

January 21, 2019

Registered Company Name: AEON Financial Service Co., Ltd  
President and CEO: Kenji Kawahara  
Stock Listing: Tokyo Stock Exchange, First Section  
(Code No.: 8570)  
Contact: Hideki Wakabayashi, Senior Managing Director

### **Notification of Transition of Company Structure and Group Restructuring by a Corporate Split**

AEON Financial Service Co., Ltd (hereafter “the Company”) announces that at the Board of Directors meeting held today, the Company resolved to implement a transition of company structure effective from April 1, 2019 (scheduled) where the Company will no longer be a bank holding company through a restructuring of group business divisions involving an absorption-type split (hereafter “corporate split”) where shares of subsidiaries such as AEON Bank, Ltd will be fully transferred to AFS Corporation Co., Ltd. (hereafter “AFS Corporation”), a wholly-owned subsidiary of the Company.

The group restructuring mentioned above and an amendment of the Articles of Incorporation of the Company will only be executed on the condition that it is approved at the Extraordinary General Meeting of Shareholders scheduled to be held in March 2019, agreed by stakeholders including regulatory authorities, and that necessary licenses and approvals in accordance to various laws and contractual procedures are obtained.

This group restructuring is an absorption-type split of business divisions which will succeed to the Company's wholly-owned subsidiaries, therefore some disclosure items and contents are partially omitted.

#### **1. Purpose and background**

The Company is centered as a bank holding company and operates in 12 countries in Asia including Japan. We are a comprehensive financial group with roots in the retail sector and we have 33 consolidated subsidiaries and 1 equity-method affiliate, where we call ourselves the AFS Group.

The AFS Group seeks to be the number one retail financial services company in Asia in which we aim to construct the most customer-oriented ecosystem in Asia by 2025 through the significant expansion of our customer base from the current 4.1 million member IDs to 300 million unique members over the mid-long term.

The external environment is continuously changing and we are exposed to risks related to a declining population and rapid ageing of the Japanese society in addition to new competition from IT Platform companies which hold enormous amount of personal data and companies from other sectors possessing the latest technology such as Fintech entering into the financial services industry.

In such a business environment, the AFS Group was constrained by business scope regulations under related law as it operated as a bank-holding company.

The Company believes that this group restructuring would enable us to build more flexible business model while maintaining a sound governance system as a group with banking business. Specifically, the transition of company structure through establishment of AFS Corporation as a bank holding company, will allow the Company to expand its business scope from now on.

#### **2. Summary of the above group restructuring**

##### (1) Schedule

Directors' Resolution	January 21, 2019
Announcement of Eligibility Date for Extraordinary General Meeting of Shareholders (hereafter “Shareholders' Meeting”)	January 21, 2019

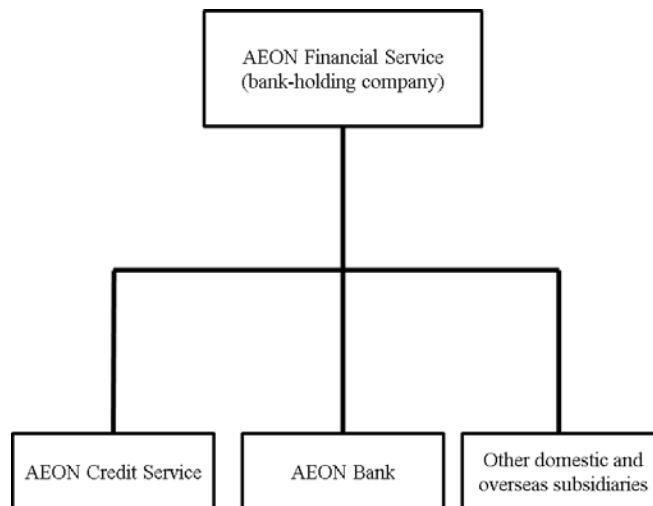
Eligibility Date (Shareholders as of this date are eligible to participate in the Shareholders' Meeting)	February 5, 2019
Date of Approval at Shareholders' Meeting	March 15, 2019
Effective Date	April 1, 2019

(2) Method of group restructuring

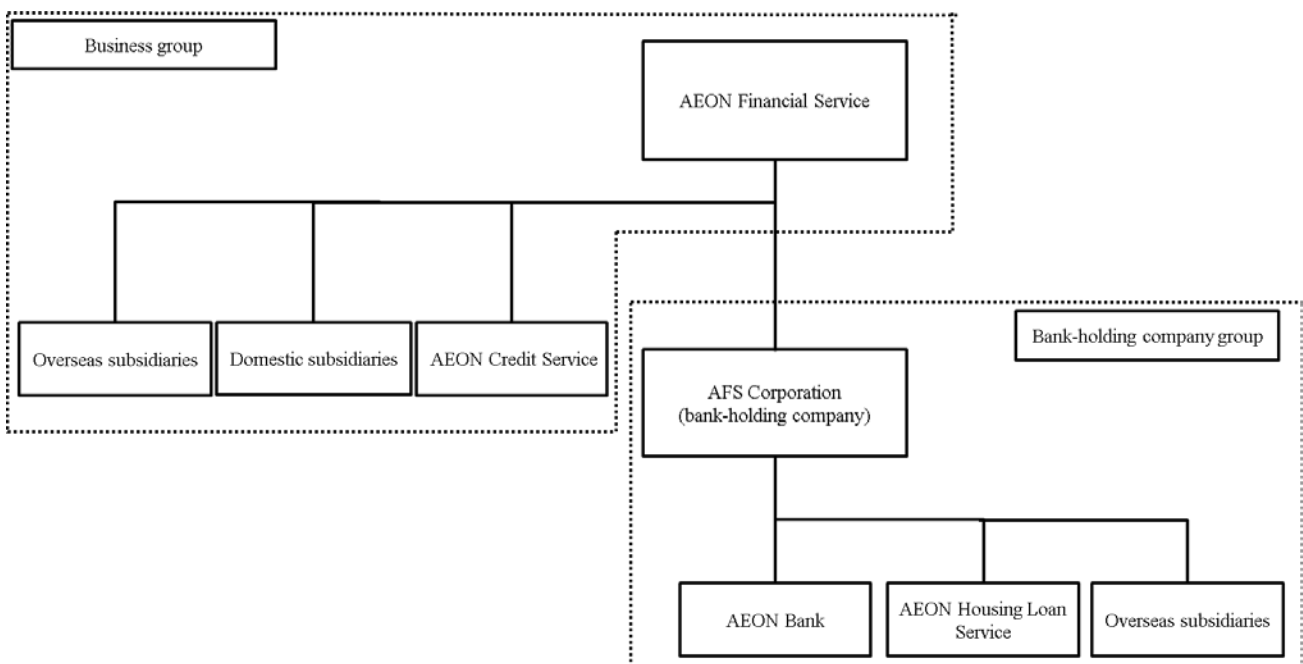
1. Restructuring of assets within the group etc to enable the Company to split from a bank-holding structure
2. Selected domestic and overseas subsidiaries of the Company, including AEON Bank, Ltd, will be reorganized to fall directly under the management of AFS Corporation, a wholly-owned subsidiary of the Company through an absorption-type split method.

【Group structure after restructuring】

■ Present Structure



■ New Structure



(3) Details of the corporate split

The Company will receive 9,999 shares from AFS Corporation as a consideration of the transaction.

(4) Handling of share acquisition rights and convertible bonds with subscription rights to shares in the corporate split

There is no applicable information.

(5) Change in capital stock due to the corporate split

There will be no change in the Company's capital stock due to the corporate split.

(6) Obligation to receive rights

The succession company will receive the voting rights of its subsidiaries in this corporate split.

(7) Fulfilment of obligations

Liabilities and obligations of the Company and AFS Corporation are expected to be fulfilled effective from the date of the corporate split.

### 3. Summary of company involved in the group restructuring

	The Company	Succession Company
(1) Company name	AEON Financial Service Co., Ltd	AFS Corporation Co., Ltd.
(2) Registered address	1-1 Kandanishiki-cho, Chiyoda-ku, Tokyo 101-0054, Japan	1-1 Kandanishiki-cho, Chiyoda-ku, Tokyo 101-0054, Japan
(3) Representatives	Kenji Kawahara, President and CEO	Mariko Saito, President and CEO
(4) Main function	Conglomerate financial business	Corporate management of subsidiaries
(5) Capital Stock	¥45,698 million	¥1
(6) Established	June 20, 1981	January 4, 2019
(7) Issued shares	225,510,128	1
(8) Major shareholders and Percentage of shares held	Aeon Co., Ltd. 46.88% State Street Bank and Trust Company 505223 3.99% The Master Trust Bank of Japan, Ltd (Trust account) 3.11% State Street Bank and Trust Company 505001 2.66% Japan Trustee Services Bank, Ltd (Trust account) 2.58% Maxvalu Nishinohon Co., Ltd 1.22% (As of September 30, 2018)	AEON Financial Service Co., Ltd 100%         (As of January 4, 2019)
(9) Latest financial and business performance of existing business (for the fiscal year ended March 2018)		
Fiscal year end	March 2018 (consolidated)	There is no available data on AFS Corporation's financial performance yet as it is before the start of its fiscal year.
Net assets	¥221,342 million	
Total assets	¥347,690 million	
Book value per share (BPS)	¥1,025.37	
Operating income	¥23,035 million	
Ordinary profit	¥13,658 million	
Profit attributable to owners of parent	¥13,420 million	
Earnings per share (EPS)	¥62.21	

#### 4. Information on subsidiaries involved in the corporate split

(1) Subsidiaries involved in the corporate split

AEON Bank, Ltd, AEON Housing Loan Service Co., Ltd, AEON Credit Service (Philippines) Inc, AEON Specialized Bank (Cambodia) Plc.

(2) Business performance of the respective subsidiaries

①AEON Bank, Ltd (for the fiscal year ended March 2018)

Ordinary income	¥168,733 million
Ordinary profit	¥11,515 million
Net profit	¥7,922 million

②AEON Housing Loan Service Co., Ltd (for the fiscal year ended February 2018)

Operating income	¥3,387 million
Ordinary profit	¥2,102 million
Net profit	¥1,451 million

③AEON Credit Service (Philippines) Inc (for the fiscal year ended December 2017)

Operating income	938,518 thousand pesos
Ordinary profit	120,594 thousand pesos
Net profit	116,455 thousand pesos

④AEON Specialized Bank (Cambodia) Plc. (for the fiscal year ended December 2017)

Operating income	US\$ 10,361 thousand
Ordinary profit	US\$ 154 thousand
Net profit	US\$ 76 thousand

(3) Amount of assets and liabilities involved in the corporate split

Total assets ¥244,046 million (shares of related companies)

#### 5. Changes after the corporate split

(1) The Company

There is no change in the company name, registered address, representatives, capital stock and fiscal period for the Company even after the above corporate split.

(2) AFS Corporation

The capital stock is expected to increase from ¥1 to ¥2,000 million in accordance to the corporate split. More information will be provided if there is a change in the representative name etc. There will be no change in the company name, registered address and fiscal period.

#### 6. Future outlook

There will be minimal impact expected on the consolidated financial results as the above corporate split is a transaction between the Company and its wholly-owned subsidiary. Timely disclosure will be provided in the event of any change in future financial performance forecasts.