

街カードフェスタ

SAISON
CARD
INTERNATIONAL



FY2015 2nd Quarter Management Report

2015. 11. 11

CREDIT SAISON CO., LTD.

AGENDA

INTERNET

GLOBAL

INNOVATION

Saison AMEX Lineup



◆ FY2015 First Half Business Highlights

I. FY2015 First Half Financial Report

II. FY2015 Management Strategies

III. 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 First Half of 2015 Fiscal Year

Payment

Card Business

- Acceleration of expansion of the prepaid card operation, in order to supersede the cash market
First ever in Japan! The “NEO MONEY” cards that can be used under the China Union Pay Card brand started being issued.
Collaboration with Lawson, Inc. for issuance of its “Osaifu Ponta” cards.
- Expansion in revolving balance to 318.8 billion yen (Change from the previous term-end: +8%)

Solution

Solution Business

- Establishment of a corporate sales system for all employees, promoting cashless payments in the corporate market
- Issuance of new products for corporations +11%, transaction volume +13% resulting in an increase in results

Finance

Finance Business

- Expansion of the number of business partners to 384 and expansion of credit guarantee balance to 249.1 billion yen (YoY comparison: +9%)
- Expansion in balance of asset formation loans to 88.1 billion yen (Change from the previous term-end: +30%), thanks to full-fledged promotion of apartment purchase loans.

Internet

Internet Business

- First in the Japanese card industry! “Saison Ventures Co., Ltd.,” a corporate venture capital, was established.
- Expansion in the number of Smartphone users of applications 'Saison Portal' and 'UC Portal' to 1 million

Global

Overseas Business

- Establishment of “Pt.Saison Modern Finance,” a finance business company in Indonesia, to enter prepaid card business and lease business in the country
- Aiming to become Vietnam's No.1 integrated retail finance business operator, formed a capital and business alliance with HD Bank and established “HD SAISON Finance Company”

Group

Group Administration

- Boost development of a new commercial facility collaborating with atre co., ltd and Atrium Co.,Ltd. at the west exit of Ebisu station

I . FY2015 First Half Financial Report

◆MachiCard Festa events Inaugural area !

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. Revisions to forecast of Business Results



1. Financial Results

(¥ billion)

		FY2014 2 nd Quarter	YoY (%)	FY2015 2 nd Quarter	YoY (%)	FY2015 (Estimate)	difference from the previous year	YoY(%)
Consolidated	Operating Revenues	126.5	102.1	134.9	106.6	270.0	+2	104.2
	Ordinary Income	26.6	97.4	34.2	128.7	60.0	+5.5	137.3
	Quarter Net Income	18.5	105.0	23.0	124.3	38.5	+3.5	304.9
	Earnings per Share (¥)	100.89	105.0	125.28	124.2	209.30	-	304.3

Non-consolidated	Operating Revenues	106.2	105.0	111.6	105.1	231.7	+1.7	105.6
	Ordinary income	21.9	108.5	22.0	100.2	46.5	+0.5	120.9
	Quarter Net Income	13.5	114.2	12.7	93.4	34.0	+6.5	300.5

2. Results by Business Segment

(¥ billion)

	Operating Revenues			Operating Income		
	FY2014 2 nd Quarter	FY2015 2 nd Quarter	YoY (%)	FY2014 2 nd Quarter	FY2015 2 nd Quarter	YoY (%)
Credit Service	96.4	100.3	104.0	9.6	10.8	111.8
Lease	7.0	6.8	96.8	3.0	2.6	88.4
Finance	10.7	12.7	119.0	6.0	7.0	115.6
Real Estate-related	7.2	10.0	138.7	3.0	5.4	181.5
Entertainment	5.6	5.5	97.9	0.7	0.7	100.3
Total	127.0	135.4	106.6	22.5	26.7	118.6
Inter-segment Transactions	(0.5)	(0.5)	-	0	0	-
Consolidated	126.5	134.9	106.6	22.5	26.7	118.6

3. Contributions by Consolidated Companies

Ordinary income: Difference between consolidated and non-consolidated figures

Contribution to consolidated results

	Non-consolidated	Consolidated	Difference
Ordinary income	¥22.0 billion	¥34.2 billion	¥12.2 billion

Major consolidated subsidiaries	Contribution to ordinary income
Atrium Group (liquidation of real estate) (servicing business)	¥7.24 billion
Concerto Inc. (entertainment business) (real estate rental business)	¥1.20 billion
Saison Fundex Group (loans) (real estate)	¥1.05 billion
JPN Holdings Co., Ltd. (Loan collection, temporary staff, kinder nursery services)	¥0.09 billion

Major equity-method affiliates	Contribution to ordinary income
Idemitsu Credit Co., Ltd. (credit card business)	¥0.89 billion
Takashimaya Credit Co., Ltd. (credit card business)	¥0.45 billion
Saison Information Systems Co., Ltd. (information processing)	¥0.43 billion

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

Because of real estate sales supported by strong demand in the real estate market, as well as disposal of the assets relating to the liquidated business, the business progressed at a faster rate than expected.

■ Business to be liquidated

[Minamiaoyama]

- Sales completed (FY2014)

[Roppongi]

- Sales completed (FY2015 2Q)

[Ebisu]

- Boosted development of a new commercial facility collaborating with atre co., ltd and Atrium Co., Ltd. at the west exit of Ebisu station. (to be opened in the spring of 2016)

[Ebisu development: Exterior image]



■ Surviving Business

- Purchasing of small and medium size real estate and offering it for sale with added value in a short time
- Retaining small profitable housing to ensure rent income

[Assets]

190 billion yen (Change from previous term-end: -5 billion yen)
Internal) Assets of business to be liquidated: 60 billion yen
(Change from previous term-end: -10 billion yen)

[Ordinary income]

Fiscal Year 2015 2Q results: 7.2 billion yen
(Change from previous term: +5.3 billion yen)
Revised forecast: 5.1 billion yen
(Change from the initial plan: +5.0 billion yen)

4. Main Indices (Non-Consolidated)

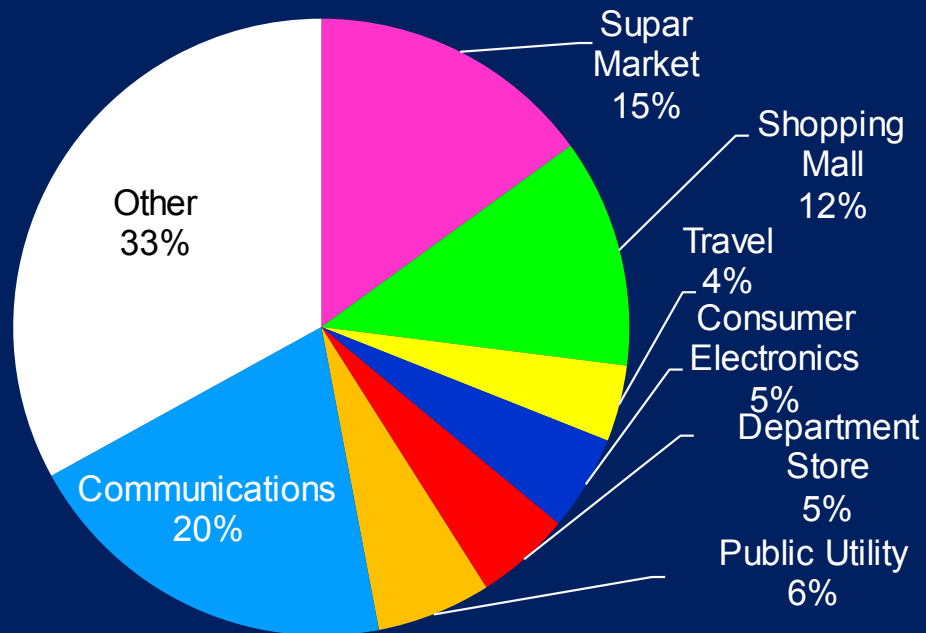
	FY2014		FY2015		FY2015(Estimate)	
	2 nd Quarter	YoY(%)	2 nd Quarter	YoY(%)		YoY(%)
New Applications (millions)	1.49	84.4	1.63	109.2	3.40	113.0
New Card Issued (millions)	1.17	92.0	1.28	109.2	2.70	113.8
Total Cardholders (millions)	24.80 (+0.05)	100.0	25.27 (+0.30)	101.9	25.60 (+0.63)	102.5
Active Cardholders (millions)	14.46 (+0.26)	103.6	14.82 (+0.24)	102.5	15.40 (+0.82)	105.6
Transaction Volume (¥ billion)	212.91	107.9	222.82	104.7	473.80	108.5
	Card Shopping	198.93	209.12	105.1	445.00	108.8
	Cash Advances	13.98	13.69	97.9	28.80	103.8

Figures in parentheses are changes from the previous year

5-(1) Trends in Credit Business – Shopping –

Thanks to an increase in new card members of Mitsui Shopping Park Card Saison and the Walmart Card Saison, the active members increased, contributing to the continued growth of transaction volume.

[Share by Key Sector]

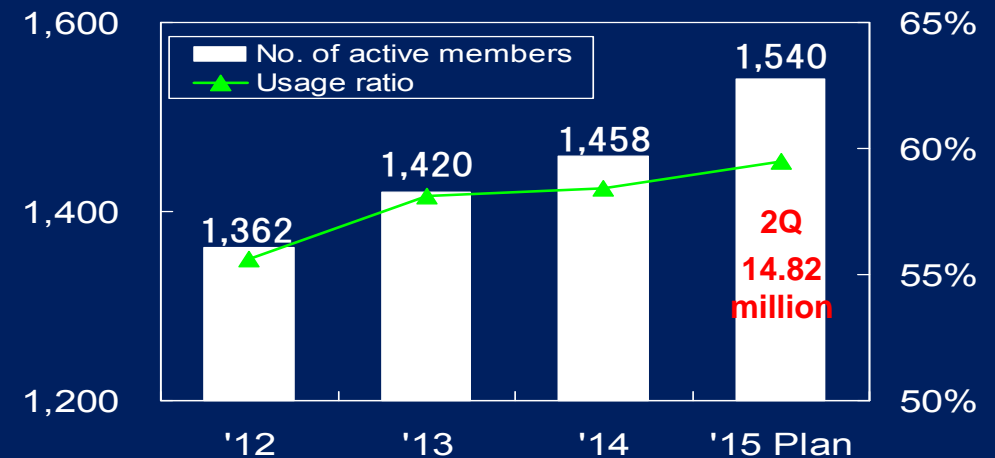


* Calculation based on the sales of our on-us shops

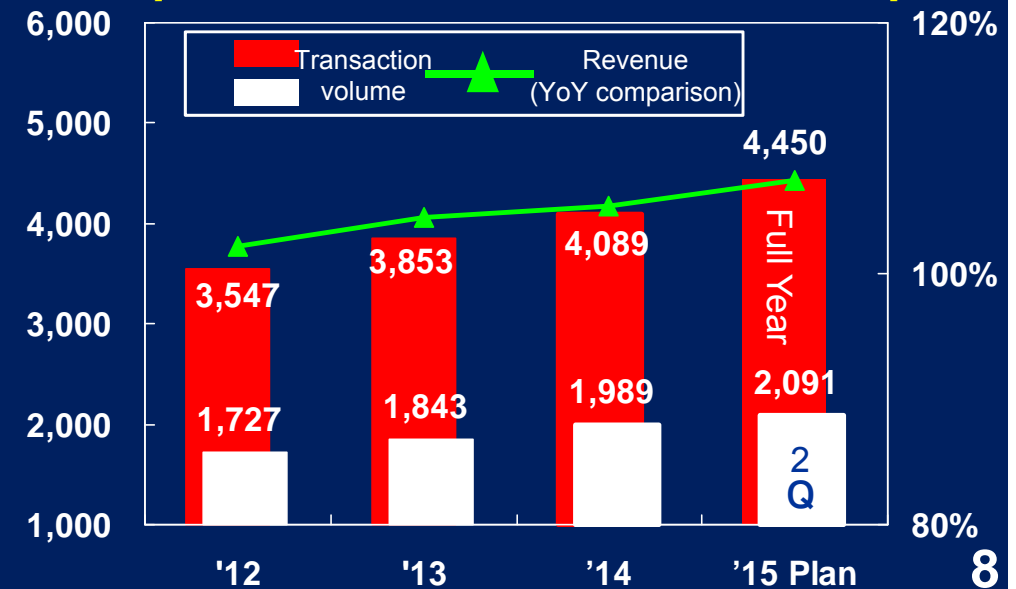
◆ Transaction Volume in Y-to-Y Comparison

Shopping Mall	+13%	Department Store	±0%
Super Market	+11%	Public Utility	±0%
Consumer Electronics	+4%	Communications	-18%
Travel	+3%	Other	+7%

[Transition in Active Members] (YoY Comparison)



(Billion yen) [Transition in Transaction Volume and Revenue]

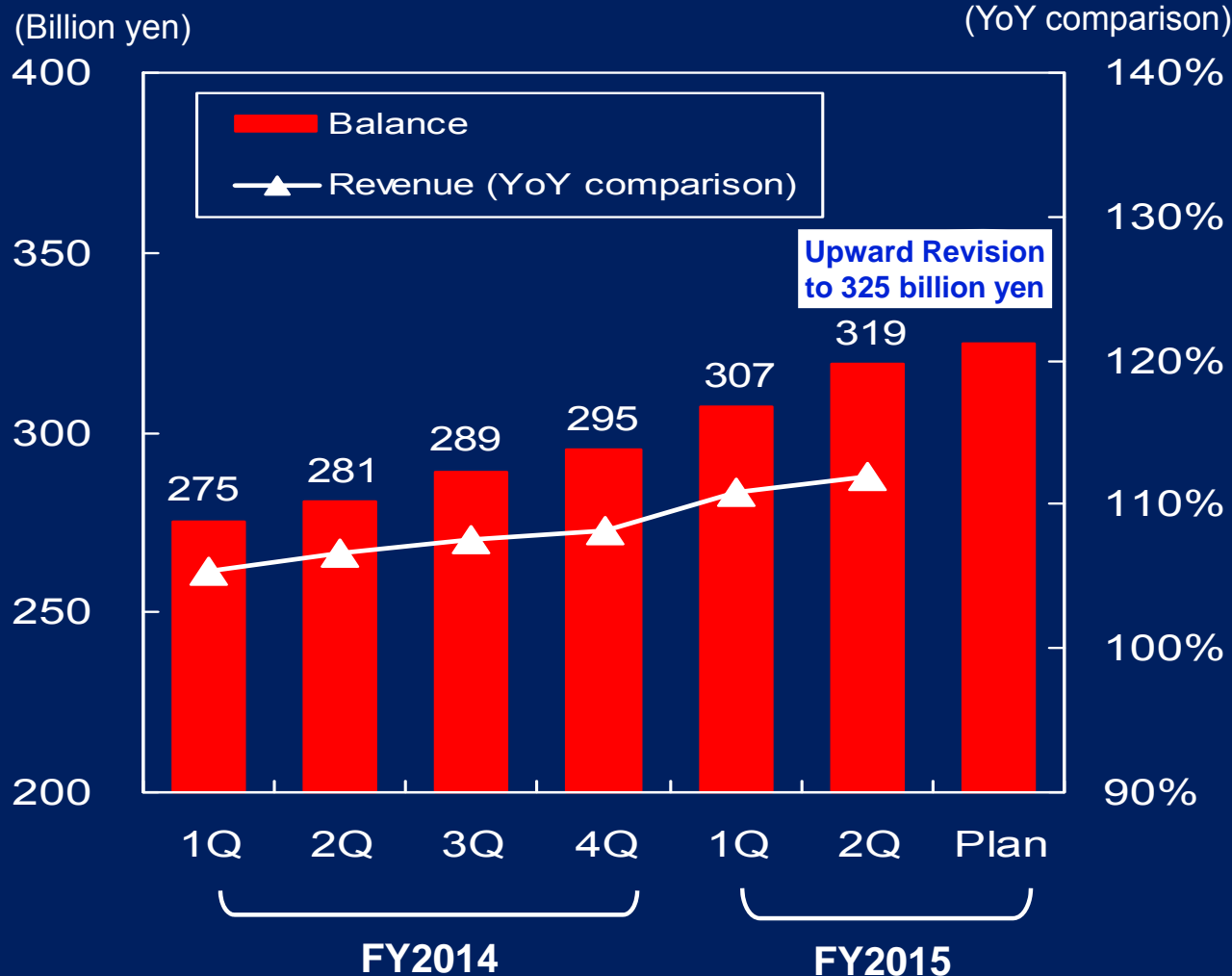


5-(2) Trends in Credit Business – Shopping Revolving –

By full utilization of customer contact channels including the Saison Counters, “Change to Revolving Repayment” and “Revolving Repayment Declaration” were strongly promoted, and, as the result, both the balance and revenue remained strong.

Initial plan: 313billion yen (YtoY comparison +6%) ⇒ Upward revision to 325 billion yen
(YtoY comparison +10%)

■ Balance and Revenue



Promotion of the revolving repayment through “Saison Portal” and face to face marketing at the Saison Counters



Change to Revolving Repayment

Members can change to **“Revolving Repayment”** by selecting the repayment method such as one or two installments.

Revolving Repayment Declaration

All the payments are **switched to “Revolving Repayment”** automatically.

5-(3) Trends in Credit Business – Cash Advances (Separate Account of Saison)

Setting up credit limits in advance to meet members' needs, as well as delivery of online cash advance services through "Saison Portal"

Response to customers' needs by promoting loan products such as MONEYCARD at the consulting centers

Diversification of the channels to provide cash advance services



Online Cashing



Saison ATM



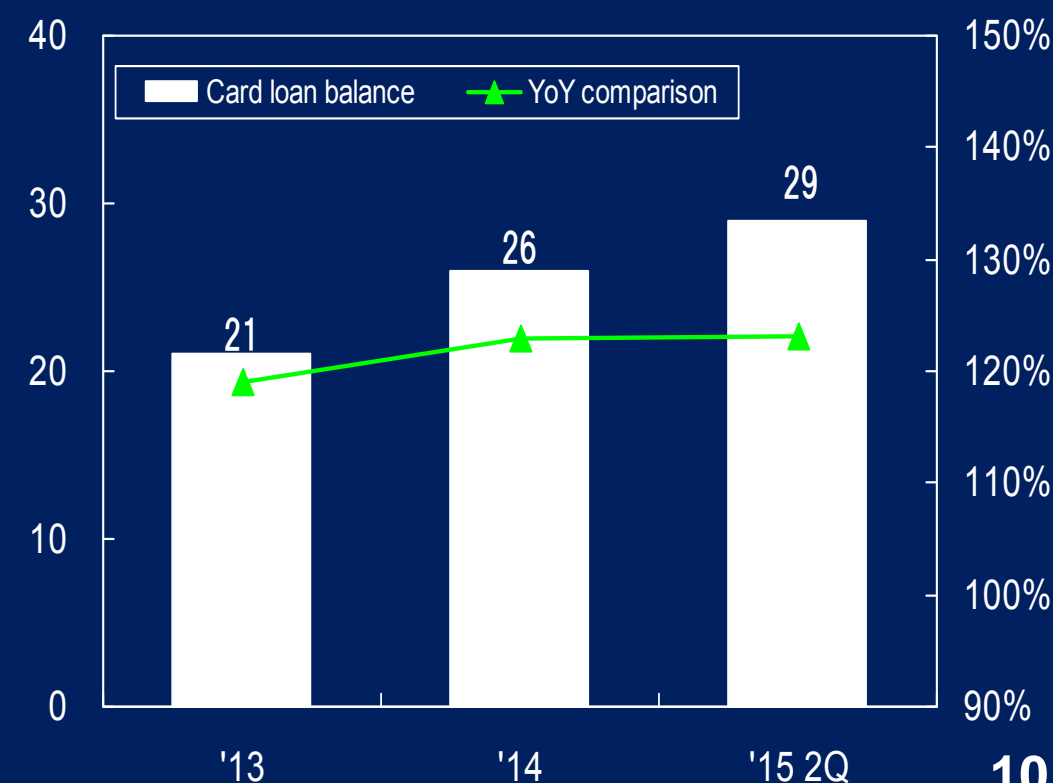
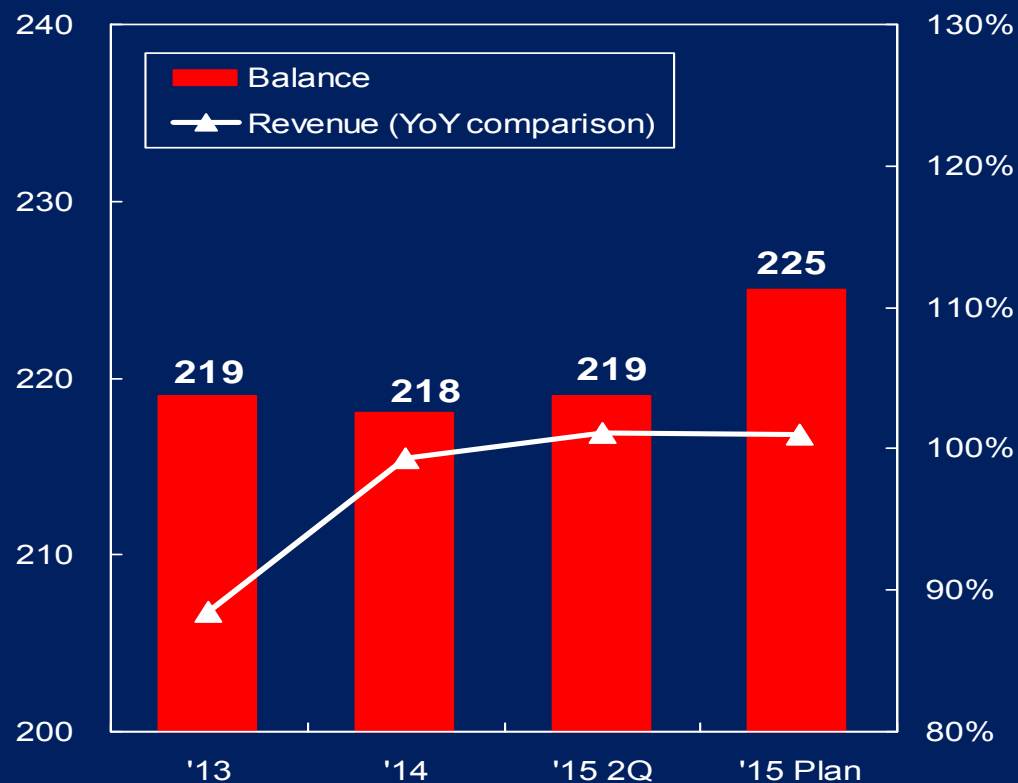
ATM in Convenience Stores



Outline of MONEYCARD Loan Products

- Ceiling on loan: max. 3 million yen
- Loan interest: 6.47% to 15.0%

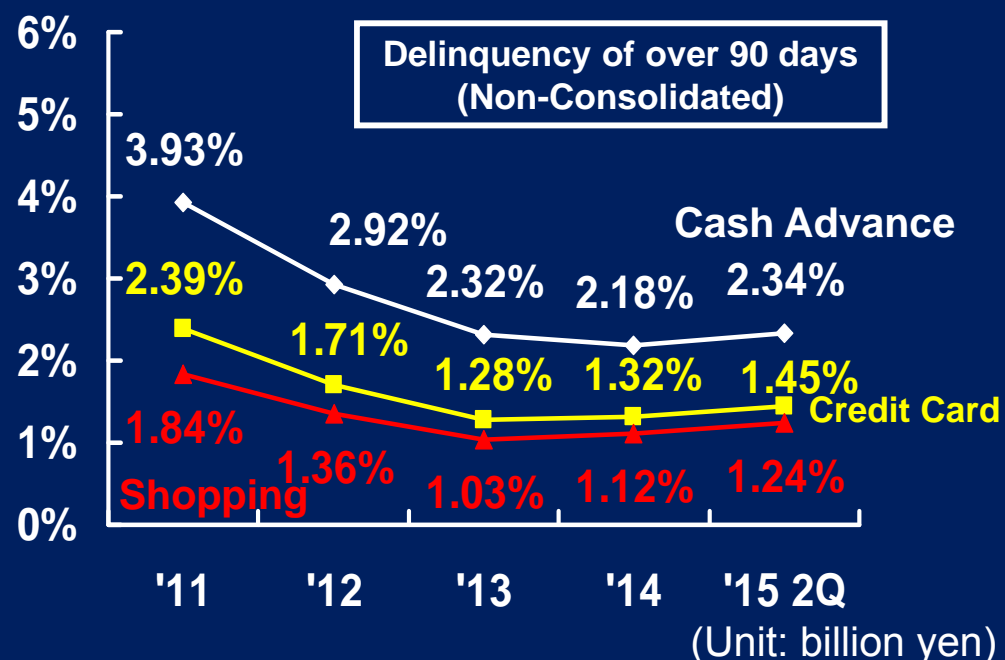
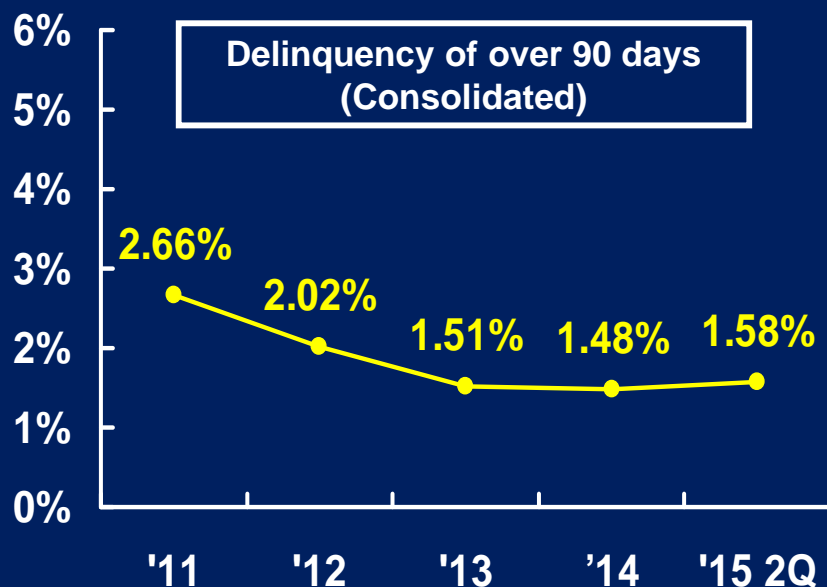
(Billion yen) ■ **Balance and Revenue** (YoY comparison) (Billion yen) ■ **Balance of Loan Products** (YoY comparison)



6. Credit Risk / Credit Cost

Combination of aggressive sales activity and balancing between risk and profits to attain increases in balances of revolving repayment and cash advances

■ Trends in Credit Risk



■ Credit Cost Results / Estimate (Unit: billion yen)

[Consolidated]

	2Q Results		Estimate		
		YoY difference		Difference from plan at start of year	YoY difference
Credit Cost	10.7	1.5	22.3	1.4	(5.5)
General	10.7	1.5	22.3	1.4	4.4
Interest Repayment	0	0	0	0	(9.9)

[Non-consolidated]

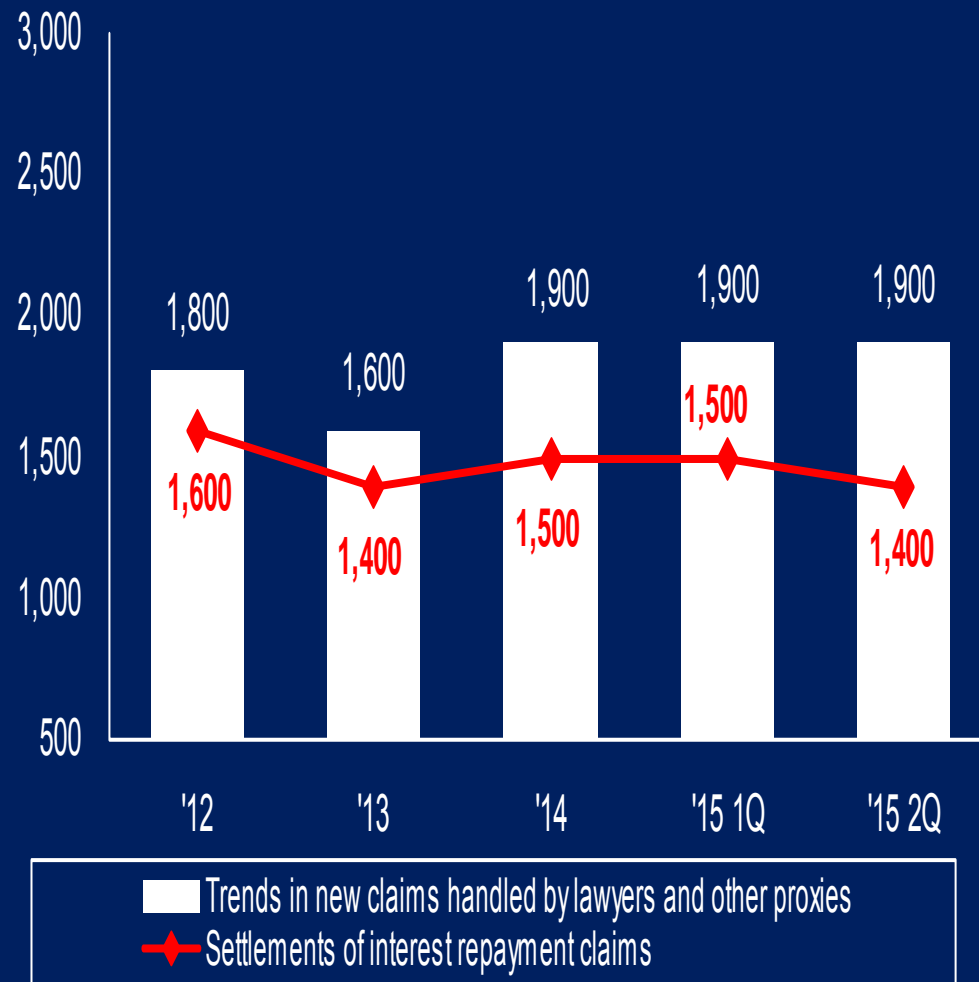
	2Q Results		Estimate		
		YoY difference		Difference from plan at start of year	YoY difference
Credit Cost	10	1.7	20.2	1.3	(5)
General	10	1.7	20.2	1.3	3.8
Interest Repayment	0	0	0	0	(8.8)

7. Interest Repayment Claims

The number of new claims handled by lawyers and other proxies hovered at the almost same level with the previous year.

■ Trends in new claims handled by lawyers and other proxies (monthly average)

Monthly average (Unit: number of cases handled)

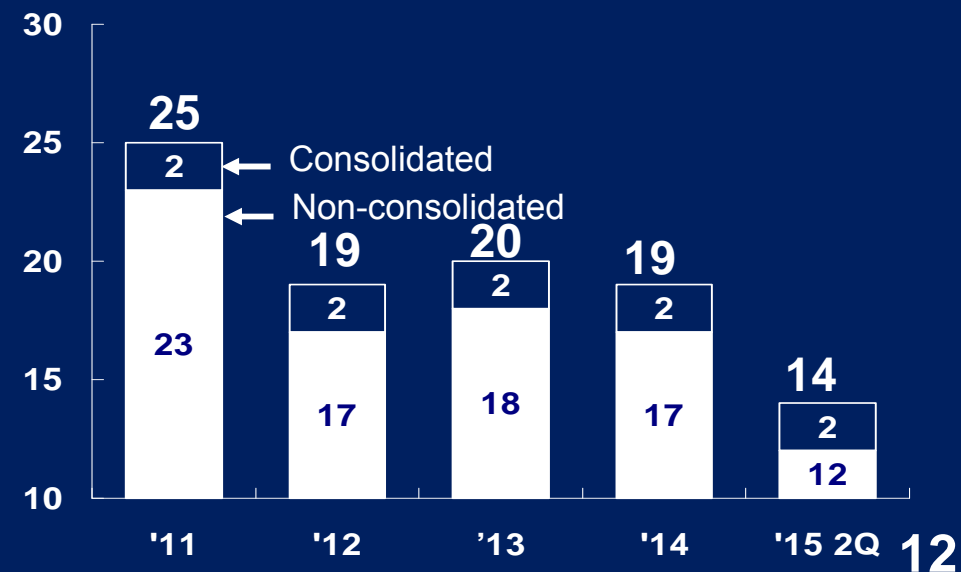


■ Trend of provision for loss on interest repayment

(Unit: billion yen)

2Q Results	Consolidated	Non-consolidated
Reversal	5	4.7
Provision	0	0
Balance change	(5)	(4.7)

(Unit: billion yen)



8. Financial Indices

■ Shareholder's Equity ▪ Total Assets ▪ Shareholder's Equity Ratio

	Consolidated		Non-Consolidated	
		change from end of FY2014		change from end of FY2014
Shareholders' Equity	466.8 billion	+21.7	398.1 billion	+9.6
Total Assets	2,431.5 billion	+58.2	2,336.6 billion	+48.6
Shareholders' Equity Ratio	19.2%	+0.4%	17.0%	+0%

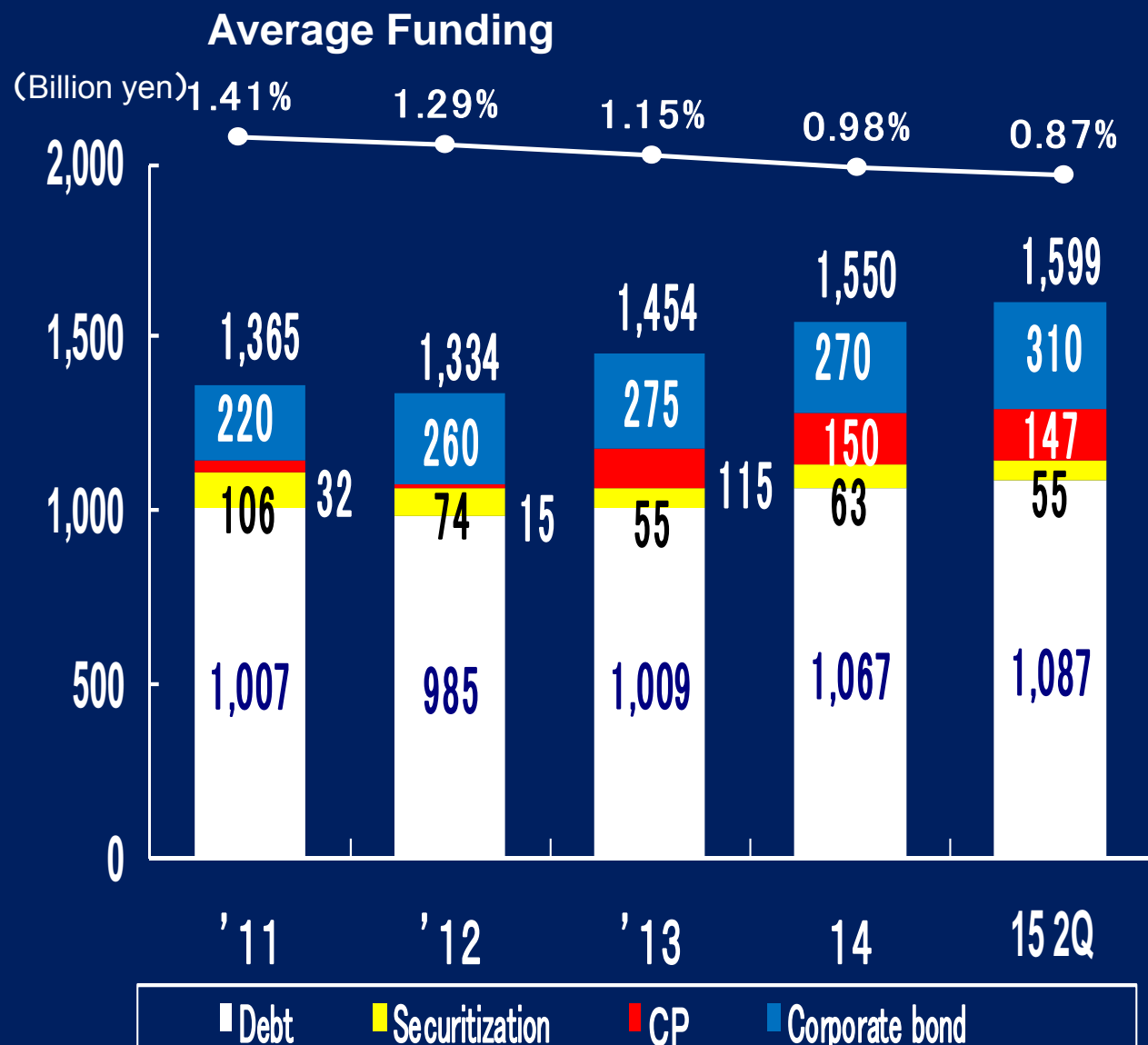
9. Revisions to Forecast of Business Results

(Unit: billion yen)

		Estimate (Published on May 13) (A)	New estimate (B)	Difference (B-A)	Reasons for the revision
Consolidated	Operating Revenues	268	270	+2	[Reasons of the upward revision] ■ Consolidated Account <ul style="list-style-type: none"> Income of Atrium Co., Ltd., our consolidated subsidiary, increased more than expected
	Ordinary Income	54.5	60	+5.5	
	Net Income	35	38.5	+3.5	
Non-consolidated	Operating Revenues	230	231.7	+1.7	■ Non-consolidated Account <ul style="list-style-type: none"> Performance of the Finance Business remained strong Reallocation of management resources for development of the foundation for the future growth
	Ordinary Income	46	46.5	+0.5	
	Net Income	27.5	34	+6.5	

(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



[Rating] R&I A⁺

FY2015 bond issue

Total: 60 billion yen

July: Issuance volume of 10 billion yen

Period: 3 years

Interest rate: 0.180%

July: Issuance volume of 30 billion yen

Period: 4 years

Interest rate: 0.256%

September: Issuance volume of 20 billion yen

Period: 7 years

Interest rate: 0.538%

"Retail bonds feature"

- ¥ 100,000 can be purchased from
- To change the maturity of individual investors Corresponding to the investment needs

Long-term Ratio: 78%

Fixed Ratio: 68%

(Reference) Progress Status of Associated Core System Development

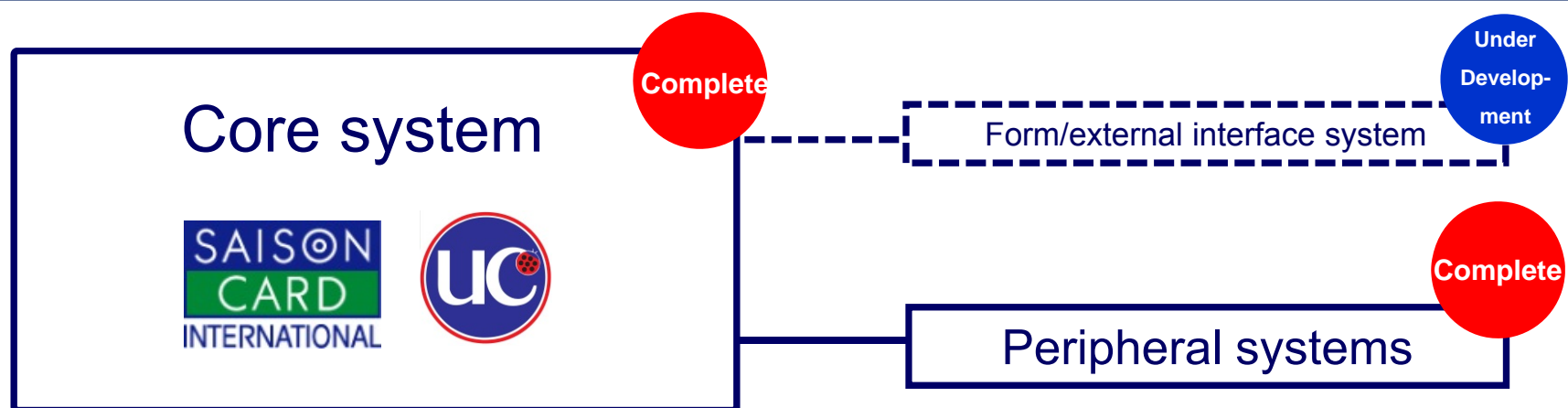
Preparation for the system release in the second half of FY2016 has been progressed as planned.

[Purposes of development]

- Consolidating customer management
 - Central management of Saison/UC brand customer information
- Aiming at efficiency in developing additional systems with improved flexibility
 - Reduction of expenses required when developing new services or joint businesses
 - Expanding processing business through increased versatility

[Development status and future plans]

- Gross investment: approximately 200 billion yen (consolidated)
 - Development and quality assurance for safe and reliable system migration





Ⅱ. FY2015 Management Strategy

- ◆ Management vision
- ◆ Priority Policies,
FY2015 Second Half
- ◆ Management strategy



Neo Finance Company in Asia

< STRATEGY I >

Developing and brushing up our strategic weapons
by thoroughly strengthening corporate sales

< STRATEGY II >

Creating customer value with the
help of innovation



Payment
カードビジネス

Solution
ソリューションビジネス

Finance
ファイナンスビジネス

Internet
ネットビジネス

< STRATEGY III >

The **ASEAN** business development
in collaboration with local companies

Global
海外ビジネス



< STRATEGY IV >

Evolving towards "Independent
organization" by managing diversity



◆ Management Strategy and Priority Policies, FY2015 Second Half

1

Business Expansion from the Personal Consumption Market to the Business Consumption Market

2

Capturing of the Prepaid Card Market

3

Implementation of Structure for Corporate Sales across the Company

4

Responding to Financing Needs by a Variety of Finance Products

5

Strategic Expansion of the Internet Business

6

Development of Business Foundation in ASEAN Countries

■ Maximization of Number of Newly Issued Cards

- Strengthening of sales activities to acquire new customers at the time of new shop opening of our business partners

1st half in FY2015: LaLaport Fujimi and
Mitsui Outlet Park Hokuriku Oyabe

2nd half in FY2015: LaLaport Ebina EXPOCITY Tachikawa-Tachihi

New card member acquisition activity
at “LaLaport Fujimi” opened in April, 2015



Mitsui Shopping Park Card Saison



1st Half Result

No. of cards issued:	1.28 million (YoY comparison +9%)	2.7 million (YoY comparison +14%)
No. of active members:	14.82 million (YoY diff +0.24 million)	15.4 million (YoY diff +0.82 million)

Annual Plan

■ Strengthening of new member acquisition activities in both the real channel and internet channel

- Promotion of higher-class cards of the Saison American Express® Card
- Increase in card members by utilizing web and smartphones



■ Formation of the new growth foundation by utilizing the open innovation

- Introduction of credit card payment system for so-called life events
- Development of the payment settlement scheme to use smartphones

■ Expansion of availability of credit cards

- Implementation of cashless payment of taxes including “hometown tax” (“benefit-your-locality” tax scheme)

Using of card settlements for the hometown tax

: Increase by about 9 times from the previous year

Hometown tax

Automobile tax

Fixed assets tax

Creation of the web site linked with apps



ORIGAMI
Social shopping app



mercari
Flea market app

Collaboration for new settlement scheme



SAISON CARD UCでお支払いいただけます!

「ふるさと納税」で
珠玉の特産品を食す

今なら抽選でキャッシュバック!



1st Half Result

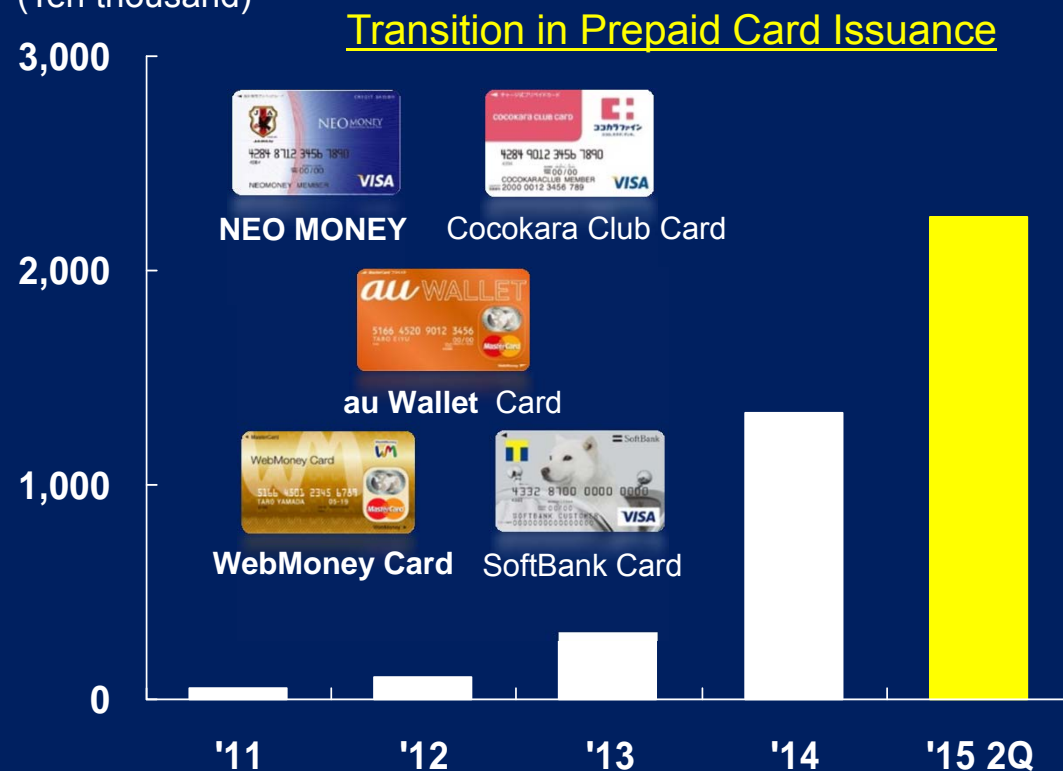
Annual Plan

Shopping transaction volume: 2.912 trillion yen (YoY comparison +5%) 4.45 trillion yen (YoY comparison +9%)

■ Establishment of the Company as the No. 1 prepaid card service in Japan

- Promotion of cashless payment by expansion of the product lineup
 - ◆ First ever in Japan! The “**NEO MONEY**” with China Union Pay Card brand
 - ◆ “**Osaifu Ponta**” from Lawson, Inc.
- Promotion of new collaboration and value addition by utilizing the know-how only the pioneer.

(Ten thousand)



New Products in FY2015



Affiliation



NEO MONEY with
China Union Pay Card brand

Gross number of cards issued:
More than **22.5 Millions**

■ Implementation of the corporate sales structure across the company to introduce cashless payment system in the BtoB market.

- Strengthening of corporate sales activities by increasing personnel in the Corporate Sales Division
- Sales promotion leveraging expansion of the insurance coverage by the corporate cards
- Expansion of the covered area of the BtoB settlement by using the cloud billing platform for the credit settlement.

Card lineup meeting scales and needs of various businesses

Tools enabling labor saving in expense settlement operations

Transition in corporate card members



Corporate Card
Cards for
Corporations



Saison Platinum
Business AMEX



“Concur”

System of settlement for
overhead costs



“Money Forward”

Account book service
Cloud billing
Credit settlement service



“Miroku Jyoho Service”

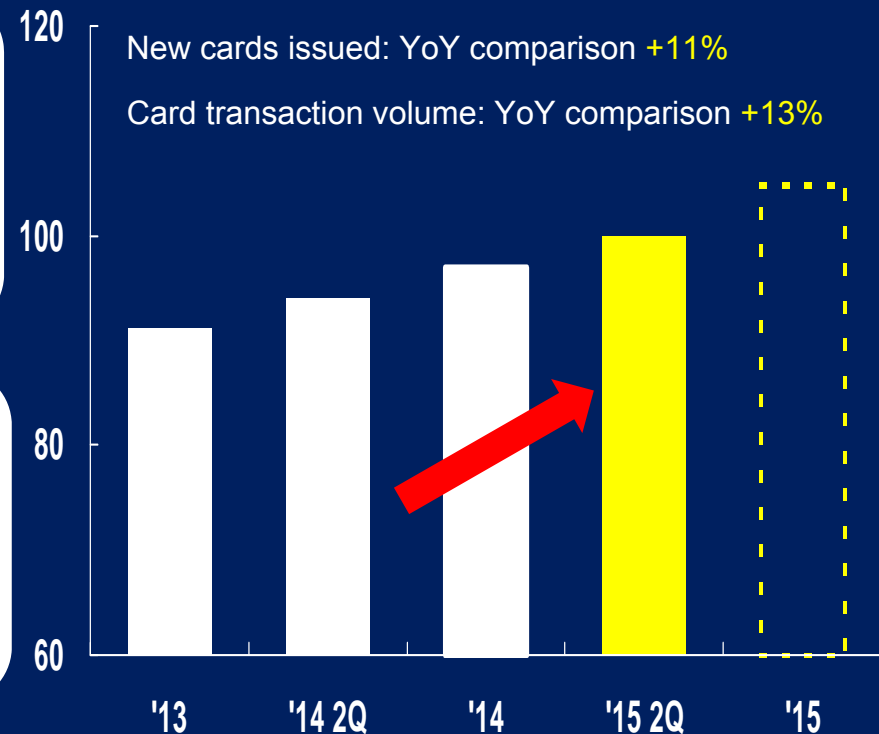
Financial management
and management
system solution



“free”

Fully-automatic Cloud
type accounting
software

(Ten thousand)



[Credit Guarantee]

■ Strengthening of collaboration with existing partners

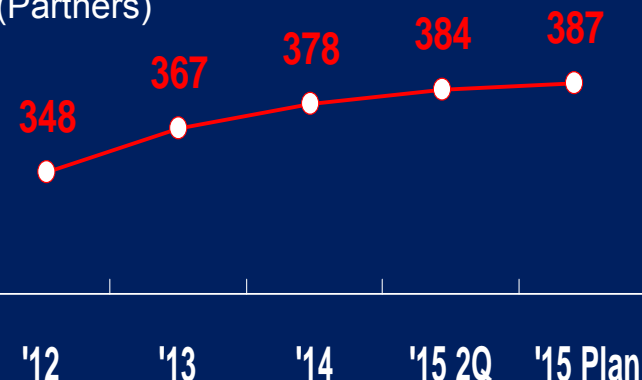
- Thorough review and reinforcement of the advantages of the service enabling it to be used for business funding
- Customization of products by “target/use of funds”
- Deepening of relationships by regular visits and seminars for new products

■ Facilitation of new business collaboration

- Expansion of our Shinkin bank network and strengthening of collaboration with local banks through promotion of the products for sole proprietors
- Continuation of approach to financial institutes by leveraging our “credit guarantee capability, versatility and marketing power”

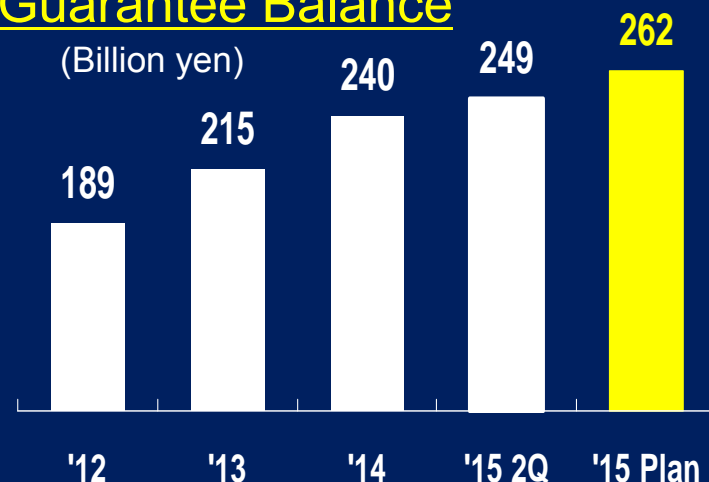
No. of Business Partners

(Partners)



Guarantee Balance

(Billion yen)



1st Half Result

No. of business Partners: 384 partners (Difference from the previous term-end: +6 partners)

Guarantee balance: 249.1 billion yen (YoY comparison +9%)

Operating revenue: 7.4 billion yen (YoY comparison +10%)

Annual Plan

387 partners (Difference from the previous term-end: +10 partners)

262 billion yen (YoY comparison +9%)

15.3 billion yen (YoY comparison +10%)

[Finance Business]

■ Active promotion of asset formation loans matching market needs

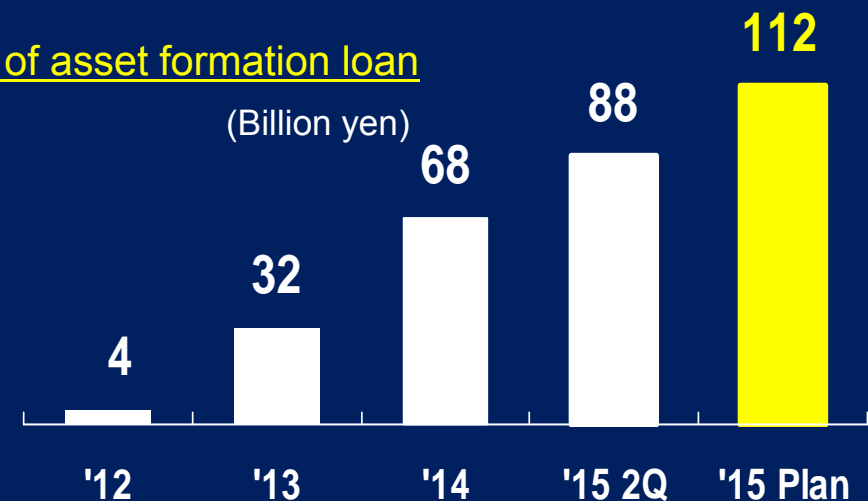
- Customization of marketability matching market needs and strengthening of support systems through seminars for partner companies
- Increase in new partner companies, and in transaction volume of loans for purchase of condominiums, apartments and existing houses



■ Strengthening promotion of real estate mortgage loan

- Provision of the purchase fund loan for real estate businesses
- Promotion of non recourse loans to develop multiple revenue streams

Balance of asset formation loan



<Result and Plan of Asset Formation Loan> 1st Half Result

Annual Plan

Claim balance: 88.1 billion yen (YoY comparison +85%) 111.6 billion yen (YoY comparison +65%)

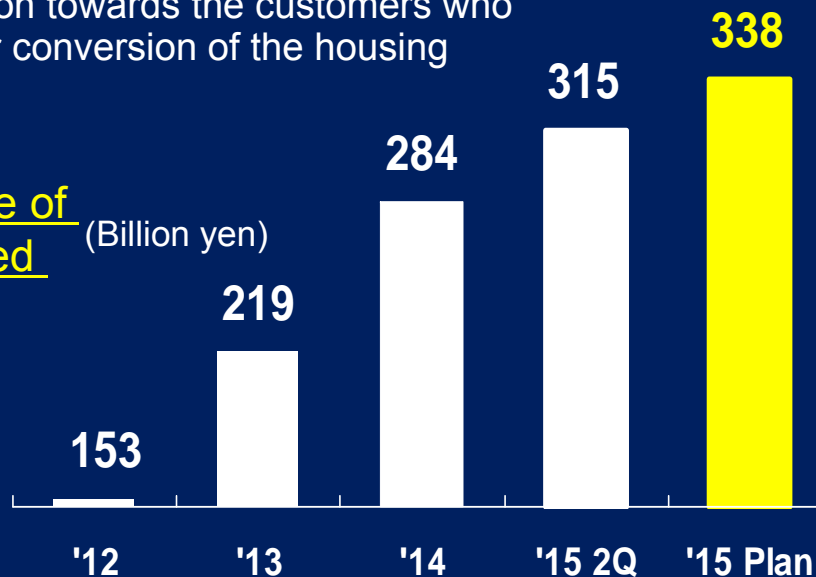
Operating revenue: 1 billion yen (YoY comparison +84%) 2.2 billion yen (YoY comparison +73%)

[Flat 35]

- Increased screening speed and enhanced service level
- Strengthening of sales activities toward new and existing real estate brokers to acquire the purchasers of new and existing houses
- Strengthening of advertisements and promotion towards the customers who seek for conversion of the housing loans



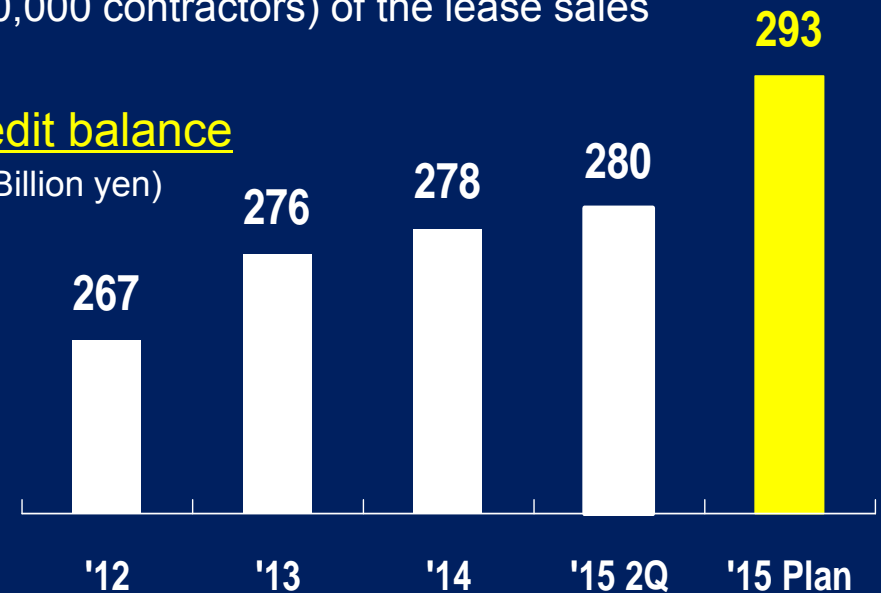
Flat 35
Balance of assigned claims
(Billion yen)



[Lease & Rental]

- Strengthening of marketing approach to **important dealers**
- Promotion and enhancement of **new market development**
- Aggressive strengthening of corporate sales activities** to promote the settlement at the dealer sites (BtoB settlement) by utilizing the customer base (430,000 contractors) of the lease sales

Credit balance
(Billion yen)



	1st Half Result	Annual Plan
Claim balance:	315.1 billion yen (YoY comparison +24%)	338 billion yen (YoY comparison +19%)
Operating revenue:	700 million yen (YoY comparison +61%)	1.1 billion yen (YoY comparison +7%)

	1st Half Result	Annual Plan
Transaction volume:	52.3 billion yen (YoY comparison -4%)	120.0 billion yen (YoY comparison +13%)
Claim balance:	280.1 billion yen (YoY comparison +0%)	280.3 billion yen (YoY comparison +4%)
Operating revenue:	6.8 billion yen (YoY comparison -3%)	14.0 billion yen (YoY comparison +2%)



[Data marketing business]

- Expansion of NET member base by promoting the downloads from “Saison Portal”
- Development of new services such as billing operation



[Advertisement business]

- Development of new strategic foundation by providing the features of “Eikyufumetsu.com” to other companies including Resona Bank
- Enhancement of the value of “Eikyufumetsu.com” by introducing the “Gain the point by gaming” advertisement, the model that we firstly employed, and that is billed on the number of impressions.



1st Half Result

11.82 million

Annual Plan

12.72 million

Number of

Internet cardholders: (Difference from the previous term-end: +6%) (Difference from the previous term-end: +14%)

Discovery of and collaboration with the venture companies that have cutting-edge technologies or services such as card-less settlement or smartphone settlement, for development of the next age settlement solution.

[Samples of alliance]



Indonesia



Capital and business tie-up with Pt.Modern
Internasional Tbk.
(70% ownership)

Establishment of “PT. Saison Modern Finance”

- Expansion of **prepaid card and point program operations**
- In addition to **franchising, leasing services** of the facilities for the owners of the newly opened shops
 - * The number of the shops is expected to increase by about ten times to **around 2,000**.
- Dispatch of our President Director is planned.

Vietnam



Capital and business tie-up
with HD Bank

Operation commencement of “HD SAISON Finance Company”

- Operation of credit card and prepaid card business
- Handling of individual article installment of **motor cycle and consumer electronics**
No. of bases: more than **220** branches and **3,900** bases in Vietnam

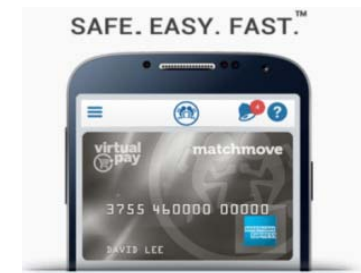


Singapore



Capital and business tie-up with
“Matchmove Pay Pte Ltd.”

- Development of **virtual prepaid card operations** in Southeast Asia
- Strengthening of sales activities for an increase in business partners (**7** business partners)



Development of Business Foundation in ASEAN Countries (2)

Global
Overseas Business

Overseas bases



China (Shanghai)



Vietnam
(Hanoi/Ho Chi Minh)



Indonesia



Singapore

Areas in which we are
considering launching
operations



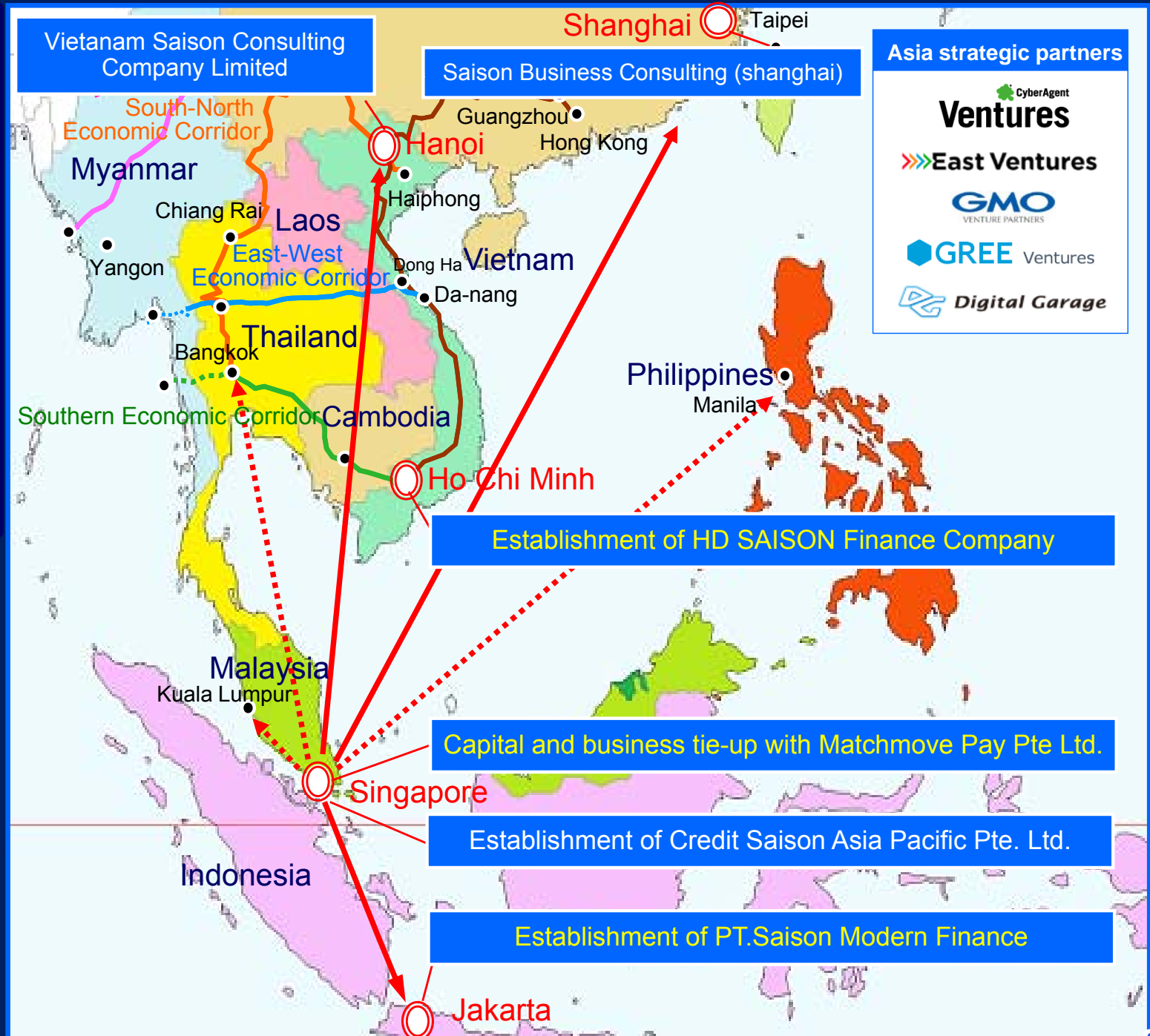
Philippines



Thailand



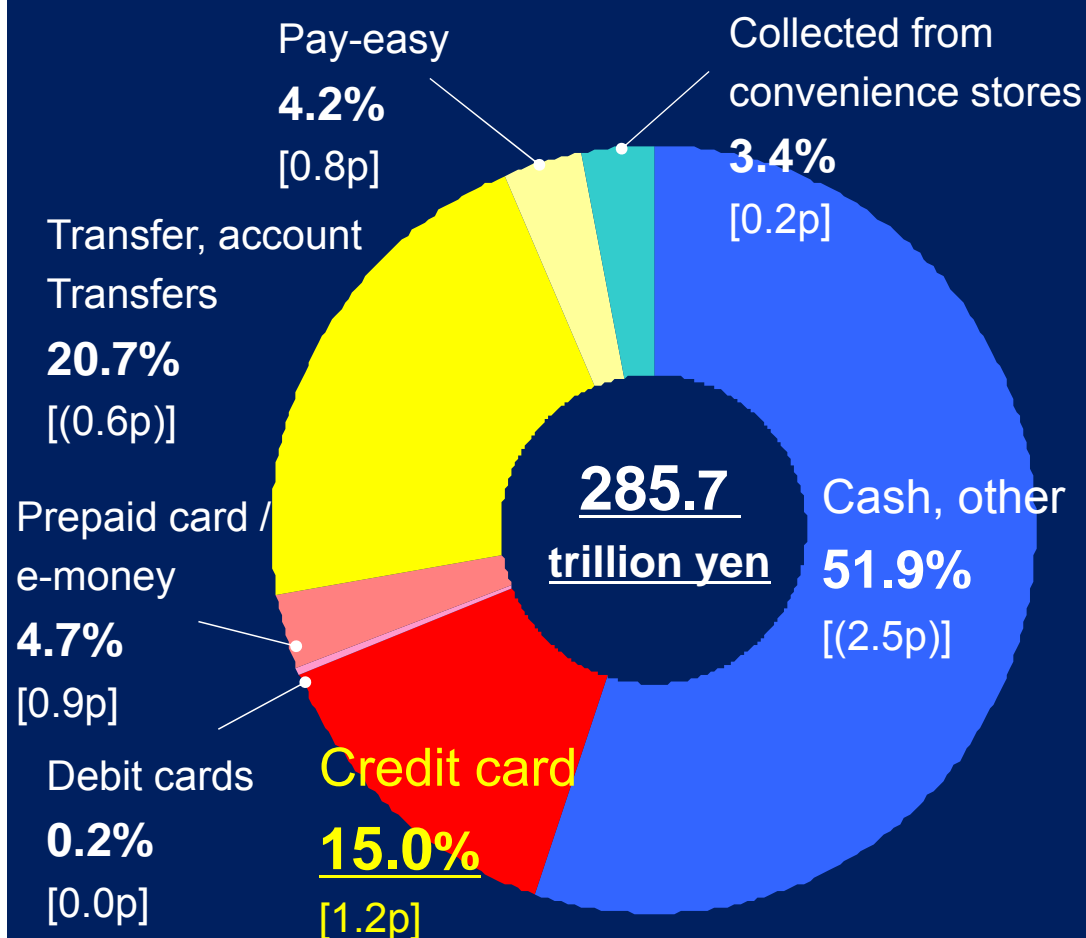
Malaysia



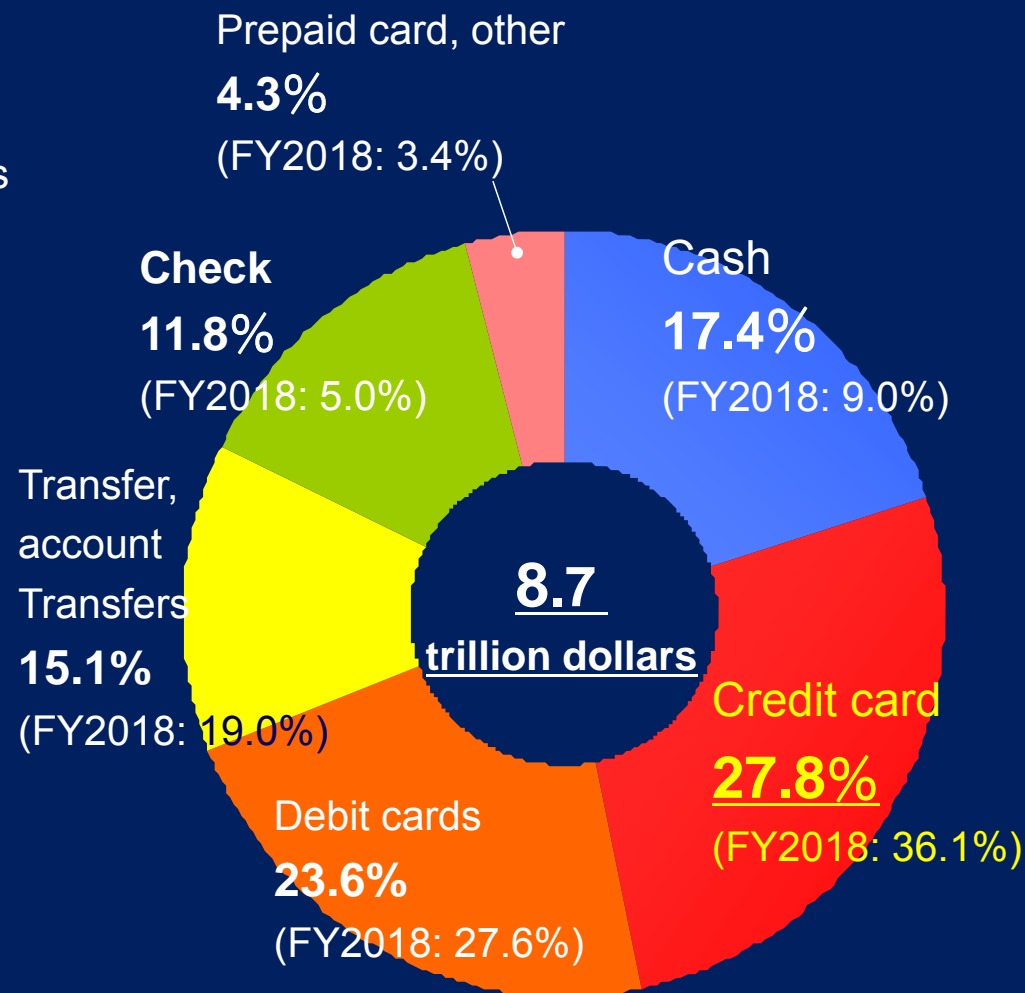
(Reference) Comparison of Share for Payment Service Methods in Consumer Spending in Japan and the U.S.

Japan (FY2014)

※[YoY]



U.S.A. (FY2013 → FY2018 forecast)

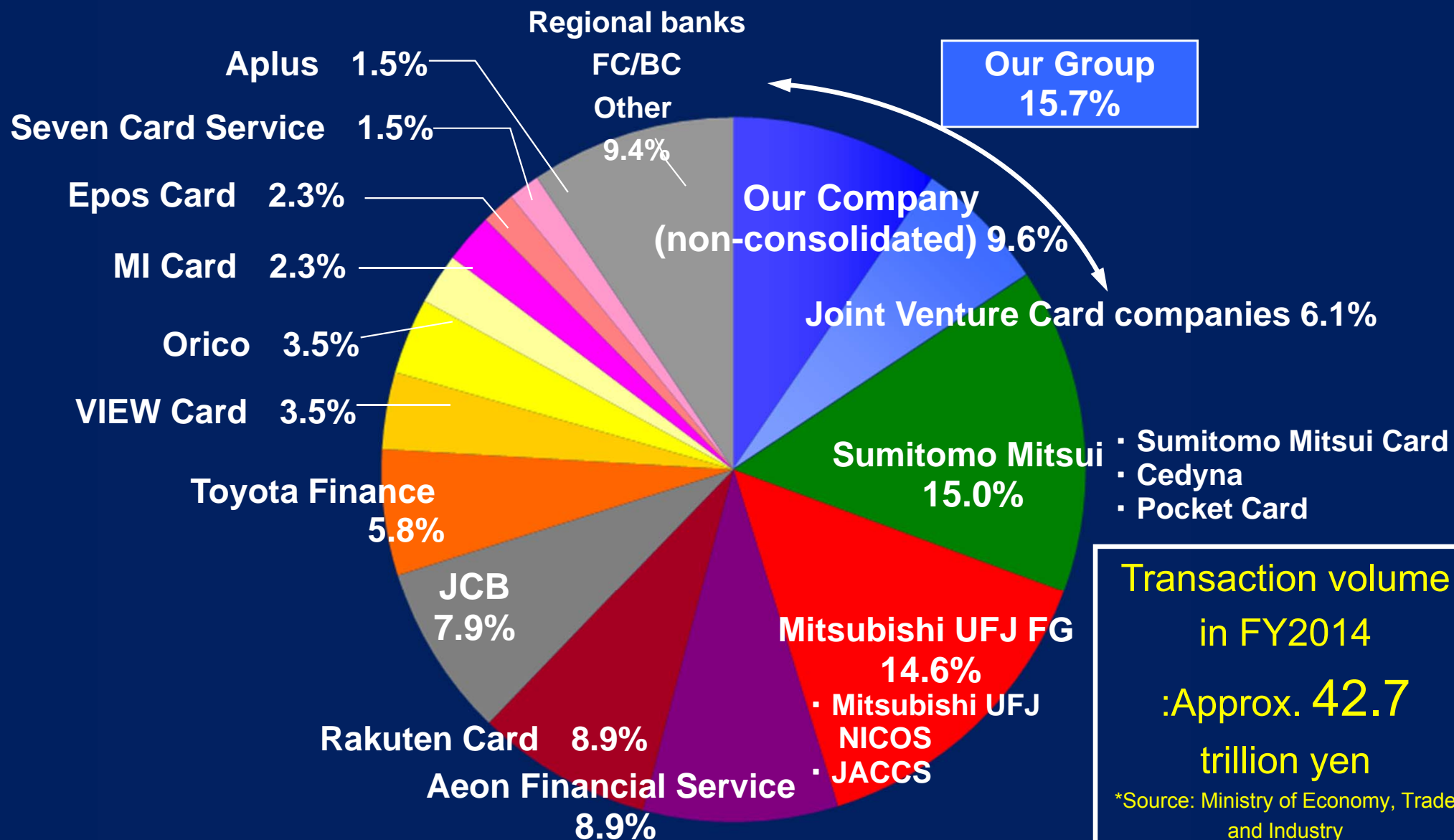


* Japan: Calculated by our company based on sources such as the Ministry of Economy, Trade and Industry, New Payment Report, Mitsubishi UFJ Research and Consulting, and official documents from various companies.

* U.S.A: Calculated by our company based on the "2013 Results and 2018 Forecast" listed in the NILSON REPORT.

(Reference) Domestic Market Share (Shopping Transaction Volume)

■ Card shopping transaction volume (issuer base) 【2014 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. 110) are calculated as "FC and BC of regional banks"

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

Contribution to society ① – Japan's National Soccer Teams

Japan's National Soccer Teams 「Nadeshiko JAPAN」「SAMURAI BLUE」 Supporting



Contribution to society ② – Social and cultural activities

Jose Carreras

Holding in Japan a performance by Mr. Jose Carreras, the only one of the Three Tenors famed across the world, who is still performing



Akagi Nature Park

Managing a forest that brings people into contact with nature with its successive beauties of the year extending across the west slopes of Mt. Akagisan in Shibukawa City, Gunma prefecture



[Best Sightseeing Spots in Fall]



Overhanging colored leaves



Chestnut tiger butterfly



Anemone hupehensis

Support of Center for iPS Cell Research and Application run by Professor Yamanaka

Contribution to Center of iPS Cell Research and Application, Kyoto University where Dr. Shinya Yamanaka takes the office of the Director.



Relief fund for the victims of April 2015 Nepal earthquake

Contribution to support the victims of April 2015 Nepal earthquake

