

69th

Business Report

CREDIT SAISON CO., LTD. Business Report
69th Fiscal Year (April 1, 2018 - March 31, 2019)



Neo Finance Company in Asia

Dear Shareholders:

I would like to express my appreciation for your continued support and patronage.

I, Masahiro Yamashita, took office as President and COO in March 2019.

Based on the management philosophy, “leading-edge service company,” Credit Saison is taking on the challenge of transforming itself into a finance company that provides customers with optimum services for their life events that involve financial decisions, especially focusing on settlement services such as credit cards and prepaid cards, with the aim of achieving the midterm business vision of becoming a “Neo Finance Company in Asia.” With the completion of transfer to the Associated Core System in October 2018, which had been a long-term management priority, Credit Saison established an infrastructure that allows us to develop new services for future business growth more promptly at a lower cost. Recent years have seen significant changes in the business environment surrounding Credit Saison, such as the expanding business opportunities due to development of cashless payments. Amid this, Credit Saison will step up its management structure to a new stage in order to drive growth strategies and enhance corporate value.

As for the business results for the 69th fiscal year (April 1, 2018 to March 31, 2019), we commenced “Pay By App,” a settlement service via QR codes using “Mitsui Shopping Park App” for “Mitsui Shopping Park Card Saison” from July 2018. This was followed by the entrustment agreement wherein Credit Saison develops and operates the system of “mijica Visa Debit Card (with prepaid card function)” issued by JAPAN POST BANK Co., Ltd., which has been under way since January 2019. As such, we offered services in pursuit of the needs of customers and alliance partners to expand highly-convenient cashless settlement as a settlement service provider.

In addition, Credit Saison continuously took on the challenge of diversifying its earning capacity independent of the card business through the promotion of finance products including leases, credit guarantees, Flat 35 Loans, Asset Formation Loans and rent guarantee services. With respect to overseas business strategies, on the other hand, Credit Saison, positioning overseas business as one of major profit sources in the future, promoted full-scale entry into the retail finance business in line with the circumstances in each country in the rapidly growing Asian region. One such example is a partnership entered into with SCG Trading Co., Ltd. of Siam Cement Group, the front-runner in the construction industry in Thailand, and MITSUI & CO., LTD., to establish a joint venture named SIAM SAISON Co., Ltd. that provides digital credit and settlement services for business-to-business transactions in Thailand.

As a result of the foregoing, net revenue was up 4.0% year on year to ¥304.855 billion, business income decreased by 8.9% year on year to ¥52.233 billion and profit attributable to owners of the parent decreased by 20.6% year on year to ¥30.517 billion.

Realization of the management philosophy of becoming a “leading-edge service company” and sustainable growth calls for each and every employee’s efforts to actively take on the challenge of creating and providing new value to stimulate innovation.

We will further 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. Moreover, Credit Saison will aim at the sustainable growth of corporate value through the implementation of ESG-conscious management and by contributing to the development of a more convenient, affluent society.

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



June 2019
Masahiro Yamashita
President and COO

山下昌史

Career summary

April 1981	Joined Credit Saison
October 2003	General Manager, Credit Card Department
March 2005	General Manager, Sales Administration & Marketing Department
April 2009	General Manager, Solution Department No. 3
June 2010	Director
March 2011	General Manager, Credit Card Division
March 2012	Managing Director; General Manager, Credit Card Division; In charge of Alliance Development Department
March 2013	Head of Sales Development Division; In charge of AMEX Promotion Department and Alliance Development Department
March 2015	Head of System Planning Department and Sales Development Division; General Manager, Credit Card Division; In charge of Alliance Development Department
March 2016	Senior Managing Director; Head of System Planning Department; General Manager, Credit Card Division; In charge of Alliance Development Department and Payment Business Department
March 2018	Head of Strategic Human Resources Department, IT Strategy Department and Sales Development Division
March 2019	President and COO (current position); Head of Public Relations Office, Strategic Human Resources Department, Payment Business Division and Sales Development Division

Neo Finance Company in Asia

Creating New Value Through Innovation.

Payment

Promoting Cashless Settlement with Advanced Security and Convenience

We strengthened efforts to solicit enrollment for 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 card members decreased by 0.6% from the previous fiscal year-end to 26.79 million. Furthermore, we undertook a promotion to activate card usage especially by partner retailers, strengthened the appeal of revolving payment and bonus payment and promoted card settlement for continuous payment such as utility charges and insurance premiums, in addition to the promotion of the registration and use of smartphone settlement services represented by "Apple Pay," "Saison Origami Pay" and "UC Origami Pay." As a result, the card shopping transaction volume grew by 2.3% year on year to ¥4,788.5 billion. In October 2018, Credit Saison started examining a new personal identification process that can be completed online by using biometric authentication technology developed by Liquid Inc. In January 2019, we began offering an Eikyufumetsu Point program in "mijica Visa Debit Card (with prepaid card function)" issued by JAPAN POST BANK Co., Ltd., and entered into the entrustment agreement wherein Credit Saison develops and operates the system of the card. As such, we offer services in pursuit of the needs of customers and alliance partners and promote cashless settlement with advanced security and convenience.



Finance

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 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 3.4% from the previous fiscal year-end to ¥308.5 billion. Going forward, we will take on the challenge of creating new earnings sources such as cultivating finance needs arising from merchandise and industries with high growth potential.

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 decreased by two year on year to 403 and the balance of credit guarantees increased by 0.6% from the previous fiscal year-end to ¥346.6 billion.

Solution

Offering Solutions Best Suited to 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 with SAP Concur. In addition, we expanded the marketing of "Saison Platinum Business American Express® Card," a business credit card tailored to meet individual proprietor's needs for the settlement of business expenses. As a result, the corporate card transaction volume grew by 14% year on

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 28.8% from the previous fiscal year-end to ¥764.6 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 48.2% from the previous fiscal year-end to ¥506.2 billion. Moreover, we have worked to enhance our lifestyle creation financial services that cover processes from rental to purchase through the offering of a preferential service named "Saison Life Support" for new customers of "Flat 35 Loans" since September 2018 and the new introduction of "Saison Reform Loan" since January 2019, in addition to "Saison Rent Guarantee Rent Quick."



Global

Accelerating Promotion of Retail Finance Business in Asia

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. Amid the steady expansion of both sales bases and balance of receivables, HD SAISON Finance Company Ltd. is now accelerating preparations for the new launch of the credit card business which has been ongoing since last year. In addition, we are promoting initiatives to expand business in Asian countries, such as the launch of the digital lending business using smartphones in five Southeast Asian countries by Grab Financial Services Asia Inc. in Singapore. Furthermore, SIAM SAISON Co., Ltd., established in November 2018 in Thailand, developed a rapid, accurate credit and settlement scheme by digitizing the placement and receipt of orders and relevant payments related to construction materials in the construction industry to launch a wide range of B-to-B financial services including installments and other payments. To achieve the goal of becoming a "Neo Finance Company in Asia," we will provide financial solutions in line with the reality of each country in which we operate through various finance business strategies with the aim of contributing to the economic development and national interest of each country.



Investment

Expanding Investment Experience through Eikyufumetsu Points

We continuously enhance services and improve the convenience of the website for the "Point Investment Service" using Eikyufumetsu Points, such as the long-term investment experience "Tsumitate (accumulation) function," the robo-advisor investment plan simulation service and the addition of the "Individual Stock Course," which is linked to the stock price of real companies, in addition to the existing four courses of "Active," "Balance," "Japanese Equities Index (TOPIX)" and "U.S. Equities Index (VOO)." This service has been favorably received by many customers and is growing as it provides an opportunity for customers to learn about investing and take the initial step of asset formation.



Internet

Creation of Businesses that Leverage Digital Devices and Customer Data

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 5.4% from the previous fiscal year-end to 15.82 million and the number of members of the smartphone apps, "Saison Portal" and "UC Portal" increased by 37.9% from the previous fiscal year-end to 5.49 million. In April 2019, we launched a new service called "Saison Classe" for the members of "Saison Portal" and "UC Portal." The service

offers class-based benefits according to members' usage results. By utilizing our 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.

CSR

Promoting Business-Academia Collaboration Initiatives

Having concluded a comprehensive agreement with the Ritsumeikan Trust in October 2018 and a partnership agreement with Kobe University in November 2018, Credit Saison promoted business-academia collaboration initiatives focused on support for education, research and human resource development for the next generation. We are contributing to the sustainable growth of the rapidly changing financial community through providing support for those affected by natural disasters through Eikyufumetsu Points and credit card settlement, as well as supporting nature conservation activities led by Akagi Nature Park and other sports and cultural activities. Furthermore, we also provide support for the growth and the enhancement of financial knowledge of children who will lead the next generation through participation in various educational programs.

Diversity&Inclusion

Supporting Career and Creating Organization with the Aim of Each and Every Employee's Active Engagement

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. Under the "common personnel system for all employees," we are creating an environment that further draws out employees' capabilities and potential and encourages each and every employee to actively take on the challenges for the creation and offering of new value. Furthermore, we are undertaking initiatives such as the expansion of various systems that enable flexible modes of work (such as teleworking and flex-work), the introduction of the Smart Work Challenge with the aim of improving productivity, efforts to promote health and productivity management, and career support to boost employees' active engagement. In addition, we opened Saison Farm Toda in November 2018 by utilizing the indoor-farm-type support service for the physically challenged to promote the creation of an organization that allows each and every employee to work in his or her own way.



■ Midterm business vision

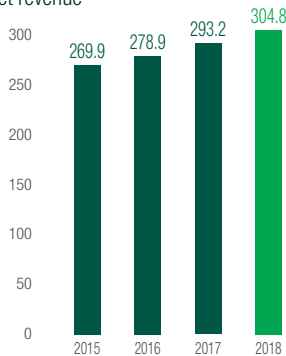
Credit Saison has established a medium-term management plan to be carried out until the fiscal year ending March 2022. Entitled "Neo Finance Company in Asia," the plan outlines the following mission statement: "A Finance Company Advancing with Customers for 50 Years: Providing Peace of Mind and Discovering Potentials in Money."

To achieve the goal of becoming a "Neo Finance Company in Asia," Credit Saison will transform itself into a finance company that provides customers with optimum services for each financial event in their lives, focusing on settlement services such as credit cards and prepaid cards. Through these efforts, Credit Saison seeks to achieve consolidated business income of ¥60 billion in the fiscal year ending March 2022.

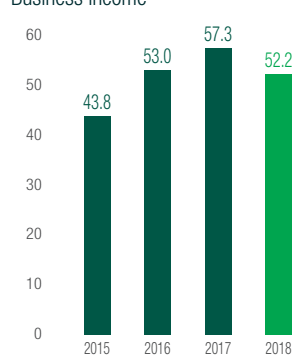
■ FINANCIAL DATA

Operating Results

Net revenue

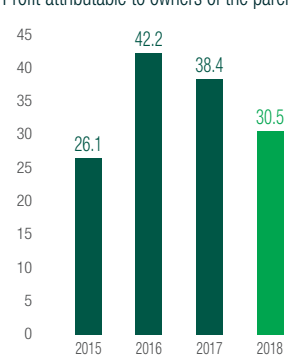


Business income

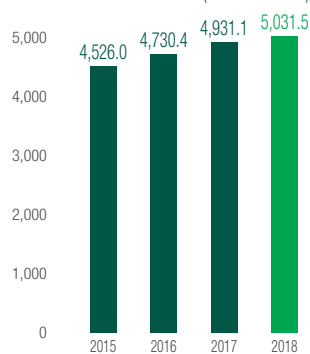


(Billions of yen, 10 thousand persons)

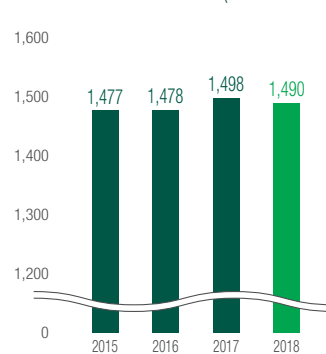
Profit attributable to owners of the parent



Card transaction volume (Non-consolidated)



Active card members (Non-consolidated)



(Notes)

1. Credit Saison has adopted International Financial Reporting Standards (IFRS) in place of the traditional JGAAP since the fiscal year ended March 31, 2019. The figures for 2016 and before in the above graphs are based on the JGAAP, while those for 2017 and thereafter are based on IFRS.

2. Operating revenue, ordinary income and profit attributable to owners of parent according to the JGAAP are replaced with net revenue, business income and profit attributable to owners of the parent, respectively.

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 March 31, 2019)

CREDIT SAISON CO., LTD.

Incorporated: May 1, 1951
 Paid-in Capital: ¥75,929.36 million
 Number of Employees: 3,239 In addition, Average Number of Non-regular Employees: 647 (in 7.5 hours/day equivalent)
 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 CEO	Hiroshi Rinno	Director	Yasuyuki Isobe
President and COO	Masahiro Yamashita	Director	Shunji Ashikaga
Representative, Executive Vice President	Naoki Takahashi	Director (Outside)	Kaoru Hayashi
Senior Managing Director	Hiroshi Yamamoto	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	Akihiro Matsuda	Audit & Supervisory Board Member	Kazufusa Inada
Director	Shingo Baba		

Mr. Teruyuki Maekawa retired from his position as Chairman and Representative Director as of March 1, 2019. Mr. Kazuhiro Hirase retired from his position as Director as of March 31, 2019.

Stock Information

(As of March 31, 2019)

Common Stock Authorized 300,000,000 shares Common Stock Outstanding 185,444,772 shares Number of Shareholders 14,391
 Major Shareholders (Top 10)

Name	Equity stake	
	Number of Shares (thousands)	Ownership Percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	28,801	17.63
Japan Trustee Services Bank Ltd. (trust account)	14,872	9.10
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	8,516	5.21
Japan Trustee Services Bank Ltd. (trust account 9)	6,345	3.88
Trust & Custody Services Bank, Ltd. (securities investment trust account)	4,692	2.87
Mizuho Bank, Ltd.	3,000	1.84
Japan Trustee Services Bank Ltd. (trust account 5)	2,719	1.66
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC/A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	2,680	1.64
JPMorgan Securities Japan Co., Ltd.	2,613	1.60
JP MORGAN CHASE BANK 385151	2,511	1.54

*1. 22,034,232 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.

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.smb.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.

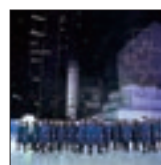
[Special Accounts] For shareholders who were not using the "Hofuri" system (Japan Securities Depository Center, Inc.) prior to the introduction of the electronic share certificate system, an account (special account) has been opened at Sumitomo Mitsui Trust Bank Limited above as the transfer agent. Inquiries on special accounts should be directed to the transfer agent at the number indicated above for telephone inquiries.



東池袋52

"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"

*The 5th single "Ai Saison" is now available on our official website.