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Public Relations Office
Tel.: +81-3-3982-0700

Credit Saison Co., Ltd. (8253) Announces Financial Results for Fiscal 2010 (Ended March 31, 2011)

For fiscal 2010, the year ended March 31, 2011, Credit Saison Co., Ltd. recorded the following consolidated business results: Operating revenues declined 6.9% year on year, to ¥285.7 billion, operating income decreased 24.3% year on year, to ¥27.3 billion, ordinary income was 13.7% lower at ¥33.7 billion, and net income for the period fell 31.3% to ¥12.8 billion. The operating environment in the non-banking financial services sector remained severe, mainly reflecting full enforcement in Japan of the Money-Lending Business Control and Regulation Law, and revisions to the Installment Sales Law. In this climate, Credit Saison has been creating an infrastructure to underpin new growth strategies. Specifically, the Company is expanding its presence in the payment settlement domain with a focus on credit cards; diversifying its earnings streams through extended fee businesses that combine its member assets and Internet business assets and through finance business enhancement; transitioning to a leaner corporate structure by revising its cost structure; and improving the quality of receivables by using robust credit control and collection systems.

◆ Overview of Fiscal 2010 Consolidated Operating Results

(1) Credit Service Business

(Operating revenues: ¥230.8 billion, down 7.7% YOY; Operating income: ¥15.9 billion, down 37.9% YOY)

Credit Saison worked to increase shopping transaction volume by strengthening partnerships. Measures included upgrading and expanding premium cards such as American Express Card, and issuing a new affiliated card with the Wal-mart Group. The Company also worked to expand and strengthen its earnings structure. These efforts included opening the Company's Web-based shopping point site "Eikyu Fumetsu.com" to all net users 16 or older and working to boost affiliate revenue through mutual exchange of customers with prominent online companies. However, cash advance revenues decreased due to the impact of total lending restrictions (caps on total borrowings from moneylenders at 1/3 of annual income), following the enforcement of the amended Money-Lending

Business Control and Regulation Law. In light of the outlook for economic conditions surrounding the non-banking financial services industry, the Company has conservatively recorded a provision for loss on interest repayment.

(2) Lease & Rental Business

(Operating revenues: ¥14.4 billion, up 14.9% YOY; operating income: ¥5.0 billion, up 136.7% YOY)

In the lease business, Credit Saison continued to strengthen ties with existing customers and increase the number of partner merchants. In the rental business, the Company strove to enhance its agency channels and to promote increased sales of digital terrestrial TV sets in response to surging demand associated with the eco-point program.

(3) Finance Business

(Operating revenues: ¥15.5 billion, down 7.4% YOY; operating income: ¥6.7 billion, up 35.6% YOY)

Overall, the Credit Saison posted higher earnings in the Finance segment. The Company saw a large increase in number of loans and loan volume for “Flat 35” long-term fixed-rate mortgage loans. This increase was supported by a 1 percentage point interest-rate incentive offered as part of government economic stimulus measures. Meanwhile, although the balances of loans collateralized by real estate properties and credit guarantees decreased, costs associated with doubtful accounts declined due to an improvement in the quality of receivables.

(4) Real Estate Related Business

(Operating revenues: ¥12.3 billion, down 18.0% YOY; operating loss: ¥2.1 billion)

In the real estate leasing business, Credit Saison worked to stabilize earnings, while striving to improve asset efficiency by replacing and reducing assets and enforcing servicing.

(5) Entertainment Business

(Operating revenues: ¥13.9 billion, down 4.8% YOY; operating income: ¥1.7 billion, up 0.4% YOY)

The Company worked to create sound, safe and enjoyable facilities that have the support of their communities, to enhance operating efficiency.

◆Overview of Fiscal 2010 Operating Expenses

Overall operating expenses declined 4.6% year on year to ¥258.3 billion. This was mainly the result of efforts to build a leaner cost structure, which was a key management objective in fiscal 2010.

(1) The Company reduced costs associated with doubtful accounts by striving for better management of receivables. The decrease in these costs also reflected a decline in the number of receivable-related claims handled by lawyers and other third-party mediation.

(2) In light of developments in the non-banking financial services industry and the uncertain economic outlook, the Company conservatively recorded a provision for loss on interest repayment. Consequently, the allowance for losses on interest repayments stood at ¥35.1 billion as of March 31, 2011, mostly the same as a year earlier.

(3) The Company reduced communication costs by increasing the number of members registered to view Web-based usage statements, which enable users to check their usage statements at any time over the Internet. The Company is encouraging members to switch to these statements as a means of protecting the environment and offering better customer convenience. Through enhanced operating efficiency, the Company successfully controlled all expenses, including advertising and personnel expenses, and financial costs.

◆ Fiscal 2010 Consolidated Net Income

The Company recorded an extraordinary loss of ¥9.9 billion in conjunction with the recent Great East Japan Earthquake. This loss included costs associated with doubtful accounts for receivables in heavily damaged areas and costs associated with fixed assets, such as restoration costs for damaged property.

As a result, we the net income declined 31.3% year on year to ¥12.8 billion.

Our full-year consolidated forecasts for fiscal 2011 are operating revenues of ¥261.0 billion (down 8.6% year on year), ordinary income of ¥30.0 billion (down 11.1%), and net income of ¥17.0 billion (up 32.5%).

Our non-consolidated forecasts for fiscal 2011 are operating revenues of ¥216.0 billion (down 9.9% year on year), ordinary income of ¥23.0 billion (down 19.9%), and net income of ¥13.0 billion (up 71.1%).

For fiscal 2011, the Company plans to pay a dividend of ¥30 per share, the same amount as in fiscal 2010.

(Reference)

Non-consolidated Results (Fiscal 2010)

(1) New cardmembers acquired: 2,570,000 (down 15.7% year on year)
(2) New cards issued: 2,120,000 (down 18% year on year)
(3) Total No. of cardmembers: 28,330,000 (up 0.2% year on year)
(4) Active cardmembers: 14,700,000 (up 2.6% year on year)
(5) Active ratio: 52% (up 2.4 points year on year)
(6) Volume of card shopping transactions: ¥3,953.4 billion (up 2.8% year on year)
(7) Card shopping revolving credit balance: ¥299.9 billion (up 0.6% year on year)
(8) Card cash advance balance: ¥396.5 billion (down 25.7% year on year) including securitized receivables
(9) Operating revenues: ¥239.6 billion (down 7.1% year on year)
(10) Ordinary income: ¥28.7 billion (down 15.0% year on year)
(11) Net income: ¥7.5 billion (down 52.9% year on year)