

# Financial Results of First Half of FY2020

November 13, 2020

**Credit Saison Co., Ltd.**



## ◆ **Financial Results of FY2020 1H / Financial Policy & Capital Policy**

Managing Executive Officer, Shingo Baba

Head of Corporate Planning Dept., Corporate Risk Management Dept.,  
Treasury & Accounting Dept.

## ◆ **Business Strategy for FY2020 2H**

Representative, Executive President and COO

Masahiro Yamashita

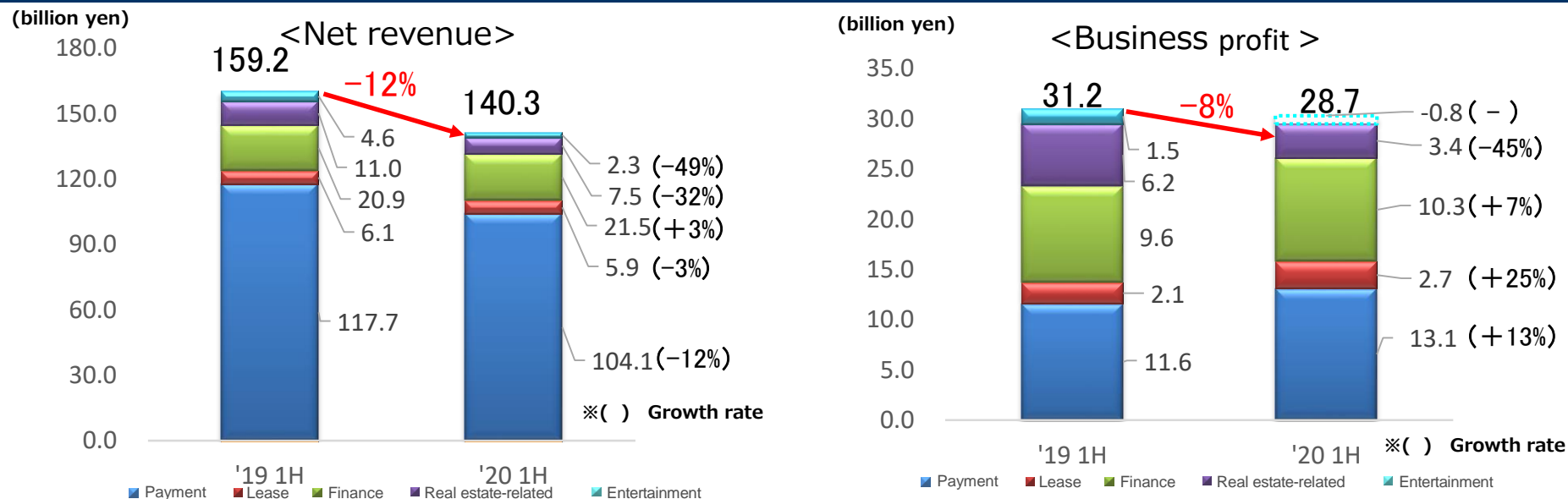
## ◆ **(reference) ESG related**

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.

## ◆ Financial Results of FY2020 1H / Financial Policy & Capital Policy

- Financial Results of FY2020 1H P.4-P.9
- Financial Policy & Capital Policy P.10-P.12

## Financial Results ~ Results by Business Segment(IFRS)

**Payment business**

- The impact of business suspensions at partner institutions and voluntary restraint on outings due to the COVID-19 pandemic reduced revenues. However, income increased due to reduction in operating expenses related to card transaction volume, etc. and the absence of costs associated with advance renewal of IC cards, which were a transient factor in the previous fiscal year.

Note: Shopping transaction volume: ¥2.1475 trillion (-12% from the same period of the previous fiscal year (YoY))

Cashing transaction volume: ¥76.3 billion (-38% YoY)

Revolving balance: ¥401.5 billion (-6% from previous fiscal year end)

Cash advance balance: ¥203.1 billion (-12% from previous fiscal year end)

**Lease business**

- Revenues declined as a result of partners' voluntary restraint on sales outings, etc. due to the COVID-19 pandemic. However, income rose due to a reduction in the allowance for doubtful accounts, affected by the disbursement of various benefits by the national government.

**Finance business**

- Despite the impact of partners' voluntary restraint on sales outings, etc. due to the COVID-19 pandemic, both revenues and income grew due to expanded balances in Flat 35 Loans and Asset Formation Loans.

Note: Flat 35 Total Loan Portfolio: ¥1.0443 trillion (+9% from previous fiscal year end)

Asset Formation Total Loan Portfolio: ¥664.6 billion (+7% from previous fiscal year end)

**Real estate-related business**

- Both revenue and income decreased due to reduced sales activity, etc. engendered by the COVID-19 pandemic.

**Entertainment business**

- The Company declared a business loss due to occurrences such as the cancellation of concerts and other performances and business suspensions at amusement facilities, arising from the impact of the COVID-19 pandemic.

## Contribution by consolidated companies(IFRS)

※( ) =Year-on-year difference

Non-consolidated Ordinary income	Consolidated Business profit	Difference
¥21.5billion (+¥1.58billion)	¥28.7billion (-¥2.49billion)	¥7.1billion (-¥4.07billion)

Major consolidated subsidiaries	contribution to business profit	Major equity method affiliates	contribution to business profit
Saison Fundex Corporation (lending business, real estaterelated financing business)	¥2.33billion (-¥0.05billion)	Saison Information Systems Co., Ltd. (information processing business)	¥0.73billion (-¥0.01billion)
Atrium Group (real estate liquidation business, servicing business)	¥1.46billion (-¥2.92billion)	Idemitsu Credit Co., Ltd. (credit card business)	¥0.56billion (-¥0.06billion)
SAISON PERSONAL PLUS COMPANY LIMITED. (temporary staffing business) (Servicing business)	¥0.49billion (+ ¥0.15billion)	HD SAISON Finance Company Ltd. (retail financing business in Vietnam)	¥0.50billion (-¥0.23billion)
Concerto CO.,LTD. (entertainment business, real estate rental business)	¥0.41billion (-¥1.19billion)	Takashimaya Financial Partners Co., Ltd. (credit card business)	¥0.46billion (-¥0.05billion)

## Main Indices (Non-consolidated)

New cards issued

**0.57** billion

(-38% YoY)

Annual plan

1.49 million

(-18% YoY)

Total cardholders

**25.95** million(-0.44 million from  
previous fiscal year end)

Annual plan

26.39 million people

(±0 million from previous  
fiscal year end)

Active cardholders

**14.53** million(-0.43 million from  
previous fiscal year end)

Annual plan

14.85 million people

(-0.11 million from previous  
fiscal year end)

Usage rate

**56.0** %(-0.7% from previous  
fiscal year end)

Annual plan

56.3%

(-0.4% from previous fiscal  
year end)Card shopping  
transaction volume**¥2,147.5** billion

(-12% YoY)

Annual plan

¥4,692 billion

(-5% YoY)

Revolving balance

**¥401.5** billion(-6% from previous fiscal  
year end)

Annual plan

¥392.0 billion

(-8% from previous fiscal  
year end)Cash advance  
transaction volume**¥74.6** billion

(-38% YoY)

Annual plan

¥180.0 billion

(-24% YoY)

Cash advance  
balance**¥192.2** billion(-13% from previous fiscal  
year end)

Annual plan

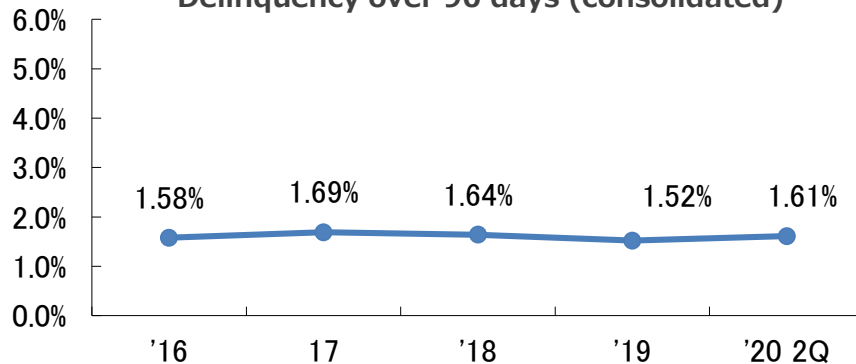
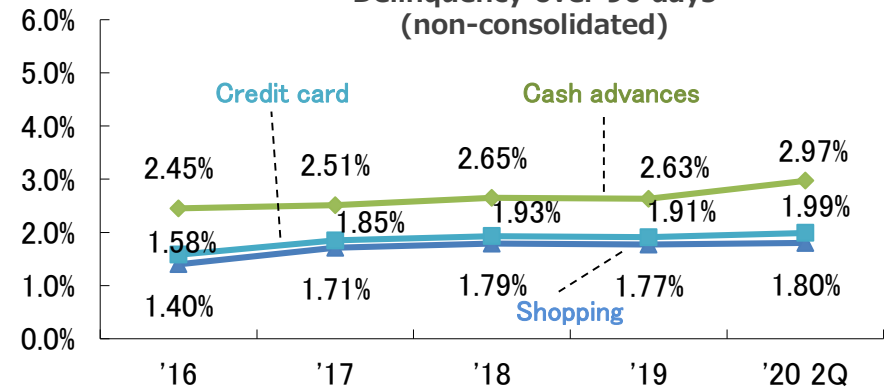
¥199.0 billion

(-9% from previous fiscal  
year end)

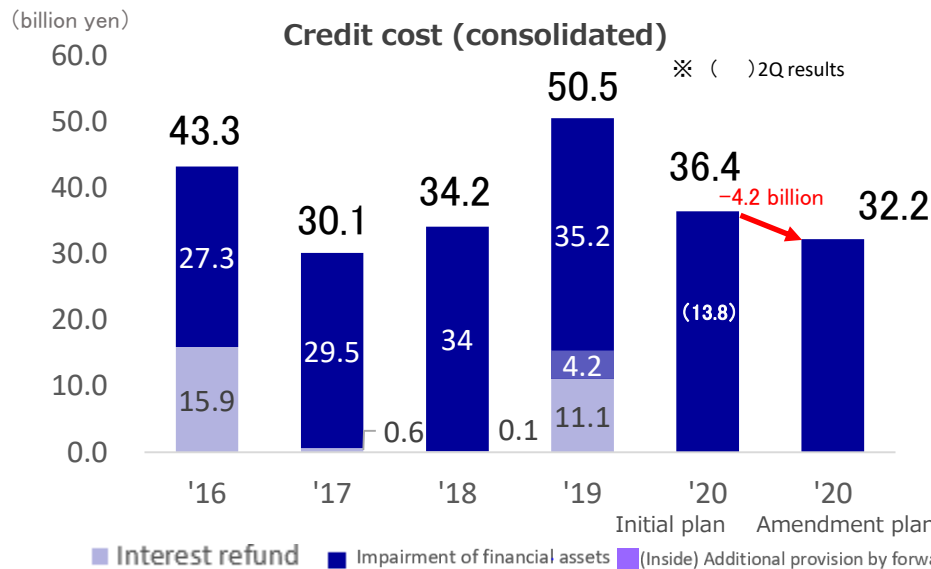
## Credit Risk

Despite the COVID-19 pandemic, Credit Saison has maintained its rate of delinquency over 90 days at a low level. Moreover, bad-debt cost is declining more sharply than expected at the start of the fiscal year. In view of these developments, the Company has revised its full-fiscal-year forecast.

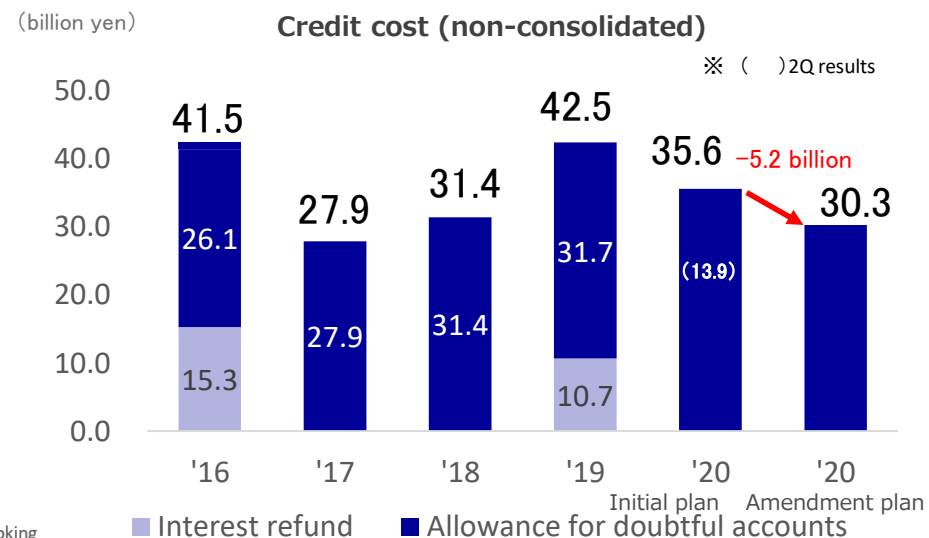
Delinquency over 90 days (consolidated)

Delinquency over 90 days  
(non-consolidated)

Credit cost (consolidated)



Credit cost (non-consolidated)



## Interest Repayment Claims

Additional provisions of ¥11.1 billion on a consolidated basis and ¥10.7 billion on a non-consolidated basis were recorded in the accounts of FY2019.

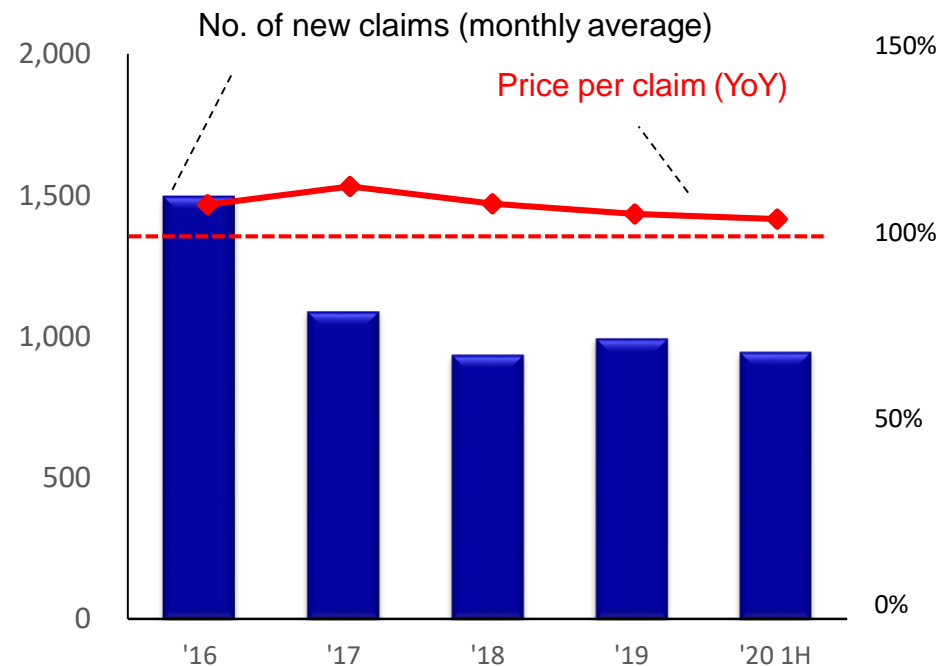
The Company currently has a sufficient level of provisions.

The Company has no plans for additional provisions in the current fiscal year but will continue to monitor trends closely.

## ■ No. of new claims and price per claim (monthly average)

Monthly average  
no. of claims

Price per claim  
(YoY)

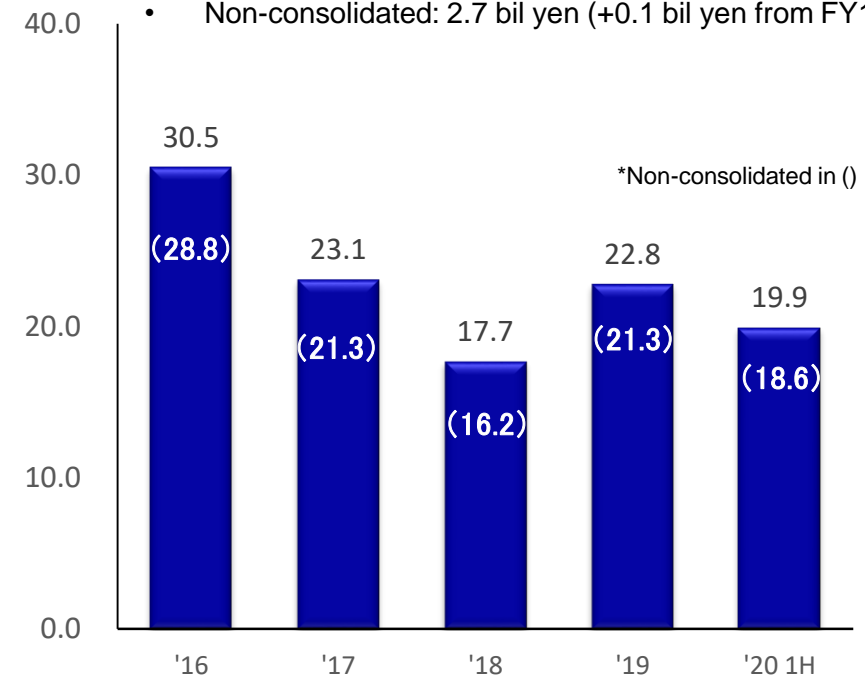


## ■ Trend of provision balance due to interest repayment losses

(billion yen)

<Provision reversal in FY2020 1H>

- Consolidated: 2.9 bil yen (+0.1 bil yen from FY19)
- Non-consolidated: 2.7 bil yen (+0.1 bil yen from FY19)





## Revised Business Results Forecast

In FY2020 2H Credit Saison plans to invest in card issuance and expansion of services with a view to acquiring future revenue streams. The Company forecasts an increase in net revenue over the previous forecast and a decrease in bad-debt-related costs. As a result, the forecast is revised upward for all indices. (billion yen)

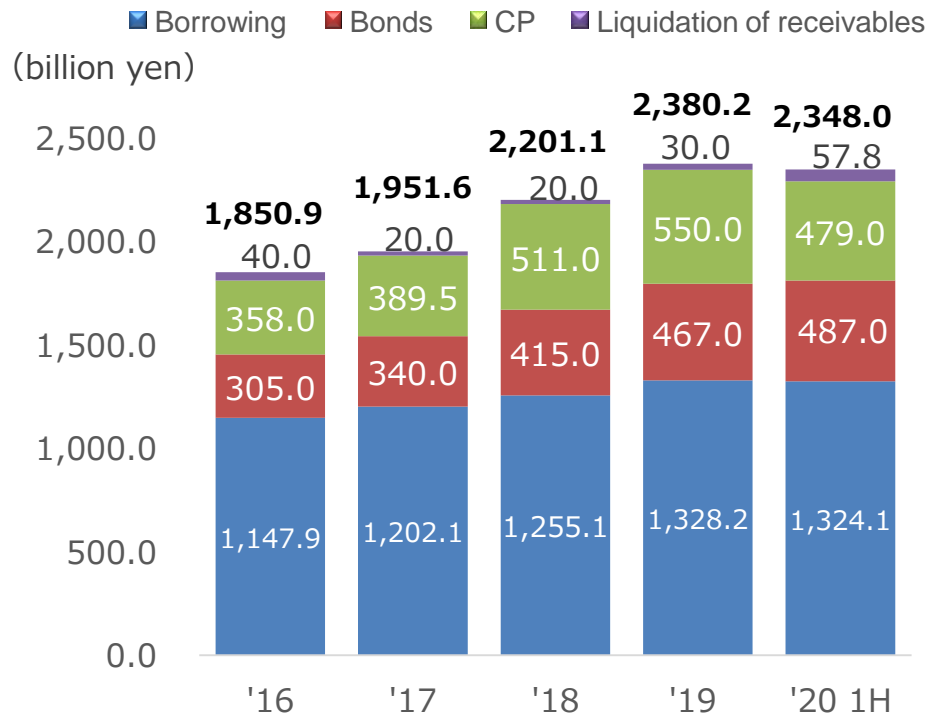
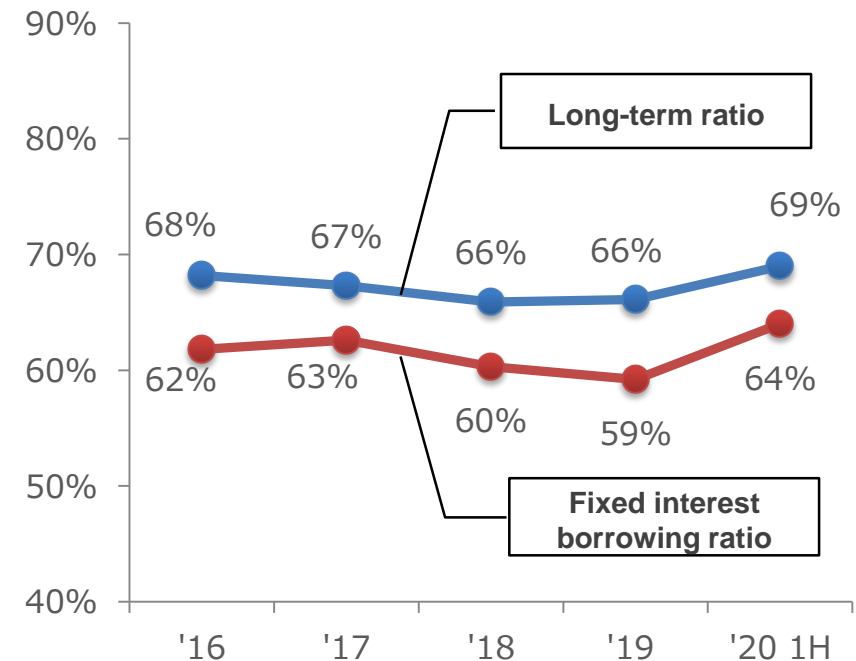
		Previous forecast (announced in August 7) (A)	Revised forecast (announced in November 10) (B)	Differences (B – A)
Consolidated	Net revenue	287.0	287.5	+0.5
	Business profit	30.0	37.0	+7.0
	Profit attributable to owners of parent	19.5	24.0	+4.5
Non- consolidated	Operating revenue	256.5	256.7	+0.2
	Ordinary income	25.0	30.0	+5.0
	Net income	19.5	22.5	+3.0

## Financial Policy (Structure of Interest-bearing Debt)

[Credit Rating]  
**R&I A<sup>+</sup>**

## Regarding structure of interest-bearing debt

- Over 70% of the interest-bearing debt is composed of long-term funds such as long term borrowing and corporate bonds
- Fixed interest rate procurement accounts for about 60% of the total, reducing interest rate fluctuation risk
- Committed credit line and etc. of 480 billion yen is secured in terms of liquidity facility

Balance of interest-bearing debt  
(non-consolidated)Long-term / fixed borrowing ratio  
(non-consolidated)

## Capital Policy(Shareholder Returns &amp; Management Indicators)

Maintaining and improving financial soundness as a priority, aiming to improve asset efficiency by realizing sustainable growth through strategic investments in Japan and overseas, expanding business with excellent asset efficiency, and reducing inefficient assets.

With proper risk capital management  
Maintaining and improving financial soundness (credit rating A +)

- Knowing the possible risks for each business
- Minimizing risks by not depending on any business solely
- Improving asset efficiency (=profit margin)
- Expansion of surplus quota by changing the business portfolio

## Distribution of capital surplus

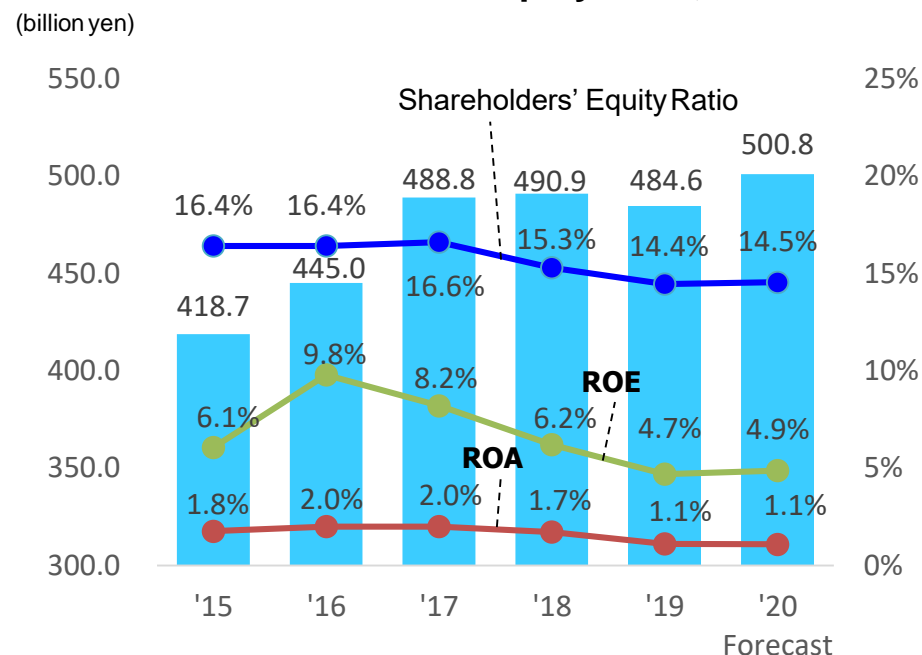
## Aggressive investment in growing fields

- Strategic investments in Japan and overseas (capital alliance / M&A)
- Investments in new alliances in various businesses

## Appropriate shareholder returns

- Stable & continuous dividends through expansion of revenue base <FY2020: expected dividend of 45 yen per share, expected dividend payout ratio of 29.3%>
- Stock buyback to improve capital efficiency

## Trends of Shareholders' Equity Ratio, ROA &amp; ROE



## Mid- to long-term management indicators

Shareholders' Equity Ratio Around **15%**  
ROE over **10%**

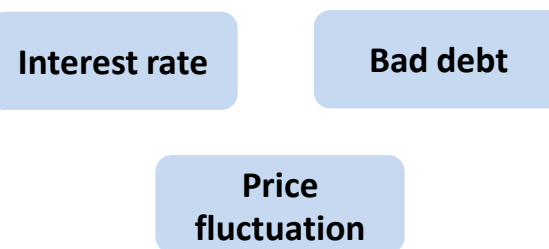
## Capital policy (Risk capital management)

- ALM management is introduced to measure risk and allocate risk capital for each business
- Profit & loss fluctuation risks are measured by aiming at a confidence level of 99.75% using EaR※ model in order to maintain A+ rating. (※Earnings at Risk)
- Re-measurement is performed regularly to reflect track record updates and changes on balance sheet

## 【Assets categorized by business】



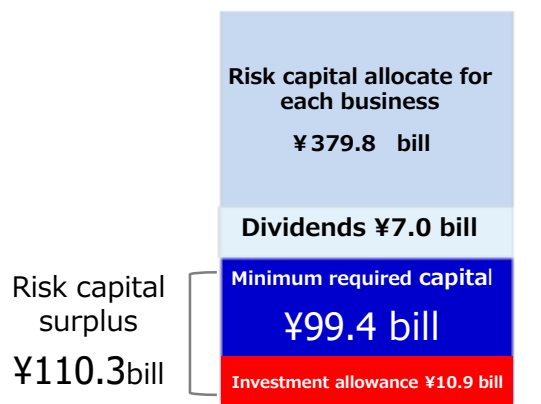
## 【Risk factors】



## 【Consolidated capital: ¥497.2 billion】

(excludes the impact of adopting IFRS 9)

(by end of March, 2020)



## 【Risk capital allocation policy】

1. 20% of consolidated capital out of risk capital surplus is secured as the minimum required capital (¥99.4 billion).
2. After excluding minimum required capital, investment allowance (¥10.9 billion) is allocated to high-profit business, growing business, new business, or returns to shareholders.
3. Return on investment is verified by monitoring each business asset, and investments are planned by replacing, reducing and effectively using inefficient assets.

## ◆ Business Strategy for FY2020 2H

- Business Strategy for FY2020 2H

P.13-P.31

## Forecast of Personal Consumption and the Real Estate Market as They Affect Our Two Key Businesses, the Payment Business and the Finance Business, and Key Points on How the Company Should Respond

### Forecast of personal consumption

- The diffusion index (DI) for current economic conditions in the Economy Watchers Survey, published by the Cabinet Office, indicates a trend that is improving month by month.  
\*April 2020: 7.9 → May: 15.5 → June: 38.8 → July: 41.1 → August: 43.9 → September: 49.3
- The DI for current economic conditions is below the turning point of 50, but the DI for future economic conditions is forecast to rise above that figure.  
\*April 2020: 16.6 → May: 36.5 → June: 44.0 → July: 36.0 → August: 42.4 → September: 48.3
- A decrease in amount of winter bonus paid may dampen consumer sentiment, but response to the New Normal is proceeding. The addition of Tokyo to the Go To Travel campaign, launch of the Go To Eat campaign and easing of restrictions on events and on entering the country are expected to increase turnout.

### Forecast of the real-estate market

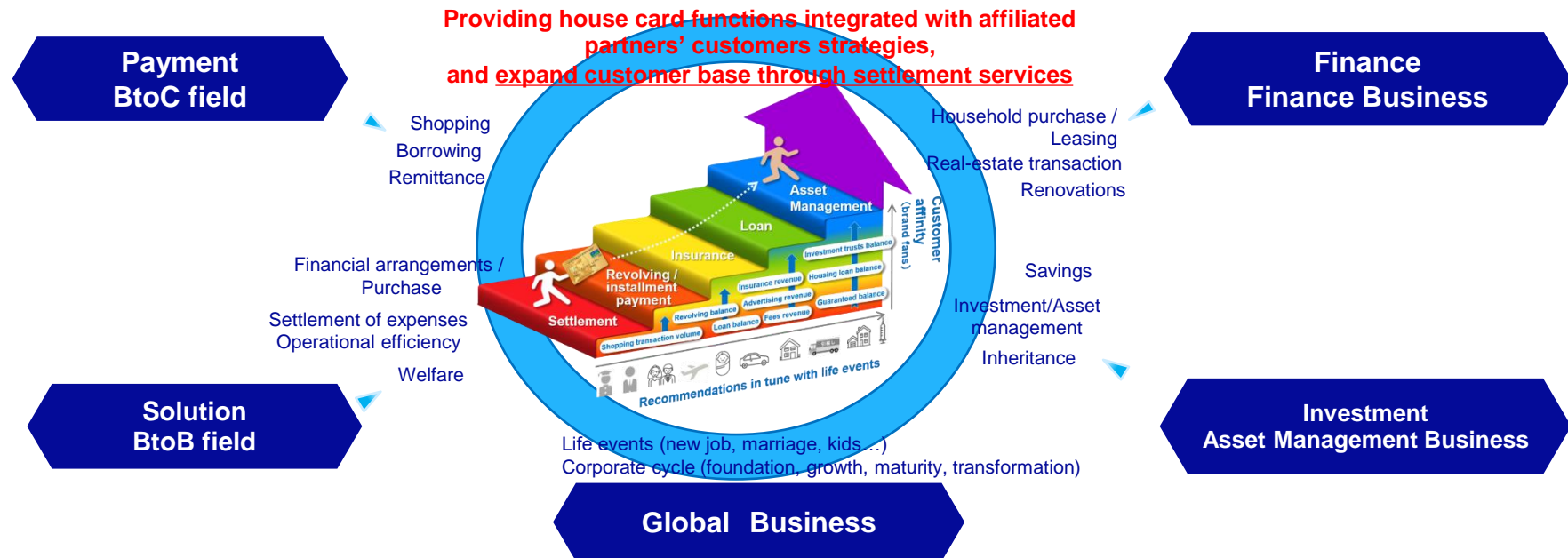
- The government's extension of the applicable period for reduction of tax on residential loans (from 10 to 13 years) will boost demand for residential purchases.
- The coronavirus will improve demand for detached housing.  
\*The number of new detached homes sold in the Tokyo Metropolitan Area has risen 15% YoY and has maintained a high level for four consecutive months.
- New-condominium sales have shifted to a rising trend.  
\*The number of new condominiums offered for sale in the Tokyo Metropolitan Area has risen 5% YoY, marking the first monthly increase in two months.
- Rents for studio apartments are trending higher than last year.  
\*Rents for single-dweller apartments (18sqm to less than 30sqm) in the 23 wards of Tokyo are trending 2% higher than last year.

\*Sources: Cabinet Office, reports from securities firms' think tanks, Real Estate Information Network for East Japan (REINS), Real Estate Economic Institute Co., Ltd., At Home Co., Ltd., Sumitomo Mitsui Trust Research Institute Co., Ltd., Credit Saison

To enhance **user experience (UX)**, **digital transformation (DX)** must be advanced on an accelerated basis.

The loss of face-to-face meetings and contact as a result of the COVID-19 pandemic will change customer psychology and behavior.  
**Business reorganization will be required.**

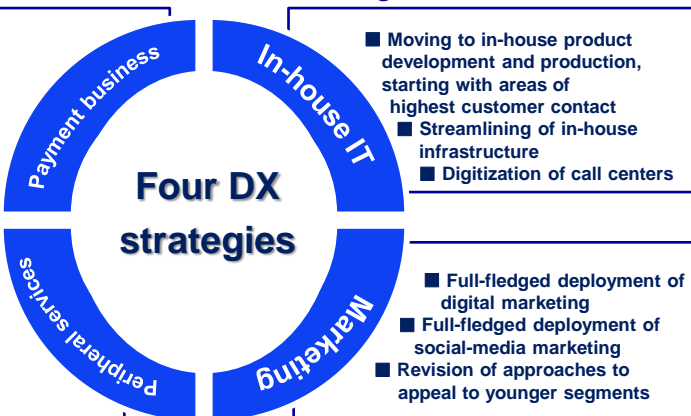
## Two Key Actions in 2H

Key Actions (1)  
Promoting DX

- Development of cards in special fields
- SAISON CARD Digital
- Development of digital payment functions
- Development of cardless loans

- Strengthening of Saison Classe, Otsukidama, Point Mall, data business, etc.
- Development of new peripheral services (Saison Furusato Tax Payment, etc.)

## Building the base for a growth track by promoting four DX strategies

Key Actions (2)  
Starting BPR with business reorganization project

Restructuring of expenses to find the management resources necessary for top-line expansion

Resource discovery

- Revision of business processes on a zero base to switch to structures that do not require human intervention
- Examination of existing products, services, processes, locations, etc. to determine whether they are needed (or should be revamped or scrapped)

Resource reallocation

- Reallocation of personnel and aggressive investment in products, services and new businesses expected to play key roles in the future
- Revision of allocations to cut costs

## Business Strategy for FY2020 2H : Target Orientation for Credit Saison (1)

## BtoC field

Attracting the young, female and affluent market segments through delivery of new products

Development of new products and expansion of the Amex brand



Others are in preparation.



SAISON CARD Digital

大和証券グループ



Attraction of new processing partners

Cross-selling with various products

## Delivery of new payment services by building a completely smartphone-based platform



Enhancement of new services in balance products to expand use and boost profitability

Enhancement of shopping services

- Revision of revolving interest rate to 15.00% (already introduced)
- Balance Sliding Plan (already introduced)

Others are in preparation.

Enhancement of cashing services

- New Slow & Steady Plan (already introduced)

Others are in preparation.

## BtoB field

## Finance business field

## Asset formation

Flat 35 Loans

Asset Formation Loans

Reform Loans

Rent Guarantees

Credit guarantee business

Leasing

Expansion of asset management services



セゾン投信



Insurance

Formation of online sales platforms

Move to pull sales of completely online services



Strengthening of push sales



Sole-proprietors

Promotion of cashless payments in the BtoB field by expanding sales in the SME market

Large enterprises





## Business Strategy for FY2020 2H : Target Orientation for Credit Saison (2)

### Orientation

The American Express Card has a high customer satisfaction index, so Credit Saison will use it as a strategic tool to expand sales of the Amex brand.

In the credit-card category of the FY2019 Japan Customer Satisfaction Index (JCSI),  
**the American Express Card captured 1<sup>st</sup> place on three parameters.**

Three parameters on which the American Express Card captured 1<sup>st</sup> place

#### Customer expectations

Expectations of the corporate brand

#### Perceived quality

Overall evaluation of quality

#### Willingness to recommend

Word of mouth

Source: FY2019 JCSI Survey, Service Productivity & Innovation for Growth (SPRING)

By strengthening its alliance with American Express, Credit Saison becomes **the only issuer in Japan permitted to use the Centurion design.**

Changes in the alliance between Credit Saison and American Express

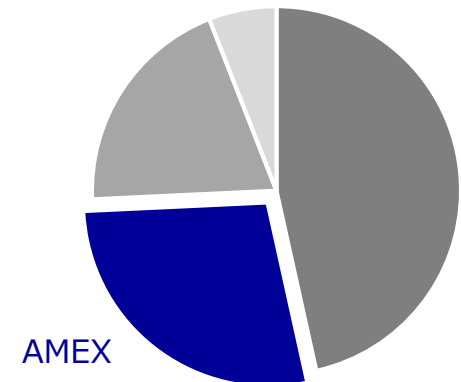
Shopping transaction volume: Share by brand

• Results in FY2019

- 1997 Issue of the Saison American Express Card
- 2005 Addition of Platinum Card
- 2007 Addition of Gold Card
- 2008 Addition of Platinum Business Card
- 2010 As the partnership strengthened, Credit Saison expanded to four cards carrying the Centurion design, an Amex symbol.
- 2019 Addition of Cobalt Business Card



Issue of cards carrying the **Centurion design (depicting a Roman military officer), an Amex symbol**



**4-fold** expansion in market share compared with 2010

## Medium-Term Management Plan (FY2019 – FY2021)

### The three main focuses

**I . Growth strategies and structural reform in the Payment Business**

**II . Further expansion of Finance Business**

**III . Expanding the earnings base of global business toward future**

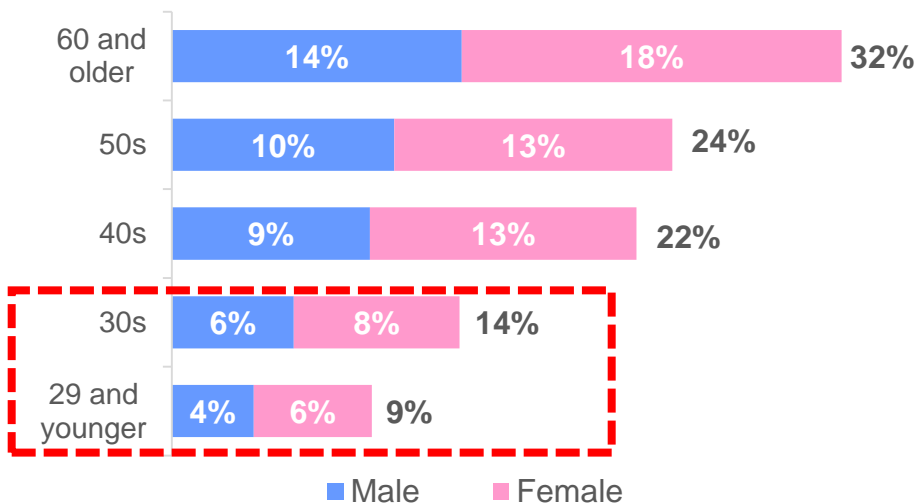
# I . Growth Strategies and Structural Reform in the Payment Business

## 1-1. BtoC field: Attracting the young, female and affluent market segments through delivery of new products: Orientation of product development

### Orientation

- Development of products targeting the **young and female customer segments**
- Development of products targeting the **affluent segment** through collaboration with Daiwa Securities Group Inc.

### Breakdown by sex and age group

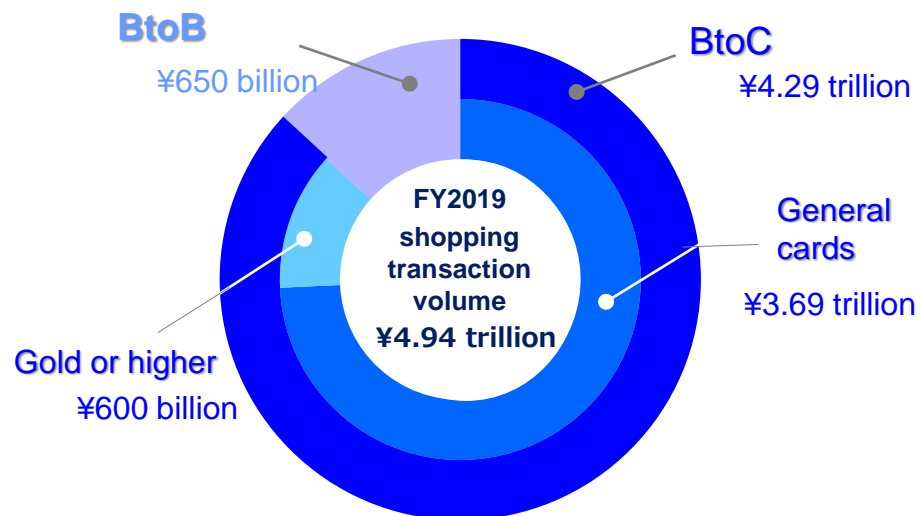


#### Characteristics of current membership composition

- Though membership includes **people of various ages**, **users in the young segment are relatively few**.
- The majority of members are **female** (57% female, 43% male).

• Results in FY2019

### Breakdown by shopping transaction volume



#### Characteristics of shopping transaction volume

- The **BtoC field comprises 87%** of total shopping transaction volume.
- 14% of the BtoC field uses Gold or higher-status cards, with **4 times the shopping transaction volume per customer and 3 times the frequency of use of general card holders**.

## I . Growth Strategies and Structural Reform in the Payment Business

1-2. BtoC field: Attracting the young, female and affluent market segments through delivery of new products:  
Product releases in 1H

2020

Apr. 1

Product releases in 1H

Sept. 30

**New partner cards to strengthen attraction of customers in the affluent and SME segments**

July

**Partnership with Hekikai Shinkin Bank**

Hekishin Saison Platinum AMEX  
Hekishin Saison Platinum Business AMEX



By issuing partner cards aimed at individual and corporate account holders at Hekikai Shinkin Bank, Credit Saison promoted regional cashless payments and stimulated regional economies.

**Strengthening attraction of the young segment and digitization of services**

July

Customers can use Apple Pay as soon as they become card members.



Customers can start using Apple Pay as soon as they join, without waiting for the plastic card to arrive.

**Expansion of product lineup to strengthen attraction of customers in the affluent segment**

August

**MileagePlus Saison Platinum AMEX Card**



Credit Saison added the AMEX brand to the Visa brand already in its Platinum line. Customers can select American Express, the only brand in the highest card bracket of the United Airlines partner card lineup.

**Measures to strengthen attraction of the young and female segments and achieve the ALL SAISON concept**

September

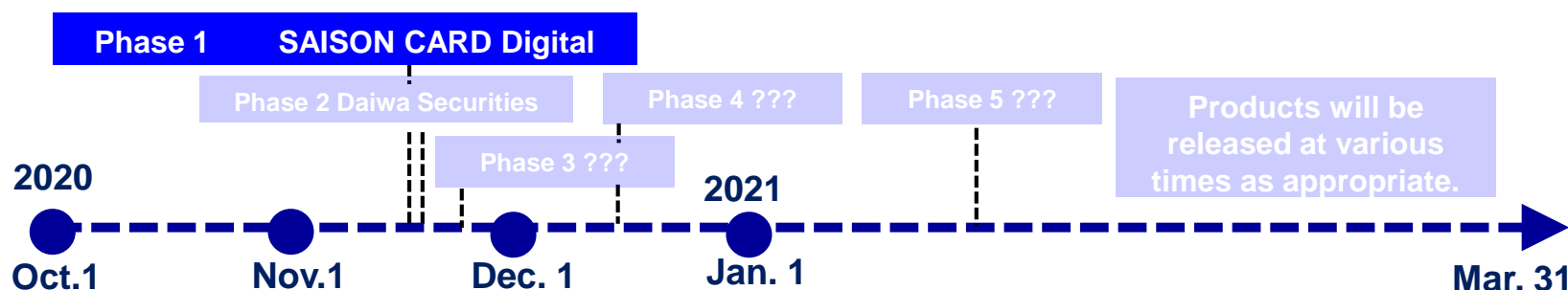
**Provision of the PARCO point service with Saison cards began**



As part of the realization of the ALL SAISON concept, Saison cards were added to the portfolio of cards that can be used with PARCO Points, the PARCO point service.

# I . Growth Strategies and Structural Reform in the Payment Business

1-3. BtoC field: Attracting the young, female and affluent market segments through delivery of new products:  
Overview of product releases in 2H



## Characteristics

1

### Smartphone-ready! Card number issued in as little as 5 minutes

- As little as 5 minutes from application to issuance of card number
- Application, management and settlement all handled on the smartphone



2

### First numberless card in Japan

- Physical cards are issued that do not display the card number, expiration date or security code



3

### Optional security features

- Push notifications of card-use information virtually in real time, 24 hours a day
- Card use can be limited by simple smartphone operation



## SAISON CARD Digital



## Background to introduction

- The smartphone is a “must-have item” essential in daily life and responds to **increased needs for reduced meetings and contact** due to COVID-19.
- SAISON CARD Digital is used as a **strategic tool for forming alliances to approach the young segment.**

## Alliance partners

• Example from start of service

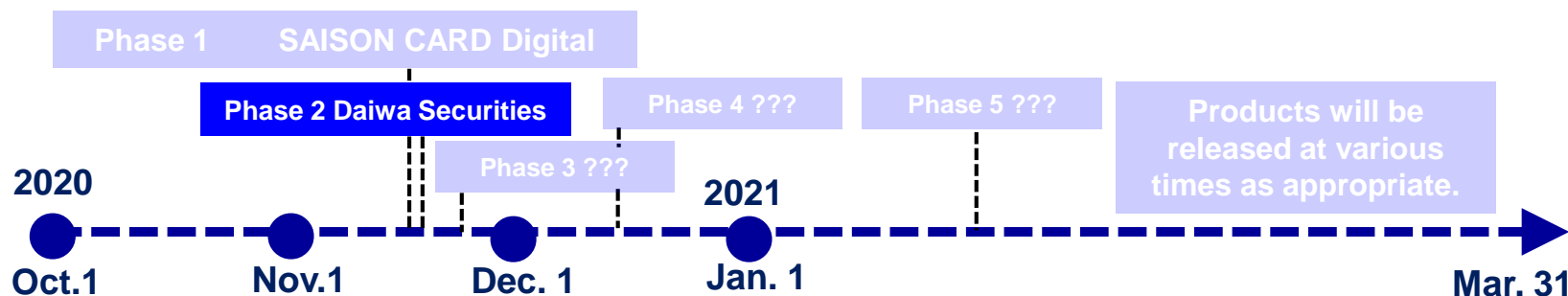
Development of alliances using the characteristics of SAISON CARD Digital:

- Smartphone-ready
- Can be used immediately
- Simple and secure



## I . Growth Strategies and Structural Reform in the Payment Business

1-4. BtoC field: Attracting the young, female and affluent market segments through delivery of new products:  
Overview of product releases in 2H



No. of accounts with balance

Approx. **3** million people

**HNWI segment**  
> ¥500 million

**Affluent segment**  
> ¥100 million

**Mass affluent segment**  
> ¥50 million

**Upper mass retail segment**  
> ¥30 million

**Mass retail segment**  
< ¥30 million

### Settlement & loan services for the affluent segment

Daiwa Securities Saison Platinum  
American Express® Card



**A special credit card** for customers  
who do business with Daiwa  
Securities  
To be launched in or after late  
November

### Securities & asset management services for cardholders

**大和証券**

Daiwa Securities

ダイワファンドラップ

ONLINE

ダイワのiDeCo



CONNECT



Investment of  
one share

No. of credit cardholders

Approx. **26** million people

**Above 50**

**Below 40**

Age range

Above 90  
Below 20

Classification on net financial assets

## I . Growth Strategies and Structural Reform in the Payment Business

1-5. BtoC field: Attracting the young, female and affluent market segments through delivery of new products:  
Progress with new processing partners



## ■ Key points of October 1, 2020 reorganization

- 1) An Alliance Preparation Office is established to handle **preparation and adjustment of operations with new partners**

Simplified organizational chart



- 2) A Processing Sales Department is established to handle **new processing sales under contract**

Simplified organizational chart



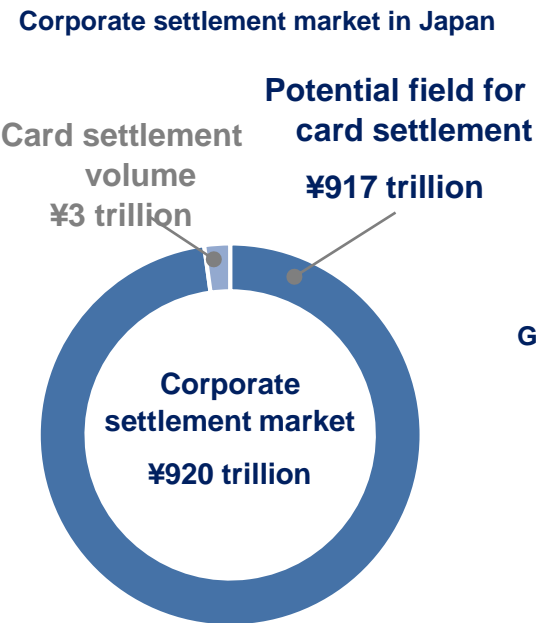


## I . Growth Strategies and Structural Reform in the Payment Business

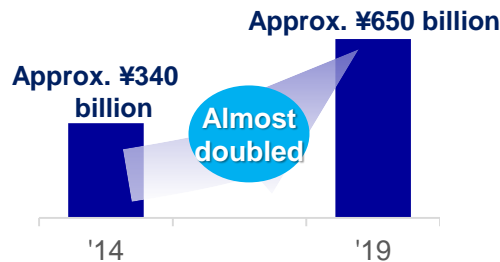
## 2. BtoB field: Promoting cashless payments in the BtoB field by expanding sales in the SME market

## Orientation

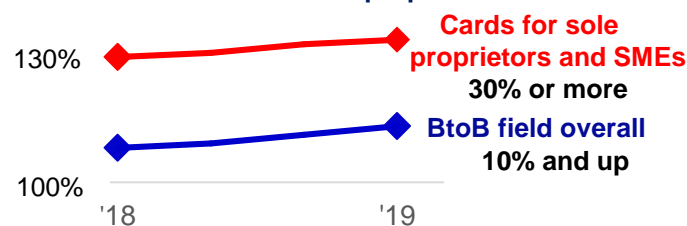
- Continue strengthening of sales in the **SME market (sole proprietors, SME managers, etc.)**
- **Expansion of products and services** to support funding needs, etc.



Transaction volumes in BtoB field



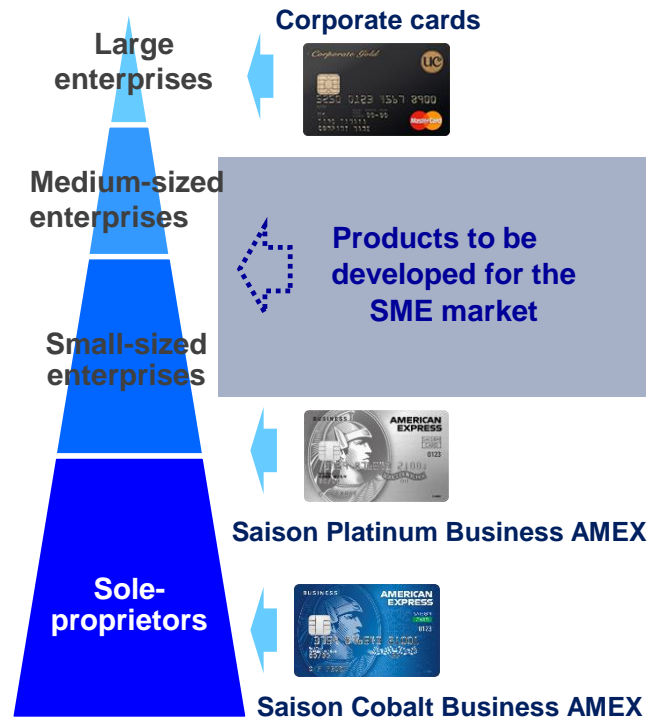
Growth rate of cards for sole proprietors and SMEs



Characteristics of the BtoB field

- The card settlement market is valued at approx. ¥3 trillion, just 0.3% of the approx. **¥920 trillion** value of the corporate settlement market.
- Transaction volumes in BtoB field almost **doubled** compared with FY2014, when we began reinforcing our corporate sales.
- The growth rate of cards for sole-proprietors and SMEs continues to **exceed 30% YoY**.

Corporate card lineup



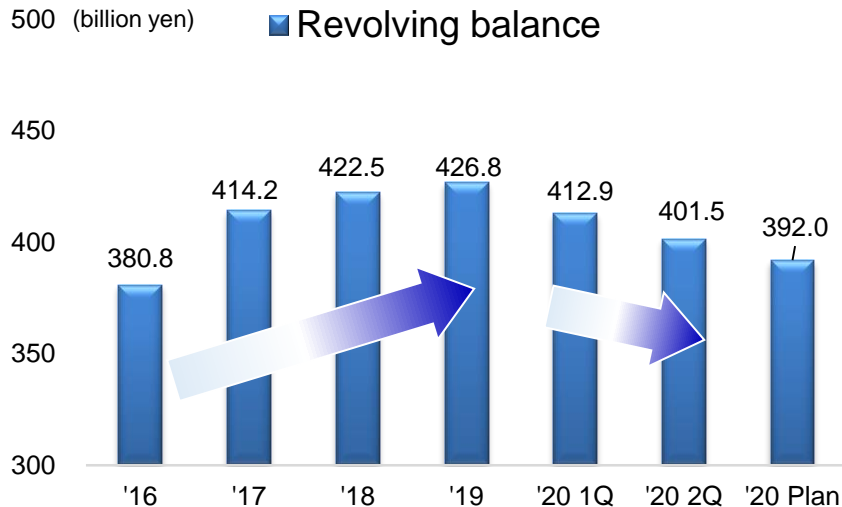
Product lineup expanded in  
December 2019



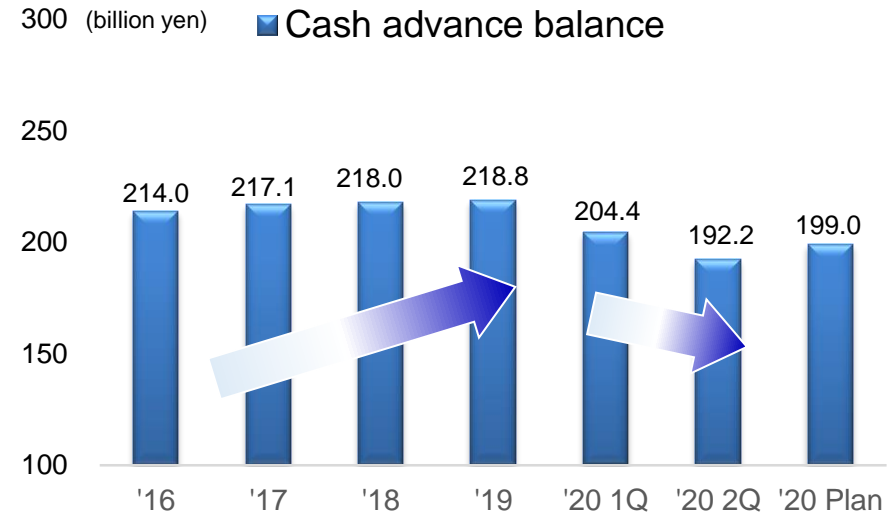
## I . Growth Strategies and Structural Reform in the Payment Business

## 3. Expansion of new services in balance products and improvement of profitability

As shopping and cashing transaction volumes have shrunk as a result of the COVID-19 pandemic, reducing the balances that are a source of future revenue, Credit Saison is introducing measures such as new approaches and expanded services.



Expansion of shopping services



Expansion of cashing services

**New features already introduced**

- Yield is improved through revision of revolving interest rate to 15.00%.
- A Balance Sliding Plan is introduced and payment-amount options are revised in Fixed Amount Plan.

**Diversification of payment methods, new products, etc. are being prepared for release.**

**New features already introduced**

- Online applications for increasing limits have begun.
- A Slow & Steady Plan is introduced, using repayment through cash advance and revolving methods

**Flexible interest-rate settings, cardless loans, etc. are being prepared for release.**

## I . Growth Strategies and Structural Reform in the Payment Business

## 4. Measures in payment business: Conclusion

Orientation toward reviving  
growth in payment business

- BtoC field: Attracting the young, female and affluent market segments through delivery of new products
- BtoB field: Continue strengthening of sales in the **SME market** and product development
- Processing field: Application of expertise as an issuer to **expand new processing acceptance**

## BtoC field

## BtoB field

**Phase 1**  
SAISON CARD Digital

**Phase 3 (planned)** Issuance of cards targeting women**Phase 4 (planned)** Issuance of cards targeting young people**Phase 5 (planned)** ???

And more

**Phase 2**

Daiwa Securities  
Saison Platinum AMEX



2021

2022

2023

Nov. 2020

## Processing field

**Phase 1 (planned)** ??? **Phase 2 (planned)** ??? And more

**Saison's strengths**

- Able to accept consignment both on system development and on operation
- Able to share expertise as an issuer (recruiting members, encouraging use, etc.)

- **Customization of range of consignment** according to needs of partners  
Note: Ability to choose between complete acceptance and partial acceptance (risk management, call centers, etc.)
- Approaches to **existing and new payment providers**

Application of expertise as an issuer to **expand new processing acceptance**

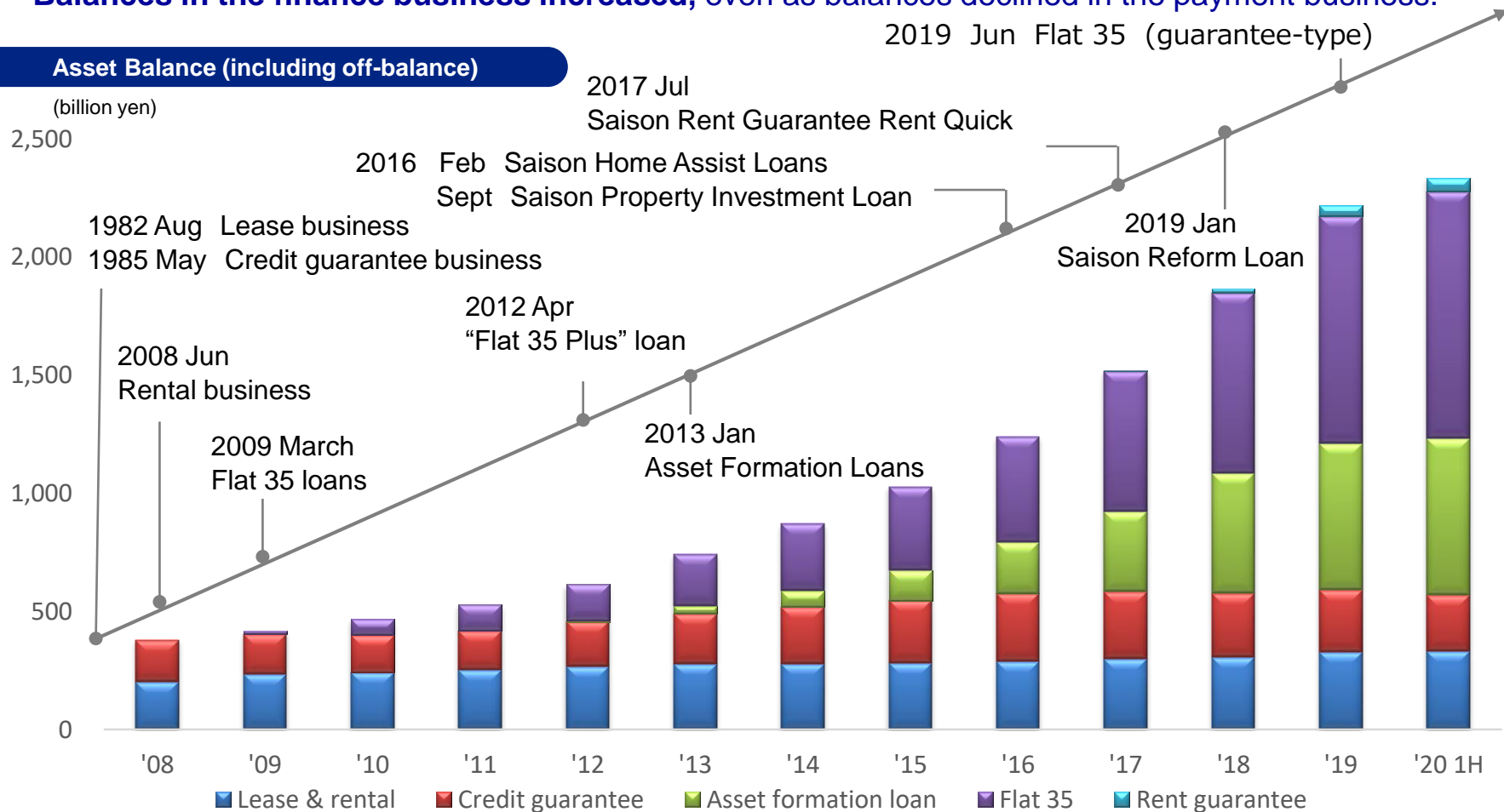
## Processing field

## II. Further expansion of Finance Business – Strengthening relationships with partners and expand new alliances

### Orientation

Credit Saison will diversify its revenue sources by providing financing features tailored to market needs and strengthening relationships with corporate partners, thereby creating an operating platform as a non-bank that can adapt flexibly to changes in the business environment.

**Balances in the finance business increased, even as balances declined in the payment business.**



## II. Further expansion of Finance Business – Strengthening relationships with partners and expand new alliances

### Flat 35 Loans

In just over 10 years since it began handling Flat 35 Loans (purchase-type) in March 2009, **Credit Saison has grown to No. 2 industry market share\***.

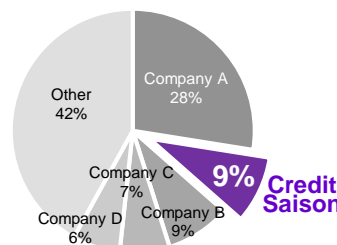
\*Flat 35 Loans executed basis, FY2019 (Credit Saison survey)

1H

- Due to partners' voluntary restraint on sales, etc. related to COVID-19:  
Transaction volume ¥114 billion (–8% YoY),  
Balances ¥1.0443 trillion (+21% YoY)
- Growth in Flat 35 Loans (guarantee-type)



Market share of Flat 35 Loans



2H

- Expansion of transaction volumes through strengthening of partnerships with real-estate operators and formation of new partnerships
- Development of new areas and sales channels
- Raising efficiency through use of business systems and outsourcing

### Rent Guarantees

Due to the delay in the internal-transfer season under the influence of COVID-19:

Transaction volume ¥17.2 billion (+19% YoY),  
Balances ¥59.4 billion (+87% YoY)

- Rent guarantees spurred card issuance to nearly 3 times that of the previous year, growing into a new channel for acquiring card issuance.



1H

2H

- Expansion of balances through expansion of new partnerships
- Further expansion of acquisition channels using SAISON CARD Digital



### Asset Formation Loans

1H

- As a result of partners' voluntary restraint on sales and operation through minimal organizations,  
Transaction volume ¥56.9 billion (–8% YoY)  
Balances ¥664.6 billion (+20% YoY)
- Risk control for loan maintenance
  - Promoting early normalization through rapid response to pending loans



2H

- Advancing sales tailored to partners' sales plans
- Expansion of guarantee services by introducing new group credit life insurance

### Lease & Rental

1H

- As a result of reduction of sales operations at dealers due to COVID-19,  
Transaction volume ¥56.8 billion (–17% YoY)  
Balances ¥329.7 billion (+2% YoY)
- Laon quality is on an improving trend thanks to disbursement of subsidies and execution of loan guarantees.



2H

- Expanding transaction volumes at existing lease dealers
- Promotion of new partnerships and finalization of new projects

### Credit Guarantees

1H

- Integration of payment business and finance business  
Start of issuance of partner cards with Hekikai Shinkin Bank
- Financial institutions reduced sales activities to focus on support for business operators  
Transaction volume ¥31.8 billion (–39% YoY)  
Balances ¥238.4 billion (–11% YoY)



2H

- Expansion of new partnerships with financial institutions
- Preparing for entry into new guarantee business domains

## Ⅲ. Expanding the earnings base of global business toward future Transition from “sowing” to “harvesting” stage in operation countries

### Orientation

**Contributing to regional economic development by achieving financial inclusion for the underserved segment\***

\*Segment unable to receive sufficient service from traditional financial institutions such as banks

### ① Lending Business

- In Southeast Asia and India,
- using fintech and partnership models with platform providers,
- consumption and operating funds are provided to underserved consumers and the MSME\* segment.

\*Micro, Small & Medium Enterprises

### ② VB Investment



#### Saison Capital Pte. Ltd.

- Established June 2019 (wholly owned subsidiary)
- Investment and funding for overseas startup companies

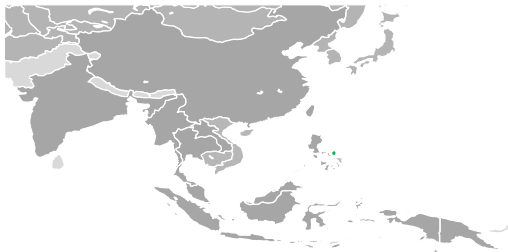
#### Impact investment business

Investment aimed at both economic return and measurable social effects

Deployment of operations in each country ⇒ See next page

### Efforts thus far

Global operations are positioned as a future revenue base, deploying retail financial businesses tailored to each country.



### Financial inclusion



### New efforts

Measurable solutions to social issues on the global level



### III. Expanding the earnings base of global business toward future Transition from “sowing” to “harvesting” stage in operation countries



#### Myanmar

Undertaking the business-license application procedures required for the launch of the microfinance business



#### India



#### Kisetsu Saison Finance (India) Private Limited

- Established Jun 2018 (99.99% stake)
- Digital lending business



#### Singapore



#### Grab Financial Services Asia Inc.

- Established Dec 2017
- Digital lending business



#### Saison Capital Pte. Ltd.

- Established Jun 2019 (100% stake)
- Investment and financing for overseas start-ups

#### Credit Saison Asia Pacific Pte. Ltd.

- Established May 2014 (100% stake)
- overseas business development and integrated management



#### Thailand

#### SIAM SAISON SIAM SAISON Co., Ltd.

- Established Nov 2018 (40% stake)
- Digital credit granting / payment business



#### China

#### Credit Saison Corporation (Shanghai) Limited

- Established Mar 2005 (100% stake)
- Consulting business



#### Philippines

Undertaking preparations for the launch of the loan business



#### Cambodia

#### Idemitsu Saison Microfinance (Cambodia) Plc.

- Established Aug 2015 (Subsidiary of an affiliated company in which CS holds a 50% stake)
- Loan and installment payments business



#### Vietnam



#### HD SAISON Finance Company Ltd.

- Established May 2015 (49% stake)
- Realization of soft launch of credit card business
- Providing individual article installment for motorcycles, smartphones and home appliances



#### Malaysia



#### Indonesia



#### PT. Saison Modern Finance

- Established Sept 2015 (82% stake)
- Digital lending / leasing business





### III. Expanding the earnings base of global business toward future Transition from “sowing” to “harvesting” stage in operation countries

#### Status of the COVID-19 Pandemic in Major Operation Countries

- In Vietnam, a country that contributes to the profitability of Credit Saison's global operations, the numbers of tests and deaths are extremely limited and the economy is rebounding.
- In India, where Credit Saison had planned to strengthen operations, numbers of tests and deaths are spiking. In Indonesia, the number of deaths is high in relation to the population.

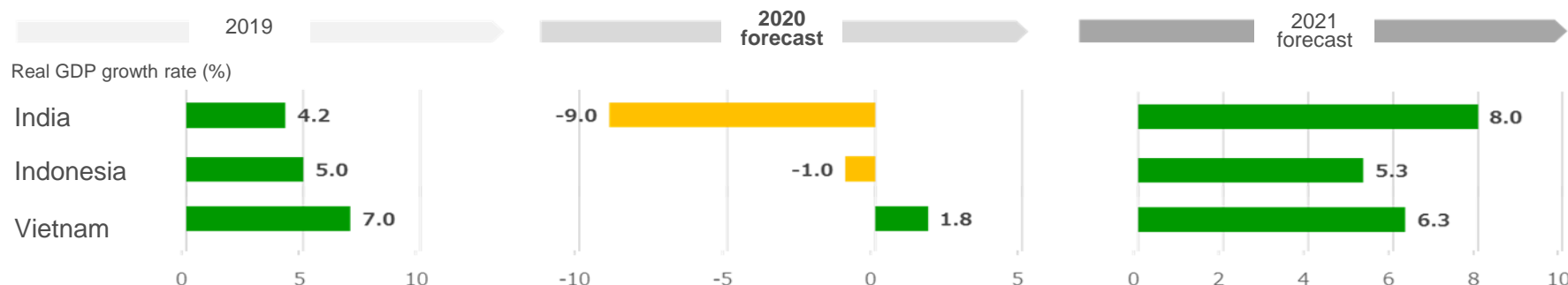
	Total cases (approx.)*	No. deaths (approx.)	No. infected/million	No. deaths/million	Death rate	No. tests (approx.)	No. tests/million	Population (approx.)
India	6.3 million	98,000	4,561	71	1.6%	74.19 million	53,633	1.38 billion
Indonesia	280,000	10,000	1,047	39	3.7%	3.32 million	12,113	270 million
Vietnam	1,000	30	11	0	3.2%	1 million	10,344	90 million

\*Total cases: Number currently infected + number of deaths + number recovered

Source: Processed by Credit Saison using data gathered from Worldometer on September 30, 2020

#### Economic Forecast for Major Operation Countries

- In a forecast released by the Asian Development Bank in September 2020, Vietnam is expected to maintain positive growth in real GDP in 2020.
- A major recovery is expected in 2021, including rebound from 2020.



Source: GDP Growth Forecast Update, Asian Development Outlook Update, September 2020

## ◆ ESG related



## Basic approach to ESG Management

Based on our “leading-edge service company” management philosophy, we contribute through the everyday operation of our businesses to resolving problems and move society forward in ways only Credit Saison can by leveraging our unique know-how, management resources, and the experiences of each of our employees. We will create a sustainable society that is even more convenient and prosperous than today's.

## SUSTAINABLE DEVELOPMENT GOALS



- Realization of a safe, secure and convenient cashless society
- Donation by exchanging points and card payments
- Education for the Next-Generation and Financial Education
- Supporting Sports and Cultural Activities
- Support SEA's economic development via financial services
- Realization of diversity & inclusion
- Reform Working style

### Environment



- Operate the Akagi Nature Park
- Reduction in paper consumption/CO2 emissions
- Using environment-friendly materials

### Social



### Governance



- Establishment of nomination and remuneration committee (2019.6~)
- Introduction of executive officer system (2020.3~)
- Maintain diversity in terms of women participation

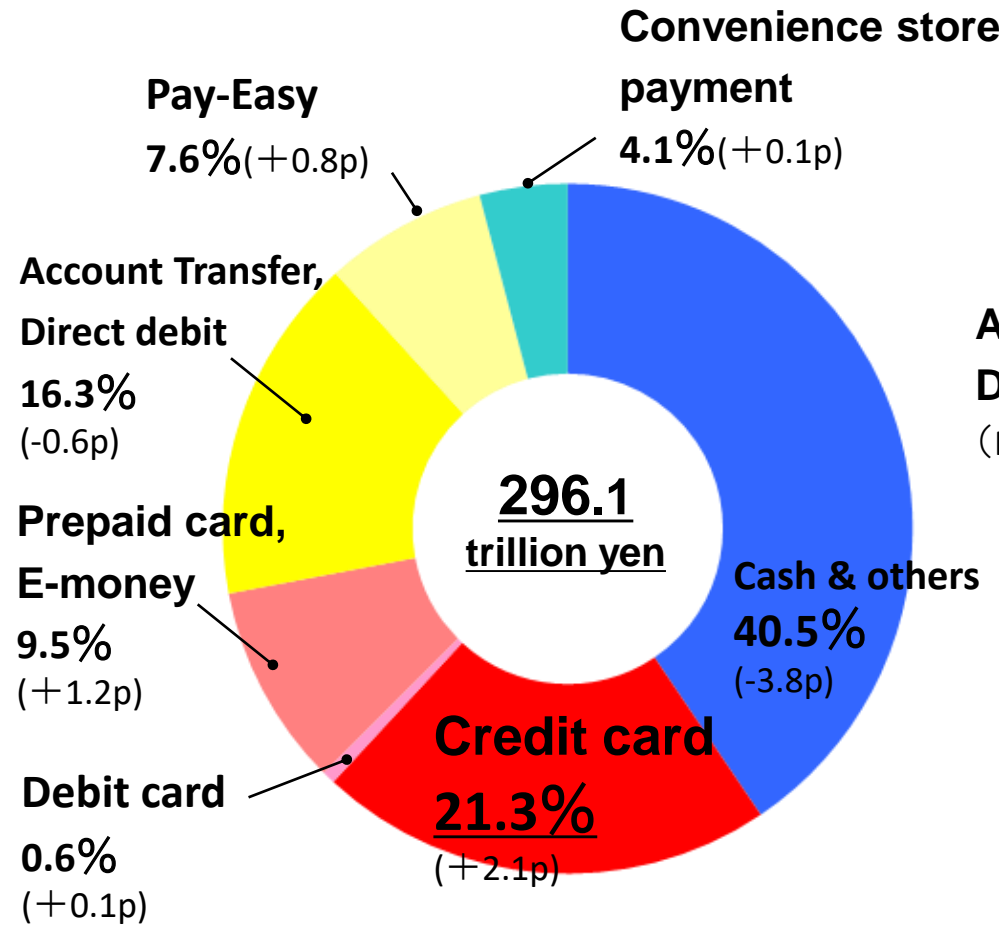


leading-edge  
service company

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

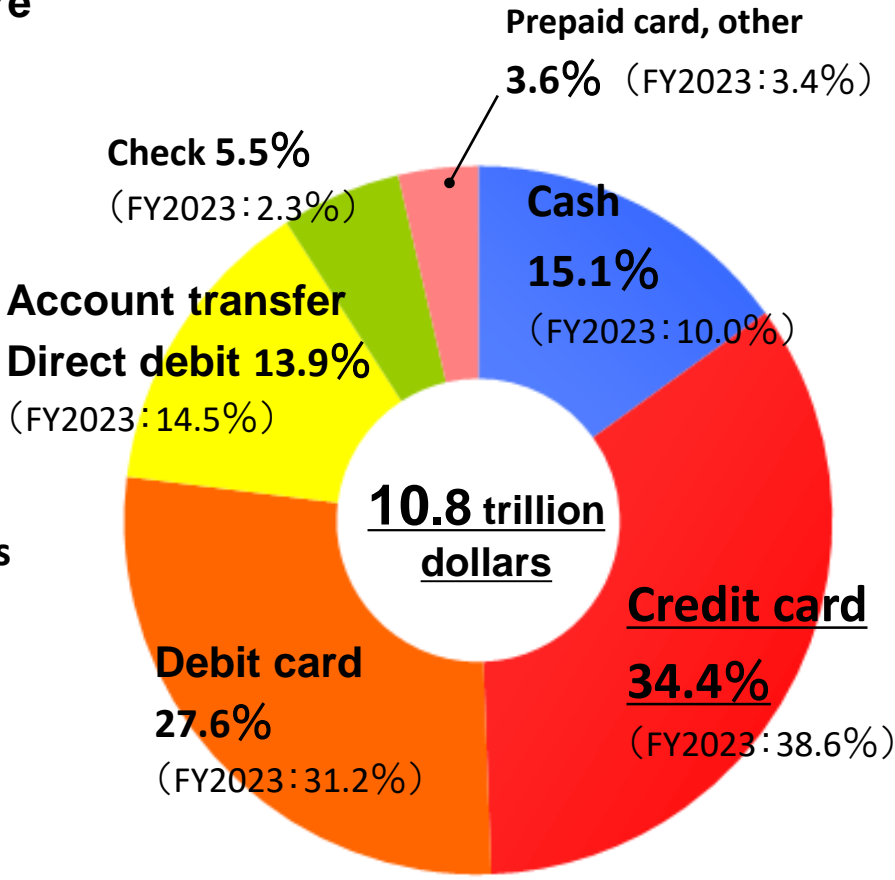
**Japan (FY 2019)**

※ YoY in ( )



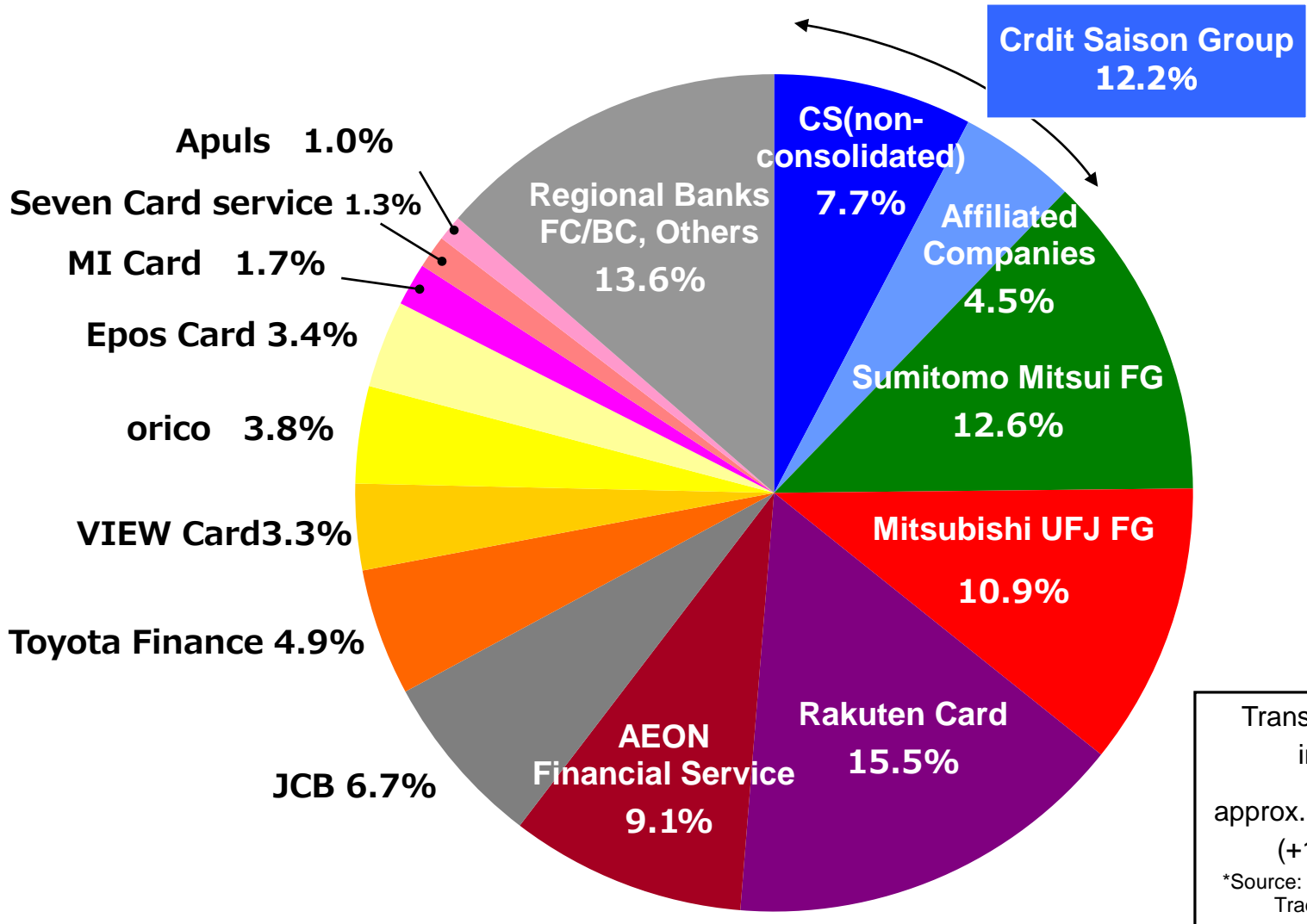
**U.S.A. (FY2018 → FY2023 forecast)**

※share forecast of FY2023 in ( )



※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.  
Credit card's shares include transaction volume of corporate cards estimated at 3 trillion yen (1% of its total)  
※U.S.A: Calculated by our company based on the "2015 Results and 2020 Forecast" listed in the NILSON REPORT.

# (Reference) Domestic Market Share (Shopping Transaction Volume)



Transaction volume  
in FY2019  
approx. **¥64.4** trillion  
(+10.0% YoY)  
\*Source: Ministry of Economy,  
Trade and Industry

※Calculated by the Company by using own method based on each company's official report.  
※Data used is basically on non-consolidated basis (excluding overseas card members), both FC and BC of all brand companies are categorized as "Regional banks FC/BC".  
※Affiliated Companies: Idemitsu Credit, Seven CS Card, Takashimaya Financial Partners, Resona Card, Shizugin Saison Card, Daiwa House Financial