



Credit Saison's Global Business

Future growth of Credit Saison India

June 2024



Our Global Business

Vision of our Global Business

Global Business Theme

Make the world more prosperous and sustainable through financial inclusion



Establish a global lending business, and have it become our third earnings pillar

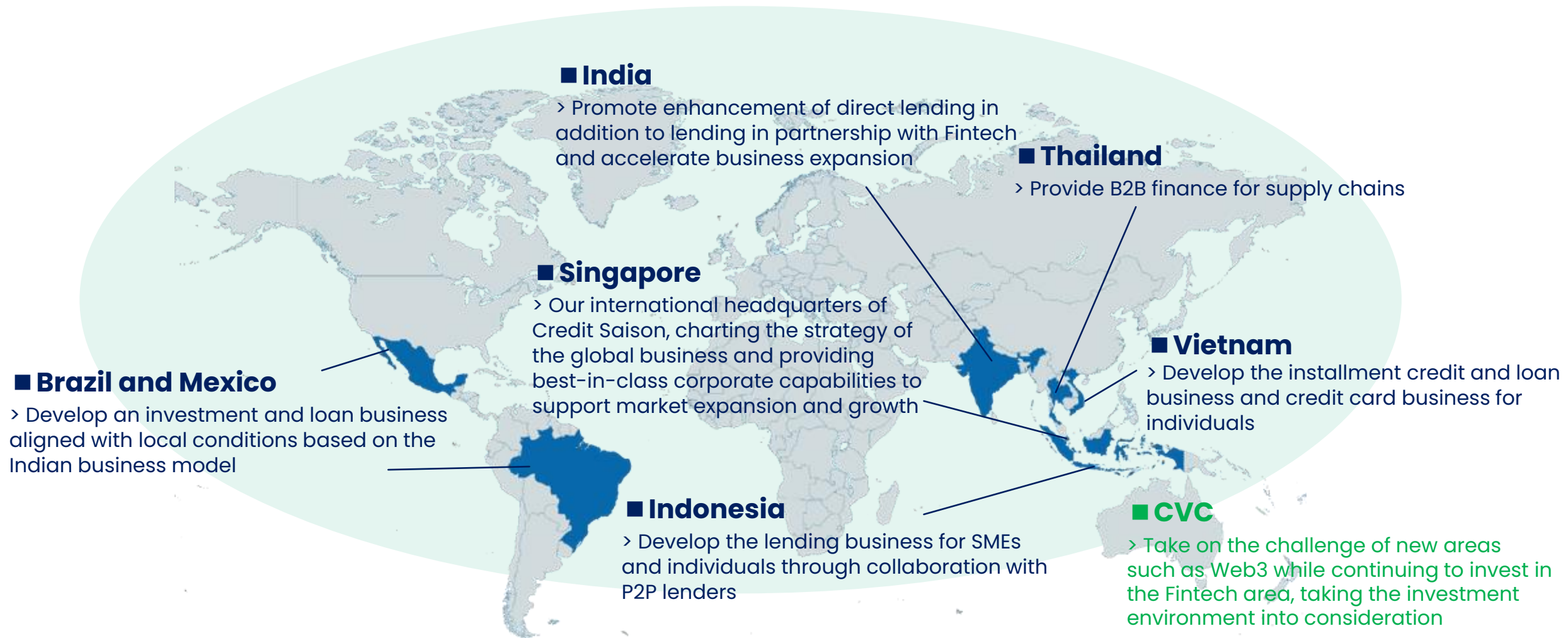
- ✓ **Horizontal expansion of Indian model** based on Fintech ecosystem
- ✓ Build a **unique economic zone** through alliances with local partners, and realize localized value creation

Create positive impact through our business in each country

- ✓ Unlock MSMEs' **growth potential** and **economic opportunities**
- ✓ **Improve** the livelihoods of historically **underserved individuals and households**

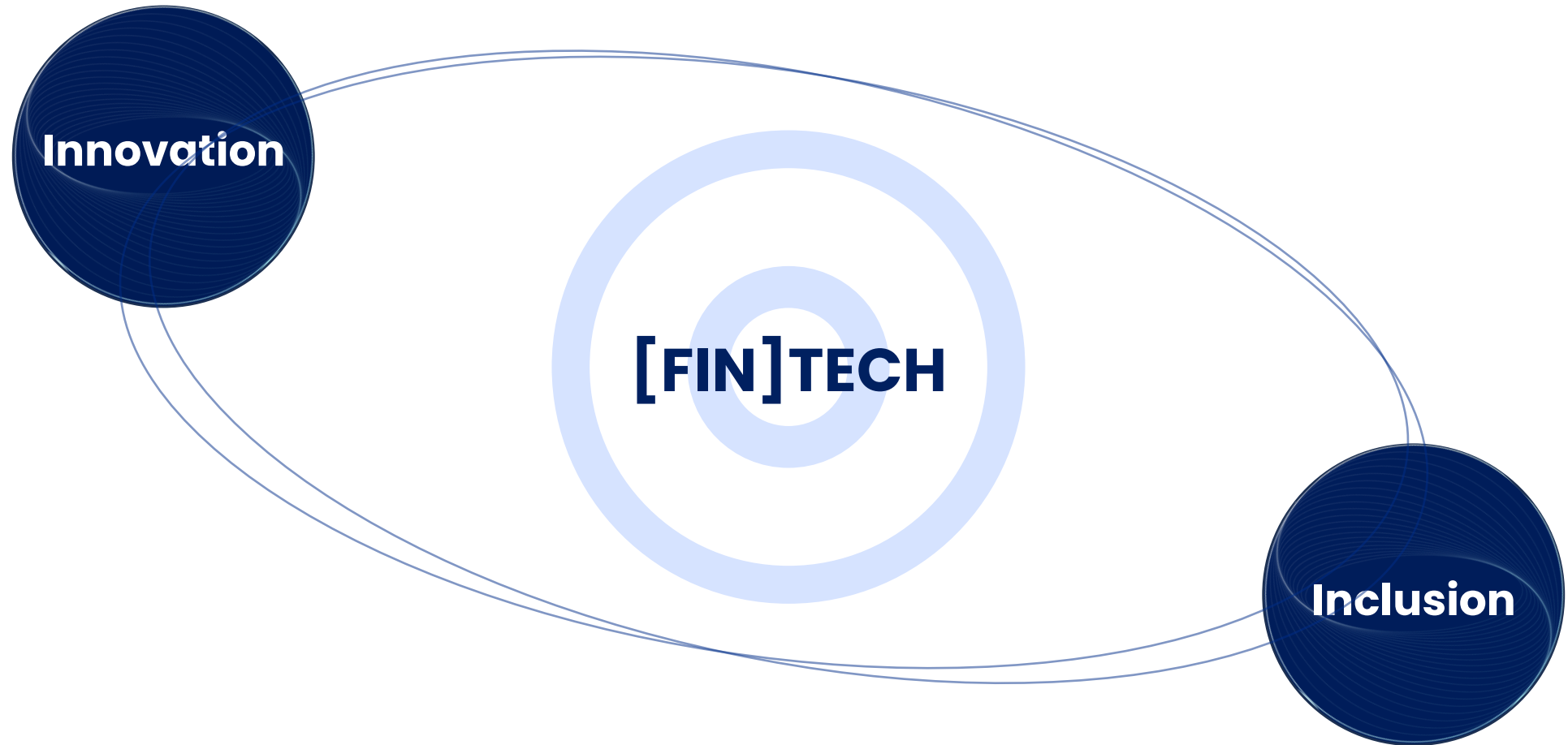
Our footprint

- ✓ Expansion into seven countries with both our lending and investment businesses



Key concept of our global business

- ✓ Promote two core businesses in partnership with fintech companies



Mid-term biz plan

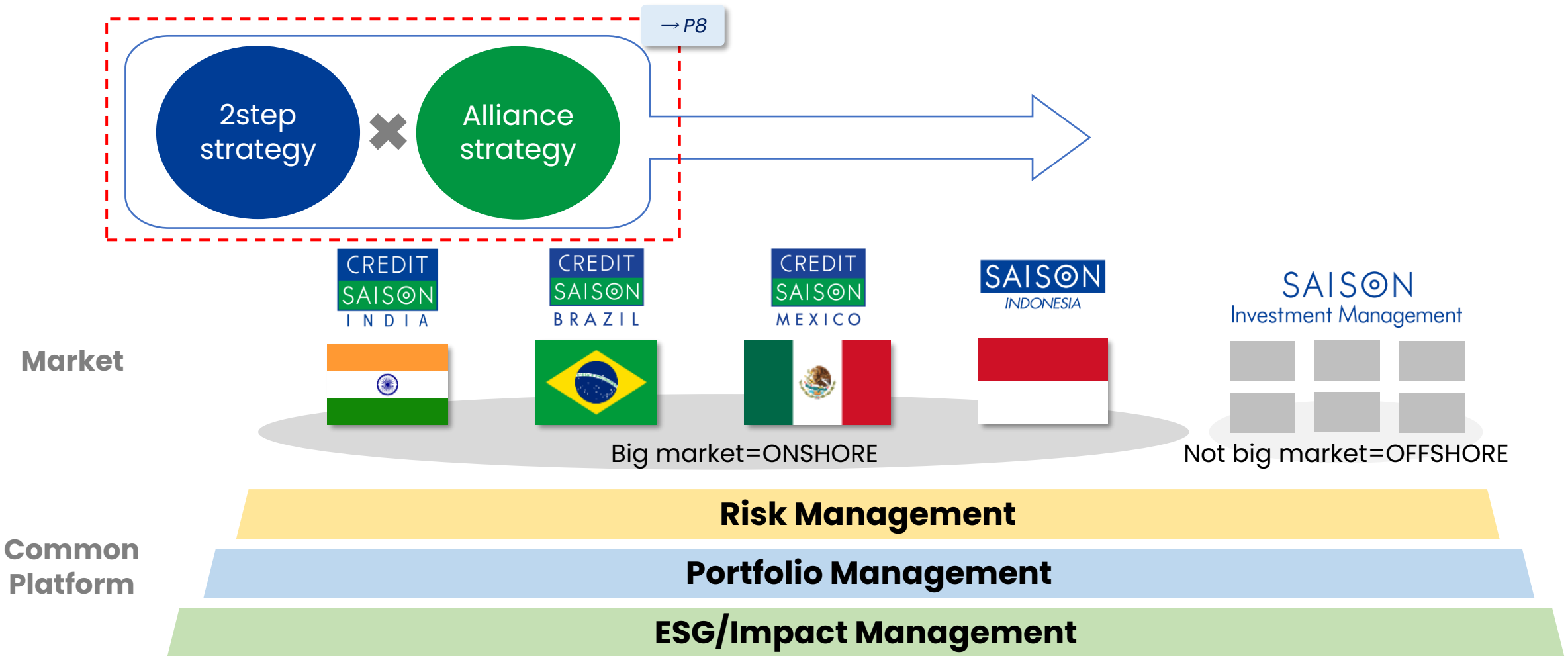
✓ Our aim is for the global business to become our third earnings pillar



*Includes intersegment transactions

Global lending strategy

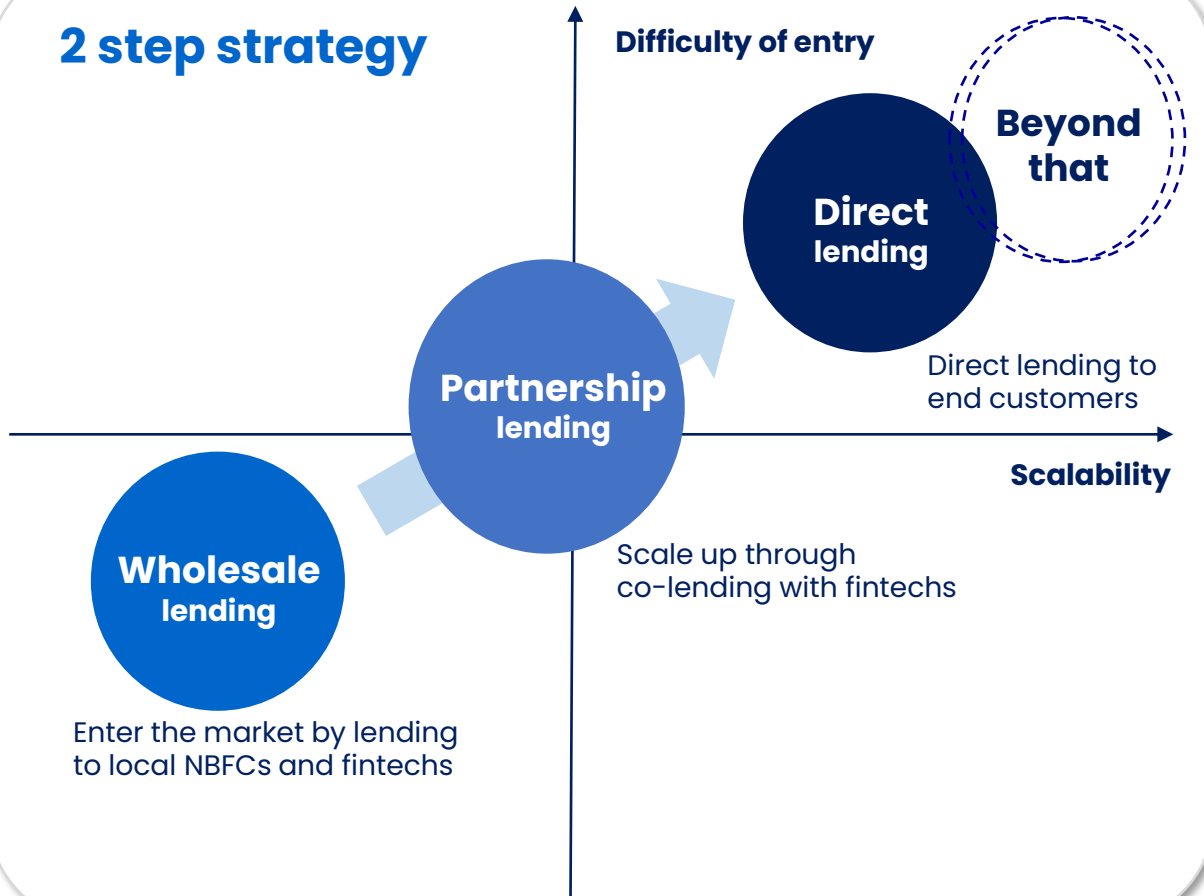
- ✓ Implement onshore/offshore strategies in line with market size while building common policies, processes and structures globally



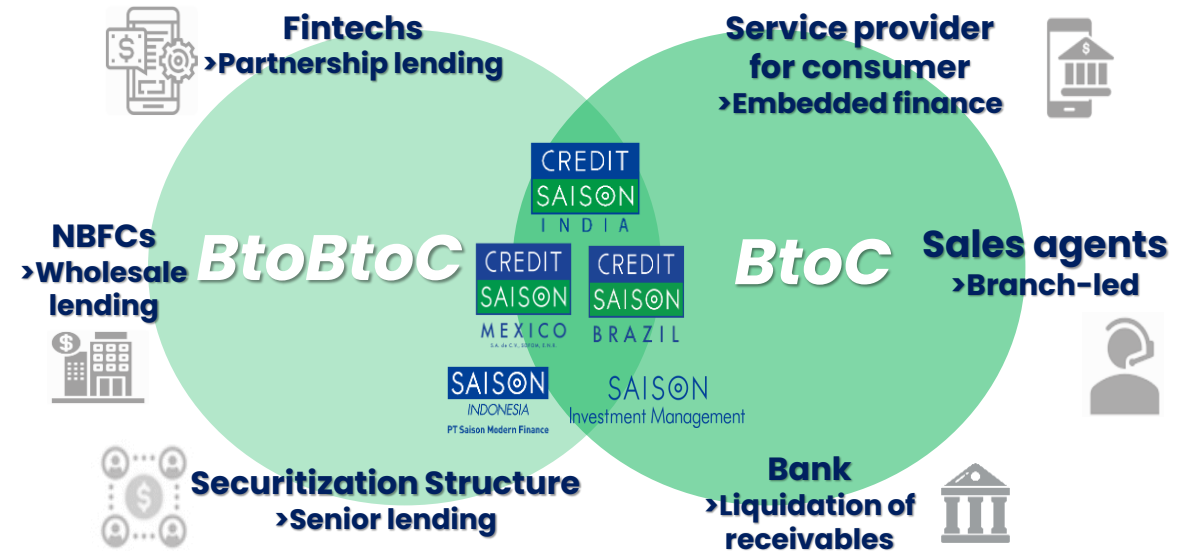
Global lending strategy -2

- ✓ Aim to ensure development fitted to each country's market by combining 2 step strategy built in India with Alliance strategy in onshore lending

2 step strategy

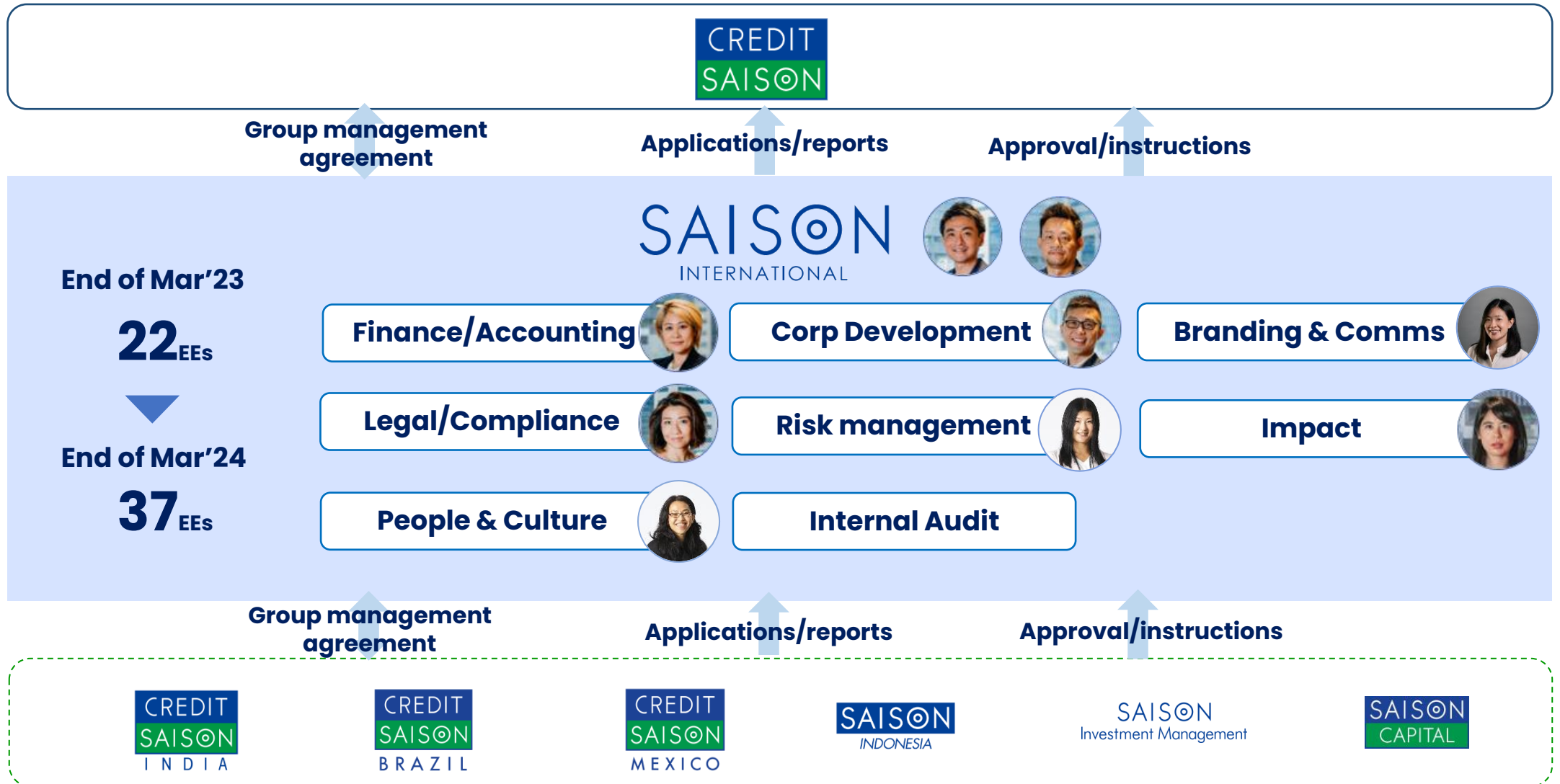


Alliance strategy



Governance Structure

- ✓ Expansion of our corporate functions at our IHQ, acquiring global talents with strong experiences



Saison Global Summit 2024

- ✓ Annual gathering of key members from each companies for cross-sectional engagement and networking





Growth Strategy of Credit Saison India

Overview



Kisetsu Saison Finance (India) Pvt. Ltd. "Credit Saison India"

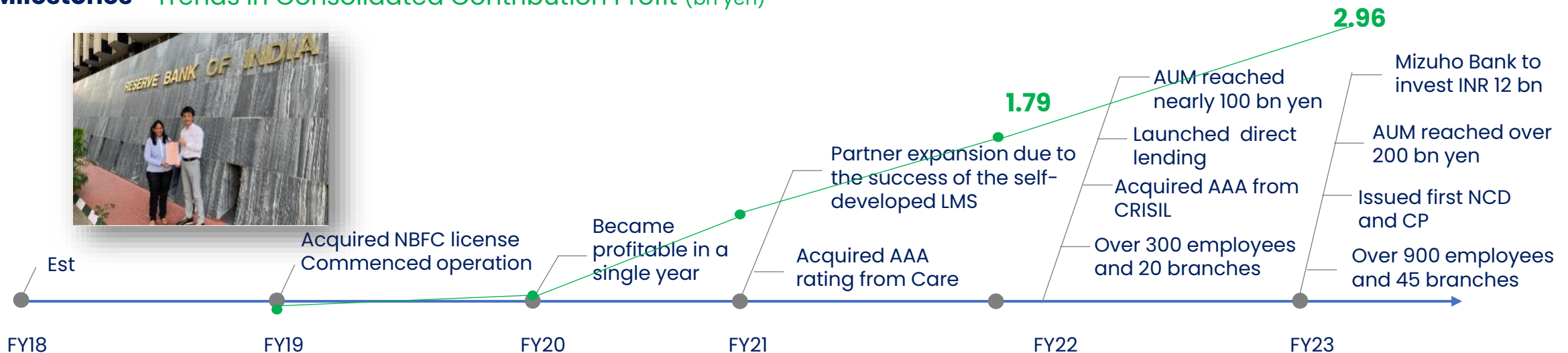
※As of end of Mar '24

- Established June 2018
- Shareholder
 - Credit Saison 62.1%
 - Saison International 21.6%
 - Mizuho Bank* 16.2%
- Capital INR 17 bn
- Total Asset INR 129 bn
- No. of employee 900+

*Includes investment by subsidiaries of Mizuho Bank



■ Milestones *Trends in Consolidated Contribution Profit (bn yen)



Snapshot of Financial results of 2023

(Currency is in INR)



117.05bn

Loan Book +97% YoY
Among India's fastest growing NBFCs

Multi product, Multi Vertical focused NBFC



27.97%
CARA

Building a resilient business with strong capitalization metrics

Adequate equity support



35.03bn

Net Worth +99% YoY
Consistent equity infusion by CS Japan and Mizuho Fin. Group

Poised for growth with strong parentage & strategic investor



187.16bn

Disbursement +80% YoY
Ever increasing disbursement with focus on direct to market

Strong origination capabilities with a focus on Direct to Market



91.50bn

Borrowing +86% YoY
Working with 30+ global & local banks with access to low cost of funds

Robust Lender Base



0.83% | 0.48%

GNPA* -0.19% | NNPA* -0.15%
Strong underwriting models beating industry benchmarks

Testament to superior underwriting models



2.61x

Debt-Equity

Moderately leveraged with a diversification focus on liability base to include NCDs and CPs

Moderate leverage



~1.3mn

Active Customers +155%
Building a granular retail book with 1.3 mn+ active customers

Winning retail lending strategy

*NPA numbers are compared QoQ

*GNPA represents the ratio of Gross Non-Performing Assets by total Asset Under Management for a lender in a financial year

4 types of business model

✓ Offer 4 verticals in BtoBtoC and BtoC model

Vertical	Wholesale lending	Partnership lending	Embedded finance	Branch-led
Overview	Loans to local NBFCs	Loans through tech enabled alliances with fintechs	Loans through tech enabled alliances with non-financial companies	Loans utilizing branches and sales agents
Target customer	Local NBFCs	Consumer/MSMEs originated by fintechs	Consumer	MSMEs
Average interest rate	12%	Varies based on type of Partner	Upper 15%	Upper 15%
Average ticket size	INR 300mn	Varies depending on Partner	INR 150K	Varies depending on Loan Product
Average loan tenure	24 months	3–36 months	18–24 months	30 months
No. of partners (incl. past transactions)	60+	15+	9	170+

Step in business development

✓ Expand our business step by step by promoting multi-product, multi-vertical strategy

FY 2019

FY 2020

FY 2021

FY 2022

FY 2023

FY 2024



Product Milestones

1 Launched Wholesale Vertical

2 Launched Partnerships Vertical



Direct consumer play

4 Launched Embedded Finance



Direct MSME play

3 Launched Branch Business



Other Key Milestones



Sep-19:
Received NBFC License



Mar-21:
CRISIL assigns AA+ rating



Mar-22:
CARE assigns AAA rating



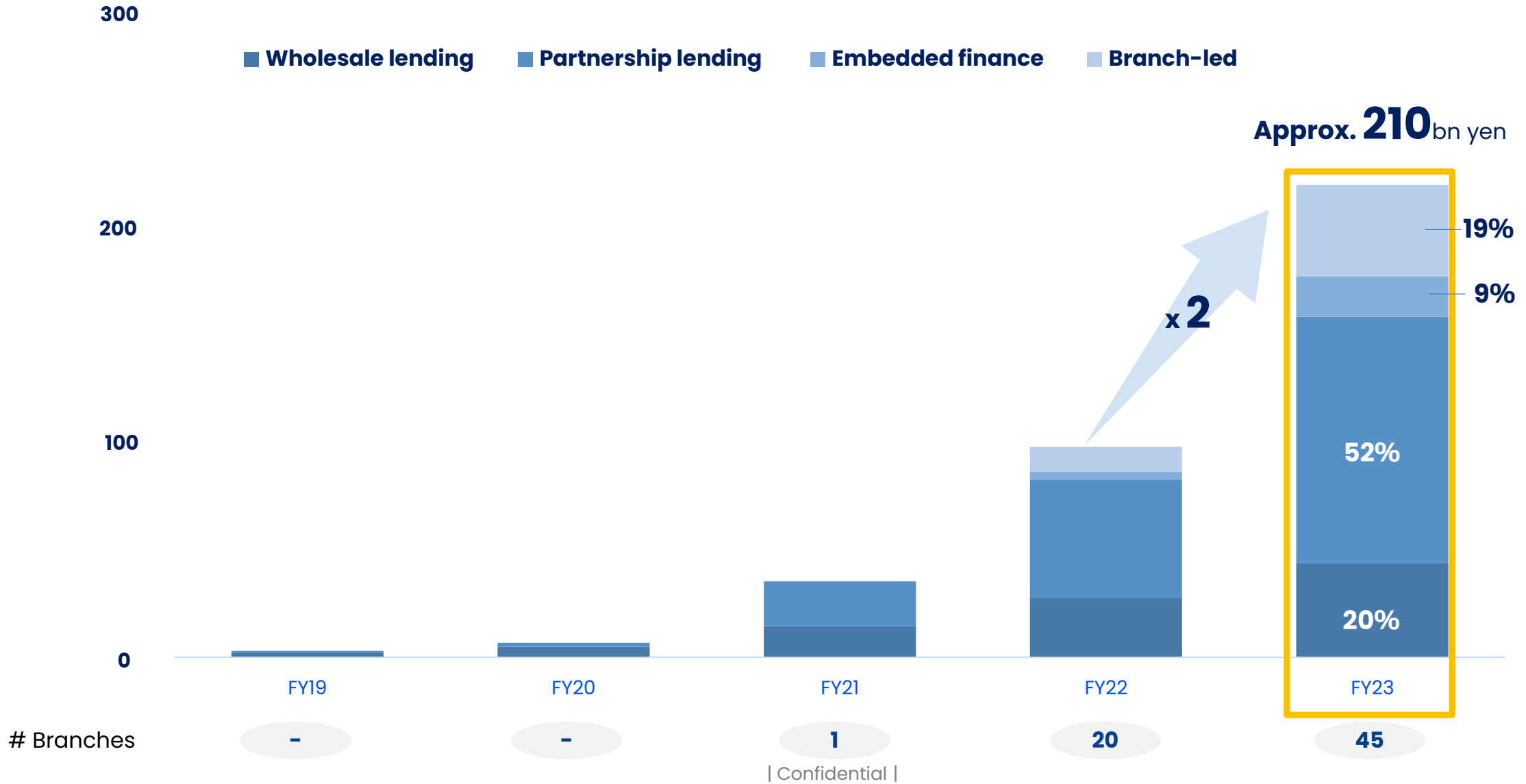
Mar-23:
CRISIL assigns AAA rating

● BtoBtoC

● BtoC (=Direct Lending)

AUM so far

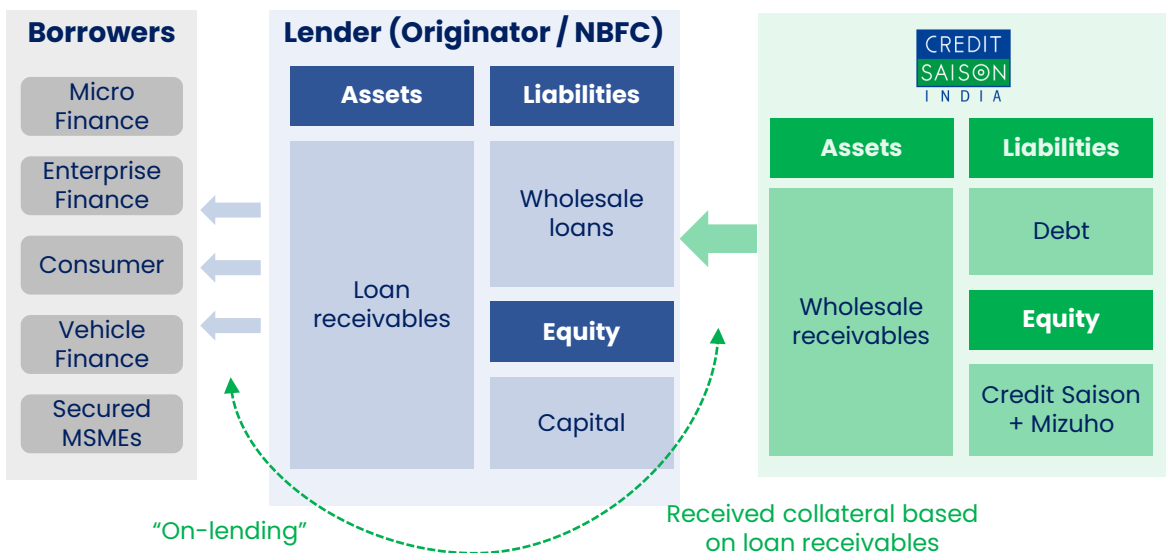
✓ Strong growth in FY23, almost double year-on-year



Step 1 – BtoBtoC (Wholesale & Partnership lending)



Wholesale lending

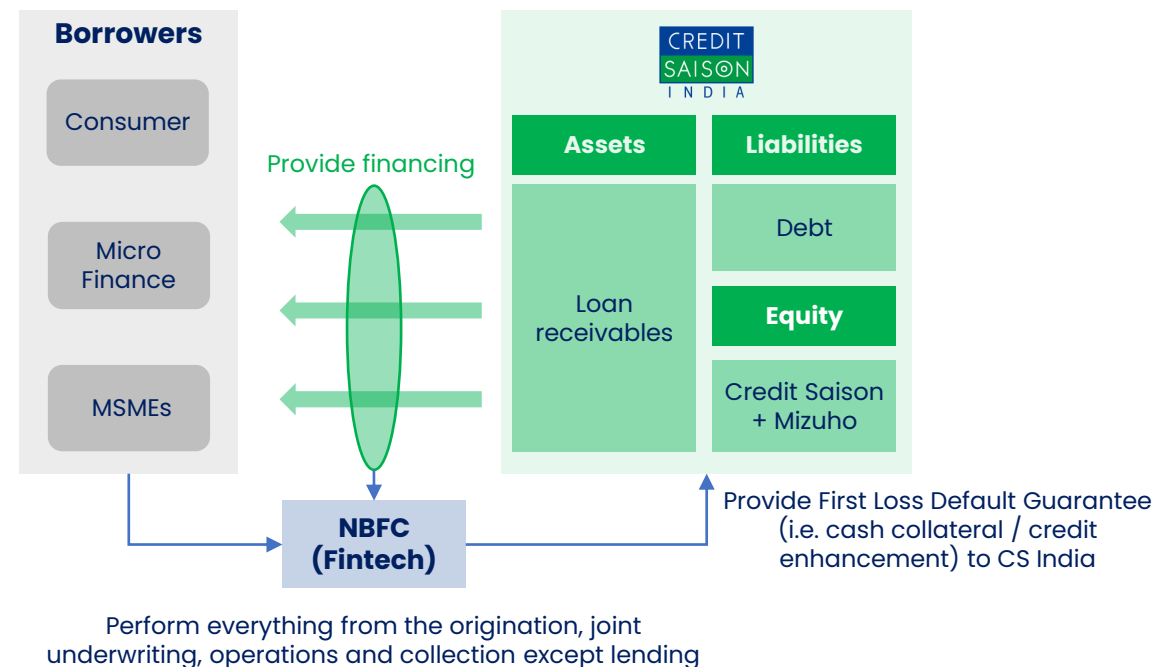


Wholesale lending involves providing balance sheet funding to other NBFCs. As the wholesale lender, we can limit the use of wholesale loans exclusively for on-lending purpose

- Continued implementation as market knowledge/insights



Partnership lending



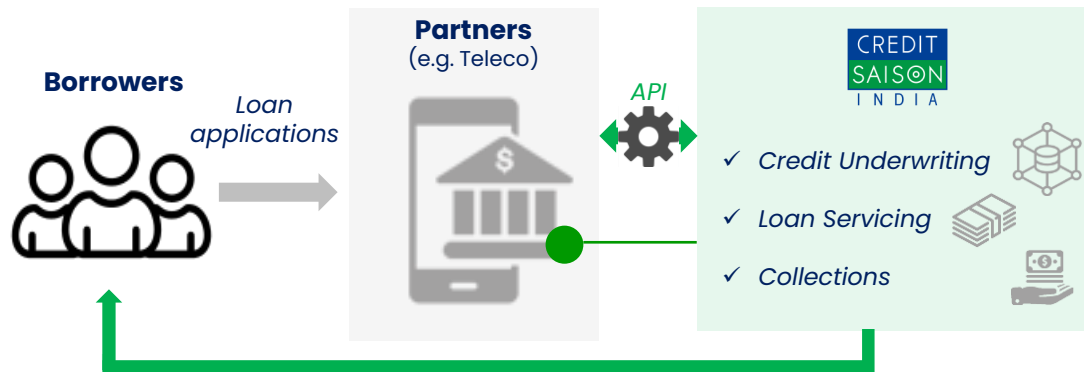
Partnership lending involves providing loans directly to borrowers in collaboration with NBFCs via a tech led integration. In the event of delinquencies, our losses are covered by the first-loss default guarantee. Therefore, this co-lending arrangement resembles a protected partnership

- Continued implementation to ensure stable profits and profitability

Step 2 – BtoC (Embedded & Branch-led)



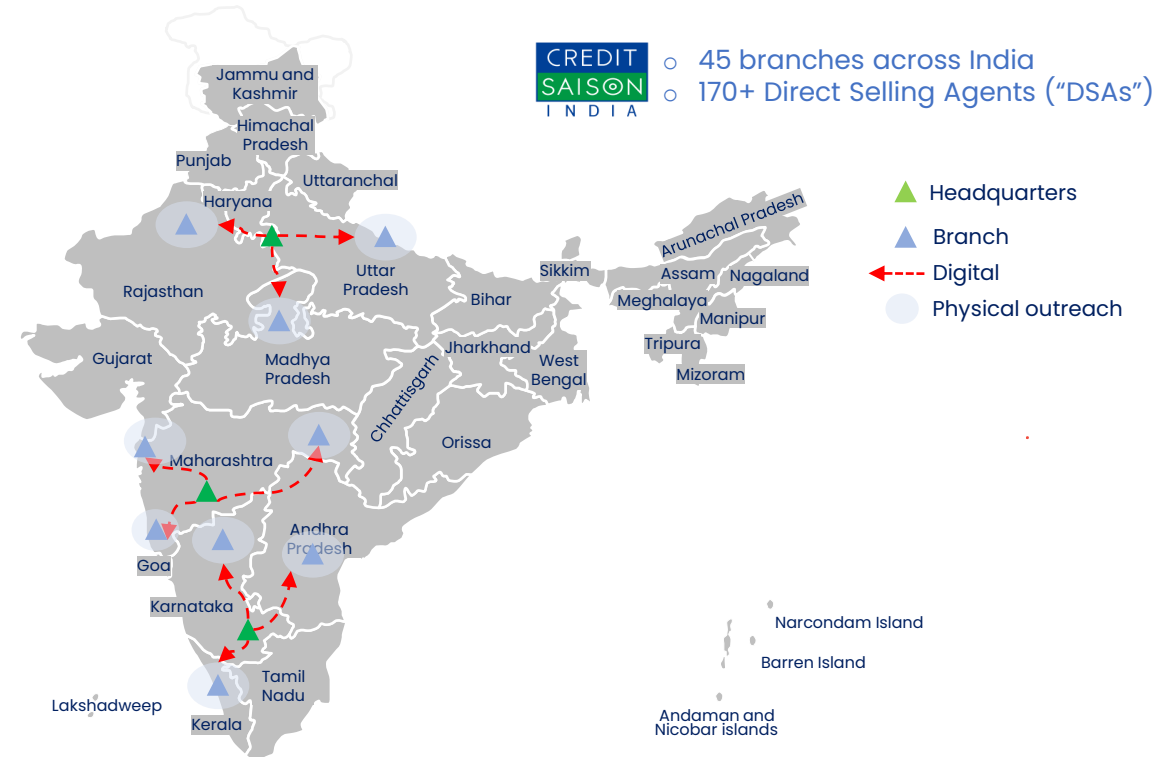
Embedded finance (for consumers)



Embedded finance entails offering loans directly to consumers (B2C), often facilitated through Partners serving as distribution channels. This requires full-stack capabilities including onboarding, risk assessment, operations and collection. Technology is also a key differentiation here as we can **offer best in class offerings via our pre-approved programs.**



Branch-led (for MSMEs)

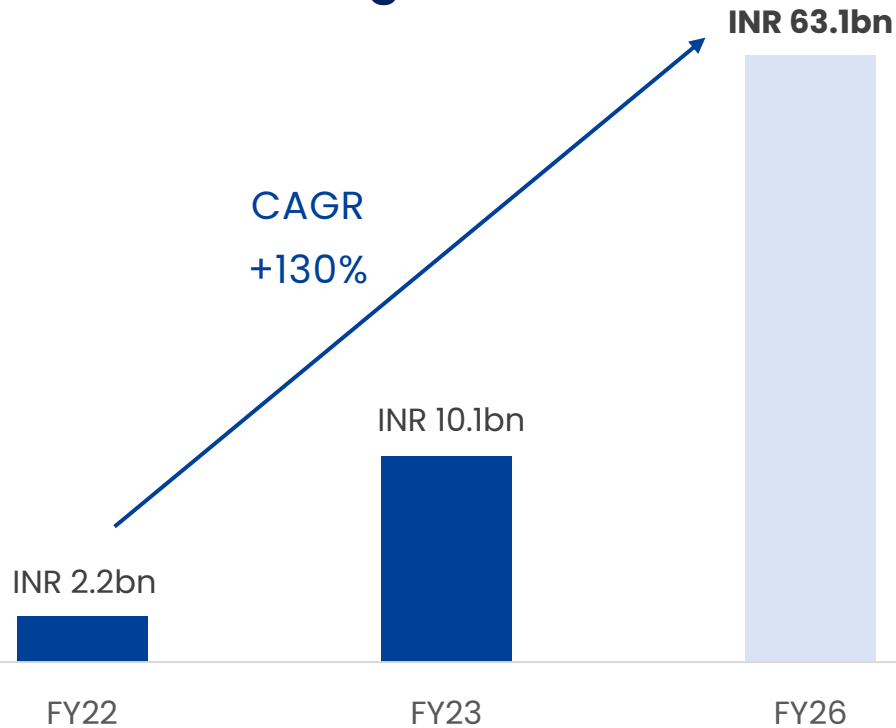


Given India's vast geography and limited digital infrastructure, **branch networks play a crucial role in facilitating last-mile distribution, especially in Tier 2 and rural areas.** DSAs operating from these branches will **engage with underserved MSMEs**, evaluate and handle loan applications, and digitally uploaded to HQ.

Embedded -detail

- ✓ Further expand the customer base through alliances with non-financial businesses such as various industry leading players

AUM growth



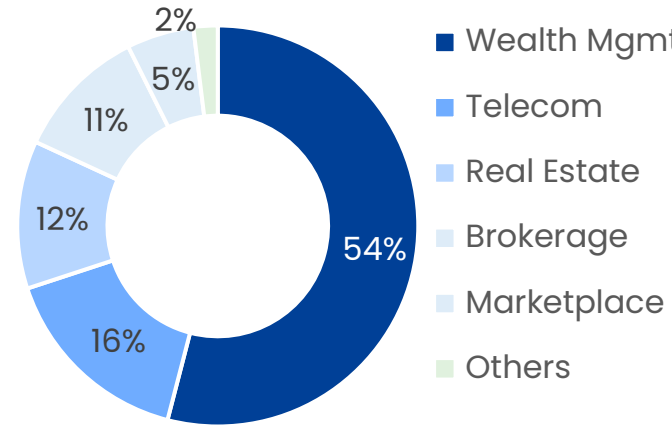
Partners

2

9

15+

AUM split by partner type *As of end of Mar'24



119k+
Active Customers
223% YoY Growth

Why do Partners want to work with us



Best Pre Qualified ("PQ") programs

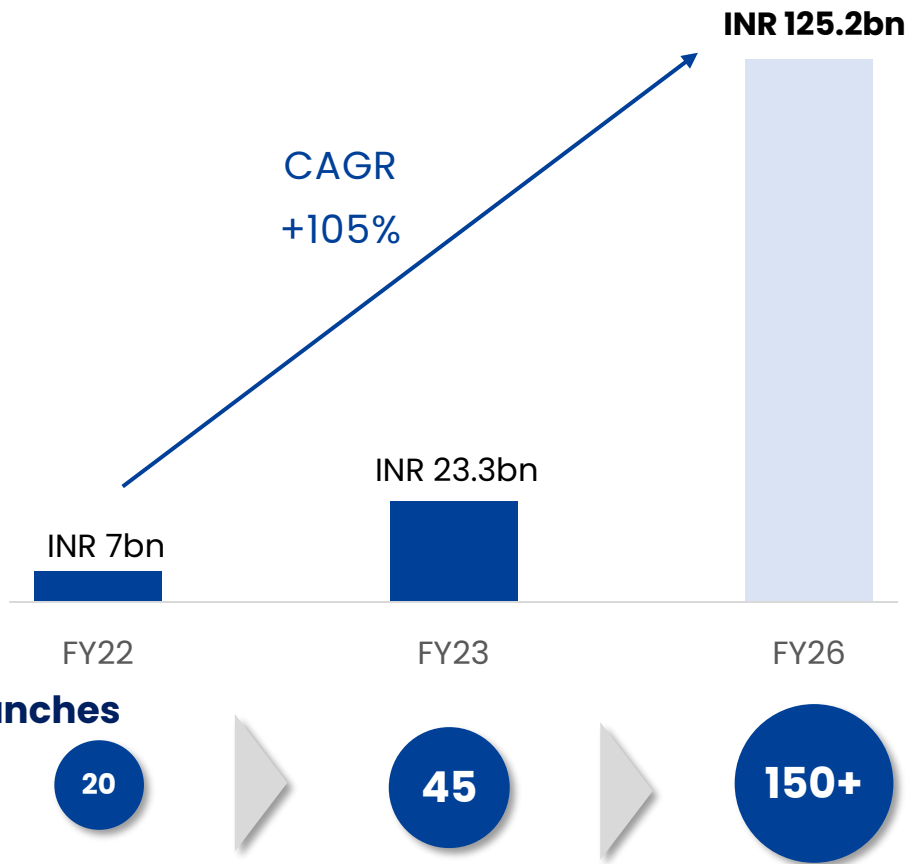


Best-in-class tech which drives superior customer experience

Branch-led - detail

- ✓ AUM growth driven by expanding branch network and new product offering strategy targeting blue-chip segments

AUM Growth



Product Offering



Unsecured Business Loans



Small Business Loans



Personal Loans



Loan Against Property

Growth strategies



Branch network expansion



Strong team in branch-led that has scaled the business in just 1 year by building DSA



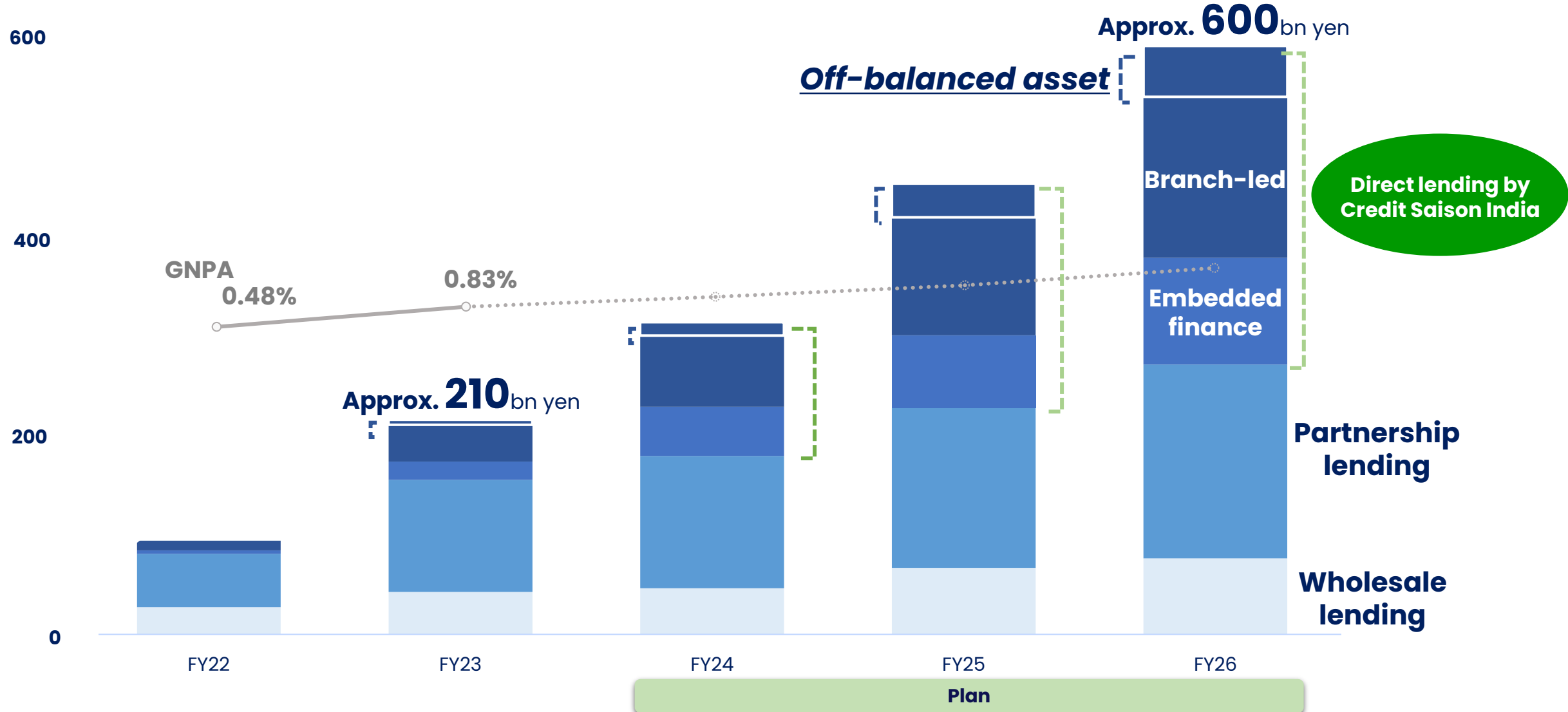
Multiple products helps deepen DSA relationship as well as opportunities to cross-sell



Tie-up with leading Indian banks for Co-lending to increase RoE

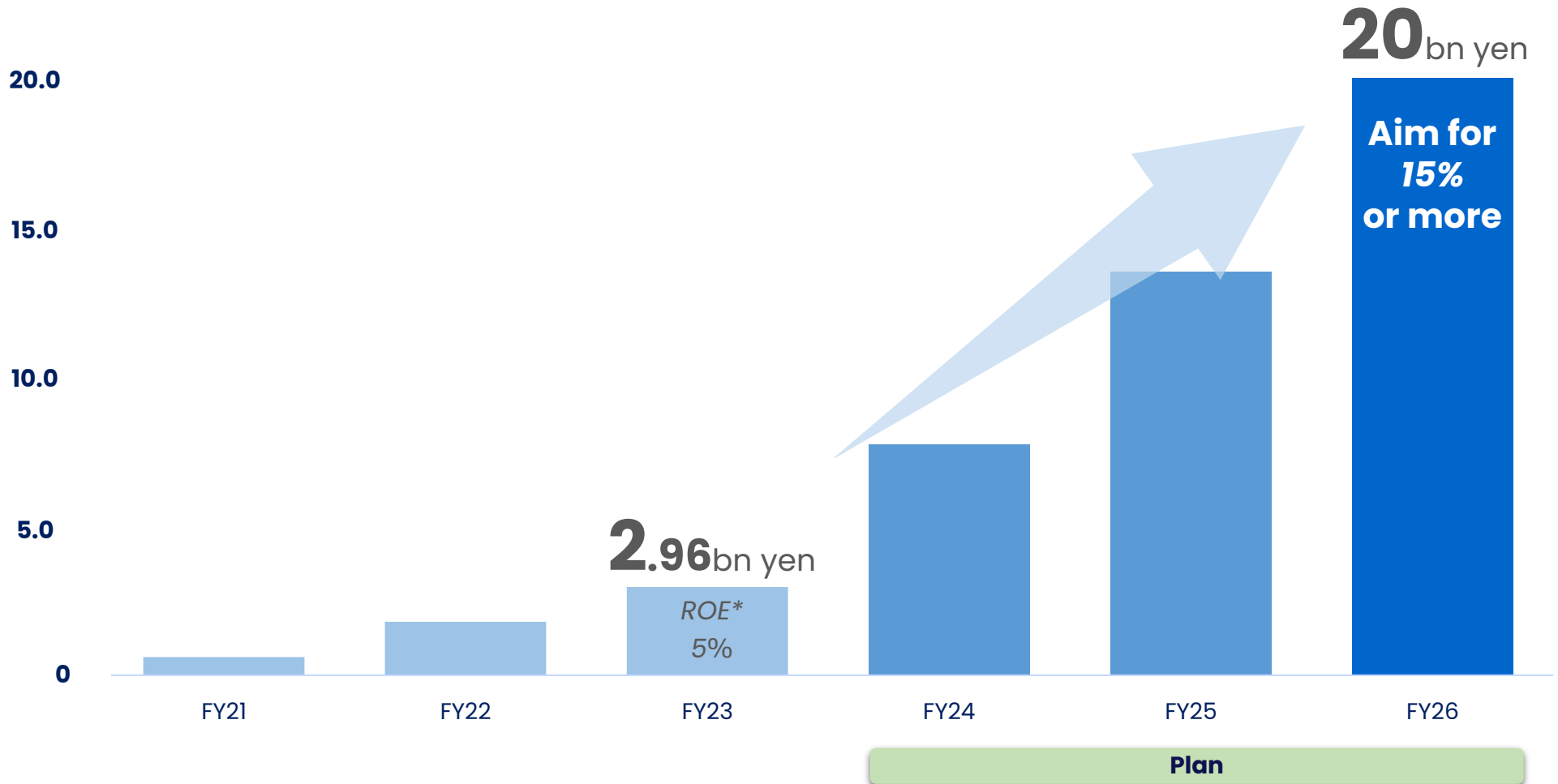
Planned AUM

✓ Aim to grow AUM focusing on direct lending, while also increasing off-balanced asset



Planned Consolidated Contribution Profit

- ✓ Aim for 20 bn yen in FY26 and over 15% ROE by improving profitability and capital efficiency through direct lending and off-balanced asset strategy

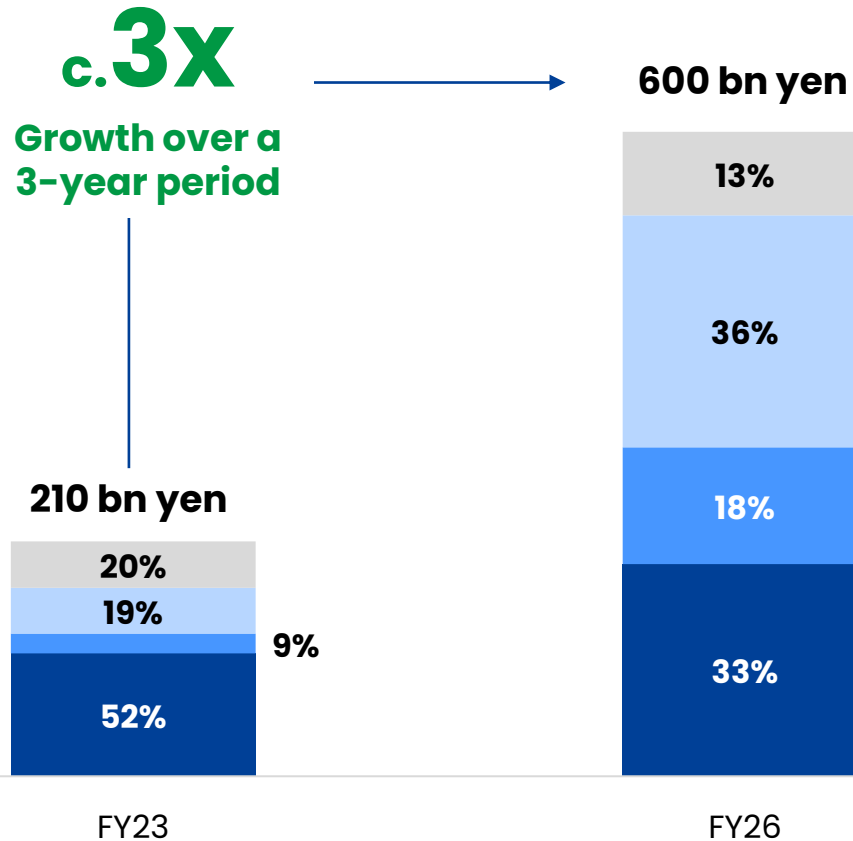


*ROE: CS India figures are standalone basis.

Calculated as: $\text{Net income} \div ((\text{Beginning net assets} + \text{Ending net assets}) \div 2)$ | Confidential |

Planned ROE/ROA

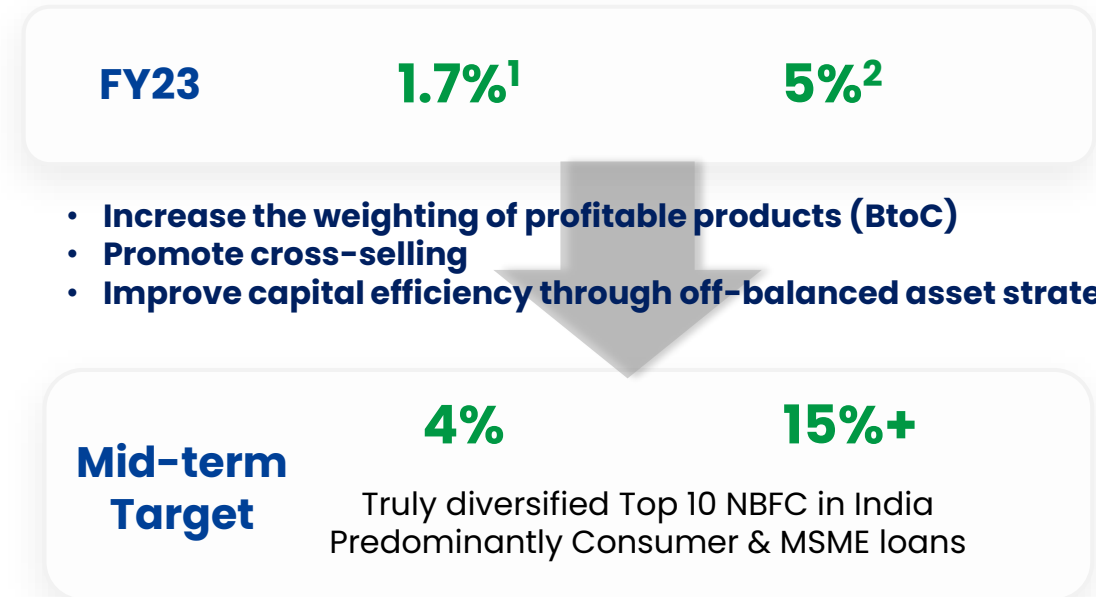
AUM



■ Partnership lending ■ Embedded Finance ■ Branch-led ■ Wholesale lending

ROA

ROE



- Increase the weighting of profitable products (BtoC)
- Promote cross-selling
- Improve capital efficiency through off-balanced asset strategy

*RoA and RoE for overall business including investments in new verticals

¹ROA : CS business profit basis

²ROE : CS India figures are standalone basis

Calculated as: Net income ÷ ((Beginning net assets + Ending net assets) ÷ 2)

Key Strengths of Credit Saison India

1

Strong Credit Risk management

State of the art in-house underwriting developed with access to real customer data across multiple products and lending cycles. Rigorous portfolio monitoring with the right feedback loops to ensure resilient AUM is being built

2

Technology led growth that is highly scalable

The company has built a strong, full stack tech platform that is powering its integration with partners, and direct lending model

3

Well diversified liability and strong shareholders

One of 12 CRISIL AAA rated NBFCs in India, which provides a cost of funds advantage. A robust lender base of 30+ global and local banks. Strong parentage under the Credit Saison umbrella and Mizuho as a strategic investor

Strength 1) Risk - Underwriting

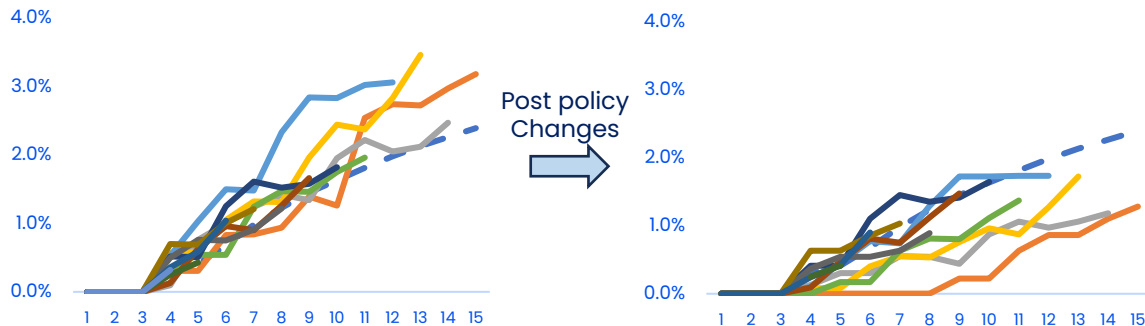
✓ Underwriting with various data catered to each product/customer to mitigate credit risk



For consumers

- Build an outstanding credit model by **leveraging partnership lending data and know-how**
- Efficient operation through **automatic underwriting for all applications**
- Policy is reviewed when performance of DPD are **higher than benchmark line**, and **back-test is done** with new policy
- Continuous forward looking **investment in 3rd party data to continuously improve the existing models** which are already performing better than industry benchmarks

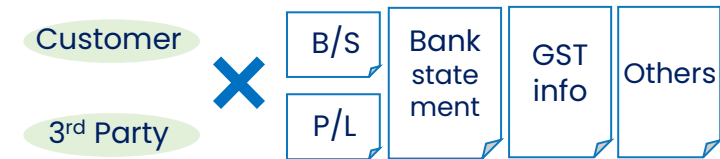
90+ by monthly vintage – against target benchmark



For MSMEs

- Determine repayment ability through the **use of open and reliable data**
- Understand actual business conditions **through on-site surveys**
- Cross-check consistency by **comparing information from multiple perspectives**, including customer declarations and third parties' data

Underwriting



Field Investigation

Ensure that conduct on-site surveys and management interviews are conducted to actual situation of the business



Fraud check



Strength 1) Risk - Team

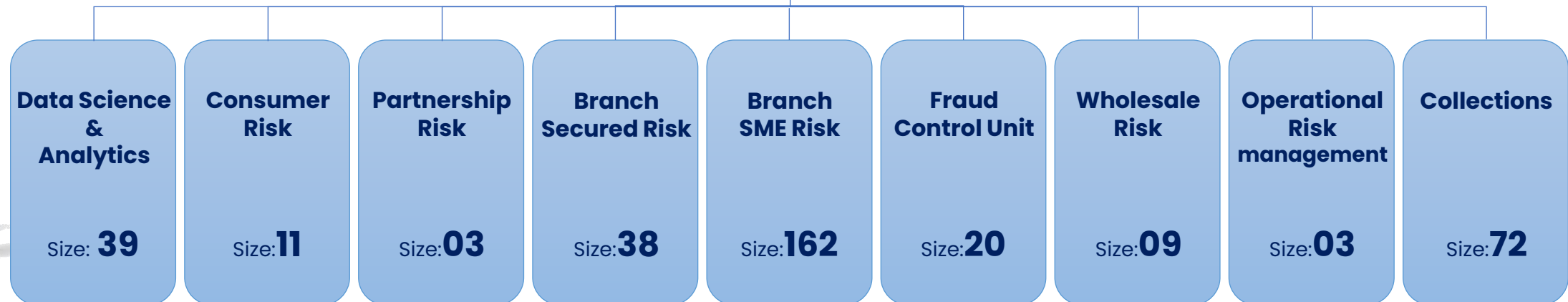
- ✓ Team has 350+ experienced Risk, Analytics and Collection talents



Chief Risk Officer






Anuj Gupta | アヌジュ グプタ

- 17+ years of experience across analytics & credit underwriting
- Previously, business director & head of credit strategy & infrastructure at top 10 largest bank in the United States



Strength 1) Risk – GNPA by vertical

✓ Solid and well-constructed credit underwriting by strong team shows well-controlled GNPA

Vertical	GNPA		Commentary
	31 Mar 24		
 Wholesale lending	0.0%		Rigorous portfolio monitoring with sectoral & entity exposure capped along with counter party risk management
 Partnership lending	1.1%		Default loss guarantee structures to contain ECL and improve profitability
 Embedded Finance	0.9%		Our models are highly agile which allows us to make changes very quickly whenever any early warning signal performance data is coming out higher than our expectations
 Branch-led	1.1%		Phygital underwriting which we are also enhancing further by our credit models supported with government backed guarantee schemes
 Total	0.8%		

Strength 2) Tech – Partnership lending

✓ Strong technology backend integration with 15+ leading fintech partners

Key Partnership Operational Metrics



< 5 Seconds

CS India API response time



97%

Approval rate



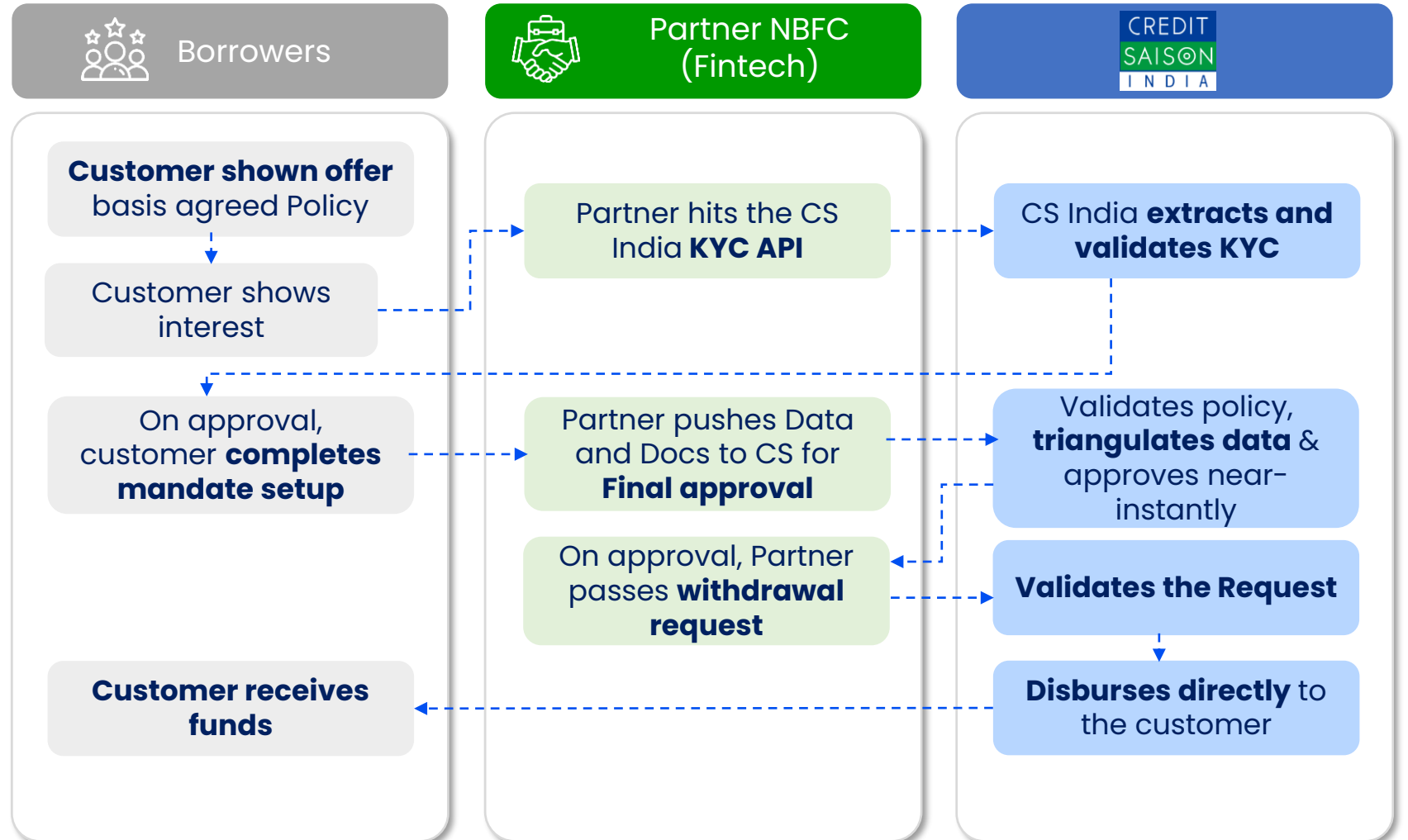
99.9%

Server Uptime



~1-2 months

Time to Integrate



Strength 2) Tech – Embedded finance

- ✓ Simple & intuitive UX powered by CS India's tech stack enables a seamless customer journey
- ✓ Also run best in class Pre-Qualified programs whereby the Final Offer provided to the customer is match to the Pre-Qualified offer

Key Metrics



2 – 3mins

TAT on customer journey



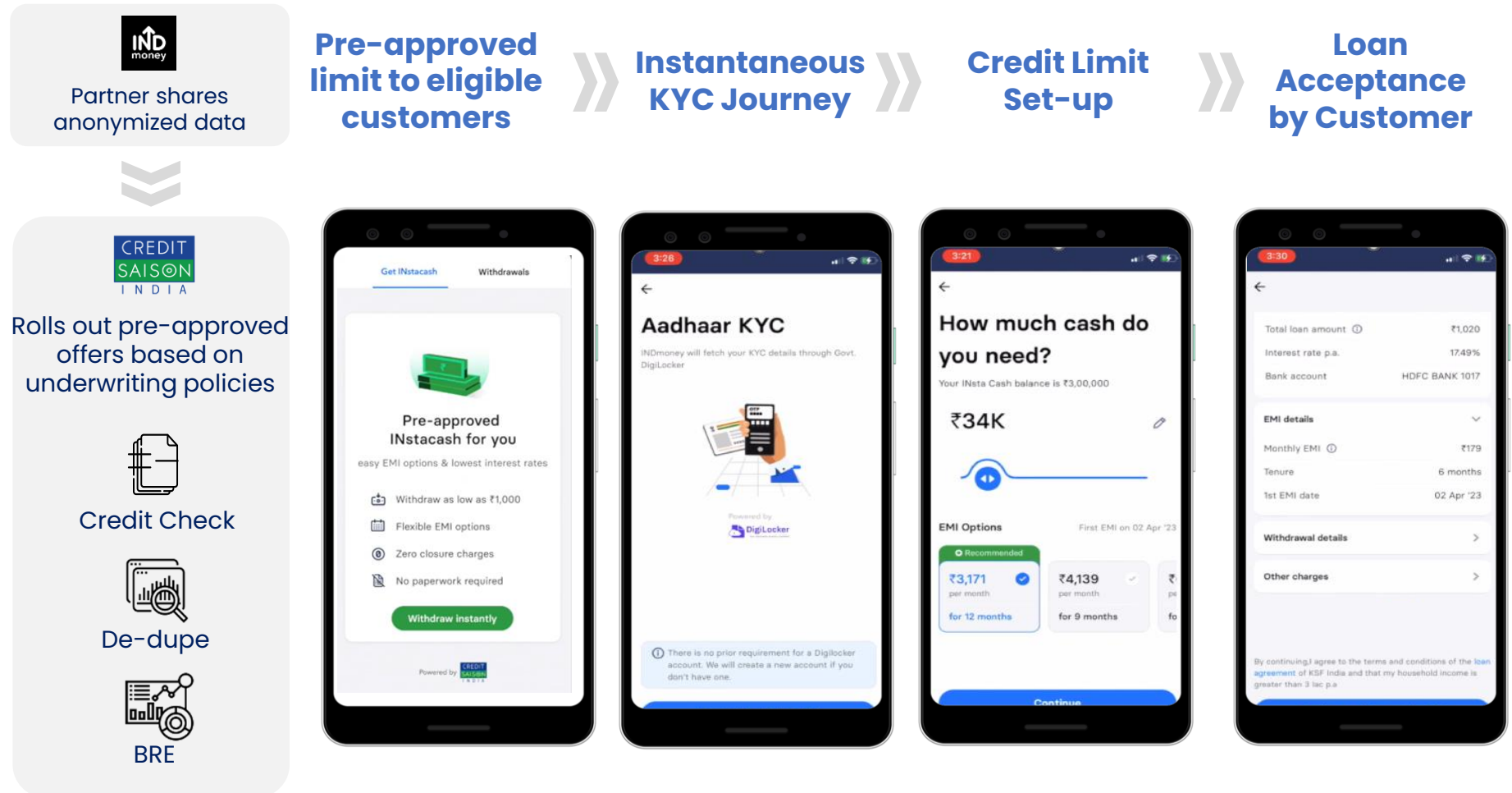
c.85%

Match of PQ offer & Final Offer



98%

STP of customer journey on partner's app powered by CS India's APIs



Strength 2) Tech - Capabilities

✓ Strong tech backbone in case of partnerships gives “right to win” against peers



Deep API Library

- Custom API library allowing integration with partners under a variety of arrangements



Partner Integration Playbook

- Tested playbook for quick integration through deep multi-year experience with best-in-class fintechs



Automated Workflows

- 100% of loan applications for consumer are completely digitally processed without human intervention



Team

- Strong team helmed by CTO with strong tech backbone and with experience
- Team strength of 160 across engineering & product



Tech Architecture

- Modular & cloud-native architecture comprising both in-house developed software and domain-leading third-party solutions

Strength 2) Engineering & Product team

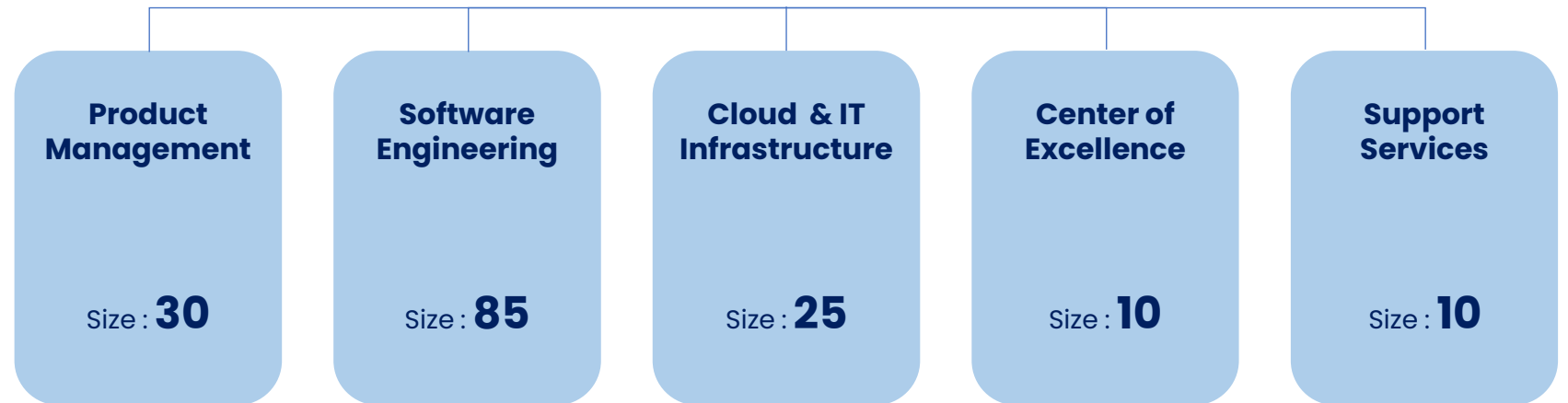
- ✓ CS India has its own full-stack technology + Product team with over 160+ experienced talents



Chief Technology Officer **Dev Pathi | デヴ パシ**

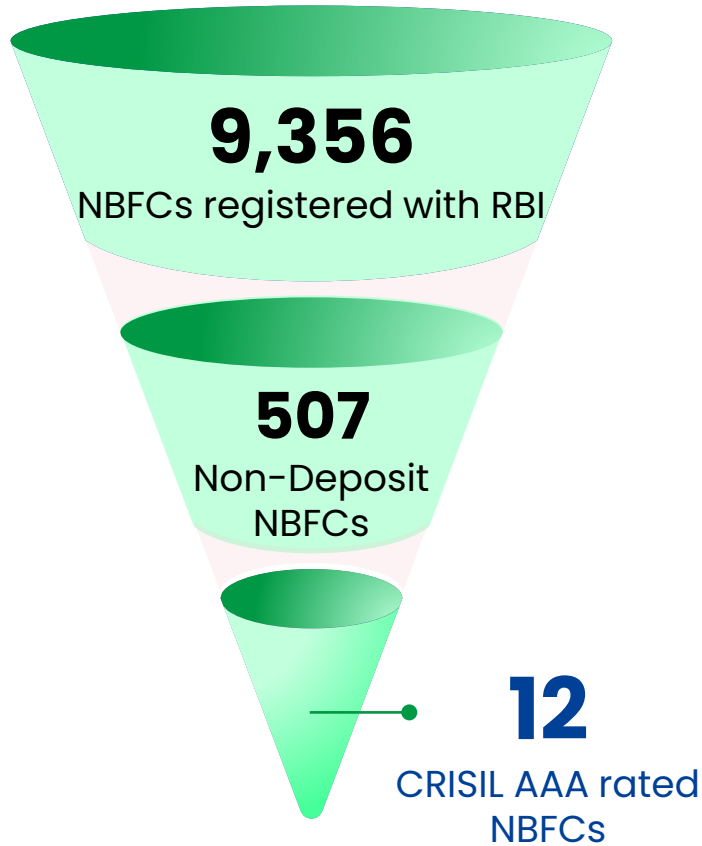
- 20+ years of experience of technical, analytical roles across financial services and online media companies
- Previously, Director of Technology at one of the largest online lender in India

TTL Size : **160**



Strength 3) Diversified liability & Robust Lender Base

CS India is one of the few AAA rated NBFCs in India



Diversified lender base and association with marquee names

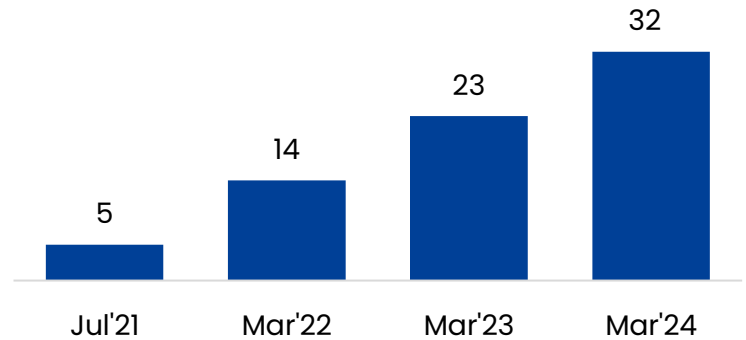


4 Corporates and Mutual Funds

3 Other Foreign Banks

Consistent addition in lender base over the quarters

CS India lender count (#)



Building a diversified liability base

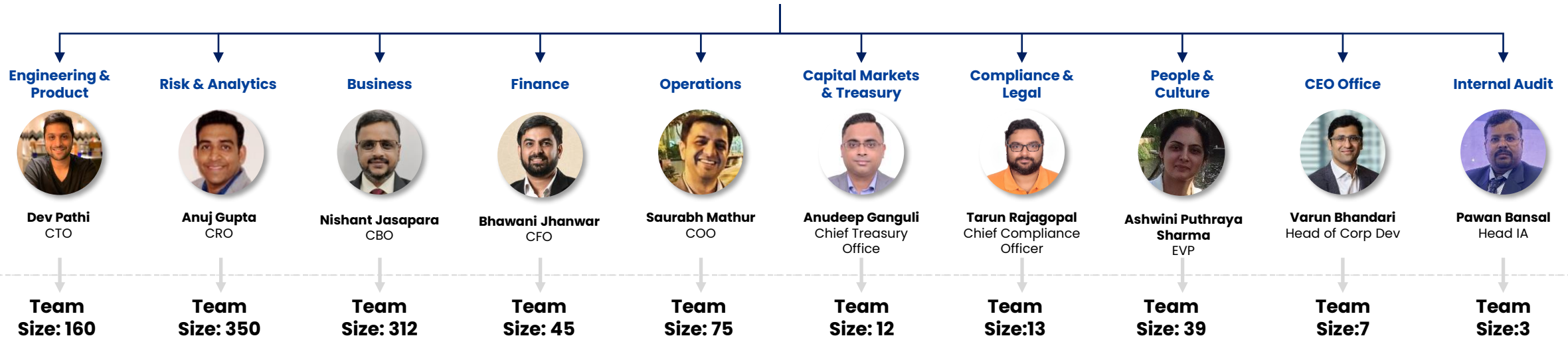
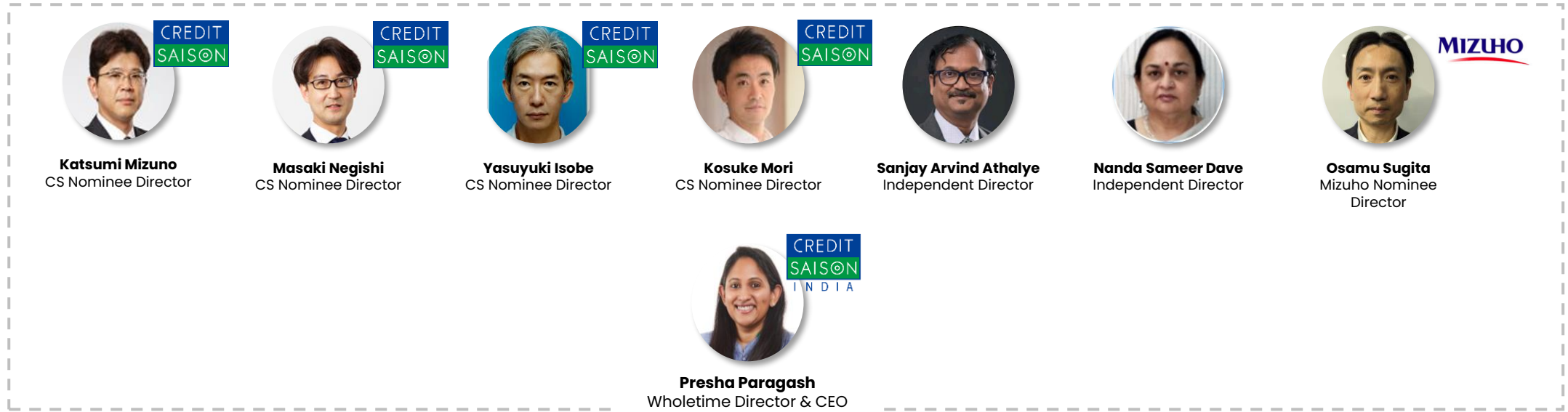
We continue to diversify our liabilities to **further optimize our liability mix:**
 Concluded our **Maiden NCD** in **Aug'23**
 & **Maiden CP** in **Dec'23**

Organization structure

✓ Board consists diversified members, including an independent director who retired as an Executive Director from the Reserve Bank of India (India's central bank)

*As of end of May'24

Board



Governance Structure

- ✓ Strengthen Japan-IHQ support system to support the rapidly expanding CS India business and build a further strong governance system with Mizuho bank

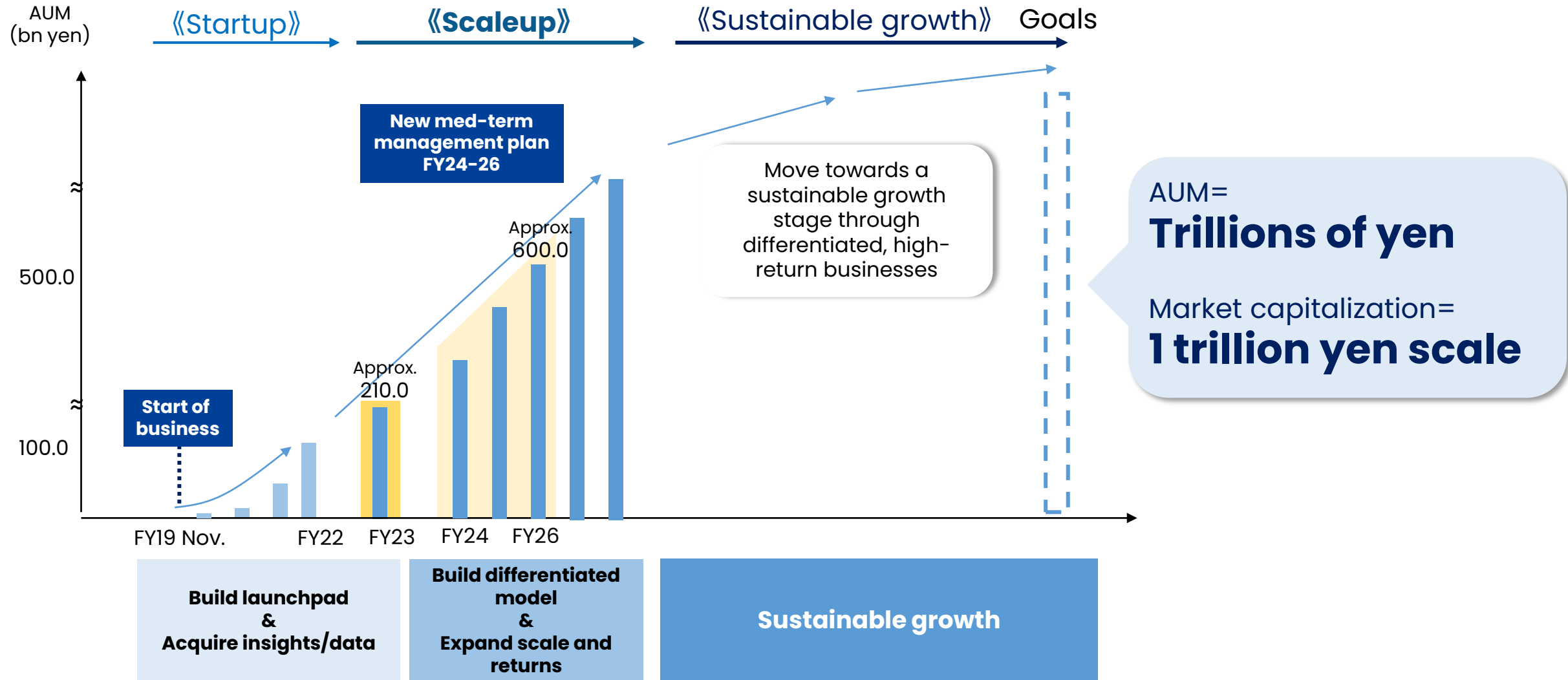


Team Engagement



To be a top 10 NBFC in India

- ✓ Move towards a sustainable growth stage through differentiated, high-return businesses.
Aim to be a top 10 NBFC in India



Where we are and Top10

- ✓ We are among the top 50 NBFCs (out of 9,000+) in just 5 years of operations, and are amongst the fastest growing players in the non-bank lending space

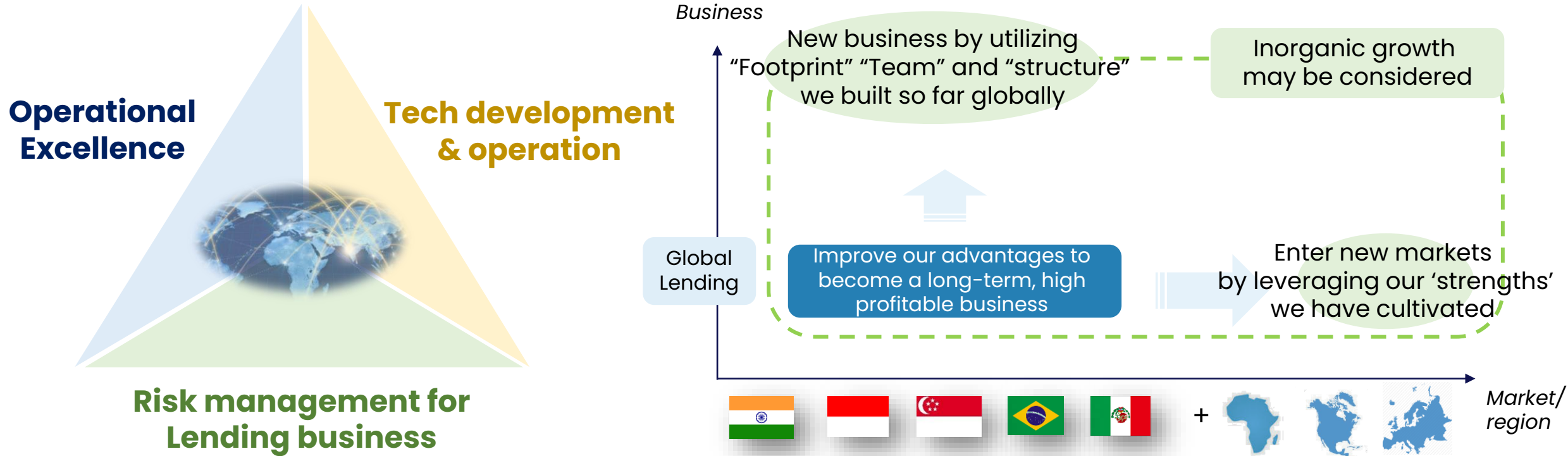
*As of end of Dec'23, based on our research

Sr. No.	AUM (USD bn)	Profit After Tax (USD bn)	Net Worth (USD bn)	AUM CAGR (FY20-FY23)
1	41.3	1.81	9.6	29%
2	35.2	0.46	3.5	7%
3	28.1	0.93	6.1	21%
4	19.7	0.42	2.9	27%
5	19.2	0.43	2.4	26%
6	14.4	0.08	2.1	26%
7	12.8	0.24	2.5	8%
8	10.8	0.30	1.7	12%
9	10.3	0.41	2.9	14%
10	10.0	0.29	2.9	-1%
...	-	-	-	-
48	1.6	0.02	0.47	49%
49	1.5	0.02	0.44	201%
50	1.5	0.06	0.30	12%



Horizontal expanding

- ✓ Expand resources & capabilities we have cultivated in India horizontally to lending business in other countries and other new markets



Disclaimer

The statements in this material with respect to the plans and forecasts are forward-looking statements, except for the facts of the past, and involve uncertainties. Please note that actual business performance may significantly differ from these forecasts due to various factors.

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