

**Third Quarter Financial Results  
for the Fiscal Year ending March 2018**



**AIFUL CORPORATION**

<https://www.ir-aiful.com>

**February 13, 2018  
spokesperson@aiful.co.jp**



## (Consolidated)

(¥ million)	16/12	17/12	18/3(E)			
			YOY%	YOY	YOY%	
Operating revenue	68,330	75,952	10.9%	103,700	12,250	13.4%
Operating expenses	63,403	71,000	12.0%	94,800	10,360	12.3%
Operating income	4,927	4,951	0.5%	8,800	1,791	25.6%
Ordinary income	5,292	5,270	-0.4%	9,100	1,701	23.0%
Net income attributable to owners of parent	5,124	6,408	25.1%	10,000	2,724	37.4%
Loans outstanding (Managed Asset Basis)	402,875	454,783	12.9%	469,200	56,551	13.7%
Unsecured loans outstanding	336,812	387,925	15.2%	402,500	56,089	16.2%
Installment receivable	96,771	99,988	3.3%	107,700	10,566	10.9%
Credit guarantee	74,027	84,235	13.8%	92,600	16,853	22.2%

## (AIFUL)

(¥ million)	16/12	17/12	18/3(E)			
			YOY%	YOY	YOY%	
Operating revenue	43,563	48,185	10.6%	64,200	5,861	10.0%
Operating expenses	41,334	43,904	6.2%	57,700	2,949	5.4%
Operating income	2,228	4,280	92.1%	6,400	2,813	78.4%
Ordinary income	2,567	4,793	86.7%	7,000	2,910	71.1%
Net income	3,219	5,799	80.2%	8,400	3,577	74.2%

Note: AIRA & AIFUL Public Company Limited, unconsolidated subsidiary, has been included in the scope of the consolidation from the first quarter of the fiscal year ending March 31, 2018.


## Financial Results (2): Consolidated Summary




(¥ million)	16/12	17/12	YOY	
			YOY	YOY%
Operating revenue	68,330	75,952	7,621	11.2%
Interest income	35,624	41,589	5,964	16.7%
Revenue from installment receivable	11,547	12,039	492	4.3%
Revenue from credit guarantee	9,359	9,703	343	3.7%
Operating expenses	63,403	71,000	7,597	12.0%
Financial expenses	5,876	5,758	-117	-2.0%
Cost of sales	1,229	1,379	149	12.2%
Credit cost	15,768	19,714	3,945	25.0%
(Bad debt write-offs)	16,589	18,616	2,026	12.2%
Expenses for Interest repayment	-	-	-	-
(Interest repayment)	21,635	16,629	-5,006	-23.1%
Other operating expenses	40,528	44,148	3,619	8.9%
Advertising expenses	2,731	2,858	126	4.6%
Personnel expenses	10,675	11,689	1,013	9.5%
Sales promotion expenses	5,660	5,889	229	4.0%
Operating income	4,927	4,951	24	0.5%
Ordinary income	5,292	5,270	-22	-0.4%
Extraordinary income	-	703	703	-
Net Income	5,124	5,726	601	11.7%
Net income attributable to owners of parent	5,124	6,408	1,283	25.1%

Note: AIRA & AIFUL Public Company Limited, unconsolidated subsidiary, has been included in the scope of the consolidation from the first quarter of the fiscal year ending March 31, 2018.



 (¥ million)	16/12	17/12	YOY	YOY%
Operating revenue	43,563	48,185	4,621	10.6%
Interest income	29,909	34,042	4,133	13.8%
Revenue from credit guarantee	8,386	8,272	-114	-1.4%
Recovery of loans previously charged off	4,129	4,622	493	12.0%
Operating expenses	41,334	43,904	2,570	6.2%
Financial expenses	4,679	4,529	-149	-3.2%
Credit cost	12,749	14,827	2,077	16.3%
(Bad debt write-offs)	13,991	15,064	1,072	7.7%
Expenses for Interest repayment	-	-	-	-
(Interest repayment)	20,525	15,718	-4,806	-23.4%
Other operating expenses	23,905	24,548	642	2.7%
Operating income	2,228	4,280	2,051	92.1%
Ordinary income	2,567	4,793	2,226	86.7%
Net income	3,219	5,799	2,580	80.2%
Loans outstanding (Managed Asset Basis)	314,391	346,707	32,315	10.3%
Unsecured loans outstanding	292,122	328,112	35,989	12.3%
Credit guarantee	78,625	86,246	7,621	9.7%
Customer accounts (thousands)	706	771	64	9.2%
Average yield	14.7%	14.8%	0.1pt	-
Below 18% unsecured loan balance's occupancy rate	96.7%	97.7%	1.0pt	-

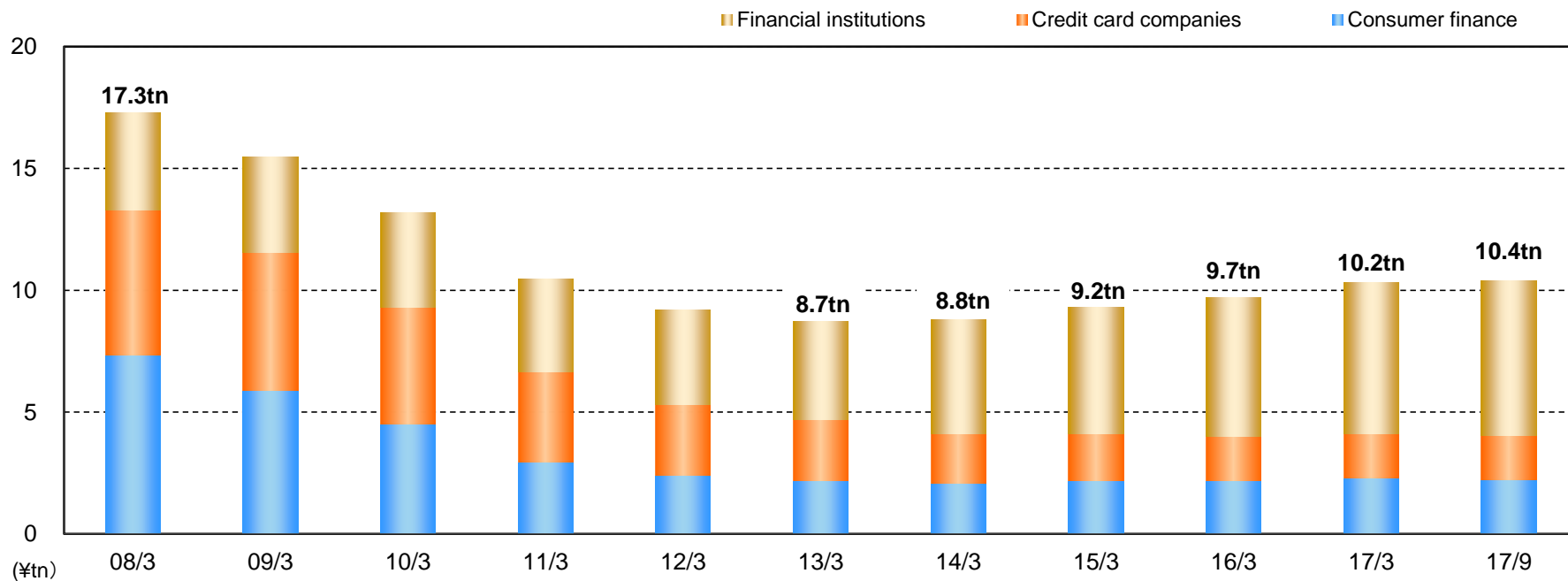


 ( ¥ million )	16/12	17/12	YOY	YOY%
Operating revenue	21,552	22,179	626	2.9%
Revenue from installment receivable	11,421	11,912	490	4.3%
Interest income	4,223	4,254	30	0.7%
Operating expenses	19,045	20,091	1,046	5.5%
Operating income	2,507	2,088	-419	-16.7%
Ordinary income	2,862	2,202	-660	-23.1%
Net income	2,667	1,585	-1,081	-40.5%
<b>Total Receivable Outstanding</b> (Managed Asset Basis)	<b>162,322</b>	<b>168,318</b>	<b>5,996</b>	<b>3.7%</b>
Installment receivables	95,854	99,270	3,415	3.6%
Loans outstanding	44,977	46,330	1,352	3.0%
Credit guarantee	20,816	21,893	1,077	5.2%
Number of card holders (thousands)	6,295	5,768	-526	-8.4%
Number of new issue (thousands)	354	361	6	2.0%
Transaction Volume	506,582	521,562	14,979	3.0%
Shopping	475,752	491,232	15,479	3.3%
Cashing	30,830	30,330	-500	-1.6%



## ◆ Trends of Unsecured Consumer Loans Market

(¥ trillion)	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3	17/9
Consumer finance	7.3	5.9	4.5	2.9	2.4	2.1	2.1	2.1	2.2	2.3	2.3
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
Financial institutions	4.0	3.9	3.9	3.8	3.9	4.1	4.7	5.2	5.7	6.2	6.4
<b>Total</b>	<b>17.3</b>	<b>15.4</b>	<b>13.2</b>	<b>10.4</b>	<b>9.2</b>	<b>8.7</b>	<b>8.8</b>	<b>9.2</b>	<b>9.7</b>	<b>10.2</b>	<b>10.4</b>



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) 5

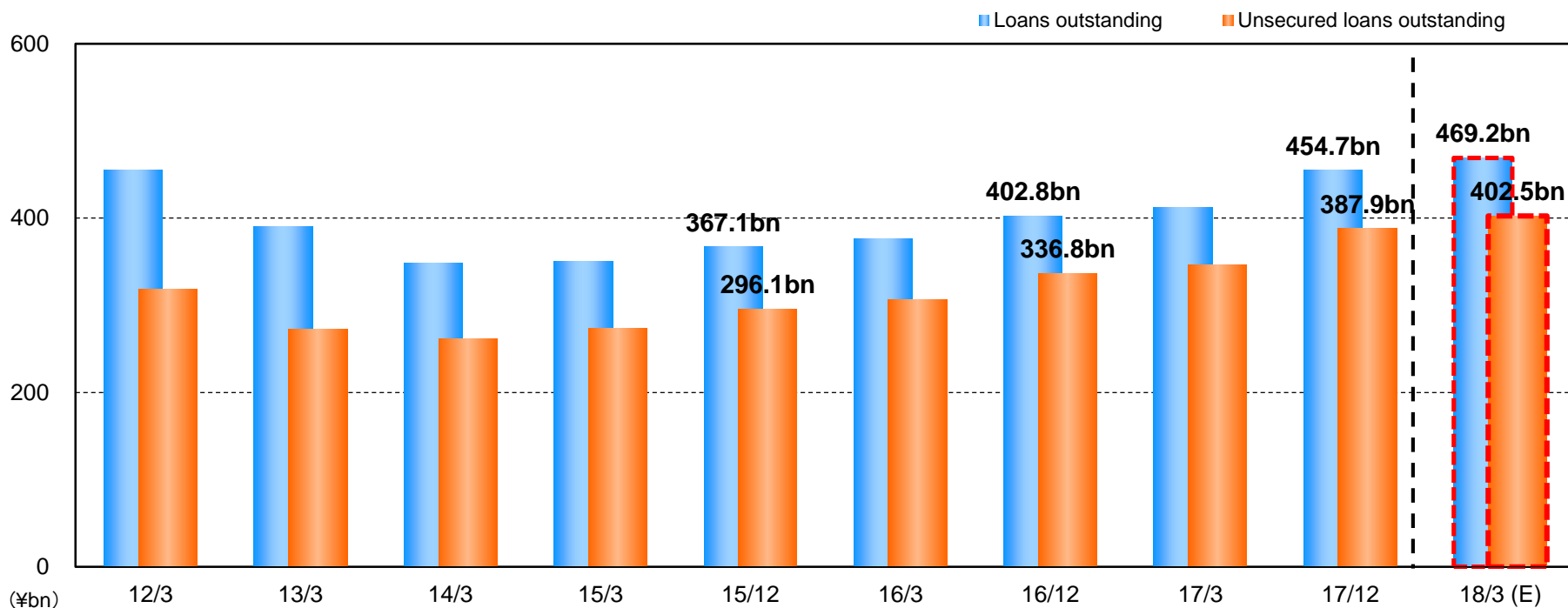


# Operating Results (2): Situation of Loans Outstanding (Consolidated)

## ◆ Trends of Operating Loans Outstanding (AIFUL consolidated basis)

(¥ billion)	12/3	13/3	14/3	15/3	15/12	16/3	16/12	17/3	17/12	YOY%	18/3 (E)	YOY%
	<b>Loan outstanding</b>	<b>455.0</b>	<b>390.6</b>	<b>348.0</b>	<b>350.0</b>	<b>367.1</b>	<b>376.2</b>	<b>402.8</b>	<b>412.6</b>	<b>454.7</b>	<b>12.2%</b>	<b>469.2</b>
<b>Unsecured loans outstanding</b>	<b>318.7</b>	<b>272.9</b>	<b>261.2</b>	<b>273.6</b>	<b>296.1</b>	<b>306.6</b>	<b>336.8</b>	<b>346.4</b>	<b>387.9</b>	<b>14.9%</b>	<b>402.5</b>	<b>16.2%</b>

\*Managed Asset Basis



Note: AIRA & AIFUL Public Company Limited, unconsolidated subsidiary, has been included in the scope of the consolidation from the first quarter of the fiscal year ending March 31, 2018.

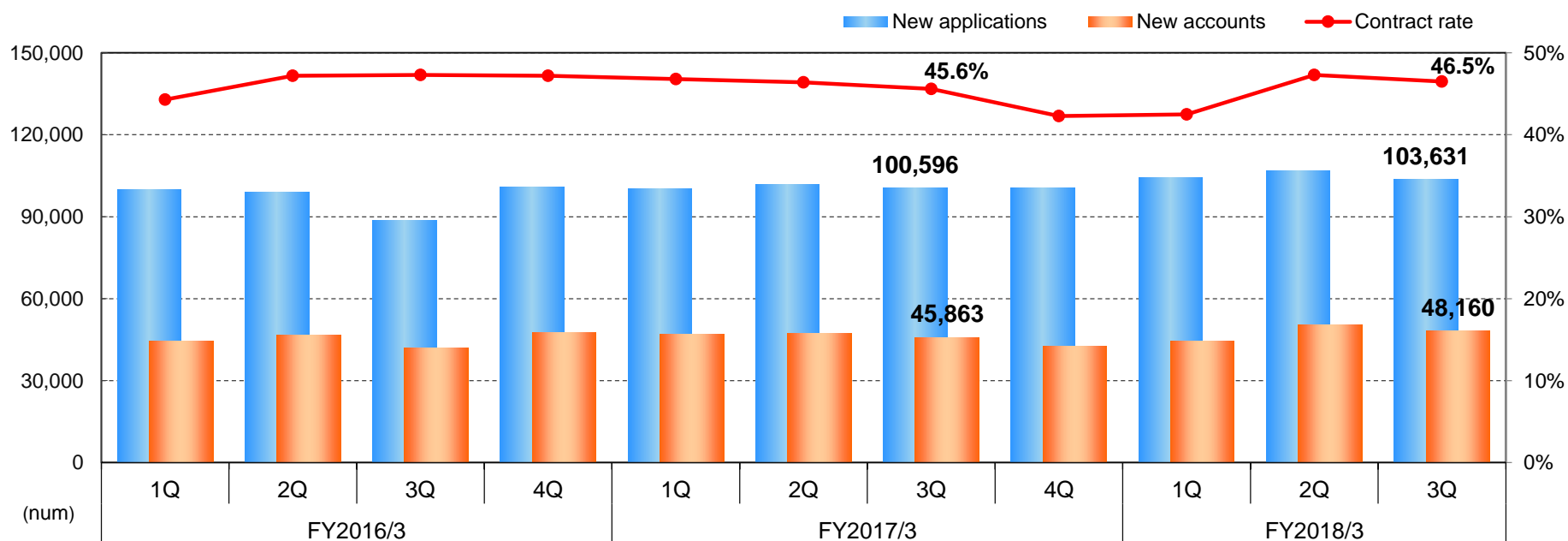


## ◆ Situation of Unsecured Loans' New Application

(¥ million)	FY2017/3				FY2018/3				YOY
	1Q (3M)	2Q (3M)	3Q (3M)	TOTAL	1Q (3M)	2Q (3M)	3Q (3M)	TOTAL	
New applications (num)	100,336	101,824	100,596	302,756	104,432	106,911	103,631	314,974	4.0%
New accounts (num)	46,964	47,204	45,863	140,031	44,346	50,589	48,160	143,095	2.2%
Contract rate	46.8%	46.4%	45.6%	46.3%	42.5%	47.3%	46.5%	45.4%	-0.9pt

Italic Font = Increase or Decrease

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



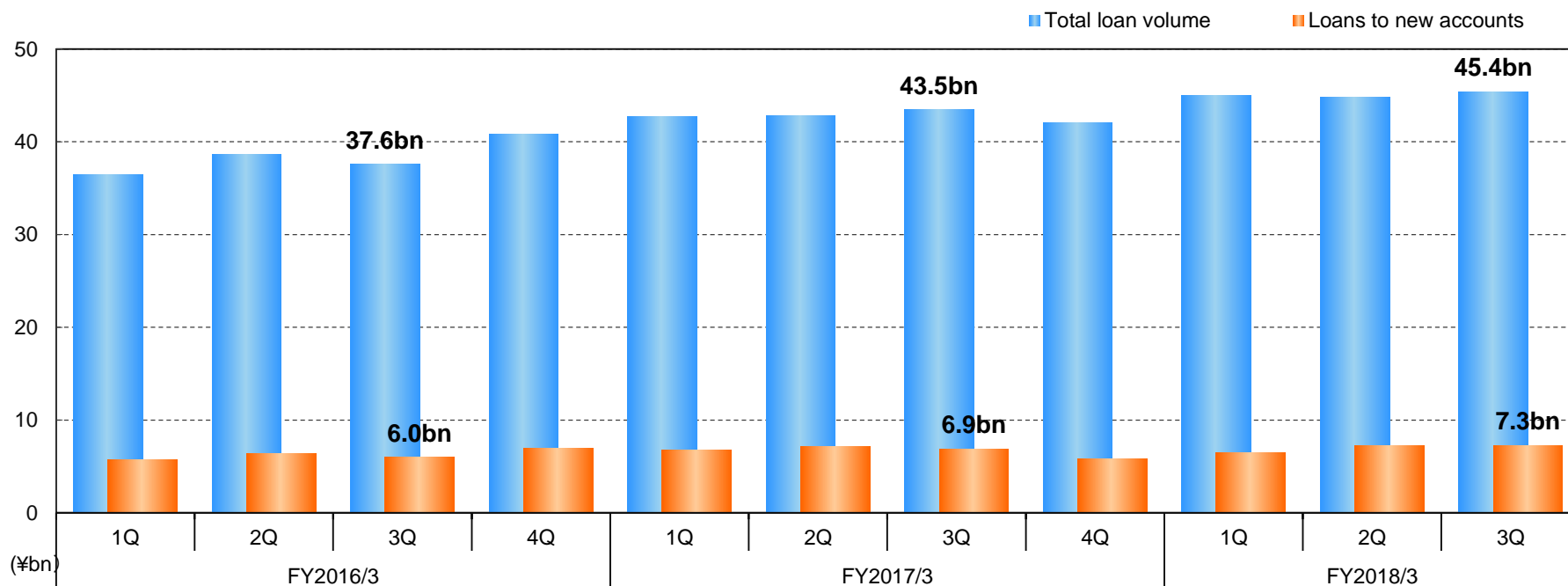




## ◆ Situation of Loan Volume

(¥ million)	FY2017/3				FY2018/3				YOY
	1Q (3M)	2Q (3M)	3Q (3M)	TOTAL	1Q (3M)	2Q (3M)	3Q (3M)	TOTAL	
Loan volume	42,711	42,831	43,486	129,029	44,951	44,893	45,489	135,334	4.9%
Loans to new accounts	6,852	7,133	6,885	20,871	6,530	7,328	7,360	21,218	1.7%
Loans to existing accounts	35,858	35,698	36,601	108,158	38,421	37,565	38,129	114,115	5.5%

## ◆ Trends of Loan Volume





## ◆ Credit Guarantee Business (consolidated)

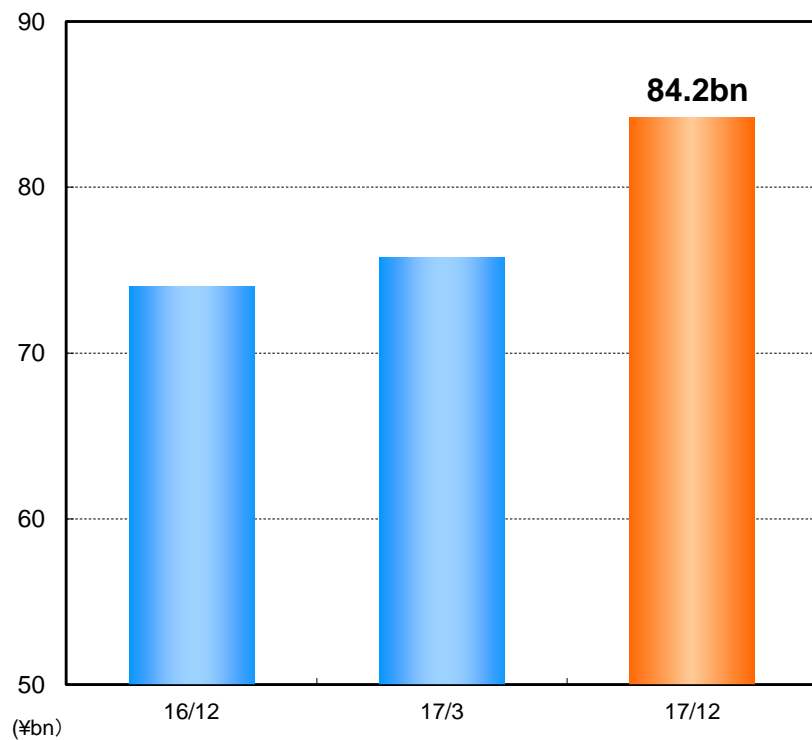
¥ million)	16/12	17/3	17/12	YOY
				13.8%
Credit guarantee* (consolidated)	74,027	75,747	84,235	13.8%

\*Managed Asset Basis

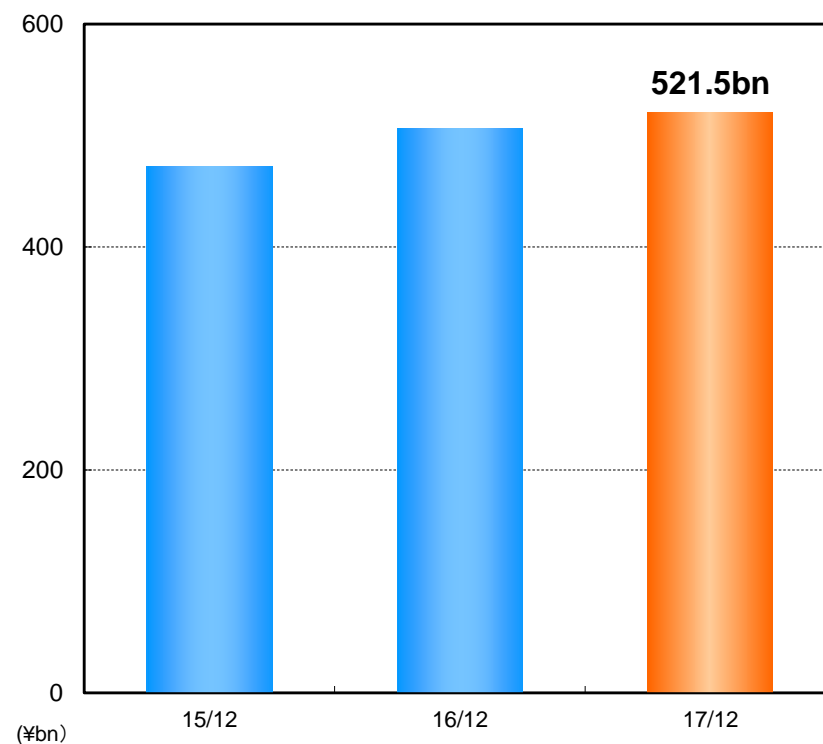
## ◆ Credit Card Business (LIFECARD)

¥ million)	15/12	16/12	17/12	YOY
				3.0%
Transaction volume (LIFECARD)	472,625	506,582	521,562	3.0%

## ◆ Trends of Installment receivable (consolidated)



## ◆ Trends of Purchase results (LIFECARD)





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

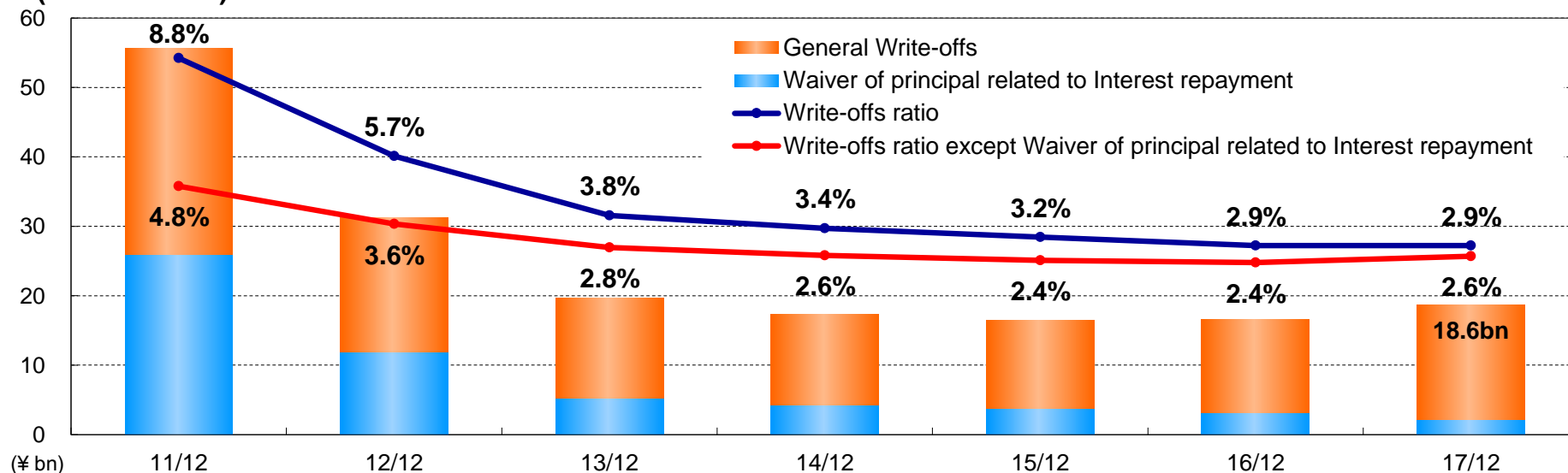
## ◆ Amount of Write-offs and Write-offs Ratio for Total Receivable Outstanding

(Consolidated)

(Non-consolidated)

( ¥ million )	16/12	17/12	YOY	16/12	17/12	YOY
	(9M)	(9M)		(9M)	(9M)	
(1) Write-offs	16,589	18,616	12.2%	13,991	15,064	7.7%
Waiver of principal related to Interest repayment	3,075	2,162	-29.7%	3,075	2,162	-29.7%
Other	13,514	16,453	21.8%	10,916	12,901	18.2%
(2) Specific allowance for doubtful accounts	212	114	-46.3%	214	108	-49.2%
Total Write-offs (1)+(2)	16,801	18,730	11.5%	14,205	15,173	6.8%
Write-offs ratio	2.90%	2.90%	-	3.56%	3.46%	-0.10pt

(Consolidated)



Note: AIRA & AIFUL Public Company Limited, unconsolidated subsidiary, has been included in the scope of the consolidation from the first quarter of the fiscal year ending March 31, 2018.



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

## ◆ Trends of NPL defined by FSA

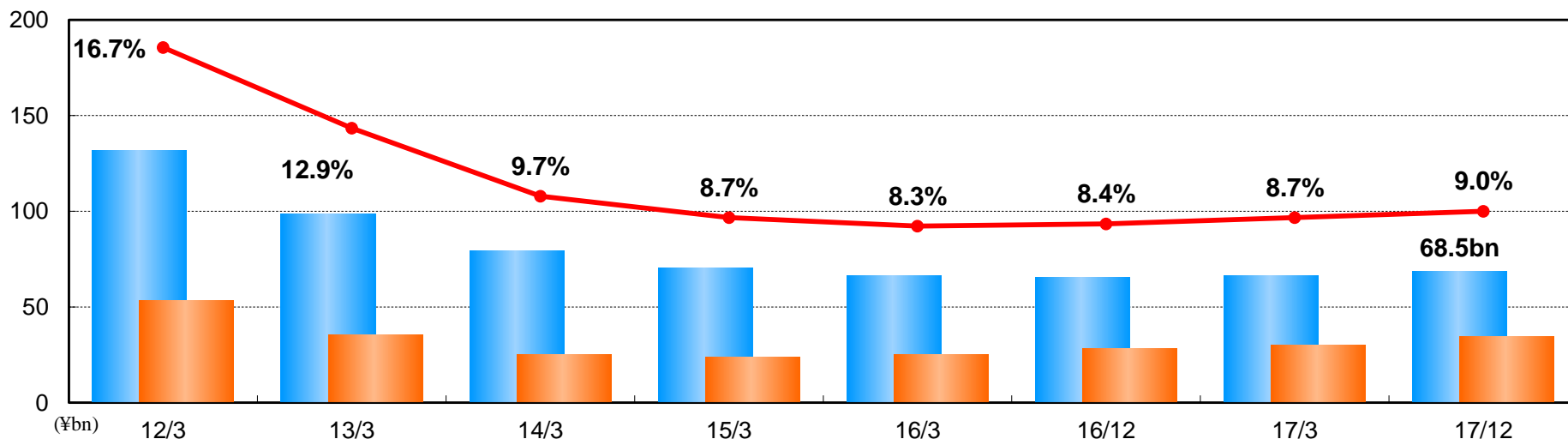
(Consolidated)

(Non-consolidated)

(¥ million)	16/12	17/12	YOY	16/12	17/12	YOY
Total non-performing loans	65,440	68,570	4.8%	60,561	62,575	3.3%
Loans in legal bankruptcy	29,279	27,443	-6.3%	29,250	27,381	-6.4%
Non-accrual loans	23,243	26,069	12.2%	21,470	23,896	11.3%
Loans past due for three months or more	4,609	5,803	25.9%	4,299	5,131	19.4%
Restructured loans	8,308	9,254	11.4%	5,542	6,167	11.3%
Ratio of loan outstanding and claims in bankruptcy NPL	15.1%	14.2%	-0.9pt	17.6%	16.7%	-0.9pt
Ratio of Unsecured loan NPL	8.4%	9.0%	0.6pt	8.6%	9.3%	0.7pt

(Consolidated)

■ NPL ■ Unsecured loans NPL ● Ratio of unsecured loans NPL



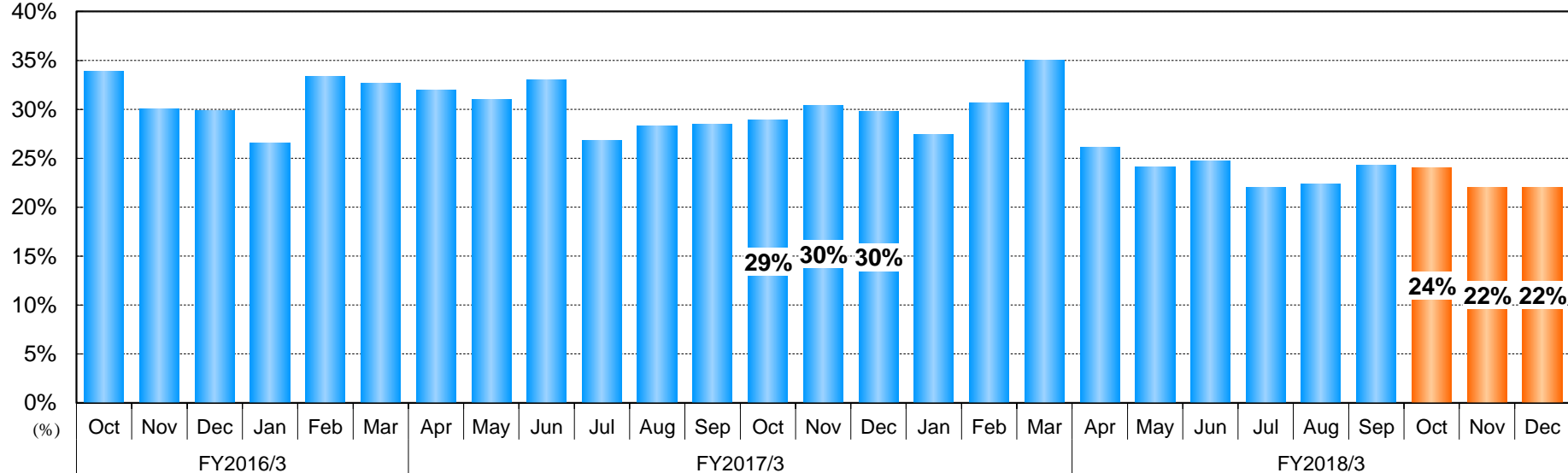
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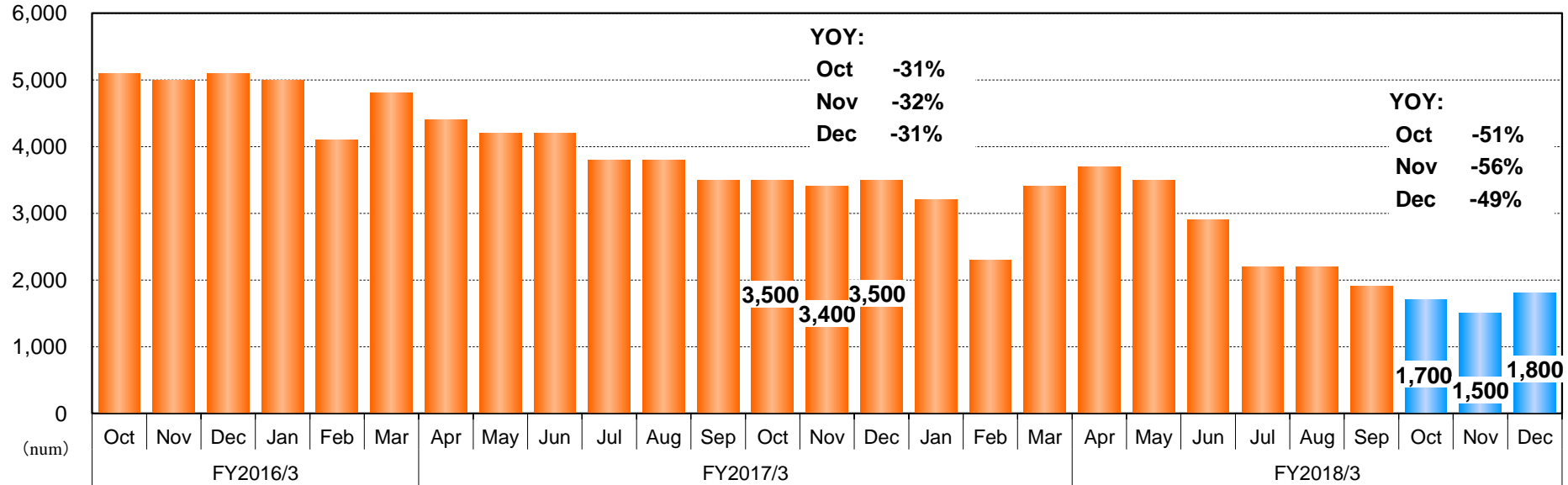
# Trends of Interest Repayment (1) : Interest Repayment related Indices

## ◆ Monthly Figure of Attorney Involvement (non-consolidated)

\* May 2007(peak) =100



## ◆ Monthly Interest Repayment Claims (non-consolidated)





### ◆ Allowances Related to Interest repayment (off-balance)

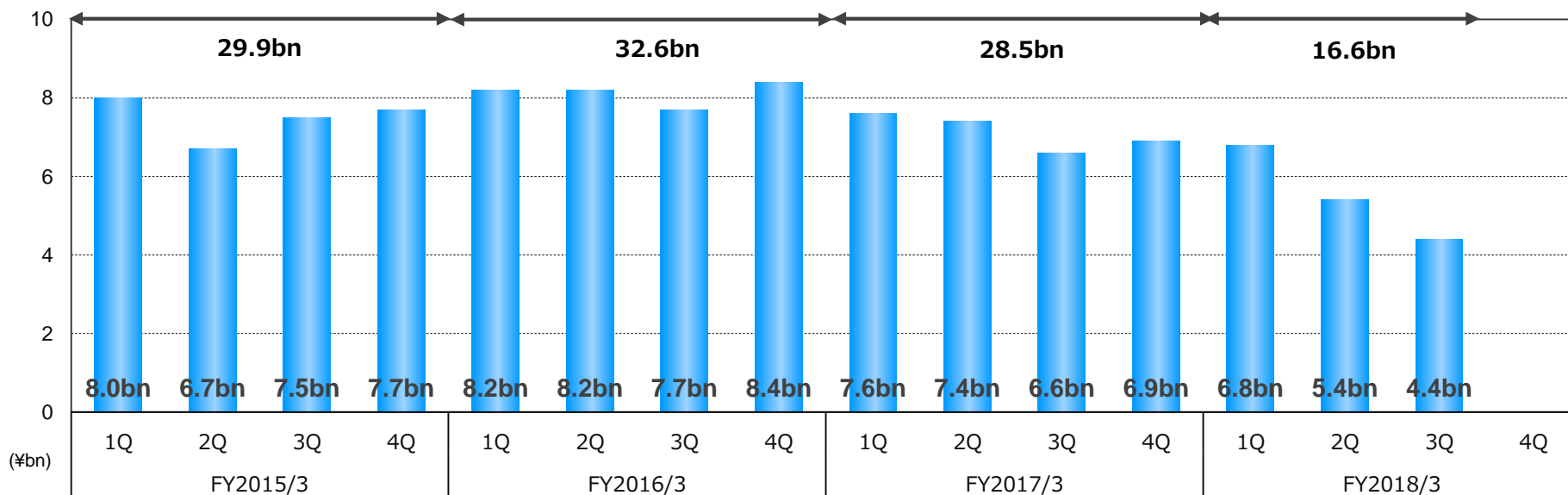
(Consolidated)

( ¥ million )	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2018/3	34,640	8,663	43,303
Reversal (Interest repayment)	16,629	-	16,629
Reversal (Waiver of principal)	162	2,162	2,324
Provisions	-	-	-
Allowance at the end of FY2018/3 2Q	17,848	6,500	24,349

(Non-consolidated)

Interest repayment	Waiver of principal	Total
30,994	8,663	39,657
15,718	-	15,718
-	2,162	2,162
-	-	-
15,276	6,500	21,776

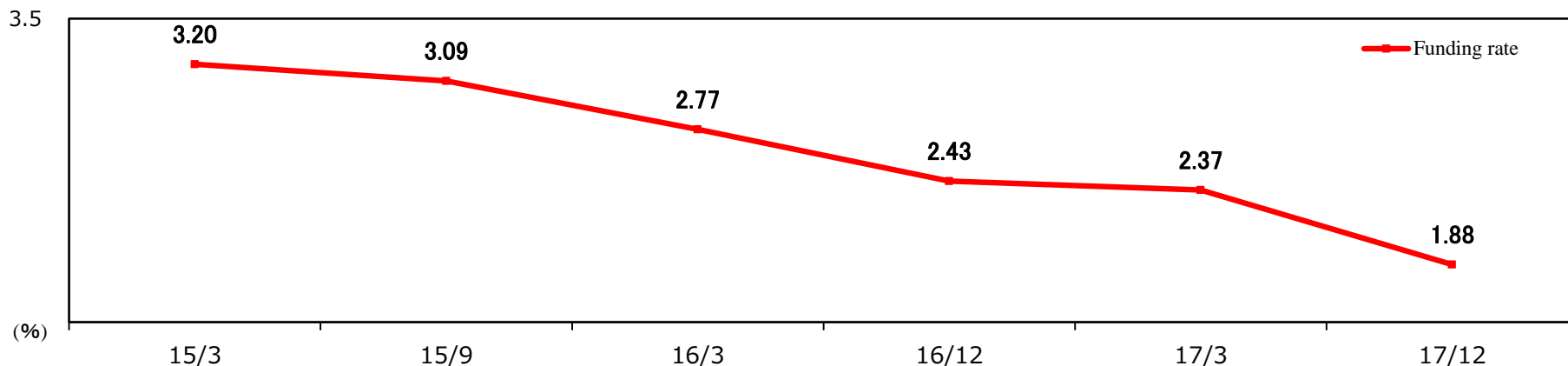
### ◆ Trends of reversal of allowance for losses on Interest repayment (Consolidated)



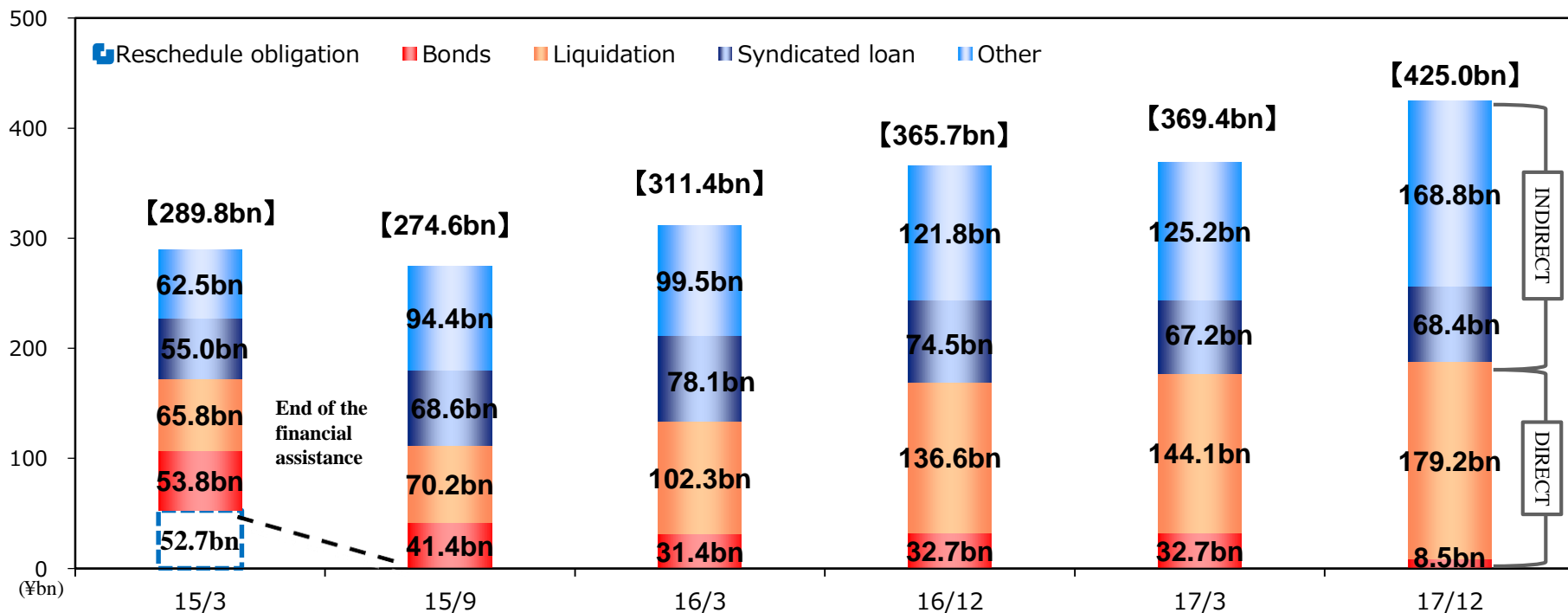
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## ◆ Trends of Consolidated Funding rate



## ◆ Trends of Consolidated Interest - Bearing Liabilities



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