

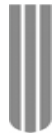


# **Financial Results**

**for the Third Quarter of FY2019/3**



**AIFUL CORPORATION**  
February 2019



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# I Financial Results Summary

# I -01 Highlights and Full Year Forecast (Consolidated/ AIFUL)



(Consolidated)

(¥ million)	17/12	18/12	19/3			
			(E)	YOY	YOY%	
Total operating assets	645,290	719,781	11.5%	746,800	81,131	12.2%
Loan business	454,783	511,828	12.5%	525,500	53,482	11.3%
Unsecured loan	387,925	437,312	12.7%	447,900	43,844	10.9%
Credit card business	99,988	104,529	4.5%	105,200	4,740	4.7%
Guarantee	84,235	96,097	14.1%	108,000	21,535	24.9%
Credit guarantee business	81,327	93,916	15.5%	106,000	22,265	26.6%
Other	2,908	2,180	-25.0%	2,000	-730	-26.8%
Operating revenue	75,952	86,047	13.3%	115,300	-89	-0.1%
Operating expenses	71,000	75,420	6.2%	99,800	-13,097	-11.6%
Operating profit	4,951	10,626	114.6%	15,500	13,008	522.0%
Ordinary profit	5,270	11,383	116.0%	16,100	13,277	470.3%
Profit attributable to owners of parent	6,408	10,655	66.3%	15,000	11,042	279.0%

(AIFUL)

(¥ million)	17/12	18/12	19/3			
			(E)	YOY	YOY%	
Operating revenue	48,185	53,396	10.8%	71,400	6,737	10.4%
Operating expenses	43,904	45,118	2.8%	59,800	-4,496	-7.0%
Operating profit	4,280	8,277	93.4%	11,500	11,134	-
Ordinary profit	4,793	9,020	88.2%	12,400	11,421	-
Profit	5,799	8,970	54.7%	12,300	9,863	404.7%

## I -02 Consolidated Financial Results



- ♥ **Operating revenue:** Up 13% YoY to ¥86.0bn driven by increase in interests on operating loans etc.
- ♥ **Operating expenses :** Up 6% YoY to ¥75.4bn driven by increase in provision of allowance for doubtful accounts as operating assets surged.
- ♥ **income :** Operating income was ¥10.6bn and ordinary income rose 116% YoY to ¥11.3bn driven by posting a gain on sales of investment securities etc.

(単位 : 百万円)	17/12	YOY%	18/12	YOY	YOY%
Operating revenue	75,952	11.2%	86,047	10,094	13.3%
Interests on operating loans	41,589	16.7%	48,985	7,396	17.8%
Revenue from installment receivable	11,969	4.3%	12,126	157	1.3%
Revenue from credit guarantee	9,703	3.7%	10,361	658	6.8%
Operating expenses	71,000	12.0%	75,420	4,419	6.2%
Financial expenses	5,758	-2.0%	6,005	246	4.3%
Provision of allowance for doubtful accounts	19,714	25.0%	23,027	3,313	16.8%
(Bad debt write offs)	18,616	12.2%	20,502	1,885	10.1%
Provision for loss on interest repayment	-	-	-	-	-
(Interest repayment)	16,629	-23.1%	9,513	-7,115	-42.8%
Other operating expenses	45,528	9.0%	46,387	859	1.9%
Advertising expenses	2,858	4.6%	2,190	-667	-23.4%
Personnel expenses	11,689	9.5%	12,448	759	6.5%
Sales promotion expenses	5,889	1.7%	5,677	-211	-3.6%
Operating profit	4,951	0.5%	10,626	5,674	114.6%
Non-operating income	331	-31.2%	779	447	134.9%
Ordinary profit	5,270	-0.4%	11,383	6,112	116.0%
Extraordinary income	703	-	-	-703	-
Profit attributable to owners of parent	6,408	25.1%	10,655	4,426	66.3%



## II Business Situation

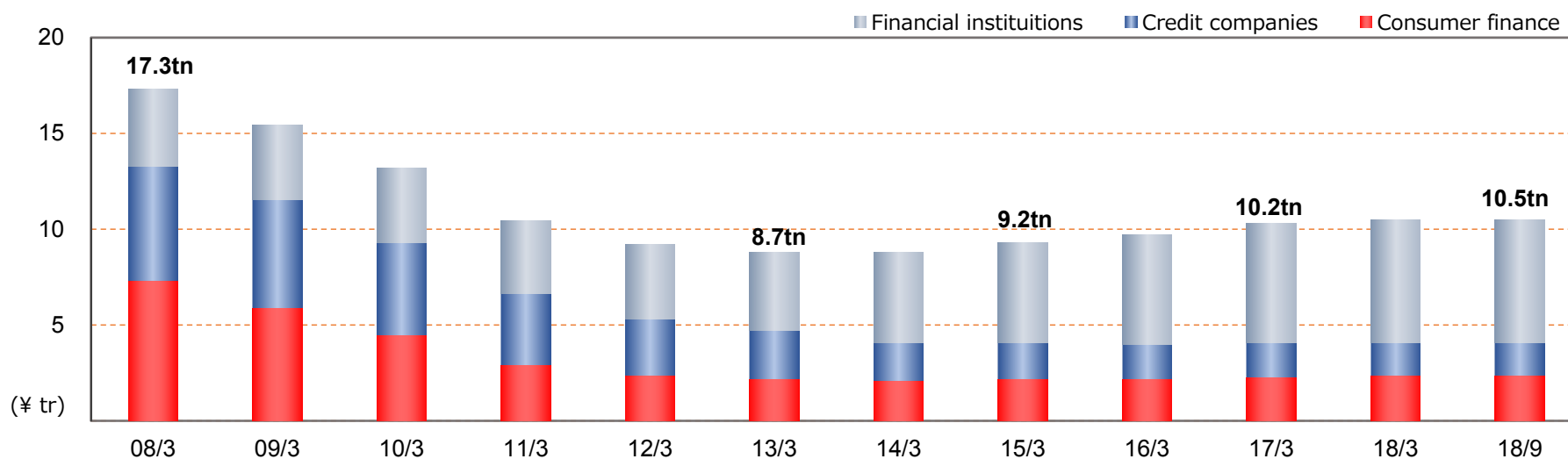
## II-01 Loan Business(1): Unsecured Consumer Loan Market



- ♥ **Unsecured loans market:** Since bottoming out in FY2014/3, the market has performed steadily, recovering to ¥10.5tr in September 2018, a 1% YoY increase.
- ♥ **Money lenders:** Loans outstanding by money lenders reached ¥4.1tr. Of these, consumer finance companies recorded ¥2.4tr, a 4% YoY increase, while credit card companies reported ¥1.7tr, a 2% decrease.

### 【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	18/3	18/9
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	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	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	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	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)

## II-01 Loan Business(2): Operating Loans Outstanding



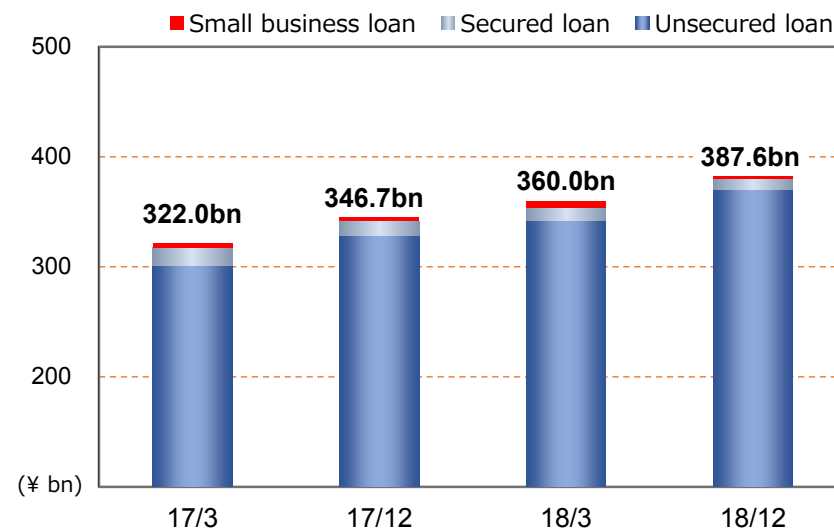
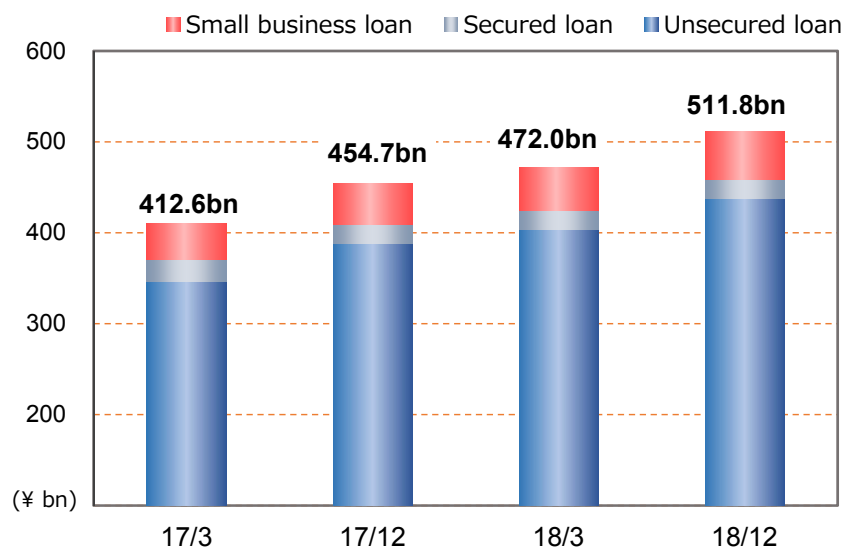
♥ **Loans Outstanding:** Performed steadily both on consolidated and non-consolidated (AIFUL parent) basis. Consolidated loans outstanding rose 12% YoY to ¥511.8bn. Of which, unsecured loan surged 12% YoY to ¥437.3bn and small business loan increased 18% YoY to ¥53.2bn.

### 【Consolidated Basis】

(¥ million)	17/12	18/3	18/12	YOY
Loans outstanding	454,783	472,018	511,828	12.5%
Unsecured	387,925	404,056	437,312	12.7%
Secured	21,898	20,923	21,231	-3.0%
Small business	44,959	47,037	53,284	18.5%

### 【Non-Consolidated Basis(AIFUL Parent)】

(¥ million)	17/12	18/12	18/12	YOY
Loans outstanding	346,707	360,031	387,616	11.8%
Unsecured	328,112	341,777	370,189	12.8%
Secured	13,232	12,403	9,965	-24.7%
Small business	5,362	5,850	7,462	39.2%





## II-01 Loan Business(3): New Accounts and Loan Volume (AIFUL)



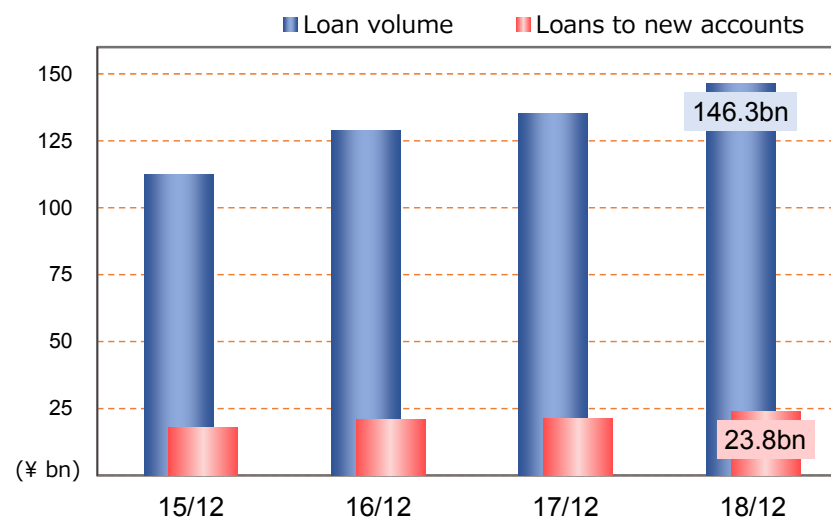
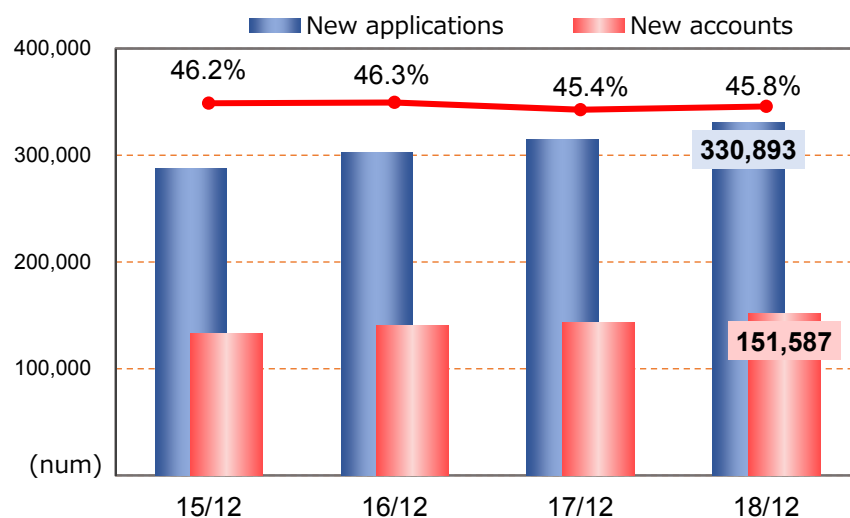
- ♥ **New accounts:** Number of new applications increased 5% YoY to 330 thousand driven by effective advertising mainly by TV and websites. Number of new accounts also rose 5% YoY to 151,000.
- ♥ **Loan Volume:** Loan volume increased 8% YoY to ¥146.3bn thanks to favorable lending at both new and existing accounts.

【Trends of Unsecured Loans' New Accounts】

(num)	16/12 (9M)	17/12 (9M)	18/12 (9M)	YOY
New applications	302,756	314,974	330,893	5.1%
New accounts	140,031	143,095	151,587	5.9%
Contract rate	46.3%	45.4%	45.8%	+0.4pt

【Trends of Loan Volume】

(¥ million)	16/12 (9M)	17/12 (9M)	18/12 (9M)	YOY
Loan volume	129,029	135,334	146,325	8.1%
New accounts	20,871	21,218	23,848	12.4%
Existing accounts	108,158	114,115	122,477	7.3%



## II-02 Non-performing Loans (Consolidated)



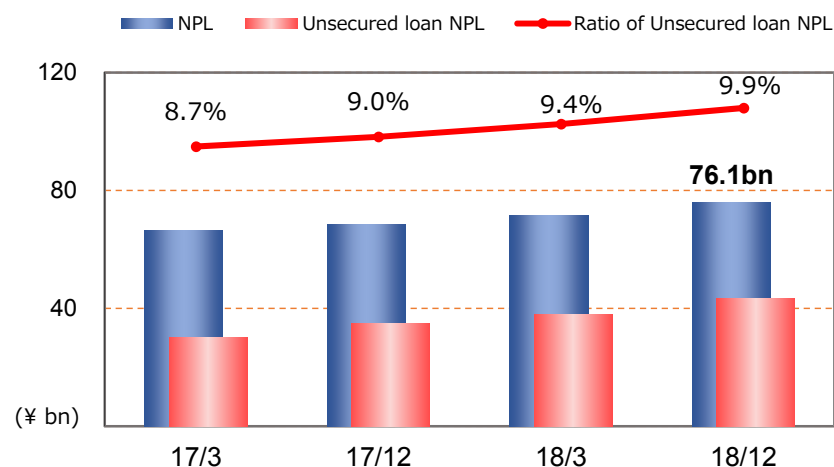
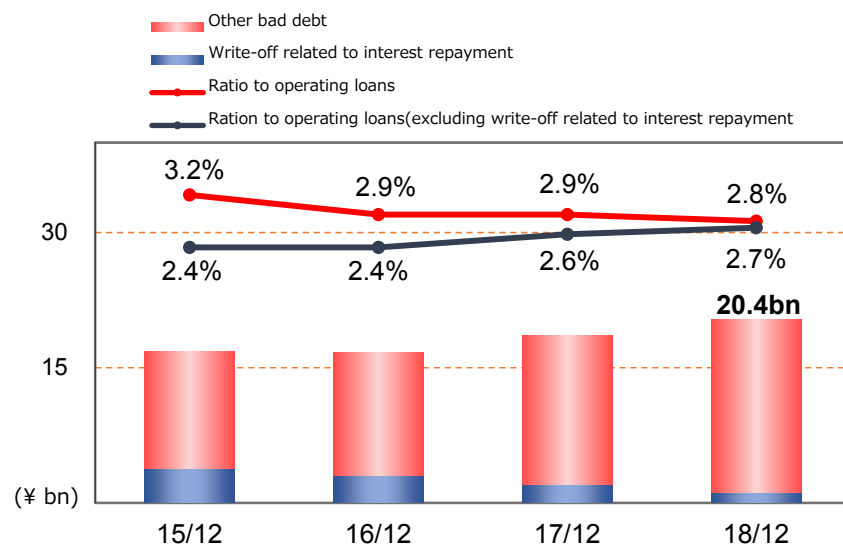
- ♥ **Bad Debt:** Bad debt ratio excluding write-offs accompanying interest repayment remained at low and stable level of 2.7%.
- ♥ **Non performing loan:** Ratio of unsecured loan NPL increased 0.9pt YoY to 9.9%.

【Trends of Bad Debt】

(¥ million)	17/12 (9M)	18/12 (9M)	YOY
Bad debt	18,730	20,482	9.4%
Bad debt except write-offs related to interest repayment	16,567	19,351	16.8%
Ratio to operating loans	2.9%	2.8%	-0.1pt
Bad debt ratio except write offs related to interest repayment	2.6%	2.7%	+0.1pt
Total receivable outstanding	645,290	719,781	11.5%

【Trends of NPL defined by FSA】

(¥ million)	17/12	18/12	YOY
NPL amount	68,570	76,158	11.1%
Unsecured loan NPL	34,793	43,523	25.1%
Ratio of NPL	14.2%	14.1%	-0.1pt
Ratio of Unsecured loan NPL	9.0%	9.9%	+0.9pt
Operating loans including claims in bankruptcy	482,597	538,817	11.6%



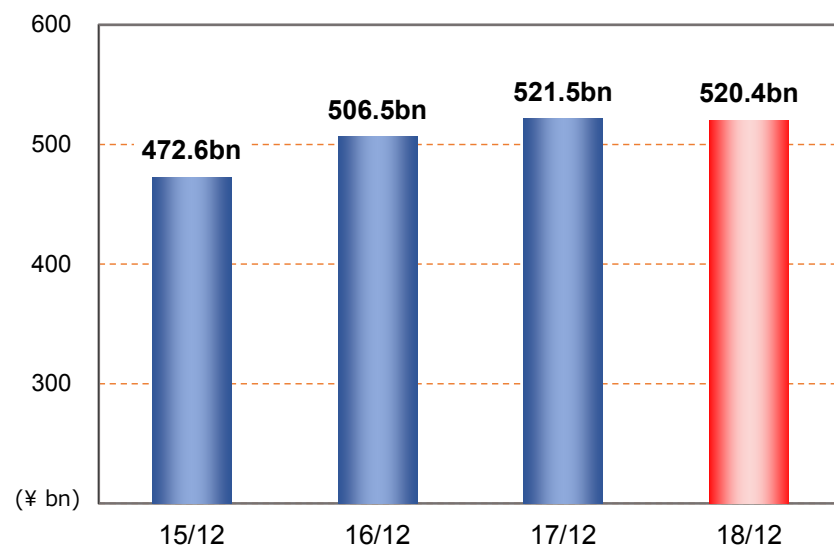
## II-03 Credit Card Business (Consolidated)



♥ **Credit Card Business:** Transaction volume decreased 0.2% YoY to ¥520.4bn.  
 Installment receivable increased 4% YoY to ¥104.5bn.

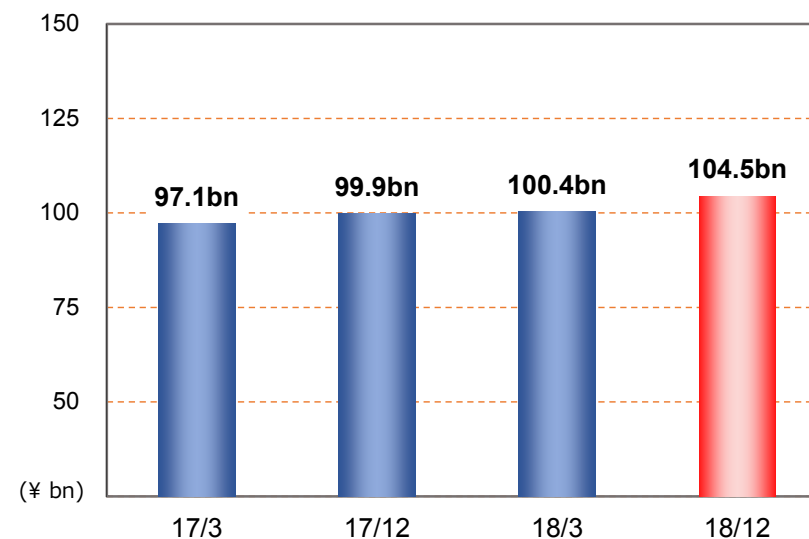
【Trends of Transaction volume】

(¥ million)	16/12 (9M)	17/12 (9M)	18/12 (9M)	YOY
Transaction volume	506,582	521,562	520,444	-0.2%



【Trends of Installment receivable】

(¥ million)	17/12	18/3	18/12	YOY
Installment receivable	99,988	100,460	104,529	4.5%



## II-04 Credit Guarantee Business (Consolidated)



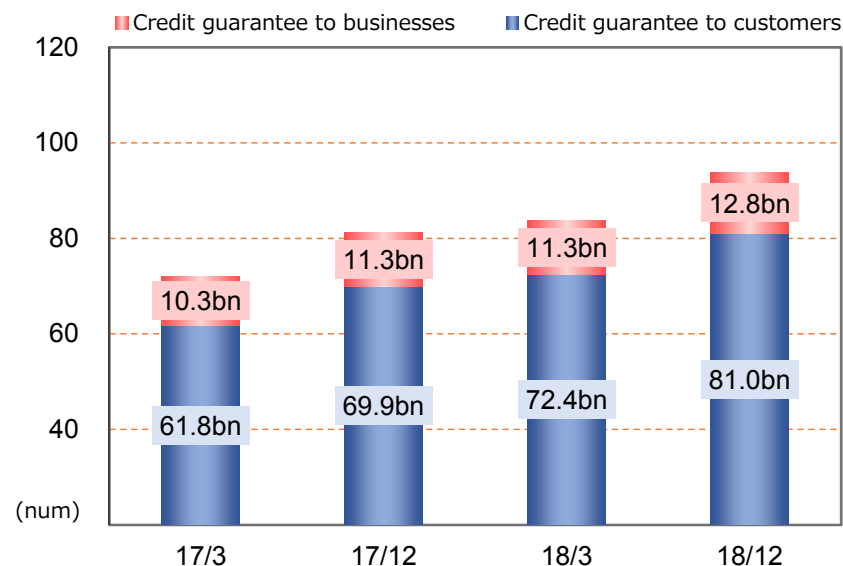
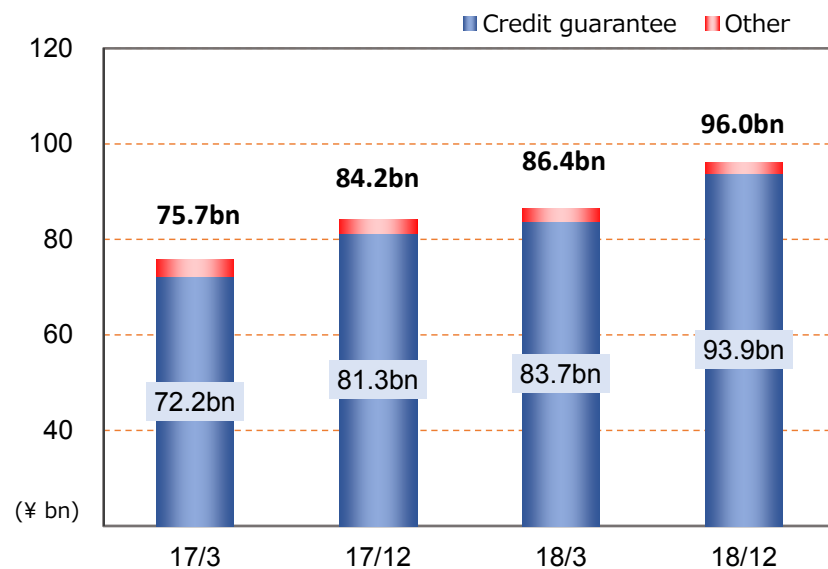
♥ **Credit Guarantee Business:** Performed steadily, showing a 14% increase on YoY to 93.9bn.  
Of which, credit guarantee for individuals rose 15% YoY to ¥81.0bn and for business operators grow 13% YoY to ¥12.8bn.

【Trends of Guarantee】

(¥ million)	17/12	18/3	18/12	YOY
Guarantee	84,235	86,465	96,097	14.1%
Credit guarantee business	81,327	83,734	93,916	15.5%
Other	2,908	2,730	2,180	-25.0%

【Trends of Credit Guarantee Business】

(¥ million)	17/12	18/3	18/12	YOY
Credit Guarantee business	81,327	83,734	93,916	15.5%
for individuals	69,976	72,427	81,087	15.9%
for business operators	11,349	11,306	12,829	13.0%

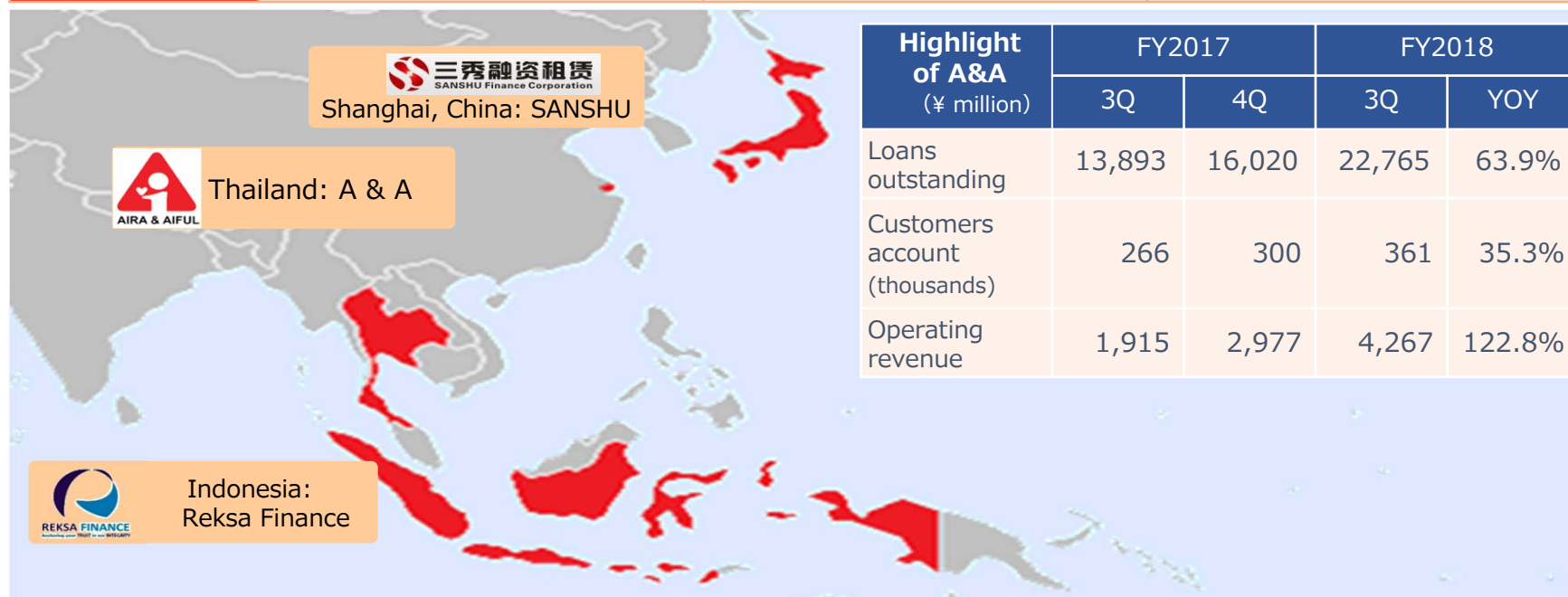


## II-05 Overseas Business



♥ **A & A** : A&A continued showing a steady growth on the back of brisk demand for funds against the background of economic growth in Thailand.  
The loans outstanding increased 63% YoY to ¥22.7bn and the number of accounts grew 35% YoY to 361,000.

	 <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>	Started its operation in September 2015	Joined AIFUL Group in May 2017	Joined AIFUL Group in April 2015



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

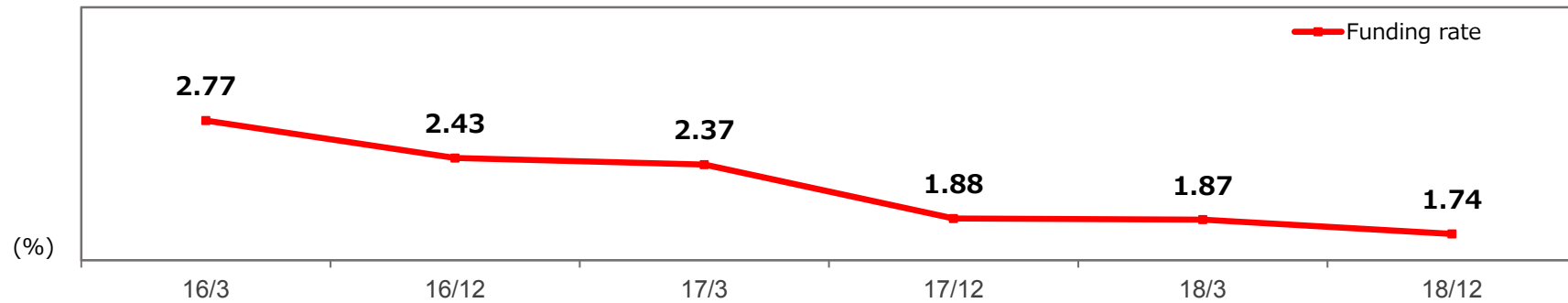
\* Exchange rate (Thai Baht): B/S: ¥3.38(FY2017 3Q), ¥3.45(FY2017 4Q), ¥3.50(FY2018 3Q)  
P/L: ¥3.27(FY2017 3Q), ¥3.31(FY2017 4Q), ¥3.41(FY2018 3Q)

## II-06 Funding (Consolidated)

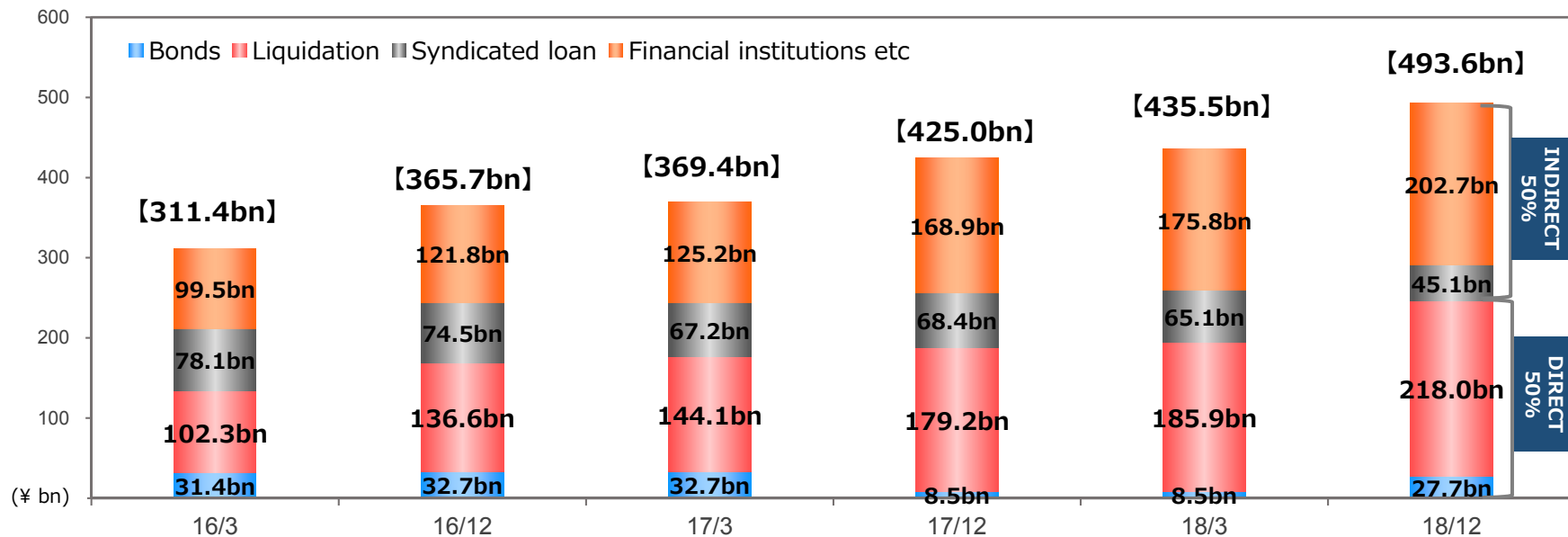


- ♥ **Funding Rate:** Average finding rate declined 14bps to 1.74% as both direct and indirect funding rate decreased.
- ♥ **Interest-Bearing Liabilities:** Fund procurement rose to 16% YoY to ¥493.6bn due to stable financing.

【Trends of Consolidated Funding Rate】



【Trends of Consolidated Interest – Bearing Liabilities】



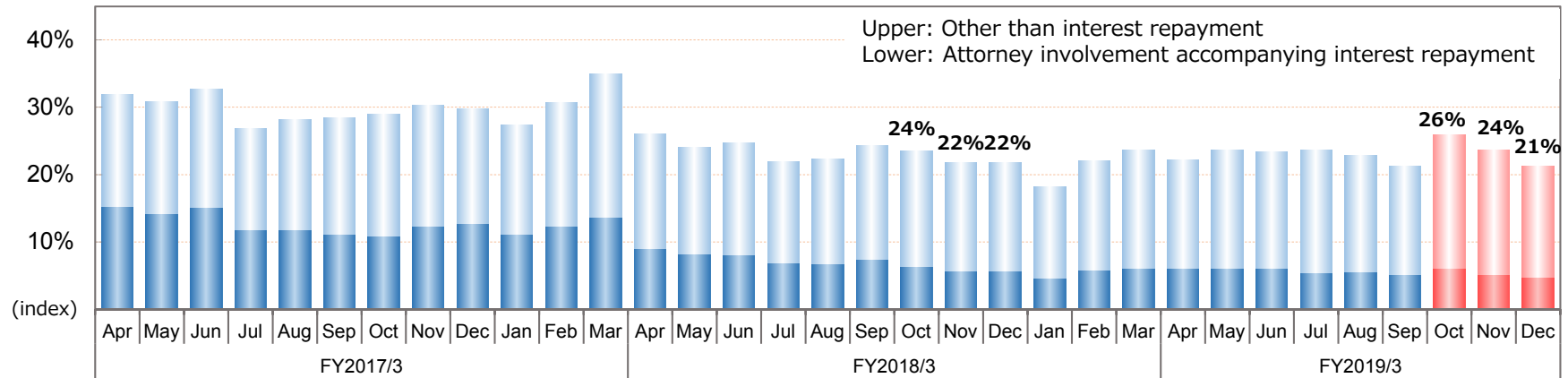
## II-07 Interest Repayment(1): Attorney Involvement Index and Number of Claims (AIFUL)



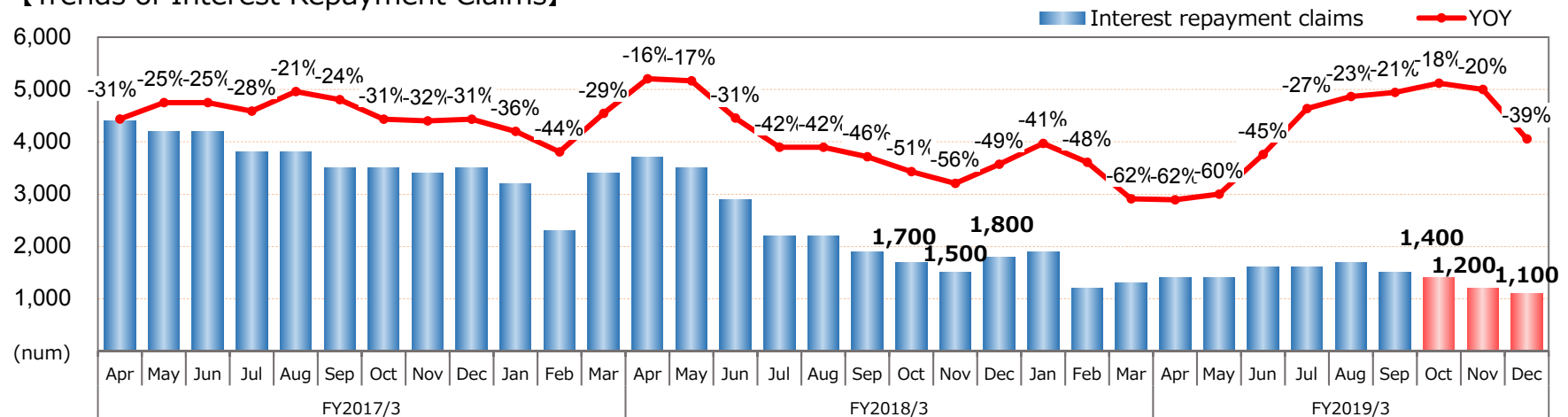
- ♥ **Attorney Involvement Index:** Attorney involvement accompanying interest repayment from April through December declined 21% YoY.
- ♥ **Interest Repayment Claims:** Total number of claims from April through December was 12,900, declined 39% YoY.

【Trends of Attorney Involvement Index】

※May 2007 (peak)=100



【Trends of Interest Repayment Claims】



## II -08 Interest Repayment(2) : Provision and Withdraw Amount



♥ **Provision related to Interest Repayment:** Provision at the end of period was ¥15.8bn. Withdraw amount for the nine months declined 43% YoY to ¥10.7bn.

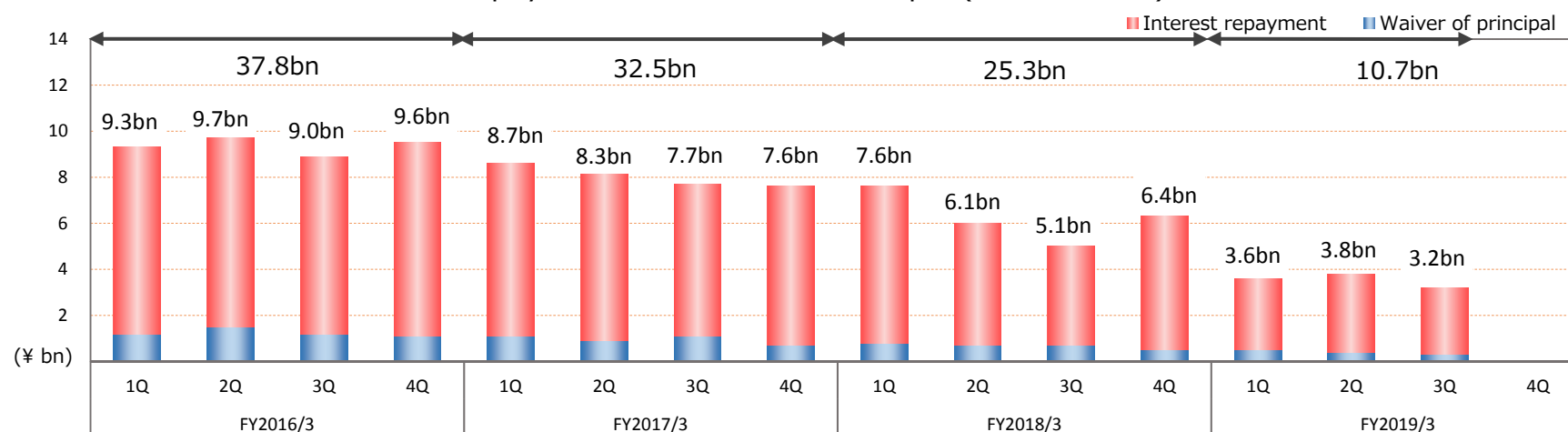
【Provision for loss on Interest Repayment】

(Consolidated)

(AIFUL)

( ¥ million )	Interest repayment	Waiver of principal	Total	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2018	24,331	2,238	26,569	22,158	2,238	24,396
Withdraw (Interest repayment)	9,513	-	9,513	8,853	-	8,853
Withdraw (Waiver of principal)	122	1,131	1,253	-	1,131	1,131
Provisions (reversal)	-	-	-	-	-	-
Allowance at the end of FY2018	14,695	1,106	15,802	13,304	1,106	14,411

【Withdraw Amount of Interest repayment and Waiver of Principal (Consolidated)】








## III Financial Results of AIFUL

### III Financial Results of AIFUL : Financial Results Summary




 (¥ million)	17/12	18/12	YOY	YOY%
Operating revenue	48,185	53,396	5,211	10.8%
Interest on operating loans	34,042	38,993	4,950	14.5%
Revenue from credit guarantee	8,272	8,412	139	1.7%
Recoveries of written off claims	4,622	4,600	-22	-0.5%
Operating expenses	43,904	45,118	1,214	2.8%
Financial expenses	4,529	4,494	-34	-0.8%
Provision of allowance for doubtful accounts	14,827	16,120	1,293	8.7%
Provision for loss on interest repayment	-	-	-	-
Other operating expenses	24,548	24,503	-44	-0.2%
Operating profit	4,280	8,277	3,996	93.4%
Ordinary profit	4,793	9,020	4,227	88.2%
Extraordinary income	703	-	-703	-
Profit	5,799	8,970	3,171	54.7%
Total receivable outstanding	346,707	387,616	40,909	11.8%
Unsecured loan	328,112	370,189	42,077	12.8%
Credit guarantee	86,246	95,925	9,678	11.2%
Customer accounts (thousands)	771	857	85	11.1%
Average yield	14.8%	14.9%	+0.1pt	-
Below 18% unsecured loan balance's occupancy rate	97.7%	98.4%	+0.7pt	-



## IV Financial Results of LIFECARD

## IV Financial Results of LIFECARD : Financial Results Summary



 (¥ million)	17/12	18/12	YOY	YOY%
Operating revenue	22,179	24,257	2,077	9.4%
Revenue from installment receivable	11,912	12,066	154	1.3%
Interest on operating loans	4,254	4,212	-41	-1.0%
Revenue from credit guarantee	1,004	1,047	43	4.3%
Other operating revenue	5,008	6,929	1,921	38.4%
Operating expenses	20,091	21,365	1,274	6.3%
Operating Income	2,088	2,891	803	38.5%
Ordinary income	2,202	3,006	804	36.5%
Profit	1,585	2,276	690	43.6%
Credit card transaction volume	521,562	520,444	-1,118	-0.2%
Shopping	491,232	489,930	-1,301	-0.3%
Cashing	30,330	30,513	183	0.6%
Total receivable outstanding	168,318	172,445	4,127	2.5%
Installment receivable	99,270	104,111	4,840	4.9%
Loans	46,330	45,107	-1,223	-2.6%
Credit guarantee	21,893	22,299	406	1.9%
Number of new issue (thousands)	361	354	-6	-1.9%
Number of card holders (thousands)	5,768	5,755	-12	-0.2%



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- The figures contained in this presentation material with respect to AIFUL and AIFUL Group's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of AIFUL and AIFUL Group which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties. Therefore, actual results may differ from those in the forward-looking statements due to various factors.
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