

# 68<sup>th</sup>

## Business Report

CREDIT SAISON CO., LTD. Business Report  
68th Fiscal Year (April 1, 2017 - March 31, 2018)





## + Shift: “Strengths We’ve Had” & “Strengths We Acquire”



Dear Shareholders:

I am pleased to inform you of our business results for the 68th fiscal year (April 1, 2017 - March 31, 2018).

In the fiscal year under review, the second year in the period covered by our medium-term management plan, Credit Saison has accelerated the speed of growth even more under the business vision “Neo Finance Company in Asia” set in the plan. Based on our management philosophy of striving to always be a “leading-edge service company,” we have worked to offer products and services that are focused on customer demands and convenience, which include our efforts to support cardless settlement services such as mobile settlement services, as well as our initiatives to add value to “Eikyufumetsu Points.” We also worked to expand retail finance businesses in the Asian region in a broad sense by leveraging our expertise fostered in Japan.

We commenced the operation of the associated core system in November 2017 as part of our efforts toward creating growth opportunities. We also introduced a “common personnel system for all employees” in September 2017, in which the employee categories under which employees were classified into several categories were eliminated, all employees were employed for an indefinite period of time and all systems including wages were standardized. In addition, we deployed unique promotional initiatives including the formation of “Higashi Ikebukuro 52,” a group consisting of employees of our group companies with the aim of further enhancing the recognition of the Saison brand.

With the aim of enhancing settlement platforms, we introduced “Saison Origami Pay” and “UC Origami Pay” in January 2018, which are settlement services for smartphones that use QR codes, in cooperation with Origami Inc. On the other hand, in addition to promoting leases, credit guarantees, Flat 35, asset formation loans and other existing financial products, we pressed ahead with the diversification of our earning capacity by, for example, newly entering the rent guarantee business. Furthermore, we proactively made upfront investments in Vietnam, Singapore and other countries with an eye toward greater business opportunities in the future.

As a result of the foregoing, consolidated operating revenue increased 4.7% year on year to ¥292.183 billion, consolidated ordinary income increased 6.9% year on year to ¥56.717 billion and profit attributable to owners of parent decreased 9.3% year on year to ¥38.329 billion.

Looking ahead, we aim to transform ourselves into an innovative company where all employees continue to take on challenges with passion, and at the same time, actively promote diversity and inclusion, including the active involvement of women in the workplace. We aim to improve corporate value continuously by practicing operation and management conscious of the environment, society, and governance (ESG), as well as contributing to the development of an even more convenient, prosperous society.

Lastly, I would like to ask for our shareholders’ continued use of Saison cards and UC Cards, as well as their unchanging support for Credit Saison.

June 2018

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 persistently 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.”





## Payment Business

### Creating Pioneering Settlement Platforms



In addition to soliciting enrollment for affinity cards, such as “Saison American Express® Card,” a premium card, and “Mitsui Shopping Park Card Saison,” in close collaboration with retail partner merchants, we strengthened efforts to solicit enrollment for cards for corporations and individual proprietors to support their business. As a result, the total number of cardmembers increased by 480,000 from the previous fiscal year-end to 26.95 million. Moreover, in addition to strengthening measures to promote the registration and use of “Apple Pay” and promoting the continued use of various types of prepaid cards, we strengthened efforts toward facilitating cashless payments by introducing, as new payment methods, “Saison Origami Pay” and “UC Origami Pay” in January 2018, which are settlement services for smartphones that use QR codes, in cooperation with Origami Inc. Consequently, the card shopping transaction volume grew by 4.6% year on year to ¥4,683.0 billion. We will work to improve customer satisfaction by offering services that meet customer needs and create further growth opportunities, through full use of the associated core system, the operation of which commenced in November 2017.

### Providing Solutions in Line with Business Scale and Needs

We formed an operation tie-up with Concur Japan, Ltd., the provider of cloud-based expense settlement solution “SAP Concur,” and worked to substantially reduce expense settlement workloads by combining our corporate cards and corporation cards with SAP 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. Through these efforts, we worked to promote cashless payment in the corporate settlement market and improve efficiency in back-office operations by providing solutions best suited to business scale and needs. By providing services in a finely-tuned manner, the corporate card transaction volume grew by 15.0% from the previous fiscal year-end.

## 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 credit granting, 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 3.6% from the previous fiscal year-end to ¥295.4 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. We strived to build a finely-tuned system to collaborate with regional financial institutions through loan products that have “versatility in loan purposes” including business purpose, “simple application procedures” to be completed via website, and “quick screening process.” As a result, the number of partner financial institutions increased by two from the previous fiscal year-end to 405 and the balance of credit guarantees increased by 2.5% from the previous fiscal year-end to ¥342.4 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 31.8% from the previous fiscal year-end to ¥593.4 billion. As for “Saison Asset Formation Loans,” customized merchantability according to market needs and the strengthening of collaboration with our partners through study sessions resulted in the loan balance surging 57.5% from the previous fiscal year-end to ¥341.5 billion. Moreover, we newly entered the rent guarantee business in July 2017 and have worked to enhance our lifestyle creation financing services that cover processes from rental to purchase through the provision of “Saison Rent Guarantee Rent Quick.”

## Asia Business

### Accelerated Upfront Investments in Businesses in Asia

We are speeding up our full-scale entry into retail finance businesses suited to each country in the rapidly-growing Asian market, which is expected to become a key earnings base in the future. HD SAISON Finance Company Ltd. in Vietnam has been developing its business by deploying mainly the installment credit business centering on loans for motorcycles and home appliances. It has steadily expanded its transaction volume and has thereby succeeded in establishing an even more prominent position in Vietnam. In addition, with the aim of newly establishing a credit card business and further expanding businesses in Vietnam, we acquired a portion of the shares in HD BANK in December 2017. Furthermore, we have entered into a capital and business alliance with Grab Inc. (current Grab Holdings Inc.), one of the largest ride-hailing service companies in Southeast Asia and established Grab Financial Services Asia Inc. for the purpose of commencing digital lending in Southeast Asia, whereby loans are provided utilizing smartphones. We will continue pushing forward with foundation building for the medium- to long-term overseas strategy and business operations aiming for the development and expansion of the finance business mainly in the Asian region.



## Internet Business

### Aiming to Create New Businesses

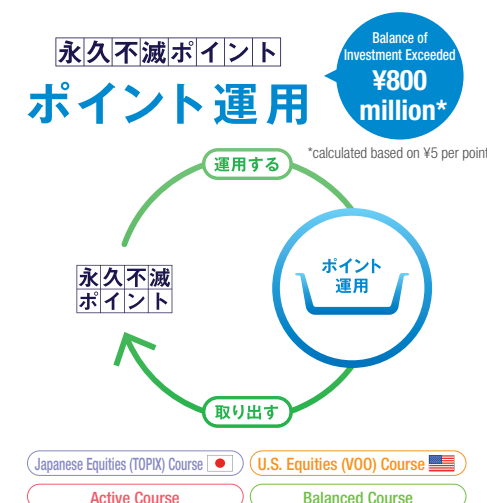


We endeavored to increase the number of Internet members that serve as the foundation for the development of new businesses utilizing the Internet. As a result, the number of Internet members increased by 1.15 million from the previous fiscal year-end to 15.01 million. The number of downloads of the “Saison Portal” and “UC Portal” smartphone apps also increased, promoting the use of Internet services overall. In July 2017, we evolved the point mall “Eikyufumetsu.com” into “Saison Point Mall” to move one step ahead in the building of the “Eikyufumetsu Points economic zone.” At the same time, we started the provision of the “Saison Point Mall App” for the purpose of improving the convenience of smartphone users. In addition, 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.” Furthermore, we will press ahead with the automation and optimization of customer handling with the use of advanced technologies in ways such as offering auto-reply AI chat services on the Saison card website, and at the same time work to improve customer service quality and customer satisfaction.

## Investment Business

### Offering Ways of Handling Money to Every Customer

Since March 2018, a new investment platform “Investment Account” has been created as a further sophistication of the “Point Investment Service” that had provided a simulated experience of long-term investment using “Eikyufumetsu Points”. The new course also features the “Tsumitate (regular saving) Function”, with which a certain number of “Eikyufumetsu Points” are automatically accumulated every month. This service has been 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 130,000 and ¥800 million, respectively (as of March 31, 2018), and the service has grown to be one of the introductory services to investments. In addition, together with Saison Asset Management Co., Ltd., and Monex-Saison-Vanguard Investment Partners, Inc., our affiliated companies, we 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, with the objective of supporting those affected by natural disasters 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 the “Partnership Agreement on Dissemination and Enlightenment Project for Disaster Prevention and Damage Reduction” with the City of Yokohama in September and the “Partnership Agreement on Health Promotion and Related Matters” with the Fukushima Prefectural Government in March 2018. 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 fostering an “environment that enables diverse human resources to play an active role” and a “culture in which taking on challenges is considered to be the norm” with the aim of bringing about innovation and realizing persistent growth through proactive challenges taken on by employees to offer new value. We also introduced a “common personnel system for all employees” in September 2017, in which the employee categories were eliminated, employees would receive treatment according to their roles (equal pay for equal work), and all systems were standardized, in order to establish an environment where each and every employee can demonstrate their capabilities to their fullest potential. 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. As measures for the reform of the mode of work, we promoted renovations to innovative offices that facilitate the free exchange of opinions, and expanded the use of various systems that allow for highly-flexible modes of work (such as the flextime system and the reduced day/shortened working hour 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.”

# Change for Progress.

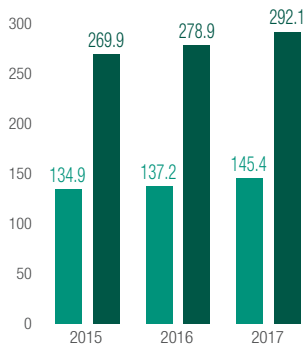
Targeting all kinds of corporations and individuals as customers, we will achieve growth while playing a leading role in our ever-changing society by leveraging the combination of our diverse strategic resources.



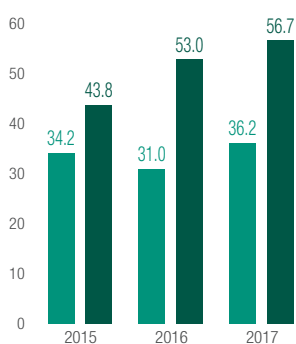
## FINANCIAL DATA

### Operating Results

Operating revenue

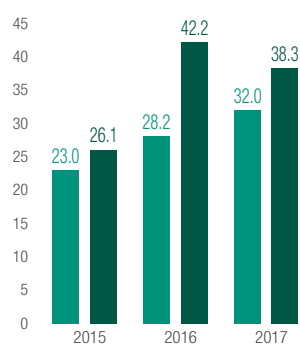


Ordinary income

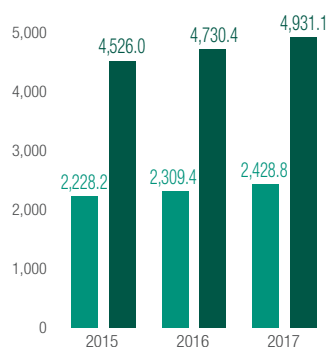


(Billions of yen, 10 thousand persons)  
■ Second Quarter ■ Full Year

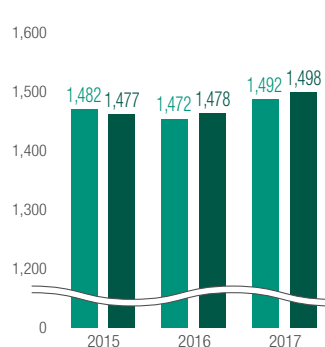
Profit attributable to owners of parent



Card transaction volume (Non-consolidated)



Active cardmembers (Non-consolidated)



As for operating revenue, Credit Saison pushed forward with the company-wide marketing of solutions that match both individual and corporate needs by combining the group's products and services, while at the same time strengthened efforts to create new revenue sources in collaboration with venture companies that make use of state-of-the-art technologies and other firms. In the "credit service business," thanks to our efforts to promote solicitation for enrollment of affinity cards in close collaboration with partner merchants and measures to revitalize use focusing on retail partner merchants, etc., the card shopping transaction volume grew 4.6% year on year to ¥4,683.0 billion and the card shopping revolving credit balance increased 8.8% from the previous fiscal year-end to ¥414.2 billion. Further, in the "finance business," as Credit Saison newly entered the rent guarantee business and the "credit guarantee business," "Flat 35" and "Saison Asset

Formation Loans" contributed to revenue, operating revenue increased 4.7% year on year to ¥292.1 billion.

Reflecting operating expenses, which was impacted by such factors as an increase in costs linked to growth in card transaction volume and the commencement of the operation of the associated core system, ordinary income increased 6.9% year on year to ¥56.7 billion and profit attributable to owners of parent decreased 9.3% year on year to ¥38.3 billion. On the basis of the foregoing, as the consolidated earnings forecasts for the 69th fiscal year, the last fiscal year in the period covered by the medium-term management plan, operating revenue, operating income, ordinary income and profit attributable to owners of parent are expected to be ¥311.0 billion, ¥42.5 billion, ¥55.0 billion and ¥35.5 billion, respectively.

## 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). Not only do 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, but 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  
 Members of the Men's National Team  
 playing Australia

Credit Saison is  
 a supporter of  
 Japanese national  
 soccer teams.



©JFA

## CORPORATE DATA

### Stock Information (As of March 31, 2018)

Common Stock Authorized 300,000,000 shares Common Stock Outstanding 185,444,772 shares Number of Shareholders 12,850  
Major Shareholders (Top 10)

Name	Equity stake	
	Number of Shares (thousands)	Ownership Percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	25,984	15.90
Japan Trustee Services Bank Ltd. (trust account)	13,732	8.40
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	7,643	4.68
Japan Trustee Services Bank Ltd. (trust account 9)	6,275	3.84
HSBC BANK PLC A/C CLIENTS 1	4,818	2.95
JP MORGAN CHASE BANK 385632	3,753	2.30
Trust & Custody Services Bank, Ltd. (securities investment trust account)	3,637	2.23
Trust & Custody Services Bank, Ltd. (investment trust collateral account)	3,370	2.06
Mizuho Bank Ltd.	3,000	1.84
Japan Trustee Services Bank Ltd. (trust account 5)	2,860	1.75

\*1. 22,033,901 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 March 31, 2018)

#### CREDIT SAISON CO., LTD.

Incorporated: May 1, 1951  
Paid-in Capital: ¥75,929 million

Number of Employees: 3,297 In addition, Average Number of Non-regular Employees: 702 (in 7.5 hours/day equivalent)  
The type of employment of contract and part-time employees (excluding temporary employees) has been changed to regular employees following the revision of the personnel system as of September 16, 2017.

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

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

\* Mr. Sadamu Shimizu resigned as Managing Director as of March 15, 2018. \* Mr. Yoshihisa Yamamoto and Ms. Masako Takeda resigned as Directors as of March 31, 2018.

### 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)	<a href="http://www.smtb.jp/personal/agency/index.html">http://www.smtb.jp/personal/agency/index.html</a>
Method of Public Notice:	Electronic notice (Credit Saison website <a href="http://corporate.saisoncard.co.jp">http://corporate.saisoncard.co.jp</a> )
Stock Listing:	Tokyo Stock Exchange
Securities code:	8253

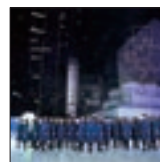
[Notice of Address Change, etc. and Inquiries Relating to Shares] Shareholders who have an account with a securities company are asked to contact the relevant securities company regarding address change and other notices, as well as inquiries. Shareholders who do not have an account with a securities 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 42 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; is now active with four singles released!

"All Seasons Best – Winners are those who enjoy life!"  
- the album with the four singles



#### 永久不滅ポイント

You can get the album with 200 points.

1st single: "Watashi Saison"  
2nd single: "Natsu Saison"  
3rd single: "Aki Saison"  
4th single: "Yuki Saison"