



Brief Report of Financial Results (Unaudited)

(For the Nine Months Ended December 31, 2015)

February 12, 2016

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, Senior Managing Director, CFO

1. Business performance (For the Nine Months ended December 31, 2015 and For the Nine Months ended December 31, 2014)

(1) Consolidated Operating Results

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

| | Ordinary income | Percentage Change | Ordinary profit | Percentage Change | Profit attributable to owners of Parent | Percentage Change |
|-------------------------------------|-----------------|-------------------|-----------------|-------------------|---|-------------------|
| Nine Months ended December 31, 2015 | ¥264,932 | 11.3% | ¥42,235 | 23.6% | ¥23,540 | 18.7% |
| Nine Months ended December 31, 2014 | 238,018 | 15.7% | 34,178 | 39.9% | 19,837 | 91.8% |

※Comprehensive income; The 3rd Quarter of Fiscal 2015; 24,915 million (△29.1%),

The 3rd Quarter of Fiscal 2014; 35,153million (74.5%)

| | Net Income per Share (Yen) | Fully Diluted Net Income per Share (Yen) |
|-------------------------------------|----------------------------|--|
| Nine Months ended December 31, 2015 | ¥118.47 | ¥118.41 |
| Nine Months ended December 31, 2014 | ¥99.05 | ¥98.64 |

(2) Financial Position

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

| | Total Assets | Net Assets | Capital Ratio | Net Assets per Share (Yen) |
|-------------------------------------|--------------|------------|---------------|----------------------------|
| Nine Months ended December 31, 2015 | ¥3,713,311 | ¥332,872 | 7.6% | ¥1,418.43 |
| Fiscal year ended March 31, 2015 | 3,589,495 | 324,948 | 7.6% | 1,377.56 |

(Reference)1. Shareholder's equity; The 3rd Quarter of Fiscal 2015; 281,868 million, Fiscal 2014; 273,708 million

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

2. Cash Dividends

| (Base date) | Dividend per share | | | | |
|----------------------------|----------------------|----------------|----------------------|----------|---------|
| | First quarter period | Interim period | Third quarter period | Term end | Annual |
| March 2015 term | — | ¥25.00 | — | ¥35.00 | ¥60.00 |
| March 2016 term | — | ¥28.00 | — | — | — |
| March 2016term (Estimated) | — | — | — | (38.00) | (66.00) |

Note:Revision on dividend projection in the 3rd Quarter ; No

3. Projections (For the fiscal year ending March 31, 2016)

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

| | Ordinary income | YOY (%) | Ordinary profit | YOY (%) | Profit attributable to owners of Parent | YOY (%) | Net income per share |
|-----------|-----------------|---------|-----------------|---------|---|---------|----------------------|
| Full term | 380,000 | 15.5 | 61,000 | 14.9 | 33,000 | 8.2 | 166.09 |

Note:Revision on the projection of consolidated results in the 3rd Quarter ; No

※Note

(1) Change in significant subsidiary during the term (Change in specified subsidiary that caused a change in the scope of consolidation) ; No

(2) Indicates adoption of special accounting treatments for quarterly consolidated financial statements; No

(3) Change by a newly issued accounting pronouncement, Change accounting quotation, Restatement

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 3rd quarter of fiscal 2015; 208,527,801 shares, Fiscal 2014; 208,499,435 shares

② Number of shares of treasury stock at end of term

The 3rd quarter of fiscal 2015; 9,808,643 shares, Fiscal 2014; 9,808,408 shares,

③ Average of the number of shares during the quarter(For the Nine Months ended December 31, 2015)

The 3rd quarter of fiscal 2015; 198,699,719 shares, The 3rd quarter of fiscal 2014; 200,268,987 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. |
|---|

4. Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen truncated the nearest million yen)

| | As of March 31, 2014 | As of December 31, 2015 |
|--|-------------------------|----------------------------|
| Assets | | |
| Cash and deposits | 467,726 | 404,279 |
| Call loans | 10,000 | — |
| Monetary claims bought | 6,649 | 4,544 |
| Securities | 235,074 | 237,578 |
| Loans and bills discounted | 1,474,236 | 1,556,781 |
| Accounts receivable-installment | 1,038,221 | 1,112,778 |
| Lease receivables and investment assets | — | 5,610 |
| Other assets | 95,533 | 130,958 |
| Property, plant and equipment | 35,774 | 36,609 |
| Intangible assets | 71,138 | 74,249 |
| Goodwill | 27,064 | 26,076 |
| Other intangible assets | 44,074 | 48,172 |
| Deferred tax assets | 20,789 | 20,025 |
| Customer's liabilities for acceptances and guarantees | 183,632 | 182,211 |
| Allowance for doubtful accounts | △ 49,280 | △ 52,317 |
| Total assets | 3,589,495 | 3,713,311 |
| Liabilities | | |
| Deposits | 1,963,024 | 2,067,692 |
| Accounts payable-trade | 164,836 | 216,584 |
| Call money | 76,300 | — |
| Commercial papers | — | 45,800 |
| Borrowed money | 591,586 | 581,630 |
| Bonds payable | 114,310 | 123,775 |
| Convertible bond-type bonds with subscription rights to shares | 90 | 50 |
| Other liabilities | 145,754 | 140,397 |
| Provision for bonuses | 2,542 | 2,029 |
| Net defined benefit liability | 3,312 | 3,376 |
| Provision for point card certificates | 11,590 | 12,508 |
| Provision for loss on interest repayment | 4,848 | 1,727 |
| Other provision | 461 | 343 |
| Deferred tax liabilities | 2,256 | 2,311 |
| Acceptances and guarantees | 183,632 | 182,211 |
| Total liabilities | 3,264,547 | 3,380,438 |
| Net assets | | |
| Capital stock | 30,421 | 30,441 |
| Capital surplus | 106,230 | 106,230 |
| Retained earnings | 154,518 | 165,523 |
| Treasury stock | △ 25,144 | △ 25,145 |
| Total shareholders' equity | 266,026 | 277,049 |
| Valuation difference on available-for-sale securities | 4,243 | 4,864 |
| Deferred gains or losses on hedges | △ 3,468 | △ 3,466 |
| Foreign currency translation adjustment | 7,446 | 3,888 |
| Remeasurements of defined benefit plans | △ 539 | △ 468 |
| Total other comprehensive income | 7,682 | 4,818 |
| Subscription rights to shares | 73 | 112 |
| Non-controlling interests | 51,166 | 50,891 |
| Total net assets | 324,948 | 332,872 |
| Total liabilities and net assets | 3,589,495 | 3,713,311 |

(2) Consolidated Statements of Income

(Millions of yen truncated the nearest million yen)

| | For the Nine months ended December 31, 2014 | For the Nine months ended December 31, 2015 |
|--|--|--|
| Ordinary income | 238,018 | 264,932 |
| Interest income | 92,332 | 103,613 |
| Interest on loans and discounts | 90,657 | 101,755 |
| Interest and dividends on securities | 1,251 | 1,419 |
| Fees and commissions | 123,992 | 138,212 |
| Other operating income | 10,100 | 10,950 |
| Other ordinary income | 11,593 | 12,156 |
| Ordinary expenses | 203,840 | 222,697 |
| Interest expenses | 14,977 | 16,065 |
| Interest on deposits | 2,889 | 2,925 |
| Fees and commissions payments | 15,848 | 18,159 |
| Other operating expenses | 771 | 729 |
| General and administrative expenses | 138,825 | 152,380 |
| Other ordinary expenses | 33,418 | 35,362 |
| Ordinary profit | 34,178 | 42,235 |
| Extraordinary income | 0 | 1 |
| Gain on disposal of non-current assets | 0 | 1 |
| Extraordinary loss | 267 | 1,105 |
| Loss on disposal of non-current assets | 37 | 1,026 |
| Loss on penalty | 220 | — |
| Other extraordinary loss | 9 | 78 |
| Income before income taxes | 33,911 | 41,131 |
| Income taxes-current | 10,529 | 10,838 |
| Income taxes-deferred | Δ 2,323 | 378 |
| Total income taxes | 8,206 | 11,216 |
| Profit | 25,705 | 29,915 |
| Net income attributable to non-controlling interests | 5,867 | 6,375 |
| Net income attributable to owners of the Company | 19,837 | 23,540 |

(Consolidated statement of comprehensive income)

(Millions of yen truncated the nearest million yen)

| | For the Nine months ended December 31, 2014 | For the Nine months ended December 31, 2015 |
|--|--|--|
| Net income | 25,705 | 29,915 |
| Other comprehensive income | 9,448 | Δ 4,999 |
| Valuation difference on available-for-sale securities | 765 | 609 |
| Deferred gains or losses on hedges | Δ 3,303 | 30 |
| Foreign currency translation adjustment | 12,074 | Δ 5,710 |
| Remeasurements of defined benefit plans, net of tax | Δ 87 | 71 |
| comprehensive income | 35,153 | 24,915 |
| (attributable to) | | |
| Comprehensive income attributable to owners of parent | 25,450 | 20,676 |
| Comprehensive income attributable to non-controlling interests | 9,702 | 4,238 |

(3) Segment Information

(Millions of yen)

| | For the Nine months ended December 31, 2014 | | | | | | |
|----------------------------------|---|--------|----------|--------|---------|-------------|---|
| | Credit | Bank | Overseas | Fee | Total | Adjustments | Consolidated financial statements appropriation |
| Ordinary income | | | | | | | |
| Revenues from external customers | 105,221 | 28,997 | 81,211 | 22,587 | 238,018 | — | 238,018 |
| Transcations with other segments | 1,096 | 2,009 | 0 | 10,257 | 13,363 | △ 13,363 | — |
| Total | 106,318 | 31,007 | 81,211 | 32,844 | 251,381 | △ 13,363 | 238,018 |
| Ordinary Profit/ Loss | 21,342 | 107 | 15,892 | △ 9 | 37,332 | △ 3,154 | 34,178 |

(Remarks)

1. In replace of sales in general corporations, the operating income is stated in here.
2. Adjustment for segmental profit/Loss is △3,154 million JPY.
This is the company expense mainly from operating expense which were not allocated to each report segment.
3. Ordinary Profit/Loss has been adjusted with the operating profit in quarterly profit and loss report.

(Millions of yen)

| | For the Nine months ended December 31, 2015 | | | | | | |
|----------------------------------|---|--------|----------|--------|---------|-------------|---|
| | Credit | Bank | Overseas | Fee | Total | Adjustments | Consolidated financial statements appropriation |
| Ordinary income | | | | | | | |
| Revenues from external customers | 113,930 | 32,868 | 92,766 | 25,367 | 264,932 | — | 264,932 |
| Transcations with other segments | 1,880 | 3,215 | 0 | 11,019 | 16,115 | △ 16,115 | — |
| Total | 115,810 | 36,083 | 92,767 | 36,386 | 281,048 | △ 16,115 | 264,932 |
| Ordinary Profit | 25,562 | 2,573 | 17,856 | 2,503 | 48,496 | △ 6,261 | 42,235 |

(Remarks)

1. In replace of sales in general corporations, the operating income is stated in here.
2. Adjustment for segmental profit is △6,261 million JPY.
This is the company expense mainly from operating expense which were not allocated to each report segment.
3. Ordinary Profit has been adjusted with the operating profit in quarterly profit and loss report.