

# ANNUAL REPORT 2015

CREDIT SAISON CO.,LTD.



# “Neo Finance Company” in Asia

Pressing ahead with business model changes

Solutions

Payments

Develop and en  
resources via full  
corporate

Create customer v

Global

ASEAN business  
expansion via collaboration  
with local partners

Expand retail  
financé businesses  
in Asian nations

E-com  
Cred  
Consult

As a leading-edge service company always striving for business model innovation, Credit Saison is pushing ahead with business model changes that combine five businesses through stepped-up corporate marketing. We aim to become a peerless new finance company in Asia that outstrips our rivals.

**Finance**

**Finance strategic  
reinforcement of  
marketing**

**Internet**

**Value via innovation**

**CREDIT  
SAISON**

**Unearth cutting-edge  
finance technologies (FinTech)**

Prepaid cards

Sales finance

Consumer finance

Leases

Commerce settlements

Credit cards

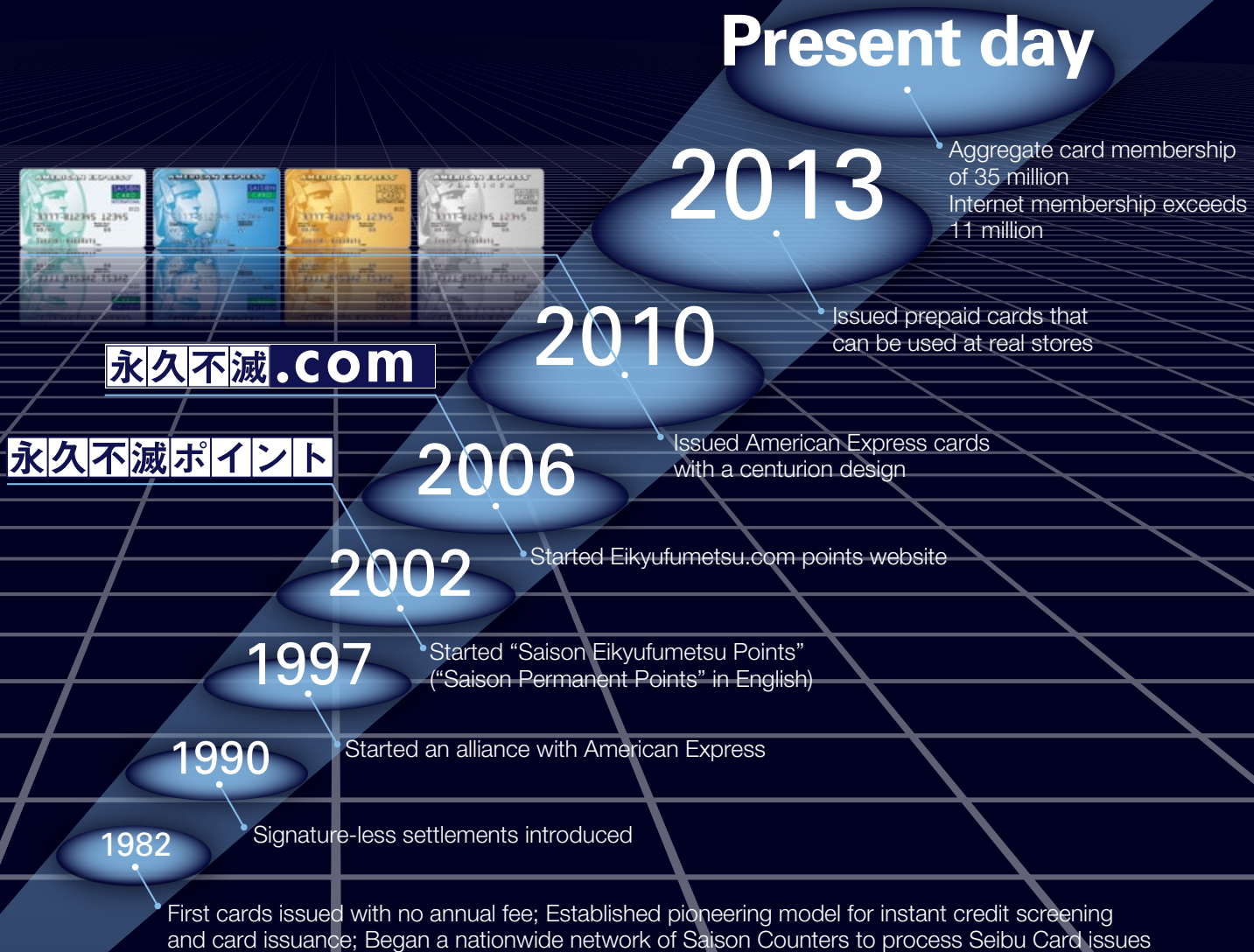
Marketing

**Evolution toward  
an Organization of Self-Starters  
via Diversity Management**

Each employee embraces the challenge of  
taking the initiative to enable business model innovation

We will 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



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# Message from the CEO

The environment facing companies is changing enormously, and it is vital for management to be capable of responding to the “global,” “Internet,” “innovation” nexus. In the non-bank sector where Credit Saison is situated, laws and regulations have changed the earnings structure of card businesses, with increasingly fierce competition in credit cards, electronic money, prepaid cards, and shared-platform loyalty points programs from entrants from other sectors. We are striving to expand across a range of businesses—our internet business, lease segment and finance segment, retail finance in Asia, etc.—to lessen our overreliance on credit cards.

Credit Saison has a collection of business assets accumulated over more than three decades in card businesses, including expertise in retail finance, a Group customer base of 35 million cardmembers, innovative products and services, and a wide network of alliances. We continue to value “collaborative management,” where we combine these assets in multi-faceted ways, and have created many unique strategic resources based on unconventional ideas. All Group employees harness these resources to market to companies in the system we have built. We seek to retain our business focus on building up our individual cardmember base using our strength in attracting new cardholders, but we also aim to lock in demand from companies for various settlement and funding needs through our corporate

marketing. Through these efforts, we are striving to retool our business model via the provision of an array of cashless settlement functions to our individual and corporate customers in Japan and across Asia.

As a result, we steadily broadened our business portfolio on multiple fronts in fiscal 2014. Our cumulative 16 million, issuance of international prepaid cards, we developed a new settlement service via our relationship with a venture capital firm. In Singapore, we took a capital stake in and formed an operational alliance with Matchmove Pay Pte., Ltd., a virtual prepaid card company. Moreover, in Vietnam, we formed a comprehensive operational and capital tie-up with HD Bank, including an equity stake in its renamed finance arm HD SAISON Finance Co., Ltd.

Our aim is to become a peerless new finance company in Asia that outstrips rivals. In Japan, we contribute to our alliance partners through stepped-up corporate marketing that combines diverse business areas and innovation that creates customer value, securing competitive advantages in markets. In Asia outside Japan, we look to harness the card business know-how we have amassed so far at home to scale up our entry into retail financial businesses by collaborating with local companies. Through these efforts, we are building the foundations for sustainable growth.



Hiroshi Rinno, President and CEO



**Aiming to Be a Peerless  
New Finance Company in Asia**

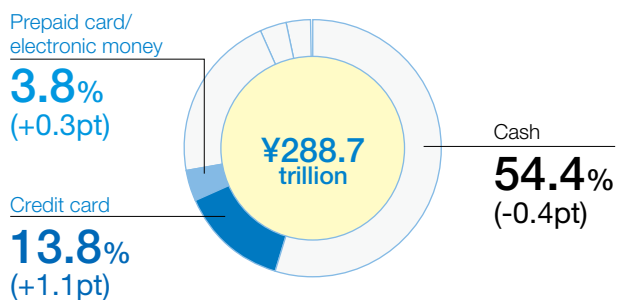
# Payments

## We Aim to Realize a Cashless Society via Various Settlement Services, Starting with Credit Cards

Credit card settlements account for 13.8% of personal consumption in Japan, tracing an upward trend that goes back years but over 50% of purchases are still made with cash. We aim to develop and offer many settlement instruments such as credit cards and prepaid cards to reduce reliance on cash, which is still the main way to settle transactions, and enable a cashless society. With measures to promote personal consumption, we are working to expand our client base, our card transaction value, and the scope of card settlements.

### Share of Personal Consumption in Japan by Type of Settlement (Fiscal 2013)

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



\* Estimated by Credit Saison 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.

### Key Indicators (Non-consolidated)

	Fiscal 2014	% change*	Fiscal 2015 target
New applications (millions)	3.00	90.6	3.40
New cards issued (millions)	2.37	93.6	2.70
Total cardmembers (millions)	24.97	100.9	25.60
Active cardmembers (millions)	14.58	102.7	15.40
Transaction volume (¥ billion)	4,366.4	106.1	4,738.0
Card shopping (¥ billion)	4,089.3	106.1	4,450.0
Cash advances (¥ billion)	277.0	104.9	288.0

\*This shows the percentage change against the previous fiscal year.

## Expanding Our Customer Base

Of the categories in our Saison American Express® Card lineup, we continue to strengthen enrollment of prospective platinum and gold cardmembers as they in particular offer the prospect of high utilization and high spending per transaction. We are working with many alliance partners to enroll new cardmembers and promote card usage. Among our joint endeavors with our partners are the Mitsui Shopping Park Card Saison, which includes a shared points program for commercial facilities operated by Mitsui Fudosan Co., Ltd. across Japan, and the Walmart Card Saison American Express® Card, which has upgraded services to include discounts up to 3% from 1% at Seiyu stores for cardmembers.



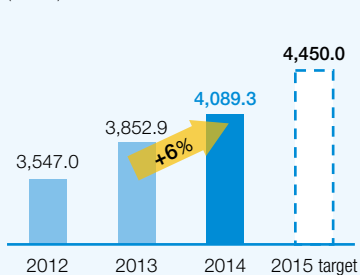
SAISON AMERICAN EXPRESS® CARD

## Expanding Transaction Value

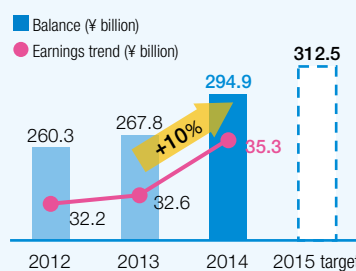
Trends in card shopping transaction value and card shopping revolving credit balances are steady thanks to an assortment of endeavors. These include regional revitalization campaigns, which aim to generate consumption via card use in regions across Japan, progress in spreading card use for settling recurring payments such as mobile phone subscriber fees and utility bills, and promotion of revolving credit repayment plans where card members use seasonal bonuses to pay down their outstanding debt.

With regards to cash advances, we are focused on measures to stimulate continuous use such as explaining the convenience of this service when people apply to become cardholders.

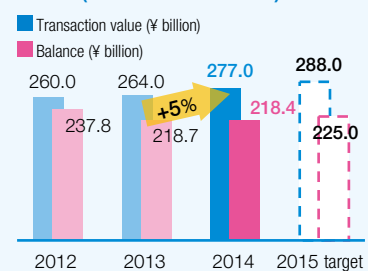
**Card Shopping Transaction Value**  
(¥ billion)



**Card Shopping Revolving Credit Balance**

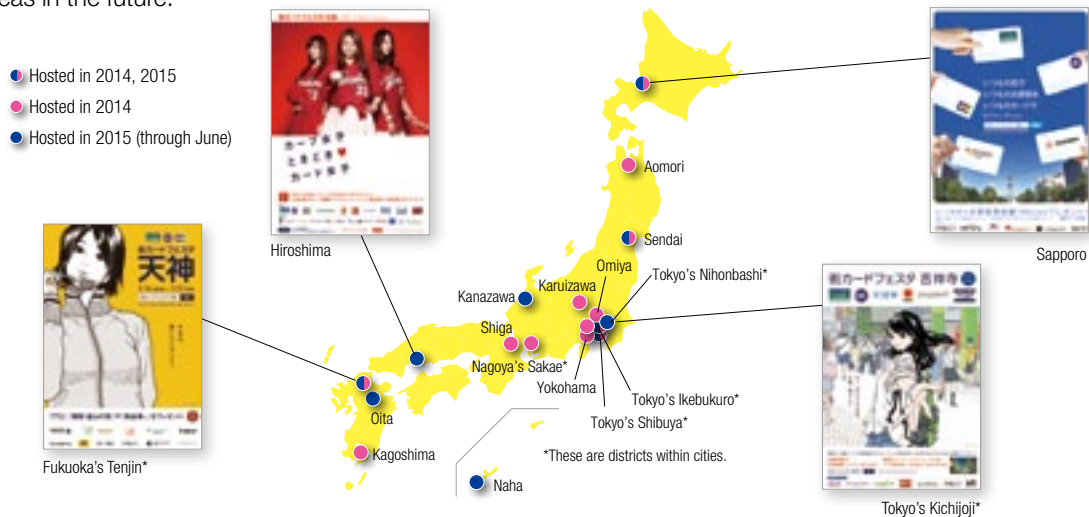


**Cash Advance Transaction Value (Non-consolidated)**



## Sponsoring Regional Revitalization Campaigns across Japan

With leading retailers and other card companies across Japan, we are jointly sponsoring regional revitalization campaigns with “MachiCard Festa” events. We will further extend such campaign events into more areas in the future.



## Promoting Usage for Tax Settlements

The number of local authorities and tax categories where card settlements are accepted is increasing since “spreading the use of electronic payments for public tax levies” was highlighted in the national government’s measures for shifting to cashless payments. There is increasing use of card settlements for taxes such as automobile taxes and the hometown tax scheme, where taxpayers can opt to direct a part of their residential tax to a specified local government, and this is feeding into growth in card transaction value.



## Expanding the Scope of Card Settlements

Along with NEO MONEY, a prepaid card launched in 2011, we are stepping up our promotion of international brand prepaid cards. These include the COCOKARA CLUB CARD, issued with partner cocokara fine Inc., a leading drug store chain; the au WALLET card and WebMoney Card, the issuance of which was consigned to Credit Saison in alliances with KDDI Corp. and with WebMoney Corp.; and the Softbank Card, which we administer in a consignment from Softbank Payment Service Corp. Through our investment in Coiney, Inc., which supplies Coiney smartphone settlement terminals, we have strengthened our joint efforts at expanding adoption of these terminals in a bid to expand the scope of card use.

We are developing and providing safe, simple, and convenient settlement services, including a next-generation settlement platform for the smartphone era.



### Expanding Our NEO MONEY Product Lineup

We are working to extend our lineup with the issuance since June 2015 of a NEO MONEY prepaid card for travelers abroad that can be used at Visa-affiliated merchants in Japan and overseas, the Yubisashi Club Card, a NEO MONEY card with linked travel apps and services, and the new UnionPay-branded NEO MONEY prepaid card.

#### NEO MONEY Cards Can Be Used in Japan or Overseas



The Japan Football Association emblem



Yubisashi Club Card (NEO MONEY)

#### NEO MONEY UnionPay



### Card Settlement Services for LIXIL Renovations

We have partnered with LIXIL Corp. and Coiney, Inc. since October 2014 to start providing a service that enables onsite card settlements via a mobile terminal when a renovation project is completed.



### Simple Smartphone Settlement Service "C-less"

We have partnered with iRidge, Inc. and others since February 2015 to provide "C-less," a simple smartphone settlement service for users who have registered their credit cards beforehand that enables them to make payments in stores without presenting cash or credit cards in their possession.



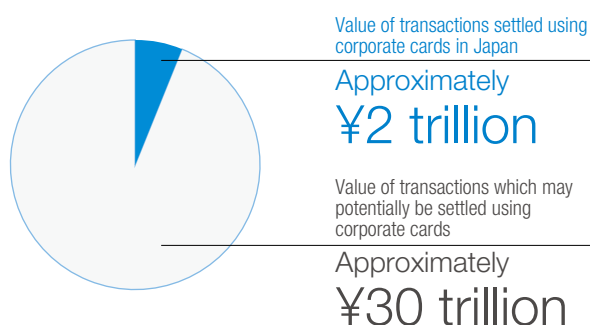
# Solutions

## Stepping Up Promotion of Cashless Settlements for Corporate Markets in Our Corporate Sales

The annual transaction value of corporate payments in Japan, spanning the nation's estimated 4.3 million companies, is estimated to be about ¥940 trillion, of which about ¥32 trillion could be settled via credit cards. The total card transaction value of the six major corporate card issuers is only about ¥2 trillion at present, for a settlement share of just 0.2%.

With our entire corporate marketing system reinforced, we are working to move 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 Corporate Market



Of the **¥940 trillion** total value of corporate transactions in Japan,\* approximately **¥32 trillion** may potentially be settled using cards.

Of this latent market, it is estimated only **approximately 6%** are settled using cards.

\* Source: VISA Worldwide report on Japan's Corporate Market and its Visa strategy.

### Helping Companies Reduce their Expense Settlement Workload

We have formed operational tie-ups with companies providing corporate solutions, and through payments via our corporate cards, which include ones for large companies, small and medium-sized firms, and individual proprietors, we help companies and individual proprietors sharply reduce their expense settlement workloads.

#### Lineup of cards tailored for companies of different sizes and needs

**For large companies**

Corporate cards

**For small and medium-sized companies**

Corporate cards for SMCs

**For individual proprietorships**

Saison Platinum Business American Express® Card



#### Tools to support reductions in expense settlement workloads

**Concur Japan, Ltd.**  
Provides cloud-based expense settlement system "Concur"

**Money Forward, Inc.**  
Provides cloud-based accounting software to corporations and personal expense management services to individuals

**Miroku Jyoho Service Co., Ltd.**  
Develops and markets finance, accounting system, and management information services

**Free K.K.**  
Provides fully automated, cloud-based accounting software "free"

## Amassing a High-quality Portfolio by Providing Financial Functions Tailored to Market Needs

We are working to establish multiple core earnings pillars through stronger relationships with our partners and the provision of financial functions tailored to market needs in our lease rental, credit guarantee, and finance-related businesses.

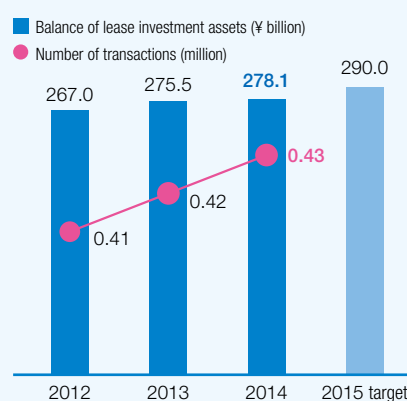
While pursuing synergies with our card businesses, the finance segment contributes to stable business value improvement by realizing further business expansion.

### Lease & Rental Business

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.

Through joint campaigns, we are bolstering “support” marketing for existing dealers as we work to build closer relationships with them. At the same time, we strive to expand transaction value and lease marketing channels through stepped-up marketing to new dealers. The balance of our lease investment assets came to ¥278.1 billion at the end of fiscal 2014, up 0.9% from the previous fiscal year-end.

Balance of Lease Investment Assets, Number of Transactions

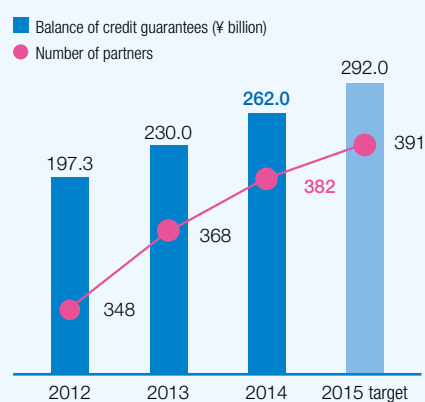


### Credit Guarantee Business

Centering on guarantees for personal multi-purpose loans on deeds supplied by allied regional financial institutions, we support the provision of personal loans in close cooperation with partner financial institutions in terms of both sales and administration, starting with the implementation of financial product study sessions. In addition to simple application procedures and quick screening, these loans are popular because of their versatility, as they can be used for business finance and a range of other purposes. The number of partner financial institutions stands at 382, with the balance of credit guarantees up 13.9% compared with the previous fiscal year-end to ¥262.0 billion on a consolidated basis.

We aim to expand transaction value further by strengthening risk controls in the future and improving operational precision while leveraging our strengths in terms of guarantee capacity, versatility, and marketing capability.

Balance of Credit Guarantees, Number of Partners (Consolidated)



## Other Finance-related Business

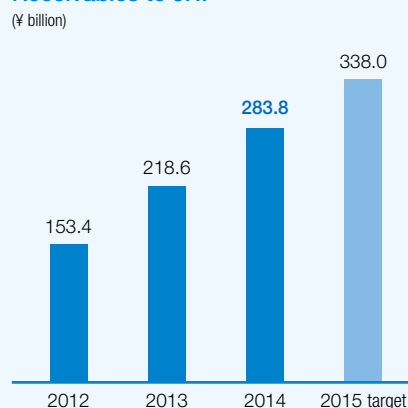
While preserving the trust and peace of mind the Saison brand offers, we will continue to steadily build our business foundation as a non-bank firm, harnessing our ample marketing capabilities, rapid credit screening, and the know-how we have amassed in credit cards.



### Growth of “Flat 35” Loans with Unified Sales and Operations

We promote use of our loans drawing on our strengths of rapid credit screening, flexibility in responding to customer needs, and the sense of reassurance we have cultivated through our credit card businesses. The loan balance after the transfer of receivables to the Japan Housing Finance Agency (JHF) climbed 29.8% from the previous fiscal year-end to ¥283.8 billion.

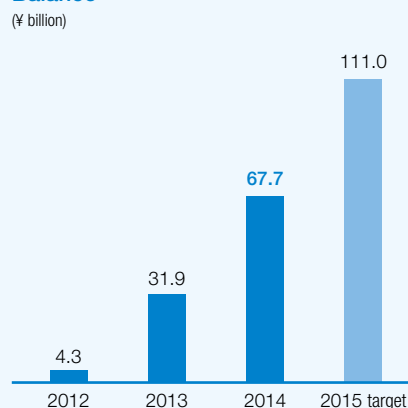
Loan Balance after Transfer of Receivables to JHF



### Active Advancement of “Saison Asset Formation Loans” Responsive to Market Needs

In addition to strengthening our support system through study sessions for partners and product features customized to market needs, we are ramping up the rollout of courses for new partners and for purchases of second-hand property and apartments. The loan balance surged 112.2% from the previous fiscal year-end to ¥67.7 billion.

“Saison Asset Formation Loan” Balance



### Initiatives Aimed at Diversifying Profit Sources

We are pressing ahead with efforts to energize existing products and develop new products responsive to market needs such as loans for renovation needs. We are forging ahead actively toward business expansion by capturing procurement funding needs via the promotion of business loans and the accumulation of quality assets by strengthening our non-recourse loan lineup.

# Internet

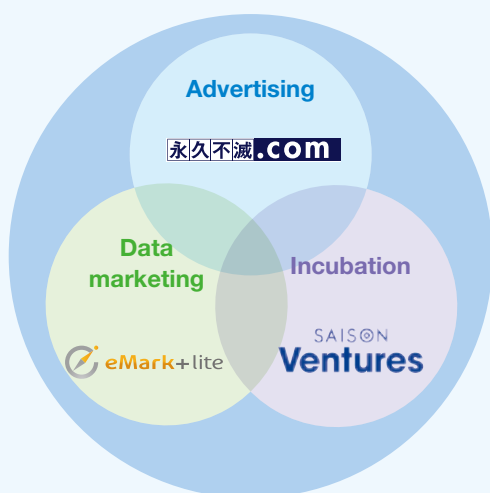
## Expanding Fee-based Businesses as Our Internet Business Evolves

We are working to add more Internet members, who form the basis of our Internet business. The total number of Internet members came to 11.21 million as of March 31, 2015. With smartphone app downloads of more than 500,000 from the “Saison Portal” and “UC Portal,” which we launched as new communication tools for Internet members, these portals have helped encourage usage of our entire suite of net services.

In the rapidly-changing Internet business sector, the Company has stepped up its agile cooperation with companies with outstanding content and with startups that have promising technologies, along with efforts at new business development, in a bid to expand its Internet business.

### Evolving Internet Business

With “the creation of big data businesses” and “growth of our sales and marketing businesses” as our watchwords, we are expanding the three following businesses.



#### Advertising

Expansion of our advertising and our affiliate business for Eikyufumetsu.com and “targeting email,” a type of direct-mail (DM) marketing

#### Data marketing

Establishment of fee-based businesses harnessing our customer data as a card issuer

#### Incubation

Maximization of business synergies through stronger collaboration with startups

### Examples of net services created through collaboration with companies

Card Linked Offer

**CLO**

**Kanmu, Inc.**

Distributes coupons based on assessments of cardmember information



**LUXA, Inc.**

A select outlet-based e-commerce site

**Sodan**  
相談するって、スナナなこと

**Broad-minded Co., Ltd.**

A life-planning consultation site for women

**SAISON  
Ventures**

### Launched Saison Ventures

We established Saison Ventures Co., Ltd. in June 2015 as the first corporate venture capital fund in Japan’s card sector to invest in early-stage startups offering services in Japan. Most of our investment in and collaboration with startups thus far has been actively focused on financial and settlement-related fields but we will further strengthen initiatives for startups creating cutting-edge or groundbreaking services or technologies.

## Stronger Collaboration with Local Firms to Enable Fast Buildup of Retail Financial Businesses

We opened a representative office in Indonesia and established Credit Saison Asia Pacific Pte., Ltd. in Singapore to speed up our business expansion overseas in the fast-growing China and ASEAN markets, which we expect to be future earnings pillars.

We are preparing a foundation for a longer-term overseas strategy with an eye on forming strategic partnerships with local companies and Japanese companies expanding in these markets to enable us to advance in Asia's non-bank market.



### A Pioneer in Virtual Prepaid Cards

We formed a capital alliance with Matchmove Pay Pte., Ltd., a Singapore-based virtual prepaid card company that has been a pioneer in the e-commerce settlement space in Southeast Asia. Along with speeding up our entry into Southeast Asian nations, we aim to bolster our business as a leader in prepaid cards in Japan and overseas.



### Starting Retail Finance in Vietnam

In Vietnam, we formed a comprehensive capital tie-up with Ho Chi Minh Development Joint Stock Bank (HD Bank), the parent of a leading finance company in Vietnam, and as part of this tie-up, we established HD SAISON Finance Co., Ltd. With the aim of building the No. 1 integrated retail finance company in Vietnam, both companies aim to harness their businesses and know-how.

# Evolution toward an Organization of Self-starters

## Each employee embraces the challenge of taking the initiative to move the Company forward

Based on our belief that the personal growth of our staff constitutes the growth of our company, we are bolstering human resource development initiatives that make effective use of individual strengths and support the active participation of women in the workplace. Focusing on implementation of support for career development, for capability development and fostering self-awareness, and for work-life management, we strive to energize our organization.

### Diversity Management: Enabling Women to Thrive at Work

Recognizing that many capable, skilled female employees face an array of constraints such as childbirth, child-raising, and providing care to aging parents or relatives, we have built systems and programs that ensure women can continue to work. Amid our journey from being “a great place to work” to being “a great place worth working for,” we are encouraging women in a wide range of positions to be self-starting high performers and promoting diversity in ways that fit Credit Saison well.

#### Systems to help employees balance work and family

- Flexible working options for those bringing up children  
As well as being able to choose shorter working hours, employees can choose to go back to working fewer hours after having returned to normal working hours.
- System for changing career track  
Employees can change their classification to suit their circumstances (for example, when they marry, give birth, are bringing up children, or are providing long-term nursing care).
- Change of workplace track  
Should their circumstances require it (for example, when they marry, are bringing up children, or are providing long-term nursing care), employees can change their classification to one that does not involve intra-company transfers.

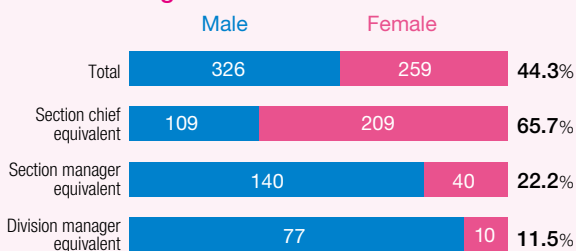
#### Advancing a workplace where individuality and diversity values are respected (examples)

- Support for hiring employees with disabilities and for ensuring they stay
- Multiple forms of employment that respond to diverse working-style needs
- Post-retirement re-employment system
- Re-employment system for ex-employees who seek to return

#### Support for female career development

- Company sponsorship for sending women to a business leadership program  
Credit Saison is sending female employees to the Women’s Innovation School of Japan, a business school for women that attracts participants from across various industries and sectors, teaching women the basic and practical skills they need to excel as leaders in society. The program is advancing the development of women leaders.
- Seminars for working mothers on balancing work and childrearing  
With the aim of fostering longer-term career vision in female employees in anticipation they will seek full-time positions, this seminar provides working mothers with knowledge and skills to be high performers at work and the know-how to balance work and childrearing.

#### Female Manager Ratios



As of April 2015



## Cultivating Leaders and Employees with High Business Quotient (B.Q.)

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

### Stratified training

We tailor our training program to each career stage, from new hires to managers to senior management.

### Training for selected staff

We select candidates for sectional manager posts and provide them with a forum where they can learn about marketing, strategic planning, and leadership.

### Learning Café (held four times a year)

Employees are the instructors at these events, sharing the know-how and knowledge they have obtained on the job 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.

### “Degree of immersion” assessment program (360-degree evaluation)

Once a year, employees are evaluated by their supervisor, colleagues at similar levels in the organizational hierarchy, and junior employees for their B.Q. These evaluations are shared with employees as a form of feedback for their personal development.

#### What is your “degree of immersion” at Credit Saison?

- 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



## Bringing Out the Best in Our Employees to Rev Up Our Organization

### Suggestion system

- Dream Plan System  
A system with the aim of creating new business and enabling employees to contribute directly their creativity and original ideas on how to run the Company
- C-BOARD System  
A system to enable young employees involved in management to directly debate senior executives and contribute ideas on how to run the Company
- Spirit of Saison Project  
A project where senior executives visit our business hubs around Japan and persuasively present their management vision in an effort to create a sense of unity across the entire Group

### Request program

- A system where employees can apply on their own initiative for a new position
- “Degree of immersion” challenge (section chief or below/twice a year)
  - Job competition (section manager or above/once a year)
  - Open recruitment challenge (in-house recruitment, when necessary)

### Credit Saison Awards ceremony

An annual awards ceremony where employees and departments recognize each other's achievements across organizational boundaries with the aim of enhancing the Company's collective strength and changing the way employees think.

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.



# Social Contribution Activities

## Contributing to Communities via Activities Credit Saison Is Best at

Through our co-sponsorship of educational programs and activities focused on education and environmental conservation such as our running of Akagi Nature Park, we effectively harness our unique know-how, our management resources, and the experience and knowledge of each of our employees to support the growth of the children who will lead the next generation.

Our support for sports and cultural events and donation initiatives is another way we actively participate in social contribution activities.

### Activities Focused on Education



Gakken's "Learn from 'Manga'" series for elementary school students  
Publication of "The Secret of Credit Cards" (2012)



Family Day workplace tours for children



### Participation in education programs

"Quest Education Program" supports the growth of junior high and high school students

"Nikkei Education Challenge" class for high school students

### 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 170,000 people have visited the park since it opened, with visitors topping 50,000 in fiscal 2014 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 thirty years, we are helping visitors experience the true magnificence of nature and enabling them to gain a deeper understanding of environmental conservation activities.



### Fiscal 2015 Co-sponsors





### Support for sporting activities

Since November 2001, Credit Saison has been a corporate supporter of the SAMURAI BLUE men's team, the NADESHIKO JAPAN women's team, and other Japanese national soccer teams that compete on the world stage. We support programs for children who aspire to be future representatives on Japan's national soccer teams, helping to implement "national flagbearer," "Welcome Kids," and other youth programs.



### Support for cultural 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.

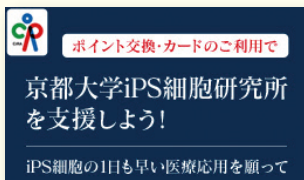


### Donation activities

With an environment in place to enable participation in social contribution activities, we offer cardmembers the opportunity to use Eikyufumetsu Points and credit card payments to make donations and support charitable activities.

- **Commencing donations to Center for iPS Cell Research**

As supporters of the activities of the Kyoto University-affiliated iPS Cell Research Fund, we run an initiative to enable cardmembers to support the Center for iPS Cell Research, led by Director Shinya Yamanaka, through Eikyufumetsu Points and credit card payments.



- **Enabling an Ophthalmologist to Keep Providing Free Eye Care in Vietnam**

We accept donations to the Asia Prevention of Blindness Association in support of Dr. Tadashi Hattori, who has provided ophthalmological care free of charge to patients in Vietnam and across Southeast Asia for over a decade.



- **Supporting Donations for Nepal Earthquake Relief**

We are accepting donations via Eikyufumetsu Points to provide relief funds for those affected by the April 25, 2015 earthquake that caused enormous damage in Nepal and neighboring countries (we plan to accept donations through July 31, 2015).

### Donations Using Eikyufumetsu Points



Nature Conservation Activities in Akagi Nature Park  
Akagi Nature Park



Japan Soccer Representatives Support Fund  
Donate to the Japan Football Association



Support for Rearing Guide Dogs  
Donations to the Japan Guide Dog Association



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

# THE CREDIT SAISON APPROACH TO CSR

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

### (1) To 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.

### (2) To contribute to society by fulfilling our responsibilities through our core business activities in the areas of credit cards and financing

Credit cards drive economic activity as extremely effective tools for settlements. Our priority is to prevent excessive use leading to heavy indebtedness, while ensuring that credit cards help to enrich the lives of our customers and contribute to economic development. As a finance company, we carefully manage private information in accordance with the Private Information Protection Law, and use it to prevent excessive indebtedness through the prudent provision of credit and appropriate monitoring after credit is provided.

#### ■ Appropriate management of private information

We manage private 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 “private information manager” qualification established by the Japan Consumer Credit Association. This qualification is now basically compulsory for employees who handle private information. Security measures have also been strengthened, with the use of leased lines, limited access authorization, encryption, and restricted access to data terminals. In May 2006, Credit Saison was authorized to use the PrivacyMark, a certification given to businesses with appropriate systems for handling private information, and we continue our efforts to maintain and enhance the protection level of private information.

#### ■ Preventing excessive indebtedness

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

### (3) To contribute to society in ways which are unique to Credit Saison

Tens of thousands of people, including our employees and their families, depend on the Credit Saison Group. We recognize our responsibilities as an employer and work constructively to resolve any employment issues.

As a leading-edge service company, we aim to use our business activities to provide services exceeding customer expectations in attention to detail and contribution to society.

#### ■ Creating Supportive, Professional 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 make our systems more supportive. For example, to enable female employees to continue working after marriage and childbirth, there are systems in place to enable them to work shorter hours or receive childcare leave until their children reach age three, and the way has been paved for men to also apply for childcare leave. Moreover, we offer a nursing care system for employees caring for older relatives, and have a program for actively rehiring retirees.

#### ■ Social Contribution Activities

In order to support charitable donations and offer social contribution activities that individual customers may find difficult to participate in on their own, we have prepared ways for them to take part in such activities by using their credit cards. Our regular lineup of rewards can be donated with “Saison Eikyufumetsu Points” (“Saison Permanent Points”) and other points that accrue in line with card usage.

# CORPORATE GOVERNANCE

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—our basic management policy. We secure this through the creation of innovative services and continuous corporate value improvement.

## Corporate Governance System

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

The Board of Directors consists of 15 directors, including two outside directors, one of which is an "independent director" appointed from outside the Company. Along with deciding on the operational implementation of important matters concerning management, the Board supervises business execution by directors. Directors serve for 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 are "independent directors" appointed from outside the Company. It determines audit policy and matters concerning the execution of other duties by audit & supervisory board members as well as compiling audit reports. Moreover, based on the premise that thoroughness in corporate governance is important to achieving continuous corporate value creation, the Audit & Supervisory Board strives to ensure internal control systems function well, reinforce risk management systems, and promote rigorous compliance.

In building internal control systems for operations, the Board of Directors decides on basic policies for putting properly functioning internal control systems into place with the aim of building systems that ensure

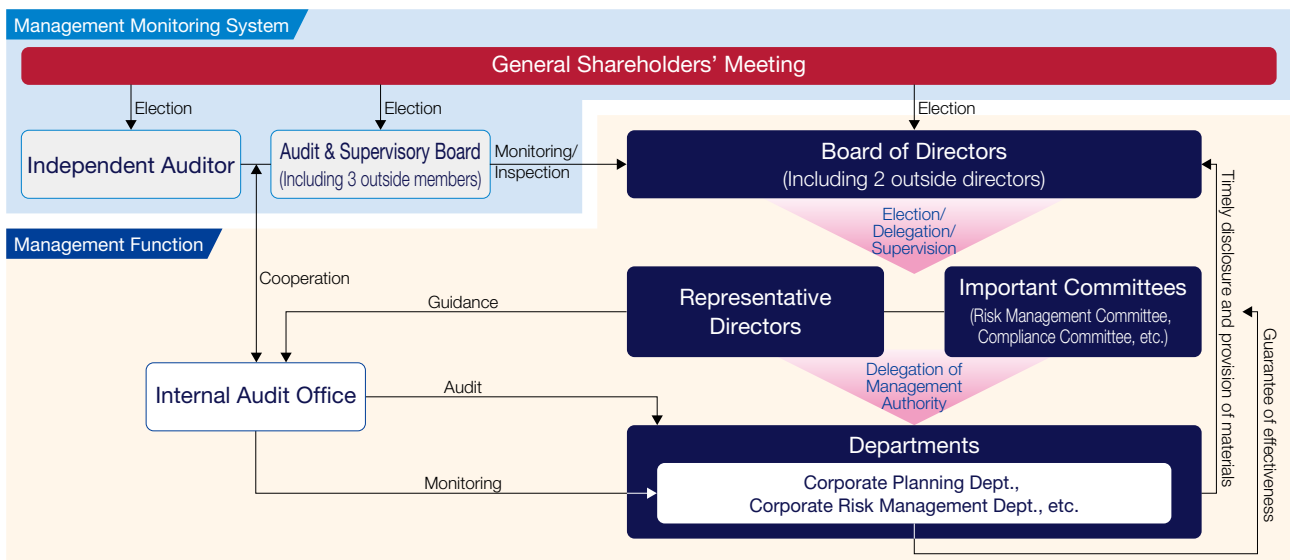
appropriate and efficient operations, centering on the Corporate Planning Department, where divisions tasked with supervision of internal controls reside. With regards to our response to regulation for financial reporting, the Corporate Risk Management Department leads the way in promoting the proper functioning of internal controls at the Company and consolidated Group companies, and those responsible in the Internal Audit Office carry 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 its 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 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 set up 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.

## Corporate Governance Structure



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

The Company has two outside directors and three outside audit & supervisory board members.

Directors, who have 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 two outside directors, one is an “independent director” appointed from outside the Company who is unlikely to have any conflicts of interest with common shareholders. Of the outside audit & supervisory board members, three are “independent directors” nominated by the Board of Directors, strengthening management supervisory functions.

\* All outside executives who meet the criteria to serve as non-employee “independent directors” on either the Board of Directors or the Audit & Supervisory Board are designated as “independent directors.”

## Selection Criteria for Outside Directors

For the selection of outside directors, the Company has adopted selection criteria in order to ensure appropriate and correct 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.

The Company has not established any specific criteria and policies regarding independence from the Company for the purpose of appointing outside directors or outside audit & supervisory board members. However, in the course of making new appointments, the Company gives due consideration to ensuring the independence of these executives by referring to the requirements for “independent directors” stipulated by the Guidelines Concerning Listing Control, etc. and the Securities Listing Regulations of the Tokyo Stock Exchange.

## Business Management Organization for Management Decision-Making, Execution and Supervision Other Conditions

Organization format	Company with statutory audit & supervisory board members
Number of directors stipulated by the Articles of Incorporation	Up to 25
Term of office for directors stipulated by the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of directors	15
Appointment of outside directors	Appointed
Number of outside directors	2
Of outside directors, the number who are “independent directors”	1
Appointment of outside audit & supervisory board members	Appointed
Number of outside audit & supervisory board members	3
Number of outside audit & supervisory board members designated as “independent directors”	3

The outside directors are briefed on the results of the audit & supervisory board members’ audits and accounting audits at meetings of the Board of Directors. The 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.

The outside audit & supervisory board members strive to strengthen cooperation with the accounting auditors and the Internal Audit Office, while working to enhance the effectiveness of audits by seeking briefings from the internal control divisions as necessary.

## Remuneration for Directors and Audit Board Members

The total amount of remuneration in fiscal 2014 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 amount (Millions of yen)	Total amount of remuneration by type (Millions of yen)		Number of persons
		Basic remuneration	Bonuses	
Directors (Excluding outside directors)	532	405	127	15
Audit & supervisory board members (Excluding outside audit & supervisory board members)	8	8	—	1
“Outside directors”	43	43	—	4

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, 2015, the Company had 14 directors and four audit & supervisory board members.

### Remuneration for Independent Auditors

Paragraph 1 of the Certified Public Accountants Law: ¥103 million  
Remuneration based on non-audit duties: ¥2 million

## Overview of Internal Control Systems

As per the Corporate Law, the Board of Directors has set basic policies for directors to build a system that ensures adequacy and efficiency of the Company’s business and compliance with laws, regulations and the Articles of Incorporation. These policies are based on the philosophy to “always realize profitable growth and maximize the satisfaction of customers and other stakeholders by pursuing innovative ideas and strategies.” With regards to our response to so-called J-SOX regulation for financial reporting internal controls, the Corporate Risk Management Department leads the way in promoting the proper functioning of internal controls at the Company and consolidated Group companies, and those responsible in the Internal Audit Office carry out independent monitoring. On this basis, reports are submitted to authorities on whether internal controls are effective. In building our internal control systems, we aim to build highly efficient and effective systems that help to maximize benefits for our stakeholders by maintaining appropriate business processes while increasing earnings performance and strengthening profits.

## Rigorous Implementation and Enhancement of Compliance

Based on this reinforcement of corporate governance and internal controls, the Compliance Committee and departments responsible for compliance are taking the lead in strengthening our compliance system to ensure our business activities are compliant with laws and regulations, and with standards of fairness and ethical behavior.

The director in charge of the departments responsible for compliance chairs the Compliance Committee and periodically convenes Compliance Committee meetings to deliberate on and determine compliance related matters, and, on this basis, submits reports to Board of Directors meetings.

To ensure familiarity and observance with Company rules, regulations and ethics, we have published standards and guidelines in *Our Compliance*, a pamphlet distributed to regular and contract employees. The Company is working to prevent misconduct and scandals by publicizing its compliance consultation desk. The consultation desk strives to create a user-friendly environment by maintaining systems inside and outside the Company for accepting inquiries, including dedicated addresses on the Company intranet and the Internet. When a report is received, departments responsible for compliance cooperate closely with an attorney and aim to quickly resolve the relevant matters, report to the Compliance Committee, and then take action to prevent reoccurrence. In addition, the Compliance Department invites outside lecturers to conduct compliance training for executives and training for senior management including division managers. The Company appoints compliance officers and compliance coordinators in each division, and the divisions take the initiative in conducting compliance training in cooperation with the Compliance Department. In addition, our compliance officers and compliance coordinators also play a role in controlling the Company's administrative risks.

## Security and Reliability of Information Systems

As the use of IT grows, maintaining the security and stability of information systems is becoming increasingly important to ensure that customers can rely on the Company's credit cards. We have implemented countermeasures against system disruptions, which may be caused by a wide variety of factors, including natural disasters, accidents or computer viruses, and higher system efficiency was achieved by centralizing clerical work. Credit Saison will continue efforts to keep its systems secure, reliable and efficient.

## Risk Management

To prevent and appropriately respond to risk, the Company has formulated risk management rules and rules concerning management of risk of loss and, through the Risk Management Committee and the Corporate Risk Management Office of the Corporate Planning Department, works 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 the risk management rules, rules

concerning management of risk of loss and crisis management rules, and the Board of Directors periodically examines the rules and issues revisions and improvements. In this way, the Company strives to maintain its risk management systems. We strive to ensure the stability of our management base in the event of a large-scale disaster or other emergency. To this end, we have prepared countermeasures to ensure the continuity of critical operations and reduce the risk of operational interruption as much as possible. We maintain control over factors within the Credit Saison Group that have the potential to create serious risks by monitoring the operations of Group companies under the affiliated company rules, which are administered primarily by the Group Strategy Office of the Corporate Planning Department. Our risk management systems are further enhanced through information-sharing with the management organizations of Group companies. Moreover, in the event that a risk occurs, the Company works to respond swiftly based on the crisis management rules, mainly administered through the Crisis Management Committee.

## Proactive Disclosure of Information

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

## Principles regarding Antisocial Forces

The Company declares the following principles in order to prevent damage that may be inflicted by groups and individuals that pursue economic interests by taking advantage of violence, force, and fraudulent techniques (so-called 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.

# BOARD OF DIRECTORS AND AUDIT & SUPERVISORY BOARD MEMBERS

(As of June 30, 2015)



**Hiroshi Rinno**  
President and CEO  
Overall Management  
Head of Credit Card Division



**Teruyuki Maekawa**  
Representative,  
Executive Vice President  
Assistant to the President,  
Head of Public Relations Office,  
Audit Office, and General Affairs Dept.



**Naoki Takahashi**  
Representative,  
Senior Managing Director  
Strategy Promotion  
Head of Corporate Planning Dept.,  
Internet Business Division, and  
Overseas Business Division



**Hiroshi Yamamoto**  
Managing Director  
Head of Finance Division,  
Commercial Payment Promotion Dept., and Mizuho-  
Alliance Development Dept., Card Finance Dept.



**Masahiro Yamashita**  
Managing Director  
Head of System Planning Dept.,  
Sales Development Division and General Manager,  
Credit Card Division, and  
Alliance Development Dept.



**Kazuhiro Hirase**  
Director  
General Manager,  
Sales Development  
Division



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



**Akihiro Matsuda**  
Director  
Overseas Management  
Dept.



**Teruhisa Aoyama**  
Director  
Head of Corporate Risk  
Management Dept., Treas-  
ury & Account Dept.



**Yoshihisa Yamamoto**  
Director  
System Planning Dept.



**Tatsunari Okamoto**  
Director  
Head of Customer Satisfac-  
tion Promotion Office, Affinity  
Business Dept. No. 2,  
Amex Promotion Dept.,  
and Corporate Sales Dept.



**Katsumi Mizuno**  
Director  
General Manager, Over-  
seas Business Division,  
Business Planning Dept.



**Masako Takeda**  
Director  
Head of Strategic Human  
Resources Dept. and  
Credit Division, General  
Manager, Strategic Human  
Resources Dept.  
Career Development Office



**Yasuhisa Ueno**  
Director (Outside)



**Reiko Yonezawa**  
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)

# REVIEW OF OPERATIONS

## Results for Fiscal 2014

The expansion in card shopping has continued attendant with the widening scope of credit card use and improved convenience, but the market for cash advances has not moved into full recovery, and entry by companies from other sectors into diversifying settlement services has intensified competition. As a result, business conditions remain highly challenging.

In this environment, Credit Saison aims to be a non-bank that can respond to change and grow as an integrated non-bank business. Among the ways we have sought to achieve these goals are: expanding cashless settlement services centered on credit cards, enhancing fee-based businesses by reinforcing our Internet business, strengthening non-bank businesses such as the lease and finance segments, and embarking upon full-scale entry into retail finance in Asia.

In the credit service segment, we seek to expand our customer base and support sustainable growth. Initiatives on this score include our focus within our premium card series Saison American Express® Card on enrollment of prospective platinum and gold cardmembers as they in particular offer the prospect of high utilization and high spending per transaction as well as enrollment for affinity cards where we work closely with partner merchants to attract prospective cardmembers and enrollment in cards for small and medium-sized companies (SMCs) and individual proprietors with support services helping businesses reduce their expense settlement workloads. As a result of these efforts, we added 2.37 million new cardmembers in fiscal 2014, a decrease of 6.4% year on year.

As an initiative to expand card transaction value, we are implementing several measures. These include regional revitalization campaigns, which aim to generate consumption via card use in regions across Japan, progress in spreading card use for settling recurring payments such as mobile phone subscriber fees and utility bills, and promotion of revolving credit repayment plans where salaried workers use seasonal bonuses to pay down outstanding debt. As a result, card shopping transaction value grew 6.1% year on year to ¥4,089.3 billion and the card shopping revolving credit balance increased to ¥294.9 billion, a 10.1% increase from the previous fiscal year-end. Thanks to measures we are advancing to stimulate continuing use of cash advances, the number of users moved into growth. While the balance of cash

advances edged down 1.0% from the previous fiscal year-end to ¥242.4 billion, cash advance transaction value is recovering, up 4.9% year on year to ¥288.1 billion.

In the lease segment, we strove to reinforce our trust-based relationships with existing mainstay partners through implementation of joint campaigns etc. and to strengthen our marketing to new priority partners. Lease transaction value declined 6.9% year on year to ¥106.8 billion due to the impact of the consumption tax hike and other factors.

At the finance segment, revenues grew due to steady trends in credit guarantees and loans. At the credit guarantee business, the balance of credit guarantees grew 13.9% from the previous fiscal year-end to ¥262.0 billion thanks to close cooperation with partner financial institutions in terms of both sales and administration, and the balance of "Saison Asset Formation Loans" grew.

As a result, operating revenues increased 4.6% year on year to ¥259.077 billion.

While we made progress in expanding high-quality receivables, we also transferred ¥9.9 billion to allowances for losses on interest repayments with an eye to the future, and recorded an extraordinary loss for a ¥8.5 billion disposal on some assets for a shared core system in development. In calculating our deferred tax assets for fiscal 2014, we reversed ¥6.6 billion in deferred tax assets attendant with the change in the effective statutory tax rate. As a result of these factors, ordinary income fell 1.6% year on year to ¥43.6 billion and net income dropped 50.6% to ¥12.6 billion.

Credit Saison attaches considerable importance to initiatives to reinforce its corporate structure and continuously expand its businesses, in order to increase shareholder value. Our fundamental policy on returning profits to shareholders calls for steady enlargement of retained earnings held as reserves to realize the initiatives described above, while delivering appropriate, stable, and continuous dividend payments to our shareholders. Based on this policy, we decided to keep our annual dividend for fiscal 2014 unchanged from the previous year at ¥30 per share. Based on our earnings forecasts for fiscal 2015, we plan to raise our dividend ¥5 per share for an annual dividend of ¥35 per share.

## Results by business segment

	Billions of yen					
	Operating revenues			Operating income		
	2015	2014	% change	2015	2014	% change
Credit service	199.3	189.6	5.1	15.4	14.7	4.2
Lease	13.9	14.2	(2.3)	5.9	6.0	(1.8)
Finance	22.8	19.1	19.3	13.3	10.0	32.0
Real estate-related	13.1	12.6	3.3	4.5	3.8	15.8
Entertainment	11.0	13.0	(15.7)	1.1	1.6	(32.1)
Total	260.1	248.7	4.6	40.2	36.3	10.5
Intersegment transactions	(1.0)	(1.1)	—	0.0	0.0	—
Consolidated	259.1	247.5	4.6	40.2	36.3	10.5

\*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)
	2015	2014	2013	2012	2011	2010	2015
<b>CONSOLIDATED</b>							
<b>For the year:</b>							
Operating revenues (Note 1)	¥ 259,077	¥ 247,577	¥ 244,405	¥ 244,009	¥ 285,713	¥ 306,855	\$ 2,155,741
Selling, general and administrative expenses	206,193	197,852	187,171	192,185	235,759	246,305	1,715,699
Financial costs	12,723	13,389	14,922	19,958	22,577	24,377	105,865
Operating income	40,161	36,336	42,312	31,866	27,377	36,173	334,177
Net income (loss)	12,629	25,551	32,770	9,454	12,830	18,680	105,082
<b>At year-end:</b>							
Total equity	¥ 447,083	¥ 422,830	¥ 394,868	¥ 355,727	¥ 347,916	¥ 341,405	\$ 3,720,110
Total assets	2,373,299	2,285,943	2,141,802	2,155,906	2,231,247	2,374,129	19,747,871
Interest-bearing debt (Note 2)	1,557,836	1,468,740	1,359,856	1,409,802	1,657,832	1,776,827	12,962,524
<b>Per share data (in yen and U.S. dollars):</b>							
Net income (loss) per share	¥ 68.77	¥ 139.15	¥ 178.45	¥ 51.48	¥ 69.86	¥ 102.48	\$ 0.57
Equity per share	2,424.05	2,283.29	2,131.58	1,920.65	1,879.98	1,845.82	20.17
<b>Key financial ratios (%):</b>							
Return on equity (ROE)	2.9	6.3	8.8	2.7	3.8	5.7	
Return on assets (ROA)	0.5	1.2	1.5	0.4	0.6	0.8	
Equity ratio	18.8	18.3	18.3	16.4	15.5	14.3	
<b>NON-CONSOLIDATED</b>							
<b>For the year:</b>							
Operating revenues (Note 1)	¥ 219,337	¥ 205,873	¥ 204,121	¥ 210,207	¥ 239,657	¥ 257,924	\$ 1,825,067
Selling, general and administrative expenses	169,900	160,927	149,844	153,505	194,194	205,042	1,413,710
Financial costs	14,067	15,119	16,882	18,809	19,977	22,221	117,046
Operating income	35,370	29,826	37,394	37,893	25,484	30,661	294,311
Net income (loss)	11,316	18,637	24,147	5,613	7,596	16,137	94,157
<b>At year-end:</b>							
Total equity	¥ 388,470	¥ 367,808	¥ 349,202	¥ 322,502	¥ 320,303	¥ 319,712	\$ 3,232,403
Total assets	2,287,986	2,200,459	2,051,908	2,059,435	2,097,773	2,200,459	19,037,995
Interest-bearing debt (Note 2)	1,549,539	1,454,332	1,334,302	1,364,960	1,571,610	1,645,206	12,893,485
<b>Key financial ratios (%):</b>							
Return on equity (ROE)	5.2	5.2	7.2	1.8	2.4	5.2	
Return on assets (ROA)	0.9	0.9	1.2	0.3	0.4	0.7	
Equity ratio	16.7	16.7	17.0	15.7	15.3	14.5	
<b>NON-CONSOLIDATED Transaction volume:</b>							
Card shopping	¥ 4,089,390	¥ 3,852,980	¥ 3,547,050	¥ 3,402,494	¥ 3,953,411	¥ 3,844,670	\$ 34,027,205
Cash advances	277,026	264,092	260,089	266,904	371,403	604,347	2,305,089
Specialty loans	74,687	45,506	32,950	34,597	36,514	43,768	621,460
Agency services (Note 3)	2,434,825	2,303,998	2,166,062	2,112,431	1,362,275	1,310,419	20,259,816
Leases	106,801	114,694	105,356	96,852	92,709	100,893	888,676
Guarantees	137,335	126,281	115,297	92,837	73,375	85,637	1,142,748
Others	33,732	30,005	23,869	20,482	22,894	23,380	280,683
Total transaction volume	¥ 7,153,796	¥ 6,737,558	¥ 6,250,675	¥ 6,026,599	¥ 5,912,587	¥ 6,013,118	\$ 59,525,677

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 ¥120 = U.S.\$1, the approximate exchange rate on March 31, 2015, for the convenience of the reader.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal year ended March 31, 2015

## 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 about 80% of the Company's total operating revenue in fiscal 2014.

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.

## II. ANALYSIS OF INCOME STATEMENTS

### 1. Market Environment

In fiscal 2014, the Japanese economy continued to recover gradually with consumer spending trending firmly along a bottom amid improving trends in corporate profits and employee incomes despite a fallback in some segments after rush demand ahead of the consumption tax hike.

In the non-bank sector where Credit Saison resides, the expansion in card shopping has continued attendant with the widening scope of credit card use and improved convenience, but the market for cash advances has not moved into full recovery, and entry by companies from other sectors into diversifying settlement services has intensified competition. As a result, business conditions remain highly challenging.

### 2. Operating Revenues

At the operating revenues level, the mainstay credit service segment sought to expand its customer base with a view to supporting sustainable growth. Initiatives on this front included our focus within our premium card series Saison American Express® Card on enrollment of prospective platinum and gold cardmembers as they in particular offer the prospect of high utilization and high spending per transaction as well as enrollment for affinity cards where we work closely with partner merchants

to attract prospective cardmembers and enrollment in cards for small and medium-sized companies (SMCs) and individual proprietors with support services helping businesses reduce their expense settlement workloads. As a result of these efforts, we added 2.37 million new cardmembers in fiscal 2014, a decrease of 6.4% year on year.

As an initiative to expand card transaction value, we are implementing several measures. These include regional revitalization campaigns, which aim to generate consumption via card use in regions across Japan, progress in spreading card use for settling recurring payments such as mobile phone subscriber fees and utility bills, and promotion of revolving credit repayment plans where salaried workers use seasonal bonuses to pay down their outstanding debt. As a result, card shopping transaction value grew 6.1% year on year to ¥4,089.3 billion and the card shopping revolving credit balance increased to ¥294.9 billion, a 10.1% increase from the previous fiscal year-end. Thanks to measures we are advancing to stimulate continuous use of cash advances, the number of users moved into growth. While the balance of cash advances edged down 1.0% from the previous fiscal year-end to ¥242.4 billion, cash advance transaction value is recovering, up 4.9% year on year to ¥288.1 billion.

As an initiative to expand the scope of settlements, we are stepping up our promotion of international brand prepaid cards via tie-ups with and consignments from partners such as leading drugstore chain cocokara fine Inc., KDDI Corp., and WebMoney Corp. We also worked to expand where cards can be used, partnering with LIXIL Corp. and Coiney, Inc. to start providing a service that enables onsite card settlements via a mobile terminal when a renovation project is completed.

Furthermore, we are working to add more Internet members, who form the basis of our Internet business. The total number of Internet members grew 12.6% from the previous fiscal year-end to 11.21 million. We continue to add and improve functions at Eikyufumetsu.com online, where cardmembers can accrue up to 30 times as many Eikyufumetsu Points for internet shopping versus shopping at an online site directly. With smartphone app downloads of more than 500,000 from the "Saison Portal" and "UC Portal," which we launched as new communication tools for Internet members, these offerings have helped encourage use of our entire suite of net services.

We are taking steps toward full entry into the retail finance

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

	Millions of yen		
	2015	2014	% change
Cost of uncollectible receivables	27,857	24,880	12.0
Included in the above:			
Allowance for losses on accounts receivable	13,702	10,471	30.9
Losses on accounts receivable	—	3	—
Provision for losses on interest repayment	9,999	10,851	(7.9)
Allowance for losses on guarantees	4,156	3,554	16.9
SG&A expenses excluding cost of uncollectible receivables	178,336	172,971	3.1
Included in the above:			
Advertising expenses	20,429	19,333	5.7
Provision for point program	12,701	12,748	(0.4)
Personnel expenses	42,820	42,768	0.1
Fees paid	59,876	54,399	10.1
Total SG&A expenses	206,193	197,852	4.2

(Year ended March 31)

sector in Asia, opening a representative office in Indonesia, setting up a hub office for the region in Singapore, and forming an operational tie-up and taking an equity stake in Matchmove Pay Pte., Ltd., a Singapore-based virtual prepaid card business in the e-commerce settlement space in Southeast Asia, which is expected to grow rapidly.

As a result of the above, operating revenues at this business as a whole increased.

At the lease segment, operating revenues declined due to a decline in transaction value on a fallback after rush demand that accompanied the April 2014 consumption tax hike.

At the finance segment, operating revenues grew on a steady trend in the guarantee balance at the credit guarantee business, up 13.9% from the previous fiscal year-end to ¥262.0 billion on close cooperation with partner financial institutions in terms of both sales and administration, as well as an increase in the "Saison Asset Formation Loan" balance.

At the real estate-related segment, income from the real estate-related business increased on higher margins due to rebounding real estate prices.

At the entertainment segment, earnings were down due to a fall in operating revenues.

Consequently, operating revenues reached ¥259.077 billion, up 4.6% year on year.

Despite a decline in financial costs on an improved fund-raising environment, operating expenses increased 3.6% year on year to ¥218.916 billion. This reflected an increase in linked costs attendant with growth in card transaction value, a higher tax burden due to the consumption tax hike, and a transfer to the allowance for losses on interest repayments based on projected future trends in interest repayment claims.

As a result of the above, operating income grew 10.5% year on year to ¥40.161 billion.

### 3. Operating Expenses and Operating Income

Despite a decline in financial costs on an improved fund-raising environment, operating expenses increased 3.6% year on year to ¥218.916 billion. This reflected an increase in linked costs attendant with growth in card transaction value, a higher tax burden due to the consumption tax hike, and a transfer to the allowance for losses on interest repayments based on projected future trends in interest repayment claims.

As a result of the above, operating income grew 10.5% year on year to ¥40.161 billion.

### 4. Nonoperating Revenues and Expenses

Nonoperating revenues came to ¥6.883 billion (down 36.2% year on year), while nonoperating expenses totaled ¥12.813 billion (up 307.9% year on year).

## 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 largement of retained earnings held as reserves to realize the aforementioned initiatives, while delivering appropriate, stable, and continuing dividend payments to its shareholders.

The Company also 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 Business Segment

The businesses in this segment include the Company's credit card shopping business and servicing (loan collection agency) business. In the credit card sector, the areas in which people use credit cards are expanding year by year, and the shift away from cash in favor of credit card settlement is continuing, with cards increasingly being used for settlement of small amounts, as well as for online shopping. In addition to changes in the earnings structure of the card business due to the effect of regulations such as the amended Money Lending Business Act, we expect business conditions to remain challenging due to fiercer competition in the settlement business etc. on the entry of companies from other sectors into credit cards, e-money, prepaid cards, and shared-platform loyalty points programs.

Amid this situation, Credit Saison sought to reinforce its revenue base by expanding cashless settlement services centered on credit cards, as well as enhancing its fee-based business by bolstering its Internet business, and embarking upon full-scale entry into retail finance in Asia. In addition, the Company has sought to improve operational efficiency by such means as strengthening initiatives to deal with credit risk and revising the cost structure to take account of cost-effectiveness.

In fiscal 2014, operating revenue rose 5.1% year on year to ¥199.271 billion and operating income climbed 4.2% to ¥15.336 billion.

#### 1) Credit Card Shopping Business

In fiscal 2014, we added 2.37 million new cardmembers, a decrease of 6.4% year on year. The total number of cardmembers at the end of fiscal 2014 inched up 0.9% from the previous fiscal year-end to 24.97 million, and the number of active cardmembers for the year rose 2.7% year on year to 14.58 million.

The card shopping transaction value came to ¥4,089.3 billion (up 6.1% year on year) in fiscal 2014, while the card shopping revolving credit balance at the fiscal year-end stood at ¥294.9 billion (up 10.1% from the previous fiscal year-end). In contrast, the cash advance balance fell 1.0% from the previous fiscal year-end to ¥242.4 billion.

#### ■ Key Initiatives in the Credit Card Shopping Business During Fiscal 2014

- **Enhancing Cashless Settlement Services Through Credit Cards**  
Credit Saison seeks to realize a cashless society through initiatives to break the dominance of the cash market, which represents the dominant transaction settlement method for consumer spending in Japan. To this end, the Company is working to develop and provide a variety of cashless settlement methods centered on credit cards, prepaid cards, and other instruments.

At the credit card business, we continued to strengthen efforts at enrolling cardmembers in our premium card series Saison American Express® Card, with a particular focus on prospective platinum and goldcard members as they offer the prospect of high utilization and high spending per transaction. We also worked with alliance partners to promote card use and enroll new cardmembers in the Walmart Card Saison American

Express® Card, which is issued by Walmart Japan Holdings G.K. and Seiyu G.K., the Mitsui Shopping Park Card Saison, which is issued by Mitsui Fudosan Co., Ltd. and Mitsui Fudosan Retail Management Co., Ltd., and other cards.

Along with a variety of ways to enable payments for shopping such as revolving credit and repayment plans for salaried employees who receive seasonal bonuses, we worked to increase card shopping transaction value by pressing ahead with converting cardmembers to card settlements for recurring payments such as utility bills and mobile phone subscriber fees. We also sought to boost card shopping by promoting regional revitalization campaigns, which aim to generate consumption via card use, together with other card companies and retailers in districts such as Sapporo's Chitose, Tokyo's Ikebukuro, Kichijoji, and Nishonbashi, Fukuoka's Tenjin, etc. and cities such as Hiroshima.

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 systems), Miroku Jyoho Service Co., Ltd. (develops and markets finance and accounting systems as well as management information systems), and Freee (provides fully automated, cloud-based accounting software "freee"). We also worked to expand the scope of cashless settlements in the corporate transaction space by providing optimal solutions matched to the size and needs of companies. Our lineup of corporate cards, which include ones for large companies, for small and medium-sized firms, and for individual proprietors, help companies and individual proprietors sharply reduce their expense settlement workloads.

As for initiatives to expand the scope of settlements, we bolstered the advancement of international prepaid cards. These include the Visa prepaid card COCOKARA CLUB CARD, issued with partner cocokara fine Inc., a leading drug store chain; the au WALLET card, a MasterCard® prepaid card, and the WebMoney Card with a MasterCard® prepaid feature issued with alliance partners KDDI Corp. and WebMoney Corp.

Partnering with LIXIL Corp. and smartphone settlement service Coiney, Inc., Credit Saison has since October 2014 commenced a service dubbed the "LIXIL home renovation card settlement service" that enables onsite card settlements via a mobile terminal such as a smartphone or tablet when a renovation project is completed. We have partnered with iRidge, Inc. and others since February 2015 to provide "C-less," a simple smartphone settlement service for users who have registered their credit cards beforehand that enables them to make payments in stores without presenting the cash or credit cards they have with them.

Along with the credit cards we have issued thus far, we are developing prepaid services and a next-generation settlement platform for the smartphone era to deliver safe, simple, and convenient settlement services in an effort to establish earnings sources in the cashless settlement market.

#### • Enhancing Fee-based Business via the Internet

In our push to strengthen fee-based businesses using the Internet, we are working to add more Internet members, who form the basis of our Internet business. Our Internet members grew to 11.21 million, up 12.6% from the previous fiscal year-end. With smartphone app downloads of more than 500,000 from the "Saison Portal" and "UC Portal," which we launched as new communication tools for Internet members, these portals have helped encourage usage of

our entire suite of net services.

We continue to add and improve functions at Eikyufumetsu.com online, where cardmembers can accrue up to 30 times as many Eikyufumetsu Points for internet shopping versus shopping at an online site directly. As a result, the number of clients we directed to online shopping sites with links to Eikyufumetsu.com surged about 20% year on year. Moreover, the marketing business, which harnesses big data like card use history and web access history, was able to increase transactions with a broad swath of sectors, including an array of manufacturers and real estate-related companies.

We aim to pursue open innovation with startups and the development of new business with leading Internet companies with attractive customer bases and technologies in the rapidly-changing Internet business space. The operational tie-ups we launched in fiscal 2014 include (1) a service integrating bodily-injury liability insurance with the clinical counseling service of M3, Inc., which provides medical-related services online, that commenced in October 2014; (2) a service tie-up with Toppan Printing Co., Ltd.'s shufool, a site with smartphone apps for viewing e-flyers and e-bulletins, that commenced in December 2014; and (3) an e-commerce site with an eclectic selection of luxury items and services directly run by LUXA, an operator of sites with limited-time offers for luxury goods and services, that commenced in December 2014.

In July 2014, we formed capital alliances with a field-tested "online to offline" (O2O) platform and with iRidge, Inc., a site providing geo-location data from smartphones. In December 2014, we formed a capital alliance with Money Forward, Inc., a provider of cloud-based accounting software to corporations and personal expense management services to individuals. We are also working to develop our own original services, and are pressing forward with further expansion of our Internet business via rapid response in a market where business needs change rapidly.

#### • Credit Risk Management

Credit Saison is working to prevent the emergence of delinquent receivables by strengthening appeals for payment before deadlines while taking steps to recover overdue receivables swiftly and continuing to ensure payment of receivables through credit counseling. Moreover, we are working toward further expansion of healthy receivables through stronger monitoring and appropriate credit checks based on ample consideration of both the internal and external environment and the income versus risk tradeoff during the initial and intermediate credit checks.

Consequently, the Company is making steady progress in improving the state of its receivables. It will continue to implement thorough credit control that achieves a balance between revenue and risk, by strengthening its credit and debt recovery systems to take account of various changes in the environment.

#### • Full-scale Entry into Retail Finance in Asia

With the aim of speeding up our overseas business expansion in China and ASEAN nations, rapidly-growing markets we see as future earnings pillars, the Credit Saison Group in April 2014 opened a representative office in Indonesia, where retail finance needs are expected to grow as more of the population moves into the consumer economy in the medium- to long-term, and in May 2014 established Credit Saison Asia Pacific Pte. Ltd. in Singapore as a hub office to support business development in ASEAN nations.

In November 2014, we formed a capital alliance with Matchmove Pay Pte., Ltd., a Singapore-based virtual prepaid card company in the e-commerce settlement space in rapidly growing Southeast Asia. Through our investment, we aim to bolster our business as a leader in prepaid cards in Japan and overseas, along with speeding up our entry into Southeast Asian nations.

In Vietnam, we formed a comprehensive capital tie-up with Ho Chi Minh Development Joint Stock Bank (HD Bank) as part of an agreement to jointly advance a retail finance business in Vietnam. Through this investment and operational alliance, we will press ahead with the provision of products and services that match consumer needs such as credit cards and loans in Vietnam's retail finance market, which is expected to grow rapidly. Our aim is to build Vietnam's No. 1 integrated retail finance company while playing a part in promoting growth in Vietnam's economy.

We are preparing a foundation for a longer-term overseas strategy with an eye on forming strategic partnerships with local companies and Japanese companies expanding in these markets to enable us to advance in Asia's non-bank sector.

#### ■ New Developments and Future Initiatives

In December 2014, we invested in Coin, Inc., a U.S. startup that aggregates up to eight conventional magnetic stripe credit cards into a single digital card. The "Coin" device developed by the startup enables the owner, with the press of its sole button, to access up to eight cards (credit, prepaid, and loyalty cards) that have been registered in advance on the credit-card-sized smart device. Our aim with this investment is to increase our card transaction volume by providing our cardmembers in the future with new value and greater convenience.

We seek to collaborate on global services with leading-edge overseas startups to promote innovation in a variety of business spaces as a leading service company and to accelerate our growth as a non-bank firm.

### 2) Servicing (Loan Collection Agency) Business

Credit Saison's subsidiary JPN Holdings Co., Ltd. is mainly involved in contract-based servicing of small unsecured loans. While the number of contracts for government ministries and agencies for services outsourced to the temp staff placement business increased, the number of contracts from mainstay existing non-bank clients declined, resulting in reduced revenues at this business as a whole attendant with the improvement at non-bank companies in the soundness of their receivables and the trend in bringing receivables management back in-house.

### 2. Lease Business Segment

In fiscal 2014, lease transaction value declined 6.9% year on year to ¥106.8 billion due to the consumption tax increase and other factors. In the lease segment, we strove to reinforce our trust-based relationships with existing mainstay partners through implementation of joint campaigns etc. and to strengthen our marketing to new priority partners. As a result of these campaigns and concurrent endeavors to hold down credit costs through efforts to restore leases to soundness, operating revenues fell 2.3% year on year to ¥13.943 billion and operating income declined 1.8% to ¥5.919 billion. According to statistics released by the Japan Leasing Association, the value of leases for the lease industry as a whole from April 2014 through March 2015 declined 9.1% year on year to ¥4,815.0 billion.

### 3. Finance Business Segment

The finance segment is composed of the credit guarantee side and the finance-related side. At the credit guarantee side, 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 administration.

At the finance-related side, we worked to build up healthy loans in our portfolio by responding to the needs of our partners, namely with the "Flat 35" JFHA-conforming home loan and "Saison Asset Formation Loans."

As a result, in fiscal 2014, operating revenues at the finance segment rose 19.3% year on year to ¥22.810 billion and operating profit increased 32.0% to ¥13.294 billion.

#### 1) Credit Guarantee Business

Credit Saison focused on securing high-quality transactions through close collaboration with partner financial institutions in terms of both marketing and administration, particularly in guarantees for personal, multi-purpose loans on deeds.

The Company 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 2014, Credit Saison formed new partnerships with 16 regional financial institutions, bringing the total number of partner institutions to 382 (a net increase of 14 from the total at the previous fiscal year-end). The guarantee balance (before deductions for the allowance for loss on guarantees) increased 13.9% from the previous fiscal year-end to ¥262.0 billion.

#### 2) Other Finance-related Business

Due to the impact of the consumption tax hike etc., the number of "Flat 35" home loans executed decreased 6.7% year on year to 2,512 in fiscal 2014, with a loan value totaling ¥70.5 billion (down 7.2%). With special perks for cardmembers and the trust and reinsurance we built up through our credit card business, the "Flat 35" loan balance (balance after the transfer of receivables to the Japan Housing Finance Agency) increased 29.8% from the previous fiscal year-end to ¥283.8 billion.

The number of "Saison Asset Formation Loans" executed increased 15.2% year on year to 1,399 for a total loan value of ¥37.3 billion (up 34.1%) and the loan balance expanded 112.2% from the previous fiscal year-end to ¥67.7 billion. We began offering "Saison Asset Formation Loans" in January 2013.

The balance of receivables held at the other finance-related business increased 36.4% from the previous fiscal year-end to ¥143.8 billion as of March 31, 2015.

### 4. Real Estate-related Business Segment

This segment is composed of the real estate leasing business. In fiscal 2014, operating revenue rose 3.3% year on year to ¥13.089 billion and operating income climbed 15.8% to ¥4.514 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 2014, operating revenues fell 15.7% year on year to ¥10.976 billion and operating income dropped 32.1% to ¥1.094 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 arm's length 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 endeavor to procure funds directly, issuing corporate bonds and commercial paper. As of March 31, 2015, our consolidated interest-bearing debt stood at ¥1,557.8 billion, including off-balance sheet securitization totaling ¥43.0 billion and lease obligations of ¥2.0 billion. Of this, loans accounted for 68.8% of our debt funding, corporate bonds for 17.3%, commercial paper for 9.6%, and securitization of receivables, etc. for 4.3%.

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, as well as using corporate bonds and commercial paper, Credit Saison is aiming to mitigate liquidity risk and reduce costs by establishing 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 CP.

#### • Liquidity Management

Of the Credit Saison Group's assets, 61.2% 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

The cash flow used in operating activities in fiscal 2014 reached ¥85.718 billion, compared to ¥80.534 billion during the previous fiscal year.

This was mainly due to outflows of ¥56.239 billion arising from a net increase in installment receivables and other trade receivables and outflows of ¥38.286 billion from a sharp net decline in accounts payable and other trade obligations but these were partly offset by income before income taxes and minority interests of ¥34.231 billion.

#### • Cash Flows from Investing Activities

The cash flow used in investing activities in fiscal 2014 reached ¥3.676 billion, compared to ¥7.675 billion during the previous fiscal year.

This was mainly due to expenditures of ¥30.510 billion arising from the acquisition of intangible and tangible fixed assets, such as the development of a shared core system, partly offset by proceeds of ¥27.233 billion from real estate liquidation.

#### • Cash Flows from Financing Activities

In fiscal 2014, the cash flow from financing activities reached ¥88.433 billion, compared with an inflow of ¥83.364 billion in the previous fiscal year.

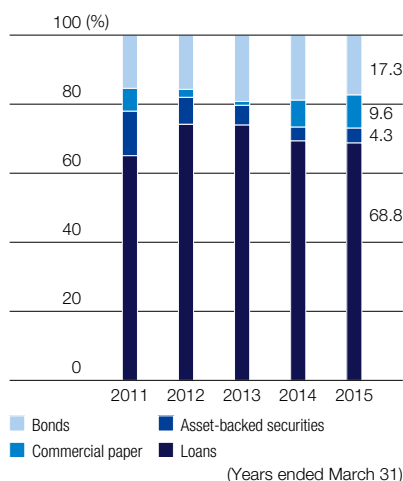
This was mainly due to a ¥195.220 billion inflow from long-term borrowings and a ¥35.0 billion net increase in commercial paper, with outflows of ¥160.010 billion on long-term debt repayment.

Consequently, cash and cash equivalents fell by ¥898 million from the end of the previous fiscal year to ¥51.781 billion.

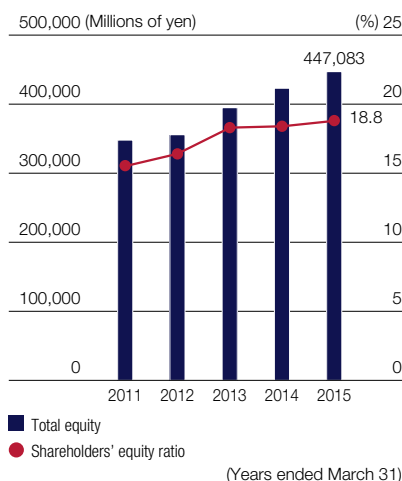
### 3. Assets, Liabilities, and Equity

Total assets as of March 31, 2015 rose by ¥87.355 billion from the previous fiscal year-end to ¥2,373.299 billion. This was mainly due to a ¥56.036 million increase in installment receivables on growth in card shopping transaction value as well as a ¥27.913 billion increase in investment securities due to changes in their market value.

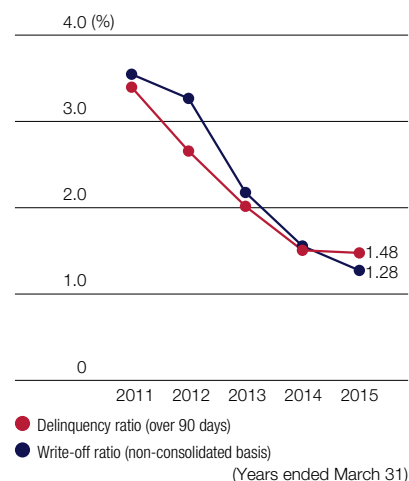
#### Composition of interest-bearing debt



#### Total equity and shareholders' equity ratio



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



Total liabilities as of March 31, 2015 increased ¥63.103 billion to ¥1,926.216 billion. This was mainly due to a ¥38.286 billion decrease in notes payable and accounts payable but an increase of ¥94.096 billion in interest-bearing liabilities.

Equity at the end of fiscal 2014 increased ¥24.252 billion from the end of the previous fiscal year to ¥447.083 billion. This mainly reflected a ¥18.464 billion increase in the valuation difference on available-for-sale securities, and a ¥7.117 billion increase in retained earnings.

## VI. CREDIT RISKS

Of total receivables (the balance obtained by adding contingent liabilities to the balance of installment receivables and the balance of lease investment assets on a managed basis), the balance of receivables overdue by more than 90 days totaled ¥36.958 billion (down 15.5% year on year). The allowance for uncollectible receivables (current assets) fell to ¥45.099 billion (down 12.7% year on year). Consequently, the sufficiency ratio in relation to the balance of receivables overdue by more than 90 days fell to 154.1% from 180.1% at the end of the previous fiscal year.

### Comparison of delinquent receivables and the allowance for receivables

	Millions of yen		
	2015	2014	% change
(1) Receivables	1,983,595	1,899,880	4.4
(2) Receivables overdue by more than 90 days	36,958	43,740	(15.5)
(3) Collateralized portion included in (2)	7,695	15,043	(48.8)
(4) Allowance for losses on receivables included in current assets	45,099	51,677	(12.7)
Receivables overdue by more than 90 days as a percentage of receivables [(2) ÷ (1)]	1.9%	2.3%	—
Ratio of allowance for uncollectible receivables to receivables overdue by more than 90 days [(4) ÷ ((2) - (3))] (sufficiency ratio)	154.1%	180.1%	—
(Reference) Receivables overdue by more than 90 days excluding collateralized portion as a percentage of receivables [(2) - (3)] ÷ (1)]	1.5%	1.5%	—

(Year ended March 31)

### Changes in the allowance for uncollectible receivables

	Millions of yen		
	2015	2014	% change
Allowance for uncollectible receivables at the beginning of the year	62,381	82,952	(24.8)
Increase	17,600	13,955	26.1
Decrease	27,418	34,526	(20.6)
Allowance for uncollectible receivables at the end of the year	52,563	62,381	(15.7)
(Reference) Losses on receivables	—	3	—

(Year ended March 31)

## VII. RISK INFORMATION

The following presents an overview of matters that could exert a significant influence on investor decisions as well as the Credit Saison Group's earnings and financial status. 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. Operating 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 Business. 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. Changes 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 services 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 has 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 has 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, 2016

In fiscal 2015, amid expected steady improvements in corporate profits, employment, and employee incomes, a gradual recovery trend, including for personal consumption, is expected to continue. We expect the environment in the credit card industry, however, to remain challenging due to entry by companies from other sectors into a payments space that is diversifying with the rise of prepaid cards, smartphone settlements, and the like.

Amid this business environment, we are working on our next priority initiatives while making early-stage investments that build our future business foundation as we seek to grow as an integrated non-bank business.

- Expanding cashless settlement services via the provision of various settlement services such as credit cards and prepaid cards.
- Enhancing fee-based businesses, centering on the Internet business, and developing our advertising and marketing business by harnessing client data
- Diversifying our sources of profits by providing financial functions that match market needs at the lease segment and the finance segment
- Embarking on full entry into retail finance in Asia through collaboration with local business partners
- Adding muscle to our operations by restoring receivables to soundness and improving our cost structure through a system of stricter credit management and receivables recollection.

Based on the above, our fiscal 2015 consolidated forecasts are for operating revenues of ¥268.0 billion, operating income of ¥50.0 billion, ordinary income of ¥54.5 billion, and net income of ¥35.0 billion. The Company's non-consolidated forecasts are for operating revenues of ¥230.0 billion, operating income of ¥43.3 billion, ordinary income of ¥46.0 billion, and net income of ¥27.5 billion.

# CONSOLIDATED BALANCE SHEET

Credit Saison Co., Ltd. and Consolidated Subsidiaries  
As of March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2015	2014	2015
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and deposits (Note 11)	¥ 51,836	¥ 52,742	\$ 431,323
Receivables and lease investment assets:			
Accounts receivable—installment (Notes 4, 11, and 28)	1,453,313	1,397,065	12,092,802
Lease investment assets (Notes 5, 10, and 11)	226,025	225,334	1,880,724
Short-term loans receivable (Note 11)	6,733	6,480	56,024
Less: Allowance for doubtful accounts	(45,099)	(51,678)	(375,264)
	<b>1,640,972</b>	<b>1,577,201</b>	<b>13,654,286</b>
Operational investment securities (Notes 11 and 12)	25,531	18,980	212,440
Inventories (Note 6)	106,112	94,435	882,940
Deferred tax assets (Note 14)	11,884	10,754	98,888
Prepaid expenses and other current assets (Note 28)	30,163	21,588	250,976
Total current assets	<b>1,866,498</b>	<b>1,775,700</b>	<b>15,530,853</b>
<b>Property and Equipment, at Cost:</b>			
Lease assets (Note 10)	9,945	10,053	82,750
Buildings and improvements (Note 7)	45,416	44,289	377,897
Fixtures and equipment (Note 7)	22,830	23,771	189,972
Total	<b>78,191</b>	<b>78,113</b>	<b>650,619</b>
Less: Accumulated depreciation	(49,081)	(46,883)	(408,396)
Net property and equipment	<b>29,110</b>	<b>31,230</b>	<b>242,223</b>
Land (Note 7)	29,368	30,507	244,369
Construction in progress	807	1,097	6,713
Total property and equipment	<b>59,285</b>	<b>62,834</b>	<b>493,305</b>
<b>Investments and Other Assets:</b>			
Investment securities (Notes 11 and 12)	91,792	70,718	763,784
Investments in unconsolidated subsidiaries and affiliated companies (Note 11)	66,368	59,527	552,235
Long-term loans receivable (Note 11)	11,223	11,206	93,389
Intangible assets	149,626	138,941	1,245,016
Lease deposits	4,768	4,966	39,678
Liquidation business assets (Notes 7 and 20)	72,438	104,079	602,745
Deferred tax assets (Note 14)	54,896	64,721	456,777
Others	3,869	3,955	32,195
Less: Allowance for doubtful accounts	(7,464)	(10,704)	(62,106)
Total investments and other assets	<b>447,516</b>	<b>447,409</b>	<b>3,723,713</b>
Total assets	<b>¥ 2,373,299</b>	<b>¥ 2,285,943</b>	<b>\$ 19,747,871</b>

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



	Millions of yen		Thousands of U.S. dollars (Note 2)
	2015	2014	2015
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities:</b>			
Notes and accounts payable (Notes 11 and 28)	¥ 235,157	¥ 273,444	\$ 1,956,709
Short-term loans (Notes 9 and 11)	217,160	199,160	1,806,956
Current portion of long-term debt (Notes 5, 9, and 11)	205,173	227,729	1,707,210
Commercial paper (Notes 9 and 11)	150,000	115,000	1,248,128
Current portion of long-term lease obligations (Notes 9, 10, and 11)	873	1,270	7,268
Accrued income taxes	12,622	11,757	105,026
Unearned income	7,430	6,836	61,826
Accrued employees' bonuses	2,127	2,063	17,701
Accrued directors' bonuses	154	148	1,285
Allowance for losses on interest repayments	10,465	10,437	87,081
Allowance for losses on collecting gift tickets	160	167	1,327
Asset retirement obligations	443		3,685
Accrued expenses and other current liabilities (Note 14)	39,533	37,217	328,943
Total current liabilities	881,297	885,228	7,333,145
<b>Long-Term Liabilities:</b>			
Long-term debt (Notes 9 and 11)	940,424	875,377	7,825,129
Long-term lease obligations (Notes 9, 10, and 11)	1,206	2,205	10,036
Accrued retirement benefits to directors and audit supervisory board members	101	82	839
Allowance for losses on guarantees	4,555	4,297	37,900
Allowance for losses on defect warranties	5	18	42
Allowance for losses on point program	82,925	77,391	690,008
Allowance for losses on interest repayments	8,540	9,264	71,058
Asset retirement obligations	413	821	3,437
Others (Note 14)	6,750	8,430	56,167
Total long-term liabilities	1,044,919	977,885	8,694,616
<b>Commitments and Contingent Liabilities</b> (Notes 8 and 22)			
<b>Equity</b> (Note 24):			
Common stock	75,929	75,929	631,797
Capital surplus	84,838	84,838	705,925
Stock acquisition rights	0	0	0
Retained earnings	244,902	237,784	2,037,795
Less: Treasury stock, at cost	(6,126)	(6,123)	(50,971)
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities	46,519	28,054	387,078
Deferred losses on derivatives under hedge accounting	(935)	(1,201)	(7,785)
Total	445,127	419,281	3,703,839
Minority interests	1,956	3,549	16,271
Total equity	447,083	422,830	3,720,110
Total liabilities and equity	¥ 2,373,299	¥ 2,285,943	\$ 19,747,871

# CONSOLIDATED STATEMENT OF INCOME

Credit Saison Co., Ltd. and Consolidated Subsidiaries  
For the year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2015	2014	2015
<b>Operating Revenues</b> (Note 15):			
Income from the credit service business	¥ 197,891	¥ 188,251	\$ 1,646,625
Income from the lease business	13,912	14,241	115,758
Income from the finance business	22,810	19,113	189,797
Income from the real estate-related business	13,068	12,606	108,736
Income from the entertainment business	10,966	13,006	91,245
Financial income	430	360	3,580
Total operating revenues	259,077	247,577	2,155,741
<b>Operating Expenses:</b>			
Selling, general and administrative expenses (Notes 13 and 16)	206,193	197,852	1,715,699
Financial costs	12,723	13,389	105,865
Total operating expenses	218,916	211,241	1,821,564
<b>Operating Income</b>	40,161	36,336	334,177
<b>Nonoperating Revenues:</b>			
Gain on sales of property and equipment (Note 17)	600	2	4,995
Gain on sales of investment securities	230	1	1,916
Gain on sales of investments in subsidiaries and affiliates		91	
Dividend income	1,222	2,550	10,170
Equity in earnings of equity method-affiliated companies	2,388	5,645	19,866
Other	2,443	2,501	20,323
Total nonoperating revenues	6,883	10,790	57,270
<b>Nonoperating Expenses:</b>			
Loss on sales and disposals of property and equipment and intangible assets (Note 18)	8,618	393	71,706
Loss on devaluation of investment securities	733	2	6,097
Loss on devaluation of investments in unconsolidated subsidiaries and affiliated companies	181		1,506
Impairment losses (Note 19)	206	501	1,713
Loss on liquidation business (Note 20)	1,298	1,908	10,798
Other	1,777	337	14,793
Total nonoperating expenses	12,813	3,141	106,613
<b>Nonoperating Revenues (Expenses), net</b>	(5,930)	7,649	(49,343)
<b>Income before Income Taxes and Minority Interests</b>	34,231	43,985	284,834
<b>Income Taxes</b> (Note 14):			
Current	20,107	18,094	167,305
Deferred	3,088	226	25,699
<b>Net Income before Minority Interests</b>	11,036	25,665	91,830
Minority interest in net income (loss)	(1,593)	114	(13,252)
<b>Net Income</b>	¥ 12,629	¥ 25,551	\$ 105,082

	Yen		U.S. dollars (Note 2)
	2015	2014	2015
<b>Per Share Data</b> (Notes 3(T) and 26)			
Equity	¥ 2,424.05	¥ 2,283.29	\$ 20.170
Net income, basic	68.77	139.14	0.572
Net income, diluted		138.90	
Cash dividends	30.00	30.00	0.250

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, 2015

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2015	2014	2015
<b>Net Income before Minority Interests</b>	¥ 11,036	¥ 25,665	\$ 91,830
<b>Other Comprehensive Income</b> (Note 23)			
Unrealized gains on available-for-sale securities	14,597	5,207	121,460
Deferred losses on derivatives under hedge accounting	266	296	2,210
Share of other comprehensive income in affiliated companies	3,868	2,455	32,184
Total other comprehensive income	18,731	7,958	155,854
<b>Comprehensive Income</b>	¥ 29,767	¥ 33,623	\$ 247,684
<b>Comprehensive income attributable to:</b>			
Owners of the parent	¥ 31,360	¥ 33,509	\$ 260,936
Minority interests	(1,593)	114	(13,252)

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, 2015

	Millions of yen										
	Issued number of shares of common stock (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income		Total	Minority interests	Total Equity
							Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting			
<b>Balance at March 31, 2013</b>	185,445	¥75,929	¥84,838	¥ 0	¥217,883	¥(6,119)	¥20,392	¥(1,497)	¥391,426	¥3,442	¥394,868
Cumulative effect of accounting change (Note 3 (V))					(139)				(139)		(139)
Cash dividends					(5,511)				(5,511)		(5,511)
Net income					25,551				25,551		25,551
Increase in treasury stock						(5)			(5)		(5)
Decrease in treasury stock				(0)		1			1		1
Net changes in the year							7,662	296	7,958	107	8,065
<b>Balance at March 31, 2014</b>	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					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
<b>Balance at March 31, 2015</b>	185,445	¥75,929	¥84,838	¥ 0	¥244,902	¥(6,126)	¥46,519	¥ (935)	¥445,127	¥1,956	¥447,083

	Thousands of U.S. dollars (Note 2)										
	Issued number of shares of common stock (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income		Total	Minority interests	Total Equity
							Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting			
<b>Balance at March 31, 2014</b>	185,445	\$631,797	\$705,925	\$ 0	\$1,978,571	\$(50,952)	\$233,433	\$(9,995)	\$3,488,779	\$29,526	\$3,518,305
Cash dividends					(45,858)				(45,858)		(45,858)
Net income					105,082				105,082		105,082
Increase in treasury stock						(19)			(19)		(19)
Net changes in the year							153,645	2,210	155,855	(13,255)	142,600
<b>Balance at March 31, 2015</b>	185,445	\$631,797	\$705,925	\$ 0	\$2,037,795	\$(50,971)	\$387,078	\$(7,785)	\$3,703,839	\$16,271	\$3,720,110

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, 2015

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2015	2014	2015
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes and minority interests	¥ 34,231	¥ 43,985	\$ 284,834
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Income taxes paid	(19,197)	(14,033)	(159,739)
Depreciation and amortization	10,107	12,204	84,097
Loss on liquidation business	1,298	1,908	10,798
Decrease in allowance for doubtful accounts	(6,709)	(19,875)	(55,824)
Increase in allowance for losses on point program	5,534	5,858	46,052
Decrease (increase) in allowance for losses on interest repayments	(696)	666	(5,788)
Increase in allowance for other reserves	326	65	2,710
Interest and dividend income	(1,504)	(2,813)	(12,515)
Interest expenses	11,908	12,291	99,086
Equity in earnings of equity method-affiliated companies	(2,388)	(5,645)	(19,866)
Foreign currency exchange gain	(103)	(67)	(855)
Gain on sales of investment securities	(162)	(1)	(1,347)
Gain on sales of investments in subsidiaries and affiliates		(91)	
Loss on devaluation of investment securities	914	2	7,603
Impairment losses	206	501	1,713
Loss on sales and disposals of property and equipment and intangible assets	8,494	1,061	70,673
Increase in operational investment securities	(5,998)	(4,672)	(49,906)
Increase in trade receivables	(56,239)	(104,681)	(467,957)
Increase in lease investment assets	(691)	(5,762)	(5,757)
Increase in inventories	(11,698)	(3,889)	(97,334)
Increase in other assets	(8,166)	(1,372)	(67,944)
Interest and dividends received	2,192	3,726	18,242
Interest paid	(12,367)	(12,646)	(102,901)
Decrease (increase) in notes and accounts payable	(38,286)	17,160	(318,580)
Increase (decrease) in other liabilities	3,098	(3,818)	25,781
Other—net	178	(596)	1,479
<b>Net Cash Used in Operating Activities</b>	<b>(85,718)</b>	<b>(80,534)</b>	<b>(713,245)</b>
<b>Cash Flows from Investing Activities:</b>			
Payments for purchases of investment securities	(4,594)	(6,781)	(38,229)
Proceeds from sales or redemptions of investment securities (Note 25(C))	1,081	611	8,997
Proceeds from sales of investment in subsidiaries and affiliates		126	
Proceeds from liquidation business	27,233	31,867	226,600
Payments for purchases of property and equipment and other assets	(30,510)	(32,610)	(253,875)
Proceeds from sales of property and equipment and other assets	3,178	456	26,445
Payments for short- and long-term loans	(288)	(1,545)	(2,397)
Proceeds from short- and long-term loans	18	36	149
Decrease in other assets	206	165	1,723
<b>Net Cash Used in Investing Activities</b>	<b>(3,676)</b>	<b>(7,675)</b>	<b>(30,587)</b>
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term debt	18,000	(13,800)	149,775
Increase in commercial paper	35,000	100,000	291,230
Proceeds from long-term debt	195,220	146,300	1,624,397
Repayments of long-term debt	(160,010)	(118,937)	(1,331,420)
Proceeds from issuance of bonds	54,687	44,742	455,042
Repayments of bonds	(60,225)	(30,225)	(501,123)
Proceeds from securitized lease investment assets	20,000		166,417
Payments of payables under securitized account receivables and lease investment assets	(7,494)	(36,770)	(62,353)
Repayments of lease obligations	(1,231)	(2,423)	(10,240)
Proceeds from sales of treasury stock		1	
Purchases of treasury stock	(3)	(5)	(19)
Cash dividends paid	(5,511)	(5,511)	(45,858)
Cash dividends paid to minority shareholders		(8)	
<b>Net Cash Provided by Financing Activities</b>	<b>88,433</b>	<b>83,364</b>	<b>735,848</b>
<b>Translation gain on Cash and Cash Equivalents</b>	<b>63</b>	<b>67</b>	<b>522</b>
<b>Decrease in Cash and Cash Equivalents</b>	<b>(898)</b>	<b>(4,778)</b>	<b>(7,462)</b>
<b>Cash and Cash Equivalents at the Beginning of Year</b>	<b>52,679</b>	<b>57,457</b>	<b>438,330</b>
<b>Cash and Cash Equivalents at the End of Year (Note 25(A))</b>	<b>¥ 51,781</b>	<b>¥ 52,679</b>	<b>\$ 430,868</b>

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, 2015

## 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 which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

## 2. U.S. DOLLAR AMOUNTS

Japanese yen amounts have been translated into U.S. dollars at the rate of ¥120=US\$1, the approximate exchange rate on March 31, 2015, 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, 2015, the consolidated financial statements include the accounts of the Company and its 18 (18 for 2014) significant subsidiaries.

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 9 (9 for 2014) significant affiliates are accounted for by the equity method.

Investments in unconsolidated subsidiaries and affiliates 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 affiliates are accounted for by the equity method.

Exceptionally, investments in certain unconsolidated subsidiaries and affiliates 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) LEASE**

In March 2007, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008. The Companies applied the revised accounting standard effective April 1, 2008.

##### **(Lessee)**

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the lessee's financial statements.

##### **(Lessor)**

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables and that all finance leases that are not deemed to transfer ownership of the leased property to the lessee should be recognized as lease investment assets. In addition, the revised accounting standard permits the value of lease investment assets of leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to take over the appropriate book value (net of accumulated depreciation) of the leased property as of March 31, 2008, and after the adoption of the revised accounting standard, the aggregate amount equivalent to interest is allocated over the lease term based on the straight-line method.

#### **(F) INTANGIBLE ASSETS**

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

#### **(G) 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.

#### **(H) BOND ISSUE COSTS**

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

#### **(I) 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.

#### **(J) ACCRUED EMPLOYEES' BONUSES**

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

#### **(K) 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.

#### **(L) 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.

#### **(M) 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.

#### **(N) 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.

#### **(O) 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.

#### **(P) 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.

#### **(Q) 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.

## **(R) 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.

## **(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.

## **(V) ACCOUNTING CHANGES**

An affiliated company changed the rules that calculated maintenance service sale of software packages in response to the contract terms from the first quarter of consolidated fiscal year ended March 31, 2015, in terms of the rules to calculate, whereas some of maintenance contracts were calculated conventionally with the entire contract prices in sale when they began maintenance services.

These changes were executed to calculate periodical profit and loss statements appropriately. While maintenance service sales were growing steadily, with the full operation of new sales management systems from the fiscal year ended March 31, 2015, they reviewed the correspondence between the time to offer an applicable part of maintenance services and the time to calculate sales to be able to reflect the actual transactions more precisely. Therefore, all of maintenance services are calculated in response to contract period. This accounting policy change was applied

retrospectively, and the consolidated financial statements for the cumulative period and the year ended March 31, 2014, were restated.

As a result, consolidated statement of income for the year ended March 31, 2014, "Nonoperating Revenues" and "Income before Income Taxes" decreased by ¥18 million, compared to before this accounting policy was applied retrospectively. Additionally, consolidated statement of changes in equity for the year ended March 31, 2015, "cumulative effects of accounting change" decreased at ¥139 million after the cumulative amount of financial impact referred to the beginning equity for the consolidated fiscal year ended March 31, 2014.

In addition, consolidated financial statements of equity per share for the year ended March 31, 2014, decreased by ¥0.85, and basic net income per share and diluted net income per share for the year ended March 31, 2015, decreased by ¥0.10, respectively.

## **(W) NEW ACCOUNTING PRONOUNCEMENTS**

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 Guidance No.10, "Guidance on Accounting Standards for Business Combinations and 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 minority 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 current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority 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 shall be 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 current accounting standard will be 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 current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be 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 current 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 current 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 noncontrolling 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 intend to apply the revised accounting standards and guidance for i., ii., iii., and v. noted above from April 1, 2015, and iv. above for a business combination which will occur on or after beginning of annual periods beginning on or after April 1, 2015.

Additionally, they are in the process of considering the effects of applying the revised accounting standards and guidance in the future applicable periods.

#### (X) CHANGES IN DESCRIPTION

Prior to April 1, 2014, Loss on sales and disposals of property and equipment and intangible assets was included in "Other" under the Nonoperating Expenses section of the consolidated statement of income. Since during the current fiscal year ended March 31, 2015, the amount increased significantly, such amount is disclosed separately in the Nonoperating Expenses section of the consolidated statement of income for the year ended March 31, 2015. The amount included in "Other" for the year ended March 31, 2014, was ¥393 million.

## 4. ACCOUNTS RECEIVABLE—INSTALLMENT

As of March 31, 2015 and 2014, 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
	2015	2014	2015
Liquidating receivables:			
Single-payment card shopping, etc.	¥ 43,000	¥ 48,000	\$ 357,797
Accounts receivable include:			
Single-payment card shopping, etc.	5,069	5,933	42,182

## 5. PLEDGED ASSETS

As of March 31, 2015 and 2014, pledged assets and liabilities related to pledged assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Pledged assets:			
Lease investment assets	¥ 20,000	¥ 7,494	\$ 166,417
Liabilities related to pledged assets:			
Current portion of long-term debt	20,000	7,494	166,417



## 6. INVENTORIES

Inventories at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Receivables by purchase	¥ 11,561	¥ 9,819	\$ 96,196
Real estate for sale	93,323	83,213	776,525
Other	1,228	1,403	10,219
Total	¥ 106,112	¥ 94,435	\$ 882,940

## 7. 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 ¥2,999 million (US\$24,952 thousand) and ¥4,033 million for the fiscal year ended March 31, 2015 and 2014, 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, 2014	Increase/Decrease	March 31, 2015	March 31, 2015
¥ 111,945	¥ (24,363)	¥ 87,582	¥ 100,735

Millions of yen			
Carrying Amount			Fair Value
April 1, 2013	Increase/Decrease	March 31, 2014	March 31, 2014
¥ 129,420	¥ (17,475)	¥ 111,945	¥ 127,913

Thousands of U.S. dollars			
Carrying Amount			Fair Value
April 1, 2014	Increase/Decrease	March 31, 2015	March 31, 2015
\$ 931,478	\$ (202,719)	\$ 728,759	\$ 838,199

- 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, 2014, primarily represents the costs of acquisition of real estates of ¥1,936 million while the decrease primarily represents the costs of sale of real estates of ¥17,901 million. Increase during the fiscal year ended March 31, 2015, primarily represents the costs of acquisition of real estates of ¥1,339 million (US\$11,144 thousand) while the decrease primarily represents the costs of sale of real estates of ¥26,499 million (US\$220,498 thousand).  
3. The fair value of properties was measured by the Companies in accordance with its Real-estate Appraisal Standard.

## 8. 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
	2015	2014	2015
Total loan limits	¥ 4,168,790	¥ 4,224,510	\$ 34,687,889
Loan executions	245,071	247,044	2,039,205
Balance	¥ 3,923,719	¥ 3,977,466	\$ 32,648,684

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, 2015 and 2014, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Total loan limits	¥ 125,000	¥ 125,000	\$ 1,040,107
Loan executions			
Balance	¥ 125,000	¥ 125,000	\$ 1,040,107

## 9. 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 0.47% and 0.49% as of March 31, 2015 and 2014, respectively.

Commercial paper is issued by the Companies with an average interest rate of 0.10% and 0.09% as of March 31, 2015 and 2014, respectively.

Long-term debt and lease obligations as of March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Average 0.95% (2015) and 1.13% (2014) unsecured loans from banks, insurance companies, and other financial institutions, due in installments through 2025	¥ 855,384	¥ 820,174	\$ 7,117,524
0.29% to 2.41% (2015) and 0.31% to 2.41% (2014) bonds, due in installments through 2024	270,213	275,438	2,248,398
Lease obligations <sup>*1</sup>	2,079	3,475	17,304
Average 0.50% (2015) and 1.37% (2014) payables on undersecuritized loans <sup>*2</sup>	20,000	7,494	166,417
Subtotal	1,147,676	1,106,581	9,549,643
Less: Current portion	(206,046)	(228,999)	(1,714,478)
Long-term dept, less current portion	¥ 941,630	¥ 877,582	\$ 7,835,165

\*1 Because interest is included in lease obligations, presentation of the average interest rate is omitted.

\*2 Payables under securitized lease receivables and loans resulting from liquidation.

The aggregate annual maturities of long-term debt subsequent to March 31, 2015, are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2017	¥ 161,296	\$ 1,342,121
2018	120,873	1,005,766
2019	65,128	541,923
2020	83,016	690,761
2021 and thereafter	511,317	4,254,594

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.

## 10. 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.

iii. As discussed in Note 3(E), the Companies account for leases that existed at the transition date (March 31, 2008), and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense, and on an “as if capitalized” basis for the years ended March 31, 2015 and 2014, were as follows:

#### Pro forma capitalization of leased items

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Building:			
Acquisition cost	¥	¥ 26	\$
Accumulated depreciation		(23)	
Net leased property value		3	
Other (fixtures and equipment):			
Acquisition cost		74	
Accumulated depreciation		(72)	
Net leased property value		2	
Total:			
Acquisition cost		100	
Accumulated depreciation		(95)	
Net leased property value	¥	¥ 5	\$

#### Obligations under finance leases

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Due within one year	¥	¥ 8	\$
Due after one year			
Total	¥	¥ 8	\$

#### Lease payments, depreciation equivalent, and interest equivalent

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Lease payments	¥ 8	¥ 24	\$ 69
Depreciation equivalent	5	22	39
Interest payable equivalent	0	1	1

Depreciation equivalent is computed by the straight-line method over their lease term determined by their useful lives, with zero residual value.

Interest equivalent, which represents the aggregate lease payments less the acquisition cost equivalent, is allocated over the lease term based on the interest method.

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

##### i. Lease investment assets

Lease investment assets at March 31, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Gross lease receivables	¥ 252,904	¥ 253,028	\$ 2,104,375
Residual value			
Unearned interest income	(26,879)	(27,694)	(223,651)
Lease investment assets	¥ 226,025	¥ 225,334	\$ 1,880,724

## ii. Collection schedule for the amount of lease payments related to lease investment assets after March 31, 2015 and 2014

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		2015	
	Lease investment assets	Gross lease receivables	Lease investment assets	Gross lease receivables	Lease investment assets	Gross lease receivables
Due within one year	¥ 57,653	¥ 67,972	¥ 57,805	¥ 68,544	\$ 479,721	\$ 565,586
Due within two years and after one year	52,616	59,991	52,776	60,370	437,808	499,174
Due within three years and after two years	45,321	50,123	45,259	50,176	377,112	417,069
Due within four years and after three years	34,726	37,456	35,033	37,789	288,949	311,662
Due within five years and after four years	22,051	23,295	21,821	23,070	183,484	193,830
Due after five years	13,658	14,067	12,640	13,079	113,650	117,054
Total	¥ 226,025	¥ 252,904	¥ 225,334	¥ 253,028	\$ 1,880,724	\$ 2,104,375

## (C) OPERATING LEASES

### i. Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Due within one year	¥ 14	¥ 11	\$ 116
Due after one year	23	20	193
Total	¥ 37	¥ 31	\$ 309

### ii. Lessor

The minimum rental commitments under noncancelable operating leases at March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Due within one year	¥ 189	¥ 159	\$ 1,572
Due after one year	457	95	3,807
Total	¥ 646	¥ 254	\$ 5,379

## 11. 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 cards 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 by variable interest loans and 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 expense 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 & Account Department maintains an overall grasp of the interest rates and terms of financial assets and liabilities and conducts, monitoring such as by performing an interest rate gap analysis. 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 & Account 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, 2015 and 2014, the Companies calculated that their income before income taxes and minority interests would decrease by ¥41 million (US\$344 thousand) in 2015 and ¥40 million in 2014 if the benchmark interest rate rises by 1 basis point (0.01 percentage point), and increase by ¥41 million (US\$344 thousand) in 2015 and ¥40 million in 2014 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 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 21, 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, 2015 and 2014, 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				
	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	

	Millions of yen				
	2014				
	Carrying amount	Allowance for doubtful accounts	Total	Fair value	Difference
Cash and deposits	¥ 52,742		¥ 52,742	¥ 52,742	
Accounts receivable—installment	1,397,065	¥ (43,559)	1,353,506	1,405,626	¥ 52,120
Lease investment assets	225,334	(7,552)	217,782	229,007	11,225
Short-term loans receivable	6,480	(0)	6,480	6,480	
Operational investment securities	8,722		8,722	8,722	
Investment securities	60,773		60,773	60,773	
Investments in unconsolidated subsidiaries and affiliated companies	6,762		6,762	8,734	1,972
Long-term loans receivable	11,206	(0)	11,206	11,206	

	Thousands of U.S. dollars				
	2015				
	Carrying amount	Allowance for doubtful accounts	Total	Fair value	Difference
Cash and deposits	\$ 431,323		\$ 431,323	\$ 431,323	
Accounts receivable—installment	12,092,802	\$ (317,648)	11,775,154	12,196,758	\$ 421,604
Lease investment assets	1,880,724	(53,715)	1,827,009	1,916,029	89,020
Short-term loans receivable	56,024	(2)	56,022	56,022	
Operational investment securities	50,000		50,000	50,000	
Investment securities	677,179		677,179	677,179	
Investments in unconsolidated subsidiaries and affiliated companies	35,425		35,425	77,092	41,667
Long-term loans receivable	93,389	(4)	93,385	93,385	

#### (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
	2015	2014	2015
	Carrying amount	Carrying amount	Carrying amount
Unlisted stocks	¥ 8,139	¥ 9,164	\$ 67,723
Investments in unconsolidated subsidiaries and affiliated companies	62,111	52,765	516,810
Other	21,792	11,039	181,322

For notes concerning available-for-sale securities for each holding purpose, refer to Note 12, "MARKETABLE AND INVESTMENT SECURITIES"

### (E) SHORT-TERM LOANS RECEIVABLE

Because short-term loans receivable 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.

### (F) LONG-TERM LOANS RECEIVABLE

Long-term loans receivable 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. 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		
	2015			2014			2015		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Notes and accounts payable	¥ 235,157	¥ 235,157		¥ 273,444	¥ 273,444		\$ 1,956,709	\$ 1,956,709	
Short-term loans	217,160	217,160		199,160	199,160		1,806,956	1,806,956	
Commercial paper	150,000	150,000		115,000	115,000		1,248,128	1,248,128	
Long-term debt:									
Long-term loans payable	855,384	867,527	¥ (12,143)	820,174	828,819	¥ (8,645)	7,117,524	7,218,565	\$ (101,041)
Bonds	270,213	274,425	(4,212)	275,438	279,637	(4,199)	2,248,398	2,283,446	(35,048)
Long-term loans payable on under securitized loans	20,000	19,963	37	7,494	7,511	(17)	166,417	166,106	311
Lease obligations	2,079	2,079		3,475	3,475		17,304	17,304	
Guarantee contracts		20,558	20,558		18,040	18,040		171,061	171,061

### (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 ON UNDERSECURITIZED LOANS

Because the rate of long-term loans payable on under securitized 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 on undersecuritized 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, 2015 and 2014, the guarantee contract amounts of contingent liabilities are ¥262,039 million (US\$2,180,387 thousand) in 2015 and ¥230,052 million in 2014 and the amounts that are recorded as the allowance for losses on guarantees in the consolidated balance sheets are ¥4,555 million (US\$37,900 thousand) in 2015 and ¥4,297 million in 2014.

Note: Maturity analysis for financial assets and securities with contractual maturities subsequent to March 31, 2015 and 2014, were as follows:

Year ending March 31	Millions of yen					
	2015					
	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

Year ending March 31	Millions of yen					
	2014					
	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	¥ 52,742					
Accounts receivable—installment	1,065,368	¥ 167,260	¥ 49,031	¥ 26,535	¥ 5,948	¥ 17,642
Lease investment assets	57,375	51,914	44,631	34,651	21,665	12,575
Short-term loans receivable	6,480					
Investment securities						
Available-for-sale securities with contractual maturities	723	2,500	2,805		2,000	
Long-term loans receivable	1,041	18	18	18	18	93

Year ending March 31	Thousands of U.S. dollars					
	2015					
	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	\$ 431,323					
Accounts receivable—installment	9,281,733	\$ 1,486,480	\$ 442,686	\$ 248,880	\$ 48,754	\$ 129,368
Lease investment assets	477,319	430,714	371,961	285,821	181,988	112,835
Short-term loans receivable	56,024					
Investment securities						
Available-for-sale securities with contractual maturities	15,452	20,594		13,954		
Long-term loans receivable	8,958	149	149	149	149	624

¥67,084 million (US\$558,198 thousand) in 2015 and ¥77,804 million in 2014 of estimated uncollectible amount are not included. Please see Note 9 "SHORT-TERM LOANS AND LONG-TERM DEBT" for annual maturities of long-term debt.



## 12. MARKETABLE AND INVESTMENT SECURITIES

(A) As of March 31, 2015 and 2014, acquisition costs and carrying amounts of available-for-sale securities that have market value were summarized below:

	Millions of yen						Thousands of U.S. dollars		
	2015			2014			2015		
	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference
Balance sheet amount exceeding acquisition cost:									
Equity shares	¥ 33,005	¥ 80,957	¥ 47,952	¥ 28,746	¥ 57,646	¥ 28,900	\$ 274,634	\$ 673,634	\$ 399,000
Other	160	219	59	660	882	222	1,331	1,825	494
Subtotal	33,165	81,176	48,011	29,406	58,528	29,122	275,965	675,459	399,494
Balance sheet amount not exceeding acquisition cost:									
Equity shares	211	207	(4)	3,243	2,939	(304)	1,758	1,720	(38)
Bonds									
Corporate	5,009	5,009		6,905	6,905		41,679	41,679	
Other	1,000	1,000		1,123	1,123		8,321	8,321	
Subtotal	6,220	6,216	(4)	11,271	10,967	(304)	51,758	51,720	(38)
Total	¥ 39,385	¥ 87,392	¥ 48,007	¥ 40,677	¥ 69,495	¥ 28,818	\$ 327,723	\$ 727,179	\$ 399,456

(B) Proceeds from sales of available-for-sale securities for the years ended March 31, 2015 and 2014, were ¥1,624 million (US\$13,511 thousand) and ¥1,501 million, respectively.

Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥454 million (US\$3,780 thousand) and ¥68 million (US\$568 thousand), respectively, for the year ended March 31, 2015, and ¥1 million and ¥254 million, respectively, for the year ended March 31, 2014.

(C) The impairment losses on securities for the years ended March 31, 2015 and 2014, were ¥914 million (US\$7,603 thousand) and ¥380 million, respectively.

## 13. 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, 2015 and 2014, are stated below:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Payments to the defined contribution pension fund, and other items.	¥ 864	¥ 855	\$ 7,193

## 14. DEFERRED TAX ASSETS AND LIABILITIES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rates of approximately 35.64% and 38.01% for the years ended March 31, 2015 and 2014.

### (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, 2015 and 2014, were as follows:

	2015	2014
Statutory tax rate	35.64%	38.01%
Reconciliation:		
Expenses not deductible for tax purposes	0.38	0.35
Nontaxable dividend income	(0.11)	(1.15)
Inhabitants' taxes per capita	0.49	0.39
Amortization of negative goodwill	(0.01)	(0.12)
Equity in net earnings of affiliated companies	(2.60)	(4.89)
Increase of valuation allowance	10.76	6.22
Decrease in deferred tax assets due to tax rate changes	19.92	3.43
Retained earnings of affiliated companies	3.83	
Other	(0.54)	(0.61)
Effective tax rate	67.76%	41.63%

## (B) NEW TAX REFORM LAWS

On March 31, 2015, new tax reform laws were enacted in Japan that changed the normal effective statutory tax rate from approximately 35.64% to 33.10% effective for the fiscal years beginning on or after April 1, 2015, to 32.34% effective for the fiscal years beginning on or after April 1, 2016. The effect of these changes was to decrease net deferred tax assets by ¥4,645 million (US\$38,653 thousand), deferred losses on derivatives under hedge accounting by ¥46 million (US\$380 thousand), to increase net unrealized gains on available-for-sale securities by ¥2,049 million (US\$17,052 thousand) in the consolidated balance sheet as of March 31, 2015, and to increase deferred taxation expense by ¥6,649 million (US\$55,325 thousand) in the consolidated statement of income for the year ended March 31, 2015.

## (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, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Write-downs of inventories	¥ 8,230	¥ 22,280	\$ 68,479
Intangible assets	2,769		23,041
Accumulated impairment losses	2,174	2,327	18,088
Accumulated depreciation expense	1,153	1,115	9,593
Asset retirement obligations	399	401	3,319
Investment securities	4,585	4,716	38,150
Allowance for doubtful accounts	15,311	15,565	127,400
Allowance for losses on interest repayments	6,281	7,047	52,263
Accrued expenses	320	368	2,659
Accrued enterprise taxes	962	914	8,007
Allowance for losses on point program	26,818	27,582	223,149
Allowance for losses on guarantees	1,478	1,496	12,297
Other allowance	871	893	7,251
Long-term unearned revenue	29	125	241
Tax effect on investments in subsidiaries to be liquidated	44,016	47,394	366,253
Tax loss carryforwards	61,306	50,778	510,115
Unrealized losses on available-for-sale securities	3	110	26
Deferred losses on derivatives under hedge accounting	455	669	3,782
Other	3,863	3,475	32,154
Subtotal	181,023	187,255	1,506,267
Less valuation allowance	(89,673)	(91,942)	(746,157)
Total deferred tax assets	91,350	95,313	760,110
Deferred tax liabilities:			
Capital gains deferred for tax purposes	(297)	(304)	(2,471)
Unrealized gains on available-for-sale securities	(16,170)	(10,730)	(134,548)
Deferred gains on derivatives under hedge accounting	(7)	(4)	(61)
Adjustment account of retirement debt	(271)	(312)	(2,256)
Fair value difference between carrying amount and the tax bases of assets and liability caused by the corporate split	(3,245)	(5,103)	(27,001)
Other	(5,114)	(3,762)	(42,547)
Total deferred tax liabilities	(25,104)	(20,215)	(208,884)
Net deferred tax assets	¥ 66,246	¥ 75,098	\$ 551,226

Net deferred tax assets are presented in the consolidated balance sheets as of March 31, 2015 and 2014, as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Current assets	¥ 11,884	¥ 10,754	\$ 98,888
Investment and other assets	54,896	64,721	456,777
Current liabilities—other	49		404
Long-term liabilities—other	485	377	4,035

## 15. OPERATING REVENUES

Operating revenues for the years ended March 31, 2015 and 2014, were composed of the following revenues and expenses:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Income from the credit service business	¥ 197,891	¥ 188,251	\$ 1,646,625
Income from the lease business	13,912	14,241	115,758
Income from the finance business	22,810	19,113	189,797
Real estate-related business:			
Sales	38,573	43,626	320,958
Costs of sales*	25,505	31,020	212,222
Income from the real estate-related business	13,068	12,606	108,736
Entertainment business:			
Sales	62,072	71,343	516,487
Cost of sales	51,106	58,337	425,242
Income from the entertainment business	10,966	13,006	91,245
Financial income	430	360	3,580
Total operating revenues	¥ 259,077	¥ 247,577	\$ 2,155,741

\*Cost of sales included write-downs of inventories amounting to ¥838 million (US\$6,976 thousand) as of March 31, 2015, and ¥1,218 million as of March 31, 2014.

## 16. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

For the years ended March 31, 2015 and 2014, selling, general, and administrative expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Advertising expenses	¥ 20,429	¥ 19,333	\$ 169,989
Provision for point program	12,701	12,748	105,686
Provision for allowance for doubtful accounts	13,702	10,471	114,010
Bad debts losses		4	
Provision for losses on interest repayment	9,999	10,851	83,198
Provision for losses on guarantees	4,156	3,555	34,585
Directors' compensations	969	974	8,064
Provision for directors' bonuses	154	156	1,285
Employees' salaries and bonuses	33,365	33,543	277,626
Provision for bonuses	2,127	2,063	17,701
Retirement benefit expenses	864	855	7,193
Commission fee	59,876	54,399	498,223
Depreciation	9,373	11,541	77,993
Other	38,478	37,359	320,146
Total	¥ 206,193	¥ 197,852	\$ 1,715,699

## 17. GAIN ON SALES OF PROPERTY AND EQUIPMENT

The breakdowns of gain on sales of property and equipment for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Land	¥ 596	¥ 0	\$ 4,957
Buildings		2	
Other (Fixtures and equipment, other)	4	0	38
Total	¥ 600	¥ 2	\$ 4,995

## 18. LOSS ON SALES AND DISPOSALS OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

The Companies disposed a part of intangible assets that were estimated at ¥8,562 million (US\$71,247 thousand), recording 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 were developing with the cooperative enterprise system (the total investments: approximately ¥19 billion (US\$158 million)) turned out to be faults. On the way to developing the systems continuously, regarding more efficient ways to develop, there is a possibility that they could dispose a part of intangible assets estimated at approximately ¥10 billion (US\$87 million) in residual carrying amount.

The breakdowns of loss on sales and disposals of property and equipment and intangible assets for the years ended March 31, 2015 and 2014, were as follows:

		Millions of yen		Thousands of U.S. dollars
		2015	2014	2015
Buildings	loss on disposals	¥ 38	¥ 202	\$ 314
Intangible assets	loss on disposals	8,567	5	71,284
Other (Fixtures and equipment, other)	loss on disposals	13	185	107
Buildings	loss on sales	0	1	1
Total		¥ 8,618	¥ 393	\$ 71,706

## 19. IMPAIRMENT LOSS

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, Other (Fixtures and equipment, other)	Hokkaido, Kanto
Real estate for lease	Buildings, Land	Kanto
Dept collection businesses	Buildings, Intangible assets, Other (Fixtures and equipment, other)	Kanto

For the year ended March 31, 2014, the Companies wrote down the book value of amusement facilities and operating facilities 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, 2014

Asset	Description	Location
Certain amusement facilities	Buildings, Software, Other (Fixtures and equipment, other)	Koshinetsu
Operating facilities	Buildings, Other (Fixtures and equipment, other)	Kanto
Real estate for lease	Buildings, Land, Other (Fixtures and equipment, other)	Kanto region

Accumulated impairment losses were subtracted directly from individual assets.

Impairment loss recognized for the years ended March 31, 2015 and 2014, were as follows:

		Millions of yen		Thousands of U.S. dollars
		2015	2014	2015
Property and equipment:				
Buildings and improvements		¥ 105	¥ 296	\$ 871
Land		101	193	841
Other (Fixtures and equipment, other)		72	11	607
Investments and other assets:				
Intangible assets		143	1	1,187
Total		¥421	¥ 501	\$ 3,506

\*Impairment loss included ¥215 million (US\$1,793 thousand) 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, 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 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%.

A measure of the recoverable amount for the year ended March 31, 2014, was as follows:

Regarding certain amusement facilities, operating facilities, and real estate for lease, 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 3.0%.

A method of the classification for the years ended March 31, 2015 and 2014, 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.

## 20. 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, 2015 and 2014, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Real estate	¥ 58,673	¥ 81,127	\$ 488,205
Receivables	13,765	22,952	114,540
Total	¥ 72,438	¥ 104,079	\$ 602,745

For the years ended March 31, 2015 and 2014, loss on liquidation business consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Income from the sales of real estate	¥ 3,049	¥ 1,769	\$ 25,371
Income from the leases of real estate	1,213	2,016	10,093
Other	(5,560)	(5,693)	(46,262)
Total	¥ (1,298)	¥ (1,908)	\$ (10,798)

## 21. DERIVATIVES

(A) Nonhedged derivative transactions as of March 31, 2015 and 2014, were summarized below:

	Millions of yen				
	2015		2014		
	Contractual value or notional principal amount	Unrealized profit	Contractual value or notional principal amount	Unrealized profit	
	Total	Over 1 year	Total	Over 1 year	
Over-the-counter interest rate swaps:					
Floating-rate receipt/fixed-rate payment	¥ 5,500	¥ 45	¥ 5,500	¥ 5,500	¥ 88
Total	¥ 5,500	¥ 45	¥ 5,500	¥ 5,500	¥ 88

	Thousands of U.S. dollars		
	2015		Unrealized profit
	Contractual value or notional principal amount		
	Total	Over 1 year	
Over-the-counter interest rate swaps:			
Floating-rate receipt/fixed-rate payment	\$ 45,765	\$ 373	\$ 373
Total	\$ 45,765	\$ 373	\$ 373

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, 2015 and 2014, were summarized below:

		Millions of yen					
		2015			2014		
Mainly hedged objects		Contractual value or notional principal amount		Fair value	Contractual value or notional principal amount		Fair value
		Total	Over 1 year		Total	Over 1 year	
Interest rate swaps recognized in general rule:							
Floating-rate receipt/ fixed-rate payment	long-term debt	¥ 109,200	¥ 96,000	¥ (1,383)	¥ 164,200	¥ 104,200	¥ (1,866)
Interest rate swaps recognized in specific rule:							
Floating-rate receipt/ fixed-rate payment	long-term debt	305,825	236,465	(2,792)	261,165	190,695	(3,548)
Fixed-rate receipt/ floating-rate payment	long-term debt	5,000	5,000	77	5,000	5,000	77
<b>Total</b>		<b>¥ 420,025</b>	<b>¥ 337,465</b>	<b>¥ (4,098)</b>	<b>¥ 430,365</b>	<b>¥ 299,895</b>	<b>¥ (5,337)</b>

		Thousands of U.S. dollars		
		2015		
Mainly hedged objects		Contractual value or notional principal amount		Fair value
		Total	Over 1 year	
Interest rate swaps recognized in general rule:				
Floating-rate receipt/ fixed-rate payment	long-term debt	\$ 908,637	\$ 798,802	\$ (11,506)
Interest rate swaps recognized in specific rule:				
Floating-rate receipt/ fixed-rate payment	long-term debt	2,544,725	1,967,590	(23,231)
Fixed-rate receipt/ floating-rate payment	long-term debt	41,604	41,604	639
<b>Total</b>		<b>\$ 3,494,966</b>	<b>\$ 2,807,996</b>	<b>\$ (34,098)</b>

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

## 22. CONTINGENT LIABILITIES

As of March 31, 2015, the Companies were contingently liable as credit guarantors for customers borrowing from our alliance banks amounting to ¥257,484 million (US\$2,142,487 thousand).

## 23. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrealized gains on available-for-sale securities			
Gains arising during the year	¥ 20,372	¥ 7,483	\$ 169,514
Reclassification adjustments to profit or loss	(230)	607	(1,915)
Amount before income tax effect	20,142	8,090	167,599
Income tax effect	(5,545)	(2,883)	(46,139)
Total unrealized gains on available-for-sale securities	14,597	5,207	121,460
Deferred losses on derivatives under hedge accounting			
Losses arising during the year	(400)	(380)	(3,331)
Reclassification adjustments to profit or loss	884	839	7,355
Amount before income tax effect	484	459	4,024
Income tax effect	(218)	(163)	(1,814)
Total deferred gains on derivatives under hedge accounting	266	296	2,210
Share of other comprehensive income in affiliated companies			
Gains arising during the year	3,868	2,461	32,184
Reclassification adjustments to profit or loss	(0)	(6)	(0)
Total share of other comprehensive income in affiliated companies	3,868	2,455	32,184
<b>Total other comprehensive income</b>	<b>¥ 18,731</b>	<b>¥ 7,958</b>	<b>\$ 155,854</b>

## 24. 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, 2015, and 185,444,772 shares as of March 31, 2014, 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, 2013	185,445	1,813
Number of shares increase		1 <sup>1</sup>
Number of shares decrease		0 <sup>2</sup>
Balance at March 31, 2014	185,445	1,814
Number of shares increase		1 <sup>3</sup>
Number of shares decrease		
Balance at March 31, 2015	<b>185,445</b>	<b>1,815</b>

Notes: 1. Increase in treasury stock  
Acquisition of any number of shares less than a full trading unit: 1 thousand shares  
2. Detail of decrease  
Sales of any number of shares less than a full trading unit: Less than a thousand shares  
3. Increase in treasury stock  
Acquisition of any number of shares less than a full trading unit: 1 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 27, 2014	Common stock	¥ 5,511	\$ 45,858	¥ 30.00	\$ 0.250	March 31, 2014	June 30, 2014

#### ii. For dividend payments with an effective date in the year ended March 31, 2016, the record date occurred in the year ended March 31, 2015

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 26, 2015, approved	Common stock	Retained earnings	¥ 5,511	\$ 45,858	¥ 30.00	\$ 0.250	March 31, 2015	June 29, 2015

## 25. CASH FLOWS INFORMATION

(A) The balance of cash and cash equivalents as of March 31, 2015 and 2014, were reconciled with the respective consolidated balance sheet items as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Consolidated balance sheet:			
Cash and deposits	¥ 51,836	¥ 52,742	\$ 431,323
Segregated trustee deposits	(55)	(63)	(455)
Cash and cash equivalents at the end of year	¥ 51,781	¥ 52,679	\$ 430,868

(B) Noncash investing and financing activities as of March 31, 2015 and 2014, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Assets and liabilities from finance leases recorded in the current fiscal year	¥ 89	¥ 1,681	\$ 738

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Proceeds from sales of investment securities	¥ 900	¥ 4	\$ 7,487
Proceeds from distribution of limited liability partnerships and other similar partnerships or return of capital	181	607	1,510
Total proceeds from sales or redemptions of investment securities	¥ 1,081	¥ 611	\$ 8,997

## 26. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted-average shares	EPS	
For the year ended March 31, 2015:				
Basic EPS				
Net income available to common shareholders	¥ 12,629	183,630	¥ 68.77	\$ 0.572

\*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
	Net income	Weighted-average shares	EPS
For the year ended March 31, 2014:			
Basic EPS			
Net income available to common shareholders	¥ 25,551	183,631	¥ 139.14
Effect of dilutive securities			
Securities issued by a consolidated subsidiary	(44)		
Diluted EPS			
Net income for computation	25,507	183,631	138.90

## 27. 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 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

For the years ended March 31, 2015 and 2014

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

Reportable segment	Year ended March 31, 2015									
	Millions of yen									
	Operating revenues			Segment profit	Segment assets	Depreciation	Financial costs	Credit cost	Investment in equity method-affiliated companies	Increase in property and equipment and intangible assets
Outside customers	Inter segment	Total								
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

Reportable segment	Year ended March 31, 2014									
	Millions of yen									
	Operating revenues			Segment profit	Segment assets	Depreciation	Financial costs	Credit cost	Investment in equity method-affiliated companies	Increase in property and equipment and intangible assets
Outside customers	Inter segment	Total								
Credit service	¥ 188,611	¥ 1,068	¥ 189,679	¥ 14,723	¥ 1,570,524	¥ 8,086	¥ 8,197	¥ 18,991	¥ 55,605	¥ 32,359
Lease	14,241	31	14,272	6,025	269,882	229	2,785	2,038		189
Finance	19,114		19,114	10,071	138,453	148	986	3,804		137
Real Estate related	12,605	69	12,674	3,899	288,893	870	1,421	48		832
Entertainment	13,006	13	13,019	1,612	18,509	2,716			2,083	3,394
Total	247,577	1,181	248,758	36,330	2,286,261	12,049	13,389	24,881	57,688	36,911
Reconciliations		(1,181)	(1,181)	6	(318)	(4)		(0)		
Consolidated	¥ 247,577	¥	¥ 247,577	¥ 36,336	¥ 2,285,943	¥ 12,045	¥ 13,389	¥ 24,881	¥ 57,688	¥ 36,911

Reportable segment	Year ended March 31, 2015									
	Thousands of U.S. dollars									
	Operating revenues			Segment profit	Segment assets	Depreciation	Financial costs	Credit cost	Investment in equity method-affiliated companies	Increase in property and equipment and intangible assets
Outside customers	Inter segment	Total								
Credit service	\$ 1,650,205	\$ 7,905	\$ 1,658,110	\$ 127,607	\$ 13,641,681	\$ 53,718	\$ 64,290	\$ 183,733	\$ 503,403	\$ 200,387
Lease	115,758	261	116,019	49,249	2,273,720	718	20,663	16,502		1,045
Finance	189,797		189,797	110,616	1,511,706	2,114	10,121	32,668		853
Real Estate related	108,736	175	108,911	37,564	2,146,813	7,502	10,791	(1,110)		21,369
Entertainment	91,245	84	91,329	9,106	176,319	18,512			28,092	21,418
Total	2,155,741	8,425	2,164,166	334,142	19,750,239	82,564	105,865	231,793	531,495	245,072
Reconciliations		(8,425)	(8,425)	35	(2,368)	(31)		0		
Consolidated	\$ 2,155,741	\$	\$ 2,155,741	\$ 334,177	\$ 19,747,871	\$ 82,533	\$ 105,865	\$ 231,793	\$ 531,495	\$ 245,072

## RELATED INFORMATION

### (A) INFORMATION BY PRODUCT AND SERVICE

Years ended March 31, 2015 and 2014, were as follows:

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, 2015 and 2014, were as follows:

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

### (C) INFORMATION ABOUT MAJOR CUSTOMERS

Years ended March 31, 2015 and 2014, were as follows:

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

### INFORMATION REGARDING IMPAIRMENT LOSSES ON PROPERTY AND EQUIPMENT

Years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
	Loss on impairment	Loss on impairment	Loss on impairment
Credit service	¥ 254	¥ 3	\$ 2,111
Lease			
Finance			
Real Estate related	156	382	1,301
Entertainment	11	116	94
Total	421	501	3,506
Reconciliations			
Consolidated	¥ 421	¥ 501	\$ 3,506

### INFORMATION REGARDING AMORTIZATION OF GOODWILL AND UNAMORTIZED BALANCE OF GOODWILL

Years ended March 31, 2015 and 2014, were as follows:

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

### INFORMATION REGARDING GAINS ARISING FROM NEGATIVE GOODWILL

Years ended March 31, 2015 and 2014, were as follows:

There were no significant gains from negative goodwill.

## 28. RELATED PARTY DISCLOSURES

Transactions and balances of the Company with its affiliated companies for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
UC Card Co., Ltd.			
Transactions:			
Volume of new contracts	¥ 1,154,110	¥1,133,813	\$ 9,603,182
Balances:			
Accounts payable	71,186	82,300	592,327
Prepaid expenses and other assets (other receivable)	7,202	7,380	59,927
Seven CS Card Service Co., Ltd.			
Transactions:			
Volume of new contracts	¥ 729,987	¥ 732,740	\$ 6,074,112
Balances:			
Accounts receivable—installment	47,913	56,728	398,680

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.

## 29. SUBSEQUENT EVENT

There is no subsequent event.

# INDEPENDENT AUDITOR'S REPORT

## Deloitte.

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### 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, 2015, 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, 2015, 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 26, 2015

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. The Seibu Department Stores, Ltd. and the Company established a shareholding relationship, develop a consumer credit system for the Saison Group.
- 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.** 永久不滅ポイント
- 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.**  
Mizuho Mileage Club Card Saison issued.
- 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).**



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Starting players in the Men's National Team  
playing Uzbekistan in the JAL CHALLENGE CUP 2015  
(March 31, 2015)



Credit Saison is a supporter of Japanese national soccer teams.

	Oct./ Nov.	<b>Eikyufumetsu.com</b> <b>points exchange website launched.</b>	<b>永久不減.com</b>
		<b>Shareholder agreement signed with Daiwa House Industry Co., Ltd. and joint venture established (Heart One Card issued in May 2007).</b>	
<b>2007</b>	Mar.	Saison Asset Management Co., Ltd. launched own investment trusts.	
		<b>Agreement for comprehensive alliance with Yamaguchi Financial Group, Inc. (YM Saison Card issued in October 2007).</b>	
	Jun.	Maximum interest rate for cash advances reduced to 18%.	
	Oct.	<b>Established Qubitous Co., Ltd., the industry's first comprehensive processing service specialist.</b> (Qubitous was made a consolidated subsidiary in April 2008). Changed the UC Card point system to Eikyufumetsu points.	<b>Qubitous</b>
<b>2008</b>	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."	
<b>2009</b>	Mar.	Started handling Flat 35 loans.	
	Oct.	Conducted the <i>Machi</i> Card Festa regional revitalization campaign in Ikebukuro, Tokyo.	
<b>2010</b>	Mar.	<b>Basic agreement reached on comprehensive business alliance with SEVEN &amp; i FINANCIAL GROUP CO., LTD.</b> (Apr. 2011, Sogo & Seibu Card business was split off into a new joint venture).	
	Apr.	<b>Started operation of Akagi Nature Park.</b>	
	Jun.	<b>Strengthened alliance with AMERICAN EXPRESS® and extended card lineup to four card categories.</b>	
	Sep.	Formed partnership with Walmart Japan Holdings G.K., and began to accept applications for Walmart Card Saison.	
<b>2011</b>	Jul.	<b>Issued NEO MONEY, a prepaid card exclusively for use by Japanese travelers visiting other countries.</b>	
	Aug.	<b>Tie-up with China UnionPay for affiliated store operations in Japan.</b>	
	Nov.	Started the first use of Eikyufumetsu points for net shopping in the industry.	
<b>2012</b>	Apr.	Started handling "Flat 35 Plus" mortgage loan packages.	
	Jun.	Established a representative office in Hanoi, Vietnam.	
<b>2013</b>	Jan.	Started handling Saison Asset Formation Loans.	
	Apr.	<b>Established a local subsidiary in Vietnam to conduct consulting.</b> <b>Issued COCOKARA CLUB CARD, Japan's first prepaid card that can be used at real stores.</b> <b>Entered alliance with Coiney, Inc. on smartphone settlements.</b>	
	Jun.	<b>Started Saison CLO, a cardmember referral service linked to card settlements.</b>	
	Aug.	Strengthened a business alliance with Concur, which provides expense management solutions.	
<b>2014</b>	Feb.	Began to accept applications for Mitsui Shopping Park Card Saison, which made the point system of the Mitsui Fudosan Group a common service.	
	Apr.	<b>Opened a representative office in Jakarta, Indonesia.</b>	
	May	<b>Established a local subsidiary in Singapore.</b>	
	Jul.	Commenced Saison Portal and UC Portal that provide smartphone apps for cardmembers.	
	Sep.	<b>Saison Asset Management Co., Ltd. formed a capital and operational alliance with Japan Post Co., Ltd.</b>	
	Nov.	<b>Formed a capital and operational alliance with Matchmove Pay Pte., Ltd.</b>	
	Dec.	Acquired an equity stake in Coin, Inc., U.S. startup.	
<b>2015</b>	May	<b>Formed a comprehensive capital tie-up with Vietnam's Ho Chi Minh Development Joint Stock Bank (HD Bank) and established HD SAISON Finance Company Ltd.</b>	<b>HD SAISON</b>
	Jun.	<b>Established Saison Ventures Co., Ltd.</b>	<b>SAISON Ventures</b>



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Starting players in the NAESHIKO Cup 2015  
playing New Zealand Women's National Football Team  
(May 24, 2015)

# 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

## Main Retail Affiliate Cards



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



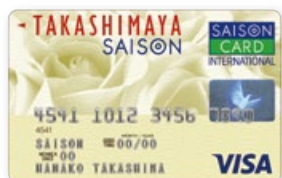
PARCO Card  
(PARCO CO., LTD.)



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.)



PRINTEMPS GINZA Card  
(PRINTEMPS GINZA)

# MAJOR BUSINESS SALES BASED AND CUSTOMER SERVICE CENTERS (As of June 30, 2015)

## 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  
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  
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  
LVIN: 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  
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

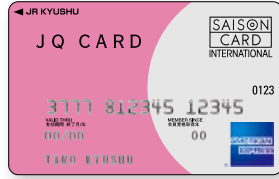
### [Counter]

LVIN: Yokosuka  
Takashimaya: Yokohama, Konandai  
Mitsui Outlet Park: Yokohama Bayside  
Mitsui Shopping Park: LaLaport YOKOHAMA,  
LAZONA Kawasaki Plaza, Northport Mall

## 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.)



JAPAN Card Saison  
(Japan Football Association)



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

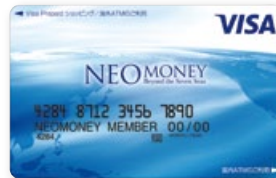
## Non-affiliate Cards (Proper Credit Cards)



SAISON CARD International



UC Card



NEO MONEY



COCOKARA CLUB CARD

## Prepaid Cards

### 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 KOSHIIEN  
LaLaport IZUMI

### 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, Hakata-  
ekimae 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 (Shanghai) Co., Ltd.

No. 909, 9F, No. 409-459  
Landmark East Nanjing Rd.  
Shanghai, China

### Hanoi, Vietnam

#### Vietnam Saison Consulting Company Limited

12th Floor, CDC Building,  
25 Le Dai Hanh, Hai Ba Trung,  
Hanoi, Vietnam

### Singapore

#### Credit Saison Asia Pacific Pte. Ltd.

60 Robinson Road BEA Building  
Singapore 068892

### Jakarta, Indonesia






#### Credit Saison Co., Ltd. Indonesia Representative Office

Tempo Scan Tower Jl.HR Rasunna  
Said Kav.3-4 Jakarta 12950, 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


 <p><b>Atrium Co., Ltd.</b> Real estate liquidation, loan servicing</p>	 <p><b>Qubitous Co., Ltd.</b> Credit card processing services</p>	 <p><b>Concerto Inc.</b> Amusement services, amusement business, real estate rental business</p>	 <p><b>Saison Fundex Corporation</b> Loan business</p>	 <p><b>JPN COLLECTION SERVICE Co., Ltd.</b> Loan collection, temporary staff, child care services</p>
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## Equity Method Affiliated Companies

 <p><b>Idemitsu Credit Co., Ltd.</b> Credit card business</p>	 <p><b>Eplus Inc.</b> Tickets sale</p>	 <p><b>Shizugin Saison Card Co., Ltd.</b> Credit card business</p>	 <p><b>Saison Information Systems Co., Ltd.</b> Information processing services</p>	 <p><b>Seven CS Card Service Co., Ltd.</b> Credit Card business</p>
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 <p><b>Takashimaya Credit Co., Ltd.</b> Credit card business</p>	 <p><b>Daiwa House Financial Co., Ltd.</b> Credit card business</p>	 <p><b>UC Card Co., Ltd.</b> Performs consignments related to affiliated merchants</p>	 <p><b>Resona Card Co., Ltd.</b> Credit card business</p>	 <p><b>HD SAISON Finance Company Ltd.</b> Lease finance business</p>
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## Other Affiliated Companies

 <p><b>AIR Co., Ltd.</b> Cleaning, security, property maintenance services</p>	 <p><b>SAISON ASSET MANAGEMENT CO., LTD.</b> Asset management</p>	 <p><b>Saison Insurance Service Inc.</b> Life/non-life insurance agency business</p>	 <p><b>Yamada Financial Co., Ltd.</b> Credit card business</p>	 <p><b>YM Saison Co., Ltd.</b> Credit card business</p>
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 <p><b>RHSJ ENTERPRIZES CO., LTD.</b> Horticultural business</p>	 <p><b>Saison Ventures Co., Ltd.</b> Identification and investment in startups</p>			
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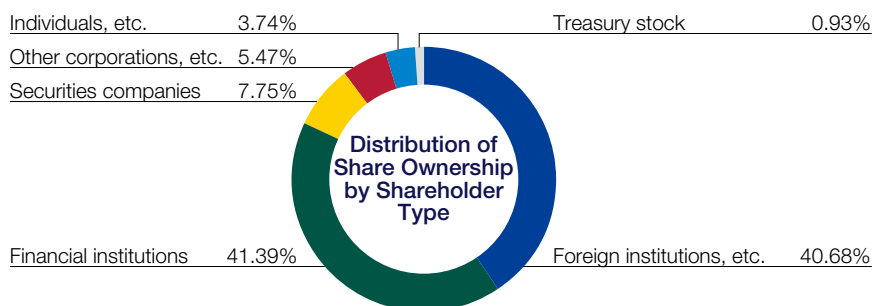
# STOCK INFORMATION (As of March 31, 2015)

<b>Common Stock Authorized</b>	300,000,000 shares
<b>Common Stock Outstanding</b>	185,444,772 shares
<b>Number of Shareholders</b>	12,305

## Major Shareholders (Top 10)

Name	Equity stake	
	Number of Shares (thousand)	Ownership Percentage (%)
Mizuho Bank Ltd.	24,768	13.48%
The Master Trust Bank of Japan Ltd. (trust account)	17,732	9.65%
Japan Trustee Service Bank Ltd. (trust account)	9,860	5.37%
JP MORGAN CHASE BANK 385632	8,833	4.81%
STATE STREET BANK AND TRUST COMPANY	7,759	4.22%
THE TACHIBANA SECURITIES CO., LTD.	7,451	4.06%
NORTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT	3,419	1.86%
GOLDMAN SACHS INTERNATIONAL	3,363	1.83%
GOLDMAN. SACHS & CO. REG	2,987	1.63%
NORTHERN TRUST CO. (AVFC) RE-HSD00	2,914	1.59%

\* The ownership percentage is calculated based on the number of shares outstanding excluding treasury shares (1,737,035 shares)



# CORPORATE INFORMATION (As of March 31, 2015)

## CREDIT SAISON CO., LTD.

<b>Incorporated</b>	May 1, 1951
<b>Paid-in Capital</b>	¥75,929 million
<b>Number of Employees</b>	2,078 Average Number of Non-regular Employees: 1,475 (in 7.75 hours/day equivalent)
<b>Major Businesses</b>	<ul style="list-style-type: none"> <li>• Credit Service Segment</li> <li>• Lease Segment</li> <li>• Finance Segment</li> <li>• Real Estate-Related Segment</li> <li>• Entertainment Segment</li> </ul>
<b>Head Office</b>	52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan Telephone: 81-3-3988-2111 <a href="http://corporate.saisoncard.co.jp/en/">http://corporate.saisoncard.co.jp/en/</a>

<b>Closing of Accounts</b>	March 31
<b>Stock Listing</b>	Tokyo Stock Exchange, First Section
<b>Ticker No.</b>	8253
<b>Independent Auditor</b>	Deloitte Touche Tohmatsu LLC
<b>Transfer Agent</b>	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.

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](http://www.saisoncard.co.jp) [www.uccard.co.jp](http://www.uccard.co.jp)