

69th

Business Report

CREDIT SAISON CO., LTD. Interim Business Report
69th Fiscal Year (April 1, 2018 – September 30, 2018)

Neo Finance Company in Asia



Dear Shareholders:

Based on our management philosophy, “leading-edge service company,” we ceaselessly pursue customer convenience and generate innovative services through alliances with various partners that transcend the traditional frameworks of group affiliations and business formats. At any time in our company history, the source of our ability to create cutting-edge services has been our corporate culture. Our employees can equally and freely express their individuality and constantly challenge themselves without being pigeon-holed by gender, education, or age. Credit Saison has continued to inherit this source of creativity, which forms the backbone of our sustained growth.

As for the business results for the first half of the 69th fiscal year (April 1, 2018 – September 30, 2018), we enhanced our settlement platform by commencing “Pay By App,” a settlement service via QR codes using the “Mitsui Shopping Park App” for the “Mitsui Shopping Park Card Saison” from July 2018. We have also been aiming to contribute to the sound development of the financial markets as a whole by raising interest and awareness of financial instruments among a wide range of customers including young people and women, by offering a casual investment experience through the “Point Investment Service” using Eikyufumetsu Points. In addition to the existing “Active,” “Balance,” “Japanese Equities Index (TOPIX)” and “U.S. Equities Index (VOO)” courses and the long-term investment experience “Tsumitate (accumulation) function,” starting from September 2018, Credit Saison has launched the “Individual Stock Course,” a service which enables users to experience investment by linking the Eikyufumetsu Points to the stock prices of real companies.

Furthermore, by promoting leases, credit guarantees, Flat 35 Loans, Asset Formation Loans, rent guarantee services and other financial products, we pressed ahead with the diversification of our earnings capacity that is not dependent on the credit card business, while at the same time, by positioning global businesses mainly in Asia as the key earnings base in the future, worked to expand the retail finance business through strategic partnerships with local companies in Vietnam and Singapore.

As a result of the foregoing, consolidated operating revenue was up 3.3% year on year to ¥150.2 billion, consolidated ordinary income decreased by 25.9% year on year to ¥26.8 billion and profit attributable to owners of parent decreased by 42.4% year on year to ¥18.4 billion.

The Associated Core System, which had been a long-term management priority, is to commence stable operations during the current fiscal year. To compensate for the increase in costs entailed by this system, we will develop new credit card services and expand our partnership with more companies to promote the culture of cashless payments as a means to evolve into a credit card business with boundless potential.

The digital revolution, often referred to as the fourth industrial revolution, is expected to rapidly impact the market, and the business environment surrounding us is also changing significantly. However, given that each and every employee is self-reliant, unfazed, and willing to take on challenges, the individuals and teams at Credit Saison will create new wealth through innovative and progressive concepts. Inspired by the changing times, we will keep on sparking innovation and reforming our business models so we can attain our business vision of becoming a “Neo Finance Company in Asia.” Looking ahead, we intend to diversify our solutions for the numerous issues facing individual and corporate customers and expand our businesses with the spirit of “serving others.” At the same time, as a responsible member of society, we will further devote ourselves to diversity and inclusion as well as management initiatives focusing on the environment, society and governance (ESG), our approach since the 1980s. Through these efforts, we will strive to become a vessel for the “well-being” of our customers, business partners, and employees in an aim to enhance our corporate value.

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.

December 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



Promoting a Cashless Society through Diverse Settlement Services

We strengthened efforts to solicit enrollment for "Mitsui Shopping Park Card Saison" and "Saison American Express® Card," especially for their platinum and gold card members with promising usage rates and spending per transaction, as well as cards for corporation and individual proprietors to support their businesses. As a result, the total number of cardmembers decreased by 0.3% from the previous fiscal year-end to 26.85 million. Furthermore, we forged ahead with a variety of efforts toward facilitating cashless payments. We promoted the registration and use of "Apple Pay" as well as the use of "Saison Origami Pay" and "UC Origami Pay," which are settlement services in cooperation with Origami Inc. for smartphones that use QR codes. We also enhanced the convenience of prepaid cards by enabling the reloading of the "COCOKARA CLUB CARD" and the "PARCO PRICA" at JAPAN POST BANK ATMs in April 2018. In addition, we launched "Pay By App," a settlement service via QR codes using the "Mitsui Shopping Park App" for the "Mitsui Shopping Park Card Saison" from July 2018. As a result, the card shopping transaction volume grew by 1.7% year on year to ¥2,343.4 billion.



Offering Finance Functions that Match Market Needs

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 1.7% from the previous fiscal year-end to ¥303.4 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 for the promotion of personal loans, including implementing financial product study sessions. We strove to build a finely-tuned system to collaborate with regional financial institutions through loan products that have "versatility in purposes of loans" including business purpose, "simple application procedures" to be completed via website, and "quick screening." As a result, the number of partner financial institutions increased by two year on year to 405 and the balance of credit guarantees increased by 0.4% from the previous fiscal year-end to ¥343.8 billion.

Finance

"Flat 35 Loans" provide support in purchasing a home as "Home Loan Packages" including "Saison Home Assist Loans" 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) increasing 13.7% from the previous fiscal year-end to ¥674.5 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 increasing 22.1% from the previous fiscal year-end to ¥417.1 billion. Moreover, we have worked to enhance our lifestyle creation financial services that cover processes from rental to purchase through the provision of "Saison Rent Guarantee Rent Quick."



Finance

Neo Finance Company in Asia

Creating New Value Through Innovation.



Solution

Solving the Issues Facing Corporations with Diverse Solutions

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 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. Furthermore, we offered solutions best suited to business scale and needs by such means as expanding the corporate membership of "Advanced pay SAISON," which allows companies to provide paychecks to their employees ahead of paydays, thereby strengthening our efforts toward cashless payments in the corporate settlement field as well as greater efficiency in back-office operations. As a result, the corporate card transaction volume grew by 13% year on year.

Accelerated Business Development in Asia

Positioning overseas business as a key earnings base in the future, we are promoting the full-scale entry into retail finance businesses suited to each country in the rapidly-growing Asian market. 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 sales bases and balance of receivables and has thereby succeeded in establishing an even more prominent position in Vietnam. Furthermore, in Vietnam, full-scale preparations are underway to launch a new credit card business in an aim to become the top comprehensive retail finance company unrivaled in the country. Grab Financial Services Asia Inc., a company established following our capital and business alliance with Grab Holdings Inc., the largest ride-hailing service company in Southeast Asia, has been preparing to launch the digital lending business using smartphones in the countries of Southeast Asia.



Global



Internet

Creating New Businesses through the Utilization of Technology

We endeavored to increase the number of Internet members that serve as the foundation for the creation of businesses that leverage digital devices and customer data. As a result, the number of Internet members of new businesses increased by 2.7% from the previous fiscal year-end to 15.42 million and the number of members of the smartphone apps, "Saison Portal" and "UC Portal" increased by 18.3% from the previous fiscal year-end to 4.71 million. By utilizing this member base, we will make efforts to deliver optimal information to our credit card members by coordinating the data owned by outside firms with the big data owned by Saison DMP, including card member attributes, card usage history and action history within the website, and create advertising and marketing businesses that leverage big data such as offering corporate marketing solutions.



Investment

Offering Eikyufumetsu Points as an Investment Experience

The "Point Investment Service" has utilized Eikyufumetsu Points in services such as the "Active" "Balance," "Japanese Equities Index (TOPIX)" and "U.S. Equities Index (VOO)" courses, the long-term investment experience "Tsumitate (accumulation) function," and the robo-advisor investment plan simulation service. In September 2018, as a new lineup, we have launched the "Individual Stock Course," which allows users to experience investment in real companies. By enhancing services and usability of the website, the Point Investment Service has grown to be a service appreciated by investment beginners, with the number of users and the balance of investments now exceeding 300,000 and around ¥1.1 billion, respectively. 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 activities utilizing Eikyufumetsu Points and credit card settlement to support those affected by natural disasters including the Heavy Rain Event in West Japan in July 2018 and the Hokkaido Eastern Iburi Earthquake in September 2018. Our respective branch offices also promote their own community-oriented activities aiming at contributing to regional revitalization, including the conclusion of the "Partnership Agreement for the Development of Tourism Resources and the Promotion of Tourism" with Hamamatsu and Lake Hamana Tourism Bureau in August 2018. 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.



Diversity & Inclusion

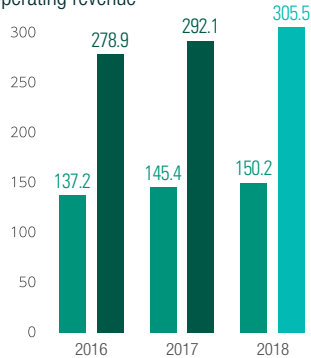
Building a System to Support the Growth and Challenges of Employees

We promote diversity and inclusion with the aim of unleashing the full potential of each and every employee and always being an organization where employees can work energetically with a sense of fulfillment. By adopting a "common personnel system for all employees," we are further promoting the establishment of a system that draws out employees' capabilities and potential and encourages employees to take on the challenges of new roles and transform their behavior. We are supporting the careers of each employee and building an environment where each employee can work energetically through the adoption of job grades based on roles, expanded utilization of various systems that enable flexible modes of work (such as teleworking and flex-work), holding various seminars and other initiatives.

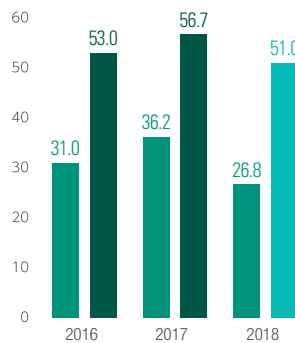
FINANCIAL DATA

Operating Results

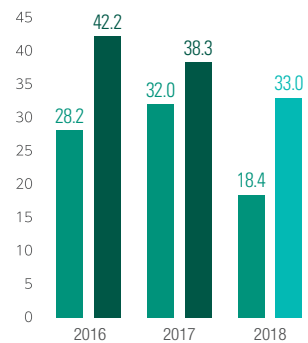
Operating revenue



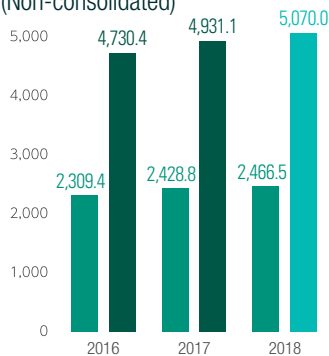
Ordinary income



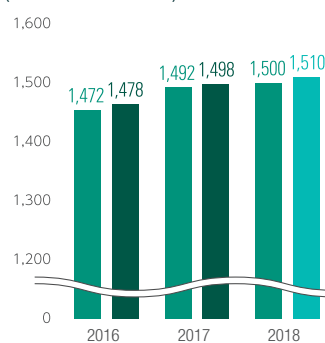
Profit attributable to owners of parent



Card transaction volume (Non-consolidated)



Active cardmembers (Non-consolidated)



During the first half of the 69th fiscal year, Credit Saison entered the final year of the period covered by its medium-term management plan under the business vision "Neo Finance Company in Asia," which embodies the management philosophy of striving to always be a "leading-edge service company." By leveraging our innovative technology, we added "new strengths" to "existing strengths," and took on the challenge of shifting to an innovative company that consistently adapts to the "changes in customer values" and the "breakdown of existing business models" through technological innovation epitomized by FinTech. With the Credit Services Business and the Finance Business driving the overall performance, operating revenue increased by 3.3% year on year to ¥150.215 billion. Operating expenses increased by 9.1%

year on year to ¥130.154 billion due to the increase in costs linked to growth in card transaction volume and the increased depreciation of the Associated Core System, which has been in operation since November 2017. As a result, operating income decreased by 23.1% year on year to ¥20.060 billion. Ordinary income decreased by 25.9% year on year to ¥26.854 billion due to the absence of the partial posting of gain on sales of investment securities held by affiliated companies accounted for using equity method in the first half of the previous fiscal year. Profit attributable to owners of parent decreased by 42.4% year on year to ¥18.427 billion due to the absence of gain on sales of investment securities held by the Company in the first half of the previous fiscal year.

Supporting Company

We will continue to support the desire to always take on challenges.

Since 2001, Credit Saison has been a corporate supporter of the Japanese national soccer teams, backed by our passion to keep growing hand in hand with them. 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). Just as the Japanese national soccer teams bear the Japanese flag and continue their feat on the world stage, we, at Credit Saison, hope to take on various challenges as a leading-edge service company.



Credit Saison is a supporter of Japanese national soccer teams.

CORPORATE DATA

Corporate Information

(As of September 30, 2018)

CREDIT SAISON CO., LTD.

Incorporated: May 1, 1951

Paid-in Capital: ¥75,929 million

Number of Employees: 3,381 In addition, Average Number of Non-regular Employees: 646 (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	Yasuyuki Isobe
Representative Executive Vice President	Naoki Takahashi	Director	Shunji Ashikaga
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	Audit & Supervisory Board Member (Outside)	Chie Kasahara
Director	Kazuhiro Hirase	Audit & Supervisory Board Member	Kazufusa Inada
Director	Akihiro Matsuda		

Common Stock Authorized 300,000,000 shares Common Stock Outstanding 185,444,772 shares Number of Shareholders 12,529

Major Shareholders (Top 10)

Name	Equity stake	
	Number of Shares (thousands)	Ownership Percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	26,552	16.25
Japan Trustee Services Bank Ltd. (trust account)	12,272	7.51
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	8,473	5.19
Japan Trustee Services Bank Ltd. (trust account 9)	5,908	3.62
HSBC BANK PLC A/C CLIENTS 1	4,725	2.89
Trust & Custody Services Bank, Ltd. (securities investment trust account)	3,771	2.31
JP MORGAN CHASE BANK 385632	3,555	2.18
Mizuho Bank, Ltd.	3,000	1.84
Japan Trustee Services Bank Ltd. (trust account 5)	2,804	1.72
STATE STREET BANK WEST CLIENT-TREATY 505234	2,547	1.56

*1. 22,033,992 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.

Stock Information

(As of September 30, 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)	https://www.smtb.jp/personal/agency/index.html
Method of Public Notice:	Electronic notice (Credit Saison website https://corporate.saisoncard.co.jp/)
Stock Listing:	Tokyo Stock Exchange
Securities Code:	8253

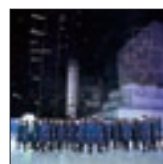
[Notice of Address Change, etc. and Inquiries Relating to Shares] Shareholders who have an account with a securities company are asked to contact the relevant securities company regarding address change and other notices, as well as inquiries. Shareholders who do not have an account with a securities 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 49 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 five 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"