

**Main Question and Answers –
Credit Saison Co., Ltd. Financial Results Briefing for Fiscal Year 2018**

Q1.

Regarding consolidated business profits by segment in the medium-term management plan, for Credit Services Segment, the figures for FY18 and FY21 seems to have not much differences. Is it difficult to achieve growth in this medium-term management plan, or a longer growth period is required?

A1.

Currently, we are still in the preparation stage for new BtoB businesses, therefore it is still unclear how far it will grow as it develops horizontally. In terms of affiliated cards, although the new system foundation has been completed and the opportunities of business consignment are expected to grow, we are still at the proposal stage of these new opportunities. In the credit card business, it is difficult to tell the rate of return but the profit might have the tendency to go down. In the field of contactless payment with smartphones and BtoB, which I mentioned earlier, I believe the figures of Credit Services Segment will change depending on how far we can expand.

Q2.

The stock prices have been sluggish for a long period, why are there no measures to strengthen the shareholders return during year-end? If strengthening plan were to made in the future, what indicators will it be based on? In addition, I would like to ask about the policy of the dividend payout ratio in the medium-term management plan.

A2.

The Company has not decided on the stock buyback policy yet. Regarding shareholder return, our basic stance is that through improving corporate value by steadily implementing the management policy explained by President Yamashita, the outcome will be evaluated by the market and eventually the stock prices will rise. In addition, with regard to stock buyback, we will react appropriately in correspond to capital policy issues, such as effective use and amortization through M&A based on the situation at that time. Also, although we do not have specific ideas on dividend payout ratio, we will continue prioritizing stable dividends as the Company's basic stance.

Q3.

Why is IFRS being introduced at this timing, considering the profit contribution of the global business is less significant?

A3.

We are considering Southeast Asia as a key area for the future and we will continue to invest firmly in it. Therefore, as a means to strengthen our global business, we decided to introduce IFRS. In addition, we judged that it would be important to introduce international accounting standards to accurately inform our shareholders on the business situation of our company.

Q4.

The former President Rinno had a strong stand for independence, but with the change to a new management under President Yamashita, is there any possibility of collaboration with other companies in the future?

A4.

As a basic stance, we would like to actively collaborate with external parties. As compared to other companies in the same industry, I think we have the most touchpoints with FinTech and startup companies. However, it is necessary to identify the other parties carefully. Also, we do not deny the possibility of forming partnerships with financial institutions, but we are not considering on getting under the umbrella or having a majority stake at this moment. Basically we would like to keep up an independent stance.

Q5.

As the assets increase due to the expansion of the finance business, please tell us about the current level of surplus capital. Also, please tell us about the level of dividend payout ratio you aim for.

A5.

In the case of expanding assets as in balance sheet, it is important to understand the situation of low interest rates in doing procurement. Currently, it is at a situation where the debts are increasing. Regarding capital adequacy ratio, we are revising the capital policy, aiming at around 15% for current situation. With regard to the dividends payout ratio, we are currently focusing on stable dividends, so we will aim for shareholder returns based on industry trends and other factors.

Q6.

In the future, will any new system costs occur due to matters such as the constructive dissolution of the “Comprehensive Business Partnership” with Mizuho Bank? Also, is there any impact on profit and loss under IFRS due to the termination of investment?

A6.

Regarding Qubitous, the operation scope related to UC Card business is integrated with UC Card itself. We do not expect any new system costs to occur as there are many shared parts in the system. With respect to the sales of securities by UC Card, a non-consolidated gain of 18.8 billion yen is expected, however the impact on consolidated statement will be minor as it is an equity-method affiliate.

Q7.

When can the goal of ROE above 10% being achieved? Are there any strategies for achieving this?

A7.

In medium- to long-term perspective, we aim to achieve ROE of over 10%, therefore, we will first work towards our medium-term management plan target of 60 billion yen. We will announce it when we could specify a clear time.

Q8.

Is there a strong commitment to achieve the business profit of 60 billion yen, which is the goal of the new medium-term management plan?

A8.

We have a strong will to achieve this 60 billion yen. We will strictly check and monitor the balance between the new system's depreciation cost and the return from new investment, as well as the effective cost management.

Q9.

Please tell us about your commitment to market share of credit card shopping transaction volume.

A9.

We do not plan to only focus on the market share of credit card shopping transaction volume alone. Nevertheless, it does not mean that it is fine to lose market share. As mentioned in the reference materials, we aim to become a non-bank company that could provide all sorts of services tailored to the life stage of each customer.

Q10.

Please tell us your thoughts on stock prices and market capitalization.

A10.

We believe that our stock is undervalued even from the perspective of PBR. As we steadily realize our management policy, we will take thorough action by firmly establishing relationships with investors so that our company could be evaluated accurately.