



NEWS RELEASE

Sep 06, 2021

R&I Affirms A-/a-1, Stable: Pocket Card Co., Ltd.

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Pocket Card Co., Ltd.
Issuer Rating: A-, Affirmed
Rating Outlook: Stable

Commercial Paper: a-1, Affirmed

RATIONALE:

Pocket Card Co., Ltd. is a mid-sized credit card company and a consolidated subsidiary of Itochu Corp., which owns 80% of the voting rights to the company, including indirect ownership through FamilyMart Co., Ltd. The rating for Pocket Card is based on its own creditworthiness and reflects its strategic importance as a company handling the credit card business of FamilyMart which Itochu focuses on.

Pocket Card serves about 5,000,000 credit card holders and more than half thereof are Famima T Card members. The COVID-19 outbreak had adverse effects on its customer acquisition and customers' card use mainly at FamilyMart stores, but card transactions show a turnaround. Other affiliated cards primarily for e-commerce, including ZOZOCARD, have been performing well. Operating revenue is expected to return to growth in the medium term, with an increased use of revolving credit among shoppers covering declines in cash advance. The expense ratio is good and claims for refunds of overpaid interest are decreasing. Based on these points, R&I believes that Pocket Card can keep its ability to absorb costs with basic profits at a level commensurate with the rating.

The asset quality has been maintained. Charge-off and delinquency rates remain stable at a low level, while caution is required for deterioration in the employment situation and a drop in customers' income caused by the lingering pandemic. The company's risk resilience is at a sufficient level for the rating. Its funding base is stable with Sumitomo Mitsui Banking Corp., which holds 20% of its shares, acting as a main provider. Liquidity concerns are thus small.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Credit Card and Credit Sales" and "R&I's Analytical Approach to Parent and Subsidiary Companies". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: Pocket Card Co., Ltd.
Issuer Rating
RATING: A-, Affirmed
RATING OUTLOOK: Stable

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Credit ratings are R&I's opinions on an issuer's general capacity to fulfill its financial obligations and the certainty of the fulfillment of its individual obligations as promised (creditworthiness) and are not statements of fact. Further, R&I does not state its opinions about any risks other than credit risk, give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing a credit rating and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to credit ratings (including amendment or withdrawal thereof). As a general rule, R&I issues a credit rating for a fee paid by the issuer. For details, please refer to <https://www.r-i.co.jp/en/docs/policy/site.html>. © Rating and Investment Information, Inc.

Shelf Registration (Bonds)

ISSUE AMOUNT (mn): JPY 40,000
ISSUE PERIOD: From Mar 28, 2020 to Mar 27, 2022
RATING: **A-, Affirmed (Preliminary)**

Unsec. Str. Bonds No.19	Issue Date	Maturity Date	Issue Amount (mn)
	Nov 24, 2016	Nov 24, 2021	JPY 10,000
RATING:	A-, Affirmed		

Unsec. Str. Bonds No.20	Issue Date	Maturity Date	Issue Amount (mn)
	Nov 28, 2018	Nov 28, 2023	JPY 10,000
RATING:	A-, Affirmed		

Unsec. Str. Bonds No.21	Issue Date	Maturity Date	Issue Amount (mn)
	Nov 29, 2019	Nov 29, 2024	JPY 10,000
RATING:	A-, Affirmed		

Unsec. Str. Bonds No.22	Issue Date	Maturity Date	Issue Amount (mn)
	Oct 29, 2020	Oct 29, 2025	JPY 10,000
RATING:	A-, Affirmed		

Commercial Paper

ISSUE LIMIT (mn): JPY 50,000
SUPPORT: Unsecured
RATING: **a-1, Affirmed**

A preliminary rating is assigned when a provisional credit rating is needed for an individual obligation on which final terms have not been determined. A credit rating finally assigned may differ from the preliminary rating depending on, among others, the details of the actual contract of the individual obligation.