

Financial Results
for the Fiscal Year ended March 2017



AIFUL CORPORATION

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1. Financial Results Summary





◆ Highlights of Consolidated Financial Results

◆ Forecast for the FY2017/3

(¥ million)	16/3		17/3		17/3		
	(Results)	YOY%	(Results)	YOY%	(Forecast)	YOY	YOY%
Operating revenue	87,708	1.6%	91,450	4.3%	92,900	5,192	5.9%
Operating expenses	81,032	-35.6%	84,440	4.2%	85,900	4,868	6.0%
Operating income	6,676	-	7,009	5.0%	7,000	324	4.9%
Ordinary income	6,860	-	7,399	7.8%	7,000	140	2.0%
Net income attributable to owners of parent	7,044	-	7,276	3.3%	6,800	-244	-3.5%
Loans outstanding (Managed Asset Basis)	376,224	7.5%	412,649	9.7%	414,000	37,776	10.0%
Unsecured loans outstanding	306,601	12.1%	346,411	13.0%	349,100	42,499	13.9%
Installment receivable	90,166	6.9%	97,134	7.7%	98,900	8,734	9.7%
Credit guarantee	73,411	-0.6%	75,747	3.2%	83,500	10,089	13.7%


Financial Results (1): Consolidated Summary



(¥ million)	16/3	17/3	YOY	
			YOY	YOY%
Operating revenue	87,708	91,450	3,742	4.3%
Interest income	44,255	47,869	3,613	8.2%
Revenue from installment receivable	14,706	15,531	824	5.6%
Revenue from credit guarantee	12,491	12,494	2	0.0%
Operating expenses	81,032	84,440	3,408	4.2%
Financial expenses	7,780	8,030	250	3.2%
Cost of sales	1,609	1,537	-72	-4.5%
Credit cost	16,126	20,744	4,617	28.6%
(Bad debt write-offs)	21,561	20,816	-744	-3.5%
Expenses for Interest repayment	2,897	-	-2,897	-
(Interest repayment)	32,610	28,545	-4,065	-12.5%
Other operating expenses	52,617	54,127	1,510	2.9%
Advertising expenses	3,637	3,450	-187	-5.1%
Personnel expenses	13,761	14,270	509	3.7%
Sales promotion expenses	7,453	7,522	68	0.9%
Operating income	6,676	7,009	333	5.0%
Non-operating income	220	557	337	152.8%
Ordinary income	6,860	7,399	538	7.8%
Net income attributable to owners of parent	7,044	7,276	232	3.3%


Financial Results (2): Summary of AIFUL




 (¥ million)	16/3	17/3	YOY	YOY%
	Operating revenue	55,120	58,339	3,219
Interest income	36,856	40,292	3,436	9.3%
Revenue from credit guarantee	11,221	11,106	-114	-1.0%
Recovery of loans previously charged off	5,789	5,415	-373	-6.5%
Operating expenses	51,420	54,751	3,331	6.5%
Financial expenses	6,290	6,369	78	1.3%
Credit cost	14,171	16,724	2,553	18.0%
(Bad debt write-offs)	18,224	17,574	-649	-3.6%
Expenses for interest repayment	-	-	-	-
(Interest repayment)	31,087	27,006	-4,080	-13.1%
Other operating expenses	30,958	31,658	700	2.3%
Operating income	3,700	3,587	-112	-3.0%
Ordinary income	5,012	4,090	-922	-18.4%
Net income	5,281	4,823	-457	-8.7%
Loans outstanding (Managed Asset Basis)	289,565	322,087	32,521	11.2%
Unsecured loans outstanding	262,655	301,063	38,407	14.6%
Credit guarantee	78,466	80,039	1,572	2.0%
Customer accounts (thousands)	664	721	57	8.7%
Average yield	15.2%	14.7%	-0.5pt	-
Below 18% unsecured loan balance's occupancy rate	95.5%	97.0%	1.5pt	-

Financial Results (3): Summary of LIFECARD and BUSINEXT



 (¥ million)	16/3	17/3	YOY	YOY%
Operating revenue	28,358	28,890	531	1.9%
Operating expenses	27,245	25,980	-1,264	-4.6%
Operating income	1,113	2,910	1,796	161.3%
Ordinary income	1,140	3,237	2,096	183.9%
Net income	1,858	3,031	1,173	63.1%
Loans outstanding (Managed Asset Basis)	44,169	45,564	1,395	3.2%
Installment receivables	88,971	96,276	7,305	8.2%

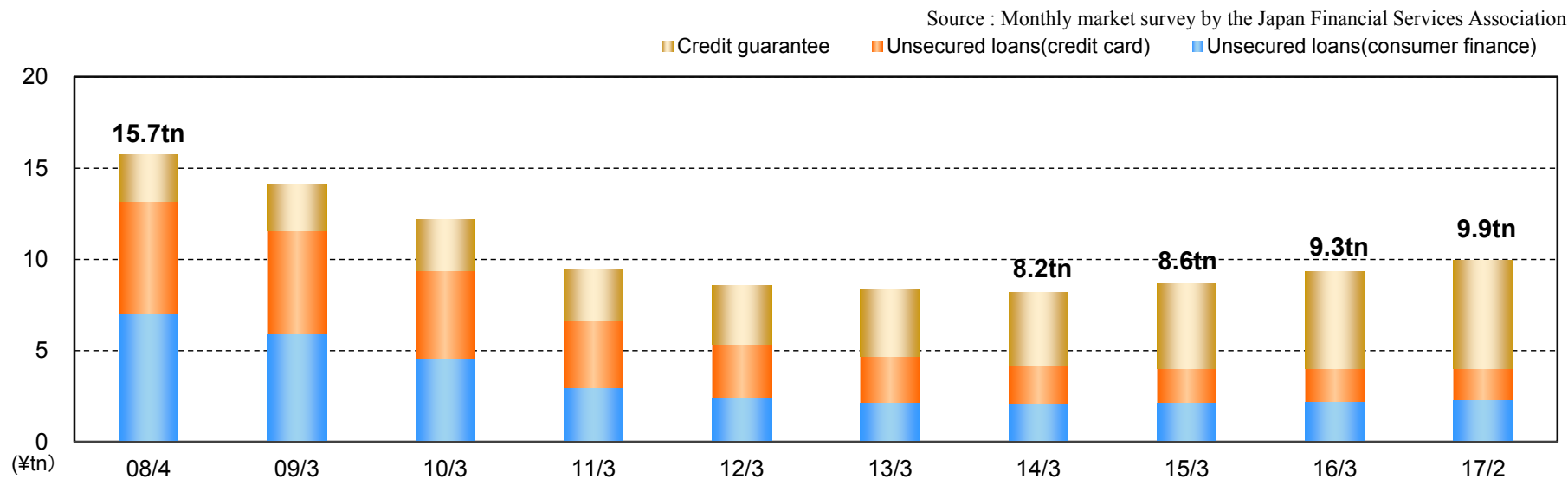
 (¥ million)	16/3	17/3	YOY	YOY%
Operating revenue	1,922	2,248	326	17.0%
Operating expenses	1,697	2,162	464	27.4%
Operating income	224	86	-138	-61.6%
Ordinary income	367	193	-173	-47.3%
Net income	365	101	-263	-72.2%
Loans outstanding (Managed Asset Basis)	42,489	44,997	2,508	5.9%
Customer accounts (thousands)	23	23	0	1.6%

2. Business Environment

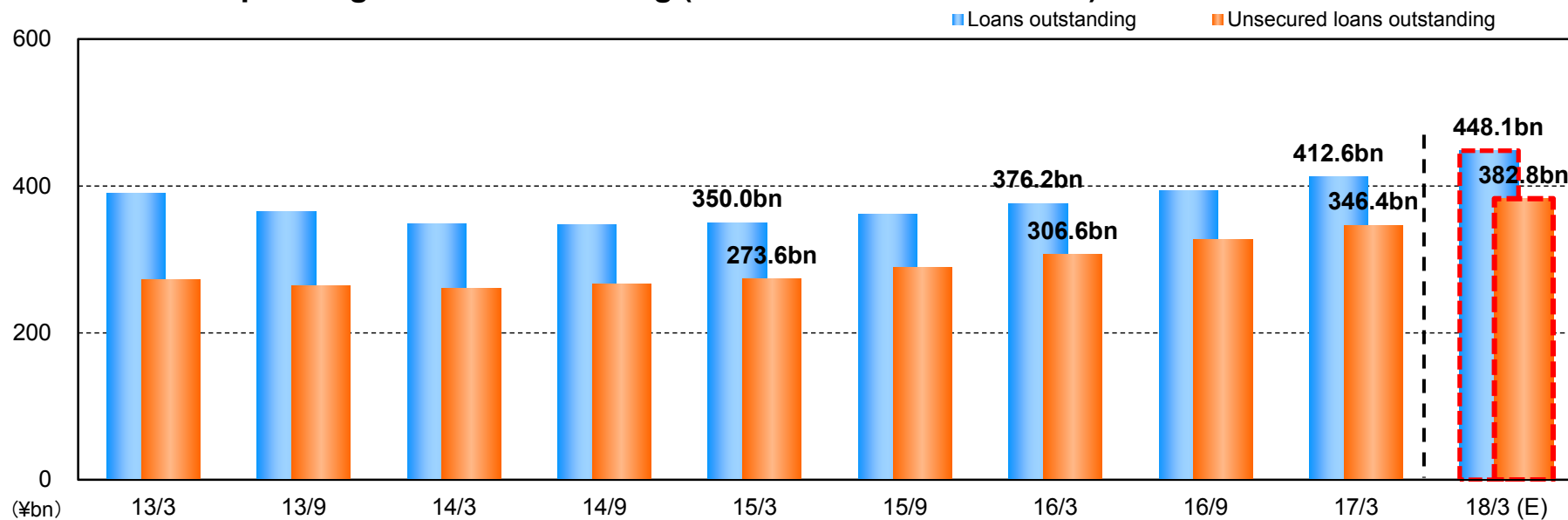




◆ Trends of Unsecured Consumer Loans Market



◆ Trends of Operating Loans Outstanding (AIFUL consolidated basis)



Operating Results (2): Situation of Unsecured loans (non-consolidated)

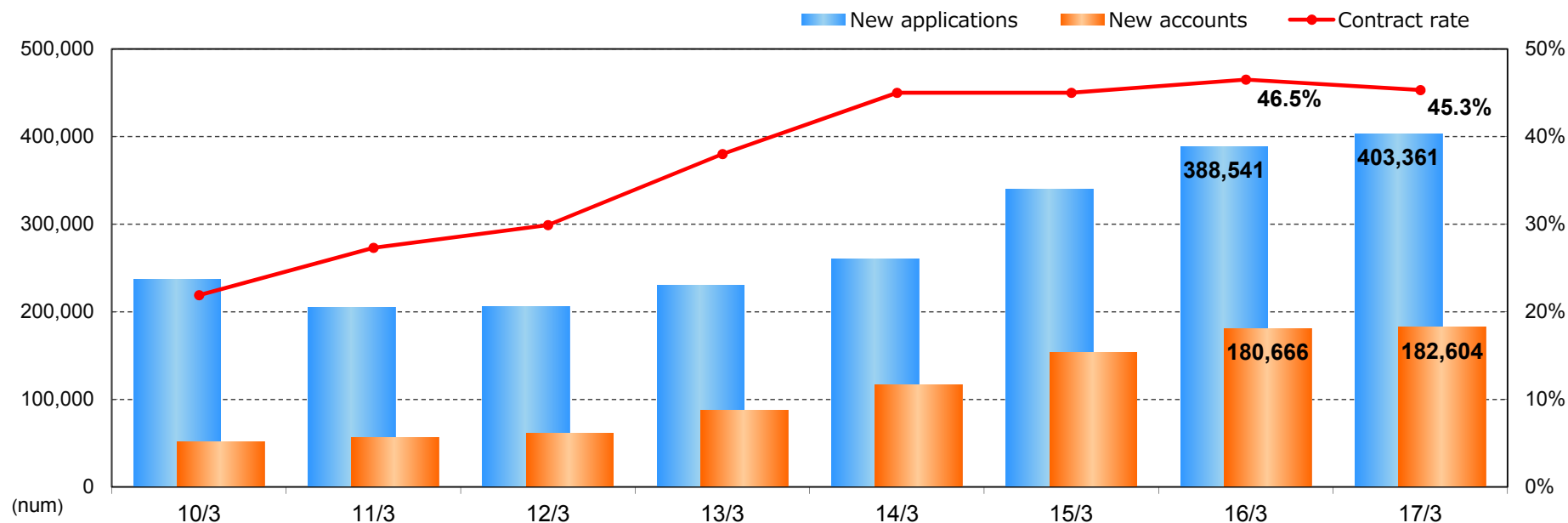


◆ Situation of Unsecured Loans' New Application

(¥ million)	FY2015					FY2016					YOY
	1Q (3M)	2Q (3M)	3Q (3M)	4Q (3M)	TOTAL	1Q (3M)	2Q (3M)	3Q (3M)	4Q (3M)	TOTAL	
New applications (num)	99,969	98,862	88,699	101,011	388,541	100,336	101,824	100,596	100,605	403,361	3.8%
New accounts (num)	44,292	46,665	41,986	47,723	180,666	46,964	47,204	45,863	42,573	182,604	1.1%
Contract rate	44.3%	47.2%	47.3%	47.2%	46.5%	46.8%	46.4%	45.6%	42.3%	45.3%	-1.2pt
Ratio of LE0+LE1	-	-	-	-	73.1%	-	-	-	-	74.5%	+1.4pt

Italic Font = Increase or Decrease

◆ Trends of New applications, New accounts and Contract rate of Unsecured loans



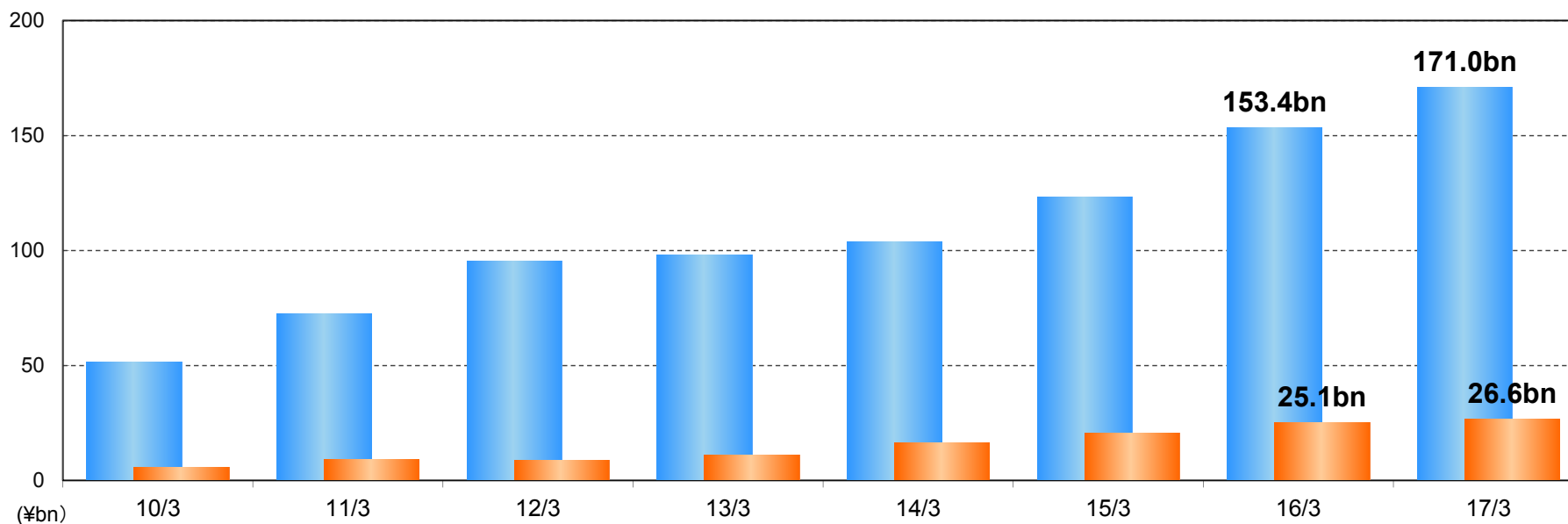


◆ Situation of Loan Volume

(¥ million)	FY2015					FY2016					YOY
	1Q (3M)	2Q (3M)	3Q (3M)	4Q (3M)	TOTAL	1Q (3M)	2Q (3M)	3Q (3M)	4Q (3M)	TOTAL	
Loan volume	36,476	38,565	37,640	40,809	153,492	42,711	42,831	43,486	42,013	171,042	11.4%
Loans to a new accounts	5,695	6,396	5,979	7,047	25,120	6,852	7,133	6,885	5,786	26,657	6.1%
Loans to a existing accounts	30,780	32,168	31,661	33,761	128,371	35,858	35,698	36,601	36,227	144,385	12.5%

◆ Trends of Loan Volume

■ Loan volume ■ Loans to new accounts



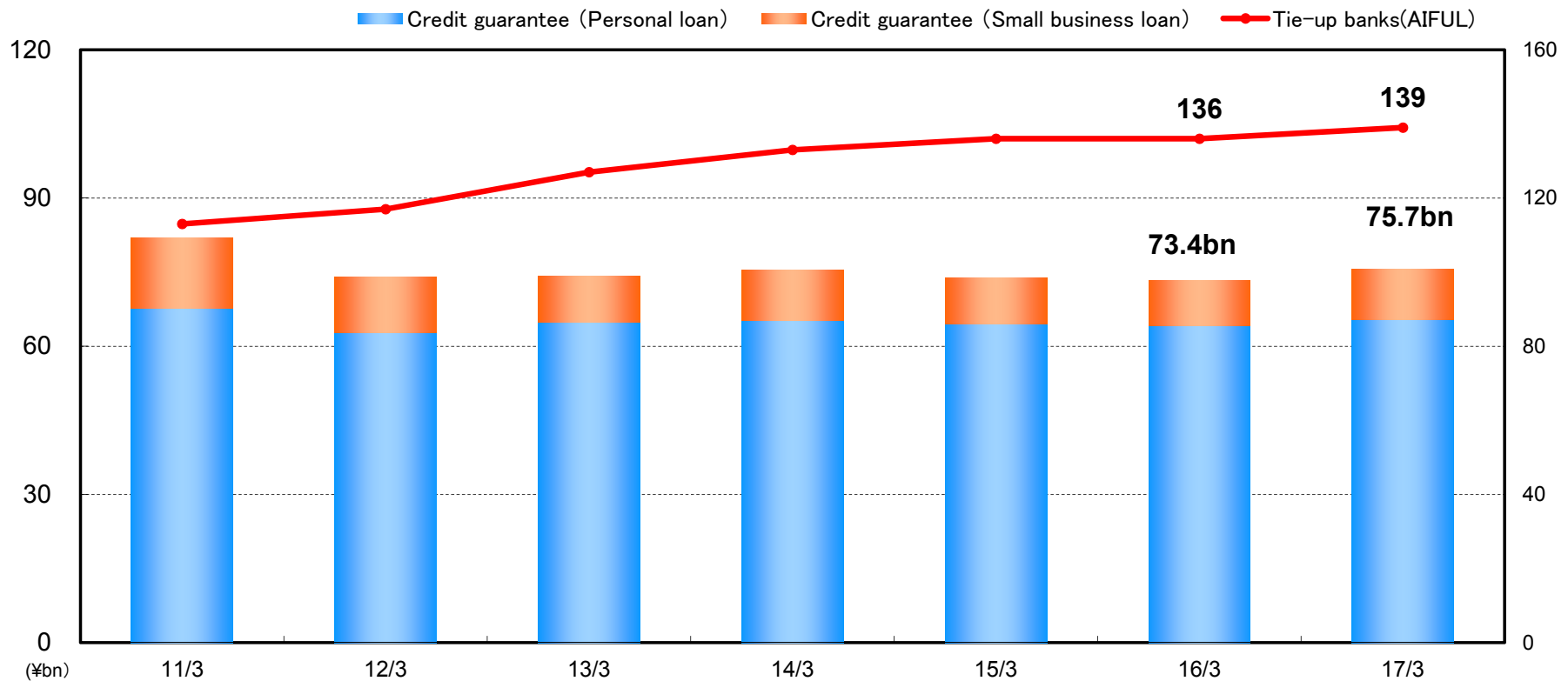


◆ Credit Guarantee Outstanding

(¥ million)	13/3	14/3	15/3	16/3	17/3	YOY
Credit guarantee *	74,440	75,558	73,874	73,411	75,747	3.2%

*Managed Asset Basis

◆ Trends of Credit Guarantee Outstanding





◆ Trends of Installment receivable(consolidated)

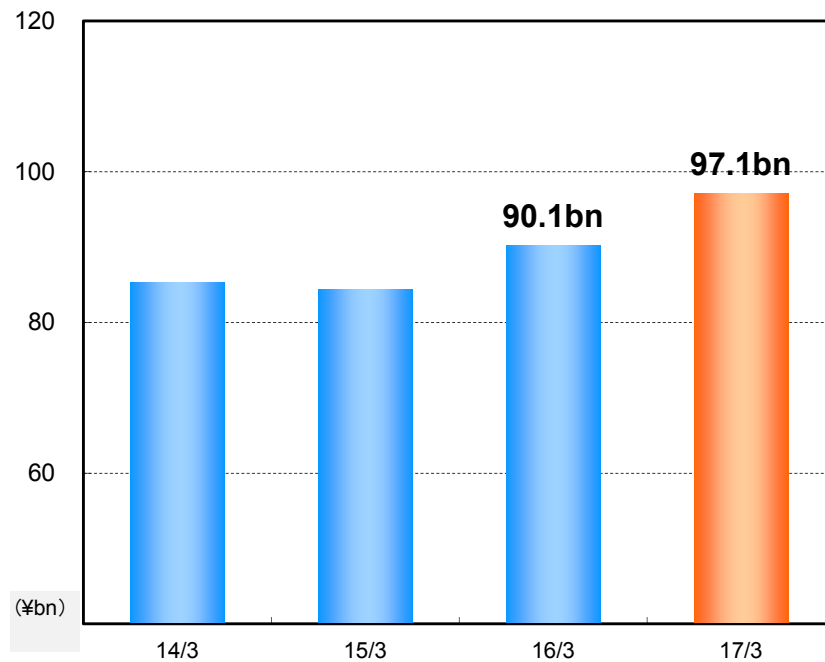
(¥ million)	15/3	16/3	17/3	YOY
				YOY
Installment receivable* (consolidated)	84,332	90,166	97,134	7.7%

*Managed Asset Basis

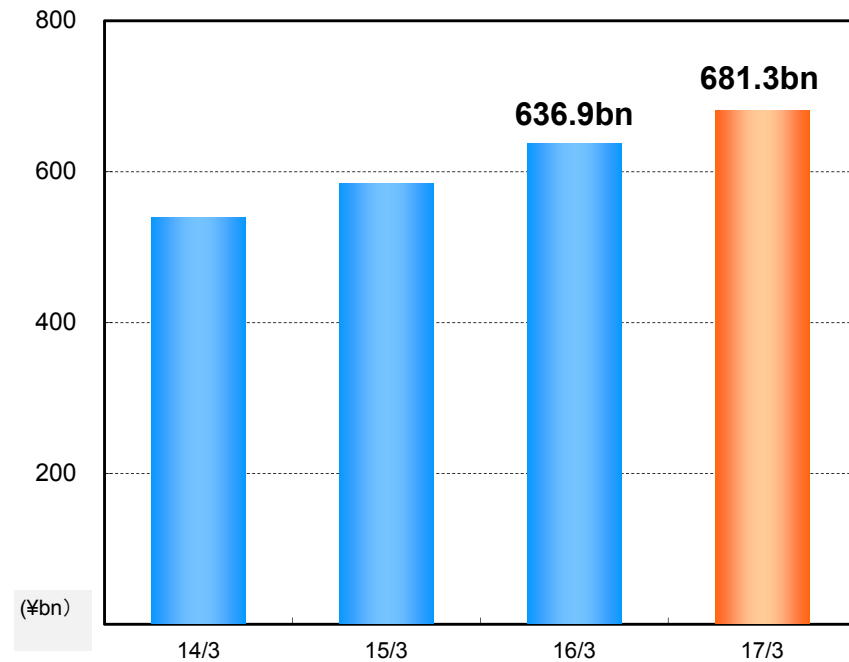
◆ Trends of Purchase results (LIFECARD)

(¥ million)	15/3	16/3	17/3	YOY
				YOY
Purchase results (LIFECARD)	584,733	636,901	681,362	7.0%

◆ Trends of Installment receivable (consolidated)



◆ Trends of Purchase results (LIFECARD)



Trends of Non-performing loans (1): Status of Bad Debt Write-offs



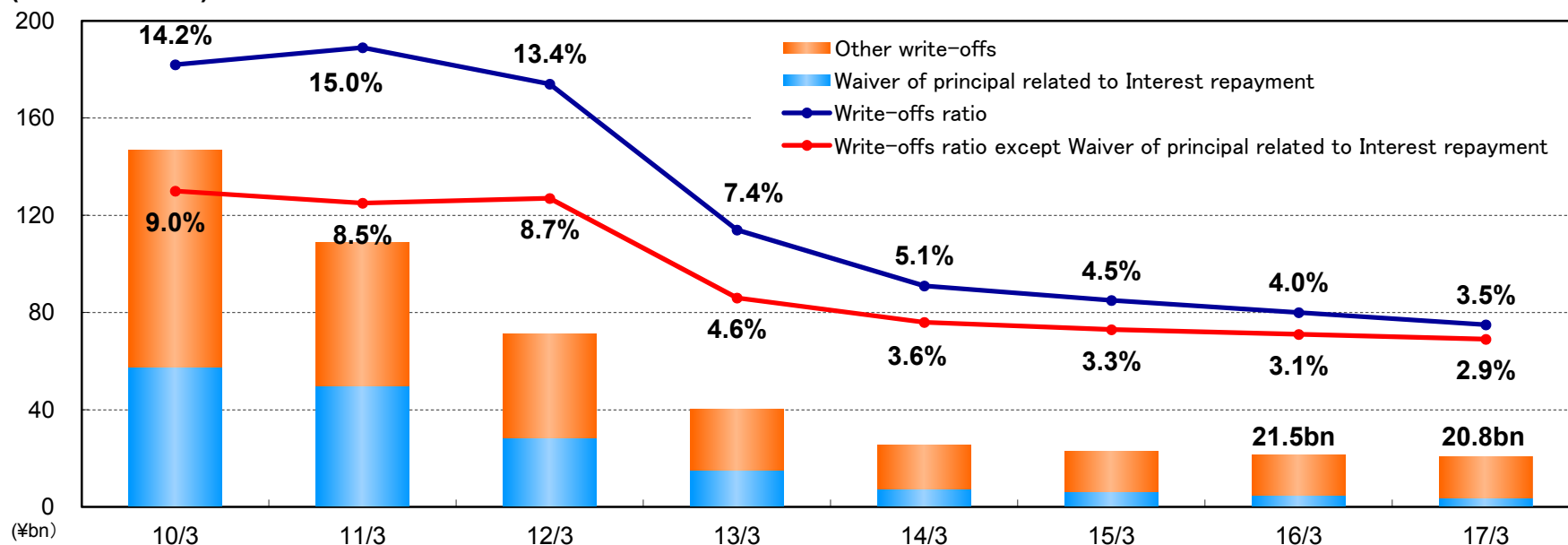
◆ Amount of Write-offs and Write-offs Ratio for Total Receivable Outstanding

(Consolidated)

(Non-consolidated)

(¥ million)	16/3	17/3	YOY	16/3	17/3	YOY
	(12M)	(12M)		(12M)	(12M)	
(1) Write-offs	21,561	20,816	-3.5%	18,224	17,574	-3.6%
Waiver of principal related to Interest repayment	4,953	3,771	-23.8%	4,953	3,771	-23.8%
Other	16,608	17,044	2.6%	13,271	13,802	4.0%
(2) Specific allowance for doubtful accounts	169	142	-15.8%	165	143	-13.4%
Total Write-offs (1)+(2)	21,730	20,959	-3.5%	18,389	17,717	-3.7%
Write-offs ratio	3.98%	3.54%	-0.44pt	4.91%	4.34%	-0.57pt

(Consolidated)



Trends of Non-performing loans (2) : Trends of NPL defined by FSA



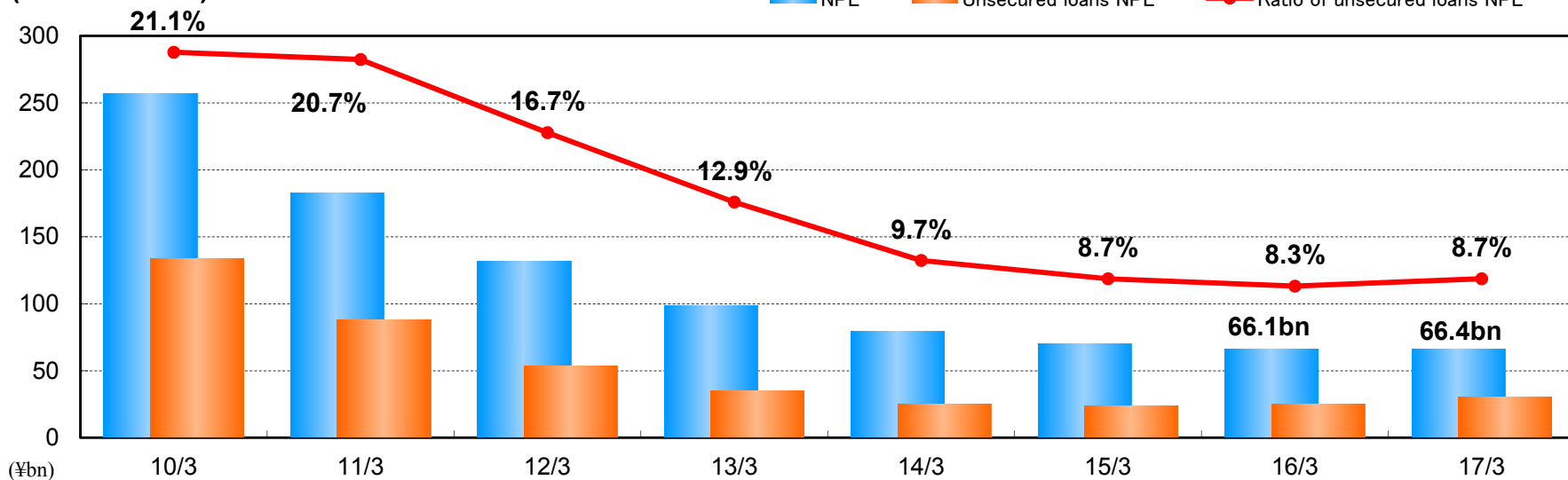
◆ Trends of NPL defined by FSA

(Consolidated)

(Non-consolidated)

(¥ million)	16/3	17/3	YOY	16/3	17/3	YOY
Total non-performing loans	66,158	66,401	0.4%	61,629	61,368	-0.4%
Loans in legal bankruptcy	31,105	28,712	-7.7%	31,075	28,686	-7.7%
Non-accrual loans	22,263	25,530	14.7%	20,648	23,582	14.2%
Loans past due for three months or more	3,349	4,407	31.6%	3,093	4,122	33.3%
Restructured loans	9,439	7,750	-17.9%	6,812	4,976	-26.9%
Ratio of loan outstanding and claims in bankruptcy NPL	16.2%	15.0%	-1.2pt	19.2%	17.5%	-1.7pt
Ratio of Unsecured loan NPL	8.3%	8.7%	+0.4pt	8.5%	8.9%	+0.4pt

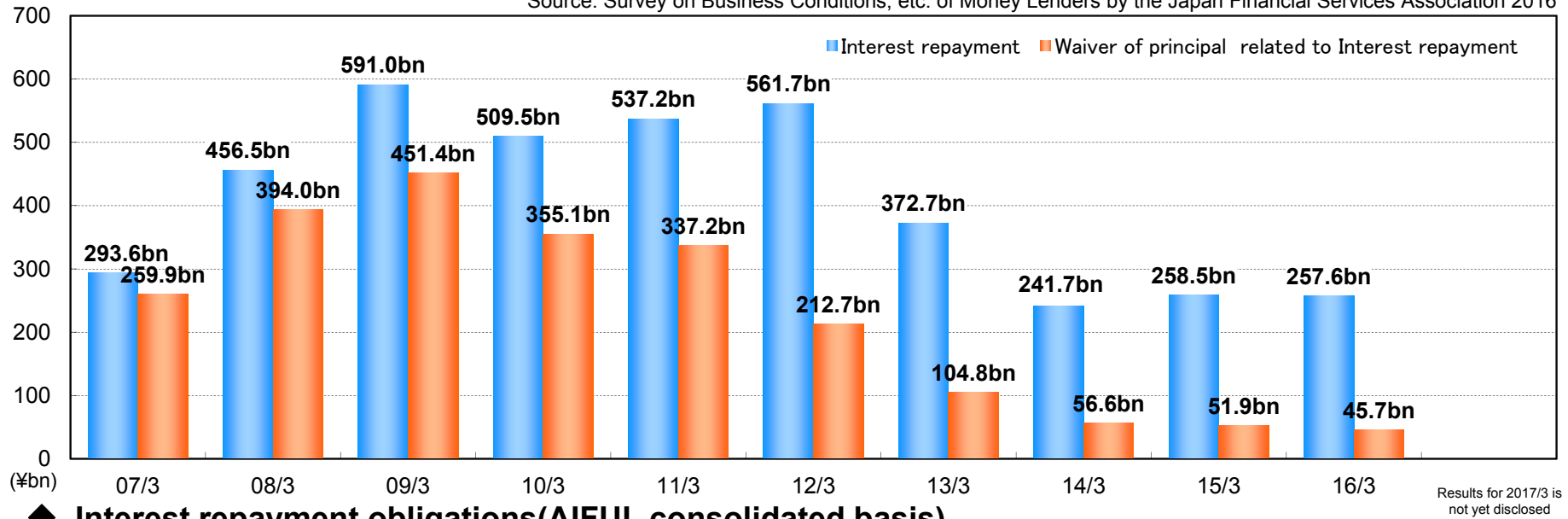
(Consolidated)



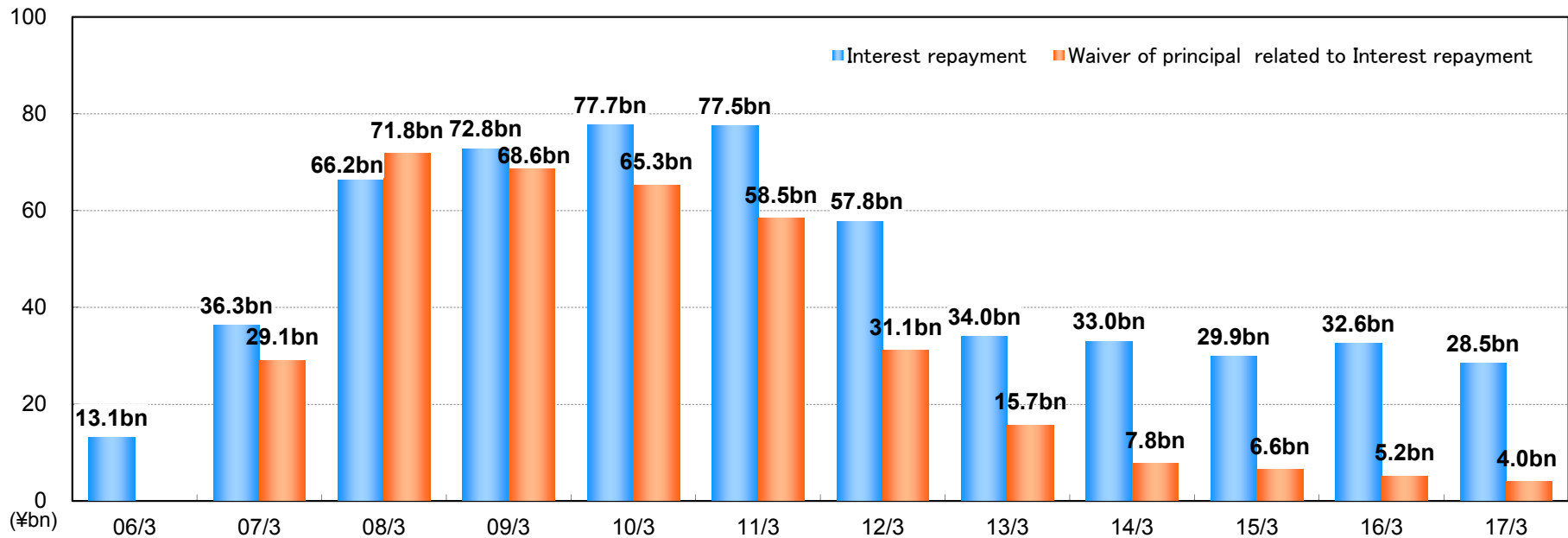


◆ Industry interest repayment obligations

Source: Survey on Business Conditions, etc. of Money Lenders by the Japan Financial Services Association 2016



◆ Interest repayment obligations(AIFUL consolidated basis)

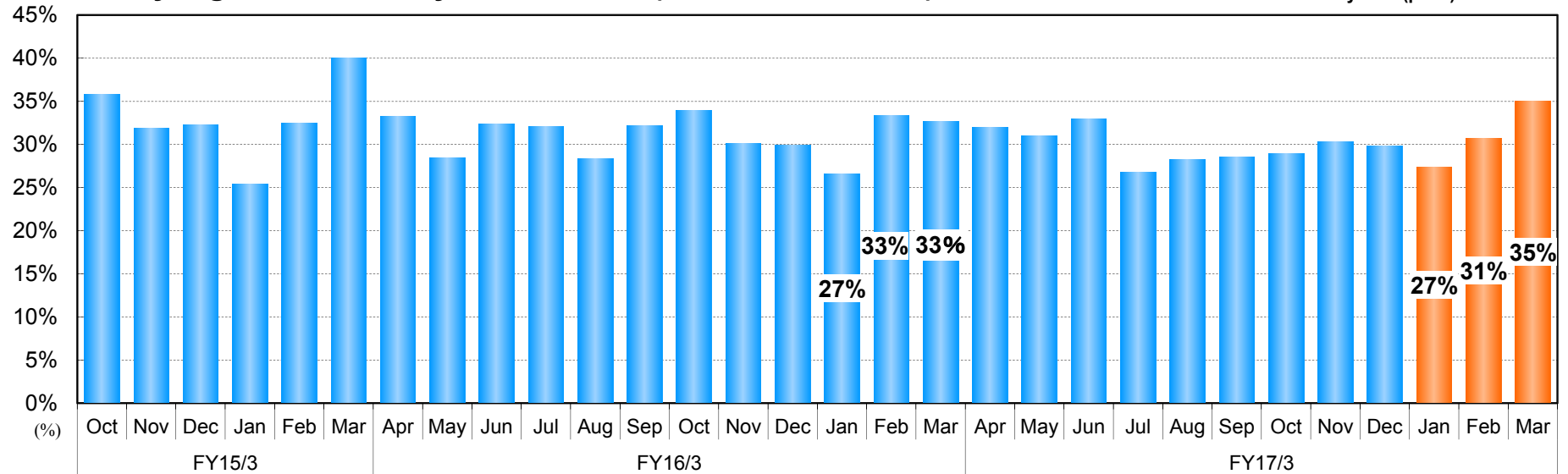


Trends of Interest Repayment (2) : Interest Repayment related Indices

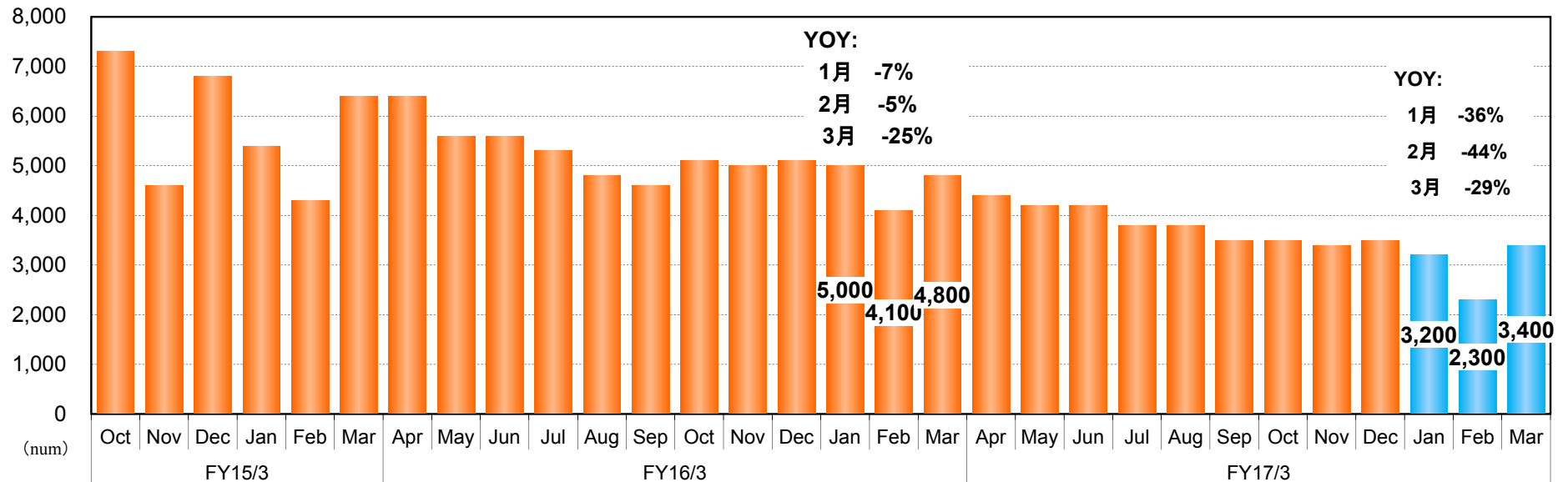


◆ Monthly Figure of Attorney Involvement (non-consolidated)

* May 2007(peak) =100



◆ Monthly Interest Repayment Claims (non-consolidated)





◆ Allowance for losses on Interest repayment (off-balance)

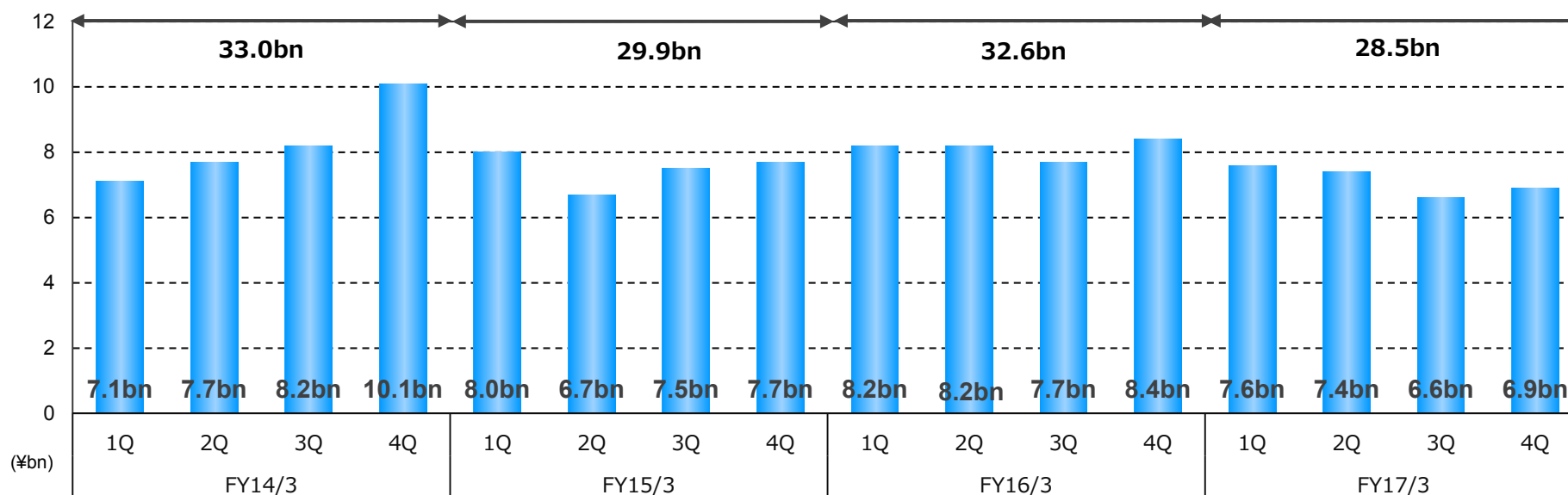
(Consolidated)

(¥ million)	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2016	63,438	12,434	75,873
Reversal (Interest repayment)	28,545	-	28,545
Reversal (Waiver of principal)	253	3,771	4,025
Provisions	-	-	-
Allowance at the beginning of FY2016	34,640	8,663	43,303

(Non-consolidated)

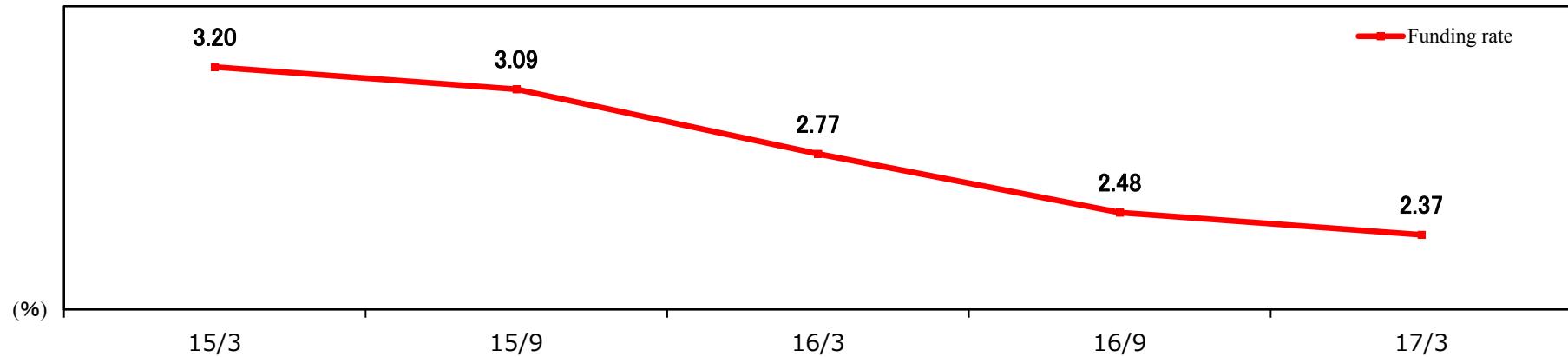
Interest repayment	Waiver of principal	Total
58,000	12,434	70,435
27,006	-	27,006
-	3,771	3,771
-	-	-
30,994	8,663	39,657

◆ Reversal of Allowances for Losses on Interest Repayment (Consolidated)

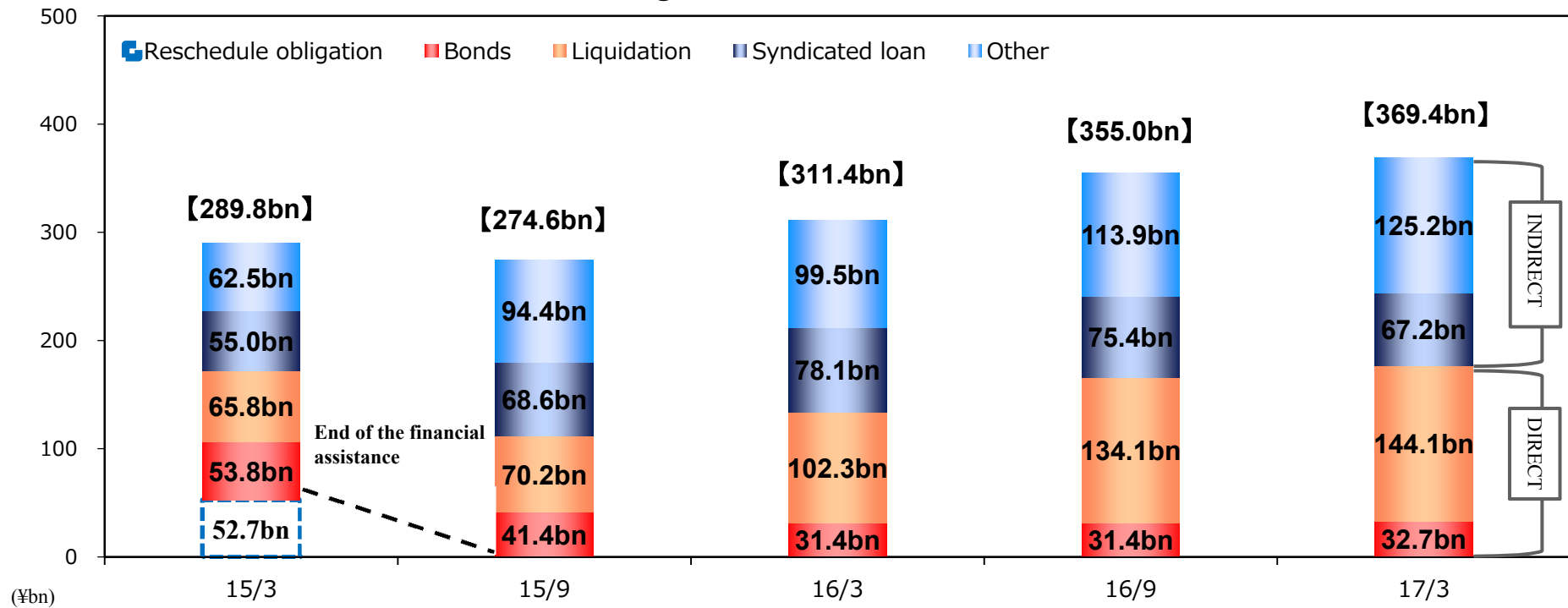




◆ Trends of Consolidated Funding rate



◆ Trends of Consolidated Interest - Bearing Liabilities



3. Forecast for the Fiscal Year ending March 2018



Forecast for the Fiscal Year ending March 2018



(Consolidated)


(¥ million)	17/3		18/3(E)		
		YOY%		YOY	YOY%
Operating revenue	91,450	4.3%	100,600	9,150	10.0%
Operating expenses	84,440	4.2%	90,000	5,560	6.6%
Operating income	7,009	5.0%	10,600	3,591	51.2%
Ordinary income	7,399	7.8%	10,000	2,601	35.2%
Net income attributable to owners of parent	7,276	3.3%	9,300	2,024	27.8%
Loans outstanding (Managed Asset Basis)	412,649	9.7%	448,100	35,451	8.6%
Unsecured loans outstanding	346,411	13.0%	382,800	36,389	10.5%
Installment receivable	97,134	7.7%	111,900	14,766	15.2%
Credit guarantee	75,747	3.2%	87,600	11,853	15.6%

(Non-consolidated)

(¥ million)	17/3		18/3(E)		
		YOY%		YOY	YOY%
Operating revenue	58,339	5.8%	63,700	5,361	9.2%
Operating expenses	54,751	6.5%	56,800	2,049	3.7%
Operating income	3,587	-3.0%	6,800	3,213	89.6%
Ordinary income	4,090	-18.4%	7,400	3,310	80.9%
Net income	4,823	-8.7%	8,300	3,477	72.1%


4. Financial Results of LIFECARD



 (¥ million)	16/3	17/3	YOY	YOY%
	Operating revenue	28,358	28,890	531
Installment receivable	14,559	15,361	802	5.5%
Credit card	14,556	15,358	802	5.5%
Loans	5,645	5,603	-42	-0.7%
with Credit card	4,272	4,163	-108	-2.5%
Credit guarantee	1,270	1,272	1	0.2%
Other	6,884	6,653	-230	-3.3%
Operating expenses	27,245	25,980	-1,264	-4.6%
Financial expenses	2,181	1,610	-570	-26.2%
Credit cost	1,939	3,669	1,730	89.2%
Interest repayment	2,897	-	-2,897	-
Other	20,227	20,700	473	2.3%
Operating income	1,113	2,910	1,796	161.3%
Non-operating income	33	392	359	-
Ordinary income	1,140	3,237	2,096	183.9%
Net income	1,858	3,031	1,173	63.1%

LIFECARD (2): Overview of Company's Operating base



 (¥ million)	16/3	17/3	YOY	YOY%
	Number of new issue (thousands)	501	512	10
Proper	126	136	9	7.9%
Affinity	375	376	0	0.2%
Number of card holders (thousands)	6,291	5,883	-407	-6.5%
Credit card purchase results	636,901	681,362	44,460	7.0%
Shopping	595,922	640,598	44,676	7.5%
Cashing	40,979	40,763	-215	-0.5%
Total receivable outstanding	154,950	163,571	8,621	5.6%
Installment receivable	88,971	96,276	7,305	8.2%
Loans	44,169	45,564	1,395	3.2%
Credit guarantee	21,178	21,007	-170	-0.8%
Other	631	722	91	14.5%
Bad debt write-offs	3,120	3,090	-29	-1.0%
Ratio of bad debt write-offs	2.01%	1.89%	-0.12pt	-

5. Explanation of Figures



Explanation Figures (1): Breakdown of Consolidated operating revenue



(¥ million)	16/3	17/3	YOY%	Reasons for increase/ decrease
Consolidated Operating revenue	87,708	91,450	4.3%	
Interest income	44,255	47,869	8.2%	Loans outstanding were ¥352.6 bn (up¥37.0bn yoy).
AIFUL	36,856	40,292	9.3%	Loans outstanding were ¥291.3 bn (up ¥34.4bn yoy). Breakdown of loans outstanding were: >unsecured loan ¥271.6bn (up ¥41.6bn yoy) >secured loan ¥16.4bn (down ¥5.3bn yoy) >small business loan ¥3.2bn (down ¥1.7bn yoy).
LIFECARD	5,645	5,603	-0.7%	Loans stood at ¥43.9bn (up ¥1.5bn yoy).
BUSINEXT	1,799	1,973	9.7%	Loans stood at ¥17.3bn (up ¥1.0bn yoy).
Revenue from installment receivable	14,706	15,531	5.6%	Credit card shopping purchases increased by ¥44.4bn to ¥681.3bn.
Revenue from credit guarantee	12,491	12,494	0.0%	Credit guarantees outstanding amounted to ¥114.4bn (up ¥2.8bn),
Other operating income	16,254	15,555	-4.3%	
Recovery of loans previously charged off	6,021	5,678	-5.7%	Reduction in recovery of loans previously charged off together with a reduction in written-off bad debt.
Collection from purchased receivables	2,142	2,096	-2.1%	Collection from purchased receivables at Astry Loan Service

※Receivable Outstanding stated in the supplementary explanation section is on an off-balance basis.

Explanation Figures (2) : Breakdown of Consolidated Operating expenses · income



(¥ million)	16/3	17/3	YOY%	Reasons for increase/ decrease
Operating expenses	81,032	84,440	4.2%	
Financial expenses	7,780	8,030	3.2%	Due to increase in the borrowings
Cost of purchased receivables	1,351	1,476	9.3%	Tied to collection from purchased receivables at AsTry Loan Service
Credit cost	16,126	20,744	28.6%	Increased by ¥4.6bn year on year, due to a rise in the operating loan balance
Expenses related to interest repayment	2,897	-	-	
Advertising expenses	3,637	3,450	-5.1%	Advertising expenses for TV ads, etc. (¥3.0bn yen at AIFUL)
Personnel expenses	13,761	14,270	3.7%	Due to active employ, including new graduate
Other	35,218	36,406	3.4%	
Sales promotion expenses	7,453	7,522	0.9%	Expenses mainly for web (affiliate) advertising (¥6.0bn at AIFUL)
Provision for credit card point redemption	3,221	3,300	2.4%	Allowance for credit card point redemption at LIFECARD
Commission	11,182	11,835	5.8%	Due to increase in total receivable outstanding
Rental expenses & land rent	2,314	2,428	4.9%	Due to increase in the number of branches
Supplies, repair and maintenance	2,220	2,186	-1.5%	
Communications	2,364	2,523	6.7%	
Depreciation expenses	2,362	2,338	-1.0%	
Consumption taxes	2,477	2,552	3.0%	
Operating income	6,676	7,009	5.0%	

Explanation Figures (3): Breakdown of Consolidated Non-operating income · loss and Others



(¥ million)	16/3	17/3	YOY%	Reasons for increase/ decrease
Non-operating income	220	557	152.8%	Due to posting a gain on reversal of guarantee deposits received at LIFECARD
Non-operating expenses	35	168	372.3%	Due to posting a foreign exchange loss at AIFUL
Ordinary income	6,860	7,399	7.8%	
Income before taxes	6,860	7,399	7.8%	
Income taxes-current	179	440	145.3%	
Income taxes-deferred	-363	-318	-	
Net income attributable to owners of parent	7,044	7,276	3.3%	