

# Results for the First Half of Fiscal Year 2011

AEON Credit Service Co., Ltd. Investor Relations

## Operating Data for the First Half of Fiscal Year 2011

- On a consolidated basis, operating revenues decreased 1% YoY due to the impact of the appreciation of the yen (minus ¥1.5 billion).
- Operating income increased 20% YoY and exceeded our revised forecast by ¥800 million because expenses associated with possible credit losses improved.

(Billions of yen)

Consolidated	Results	YoY Change	Revised Forecast	Difference from Revised Forecast
Transaction volume	1,623.4	103%	1,621.0	+ 2.4
Operating revenues	81.6	99%	83.0	- 1.4
Operating income	10.2	120%	9.4	+ 0.8
Ordinary income	10.3	120%	9.4	+ 0.9
Net income	3.0	79%	2.35	+ 0.7
Non-consolidated	Results	YoY Change	Revised Forecast	Difference from Revised Forecast
Transaction volume	1,474.3	104%	1,462.0	+ 12.3
Operating revenues	55.6	100%	56.0	- 0.4
Operating income	5.1	134%	4.5	+ 0.6
Ordinary income	5.9	125%	5.3	+ 0.6
Net income	1.7	60%	1.2	+ 0.5

(Figures are rounded to the nearest hundred million.)

## Operating Data (Trends by Quarter)

- Regarding non-consolidated operating income for the first half, credit card shopping and fee business compensated for lower financing revenue.
- The operating margin improved due to promotion of low-cost operations.

(Billions of yen)

Consolidated	FY2010				FY2011			
	1Q		2Q		1Q		2Q	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY
Operating revenues	40.3	97%	42.2	98%	39.9	99%	41.7	99%
Operating income	4.1	101%	4.4	95%	4.5	109%	5.7	131%
Operating margin	10.2%		10.4%		11.3%		13.8%	
Non-consolidated	1Q		2Q		1Q		2Q	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY
	Operating revenues	27.0	96%	28.5	97%	27.0	100%	28.6
Operating income	1.7	120%	2.1	119%	2.0	122%	3.0	145%
Operating margin	6.2%		7.3%		7.5%		10.6%	

(Figures are rounded to the nearest hundred million.)

## Results by Segment

- Operating income increased 28% in the credit business segment.
- The enhanced electronic money and bank agency businesses drove solid expansion in operating revenues in the fee business segment (increase of 39% compared with the ¥1.9 billion operating revenues of AEON INSURANCE SERVICE in the previous fiscal year).
- Overseas business segment operating income increased 34%, with solid expansion in transaction volume.

(Billions of yen)

	Operating Revenues		Operating Income	
		YoY		YoY
Credit business	48.3	96%	6.7	128%
Fee business	8.3	105%	-0.2	*1Q - 0.15 2Q - 0.05
Overseas business	25.7	104%	5.2	134%
Elimination of intersegment transactions	-0.6	—	-1.4	—
Consolidated results	81.6	99%	10.2	120%

(Figures are rounded to the nearest hundred million.)

## Financial Data

- Total consolidated assets increased ¥24.2 million from the start of the fiscal year to ¥925.8 billion due to solid expansion in finance receivables.
- Interest-bearing debt increased ¥15.9 billion from the start of the fiscal year to ¥528.1 billion.

(Billions of yen)

	Consolidated		Non-consolidated	
	Results	Change from February 20, 2011	Results	Change from February 20, 2011
<b>Total assets</b>	925.8	+ 24.2	719.0	+ 22.1
<b>Total finance receivables (incl. securitized receivables)</b>	692.7 (948.0)	+ 15.0 (+ 9.2)	507.9 (754.2)	+ 13.8 (+ 9.3)
Installment sales receivables (Incl. securitized receivables)	416.4 (537.2)	+ 32.2 (+ 33.2)	347.7 (465.5)	+ 37.8 (+ 39.2)
Operating loans receivables (Incl. securitized receivables)	276.2 (410.8)	- 17.1 (- 24.0)	160.2 (288.7)	- 24.1 (- 29.9)
<b>Interest-bearing debt</b>	528.1	+ 15.9	373.6	+ 13.1

(Figures are rounded to the nearest hundred million.)

## Cash Dividends

- AEON Credit Service Co., Ltd. paid a second-quarter cash dividend of ¥15 per share.
- The Company also plans to express its gratitude for the ongoing support of its shareholders by paying a ¥5 commemorative dividend for the 30th anniversary of its founding, with a record date at the end of the third quarter (November 20).

	Dividends Paid during FY2010	Initial Forecast for Dividends during FY2011	Revised Forecast for Dividends during FY2011
2Q	¥ 15	¥ 15	¥ 15
<b>3Q (Commemorative Dividend)</b>	—	—	¥ 5
<b>Year-end Dividend</b>	¥ 25	¥ 25	¥ 25
<b>Total Annual Dividends</b>	¥ 40	¥ 40	¥ 45

## Credit Business: Number of Cardholders and Active Cardholders

- On a consolidated basis, the number of cardholders was 28.88 million (up 0.81 million from the start of the fiscal year) and the number of active cardholders was 14.16 million (up 0.40 million).
- On a non-consolidated basis, the number of cardholders was 20.50 million (up 0.50 million from the start of the fiscal year) and the number of active cardholders was 12.29 million (up 0.36 million).

(Millions of cardholders)

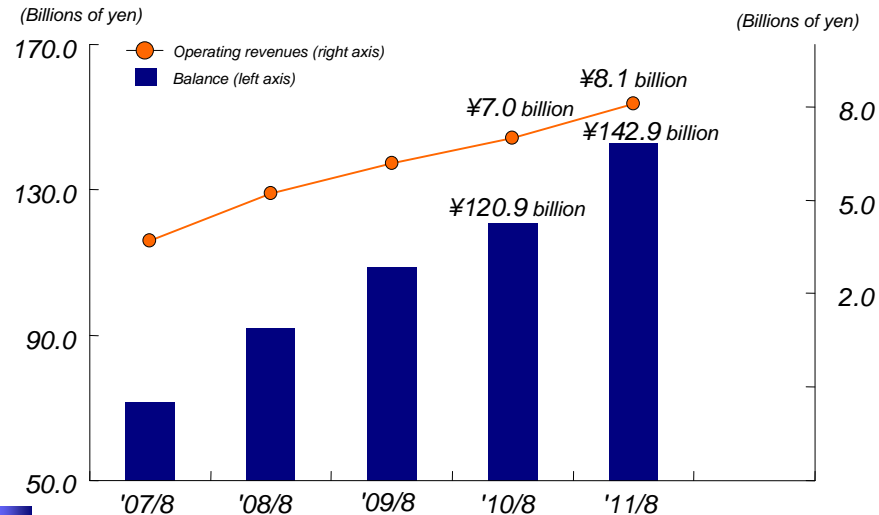
	FY 2010	FY 2011 1H	Change
<b>Number of cardholders</b>	28.07	<b>28.88</b>	<b>+ 0.81</b>
Domestic	20.00	<b>20.50 *</b>	<b>+ 0.50</b>
Overseas	8.07	<b>8.38</b>	<b>+ 0.31</b>
House Card cardholders incl. in above	4.57	<b>4.80</b>	<b>+ 0.23</b>
<b>Number of active cardholders</b>	13.76	<b>14.16</b>	<b>+ 0.40</b>
Domestic	11.93	<b>12.29</b>	<b>+ 0.36</b>
<b>Annual usage rate</b>	62.8%	<b>62.9%</b>	<b>+ 0.1%</b>
Domestic	64.4%	<b>64.6%</b>	<b>+ 0.2%</b>

\*The number of domestic cardholders includes 1.03 million Affiliate Card members.

## Credit Card Shopping Revolving & Installment Receivables (Non-consolidated)

- The balance of credit card shopping revolving and installment receivables rose due to enhanced publicity on the internet, etc.
- The balance of credit card shopping revolving and installment receivables increased 18% YoY, and operating revenues increased 17% YoY.

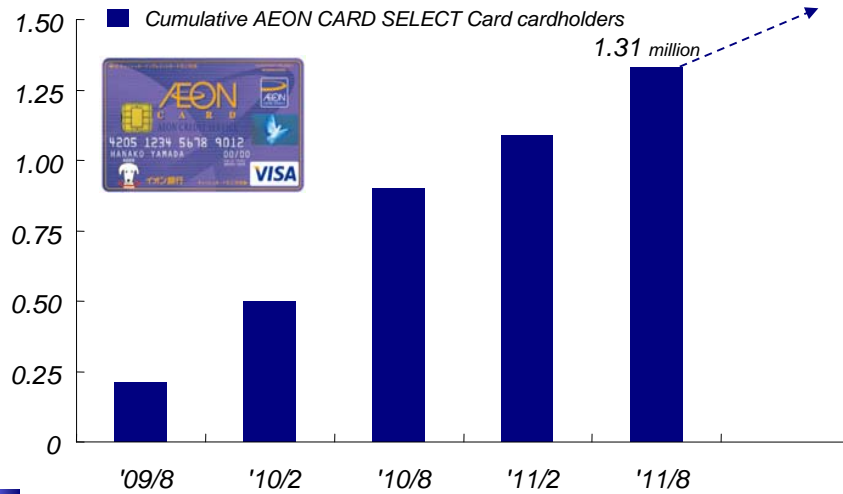
(Billions of yen)



## AEON CARD SELECT Cardholders

- Intensified sign-up efforts at in-store branches and via the internet.
- The number of AEON CARD SELECT cardholders was 1.31 million (up 0.22 million from the start of the fiscal year), with an annual usage rate of 70%.

(Millions of cardholders)



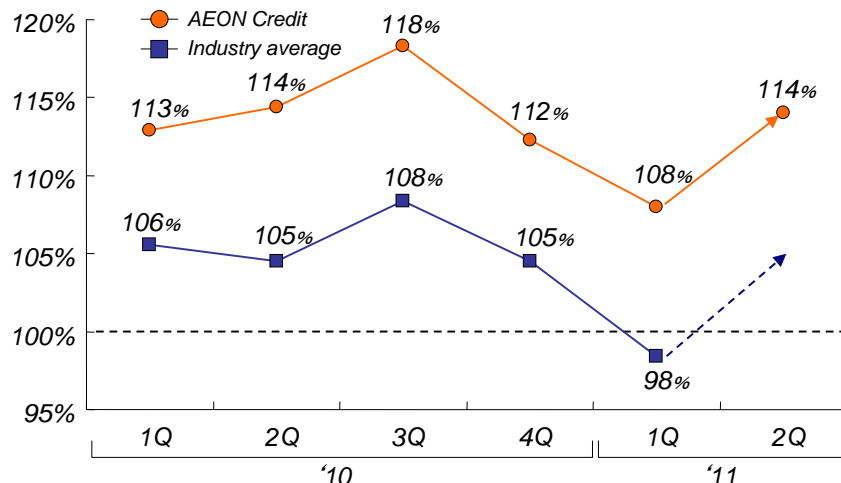
## Increased Usage Rate and Amount Used

- Increased convenience by adding electronic money, bank account and mortgage loan privileges to credit cards.
- Solid expansion in monthly usage rates and monthly amount used through enhanced functions and privileges

	AEON CARD	AEON CARD with WAON	AEON CARD SELECT	AEON SELECT CLUB
Annual usage rate	65%	70%	70%	86%
Annual amount used	¥220 thousand	¥270 thousand	¥290 thousand	¥440 thousand
Mortgage loans				Daily 5% discount
Bank accounts				Points for banks transfers and charges
Electronic money		Bonus points according to product		
Credit cards	The 20th and the 30th are AEON Thanks days, and the 5th, 15th and 25th are Customer Wakuwaku days			

## Growth in Credit Card Shopping Transaction Volume (Non-Consolidated)

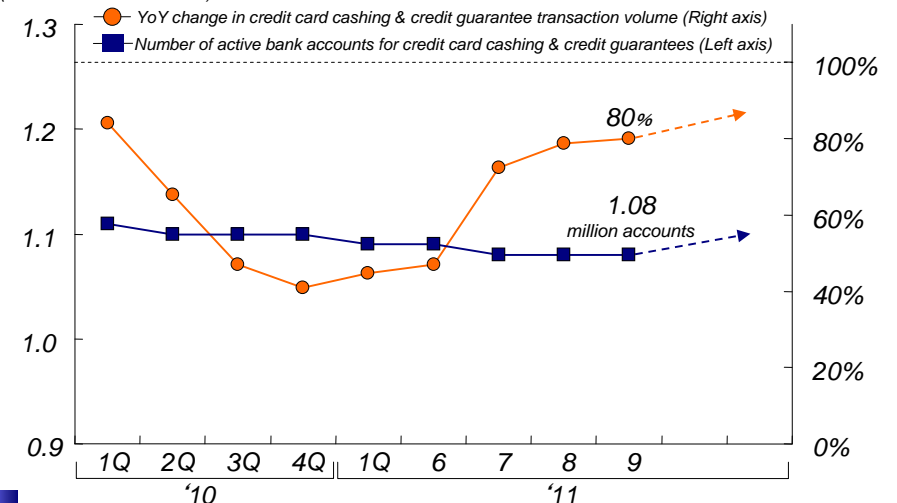
- Joint planning with affiliated merchants drove year-on-year increases in transaction volume of 8% in the first quarter and 14% in the second quarter.
- After bottoming out in April 2011, transaction volume steadily rebounded to ¥1,326.6 billion (increase of 11% YoY).



## Credit Card Cashing & Credit Guarantee Transaction Volume (Non-consolidated)

- Credit card cashing and credit guarantee transaction volume for September 2011 had recovered to 80% of the transaction volume for the same period a year earlier.
- The number of active bank accounts was 1.08 million due to an increase in new cardholders.

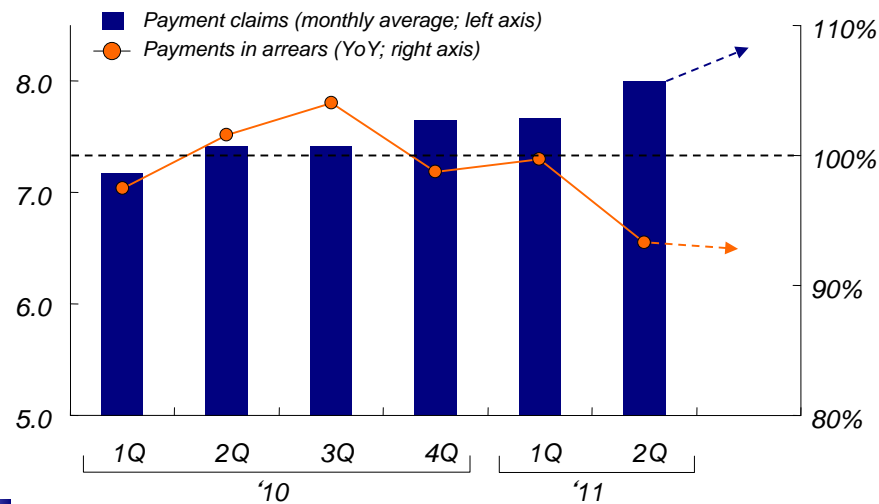
(Millions of bank accounts)



### Number of Payment Claims and Payments in Arrears at Month End

- The monthly number of payment claims was 8.21 million (increase of 11% YoY).
- An enhanced credit management system caused payments in arrears to decrease year on year.

(Millions of requests)



### Allowance for Possible Credit Losses

- Provision for possible credit losses in the first half was ¥9.8 billion (decrease of 13% YoY), and the allowance for possible credit losses was ¥46.9 billion as of the end of the first half.
- Receivables delinquent over 3 months decreased ¥1.8 billion from the start of the fiscal year to ¥38.2 billion.

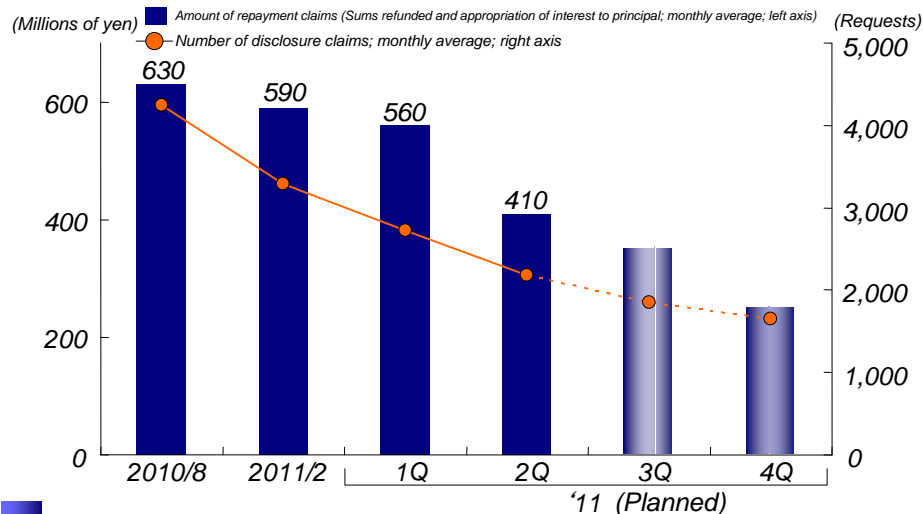
(Billions of yen)

	FY2010 1H	FY2011 1H		FY2011 1H
Balance at beginning of the period	47.7	46.8	Allowance for personal bankruptcies	All losses written off
Provision during the period	11.3	9.8	Receivables delinquent over 3 months and subject to special attention	38.2
Write-off of credit losses	12.2	9.7	General allowance for possible credit losses *includes reserve for disaster	8.7
Balance at end of period	46.8	46.9	<b>Total</b>	<b>46.9</b>
Allowance ratio, end of period	6.2%	6.2%		
Actual costs related to credit losses*	23.5	19.5		

\*Actual costs related to credit losses = Provision for possible credit losses + Write-off of credit losses

### Amount of Repayment Claims

- For the first half, the number of disclosure claims decreased 42% year on year, and the figure for August 2011 decreased 51% compared with August 2010.
- The average monthly amount repaid upon receipt of a disclosure claim (second quarter) decreased to ¥410 million.



### Provision for Interest Repayment

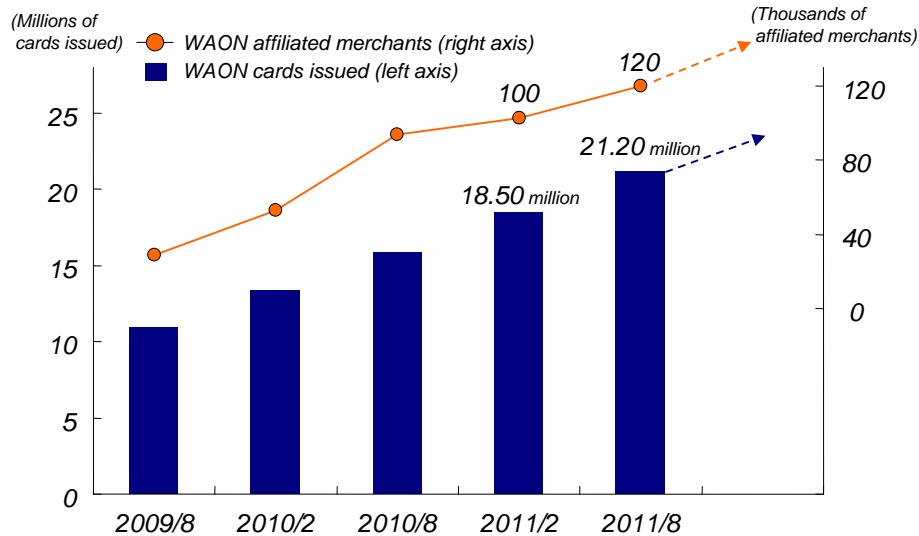
- Excess interest repayments totaled ¥3.5 billion for the first half and the provision for interest repayment was ¥12.5 billion at the end of the first half as we promoted settlements with attorneys.
- We project excess interest repayments of ¥2.5 billion for the second half.

(Billions of yen)

	FY2010 2Q	FY2011 1Q	FY2011 2Q (Projected)
Provision for interest repayment, beginning of period	19.5	16.0	12.5
Interest repayment (Sums refunded and appropriation of interest to principal)	3.5	3.5	2.5
Provision for interest repayment, end of period	16.0	12.5	10.0

## Fee Business: Expanding the Electronic Money Business

- In the first half, we had 120 thousand WAON affiliated merchants, and promotion drove the number WAON-integrated credit cards issued to 21.20 million.

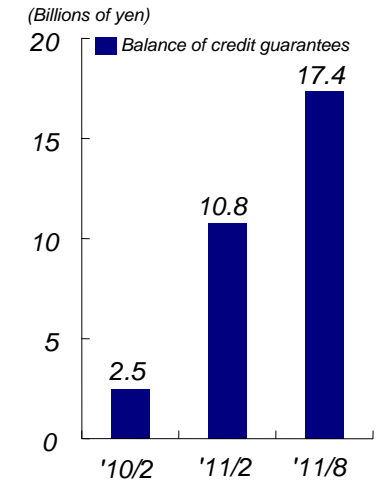


## Bank Agency Business

- The number of stores with client in-store branches reached 63 (increase of 6 from the start of the fiscal year). The number of ATMs was 1,879 (increase of 87 from the start of the fiscal year).
- We provide a one-stop source for banking, insurance and credit services, and the balance of credit guarantees is growing.

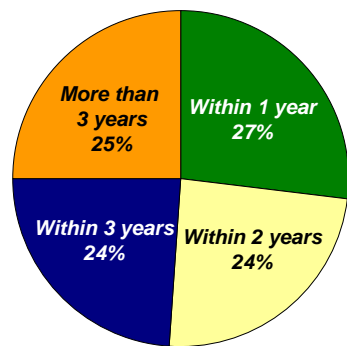


One-stop financial services shop

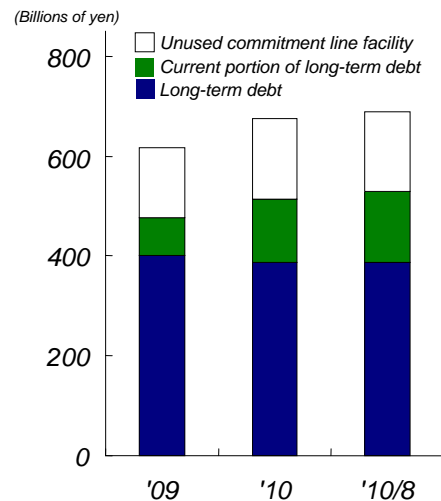


## Fund Procurement (Non-Consolidated)

- We are shifting to long-term debt with low interest rates. The average maturity of our debt is 2.1 years.
- We secured a stable fund procurement facility by continuing our commitment line.



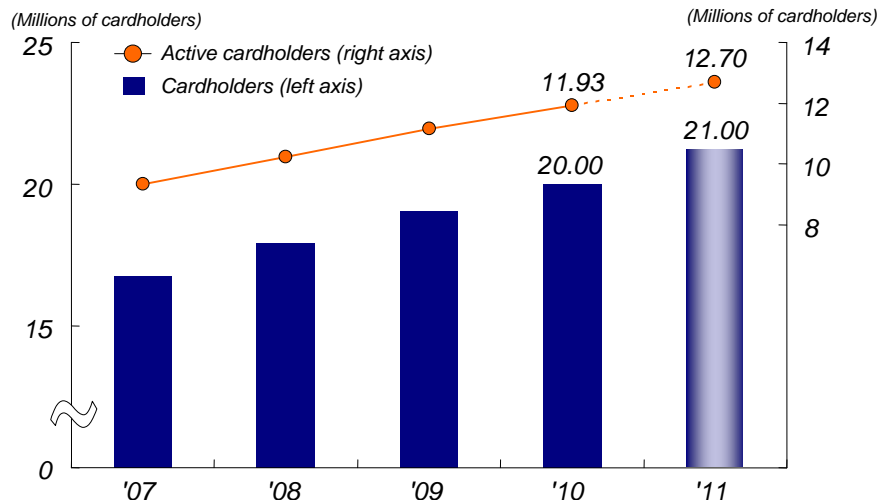
Average maturity: 2.1 years



**Key Initiatives for the  
Second Half of FY2011**

## Credit Card Business: Plan for Cardholders and Active Cardholders

- We plan to increase cardholders by 1 million to 21.00 million as a result of intensified sign-up efforts via the internet.
- We will strengthen joint planning with affiliated merchants, and plan to increase active cardholders by 770 thousand to 12.70 million.



## Entering New Customer Segments

- We will promote co-branded cards with high annual usage rates and a high proportion of male cardholders.
- In the second half, we will issue a co-branded card with East Nippon Expressway.

East Nippon Expressway	Hanshin Expressway	Metropolitan Expressway
Issue starts in Dec. 2011	Annual usage rate: 78% Proportion of male cardholders: 81%	Annual usage rate: 68% Proportion of male cardholders: 57%
COSMO OIL	East JR Railway	Japan Airlines
Annual usage rate: 77% Proportion of male cardholders: 61%	Annual usage rate: 79% Proportion of male cardholders: 44%	Annual usage rate: 78% Proportion of male cardholders: 44%

## 30th Anniversary Sales Campaign

- We are implementing a major 30th anniversary campaign to increase usage among cardholders.



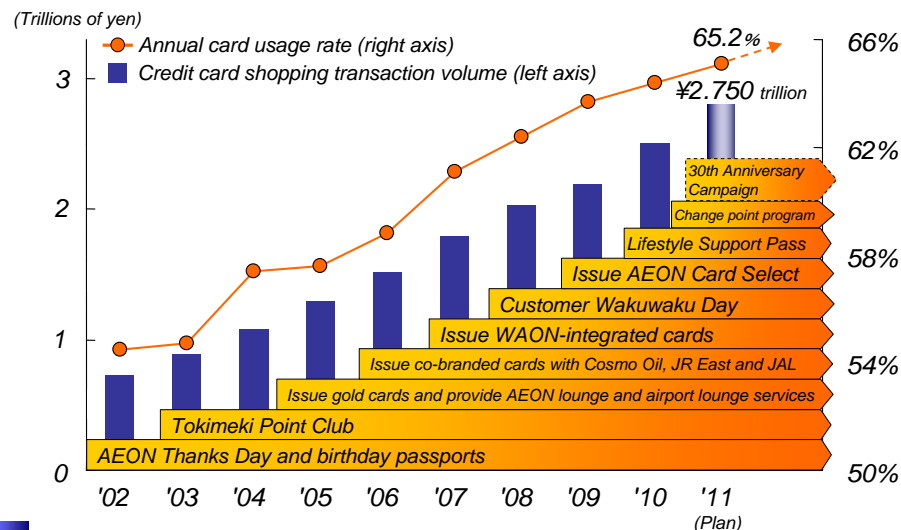
Gift campaign



Point campaign

## Plan for Credit Card Shopping Transaction Volume

- Enhance privileges and functions to raise annual card usage rate by 0.8% YoY to 65.2%
- Expand credit card shopping transaction volume to ¥2.750 trillion (+10% YoY)



## Fee Business: Strengthen the Electronic Money Business

- We are issuing registration-type YUYU WAON and providing coupons and event information to mobile cardholders.
- We plan to increase electronic money transaction volume by 23% YoY to ¥1.1 trillion.



### Privileges

5% discount for people age 65 and older on the 20th and 30th, as well as the 15th, of every month.

YUYU WAON



Mobile WAON

## Expanding the Bank Agency Business

- We are expanding remote banking and insurance customers by enhancing the financial services of the Kurashi-no-Money Site.

Role	AEON Bank	AEON Credit Service	
		In-store Branches	Kurashi-no-Money Site
Account opening	Enhancement of functions and privileges	Account sign-ups	Internet applications
Mortgage loans	Review & collection	Brokerage	Loan pre-approval
Unsecured loans	Review & collection	Credit guarantee	Immediate review
Investment trusts	Product planning	19 types	51 types
Insurance	Investment-type insurance	PB insurance	PB, investment-type and indemnity insurance

## Enhancing the Internet Business

- Create a smartphone-compatible Kurashi-no-Money Site.
- Expand the functions of Kurashi-no-Money Site.



### Enhanced Functions

Completely internet-based card sign-up

Shared ID for multiple cards

Addition of direct debit function

Activity points

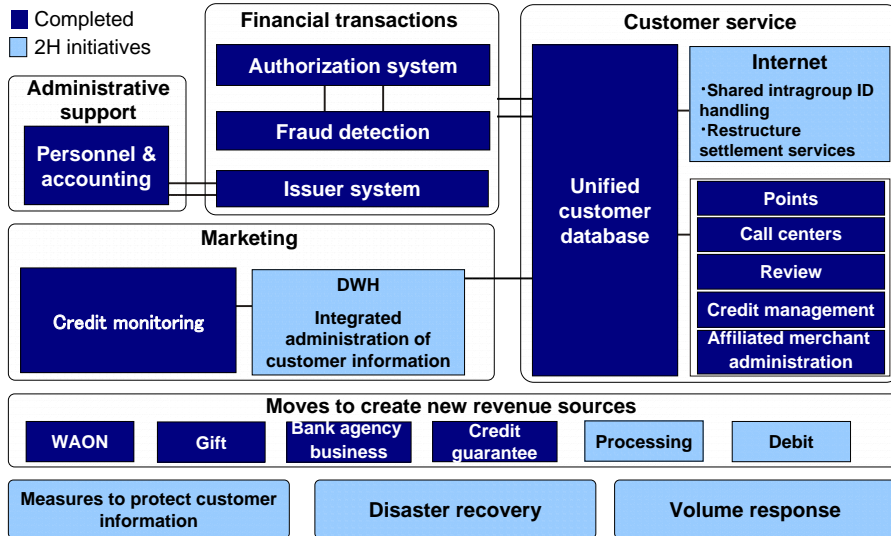
## Expanding the Processing Business

- We opened the Sapporo Processing Center and are promoting low-cost operation while enhancing disaster response.
- We are enhancing data warehousing and conducting integrated management with the member organizations of Group companies.

		FY2009	FY2010	FY2011
Banks	Account opening operations	Account opening operations	Administrative operations	Unsecured loans
	Call center (Tokyo)	Call center (Tokyo)	Call center (Osaka)	Telemarketing
Electronic money	WAON card issuance	WAON card issuance	WAON call center	Registered WAON issuance
Group companies	Group member card	Group member card	Eco Point exchange	Integrated administration of customer data
Joint systems overseas	Joint FEP overseas	Joint FEP overseas	Installment payment system	Credit card system
Center site		Tokyo, Osaka, Chubu & Sendai		Opening planned in Sapporo
		Shenzhen, Guangzhou, Thailand (4 sites), Malaysia (4 sites)		
No. of seats	Domestic	2,300 seats	2,500 seats	3,000 seats
	Overseas	2,200 seats	2,800 seats	3,500 seats

## System Initiatives

- Stronger collaboration with the Group through shared ID handling and use of data warehousing



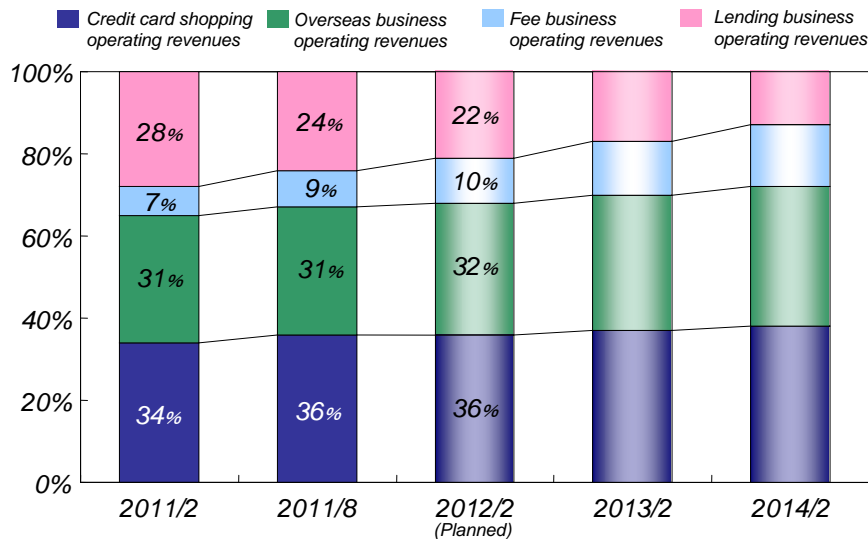
## Initiatives of Domestic Subsidiaries

- Collaborative product development with Group companies in the small-sum, short-term insurance business.
- Enhance commissioned collection operations for companies such as public utilities in the servicer business.

Small-sum, short-term insurance business	Servicer business
Enhance sales of PB insurance	Enhance collection organization
Planned operating revenues: ¥400 million	Planned operating revenues: ¥1.8 billion

## Our Changing Business Structure (Comparison of Operating Revenues by Segment)

- Our business structure is changing because of fee business, credit card shopping and overseas business expansion.



## Forecast of Results for FY 2011

- We expect consolidated and non-consolidated revenues and income to rise as we accelerate the transformation of our business structure.

(Billions of yen)

	Consolidated		Non-consolidated	
	Forecast	YoY	Forecast	YoY
Transaction volume	3,420.0	107%	3,100.0	108%
Operating revenues	171.5	101%	115.0	101%
Operating income	22.6	109%	11.5	114%
Ordinary income	22.6	109%	13.7	107%
Net income	9.6	101%	8.2	100%

\*Actual exchange rate for the first half was USD 1 = JPY 80.8, and is projected to be USD 1 = JPY 76.5 for the second half.

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