

# Results for the First Half of Fiscal Year 2012

AEON Credit Service Co., Ltd.

Statements contained in this report with respect to the Company's management strategies, business policies and results forecasts are forward-looking statements about the future performance of the Company, which are based on the assumptions and beliefs in light of the information currently available. These forward-looking statements involve various uncertain factors including known and unknown risks such as economic trends, industry competition, market demand, exchange rates, tax and other systems that may cause the Company's actual results, performance or achievements to differ materially from the expectations expressed herein.

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## Operating Data (First Half of Fiscal Year 2012)

- Intensified cardholder sign-up efforts and joint planning with affiliated merchants drove steady growth in transaction volume (increase of 12% YoY).
- Consolidated net income was ¥6.1 billion (increase of 101% YoY), exceeding our forecast by ¥1.0 billion.

Consolidated	Results	Year-on-Year Change	Forecast	Difference from Forecast
Transaction volume	1,823.1	112%	1,785.0	+38.1
Operating revenues	88.2	108%	86.0	+ 2.2
Operating income	12.9	126%	11.7	+ 1.2
Ordinary income	13.0	126%	11.7	+ 1.3
Net income	6.1	201%	5.1	+ 1.0

NonConsolidated	Results	Year-on-Year Change	Forecast	Difference from Forecast
Transaction volume	1,654.1	112%	1,622.0	+32.1
Operating revenues	56.6	102%	58.3	- 1.7
Operating income	6.0	118%	5.5	+ 0.5
Ordinary income	7.3	124%	6.4	+ 0.9
Net income	4.8	287%	4.0	+ 0.8

(Figures are rounded to the nearest hundred million yen.)

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## Operating Data (Trends by Quarter)

- We invested aggressively in Tianjin, Laos, Myanmar and other emerging economies to strengthen overseas business development.
- Nonconsolidated operating income was ¥3.3 billion in 2Q, partly due to a surge in demand due to the switch to digital broadcasting.

(Billions of yen)

Consolidated	1Q		2Q	
	Results	YoY	Results	YoY
Operating revenues	43.3	109%	44.9	108%
Operating income	6.2	138%	6.7	118%
Operating margin	14.3%	+ 3.0 pts.	15.0%	+ 1.2 pts.
Nonconsolidated	1Q		2Q	
	Results	YoY	Results	YoY
Operating revenues	27.6	102%	28.9	101%
Operating income	2.6	129%	3.3	111%
Operating margin	9.5%	+ 2.0 pts.	11.5%	+ 0.9 pts.

(Figures are rounded to the nearest hundred million yen.)

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## Results by Segment

- Operating income increased 7% in the credit business segment because tighter credit extension reduced expenses associated with possible credit loss.
- In the fee business, AEON HOUSING LOAN SERVICE, LTD. contributed to results, in addition to expansion of the e-money and bank agency businesses.
- In overseas business, achieved growth in revenues and income due to steady expansion of operations, particularly in Thailand and Malaysia.

(Billions of yen)

	Operating revenues		Operating income	
		YoY		YoY
Credit business	48.2	100%	7.2	107%
Fee business	11.8	143%	1.1	compared with 1.3 in FY 2011 1H
Overseas business	28.8	112%	5.9	114%
Elimination of intersegment transactions	- 0.6	-	-1.2	-
Consolidated results	88.2	108%	12.9	126%

(Figures are rounded to the nearest hundred million.)

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## Financial Data

- Consolidated finance receivables (including securitized receivables) increased ¥36.9 billion on steady expansion of credit card shopping.
- Consolidated ROE improved 2.3 percentage points to 8.0% from the start of the fiscal year.

(Billions of yen)

	Consolidated		Nonconsolidated	
	Results	Change from February 20, 2012	Results	Change from February 20, 2012
Total assets	915.6	+8.0	658.1	- 0.8
Total finance receivables (incl. securitized receivables)	677.2 (1,078.2)	- 6.2 (+36.9)	449.7 (763.8)	- 15.9 (+21.7)
Interest-bearing debt	512.1	- 5.2	316.6	- 10.7
Net assets	170.5	- 11.4	125.0	- 14.0
ROE (annualized)	8.0%	+2.3 pts.	7.3%	+1.8 pts.

(Figures are rounded to the nearest hundred million.)

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## Number of Cardholders and Active Cardholders

- On a consolidated basis, the number of cardholders was 25.06 million (up 670,000 from the start of the fiscal year), and the number of domestic cardholders was 21.58 million (up 570,000).
- The number of domestic active cardholders was 13.17 million (up 490,000 from the start of the fiscal year) due to expansion of on-the-spot issuing and online sign-ups.

(Millions of cardholders)

	FY 2011	FY 2012 1H	Change
Number of cardholders	29.76	30.73	+ 0.97
Number of cardholders, consolidated	24.39	25.06	+ 0.67
Domestic	21.01	21.58	+ 0.57
House Card cardholders	5.37	5.66	+ 0.29
Number of active cardholders, consolidated	14.46	15.06	+ 0.60
Domestic	12.68	13.17	+ 0.49
Annual usage rate	64.1%	64.4%	+ 0.3 pts.
Domestic	65.1%	65.9%	+ 0.8 pts.

(Usage rate: number of active users ÷ average number of cardholders for the fiscal year.)

(Domestic cardholders includes family cardholders.) (The number of active cardholders, consolidated excludes House Card cardholders.)

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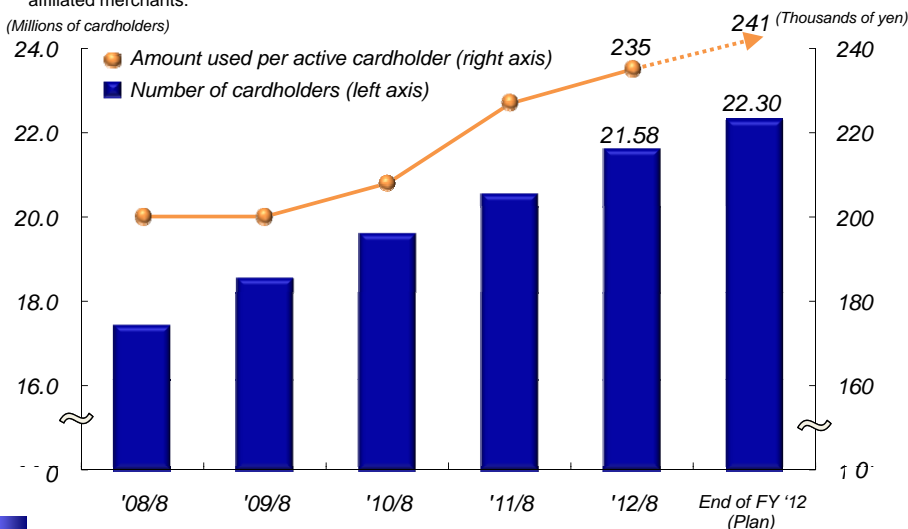
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## Number of Cardholders and Annual Amount Used per Active Cardholder (Nonconsolidated)

- The number of cardholders in the first half was 21.58 million (up 570,000 from the start of the fiscal year). We project 22.30 million by the end of the fiscal year (up 1.29 million).
- The amount used per active cardholder is projected to rise to ¥241,000, supported by joint planning with affiliated merchants.

(Millions of cardholders)



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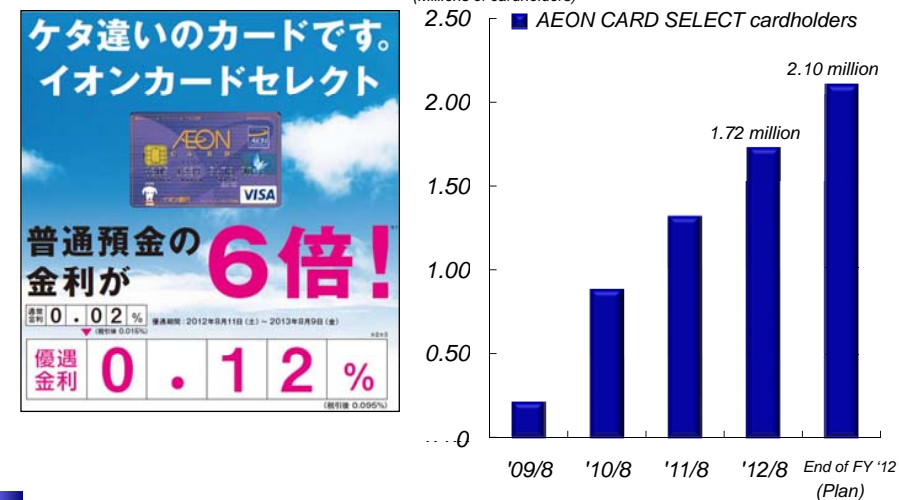
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## AEON CARD SELECT Cardholders (Nonconsolidated)

- The number of AEON CARD SELECT cardholders was 1.72 million at the end of the first half (up 190,000 from the start of the fiscal year).
- AEON CARD SELECT offers interest of 0.12%, which is 0.1 point or six times higher than ordinary deposits.

(Millions of cardholders)



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## Initiatives for Seniors

- Began issuing the G.G AEON Card, which features 5% discounts for people 55 and older on the 15th of every month as well as the 20th and 30th.
- G.G Thanks Day resulted in 350,000 new users among the 55-and-over segment.



G.G AEON Card



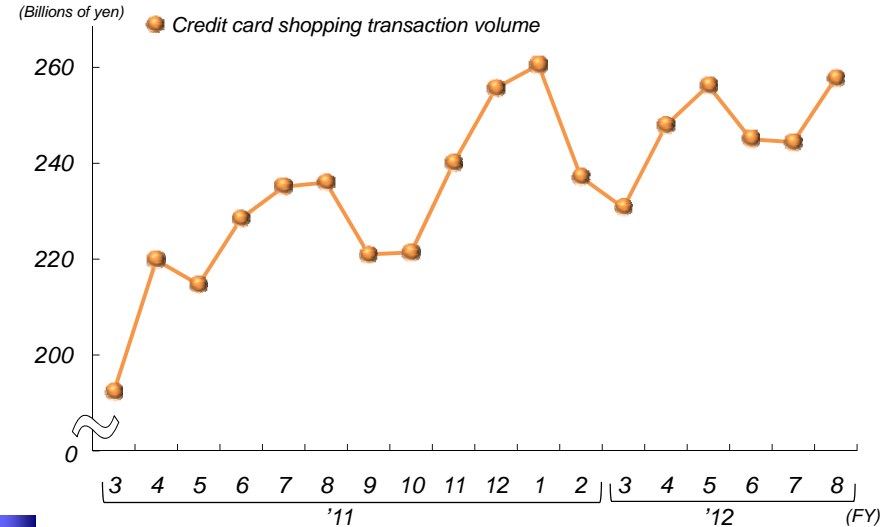
G.G WAON

5% off on G.G Thanks Day, the 15th of each month, in addition to the 20th and 30th.

Note: "G.G stands for "Grand Generation." The word "grand" suggests the very best, and AEON agrees with view that the 55-and-over age bracket is the best time of life. We are implementing initiatives to promote recognition of the "Grand Generation" among customers.

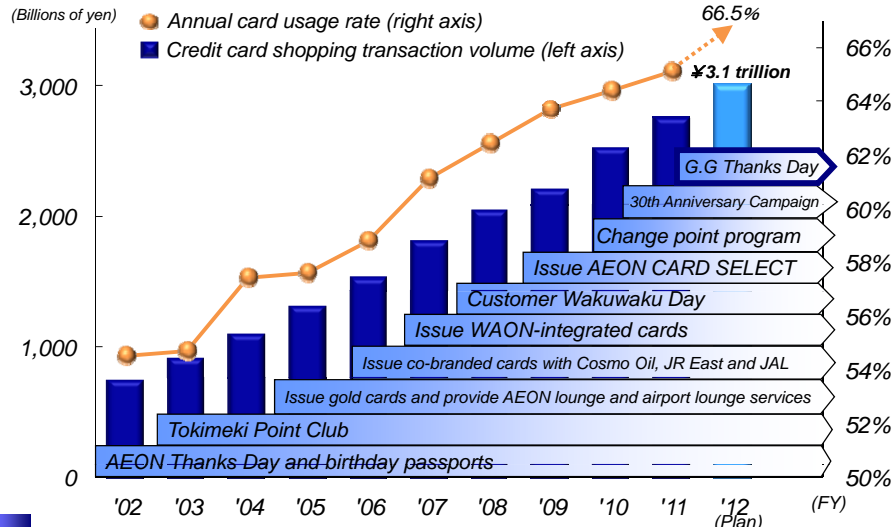
## Credit Card Shopping Transaction Volume (Nonconsolidated)

- Intensified cardholder sign-up efforts and the continued addition of privileges and functions steadily expanded credit card shopping transaction volume.



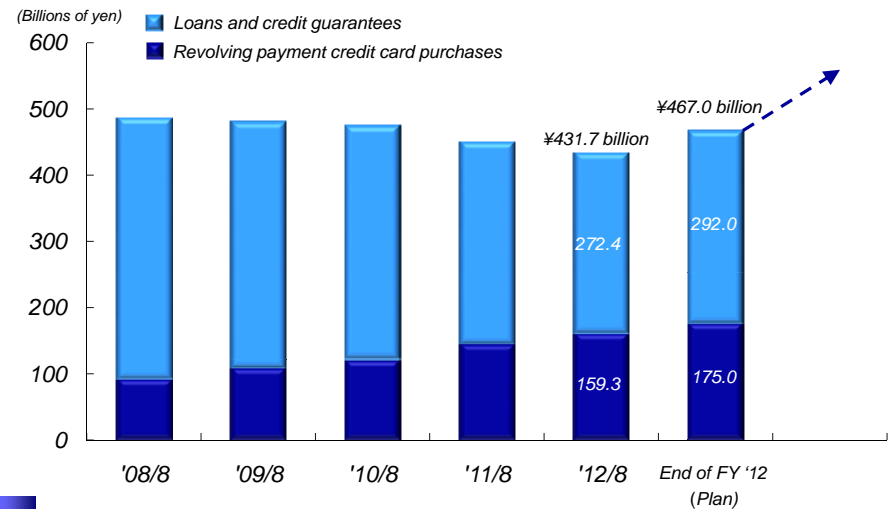
## Credit Card Shopping Transaction Volume and Card-Use Rate (Nonconsolidated)

- Transaction volume was ¥1,482.1 billion in the first half (increase of 12% YoY), and is projected to be ¥1,620.0 billion in the second half (increase of 13% YoY).
- We plan to boost the annual card usage rate to 66.5% (+1.4% pts. YoY) by introducing G.G Thanks Day.



## Finance Receivables (Nonconsolidated)

- The balance of revolving payment credit card purchases at the end of the first half was ¥159.3 billion (increase of 11% YoY), and operating revenues totaled ¥9.6 billion (increase of 18% YoY).
- The balance in excess of the amount collected, with credit card cashing transaction volume in September of ¥15.5 billion (increase of 6% YoY).



## Allowance for Possible Credit Losses & Provision for Interest Repayment (Nonconsolidated)

- Allowance for possible credit losses was ¥3.6 billion (down 47% YoY) as the content of receivables improved.
- The number of disclosure claims was 9,200 in the first half, and provision for interest repayment is projected to be ¥1.6 billion in the second half.

	FY 2011 1H	FY2011	FY2012 1H		FY2012 1H
Allowance for possible credit losses, beginning of period	46.8	46.9	32.7	Allowance for personal bankruptcies	Fully amortized
Provision for possible credit losses	* 9.8	6.1	3.6	Receivables in arrears over 3 months and subject to special attention	23.3
Write-off of credit losses	9.7	20.4	7.5	General allowance for possible credit losses	5.4
Allowance for possible credit losses, end of period	46.9	32.7	28.7	Total	28.7

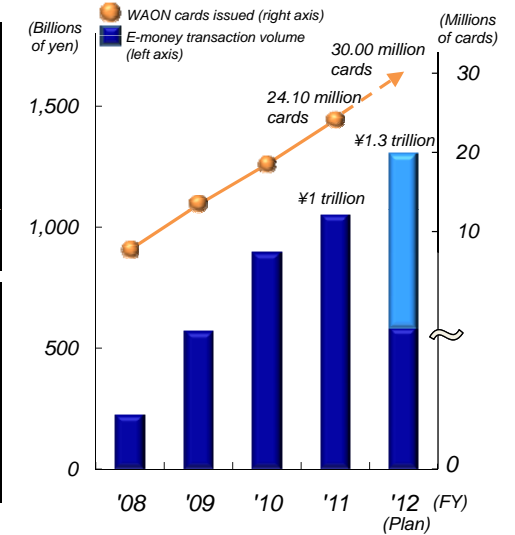
(Billions of yen)

\*Includes extraordinary loss of ¥2.9 billion due to the Great East Japan Earthquake

	FY 2011 1H	FY2011	FY2012 1H
Allowance ratio	6.2%	4.4%	3.8%
Actual costs related to credit losses	19.5	26.5	11.0
Allowance for loss on refund of interest received	12.5	9.2	6.6

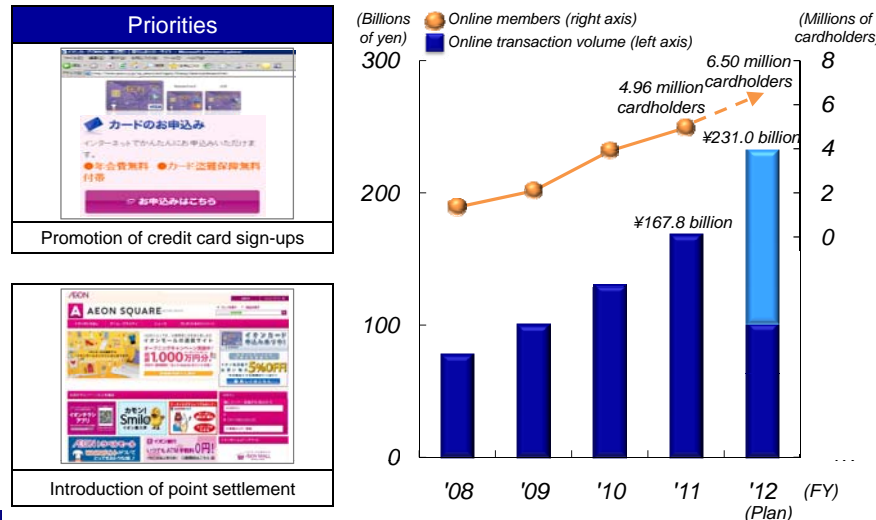
## E-Money Business

- The number of WAON cards issued in the first half was 26.90 million (up 2.80 million from the start of the fiscal year), and transaction volume for the first half was ¥579.4 billion (up 18% YoY).
- In the second half, we will add affiliated merchants, including expressway service and parking areas, gas stations and taxi companies.



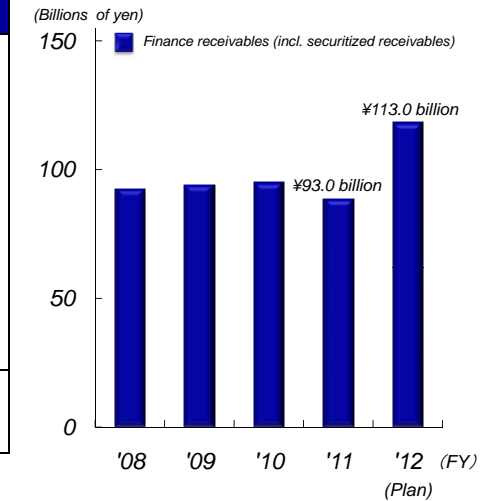
## Internet Business

- Online members at the end of the first half totaled 5.3 million (up 370,000 from the start of the fiscal year), and online transaction volume for the first half was ¥101.0 billion (increase of 25% YoY).
- In the second half, we will initiate on-the-spot issuing online and expand point settlement functions to enhance convenience.



## AEON HOUSING LOAN SERVICE Initiatives

- In the first half, we expanded service nationwide from the Tokyo, Nagoya and Osaka areas, and enhanced the sales network.
- In the second half, we will expand transaction volume of AEON Bank variable rate loans.



## Initiatives in the Servicer Business & Small-sum, Short-term Insurance Business

- Operating revenues in the first half were ¥1.0 billion (increase of 25% YoY), driven by expansion of commissioned collection operations.
- Developed private insurance products and increase the number of insurance sales agencies.

**ACS CREDIT MANAGEMENT**



Strengthened sales activities to expand purchase of credit receivables.

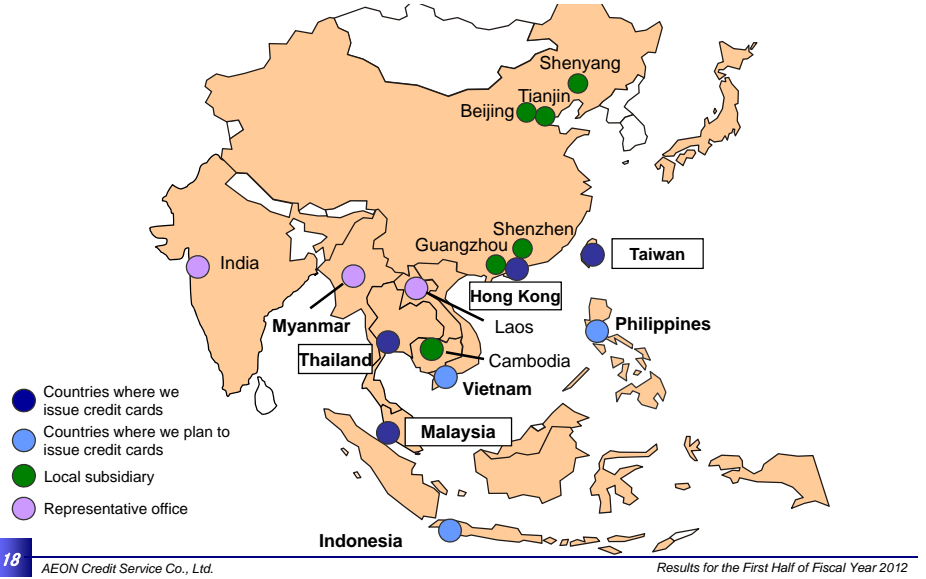
**AEON S.S. Insurance**



Developed private insurance in cooperation with Group companies

## Strengthening of Overseas Business

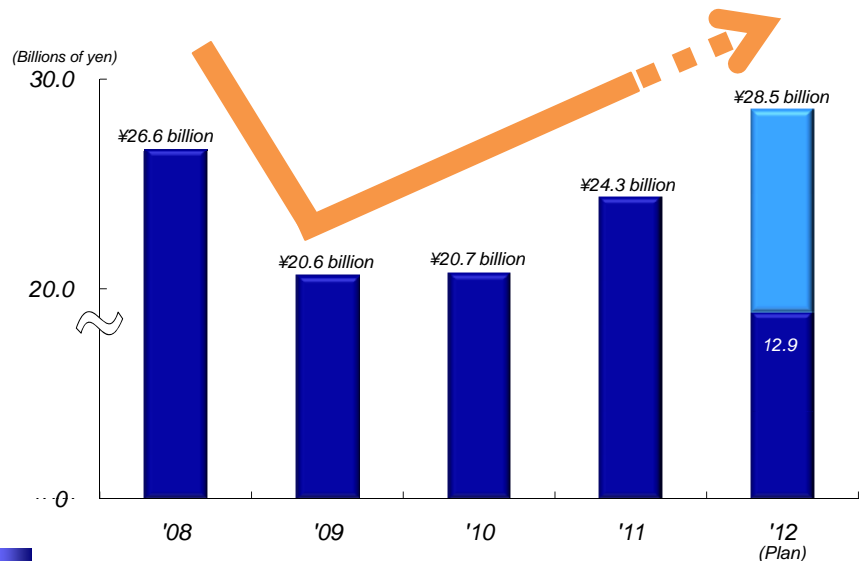
- Accelerated business development in Asia with establishment of regional headquarters and reorganization of Thailand business operations.
- Quickly obtained business licenses and expanded operations in emerging economies.



## AEON Financial Service Initiatives

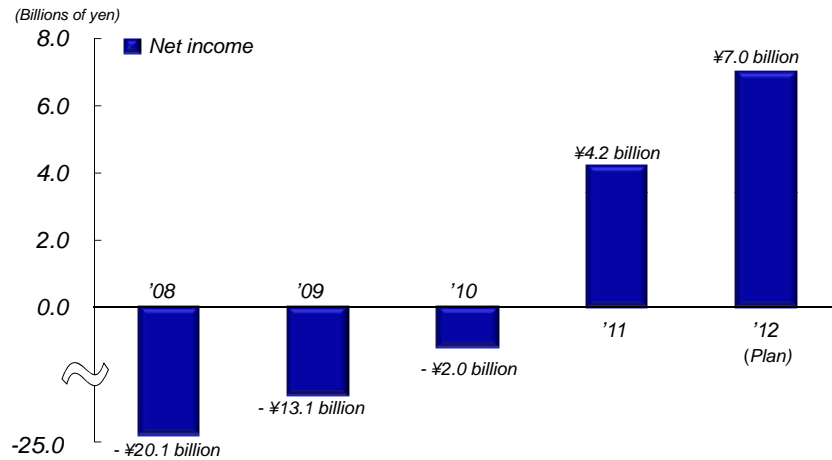
## Consolidated Operating Income of AEON Credit Service

- Operating income is in a V-shaped recovery due to promotion of fee business in Japan, including bank agency and e-money businesses, and development of business in 11 Asian countries and regions overseas.



## Consolidated Net Income of AEON Bank

- Achieved single-year profitability in fiscal year 2011, driven by steady expansion of operations.
- In fiscal year 2012, net income was ¥1.29 billion for the first quarter, and is projected to be ¥7.0 billion for the full year.



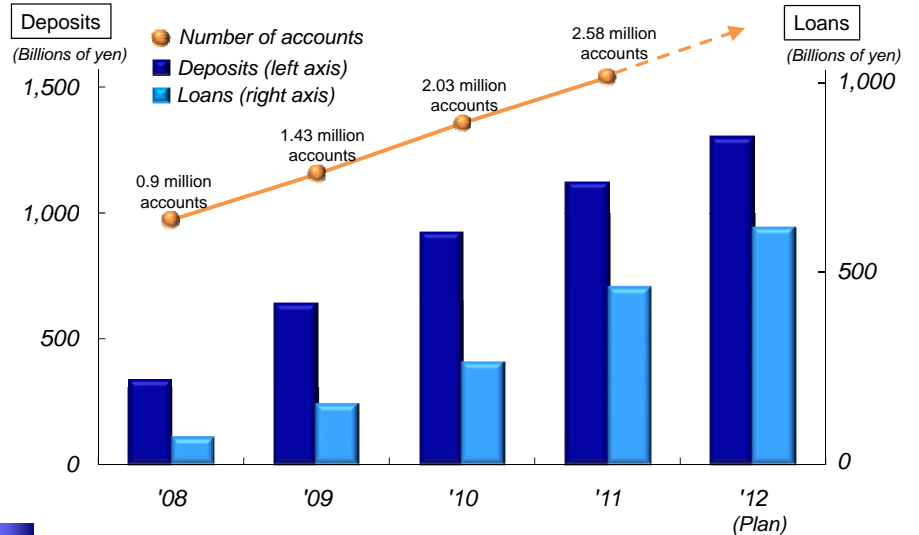
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## AEON Bank's Operations

- The bank has steadily expanded its operations, with 2.8 million accounts, 2,089 ATMs and 86 in-store branches at the end of the first half.
- The plan for fiscal year 2012 is deposits of ¥1.3 trillion and loans of ¥600.0 billion.



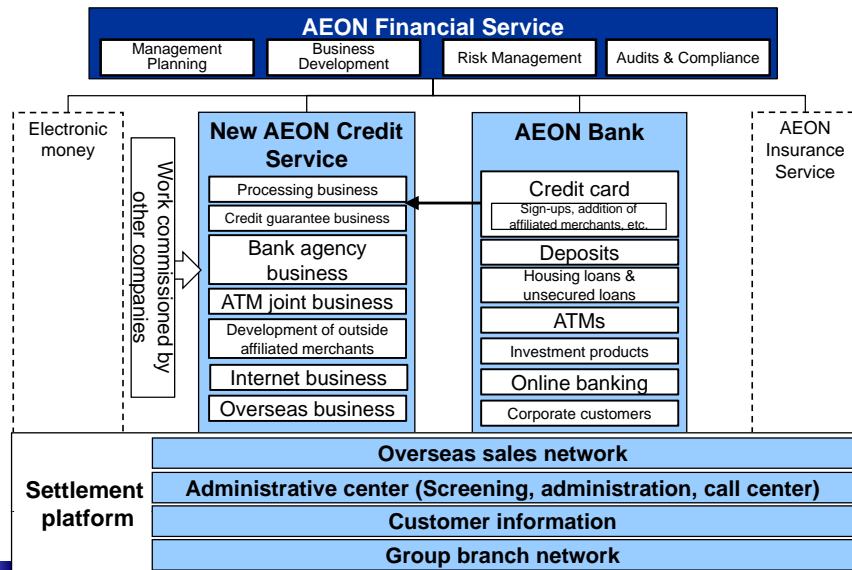
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## Growth Strategy

- We will leverage our know-how and assets to expand credit-related businesses



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## Synergy from Unification

Generation of Synergies		Target contribution to profit in FY 2016
<b>More convenient financing</b>	Realize low-interest, stable financing by making use of the fundraising function of AEON Bank and consolidating the financing business	¥9.0 billion
	Make decisions on granting credit considering household income and asset information	
<b>Stronger marketing power</b>	Pursue easily understood advertising using consistent messages across the Internet, outlets, DM, and other channels	2.0 billion
	Develop effective database marketing to propose sales in accordance with customer life events	
<b>Expanded overseas business</b>	Accelerate business development in emerging economies in Asia by establishing the bank holding company	1.5 billion
<b>Stronger sales force and higher productivity</b>	Boost productivity by consolidating overlapping departments and shifting personnel to sales departments	2.5 billion
	Build a consummate organizational structure by fusing customer service abilities, efficient operations, and compliance and governance.	
<b>Total: ¥15.0 billion</b>		

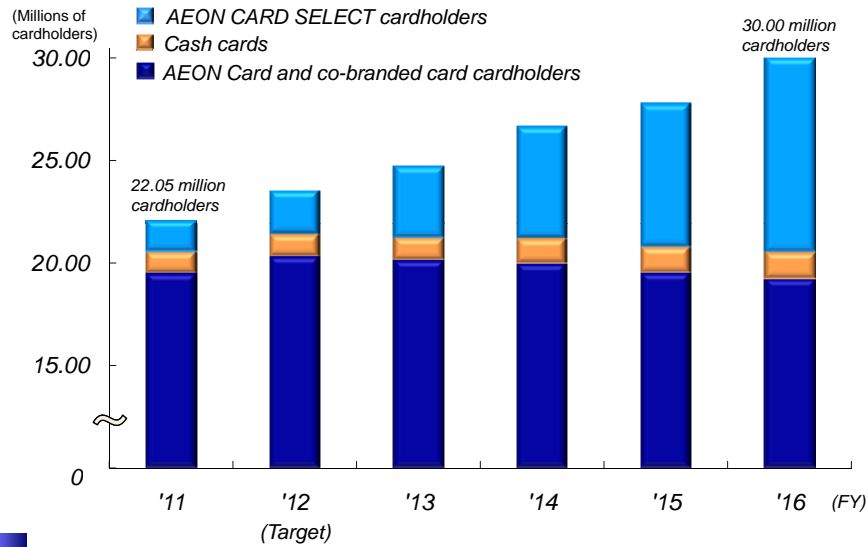
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## Targets for Number of Cardholders and Deposit Accounts

■ We plan to increase the number of AEON CARD SELECT cardholders to 10 million in fiscal year 2016 by expanding sign-ups at in-store branches.



## Finance Receivables (Domestic Individual Customers)

■ We plan to increase finance receivables to ¥4 trillion in fiscal year 2016 through expansion of loans.

