

Results for Fiscal Year 2013



FY 2013: Synergy from Management Integration and Effects of Strategic Investments

	Initiatives	Effects
Synergy from Management Integration		
More convenient financing	• Increased convenience of cash advances by basing credit decisions on household income and asset information	Domestic balance of cash advances +¥93.6 billion from start of fiscal year
Stable fundraising at low interest	• Increased deposits using AEON Card Select	Domestic balance of interest-bearing debt -¥237.0 billion from start of fiscal year
Effects of Strategic Investments		
Expansion of sales network	• ATMs: Up 2,252 units from start of fiscal year to 4,932 • In-store branches: Up 19 branches from start of fiscal year to 124	Loan agency fee (expenses) -¥0.5 billion
Management integration promotional events	• Promotional campaign offering 2% interest on time deposits exclusively for AEON Card Select members	AEON Card Select members +560 thousand from start of fiscal year

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FY 2013 Consolidated Results

- Transaction volume grew steadily, boosted by the promotional events in connection with the management integration and a surge in consumer demand ahead of the consumption tax rate hike.
- In overseas business, subsidiaries in Thailand and Malaysia posted record profits.

	Consolidated	
	Results	YoY
Ordinary income	¥286.0 billion	139%
Ordinary expenses	¥244.9 billion	142%
Ordinary profit	¥41.0 billion	123%
Net income	¥20.7 billion	152%

	Interim	Year end	Full year
Dividends	¥25	¥35	¥60

FY 2013 Consolidated Results by Quarter

	1Q	2Q	3Q	4Q
	Results	Results	Results	Results
Loans and bills discounted (including securitized receivables)	¥1,151.4 billion (¥1,316.2 billion)	¥1,244.3 billion (¥1,408.8 billion)	¥1,302.6 billion (¥1,463.9 billion)	¥1,276.7 billion (¥1,531.3 billion)
Loan yield	8.4%	8.7%	9.1%	9.2%
Interest rate (interest expenses)	1.0%	1.0%	0.8%	0.8%
Interest rate spread	7.4%	7.7%	8.3%	8.4%
Ordinary income	¥64.8 billion	¥65.6 billion	¥75.1 billion	¥80.3 billion
Ordinary profit	¥9.2 billion	¥3.1 billion	¥12.0 billion	¥16.6 billion

Note: Yield is calculated by averaging the balances at the beginning and end of the period.

FY 2013 Consolidated Segment Results

(Billions of yen)

	Credit	Fee	Bank	Overseas	Adjustment	Consolidated total
Ordinary income	131.1	36.6	41.2	91.5	(14.4)	286.0
YoY	117%	136%	432%	148%	—	139%
Ordinary expenses	103.0	35.4	39.3	75.0	(8.0)	244.9
YoY	113%	141%	476%	121%	—	142%
Bad debt allowance	9.3	0.3	0.3	21.4	—	31.4
YoY	116%	52%	33%	154%	—	134%
Ordinary profit	28.0	1.1	1.8	16.4	(6.4)	41.0
YoY	136%	65%	148%	122%	—	124%
Loans and bills discounted	333.1	12.0	757.0	212.9	—	1,276.7
Loan yield	13.8%	3.7%	1.7%	26.2%	—	8.7%
Interest rate (interest expenses)	0.7%	1.0%	0.3%	4.0%	—	0.9%
Interest rate spread	13.1%	2.7%	1.4%	22.2%	—	7.8%

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Stronger Sales Force and Higher Productivity

- We will resolve issues in areas that require improvement to strengthen our sales force and increase productivity.

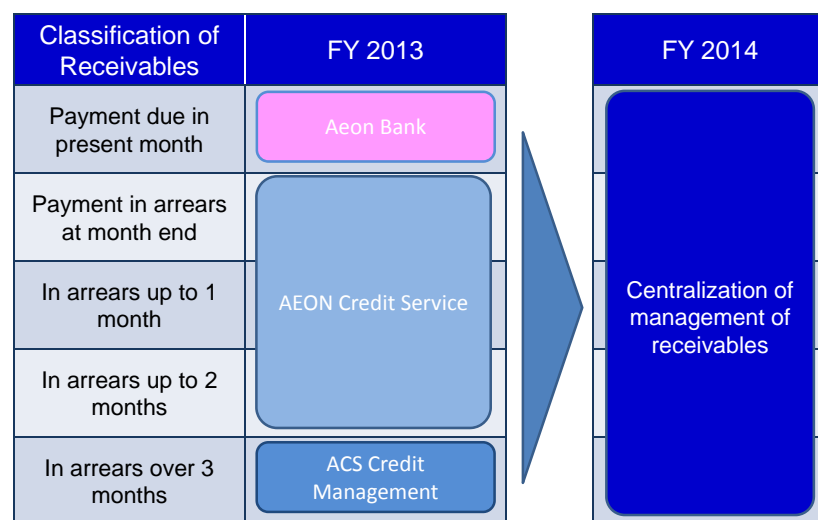
Areas for Improvement	Issues	Key Initiatives in FY 2014
Branches and other outlets	• Each company operates its own sales outlets	Integrate sales outlets
In-store branches	• Separate chain of command exists for each branch and operating company	Unify chain of command
Credit management	• Management of receivables is conducted by each company	Centralize operations
Sales promotion planning	• Companies conduct separate promotions for each product and plan	Unify implementation of plans and enhance cross-selling
Corporate Customers	• Companies conduct transactions individually	Share corporate customers and offer comprehensive financial services

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Improving Structure for Managing Receivables

- Centralizing management of receivables will raise efficiency and help to strengthen debt collection.



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Consolidated Balance Sheets

(Billions of yen)			(Billions of yen)		
Consolidated	Results	Change from start of fiscal year	Consolidated	Results	Change from start of fiscal year
Cash and deposits	416.6	-100.7	Deposits	1,717.7	+505.7
Loans and bills discounted	1,276.7	+148.7	Interest-bearing debt	637.1	-161.8
Domestic	1,063.8	+113.8	Domestic	329.7	-237.0
Cash advances	322.7	+93.6	Overseas	307.4	+75.1
Overseas	212.9	+34.8	Allowance for loss on refund of interest received	3.0	-0.6
Accounts receivable - installment	957.4	+450.0	Accounts payable - trade and other liabilities	319.4	+65.7
Customers' liabilities for acceptances and guarantees	176.4	+175.8	Acceptances and guarantees	176.4	+175.8
Allowance for doubtful accounts	(47.5)	-6.6	Total liabilities	2,855.8	+579.9
Securities and other assets	383.4	-38.8	Total net assets	307.2	+48.4
Total assets	3,163.1	+628.3	Total liabilities and net assets	3,163.1	+628.3

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Forecast of Results for FY 2014

Forecast of Results		
	Results	YoY
Ordinary income	¥320.0 billion	112%
Ordinary profit	¥51.0 billion	124%
Net income	¥26.5 billion	128%
Net income per share	¥128.37	123%

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

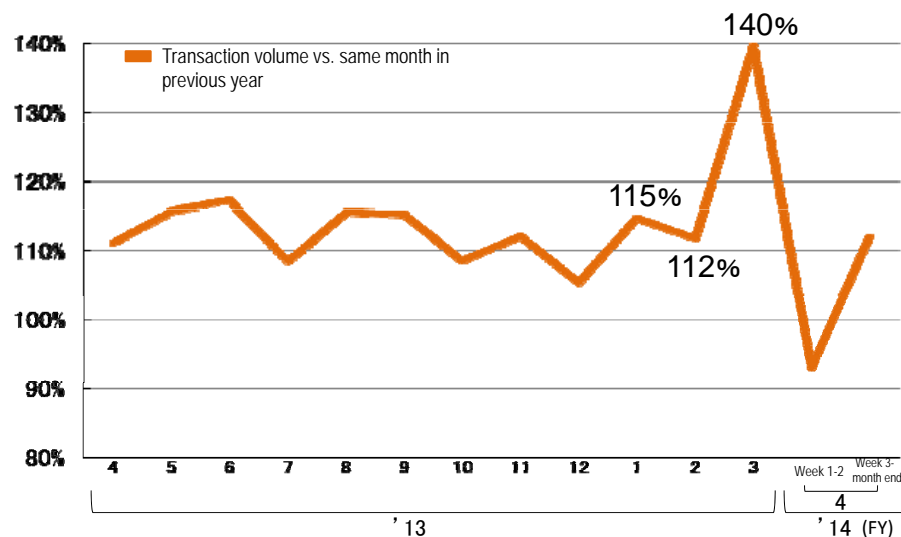
Key Initiatives for FY 2014

Masao Mizuno
Executive Vice President
In charge of Processing and Credit Card Businesses



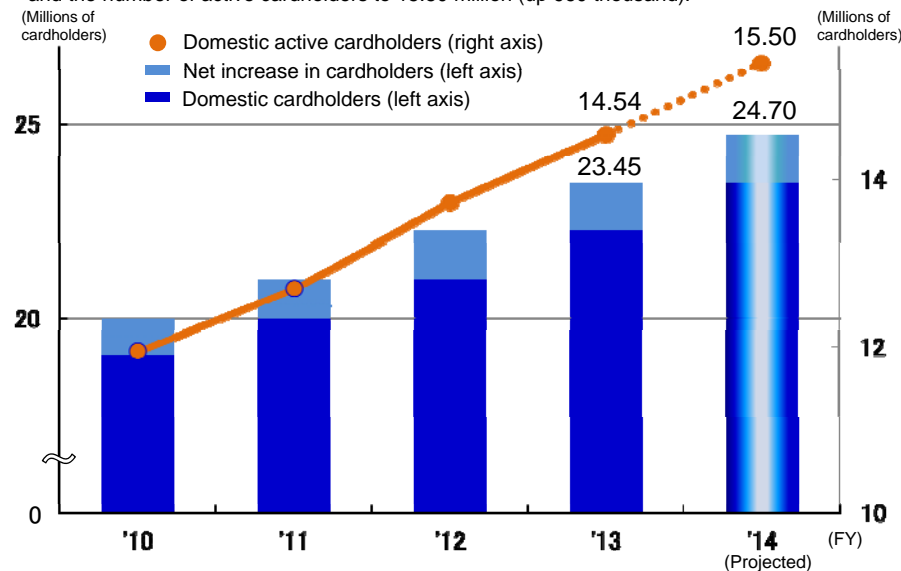
FY 2013 YoY Change in Same-Month Card Shopping Volume (Domestic)

- Transaction volume in March 2014 increased 40% over March 2013, driven by a surge in demand in advance of the consumption tax rate increase.
- Transaction volume in April 2014 rose 4% over April 2013 despite a temporary reactive downturn.



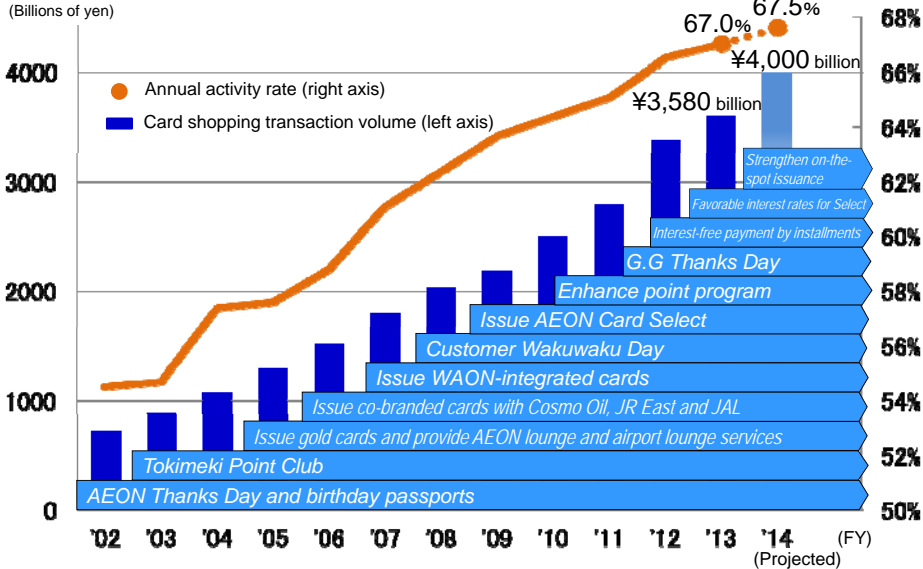
Expanding the Number of Cardholders and Active Cardholders (Domestic)

- We project that the number of domestic cardholders will expand to 24.70 million (up 1.25 million) and the number of active cardholders to 15.50 million (up 960 thousand).



Initiatives to Improve Annual Activity Rates (Domestic)

- We project an annual activity rate of 67.5% (up 0.5 percentage points YoY), driven by stronger on-the-spot issuance using tablet computers.



Increase in Cash Advance Users

- New cash advance users increased with expansion of the number of cardholders and the start of credit extension based on household income.

	Users Carrying a Balance	Balance per User
Users carrying a balance (FY 2012)	980,000	¥190,000
Users with ongoing balance	740,000	¥280,000
Users who paid off balance	(230,000)	—
New users carrying a balance	330,000	¥210,000
Users carrying a balance (FY 2013)	1,070,000	¥260,000

Note: Figures shown are cash advances with due dates on the 10th day of each month.

Expanding Transaction Volume by Promoting Use of AEON Card as Main Card

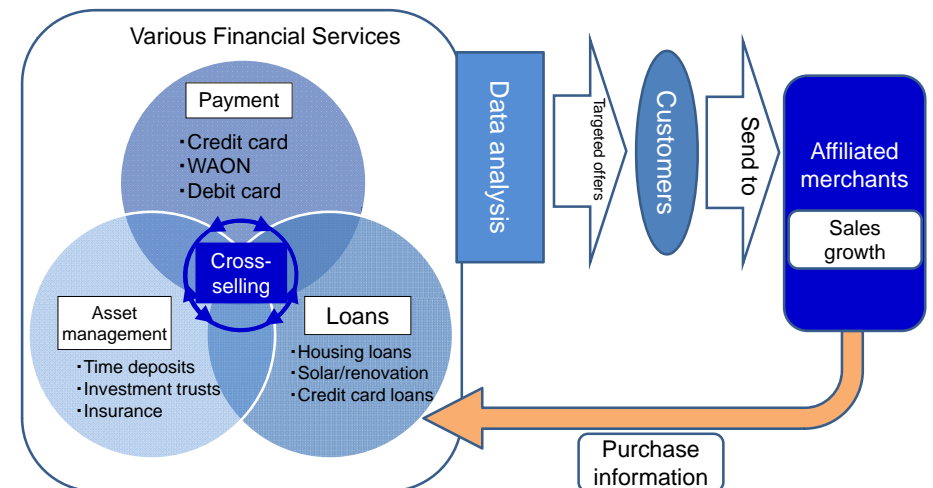
- Transaction volume increased as the AEON Card became the main credit card for customers using Aeon Bank financial instruments.

Card Usage of AEON Card Select Members after Purchasing Financial Instruments

	Before purchasing financial instruments	After purchasing financial instruments		
		Time deposits	Investment trusts	Housing loans
Monthly card usage	¥33,000	¥45,000	¥50,000	¥93,000
Increase in usage	—	+¥12,000	+¥17,000	+¥60,000

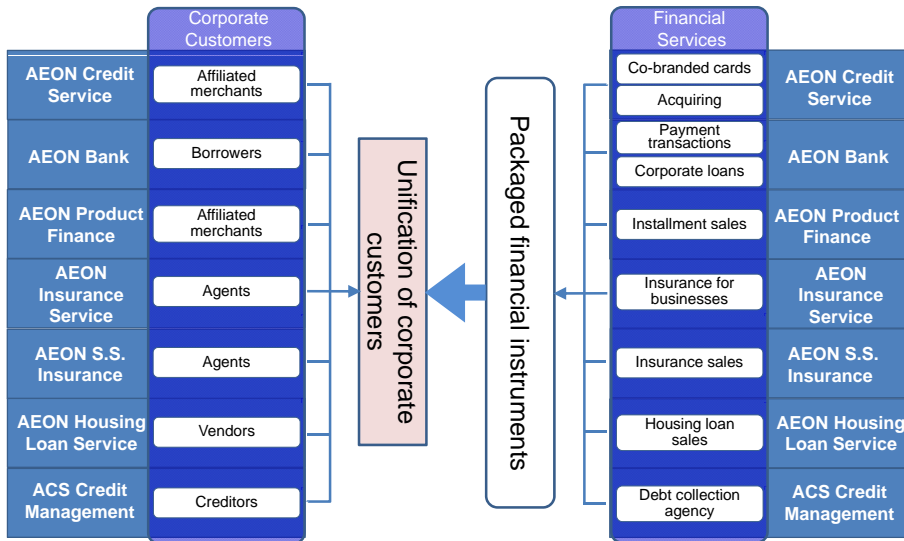
Cross-Selling of Financial Services and Closer Cooperation with Retailers

- Maximize revenue per customer by cross-selling financial services
- Contribute to sales expansion by analyzing data on use of financial instruments and using that data to direct customers to retailers



Strengthening Relationships with Customers

- We will leverage the benefits of the management integration to share corporate customers among group companies and offer comprehensive financial services.



Reinforcing the E-money Business

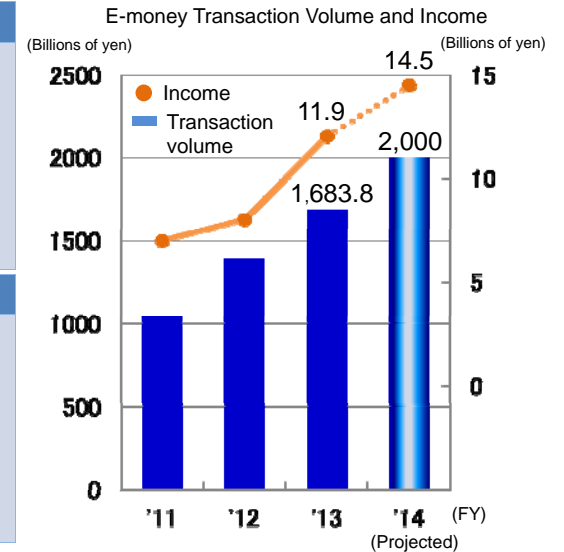
- To expand transaction volume outside the AEON Group, we are cooperating with FeliCa Pocket Marketing, which is strong in developing affiliated merchants such as local governments and shopping districts.

Key Initiatives

- Strengthen development of outside affiliated merchants
- Establish a position in regional money
- Further advance our affiliate strategy

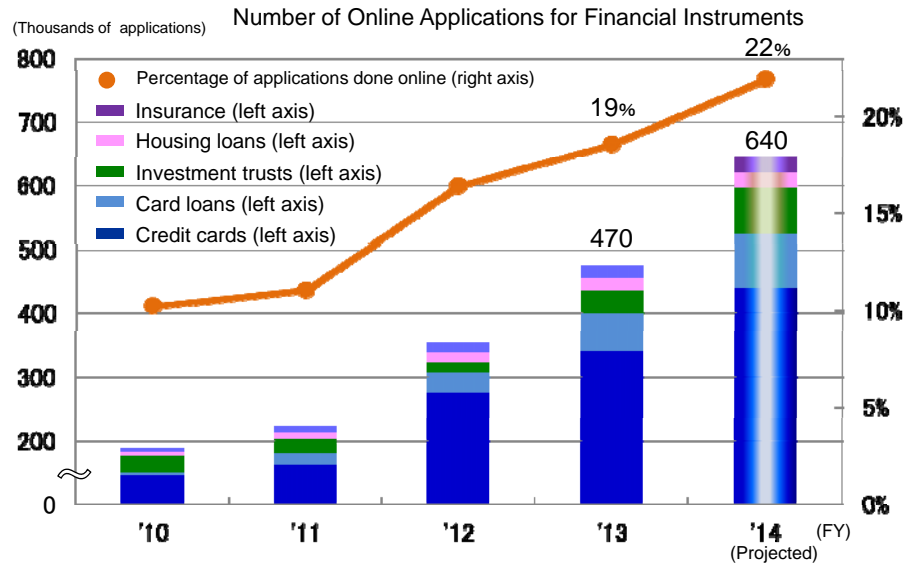
About FeliCa Pocket Marketing

- Business
 - Develops affiliated merchants in local shopping districts, etc., using the FeliCa Pocket card featuring loyalty point and coupon functions
- Merits
 - Promotes development of both credit card and e-money affiliated merchants together with AEON Credit Service



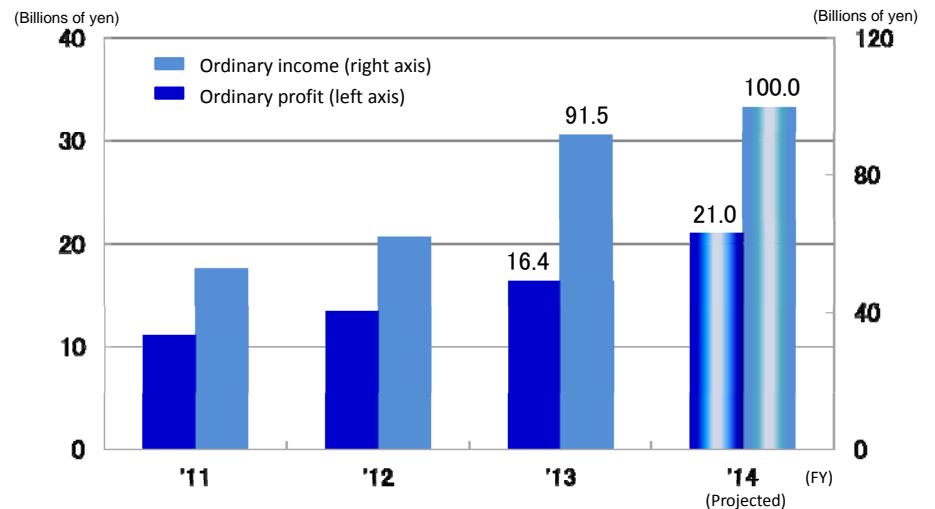
Strengthening the Internet Business

- With the greater convenience of the Web, online applications are increasing steadily.



Expansion of Overseas Business

- In FY 2013, ordinary income was ¥91.5 billion (up 48% YoY) and ordinary profit was ¥16.4 billion (up 22%).
- We are aiming for ordinary income of ¥100.0 billion (up 9%) in FY 2014 by strengthening of management structure.



FY 2013 exchange rates: HKD 1 = JPY 12.83, THB 1 = JPY 3.21, MYR 1 = JPY 31.30
 FY 2014 projections are based on these same exchange rates.

Business Centered on Hong Kong

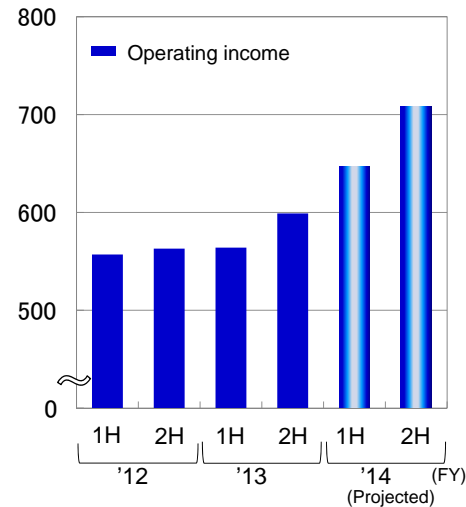
- Operating income is trending upward, driven by strong card shopping and promotion of revolving payment credit for cash advances.
- In FY 2014, we are aiming to increase profit by expanding income and limiting credit loss expense.

Consolidated Results of
AEON Credit Service (Asia) Co., Ltd.

FY 2013 Results		
	Results	YoY
Number of cardholders (Thousands)	1,240	+80
(Billions of yen)		
Transaction volume	109.6	111%
Operating income	14.9	104%
Operating profit	3.5	77%
Net income	2.8	75%

Note: YoY comparisons are based on local currency.

(Millions of Hong Kong dollars)



Business in Thailand

- While enhancing the sales network, we will strengthen management of receivables with establishment of a new business center and other measures.
- In FY 2014, tie-ups in areas such as transportation and retail will drive expansion of transaction volume and operating income.

Consolidated Results of
AEON THANA SINSAP (THAILAND) PLC.

FY 2013 Results		
	Results	YoY
Number of cardholders (Thousands)	7,020	+320
(Billions of yen)		
Transaction volume	306.6	123%
Operating income	48.9	125%
Operating profit	10.0	133%
Net income	8.0	142%

Note: YoY comparisons are based on local currency.

Key Initiatives in FY 2014

Form affiliations with major local companies

Transportation

Retail

Communications

T&E



Business in Malaysia

- Enhancement of cardholder benefits, including the start of AEON Thanks Day discounts, contributed to steady growth in the number of cardholders.
- In FY 2014, AEON Credit Service (Malaysia) will take over management of AEON Malaysia's point card business in addition to that of AEON BIG.

Results of AEON Credit Service (Malaysia) Co., Ltd.

FY 2013 Results		
	Results	YoY
Number of cardholders (Thousands)	1,340	+200
(Billions of yen)		
Transaction volume	101.4	131%
Operating income	22.2	142%
Operating profit	7.3	129%
Net income	5.4	131%

Note: YoY comparisons are based on local currency.

Key Initiatives in FY 2014

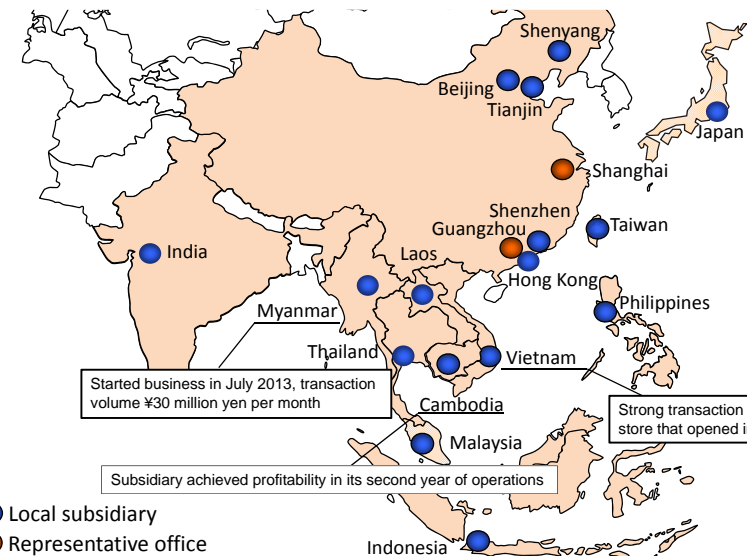
Strengthen Cross-Selling

- Increase the number of cardholders by encouraging switch to credit cards with reward points
- Sell insurance products to point card members



Strengthening Overseas Business

- Began offering an installment payment service for home appliances at AEON stores in Vietnam.
- Achieved profitability in second year in Cambodia, and monthly transaction volume grew steadily in Myanmar.



Key Initiatives for FY 2014

Takamitsu Moriyama
Executive Vice President
In charge of Bank Business

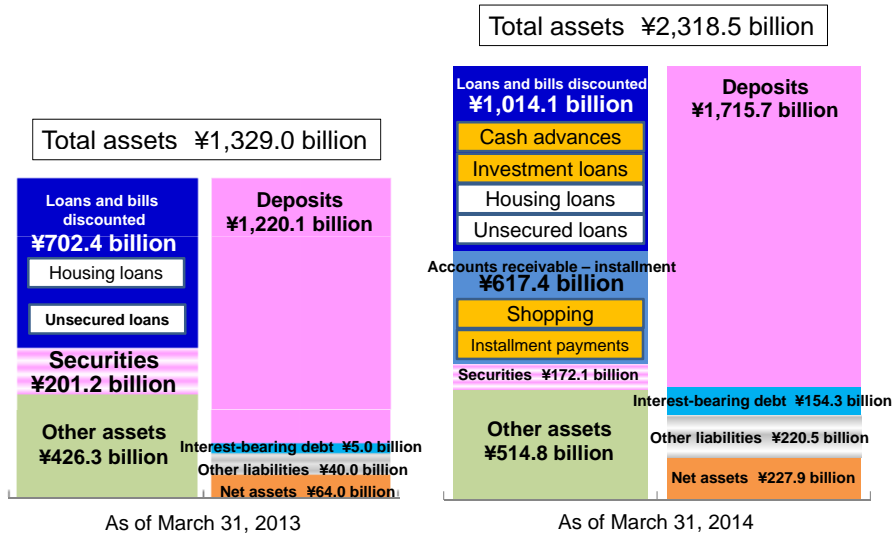


Functions and Roles of the Bank Business

Functions	Roles
Establishment of operating foundation	Build relationships with customers through in-store branches and other service outlets
Stable, low interest fundraising	Secure stable, low-interest liquid deposits
Cross-selling of financial services	Conduct marketing using asset and purchase information
Optimization of asset/liability structure	Fulfill comprehensive fundraising and asset management functions

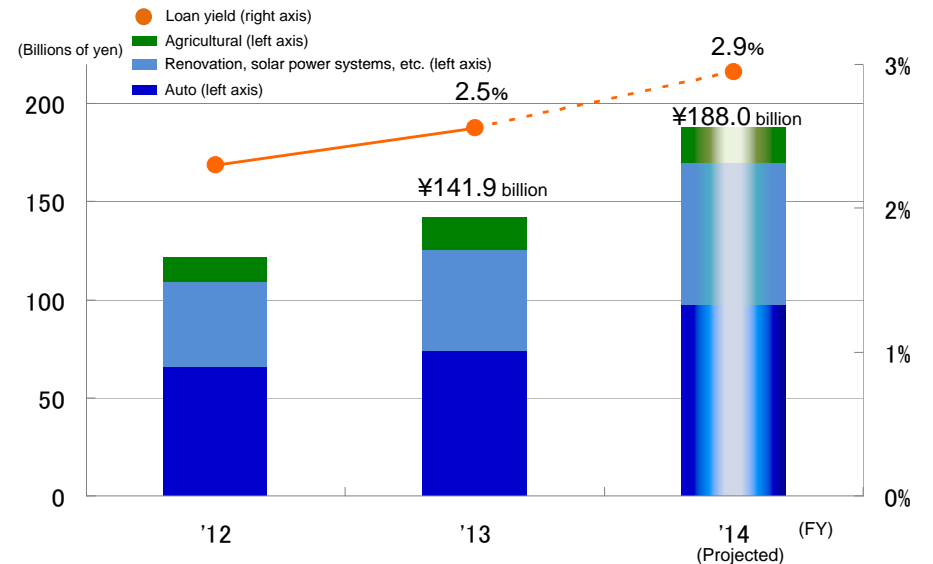
AEON Bank's Balance Sheet

■ We are shifting receivables from primarily housing loans to higher-yielding products.



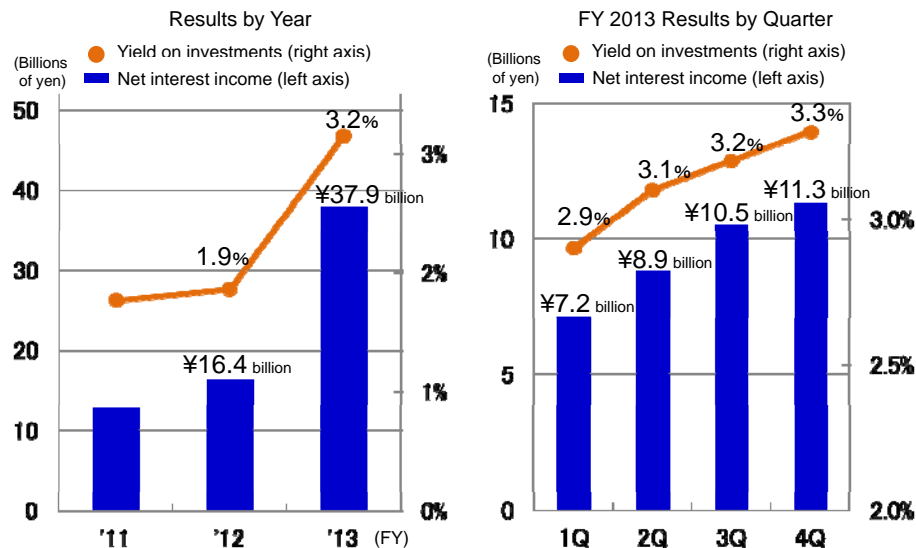
Converting Finance Receivables of AFS Group Companies to Bank Loan Assets

■ By cooperating with AFS Group companies, we will turn receivables such as condominium investment loans and auto loans into bank loan assets.



AEON Bank's Net Interest Income

- The management integration has enabled us to improve yields by investing credit card receivables and turning AFS Group receivables into bank loan assets.

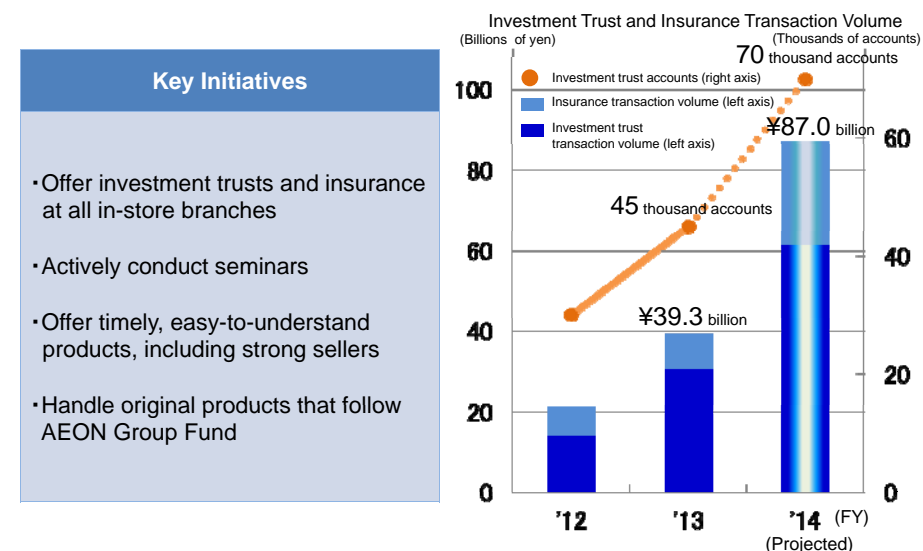


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Strengthening Fee Income

- Increase officially certified staff from 280 to 400.
- Develop potential customers through both online and offline channels.



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AEON Financial Service

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 compare the period from April 1, 2013 to March 31, 2014 with the period from February 21, 2012 to March 31, 2013.

(Reference) Allowance for Possible Credit Losses (Domestic Credit Card Business)

	(Billions of yen)		(Billions of yen)	
	FY 2012	FY 2013	FY 2012	FY 2013
Allowance for possible credit losses, beginning of period	31.4	26.4	Personal bankruptcies	Fully amortized
Provision for possible credit losses	7.5	9.2	Receivables in arrears over 3 months and subject to special attention	21.4
Write-off of credit losses (including transferred debt)	12.4	11.5	General provisions <small>*Includes structured debt in repayment</small>	2.8
Allowance for possible credit losses, end of period	26.4	24.2	Total	24.2
Allowance ratio	3.1 %	2.1 %		
Actual costs related to credit losses	19.9	20.7		

- Allowance for possible credit losses (domestic subsidiaries)
 - AEON Bank: ¥3.3 billion
 - AEON Product Finance: ¥5.6 billion
 - AEON Housing Loan Service: ¥0.8 billion

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(Reference) Allowance for Loss on Refund of Interest Received

(Billions of yen)

	FY 2012	FY 2013
Allowance for loss on refund of interest received, beginning of period	9.2	3.7
Provision for loss on refund of interest received	—	2.8
Interest refunded (Sums refunded and appropriation of interest to principal)	5.5	3.5
Allowance for loss on refund of interest received, end of period	3.7	3.0