



Brief Report of Financial Results (Unaudited)

(For the three Months Ended June 30, 2016)

August 5, 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: Kenji Kawahara

Contact: Hideki Wakabayashi, Director, CFO

1. Business performance (For the three Months ended June 30, 2016 and For the three Months ended June 30, 2015)

(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
Three Months ended June 30, 2016	¥90,469	5.6%	¥13,740	9.1%	¥8,948	24.5%
Three Months ended June 30, 2015	85,651	17.4%	12,596	52.0%	7,185	86.7%

※Comprehensive income; The 1st Quarter of Fiscal 2016; 8,248million(81.4%) , The 1st Quarter of Fiscal 2015; 10,135 million(130.5%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Three Months ended June 30, 2016	¥45.03	¥45.01
Three Months ended June 30, 2015	36.16	36.14

(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, 2016	¥3,837,361	¥340,938	7.6%	¥1,462.99
Fiscal year ended March 31, 2016	3,745,546	340,886	7.8%	1,465.31

(Reference)1. Shareholder's equity; The 1st Quarter of Fiscal 2016; 290,725 million, Fiscal 2015; 291,186 million

2.Capital Ratio = {(Net assets – stock acquisition right – Non-controlling interests) / total assets} X 100

3.Capital ratio is not based on the regulation of Capital Adequacy Ratio.

2. Cash Dividends

(Base date)	Dividend per share				
	First quarter period	Interim period	Third quarter period	Term end	Annual
March 2016 term	—	¥28.00	—	¥38.00	¥66.00
March 2017 term	—	—	—	—	—
March 2017 term (Estimated)	—	(29.00)	—	(39.00)	(68.00)

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

3. Projections (For the fiscal year ending March 31, 2017)

(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
Interim	182,000	4.7	28,000	8.1	15,000	6.3	75.48
Full term	380,000	5.7	63,000	6.1	37,000	3.4	186.19

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 ; No
- 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 2016; 208,527,801 shares, Fiscal 2015; 208,527,801 shares
- ② Number of shares of treasury stock at end of term
The 1st quarter of fiscal 2016; 9,807,154 shares, Fiscal 2015; 9,807,144 shares,
- ③ Average of the number of shares during the quarter(For the Three Months ended June 30, 2016)
The 1st quarter of fiscal 2016; 198,720,649 shares, The 1st quarter of fiscal 2015; 198,691,010 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, 2016	As of June 30, 2016
Assets		
Cash and due from banks	444,868	499,804
Call loans	—	10,000
Monetary claims bought	5,051	4,738
Securities	211,131	155,514
Loans and bills discounted	1,673,997	1,722,839
Accounts receivable-installment	1,022,387	1,056,168
Lease receivables and investment assets	5,405	5,282
Other assets	124,594	127,866
Property, plant and equipment	36,530	36,417
Intangible assets	77,163	80,133
Goodwill	25,597	25,131
Other intangible fixed assets	51,565	55,002
Deferred tax assets	20,433	21,777
Customer's liabilities for acceptances and guarantees	173,441	166,570
Allowance for loan losses	△ 49,458	△ 49,752
Total assets	3,745,546	3,837,361
Liabilities		
Deposits	2,152,928	2,266,665
Accounts payable-trade	173,568	160,913
Commercial papers	68,000	75,000
Borrowed money	535,989	516,211
Bonds payable	122,074	130,912
Convertible bond-type bonds with subscription rights to shares	50	50
Other liabilities	152,845	154,854
Provision for bonuses	2,828	2,970
Net defined benefit liability	3,530	3,489
Provision for point card certificates	12,456	12,972
Provision for loss on interest repayment	4,206	3,187
Other provision	396	242
Deferred tax liabilities	2,344	2,382
Acceptances and guarantees	173,441	166,570
Total liabilities	3,404,660	3,496,423
Net assets		
Capital stock	30,441	30,441
Capital surplus	106,230	106,230
Retained earnings	177,766	179,163
Treasury shares	△ 25,141	△ 25,141
Total shareholders' equity	289,296	290,693
Valuation difference on available-for-sale securities	5,889	5,359
Deferred gains or losses on hedges	△ 3,514	△ 3,185
Foreign currency translation adjustment	122	△ 1,561
Remeasurements of defined benefit plans	△ 607	△ 580
Total other comprehensive income	1,890	32
Subscription rights to shares	110	110
Non-controlling interests	49,589	50,101
Total net assets	340,886	340,938
Total liabilities and net assets	3,745,546	3,837,361

(2)Consolidated Quarterly Statements of Income

(Millions of yen truncated the nearest million yen)

	For the Three months ended June 30, 2015	For the Three months ended June 30, 2016
Ordinary income	85,651	90,469
Interest income	33,850	35,021
Interest on loans and discounts	33,214	34,362
Interest and dividends on securities	513	535
Fees and commissions	45,955	44,771
Other operating income	1,832	6,330
Other ordinary income	4,012	4,346
Ordinary expenses	73,055	76,728
Interest expenses	5,610	4,952
Interest on deposits	1,169	873
Fees and commissions payments	5,547	6,155
Other operating expenses	214	847
General and administrative expenses	49,499	53,366
Other ordinary expenses	12,183	11,406
Ordinary profit	12,596	13,740
Extraordinary income	0	1
Gain on disposal of non-current assets	0	1
Extraordinary loss	30	76
Loss on disposal of noncurrent assets	30	48
Other	—	28
Profit before income taxes	12,565	13,665
Income taxes-current	4,036	4,006
Income taxes-deferred	△ 780	△ 1,265
Total income taxes	3,256	2,740
Profit	9,309	10,924
Profit attributable to non-controlling interests	2,124	1,976
Profit attributable to owners of parent	7,185	8,948

(Consolidated statement of comprehensive income)

(Millions of yen truncated the nearest million yen)

	For the Three months ended June 30, 2015	For the Three months ended June 30, 2016
Profit	9,309	10,924
Other comprehensive income	826	Δ 2,676
Valuation difference on available-for-sale securities	205	Δ 539
Deferred gains or losses on hedges	Δ 1,073	555
Foreign currency translation adjustment	1,669	Δ 2,719
Remeasurements of defined benefit plans	23	27
comprehensive income	10,135	8,248
(attributable to)		
Comprehensive income attributable to owners of the Company	7,763	7,090
Comprehensive income attributable to non-controlling interests	2,372	1,157

Segment Information

(Millions of yen)

	For the three month ended June 30, 2015						
	Credit	Bank	Overseas	Fee Businesses	Total	Adjustments	Consolidated financial statements appropriation
Ordinary income							
Operating revenue from external customer	36,538	10,339	30,732	8,040	85,651	—	85,651
The internal operating income between segments	739	1,272	3	3,678	5,693	Δ 5,693	—
Total	37,277	11,612	30,735	11,719	91,345	Δ 5,693	85,651
Segment Profit	8,298	217	5,712	851	15,079	Δ 2,482	12,596

(Reference)1. Ordinary income is stated in here in replace of sales turnover of general corporations

2. Adjustment of segmental profit is Δ2,482 million as the overall expense which has not been allocated to any segment.

Such expense mainly is operating expense which has not been assigned to any segment.

3. Segmental profit or loss has been adjusted with the ordinary profit in the quarterly consolidated income statement.

(Millions of yen)

	For the three month ended June 30, 2016						
	Credit	Bank	Overseas	Fee Businesses	Total	Adjustments	Consolidated financial statements appropriation
Ordinary income							
Operating revenue from external customer	39,560	13,270	28,458	9,178	90,469	—	90,469
The internal operating income between segments	42	1,419	0	3,901	5,363	Δ 5,363	—
Total	39,603	14,690	28,459	13,080	95,833	Δ 5,363	90,469
Segment Profit	7,744	1,682	5,404	860	15,691	Δ 1,950	13,740

(Reference)1. Ordinary income is stated in here in replace of sales turnover of general corporations

2. Adjustment of segmental profit is Δ1,950 million as the overall expense which has not been allocated to any segment.

Such expense mainly is operating expense which has not been assigned to any segment.

3. Segmental profit has been adjusted with the ordinary profit in the quarterly consolidated income statement.

4. Notes for the changes of Segment Information

Segment Information includes “Fee Business” after established ACS Lease CO., LTD.

Therefore “Fee Business” is changed in “Fee Businesses” from consolidated fiscal year 2015.

Segment Information of consolidated fiscal year 2015 is stated the name after the change.