



# **Financial Results**

**for the First Quarter of FY2020/3**



**AIFUL CORPORATION**  
August 2019



I Financial Results Summary	...	2
I -01 Highlights and Full Year Forecast	...	3
I -02 Consolidated Financial Results	...	4
II Business Situation	...	5
II -01 Loan Business(1) : Unsecured Consumer Loan Market	...	6
Loan Business(2) : Operating Loans Outstanding	...	7
Loan Business(3) : New Accounts and Loan Volume	...	8
II -02 Non-performing Loans	...	9
II -03 Credit Card Business	...	10
II -04 Credit Guarantee Business	...	11
II -05 Overseas Business	...	12
II -06 Funding	...	13
II -07 Interest Repayment(1) : Attorney Involvement Index and Number of Claims	...	14
Interest Repayment(2) : Provision and Withdraw Amount	...	15
III Financial Results Summary of AIFUL	...	16
IV Financial Results Summary of LIFECARD	...	18



# I Financial Results Summary

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



(Consolidated)

(¥ million)	18/6	19/6	YOY%	20/3		
				(E)	YOY	YOY%
Total operating assets	681,215	744,046	9.2%	810,900	75,681	10.3%
Loan business	487,499	528,395	8.4%	564,200	42,377	8.1%
Unsecured loan	417,192	450,306	7.9%	480,100	34,234	7.7%
Secured loan	21,249	20,611	-3.0%	-	-	-
Small business loan	49,057	57,477	17.2%	-	-	-
Credit card business	98,412	102,906	4.6%	116,000	11,355	10.9%
Guarantee	88,521	105,064	18.7%	121,500	20,493	20.2%
Credit guarantee business	85,969	103,182	20.0%	120,000	21,029	21.2%
Other	2,552	1,881	-26.3%	1,500	-536	-26.3%
Operating revenue	27,682	30,251	9.3%	124,300	8,972	7.8%
Operating expenses	26,218	27,272	4.0%	109,800	-2,497	-2.2%
Operating profit	1,463	2,979	103.6%	14,400	11,369	375.1%
Ordinary profit	1,773	3,143	77.2%	15,400	11,290	274.7%
Profit attributable to owners of parent	1,840	3,453	87.7%	14,400	5,054	54.1%

(AIFUL)

(¥ million)	18/6	19/6	YOY%	20/3		
				(E)	YOY	YOY%
Operating revenue	17,201	18,572	8.0%	76,200	5,209	7.3%
Operating expenses	15,905	16,650	4.7%	64,700	-5,823	-8.3%
Operating profit	1,296	1,922	48.3%	11,400	10,932	-
Ordinary profit	1,492	2,190	46.8%	12,500	10,981	722.9%
Profit	1,647	2,767	68.0%	12,800	7,592	145.8%

\* Anshin Guarantor Service Co.,Ltd., affiliated company, has been included in the scope of equity method affiliated from the fiscal year ended March 31, 2019.

# I -02 Consolidated Financial Results



- ♥ **Operating revenue:** Up 9% YoY to ¥30.2bn driven by increase in interests on operating loans and revenue from credit guarantee etc.
- ♥ **Operating expenses :** Up 4% YoY to ¥27.2bn driven by increase in provision of allowance for doubtful accounts as operating assets surged.
- ♥ **Profit :** Up 87% YoY to ¥3.4bn driven by posting a gain on reversal of shares acquisition rights in extraordinary income.

(¥ million)	18/6	YOY%	19/6	YOY	YOY%
	(3M)		(3M)		
Operating revenue	27,682	14.3%	30,251	2,568	9.3%
Interests on operating loans	15,649	19.5%	17,196	1,546	9.9%
Revenue from installment receivable	3,946	0.4%	4,273	326	8.3%
Revenue from credit guarantee	3,310	3.0%	3,722	412	12.4%
Operating expenses	26,218	13.3%	27,272	1,053	4.0%
Financial expenses	1,826	-14.6%	1,905	79	4.4%
Provision for loss on interest repayment	-	-	-	-	-
Provision of allowance for doubtful accounts	8,686	38.1%	9,403	716	8.3%
Advertising cost	2,952	-0.1%	2,725	-226	-7.7%
Advertising expenses	849	-12.3%	789	-59	-7.0%
Sales promotion expenses	2,103	5.8%	1,936	-167	-7.9%
Personnel expenses	3,963	2.0%	4,170	207	5.2%
Operating profit	1,463	34.0%	2,979	1,515	103.6%
Ordinary profit	1,773	44.2%	3,143	1,369	77.2%
Extraordinary income	-	-	230	230	-
Profit before income taxes	1,773	-8.1%	3,373	1,599	90.2%
Income taxes-current	84	-	226	142	167.1%
Income taxes-deferred	10	-92.2%	-248	-259	-
Profit attributable to owners of parent	1,840	-6.9%	3,453	1,613	87.7%



## II Business Situation

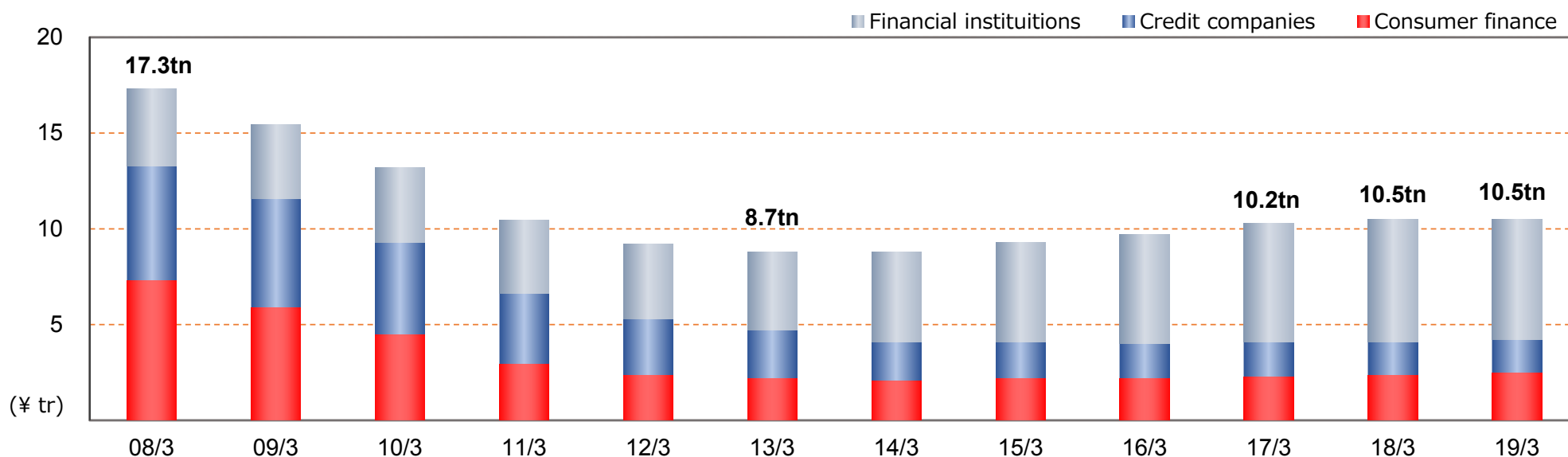
## II-01 Loan Business(1): Unsecured Consumer Loan Market



♥ **Unsecured loans market:** Due to voluntary restriction by bank and etc., unsecured loans market remained flat. Loans outstanding by money lenders reached ¥4.2tr. Of these, consumer finance companies recorded ¥2.5tr, a 4% YoY increase, while financial institutions declined slightly.

### 【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	19/3
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	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	6.3
Consumer finance	7.3	5.9	4.5	2.9	2.4	2.1	2.1	2.1	2.2	2.3	2.4	2.5
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



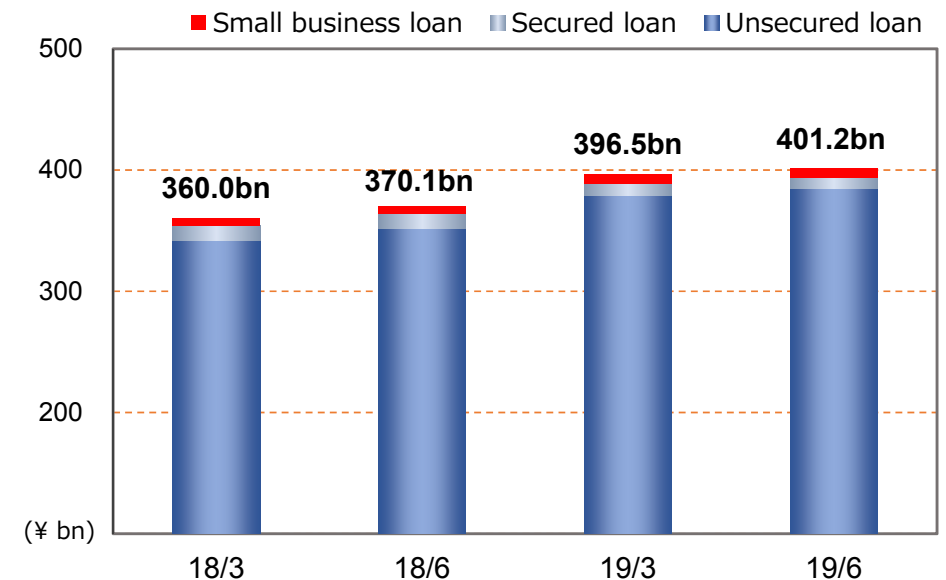
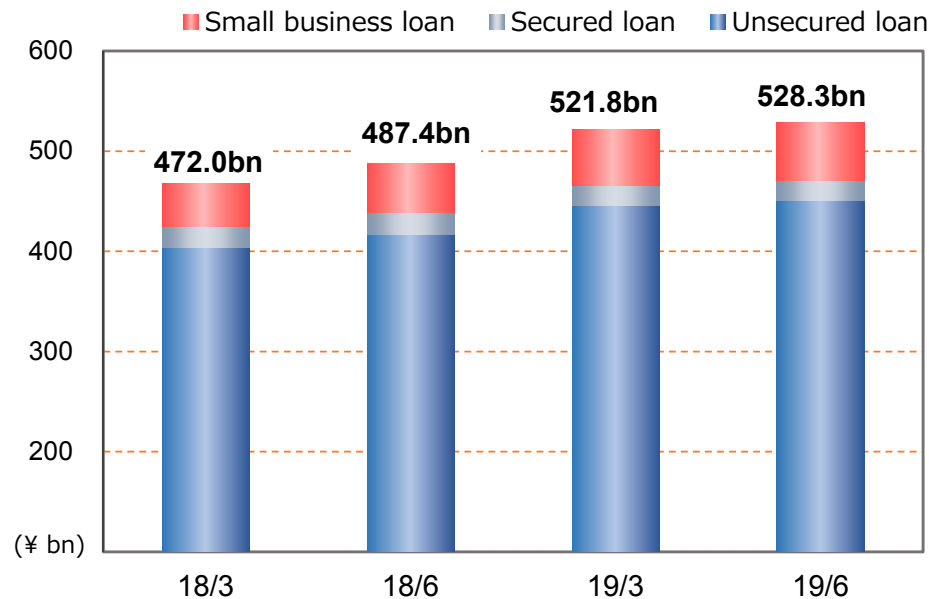
♥ **Loan Outstanding:** Performed steadily both on consolidated and non-consolidated (AIFUL parent) basis. Consolidated loans outstanding rose 8% YoY to ¥528.3bn. Of which, unsecured loan surged 7% YoY to ¥450.3bn and small business loan increased 17% YoY to ¥57.4bn.

### 【Consolidated Basis】

(¥ million)	18/6	19/3	19/6	YOY
Loans outstanding	487,499	521,823	528,395	8.4%
Unsecured	417,192	445,866	450,306	7.9%
Secured	21,249	20,285	20,611	-3.0%
Small business	49,057	55,670	57,477	17.2%

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

(¥ million)	18/6	19/3	19/6	YOY
Loans outstanding	370,147	396,540	401,289	8.4%
Unsecured	352,210	379,317	384,760	9.2%
Secured	11,553	9,306	8,571	-25.8%
Small business	6,383	7,915	7,957	24.7%





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



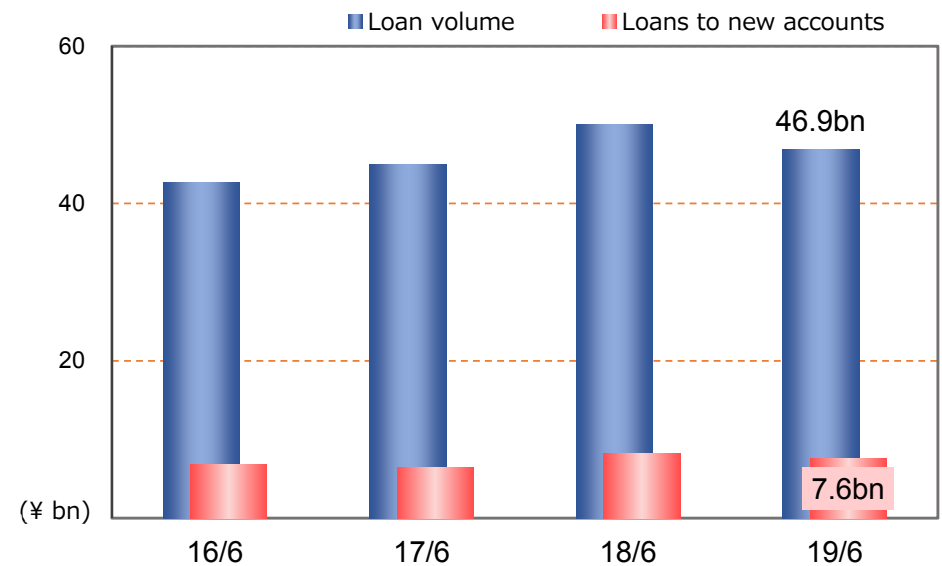
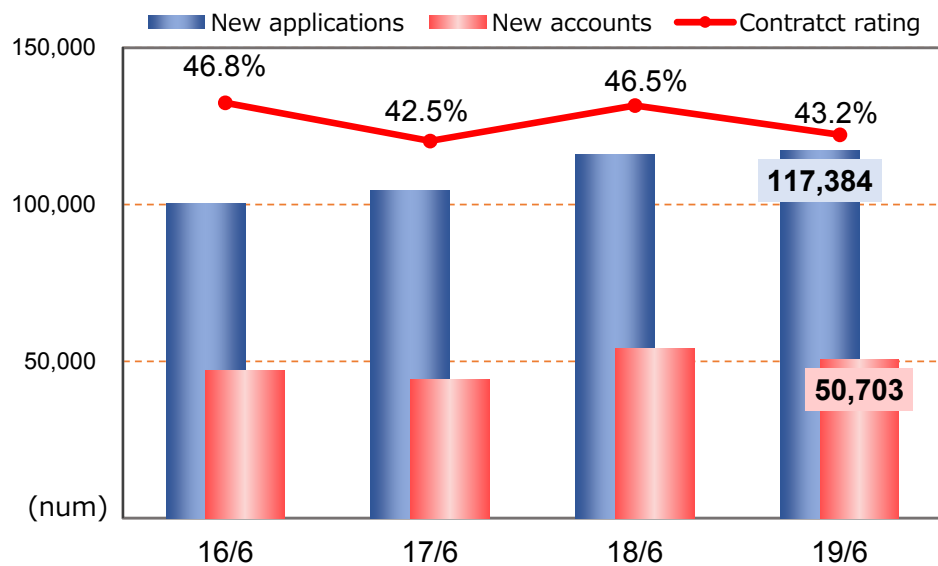
- ♥ **New accounts:** Number of new applications increased 1% YoY to 110,000. Number of new accounts also declined 6% YoY to 50,000.
- ♥ **Loan Volume:** Loan volume decreased 6% YoY to ¥46.9bn due decline in lending at both new and existing accounts.

【Trends of Unsecured Loans' New Accounts】

(num)	17/6 (3M)	18/6 (3M)	19/6 (3M)	YOY
New applications	104,432	116,077	117,384	1.1%
New accounts	44,346	53,993	50,703	-6.1%
Contract rate	42.5%	46.5%	43.2%	-3.3pt

【Trends of Loan Volume】

(¥ million)	17/6 (3M)	18/6 (3M)	19/6 (3M)	YOY
Loan volume	44,951	50,090	46,934	-6.3%
New accounts	6,530	8,210	7,648	-6.9%
Existing accounts	38,421	41,879	39,286	-6.2%



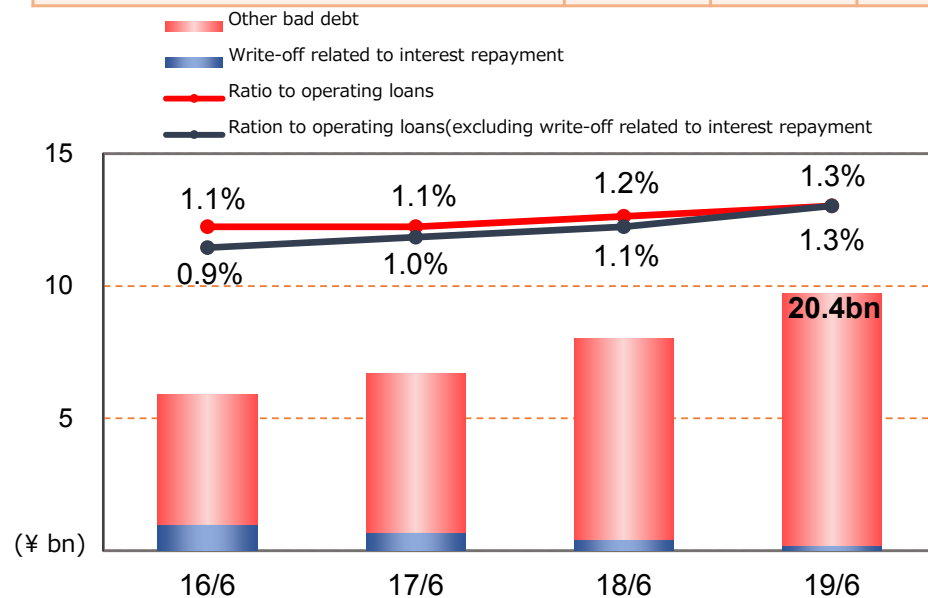
## II-02 Non-performing Loans (Consolidated)



- ♥ **Bad Debt:** Bad debt ratio excluding write-offs accompanying interest repayment increased 0.2pt YoY to 1.3%.
- ♥ **Non performing loan:** Ratio of unsecured loan NPL increased 1.0pt YoY to 10.3%.

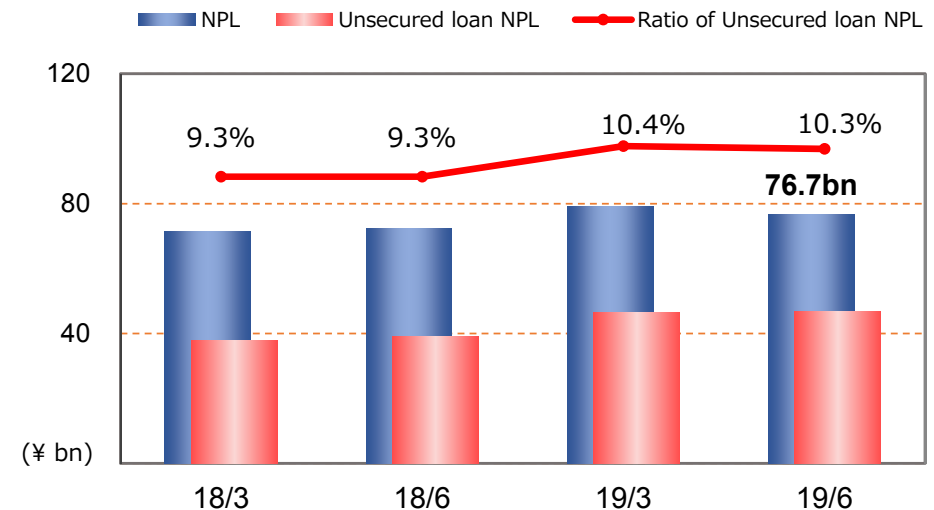
【Trends of Bad Debt】

(¥ million)	18/6 (3M)	19/6 (3M)	YOY
Bad debt	8,091	9,837	21.6%
Bad debt except write-offs related to interest repayment	7,622	9,558	25.4%
Ratio to operating loans	1.2%	1.3%	+0.1pt
Bad debt ratio except write offs related to interest repayment	1.1%	1.3%	+0.2pt
Total receivable outstanding	681,215	744,046	9.2%



【Trends of NPL defined by FSA】

(¥ million)	18/6	19/6	YOY
NPL amount	72,270	76,754	5.4%
Unsecured loan NPL	39,105	46,775	18.0%
Ratio of NPL	14.0%	14.1%	+0.1pt
Ratio of Unsecured loan NPL	9.3%	10.3%	+1.0pt
Operating loans including claims in bankruptcy	514,861	544,245	5.7%

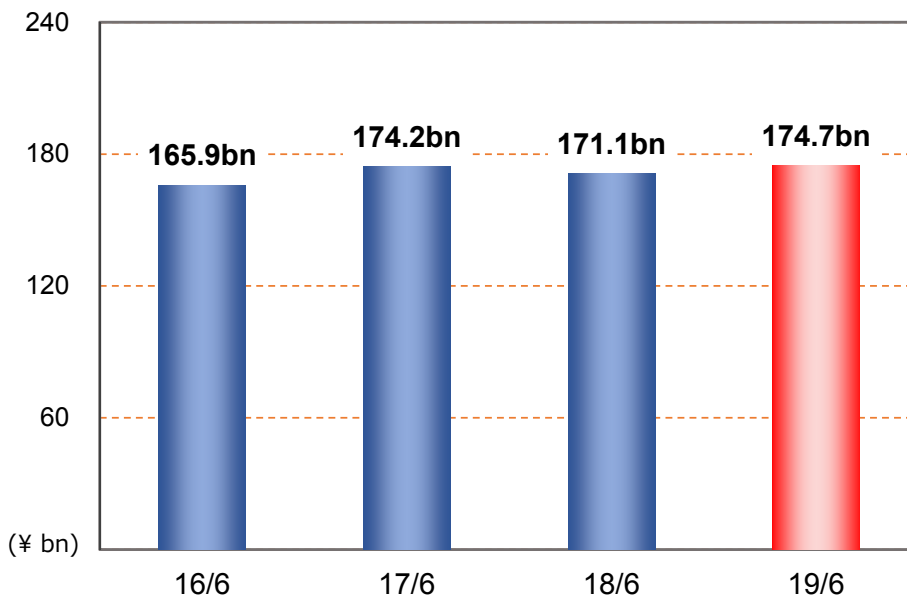




♥ **Credit Card Business:** Transaction volume increased 2% YoY to ¥174.7bn.  
 Installment receivable increased 4% YoY to ¥102.9bn due to increase in revolving payment and installment payment.

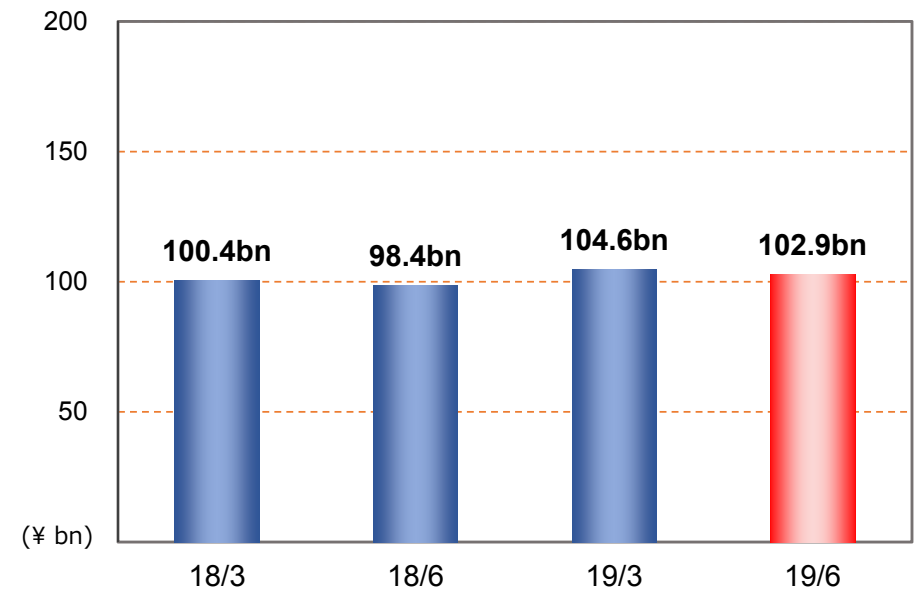
【Trends of Transaction volume】

(¥ million)	17/6 (3M)	18/6 (3M)	19/6 (3M)	YOY
Transaction volume	174,278	171,188	174,768	2.1%



【Trends of Installment receivable】

(¥ million)	18/6	19/3	19/6	YOY
Installment receivable	98,412	104,645	102,906	4.6%





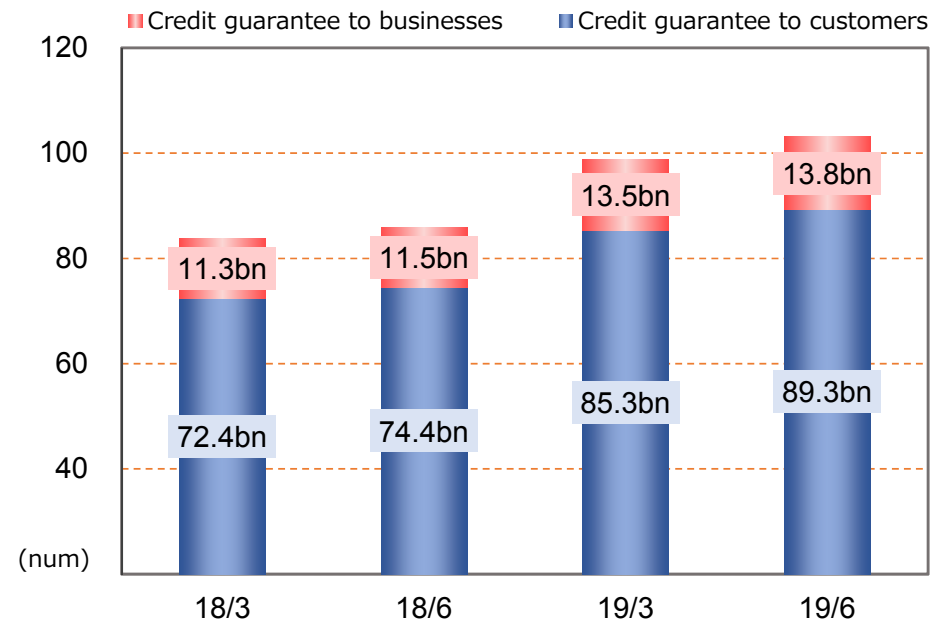
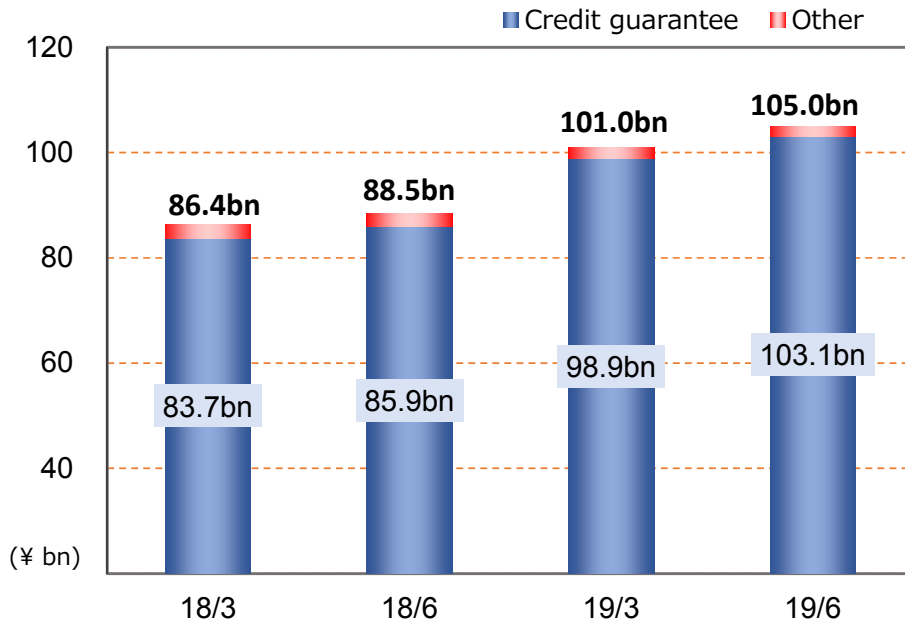
♥ **Credit Guarantee Business:** Performed steadily, showing a 20% increase on YoY to 103.1bn. Of which, credit guarantee for individuals rose 20% YoY to ¥89.3bn and for business operators grow 19% YoY to ¥13.8bn.

【Trends of Guarantee】

(¥ million)	18/6	19/3	19/6	YOY
Guarantee	88,521	101,007	105,064	18.7%
Credit guarantee business	85,969	98,971	103,182	20.0%
Other	2,552	2,036	1,881	-26.3%

【Trends of Credit Guarantee Business】

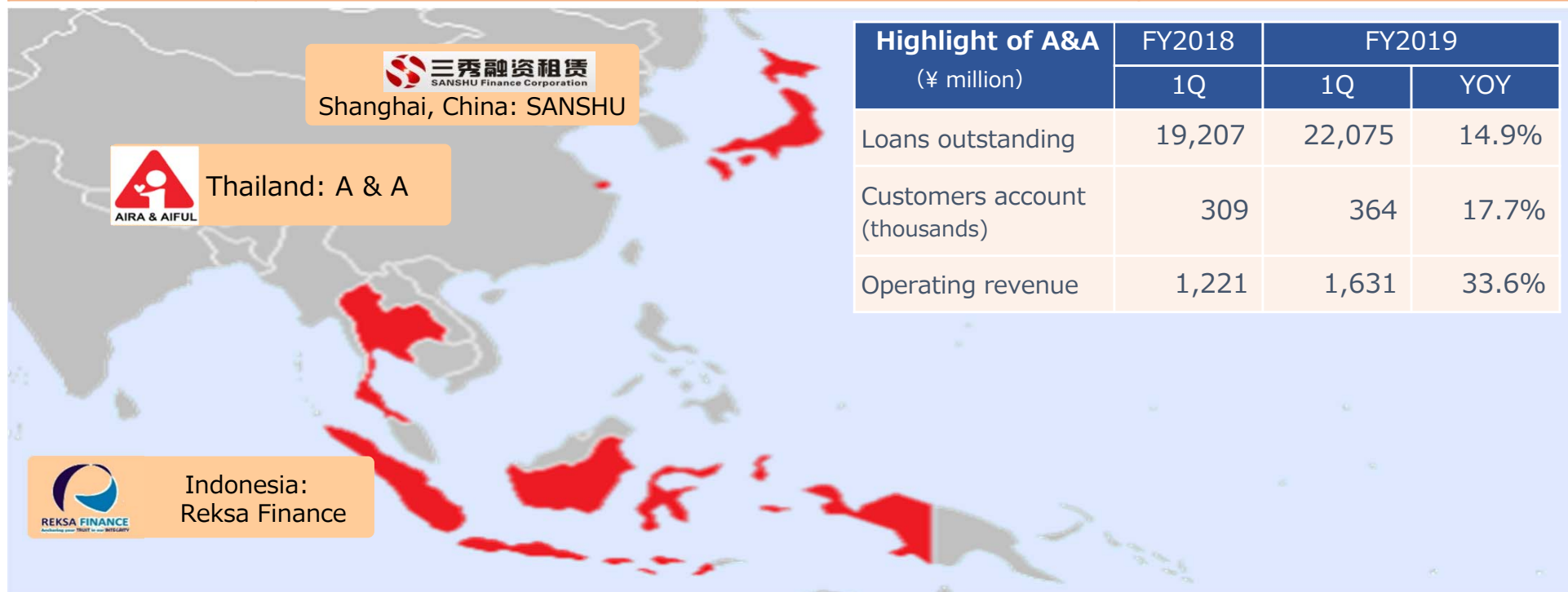
(¥ million)	18/6	19/3	19/6	YOY
Credit Guarantee business	85,969	98,971	103,182	20.0%
for individuals	74,403	85,386	89,309	20.0%
for business operators	11,566	13,584	13,873	19.9%





♥ **A & A** : Although the unsecured loan market is expanding due to increased consumption accompanying economic growth in Thailand, A&A made a careful credit screening focusing on quality customers.  
The loans outstanding increased 14% YoY to ¥22.0bn and the number of accounts grew 17% YoY to 364,000.

	 <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



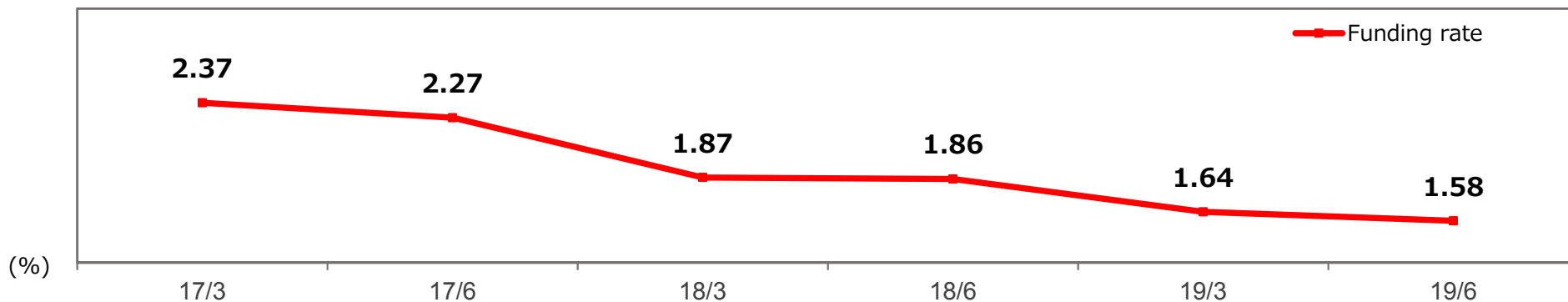
\* Fiscal period of A&A is from January 1, to December 31.

\* Exchange rate (Thai Baht): B/S: ¥3.40(FY2018 1Q), ¥3.49(FY2019 1Q)  
P/L: ¥3.43(FY2018 1Q), ¥3.49(FY2019 1Q)

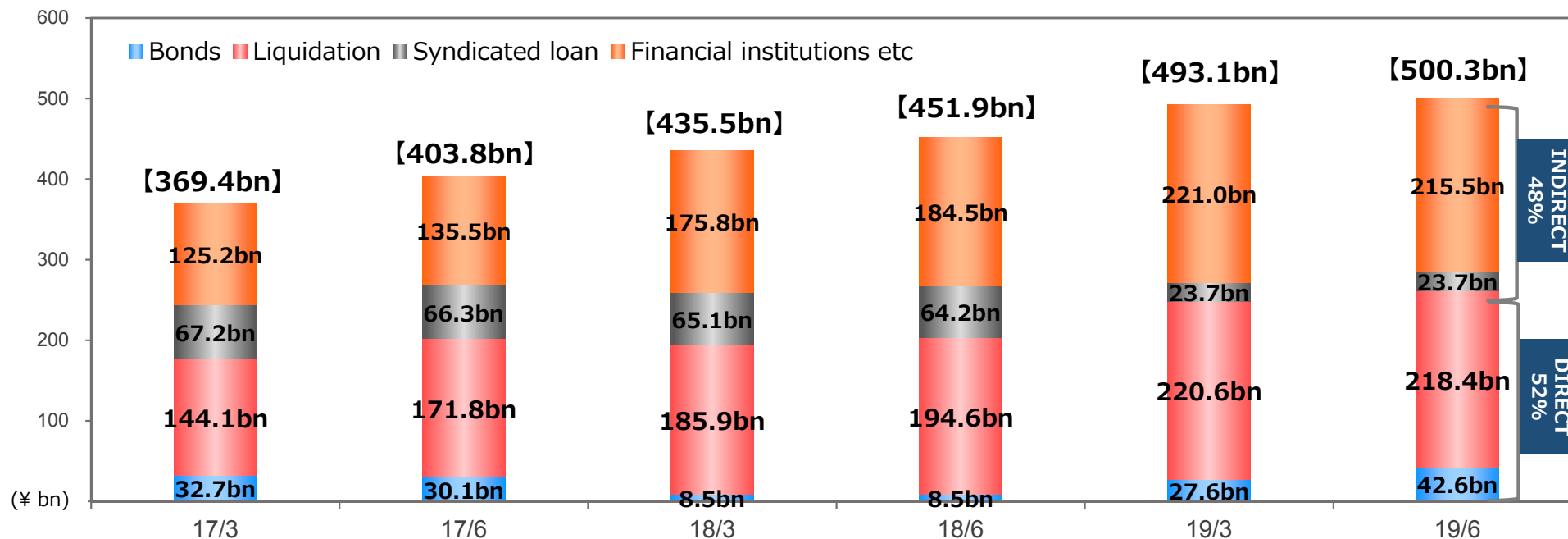


- ♥ **Funding Rate:** Average finding rate declined 28bps to 1.58% as both direct and indirect funding rate decreased.
- ♥ **Interest-Bearing Liabilities:** Fund procurement rose to 10% YoY to ¥500.3bn due to stable financing.  
Made public issuance of straight bonds in June 2019.

【Trends of Consolidated Funding Rate】



【Trends of Consolidated Interest – Bearing Liabilities】



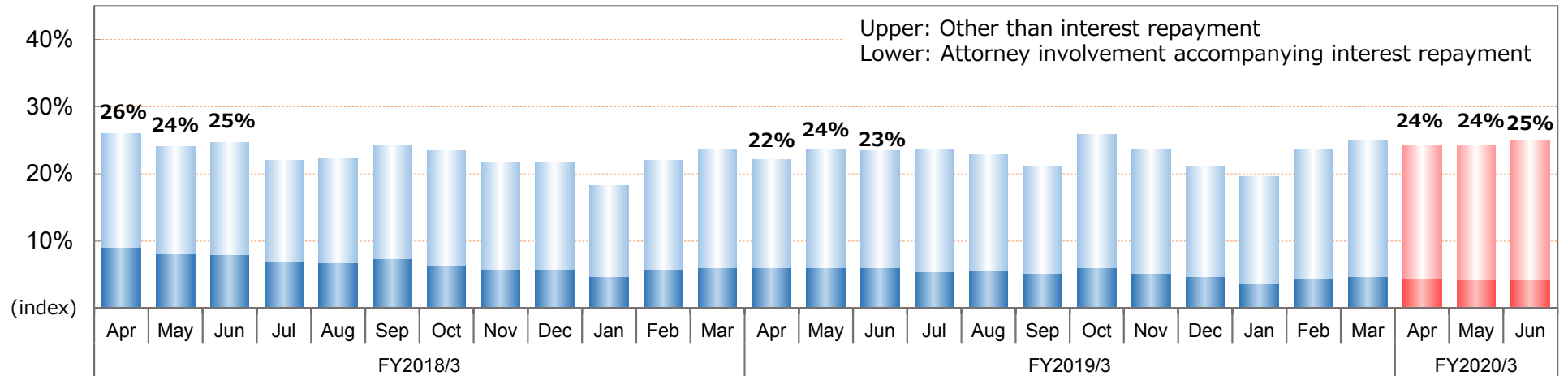
# II -07 Interest Repayment(1): Attorney Involvement Index and Number of Claims (AIFUL)



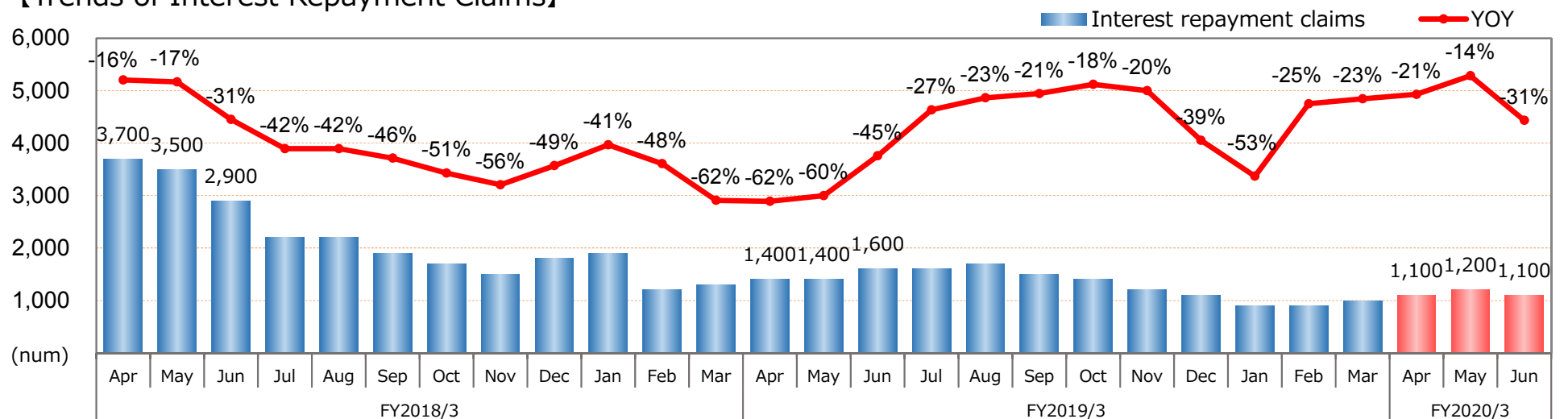
- ♥ **Attorney Involvement Index:** Attorney involvement accompanying interest repayment from April through June declined 19% YoY.
- ♥ **Interest Repayment Claims:** Total number of claims from April through June was 3,400, declined 22% YoY.

【Trends of Attorney Involvement Index】

※May 2007 (peak)=100



【Trends of Interest Repayment Claims】



## II -07 Interest Repayment(2) : Provision and Withdraw Amount



♥ **Provision related to Interest Repayment:** Withdraw amount for the three months was ¥3.9bn which of ¥3.6bn for interest repayment and ¥0.3bn for waiver of principal. Provision at the end of period was ¥21.5bn.

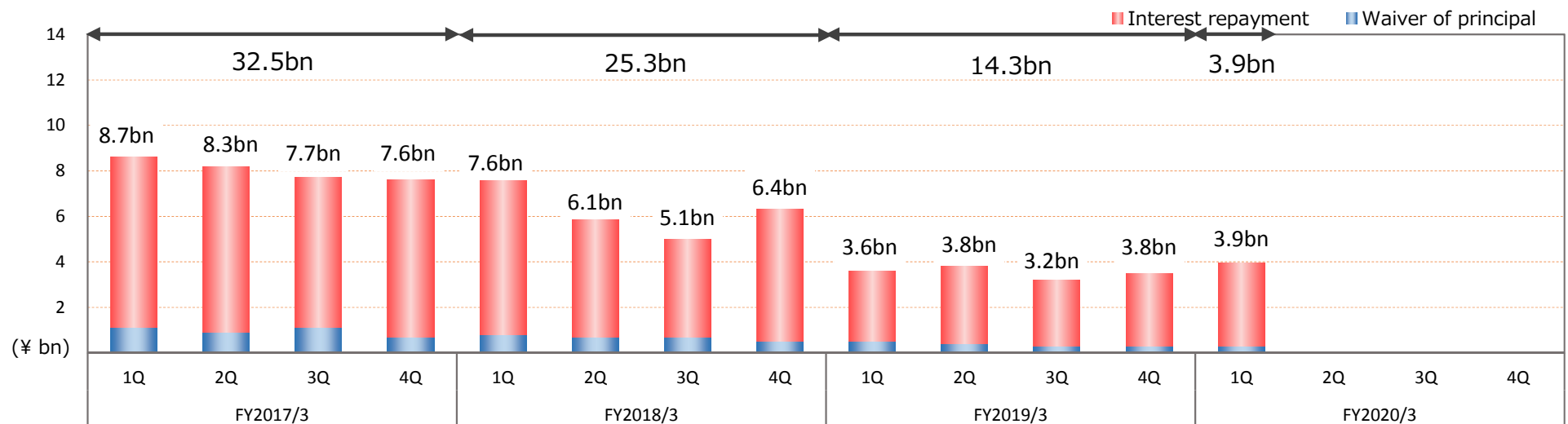
### 【Provision for loss on Interest Repayment】

(Consolidated)

(AIFUL)

( ¥ million )	Interest repayment	Waiver of principal	Total	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2019	22,963	2,534	25,497	20,722	2,534	23,256
Withdraw (Interest repayment)	3,635	-	3,635	3,414	-	3,414
Withdraw (Waiver of principal)	29	279	308	-	279	279
Provisions (reversal)	-	-	-	-	-	-
Allowance at the end of FY2019	19,297	2,254	21,552	17,307	2,254	19,562

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








## **III Financial Results of AIFUL**

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




 (¥ million)	18/6	19/6	YOY	YOY%
	(3M)	(3M)		
Operating revenue	17,201	18,572	1,371	8.0%
Interest on operating loans	12,525	13,695	1,170	9.3%
Revenue from credit guarantee	2,733	2,890	156	5.7%
Recoveries of written off claims	1,481	1,501	19	1.3%
Operating expenses	15,905	16,650	744	4.7%
Financial expenses	1,414	1,443	28	2.0%
Provision for loss on interest repayment	-	-	-	-
Provision of allowance for doubtful accounts	6,193	6,844	651	10.5%
Other operating expenses	8,297	8,362	65	0.8%
Operating profit	1,296	1,922	626	48.3%
Ordinary profit	1,492	2,190	697	46.8%
Extraordinary income	-	230	230	-
Profit before income taxes	1,492	2,420	928	62.2%
Profit	1,647	2,767	1,119	68.0%
Total receivable outstanding	370,147	401,289	31,142	8.4%
Unsecured loan	352,210	384,760	32,550	9.2%
Guarantee	89,833	101,018	11,184	12.4%
Customer accounts (thousands)	822	889	67	8.2%
Average yield	14.9	14.7	-0.1pt	-
Below 18% unsecured loan balance's occupancy rate	98.1%	98.6%	0.5pt	-



## IV Financial Results of LIFECARD

## IV Financial Results of LIFECARD : Financial Results Summary



 (¥ million)	18/6 (3M)	19/6 (3M)	YOY	YOY%
Operating revenue	8,134	8,507	372	4.6%
Revenue from installment receivable	3,933	4,250	316	8.0%
Interest on operating loans	1,407	1,342	-65	-4.7%
Revenue from credit guarantee	343	365	22	6.5%
Other operating revenue	2,449	2,549	99	4.1%
Operating expenses	7,586	7,419	-167	-2.2%
Operating Income	547	1,087	539	98.5%
Ordinary income	584	1,125	540	92.5%
Profit	400	838	438	109.3%
Credit card transaction volume	171,188	174,768	3,579	2.1%
Shopping	160,803	164,798	3,995	2.5%
Cashing	10,385	9,969	-415	-4.0%
Total receivable outstanding	166,842	170,820	3,978	2.4%
Installment receivable	97,942	102,532	4,590	4.7%
Loans	46,343	44,284	-2,059	-4.4%
Guarantee	21,662	23,012	1,350	6.2%
Number of new issue (thousands)	129	128	-0	-0.4%
Number of card holders (thousands)	5,776	5,783	7	0.1%



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