

# Results for Fiscal Year 2012

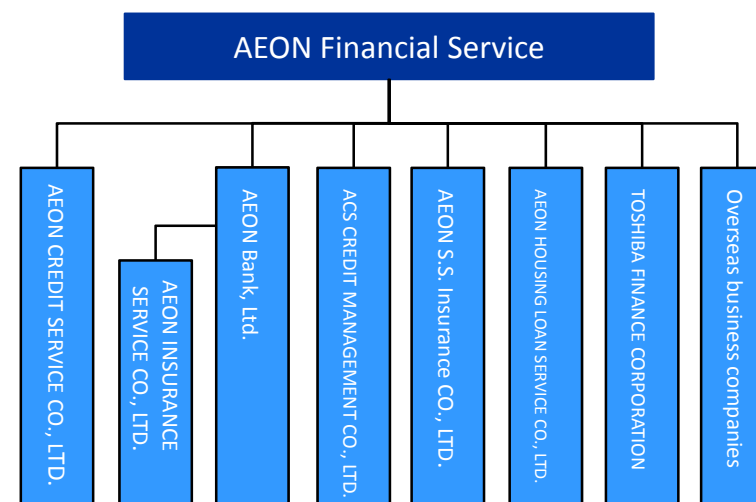
## AEON Financial Service Co., Ltd.

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.

YoY for FY2012 compares the term from February 21, 2012 to March 31, 2013 with the term from February 21, 2011 to February 20, 2012.

## Organizational Structure of AEON Financial Service

■ A company split was made on April 1, with the organizational structure of the company changed to that of a bank holding company.



## Operating Data

■ Consolidated transaction volume was ¥4.2488 trillion (+ ¥885 billion) thanks to attracting new cardholders and implementing affiliation plans with cooperative businesses.

■ Consolidated ordinary income was ¥33.4 billion (YoY 137%, ¥900 million above forecast).  
(Billions of yen)

Consolidated	Results	Year-on-Year Change	Forecast	Difference from Forecast
Transaction volume	4,248.8	126%	3,700.0	+548.8
Operating revenues	206.0	121%	196.0	+10.0
Operating income	33.1	136%	32.5	+ 0.6
Ordinary income	33.4	137%	32.5	+ 0.9
Net income	13.6	151%	13.8	- 0.2

Non-Consolidated	Results	Year-on-Year Change	Forecast	Difference from Forecast
Transaction volume	3,858.8	126%	3,400.0	+458.8
Operating revenues	130.0	111%	123.0	+7.0
Operating income	17.0	127%	15.5	+1.5
Ordinary income	19.5	129%	17.7	+1.8
Net income	11.1	145%	11.0	+ 0.1

(Figures are rounded to the nearest 100 million yen.)

## Effects of Changed Settlement Date and AEON Bank Consolidation

■ Consolidated results of the former AEON Credit Service were operating revenues of ¥186.3 billion and operating income of ¥31.2 billion.

	Former AEON Credit Service		Change of settlement date (3/1-3/31)	AEON Bank (end of Q4)	FY 2012 (after elimination of intersegment transactions)	
	Consolidated results	YoY			Results	YoY
Operating revenues	186.3	110%	10.6	11.1	206.0	121%
Operating income	31.2	129%	1.0	3.6	33.1	136%
Ordinary income	31.4	130%	1.0	3.6	33.4	137%
Net income	13.0	145%	0.4	3.3	13.6	151%

(Figures are rounded to the nearest 100 million yen.)

## Results by Segment

- In the credit business, card shopping became favorable, with operating revenues of ¥111.7 billion (YoY 110%).
- There was an increase in profit and income in overseas business thanks to development in new regions and expansion of business areas.
- In the bank business, there was expansion of sales networks and an increase in numbers of bank accounts, with core business doing well.

(Billions of yen)

	Operating revenues		Operating income	
	Results	YoY	Results	YoY
Credit business	111.7	110%	20.6	125%
Fee business	26.9	158%	1.8	+1.9
Overseas business	62.0	118%	13.5	122%
Bank business*	9.5 (38.0)	— (131%)	1.3 (5.9)	— (2.4)
Elimination of intersegment transactions	-4.3	—	-4.1	—
Consolidated results	206.0	121%	33.1	136%

(Figures are rounded to the nearest 100 million yen.)

\*Bank business numbers inside ( ) show AEON Bank's standalone operating revenues and ordinary income.

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## Quarterly Results by Segment

- Fee business was brought into the black thanks to expansion of e-money business and the business operations of AEON HOUSING LOAN SERVICE CO., LTD.
- Bank business reflects the results from AEON Bank in Q4.

(Billions of yen)

Operating revenues	1Q		2Q		3Q		4Q		Full year	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY	Results	YoY
Credit business	23.8	101%	24.3	98%	24.5	86%	39.1	155%	111.7	110%
Fee business	5.4	136%	6.4	149%	5.7	136%	9.4	206%	26.9	158%
Overseas business	14.4	113%	14.5	112%	15.0	118%	18.1	130%	62.0	118%
Bank business	9.0	150%	9.0	94%	10.9	152%	9.1	149%	38.0	131%
Elimination of intersegment transactions	-0.3	—	-0.3	—	-0.3	—	-3.4	—	-4.3	—
Consolidated results	43.3	109%	45.0	108%	45.0	99%	72.7	169%	206.0	121%

Operating revenues	1Q		2Q		3Q		4Q		Full year	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY	Results	YoY
Credit business	3.5	118%	3.7	98%	4.7	103%	8.7	170%	20.6	125%
Fee business	0.4	+0.6	0.7	+0.7	0.3	+0.3	0.4	+0.3	1.8	+1.9
Overseas business	3.1	124%	2.8	105%	3.4	123%	4.2	133%	13.5	122%
Bank business	1.1	487%	0.7	-2.8	1.1	167%	3.0	+3.9	5.9	168%
Elimination of intersegment transactions	-0.8	—	-0.4	—	-0.8	—	-2.1	—	-4.1	—
Consolidated results	6.2	138%	6.8	118%	7.6	118%	12.5	165%	33.1	136%

(Figures are rounded to the nearest 100 million yen.)

\*Bank business numbers show AEON Bank's standalone operating revenues and ordinary income.

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## Financial Data

- Account balance of ¥1,220.1 billion was appropriated through consolidation of AEON Bank, with total assets of ¥2,534.2 billion.
- There was an increase in interest-bearing debt of approximately ¥100 billion because of the effects of foreign exchange and an increase in month-end accounting at participating stores.
- As of the end of April, consolidated interest-bearing debt was at approximately ¥640 billion, which is down ¥154 billion from February 21, 2012.

(Billions of yen)

	Consolidated		AEON Credit Service (standalone)	
	Results	Change from February 21, 2012	Results	Change from February 21, 2012
Total assets	2,534.2	+1,626.5	961.3	+302.4
Total finance receivables (incl. securitized receivables)	1,258.9	+217.6	866.6	+124.5
Bank business receivables	706.8	—	—	—
Account balance	1,220.1	+103.4	—	—
Interest-bearing debt	793.2	+275.9	541.6	+214.4
Net assets	258.9	+77.0	202.3	+63.3
Equity ratio	9.1 %	-8.4 %	21.0 %	-0.1 %
(BIS standard)	10.6 %	—	—	—

\*Account balance shows figures for AEON Bank alone

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## Review of FY 2012

### ① Domestic business

- 2012 Jan · AEON HOUSING LOAN SERVICE CO., LTD. (formerly Toshiba Housing Loan Service) became a consolidated subsidiary  
 Mar · Convertible bonds issued for acquisition of own stock and to further accelerate Asia business  
 Apr · Share repurchase (12.66 million shares)
- 2013 May · Toshiba Finance became a consolidated subsidiary

### ② Overseas business

- 2012 Jun · Supervised Chinese company (Hong Kong) established, speeding up growth of business in Chinese-speaking territories  
 Aug · Thailand business reorganized with insurance agency/debt collection business set as a consolidated subsidiary of AEON THANA SINSAP  
 Sept · Start of credit business in Tianjin, China
- 2013 Feb · Start of installment payment business in India (Mumbai)  
 Mar · Start of finance business in Philippines (in addition to system development business)  
 Apr · Start of installment payment business in Shenzhen

### ③ Merger with AEON Bank

- 2012 Sept · Business merger announced  
 Nov · Agreement on stock swap reached at extraordinary general meeting of shareholders
- 2013 Jan · AEON Bank becomes a wholly-owned subsidiary  
 Feb · Agreement on details of company split reached at extraordinary general meeting of shareholders  
 Mar · ¥5 dividend issued to commemorate business merger  
 Apr · AEON Financial Service Co., Ltd. established

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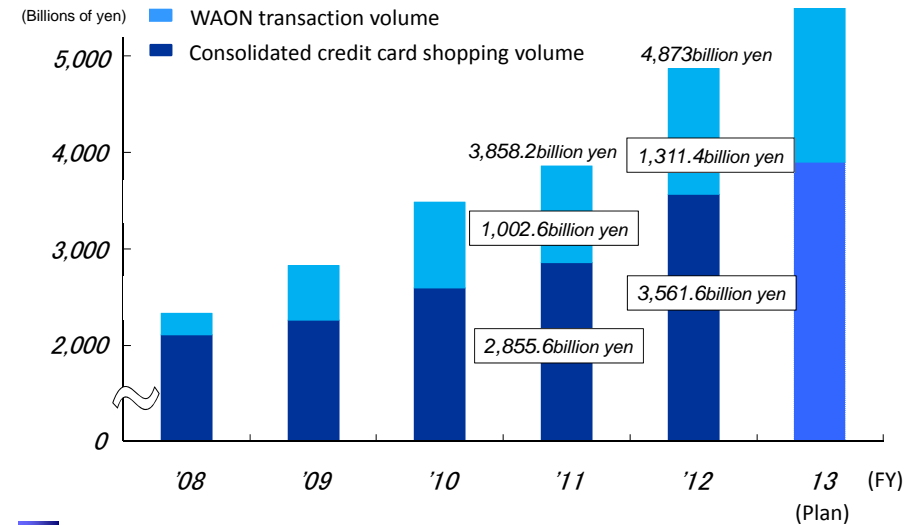
## Number of Cardholders and Active Cardholders

- There are 31.85 million consolidated cardholders (+2.09 million), 22.24 million of whom are in Japan (+1.23 million).
- There are 17.84 million active consolidated cardholders (+1.37 million), 13.72 million of whom are in Japan (+1.04 million).
- There are 3.06 million accounts (+470,000), including 1.95 million AEON Card Select members (+420,000).

	FY 2011	FY 2012	YoY change
<b>Number of cardholders, consolidated</b>	29.76million holders	31.85million holders	+2.09million holders
Domestic	21.01million holders	22.24million holders	+1.23million holders
<b>Number of active cardholders, consolidated</b>	16.47million holders	17.84million holders	+1.37million holders
Domestic	12.68million holders	13.72million holders	+1.04million holders
<b>Number of accounts</b>	2.59 million	3.06 million	+470,000
AEON Card Select	1.53 million holders	1.95 million holders	+420,000 holders
<b>Number of bank branches</b>	81	105	+24
<b>Number of ATMs</b>	1,943	2,680	+737

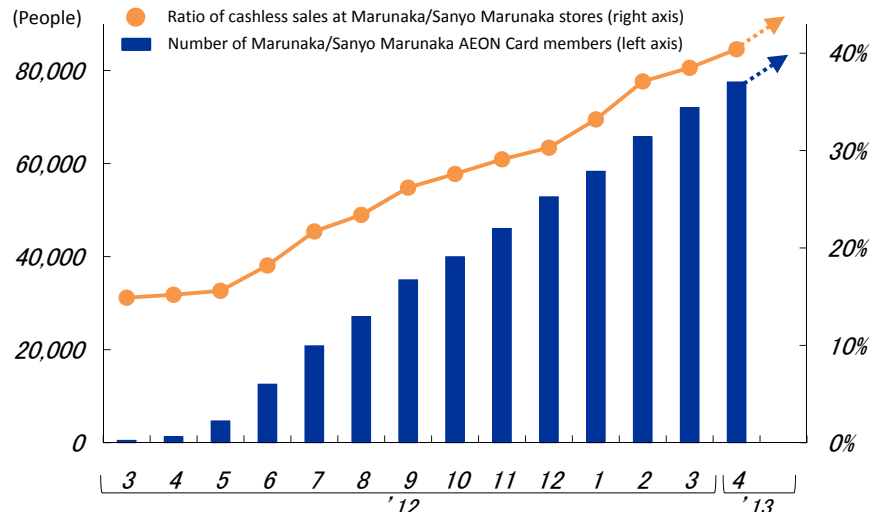
## Growth in Credit Card Shopping (Consolidated) and WAON Transaction Volume

- Card shopping and WAON transaction volume increased by ¥1 trillion year-on-year, reaching ¥4.873 trillion (YoY 126%).



## Expansion of Group Business Field

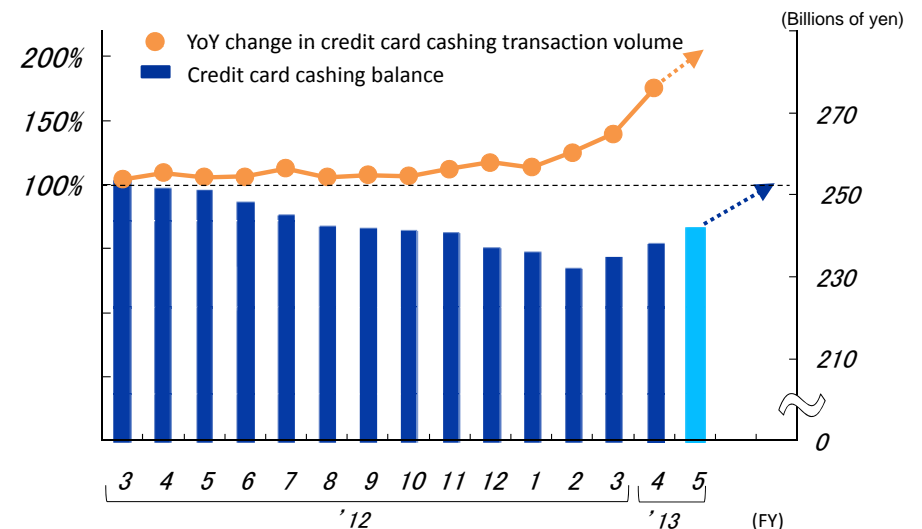
- Ratio of cashless sales at Marunaka/Sanyo Marunaka stores increased to 40%.
- Increased transaction volume at AEON Every, AEON Market and Daiei, etc. forecast for FY 2013.



\*Cashless ratio is the component ratio of store sales paid using AEON Card and WAON

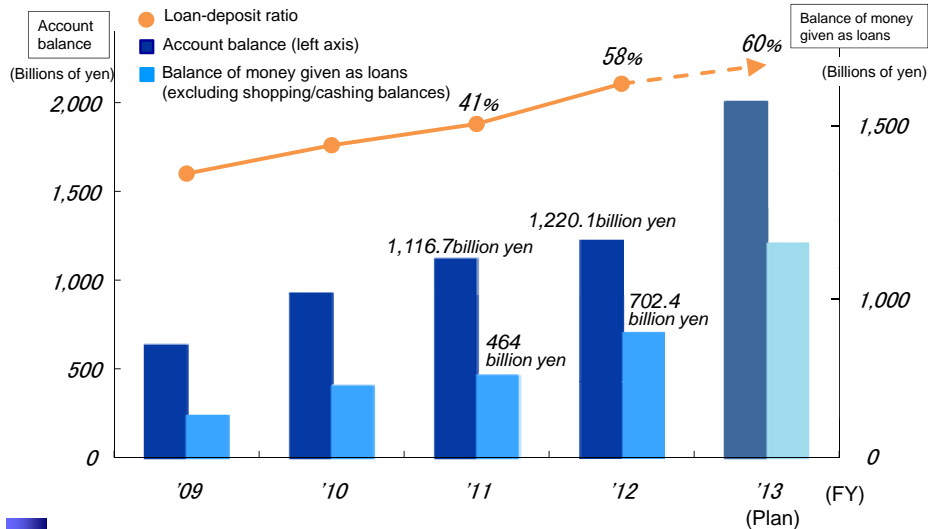
## Recovery of Credit Card Cashing Transaction Volume and Balance

- Significant recovery of transaction volume from February on, thanks to increase in number of cardholders and improved convenience of instant payments at ATMs.
- Cashing balance recovered from March. Planned end-of-term balance to be ¥280 billion (YoY + ¥44 billion).



## Changes in Business Operations of AEON Bank

- Account balance in current term is ¥1,220.1 billion (YoY 109%) thanks to favorable conditions of interest on AEON Card Select deposits.
- Housing loans and unsecured loans resulted in balance of money given as loans reaching ¥702.4 billion (YoY + ¥238.4 billion).
- FY 2012 loan-deposit ratio was 58%, with loan-deposit interest margin increasing from 1.8% to 2.0%.



## Business Merger Campaigns

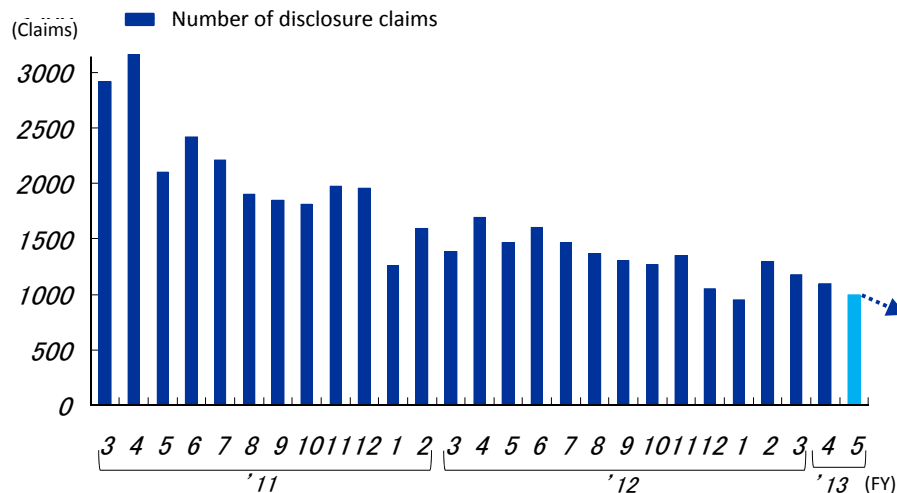
- Generating favorable account balance of 93 billion with 40,000 applicants for 2% fixed-term (3 months) interest rate plan. Acquisition of 20,000 new AEON Card Select holders.
- 8,000 new applications received in April by establishing card loan reception desks at all bank branches (12 times the number of applications received in previous term).

2% fixed-term interest rate campaign

Card loan campaign

## Number of Disclosure Claims

- The number of disclosure claims in FY 2012 continued to decline, recording 72% year-on-year
- Declined to 9,200 claims in first half of FY 2012 (YoY 63%), 8,300 claims in second half (YoY 69%), and, more recently, 1,100 claims in April and 1,000 in May (YoY 59%).



## Allowance for Possible Credit Losses & Provision for Interest Repayment

- Clarification of receivable details by accelerating long-term overdue credit with write-offs
- FY 2012 allowance for credit losses was ¥8 billion (YoY 50%), with a mortgage rate of 3.2% (beginning of year rate -1.2%)

	(Billions of yen)	
	FY2011	FY2012
Allowance for possible credit losses, beginning of year	46.8	32.7
Provision for possible credit losses	16.0	8.0
Write-off of credit losses	30.1	13.0
Allowance for possible credit losses, end of year	32.7	27.7
Allowance ratio	4.4%	3.2%
Actual costs related to credit losses	46.1	21.0
Balance of provisions for interest repayment losses	9.2	3.7

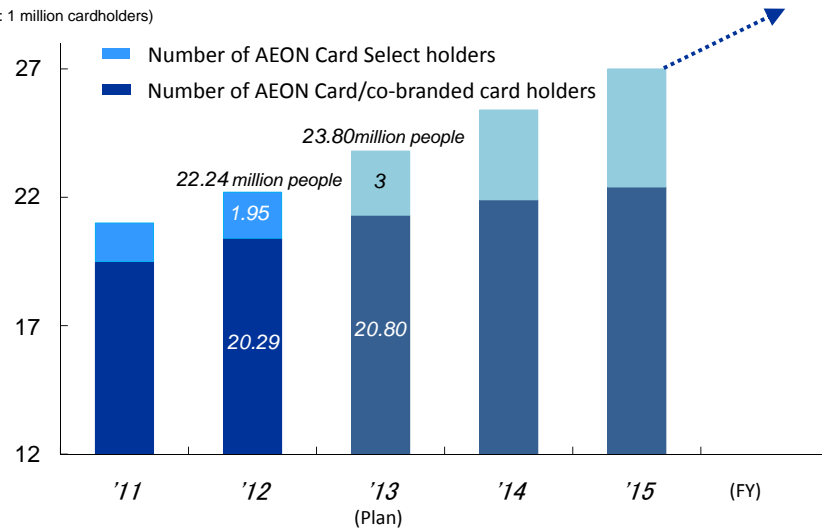
	FY2012
Personal bankruptcies	Fully amortized
Receivables in arrears over 3 months and subject to special attention	22.6
General provisions *Includes restructured debt in repayment	5.1
Total	27.7

## 【Key Initiatives for FY2013】

### Credit Card Business – Expansion of Number of Domestic Cardholders

- Number of cardholders to be increased to 23.8 million (+1.56 million) by strengthening initiatives to attract new applications at cooperative stores, bank branches and through the Internet.
- Expansion of number of AEON Card Select member accounts to 3 million (+1.05 million accounts).

(Units: 1 million cardholders)



### Credit Card Business – Strengthening Initiatives for Shift to Senior Customers

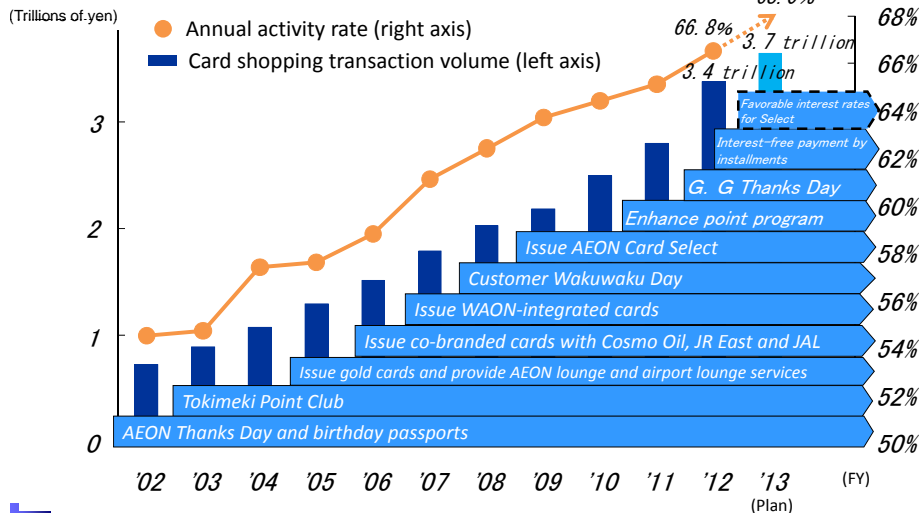
- Start issuing GG AEON Card, which is only for people aged 55 and over, increasing rates of activity and monthly amount of usage
- Launch of GG Members Card and expansion of pension accounts to coincide with opening of Grand Generation's Mall

Card type	AEON Card holders aged 55 and over	GG AEON Card	GG Members Card Select
Card image			
Monthly rate of activity	31%	44%	Launched to coincide with opening of Grand Generation's Mall Kasai
Monthly amount of usage	¥29,000	¥34,000	
Main privileges	<ul style="list-style-type: none"> <li>Thank-you day discounts on the 20<sup>th</sup> and 30<sup>th</sup> of every month</li> <li>WAON bonus points for products</li> <li>Double points on every date with a "5" in it</li> </ul>	<ul style="list-style-type: none"> <li>Discounts on the 15<sup>th</sup> of every month</li> </ul>	<ul style="list-style-type: none"> <li>Cinema ticket discounts</li> <li>Culture club fee reductions</li> <li>Free entry to fitness clubs</li> <li>+0.1% on fixed-term deposit interest rates when opening pension account with AEON Bank</li> </ul>

### Credit Card Business – Initiatives to Improve Annual Activity Rates

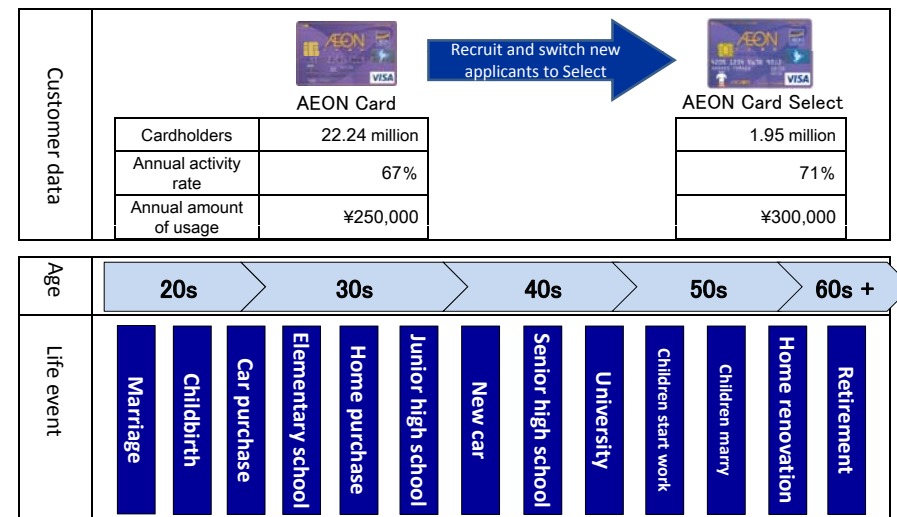
- FY 2013 will see introduction of new privileges such as AEON Card Select with favorable fixed-term deposit interest rates and children's accounts, etc.
- Plans for transaction volume to reach ¥3.7 trillion (YoY 116%) with annual activity rate of 68.0% (YoY +1.2%).

\*Transaction volume YoY is aggregated for same term



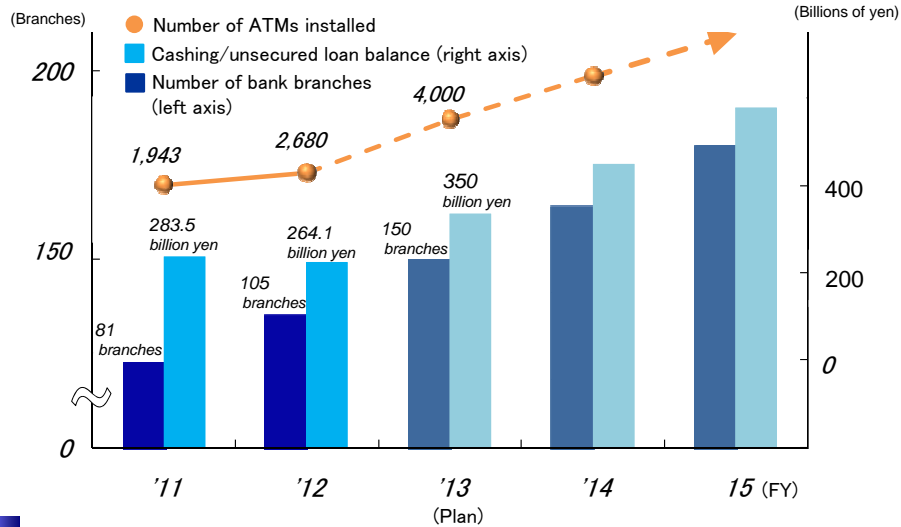
### Credit Card Business – Use of Customer Data to Promote Marketing

- Strengthen drive to recruit new AEON Card Select holders, as this has higher activity rate
- Propose all kinds of financial services suited to life events



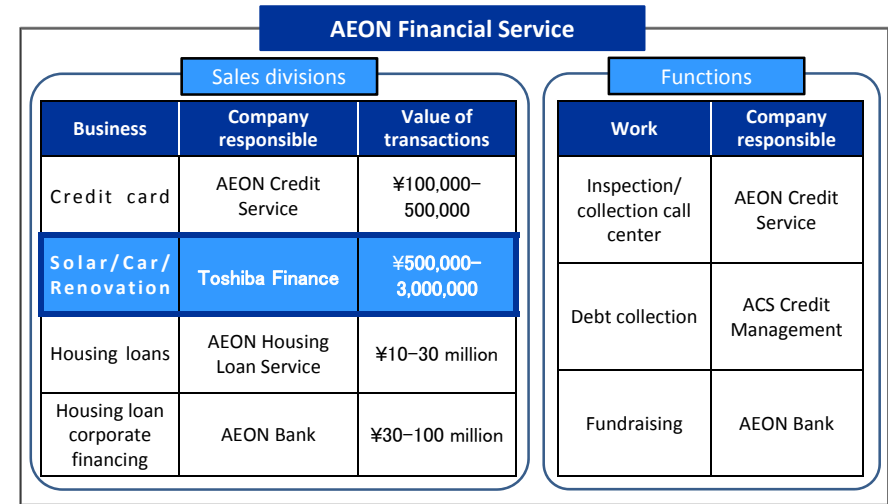
## Bank Business – Strengthening Bank Business by Expanding Sales Network

- Number of ATMs installed planned to reach 4,000 (YoY +1,320) with 150 bank branches (YoY +45).
- Plans for unsecured/card loan balance to reach ¥350 billion through comprehensive improvement of sales network and ATM functions.



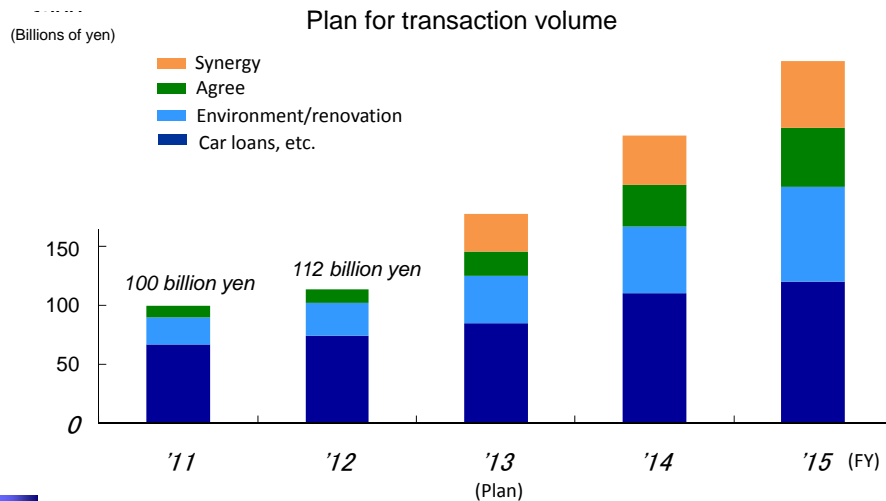
## Credit Business – Toshiba Finance to become Consolidated Subsidiary

- Full range of financing services to be provided thanks to consolidation of Toshiba Finance
- Governance and risk management to be strengthened at AEON Financial Service



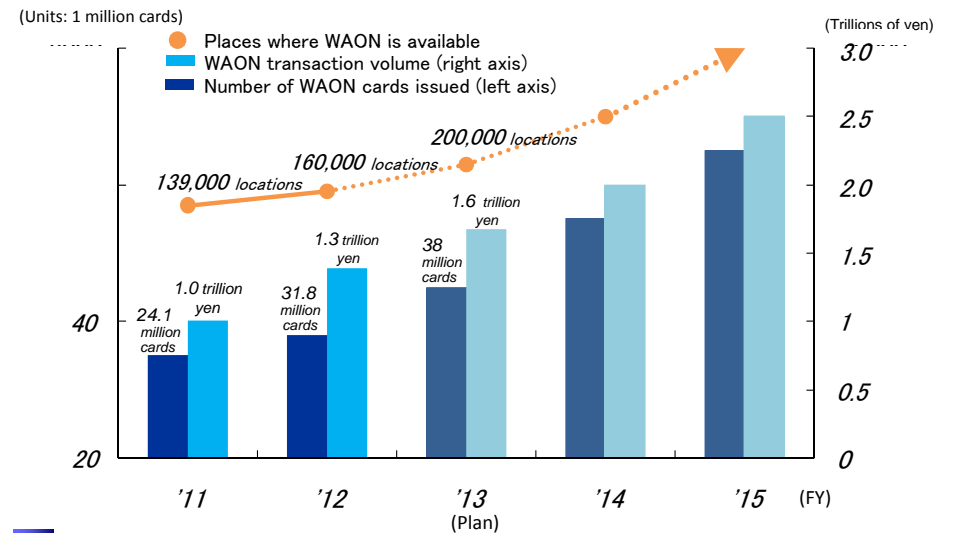
## Credit Business – Synergy with Toshiba Finance

- Expansion of installment payment business at sales points for renovation/solar power systems within the Group
- Overlapping departments to be brought together, with shift of personnel to sales divisions and comprehensive low-cost operation



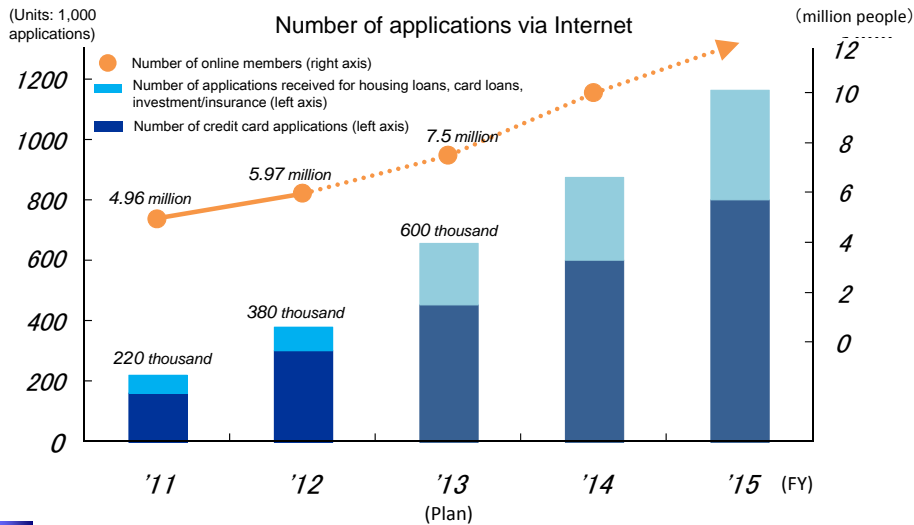
## Fee Business – Expansion of E-money Business

- WAON has been introduced at all AEON Market stores since April 27, with promotion of Group friendship stores becoming participating stores.
- Plans for issuance of 38 million cards (YoY +6.2 million) with transaction volume of 1.6 trillion (YoY 122%).



## Fee Business – Promotion of Internet Business

- Expansion of online members to 7.5 million (YoY +1.53 million)
- Receipt of applications for housing loans/card loans, etc. via the Internet to be promoted by expanding the number of online members



## Fee Business – Expansion of Processing Business

- Use of credit card business infrastructure to increase commissions from group companies and external business companies

		FY 2012	FY 2013 (Plan)
Business centers		Expansion of call center work from group companies	Sapporo call center to be opened (April)
		AEON Bank account opening, etc. Data entry commissions	Kyushu region business center to be opened
Credit guarantee and joint loans		Inspection/collection system improvement	Commissions from other financial institutions Improvements to online application system and establishment of in-store reception desks
Data analysis		Marketing improvements based on purchase information	Data analysis team of 100 staff members Database marketing based on AEON Bank information

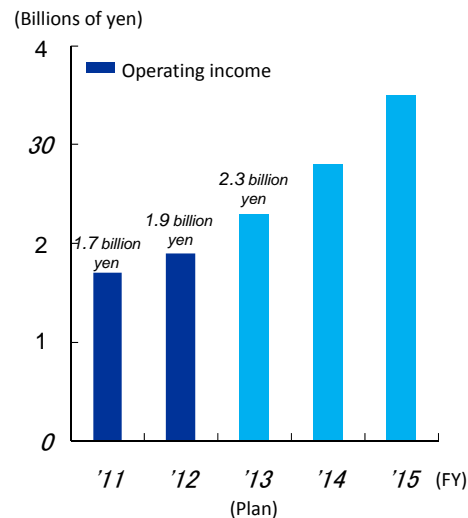
## Fee Business – Improved insurance Agency Business/Short-term Small Fee Insurance Business

- Expansion to 130 insurance agency stores (YoY +40 stores) and increased insurance sales. Projected operating income of ¥2.3 billion.
- Strengthen private insurance development. Plan single year profitability of short-term small fee insurance business in 2013.

**Key initiatives**

Expansion of insurance shops

Development of private brand products



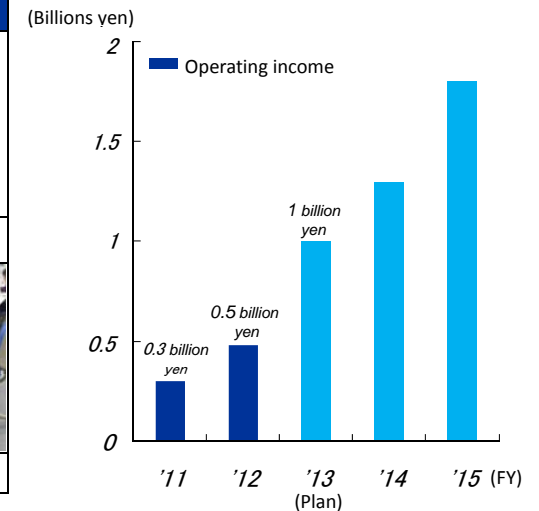
## Fee Business – Development of Debt Collection Business

- Use credit capabilities of bank holding company to expand business commissions from financial institutions such as regional banks, etc.
- Planned operating income increase of ¥1 billion (YoY 200%).

**Key initiatives**

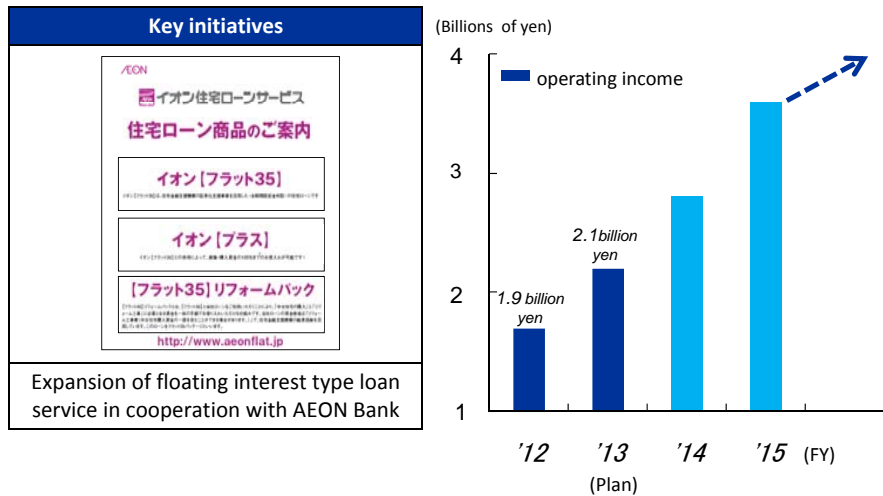
- Regional banks
- Guarantee companies
- Agricultural cooperatives
- Credit card companies
- Commissions from financial institutions
- Expansion of business partnerships with financial institutions

Strengthen collection system



## Fee Business – AEON HOUSING LOAN SERVICE CO., LTD. Initiatives

- In March, establish a bank agency and an AEON Bank floating loan service to supplement Flat 35.
- Strengthen business sales at AEON Credit Service store locations. Projected operating income of ¥2.1 billion.



## Growth Centering Around Hong Kong ①

- FY 2012: Operating revenues of 1,189 million HKD (YoY 101%) and operating income of 376 million HKD (YoY 110%)
- Establish an office in Mongolia in 2013



### AEON Credit Service (Asia) Results

(Units: 1,000 people)

	FY 2012	
	Results	YoY
Number of membership	1,160	+ 100

(Unit: Millions of Hong Kong Dollars)

Transaction volume	7,724	111%
Operating revenues	1,189	101%
Operating income	376	110%
Net profit	316	110%

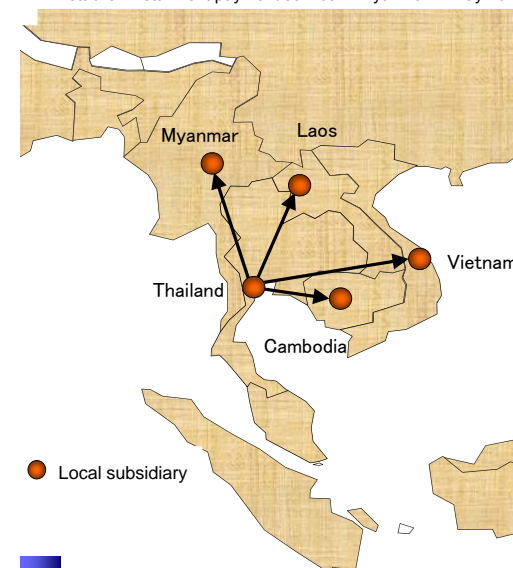
## Growth Centering Around Hong Kong ②

- Hong Kong: Issue a non-contact IC Card and expand payment function
- China: Strengthen installment payment business in Shenyang, Tianjin and Shenzhen using supplies of Chinese Yuan from supervising company in China
  - : Strengthen external commissions at warranty company in Beijing and processing company in Shenzhen
  - : Establish systems company in Tianjin to accelerate business development in China
- Taiwan: Joint development of credit cards with local financial institutions, promotion of newly published credit cards
- Mongolia: Planned establishment of office in second half of fiscal year



## Growth Centering Around Thailand ①

- FY 2012: Operating revenues of 12,842 billion Baht (YoY 111%) and operating income of 2,414 billion Baht (YoY 144%)
- Establish installment payment service in Myanmar in May 2013 and in Laos in June 2013



### AEON THANA SINSAP (Thailand) Results

Units: 1,000 people

	FY 2012	
	Results	YoY
Number of Membership	6,690	+ 480

Unit: Millions of Baht

Transaction volume	77,646	119%
Operating revenues	12,842	111%
Operating income	2,414	144%
Net profit	1,818	466%



## Growth Centering Around Thailand ②

- Thailand: Increase membership figures by strengthening applications for co-branded credit cards with aviation/railroad transport companies
- Vietnam: Expand sales network to regional cities in addition to Ho Chi Minh and Hanoi
- Cambodia: Achieve single month profitability in April by increasing service amounts, plan for 1,000 participating stores
- Myanmar: Strengthen participation with electronics retail stores and establish an early-stage system of 500 stores
- Laos: Establish an installment payment service in cooperation with local major electronics retail stores



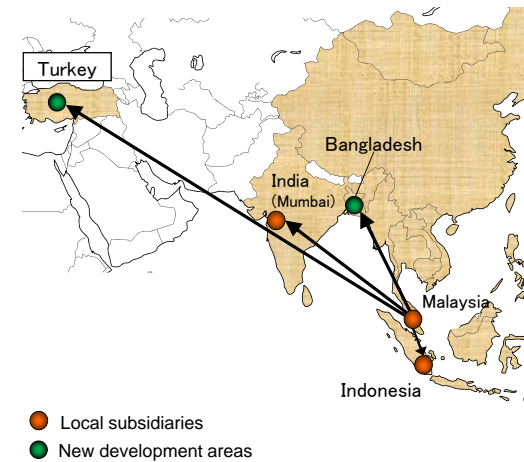
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## Growth Centering Around Malaysia ①

- 2012 Financial Year: Operating revenues of 501 million Ringgit (YoY 136%) and operating income of 181 million Ringgit (YoY 142%)
- Establish offices in Bangladesh and Turkey in 2013 financial year and supplement development support for India business



### AEON Credit Service (Malaysia) Results

Unit: 1,000 people		
	FY 2012	
	Results	YoY
Number of Membership	1,130	+ 150
Units: Millions of Ringgit		
Transaction Volume	2,467	149%
Operating revenues	501	136%
Operating income	181	142%
Net profit	134	140%

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## Growth Centering Around Malaysia ②

- Malaysia: Strengthen applications for AEON Big (formerly Carrefour) membership
- Indonesia: Start issuing credit cards and promote replacement of house cards
- India: Expand market share by planning differentiation from other companies in terms of number and amount of installment payments
- Bangladesh, Turkey: Plan to establish offices



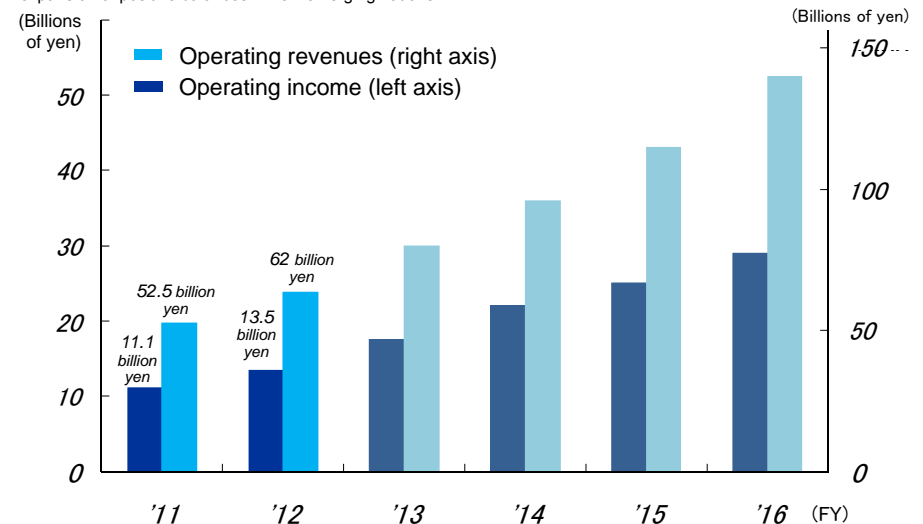
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## Overseas Business Results

- In FY 2012, operating revenues were ¥62 billion (YoY 118%) and operating income was ¥13.5 billion (YoY 122%)
- In addition to listing three companies in the current term, there are plans to achieve new record-high profits with expansion of positive balances in new emerging nations



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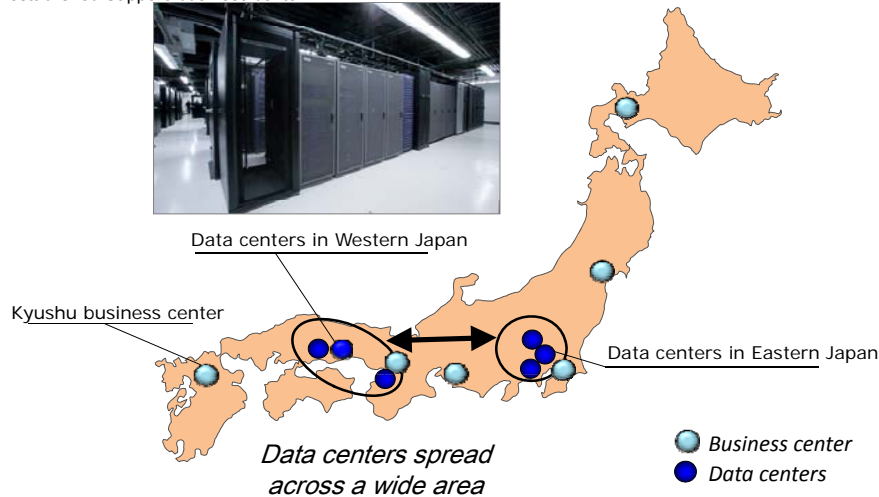
Results for Fiscal Year 2012

## Strengthening Disaster Recovery

- In addition to our data centers in Eastern Japan, data centers were opened in Western Japan in November as a way of preparing for large-scale disasters
- Six business centers have been established, with the latest in the Kyushu area following on from the recently established Sapporo business center



Data centers in Western Japan



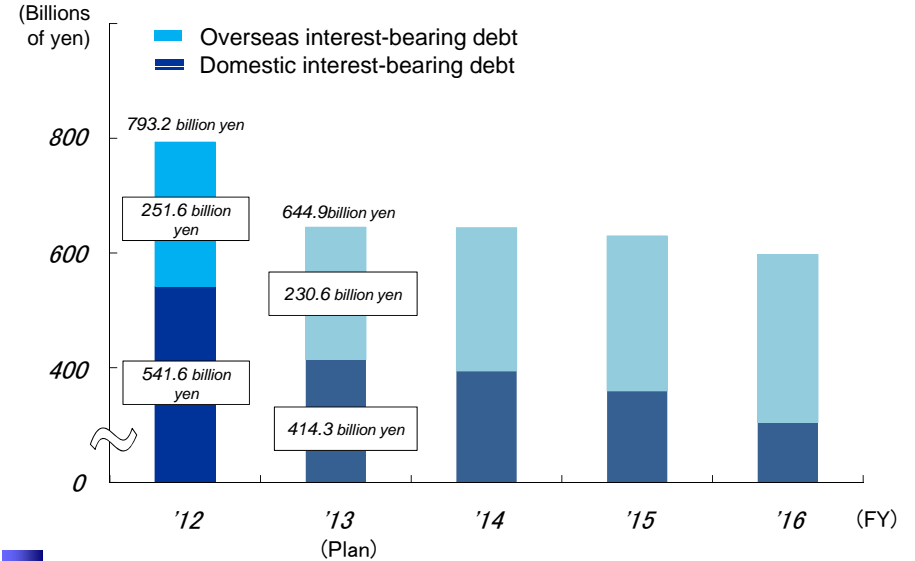
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## Compression of Interest-bearing Debt

- In bank business, increase money given as loans and compress interest-bearing debt by expanding credit card and joint loan balances



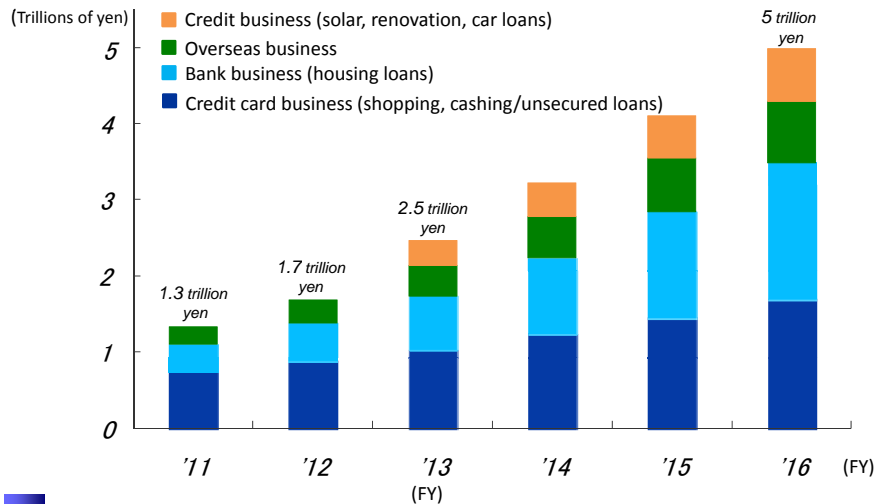
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## Targets for Operating Credit Balance

- Expansion of joint loan balances on solar/renovation, etc., and strengthening of credit business in new emerging nations as part of overseas business
- Aiming to expand sales network and number of cardholders in bank business and credit card business
- With these initiatives, the operating credit balance target for FY 2016 is ¥5 trillion



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AEON Financial Service Co.,Ltd.

Results for Fiscal Year 2012

## Forecast of Results for FY 2013

- Record-high profit planned for FY 2013
- Annual dividend expected to increase by 10 yen to 60 yen from FY 2012

	Forecast results for FY 2013		
		YoY	
Operating revenues	220.0 billion yen	107%	
Operating income	44.0 billion yen	133%	
Ordinary income	44.0 billion yen	132%	
Net income	23.8 billion yen	175%	
Net income per share	127.11 yen	144%	

	Interim (forecast)	Year end (forecast)	Full year (forecast)
Dividend forecast	25yen	35yen	60yen

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AEON Financial Service Co.,Ltd.

Results for Fiscal Year 2012