



Financial Results

for the Third Quarter of FY2020/3



AIFUL CORPORATION
February 2020



I Financial Results Summary

I -01 Highlights of Third Quarter Result and Forecast for the FY2020/3



(Consolidated)

(¥ million)	18/12	19/12	20/3			
			(E)	YOY	YOY%	
Total operating assets	719,781	792,341	10.1%	813,500	78,281	10.6%
Loans business	511,828	555,915	8.6%	568,900	47,077	9.0%
Unsecured loan	437,312	471,947	7.9%	483,000	37,134	8.3%
Credit card business	104,529	108,715	4.0%	110,900	6,255	6.0%
Guarantee business	96,097	119,435	24.3%	124,800	23,793	23.6%
Credit guarantee business	93,916	117,770	25.4%	123,300	24,329	24.6%
Other	2,180	1,664	-23.7%	1,500	-536	-26.3%
Operating revenue	86,047	93,192	8.3%	125,100	9,772	8.5%
Operating expenses	75,420	81,686	8.3%	110,600	-1,697	-1.5%
Operating profit	10,626	11,506	8.3%	14,400	11,369	375.1%
Ordinary profit	11,383	12,225	7.4%	15,400	11,290	274.7%
Profit attributable to owners of parent	10,655	11,749	10.3%	14,400	5,054	54.1%

(AIFUL)

(¥ million)	18/12	19/12	20/3			
			(E)	YOY	YOY%	
Operating revenue	53,396	57,354	7.4%	76,500	5,509	7.8%
Operating expenses	45,118	48,256	7.0%	65,000	-5,523	-7.8%
Operating profit	8,277	9,097	9.9%	11,500	11,032	-
Ordinary profit	9,020	10,026	11.1%	12,500	10,981	722.9%
Profit	8,970	10,065	12.2%	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 ¥93.1bn driven by increase in interests on operating loans etc.
- ♥ **Operating expenses :** Up 8% YoY to ¥81.6bn driven by increase in provision of allowance for doubtful accounts as operating assets surged.
- ♥ **Profit:** Posted a operating profit of ¥11.5bn, ordinary profit of ¥12.2bn and net profit of ¥11.7bn (up 10% YoY).

(¥ million)	18/12		19/12		
	(9M)	YOY%	(9M)	YOY	YOY%
Operating revenue	86,047	13.3%	93,192	7,145	8.3%
Interests on operating loans	48,985	17.8%	53,363	4,377	8.9%
Revenue from installment receivable	12,126	1.3%	13,181	1,054	8.7%
Revenue from credit guarantee	10,361	6.8%	11,323	961	9.3%
Operating expenses	75,420	6.2%	81,686	6,265	8.3%
Financial expenses	6,005	4.3%	5,496	-508	-8.5%
Provision for loss on interest repayment	-	-	-	-	-
Provision of allowance for doubtful accounts	23,027	16.8%	28,360	5,332	23.2%
Advertising cost	7,868	-10.1%	8,068	200	2.5%
Advertising expenses	2,190	-23.4%	2,116	-74	-3.4%
Sales promotion expenses	5,677	-3.6%	5,952	274	4.8%
Personnel expense	12,448	6.5%	12,509	60	0.5%
Operating profit	10,626	114.6%	11,506	879	8.3%
Ordinary profit	11,383	116.0%	12,225	842	7.4%
Extraordinary income	-	-	230	230	-
Extraordinary losses	-	-	109	109	-
Profit before income taxes	11,383	90.6%	12,346	962	8.5%
Income taxes-current	1,073	496.5%	1,647	574	53.5%
Profit (loss) attributable to non-controlling interest	-379	-	-939	-559	-
Profit attributable to owners of parent	10,655	66.3%	11,749	1,093	10.3%



II Business Situation

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

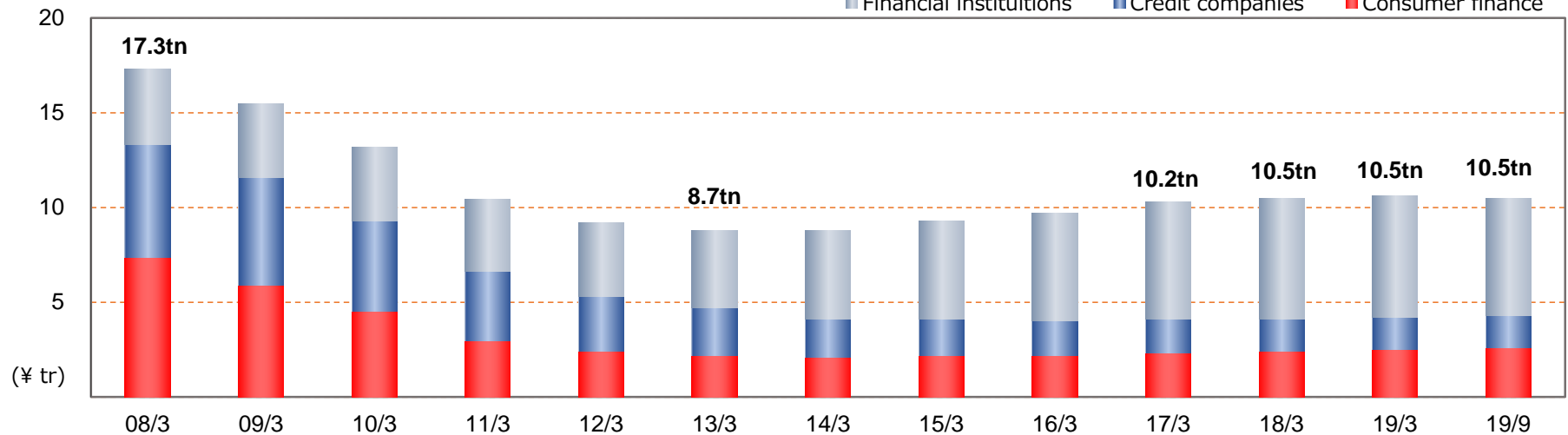


♥ **Unsecured loans market:** Due to voluntary restriction by bank and etc., unsecured loans market remained flat. Loans outstanding by money lenders reached ¥4.3tr. Of these, consumer finance companies recorded ¥2.6tr, a 2% increase from the previous year-end, while financial institutions declined 1% from the previous year-end.

【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	19/9
Unsecured loan market	17.3	15.4	13.2	10.4	9.2	8.7	8.8	9.2	9.7	10.2	10.4	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	6.2
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	2.6
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



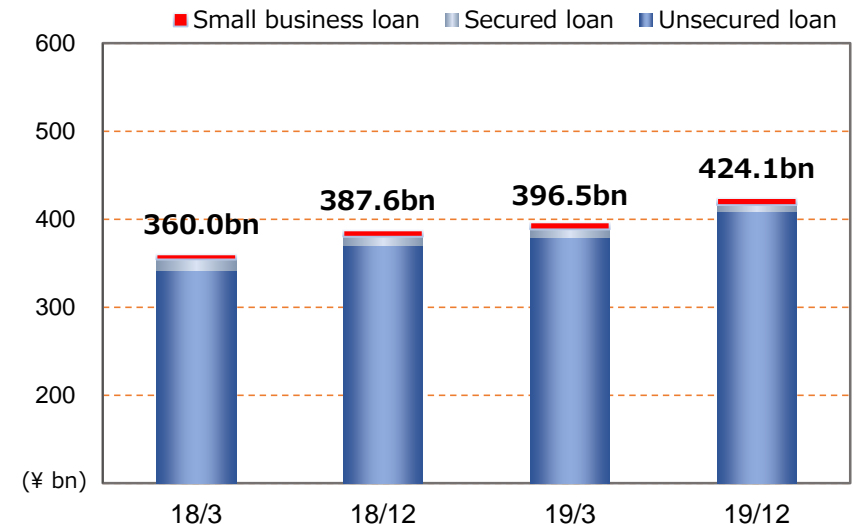
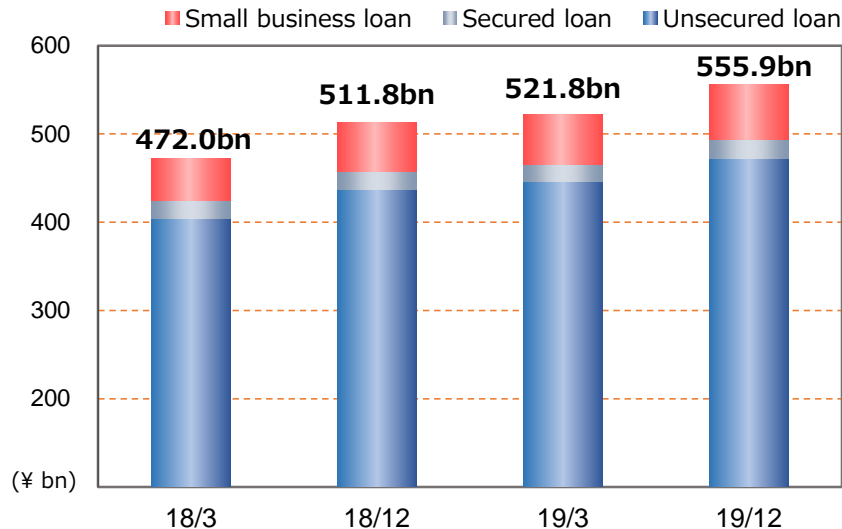
♥ **Loan Outstanding:** Both consolidated and non-consolidated (AIFUL parent) loans outstanding performed steadily. Consolidated loans outstanding grew 8% YoY to ¥555.9bn, out of which unsecured loans increased 7% YoY to ¥471.9bn, secured loans increased 3% YoY to ¥21.9bn, and small business loans increased 16% YoY to ¥62.0bn.

【Consolidated Basis】

¥ million	18/12	19/3	19/12	YOY
Loans outstanding	511,828	521,823	555,915	8.6%
Unsecured	437,312	445,866	471,947	7.9%
Secured	21,231	20,285	21,938	3.3%
Small business	53,284	55,670	62,029	16.4%

【Non-Consolidated Basis(AIFUL Parent)】

¥ million	18/12	19/3	19/12	YOY
Loans outstanding	387,616	396,540	424,198	9.4%
Unsecured	370,189	379,317	408,703	10.4%
Secured	9,965	9,306	7,322	-26.5%
Small business	7,462	7,915	8,172	9.5%



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



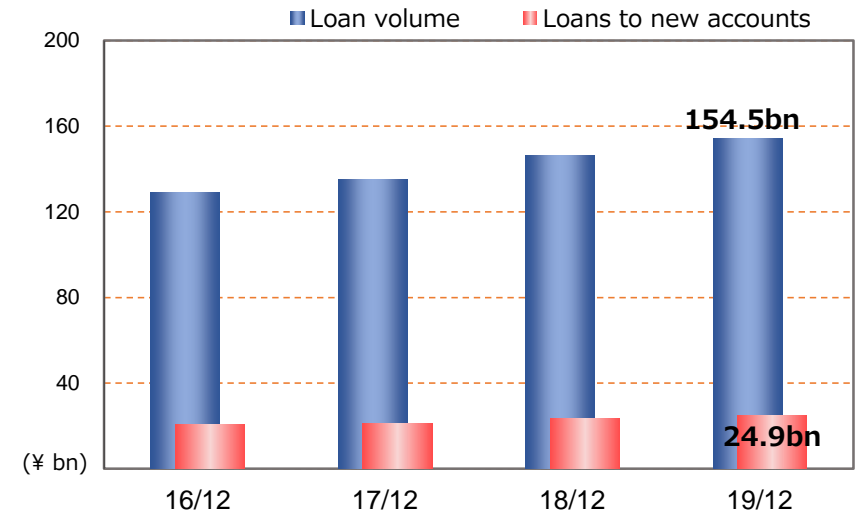
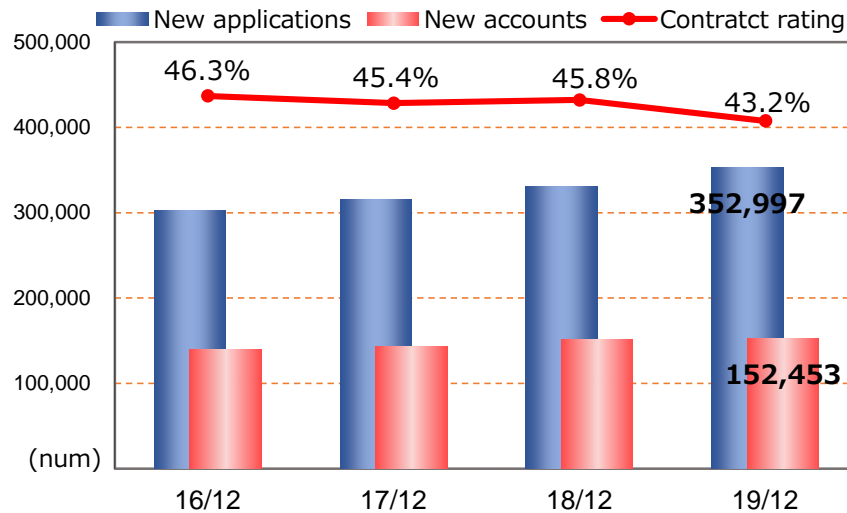
- ♥ **New accounts:** The number of loan applications were 352,000, an increase of 6% YoY and the number of new accounts were 152,000, a decrease of 0.6% YoY.
- ♥ **Loan Volume:** Loan volume of both new and existing accounts grew steadily, recording a 5% YoY increase to ¥154.5bn.

【Trends of Unsecured Loans' New Accounts】

(num)	17/12 (9M)	18/12 (9M)	19/12 (9M)	YOY
New applications	314,974	330,893	352,997	6.7%
New accounts	143,095	151,587	152,453	0.6%
Contract rate	45.4%	45.8%	43.2%	-2.6pt

【Trends of Loan Volume】

(¥ million)	17/12 (9M)	18/12 (9M)	19/12 (9M)	YOY
Loan volume	135,334	146,325	154,544	5.6%
New accounts	21,218	23,674	24,913	5.2%
Existing accounts	114,115	122,651	129,630	5.7%



II-02 Non-performing Loans (Consolidated)



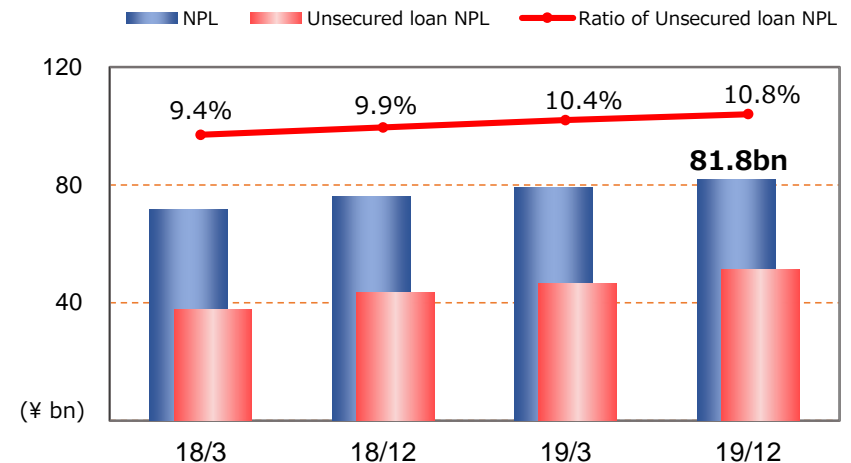
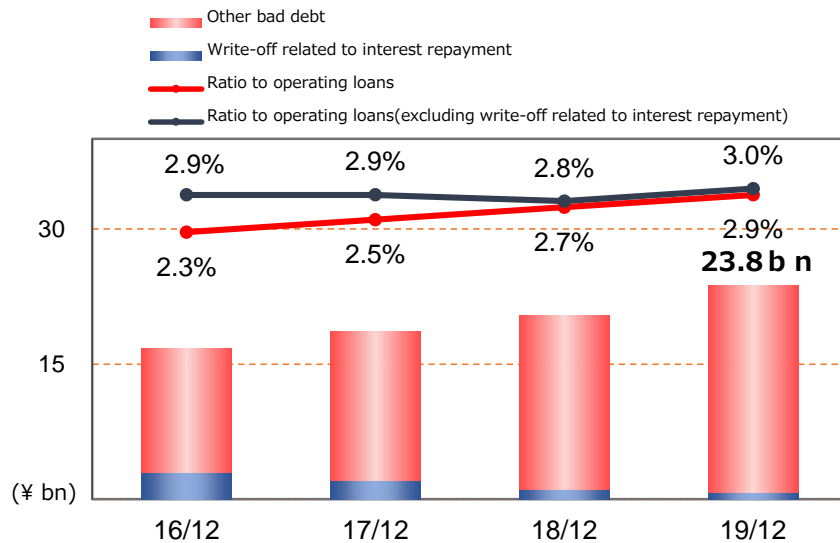
- ♥ **Bad Debt:** Bad debt ratio excluding write-offs accompanying interest repayment increased 0.2pt to 2.9%.
- ♥ **Non performing loan:** Ratio of unsecured loan NPL increased 0.9pt YoY to 10.8%.

【Trends of Bad Debt】

(¥ million)	18/12 (9M)	19/12 (9M)	YOY
Bad debt	20,502	23,845	16.3%
Bad debt except write-offs related to interest repayment	19,370	22,981	18.6%
Ratio to operating loans	2.8%	3.0%	0.2pt
Bad debt ratio except write offs related to interest repayment	2.7%	2.9%	0.2pt
Total receivable outstanding	719,781	792,341	10.1%

【Trends of NPL defined by FSA】

(¥ million)	18/12	19/12	YOY
NPL amount	76,158	81,877	7.5%
Unsecured loan NPL	43,523	51,341	18.0%
Ratio of NPL	14.1%	14.1%	-0.0pt
Ratio of Unsecured loan NPL	9.9%	10.8%	0.9pt
Operating loans including claims in bankruptcy	538,817	579,704	7.6%





♥ **Credit Card Business:** Transaction volume increased 1% YoY to ¥529.8bn.

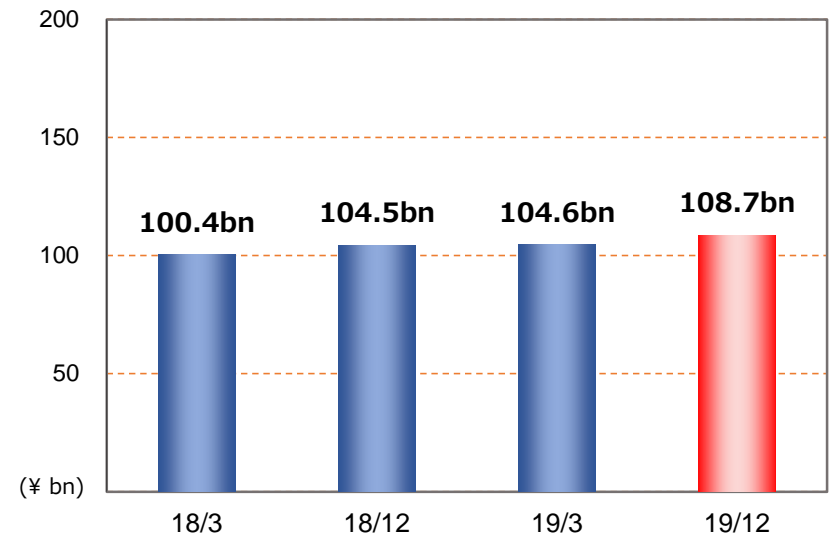
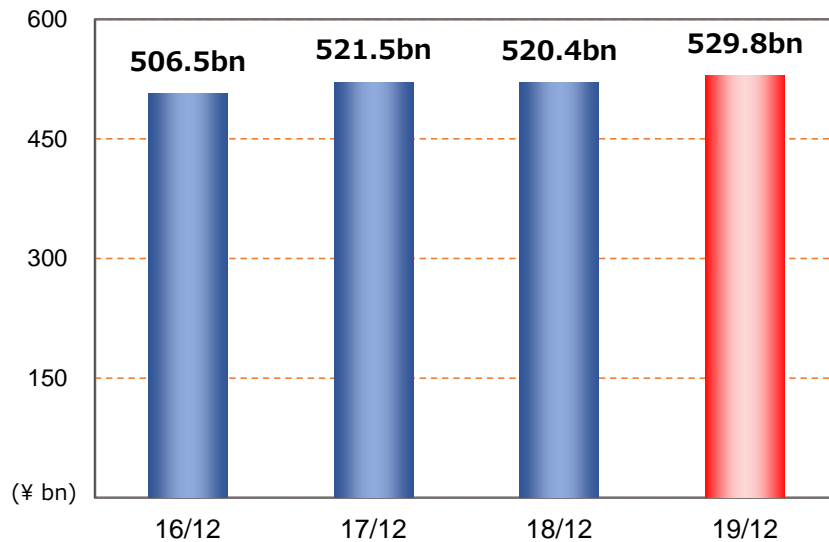
Installment receivable increased 4% YoY to ¥108.7bn due to increase in revolving payment and installment payment.

【Trends of Transaction volume】

(¥ million)	17/12 (9M)	18/12 (9M)	19/12 (9M)	YOY
Transaction volume	521,562	520,444	529,827	1.8%

【Trends of Installment receivable】

(¥ million)	18/12	19/3	19/12	YOY
Installment receivable	104,529	104,645	108,715	4.0%





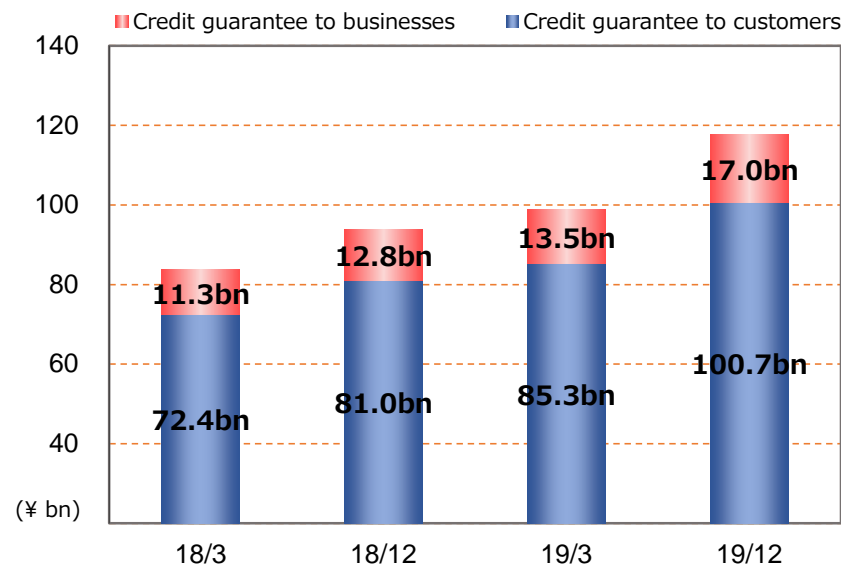
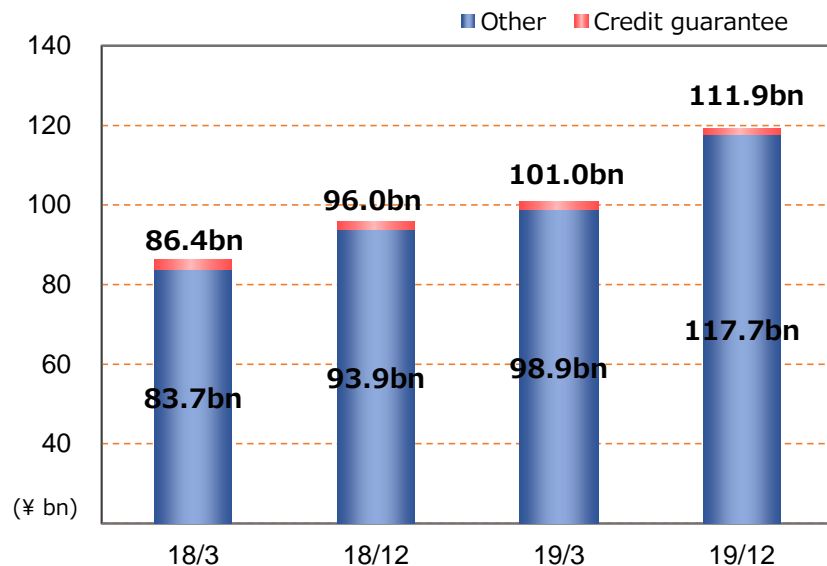
♥ **Credit Guarantee Business:** Performed steadily, showing a 25% increase on YoY to 117.7bn. Of which, credit guarantee for individuals rose 24% YoY to ¥100.7bn and for business operators grow 32% YoY to ¥17.0bn.

【Trends of Guarantee】

(¥ million)	18/12	19/3	19/12	YOY
Guarantee	96,097	101,007	119,435	24.3%
Credit guarantee business	93,916	98,971	117,770	25.6%
Other	2,180	2,036	1,664	-23.7%

【Trends of Credit Guarantee Business】

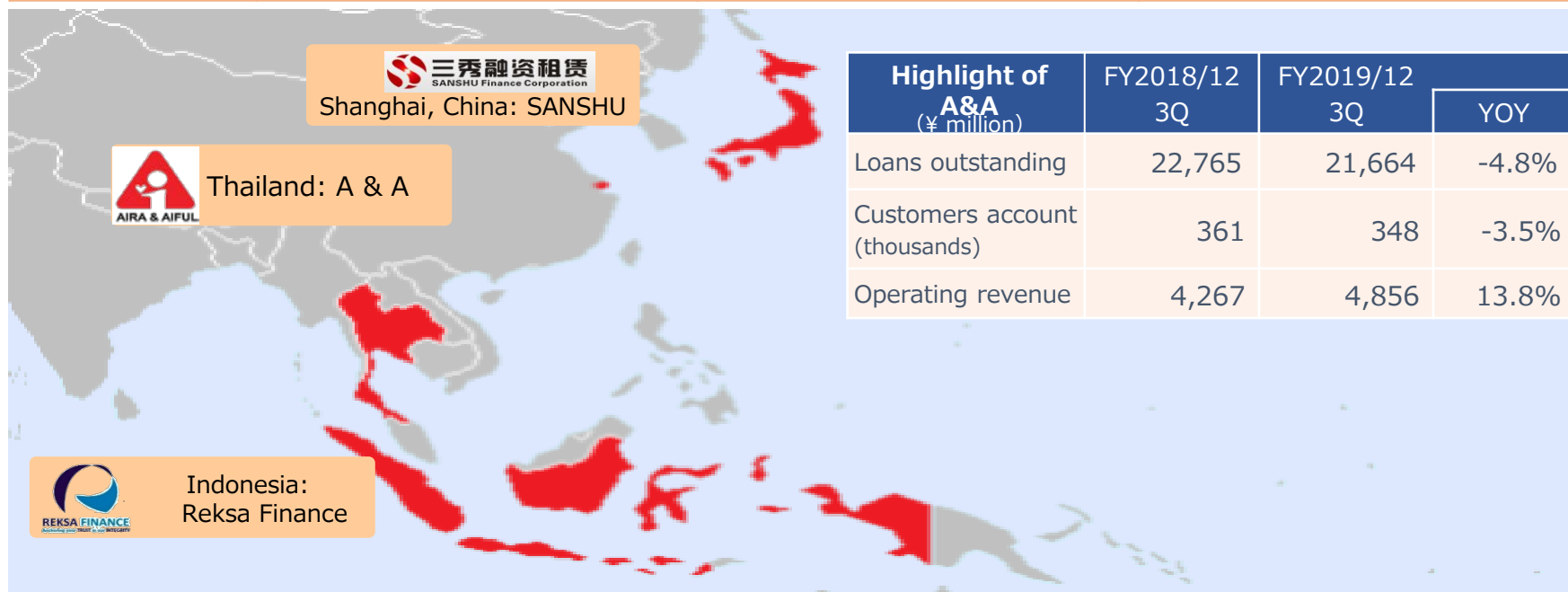
(¥ million)	18/12	19/3	19/12	YOY
Credit Guarantee business	93,916	98,971	117,770	25.6%
for individuals	81,086	85,386	100,743	24.2%
for business operators	12,829	13,584	17,027	32.7%





♥ **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 decreased 4% YoY to ¥21.6bn and the number of accounts decreased 3% YoY to 348,000.

	 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.

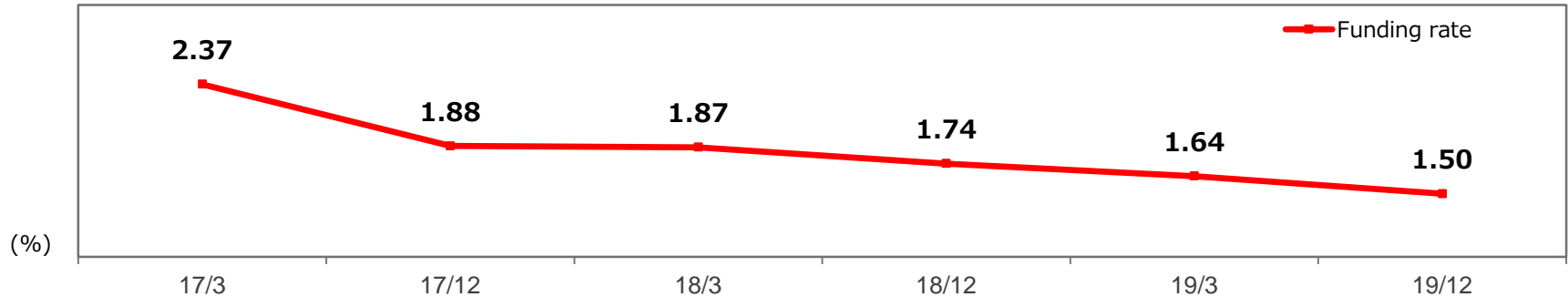
* Exchange rate (Thai Baht): B/S: ¥3.50(FY2018 3Q), ¥3.53(FY2019 3Q)

P/L: ¥3.41(FY2018 3Q), ¥3.49(FY2019 3Q)

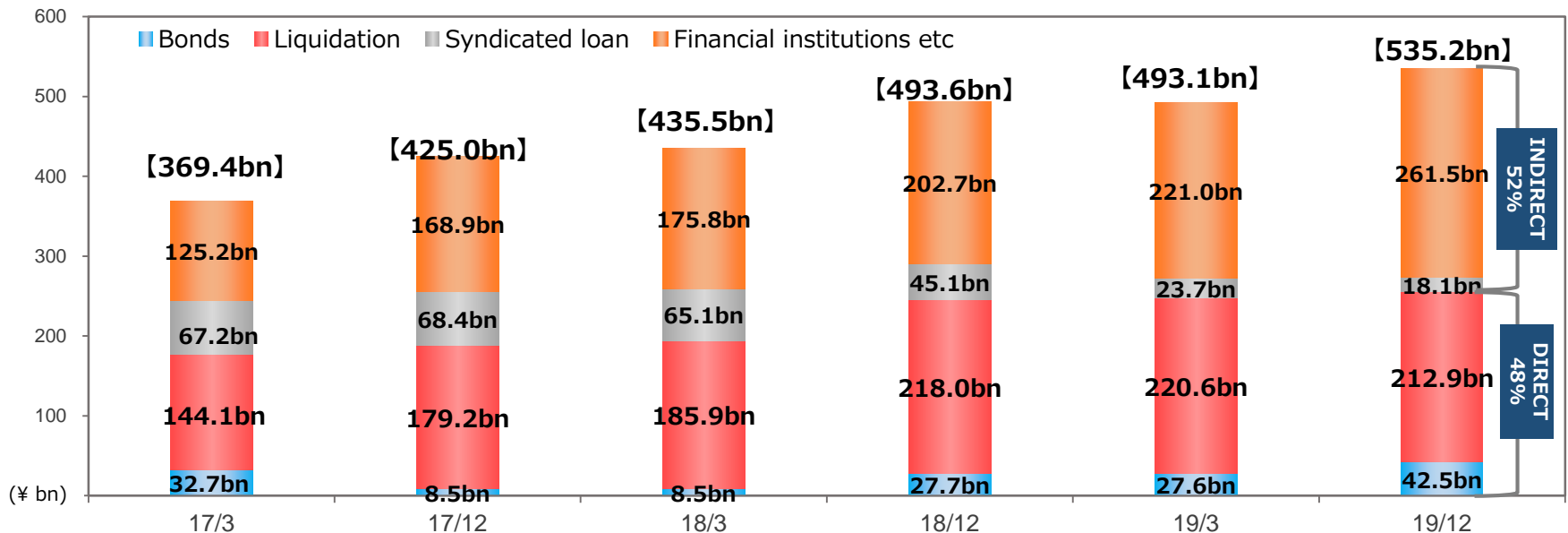


- ♥ **Funding Rate:** Average finding rate declined 24bps to 1.50% as both direct and indirect funding rate decreased.
- ♥ **Interest-Bearing Liabilities:** Fund procurement rose to 8% YoY to ¥535.2bn due to stable financing.
Issued public offering corporate bond in June 2019.

【Trends of Consolidated Funding Rate】



【Trends of Consolidated Interest – Bearing Liabilities】

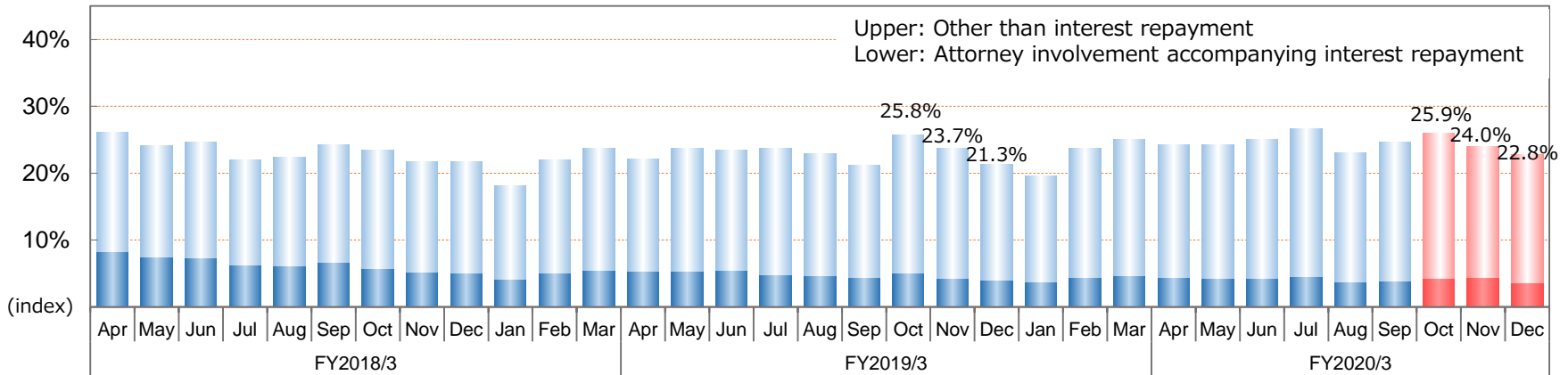




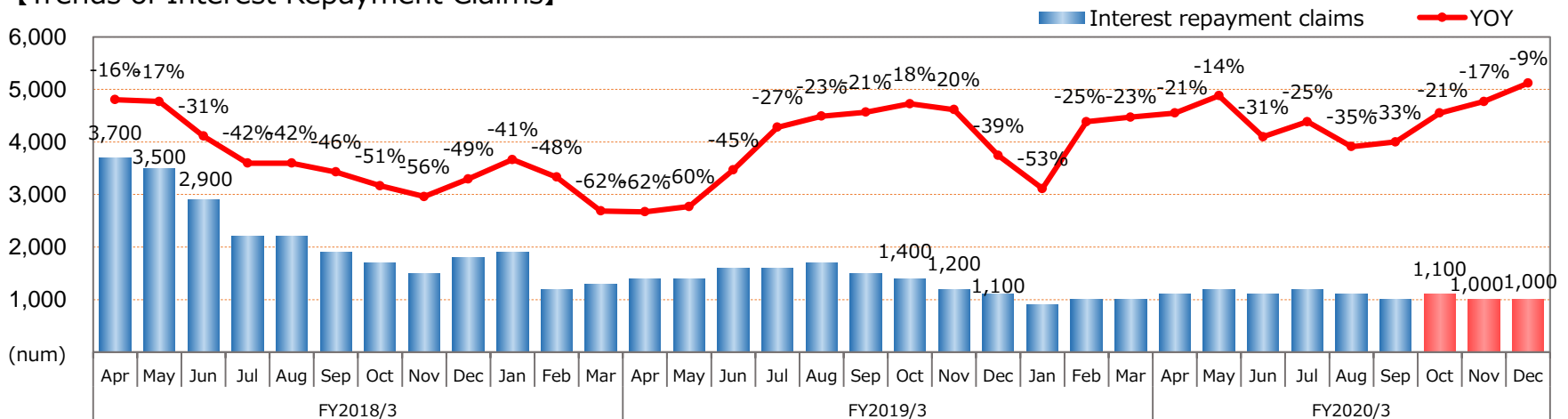
- ♥ **Attorney Involvement Index:** Attorney involvement accompanying interest repayment from April through December declined 14% YoY.
- ♥ **Interest Repayment Claims:** Total number of claims from April through December was 9,800, declined 24% YoY.

【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 ¥11.1bn, an decrease of 3% which of ¥10.2bn for interest repayment and ¥0.9bn for waiver of principal. Provision at the end of period was ¥14.3bn.

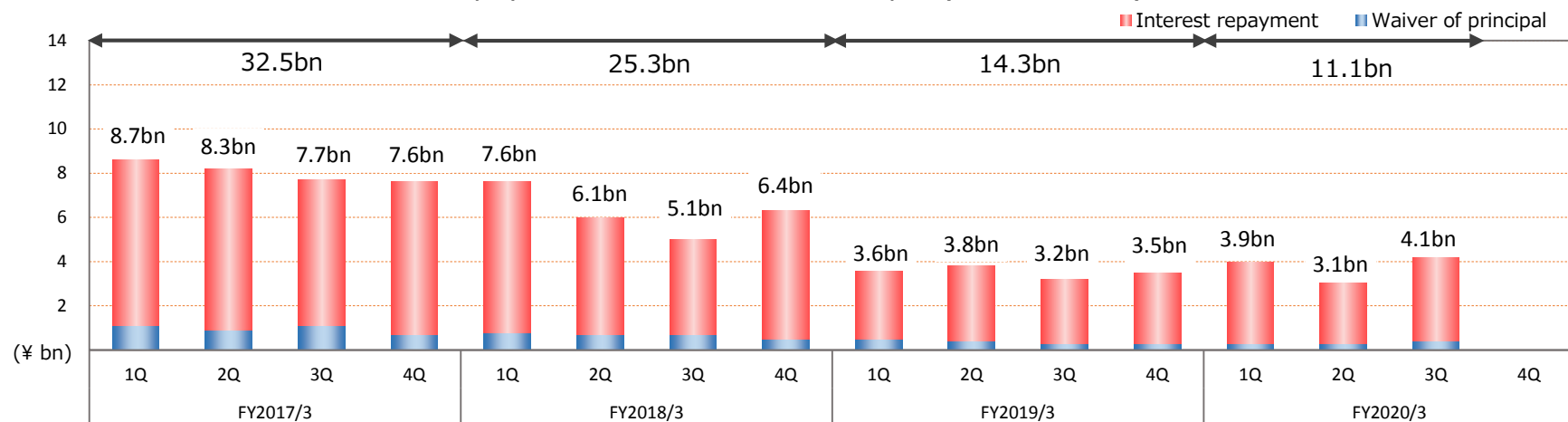
【Provision for loss on Interest Repayment】

(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)	10,225	-	10,225	9,584	-	9,584
Withdraw (Waiver of principal)	100	863	963	-	863	863
Provisions (reversal)	-	-	-	-	-	-
Allowance at the end of FY2019 3Q	12,638	1,670	14,308	11,137	1,670	12,808

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






III Financial Results of AIFUL

III Financial Results of AIFUL : Financial Results Summary




 (¥ million)	18/12	19/12	YOY	YOY%
Operating revenue	53,396	57,354	3,957	7.4%
Interest on operating loans	38,993	42,472	3,479	8.9%
Revenue from credit guarantee	8,412	8,682	270	3.2%
Recoveries of written off claims	4,600	4,709	108	2.4%
Operating expenses	45,118	48,256	3,138	7.0%
Financial expenses	4,494	4,068	-425	-9.5%
Expenses on interest repayment	-	-	-	-
Provision of allowance for doubtful accounts	16,120	19,096	2,975	18.5%
Other operating expenses	24,503	25,091	588	2.4%
Operating profit	8,277	9,097	819	9.9%
Ordinary profit	9,020	10,026	1,005	11.1%
Extraordinary income	-	230	230	-
Profit before income taxes	9,020	10,256	1,235	13.7%
Profit	8,970	10,065	1,094	12.2%
Loan outstanding	387,616	424,198	36,581	9.4%
Unsecured	370,189	408,703	38,514	10.4%
Credit guarantee	93,744	108,022	14,278	15.2%
Customer accounts (thousands)	857	924	66	7.8%
Average yield	14.9%	14.7%	-0.2pt	-
Below 18% unsecured loan balance's occupancy rate	98.4%	98.9%	0.5pt	-



IV Financial Results of LIFECARD

IV Financial Results of LIFECARD : Financial Results Summary



 (¥ million)	18/12	19/12		
			YOY	YOY%
Operating revenue	24,257	25,618	1,361	5.6%
Revenue from installment receivable	12,066	13,112	1,045	8.7%
Interest on operating loans	4,212	3,992	-220	-5.2%
Revenue from credit guarantee	1,047	1,128	81	7.8%
Other operating revenue	6,929	7,385	455	6.6%
Operating expenses	21,365	22,247	881	4.1%
Operating profit	2,891	3,371	480	16.6%
Ordinary profit	3,006	3,456	449	14.9%
Profit	2,276	2,416	139	6.1%
Credit card transaction volume	520,444	529,827	9,383	1.8%
Shopping	489,930	500,897	10,966	2.2%
Cashing	30,513	28,930	-1,583	-5.2%
Total receivable outstanding	172,445	176,214	3,769	2.2%
Installment receivable	104,111	108,379	4,268	4.1%
Loans	45,107	42,492	-2,619	-5.8%
Credit guarantee	22,299	24,212	1,912	8.6%
Number of new issue (Thousand)	354	331	-22	-6.3%
Number of card holders (Thousand)	5,755	5,748	-7	-0.1%



– Disclaimer –

- 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.
- This English-translated presentation material was prepared solely for the convenience of English speaking investors. If any discrepancies exist, the original Japanese version always prevails. AIFUL and AIFUL Group shall not be liable for any loss or damages arising from this translation.