



Financial Results

for the Second Quarter of FY2020/3



AIFUL CORPORATION
November 2019



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I Financial Results Summary

Highlights of Second Quarter Result and Forecast for the FY2020/3



(Consolidated)

(¥ million)	18/9	19/9	20/3			
			(E)	YOY	YOY%	
Total operating assets	698,343	768,160	10.0%	813,500	78,281	10.6%
Loans business	500,508	543,839	8.7%	568,900	47,077	9.0%
Unsecured loan	428,506	462,672	8.0%	483,000	37,134	8.3%
Credit card business	98,022	104,164	6.3%	110,900	6,255	6.0%
Guarantee business	92,702	112,168	21.0%	124,800	23,793	23.6%
Credit guarantee business	90,363	110,409	22.2%	123,300	24,329	24.6%
Other	2,338	1,759	-24.8%	1,500	-536	-26.3%
Operating revenue	56,425	61,277	8.6%	125,100	9,772	8.5%
Operating expenses	51,669	56,655	9.6%	110,600	-1,697	-1.5%
Operating profit	4,755	4,621	-2.8%	14,400	11,369	375.1%
Ordinary profit	5,404	4,948	-8.4%	15,400	11,290	274.7%
Profit attributable to owners of parent	5,188	5,245	1.1%	14,400	5,054	54.1%

(AIFUL)

(¥ million)	18/9	19/9	20/3			
			(E)	YOY	YOY%	
Operating revenue	35,092	37,723	7.5%	76,500	5,509	7.8%
Operating expenses	31,602	33,827	7.0%	65,000	-5,523	-7.8%
Operating profit	3,490	3,895	11.6%	11,500	11,032	-
Ordinary profit	3,900	4,484	15.0%	12,500	10,981	722.9%
Profit	3,999	4,711	17.8%	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 8% YoY to ¥61.2bn driven by increase in interests on operating loans etc.
- ♥ **Operating expenses :** Up 9% YoY to ¥56.6bn driven by increase in provision of allowance for doubtful accounts as operating assets surged.
- ♥ **Profit:** Posted a operating profit of ¥4.6bn, ordinary profit of ¥4.9bn and net profit of ¥5.2bn (up 1% YoY).


(¥ million)	18/9	YOY	19/9	YOY	YOY%
	(6M)		(6M)		
Operating revenue	56,425	14.6%	61,277	4,851	8.6%
Interests on operating loans	32,154	19.3%	35,000	2,845	8.9%
Revenue from installment receivable	7,902	0.6%	8,652	749	9.5%
Revenue from credit guarantee	6,768	5.2%	7,499	730	10.8%
Operating expenses	51,669	9.7%	56,655	4,985	9.6%
Financial expenses	4,185	4.2%	3,735	-450	-10.8%
Provision for loss on interest repayment	-	-	-	-	-
Provision of allowance for doubtful accounts	16,023	22.7%	20,852	4,828	30.1%
Advertising cost	5,595	-4.6%	5,493	-102	-1.8%
Advertising expenses	1,491	-19.2%	1,376	-115	-7.7%
Sales promotion expenses	4,104	2.1%	4,117	13	0.3%
Personnel expense	8,309	7.0%	8,353	43	0.5%
Operating profit	4,755	121.4%	4,621	-134	-2.8%
Ordinary profit	5,404	126.8%	4,948	-455	-8.4%
Extraordinary income	-	-	230	230	-
Profit before income taxes	5,404	75.2%	5,178	-225	-4.2%
Income taxes-current	464	575.0%	965	500	107.7%
Profit (loss) attributable to non-controlling interest	-242	-	-781	-539	-
Profit attributable to owners of parent	5,188	52.5%	5,245	57	1.1%


I -03 Group Companies Financial Results



 AIFUL (¥ million)	19/9	YOY%
Total receivable outstanding	526,349	9.7%
Loans outstanding	414,199	9.0%
Unsecured loan	398,209	9.9%
Credit guarantee	103,101	13.5%
Customer accounts (thousand)	910	7.8%
Operating revenue	37,723	7.5%
Operating profit	3,895	11.6%
Ordinary profit	4,484	15.0%
Profit	4,711	17.8%

 LIFECARD (¥ million)	19/9	YOY%
Total receivable outstanding	172,385	3.5%
Loans outstanding	43,663	-4.8%
Installment receivable	103,812	6.4%
Credit guarantee	23,858	7.6%
Customer accounts (thousand)	5,759	0.2%
Operating revenue	16,875	5.7%
Operating profit	1,968	18.6%
Ordinary profit	2,025	15.9%
Profit	1,462	5.4%

 BUSINEXT (¥ million)	19/9	YOY%
Loans outstanding	64,295	19.9%
Customer accounts (thousand)	29	10.0%
Operating revenue	2,598	45.0%
Operating profit	-73	-
Ordinary profit	-66	-
Profit (Loss)	-99	-

 A&A (¥ million)	19/9	YOY%
Loans outstanding	21,681	3.3%
Customer accounts (thousand)	354	7.1%
Operating revenue	3,237	19.4%
Operating profit	-513	-
Ordinary profit	-484	-
Profit (Loss)	-484	-

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



II Business Situation

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

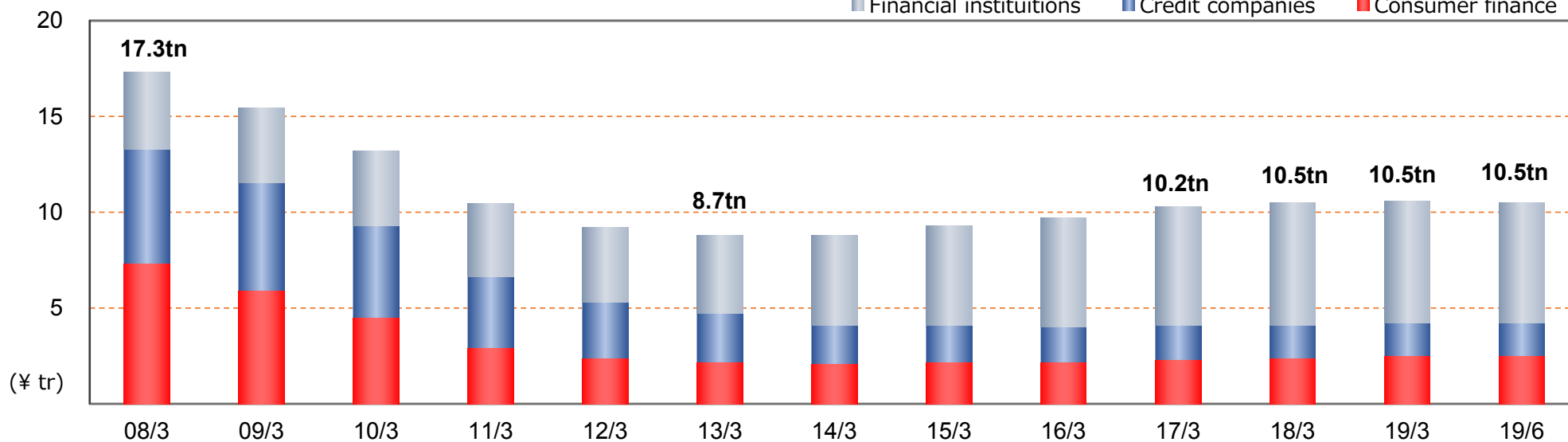


♥ **Unsecured loans market:** Due to voluntary restriction by bank and etc., unsecured loans market remained flat. Loans outstanding by money lenders reached ¥4.2tr. Of these, consumer finance companies recorded ¥2.5tr, a 4% YoY increase, while financial institutions declined 2% YoY.

【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	17/12	18/3	19/3	19/6
Unsecured loan market	17.3	15.4	13.2	10.4	9.2	8.7	8.8	9.2	9.7	10.2	10.4	10.5	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	6.3	6.4	6.3	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	2.4	2.5	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	1.7	1.7

■ Financial institutions ■ Credit companies ■ Consumer finance



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



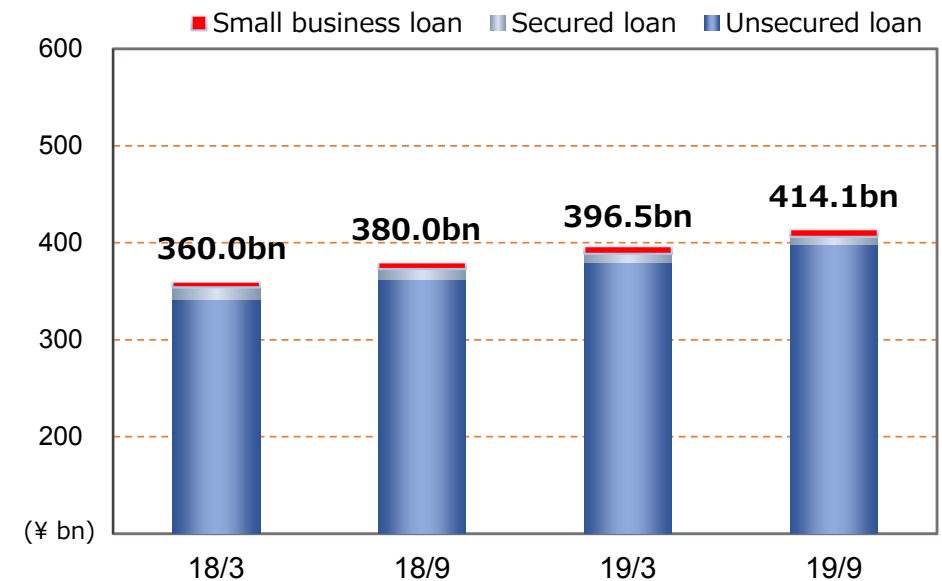
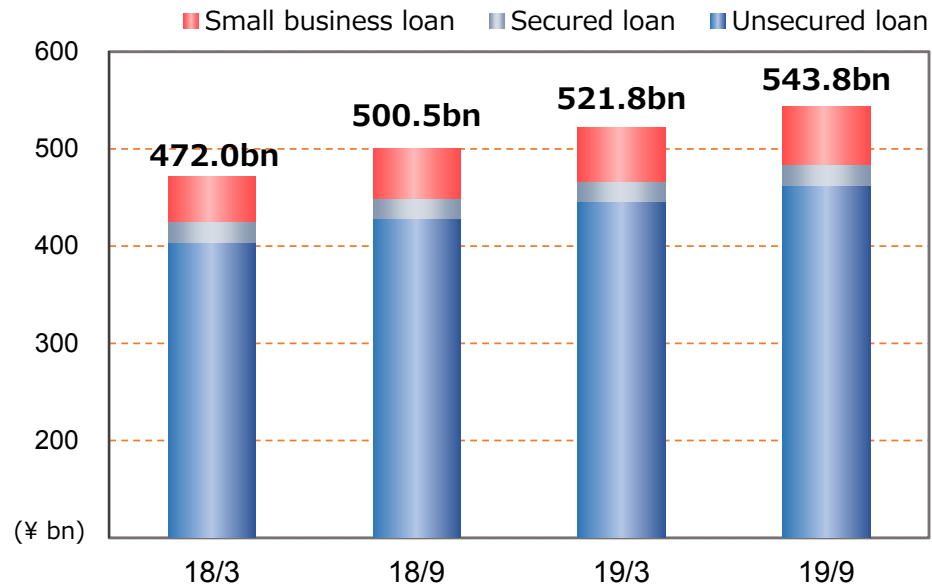
♥ **Loan Outstanding:** Both consolidated and non-consolidated (AIFUL parent) loans outstanding performed steadily. Consolidated loans outstanding increased 8% YoY to ¥543.8bn, out of which unsecured loans grew 8% YoY to ¥462.6bn, while small business loans recorded a 16% YoY increase to ¥60.0bn.

【Consolidated Basis】

(¥ million)	18/9	19/3	19/9	YOY
Loans outstanding	500,508	521,823	543,839	8.7%
Unsecured	428,506	445,866	462,672	8.0%
Secured	20,662	20,285	21,160	2.4%
Small business	51,338	55,670	60,006	16.9%

【Non-Consolidated Basis(AIFUL Parent)】

(¥ million)	18/9	19/3	19/9	YOY
Loans outstanding	380,036	396,540	414,199	9.0%
Unsecured	362,327	379,317	398,209	9.9%
Secured	10,748	9,306	7,980	-25.8%
Small business	6,961	7,915	8,009	15.1%



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



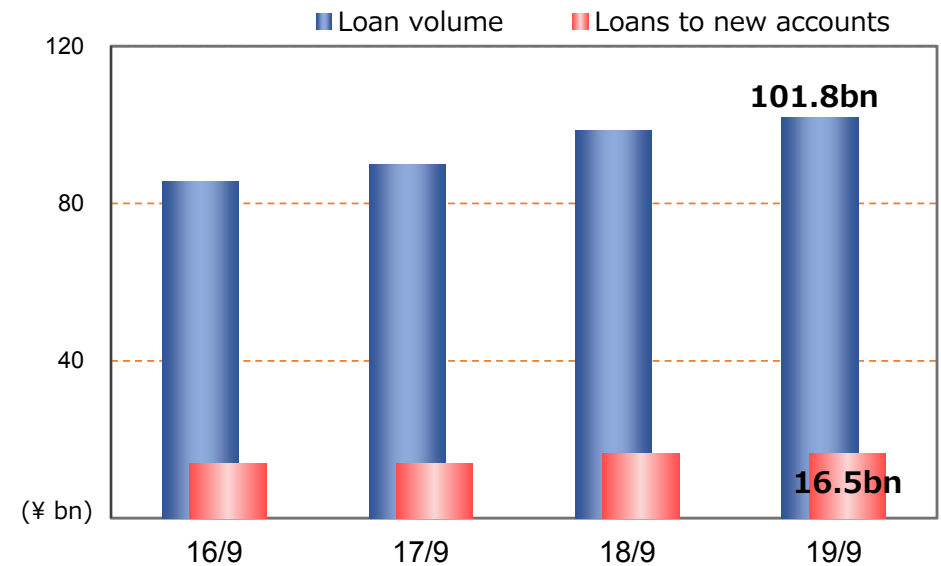
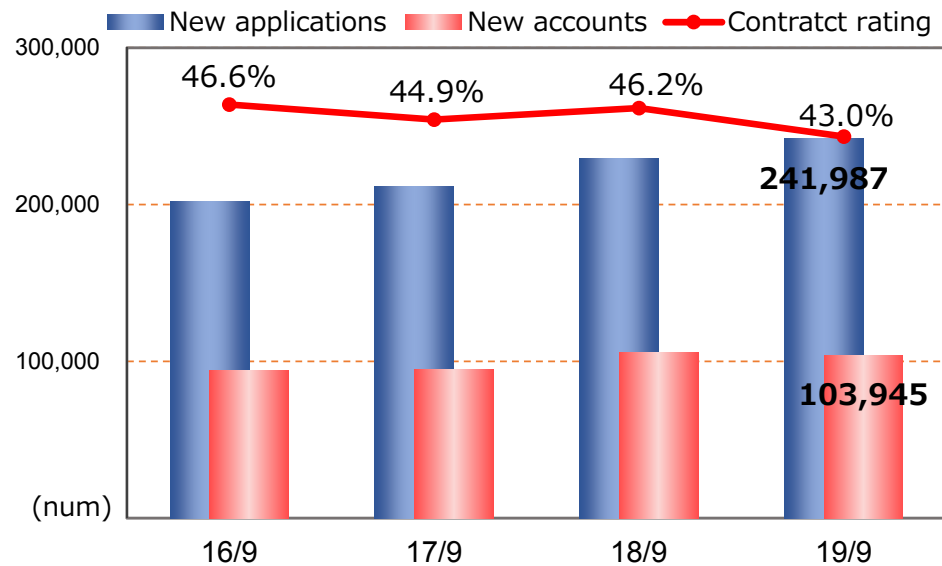
- ♥ **New accounts:** The number of loan applications were 241,000, an increase of 5% YoY and the number of new accounts were 103,000, a decrease of 1% YoY.
- ♥ **Loan Volume:** Loan volume of both new and existing accounts grew steadily, recording a 3% YoY increase to ¥101.8bn.

【Trends of Unsecured Loans' New Accounts】

(num)	17/9 (6M)	18/9 (6M)	19/9 (6M)	YOY
New applications	211,343	229,254	241,987	5.6%
New accounts	94,935	105,933	103,945	-1.9%
Contract rate	44.9%	46.2%	43.0%	-3.2pt

【Trends of Loan Volume】

(¥ million)	17/9 (6M)	18/9 (6M)	19/9 (6M)	YOY
Loan volume	89,844	98,633	101,863	3.3%
New accounts	13,858	16,387	16,509	0.7%
Existing accounts	75,986	82,246	85,353	3.8%



II-02 Non-performing Loans (Consolidated)



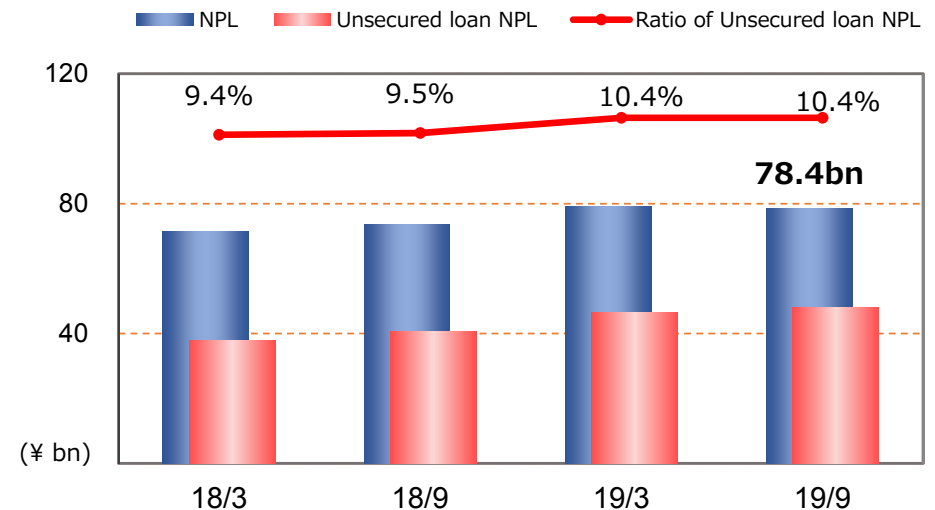
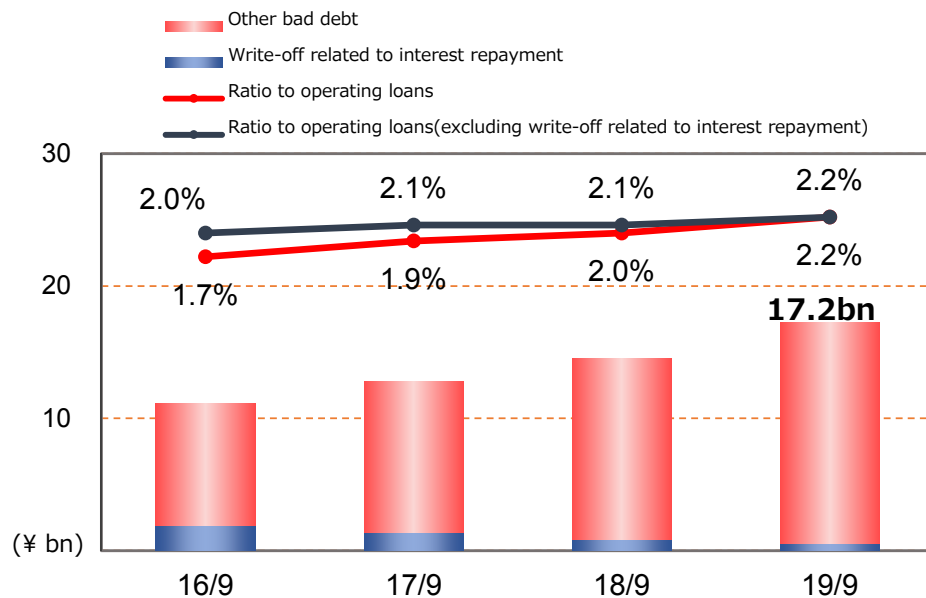
- ♥ **Bad Debt:** Bad debt ratio excluding write-offs accompanying interest repayment increased 0.2pt to 2.2%.
- ♥ **Non performing loan:** Ratio of unsecured loan NPL increased 0.9pt YoY to 10.4%. Remained flat from the previous fiscal year-end.

【Trends of Bad Debt】

(¥ million)	18/9 (6M)	19/9 (6M)	YOY
Bad debt	14,521	17,224	18.6%
Bad debt except write-offs related to interest repayment	13,712	16,712	21.9%
Ratio to operating loans	2.1%	2.2%	0.1pt
Bad debt ratio except write offs related to interest repayment	2.0%	2.2%	0.2pt
Total receivable outstanding	698,343	768,160	10.0%

【Trends of NPL defined by FSA】

(¥ million)	18/9	19/9	YOY
NPL amount	73,656	78,430	6.5%
Unsecured loan NPL	40,762	48,146	18.1%
Ratio of NPL	14.0%	14.0%	+0.0pt
Ratio of Unsecured loan NPL	9.5%	10.4%	+0.9pt
Operating loans including claims in bankruptcy	527,668	559,605	6.1%

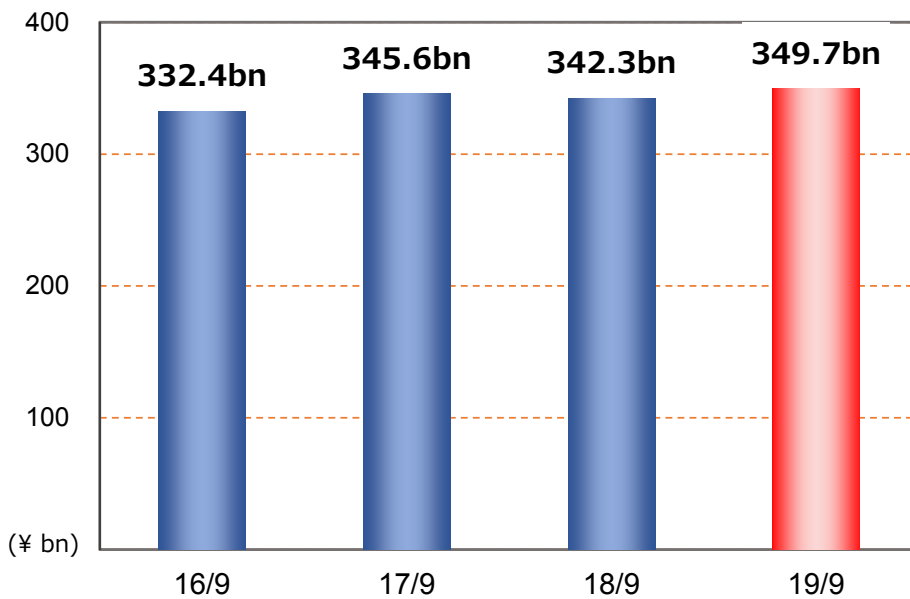




♥ **Credit Card Business:** Transaction volume increased 2% YoY to ¥349.7bn.
 Installment receivable increased 6% YoY to ¥104.1bn due to increase in revolving payment and installment payment.

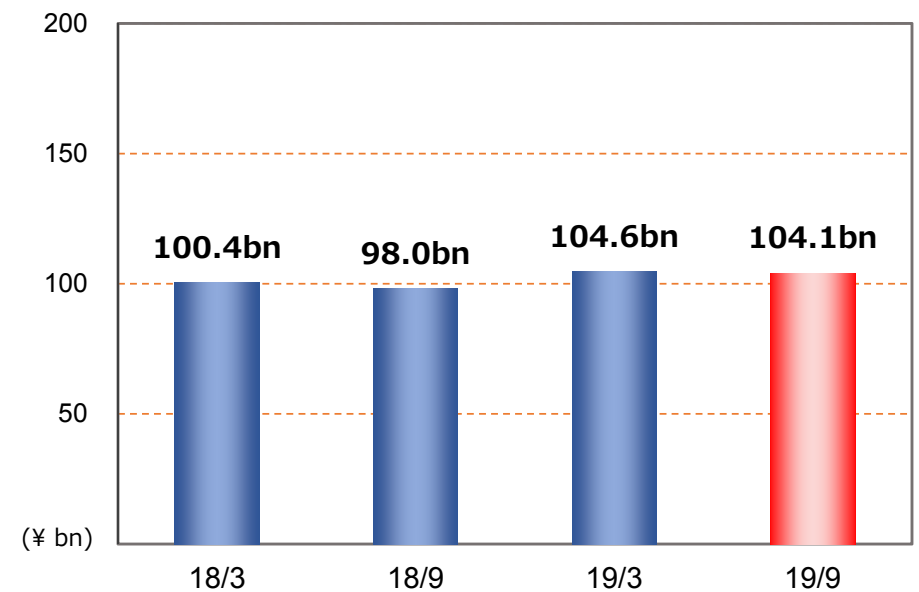
【Trends of Transaction volume】

(¥ million)	17/9 (6M)	18/9 (6M)	19/9 (6M)	YOY
Transaction volume	345,618	342,330	349,783	2.2%



【Trends of Installment receivable】

(¥ million)	18/9	19/3	19/9	YOY
Installment receivable	98,022	104,645	104,164	6.3%





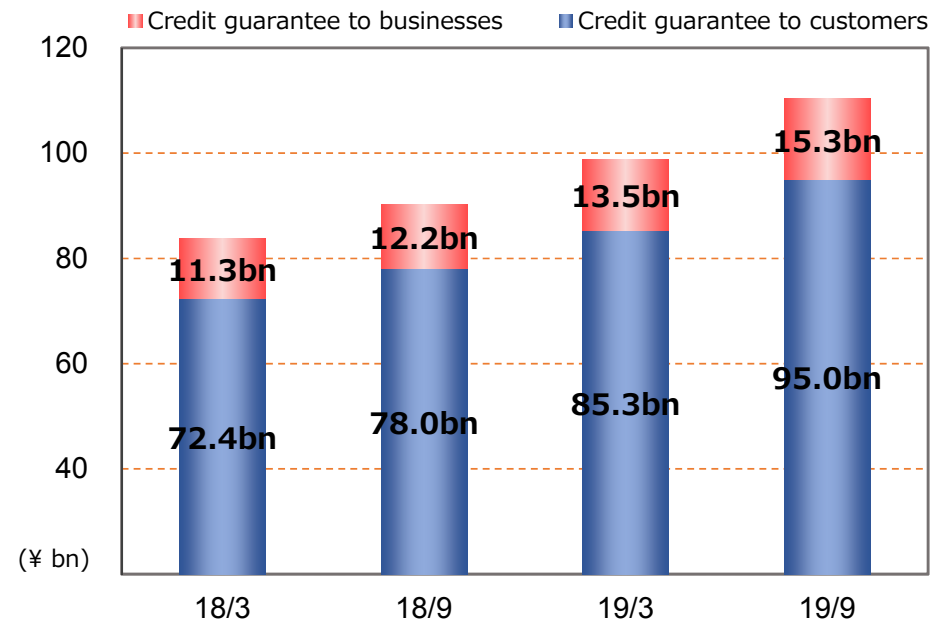
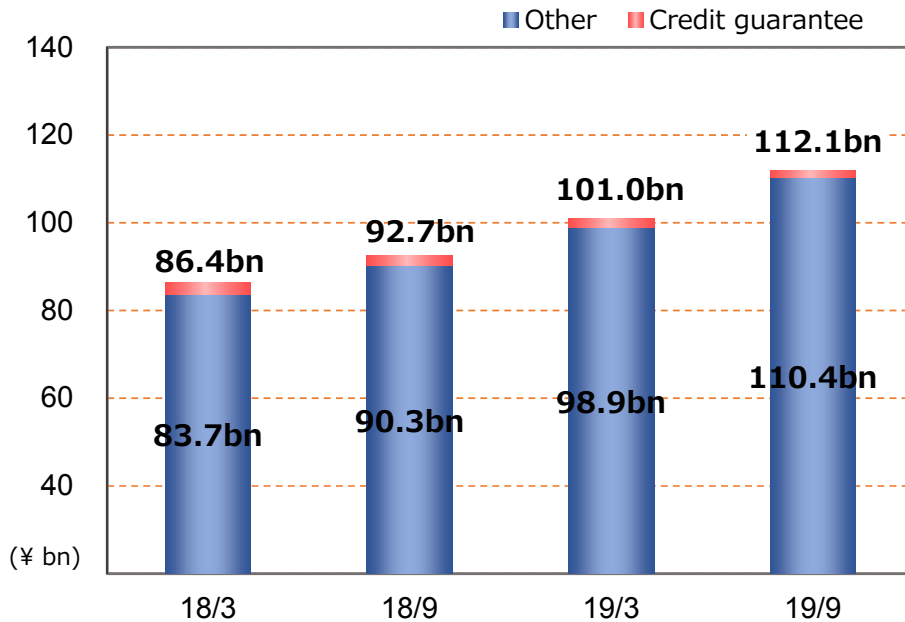
♥ **Credit Guarantee Business:** Performed steadily, showing a 22% increase on YoY to 110.4bn. Of which, credit guarantee for individuals rose 21% YoY to ¥95.0bn and for business operators grow 25% YoY to ¥15.3bn.

【Trends of Guarantee】

(¥ million)	18/9	19/3	19/9	YOY
Guarantee	92,702	101,007	112,168	21.0%
Credit guarantee business	90,364	98,971	110,409	22.2%
Other	2,338	2,036	1,759	-24.8%

【Trends of Credit Guarantee Business】

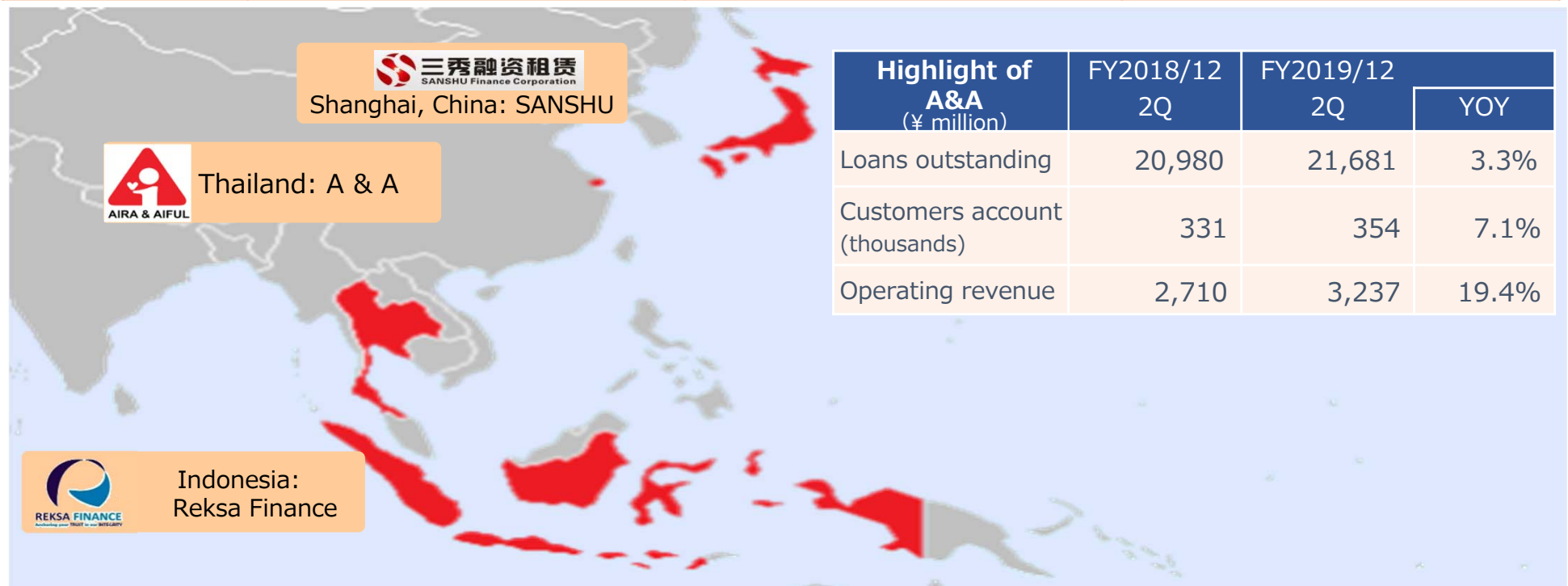
(¥ million)	18/9	19/3	19/9	YOY
Credit Guarantee business	90,364	98,971	110,409	22.2%
for individuals	78,069	85,386	95,043	21.7%
for business operators	12,294	13,584	15,365	25.0%





♥ **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 3% YoY to ¥21.6bn and the number of accounts grew 7% YoY to 354,000.

	 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	Joined AIFUL Group in May 2017	Joined AIFUL Group in April 2015



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

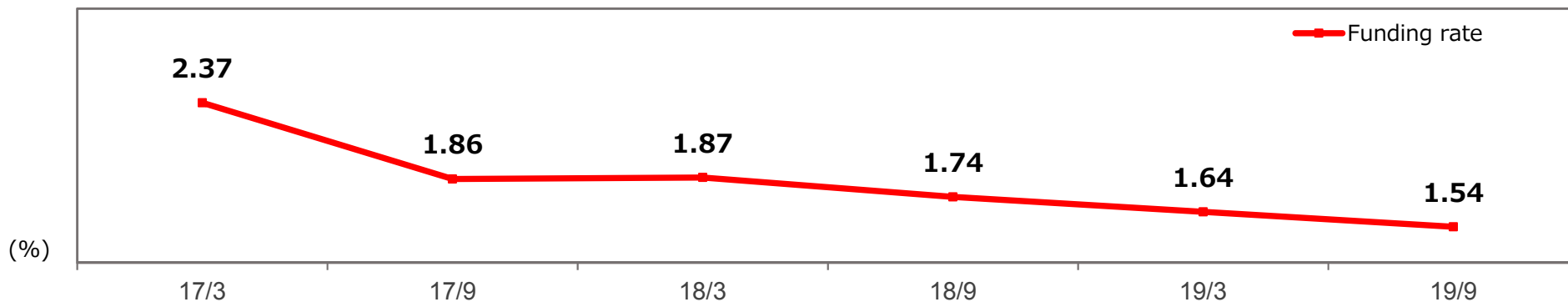
* Exchange rate (Thai Baht): B/S: ¥3.33(FY2018 2Q), ¥3.50(FY2019 2Q)
P/L: ¥3.43(FY2018 2Q), ¥3.49(FY2019 2Q)

II -06 Funding (Consolidated)

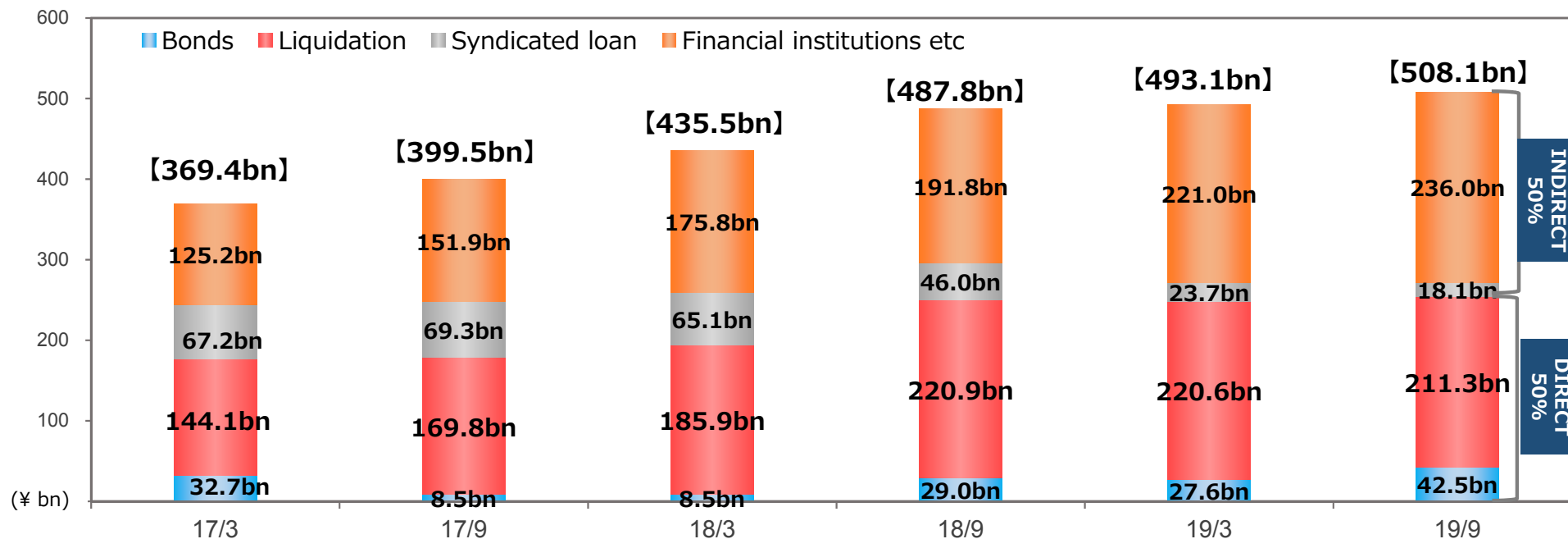


- ♥ **Funding Rate:** Average finding rate declined 20bps to 1.54% as both direct and indirect funding rate decreased.
- ♥ **Interest-Bearing Liabilities:** Fund procurement rose to 4% YoY to ¥508.1bn due to stable financing.
Issued public offering corporate bond in June 2019.

【Trends of Consolidated Funding Rate】



【Trends of Consolidated Interest – Bearing Liabilities】



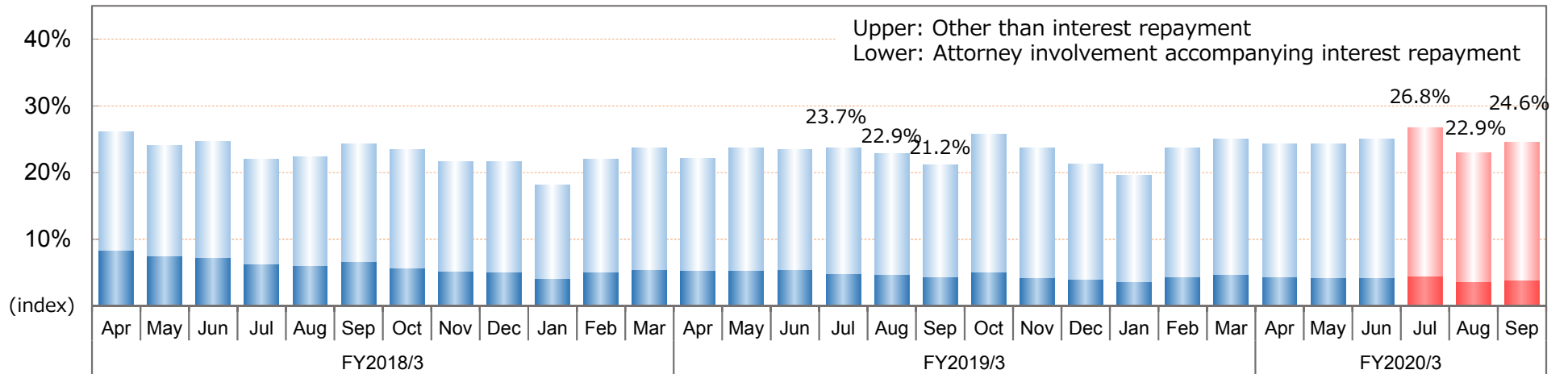
II -07 Interest Repayment(1): Attorney Involvement Index and Number of Claims (AIFUL)



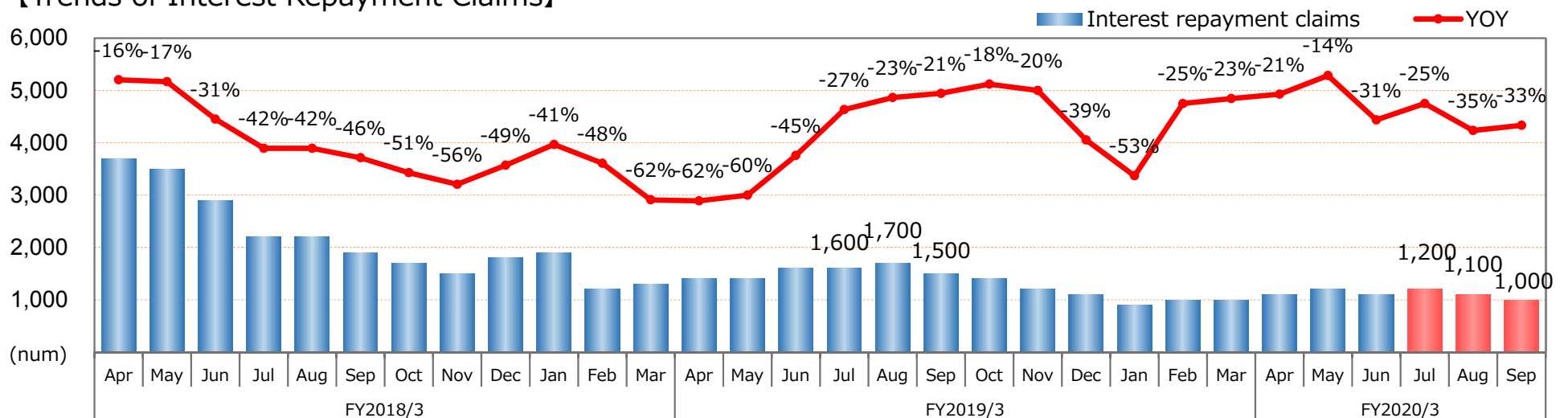
- ♥ **Attorney Involvement Index:** Attorney involvement accompanying interest repayment from April through September declined 16% YoY.
- ♥ **Interest Repayment Claims:** Total number of claims from April through September was 6,700, declined 27% YoY.

【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 six months was ¥7.0bn, an decrease of 6% which of ¥6.4bn for interest repayment and ¥0.5bn for waiver of principal. Provision at the end of period was ¥18.4bn.

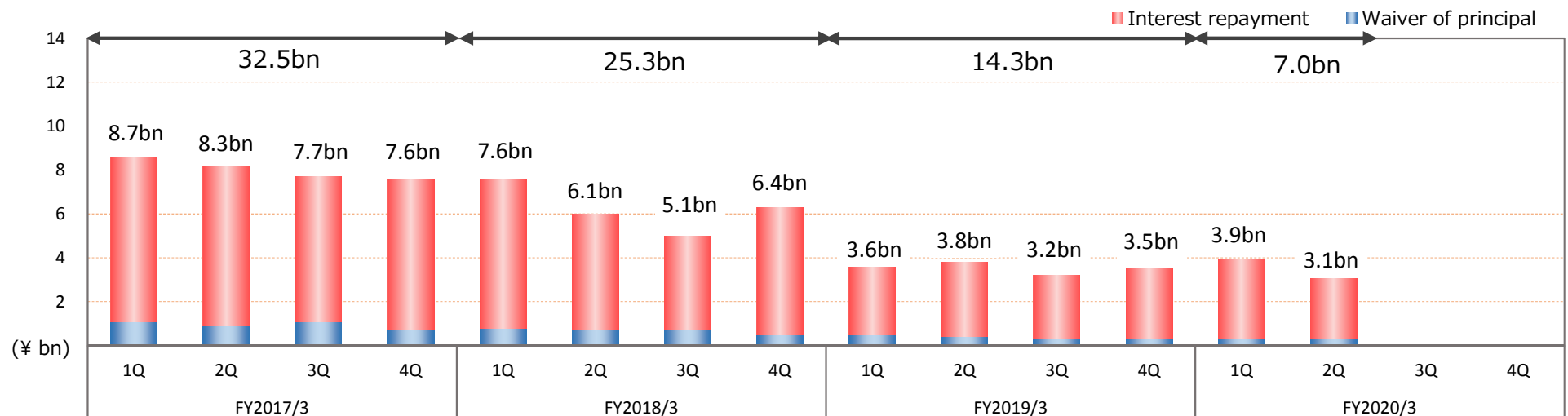
【Provision for loss on Interest Repayment】

(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)	6,437	-	6,437	6,011	-	6,011
Withdraw (Waiver of principal)	58	512	571	-	512	512
Provisions (reversal)	-	-	-	-	-	-
Allowance at the end of FY2019 2Q	16,467	2,021	18,489	14,710	2,021	16,731

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






III Financial Results of AIFUL


III-1 Financial Results of AIFUL : Financial Results Summary



 (¥ million)	18/9	19/9	YOY	YOY%
	(6M)	(6M)		
Operating revenue	35,092	37,723	2,630	7.5%
Interest on operating loans	25,634	27,889	2,254	8.8%
Revenue from credit guarantee	5,545	5,782	237	4.3%
Operating expenses	31,602	33,827	2,225	7.0%
Financial expenses	3,148	2,705	-442	-14.1%
Expenses on interest repayment	-	-	-	-
Provision of allowance for doubtful accounts	11,768	14,321	2,552	21.7%
Advertising cost	4,437	4,436	-1	-0.0%
Advertising expenses	1,326	1,211	-114	-8.6%
Sales promotion expenses	3,111	3,224	113	3.6%
Personnel expenses	5,069	5,109	39	0.8%
Other operating expenses	7,178	7,255	79	1.1%
Operating profit	3,490	3,895	404	11.6%
Non-operating income	422	594	171	40.7%
Ordinary profit	3,900	4,484	584	15.0%
Extraordinary income	-	230	230	-
Profit before income taxes	3,900	4,714	814	20.9%
Income taxes-current	-87	86	174	-
Income taxes-deferred	-11	-84	-72	-
Profit	3,999	4,711	712	17.8%

III-2 Financial Results of AIFUL : Financial Results Summary




 (¥ million)	18/9	19/9	YOY	YOY%
Total receivable outstanding	479,822	526,349	46,527	9.7%
Loan outstanding	380,036	414,199	34,162	9.0%
Unsecured	362,327	398,209	35,882	9.9%
Secured	10,748	7,980	-2,767	-25.8%
Small business	6,961	8,009	1,048	15.1%
Credit guarantee	93,166	104,860	11,694	12.6%
Installment receivable	446	352	-94	-21.1%
New accounts (num)	106,091	103,987	-2,104	-2.0%
Unsecured	105,933	103,945	-1,988	-1.9%
Customer accounts (thousands)	844	910	65	7.8%
Unsecured	830	896	66	8.0%
Average yield	14.9%	14.7%	-0.2pt	-
Below 18% unsecured loan balance's occupancy rate	98.2%	98.7%	0.5pt	-
Bad debt	10,819	12,197	1,377	12.7%
Excluding write-off accompanying interest repayment	10,010	11,685	1,673	16.7%
Bad debt ratio to operating loans	2.3%	2.3%	0.0pt	-
Ratio excluding write-off related to interest repayment	2.1%	2.2%	0.2pt	-



IV Financial Results of LIFECARD

IV-1 Financial Results of LIFECARD : Financial Results Summary



 (¥ million)	18/9	19/9	YOY	YOY%
	(6M)	(6M)		
Operating revenue	15,965	16,875	910	5.7%
Revenue from installment receivable	7,866	8,606	740	9.4%
Interest on operating loans	2,806	2,662	-143	-5.1%
Revenue from credit guarantee	691	743	51	7.5%
Other operating revenue	4,600	4,862	262	5.7%
Operating expenses	14,305	14,907	602	4.2%
Financial expenses	780	782	1	0.2%
Provision of allowance for doubtful accounts	1,869	2,147	277	14.9%
Provision for loss on interest repayment	-	-	-	-
Advertising cost	912	750	-162	-17.8%
Advertising expenses	80	64	-16	-19.9%
Sales promotion expenses	832	685	-146	-17.6%
Personnel expenses	2,253	2,261	7	0.3%
Other operating expenses	8,488	8,965	477	5.6%
Operating profit	1,659	1,968	308	18.6%
Ordinary profit	1,748	2,025	277	15.9%
Profit	1,387	1,462	74	5.4%

IV-2 Financial Results of LIFECARD : Financial Results Summary



 (¥ million)	18/9	19/9	YOY	
			YOY	YOY%
Number of new issue (thousands)	230	228	-1	-0.7%
Proper	56	51	-4	-8.6%
Affinity	173	176	3	1.8%
Number of card holders (thousands)	5,750	5,759	8	0.2%
Credit card transaction volume	342,330	349,783	7,452	2.2%
Shopping	321,941	330,262	8,320	2.6%
Cashing	20,389	19,521	-868	-4.3%
Total receivable outstanding	166,565	172,385	5,819	3.5%
Installment receivable	97,575	103,812	6,236	6.4%
Loans	45,871	43,663	-2,207	-4.8%
Credit guarantee	22,179	23,858	1,679	7.6%
Other	938	1,050	111	11.9%
Bad debt	2,064	2,121	56	2.7%
Bad debt ratio operating loans	1.2%	1.2%	0.0pt	-



V Reference

(Breakdown of Other revenue/ expenses)

V-1 Reference: Breakdown of revenue/ expenses



(¥ million)	18/9 (6M)	19/9 (6M)	YOY	
			YOY	YOY%
Operating revenue	56,425	61,277	4,851	8.6%
Interest on operating loans	32,154	35,000	2,845	8.9%
Revenue from installment receivable	7,902	8,652	749	9.5%
Revenue from credit guarantee	6,768	7,499	730	10.8%
Collection from purchased receivable	913	899	-14	-1.5%
Recoveries of written off claims	3,183	3,397	214	6.7%
Other revenue	5,503	5,828	325	5.9%
Operating expenses	51,669	56,655	4,985	9.6%
Financial expenses	4,185	3,735	-450	-10.8%
Cost of purchased receivables	703	635	-68	-9.7%
Provision of allowance for doubtful accounts	16,023	20,852	4,828	30.1%
Expenses on interest repayment	-	-	-	-
Advertising cost	5,596	5,493	-102	-1.8%
Advertising expenses	1,491	1,376	-115	-7.7%
Sales promotion expenses	4,104	4,117	12	0.3%
Personnel expenses	8,309	8,353	43	0.5%

V-2 Reference: Breakdown of Other revenue/ expenses



(¥ million)	18/9 (6M)	19/9 (6M)		
			YOY	YOY%
Other	16,851	17,586	734	4.4%
Commission	7,285	7,730	445	6.1%
Communications	1,684	1,732	47	2.8%
Provision for point card certificates	1,371	1,406	35	2.6%
Consumption taxes	1,446	1,516	69	4.8%
Depreciation expenses	1,305	1,382	76	5.9%
Supplies, repair and maintenance	1,175	1,265	89	7.6%
Rents	1,152	968	-183	-15.9%
Rent expenses	192	192	0	-0.2%
Operating profit	4,755	4,621	-134	-2.8%
Non-operating income	666	334	-332	-49.8%
Ordinary profit	5,404	4,948	-455	-8.4%
Extraordinary income	-	230	230	-
Profit before income taxes	5,404	5,178	-225	-4.2%
Income taxes-current	464	965	500	107.7%
Income taxes-deferred	-6	-250	-244	-
Profit(loss) attributable to non controlling interest	-242	-781	-539	-
Profit attributable to owners of parent	5,188	5,245	57	1.1%



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