



Brief Report of Financial Results (Unaudited)

(For the nine Months Ended December 31, 2016)

February 10, 2017

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 nine Months ended December 31, 2016 and For the nine Months ended December 31, 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
Nine Months ended December 31, 2016	¥274,510	3.6%	¥42,277	0.1%	¥25,873	9.9%
Nine Months ended December 31, 2015	264,932	11.3%	42,235	23.6%	23,540	18.7%

※Comprehensive income; The 3rd Quarter of Fiscal 2016; 27,966million(12.2%) , The 3rd Quarter of Fiscal 2015; 24,915 million(△29.1%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Nine Months ended December 31, 2016	¥125.97	¥123.10
Nine Months ended December 31, 2015	118.47	118.41

(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, 2016	¥4,166,261	¥381,980	7.9%	¥1,534.44
Fiscal year ended March 31, 2016	3,745,546	340,886	7.8%	1,465.31

(Reference)1. Shareholder's equity; The 3rd Quarter of Fiscal 2016; 331,007 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	—	¥29.00	—	—	—
March 2017 term (Estimated)	—	—	—	(39.00)	(68.00)

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

End-Interim period: ordinary dividend of 28 yen and commemorative dividend of 1 yen

Term end(Estimated): ordinary dividend of 38 yen and commemorative dividend of 1 yen

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
Full term	380,000	5.7	63,000	6.1	37,000	3.4	171.56

Note:Revision on the projection of consolidated results in the 3rd 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 3rd quarter of fiscal 2016; 225,510,128 shares, Fiscal 2015; 208,527,801 shares
- ② Number of shares of treasury stock at end of term
The 3rd quarter of fiscal 2016; 9,791,104 shares, Fiscal 2015; 9,807,144 shares,
- ③ Average of the number of shares during the quarter(For the Nine Months ended December 31, 2016)
The 3rd quarter of fiscal 2016; 205,382,156 shares, The 3rd quarter of fiscal 2015; 198,699,719 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 December 31, 2016
Assets		
Cash and due from banks	444,868	526,561
Monetary claims bought	5,051	4,168
Securities	211,131	226,625
Loans and bills discounted	1,673,997	1,750,982
Accounts receivable-installment	1,022,387	1,257,124
Lease receivables and investment assets	5,405	6,434
Other assets	124,594	156,490
Property, plant and equipment	36,530	36,686
Intangible assets	77,163	84,950
Goodwill	25,597	24,198
Other intangible fixed assets	51,565	60,751
Deferred tax assets	20,433	21,695
Customer's liabilities for acceptances and guarantees	173,441	146,935
Allowance for loan losses	△ 49,458	△ 52,393
Total assets	3,745,546	4,166,261
Liabilities		
Deposits	2,152,928	2,475,051
Accounts payable-trade	173,568	245,038
Commercial papers	68,000	40,000
Borrowed money	535,989	535,788
Bonds payable	122,074	132,391
Convertible bond-type bonds with subscription rights to shares	50	30,000
Other liabilities	152,845	154,502
Provision for bonuses	2,828	1,891
Net defined benefit liability	3,530	3,468
Provision for point card certificates	12,456	14,618
Provision for loss on interest repayment	4,206	1,763
Other provision	396	284
Deferred tax liabilities	2,344	2,546
Acceptances and guarantees	173,441	146,935
Total liabilities	3,404,660	3,784,280
Net assets		
Capital stock	30,441	45,698
Capital surplus	106,230	121,486
Retained earnings	177,766	189,820
Treasury shares	△ 25,141	△ 25,100
Total shareholders' equity	289,296	331,904
Valuation difference on available-for-sale securities	5,889	5,041
Deferred gains or losses on hedges	△ 3,514	△ 2,482
Foreign currency translation adjustment	122	△ 2,930
Remeasurements of defined benefit plans	△ 607	△ 525
Total other comprehensive income	1,890	△ 897
Subscription rights to shares	110	112
Non-controlling interests	49,589	50,861
Total net assets	340,886	381,980
Total liabilities and net assets	3,745,546	4,166,261

(2) Consolidated Quarterly Statements of Income

(Millions of yen truncated the nearest million yen)

	For the Nine months ended December 31, 2015	For the Nine months ended December 31, 2016
Ordinary income	264,932	274,510
Interest income	103,613	104,488
Interest on loans and discounts	101,755	102,864
Interest and dividends on securities	1,419	1,202
Fees and commissions	138,212	139,832
Other operating income	10,950	17,314
Other ordinary income	12,156	12,875
Ordinary expenses	222,697	232,233
Interest expenses	16,065	14,297
Interest on deposits	2,925	2,591
Fees and commissions payments	18,159	19,165
Other operating expenses	729	2,236
General and administrative expenses	152,380	160,641
Other ordinary expenses	35,362	35,891
Ordinary profit	42,235	42,277
Extraordinary income	1	1
Gain on disposal of non-current assets	1	1
Extraordinary loss	1,105	213
Loss on disposal of noncurrent assets	1,026	175
Other	78	38
Profit before income taxes	41,131	42,065
Income taxes-current	10,838	11,774
Income taxes-deferred	378	Δ 1,107
Total income taxes	11,216	10,667
Profit	29,915	31,398
Profit attributable to non-controlling interests	6,375	5,525
Profit attributable to owners of parent	23,540	25,873

(Consolidated statement of comprehensive income)

(Millions of yen truncated the nearest million yen)

	For the Nine months ended December 31, 2015	For the Nine months ended December 31, 2016
Profit	29,915	31,398
Other comprehensive income	Δ 4,999	Δ 3,431
Valuation difference on available-for-sale securities	609	Δ 853
Deferred gains or losses on hedges	30	1,801
Foreign currency translation adjustment	Δ 5,710	Δ 4,461
Remeasurements of defined benefit plans	71	82
comprehensive income	24,915	27,966
(attributable to)		
Comprehensive income attributable to owners of the Company	20,676	23,085
Comprehensive income attributable to non-controlling interests	4,238	4,881

(3) (Summary) Consolidated Statements of Changes in net assets

(For the Nine months ended December 31, 2016)

(Millions of yen truncated the nearest million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	30,441	106,230	177,766	Δ 25,141	289,296
Changes of items during the period					
Issuance of new shares (Note)1.2.3	15,231	15,231			30,463
Convert of Convertible bond-type bonds with subscription rights to shares	25	25			50
Dividends from surplus			Δ 13,805		Δ 13,805
Net income attributable to shareholders of the parent			25,873		25,873
Purchase of treasury shares				Δ 0	Δ 0
Disposal of treasury shares			Δ 13	41	28
Total changes of items during the period	15,256	15,256	12,054	41	42,608
Ending balance	45,698	121,486	189,820	Δ 25,100	331,904

(Note)

1 Amount of stated capital and additional paid-in capital has increased ¥69.07 billion each due to issuance of new shares by way of public offering. (Payment date : September 14, 2016)

2 Amount of stated capital and additional paid-in capital has increased ¥73.09 billion each due to issuance of new shares by way of third-party allotment to AEON Co.,Ltd. (Payment date : September 14, 2016)

3 Amount of stated capital and additional paid-in capital has increased ¥10.14 billion each due to issuance of new shares by way of third-party allotment to AEON Co.,Ltd. (Payment date : September 29, 2016)

Segment Information

(Millions of yen)

	For the Nine months ended December 31, 2015						Consolidated financial statements appropriation
	Credit	Bank	Overseas	Fee Businesses	Total	Adjustments	
Ordinary income							
Operating revenue from external customer	113,930	32,868	92,766	25,367	264,932	—	264,932
The internal operating income between segments	1,880	3,215	0	11,019	16,115	Δ 16,115	—
Total	115,810	36,083	92,767	36,386	281,048	Δ 16,115	264,932
Segment Profit	25,562	2,573	17,856	2,503	48,496	Δ 6,261	42,235

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

2. Adjustment of segmental profit is Δ6,261 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 Nine months ended December 31, 2016						Consolidated financial statements appropriation
	Credit	Bank	Overseas	Fee Businesses	Total	Adjustments	
Ordinary income							
Operating revenue from external customer	126,307	36,721	82,983	28,497	274,510	—	274,510
The internal operating income between segments	2,734	3,684	0	11,961	18,381	Δ 18,381	—
Total	129,042	40,405	82,984	40,459	292,891	Δ 18,381	274,510
Segment Profit	29,758	1,037	15,235	3,063	49,095	Δ 6,818	42,277

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

2. Adjustment of segmental profit is Δ6,818 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.