

## Credit Saison (8253) Announces Financial Results for the First Half of Fiscal Year 2016

In the first half of fiscal 2016 (April to September 2016), Credit Saison Co., Ltd. put into practice the management vision set forth in the current medium-term management plan, “Neo Finance Company in Asia.” By developing a diverse business portfolio centered on financial services, as well as a suite of strategic products and services, the Company poured its efforts into providing both corporate and individual customers with the best possible solutions for their needs.

During the period the Company took several steps to expand its customer base in a way that supports sustainable growth. In addition to energizing its efforts to attract new card members, the Company stepped up its recruitment of online members. In pursuit of a cashless society, the Company expanded its settlement platform for new settlement services. This move anticipated the introduction of Apple Pay in Japan in October 2016, targeting Japan’s more than 36,000,000 Saison Card and UC Card members. In the Credit Guarantee and Finance Businesses, the Company concentrated its efforts on building a sound loan portfolio, by offering financial products that respond to a wide range of financial needs and by joining hands with strong partners.

In the Investment Business, Monex-Saison-Vanguard Investment Partners, Inc., a Company affiliate, leveraged advanced IT and sophisticated financial knowledge to launch MSV Life. This “robo advisor” service is an investment-trust service tailored to the needs of individual customers.

The Company invigorated its Overseas Business by forming strategic partnerships with local companies in Vietnam and Indonesia. These efforts enabled Credit Saison to expand its presence in retail-finance operations and secure additional revenue.

A summary of performance for main segments during the first half of fiscal 2016 is as follows.

### 1. Sales Summary

#### (1) Credit Services Business

**Expanding new card membership and customer base. Shopping transaction volume and revolving balance expanded, and the operating revenue was ¥103.9 billion (up 3.6% YoY).**

- (1) The Company recruited new cardmembers through multiple channels. In joint membership drives with partner companies, the Company marketed cards such as Mitsui Shopping Park Card Saison. Credit Saison strengthened promotions through TV commercials and the like and registered applications using tablet devices. Total card membership for the Saison Group reached 36,180,000.
- (2) To raise transaction volumes and enhance the active use of cards, the Company kicked off promotions centered on customers’ card-use status and partner retailers and bolstered the appeal of revolving payment schemes. Shopping transaction volume grew 4.2% YoY to ¥2,179.9 billion, while revolving balances increased by ¥21.5 billion, up 6.4% from the previous fiscal year-end to ¥360.2 billion.
- (3) To encourage the shift to cashless settlement among enterprises, the Company provided an array of cards and services for corporate customers. These products support business, particularly individual enterprises and SMEs, in reducing personnel costs for expense calculation. The outcome of these efforts was an 18% YoY increase in corporate-card issuances, resulting in a 21% expansion in transaction volumes.

- (4) The Company also leveraged the internet to bolster earnings. By focusing on raising levels of online membership, which are the base of its online business, the Company succeeded in increasing online membership by 660,000 people, to a total membership of 13,170,000 members.
- (5) The Company worked with advertising partners to enhance its public profile. In May 2016 Credit Saison began distributing advertisements to online members using Saison DMP, a private data management platform built in collaboration with Digital Garage, Inc. These and other innovations enabled highly effective ad sales. In July 2016, Digital Garage, Kakaku.com, Inc. and the Company teamed up to establish DG Lab, an open-innovation-type R&D framework. The purpose of this organization is to enable companies in a diverse range of fields to participate and build businesses together.
- (6) In Overseas Business, the Company developed local alliances and expanded its range of financial-transaction products. Through Vietnam HD Saison Finance Company Ltd., the Company expanded both numbers of transactions and credit balances, primarily through loans for household items such as bicycles and consumer electronics. The Company also began operating a finance service counter at Ho Chi Minh Takashimaya, a department store that opened in July 2016. PT.Saison Modern Finance in Indonesia strove to expand its lease business.

## (2) Lease Business

The Company implemented joint campaigns with major partner retailers and reinforced marketing efforts towards major new retail partners. Transaction volume rose 4.5% YoY to ¥55.2 billion, while operating revenue subsided 0.6% YoY to ¥6.7 billion.

## (3) Finance Business

Backed by financial products that serve a diverse array of financing needs, the Company strengthened its close relationships with partner enterprises. These efforts served to build up a sound loan portfolio. Operating revenue soared 18.6% YoY to ¥15.1 billion.

- (1) In the Credit Guarantee business, the Company worked to establish a framework of close cooperation with regional banks, credit unions and other regional financial institutions through free guaranteed loans, which were expanded to include corporate loans. The number of partner institutions reached 399 (a YoY increase of 11 institutions), while guaranteed balances rose 6.6% from the previous fiscal year-end to ¥317.6 billion.
- (2) In Flat 35, a housing-loan product with a long-term fixed rate, the Company expanded its lineup of products. These included the Saison Home Assistance Loan, a loan for various expenses incurred when purchasing a house that was launched in the previous fiscal year. Loan issuance jumped 59.6% YoY to ¥69.2 billion and the balance of loans transferred to JHFA increased 10.7% against the previous fiscal year-end to ¥393.6 billion.
- (3) For the Saison Asset Formation Loan, a loan product supporting the purchase of real estate for investment purposes, the Company strengthened coordination with leading partners. As a result, loan issuance more than doubled, leaping 114.7% YoY to ¥46.4 billion. Total loan portfolio posted solid growth, surging 34.0% against the previous fiscal year-end to ¥169.2 billion. In September 2016 Credit Saison began handling the Saison Real Estate Investment Loan.

## 2. Overview of Ordinary Income and Net Income

In terms of non-consolidated business performance, operating revenue rose 5.0% YoY to ¥117.1 billion, operating income also increased 5.0% YoY to ¥21.3 billion, ordinary income increased 8.9% YoY to ¥23.9 billion, and net income increased 65.5% to ¥21.0 billion.

On consolidated base, on the other hand, due to the fact that in the corresponding period of last year, in Real Estate Related Business there has been a temporary gain on sales resulting from large sales of real estate following implementation of the reconstruction plan for Atrium Co., Ltd., a consolidated subsidiary company, which created a reactionary decline for this year, and also due to some other factors, operating revenue increased 1.7% YoY to ¥137.2 billion, operating income dropped 4.9% YoY to ¥25.4 billion, ordinary income decreased 9.4% YoY to ¥310 billion, and net income increased 22.7% YoY to ¥28.2 billion.

The Company published its forecast for business results the full 2016 fiscal year on May 13, 2016. These forecasts remain unchanged at ¥278.0 billion for operating revenue, ¥42.0 billion for operating income, ¥50.0 billion for ordinary income and ¥38.5 billion for net income.

### **(References) Non-consolidated results for H1, fiscal 2016**

(1) New card members acquired	:	1,620,000	(down 0.5% YOY)
(2) New cards issued	:	1,280,000	(down 0.3% YOY)
			(net increase of 400,000 members from end of previous fiscal year)
(3) Total No. of card members (Online membership)	:	26,010,000 (13,170,000)	(net increase of 660,000 members from end of previous fiscal year)
			(net decrease of 50,000 members from end of previous fiscal year)
(4) Active card members	:	14,720,000	
(5) Shopping transactions volume	:	¥2,179.9 billion	(up 4.2% YOY)
(6) Shopping revolving credit balance	:	¥360.2 billion	(up 6.4% from end of previous fiscal year)
(7) Card advance transaction volume	:	¥129.4 billion	(down 5.5% YOY)
(8) Card cash advance balance	:	¥216.1 billion	(down 0.2% from end of previous fiscal year)
(9) Operating revenue	:	¥117.1 billion	(up 5.0% YOY)
(10) Ordinary income	:	¥23.9 billion	(up 8.9% YOY)
(11) H1/FY 2016 Net income	:	¥21.0 billion	(up 65.5% YOY)