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# Management Report FY2013



2014. 5. 16  
CREDIT SAISON CO., LTD.

# AGENDA

## ◆ FY2013 Highlights

### I . FY2013 Financial Report

### II . FY2014 Management Vision

### III . FY2014 Management Strategies

### IV . Social Contribution Activities

This report contains forward-looking statements that reflect our plans and expectation. These forward-looking statements are not guarantees of future performance and known and unknown risks, uncertainties and other factors that may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

# Main Topics of the 2013 Fiscal Year

## Card Business

- The number of card holders of the first Visa prepaid card in Japan "Cocokara Club Card" exceeds 3 million
- Launch of making inroads into the small sum payments market using smartphones through a capital alliance with Coiney
- Development of regional vitalization activities across the country (Town Card Festivals)  
Sapporo, Sendai, Shibuya, Ikebukuro, Shinjuku, Yaesu, Nihonbashi, Yokohama, Kyoto, Tenjin and Kagoshima

## Solution Business

- Launch of business alliance with Concur Corporation offering a solution of settlement for overhead costs
- Launch of business alliances with "Miroku Jyoho Service" and "freee" with a view to increase sales of products for corporate customers

## Internet Business

- Number of internet members exceeds 10 million people (April, 2014)
- Start of customer referral service for members "Saison CLO" putting to good use the card payment infrastructure

## Finance Business

- Balance of credit guarantee exceeds 200 billion yen; number of partners reaches 367
- Flat 35: the service is awarded the Director General Prize of the Japan Housing Finance Agency
- Launch of "Apartment Purchase Course" loan service for asset formation

## Overseas Business

- Establishment of a consulting company in Hanoi, Vietnam
- Establishment of a resident office in Jakarta, Indonesia (April, 2014)
- Establishment of an overseas subsidiary in Singapore (May, 2014)



# **I . FY2013 Financial Report**

- 1. Financial Results**
- 2. Results by Business Segment**
- 3. Contributions by Consolidated Companies**
- 4. Main Indices (Non-Consolidated)**
- 5. Trends in the credit business**
- 6. Credit risk / Credit cost**
- 7. Interest repayment claim**
- 8. Financial Indices**
- 9. Dividends**

# 1. Financial Results

(¥ Billion)

Consolidated		FY2012	YoY(%)	FY2013	YoY(%)	FY2014 (Estimate)	YoY(%)
	Operating Revenues	244.4	100.2	247.5	101.3	253.0	102.2
	Ordinary Income	53.2	137.9	44.4	83.5	40.0	90.0
	Quarter Net Income	32.7	346.6	25.5	78.0	23.0	90.0
	Earnings per Share (¥)	178	346.6	139	78.0	125	90.0

Non-consolidated	Operating Revenues	204.1	97.1	205.8	100.9	212.5	103.2
	Ordinary income	41.5	101.3	34.8	84.0	34.0	97.5
	Quarter Net Income	24.1	430.1	18.6	77.2	17.5	93.9



## 2. Results by Business Segment

(¥ billion)

	Operating revenues			Operating income (loss)		
	FY2012	FY2013	YoY (%)	FY2012	FY2013	YoY (%)
Credit Service	190.4	189.6	99.6	24.1	14.7	60.9
Lease	14.4	14.2	98.9	6.1	6.0	98.0
Finance	17.3	19.1	110.3	8.9	10.0	112.1
Real Estate-related	9.8	12.6	129.2	0.9	3.8	408.3
Entertainment	13.5	13.0	95.7	2.1	1.6	76.6
Total	245.6	248.7	101.3	42.3	36.3	85.7
Inter-segment Transactions	(1.2)	(1.1)	—	(0)	(0)	—
Consolidated	244.4	247.5	101.3	42.3	36.3	85.9

# 3. Contribution by Consolidated Companies

Ordinary income: Difference between consolidated and non-consolidated figures

Contribution to consolidated results

	Non-consolidated	Consolidated	Difference
<b>Ordinary income</b>	¥34.8 billion	¥44.4 billion	9.5billion

Major consolidated subsidiaries	Contribution to ordinary income	Major equity-method affiliates	Contribution to ordinary income
<b>Atrium Group</b> (liquidation of real estate) (servicing business)	¥0.23 Billion	<b>Seven CS Card Service Co., Ltd.</b> (credit card business)	¥0.95 billion
<b>Saison Fundex Group</b> (loans) (real estate)	¥1.25 Billion	<b>Idemitsu Credit Co., Ltd.</b> (credit card business)	¥1.59 billion
<b>Concerto Inc.</b> (entertainment business)	¥2.64 Billion	<b>Takashimaya Credit Co., Ltd.</b> (credit card business)	¥0.81 billion
<b>Qubitous Co., Ltd.</b> (Credit card Processing Contract business)	¥0.78 Billion	<b>Saison Information Systems Co., Ltd.</b> (information processing)	¥0.8 Billion

# Reference) Progress of the Real Estate Business (Atrium Group)

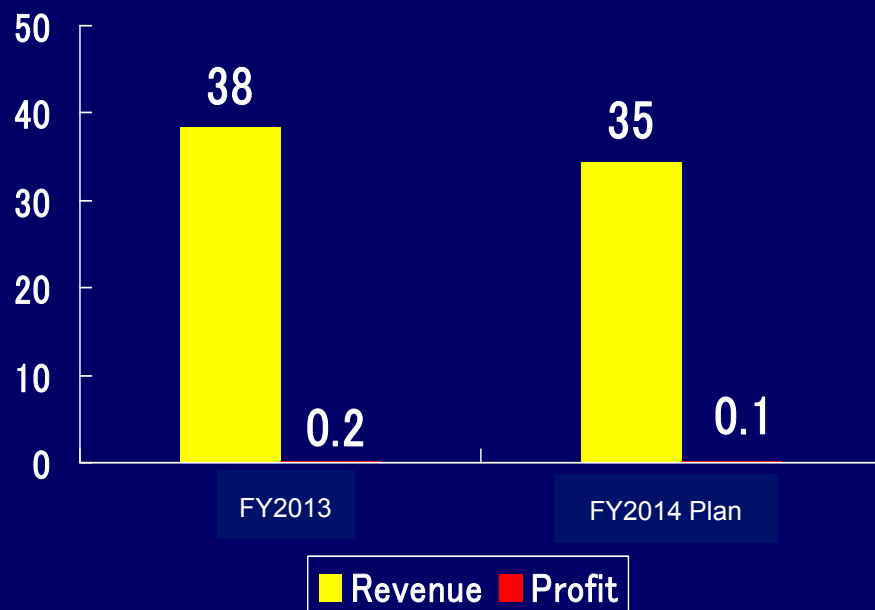
Ensuring good understanding of market trends and promoting reduction of assets on accelerated schedule

## <Stabilization of the management base, and improvement in profitability>

- Business to be adjusted
  - Launch of development of large assets
- Surviving business
  - Purchasing of small and medium size real estate, and offering it for sale in a short time with added value
  - Retaining small profitable housing to ensure rent income

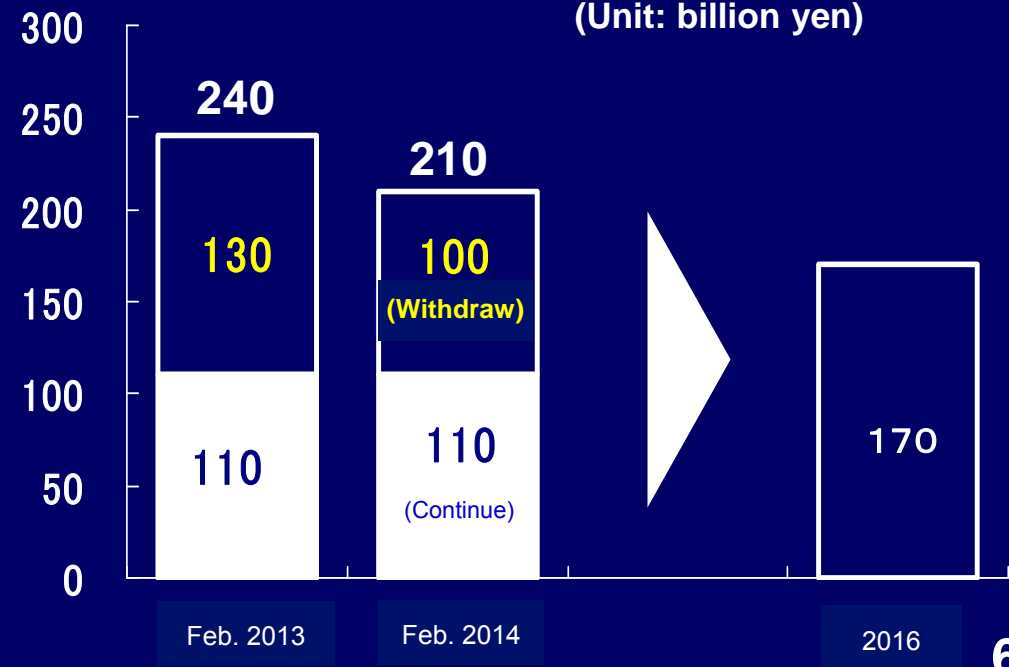
### ■ Business plan

(Unit: billion yen)



### ■ Assets plan

(Unit: billion yen)





## 4. Main Indices (Non-Consolidated)

	FY2012		FY2013		FY2014	
		YoY(%)		YoY(%)	(Estimate)	YoY(%)
New Applications (millions)	3.38	130.0	3.32	98.2	3.40	102.4
New Card Issued (millions)	2.51	128.1	2.53	100.7	2.50	98.8
Total Cardholders (millions)	24.82 (+0.07)	100.3	24.75 (△0.06)	99.7	25.15 (+0.40)	101.6
Active Cardholders (millions)	13.62 (+0.63)	104.7	14.20 (+0.58)	104.3	14.95 (+0.75)	105.3
Transaction Volume (¥ billion)	3,807.1	103.8	4,117.0	108.1	4,376.0	106.3
Card Shopping	3,547.0	104.2	3,852.9	108.6	4,101.0	106.4
Cash Advances	260.0	97.4	264.0	101.5	275.0	104.1

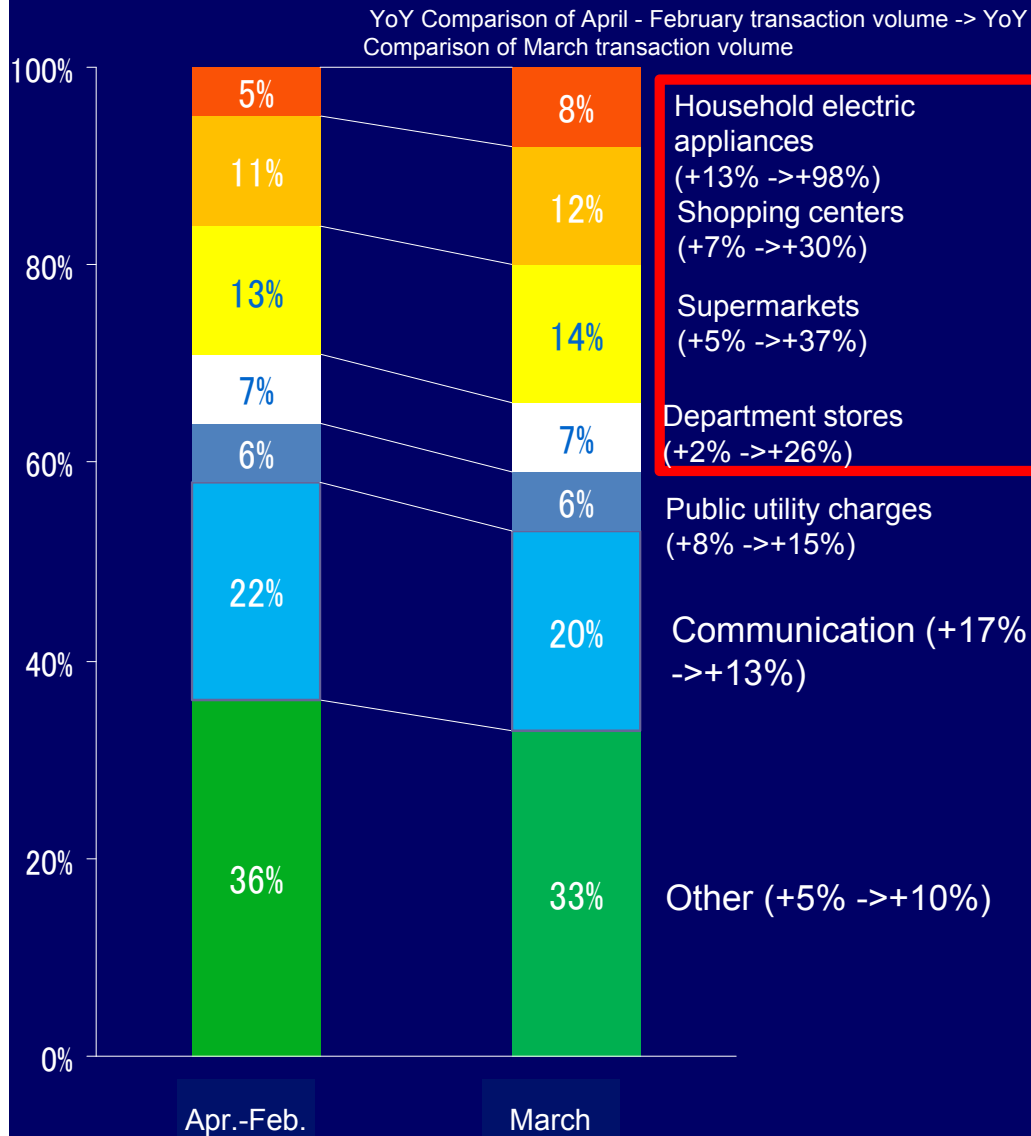
(Unit: million cards, million people, ¥ billion)

Figures in parentheses are changes from the previous year

# 5-①. Trend of Credit Business (Shopping)

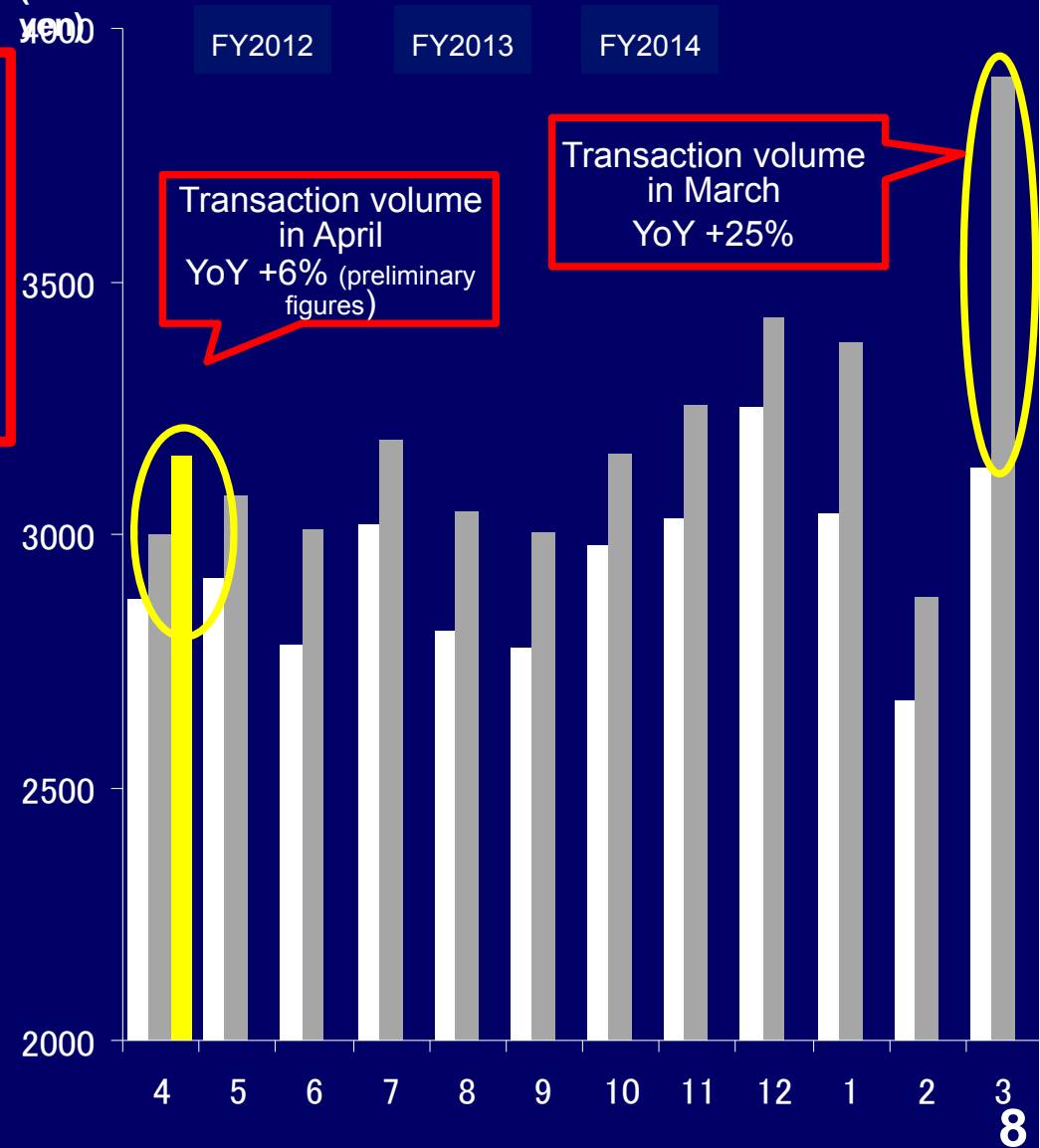
Counteraction of the buying rush before consumption tax increase is anticipated to affect only some of the businesses

## Share by industry



## Transaction volume trend

(Unit: 100 million yen)



## 5-②. Trend of Credit Business (Cash Advance)

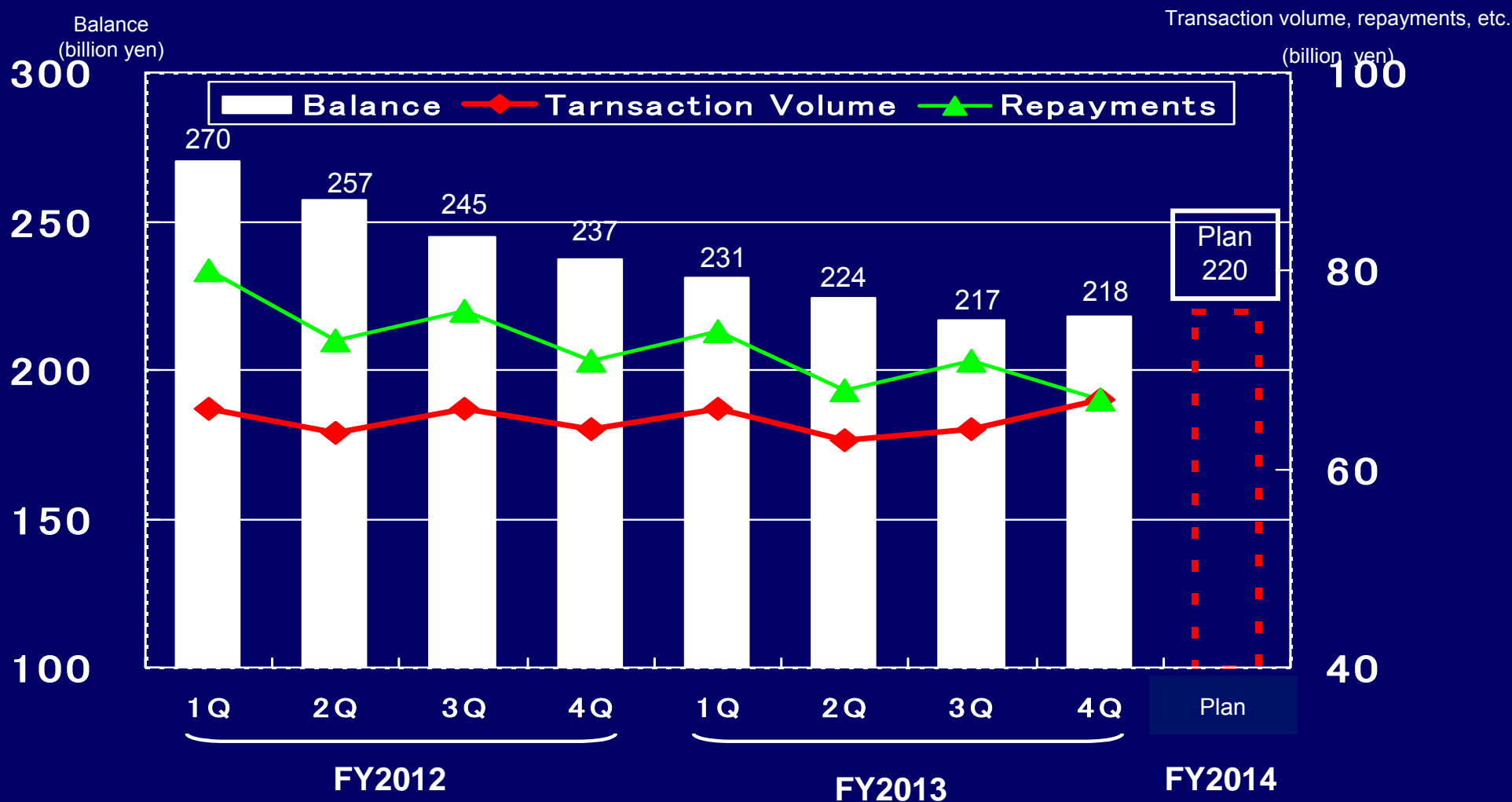
Pursuing a good balance between risk and profit

[New card holders] - Improvement of assignment of cash advance limits

- Expansion of clients opting for cash advance limits of 300,000 or more

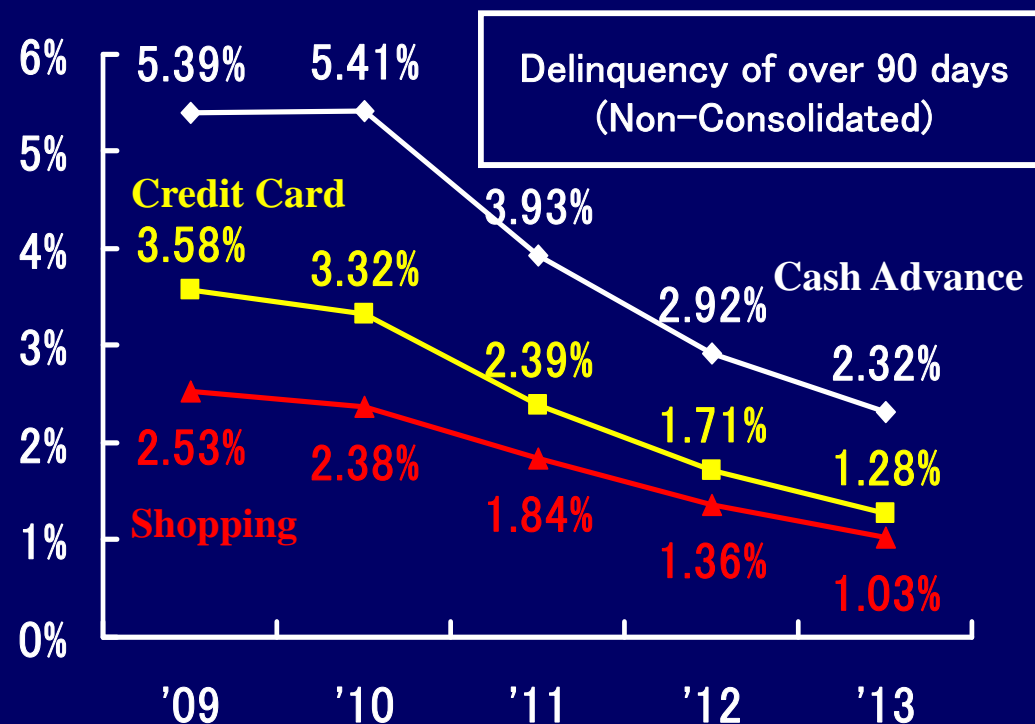
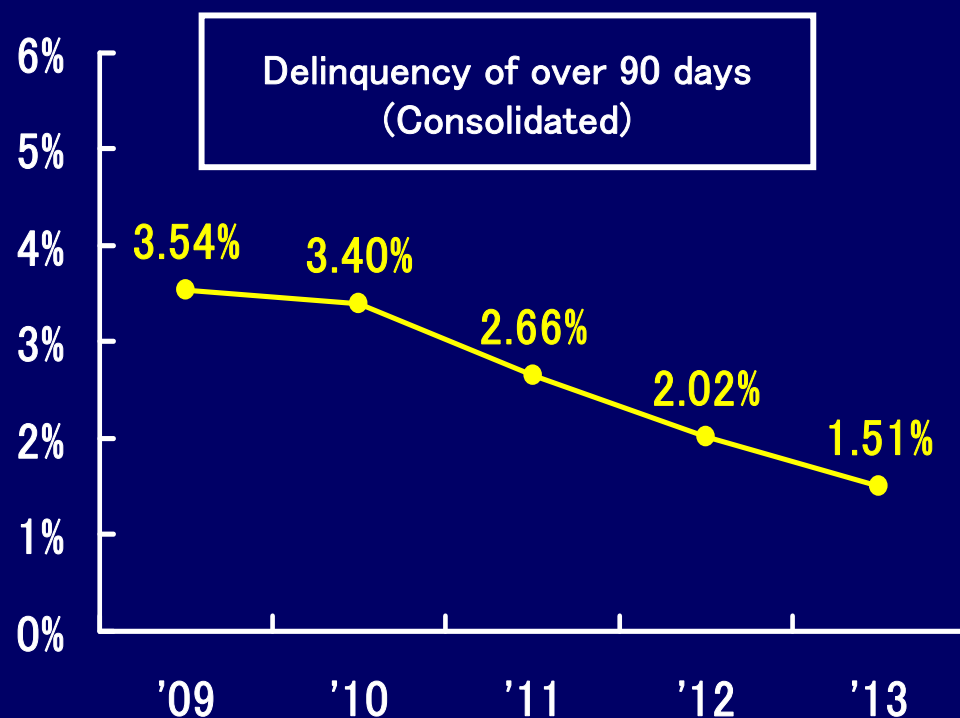
[Existing card holders] - Prompting active use through assignments of appropriate credit line

- Sales promotion of loan products by outbound marketing



# 6. Credit Risk / Credit Cost

## ■ Trends in Credit Risk



## ■ Credit Cost Results / Estimate

		(¥Billion)	
【Consolidated】		FY2013	FY2014
			(Estimate)
		Diff.	Diff.
Credit Cost		24.8	17.4
		1.7	(7.4)
General		14.0	17.4
		(3.3)	3.4
Interest Repayment		10.8	0
		5.1	(10.8)

		(¥Billion)	
【Non-Consolidated】		FY2013	FY2014
			(Estimate)
		Diff.	Diff.
Credit Cost		22.9	15.7
		2.1	(7.2)
General		12.8	15.7
		(3.0)	2.9
Interest Repayment		10.1	0
		5.1	(10.1)

# 7. Interest Repayment Claims

## ■ Trend of loans accompanying intervention by judicial scriveners or lawyers

The pace of decrease of occurrences of loans requiring intervention by a third party got slower than the initial estimations due to active ad campaign by some judicial scriveners

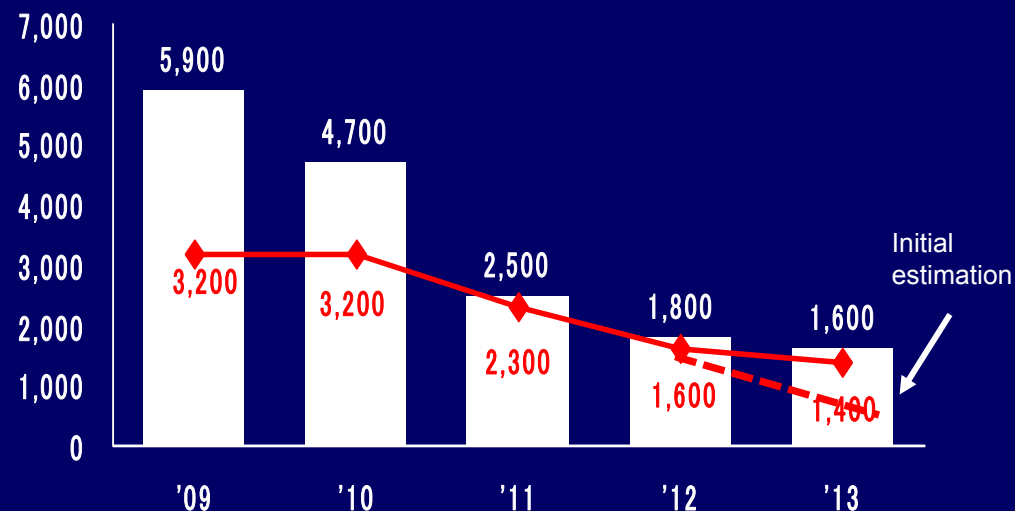
Provision made en bloc on the basis of expected future occurrences

Provision for loss on interest repayment  
Consolidated: 10,800 million yen - Non-consolidated: 10,100 million yen

## ■ Trend of provision for loss on interest repayment

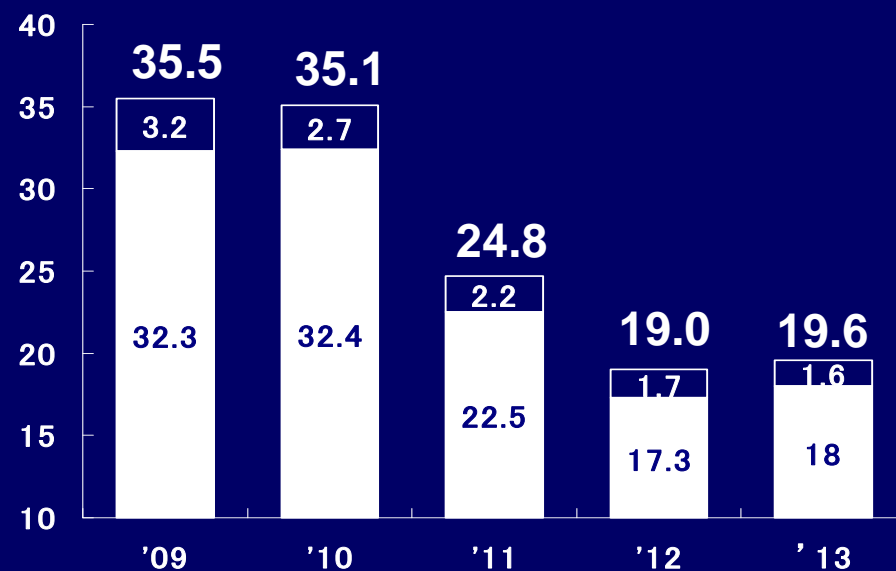
Results	Consolidated	Non-consolidated
Reversal	10.2	9.4
Provision	10.8	10.1
Balance change	+0.06	+0.07

(Unit: number of cases handled)



Trends in new claims handled by lawyers and other proxies  
◆ Settlements of interest repayment claims

(Unit: billion yen)



## 7. Financial Indices

	Consolidated		Non-Consolidated	
		Difference		Difference
Shareholders' Equity	¥419.4 billion	+ 28.0	¥367.8 billion	+ 18.6
Total Assets	¥2,286.0 billion	+ 144.2	¥2,200.4 billion	+ 148.5
Shareholders' Equity Ratio	18.3%	+ 0.0%	16.7%	△0.3%

ROE ※ <sup>1</sup>	6.6%	△2.0%	5.8%	△1.6%
ROA ※ <sup>2</sup>	2.0%	△0.5%	1.6%	△0.4%

※<sup>1</sup> ROE is calculated to assume that return is based on ordinary income (excluding extraordinary income/loss) with corporate tax deducted at the rate of 40%.

※<sup>2</sup> ROA is calculated that ordinary income is divided by tonal asset.

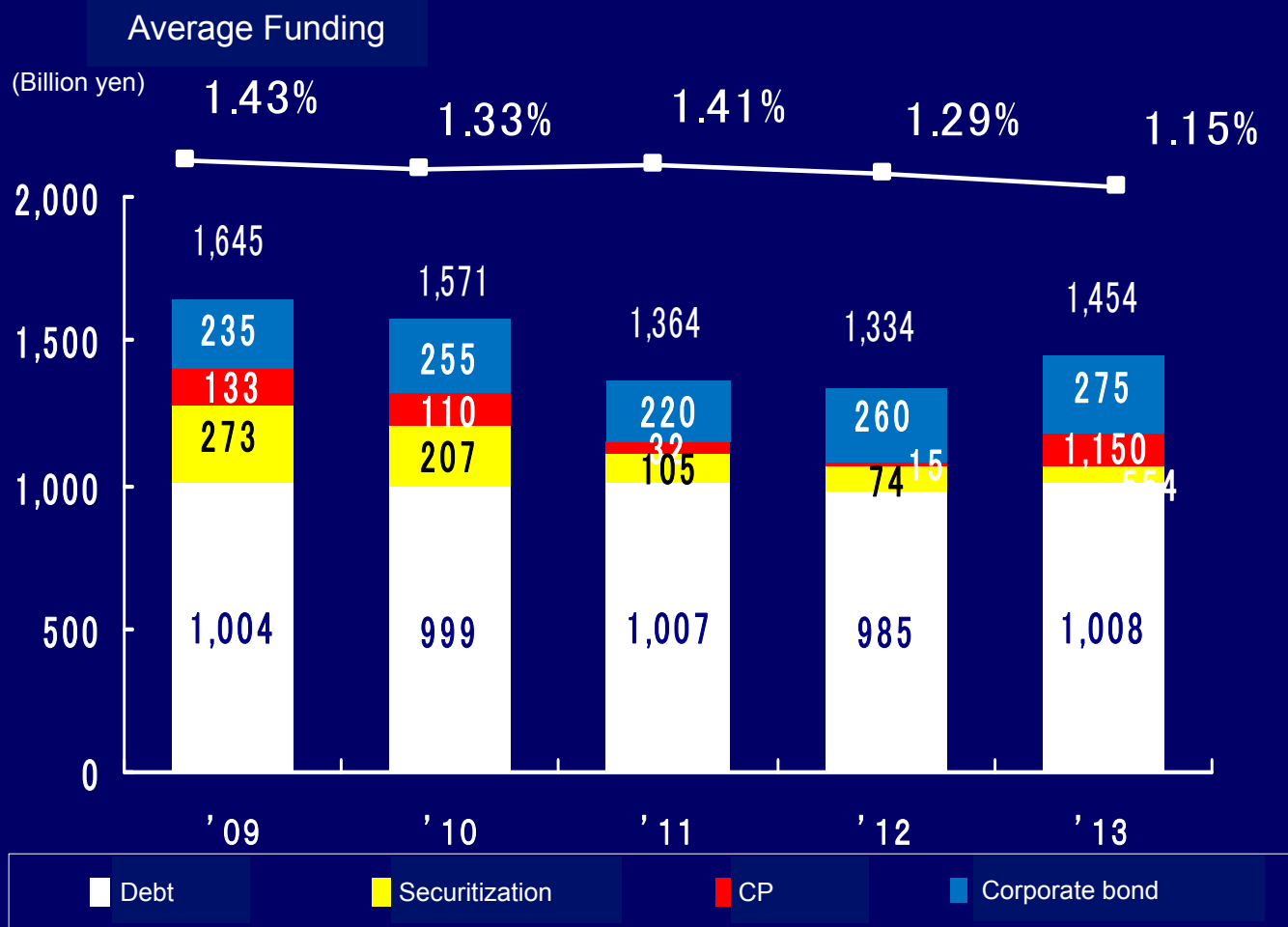


## 8. Dividends

	<b>FY2013</b>	<b>FY2014(Plan)</b>
<b>Dividend per share</b>	<b>¥30</b>	<b>¥30</b>
<b>Total cash dividend</b>	<b>¥5.5 billion</b>	<b>¥5.5 billion</b>
<b>Payout ratio (Consolidated)</b>	<b>21.5%</b>	<b>24.0%</b>
<b>Payout ratio (Non-Consolidated)</b>	<b>29.6%</b>	<b>31.5%</b>

# (Reference) Fund Structure Changes in interest-bearing debt (Non-Consolidated)

Diversification of fund raising strategies to prepare for future risk of rise in interest rates and asset expansion



## - Establishment of commitment line

Total amount: 125 billion yen  
Period: three years

## - Bond issue

April: issuance volume of 10 billion yen

Period: seven years  
Interest rate: 0.700%

June: issuance volume of 10 billion yen

Period: 7 years  
Interest rate: 0.879%

October: issuance volume of 15 billion yen

Period: 10 years  
Interest rate: 1.038%

January: issuance volume of 10 billion yen

Period: 10 years  
Interest rate: 1.023%  
\* For individuals

【Rating】  
R&I A+

Long-term Ratio: 78%  
Fixed Ratio: 66%



## II. FY2014 Management Vision

Taking on a challenge of **changing the business model through strengthening of corporate sales** under the motto of "**Strategic weapons x All kinds of corporations and individuals in and outside the country x Diverse domain identities**"

Also, while **employing efficiently the present strengths of the Company** on a mid- and long-term basis such as its ability to solicit new card holders, developing into a **nonbank which can always respond to change.**

- (1) **Establishment of a system of corporate sales** - creation of a system enabling all of the sections and all of the employees to engage in corporate sales
- (2) **Overthrowing the cash market** - taking on a challenge of shifting the society towards cashless payments by prepaid cards and smartphones
- (3) **Sales promotion of Centurion AMEX** - Full use of its forte of a status brand
- (4) **Further development of the Internet business** - Cooperation and capital alliances with the leading venture businesses
- (5) **Expansion of the finance business** - use of strategic weapons and promotion of collaboration
- (6) **Multi-collaboration in the ASEAN market** - mergers and acquisitions, capital alliances, and joint enterprises
- (7) **Innovations in the personal rating system and work methods** - promotion of activities among employees to better themselves during the time spent off work

# Business Strategy: Business Model Change

- Only companies that change the society can grow = let's change Credit Saison

In FY 2013, as a result of "collaborational management", the Company created on a bottom-up basis many "strategic weapons", resulting in the present capability to engage in "complex sales activities" reaching both corporate customers and individuals

While preserving the current business model aiming at expansion of the number of individual card holders, converting into an enterprise, in which all of the employees can engage in corporate sales using the Company's overwhelming power for attracting new card holders

Becoming a non-bank that can respond to change

By offering complex packages of all kinds of cashless payment functions to all kinds of corporations and individuals in Japan and in the ASEAN, implementing a sales strategy maximizing the merits for the partner enterprises

- Contribution to strategies of partners with **credit cards**
- Undercutting of cash market **prepaid cards and smartphone payments**
- Provision of **account settlement agent system** function and **points business**

**Card Business**

**Overseas Business**

- Offering **settlement mechanisms** in the countries of the ASEAN (**Installment sales, loans, prepaid cards, account settlement agent system**)
- **Capital alliances and mergers and acquisitions** with the local financial enterprises

Making preliminary moves for the medium- and long-term growth by versatile and strategic business investments

Radical reform of the screening criteria for SBS-AMEX, corporate cards, etc.

**Finance Business**

Reconstruction of the image strategy by unification of advertisement and public relations

Maintenance of credit management and loan collection power ranking first in the industry

**CREDIT SAISON**

**Solution Business**

- Use of **solution tools** of Concur, etc.
- **Conversion to cashless payments & paper-less payments for corporations** by sales promotion of corporate cards and Business Platinum AMEX

**Internet Business**

- CLO and other **target marketing**
- **Advertisement/research business** in big data
- Enabling **use with smartphones** and strengthening of **contents business**
- **Capital alliances and cooperation with venture businesses**

- Provision of **abundant finance functions matching the needs of the partners** with such services as lease & rental, business potential loans (guarantee), and real-estate finance
- Offering services answering **asset management needs**, in such areas as tax saving and inheritance

# Provide Customer Solutions Through Collaboration of Strategic Products

1 Credit Business

2 Settlement Service

3 Net business, Processing

4 Finance business

## ① Credit card customer base



**Group 35 million members**  
Consolidated shopping transaction volume  
6 trillion yen

## ② Saison American Express® Card



**High status members**  
with high usage volume and high usage

## ③ Eikyufumetsu Points



**Point balance**  
77 billion yen

## ④ High onsite capability "Store/Counter Network"

SAISON COUNTER



**10 stores and more than 130 counters domestically**

## ⑤ Visa Prepaid Card (domestic general-purpose)



**First prepaid type settlement tool in Japan**

## ⑥ Special Overseas Prepaid Card NEO MONEY



**Annual chargeable amount 3 million yen**

## ⑦ Card payment by smartphones Coiney



When using smartphone with Coiney, no initial fees at card payment device, payment processing fee of 3.24%

## ⑧ Cloud management expense payment system Concur



**Streamline control of corporate expenses through collaboration with corporate card Implement at 17,000 companies worldwide**

## ⑨ Point Website Eikyufumetsu.com



**Net members 10 million**  
Annual sales 52 billion yen

## ⑩ Card payment link coupon Saison CLO



**Information on incentives transmitted to web statement**  
Click rate is approx. 10 times higher than normal banner

## ⑪ Analysis of website browsing behavior eMark+ Lite



**ASP tools for attracting customers to company website**  
Site behavior of 240 thousand monitor members

## ⑫ Business processing



**Improve efficiency through business consignment of call centers, staffing, debt collection etc.**

## ⑬ Lease & rental

**Lease receivables balance**  
276 billion yen

**In conjunction with a facilities investment plan for businesses, provide finance leases, business installment payments, and rentals (operating leases)**

## ⑭ Credit guarantee (certified loan)

**Specializing in certified free loan guarantees for private individuals**

**Guarantee balance 215 billion yen.**  
Partner financial institutions 367

## ⑮ Saison Home Loan Packages

**Flat 35/Flat 35 Plus/Flat 35 Bridge Loans**

**Flat 35 (institution) balance**  
218 billion yen

## ⑯ Asset Formation Loan (investment-type condominium, etc.)

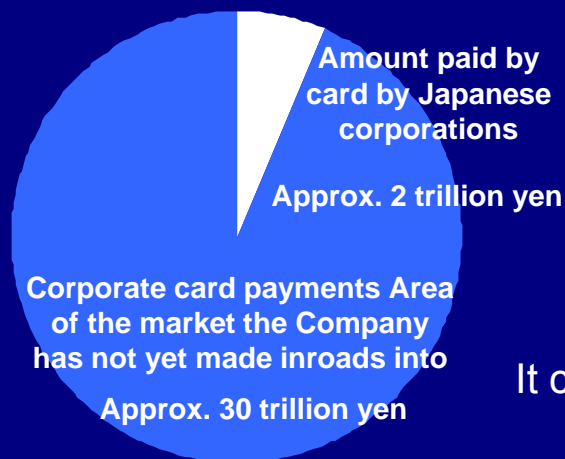


**With low interest, loan balance 30 billion yen**

# Conversion to corporate sales offering the Company's strategic weapons in many directions

## Promotion of cashless payments for payments by corporate clients

### ■ Developing the corporate payments area that offers a high potential as a market



The corporate payments market in Japan is 940 trillion yen \*

The potential area for payments by card is approximately 32 trillion yen.

It can be presumed, that the actual use remains at approximately 6%

### ■ Proposal of products and construction of an expansion channel answering the diversifying needs of the corporations

- Concur (system of settlement for overhead costs)
- Miroku Jyoho Service (financial management and management system solution)
- free (fully-automatic Cloud type accounting software)

Issue of corporate cards/Platinum Business AMEX to enterprises and one man businesses by the three systems above

### ■ Establishment of a corporate sales system by all of the employees

Creating a system enabling all employees of all departments including executives and supervisors to engage in complex sales activities utilizing strategic weapons



\* U.S.A: Calculated by our company based on the "2011 Results and 2016 Forecast" listed in the NILSON REPORT.

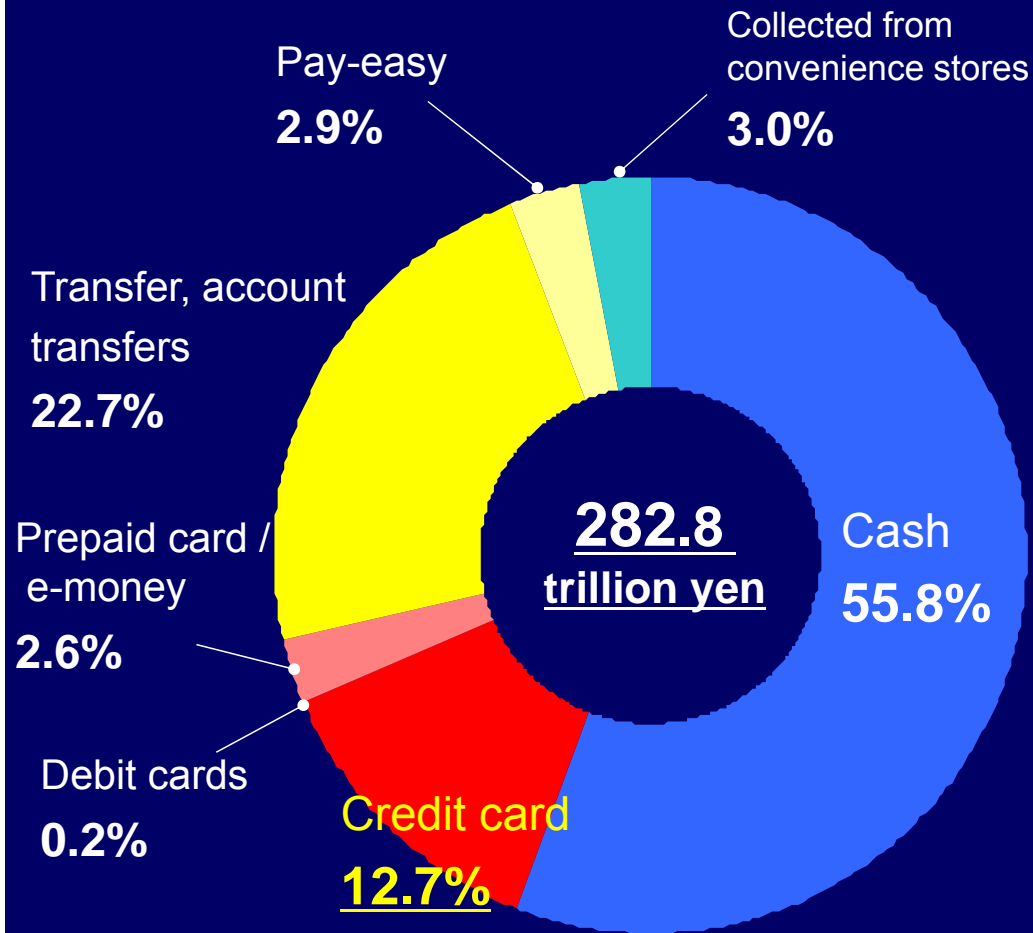




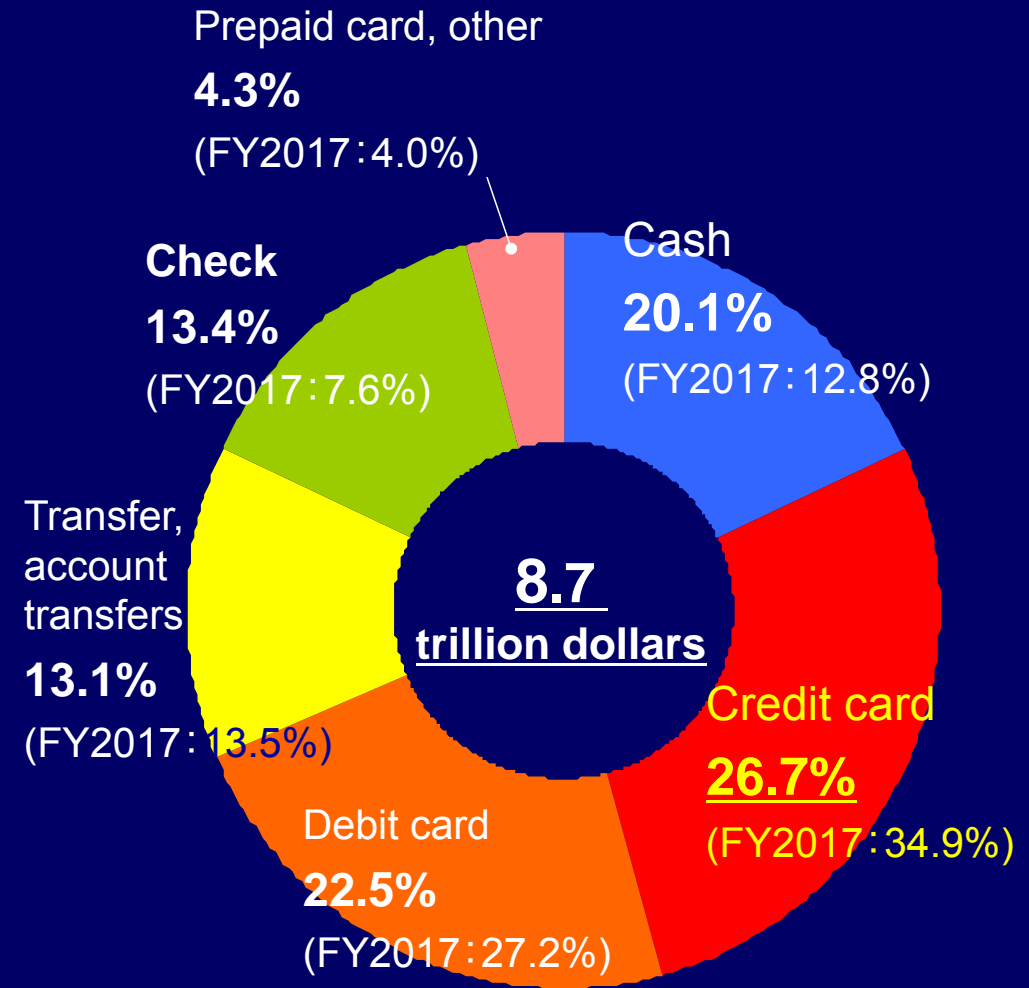
# Comparison of Share for Payment Service Methods in Consumer Spending in Japan and the U.S.

Credit card usage in Japan account for only **13%** of the consumer spending while that **In USA 28% and in Korea 57%**.

Japan (FY2012)



U.S.A. (FY2012 → FY2017 forecast)



\* Japan: Calculated by our company based on sources such as the Ministry of Economy, Trade and Industry, New Payment Report, Mitsubishi UFJ Research and Consulting, and official documents from various companies.

\* U.S.A: Calculated by our company based on the "2012 Results and 2017 Forecast" listed in the NILSON REPORT.

# Overthrowing the Cash Market

Taking on a challenge of shifting the society towards cashless payments by prepaid cards and smartphones

## ■ Issuing the Company's own and affiliated prepaid cards and conducting other measures to expand the card lineup matching the needs of the market

- MasterCard, Web Money with the prepaid function "Web Money Card", "au Wallet" that can be used both in the Internet and in real shops
- Reaching a new customer segment with Visa prepaid card "Cocokara Club Card"
- Expansion of the number of agencies dealing in "NEO MONEY", prepaid card specialized for the overseas that can be used for traveling and studying abroad



## ■ Expansion of the areas credit is used in

- Small sum market of small and medium sized enterprises, one man businesses
  - > Continuation of operations made in cooperation with Coiney
- Popularization of payment systems capturing the needs of shops affiliated with major companies
  - > Promotion of development of operations with affiliated shops using Royal Gate



# Sales Promotion of the Card Centering on the Centurion AMEX Card

## Increase in number of cards issued centered on actively used cards

- Promotion of marketing activities of business cards targeting small and medium sized enterprise owners and one man businesses
  - Development of new channels using the force of all of the departments and all the employees
  - Development of solution sales using cards with higher appeal as products equipped with functions linking data with Concur/freee
- Increase in number of card holders of the AMEX card to prepare for the increase in the transaction volume
  - Expansion in all parts of the country of the areas the Company is active in and increase of corporate clients approached to work as agencies
  - Increasing the rating for companies dealing with one man business clients
  - Improvement in the level of services, such as making the platinum desk work on a round-the-clock basis
- Soliciting new clients through opening new shops inside commercial establishments
  - Responding to business growth of the leading clients



[Target for FY 2014] Number of new cards: 3,400,000 YoY +2%.

Number of active cardholders: 14,950,000; previous year: +750,000

# Master Concept of the Life Assist Point System

## [Background]

- (1) In order to prevent the sagging in the economy after the current increase of the consumption tax, economic and monetary policies of Shinzo Abe worked out an additional economic stimulus package of approximately 5,500 billion yen, but as it is centered on public enterprises, its economic effect is limited, and can be and is definitely insufficient  
-> In order to increase the GDP, the effective step would be to expand "consumer spending which accounts for 60 percent" of the GDP
- (2) For the first time in the history of Japan the annual number of tourists visiting the country exceeded 10 million people, which is why the Abe Cabinet, aiming to double that number to 20 million people by the Tokyo Olympic Games to be held in 2020, intends to make Japan "a country promoting tourism as a major industry"  
-> For that purpose, it is vital to maintain an environment making it easy for foreign tourists to travel around Japan

## [Effects expected from introduction of the Life Assist Point System]

### Immediate effectivity/scale

- ✓ Compared with efforts targeting public enterprises or wage increases, this step will start to work much more quickly, as it works directly on revitalization of consumption
- ✓ Economic effect by a net increase of consumer spending will be quite large and have characteristics of a ripple effect with an increase of the GDP by +2.5%

### Cost effectiveness

- ✓ The amount of points granted (borne as national expenses) is 1 trillion yen and is highly cost-effective as it will bring the tax revenues of 1,700 billion yen
- ✓ Unlike the Eco Points for household electric appliances, which were issued anticipating the demand, this policy will result in a wide-spread rise in consumption

### Shift to cashless payments

- ✓ Will result in a creation of a payment infrastructure of credit, debit, and prepaid payments using smartphones and other means including in its framework even the small and medium size businesses, and through realization of the "No.1 cashless society in the world", will help to make Japan "a country promoting tourism as a major industry"

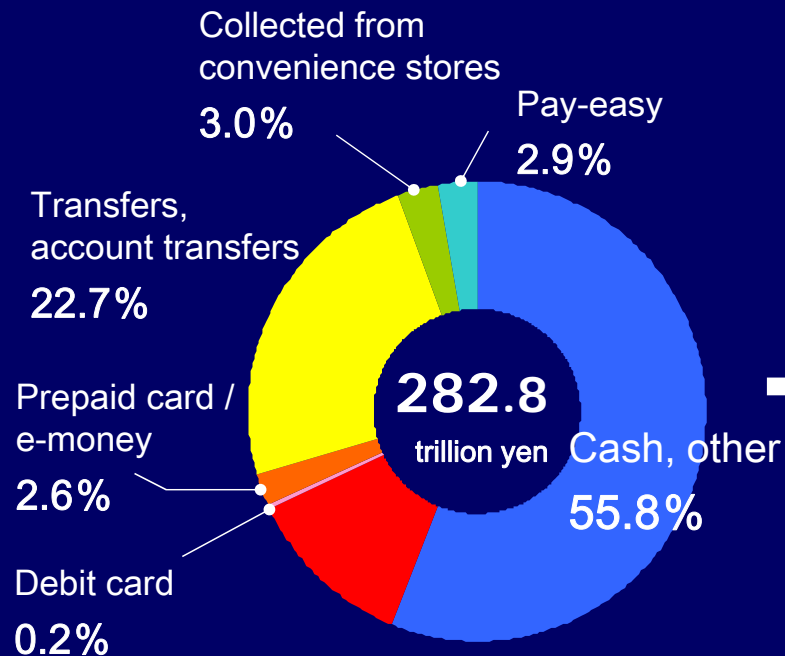


Forming the public opinion in favor of the change by promoting the policy as an effective measure to stimulate the economy which will support the growth strategy of the economic and monetary policies of Shinzo Abe, and aim at its implementation at an early stage by appealing to the government focusing on the councils.

# Benefits of Life Assist Point System (Forecast)

## [Image of effects from implementation of Life Assist Point system]

### Before implementation (FY2012)



**Credit card**  
**12.7%**  
(approx. 35.9 trillion yen)

① Net increase in final consumption expenditures  
Approx. 12.2 trillion yen  
( Final private consumer expenditure +4.3% )

+

② Amount of shift of payment methods from cash to credit card  
Approx. 7.3 trillion yen

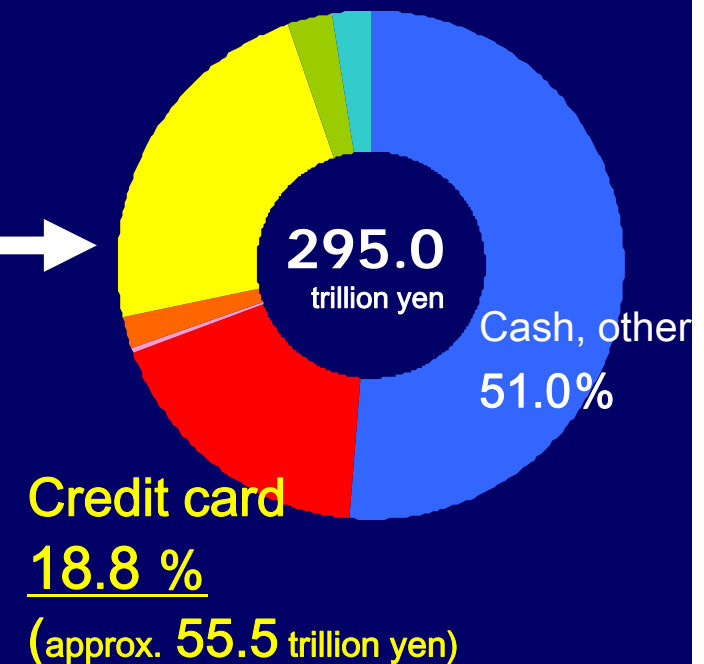
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③ Net increase in credit card transaction volume ( ① + ② )  
Approx. 19.5 trillion yen



④ Tax revenue effect  
(Consumption + Corporate tax )  
Approx. 1.7 trillion yen

### After implementation



**700**  
billion

Amount of points awarded  
Approx. 1 trillion yen

Created by the Company based on the results of surveys and preliminary calculations\* (July 2012) by Nomura Research Institute, Ltd.

\*Final private consumer expenditure was calculated based on approximately 270 trillion yen for 2011. Within the approximately 270 trillion yen, we calculated increases for approximately 216 trillion yen, assuming that approximately 80% of items and expense items will increase as a result of increased consumption. The increased amount (net increase in consumption) for final private consumer expenditure was calculated based on questionnaire results. Calculated by estimating an increase ratio to final private consumer expenditure.



# Further Development of the Internet Business

## Innovation through cooperation and capital alliances with the leading venture businesses

### ■ Improvement in convenience of eikyufumetsu.com, and activation of the Internet members

- Construction of a framework making it unnecessary to actually visit the site of kyufumetsu.com  
=> Tool bar/point statement



- Entering into cooperation with ventures owning services for the younger age bracket and women, and contents for smartphones



### ■ Expansion of marketing scale in such areas as advertisement and research

- Accelerating acquisition of new clients by WEB marketing utilizing big data



### ■ Innovation of the credit card business utilizing the Internet

- Through alliances with venture capital in and outside the country, implementing measures to make innovations reforming the business model (credit, money and banking, payments, and remittance)

[Target for FY 2014]

Number of net members: 11,100,000 (YoY +12%)

Eikyufumetsu.com: 58,100 million yen (YoY +10%)

Contribution margin: 4,400 million yen (YoY +10%)



# Expansion of the Finance Business - Lease & Rental Section

Strengthening of marketing centered on the existing shops and increase in transaction volume by sales promotion of new products

## ■ Improvement in marketing activities targeting the existing shops

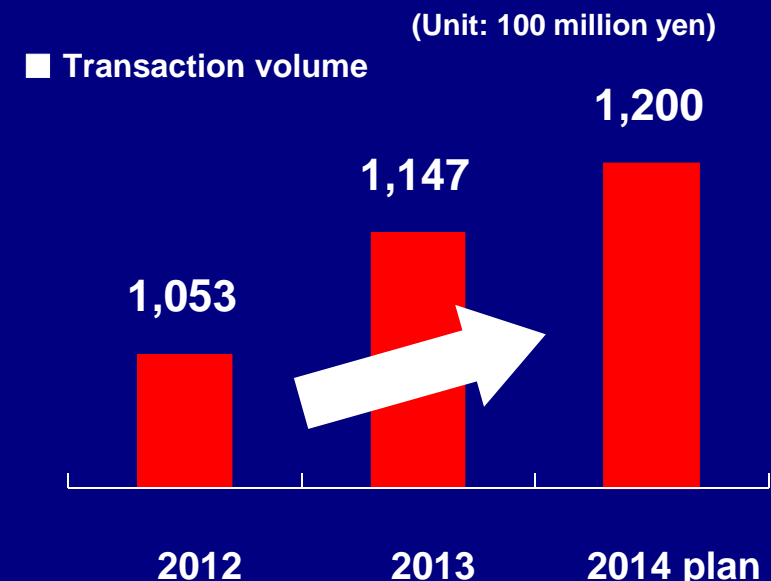
- Effective and delicate marketing approach matching the special character of each shop

## ■ Creation of new markets to prepare for business expansion

- Flexibly responding to market needs and expanding the lineup of products for lease
- Expansion of market channels for rental products centering on eco-products, such as LED lighting

## ■ Sales promotion of the new products

- In addition to the OA equipment, promoting marketing in the areas of kitchen equipment and air-conditioning equipment



[Target for FY 2014] Transaction volume: 120 billion yen (YoY +5%)

Claim balance: 282,700 million yen (YoY +3%)

Operating revenue: 14,600 million yen (YoY +2%)

# Expansion of the Finance Business - Credit Guarantee Section

Reinforcement of products & screening ability aiming at revitalization of the connection with the existing clients and stable growth to prepare for buildup of a good-quality balance

## ■ Revitalization of the connection with the existing clients: promotion of marketing support matching the situation at each client

- Customization of products matching the needs of the affiliated banking establishments
- Supporting measures to promote marketing of loans at affiliated banking establishments, also including holding of study meetings for female staff members

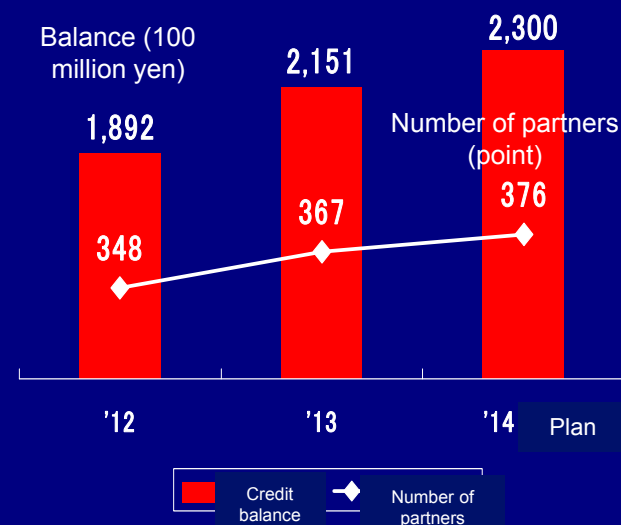


## ■ Promotion of new alliances: centering on regional financial institutions, such as credit banks

- Continuation of the approach aiming to create alliances with all credit banks, efficiently employing the Company's guarantee capability/flexibility/marketing force
- Making approaches to Public relations combined type bank and expanding the collaboration network keeping introductions from close and amicable partners within range of vision

## ■ Functional enhancement of risk control and improvement in operational accuracy

- Further improvement in accuracy of risk pricing type screenings
- Continual implementation of measures for increase in screening efficiency and low-cost management



[Target for FY 2014]

Transaction volume: 135 billion yen (YoY +7%)

New alliances: 10 partners (cumulative total: 376)

Guarantees outstanding: 230 billion yen (YoY +8%)

Operating revenue: 14 billion yen (YoY +12%)

# Expansion of the Finance Business - Finance Business Section

Actively promoting the loan business efficiently employing the Saison brand

## ■ Expansion of "flat 35" aiming for acquisition of the industry No.1 share

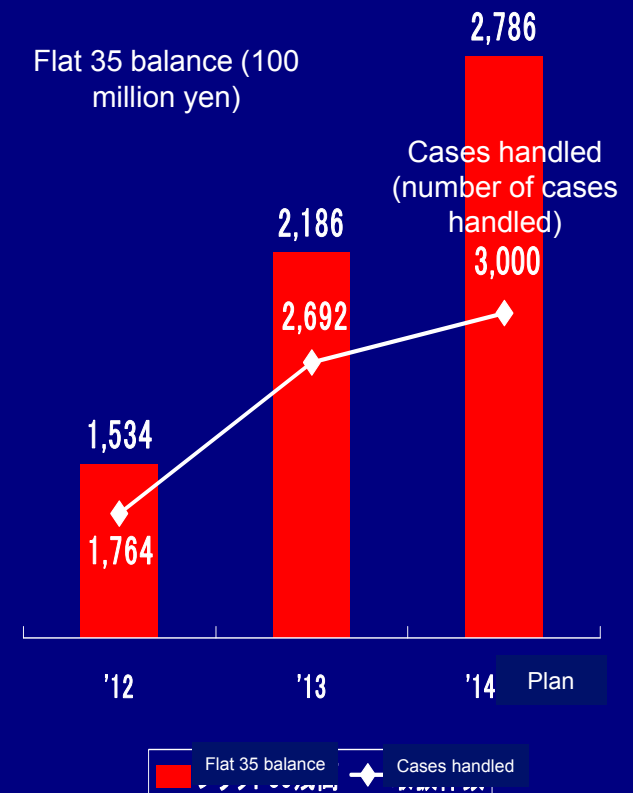
- Speedy screening/availability of conclusion of contracts on Saturdays, Sundays, and public holidays
- Expansion of the current share with continuation of the one hundred-percent financing of house purchase price with housing loan packages (flat 35+ flat 35PLUS)

## ■ Promotion of asset formation loan business

- Accumulation of good-quality claims through employment of high lending know-how
- Development of new products corresponding to the needs of the partners and the market

## ■ Promotion of finance business

- Accumulation of balance of nonrecourse loans through work based on prime properties with the major players of the industry
- Revitalization of the existing products, and planning/development of new products



### [Target for FY 2014] Flat 35

Transaction volume: 81 billion yen (YoY +6%)

Balance: 278,600 million yen (YoY +27%)

### Asset formation loan

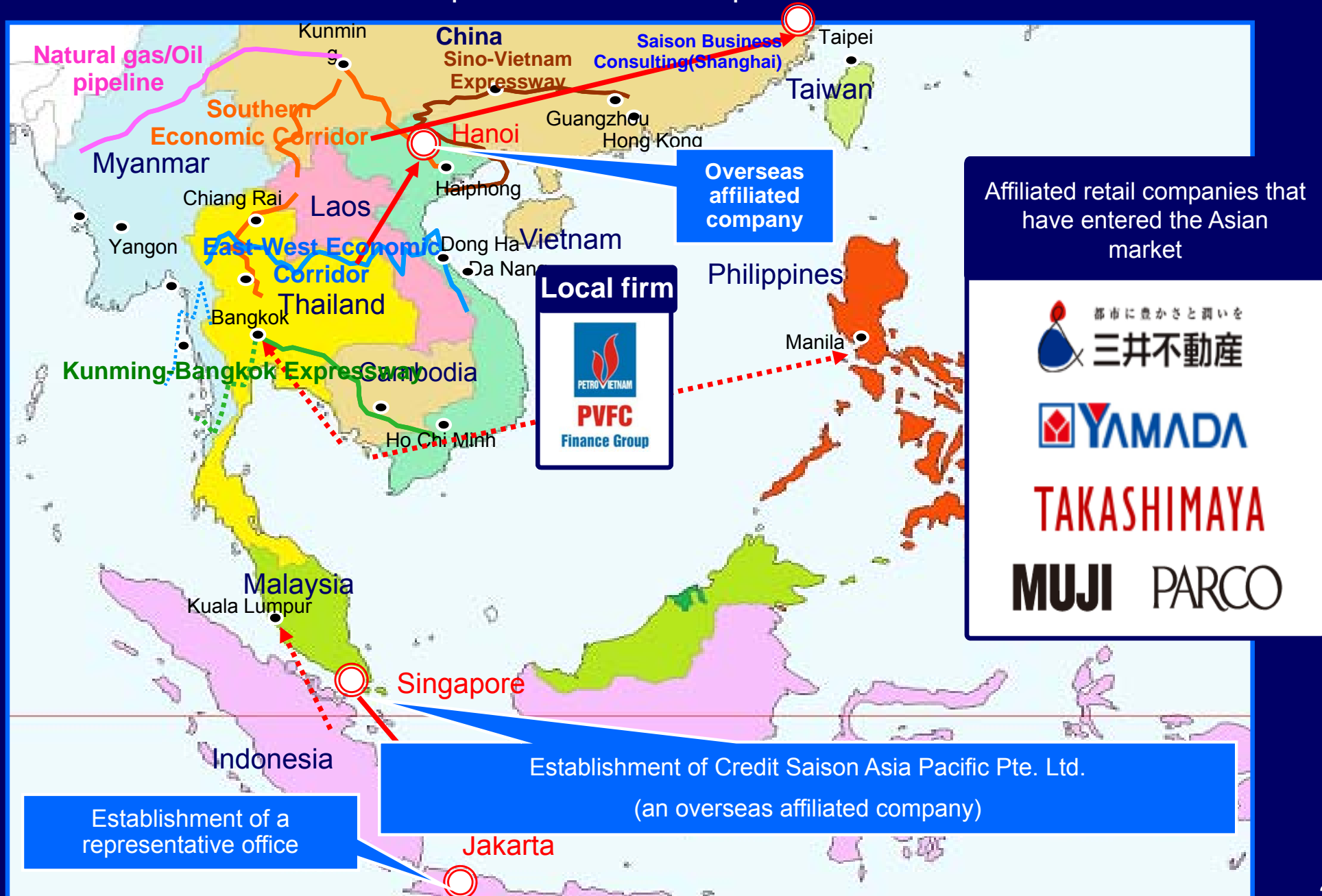
Transaction volume: 33 billion yen (YoY +18%)

Balance: 60,800 million yen (YoY +90%)

Finance business profit: 4 billion yen (YoY +50%)

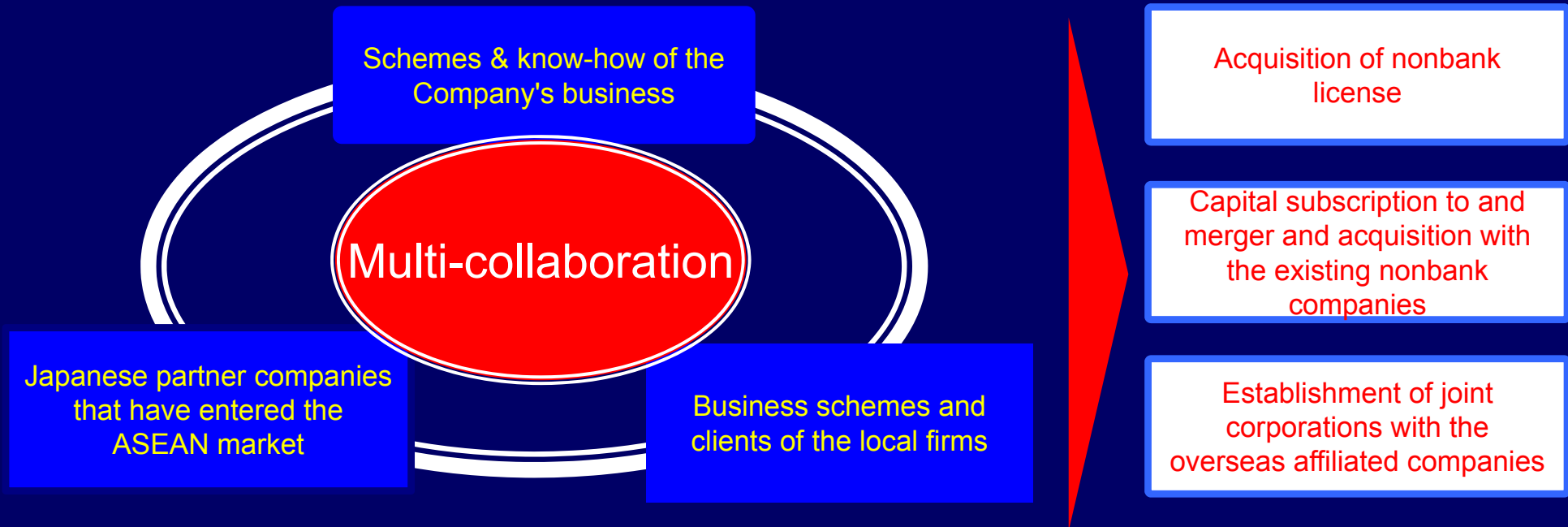
# Asian Strategy Focusing on ASEAN

Entry into retail finance business through multi-collaboration with local firms and Japanese-owned companies



# Asian Strategy Focusing on ASEAN

## ■ Image of entry into the nonbank business in the Asian countries



## ■ Measures preparing for entry into the markets of various countries

Base	Contents of activities/role
China	Launch of agency operations for issue of point cards for Shanghai Takashimaya
Vietnam	Increase of orders received for consultancy business targeting local banking establishments
Indonesia	Launch of information gathering and market surveys preparing for entry into retail finance business
Singapore	Accelerating business development in existing and new bases to play the role of Asian hub
Philippines	Launch of surveys preparing for entry into the market with growing financial needs

# Promotion of Collaborational Management - Strategic Investment

Making preliminary moves for the medium- and long-term growth by versatile and strategic business investments

Through collaboration with businesses in and outside the country using strategic investments and capital subscription promote diversification of profit sources and speedup of creation of new businesses

## ■ Overseas

- Establishment of a global network of information through capital subscription into overseas venture capital funds centering on the Asian countries  
=> Increase of opportunities for entry into the ASEAN market

## ■ Internet

- Bringing into Japan state of the art technologies and services through capital subscription alliances and capital alliances with the leading online companies and venture businesses  
=> Expansion of the existing businesses and creation of new businesses

## ■ Cards

- Capital and business alliances with companies engaged in card associated business including affiliated credit card companies  
=> Expansion of the market share

### Strategic investment fund

CyberAgent

**Ventures**

econtext  
ASIA

**GMO**  
VENTURE PARTNERS

**GREE** Ventures

**East Ventures**

**Coiney**

**Digital Garage**



By bettering yourself during time spent off work, change yourself

**"Establishment of workplace environment where employees do not work overtime"**

Abolishment or innovations of underproductive business processes such as internal reporting and routine work

Promotion of activities among employees to better themselves during the time spent off work

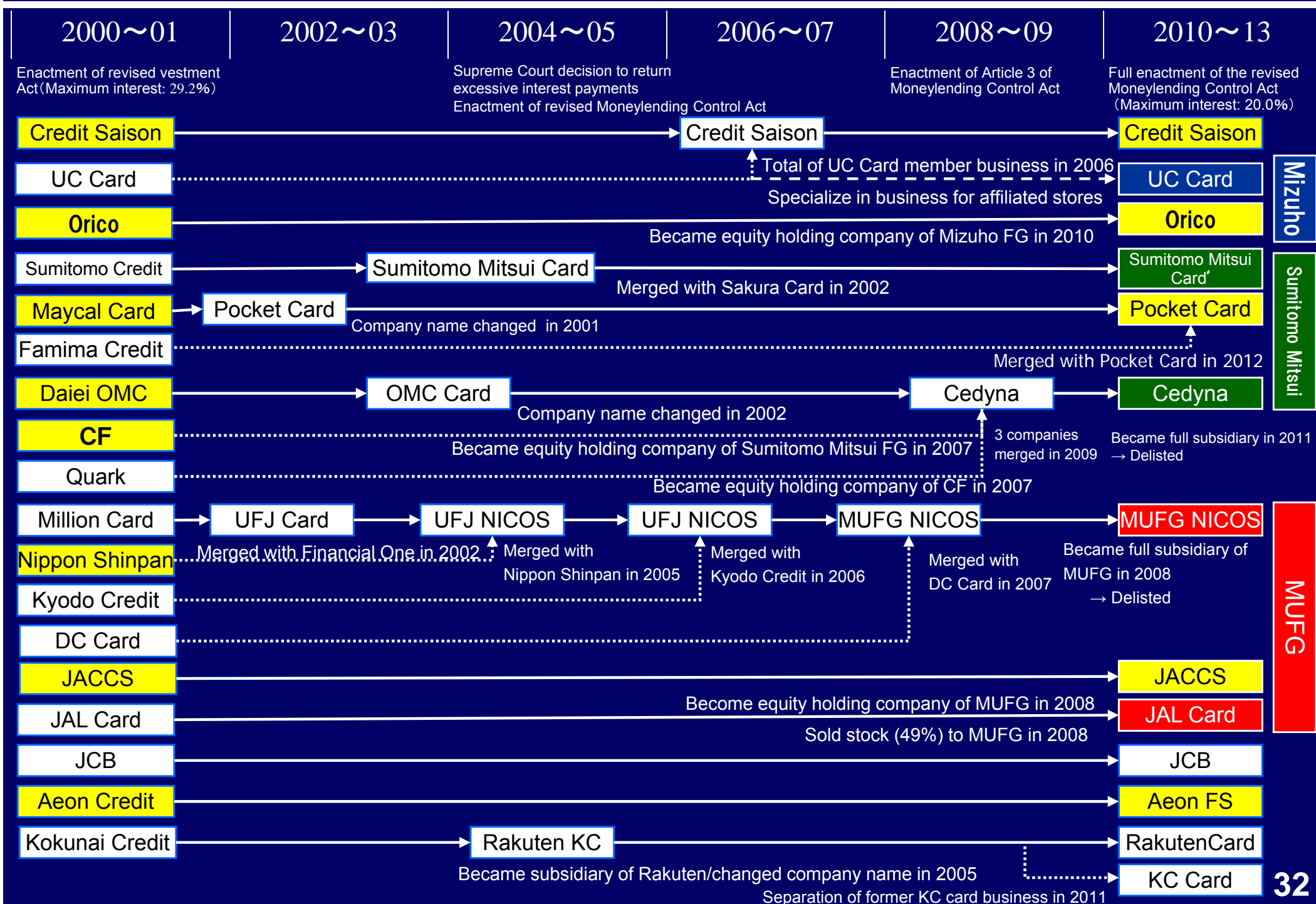
**"Increasing opportunities for exchange among different industries, refreshing activities, and self-improvement"**

Endorsing diverse methods of working and promoting effective use of the time spent off work

**"Improvement in loyalty/motivation"**

Introduction of mechanisms to evaluate employees with good results and revision of personal rating system

# Changes in domestic credit card industry



# 5-②Restructuring of the Domestic Credit Card Industry

Mizuho  
FG



WAON

Credit Saison



Resona  
HD



nanaco

Sumitomo Mitsui  
FG



Mitsubishi UFJ FG



NTT DoCoMo



Rakuten



JR Group



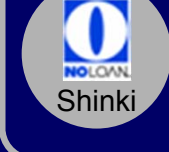
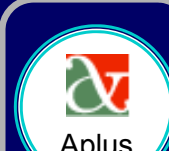
VISATOUCH



PASMO

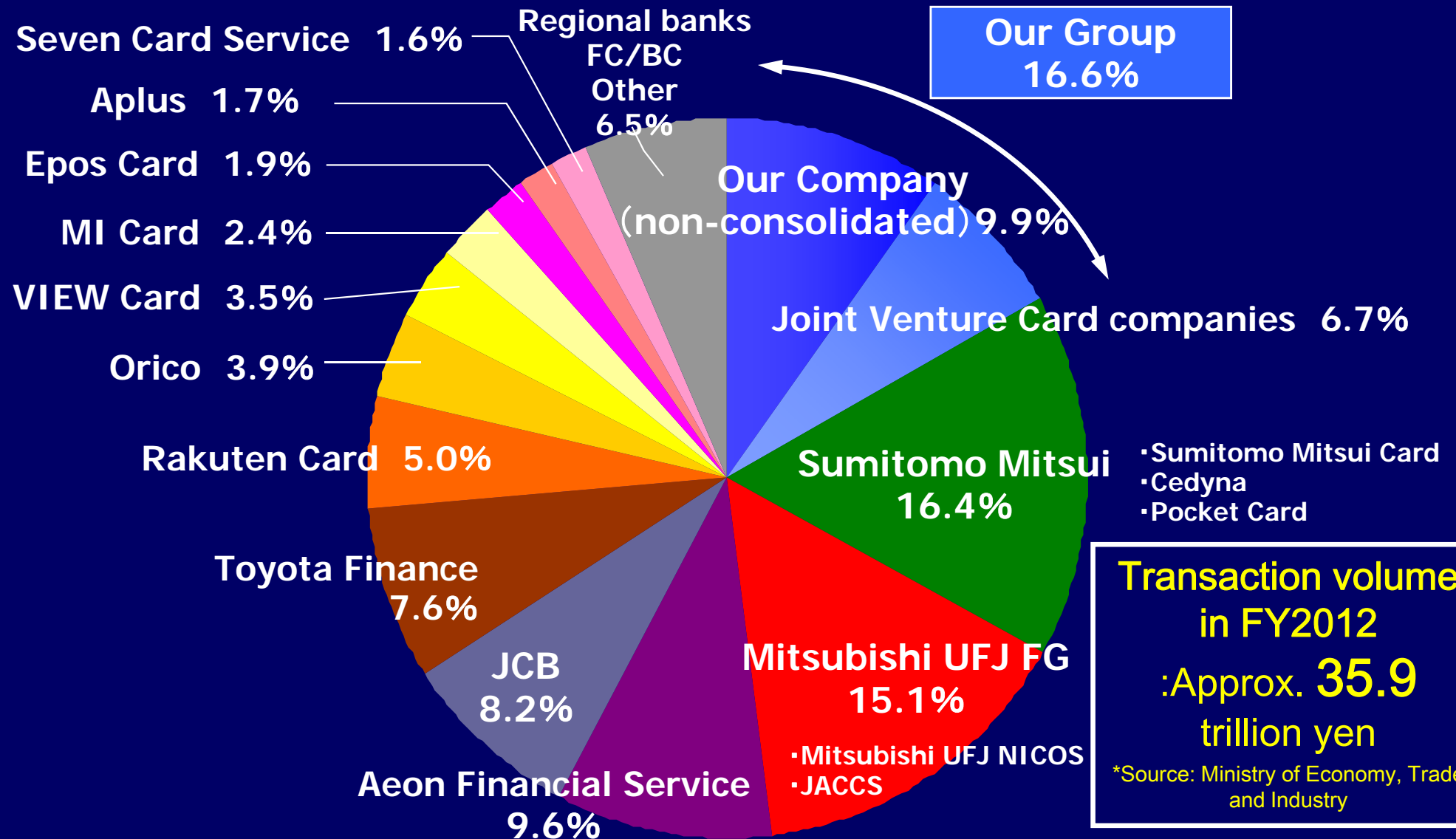


Others



# Domestic Market Share (Shopping Transaction Volume)

## ■ Card shopping transaction volume (issuer base) 【2012 fiscal year】



※Calculated by our company's independent estimation methods on the basis of each company's officially announced calculations, etc.

※As a rule numbers are given for each company on non-consolidated basis (excluding overseas card members); both FC and BC of all brand companies (approx. 115) are calculated as "FC and BC of regional banks"

※Investment destinations of our company: Idemitsu Credit, Seven CS Card, Resona Card, Takashimaya Credit, Shizuoka Bank Saison Card, Daiwa House Group

## (Reference) Credit business on a consolidated basis

Expand our market share by establishing No.1 card issuer status on consolidated basis

	FY2013		
	New applications	Total Card Holders	Transaction Volume
Credit Saison Co., Ltd.	3.23	24.75	4.11
Idemitsu Credit Co., Ltd.	0.24	3.23	0.78
Seven CS Card Service Co., Ltd.	0.26	3.28	0.71
Takashimaya Credit Co., Ltd.	0.10	1.35	0.53
Resona Card Co., Ltd. (Only Saison Bland)	0.07	1.71	0.35
Shizugin Saison Card Co., Ltd.	0.02	0.19	0.04
Daiwa House Financial Co., Ltd.	0.03	0.31	0.03
<b>consolidated basis      Total</b>	<b>3.95million</b>	<b>34.82million</b>	<b>6.58trillion</b>

\* Transaction Volume includes shopping and cash advances