



Brief Report of Financial Results (Unaudited)

(For the three Months Ended June 30, 2014)

August 7, 2014

Registered Company Name: **AEON Financial Service Co., Ltd.**

Stock Listing: Tokyo Stock Exchange, First Section

Code No: 8570

URL: <http://www.aeonfinancial.co.jp/>

President and CEO: Akinori Yamashita

Contact: Hideki Wakabayashi, Director, CFO

1.Business performance (For the three Months ended June 30, 2014 and For the three Months ended June 30, 2013)

(1) Consolidated Operating Results

(Millions of yen truncated to the nearest million, %, yen)

	Ordinary income	Percentage Change	Ordinary profit	Percentage Change	Net Income	Percentage Change
Three Months ended June 30, 2014	¥72,946	12.4%	¥8,285	△10.3%	¥3,849	△14.7%
Three Months ended June 30, 2013	64,876	—	9,234	—	4,514	—

※Comprehensive income: The 1st Quarter of Fiscal 2014; 4,397 million(△64.2%), The 1st Quarter of Fiscal 2013; 12,267 million(—%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Three Months ended June 30, 2014	¥18.91	¥18.73
Three Months ended June 30, 2013	23.80	21.65

(2) Financial Position

(Millions of yen truncated to the nearest million, %, yen)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share (Yen)
Three Months ended June 30, 2014	¥3,059,737	¥289,126	8.2%	¥1,247.91
Fiscal year ended March 31, 2014	3,163,117	307,291	8.6%	1,316.00

(Reference)1. Shareholder's equity; The 1st Quarter of Fiscal 2014; 250,325 million, Fiscal 2013; 271,660 million

2.Capital ratio = {(Net assets – stock acquisition right – minority interests) / total assets} X 100

2.Cash Dividends

	Dividend per share				
(Base date)	First quarter period	Interim period	Third quarter period	Term end	Annual
March 2014 term	—	¥25.00	—	¥35.00	¥60.00
March 2015 term	—	—	—	—	—
March 2015 term (Estimated)	—	(25.00)	—	(35.00)	(60.00)

Note:Revision on dividend projection in the 1st Quarter ; No

3.Projections (For the fiscal year ending March 31, 2015)

(Millions of yen truncated to the nearest million, %, yen)

	Ordinary income	YOY (%)	Ordinary profit	YOY (%)	Net income	YOY (%)	Net income per share
Interim	145,000	11.1	19,000	53.8	8,000	215.2	38.75
Full term	320,000	11.9	51,000	24.1	26,500	27.8	128.37

Note:Revision on the projection of consolidated results in the 1st Quarter ; No

4.Others

- (1) Change in significant subsidiary during the term (Change in specified subsidiary that caused a change in the scope of consolidation) ; No
- (2) Use of simplifications in accounting methods and Specific accounting method is applied to the condensed quarterly consolidated financial statements ; No
- (3)Change in accounting principle, procedure, disclosure , etc., concerning preparation of consolidated financial statements
(matters to be mentioned concerning the change of important items to be the bases for preparation of consolidated financial statements)
- ① Change by a newly issued accounting pronouncement ; Yes
- ② Change other than ① ; No
- ③ Change accounting quotation ; No
- ④ Restatement ; No
- (4) Number of issued stocks and outstandings (Common stock)
- ① Number of issued stocks and outstandings at term end (including treasury stock)
The 1st quarter of fiscal 2014; 207,976,033 shares, Fiscal 2013; 206,541,751 shares
- ② Number of shares of treasury stock at end of term
The 1st quarter of fiscal 2014; 7,380,404 shares, Fiscal 2013; 112,505 shares,
- ③ Average of the number of shares during the quarter(For the Three Months ended June 30, 2014)
The 1st quarter of fiscal 2014; 203,570,493 shares, The 1st quarter of fiscal 2013; 189,690,885 shares

※ Remarks on the projections, other issues

Projections above are based on management's assumptions using information available at the time of publication. Owing to various factors, actual results may differ from these projections.

5. Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen truncated the nearest million yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Cash and deposits	416,662	289,389
Monetary claims bought	12,119	10,377
Securities	173,379	155,952
Loans and bills discounted	1,276,741	1,334,115
Accounts receivable-installment	957,403	932,273
Other assets	80,294	93,026
Property, plant and equipment	31,185	31,627
Intangible assets	67,723	67,415
Goodwill	28,887	28,431
Other intangible assets	38,835	38,983
Deferred tax assets	18,758	22,120
Customer's liabilities for acceptances and guarantees	176,421	169,957
Allowance for doubtful accounts	△ 47,574	△ 46,520
Total assets	3,163,117	3,059,737
Liabilities		
Deposits	1,717,769	1,663,055
Accounts payable-trade	203,742	151,865
Call money	4,900	30,000
Borrowed money	515,227	515,899
Bonds payable	101,608	104,440
Convertible bond-type bonds with subscription rights to shares	2,830	820
Other liabilities	111,859	111,914
Provision for bonuses	2,200	2,591
Net defined benefit liability	2,789	3,128
Provision for point card certificates	11,012	11,547
Provision for loss on interest repayment	3,085	3,203
Other provision	556	333
Deferred tax liabilities	1,820	1,852
Acceptances and guarantees	176,421	169,957
Total liabilities	2,855,825	2,770,610
Net assets		
Capital stock	29,051	30,056
Capital surplus	104,860	105,865
Retained earnings	136,270	132,841
Treasury stock	△ 145	△ 19,040
Total shareholders' equity	270,036	249,722
Valuation difference on available-for-sale securities	4,027	3,779
Deferred gains or losses on hedges	△ 2,326	△ 2,546
Foreign currency translation adjustment	294	△ 126
Remeasurements of defined benefit plans	△ 371	△ 503
Total other comprehensive income	1,623	602
Subscription rights to shares	55	54
Minority interests	35,576	38,746
Total net assets	307,291	289,126
Total liabilities and net assets	3,163,117	3,059,737

(2)Consolidated Quarterly Statements of Income

(Millions of yen truncated the nearest million yen)

	For the Three months ended June 30, 2013	For the Three months ended June 30, 2014
Ordinary income	64,876	72,946
Interest income	24,748	29,406
Interest on loans and discounts	23,961	28,785
Interest and dividends on securities	592	485
Fees and commissions	31,755	38,287
Other operating income	3,904	1,652
Other ordinary income	4,467	3,600
Ordinary expenses	55,641	64,661
Interest expenses	4,912	4,832
Interest on deposits	1,389	1,015
Fees and commissions payments	4,398	5,093
Other operating expenses	285	263
General and administrative expenses	38,850	45,315
Other ordinary expenses	7,195	9,156
Ordinary profit	9,234	8,285
Extraordinary loss	831	11
Cost on the management integration	698	—
Loss on disposal of noncurrent assets	118	11
Other extraordinary loss	14	—
Income before income taxes	8,403	8,274
Income taxes-current	4,255	5,606
Convertible bond-type bonds with subscription rights to shares	Δ 2,172	Δ 3,127
Total income taxes	2,083	2,478
Income before minority interests	6,319	5,795
Minority interests in income	1,805	1,946
Net income	4,514	3,849

(Consolidated statement of comprehensive income)

(Millions of yen truncated the nearest million yen)

	For the Three months ended June 30, 2013	For the Three months ended June 30, 2014
Income before minority interests	6,319	5,795
Other comprehensive income	5,948	Δ 1,398
Valuation difference on available-for-sale securities	Δ 447	Δ 252
Deferred gains or losses on hedges	Δ 742	Δ 410
Foreign currency translation adjustment	7,137	Δ 603
Remeasurements of defined benefit plans	—	Δ 132
comprehensive income	12,267	4,397
(attributable to)		
Comprehensive income attributable to owners of the Company	7,758	2,827
Comprehensive income attributable to minority interests	4,508	1,569

Segment Information

(Millions of yen)

	For the three month ended June 30, 2013						
	Credit	Fee	Bank	Overseas	Total	Adjustments	Consolidated financial statements appropriation
Operating revenue							
Operating revenue from external customer	26,665	6,111	10,973	21,125	64,876	—	64,876
The internal operating income between segments	38	2,595	462	—	3,096	Δ 3,096	—
Total	26,703	8,707	11,435	21,125	67,972	Δ 3,096	64,876
Segment Profit	4,503	526	1,466	4,792	11,289	Δ 2,054	9,234

(Remarks) Content of each Segment

- (1) Credit ■■■Domestic credit businesses such as Credit Card, Loan, etc.
- (2) Fee Business ■■■Various domestic businesses such as e-money business, etc.
- (3) Bank ■■■Business regarding to lending and investment, etc.
- (4) Overseas ■■■Financial Service business in overseas

(Millions of yen)

	For the three month ended June 30, 2014						
	Credit	Fee	Bank	Overseas	Total	Adjustments	Consolidated financial statements appropriation
Operating revenue							
Operating revenue from external customer	33,155	7,359	7,500	24,931	72,946	—	72,946
The internal operating income between segments	46	3,156	488	—	3,691	Δ 3,691	—
Total	33,202	10,515	7,989	24,931	76,638	Δ 3,691	72,946
Segment Profit	5,591	80	Δ 1,655	5,308	9,325	Δ 1,040	8,285

(Remarks) Content of each Segment

- (1) Credit ■■■Domestic credit businesses such as Credit Card, Loan, etc.
- (2) Fee Business ■■■Various domestic businesses such as e-money business, etc.
- (3) Bank ■■■Business regarding to lending and investment, etc.
- (4) Overseas ■■■Financial Service business in overseas