

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



AIFUL CORPORATION

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

**November 14, 2017
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1. Financial Results Summary





(Consolidated)

(¥ million)	16/9	17/9	18/3(E)			
			YOY%	YOY	YOY%	
Operating revenue	45,221	49,252	8.9%	103,700	12,250	13.4%
Operating expenses	42,509	47,103	10.8%	94,800	10,360	12.3%
Operating income	2,711	2,148	-20.8%	8,800	1,791	25.6%
Ordinary income	2,905	2,383	-18.0%	9,100	1,701	23.0%
Net income attributable to owners of parent	2,900	3,402	17.3%	10,000	2,724	37.4%
Loans outstanding (Managed Asset Basis)	394,398	442,322	12.2%	469,200	56,551	13.7%
Unsecured loans outstanding	327,598	376,397	14.9%	402,500	56,089	16.2%
Installment receivable	90,042	94,321	4.8%	107,700	10,566	10.9%
Credit guarantee	73,463	81,827	11.4%	92,600	16,853	22.2%

(AIFUL)

(¥ million)	16/9	17/9	18/3(E)			
			YOY%	YOY	YOY%	
Operating revenue	28,657	31,470	9.8%	64,200	5,861	10.0%
Operating expenses	27,410	29,353	7.1%	57,700	2,949	5.4%
Operating income	1,247	2,116	69.7%	6,400	2,813	78.4%
Ordinary income	1,429	2,483	73.7%	7,000	2,910	71.1%
Net income	1,687	3,300	95.6%	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)	16/9	17/9	YOY	YOY%
Operating revenue	45,221	49,252	4,030	8.9%
Interest income	23,327	26,958	3,631	15.6%
Revenue from installment receivable	7,564	7,903	338	4.5%
Revenue from credit guarantee	6,236	6,431	195	3.1%
Operating expenses	42,509	47,103	4,594	10.8%
Financial expenses	3,959	4,015	56	1.4%
Cost of sales	1,092	785	-307	-28.1%
Credit cost	10,642	13,057	2,414	22.7%
(Bad debt write-offs)	11,283	12,870	1,587	14.1%
Expenses for Interest repayment	-	-	-	-
(Interest repayment)	14,984	12,254	-2,730	-18.2%
Other operating expenses	26,815	29,245	2,430	9.1%
Advertising expenses	1,748	1,845	96	5.5%
Personnel expenses	7,086	7,768	681	9.6%
Sales promotion expenses	3,775	4,020	244	6.5%
Operating income	2,711	2,148	-563	-20.8%
Ordinary income	2,905	2,383	-522	-18.0%
Extraordinary income	-	701	701	-
Net Income	2,900	2,947	46	1.6%
Net income attributable to owners of parent	2,900	3,402	501	17.3%

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)	16/9	17/9	YOY	YOY%
	Operating revenue	28,657	31,470	2,812
Interest income	19,532	22,255	2,723	13.9%
Revenue from credit guarantee	5,602	5,502	-100	-1.8%
Recovery of loans previously charged off	2,769	2,892	122	4.4%
Operating expenses	27,410	29,353	1,943	7.1%
Financial expenses	3,116	3,165	49	1.6%
Credit cost	8,555	9,799	1,244	14.5%
(Bad debt write-offs)	9,470	10,373	903	9.5%
Expenses for Interest repayment	-	-	-	-
(Interest repayment)	14,197	11,639	-2,557	-18.0%
Other operating expenses	15,738	16,388	649	4.1%
Operating income	1,247	2,116	869	69.7%
Ordinary income	1,429	2,483	1,053	73.7%
Net income	1,687	3,300	1,613	95.6%
Loans outstanding (Managed Asset Basis)	306,418	338,480	32,062	10.5%
Unsecured loans outstanding	282,724	319,250	36,526	12.9%
Credit guarantee	78,675	84,564	5,889	7.5%
Customer accounts (thousands)	694	754	60	8.7%
Average yield	14.7%	14.8%	0.1pt	-
Below 18% unsecured loan balance's occupancy rate	96.4%	97.5%	1.1pt	-



 (¥ million)	16/9	17/9		
			YOY	YOY%
Operating revenue	14,152	14,568	415	2.9%
Operating expenses	12,905	13,524	618	4.8%
Operating income	1,247	1,044	-202	-16.3%
Ordinary income	1,477	1,128	-349	-23.6%
Net income	1,687	763	-923	-54.8%
Loans outstanding (Managed Asset Basis)	45,108	46,209	1,101	2.4%
Installment receivables	89,048	93,561	4,513	5.1%

 (¥ million)	16/9	17/9		
			YOY	YOY%
Operating revenue	1,078	1,304	225	20.9%
Operating expenses	1,109	1,500	390	35.2%
Operating income	-30	-195	-164	-
Ordinary income	28	-151	-179	-
Net income	-26	-244	-217	-
Loans outstanding (Managed Asset Basis)	42,872	46,374	3,502	8.2%
Customer accounts (thousands)	23	24	1	3.7%

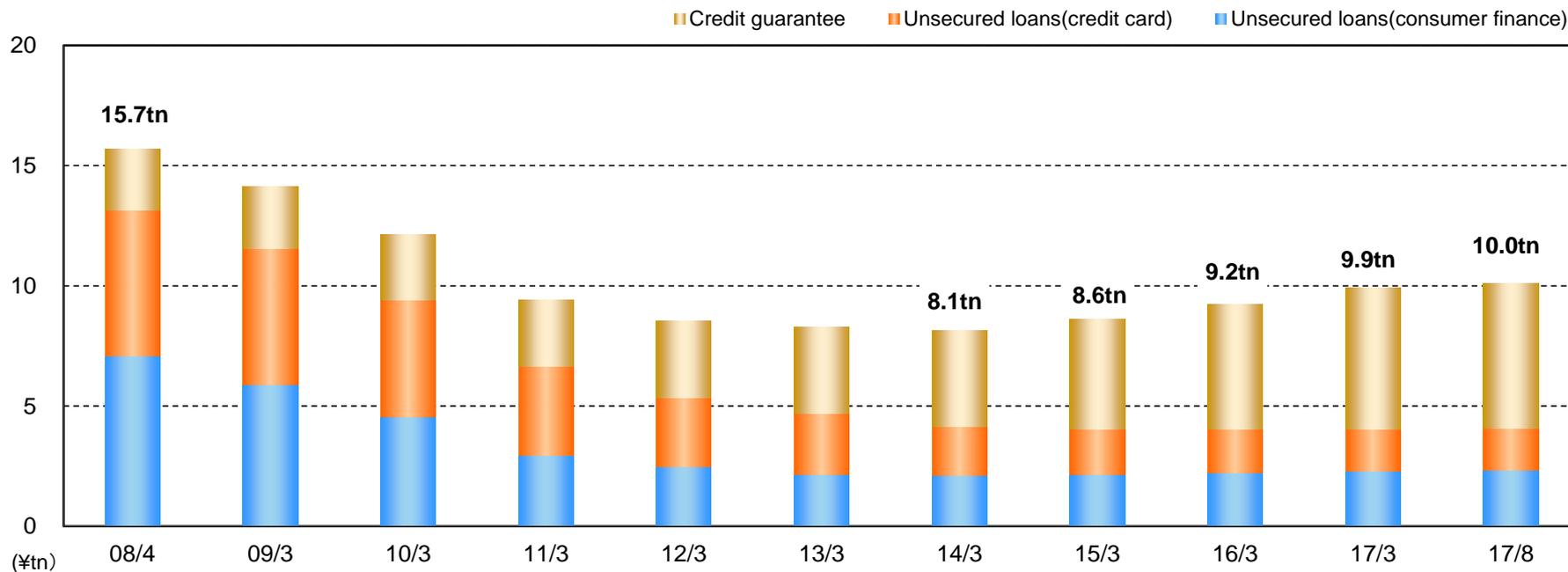
2. Business Environment





◆ Trends of Unsecured Consumer Loans Market

(¥ trillion)	08/4	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3	17/8
Consumer Finance	7.0	5.9	4.5	2.9	2.4	2.1	2.1	2.1	2.2	2.3	2.3
Credit card companies	6.0	5.6	4.8	3.6	2.8	2.5	2.0	1.8	1.7	1.7	1.7
Credit guarantees of financial institution's	2.5	2.5	2.7	2.7	3.2	3.5	4.0	4.5	5.2	5.8	6.0
Total	15.7	14.1	12.1	9.4	8.5	8.2	8.1	8.6	9.2	9.9	10.0



Source : Monthly market survey by the Japan Financial Services Association

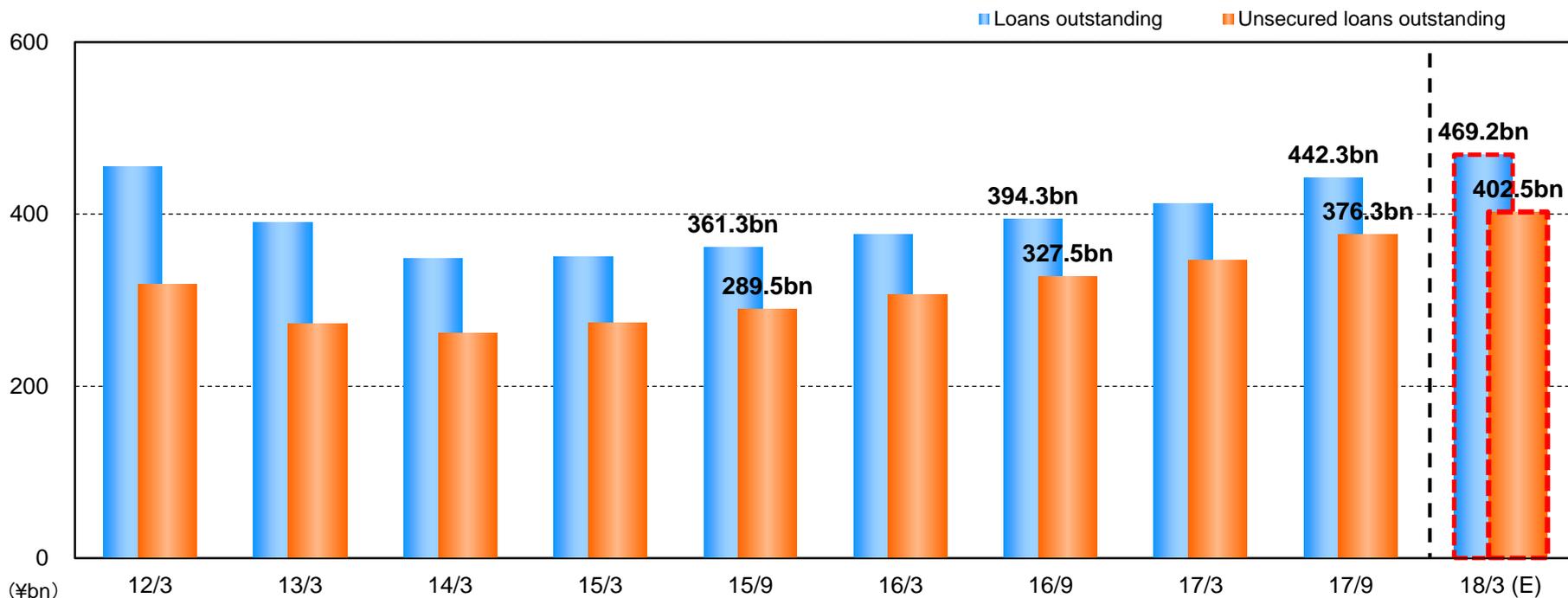


Operating Results (2): Situation of Loans Outstanding (Consolidated)

◆ Trends of Operating Loans Outstanding (AIFUL consolidated basis)

(# billion)	12/3	13/3	14/3	15/3	15/9	16/3	16/9	17/3	17/9	YOY%	18/3 (E)	YOY%
	Loan outstanding	455.0	390.6	348.0	350.0	361.3	376.2	394.3	412.6	442.3	12.2%	469.2
Unsecured loans outstanding	318.7	272.9	261.2	273.6	289.5	306.6	327.5	346.4	376.3	14.9%	402.5	16.2%

*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.

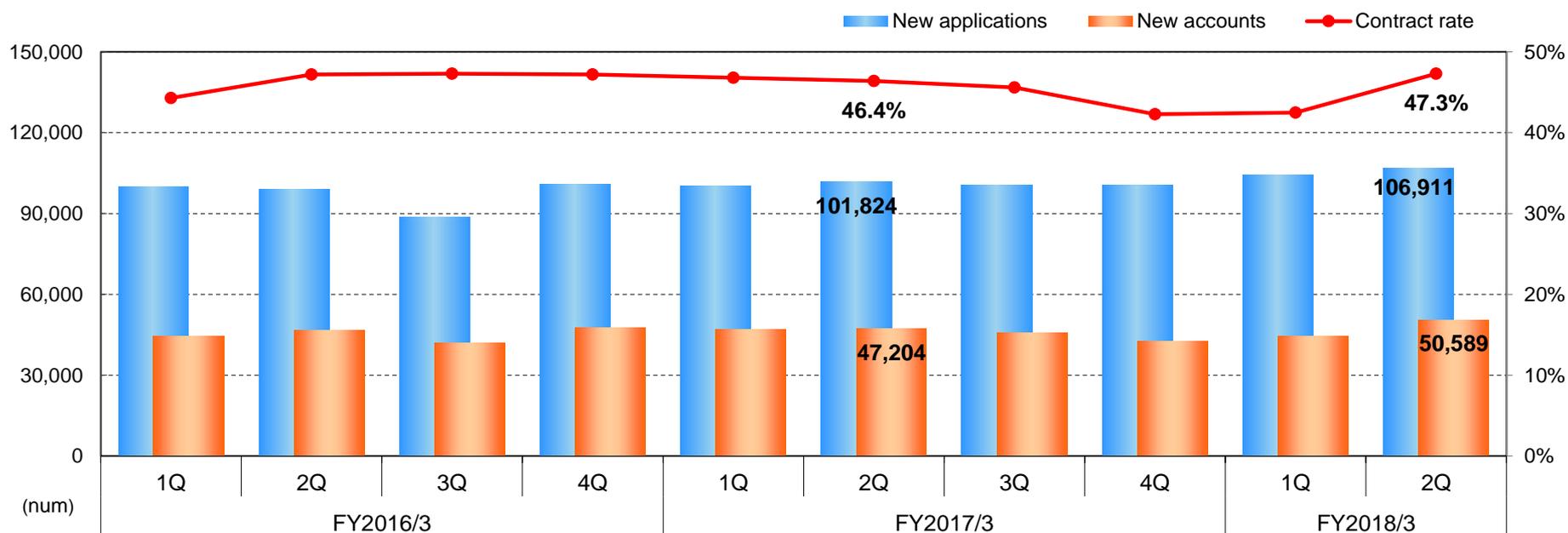


◆ Situation of Unsecured Loans' New Application

(¥ million)	FY2017/3			FY2018/3			YOY
	1Q (3M)	2Q (3M)	TOTAL	1Q (3M)	2Q (3M)	TOTAL	
New applications (num)	100,336	101,824	202,160	104,432	106,911	211,343	4.5%
New accounts (num)	46,964	47,204	94,168	44,346	50,589	94,935	0.8%
Contract rate	46.8%	46.4%	46.6%	42.5%	47.3%	44.9%	-1.7pt

Italic Font = Increase or Decrease

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

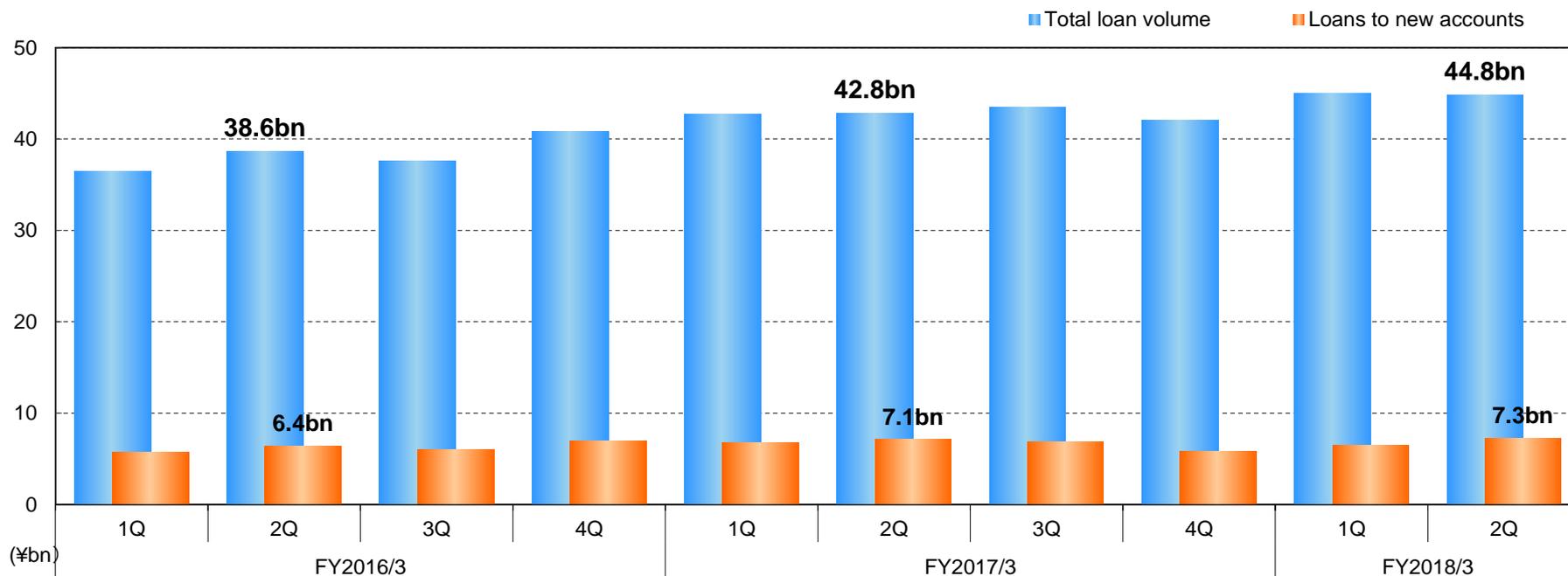




◆ Situation of Loan Volume

(¥ million)	FY2017/3			FY2018/3			YOY
	1Q (3M)	2Q (3M)	TOTAL	1Q (3M)	2Q (3M)	TOTAL	
Loan volume	42,711	42,831	85,542	44,951	44,893	89,844	5.0%
Loans to new accounts	6,852	7,133	13,985	6,530	7,328	13,858	-0.9%
Loans to existing accounts	35,858	35,698	71,556	38,421	37,565	75,986	6.2%

◆ Trends of Loan Volume



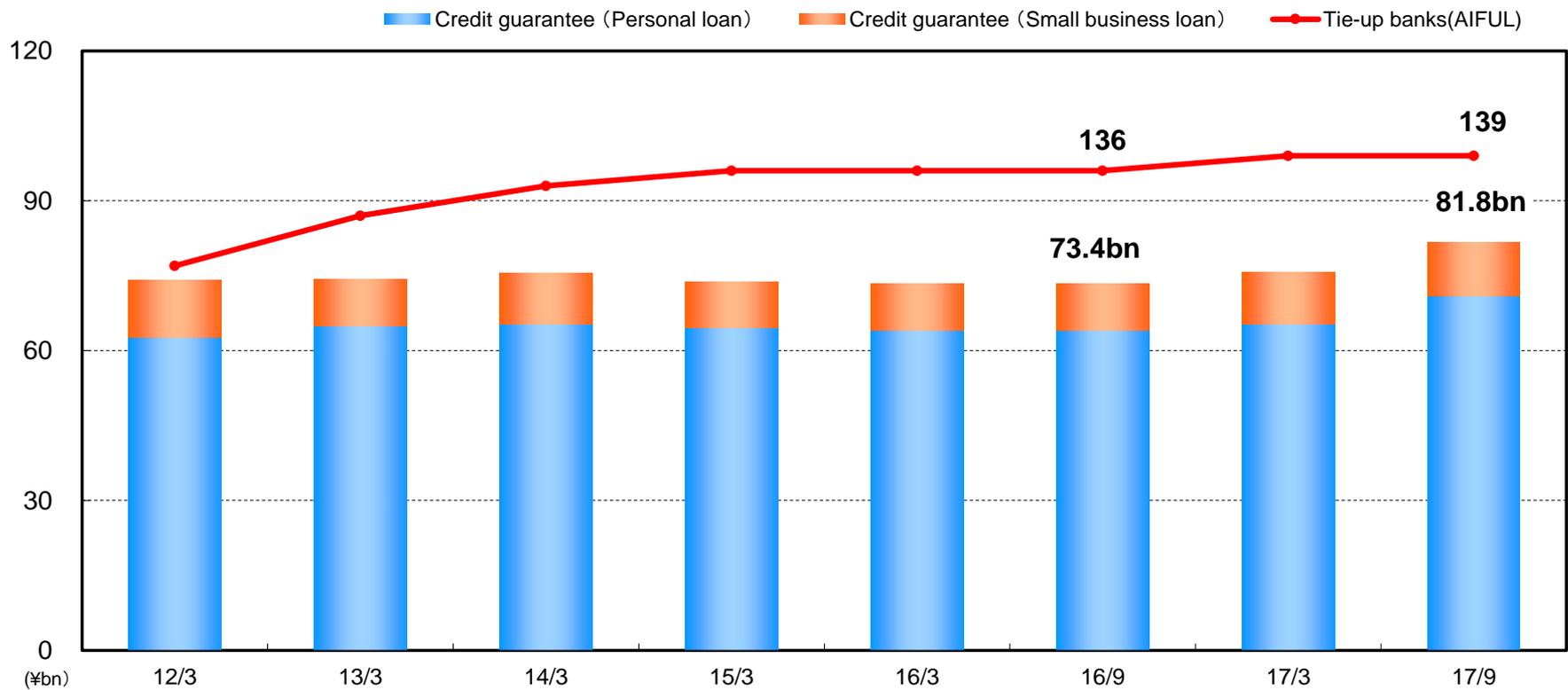


◆ Credit Guarantee Outstanding

(¥ million)	13/3	14/3	15/3	16/3	16/9	17/3	17/9	YOY
Credit guarantee *	74,440	75,558	73,874	73,411	73,463	75,747	81,827	11.4%

*Managed Asset Basis

◆ Trends of Credit Guarantee Outstanding





◆ Trends of Installment receivable(consolidated)

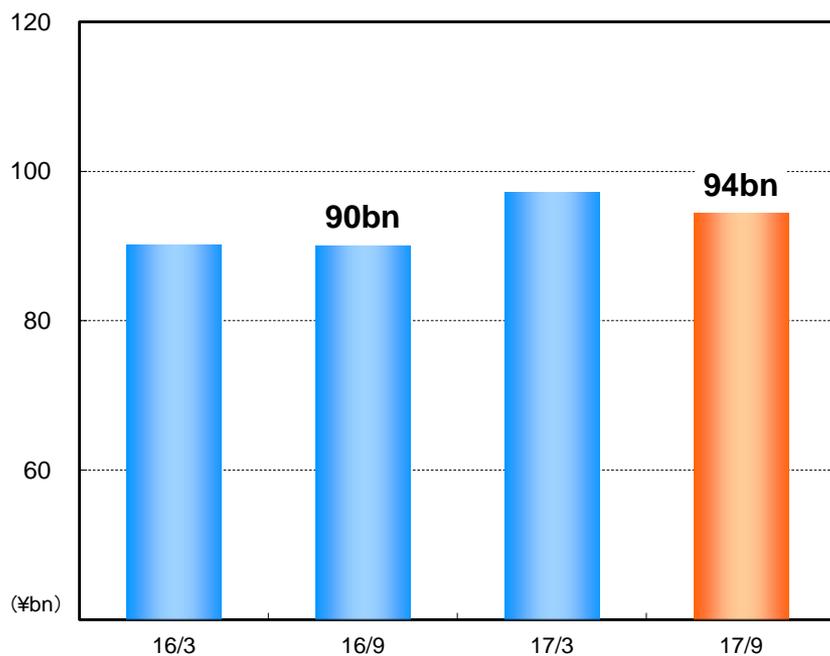
(¥ million)	16/9	17/3	17/9	YOY
				4.8%
Installment receivable* (consolidated)	90,042	97,134	94,321	4.8%

*Managed Asset Basis

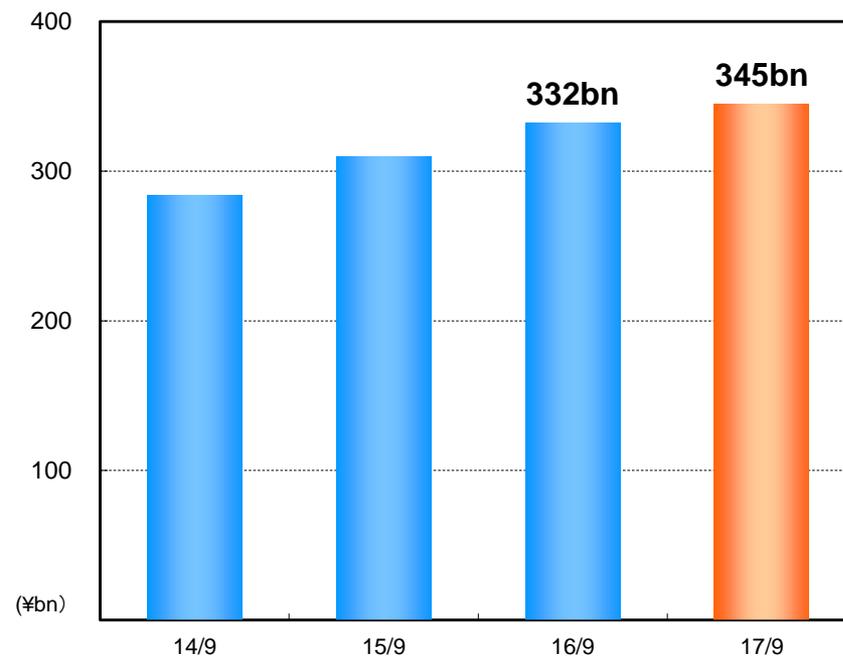
◆ Trends of Purchase results (LIFECARD)

(¥ million)	15/9	16/9	17/9	YOY
				4.0%
Purchase results (LIFECARD)	310,127	332,473	345,618	4.0%

◆ Trends of Installment receivable (consolidated)



◆ Trends of Purchase results (LIFECARD)





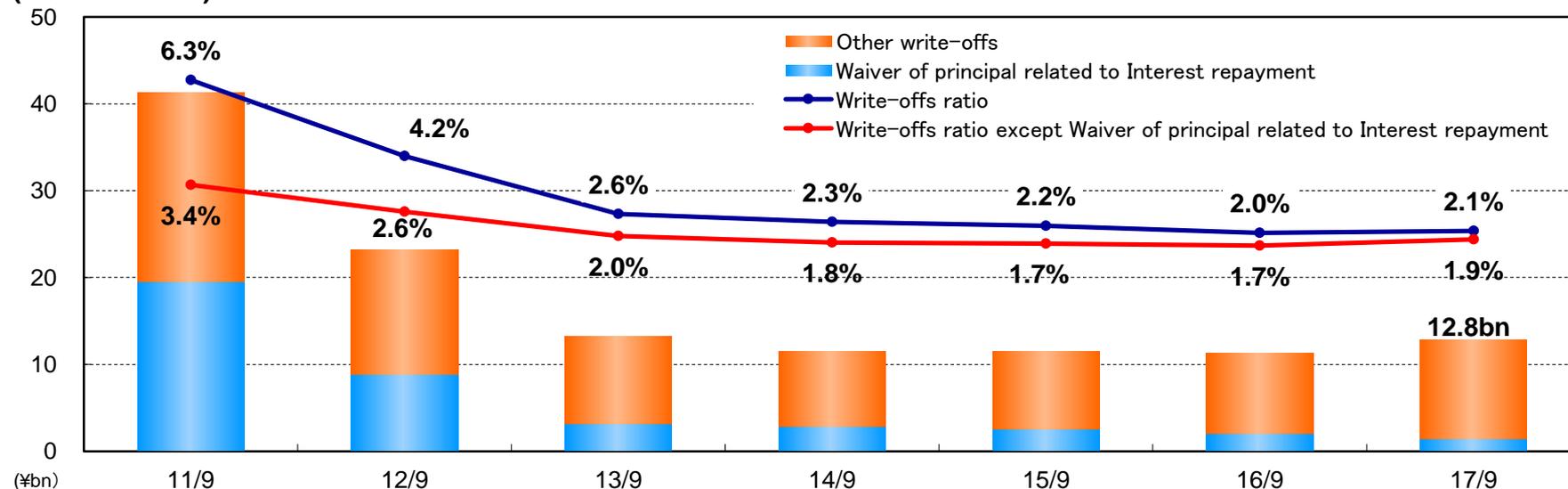
◆ Amount of Write-offs and Write-offs Ratio for Total Receivable Outstanding

(Consolidated)

(Non-consolidated)

(¥ million)	16/9	17/9	YOY	16/9	17/9	YOY
	(6M)	(6M)		(6M)	(6M)	
(1) Write-offs	11,283	12,870	14.1%	9,470	10,373	9.5%
Waiver of principal related to Interest repayment	1,997	1,468	-26.5%	1,997	1,468	-26.5%
Other	9,285	11,402	22.8%	7,472	8,905	19.2%
(2) Specific allowance for doubtful accounts	187	162	-13.2%	193	161	-16.3%
Total Write-offs (1)+(2)	11,470	13,033	13.6%	9,663	10,535	9.0%
Write-offs ratio	2.03%	2.09%	0.06pt	2.47%	2.45%	-0.02pt

(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

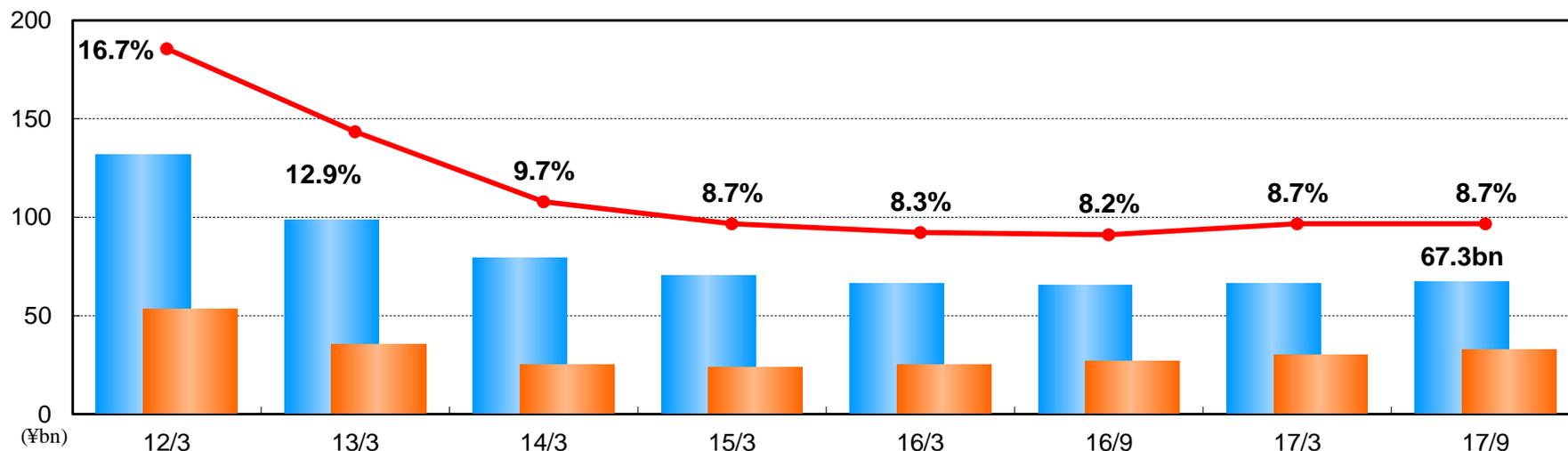
(Consolidated)

(Non-consolidated)

(¥ million)	16/9	17/9	YOY	16/9	17/9	YOY
Total non-performing loans	65,263	67,396	3.3%	60,609	61,847	2.0%
Loans in legal bankruptcy	29,821	27,805	-6.8%	29,790	27,765	-6.8%
Non-accrual loans	22,499	24,819	10.3%	20,841	22,802	9.4%
Loans past due for three months or more	4,322	5,599	29.5%	4,054	5,084	25.4%
Restructured loans	8,619	9,171	6.4%	5,921	6,195	4.6%
Ratio of loan outstanding and claims in bankruptcy NPL	15.4%	14.3%	-1.1pt	18.0%	16.9%	-1.1pt
Ratio of Unsecured loan NPL	8.2%	8.7%	0.5pt	8.5%	9.1%	0.6pt

(Consolidated)

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

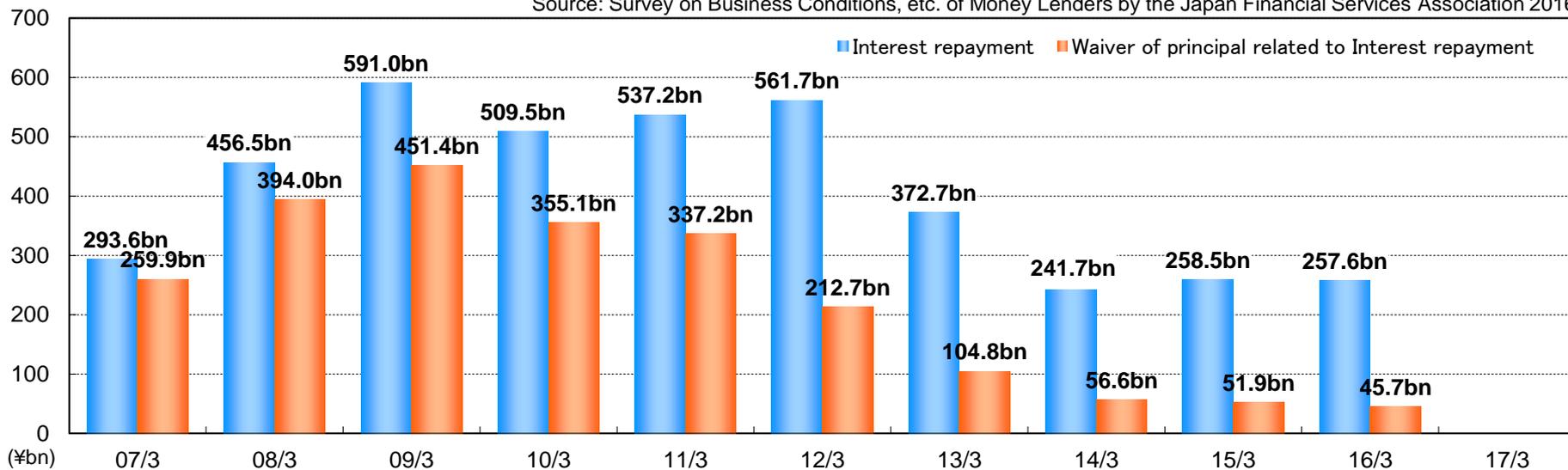


Note: AIRA & AIFUL Public Company Limited, unconsolidated subsidiary, has been included in the scope of the consolidation from the first quarter of the fiscal year ending March 31, 2018.



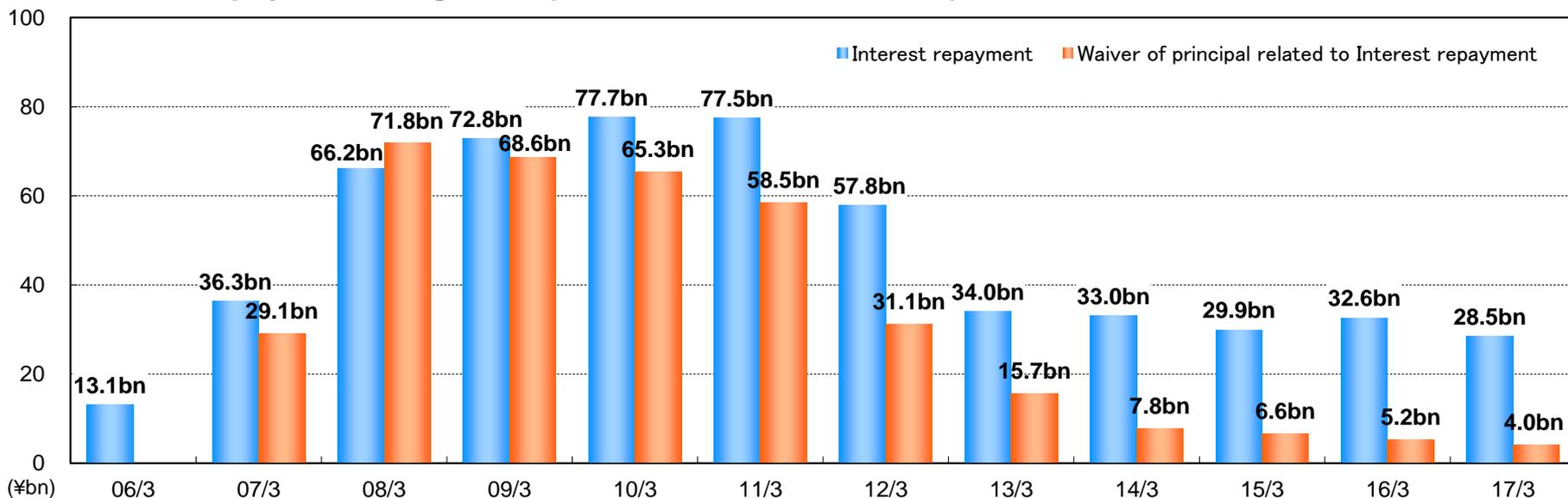
◆ Industry interest repayment obligations

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



◆ Interest repayment obligations(AIFUL consolidated basis)

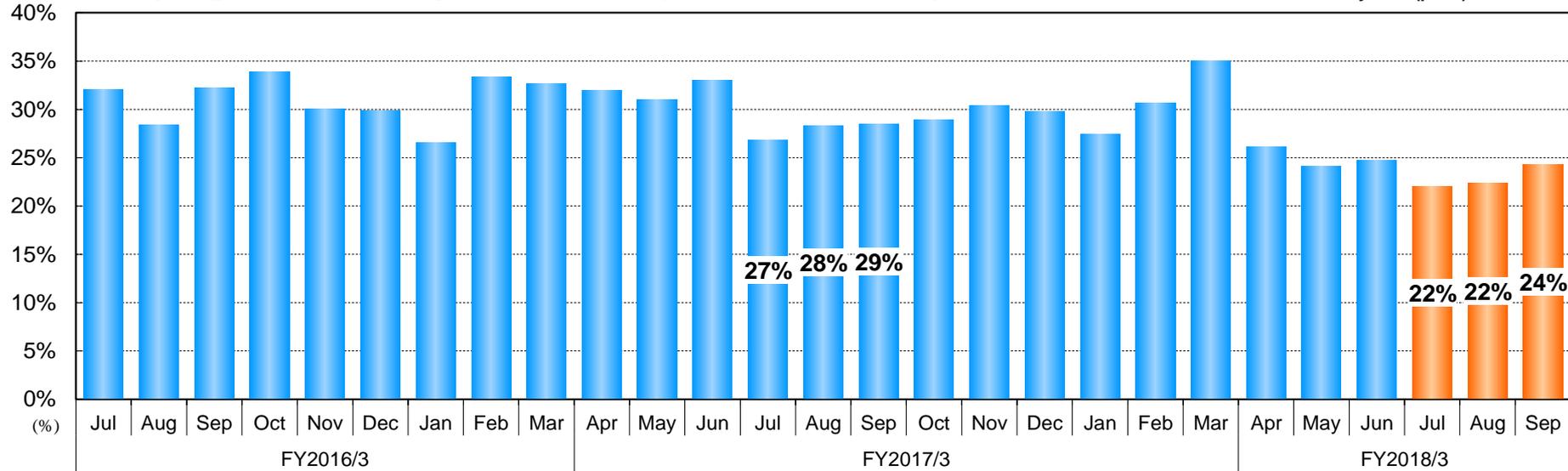
Results for 2017/3 is not yet disclosed



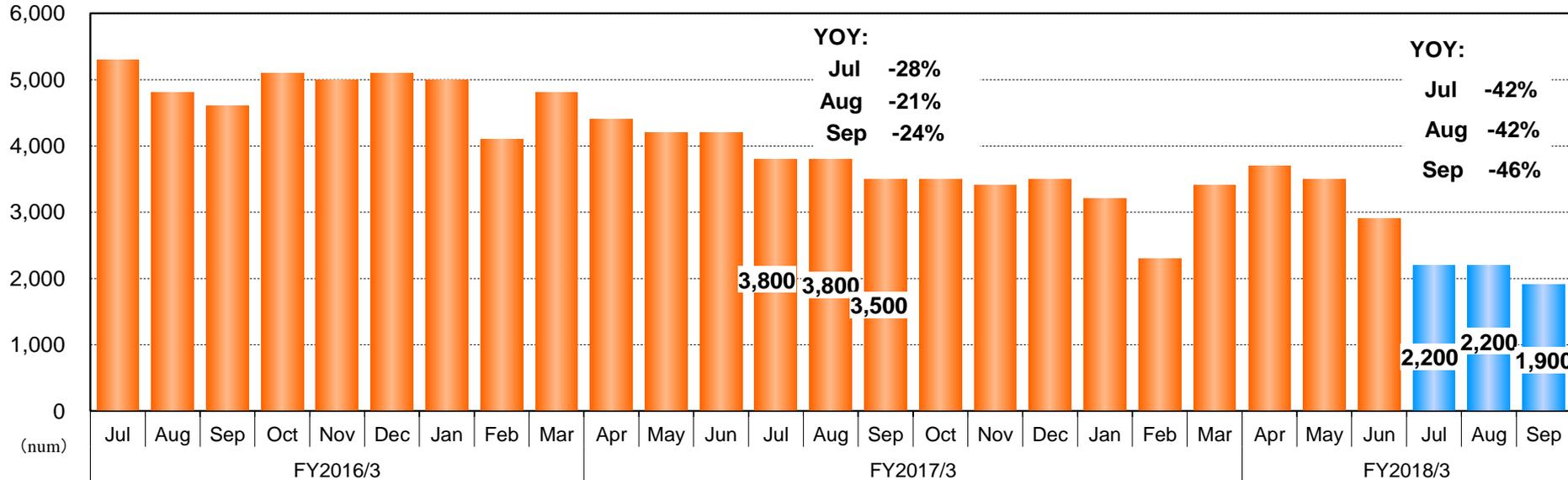


◆ Monthly Figure of Attorney Involvement (non-consolidated)

* May 2007(peak) =100



◆ Monthly Interest Repayment Claims (non-consolidated)





◆ Allowances Related to Interest repayment (off-balance)

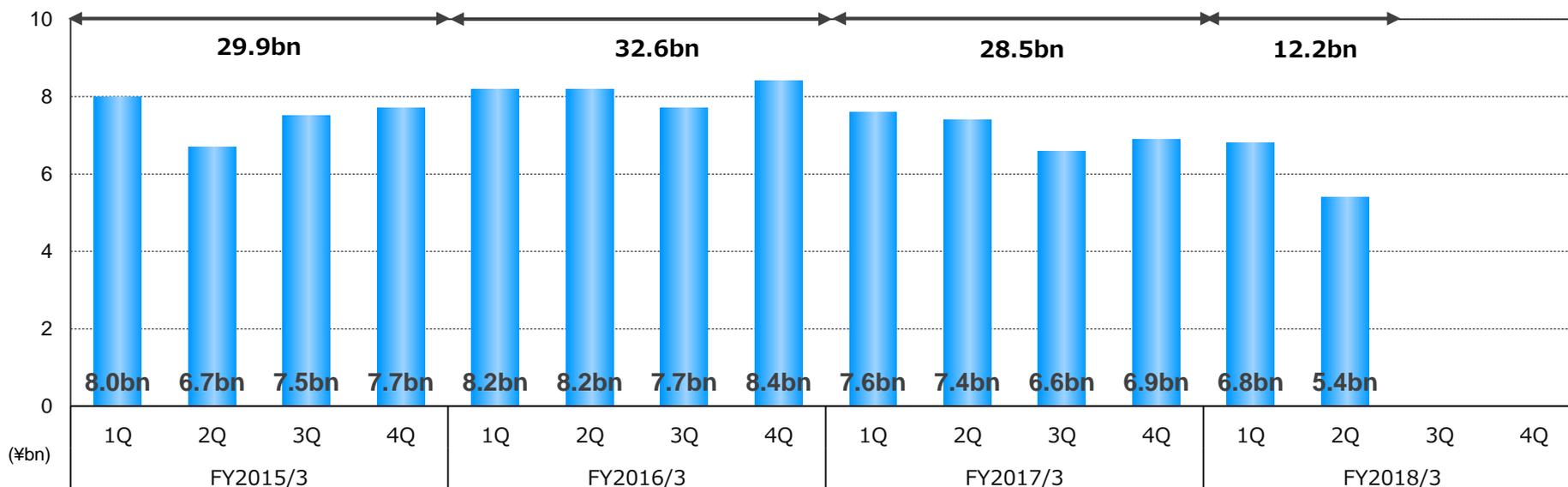
(Consolidated)

(¥ million)	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2018/3	34,640	8,663	43,303
Reversal (Interest repayment)	12,254	-	12,254
Reversal (Waiver of principal)	109	1,468	1,577
Provisions	-	-	-
Allowance at the end of FY2018/3 2Q	22,276	7,195	29,471

(Non-consolidated)

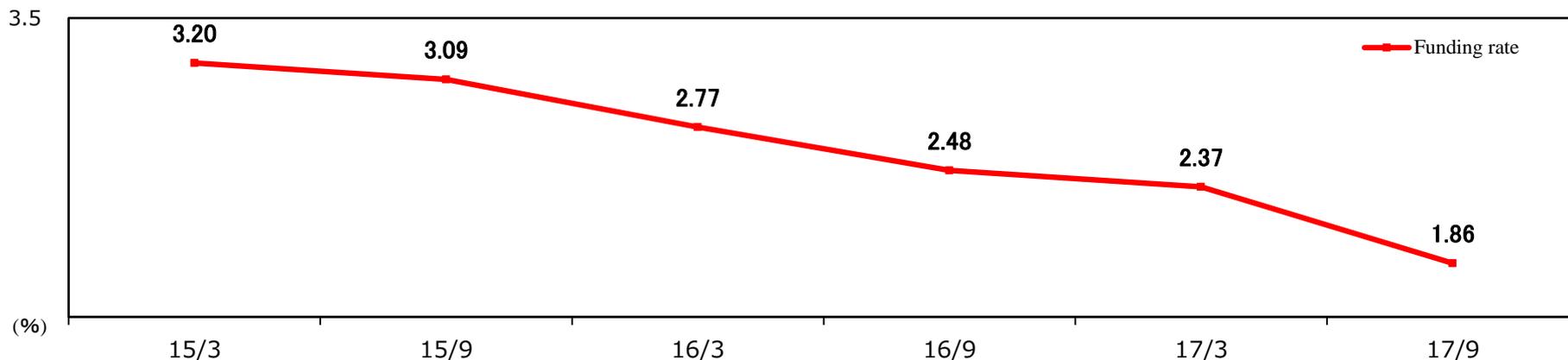
Interest repayment	Waiver of principal	Total
30,994	8,663	39,657
11,639	-	11,639
-	1,468	1,468
-	-	-
19,355	7,195	26,550

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

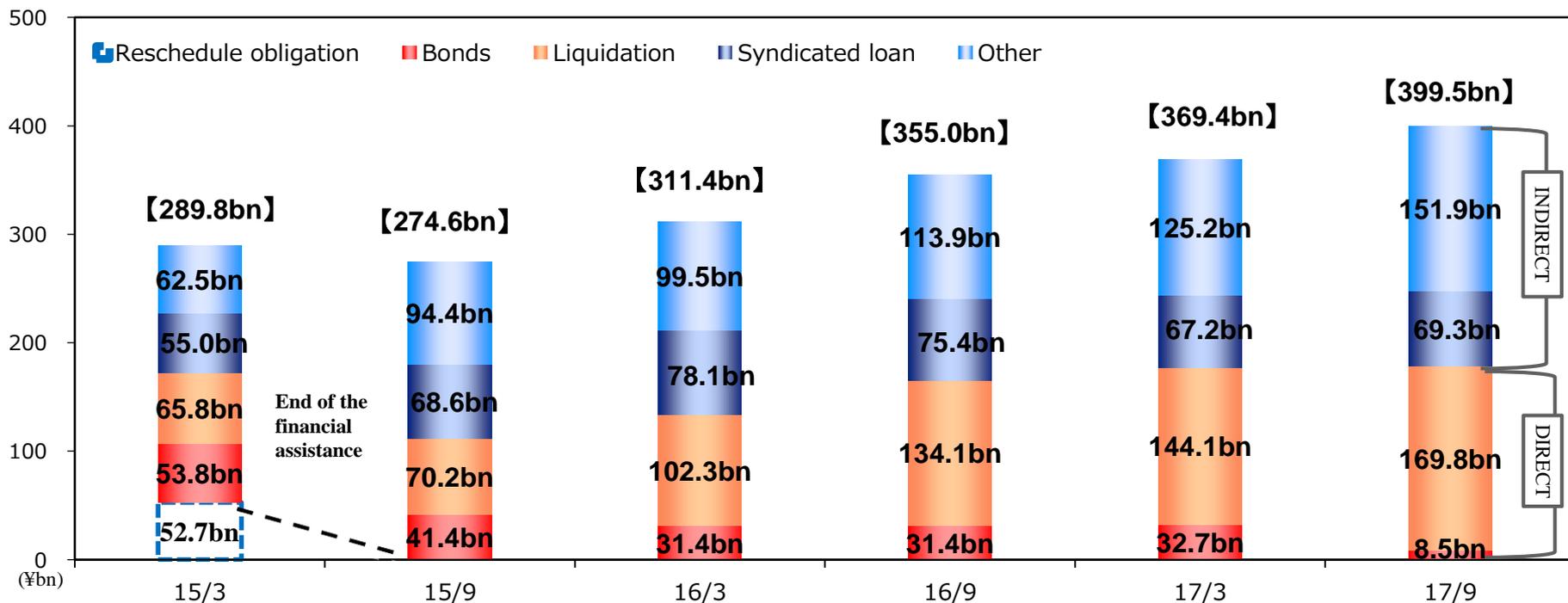




◆ Trends of Consolidated Funding rate



◆ Trends of Consolidated Interest - Bearing Liabilities



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.



◆ Overseas Business

	 AIRA & AIFUL Public Company Limited (A&A)	 PT REKSA FINANCE	 SANSHU Finance Corporation
Location	Bangkok, Thailand	Jakarta, Indonesia	Shanghai, China
Business Outline	Consumer finance	Used car loans	Lease
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. Therefore, Second quarter results refer to January-June business operation.

* Exchange rate (Thai Baht): B/S: ¥3.29, P/L: ¥3.24

4. Financial Results of LIFE CARD



 (¥ million)	16/9	17/9		
			YOY	YOY%
Operating revenue	14,152	14,568	415	2.9%
Installment receivable	7,484	7,821	336	4.5%
Credit card	7,483	7,818	335	4.5%
Loans	2,794	2,807	12	0.5%
with Credit card	2,086	2,063	-23	-1.1%
Credit guarantee	633	659	26	4.1%
Other	3,240	3,280	40	1.2%
Operating expenses	12,905	13,524	618	4.8%
Financial expenses	839	807	-31	-3.8%
Credit cost	1,861	2,056	194	10.4%
Interest repayment	-	-	-	-
Other	10,203	10,659	455	4.5%
Operating income	1,247	1,044	-202	-16.3%
Ordinary income	1,477	1,128	-349	-23.6%
Income taxes	-209	365	574	-
Net income	1,687	763	-923	-54.8%

 (¥ million)	16/9	17/9		
			YOY	YOY%
Number of new issue (thousands)	236	242	6	2.6%
Proper	66	77	11	17.2%
Affinity	169	164	-5	-3.0%
Number of card holders (thousands)	6,291	5,814	-476	-7.6%
Credit card purchase results	332,473	345,618	13,145	4.0%
Shopping	311,809	325,359	13,549	4.3%
Cashing	20,663	20,259	-404	-2.0%
Total receivable outstanding	155,641	162,330	6,688	4.3%
Installment receivable	89,048	93,561	4,513	5.1%
Loans	45,108	46,209	1,101	2.4%
Credit guarantee	20,791	21,767	975	4.7%
Other	694	791	97	14.1%
Bad debt write-offs	1,678	1,907	228	13.6%
Ratio of bad debt write-offs	1.08%	1.17%	0.09pt	-

5. Explanation of Figures



Explanation Figures (1): Breakdown of Consolidated Operating Revenue



(¥ million)	16/9	17/9	YOY%	Reasons for increase/ decrease
Consolidated Operating revenue	45,221	49,252	8.9%	Impact of including A&A in the scope of consolidation was ¥1.0bn
Interest income	23,327	26,958	15.6%	Loans outstanding: ¥382.7bn (up ¥48.7bn yoy).
AIFUL	19,532	22,255	13.9%	Loans outstanding: ¥309.5 bn (up ¥35.8bn yoy). Breakdown of loans outstanding: >unsecured loan ¥291.4bn (up ¥40.0bn yoy) >secured loan ¥14.2bn (down ¥4.6bn yoy) >small business loan ¥3.7bn (up ¥0.4bn yoy).
LIFECARD	2,794	2,807	0.5%	Loans outstanding: ¥44.7bn (up ¥1.3bn yoy).
BUSINEXT	1,000	941	-6.0%	Loans outstanding ¥17.1bn (up ¥0.2bn yoy).
Revenue from installment receivable	7,564	7,903	4.5%	Credit card shopping purchases ¥345.6bn (up ¥13.1bn yoy)
Revenue from credit guarantee	6,236	6,431	3.1%	Credit guarantees outstanding: ¥120.4bn (up ¥8.3bn yoy),
Other operating income	8,092	7,958	-1.7%	
Recovery of loans previously charged off	2,907	3,041	4.6%	2.8bn yen at AIFUL (up ¥0.1bn yoy)
Collection from purchased receivables	1,386	943	-31.9%	Collection from purchased receivables at Astry Loan Service

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.

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

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



(¥ million)	16/9	17/9	YOY%	Reasons for increase/ decrease
Operating expenses	42,509	47,103	10.8%	Impact of including A&A in the scope of consolidation was ¥1.9bn
Financial expenses	3,959	4,015	1.4%	Even though funding rate declined drastically, due to a rise in the borrowings, fexpenses were increased on yoy basis
Cost of purchased receivables	1,067	746	-30.1%	Tied to collection from purchased receivables at AsTry Loan Service
Credit cost	10,642	13,057	22.7%	Due to a rise in the receivables outstanding both in Japan and overseas
Expenses related to interest repayment	-	-	-	
Advertising expenses	1,748	1,845	5.5%	Expenses mainly for TV advertising (¥1.5bn yen at AIFUL)
Personnel expenses	7,086	7,768	9.6%	Due to active employ etc.,
Other	18,005	19,670	9.2%	
Sales promotion expenses	3,775	4,020	6.5%	Expenses mainly for internet advertising (¥3.0bn at AIFUL)
Provision for credit card point redemption	1,707	1,670	-2.2%	Allowance for credit card point redemption at LIFECARD
Commission	5,808	6,282	8.2%	Due to increase in the receivables outstanding in Japan and overseas
Rental expenses & land rent	1,210	1,388	14.8%	
Supplies, repair and maintenance	963	1,056	9.7%	
Communications	1,245	1,628	30.7%	
Depreciation expenses	1,108	1,154	4.2%	
Consumption taxes	1,294	1,439	11.2%	
Operating income	2,711	2,148	-20.8%	

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.

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



(¥ million)	16/9	17/9	YOY%	Reasons for increase/ decrease
Non-operating income	356	244	-31.3%	Due to posting a gain on reversal of guarantee deposits received at LIFECARD in the corresponding period of previous FY
Non-operating expenses	162	9	-94.2%	
Ordinary income	2,905	2,383	-18.0%	
Extraordinary income	-	701	-	Due to posting a gain on reversal of stock acquisition rights to shares at AIFUL
Income before taxes	2,905	3,084	6.2%	
Income taxes-current	150	68	-54.2%	
Income taxes-deferred	-145	68	-	
Net Income	2,900	2,947	1.6%	
Net income attributable to non-controlling interests	-	-454	-	Non-controlling interest in the A & A
Net income attributable to owners of parent	2,900	3,402	17.3%	

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.