

Quarterly Securities Report

(The third quarter of the 42nd fiscal year)

ACOM CO., LTD.

Quarterly Securities Report

1. This document has been outputted and printed by adding a table of contents and page numbers to the data contained in the quarterly securities report which has been submitted through the usage of Electronic Disclosure for Investors' NETwork (EDINET) that is stipulated in Article 27-30-2 of the Financial Instruments and Exchange Act of Japan.
2. This document encloses at the end both the quarterly review report that has been attached to the quarterly securities report submitted through the abovementioned method as well as the confirmation which has been submitted at the same time as that of the abovementioned quarterly securities report.

This document is a translation of the Third Quarter Securities Report (original text: Japanese) submitted to the Prime Minister pursuant to Article 24-4-7 of the Financial Instruments and Exchange Act. It does not bear any responsibility pertaining to the aforementioned Financial Instruments and Exchange Act regarding the content of the English text. We recommend that the determination of the authenticity of the content be based on the Japanese text of the Third Quarter Securities Report.

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[Article of the Applicable Law Requiring Submission of This Document]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	February 14, 2019
[Quarterly Accounting Period]	Third Quarter of the 42nd Fiscal Year (from October 1, 2018, to December 31, 2018)
[Company Name]	ACOM Kabushiki-Kaisha
[Company Name in English]	ACOM CO., LTD. (the “Company”)
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data and Trends

(Millions of yen, unless otherwise stated)

Fiscal period	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018	41st fiscal year
Period of account	From April 1, 2017 to December 31, 2017	From April 1, 2018 to December 31, 2018	From April 1, 2017 to March 31, 2018
Operating revenue	195,951	206,933	263,453
Ordinary profit	61,278	74,020	81,694
Profit attributable to owners of parent	54,023	57,826	70,572
Comprehensive income	58,398	61,396	77,461
Net assets	325,374	402,255	344,437
Total assets	1,247,920	1,291,748	1,275,957
Basic earnings per share (yen)	34.48	36.91	45.05
Diluted earnings per share (yen)	—	—	—
Shareholders' equity ratio (%)	24.47	29.23	25.31

Fiscal period	For the third quarter of the 41st fiscal year	For the third quarter of the 42nd fiscal year
Period of account	From October 1, 2017 to December 31, 2017	From October 1, 2018 to December 31, 2018
Basic earnings per share (yen)	12.50	11.48

- (Notes)
1. Operating revenue is presented exclusive of consumption tax, etc.
 2. Key financial data and trends of the Filing Company are not stated since the Filing Company has prepared its quarterly consolidated financial statements.
 3. "Diluted earnings per share" is not shown since there was no dilutive security.
 4. The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the three months ended June 30, 2018. Accordingly, key financial data for the nine months ended December 31, 2017, and for the 41st fiscal year are stated as figures to which the above accounting standard, etc. has been retrospectively applied.

2. Description of Business

During the nine months ended December 31, 2018, there was no material change in the businesses conducted by the Company Group (the Company and its subsidiaries and affiliates).

There was no change in the status of the Company's major subsidiaries and affiliates, either.

II. Business Overview

1. Risks Related to Business

There were no significant events or conditions which may cast significant doubt about the going-concern assumption, or other events having material impact on the Company's operations, during the nine months ended December 31, 2018.

There were no significant changes to the "Risks Related to Business" described in the Securities Report for the prior fiscal year.

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

(1) Analysis of business results

During the nine months ended December 31, 2018, the Japanese economy showed improvements in corporate earnings as well as the employment and income environment, combined with a recovery trend in consumer spending, chiefly due to the effects of various economic policies implemented by the government. However, the possibility of an economic downturn remained in Japan due to uncertainty in overseas economies and the impact of fluctuations in the financial and capital markets, though economic recovery is expected to continue in the future.

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

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

Consolidated operating revenue for the nine months ended December 31, 2018, increased to 206,933 million yen (up 5.6% year-on-year) primarily due to increases in interest on operating loans and revenue from credit guarantee. Operating expenses decreased to 133,318 million yen (down 1.5% year-on-year) mainly due to decreases in financial expenses and other operating expenses. As a result, operating profit increased to 73,615 million yen (up 21.4% year-on-year), ordinary profit increased to 74,020 million yen (up 20.8% year-on-year), and profit attributable to owners of parent increased to 57,826 million yen (up 7.0% year-on-year).

Business results for each segment are as follows:

1) Loan and credit card business

In the domestic loan and credit card business, we made efforts to improve product/service functions, gather and acquire new customers mainly by airing commercials featuring new media personalities, promote sales of credit cards (AC MasterCard) and maintain the soundness of loan portfolio. Accounts receivable - operating loans amounted to 814,181 million yen as of December 31, 2018 (up 2.4% year-on-year, up 1.3% from the prior fiscal year-end) and accounts receivable - installment amounted to 60,417 million yen (up 23.0% year-on-year, up 15.2% from the prior fiscal year-end).

As a result, the business segment's operating revenue was 108,982 million yen (up 3.7% year-on-year) for the nine months ended December 31, 2018, due primarily to increases in interest on operating loans, and operating profit was 39,412 million yen (up 7.8% year-on-year).

2) Guarantee business

In the guarantee business, we continued to work on reasonable communication with partners as a credit guarantee company. The total balance of guaranteed receivables in the guarantee operation of the Company and MU Credit Guarantee Co., LTD. was 1,202,897 million yen as of December 31, 2018 (up 1.5% year-on-year, up 0.3% from the prior fiscal year-end).

As a result, the business segment's operating revenue was 51,602 million yen (up 7.1% year-on-year) for the nine months ended December 31, 2018, due primarily to an increase in revenue from credit guarantee. Operating profit was 18,625 million yen (up 49.5% year-on-year), due mainly to decreases in provision of allowance for doubtful accounts and provision for loss on guarantees under operating expenses.

3) Overseas financial business

In the overseas financial business, the loan business of EASY BUY Public Company Limited in the Kingdom of Thailand has progressed steadily, resulting in increased amount of interest on operating loans. In regard to the banking business of PT. Bank Nusantara Parahyangan Tbk. in the Republic of Indonesia, we worked to strengthen our internal control structure and improve our loan portfolio. Further, in the Republic of the Philippines, we established ACOM CONSUMER FINANCE CORPORATION in July 2017 and launched a full-fledged business in July 2018.

As a result, operating revenue amounted to 42,032 million yen (up 11.1% year-on-year) for the nine months ended December 31, 2018, due primarily to increases in interest on operating loans, and operating profit was 14,847 million yen (up 36.6% year-on-year).

4) Loan servicing business

In the loan servicing business, IR Loan Servicing, Inc. has endeavored to strengthen its business structure and increase profitability amid intensified competition in the purchased receivables market against the backdrop of a decreasing disposal of bad debts at financial institutions.

As a result, the business segment's operating revenue was 4,298 million yen (down 12.4% year-on-year) for the nine months ended December 31, 2018, mainly due to a decrease in amount of collection from purchased receivables, and operating profit was 416 million yen (down 38.2% year-on-year).

(2) Analysis of financial position

Compared with the end of the prior fiscal year, total assets increased by 15,791 million yen and net assets increased by 57,817 million yen as of December 31, 2018. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 23,397 million yen while noncurrent assets decreased by 7,606 million yen. Consequently, total assets increased by 15,791 million yen. The breakdown of major changes in current assets is as follows: accounts receivable - operating loans (up 19,204 million yen), accounts receivable - installment (up 7,909 million yen), cash and deposits (down 4,557 million yen), loans receivable of banking business (down 1,846 million yen), and trading account securities (down 1,651 million yen). The breakdown of major decreases in noncurrent assets is as follows: land (down 2,352 million yen) and software (down 1,383 million yen).

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were an increase of 7,029 million yen and a decrease of 49,056 million yen, respectively, resulting in a decrease of 42,026 million yen in total liabilities. The breakdown of major decreases in liabilities includes: provision for loss on interest repayment (down 31,324 million yen) and the outstanding balance of funds procured mainly in the form of loans and bonds payable (down 2,056 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 54,664 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income increased by 13 million yen due to an increase in foreign currency translation adjustment, and non-controlling interests increased by 3,140 million yen. As a result, total net assets increased by 57,817 million yen, and the shareholders' equity ratio increased by 3.9 percentage points to 29.2%.

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the three months ended June 30, 2018. Accordingly, the figures in the current financial position are compared and analyzed with the figures in the prior fiscal year to which the above accounting standard, etc. has been retrospectively applied.

(3) Business and financial issues to address

The nine months ended December 31, 2018, saw no significant change in business and financial issues to address, or presented new issue that the Company needed to address.

(4) Research and development activities

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

During the nine months ended December 31, 2018, the total amount of research and development expenses was 79 million yen.

(5) Major equipment

Equipment subject to any significant change such as introduction, suspension, large-scale repair, retirement and sales during the nine months ended December 31, 2018, was as follows.

(Impairment)

The Company recognized impairment loss on company residences to be sold.

Details of impairment loss are stated in “IV. Financial Information - [Notes] - (Notes to Quarterly Consolidated Statement of Income) - *4.”

3. Material Business Agreements, etc.

During the current third quarter, no material business agreement, etc. was finalized or concluded.

III. Information on the Filing Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

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

2) Total number of shares issued

Class	As of the end of the current third quarter (December 31, 2018)	As of the submission date (February 14, 2019)	Stock exchange on which the Company is listed	Description
Common stock	1,596,282,800	1,596,282,800	First Section of the Tokyo Stock Exchange	These are the Company's standard shares with no restricted rights. One unit of stock constitutes 100 common shares.
Total	1,596,282,800	1,596,282,800	—	—

(2) Status of the stock acquisition rights

1) Details of stock option plans

Not applicable

2) Other stock acquisition rights

Not applicable

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

Not applicable

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

(Millions of yen, unless otherwise stated)

Period	Changes in the total number of shares issued (Thousands of shares)	Balance of the total number of shares issued (Thousands of shares)	Changes in capital stock	Balance of capital stock	Changes in legal capital surplus	Balance of legal capital surplus
From October 1, 2018 to December 31, 2018	—	1,596,282	—	63,832	—	72,322

(5) Major shareholders

No entry is made, since the current quarter was the third quarter.

(6) Status of voting rights

Details of registered shareholders as of December 31, 2018, have not yet been confirmed, and therefore we are unable to present the status of voting rights on that date. The information regarding voting rights presented below relates to the shareholders registered as of September 30, 2018.

1) Issued shares

As of September 30, 2018

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury stock, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 29,668,500	—	—
Shares with full voting rights (others)	Common stock 1,566,597,500	15,665,975	—
Shares less than one unit	Common stock 16,800	—	—
Total number of shares issued	1,596,282,800	—	—
Total voting rights held by all shareholders	—	15,665,975	—

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

2) Treasury stock, etc.

As of September 30, 2018

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

2. Directors

There was no change in directors for the nine months ended December 31, 2018, after the filing date of the securities report for the prior fiscal year.

IV. Financial Information

1. Basis of preparation of the quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64, 2007) and the “Ordinance on Reorganization of Accounting Methods for Special Finance Corporations, etc.” (Ordinance of General Administrative Agency of the Cabinet/the Finance Ministry No. 32 of 1999).

2. Audit and review reports

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, the Company’s quarterly consolidated financial statements for the current third quarter (from October 1, 2018, to December 31, 2018) and for the nine months ended December 31, 2018 (from April 1, 2018, to December 31, 2018) were reviewed by Deloitte Touche Tohmatsu LLC.

1. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2018)	Current third quarter (As of December 31, 2018)
Assets		
Current assets		
Cash and deposits	91,884	87,326
Accounts receivable - operating loans	*2 975,116	*2 994,321
Loans receivable of banking business	48,808	46,962
Accounts receivable - installment	53,034	60,944
Purchased receivables	10,603	9,765
Securities	904	975
Trading account securities	1,651	—
Raw materials and supplies	60	59
Other	81,342	88,464
Allowance for doubtful accounts	(75,686)	(77,700)
Total current assets	1,187,721	1,211,119
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,844	4,028
Equipment, net	10,195	9,775
Land	6,203	3,851
Other, net	1,557	1,271
Total property, plant and equipment	22,800	18,926
Intangible assets		
Goodwill	4,063	3,453
Software	7,103	5,720
Other	42	48
Total intangible assets	11,210	9,222
Investments and other assets		
Investment securities	4,261	4,245
Net defined benefit asset	4,559	5,050
Deferred tax assets	36,850	35,710
Guarantee deposits	5,259	5,125
Other	*2 4,194	*2 3,326
Allowance for doubtful accounts	(899)	(978)
Total investments and other assets	54,224	52,480
Total noncurrent assets	88,235	80,629
Total assets	1,275,957	1,291,748

(Millions of yen)

	Prior fiscal year (As of March 31, 2018)	Current third quarter (As of December 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	500	883
Short-term loans payable	10,873	20,906
Commercial papers	29,998	39,997
Current portion of long-term loans payable	160,244	170,943
Current portion of bonds	45,350	29,126
Deposits of banking business	53,074	49,039
Income taxes payable	5,112	5,080
Provision for loss on guarantees	*1 10,061	*1 9,311
Asset retirement obligations	89	94
Deferred installment income	53	38
Other	16,636	13,603
Total current liabilities	331,995	339,025
Noncurrent liabilities		
Bonds payable	211,210	216,488
Long-term loans payable	276,841	255,000
Deferred tax liabilities	0	8
Provision for directors' retirement benefits	22	24
Provision for loss on interest repayment	104,068	72,744
Net defined benefit liability	334	371
Asset retirement obligations	4,320	4,185
Other	2,724	1,645
Total noncurrent liabilities	599,523	550,467
Total liabilities	931,519	889,492
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,578	73,549
Retained earnings	202,410	257,103
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	320,026	374,690
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	3,412	3,481
Remeasurements of defined benefit plans	(523)	(578)
Total accumulated other comprehensive income	2,889	2,903
Non-controlling interests	21,521	24,661
Total net assets	344,437	402,255
Total liabilities and net assets	1,275,957	1,291,748

(2) Quarterly Consolidated Statement of Income and
Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Operating revenue		
Interest on operating loans	120,557	126,707
Interest on loans of banking business	4,498	4,489
Revenue from credit card business	4,474	5,743
Revenue from installment sales finance business	56	50
Revenue from credit guarantee	43,347	45,964
Collection from purchased receivable	4,074	3,427
Other financial revenue	*1 599	*1 636
Other operating revenue	18,343	19,915
Total operating revenue	195,951	206,933
Operating expenses		
Financial expenses	*2 9,292	*2 8,627
Cost of purchased receivable	1,837	1,388
Other operating expenses	124,168	123,302
Total operating expenses	135,298	133,318
Operating profit	60,652	73,615
Non-operating income		
Interest income	193	157
Dividend income	13	15
Equity in earnings of affiliates	9	10
House rent income	209	213
Settlement received	*3 199	—
Other	152	120
Total non-operating income	778	517
Non-operating expenses		
Interest expenses	19	24
Foreign exchange losses	33	22
Loss on insurance cancellation	16	55
Other	83	10
Total non-operating expenses	152	113
Ordinary profit	61,278	74,020

(Millions of yen)

	For the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Extraordinary income		
Gain on sales of noncurrent assets	4	36
Gain on sales of investment securities	25	3
Total extraordinary income	30	40
Extraordinary loss		
Loss on sales of noncurrent assets	3	7
Loss on retirement of noncurrent assets	94	117
Impairment loss	—	*4 2,800
Loss on valuation of investment securities	0	6
Other	0	1
Total extraordinary losses	98	2,932
Profit before income taxes	61,210	71,128
Income taxes-current	6,102	8,524
Income taxes-deferred	(1,473)	1,210
Total income taxes	4,628	9,735
Profit	56,581	61,392
Profit attributable to non-controlling interests	2,558	3,566
Profit attributable to owners of parent	54,023	57,826

(Quarterly Consolidated Statement of Comprehensive Income)
Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Profit	56,581	61,392
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(0)
Foreign currency translation adjustment	1,872	46
Remeasurements of defined benefit plans, net of tax	(51)	(42)
Total other comprehensive income	1,817	3
Comprehensive income	58,398	61,396
Comprehensive income attributable to:		
Owners of parent	55,310	57,839
Non-controlling interests	3,088	3,556

[Notes]

(Additional Information)

<Changes in Presentation>

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the three months ended June 30, 2018. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under noncurrent liabilities.

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

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

(Notes to Quarterly Consolidated Balance Sheet)

*1. Contingent liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current third quarter (As of December 31, 2018)
Outstanding guarantee obligation in the guarantee business	1,199,644	1,202,897
Outstanding guarantee obligation in the banking business	568	529
Provision for loss on guarantees	10,061	9,311
Net	1,190,151	1,194,116

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

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2018)	Current third quarter (As of December 31, 2018)
Loans to bankrupt parties	788	796
Loans in arrears	23,821	24,423
Loans overdue by three months or more	4,753	5,394
Restructured loans	31,477	31,756
Total	60,841	62,371

(Notes) 1. Loans to bankrupt parties refer to loans to bankrupt parties, parties in rehabilitation and reorganization, and others which are loans where interest is not accrued.

2. Loans in arrears refer to other loans where interest is not accrued, excluding loans on which interest payment is deferred for the purpose of reconstructing or assisting debtors.

3. Loans overdue by three months or more refer to loans other than the above that are overdue by three months or more.

4. Restructured loans refer to loans other than the above that are restructured by favorable terms for debtors, such as reduction or waiving of interest, in order to facilitate collection of an outstanding balance.

(Notes to Quarterly Consolidated Statement of Income)

*1. Major items of other financial revenue

	(Millions of yen)	
	For the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Interest on deposits	46	53
Interest on securities	187	86
Interest on loans	13	57
Interest on deposits with banks	131	90
Foreign exchange gains	12	24

*2. Major items of financial expenses

	(Millions of yen)	
	For the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Interest expenses	4,545	3,869
Interest on bonds	2,106	2,159
Amortization of bond issuance cost	13	136
Interest expenses of banking business	2,181	1,923

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

*4. The Company Group recorded impairment loss as follows:

(1) Assets recognized as having suffered impairment

Location	Usage	Type
Kashiwa-shi, Chiba, etc.	Property to be sold	Land, buildings and structures, and equipment

(2) Method of grouping assets

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

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

(b) For other financial businesses: each company

(c) For the overseas financial business: each company

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

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

(3) Process through which impairment loss was recognized

An impairment loss was recognized on properties to be sold because the expected sale prices were significantly lower than the assets' carrying amounts.

(4) Amount of impairment loss

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

(5) Calculation method of recoverable amount

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

5. Basis for classification of financial revenue and financial expenses on quarterly consolidated statement of income is as follows.

(1) Financial revenue stated as operating revenue

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

(2) Financial expenses stated as operating expenses

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

(Notes to Quarterly Consolidated Statement of Cash Flows)

Quarterly Consolidated Statement of Cash Flows has not been prepared for the nine months ended December 31, 2018. The amounts of depreciation (including amortization of intangible assets except goodwill) and amortization of goodwill for the nine months are as follows.

	(Millions of yen)	
	For the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Depreciation and amortization	3,299	3,587
Amortization of goodwill	738	610

(Notes to Shareholders' Equity)

For the nine months ended December 31, 2017 (from April 1, 2017, to December 31, 2017)

1. Dividends paid

Not applicable

2. Dividends whose record date falls in the nine months ended December 31, 2017, but whose effective date is after December 31, 2017

Not applicable

For the nine months ended December 31, 2018 (from April 1, 2018, to December 31, 2018)

1. Dividends paid

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

2. Dividends whose record date falls in the nine months ended December 31, 2018, but whose effective date is after December 31, 2018

Not applicable

(Segments and related information)

[Segment information]

I. For the nine months ended December 31, 2017 (from April 1, 2017, to December 31, 2017)

1. Operating revenue and profit or loss by reported segments

(Millions of yen)

	Reported segments					Others (Note)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	105,124	48,071	37,836	4,904	195,938	13	195,951
Revenues from transactions with other operating segments	0	124	7	—	132	53	186
Total	105,125	48,196	37,843	4,904	196,070	67	196,137
Segment profit	36,553	12,458	10,869	674	60,555	67	60,622

(Note) The “Others” category refers to operating revenue and profit which are not included in the reported segments.

2. Reconciliation between the total segment profit or loss and operating profit in quarterly consolidated statement of income

Profit	Amount (Millions of yen)
Total reported segments	60,555
Profit of “Others” category	67
Elimination of intersegment transactions	(64)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	93
Operating profit in quarterly consolidated statement of income	60,652

3. Information about impairment loss on noncurrent assets or goodwill, etc. of each reported segment
(Significant impairment loss on noncurrent assets)

Not applicable

II. For the nine months ended December 31, 2018 (from April 1, 2018, to December 31, 2018)

1. Operating revenue and profit or loss by reported segments

(Millions of yen)

	Reported segments					Others (Note)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	108,982	51,602	42,024	4,298	206,908	25	206,933
Revenues from transactions with other operating segments	—	—	7	—	7	42	50
Total	108,982	51,602	42,032	4,298	206,916	67	206,984
Segment profit	39,412	18,625	14,847	416	73,301	67	73,369

(Note) The “Others” category refers to operating revenue and profit which are not included in the reported segments.

2. Reconciliation between the total segment profit or loss and operating profit in quarterly consolidated statement of income

Profit	Amount (Millions of yen)
Total reported segments	73,301
Profit of “Others” category	67
Elimination of intersegment transactions	43
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	202
Operating profit in quarterly consolidated statement of income	73,615

3. Information about impairment loss on noncurrent assets or goodwill, etc. of each reported segment
(Significant impairment loss on noncurrent assets)

Impairment loss on common assets was recognized. The amount of such impairment loss was 2,800 million yen for the nine months ended December 31, 2018.

(Per share information)

The amount and basis for calculation of basic earnings per share are as follows:

(Millions of yen, unless otherwise stated)

Item	For the nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	For the nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Basic earnings per share	34.48 yen	36.91 yen
(Basis for calculation)		
Profit attributable to owners of parent	54,023	57,826
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent in relation to common stock	54,023	57,826
Weighted average number of common stock during the quarter	1,566,614,208 shares	1,566,614,208 shares

(Note) “Diluted earnings per share” is not stated because there is no dilutive security.

(Significant subsequent events)

Consolidated subsidiary PT. Bank Nusantara Parahyangan, Tbk., in which the Company holds 67.59% of the issued shares, announced on January 22, 2019 that it would merge with PT Bank Danamon Indonesia, Tbk., a major commercial bank in the Republic of Indonesia, subject to the relevant regulatory approvals as well as the approvals at shareholders' meetings of both banks.

1. Overview of the merger plan

(1) Date of merger (effective date)

May 1, 2019 (provisional)

(2) Surviving company

PT Bank Danamon Indonesia, Tbk.

(3) Dissolving company

PT. Bank Nusantara Parahyangan, Tbk. (a consolidated subsidiary of the Company)

(4) Merger ratio

Name	Merger ratio
PT Bank Danamon Indonesia, Tbk.	1
PT. Bank Nusantara Parahyangan, Tbk.	0.236168

(5) Protection of shareholders

Shareholders can choose between becoming shareholders of the surviving company or transferring their shares to MUFG Bank, Ltd. in exchange for cash.

Transfer application period: March 28, 2019, through April 10, 2019

Transfer price: 4,088 rupiah per share

2. Overview of the consolidated subsidiary of the Company

(1) Main line of business

Banking business in the Republic of Indonesia

(2) Scale of business

(i) Assets, liabilities, etc. (as of September 30, 2018)

Total assets	60,643	million yen
Liabilities	50,336	million yen
Net assets	10,306	million yen

* Translated at the spot foreign exchange rate on September 30, 2018 (1 rupiah = 0.0076 yen)

(ii) Profit or loss (from January 1, 2018, to September 30, 2018)

Operating revenue	5,403	million yen
Operating profit	186	million yen
Ordinary profit	227	million yen
Profit	171	million yen

* Translated at the average foreign exchange rate during the period from January 1, 2018, to September 30, 2018 (1 rupiah = 0.0078 yen)

3. Effect of the merger

After the merger, PT. Bank Nusantara Parahyangan, Tbk. will be excluded from the scope of consolidation of the Company.

2. Others

The Board of Directors Meeting, held on November 1, 2018, made resolutions on interim dividend as follows:

- 1) Total amount of interim dividend: 1,566 million yen
- 2) Interim dividend per share: 1.00 yen
- 3) Effective date for demanding payment and commencement date of payment: December 6, 2018

(Note) Dividend was paid to the final registered shareholders as of September 30, 2018.

Part II Information on Guarantors for the Filing Company

Not applicable