ANNUAL REPORT 2016

CREDIT SAISON CO., LTD.

We fulfill our corporate social responsibility by striving to meet the expectations of all of our customers, shareholders, and business partners. We, as a leading-edge service company, will compete successfully in the market by promoting our three shared values: **practical implementation of the principles of customer satisfaction; mutual respect for our interests and those of our business partners; and developing a corporate culture of creative innovation.**

Credit Saison Innovation

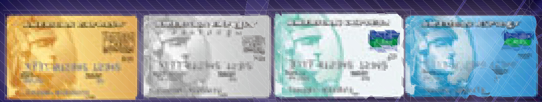
Change for Progress

2018 — Aiming for consolidated ordinary income of ¥60 billion

2016 — Pursue change in business model

2013 — Scaled up overseas businesses

2010 — Expanded lineup of American Express cards with a centurion design



2006 — Started Eikyufumetsu.com points website

永久不滅.com

2002 — Started "Saison Eikyufumetsu Points" ("Saison Permanent Points" in English)

永久不滅ポイント

1997 — Started an alliance with American Express

1990 — Introduced signature-less settlements, the first in Japan

1982 — Issued cards with no annual fee
Established pioneering model for instant credit screening and card issuance
Began a nationwide network of Saison Counters to process Seibu Card issues

Contents

Reinventing Existing Business Model via Innovation

The business environment surrounding the Credit Saison Group is urging to innovate our financial business as non-financial business ventures utilize "FinTech" IT technologies such as the Internet and smartphones to provide new services in areas such as payments, financing and asset management, while companies from other sectors enter credit cards, prepaid cards, and shared-platform loyalty points programs.

Against this backdrop, under the management vision: "Neo Finance Company in Asia," we devised the medium-term management plan that ends in fiscal 2018 (fiscal year ending March 31, 2019).

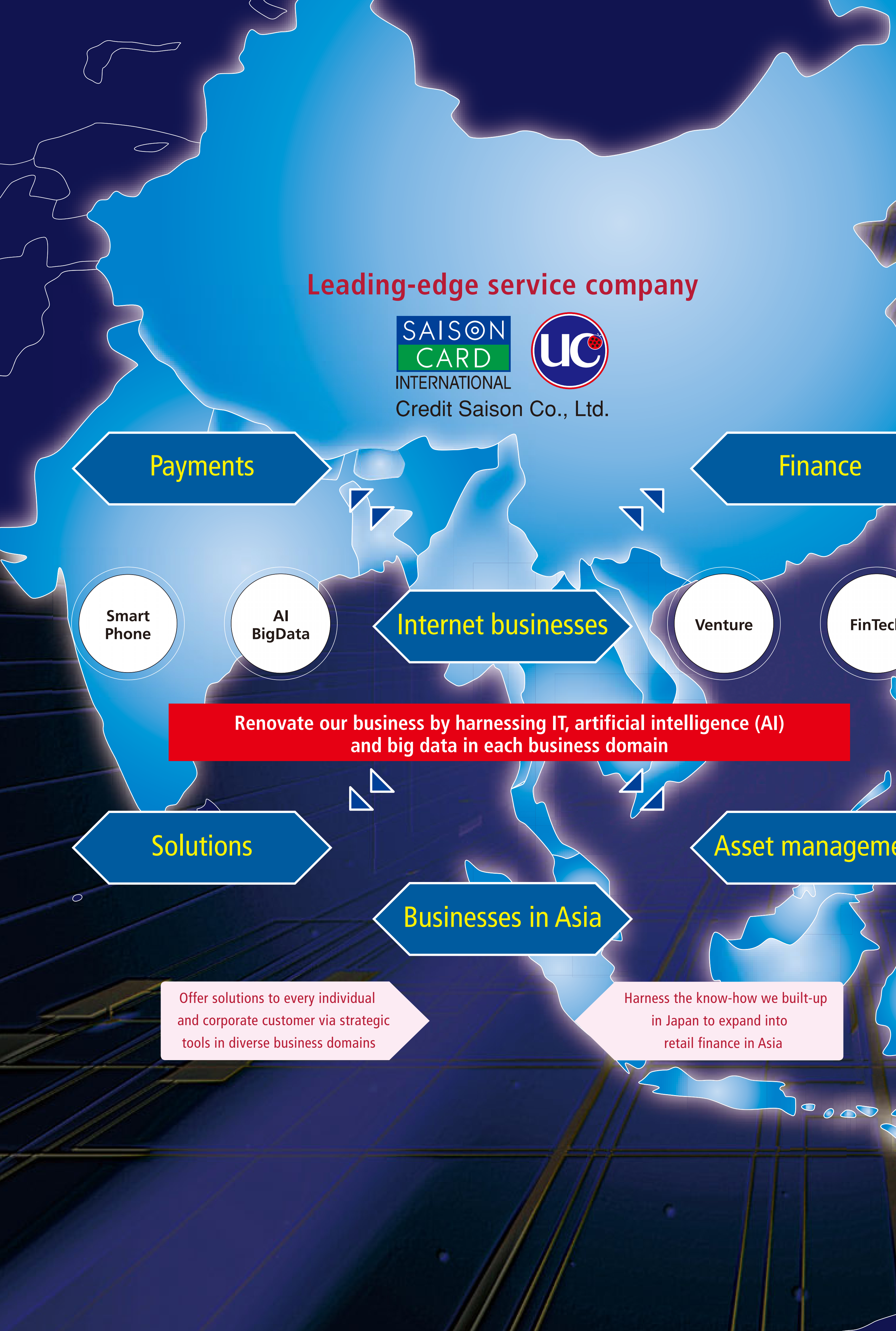
On the basis of our "leading-edge service company" management philosophy, we harness the know-how we have honed from over thirty years in the card business, our core competence, as well as our corporate assets—our customer base of 35 million, our path-breaking products and services, our diverse collection of partners and affiliates—to continue to offer the best solutions to our individual and corporate customers through the development of strategic products and services in diverse business domains centering on financial services.

Moreover, we seek to renovate our existing business model via innovation rather than merely following past successes, so we can achieve even greater competitiveness in markets than before. We will strive to expand our comprehensive business portfolio as a non-bank company across areas of internet, leasing and financing businesses and depart from overreliance on credit card business. We will harness the know-how we honed in Japan to advance our retail financial businesses in Asia and leave our rivals behind, and set for ourselves the challenge of becoming a financial company without peer in Asia. Through these initiatives, we aim to achieve consolidated ordinary income of ¥60 billion in fiscal 2018, the final year of our management plan.

In pursuit of collaborative management that enhances customer convenience and promotes sales and income growth at partners and affiliates, we endeavor to expand into business domains we think will translate into sustainable growth and enable us to maximize corporate value.

President and CEO

Hiroshi Rinno


Leading-edge service company
SAISON CARD INTERNATIONAL
Credit Saison Co., Ltd.
Payments
Finance
Smart Phone
AI BigData
Internet businesses
Venture
FinTec
Renovate our business by harnessing IT, artificial intelligence (AI) and big data in each business domain
Solutions
Asset manageme
Businesses in Asia
Offer solutions to every individual and corporate customer via strategic tools in diverse business domains
Harness the know-how we built-up in Japan to expand into retail finance in Asia

Neo Finance Company in Asia

Medium-term management plan: Vision

Credit Saison is transforming itself so it can continue to grow unceasingly by continuing to offer the best solutions to customer needs as a leading-edge service company. With a sense of urgency, we seek to change existing business models via innovation rather than merely following past successes, and achieve competitiveness through this approach. The challenge we set for ourselves is to become a "Peerless New Finance Company in Asia."

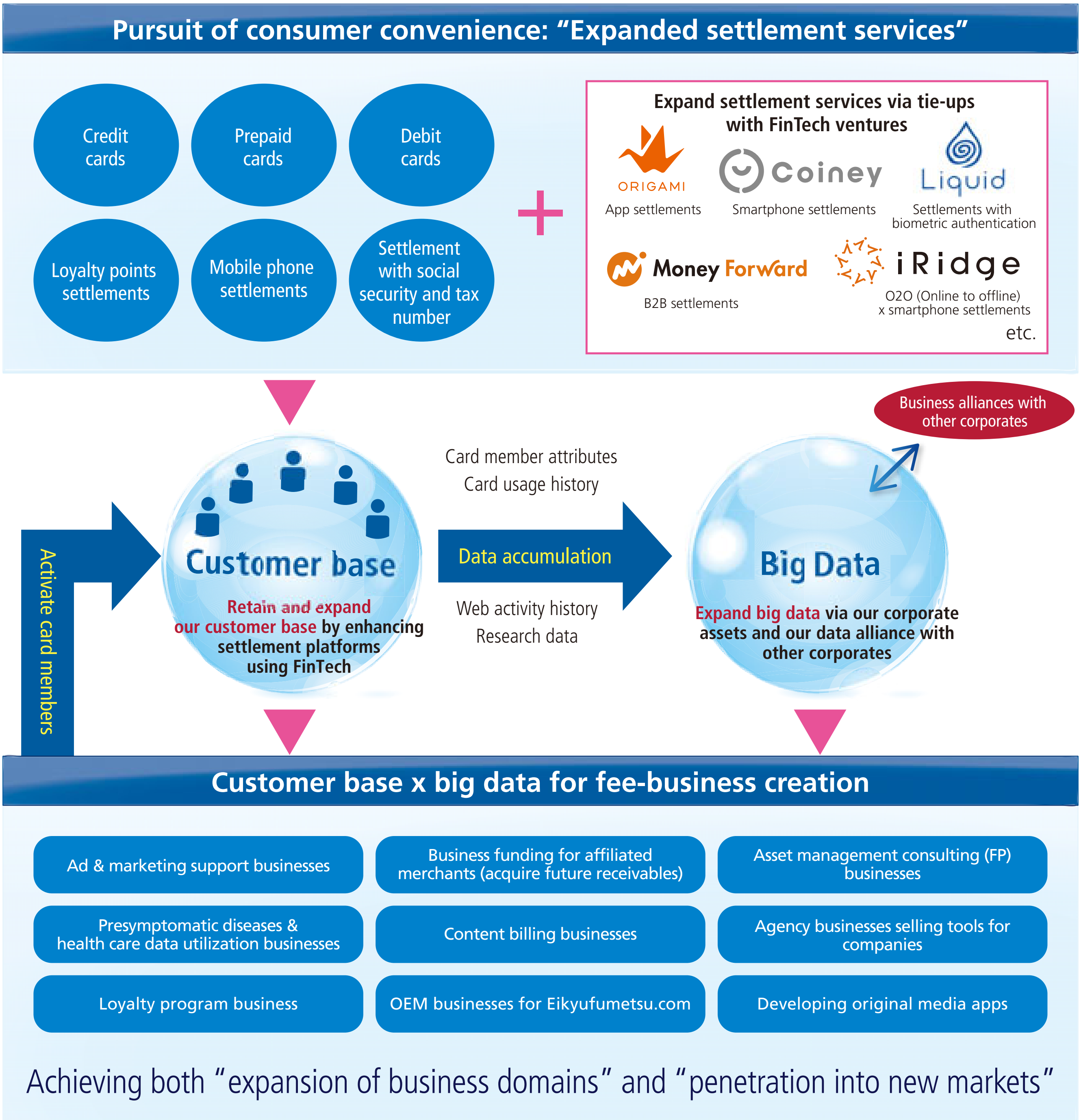
Medium-term management plan: Goal

Through the aforementioned measures to "realize innovation and business model change," we aim to achieve consolidated ordinary income of ¥60 billion in fiscal 2018.

Our Challenge in Building a New Business Model

In the era of IT-driven, turbulent change, such as the rise of “FinTech” buseinss ventures, we need to rise to the challenge of building a new business model. We aim to expand our customer base via speedy development of the kind of settlement services that consumers would prefer but is yet to be found, and through this, we seek to create new fee businesses, utilizing “big data” we have accumulated. This is the challenge we face as we construct a new business model.

A new business model to achieve our medium-term management plan



5 Strategies

To achieve the goals in our medium-term management plan, we have devised five strategies that we will execute at various businesses. We will harness know-how we build through the three of our five strategies: bolstering earning power via "change in card business models"; entering new markets via "open innovation"; and building stable business foundation via "multidirectional alliance," to achieve the two strategies of "expand our business in Asia" and "reform group management" with the aim of expanding business domains of Credit Saison's affiliated companies. Through these strategies, we seek to grow across multiple businesses as a Group.

5 Strategies to Accomplish Our Medium-term Management Plan

Enter new markets

STRATEGY 2

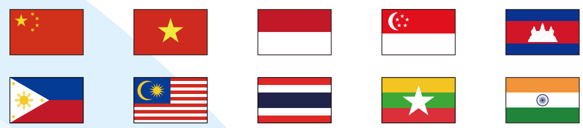
Alliance strategy via open innovation

- Create synergies via alliances with FinTech ventures
- Offer new funding services
- Turn asset management services into a core business
- Scale up rollout of big data businesses

STRATEGY 4

Diverse Business Operations across Asia Region

- Use know-how built in Japan to expand in Asian nations



STRATEGY 5

Reorganize Group company management

- Mobilize the Group's strengths toward profit growth in each business domain

Enhance strategic tools

Harness our know-how

STRATEGY 1

Pursuing a Change in Card Business Model

- Structural reform of our approach to acquire new card members
- Move corporate expenses & B2B transactions to cashless settlements

Expand business domains

STRATEGY 3

Multidirectional alliances with financial businesses at the core

- Seek new products in the leasing and rental business
- Leverage credit guarantee business to respond to business funding needs and expand networks
- Increase market share in "Flat 35" loans
- Expand alliances for various loan products

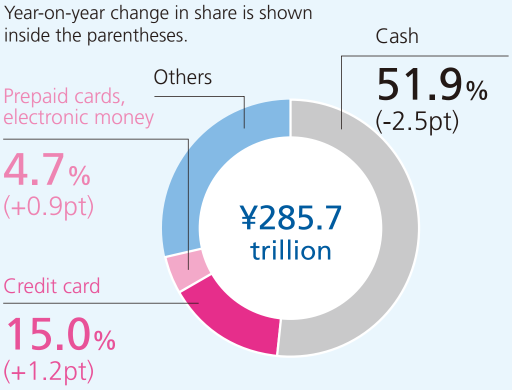
Diversify sources of earnings

We Aim to Realize a Cashless Society via Various Settlement Services

Consumers in Japan still use cash for more than 50% of their purchases.
We aim to become the leader of the cashless settlement market by developing ways to reduce reliance on cash markets such as advancing new settlement services and prepaid cards.

Share of Personal Consumption in Japan by Settlement Method (Fiscal 2014)

Year-on-year change in share is shown inside the parentheses.



* Source: Credit Saison estimates based on materials published by the Ministry of Economy, Trade and Industry, Nihon Card Business Institute's New Payment Report, Mitsubishi UFJ Research and Consulting, and other companies and associations.
"Credit Card" share includes settlement sums for corporate cards (estimated ¥3 trillion for a share of 1%).

Key Indicators (Non-consolidated)

	Fiscal 2015	Change* (%)	Fiscal 2016 target	Change* (%)
New applications (millions)	3.30	109.8	3.40	103.0
New cards issued (millions)	2.62	110.5	2.70	103.0
Total card members (millions)	25.61	102.6	26.92	105.1
Active card members (millions)	14.77	101.3	15.72	106.4
Transaction volume (¥ billion)	4,526.0	103.7	4,844.0	107.0
Card shopping (¥ billion)	4,258.2	104.1	4,573.0	107.4
Cash advances (¥ billion)	267.7	96.6	271.0	101.2

* Change shows percentage change from the previous fiscal year.

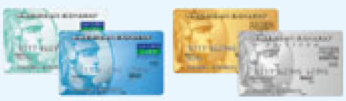
We strive to achieve structural reform of our approach to acquire new card members while retaining our strength in card member recruitment.

Our challenge is to strive to achieve structural reform of our approach to acquire new card members while we retain our strength in member recruitment. We aim to streamline operations and reduce costs by processing 95% of face-to-face card membership applications at physical sites via tablet terminals. At the same time, we seek to convert web service users into card members via the introduction of card settlements in partnership with various net companies in a bid to develop a new category of customers. We will facilitate "systematization in the real domain" and "acquisition of new card members who are virtual domain users" in a parallel way in an effort to expand our customer base.

Strengths We Have Established

Industry leader in acquiring new card members

In-store channels at partner retailer, etc.



Diverse card lineup

Implementing Structural Reforms

Promoting processing of card membership applications via tablet terminals

Ratio of membership applications processed via on tablet terminals
Target 95%

Partnering with net companies with customer bases

Expanding new membership application channels utilizing the web and smartphones

Systemization and paperless application in face-to-face new card member acquisition

+

Approach a new category of customers through website user route

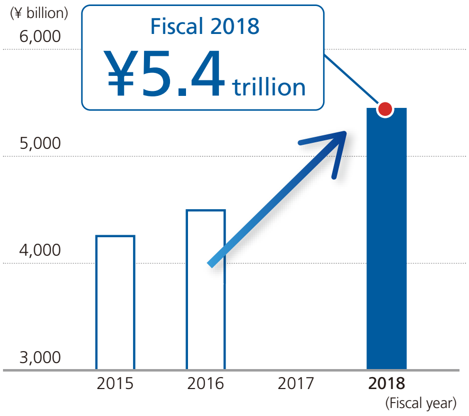
Fiscal 2018 Target Number of New Cards Issuance: 3 Million

(115% of Fiscal 2015 Level)

Advancing cashless settlements and pioneering new settlement schemes

In addition to conventional card settlements at retailers, the shift to cashless transactions is crucial in service businesses relating to life events and new growth markets. With the scaling up of FinTech, there is a growing variety of settlement methods available. Our challenge is to reduce reliance on cash transactions via the multi-faceted development of pioneering settlement functions.

Card Shopping Transaction Value



Expanding the scope of cashless settlements

Life events	Growth markets	Better settlement environment
Wedding, education, nursing care, funeral, etc.	Health care, sharing economy, etc.	Settlement environment improvement across Japan ahead of 2020 Tokyo Olympics

Pioneering new settlement schemes

- Smartphone settlement
- Settlement with biometric authentication
- Adoption of virtual currency
- Online settlement service
- Settlement with social security and tax number

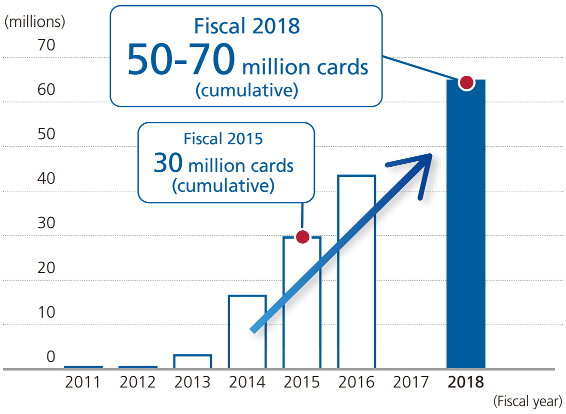
Fiscal 2018 Target Card Shopping Transaction Value: ¥5.4 Trillion

(128% of Fiscal 2015 Level)

Establishing our position as a prepaid card service provider by diversifying prepaid card products

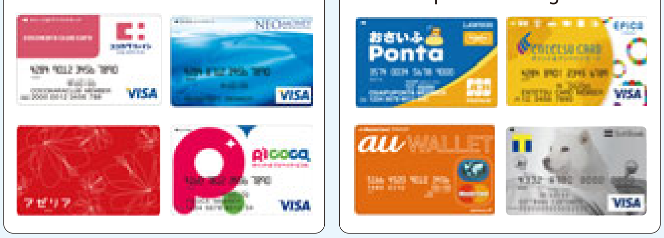
In our bid to expand the scope of settlement, we are focusing on our prepaid card business. New additions to our lineup include the commencement of a contract to administer the Osaifu Ponta card issued by Lawson, Inc. and the Entetsu Point & Prepaid card issued by Shizugin Saison Card Co., Ltd. jointly with the Entetsu Group in November 2015, affiliate partnerships with Kawasaki Azalea Co., Ltd. for the Azalea Card from March 2016, and with Alpico Holdings Co., Ltd. for the Point & Prepaid Picoca card from April 2016. We will accelerate growth in this business as we harness the know-how we built in Japan to expand in Asia with an eye to identifying new business opportunities.

Total Prepaid Cards Issued (Cumulative)



Growth in existing prepaid cards issuance and transaction value

Credit Saison issued cards	Card operation consignments



Development of new partnership

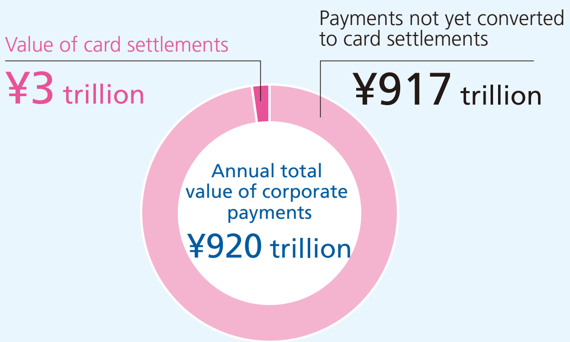
Creation of new business using prepaid cards

Fiscal 2018 Target Cumulative Number of Cards Issued: 50-70 Million

Accelerating the Entire Corporate Marketing System, Increasing Cashless Settlements for Corporates

The annual value of corporate payments in Japan is estimated at ¥920 trillion. Of that, card settlements account for only about ¥3 trillion for a share of just 0.3% of the total corporate payments. We have bolstered our entire corporate marketing system and are working to shift various kinds of corporate payments to cashless settlements by providing optimal solutions that match the needs and scale of companies.

High Potential for Cashless Settlements in Japanese Corporate Market



*Source: Credit Saison estimates based on VISA Worldwide report on Japan's corporate market and Visa strategy and other sources

Companies and Organizations in Japan

5.45 million offices

Corporate Market

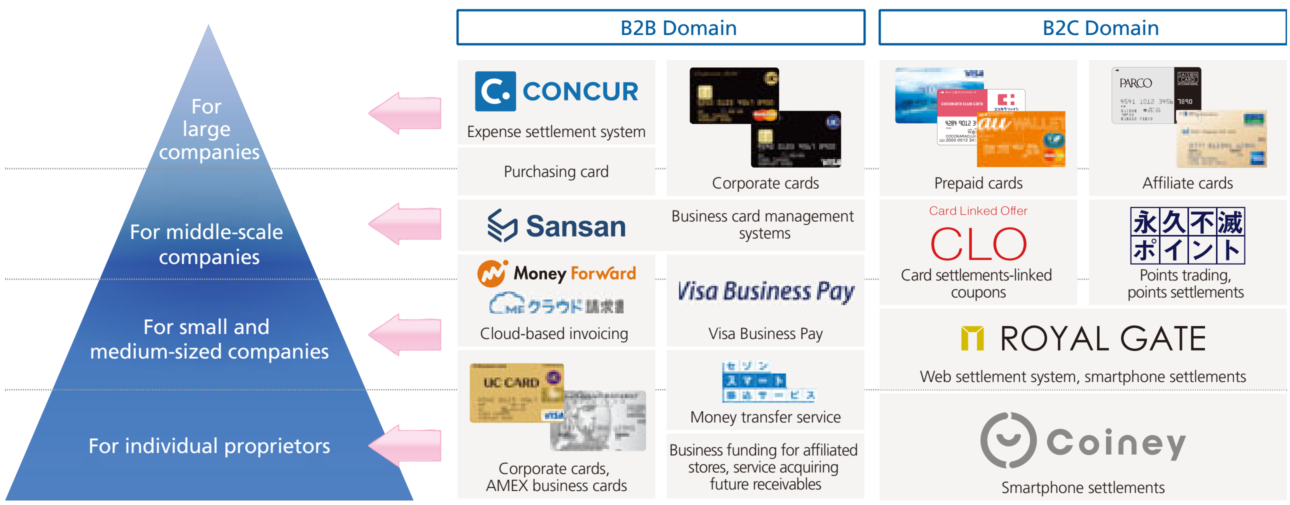
Of about ¥920 trillion in annual value of corporate payments in Japan, card settlements account for about ¥3 trillion.

Just 0.3%

of this market is estimated to be settled using cards.

Increasing cashless settlements for corporate expenses and B2B transactions via a stronger corporate marketing system

With our tie-ups with companies providing corporate solutions, we promote cashless settlements in the scope of corporate settlements through our support for reducing workloads in processing expense settlements for companies and individual proprietors.



Fiscal 2018 Target Corporate-affiliated Card Transaction Value: ¥700 Billion

(200% of Fiscal 2015 Level)

Create New Businesses by Harnessing Our Corporate Assets

We are transforming our existing business model via open innovation that combines the techniques, ideas and services of other companies with our strengths and corporate assets. We are working to develop new funding services, hone our response to ever-growing online markets, and advance business tie-ups with business ventures.

Our Corporate Assets

- Customer base
- Network
- Settlement know-how

× **Other Company's Strengths** / **FinTech**

▶ **Enabling Open Innovation**

- Creating new businesses
- Transforming our business model

SAISON Ventures

As the first domestic credit card company expanding into corporate venture capital (CVC), we are investing in seed-stage and early-stage business ventures, and are strengthening initiatives with venture businesses with advanced, innovative technologies and services.

Seeking for new funding services, the domain beyond the scope of money lending

In addition to the cash advance service and loan products we have promoted to date, we are developing the "funding service for affiliated stores" so we can respond flexibly to the funding needs of small and medium-sized enterprises by purchasing future receivables. Going beyond the money lending business domain, we are seizing opportunities in the funding provision service field.

Domains Promoted So Far

Diversifying channels to offer cash advance and loan services

Online cash advances | Our ATMs | ATMs at convenience stores

×

Develop and provide cash advance and loan products that meet customers' purpose of use

Card cash advances | MONEY CARD (card loans) | Member's Loan (deed type)

▶ Examine possibility of handling business-purpose loans and adding money-lending functions to prepaid cards

Domains we plan to add in the future (non-money-lending services)

Scaling-up the rollout of the "funding service for affiliated stores"

A service to purchase future receivables with the aim of providing support to small- and medium-sized companies and individual proprietors that are members of our affiliated store network.

Funding service for affiliated stores
Service to acquire future receivables

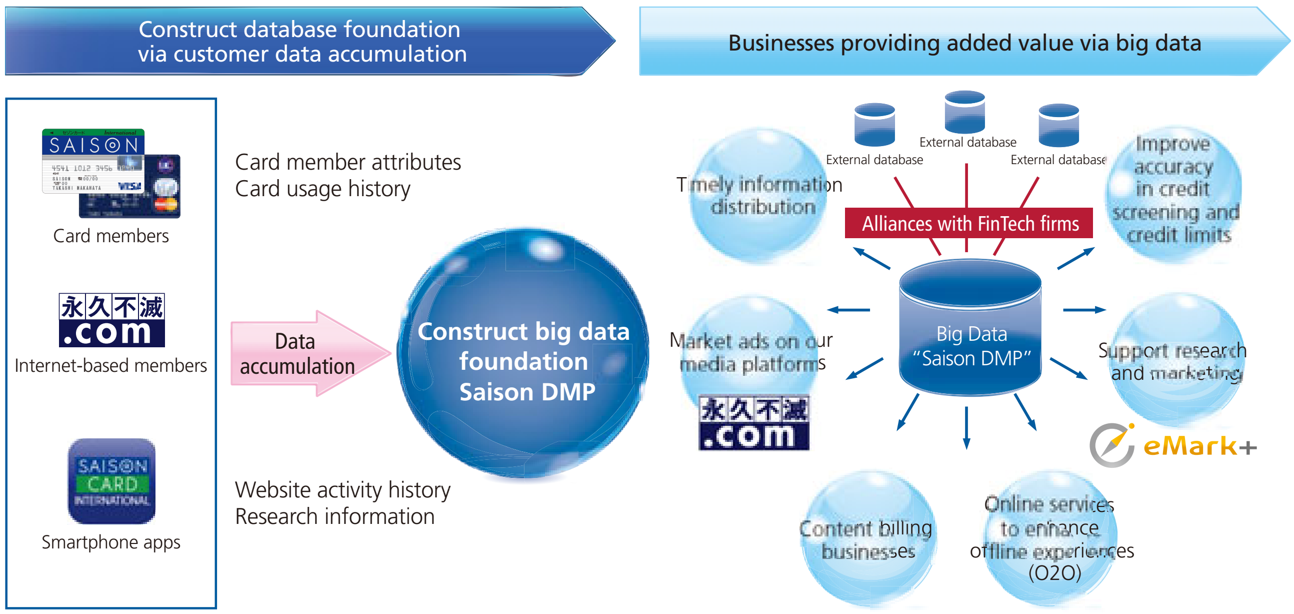
- Acquire credit card receivables expected to arise in the future, respond to funding needs to procure daily inventories and support business expansion
- Adjustments with a buffer factoring in sales variability at merchants are possible

Acquisitions range from ¥100,000 to ¥3 million
(no collateral or guarantor required)

FinTech, Fusion of Finance and Technology, Drives New Synergy Creation

We promote open innovation for the sake of advancing usage of the big data foundation we have accumulated so far. Together with Digital Garage, Inc. in May 2016, we built big data foundation Saison Data Management Platform (DMP). We think this will enable us to send information in a timely manner to our more than 12.5 million internet-based members and expand our online ad business.

*At Saison DMP, data is centrally controlled and processed so specific individuals cannot be identified in our internet-based membership data.



Turning Asset Management Services into a Core Business

In November 2015, Credit Saison, Monex Group, Inc. and the Vanguard Group, Inc. jointly established Monex-Saison-Vanguard Investment Partners, Inc. (MSVIP), a discretionary investment management business. Harnessing leading-edge IT technologies and world-class financial knowledge, MSVIP provides asset management services tailored to suit each individual client. Saison Asset Management Co., Ltd. (SAM) assists in long-term investment management for the future of the general public. MSVIP and SAM will make asset management services relatable and easy to use so clients can work with their money in more varied, richer ways.

Monex-Saison-Vanguard Investment Partners

Provide wrap account management services using IT technologies and world-class financial knowledge

SAISON ASSET MANAGEMENT

Saison Asset Management Co., Ltd.

Support asset management via genuine long-term asset growth funds

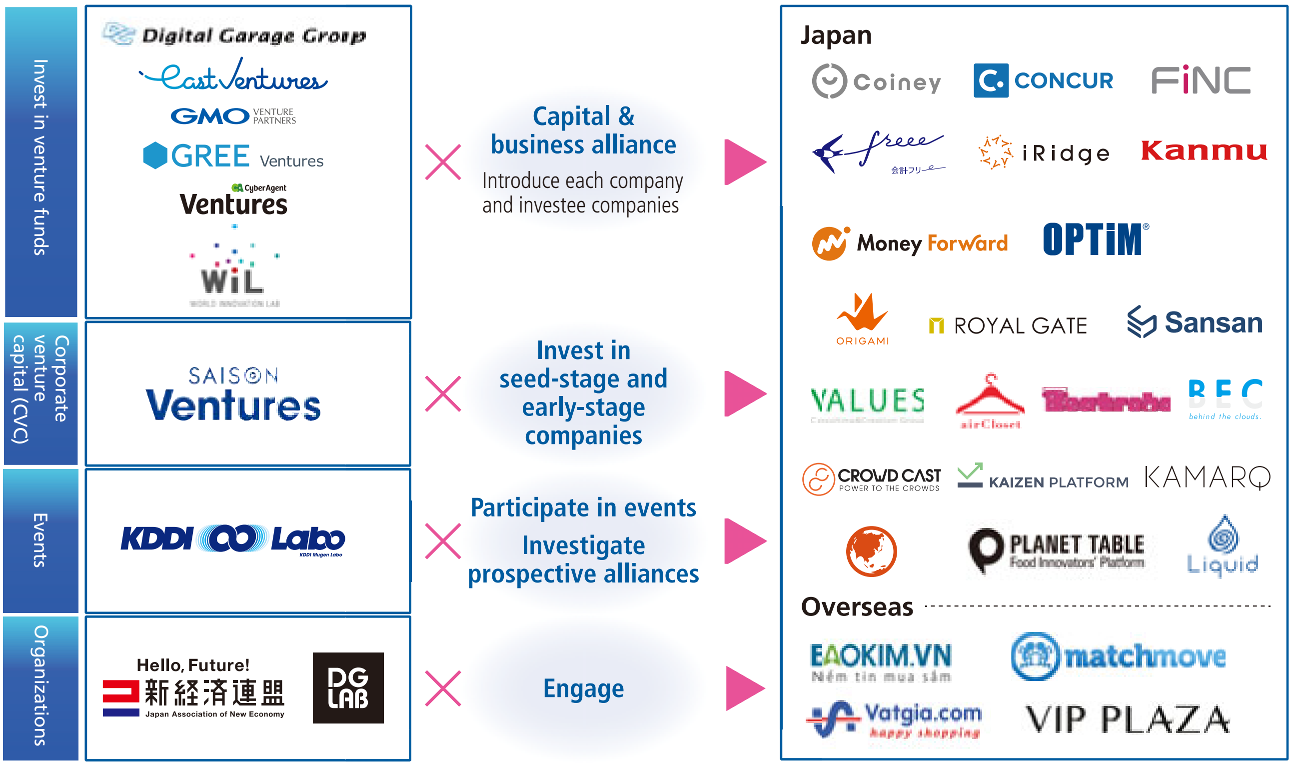
Investment performance (as of March 31, 2016)

Assets under management ¥139.4 billion

Number of accounts 108,204

Flexible partnerships with promising internet companies and business ventures

We will establish models for fee businesses that generate income from various online services through flexible business partnerships with leading internet content companies and business ventures with new technologies.



Run owned media to support two-way communication with customers

We run new owned media for the sake of providing new value to the public. We create new opportunities to contact with customers and work to establish two-way communication not only with card members but also with site visitors with the aim of securing Credit Saison brand fans.

■ Counseling Site for Women "Sodan" Focuses on Life Issues and Money

The site offers free counseling directly with a financial planner on doubts or worries about money and life issues.

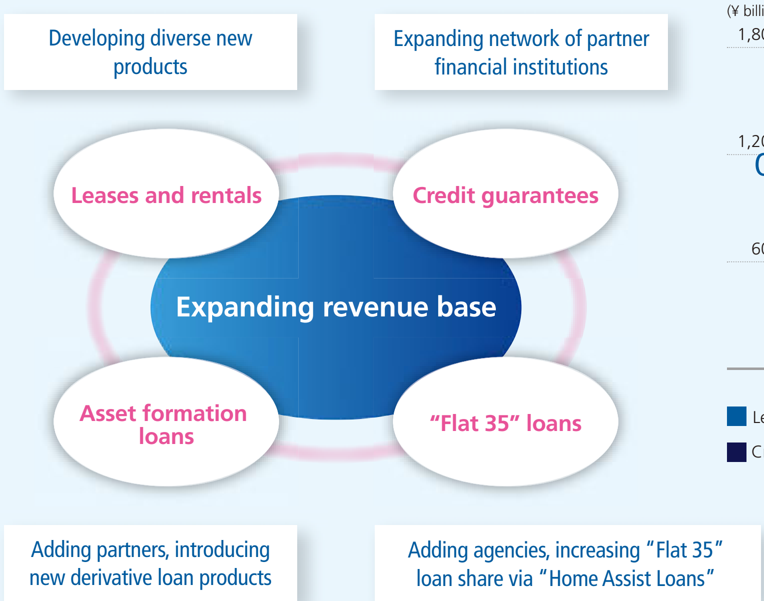
■ "hintos" Unearths What is Attractive in Useful Lifestyle Services

"hintos" introduces groundbreaking services business ventures have to offer around the theme of creating new lifestyle scenes. The aim of the site is to expand consumption and support the growth of business ventures.

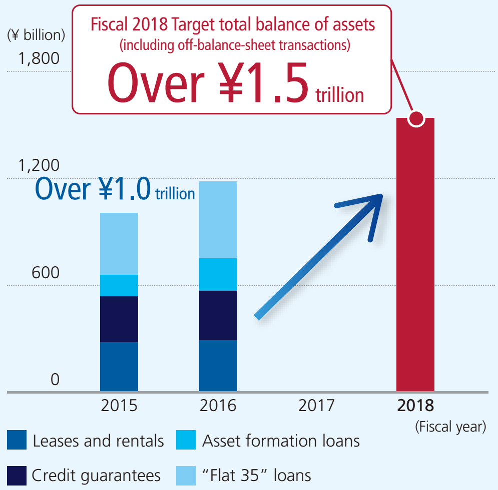
Promoting Financial Services that Leave Rivals Behind

We have diversified our revenue sources through the provision of financing functions that match market needs, such as leases and rentals, credit guarantees for multipurpose loans supplied by partner regional financial institutions, "Flat 35" loans with perks added for card members and "Saison Asset Formation Loans" for investment property needs, as well as through the building of stronger relations with our corporate partners. We are working to build our business foundation as a non-bank firm capable of adroitly adapting to a changing environment.

Financial Services Harnessing Our Strengths



Balance of Assets at Finance Businesses



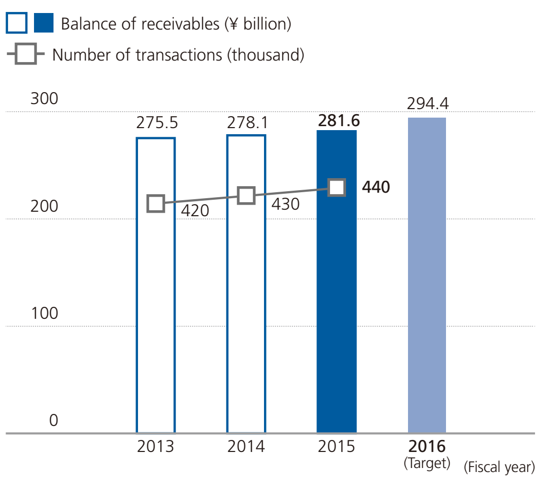
Fiscal 2018 Target Total Balance of Assets at Finance Businesses (Including off-balance sheet transactions): ¥1,500 Billion

Lease & Rental Business: Developing diverse, new products

Leveraging to the fullest our strengths of credit assessment know-how and speed in setting credit limits, we are forging ahead with finance leases, business-use installment sales, and rentals (operating leases) for office automation (OA) equipment, communication equipment, LED lighting, and the like. As a result of our efforts to reinforce bonds of trust with existing priority dealers by implementing joint campaigns and strengthen marketing to new priority dealers, the balance of receivables came to ¥281.6 billion at the end of fiscal 2015, up 1.3% from the previous fiscal year-end.

We will strive to respond to new business trends such as point-of-sale (POS) cash registers peripherals, etc. based on growth in cashless settlements, and create new revenue sources in such areas as equipment for barbers and beauticians, anti-crime systems and air conditioners.

Balance of Receivables, Number of Transactions

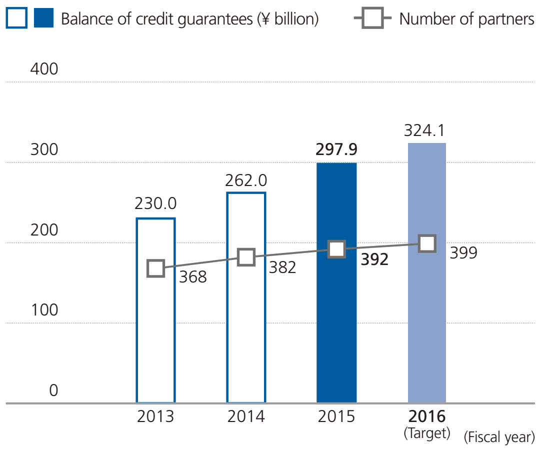


Credit Guarantee Business: Expanding Our Partner Network

Centering on credit guarantees for personal multi-purpose, unsecured loans, we support the promotion of personal loans supplied by partner regional financial institutions in close cooperation with them in terms of both marketing and credit controls. In addition to combining simple application procedures and quick screening, these loans are popular for their versatility, as they can be used for business funds and a range of other purposes. The number of partner financial institutions stands at 392, with the balance of credit guarantees up 13.7% compared with the previous fiscal year-end to ¥297.9 billion on a consolidated basis.

We aim to expand our transaction balance further by leveraging our strengths in terms of credit guarantee capacity, versatility, and marketing capability.

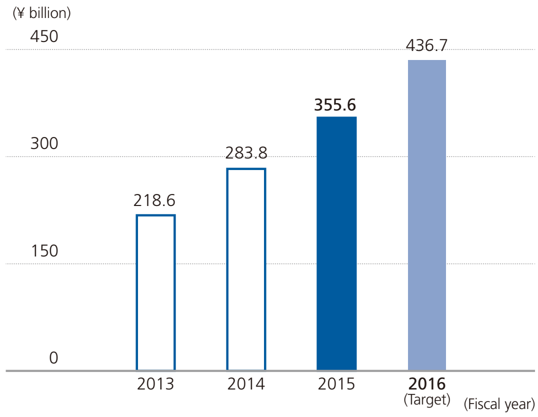
Balance of Credit Guarantees, Number of Partners (Consolidated)



"Flat 35" Loans: Aiming to Increase Our "Flat 35" Loan Share

We are bolstering on-site sales activities at condo galleries, model house exhibitions, intermediaries and other venues or operators, and adding more sales agents. In February 2016, we started offering the "Home Assist Loan," a loan to cover miscellaneous expenses associated with purchase of residence to respond to new funding needs. The loan balance after the transfer of receivables to the Japan Housing Finance Agency (JHF) climbed 25.3% from the previous fiscal year-end to ¥355.6 billion. We see the downtrend in interest rates on home mortgages as an opportunity to actively appeal to borrowers to refinance at a lower rate and thus expand our share of the "Flat 35" loan market.

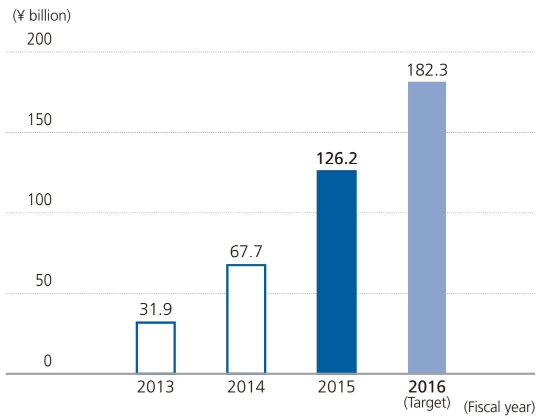
Loan Balance after Transfer of Receivables to JHF



Saison Asset Formation Loans: Adding Partners, Introducing Derivative Loan Products

We are strengthening collaboration with existing partners and striving to promote new alliances with businesses focusing on one-room apartments and condos. As a result of our efforts to customize product features to market needs and bolster our support system for our partners by offering them study sessions, our loan balance surged 86.4% from the previous fiscal year-end to ¥126.2 billion.

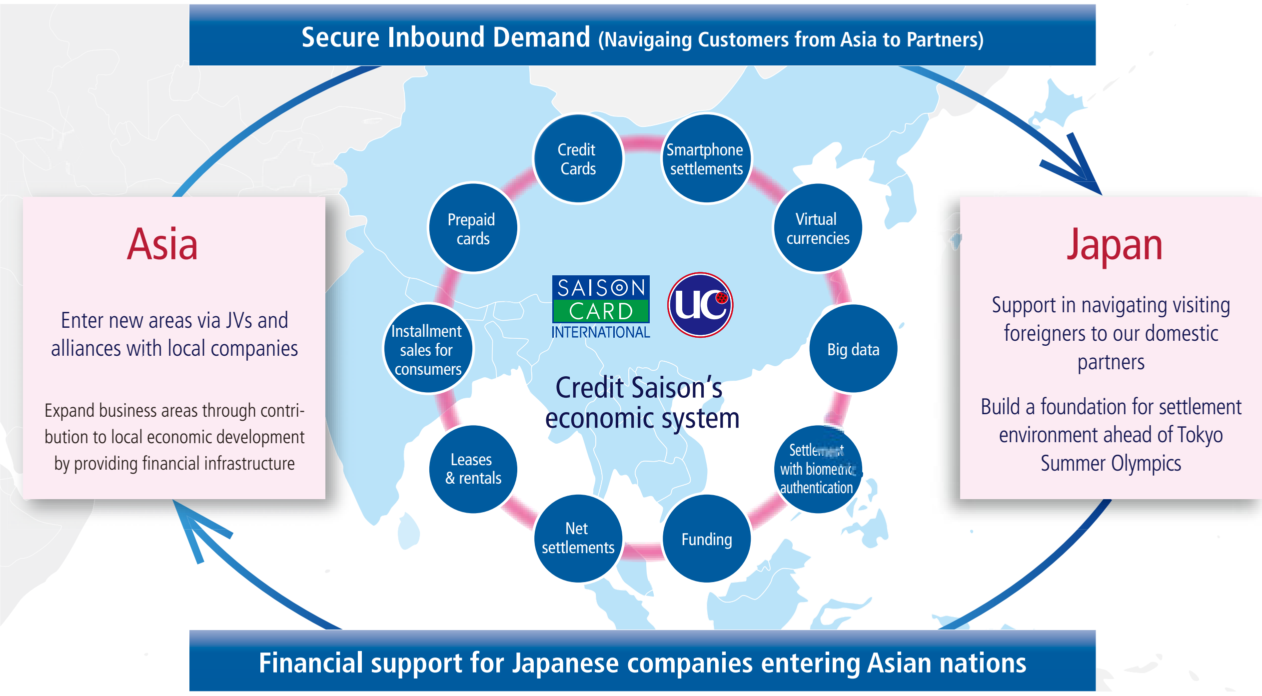
Loan Balance

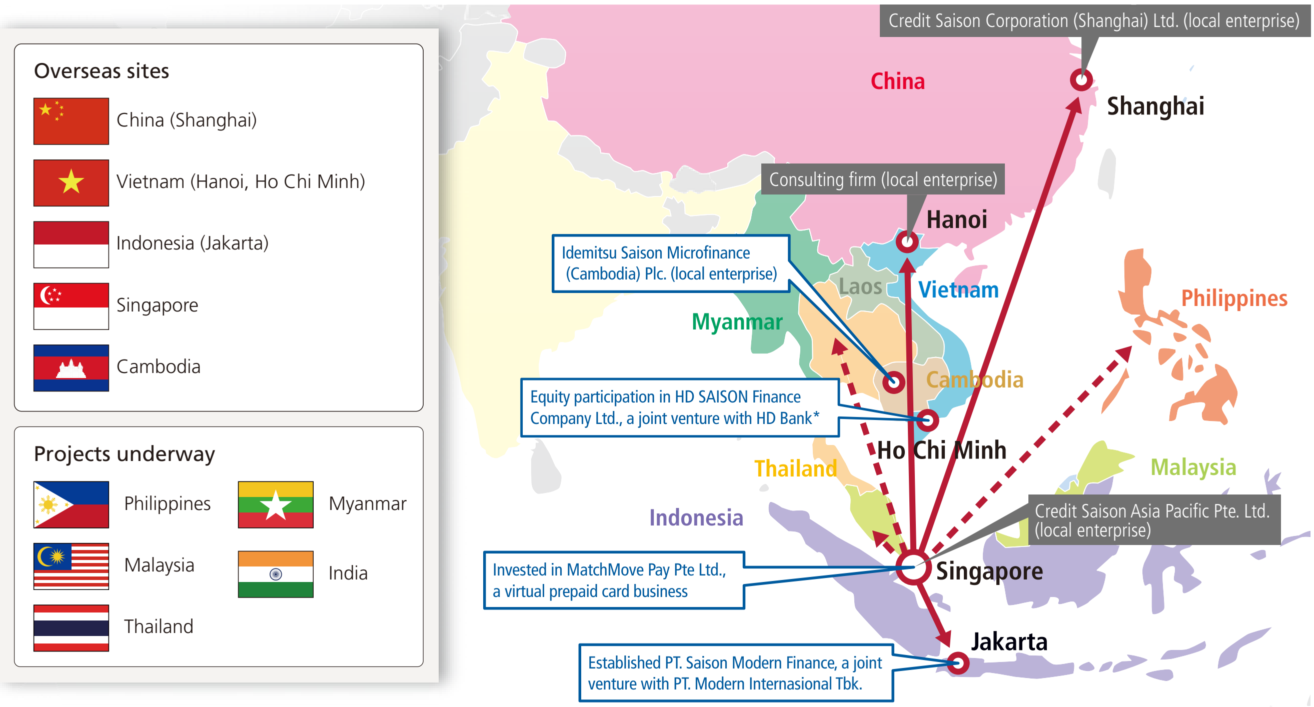


Full Entry into Retail Finance

In China, Vietnam, Indonesia and Singapore, we are speeding up the advance of our retail finance businesses by pressing forward with providing services and products tailored to the consumer needs in these countries through greater coordination with local capital and business partners. We are also looking at opportunities to expand in areas we have not yet entered.

Promoting initiatives toward establishing Credit Saison's economic system in the Asia region





*Ho Chi Minh Development Joint Stock Bank

Business Expansion in Step with Each Country's Needs

Vietnam

A joint venture with HD Bank

HD SAISON Finance Company Ltd.

Invested in May 2015;
Credit Saison's stake: 49%

- Installment sales (individual-item-basis) of bicycles, smartphones, and home appliances
- Service bases: Over 5,400 across Vietnam
- Number of employees: About 5,200
- Balance of receivables: Over ¥27.0 billion

Singapore

Capital and business alliance

MatchMove Pay Pte Ltd.

Invested in November 2014;
Credit Saison's stake: 15%

- Business in virtual prepaid cards issued under international brands in Southeast Asia
- Group companies and bases: Singapore (Head office), Indonesia, India, Chengdu in China, Ho Chi Minh in Vietnam, Thailand, and Malaysia

Indonesia

A joint venture with PT. Modern Internasional Tbk.

PT. Saison Modern Finance

Started operations in November 2015;
Credit Saison's stake: 70%

- Business in prepaid cards, loyalty program and leasing
- In step with 7-Eleven Indonesia's franchise expansion, the joint venture offers 7-Eleven-dedicated prepaid cards for consumers and leases to store owners facilities necessary to open a store.

Cambodia

A joint venture established by Idemitsu Credit Co., Ltd., in which Credit Saison has a 50% stake

Idemitsu Saison Microfinance (Cambodia) Plc.

Established in August 2015 and started operations in January 2016; a wholly owned subsidiary of Idemitsu Credit

- The company commenced operations with loan business and installment sales (installment payment on an individual item basis) for agricultural businesses in particular amid modernization and production growth of agriculture, especially rice farming.

Milestones for Our Overseas Businesses

Year	Month	Country	Details
2005	March	China	Established a local enterprise CREDIT SAISON CORPORATION (SHANGHAI) LIMITED in Shanghai
2013	April	Vietnam	Established VIETNAM SAISON CONSULTING CO., LTD. a local enterprise engaged in consulting business, in Hanoi
2014	May	Singapore	Established Credit Saison Asia Pacific Pte. Ltd. a local enterprise
2014	November	Singapore	Formed a capital and business alliance with MatchMove Pay Pte Ltd.
2015	May	Vietnam	Formed a comprehensive capital and business alliance with HD Bank, renamed HD Finance Company Ltd. to HD SAISON Finance Company Ltd. and started joint operations
2015	August	Cambodia	IDEMITSU CREDIT CO., LTD. established a local enterprise Idemitsu Saison Microfinance (Cambodia) Plc., which started operations in January 2016
2015	September	Indonesia	Formed alliance with PT. Modern Internasional Tbk. and established a finance services joint venture PT. Saison Modern Finance, which started operations in November 2015

Evolve into an Organization Where Everyone Contributes to Attaining Medium-term Management Goals

With the aim of encouraging each employee to do their best and improving the quality of work, we promote diversity and inclusion initiatives that call for employees to respect diversity, foster sense of acceptance, and harness individuality. Through programs to develop leaders and human resources, support career development, reform work styles and support active female participation in the workplace, we aim to ensure everyone is doing their best at work.

Fostering Business Leaders with B.Q. by Offering Opportunities to Learn and Raise Self-Awareness

We offer opportunities for people to learn through experience by deliberately and strategically reassigning personnel. We have introduced stratified training, training for select employees and other systems and programs with aim of fostering human resources and leaders with a high business quotient (B.Q.).

B.Q. (business quotient) = I.Q. (intelligence) x E.Q. (reason & humanity) x S.Q. (sensitivity)

"Degree of Immersion" Assessment Program (360-Degree Evaluation)

Once a year, employees are evaluated by their supervisor, colleagues and junior staff for their B.Q. These evaluations are returned to each employee as a form of feedback for personal development.

What is Credit Saison's "degree of immersion"?

- Empowered to boldly face challenges without excessive fear of failure
- Empowered to remain passionate toward reaching goals
- Empowered to grow personally and as part of the organization

Credit Saison Awards Ceremony

An annual awards ceremony where employees and departments recognize each other's achievements across organizational boundaries with the aim of changing the way employees think and enhancing the Company's collective strength. In addition to awards that recognize levels of achievement, with standards set by each department and division, there are many types of awards given, including those based on votes recognizing the actions and initiatives of employees who envision themselves as Credit Saison's future culture carriers.

Career Interviews

To support the construction of future career plans, the Strategic Human Resources Department conducts interviews with the aim of enabling employees to reflect on their career experiences so far, discuss what motivates them and their values, and thereby enable them to gain a clearer understanding of themselves.

Suggestion System, Request Programs

We run various systems and programs to inspire our employees, such as the Dream Plan System where they are able to propose their ideas directly to senior executives and the "Degree of Immersion" challenge where they can request they be considered to work in a certain department or position.

Learning Café (four times a year)

We invite both people outside the firm and employees to be instructors at these events, sharing the know-how and knowledge they have obtained through their work experiences with the aim of enabling participants to apply what they learn in their own work and career development. Through dialogue with others, participants are stimulated to think and develop greater self-awareness.

Diversity & Inclusion Initiatives to Bring Out the Individual Strengths of Our Employees

We aim to create an organization where each employee can perform at their highest capability by drawing on the diversity of perspectives in our workforce arising from differences in gender, age, nationality, and values. Through efforts to build an attractive organization, we will spur innovation and bolster our international competitiveness.

Enabling Women to Thrive at Work

■ Training for Select Women Employees

We offer leadership design training for female employees we expect to perform at a high level as future leaders.

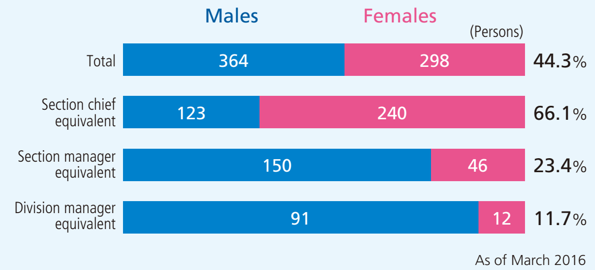
■ Mixers with Leading Corporations in Promoting Diversity

We regularly host mixers where we invite employees from other companies to join so our employees can assertively seek to improve themselves by learning from guests about their work styles, culture and values as well as about leadership and career management.

■ Career Interviews and Reassignments for Employees Returning from Childcare Leave

In recognition that returning to a job after a long absence can be seen as the start of a new career, we conduct interviews with employees preparing to return from childcare leave before they return to tell them what the Company expects of them in striving to develop their careers. We actively seek to reassign them based on their preferences and suitability.

Female Manager Ratios



Reforming Working Styles

■ Introducing Early-morning Work Shifts

With the aim of piloting reforms of prevailing business practices, head office departments have introduced an early-start option for summer to enable employees to start work an hour earlier in the morning and leave an hour earlier that bans overtime after 20:00. The initiative is intended to promote work efficiency while also enabling employees to have more time for themselves by spending time with family, meeting with colleagues and friends from outside their office, studying for self-improvement, and pursuing activities to stay fit and healthy.

■ Promoting Staggered Start Times, Variable Work Hours, and Work Shifts

Aimed at head office employees, we allow for discretion in the hours employees work to enable them to select the hours most suitable to their departments or the special attributes of their work or function. We have put into place a system where employees can start work an hour earlier or later than the default starting time or use options for variable work hours or work shifts.

■ Flexible Working Options

Employees have the option to request a change in job location, work hours, and the scope of their assignments due to childcare or nursing care obligations.

■ Adopting CANVAS Benefit System for Employees

We introduced CANVAS, a new employee benefit platform, in 2016 with the aim of encouraging active participation by each employee in the workplace. Employees can apply points that have been awarded to a menu of options for self improvement, health, childcare, and nursing care.

Packed with content on thinking about working and living

SAISON CHIENOWA

We established SAISON CHIENOWA in December 2015 as a curation media website aimed at working fathers and mothers who are raising children. Aimed at creating new value in collaboration with the public by looking at ways of working and living, the website is the product of the planning, editing, and administering of the Saison Work-life Design Section, a cross-divisional team that includes employees who are on childbirth and childcare leave.

In response to employee suggestions, we introduced a pilot program targeting employees on childbirth and childcare leave that enables them to work on a project basis from home as part of support for the activities of SAISON CHIENOWA

www.saison-chienowa.jp/

CSR and Social Contribution Activities

Our concept of CSR is not limited simply to regulatory compliance and the creation of profit. We believe that CSR also means responding to the needs of citizens, communities and society, and developing business methods and activities that meet and surpass these needs. This concept guides our CSR activities, which are based on three perspectives:

Three Perspectives on CSR Activities

Survive as a Company and Promote the Interests of Our Customers, Shareholders, Employees, and Other Stakeholders

Our corporate mission is to conduct our business activities in a sound, appropriate and timely manner. Through efforts to enhance corporate governance, we will improve management transparency and strengthen the systems used to monitor the achievement of management targets.

Contribute to Society in Ways Which Are Unique to Credit Saison

We recognize the gravity of our responsibilities as an employer and work constructively to create favorable work environments. As a leading-edge service company, we aim to use our business activities to provide fine-tuned services exceeding customer expectations and contribution to society.

■ Creating Favorable Work Environments

Credit Saison is working to provide inclusive work environments and employment terms for all employees, regardless of age or gender. In response to the twin demographic trends of a falling birthrate and aging population, we are working to strengthen and improve our systems to enable female employees to continue working after marriage and childbirth and enable men to apply for childcare leave. Moreover, we have a system in place for employees caring for family members, and a program for actively rehiring retirees.

Contribute to Society by Fulfilling Our Responsibilities through Business Activities of Our Core Credit Cards and Financing Businesses

As a finance company, we carefully manage personal information and duly consider the usefulness of personal information in accordance with the purpose of the Personal Information Protection Act. We are working to prevent excessive indebtedness through the prudent provision of credit and appropriate monitoring after credit is provided.

■ Appropriate Management of Personal Information

We manage personal information in accordance with laws, regulations and other requirements, including guidelines and industry rules. We have established internal corporate rules, and give our employees training in ethics. Our efforts to raise awareness of information management include the use of the "personal information manager" qualification established by the Japan Consumer Credit Association, a qualification that is now basically compulsory for employees who handle personal information at Credit Saison. In May 2006, Credit Saison was authorized to use the PrivacyMark, a certification given to businesses with appropriate systems for handling personal information, and we continue our efforts to maintain and enhance the protection level of personal information.

■ Preventing Excessive Indebtedness

In recognition that credit cards can be used beyond what is affordable, we monitor the loan balance of borrowers closely over time to prevent overuse and have put into place a consultation system to assist customers with revisions to contract terms and repayment amounts.

Contribute to Society in Ways Unique to Us

We effectively harness our unique know-how, our management resources, and the experience and knowledge of each of our employees to contribute to communities. Through our efforts, such as making it easier to donate using Eikyufumetsu points, educational programs to support the growth of children who will lead the next-generation, support for sports and cultural events, and our running of Akagi Nature Park, we engage in social contribution activities in ways that draw upon our unique resources and capabilities.

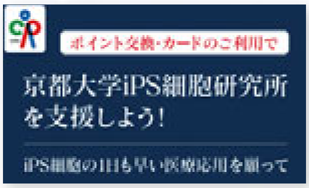
Accepting Donations via Eikyufumetsu Points Transfers and Credit Card Payments

We develop an environment that enables active involvement through donations via Eikyufumetsu points transfers and credit card payments so card members can participate in social contribution activities even as individuals.

■ Accepting Donations for Center for iPS Cell Research

We accept donations to the iPS Cell Research Fund to support Kyoto University-affiliated Center for iPS Cell Research (CiRA), led by Director Shinya Yamanaka.

Donations: ¥11,898,000
(Donations from November 17, 2014 to November 25, 2015)



■ Accepting Donations for Asia Prevention of Blindness Association

We accept donations to support the Asia Prevention of Blindness Association, which is led by its leader, Dr. Tadashi Hattori, who has provided ophthalmological care free of charge to patients across Southeast Asia for over a decade.

■ Donations for Areas Afflicted by Natural Disasters

We accept donations to support rebuilding in areas affected by large earthquakes and typhoons in Japan and overseas, such as the earthquake in Nepal and Typhoon Etau in 2015 and the earthquake in the southern Taiwan and earthquakes in Kumamoto in 2016.

Examples of donation activities

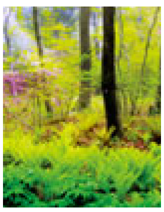
Donations for Nepal earthquake victims:	¥ 6,382,000
Donations for Typhoon No. 18 rain victims:	¥ 970,000
Donations for Southern Taiwan earthquake victims:	¥ 1,221,000
Donations for supporting Kumamoto earthquakes victims:	¥ 64,258,000

Fees on "Flat 35" loans waived for all affected by Kumamoto earthquakes

We are waiving administrative fees for various Saison housing loan package products as a way to support people living in areas afflicted by the 2016 Kumamoto earthquakes.

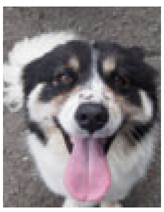
For details please see: www.saison-flat.com

■ Some Eligible Recipients of Eikyufumetsu Points Donations



Nature Conservation Activities in Akagi Nature Park
Akagi Nature Park

Japan Soccer Representatives Support Fund
Donate to the Japan Football Association



Support for the Construction of Animal Protection Center
Donate to a fund to rebuild an animal protection center in Kanagawa Prefecture

Support for the Education of Children Worldwide
National Federation of UNESCO Associations in Japan

Activities for Educational Projects for Future Generation

■ Participate in Education Programs

We participate in education programs that go beyond borders to foster students and children who will lead the next generation, including "Quest Education Program" for the growth of junior high and high school students, "Nikkei Education Challenge" class for high school students, and "Quest Career" for a deeper mutual understanding between Japanese companies and Vietnamese students.

Support for Cultural and Sport Activities

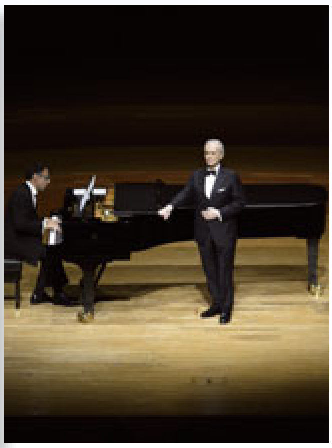
■ Support Japan's National Soccer Teams

Credit Saison supports the activities of the SAMURAI BLUE men's team, the NADESHIKO JAPAN women's team, the U-23 National Team and other Japanese national soccer teams that compete on the world stage. Going beyond the implementation of various promotions, we support programs for children who aspire to be future representatives on Japan's national soccer teams, helping to implement "national flag bearer," "Welcome Kids," and other youth programs.

Starting players of Japan's men's national team in joint-qualifying game for 2018 FIFA World Cup Russia (2nd round in Asia)/UAE 2019 AFC Asian Cup vs. Syria (March 29, 2016) ©JFA/2018

■ Support for Musical Activities

Credit Saison supports the musical career of José Carreras, the opera singer famous worldwide as one of "The Three Tenors." As supporters of the time and energy the cancer survivor puts into his namesake charity, the José Carreras Leukaemia Foundation, we have made donations every year since 1999.



Our Initiatives on Environmental Conservation Activities

■ Akagi Nature Park Operator

Through our engagement in running Akagi Nature Park since 2010, we have continued with initiatives to preserve Japan's rich natural environment for the next generation. More than 220,000 people have visited the park since it opened, with visitors topping 50,000 in fiscal 2015 alone, to enjoy the passing of the four seasons in a natural setting. Through programs such as guided park tours, eco-craft activities using materials such as nut shells and conifer cones, and the start of the "forest program" for days with no school that offers children time to play and learn in the rich forest that has been cultivated for over 30 years, we are helping visitors experience the true magnificence of nature and enabling them to gain a deeper understanding of environmental conservation activities.

赤城自然園
Akagi Nature Park

Fiscal 2016 Co-sponsors

The Credit Saison Group recognizes bolstering management supervisory functions for business objective attainment and management transparency enhancement is of paramount importance for obtaining the understanding and consent of our shareholders. To realize this basic management policy, we seek to create innovative services and improve corporate value continuously over time.

Our Corporate Governance System

Credit Saison has adopted the Audit & Supervisory Board system, with Audit & Supervisory Board members. To ensure we retain the confidence of our shareholders and other investors, we strive to improve and strengthen corporate governance by nominating outside directors and outside Audit & Supervisory Board members. Directors with detailed operational knowledge strive to uphold and enhance management efficiency by listening to the advice and proposals of outside directors to ensure that management decision-making in Board of Directors meetings and other important meetings is valid and appropriate. The Audit & Supervisory Board strengthens management supervision functions by working closely with directors responsible for internal audit and internal control systems.

The Board of Directors consists of 17 directors, including three outside directors, one* of whom qualifies as "independent director." Along with deciding on the operational implementation of important matters concerning management, the Board supervises business execution by directors. Directors serve terms of one year. This policy allows us to build a flexible management structure capable of adapting to a changing business environment, while also requiring management to earn the confidence of shareholders every year.

The Audit & Supervisory Board consists of four Audit & Supervisory Board members, including three* outside Audit & Supervisory Board members who qualify as "independent director." It determines audit policy and matters concerning the execution of other duties by Audit & Supervisory Board members as well as compiling audit reports.

*As of June 21, 2016

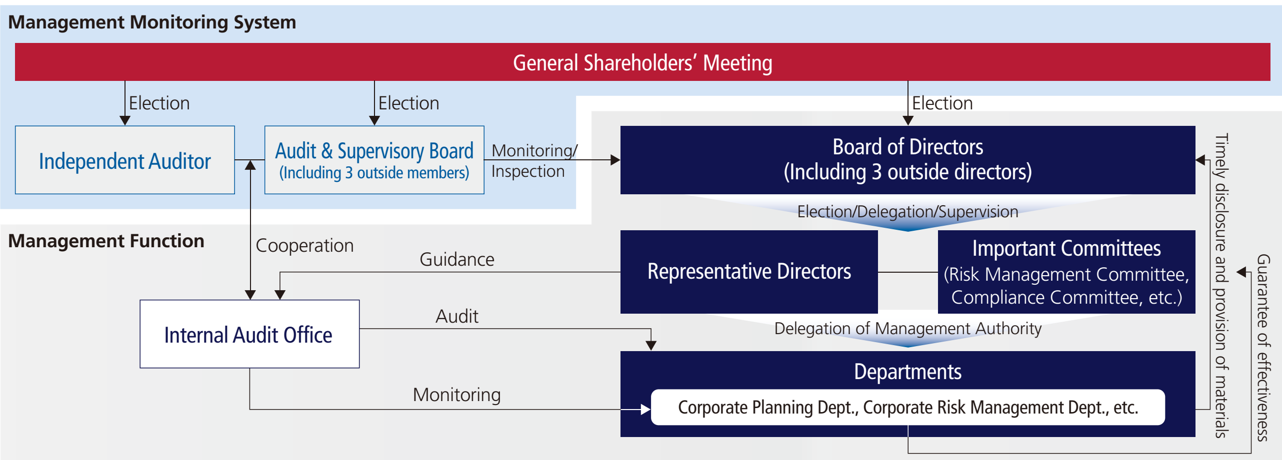
Initiatives to Bolster and Improve Corporate Governance

We regard bolstering and improving corporate governance as an important initiative for managing our businesses to enable corporate value to increase sustainably. We are working to achieve this by improving internal control systems, strengthening risk management systems, and ensuring thoroughness in compliance.

In building internal control systems, the Board of Directors decides on basic policies on internal control systems with the aim of building systems that ensure appropriate and efficient operations, centering on the Corporate Planning Department, where divisions tasked with supervision of internal controls reside. With regards to our response to internal controls for financial reporting, the Corporate Risk Management Department leads the way in promoting the proper functioning of internal controls at the Company and its consolidated Group companies, and the Internal Audit Office carries out independent monitoring.

With regards to risk management, the Risk Management Committee and the Corporate Risk Management Department lead the way in working to prevent risks from materializing and minimize the effect on the Company when risks become apparent. To this end, the Company conducts periodic internal education and training for people working with "risk management rules," "rules concerning management of risk of loss" and "crisis management rules" and, in this way, strives to maintain risk management systems. With regards to various issues within the Group and supervisory factors with the potential to create serious risks, the Group Strategy Office of the Corporate

Corporate Governance Structure



Planning Department leads the way in monitoring business execution at Group companies and sharing information with the management departments of Group companies.

With regards to our compliance systems, the Compliance Committee and the Corporate Risk Management Department have been established to ensure legal compliance, fairness, and ethical standards in our corporate activities. Having assigned compliance responsibilities to employees in each department, the Company has issued a declaration on how it will conduct itself, and is working to strengthen compliance systems by distributing a pamphlet to promote careful adherence to the Company's standards of conduct that sets out how directors, executive officers, and employees should conduct themselves, publicizing the compliance consultation desk as a contact for those with compliance concerns, and implementing compliance training.

We will continue to study approaches to management that suit the Credit Saison Group based on our basic policies for ensuring the proper functioning of internal controls and international trends regarding corporate governance.

Personal Relationships between Outside Directors, Outside Audit Board Members and the Company

The Company has three outside directors and three outside Audit & Supervisory Board members.

Directors with detailed operational knowledge strive to uphold and enhance management efficiency by listening to the advice and proposals of outside directors to ensure that management decision-making is valid and appropriate. Of the three outside directors, one* is an "independent director" who is unlikely to have any conflicts of interest with common shareholders. Of the outside Audit & Supervisory Board members, three* meet the criteria for "independent director," strengthening management supervisory functions.

* Those who meet criteria specified by the Tokyo Stock Exchange, Inc. to serve as an "independent director" on either the Board of Directors or the Audit & Supervisory Board are designated as "independent director."

Selection Criteria for Outside Directors

For the selection of outside directors, the Company has adopted selection criteria in order to ensure valid and appropriate decision-making through management supervisory functions. Accordingly, the selection criteria for outside directors require candidates to possess either practical experience as a corporate manager, or a record of achievement and expansive knowledge in a specific specialized field. Furthermore, for the selection of outside Audit & Supervisory Board members, the Company has adopted selection criteria to ensure sound and transparent management through audits carried out from an impartial and objective perspective. Accordingly, the selection criteria for outside Audit & Supervisory Board members require candidates to possess abundant knowledge and experience in a variety of fields.

To ensure objective assessment of the independence of outside directors and outside Audit & Supervisory Board members, we have established "standards for independence of outside directors" based on the criteria regarding independence for "independent directors" established by the Tokyo Stock Exchange.

Summary of Credit Saison's Standards for Independence for Outside Directors and Outside Audit & Supervisory Board Members

1. A person who is or was an employee of Credit Saison or its consolidated subsidiaries (heretofore referred to as "the Group")
2. A major shareholder in the Group
3. A major supplier, or executive person thereof, to the Group
4. A major business partner, or executive person thereof, of the Group
5. A major lender, or executive person thereof, of the Group
6. An executive person of a company, etc. with shareholdings of 10% or more of the voting rights in the Group
7. A certified public accountant belonging to the independent accounting audit firm hired as the Group's accounting auditor
8. A professional such a consultant, accountant, certified tax accountant, lawyer, judicial scrivener, or patent attorney who has been paid a large sum of money or other assets by the Group
9. A person or organization who has received a large sum of money as a donation
10. An executive person of another Company, who is part of cross directorship arrangement with the Group
11. A close relative to someone (limited to persons in positions of importance) who matches any of the criteria in items 1 through 10 above
12. A person who matches any of the criteria in items 2 to 11 in the past three years
13. Notwithstanding the above, a person who is deemed to have other special circumstances that could give rise to conflicts of interest with the Group

The aforementioned is a summary of our standards for establishing independence for outside directors and outside Audit & Supervisory Board members. The entirety of our standards can be viewed at our website (in Japanese).
http://corporate.saisoncard.co.jp/company/governance/

Outside directors are also briefed on the results of the Audit & Supervisory Board members' audits and accounting audits performed by the independent accounting audit firm at meetings of the Board of Directors. Outside directors cooperate with the Internal Audit Office, which is an internal audit division, and the Corporate Planning Department, which is an internal control division, by receiving briefings on the status of business execution from each division, and other means.

Outside Audit & Supervisory Board members strive to strengthen cooperation with the independent accounting audit firm and the Internal Audit Office, while working to enhance the effectiveness of audits by seeking briefings from the internal control divisions as necessary.

Governance System for Management Decision-making, Execution, and Supervision (Other Conditions)

Governance system	Company with a statutory Audit & Supervisory Board
Number of directors stipulated by the Articles*	Up to 25
Term of office for directors stipulated by the Articles*	One year
Chairman of the Board of Directors	President
Number of directors	17
Outside directors on Board	Appointed
Number of outside directors	Three
Of outside directors, the number who are "independent directors"	One
Appointment of outside Audit & Supervisory Board members	Appointed
Number of outside Audit & Supervisory Board members	Three
Of outside Audit & Supervisory Board members, the number who are "independent directors"	Three

*Articles of Incorporation

Remuneration for Directors and Audit & Supervisory Board Members

The total amount of remuneration in fiscal 2015 for different classifications of directors and Audit & Supervisory Board members, along with sub-totals for different types of remuneration, are shown below.

Details of Remuneration for Directors and Audit & Supervisory Board Members

Position	Total remuneration (¥ millions)	Total amount of remuneration by type (¥ millions)		Number of persons
		Basic remuneration	Bonuses	
Directors (Excluding outside directors)	458	358	100	13
Audit & Supervisory Board (ASB) members (Excluding outside ASB members)	8	8	—	1
Outside directors	50	50	—	6

Notes: 1. The total amount of remuneration paid to directors does not include employee salaries in the case of employees who serve concurrently as directors.
2. As of March 31, 2016, the Company had 14 directors and four Audit & Supervisory Board members.

Remuneration for Independent Accounting Audit Firm

Remuneration based on audit certification duties:	¥113 million
Remuneration based on non-audit duties:	¥16 million

Proactive Disclosure of Information

The Company proactively discloses financial information through results briefings, investment conferences, IR meetings and other events, and strives to ensure highly transparent management by posting financial result summaries, IR materials and other information on its website.

Principles regarding Antisocial Forces

1. The Company will not have any relationship with antisocial forces.
2. The Company will cooperate with external expert organizations and persons, including police, the Metropolitan area violation prevention association and lawyers, and will deal with antisocial forces in an appropriate and systematic manner in order to prevent damage that may be inflicted by such forces.
3. The Company will not accept any unreasonable demand from antisocial forces, and will firmly deal with such forces and take legal actions.
4. The Company will not provide funds to or do back-door deals with antisocial forces.
5. The Company will ensure the safety of officers and employees who deal with unreasonable demands from antisocial forces.

URL for corporate and IR information: corporate.saisoncard.co.jp/en/

Board of Directors and Audit & Supervisory Board Members (As of June 30, 2016)

Teruyuki Maekawa
Chairman and Representative Director
Head of Audit Office,
Sales Development Division

Hiroshi Rinno
President and CEO
Head of Credit Card Division

Naoki Takahashi
Representative,
Executive Vice President
Head of Public Relations Office, Corporate Planning Dept.,
Strategic Human Resources Dept.,
Internet Business Division

Hiroshi Yamamoto
Senior Managing Director
Head of Corporate Risk Management Dept., Finance Division,
Commercial Payment Promotion Dept.
and Card Finance Dept.

Masahiro Yamashita
Senior Managing Director
Head of System Planning Dept.,
General Manager, Credit Card Division
Alliance Development Dept.,
Payment Business Dept.

Sadamu Shimizu
Managing Director
General Manager, Finance Division,
Solution Business Dept.,
Affinity Business Dept. No.1

Katsumi Mizuno
Managing Director
Head of Overseas Business Division,
Business Planning Dept.

Kazuhiro Hirase
Director
Head of General Affairs Dept.,
Customer Satisfaction Promotion Office,
Strategic Human Resources Dept.

Akihiro Matsuda
Director
General Manager, Overseas Management Dept.

Yoshihisa Yamamoto
Director
System Planning Dept.

Tatsunari Okamoto
Director
Head of Credit Division,
Affinity Business Dept. No.2,
Amex Promotion Dept.

Masako Takeda
Director
General Manager, Sales Development Division,
Strategic Human Resources Dept.
Career Development Office

Yoshiaki Miura
Director
General Manager, Internet Business Division

Shingo Baba
Director
Head of Corporate Treasury Dept., Accounting Dept.,
Corporate Planning Dept.

Yasuhisa Ueno
Director (Outside)

Reiko Yonezawa
Director (Outside)

Kaoru Hayashi
Director (Outside)

Yoshitaka Murakami
Standing Audit & Supervisory Board Member (Outside)

Masaru Sakurai
Standing Audit & Supervisory Board Member (Outside)

Yoshiro Yamamoto
Audit & Supervisory Board Member

Chie Kasahara
Audit & Supervisory Board Member (Outside)

Results for Fiscal 2015

The expansion in card shopping has continued attendant with the widening scope of credit card use and improved convenience but entry by companies from other sectors into diversifying settlement services has intensified competition. As a result, business conditions remain highly challenging.

In this environment, with the aim of becoming a new financial company without peer in Asia, Credit Saison is working to build a foundation to realize sustainable growth on two fronts. In Japan, we seek to ensure our market competitiveness by providing various settlement services, centering on credit cards, expanding fee businesses via use of our internet members and strengthening non-bank businesses such as the lease business and finance business. In Asia, harnessing the know-how we honed in Japan in our card businesses to develop installment sales and loan businesses, we are pressing ahead with the ramp-up of our entry into retail financial businesses via collaboration with local companies.

In the credit service segment, we seek to expand our customer base and support sustainable growth. To achieve this, we stepped up two initiatives: recruitment of prospective members for platinum and gold cards and business cards for individual proprietors among premium card series Saison American Express® Card as they in particular offer the prospect of high utilization and high spending per transaction; and recruitment of prospective members for affiliate cards we issue jointly with affiliated retail merchants such as the Mitsui Shopping Park Card Saison, which is issued together with Mitsui Fudosan Co., Ltd. and Mitsui Fudosan Retail Management Co., Ltd., which have opened a series of new commercial retail facilities. Moreover, in recruitment of prospective members for cards for individual proprietorships and corporates that support in the reduction of expense settlement workloads, we worked to increase the number of companies adopting our corporate cards with measures such as expanding the compensation content in the insurance coverage for incidentals that comes with our UC Corporate Gold Card aimed mainly at large companies. As a result, we added 2.62 million new card members in fiscal 2015, an increase of 10.5% year on year.

To expand card transaction value, we advanced multiple initiatives. In addition to promotions to stimulate card usage centering on affiliated merchants and stepped-up campaigns for revolving credit repayment plans where salaried workers use seasonal bonuses to pay down outstanding debt, we continued to encourage card use for settling recurring payments such as mobile phone subscriber fees and utility bills. In addition, we encouraged the use of cards to pay taxes such as fixed asset taxes, automobile taxes and the hometown tax scheme, where taxpayers can opt to direct a part of their residential tax to a specified local government. As a result, card shopping transaction value grew 4.1% year on year to ¥4,258.2 billion and the card shopping revolving credit balance increased 14.8% from the previous fiscal year-end to ¥338.7 billion. Meanwhile, the balance of cash advances declined 1.9% from the previous fiscal year-end to ¥237.7 billion.

In the lease segment, revenue declined despite efforts to reinforce trust-based relationships with existing mainstay dealers of our lease products as well as to strengthen marketing to new priority dealers.

In the finance segment, revenues rose on growth in the balance of credit guarantees to ¥297.9 billion, up 13.7% from the previous fiscal year-end, on close cooperation with partner financial institutions in terms of both marketing and controls in the credit guarantee business as well as earnings contributions from "Flat 35" loans and "Saison Asset Formation Loan" products.

As a result of the above, operating revenues grew 4.2% year on year to ¥269.918 billion.

As a result of improvements in the funding environment, financial costs declined. Even so, costs linked with the growth in card transaction value increased, and ¥15.8 billion was transferred to allowance for losses on interest repayments based on projected future trends in interest repayment claims. As a result, operating income declined 8.9% year on year to ¥36.594 billion and ordinary income edged up 0.3% year on year to ¥43.802 billion. Net income attributable to owners of the parent increased 107.2% year on year to ¥26.163 billion.

Results by business segment

	Billions of yen					
	Operating revenue			Operating income		
	2016	2015	% change	2016	2015	% change
Credit service	**204.3**	199.3	2.5	**8.3**	15.3	(46.1)
Lease	**13.5**	13.9	(2.9)	**5.1**	5.9	(13.7)
Finance	**27.3**	22.8	19.8	**15.8**	13.3	18.9
Real estate-related	**15.5**	13.1	18.2	**6.4**	4.5	42.4
Entertainment	**10.4**	11.0	(5.4)	**1.0**	1.1	(10.3)
Total	**271.0**	260.1	4.2	**36.6**	40.2	(8.9)
Intersegment transactions	**(1.1)**	(1.0)	—	**0.0**	0.0	—
Consolidated	**269.9**	259.1	4.2	**36.6**	40.2	(8.9)

*Figures for operating revenues and operating income for each segment are before eliminations for intersegment transactions. (Year ended March 31)

SIX-YEAR SUMMARY OF SELECT FINANCIAL DATA

As of and for the fiscal years ended March 31

	Millions of yen						Thousands of U.S. dollars (Note 4)
	2016	2015	2014	2013	2012	2011	2016
CONSOLIDATED							
For the year:							
Operating revenues (Note 1)	**¥ 269,918**	¥ 259,077	¥ 247,577	¥ 244,405	¥ 244,009	¥ 285,713	**$ 2,395,239**
Selling, general and administrative expenses	**221,553**	206,193	197,852	187,171	192,185	235,759	**1,966,041**
Financial costs	**11,771**	12,723	13,389	14,922	19,958	22,577	**104,468**
Operating income	**36,594**	40,161	36,336	42,312	31,866	27,377	**324,730**
Net income attributable to owners of the parent	**26,163**	12,629	25,551	32,770	9,454	12,830	**232,171**
At year-end:							
Total equity	**¥ 418,988**	¥ 447,083	¥ 422,830	¥ 394,868	¥ 355,727	¥ 347,916	**$ 3,718,063**
Total assets	**2,550,990**	2,373,299	2,285,943	2,141,802	2,155,906	2,231,247	**22,637,236**
Interest-bearing debt (Note 2)	**1,729,066**	1,557,836	1,468,740	1,359,856	1,409,802	1,657,832	**15,343,559**
Per share data (in yen and U.S. dollars):							
Net income per share	**¥ 147.37**	¥ 68.77	¥ 139.15	¥ 178.45	¥ 51.48	¥ 69.86	**$ 1.31**
Equity per share	**2,563.61**	2,424.05	2,283.29	2,131.58	1,920.65	1,879.98	**22.75**
Key financial ratios (%):							
Return on equity (ROE)	**6.1**	2.9	6.3	8.8	2.7	3.8	
Return on assets (ROA)	**1.1**	0.5	1.2	1.5	0.4	0.6	
Equity ratio	**16.4**	18.8	18.3	18.3	16.4	15.5	
NON-CONSOLIDATED							
For the year:							
Operating revenues (Note 1)	**¥ 228,713**	¥ 219,337	¥ 205,873	¥ 204,121	¥ 210,207	¥ 239,657	**$ 2,029,579**
Selling, general and administrative expenses	**186,493**	169,900	160,927	149,844	153,505	194,194	**1,654,920**
Financial costs	**12,620**	14,067	15,119	16,882	18,809	19,977	**111,992**
Operating income	**29,600**	35,370	29,826	37,394	37,893	25,484	**262,667**
Net income	**25,571**	11,316	18,637	24,147	5,613	7,596	**226,912**
At year-end:							
Total equity	**¥ 359,428**	¥ 388,470	¥ 367,808	¥ 349,202	¥ 322,502	¥ 320,303	**$ 3,189,532**
Total assets	**2,468,797**	2,287,986	2,200,459	2,051,908	2,059,435	2,097,773	**21,907,863**
Interest-bearing debt (Note 2)	**1,725,891**	1,551,189	1,457,001	1,337,202	1,368,155	1,575,231	**15,315,391**
Key financial ratios (%):							
Return on equity (ROE)	**6.8**	3.0	5.2	7.2	1.8	2.4	
Return on assets (ROA)	**1.1**	0.5	0.9	1.2	0.3	0.4	
Equity ratio	**14.6**	17.0	16.7	17.0	15.7	15.3	
NON-CONSOLIDATED Transaction volume:							
Card shopping	**¥ 4,258,285**	¥ 4,089,390	¥ 3,852,980	¥ 3,547,050	¥ 3,402,494	¥ 3,953,411	**$ 37,787,602**
Cash advances	**267,724**	277,026	264,092	260,089	266,904	371,403	**2,375,755**
Specialty loans	**121,294**	74,687	45,506	32,950	34,597	36,514	**1,076,351**
Agency services (Note 3)	**2,522,243**	2,434,825	2,303,998	2,166,062	2,112,431	1,362,275	**22,382,133**
Leases	**106,000**	106,801	114,694	105,356	96,852	92,709	**940,635**
Guarantees	**150,101**	137,335	126,281	115,297	92,837	73,375	**1,331,982**
Others	**33,298**	33,732	30,005	23,869	20,482	22,894	**295,488**
Total transaction volume	**¥ 7,458,945**	¥ 7,153,796	¥ 6,737,558	¥ 6,250,675	¥ 6,026,599	¥ 5,912,587	**$ 66,189,946**

Notes: 1. Operating revenues do not include consumption taxes.
2. Interest-bearing debt includes asset-backed securities.
3. Agency services show transactions handled on behalf of other companies' cards.
4. Japanese yen amounts have been translated into U.S. dollars at the rate of ¥113 = U.S.$1, the approximate exchange rate on March 31, 2016, for the convenience of the reader.

I. THE CREDIT SAISON GROUP

The Credit Saison Group has five business segments: Credit Service Segment, Lease Segment, Finance Segment, Real Estate-related Segment, and Entertainment Segment. The most important segment is the Credit Service Segment, centering mainly on credit cards, which accounted for over 70% of total operating revenue in fiscal 2015.

The Credit Saison Group's main operating revenues are fees from affiliated stores generated via the use of credit cards for shopping, as well as interest and fees from customers generated via revolving credit, cash advances, and various loans.

On the other hand, the Credit Saison Group's main operating expenses are advertising expenses, point redemption costs, costs of uncollectible receivables, personnel expenses, fees paid and financial costs. Regarding parts that correspond to advertising expenses and personnel expenses, these are mainly used to recruit new customers such as cardmembers that contribute to future earnings growth.

II. ANALYSIS OF INCOME STATEMENTS

1. Market Environment

In the fiscal year under view, the domestic economy stayed on a mild recovery track as corporate earnings, employment and income continued to improve, despite some signs of a drag from large swings in foreign exchange rates, slower growth in the Chinese economy and other factors.

In the non-bank sector where Credit Saison resides, the expansion in card shopping has continued attendant with acceptance of card use in more domains and improved convenience, but entry by companies from other sectors into diversifying settlement services has intensified competition. As a result, business conditions remained highly challenging.

2. Operating Revenues

At the operating revenues level, the mainstay credit service segment sought to expand its customer base and support sustainable growth, stepping up initiatives to achieve these. First, we sought to recruit prospective platinum and gold cardmembers, as well as individual proprietors for business cards for the premium card series Saison American Express Card as they in particular offer the prospect of high utilization and high spending per transaction. Second, we strengthened recruitment of prospective members for affiliate cards we issue jointly with affiliated retail merchants such as the Mitsui Shopping Park Card Saison, which is issued together with Mitsui Fudosan Co., Ltd. and Mitsui Fudosan Retail Management Co., Ltd. The two companies have opened a series of new commercial retail facilities. Moreover, we sought to recruit prospective members for cards aimed at individual proprietors and corporates with support services that reduce their expense settlement workloads. In this field, we worked to increase the number of companies adopting our corporate cards with measures such as expanding the compensation content in the insurance coverage for incidentals that comes with our UC Corporate gold card aimed mainly at large companies. As a result, we added 2.62 million new cardmembers in fiscal 2015, an increase of 10.5% year on year.

To expand card transaction value, we advanced multiple initiatives. In addition to promotions to stimulate card usage centering on affiliated stores and stepped-up campaigns for revolving credit repayment plans where salaried workers use seasonal bonuses to pay down outstanding debt, we continued to encourage card use for settling recurring payments such as mobile phone subscriber fees and utility bills. In addition, we encouraged the use of cards to pay taxes such as fixed asset taxes, automobile taxes and the hometown tax scheme, where taxpayers can opt to direct a part of their residential tax to a specified local government. As a result, card shopping transaction value grew 4.1% year on year to ¥4,258.2 billion and the card shopping revolving credit balance increased 14.8% from the previous fiscal year-end to ¥338.7 billion. Meanwhile, the balance of cash advances declined 1.9% from the previous fiscal year-end to ¥237.7 billion.

As an initiative to expand settlement domains, the Cocokara Club card was issued via a tie-up with leading drugstore chain cocokara fine Inc., and we secured contracts from partners such as KDDI Corp. and WebMoney Corp. to administer their card programs. In addition, we strengthened promotions for international brand prepaid cards and worked to increase the number of cards in issuance such as a contract to administer the Osaifu Ponta card issued by Lawson, Inc. from November 2015 and issuance of the Azalea Card, a prepaid card that can store customer loyalty program points from March 2016 under an affiliate partnership with Kawasaki Azalea Co., Ltd. which runs one of Japan's largest underground commercial retail facilities.

Furthermore, we are working to add more net members,

Breakdown of selling, general and administrative (SG&A) expenses

	Millions of yen		
	2016	2015	% change
Cost of uncollectible receivables	**37,831**	27,857	35.8
Included in the above:			
Allowance for losses on accounts receivable	**17,084**	13,702	24.7
Provision for losses on interest repayment	**15,862**	9,999	58.6
Allowance for losses on guarantees	**4,884**	4,156	17.5
SG&A expenses excluding cost of uncollectible receivables	**183,722**	178,336	3.0
Included in the above:			
Advertising expenses	**23,396**	20,429	14.5
Provision for point program	**13,410**	12,701	5.6
Personnel expenses	**44,565**	42,820	4.1
Fees paid	**61,775**	59,876	3.2
Total SG&A expenses	**221,553**	206,193	7.4

(Year ended March 31)

which are the foundation of our Internet businesses, to bolster our earnings power using the Internet. The total number of net members grew 11.6% from the previous fiscal year-end to 12.51 million. We are working to encourage use of our entire suite of net services such as smartphone apps "Saison Portal" and "UC Portal" via marketing at our website and Saison Counters, leading to the growth in the number of downloads of these apps.

Meanwhile, moving ahead with initiatives to advance our Asian entry, we are building a foundation for our medium- and long-term overseas strategy. In Vietnam, we formed a comprehensive capital and business tie-up with Ho Chi Minh Development Joint Stock Bank (HD Bank), the parent of a leading finance company in Vietnam. As part of this tie-up, HD SAISON Finance Company Ltd. opened for business as a joint venture. In Indonesia, we set up a joint venture with PT. Modern Internasional Tbk. to develop a multi-finance joint venture.

As a result of the above, operating revenues at the credit service segment as a whole increased.

At the lease segment, revenues decreased despite efforts to reinforce bonds of trust with existing mainstay dealers of our lease products as well as to strengthen marketing to new priority dealers.

At the finance segment, revenues increased on growth in the balance of credit guarantees to ¥297.9 billion, up 13.7% from the previous fiscal year-end, on close cooperation with partner financial institutions in terms of both marketing and controls in the credit guarantee business as well as earnings contributions from "Flat 35" loans and "Saison Asset Formation Loans."

At the real estate-related segment, revenues rose as a result of an increase in real estate sales.

At the entertainment segment, revenues decline as a result of weaker sales.

As a result of the above, operating revenues grew 4.2% year on year to ¥269.918 billion.

3. Operating Expenses and Operating Income

As for operating expenses, despite a decline in financial costs on an improvement in the funding environment, costs linked with the growth in card transaction value increased, and a transfer of ¥15.8 billion to the allowance for losses on interest repayments based on projected future trends in interest repayment claims. As a result, operating expenses increased 6.6% year on year to ¥233.325 billion, and operating income declined 8.9% year on year to ¥36.594 billion.

4. Nonoperating Revenues and Expenses

Nonoperating revenues increased 78.1% year on year to ¥12.258 billion, while nonoperating expenses decreased 97.3% year on year to ¥0.343 billion.

III. POLICY FOR RETURN TO SHAREHOLDERS

To increase shareholder value, Credit Saison attaches great importance to initiatives aimed at reinforcing its corporate structure and achieving ongoing expansion in its businesses. Our fundamental policy on returning profits to shareholders calls for steady enlargement of internal reserves to realize the initiatives articulated above, while delivering appropriate, stable, and continuing dividend payments to its shareholders.

As a matter of basic policy, a fiscal year-end dividend is paid once a year from retained earnings. The annual general meeting of shareholders is where approval is given for payment of fiscal year-end dividends.

Regarding dividends from retained earnings for the fiscal year under view, based on the above, the amount has been set at ¥35 per share. Also, the Company plans to invest internal reserves efficiently in order to achieve low-cost operations and ongoing expansion of its businesses.

IV. REVIEW OF OPERATIONS BY SEGMENT

1. Credit Service Segment

The credit service segment is composed of the credit card business and servicer (loan collection agency) business. In the credit card sector, the domains where people use credit cards are expanding year after year, and the shift away from cash in favor of credit card settlement is continuing. We expect business conditions to remain challenging due to fiercer competition on the entry of companies from other sectors into credit cards, prepaid cards, shared-platform loyalty points programs, and the rise of new settlement services harnessing IT.

Amid this situation, the segment has worked to bolster its earnings foundation by providing various settlement services centering on credit cards, expanding fee businesses via the use of its net member base, and scaling up its entry into retail finance businesses in Asia. In addition, the segment has sought to improve operational efficiency by such means as strengthening initiatives to deal with credit risk and revising its cost structure to factor in cost-effectiveness.

In fiscal 2015, operating revenue rose 2.5% year on year to ¥204.267 billion and operating income declined 46.1% year on year to ¥8.267 billion.

1) Credit Card Shopping Business

In fiscal 2015, we added 2.62 million new card members, an increase of 10.5% year on year. The total number of card members at the end of fiscal 2015 rose 2.6% from the previous fiscal year-end to 25.61 million, and the number of active card members for the year rose 1.3% year on year to 14.77 million.

Card shopping transaction value came to ¥4,258.2 billion (up 4.1% year on year) in fiscal 2015, while the card shopping revolving credit balance at the fiscal year-end stood at ¥338.7 billion (up 14.8% from the previous fiscal year-end). Meanwhile, the balance of card advances dipped 1.9% from the previous fiscal year-end to ¥237.7 billion.

■ Key Initiatives in the Credit Card Shopping Business in Fiscal 2015

• Providing Various Settlement Services Centering on Credit Cards

Credit Saison seeks to realize a cashless society through initiatives to break the dominance of the cash market, the dominant transaction settlement method for consumer spending in Japan. To this end, the Company is working to develop and provide a variety of settlement methods such as credit cards and prepaid cards.

At the credit card business, we continued to strengthen recruitment using online channels, in addition to recruiting for our premium card series Saison American Express® Card, with an ongoing focus on prospective platinum and goldcard members as they offer the prospect of high utilization and high spending per transaction. We strove with alliance partners to enroll new cardmembers and promote card use. These efforts include the Mitsui Shopping Park Card Saison, which is issued together with Mitsui Fudosan Co., Ltd. and Mitsui Fudosan Retail Management Co., Ltd., and the Walmart Card Saison American Express® Card, which is issued together with Walmart Japan Holdings G.K. and Seiyu G.K, and the PARCO card, which is issued together with Parco Co., Ltd.

In terms of services, we sought to promote a variety of ways to enable payments such as revolving credit for shopping and repayment plans for salaried employees who receive seasonal bonuses. We also promoted card payments for settling recurring payments such as mobile phone subscriber fees and utility bills, and the use of cards to pay taxes such as the hometown tax scheme, fixed asset taxes, and automobile taxes. We worked to increase card shopping transaction value by continuing to advance regional revitalization campaigns, which aim to generate consumption via card use, together with other card companies and retail stores.

As for initiatives to lock in settlements in the corporate market, we formed operating tie-ups with Concur Japan, Ltd. (provides cloud-based expense settlement solutions) to offer cardmembers of our corporate cards and cards for companies and individual proprietors support that sharply reduces their expense settlement workloads. We also worked to expand the domain of cashless settlements in the corporate transaction space by providing optimal solutions matched to the size and needs of companies. Such efforts include stepped-up marketing for the Saison Platinum Business American Express® Card, a business card responsive to the needs of individual proprietors for business expense settlement needs, as well as allying with Money Forward, Inc. to add new credit card settlement services such as MF Cloud Billing, a cloud-based invoice creation software for inter-corporate transactions. We worked to increase the number of companies adopting UC Corporate gold cards aimed mainly at middle-sized and large companies and multinationals by providing support to ensure businessperson safety and security on domestic and overseas business trips via expansion of the compensation content in the insurance coverage for incidentals (domestic and overseas travel accident insurance).

As for initiatives to expand settlement domains, we bolstered the advancement of international brand prepaid cards. These include the Cocokara Club card that was issued via a tie-up with leading drugstore chain cocokara fine Inc., and we have contracts from partners such as KDDI Corp. and WebMoney Corp. to administer programs like the au WALLET card and the WebMoney Card with a MasterCard® prepaid feature. We also secured a contract to administer the entire member management operation for the Osaifu Ponta card issued by Lawson, Inc. from November 2015. We strengthened promotions for international brand prepaid cards such as NEO MONEY, a lineup of prepaid cards for overseas travelers for which we issued a new card under the China UnionPay brand. Moreover, issuance of the Azalea Card, a prepaid card that can store customer loyalty program points, commenced from March 2016 under an affiliate partnership with Kawasaki Azalea Co., Ltd. which runs one of Japan's largest underground commercial retail facilities. In an alliance with ALPICO HOLDINGS Co., Ltd., a lifestyle-related retailer with operations mainly in the Shinshu region, issuance of the PICOCA card, which combines a prepaid function with a customer loyalty points program, has commenced at some stores.

We are working to establish sources of income in cashless settlement markets beyond credit cards we have worked on so far by providing safe, simple and convenient settlement services such as next-generation settlement platforms for an era of smartphones and prepaid cards.

• Expand Fee Businesses Harnessing Our Base of Net Members

To promote development of new business using the Internet, we are working to add more Internet members, our foundation in this field, and our net membership increased 11.6% from the previous fiscal year-end to 12.51 million as of March 31, 2016.

We promote Saison Portal and UC Portal, smartphone apps we offer as a new communication tool for our net members, at Saison Counters and our website to increase downloads of these apps, contributing to greater use of our net services as a whole.

At our online advertising businesses that target our growing net membership, ad business revenues grew 14.1% year on year due to greater efficiency achieved in proposal marketing. In particular, revenues grew for ad space on Eikyufumetsu.com, a website where card members can accrue points from shopping online, email, and card-linked-offer (CLO), a coupon distribution service linked to card settlements. We are also focused on expanding ad placements. In October 2015, we rolled out for the first time a game for accumulating points that is integrated into our online ad operations (an advertising method that automatically optimizes ad display location and ad content based the attributes and web behavior of the ad viewer) at Eikyufumetsu.com. Moreover, using the operational know-how of Eikyufumetsu.com, we are working to develop new net businesses such as securing contracts to administer websites for the customer loyalty points programs of corporate clients.

In the rapidly changing internet business field, we have commenced new pilots such as developing new businesses with leading net firms with attractive customer bases and new technologies, promoting open innovation with startups, and adding a credit card settlement function for inter-corporate transactions to MF Cloud Billing software for creating invoices offered by Money Forward, Inc., a partner where we own an equity stake and have an operational tie-up. We established Saison Ventures Co., Ltd. in June 2015 as the first corporate venture capital firm in Japan's credit card sector to collaborate with and invest in startups at the seed or early stages. We have so far invested in nine companies, including Liquid Inc., which has commercialized a biometrics authentication settlement system using fingerprints.

Going forward, we will collaborate flexibly with startups with new technologies and Internet companies with top-flight content or platforms and build new business models that generate income from various services provided online.

• Initiatives to Manage Receivables Risk

For initial and intermediate credit checks, we are working to reduce damage from improper use via stronger monitoring and appropriate credit checks in response to considerations for both internal and external environments. In debt collection, we take steps to prevent delinquencies by sending reminders to send payments before a payment deadline. Meanwhile, to preserve the soundness of our receivables portfolio, we have stepped up contact and counseling for customers who have become delinquent.

We will work to ensure thoroughness in our credit controls via a balanced approach to risk and income by strengthening credit checks and receivable collections in ways that respond to the changing environment and further expand healthy receivables.

• Scale Up Entry into Retail Finance Businesses in Asia

To accelerate our overseas expansion in rapidly growing Asia as we expect our businesses in the region to become a future earnings pillar, we formed a comprehensive capital alliance with Ho Chi Minh Development Joint Stock Bank (HD Bank), the bank parent of a leading finance company in Vietnam. After acquiring an equity stake in HD Finance Company Ltd., which had been a wholly owned HD Bank subsidiary, in May 2015, the finance company was renamed HD SAISON Finance Company Ltd. and re-launched as a joint venture.

In Indonesia, we established PT. Saison Modern Finance as a multi-finance joint venture with PT. Modern Internasional Tbk., a franchiser of 7-Eleven convenient stores. The joint venture is jointly developing prepaid e-money cards that can store points for customer loyalty programs aimed at customers of Modern Internasional's 7-Eleven Indonesia stores, along with leases for equipment aimed at franchisee owners when they are opening a store.

For our entry into non-bank fields in Asia nations from here, we are working to build a foundation for our medium- and long-term overseas strategy with an eye on opportunities for strategic partnerships with local companies and Japanese companies that have entered those markets.

■ New Developments and Future Initiatives

Credit Saison, Monex Group, Inc. and the Vanguard Group, Inc. jointly established Monex-Saison-Vanguard Investment Partners, Inc. (MSVIP), an investment management business.

Harnessing leading-edge IT technologies and world-class financial knowledge, MSVIP draws up asset plans for each client, obtains a mandate to manage and invest according to that asset plan, and continuously monitors conditions so it can recommend revising the plan when necessary. Mainly offering services online, MSVIP provides asset management services personalized for each individual client. Through collaboration with a variety of business partners and financial institutions, MSVIP aims to deliver such asset management services to more clients.

2) Servicer (Loan Collection Agency) Business

The servicer business mainly performs contract-based servicing of small unsecured loans. At a Group company whose main business is performing work as an agent on contract, revenues fell on the impact of clients restoring receivable collections as an internal function but cost cuts achieved via business restructuring enabled the servicing business as a whole to record profit growth. To accommodate business expansion, JPN Holdings Co., Ltd. abandoned an intermediate pure holding company structure, in an absorption-type merger into subsidiary Human Plus Co., Ltd. with the subsidiary serving as the going concern on January 31, 2016. Reorganized as an operating holding company, Human Plus was renamed SAISON PERSONAL PLUS CO., LTD. on April 1, 2016.

2. Lease Segment

In the lease segment, we strove to strengthen bonds of trust by implementing a joint campaign with existing mainstay lease dealers while also working to strengthen our marketing to new priority dealers. Despite working to constrain credit costs by restoring leases to soundness, lease transaction value came to ¥106.0 billion (down 0.7% year on year), operating revenues to ¥13.542 billion (down 2.9% year on year), and operating income to ¥5.110 billion (down 13.7% year on year).

3. Finance Segment

The finance segment is composed of the credit guarantee side and the finance-related side. At the credit guarantee business, the value of guarantees executed and the guarantee balance increased as a result of positive terms obtained through close collaboration with partner financial institutions in terms of both marketing and controls. At the finance-related business, we worked to build up healthy loans in our portfolio by responding to the needs of our sales partners, namely with the "Flat 35" JFHA-conforming home loan and "Saison Asset Formation Loans."

As a result of the above, operating revenue in the fiscal year under review increased 19.8% year on year to ¥27.320 billion and operating income rose 18.9% year on year to ¥15.803 billion.

1) Credit Guarantee Business

The credit guarantee business is focused on securing high-quality transactions through close collaboration with partner financial institutions in terms of both marketing and controls, particularly in guarantees for personal, multi-purpose loans on deeds.

The business sought to build a finely-tuned partnership framework with regional financial institutions through personal multi-purpose-loan guarantee products where the allowable uses of loan proceeds were expanded to include business finance. In fiscal 2015, Credit Saison formed new partnerships with 12 regional financial institutions, bringing the total number of partner institutions to 392 (a net increase of 10 from the total at the previous fiscal year-end). The guarantee balance (before allowance for losses on guarantees) increased 13.7% from the previous fiscal year-end to ¥297.9 billion.

2) Other Finance-related Business

For "Flat 35" loans, the positive impression from special perks for cardmembers and the trust and reassurance we built up in the credit card business, along with the government's economic stimulus, helped create a favorable environment. As a result, the number of "Flat 35" loans executed rose 32.4% year on year to 3,325 for an executed loan value of ¥97.6 billion (up 38.5% year on year), and the total loan balance (balance after the transfer of receivables to the Japan Housing Finance Agency) grew 25.3% from the previous fiscal year-end to ¥355.6 billion.

The number of "Saison Asset Formation Loans" executed increased 55.9% year on year to 2,181 due to cooperation with partners for these loans that support purchases of second-hand property for investment purposes. The executed loan value for these loans climbed 65.1% year on year to ¥61.6 billion and the loan balance expanded 86.4% to ¥126.2 billion.

The balance of receivables held at the other finance-related business came to ¥211.0 billion as of March 31, 2016, up 46.7% from the previous fiscal year-end.

4. Real Estate-related Business Segment

This segment is composed of the real estate leasing business. In fiscal 2015, operating revenue rose 18.2% year on year to ¥15.470 billion, and operating income increased 42.4% year on year to ¥6.428 billion.

5. Entertainment Business Segment

This segment consists of the amusement business. We strive to create sound, safe and comfortable amusement facilities that have the backing of their communities. In fiscal 2015, operating revenues fell 5.4% year on year to ¥10.389 billion and operating income dropped 10.3% to ¥0.982 billion.

V. LIQUIDITY AND FINANCIAL POSITION

1. Fund Procurement and Liquidity Management

• Fund Procurement

The Credit Saison Group emphasizes stability and low cost in fund procurement, and is endeavoring to diversify its procurement methods. Key procurement methods include one-to-one transactions with banks, related financial institutions, life insurance companies, and non-life insurance companies, along with indirect fund procurement such as syndicated loans and establishing commitment lines with financial institutions. We also endeavor to procure funds directly, issuing corporate bonds and commercial paper. As of March 31, 2016, our consolidated interest-bearing debt stood at ¥1,729.0 billion, including off-balance sheet securitization totaling ¥20.0 billion and lease obligations of ¥1.9 billion. Of this, loans accounted for 67.7%, corporate bonds for 16.2%, commercial paper for 13.6%, and securitization of receivables, etc. for 2.5%.

With regard to indirect procurement, Credit Saison is striving to mitigate refinancing risk and reduce costs by strengthening relationships with existing lenders. In addition, the Company aims to diversify sources of procurement by cultivating new lenders, focusing on financial institutions that offer the prospect of stable transactions in the long term. In the case of direct procurement, apart from corporate bonds and commercial paper, Credit Saison is aiming to mitigate liquidity risk and reduce costs by organizing new financing techniques, such as the securitization of receivables that are not affected by the Company's creditworthiness.

To ensure smooth procurement of funds from capital markets, the Company has obtained credit ratings from Rating and Investment Information, Inc. (R&I) for the bonds that Credit Saison issues. The Company has received an A+ rating for its domestic unsecured corporate bonds and an a-1 rating for its domestic commercial paper.

• Liquidity Management

Of the Credit Saison Group's assets, 62.6% are installment receivables, mainly at the credit service segment. Their annual average turnover rate is in excess of four times, helping Credit Saison to maintain a high level of liquidity.

2. Cash Flows

• Cash Flows from Operating Activities

Net cash used in operating activities in fiscal 2015 was ¥102.444 billion, compared to ¥85.718 billion used in the previous fiscal year.

This was mainly due to net increases in trade receivables including installment receivables of ¥143.973 billion and inventories including real estate for sale of ¥6.884 billion, despite the booking of ¥48.509 billion in income before income taxes and noncontrolling interests.

• Cash Flows from Investing Activities

Net cash used in investing activities in fiscal 2015 reached ¥23.898 billion, compared to ¥3.676 billion used in the previous fiscal year.

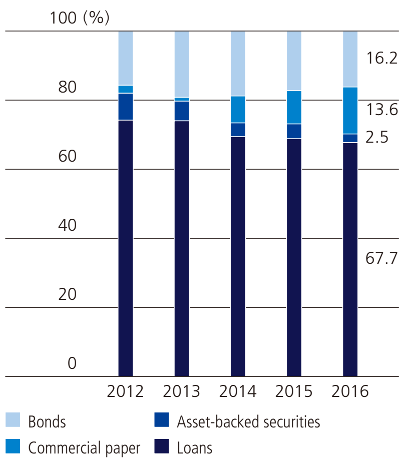
This was mainly due to payments for purchases of property and equipment and other assets related to the development of a joint core system and others of ¥37.639 billion, despite proceeds from liquidation business of ¥17.840 billion.

• Cash Flows from Financing Activities

Net cash provided by financing activities in fiscal 2015 reached ¥139.394 billion, compared to ¥88.433 billion provided in the previous fiscal year.

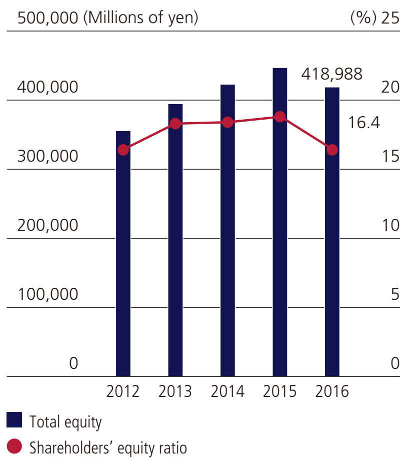
This was mainly due to proceeds from long-term debt of ¥245.520 billion and increase in commercial paper of ¥86.000 billion, while there were repayment of long-term debt of ¥143.960

Composition of interest-bearing debt



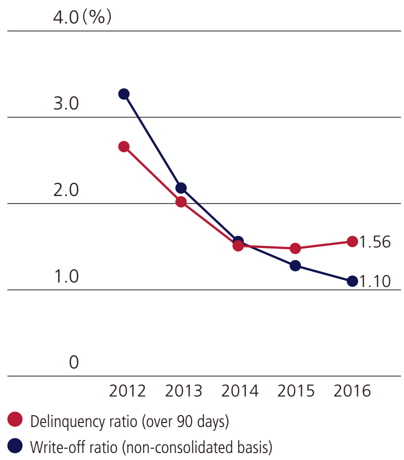
(Years ended March 31)

Total equity and shareholders' equity ratio



(Years ended March 31)

Delinquency ratio (over 90 days) and write-off ratio (non-consolidated basis)



(Years ended March 31)

billion and repayment of bonds of ¥65.213 billion.

As a result of the above, cash and cash equivalents as of March 31, 2016 rose ¥13.033 billion from the previous fiscal year-end to ¥64.814 billion.

VI. CREDIT RISKS

Total receivables for credit risk purposes is the balance obtained by adding contingent liabilities to the balance of lease investment assets and the balance of installment receivables on a managed basis. The balance of receivables overdue by more than 90 days totaled ¥34.703 billion (down 6.1% year on year).

The allowance for doubtful accounts in current assets as of March 31, 2016 fell 3.8% year on year to ¥43.373 billion. Consequently, the sufficiency ratio in relation to the balance of receivables overdue by more than 90 days fell to 130.0% from 154.1% at the end of the previous fiscal year.

Comparison of delinquent receivables and the allowance for receivables

	Millions of yen		
	2016	2015	% change
(1) Receivables	**2,142,234**	1,983,595	8.0
(2) Receivables overdue by more than 90 days	**34,703**	36,958	(6.1)
(3) Collateralized portion included in (2)	**1,338**	7,695	(82.6)
(4) Allowance for doubtful accounts (current assets)	**43,373**	45,099	(3.8)
Receivables overdue by more than 90 days as a percentage of receivables [(2) ÷ (1)]	**1.6%**	1.9%	—
Ratio of allowance for uncollectible receivables to receivables overdue by more than 90 days [(4) ÷ ((2) – (3))] (sufficiency ratio)	**130.0%**	154.1%	—
(Reference) Receivables overdue by more than 90 days excluding collateralized portion as a percentage of receivables [((2) – (3)) ÷ (1)]	**1.6%**	1.5%	—

(Year ended March 31)

Changes in the allowance for uncollectible receivables

	Millions of yen		
	2016	2015	% change
Allowance for doubtful accounts at the beginning of the year	**52,563**	62,381	(15.7)
Increase	**21,509**	17,600	22.2
Decrease	**27,418**	27,418	(0.0)
Allowance for doubtful accounts at the end of the year	**46,654**	52,563	(11.2)
(Reference) Losses on bad debt	**—**	—	—

(Year ended March 31)

VII. RISK INFORMATION

The following presents an overview of matters that could exert a significant influence on investor decisions. Forward-looking statements are in the following are based on the Credit Saison Group's judgments as of the date when we presented securities filings to the proper authorities.

1. Economic Conditions

The results and financial position in the Credit Saison Group's primary credit service, lease, finance, real estate-related and entertainment segments are subject to the influence of domestic economic conditions. Factors contingent upon economic conditions, including worsening of the employment environment, disposable household income or consumer spending accompanying an economic recession, may affect transaction volume and repayment in Group businesses including credit cards, loans, credit guarantees, and real estate mortgage loans, and therefore have the potential to negatively impact Group operating revenues and credit cost.

Small- and medium-sized companies are the principal customer group of the lease segment. Factors contingent upon economic conditions, including contraction in capital expenditures and deteriorating corporate performance accompanying an economic recession, have the potential to negatively impact operating revenues, losses on uncollectible receivables and other results, as well as our financial position.

2. Change in Cost of Funds

The Group utilizes interest rate swaps and other means as a hedge against rises in interest rates, in addition to issuing corporate bonds and borrowing from financial institutions to secure stable and fixed funding. Nevertheless, unforeseen changes in financial conditions and a reduction in the Credit Saison Group's credit rating may increase interest rates on funds the Group procures and have the potential to negatively impact operating revenues and other results as well as our financial position. Changes in interest rates on loans and other instruments are impacted by a wide array of considerations. These include changes in the terms of customer contracts and interest rates applicable to other companies in the consumer credit business. The Credit Saison Group may be unable to price its products and services to reflect higher interest rates on the capital it procures, which would have the potential to reduce the Group's interest margin.

3. Competitive Environment

Japan's financial system has undergone deregulation, which has resulted in energetic restructuring of the retail financial services industry in Japan. Industry realignment in the credit card sector, the entry of competitors from other industries and other events have caused competition to intensify. In this changing market, the results and financial position of the Credit Saison Group may be negatively impacted by the occurrence of events such as reduced profitability due to a decrease in fee rates from member stores or changes in the terms of transactions with business partners.

4. Unfavorable Performances among Primary Alliance Partners

In the credit service segment, the Credit Saison Group has agreements, including affinity card issuance and member store contracts, with numerous companies and organizations. Unfavorable performances among these alliance partners have the potential to negatively impact the Credit Saison Group's performance and financial position. For example, the Credit Saison Group acquires many of its new cardmembers through the outlets of alliance partners in the retailing industry. Reduced ability to attract customers or lower sales among these companies may lead to weak cardmember acquisition and sluggish transaction volume, and therefore has the potential to negatively impact the Credit Saison Group's operating revenues.

In addition, the Credit Saison Group has capital relationships with some of its alliance partners. Unfavorable performances among such alliance partners have the potential to incur impairment losses on investment securities in the Credit Saison Group's portfolio.

5. System Operation Problems

The Credit Saison Group relies heavily on computer systems and communication networks in numerous aspects of its main businesses, including the credit service segment. A number of situations could compromise the Credit Saison Group's sales capabilities, damage its credibility and cause other problems that would have the potential to negatively impact the Credit Saison Group's performance and financial position. These situations include Group and counterparty system inoperability resulting from temporary system overloads due to factors such as system errors or spikes in access caused by Group or counterparty hardware or software problems; breakdowns in communication networks resulting from factors including natural disasters and accidents; and illegal or inappropriate system operation.

6. Leakage of Personal Information and Other Issues

The Credit Saison Group maintains a large volume of personal information concerning its cardmembers and others, and implements appropriate controls throughout the Group. However, if an incident such as leakage or illegal use of this information were to occur, the Group might be subject to administrative guidance, orders, or fines for violation of business process regulations under the Private Information Protection Law. This would damage the Credit Saison Group's credibility and cause other problems that would have the potential to negatively impact the Credit Saison Group's performance and financial position.

7. Regulatory Changes

The Credit Saison Group operates in accordance with current regulations and the risks that result from these regulations. The Group's businesses are subject to the Installment Sales Act, the Money Lending Business Act and other laws. Circumstances arising from future amendments to these laws, or changes or tightening of their interpretation, or new legal restrictions, would have the potential to negatively impact the Credit Saison Group's operations, performance and financial position.

Moreover, a portion of interest that was higher than the interest rate ceiling set by the Interest Rate Restriction Act has been deemed invalid and may be subject to claims for reimbursement. Credit Saison is booking an allowance for losses on interest repayments in preparation for future claims for reimbursements of this type, but future regulatory revisions or regulatory trends that unexpectedly expanded such reimbursement claims would have the potential to negatively impact the Credit Saison Group's performance and financial position.

The type, content and degree of potential regulatory revisions are difficult to predict, and the Credit Saison Group has no control over their potential impact on its operations.

8. Inventories and Impairment Loss of Property and Equipment and Valuation Losses

A material decline in the fair value of the Credit Saison Group's land and buildings, or a projected decline in operating income in businesses employing such assets that is not deemed to be temporary, will result in impairment losses that have the potential to negatively impact the Credit Saison Group's results and financial position. Moreover, a material decline in the fair value of investment securities and investments and loans to affiliates, or unfavorable performance among investees, has the potential to result in valuation losses.

9. Natural Disasters etc.

Major natural disasters such as earthquakes could cause physical damage to shops and facilities owned by the Credit Saison Group, and personal injury to employees. Such events have the potential to negatively impact the Group's performance and financial position.

VIII. OUTLOOK FOR THE FISCAL YEAR ENDING MARCH 31, 2017

As for the business environment facing the Group, we expect the domestic economy to remain in a mild recovery, including consumer spending, as corporate earnings, employment and income continue to improve. In contrast, we see downside risks to our domestic economic outlook, such as the impact of foreign exchange rate volatility and economic weakness in emerging nations in Asia, especially China. The nonbank sector is entering a period where financial businesses must reinvent themselves as entrants from other sectors move into the diversifying settlement space and ventures that are unaffiliated with existing financial institutions use FinTech, or IT technologies including the Internet and smartphones, to create new services in fields such as settlements, fund procurement, and asset management. We thus expect competition to remain fierce.

Within this business environment, we are working on the following list of priorities for the first fiscal year of our medium-term management plan as we seek to reinvent our existing business model to remain competitive in markets via innovation. At the same time, we aim to become a new financial company without peer via the advancement of retail financial businesses in Asia that harness the know-how we honed in Japan.

- Expand cashless services via the provision of various settlement services such as credit cards and prepaid cards
- Enhance fee businesses by harnessing big data and our customer base
- Diversify our sources of earnings by providing finance functions that match market needs in the lease segment and finance segment
- Scale up our entry into retail finance businesses via collaboration with local companies in Asia
- Ensure the soundness of our receivables by strengthening our credit controls and collection system and add muscle to our operations by improving our cost structure
- Improve and strengthen corporate governance

Based on the above, our consolidated earnings forecasts for the fiscal year ending March 31, 2017 are for operating revenues of ¥278.0 billion, operating income of ¥42.0 billion, ordinary income of ¥50.0 billion, and net income attributable to owners of parent of ¥38.5 billion. At the non-consolidated level, the Company forecasts operating revenues of ¥239.6 billion, operating income of ¥37.3 billion, ordinary income of ¥40.0 billion, and net income of ¥28.5 billion.

CONSOLIDATED BALANCE SHEET

Credit Saison Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	**2016**	2015	**2016**
Current Assets:			
Cash and deposits (Note 12)	**¥ 64,870**	¥ 51,836	**$ 575,646**
Receivables and lease investment assets:			
Accounts receivable—installment (Notes 5, 12, and 30)	**1,597,339**	1,453,313	**14,174,628**
Lease investment assets (Notes 6, 11, and 12)	**227,452**	226,025	**2,018,386**
Short-term loans receivable (Note 12)	**9,457**	6,733	**83,920**
Less: Allowance for doubtful accounts	**(43,374)**	(45,099)	**(384,895)**
	1,790,874	1,640,972	**15,892,039**
Operational investment securities (Notes 12 and 13)	**29,310**	25,531	**260,098**
Inventories (Note 7)	**112,999**	106,112	**1,002,745**
Deferred tax assets (Note 15)	**15,725**	11,884	**139,544**
Prepaid expenses and other current assets (Note 30)	**33,565**	30,163	**297,846**
Total current assets	**2,047,343**	1,866,498	**18,167,918**
Property and Equipment, at Cost:			
Lease assets (Note 11)	**10,219**	9,945	**90,680**
Buildings and improvements (Note 8)	**41,626**	45,416	**369,389**
Fixtures and equipment (Note 8)	**21,607**	22,830	**191,743**
Total	**73,452**	78,191	**651,812**
Less: Accumulated depreciation	**(45,974)**	(49,081)	**(407,973)**
Net property and equipment	**27,478**	29,110	**243,839**
Land (Note 8)	**33,139**	29,368	**294,069**
Construction in progress	**1,333**	807	**11,831**
Total property and equipment	**61,950**	59,285	**549,739**
Investments and Other Assets:			
Investment securities (Notes 12 and 13)	**88,642**	91,792	**786,604**
Investments in unconsolidated subsidiaries and affiliated companies (Note 12)	**74,423**	66,368	**660,422**
Long-term loans receivable (Note 12)	**11,240**	11,223	**99,745**
Intangible assets	**175,749**	149,626	**1,559,581**
Lease deposits	**4,014**	4,768	**35,616**
Liquidation business assets (Notes 8 and 22)	**53,105**	72,438	**471,246**
Deferred tax assets (Note 15)	**33,171**	54,896	**294,360**
Others	**4,633**	3,869	**41,114**
Less: Allowance for doubtful accounts	**(3,280)**	(7,464)	**(29,109)**
Total investments and other assets	**441,697**	447,516	**3,919,579**
Total assets	**¥ 2,550,990**	¥ 2,373,299	**$ 22,637,236**

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2016	Millions of yen 2015	Thousands of U.S. dollars (Note 2) 2016
Current Liabilities:			
Notes and accounts payable (Notes 12 and 30)	**¥ 239,720**	¥ 235,157	**$ 2,127,250**
Short-term loans (Notes 10, 12, and 30)	**214,160**	217,160	**1,900,435**
Current portion of long-term debt (Notes 10 and 12)	**156,760**	205,173	**1,391,073**
Commercial paper (Notes 10 and 12)	**236,000**	150,000	**2,094,241**
Current portion of long-term lease obligations (Notes 10, 11, and 12)	**625**	873	**5,549**
Accrued income taxes	**2,382**	12,622	**21,137**
Unearned income	**8,242**	7,430	**73,137**
Accrued employees' bonuses	**2,207**	2,127	**19,583**
Accrued directors' bonuses	**124**	154	**1,104**
Allowance for losses on interest repayments	**9,749**	10,465	**86,512**
Allowance for losses on collecting gift tickets	**152**	160	**1,348**
Asset retirement obligations		443	
Accrued expenses and other current liabilities (Note 15)	**44,755**	39,533	**397,150**
Total current liabilities	**914,876**	881,297	**8,118,519**
Long-Term Liabilities:			
Long-term debt (Notes 6, 10, 12, and 30)	**1,100,184**	940,424	**9,762,925**
Long-term lease obligations (Notes 10, 11, and 12)	**1,336**	1,206	**11,859**
Accrued retirement benefits to directors and audit supervisory board members	**113**	101	**1,000**
Allowance for losses on guarantees	**5,014**	4,555	**44,494**
Allowance for losses on defect warranties	**8**	5	**71**
Allowance for losses on point program	**88,576**	82,925	**786,015**
Allowance for losses on interest repayments	**15,373**	8,540	**136,417**
Asset retirement obligations	**440**	413	**3,906**
Others (Note 15)	**6,082**	6,750	**53,967**
Total long-term liabilities	**1,217,126**	1,044,919	**10,800,654**
Commitments and Contingent Liabilities (Notes 9 and 24)			
Equity (Note 26):			
Common stock	**75,929**	75,929	**673,790**
Capital surplus	**85,635**	84,838	**759,913**
Stock acquisition rights	**0**	0	**0**
Retained earnings	**265,554**	244,902	**2,356,503**
Less: Treasury stock, at cost (Notes 30 and 31)	**(52,886)**	(6,126)	**(469,304)**
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities	**46,301**	46,519	**410,875**
Deferred losses on derivatives under hedge accounting	**(1,666)**	(935)	**(14,782)**
Foreign currency translation adjustments	**(151)**		**(1,350)**
Total	**418,716**	445,127	**3,715,645**
Noncontrolling interests	**272**	1,956	**2,418**
Total equity	**418,988**	447,083	**3,718,063**
Total liabilities and equity	**¥ 2,550,990**	¥ 2,373,299	**$ 22,637,236**

CONSOLIDATED STATEMENT OF INCOME

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
Operating Revenues (Note 16)**:**			
Income from the credit service business	**¥ 202,953**	¥ 197,891	**$ 1,800,983**
Income from the lease business	**13,482**	13,912	**119,641**
Income from the finance business	**27,320**	22,810	**242,439**
Income from the real estate-related business	**15,444**	13,068	**137,052**
Income from the entertainment business	**10,388**	10,966	**92,184**
Financial income	**331**	430	**2,940**
Total operating revenues	**269,918**	259,077	**2,395,239**
Operating Expenses:			
Selling, general and administrative expenses (Notes 14 and 17)	**221,553**	206,193	**1,966,041**
Financial costs	**11,771**	12,723	**104,468**
Total operating expenses	**233,324**	218,916	**2,070,509**
Operating Income	**36,594**	40,161	**324,730**
Nonoperating Revenues:			
Gain on sales of property and equipment (Note 18)	**1,057**	600	**9,381**
Gain on sales of investment securities	**114**	230	**1,007**
Gain on sales of investments in subsidiaries and affiliated companies	**184**		**1,637**
Settlement received (Note 19 and 30)	**3,500**		**31,059**
Dividend income	**1,240**	1,222	**11,000**
Equity in earnings of equity method-affiliated companies	**1,657**	2,388	**14,702**
Gain on liquidation business (Note 22)	**2,783**		**24,700**
Other	**1,723**	2,443	**15,299**
Total nonoperating revenues	**12,258**	6,883	**108,785**
Nonoperating Expenses:			
Loss on sales and disposals of property and equipment and intangible assets (Note 20)	**110**	8,618	**974**
Loss on devaluation of investment securities		733	
Loss on devaluation of investments in unconsolidated subsidiaries and affiliated companies		181	
Impairment losses (Note 21)	**26**	206	**229**
Loss on liquidation business (Note 22)		1,298	
Other	**207**	1,777	**1,849**
Total nonoperating expenses	**343**	12,813	**3,052**
Nonoperating Revenues (Expenses), net	**11,915**	(5,930)	**105,733**
Income before Income Taxes and Noncontrolling Interests	**48,509**	34,231	**430,463**
Income Taxes (Note 15)**:**			
Current	**1,997**	20,107	**17,723**
Deferred	**20,002**	3,088	**177,489**
Net Income	**26,510**	11,036	**235,251**
Net Income (losses) Attributable to Noncontrolling Interests	**347**	(1,593)	**3,080**
Net Income Attributable to Owners of the Parent	**¥ 26,163**	¥ 12,629	**$ 232,171**

	Yen		U.S. dollars (Note 2)
Per Share Data (Notes 3(T) and 28)	2016	2015	2016
Equity	**¥ 2,563.61**	¥ 2,424.05	**$ 22.749**
Net income, basic	**147.37**	68.77	**1.308**
Cash dividends	**35.00**	30.00	**0.311**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
Net Income	**¥ 26,510**	¥ 11,036	**$ 235,251**
Other Comprehensive Income (Note 25)			
Unrealized gains (losses) on available-for-sale securities	**(1,341)**	14,597	**(11,906)**
Deferred gains (losses) on derivatives under hedge accounting	**(731)**	266	**(6,480)**
Foreign currency translation adjustments	**(40)**		**(359)**
Share of other comprehensive income in affiliated companies	**1,000**	3,868	**8,878**
Total other comprehensive income	**(1,112)**	18,731	**(9,867)**
Comprehensive Income	**¥ 25,398**	¥ 29,767	**$ 225,384**
Comprehensive Income Attributable to:			
Owners of the parent	**¥ 25,063**	¥ 31,360	**$ 222,412**
Noncontrolling interests	**335**	(1,593)	**2,972**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2016

	Millions of yen											
							Accumulated other comprehensive income					
	Issued number of shares of common stock (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Net unrealized gains (losses) on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Noncontrolling interests	Total Equity
Balance at March 31, 2014	185,445	¥ 75,929	¥ 84,838	¥ 0	¥ 237,784	¥ (6,123)	¥ 28,054	¥ (1,201)		¥ 419,281	¥ 3,549	¥ 422,830
Cash dividends					(5,511)					(5,511)		(5,511)
Net income attributable to owners of the parent					12,629					12,629		12,629
Increase in treasury stock						(3)				(3)		(3)
Net changes in the year							18,465	266		18,731	(1,593)	17,138
Balance at March 31, 2015	185,445	¥ 75,929	¥ 84,838	¥ 0	¥ 244,902	¥ (6,126)	¥ 46,519	¥ (935)		¥ 445,127	¥ 1,956	¥ 447,083
Cash dividends					**(5,511)**					**(5,511)**		**(5,511)**
Net income attributable to owners of the parent					**26,163**					**26,163**		**26,163**
Increase in treasury stock						**(47,835)**				**(47,835)**		**(47,835)**
Decrease in treasury stock			**(287)**			**1,075**				**788**		**788**
Change in capital surplus arising from transactions with noncontrolling stockholders			**1,084**							**1,084**		**1,084**
Net changes in the year							**(218)**	**(731)**	**(151)**	**(1,100)**	**(1,684)**	**(2,784)**
Balance at March 31, 2016	**185,445**	**¥ 75,929**	**¥ 85,635**	**¥ 0**	**¥ 265,554**	**¥ (52,886)**	**¥ 46,301**	**¥ (1,666)**	**¥ (151)**	**¥ 418,716**	**¥ 272**	**¥ 418,988**

	Thousands of U.S. dollars (Note 2)											
							Accumulated other comprehensive income					
	Issued number of shares of common stock (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Net unrealized gains (losses) on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Foreign currency translation adjustments	Total	Noncontrolling interests	Total Equity
Balance at March 31, 2015	185,445	$ 673,790	$ 752,845	$ 0	$ 2,173,238	$ (54,359)	$ 412,805	$ (8,302)		$ 3,950,017	$ 17,352	$ 3,967,369
Cash dividends					**(48,906)**					**(48,906)**		**(48,906)**
Net income attributable to owners of the parent					**232,171**					**232,171**		**232,171**
Increase in treasury stock						**(424,482)**				**(424,482)**		**(424,482)**
Decrease in treasury stock			**(2,546)**			**9,537**				**6,991**		**6,991**
Change in capital surplus arising from transactions with noncontrolling stockholders			**9,614**							**9,614**		**9,614**
Net changes in the year							**(1,930)**	**(6,480)**	**(1,350)**	**(9,760)**	**(14,934)**	**(24,694)**
Balance at March 31, 2016	**185,445**	**$ 673,790**	**$ 759,913**	**$ 0**	**$ 2,356,503**	**$ (469,304)**	**$ 410,875**	**$ (14,782)**	**$ (1,350)**	**$ 3,715,645**	**$ 2,418**	**$ 3,718,063**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2016	2015	2016
Cash Flows from Operating Activities:			
Income before income taxes and noncontrolling interests	**¥ 48,509**	¥ 34,231	**$ 430,463**
Adjustments to reconcile income before income taxes and noncontrolling interests to net cash provided by operating activities:			
Income taxes paid	**(21,659)**	(19,197)	**(192,196)**
Depreciation and amortization	**8,368**	10,107	**74,255**
Gain (loss) on liquidation business	**(2,783)**	1,298	**(24,700)**
Decrease in allowance for doubtful accounts	**(1,625)**	(6,709)	**(14,422)**
Increase in allowance for losses on point program	**5,651**	5,534	**50,145**
Increase (decrease) in allowance for losses on interest repayments	**6,117**	(696)	**54,279**
Increase in allowance for other reserves	**516**	326	**4,579**
Interest and dividend income	**(1,539)**	(1,504)	**(13,658)**
Interest expenses	**10,820**	11,908	**96,018**
Equity in earnings of equity method-affiliated companies	**(1,657)**	(2,388)	**(14,702)**
Foreign currency exchange loss (gain)	**72**	(103)	**639**
Gain on sales of investment securities	**(114)**	(162)	**(1,007)**
Gain on sales of investments in subsidiaries and affiliated companies	**(184)**		**(1,637)**
Loss on devaluation of investment securities		914	
Impairment losses	**26**	206	**229**
Gain (loss) on sales and disposals of property and equipment and intangible assets	**(406)**	8,494	**(3,603)**
Settlement received	**(3,500)**		**(31,059)**
Increase in operational investment securities	**(3,981)**	(5,998)	**(35,328)**
Increase in trade receivables	**(143,973)**	(56,239)	**(1,277,598)**
Increase in lease investment assets	**(1,427)**	(691)	**(12,658)**
Increase in inventories	**(6,884)**	(11,698)	**(61,087)**
Decrease (increase) in other assets	**5,249**	(8,166)	**46,582**
Settlement package received	**3,500**		**31,059**
Interest and dividends received	**1,946**	2,192	**17,266**
Interest paid	**(11,265)**	(12,367)	**(99,962)**
Increase (decrease) in notes and accounts payable	**4,563**	(38,286)	**40,488**
Increase in other liabilities	**3,048**	3,098	**27,047**
Other—net	**168**	178	**1,486**
Net Cash Used in Operating Activities	**(102,444)**	(85,718)	**(909,082)**
Cash Flows from Investing Activities:			
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	**155**		**1,374**
Payments for purchases of investment securities	**(7,890)**	(4,594)	**(70,011)**
Proceeds from sales or redemptions of investment securities (Note 27(C))	**1,979**	1,081	**17,561**
Proceeds from sales of investment in subsidiaries and affiliated companies	**117**		**1,037**
Payments for purchases of investments in subsidiaries resulting in change in scope of consolidation	**276**		**2,449**
Proceeds from liquidation business	**17,840**	27,233	**158,308**
Payments for purchases of property and equipment and other assets	**(37,639)**	(30,510)	**(334,005)**
Proceeds from sales of property and equipment and other assets	**4,547**	3,178	**40,351**
Payments of short- and long-term loans receivable	**(2,759)**	(288)	**(24,481)**
Collection of short- and long-term loans receivable	**18**	18	**159**
Increase (decrease) in other assets	**(542)**	206	**(4,816)**
Net Cash Used in Investing Activities	**(23,898)**	(3,676)	**(212,074)**
Cash Flows from Financing Activities:			
Decrease (increase) in short-term debt	**(3,000)**	18,000	**(26,622)**
Increase in commercial paper	**86,000**	35,000	**763,156**
Proceeds from long-term debt	**245,520**	195,220	**2,178,720**
Repayments of long-term debt	**(143,960)**	(160,010)	**(1,277,487)**
Proceeds from issuance of bonds	**74,611**	54,687	**662,094**
Repayments of bonds	**(65,213)**	(60,225)	**(578,689)**
Proceeds from securitized lease investment assets		20,000	
Payments of payables under securitized account receivables and lease investment assets		(7,494)	
Repayments of lease obligations	**(910)**	(1,231)	**(8,072)**
Proceeds from sales of treasury stock	**0**		**1**
Purchases of treasury stock	**(47,835)**	(3)	**(424,482)**
Purchases of treasury stock of subsidiaries	**(8)**		**(67)**
Cash dividends paid	**(5,511)**	(5,511)	**(48,906)**
Cash dividends paid to noncontrolling shareholders	**(300)**		**(2,669)**
Net Cash Provided by Financing Activities	**139,394**	88,433	**1,236,977**
Translation loss (gain) on Cash and Cash Equivalents	**(19)**	63	**(174)**
Increase (decrease) in Cash and Cash Equivalents	**13,033**	(898)	**115,647**
Cash and Cash Equivalents at the Beginning of Year	**51,781**	52,679	**459,505**
Cash and Cash Equivalents at the End of Year (Note 27(A))	**¥ 64,814**	¥ 51,781	**$ 575,152**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Credit Saison Co., Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2016

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Credit Saison Co., Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies,") in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2015 consolidated financial statements to conform to the classifications used in 2016.

2. U.S. DOLLAR AMOUNTS

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. Japanese yen amounts have been translated into U.S. dollars at the rate of ¥113=U.S.$1, the approximate exchange rate on March 31, 2016, for the convenience of the reader. These translations should not be construed as representations that Japanese yen amounts have been or could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION AND ACCOUNTING FOR INVESTMENTS IN AFFILIATED COMPANIES

As of March 31, 2016, the consolidated financial statements include the accounts of the Company and its 11 (18 for 2015) significant subsidiaries.

(NEW)
PT. Saison Modern Finance
(PT. Saison Modern Finance was established and newly included as a consolidated subsidiary effective from the current fiscal year.)
L-BLUE Tokumei Kumiai
(L-BLUE Tokumei Kumiai, in which the consolidated subsidiary invested in the current fiscal year, was newly included as a consolidated subsidiary effective from the current fiscal year.)
(EXCLUSION)
Atrium Realty Co., Ltd.
Special-purpose company MAPJ
Grande Trust Nine YK
AW3 YK
(Atrium Realty Co., Ltd., special-purpose company MAPJ, Grande Trust Nine YK, and AW3 YK were excluded from the consolidation due to a completion of liquidation.)
KINDER NURSERY Co., Ltd.
PAM·J Inc.
(KINDER NURSERY Co., Ltd. and PAM·J Inc. were excluded from the consolidation due to a transfer of all shares.)
ARS, LLC.
(ARS, LLC. was excluded from the consolidation due to a transfer of all contribution.)
Value Balance Tokumei Kumiai
(Value Balance Tokumei Kumiai was excluded from the consolidation because the Silent Pertnership contract ended.)
JPN Holding Company, Limited
(JPN Holding Company, Limited was excluded from the consolidation due to a merger with HUMANPLUS CORPORATION. As HUMANPLUS CORPORATION is an operating holding company, it changed its trade name into SAISON PERSONAL PLUS COMPANY LIMITED on April 1, 2016.)

All significant intercompany balances and transactions and unrealized profit among the Companies, if any, have been eliminated in consolidation. Unconsolidated subsidiaries would have no material effect on the consolidated financial statements of the Companies and have therefore been excluded from consolidation.

Investments in 10 (9 for 2015) significant affiliated companies are accounted for by the equity method.

(NEW)
HD SAISON Finance Company Ltd.
(HD SAISON Finance Company Ltd., in which the Company invested in the current fiscal year, was newly included in investments in affiliated companies effective from the current fiscal year.)

Investments in unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are stated at cost, due to their immaterial effects on the consolidated financial statements of the Companies.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is amortized over a period of 20 years. However, if the amount is not material, it is charged to income when incurred.

(B) INVENTORIES

Inventories are stated at the lower of cost, determined principally by the specific identification method, or net selling value.

Supplies, however, are stated at cost determined by the latest purchase cost method.

(C) FINANCIAL INSTRUMENTS

i. Derivatives

All derivatives are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivative transactions are recognized in the consolidated statements of income, except for derivatives that are designated as "hedging instruments" (see iii. Hedge accounting).

ii. Securities

Securities held by the Companies are classified into four categories:

Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are measured at fair value, with changes in fair value included in profit or loss for the period in which they arise.

Held-to-maturity debt securities, which the Companies intend to hold to maturity with such ability, are reported at amortized cost.

Investments in equity securities issued by unconsolidated subsidiaries and affiliated companies are accounted for by the equity method. Investments in certain unconsolidated subsidiaries and affiliated companies are stated at cost.

Securities not included in the above categories are defined as "available-for-sale securities." Available-for-sale securities that have market prices are measured at fair value, and unrealized gains or losses on these securities are reported as accumulated other comprehensive income in equity at a net-of-tax amount.

Available-for-sale securities that do not have market prices are stated at cost using the moving-average method. Limited liability partnerships for investment business and of other similar partnerships (defined as "securities" by Article 2, Section 2 of the Financial Instruments and Exchange Act) are valued at the net equity equivalents based on the recently available financial statements of the partnership corresponding to the reporting dates of the financial statements defined by the partnership agreements.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or available-for-sale securities have declined significantly and such decline in the value is not deemed temporary, those securities are written down to fair value and the resulting loss is included in profit or loss for the period.

iii. Hedge accounting

The derivatives used as hedging instruments by the Companies are interest rate swaps. The related hedged items are bank loans and bonds issued by the Companies.

The Companies use interest rate swaps to manage their exposure to fluctuations in interest rates. The Companies do not enter into derivatives for trading or speculative purposes.

As per the accounting standard for derivative financial instruments, a) all derivatives except those that qualify for hedge accounting are recognized as either assets or liabilities and measured at fair value and gains or losses on derivative transactions are recognized in the consolidated statements of income, and b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense.

(D) PROPERTY AND EQUIPMENT

Property and equipment are stated at cost.

Depreciation of property and equipment is computed principally by the straight-line method over the estimated useful lives of the assets.

Lease assets are depreciated by the straight-line method over their lease term with zero residual value.

(E) INTANGIBLE ASSETS

Intangible assets are amortized by the straight-line method over the useful lives.

(F) LONG-LIVED ASSETS

The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(G) BOND ISSUE COSTS

Bond issue costs are amortized by the straight-line method over the bond term.

(H) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Receivables and lease investment assets are classified into four risk categories: bankrupt, doubtful, substandard, and normal.

The Companies individually provide a specific reserve for bankrupt and doubtful receivables based on the fair value of any underlying collateral.

The Companies collectively provide a general reserve for substandard and normal receivables applying a ratio determined based on the Companies' past credit loss experience.

(I) ACCRUED EMPLOYEES' BONUSES

Accrued employees' bonuses are provided at the estimated amounts that are to be paid for services rendered through the year.

(J) ACCRUED DIRECTORS' BONUSES

Accrued directors' bonuses are maintained at the amount accrued at the end of the fiscal year based on estimated future payments and service period.

(K) ALLOWANCE FOR LOSSES ON COLLECTING GIFT TICKETS

Allowance for losses on collecting gift tickets, etc., issued by the Company takes into account its registration of collected tickets in order to prepare for the possible future use of those tickets.

(L) ALLOWANCE FOR LOSSES ON INTEREST REPAYMENTS

Allowance for losses on interest repayments is provided based on payment experience at the estimated amount required to be refunded upon customers' legal claims.

(M) ACCRUED RETIREMENT BENEFITS TO DIRECTORS AND AUDIT AND SUPERVISORY BOARD MEMBERS

Directors and Audit and Supervisory Board members customarily receive lump-sum payments upon termination of services, subject to shareholders' approval.

Consolidated subsidiaries with such plans accrue retirement benefits at an amount based on the unfunded retirement plan for the Directors and Audit and Supervisory Board members.

(N) ALLOWANCE FOR LOSSES ON GUARANTEES

An allowance for losses on guarantees is provided for potential losses arising from the Companies' guarantee obligations of customers' liabilities (personal loans to individuals from the banks with which the Companies have guarantee service arrangements).

The allowance is provided at an amount determined by applying the ratio of the Companies' loss experience to the balance of guarantees outstanding at year-end.

(O) ALLOWANCE FOR LOSSES ON DEFECT WARRANTIES

Allowance for losses on defect warranties is provided for the potential repair costs on sold real estate due to the Companies' warranty. The allowance is provided at the amount estimated based on the past experience of repair costs.

(P) ALLOWANCE FOR LOSSES ON POINT PROGRAM

To stimulate card usage, the Company provides cardholders with credit card points that can be exchanged for various commodities and services. Allowance for losses on point program is provided based on estimated usage of card points outstanding at the year-end and exchange experience.

(Q) RECOGNITION OF OPERATING REVENUE

The operations of the Companies are mainly composed of the following business areas and the recognition of operating revenues differs for each business.

i. Credit card contracts and personal credit contracts for shopping (the credit service business)

Fees for collection and administrative services to be received from affiliated stores are recognized when payments are received.

Fees from customers are recognized by the interest method or the sum-of-the-digits method.

ii. Loan contracts and guarantee contracts (the finance business)

Fees from customers under loan contracts or guarantee contracts are recognized by the interest method.

iii. Lease contracts (the lease business)

The aggregate amount equivalent to interest is allocated to each period.

(R) FOREIGN CURRENCY TRANSACTIONS AND FINANCIAL STATEMENTS

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.

Differences arising from such translation are included in "Foreign currency translation adjustments" and "Noncontrolling interests" in a separate component of equity.

(S) INCOME TAXES

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income.

Deferred taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes.

(T) PER SHARE INFORMATION

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full exercise of the stock options at the beginning of the year (or at the time of issuance).

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

(U) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand; demand deposits in banks; and highly liquid, short-term investments with a low risk of fluctuation in value that are scheduled to mature within three months of acquisition.

4. ACCOUNTING CHANGES

Accounting Standards for Business Combinations and Consolidated Financial Statements—In September, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Statement No. 7, "Accounting Standard for Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

i. Transactions with noncontrolling interest

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

ii. Presentation of the consolidated balance sheet

In the consolidated balance sheet, "minority interest" under the previous accounting standard is changed to "noncontrolling interest" under the revised accounting standard.

iii. Presentation of the consolidated statement of income

In the consolidated statement of income, "income before minority interest" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income attributable to owners of the parent" under the revised accounting standard.

iv. Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

v. Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for i. transactions with noncontrolling interest, ii. presentation of the consolidated balance sheet, iii. presentation of the consolidated statement of income, and v. acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for ii. presentation of the consolidated balance sheet and iii. presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for ii. presentation of the consolidated balance sheet and iii. presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for i. transactions with noncontrolling interest and v. acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all i. transactions with non-controlling interest and v. acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for ii. presentation of the consolidated balance sheet and iii. presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for iv. provisional accounting treatments for a business combination are effective for a business combination that occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination that occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Companies applied the revised accounting standards and guidance for i, ii, iii, and v noted above from April 1, 2015, and iv. noted above for a business combination that occurred on or after beginning of annual periods beginning on or after April 1, 2015. The revised accounting standards and guidance for i and v noted above were applied prospectively.

With respect to ii and iii noted above, the applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

In the consolidated statement of cash flows for the year ended March 31, 2016, cash flows for purchases or sales of ownership interests in a subsidiary without a change in consolidation scope are presented under financing activities, and cash flows for acquisition-related costs are presented under operating activities.

As a result, operating income and income before income taxes for the year ended March 31, 2016, decreased by ¥20 million (US$179 thousand) and ¥1,104 million (US$9,793 thousand), respectively, and capital surplus at March 31, 2016, increased by ¥1,084 million (US$9,614 thousand). In addition, equity per share and basic net income per share for the year ended March 31, 2016, decreased by ¥0.13 (US$0.0012) and ¥6.22 (US$0.0552), respectively.

5. ACCOUNTS RECEIVABLE—INSTALLMENT

As of March 31, 2016 and 2015, liquidated receivables were as noted below.

The following amounts of accounts receivable generated from liquidation or operational transactions were included in accounts receivable—installment:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Liquidating receivables:			
Single-payment card shopping, etc.	**¥ 20,000**	¥ 43,000	**$ 177,478**
Accounts receivable include:			
Single-payment card shopping, etc.	**2,727**	5,069	**24,202**

6. PLEDGED ASSETS

As of March 31, 2016 and 2015, pledged assets and liabilities related to pledged assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Pledged assets:			
Lease investment assets	**¥ 20,000**	¥ 20,000	**$ 177,478**
Liabilities related to pledged assets:			
Long-term debt	**20,000**	20,000	**177,478**

7. INVENTORIES

Inventories at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Receivables by purchase	**¥ 13,232**	¥ 11,561	**$ 117,419**
Real estate for sale	**98,487**	93,323	**873,964**
Other	**1,280**	1,228	**11,362**
Total	**¥ 112,999**	¥ 106,112	**$ 1,002,745**

8. INVESTMENT PROPERTY

In November 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Investment Property and Related Disclosures" and issued ASBJ Guidance No. 23, "Guidance on Accounting Standard for Investment Property and Related Disclosures."

The Companies own certain rental properties (include liquidation business assets) such as office buildings and land in Tokyo and other areas. The net amount of rental income and operating expenses for those rental properties was ¥2,619 million (US$23,239 thousand) and ¥2,999 million for the fiscal year ended March 31, 2016 and 2015, respectively.

In addition, the carrying amounts, changes in such balances, and market prices of such properties were as follows:

Millions of yen			
Carrying Amount			Fair Value
April 1, 2015	Increase/Decrease	March 31, 2016	March 31, 2016
¥ 87,582	¥ (6,851)	¥ 80,731	¥ 92,145

Millions of yen			
Carrying Amount			Fair Value
April 1, 2014	Increase/Decrease	March 31, 2015	March 31, 2015
¥ 111,945	¥ (24,363)	¥ 87,582	¥ 100,735

Thousands of U.S. dollars			
Carrying Amount			Fair Value
April 1, 2015	Increase/Decrease	March 31, 2016	March 31, 2016
$ 777,196	$ (60,795)	$ 716,401	$ 817,688

Notes: 1. The carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.
2. Increase during the fiscal year ended March 31, 2015, primarily represents the costs of acquisition of real estates of ¥1,339 million, while the decrease primarily represents the costs of sale of real estates of ¥26,499 million. Increase during the fiscal year ended March 31, 2016, primarily represents the costs of acquisition of real estates of ¥4,981 million (US$44,203 thousand), while the decrease primarily represents the costs of sale of real estates of ¥15,513 million (US$137,662 thousand).
3. The fair value of properties was measured by the Companies in accordance with its Real estate Appraisal Standard.

9. LOAN COMMITMENTS

(A) LENDER

The Companies provide cashing and card loan services that supplement their credit card operations.

The unexercised loans contingent with the loan commitments in these businesses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Total loan limits	**¥ 4,162,110**	¥ 4,168,790	**$ 36,934,152**
Loan executions	**243,405**	245,071	**2,159,951**
Balance	**¥ 3,918,705**	¥ 3,923,719	**$ 34,774,201**

Most of the contracts for the above loan commitments were for cashing services supplementary to credit card services furnished to the Companies' cardholders, such that not all unexecuted loans will be exercised.

(B) BORROWER

The Companies have concluded loan commitment contracts with five banks for efficient procurement of working capital.

The portion of the credit line that had not been exercised under these contracts as of March 31, 2016 and 2015, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Total loan limits	**¥ 225,000**	¥ 125,000	**$ 1,996,628**
Loan executions			
Balance	**¥ 225,000**	¥ 125,000	**$ 1,996,628**

10. SHORT-TERM LOANS AND LONG-TERM DEBT

Short-term loans are represented principally by 30- to 365-day notes to banks with an average interest rate of 0.42% and 0.47% as of March 31, 2016 and 2015, respectively.

Commercial paper is issued by the Companies with an average interest rate of 0.05% and 0.10% as of March 31, 2016 and 2015, respectively.

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Average 0.78% (2016) and 0.95% (2015) unsecured loans from banks, insurance companies, and other financial institutions, due in installments through 2028	**¥ 956,944**	¥ 855,384	**$ 8,491,827**
0.18% to 2.41% (2016) and 0.29% to 2.41% (2015) bonds, due in installments through 2024	**280,000**	270,213	**2,484,693**
Lease obligations*1	**1,961**	2,079	**17,408**
Average 0.50% (2016 and 2015) payables under fluidity loans*2	**20,000**	20,000	**177,478**
Subtotal	**1,258,905**	1,147,676	**11,171,406**
Less: Current portion	**(157,385)**	(206,046)	**(1,396,622)**
Long-term debt, less current portion	**¥ 1,101,520**	¥ 941,630	**$ 9,774,784**

*1 Because interest is included in lease obligations, presentation of the average interest rate is omitted.
*2 Payables under fluidity lease investment assets.

The aggregate annual maturities of long-term debt subsequent to March 31, 2016, are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2018	¥ 121,030	$ 1,074,007
2019	75,285	668,075
2020	113,174	1,004,297
2021	145,367	1,289,968
2022 and thereafter	646,664	5,738,437

As is customary in Japan, short- and long-term bank loans are made under general agreements that provide that additional security and guarantees for present and future indebtedness will be given upon request of the bank under certain circumstances and that any collateral so furnished will be applicable to all indebtedness to the bank. To date, the Companies have not received any such requests from their banks.

11. LEASE TRANSACTIONS

(A) FINANCE LEASES THAT DO NOT TRANSFER OWNERSHIP (LESSEE)

i. Lease assets

Property and equipment—mainly servers and other equipment
Intangible assets—mainly software used in the credit service business

ii. Depreciation

Depreciation equivalent is computed by the straight-line method under the assumption that the lease term equals the useful life and that there is no residual value.

(B) FINANCE LEASES THAT DO NOT TRANSFER OWNERSHIP (LESSOR)

i. Lease investment assets

Lease investment assets at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Gross lease receivables	**¥ 253,482**	¥ 252,904	**$ 2,249,379**
Residual value			
Unearned interest income	**(26,030)**	(26,879)	**(230,993)**
Lease investment assets	**¥ 227,452**	¥ 226,025	**$ 2,018,386**

ii. Collection schedule for the amount of lease payments related to lease investment assets after March 31, 2016 and 2015

	Millions of yen				Thousands of U.S. dollars	
	2016		2015		2016	
	Lease investment assets	Gross lease receivables	Lease investment assets	Gross lease receivables	Lease investment assets	Gross lease receivables
Due in one year or less	**¥ 57,924**	**¥ 67,927**	¥ 57,653	¥ 67,972	**$ 514,013**	**$ 602,774**
Due after one year through two years	**53,088**	**60,249**	52,616	59,991	**471,100**	**534,644**
Due after two years through three years	**45,320**	**50,001**	45,321	50,123	**402,163**	**443,703**
Due after three years through four years	**35,024**	**37,673**	34,726	37,456	**310,803**	**334,302**
Due after four years through five years	**22,913**	**24,080**	22,051	23,295	**203,330**	**213,691**
Due after five years	**13,183**	**13,552**	13,658	14,067	**116,977**	**120,265**
Total	**¥ 227,452**	**¥ 253,482**	¥ 226,025	¥ 252,904	**$ 2,018,386**	**$ 2,249,379**

(C) OPERATING LEASES

i. Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	**¥ 17**	¥ 14	**$ 147**
Due after one year	**36**	23	**319**
Total	**¥ 53**	¥ 37	**$ 466**

ii. Lessor

The minimum rental commitments under noncancelable operating leases at March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	**¥ 9**	¥ 189	**$ 79**
Due after one year	**68**	457	**603**
Total	**¥ 77**	¥ 646	**$ 682**

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

THE CONDITIONS OF FINANCIAL INSTRUMENTS

(A) POLICY FOR FINANCIAL INSTRUMENTS

The Companies engage in the credit service business; lease business; finance business, including guarantees and loans businesses; real estate-related business; and entertainment business. To conduct such businesses, the Companies, by observing the market circumstances and adjusting the balance of short- and long-term debt, seek financing through indirect financing, such as bank loans and through direct financing, such as issuance of corporate bonds, commercial paper, and securitized receivables. Through such activities, the Companies hold financial assets and financial liabilities that are mostly accompanied by interest rate risks and the Company conducts asset and liability management (ALM) to prevent disadvantageous effects from such interest rate risks. As part of ALM, the Company also conducts derivative transactions that leverage interest rate swaps, etc.

(B) NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The financial assets held by the Companies are mainly accounts receivable—installments from credit card members. The Companies are exposed to credit risk, such as the potential deterioration of the member's repayment situation. As of the end of the current fiscal year, accounts receivable—installment included a large component of receivables related to credit service business and credit card members' repayments according to the contract depend on changes of business circumstances, including the economic environment surrounding the said business (employment environment in the fallout of the economic recession, household disposable income, and personal consumption).

Also, securities are mainly stocks, bonds, investment trusts, and partnership investments. Such securities are held for the purpose of either trading or business promotion. Each of these securities is exposed to the issuer's credit risks, interest rate fluctuation risks, and market price fluctuation risks.

The Companies are exposed to liquidity risks relating to interest-bearing debt, such as loans, corporate bonds, and commercial paper whereby they may be unable to execute payments of such liabilities on the payment dates in cases, for example, where the Companies are unable to use the market under certain environments, such as a greater-than-expected fluctuations in financial conditions or a downgrading of the Companies' credit rating. Furthermore, the Companies also borrow funds through variable interest loans, although they are exposed to interest fluctuation risks. Those risks are partly mitigated by conducting interest swap transactions.

Among the derivative transactions conducted by the Companies are interest swap transactions conducted as part of ALM. Using these interest swap transactions as the hedge instruments, the Companies apply hedge accounting to interest fluctuation risk related to borrowings that are the hedged item. The hedge is assessed based on the cumulative total of cash flow fluctuations and determined to actually have been highly effective throughout the financial reporting periods for which the hedge is designated.

In addition, the interest rate swaps that qualify for hedge accounting of long-term loans and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expence or income.

(C) RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS

(i) Credit risk management

The Companies manage their credit risk in accordance with the Companies' credit risk management rules by ensuring the ongoing soundness of receivables and maintaining a system for credit risk management, including credit limits, management of creditworthiness information, and internal ratings. The Company holds regular Board of Directors' meetings in order to discuss and report matters relating to credit risk management. Securities are managed by periodically ascertaining creditworthiness information and fair values at the ALM committee meetings.

Also, with regard to long-term loans receivable, the relevant departments periodically monitor the credit risk of the obligors. With regard to counterparty risk of derivative transactions, in order to avoid credit risk arising from defaults on contractual obligations, the Company chooses Japanese and overseas banks and securities firms with high creditworthiness as the counterparty to contracts.

(ii) Market risk management

Management of fluctuation risk of interest rates

The Companies manage interest rate fluctuation risks by applying ALM. The rules related to ALM state the details of risk management methods, procedures, and so forth. Based on policies determined at the ALM committee meetings, the Board of Directors ascertains the status of implementation and discusses matters concerning future responses at the meetings. As part of its regular routine, the Treasury Department maintains an overall grasp of the interest rates and terms of financial assets and liabilities and conducts monitoring by performing an interest rate gap analysis, etc. When conducting interest rate swap derivative transactions for the purpose of hedging interest rate variable risk, the Companies apply ALM to this also.

Management of fair value fluctuation risk

With regard to financial investment products, including securities, pursuant to ALM policy, in addition to examining each investment project before investment and establishing limit amounts for the investment, continuous monitoring is also conducted for the purpose of mitigating the price fluctuation risk. Moreover, with regard to stock held for the purpose of business promotion, including business and capital tie-ups, the market environment and the financial condition of the transaction counterparty are also monitored through relevant departments.

This information is periodically reported through the relevant departments to the ALM committee meetings and other meetings.

Derivatives

The Treasury Department executes derivative transactions in accordance with internal management regulations set by the Board of Directors, keeping within the scope of the overall transaction framework and hedge ratio approved beforehand by the Board of Directors. The status of the derivative transactions is reported to the Board of Directors on a quarterly basis.

The derivative transactions of consolidated subsidiaries are conducted in accordance with the internal management regulations that have been set by the respective company. During the term of the transactions, the subsidiary reports to the Company on a quarterly basis the status of hedges between the derivative transactions and corresponding assets or liabilities, the counterparty to contracts, the transaction amounts, the period remaining in the terms, and the transaction fair values.

Quantitative information regarding market risk

The main financial instruments of the Companies exposed to interest rate risk as the main risk are accounts receivable—installment, short-term loans, long-term debt, corporate bonds, securitized receivables, and interest rate swap transactions.

The Companies estimate the impact of a reasonable fluctuation in interest rates on profit and loss a year or so from the end of an accounting period for the purpose of quantitative analysis in managing their variable risk on interest rates. In estimating this impact, the financial assets and financial liabilities subject to the analysis are grouped into subsets of fixed-interest assets and liabilities and variable-interest assets and liabilities. The Companies then calculate the net estimated impact of interest rate fluctuation on variable-interest assets and variable-interest liabilities as the interest rate gap.

As of March 31, 2016 and 2015, the Companies calculated that their income before income taxes and noncontrolling interests would decrease by ¥40 million (US$354 thousand) in 2016 and ¥41 million in 2015 if the benchmark interest rate rises by 1 basis point (0.01 percentage point), and increase by ¥40 million (US$354 thousand) in 2016 and ¥41 million in 2015 if this interest rate falls by 1 basis point. The impact was calculated holding risk variables other than interest rate constant and in the absence of correlations between the other risk variables and the interest rate. Fluctuations in interest rates greater than those reasonably estimated may result in an impact larger than the aforementioned calculations.

(iii) Liquidity risk management

The Companies manage their liquidity risk by applying ALM. In addition to ensuring fund management is conducted with appropriate timeliness, they ensure a multiplicity of fund procurement methods, secure commitment lines from multiple financial institutions, and maintain a balance of short- and long-term procurement that is adjusted to reflect the current market environment.

(D) SUPPLEMENTARY EXPLANATION RELATING TO FAIR VALUE OF FINANCIAL INSTRUMENTS AND OTHERS

The fair value of financial instruments is either an amount based on market prices or, in the case of no market value, the value calculated based on rational grounds. In the case of the latter, established assumptions and conditions are adopted. Accordingly, if different assumptions and preconditions are adopted, the calculated amount may also be different. Moreover, with regard to contractual value or notional principal amount that relate to derivative transactions in Note 23, the amount itself does not reflect market risk related to the derivative transaction.

FAIR VALUE OF FINANCIAL INSTRUMENTS AND OTHERS

The following presents the amount presented in the consolidated balance sheets as of March 31, 2016 and 2015; the fair value; and the difference between the carrying amount and fair value. Immaterial amounts in the consolidated balance sheets have been omitted from disclosure.

ASSETS

	Millions of yen				
	2016				
	Carrying amount	Allowance for doubtful accounts	Total	Fair value	Difference
Cash and deposits	**¥ 64,870**		**¥ 64,870**	**¥ 64,870**	
Accounts receivable—installment	**1,597,339**	**¥ (37,026)**	**1,560,313**	**1,613,214**	**¥ 52,901**
Lease investment assets	**227,452**	**(6,001)**	**221,451**	**231,979**	**10,528**
Short-term loans receivable	**9,457**	**(0)**	**9,457**	**9,457**	
Operational investment securities	**2,400**		**2,400**	**2,400**	
Investment securities	**77,571**		**77,571**	**77,571**	
Investments in unconsolidated subsidiaries and affiliated companies	**890**		**890**	**7,428**	**6,538**
Long-term loans receivable	**11,240**	**(0)**	**11,240**	**11,240**	

	Millions of yen				
	2015				
	Carrying amount	Allowance for doubtful accounts	Total	Fair value	Difference
Cash and deposits	¥ 51,836		¥ 51,836	¥ 51,836	
Accounts receivable—installment	1,453,313	¥ (38,175)	1,415,138	1,465,806	¥ 50,668
Lease investment assets	226,025	(6,455)	219,570	230,268	10,698
Short-term loans receivable	6,733	(0)	6,733	6,733	
Operational investment securities	6,009		6,009	6,009	
Investment securities	81,383		81,383	81,383	
Investments in unconsolidated subsidiaries and affiliated companies	4,257		4,257	9,265	5,008
Long-term loans receivable	11,223	(0)	11,223	11,223	

	Thousands of U.S. dollars				
	2016				
	Carrying amount	Allowance for doubtful accounts	Total	Fair value	Difference
Cash and deposits	**$ 575,646**		**$ 575,646**	**$ 575,646**	
Accounts receivable—installment	**14,174,628**	**$ (328,563)**	**13,846,065**	**14,315,505**	**$ 469,440**
Lease investment assets	**2,018,386**	**(53,248)**	**1,965,138**	**2,058,563**	**93,425**
Short-term loans receivable	**83,920**	**(0)**	**83,920**	**83,920**	
Operational investment securities	**21,297**		**21,297**	**21,297**	
Investment securities	**688,359**		**688,359**	**688,359**	
Investments in unconsolidated subsidiaries and affiliated companies	**7,900**		**7,900**	**65,922**	**58,022**
Long-term loans receivable	**99,745**	**(1)**	**99,744**	**99,744**	

(A) CASH AND DEPOSITS

For deposits with no maturity, as fair value approximates the carrying value, the carrying value is deemed to be the fair value.

(B) ACCOUNTS RECEIVABLE—INSTALLMENT

Accounts receivable—installment items with variable interest rates have interest rates that reflect the market interest rate in the short term and because the fair value approximates the carrying value provided that the creditworthiness of the obligor does not significantly change after a loan is executed, the carrying value is deemed to be the fair value. The fair value of accounts receivable—installment with fixed interest rates is determined by discounting the cash flow related to the financial assets reflecting credit risk at the risk-free rate. With respect to doubtful claims, because the amount obtained by deducting the current estimated irrecoverable balance from the amount stated in the consolidated balance sheet as of the end of the current year is assumed to approximate the fair value, this amount is deemed to be the fair value.

Because the fair value of a part of accounts receivable—installment is assumed to approximate the carrying value for reasons such as the estimated repayment period and the interest rate conditions, the carrying value is deemed to be the fair value.

Note that the fair value calculations stated above do not reflect future interest repayments.

(C) LEASE INVESTMENT ASSETS

The fair value of lease investment assets is determined by discounting the cash flows reflecting credit risk at the risk-free rate.

(D) OPERATIONAL INVESTMENT SECURITIES, INVESTMENT SECURITIES AND INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES

The fair value of listed stock depends on the listed price on the stock exchange and the fair value of debentures depends on the price disclosed by the listed price on the stock exchange or the price made available by the transacting financial institutions or, in the case of no market value, the value calculated based on rational grounds. The fair value of investment trusts is based on a reference price that has been publicly released. Concerning the investments in investment-limited partnerships or similar associations, the fair value of the association's assets shall be the fair value appraisal in cases where a fair value appraisal of the association's assets is possible and the corresponding equity share of the aforesaid fair value shall be deemed to be the fair value of the investment in the association.

Financial instruments with no market price, such as unlisted stocks, whose fair values cannot be reliably determined, are indicated in the table below and are not included in the fair value disclosure.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
	Carrying amount	Carrying amount	Carrying amount
Unlisted stocks	**¥ 8,578**	¥ 8,139	**$ 76,120**
Investments in unconsolidated subsidiaries and affiliated companies	**73,533**	62,111	**652,522**
Other	**29,403**	21,792	**260,926**

For notes concerning available-for-sale securities for each holding purpose, refer to Note 13, "MARKETABLE AND INVESTMENT SECURITIES."

(E) SHORT-TERM LOANS RECEIVABLE

Because short-term loans receivable are settled within the short term, the fair value approximates the carrying value and the carrying value is deemed to be the fair value.

(F) LONG-TERM LOANS RECEIVABLE

Long-term loans receivable with variable interest rates have interest rates that reflect the market interest rate in the short-term and because the fair value approximates the carrying value provided that the creditworthiness of the obligor does not significantly change after a loan is executed, the carrying value is deemed to be the fair value. With respect to doubtful claims, because the amount obtained by deducting the current estimated irrecoverable balance from the amount stated in the consolidated balance sheet as of the end of the current year approximates the fair value, this amount is deemed to be the fair value.

LIABILITIES

	Millions of yen						Thousands of U.S. dollars		
	2016			2015			2016		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Notes and accounts payable	**¥ 239,720**	**¥ 239,720**		¥ 235,157	¥ 235,157		**$ 2,127,250**	**$ 2,127,250**	
Short-term loans	**214,160**	**214,160**		217,160	217,160		**1,900,435**	**1,900,435**	
Commercial paper	**236,000**	**236,000**		150,000	150,000		**2,094,241**	**2,094,241**	
Long-term debt:									
Long-term loans payable	**956,944**	**971,069**	**¥ (14,125)**	855,384	867,527	¥ (12,143)	**8,491,827**	**8,617,170**	**$ (125,343)**
Bonds	**280,000**	**283,508**	**(3,508)**	270,213	274,425	(4,212)	**2,484,693**	**2,515,823**	**(31,130)**
Long-term loans payable under fluidity loans	**20,000**	**20,413**	**(413)**	20,000	19,963	37	**177,478**	**181,145**	**(3,667)**
Lease obligations	**1,961**	**1,961**		2,079	2,079		**17,408**	**17,408**	
Guarantee contracts		**22,753**	**22,753**		20,558	20,558		**201,908**	**201,908**

(A) NOTES AND ACCOUNTS PAYABLE, SHORT-TERM LOANS, AND COMMERCIAL PAPER

Because these items will be settled within the short term, the fair value approximates the carrying value and the carrying value is deemed to be the fair value.

(B) LONG-TERM LOANS PAYABLE

Because the rate of long-term loans payable at a variable interest rate reflects the market interest rate, long-term loans payable at a variable interest rate are valued considering only the fluctuation of credit spreads. The fair value of long-term loans payable with fixed interest rates is determined by discounting the cash flows related to the debt at rates assumed for the same borrowing.

(C) BONDS

For corporate bonds issued by the Company as public-offering bonds, the fair value is decided by the market price (over-the-counter selling and buying reference statistics for public and corporate bonds decided by the Japan Securities Dealers Association). Private placement bonds issued by the Company are underwritten by the Company's major banks based on negotiated transactions and the fair value of such items is calculated using the same method as for (B) LONG-TERM LOANS PAYABLE.

(D) LONG-TERM LOANS PAYABLE UNDER FLUIDITY LOANS

Because the rate of long-term loans payable under fluidity loans with a variable interest rate is not affected by changes in the Companies' creditworthiness, the items are valued at changes in the market interest rate. The fair value of long-term loans payable under fluidity loans with a fixed interest rate is determined by discounting the cash flows related to the debt at the rate assumed for the same borrowing.

(E) LEASE OBLIGATIONS

As the fair value of lease obligations approximates the carrying value, the carrying value is deemed to be the fair value.

(F) GUARANTEE CONTRACTS

The fair value of guarantee contracts is determined by discounting the cash flows related to the contracts reflecting credit risk at the risk-free rate.

As of March 31, 2016 and 2015, the guarantee contract amounts of contingent liabilities are ¥297,917 million (US$2,643,690 thousand) in 2016 and ¥262,039 million in 2015 and the amounts that are recorded as the allowance for losses on guarantees in the consolidated balance sheets are ¥5,014 million (US$44,494 thousand) in 2016 and ¥4,555 million in 2015.

Note: Maturity analyses of financial assets and securities with contractual maturities subsequent to March 31, 2016 and 2015, were as follows:

	Millions of yen					
	2016					
Year ending March 31	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and deposits	**¥ 64,870**					
Accounts receivable—installment	**1,102,465**	**¥ 207,592**	**¥ 71,313**	**¥ 15,997**	**¥ 12,161**	**¥ 135,047**
Lease investment assets	**57,584**	**52,223**	**44,695**	**34,629**	**22,695**	**13,081**
Short-term loans receivable	**9,457**					
Investment securities						
Available-for-sale securities with contractual maturities	**2,400**					
Long-term loans receivable	**1,111**	**18**	**18**	**18**	**18**	**57**

	Millions of yen					
	2015					
Year ending March 31	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and deposits	¥ 51,836					
Accounts receivable—installment	1,115,479	¥ 178,645	¥ 53,202	¥ 29,910	¥ 5,859	¥ 15,547
Lease investment assets	57,364	51,763	44,702	34,350	21,871	13,561
Short-term loans receivable	6,733					
Investment securities						
Available-for-sale securities with contractual maturities	1,857	2,475		1,677		
Long-term loans receivable	1,077	18	18	18	18	75

	Thousands of U.S.dollars					
	2016					
Year ending March 31	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and deposits	**$ 575,646**					
Accounts receivable—installment	**9,783,167**	**$ 1,842,149**	**$ 632,820**	**$ 141,960**	**$ 107,919**	**$ 1,198,395**
Lease investment assets	**510,998**	**463,418**	**396,616**	**307,298**	**201,394**	**116,076**
Short-term loans receivable	**83,920**					
Investment securities						
Available-for-sale securities with contractual maturities	**21,297**					
Long-term loans receivable	**9,862**	**159**	**159**	**159**	**159**	**506**

¥65,309 million (US$579,545 thousand) in 2016 and ¥67,084 million in 2015 of estimated uncollectible amount are not included. Please see Note 10, "SHORT-TERM LOANS AND LONG-TERM DEBT" for annual maturities of long-term debt.

13. MARKETABLE AND INVESTMENT SECURITIES

(A) As of March 31, 2016 and 2015, acquisition costs and carrying amounts of available-for-sale securities that have market value are summarized below:

	Millions of yen						Thousands of U.S. dollars		
	2016			2015			2016		
	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference
Balance sheet amount exceeding acquisition cost:									
Equity shares	**¥ 28,037**	**¥ 73,103**	**¥ 45,066**	¥ 33,005	¥ 80,957	¥ 47,952	**$ 248,802**	**$ 648,710**	**$ 399,908**
Other	**161**	**206**	**45**	160	219	59	**1,420**	**1,825**	**405**
Subtotal	**28,198**	**73,309**	**45,111**	33,165	81,176	48,011	**250,222**	**650,535**	**400,313**
Balance sheet amount not exceeding acquisition cost:									
Equity shares	**4,597**	**4,262**	**(335)**	211	207	(4)	**40,795**	**37,824**	**(2,971)**
Bonds									
Corporate	**1,400**	**1,400**		5,009	5,009		**12,423**	**12,423**	
Other	**1,000**	**1,000**		1,000	1,000		**8,874**	**8,874**	
Subtotal	**6,997**	**6,662**	**(335)**	6,220	6,216	(4)	**62,092**	**59,121**	**(2,971)**
Total	**¥ 35,195**	**¥ 79,971**	**¥ 44,776**	¥ 39,385	¥ 87,392	¥ 48,007	**$ 312,314**	**$ 709,656**	**$ 397,342**

(B) Proceeds from sales of available-for-sale securities for the years ended March 31, 2016 and 2015, were ¥1,765 million (US$15,667 thousand) and ¥1,624 million, respectively.

Gross realized gains on these sales, computed on the moving-average cost basis, was ¥114 million (US$1,007 thousand) for the year ended March 31, 2016. Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥454 million and ¥68 million, respectively, for the year ended March 31, 2015.

(C) The impairment losses on securities for the year ended March 31, 2015 were ¥914 million.

14. RETIREMENT BENEFIT PLANS

The Company and some of its consolidated subsidiaries have defined contribution plans or prepaid retirement benefit payment plans at the employee's option.

Retirement benefit expenses

Retirement benefit expenses for the years ended March 31, 2016 and 2015, are stated below:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Payments to the defined contribution pension fund and other items	**¥ 883**	¥ 864	**$ 7,833**

15. DEFERRED TAX ASSETS AND LIABILITIES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 33.06% and 35.64% for the years ended March 31, 2016 and 2015.

(A) EFFECTIVE TAX RATE

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2016 and 2015, was as follows:

	2016	2015
Statutory tax rate	**33.06%**	35.64%
Reconciliation:		
Expenses not deductible for tax purposes	**0.25**	0.38
Nontaxable dividend income	**(0.24)**	(0.11)
Inhabitants' taxes per capita	**0.33**	0.49
Amortization of (negative) goodwill	**0.01**	(0.01)
Equity in net earnings of affiliated companies	**(1.19)**	(2.60)
Increase in valuation allowance	**1.97**	10.76
Decrease in deferred tax assets due to tax rate changes	**9.40**	19.92
Retained earnings of affiliated companies	**0.22**	3.83
Other	**1.54**	(0.54)
Effective tax rate	**45.35%**	67.76%

(B) NEW TAX REFORM LAWS

On March 29, 2016, new tax reform laws were enacted in Japan that changed the normal effective statutory tax rate from approximately 32.34% to 30.84% effective for the fiscal years beginning on or after April 1, 2016, to 30.41% effective for the fiscal years beginning on or after April 1, 2017, and to 30.18% effective for the fiscal years beginning on or after April 1, 2018. The effect of these changes was to decrease net deferred tax assets by ¥3,178 million (US$28,203 thousand), deferred losses on derivatives under hedge accounting by ¥52 million (US$457 thousand), and to increase net unrealized gains on available-for-sale securities by ¥1,431 million (US$12,701 thousand) in the consolidated balance sheet as of March 31, 2016, and to increase deferred taxation expense by ¥4,558 million (US$40,446 thousand) in the consolidated statement of income for the year ended March 31, 2016.

(C) DEFERRED TAX ASSETS

The tax effects of significant temporary differences and loss carryforwards that resulted in deferred tax assets and liabilities at March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Write-downs of inventories	¥ 3,419	¥ 8,230	$ 30,343
Intangible assets	2,705	2,769	24,006
Accumulated impairment losses	1,246	2,174	11,053
Accumulated depreciation expense	868	1,153	7,705
Asset retirement obligations	243	399	2,157
Investment securities	4,226	4,585	37,499
Allowance for doubtful accounts	14,428	15,311	128,028
Allowance for losses on interest repayments	7,701	6,281	68,336
Accrued expenses	291	320	2,580
Accrued enterprise taxes	260	962	2,304
Allowance for losses on point program	26,757	26,818	237,439
Allowance for losses on guarantees	1,522	1,478	13,508
Other allowance	838	871	7,436
Long-term unearned revenue	48	29	427
Tax effect on investments in subsidiaries to be liquidated		44,016	
Tax loss carryforwards	24,659	61,306	218,825
Unrealized losses on available-for-sale securities		3	
Deferred losses on derivatives under hedge accounting	720	455	6,390
Other	1,932	3,863	17,149
Subtotal	91,863	181,023	815,185
Less valuation allowance	(25,542)	(89,673)	(226,661)
Total deferred tax assets	66,321	91,350	588,524
Deferred tax liabilities:			
Capital gains deferred for tax purposes	(269)	(297)	(2,385)
Unrealized gains on available-for-sale securities	(14,035)	(16,170)	(124,541)
Deferred gains on derivatives under hedge accounting		(7)	
Adjustment account of retirement debt	(244)	(271)	(2,169)
Fair value difference between carrying amount and the tax bases of assets and liability caused by the corporate split	(1,056)	(3,245)	(9,369)
Other	(2,063)	(5,114)	(18,308)
Total deferred tax liabilities	(17,667)	(25,104)	(156,772)
Net deferred tax assets	¥ 48,654	¥ 66,246	$ 431,752

Net deferred tax assets are presented in the consolidated balance sheets as of March 31, 2016 and 2015, as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Current assets	¥ 15,725	¥ 11,884	$ 139,544
Investment and other assets	33,171	54,896	294,360
Current liabilities—other		49	
Long-term liabilities—other	242	485	2,152

16. OPERATING REVENUES

Operating revenues for the years ended March 31, 2016 and 2015, were composed of the following revenues and expenses:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Income from the credit service business	¥ 202,953	¥ 197,891	$ 1,800,983
Income from the lease business	13,482	13,912	119,641
Income from the finance business	27,320	22,810	242,439
Real estate-related business:			
Sales	44,142	38,573	391,712
Costs of sales*	28,698	25,505	254,660
Income from the real estate-related business	15,444	13,068	137,052
Entertainment business:			
Sales	57,534	62,072	510,550
Cost of sales	47,146	51,106	418,366
Income from the entertainment business	10,388	10,966	92,184
Financial income	331	430	2,940
Total operating revenues	¥ 269,918	¥ 259,077	$ 2,395,239

*Cost of sales included write-downs of inventories amounting to ¥972 million (US$8,626 thousand) as of March 31, 2016, and ¥838 million as of March 31, 2015.

17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended March 31, 2016 and 2015, selling, general and administrative expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Advertising expenses	¥ 23,396	¥ 20,429	$ 207,611
Provision for point program	13,410	12,701	118,997
Provision for allowance for doubtful accounts	17,084	13,702	151,605
Bad debts losses			
Provision for losses on interest repayment	15,862	9,999	140,762
Provision for losses on guarantees	4,884	4,156	43,341
Directors' compensations	989	969	8,774
Provision for directors' bonuses	124	154	1,104
Employees' salaries and bonuses	34,853	33,365	309,282
Provision for bonuses	2,207	2,127	19,583
Retirement benefit expenses	883	864	7,833
Commission fee	61,775	59,876	548,189
Depreciation	7,629	9,373	67,700
Other	38,457	38,478	341,260
Total	¥ 221,553	¥ 206,193	$ 1,966,041

18. GAIN ON SALES OF PROPERTY AND EQUIPMENT

The breakdowns of gain on sales of property and equipment for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Land	¥ 208	¥ 596	$ 1,848
Buildings	849		7,531
Other (Fixtures and equipment, and other)	0	4	2
Total	¥ 1,057	¥ 600	$ 9,381

19. SETTLEMENT RECEIVED

The Company and some of its consolidated subsidiaries have recorded settlements based on a part of the agreement related to the delay, etc., of development on the cooperative enterprise system as settlement received in nonoperating revenues.

20. LOSS ON SALES AND DISPOSALS OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

The Companies disposed of a part of intangible assets that were estimated at ¥8,562 million for the year ended March 31, 2015, and recorded it as "Loss on sales and disposals of property and equipment and intangible assets" in Nonoperating Expenses, because a part of the forms and the outside interface systems that they were developing with the cooperative enterprise system (the total investments: approximately ¥19 billion) turned out to be faulty.

The breakdowns of loss on sales and disposals of property and equipment and intangible assets for the years ended March 31, 2016 and 2015, were as follows:

		Millions of yen		Thousands of U.S. dollars
		2016	2015	2016
Buildings	loss on disposals	¥ 14	¥ 38	$ 124
Intangible assets	loss on disposals	45	8,567	397
Other (Fixtures and equipment, and other)	loss on disposals	51	13	453
Buildings	loss on sales		0	
Total		¥ 110	¥ 8,618	$ 974

21. IMPAIRMENT LOSSES

For the year ended March 31, 2016, the Companies wrote down the book value of amusement facilities from which operating income had deteriorated and was not expected to recover in the short term.

The Companies recorded impairment losses for the year on the following assets:

March 31, 2016

Asset	Description	Location
Certain amusement facilities	Buildings, intangible assets, and other (Fixtures and equipment)	Koshinetsu

For the year ended March 31, 2015, the Companies wrote down the book value of operating facilities and dept collection businesses from which operating income had deteriorated and was not expected to recover in the short term.

The Companies also wrote down the book value of real estate for lease by considering significant deterioration of profitability due to a decline in current rental rates, adverse changes in market conditions and other factors.

The Companies recorded impairment losses for the year on the following assets:

March 31, 2015

Asset	Description	Location
Operating facilities	Buildings, intangible assets, and other (Fixtures and equipment, and other)	Hokkaido, Kanto
Real estate for lease	Buildings and Land	Kanto
Dept collection businesses	Buildings, intangible assets, and other (Fixtures and equipment, and other)	Kanto

Accumulated impairment losses were subtracted directly from individual assets.

Impairment losses recognized for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Property and equipment:			
Buildings and improvements	**¥ 6**	¥ 105	**$ 51**
Land		101	
Other (Fixtures and equipment, and other)	**19**	72	**168**
Investments and other assets:			
Intangible assets	**1**	143	**10**
Total	**¥ 26**	¥ 421	**$ 229**

*Impairment losses included ¥215 million that is Nonoperating expense—Other in consolidated statement of income as of March 31, 2015.

A measure of the recoverable amount for the year ended March 31, 2016, was as follows:

Regarding certain amusement facilities, the recoverable amount is measured at value in use, and estimated to be zero for cash flows of the future.

A measure of the recoverable amount for the year ended March 31, 2015, was as follows:

Regarding certain operating facilities and real estate for lease, the recoverable amount is measured by the value of net selling, which is measured by a rational estimate based on the actuary reports issued by the real estate appraisers.

Regarding certain dept collection businesses, the recoverable amount is measured at value in use, and the discount rate use for computation of the present value of future cash flow is 6.1%.

The method of classification for the years ended March 31, 2016 and 2015, was as follows:

The assets of the Companies are grouped by the operating unit that is able to control income efficiently. However, real estate for lease and idle assets are grouped by the physical unit, and operating facilities and amusement facilities are grouped by site.

22. LIQUIDATION BUSINESS

In connection with the restructuring of the real estate-related business, the Company has classified these operations into continuing business and liquidation business.

Accordingly, the Company has recorded liquidation business assets in investment and other assets, and loss on liquidation business in nonoperating expenses.

Liquidation business assets at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Real estate	**¥ 47,509**	¥ 58,673	**$ 421,590**
Receivables	**5,596**	13,765	**49,656**
Total	**¥ 53,105**	¥ 72,438	**$ 471,246**

For the years ended March 31, 2016 and 2015, loss on liquidation business consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Income from sales of real estate	**¥ 4,394**	¥ 3,049	**$ 38,993**
Income from leases of real estate	**733**	1,213	**6,503**
Other	**(2,344)**	(5,560)	**(20,796)**
Total	**¥ 2,783**	¥ (1,298)	**$ 24,700**

23. DERIVATIVES

(A) Nonhedged derivative transactions as of March 31, 2016 and 2015, are summarized below:

	Millions of yen					
	2016			2015		
	Contractual value or notional principal amount		Unrealized profit	Contractual value or notional principal amount		Unrealized profit
	Total	More than one year		Total	More than one year	
Over-the-counter interest rate swaps:						
Floating-rate receipt/fixed-rate payment			**¥ 32**	¥ 5,500		¥ 45
Total			**¥ 32**	¥ 5,500		¥ 45

	Thousands of U.S. dollars		
	2016		
	Contractual value or notional principal amount		Unrealized profit
	Total	More than one year	
Over-the-counter interest rate swaps:			
Floating-rate receipt/fixed-rate payment			**$ 285**
Total			**$ 285**

Note: Fair value is measured at prices and other information presented by financial institutions with which the Companies have concluded derivative agreements.

(B) Hedged derivative transactions as of March 31, 2016 and 2015, are summarized below:

		Millions of yen					
		2016			2015		
	Mainly hedged objects	Contractual value or notional principal amount		Fair value	Contractual value or notional principal amount		Fair value
		Total	More than one year		Total	More than one year	
Interest rate swaps recognized in general rule:							
Floating-rate receipt/fixed-rate payment	Long-term debt	**¥ 110,000**	**¥ 67,500**	**¥ (2,386)**	¥ 109,200	¥ 96,000	¥ (1,383)
Interest rate swaps recognized in specific rule:							
Floating-rate receipt/fixed-rate payment	Long-term debt	**327,985**	**312,225**	**(8,551)**	305,825	236,465	(2,792)
Fixed-rate receipt/floating-rate payment	Long-term debt	**5,000**	**5,000**	**87**	5,000	5,000	77
Total		**¥ 442,985**	**¥ 384,725**	**¥ (10,850)**	¥ 420,025	¥ 337,465	¥ (4,098)

		Thousands of U.S. dollars		
		2016		
	Mainly hedged objects	Contractual value or notional principal amount		Fair value
		Total	More than one year	
Interest rate swaps recognized in general rule:				
Floating-rate receipt/fixed-rate payment	Long-term debt	**$ 976,129**	**$ 598,988**	**$ (21,172)**
Interest rate swaps recognized in specific rule:				
Floating-rate receipt/fixed-rate payment	Long-term debt	**2,910,506**	**2,770,654**	**(75,880)**
Fixed-rate receipt/floating-rate payment	Long-term debt	**44,370**	**44,370**	**771**
Total		**$ 3,931,005**	**$ 3,414,012**	**$ (96,281)**

Note: Fair value is measured at prices and other information presented by financial institutions with which the Companies have concluded derivative agreements.

24. CONTINGENT LIABILITIES

The Companies' contingent liabilities as credit guarantors for customers borrowing from our alliance banks were ¥292,903 million (US$2,599,196 thousand) and ¥257,484 million as of March 31, 2016 and 2015, respectively.

25. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrealized gains (losses) on available-for-sale securities			
Gains arising during the year	**¥ (3,362)**	¥ 20,372	**$ (29,830)**
Reclassification adjustments to profit or loss	**(113)**	(230)	**(1,006)**
Amount before income tax effect	**(3,475)**	20,142	**(30,836)**
Income tax effect	**2,134**	(5,545)	**18,930**
Total unrealized gains (losses) on available-for-sale securities	**(1,341)**	14,597	**(11,906)**
Deferred gains (losses) on derivatives under hedge accounting			
Losses arising during the year	**(1,679)**	(400)	**(14,900)**
Reclassification adjustments to profit or loss	**676**	884	**5,999**
Amount before income tax effect	**(1,003)**	484	**(8,901)**
Income tax effect	**272**	(218)	**2,421**
Total deferred gains (losses) on derivatives under hedge accounting	**(731)**	266	**(6,480)**
Foreign currency translation adjustments			
Losses arising during the year	**(40)**		**(359)**
Total foreign currency translation adjustments	**(40)**		**(359)**
Share of other comprehensive income in affiliated companies			
Gains arising during the year	**1,000**	3,868	**8,878**
Reclassification adjustments to profit or loss		(0)	
Total share of other comprehensive income in affiliated companies	**1,000**	3,868	**8,878**
Total other comprehensive income	**¥ (1,112)**	¥ 18,731	**$ (9,867)**

26. EQUITY

(A) EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act").

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

i. 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, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

However, the Company cannot do so because it does not meet all the above criteria.

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 so stipulate.

The Companies Act provides certain limitations on the amounts available for dividends or 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.

ii. Increases/decreases and transfer of common 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 that was charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

iii. 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 are presented as a separate component of equity. 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 equity or deducted directly from stock acquisition rights.

(B) COMMON STOCK

The Company has 300,000,000 authorized shares of which 185,444,772 shares as of March 31, 2016, and 185,444,772 shares as of March 31, 2015, were issued.

Type and number of shares issued and treasury stock

	Thousands of shares	
	Issued shares (Common stock)	Treasury stock (Common stock)
Balance at April 1, 2014	185,445	1,814
Number of share increase		1[*1]
Number of share decrease		
Balance at March 31, 2015	185,445	1,815
Number of share increase		**20,618**[*2]
Number of share decrease		**319**[*3]
Balance at March 31, 2016	**185,445**	**22,114**

Notes: 1. Increase in treasury stock
Acquisition of any number of shares less than a full trading unit: 1 thousand shares
2. Increase in treasury stock
Acquisition of any number of shares less than a full trading unit: 1 thousand shares
Acquisition of any number of shares based on resolution by the Board of Directors on December 8, 2015: 20,617 thousand shares
3. Details of decrease
Sales of any number of shares less than a full trading unit: Less than 1 thousand shares
Exchanges of any number of shares: 319 thousand shares

(C) DIVIDEND

i. Dividend payment

Resolution	Type of share	Total amount		Dividend per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
General Meeting of Shareholders on June 26, 2015	Common stock	¥ 5,511	$ 48,906	¥ 30.00	$ 0.266	March 31, 2015	June 29, 2015

ii. Dividend payments whose effective date is in the year ended March 31, 2017 and whose the record date is in the year ended March 31, 2016

Resolution	Type of share	Source of payment	Total amount		Dividend per share		Record date	Effective date
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
General Meeting of Shareholders on June 21, 2016, approved	Common stock	Retained earnings	¥ 5,719	$ 50,754	¥ 35.00	$ 0.311	March 31, 2016	June 22, 2016

27. CASH FLOWS INFORMATION

(A) The balance of cash and cash equivalents as of March 31, 2016 and 2015, was reconciled with the respective consolidated balance sheet items as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Consolidated balance sheet:			
Cash and deposits	**¥ 64,870**	¥ 51,836	**$ 575,646**
Segregated trustee deposits	**(56)**	(55)	**(494)**
Cash and cash equivalents at the end of year	**¥ 64,814**	¥ 51,781	**$ 575,152**

(B) Noncash investing and financing activities as of March 31, 2016 and 2015, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Assets and liabilities from finance leases recorded in the current fiscal year	**¥ 733**	¥ 89	**$ 6,505**
Decrease in treasury stocks by share exchanges	**1,074**		**9,534**

(C) DESCRIPTION OF PROCEEDS FROM SALES OR REDEMPTION OF INVESTMENT SECURITIES

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Proceeds from sales of investment securities	**¥ 1,765**	¥ 900	**$ 15,667**
Proceeds from distribution of limited liability partnerships and other similar partnerships or return of capital	**214**	181	**1,894**
Total proceeds from sales or redemptions of investment securities	**¥ 1,979**	¥ 1,081	**$ 17,561**

28. NET INCOME PER SHARE

Reconciliation of basic net income per share ("EPS") for the years ended March 31, 2016 and 2015, was as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
For the year ended March 31, 2016:	Net income	Weighted-average shares	EPS	
Basic EPS				
Net income available to common shareholders	¥ 26,163	177,531	**¥ 147.37**	**$ 1.31**

*Diluted net income per share is not disclosed because it is antidilutive due to the Company's net loss position.

	Millions of yen	Thousands of shares	Yen
For the year ended March 31, 2015:	Net income	Weighted-average shares	EPS
Basic EPS			
Net income available to common shareholders	¥ 12,629	183,630	¥ 68.77

*Diluted net income per share is not disclosed because it is antidilutive due to the Company's net loss position.

29. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(A) DESCRIPTION OF REPORTABLE SEGMENTS

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors meeting is performed in order to decide how resources are allocated among the Companies.

The Companies conduct business activities directly with customers based on the services by market and target customer.

Accordingly, Credit Service Business, Lease Business, Finance Business, Real Estate-Related Business, and Entertainment Business comprise the Companies' reporting segments.

The Credit Service Business segment consists of the Companies' core credit card business and various peripheral businesses closely linked with the credit card business.

The Lease Business segment consists mainly of the leasing of office equipment and other assets.

The Finance Business segment consists of the credit guarantee business and other finance-related businesses.

The Real Estate-Related Business segment consists of the real estate business, real estate lease business, and other businesses.

The Entertainment Business segment consists of amusement businesses, mainly indoor recreation facilities.

(B) METHODS OF MEASUREMENT OF THE AMOUNTS OF OPERATING REVENUES, PROFIT, ASSETS, LIABILITIES, AND OTHER ITEMS FOR EACH REPORTABLE SEGMENT

The accounting policies of each reportable segment are consistent with those disclosed in Note 3, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

For the years ended March 31, 2016 and 2015

(C) INFORMATION ABOUT OPERATING REVENUES, PROFIT, ASSETS AND OTHER ITEMS IS AS FOLLOWS:

Year ended March 31, 2016	Millions of yen									
	Operating revenues									
Reportable segment	Outside customers	Inter segment	Total	Segment profit	Segment assets	Depreciation	Financial costs	Credit cost	Investment in equity method-affiliated companies	Increase in property and equipment and intangible assets
Credit service	**¥ 203,246**	**¥ 1,021**	**¥ 204,267**	**¥ 8,267**	**¥ 1,751,702**	**¥ 4,682**	**¥ 7,078**	**¥ 29,867**	**¥ 67,017**	**¥ 30,200**
Lease	**13,515**	**27**	**13,542**	**5,110**	**286,403**	**78**	**2,055**	**2,718**		**46**
Finance	**27,320**		**27,320**	**15,803**	**271,049**	**293**	**1,451**	**5,169**		**106**
Real estate related	**15,449**	**21**	**15,470**	**6,428**	**222,122**	**855**	**1,187**	**76**		**7,464**
Entertainment	**10,388**	**1**	**10,389**	**982**	**19,872**	**2,255**			**4,093**	**3,422**
Total	**269,918**	**1,070**	**270,988**	**36,590**	**2,551,148**	**8,163**	**11,771**	**37,830**	**71,110**	**41,238**
Reconciliations		**(1,070)**	**(1,070)**	**4**	**(158)**	**(4)**		**0**		
Consolidated	**¥ 269,918**	**¥**	**¥ 269,918**	**¥ 36,594**	**¥ 2,550,990**	**¥ 8,159**	**¥ 11,771**	**¥ 37,830**	**¥ 71,110**	**¥ 41,238**

Year ended March 31, 2015	Millions of yen									
	Operating revenues									
Reportable segment	Outside customers	Inter segment	Total	Segment profit	Segment assets	Depreciation	Financial costs	Credit cost	Investment in equity method-affiliated companies	Increase in property and equipment and intangible assets
Credit service	¥ 198,321	¥ 950	¥ 199,271	¥ 15,336	¥ 1,639,457	¥ 6,456	¥ 7,726	¥ 22,081	¥ 60,499	¥ 24,083
Lease	13,912	31	13,943	5,919	273,256	86	2,483	1,983		126
Finance	22,810		22,810	13,294	181,677	254	1,217	3,926		102
Real estate related	13,068	21	13,089	4,514	258,004	902	1,297	(133)		2,568
Entertainment	10,966	10	10,976	1,094	21,190	2,225			3,376	2,574
Total	259,077	1,012	260,089	40,157	2,373,584	9,923	12,723	27,857	63,875	29,453
Reconciliations		(1,012)	(1,012)	4	(285)	(4)		0		
Consolidated	¥ 259,077	¥	¥ 259,077	¥ 40,161	¥ 2,373,299	¥ 9,919	¥ 12,723	¥ 27,857	¥ 63,875	¥ 29,453

Year ended March 31, 2016	Thousands of U.S. dollars									
	Operating revenues									
Reportable segment	Outside customers	Inter segment	Total	Segment profit	Segment assets	Depreciation	Financial costs	Credit cost	Investment in equity method-affiliated companies	Increase in property and equipment and intangible assets
Credit service	**$ 1,803,598**	**$ 9,058**	**$ 1,812,656**	**$ 73,372**	**$ 15,544,424**	**$ 41,546**	**$ 62,815**	**$ 265,040**	**$ 594,701**	**$ 267,989**
Lease	**119,926**	**248**	**120,174**	**45,345**	**2,541,510**	**689**	**18,237**	**24,118**		**406**
Finance	**242,439**		**242,439**	**140,231**	**2,405,266**	**2,603**	**12,882**	**45,871**		**940**
Real estate related	**137,092**	**184**	**137,276**	**57,038**	**1,971,090**	**7,585**	**10,534**	**679**		**66,237**
Entertainment	**92,184**	**5**	**92,189**	**8,711**	**176,346**	**20,013**			**36,319**	**30,370**
Total	**2,395,239**	**9,495**	**2,404,734**	**324,697**	**22,638,636**	**72,436**	**104,468**	**335,708**	**631,020**	**365,942**
Reconciliations		**(9,495)**	**(9,495)**	**33**	**(1,400)**	**(32)**		**0**		
Consolidated	**$ 2,395,239**	**$**	**$ 2,395,239**	**$ 324,730**	**$ 22,637,236**	**$ 72,404**	**$ 104,468**	**$ 335,708**	**$ 631,020**	**$ 365,942**

RELATED INFORMATION

(A) INFORMATION BY PRODUCT AND SERVICE

Years ended March 31, 2016 and 2015:

The Company omitted this disclosure because the information is similar to the information disclosed under the segment information.

(B) INFORMATION BY GEOGRAPHIC REGION

(i) Operating Revenues

Years ended March 31, 2016 and 2015:

The Company omitted this disclosure because operating revenues from external customers within Japan account for more than 90% of operating revenues reported in the consolidated statements of income.

(ii) Tangible Property and Equipment

The Company omitted this disclosure because property and equipment within Japan account for more than 90% of the property and equipment reported in the consolidated balance sheets.

(C) INFORMATION ABOUT MAJOR CUSTOMERS

Years ended March 31, 2016 and 2015:

The Company omitted this disclosure because no operating revenues from any specific external customer account for 10% or more of operating revenues reported in the consolidated statements of income.

INFORMATION REGARDING IMPAIRMENT LOSSES ON PROPERTY AND EQUIPMENT

Years ended March 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
	Loss on impairment	Loss on impairment	Loss on impairment
Credit service		¥ 254	
Lease			
Finance			
Real estate related		156	
Entertainment	**¥ 26**	11	**$ 229**
Total	**26**	421	**229**
Reconciliations			
Consolidated	**¥ 26**	¥ 421	**$ 229**

*The Credit Service Business segment for the year ended March 31, 2015 contains the cost of business structure improvement—Other in Nonoperating expense.

INFORMATION REGARDING AMORTIZATION OF GOODWILL AND UNAMORTIZED BALANCE OF GOODWILL

Years ended March 31, 2016 and 2015:

There was no significant amortization of goodwill or unamortized balance of goodwill.

INFORMATION REGARDING GAINS ARISING FROM NEGATIVE GOODWILL

Years ended March 31, 2016 and 2015:

There were no significant gains from negative goodwill.

30. RELATED PARTY DISCLOSURES

Transactions and balances of the Company with its major shareholders and associated companies for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
UC Card Co., Ltd.	2016	2015	2016
Transactions:			
Volume of new contracts	**¥ 1,178,637**	¥ 1,154,110	**$ 10,459,112**
Balances:			
Accounts payable	**71,479**	71,186	**634,296**
Prepaid expenses and other current assets (other receivable)	**7,043**	7,202	**62,501**

	Millions of yen		Thousands of U.S. dollars
Seven CS Card Service Co., Ltd.	2016	2015	2016
Transactions:			
Volume of new contracts	**¥ 739,940**	¥ 729,987	**$ 6,566,151**
Balances:			
Accounts receivable—installment	**45,610**	47,913	**404,741**

	Millions of yen		Thousands of U.S. dollars
Saison Information Systems Co., Ltd.	2016	2015	2016
Transactions:			
Settlement received	**¥ 3,500**		**$ 31,059**

	Millions of yen		Thousands of U.S. dollars
Mizuho Bank, Ltd.	2016	2015	2016
Transactions:			
Loan of finances	**¥ 10,200**	¥ 800	**$ 90,514**
Acquisition of treasury stocks	**47,831**		**424,452**
Balances:			
Short-term loans	**32,400**	32,400	**287,514**
Long-term debt	**128,224**	118,024	**1,137,847**

Transaction terms and decision-making policy for the transaction terms:

1. Transaction amounts exclude consumption tax, among others.
2. Commissions in the recovery of accounts receivable—installment and from member store liquidations are determined based on market prices and other factors.
3. Settlement received from Saison Information Systems Co., Ltd. is based on a part of the agreement related to the delay, etc., of development on the cooperative enterprise system.
4. Based on the resolution by the Board of Directors on December 8, 2015, the Company acquired the treasury stocks through ToSTNet-3, via offer transactions during off-hours trading, at a price of 2,320 yen per share, the closing stock price on December 8, 2015. As a result, Mizuho Bank, Ltd. was removed from related parties and major shareholders of the Company.
5. The interest rate of the loan is determined, based on market interests and other factors. Transaction amounts are described during the term when Mizuho Bank, Ltd. was a related party of the Company. Ownership percentages and terminal balances of voting rights, etc., are described at the moment when it was not a related party of the Company.

31. BUSINESS COMBINATIONS

WHOLLY OWNED SUBSIDIARY OF JPN HOLDING COMPANY, LIMITED IN SHARE EXCHANGE

(A) OVERVIEW OF TRANSACTION

i. Names and business descriptions of the acquired company

Name of the acquired company: JPN Holding Company, Limited

Description of business: The administration of subsidiaries that administer debt collection or outsourcing businesses

ii. Date on which the business combination was effected

April 30, 2015

iii. Legal form of the business combination

Wholly owned subsidiary company that acquired additional shares in a subsidiary from noncontrolling shareholders

iv. Name of the company after the business combination

No change in name

JPN Holding Company, Limited was merged into HUMANPLUS CORPORATION, which is the operating subsidiary, and which is the surviving company on January 31, 2016.

v. Other matters with regard to the transaction

The wholly owned subsidiary of JPN Holding Company, Limited is intended to increase its corporate value by improving management efficiency of the Companies and implementing drastic reforms in the debt collection business in a timely manner.

(B) OVERVIEW OF THE ACCOUNTING TREATMENT

Based on "Accounting Standard for Business Combinations (ASBJ Statement No. 21 of September 13, 2013)" and "Guidance on Accounting Standards for Business Combinations and Business Divestitures (ASBJ Guidance No. 10 of September 13, 2013)", the Companies treated this transaction with noncontrolling shareholders as a transaction under common control.

(C) DETAILS TO BE REPORTED IN CASE OF ACQUISITION OF ADDITIONAL SHARES IN SUBSIDIARY

i. Acquisition cost of the acquired company and a breakdown of the cost

	Millions of yen	Thousands of U.S. dollars
Purchase price of the additional shares—Treasury stock	¥ 788	$ 6,990
Purchase price of the additional shares—Accounts payable	8	78
Purchase price of the additional shares—Cash	0	0
Acquisition cost	¥ 796	$ 7,068

ii. Share exchange ratio, method of calculating the ratio, and number of shares issued

Share exchange ratio

One share of common stock of JPN Holding Company, Limited, in exchange for 0.26 shares of common stock of the Company

Method of calculation

In order to secure the fairness and reasonableness of the share exchange ratio under the Share Exchange, the Company and JPN Holding Company, Limited requested independent third-party appraisal agencies to calculate the share exchange ratio, said agencies being Mizuho Securities Co., Ltd. and Joji Uchida, certified public accountant office. Given that common stocks of the Company and JPN Holding Company, Limited are listed on the financial instrument exchange and the market prices are available, both the third-party financial advisors made the calculation of the exchange ratio by adopting a Market Price Analysis and, in addition to the above, discounted cash flow analysis, to reflect the future business activities in their appraisals.

The Company and JPN Holding Company, Limited determined the share exchange ratio under the Share Exchange after repeated negotiations and discussions on these aspects and overall consideration of this issue, regarding the result of the calculation that the agencies submitted.

Number of shares issued

319,527 shares

(D) MAJOR ACQUISITION-RELATED COSTS
Advisory fees and commissions to financial institutions: ¥2 million ($19 thousand)

(E) DETAILS ABOUT THE CHANGE IN SHAREHOLDERS' EQUITY BY THE TRANSACTION WITH NONCONTROLLING SHAREHOLDERS
i. Main reason for the change in capital surplus
Acquisition of additional shares in subsidiary

ii. The amount of increase of capital surplus due to the transaction with noncontrolling shareholders
¥315 million ($2,799 thousand)

WHOLLY OWNED SUBSIDIARY OF CONCERTO INC. IN ACQUISITION OF ADDITIONAL SHARES

(A) OVERVIEW OF TRANSACTION
i. Names and business descriptions of the acquired company
Name of the acquired company: CONCERTO Inc.
Description of business: Entertainment business and real estate-related business

ii. Date on which the business combination was effected
May 31, 2015

iii. Legal form of the business combination
Wholly owned subsidiary company that acquired additional shares in a subsidiary from noncontrolling shareholders

iv. Name of the company after the business combination
No change in name

v. Other matters with regard to the transaction
ASSETPLUS CORPORATION, an unconsolidated subsidiary, carried out the distribution of residual assets for the liquidation of its own company.
The Company acquired shares of common stock of CONCERTO Inc. that ASSETPLUS CORPORATION held.
As a result, the Company made CONCERTO Inc. its wholly owned subsidiary company.

(B) OVERVIEW OF THE ACCOUNTING TREATMENT
Based on "Accounting Standard for Business Combinations (ASBJ Statement No. 21 of September 13, 2013)" and "Guidance on Accounting Standards for Business Combinations and Business Divestitures (ASBJ Guidance No. 10 of September 13, 2013)", the Companies treated this transaction with noncontrolling shareholders as a transaction under common control.

(C) DETAILS TO BE REPORTED IN CASE OF ACQUISITION OF ADDITIONAL SHARES IN SUBSIDIARY
Acquisition cost of the acquired company and a breakdown of the cost

	Millions of yen	Thousands of U.S. dollars
Purchase price of additional shares—ASSETPLUS CORPORATION's common shares	¥ 5	$ 48
Acquisition cost	¥ 5	$ 48

(D) DETAILS ABOUT THE CHANGE IN SHAREHOLDERS' EQUITY BY THE TRANSACTION WITH NONCONTROLLING SHAREHOLDERS
i. Main reason for the change in capital surplus
Acquisition of additional shares in subsidiary

ii. The amount of increase of capital surplus due to the transaction with noncontrolling shareholders
¥768 million ($6,815 thousand)

32. SUBSEQUENT EVENT

There is no subsequent event.

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan

Tel:+81 (3) 6720 8200
Fax:+81 (3) 6720 8205
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Credit Saison Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Credit Saison Co., Ltd. and its consolidated subsidiaries as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Credit Saison Co., Ltd. and its consolidated subsidiaries as of March 31, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2016

Member of
Deloitte Touche Tohmatsu Limited

Corporate History

1951	May	Established as a retailer specializing in installment sales.
1968	Jun.	Listed on the First Section of the Tokyo Stock Exchange.
1976	Mar.	Formed a capital tie-up with Seibu Department Stores, Ltd.
1980	Aug.	The Company's name was changed from Midoriya Department Stores to Seibu Credit Co., Ltd.
1982	Aug.	Credit Saison began to build a nationwide network of Saison Counters to process Seibu Card issues, and to install automated cash dispensers.
		Started the lease business.
1983	Mar.	Seibu Card name changed to SAISON CARD.
1985	May	Started credit guarantee business.
1988	Jul.	Developed an international credit card with no membership fees through a tie-up with Visa and MasterCard.
1989	Oct.	Company name changed from Seibu Credit Co., Ltd. to Credit Saison Co., Ltd.
1990	Apr.	Credit Saison began to issue Saison Postal Savings Cards, the first cards in Japan to support signature-less transactions (in Seiyu food outlets).
1991	Jan.	Affinity card business started.
1995	Jun.	Saison JCB Card issued in cooperation with JCB Co., Ltd.
1997	Oct.	SAISON American Express® Card issued through an affiliation with AMERICAN EXPRESS®.
1999	Sep.	Two combined credit/cash cards issued with regional banks, Shogin Saison cards and Suruga Saison card.
2000	Aug.	"Net Answer," an Internet service, started.
2001	Mar.	Nominated for inclusion in the Nikkei Stock Average (Nikkei 225).
	Nov.	Supporting company contract for the Japan national soccer team concluded.
2002	Feb.	Shares of Saison Life Insurance Co., Ltd. transferred to GE Edison Life Insurance Co., Ltd. (currently Gibraltar Life Insurance Co., Ltd.)
		Eikyufumetsu Points, which never expire, started.
2003	Jan.	Began using SAISON CARD EXPRESS for speedy online card issuance.
	Aug.	Agreement reached on a comprehensive alliance with the card division of Idemitsu Kosan Co., Ltd. (Idemitsu Card mydoplus issued in April 2004).
	Sep.	Super Value Plus, an insurance product exclusively for cardmembers, issued through a business alliance between Credit Saison, Saison Automobile and Fire Insurance Co., Ltd. and Sompo Japan Insurance Inc.
2004	Feb.	Decision made to form a strategic equity and business tie-up with Resona Holdings, Inc. (Resona Card+S (Resona Card Saison) was issued in October 2004).
	Apr.	Basic agreement reached with Takashimaya Company, Limited on a strategic alliance in the credit card business. (TAKASHIMAYA Saison Card issued in September 2004).
	Aug.	Basic agreement on forming a strategic alliance in the credit card business concluded with the Mizuho Financial Group, Inc., Mizuho Bank, Ltd. and UC CARD Co., Ltd.
2005	Apr.	New credit center Ubiquitous started operation.
	Oct.	Saison Platinum American Express® Card issued.
	Dec.	Credit Saison acquired additional shares of Resona Card Co., Ltd., making this company an equity-method affiliate.
2006	Jan.	Credit Saison merged with UC Card Co., Ltd. (card issuance business).
	Mar.	Saison Card Loan issued.
	Jun.	Comprehensive alliance formed with Yamada Denki Co., Ltd. in the credit card business (Yamada LABI Card launched in July of the same year).
	Jul.	Agreements to form a business alliance with The Shizuoka Bank, Ltd. (Shizugin Saison Card Co., Ltd. established in October 2006 and ALL-S Card issued in April 2007).
	Oct.	Eikyufumetsu.com points exchange website launched.
	Nov.	Shareholder agreement signed with Daiwa House Industry Co., Ltd. and joint venture established (Heart One Card issued in May 2007).

JFA/Kirin Cup Soccer 2016
Starting players of men's national team for Japan in cup final vs. Bosnia-Herzegovina (June 7, 2016)

SUPPORTING COMPANY

Credit Saison is a supporter of Japanese national soccer teams.

2007	Mar.	Saison Asset Management Co., Ltd. launched own investment trusts.
		Agreement for comprehensive alliance with Yamaguchi Financial Group, Inc. (YM Saison Card issued in October 2007).
	Oct.	Established Qubitous Co., Ltd., the industry's first comprehensive processing service specialist. (Qubitous was made a consolidated subsidiary in April 2008).
		Changed the UC Card point system to Eikyufumetsu points.
2008	Jun.	Rental business launched (commencement of home appliance rental in an alliance with Yamada Denki).
	Sep.	Absorbed LAWSON CS Card, Inc. by merger.
	Oct.	Launched new credit operation center "Kansai Ubiquitous."
2009	Mar.	Started handling Flat 35 loans.
	Oct.	Conducted *the Machi*Card Festa r egional revitalization campaign in Ikebukuro, Tokyo.
2010	Mar.	Basic agreement reached on comprehensive business alliance with SEVEN & i FINANCIAL GROUP CO., LTD. (Apr. 2011, Sogo & Seibu Card business was split off into a new joint venture).
	Apr.	Started operation of Akagi Nature Park.
	Jun.	Strengthened alliance with AMERICAN EXPRESS® and extended card lineup to four card categories. 
2011	Jul.	Issued NEO MONEY, a prepaid card exclusively for use by Japanese travelers visiting other countries.
	Aug.	Tie-up with China UnionPay for affiliated store operations in Japan.
	Nov.	Started the first use of Eikyufumetsu points for net shopping in the industry.
2012	Apr.	Started handling "Flat 35 Plus" mortgage loan packages.
	Jun.	Established a representative office in Hanoi, Vietnam.
2013	Jan.	Started handling Saison Asset Formation Loans.
	Apr.	Established a local subsidiary in Vietnam to conduct consulting.
		Entered alliance with Coiney, Inc. on smartphone settlements.
	Jun.	Started Saison CLO, a cardmember referral service linked to card settlements.
2014	Apr.	Opened a representative office in Jakarta, Indonesia.
	May	Established a local subsidiary in Singapore.
	Jul.	Commenced Saison Portal and UC Portal that provide smartphone apps for cardmembers.
	Sep.	Saison Asset Management Co., Ltd. formed a capital and operational alliance with Japan Post Co., Ltd.
	Nov.	Formed a capital and operational alliance with MatchMove Pay Pte Ltd.
2015	May	Formed a comprehensive capital and business tie-up with Vietnam's Ho Chi Minh Development Joint Stock Bank (HD Bank) and established HD SAISON Finance Company Ltd.
		Launched Sodan, a free counseling website for women focused on life issues and money
	Jun.	Established Saison Ventures Co., Ltd., the first corporate venture capital established by Japanese credit card company
	Sep.	Established PT. Saison Modern Finance, a finance services company, in Indonesia
	Nov.	Established Monex-Saison-Vanguard Investment Partners, Inc., a discretionary investment management business
	Dec.	Launched SAISON CHIENOWA, a website with content on thinking about working and living
2016	Feb.	Commenced offering Saison "Home Assist Loans"
	May	Built Saison Data Management Platform (DMP) together with Digital Garage, Inc.
		Commenced offering "Saison Smart Money Transfer Service"
	Jun.	Launched hintos, a website introducing services provided by business ventures

JFA/ Women's Olympic Qualifying Tournament 2016, Asian Football Confederation
Starting players of women's national team for Japan in a final round game vs. Democratic People's Republic of Korea (March 9, 2016)

Issued Cards—Examples

Premium Cards

SAISON Platinum
American Express® Card

SAISON Gold
American Express® Card

SAISON Blue
American Express® Card

SAISON Pearl
American Express® Card

For Individual proprietorships and small businesses

SAISON Platinum Business
American Express® Card

Main Retail Affiliate Cards

Walmart Card SAISON
American Express® Card
(Seiyu G.K. and Walmart Japan Holdings G.K.)

PARCO Card
(PARCO CO., LTD.)

Mitsui Shopping Park Card Saison
(Mitsui Fudosan Co., Ltd. and Mitsui Fudosan Retail Management Co., Ltd.)

MUJI Card
(Ryohin Keikaku Co., Ltd.)

TAKASHIMAYA SAISON Card
(Takashimaya Company, Limited)

YAMADA LABI ANA MILEAGE CLUB Card SAISON American Express® Card
(Yamada Denki Co., Ltd. and All Nippon Airways Co., Ltd.)

JMB LAWSON Ponta Card Visa
(LAWSON, INC. and Japan Airlines Co., Ltd.)

Major Business Sales Based and Customer Service Centers

(As of July 1, 2016)

Head Office

52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan

Hokkaido Branch Office

3F Sapporo Center Bldg., 2-2, Kita-5-jo Nishi 6-chome, Chuo-ku, Sapporo City, Hokkaido 060-0005, Japan
[Counter]
SEIYU: Teine
PARCO: Sapporo
Mitsui Outlet Park: Sapporo Kitahiroshima
Sapporo Factory

Tohoku Branch Office

7F Sendai Shogin Bldg., 1-24, Chuo 3-chome, Aoba-ku, Sendai City, Miyagi 980-0021, Japan
[Counter]
THE MALL: Sendai Nagamachi, Koriyama
PARCO: Sendai, PARCO 2: Sendai
Mitsui Outlet Park: Sendai Port Kawatoku
Sakurano Department store: Aomori, Sendai

North Kanto Branch Office

3F ORE Omiya Bldg., 114-1, Miyacho 1-chome, Omiya-ku, Saitama City, Saitama 330-0802, Japan
[Counter]
PARCO: Utsunomiya, Shintokorozawa, Matumoto, Urawa
Takashimaya: Omiya, Takasaki
Mitsui Outlet Park: Iruma, Hokuriku Oyabe
Mitsui Shopping Park: LaLa Garden KASUKABE
LaLaport FUJIMI
SMARK
Maruhiro Department Store: Kawagoe, Iruma, Ageo, atre MARUHIRO
COCOON CITY
MEITETSU M'ZA

East Kanto Branch Office

2F KDX Funabashi Bldg., 11-5, Honcho 7-chome, Funabashi City, Chiba 273-0005, Japan
[Counter]
PARCO: Tsudanuma, Chiba
Takashimaya: Kashiwa
Mitsui Outlet Park: Kisarazu, Makuhari
Mitsui Shopping Park: LaLaport KASHIWANOHA,
LaLaport SHIN MISATO, LaLaport TOKYO-BAY

Tokyo Branch Office

2F Otowa NS Bldg., 10-2, Otowa 2-chome, Bunkyo-ku, Tokyo 112-0013, Japan
[Counter]
THE MALL Mizuho 16
LIVIN: OZ Oizumi, Hikarigaoka, Tanashi
SEIYU: Ogikubo
PARCO: Ikebukuro, Shibuya, Kichijoji, Chofu, Hibarigaoka
Takashimaya: Shinjuku, Tamagawa, Tachikawa
Mitsui Outlet Park: Tama Minami Osawa
Mitsui Shopping Park: LaLaport TOYOSU, LaLaport TACHIKAWA TACHIHI
Tokyo Midtown
ARCAKIT KINSHICHO

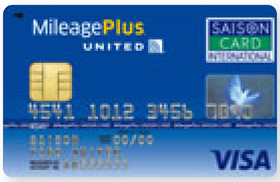
Kanagawa Branch Office

3F Nisso Dai-5 Bldg., 10-39, Kita-saiwai 2-chome, Nishi-ku, Yokohama City, Kanagawa 220-0004, Japan
[Counter]
LIVIN: Yokosuka
Takashimaya: Yokohama, Konandai
Mitsui Outlet Park: Yokohama Bayside
Mitsui Shopping Park: LaLaport YOKOHAMA, LaLaport EBINA
LAZONA Kawasaki Plaza

Airline and Railway Affiliate Cards

SEIBU PRINCE CLUB Card Saison
(SEIBU HOLDINGS INC.)

JQ CARD Saison
(Kyushu Railway Company)



MileagePlus SAISON Card
(United Airlines, Inc.)

Tokyo Metro To Me CARD
(Tokyo Metro Co., Ltd.)

Other Affiliate Cards

MIZUHO Mileage Club Card Saison
(Mizuho Bank, Ltd.)

Cinemileage-card Saison
(TOHO CINEMAS LTD.)

Social Contribution Cards

JAPAN Card Saison
(Japan Football Association)

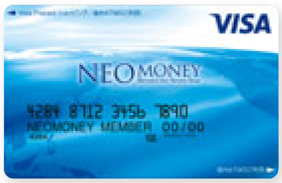
Japan Leukemia Research Fund Card Saison
(Japan Leukemia Research Fund)

Non-affiliate Cards (Proper Credit Cards)

SAISON CARD International

UC Card

Prepaid Cards



NEO MONEY

COCOKARA CLUB CARD

Tokai Branch Office

4F NOF Nagoya Yanagibashi Bldg., 16-28, Meieki-minami 1-chome, Nakamura-ku, Nagoya City, Aichi 450-0003, Japan
[Counter]
THE MALL: Kasugai, Anjo
PARCO: Nagoya, Shizuoka
Takashimaya: Gifu, JR Nagoya
Mitsui Outlet Park: Jazz Dream Nagashima
Mitsui Shopping Park: LaLaport IWATA

Kansai Branch Office

4F Kansai Ubiquitous Bldg., 12-11, Minamisenba 1-chome, Chuo-ku, Osaka City, Osaka 542-0081
[Counter]
THE MALL: Himeji
PARCO: Otsu
Takashimaya: Osaka, Sakai, Senboku, Kyoto, Rakusai
Mitsui Outlet Park: Osaka Tsurumi, Shiga Ryuo, Marine Pia Kobe
Mitsui Shopping Park: LaLaport KOSHIEN, LaLaport IZUMI, LaLaport EXPOCITY

Chugoku/Shikoku Branch Office

5F Otemachi Center Bldg., 8-5, Otemachi 2-chome, Naka-ku, Hiroshima City, Hiroshima 730-0051, Japan
[Counter]
THE MALL: Shunan
PARCO: Hiroshima
Takashimaya: Okayama, Yonago
Mitsui Outlet Park: Kurashiki
Mitsui Shopping Park: ALPARK

Kyushu Branch Office

9F Kyukan Hakata Ekimae Bldg., 19-27, Hakataekimae 2-chome, Hakata-ku, Fukuoka City, Fukuoka 812-0011, Japan
[Counter]
THE MALL: Kasuga
PARCO: Fukuoka, Kumamoto
RYUBO Kumoji
AMU PLAZA: Nagasaki, Kagoshima, Kokura, Hakata, Oita
YAMAKATAYA: Kagoshima, Miyazaki

Shanghai, China

CREDIT SAISON CORPORATION (SHANGHAI) LIMITED
No. 909. 9F, No. 409–459 Landmark East Nanjing Rd.
Shanghai, China

Hanoi, Vietnam

VIETNAM SAISON CONSULTING CO., LTD.
12th Floor, CDC Building 25 Le Dai Hanh, Hai Ba Trung District, Hanoi, Vietnam

Singapore

Credit Saison Asia Pacific Pte. Ltd.
16 Collyer Quay #21-01, Income At Raffles
Singapore 049318

Jakarta, Indonesia

Credit Saison Jakarta Representative Office
Wisma GKBI, 39th floor, Suite 3901, Jl. Jend Sudirman No. 28, Jakarta 10210, Indonesia

List of Affiliated Companies

Our affiliated companies conduct businesses in the area of Credit Services, Finance, Real Estate related businesses and entertainment business, each of which is directly connected to the customers.

Consolidated Companies

Atrium Co., Ltd.
Real estate liquidation, servicing business

Qubitous Co., Ltd.
Credit card processing services

CONCERTO Inc.
Amusement services, amusement business, real estate rental business

SAISON PERSONAL PLUS COMPANY LIMITED
Temp staff and services

SAISON FUNDEX CORPORATION
Loans, real estate, credit guarantees

PT. Saison Modern Finance
Prepaid cards, customer loyalty points programs, leases in Indonesia

Equity Method Affiliated Companies

IDEMITSU CREDIT CO., LTD.
Credit card business

eplus inc.
Tickets sale

Shizugin Saison Card Co., Ltd.
Credit cards and credit guarantees

SAISON INFORMATION SYSTEMS CO., LTD.
Information processing services

Seven CS Card Service Co., LTD.
Credit card business

Takashimaya Credit co.,ltd
Credit card business

Daiwa House Financial Co., Ltd.
Credit card business

UC Card Co., Ltd.
Affiliated merchants business

Resona Card Co., Ltd.
Credit cards and credit guarantees

HD SAISON Finance Company Ltd.
Lease finance business

Other Affiliated Companies

AIR Co., Ltd.
Cleaning, security, property maintenance services

CASALAGO CO., LTD.
Import and sales of life-style goods

SAISON ASSET MANAGEMENT CO., LTD.
Asset management

Saison Insurance Service CO., LTD.
Life/non-life insurance agency business

Saison Ventures Co., Ltd.
Identification and investment in startups

Monex-Saison-Vanguard Investment Partners, Inc.
Investment management services

Yamada Financial co., Ltd.
Credit card business

YM SAISON CO., LTD.
Credit card business

MatchMove Pay Pte Ltd.
Virtual prepaid cards in Singapore

CREDIT SAISON CORPORATION (SHANGHAI) LIMITED
Consulting business in China

Credit Saison Asia Pacific Pte. Ltd.
Overseas business development and regional headquarters in Singapore

VIETNAM SAISON CONSULTING CO.,LTD.
Consulting business in Vietnam

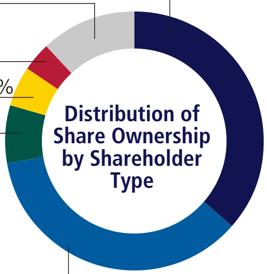
Stock Information (As of March 31, 2016)

Common Stock Authorized	300,000,000 shares
Common Stock Outstanding	185,444,772 shares
Number of Shareholders	12,049

Major Shareholders (Top 10)

Name	Equity stake	
	Number of Shares (thousand)	Ownership Percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	21,549	13.19
Japan Trustee Service Bank Ltd. (trust account)	11,385	6.97
JP MORGAN CHASE BANK 385632	10,842	6.64
STATE STREET BANK AND TRUST COMPANY	4,855	2.97
THE TACHIBANA SECURITIES CO., LTD.	4,715	2.89
Mizuho Bank Ltd.	4,675	2.86
Japan Trustee Service Bank Ltd. (trust account 9)	3,616	2.21
BNYML—NON TREATY ACCOUNT	3,589	2.20
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,091	1.89
Trust & Custody Services Bank, Ltd. (Trust Collateral Account)	2,848	1.74

*Credit Saison Co., Ltd. holds 22,032,263 shares as treasury stock but we are not shown on the major shareholders list
*Ownership percentage is calculated based on the number of shares outstanding after excluding treasury stock.



Corporate Information (As of March 31, 2016)

CREDIT SAISON CO., LTD.

Incorporated	May 1, 1951
Paid-in Capital	¥75,929 million
Number of Employees	2,163 Average Number of Non-regular Employees: 1,523 (in 7.75 hours/day equivalent)
Major Businesses	• Credit Service Segment • Lease Segment • Finance Segment • Real Estate-Related Segment • Entertainment Segment
Head Office	52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan Telephone: 81-3-3988-2111 http://corporate.saisoncard.co.jp/en/

Closing of Accounts	March 31
Stock Listing	Tokyo Stock Exchange, First Section
Ticker No.	8253
Independent Auditor	Deloitte Touche Tohmatsu LLC
Transfer Agent	Sumitomo Mitsui Trust Bank Limited. Stock Transfer Agency Business Department

Forward-looking Statements
This annual report contains discussions including management plans, projections, strategies and estimates that are not historical facts. Projections of future performance are based on management extrapolations from current data, but actual future performance may differ materially from projections.

語り継がれる人生に、ヴィンテージな一枚を。

PLATINUM
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セゾンカードがお届けする至高のサービスの数々
●GOLD、BLUE、PEARLのサービスも加えてご利用いただけます。

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10,000円(税抜)

卓越したトラベルサービスと圧倒的なポイント優遇
●BLUE、PEARLのサービスも加えてご利用いただけます。

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3,000円(税抜)

最高の価値と安心、サポートを世界中で
●PEARLのサービスも加えてご利用いただけます。

PEARL
1,000円(税抜)/カードご利用で無料

特別なご優待でライフスタイルを彩るカード

至高のサービス・圧倒的なポイントプログラム セゾンカード革新のラインナップ

SAISON AMERICAN EXPRESS® CARD

www.saison-amex.jp

CREDIT SAISON CO.,LTD.
52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan
Telephone:+81-3-3988-2111 www.saisoncard.co.jp www.uccard.co.jp