

Credit Saison Co., Ltd. (8253) Announces Financial Results for April-June 2011

For the first three months (April-June) of fiscal 2011, Credit Saison Co., Ltd. recorded the following consolidated business results: Operating revenues declined 11.9% year on year, to ¥64.4 billion, ordinary income was 2.1% higher at ¥12.8 billion, and net income rose 46.3% to ¥9.8 billion. Operating revenues progress as planned due to recovery of the shopping transaction volume from the decline caused by the Great East Japan Earthquake. Ordinary income and net income increased by the reduction of credit costs due to decrease of new interest repayment of claims handled by lawyers in addition to the Company's strengthened credit control and collection systems and improved cost efficiency.

An overview of consolidated business results for the first three months is as follows.

1. Overview of Operating Revenues (Operating revenues: ¥64.4 billion, down 11.9% YOY)

In the mainstay Credit Services Business (operating revenues: ¥50.0 billion, down 15.5% year on year), the Company focused on strengthening its revenue-generating capacity by enhancing efforts to acquire members for premium cards such as American Express Card that have a high active ratio, and expanding the number of Net members by enhancing Internet service functions. Although the shopping transaction volume in April plunged by the remaining effect of the Great East Japan Earthquake, that of May and June is on the recovery and April-June total transaction volume increased by 3% year-on-year (excluding the effect of the split of the 7CS card business). Revenues declined, however, as cash advance balances decreased due to lending restrictions following revisions to the Money-Lending Business Control and Regulation Law.

In the Lease & Rental Business (operating revenues: ¥3.6 billion, up 1.6% year on year), Credit Saison continued to strengthen ties with existing customers and increase the number of partner merchants.

In the Finance Business (operating revenues: ¥3.7billion, down 2.5% year on year), Credit Saison saw revenues decline despite an increase in revenues in line with an increase in the number of loans for “Flat 35” long-term fixed-rate mortgage loans. The overall decline was due to a decrease in the balance of loans collateralized by real estate properties.

In the Real Estate Related Business (operating revenues: ¥3.8 billion, up 32.9% year on year), Credit Saison Group continued to sell its real estate for sale. Meanwhile, the Company worked to stabilize revenues in the servicing business and real estate leasing business, while striving to improve asset efficiency by replacing and reducing assets.

2. Overview of Ordinary Income (Ordinary income: ¥12.8 billion, up 2.1% YOY) and Net Income (Net income: ¥9.8 billion, up 46.3% YOY)

Operating expenses declined 13.9% year on year, to ¥53.1 billion by strengthen of credit control and decrease of new interest repayment of claims handled by lawyers, leading to a decline of the credit costs. In addition, the Company recorded equity in earnings of associates accounted for using equity method of ¥601 million, an increase of 34.0% year on year, as joint venture credit card companies and other equity-method affiliates delivered strong business performances.

Credit Saison recorded extraordinary income from gains on sales after transferring some of its shares in Seven CS Card Service Co., Ltd.

3. Earning Forecasts for Fiscal 2011

There have been no changes to forecasts for the first six months and full year for fiscal 2011 that were announced on May 13, 2011. In the results for the first three months of fiscal 2011, operating revenues were largely as planned, while operating income, ordinary income and net income were higher than our forecast. This higher achievement rate was due to better management of receivables and improved cost efficiency, as well as a decline in third-party mediation of receivables by lawyers, judicial scriveners and others, which has led to provision of allowance for doubtful accounts being lower than assumed.

However, the operating environment remains severe, and we must look closely at the future impact of the Great East Japan Earthquake on credit risks and consumption trends. We have not revised our previous forecasts at this time. However, if the results of our examination of market conditions necessitate a revision, we will make a prompt announcement.

◆Non-consolidated Results for the First Three Months (April-June) of Fiscal 2011

*[Numbers in square brackets exclude the effect of the split of the Seven CS Card business]

- (1) New cardmembers acquired: 630,000
- (2) New cards issued: 470,000
- (3) Total No. of cardmembers: 25,050,000
- (4) Active cardmembers: 12,840,000
- (5) Active ratio: 51.3% (up 0.2% year on year)
- (6) Volume of card shopping transactions: ¥819.1 billion
(down 15% year on year) [*up 3%]
- (7) Card shopping revolving credit balance: ¥261.8 billion
(down 12% year on year) [*up 3%]
- (8) Volume of card cash advance transactions: ¥68.9 billion
(down 46% year on year) [*down 42%]
- (9) Card cash advance balance: ¥349.3 billion
(down 32% year on year) [*down 28%]
- (10) Operating revenues: ¥53.2 billion (down 14% year on year)
- (11) Ordinary income: ¥10.3 billion (down 4% year on year)
- (12) Net income: ¥7.9 billion (up 45% year on year)