



# Financial Results

for the First Quarter of FY2019/3

**AIFUL CORPORATION**  
August 2018

## Highlights for FY2019/3 (Consolidated/ AIFUL)

(Consolidated)

(¥ million)	17/6	18/6	19/3			
			YOY%	(E)	YOY	YOY%
Total operating assets	607,491	681,215	12.1%	751,900	86,231	13.0%
Loan business	426,867	487,499	14.2%	515,600	43,582	9.2%
Unsecured loan	361,932	417,192	15.3%	442,100	38,044	9.4%
Credit card business	96,503	98,412	2.0%	111,300	10,840	10.8%
Credit guarantee business	78,135	88,521	13.3%	117,100	30,635	35.4%
Operating revenue	24,224	27,682	14.3%	115,400	11	0.0%
Operating expenses	23,132	26,218	13.3%	98,900	-13,997	-12.4%
Operating profit	1,091	1,463	34.0%	16,400	13,908	558.1%
Ordinary profit	1,229	1,773	44.2%	16,900	14,077	498.7%
Profit attributable to owners of parent	1,976	1,840	-6.9%	15,600	11,642	294.1%

(AIFUL)

(¥ million)	17/6	18/6	19/3			
			YOY%	(E)	YOY	YOY%
Operating revenue	15,387	17,201	11.8%	70,500	5,837	9.0%
Operating expenses	14,965	15,905	6.3%	59,200	-5,096	-7.9%
Operating profit	421	1,296	207.7%	11,300	10,934	-
Ordinary profit	615	1,492	142.4%	11,900	10,921	-
Profit	1,351	1,647	21.9%	12,100	9,663	396.5%

## Financial Results for First Quarter of FY2019/3 (Consolidated)

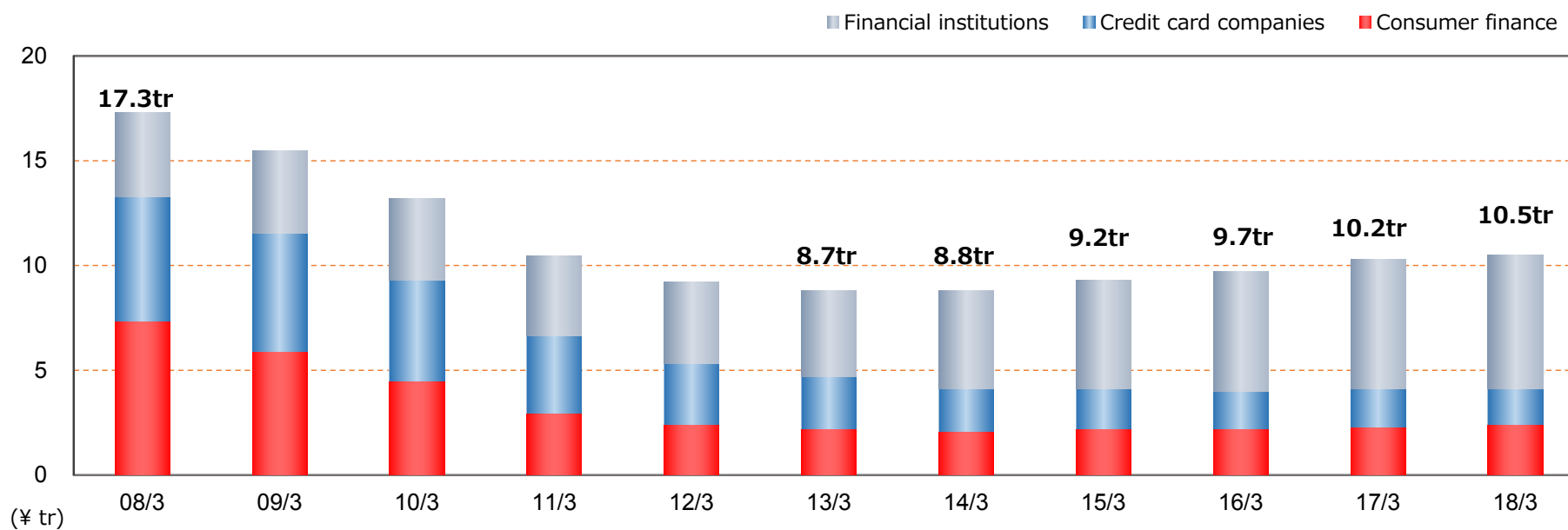
- ✓ Operating revenue: Operating revenue rose 14% yoy, to ¥27.6bn, due to an increase in the interests on operating loans etc.
- ✓ Operating expenses: Provision of allowance for doubtful accounts increased due to growth in operating assets while financial expenses, personnel expenses, advertising expenses and etc., are declined.  
Total operating expenses rose 13% yoy to ¥26.2bn.

(¥ million)	17/6	18/6	18/6	
			YOY	YOY%
Operating revenue	24,224	27,682	3,458	14.3%
Interests on operating loans	13,099	15,649	2,550	19.5%
Revenue from installment receivable	3,954	3,946	-8	-0.2%
Revenue from credit guarantee	3,212	3,310	98	3.0%
Operating expenses	23,132	26,218	3,086	13.3%
Financial expenses	2,139	1,826	-313	-14.6%
Provision of allowance for doubtful accounts	6,289	8,686	2,397	38.1%
(Bad debt write offs)	6,668	7,884	1,216	18.2%
Provision for loss on interest repayment	-	-	-	-
(Interest repayment)	6,858	3,150	-3,708	-54.1%
Other operating expenses	14,407	15,489	1,082	7.5%
Advertising expenses	968	849	-119	-12.3%
Personnel expenses	3,884	3,963	78	2.0%
Sales promotion expenses	1,987	2,103	115	5.8%
Operating profit	1,091	1,463	372	34.0%
Ordinary profit	1,229	1,773	544	44.2%
Extraordinary income	700	-	-	-
Profit attributable to owners of parent	1,976	1,840	-136	-6.9%

## Loan Business(1): Trends of Unsecured Consumer Loan Market

- ✓ Unsecured loans market: Since bottoming out in FY2014/3, the market has performed steadily, recovering to ¥10.5tr in FY2018/3, a 3% yoy increase.
- ✓ Money lenders: Loans outstanding by lenders have gradually recovered to ¥4.1tr. Of these, consumer finance companies recorded ¥2.4tr, a 4% yoy increase, while credit card companies reported ¥1.7tr, a 1% decrease.

(¥ trillion)	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3
Unsecured loan market	17.3	15.4	13.2	10.4	9.2	8.7	8.8	9.2	9.7	10.2	10.5
Financial institutions	4.0	3.9	3.9	3.8	3.9	4.1	4.7	5.2	5.7	6.2	6.4
Consumer finance	7.3	5.9	4.5	2.9	2.4	2.1	2.1	2.1	2.2	2.3	2.4
Credit card companies	5.9	5.6	4.8	3.6	2.8	2.5	2.0	1.8	1.7	1.7	1.7



Source : Consumer finance and Credit card companies :Statistic by the Japan Financial Services Association.  
 Financial institutions :Statistic by The Bank of Japan. (Consumer loan outstanding at domestic banks and credit unions)

## Loan Business(2): Operating Loans Outstanding (Consolidated/ AIFUL)

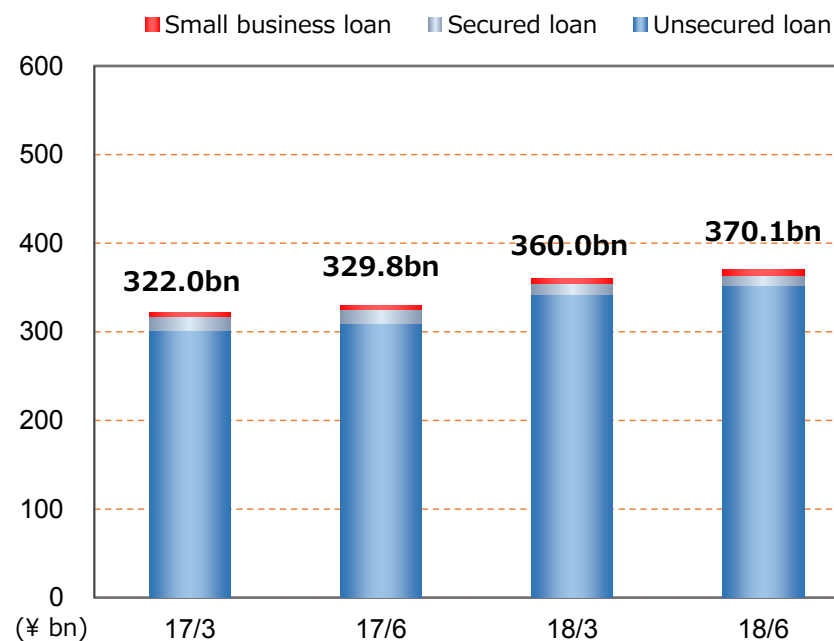
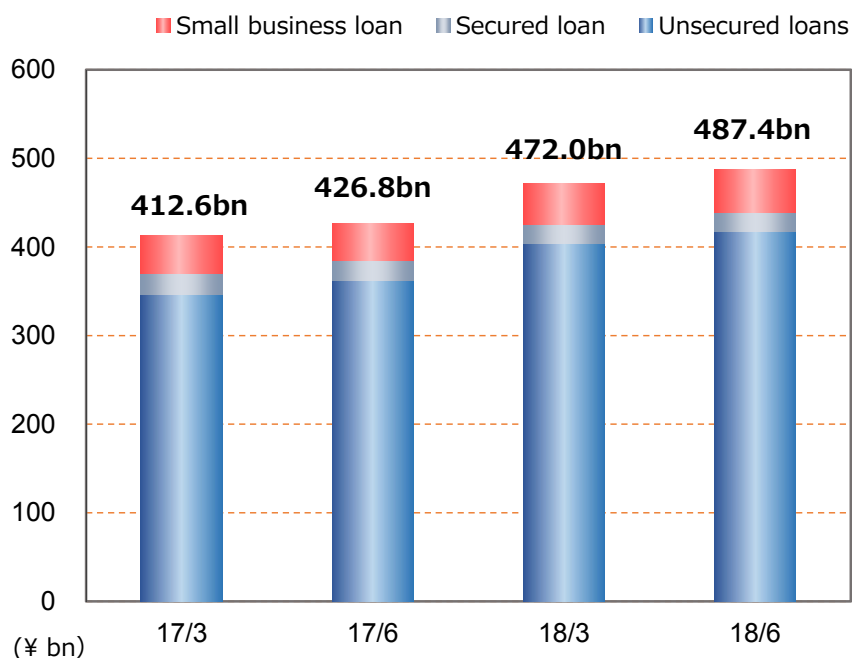
- ✓ Loan Outstanding: Consolidated loans outstanding continued performing steadily, by increasing 14% yoy to ¥487.4bn. Of these, unsecured loan surged to ¥417.1bn, a 15% yoy increase and small business loan amounting ¥49.0bn, a 14% yoy increase.

### 【Consolidated】

(¥ million)	17/6	18/3	18/6	YOY
Loans outstanding	426,867	472,018	487,499	14.2%
Unsecured	361,932	404,056	417,192	15.3%
Small business	42,710	47,037	49,057	14.9%

### 【AIFUL】

(¥ million)	17/6	18/3	18/6	YOY
Loans outstanding	329,860	360,031	370,147	12.2%
Unsecured	309,774	341,777	352,210	13.7%
Small business	4,769	5,850	6,383	33.8%



## Loan Business(3): New Accounts and Loan Volume (AIFUL)

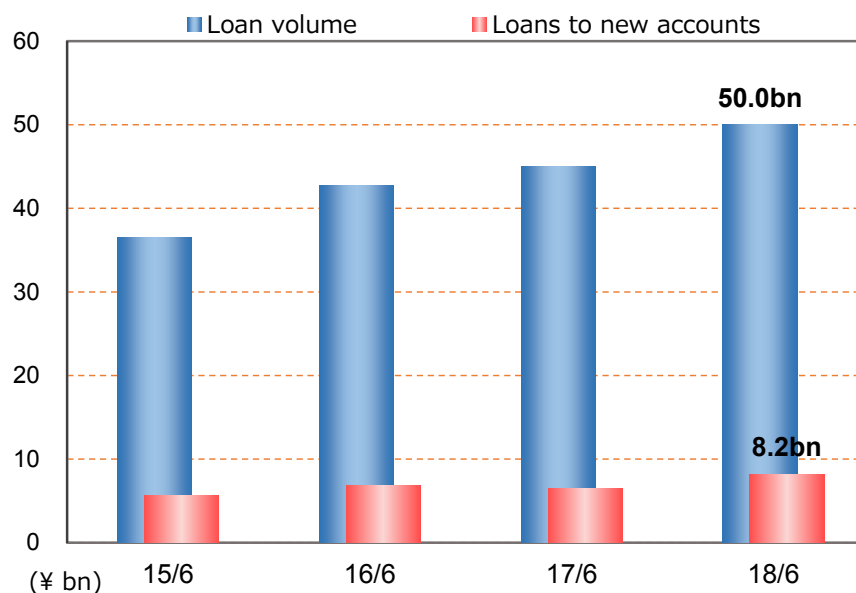
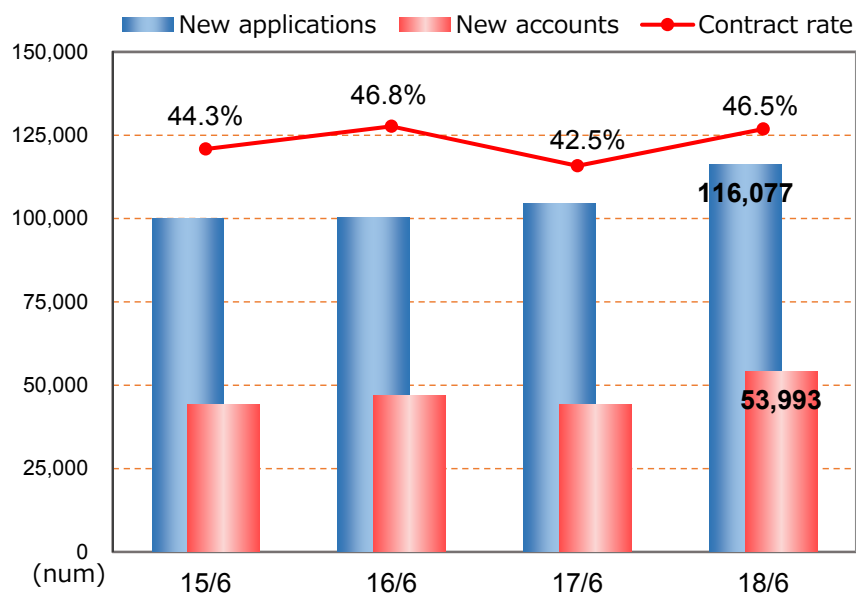
- ✓ New accounts : Due to effective advertising, number of loan applications increased by 11% yoy to 116 thousand and number of new accounts increased by 21% yoy to 53 thousand.
- ✓ Loan Volume: Loan volume increased by 11% yoy to ¥50.0bn thanks to favorable lending at both new and existing accounts.

【Situation of Unsecured Loans' New Accounts】

(num)	16/6 (3M)	17/6 (3M)	18/6 (3M)	YOY
New applications	100,336	104,432	116,077	11.2%
New accounts	46,964	44,346	53,993	21.8%
Contract rate	46.8%	42.5%	46.5%	+4.0pt

【Situation of Loan Volume】

(¥ million)	16/6 (3M)	17/6 (3M)	18/6 (3M)	YOY
Loan volume	42,711	44,951	50,090	11.4%
New accounts	6,852	6,530	8,210	25.7%
Existing accounts	35,858	38,421	41,879	9.0%

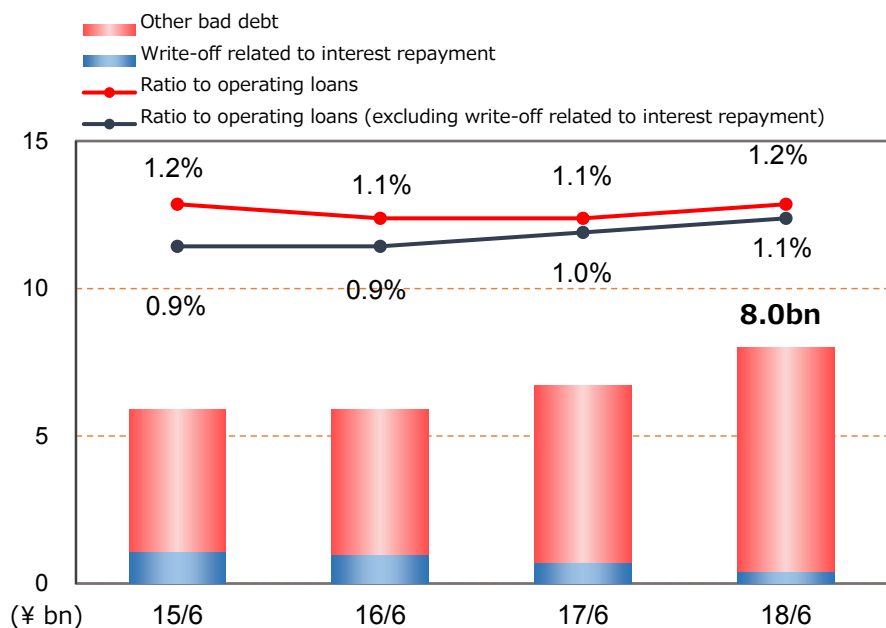


## Loan Business(4): Trends of Non-performing Loans (Consolidated)

- ✓ Bad Debt: Bad debt ratio excluding write-offs accompanying interest repayment remained at low and stable level of 1.1%.
- ✓ Non performing loan: Ratio of unsecured loan NPL increased slightly by 0.8 points to 9.4%.

【Status of Bad Debt】

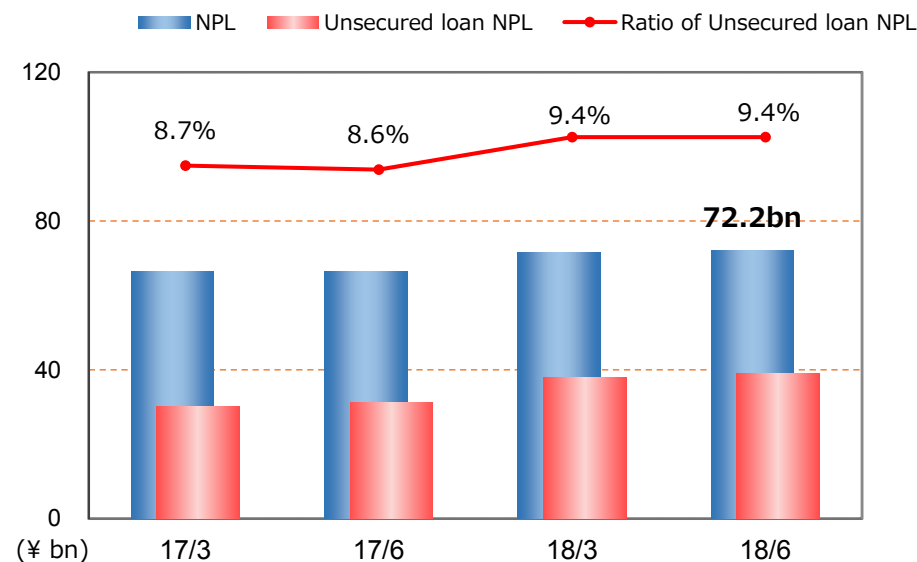
(¥ million)	17/6 (3M)	18/6 (3M)	YOY
Bad debt	6,814	8,091	18.8%
Bad debt except write offs related to interest repayment	6,054	7,622	25.9%
Ratio to operating loans	1.1%	1.2%	+0.1pt
Bad debt ration except write offs related to interest repayment	1.0%	1.1%	+0.1pt



【Trends of NPL defined by FSA】

(¥ million)	17/6	18/6	YOY
NPL amount	66,493	<u>72,270</u>	<u>8.7%</u>
Unsecured loan NPL	31,256	<u>39,105</u>	<u>25.1%</u>
Ratio of NPL*	14.6%	<u>14.0%</u>	<u>-0.6pt</u>
Ratio of Unsecured loan NPL*	8.6%	<u>9.4%</u>	<u>+0.8pt</u>

\* NPL ratios are calculated based on the combined figures of loans outstanding and claims bankruptcy.



\* Underlined NPL figures for the first quarter of fiscal year ending March 2019, were corrected.

# Credit Card Business: Situation of Credit Card (Consolidated)

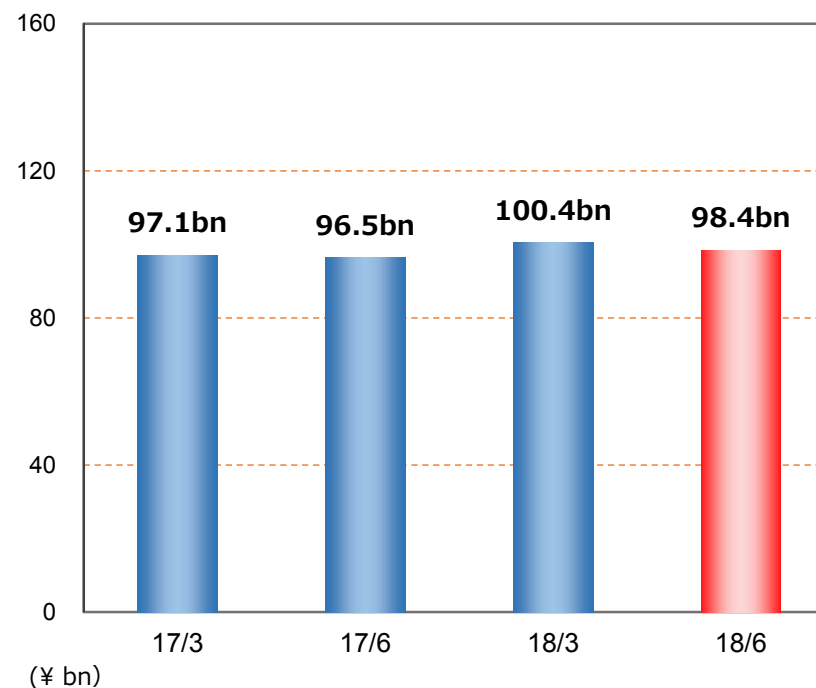
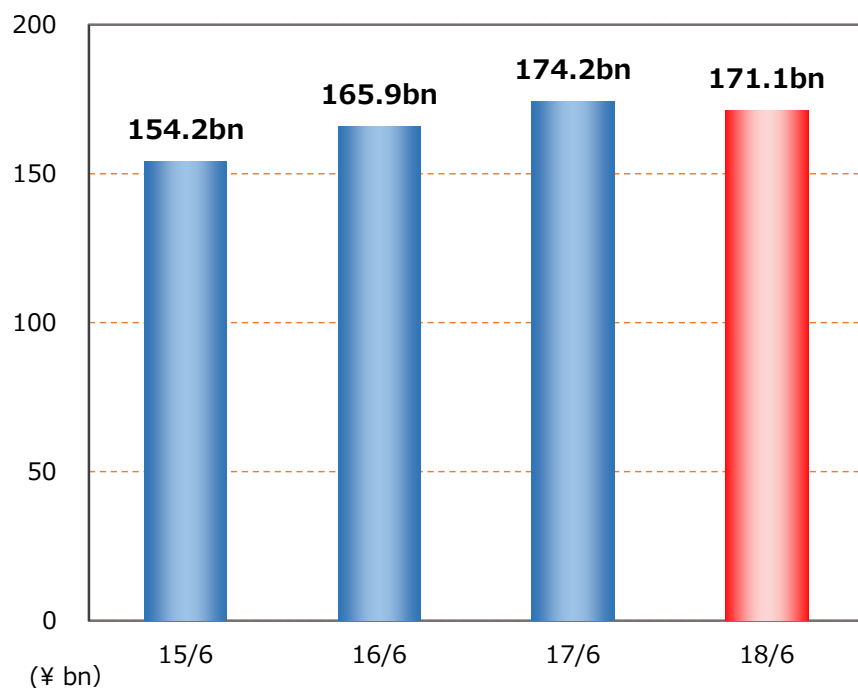
✓ Credit Card Business: Transaction volume decreased 1% yoy to ¥171.1bn.  
 Installment receivable increased 2% yoy to ¥98.4bn.

【Transaction Volume】

(¥ million)	16/6	17/6	18/6	YOY
Transaction volume	165,963	174,278	171,188	-1.8%

【Installment receivable】

(¥ million)	17/6	18/3	18/6	YOY
Installment receivable	96,503	100,460	98,412	2.0%





# Credit Guarantee Business: Situation of Credit Guarantee (Consolidated)

✓ Credit Guarantee Business: Credit guarantee has performed steadily mainly in small business loan, showing a 13% increase yoy to ¥88.5bn. Number of tie-up financial institutions increased steadily to 141, an increase of two business partners year on year.

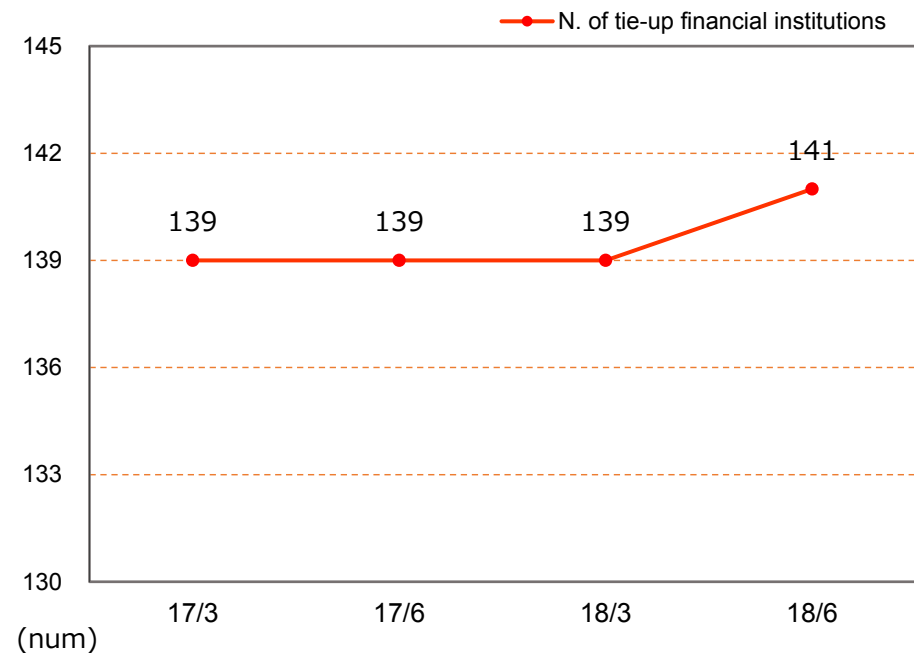
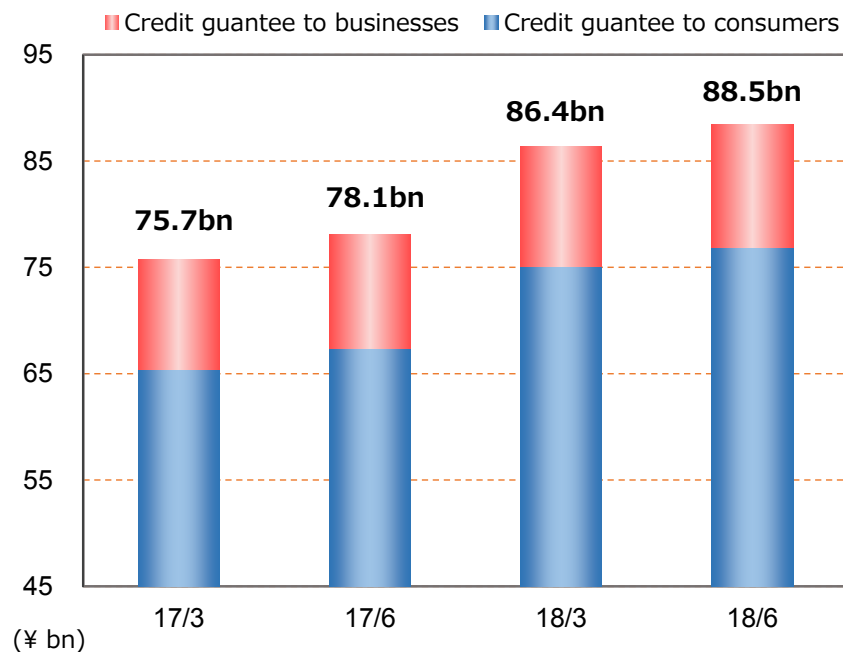
【Credit Guarantee Outstanding】

(¥ million)	17/6	18/3	18/6	YOY
Credit guarantee	78,135	86,465	88,521	13.3%
to consumers	67,427	75,158	76,955	14.1%
to businesses	10,708	11,306	11,566	8.0%

【Tie-up Financial Institutions (AIFUL)】

(number)	17/6	18/3	18/6	YOY
Tie-up financial institutions *	139	139	141	2

\* Decline due to merger at financial institutions are also reflected.



## Overseas Business: Status of Overseas Market Entry

✓ A & A : Due to brisk demand for funds with a background of economic growth and rising consumption in Thailand, A&A achieved steady growth with loans outstanding totaling ¥19.2bn, a 187% yoy increase and number of accounts reaching 309 thousand, a 145% yoy increase.

	 <b>AIRA &amp; AIFUL Public Company Limited (A&amp;A)</b>	 <b>PT REKSA FINANCE</b>	 <b>SANSHU Finance Corporation</b>
<b>Location</b>	Bangkok, Thailand	Jakarta, Indonesia	Shanghai, China
<b>Business Outline</b>	Consumer finance business	Used car loan business	Leasing business
<b>Other Info</b>	2015年9月より営業開始	Joined AIFUL Group in May 2017	Joined AIFUL Group in April 2015



\* Fiscal period of A&A is from January 1, to December 31.

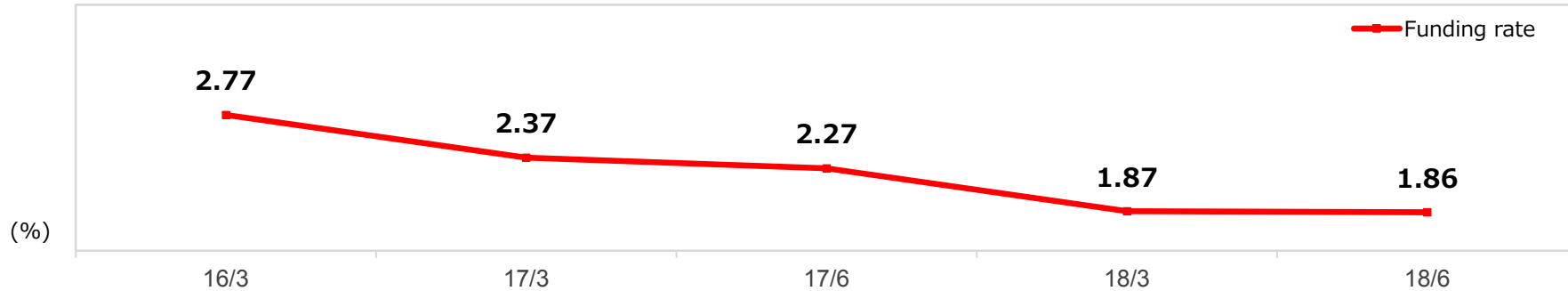
\* Exchange rate (Thai Baht): B/S : FY2017/1Q ¥3.26, FY2018/1Q ¥3.40, YOY +0.14

P/L : FY2017/1Q ¥3.24, FY2018/1Q ¥3.43, YOY +0.19

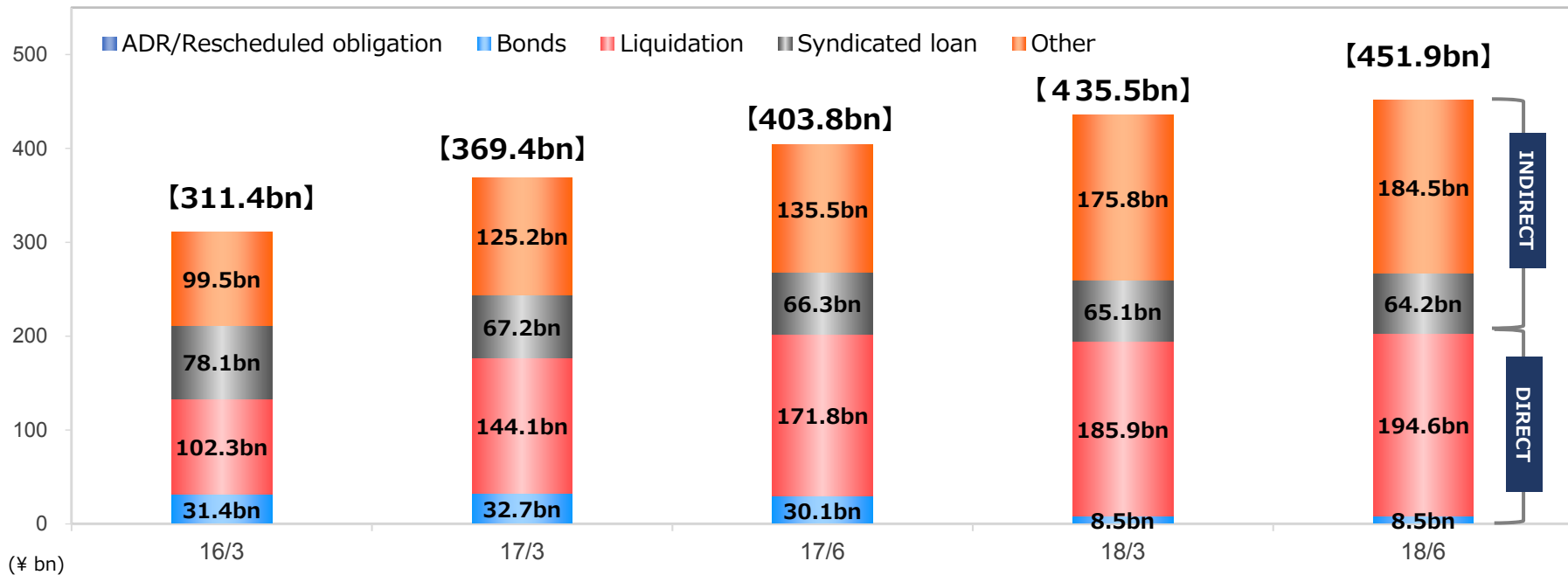
# Funding Environment: Consolidated

- ✓ Funding Rate: Funding rate declined 41bps to 1.86%, mainly due to early redemption of 8% interest rate bond in July 2017.
- ✓ Interest-Bearing Liabilities: Fund procurement increased 12% yoy to ¥451.9bn.

## 【Trends of Funding Rate】



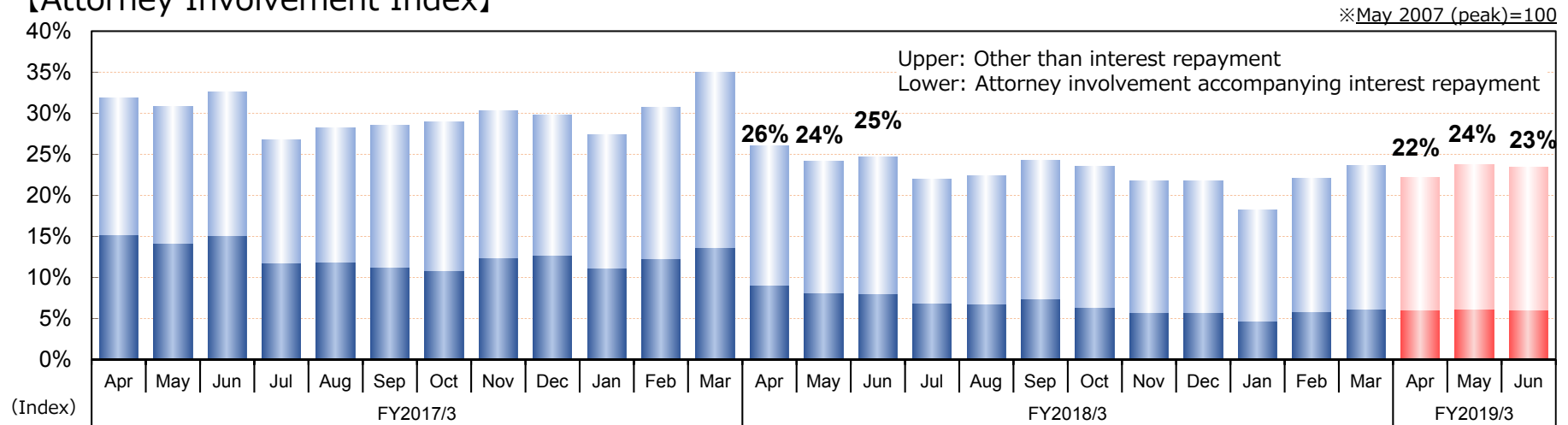
## 【Trends of Interest-Bearing Liabilities】



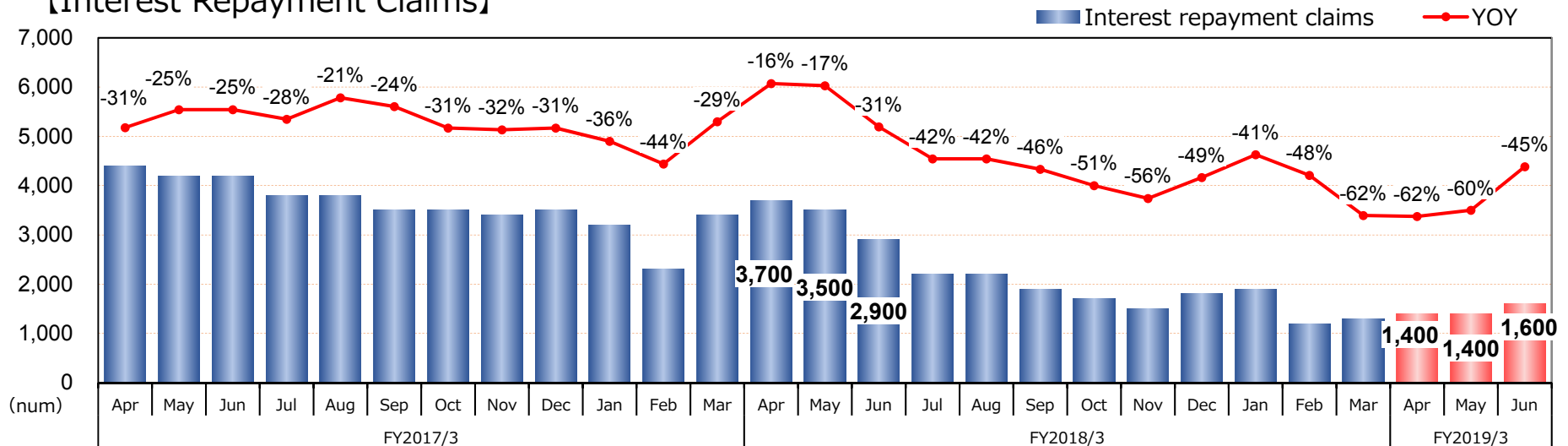
# Trends of Interest Repayment(1): Interest Repayment Indices (AIFUL)

- ✓ Attorney Involvement Index: Attorney involvement accompanying interest repayment declined 28% yoy in the first quarter.
- ✓ Interest Repayment Claims: Total number of claims was 4,400, declined by 56% yoy in the first quarter.

## 【Attorney Involvement Index】



## 【Interest Repayment Claims】



## Trends of Interest Repayment(2): Changes in Allowance and Interest Repayment

- ✓ Allowance related to Interest Repayment: Allowance at end of the first quarter was ¥22.9bn.  
Withdraw amount during the first quarter, declined by 52% yoy to ¥3.6bn.

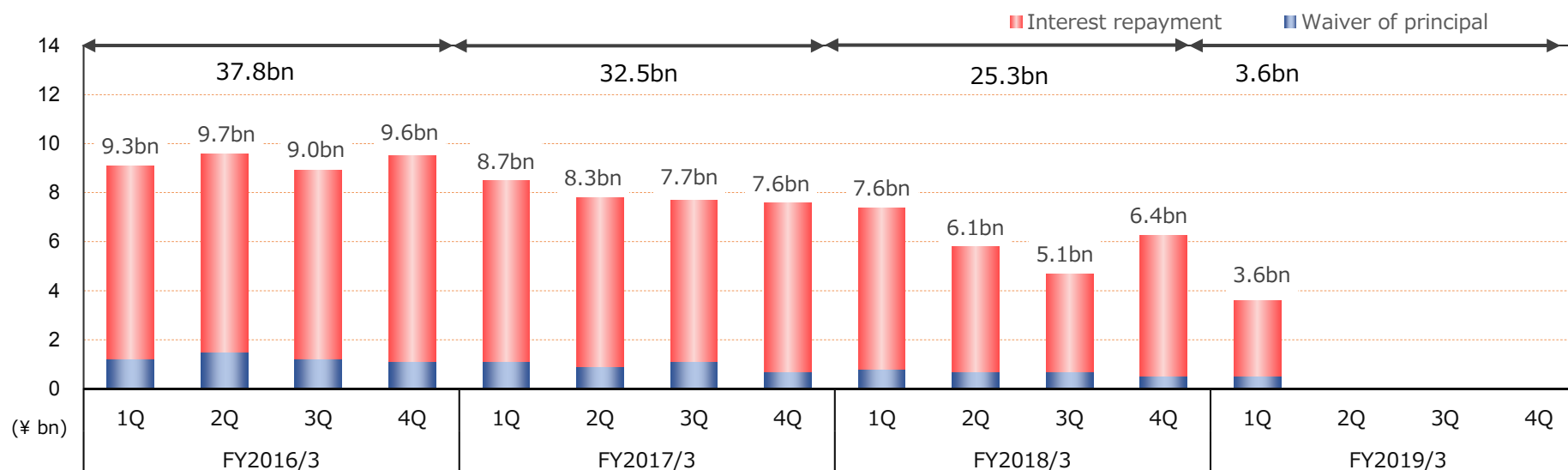
### 【Provision for loss in Interest Repayment】

(Consolidated)


(AIFUL)

(¥ million)	Interest repayment	Waiver of principal	Total	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2019/3	24,331	2,238	26,569	22,158	2,238	24,396
Withdraw (Interest repayment)	3,150	-	3,150	2,931	-	2,931
Withdraw (Waiver of principal)	35	469	504	-	469	469
Provisions (reversal)	-	-	-	-	-	-
Allowance at the end of FY2019/3 1Q	21,146	1,768	22,915	19,226	1,768	20,995


### 【Withdraw Amount of Interest Repayment and Waiver of principal (Consolidated)】



## Financial Result of AIFUL: Financial Results Summary

 (¥ million)	17/6	18/6	YOY	YOY%
Operating revenue	15,387	17,201	1,814	11.8%
Interest on operating loans	10,881	12,525	1,643	15.1%
Revenue from credit guarantee	2,744	2,733	-10	-0.4%
Recoveries of written off claims	1,352	1,481	129	9.6%
Operating expenses	14,965	15,905	939	6.3%
Financial expenses	1,797	1,414	-383	-21.3%
Provision of allowance for doubtful accounts	4,904	6,193	1,288	26.3%
Provision for loss on interest repayment	-	-	-	-
Other operating expenses	8,263	8,297	33	0.4%
Operating profit	421	1,296	874	207.7%
Ordinary profit	615	1,492	876	142.4%
Extraordinary income	700	-	-	-
Profit	1,351	1,647	295	21.9%
Loans outstanding	329,860	370,147	40,286	12.2%
Unsecured	309,774	352,210	42,435	13.7%
Credit guarantee	81,869	89,833	7,964	9.7%
Customer accounts (thousands)	733	822	88	12.1%
Average yield	14.8%	14.9%	+0.1pt	-
Below 18% unsecured loan balance's occupancy rate	97.3%	98.1%	+0.8pt	-

## Financial Results of LIFECARD: Financial Results Summary

	(¥ million)				
		17/6	18/6	YOY	YOY%
Operating revenue		7,481	8,134	653	8.7%
Revenue from installment receivables		3,914	3,933	19	0.5%
Interest on operating loans		1,386	1,407	21	1.5%
Revenue from credit guarantee		324	343	19	5.9%
Operating expenses		6,481	7,586	1,105	17.0%
Operating profit		999	547	-451	-45.2%
Ordinary profit		1,050	584	-466	-44.4%
Profit		586	400	-186	-31.7%
Credit card transaction volume		174,278	171,188	-3,089	-1.8%
Shopping		164,070	160,803	-3,267	-2.0%
Cashing		10,207	10,385	178	1.7%
Total receivable outstanding		163,236	166,842	3,605	2.2%
Installment receivable		95,702	97,942	2,240	2.3%
Loans		45,747	46,343	596	1.3%
Credit guarantee		21,039	21,662	622	3.0%
Number of new issue	(thousands)	137	129	-8	-6.1%
Number of card holders	(thousands)	5,874	5,776	-98	-1.7%

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