

August 8, 2008

Credit Saison Announces First-Quarter Financial Results for Fiscal 2008

Credit Saison Co., Ltd. (8253) recorded the following consolidated financial results for the first quarter of fiscal 2008: operating revenue of ¥86.9 billion, down 6.0% year on year, ordinary income of ¥16.7 billion, down 22.1% year on year, and quarterly net income of ¥9.0 billion, down 15.7% year on year. These results were due to a fall in revenue of ¥6.5 billion caused by a Company policy, implemented June–July 2007, of reducing cash interest rates.

The main consumer credit business recorded operating revenue of ¥62.3 billion, down 2.1% year on year. Although there was an increase in revenue, resulting from an expansion in the card transaction volume and shoppers' revolving credit balance, as well as from an increase in revenue in the sub-contracted card processing business, this was not enough to cover a fall in revenue from cash advances brought by lower interest rates.

The finance business recorded operating revenue of ¥10.3 billion, down 7.6% year on year. This was mainly due to the transfer of interest income from the securitization of real estate collateral financing receivables executed in the second quarter of the last fiscal year to financial revenue.

On a positive side, our alliances with over 160 regional financial institutions nationwide resulted in strong performance by the credit guarantee business, with operating revenue rising 34.1% year on year. We also entered the rental business and initiated a number of new growth strategies.

Real estate-related businesses recorded operating revenue of ¥7.8 billion, down 31.9% over the previous year, when there was an inflow of revenue from the sale of large properties.

Interest repayments declined 16.3% from the previous quarter and credit costs came to ¥16.5 billion, down 17.9% year on year. Moreover, due to the progress of business structure reforms begun in the previous fiscal year, we were able to keep SG&A expenses, such as new cardholder acquisition costs, advertising and promotion expenses, etc. down to within planned levels.

For fiscal 2008, the Company forecasts operating revenues of ¥363.0 billion, ordinary income of ¥62.0 billion and net income of ¥27.0 billion, unchanged from our forecasts at the beginning of the fiscal year.

Non-consolidated results

- (1) New cardholders acquired: 720,000 (down 24% year on year, progress rate of 29% of the target for the full fiscal year)
- (2) New cards issued: 620,000 (down 23% year on year, progress rate of 30% of the target for the full fiscal year)
- (3) Total no. of cardholders: 25,950,000 (60,000 fewer than at the end of previous term)
- (4) Active cardholders: 13,330,000 (110,000 more than at the end of the previous term)
- (5) Volume of card shopping transactions: ¥942.8 billion (up 4.7% year on year)
- (6) Card cash advance balance: ¥586.8 billion (down 0.9% year on year) including securitized receivables
- (7) Operating revenues: ¥66.5 billion (down 6.6% year on year)
- (8) Ordinary income: ¥12.5 billion (down 0.9% year on year)
- (9) Quarterly net income: ¥9.3 billion (up 5.5% year on year)

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