FY2016 2nd Quarter Management Report

2016. 11. 10

CREDIT SAISON CO., LTD.

AGENDA

Saison AMEX Lineup

◆ FY2016 First Half Business Highlights

Ⅰ. FY2016 First Half Financial Report

Ⅱ. FY2016 Management Strategies

Ⅲ. ESG - related

Main Topics of the First Half of 2016 Fiscal Year

STRATEGY Ⅰ

Challenge of the changing business model in card business

- Saison Cards and UC Cards started to support Apple Pay.
- Development of solutions for corporate users, such as "Saison Smart Transfer Service"

セゾン
スマート
振込サービス

STRATEGY Ⅲ

Multidirectional alliance in finance business

- Increase in partners in the credit guarantee service market to 399 (+11 from the previous term) with the balance exceeding 300 billion yen (317.6 billion yen, +7% from the previous term-end)
- Increase in balance of assigned claims to 393.6 billion yen (+11% from the previous term-end), thanks to the effect of expansion of the product portfolio such as "Saison's Home Assist Loan"

STRATEGY Ⅱ

Alliance strategy with open innovation

- Collaboration with Digital Garage, Inc. for development of "Saison DMP (Data Management Platform)," an infrastructure for big data processing to provide the most suitable information to each credit card member
- Collaboration between Digital Garage, Inc., Kakaku.com, Inc. and Saison for establishment of "DG Lab," an open-innovation type research and development organization

STRATEGY Ⅳ

Diversified business operation in broad ranges of Asia

- Almost double-sized expansion of sales bases (total 6,794 bases) since May 2015 when the company established, thanks to the efforts represented by opening the HD SAISON counter in Ho Chi Minh Takashimaya, the first Japanese department store in Vietnam

HD SAISON counter in Ho Chi Minh Takashimaya

Ⅰ. FY2016 First Half Financial Report

1. Financial Results

(¥ billion)

		FY2015 2nd Quarter	YoY (%)	FY2015 2nd Quarter	YoY (%)	FY2016 (Estimate)	YoY(%)
Consolidated	Operating Revenues	134.9	106.6	137.2	101.7	278.0	103.0
	Ordinary Income	34.2	128.7	31.0	90.6	50.0	114.1
	Quarter Net Income	23.0	124.3	28.2	122.7	38.5	147.2
	Earnings per Share (¥)	125.28	124.2	172.93	138.0	235.72	160.0
Non-consolidated	Operating Revenues	111.6	105.1	117.1	105.0	239.6	104.8
	Ordinary income	22.0	100.2	23.9	108.9	40.0	122.6
	Quarter Net Income	12.7	93.4	21.0	165.5	28.5	111.5

■Operating Revenue

・The Credit Service Business and Finance Business drove the overall business performance.

[Credit Service Business] Expansion in shopping transaction volume and balance of revolving payment

[Finance Business] Expansion of the Credit Guarantee Business, “Flat 35” and “Asset Formation Loan”

■Ordinary Income

・Reactionary fall after the temporary income increase resulted from sales of large-scale real estates for the reason of the restructuring plan of Atrium Co., Ltd., one of our consolidated subsidiaries, in the same period of the previous year.

■Quarter Net Income

・The received payment of settlement money for delay in system development was recorded as extraordinary profits of 11.4 billion yen.

2. Results by Business Segment

(¥ billion)

	Operating Revenues			Operating Income		
	FY2015 2nd Quarter	FY2016 2nd Quarter	YoY (%)	FY2015 2nd Quarter	FY2016 2nd Quarter	YoY (%)
Credit Service	100.3	103.9	103.6	10.8	11.0	102.6
Lease	6.8	6.7	99.4	2.6	2.6	98.0
Finance	12.7	15.1	118.6	7.0	8.1	116.1
Real Estate-related	10.0	7.0	70.1	5.4	2.8	52.4
Entertainment	5.5	4.9	89.0	0.7	0.6	89.5
Total	135.4	137.7	101.7	26.7	25.3	95.1
Inter-segment Transactions	(0.5)	(0.5)	-	0	0	-
Consolidated	134.9	137.2	101.7	26.7	25.4	95.1

■Credit Service Business

・Expansion in customer base contributed to the continued growth of shopping transaction volume, as well as an increase in balance of revolving payment.

■Finance Business

・Credit Guarantee Business：Increase in business partners, as well as establishment of new and close relationship with local financial institutes such as local banks and Shinkin bank.

・Asset Formation Loan：Strengthening of relationship with prominent business partners, in order to meet increased needs for investment in real estates.

■Real Estate Business

・Reactionary fall after the temporary income increase resulted from sales of large-scale real estates for the reason of the restructuring plan of Atrium Co., Ltd., one of our consolidated subsidiaries, in the same period of the previous year, etc.

3. Contributions by Consolidated Companies

Ordinary income: Difference between consolidated and non-consolidated figures

Contribution to consolidated results

	Non-consolidated	Consolidated	Difference
Ordinary income	¥23.9 billion	¥31.0 billion	¥7.0 billion

Major consolidated subsidiaries	Contribution to ordinary income
Atrium Group (liquidation of real estate) (servicing business)	¥2.35 billion
Saison Fundex Group (loans) (real estate)	¥1.45 billion
Concerto Inc. (entertainment business) (real estate rental business)	¥1.15 billion
SAISON PERSONAL PLUS COMPANY LIMITED (temporary staff) (servicing business) * JPN Holdings Co., Ltd. and Human Plus Co., Ltd. were consolidated in one company in January 2016, and the new company was named as Saison Personal Plus Company Ltd.	¥0.18 billion

Major equity-method affiliates	Contribution to ordinary income
Idemitsu Credit Co., Ltd. (credit card business)	¥0.56 billion
Takashimaya Credit Co., Ltd. (credit card business)	¥0.49 billion
Saison Information Systems Co., Ltd. (information processing)	¥0.40 billion

4. Main Indices (Non-Consolidated)

	FY2015 2nd Quarter	FY2015 YoY(%)	FY2016 2nd Quarter	FY2016 YoY(%)	FY2016 (Estimate)	FY2016 (Estimate) YoY(%)
New Applications (millions)	1.63	109.2	1.62	99.5	3.40	103.0
New Card Issued (millions)	1.28	109.2	1.28	99.7	2.70	103.0
Total Cardholders (millions)	25.27 (+0.30)	101.9	26.01 (+0.40)	102.9	26.92 (+1.31)	105.1
Active Cardholders (millions)	14.82 (+0.24)	102.5	14.72 (△0.05)	99.3	15.72 (+0.95)	106.4
Transaction Volume (¥ billion)	2,228.2	104.7	2,309.4	103.6	4,831.0	106.7
Card Shopping	2,091.2	105.1	2,179.9	104.2	4,573.0	107.4
Cash Advances	136.9	97.9	129.4	94.5	258.0	96.4

Figures in parentheses are changes from the previous year

- Expansion of customer base as the result of the continued activities to focus member increases of the credit cards such as “Mitsui Shopping Park Card <Saison>” and “Saison American Express® Card”
- Continued increase in shopping transaction volume through collaboration with Mitsui Fudosan and retailers including SEIYU, as well as strengthening of sales promotional activities in the corporate settlement market

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

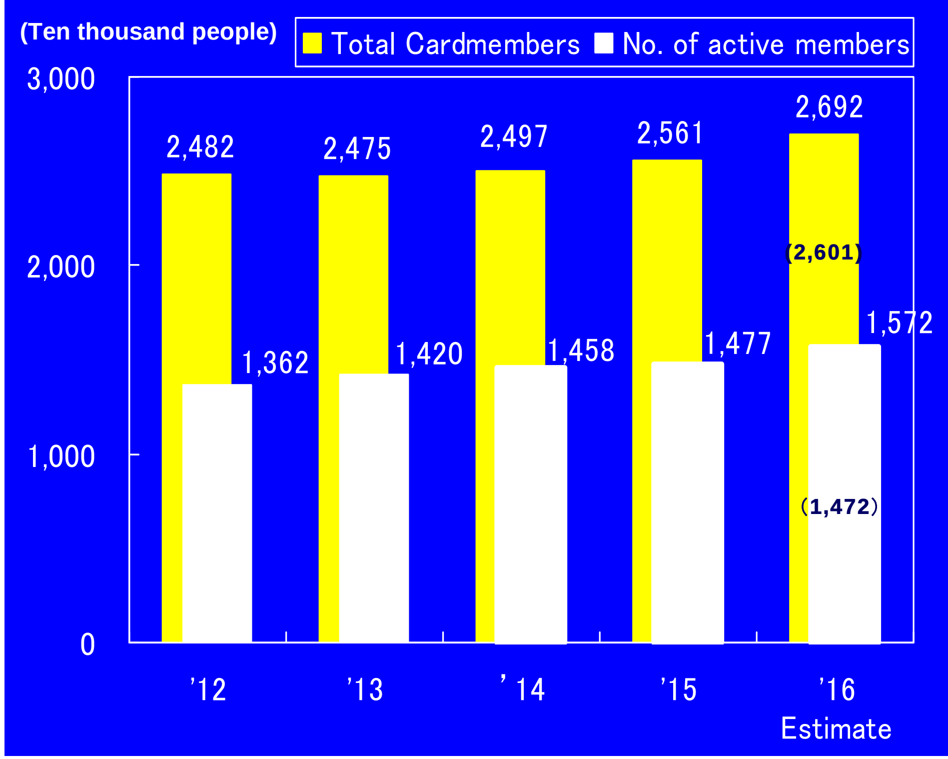
Expansion of customer base

◆Collaboration with business partners to strengthen the joint activities for increases in members of "Mitsui Shopping Park Card <Saison>" and "Saison American Express® Card"

◆Promotional activities in supermarkets and shopping malls operated by our retailer partners, in order to increase consumers' use of credit cards and to inform them about various payment methods including revolving payment

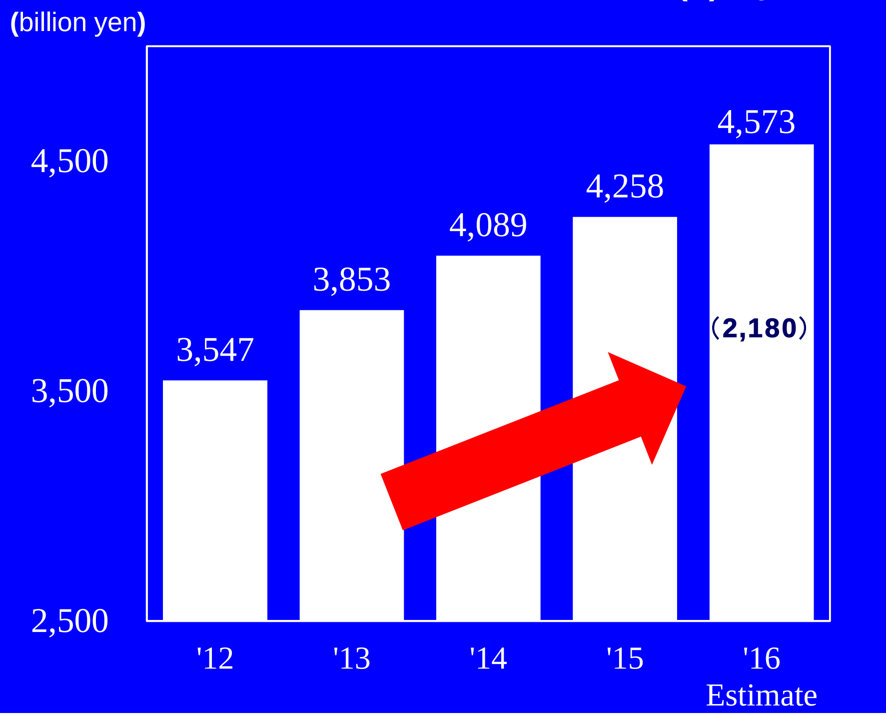
FY2016 Estimate 4,573.0 billion yen (YOY 107.4%) is promoted for achievement

[Transition in Total and Active Cardmembers]※( ) 2Q Results



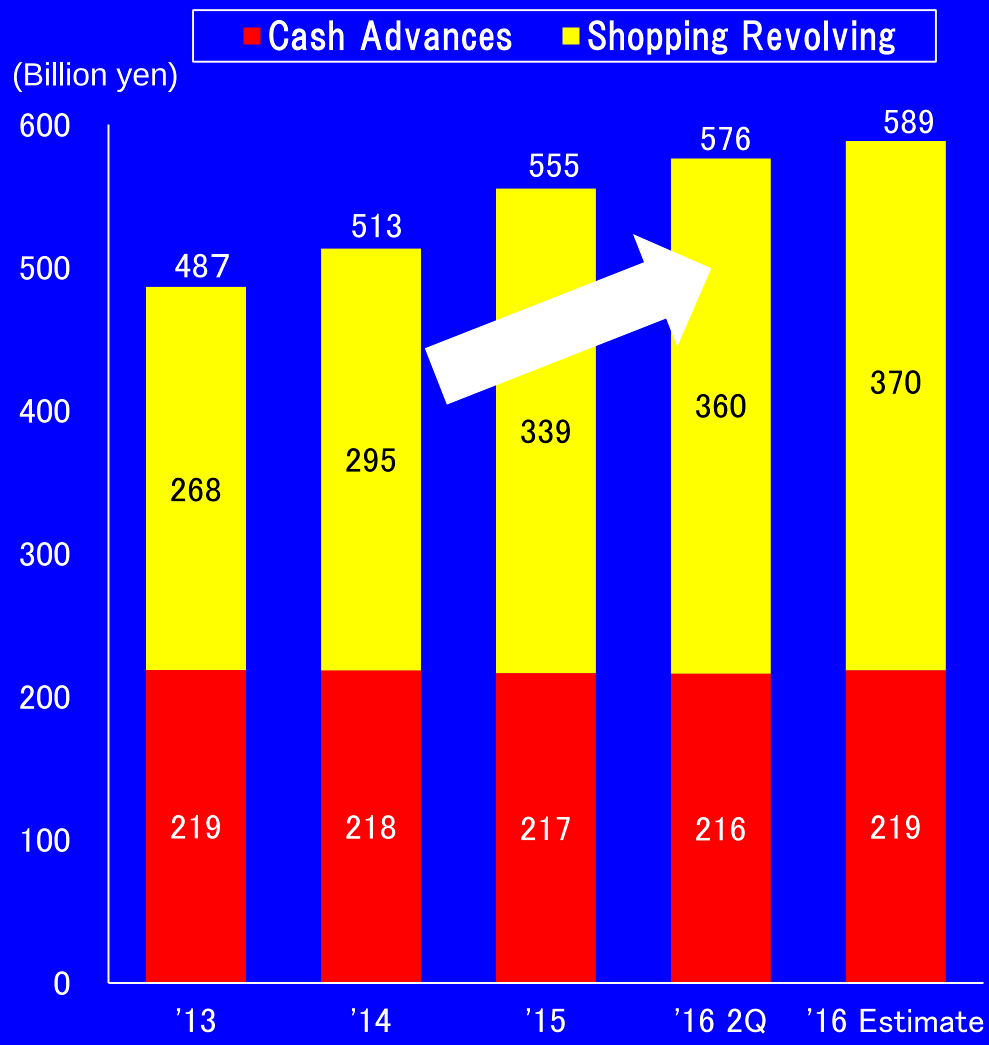
[Transition in Transaction Volume]

※( ) 2Q Results



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

■ Transition in Balance



Shopping Revolving

◆**Introduction of various payment options to meet customers' needs**

[Product Lineup]
･"Change to Revolving Payment" after Shopping
･"Revolving Payment Declaration" to switch all the payments to revolving payment

[Payment Options]
･Standard Course
･Long-Term Course

◆**Full utilization of customer contact channels**

･"Saison Portal," Smartphone app

･More than 100 Saison Counter across Japan

Cash Advances

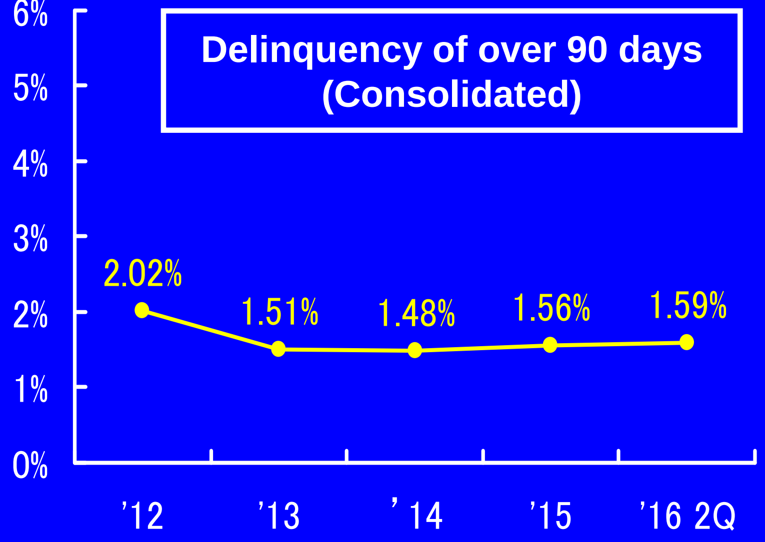
◆**Services to meet various card usage scenarios**

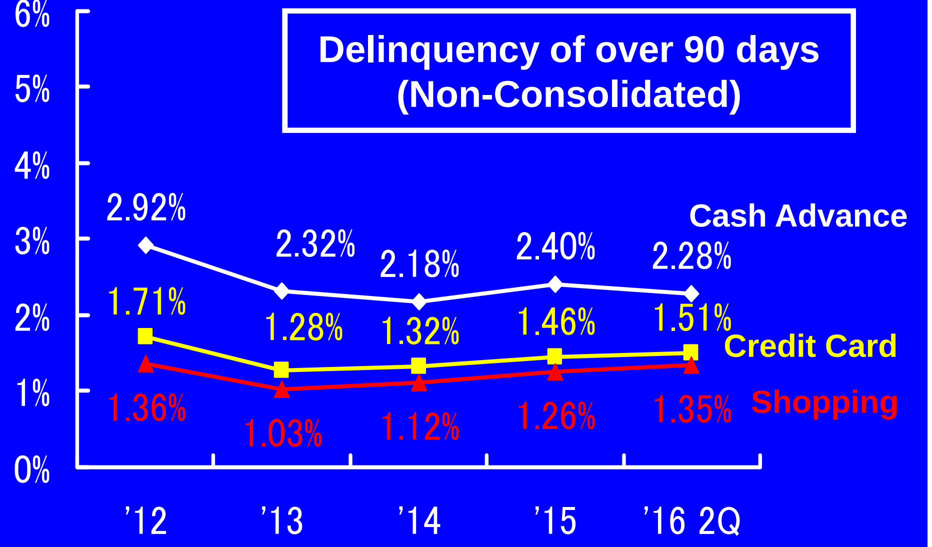
[Product Lineup]
･Cash advance by credit cards
･MONEY CARD (Card loan)
･Members loan (loan on certification)

[Diversification of available channels]
･Online cash advance
･Saison's ATM
･ATM in convenience stores

6. Credit Risk / Credit Cost

Trends in Credit Risk





Credit Cost Results / Estimate

(Unit: billion yen)

[Consolidated]

	2Q Results	YoY difference	FY2016(Estimate)	YoY difference
Credit Cost	11.6	0.9	23.2	(14.5)
General	11.6	0.9	23.2	1.2
Interest Repayment	0	0	0	(15.8)

(Unit: billion yen)

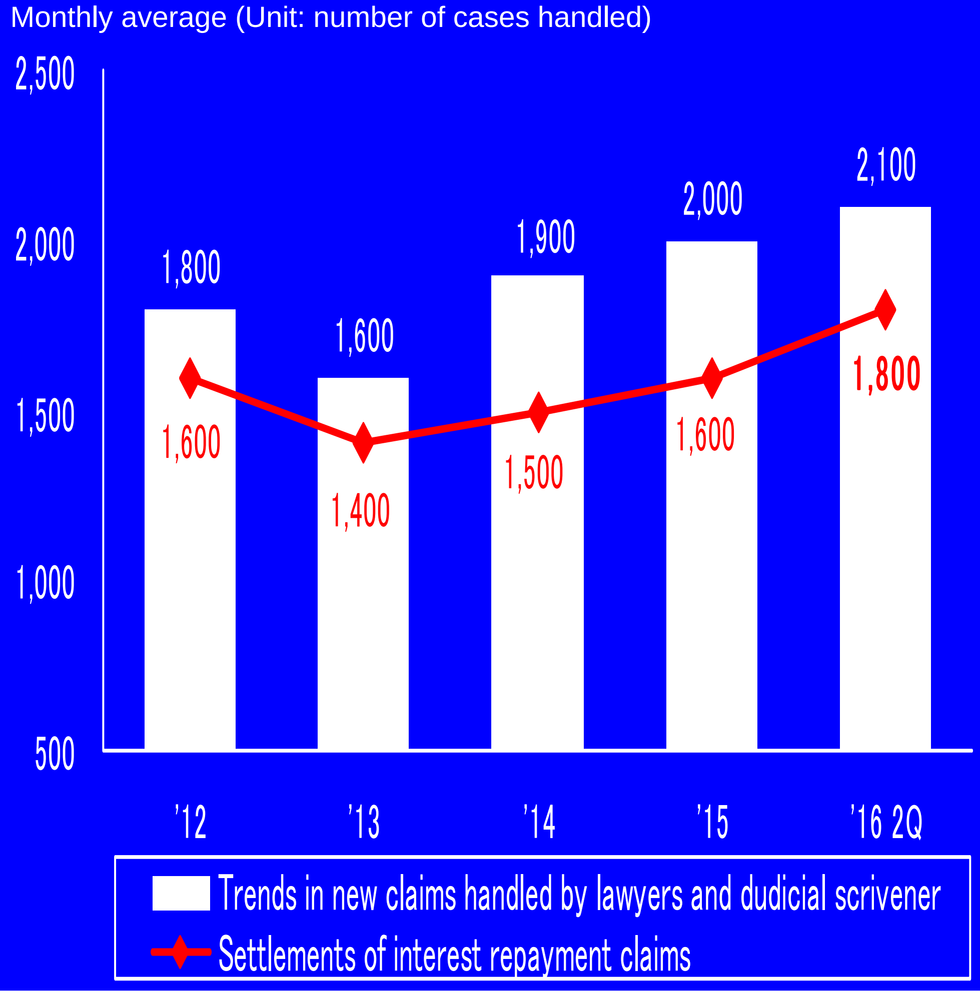
[Non-Consolidated]

	2Q Results	YoY difference	FY2016(Estimate)	YoY difference
Credit Cost	11.2	1.1	21.6	(13.6)
General	11.2	1.1	21.6	1.4
Interest Repayment	0	0	0	(15.0)

- Delinquency rate remained low, thanks to strengthening of the activities toward early collection of initial credit obligations, as well as offering of various counselling options

7. Interest Repayment Claims

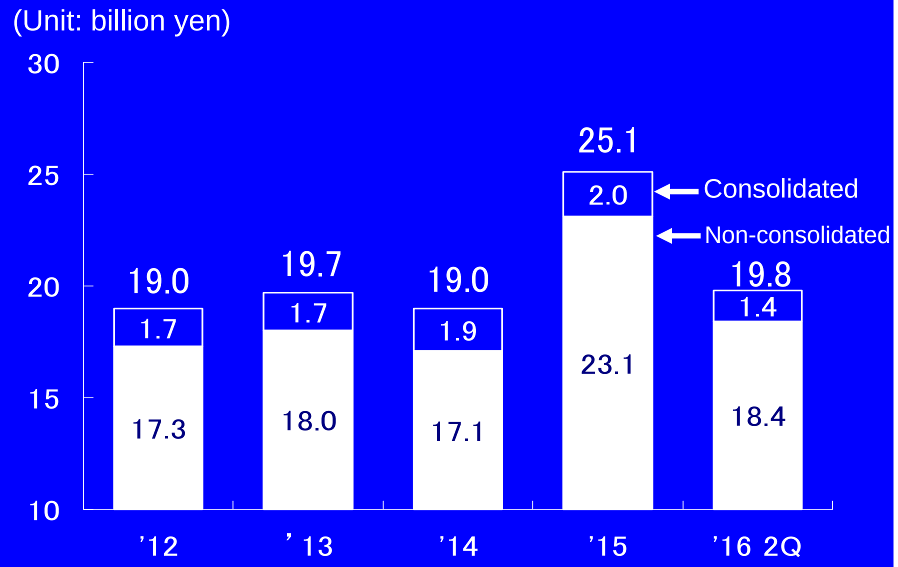
■Trends in new claims handled by lawyers and dudicial scrivener (monthly average)



■Trend of provision for loss on interest repayment

(Unit: billion yen)

Results	Consolidated	Non-consolidated
Reversal	5.2	4.7
Provision	0	0
Balance change	(5.2)	(4.7)



・The balance of provision for loss on interest repayment was 19.8 billion yen on a consolidated basis and 18.4 billion yen on a non-consolidated basis after recording reversal of 5.2 billion yen on a non-consolidated basis and 4.7 billion yen on a non-consolidated basis in the first half period.

8. Financial Indices

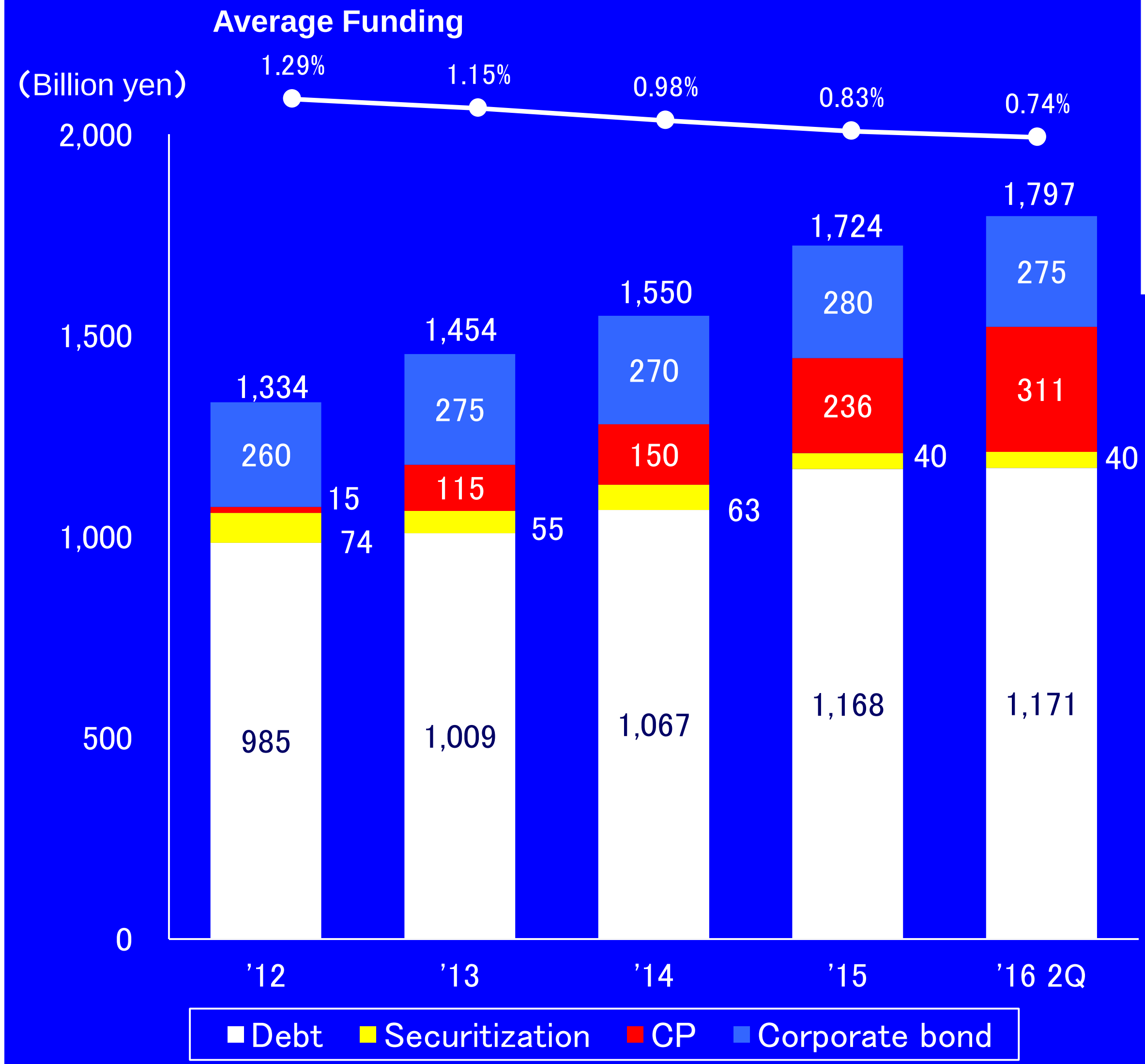
■Shareholder's Equity・Total Assets・Shareholder's Equity Ratio

	Consolidated		Non-Consolidated	
		change from end of FY2015		change from end of FY2015
Shareholders' Equity	438.2 billion	＋19.4	372.9 billion	＋13.5
Total Assets	2,608.5 billion	＋57.5	2,518.7 billion	＋4.9
Shareholders' Equity Ratio	16.8%	＋0.4%	14.8%	＋0.2%

(Reference) Fund Structure　Changes in Interest-bearing Debt (Non-Consolidated)

[Rating]
R&I　A+

Long-term Ratio：71%
Fixed Ratio：61%



FY2016 bond issue

April：Issuance volume of 20 billion yen

* For individuals
Period: 5 years
Interest rate: 0.300%

October：Issuance volume of 10 billion yen

Period: 15 years
Interest rate: 0.77%

Card company's first super long-term bond

Issuance volume of 10 billion yen

Period: 5 years
Interest rate: 0.08%

(Reference) Progress Status of Associated Core System Development

System tests with top priority on safety and reliability

Purposes of system development

- Customer data inquiry on a real-time basis by providing 24hours 365days online processing
- Enhance business efficiency by aggregation of Eikyufumetsu points given to Saison or UC brand card members, as well as consolidated customer management

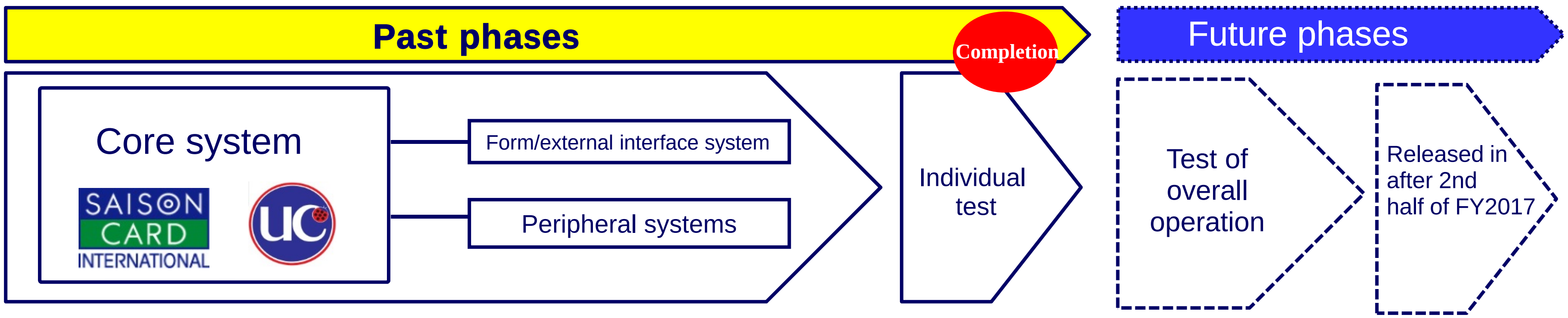
Benefits of system development

- 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

Future plans

- Future
  - ▪System tests with top priority on safety and reliability
- System Release
  - ▪After 2nd half of FY2017

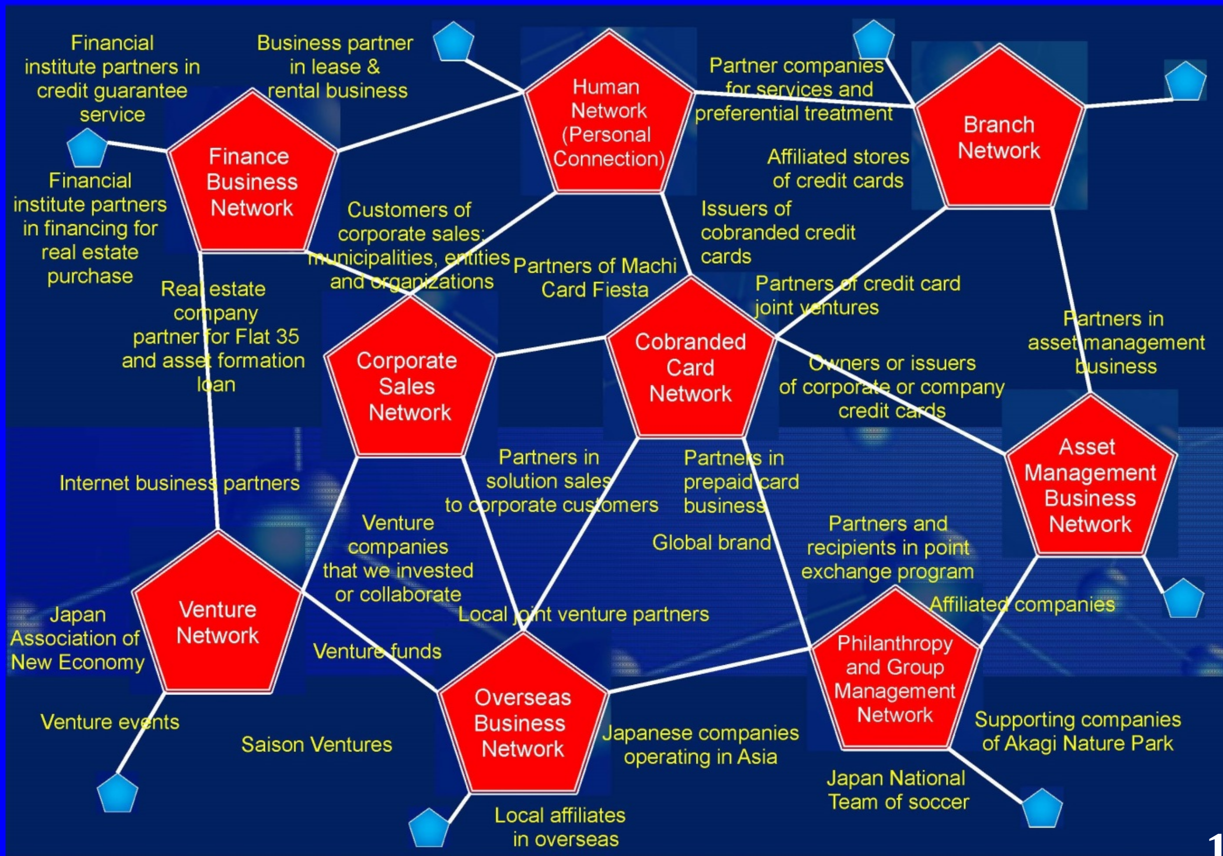
[Progress status]



Ⅱ. FY2016 Management Strategy

- Basic Policy of Medium-Term Management Plan･Management Target
- Management vision
- Management strategy,
  FY2016 Second Half

CREDIT SAISON Alliance Network



Neo Finance Company in Asia

- Achievement of Innovation and Change of Business Model -

As a "leading-edge service company" , we will continue to offer solutions that best fit customers' needs and will transform to a company that will be able to grow sustainably.

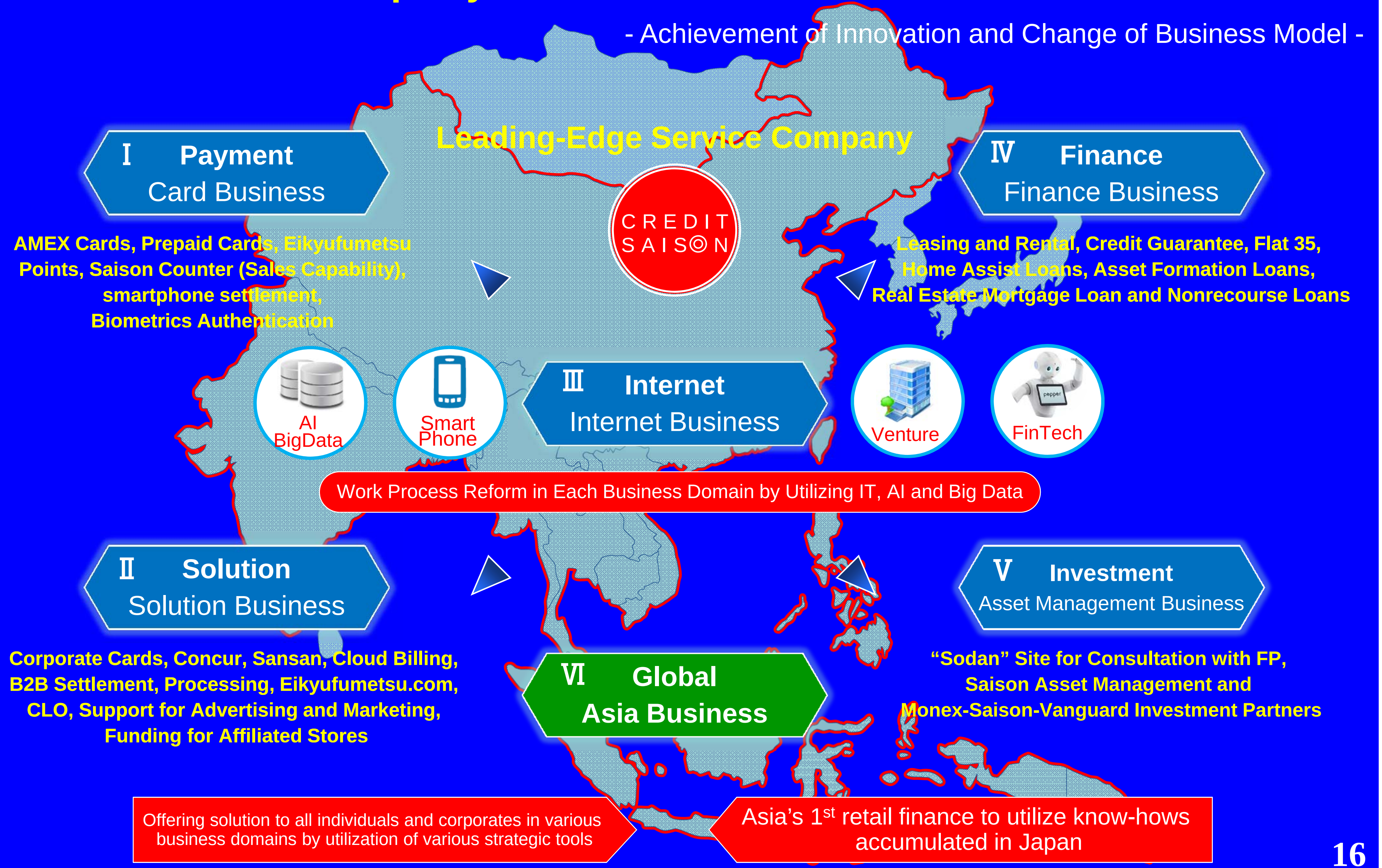
Having a sense of crisis and achieving the innovation that draws a line to the past, we will change our existing business model to ensure our competitiveness and will tackle the task of "becoming a new and unique finance company in Asia."

	FY2015 Results	FY2016 Target	FY2018 Target
Consolidated ordinary income	43.8 billion yen	50.0 billion yen	60.0 billion yen

Medium-Term Management Vision

Neo Finance Company in Asia

- Achievement of Innovation and Change of Business Model -



Strategies for Achievement of Medium-Term Management Vision

New Market Entry

STRATEGY Ⅱ

Alliance strategy with open innovation

SAISON DMP
DG LAB
マネックス･セゾン･バンガード投資顧問
SAISON Ventures

- ✓ Full operation of big data business
- ✓ Creation of synergy effects through collaboration with FinTech companies
- ✓ Positioning asset management business and Inheritance corresponding service as the core business

Expansion of strategic strength

STRATEGY Ⅰ

Challenge of the changing business model in card business

- ✓ Achievement of the goal of structural reform of the approach to acquire new card members
- ✓ Facilitation of cashless settlement of business expenses and B2B transaction
- ✓ Change of the business model in Cash Advances
- ✓ Provision of new funding service beyond the scope of money lending

Utilization of know-hows

Expansion of Business domain

STRATEGY Ⅳ

Diversified business operation in broad ranges of Asia

<Entered markets>

<To be entered>

STRATEGY Ⅴ

Reform of group management

Expansion of business domains of affiliated companies

STRATEGY Ⅲ

Multidirectional alliance in finance business

- ✓ Adoption of new products in the lease and rental business
- ✓ Securing of “business feasibility” of credit guarantee services and network expansion of the services
- ✓ Increase in sales agents, as well as a share in the Flat 35 market by utilization of the “Home Assist Loan.”
- ✓ Increase in partners of asset formation loan and real estate mortgage loan business

Diversification of Revenue Source

Expansion of customer base

◆Systemization of Membership Application

Ratio of applications from tablet
First-half result: approx. 80% (+25% from the previous year)
⇒ mid-term target: 95%

三井不動産グループ

◆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
(at LaLaport Shonan Hiratsuka in October)

・Launch of “Mitsui Shopping Park Card <Saison> Loop,” credit cards that members can use for payment of management fees and reserve funds for repair of their condominiums

Expansion in transaction volume by promotion of cashless payment system

◆Launch of Apple Pay support

◆Strengthening of alliance with Internet companies including Origami

	1st Half Result	FY2016 Plan
Total cardholders:	26.01 million (YoY comparison +3%)	26.92 million (YoY comparison +5%)
Shopping transaction volume:	2,179.9 billion yen (YoY comparison +4%)	4,573 billion yen (YoY comparison +7%)

Challenge of the changing business model in card business(2) ＜STRATEGY Ⅰ＞

Securing the position as a prepaid card service provider

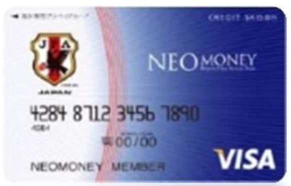
- ◆Promotion of cashless payment by expansion of the product lineup
- ◆Promotion of new collaboration and value addition by utilizing the know-how as a pioneer
- ◆"Parco Prica" to be issued from Dec. 2016

Total issued cards:
More than 34.23 million

■ Product Lineup

Cards issued by Saison

Cocokara Club Card



NEO MONEY

Azalea Card

Point & Prepaid Picoca Card

Cards issued by our business partners

au Wallet Card

SoftBank Card

Osaifu Ponta

Entetsu Card
<Point & Prepaid Card>

New Alliance

PARCO

and more

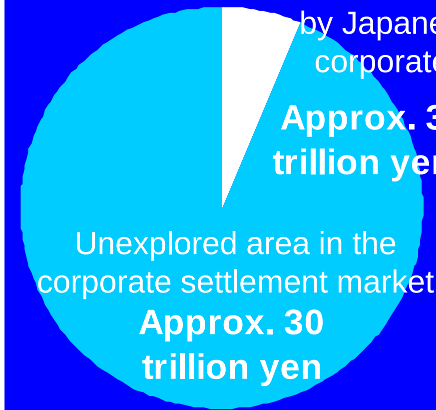
Challenge of the changing business model in card business(3)

Acquisition of the business relating to settlement service for corporate customers

- ◆Acquisition of business relating to BtoB area with Money Forward ”MF Cloud Bill”
- ◆Development of solution tools targeting corporate customers through launch of “Saison Smart Transfer Service”
- ◆Support for enhancement in back-office efficiency with overhead cost settlement solutions, such as “Concur,” and operation assist tools, such as “Sansan”

Money Forward
MF クラウド請求書
セゾンスマート振込サービス
CONCUR
Sansan

■ The corporate settlement market has high potential.

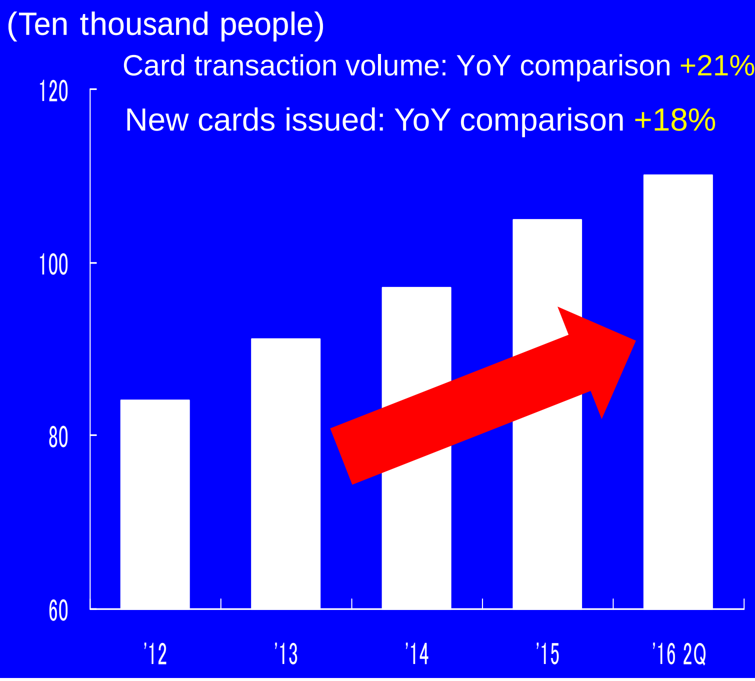


Of approx. 920 trillion yen transaction in Japanese corporate settlement service market, only approx. 3 trillion yen was processed by credit card settlement

Credit settlement takes only approx. 0.3% share.

* Source: Aggregated by Saison from “Japanese corporate settlement service market and Visa’s strategy” (VISA World Wide)

■ Transition in corporate card members



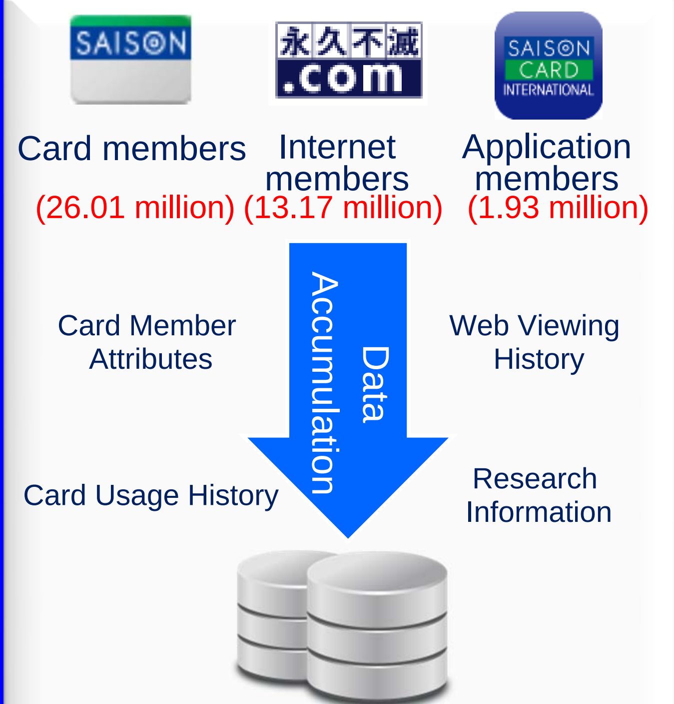
Alliance Strategy with Open Innovation (1) ＜STRATEGY Ⅱ＞

Development of “Saison DMP,” an infrastructure for big data processing, in collaboration with Digital Garage, Inc.

*Data Management Platform

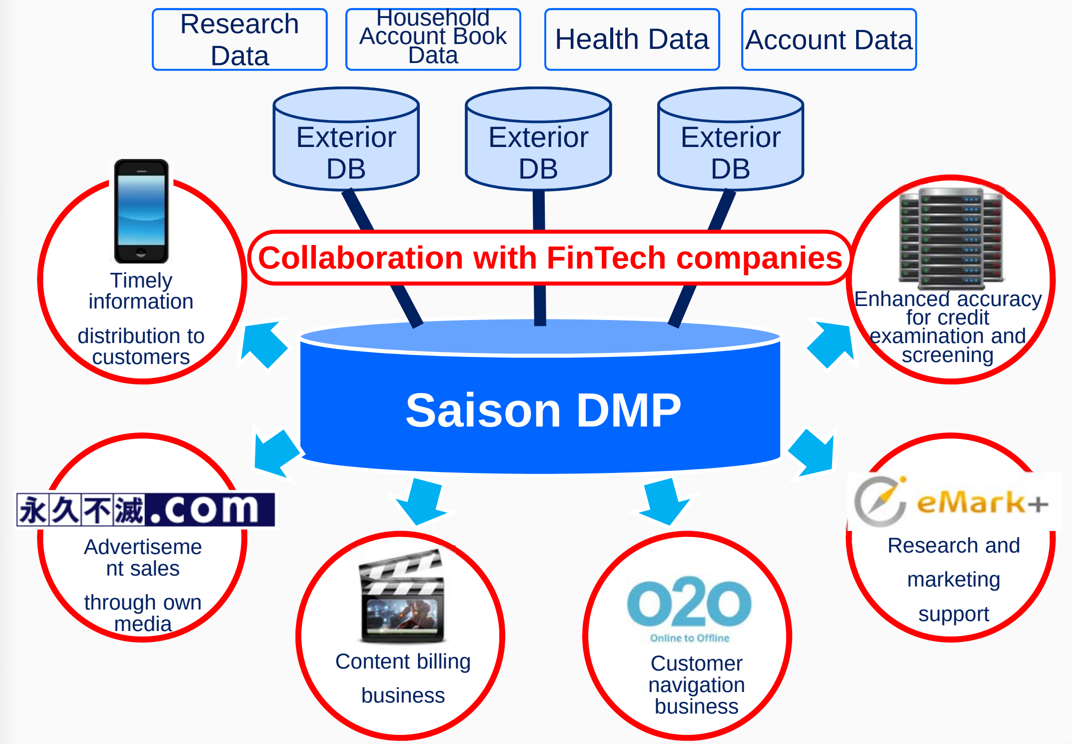
Development of data base foundation by accumulation of customer data

Growth of advertising business by utilization of DMP



Development of “Saison DMP,” an infrastructure for big data processing

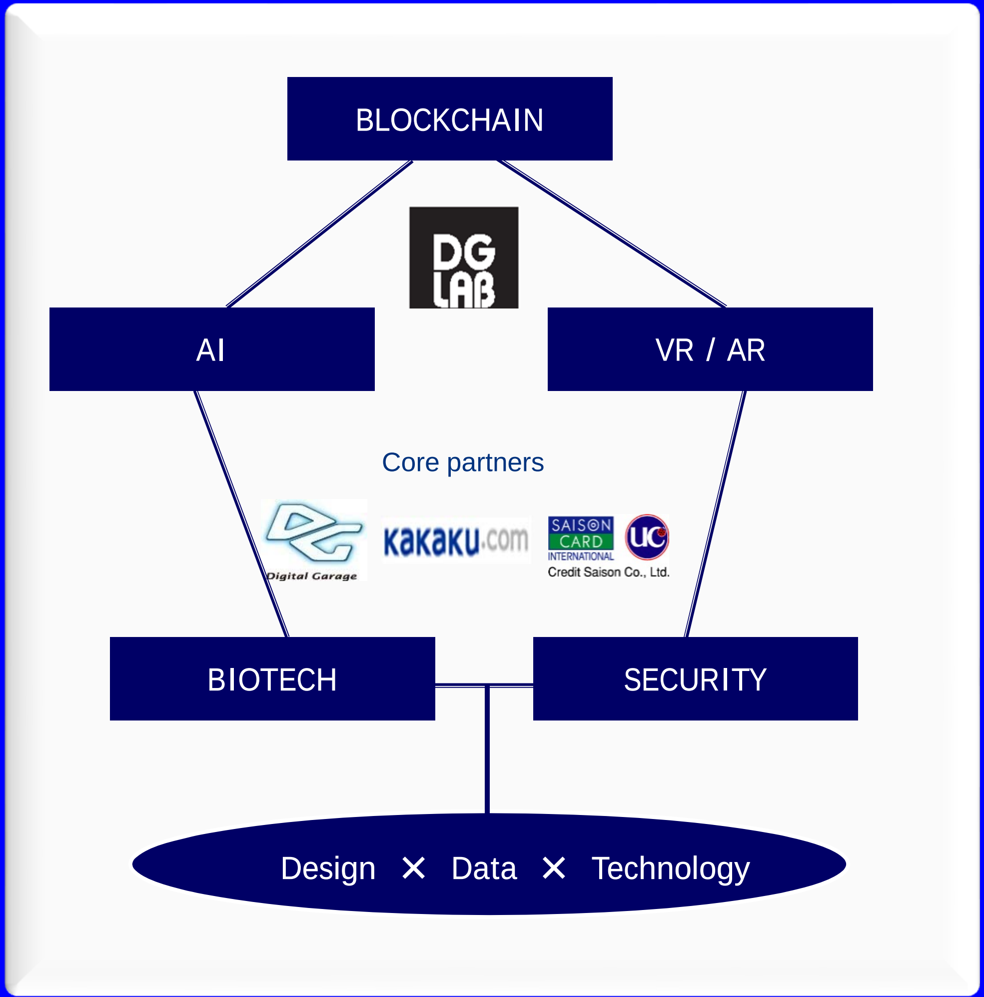
<Expansion in big data processing by data sharing with exterior companies>



Alliance Strategy with Open Innovation (2) ＜STRATEGY Ⅱ＞

"DG Lab," an open-innovation type research & development organization

The organization was established in collaboration between Digital Garage, Kakaku.com. and Saison, in order to develop innovative technologies in the fields of blockchain, artificial intelligence and VR/AR for 2020.



Utilization of "blockchain"

Expansion in settlement platform

＋

Exchange system that can process various credit-card point systems, values and virtual currency

Utilization of "AI (artificial intelligence)"

Development of new services and business on the basis of Credit Saison's "purchase and settlement history data" and Kakaku.com's "web action history data"

Alliance Strategy with Open Innovation (3)

Robot Advisor offers the optimized asset management plan to each investor.

Monex-Saison-Vanguard Investment Partners,Inc.

- Cutting-edge IT technology and world-class financial knowledge are utilized.
- Wrap account management service available

MSV LIFE

(From Sep. 17)

- Wide variety of services to support each customer in various phases, from assets management phase to achievement of investment goal.
- Customers can start investment from 10,000 yen, minimum investment amount, and the cost customers bear is less than 1% including consumption tax.
- Expertise and know-how of Vanguard, a leading assets management firm in the U.S., are utilized.

A full-fledged long-term asset management fund assists customers' asset formation.

SAISON ASSET MANAGEMENT

Establishment of capital and business alliance among three companies: Japan Post Co., Ltd., Saison and Saison Asset Management Co., Ltd (Sep. 2014)

JP POST 日本郵便

Saison Vanguard Global Balanced Fund

- Customers can make diversified investment in both stocks and bonds with one fund.
- Ratio of stocks and bonds are basically 50:50.

Saison SHISAN KEISEI TATSUJIN Fund

- Diversified investment in stock markets across the world
- Its objective is to gain higher return, while minimizing risk.

R&I ファンド大賞 2016 3年連続受賞

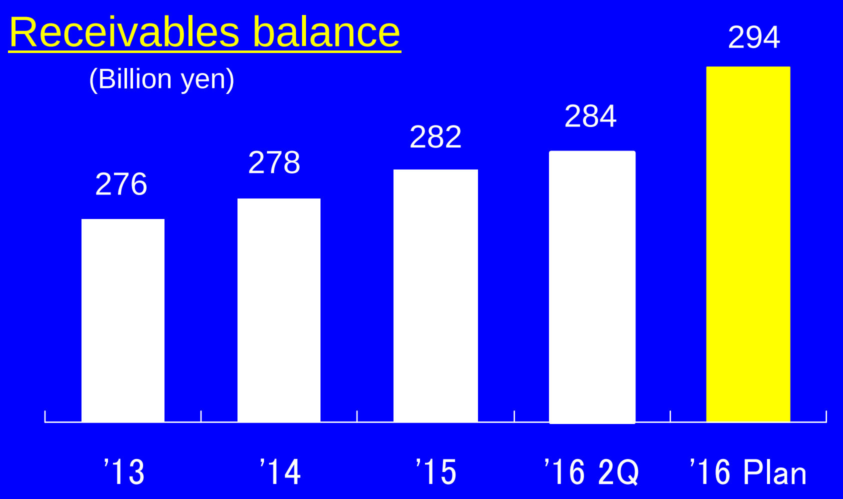
●Balance of managed assets: Approx. 145.8 billion yen

●No. of accounts: Approx. 110 thousand

Multidirectional Alliance in Finance Business (1)

Lease & Rental

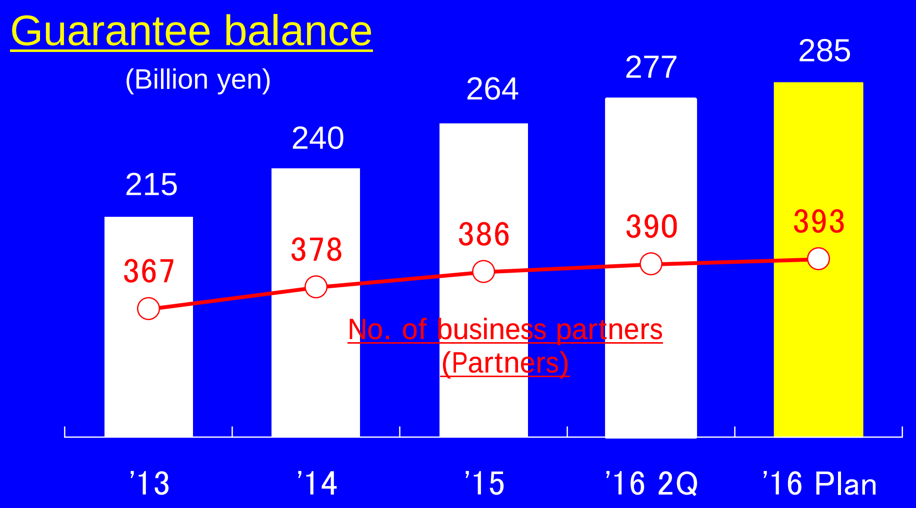
- Launched to support the "subsidy utilization leasing" to respond to the "reduced tax rate subsidy"
- Enhancement in customer convenience through the web scheme
- Comprehensive sales activities targeting important dealers
- Promotion and enhancement of new market development



	1st Half Result	FY2016 Plan
Receivables balance	283.7 billion yen (YoY comparison +1%)	294.4 billion yen (YoY comparison +5%)
Operating revenue:	6.7 billion yen (YoY comparison +0%)	13.7 billion yen (YoY comparison +2%)

Credit Guarantee

- Enhancement in customer convenience through the scheme to complete all the procedures on the web (no face-to-face communication and paperless contracts)
- Informing a wide variety of customers about the strong point of the services that can be used for borrowing of business funds, as well as availability customization of the products by the "target/use of funds"
- Continued sales activities toward local financial institutes by emphasizing "guarantee capability, versatility and marketing capability" of Saison



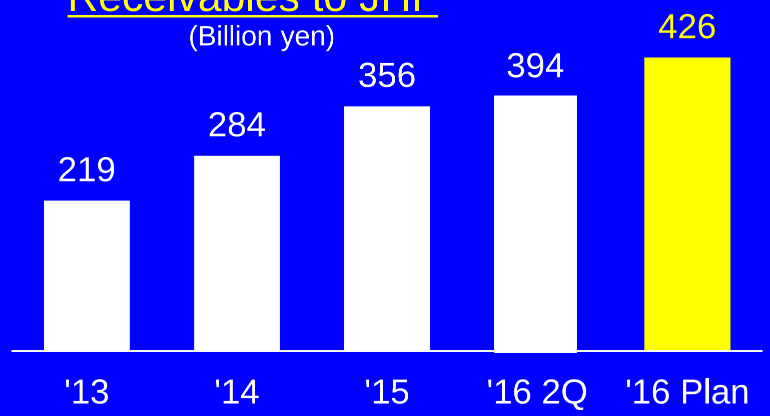
	1st Half Result	FY2016 Plan
Guarantee balance:	276.8 billion yen (YoY comparison +11%)	285 billion yen (YoY comparison +8%)
Operating revenue:	8.2 billion yen (YoY comparison +9%)	16.7 billion yen (YoY comparison +9%)

Flat 35

- ◆Strengthening sales capability by increasing agents and through collaboration with real-estate dealers selling apartments and houses
- ◆Increase in transaction volume by utilizing "Saison's Home Assist Loan," a loan product that covers all the cost required for purchase of housing
- ◆Strengthening of advertisements and promotion towards the customers who seek for conversion of the housing loans

Loan Balance after Transfer of Receivables to JHF

(Billion yen)



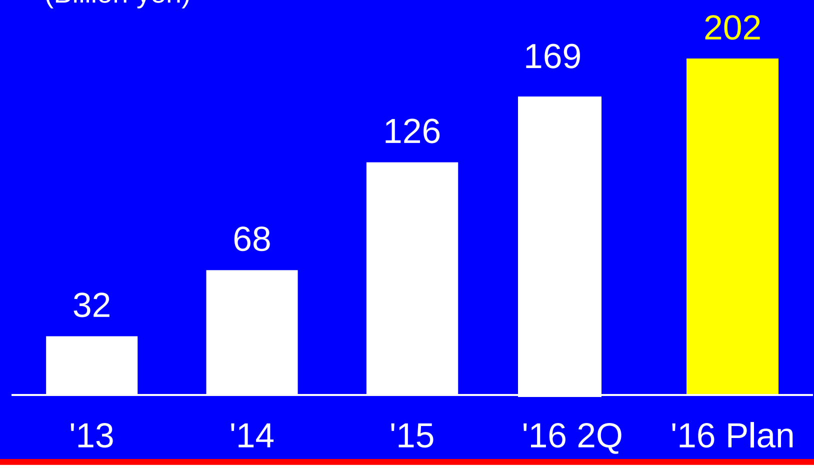
	1st Half Result	FY2016 Plan
Loan balance:	393.6 billion yen (YoY comparison +24%)	426.3 billion yen (YoY comparison +19%)
Operating revenue:	1.1 billion yen (YoY comparison +60%)	2.4 billion yen (YoY comparison +54%)

Asset Formation Loan

- ◆Customization of marketability matching market needs
- ◆Strengthening of support systems and sales promotion for our products through seminars for partner companies
- ◆Increase in new partner companies, and in transaction volume of loans for purchase of condominiums, apartments and existing houses

Loan Balance

(Billion yen)



	1st Half Result	FY2016 Plan
Loan balance:	169.2 billion yen (YoY comparison +92%)	202 billion yen (YoY comparison +60%)
Operating revenue:	1.7 billion yen (YoY comparison +78%)	3.7 billion yen (YoY comparison +59%)

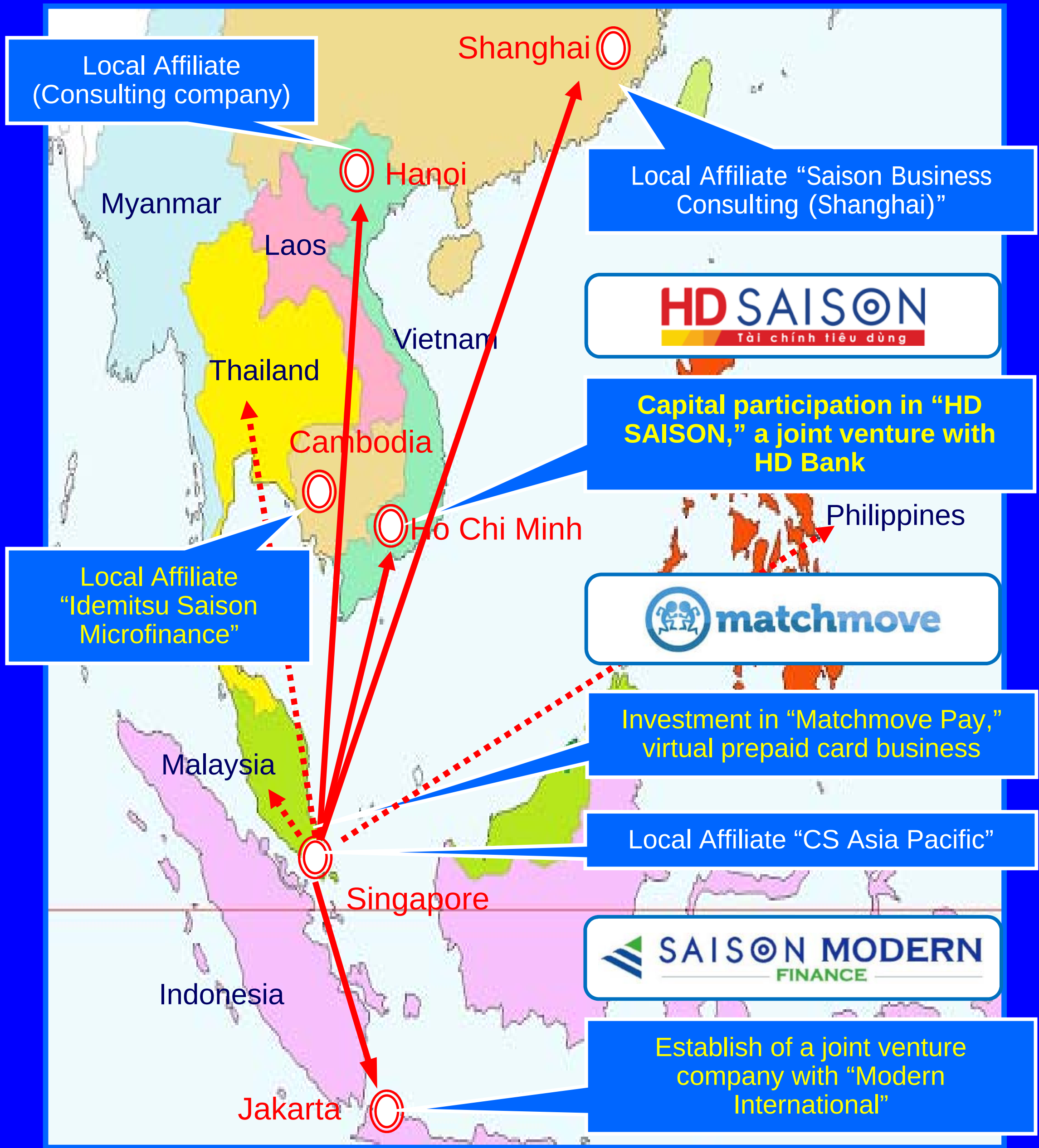
Diversified Business Operation in Broad Ranges of Asia (1) ＜STRATEGY Ⅳ＞

Deployed overseas bases

- **China (shanghai)**
- **Vietnam (Hanoi/Ho Chi Minh)**
- **Indonesia (Jakarta)**
- **Singapore**
- **Cambodia**

Projects in progress

- **Philippines**
- **Malaysia**
- **Myanmar**
- **Thailand**
- **India**



HD SAISON Finance Company

Vietnam

(Saison's stake: **49%**, Joint Venture Business)

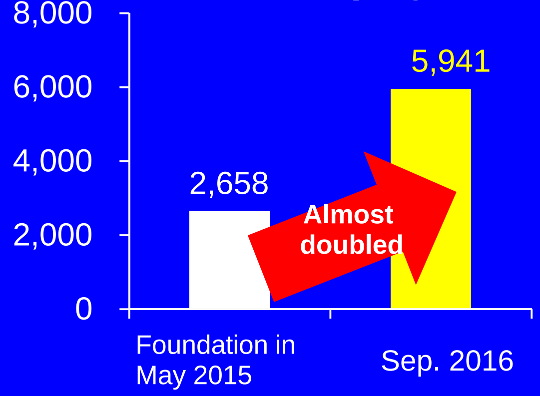
HD SAISON Tài chính tiêu dùng

Business operation Loans for purchase of motor cycle , smartphones and consumer electronics

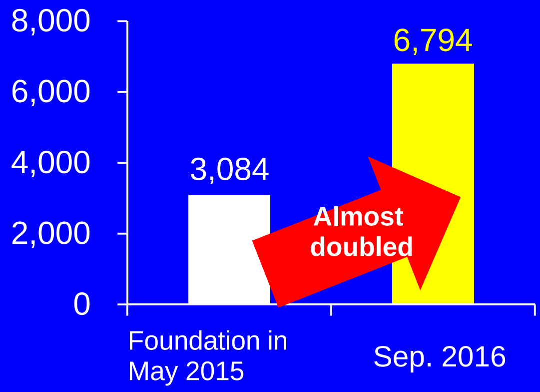
- Maximization of the synergy effect of the collaboration by utilizing know-hows, resources and networks that Saison and HD Bank have respectively accumulated.
- Sales approach to Japan-based companies for business expansion in loans for purchase of motor cycle, consumer electronics and other loans, as well as joint promotion activities to start new business (credit card and prepaid card business)
- Opening the HD SAISON counter in Ho Chi Minh Takashimaya, the first Japanese department store in Vietnam

HD SAISON counter in Ho Chi Minh Takashimaya

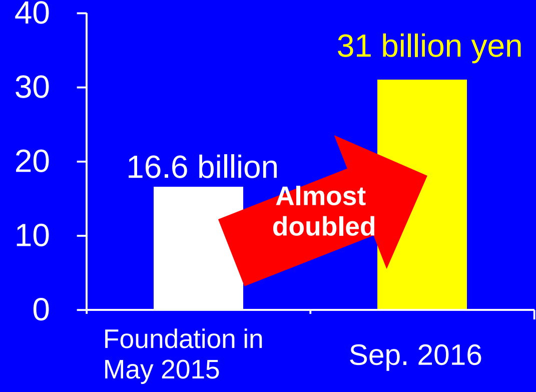
No. of employees



No. of sales bases



Receivables balance



Approx. 250 million yen contribution to ordinary income

Diversified Business Operation in Broad Ranges of Asia (3) ＜STRATEGY Ⅳ＞

Indonesia

SAISON MODERN FINANCE

(Saison's stake: **70%**, Joint venture business)

- Core company of Modern Group in Indonesia
- Having engaged in Seven Eleven franchise business in 2009, the company also started distribution and sales business (medical and printing equipment)
- The number of the stores is expected to increase by about ten times to around 2,000 stores by 2025.

・Collaboration with Modern Internasional in May 2015

Establishment of PT. Saison Modern Finance, a joint venture business with Modern Internasional

Business operation: Prepaid card business and lease business, etc.

- Prepaid card business to utilize the existing channels (Seven Eleven stores) owned by this company
- We will aim to business expansion by accumulating business experience through financing (leasing) services for the facilities of the newly opened Seven Eleven stores

Singapore

matchmove

(Saison's stake: **15%**, Capital and business tie-up)

- Virtual prepaid card operations (under international brands)
  - > The cards can be used for purchase on EC sites and person-to-person money transfer
  - > Values can be added at ATMs or through money transfer and credit card settlement
- Issuance of virtual prepaid cards under the license agreement with American Express

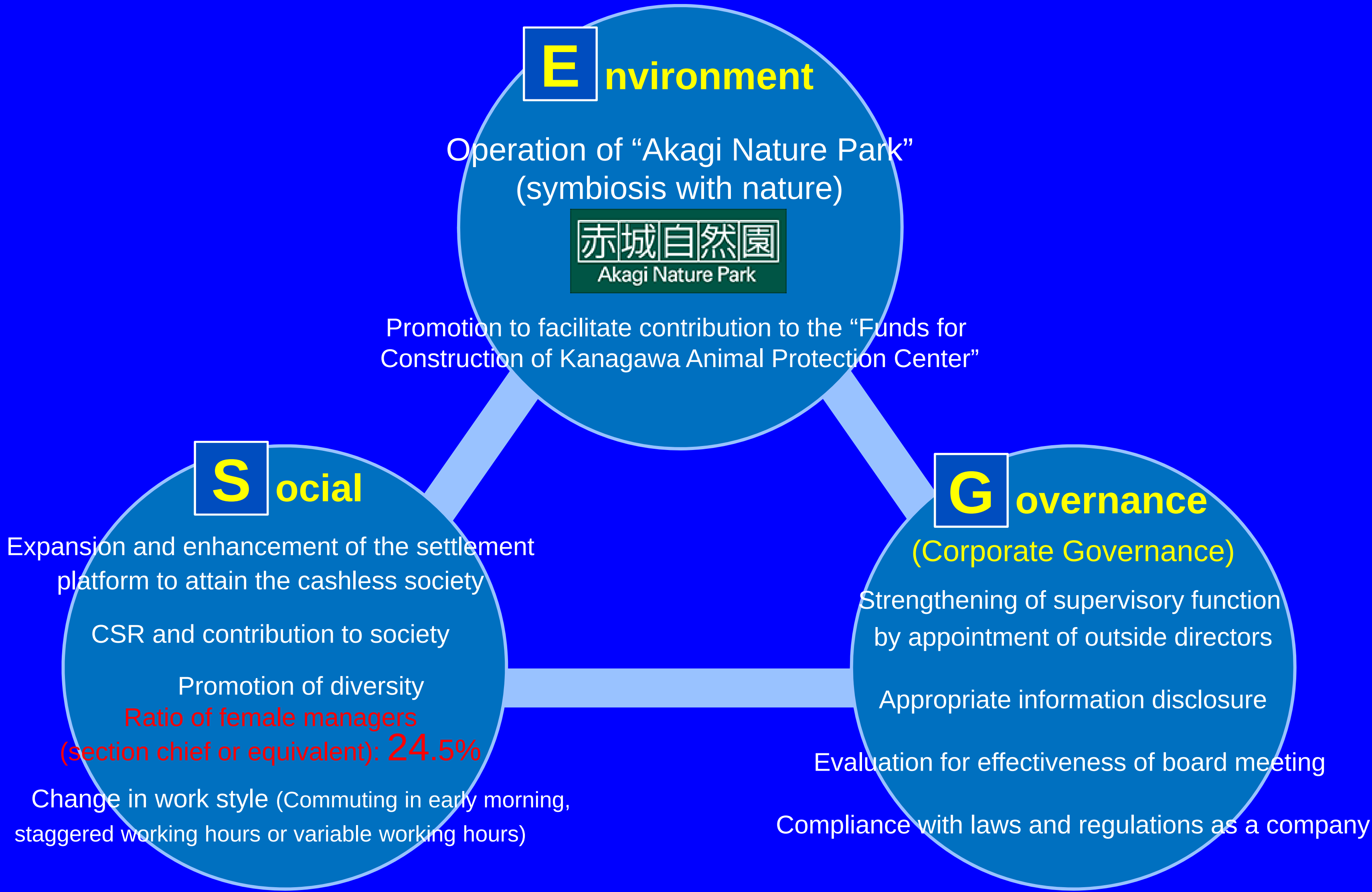
・In 2014, Saison made direct investment in a start-up company in Southeast Asia for the first time.
We will pursue further growth and business synergy of the Company by dispatching our director and establishing the system for mutual support

Business operation: Prepaid card business

- We will accelerate expansion in our business operation in Southeast Asia and will strengthen our business as a leading company in the prepaid card business in Japan and overseas countries.

Ⅲ. Activities for Sustainable Enhancement in Our Corporate Value

Facilitation of "ESG Management" for long-term and sustainable enhancement in the corporate value



Activities for Enhancement in Corporate Governance

Medium- and long-term enhancement in the corporate value by achieving the management philosophy and medium-term management plan

Interaction with shareholders and appropriate information disclosure

Development of environment allowing the company to take risk in an appropriate manner

Board of directors

Enhancement of effectiveness
Strengthening of supervisory capability

Executive director

Advice and supervision

Outside directors (3 members)

(Including one independent director)

* Corporate executives of retail and IT companies

Supervision

Board of corporate auditors (4 members)

Including 3 outside corporate auditors (3 independent corporate auditors)

* Former government officials (accounting and financial affairs, and administration), lawyer and corporate executive

Ensuring diversity by promoting women's participation in society

In addition to 3 female officers (one executive director, one outside director and one outside corporate auditor), many women with extensive experience are appointed.

Training for directors

Development of skills required for the management by making the top managers submit reports regularly

Directors' remuneration

Directors' remuneration consisting of "fixed-amount remuneration," "performance-based remuneration (bonus)" and "treasury stocks to be long-term incentive"

Appointment of non-executive directors

Advice and monitoring by 3 outside directors to assist growth of the Company

Criteria to ensure independence of outside directors

Development of criteria to ensure independence of outside directors and outside corporate auditors, in order to secure objective judgment

Evaluation for effectiveness of board meeting

Analysis and evaluation of all the directors and corporate auditors through self-evaluations are performed once a year.

Diversity Management (1)

◆Basic concept of diversity

In order to enhance skills and quality of work of each employee, we promote the diversity activities to respect, accept and leverage the diversity of each employee. By implementing the measures for development of leaders and human resources, assistance in career formation of employees, change in work style and promotion of women's participation in society, we will create the work environment where every employee can demonstrate his or her ability.

Respect to diversity

- ◆Utilization of perspective of each member who has different gender, age, nationality and value
- ◆System to allow former employees who left the company for the reason of studying abroad, vocational change or nursing for their parents to return to their former jobs
- ◆Promotion of re-employment to allow employees to utilize their extensive experience and knowledge for work

IkuBoss declaration

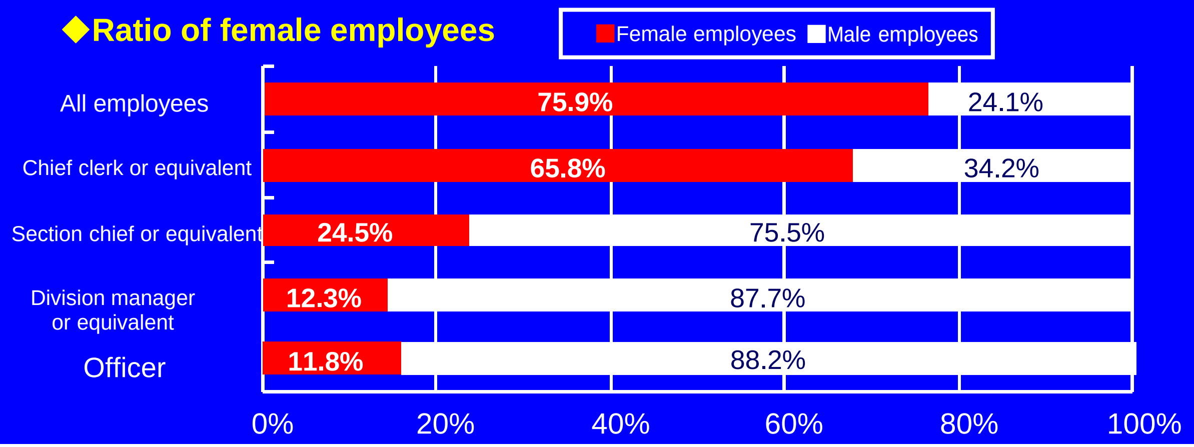
◆Participation in "Toshima IkuBoss Declaration," one of the programs for change in work style implemented by Toshima-ku, the place where the head office of the Company is located.

* IkuBoss = Managers who respect diversity (various situation of each employee and his or her family, such as child rearing, nursing to his or her parents or illness) and who utilize such employee in an efficient and effective manner.

Support for women's participation in society

- ◆Training for selected female employees
- ◆Career consultation and re-assignment at the time when female employees return to work after childcare leave

◆Ratio of female employees



Diversity Management (2)

Innovation of work style

◆Introduction of commuting in early morning, and recommendation of staggered working hours, variable working hours and shift work

Business operation starts and closes respectively one hour earlier in summer, and overtime work after 8:00 p.m. is prohibited with a few exceptions.

Employees spend their time after wok to enrich their lives, for example for communication with families and people within and outside the Company, personal development and health enhancement.

◆Introduction of “CANVAS,” a system to allow employees to demonstrate his or her ability to full

Introduction of “CANVAS,” a welfare platform to help employees demonstrate their abilities to full

Employees can use the points granted to them and receive the benefits such as personal development, health enhancement and child rearing.

CANVAS

SAISON CHIENOWA

▪”Saison Work Life Design Department,” a cross-functional team that also has employees who are on leave for the reason of childbirth or child rearing, engages in planning, operation and editing of this media.

▪In December 2015, the Company released “SAISON CHIENOWA,” curation media targeting working fathers and mothers while taking care of children.

CSR and Contribution to Society (1)

◆Basic concept of CSR and contribution to society

We believe that as Corporate Social Responsibility (CSR), "the Company that bears social responsibilities should not only fulfill its obligations such as compliance with laws and regulations and redistribution of profits, but also conduct business in a method and manner that meets existing and potential demand from citizens, communities and society or that exceeds the demand from such citizens, communities and society."

Contribution by point exchange and card use

◆Contribution to Center of iPS Cell Research and Application

Contribution to the "Fund for iPS Cell Research and Application" of Center of iPS Cell Research and Application (CiRA), Kyoto University, where Dr. Shinya Yamanaka takes the office of the Director

◆Contribution to victims of natural disasters *Achievement (extract)

･Relief to victims of the Nepal Earthquake	6,382 thousand yen
･Contribution to victims of the heavy rain caused by typhoon no. 18 (Ibaraki, Tochigi and Miyagi)	630t thousand yen
･Relief to victims of Southern Taiwan Earthquake	1,221 thousand yen
･Contribution to victims of the "2016 Kumamoto Earthquake"	64,258 thousand yen

Education activities for next-generation youth

◆Participation in "Quest Education Program" to support junior- and high-school students, and "Nikkei Education Challenge," a program to give lectures to high-school students

CSR and Contribution to Society (2)

Support for Japan's National Soccer Teams

◆As a supporting company of Japan's National Soccer Teams, the Company supports activities of "Samurai Blues," "Nadeshiko Japan" and "U-19 Japan National Team."

Support for music performance

◆In addition to support for performance by Mr. Jose Carreras, the one of the Three Tenors famed across the world, the Company started to make contribution to the José Carreras Leukemia Foundation.

Environmental preservation activity

◆Through operation of the "Akagi Nature Park," the Company continues the activity to leave the rich nature to children."

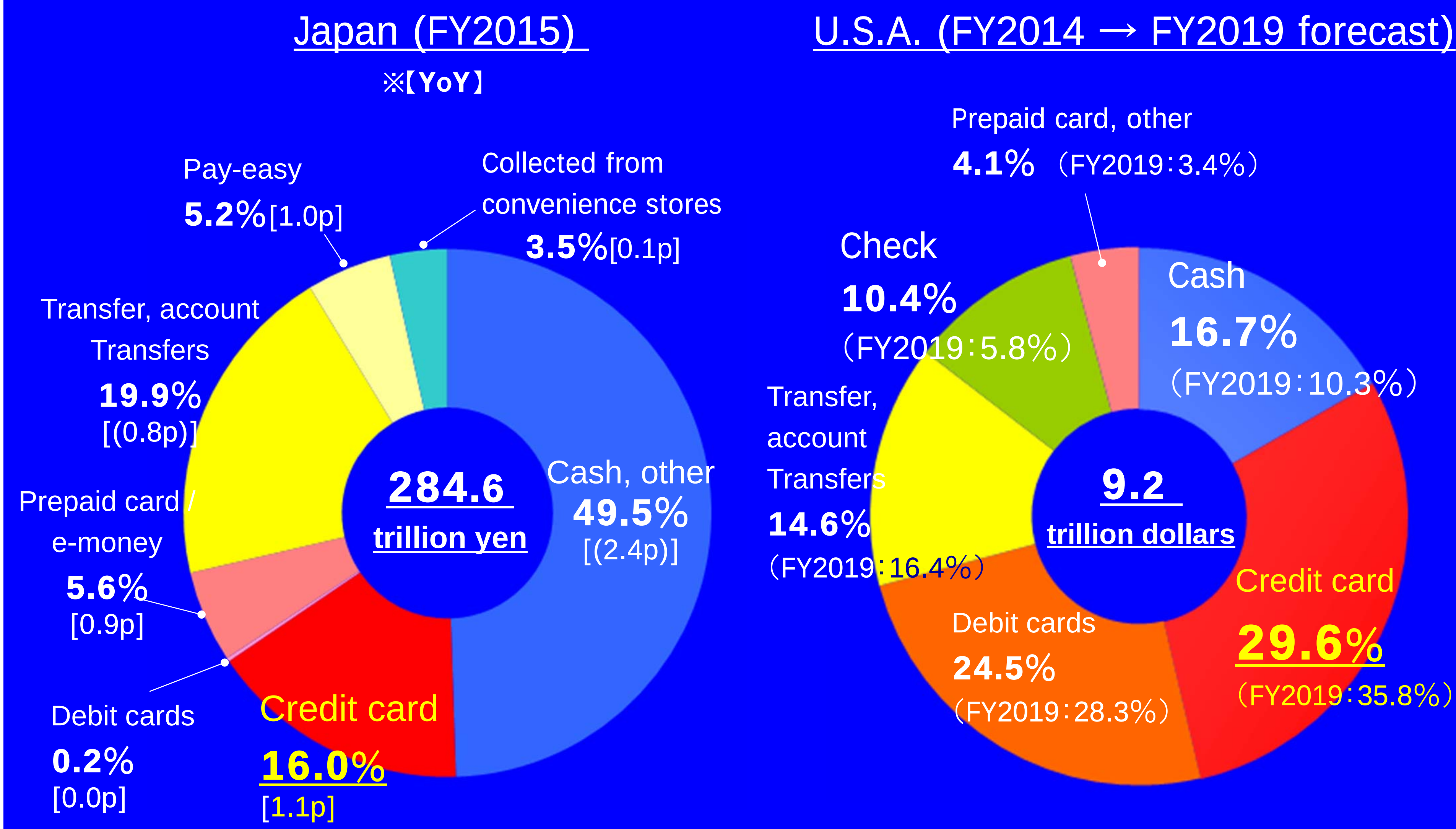
赤城自然園
Akagi Nature Park

Collaboration with Kanagawa Prefecture for animal protection

◆The company contributes to "Funds for Construction of Animal Protection Center" through its point exchange program of credit cards.

神奈川県

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

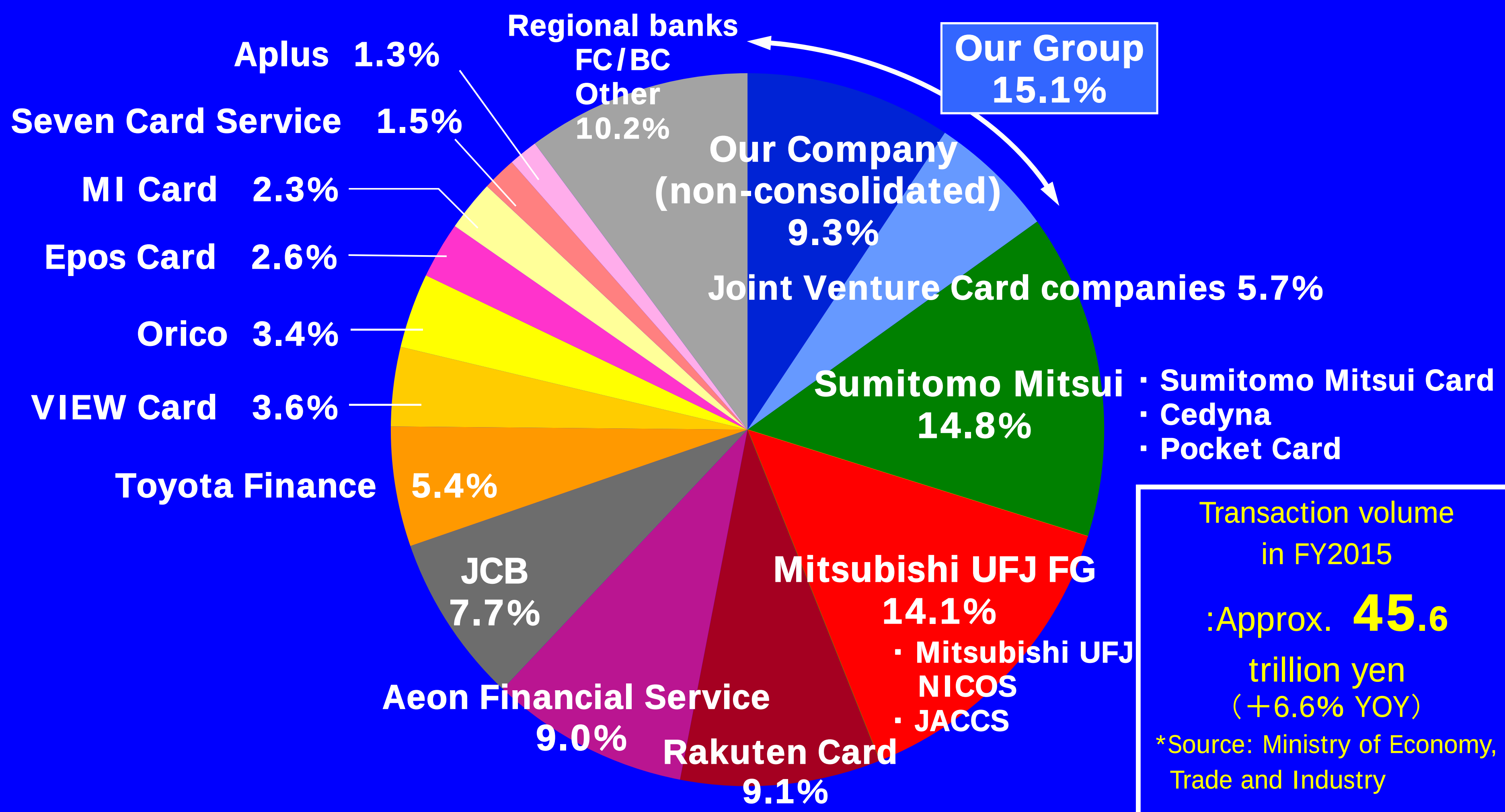


- Japan: Calculated by our company based on sources such as the Ministry of Economy, Trade and Industry, New Payment Report, Mitsubishi UFJ Research and Consulting, and official documents from various companies.

* U.S.A: Calculated by our company based on the “2014 Results and 2018 Forecast” listed in the NILSON REPORT.

(Reference) Domestic Market Share (Shopping Transaction Volume)

■ Card shopping transaction volume (issuer base)【2015 fiscal year】



Transaction volume in FY2015
:Approx. **45.6** trillion yen
(+6.6% YOY)
*Source: Ministry of Economy, Trade and Industry

※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. 107) 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