

68th

Business Report

CREDIT SAISON CO., LTD. Interim Business Report
68th Fiscal Term (April 1, 2017 – September 30, 2017)



Creating a new company through innovation



Dear Shareholders:

We will take on the challenge of the next phase of growth under our business vision of becoming a “Neo Finance Company in Asia.” Based on our management philosophy of striving to always be a leading-edge service company, we aim to offer products and services focused on customer demands and convenience, which include our pioneering efforts in cardless settlement schemes, such as mobile settlement services, as well as our initiatives to add value to Eikyufumetsu Points through the creation of advanced point services. We will also promote the expansion of retail finance businesses in Asia by leveraging our expertise fostered in Japan.

As for the business results for the first half of the 68th fiscal term (April 1, 2017 - September 30, 2017), we promoted various cashless settlement services for personal consumption and corporate use in the settlement business area by offering optimum solutions tailored to corporate and personal needs through a combination of our group's products and services. Furthermore, we deployed unique promotional initiatives including the formation of “Higashi Ikebukuro 52,” a group consisting of employees of Credit Saison, with the aim of further enhancing the recognition of the Saison brand.

With respect to initiatives to enhance the platform for Eikyufumetsu Points, we accelerated the development of new economic areas through the promotion of the Point Investment Service, which enables the simulated experience of long-term investment, as well as evolved the Eikyufumetsu.com point mall operated by Credit Saison into the Saison Point Mall with more enhanced functions.

Moreover, we developed new businesses with leading Internet companies through DG Lab, an open-innovation-type research and development organization. We also worked to create new profitable business models, such as through acquiring all the outstanding shares of Omnibus K.K., a next-generation digital marketing company with cutting-edge ad technologies, for the purpose of leveraging our big data platform, Saison DMP.

On the other hand, in addition to promoting lease, credit guarantees, Flat 35, asset formation loans and other existing financial products, we pressed ahead with the diversification of our earning capacity by newly entering the rent guarantee business. In Asia, we worked to expand the retail finance business through strategic partnerships with local companies in Vietnam and Indonesia.

As a result of the foregoing, consolidated operating revenue was up 6.0% year on year to ¥145.411 billion, consolidated ordinary income increased 16.9% year on year to ¥36.24 billion and profit attributable to owners of parent increased 13.3% year on year to ¥32.01 billion.

Looking ahead, we will continue to pursue “collaborative management” that helps improve customer convenience and expand partner merchants' sales, and to change our business model as well as with the aim of becoming an innovative company where all employees continue to take on challenges with passion, we will also actively promote diversity and inclusion, including the active involvement of women in the workplace to create a competitive and unique company.

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.

December 2017

Hiroshi Rinno, President and CEO

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.

Card Business



Innovation and Sophistication of Card Business Model

We continuously endeavored to solicit enrollment for affinity cards, such as Saison American Express® Card, a premium card, and Mitsui Shopping Park Card Saison, together with retail partners, and worked on structural reform of solicitation methods by utilizing web channels and tablets. As a result, the total number of cardmembers increased by 370,000 to 26.84 million, up 1.4% from the previous fiscal year-end. The total number of prepaid cards issued also grew to 42.45 million. In addition, we facilitated cashless payments in the area of corporate transactions through offering optimum solutions matching company size and corporate needs, in addition to promoting other initiatives including campaigns to revitalize card use, the promotion of card settlement of utility charges and taxes, and strengthening measures to promote the registration and use of "Apple Pay." Consequently, the corporate card transaction volume grew by 15.0% year on year with the card shopping transaction volume of ¥2,304.9 billion, up 5.7% year on year, and the card shopping revolving credit balance of ¥395.1 billion, up 3.7% from the previous fiscal year-end.

Enhancing Corporate Marketing Capabilities and Strategic Tools

We partnered with Nitori Co., Ltd., to start issuing the Nitori UC Corporate Card, which is aimed at helping improve the business efficiency of corporations and individual proprietors that introduce Nitori's products for business use through cashless settlement of their business expenses. Furthermore, we formed an operation tie-up with Concur Japan, Ltd., the provider of cloud-based expense settlement solution Concur, and 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 proprietor's needs for the settlement of business expenses, to promote cashless payment in the corporate market.

Finance Business

Lease & Rental

We provide finance leases, business-use installment sales, and rentals mainly 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 worked 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 2.3% from the previous fiscal year-end to ¥291.6 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 multipurpose 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, including implementing financial product study sessions, for the promotion of personal loans. In addition to simple application procedures completed via the website 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 balance of credit guarantees increased 1.9% from the previous fiscal year-end to ¥340.4 billion.

Finance

Flat 35 provides support in purchasing a home as Home Loan Packages including the Saison Home Assist Loan which meets financing needs of various costs upon purchasing a home. 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 12.6% from the previous fiscal year-end to ¥507.1 billion. As for Saison Asset Formation Loans (loans to fund the purchase of condominiums for investment purposes), the strengthening of collaboration with our partners through study sessions and other measures resulted in the loan balance surging 19.7% from the previous fiscal year-end to ¥259.7 billion. Moreover, we newly entered the rent guarantee business in July 2017 and launched Saison Rent Guarantee Rent Quick. While we have supported housing finance needs through Flat 35 and Saison Asset Formation Loans, with the launch of Saison Rent Guarantee Rent Quick, we have enhanced our comprehensive housing finance services that cover the processes from rental to purchase.

Asia Business

Accelerating Overseas Business Expansion

We are speeding up our overseas business expansion in the rapidly-growing Asian market, which is expected to become a key earnings base in the future, and promoting full-scale entry into retail finance business suited to each country. In Vietnam, HD SAISON Finance Company Ltd. has been expanding its transaction volume steadily by deploying the installment credit business centering on loans for motorcycles and home appliances, with the contribution profit after consolidation adjustment amounting to ¥330 million, up 29.5% year on year. In Indonesia, PT. Saison Modern Finance, which is engaged in the leasing business centered on office and OA equipment and the payment business including prepaid cards and point cards, is continuously promoting the development of new partners and the expansion of the product lineup by providing a wider range of services. We will continue to promote entry into finance markets in neighboring Asian countries such as the Philippines, Malaysia, Thailand, Myanmar and India.



Internet Business

Aiming to Create New Businesses



In April 2017, we acquired all the outstanding shares of Omnibus K.K., an advertising company leveraging cutting-edge ad technologies, with the aim of further utilizing the big data owned by Saison DMP. In July, we evolved the Eikyufumetsu.com point mall into the Saison Point Mall and also launched the Saison Point Mall App for smartphones in an effort to further enhance our services. At the same time, we endeavored to increase the number of Internet members, which grew 4.5% from the previous fiscal year-end to 14.49 million. The number of downloads of the Saison Portal smartphone app is also increasing, promoting the use of Internet services overall. Furthermore, we will work to improve customer service quality and customer satisfaction by offering auto-reply AI chat services for technology-oriented automation and optimization of customer handling, and will also press ahead with the development of new services and the enhancement of operational efficiency.

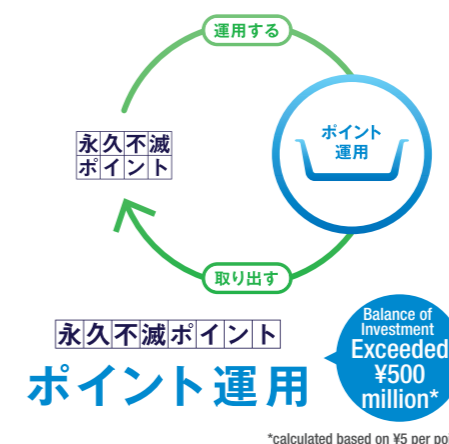
Change for Progress.

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.

Investment Business

Offering Ways of Handling Money to Every Customer

The Point Investment Service, which enables the simulated experience of long-term investment using Eikyufumetsu Points, has been strongly supported due to its innovative aspect where the balance of points fluctuates according to the actual investment performance of mutual funds; the number of users and the balance of investment exceeded 77,000 and ¥500 million, respectively (as of October 31, 2017). We aim to provide an opportunity for users to learn about investment by experiencing actual price fluctuations of long-term investments in game-like settings and thereby take a step forward to actual investment. In addition, Saison Asset Management Co., Ltd., and Monex-Saison-Vanguard Investment Partners, Inc., our affiliated companies, aim to create environments that provide diversified and abundant ways of handling money, by offering support for asset formation and asset management matched to every customer.



CSR

Our Unique Social Contribution Activities

We are engaged in various donation activities utilizing Eikyufumetsu Points and credit card settlement, including aid for victims of the heavy rain which occurred in Kyushu in July 2017. Our respective branch offices also promote their own community-oriented activities aiming at contributing to regional revitalization, including the conclusion of "Partnership Agreement on Dissemination and Enlightenment Project for Disaster Prevention and Damage Reduction" with the City of Yokohama in September to initiate support for the disaster prevention enlightenment project. Furthermore, we will contribute to the sustainable growth of the rapidly changing financial community by providing support for the growth of children who will lead the next generation, and for the enhancement of financial knowledge, by conducting a variety of initiatives, which include nature conservation activities led by Akagi Nature Park, support for sports and cultural activities and participation in various educational programs.

Work Life Design

Every Employee Taking on the Challenge to Offer New Values



We are committed to establishing environments and systems that enable all employees to demonstrate their full potential and work actively with a sense of fulfillment, with the aim of bringing about innovation and realizing persistent growth through proactive challenges taken on by every employee to offer new value. We renewed our personnel system in September 2017 to establish an environment where diversified human resources can work actively. We have also conducted support activities for women to take active roles, self-development support for the growth of every employee, and reform of the mode of work to improve productivity. We have provided career development measures in supporting women to take active roles and introduced CANVAS, a development support program utilizing a cafeteria plan, in self-development support. As measures for the reform of the mode of work, we promote highly-flexible modes of work such as the renewal to an innovative office that facilitate the free exchange of opinions, and the employment of persons with disabilities utilizing telework systems. In addition, 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, namely in operating the web media SAISON CHIENOWA.

Aiming to Create a Corporate Culture in which Challenges are Taken on Continuously – Reform of Personnel System –

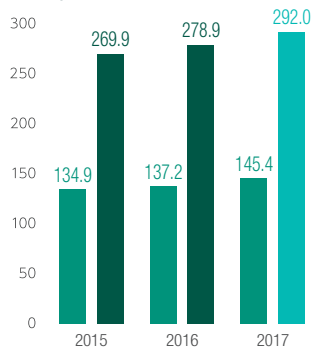
We introduced a system that enables unified personnel treatment and flexible modes of work, in addition to abolishing employee classification and realizing equal pay for equal work based on the role-based grading system. For our sustainable growth, we are committed to providing wider fields of active participation for employees, supporting employees to demonstrate their full potential, and formulating a vigorous corporate culture. (Key features of the new system)

- Abolished employee classification; all employees are now employed permanently
- Introduced a personnel system based on the role-based grading system
- Unified personnel treatment including defined contribution plans, bonuses and employee benefits
- Introduced telework/flextime systems
- Introduced hourly paid leave system
- Introduced shortened working hours, available on a 30-minute basis and not restricted to childcare or nursing care

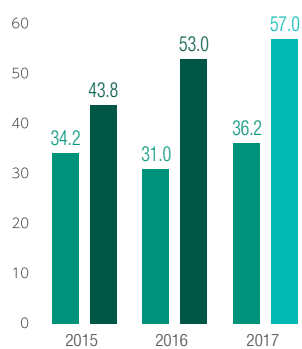
FINANCIAL DATA

Operating Results

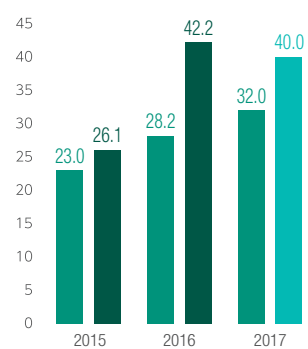
Operating revenue



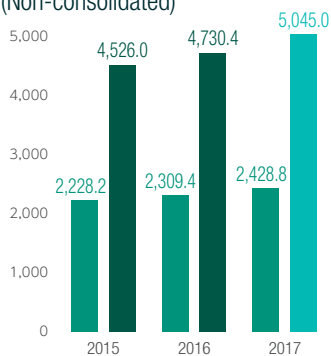
Ordinary income



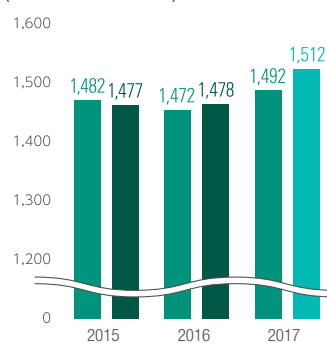
Profit attributable to owners of parent



Card transaction volume (Non-consolidated)



Active cardmembers (Non-consolidated)



During the first half of the 68th fiscal term in Japan, Credit Saison sought to realize a cashless society through the company-wide marketing of solutions 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 5.7% year on year to ¥2,304.9 billion and the card shopping revolving

credit balance increased 3.7% from the previous fiscal year-end to ¥395.1 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 6.0% year on year to ¥145.4 billion.

Reflecting operating expenses, which include an increase in costs linked to growth in card transaction volume, ordinary income increased 16.9% year on year to ¥36.2 billion and profit attributable to owners of parent increased 13.3% year on year to ¥32.0 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. And since 2014, Credit Saison has also supported Asian soccer, which is of great popularity in Asia in recent years, through the sponsorship agreement with the Asian Football Confederation (AFC). We support the SAMURAI BLUE men's team and various other national soccer teams



through offering special items available only to cardmembers in exchange for Eikyufumetsu Points and other unique promotional activities. We also help children who aspire to be future players on Japan's national soccer teams by implementing "High Touch Kids," "Welcome Kids," and other youth programs.

August 31, 2017

Starting lineup in the Men's National Team playing Australia ©JFA

Credit Saison is a supporter of Japanese national soccer teams.



CORPORATE DATA

Stock Information

(As of September 30, 2017)

Common Stock Authorized 300,000,000 shares Common Stock Outstanding 185,444,772 shares Number of Shareholders 11,309
Major Shareholders (Top 10)

Name	Equity stake	
	Number of Shares (thousands)	Ownership Percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	24,470	14.97
Japan Trustee Services Bank Ltd. (trust account)	11,443	7.00
JP MORGAN CHASE BANK 385632	10,727	6.56
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	7,219	4.41
Japan Trustee Services Bank Ltd. (trust account 9)	5,714	3.49
Mizuho Bank Ltd.	4,675	2.86
HSBC BANK PLC A/C CLIENTS 1	4,368	2.67
THE TACHIBANA SECURITIES CO., LTD	3,395	2.07
Japan Trustee Services Bank Ltd. (trust account 5)	2,826	1.72
STATE STREET BANK AND TRUST COMPANY 505225	2,710	1.65

*1. 22,033,256 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, 2017)

CREDIT SAISON CO., LTD.

Incorporated: May 1, 1951

Paid-in Capital: ¥75,929 million

Number of Employees: 3,337 In addition, Average Number of Non-regular Employees: 748 (in 7.75 hours/day equivalent)

The composition of employees and non-regular employees has been changed due to the revision of the personnel system as of September 16.

Head Office: 52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan

Major Businesses: 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	Tatsunari Okamoto	Director
Hiroshi Rinno	President and CEO	Masako Takeda	Director
Naoki Takahashi	Executive Vice President and Representative Director	Yoshiaki Miura	Director
Hiroshi Yamamoto	Senior Managing Director	Shingo Baba	Director
Masahiro Yamashita	Senior Managing Director	Kaoru Hayashi	Director (Outside)
Sadamu Shimizu	Managing Director	Naoki Togashi	Director (Outside)
Katsumi Mizuno	Managing Director	Nana Otsuki	Director (Outside)
Kazuhiro Hirase	Director	Yoshitaka Murakami	Standing Audit & Supervisory Board Member (Outside)
Akihiro Matsuda	Director	Masaru Sakurai	Standing Audit & Supervisory Board Member (Outside)
Yoshihisa Yamamoto	Director	Chie Kasahara	Audit & Supervisory Board Member (Outside)

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.



"Higashi Ikebukuro 52" formed by 24 female members selected from among all employees of Credit Saison Co., Ltd., with its headquarters on the 52nd floor of the Sunshine 60 Building, Higashi-Ikebukuro, Tokyo, and its affiliated companies; now debut with the answer song (without asking for permission) "Watashi Saison" with the pride and hospitality of Saison!

Debut Single

わたしシーズン



First-run limited edition Type-A



First-run limited edition Type-B



First-run limited edition Type-C

