

FY 3/03 Financial Results

May 9, 2003

Forward Looking Statements

The figures contained in this DATA BOOK with respect to the plans, strategies and other statements that are not historical facts of AIFUL and its subsidiaries and affiliates (hereinafter AIFUL) are forward-looking statements about the future performance of AIFUL which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual results may differ from those in the forward-looking statements as a results of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in AIFUL'S market and changes in the size of the overall market for consumer loans, the rate of default by customers, the level of interest rates charged by AIFUL. This DATA BOOK does not constitute any offer of any securities for sale.



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Agenda for FY 3/03 financial results

- 1. Summary of financial results**
- 2. Result of LIFE**

Financial results (1) Consolidated results for FY 3/03

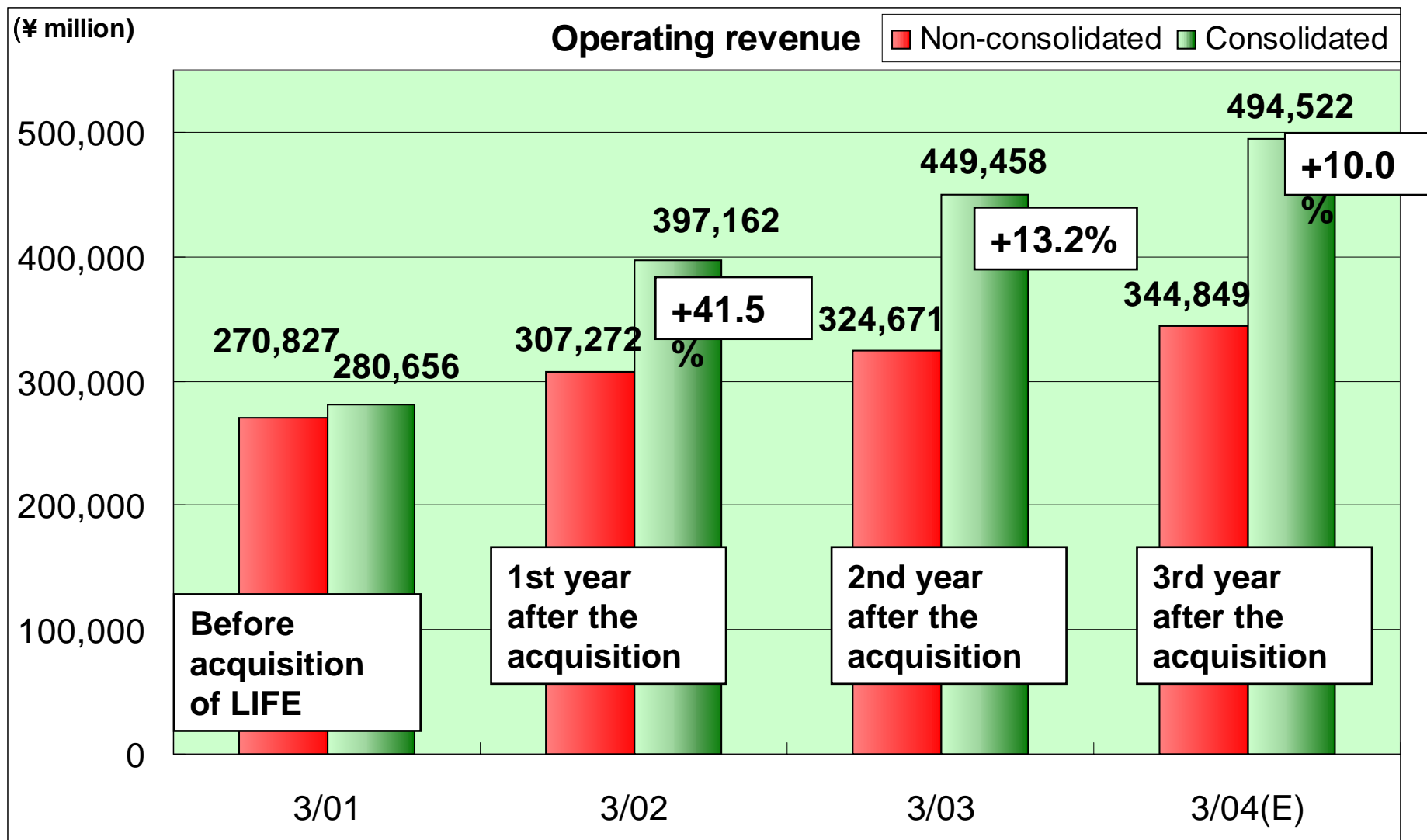
(¥ billion)	3/03	YoY	3/04 (E)	YoY
Receivables(*)	2,210	+10.4%	2,438	+10.3%
Operating revenue	449	+13.2%	494	+10.0%
Operating income	115	+4.2%	128	+11.2%
Ordinary income	111	+6.4%	122	+9.1%
Net income	59	+70.9%	65	+8.6%
EPS (¥)	637.59	+63.5%	688.65	+8.0%
ROA (%)	2.8	-	2.7	-
ROE (%)	13.2	-	12.7	-

* Assets under management including securitised assets

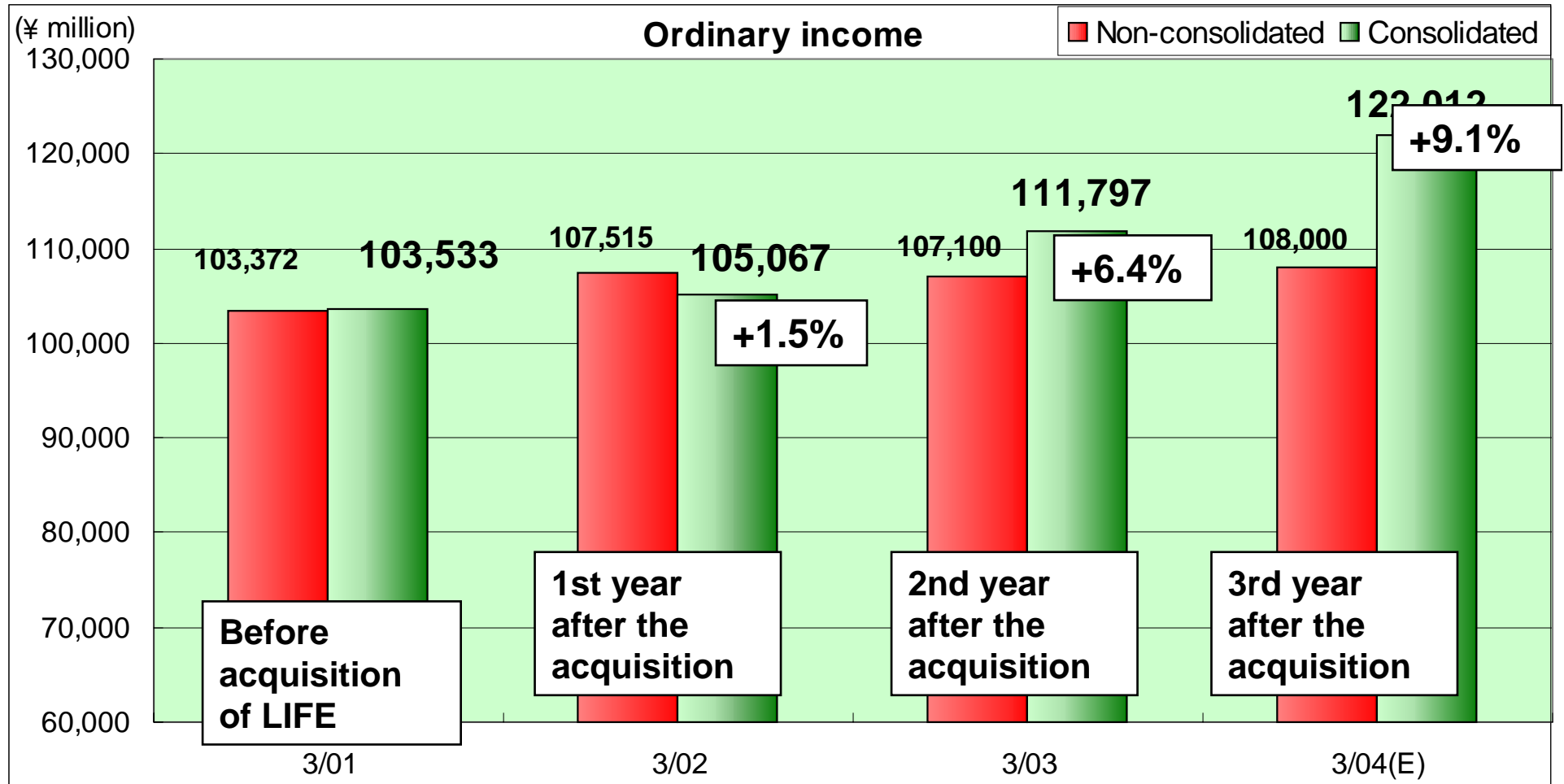
Financial results (2) Unconsolidated results for 3/03

(¥ billion)	03/3	YoY	04/3(E)	YoY
Loans outstanding	1,413	+7.6%	1,493	+5.6%
Unsecured	1,068	+4.8%	1,100	+3.0%
Home equity	322	+16.3%	364	+13.0%
Small business	22	+33.6%	27	+25.0%
# of customer accounts (,000)	2,284	+1.8%	2,291	+0.3%
Unsecured (,000)	2,180	+1.2%	2,169	0.5%
# of new customer accounts (,000)	405	12.4 %	394	2.7%
Operating revenue	324	+5.7%	344	+6.2%
Operating income	106	3.2%	109	+2.1%
Ordinary income	107	0.4%	108	+0.8%
Net income	55	+44.2%	56	+2.2%

Financial results (3) Operating revenue



Financial results (4) Ordinary income



Financial results (5) Subsidiaries - 1

(¥ million)	LIFE		Businext		City's	
Business	Credit Card		Business Loan		Small Business Loan	
FY	3/03	3/04(E)	3/03	3/04(E)	3/03	3/04(E)
Receivables	676,093	788,572	15,397	28,614	29,176	35,704
(YOY)	+10.4%	+16.6%	+89.7%	+85.8%	-	+22.4%
Operating revenue	102,392	121,258	1,749	3,358	3,470	8,029
(YOY)	+38.3%	+18.4%	+377.6%	+92.0%	-	+131.4%
Operating income	7,858	13,841	591	159	486	1,064
(YOY)	+306.5%	+76.1%	-	-	-	-
Ordinary income	8,048	14,000	589	170	503	1,054
(YOY)	+234.8%	+74.0%	-	-	-	-

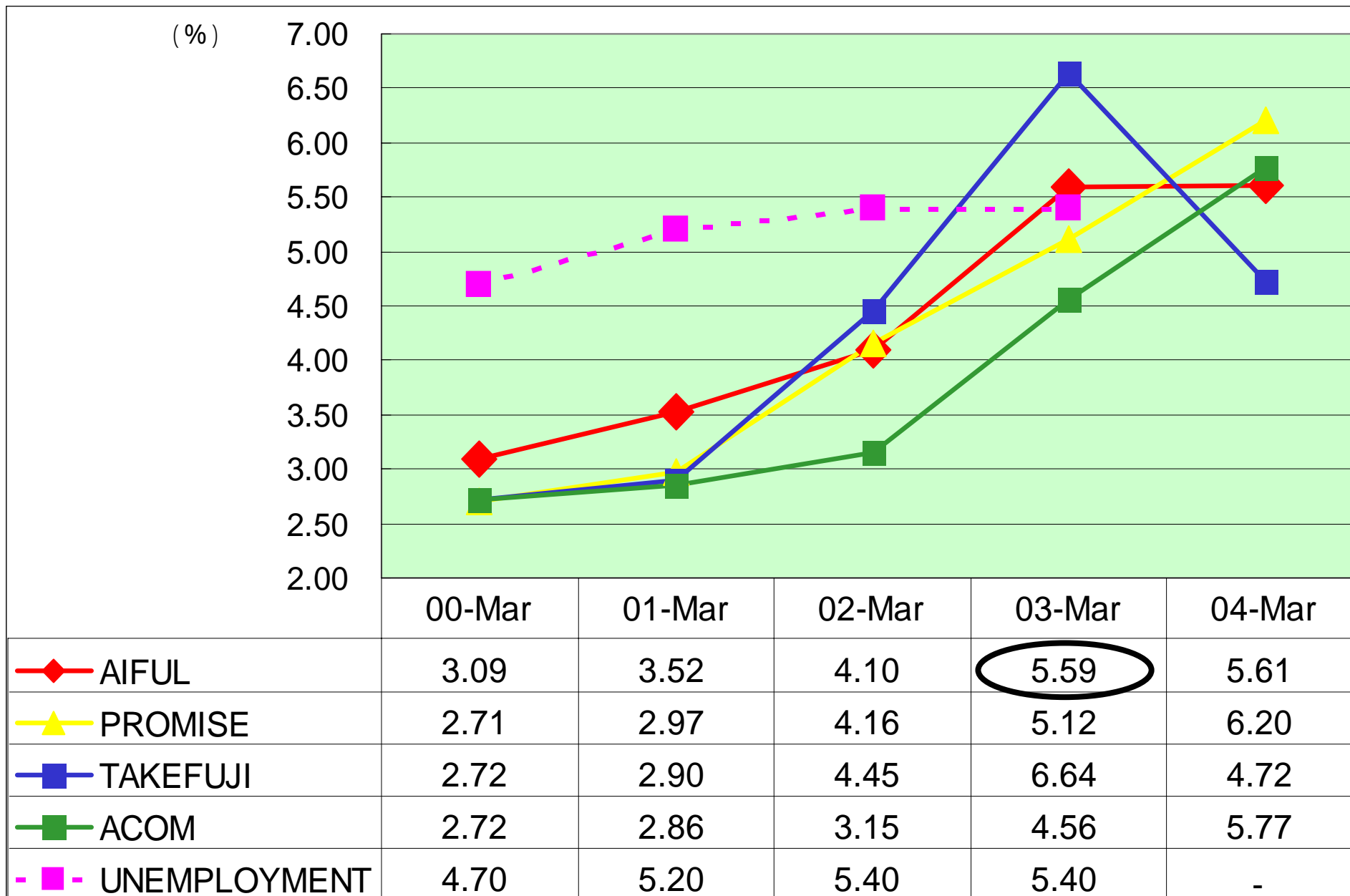
▶ On balance receivables

▶ Figures under City's are for 2nd half year basis which is reflected in a consolidated basis

Financial results (6) Subsidiaries - 2

(¥ million)	Happy Credit		Sinwa		Sanyo Shinpan	
Business	Consumer F		Consumer F		Consumer F	
FY	3/03	3/04(E)	3/03	3/04(E)	3/03	3/04(E)
Receivables	31,587	30,098	22,263	21,500	11,867	12,233
(YOY)	2.6%	4.7%	+5.2%	3.4%	+4.2%	+3.1%
Operating revenue	8,507	7,957	5,949	5,638	2,837	2,994
(YOY)	+6.5%	6.5%	+13.3%	5.2%	+20.2%	+5.5%
Operating income	25	401	121	385	260	417
(YOY)	95.4%	+1,504.0%	86.6%	+218.2%	+400.2%	+60.4%
Ordinary income	26	425	118	406	259	402
(YOY)	95.2%	+1,534.6%	87.0%	+244.1%	+426.2%	+55.2%

Bad debts (1) Bad debt write-off ratio



Bad debts (2) Credit management (date management system)

Days in arrears	1-32	33+	90-152	153-334	Bankruptcy or 335+
AIFUL's credit management categories	Overdue loan	(A) Defaulted loan (default = 1-month+ in arrears)		Transferred loan	Write-offs
Jurisdiction	Branch office			Management center (collection center)	
FSA's four categories of non-performing loans	Ordinary loan	<u>Loan 3-months+ in arrears</u> (B) Loans with eased terms are listed separately from defaulted loans		Loan in arrears	Loan to bankrupt party
P/L treatment	Reported as accrued revenue			Not reported as accrued revenue	
B/S treatment	Balance reported				Balance not reported

< Write-off timing (date) >

Reason	Collectibility	From FY3/03	Through FY3/02
Bankruptcy	Uncollectible	Immediate write-off	
Mediation (Lawyer, etc.)	Collection difficult	Immediate write-off	
	<u>Installment repayment settlement</u>	<u>Write-off loss in fiscal year of settlement</u>	<u>Write-off loss in fiscal year of final repayment</u>
Loss of contact, etc.	Collection difficult	Write-off 6-months after last payment received (5-months+ in arrears)	
Default	Collection difficult	Write-off 12-months after last payment received (11-months+ in arrears)	

Bad debts (3) Bad debt ratio

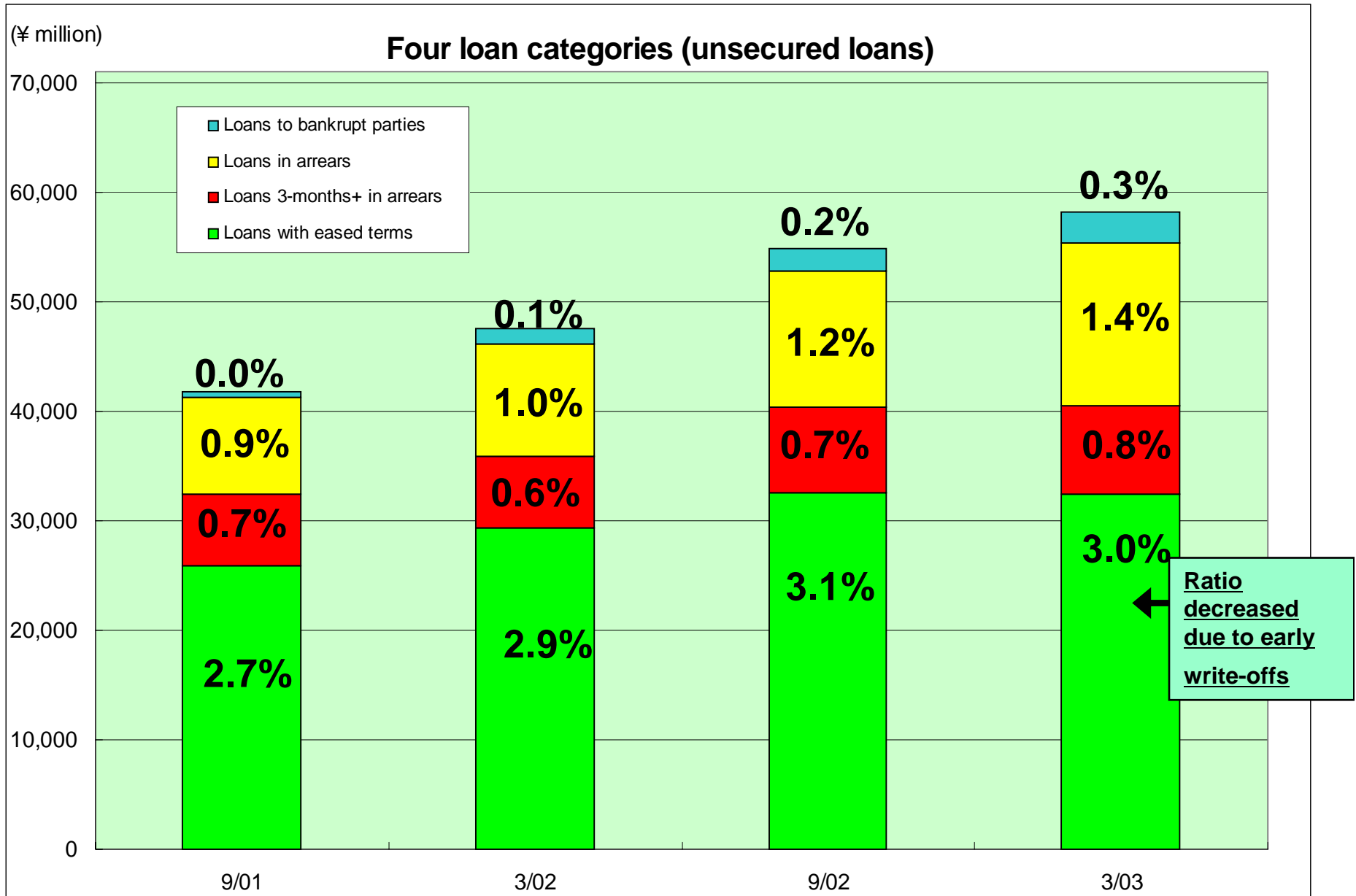
Delinquent loan type	9/01	3/02	9/02	30/3
Defaulted loans (A)	4.71%	4.96%	5.44%	5.44%
Total 4 loan categories	4.27%	4.66%	5.20%	5.45%
Loans with eased terms (B)	2.65%	2.87%	3.08%	3.04%
Loans 3-months+ in arrears	0.68%	0.64%	0.74%	0.75%
Loans in arrears	0.91%	1.00%	1.18%	1.39%
Loans to bankrupt parties	0.04%	0.14%	0.20%	0.27%
Bad debt reserve	5.25%	5.78%	6.06%	6.28%
Current assets	3.93%	4.47%	4.75%	4.99%

Ratio decreased due to early write-offs

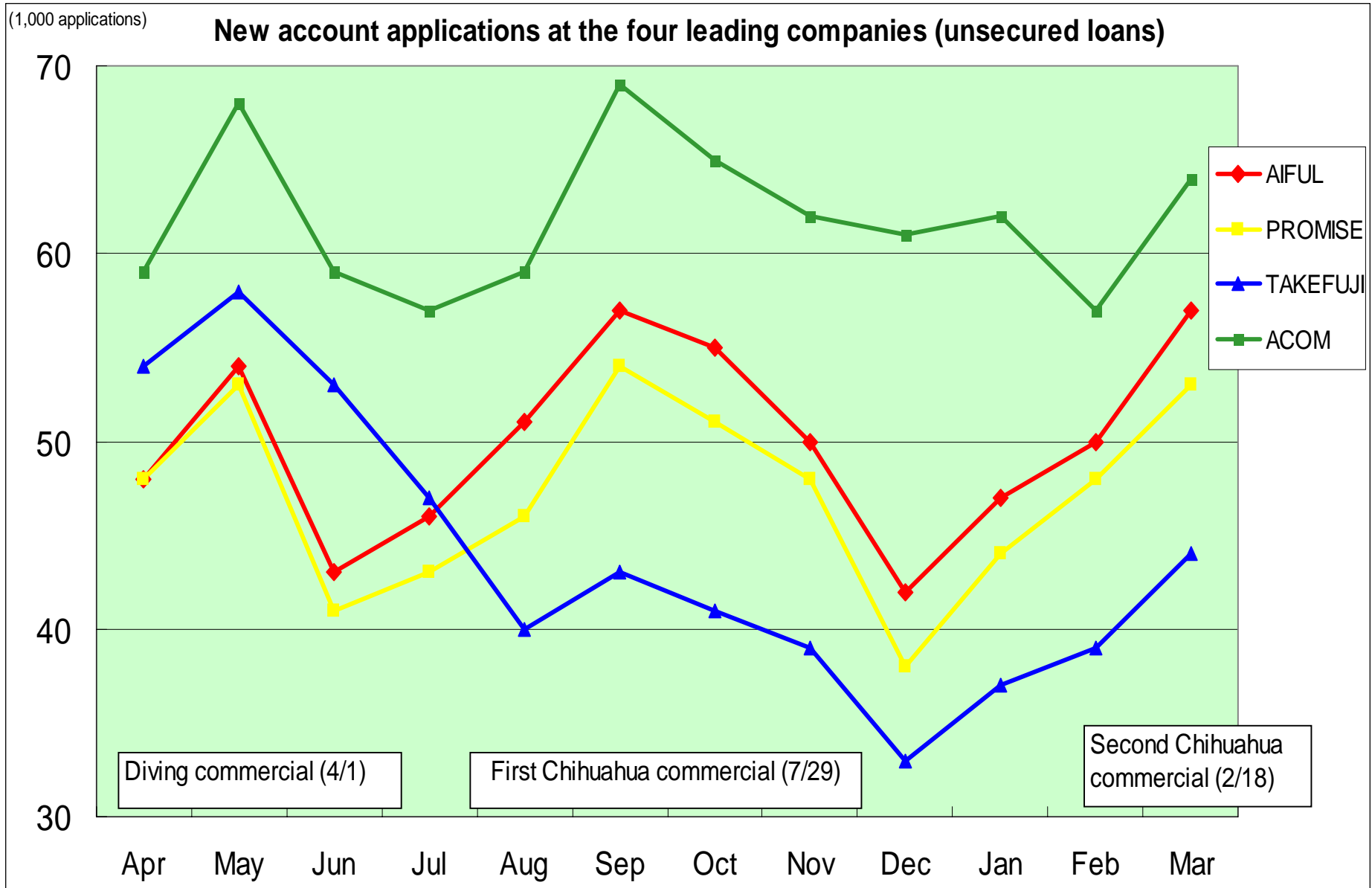
<u>Write-off ratio by reason</u>	01/9	02/3	02/9	03/3
Bankruptcy	45.7%	48.8%	50.4%	45.9%
Mediation, etc.	14.1%	16.6%	17.3%	25.9%
Loss of contact, etc.	26.9%	23.2%	23.2%	19.8%
Default	13.2%	11.5%	9.0%	8.3%

Ratio increased due to early write-offs

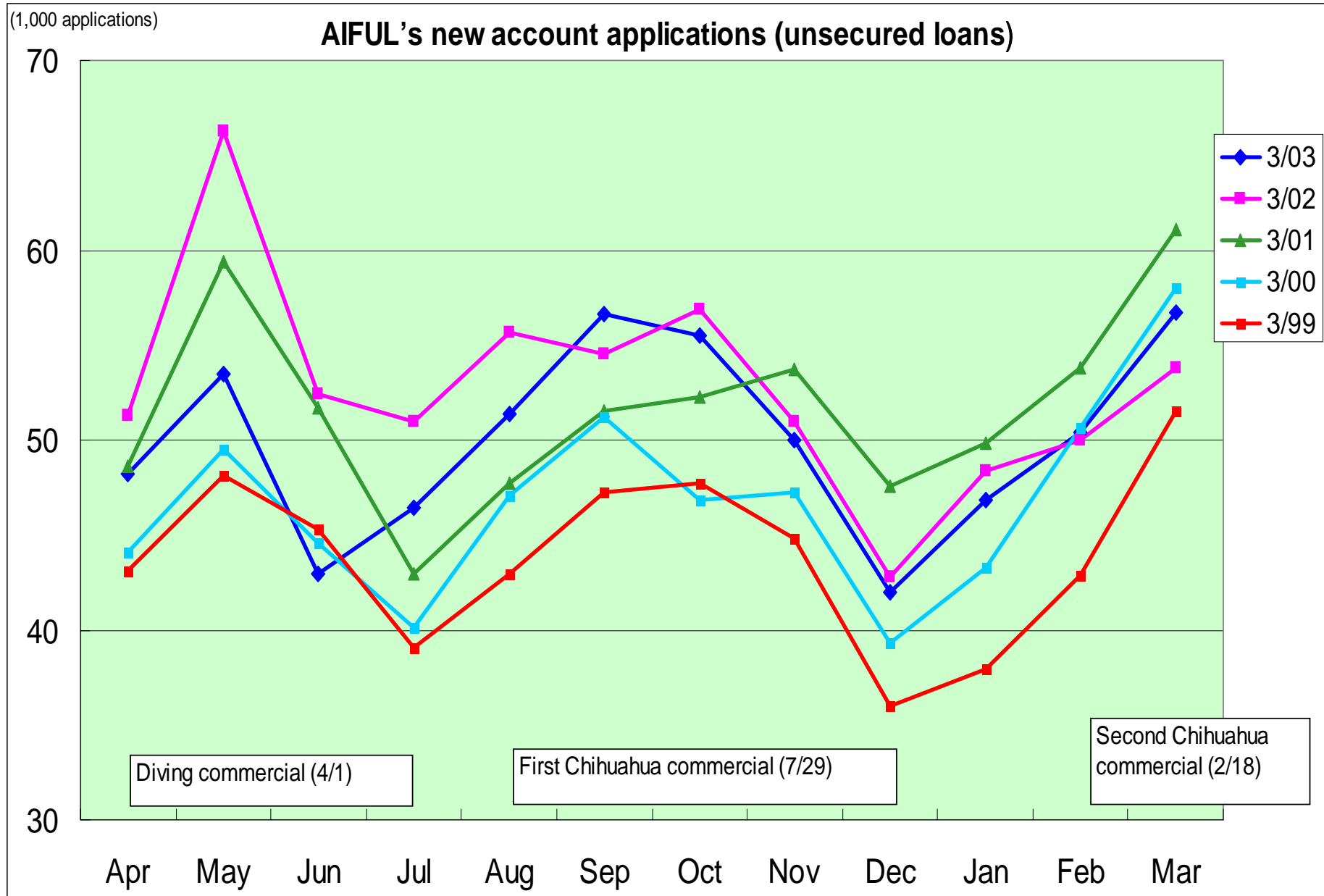
Bad debts (3) Bad debt ratio (graph)



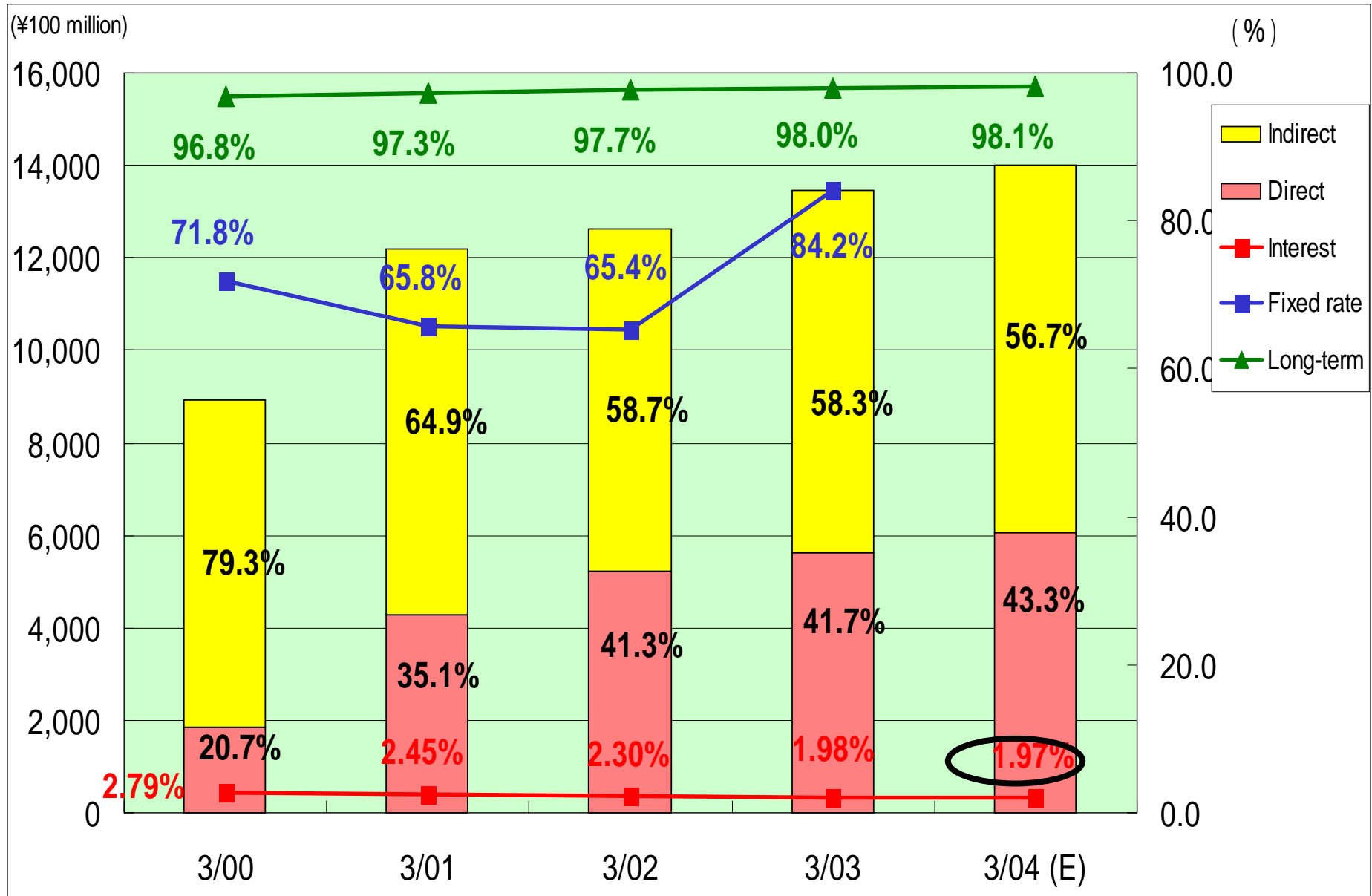
New accounts (1) New applications for unsecured loans



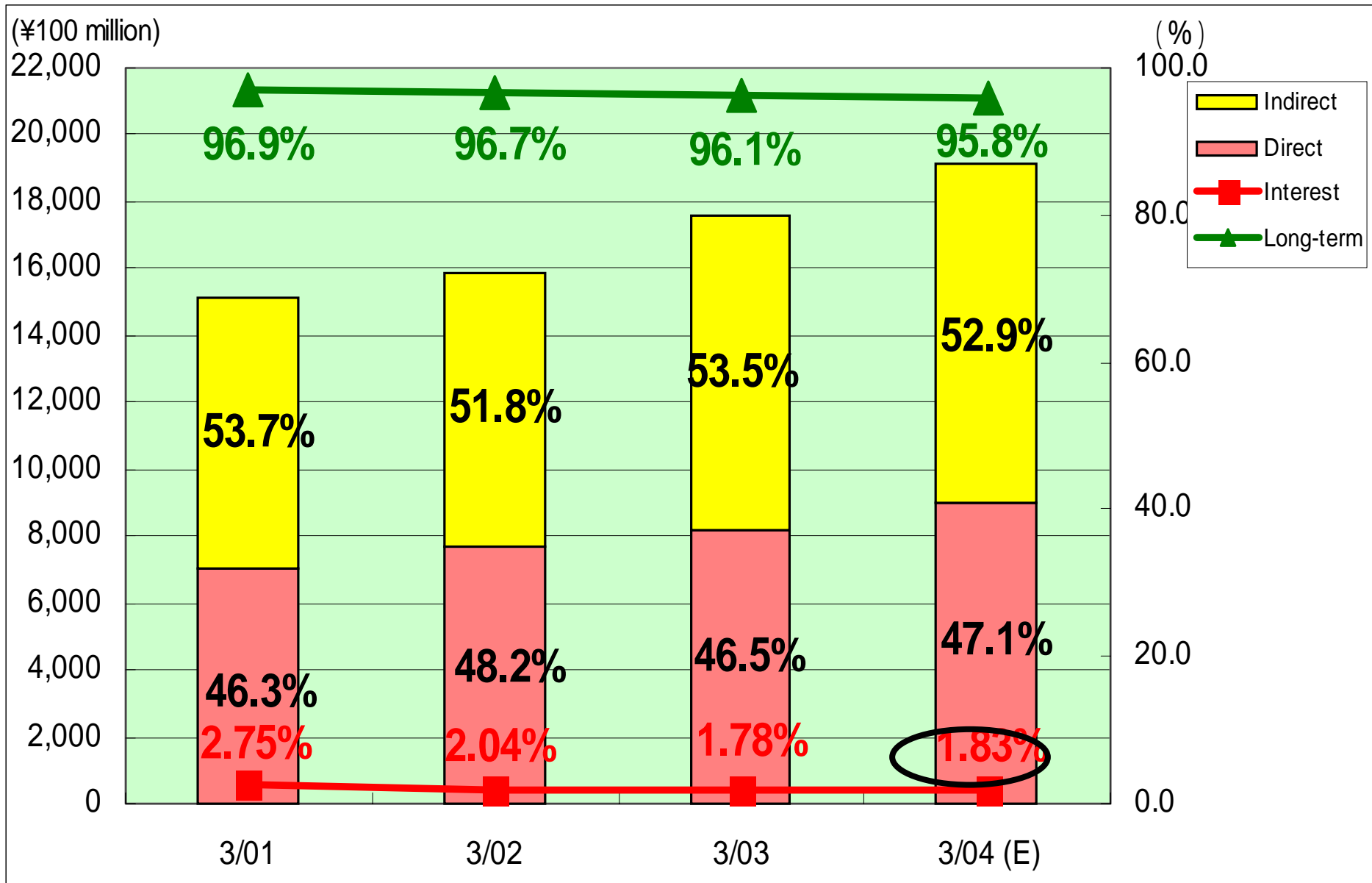
New accounts (2) New unsecured loan applications (five-year comparison)



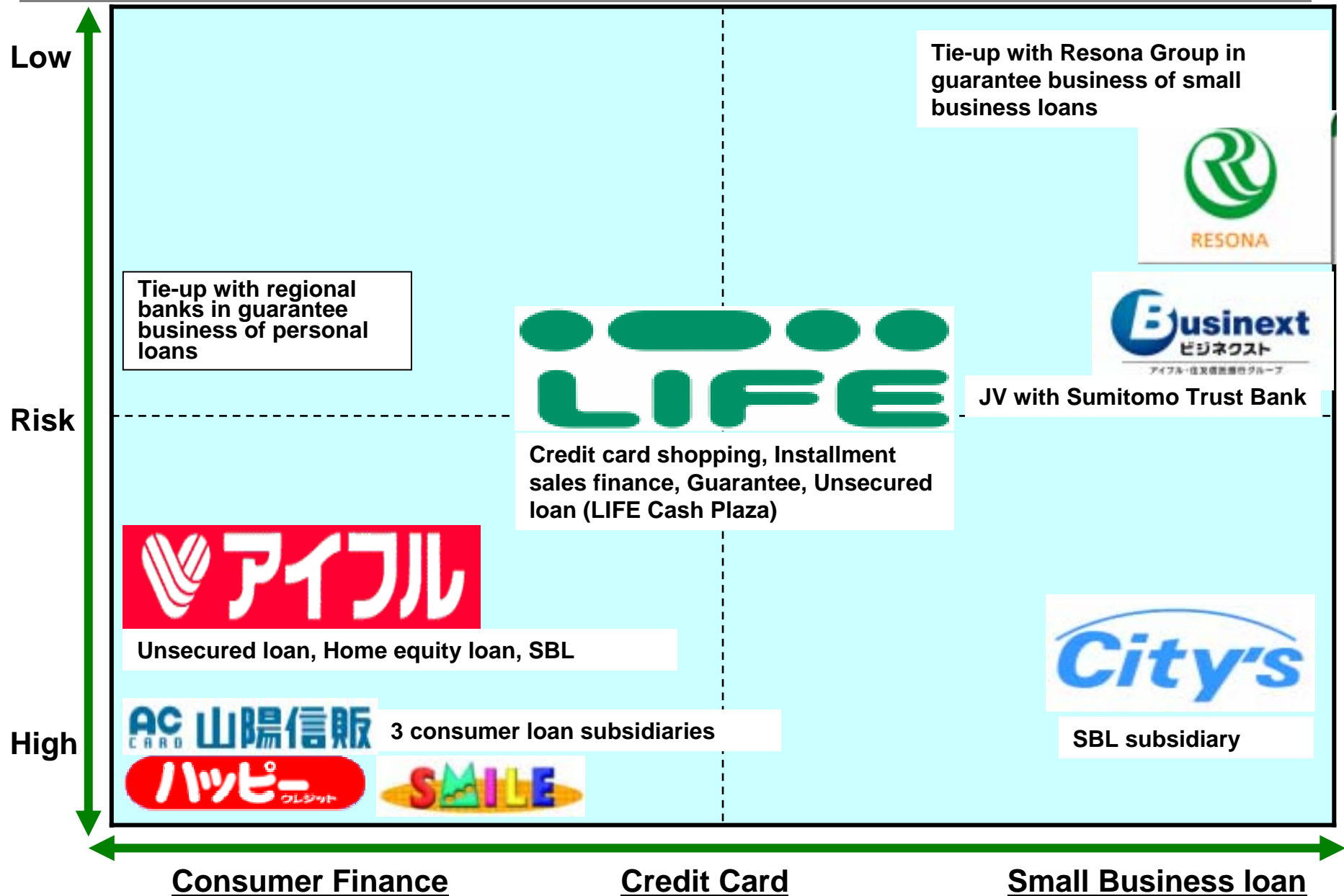
Fund procurement (1) AIFUL (non-consolidated)



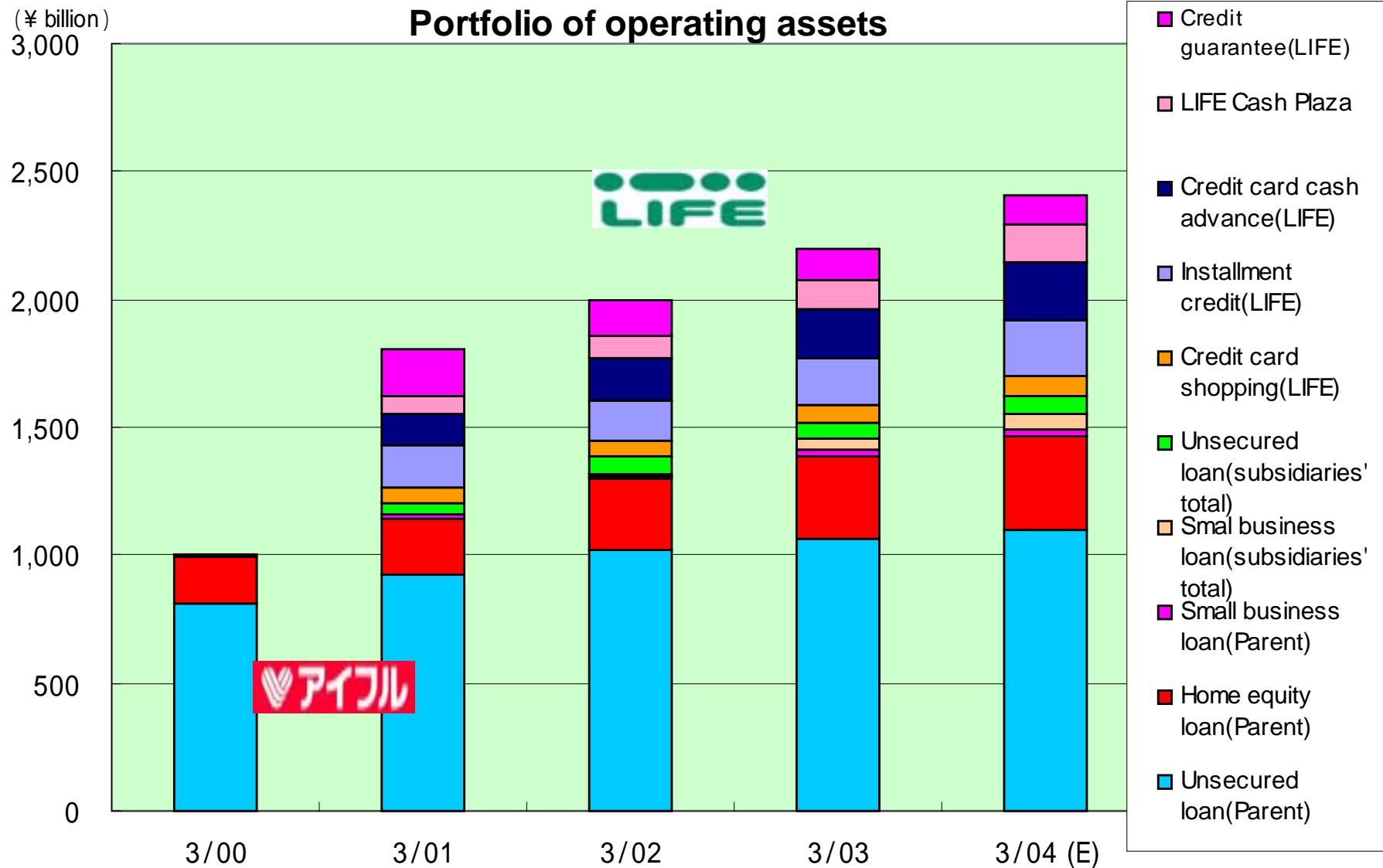
Fund procurement (2) AIFUL Group (consolidated)



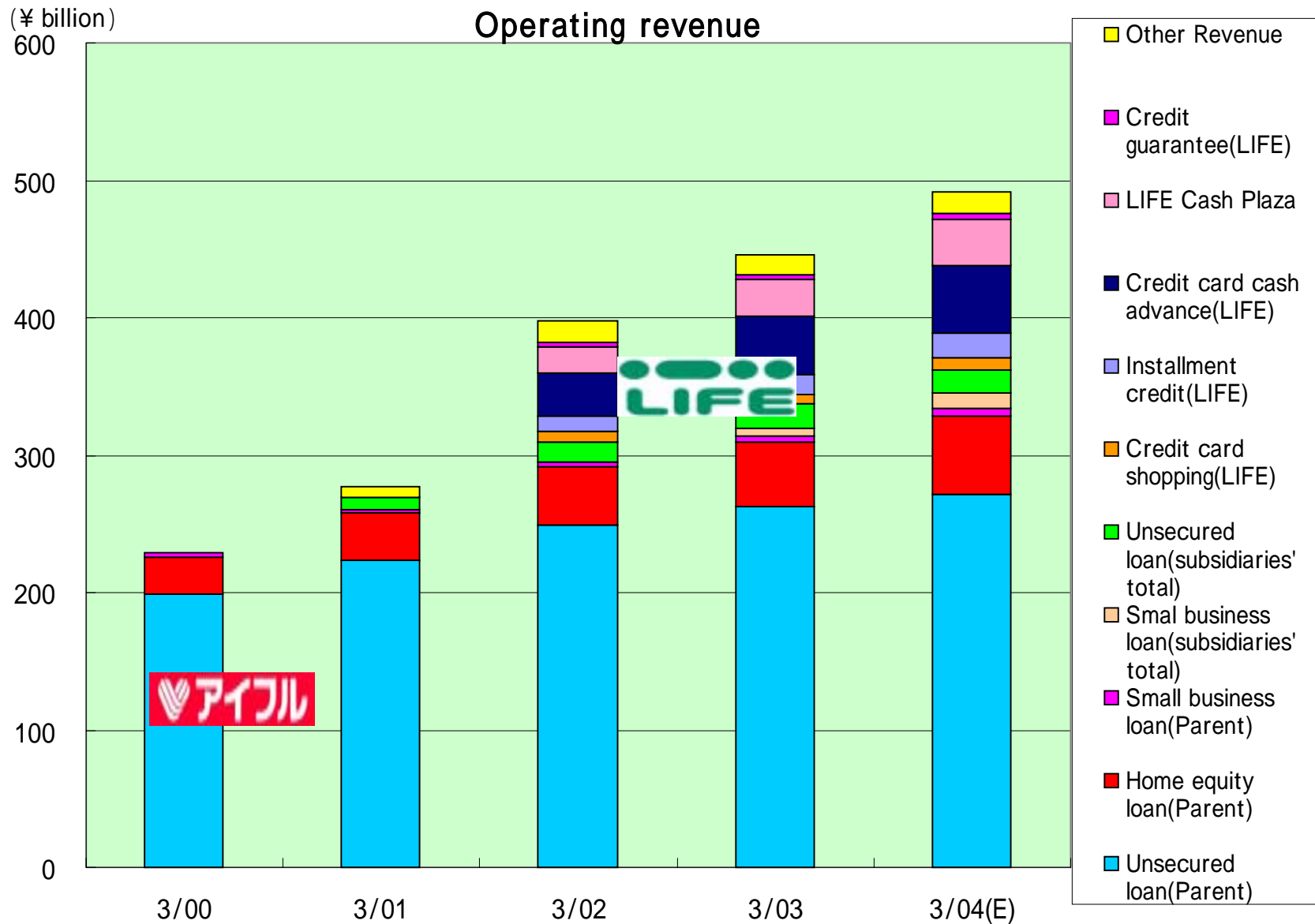
Development as comprehensive retail finance company(1)



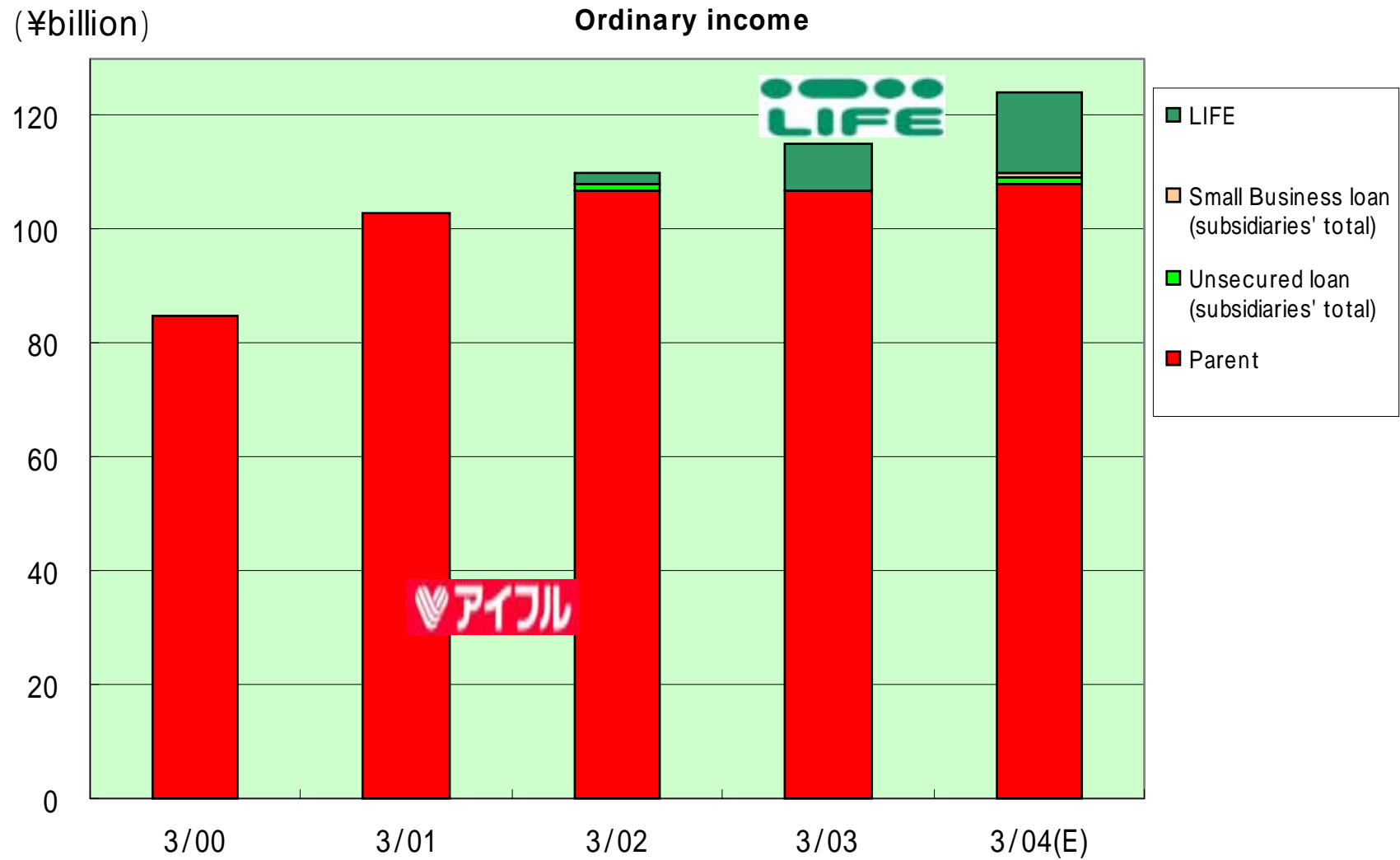
Development as comprehensive retail finance company (2)



Development as comprehensive retail finance company (3)

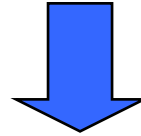


Development as comprehensive retail finance company (4)



Management priorities from FY3/04 (1) Adapt to changing business environment

Major changes in business environment affecting industry = adverse environment



Management must strike a balance between offensive and defensive strategies

A solely defensive strategy carries a great risk of gradual decline and missing the next opportunity

Defensive

Raise AIFUL's operational (sales) and cost efficiency to develop a high-profit structure immune from changes in the business environment

Offensive

Aggressively expand LIFE
Expand business loan segment

Two centers in eastern and western Japan will provide integrated management of nationwide call center operations from October 2003

Western Japan Call Center (Kusatsu, Shiga)

<Administrative duties>

ATM Service Center

Reception for ATM loan agreements

Heartful Center

Handle customer inquiries (inbound)

Information Center

Provide product information to customers (outbound)

Counseling Center

Telephone customers about late payment (outbound)

Support Center

Handle loan mediation

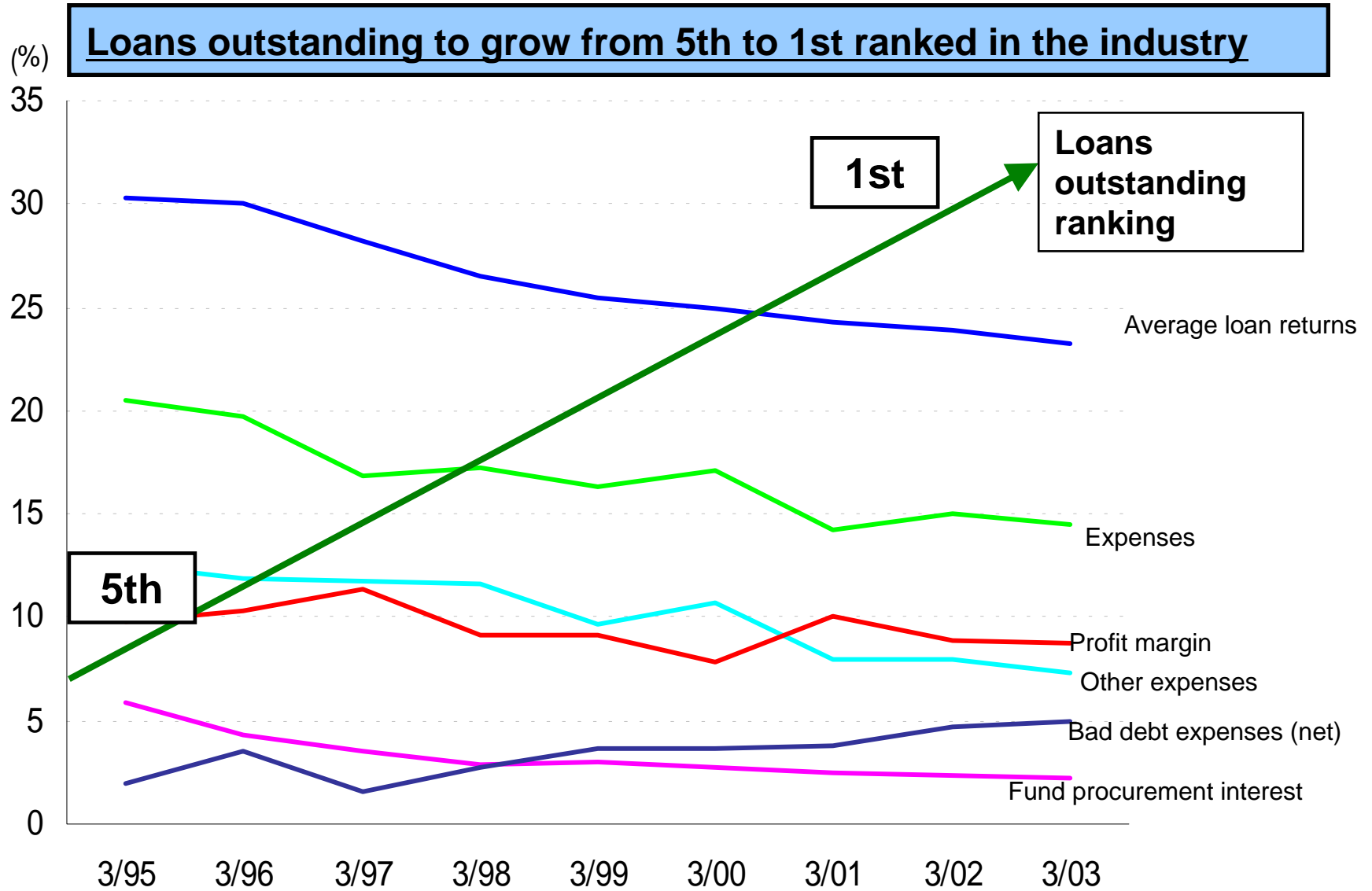
Reduce expenditures rather than rely solely on raising revenues
Subject all expenses to the scrutiny of an independent consultant

Cut costs by a total ¥2.5 billion in FY3/04 through an accumulation of smaller cost reductions

Main cost cutting areas	Projected reductions (¥ million)	Details
Branch office cleaning	207	Price discounts
ATM	673	Stop handling coins, etc
Tissue paper hand-out advertising, direct marketing, flyers, etc.	325	Price discounts Decrease distribution quantities
Communications, etc.	212	Price discounts
Systems and networks	362	Price discounts

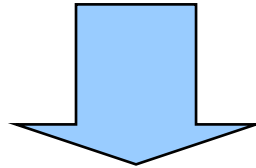
Management priorities from FY3/04 (3) Cost cutting efforts 2

AIFUL's loan returns and expense ratio (relative to outstanding balances)

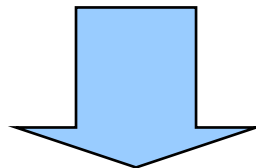


Management priorities from FY3/04 (4) Aggressively expand LIFE

At the time of acquisition, we cited portfolio restructuring, cost cutting, and revision of unfavorable business terms as three goals for generating profits and creating a basis for growth.



We have largely achieved our targets for loan composition, loan returns, operating revenue, and ordinary income. We have produced ample results in stage one.



In stage two, our priority goals are strengthening credit card sales and expanding credit card shopping, our main business as a credit card company.

Expand business loans with City's handling the high risk market and Businext the middle risk market.

<High risk market>

Steady increase in loans outstanding even after the small business loan scandal

Firm demand, ¥2 trillion market

Significant growth potential for City's

<Middle risk market>

¥20 trillion market

Untapped

Success of Sumitomo Mitsui Banking

Opportunity for Businext

LIFE's development (1) Business base

(1,000 people, ¥ million, branches)

	3/02	3/03		3/04	
			YoY	(E)	YoY
Valid cardholders	8,716	9,834	13%	11,254	14%
Proper cards	1,387	1,509	9%	1,682	11%
Co-branded cards	7,328	8,324	14%	9,572	15%
New cards issued	1,794	2,073	16%	2,271	10%
Proper cards	177	190	7%	300	58%
Co-branded cards	1,617	1,883	16%	1,971	5%
Card purchases	425,446	503,448	18%	617,379	23%
Shopping	233,633	274,479	17%	354,874	29%
Cash advance	191,813	228,968	19%	262,505	15%
Installment credit purchases	104,531	125,246	20%	156,000	25%
Affiliated stores	76,714	82,987	8%	87,474	5%

LIFE's development (2) Receivables outstanding

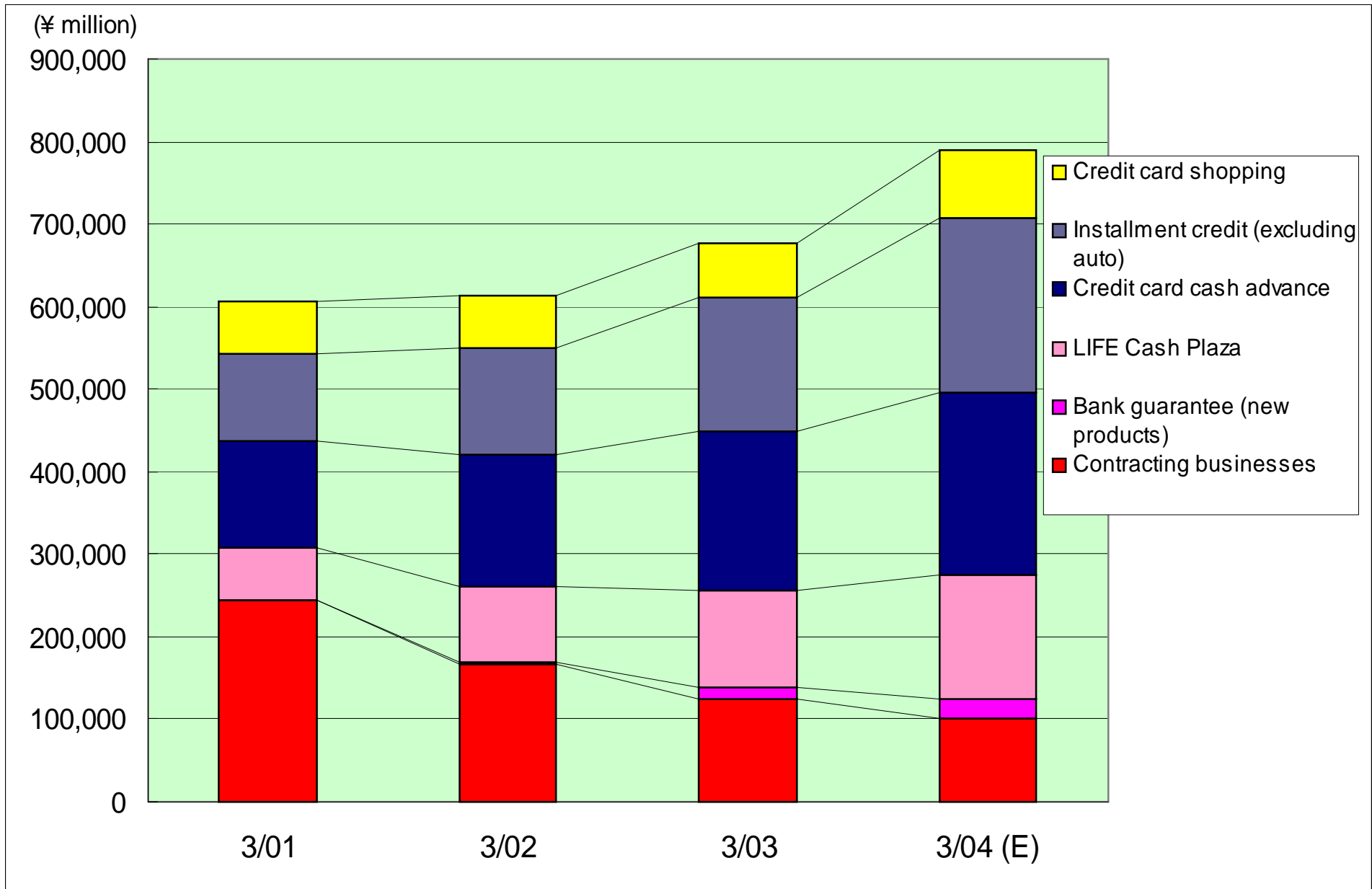
(¥ million)

	3/01	3/02	YoY	3/03	YoY	3/04 (E)	YoY	
Total	606,313	612,509	1%	676,093	10%	788,572	17%	
Expanding businesses	362,824	444,978	23%	551,392	24%	687,896	25%	
Credit card shopping	63,079	61,513	-2%	64,069	4%	80,570	26%	
Installment credit (excluding auto)	105,355	131,022	24%	164,224	25%	211,123	29%	
Credit card cash advance	129,989	160,138	23%	192,209	20%	222,771	16%	
LIFE Cash Plaza	64,401	89,560	39%	117,646	31%	149,529	27%	
Bank guarantee (new products)	0	2,745	-	13,244	382%	23,903	80%	
Contracting businesses	243,488	167,526	-31%	124,695	-26%	100,672	-19%	
Installment credit (auto)	33,782	15,556	-54%	6,629	-57%	2,657	-60%	
Partner loans	54,499	22,627	-58%	7,385	-67%	3,155	-57%	
Housing loans	50,631	45,477	-10%	41,173	-9%	37,293	-9%	
Bank guarantee (former products)	79,248	66,543	-16%	56,046	-16%	47,422	-15%	
Other	25,328	17,323	-32%	13,462	-22%	10,145	-25%	
Composition	Expanding businesses	60%	73%	-	82%	-	87%	-
	Contracting businesses	40%	27%	-	18%	-	13%	-

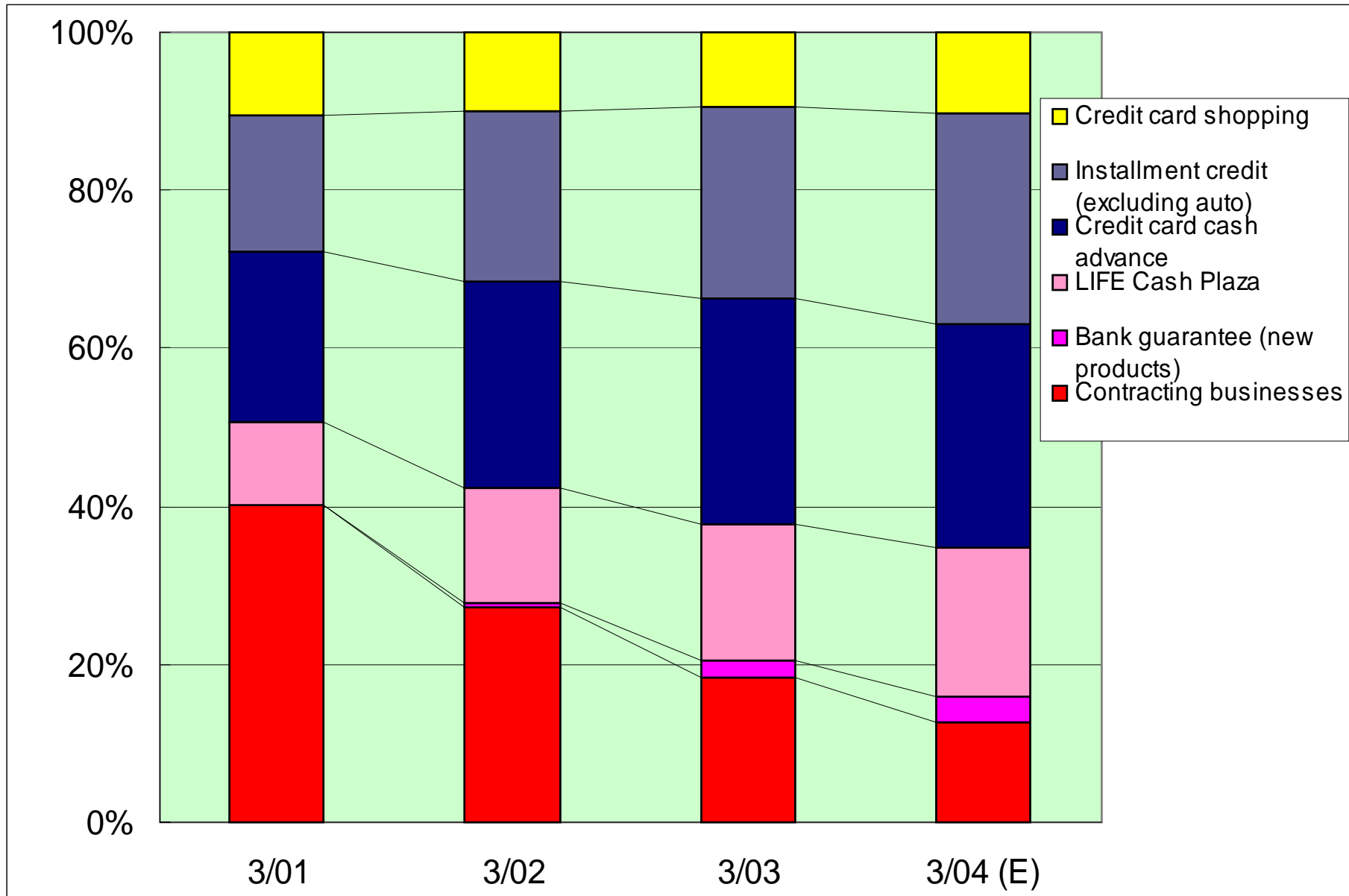


* Figures are on a receivables basis that includes receivables dropped from the balance sheet as a result of securitization. 28

LIFE's development (3) – 1 Receivables outstanding graph



LIFE's development (3) – 2 Receivables outstanding portfolio graph



LIFE's development (4) Operating revenue ratio

	3/02	3/03	YoY	3/04	YoY
				(E)	
Total	12.21%	14.75%	2.54%	15.86%	1.11%
Expanding businesses	17.46%	18.21%	0.75%	18.26%	0.05%
Credit card shopping	11.52%	11.64%	0.12%	11.92%	0.28%
Installment credit (excluding auto)	8.98%	9.53%	0.56%	9.84%	0.31%
Credit card cash advance	22.06%	23.99%	1.93%	24.12%	0.14%
LIFE Cash Plaza	25.14%	26.11%	0.97%	26.12%	0.01%
Bank guarantee (new products)	8.47%	8.91%	0.44%	9.94%	1.03%
Contracting businesses	2.68%	2.66%	-0.02%	2.62%	-0.04%

LIFE – (5) Revenue & Expenses

(¥ million)

	3/02	3/03	YoY	3/04	
				(E)	YoY
Operating Revenue	79,824	103,880	30%	123,710	19%
Credit card shopping	7,177	7,945	11%	9,528	20%
Installment credit	11,565	15,400	33%	18,821	22%
Credit card cash advance	32,007	42,327	32%	49,483	17%
LIFE Cash Plaza	19,352	27,199	41%	34,289	26%
Credit guarantee	3,992	3,622	-9%	4,110	13%
Loan recovery	1,684	2,311	37%	2,689	16%
Other	4,043	5,072	25%	4,784	-6%
Operating Expenses	77,891	96,021	23%	109,868	14%
Funding Cost	9,235	7,079	-23%	12,270	73%
Credit Cost	17,397	35,809	106%	35,967	0%
Advertising	4,583	4,770	4%	5,500	15%
Humanity	14,969	15,322	2%	16,596	8%
Other	31,706	33,040	4%	39,533	20%
Operating income	1,933	7,858	307%	13,841	76%
Ordinary income	2,404	8,048	235%	14,000	74%

LIFE's development (6) – 1 Bad debt summary

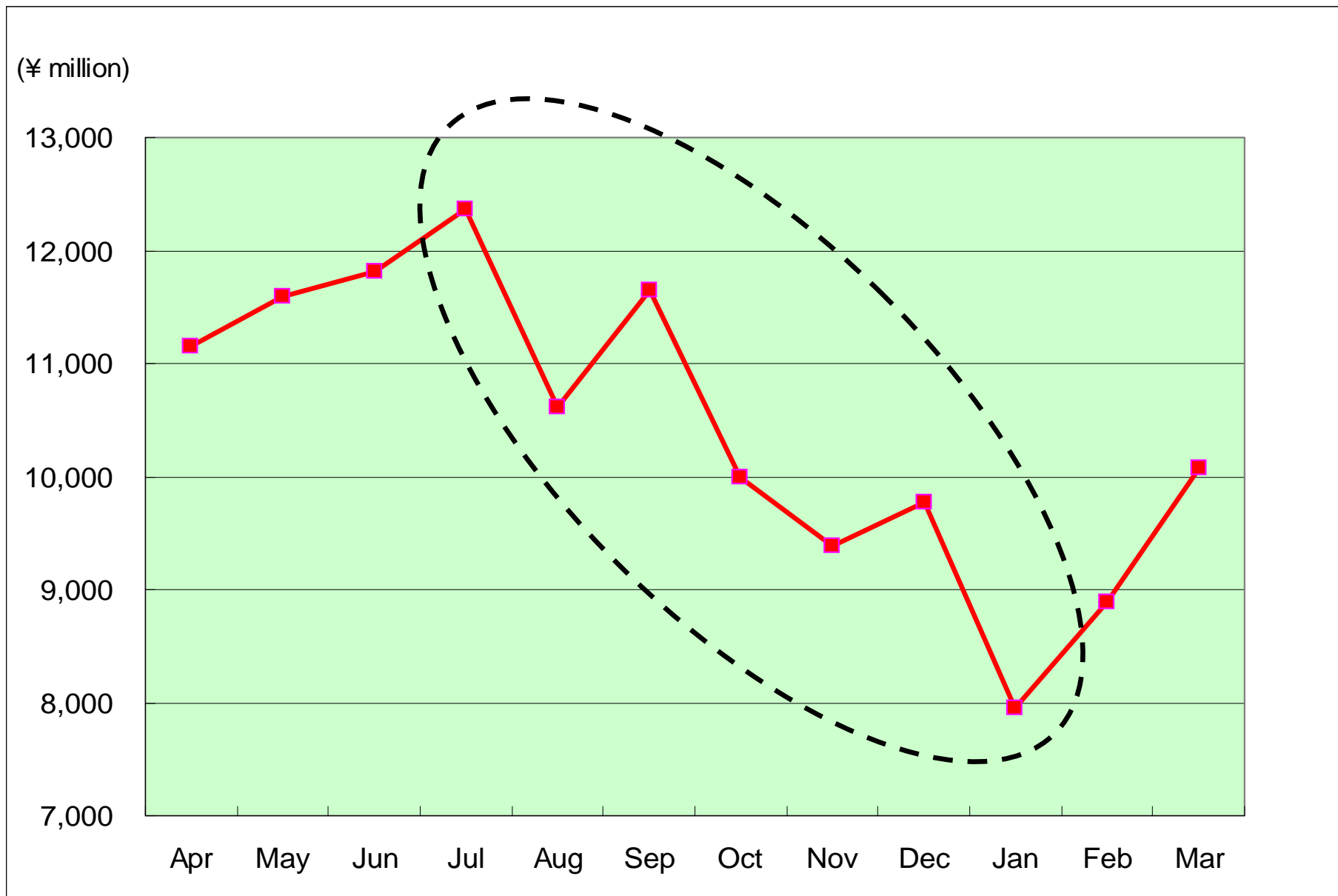
(¥ million)

	02/03	03/03		04/03	
			YoY	(E)	YoY
Bad debt-related expenses	17,397	35,809	106%	35,967	0%
Bad debt write-offs	24,578	30,190	23%	32,956	9%
Transfers to bad debt reserve	27,177	32,796	21%	35,808	9%
Reversal of bad debt reserve	-34,358	-27,177	-21%	-32,796	21%
Bad debt ratio	4.01%	4.47%	0.45%	4.18%	-0.29%
Bad debt reserve ratio	4.44%	4.85%	0.41%	4.54%	-0.31%

Bad debt ratio by product *1	4.01%	4.17%	0.16%	4.18%	0.01%
Card	3.68%	4.30%	0.62%	4.28%	-0.02%
Credit card shopping	3.79%	3.65%	-0.15%	2.88%	-0.76%
Cash advance	3.64%	4.52%	0.88%	4.78%	0.26%
Installment credit	3.62%	3.06%	-0.56%	2.59%	-0.47%
LIFE Cash Plaza	4.41%	5.47%	1.06%	5.63%	0.17%
Credit guarantee	4.42%	3.68%	-0.75%	3.16%	-0.52%
Housing loans	2.65%	2.51%	-0.14%	3.00%	0.49%

*1 Bad debt ratio excludes extraordinary factors in FY3/03.

LIFE's development (6) – 2 Monthly installment credit purchases in FY3/03



(Business expansion measures)

- 1. Strengthen consumer finance business with an emphasis on credit cards**
- 2. Improve profit margins by restructuring the company's asset portfolio**
- 3. Develop organization capable of implementing this strategy**

(Cost cutting measures)

- 4. Increase profits by cutting costs and pursuing synergies**

LIFE's development (8) Business expansion measures

Business expansion measures (revenue raising measures)

1. **Promote co-branded cards**
 - Increase new customer acquisition through new partnerships with leading electronics retailer Eiden and home center chain Sanwado
 - Strengthen relations with current partners such as Aoyama-Capital and Deodeo
2. **Encourage increased card usage**
 - Actively promote event tie-up cards with high utilization rates
 - Improve marketing capabilities with the aim of enhancing product and service planning capabilities
3. **Expand business base by developing new affiliated stores**
 - Step up new acquisition of installment credit and credit card affiliated stores
 - Approach main affiliated stores of other companies
4. **Strengthen sales structure**
 - Establish specialized organization by centralizing all administrative activities at two support centers in eastern and western Japan
 - Expand business locations by opening new Cash Plaza outlets

	3/01	3/02	3/03	3/04(E)
Business locations	116	196	233	273
Branch offices	62	68	69	69
LIFE Cash Plaza	54	128	164	204
Staffed outlets	33	90	101	111
Unstaffed outlets	21	38	63	93

Cost cutting measures (expenditure reducing measures)

1. Pursue group synergies

- **Cut costs through systems resource sharing and joint systems development**
- **Reduce rental expenses by centralizing offices**

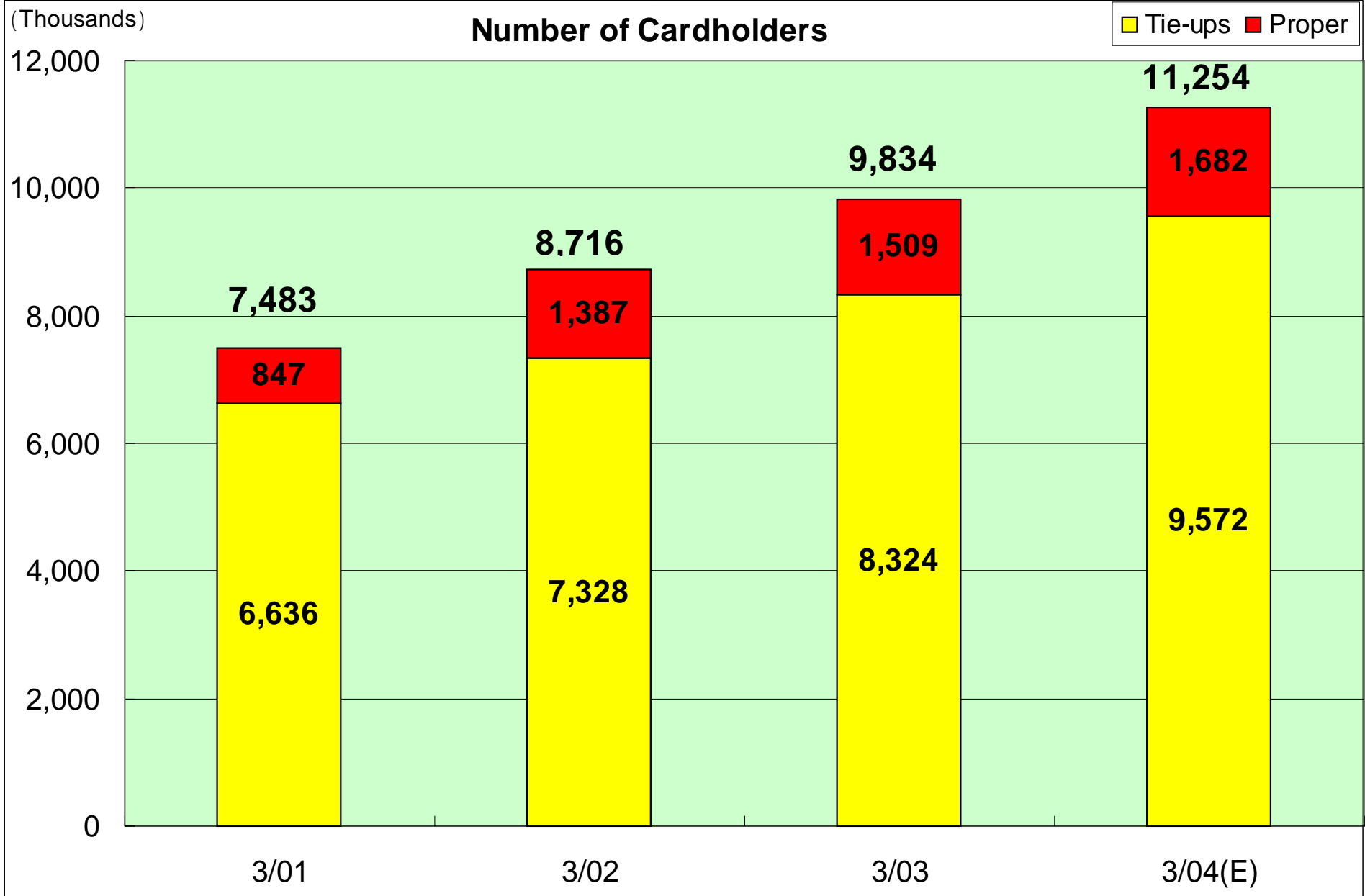
2. Reduce bad debts

- **Increase credit granting accuracy by employing AIFUL's credit screening expertise to improve credit scoring**
- **Strengthen credit granting for current cardholders through regular reviews utilizing outside credit information**
- **Enhance security to prevent unauthorized card use and counterfeiting**
- **Reduce risk associated with affiliated stores by stepping up efforts to monitor current affiliates**
- **Improve collection efficiency through a more robust receivables collection system and systems development**

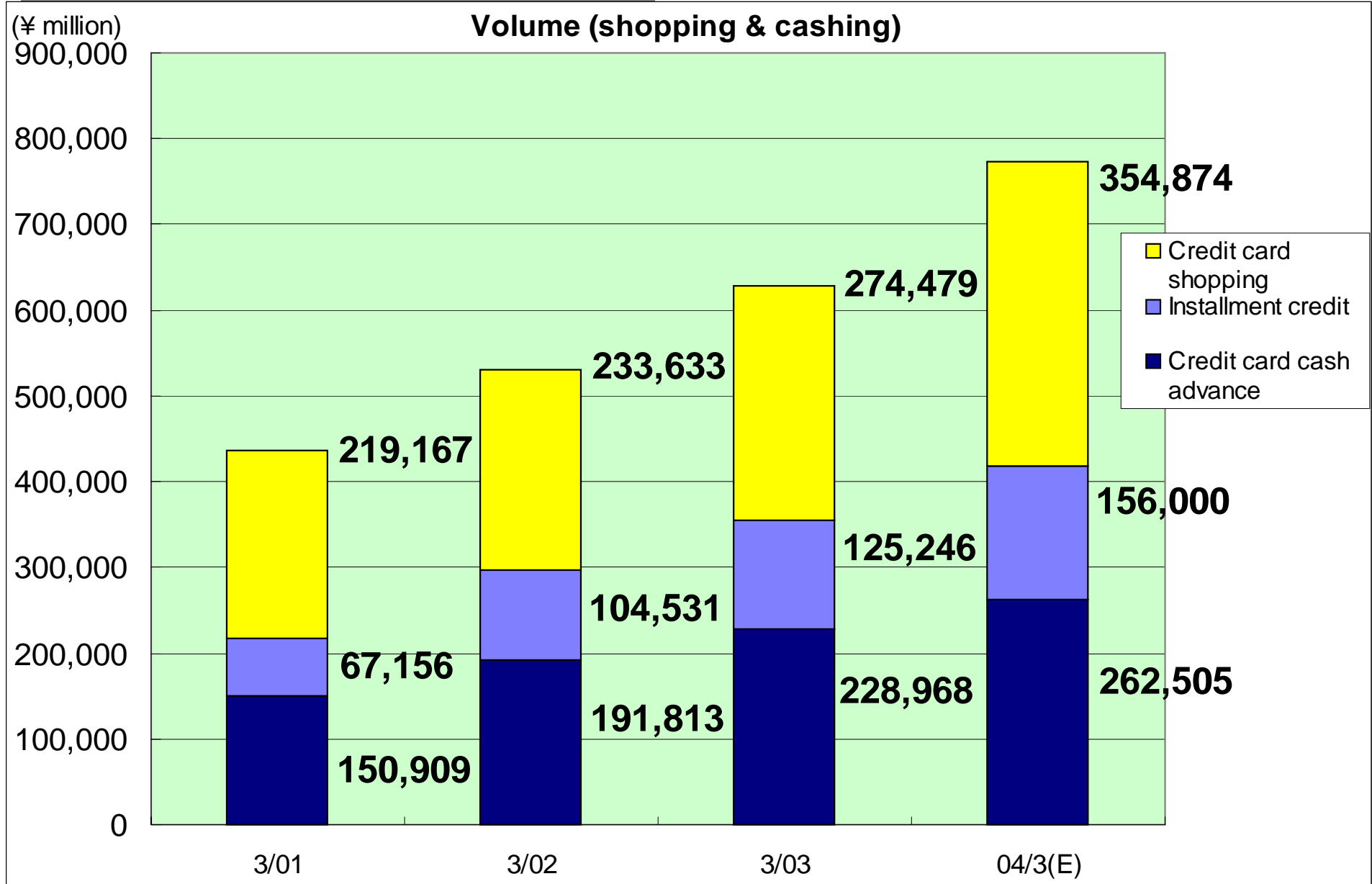
3. Reduce general and administrative expenses

- **Pursue cost cutting projects (annual target ¥2.0 billion)**

LIFE – Appendix (1)



LIFE – Appendix (2)



LIFE – Appendix (3)

