



Financial Results

for the Fiscal Year ended March 2018

AIFUL CORPORATION
May, 2018

◇ Financial Results Summary (Consolidated)



◇ Business Situation

◇ Forecast for the FY2019/3

◇ Financial Results of AIFUL

◇ Financial Results of LIFE CARD


◇ Reference : Breakdown of Other Operating Revenue/Expenses
(Consolidated)


Financial Results for FY2018/3 (Consolidated)


- ✓ Total operating assets: Both domestic and overseas businesses performed well increasing by 12% yoy to ¥665.6bn.
- ✓ Operating revenue: Operating revenue rose by 26% yoy to ¥115.3bn due to increase in interests on operating loans ect.
- ✓ Operating expenses : ¥8.6bn was posted for expenses related to interest repayment in light of the current situation of interest repayment. Total operating expenses rose 33% yoy to ¥112.8bn.


(¥ million)	17/3	YOY	18/3	YOY	YOY%
Total operating assets	591,528	8.4%	665,669	74,140	12.5%
Loan business	412,649	9.7%	472,018	59,369	14.4%
Unsecured loan	346,411	13.0%	404,056	57,644	16.6%
Credit card business	97,134	7.7%	100,460	3,325	3.4%
Credit guarantee business	75,747	3.2%	86,465	10,718	14.1%
Operating revenue	91,450	4.3%	115,389	23,938	26.2%
Interests on operating loans	47,869	8.2%	56,305	8,435	17.6%
Revenue from installment receivable	15,531	5.6%	16,038	507	3.3%
Revenue from credit guarantee	12,494	0.0%	12,992	498	4.0%
Sales of software development	-	-	12,803	12,803	-
Operating expenses	84,440	4.2%	112,897	28,456	33.7%
Financial expenses	8,030	3.2%	7,560	-469	-5.9%
Provision of allowance for doubtful accounts	20,744	28.6%	20,497	-247	-1.2%
Provision for loss on interest repayment	-	-	12,384	12,384	-
(Reversal of allowance for doubtful accounts)	-	-	-3,759	-3,759	-
(Total expenses related to interest repayment)	-	-	8,625	8,625	-
Cost of sales of software development	-	-	11,244	11,244	-
Operating profit	7,009	5.0%	2,492	-4,517	-64.4%
Ordinary profit	7,399	7.8%	2,823	-4,575	-61.8%
Profit attributable to owners of parent	7,276	3.3%	3,958	-3,318	-45.6%

Financial Results for FY2018/3 (Group companies)

 AIFUL (¥ million)	18/3	YOY%
Total receivable outstanding	454,316	11.3%
Loans outstanding	360,031	11.8%
Unsecured loan	341,777	13.5%
Credit guarantee	87,970	9.9%
Customer accounts (thousand)	802	11.2%
Operating revenue	64,663	10.8%
Operating profit	366	-89.8%
Ordinary profit	979	-76.1%
Profit	2,437	-49.5%

 LIFECARD (¥ million)	18/3	YOY%
Total receivable outstanding	169,632	3.7%
Loans outstanding	46,728	2.6%
Installment receivable	99,956	3.8%
Credit guarantee	22,032	4.9%
Customer accounts (thousand)	5,771	-1.9%
Operating revenue	42,991	48.8%
Operating profit	4,131	42.0%
Ordinary profit	4,261	31.6%
Profit	2,746	-9.4%

 BUSINEXT (¥ million)	18/3	YOY%
Loans outstanding	49,238	9.4%
Customer accounts (thousand)	25	7.2%
Operating revenue	2,803	24.7%
Operating profit	-307	-
Ordinary profit	-252	-
Profit	-438	-

 A&A (¥ million)	18/3	YOY%
Loans outstanding	16,020	238.0%
Customer accounts (thousand)	300	235.1%
Operating revenue	2,977	319.2%
Operating profit	-2,016	-
Ordinary profit	-2,013	-
Profit	-2,013	-

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

◇ Financial Results Summary (Consolidated)

◇ **Business Situation**



◇ Forecast for the FY2019/3

◇ Financial Results of AIFUL

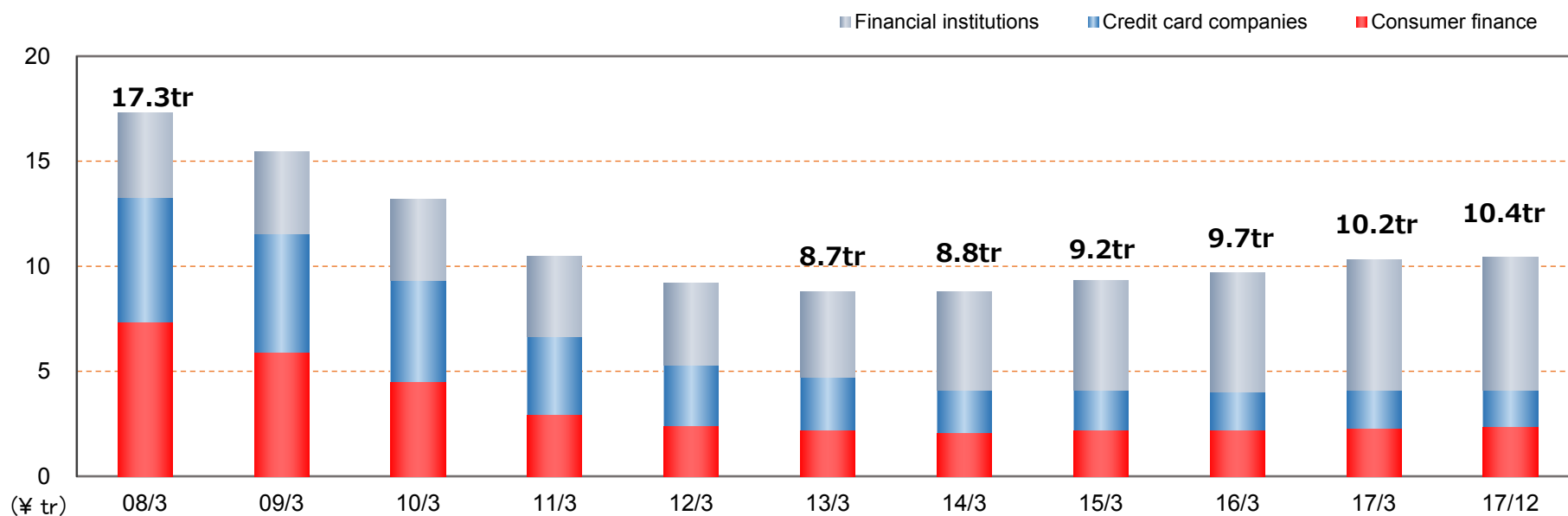
◇ Financial Results of LIFE CARD

◇ Reference : Breakdown of Other Operating Revenue/Expenses
(Consolidated)

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

- ✓ Unsecured loans market: Since bottoming out in FY2014/3, the market has performed steadily, recovering to ¥10.4tr in Dec. 2017, a 4% yoy increase.
- ✓ Money lenders: Loans outstanding by lenders have gradually recovered to ¥4tr. Of these, consumer finance companies recorded ¥2.4tr, a 3% 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	17/12
Unsecured loans market	17.3	15.4	13.2	10.4	9.2	8.7	8.8	9.2	9.7	10.2	10.4
Financial institutions	4.0	3.9	3.9	3.8	3.9	4.1	4.7	5.2	5.7	6.2	6.3
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 and AIFUL]

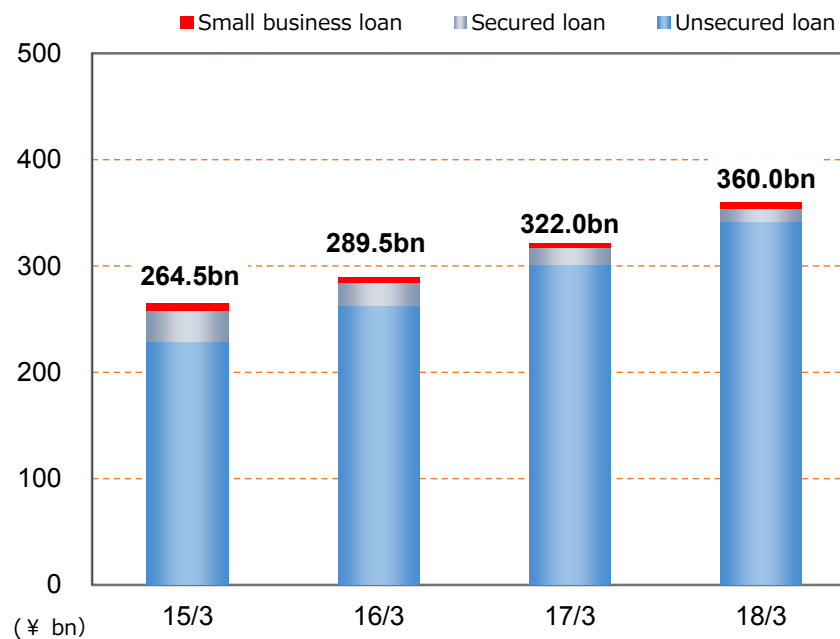
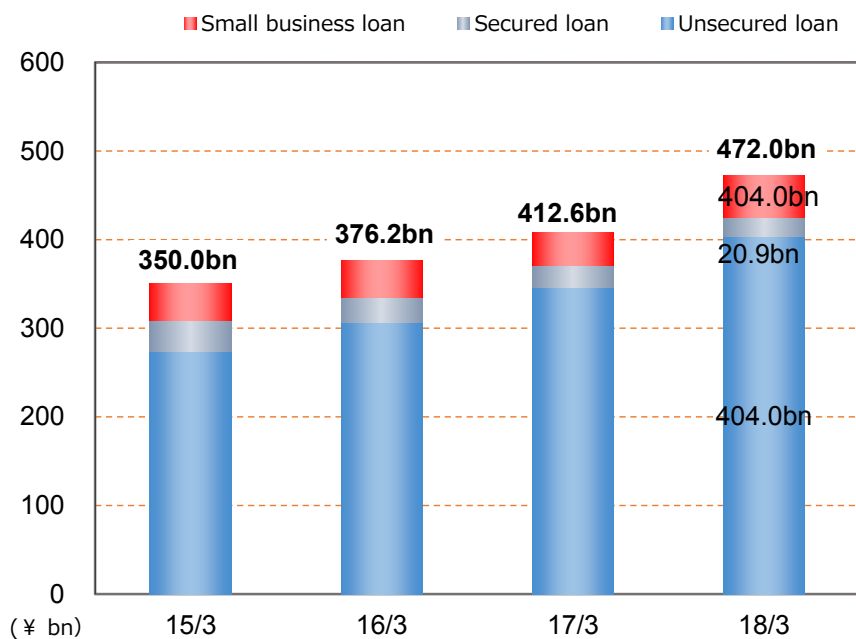
- ✓ Loan Outstanding: Consolidated loans outstanding performed steadily, by increasing 14% yoy to ¥472.0bn. Of these, unsecured loan surged to ¥404.0bn, a 16% yoy increase and small business loan amounting ¥47.0bn, a 11% yoy increase.

【Consolidated】

(¥ million)	16/3	17/3	18/3	YOY
Loans outstanding	376,224	412,649	472,018	14.4%
Unsecured	306,601	346,411	404,056	16.6%
Small business	41,483	42,192	47,037	11.5%

【AIFUL】

(¥ million)	16/3	17/3	18/3	YOY
Loans outstanding	289,565	322,087	360,031	11.8%
Unsecured	262,655	301,063	341,777	13.5%
Small business	5,070	4,575	5,850	27.9%



Loan Business(3) : New Accounts and Loan Volume [AIFUL]

- ✓ New accounts : Due to effective advertising, number of loan applications increased by 7% yoy to 433 thousand and number of new accounts increased by 8% to 197 thousand.
- ✓ Loan Volume: Loan volume increased by 7% yoy to 183.4bn thanks to favorable lending at both new and existing accounts.

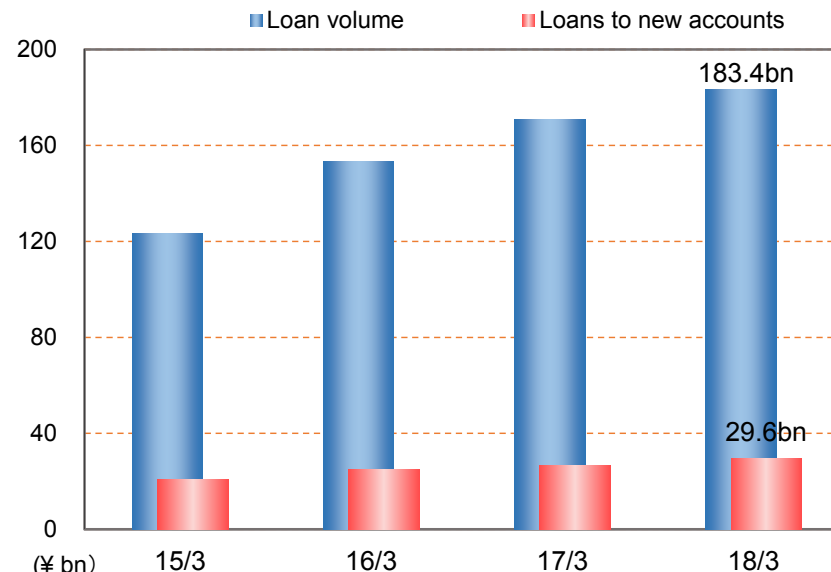
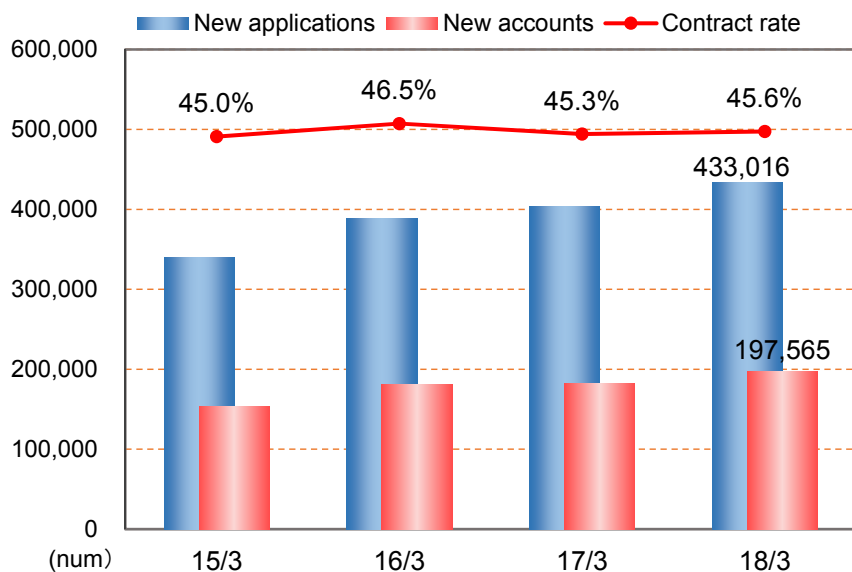
【Situation of Unsecured Loans' New Accounts】

(num)	16/3	17/3	18/3	YOY
New applications	388,541	403,361	433,016	7.4%
New accounts	180,666	182,604	197,565	8.2%
Contract rate	46.5%	45.3%	45.6%	0.3pt
Ratio LE0+LE1 *	73.1%	74.5%	73.4%	-1.1pt

*Ratio of customers who have borrowings from zero or one other company.

【Situation of Loan Volume】

(¥ million)	16/3	17/3	18/3	YOY
Loan volume	153,492	171,042	183,426	7.2%
New accounts	25,120	26,657	29,698	11.4%
Existing accounts	128,371	144,385	153,728	6.5%



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 3%.
- ✓ Non performing loan: Ratio of unsecured loan NPL increased slightly to 9.4% due to operating loans expansion.

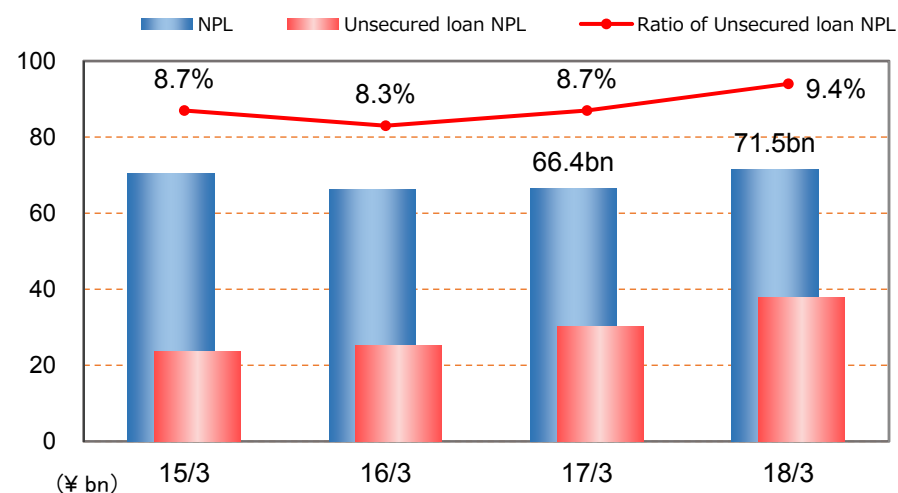
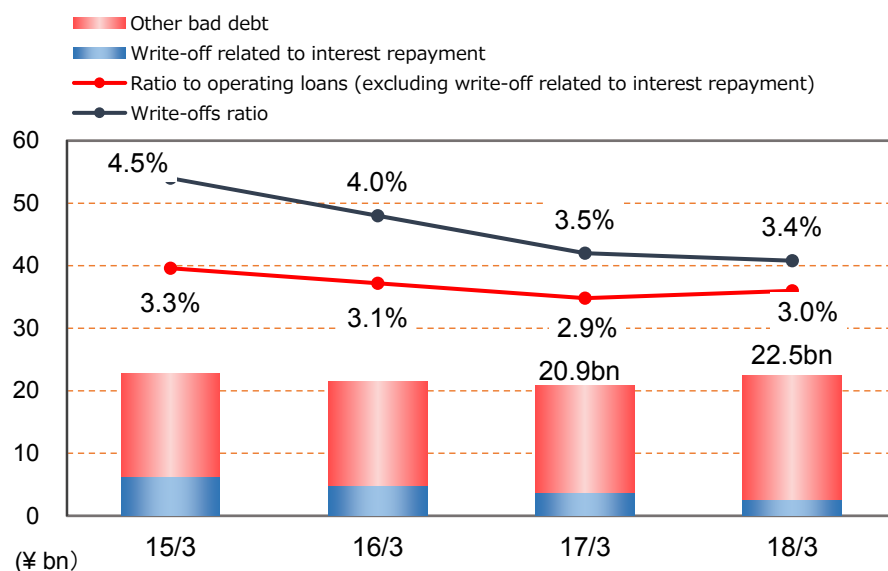
【Status of Bad Debt】

(¥ million)	17/3	18/3	YOY
Bad debt	20,959	22,581	7.7%
Bad debt except write-offs related to interest repayment	17,187	19,915	15.9%
Ratio to operating loans	3.5%	3.4%	-0.1pt
Bad debt ratio except write-offs related to interest repayment	2.9%	3.0%	+0.1pt

【Trends of NPL defined by FSA】

(¥ million)	17/3	18/3	YOY
NPL amount	66,401	71,515	7.7%
Unsecured loan NPL	30,207	37,904	25.5%
Ratio of NPL*	15.0%	14.3%	-0.7pt
Ratio of Unsecured loan NPL*	8.7%	9.4%	+0.7pt

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



Credit Card Business : Situation of Credit Card 【Consolidated】

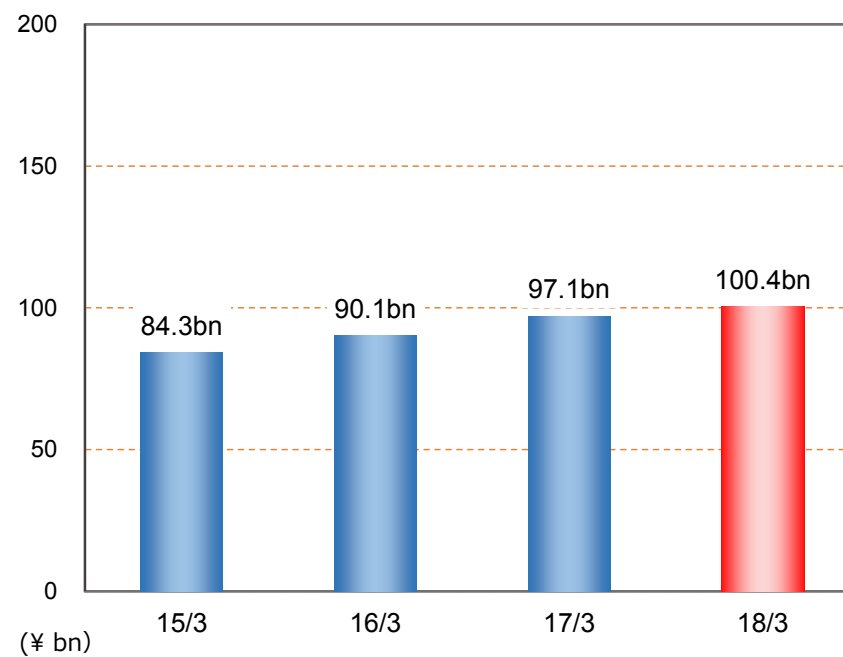
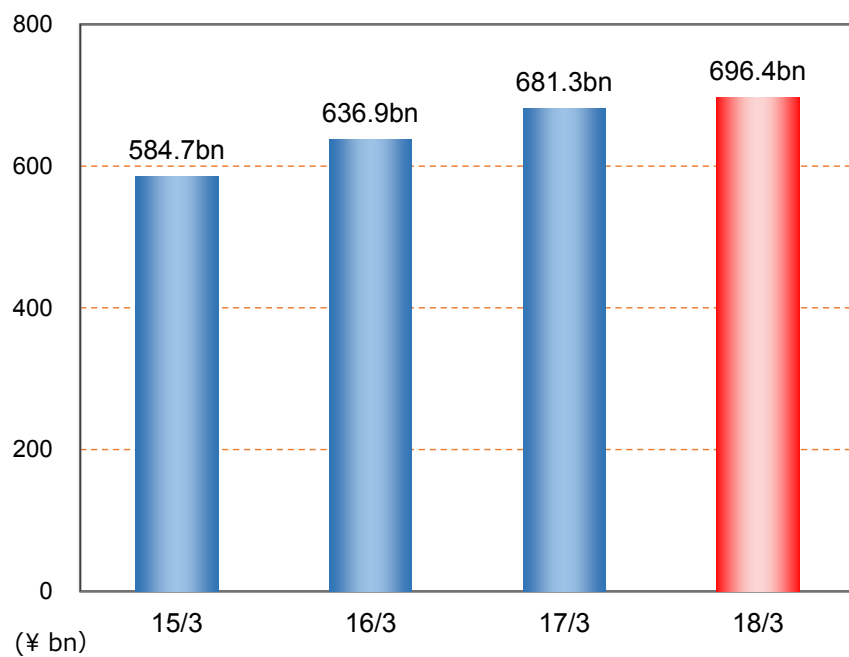
✓ Credit Card Business: Against a backdrop of expanded e-commerce transactions, etc., the credit card business continues to perform strongly, with transaction volume totaling ¥696.4bn, a 2% yoy increase. Installment receivable increased by 3% yoy to ¥100.4bn.

【Transaction volume】

	16/3	17/3	18/3	YOY
Transaction volume	636,901	681,362	696,435	2.2%

【Installment receivable】

	16/3	17/3	18/3	YOY
Installment receivable	90,166	97,134	100,460	3.4%



Credit Guarantee Business : Situation of Credit Guarantee [Consolidated]

✓ Credit Guarantee Business: Performed steadily mainly in small business loan, showing a 14% increase to ¥86.4bn. Of these, credit guarantee outstanding for consumers recorded ¥75.1bn, a 14% yoy increase and credit guarantee for businesses recorded ¥11.3bn, a 9% yoy increase.

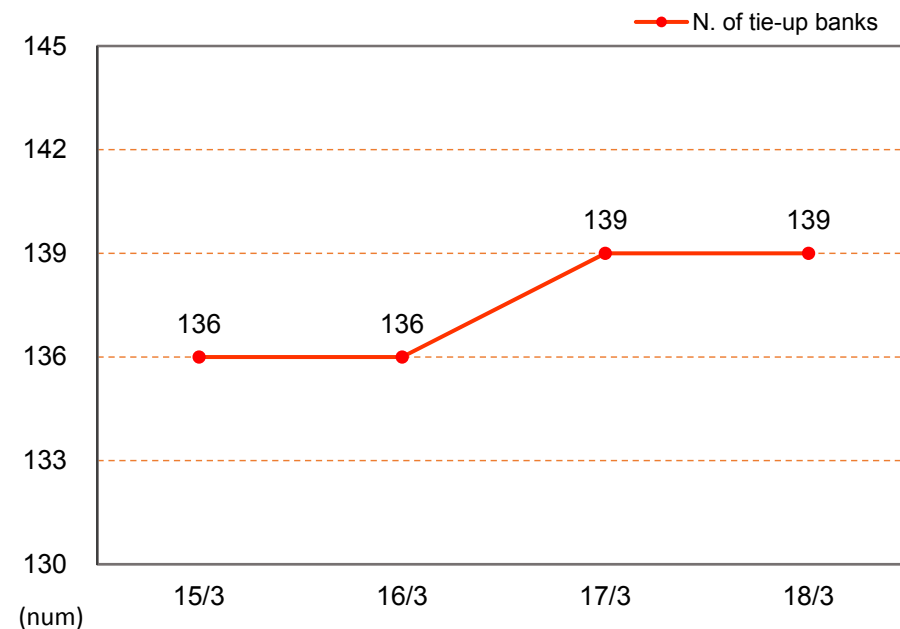
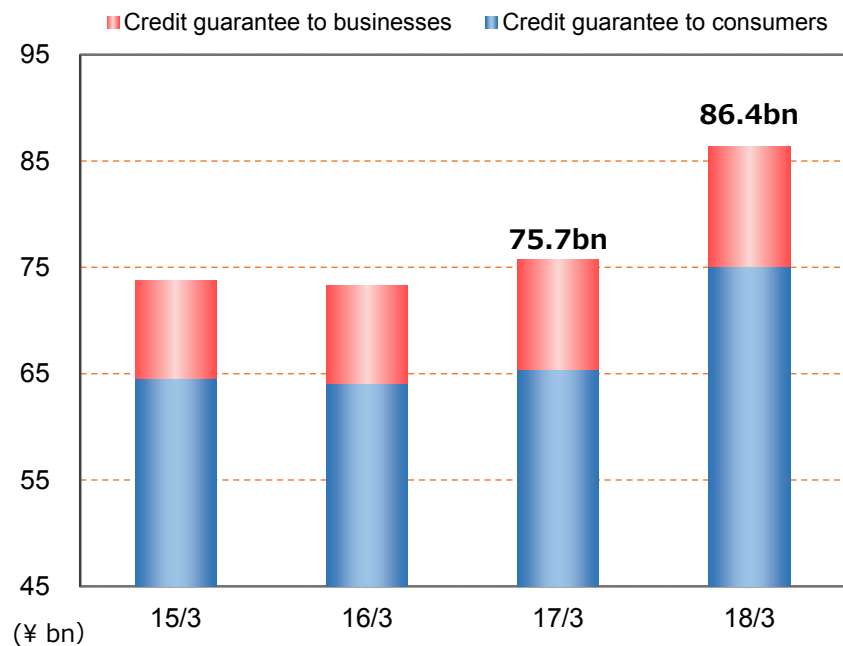
【Credit Guarantee Outstanding】

(¥ million)	16/3	17/3	18/3	YOY
Credit Guarantee	73,411	75,747	86,465	14.1%
to consumers	64,119	65,423	75,158	14.9%
to businesses	9,292	10,323	11,306	9.5%

【Tie-up banks (AIFUL)】



	16/3	17/3	18/3	YOY
Tie-up banks *	136	139	139	0

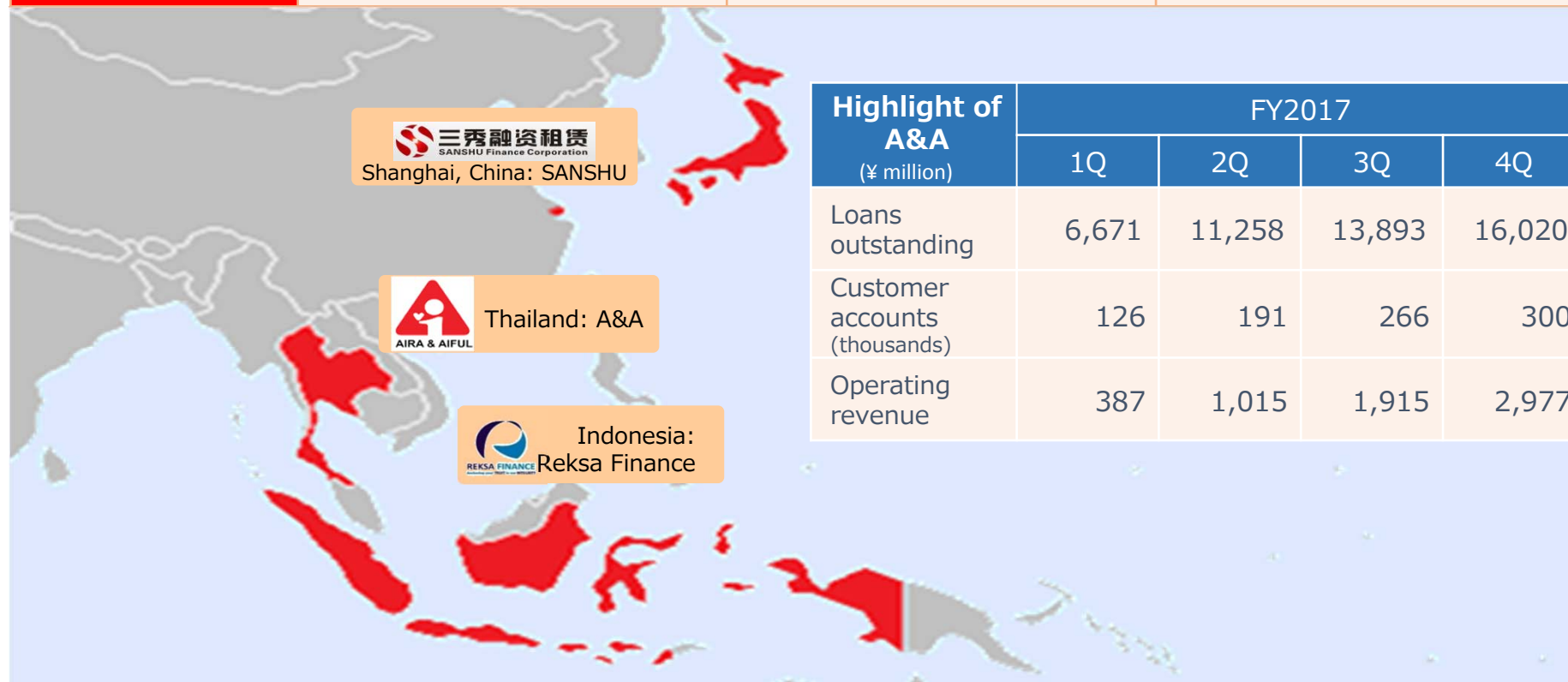
* Decline due to merger at financial institutions are also reflected.



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 ¥16.0bn, a 238% yoy increase and number of accounts reaching 300 thousand, a 235% yoy increase.

	 AIRA & AIFUL Public Company Limited (A&A)	 PT REKSA FINANCE	 SANSHU Finance Corporation
Location	Bangkok, Thailand	Jakarta, Indonesia	Shanghai, China
Business Outline	Consumer finance business	Used car loan business	Leasing business
Other Info	Started its operation in September 2015	Acquired 40% of its issued shares in May 2017	Joined AIFUL Group in April 2015



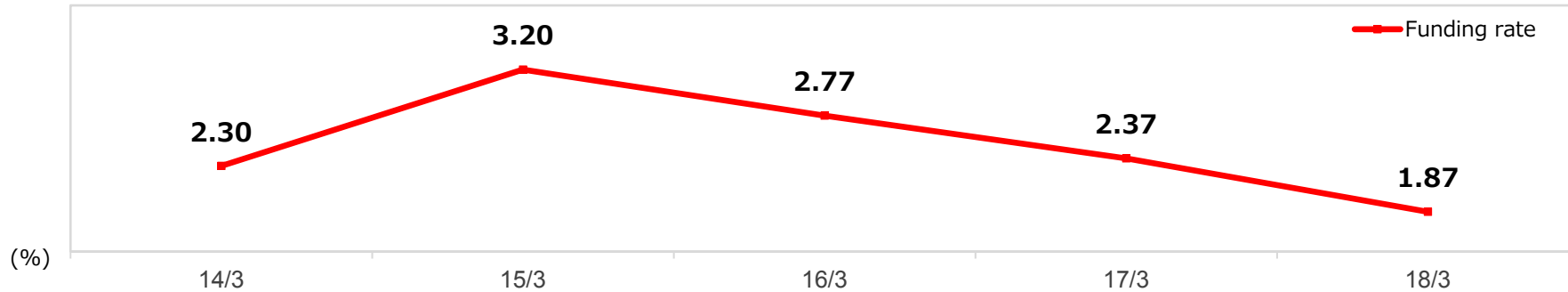
* Fiscal period of A&A is from January 1, to December 31.

* Exchange rate (Thai Baht): B/S: ¥3.45, P/L: ¥3.31

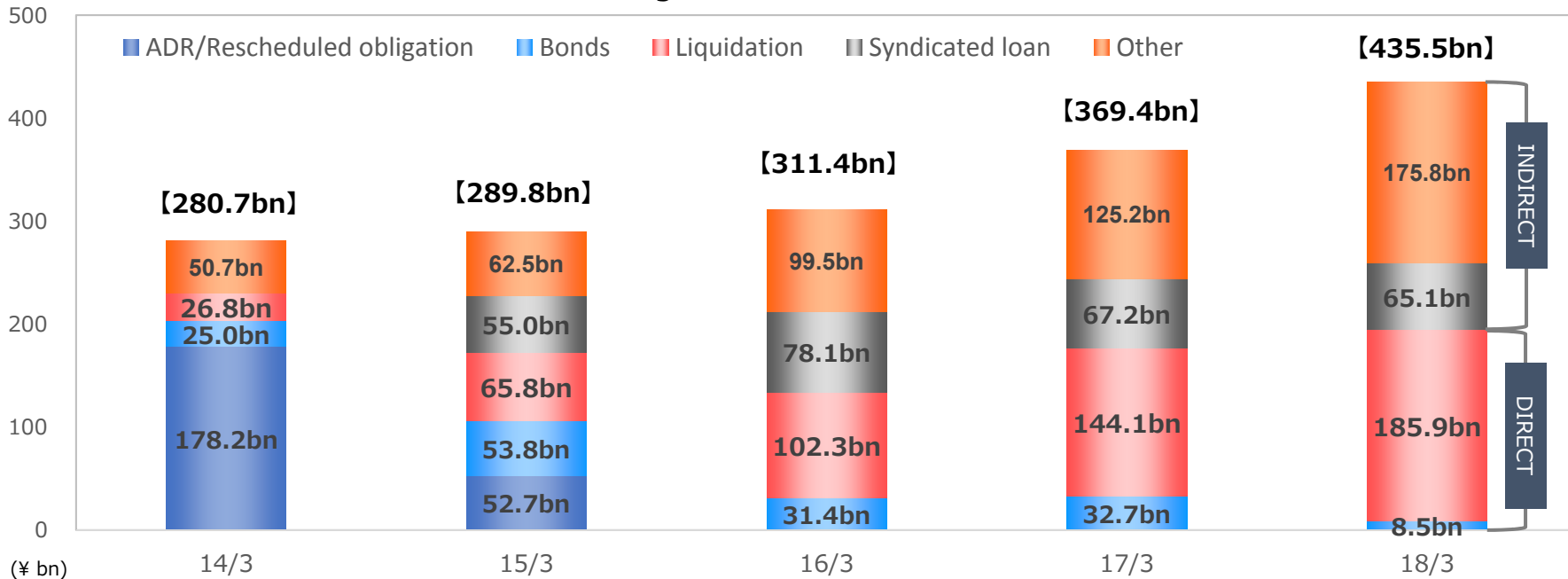
Funding Environment : [Consolidated]

- ✓ Funding Rate: Finding rate declined by 50bps to 1.87% mainly due to early redemption of 8% coupon bond.
- ✓ Interest-Bearing Liabilities: Fund procurement expanded steadily to 435.5bn, a 17% yoy increase.

【Trends of Consolidated Funding rate】



【Trends of Consolidated Interest - Bearing Liabilities】

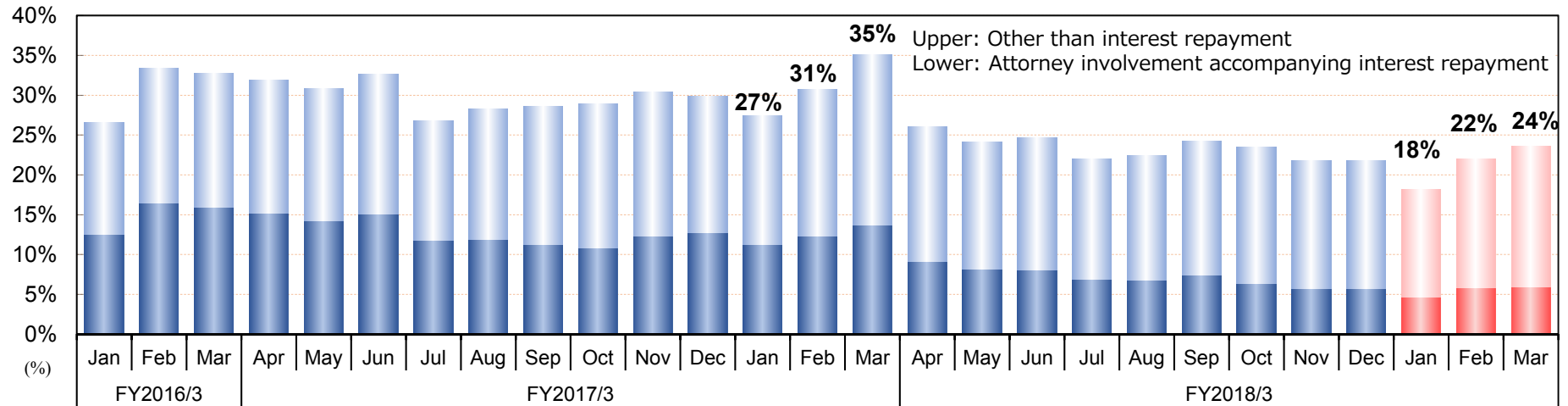


Trends of Interest Repayment(1): Interest Repayment Indices [AIFUL]

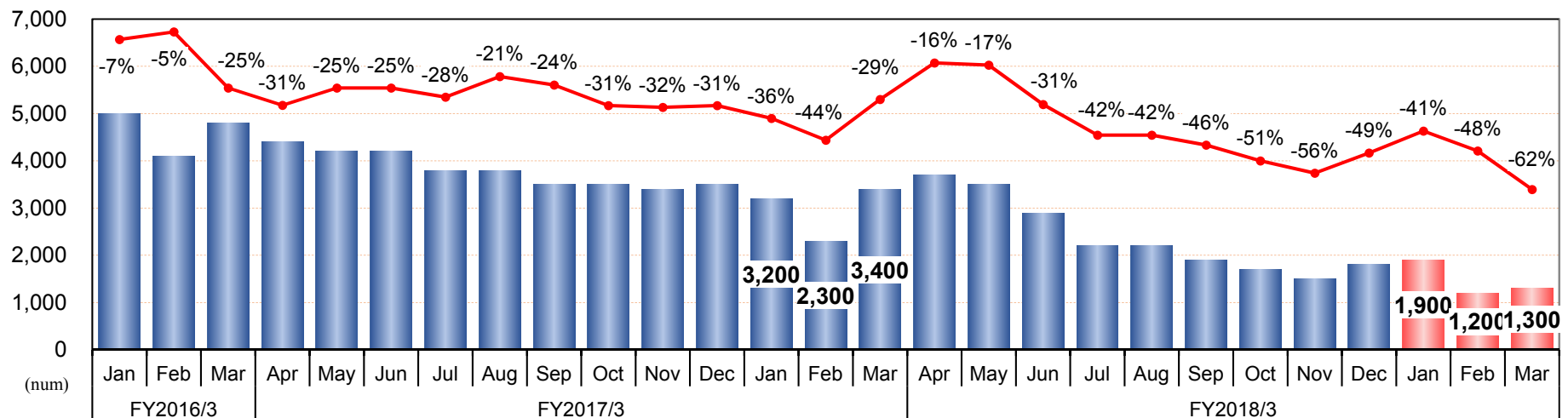
- ✓ Attorney Involvement Index: Attorney involvement accompanying interest repayment declined by 55% yoy in March 2018.
- ✓ Interest Repayment Claims: Total number of claims from Jan to Mar in 2018 was 4,400, declined by 50% yoy.

【Attorney Involvement Index】

※May 2007 (peak)=100



【Interest Repayment Claims】



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

✓ Allowance related to Interest Repayment: Withdraw amount for the FY2018/3 declined by 22% yoy to ¥25.3bn on consolidated basis. In light of the current situation ¥8.6bn were posted for the expenses related to interest repayment. As a result allowance at end of the period was ¥26.5bn.

【Provision for loss on Interest Repayment】

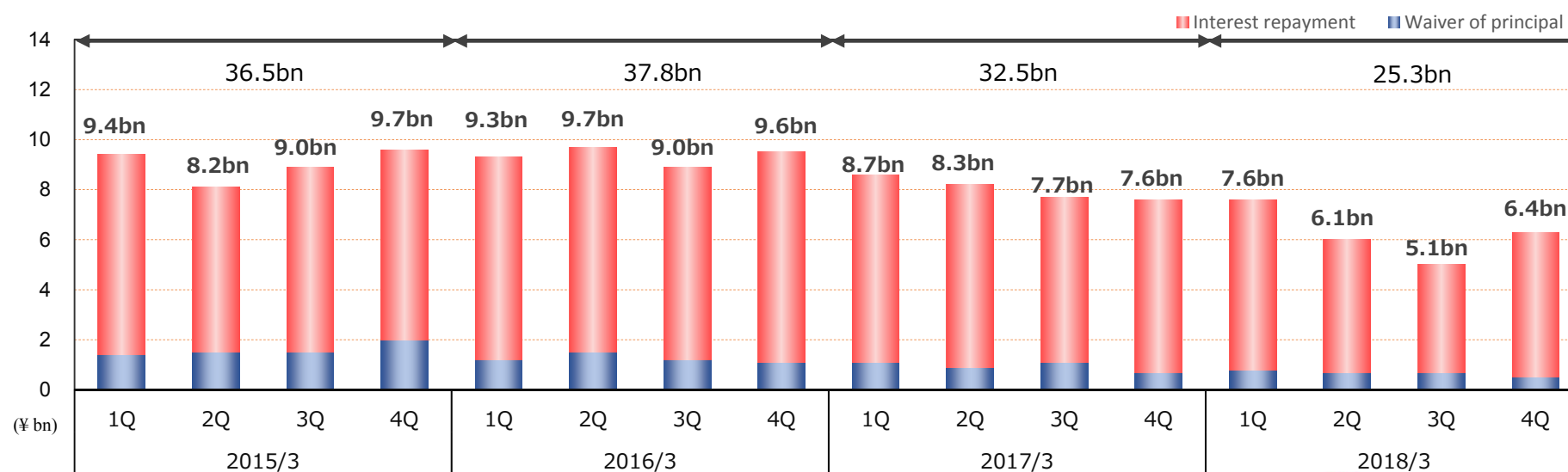
(Consolidated)

(¥ million)	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2017	34,640	8,663	43,303
Withdraw (Interest repayment)	22,484	-	22,484
Withdraw (Waiver of principal)	208	2,665	2,874
Provisions (reversal)	12,384	(3,759)	8,625
Allowance at the end of FY2017	24,331	2,238	26,569

(AIFUL)

Interest repayment	Waiver of principal	Total
30,994	8,663	39,657
21,221	-	21,221
-	2,665	2,665
12,384	(3,759)	8,625
22,158	2,238	24,396

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



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(Consolidated)

Forecast for the Fiscal Year ending March 2019 [Consolidated and AIFUL]

(Consolidated)

(¥ million)	18/3	YOY%	19/3	YOY	YOY%
	(E)		(E)		
Total operating assets	665,669	12.5%	751,900	86,231	13.0%
Loans business	472,018	14.4%	515,600	43,582	9.2%
Unsecured loan	404,056	16.6%	442,100	38,044	9.4%
Credit card business	100,460	3.4%	111,300	10,840	10.8%
Credit guarantee business	86,465	14.1%	117,100	30,635	35.4%
Operating revenue	115,389	26.2%	115,400	11	0.0%
Operating expenses	112,897	33.7%	98,900	-13,997	-12.4%
Operating profit	2,492	-64.4%	16,400	13,908	558.1%
Ordinary profit	2,823	-61.8%	16,900	14,077	498.7%
Profit attributable to owners of parent	3,958	-45.6%	15,600	11,642	294.1%

(AIFUL)

(¥ million)	18/3	YOY%	19/3	YOY	YOY%
	(E)		(E)		
Operating revenue	64,663	10.8%	70,500	5,837	9.0%
Operating expenses	64,296	17.4%	59,200	-5,096	-7.9%
Operating profit	366	-89.8%	11,300	10,934	-
Ordinary profit	979	-76.1%	11,900	10,921	-
Profit	2,437	-49.5%	12,100	9,663	396.5%

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Financial Results of AIFUL(1) : Financial Results Summary

 (¥ million)	17/3	18/3	18/3	
			YOY	YOY%
Operating revenue	58,339	64,663	6,323	10.8%
Interest on operating loans	40,292	45,881	5,588	13.9%
Revenue from credit guarantee	11,106	10,976	-130	-1.2%
Recoveries of written off claims	5,415	6,126	710	13.1%
Operating expenses	54,751	64,296	9,544	17.4%
Financial expenses	6,369	5,841	-527	-8.3%
Provision of allowance for doubtful accounts	16,724	13,281	-3,442	-20.6%
Provision for loss on interest repayment	-	12,384	12,384	-
Advertising cost	9,003	9,223	220	2.4%
Advertising expenses	3,000	2,980	-20	-0.7%
Sales promotion expenses	6,002	6,243	241	4.0%
Personnel expenses	9,420	9,651	230	2.4%
Other operating expenses	13,235	13,913	679	5.1%
Operating profit	3,587	366	-3,221	-89.8%
Ordinary profit	4,090	979	-3,110	-76.1%
Profit	4,823	2,437	-2,386	-49.5%

Financial Results of AIFUL(2) : Overview of Company's Operating base

 (¥ million)	17/3	18/3	YOY	YOY%
Total receivable outstanding	408,259	454,316	46,057	11.3%
Loans outstanding	322,087	360,031	37,943	11.8%
Unsecured	301,063	341,777	40,714	13.5%
Small business	4,575	5,850	1,274	27.9%
Credit guarantee	80,039	87,970	7,931	9.9%
Installment receivable	857	503	-354	-41.3%
Other	5,275	5,811	536	10.2%
New accounts (num)	182,778	197,826	15,048	8.2%
Unsecured	182,604	197,565	14,961	8.2%
Customer accounts (thousands)	721	802	81	11.2%
Unsecured	707	788	81	11.4%
Average yield	14.7%	14.7%	0.0pt	-
Below 18% unsecured loan balance's occupancy rate	97.0%	97.9%	0.9pt	-
Bad debt	17,717	17,926	208	1.2%
Excluding write-off accompanying interest repayment	13,945	15,260	1,314	9.4%
Bad debt ratio to operating loans	4.3%	3.9%	-0.4pt	-
Ratio excluding write-off related to interest repayment	3.4%	3.4%	0.0pt	-

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Financial Results of LIFECARD(1) : Financial Results Summary

 (¥ million)	17/3	18/3	YOY	
			YOY	YOY%
Operating revenue	28,890	42,991	14,100	48.8%
Revenue from installment receivable	15,361	15,960	599	3.9%
Interest on operating loans	5,603	5,649	45	0.8%
Revenue from credit guarantee	1,272	1,348	76	6.0%
Sales of software development	-	12,803	12,803	-
Other operating income	6,653	7,229	575	8.7%
Operating expenses	25,980	38,859	12,879	49.6%
Financial expenses	1,610	1,531	-79	-4.9%
Provision of allowance for doubtful accounts	3,669	4,129	459	12.5%
Provision for loss on interest repayment	-	-	-	-
Advertising cost	1,522	2,468	945	62.2%
Advertising expenses	166	186	19	11.9%
Sales promotion expenses	1,355	2,281	926	68.3%
Personnel expenses	3,953	4,090	137	3.5%
Cost of sales of software development	-	11,244	11,244	-
Other operating expenses	15,224	15,396	171	1.1%
Operating profit	2,910	4,131	1,221	42.0%
Ordinary profit	3,237	4,261	1,024	31.6%
Profit	3,031	2,746	-285	-9.4%

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

 (¥ million)	17/3	18/3	YOY	
			YOY	YOY%
Credit card transaction volume	681,362	696,435	15,072	2.2%
Shopping	640,598	655,990	15,392	2.4%
Cashing	40,763	40,444	-319	-0.8%
Total receivable outstanding	163,571	169,632	6,060	3.7%
Installment receivable	96,276	99,956	3,680	3.8%
Loans	45,564	46,728	1,164	2.6%
Credit guarantee	21,007	22,032	1,024	4.9%
Other	722	914	191	26.5%
Number of new issue (thousands)	512	517	4	0.8%
Proper	136	154	18	13.4%
Affinity	376	362	-13	-3.7%
Number of card holders (thousands)	5,883	5,771	-112	-1.9%
Bad debt	3,090	3,345	254	8.2%
Bad debt ratio operating loans	1.8%	1.9%	0.1pt	-

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Explanation Figure(1): Operating revenue/ expenses

(¥ million)	17/3	18/3	18/3	
			YOY	YOY%
Operating revenue	91,450	115,389	23,938	26.2%
Interest on operating loans	47,869	56,305	8,435	17.6%
Revenue from installment receivable	15,531	16,038	507	3.3%
Revenue from credit guarantee	12,494	12,992	498	4.0%
Sales of software development	-	12,803	12,803	-
Other operating income	15,555	17,248	1,693	10.9%
Recoveries of written off claims	5,678	6,411	733	12.9%
Collection from purchased receivable	2,096	2,074	-22	-1.1%
Operating expenses	84,440	112,897	28,456	33.7%
Financial expenses	8,030	7,560	-469	-5.9%
Provision of allowance for doubtful accounts	20,744	20,497	-247	-1.2%
Provision for loss on interest repayment	-	12,384	12,384	-
Advertising cost	10,972	12,434	1,461	13.3%
Advertising expenses	3,450	3,592	142	4.1%
Sales promotion expenses	7,522	8,841	1,319	17.5%
Personnel expenses	14,270	15,680	1,410	9.9%
Cost of sales of software development	-	11,244	11,244	-
Cost of purchased receivables	1,476	1,497	21	1.5%

Explanation Figure(2): Other operating revenue/ expenses

(¥ million)	17/3	18/3	YOY	YOY%
Other	28,884	31,597	2,712	9.4%
Commission	11,835	12,962	1,126	9.5%
Provision for point card certificates	3,300	2,807	-493	-14.9%
Depreciation expenses	2,338	2,384	45	1.9%
Supplies, repair and maintenance	2,186	2,297	110	5.1%
Communications	2,523	3,338	814	32.3%
Consumption taxes	2,552	2,809	257	10.1%
Rents	1,996	2,401	404	20.3%
Rent expenses	431	414	-17	-4.0%
Operating profit	7,009	2,492	-4,517	-64.4%
Non-operating income	557	359	-197	-35.5%
Non-operating expenses	168	28	-139	-83.0%
Ordinary profit	7,399	2,823	-4,575	-61.8%
Extraordinary income	-	703	703	-
Extraordinary losses	-	-	-	-
Profit	7,276	2,945	-4,330	-59.5%
Profit attributable to non-controlling interests	-	-1,012	-1,012	-
Profit attributable to owners of parent	7,276	3,958	-3,318	-45.6%

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