



Management Report FY2014

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さらに魅力を伝えます

2015. 5. 14

CREDITSAISON CO.,LTD.

AGENDA

◆ FY2014 Highlights

I . FY2014 Financial Report

II . FY2014 Management Vision

III . Social Contribution Activities

This report contains forward-looking statements that reflect our plans and expectation. These forward-looking statements are not guarantees of future performance and known and unknown risks, uncertainties and other factors that may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

Main Topics of the 2014 Fiscal Year

Payment

Card Business

- The shopping transaction volume exceeds 4 trillion
- Substantial expansion in the Revolving balance to 294.9 billion yen (YoY Comparison+10%)

Solution

Solution Business

- Establishment of a sales system targeting corporations comprising all sections and all employees , promoting cashless payments in the corporate market
- Issuance of new products for corporations +25%, transaction volume + 22% resulting in an increase in results

Finance

Finance Business

- With an expansion in the product line-up such as loans to purchase apartments, substantial expansion in the Asset formation loan balance to 67.7 billion yen (YoY Comparison+112%)
- Expansion of the number of business partners to 378 and expansion of credit guarantee balance to 240.2 billion yen (YoY Comparison+12%)

Internet

Internet Business

- Innovative solutions offered together with business ventures that aim at creating new businesses such as Money Forward and Mercari
- Expansion in the number of Smartphone users of applications 'Saison Portal' and 'UC Portal' to 0.5 million

Global

Overseas Business

- Aiming to become Vietnam's No.1 integrated retail finance business operator, formed a capital and business alliance with HD Bank and established "HD SAISON Finance Company"
- Formed a capital and business alliance with Matchmove Pay Pte Ltd.(Singapore) that is operating virtual brand prepaid card service in Asia

Group

Group administration

- Boost development of a new commercial facility collaborating with atre co., ltd and Atrium Co.,Ltd. at the west exit of Ebisu station
- Form a capital and business alliance with Japan Post Co., Ltd. and SAISON ASSET MANAGEMENT CO.,LTD.

I . FY2014 Financial Report

1. Financial Results
2. Results by Business Segment
3. Contributions by Consolidated Companies
4. Main Indices (Non-Consolidated)
5. Trends in the credit business
6. Credit risk / Credit cost
7. Interest repayment claim
8. Financial Indices / Dividends



Presented the Town Card Festival total
: Total of 17 times in 16 areas

※Sapporo・Aomori・Karuizawa・Kanazawa・Omiya
Ikebukuro・Shibuya・Nihonbashi・Kichjoji・Yokohama
Sakae・Shiga・Hiroshima・Tenjin・Kagoshima・Naha

1. Financial Results

(¥ Billion)

		FY2013	YoY(%)	FY2014	YoY(%)	FY2015 (Estimate)	YoY(%)
Consolidated	Operating Revenues	247.5	101.3	259.0	104.6	268.0	103.4
	Ordinary Income	44.4	83.5	43.6	98.4	54.5	124.8
	Quarter Net Income	25.5	78.0	12.6	49.4	35.0	277.1
	Earnings per Share (¥)	139.15	78.0	68.77	49.4	190.6	277.1

Non-consolidated	Operating Revenues	205.8	100.9	219.3	106.5	230.0	104.9
	Ordinary income	34.8	84.0	38.4	110.3	46.0	119.6
	Quarter Net Income	18.6	77.2	11.3	60.7	27.5	243.0

2. Results by Business Segment

(¥ billion)

	Operating revenues			Operating income (loss)		
	FY2013	FY2014	YoY (%)	FY2013	FY2014	YoY (%)
Credit Service	189.6	199.2	105.1	14.7	15.3	104.9
Lease	14.2	13.9	97.7	6.0	5.9	98.2
Finance	19.1	22.8	119.3	10.0	13.2	132.0
Real Estate-related	12.6	13.0	103.3	3.8	4.5	115.8
Entertainment	13.0	10.9	84.3	1.6	1.0	67.9
Total	248.7	260.0	104.6	36.3	40.1	110.5
Inter-segment Transactions	(1.1)	(1.0)	—	(0)	(0)	—
Consolidated	247.5	259.0	104.6	36.3	40.1	110.5

3. Contribution by Consolidated Companies

Ordinary income: Difference between consolidated and non-consolidated figures

Contribution to consolidated results

	Non-consolidated	Consolidated	Difference
Ordinary income	¥38.4 billion	¥43.6 billion	5.2billion

Major consolidated subsidiaries	Contribution to ordinary income
Concerto Inc. (entertainment business)	¥2.00 Billion
Atrium Group (liquidation of real estate) (servicing business)	¥1.03 Billion
Saison Fundex Group (loans) (real estate)	¥0.70 Billion
JPN Collection Service Co., Ltd. (Loan collection, temporary staff, kinder nursery services)	¥0.15 Billion

Major equity-method affiliates	Contribution to ordinary income
Idemitsu Credit Co., Ltd. (credit card business)	¥1.61 Billion
Seven CS Card Service Co., Ltd. (credit card business)	¥0.86 Billion
Takashimaya Credit Co., Ltd. (credit card business)	¥0.83 Billion

(Reference) Progress of the Real Estate Business (Atrium Group)

With sales/ joint development of large properties, progress made as planned for the final fiscal year of the project liquidating liquidation businesses

- Business to be liquidated
 - Ebisu
 - Boosted development of a new commercial facility collaborating with atre co., ltd and Atrium Co.,Ltd. at the west exit of Ebisu station. (to be opened in the spring of 2016)
 - Minami-aoyama
 - Sale completed
- Surviving Business
 - Purchasing of small and medium size real estate and offering it for sale with added value in a short time
 - Retaining small profitable housing to ensure rent income

[Ebisu development: Exterior image]



[1F Entrance image]



[Assets]

195 billion yen (Change from previous term: -15 billion yen)
Internal) Assets of business to be liquidated 70 billion yen
(Change from previous term: -30 billion yen)

[Profit]

Fiscal Year 2014 results: 1.03 billion yen
(Change from Mar. '13:+800 million yen)
Fiscal Year 2014 Plan: 100 million yen

4. Main Indices (Non-Consolidated)

	FY2013		FY2014		FY2015	
		YoY(%)		YoY(%)	(Estimate)	YoY(%)
New Applications (millions)	3.32	98.2	3.00	90.6	3.40	113.0
New Card Issued (millions)	2.53	100.7	2.37	93.6	2.70	113.8
Total Cardholders (millions)	24.75 (Δ 0.06)	99.7	24.97 (0.22)	100.9	25.60 (+0.63)	102.5
Active Cardholders (millions)	14.20 (+0.58)	104.3	14.58 (+0.38)	102.7	15.40 (+0.82)	105.6
Transaction Volume (¥ billion)	4,117.0	108.1	4,366.4	106.1	4,738.0	108.5
Card Shopping	3,852.9	108.6	4,089.3	106.1	4,450.0	108.8
Cash Advances	264.0	101.5	277.0	104.9	288.0	103.8

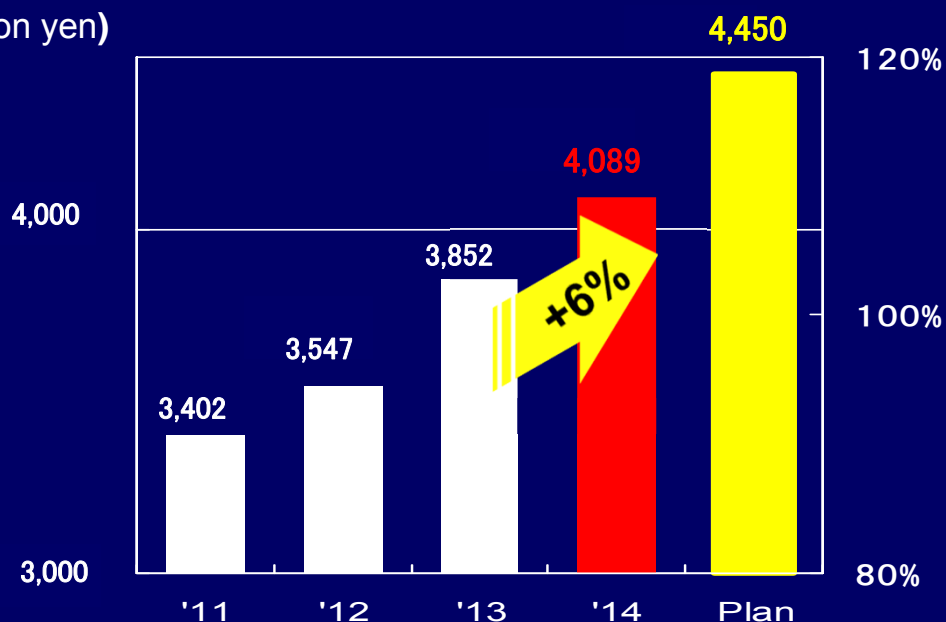
(Unit: million cards, million people, ¥ billion)

Figures in parentheses are changes from the previous year

5-(1) Credit business trend to shopping business

[Transaction volume]

(Billion yen)



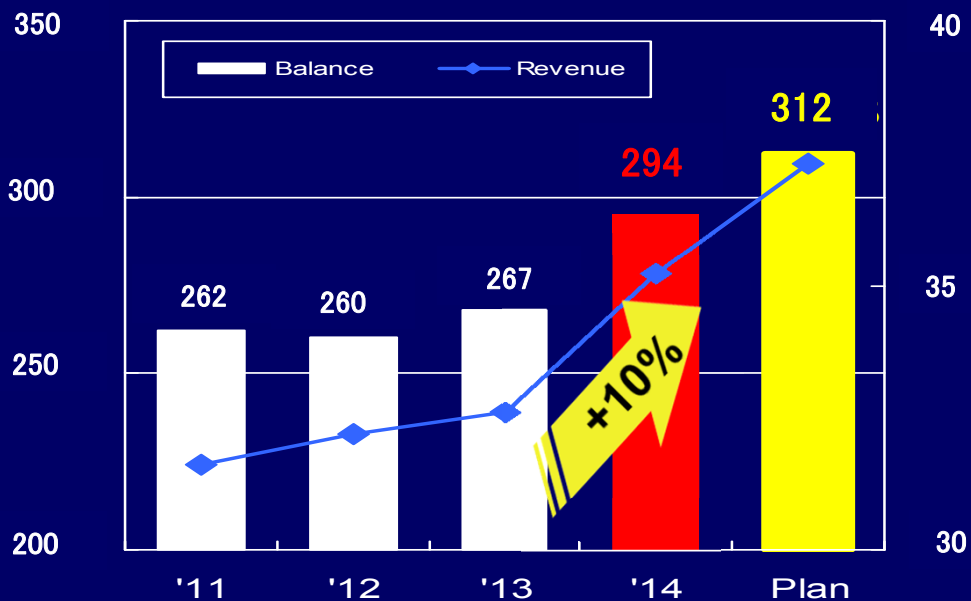
- Expanding the customer base with focus on cards with high usage volume like the American Express Centurion Card
- Promoting use of company's cards in supermarkets, shopping centers, etc., at the same time promoting use of cards for small payments at convenience stores, etc.



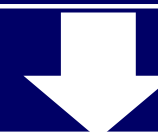
Balance (Billion yen)

[Shopping Revolving]

Revenue (Billion yen)



Increase in the number of new customers applying for revolving credit and ensuring thorough notification of revolving credit service at point of contact with customers such as Saison counters.



Increase in results: Balance YoY Comparison + 10%, Revenue YoY Comparison + 8% due to an increase in the number of customers with revolving balance and increase in the amounts used per customer.

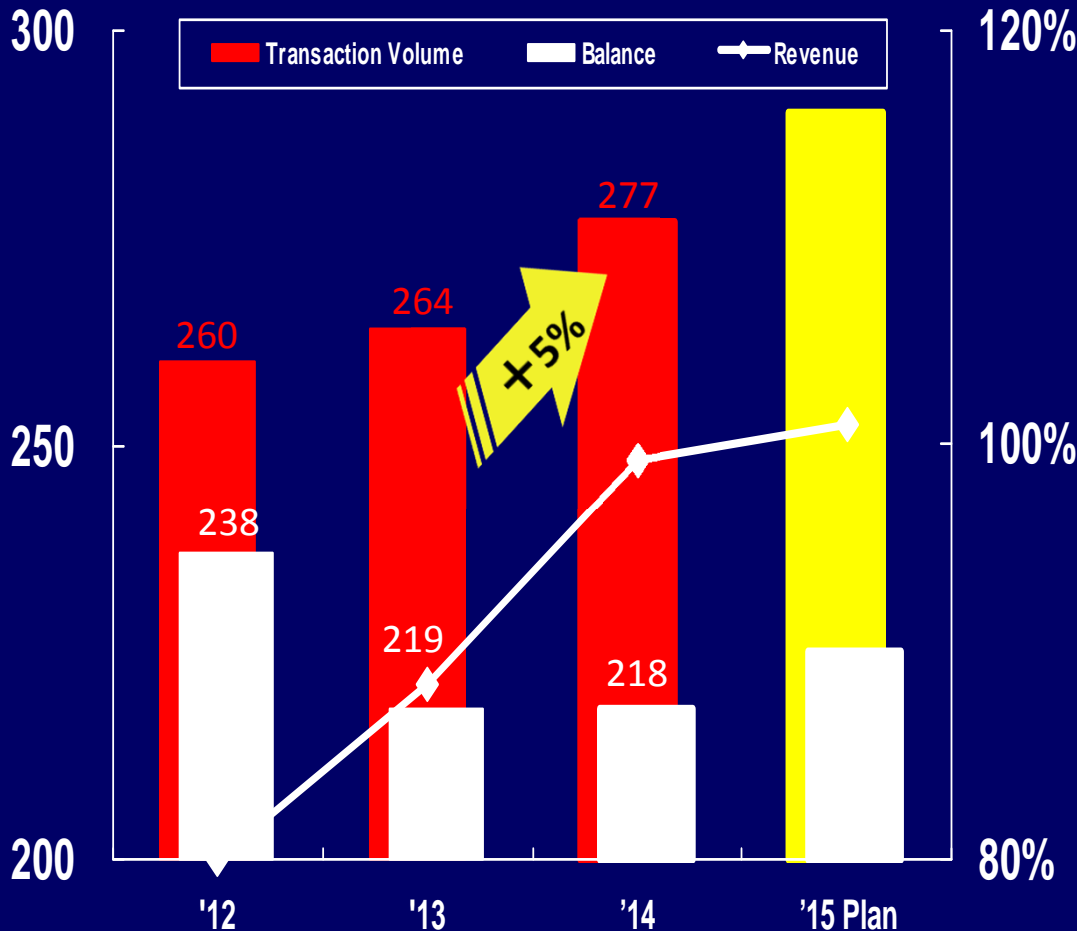
5-(2) Credit business trend-cash advance

Granting credit limits based on customers' wishes
 Challenging cash advance business with new ideas

[Credit Saison alone]

Balance Transaction volume
 (Billion yen)

Business profit
 (YoY Comparison)



[Increasing cards with cash advance function]

- Putting to good use the company's ability to expand customer base by face to face marketing at Saison counters, etc., **increase the rate of new cardholders applying for cash advance service and number of cardholders with cash advance limit of more than 0.3 million**
 - * Rate of cardholders with cash advance: approximately 93%
 - * Customers with limit above 0.3 million yen: approximately 62%
- Speeding up **applications on the web** to expand transaction volume in both real and virtual transactions

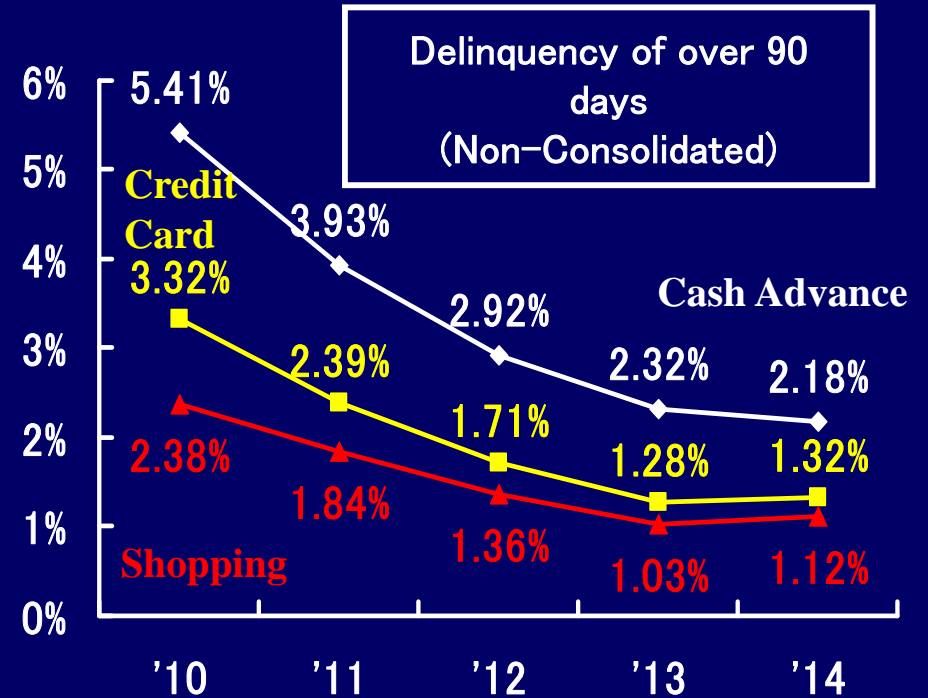
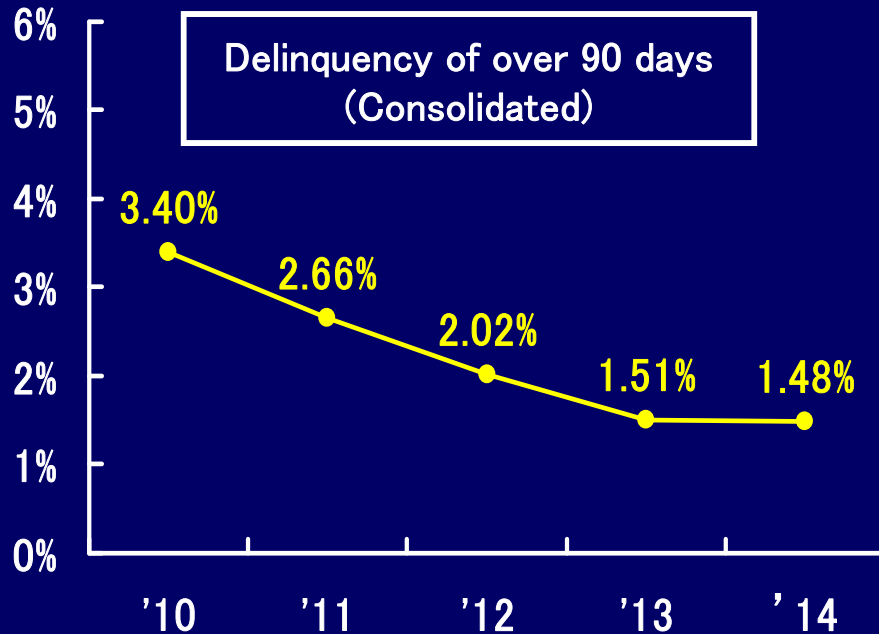
[Strengthening approach to customers]

- Expanding the cashing limits and selling the most suitable products such as loans **to each and every customer** through use of **consulting centers**

6. Credit Risk / Credit Cost

Capturing both young and senior customers with a flexible credit policy

■ Trends in Credit Risk



■ Credit Cost Results / Estimate

(¥Billion)

(¥Billion)

【Consolidated】

	FY2014		FY2015	
		Diff	(Estimate)	Diff
Credit Cost	27.8	3.0	20.9	(6.9)
General	17.9	3.9	20.9	3.0
Interest Repayment	9.9	(0.9)	0	(9.9)

【Non-Consolidated】

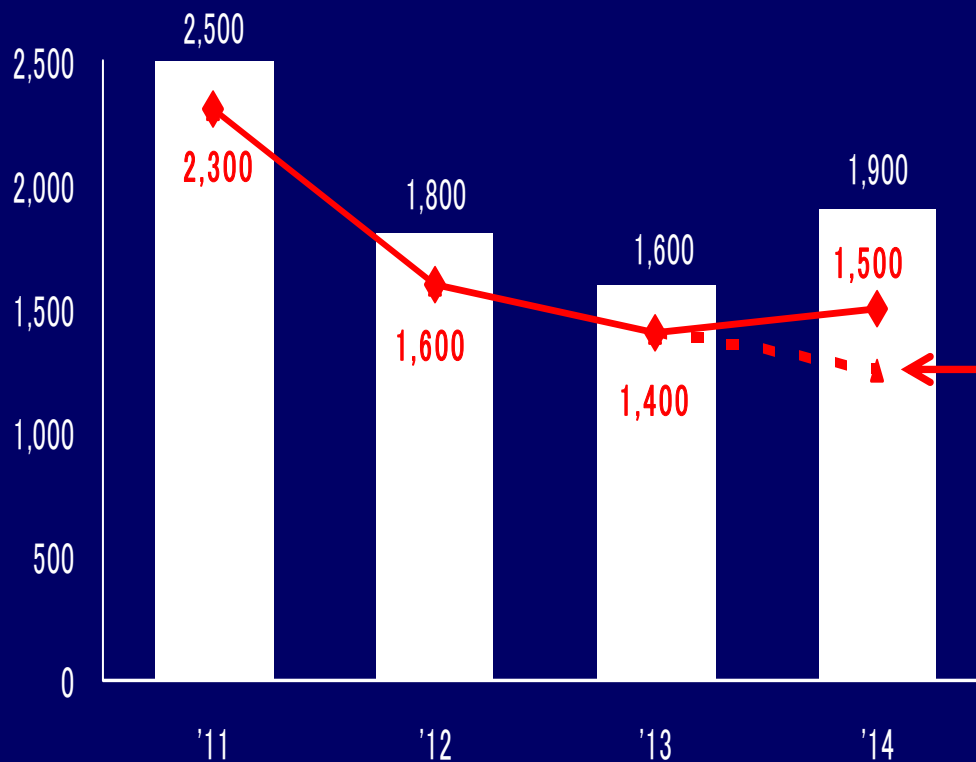
	FY2014		FY2015	
		Diff	(Estimate)	Diff
Credit Cost	25.2	2.3	18.9	(6.3)
General	16.4	3.5	18.9	2.5
Interest Repayment	8.8	(1.2)	0	(8.8)

7. Interest Repayment Claims

As the number of new cases of third party interventions based on aggressive advertisement of some judicial scriveners and lawyers was higher than expected, Made provisions of allowance for loss due to interest repayment.

Trends in new claims handled by lawyers and other proxies

(Unit: number of cases handled)



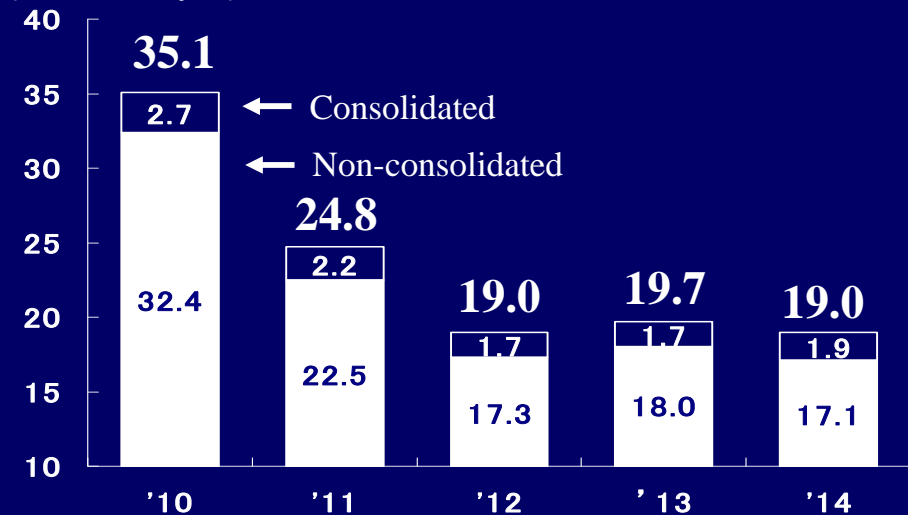
The first's expectation trend

Trend of provision for loss on interest repayment

(Unit: billion yen)

Results	Consolidated	Non-consolidated
Reversal	10.6	9.7
Provision	9.9	8.8
Balance change	(0.7)	(0.9)

(Unit: billion yen)



(Reference) Progress status of associated core system development

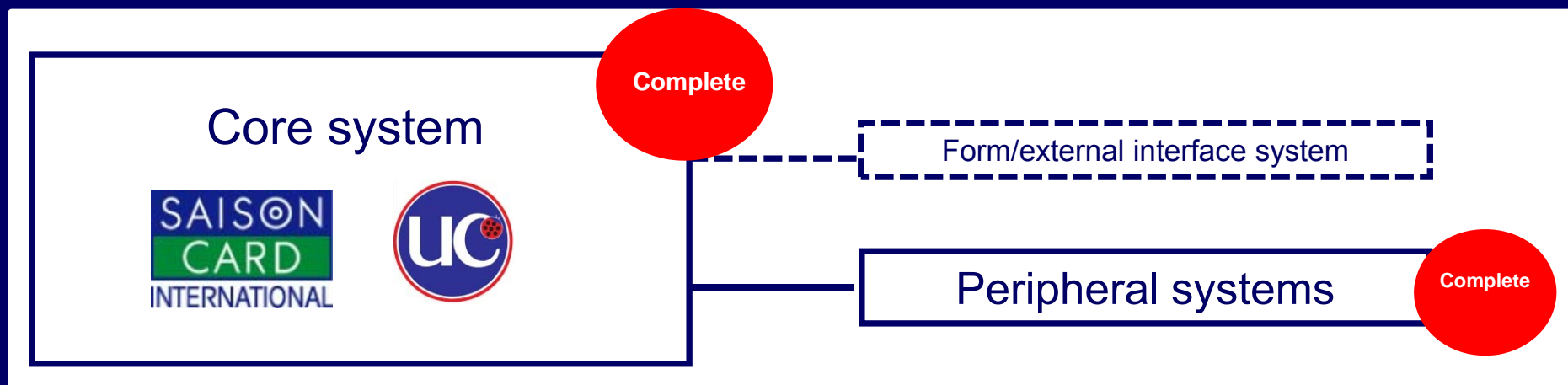
Continuous development towards system release in the second half of 2016

[Purposes of development]

- Consolidating customer management
 - Central management of Saison/UC brand customer information
- Aiming at efficiency in developing additional systems with improved flexibility
 - Reduction of expenses required when developing new services or joint businesses
 - Expanding processing business through increased versatility

[Development status and future plans]

- A part of gross investment of 19 billion Yen is to be appropriated as loss on retirement of assets due to a defect found in the in form/external interface system
(On consolidated base: 8.5 billion Yen; on non-consolidated base: 4.6 billion Yen)
- Gross investment: approximately 200 billion Yen
 - Development and quality assurance for safe and reliable system migration



8. Financial Indices

	Consolidated		Non-Consolidated	
		Difference		Difference
Shareholders' Equity	¥445.1 billion	+25.8	¥388.4 billion	+20.6
Total Assets	¥2373.2 billion	+87.3	¥2287.9 billion	+87.5
Shareholders' Equity Ratio	18.8%	+0.4%	17.0%	+0.3%
ROE ※1	6.1%	△0.5%	6.1%	+0.3%
ROA ※2	1.9%	△0.1%	1.7%	+0.1%

※1 ROE is calculated to assume that return is based on ordinary income (excluding extraordinary income/loss) with corporate tax deducted at the rate of 40%.

※2 ROA is calculated that ordinary income is divided by total asset.

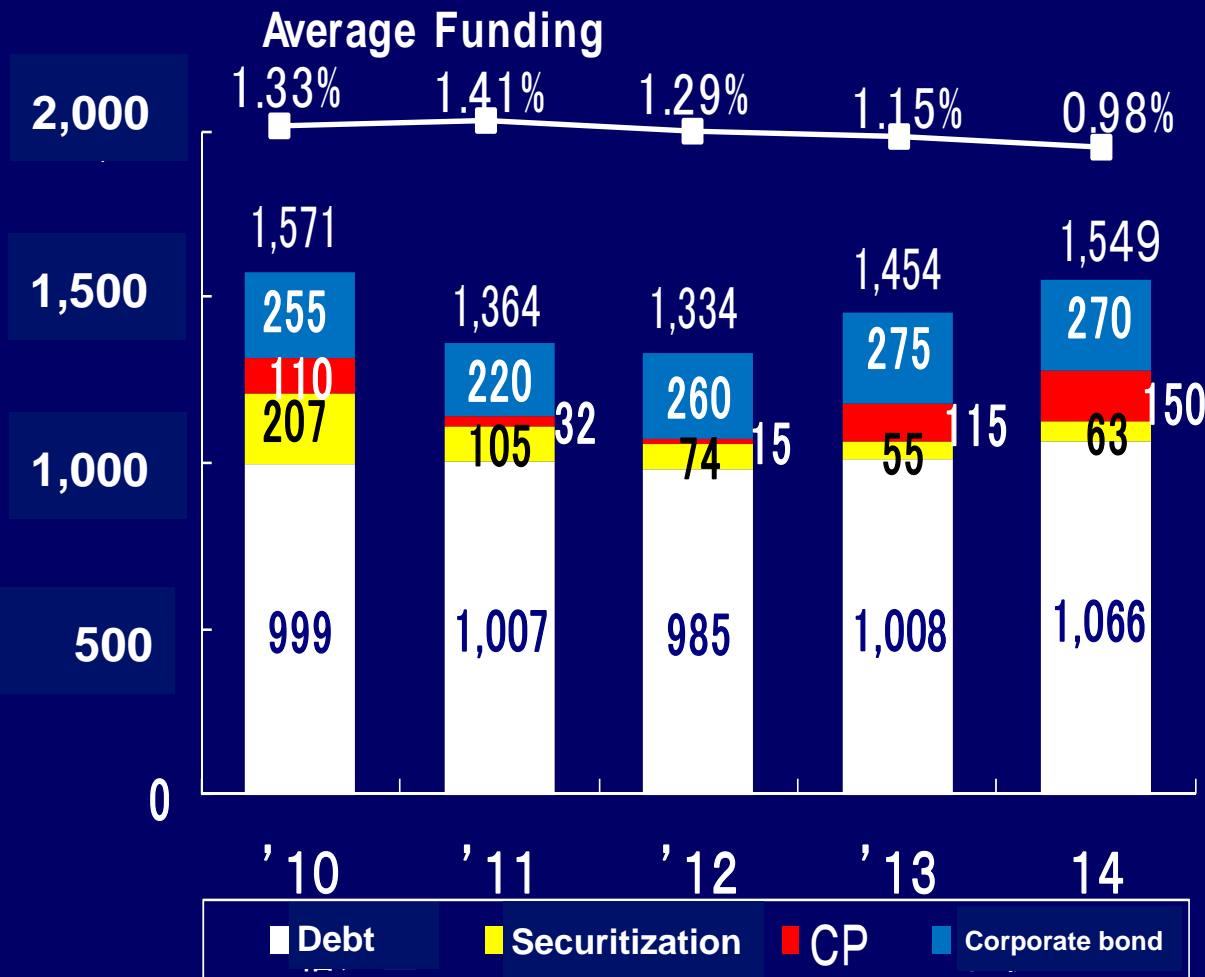
Dividends	FY2014	FY2015(Plan)
Dividend per share	¥30	¥35
Total cash dividend	¥5.5 billion	¥6.4 billion
Payout ratio (Consolidated)	43.6%	18.4%
Payout ratio (Non-Consolidated)	48.7%	23.4%

【FY2015(Plan)】
 (based on ordinary income)
Consolidated: 7.6%
Non-Consolidated: 6.9%

(Reference) Fund Structure Changes in Interest-bearing Debt (Non-Consolidated)

Diversification of fund raising strategies to prepare for future risk of rise in interest rates and asset expansion

(Billion yen)



[Rating]

R&I A+

FY2014 bond issue

Total: 55 billion yen

April: Issuance volume of 10 billion yen

Period: 10 years

Interest rate: 0.904%

June: Issuance volume of 10 billion yen

Period: 10 years

Interest rate: 0.884%

July: Issuance volume of 20 billion yen

* For individuals

Period: 10 years

Interest rate: 0.826%

October: Issuance volume of 15 billion yen

Period: 7 years

Interest rate: 0.435%

Long-term Ratio: 76%

Fixed Ratio: 64%

II. Management vision for the fiscal year 2015

Neo Finance Company in Asia

~ Accomplishing change in business model ~

To become a company (team) people are proud to work with by maintaining the competitive superiority with the introduction of branding strategies and innovative services that utilize TV commercials, Japan National Soccer Team, and AMEX

Through corporate sales boost project started in the 65th term, accomplish a change in the business model that combines five businesses, and take on the challenge to become the "one and only new finance company in Asia" that defeats its competitors

< STRATEGY I >

Developing and brushing up our strategic weapons by thoroughly strengthening corporate sales

< STRATEGY II >

Creating customer value with the help of innovation



Payment

Card Business

Solution

Solution Business

Finance

Finance Business

Internet

Internet business

< STRATEGY III >

The ASEAN business development in collaboration with local companies

Global

Overseas business

Strategic partners

Digital Garage

CyberAgent
Ventures

East Ventures

GMO
VENTURE PARTNERS

GREE Ventures

HD Finance

matchmove

< STRATEGY IV >

Evolving towards "Independent organization" by managing diversity

Implement "change of business model" by making every employee self reliant, and work proactively (=challenge) with a purpose

< STRATEGY I >

Payment
Card Business

Promoting individual consumption and defying the cash market

■ With Saison American Express® card, making our cards the main cards for every user

- Expanding the sales of the exclusive cards starting with Platinum, Gold, Saison Platinum Business



■ Strengthening cooperation with e-commerce businesses

- Capture e-commerce users through cooperation with "origami" developing Apps for smart phone users, or "mercari" providing flea market Apps



■ Increasing transaction volume based on expansions into new domains of credit usage

- Promoting payment with cards for real estate tax, automobile tax, and donations to hometown municipalities
- Promoting use of cards tailor-made for customers' preferences, subculture

税金のお支払いはセゾンカード・UCカードで!



「固定資産税」も「自動車税・軽自動車税」も

[Target for FY 2015] No. of cards issued:

2.7 million

YoY Comparison: + 14%

No. of active members:

15.4 million

YoY difference: + 0.82 million people

Shopping transaction volume:

4.45 trillion yen

YoY Comparison: + 9%

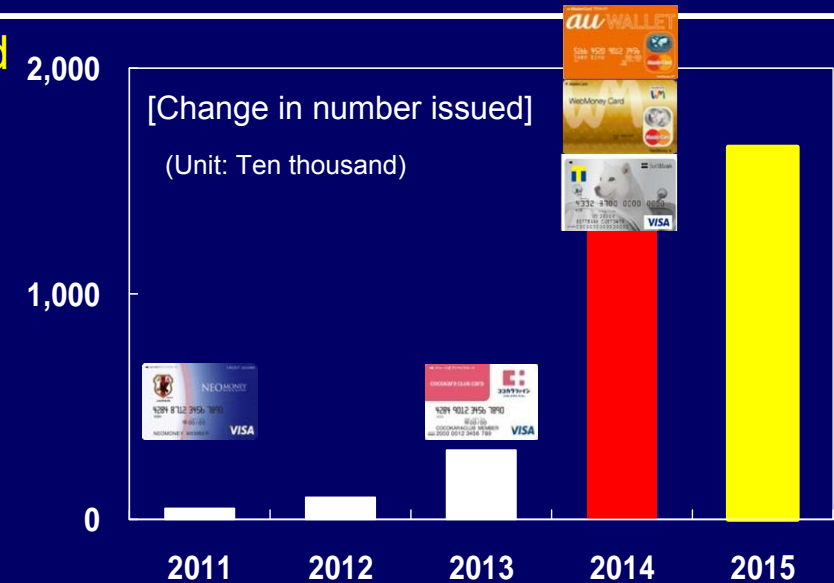
< STRATEGY I >

Payment
Card Business

Increase in payments by cards based on multi-lateral use of prepaid cards/smartphone payments

■ Establishment of the Company as the No. 1 prepaid card service in Japan

- “Establishment of leading edge business foundations and extensive product line-up“ with NEO MONEY, Kokokara club card, au Wallet, etc.
(Aim at gross number of cards issued exceeding **16 million**)
- Accelerated efforts aiming at finding new business partners both in Japan and overseas



■ Accelerating payments by cards based on business alliances with venture companies

- Expanding new areas for card payment such as introducing card payments to the B to B market
- Developing card-less payments schemes using smartphones
- Strengthening marketing to small and medium - sized enterprises/sole proprietorships based on differential properties (payment method) of Coiney

 Money Forward

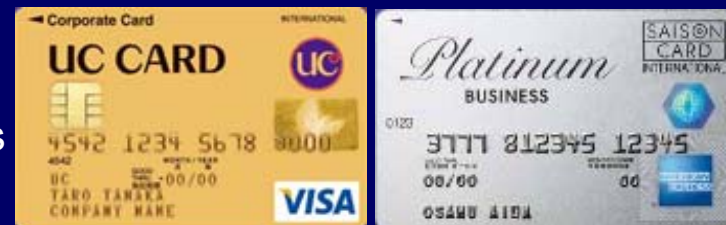
 Ridge  veritrans

 Coiney

Intensive promotion of a sales system targeting corporations

■ Promotion of cashless payments in the corporate market

- Maximum utilization of strategic products to increase sales of corporate products such as corporate cards
- Improvement in service line-up tailor-made for individual business needs such as Concur, Miroku Jyoho Service, and free



"Concur"

Corporate card corporation
System of settlement for overhead costs



"Miroku Jyoho Service"

Financial management and management system solution

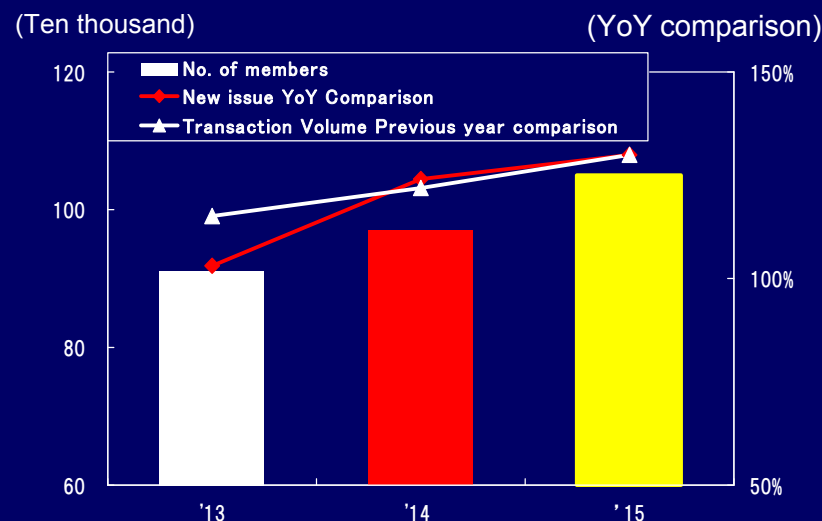


"free"

Fully-automatic Cloud type accounting software

■ Further acceleration of the sales system with a concerted effort of all employees

- Enhancement of sales structure matching the corporate business models and payment needs
- Establishment of new corporate sales departments in Tokyo and Kansai area to strengthen the company-wide corporate sales system



Responding to financing needs by a variety of finance products

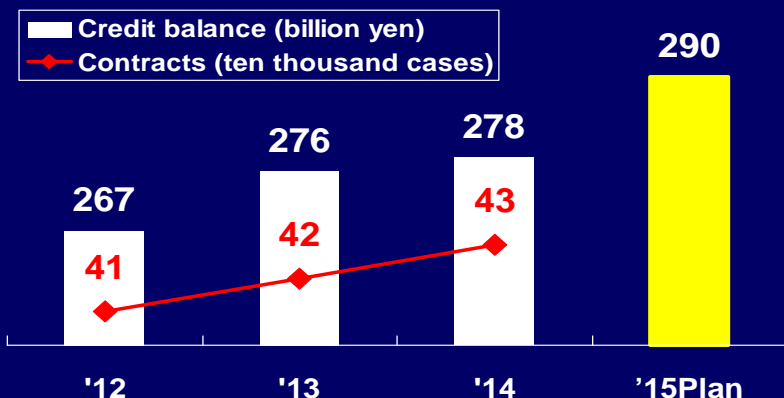
[Lease & Rental]

■ Expansion of transaction volume by strengthening marketing

- Joint promotion of grade-up contracts with major retailers
- Strengthening of marketing approach to important dealers
- Promotion and enhancement of new market development

■ Diversified approach utilizing strategic products

- Active promotion of corporate cards, AMEX etc. utilizing lease business infrastructure



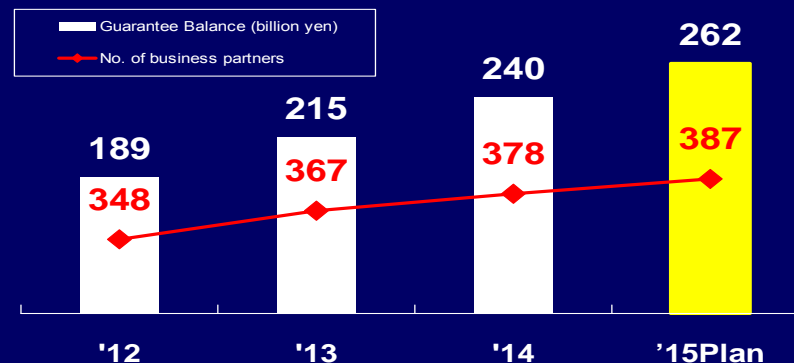
[Credit Guarantee]

■ Revitalization of the connection with existing clients

- Thorough review and reinforcement of the advantages of the service enabling it to be used for business funding
- Customization of products by “target/use of funds” and offering support through holding training sessions and soliciting continuous usage

■ Making new alliances

- Expansion of alliance network with credit unions and promotion of alliances with regional banks targeting one man businesses



[Target for FY 2015]

Transaction volume: 120 billion yen (YoY Comparison + 13%)
 Claim balance: 290 billion yen (YoY Comparison + 4%)
 Operating revenue: 14.3 billion yen (YoY + 2%)

[Target for FY 2015]

New Alliances: 10 (Total 387)
 Guarantee balance: 262 billion yen (YoY Comparison + 9%)
 Operating revenue: 15.3 billion yen (YoY Comparison + 10%)

Response to the financing needs by a variety of finance products

[Items related to finance business]

■ Marketing- and operation- integrated promotion of Flat 35

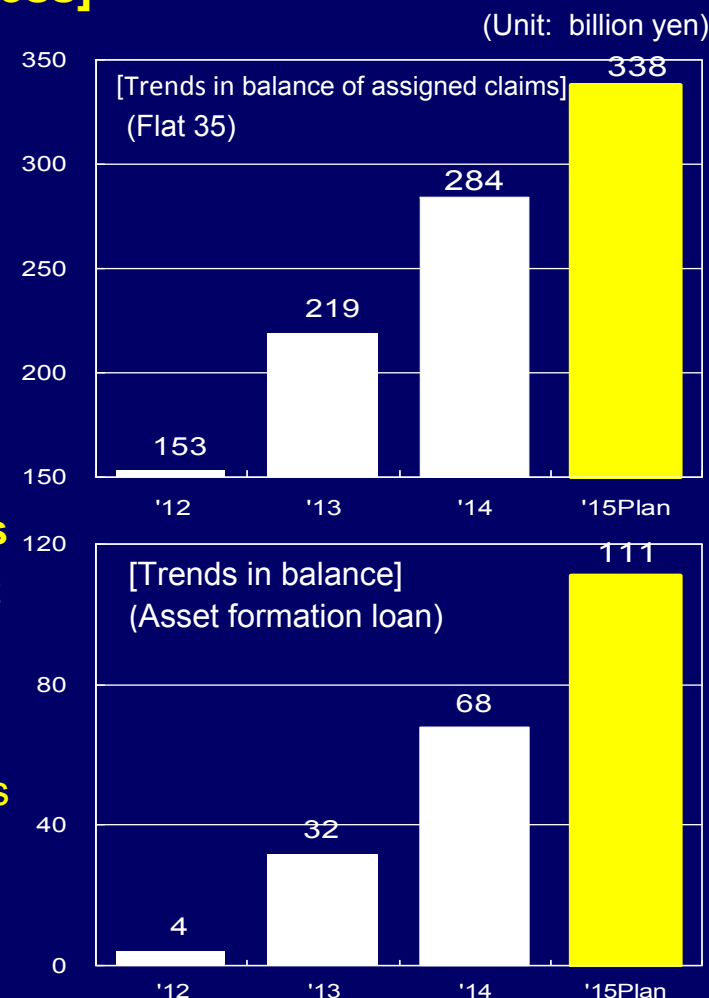
- Speedy examination and flexible response to customer needs (responding to customers' requests on weekends and holidays, etc.); promotion of use of Saison loans, leveraging the trust earned through Saison's card operations
- Strengthening of marketing effort through use of economic measures effect (preferential interest rate)

■ Active promotion of asset formation loans matching market needs

- Customization of marketability matching market needs and strengthening of support systems through seminars for partner companies
- Full-fledged development of used equipment/apartments, and new alliances

■ Promotion of "non recourse loans" to develop multiple revenue streams

- Partnership with major players backed by excellent real estate properties to build up a balance of "non recourse loans"



[Target for FY 2015]

- | | | |
|------------------------|--|--|
| • Flat 35 | Balance 338 billion yen (YoY comparison + 19%) | Operating revenue 1.1 billion yen (YoY comparison + 7%) |
| • Asset formation loan | Balance 111 billion yen (YoY comparison + 65%) | Operating revenue 2.2 billion yen (YoY comparison + 70%) |

Development of the Internet business and use of smartphones correspondence

“Establishment of big data business” and “nurturing of the advertisement/marketing business”

[Advertising business]

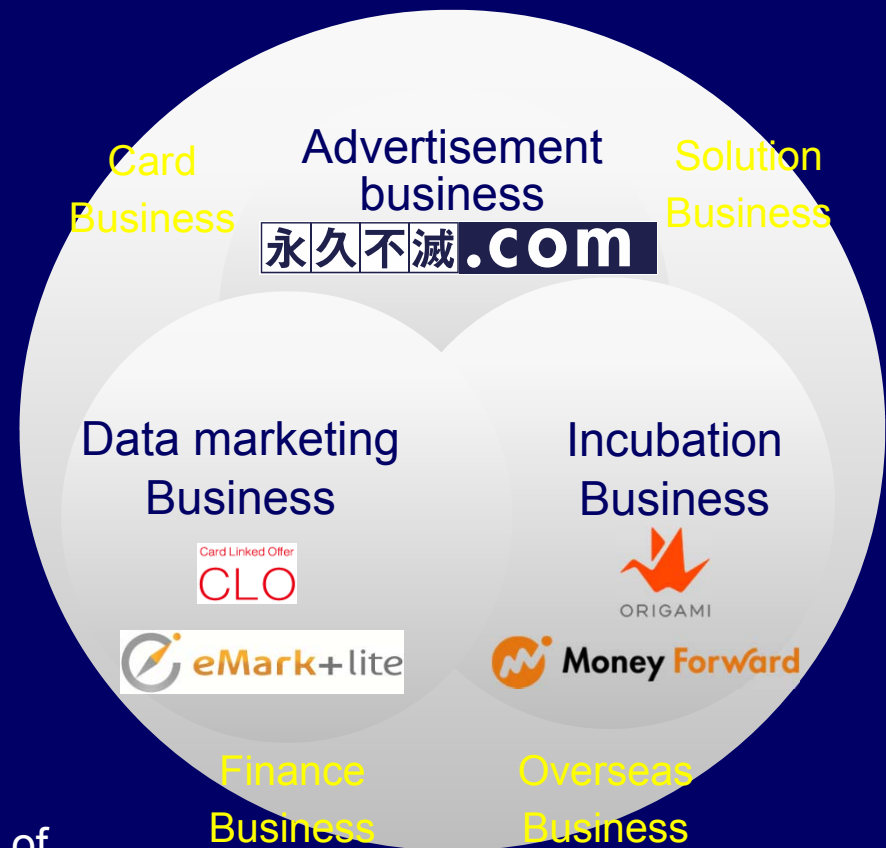
- Profitability improvement and expansion of advertising/affiliate business
→ Improving the media value of eikyufumetsu.com

[Data marketing business]

- Establishment of billing business through use of Internet cardholders
→ Development of contents limiting targets to "food, clothing, and shelter"

[Incubation business]

- Maximization of business synergy by strengthening of collaboration with venture businesses



Number of Internet cardholders: 11.21 million
Number of users of smartphone applications "Saison Portal" and "UC Portal": 530,000

< STRATEGY II >

Improvement in customer value with innovation

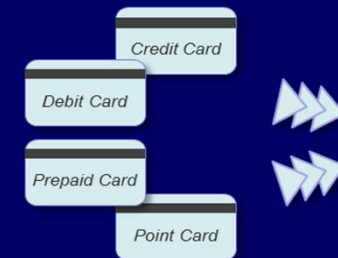


• Excavation of leading finance technology (FinTech)

- Finding the world's most-advanced technologies/services and using them for our company business
- Capital subscription to American venture Company Coin, Inc. that collects functions of multiple magnetic-strip credit cards onto a single device “Coin”

• Creating new businesses

- Creating a payment infrastructure that uses **personal identity number system** (Participation in a demonstration experiment in Sakata City, Yamagata Prefecture)
- Developing new services for small and medium - sized enterprises/sole proprietorships



Sakata City, Yamagata Prefecture City emblem

< STRATEGY III >

Global
Overseas business

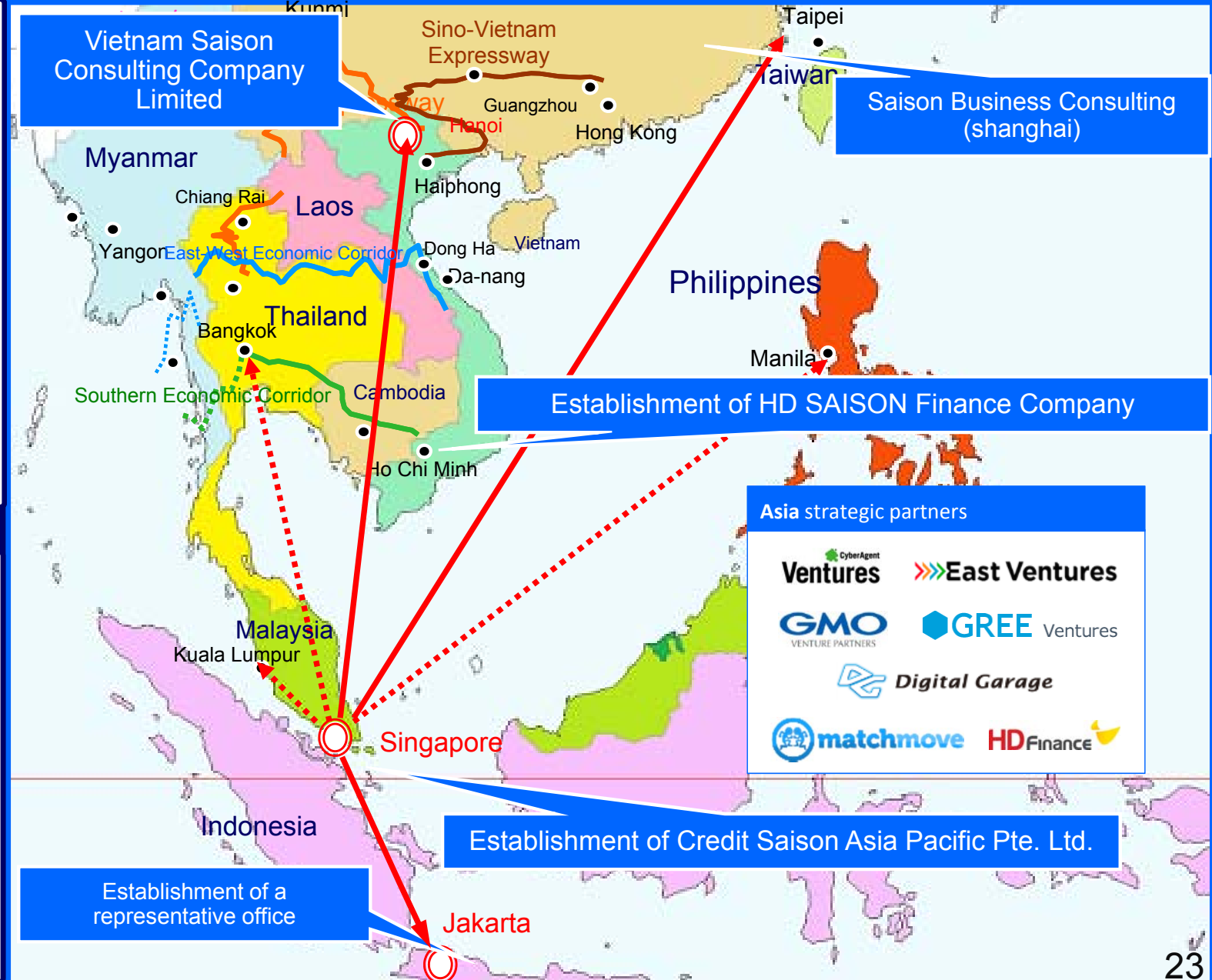
Establishment of a business foundation in ASEAN

Overseas bases

-  **China (Shanghai)**
-  **Vietnam (Hanoi/Ho Chi Minh)**
-  **Indonesia (Jakarta)**
-  **Singapore**

Areas in which we are considering launching operations

-  **Philippines**
-  **Thailand**
-  **Malaysia**



< STRATEGY III >

Global
Overseas business

Promoting a concrete business with a capital and business alliance company



- Capital and business alliance with Matchmove Pay Pte Ltd.

~Pioneering development of virtual prepaid business~

Strategy

- Development of virtual prepaid card operations in Southeast Asia
- Strengthening marketing to increase the number of companies handling virtual repaid cards

SAFE. EASY. FAST.™



Virtual prepaid card business partner

- Philippines - BPI (bank)
- Vietnam - HD BANK (bank)
TP BANK (bank)
-T2P (Payment provider)
- Thailand - HomePay
- Singapore (finance software)



- Establishment of HD SAISON Finance Company by entering into a capital and business alliance with HD Bank

~Starting a retail finance business~

Strategy

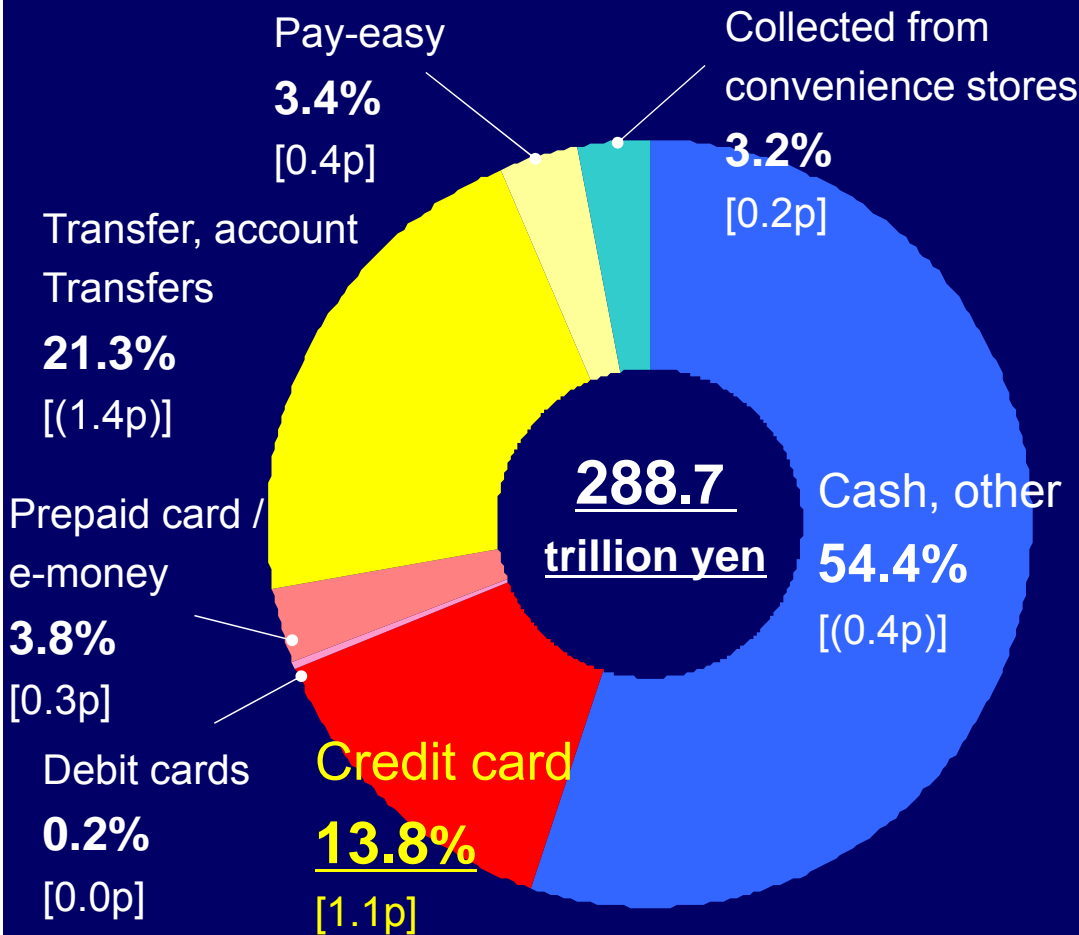
- Launch of card operations of credit cards, prepaid cards, etc.
- Handling the installments of two - wheelers/home electrical appliances by taking advantage of our network comprised of 220 branches and more than 3000 service base across Vietnam



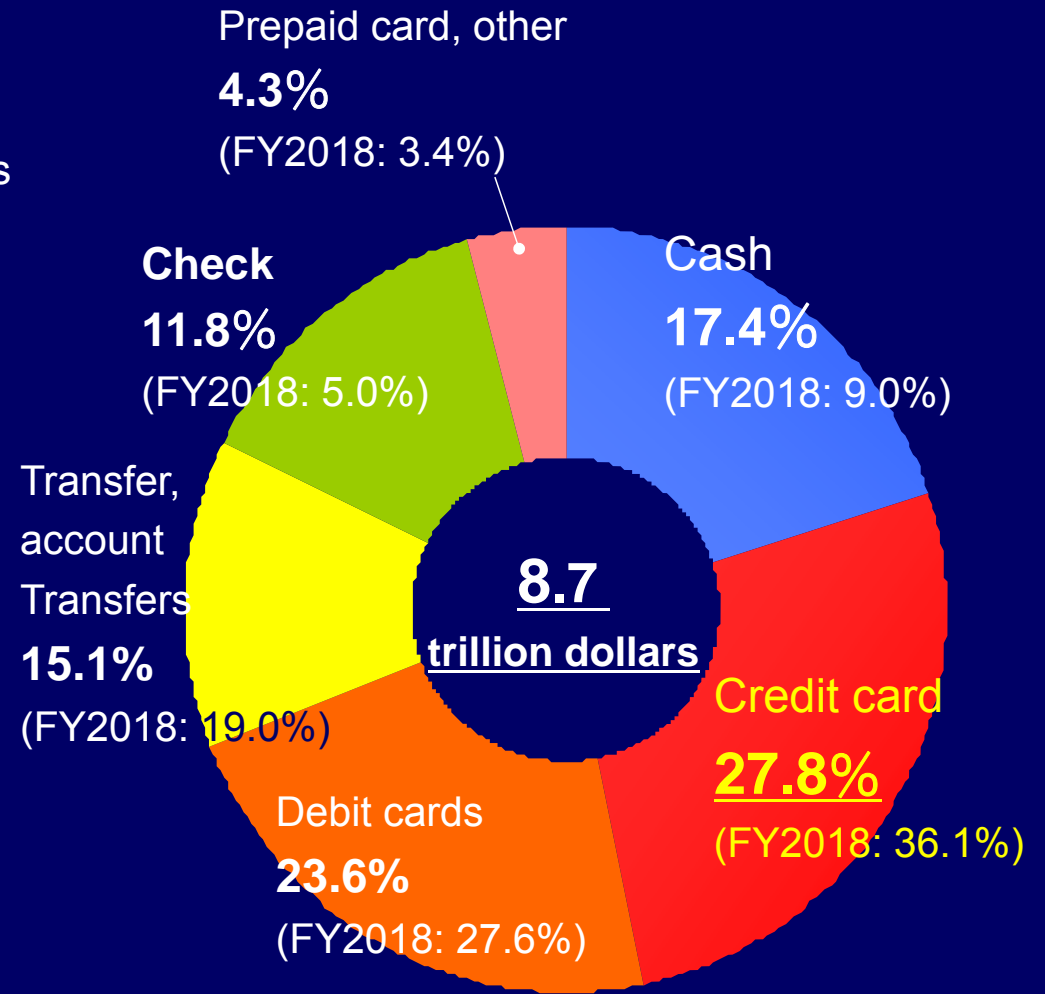
Comparison of Share for Payment Service Methods in Consumer Spending in Japan and the U.S.

Japan (FY2013)

※[YoY]



U.S.A. (FY2013 → FY2018 forecast)





* Japan: Calculated by our company based on sources such as the Ministry of Economy, Trade and Industry, New Payment Report, Mitsubishi UFJ Research and Consulting, and official documents from various companies.

* U.S.A: Calculated by our company based on the "2013 Results and 2018 Forecast" listed in the NILSON REPORT.










(Reference) Restructuring of the Domestic Credit Card Industry

Mizuho FG






WAON

Credit Saison
















Resona HD





nanaco




Sumitomo Mitsui FG



Mitsubishi UFJ FG





JA CARD






NTT DoCoMo






Rakuten










JR Group



















Yahoo



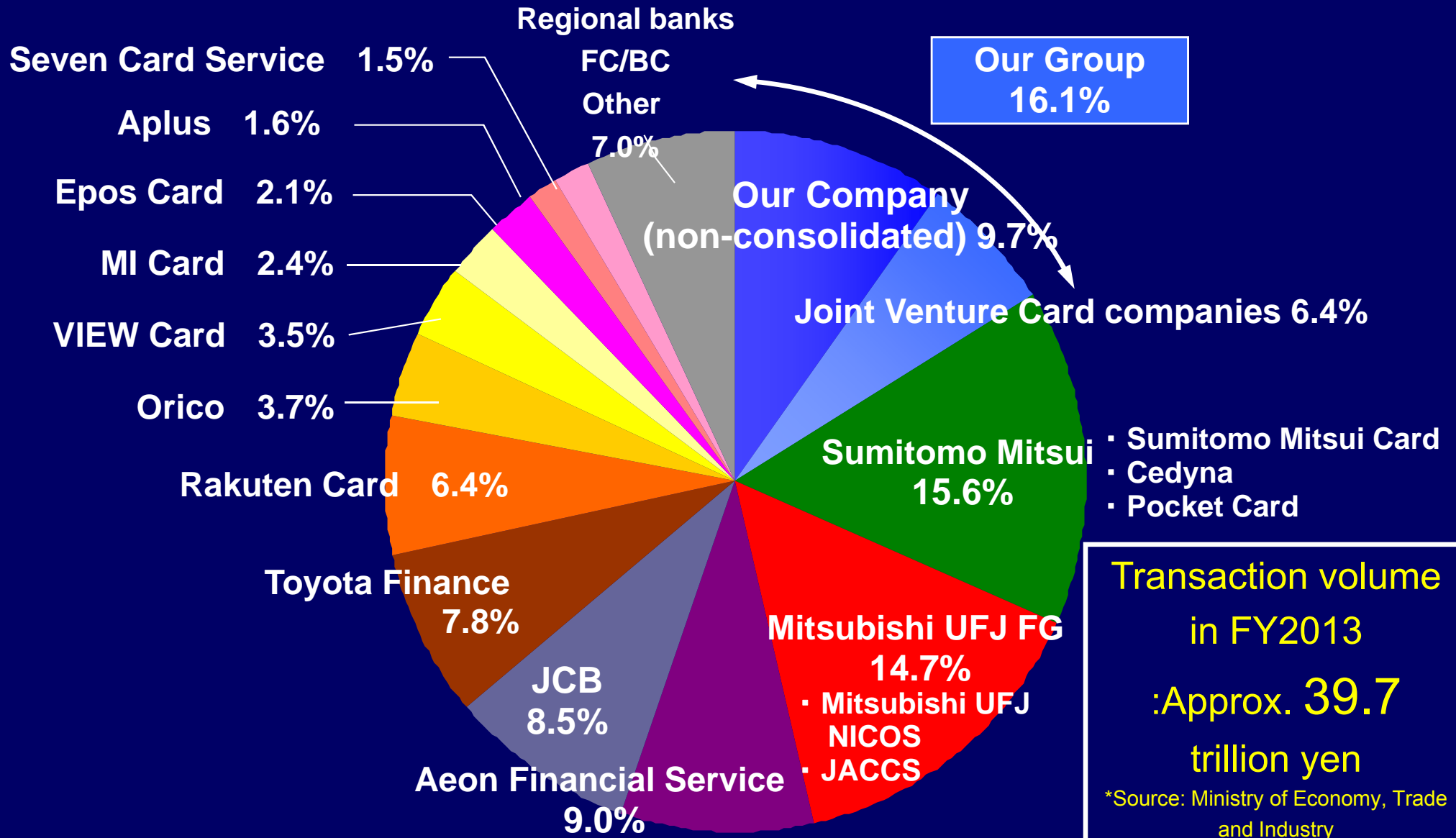




Others

Domestic Market Share (Shopping Transaction Volume)

Card shopping transaction volume (issuer base) [2013 fiscal year]



※Calculated by our company's independent estimation methods on the basis of each company's officially announced calculations, etc.

※As a rule numbers are given for each company on non-consolidated basis (excluding overseas card members); both FC and BC of all brand companies (approx. 110) are calculated as "FC and BC of regional banks"

※Investment destinations of our company: Idemitsu Credit, Seven CS Card, Takashimaya Credit, Resona Card, Shizuoka Bank Saison Card, Daiwa House Group

(Reference) Credit business on a consolidated basis

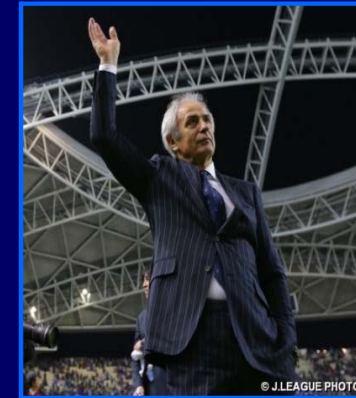
Expand our market share by establishing No.1 card issuer status on consolidated basis

	FY2014		
	New applications	Total Card Holders	Transaction Volume
Credit Saison Co., Ltd.	3.00	24.97	4.36
Idemitsu Credit Co., Ltd.	0.25	3.24	0.78
Seven CS Card Service Co., Ltd.	0.16	3.20	0.74
Takashimaya Credit Co., Ltd.	0.10	1.36	0.54
Resona Card Co., Ltd. (Only Saison Bland)	0.07	1.64	0.34
Daiwa House Financial Co., Ltd.	0.05	0.28	0.05
Shizugin Saison Card Co., Ltd.	0.03	0.20	0.04
consolidated basis Total	3.66million	34.89million	6.89trillion

* Transaction Volume includes shopping and cash advances

III. Contribution to society (2) ~ Japan's National Soccer Teams

Japan's National Soccer Teams 「Nadeshiko JAPAN」 「SAMURAI BLUE」 Supporting



ハリルホジッチ監督

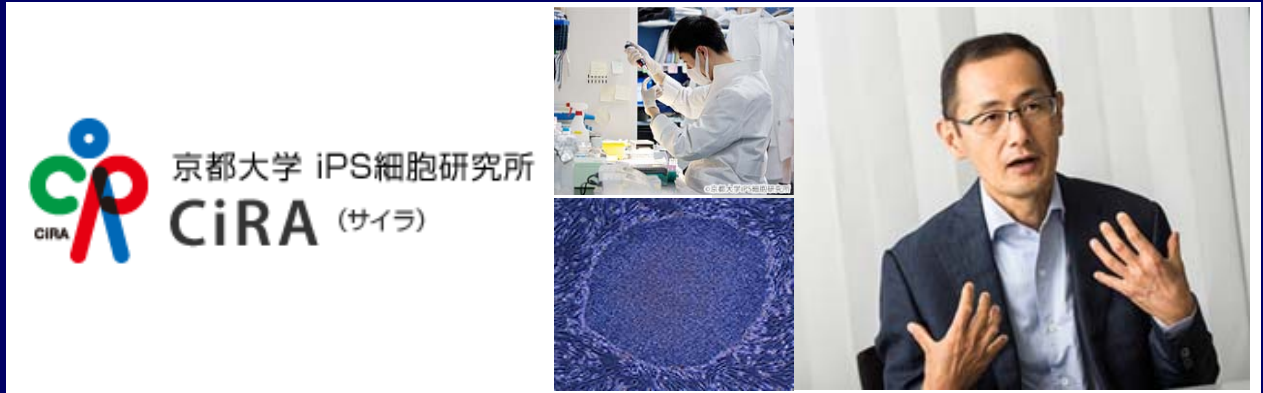


Schedule (2015)	Nadeshiko Japan
May.24,	Against New Zealand in Kagawa
May.28	Against Italia in Nagano
June.8	World Cup (Against Switzerland)
June.12	World Cup (Against Cameroon)
June.16	World Cup (Against Ecuador)

III. Contribution to society (2) ~ Social and cultural activities

Support of Center for iPS Cell Research and Application run by Professor Yamanaka

Soliciting for donations from users using Eikyufumetsu Points or cards to "the Center for iPS Cell Research and Application" headed by Professor Shinya Yamanaka



Jose Carreras

Holding in Japan a performance by Mr. Jose Carreras, the only one of the Three Tenors famed across the world, who is still performing



Akagi Nature Park

Managing a forest that brings people into contact with nature with its successive beauties of the year extending across the west slopes of Mt. Akagisan in Shibukawa City, Gunma Prefecture

