

67th

Business Report

CREDIT SAISON CO., LTD. Interim Business Report
67th Fiscal Term (April 1, 2016 – September 30, 2016)

時代を超えて受け継がれる、永久不滅の輝き。



PLATINUM 20,000円(税抜)/Invitation Only



GOLD 10,000円(税抜)



BLUE 3,000円(税抜)



PEARL 1,000円(税抜)/カードご利用で無料

SAISON AMERICAN EXPRESS® CARD
至高のサービス・圧倒的なポイントプログラム セゾンカード革新のラインナップ

永久不滅
ポイント

永久不滅
.com

SAISON
CARD
INTERNATIONAL





Changing the existing business model through innovation

December 2016

Hiroshi Rinno, President and CEO

Dear Shareholders:

Based on our management philosophy of striving to always be a leading-edge service company, and in accordance our midterm management plan, of which the final year is fiscal 2018 and the business vision is for us to become a “Neo Finance Company in Asia,” we have continued to provide optimum solutions to all individuals and companies through the development of diverse business segments and strategic products and services centering on financial services. In these efforts, we have leveraged our corporate assets, i.e., our strengths in the form of expertise in the card business accumulated for over three decades, our customer base exceeding 36 million persons, as well as innovative products and services and a vast array of alliance partners.

As for the business results for the first half of the 67th fiscal term (April 1, 2016 – September 30, 2016), we promoted cashless payments in personal consumption focusing on credit cards and prepaid cards, in addition to expanding our customer base by acquiring new cardmembers. As for initiatives to lock in settlements in the corporate market, we worked to expand the scope of cashless settlements for intercompany transactions and improve the efficiency of back-office operations by enhancing solution tools, such as launching Saison Smart Transfer Service, which reduces transfer fees incurred by companies. Furthermore, we accelerated the establishment of a business model that will become a new earnings source by developing new businesses with leading Internet companies, including building Saison DMP, a marketing platform utilizing big data held by Credit Saison, and establishing DG Lab, an open-innovation-type research and development organization. We are also pushing ahead with the diversification of our earning capacity to include sources that are not dependent on the card business, through the promotion of lease, credit guarantees, Flat 35, asset formation loans and other financial products. In Asia, we worked to expand the retail finance business based on strategic partnerships with local companies in Vietnam and Indonesia.

As a result of the foregoing, consolidated operating revenue was up 1.7% year on year to ¥137.241 billion, consolidated ordinary income decreased 9.4% year on year to ¥31.006 billion and profit attributable to owners of parent increased 22.7% year on year to ¥28.245 billion.

Looking ahead, we will continue to pursue “collaborative management” that helps improve customer convenience and expand partner merchants’ sales and strive to expand our business segments that translate into sustainable growth, and thereby maximize corporate value.

Lastly, I would like to ask for our shareholders’ continued use of a wide range of Saison cards—including Saison American Express® Card as a groundbreaking card with prestige—and UC Cards, as well as their unchanging support for Credit Saison.

photo by Motoyuki Ishibashi

Midterm business vision (Neo Finance Company in Asia)

We will recreate ourselves into a company that can permanently grow by providing optimum solutions that meet customers’ needs on an ongoing basis as a leading-edge service company. We will ensure competitiveness by making changes to the existing business model through innovation with a sense of urgency instead of continuing along the current lines, and take on the challenge of becoming a “Peerless New Finance Company in Asia”.

Midterm business target

By putting the slogan “Realize innovation and business model change” into practice, we will aim to achieve consolidated ordinary income in the amount of ¥60 billion for fiscal 2018.

Indonesia

Thailand

Singapore



Card



To Realize a Cashless Society

We endeavored to solicit enrollment for affinity cards such as Saison American Express® Card and Mitsui Shopping Park Card Saison, and worked on structural reform of solicitation methods utilizing web channels and tablets. As a result, our customer base expanded to a total number of cardmembers at 26.01 million, increasing by 400,000 from the previous fiscal year-end. We also encouraged card use for the payment of hometown tax scheme (furusato nozei) and other types of taxes, in addition to executing campaigns focusing on partner merchants and pitching for diverse payment methods including revolving credit repayment plans and, in the case of salaried workers, seasonal bonuses to pay down outstanding debts. Consequently, card shopping transaction volume grew 4.2% year on year to ¥2,179.9 billion and the card shopping revolving credit balance increased 6.4% from the previous fiscal year-end to ¥360.2 billion. We are seeking to become the No. 1 company in the cashless settlement market by promoting prepaid cards and drawing on new settlement schemes such as Apple Pay.

Provision of Solutions that Match Corporate Needs

Having formed an operation tie-up with Concur Japan, Ltd., the provider of cloud-based expense settlement solution Concur, we worked to substantially reduce expense settlement workloads by combining our corporate cards and corporation cards with Concur. In addition, we expanded the marketing of Saison Platinum Business American Express® Card, a business card tailored to meet individual proprietors' needs for the settlement of business expenses, and started Saison Smart Transfer Service, which reduces transfer fees for the purpose of improving the efficiency of indirect operations in companies, especially small and medium-sized enterprises and individual proprietors. By providing such optimum solutions matching company size and corporate needs, we are striving to introduce cashless settlement into various fields involving settlement at companies.

Asia

Full-scale Entry into Retail Finance Business

We are speeding up our overseas business expansion in Asia, which is expected to become a key earnings base in the future. In Vietnam, HD SAISON Finance Company Ltd. has been expanding its business centering on loans for motorcycles and home appliances, and has also been engaging in such initiatives as local alliance development including opening a finance service counter at Ho Chi Minh Takashimaya, launched in Ho Chi Minh City in July 2016. In Indonesia, we established PT. Saison Modern Finance—a joint venture for multi-finance business—with PT. Modern Internasional Tbk., the operator of retail business 7-Eleven Indonesia; PT. Saison Modern Finance is engaged in the business of leasing equipment for the opening of stores, in line with the expansion of 7-Eleven Indonesia's franchise network. We will continue to promote entry into finance markets in neighboring Asian countries such as the Philippines, Malaysia, Thailand, Myanmar and India.

Internet

Tapping into the Ever-growing Internet Market

Pushing ahead with the development of new businesses capitalizing on the Internet, we endeavored to increase Internet members; as a result, the number of Internet members grew 5.3% from the previous fiscal year-end to 13.17 million. While the number of smartphone app downloads is also increasing, promoting the use of Internet services overall. In May 2016, we established Saison DMP (Data Management Platform), a marketing platform for facilitating the utilization of big data, to realize the timely distribution of information to Internet members and expand the Internet advertisement business. We are also making ongoing efforts to change the existing business model through open innovation and striving to build a new business model, including making agile investments in and forming business alliances with leading contents firms and venture companies with new technologies, while utilizing our corporate venture capital fund Saison Ventures Co., Ltd.



Finance

Lease & Rental

We provide finance leases, business-use installment sales, and rentals for office automation (OA) equipment, communication equipment, LED lighting and the like in accordance with the capital investment plans of business operators. While leveraging to the fullest our strengths of credit assessment know-how and speed in setting credit limits, 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. This resulted in the balance of receivables held to increase 0.7% from the previous fiscal year-end to ¥283.7 billion. Going forward, we will take on the challenge of drawing on business trends such as those in the POS cash register peripherals market based on the expansion of cashless settlements, as well as creating new earnings sources.

Credit Guarantee

Centering on guarantees for non-secured personal multi-purpose loans, we work in close cooperation with partner financial institutions in terms of both sales and administration, while endeavoring to establish a meticulously planned collaboration structure comprising measures ranging from implementing financial product study sessions to promoting the provision of personal loans. 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 business is expanding with the number of partner financial institutions standing at 399, up 11 compared with the same period of the previous fiscal year, and the balance of credit guarantees increased 6.6% from the previous fiscal year-end to ¥317.6 billion.

Finance

Flat 35 offers products designed to meet various financing needs associated with purchasing a home as Home Loan Packages. Rapid credit screening, flexibility in responding to customer needs, and the sense of reassurance we have cultivated through our card businesses were recognized, resulting in the loan balance after the transfer of receivables to the Japan Housing Finance Agency (JHF) climbing 10.7% from the previous fiscal year-end to ¥393.6 billion. As for Saison Asset Formation Loans, the strengthening of collaboration with our partners through study sessions and product features customized to market needs resulted in the loan balance surging 34.0% from the previous fiscal year-end to ¥169.2 billion.

Investment



Development of Asset Management Service into a Mainstay Business

In 2015, we established a totally entrusted investment management firm Monex-Saison-Vanguard Investment Partners, Inc. with Monex Group, Inc. and The Vanguard Group, Inc., and in September 2016, the firm started providing MSV LIFE, a robot-advisory service targeted at individuals. The service, which is available at a minimum investment amount of ¥10,000 and at an effective annual fee rate below 1.0%, involves providing ongoing support for an asset plan optimized for each individual until the targets are achieved by utilizing cutting-edge information technology and global-standard financial knowledge. Saison Asset Management Co., Ltd. assists in asset management for the future of ordinary citizens based on a full-fledged long-term asset growth oriented fund, and continues to grow with the balance of assets under management amounting to approximately ¥145.8 billion and the number of accounts totaling approximately 110,000. Through these two companies, we are seeking to make asset management services accessible and user-friendly, and the ways of dealing with money more diverse and fruitful.

Work Life Design

Realization of Diversity Management

Having participated in the Ministry of Health, Labour and Welfare's model project for supporting the introduction of telework for persons with disabilities, we have introduced telework on a trial basis with the aim of improving productivity and expanding the employment of persons with disabilities. In addition, we are enhancing diversity management, while also "reforming the mode of work" with the objective of creating an organization where each employee is able to perform to his or her fullest potential, such as providing career support for women, adopting morning shifts, and launching a performance support system based on a cafeteria points program. Also, the Saison Work-life Design Section—a cross-divisional department consisting primarily of volunteering employees—is promoting mode-of-work reforms from the bottom up, including operating web media SAISON CHIENOWA.



CSR

Promotion of Social Contribution Activities

Credit Saison provides support in various ways through Eikyufumetsu Points and credit card payments, such as making donations to the Animal Protection Center Construction Fund in collaboration with Kanagawa Prefecture, in addition to providing aid to victims of the Southern Taiwan Earthquake and the Kumamoto Earthquake in 2016. We are also promoting social contribution activities unique to Credit Saison, including engaging in nature conservation activities involving the operation of Akagi Nature Park and providing support for sports and cultural activities in a sustained manner. Furthermore, we participate in education programs targeted at junior-high and high school students, and engage in cross-border education programs including participating in Quest Career, which seeks to deepen mutual understanding between Japanese companies and Vietnamese students.

Change for Progress.

Targeting all kinds of corporations and individuals as customers, we will achieve growth while playing a leading role in our ever-changing society by leveraging the combination of our diverse strategic resources.

Shanghai

Japan

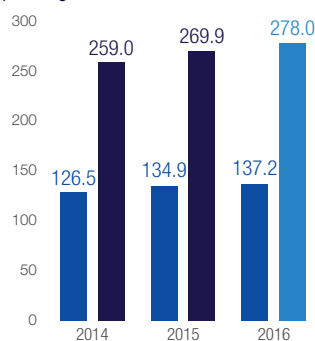
Vietnam

Malaysia

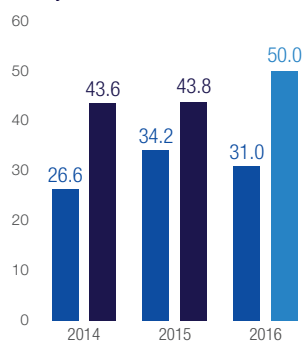
Financial Data

Operating Results

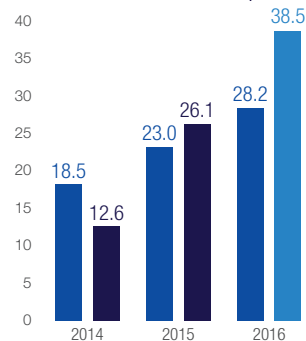
Operating revenue



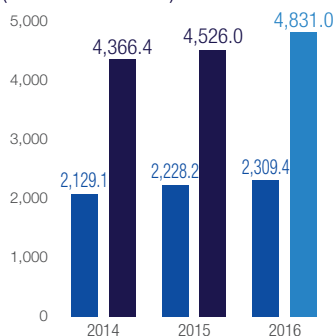
Ordinary income



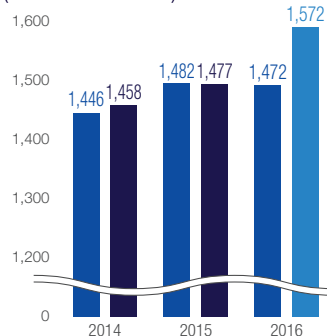
Profit attributable to owners of parent



Card transaction volume (Non-consolidated)



Active cardmembers (Non-consolidated)



During the first half of the 67th fiscal year (fiscal 2016) in Japan, Credit Saison sought to realize a cashless society through initiatives designed to offer a broader selection of settlement methods that match both individual and corporate needs. In Asia, we worked on building foundations that enable sustainable growth through efforts which included promoting the retail finance business by utilizing the know-how gained in Japan.

As for operating revenue, thanks to our efforts including the promotion of solicitation for enrollment for affinity cards in close collaboration with partner merchants and revitalization of card use focusing on partner merchants, card shopping transaction volume grew

4.2% year on year to ¥2,179.9 billion and the card shopping revolving credit balance increased 6.4% from the previous fiscal year-end to ¥360.2 billion. Further, in the finance business, due to such factors as the steady performance in terms of the balance of credit guarantees and the contribution of Flat 35 and Saison Asset Formation Loans to revenue, operating revenue increased 1.7% year on year to ¥137.2 billion.

Reflecting operating expenses, which include an increase in costs linked to growth in card transaction volume, ordinary income decreased 9.4% year on year to ¥31.0 billion and profit attributable to owners of parent increased 22.7% year on year to ¥28.2 billion.

Supporting Company

Credit Saison will continue to support Japanese national soccer teams

Since 2001, Credit Saison has been a corporate supporter of the Japanese national soccer teams that compete on the world stage. We support SAMURAI BLUE men's team, U-23 Japan National Team, and various other national soccer teams through efforts which include joint promotions with Japan Airlines Co., Ltd. (JAL) and offers of special items available only to cardmembers in exchange for Eikyufumetsu Points. We also help children who aspire to be future representatives on Japan's national soccer teams by implementing "national flagbearer," "Welcome Kids," and other youth programs.



Starting lineup in the Men's National Team playing Bulgaria in the ©JFA/Kirin Cup Soccer 2016 (June 3, 2016)



Starting lineup in the Men's U-23 National Team playing South Africa in the ©JFA/Kirin Challenge Cup 2016 (June 29, 2016)



Credit Saison is a supporter of Japanese national soccer teams.

Corporate Data

Stock Information

(As of September 30, 2016)

Common Stock Authorized	300,000,000 shares
Common Stock Outstanding	185,444,772 shares
Number of Shareholders	12,654

Major Shareholders (Top 10)

Name	Equity stake	
	Number of Shares (thousands)	Ownership Percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	21,263	13.01
JP MORGAN CHASE BANK 385632	11,198	6.85
Japan Trustee Service Bank Ltd. (trust account)	10,362	6.34
THE TACHIBANA SECURITIES CO., LTD.	4,772	2.92
Mizuho Bank Ltd.	4,675	2.86
Japan Trustee Service Bank Ltd. (trust account 9)	4,648	2.84
BNYML-NON TREATY ACCOUNT	4,496	2.75
HSBC BANK PLC A/C CLIENTS 1	4,205	2.57
STATE STREET BANK AND TRUST COMPANY	4,133	2.53
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	3,691	2.26

*1. 22,032,429 treasury shares held by Credit Saison are not included in the above list of major shareholders.

*2. The ownership percentage is calculated based on the number of shares outstanding excluding treasury shares.

Corporate Information

(As of September 30, 2016)

CREDIT SAISON CO., LTD.

Incorporated:	May 1, 1951
Paid-in Capital:	¥75,929 million
Number of Employees:	2,300 In addition, Average Number of Non-regular Employees: 1,535 (in 7.75 hours/day equivalent)
Head Office:	52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan
Major Businesses:	<ul style="list-style-type: none"> ① Credit Service Segment (credit card business, servicing (loan collection agency) business, etc.) ② Lease Segment (lease business) ③ Finance Segment (credit guarantee business and finance-related business) ④ Real Estate-Related Segment (real estate business and real estate leasing business, etc.) ⑤ Entertainment Segment (amusement business, etc.)

Board of Directors and Audit & Supervisory Board Members

Teruyuki Maekawa	Chairman and Representative Director	Masako Takeda	Director
Hiroshi Rinno	President and CEO	Yoshiaki Miura	Director
Naoki Takahashi	Executive Vice President and Representative Director	Shingo Baba	Director
Hiroshi Yamamoto	Senior Managing Director	Yasuhsa Ueno	Director (Outside)
Masahiro Yamashita	Senior Managing Director	Reiko Yonezawa	Director (Outside)
Sadamu Shimizu	Managing Director	Kaoru Hayashi	Director (Outside)
Katsumi Mizuno	Managing Director	Yoshitaka Murakami	Standing Audit & Supervisory Board Member (Outside)
Kazuhiro Hirase	Director	Masaru Sakurai	Standing Audit & Supervisory Board Member (Outside)
Akihiro Matsuda	Director	Yoshiro Yamamoto	Audit & Supervisory Board Member
Yoshihisa Yamamoto	Director	Chie Kasahara	Audit & Supervisory Board Member (Outside)
Tatsunari Okamoto	Director		

Shareholders' Notes

Fiscal Year:	Period beginning on April 1 and ending on March 31 of the following year
Ordinary General Meeting of Shareholders:	Convened each year in June
Record Date:	Ordinary general meeting of shareholders and year-end dividend payments - March 31 Should any other record date be required, a public notice will be issued in advance.
Transfer Agent and Administrator of Special Accounts:	Sumitomo Mitsui Trust Bank Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Administrative Office of Transfer Agent:	Stock Transfer Agency Business Department, Sumitomo Mitsui Trust Bank Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
(Mailing Address)	Stock Transfer Agency Business Department, Sumitomo Mitsui Trust Bank Limited, 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan
(Telephone Inquiries)	0120-782-031 (9:00-17:00 excluding weekends and holidays)
(URL)	http://www.smtb.jp/personal/agency/index.html
Method of Public Notice:	Electronic notice (Credit Saison website http://corporate.saisoncard.co.jp)
Stock Listing:	Tokyo Stock Exchange
Securities code:	8253

[Notice of Address Change, etc. and Inquiries Relating to Shares]

Shareholders who have an account with a securities company are asked to contact the relevant securities company regarding address change and other notices, as well as inquiries. Shareholders who do not have an account with a securities company are asked to call the number indicated above for telephone inquiries.

[Special Accounts]

For shareholders who were not using the "Hofuri" system (Japan Securities Depository Center, Inc.) prior to the introduction of the electronic share certificate system, an account (special account) has been opened at Sumitomo Mitsui Trust Bank Limited above as the transfer agent. Inquiries on special accounts should be directed to the transfer agent at the number indicated above for telephone inquiries.

