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Credit Saison (8253) Announces Financial Results for Fiscal Year 2015

Vigorously Promoting Construction of Foundations for Sustainable Development
Promoting Cashless Settlement Solutions in Japan and Making a Full-Fledged Entry Into
The Retail-Finance Market of the Asia ex-Japan region

In fiscal 2015, Credit Saison made a strong effort moving forward with construction of a revenue base for sustainable growth, aiming to take its place as a "Peerless New Finance Company in Asia."

In Japan, to pave way for the growth of cashless society, we have strove to expand the payment system options tailored to fit the needs of individuals and corporations alike and improve the convenience of these options. Moreover, we have promoted expansion of the fee business utilizing Credit Saison's internet members base and accelerated construction of a business model, which will enable us to get new kinds of profits through open innovation. Furthermore, by reinforcing such nonbank businesses as our credit-guarantee and finance-related operations and offering diverse kinds of funding and financing functions tailored to needs of the clients, we strove to accumulate a body of good-quality loans.

In the Asia ex-Japan region, on the other hand, efficiently employing the know-how of the retail finance we had accumulated in Japan, the Company ventured full scale into retail banking based on collaboration with local firms in Vietnam and Indonesia.

A summary of performance for each segment during fiscal 2015 is as follows.

Sales Summary

(1) Credit Services Business

Expanding card membership and customer base. Shopping transaction volume and revolving balance expanded with an increase of active card members, and the operating revenue was ¥204.2 billion (up 2.5% YoY).

<Japan>

- ① The Company made a strong effort to acquire new card members working in close cooperation with partner companies that continued to open new stores offering cards such as Mitsui Shopping Park Card Saison. The number of new card members rose 10.5% YoY to 2.62 million cards, while total card members swelled by 640,000 members to 25.61 million members (a 2.6% increase from the previous fiscal year-end). Active card members increased by 190,000 (up 1.3% from the previous fiscal year-end) to 14.77 million members.
- ② In addition to promotion of active use of cards and solicitation of revolving repayment centering on the partner retail outlets, we conducted measures to expand use of cards for payments of public utility charges, hometown taxes, etc., as a result of which shopping transaction volume grew 4.1% YoY to ¥4,258.2 billion, while revolving balances increased by ¥43.8 billion (up 14.8% from the previous fiscal year-end) to ¥338.7 billion.
- ③ To promote prepaid cards, from March, 2016, we started issuing Azalea Card together with Kawasaki Azalea Co., Ltd. and Point & Prepaid Picoca Card with Alpico Holdings Co., Ltd., a company that mainly operates in Shinshu. With this, the number of cards in our lineup reached 13. Total issuance of prepaid cards was 29.69 million.
- ④ The Company also vigorously promoted cards and services for corporate customers tailored to the size of the business and its needs, and new issuance of corporate cards

lifted 31% YoY, while transaction volume grew 15%.

- ⑤ Online membership is the bedrock of the Company's online business. This membership expanded by 1,300,000 (up 11.6% from the previous fiscal year-end) to 12.51 million members, and operating revenues from internet advertising on the Eikyufumetsu.com, a point mall site, and other sites increased 14.1% YoY. Downloads of the smartphone applications Saison Portal and UC Portal expanded to 1.43 million, as the Company strove to promote use of its online services at large.

<Overseas>

- ① HD SAISON Finance Company Ltd., a joint venture in Vietnam between the Company and a local bank, expanded both the case load and the transaction volume through a network of over 5,000 sales outlets across Vietnam. Operations focused on loans for purchases of motorcycles and consumer electronics.
- ② In Indonesia, the Company established PT. Saison Modern Finance, a joint corporation engaged in multi-finance business with a local retail enterprise.

(2) Lease Business

In Lease Business, despite efforts to actively work on strengthening our relationships of trust with main partner retail outlets and boost sales with new sales outlets focusing on major partners, operating revenue declined 2.9% YoY to ¥13.5 billion.

The Company implemented joint campaigns with major partner retailers and worked on strengthening its relationships of trust and restraining expenses associated with non-performing loans.

(3) Finance Operations

From untied-loan guarantee operations to house purchases and asset formation, the Company accumulated a body of good-quality loans based on strong product appeal across a diverse array of financing needs, and operating revenue went up to ¥27.3 billion up 19.8% YoY.

- ① In credit-guarantee operations, the Company built relationships with regional banks, credit unions and other regional financial institutions, acquiring 12 new partners. The number of partner institutions reached 392 institutions (an increase of 10 institutions YoY). Guaranteed balances grew to ¥297.9 billion (up 13.7% from the previous fiscal year-end).
- ② As a new addition to the Saison housing loan package, the Company launched from February of 2016 operations with Saison Home Assistance Loan offering financing of all expenses incurred when purchasing a house. For Flat 35, a housing-loan product with a long-term fixed rate, the value of project was ¥97.6 billion up 38.5% YoY, and the balance of loans transferred to JHFA rose 25.3% against the previous fiscal year-end to ¥355.6 billion.
- ③ For the Saison Asset Formation Loan, a loan product supporting the purchase of real estate for investment purposes, the Company worked on coordination with leading partners, and value of project went up 65.1% YoY to ¥61.6 billion, while total loan balance substantially expanded up 86.4% against the previous fiscal year-end to ¥126.2 billion.

(4) Real Estate Related Business

Through vigorous sales efforts in a vibrant real estate market, Saison boosted operating revenue 18.2% YoY to ¥15.4 billion.

Atrium Co., Ltd., a consolidated subsidiary of the Company, deployed concerted sales efforts energized by a lively real estate market. Sales of large projects in liquidation operations and promotion of development projects also advanced briskly. As a result, the reconstruction plan of the real estate business was completed as planned in the end of March, 2016.

2. Overview of Ordinary Income and Net Income

The Company reinforced its operating base in pursuit of a sustainable growth track. In light of current forecasts for requests for repayment of interest, the Company carried forward certain amount from its provision for loss on interest repayment. As a result, operating revenue rose 4.2% YoY to ¥269.9 billion, operating income dropped 8.9% YoY to ¥36.5 billion, ordinary income increased 0.3% YoY to ¥43.8 billion, and net income went up 107.2 to ¥26.1 billion.

3. Next Period Forecast

For fiscal 2016 on consolidated base, Credit Saison expects the operating revenue of ¥278.0 billion, operating income of ¥42.0 billion, ordinary income of ¥50.0 billion, net income of ¥38.5 billion, and on non-consolidated base the operating revenue of ¥239.6 billion, operating income of ¥37.3 billion, ordinary income of ¥40.0 billion, and net income of ¥28.5 billion.

In view of this forecast of business results, the Company plans to distribute the dividend for the next term at the same level it was this term, namely, ¥35 per share.

(References) Non-consolidated results for fiscal 2015

(1) New card members acquired	:	3,300,000	(up 9.8% YOY)
(2) New cards issued	:	2,620,000	(up 10.5% YOY)
			(net increase of 640,000 members from the previous fiscal year-end)
(3) Total No. of card members	:	25,610,000	(net increase of 1,300,000 members from the previous fiscal year-end)
(Online membership)		(12,510,000)	(net increase of 190,000 members from the previous fiscal year-end)
(4) Active card members	:	14,770,000	(up 4.1% YOY)
(5) Shopping transactions volume	:	4,258.2 billion yen	(up 14.8% from the previous fiscal year-end)
(6) Shopping revolving credit balance	:	338.7 billion yen	(down 3.4% YOY)
(7) Card advance transaction volume	:	267.7 billion yen	(down 0.8% from the previous fiscal year-end)
(8) Card cash advance balance	:	216.5 billion yen	(up 4.3% YOY)
(9) Operating revenue	:	228.7 billion yen	(down 15.2% YOY)
(10) Ordinary income	:	32.6 billion yen	(up 126.0% YOY)
(11) FY 2015 Net income	:	25.5 billion yen	