

## Credit Saison (8253) Announces Financial Results for April - December 2016

During the first three quarters of fiscal 2016 (April to December 2016), Credit Saison Co., Ltd., as a leading edge service company, worked towards implementation of the management vision set forth in the current medium-term management plan, "Neo Finance Company in Asia." In Japan, in pursuit of a cashless society, the Company strove to offer both corporate and individual customers the best possible solutions for their needs, while overseas we vigorously promoted our business in the Asian retail-finance markets utilizing the know-how the Company has amassed so far in Japan.

During the period, the Company took several steps to expand its customer base in a way that supports sustainable growth. In addition to energizing its efforts to acquire new card members using tablet devices and stepping up its recruitment of online members, the Company also strove to boost the active use of cards and encourage the shift to cashless settlement through provision of all kinds of settlement services including Apple Pay and various means of payment including prepaid cards.

The Company also undertook a number of initiatives with the aim of expanding the Eikyufumetsu points platform and constructing a new points-based economic sphere. In December, 2016, we started Point Operations Service for members offering simulations of long-term investments, while in January, 2017 launched a point program with Eikyufumetsu points for "mijica", a card recently launched by the Japan Post Bank Co., Ltd. and the Japan Post Co., Ltd.

In the Credit Guarantee and Finance Businesses, the Company engaged in building a sound loan portfolio by offering financial products that respond to a wide range of financial needs and by joining hands with highly effective partners.

The Company invigorated its Overseas Business by forming strategic partnerships with local companies in Vietnam and Indonesia. These efforts enabled Credit Saison to develop alliances with local entities and expand the range of products offered.

A summary of performance for main segments during the third quarter of fiscal 2016 is as follows.

### 1. Sales Summary

#### (1) Credit Services Business

**Customer base was fortified with an addition of 620,000 new card members from the previous fiscal year-end. Shopping transaction volume and revolving balance expanded, and the operating revenue was ¥158.7 billion (up 4.0% YoY).**

- (1) The Company recruited new customers through multiple channels. In joint membership drives with partner companies, the Company marketed premium cards such as Mitsui Shopping Park Card Saison and Saison American Express(R) Card. As a result, card membership increased by 620,000, up 2.4% from the previous fiscal year-end reaching 26,230,000.
- (2) The Company implemented a number of measures to promote the active use of cards and bolster the appeal of revolving payment schemes. As a result, shopping transaction volume grew 5.2% YoY to ¥3,357.5 billion, while shopping revolving balances increased by ¥34.9 billion, up 10.3% from the previous fiscal year-end to ¥373.6 billion.
- (3) By offering the best possible solutions matching the size of each business and its needs, the Company encouraged the shift to cashless settlement among corporate customers. The outcome of these efforts was a 21% YoY expansion in transaction volume of corporate cards.

- (4) The Company made efforts to firmly establish its position as a prepaid card enterprise. From December, 2016, the Company launched "PARCO Prica" prepaid card together with Parco Co., Ltd., and the total number of prepaid cards issued rose to 36,320,000. Moreover, from January, 2017, the Company undertook a general membership-management contract for the "mijica", a card issued by the Japan Post Bank Co., Ltd. and the Japan Post Co., Ltd.
- (5) By focusing on raising levels of online membership, which are the bedrock of its online business, the Company succeeded in increasing online membership by 1,010,000 people, up 8.1% from the previous fiscal year-end to a total membership of 13,520,000 members.
- (6) In December, 2016, the Company launched Point Operations Service offering an easy simulation of long-term investments. The number of users exceeded 15,000 in about one month after the start and the service is getting a lot of attention as something that is only possible because the points granted do not have an expiration date.
- (7) In Overseas Business, through Vietnam HD Saison Finance Company Ltd., the Company expanded transaction volume primarily through loans for household items such as bicycles and consumer electronics. The Company also began operating a finance service counter at Ho Chi Minh Takashimaya and, since the capital tie-up in May, 2015, has doubled both the number of business bases and the loan balance in the country. PT. Saison Modern Finance in Indonesia strove to expand its lease business.

(2) Lease Business

**The Company implemented joint campaigns with major partner retailers and strove to reinforce marketing efforts towards major new retail partners. Transaction volume rose 3.8% YoY to ¥81.2 billion, while operating revenue subsided 1.1% YoY to ¥10 billion.**

(3) Finance Business

**Backed by financial products that serve a diverse array of financing needs and close relationships with partner enterprises, the Company engaged in building a sound loan portfolio. These efforts resulted in operating revenue soaring 9.9% YoY to ¥22.7 billion.**

- (1) In the Credit Guarantee business, the Company worked to establish a framework of close cooperation with regional banks, credit unions and other regional financial institutions through free loans guaranteed, which were expanded to include corporate loans. The number of partner institutions reached 401 (a YoY increase of 11 institutions), while guaranteed balances rose 9.3% from the previous fiscal year-end to ¥325.5 billion.
- (2) In Flat 35, a housing-loan product with a long-term fixed rate, the Company expanded its lineup of products. These included the Saison Home Assistance Loan, a loan for various expenses incurred when purchasing a house that was launched in the previous fiscal year. Loan issuance jumped 53.0% YoY to ¥104.4 billion and the balance of loans transferred to JHFA increased 17.2% against the previous fiscal year-end to ¥416.7 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. As a result, loan issuance expanded a robust 90.0% YoY to ¥70.5 billion. Total loan portfolio posted solid growth, surging 51.2% against the previous fiscal year-end to ¥190.8 billion.

## 2. Overview of Ordinary Income and Net Income

In terms of non-consolidated business performance, operating revenue rose 4.3% YoY to ¥178.4 billion, operating income increased 48.7% YoY to ¥27.0 billion, ordinary income increased 47.7% YoY to ¥30.6 billion, and net income soared 123.5% to ¥25.1 billion.

On consolidated base, operating revenue increased 2.2% YoY to ¥208.7 billion, operating income rose 28.1% YoY to ¥33.9 billion, ordinary income increased 19.1% YoY to ¥43.1 billion, and net income surged 44.2% YoY to ¥36.7 billion.

The Company published its forecast for business results the full 2016 fiscal year on May 13, 2016. These forecasts remain unchanged at ¥278.0 billion for operating revenue, ¥42.0 billion for operating income, ¥50.0 billion for ordinary income and ¥38.5 billion for net income.

### (References) Non-consolidated results for April - December 2016

(1) New card members acquired	:	2,410,000	(down 2.6% YOY)
(2) New cards issued	:	1,950,000	(down 0.3% YOY)
(3) Total No. of card members (Online membership)	:	26,230,000 (13,520,000)	(net increase of 620,000 members from end of previous fiscal year) (net increase of 1,010,000 members from end of previous fiscal year)
(4) Active card members	:	14,790,000	(net increase of 20,000 members from end of previous fiscal year)
(5) Shopping transactions volume	:	¥3,357.5 billion	(up 5.2% YOY)
(6) Shopping revolving credit balance	:	¥373.6 billion	(up 10.3% from end of previous fiscal year)
(7) Card advance transaction volume	:	¥192.9 billion	(down 5.2% YOY)
(8) Card cash advance balance	:	¥213.9 billion	(down 1.2% from end of previous fiscal year)
(9) Operating revenue	:	¥178.4 billion	(up 4.3% YOY)
(10) Ordinary income	:	¥30.6 billion	(up 47.7% YOY)
(11) Q3/FY 2016 Net income	:	¥25.1 billion	(up 123.5% YOY)