximately ¥750 billion in fiscal 2016, and the group's market capitalization reached approximately ¥1.5 trillion as of April 2017. In its e-commerce business, the group launched the Matahari Mall for B-to-C transactions and Mbiz for B-to-B and B-to-G* transactions in 2015.

* A form of electronic commerce through which businesses conduct electronic transactions with central and local governments.

Jointly Promoting E-Commerce and Other Digital Businesses, Planning to Launch Financial Services Utilizing Big Data

In November 2016, Tokyo Century and Lippo Group agreed to a comprehensive alliance and signed a strategic partnership agreement to develop digital and FinTech businesses. Tokyo Century is considering investing approximately US$100 million to partner with Lippo Group in its digital and FinTech businesses, including e-commerce, electronic money services, loyalty programs, and financial services utilizing big data.

As our first phase, we invested approximately US$17 million to acquire 20% of the shares of PT. Big Ecommerce Bersama, the holding company for Lippo Group's B-to-B and B-to-G e-commerce companies, thereby making it an equity-method affiliate of Tokyo Century.

Our second phase will be to invest in a company involved in the electronic money and loyalty program businesses. This company is also developing a settlement service for smartphones, and Tokyo Century plans to pursue joint FinTech business, including financial services that utilize big data that the company owns.

Integrating the Real and Virtual Worlds with Smartphones

Until recently, Tokyo Century has primarily operated B-to-B businesses, so our alliance with Lippo Group is of great significance, as it handles B-to-C businesses. We expect this alliance to generate new opportunities for businesses that will take us beyond leasing.

While young people account for a large proportion of Indonesia's population of around 260 million, only about 40% of Indonesians aged 15 or older have bank accounts, making it a promising market for electronic money. Lippo Group already has brick-and-mortar stores, ranging from department stores and shopping malls to supermarkets and a movie theater chain, and therefore has infrastructure and a customer base. Lippo Group expects it will be able to further demonstrate its strengths by retaining customers through smartphone-based electronic money and businesses relating to e-commerce.

Tokyo Century intends to promote the FinTech business by providing financing and other expertise to Lippo Group's new businesses.

Goals of Our Alliance with Lippo Group

Digital Business	FinTech Business
• E-commerce • Electronic money services • Loyalty programs	• Financial services

We aim to provide new financial services utilizing big data, while integrating Tokyo Century's financial expertise together with Lippo Group's infrastructure and customer base.

The Largest Ride-Hailing Platform in Southeast Asia

Strategic Alliance with Grab

Grab and its group companies operate a ridesharing business that matches drivers with passengers via smartphones using mobile applications and digital platforms in 55 cities in seven Southeast Asian countries: Singapore, Malaysia, the Philippines, Indonesia, Thailand, Vietnam, and Myanmar. Grab has been achieving steady growth in numerical terms, with over 45 million users downloading its applications and more than 930,000 registered drivers, making it the largest ride-hailing group in the Southeast Asian region.

Note: The figures shown above are based on a press release announced by Grab on June 6, 2017.

Entering the Rapidly Growing Business of Ridesharing with Grab, a Market Leader

Given underdeveloped public transportation and low car ownership rates, the ridesharing market in Southeast Asia is expected to significantly expand, led by ride-hailing services. In addition to operating regional dispatch and rideshare services for ordinary vehicles, taxis and motorbikes, Grab also provides a dispatch service for delivering products sold at department stores, shopping malls, and e-commerce sites, as well as meals prepared by famous restaurants. Since, with the exception of Singapore, individual ownership rates for bank accounts and credit cards are low in the region, Grab is also involved in developing and operating a settlement system for its service fees. Meanwhile, the company is creating services that cater to regional needs, including a traffic information service for governments including Indonesia and others, where roads can be extremely congested, and the Grab for Work service targeting corporate customers. Under the strategic partnership, Tokyo Century will provide its years of accumulated expertise, both inside and outside Japan, and collaborate with Grab on developing automobile leasing and rental businesses.

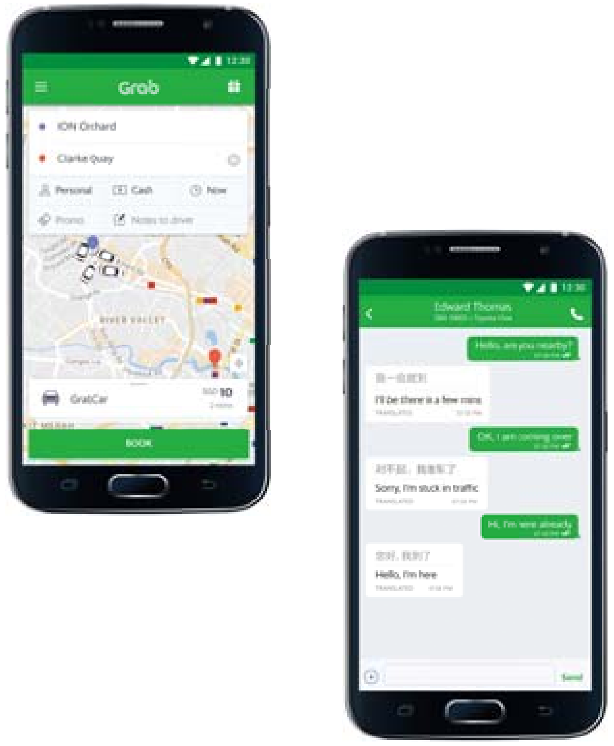
Promoting Collaboration on B-to-C Automobile Leasing and Rental Businesses and Expanding Businesses Related to Automobile Financing

We will begin our work under this alliance by promoting collaboration on B-to-C automobile leasing and rental businesses for drivers registered for Grab Car, a dispatch service for ordinary vehicles.

In Southeast Asia, new car-related services, such as ridesharing and dispatch services are expected to further expand due to underdeveloped public transportation and low car ownership rates.

Tokyo Century will bolster its initiatives for developing financing businesses that leverage the advanced technologies provided by Grab's digital platforms, while at the same time focusing on automobile-related financing business expansion in the region.

Examples of the Grab App Screen



China's Largest Card Payment Service Operator

Strategic Alliance with China UnionPay Merchant Services

China UnionPay Merchant Services Co., Ltd. (China UMS) is a subsidiary of the bank card association China UnionPay Co., Ltd. and the largest card payment service operator in China. It operates in all 337 cities nationwide with 6.49 million participating merchants, including retail shops and restaurants where UnionPay cards can be used, and 8.11 million POS terminals. Since 2012 it has also managed an internet-based financial service platform for merchants called "RICH." In recent years, it has begun to provide a wide range of services for merchants, including factoring services run by its subsidiary and lending through partner banks.

Tokyo Century's Local Subsidiary to Provide Leasing Service via RICH Operated by China UMS

Tokyo Century Group concluded a strategic business agreement with China UMS, a subsidiary of China UnionPay Co., Ltd. and the country's largest card payment service operator.

Together we plan to provide China UMS's participating merchants with equipment and automobile leasing services as an Internet-based service by utilizing the leasing and financing expertise accumulated over the years by Tokyo Century Group and big data on card settlement and other information held by China UMS. Specifically, Tokyo Century Leasing China Corporation, Tokyo Century's Chinese subsidiary, will operate a leasing service on RICH, the financial service platform operated by China UMS for its merchants and thereby provide an e-commerce leasing financial service for the 6.49 million merchants of China UMS. Moreover, we aim to further expand our businesses by making maximum use of the respective strengths of each company.

Utilizing Tokyo Century's Prime Customer Base to Introduce Superior Japanese Equipment and Products via RICH

Tokyo Century Leasing China Corporation, Tokyo Century's Chinese subsidiary, was established in July 2006. It provides yuan-based leasing services to Japanese companies operating in China by taking full advantage of the expertise and network of ITOCHU (China) Holding Co., Ltd., the authorized regional headquarters of a multinational company in China, in addition to cooperation with Tokyo Century's divisions and branches in Japan.

Tokyo Century will support Japanese companies seeking to develop their businesses in China by making maximum use of its prime customer base to introduce Japanese equipment and products distinguishable by their excellent features through the RICH e-commerce site.

Synergy Effects with China UMS

Operations in all 337 Chinese cities

6.49 million participating merchants

8.11 million POS terminals

RICH online financial services platform for merchants

China UMS

Big data on card settlement and related information

×

Tokyo Century

Expertise on leasing and financing

Seeking business expansion for both companies by providing equipment leasing and automobile leasing services via the internet for China UMS merchants

Feature 2

Services × Business Expertise

Tokyo Century's Initiatives for Creating a Sustainable Economy and Society

Tokyo Century Group seeks to contribute to the creation of an environmentally-sound, sustainable economy and society as part of its management philosophy. This is a common theme running through our four operating segments, and as we pursue this goal, we are developing a series of new businesses in addition to our existing initiatives.

Significance of Efforts by Tokyo Century Group to Create a Sustainable Economy and Society

Tokyo Century intends to achieve sustainable medium- and long-term growth by further expanding existing business fields and developing new business fields as an unprecedented non-banking financial services company that embraces business domains beyond leasing.

Contributing to the creation of a sustainable economy and society that achieves both economic development and resource efficiency is key to fulfilling our corporate social responsibility and opening the way to new businesses.

Over the years, we have accumulated extensive expertise in the efficient use of resources, including in asset management and appraisal of the use and disposal value of assets, primarily in the leasing business. We believe that our efforts, particularly in the reuse and recycle business, play an important part in bringing about a sustainable economy and society. Furthermore, Tokyo Century Group's broad range of services are helping to realize the effective use of finite resources.

Companies have become increasingly aware of social concerns over the environment and labor shortages.

Tokyo Century is in alliance with leading corporate partners to accelerate diverse initiatives for achieving a sustainable economy and society. These initiatives go beyond reusing and recycling assets to include renewable energy businesses that help reduce greenhouse gas emissions and a robot dispatch (rental) business that addresses labor shortages.

	Businesses Aimed at Creating a Sustainable Economy and Society Current Business Initiatives
Equipment Leasing	• Reuse and recycle business • IT-LCM business • Green business • Robot dispatch (rental) business • Biomass power generation business
Specialty Financing	• Solar power generation business (Kyocera TCL Solar LLC) • Financing (hydropower, wind power)
Domestic Automobile Financing	• Automobile rental business
International Business	• CSI Leasing IT-LCM business

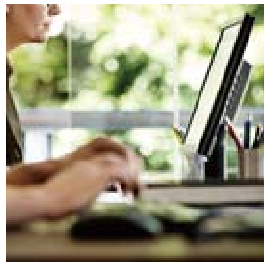
Specific Initiatives

Renewable Energy Business

Kyocera TCL Solar LLC, a joint venture with Kyocera Corporation, is engaged in solar power generation, operating solar power plants with a combined capacity of 101.1 megawatts at 52 locations in Japan as of March 31, 2017. Also, preparations are under way to launch a woody biomass power generation business jointly with partners including IHI Corporation. By expanding its renewable energy business, Tokyo Century will pursue initiatives that have a high social impact, specifically reducing greenhouse gases and improving energy self-sufficiency.

Robot Dispatch (Rental) Business

In April 2016, we launched a robot dispatch/rental business jointly with Kawasaki Heavy Industries, Ltd., that uses their "duAro" dual-arm robot to address labor shortages. This alternative to the dispatching of personnel significantly reduces initial investment and ensures deployment as needed, and therefore the business is proving to be an effective solution to social concerns, such as enabling small- and medium-sized enterprises to maintain the operation of their production lines.



LCM Business and Green Business

Tokyo Century Group has begun offering a green business service that covers the process of collecting, erasing data from, and reselling the used ICT devices of customers. The service fully leverages the Group's expertise in handling information and communications equipment leasing, where we command a major share of the market, and we are bolstering this business with leading partners. Moreover, our consolidated subsidiary CSI Leasing, Inc. (headquartered in St. Louis, U.S.A.) provides outstanding services in refurbishment, equipment resale, and data wiping of ICT devices. Tokyo Century Group will actively pursue businesses in the secondary market for IT equipment on a global scale.

Future Outlook

Tokyo Century's business is closely aligned with the trending interest in creating a sustainable economy and society, which has led to the creation of many related businesses. We believe that the deployment of solar power generation and other renewable energy systems will spread rapidly as a result of the policies that the Ministry of Economy, Trade and Industry and other government agencies are promoting. We hope to further expand our business opportunities by grasping trends among highly environmentally conscious companies and individuals.

In addition to our solar power and woody biomass power generation businesses, we are poised to take on yet another renewable energy business in alliance with Tsukishima Kikai Co., Ltd. We will also seek to fully exploit businesses that emphasize asset value and focus our resources into developing businesses for valuable assets by creating secondary markets and by bolstering our reusing and recycling operations.

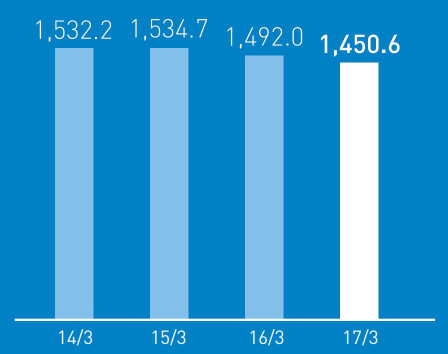
Tokyo Century Group will continue to sincerely address social issues and pursue collaborations with customers and corporate partners who share our aspirations to forge ahead toward the creation of a sustainable economy and society.

Equipment Leasing

Expanding businesses by leveraging the Group's comprehensive capabilities and fertile customer base to enter emerging areas that transcend the conventional concept of leasing

Balance of Operating Assets

(Billions of yen)



Business Overview

We cater to a variety of customer needs by providing financial services centered on leasing and installment sales for all types of equipment and machinery, including information and communications equipment, factory equipment, medical equipment, construction machinery, and commercial equipment.

Shift.

Seeking further growth by addressing the changing needs and expectations of customers and meeting the challenge of developing advanced businesses

Akihiro Naruse

Director and Executive Officer

President, Equipment Leasing Business Development Unit

Creating Unique Businesses by Venturing out of the Comfort Zone of Leasing and Financing Operations

Equipment Leasing was our founding business, and we have been showing steady results centered on leasing and installment sales in our home market of Japan. We are the top ranked in this area and will continue to lead the industry.

Meanwhile, as evident in our decision to drop the word "leasing" from the company name, we have boldly embarked on exploring new areas of services and business expertise based on our core leasing operations. Moreover, we have launched many new businesses through joint ventures with leading companies. In particular, we are exploring IoT, robotics, environment and energy, including solar and biomass power generation, and net-zero energy housing.

The latest buzzword is "disruption," also referred to as "creative destruction," and while the concept has naturally referred to physical objects and products, markets are also being disrupted. As the pace of change continues to accelerate, the destruction of existing markets and their replacement by emerging markets has become commonplace.

Tokyo Century will take on the challenge of developing advanced businesses to meet the changing needs and expectations of our customers by venturing out of the comfort zone of leasing and financing operations.

At the same time, our Equipment Leasing business plays a significant role as the platform for Tokyo Century's other areas of business, such as Specialty Financing, Domestic Automobile Financing, and International Business, where we expect dramatic future growth.

Our Equipment Leasing business currently serves about 25,000 corporate customers, and countless numbers of customers have become excellent business partners for our other three operating segments.

Looking ahead we will seek further growth for our Equipment Leasing business by serving two roles: strengthening relationships with the customers we have gained through our foundational businesses of leasing and installment sales to jointly explore advanced businesses with them and serving as the backbone for cultivating promising business areas.

Operational Strengths

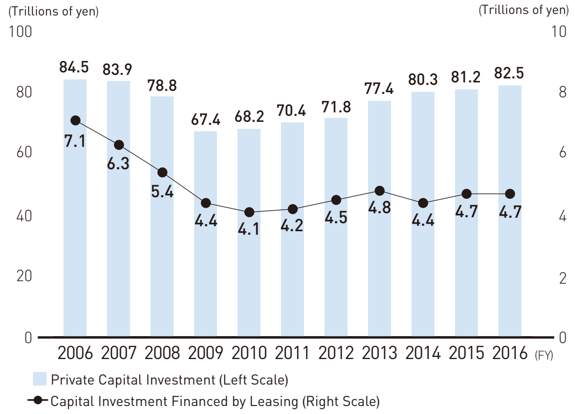
Equipment Leasing, a business we have engaged in since our founding, provides a platform for our other businesses and serves about 25,000 corporate customers in Japan. Taking advantage of the networks of major shareholders, we command the top share of the information and communications equipment leasing market. In addition, we structure and provide flexible financing programs for diverse customer needs along with the financing subsidiaries of Fujitsu Limited and IHI Corporation as part of Tokyo Century Group and in cooperation with numerous manufacturers and dealers.

Share of Leasing Transactions in Japan

	FY2013	FY2014	FY2015
1st	Sumitomo Mitsui Finance and Leasing 12.4%	Sumitomo Mitsui Finance & Leasing 12.8%	Sumitomo Mitsui Finance and Leasing 13.8%
2nd	Tokyo Century 11.9%	ORIX 12.1%	Tokyo Century 12.7%
3rd	Mitsubishi UFJ Lease & Finance 11.5%	Tokyo Century 11.8%	Mitsubishi UFJ Lease & Finance 11.8%

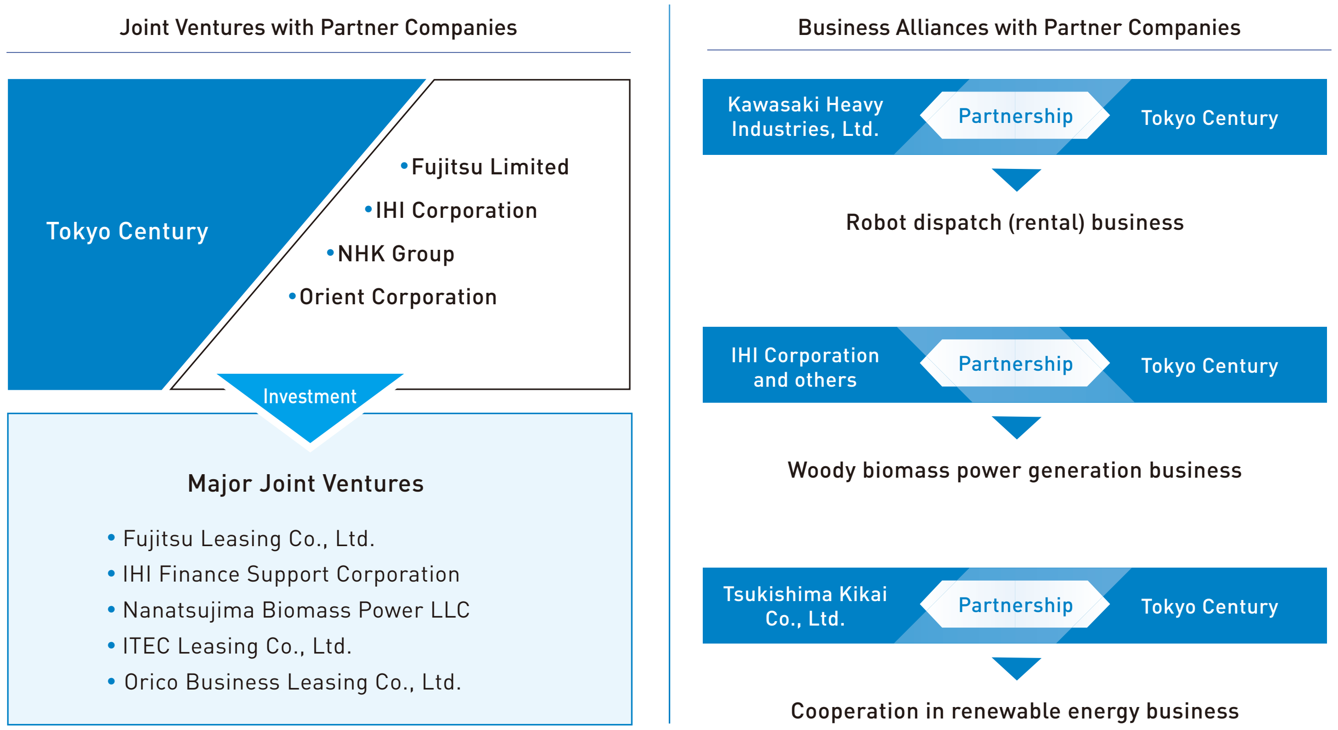
Source: Company estimates based on figures announced by Nikkei Inc.

Private Capital Investment and Capital Investment Financed by Leasing



Source: Japan Leasing Association (as of June 8, 2017)

Business Alliance System for Equipment Leasing



Promotion of 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

To take on the challenge of exploring new business areas, we adhere to five core policies: seek greater advances in lease transactions, promote creative ventures with prime business partners, pursue initiatives for creating a sustainable economy and society, improve asset efficiency, and adapt to the changing operating environment.

1. We will seek greater advances in lease transactions and expansion in businesses that utilize our customer base to expand highly competitive businesses with a focus on services and identify customer needs from a global perspective.
2. As in the second medium-term management plan, we will continue to promote joint ventures that build on our strengths and those of prime business partners while also seeking to create new business models partnering with financial institutions.
3. We will strengthen our initiatives for creating a sustainable economy and society by fully exploiting businesses that focus on asset value, and promote reuse and recycling business to advance the recycling of resources.
4. We will focus even more intently on identifying and executing liquidity opportunities for improving asset efficiency.
5. We will ceaselessly work to optimize and raise the efficiency of our organization in order to adapt to the changing operating environment.

Policies and Initiatives for the Next Fiscal Year

We will promote the following operating strategies in fiscal 2017.

Under the theme of rising to the challenge of transformation, we will endeavor to create unique businesses that respond to the changing market environment. Also, we will meet diverse customer needs by liberating ourselves from conventional thinking and existing business models.

In addition, we will forge an even closer relationship with customers to continue serving as the platform for our other businesses, specifically Specialty Financing, Domestic Automobile Financing, and International Business.

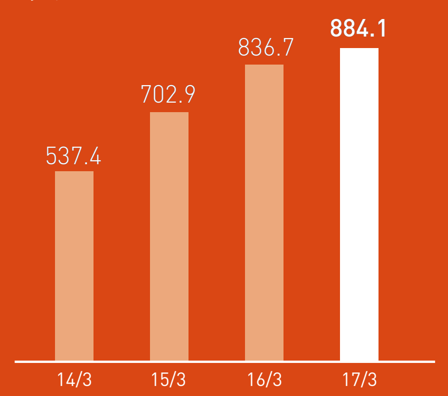
1. **Seek greater advances in lease transactions:** Enhance added value by providing operating leases with a focus on asset value and long-term utility value as well as products and services that combine leasing and installment sales.
2. **Promote creative ventures with prime partners:** Take on the challenge of developing advanced businesses based on current trends in IoT, robotics, and environment and energy through joint ventures with prime business partners in an effort to develop new businesses that could potentially develop into future pillars of profit.
3. **Initiatives for creating a sustainable economy and society:** Focus on asset value to expand our reuse and recycle business and create secondary markets.
4. **Improve asset efficiency:** Expand non-asset businesses such as asset securitization and fee business.

Specialty Financing

Exercising our "Finance × Services × Business Expertise" by building on aviation, shipping, environment and energy, and real estate products

Balance of Operating Assets

(Billions of yen)



Business Overview

We seek to develop a variety of specialized products to create promising new business areas beyond financial services, such as leasing and financing, and with a particular focus on aviation, shipping, environment and energy, and real estate.

Shift.

Facing dynamic challenges with customers and partners to create businesses that exceed expectations

Koichi Nakajima

Deputy President, Director and Executive Officer
President, Specialty Finance Business Development Unit

Beyond Expectations!

Specialty Financing has been driving the rapid growth of Tokyo Century Group by creating businesses that combine Finance, Services and Business Expertise based on our products in such areas as aviation, shipping, real estate, and environment and energy. The driving force of our growth lies in our passion for these businesses, the unrivaled expertise of our personnel in each product category, and ready access to global markets.

Although leasing is Tokyo Century's primary business, in Specialty Financing we provide investment, financing, leasing, and asset management to projects that arise as a result of our products. This we do as part of a consistent effort to take advantage of infinite business opportunities. We have also benefitted our customers by resolving their concerns as both a financial company and a business operator due to our new, unique position, made possible by our banking and trading house background.

As for the future of the Specialty Financing business, the market environment varies significantly by product. We will carefully analyze each market to develop the best portfolio. The aviation business is expected to maintain robust growth, while shipping currently requires expertise and creative ideas to realize growth. The real estate business involves international urban development, and environmental and energy-related businesses are expected to drive future growth. At the same time, structured finance and venture capital will serve as incubators for emerging ventures. It seems as though every day, intriguing projects come to us from around the world. Also, we maintain a growing number of competitive, world-class specialists in order for us to open up even more growth opportunities.

Tokyo Century's strategy is characterized by always entering a business with a leading partner who is also our customer. Instead of leaping into a venture on our own, we pursue dynamic challenges in collaboration with outstanding partners, and we produce solutions that exceed expectations. Moreover, we accumulate experience at the same time we are building a track record of success.

Looking ahead we will continue developing new business areas with our partners and create businesses that exceed expectations.

Operational Strengths

We are expanding the scope of our businesses, primarily in the rapidly growing aviation business and environment and energy business, centered on solar power generation, to bring in further growth opportunities. Also, we provide financing and services in the shipping, real estate, structured finance, and medical/healthcare sectors, utilizing our highly specialized knowledge and expertise. In addition, we have entered the asset management business by investing in Nittochi Asset Management Co., Ltd. with the intention of building a stable profit foundation resilient to changing market conditions and gaining access to new revenue sources.

The Strengths of Our Specialty Financing Products

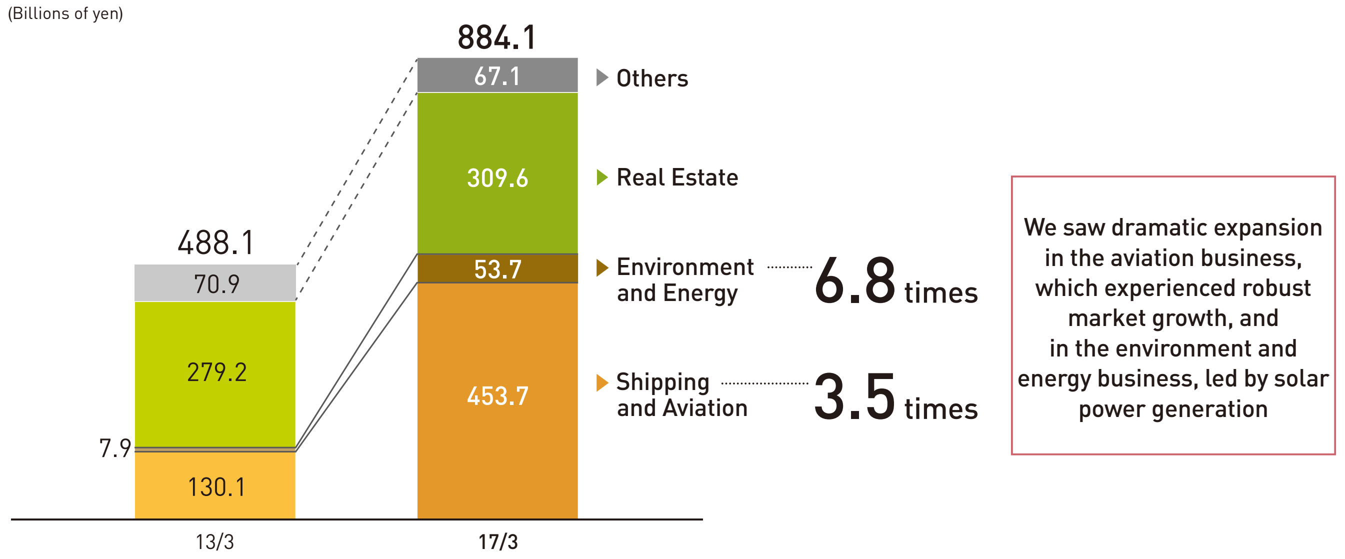
Shipping
- Our wide range of products provide financing and services for a variety of vessel types, including bulk carriers, car carriers, container ships, and tankers as well as energy-related vessels including offshore wind turbine installation vessels and offshore vessels.
- We are creating new businesses in cooperation with core partners.

Environment and Energy
- We are developing our solar power generation business through a joint venture with Kyocera Corporation.
- We expect the scope of our environment and energy business, including solar power generation, to expand to approximately ¥200 billion in scale.

Aviation
- We actively pursue aviation business by providing lifecycle management in the aviation market from new and used aircraft to engine and other aircraft 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 collaborating with blue-chip partners.
- Our specialized knowledge and expertise allow us to maximize profits when exiting transactions.

Operating Assets by Product (FY ended March 31, 2013 – FY ended March 31, 2017)



Promotion and Evaluation of 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

We are endeavoring to create new value by improving the quality of operating assets, establishing a stable profit base, and constructing a system for securitizing operating assets.

In fiscal 2016 we increased our operating assets in the context of continuing uncertainty in the global political outlook. To establish a stable foundation for profits, we sought to develop non-interest sources of income, including fee businesses and capital gains from equity investments. With respect to constructing a system for securitization, we sought to diversify our sources of profit through the functions of Nittochi Asset Management Co., Ltd.

Initiatives by Business Segment

In ship financing: We aim to diversify our portfolio of vessels and continue creating business opportunities with core partners.
In aviation financing: We have increased our leased fleet to approximately 50 aircraft while also building a system for aircraft sales and developing new areas of financing.
In environment and energy: We achieved steady progress with Kyocera TCL Solar LLC for the solar power generation business while also focusing on diverse energy businesses with promising medium- to long-term growth prospects.
In real estate: We are shifting our business model from long-term ownership to an origination and distribution business that emphasizes profitability.

Policies and Initiatives for the Next Fiscal Year

In fiscal 2017 we will seek to accumulate stable and highly profitable assets toward increasing the balance of operating assets for the Specialty Financing business. Furthermore, we will focus on building a portfolio of prime assets and discovering promising investments for future capital gains.

As core policies, we will (1) build prime assets in the aviation, real estate, and environment and energy segments; (2) accelerate the pace of business development in collaboration with related units; and (3) accelerate the process of discovering new products.

In ship financing: We will reinforce and raise the level of risk management while improving ROA by creating businesses with core partners and bolstering non-asset businesses.
In aviation financing: We will accelerate growth strategies with an eye on working with new corporate partners toward the goal of raising the balance of operating assets to ¥400 billion.
In environment and energy: We will increase solar power generation assets including secondary transactions and pursue new energy businesses with strategic partners.
In real estate: We will focus on building prime assets with leading partners and also seek diverse sources of profit that are resilient to changing market conditions by utilizing Nittochi Asset Management Co., Ltd. and others.

Domestic Automobile Financing

Providing optimal solutions for the changing times with a broad range of services, encompassing automobile leasing and car rental

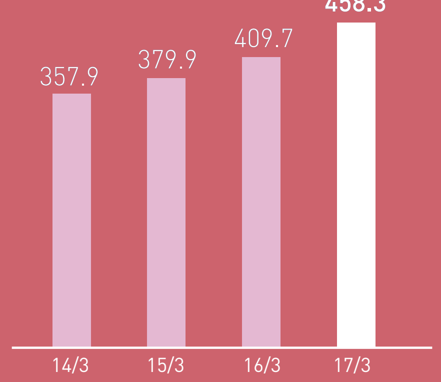
Shift.

Mobilizing the entire Group to become number one in automobile financing

Makoto Nogami
Deputy President, Director and Executive Officer
President, Automobile Finance Business Development Unit

Balance of Operating Assets

(Billions of yen)



Business Overview

We boast one of the largest services in Japan, with Nippon Car Solutions Co., Ltd., Nippon Rent-A-Car Service, Inc. and Orico Auto Leasing Co., Ltd., serving both corporate customers and individuals by providing optimal services for the needs of users.

Further Advancing Service Quality by Boldly Embracing the Dramatic Evolution of the Automobile Industry

Major waves of changes are sweeping through the automobile industry, including self-driving cars, IoT and the sharing economy.

The Domestic Automobile Financing business comprises Nippon Car Solutions Co., Ltd., which mainly serves corporate customers, Nippon Rent-A-Car Service, Inc., providing car rental services to both corporate and individual customers, and Orico Auto Leasing Co., Ltd., which primarily serves individual customers. To keep one step ahead of the anticipated paradigm shift, which includes how automobiles are used, we will seek to expand our existing businesses by leveraging one of the most extensive automobile service lines in Japan. Meanwhile, we will also strive to discover new businesses and advance service quality by boldly taking on the challenges posed by the changes impacting the automobile industry.

Nippon Car Solutions Co., Ltd. will provide a more specialized customer service to actively accumulate prime leasing assets that are resilient to price competition. It will also address the outsourcing needs of large-scale users by developing a solutions business, where it maintains a competitive advantage, to win overwhelming customer approval.

Nippon Rent-A-Car Service, Inc. will focus on establishing a management structure that leverages its overwhelming brand strength. Furthermore, it will endeavor to achieve dramatic growth by enhancing its branch network toward increasing sales, strengthening corporate sales, and capturing the demand from inbound visitors that is expected to grow.

Orico Auto Leasing Co., Ltd. will focus on strengthening the foundation of its Koala Club agency organization while cultivating and invigorating its relationships with large affiliated agencies. It will seek to further improve service quality and expand its business scope as the industry leader in automobile leasing for individual customers.

Under the slogan, “overwhelming the competition by further enhancing service quality and pursuing aggressive management,” the Domestic Automobile Financing business will continue to evolve toward its goal of securing the top position in the overall ranking for the automobile finance business.

Operational Strengths

The increasing popularity and advanced functions of automobiles have shifted the demand for automobiles in Japan from ownership to use. Tokyo Century Group has expanded its fleet under management to approximately 600,000 vehicles* to become an industry leader in Japan by offering a broad range of services from automobile leasing for corporate customers and individuals to car rental, and by further enhancing the value of its services. We are seeking to expand our sales base for the changing times by offering quality services to meet diversifying needs, including highly specialized outsourcing services and car rental services to address the demand from inbound visitors.

* Total for Nippon Car Solutions Co., Ltd., Nippon Rent-A-Car Service, Inc., and Orico Auto Leasing Co., Ltd.

Tokyo Century Group's Automobile Financing Companies

(Percentages in parentheses are Tokyo Century's percentage of voting shares as of March 31, 2017)

Automobile Leasing	Mainly for corporate customers	NCS Nippon Car Solutions Co., Ltd. (59.5%)
Automobile Leasing	Mainly for individuals	Orico Auto Leasing Co., Ltd. (50.0%)
Car Rental Services		NIPPON Rent-A-Car Nippon Rent-A-Car Service, Inc. (81.1%)

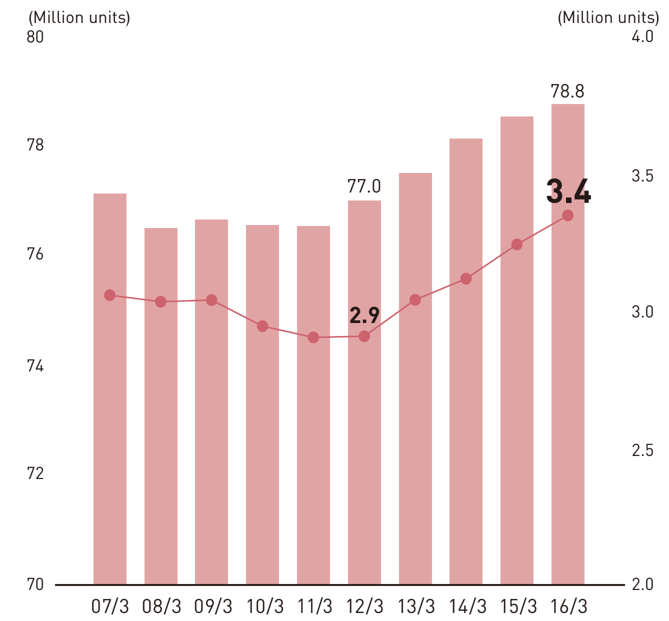
Main Differences among Automobile Leasing, Car Rental, and Ownership

	Automobile Leasing	Car Rental	Ownership (incl. auto loans)
Intended use	Routine, continuous usage	Temporary and short-term intensive usage	Long-term continuous usage
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 car rental company's vehicles	Purchase of desired vehicle by customer
Payment for insurance, maintenance, taxes, and inspections	Generally handled by the leasing company. Included in the lease payment depending on the contract.	Handled by the car rental company and included in the rental fee	Purchaser pays as costs are incurred

Data Related to Domestic Automobile Financing

Total Number of Vehicles and Total Number of Leased Vehicles

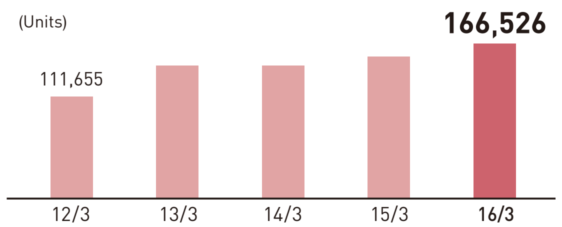
Number of leased vehicles rose by an annual average of 4% from March 31, 2012 to March 31, 2016



Source: Japan Automotive Leasing Association (as of May 31, 2017)
Total Number of Vehicles (Left Scale)
Total Number of Leased Vehicles (Right Scale)

Number of Leased Vehicles for Individuals

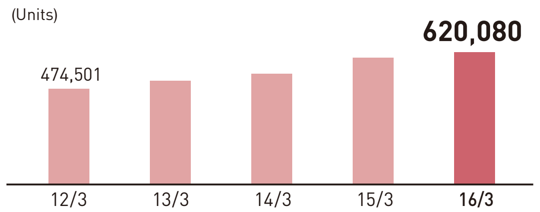
11% annual average increase from March 31, 2012 to March 31, 2016



Source: Japan Automotive Leasing Association (as of May 31, 2017)

Fleet Registrations of Cars in Rental Service

7% annual average increase from March 31, 2012 to March 31, 2016



Source: All Japan Rent-A-Car Association (as of May 31, 2017)

Promotion of 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 first in the business by utilizing our leading service lines in the domestic market.

Nippon Car Solutions Co., Ltd.
- Further enhance service quality to provide highly specialized customer services.
- Win customer approval by developing a business model that is resilient to price competition.

Nippon Rent-A-Car Service, Inc.
- Establish a sales structure that leverages the company's overwhelming brand strength.
- Enhance corporate sales through close collaboration within the Group and capture the demand from inbound visitors.

Orico Auto Leasing Co., Ltd.
- Strengthen the base of the Koala Club, the original agency organization, which has grown to 800 agencies.
- Cultivate and invigorate relationships with large affiliated agencies to expand our scope of business.

Policies and Initiatives for the Next Fiscal Year

The automobile leasing and car rental service businesses have steadily expanded as the drivers of Group performance. In fiscal 2017 we will enhance service quality and pursue an aggressive management approach. We will do this with a focus on reinforcing the sales and management base at each company as we strive to become first in the entire automobile financing business.

Nippon Car Solutions Co., Ltd.
- Enhance service quality with a focus on developing an industry-leading solutions business.
- Expand maintenance lease operations as the pillar of profit and bolster sales channel strategies and specialized business areas.

Nippon Rent-A-Car Service, Inc.
- Review the organizational structure to better leverage the company's overwhelming brand strength.
- Enhance branch network, strengthen corporate sales and efforts to capture the demand from inbound visitors, and actively develop the loaner car business.

Orico Auto Leasing Co., Ltd.
- Reinforce the base of the Koala Club, the original agency organization and cultivate relationships with large affiliated agencies.
- Develop better supportive tools for agencies and expand business scope.

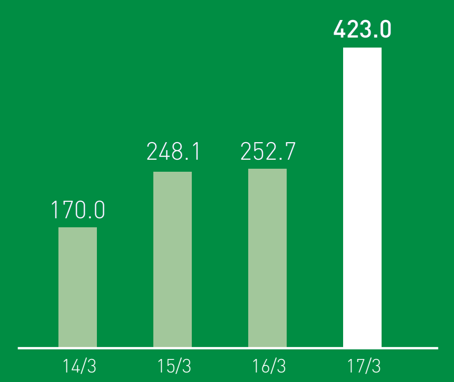
In addition to expanding these conventional businesses, we will take on the challenge of new business areas in the automobile-related industry, which is undergoing major change, including developments related to self-driving cars, IoT and the sharing economy.

International Business

Expanding non-Japanese businesses through strategic alliances with leading local companies and accelerating the pace of business development in new areas such as FinTech and e-commerce

Balance of Operating Assets

(Billions of yen)



Business Overview

We provide specialized services that address unique local needs by partnering with leading local companies and financial institutions overseas. Currently we operate in 37 countries around the world and are promoting new businesses particularly in China and Southeast Asia.

Shift.

Achieving significant growth in overseas businesses through mutually beneficial alliance strategies with top-ranking local companies

Yasushi Yoshino

Senior Managing Executive Officer
President, International Business Development Unit

Expanding Our Alliance Strategies

We have been expanding our overseas businesses by pursuing alliance strategies that promote collaboration with top-ranking partners in each country.

The key to our alliance strategies has been generating synergies between the strengths of Tokyo Century and our partners. These synergies arise from integrating our accumulated financial expertise with the existing customer base and proven information gathering capabilities of our local partners, leading to dramatic growth for our mutual benefit while minimizing risk.

Applying this approach of expanding overseas businesses by promoting alliance strategies under the third medium-term management plan that began in fiscal 2016 has already led to results from the first year of the plan. We began by making the U.S. company CSI Leasing, Inc. into a wholly owned subsidiary. Its competitive advantage lies in IT equipment, and we will aim to provide one of the world's best services in the area of IT equipment leasing. This was followed by our investment and alliance in the electronic money and e-commerce ventures of Lippo Group, the leading conglomerate in Indonesia. We also invested in Grab, the largest ride-hailing platform in the ASEAN region, with whom we entered into a partnership in automobile financing. These investments were made with an eye to utilizing FinTech for developing new business areas.

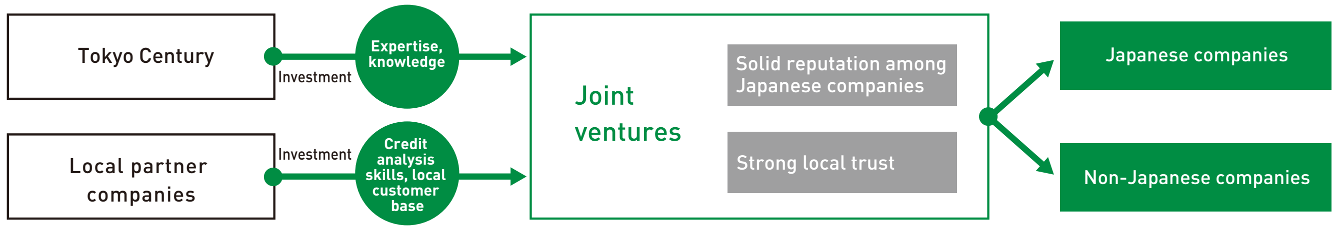
So far in 2017, we have announced two new alliances in China: a strategic business agreement with China UnionPay Merchant Services Co., Ltd. (China UMS), which is the country's leading card payment service operator in the China UnionPay group, and a vendor finance joint venture with the Dalian Bingshan Group, the country's largest refrigeration and air-conditioning equipment manufacturer.

We intend to continue seeking significant growth in our overseas businesses by consistently pursuing our alliance strategies primarily in Asia, a region which offers promising prospects for growth.

Operational Strengths

We have enjoyed tremendous success since the 2009 merger that formed Tokyo Century Group, primarily in the U.S., East Asia and the ASEAN region, achieving a nearly fivefold increase in operating assets over the past eight years. Non-Japanese businesses in particular have been growing rapidly as we aggressively pursue our strategy of forming alliances with leading local companies and financial institutions overseas. In June 2016, CSI Leasing, Inc. (CSI), the largest independent leasing company in the U.S., became a wholly owned subsidiary. We intend to provide premier, world-class IT solutions by leveraging CSI's business model and global network, which maintains a competitive edge in handling information and communications equipment.

Business Model for International Business



Expanding Overseas Businesses by Promoting Alliance Strategies with Local Partners

India
- Leasing business with TATA Capital

Thailand
- Leasing business with TISCO Financial Group, a leading local banking group
- Joint vendor financing venture with Hitachi Construction Machinery Group

Philippines
- Leasing business with Bank of the Philippine Islands, a leading bank

China
- Strategic business agreement with China UnionPay Merchant Services Co., Ltd. (China UMS), the largest card payment service operator
- Joint leasing company with Dalian Bingshan Group, the largest refrigeration and air-conditioning equipment manufacturer
- Investment in a government-affiliated leasing company in Suzhou City, China

Taiwan
- Leasing business with Uni-President Enterprises Group, the largest food company

Indonesia
- Joint vendor financing venture with Hitachi Construction Machinery Group
- Strategic partnership agreement on FinTech and other businesses with Lippo Group, a major conglomerate

Singapore, Indonesia, Philippines, Malaysia, Thailand, Vietnam, Myanmar

Strategic partnership with Grab, the largest ride-hailing platform providing services across seven countries in Southeast Asia, to promote expanding automobile financing-related businesses

Promotion and Evaluation of the Third Medium-Term Management Plan

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

Expand Overseas Businesses by Promoting Alliance Strategies

Under the third medium-term management plan, we intend to expand our international business by promoting an aggressive alliance strategy.

In fiscal 2016, our U.S. business expanded dramatically, as CSI Leasing, Inc. became a wholly owned subsidiary. We also made significant progress in forming alliances with leading non-Japanese companies from the first year of the third medium-term management plan, which led to major results, including the conclusion of various business agreements.

Major Achievements in Fiscal 2016

- Concluded a strategic partnership agreement with Lippo Group, a major conglomerate in Indonesia.
- Concluded a strategic partnership collaborating on leasing and rental car options with Grab, the largest ride-hailing platform in Southeast Asia.
- Concluded a strategic business agreement with China UnionPay Merchant Services Co., Ltd. (China UMS), the largest card payment service operator in China.
- Acquired local automobile leasing operations and established a dedicated automobile leasing company in Thailand.
- Began developing the Nippon Rent-A-Car brand in Malaysia.
- Established a joint venture with Dalian Bingshan Group, the largest refrigeration and air-conditioning equipment manufacturer in China.

Note: For more information on our alliances with Lippo Group, Grab, and China UMS, please see: "Features: Taking on the Challenge of Creating New Values from Finance × Services × Business Expertise" starting on page 22.

Policies and Initiatives for the Next Fiscal Year

In fiscal 2017, which marks the second year of the third medium-term management plan, we will continue to aggressively pursue our strategy of forming alliances with leading local companies and financial institutions overseas toward achieving the plan's final targets. In concrete terms, we will focus on quickly launching joint ventures with alliance partners and developing closer collaborations while also exploring new areas, such as FinTech and e-commerce. Moreover, we will seek to generate synergies by maximizing CSI's business model and global network to expand collaboration with local companies and promote alliances with Japanese companies in the countries in which we operate.

Key Areas of Focus for Fiscal 2017

- Establish joint ventures with local leading companies and expand sales financing and vendor programs.
- Develop new areas in addition to expanding existing businesses in each location.

Evolving Business Fields of “Finance × Services × Business Expertise” and the Future of Corporate Governance

Tokyo Century recognizes corporate governance as a key management concern and receives objective guidance and advice from external officers and company counsel.
For this report, we asked our external director, external corporate auditor, and company counsel to share their views on Tokyo Century’s current governance and future management issues.

Yoshinori Shimizu
Director (External Director)

Tadashi Kunihiro
Company Counsel

Futoshi Okada
Standing Corporate Auditor
(External Corporate Auditor)

Koichi Baba (Facilitator)
Managing Executive Officer
President, Corporate Planning Unit and
President, Accounting Unit

Issues Requiring Attention in Tokyo Century’s Current Business Environment

Baba First, thank you for regularly providing us with pertinent management advice. Tokyo Century is striving to create new values by combining Finance, Services and Business Expertise. Today we would like to hear your views on issues that lie ahead as well as the future of our corporate governance.

As the business environment continues to evolve at an unprecedented pace, what are the issues that require our attention with regard to corporate governance?

Shimizu Clearly recognizing the current landscape is important in the context of the ongoing Fourth Industrial Revolution, in which new technology is changing society and the business environment minute by minute. As President Asada mentioned the other day during the meeting of all heads of divisions and branches, we must keep in mind that all companies are in the midst of reestablishing their foundations. With GDP expanding at a historic pace and technology advancing at an unprecedented speed around the world, what actions should Tokyo Century take? Taking on the challenges of creating new values by combining Finance, Services and Business Expertise will undoubtedly generate conflict with traditional corporate models and ways of thinking, even for a company like Tokyo Century, and new fields cannot be explored until these difficulties are overcome. Forging ahead at the cutting-edge of business requires a system that empowers employees to fearlessly and positively handle these conflicts. This is the goal of corporate governance: to develop and thoroughly establish an effective framework that supports all employees in freely and boldly facing new challenges.

The ability to freely develop business in new fields vitally depends on solid governance.

Yoshinori Shimizu
Director (External Director)

Professor Emeritus at Hitotsubashi University. Advisor to Century Tokyo Leasing Corporation (currently Tokyo Century Corporation) since 2010. External Director since 2011. Draws on his knowledge and insight as an expert in economics and finance to offer advice on general management issues.

Kunihiro I have been involved since the public listing of the former Century Leasing System, Inc., before the merger. My current responsibilities include reviewing issues related to the agenda for the general meeting of shareholders and participating in the Nomination and Compensation Committee as an external member to offer advice primarily from the standpoint of risk management.

Recent discussions on corporate governance have tended to revolve around issues of format, such as the appropriate number of external directors. Instead, we should be thinking about substance. As Mr. Shimizu pointed out, the world is dramatically changing at breakneck speed, requiring companies to keep up and rise to the level of challenges posed by such changes in order to enhance their value. Without a firm footing, however, misconduct can undermine a company’s very ability to take on challenges. In short, corporate governance is about building a foundation from which to launch a timely challenge. Tokyo Century has been able to take on the challenge of new business fields at a rapid pace, precisely because it has established a solid footing. In other words, it has the ability to manage risk under the constant scrutiny of outside players, instead of being hampered by subjective judgment.

Risk is the flipside of opportunity. They are two sides of the same coin, not an either-or choice between “offense” and “defense.” Corporate governance is often explained in terms of “offense” and “defense,” with the sense that “defense” means not engaging in misconduct, or simply meeting the minimum legal requirements.

Evaluation of the Current State of Corporate Governance at Tokyo Century and Outstanding Issues

Baba Although we are currently showing steady business results, I am concerned that simply continuing along the same lines as in the past will increase the likelihood of running into a harsh management environment. As the responsible unit, we have repeatedly discussed ways to enhance the framework and management of our corporate governance. What is your assessment of the current state of our governance?

Shimizu Briefings held before board of directors meetings have been very helpful. However, in view of the growing number of consolidated subsidiaries, I think that knowing the people in charge of the subsidiaries would deepen overall understanding.

Kunihiro Continuing on the theme of “offense” and “defense,” I would like to point out that new business fields bring risks that cannot be assessed from the standpoint of existing legislation and regulations. Instead, we should refer to the public’s trust in the company. In that sense, external directors and corporate auditors serve as stakeholder representatives. Under the leadership of President Asada, Tokyo Century has continued to grow by taking on challenges while at the same time reinforcing governance.

Risk is the flipside of opportunity. A solid management foundation enables Tokyo Century to take on challenges.

Tadashi Kunihiro
Company Counsel

Foremost expert on crisis management and information management. Offers advice as company counsel and as a member of the Nomination and Compensation Committee.

We markedly improve the quantity and quality of information by actively seeking it out instead of waiting for it to arrive.

Futoshi Okada
Standing Corporate Auditor
(External Corporate Auditor)

Standing Corporate Auditor (External Corporate Auditor) of Century Tokyo Leasing Corporation (currently Tokyo Century Corporation) since 2012. Concurrently serves as Auditor of consolidated subsidiaries, including Nippon Car Solutions Co., Ltd. and Tokyo Century Leasing China Corporation. Having worked at a financial institution and its affiliates, Mr. Okada conducts corporate audits by drawing on his extensive experience and knowledge accumulated in managing financial institutions.

Executive self-governance is imperative so that we are not shackled by convention.

Koichi Baba (Facilitator)
Managing Executive Officer
President, Corporate Planning Unit and
President, Accounting Unit

Appointed Executive Officer, General Manager of Corporate Planning Division and Deputy President, Business Process & IT Unit at Century Tokyo Leasing Corporation (currently Tokyo Century Corporation) in 2014. Appointed Managing Executive Officer, President, Corporate Planning Unit, President, Accounting Unit and General Manager of Corporate Planning Division in 2016. Appointed to the current post in 2017.

Corporate governance also functions as a check on risks related to the management team. President Asada has been fully aware of this in seeking to incorporate external viewpoints into management, so I believe the company is covered on the most important front.

At the practical level of daily operations, there is a sense of hesitation when interacting with external directors and corporate auditors, which is not good. Corporate governance is based on actively incorporating the opinions of those outside the company. Consequently, encouraging the sharing of information and eliminating psychological barriers on both sides will lead to more effective governance.

■ **Baba** Mr. Okada also provides oversight as the corporate auditor of our subsidiaries. What are your views on the role of the external corporate auditor?

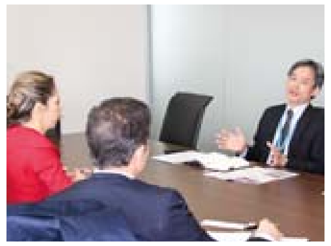
■ **Okada** My position is extraordinary in the sense that I serve as a standing corporate auditor while also being an external corporate auditor. First, as a full-time auditor, I have access to a far greater amount of information. I am consulted on a regular basis and receive a constant flow of information. However, rather than simply waiting, I actively exercise my right to access databases and collect information. Also, I distribute monthly reports to the part-time corporate auditors. As Mr. Shimizu mentioned, the company has continued to move into new business fields, having started out in leasing and installment sales then advancing into financing, and it is now involved in the actual operation of businesses such as solar power generation. This journey has been accompanied by corporate spin-offs and the rapidly rising status of Group subsidiaries. At Tokyo Century, eight out of fourteen major consolidated subsidiaries in Japan are being audited by me and another standing corporate auditor. Since the subsidiaries have their own standing corporate auditors, there is a little overlap. But we greatly benefit from listening to unfiltered information and reviewing actual business documents from these companies by attending monthly board of directors meetings and exchanging views with their corporate auditors. When there is a need for improvement, I try to provide objective oversight by presenting concrete examples from other companies and by widening the scope of information collection to include subsidiaries.

■ **Kunihiro** As a lawyer, I would say this is the ideal role for a corporate auditor. While corporate governance begins with developing a system, information is the cornerstone. Without information, the system cannot function. From what you have just said, Mr. Okada, I feel that Tokyo Century is taking mindful action on the most important aspect. It is noteworthy that many recent corporate scandals originated with subsidiaries and caused serious damage to parent companies. Managing the risks associated with subsidiaries is crucial, from the perspective of both auditing and internal control.

■ **Baba** On the executive side of operations, I think we may have become too comfortable with the everyday flow of information. We must proactively communicate the current state of the company to outside stakeholders. I believe that those of us on the executive side must exercise self-governance.

■ **Shimizu** The question is: How much negative information reaches us? It is essential to adopt the stance of getting negative information out first. Looking ahead, establishing corporate governance at overseas affiliates will be a major issue.

■ **Okada** Since overseas companies do not have corporate auditor systems, we cannot in practice concurrently play that role, although we conduct on-site auditing just as we do in Japan. And as the number of these audits increases, we get to hear about new issues. CSI Leasing, Inc. recently joined the Group, and due to the significant scope of its operations, we are currently considering the best timing for conducting an on-site audit. We must also explain Japanese-style corporate governance. As for the future, I am aware of the need to establish a system of governance for joint ventures, especially when Tokyo Century is not the majority shareholder.


Meeting with the CSI Leasing audit team

■ **Kunihiro** Conducting on-site audits precisely because a subsidiary is located in a remote region is what I would call risk-based thinking.

What We Expect from Tokyo Century

■ **Kunihiro** Tokyo Century is an interesting company. I hope it will maintain its rapid pace and spirit of challenge and integrate “offense” and “defense” into its management style to achieve future growth.

■ **Shimizu** While paying due consideration to market expectations, the company will need to develop new business fields that serve society. Advancing technologies will soon call into question the very existence of financial institutions. Leasing is a unique business that is free from the constraints of collateral. I expect Tokyo Century to continue creating innovative financial models and seek growth with the determination to become a leader in the evolving financial sector.

■ **Okada** Given that the company is committed to developing new business fields, those of us on the auditing side should also examine potentially suitable methodologies and present our ideas to the executives to advance the discussion. I will do my best to secure a solid footing so that the company can appropriately handle emerging risks.

■ **Baba** The views you shared with us today have put a lot into perspective. Looking ahead, we will seek to refine our corporate governance to support sustainable growth. Thank you very much for your invaluable opinions.

Corporate Governance

Tokyo Century 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

Tokyo Century'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 11 directors, and three of them are external directors, as defined by Article 2-15 of the Corporation Law of Japan. The Board of Directors deliberates on and makes decisions about important issues associated with the management of Tokyo Century 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.

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

Board of Corporate Auditors

Tokyo Century has adopted the organizational structure of a company with a board of corporate auditors. The Board of Corporate Auditors consists of three corporate auditors. Two of them are full-time corporate auditors and two 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 and Compensation Committee

Tokyo Century's Nomination and Compensation Committee consists primarily of external directors and advises the Board of Directors. The committee nominates and selects candidates for director and corporate auditor positions as well as executive officers, and discusses matters including decisions about compensation systems and policies. The committee reports to the Board of Directors.

Independence of Management Oversight Structure

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

No conflicts of interest exist between the Company and its external directors or auditors. The three external directors and two external auditors also hold positions at other companies and organizations, as listed on page 50.

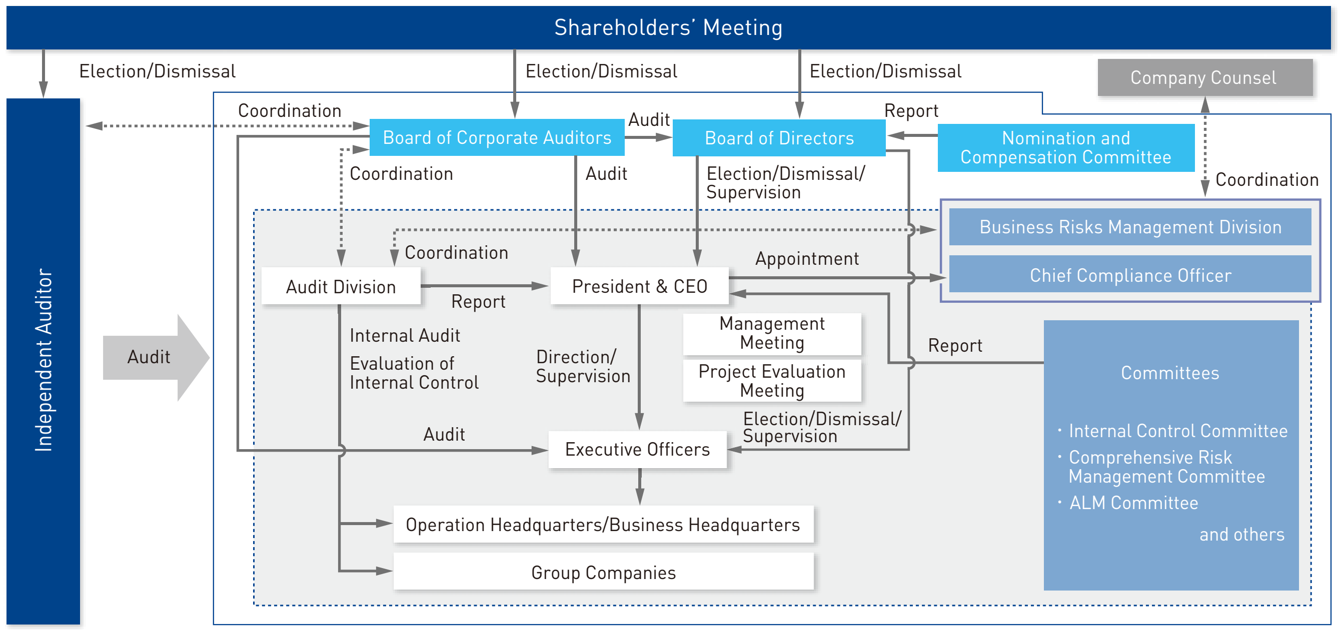
Management Meeting

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 Tokyo Century and Group companies, as well as transactions that warrant complex risk analysis.

System of Corporate Governance and Internal Control (as of June 23, 2017)



Committees

Internal Control Committee

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

Comprehensive Risk Management Committee

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

ALM Committee

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

Credit Risk Management Committee

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

IT and Administration Strategy Management Committee

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

Internal Control

Basic Policy for the Internal Control System

All officers, managers, and employees are expected to adhere to the Management Philosophy as a basic policy while 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 the 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

Tokyo Century 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 2016

Target	Subjects	Implemented
New employees (rank-based training)	• Compliance fundamentals • The proper mindset in regard to laws and internal rules • Information security rules, countermeasures and others	April 2016
All officers, managers and employees (e-learning)	• Tokyo Century Group's internal reporting systems • Proper management of personal information and customer information • Shutting out antisocial forces and others	June 2016
New managers (rank-based training)	• Compliance management for managerial positions • Compliance, risk management and others	June 2016
All officers, managers and employees (e-learning)	• The fraud triangle theory • Harassment-related issues and others	February 2017
Compliance officers (newsletter)	• Corporate bankruptcies due to compliance violations • Insider trading information management • Full implementation of information security rules • Tax risk prevention, countermeasures and others	Four times per year Optional training provided for divisions and branches

External Directors, External Corporate Auditors, and Reasons for Their Appointment (as of June 23, 2017)

External Directors

	Independent Officer	Reasons for Appointment	Shares Held (Thousands)	Years Served	Attendance at Regular Meetings of Board of Directors
Yoshinori Shimizu • External Director, Nisshinbo Holdings Inc. • Professor Emeritus, Hitotsubashi University	○	Mr. Shimizu possesses highly advanced knowledge as a monetary economics research professional. He applies this expertise in the management of the Company from a macro standpoint and monitors management from an independent perspective. His appointment will contribute to achieving sustainable growth and enhancing the corporate value of Tokyo Century over the mid- to long-term.	2	6	14 of 14
Masao Yoshida • External Director, Furukawa Co., Ltd. • External Director, JFE Holdings, Inc.	○	Mr. Yoshida brings a wealth of experience and broad knowledge on management from his lengthy involvement in corporate management at a major electric manufacturing company. His extensive knowledge and superior insights will be reflected in the management of Tokyo Century, while he also offers objective advice from a broad, external perspective.	–	New appointment	–
Yukito Higaki • President, Imabari Shipbuilding Co., Ltd. • President, Shoei Kisen Kaisha, Ltd.	○	Mr. Higaki brings a wealth of experience and broad knowledge on management from his lengthy involvement in corporate management at a major shipbuilding company. His extensive knowledge and superior insights will be reflected in the management of Tokyo Century, while he also offers objective advice from a broad, external perspective.	–	New appointment	–

External Corporate Auditors

	Independent Officer	Reasons for Appointment	Shares Held (Thousands)	Years Served	Attendance at Regular Meetings of Board of Directors	Attendance at Meetings of Board of Auditors
Futoshi Okada • Auditor, Nippon Car Solutions Co., Ltd. • Auditor, Nippon Rent-A-Car Service, Inc. • Auditor, TC Property Solutions Corporation • Auditor, TRY, Inc. • Auditor, TC Business Experts Corporation • Auditor, Tokyo Century Leasing China Corporation • Auditor, Tokyo Century Factoring China Corporation	–	Mr. Okada applies his extensive experience in business management of financial institutions as well as broad knowledge and experience of business operations and overseas business to the audit functions of Tokyo Century.	0	5	14 of 14	11 of 11
Mikio Fukushima	○	Mr. Fukushima applies his extensive experience in management and his broad knowledge to the audit functions of Tokyo Century.	0	3	13 of 14	11 of 11

Risk Management

Tokyo Century 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 Information Security Policy, rules for handling personal information, and a management system based on ISO 27001 standards.

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.

IS91018-ISO27001

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.

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 2016

May 2016	Results briefing for the fiscal year ended March 31, 2016
Nov. 2016	Results briefing for the first six months of the fiscal year ending March 31, 2017
Nov. & Dec. 2016	Corporate briefings for individual investors

Corporate briefing for individual investors

Management Organization

⑨ ⑦ ⑤ ③ ① ② ④ ⑥ ⑧ ⑩ ⑪

Board of Directors

① Chairman & Co-CEO, Representative Director
Toshihito Tamba

② President & CEO, Representative Director
Shunichi Asada

③ Director (External Director)[1, 3]
Yoshinori Shimizu

④ Director (External Director)[1, 3]
Masao Yoshida

⑤ Director (External Director)[1, 3]
Yukito Higaki

⑥ Deputy President, Director and Executive Officer
Makoto Nogami

President, Automobile Finance Business Development Unit;
Executive Advisory Officer for Equipment Leasing Business Development Unit;
Executive Advisory Officer for Metro Tokyo Business Unit;
Executive Advisory Officer for Regional Business Unit;
President & CEO, Representative Director, Nippon Car Solutions Co., Ltd.

⑦ Deputy President, Director and Executive Officer
Koichi Nakajima

President, Specialty Finance Business Development Unit;
President, Specialty Finance Business Unit I;
President, International Business Unit II;
Executive Advisory Officer for Specialty Finance Business Unit II

⑧ Director and Senior Managing Executive Officer
Masataka Yukiya

President, Corporate Business Unit III;
Executive Advisory Officer for Corporate Business Unit I;
Executive Advisory Officer for Corporate Business Unit II;
Executive Advisory Officer for Corporate Business Unit III;
Executive Advisory Officer for IT Equipment Business Unit

⑨ Director and Executive Officer
Osamu Tamano

President, Corporate Business Unit II;
President, Equipment Asset Management Unit;
Deputy President, Business Process Management Unit;
President & CEO, Representative Director, TRY, Inc.

⑩ Director and Executive Officer
Akihiro Naruse

President, Equipment Leasing Business Development Unit;
President, IT Equipment Business Unit

⑪ Director and Executive Officer
Seiichi Mizuno

Deputy President, Risk Management Unit;
In charge of Audit Division

Corporate Auditors

Standing Corporate Auditor (External Auditor)[2]
Futoshi Okada

Standing Corporate Auditor
Yasuyoshi Nozaki

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

Executive Officers

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

Managing Executive Officers
- Kenji Murai
- Takashi Kamite
- Yoshio Nomura
- Koichi Baba
- Mahoko Hara
- Toshifumi Takashima

Executive Officers
- Kazuhiro Shibata
- Tomoyuki Akamatsu
- Shuji Ozawa
- Toshio Kitamura
- Tatsuya Yamamoto
- Ko Nakagawa
- Hiroaki Ogino
- Foo Siang Seng
- Tatsuya Hirasaki

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

Human Resources

Interview with General Manager of Personnel Division

Personnel are a company's most valuable asset

Human resource development requires a Group-wide commitment. Our strength lies in a corporate culture that allows employees with diverse backgrounds to share their knowledge in a spirit of mutual respect.

Toshiyuki Otobe
General Manager of Personnel Division

Joined Tokyo Leasing Co., Ltd. (currently Tokyo Century Corporation) in 1987. Spent many years in the development and maintenance of mission-critical systems. Worked in the Corporate Planning Division before assuming his current post in 2012.

The Strength of Tokyo Century's Human Resources and Four Important Aspects for the Future

With its roots in the Equipment Leasing business, Tokyo Century Group has continuously expanded the scope of its operations and is now developing global businesses that also encompass: Specialty Financing in fields such as shipping, aviation, real estate, and environment and energy; International Business primarily in the United States and Asia; and Domestic Automobile Financing.

Tokyo Century Group owes its growth to the work of its employees. However, we did not necessarily have a complete group of experts in new business fields from the beginning. Employees with no experience other than the leasing business took on the challenges of different fields and persisted in their efforts to become professionals, consequently becoming human resources that figure prominently in a broad range of businesses.

Also significant are the active roles of individuals who were hired mid-career. We began by hiring in the shipping, aviation, and international businesses, and with the increasing sophistication of our operations, we have also been employing individuals with extensive experience from various sectors in areas that require a high degree of expertise such as IT, accounting, and internal control. While the retention rate of mid-career hires is often cited as a concern, it is extremely high at Tokyo Century, and they have been demonstrating their talents in various workplaces. These employees tell us how our corporate culture has enriched their experience by giving them freedom as well as responsibility and authority.

I believe our strength lies in the way employees bring their varied experiences and share their knowledge to maximize mutual strengths, and in having a corporate culture that embraces diverse individuals.

Meanwhile, as the business environment continues to change dramatically, I think there are four important aspects for employees of Tokyo Century Group to bear in mind as we gear up for the next leap.

The first is to **become a professional in a given field**. Unless you become a professional in your assigned field, you are unlikely to succeed in any other. Professionalism is an important requirement for any member of an organization. The second is **flexibility**, which is the ability to adapt to a rapidly changing environment and to transform yourself. The third is to **enjoy your work with a positive attitude**. If you are going to do something, you might as well enjoy doing it. I believe that having this attitude is most important. Lastly, the fourth is to **take actions based on a broad perspective**. A vertically organized company will eventually decline. Imagination and creativity result from communicating information, accepting others, and seeking inclusion.

Initiatives for Bolstering Development of Human Resources under our Management Strategy to Strengthen the Management Base

Tokyo Century's educational program is classified primarily into four categories of training, namely on-the-job training, training by position, self-development, and international training. We conduct position-based training every year for employees in their first through ninth years with the company. Over the past few years, we have focused on training new employees, because motivated individuals will continue to learn on their own initiative if they start training early. Developing global human resources is another pressing issue, and we provide an environment in which anyone who wants relevant training can receive it at any time. We also provide career planning to motivate individuals to recognize the changes taking place around them and transform themselves without resting on their laurels, to continue being needed by those around them and by the company, regardless of their age. For Tokyo Century, personnel are a company's most valuable asset, and we believe that human resource development requires a Group-wide commitment.

I want the lives of our employees to be fulfilling. In addition to staying healthy, people need to be where exposure to diverse values is a pleasant experience. Employees should be able to work effortlessly in an environment where diversity is an unconscious part of the fabric. Above all, each individual should be motivated toward self-development. Looking ahead, I would like to continue enhancing our working environment and programs by maintaining a dialogue with employees so that each individual can work with confidence and pride.

■ Human Resource Development

Basic Policy

Tokyo Century Group believes that personnel are a company's most valuable asset and a driving force for sustainable growth. In order to encourage each and every employee to demonstrate their abilities and individuality, we support self-directed career and ability development through various Group-wide initiatives. Tokyo Century is fostering a corporate culture and a rewarding workplace in which diverse, globally-aware professionals can flourish.

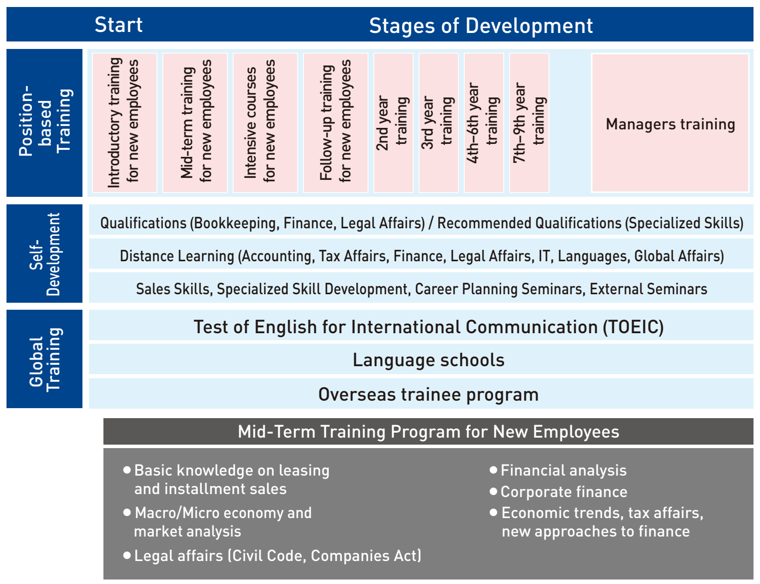
Human Resource Development

Initiatives for Developing Human Resources

Tokyo Century Group provides a variety of educational programs that meet the needs of employees in accordance with years of employment and career plans. We conducted a total of 15,000 hours of training last year.

While our employees receive their education on the job over their first nine years, they also participate in training corresponding to each year of employment, aimed at the systematic acquisition of the knowledge and skills required by their jobs. We also organize training for managers as a means of clarifying the roles, knowledge, and skills required of them, as well as to enhance their management capabilities. In addition, we encourage self-development by supporting employee efforts to develop their own capabilities, while striving to cultivate global human resources.

Educational Programs for Developing Professional Skills



Diverse Workstyles

Initiatives on Diversity

Tokyo Century Group encourages its diverse workforce to proactively demonstrate its capabilities and personalities. We established the Diversity Promotion Office within the Personnel Division to support its efforts by nurturing a corporate culture that encourages employees with diverse characteristics to thrive. Under our Basic Diversity Policy, we are implementing a variety of related measures to promote diversity. In March 2016, we formulated the Action Plan for the Promotion of Women's Active Participation and have set quantitative targets to be achieved by March 31, 2020. We have made steady progress in fiscal 2016 and will continue to actively pursue our initiatives.

As a concrete initiative for fiscal 2016, we organized a Diversity Seminar in January 2017 to encourage female employees to think about career development as well as the reason and purpose of their work. The seminar was attended by 43 women in their first to eighth years at Tokyo Century. We also continued to encourage male employees to take childcare leave and introduced an hourly paid leave program, which allows employees to adjust their work hours in one-hour increments. In addition, we promoted the Premium Fridays program to encourage employees to take paid or hourly paid leave each Friday. We will continue to support these programs to enable employees with diverse capabilities and personalities to demonstrate flexible thinking and take dynamic action.

Managing Executive Officer Mahoko Hara giving a talk on career development

Male employees are encouraged to take childcare leave

Diversity seminar

Action Plan for the Promotion of Women's Active Participation—Quantitative Targets (To be achieved by March 31, 2020)

① Increase the percentage of women in new hires to at least 30%	② Increase the percentage of women in managerial positions to at least 10%	③ Increase the percentage of childcare leave taken by men to 100%	④ Increase the percentage of annual leave taken to at least 70%
Status as of April 2017: 32%	Status as of March 31, 2017: 5.5%	Status as of FY2016: 93%	Status as of FY2016: 74%

Selected as a "Nadeshiko Brand"

The "Nadeshiko Brand" was inaugurated in fiscal 2012 as a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. Under this initiative, the companies recognized for their excellence in empowering women are announced every year. Tokyo Century was selected in 2017 for promoting diversity as part of its management policy and actively engaging in and disclosing information on initiatives for empowering women in the workplace.

NADESHIKO BRAND 2017

Recognized as a "White 500" Organization under the 2017 Certified Health and Productivity Management Organization Recognition Program

Tokyo Century was among the "White 500" organizations certified under the 2017 Certified Health and Productivity Management Organization Recognition Program* of the Ministry of Economy, Trade and Industry. One reason for recognizing Tokyo Century was the ratio of employees receiving regular health checkups, which was an evaluation criteria. As a result of measures that included verbal encouragement from supervisors, the ratio of employee health checkups reached 100% in fiscal 2014 and has since been maintained.

2017 健康経営優良法人 Health and productivity ホワイト500

* A program that recognizes outstanding large enterprises and small- and medium-sized enterprises and other organizations engaging in efforts for health and productivity management in initiatives for overcoming health-related challenges in regional communities or for promoting health-conscious activities led by the Nippon Kenko Kaigi.

Society

Basic Policy

Tokyo Century Group contributes to society through its business of providing unique and highly specialized financial services. In addition, it donates money to nonprofit organizations and groups that serve the public's interests as part of its social contribution activities. It also actively engages with local communities such as by assisting with cleanup campaigns near its offices and holding industry seminars at universities.

Social Contribution Activities

Visiting an Elementary School in Thailand and Donating Chairs

Employees of TISCO Tokyo Leasing Co., Ltd. (TTL), a local subsidiary in Thailand, visited an elementary school in Suphan Buri Province in February 2017. There they engaged in friendly interaction with the children by playing soccer and musical chairs. They also donated chairs and other goods. TTL supports initiatives that create opportunities for local children so that they can enjoy playing and learning.

EPC's Efforts through Timmy's Mountain – Just Because We Care

EPC, Inc., a wholly owned U.S. subsidiary of CSI Leasing, has been fighting malnutrition and educating children in a small community in the Guaymitas Mountains in Honduras since 2003 by working with Timmy's Mountain – Just Because We Care, a nonprofit organization that helps feed, educate, and care for children in need in the country. EPC also sponsored the Honduran Street Party Run for Timmy's Mountain, a charity run, in March 2017. The money raised at the event is being used toward ongoing support for 150 children through Timmy's Mountain.

External Evaluation

FTSE4Good Index

Tokyo Century has been selected as a constituent of the FTSE4Good Index, a major global index for socially responsible investment.

FTSE4Good

FTSE Blossom Japan Index

Tokyo Century Corporation has become a constituent of the FTSE Blossom Japan Index*, which is designed as a tool to measure the performance of Japanese companies that demonstrate strong Environmental, Social and Governance (ESG) practices.

* The Government Pension Investment Fund (GPIF) of Japan has selected the index as a benchmark for passive ESG investments, while the index is increasingly viewed as a landmark index for future ESG investments.

FTSE Blossom Japan

2017 Competitive IT Strategy Company Stock Selection

Competitive IT Strategy Companies are recognized for their strategic utilization of IT to achieve business innovation and strengthen competitiveness. Companies from the roughly 3,500 listed in Japan are selected for each industry sector. Tokyo Century has been selected for three consecutive years, since fiscal 2015.

2017 攻めのIT経営銘柄 Competitive IT Strategy Company

JPX-Nikkei Index 400

This stock index is composed of companies with high appeal for investors, which meet requirements of global investment standards, including ROE, an indicator of capital efficiency. Tokyo Century has been selected to the index since its launch in 2014.

JPX-NIKKEI 400

Environment

Basic Policy

Tokyo Century Group recognizes that addressing environmental issues is an important social responsibility and it therefore seeks to contribute to the creation of an environmentally-sound, sustainable economy and society by acting with due consideration for environmental concerns, such as preventing environmental pollution, mitigating the effects of climate change, and preserving biodiversity in all areas of its business activities. Tokyo Century has established an environmental management system encompassing companies in the Group, with the President serving as chief executive and the president of the Risk Management Unit serving as environmental manager. Our environmental management system involves the planning, implementation, operation, and inspection of environmental initiatives in accordance with the PDCA cycle. The system also involves periodic management reviews on the state of initiatives to promote continuous improvement in this area.

Environmental Performance Report

In accordance with its Basic Environmental Policy, Tokyo Century Group has adopted an ISO 14001-compliant environmental management system for reducing its impact on the environment. While calculating and continually monitoring our annual CO_2 emissions, we implement environmental management toward achieving sustainable development. The following statistics are the data points managed through Tokyo Century Group's environmental management system.

Environmental Performance Report

Environmental Objective	Item (unit)	FY2014	FY2015	FY2016	Change	FY2017
		Result	Result	Result		Target
Reduce use of electricity	Electricity used (kWh)	1,976,525	1,870,991	1,893,603	1.21%	2,000,000
	CO_2 emitted (t-CO_2)	1,087	1,029	1,096	67	1,158
Reduce use of paper[1]	Office-use paper (sheets)	15,670,500	15,517,125	16,525,469	6.5%	17,700,000
Improve fuel efficiency	Fuel consumed (L)	112,138 (rental cars: 21,945)	106,777 (rental cars: 24,477)	96,309 (rental cars: 24,471)	(10,468)	110,000
	Fuel efficiency (km/L)	13.5	13.5	13.5	—	13.5
	CO_2 emitted (t-CO_2)	258	247	225	(22)	256
Reduce CO_2 emissions through solar power generation business of Kyocera TCL Solar LLC	Annual electricity generated (MWh)	28,098	67,011	111,487	36,331	
	Annual reduction in CO_2 (t) (Comparison with conventional thermal power generation)	8,837	21,075	35,063	11,426	
Reduce industrial waste	Industrial waste (t)	264	248	280	32	
	Volume of valuable waste recovered (t)	190	151	197	46	
	Valuable waste ratio (%)	41.8	37.8	41.3	3.5%	
Promote refurbishing business	Annual pre-owned PCs sold (units)	250,016	233,162	272,925	39,763	

1. Number of sheets purchased is converted into A4 equivalent sheets multiplied by 2 for A3, 0.75 for B5, and 1.5 for B4.

Medium- and Long-Term Initiatives

Environmental Objective	Item (unit)	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 to FY2009[2]
	Annual CO_2 emissions (t-CO_2)	1,158	

2. Tokyo Century 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 accordingly.

Environmental Accounting

Tokyo Century Corporation uses environmental accounting to accurately assess the impact of environmental protection costs on its business activities and increase the efficiency and effectiveness of its environmental management. The following statistics apply to Tokyo Century Corporation only.

Environmental Accounting (April 1, 2016 – March 31, 2017)

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		3	3
Pollution control costs and energy savings costs	Switching sales fleet to low-emission cars	(3)	(3)
(2) Upstream/downstream costs	Waste treatment	10	—
(3) Management costs	ISO 14001 certification maintenance/management	5	—
	Management office operation and environmental CSR operations		
Total [(1) + (2) + (3)]		18	3

Acquisition of ISO 14001 Certification for Environmental Management Systems

Tokyo Century Corporation has acquired ISO 14001 certification, the international standard for environmental management systems.

Scope of Coverage

Tokyo Century Corporation (Head Office, Okachimachi Office, Akihabara UDX, Tokyo Techno Center), TRY, Inc., TC Agency Corporation, Fujitsu Leasing Co., Ltd. (Head Office)

The following subsidiary has acquired the certification individually.
Nippon Car Solutions Co., Ltd. (Head Office)

Environmental Initiatives

Employees at U.S. Subsidiary Volunteered to Mend and Clean Homes

Employees at U.S. subsidiary Tokyo Century (USA) Inc. volunteered to mend and clean the homes of residents in Palm Springs, California, as part of activities related to the Annual Convention held by the Equipment Leasing and Finance Association.

Recognized as a PFA21 "Good Practice" Company by the Ministry of the Environment, Japan

Good Practice recognizes companies that pursue excellent initiatives for shaping a sustainable society. Its goal is to broaden interest in and promote advanced initiatives by sharing best practices among financial institutions that are signatories to the Principles for Financial Action for the 21st Century (PFA21). Tokyo Century's initiative in the renewable energy field was selected in the 5th Good Practice selection session under PFA21.

21世紀金融行動原則

Financial Section

Contents

Consolidated Balance Sheet

Tokyo Century Corporation and Consolidated Subsidiaries
As of March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Assets			
Current assets:			
Cash on hand and in banks (Notes 8, 13 and 18)	¥83,565	¥80,395	$744,792
Accounts receivable:			
Installment sales (Notes 8, 9 and 18)	216,466	226,467	1,929,290
Lease receivables and investment assets (Notes 8, 9, 16 and 18)	1,600,637	1,480,951	14,265,928
Loans (Notes 8, 9 and 18)	539,058	528,365	4,804,443
Leases	27,525	24,287	245,328
Operational investment securities (Notes 6 and 18)	209,712	194,627	1,869,092
Short-term investment securities (Notes 6, 13 and 18)	4,052	12,843	36,122
Inventories (Note 8)	1,796	677	16,013
Deferred tax assets (Note 14)	7,074	4,349	63,051
Other current assets (Note 8)	81,016	69,256	722,071
Allowance for doubtful accounts (Note 18)	(4,104)	(3,236)	(36,578)
Total current assets	2,766,802	2,618,986	24,659,554
Investments and other assets:			
Investments in securities (Notes 6, 8 and 18)	69,592	64,278	620,251
Long-term loans and other assets	34,318	27,934	305,866
Claims provable in bankruptcy or rehabilitation (Note 18)	1,625	2,199	14,488
Deferred tax assets (Note 14)	6,124	4,701	54,587
Allowance for doubtful accounts (Note 18)	(1,072)	(1,490)	(9,555)
Total investments and other assets	110,588	97,623	985,638
Property and equipment, at cost less accumulated depreciation:			
Leased assets (Notes 7 and 8)	636,820	545,724	5,675,761
Advances for purchases of property for lease	4,561	12,302	40,651
Other operating assets (Note 7)	26,823	25,442	239,068
Own assets in use (Notes 7 and 8)	13,419	9,733	119,607
Total property and equipment, net	681,624	593,202	6,075,088
Intangible assets:			
Computer programs leased to customers	258	231	2,301
Goodwill	13,612	3,614	121,323
Other intangible assets	6,806	4,204	60,660
Total intangible assets	20,676	8,050	184,284
Deferred assets	189	—	1,692
Total assets	¥3,579,882	¥3,317,862	$31,906,259

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Liabilities and net assets			
Current liabilities:			
Short-term borrowings (Notes 8, 9 and 18)	¥1,276,141	¥1,275,981	$11,373,812
Current portion of long-term debt (Notes 8, 9 and 18)	420,416	323,426	3,747,027
Notes and accounts payable – trade (Note 18)	215,570	197,272	1,921,307
Lease obligations (Notes 16 and 18)	6,994	7,335	62,339
Accrued income taxes (Note 14)	10,730	9,614	95,640
Deferred tax liabilities (Note 14)	2,138	1,507	19,057
Deferred profit on installment sales (Note 18)	14,975	12,026	133,472
Other current liabilities	67,273	51,076	599,582
Total current liabilities	2,014,241	1,878,241	17,952,240
Long-term liabilities:			
Long-term debt (Notes 8, 9 and 18)	1,036,485	952,082	9,237,843
Lease obligations (Notes 16 and 18)	9,634	10,912	85,872
Provision for directors' retirement benefits	236	259	2,104
Net defined benefit liability (Note 15)	9,540	9,614	85,028
Deferred tax liabilities (Note 14)	18,065	2,483	161,012
Provision for automobile inspection costs	957	940	8,530
Other long-term liabilities	85,902	88,454	765,619
Total long-term liabilities	1,160,822	1,064,748	10,346,009
Total liabilities	3,175,063	2,942,990	28,298,249
Contingent liabilities (Note 17)			
Net assets (Note 25)**:**			
Shareholders' equity (Notes 19, 20 and 21)			
Common stock without par value: Authorized: 400,000,000 shares Issued: 106,624,620 shares in 2017 and 2016	34,231	34,231	305,089
Capital surplus	7,821	6,122	69,713
Retained earnings	299,671	266,044	2,670,868
Treasury stock: 1,067,233 shares in 2017 and 1,086,343 shares in 2016	(2,757)	(2,806)	(24,581)
Total shareholders' equity	338,966	303,591	3,021,090
Accumulated other comprehensive income			
Net unrealized holding gain on securities	15,830	15,474	141,089
Deferred gain (loss) on hedges	473	(624)	4,220
Translation adjustments	564	3,028	5,032
Remeasurements of defined benefit plans	(1,133)	(1,307)	(10,104)
Total accumulated other comprehensive income	15,734	16,570	140,238
Share subscription rights (Note 21)	943	716	8,405
Non-controlling interests	49,174	53,994	438,275
Total net assets	404,818	374,872	3,608,009
Total liabilities and net assets	¥3,579,882	¥3,317,862	$31,906,259

The accompanying notes are an integral part of these statements.

Consolidated Statement of Income

Tokyo Century Corporation and Consolidated Subsidiaries
Years Ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Revenues	¥976,107	¥940,460	$8,699,706
Costs	823,295	803,645	7,337,753
Gross profit	152,811	136,815	1,361,953
Selling, general and administrative expenses (Note 10)	80,811	70,910	720,248
Operating income	71,999	65,904	641,705
Other income (expenses):			
Interest and dividend income	791	902	7,057
Interest expense	(233)	(306)	(2,078)
Equity in earnings of affiliates	1,172	1,286	10,450
Gain on derivatives other than for trading or hedging	687	755	6,127
Foreign exchange loss	(1,354)	(858)	(12,071)
Gain on step acquisitions	100	—	893
Gain on sales of investments in securities	639	922	5,696
Loss on valuation of investment securities	(110)	(5)	(981)
Company name change cost	(220)	—	(1,963)
Loss on disposal of non-current assets	(100)	(80)	(893)
Office transfer related expenses (Note 11)	—	(289)	—
Other, net	368	228	3,287
Income before income taxes	73,741	68,459	657,230
Income taxes (Note 14)**:**			
Current	22,513	21,429	200,653
Deferred	408	1,723	3,641
	22,921	23,152	204,294
Net income	50,819	45,306	452,935
Net income attributable to:			
Non-controlling interests	7,170	5,273	63,906
Owners of parent (Note 25)	¥43,648	¥40,033	$389,028

The accompanying notes are an integral part of these statements.

Consolidated Statement of Comprehensive Income

Tokyo Century Corporation and Consolidated Subsidiaries
Years Ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Net income	¥50,819	¥45,306	$452,935
Other comprehensive income (Note 12)**:**			
Net unrealized holding gain (loss) on securities	348	(947)	3,104
Deferred gain (loss) on hedges	1,355	(927)	12,081
Translation adjustments	(2,079)	(2,664)	(18,535)
Remeasurements of defined benefit plans	238	(1,657)	2,123
Share of other comprehensive income (loss) of affiliates accounted for using equity method	(1,001)	(318)	(8,928)
Total other comprehensive income (loss)	(1,139)	(6,516)	(10,154)
Comprehensive income	¥49,679	¥38,789	$442,780
Comprehensive income attributable to:			
Owners of parent	¥42,812	¥34,211	$381,574
Non-controlling interests	¥6,867	¥4,578	$61,205

The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Net Assets

Tokyo Century Corporation and Consolidated Subsidiaries
Years Ended March 31, 2017 and 2016

	Number of shares (Thousands)		Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017	2016	2017
Common stock					
Balance at beginning of year	106,624	106,624	¥34,231	¥34,231	$305,089
Balance at end of year	106,624	106,624	34,231	34,231	305,089
Capital surplus					
Balance at beginning of year			6,122	5,537	54,567
Disposal of treasury stock			4	(12)	36
Purchase of shares of consolidated subsidiaries			1,695	597	15,109
Balance at end of year			7,821	6,122	69,713
Retained earnings					
Balance at beginning of year			266,044	233,650	2,371,160
Net income attributable to owners of parent for the year			43,648	40,033	389,028
Cash dividends			(9,710)	(7,175)	(86,545)
Change of scope of consolidation			—	18	—
Change of scope of equity method			—	(420)	—
Decrease due to change in equity			(311)	(61)	(2,773)
Balance at end of year			299,671	266,044	2,670,868
Treasury stock					
Balance at beginning of year	(1,086)	(1,114)	(2,806)	(2,876)	(25,014)
Purchase of treasury stock	(0)	(0)	(2)	(3)	(21)
Disposal of treasury stock	19	28	50	72	454
Change of scope of equity method	0	1	—	0	—
Balance at end of year	(1,067)	(1,086)	(2,757)	(2,806)	(24,581)
Total shareholders' equity			338,966	303,591	3,021,090
Balance at beginning of year			303,591	270,542	2,705,803
Cash dividends			(9,710)	(7,175)	(86,545)
Net income attributable to owners of parent for the year			43,648	40,033	389,028
Purchase of treasury stock			(2)	(3)	(21)
Disposal of treasury stock			55	59	491
Change of scope of consolidation			—	18	—
Purchase of shares of consolidated subsidiaries			1,695	597	15,109
Change of scope of equity method			—	(420)	—
Decrease due to change in equity			(311)	(61)	(2,773)
Balance at end of year			338,966	303,591	3,021,090
Net unrealized holding gain on securities					
Balance at beginning of year			15,474	16,439	137,918
Net changes of items other than shareholders' equity			355	(965)	3,170
Balance at end of year			15,830	15,474	141,089
Deferred gain (loss) on hedges					
Balance at beginning of year			(624)	(9)	(5,563)
Net changes of items other than shareholders' equity			1,097	(614)	9,783
Balance at end of year			473	(624)	4,220
Translation adjustments					
Balance at beginning of year			3,028	6,026	26,992
Net changes of items other than shareholders' equity			(2,463)	(2,998)	(21,959)
Balance at end of year			564	3,028	5,032
Remeasurements of defined benefit plans					
Balance at beginning of year			(1,307)	(64)	(11,656)
Net changes of items other than shareholders' equity			174	(1,243)	1,552
Balance at end of year			(1,133)	(1,307)	(10,104)
Total accumulated other comprehensive income			15,734	16,570	140,238
Balance at beginning of year			16,570	22,392	147,691
Net changes of items other than shareholders' equity			(836)	(5,821)	(7,453)
Balance at end of year			15,734	16,570	140,238
Share subscription rights (Note 21)					
Balance at beginning of year			716	491	6,381
Net changes of items other than shareholders' equity			227	224	2,023
Balance at end of year			943	716	8,405
Non-controlling interests					
Balance at beginning of year			53,994	43,110	481,233
Net changes of items other than shareholders' equity			(4,819)	10,883	(42,958)
Balance at end of year			49,174	53,994	438,275
Total net assets			404,818	374,872	3,608,009
Balance at beginning of year			374,872	336,537	3,341,110
Cash dividends			(9,710)	(7,175)	(86,545)
Net income attributable to owners of parent for the year			43,648	40,033	389,028
Purchase of treasury stock			(2)	(3)	(21)
Disposal of treasury stock			55	59	491
Change of scope of consolidation			—	18	—
Purchase of shares of consolidated subsidiaries			1,695	597	15,109
Change of scope of equity method			—	(420)	—
Decrease due to change in equity			(311)	(61)	(2,773)
Net changes of items other than shareholders' equity			(5,429)	5,286	(48,388)
Balance at end of year			¥404,818	¥374,872	$3,608,009

The accompanying notes are an integral part of these statements.

Consolidated Statement of Cash Flows

Tokyo Century Corporation and Consolidated Subsidiaries
Years Ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Cash flows from operating activities:			
Income before income taxes	¥73,741	¥68,459	$657,230
Adjustments to reconcile income before income taxes to net cash used in operating activities:			
Depreciation and amortization of leased assets	97,987	80,137	873,325
Depreciation of other operating assets, and cost of other operating assets sales	5,759	1,208	51,334
Amortization of goodwill	863	524	7,692
Increase (decrease) in allowance for doubtful accounts	305	(336)	2,724
Loss on disposal of leased assets	53,619	45,496	477,893
Loss on devaluation of investments in securities	110	5	981
Foreign exchange loss (gain)	1,354	858	12,071
Interest and dividend income	(791)	(902)	(7,057)
Interest expense	17,733	13,643	158,051
Gain on sale of investments in securities	(639)	(920)	(5,696)
Decrease (increase) in installment sales receivable	10,339	19,961	92,156
Decrease (increase) in lease receivables and investment assets	(3,023)	(10,374)	(26,947)
Decrease (increase) in loans receivable	(15,559)	2,146	(138,673)
Decrease (increase) in operational investment securities	(18,681)	(31,778)	(166,502)
Purchases of leased assets	(207,841)	(239,962)	(1,852,415)
Purchase of other operating assets	(7,237)	(14,630)	(64,505)
Decrease (increase) in claims provable in bankruptcy or rehabilitation	538	20	4,798
Increase (decrease) in trade notes and accounts payable	12,804	(5,433)	114,120
Other, net	15,151	(30,385)	135,041
Subtotal	36,535	(102,262)	325,623
Interest and dividend income received	1,528	1,665	13,627
Interest expense paid	(18,115)	(13,832)	(161,457)
Income taxes paid	(20,618)	(22,189)	(183,768)
Net cash used in operating activities	(670)	(136,618)	(5,974)
Cash flows from investing activities:			
Purchases of own assets in use	(2,325)	(3,167)	(20,724)
Proceeds from sales/redemptions of investments in securities	4,460	3,699	39,753
Purchases of investments in securities	(15,980)	(4,069)	(142,425)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(15,109)	—	(134,666)
Other, net	(1,116)	464	(9,950)
Net cash provided by (used in) investing activities	(30,071)	(3,072)	(268,014)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	(4,088)	(4,055)	(36,437)
Proceeds from long-term debt	389,750	476,094	3,473,710
Repayment of long-term debt	(378,341)	(304,328)	(3,372,029)
Proceeds from issuance of bonds	79,869	80,604	711,852
Redemption of bonds	(44,607)	(91,144)	(397,573)
Proceeds from stock issuance to non-controlling interest shareholders	7,718	7,190	68,790
Cash dividends paid	(9,710)	(7,175)	(86,545)
Cash dividends paid to non-controlling interest shareholders	(1,015)	(777)	(9,055)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(12,017)	(584)	(107,105)
Other, net	(56)	(54)	(502)
Net cash provided by financing activities	27,500	155,770	245,104
Effect of exchange rate changes on cash and cash equivalents	(2,790)	3,816	(24,873)
Net increase (decrease) in cash and cash equivalents	(6,031)	19,894	(53,758)
Cash and cash equivalents at beginning of year	91,762	71,864	817,844
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	3	—
Cash and cash equivalents at end of year (Note 13)	¥85,730	¥91,762	$764,085

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Tokyo Century Corporation and Consolidated Subsidiaries
March 31, 2017 and 2016

1. Basis of Presentation

Tokyo Century 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 ¥112.20 = US$1.00, the approximate rate of exchange in effect on March 31, 2017. 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.

CSI Leasing, Inc. and its 41 subsidiaries became a wholly owned consolidated subsidiary of the Company and excluded from the equity method accounting. In addition, Earshell Marine S.A. has been included in the scope of consolidation during the fiscal year ended March 31, 2017 due to establishment.

A company has been excluded from the scope of consolidation due to a merger with other consolidated subsidiary during the fiscal year ended March 31, 2017. Nanatsujima Biomass Power Limited Liability Company was established as an affiliated company. In addition, Nittochi Asset Management Co., Ltd. and other 3 companies have been included as an affiliated company accounted for by the equity method due to a new contribution from the fiscal year ended March 31, 2017.

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 2017 are as follows:

	2017
Consolidated subsidiaries	172
Affiliated companies	19

In preparing the consolidated financial statements as of March 31, 2017, the financial statements of TLC Freesia Co., Ltd. and 4 other subsidiaries were consolidated by using their financial statements prepared solely for consolidation purposes. Tokyo Century (USA) Inc. and 81 other subsidiaries were consolidated using their financial statements as of their respective fiscal year end, which falls on December 31, 2016, and necessary adjustments were made to their financial statements to reflect any significant transactions from January 1 to March 31, 2017.

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, 2017 and 2016, 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 calculated by the straight-line method based on the lease term of the respective assets. Depreciation of assets owned and used by the Companies is calculated primarily by the declining-balance method 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, except for certain buildings acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016, which are depreciated by the straight-line method.

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 10 and 20 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, lease investment assets, loan receivables, operational investment securities, forecasted transactions and a net investment in a foreign subsidiary and affiliate. 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 Changes
The Company and its domestic consolidated subsidiaries adopted "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016) as a result of revisions to the Corporate Tax Act of Japan. Accordingly, the depreciation method for facilities attached to buildings and structures of own assets in use acquired on and after April 1, 2016 was changed from the declining-balance method to the straight-line method. The effects of the changes were immaterial.

4. Changes in Presentation Method
(Consolidated Statement of Income)
"Loss on valuation of investment securities" in the amount of ¥5 million in the fiscal year ended March 31, 2016, which was included in "Other, net," is presented separately from the fiscal year ended March 31, 2017 since the amount is significant.

(Consolidated Statement of Cash Flows)
"Depreciation of other operating assets, and cost of other operating assets sales" in the amount of ¥1,208 million and "Purchase of other operating assets" in the amount of ¥(14,630) million in the fiscal year ended March 31, 2016, which were included in "Decrease (increase) in other operating assets" under "Cash flows from operating activities," are presented separately from the fiscal year ended March 31, 2017 since the amounts are significant.
"Amortization of goodwill" in the amount of ¥524 million in the fiscal year ended March 31, 2016, which was included in "Other, net" under "Cash flows from operating activities," is presented separately from the fiscal year ended March 31, 2017 since the amount is significant.

5. Additional Information
The Companies adopted "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) from the beginning of the fiscal year ended March 31, 2017.

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, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Available-for-sale securities	¥163,430	¥161,464	$1,456,596
Investments in unconsolidated subsidiaries and affiliates	119,927	110,285	1,068,868
	¥283,357	¥271,749	$2,525,465

Available-for-sale securities included in operational investment securities, short-term investment securities and investments in securities as of March 31, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Equity securities	¥52,979	¥44,148	$472,188
Debt securities	12,432	9,566	110,809
Other	98,017	107,749	873,598
	¥163,430	¥161,464	$1,456,596

The carrying amounts and aggregate fair value of available-for-sale securities with determinable market value as of March 31, 2017 and 2016 were as follows:

	Millions of yen			
	March 31, 2017			
	Cost or book value	Unrealized gain	Unrealized loss	Fair value
Equity securities	¥19,156	¥21,012	¥360	¥39,808
Debt securities	12,000	152	19	12,132
Other	17,259	1,583	—	18,843

	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

	Thousands of U.S. dollars			
	March 31, 2017			
	Cost or book value	Unrealized gain	Unrealized loss	Fair value
Equity securities	$170,738	$187,278	$3,215	$354,802
Debt securities	106,951	1,360	175	108,135
Other	153,824	14,117	—	167,941

Available-for-sale securities whose fair value was not readily determinable as of March 31, 2017 and 2016 were as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Equity securities	¥13,170	¥10,444	$117,386
Debt securities	299	299	2,673
Other	79,174	67,157	705,656

Proceeds from the sale of available-for-sale securities and the resulting realized gain or loss for the years ended March 31, 2017 and 2016 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Proceeds	¥21,863	¥10,177	$194,857
Realized gain	3,809	1,995	33,949
Realized loss	—	0	—

The impairment losses on securities recognized for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Available-for-sale securities:			
Equity securities	¥130	¥2	$1,165
Investments in unconsolidated subsidiaries and affiliates:			
Unconsolidated subsidiaries	2	3	18
	¥132	¥5	$1,183

7. Accumulated Depreciation for Property and Equipment

Accumulated depreciation for property and equipment as of March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Leased assets	¥354,327	¥316,305	$3,157,995
Other operating assets	7,742	1,886	69,003
Own assets in use	10,204	6,274	90,949

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

Short-term borrowings as of March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars	Weighted-average interest rate
	2017	2016	2017	
Short-term loans from banks	¥416,341	¥437,181	$3,710,711	0.88%
Commercial paper	800,700	763,400	7,136,363	0.02%
Payables under securitized lease receivables	59,100	75,400	526,737	0.09%
Total	¥1,276,141	¥1,275,981	$11,373,812	

Long-term debt as of March 31, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Weighted-average interest rate
	2017	2016	2017	
Long-term loans, principally from banks	¥1,218,851	¥1,076,209	$10,863,201	1.24%
Long-term payables under securitized lease receivables	6,036	2,697	53,801	0.11%
Bonds payable	232,014	196,602	2,067,867	0.57%
Total	1,456,902	1,275,509	12,984,870	
Less current portion	420,416	323,426	3,747,027	
	¥1,036,485	¥952,082	$9,237,843	

The Companies have entered into overdraft contracts which provided the Companies with the overdraft facilities with 104 and 84 financial institutions as of March 31, 2017 and 2016 amounting to ¥1,229,875 million ($10,961,453 thousand) and ¥1,226,770 million, respectively. The unused facilities maintained by the Companies as of March 31, 2017 and 2016 amounted to ¥795,615 million ($7,091,047 thousand) and ¥753,040 million, respectively.

The aggregate annual maturity of long-term debt subsequent to March 31, 2017 is summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2018	¥420,416	$3,747,027
2019	306,951	2,735,754
2020	284,291	2,533,793
2021	206,005	1,836,057
2022	158,261	1,410,528
2023 and thereafter	80,975	721,708
	¥1,456,902	$12,984,870

The Companies' assets pledged as collateral, principally for liabilities of ¥253,975 million ($2,263,594 thousand), as of March 31, 2017 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash on hand and in banks	¥773	$6,895
Accounts receivable-installment sales	5,465	48,709
Accounts receivable-lease receivables and investment assets	224,264	1,998,789
Accounts receivable-loans	813	7,253
Inventories	306	2,728
Other current assets	5,301	47,249
Leased assets	42,492	378,719
Own assets in use	1,083	9,653
Investments in securities	61	550
	¥280,561	$2,500,550

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, 2017:

	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)
Currency swap contracts:						
Receive/JPY; Pay/USD	¥1,792 (—)	¥19	¥19	$15,972 (—)	$171	$171
Receive/USD; Pay/JPY	549 (—)	(4)	(4)	4,893 (—)	(36)	(36)
Receive/JPY; Pay/IDR	501 (501)	(75)	(75)	4,474 (4,474)	(675)	(675)
Non-deliverable forward:						
Put/RMB	207 (28)	(53)	(53)	1,851 (250)	(476)	(476)
Forward exchange contracts:						
Put/USD	3,144 (—)	9	9	28,024 (—)	86	86
Put/EUR	4,562 (916)	232	232	40,667 (8,164)	2,068	2,068
Put/BRL	3,162 (1,139)	(351)	(351)	28,186 (10,152)	(3,131)	(3,131)
Put/MXN	2,514 (1,043)	429	429	22,414 (9,304)	3,832	3,832
Put/GBP	414 (99)	47	47	3,695 (889)	420	420
Put/Other	692 (256)	21	21	6,174 (2,282)	192	192
Call/USD	1,793 (—)	(19)	(19)	15,980 (—)	(171)	(171)
Call/Other	45 (2)	(2)	(2)	402 (18)	(23)	(23)
Total	¥19,381 (3,987)	¥253	¥253	$172,738 (35,536)	$2,256	$2,256

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, 2016:

	Millions of yen		
	Notional amount (over one year)	Fair value	Unrealized gain (loss)
Non-deliverable forward:			
Put/RMB	¥618 (207)	¥(227)	¥(227)
Forward exchange contracts:			
Put/RMB	9,819 (9,516)	(660)	(660)
Total	¥10,437 (9,724)	¥(887)	¥(887)

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, 2017:

	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	¥2,559 (1,314)	¥(226)	$22,812 (11,715)	$(2,018)
RMB	Accounts-receivable–installment sales	1,083 (569)	(36)	9,660 (5,074)	(322)
Call					
USD	Lease investment assets	8 —	(0)	75 —	(2)
EUR	Lease investment assets	1,147 —	(16)	10,225 —	(142)
Currency swap contracts:					
Receive/USD; Pay/MYR	Borrowings	3,872 —	174	34,516 —	1,558
Receive/USD; Pay/THB	Borrowings	2,733 (1,758)	247	24,359 (15,669)	2,209
Deferral hedge accounting:					
Forward exchange contracts:					
Put					
USD	Forecasted transactions	729 —	(17)	6,500 —	(160)
EUR	Net investment in foreign subsidiary	2,569 —	149	22,903 —	1,332
GBP	Net investment in foreign subsidiary	2,311 —	145	20,603 —	1,296
Total		¥17,015 (3,642)	¥420	$151,656 (32,460)	$3,749

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	¥42,549 (42,165)	¥ 90	$379,233 (375,811)	$803
Short-cut method:					
Pay/fixed; Receive/floating	Borrowings Accounts-receivable–loans	42,802 (36,390)	(379)	381,482 (324,334)	(3,382)
Total		¥85,352 (78,556)	¥(289)	$760,715 (700,145)	$2,579

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, 2016:

	Millions of yen		
	Hedged items	Notional amount (over one year)	Fair value
Allocation method:			
Forward exchange contracts:			
Put			
USD	Accounts-receivable –installment sales	¥3,761 (2,125)	¥(452)
RMB	Accounts-receivable –installment sales	1,554 (982)	(113)
Call			
USD	Accounts-receivable –installment sales	25 (—)	(0)
Currency swap contracts:			
Receive/USD; Pay/MYR	Borrowings	3,845 (2,413)	360
Receive/USD; Pay/THB	Borrowings	1,675 (1,675)	138
Deferral hedge accounting:			
Forward exchange contracts:			
Call			
USD	Forecasted transactions	2,244 (—)	18
Total		¥13,104 (7,196)	¥(47)

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	¥49,549 (42,834)	¥(1,435)
Short-cut method:			
Pay/fixed; Receive/floating	Borrowings Accounts-receivable –loans	50,515 (43,493)	(1,561)
Total		¥100,064 (86,328)	¥(2,996)

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, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Employees' salaries, wages and bonuses	¥34,242	¥29,389	$305,189
Rent expenses	10,380	9,429	92,521
Provision for accrued bonuses for employees	2,719	3,298	24,234
Retirement benefit expenses	1,904	1,700	16,976
Provision for accrued bonuses for directors	185	170	1,654
Provision for directors' retirement benefits	36	76	323
Provision of allowance for doubtful accounts	1,206	1,217	10,753

11. Office Transfer Related Expenses

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

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, 2017 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Net unrealized holding gain (loss) on securities			
Amount arising during the year	¥4,280	¥(545)	$38,146
Reclassification adjustments for gains and losses included in net income	(3,786)	(874)	(33,749)
Amount before tax effect	493	(1,420)	4,396
Tax effect	(145)	472	(1,292)
Net unrealized holding gain (loss) on securities	348	(947)	3,104
Deferred gain (loss) on hedges			
Amount arising during the year	1,733	(1,783)	15,451
Reclassification adjustments for gains and losses included in net income	259	446	2,315
Amount before tax effect	1,993	(1,336)	17,767
Tax effect	(637)	408	(5,685)
Deferred gain (loss) on hedges	1,355	(927)	12,081
Translation adjustments			
Amount arising during the year	(2,079)	(2,664)	(18,535)
Remeasurements of defined benefit plans			
Amount arising during the year	(20)	(2,588)	(181)
Reclassification adjustments for gains and losses included in net income	363	196	3,243
Amount before tax effect	343	(2,392)	3,062
Tax effect	(105)	734	(939)
Remeasurements of defined benefit plans	238	(1,657)	2,123
Share of other comprehensive income (loss) of affiliates accounted for using equity method			
Amount arising during the year	(1,001)	(315)	(8,928)
Reclassification adjustments for gains and losses included in net income	—	(3)	—
Share of other comprehensive income (loss) of affiliates accounted for using equity method	(1,001)	(318)	(8,928)
Total other comprehensive income (loss)	¥(1,139)	¥(6,516)	$(10,154)

13. Notes to the Consolidated Statements of Cash Flows

Cash and cash equivalents as of March 31, 2017 and 2016 are reconciled to the accounts reported in the consolidated balance sheet as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Cash on hand and in banks	¥83,565	¥80,395	$744,792
Time deposits with maturities of more than three months	(1,165)	(1,093)	(10,386)
Cash equivalents included in short-term investment securities	3,330	12,460	29,679
Cash and cash equivalents	¥85,730	¥91,762	$764,085

14. Income Taxes

The significant components of deferred tax assets and liabilities as of March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Deferred tax assets:			
Net operating loss carryforwards	¥7,195	¥4,129	$64,127
Net defined benefit liability	2,857	2,798	25,471
Tax adjustments for lease transactions	2,639	1,827	23,521
Allowance for doubtful accounts	2,360	2,261	21,039
Accrued expenses	1,432	940	12,764
Depreciation	954	893	8,511
Loss on devaluation of investments in securities	937	1,109	8,354
Accrued bonuses	849	865	7,567
Loss on valuation of property and equipment	399	522	3,564
Other	5,561	5,416	49,569
Subtotal	25,187	20,766	224,491
Less valuation allowance	(791)	(402)	(7,053)
Total deferred tax assets	24,396	20,363	217,437
Deferred tax liabilities:			
Depreciation of leased assets of foreign subsidiaries	(16,807)	(5,002)	(149,796)
Net unrealized holding gain on securities	(6,577)	(6,518)	(58,622)
Other	(8,016)	(3,782)	(71,448)
Total deferred tax liabilities	(31,401)	(15,303)	(279,868)
Net deferred tax assets	¥(7,004)	¥5,060	$(62,430)

Reconciliations between the effective statutory tax rates and the effective tax rates for the years ended March 31, 2017 and 2016 are not presented because the difference between the effective statutory tax rates and the effective tax rates is insignificant.

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, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Balance at the beginning of the year	¥22,062	¥18,104	$196,632
Service cost	1,021	856	9,105
Interest cost	79	275	708
Actuarial gain and loss	6	2,451	53
Retirement benefits paid	(624)	(536)	(5,562)
Past service cost	—	(7)	—
Adjustment from the simplified method to the principle method	1	917	15
Balance at the end of the year	¥22,546	¥22,062	$200,953

The changes in plan assets during the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Balance at the beginning of the year	¥13,771	¥12,961	$122,738
Expected return on plan assets	247	233	2,204
Actuarial gain and loss	(14)	(144)	(128)
Contributions by the Company	821	805	7,324
Retirement benefits paid	(451)	(316)	(4,023)
Adjustment from the simplified method to the principle method	—	231	—
Balance at the end of the year	¥14,374	¥13,771	$128,116

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2017 and 2016 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Funded retirement benefit obligation	¥18,283	¥17,939	$162,954
Plan assets at fair value	(14,374)	(13,771)	(128,116)
	3,908	4,168	34,837
Unfunded retirement benefit obligation	4,263	4,122	37,999
Net liability for retirement benefits in the balance sheet	8,172	8,290	72,836
Liability for retirement benefits	8,172	8,290	72,836
Net liability for retirement benefits in the balance sheet	¥8,172	¥8,290	$72,836

The components of retirement benefit expense for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Service cost	¥1,021	¥856	$9,105
Interest cost	79	275	708
Expected return on plan assets	(247)	(233)	(2,204)
Amortization of actuarial gain and loss	374	79	3,337
Amortization of prior service cost	(10)	116	(93)
Retirement benefit expense	¥1,217	¥1,094	$10,853

The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Prior service cost	¥(10)	¥124	$(93)
Actuarial gain and loss	354	(2,516)	3,156
Total	¥343	¥(2,392)	$3,062

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Unrecognized prior service cost	¥(131)	¥(142)	$(1,173)
Unrecognized actuarial gain and loss	2,025	2,379	18,054
Total	¥1,894	¥2,237	$16,881

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2017 and 2016 are as follows:

	2017	2016
General accounts	50%	50%
Bonds	33%	33%
Stocks	14%	14%
Other	3%	3%
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:

	2017	2016
Discount rates	Mainly 0.2% - 0.7%	0.2% - 0.6%
Expected rates of return on plan assets	Mainly 1.2% - 2.5%	1.2% - 2.5%
Estimated rates of salary increases	Mainly 1.3% - 7.3%	1.3% - 7.0%

3. Defined Benefit Plans (The simplified method)

The changes in liability for retirement benefits during the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Balance at the beginning of the year	¥1,323	¥1,976	$11,797
Retirement benefits expense	294	234	2,623
Retirement benefits paid	(248)	(199)	(2,213)
Contributions by the Company	—	(2)	—
Adjustment from the simplified method to the principle method	(1)	(685)	(15)
Balance at the end of the year	¥1,367	¥1,323	$12,191

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2017 and 2016 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Funded retirement benefit obligation	¥412	¥416	$3,678
Plan assets at fair value	(155)	(156)	(1,387)
	257	260	2,291
Unfunded retirement benefit obligation	1,110	1,063	9,900
Net liability for retirement benefits in the balance sheet	1,367	1,323	12,191
Liability for retirement benefits	1,367	1,323	12,191
Net liability for retirement benefits in the balance sheet	¥1,367	¥1,323	$12,191

Retirement benefit expenses for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Retirement benefit expenses	¥294	¥234	$2,623

4. Contributions to the defined contribution pension plan by the Company and its consolidated subsidiaries during the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Contributions to the defined contribution pension plan	¥219	¥215	$1,955

5. The following summarizes the most recent funded status of the multi-employer welfare pension fund as of March 31, 2017 and 2016.

	Millions of yen		Thousands of U.S. dollars
	2017 (as of March 31, 2016)	2016 (as of March 31, 2015)	2017 (as of March 31, 2016)
Amount of plan assets	¥22,975	¥21,191	$204,776
Benefit obligations under pension funding programs	(33,225)	(31,939)	(296,125)
Difference	¥(10,249)	¥(10,748)	$(91,349)

The differences as of March 31, 2017 and 2016 above mainly consisted of prior service cost under pension funding programs of ¥12,705 million ($113,244 thousand) and ¥13,429 million, respectively.
For the years ended March 31, 2017 and 2016, the ratios of the Company's contributions to the multi-employer welfare pension fund against total contributions were 6.30% and 6.12%, 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, 2017 and 2016 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Future lease receivables	¥1,332,705	¥1,185,782	$11,877,941
Estimated residual value	52,517	41,359	468,074
Future interest income	(83,083)	(66,354)	(740,490)
	¥1,302,139	¥1,160,786	$11,605,525

The aggregate annual maturity of finance lease receivables that transfer ownership to lessees, subsequent to March 31, 2017 and 2016 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Due within one year	¥107,398	¥106,502	$957,204
Due after one to two years	87,795	90,408	782,495
Due after two to three years	49,924	69,742	444,958
Due after three to four years	36,730	32,599	327,368
Due after four to five years	14,712	21,986	131,128
Due after five years	23,788	23,953	212,016
	¥320,350	¥345,193	$2,855,171

The aggregate annual maturity of finance lease receivables that do not transfer ownership to lessees, subsequent to March 31, 2017 and 2016 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Due within one year	¥451,463	¥386,407	$4,023,735
Due after one to two years	338,262	294,819	3,014,817
Due after two to three years	229,396	220,529	2,044,535
Due after three to four years	149,371	132,879	1,331,300
Due after four to five years	87,932	76,808	783,709
Due after five years	76,278	74,337	679,842
	¥1,332,705	¥1,185,782	$11,877,941

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, 2017 and 2016 under non-cancellable operating leases is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Due within one year	¥125,074	¥104,790	$1,114,749
Due after one year	311,507	268,166	2,776,358
	¥436,582	¥372,957	$3,891,107

(Sublease)
Lease investment assets and obligations under sublease transactions that include interests on the consolidated balance sheet as of March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Lease investment assets	¥16,542	¥18,352	$147,433
Lease obligations	16,527	18,262	147,304

17. Commitments and Contingent Liabilities

The Companies' contingent liabilities as of March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
As a guarantor of indebtedness of:			
Loans and others	¥39,793	¥25,134	$354,664
Asset purchases	3,249	3,178	28,957
Employees housing loans	100	122	899
	¥43,143	¥28,435	$384,521

The Companies, as lenders, have loan commitment agreements as of March 31, 2017 and 2016 amounting to ¥48,378 million ($431,179 thousand) and ¥52,560 million, respectively. The loans provided under these credit facilities as of March 31, 2017 and 2016 amounted to ¥12,498 million ($111,393 thousand) and ¥15,413 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, 2017 and 2016. 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, 2017	Carrying value	Estimated fair value	Difference
Assets			
(1) Cash on hand and in banks	¥83,565	¥83,565	¥—
(2) Accounts receivable–installment sales	216,466		
Deferred profit on installment sales	(14,975)		
	201,490		
Allowance for doubtful accounts(*1)	(623)		
	200,867	203,714	2,847
(3) Accounts receivable–lease receivables and investment assets	1,600,637		
Estimated residual value(*2)	(52,517)		
	1,548,119		
Allowance for doubtful accounts(*1)	(869)		
	1,547,249	1,609,327	62,078
(4) Accounts receivable–loans	539,058		
Allowance for doubtful accounts(*1)	(2,597)		
	536,461	552,890	16,428
(5) Operational investment securities	33,290	33,290	—
(6) Short-term investment securities and investments in securities	37,493	37,493	—
(7) Claims provable in bankruptcy or rehabilitation	1,625		
Allowance for doubtful accounts(*1)	(1,072)		
	553	553	—
Total assets	¥2,439,482	¥2,520,836	¥81,354
Liabilities			
(1) Notes and accounts payable–trade	¥215,570	¥215,570	¥—
(2) Short-term loans from banks	416,341	416,341	—
(3) Commercial paper	800,700	800,700	—
(4) Payables under securitized lease receivables	59,100	59,100	—
(5) Bonds payable	232,014	230,320	1,694
(6) Long-term loans, principally from banks	1,218,851	1,208,451	10,399
(7) Long-term payables under securitized lease receivables	6,036	5,983	53
(8) Lease obligations	16,629	16,462	167
Total liabilities	¥2,965,244	¥2,952,929	¥12,314
Derivatives			
Hedge accounting not applied	¥253	¥253	¥—
Hedge accounting applied	365	131	(234)
Total derivatives	¥619	¥384	¥(234)

	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, 2017	Thousands of U.S. dollars		
	Carrying value	Estimated fair value	Difference
Assets			
(1) Cash on hand and in banks	$744,792	$744,792	$—
(2) Accounts receivable-installment sales	1,929,290		
Deferred profit on installment sales	(133,472)		
	1,795,818		
Allowance for doubtful accounts[*1]	(5,555)		
	1,790,263	1,815,640	25,376
(3) Accounts receivable-lease receivables and investment assets	14,265,928		
Estimated residual value[*2]	(468,074)		
	13,797,854		
Allowance for doubtful accounts[*1]	(7,753)		
	13,790,100	14,343,381	553,280
(4) Accounts receivable-loans	4,804,443		
Allowance for doubtful accounts[*1]	(23,147)		
	4,781,295	4,927,719	146,423
(5) Operational investment securities	296,709	296,709	—
(6) Short-term investment securities and investments in securities	334,169	334,169	—
(7) Claims provable in bankruptcy or rehabilitation	14,488		
Allowance for doubtful accounts[*1]	(9,555)		
	4,932	4,932	—
Total assets	$21,742,264	$22,467,345	$725,081
Liabilities			
(1) Notes and accounts payable-trade	$1,921,307	$1,921,307	$—
(2) Short-term loans from banks	3,710,711	3,710,711	—
(3) Commercial paper	7,136,363	7,136,363	—
(4) Payables under securitized lease receivables	526,737	526,737	—
(5) Bonds payable	2,067,867	2,052,764	15,102
(6) Long-term loans, principally from banks	10,863,201	10,770,514	92,687
(7) Long-term payables under securitized lease receivables	53,801	53,326	475
(8) Lease obligations	148,211	146,723	1,488
Total liabilities	$26,428,202	$26,318,447	$109,754
Derivatives			
Hedge accounting not applied	$2,256	$2,256	$—
Hedge accounting applied	3,261	1,170	(2,091)
Total derivatives	$5,517	$3,426	$(2,091)

(*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
	2017	2016	2017
Investments in unconsolidated subsidiaries and affiliates	¥119,927	¥110,285	$1,068,868
Unlisted shares	13,170	10,444	117,386
Bonds	299	299	2,673
Trust beneficiary rights	6,060	4,592	54,012
Investments in limited partnerships, etc.	73,114	62,565	651,644
Total	¥212,572	¥188,187	$1,894,586

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, 2017 and 2016

	Millions of yen					
	As of March 31, 2017					
	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	¥83,565	¥—	¥—	¥—	¥—	¥—
Accounts receivable–installment sales	76,806	53,477	34,695	23,424	9,780	18,282
Accounts receivable–loans	235,756	85,216	71,593	36,294	48,155	62,041
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	3,000	299	—	5,000	2,000
(2) Other	3,947	3,499	5,849	7,466	863	54,188
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	—	—
(2) Other	3,980	—	—	—	—	—
Total	¥404,055	¥145,193	¥112,438	¥67,185	¥63,799	¥136,512

	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

	Thousands of U.S. dollars					
	As of March 31, 2017					
	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	$744,792	$—	$—	$—	$—	$—
Accounts receivable-installment sales	684,548	476,623	309,227	208,775	87,173	162,941
Accounts receivable-loans	2,101,213	759,508	638,090	323,484	429,189	552,956
Operational investment securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	26,737	2,673	—	44,563	17,825
(2) Other	35,179	31,191	52,133	66,541	7,696	482,965
Short-term investment securities and investments in securities:						
Available-for-sale securities with maturities						
(1) Bonds	—	—	—	—	—	—
(2) Other	35,472	—	—	—	—	—
Total	$3,601,207	$1,294,061	$1,002,125	$598,802	$568,623	$1,216,688

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, 2017

(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 24, 2016) Annual general meeting of the shareholders	Common stock	¥4,749 $42,328	¥45.0 $0.40	March 31, 2016	June 27, 2016
(November 4, 2016) Meeting of the Board of Directors	Common stock	¥4,961 $44,217	¥47.0 $0.41	September 30, 2016	December 9, 2016

For the year ended March 31, 2016

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

(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 23, 2017) Annual general meeting of the shareholders	Common stock (Retained earnings)	¥5,594 $49,862	¥53.0 $0.47	March 31, 2017	June 26, 2017

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, 2017 were as follows:

	2013 stock option	2014 stock option	2015 stock option	2016 stock option	2017 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	8 directors 19 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	Common stock 82,700
Grant date	October 15, 2012	September 24, 2013	September 29, 2014	October 26, 2015	September 21, 2016
Fair value per stock at the grant date	¥1,306 ($13.9)	¥3,038 ($29.52)	¥2,716 ($22.58)	¥3,805 ($33.76)	¥3,406 ($30.35)

The total stock-based compensation costs recognized for the years ended March 31, 2017 and 2016 were ¥281 million ($2,510 thousand) and ¥283 million, respectively.
The fair value of the 2017 stock option is estimated using the Black-Scholes option pricing model with the assumptions noted in the following table.

	2017 stock option
Expected volatility	32.8%
Expected holding period	4.2 years
Expected dividend	¥95 per share
Risk free interest rate	-0.180%

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 ¥95 ($0.84) made for the year ended March 31, 2017 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, 2017 was as follows:

	Number of shares				
Stock option activity	2013 stock option	2014 stock option	2015 stock option	2016 stock option	2017 stock option
Share subscription rights which are not yet vested					
Outstanding as of March 31, 2016	–	–	–	–	–
Granted	–	–	–	–	82,700
Forfeited	–	–	–	–	–
Vested	–	–	–	–	82,700
Outstanding as of March 31, 2017	–	–	–	–	–
Share subscription rights which have already been vested					
Outstanding as of March 31, 2016	79,200	46,800	68,700	74,600	–
Vested	–	–	–	–	82,700
Exercised	4,300	3,600	5,900	5,800	–
Forfeited	–	–	–	–	–
Outstanding as of March 31, 2017	74,900	43,200	62,800	68,800	82,700
Exercise price (yen)	¥1	¥1	¥1	¥1	¥1
Weighted average exercise price (yen)	¥3,929	¥3,929	¥3,913	¥3,929	–
Weighted average fair value per stock at the grant date (yen)	¥1,306	¥3,038	¥2,716	¥3,805	¥3,406
Exercise price (U.S. dollars)	$0	$0	$0	$0	$0
Weighted average exercise price (U.S. dollars)	$35.01	$35.01	$34.87	$35.01	–
Weighted average fair value per stock at the grant date (U.S. dollars)	$11.63	$27.07	$24.20	$33.91	$30.35

22. Business Combinations

1. *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 business combination
1) Name and business description of acquired company

Name	CSI Leasing (Headquartered in Missouri, U.S.A.)
Business description	Leasing of information and communications equipment (hereinafter, "IT equipment")

2) Purpose of additional share acquisition
The Company continues to pursue global expansion in its operations with the aim of strengthening its management base. To this end, the Company has worked with CSI Leasing through strategic partnerships since 2003, when their first business transaction was completed. 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 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 Companies with their strength in Asia thus enhancing the global network. In addition, the Company expects the acquisition to support it in achieving further growth by combining CSI Leasing's business know-how of the U.S. leasing market with the Company's strength of having the largest share in the Japanese IT equipment leasing market.
The Companies are committed to contributing to the formulation of customers' IT strategies alongside the reinforcement of support systems in domestic and overseas markets.

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

7) Basis for determining acquiring company
The Company acquired 100% of CSI Leasing's shares for a cash consideration.

(2) Period for which the operating results of the acquired company are included in the Company's consolidated financial statements
April 1, 2016 – December 31, 2016
The operating results in the period from January 1, 2016 to March 31, 2016 are recognized as equity in earnings of affiliates because the date of the business combination was deemed March 31, 2016.

(3) Acquisition cost and its breakdown

	(Millions of yen)	(Thousands of U.S. dollars)
Fair value of CSI Leasing shares held by the Company prior to business combination	¥10,452	$93,161
Cash payment for additional shares	21,608	192,586
Acquisition cost	32,060	285,747

(4) Main acquisition-related costs
Advisory fees and other expenses: ....¥196 million ($1,749 thousand)

(5) Difference between the total cost of each separate transaction and acquisition cost
Gain on step acquisitions: ....¥100 million ($893 thousand)

(6) Amount of goodwill, reason for recognition, method and period of amortization
1) Amount of goodwill
¥10,529 million ($93,842 thousand)

2) Reason for recognition
Goodwill is recognized as the difference between the acquisition cost and net assets of the acquired company on a fair value basis.

3) Method and period of amortization
Straight-line method over a period of 20 years

(7) Main assets acquired and liabilities assumed on the date of business combination

	(Millions of yen)	(Thousands of U.S. dollars)
Current assets	¥144,195	$1,285,164
Fixed assets	43,918	391,427
Total assets	188,113	1,676,592
Current liabilities	84,308	751,408
Long-term liabilities	82,273	733,278
Total liabilities	166,581	1,484,687

(8) Amount allocated to intangible assets other than goodwill, main components by category and weighted average amortization period.

Components	(Millions of yen)	(Thousands of U.S. dollars)	Amortization period
Customer relationships	¥3,464	$30,878	15 years

(9) Estimated impact on the consolidated statement of income for the fiscal year ended March 31, 2017, assuming the business combination had been completed at the beginning of the fiscal year

	(Millions of yen)	(Thousands of U.S. dollars)
Revenues	¥12,473	$111,174
Operating income	573	5,109
Income before income taxes	295	2,629
Net income attributable to owners of parent	97	870
	(yen)	(U.S. dollars)
Net income per share	0.93	0.01

(Estimation method)
Differences in revenue and income data between the calculations assuming the business combination had been completed at the beginning of the fiscal year and the figures reported on the consolidated statement of income of the acquiring company are treated as the estimated amount of the impact. The difference includes amortization of goodwill and others from the beginning of the fiscal year to the date of business combination.
These amounts are unaudited.

2. *Transaction under common control*

On March 31, 2017, the Company additionally obtained all the shares in two consolidated subsidiaries in the aircraft leasing business.

(1) Summary of transaction
1) Names and business description of subsidiaries

Name	TC-CIT Aviation Ireland Limited TC-CIT Aviation U.S., Inc.
Business description	Aircraft leasing business

2) Date of transaction
March 31, 2017

3) Legal form of transaction
Acquisition of shares from non-controlling interests

4) Names of subsidiaries subsequent to the transaction
Names were changed in April 2017 as follows.
TC Skyward Aviation Ireland Limited
TC Skyward Aviation U.S., Inc.

5) Other matters regarding transaction
The Company advanced the joint venture business with CIT Group Inc. (hereinafter, "CIT") from October 2014. Since CIT sold its aircraft leasing business, the Company decided to dissolve the joint venture and obtain all shares in order to enhance its aircraft leasing business.
The additional voting rights acquired in the two subsidiaries were 50% (additional shares, 30%), respectively.

(2) Summary of accounting treatment
The transaction was treated as a transaction with non-controlling interests involving entities under common control in accordance with the "Accounting Standard for Business Combinations" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures".

(3) Information regarding additional acquisition
Acquisition cost and its breakdown
Consideration for acquisition　Cash payment: ¥10,909 million ($97,228 thousand)

(4) Information regarding change in net assets due to transaction with non-controlling interests
1) Main cause of change in capital surplus
Additional acquisition

2) Increase in capital surplus due to transaction with non-controlling interests
¥652 million ($5,816 thousand)

23. 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 ¥4,837 million ($43,113 thousand) and ¥2,084 million for the years ended March 31, 2017 and 2016, 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, 2017 and 2016 are as follows:

Millions of yen

Year ended March 31, 2017			
Carrying Value			Fair Value
Beginning of year	Net change	End of year	End of year
¥79,635	¥17,625	¥97,261	¥100,656

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, 2017			
Carrying Value			Fair Value
Beginning of year	Net change	End of year	End of year
$709,767	$157,087	$866,854	$897,119

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 ¥39,947 million ($356,039 thousand) and ¥58,769 million for the years ended March 31, 2017 and 2016, respectively.
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.

24. 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, 2017			
	Leasing and installment sales	Finance	Other	Total
Revenues, profit and assets by reportable segments				
Revenue from customers	¥924,246	¥24,211	¥27,649	¥976,107
Inter-segment revenue	—	—	1,462	1,462
Total revenue	924,246	24,211	29,111	977,569
Segment profit	¥59,931	¥12,622	¥8,095	¥80,649
Segment assets	¥2,615,314	¥779,332	¥32,938	¥3,427,585
Other items				
Depreciation	¥98,154	—	¥1,657	¥99,812
Amortization of goodwill	¥381	—	—	¥381
Increase in property and equipment and intangible assets	¥211,305	—	¥7,237	¥218,543

	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
Amortization of goodwill	—	—	—	—
Increase in property and equipment and intangible assets	¥239,962	—	¥14,630	¥254,593

	Thousands of U.S. dollars			
	Year ended March 31, 2017			
	Leasing and installment sales	Finance	Other	Total
Revenues, profit and assets by reportable segments				
Revenue from customers	$8,237,492	$215,787	$246,427	$8,699,706
Inter-segment revenue	—	—	13,034	13,034
Total revenue	8,237,492	215,787	259,461	8,712,741
Segment profit	$534,145	$112,499	$72,154	$718,798
Segment assets	$23,309,395	$6,945,922	$293,569	$30,548,888
Other items				
Depreciation	$874,815	—	$14,775	$889,591
Amortization of goodwill	$3,397	—	—	$3,397
Increase in property and equipment and intangible assets	$1,883,294	—	$64,505	$1,947,799

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	2017	2016	2017
Reportable segment total	¥977,569	¥941,257	$8,712,741
Inter-segment eliminations	(1,462)	(797)	(13,034)
Revenues on consolidated statement of income	¥976,107	¥940,460	$8,699,706

	Millions of yen		Thousands of U.S. dollars
Profit	2017	2016	2017
Reportable segment total	¥80,649	¥72,547	$718,798
Inter-segment eliminations	(1,462)	(797)	(13,034)
General and administrative expenses not attributable to reporting segment	(7,187)	(5,845)	(64,059)
Operating income on consolidated statement of income	¥71,999	¥65,904	$641,705

	Millions of yen		Thousands of U.S. dollars
Assets	2017	2016	2017
Reportable segment total	¥3,427,585	¥3,172,376	$30,548,888
Assets not attributable to reporting segment	152,297	145,485	1,357,371
Total assets on consolidated balance sheet	¥3,579,882	¥3,317,862	$31,906,259

	Millions of yen					
	Reportable segment total		Adjustments		Consolidated	
	2017	2016	2017	2016	2017	2016
Other items						
Depreciation	¥99,812	¥81,345	¥2,547	¥2,925	¥102,359	¥84,270
Amortization of goodwill	381	—	481	524	863	524
Increase in property and equipment and intangible assets	218,543	254,593	2,526	3,535	221,069	258,129

	Thousands of U.S. dollars		
	Reportable segment total	Adjustments	Consolidated
	2017	2017	2017
Other items			
Depreciation	$889,591	$22,707	$912,298
Amortization of goodwill	3,397	4,295	7,692
Increase in property and equipment and intangible assets	1,947,799	22,516	1,970,316

Information by products and services

	Millions of yen					
	March 31, 2017					
	Finance lease	Operating lease	Installment sales	Finance	Other	Total
Revenue from customers	¥580,169	¥270,438	¥73,639	¥24,211	¥27,649	¥976,107

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

	Thousands of U.S. dollars					
	March 31, 2017					
	Finance lease	Operating lease	Installment sales	Finance	Other	Total
Revenue from customers	$5,170,848	$2,410,324	$656,319	$215,787	$246,427	$8,699,706

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, 2017 and 2016 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, 2017					
	Europe and North America				
Japan	Ireland	Others	Asia	Central and South America	Total
¥410,731	¥124,116	¥110,340	¥6,096	¥30,339	¥681,624

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

Thousands of U.S. dollars					
March 31, 2017					
	Europe and North America				
Japan	Ireland	Others	Asia	Central and South America	Total
$3,660,711	$1,106,207	$983,427	$54,337	$270,403	$6,075,088

Information by main customer

Information by main customer for the years ended March 31, 2017 and 2016 is not disclosed due to no third party customer to which revenues volume represented 10% or more of the consolidated revenues for the respective years.

Information about the amortization and unamortized balance of goodwill

	Millions of yen			
	March 31, 2017			
	Leasing and installment sales	Finance	Other	Total
Amortization	¥381	—	—	¥381
Unamortized balance	10,479	—	—	10,479

	Thousands of U.S. dollars			
	March 31, 2017			
	Leasing and installment sales	Finance	Other	Total
Amortization	$3,397	—	—	$3,397
Unamortized balance	93,401	—	—	93,401

Amortization in the amount of ¥481 million ($4,295 thousand) and unamortized balance in the amount of ¥3,132 million ($27,921 thousand) for the fiscal year ended March 31, 2017 are not allocated to any Reportable Segment since they are related to multi segment.

Amortization in the amount of ¥524 million and unamortized balance in the amount of ¥3,614 million for the fiscal year ended March 31, 2016 are not allocated to any Reportable Segment since they are related to multi segment.

25. Amounts Per Share

	Yen		U.S. dollars
	2017	2016	2017
Net assets	¥3,360.27	¥3,033.61	$29.95
Net income attributable to owners of parent:			
Basic	¥413.51	¥379.34	$3.69
Diluted	¥412.36	¥378.51	$3.68

Net assets per share are calculated 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 calculated 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 calculated 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, 2017	March 31, 2016
Number of shares of common stock used for the calculation of net assets per share	105,557	105,538

	Millions of yen		Thousands of U.S. dollars
	March 31, 2017	March 31, 2016	March 31, 2017
Total net assets	¥404,818	¥374,872	$3,608,009
Amount deducted from total net assets:	50,117	54,710	446,680
Share subscription rights	943	716	8,405
Non-controlling interests	49,174	53,994	438,275
Net assets attributable to shares of common stock	¥354,701	¥320,162	$3,161,328

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

	Thousands of shares	
	2017	2016
Weighted average number of shares of common stock	105,557	105,532
Increase in shares of common stock		
Exercise of share subscription rights	293	232

26. Subsequent Events

The Company issued the seventeenth unsecured bond and the eighteenth unsecured bond (with inter-bond pari passu clause) on April 18, 2017. The details are as follows:

	The seventeenth	The eighteenth
Total amount issued	¥10,000 million ($89,126 thousand)	¥15,000 million ($133,689 thousand)
Issuance price	¥100 ($0.89) per ¥100 ($0.89) of face value	
Interest rate	0.03% per annum	0.17% per annum
Redemption price	¥100 ($0.89) per ¥100 ($0.89) of face value	
Redemption date	April 17, 2020	April 18, 2022
Redemption method	Lump-sum redemption at maturity	
Payment date	April 18, 2017	
Collateral	This bond is without any collateral or guaranty and there are no assets reserved for this debenture.	
Application of the fund	For the redemption of short-term bonds	

Report of Independent Auditors

EY
Building a better working world

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

Independent Auditor's Report

The Board of Directors
Tokyo Century Corporation

We have audited the accompanying consolidated financial statements of Tokyo Century Corporation (Former corporate name, Century Tokyo Leasing Corporation) and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, 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 Tokyo Century Corporation (Former corporate name, Century Tokyo Leasing Corporation) and its consolidated subsidiaries as at March 31, 2017, 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 22, 2017
Tokyo, Japan

Main Subsidiaries and Affiliates / Japan Desk

Name	Location	Main Business	Voting Shares*
Consolidated Subsidiaries (Domestic)			
Nippon Car Solutions Co., Ltd.	Japan	Automobile leasing	60%
Orico Auto Leasing Co., Ltd.	Japan	Automobile leasing for individuals	50%
Nippon Rent-A-Car Service, Inc.	Japan	Automobile rental and leasing	81%
Fujitsu Leasing Co., Ltd.	Japan	IT-related equipment leasing	80%
IHI Finance Support Corporation	Japan	Finance and general leasing	67%
S.D.L Co., Ltd.	Japan	General leasing	100%
ITEC Leasing Co., Ltd.	Japan	General leasing	85%
Orico Business Leasing Co., Ltd.	Japan	General leasing	50%
TC Property Solutions Corporation	Japan	Property management	100%
TRY, Inc.	Japan	Refurbishment of PCs	100%
TC Agency Corporation	Japan	Casualty insurance	100%
TC Business Service Corporation	Japan	Business processing services	100%
TC Business Experts Corporation	Japan	Business inspection services	100%
Kyocera TCL Solar LLC	Japan	Sales of solar electricity generated using solar power	81%
Equity-Method Affiliate (Domestic)			
Nittochi Asset Management Co., Ltd.	Japan	Management and formation of real estate funds	30%

Name	Location	Main Business	Voting Shares*
Consolidated Subsidiaries (Overseas)			
Tokyo Century Leasing China Corporation	China	General leasing	80%
Tokyo Century Factoring China Corporation	China	Factoring services	100%
Tokyo Century Leasing (Singapore) Pte. Ltd.	Singapore	General leasing	100%
Tokyo Century Capital (Malaysia) Sdn. Bhd.	Malaysia	General leasing	100%
PT. Century Tokyo Leasing Indonesia	Indonesia	General leasing	85%
PT. TCT Indonesia	Indonesia	General trading company	100%
TISCO Tokyo Leasing Co., Ltd.	Thailand	General leasing	49%
HTC Leasing Co., Ltd.	Thailand	Construction equipment finance	70%
TC Advanced Solutions Co., Ltd.	Thailand	Reverse factoring and other services	59%
TC Car Solutions (Thailand) Co., Ltd.	Thailand	Financing and services related to automobiles	97%
Tokyo Leasing (Hong Kong) Ltd.	Hong Kong	General leasing	100%
CSI Leasing, Inc.	U.S.A.	IT equipment leasing	100%
Tokyo Century (USA) Inc.	U.S.A.	General leasing	100%
TC Skyward Aviation U.S., Inc.	U.S.A.	Aviation leasing and finance	100%
TC Realty Investments Inc.	U.S.A.	Real estate investment	100%
TC Aviation Capital Ireland Ltd.	Ireland	Aviation financing business	100%
TC Skyward Aviation Ireland Ltd.	Ireland	Aviation leasing and finance	100%
Tokyo Leasing (UK) Plc	U.K.	General leasing	100%
Equity-Method Affiliates (Overseas)			
President Tokyo Corporation	Taiwan	Automobile leasing and general leasing	49%
Tong-Sheng Finance Leasing Co., Ltd.	China	Automobile and equipment leasing	49%
Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.	China	Finance and general leasing	40%
Suzhou New District Furui Leasing Co., Ltd.	China	Finance and general leasing	20%
BPI Century Tokyo Lease & Finance Corporation	Philippines	General leasing	49%
PT. Hexa Finance Indonesia	Indonesia	Construction equipment finance	20%
PT. Big Ecommerce Bersama	Indonesia	B-to-G and B-to-B e-commerce operation	20%
GA Telesis, LLC	U.S.A.	Provider of products, services, and solutions to the commercial aerospace industry	20%
Japan Desk			
TATA Capital Financial Services Limited	India	Finance and general leasing	—

* Voting shares percentages are rounded to the nearest whole number.

Stock Information (As of March 31, 2017) / Bond Ratings (As of May 31, 2017)

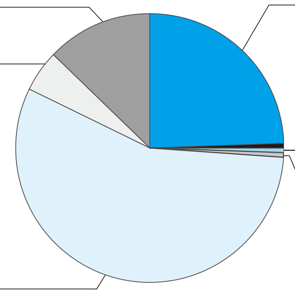
Transfer Agent	Mizuho Trust & Banking Co., Ltd.
Stock Listing	Tokyo Stock Exchange, First Section
Securities Code	8439
Trading Lot Size	100 shares

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	10,832

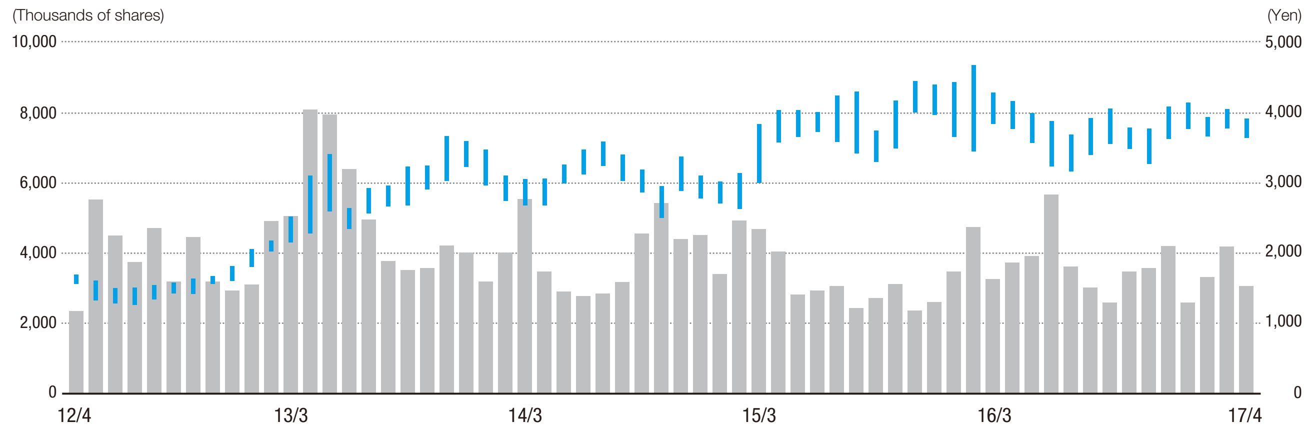
Major Shareholders

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)	5,537	5.2
Mizuho Bank, Ltd.	4,688	4.4
Seiwa Sogo Tatemono Co., Ltd.	2,972	2.8
The Master Trust Bank of Japan, Ltd. (Trust accounts)	2,395	2.3
Nippon Life Insurance Company	2,228	2.1
Mizuho Trust & Banking Co., Ltd. (Retirement Allowance Trust, Orient Corporation Account Trust & Custody Services Bank, Ltd. re-entrusted)	1,900	1.8
Yushu Tatemono Co., Ltd.	1,716	1.6

Breakdown of Shareholders



Stock Price and Trading Volume



Bond Ratings

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

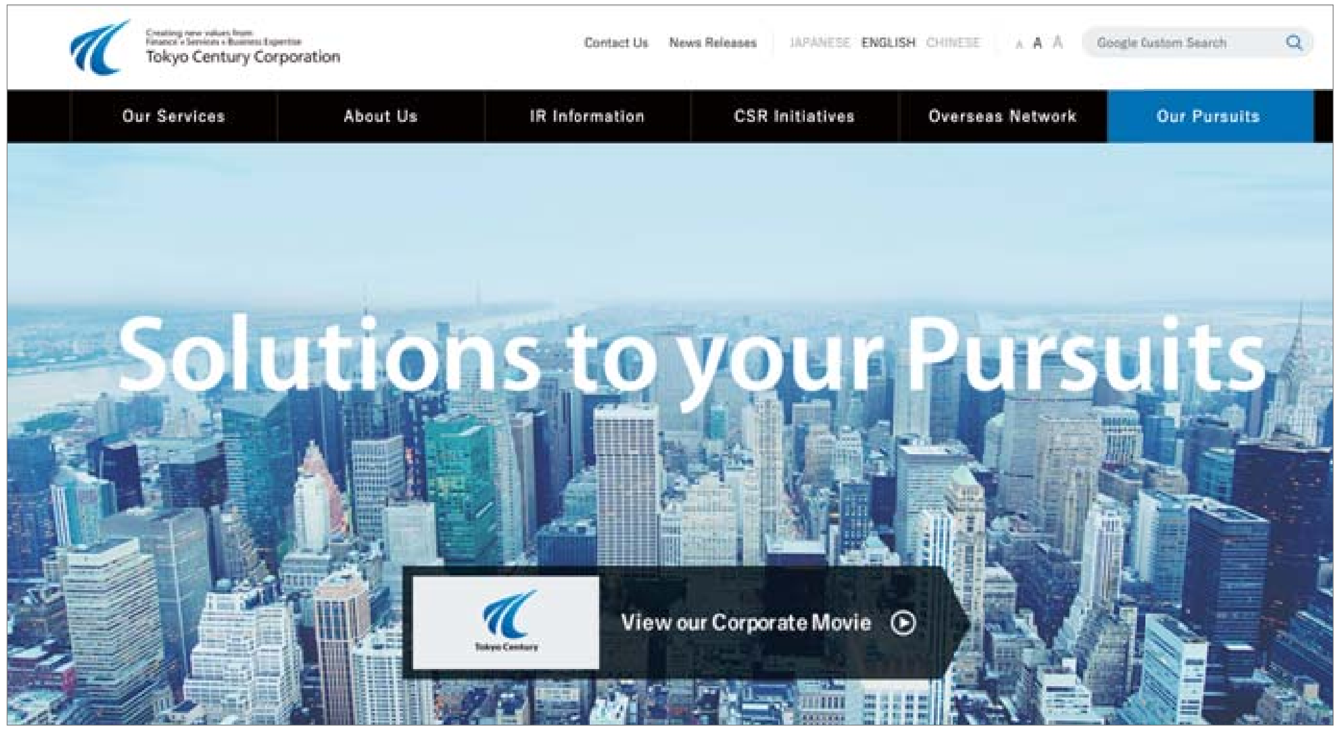
Credit Rating Agency	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)
Long-term	(Long-term Issuer Rating) Rating: A+ Outlook: Stable	(Issuer Rating) Rating: A Outlook: Stable
	(Preliminary Rating for Bonds Registered for Issuance) Rating: A+ Expected Issue Amount: ¥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	Tokyo Century Corporation
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	5,430 (1,032 on a non-consolidated basis) (as of March 31, 2017)
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, 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

Corporate Website



View Our Corporate Movie (Message from the President & CEO)

https://www.tokyocentury.co.jp/en/

Tokyo Century Corporation

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