

Notes to Consolidated Financial Statements

Orient Corporation and Subsidiaries

1. Basis of Presentation

(1) Accounting Principles and Presentation

Orient Corporation (the "Company") and its domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries and associates (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS), and are compiled from the consolidated financial statements prepared by the Companies as required by the Financial Instruments and Exchange Act of Japan.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in yen do not necessarily agree with the sum of the individual amounts.

The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto were translated from the presented Japanese yen amounts into U.S. dollar amounts at the rate of ¥108.83 = U.S. \$1, the rate of exchange prevailing at March 31, 2020, and were then rounded down to the nearest thousand. As a result, the totals shown in U.S. dollars do not necessarily agree with the sum of the individual amounts. This translation of Japanese yen amounts into U.S. dollar amounts is included solely for convenience of readers outside Japan. Such translation is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

(2) Scope of Consolidation

The Company had 15 and 14 subsidiaries ("controlled companies," the decision-making body of the entity is controlled) at March 31, 2020 and 2019, respectively. The consolidated financial statements include the accounts of the Company and all subsidiaries. The major consolidated subsidiaries are listed below:

	At March 31, 2020	
	Equity ownership percentage, including indirect ownership	Capital stock (Millions of yen/baht/ Philippine peso)
CAL Credit Guarantee Co., Ltd.	100.0	¥50
Orico Auto Leasing (Thailand) Ltd.	95.0	฿937
Orico Auto Finance Philippines Inc.	100.0	₱600
Orico Forrent Insure Co., Ltd.	100.0	¥391
Orico Business & Communications Co., Ltd.	100.0	¥100
Ohtori Corporation	100.0	¥100
Japan Collection Service Co., Ltd.	100.0	¥700
ORIFA Servicer Corporation	100.0	¥500

(3) Consolidation and Elimination

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated, and the portion thereof attributable to non-controlling interests is charged to non-controlling interests. All consolidated subsidiaries have the same fiscal year-end date as that for the consolidation.

The cost of investments in the common stock of consolidated subsidiaries is eliminated with the underlying equity in net assets of such subsidiaries. The material differences between the cost of investments and the amount of underlying equity in net assets of such subsidiaries are deferred and amortized within 20 years on a straight-line basis. If the difference is not material, it is directly charged or credited to profit for the year.

(4) Investments in Associates

The Company had six associates ("influenced companies," financial and operating or business decision making of the entity that is not a subsidiary can be influenced to a material degree) at March 31, 2020 (five associates in 2019). During the year ended March 31, 2020, the Company acquired new shares in LINE Credit Corporation through a third-party share allocation, and LINE Credit was newly included in the scope of the equity method.

All associates are accounted for by the equity method, under which the Company's equity in profit of these associates is included in consolidated profit for the years ended March 31, 2020 and 2019.

All associates accounted for by the equity method have the same fiscal year-end date as that for the consolidation.

(5) Foreign Currency Translation

Asset and liability items of foreign consolidated subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date. Revenue and expense items are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as foreign currency translation adjustments and non-controlling interests under net assets section.

2. Summary of Significant Accounting Policies

(1) Recognition of Consumer Finance Service Revenue

(a) Consumer credit service

Customers purchasing goods from retailers with whom the Companies have sales finance arrangements (the "member merchants") can use installment payments.

Commissions from customers for installment payments are recognized by the "sum-of-the-month-digits" basis over the relevant contract terms as the monthly installments become due under the contracts.

Commissions from member merchants for installment payments are recognized by the "in-a-lump-sum" basis on which commissions from member merchants are recognized as earned at the time installment contracts with member merchants are executed.

(b) Credit card shopping service

The basis of recognizing commission income is almost the same as (a) for consumer credit.

(c) Direct cash loan service

The Companies make direct cash loans to individual customers, which are to be repaid in installments. Commissions on such cash loans are recognized as earned on an interest-bearing basis as monthly payments become due. Cash advances are included in the direct cash loan service, and the commissions are accounted for on the same basis as those on direct cash loans.

(d) Guarantee and loan agent service

The Companies recognize guarantee fees on loans after deducting estimated amount of guarantee fee refunds.

(2) Unearned Finance Income

As described in (1) above, finance income (commissions from customers) except for guarantee and loan agent service is recognized as earned when the monthly installments become due. To achieve this, the commissions recorded as earned in their entirety at the inception of the contracts are adjusted at the balance sheet date, by setting up an unearned finance income account for the unearned portion of commissions applicable to installments which have not yet become due by that date.

(3) Allowances**(a) Allowance for credit losses and write-offs**

Finance receivables are written off against the allowance for credit losses when installments have been unpaid for a certain specified period and/or uncollectibility of accounts is clearly demonstrated by conditions such as the customer's bankruptcy, poverty, disappearance or other circumstances prescribed by the Companies.

Write-offs are recorded at the end of March and September.

At the end of each fiscal year, the allowance for credit losses is provided in an amount deemed necessary to cover possible uncollectible accounts based on historical data on credit loss and management's judgment.

(b) Accrued bonuses

Accrued bonuses for employees are recorded at the amount expected to be paid to employees for bonuses.

(c) Accrued bonuses for directors and executive officers

Accrued bonuses for directors and executive officers are recorded at the amount expected to be paid to directors (excluding outside directors) and executive officers (collectively, the "Directors, etc.") for bonuses.

(d) Allowance for point program

Allowance for point program is provided by the Company to cover possible future expenses arising from the redemption of accumulated points on credit cards by credit cardholders and for installment points by customers at the end of each fiscal year.

(e) Accrued retirement benefits to directors and corporate auditors

Accrued retirement benefits to directors and corporate auditors for the consolidated subsidiaries are provided for at an amount required in accordance with the rules at the end of the fiscal year.

(f) Allowance for board benefit trust

Allowance for board benefit trust is recorded by the Company at the expected amount of obligations on stock-based compensation to Directors, etc. at the end of the fiscal year.

(g) Allowance for losses on interest refunds

To cover interest refund claims for the interest rates charged in excess of the upper limit imposed by the Interest Rate Restriction Act, the Company has set up an allowance for losses on interest refunds at the end of each fiscal year. Provision for the allowance is estimated based on the historical amount of refunds, taking into consideration the recent refund conditions.

(4) Retirement Benefits**(a) Method of attributing expected retirement benefits to periods**

In determining retirement benefit obligations, the benefit formula basis is used for the method of attributing expected retirement benefits to periods.

(b) Accounting treatment of actuarial gains and losses and past service costs

Past service costs of the Company are recognized in profit or loss by the straight-line method over a certain period (13 years), which is within the average remaining years of service of the employees. Actuarial gains and losses are recognized in profit or loss by the straight-line method over certain periods (13 years for the Company and five years for a consolidated subsidiary), which are within the average remaining years of service of the employees, commencing from the following fiscal year.

(5) Performance-based Stock Compensation Plan

The Company introduced a performance-based stock compensation plan, "Board Benefit Trust," (the "Plan") for Directors, etc. in the year ended March 31, 2018 with a view to increase their consciousness to contribute to performance improvement and corporate value increase in the medium- and long-term by clarifying the linkage between compensation for Directors, etc. and the Company's financial performance and stock value, and sharing not only benefits of an increase in the Company's equity value but risks of its decline.

Overview of Plan

The Plan is a performance-based stock compensation plan where a trust (a trust established under the Plan is referred to as the "Trust") acquired the Company's stock using money contributed by the Company and provides Directors, etc. with the Company's stock and money equivalent to the amount of the Company's stock as converted using fair value (the "Company's Stock, etc.") in accordance with the Rules for Stock Compensation Granted to Directors, etc. established by the Company. The timing of Directors, etc. receiving the Company's Stock, etc. is at their retirement from Directors, etc., in principle.

(6) Financial Instruments**(a) Derivatives**

The Companies adopt hedge accounting to all derivatives (see (c) Hedge accounting below).

(b) Securities

Securities held by the Companies are classified as available-for-sale securities.

Marketable securities classified as available-for-sale securities are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving-average method.

Non-marketable securities classified as available-for-sale securities are carried at cost determined by the moving-average method.

In cases where the fair value of available-for-sale securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in profit or loss for the period.

(c) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the period during which the gains or losses on the hedged items or transactions are recognized. The special treatment is applied to the interest rate swaps that meet certain criteria.

The derivatives designated as hedging instruments by the Companies are principally interest rate swap, and interest rate option, and currency swap transactions. The related hedged items are interest rates on bank loans and foreign currency fluctuation.

The Companies enter into derivative transactions in order to avoid interest rate and exchange rate fluctuation risks in future.

The Companies evaluate the effectiveness of their hedging activities by seeking the correlation of the benchmark interest rate and exchange rate fluctuation ranges between the hedging instruments and the related hedged items.

(7) Real Estate for Sale

Real estate for sale, in principle, is stated at acquisition cost, cost being determined by the specific identification method. In cases where the net selling value falls below the acquisition cost at the end of the period, real estate for sale on the consolidated balance sheet is written down to the net selling value, when profitability of assets has decreased. The Companies apply the non-reversal method which prohibits reversal of write-downs of inventories.

(8) Property and Equipment (Excluding Lease Assets)

Depreciation of property and equipment is calculated principally by the declining-balance method, except for buildings and other non-building structures, which are depreciated by the straight-line method (certain facilities attached to buildings and other non-building structures acquired on or before March 31, 2016 are depreciated by the declining-balance method), over the estimated useful lives which are the same standards as prescribed by tax laws.

(9) Intangible Assets

Other intangible assets are mainly comprised of software for internal use, which is amortized by the straight-line method over the estimated internal useful lives of 5 to 15 years. As for goodwill, please refer to 2 (14).

(10) Lease Assets

Lease assets under finance lease transactions which do not transfer ownership of the lease assets to the lessee are depreciated by the straight-line method over the period of the lease, with zero residual value.

(11) Accounting for Deferred Assets

Bond issue cost is amortized by the straight-line method over the maturity period.

(12) Income taxes

Deferred tax assets and liabilities are recognized in the consolidated financial statements with respect to the differences between the financial reporting and tax bases of the assets and liabilities, and measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(13) Accounting for Leased Offices and Other

The Companies use offices leased under cancellable long-term lease agreements. In connection with such agreements, lessors in Japan require leasehold deposits relative to the amount of annual lease rental payments. Such leasehold deposits do not bear interest and are generally returned only when the lease is terminated. The lease terms are generally two years with options for renewals for a similar period, subject to renegotiation of lease rentals. Also, the Companies have cancellable long-term lease commitments for computer equipment and housing for employees. As the lessee of these cancellable lease commitments, the Companies charge the relevant lease rentals to income as incurred.

(14) Amortization Method and Amortization Period of Goodwill

Goodwill is amortized by the straight-line method over 20 years or less.

(15) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows are composed of cash on hand, bank deposits that can be withdrawn on demand and short-term investments with no significant risk of change in value that have original maturity of three months or less.

(16) Earnings per Share

Basic earnings per share is calculated by deducting the total amount not attributable to common stock shareholders from profit, divided by the weighted average number of shares of common stock outstanding exclusive of number of shares of treasury stock during the year.

The computation of diluted earnings per share reflects the maximum possible dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.

(17) Consumption Taxes

Consumption taxes and local consumption taxes are accounted for by exclusion from transaction amounts. Consumption taxes paid not offset by consumption taxes received in accordance with Consumption Tax Act of Japan that arise from the purchases of tangible fixed assets are recorded as "Other assets" and are amortized over five years by the straight-line method.

(18) Change in Accounting Policy

Change in method used to translate revenue and expense items of foreign subsidiaries

The Company previously translated revenue and expense items of foreign subsidiaries into Japanese yen at the rate of exchange in effect at the balance sheet date and in the year ended March 31, 2020, changed to the method of translating them into Japanese yen at the average rate of exchange in effect during the year.

The significance of profit or loss of foreign subsidiaries is expected to increase in the Companies. The Company therefore made this change in order to reduce the effect of temporary changes in exchange rates on periodic profit or loss and to ensure that the operating results of foreign subsidiaries are more appropriately reflected in the consolidated financial statements.

The change was not applied retrospectively since the effect of the change on the consolidated financial statements is insignificant.

(19) Change in Presentation Method

Consolidated balance sheet

Housing loans of employees from financial institutions guaranteed by the Company, which were presented as contingent liabilities, have been omitted in the consolidated financial statements for the year ended March 31, 2020 since significance of the amount has decreased.

(20) Accounting Standards Issued but Not yet Effective

- "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No. 24, revised on March 31, 2020)

(a) Overview

The objective of the revision is to ensure that a summary of applied principles and procedures of accounting are provided when there are no specific provisions involved such as accounting standards.

(b) Scheduled date of adoption

The Companies will adopt the standard at the end of the year ending March 31, 2021.

- "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on March 31, 2020)

(a) Overview

The objective of the standard is to ensure that the information that assists users in interpreting financial statements is disclosed about amounts derived from accounting estimates in financial statements for the current fiscal year that have a risk of having significant effects on financial statements for the next fiscal year.

(b) Scheduled date of adoption

The Companies will adopt the standard at the end of the year ending March 31, 2021.

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, revised on March 31, 2020)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, revised on March 31, 2020)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, revised on March 31, 2020)

(a) Overview

The standard is a comprehensive accounting standard for revenue recognition. Revenue is recognized by applying the following five steps.

- Step 1: Identify a contract with a customer.
- Step 2: Identify performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to each performance obligation identified in the contract.
- Step 5: Recognize revenue when or as the entity satisfies a performance obligation.

(b) Scheduled date of adoption

The Companies will adopt the standard and the implementation guidances at the beginning of the year ending March 31, 2022.

(c) Impact of adopting the standard and the implementation guidances

The effects of adopting the standard and the implementation guidances are currently under evaluation.

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, issued on July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, issued on July 4, 2019)
- "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued on July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, issued on July 4, 2019)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, issued on March 31, 2020)

(a) Overview

The "Accounting Standard for Fair Value Measurement" and the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (collectively referred to as the "FVM Accounting Standard") were developed in order to enhance the comparability with provisions in the international accounting standards and included guidance on fair value measurement. The FVM Accounting Standard applies to the fair value of the following items:

- financial instruments in the "Accounting Standard for Financial Instruments"
- inventories held for trading in the "Accounting Standard for Measurement of Inventories"

The "Accounting Standard for Financial Instruments" was revised to reflect matters regarding fair value measurement mainly including a revised definition of the term "fair value." The "Accounting Standard for Measurement of Inventories" was revised to reflect that inventories held for trading, carrying amounts of which had been based on quoted market prices, one of the fair value measurement bases, should be included in the scope of the "FVM Accounting Standard" since the fair value measurement of inventories held for trading are to be consistent with that of financial instruments.

The "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised and included notes to be disclosed such as financial instruments disaggregated into levels of the fair value hierarchy.

(b) Scheduled date of adoption

The Companies will adopt the standards and the implementation guidances at the beginning of the year ending March 31, 2022.

(c) Impact of adopting the standards and the implementation guidances

The effects of adopting the standards and the implementation guidances are currently under evaluation.

(21) Additional Information

Accounting estimates associated with the spread of the coronavirus disease 2019 (COVID-19)

The Companies assumed that economic activity would slowly recover from the effects of COVID-19 after the second half of the year ending March 31, 2021, and assessed the recoverability of deferred tax assets and additionally recognized the allowance for credit losses, taking into accounts the effects.

The Companies' financial position and operating results as of and for the year ending March 31, 2021 may be affected if the effects of the COVID-19 worsen.

3. Securities and Investment Securities

Investments in associates included in "Investment securities" at March 31, 2020 and 2019 were ¥8,830 million (\$81,135 thousand) and ¥6,862 million, respectively.

Carrying amount on the consolidated balance sheet, cost and their difference of available-for-sale securities at March 31, 2020 and 2019 were as follows:

		Millions of yen		
		2020		
	Type	Carrying amount on the consolidated balance sheet	Cost	Difference
Securities whose carrying amount exceeds their cost	Equity securities	¥3,248	¥1,115	¥2,132
	Bond securities	—	—	—
	Other	47	24	23
	Subtotal	3,295	1,139	2,155
Securities whose carrying amount does not exceed their cost	Equity securities	425	573	(148)
	Bond securities	—	—	—
	Other	—	—	—
	Subtotal	425	573	(148)
Total		¥3,720	¥1,712	¥2,007

		Millions of yen		
		2019		
	Type	Carrying amount on the consolidated balance sheet	Cost	Difference
Securities whose carrying amount exceeds their cost	Equity securities	¥3,852	¥1,338	¥2,514
	Bond securities	—	—	—
	Other	46	24	22
	Subtotal	3,899	1,362	2,536
Securities whose carrying amount does not exceed their cost	Equity securities	304	382	(77)
	Bond securities	—	—	—
	Other	—	—	—
	Subtotal	304	382	(77)
Total		¥4,203	¥1,745	¥2,458

		Thousands of U.S. dollars		
		2020		
	Type	Carrying amount on the consolidated balance sheet	Cost	Difference
Securities whose carrying amount exceeds their cost	Equity securities	\$29,844	\$10,245	\$19,590
	Bond securities	—	—	—
	Other	431	220	211
	Subtotal	30,276	10,465	19,801
Securities whose carrying amount does not exceed their cost	Equity securities	3,905	5,265	(1,359)
	Bond securities	—	—	—
	Other	—	—	—
	Subtotal	3,905	5,265	(1,359)
Total		\$34,181	\$15,730	\$18,441

Note Unlisted equity securities (carrying amounts at March 31, 2020 and 2019 were ¥1,458 million (\$13,397 thousand) and ¥1,225 million, respectively) are not included in the above table because there were no quoted market prices available and it is extremely difficult to determine the fair value.

Proceeds, gain on sales and loss on sales from the sale of available-for-sale securities for the years ended March 31, 2020 and 2019 were as follows:

		Millions of yen		
		2020		
Type		Proceeds	Gain on sales	Loss on sales
Equity securities		¥63	¥33	¥0
Bond securities		—	—	—
Other		—	—	—
Total		¥63	¥33	¥0

		Millions of yen		
		2019		
Type		Proceeds	Gain on sales	Loss on sales
Equity securities		¥20	¥4	¥29
Bond securities		—	—	—
Other		—	—	—
Total		¥20	¥4	¥29

		Thousands of U.S. dollars		
		2020		
Type		Proceeds	Gain on sales	Loss on sales
Equity securities		\$578	\$303	\$0
Bond securities		—	—	—
Other		—	—	—
Total		\$578	\$303	\$0

During the year ended March 31, 2020, the Companies recognized an impairment loss on available-for-sale securities of ¥10 million (\$91 thousand). During the year ended March 31, 2019, the Companies recognized no impairment loss.

4. Direct Installment Receivables

Direct installment receivables are recorded in an amount equivalent to the retail purchase price on installments, plus commissions charged by the Companies to the individual customers, or, as the case may be, at the principal amount of loans plus commissions charged to the customers computed by the add-on method.

Regarding cash advances on loan cards and credit cards, the unused facility balance (including securitized amounts) out of the total facility limit available to customers was ¥1,594,116 million (\$14,647,762 thousand) and ¥1,633,471 million as of March 31, 2020 and 2019, respectively.

The full amount of this unused facility balance may not necessarily be used since the Companies can deny loans to any customer when a reasonable reason exists, such as changes in the credit status of the customer, under the terms of the contract.

5. Guaranteed Loan Receivables (Payables)

The Companies have adopted a policy to show the outstanding balance of loan guarantees as an asset ("Guaranteed loan receivables") and the same amount as a liability ("Guaranteed loan payables") on the consolidated balance sheet.

The balance of guaranteed loan receivables represents the loans borrowed by customers from financial institutions under the Companies' guarantee. The balance of this account represents monthly repayments which have not become due at the consolidated balance sheet date.

6. Beneficiary Certificates Retained for Receivable Securitization

Beneficiary certificates retained for receivable securitization include receivables such as securitized direct installment receivables.

7. Long-Term Debt under Securitization of Receivables

Long-term debt under securitization of receivables is debt resulting from securitization of direct installment receivables.

8. Short-Term Bank Loans, Long-Term Debt, Lease Obligations and Others

The annual average interest rates applicable to short-term bank loans at March 31, 2020 and 2019 were 0.97% and 0.80%, respectively.

The annual average interest rate applicable to commercial papers at March 31, 2020 and 2019 was 0.06%.

Short-term bank loans, long-term debt, lease obligations and others at March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Short-term bank loans	¥ 67,140	¥ 61,176	\$ 616,925
Commercial papers	280,400	266,700	2,576,495
	¥ 347,540	¥ 327,876	\$ 3,193,420
Long-term debt from banks and other financial institutions, maturing through 2030	¥1,172,312	¥1,115,843	\$10,771,956
Lease obligations	1,020	1,459	9,372
Guarantee deposits received and other	4,800	4,513	44,105
Long-term debt under securitization of receivables, maturing through 2026	13,458	13,071	123,660
Unsecured corporate bonds due on various dates through July 20, 2029 – generally at 0.29 to 0.88% (0.22 to 0.88% in 2019)	215,000	215,000	1,975,558
Less: Portion due within one year	(371,287)	(377,468)	(3,411,623)
	¥1,035,304	¥ 972,420	\$ 9,513,038

The annual average interest rates applicable to long-term debt from banks and other financial institutions at March 31, 2020 and 2019 were 0.56% and 0.60%, respectively.

The annual average interest rates applicable to lease obligations are not presented since lease obligations are presented on the consolidated balance sheet at the amount from which the amount equivalent to interest included in the total lease payment is not deducted.

The annual average interest rates applicable to long-term debt under securitization of receivables at March 31, 2020 and 2019 were 1.15% and 1.29%, respectively.

The Companies' assets pledged as collateral at March 31, 2020 and 2019 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Beneficiary certificates retained for receivable securitization	¥13,458	¥13,071	\$123,660

The liabilities secured by the above assets pledged as collateral were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Long-term debt under securitization of receivables	¥13,458	¥13,071	\$123,660

The aggregate annual maturities of long-term debt from banks and other financial institutions at March 31, 2020 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2021	¥ 345,831	\$ 3,177,717
2022	296,972	2,728,769
2023	289,465	2,659,790
2024	156,151	1,434,815
2025	80,025	735,321
2026 and thereafter	3,868	35,541
	¥1,172,312	\$10,771,956

The aggregate annual maturities of lease obligations at March 31, 2020 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2021	¥ 455	\$4,180
2022	265	2,434
2023	154	1,415
2024	97	891
2025	39	358
2026 and thereafter	7	64
	¥1,020	\$9,372

The aggregate annual maturities of other interest-bearing debt at March 31, 2020 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2021	¥280,400	\$2,576,495
2022	—	—
2023	—	—
2024	—	—
2025	1,613	14,821
2026 and thereafter	11,844	108,830
	¥293,858	\$2,700,156

The aggregate annual maturities of unsecured corporate bonds outstanding at March 31, 2020 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2021	¥ 25,000	\$ 229,716
2022	40,000	367,545
2023	30,000	275,659
2024	30,000	275,659
2025	25,000	229,716
2026 and thereafter	65,000	597,261
	¥215,000	\$1,975,558

9. Income Taxes

At March 31, 2020 and 2019, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deferred tax assets due to:			
Allowance for credit losses in excess of tax limit	¥ 31,361	¥ 32,692	\$ 288,165
Provision of allowance for losses on interest refunds	4,188	5,411	38,482
Impairment losses on fixed assets	6,943	6,971	63,796
Defined benefit liabilities	472	642	4,337
Net operating loss carryforwards (Notes 1 and 3)	24,813	26,629	227,997
Other	18,793	17,498	172,682
Total gross deferred tax assets	86,571	89,845	795,469
Valuation allowance for net operating loss carryforwards (Note 3)	(23,865)	(25,037)	(219,286)
Valuation allowance for deductible temporary differences	(26,697)	(27,810)	(245,309)
Total valuation allowances (Note 2)	(50,563)	(52,848)	(464,605)
Total deferred tax assets	36,008	36,997	330,864
Deferred tax liabilities	(1,635)	(1,639)	(15,023)
Net deferred tax assets	¥ 34,373	¥ 35,358	\$ 315,841

Notes 1. Deferred tax assets related to operating loss carryforwards are recorded because the Japanese accounting standard requires that the benefit of operating loss carryforwards be estimated and recorded as an asset with deduction of valuation allowance if it is expected that some portions or all of the deferred tax assets will not be realized.

2. Valuation allowances decreased by ¥2,284 million (\$20,986 thousand) since valuation allowance for net operating loss carryforwards decreased by ¥1,150 million (\$10,566 thousand) and valuation allowance for deductible temporary differences decreased by ¥1,091 million (\$10,024 thousand) in the Company.

3. The amounts of net operating loss carryforwards and related deferred tax assets disaggregated by period of expiration were as follows:

	Millions of yen						
	2020						
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Net operating loss carryforwards *1	¥9,511	¥ 14,640	¥ 295	¥ 54	—	¥ 311	¥ 24,813
Valuation allowance	(8,563)	(14,640)	(295)	(54)	—	(311)	(23,865)
Deferred tax assets	947	—	—	—	—	—	*2 947

	Millions of yen						
	2019						
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Net operating loss carryforwards *1	¥ 69	¥10,967	¥ 14,640	¥ 278	¥ 54	¥ 619	¥ 26,629
Valuation allowance	(60)	(9,724)	(14,640)	(278)	(54)	(278)	(25,037)
Deferred tax assets	8	1,243	—	—	—	340	*2 1,592

	Thousands of U.S. dollars						
	2020						
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Net operating loss carryforwards *1	\$ 87,393	\$ 134,521	\$ 2,710	\$ 496	—	\$ 2,857	\$ 227,997
Valuation allowance	(78,682)	(134,521)	(2,710)	(496)	—	(2,857)	(219,286)
Deferred tax assets	8,701	—	—	—	—	—	*2 8,701

*1. Net operating loss carryforwards present the amounts computed by multiplying the statutory tax rate.

*2. The Company expects that some portions of net operating loss carryforwards can be utilized since it will have taxable income.

Reconciliations between the statutory tax rates and the effective tax rates for the years ended March 31, 2020 and 2019 were as follows:

	2020	2019
Statutory tax rate	30.5%	30.5%
Add (deduct):		
Valuation allowances	(13.4)	(116.3)
Per capita inhabitant tax	0.8	1.1
Entertainment expenses, etc., not deductible for income tax purposes	1.0	1.6
Other	(0.7)	(1.3)
Effective tax rate	18.2%	(84.4)%

10. Retirement Benefit Plans

(1) Overview of Retirement Benefit Plans

The Company and its consolidated subsidiaries have funded and unfunded defined benefit plans and a defined contribution plan for employees' retirement benefits.

The defined benefit corporate pension plans, all of which are funded, provide lump-sum or pension benefits based on salaries and the length of service. The lump-sum payment plans, which are unfunded (some of which are funded due to establishment of a retirement benefit trust), provide lump-sum benefits based on salaries and the length of service.

Certain consolidated subsidiaries use the simplified method, where the amount required for voluntary retirement at the end of the fiscal year is treated as retirement benefit obligations, to calculate defined benefit liabilities and retirement benefit expenses for their defined benefit corporate pension plans and lump-sum payment plans.

(2) Defined Benefit Plans

(a) Reconciliation between retirement benefit obligations at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Retirement benefit obligations at beginning of period	¥48,382	¥49,644	\$444,564
Current service costs	1,602	1,661	14,720
Interest costs	—	—	—
Actuarial gains and losses	104	(37)	955
Retirement benefits paid	(2,799)	(2,952)	(25,719)
Past service costs	(112)	—	(1,029)
Other	91	66	836
Retirement benefit obligations at end of period	¥47,267	¥48,382	\$434,319

Note The above table includes plans applying the simplified method.

(b) Reconciliation between plan assets at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Plan assets at beginning of period	¥50,893	¥55,209	\$467,637
Expected return on plan assets	860	875	7,902
Actuarial gains and losses	(4,235)	(4,167)	(38,913)
Contribution from employer	1,208	1,198	11,099
Retirement benefits paid	(2,087)	(2,221)	(19,176)
Other	(0)	(1)	(0)
Plan assets at end of period	¥46,639	¥50,893	\$428,549

Note The above table includes plans applying the simplified method.

(c) Reconciliation between retirement benefit obligations and plan assets at end of period and defined benefit liabilities and defined benefit assets on the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Funded retirement benefit obligations	¥ 46,794	¥ 47,844	\$ 429,973
Plan assets	(46,639)	(50,893)	(428,549)
	154	(3,049)	1,415
Unfunded retirement benefit obligations	473	538	4,346
Net balance of liability and asset on consolidated balance sheet	628	(2,511)	5,770
Defined benefit liabilities	1,914	1,551	17,587
Defined benefit assets	(1,286)	(4,062)	(11,816)
Net balance of liability and asset on consolidated balance sheet	¥ 628	¥ (2,511)	\$ 5,770

Note The above table includes plans applying the simplified method.

(d) Retirement benefit expenses and breakdown

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Current service costs	¥1,602	¥1,661	\$14,720
Interest costs	—	—	—
Expected return on plan assets	(860)	(875)	(7,902)
Amortization of actuarial gains and losses	(206)	(926)	(1,892)
Amortization of past service costs	(142)	(142)	(1,304)
Other	237	272	2,177
Retirement benefit expenses on defined benefit plans	¥ 629	¥ (10)	\$ 5,779

(e) Remeasurements of defined benefit plans in other comprehensive income

Breakdown of items recorded as remeasurements of defined benefit plans, before tax, in other comprehensive income was as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Past service costs	¥ (142)	¥ (142)	\$ (1,304)
Actuarial gains and losses	(4,547)	(5,055)	(41,780)
Total	¥(4,689)	¥(5,197)	\$(43,085)

(f) Remeasurements of defined benefit plans in accumulated other comprehensive income

Breakdown of items recorded as remeasurements of defined benefit plans, before tax, in accumulated other comprehensive income was as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized past service costs	¥(1,138)	¥(1,280)	\$(10,456)
Unrecognized actuarial gains and losses	764	(3,782)	7,020
Total	¥ (373)	¥(5,063)	\$ (3,427)

(g) Plan assets

(i) Breakdown of plan assets

Percentages to total plan assets by major category were as follows:

	2020	2019
Debt securities	37.4%	35.3%
Equity securities	37.9	46.3
Other (Note 2)	24.7	18.4
Total	100.0%	100.0%

Notes 1. Total plan assets include a retirement benefit trust of 29.3% and 32.2% for the years ended March 31, 2020 and 2019, respectively.

2. Other mainly includes life insurance general accounts and alternative investments.

(ii) Determination of expected long-term rate of return

In order to determine an expected long-term rate of return on plan assets, the Companies consider current and expected allocation of plan assets and current and expected long-term rates of return from various assets constituting plan assets.

(h) Actuarial assumptions

Major actuarial assumptions (in weighted average)

	2020	2019
Discount rate	0.0%	0.0%
Expected long-term rate of return	1.5%	2.5%

Note Actuarial assumptions include expected salary increase rates and other factors in addition to the above. The Company has adopted a point system.

Expected point increase rates for the year ended March 31, 2020 were 0.8% to 16.4% (0.8% to 16.4% for the year ended March 31, 2019). Expected salary increase rates of certain consolidated subsidiaries for the year ended March 31, 2020 were 0.0% to 3.4% (0.0% to 3.4% for the year ended March 31, 2019).

(3) Defined Contribution Plan

The amounts to be paid by the Company and certain consolidated subsidiaries to the defined contribution plan were ¥366 million (\$3,363 thousand) and ¥343 million for the years ended March 31, 2020 and 2019, respectively.

11. Net Assets

(1) Common stock and preferred stock at March 31, 2020 and 2019 were as follows:

Class of stock	Thousands of shares					Per share	
	Authorized	Issued			At March 31, 2020	Annual dividend ratio *6	Liquidation value (yen)
		At April 1, 2019	Increase	Decrease			
Stock Issued and Outstanding:							
Common Stock *1	1,825,000	1,718,383	111	—	1,718,494	—	—
1st Series Class I Preferred Stock *2	140,000	50,000	—	15,000	35,000	+2.75%	1,000
	1,965,000	1,768,383	111	15,000	1,753,494		
Treasury Stock:							
Common Stock *3 and 4		1,468	0	64	1,404	—	—
1st Series Class I Preferred Stock *5		—	15,000	15,000	—	—	—
		1,468	15,000	15,064	1,404		

*1. The number of outstanding shares of common stock increased by 111 thousand shares since subscription rights to shares (stock options) were exercised and common stock was issued in exchange.

*2. The number of outstanding shares of 1st series class I preferred stock decreased by 15,000 thousand shares due to the retirement.

*3. The number of shares of common stock for treasury increased by 0 thousand shares due to the purchase of shares less than one unit and decreased by 64 thousand shares due to the grant of the Company's stock by the Company's Board Benefit Trust (BBT).

*4. The number of shares of common stock for treasury includes the Company's stock owned by the Company's Board Benefit Trust (BBT) (1,446 thousand shares at April 1, 2019 and 1,381 thousand shares at March 31, 2020).

*5. The number of shares of 1st series class I preferred stock for treasury increased by 15,000 thousand shares due to the purchase (mandatory redemption) and decreased by 15,000 thousand shares due to the retirement.

*6. Spread against yen TIBOR (six months).

Class of stock	Thousands of shares					Per share	
	Authorized	Issued			At March 31, 2019	Annual dividend ratio *6	Liquidation value (yen)
		At April 1, 2018	Increase	Decrease			
Stock Issued and Outstanding:							
Common Stock *1	1,825,000	1,718,346	36	—	1,718,383	—	—
1st Series Class I Preferred Stock *2	140,000	70,000	—	20,000	50,000	+2.75%	1,000
	1,965,000	1,788,346	36	20,000	1,768,383		
Treasury Stock:							
Common Stock *3 and 4		1,493	0	25	1,468	—	—
1st Series Class I Preferred Stock *5		—	20,000	20,000	—	—	—
		1,493	20,000	20,025	1,468		

*1. The number of outstanding shares of common stock increased by 36 thousand shares since subscription rights to shares (stock options) were exercised and common stock was issued in exchange.

*2. The number of outstanding shares of 1st series class I preferred stock decreased by 20,000 thousand shares due to the retirement.

*3. The number of shares of common stock for treasury increased by 0 thousand shares due to the purchase of shares less than one unit and decreased by 25 thousand shares due to the grant of the Company's stock by the Company's Board Benefit Trust (BBT).

*4. The number of shares of common stock for treasury includes the Company's stock owned by the Company's Board Benefit Trust (BBT) (1,472 thousand shares at April 1, 2018 and 1,446 thousand shares at March 31, 2019).

*5. The number of shares of 1st series class I preferred stock for treasury increased by 20,000 thousand shares due to the purchase (mandatory redemption) and decreased by 20,000 thousand shares due to the retirement.

*6. Spread against yen TIBOR (six months).

Holders or registered pledgees of preferred stock are entitled to receive annual dividends and distribution of residual assets of the Company as set out above in priority to holders of the common stock but pari passu among themselves. The Company may pay one-half of the annual dividend payable on preferred stock as an interim dividend. Dividends on the preferred stock are not cumulative. Holders of preferred stock are not entitled to vote at a general meeting of shareholders.

Japanese companies are subject to the Companies Act. The significant areas in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends at any time during the fiscal year (except for dividends-in-kind) if the company has prescribed so in its articles of incorporation.

The Company does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company stipulate so.

The Companies Act also provides certain limitations on the amounts available for dividends and the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases or decreases and transfer of capital stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the capital stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold.

The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution at the shareholders' meeting.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of net assets.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights.

The appropriation of retained earnings reflected in the accompanying consolidated statement of changes in net assets represents the results of an appropriation made in the fiscal year in which it was approved by the shareholders' meeting and disposed of during the fiscal year, rather than those in the years to which they relate.

(2) Subscription rights to shares for the years ended March 31, 2020 and 2019 were as follows:

Company	Description	Class of stock issued	Number of shares issued			Balance at March 31, 2020	
			At April 1, 2019	Increase	Decrease	At March 31, 2020	Thousands of U.S. dollars
Parent company	Subscription rights to shares as stock options	Common stock	—	—	—	—	¥55 \$505

Company	Description	Class of stock issued	Number of shares issued			Balance at March 31, 2019	
			At April 1, 2018	Increase	Decrease	At March 31, 2019	Millions of yen
Parent company	Subscription rights to shares as stock options	Common stock	—	—	—	—	¥70

(3) Dividends for the years ended March 31, 2020 and 2019 were as follows:

Year ended March 31, 2020

(a) Dividends paid

Resolution	Class of stock	Total dividends		Dividends per share		Cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of shareholders on June 25, 2019	Common stock	¥3,436	\$31,572	¥ 2.00	\$0.01	March 31, 2019	June 26, 2019
	1st series class I preferred stock	1,438	13,213	28.76	0.26	March 31, 2019	June 26, 2019

Note Total dividends by the resolution at the annual general meeting of shareholders held on June 25, 2019 include dividends on the Company's stock held by the Company's Board Benefit Trust (BBT) of ¥2 million (\$18 thousand).

(b) Dividends with the cut-off date in the year ended March 31, 2020 and the effective date in the year ending March 31, 2021

Resolution	Class of stock	Source of dividends	Total dividends		Dividends per share		Cut-off date	Effective date
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
Annual general meeting of shareholders on June 26, 2020	Common stock	Retained earnings	¥5,155	\$47,367	¥ 3.00	\$0.02	March 31, 2020	June 29, 2020
	1st series class I preferred stock	Retained earnings	1,006	9,243	28.76	0.26	March 31, 2020	June 29, 2020

Note Total dividends by the resolution at the annual general meeting of shareholders held on June 26, 2020 include dividends on the Company's stock held by the Company's Board Benefit Trust (BBT) of ¥4 million (\$36 thousand).

Year ended March 31, 2019

(a) Dividends paid

Resolution	Class of stock	Total dividends		Dividends per share		Cut-off date	Effective date
		Millions of yen	Yen	Yen	U.S. dollars		
Annual general meeting of shareholders on June 26, 2018	Common stock	¥3,436	¥ 2.00			March 31, 2018	June 27, 2018
	1st series class I preferred stock	1,589	22.71			March 31, 2018	June 27, 2018

Note Total dividends by the resolution at the annual general meeting of shareholders held on June 26, 2018 include dividends on the Company's stock held by the Company's Board Benefit Trust (BBT) of ¥2 million.

(b) Dividends with the cut-off date in the year ended March 31, 2019 and the effective date in the year ended March 31, 2020

Resolution	Class of stock	Source of dividends	Total dividends		Dividends per share		Cut-off date	Effective date
			Millions of yen	Yen	Yen	U.S. dollars		
Annual general meeting of shareholders on June 25, 2019	Common stock	Retained earnings	¥3,436	¥ 2.00			March 31, 2019	June 26, 2019
	1st series class I preferred stock	Retained earnings	1,438	28.76			March 31, 2019	June 26, 2019

Note Total dividends by the resolution at the annual general meeting of shareholders held on June 25, 2019 include dividends on the Company's stock held by the Company's Board Benefit Trust (BBT) of ¥2 million.

12. Stock Options

On June 25, 2010, the annual general meeting of shareholders resolved on compensation for the Company's directors (excluding outside directors) of subscription rights to shares as stock options in accordance with provisions in Article 361 of the Companies Act since the retirement benefit plan for the Company's directors, corporate auditors and executive officers had been abolished. The Company has not established any compensation on subscription rights to shares for outside directors and corporate auditors.

On June 27, 2017, the 57th annual general meeting of shareholders resolved to introduce a performance-based stock compensation plan using a trust and abolish compensation on subscription rights to shares as stock options. The Company has not granted any additional subscription rights to shares as stock options since then and will not in future.

Details of the performance-based stock compensation plan are presented in "2. Summary of Significant Accounting Policies, (5) Performance-based Stock Compensation Plan."

The stock options outstanding as of March 31, 2020 were as follows:

	2010 Stock Option	2011 Stock Option
Resolved on:	July 29, 2010	July 29, 2011
Grantees:	11 directors 21 executive officers	10 directors 21 executive officers
Number of options granted*1:	Common stock, 476,500 shares	Common stock, 335,000 shares
Grant date:	August 26, 2010	August 25, 2011
Vesting conditions:	(i) Those who receive allotment of these subscription rights to shares (the "Grantees") may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. (ii) When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves. (iii) Other conditions for the exercise of these subscription rights to shares are as prescribed in the "Subscription Rights to Shares Allotment Agreement" entered into by and between the Company and each subscription rights holder in accordance with a resolution of the Board of Directors.	
Vesting period:	From June 25, 2010 to June 29, 2011	From June 29, 2011 to June 27, 2012
Exercise period:	From August 27, 2010 to August 26, 2030	From August 26, 2011 to August 25, 2031
Number of subscription rights to shares:	145	135
Number of treasury subscription rights to shares out of subscription rights to shares:	—	—

Class of stock underlying subscription rights to shares:	Common stock of the Company *2	
Number of shares underlying subscription rights to shares:	72,500 shares	67,500 shares
Amount to be paid in at the time of exercise of subscription rights to shares:	The exercise price of ¥1 per share (\$0.00 per share) multiplied by the number of shares granted.	
Share issue price and capital stock in the event of issuance of shares upon exercise of subscription rights to shares:	Issue price: ¥29,000 per 500 shares Capital stock: ¥14,500 per 500 shares	Issue price: ¥38,000 per 500 shares Capital stock: ¥19,000 per 500 shares
Conditions for exercising subscription rights to shares:	<ul style="list-style-type: none"> • The Grantees may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. • When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves. • Other conditions for the exercise of these subscription rights to shares are as prescribed in the "Subscription Rights to Shares Allotment Agreement" entered into by and between the Company and each subscription rights holder in accordance with a resolution of the Board of Directors. 	
Matters relating to transfer of subscription rights to shares:	Transfer of the subscription rights to shares shall be subject to approval of the Board of Directors of the Company.	
Matters relating to substitute payment:	—	—
Matters relating to granting of subscription rights to shares in association with acts of organizational restructuring:	<p>In cases where the Company effects a merger (limited to cases where the Company is to be extinguished as a result of the merger), absorption-type company split, incorporation-type company split, share exchange, or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary in either case) (collectively, hereinafter, "Reorganization"), the Company shall, in each case, under the following conditions, grant subscription rights to shares of the company as listed in Article 236, paragraph (1), item (viii), sub-items (a) to (e) of the Companies Act (hereinafter, the "Company Subject to Reorganization") to holders of these subscription rights to shares that have subscription rights to shares existing as of the effective date of the Reorganization (hereinafter, "Remaining Subscription Rights to Shares"). In this event, the Remaining Subscription Rights to Shares shall become null and void, and the Company Subject to Reorganization shall newly issue subscription rights to shares. However, it is subject to a condition that the provision that the subscription rights to shares of the Company Subject to Reorganization shall be delivered pursuant to the following conditions is specified in the absorption-type merger contract, consolidation-type merger contract, absorption-type company split contract, incorporation-type company split plan, share exchange contract, or share transfer plan, and the provision is approved by the shareholders' meeting of the Company.</p> <ul style="list-style-type: none"> (i) Number of subscription rights to shares of the Company Subject to Reorganization to be granted The same number of subscription rights to shares as that of Remaining Subscription Rights to Shares held by each holder of these subscription rights to shares (ii) Class of stock underlying subscription rights to shares Common stock of the Company Subject to Reorganization (iii) Number of shares underlying subscription rights to shares The number of shares shall be rationally adjusted in accordance with the conditions for Reorganization and any fractions less than one share resulting from said adjustment shall be rounded down. (iv) Value of property to be contributed when subscription rights to shares are exercised The value shall be the amount obtained by multiplying the exercise price after reorganization by the number of shares of the Company Subject to Reorganization underlying each subscription right to shares, which is decided pursuant to (iii) above. The exercise price after reorganization shall be ¥1 per share of the shares of the Company Subject to Reorganization that would be granted by exercising the granted subscription rights to shares. (v) Exercise period of subscription rights to shares From the latter of the start date of the period during which these subscription rights to shares can be exercised as specified in the aforementioned "Exercise period" and the effective date of Reorganization, until the expiry date of the period during which such subscription rights to shares can be exercised as specified in the "Exercise period." (vi) Other conditions on exercise and terms of acquisition To be determined in accordance with the aforementioned "Conditions for exercising subscription rights to shares" and *3. (vii) Matters relating to capital stock and additional paid-in capital that will be increased in the event of issuance of shares upon exercise of subscription rights to shares To be determined in accordance with *4. (viii) Approval of acquisition of subscription rights to shares Acquisition of subscription rights to shares by transfer shall require the approval of the Company Subject to Reorganization. 	

The information as of March 31, 2020 is presented.

As of May 31, 2020, there have been no changes in regard to these matters.

*1. The number of stock options is shown in the number of shares.

*2. Details of common stock are presented in "11. Net Assets."

*3. In the event that the following (i), (ii), (iii), (iv), or (v) is approved at a shareholders' meeting of the Company (or at a meeting of the Board of Directors if a decision at a shareholders' meeting is not necessary), the Company may acquire these subscription rights to shares without compensation on a date separately determined by the Board of Directors of the Company or a Representative Director of the Company to whom authority has been delegated.

- (i) a proposal for the approval of a merger contract under which the Company becomes an absorbed company;
- (ii) a proposal for the approval of a company split contract or a company split plan under which the Company becomes a split company;
- (iii) a proposal for the approval of a share exchange contract or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company;
- (iv) a proposal for the approval of an amendment to the Articles of Incorporation of the Company to provide, as a feature of all of its shares, that the approval of the Company is required for the acquisition of such shares by transfer; or
- (v) a proposal for the approval of an amendment to the Articles of Incorporation of the Company to provide, as a feature of stock underlying these subscription rights to shares, that the approval of the Company is required for the acquisition of such shares by transfer or that the Company acquires all of such class shares by a resolution at the shareholders' meeting.

*4. The amount of capital stock increased by the issuance of shares upon the exercise of these subscription rights to shares shall be the amount obtained by multiplying the maximum limit of capital increase as calculated in accordance with the provisions of Article 17, paragraph (1) of the Regulation on Corporate Accounting by 0.5 (Any fractions less than one yen shall be rounded up to the nearest yen.). Any amounts not recorded as capital stock shall be treated as additional paid-in capital.

	2012 Stock Option	2013 Stock Option
Resolved on:	July 30, 2012	July 30, 2013
Grantees:	10 directors 20 executive officers	10 directors 20 executive officers
Number of options granted*1:	Common stock, 223,500 shares	Common stock, 91,500 shares
Grant date:	August 23, 2012	August 22, 2013
Vesting conditions:	(i) Those who receive allotment of these subscription rights to shares (the "Grantees") may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. (ii) When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves.	
Vesting period:	From June 27, 2012 to June 27, 2013	From June 27, 2013 to June 26, 2014
Exercise period:	From August 24, 2012 to August 23, 2032	From August 23, 2013 to August 22, 2033
Number of subscription rights to shares:	129	60
Number of treasury subscription rights to shares out of subscription rights to shares:	—	—
Class of stock underlying subscription rights to shares:	Common stock of the Company *2	
Number of shares underlying subscription rights to shares:	64,500 shares	30,000 shares
Amount to be paid in at the time of exercise of subscription rights to shares:	The exercise price of ¥1 per share (\$0.00 per share) multiplied by the number of shares granted.	
Share issue price and capital stock in the event of issuance of shares upon exercise of subscription rights to shares:	Issue price: ¥53,000 per 500 shares Capital stock: ¥26,500 per 500 shares	Issue price: ¥126,000 per 500 shares Capital stock: ¥63,000 per 500 shares
Conditions for exercising subscription rights to shares:	<ul style="list-style-type: none"> • The Grantees may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. • When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves. 	
Matters relating to transfer of subscription rights to shares:	Transfer of the subscription rights to shares shall be subject to approval of the Board of Directors of the Company.	
Matters relating to substitute payment:	—	—
Matters relating to granting of subscription rights to shares in association with acts of organizational restructuring:	<p>In cases where the Company effects a merger (limited to cases where the Company is to be extinguished as a result of the merger), absorption-type company split (limited to cases where the Company becomes a split company), incorporation-type company split, share exchange (limited to cases where the Company becomes a wholly-owned subsidiary), or share transfer (collectively, hereinafter, "Reorganization"), the Company shall, in each case, under the following conditions, grant subscription rights to shares of the company as listed in Article 236, paragraph (1), item (viii), sub-items (a) to (e) of the Companies Act (hereinafter, the "Company Subject to Reorganization") to holders of these subscription rights to shares that have subscription rights to shares existing as of the effective date of the Reorganization (hereinafter, "Remaining Subscription Rights to Shares"). In this event, the Remaining Subscription Rights to Shares shall become null and void, and the Company Subject to Reorganization shall newly issue subscription rights to shares. However, it is subject to a condition that the provision that the subscription rights to shares of the Company Subject to Reorganization shall be delivered pursuant to the following conditions is specified in the absorption-type merger contract, consolidation-type merger contract, absorption-type company split contract, incorporation-type company split plan, share exchange contract, or share transfer plan, and the provision is approved by the shareholders' meeting of the Company (when a resolution at the shareholders' meeting is not required, a resolution is made at the Board of Directors' meeting of the Company).</p> <p>(i) Number of subscription rights to shares of the Company Subject to Reorganization to be granted The same number of subscription rights to shares as that of Remaining Subscription Rights to Shares held by each holder of these subscription rights to shares</p> <p>(ii) Class of stock underlying subscription rights to shares Common stock of the Company Subject to Reorganization</p> <p>(iii) Number of shares underlying subscription rights to shares The number of shares shall be rationally adjusted in accordance with the conditions for Reorganization and any fractions less than one share resulting from said adjustment shall be rounded down.</p> <p>(iv) Value of property to be contributed when subscription rights to shares are exercised The value shall be the amount obtained by multiplying the exercise price after reorganization by the number of shares of the Company Subject to Reorganization underlying each subscription right to shares, which is decided pursuant to (iii) above. The exercise price after reorganization shall be ¥1 per share of the shares of the Company Subject to Reorganization that would be granted by exercising the granted subscription rights to shares.</p> <p>(v) Exercise period of subscription rights to shares From the latter of the start date of the period during which these subscription rights to shares can be exercised as specified in the aforementioned "Exercise period" and the effective date of Reorganization, until the expiry date of the period during which such subscription rights to shares can be exercised as specified in the "Exercise period."</p> <p>(vi) Other conditions on exercise and terms of acquisition To be determined in accordance with the aforementioned "Conditions for exercising subscription rights to shares" and *3.</p> <p>(vii) Matters relating to capital stock and additional paid-in capital that will be increased in the event of issuance of shares upon exercise of subscription rights to shares To be determined in accordance with *4.</p> <p>(viii) Approval of acquisition of subscription rights to shares Acquisition of subscription rights to shares by transfer shall require the approval of the Company Subject to Reorganization.</p>	

The information as of March 31, 2020 is presented.

As of May 31, 2020, there have been no changes in regard to these matters.

As for *1 through *4, please refer to the information below the table for 2010 Stock Option and 2011 Stock Option.

	2014 Stock Option	2015 Stock Option	2016 Stock Option
Resolved on:	July 30, 2014	July 30, 2015	July 28, 2016
Grantees:	10 directors 19 executive officers	10 directors 20 executive officers	10 directors 20 executive officers
Number of options granted*1:	Common stock, 89,000 shares	Common stock, 116,000 shares	Common stock, 116,000 shares
Grant date:	August 21, 2014	August 20, 2015	August 23, 2016
Vesting conditions:	(i) Those who receive allotment of these subscription rights to shares (the "Grantees") may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. (ii) When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves.		
Vesting period:	From June 26, 2014 to June 25, 2015	From June 25, 2015 to June 28, 2016	From June 28, 2016 to June 27, 2017
Exercise period:	From August 22, 2014 to August 21, 2034	From August 21, 2015 to August 20, 2035	From August 24, 2016 to August 23, 2036
Number of subscription rights to shares:	68	94	140
Number of treasury subscription rights to shares out of subscription rights to shares:	—	—	—
Class of stock underlying subscription rights to shares:	Common stock of the Company *2		
Number of shares underlying subscription rights to shares:	34,000 shares	47,000 shares	70,000 shares
Amount to be paid in at the time of exercise of subscription rights to shares:	The exercise price of ¥1 per share (\$0.00 per share) multiplied by the number of shares granted.		
Share issue price and capital stock in the event of issuance of shares upon exercise of subscription rights to shares:	Issue price: ¥123,500 per 500 shares Capital stock: ¥61,750 per 500 shares	Issue price: ¥103,500 per 500 shares Capital stock: ¥51,750 per 500 shares	Issue price: ¥100,500 per 500 shares Capital stock: ¥50,250 per 500 shares

The information as of March 31, 2020 is presented.

As of May 31, 2020, there have been no changes in regard to these matters.

As for the "conditions for exercising subscription rights to shares," "matters relating to transfer of subscription rights to shares," "matters relating to substitute payment," and "matters relating to granting of subscription rights to shares in association with acts of organizational restructuring," please refer to the table for 2012 Stock Option and 2013 Stock Option, and as for *1 through *4, please refer to the information below the table for 2010 Stock Option and 2011 Stock Option.

The movement in stock options for the years ended March 31, 2020 and 2019 was as follows. The number of stock options is shown in the number of shares.

Year ended March 31, 2020

	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option
	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)
Non-vested:							
Outstanding as of March 31, 2019	86,000	77,500	76,500	35,000	40,000	54,000	77,000
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	13,500	10,000	12,000	5,000	6,000	7,000	7,000
Outstanding as of March 31, 2020	72,500	67,500	64,500	30,000	34,000	47,000	70,000
Vested:							
Outstanding as of March 31, 2019	—	—	—	—	—	—	—
Vested	13,500	10,000	12,000	5,000	6,000	7,000	7,000
Exercised	27,500	20,500	19,500	8,000	9,000	13,500	13,500
Forfeited	—	—	—	—	—	—	—
Outstanding as of March 31, 2020	—	—	—	—	—	—	—
Exercise price	¥1 per share (\$0.00 per share)	¥1 per share (\$0.00 per share)	¥1 per share (\$0.00 per share)	¥1 per share (\$0.00 per share)	¥1 per share (\$0.00 per share)	¥1 per share (\$0.00 per share)	¥1 per share (\$0.00 per share)
Average stock price upon exercise	¥113.98 (\$1.04)	¥113.97 (\$1.04)	¥114.23 (\$1.04)	¥114.25 (\$1.04)	¥114.33 (\$1.05)	¥114.40 (\$1.05)	¥114.40 (\$1.05)
Fair value per share at grant date	¥57.00 per share (\$0.52 per share)	¥75.00 per share (\$0.68 per share)	¥105.00 per share (\$0.96 per share)	¥251.00 per share (\$2.30 per share)	¥246.00 per share (\$2.26 per share)	¥206.00 per share (\$1.89 per share)	¥200.00 per share (\$1.83 per share)

Year ended March 31, 2019

	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option
Non-vested:	(Number of shares)						
Outstanding as of March 31, 2018	100,000	95,000	89,000	43,000	48,000	66,500	92,000
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	14,000	17,500	12,500	8,000	8,000	12,500	15,000
Outstanding as of March 31, 2019	86,000	77,500	76,500	35,000	40,000	54,000	77,000
Vested:							
Outstanding as of March 31, 2018	—	—	—	—	—	—	—
Vested	14,000	17,500	12,500	8,000	8,000	12,500	15,000
Exercised	—	7,000	5,000	5,000	5,000	6,000	8,500
Forfeited	—	—	—	—	—	—	—
Outstanding as of March 31, 2019	14,000	10,500	7,500	3,000	3,000	6,500	6,500

Since it is extremely difficult to estimate the number of future forfeitures, the Company has applied a method where the actual number of forfeitures is used.

13. Financial Instruments

Overviews

(1) Policy for financial instruments

The Companies' main operation is "consumer finance service," and the Companies also engage in the credit collection and credit-related businesses. The Companies raise funds by direct finance such as loans, corporate bonds, commercial papers and securitization of receivables. Also, the Companies enter into interest rate option transactions such as interest rate cap transactions and interest rate swap transactions to cut down and equalize finance cost.

(2) Types of financial instruments and related risk

Financial assets held by the Companies are mainly operating receivables from individuals and are exposed to credit risk. Due to changes such as customers' income environment, there is a possibility of failure to perform their contractual obligations. Investment securities mainly consist of equity securities. The Companies own the above securities for business promotion purpose. They are exposed to credit risk of the issuers, interest rate fluctuation risk, and market fluctuation risk. Assets and liabilities denominated in foreign currencies are exposed to foreign currency risk.

Loans, unsecured corporate bonds and commercial papers are exposed to liquidity risk which is the risk of insufficient financing because the Companies cannot access to market under certain environment. The Companies have floating interest rate loans which are exposed to interest rate fluctuation risk; however, the Companies utilize derivative transactions such as interest rate swap transactions and interest rate cap transactions to hedge the above risk.

In the interest rate swap transactions, the Company adopts deferral hedge accounting to reduce interest rate fluctuation risk in loans as hedged items. The Company evaluates the effectiveness of their hedging activities by seeking the correlation of the benchmark interest rate fluctuation ranges between the hedging instruments and the related hedged items. No interest rate cap transactions are currently executed. There is no derivative transaction for speculative purpose.

(3) Risk management of financial instruments

(a) Credit risk management

The Company has established the "risk management group" as a separate and independent body from sales promotion function to manage credit risk. "Credit division" in the "risk management group" manages the individual customers' credit condition and credit standing.

The credit condition and credit standing are periodically reported to the "credit committee," in which the measures for appropriate credit are discussed and determined.

For operating receivables, the Company has established a system to perform credit inspection individually in accordance with the "work authorization rules" and "credit procedures." For delinquent receivables, the Company has established the "administration group" as a specialized group in relation to collection of receivables and manages receivables in the early stage to mitigate the risk. In addition, the Company corresponds to the effect of the risk exposure by recognizing appropriate allowance in accordance with the "allowance for credit losses and write-offs rules, bylaws and related operating principles."

The Company has established a system in which the status of these credit risk management is discussed in the "overall risk management committee" that is held once every three months, and the contents are reviewed at the management meeting and the Board of Directors' meeting.

(b) Market risk management

(i) Interest rate risk management

The Company has established the "ALM division" in the "finance department," as a specialized division for ALM. In accordance with the ALM operation principles determined by the management meeting, the "ALM committee" that is held monthly in principle controls interest rate risk through gap position and maturity ladder approach.

The Company has established a system in which the status of these interest rate risk management is discussed in the "overall risk management committee" that is held once every three months, and the contents are reviewed at the management meeting and the Board of Directors' meeting.

Also, interest rate swap transactions are utilized to hedge interest rate fluctuation risk.

(ii) Foreign currency risk management

The Companies manage foreign currency risk on an individual transaction basis.

(iii) Price fluctuation risk management

Most of the investment securities the Companies own are for business promotion purpose, and the Companies manage the risk by monitoring counterparties' market environment and financial condition periodically.

(iv) Derivative transactions

The Company established internal rules for derivative transactions which were determined by the Board of Directors and defined the related policies, standards of treatment, management method and reporting structure.

Execution of derivative transactions requires the approval from the Board of Directors, and the execution and management are operated under mutual supervision system.

(v) Quantitative information in connection with market risk

The Company quantitatively analyzes, for all financial instruments, the impact on profit and loss for the immediate five years using a reasonably anticipated range of interest rate fluctuations to manage interest rate fluctuation risk. The impact is calculated by classifying applicable financial instruments into a fixed-rate group and a floating-rate group and breaking down the balances by the appropriate durations based on respective rollover dates.

The major financial instruments exposed to interest rate risk, which is the primary risk factor for the Companies, are short-term bank loans, long-term debt, commercial papers, securitized receivables, unsecured corporate bonds and interest rate swaps.

Assuming risk factors other than interest rates stay constant, as of March 31, 2020, the Companies estimate that profit before income taxes would decrease by ¥771 million (\$7,084 thousand) for the year ending March 31, 2021 (and decrease by ¥773 million for the year ended March 31, 2020, as of March 31, 2019) if the benchmark interest rate rose by 10 basis points (0.1%), and that profit before income taxes would increase by ¥771 million (\$7,084 thousand) for the year ending March 31, 2021 (and increase by ¥773 million for the year ended March 31, 2020, as of March 31, 2019) if the benchmark interest rate fell by 10 basis points (0.1%). This impact was calculated based on the assumption that risk factors other than interest rates stay constant, and a correlation between interest rates and other risk factors was not taken into account.

In addition, if any interest rate fluctuation exceeds the reasonably anticipated range, the impact may exceed the calculated amounts.

(c) Liquidity risk management in connection with financing

The Company has established the "ALM division" in the "finance department," as a specialized division for ALM. The "ALM committee" that is held monthly in principle performs liquidity risk management by such means as diversification of the financing method, acquisition of commitment lines from multiple financial institutions, and adjustment between current and long-term balances considering the market environment.

The Company has established a system in which the status of these liquidity risk management is discussed in the "overall risk management committee," which is held once every three months, and the contents are reviewed at the management meeting and the Board of Directors' meeting.

(4) Supplemental explanation on fair value of financial instruments

The fair values of financial instruments include values which are reasonably calculated in case market prices do not exist as well as the values based on market prices. As the calculation of those values includes certain assumptions, those values may vary when different assumptions are applied. Also, for the contract amount regarding derivative transactions in "(a) Fair value of financial instruments," the contract amount itself does not indicate market risk related to derivative transactions.

Estimated Fair Value of Financial Instruments

(a) Fair value of financial instruments

Carrying amount on the consolidated balance sheet, fair value and their difference of financial instruments at March 31, 2020 and 2019 were as follows. The financial instruments whose fair value is extremely difficult to determine are excluded from the table below. (Please refer to (b) below.)

		Millions of yen		
		2020		
		Carrying amount on the consolidated balance sheet *1	Fair value *1	Difference
(i)	Cash and bank deposits	¥ 210,280	¥ 210,280	¥ —
(ii)	Operating receivables *2	1,699,660	1,740,441	40,781
(iii)	Investment securities			
	Available-for-sale securities	3,720	3,720	—
(iv)	Notes and accounts payable	(125,484)	(125,484)	—
(v)	Short-term bank loans	(67,140)	(67,140)	—
(vi)	Accrued expenses and other current liabilities			
	Commercial papers	(280,400)	(280,400)	—
(vii)	Unsecured corporate bonds (including current portion of unsecured corporate bonds)	(215,000)	(213,598)	1,401
(viii)	Long-term debt (including current portion of long-term debt)	(1,172,312)	(1,172,194)	117
(ix)	Derivative transactions *3			
	Hedge accounting was applied	(143)	(143)	—

		Millions of yen		
		2019		
		Carrying amount on the consolidated balance sheet *1	Fair value *1	Difference
(i)	Cash and bank deposits	¥ 323,415	¥ 323,415	¥ —
(ii)	Operating receivables *2	1,560,705	1,599,410	38,704
(iii)	Investment securities			
	Available-for-sale securities	4,203	4,203	—
(iv)	Notes and accounts payable	(147,291)	(147,291)	—
(v)	Short-term bank loans	(61,176)	(61,176)	—
(vi)	Accrued expenses and other current liabilities			
	Commercial papers	(266,700)	(266,700)	—
(vii)	Unsecured corporate bonds (including current portion of unsecured corporate bonds)	(215,000)	(215,671)	(671)
(viii)	Long-term debt (including current portion of long-term debt)	(1,115,843)	(1,116,654)	(810)
(ix)	Derivative transactions *3			
	Hedge accounting was applied	(196)	(196)	—

		Thousands of U.S. dollars		
		2020		
		Carrying amount on the consolidated balance sheet *1	Fair value *1	Difference
(i)	Cash and bank deposits	\$ 1,932,187	\$ 1,932,187	\$ —
(ii)	Operating receivables *2	15,617,568	15,992,290	374,722
(iii)	Investment securities			
	Available-for-sale securities	34,181	34,181	—
(iv)	Notes and accounts payable	(1,153,027)	(1,153,027)	—
(v)	Short-term bank loans	(616,925)	(616,925)	—
(vi)	Accrued expenses and other current liabilities			
	Commercial papers	(2,576,495)	(2,576,495)	—
(vii)	Unsecured corporate bonds (including current portion of unsecured corporate bonds)	(1,975,558)	(1,962,675)	12,873
(viii)	Long-term debt (including current portion of long-term debt)	(10,771,956)	(10,770,872)	1,075
(ix)	Derivative transactions *3			
	Hedge accounting was applied	(1,313)	(1,313)	—

*1. The liability position is shown as negative.

*2. Operating receivables include direct installment receivables and beneficiary certificates retained for receivable securitization, and allowance for credit losses is deducted from the amount. Carrying amount on the consolidated balance sheet of the direct installment receivables includes the amount equivalent to unearned finance income. Fair values of debt guarantees (guaranteed loan receivables) as of March 31, 2020 and 2019 were ¥34,326 million (\$315,409 thousand) and ¥38,495 million, respectively.

*3. Net receivables and payables arising from derivative transactions are presented on a net basis, and the payables position is shown as negative.

Valuation method for fair value of financial instruments and information on investment securities and derivative transactions are as follows:

(i) Cash and bank deposits

For bank deposits without maturities, fair value is based on carrying value since the fair value approximates the carrying value. For deposits with maturities, as they are short-term within one year, fair value is based on carrying value since the fair value approximates the carrying value.

(ii) Operating receivables

For direct installment receivables, fair value is measured by discounting the estimated future cash flows of the principal and interest, which includes beneficiary certificates retained for receivable securitization, using the market interest rate. For delinquent receivables, fair value is based on carrying value, net of applicable allowance for credit losses, since the uncollectible amount is estimated considering the collectability and accordingly the fair value approximates such amount.

(iii) Investment securities

For fair value of investment securities, equity securities are based on the price on stock exchanges. Fair value of investment trusts is based on the public daily net asset value per unit.

(iv) Notes and accounts payable

Fair value is based on carrying value since the fair value approximates the carrying value when it is scheduled to be settled in a short period of time. Those related to collection guarantees are excluded.

(v) Short-term bank loans and (vi) Commercial papers

Fair value is based on carrying value since the fair value approximates the carrying value considering it is scheduled to be settled in a short period of time.

(vii) Unsecured corporate bonds and current portion of unsecured corporate bonds

Fair value of bonds is based on the market price.

(viii) Long-term debt and current portion of long-term debt

For floating rate long-term debt, fair value is based on carrying value since the carrying value is assumed to approximate the fair value because the interest rate reflects the market interest and the Companies' credit condition in a short period of time. For fixed rate long-term debt, fair value is measured as the net present value by discounting the total amount of principal and interest by category of the term (for those loans which meet certain criteria to adopt the exceptional treatment of interest rate swap transactions, fair value is determined as the total amount of principal and interest using the interest rate of interest rate swap transactions) using the interest rate applied to the same kind of loan.

(ix) Derivative transactions

Information of fair value for derivative transactions is described in Note 14. Derivative Transactions.

(x) Debt guarantees

Fair value is measured by discounting the estimated future cash flows of guarantee fees under contracts, net of applicable credit risk, etc., using the market interest rate.

(b) Financial instruments whose fair value is deemed to be extremely difficult to determine at March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unlisted equity securities	¥10,289	¥8,087	\$94,541

The above securities are not included in (iii) Investment securities in the table above, as there are no market prices available, their future cash flows cannot be estimated and it is deemed to be extremely difficult to determine the fair value.

(5) The redemption schedule for financial receivables and securities with maturities subsequent to March 31, 2020 and 2019 was as follows:

	Millions of yen					
	2020					
	Due within one year	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
Bank deposits	¥210,261	¥ —	¥ —	¥ —	¥ —	¥ —
Operating receivables	699,187	200,324	148,426	121,664	96,432	353,994
Total	¥909,448	¥200,324	¥148,426	¥121,664	¥96,432	¥353,994

	Millions of yen					
	2019					
	Due within one year	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
Bank deposits	¥323,389	¥ —	¥ —	¥ —	¥ —	¥ —
Operating receivables	630,074	188,403	133,833	102,773	100,689	327,244
Total	¥953,463	¥188,403	¥133,833	¥102,773	¥100,689	¥327,244

	Thousands of U.S. dollars					
	2020					
	Due within one year	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
Bank deposits	\$1,932,013	\$ —	\$ —	\$ —	\$ —	\$ —
Operating receivables	6,424,579	1,840,705	1,363,833	1,117,927	886,079	3,252,724
Total	\$8,356,592	\$1,840,705	\$1,363,833	\$1,117,927	\$886,079	\$3,252,724

(6) The repayment schedules for long-term debt, unsecured corporate bonds and other interest-bearing debt are disclosed in Note 8. Short-Term Bank Loans, Long-Term Debt, Lease Obligations and Others.

14. Derivative Transactions

Derivative transactions to which hedge accounting was applied at March 31, 2020 and 2019 were as follows:

Interest-rate related:

Hedge accounting method and transaction type	Hedged item	Millions of yen		
		2020		
		Contract amount, etc.		
		Total	Over one year	Fair value *1
<u>Principle method</u>				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	¥ 82,960	¥63,960	¥(126)
<u>Exceptional treatment</u>				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	22,160	—	*2
		¥105,120	¥63,960	¥ —

Hedge accounting method and transaction type	Hedged item	Millions of yen		
		2019		
		Contract amount, etc.		
		Total	Over one year	Fair value*1
<u>Principle method</u>				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	¥ 82,960	¥ 82,960	¥(283)
<u>Exceptional treatment</u>				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	36,289	24,294	*2
		¥119,249	¥107,254	¥ —

Hedge accounting method and transaction type	Hedged item	Thousands of U.S. dollars		
		2020		
		Contract amount, etc.		
		Total	Over one year	Fair value *1
<u>Principle method</u>				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	\$762,289	\$587,705	\$(1,157)
<u>Exceptional treatment</u>				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	203,620	—	*2
		\$965,910	\$587,705	\$ —

*1 Fair value is determined at the quoted price obtained from the counterparty financial institutions.

*2 As interest rate swap transactions to which the exceptional treatment is applied are accounted for with loans as hedged items, fair value of the interest rate swap transactions is included in the fair value of such loans.

15. Breakdown of Consumer Finance Service Revenue

Consumer finance service revenue for the years ended March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Consumer credit	¥ 80,468	¥ 77,299	\$ 739,391
Credit card shopping	54,256	50,330	498,539
Direct cash loans	25,728	27,442	236,405
Guarantee and loan agent services	59,281	59,829	544,711
Other	2,072	2,014	19,038
	¥221,807	¥216,916	\$2,038,105

The amounts of revenue on securitization of direct installment receivables included in consumer finance service revenue were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Consumer credit	¥ 48,278	¥ 47,770	\$ 443,609
Credit card shopping	18,280	17,483	167,968
Direct cash loans	13,565	14,888	124,643
	¥ 80,124	¥ 80,142	\$ 736,230

16. Breakdown of Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Provision of allowance for point program	¥ 4,542	¥ 3,576	\$ 41,734
Provision of allowance for credit losses	51,021	50,046	468,813
Provision of allowance for losses on interest refunds	4,599	3,718	42,258
Employees' salaries	30,512	32,070	280,363
Retirement benefit expenses	996	332	9,151
Provision of accrued bonuses	3,915	3,946	35,973
Provision of accrued bonuses for directors and executive officers	89	60	817
Provision of allowance for board benefit trust	93	54	854
Outsourcing fee	40,082	38,518	368,299
Other	70,260	68,627	645,594
	¥206,111	¥200,950	\$1,893,880

17. Breakdown of Gain and Loss on Sales of Property and Equipment

Gain on sales of property and equipment for the years ended March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Buildings and structures	¥ 34	¥ 371	\$ 312
Land	242	910	2,223
Other	3	6	27
	¥279	¥1,288	\$2,563

Loss on sales of property and equipment for the years ended March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Buildings and structures	¥ 20	¥ 7	\$ 183
Land	207	8	1,902
Other	0	1	0
	¥228	¥18	\$2,095

18. Burden Charge Received

Burden charge received is related to the cancellation of system development.

19. Impairment Loss

For the year ended March 31, 2020, the Company recorded no impairment loss.

For the year ended March 31, 2019, the Company recorded an impairment loss on the following asset group:

Location	Use	Class
Shizuoka and other two locations	Idle assets	Buildings and structures, and land

The Company and its consolidated subsidiaries classify assets used for consumer finance service as the consumer finance service group, and group other assets by the smallest unit whose cash flows are separately identifiable in principle.

During the year ended March 31, 2019, the Company decided to sell idle assets. Accordingly, the carrying amount of such assets was reduced to the recoverable amount, and the reduction was recognized as an impairment loss of ¥177 million under "Special Gain (Loss)."

The impairment loss is comprised of buildings and structures of ¥40 million and land of ¥137 million.

The recoverable amount of such asset group was measured at the net selling price, which was the amount of such asset group to be sold less expected costs of disposal.

Such assets were sold during the year ended March 31, 2019.

20. System Migration Expenses

The Company migrated to the new enterprise system, which had been under development, and, accordingly, recognized expenses related to the retirement of the previous system and the migration to the new enterprise system as "System migration expenses" under "Special Gain (Loss)" for the year ended March 31, 2019.

21. Cash Flow Information

Reconciliation of cash and cash equivalents on the consolidated statement of cash flows and cash and bank deposits on the consolidated balance sheet was as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash and bank deposits	¥210,280	¥323,415	\$1,932,187
Short-term loans receivable included in other current assets	89,999	—	826,968
Cash and cash equivalents	¥300,279	¥323,415	\$2,759,156

22. Comprehensive Income

Reclassification adjustments and income tax effects on components of other comprehensive income for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Valuation difference on available-for-sale securities:			
Losses arising during the year	¥ (425)	¥ (186)	\$ (3,905)
Reclassification adjustments	(26)	7	(238)
Amount before income tax effect	(451)	(179)	(4,144)
Income tax effect	137	54	1,258
Total	(313)	(124)	(2,876)
Deferred gains (losses) on hedges:			
Gains (losses) arising during the year	729	(178)	6,698
Reclassification adjustments	(631)	79	(5,798)
Amount before income tax effect	97	(98)	891
Income tax effect	(47)	86	(431)
Total	50	(12)	459
Foreign currency translation adjustments:			
(Losses) gains arising during the year	(19)	43	(174)
Reclassification adjustments	—	—	—
Amount before income tax effect	(19)	43	(174)
Income tax effect	—	—	—
Total	(19)	43	(174)
Remeasurements of defined benefit plans, net of tax:			
Losses arising during the year	(4,340)	(4,129)	(39,878)
Reclassification adjustments	(349)	(1,068)	(3,206)
Amount before income tax effect	(4,689)	(5,197)	(43,085)
Income tax effect	276	(149)	2,536
Total	(4,413)	(5,347)	(40,549)
Share of other comprehensive income of associates accounted for using equity method:			
Losses arising during the year	(0)	(1)	(0)
Reclassification adjustments	—	—	—
Total	(0)	(1)	(0)
Total other comprehensive income	¥(4,697)	¥(5,442)	\$(43,159)

23. Related Party Transactions

For the year ended March 31, 2020

(1) Transactions with a major shareholder of the Company were as follows:

Name	Voting rights (%)	Business relationship	Details of transaction	Transaction amount		Account	Balance			
				Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars		
Mizuho Bank, Ltd.	Direct 48.67	Borrowing of funds	Borrowing of funds, net	¥10,000	\$91,886	Current portion of long-term debt	¥54,720	\$502,802		
						Long-term debt	145,280	1,334,926		
				Interest payments	1,113	10,226	Accrued expenses	3	27	
		Loan business alliance	Loan guarantee	Debt guarantee	—	—	Guaranteed loan payables	209,753	1,927,345	
					Receipt of guarantee fees	—	—	—	—	—
					Bank guarantee	Debt guarantee	208,949	1,919,957	Guaranteed loan payables	515,515
		Receipt of guarantee fees	19,970	183,497	Other current assets	1,668	15,326			

Notes 1. Interest and guarantee fee rates were determined based on the terms and conditions generally applied to other third-party transactions.
2. Mizuho Bank, Ltd. also falls under subsidiaries of other affiliated company.

(2) Transactions with a subsidiary of the Company's other affiliated company were as follows:

Name	Voting rights (%)	Business relationship	Details of transaction	Transaction amount		Account	Balance	
				Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Mizuho Trust & Banking Co., Ltd.	Direct 0.06	Borrowing of funds	Borrowing of funds, net	¥5,000	\$45,943	Current portion of long-term debt	¥20,853	\$191,610
						Long-term debt	44,147	405,651
				Interest payments	359	3,298	Accrued expenses	1

Note Interest rate was determined based on the terms and conditions generally applied to other third-party transactions.

For the year ended March 31, 2019

(1) Transactions with a major shareholder of the Company were as follows:

Name	Voting rights (%)	Business relationship	Details of transaction	Transaction amount		Account	Balance		
				Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars	
Mizuho Bank, Ltd.	Direct 48.67	Borrowing of funds	Borrowing of funds, net	¥ 20,000		Current portion of long-term debt	¥ 78,520		
						Long-term debt	111,480		
				Interest payments	1,184		Accrued expenses	9	
		Loan business alliance	Loan guarantee	Debt guarantee	—		Guaranteed loan payables	295,942	
					Receipt of guarantee fees	—		—	
					Bank guarantee	Debt guarantee	251,353		Guaranteed loan payables
		Receipt of guarantee fees	20,008		Other current assets	1,723			

Notes 1. Interest and guarantee fee rates were determined based on the terms and conditions generally applied to other third-party transactions.
2. Mizuho Bank, Ltd. also falls under subsidiaries of other affiliated company.

(2) Transactions with a subsidiary of the Company's other affiliated company were as follows:

Name	Voting rights (%)	Business relationship	Details of transaction	Transaction amount		Account	Balance		
				Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars	
Mizuho Trust & Banking Co., Ltd.	Direct 0.06	Borrowing of funds	Borrowing of funds, net	¥10,000		Current portion of long-term debt	¥19,838		
						Long-term debt	40,162		
				Interest payments	345		Accrued expenses	2	
		Loan business alliance	Loan guarantee	Debt guarantee	—		Guaranteed loan payables	58,393	
					Receipt of guarantee fees	190		—	

Note Interest and guarantee fee rates were determined based on the terms and conditions generally applied to other third-party transactions.

24. Special Purpose Companies Subject to Disclosure

The Company securitizes credit receivables and other receivables in order to diversify sources of funding and secure stable financing. For a certain part of such securitization, the Company uses limited liability companies as special purpose companies.

The Company entrusts the receivables described above to a trust bank, and certain senior portions of the trust beneficiary rights are transferred to the special purpose companies. The special purpose companies raise funds through issuing bonds and other securities backed by asset-based lending based on the senior trust beneficiary rights transferred by the Company, and the Company receives the funds as proceeds from the sale of the senior trust beneficiary rights for financing. Moreover, loans have been executed in certain securitization matters.

The Company did not hold stock and other securities with voting rights of the special purpose companies and did not dispatch any officers or employees to these companies.

	2020	2019	2020
Number of special purpose companies	14	15	—
Total assets as of the latest fiscal year-end (simple total)	¥204,268 million	¥161,979 million	\$1,876,945 thousand
Total liabilities as of the latest fiscal year-end (simple total)	¥203,999 million	¥165,218 million	\$1,874,473 thousand

Note The number of companies whose accounts for the first business year were not settled was three for the year ended March 31, 2020 (three for the year ended March 31, 2019), and their accounts were not added to the total assets and total liabilities.

Initial net assets of the companies whose accounts for the first business year were not settled (simple total) were ¥128 million (\$1,176 thousand) for the year ended March 31, 2020 (¥125 million for the year ended March 31, 2019).

Amounts of transactions with the special purpose companies for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of yen	
	Amount or balance at March 31, 2020 of main transactions	2020		Amount
		Item	Gains or losses	
Transferred assets				
Senior trust beneficiary rights *1	¥65,100	—		¥ —
Loans receivable *2	13,685	Interest income		166

	Millions of yen		Millions of yen	
	Amount or balance at March 31, 2019 of main transactions	2019		Amount
		Item	Gains or losses	
Transferred assets				
Senior trust beneficiary rights *1	¥113,600	—		¥ —
Loans receivable *2	13,209	Interest income		134

	Thousands of U.S. dollars		Thousands of U.S. dollars	
	Amount or balance at March 31, 2020 of main transactions	2020		Amount
		Item	Gains or losses	
Transferred assets				
Senior trust beneficiary rights *1	\$598,180	—		\$ —
Loans receivable *2	125,746	Interest income		1,525

*1 Amounts of transfer value are stated.

*2 Balances at the end of the respective fiscal years are stated.

25. Per Share Information

The bases for calculating basic earnings per share and diluted earnings per share are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Basic earnings per share:			
Profit attributable to owners of parent	¥ 20,654	¥ 28,877	\$189,782
Profit not attributable to common stock shareholders:	2,026	2,797	18,616
Preferred dividends	1,006	1,438	9,243
Difference arising from retirement of preferred stock	1,019	1,359	9,363
Profit attributable to owners of parent related to common stock	18,628	26,080	171,166
Weighted average number of shares for common stock (thousands of shares)	1,717,070	1,716,896	
Weighted average number of shares for preferred stock (thousands of shares)	44,303	62,438	
Diluted earnings per share:			
Profit adjustment attributable to owners of parent	—	—	—
Increase in shares of common stock (thousands of shares):	392	502	
Subscription rights to shares	392	502	

Note The number of shares of the Company's stock owned by Trust & Custody Services Bank, Ltd. in the Company's Board Benefit Trust (BBT) was included in the number of shares of treasury stock that was deducted from the number of outstanding shares for calculating net assets per share. The number of such shares as of March 31, 2020 and 2019 was 1,381 thousand shares and 1,446 thousand shares, respectively.

For calculating basic earnings per share and diluted earnings per share, the number of such shares was included in the number of shares of treasury stock that was deducted to calculate the weighted average number of shares. The weighted average number of such shares for the years ended March 31, 2020 and 2019 was 1,391 thousand shares and 1,455 thousand shares, respectively.

26. Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to assess their business performance and make decisions about resources allocation.

The Company consists of the four reportable segments of "credit cards and cash loans" and "settlement and guarantee," which are growing businesses, and "installment credit" and "bank loan guarantee," which are core businesses of the Company.

Brief overviews of the businesses are as follows:

- "Credit cards and cash loans" – consumer credit cards, credit card shopping service focusing on individual customers, and consumer loans service;
- "Settlement and guarantee" – settlement and guarantee services for rents and accounts receivable, guarantee service for small leases, and collection agent service;
- "Installment credit" – consumer credit service and credit guarantee service focusing on auto loans and shopping credit; and
- "Bank loan guarantee" – guarantee service for personal loans provided by affiliated financial institutions.

(2) Calculation method for the amounts of operating revenues, profit and assets for each reportable segment

The accounting policies of the reportable segments are consistent with those described in Note 2. Summary of Significant Accounting Policies. Inter-segment revenues or transfers are recorded based on the prices used in ordinary transactions with independent third parties.

(3) Information about operating revenues, profit and assets by reportable segment

	Millions of yen						
	2020						
	Reportable segments				Total	Other *1	Total
Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee				
Operating revenues							
Operating revenues to external customers *2	¥ 79,944	¥ 16,881	¥ 80,886	¥ 42,292	¥ 220,006	¥ 9,197	¥ 229,203
Inter-segment revenues or transfers	1	0	—	—	1	7,069	7,071
Total	79,946	16,881	80,886	42,292	220,007	16,267	236,275
Segment profit	65,167	7,696	58,766	21,561	153,191	2,506	155,697
Segment assets *3	651,305	117,051	3,329,365	1,213,883	5,311,607	113,027	5,424,635

	Millions of yen						
	2019						
	Reportable segments				Total	Other *1	Total
Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee				
Operating revenues							
Operating revenues to external customers *2	¥ 77,506	¥ 15,876	¥ 77,589	¥ 43,816	¥ 214,789	¥ 9,946	¥ 224,736
Inter-segment revenues or transfers	1	0	—	—	1	9,983	9,984
Total	77,508	15,876	77,589	43,816	214,791	19,930	234,721
Segment profit	63,208	7,382	57,674	21,551	149,817	4,162	153,979
Segment assets *3	657,622	109,246	3,174,357	1,276,621	5,217,848	126,589	5,344,437

	Thousands of U.S. dollars						
	2020						
	Reportable segments				Total	Other *1	Total
Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee				
Operating revenues							
Operating revenues to external customers *2	\$ 734,576	\$ 155,113	\$ 743,232	\$ 388,606	\$ 2,021,556	\$ 84,507	\$ 2,106,064
Inter-segment revenues or transfers	9	0	—	—	9	64,954	64,972
Total	734,595	155,113	743,232	388,606	2,021,565	149,471	2,171,046
Segment profit	598,796	70,715	539,979	198,116	1,407,617	23,026	1,430,644
Segment assets *3	5,984,609	1,075,539	30,592,345	11,153,937	48,806,459	1,038,564	49,845,033

*1. "Other" represents business segments that are not included in the reportable segments and includes a servicer business.

*2. Operating revenues to external customers by each reportable segment consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Credit cards and cash loans:			
Credit card shopping	¥54,256	¥50,330	\$498,539
Direct cash loans	25,688	27,176	236,037
Settlement and guarantee:			
Consumer credit	14,727	13,955	135,321
Guarantee and loan agent services	1,291	1,074	11,862
Other	862	845	7,920
Installment credit:			
Consumer credit	65,740	63,343	604,061
Guarantee and loan agent services	15,146	14,246	139,171
Bank loan guarantee:			
Guarantee and loan agent services	42,292	43,816	388,606

*3. Segment assets include the balance of securitized direct installment receivables.

(4) Reconciliations between total of operating revenues, segment profit and segment assets for the reportable segments and the amounts recorded on the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Operating revenues:			
Total reportable segments	¥ 220,007	¥ 214,791	\$ 2,021,565
Other business segments	16,267	19,930	149,471
Corporate revenues	13,931	8,633	128,006
Inter-segment eliminations	(7,071)	(9,984)	(64,972)
Operating revenues on the consolidated financial statements	¥ 243,135	¥ 233,369	\$ 2,234,080
Segment profit:			
Total reportable segments	¥ 153,191	149,817	\$ 1,407,617
Other business segments	2,506	4,162	23,026
Corporate expenses *	(124,985)	(122,371)	(1,148,442)
Other	(6,271)	(9,643)	(57,621)
Operating profit on the consolidated financial statements	¥ 24,439	¥ 21,964	\$ 224,561
Segment assets:			
Total reportable segments	¥5,311,607	¥5,217,848	\$48,806,459
Other business segments	113,027	126,589	1,038,564
Corporate assets	1,822,452	1,753,349	16,745,860
Securitized direct installment receivables	(1,658,118)	(1,547,163)	(15,235,854)
Other	(4,191)	(7,683)	(38,509)
Total assets on the consolidated financial statements	¥5,584,777	¥5,542,940	\$51,316,521

* Corporate expenses represent mainly selling, general and administrative expenses excluding provision of allowance for credit losses.

(5) Related information

- (a) Information by product and service has been omitted for the years ended March 31, 2020 and 2019 since it is consistent with the reportable segment information.
- (b) Information by geographical area has been omitted for the years ended March 31, 2020 and 2019 since operating revenues to external customers in Japan constituted more than 90% of operating revenues in the consolidated statement of income and the balance of property and equipment located in Japan constituted more than 90% of the balance in the consolidated balance sheet.
- (c) Information by major customer has been omitted for the years ended March 31, 2020 and 2019 since there was no specific external customer representing 10% or more of operating revenues in the consolidated statement of income.
- (d) **Information about impairment losses on fixed assets**
For the year ended March 31, 2020, no impairment loss was recorded. For the year ended March 31, 2019, an impairment loss on the Company's certain assets recorded in "Other" amounted to ¥177 million. Details are stated in Note 19. Impairment Loss.
- (e) **Information about goodwill**

	Millions of yen				
	2020				
	Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee	Total
Amortization	—	¥ 247	—	—	¥ 247
Balance at end of year	—	1,853	—	—	1,853

	Millions of yen				
	2019				
	Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee	Total
Amortization	—	¥ 247	—	—	¥ 247
Balance at end of year	—	2,100	—	—	2,100

	Thousands of U.S. dollars				
	2020				
	Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee	Total
Amortization	—	\$ 2,269	—	—	\$ 2,269
Balance at end of year	—	17,026	—	—	17,026

Notes 1. The amount of "settlement and guarantee" arose from consolidation of Orico Forrent Insure Co., Ltd. due to the acquisition of its shares.

2. Amortization of goodwill that was incurred from the business combination and not allocated to the reportable segments since it was not allocable for the years ended March 31, 2020 and 2019 was ¥6 million (\$55 thousand) and ¥8 million, respectively, and the unamortized balance as of March 31, 2020 and 2019 was nil and ¥6 million, respectively.

(f) Information about gain on negative goodwill

For the years ended March 31, 2020 and 2019, no gain on negative goodwill were recorded.