

Results for the First Half of Fiscal Year 2013

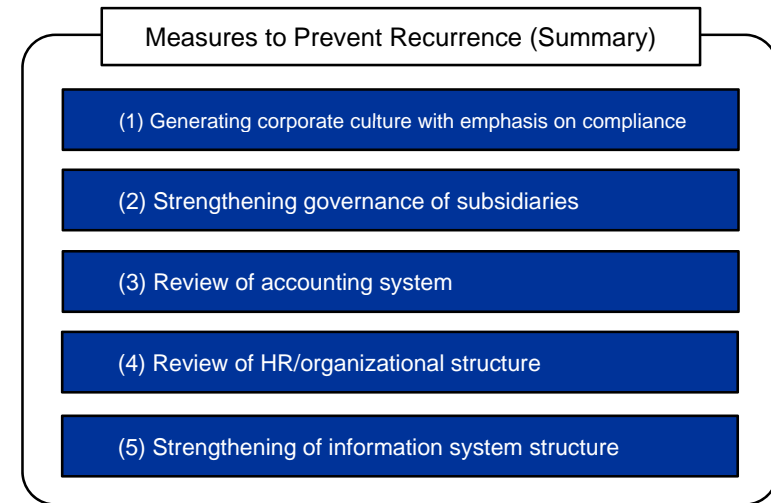
AEON Financial Service Co., Ltd.

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.

Year-on-year comparisons of operating results and results by segment compare the period from April 1, 2013 to September 30, 2013 with the period from February 21, 2012 to August 20, 2012.

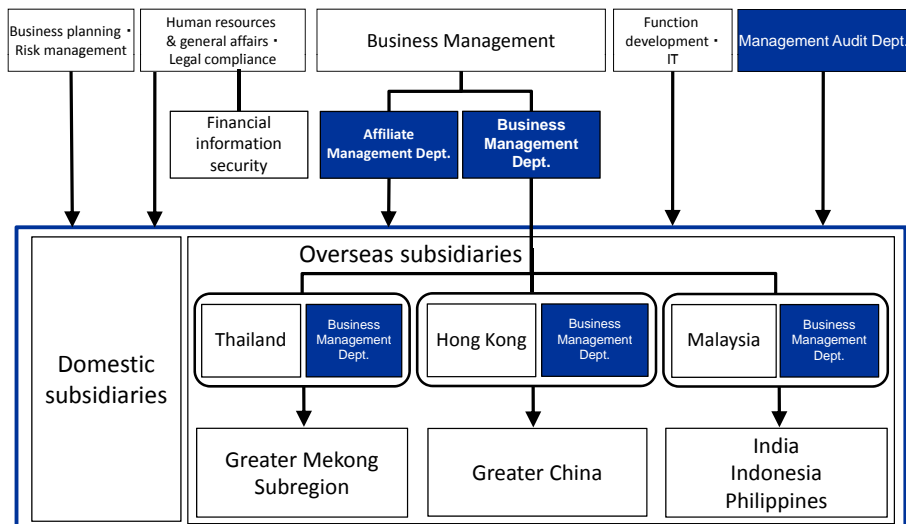
Strengthening of Compliance and Governance System

- Establish a governance system and generate awareness of compliance as a bank holding company.
- Establish a system facilitating appropriated management and supervision of subsidiaries (in personnel, organizational, physical and information systems terms).



Strengthening of Management Structure

- Established the new Business Management Department to strengthen management of domestic and overseas subsidiaries.



Synergy from Management Integration

More convenient financing	<ul style="list-style-type: none"> • Make decisions on granting credit considering household income and asset information • Make use of the fundraising function of AEON Bank 	Domestic cashing balance from start of fiscal year +¥55.9 billion
Stronger marketing power	<ul style="list-style-type: none"> • Utilize asset information to promote AEON Card Select sign-ups 	AEON Card Select cardholders +¥320 thousand from start of fiscal year
Expanded overseas business	<ul style="list-style-type: none"> • Strengthen our business management structure 	Building trust among local customers
Stronger sales force and higher productivity	<ul style="list-style-type: none"> • Consolidate head office departments and business centers • Boost productivity by shifting personnel to sales departments 	Office consolidation expenses ¥400 million

Operating Data (Balance Sheets)

Consolidated	Results	(Billions of yen)	Consolidated	Results	(Billions of yen)
		Change from start of fiscal year			Change from start of fiscal year
Cash and deposits	356.6	-160.9	Deposits	1,678.3	+466.2
Loans and bills discounted	1,244.3	+116.3	Interest-bearing debt	582.7	-210.5
Domestic	1,045.3	+95.3	Borrowed money	514.9	-180.5
Overseas	199.0	+21.0	Bonds payable	62.2	-0.2
Accounts receivable – installment	876.3	+369.0	Convertible bonds	5.6	-24.4
Customers' liabilities for acceptances and guarantees	186.3	+185.7	Commercial paper	—	-5.4
Allowance for doubtful accounts	(46.7)	-5.8	Acceptances and guarantees	186.3	+185.7
Domestic	(37.0)	-4.5	Accounts payable – trade and other liabilities	237.4	-32.5
Overseas	(9.7)	-1.3	Total liabilities	2,684.7	+408.9
Securities and other assets	353.7	-68.5	Total net assets	285.8	+26.9
Total assets	2,970.5	+435.8	Total liabilities and net assets	2,970.5	+435.8

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Operating Data (Statements of Income)

Consolidated	Results (Billions of yen)	YoY	Consolidated	Results (Billions of yen)	YoY
Domestic shopping	37.6	114%	Advertising and promotion	17.3	154%
Domestic cash advances	17.4	110%	Bad debt allowance	14.2	132%
Bank business	20.1	(111%)*1	Salaries and fringe benefits	23.0	173%
Fee business	17.1	145%	Administrative expenses	39.3	163%
Overseas business	43.3	150%	Equipment expenses	10.8	143%
Installment payments and others	2.6	(114%)*2	General expenses	2.8	120%
Consolidation adjustments	(8.4)	—	Financial expenses	10.6	178%
			Ordinary profit	12.4	94%
			Net income	2.5	42%

*1 YoY comparison of bank business income is a comparison with the results of AEON Bank for the first half of the previous fiscal year.

*2 YoY comparison of installment payment income is a comparison with the results of AEON Product Finance for the first half of the previous fiscal year.

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Results for the First Half of Fiscal Year 2013

Results by Segment

- Steady growth in shopping and cash advances drove increases in income and profit in the credit business segment.
- AEON Bank posted first-half ordinary profit of ¥3.5 billion, with ¥10.0 billion projected for the full fiscal year (non-consolidated).

(Billions of yen)

	Ordinary income		Ordinary profit	
		YoY		YoY
Credit business	57.5	119%	7.9	111%
Fee business	17.1	145%	0.6	57%
Overseas business	43.3	150%	7.2	122%
Bank business	20.1	+¥20.1 billion	0.7	+¥0.7 billion
Elimination of intersegment transactions	(8.4)	-	(4.1)	-
Consolidated results	130.6	148%	12.4	96%

(Figures are rounded to the nearest hundred million.)

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Results for the First Half of Fiscal Year 2013

Number of Cardholders and Active Cardholders

- On a consolidated basis, the number of cardholders was 32.95 million (up 1.10 million from the start of the fiscal year) and the number of domestic cardholders was 22.87 million (up 630,000).
- On a consolidated basis, the number of active cardholders was 18.64 million (up 800,000) and the number of domestic active cardholders was 14.26 million (up 540,000).
- The number of accounts was 3.41 million (up 820,000) and the number of AEON Card Select cardholders was 2.27 million (up 320,000).

(Million of cardholders)

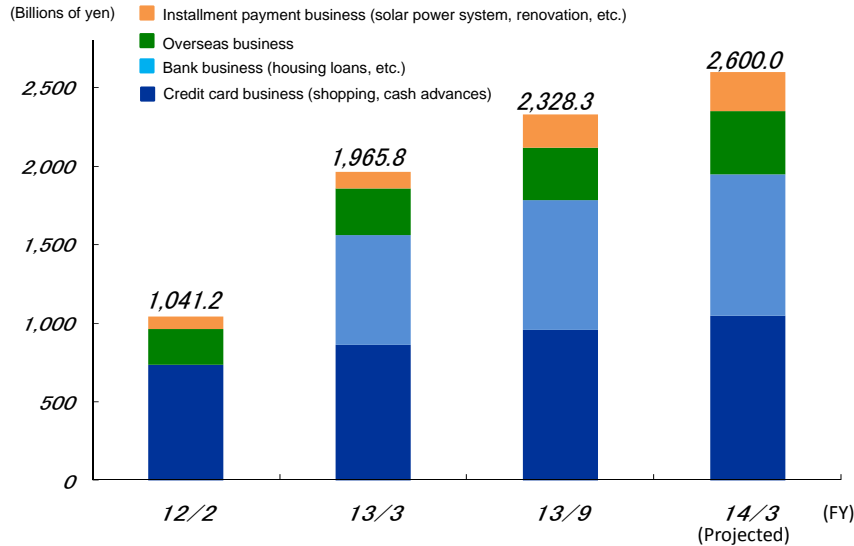
	FY 2012	FY 2013 1H	Change
Number of cardholders, consolidated	31.85	32.95	+1.10
Domestic	22.24	22.87	+0.63
WAON Cards issued	31.80	35.90	+4.10
Number of active cardholders, consolidated	17.84	18.64	+0.80
Domestic	13.72	14.26	+0.54
Number of accounts	3.06 million	3.41 million	+350,000
AEON Card Select cardholders	1.95 million	2.27 million	+320,000
Number of domestic store locations	260	320	+60
Bank branches	105	115	+10
Number of ATMs	2,680	3,823	+1,143

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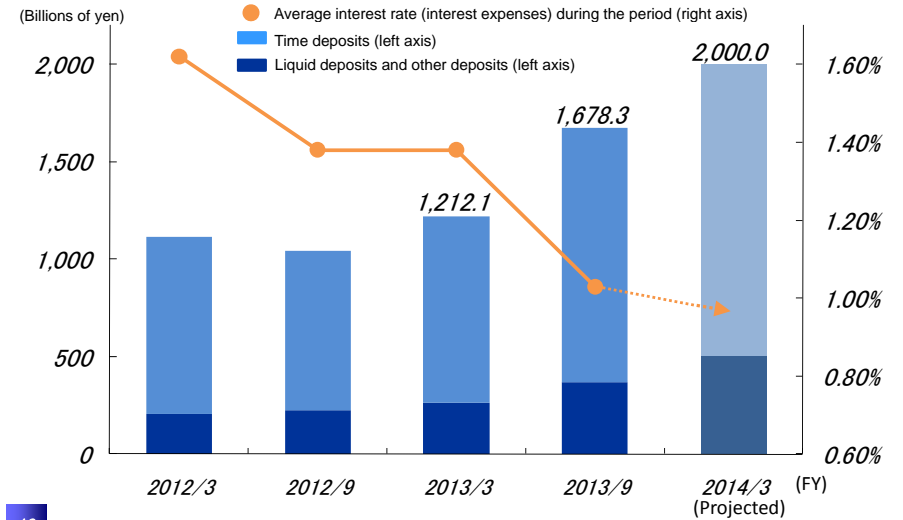
Balance of Finance Receivables (before Securitization)

■ The balance of finance receivables is increasing due to promotion of credit cards and housing loans.



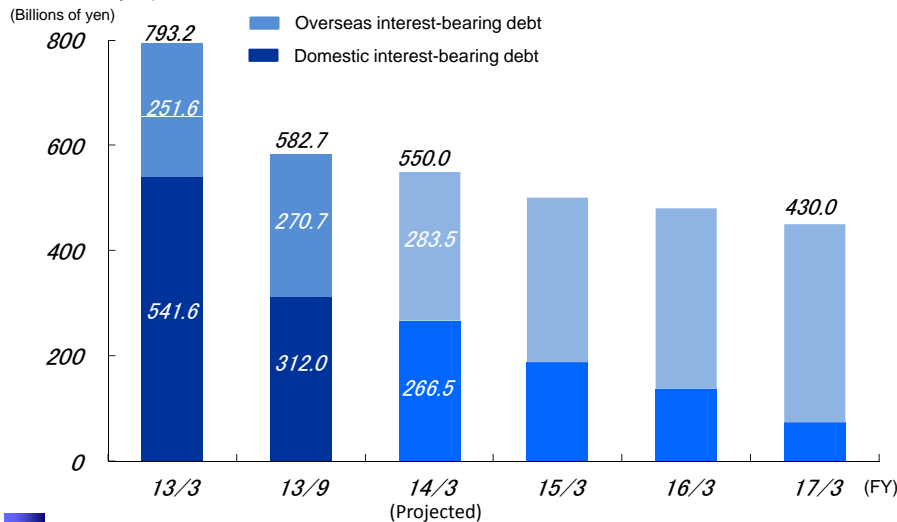
AEON Bank Deposits and Interest Rate (Interest Expenses) (Domestic)

■ The balance of deposits in the first half increased to ¥1,678.3 billion (up ¥466.2 billion from the start of the fiscal year), driven by a time deposit promotional campaign and other initiatives.
 ■ Use of AEON Bank's fundraising function resulted in average interest rate (interest expenses) of 1.03% for the first half (down 0.35 percentage points from the start of the fiscal year).



Reduction of Interest-bearing Debt

■ Interest-bearing debt at the end of the first half was ¥582.7 billion (down ¥210.5 billion from the start of the fiscal year) as a result of factors including the shift to AEON Bank deposits.
 ■ Interest-bearing debt at the end of fiscal 2013 is projected to be ¥550.0 billion (down ¥243.2 billion from the start of the fiscal year).



Allowance for Possible Credit Losses (Domestic Credit Card Business)

■ Provision for possible credit losses on domestic credit card receivables in the first half was ¥4.7 billion, and the ending balance of the allowance for possible credit losses was ¥25.1 billion.

	(Billions of yen)		(Billions of yen)	
	FY 2012 1H	FY 2013 1H	FY 2012 1H	FY 2013 1H
Allowance for possible credit losses, beginning of period	31.4	26.4	Personal bankruptcies	Fully amortized
Provision for possible credit losses	3.4	4.7	Receivables in arrears over 3 months and subject to special attention	20.2
Write-off of credit losses (including transferred debt)	7.2	6.1	General provisions *Includes structured debt in repayment	4.9
Allowance for possible credit losses, end of period	27.5	25.1	Total	25.1
Allowance ratio	3.3%	2.6%		
Actual costs related to credit losses	10.6	10.8		

■ Allowance for possible credit losses (domestic subsidiaries)
 AEON Bank: ¥3.1 billion
 AEON Product Finance: ¥5.9 billion
 AEON Housing Loan Service: ¥0.8 billion

Allowance for Loss on Refund of Interest Received

- The number of disclosure claims in the first half was 900 claims per month (down 41% YoY), and the amount of interest refunded was ¥1.8 billion (down 28% YoY).
- Provision for loss on refund of interest received in the second half is projected to be ¥1.0 billion due to a decreasing number of disclosure claims.

(Billions of yen)

	FY 2012 1H	FY 2012 2H	FY 2013 1H	FY 2013 2H (projected)
Allowance for loss on refund of interest received, beginning of period	9.2	6.6	3.7	3.0
Provision for loss on refund of interest received	—	—	1.1	1.0
Interest refunded (Sums refunded and appropriation of interest to principal)	2.6	2.9	1.8	1.2
Allowance for loss on refund of interest received, end of period	6.6	3.7	3.0	2.8

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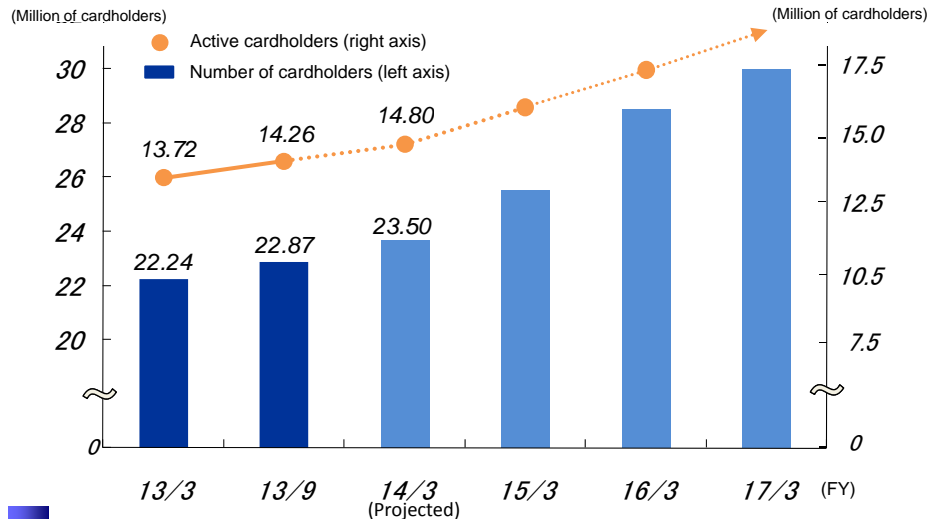
Key Initiatives for the Second Half of FY 2013

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Credit Card Business – ① Expansion of Number of Domestic Cardholders

- The number of cardholders was 23.5 million (up 1.26 million from the start of the fiscal year), driven by tablet purchases and stronger online sign-ups.
- The number of active cardholders was 14.8 million (up 1.08 million from the start of the fiscal year) with factors including the expansion of stores issuing cards on-the-spot.



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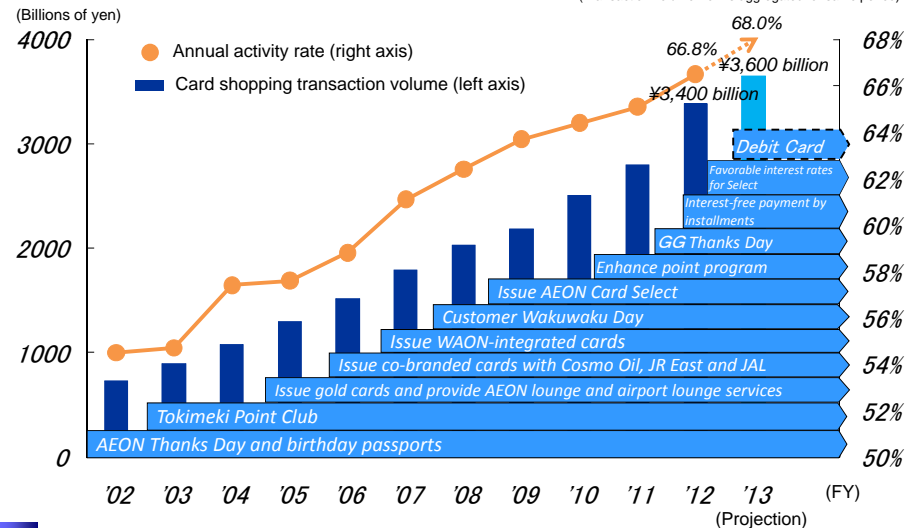
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Results for the First Half of Fiscal Year 2013

② Initiatives to Improve Annual Activity Rates

- Transaction volume was ¥1,684.7 billion in the first half (up 14% YoY) as the number of active cardholders continued to grow.
- The AEON Debit Card will be issued from January 2014, and we project transaction volume for FY 2013 of ¥3,600 billion (up 15% YoY) with an annual activity rate of 68.0% (up 1.2% percentage points YoY).

(Transaction volume YoY is aggregated for same period)






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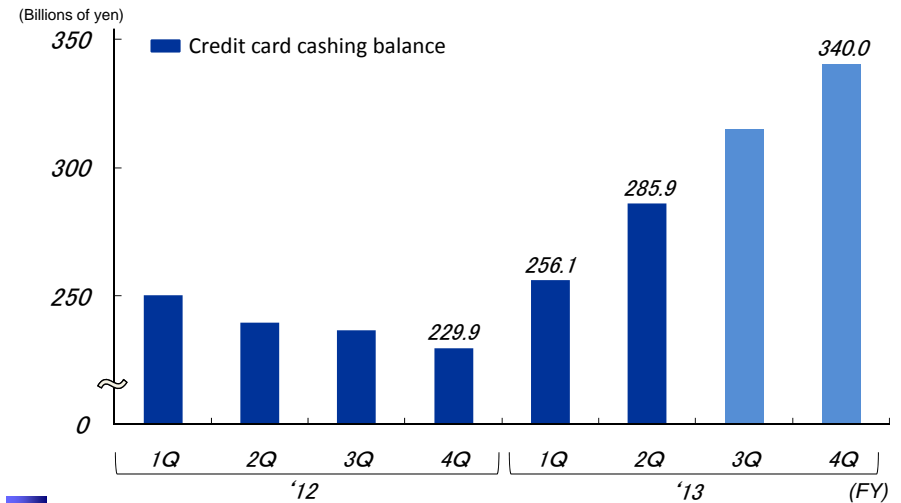
③ Initiatives to Expand Transaction Volume

- Increased convenience by offering privileges such as favorable interest rates on ordinary deposits and Thank-you day discounts for cardholders 55 and over.
- Expanded monthly rate of activity and amount of usage by enhancing functions and privileges.

	Credit cards		
	AEON Card Select	GG AEON Card (55 and over)	AEON Card
			
Monthly rate of activity	55%	43%	39%
Monthly amount of usage	¥37,000	¥34,000	¥34,000
Privileges	Favorable interest rates Charge points	Discounts on the 15 th of every month	
	Thank-you day discounts on the 20 th and 30 th of every month/ Customer Wakuwaku Day on the 5 th , 15 th and 25 th of every month		

④ Expansion of Credit Card Cashing Balance (Domestic)

- Credit card cashing balance at the end of the first half was ¥285.9 billion (up ¥56.0 billion from start of fiscal year) owing to enhancement of the ATM network.
- Cashing balance at the end of the fiscal year is projected to be ¥340.0 billion (up ¥110.1 billion from start of fiscal year).



Fee Business – ① Expansion of E-money Business

- Promotion of registered WAON cards, which have high activity rates, helped boost transaction volume in the first half to ¥750.3 billion (up 32% YoY).
- Added affiliated merchants with new payment terminals and introduced WAON at Daiichi and other AEON Group companies.

Key Initiatives

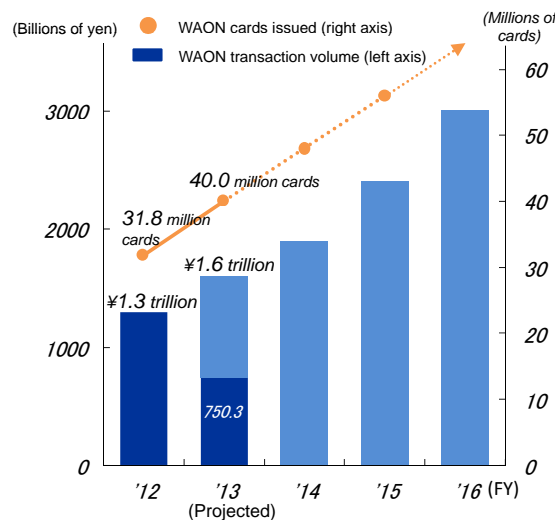
Expansion of registered WAON cards



Addition of affiliated merchants



Smartphone credit card payment terminal



② Promotion of Internet Business

- Transaction volume was ¥117.5 billion (up 17% YoY) due to strengthened online affiliated merchant development.
- Began Web-based application for switching to AEON Card Select and introduced payment with Tokimeki Points.

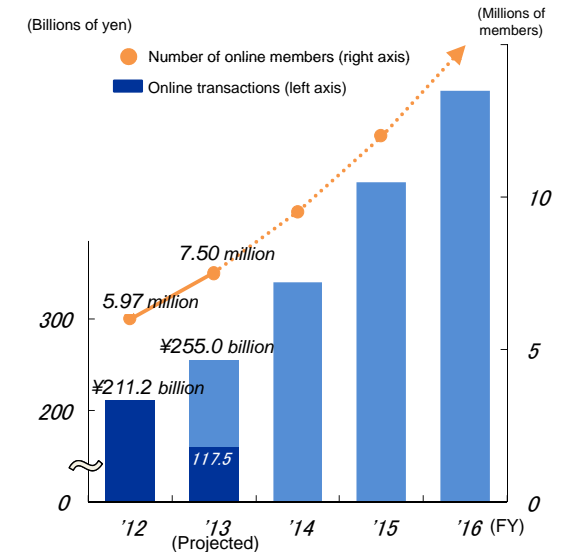
Key Initiatives

Enhanced Web-based application functions



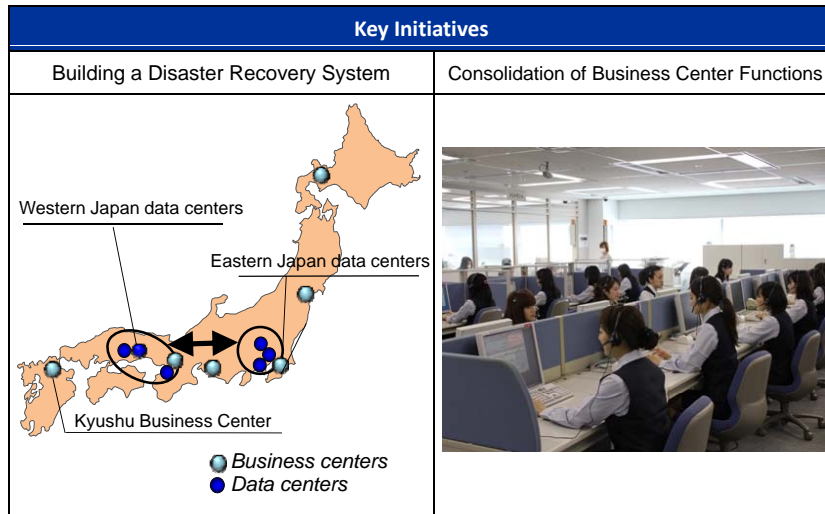
Began offering payment with points





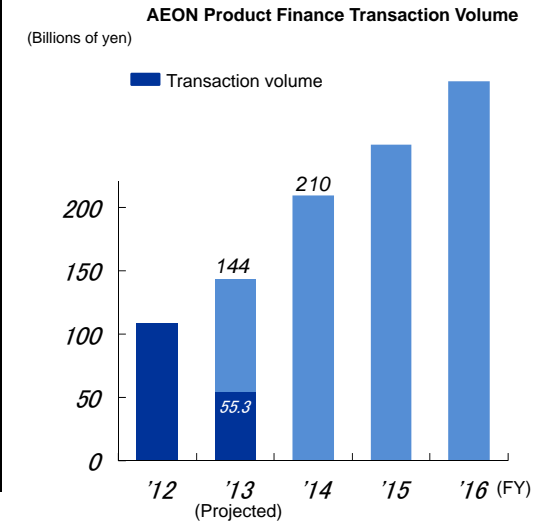
③ Efforts to Strengthen Disaster Recovery and Raise Productivity

- In addition to our data centers in Eastern Japan, data centers were opened in Western Japan as a way of preparing for large-scale disasters.
- We are consolidating business center functions to achieve low-cost operations.



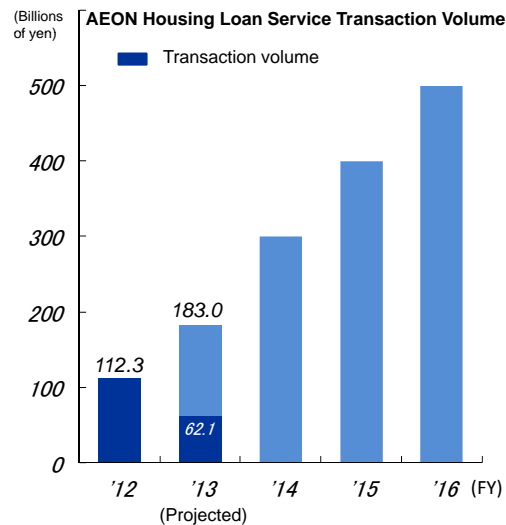
Domestic Subsidiaries – Strengthening the Installment Payment Business

- Transaction volume rose steadily by 22% YoY for August and 25% for September as we promoted renovation and solar power loans.
- Expanded operations by starting business in AEON stores and issuing a co-branded card with Toshiba Stores (2,800 stores).



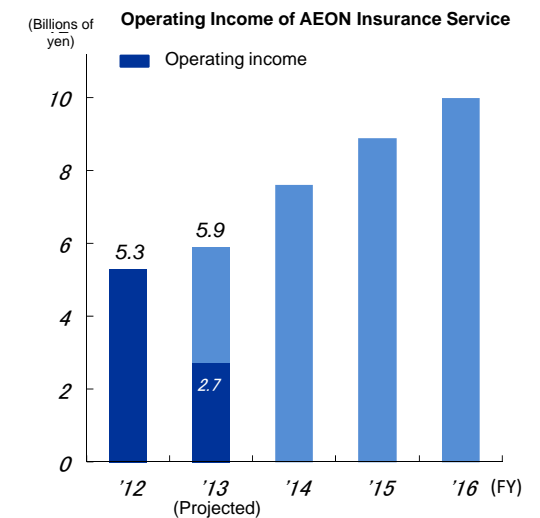
Strengthening “Flat 35” Loans

- Transaction volume for the first half was ¥62.1 billion (up 4% YoY) due to expansion of AEON Bank housing loans through major alliance partners.
- Expanded sales channels by opening Housing Loan Plaza and promoting Flat 35 refinancing online.



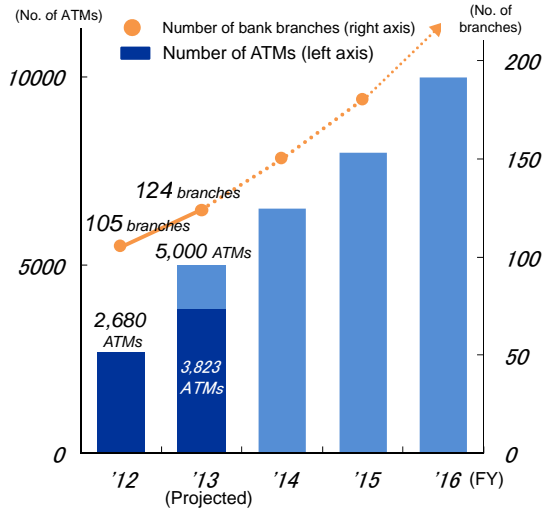
Strengthening the Insurance Business

- Expanded number of insurance agency stores to 107 in the first half (up 17 stores from the start of the fiscal year), and plan to expand to 116 stores by the end of the fiscal year (up 26 stores).
- Projecting operating income of ¥5.9 billion (up 11% YoY) for the fiscal year due to integration of Internet and store sales.



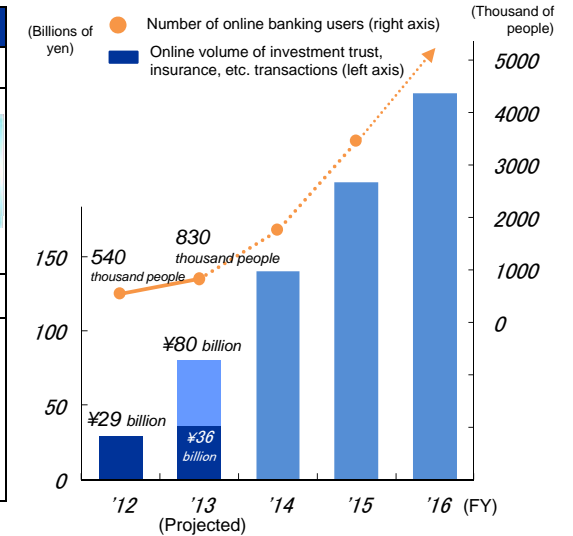
Bank Business – ① Strengthening the Bank Business by Expanding the Sales Network

- Planning to increase number of ATMs installed to 5,000 (up 2,320 YoY) and number of bank branches to 124 (up 19 YoY).
- Expanded number of uses through an alliance with Mizuho Bank for surcharge-free ATM use and joint planning for coupons, etc.



② Strengthening Online Banking

- Expanded the number of investment trust products handled to 200, and transaction volume reached ¥36.0 billion (up 140% YoY).
- In housing loans, enhanced omni-channel response to customers who apply online.



Strengthening the Business Management System Centered on Hong Kong

- Operating profit in the first half was ¥166 million (down 5% YoY) due to investments made through expansion of operating bases in Shenyang, Tianjin and Shenzhen.
- Assigned a Manager from the Business Management Department to Hong Kong.



AEON Credit Service (Asia) Results

(Thousands of people)

	FY 2013 1H	
	Results	YoY
Number of cardholders	1,210	+ 50

(Millions of Hong Kong dollars, Millions of yen)

	Results		Yen equivalent
	Results	YoY	
Transaction volume	4,118	112%	52,000
Operating income	591	101%	7,500
Operating profit	166	95%	2,100
Net income	133	93%	1,640

(1 HK\$ = 12.65 yen)

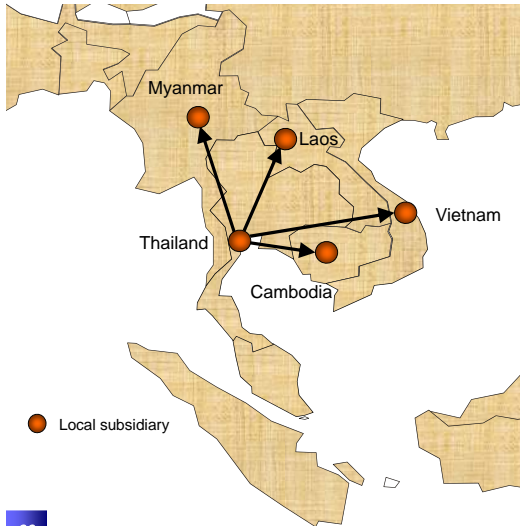
Business Development in Greater China

- Hong Kong: Projecting transaction volume of HK\$4,118 million for the first half (up 12% YoY) and HK\$9,044 million for the fiscal year (up 17% YoY), driven by cardholder sign-ups and implementation of joint plans with affiliated companies. Promote virtual prepaid cards on the Internet.
- China: Strengthen sign-up efforts for House Card. Promote outsourcing in processing business.
- Taiwan: In addition to strengthening governance system, carry out a capital increase to promote continued card usage.



Strengthening the Business Management System Centered on Thailand

- Consolidated operating profit in the first half reached a record 1,567 million Baht (up 71% YoY).
- Assigned a Manager from the Business Management Department to Thailand.
- Following on from Vietnam and Cambodia, expanding our operating base in Myanmar with the aim of achieving profitability.



AEON THANA SINSAP (Thailand) Results
(Thousands of people)

	FY 2013 1H	
	Results	YoY
Number of cardholders	6,920	+ 230

(Millions of Baht, Millions of yen)

	Results	YoY	Yen equivalent
Transaction volume	46,030	126%	149,000
Operating income	7,265	124%	23,500
Operating profit	1,567	171%	5,050
Net income	1,253	191%	4,050

(1 Baht = 3.23 yen)

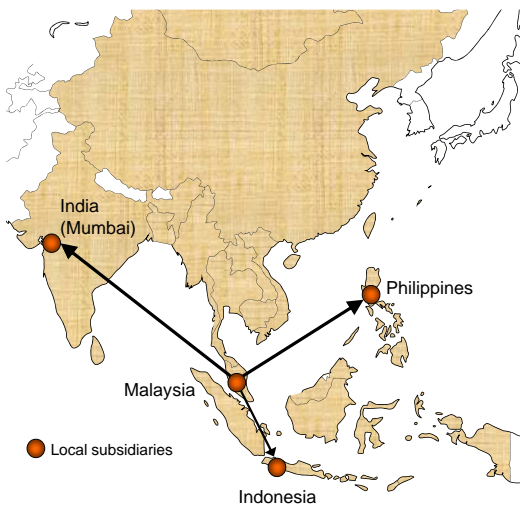
Business Development in Greater Mekong Subregion

- Thailand: Boost cardholder sign-ups and expand transaction volume through joint promotions with affiliated merchants. Strengthen development of affiliated merchants by introducing smartphone payment terminals.
- Vietnam: Open branches in two regional cities to expand sales network.
- Cambodia: Build a network of 700 stores by strengthening development of affiliated merchants among large consumer electronics retailers and others.
- Myanmar: Build a network of 500 stores by promoting development of affiliated merchants among mobile phone dealers and others.



Strengthening the Management System Centered around Malaysia

- Operating profit in the first half was 113 million Ringgit (¥3.5 billion) (up 38% YoY).
- Assigned a Manager from the Business Management Department to Malaysia.
- Expanded affiliated merchant network in emerging economies.



AEON Credit Service (Malaysia) Results
(Thousands of people)

	FY 2013 1H	
	Results	YoY
Number of cardholders	1,230	+ 100

(Millions of Ringgit, Millions of yen)

	Results	YoY	Yen equivalent
Transaction volume	1,655	147%	51,700
Operating revenues	325	141%	10,160
Operating income	113	138%	3,540
Net income	84	140%	2,640

(1 Ringgit = 31.25 yen)

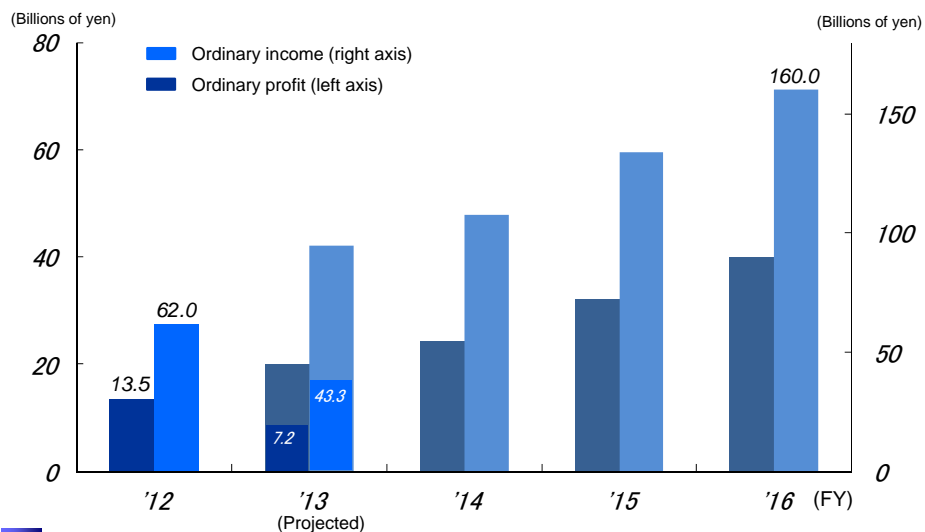
Business Development in Malaysia and Emerging Asian Economies

- Malaysia: Increase capital by becoming first Japanese company to issue perpetual bonds (approximately ¥6.0 billion). Start point business with AEON BIG.
- Indonesia: Strengthen development of affiliated merchants centered on large consumer electronics retailers and others.
- India: Promote human resource development and expand sales network.
- Philippines: Develop common information system for overseas operations and strengthen development of affiliated merchants in financing business.



Overseas Business Results

- In the first half of FY 2013, ordinary income was ¥43.3 billion (up 50% YoY) and ordinary profit was ¥7.2 billion (up 22% YoY).
- By strengthening our business management system, we are aiming for ordinary income of ¥160.0 billion in FY 2016.



Forecast of Results for FY 2013

- Made forward-looking investments in first half, including expansion of the ATM network and promotional events in connection with the management integration.
- In the second half, we plan to reach announced figures by focusing on low-cost operations while building up shopping, cash advance and housing loan balances.

	Forecast of Results for FY 2013	
		YoY
Ordinary income	¥265.0 billion	129%
Ordinary profit	¥44.0 billion	132%
Net income	¥23.8 billion	175%
Net income per share	¥116.39	132%

	Interim	Year end	Full year
Dividend forecast	¥25	¥35	¥60