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Credit Saison (8253) Announces Financial Results for April - December 2015

During the first three quarters of fiscal 2015 (April 1 to December 31, 2015), Credit Saison undertook a number of initiatives with the aim of taking its place as a “Peerless New Finance Company in Asia.” The Company formed capital partnerships with local companies in Vietnam and Indonesia to establish joint-venture companies, marking its full-fledged entry into the retail-finance markets of those countries. Promoting the growth of cashless settlement, the Company provided a full spectrum of settlement services, including prepaid cards and corporate cards to support companies in ways tailored to their business types and settlement needs. In its credit-guarantee and finance-related operations, the Company provided a plethora of financial functions responding to a multiplicity of funding needs, aiming to expand sound loan balances.

The Company joined Monex Group, Inc. and the Vanguard Group, Inc. to establish a discretionary investment management company, Monex-Saison-Vanguard Investment Partners, Inc. This company will leverage advanced IT and world-class financial knowledge to offer small-account, low-cost asset-management services, mainly online. Monex-Saison-Vanguard Investment Partners will begin operations in spring 2016.

A summary of performance for each segment during the third quarter of fiscal 2015 is as follows.

1. Sales Summary

(1) Credit Services Business

Both card membership and shopping revolving balance expanded in the period under review, raising operating revenue 3.4% against the same period of the previous fiscal year (YoY) to ¥152.6 billion.

- 1) The Company worked closely with partner retail outlets that continued to open new stores, offering cards such as Mitsui Shopping Park Card Saison. New card issuance rose 11.3% YoY to 1.96 million cards, while total card members swelled by 460,000 members to 25.43 million members (a 1.9% increase from the previous fiscal year-end). Active card members increased by 340,000 (up 2.4% from the previous fiscal year-end) to 14.92 million members.
- 2) In addition to the increase in total card members and active card members, the Company enjoyed buoyant interest in its revolving-payments services. Shopping transaction volume grew 4.4% YoY to ¥3,191.6 billion, while revolving balances increased by ¥36 billion (up 12.2% from the previous fiscal year-end) to ¥330.9 billion.
- 3) HD SAISON Finance Company Ltd., a joint venture in Vietnam between the Company and a local enterprise in April 2015, enjoyed brisk expansion in its business results, through a network of over 4,000 sales outlets across Vietnam. Operations focused on loans for purchases of motorcycles and consumer electronics.

- 4) Online membership is the bedrock of the Company's online business. This membership expanded by 950,000 (up 8.5% from the previous fiscal year-end) to 12.16 million members. Downloads of the smartphone applications Saison Portal and UC Portal expanded to 1.18 million, as the Company strove to promote use of its online services.
- 5) In November 2015, the Company undertook a general membership-management contract for the Lawson Osaifu Ponta Card. Total issuance of prepaid cards was 24.12 million.
- 6) For corporate customers seeking to shift toward a variety of cashless settlement solutions, the Company vigorously promoted the introduction and use of corporate cards. New issuance of corporate cards lifted 36% YoY, while transaction volume grew 15%.

(2) Lease Business

Despite efforts to strengthen relations of trust with major partner retailers and boost sales with new sales outlets, the Company's Lease Business suffered a 3.8% YoY decline in operating revenue to ¥10.1 billion.

The Company implemented joint campaigns with sales outlets, focusing on major partner retailers. Saison also worked to strengthen its sales operations and restrain expenses associated with non-performing loans.

(3) Finance Business

From freeloan guarantee operations to asset formation, the Company built an operating foundation based on strong product appeal across a diverse array of financing needs. Operating revenue brightened 27.1% to ¥20.6 billion.

- 1) In credit-guarantee operations, the Company built relationships with regional banks, credit unions and other regional financial institutions, acquiring nine new partners. The number of partner institutions reached 390 institutions (an increase of 14 institutions YoY). Guaranteed balances grew to ¥284.7 billion (up 8.7% from the previous fiscal year-end).
- 2) For Flat 35, a housing-loan product with a long-term fixed rate, the Company provided preferential treatment for card members and boosted sales efforts with distributors. As a result, the balance of loans transferred to JHFA rose 17.8% against the previous fiscal year-end to ¥334.3 billion.
- 3) For the Saison Asset Formation Loan, a loan product supporting the purchase of real estate for investment purposes, the Company strengthened coordination with leading partners. Both the number and value of project starts increased, and total loan balance expanded a robust 51.8% against the previous fiscal year-end to ¥102.8 billion.

(4) Real Estate Related Business

Through vigorous sales efforts in a vibrant real estate market, Saison boosted operating revenue 33.0% YoY to ¥13.6 billion.

Atrium Co., Ltd., a consolidated subsidiary of the Company, deployed concerted sales efforts, energized by a lively real estate market. Sales of large projects in liquidation operations and promotion of development projects also advanced briskly.

2. Overview of Ordinary Income and Net Income

The Company reinforced its operating base in pursuit of a sustainable growth track. In light of current forecasts for requests for interest repayment, the Company appropriate ¥15.0 billion provision for loss on interest repayment. As a result, operating revenue rose 6.3% YoY to ¥204.2 billion. However, operating income dropped 25.8% YoY to ¥26.5 billion, ordinary income decreased 9.8% YoY to ¥36.2 billion, and quarterly net income eased 1.6% to ¥25.4 billion.

The forecast of business results for the full fiscal year calls for a 5.4% increase in operating revenue, to ¥273.0 billion; a 6.6% slide in operating income, to ¥37.5 billion; an 11.0% jump in ordinary income, to ¥48.5 billion; and net income more than doubling 121.7% to ¥28.0 billion.

(References) Non-consolidated results for April - December 2015

(1) New card members acquired	2,470,000	(up 11.0% YOY)
(2) New cards issued	1,960,000	(up 11.3% YOY)
(3) Total No. of card members	25,430,000	(net increase of 460,000 members from end of previous fiscal year)
(Online membership)	(12,160,000)	(net increase of 950,000 members from end of previous fiscal year)
(4) Active card members	14,920,000	(net increase of 340,000 members from end of previous fiscal year)
(5) Active ratio	58.7%	(up 0.3% from end of previous fiscal year)
(6) Shopping transactions volume	¥3,191.6 billion	(up 4.4% YOY)
(7) Shopping revolving credit balance	¥330.9 billion	(up 12.2% from end of previous fiscal year)
(8) Card advance transaction volume	¥203.5 billion	(down 3.0% YOY)
(9) Card cash advance balance	¥216.5 billion	(down 0.8% from end of previous fiscal year)
(10) Operating revenue	¥171.0 billion	(up 5.7% YOY)
(11) Ordinary income	¥20.7 billion	(down 38.4% YOY)
(12) Q3/ FY 2015 Net income	¥11.2 billion	(down 44.2% YOY)