



To Our Shareholders



Left: Masayuki Saito, Chairman
Right: Masaaki Kono, President

Introduction

At the Board of Directors meeting following the 56th General Meeting of Shareholders, Masayuki Saito and I, Masaaki Kono, were appointed as Chairman and Representative Director, and President and Representative Director, respectively, and we assumed office. Marking the start of this new structure, I will explain to shareholders our operating performance during the fiscal year under review and our initiatives under the medium-term business plan.

Fiscal 2016 Review

The initial year of our medium-term business plan, which commenced in the year ended March 31, 2016, has been designated as “The year where we will get started on new challenges and take a step toward dramatic progress.” To realize new growth models, we are undertaking a variety of initiatives, such as further strengthening the installment credit business and accelerating the approach to the growing market in order to achieve sustainable growth in our fields of business and revenue, as well as starting operations of a

joint venture in the small-lot leasing business and an auto loan business company in Thailand.

Operating results in fiscal 2016, the year ended March 31, 2016, were as follows.

Consolidated operating revenues increased ¥5.4 billion year on year to ¥211.8 billion.

In terms of performance by individual businesses, we achieved the following results. In the installment credit business, auto loan billings increased. In shopping credit, billings in the field of home renovations decreased but rose for settlement-related products. As a result, in the installment credit business, overall billings increased year on year, as did operating revenue.

In the credit cards and direct cash loans business, billings grew in credit card shopping, and credit card shopping revenues were boosted by growth in the balance of card shopping revolving credit. In direct cash loans, revenues remained flat year on year.

In the bank loan guarantee business, operating revenues increased underpinned by continued increase in billings and growth in the balance of bank loan guarantees.

Consolidated operating expenses decreased ¥3.3 billion year on year to ¥182.3 billion.

General expenses decreased, and financial expenses also decreased year on year due to improvements of conditions for financing, etc. Meanwhile, as a result of recording a provision of allowance for losses on interest refunds of ¥6.7 billion in the fourth quarter based on refund amounts for overpaid interest and recent trends in refund conditions, the provision of allowance for losses on interest refunds amounted to ¥18.4 billion.

As a result of these factors, ordinary income rose ¥8.7 billion year on year to ¥29.4 billion, and profit attributable to owners of parent increased ¥6.0 billion year on year to ¥24.5 billion on a consolidated basis.

Policy on Dividends

Our basic policy on returning profits to shareholders is to maintain an appropriate level of shareholders' equity and to pay stable and continuous dividends by strengthening



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our management base. Also, the redemption by purchase of preferred stock is one of our important management challenges.

With above policy, we have decided to forgo payment of dividends in favor of building our surplus to a level comparable with the outstanding balance of redeemable Class I Preferred Stock, and thereafter consider when it would be appropriate to start paying dividends again.

We deeply regret that year-end dividends for common stock and preferred stock therefore will be suspended for the fiscal year under review.

Concerning the year-end dividend for the upcoming fiscal year, we will take into serious consideration such factors as the above-stated basic policy, changes in the Company's operating environment and operating performance trends. However, at the current stage the dividend is undecided.

We ask for your continued understanding as we endeavor to increase corporate value to meet shareholders' expectations.

Medium-Term Business Plan Progress

Orico has been working on our five-year medium-term business plan with the year ended March 31, 2016 as the initial year.

The basic policy of this plan is to "Realize new 'growth models' through the challenge of reform." The stable growth of the installment credit business segment is the foundation of the plan. By continuing the challenge of carrying out various reforms, we aim to expand the business and achieve sustainable revenue growth by creating growth engines in the credit cards and direct cash loans business, and the bank loan guarantee business, where future market growth is anticipated, and the settlement and guarantee business as a fourth field in which growth is expected.

Looking at initiatives by business, in regard to credit card shopping, which is part of the credit cards and direct cash loans business, we will strengthen various initiatives, such as actively promoting contactless IC cards, developing loyal customer strategies, and raising usage rates and unit sales. Furthermore, by strengthening our alliance with the Mizuho Financial Group, Inc., we will expand our fields of business and achieve a dramatic increase in revenues. We will also work to boost our loan volume by running promotions

for existing members and promoting products for small business owners.

In the bank loan guarantee business, we will step up our alliance with Mizuho Bank, Ltd., and further enhance our meticulous selling capabilities by leveraging the strengths of our products and proposals.

In the settlement and guarantee business, we will enhance initiatives in areas such as rent guarantees and receivables settlement guarantees, and reinforce efforts anew in small-lot lease guarantees. Meanwhile, we will aim to grow our core businesses through the development of products and expansion of services that maximize our strengths in credit and collection.

In the installment credit business, to maintain steady growth we will further consolidate our top share position by providing high-value-added products and services that accurately meet customers' needs and taking up the challenge of creating new markets.

At the same time, when undertaking these business-specific initiatives we will take on new challenges to capture frontier fields through three approaches, targeting e-commerce transaction settlements, business customers and the Asian market.

Based on these policies, I believe our performance was generally favorable during the initial year of our medium-term business plan. We will further accelerate our "challenge of reform" with a view to putting the business on track to achieve the targets we have set for the final year of our medium-term business plan.

To have the genuine value of our existence be recognized by society, we will provide optimal financial services and products that meet customers' installment and settlement needs. In this way, we will work together throughout the Company to realize our aim of being a company that helps customers live fulfilling lives and realize their dreams.

June 2016

Masaaki Kono
President