

Dec 23, 2021

## R&I Affirms A-/a-1, Stable: Aeon Financial Service Co., Ltd.

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER:** Aeon Financial Service Co., Ltd.

**Issuer Rating:** A-, Affirmed

**Rating Outlook:** Stable

**Commercial Paper:** a-1, Affirmed

### RATIONALE:

Aeon Financial Service Co., Ltd. (AFS) is a consolidated subsidiary of Aeon Co., Ltd. (Sec. Code: 8267, Issuer Rating: A-) and an intermediate holding company that coordinates the activities of the Aeon Group's financial services business. It plays a role in promoting the Group's sales through financial services such as credit cards, banking, e-money, installment finance and insurance. While AFS is a listed company, it is of extremely high strategic importance and the rating directly reflects the Group's creditworthiness.

Backed by its strength in access to the Aeon Group's customer base, the credit card business has established one of the largest cardmember bases in Japan. In terms of overseas operations, AFS stays ahead of other Japanese companies which focus on financial businesses for individual customers. It conducts a wide array of businesses in Asia including greater China, Mekong and Malay regions, and provides a broad range of financial services which correspond to regulatory environments and the stage of economic development. AFS has thus built a certain size of foundation in overseas markets as well.

Transaction volumes showed stagnant growth for FY2020 (the year ended February 2021) due to the impact of the COVID-19 outbreak. Since early FY2021, the volumes have been recovering mainly through card shopping and cash advance services. The quality of assets is relatively sound and an increase in credit cost affected by the coronavirus pandemic was just temporary. The refined credit screening process and stricter collection practice have brought about good effects. Given that the company intends to proactively make sales promotion expenditures at home and abroad in the future, R&I considers that AFS's earning capacity will likely recover in the medium term.

In Japan, AFS plans to increase opportunities for Aeon Group customers to use the group's financial services, by creating the Aeon Living Zone in cooperation with other group companies. For overseas operations, it intends to expand customer segments through an initiative toward digital financial inclusion. Specifically, for domestic customers, the company is working to unify reward point programs and improve convenience thereof, as well as reinforcing the insurance business. Eyes are on whether such efforts will result in the enhancement of its earnings sources and customer base.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Credit Card and Credit Sales", "Depository Financial Institutions", "R&I's Analytical Approach to Financial Groups" and "R&I's Analytical Approach to Parent and Subsidiary Companies". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

[https://www.r-i.co.jp/en/rating/about/rating\\_method.html](https://www.r-i.co.jp/en/rating/about/rating_method.html)

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## R&amp;I RATINGS:

<b>ISSUER:</b>	<b>Aeon Financial Service Co., Ltd. (Sec. Code: 8570)</b>
<b>RATING:</b>	<b>Issuer Rating A-, Affirmed</b>
<b>RATING OUTLOOK:</b>	<b>Stable</b>

<b>Unsec. Str. Bonds No.4</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Apr 30, 2015	Apr 28, 2022	JPY 10,000

**RATING:** **A-, Affirmed**

<b>Unsec. Str. Bonds No.5</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	May 28, 2019	May 27, 2022	JPY 30,000

**RATING:** **A-, Affirmed**

<b>Unsec. Str. Bonds No.6</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	May 28, 2019	May 28, 2024	JPY 30,000

**RATING:** **A-, Affirmed**

<b>Unsec. Str. Bonds No.7</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Sep 20, 2019	Mar 20, 2023	JPY 25,000

**RATING:** **A-, Affirmed**

<b>Unsec. Str. Bonds No.8</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Sep 20, 2019	Sep 20, 2024	JPY 25,000

**RATING:** **A-, Affirmed**

<b>Unsec. Str. Bonds No.9</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Sep 20, 2019	Sep 18, 2026	JPY 20,000

**RATING:** **A-, Affirmed**

<b>Unsec. Str. Bonds No.10</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Issue Amount (mn)</b>
	Jan 30, 2020	Jul 28, 2023	JPY 30,000

**RATING:** **A-, Affirmed**

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# NEWS RELEASE

<b>Unsec. Str. Bonds No.11</b>	<b>Issue Date</b> Jan 30, 2020	<b>Maturity Date</b> Jan 30, 2025	<b>Issue Amount (mn)</b> JPY 20,000
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<b>RATING:</b>	<b>A-, Affirmed</b>
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<b>Unsec. Str. Bonds No.12</b>	<b>Issue Date</b> Jul 30, 2020	<b>Maturity Date</b> Jan 30, 2023	<b>Issue Amount (mn)</b> JPY 10,000
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<b>RATING:</b>	<b>A-, Affirmed</b>
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<b>Unsec. Str. Bonds No.13</b>	<b>Issue Date</b> Jul 30, 2020	<b>Maturity Date</b> Jul 30, 2025	<b>Issue Amount (mn)</b> JPY 5,000
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<b>RATING:</b>	<b>A-, Affirmed</b>
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<b>Unsec. Str. Bonds No.14</b>	<b>Issue Date</b> Feb 02, 2021	<b>Maturity Date</b> Feb 02, 2024	<b>Issue Amount (mn)</b> JPY 20,000
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<b>RATING:</b>	<b>A-, Affirmed</b>
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<b>Unsec. Str. Bonds No.15</b>	<b>Issue Date</b> Feb 02, 2021	<b>Maturity Date</b> Feb 02, 2026	<b>Issue Amount (mn)</b> JPY 15,000
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<b>RATING:</b>	<b>A-, Affirmed</b>
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<b>Unsec. Str. Bonds No.16</b>	<b>Issue Date</b> Jun 24, 2021	<b>Maturity Date</b> Jun 24, 2025	<b>Issue Amount (mn)</b> JPY 30,000
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<b>RATING:</b>	<b>A-, Affirmed</b>
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<b>ISSUE LIMIT (mn):</b>	<b>Commercial Paper</b> JPY 150,000
<b>SUPPORT:</b>	Unsecured
<b>RATING:</b>	<b>a-1, Affirmed</b>

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