

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Credit Saison Co., Ltd. (security code: 8253)

<Assignment>

Long-term Issuer Rating:	AA-
Outlook:	Stable
Bonds:	AA-
Shelf Registration:	Preliminary AA-
CP:	J-1+

Rationale

- (1) Credit Saison Co., Ltd. (the “Company”) is the largest credit card company in the distribution sector. It engages in diverse businesses, namely, payment, lease, finance, real estate-related, global and entertainment. Factors reflected in the ratings include: its strong position and competitiveness in the payment market; good earnings capacity; capital adequacy relative to risks; fairly sound assets; and high liquidity. With progress in the diversification of earnings sources, the Company is steadily expanding its business and profits. It aims to pursue further business expansion by focusing not only on the payment and finance businesses as it has been, but also on the global business going forward; even so, it will in JCR’s view appropriately manage business operations so that risks will not become excessive relative to capital.
- (2) The Company enjoys strong market position and competitiveness. In the credit card business as the core of the payment business, it owns the SAISON brand, boasting top-class membership and shopping transaction value in the industry. In the finance business, it is increasing the transaction value of loans for purchasing condominiums for investment purposes by leveraging its own network with real estate sales companies and financial institutions and ranks high in the industry in terms of outstanding loan balance. It also has a certain size of guarantee commitments within the industry. Meanwhile, it aims to turn the global business into the third earnings pillar after payment and finance over the medium to long term. In anticipation of rapid business expansion centered on the lending business in India, it intends to make a reasonable level of investments, and JCR will keep an eye on progress in the global business.
- (3) The Company’s earnings capacity on a consolidated basis is high. Business profit has long been relatively stable and has recently been on an uptrend since hitting the bottom in the fiscal year ended March 2020 (FY2019). Moreover, the profit level is high in the credit card industry, and core profits before bad debt-related expenses, etc. ensure a leeway to absorb bad debt-related and financing costs to a certain extent. The payment, finance and global businesses are all expanding steadily, and thus earnings growth is highly likely to continue for a while. The elimination of gains on the sale of long-held real estate is expected to push down profits, but JCR assumes that this can be fully offset by profit growth in the above three business segments.
- (4) Asset quality is sound, by and large. Bad debt-related expenses tend to somewhat increase when the provision for losses on interest repayments is made but are otherwise relatively stable. Credit card assets, finance assets, credit guarantees and other major operating assets are well-diversified into small amounts. Delinquent receivables ratio and bad debt-related expenses relative to operating assets are controlled fairly well, and receivables delinquent for three months or more are adequately covered by real estate collateral and loan loss reserves. As regards the global business, the non-performing loan ratio of the core subsidiary in India is kept low at around 1% thanks to an appropriate credit management system. Yet, it should be noted that, as the Company mainly operates in emerging countries, not only it is vulnerable to fluctuations in interest rates and exchange rates, but also geopolitical risk is relatively high. JCR will watch whether the Company can maintain the soundness of its loan portfolio while enhancing the lending business in Brazil and Mexico going forward.
- (5) Capital adequacy is commensurate with the ratings. Consolidated shareholders’ equity, i.e. equity attributable to owners of parent, amounts to as much as approximately 700 billion yen. Its ratio as of September 30, 2024 stood at around 15.5%. JCR-adjusted capital adequacy ratio, which reflects factors like risk weights according to the risk profile of operating assets, is at a good level. Given the Company’s aggressive shareholder return policy, capital accumulation may be slower than before for

a while, but JCR predicts that the Company will adequately control the balance of operating assets against capital based on risk capital management. There are no particular concerns about liquidity. While mainly borrowing from banks, the Company also uses other financing means, such as CP, corporate bonds and receivables securitization, as it has worked to diversify financing methods. It conducts ALM appropriately, and thus interest rate risk and liquidity risk are at decent levels.

Hidekazu Sakai, Akira Minamisawa

Rating

Issuer: Credit Saison Co., Ltd.

<Assignment>

Long-term Issuer Rating: AA- Issue	Outlook: Stable Amount (JPY mn)	Issue Date (yyyy.mm.dd)	Due Date (yyyy.mm.dd)	Coupon (%)	Rating
Bonds no. 59	10,000	2016.10.31	2031.10.31	0.770	AA-
Bonds no. 64	10,000	2017.06.15	2037.06.15	1.000	AA-
Bonds no. 65	10,000	2017.07.31	2027.07.30	0.380	AA-
Bonds no. 68	15,000	2018.04.27	2038.04.30	0.990	AA-
Bonds no. 71	10,000	2018.11.30	2025.11.28	0.310	AA-
Bonds no. 72	10,000	2019.01.31	2029.01.31	0.480	AA-
Bonds no. 73	10,000	2019.03.15	2029.03.15	0.480	AA-
Bonds no. 74	12,000	2019.04.19	2039.04.19	1.000	AA-
Bonds no. 75	10,000	2019.07.31	2025.07.31	0.200	AA-
Bonds no. 76	10,000	2019.07.31	2029.07.31	0.300	AA-
Bonds no. 77	10,000	2019.10.18	2026.10.16	0.230	AA-
Bonds no. 78	20,000	2019.10.31	2026.10.30	0.230	AA-
Bonds no. 79	20,000	2020.01.31	2025.01.31	0.220	AA-
Bonds no. 81	20,000	2020.07.15	2025.07.15	0.200	AA-
Bonds no. 82	10,000	2020.10.15	2030.10.15	0.400	AA-
Bonds no. 83	25,000	2021.01.29	2026.01.29	0.150	AA-
Bonds no. 84	8,000	2021.01.29	2041.01.29	0.970	AA-
Bonds no. 85	20,000	2021.03.15	2027.03.15	0.240	AA-
Bonds no. 86	30,000	2021.04.15	2026.04.15	0.090	AA-
Bonds no. 87	20,000	2021.04.15	2028.04.14	0.290	AA-
Bonds no. 88	10,000	2021.09.10	2031.09.10	0.300	AA-
Bonds no. 89	20,000	2021.10.29	2026.10.29	0.130	AA-
Bonds no. 90	13,000	2021.10.29	2041.10.29	0.940	AA-
Bonds no. 91 (social bonds)	10,000	2022.06.10	2027.06.10	0.400	AA-
Bonds no. 92	20,000	2022.06.20	2027.06.18	0.400	AA-
Bonds no. 94	10,000	2023.01.31	2028.01.31	0.720	AA-
Bonds no. 95	30,000	2023.06.09	2028.06.09	0.440	AA-
Bonds no. 96	10,000	2023.07.31	2030.07.31	0.810	AA-
Bonds no. 97	30,000	2023.12.15	2026.12.15	0.470	AA-
Bonds no. 98	15,000	2024.01.31	2029.01.31	0.629	AA-
Bonds no. 99	20,000	2024.01.31	2029.01.31	0.629	AA-
Bonds no. 101	20,000	2024.04.30	2027.04.30	0.599	AA-
Bonds no. 102	25,000	2024.04.30	2029.04.27	0.855	AA-
Bonds no. 103	14,000	2024.05.31	2030.05.31	1.006	AA-
Bonds no. 104	20,000	2024.08.07	2029.08.07	0.924	AA-
Bonds no. 105	10,000	2024.07.31	2029.07.31	0.924	AA-
Bonds no. 106	15,000	2024.10.18	2027.10.18	0.778	AA-
Bonds no. 107	20,000	2024.10.18	2029.10.18	0.939	AA-
Bonds no. 108	10,000	2024.12.06	2031.12.05	1.232	AA-

Shelf Registration: Preliminary AA-

Maximum: JPY 150 billion

Valid: Two years effective from December 10, 2024

CP: J-1+

Maximum: JPY 700 billion

Rating Assignment Date: January 7, 2025

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (October 1, 2024) and "Credit Cards and Credit Sales" (June 21, 2022) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

A preliminary rating is a credit rating assigned as a preliminary evaluation while material terms for issue to be rated are not yet finalized. When the issuing terms are finalized, JCR will confirm them and will assign a credit rating anew. The rating level of the final rating may be different from that of the preliminary rating, depending on the final content of the terms, etc.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Credit Saison Co.,Ltd.
Rating Publication Date:	January 9, 2025

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
- A) Audited financial statements presented by the rating stakeholders
- B) Explanations of business performance, management plans, etc. presented by the rating stakeholders
- C) Documentation of the rated financial product presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions

improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset

quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Tomohiro Miyao, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

宮尾 知浩

Tomohiro Miyao

General Manager of Financial Institution Rating Department

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