

# Business Overview

## Unsecured Loan Business

Enrichment of services for improving the convenience for customers and development of effective and efficient advertising strategies



We have provided measures for improving the user interface (UI) and user experience (UX), such as the revamp of our official website, smartphone app, and the application form. We also started an alliance with Japan Post Bank for ATMs and Japan's first service of "enabling users to submit their income information by using an Individual Number Card" at ATMs of Seven Bank.

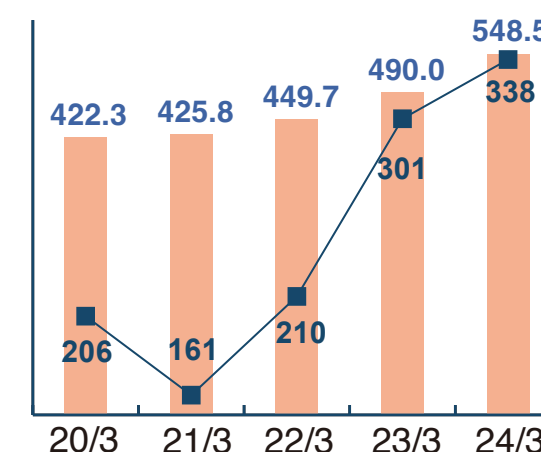
We make efforts to curtail costs for attracting new customers with effective and efficient advertisement strategies through television commercials and online ads.

We make continuous efforts to improve our services based on the voices of customers and strive to increase the number of new contracts and the balance of operating loans.

### New contracts and balance

The number of new contracts in fiscal 2023 reached 338,000 (up 12.4% year on year), and the balance of unsecured loans as of the end of fiscal 2023 amounted to 548.5 billion yen (up 11.9% year on year), due to the recovery of demand for funds from the coronavirus pandemic, the enrichment of services for improving the convenience for customers, effective advertising strategies, etc.

■ Balance of operating loans (Billion yen)  
■ New contracts(Thousand cases)



# Voices from the Field:

## Unsecured Loan Business



Yuka Sato,  
General Manager of Advertising Department,  
AIFUL CORPORATION

### Q What are the trends of the consumer finance market?

The coronavirus pandemic and other factors shrank the market. However, as the effects of the COVID-19 subsidies, the market is expanding once again with increasing consumer needs and active advertising by major companies. Against the backdrop of the favorable market, AIFUL continuously increased the number of new contracts to 338,000 in fiscal 2023, up 12.4% year on year. Currently, more than 90% of customers applied from smartphones. The simple application method as well as the changing image of consumer finance led to an increase in new contracts, among which we especially have more female customers these days.

### Q Please tell us the initiatives of the Advertising Department regarding the favorable new contracts.

AIFUL is striving to raise the awareness utilizing the brand image, and the television commercials featuring the actress Mao Daichi and comedian Hiroki Konno have received a favorable reception. In advertising, affiliate advertising has contributed to the majority of new acquisitions. We are therefore trying to increase new accounts effectively by consciously placing ads in a certain amount efficiently while keeping the cost per acquisition (CPA) low. We also aim to decrease the CPA further through a campaign to offer cash back directly when a customer applies on our website and SEO and LPO instead of relying on affiliate advertising.

### Q The companies have spent a considerable amount of advertising expenses for attracting new customers. What is the reason for that?

In the consumer finance business model, in which we earn profit from the balance of loans provided to customers, expanding the balance is an extremely important factor. The companies are focusing on acquiring new contracts to expand the balance by having new customers use our services. We always think about how to acquire new customers efficiently and effectively as AIFUL is not financially stronger than our competitors affiliated with banks in some part.

# Small Business & Secured Loan Business

## Business operation making the most of the AIFUL Group's credit management know-how for business operators

### AG BusinessSupport

It operates not only the small business loan business utilizing AIFUL's credit management know-how for business operators, but also the real estate secured loans and the factoring businesses, which are expected to grow. The company has met the needs for funds from small and medium-sized companies, etc. by utilizing its credit management know-how for business operators, which has been accumulated for many years, and been increasing the balance of loans receivable.

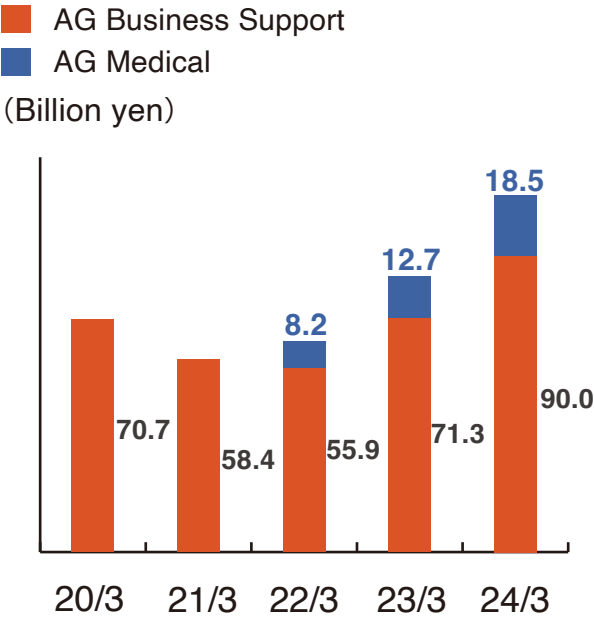
### AG Medical

The business of medical loans secured by medical fee receivables, which AIFUL has focused on as one of the main businesses, was spun off in July 2021 to further strengthen the financial service business for the healthcare industry. We will support business operators from the aspect of funds, by proposing loans for raising working capital just after business start-up and funds for various business purposes and suitable repayment plans. (AG Medical Corporation took over the business of medical loans secured by medical fee receivables from AG Business Support Corporation.)

### Balance

**AG Business Support :**  
The balance of operating loans amounted to 90 billion yen (up 26.1% year on year), thanks to stable increase in new contracts with recovering demand for funds.

**AG Medical :**  
The balance of operating loans amounted to 18.5 billion yen (up 44.8% year on year), thanks to stable increase in new contracts.





# Credit Guarantee Business

Business operation leveraging the know-how of granting individual and business operator credit and the strengths as an independent consumer finance company



As a core business of the AIFUL Group, we are pushing ahead with affiliations with financial institutions under the AIFUL and LIFECARD brands.

The product lineup in this business includes unsecured card loan guarantee for private individuals, all-in-one (omatome) loan guarantee, and unsecured loan guarantee for business operators.

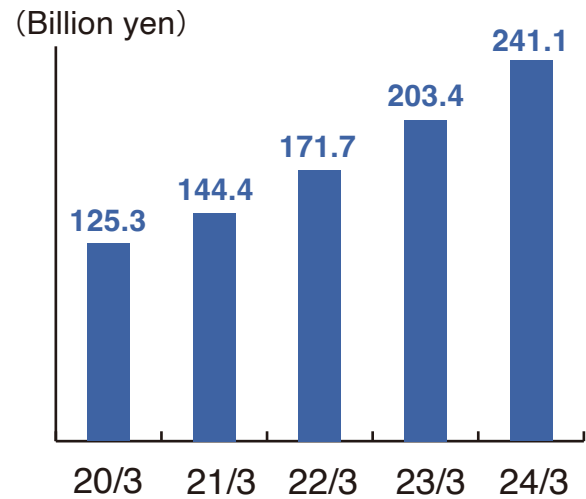
We offer a truly unique service of all-in-one (omatome) loan guarantee products for individuals and guarantees for business operators as well as general unsecured card loan guarantees for individuals, which are highly acclaimed by a number of organizations with which we have forged guarantee partnership.



## Balance

By striving to diversify products to increase the guarantee balance and to promote new guarantee partnerships while leveraging the know-how of granting individuals and business operators credit and the strengths as an independent consumer finance company, the balance for credit guarantees totaled 241.1 billion yen (up 18.5% year on year).

Balance for credit guarantees (consolidated)



# Voices from the Field:

**Q Please tell us about the guarantee business' business model.**

The guarantee business is a fee business in which we provide credit screening services to financial institutions when they extend loans to individuals or business operators, leveraging the AIFUL Group's know-how in credit assessment. In return we receive a guarantee fee from the financial institutions.

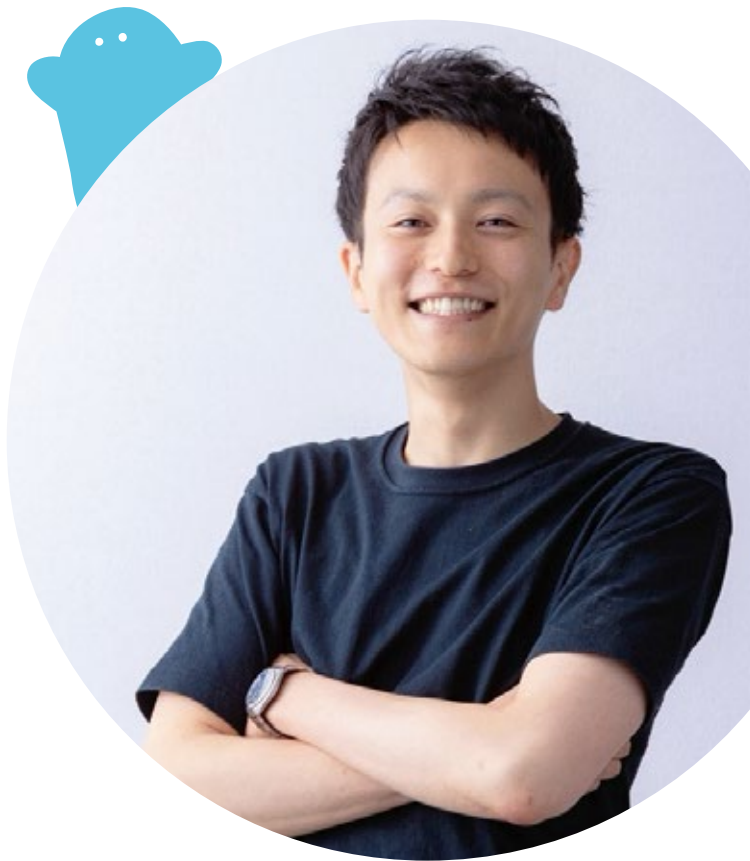
This is one of the AIFUL Group's main businesses in which we can utilize our credit management know-how without using funds

**Q Please tell us the AIFUL's strength of the guarantee business and difference from other companies.**

As a strength compared to other companies in the same industry, the AIFUL Group has credit management know-how for business operators as well as individuals. We are striving to increase new customers by making use of such strength.

For individual customers, in particular, we can share AIFUL's know-how of selling all-in-one (omatome) guarantee loans with partner financial institutions to increase the balance for these loans. This will contribute to both the reduction of the customers' repayment burden and an increase in the financial institutions' interest income, which we think are our strength.

Another strength is that we have a diverse product lineup as we started a new real estate loan guarantee. The balance for credit guarantees of the AIFUL Group totaled 241.1 billion yen, and the Group has been increasing the number of partner financial institutions to 247 as of fiscal 2023.



Yujiro Izumi,  
Deputy Manager of Guarantee Business  
Department, AIFUL CORPORATION

**Q You transferred to the Guarantee Business Department a couple of months ago. What is your current responsibility?**

I engage in marketing as a liaison for financial institutions to find new customers for expanding partnership with financial institutions and sell new products to existing customers. I am working to increase customers and enhance new products to increase the guarantee balance and expand profit from guarantee fees.



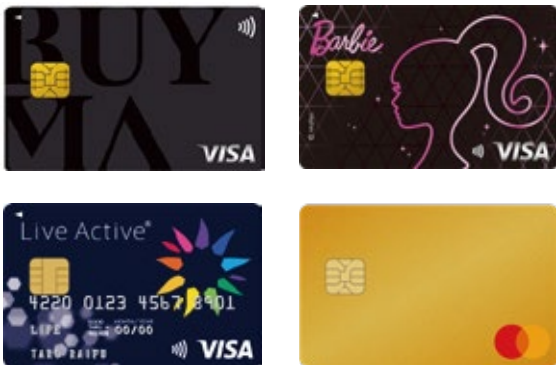
# Credit Card Business

## Operation of the settlement business with a diverse lineup of products



In the LIFECARD business, we are implementing various settlement businesses, including the prepaid card business and debt collection services, mainly in the credit card business. In this way, we aim to satisfy customer needs by providing unique products and services that break the mold under our “Be Unique!” concept of LIFECARD.

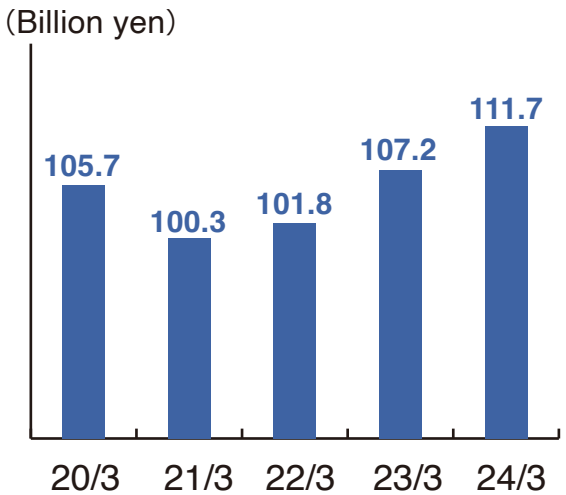
In addition to the promotion of the AOYAMA card, which is a core product, we actively form alliances with a variety of businesses, to issue affiliate cards mounted with the prepaid feature for promoting local shopping streets and other cards.



### Balance

The transaction volume was 768.7 billion yen (up 3.8% year on year) and the balance of installment receivables amounted to 111.7 billion yen (up 4.2% year on year) due to the expansion of cashless payment and the spread of credit cards in accordance with the new living environment under the pandemic as well as the recovery of personal consumption.

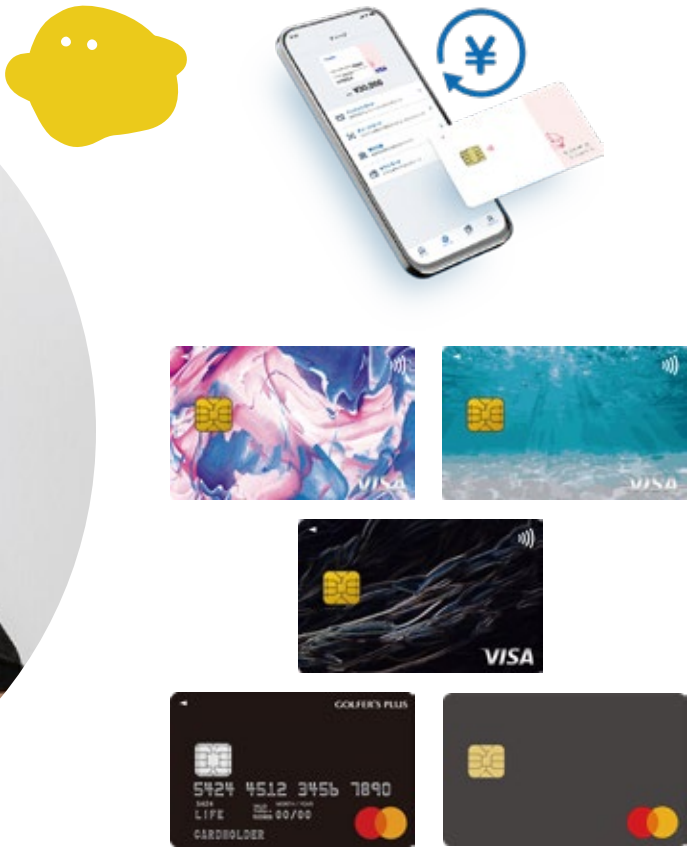
■ Balance of installment receivables



# Voices from the Field:



Kenji Imai,  
Manager of Sales Department I,  
LIFECARD Co., Ltd.



## Q What are LIFECARD's new initiatives?

LIFECARD is conducting various initiatives to enhance LTV. Thanks to improved profitability and cost reduction, the future LTV on an active member basis improved to 70,000 yen. We will strive to increase profit levels and carry out active promotion to further acquire new active members.

In addition, we renewed V-preca in May 2024. It changed from the conventional online-only to real card which can be used in real situations, and has an additional function of charging and using the card repeatedly without changing the card number. LIFECARD will try to provide various settlement services.

## Q Please tell us about LIFE-CARD.

LIFECARD provides various settlement services such as the credit card business and the prepaid card business. LIFECARD aims to produce a credit card that will be the first choice for customers by increasing customer loyalty and sharing emotional value with diverse financial services tailored to respective customers under our “Be Unique!” concept and the theme of “Shift from functional value to emotional value.”

# Installment Sales Business

Offering comfortable shopping experience to business operators and consumers by increasing means for settlement

## AG PaymentService

By utilizing the know-how for concluding contracts for affiliation, examining and managing affiliated shops, which has been accumulated since the days of LIFE Co., Ltd., the predecessor of LIFE-CARD Co., Ltd., we operate the installment sales finance business and BNPL business.

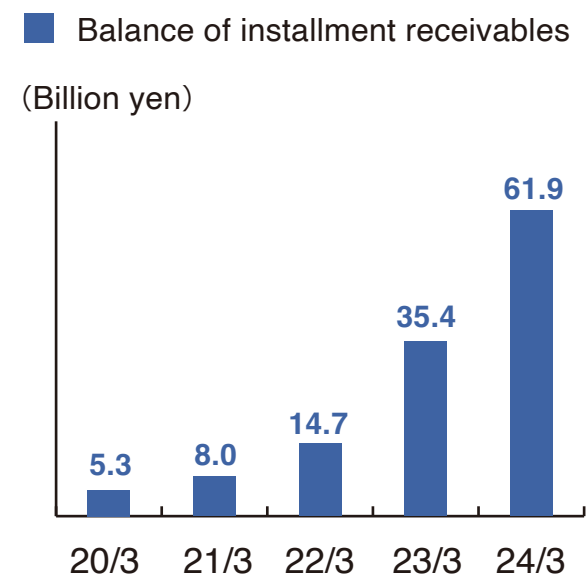
In the installment sales finance business, which is a core business, we actively explore affiliated shops in the esthetics and medical beauty fields.

\* In January 2024, AG Guarantee Co., Ltd. (installment sales finance business) merged with AG Miraibarai Co., Ltd., which handled the BNPL business, and changed the name to AG Payment Service Co., Ltd.



## Balance

In addition to our marketing activities, we actively offer installment sales finance services for affiliated shops after systematizing the sales activities at manned shops of AIFUL in April 2019. Accordingly, the balance of installment receivables totaled 61.9 billion yen (up 74.4% year on year).



# Voices from the Field:

**Q** Why do you engage in the marketing of AG Payment Service products although you are an employee of AIFUL?

As the Internet became available anywhere, most applications and contracts for AIFUL's unsecured loans are now made online. Accordingly, we reconsidered how manned shops, which had been selling products and attending to customers face to face, should be operated, and started systematizing the marketing of the group companies' products at manned shops throughout Japan in April 2019 to address the needs of corporate users.

I belong to the business for manned shops. We sell products and services of various group companies, including installment sales finance services handled by AG Payment Service and credit cards handled by LIFE CARD through marketing at corporations, and strive to maximize the synergy among group companies.

**Q** Please tell us about the business model of the installment sales finance business.

We offer a settlement service in which AG Payment Service advances an affiliated shop (company selling products or services) the amount of a customer's purchase price for expensive products or services purchased by the customer, and then charges the customer for the payment in installments.

For example, when a customer purchases a product, he/she applies for credit to purchase the product, is screened, and uses the credit. The installment sales finance service provider (AG Payment Service) pays the affiliated shop (seller of the product) for the purchase (advance payment) and receives payment from the customer, including commissions, to make a profit.



Masako Amamiya,  
Manager of Eastern Japan Business Department,  
AIFUL CORPORATION

**Q** In what specific area do you do marketing?

AG Payment Service focuses on the acquisition of affiliated shops offering esthetics and medical beauty services. I find it rewarding to be able to support people who want to be beautiful through the services we provide behind the scenes. We have a roughly 18% market share in installment sales for esthetics and medical beauty services as of the end of March 2024. We aim to achieve a 30% market share in installment sales in five years (fiscal 2028).



Overseas Business

Expansion of business overseas mainly in ASEAN to explore new markets and diversify the Group's business portfolio



AIFUL established AIRA & AIFUL Public Company Limited (A&A) jointly with AIRA Capital, a local entity in Thailand, in December 2014. Since September 2015, A&A has engaged in the consumer finance business.

In January 2021, automatic wire transfer was started, and in March, “eKYC (online identification)” was approved, and in April, cardless deposits and withdrawals were started, so it is now possible to check the creditworthiness of customers and put money in customers' bank accounts in a non-face-to-face manner. It is expected that online consumer financing will become common in Thailand like in Japan, so we aim to expand business operations and improve stability by utilizing the know-how cultivated in Japan.

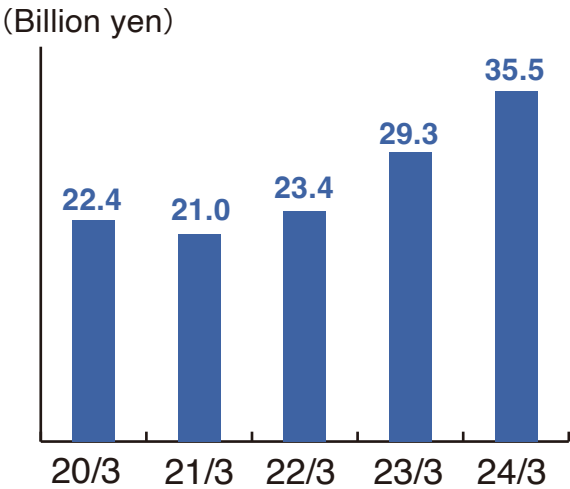


In May 2017, AIFUL acquired shares of REKSA FINANCE, which operates the used car auto loan business in Indonesia, and participates in its management. We are working to expand our operating assets while striving to acquire high quality loans.

Balance

Thanks to favorable new acquisitions, the balance of operating loans for fiscal 2023 amounted to 35.5 billion yen (up 21.1% year on year.)

Balance of operating loans (A&A)



※A&A's fiscal year ends on December 31, so the full-year cumulative accounting period is January-December.

※Exchange rate (Thai baht) fiscal 2019: 3.63 yen, fiscal 2020: 3.42 yen, fiscal 2021: 3.44 yen, fiscal 2022: 3.75 yen, fiscal 2023: 4.04 yen



Voices from the Field:  
Digital Policy

Q AIFUL's long-term vision is “Transformation Towards an IT Company”, but what exactly do you envision?

In the financial industry, various companies including those in other industries provide services, and the technology and needs are changing at a dizzying speed. In order to be chosen by customers in such circumstances, it is necessary to respond to changes and achieve a high level of customer convenience.

As a solution to this, the AIFUL Group has decided to produce systems and UI/UX in-house to respond to customer needs more flexibly and speedily than ever before. We want to strengthen the hiring and development of professional human resources, enhance the value of our products by making full use of IT, and continue to provide services that our customers can use for a long time. We envision such a future.

Q Please tell us the system, number of employees, and roles of the division (Group System Division).

The System Division engages in planning of company-wide security and systems and development, operation, and maintenance of mission-critical and other systems, and has around 150 members. The Digital Promotion Department, which I belong to, is divided into Departments 1 and 2 and involved with modification of websites and apps. The Department 1 is in charge of AIFUL's marketing website, application forms, and internal systems with around 120 members, and the Department 2 is mainly in charge of AIFUL and LIFE-CARD's app, as well as websites of group companies, with around 50 members. The Digital Promotion Department has multiple mid-career employees including experienced workers, people from overseas, part-time workers from Kyoto University, and various other human resources.



Hajime Yoshino,  
General Manager of Digital  
Promotion Department 2,  
AIFUL CORPORATION

Q What products does AIFUL produce in-house? Also, please tell us the company's policy.

We have prioritized AIFUL's marketing website, smartphone apps and other products that have contact points with customers for in-house production. 55 products have been produced in-house so far, and all of them have proven highly effective in improving customer satisfaction and conversion rates, as well as reducing processing time and costs. As one example, the AIFUL smartphone app has received extremely high ratings.

	2020/3	2024/3
iOS	2.6pt	4.6pt
Android	3.7pt	4.7pt

Going forward, we are thinking of expanding the scope of in-house production to more critical systems.

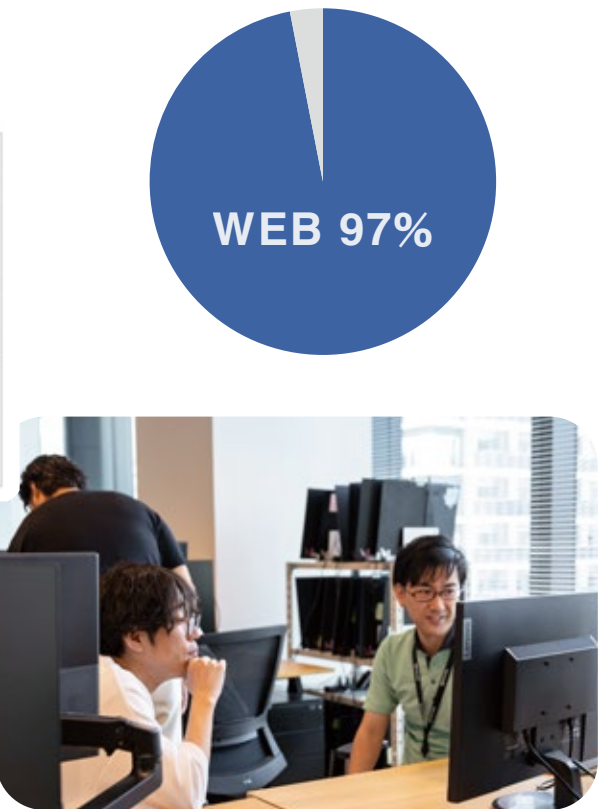
Improvement of application forms

UI/UX was improved to create forms with which users are not stressful.



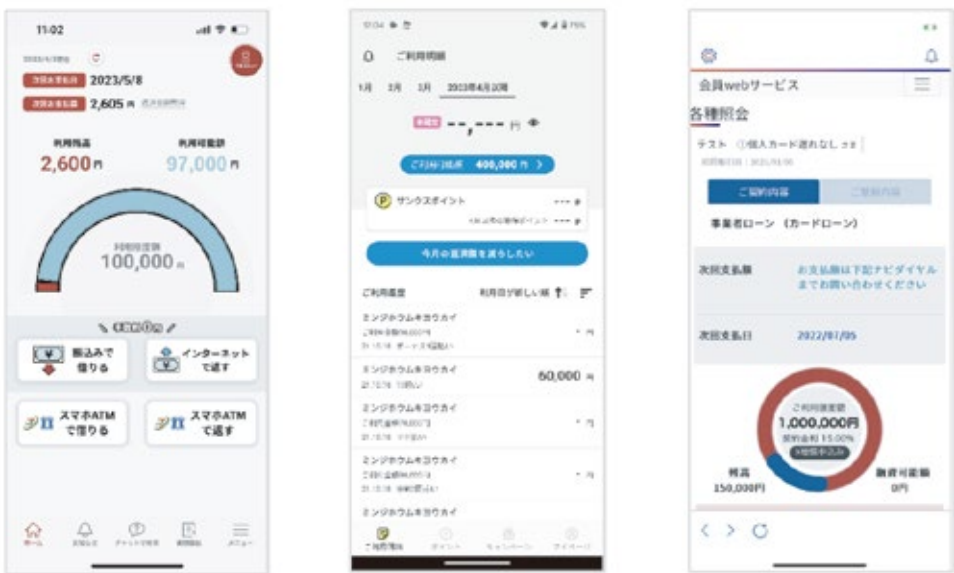
WEB application rate

Online application accounts for 97%.



App Modification

The apps of AIFUL, LIFE CARD, and AG Business Support are modified in-house and rated more highly.

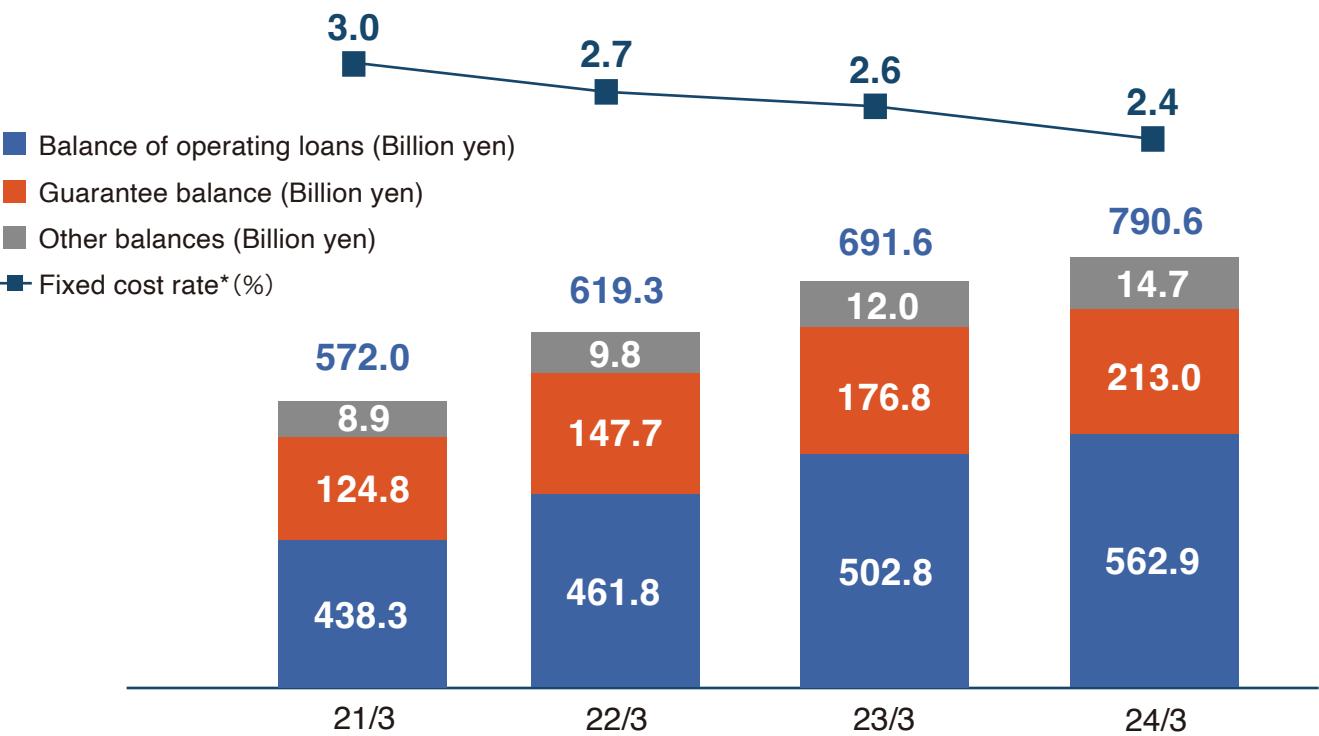


March 2020  
IOS 2.6  
Android 3.7

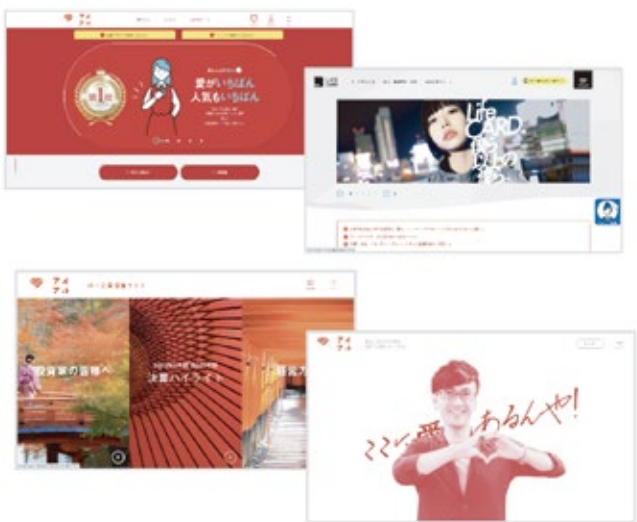
March 2024  
IOS 4.6  
Android 4.7

Decrease of fixed cost rate

The fixed cost rate decreased due to initiatives of DX and in-house production.



HP Modification













Enrichment of FAQ

Expand FAQs on the AIFUL's website to increase customer convenience.

Currently, the website has over 200 FAQs

Transform into an IT Company.  
Aiming to Become the One that Lasts 100 Years.

# Segment Portfolio List

Company name	Business classification	Share of recievables (as of March 31, 2024)	Balance (Billions of yen)	Ordinary profit (Billions of yen)
	<ul style="list-style-type: none"> <li>Unsecured loan</li> <li>Small business loan</li> <li>Credit guarantee</li> </ul>	 <b>67%</b>	<div> <div>619.3</div> <div>22/3</div> </div> <div> <div>619.6</div> <div>23/3</div> </div> <div> <div>790.6</div> <div>24/3</div> </div>	<div> <div>83.1</div> <div>22/3</div> </div> <div> <div>88.4</div> <div>23/3</div> </div> <div> <div>103.8</div> <div>24/3</div> </div>
	<ul style="list-style-type: none"> <li>Small business loan</li> <li>Factoring</li> </ul>	 <b>8%</b>	<div> <div>55.9</div> <div>22/3</div> </div> <div> <div>71.3</div> <div>23/3</div> </div> <div> <div>90.0</div> <div>24/3</div> </div>	<div> <div>6.4</div> <div>22/3</div> </div> <div> <div>7.7</div> <div>23/3</div> </div> <div> <div>10.3</div> <div>24/3</div> </div>
	<ul style="list-style-type: none"> <li>Credit card</li> <li>Prepaid card</li> <li>Credit guarantee</li> </ul>	 <b>15%</b>	<div> <div>164.1</div> <div>22/3</div> </div> <div> <div>170.4</div> <div>23/3</div> </div> <div> <div>175.3</div> <div>24/3</div> </div>	<div> <div>32.3</div> <div>22/3</div> </div> <div> <div>35.7</div> <div>23/3</div> </div> <div> <div>37.7</div> <div>24/3</div> </div>
	<ul style="list-style-type: none"> <li>Receiving agent service</li> <li>Installment sales</li> <li>BNPL</li> </ul>	 <b>5%</b>	<div> <div>14.8</div> <div>22/3</div> </div> <div> <div>35.6</div> <div>23/3</div> </div> <div> <div>61.9</div> <div>24/3</div> </div>	<div> <div>1.9</div> <div>22/3</div> </div> <div> <div>3.5</div> <div>23/3</div> </div> <div> <div>5.4</div> <div>24/3</div> </div>
	<ul style="list-style-type: none"> <li>Unsecured loan business</li> </ul>	 <b>3%</b>	<div> <div>23.4</div> <div>22/3</div> </div> <div> <div>29.3</div> <div>23/3</div> </div> <div> <div>35.5</div> <div>24/3</div> </div>	<div> <div>5.7</div> <div>22/3</div> </div> <div> <div>7.0</div> <div>23/3</div> </div> <div> <div>8.2</div> <div>24/3</div> </div>