

FY3/04 Financial Results

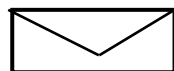


— Forward Looking Statements —

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



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Agenda for FY3/04 financial results

**1. Financial Results , Recent Development
& Business Strategy**

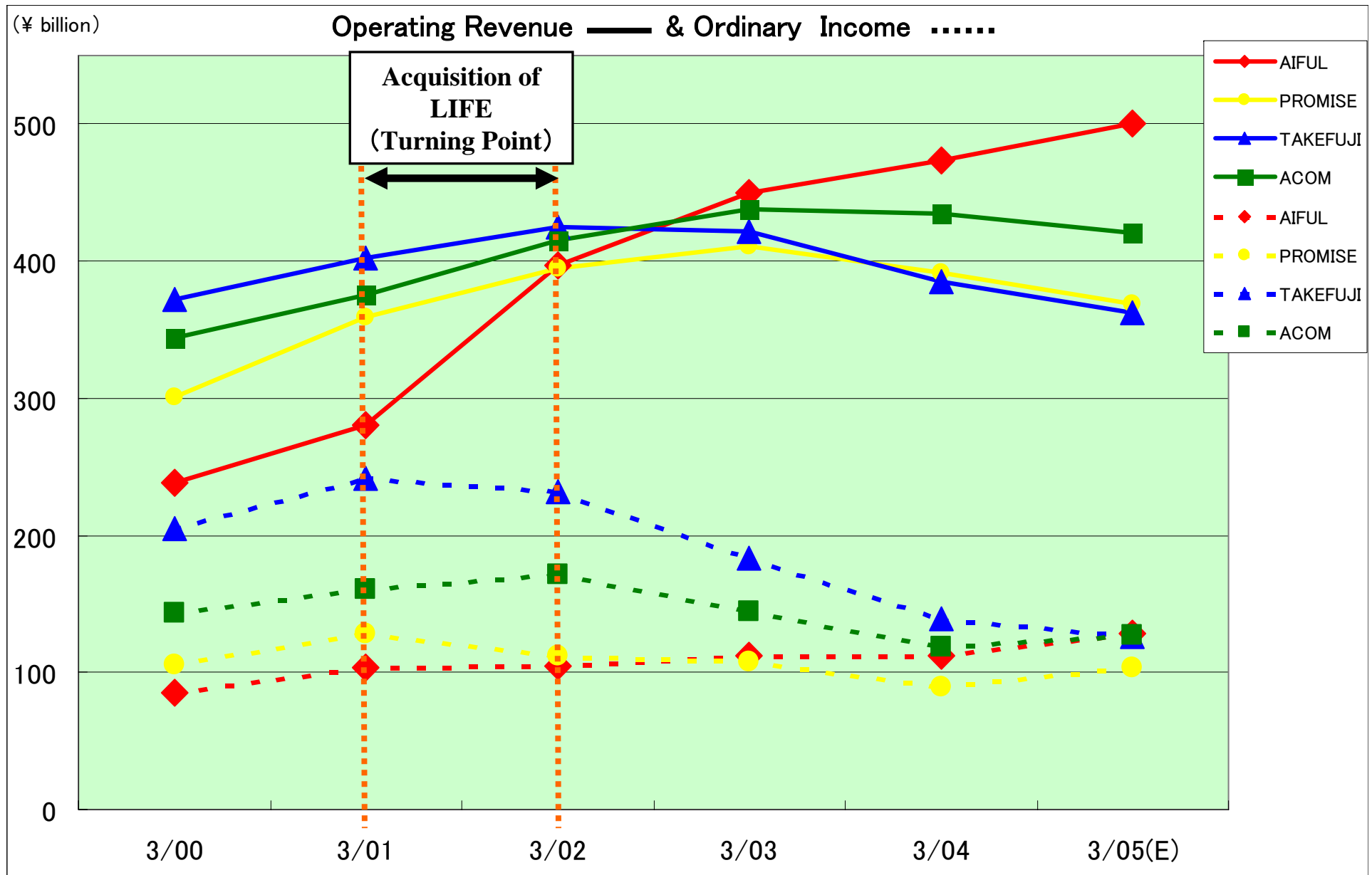
2. Progress of LIFE

Financial Results - Interim Results (Consolidated)

(¥ billion)	3/03	3/04	YoY	3/05(E)	YoY
Total Receivables (Managed)	2,210.8	2,298.4	+4.0%	2,438.1	+6.1%
Loans (Managed)	1,833.7	1,907.6	+4.0%	2,014.5	+5.6%
Loans outstanding of AIFUL	1,413.3	1,451.6	+2.7%	1,479.2	+1.9%
Shopping Receivables	247.4	256.7	+3.7%	284.0	+10.6%
Number of Loan Customer Account (Thousands)	3,521	3,520	0.0%	—	—
Number of Credit Card Holder (Thousands)	9,837	11,051	+12.3%	12,157	+10.0%
Number of New Loan Customer (Thousands)	548	461	-15.8%	502	+8.9%
Operating Revenue	449.4	473.4	+5.3%	500.6	+5.7%
Operating Income	115.9	112.5	-3.0%	127.6	+13.4%
Ordinary Income	111.7	112.4	+0.6%	128.0	+13.8%
Net Income	59.9	62.5	+4.4%	65.5	+4.8%

* “Loan” related figures include loan provided to AIFUL, LIFE, and other subsidiaries. “Shopping Receivables” include credit card, installment finance and guarantee businesses provided by LIFE.

Financial Results - Transition of Operating Revenue & Ordinary Income (Consolidated)

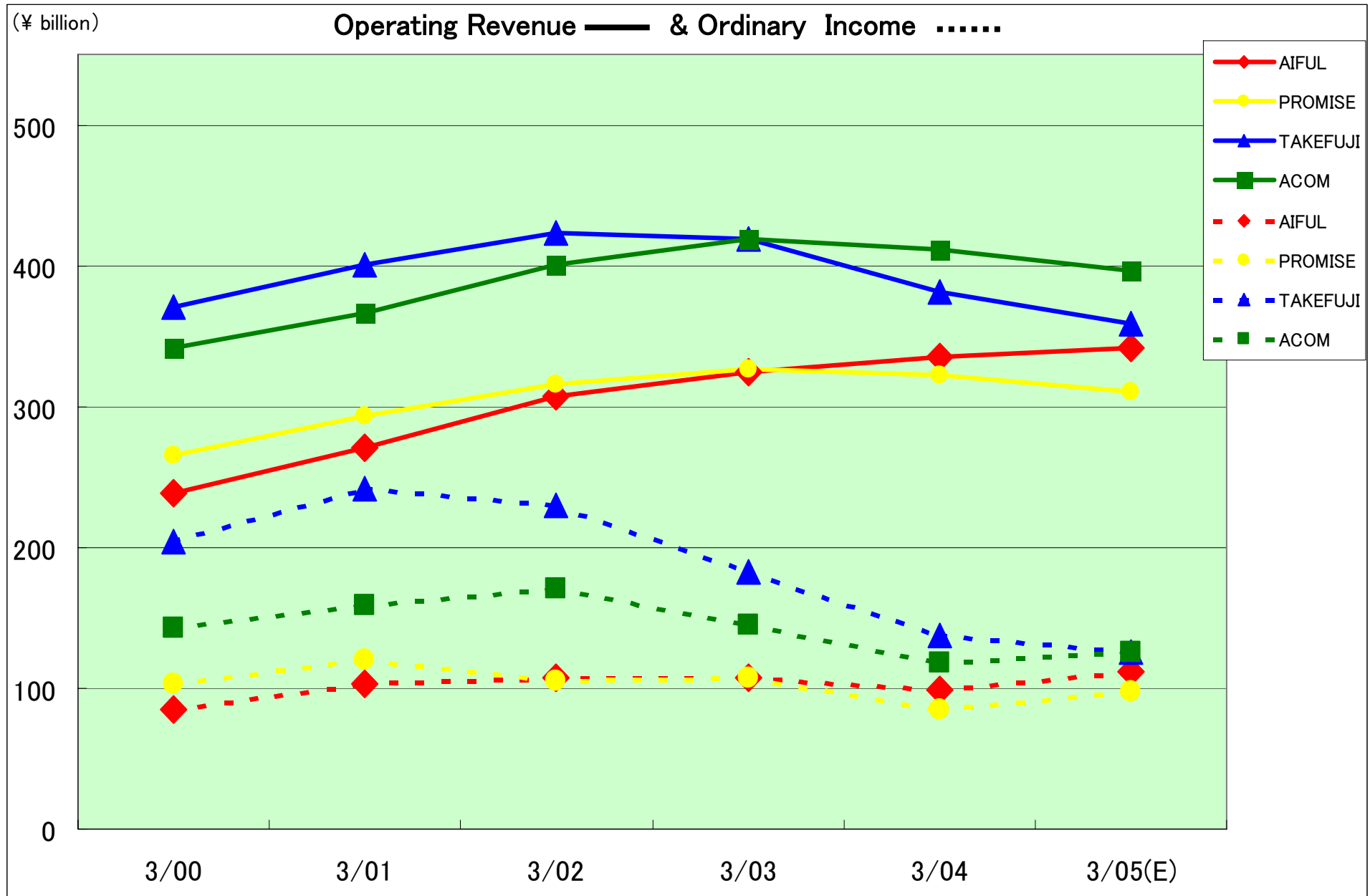


Financial Results - Interim Results (AIFUL)

(¥ billion)	3/03	3/04	YoY	3/05(E)	YoY
Loans Outstanding	1,413.3	1,451.6	+2.7%	1,479.2	+1.9%
Unsecured	1,068.1	1,081.0	+1.2%	1,085.1	+0.4%
Home Equity Loan	322.8	342.6	+6.1%	358.0	+4.5%
Small Business Loan	22.3	27.9	+25.0%	36.0	+29.0%
Number of Accounts (Thousands)	2,284	2,246	-1.7%	2,225	-0.9%
Number of New Loan Customer (Thousands)	405	355	-12.3%	360	+1.4%
Number of Branches	1,580	1,563	—	1,565	—

Operating Revenue	324.6	334.9	+3.2%	341.2	+1.9%
Operating Income	106.9	95.2	-10.9%	108.4	+13.8%
Recurring Income	107.1	98.9	-7.6%	112.0	+13.2%
Net Income	55.3	53.0	-4.0%	58.8	+10.8%

Financial Results - Transition of Operating Revenue & Ordinary Income (Non-Consolidated)



Financial Results – Consolidated Subsidiaries

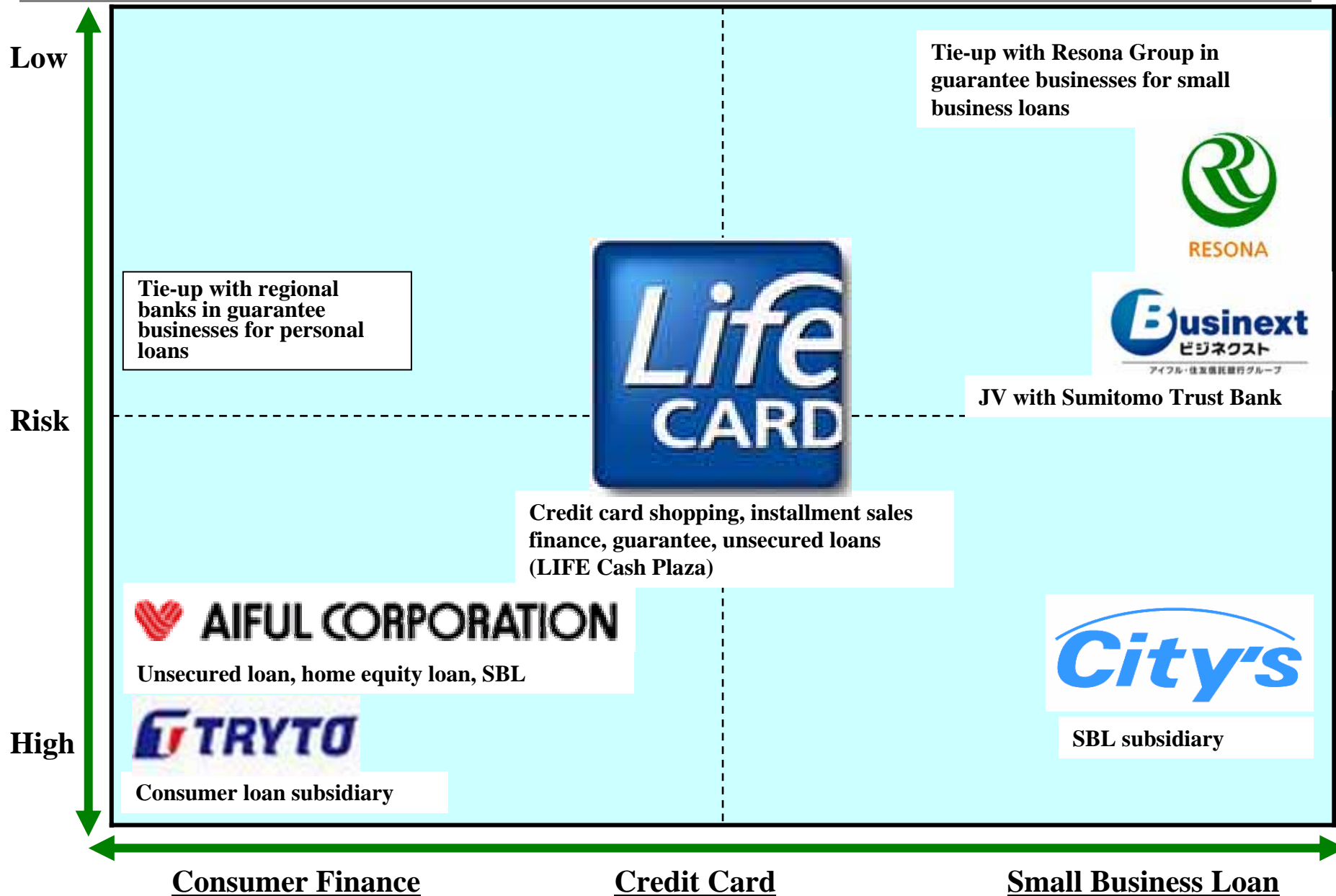
(¥ billion)	LIFE		BUSINEXT		City's	
Business	Credit Card		Small Business Loan		Small Business Loan	
FY	3/04	3/05(E)	3/04	3/05(E)	3/04	3/05(E)
Receivables	702.2	770.7	27.5	46.9	31.2	44.7
(YOY)	+3.9%	+9.8%	+79.2%	+70.2%	+7.0%	+43.3%
Operating revenue	111.5	125.7	3.0	5.5	7.4	9.7
(YOY)	+9.0%	+12.7%	+72.3%	+84.5%	—	+32.0%
Operating income	11.7	14.4	-1.0	0.4	3.0	1.8
(YOY)	+50.1%	+22.5%	—	—	—	-39.8%
Ordinary income	12.0	14.5	-1.0	0.4	3.0	1.8
(YOY)	+50.1%	+20.0%	—	—	—	-40.6%

*Life's receivable reflect on-balance figures only

Financial Results – Consumer Finance Subsidiaries

(¥ billion)	Happy Credit	Sinwa	Sanyo Shinpan	Total of 3 Companies	Tryto
FY	3/04	3/04	3/04	3/04	3/05(E)
Receivables	27.4	19.9	10.9	58.3	57.0
(YOY)	-13.2%	-10.2%	-7.9%	-11.2%	-2.2%
Operating revenue	7.4	5.4	2.8	15.6	14.5
(YOY)	-13.0%	-8.7%	-0.1%	-9.4%	-7.3%
Operating income	0.2	1.0	0.05	1.3	1.1
(YOY)	+1,032.2%	+731.8%	-77.7%	+232.7%	-18.8%
Ordinary income	0.2	1.0	0.06	1.3	1.0
(YOY)	+1,008.3%	+766.7%	-75.9%	+241.9%	-27.1%

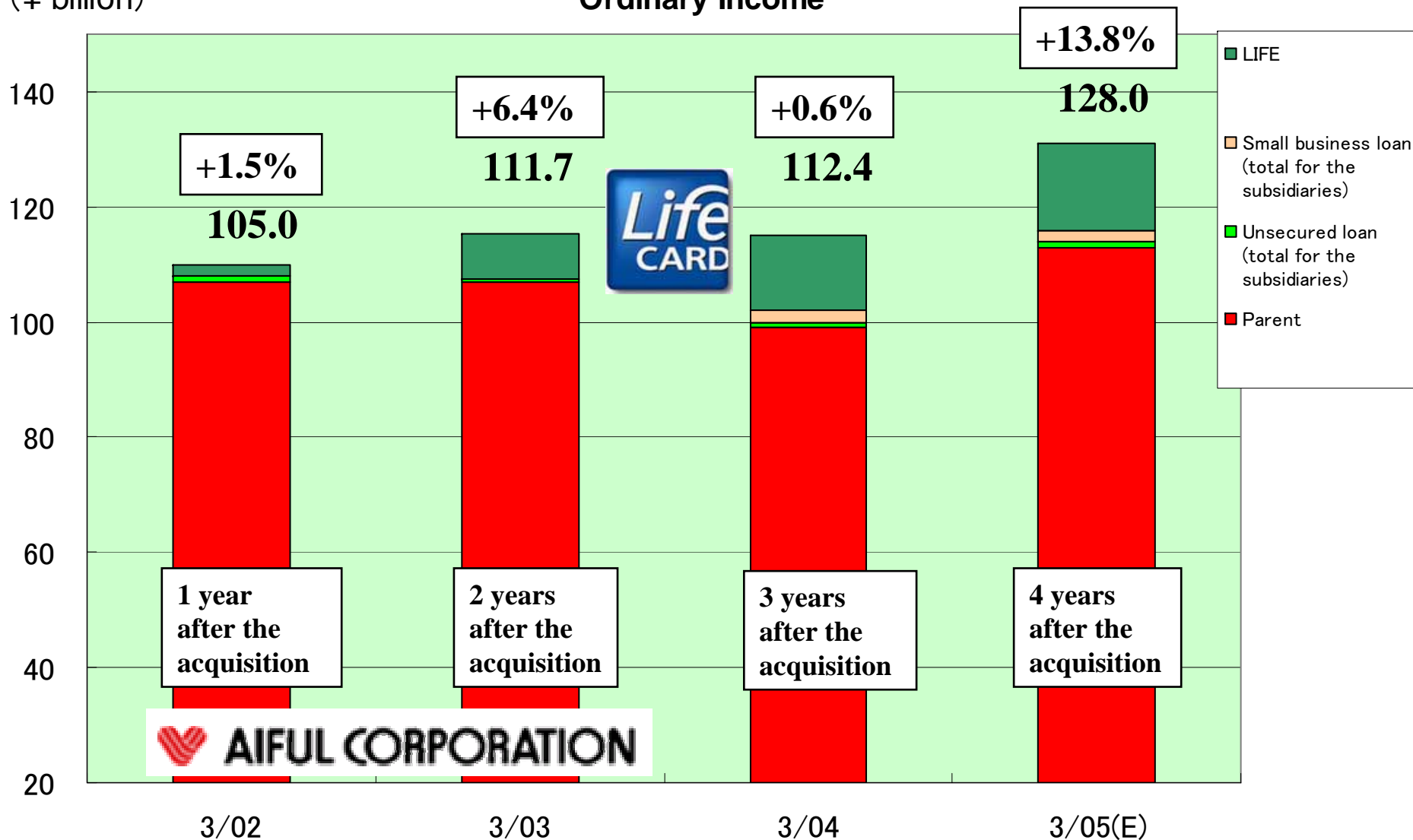
Financial Results - Diversification of Product & Customer Acquisition



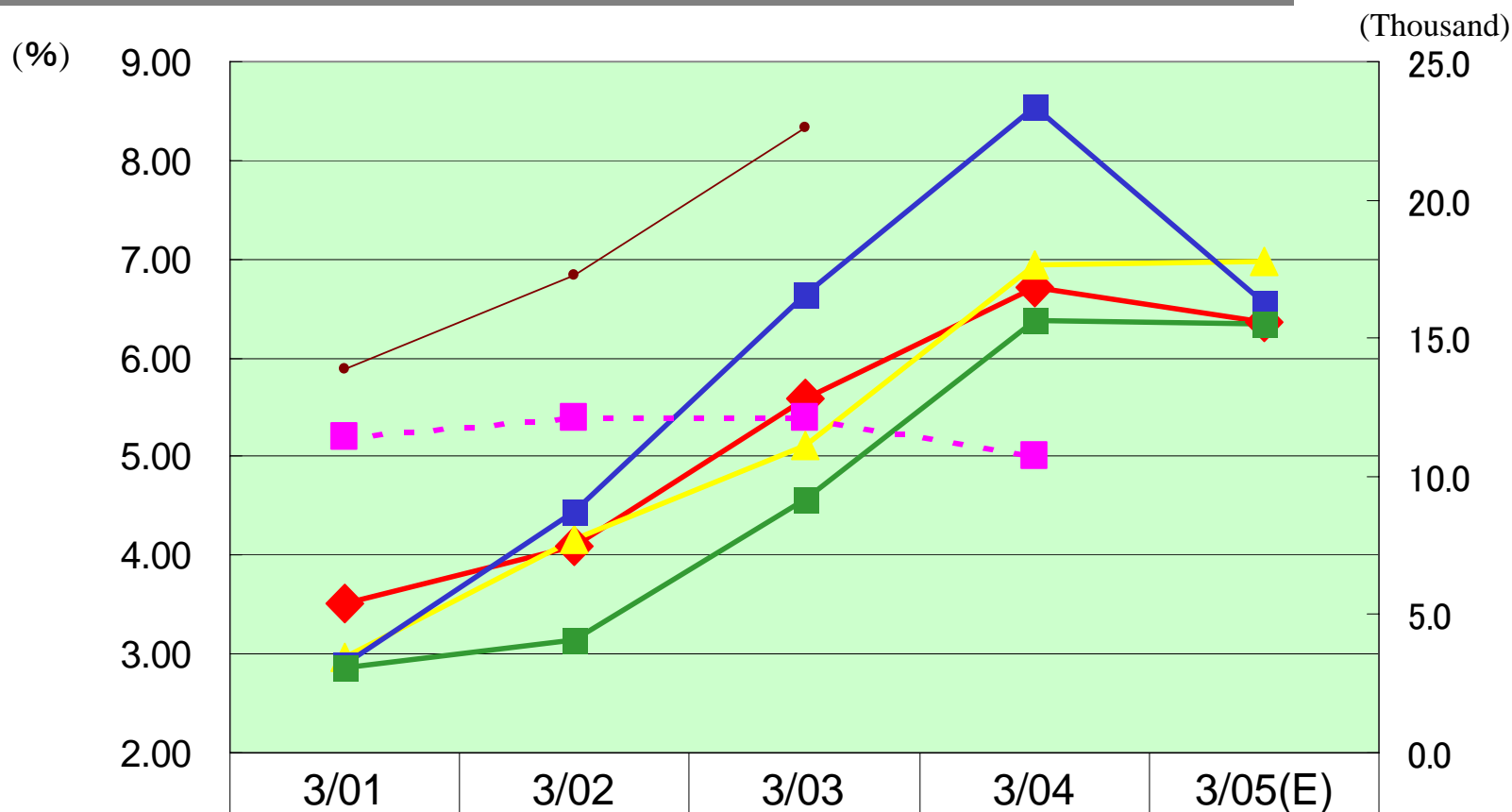
Financial Results - Change of Ordinary Income

(¥ billion)

Ordinary Income



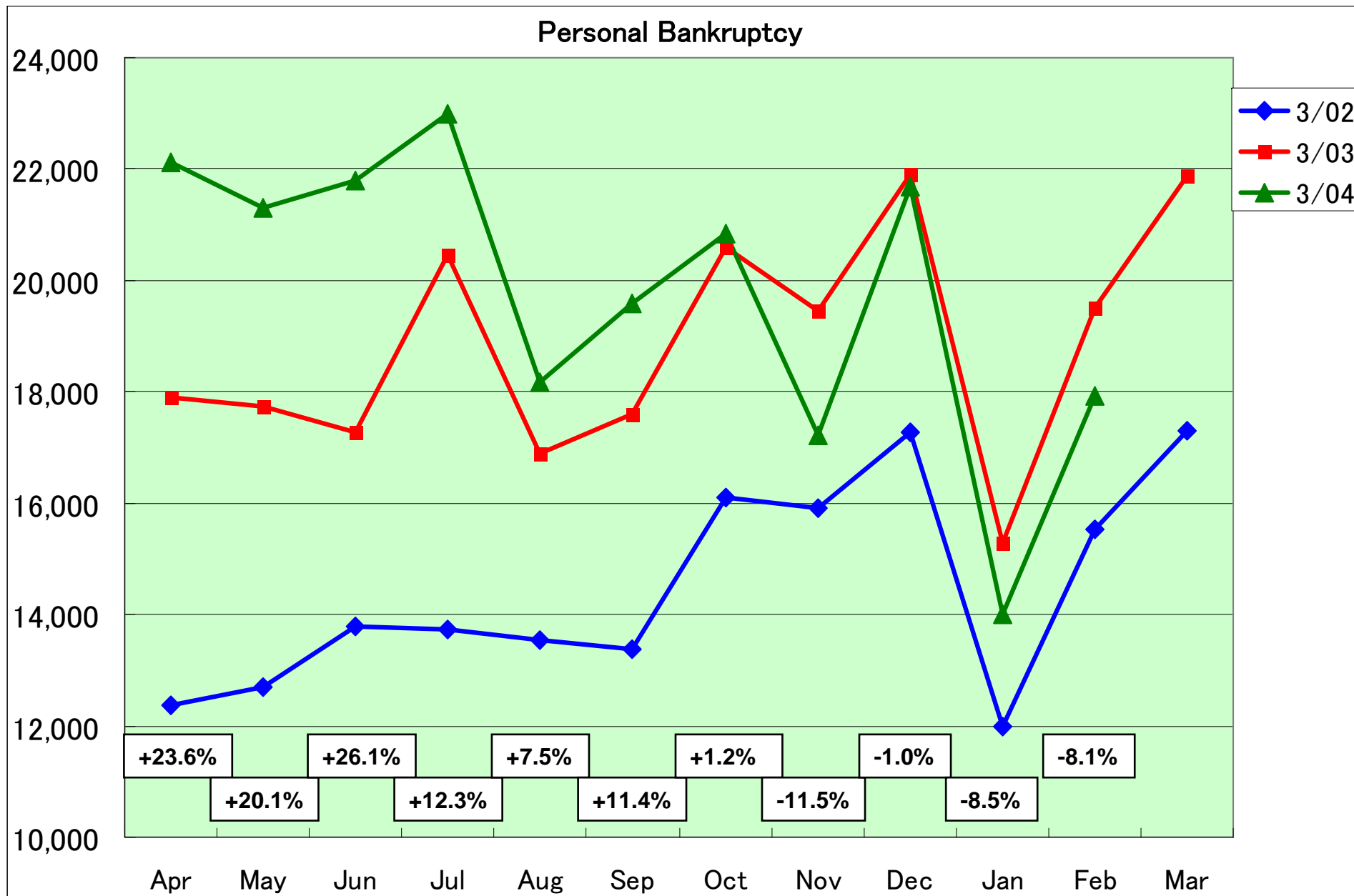
Bad Debts - Bad Debt Write-off Ratio



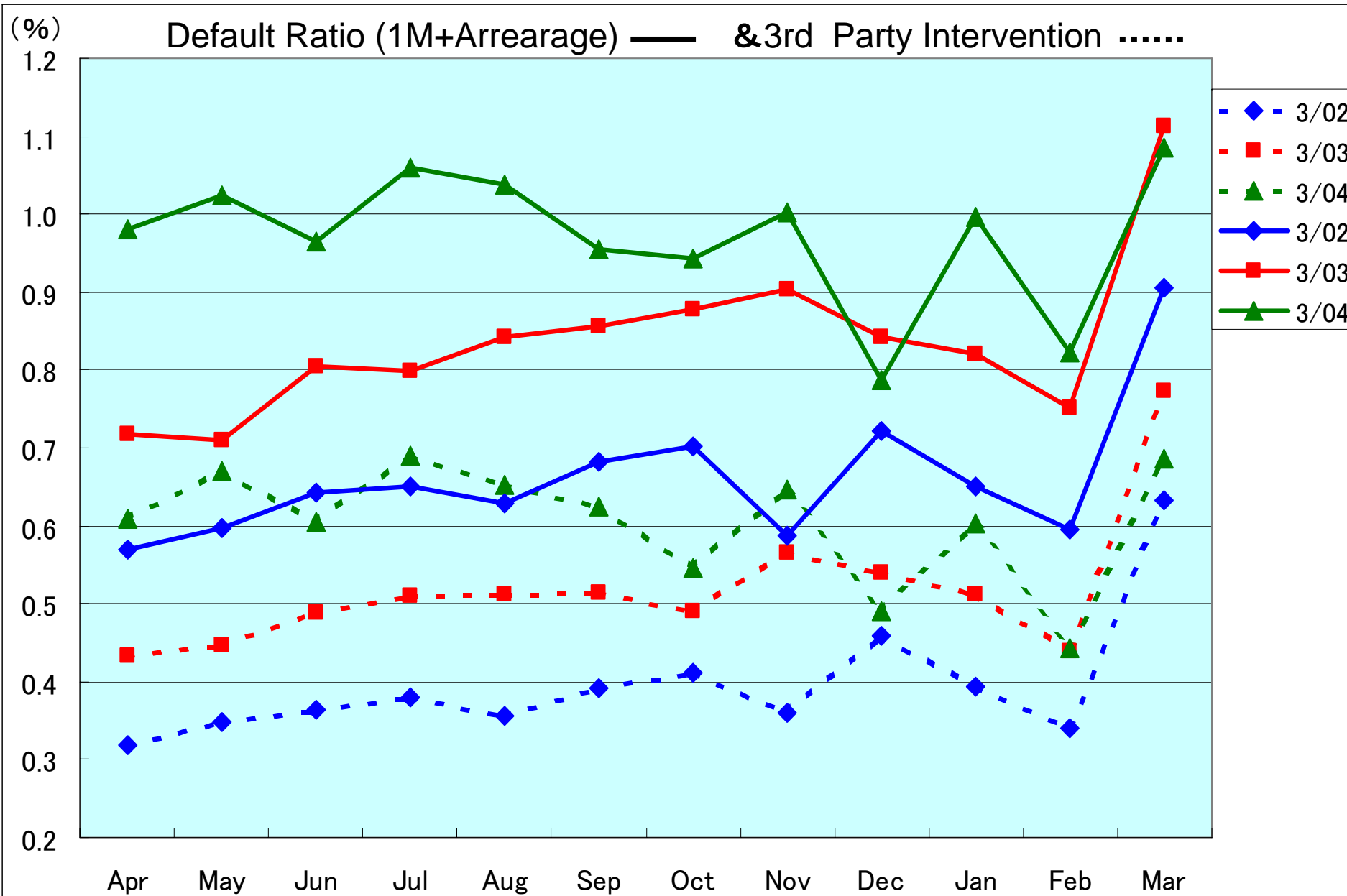
◆ AIFUL	3.52	4.10	5.59	6.71	6.36
▲ PROMISE	2.97	4.16	5.12	6.95	6.97
■ TAKEFUJI	2.90	4.45	6.64	8.55	6.55
■ ACOM	2.86	3.15	4.56	6.38	6.34
- ■ - Unemployment rate	5.20	5.40	5.40	5.00	—
- ● - Bankruptcy	13.9	17.3	22.6	—	—

Bad Debts - Trend of Personal Bankruptcy

(Japan Supreme Court)



Bad Debts - Default Ratio (AIFUL)

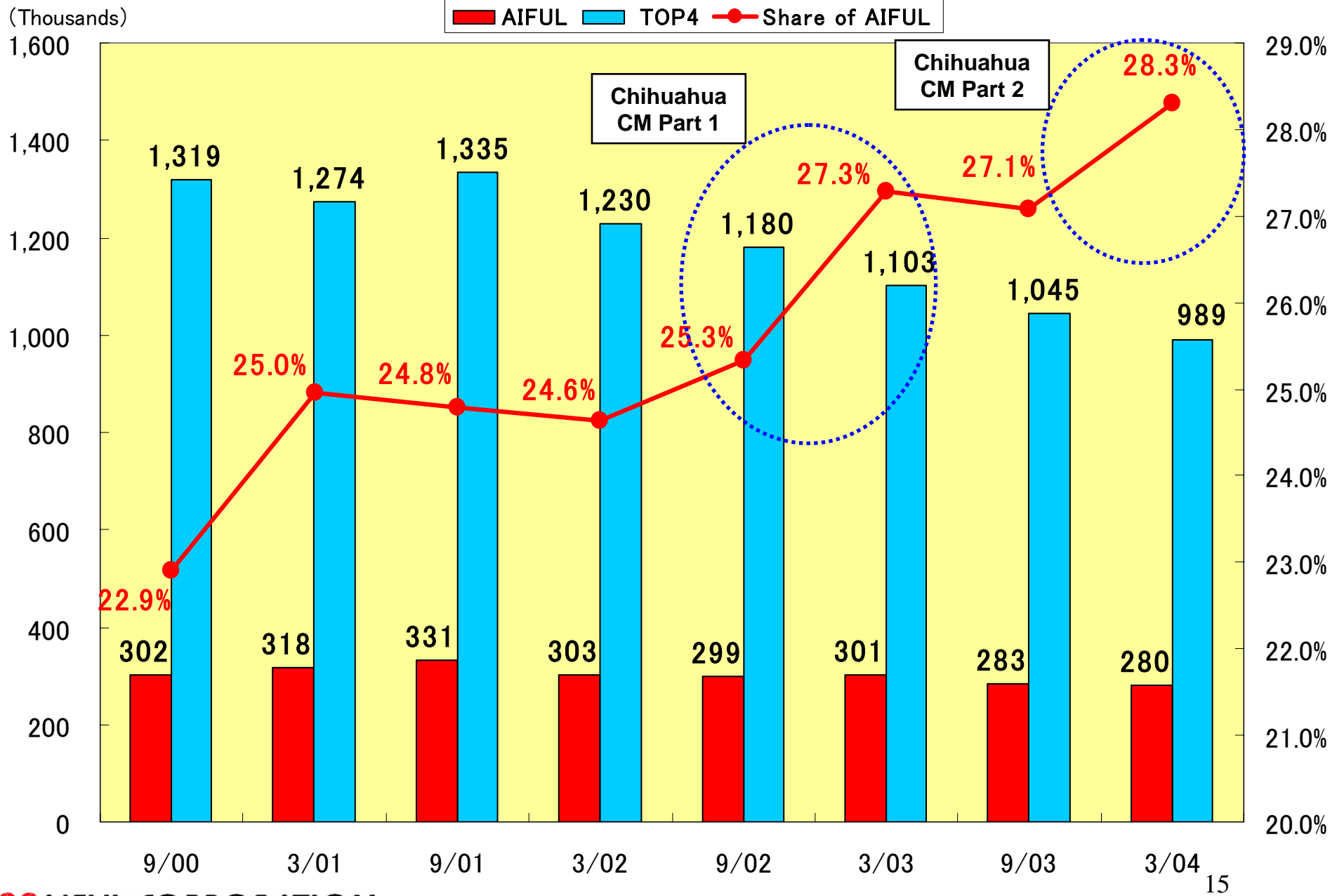


Bad Debts – NPL, Bad Debt Ratio, 4 FSA Categories (AIFUL)

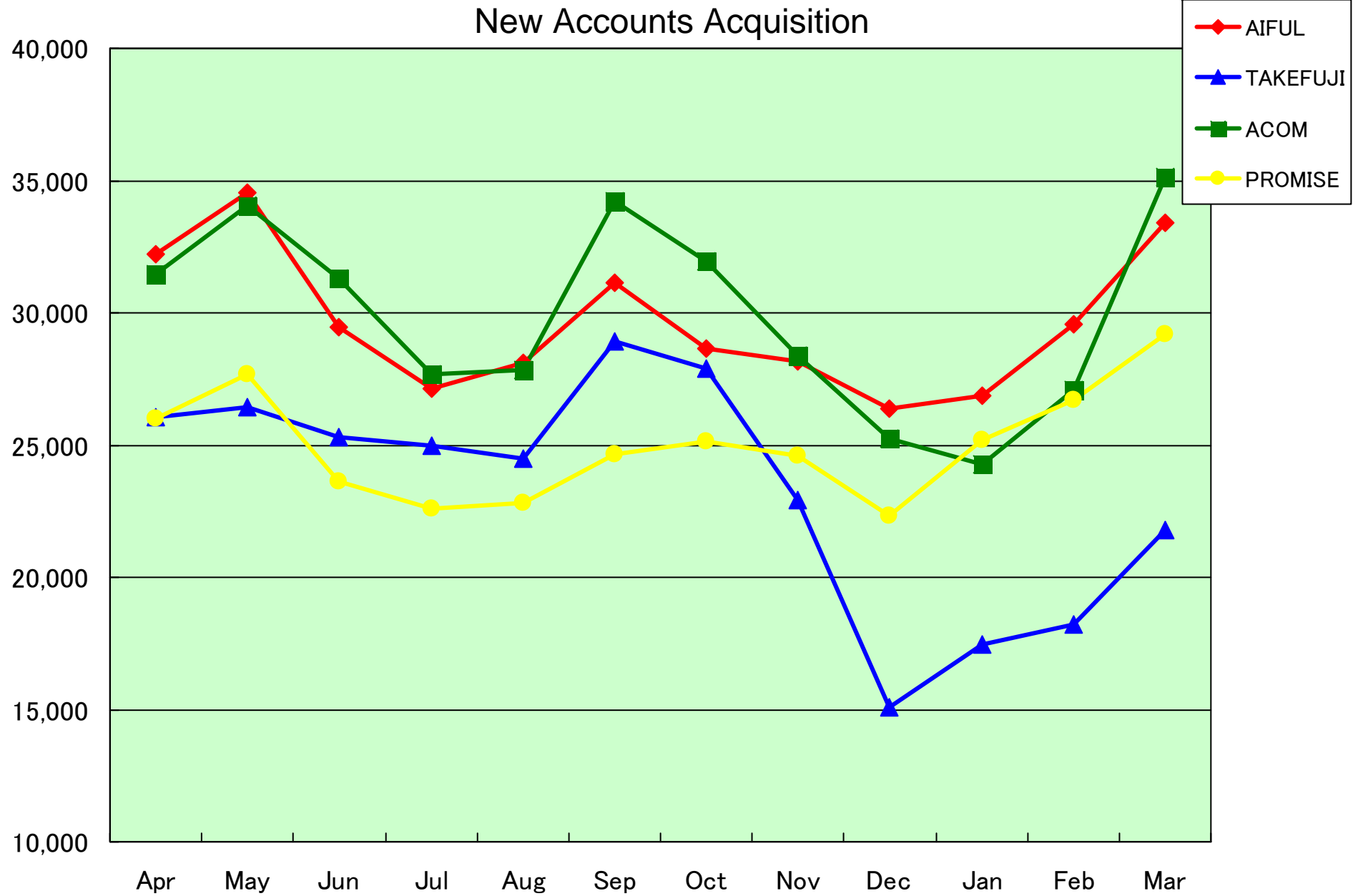
Delinquent loan type	3/03	9/03	3/04	3/05(E)
<u>Defaulted loans (A)</u>	5.44%	5.95%	6.02%	6.04%
Total of the 4 loan categories	5.45%	6.13%	6.47%	—
Loans with eased terms (B)	3.04%	3.28%	3.44%	—
Loans 3 months+ in arrears	0.75%	0.87%	0.83%	—
Loans in arrears	1.39%	1.60%	1.75%	—
Loans to bankrupt parties	0.27%	0.38%	0.45%	—
Bad debt reserve	6.28%	7.13%	6.89%	7.42%
Current assets	4.99%	5.76%	5.63%	5.48%

<u>Write-off ratio, by reason</u>	3/03	9/03	3/04
Bankruptcy	45.4%	45.4%	42.3%
<u>Legal Settlement, etc.</u>	26.9%	26.6%	28.3%
Loss of contact, etc.	19.6%	19.1%	18.9%
No will to pay.	8.2%	8.9%	10.6%

New Accounts - New Applications for Unsecured Loans (Sep.2000-Mar.2004)



New Customer - New Accounts Acquisition for Unsecured Loans (Apr.2003-Mar.2004)



① **Customer Mindset: Refrain from
Borrowing**

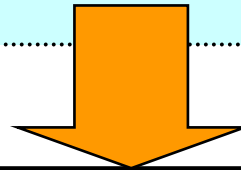
⇒ **Improving** ○

② **Negative Media Coverage**

⇒ **Subsiding** ○

③ **New Players**

⇒ **Increasing** △



The AIFUL Group includes  **AIFUL CORPORATION**



**Ready to acquire new customers through consolidated group strength
⇒ Responsive to change**

New Customers – New TV Commercials
Maintaining superiority in new customer acquisition.

Two new TV commercials, “Coming back,” launched on April 2, 2004, and “First Visit,” launched on 16th April, 2004, introduce new personalities.

“Coming Back”



“First Visit”

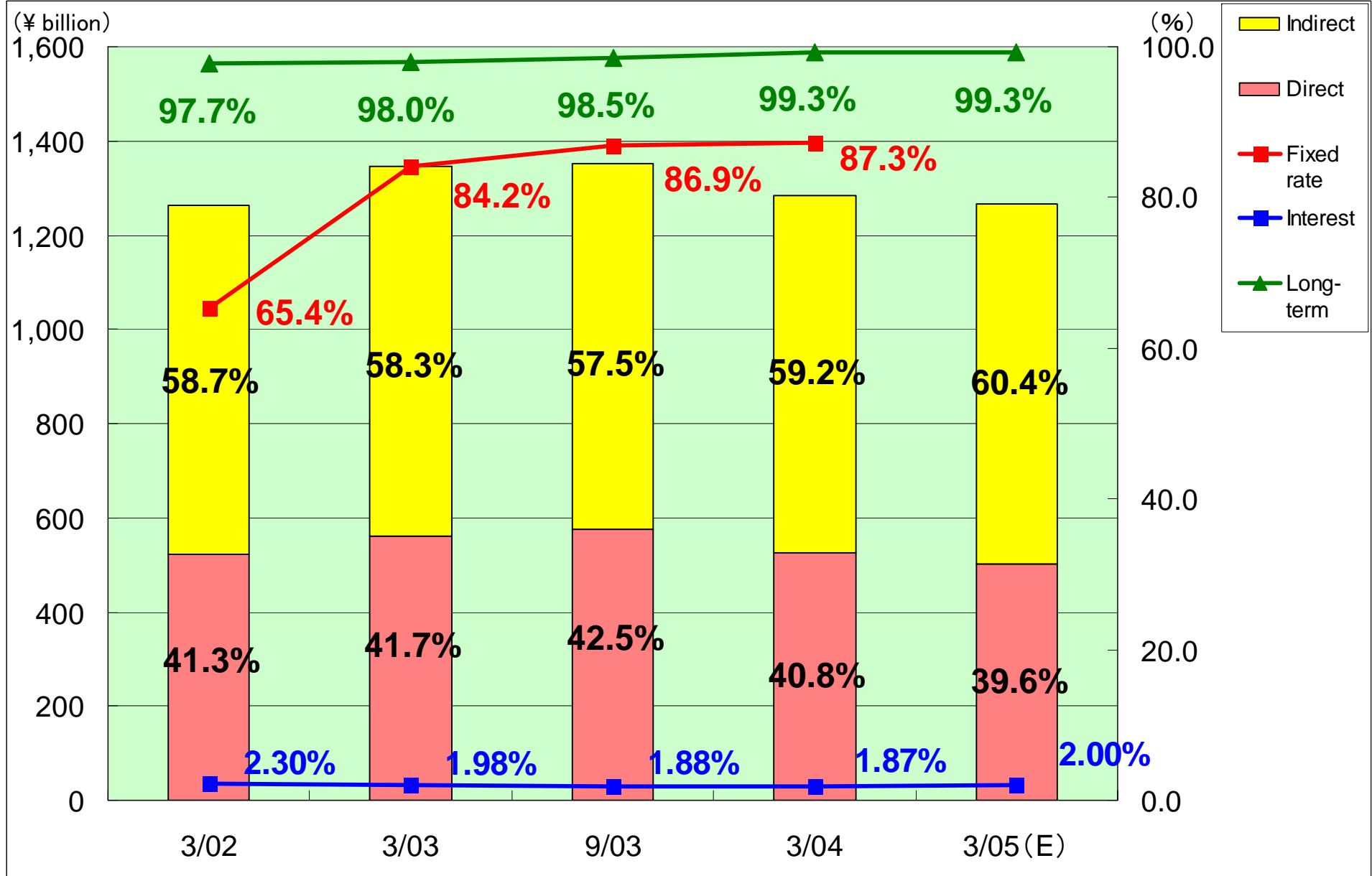


AIFUL's new television commercial personality, Ms. Misako Yasuda, was born in Kyoto in 1982. She is the winner of the "Miss Young Magazine 2002" award from Kodansha.

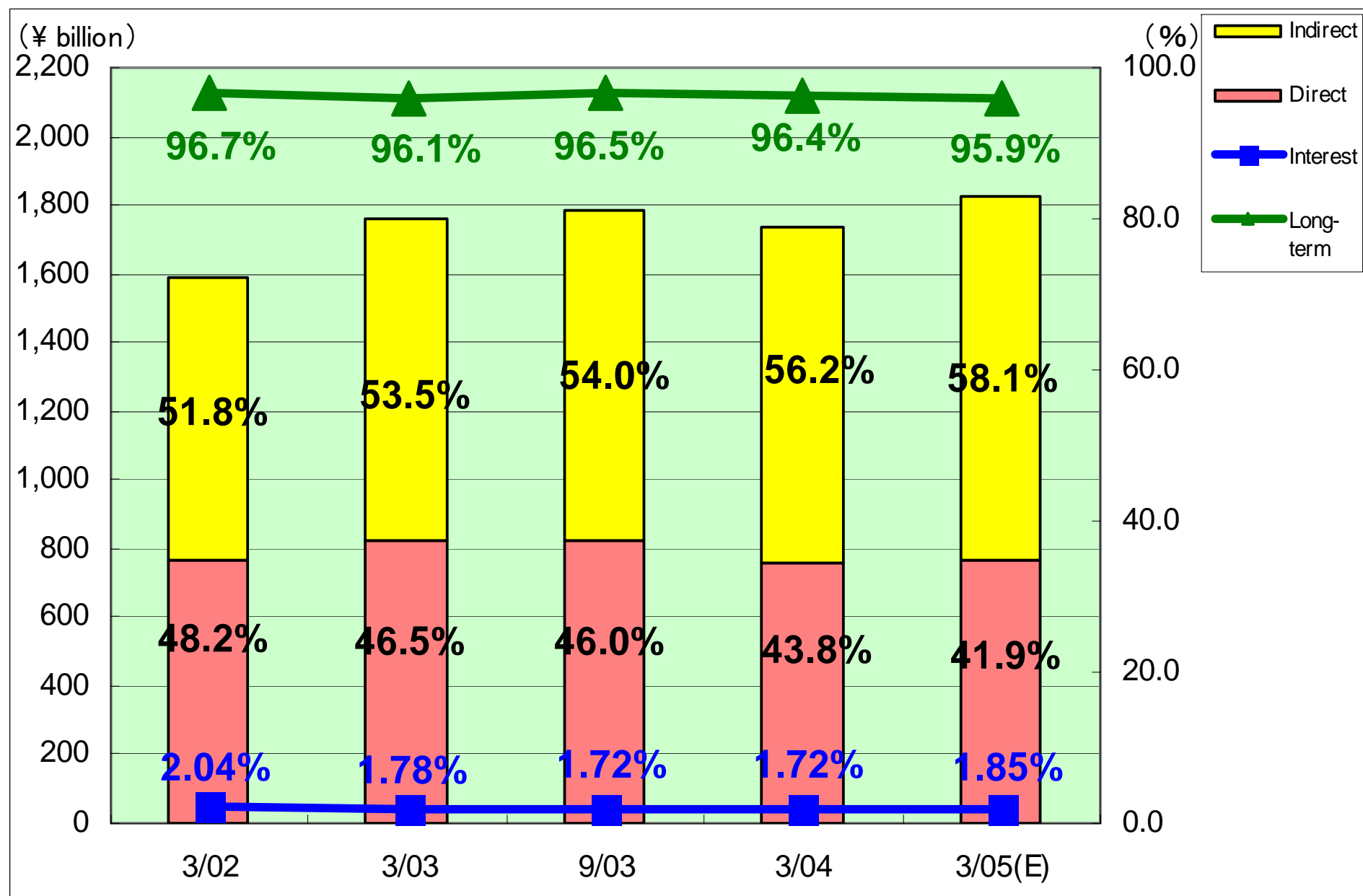
Best 4 at the TV Commercial Film Awards 2003. The combination of the cuddly animals, the popular model and the catchy jingle is winning hearts throughout the market.

View these commercials here: <http://www.aiful.co.jp/cm/cm.html>

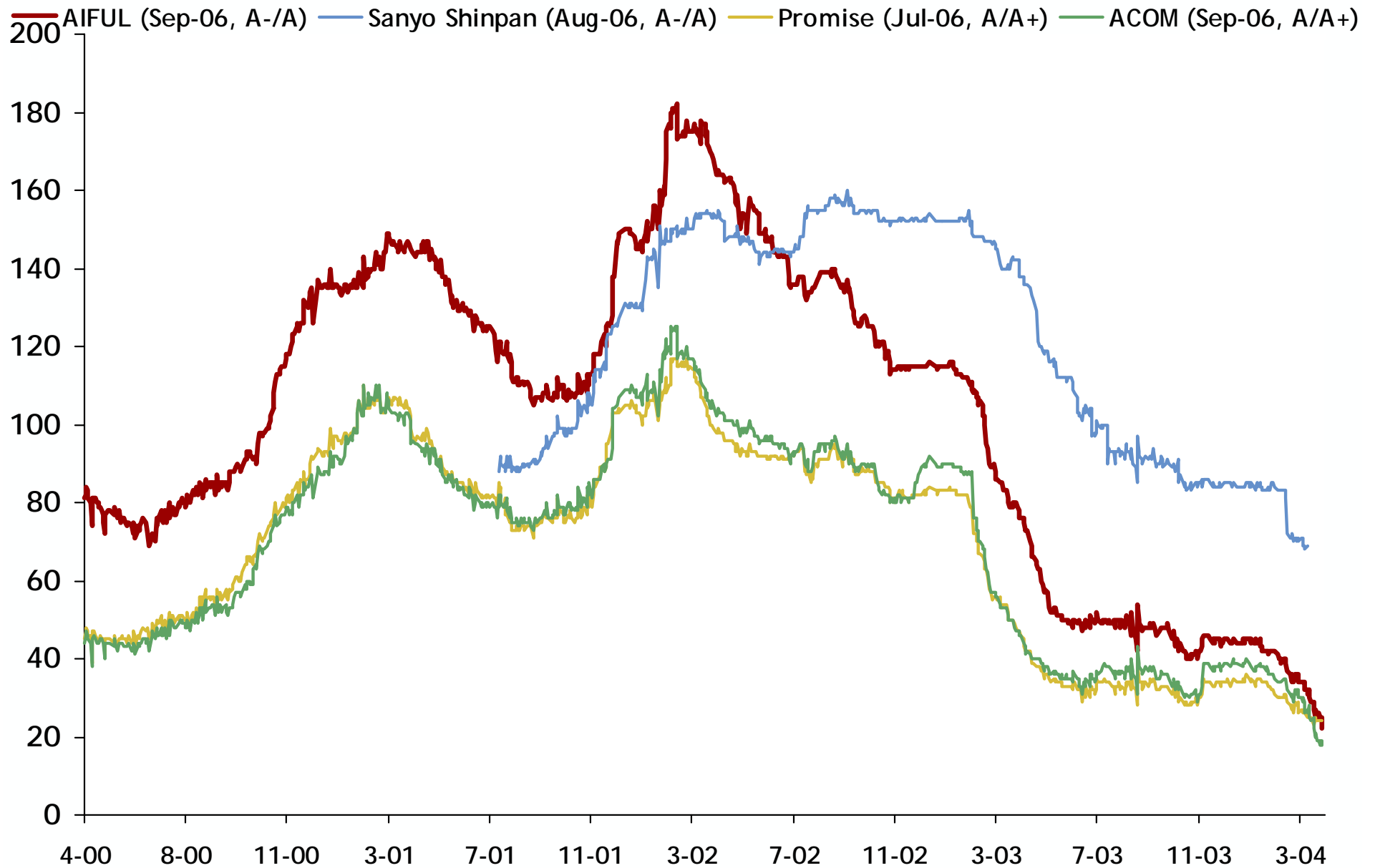
Funding (1) AIFUL (Non-consolidated)



Funding (2) AIFUL Group (Consolidated)



Funding (3) Consumer Finance Credit Spread Performance (2000-2003)

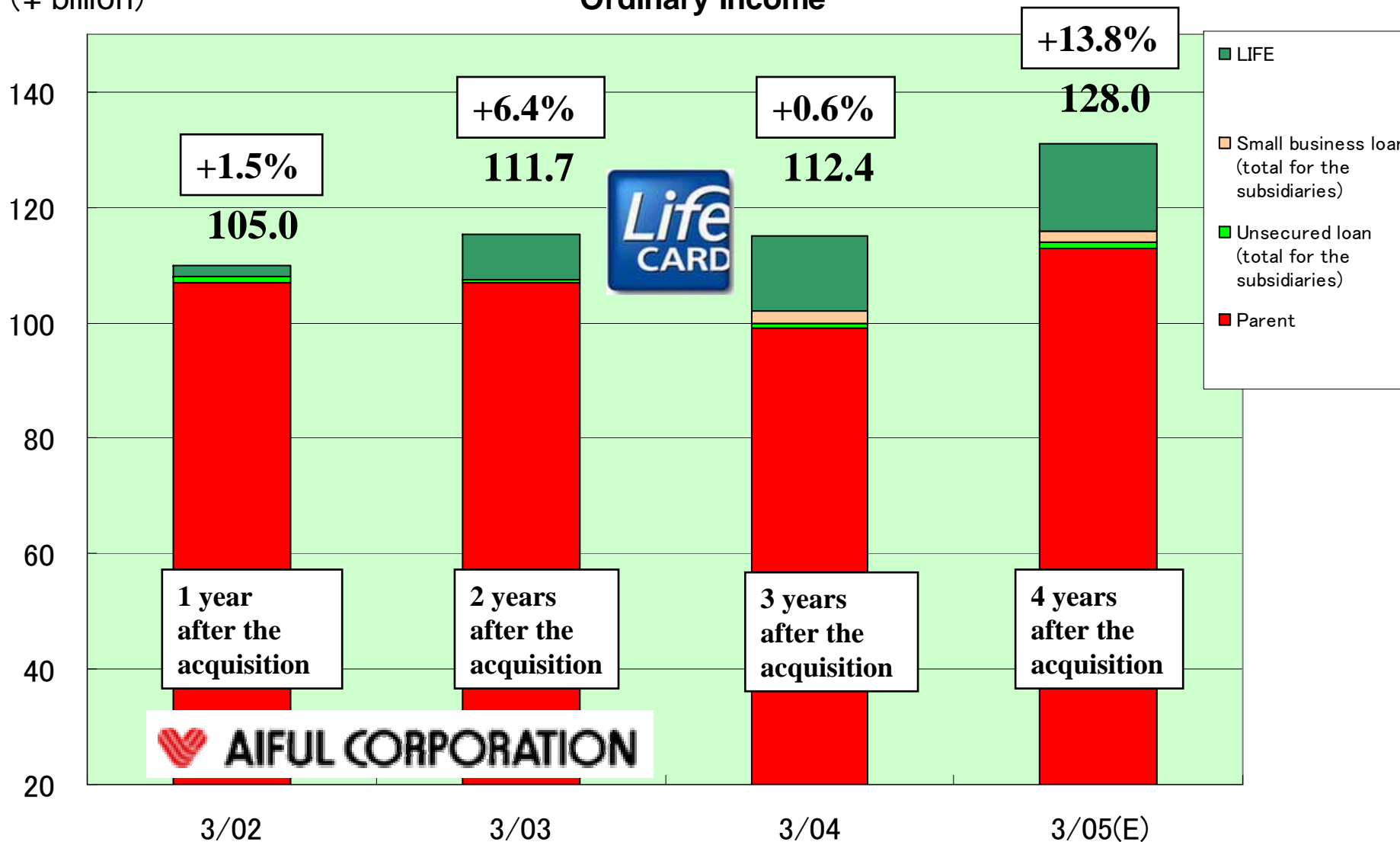


Source: JSDA

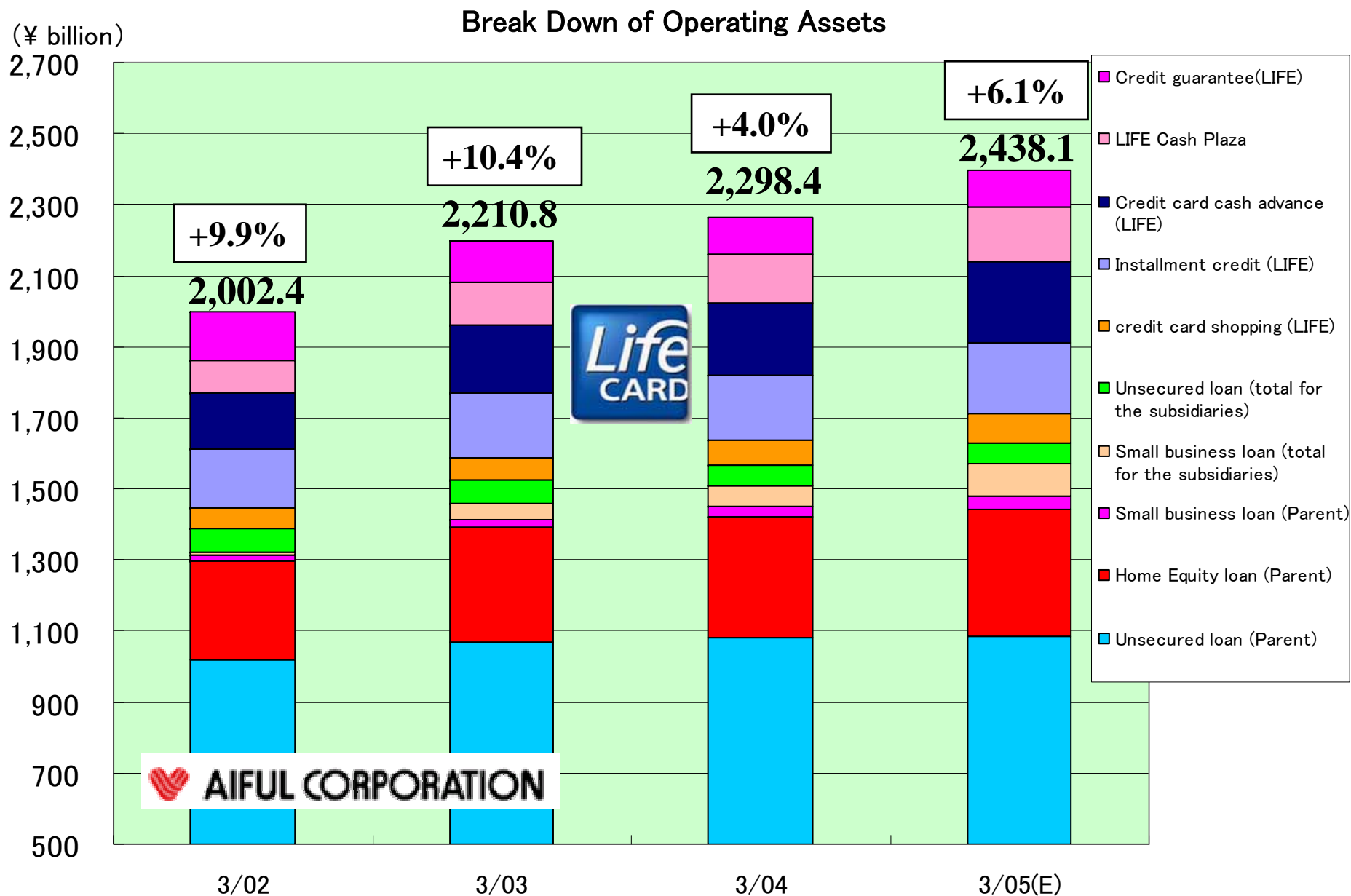
Diversification Strategy - Profit Growth

(¥ billion)

Ordinary Income



Diversification Strategy – Risk Diversification
























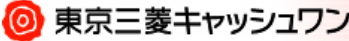





Diversification Strategy – Capital Efficiency

3/04	AIFUL	TAKEFUJI	ACOM	PROMISE
ROA (Non-consolidated)	2.8%	3.8%	3.2%	2.9%
ROE (Non-consolidated)	10.7%	8.6%	9.8%	8.1%
ROA (Consolidated)	2.7%	3.9%	3.4%	2.3%
ROE (Consolidated)	12.1%	8.7%	10.5%	6.6%
Leverage (Consolidated)	× 4.5	× 2.2	× 3.1	× 2.9
Leverage (Non-consolidated)	× 3.8	× 2.3	× 3.1	× 2.8
Equity Ratio (Consolidated)	23.5%	47.0%	33.6%	37.0%
Shareholders' Equity (Consolidated)*¥billion	547.5	893.0	697.1	636.6
Total Assets Consolidated) *¥billion	2,332.7	1,899.1	2,075.3	1,718.7

Higher leveraged operation of LIFE lift up consolidated ROE

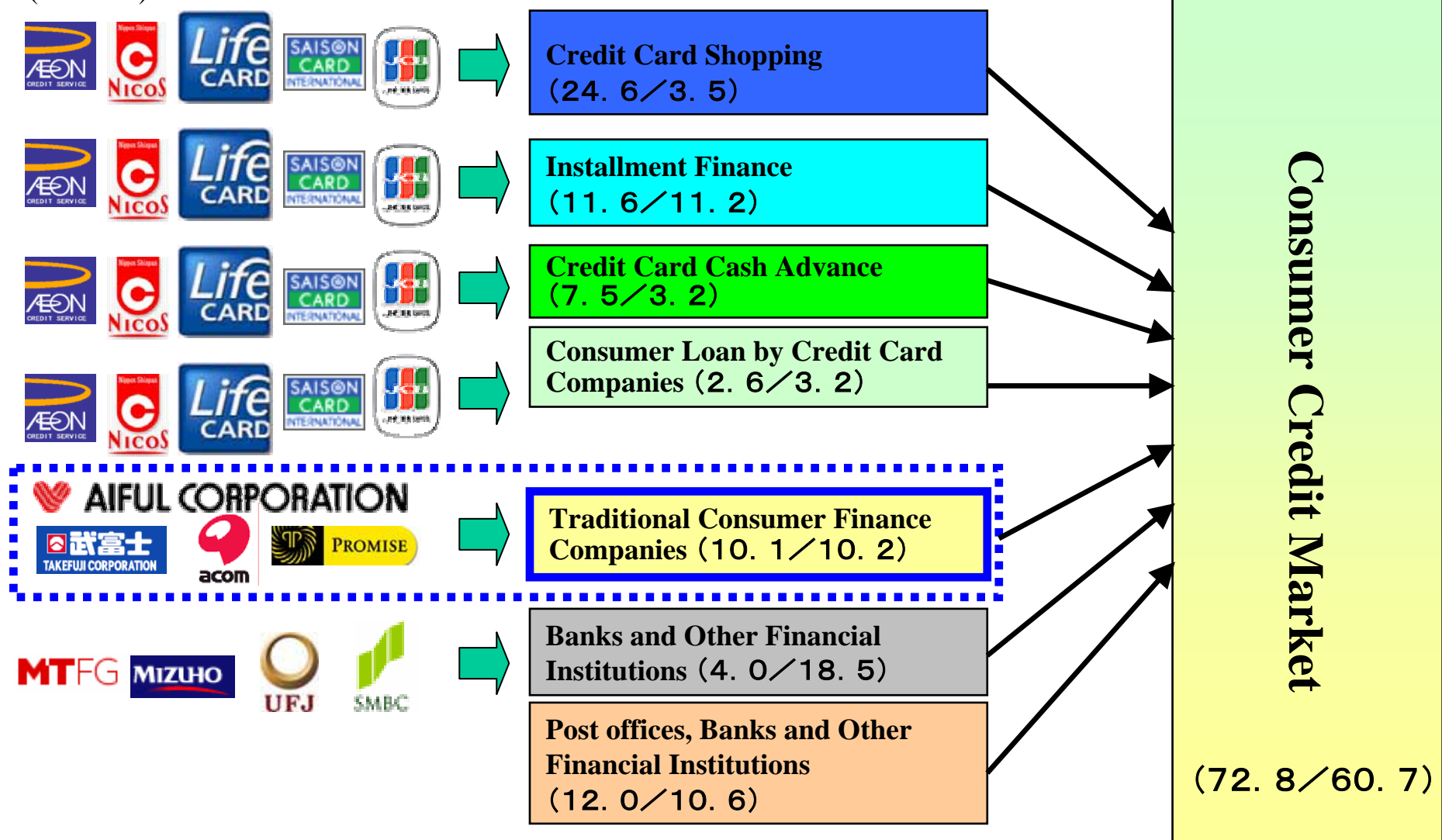
Industry Trends – Main Players in the Consumer Credit Market

Mega Banks					Others
Bank Affiliated Cards			 		
Shinpan Cards			  		
Retailer Affiliated Cards		 			
Companies Dedicated to Consumer Finance					 
Joint Corporations					 <small>アイフル・住友銀行グループ</small>

Industry Trends – Cross Subsector Competition

Market Overview

(¥ trillion)



Source: Consumer Credit Market Statistics, Japan Consumer Credit Industry Association
 Note : (Amount of New credits / Credit outstanding)

Mid- to Long-term Strategy – Pursuing the Optimum Path

<p>Mega Banks in Japan/Foreign-affiliated Firms Strength: Mighty fund raising capacity Weakness: Weak credit capability/low profitability</p>	<p>Non Bank(Consumer Finance/Credit Card) Strength: Scoring System/High profitability Weakness: Limited fund procurement and customer channels</p>
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**Target = Strengthening of Scoring System/
Improvement in profit**

**Target = Strengthening of Financing/
Diversification**

**Strengthening of Financing
Using External Strength**

**Strengthening of Financing
Using Internal Strength**

**Loose alliances and
joint management**

**Enterprise expansion
and diversification
by M&A**

**M&A
to acquire a
bank**

**Acquisition of
a card issuer
and a consumer
finance company**

**Come under
the influence of
a mega bank or
foreign-affiliated firm**

**Improvement in fund procurement capacity,
and expansion of customer base**



AIFUL Group=Positioned with a choice





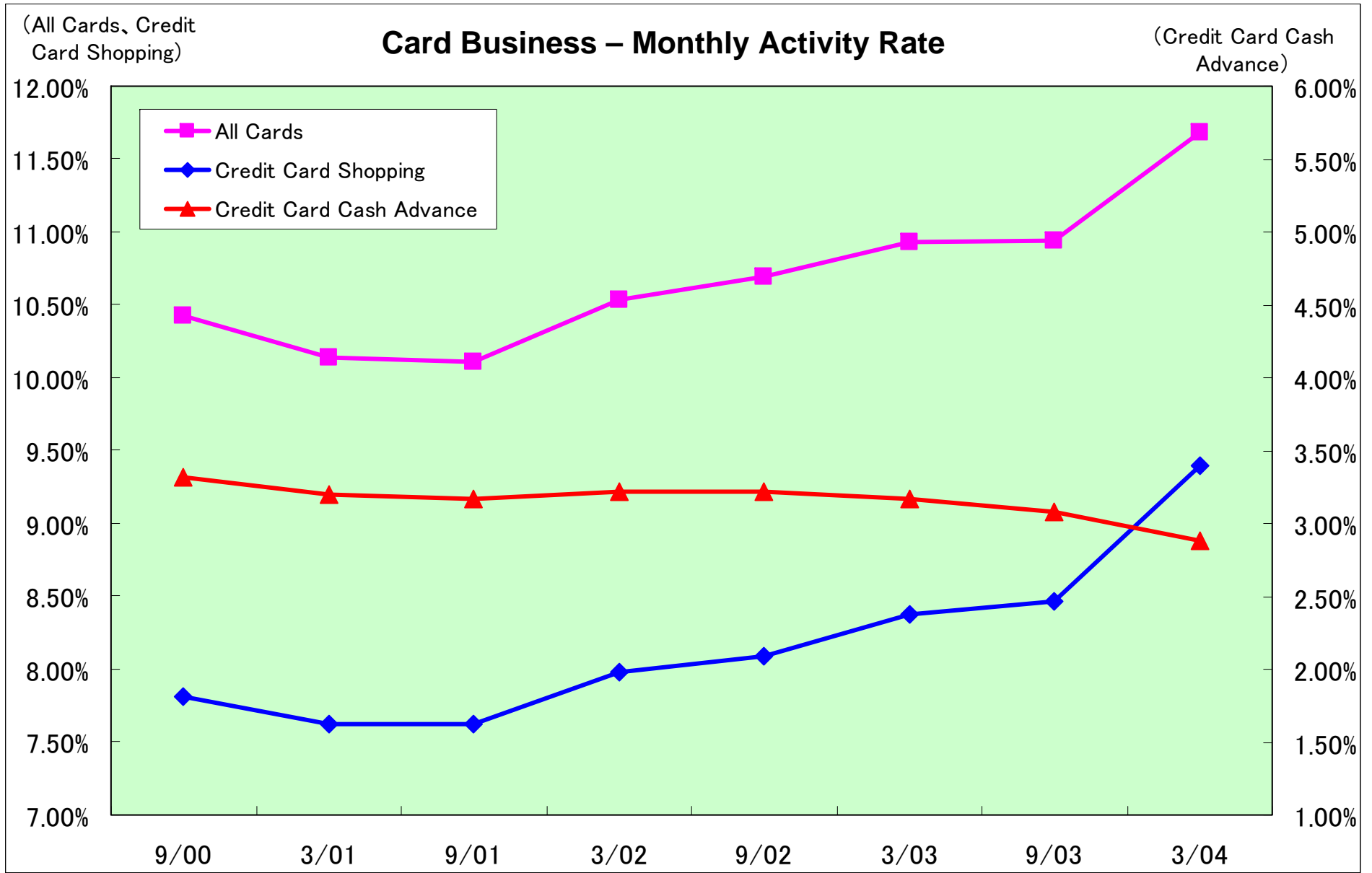
Progress of LIFE

LIFE (1)-1 - Operating Results

(Thousand , ¥ million)

	3/03	3/04	3/05		
			YoY	(E)	YoY
Number of card holders	9,834	11,032	+12%	12,047	+9%
Proper	1,509	1,625	+8%	1,735	+7%
Affinity	8,324	9,406	+13%	10,311	+10%
Number of new issue	2,073	2,142	+3%	2,010	-6%
Proper	190	192	+1%	230	+20%
Affinity	1,883	1,950	+4%	1,780	-9%
Purchase results of credit card	503,448	543,507	+8%	645,648	+19%
Shopping	274,479	318,115	+16%	386,014	+21%
Cashing	228,968	225,392	-2%	259,633	+15%
Purchase results of installment finance	125,246	118,131	-6%	130,000	+10%
Member merchant	82,987	90,556	+9%	98,815	+9%

LIFE (1)-2 – Card Business – Monthly Activity Rate



LIFE (2) - Operating Results (1)

(¥ million)

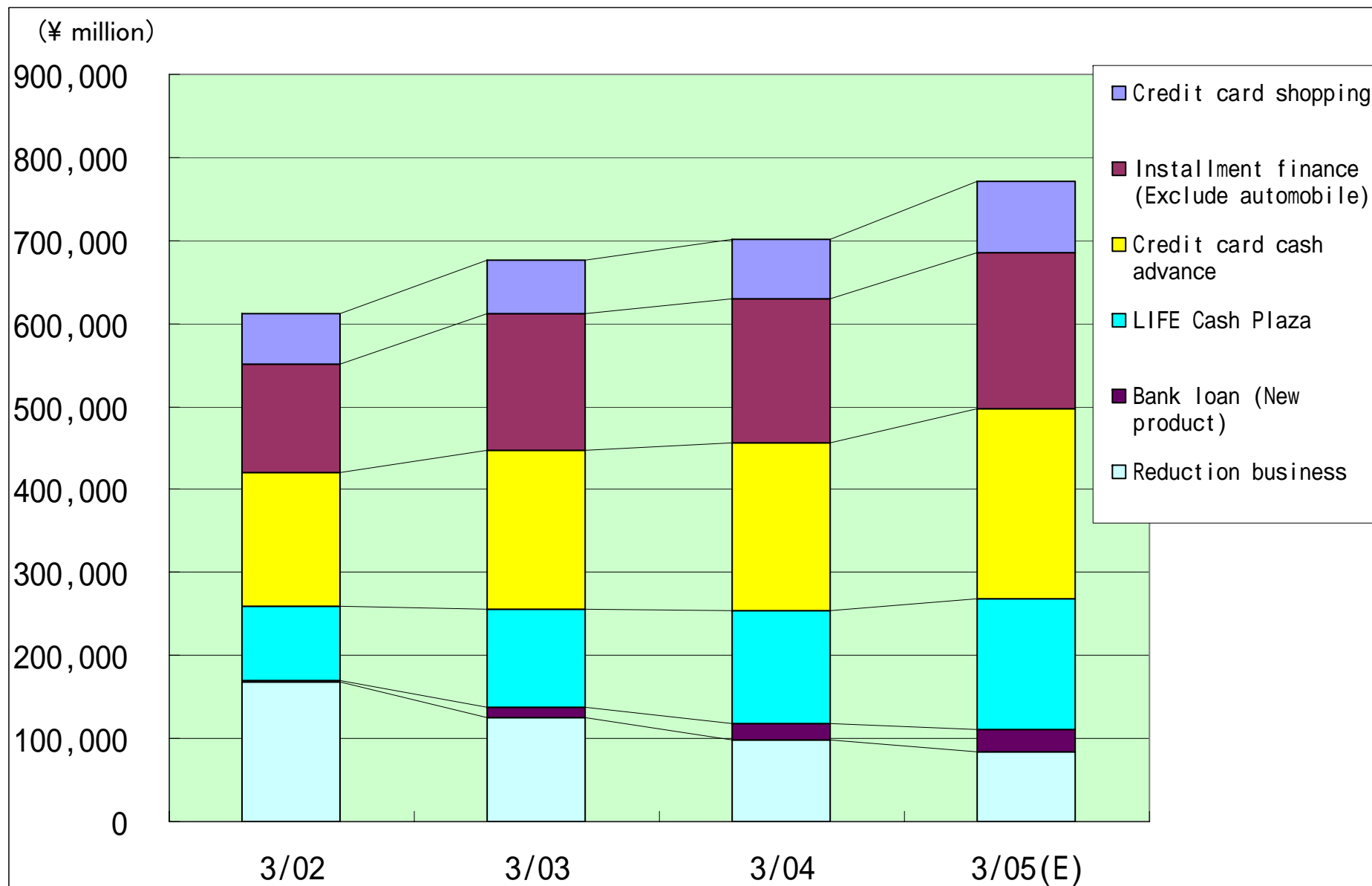
	3/03	3/04	3/05		
			YoY	(E)	YoY
Total	676,093	702,202	+4%	770,727	+10%
Expanded Business	551,395	603,022	+9%	686,017	+14%
Credit card shopping	64,069	71,508	+12%	84,777	+19%
Installment finance (Exclude automobile)	164,224	173,560	+6%	189,041	+9%
Credit card cash advance	192,209	202,819	+6%	228,157	+12%
LIFE Cash Plaza	117,646	135,543	+15%	157,703	+16%
Bank loan (New product)	13,244	19,590	+48%	26,337	+34%

LIFE (2) - Operating Results (2)

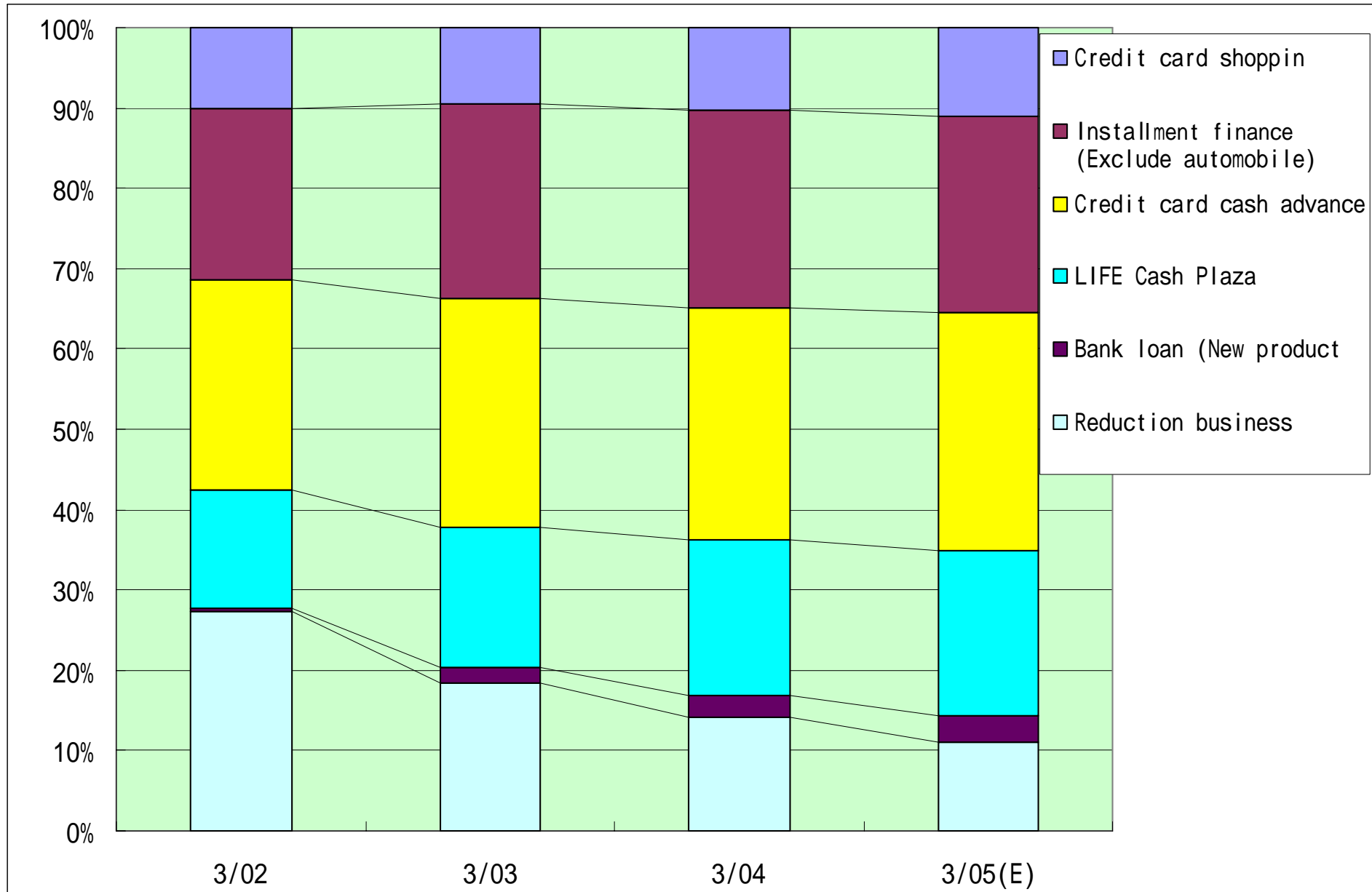
(¥ million)

	3/03	3/04	3/05			
			YoY	(E)	YoY	
Reduced business	124,698	99,179	-20%	84,709	-15%	
Automobile	6,629	2,075	-69%	604	-71%	
Partner loan (Automobile)	7,385	2,504	-66%	815	-67%	
Home loan	41,173	35,866	-13%	30,598	-15%	
Bank loan (Old product)	56,046	48,329	-14%	42,320	-12%	
Other	13,462	10,403	-23%	10,371	0%	
Composition	Expanded business	+82%	86%	—	89%	—
	Reduced business	+18%	14%	—	11%	—

LIFE (3)-1 - Operating Results



LIFE (3)-2 – Outstanding Balance



LIFE (4) – Comparison with Other Industry Majors

	LIFE			NICOS	Orico	JACCS
	3/03	3/04	3/05(E)	3/03	3/03	3/03
Number of Card-holders (Thousands)	9,834	11,032	12,047	12,533	10,086	6,510
Receivables Outstanding *1	676,093	702,202	770,727	4,105,863	4,055,687	2,614,738
Installment Receivable	247,494	256,773	284,094	596,808	1,325,324	606,307
Loans (Cash Advance)	310,749	339,137	386,561	1,124,078	794,945	370,418
Guarantee	117,849	106,290	100,071	2,384,977	1,935,418	1,613,774
Operating Revenue	103,880	113,738	127,819	279,531	290,813	142,477
Operating Revenue Ratio *2	15.0%	16.4%	16.3%	6.8%	7.2%	5.4%
Ordinary Income	8,048	12,081	14,500	16,194	25,577	7,594

*1: Includes liquidation of receivables (securitized assets)

*2: Operating Revenue / Receivables Outstanding

*3: Comparison on Non-Consolidated Basis



LIFE (5) - Profit and loss

(¥ million)

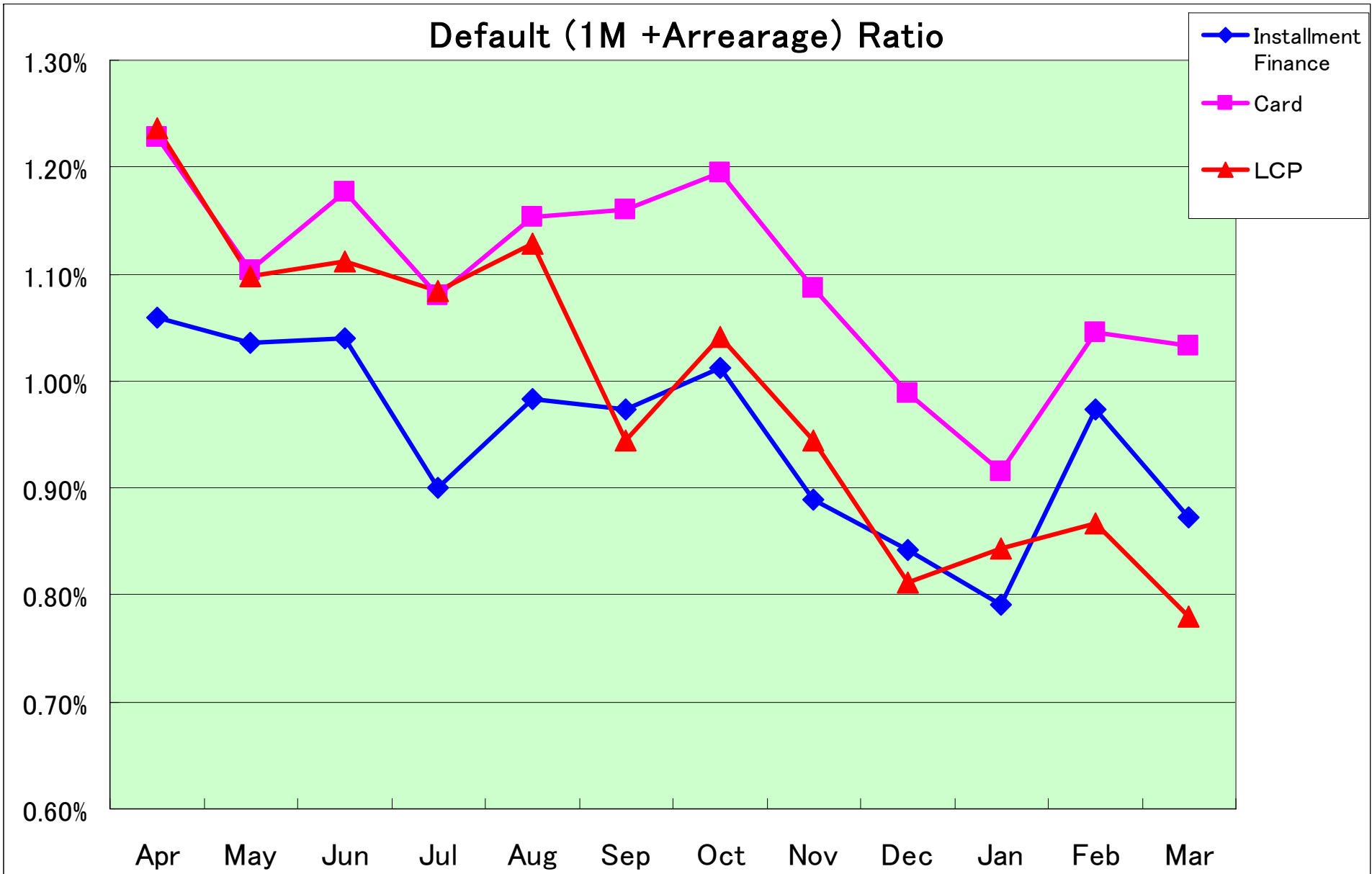
	3/03		3/04		3/05	
		YoY		YoY	(E)	YoY
Operating Revenue	103,880	+30%	113,738	+9%	127,819	+12%
Credit card shopping	7,945	+11%	8,402	+6%	10,178	+21%
Installment finance	15,400	+33%	15,901	+3%	17,408	+9%
Credit card cash advance	42,327	+32%	46,979	+11%	51,312	+9%
LIFE Cash Plaza	27,199	+41%	31,786	+17%	37,028	+16%
Guarantee	3,622	-9%	3,842	+6%	4,118	+7%
Other	7,383	+37%	2,670	+16%	2,943	+10%
Operating Expenses	96,021	+25%	4,155	-18%	4,830	+16%
Financial Expenses	7,079	+23%	101,943	+6%	113,373	+11%
Credit Cost	35,809	-23%	8,588	+21%	11,219	+31%
Advertising Expenses	4,770	+106%	37,902	+6%	39,508	+4%
Salaries	15,322	+4%	5,054	+6%	5,466	+8%
Other	33,040	+2%	15,153	-1%	16,134	+6%
Operating Income	7,858	+4%	35,243	+7%	41,043	+16%
Ordinary Income	8,048	+307%	11,795	+50%	14,445	+22%

LIFE (6) - Bad debt

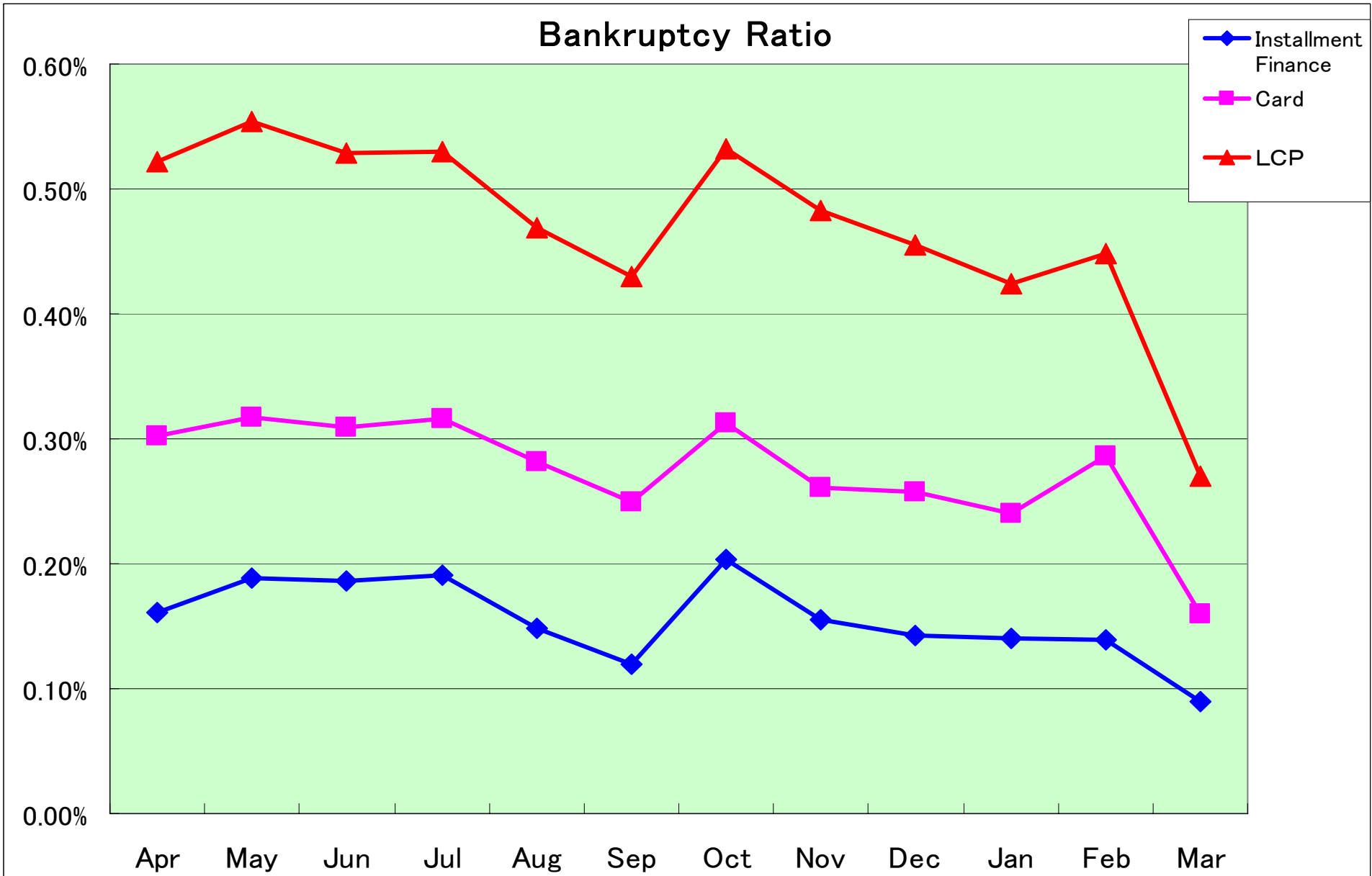
(¥ million)

	3/03	3/04	YoY	3/05	YoY
				(E)	
Credit cost	35,809	37,902	+6%	39,508	+4%
Bad debt Write offs	30,190	35,566	+18%	37,846	+6%
New Provisions for bad debt	32,796	35,132	+7%	36,795	+5%
Bad debt provisions used	-27,177	-32,796	+21%	-35,132	+7%
Write off ratio	4.47%	5.06%	+0.59%	4.91%	-0.15%
Ratio of allowance for bad debt	4.85%	5.00%	+0.15%	4.77%	-0.23%

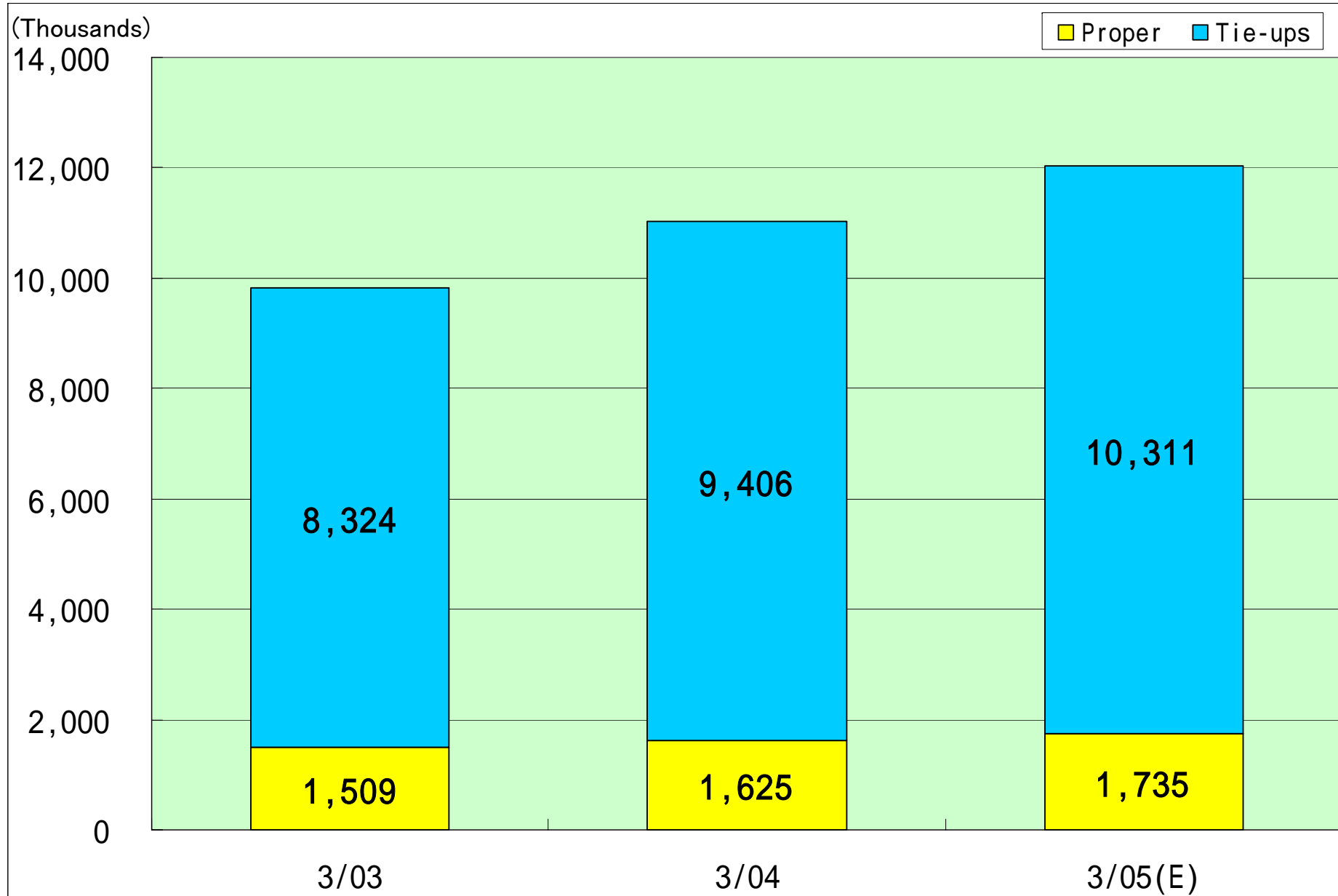
LIFE (7)-1 - Transition of Default (1M +Arrearage) Ratio by Business Line



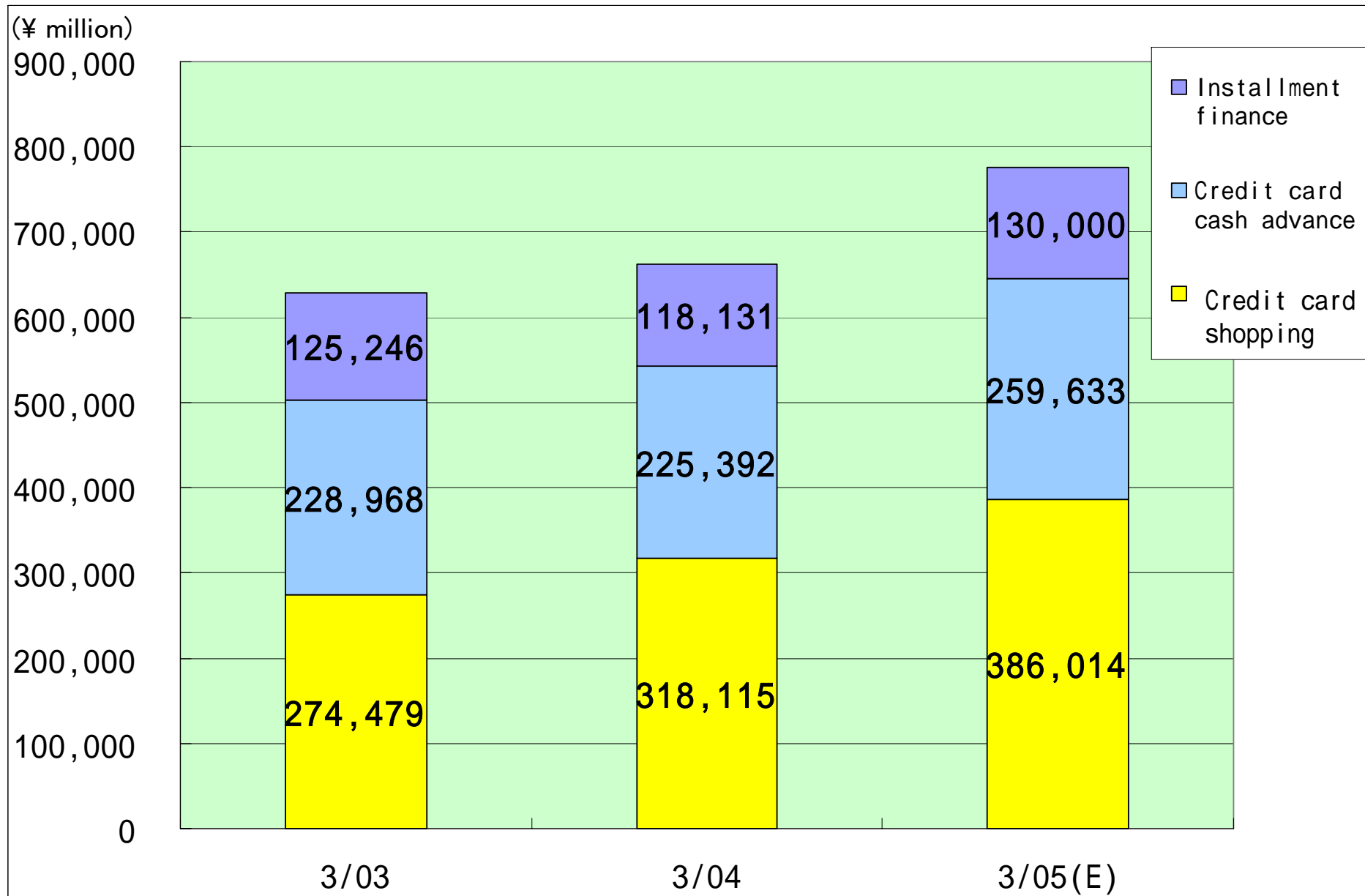
LIFE (7)-2 - Transition of Bankruptcy Ratio by Business Line



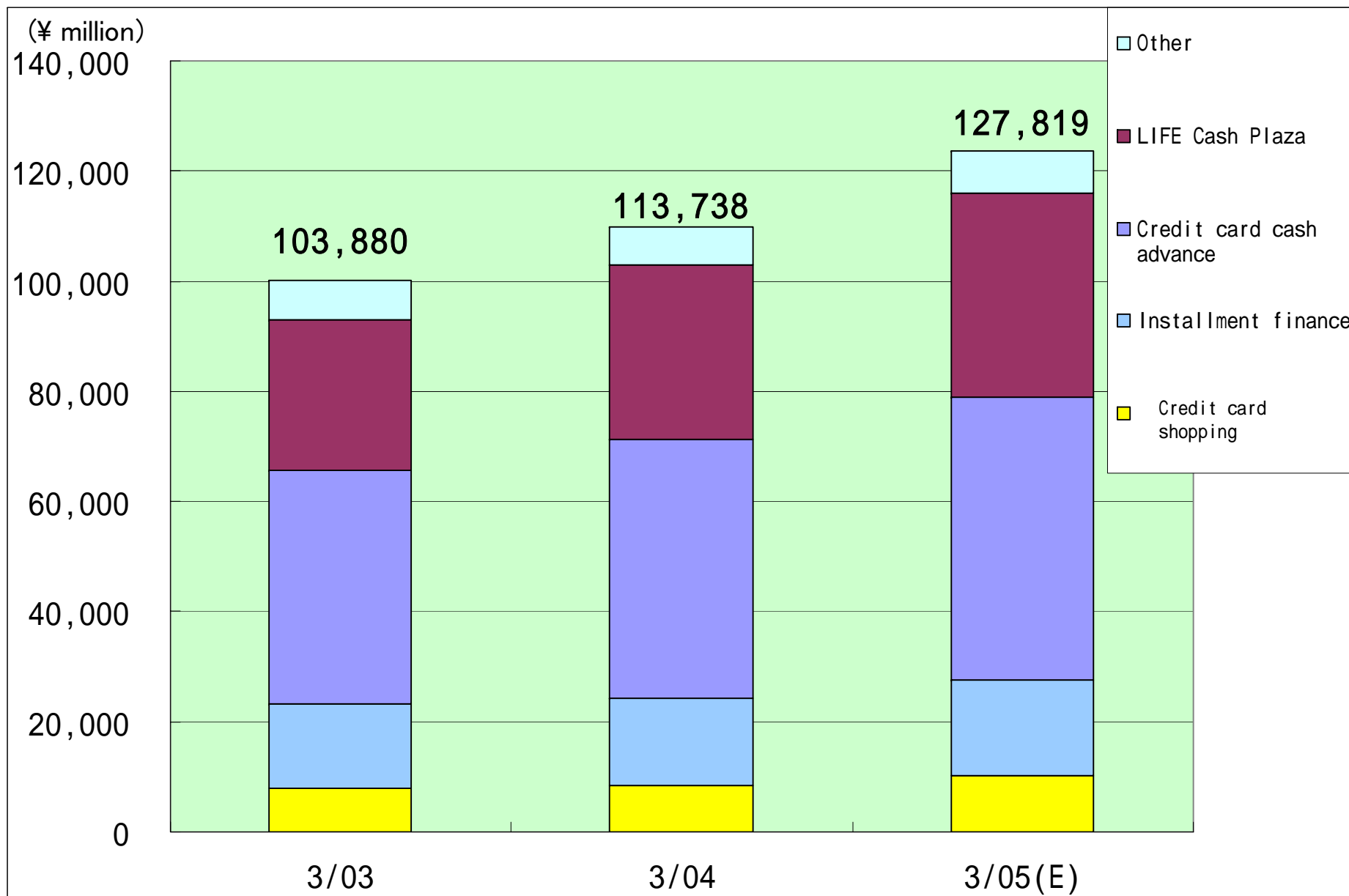
Appendix 1 (LIFE) - Transition of Number of Cardholders



Appendix 2 (LIFE) - Transition of Volume (shopping & cashing)



Appendix 3 (LIFE) - Transition of Operating Revenue



Appendix 4 (LIFE) - Top 15* Credit Card Companies in Japan
 (* Rankings by Transaction Volume: FY ended March 2003)

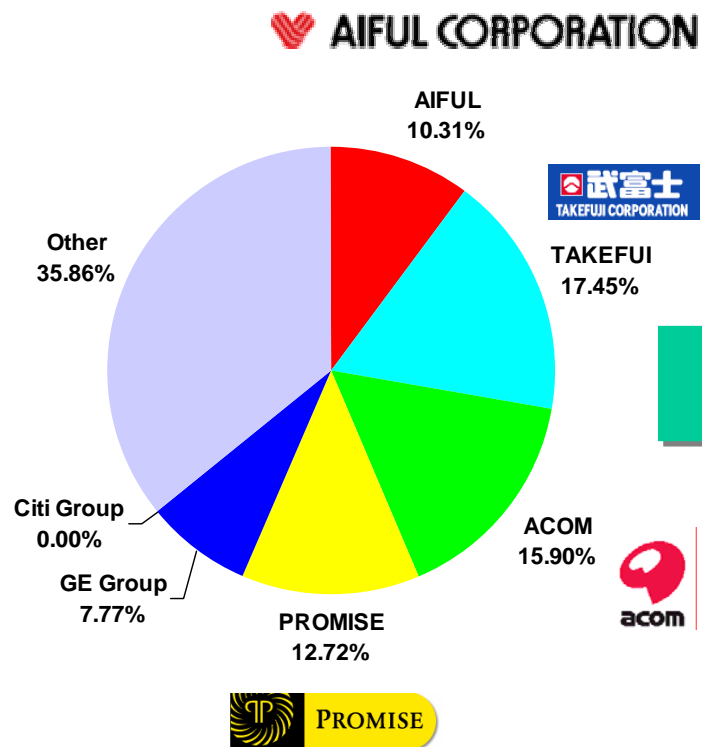
	Company Name	Number of Cardholders (million)	Number of Member Merchants (thousand)	Operating Revenue (¥ million)	Ordinary Income (¥ million)	
1	JCB Group	①48.4	10,928	④167,749	⑥17,132	Shinpan Co's
2	VISA·Japan	②22.7	3,705	⑥122,150	⑦16,037	Bank Affiliated Co's
3	Credit Saison	③14.9	671	③171,842	①44,250	Retailer Affiliated Co's
4	NICOS Card Group	④14.5	1,407	①309,426	⑤20,144	
5	UC Card	⑤12.0	2,902	72,977	3,842	
6	Aeon Credit	⑥11.3	359	73,789	③23,261	
7	Orico	⑦10.0	380	②300,574	②28,830	
8	LIFE	⑧9.8	82	⑧102,285	⑨8,048	
9	DC Card	9.5	1,461	78,241	4,896	
10	UFJ Card	8.7	1,498	57,894	710	
11	OMC Card	7.0	332	⑦115,497	④21,056	
12	Jaccs	6.5	282	⑤143,556	⑧8,258	



Appendix 1 - Business Strategy - Market Share Break Down of the Consumer Finance Industry

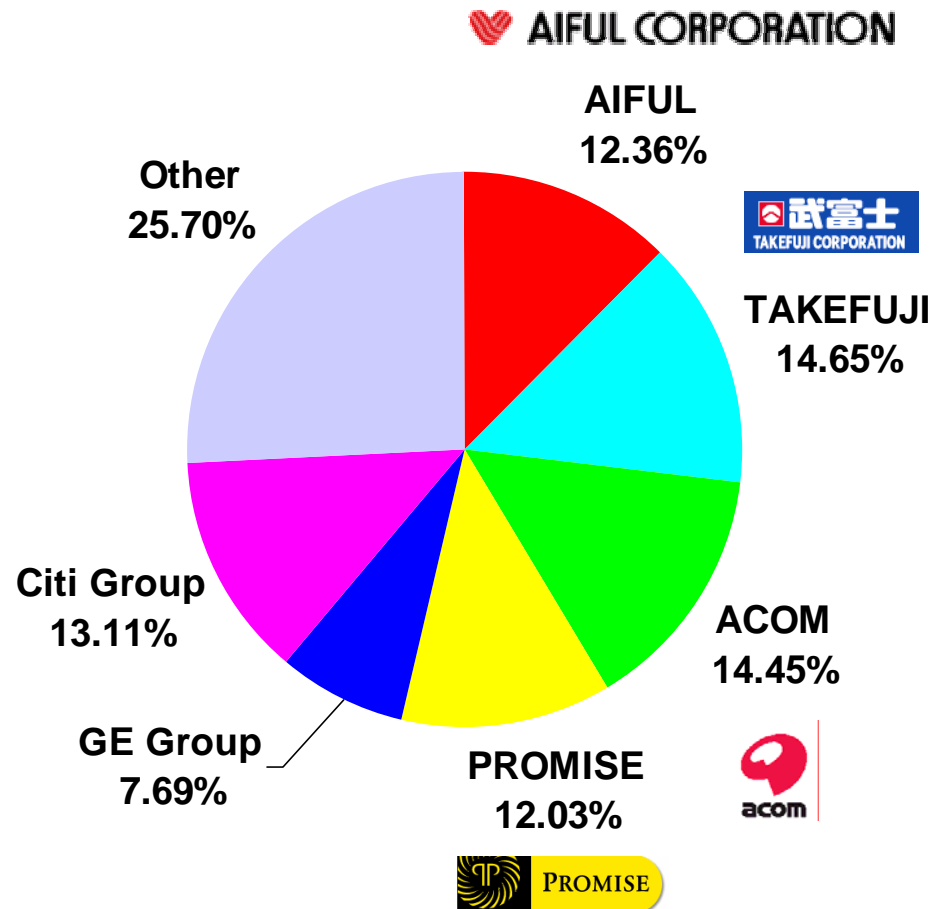
March 1998

¥ 7.1 trillion

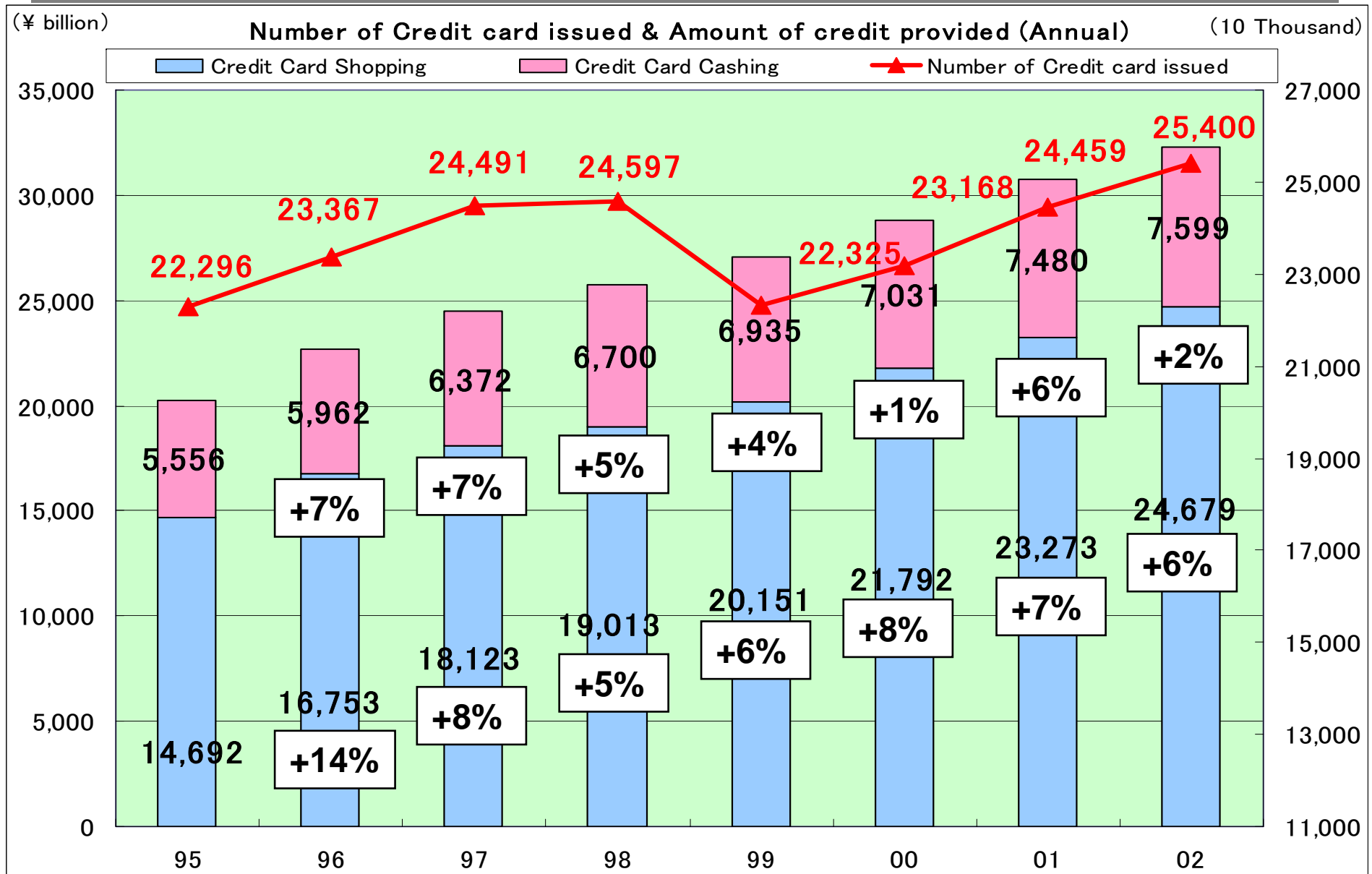


March 2003

¥ 11.4 trillion



Appendix 2 - Growth of Credit Card Market in Japan

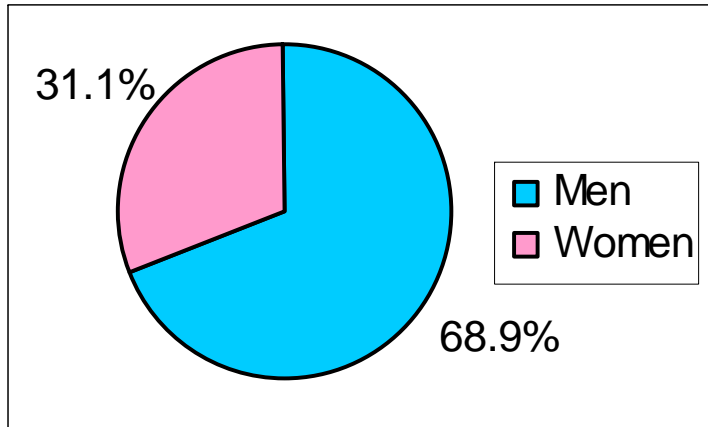


The figures in credit cards issued from 95 to 98 reflect the members of cards issued and those from 99 reflect cards valid 44

Appendix 3 - Diversification of Customer Profile

AIFUL CORPORATION (3/04)

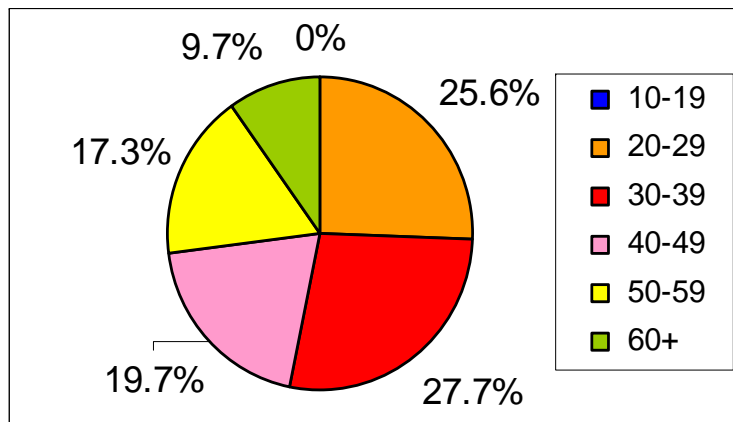
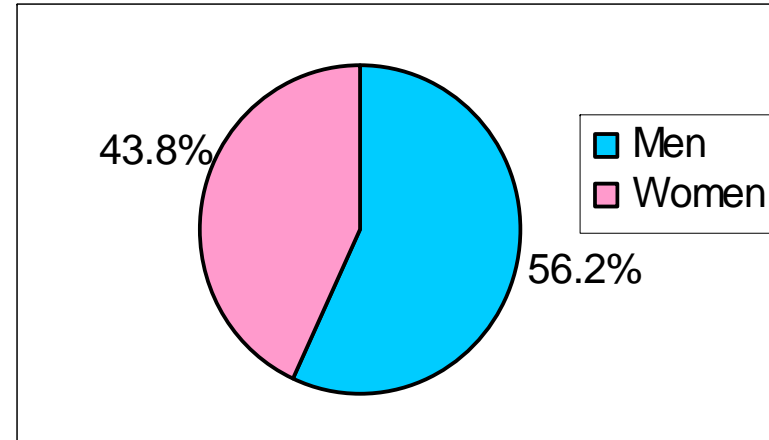
Customer account: 2,246,000



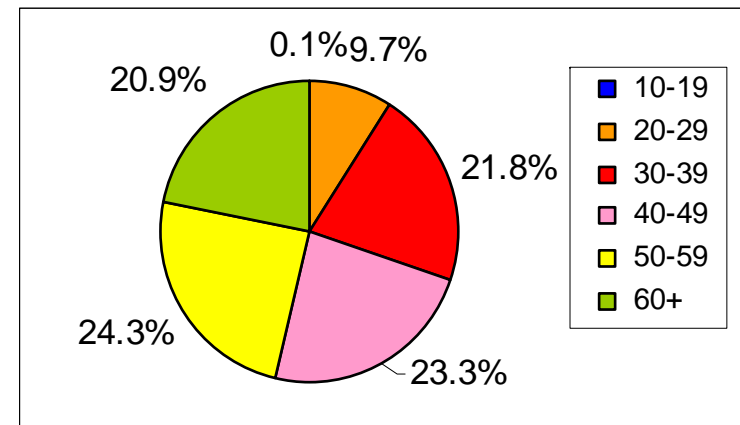
(3/04)

Valid card members: 11,032,000

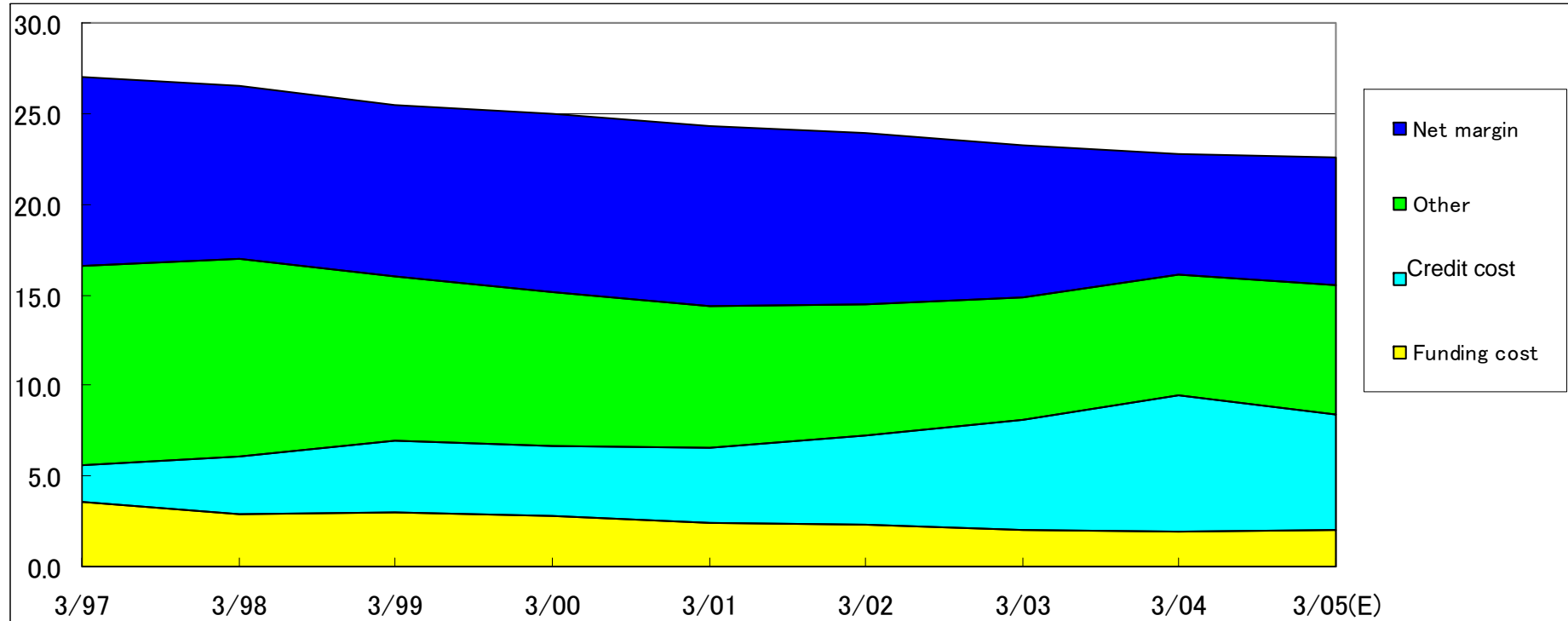
Sex



Age

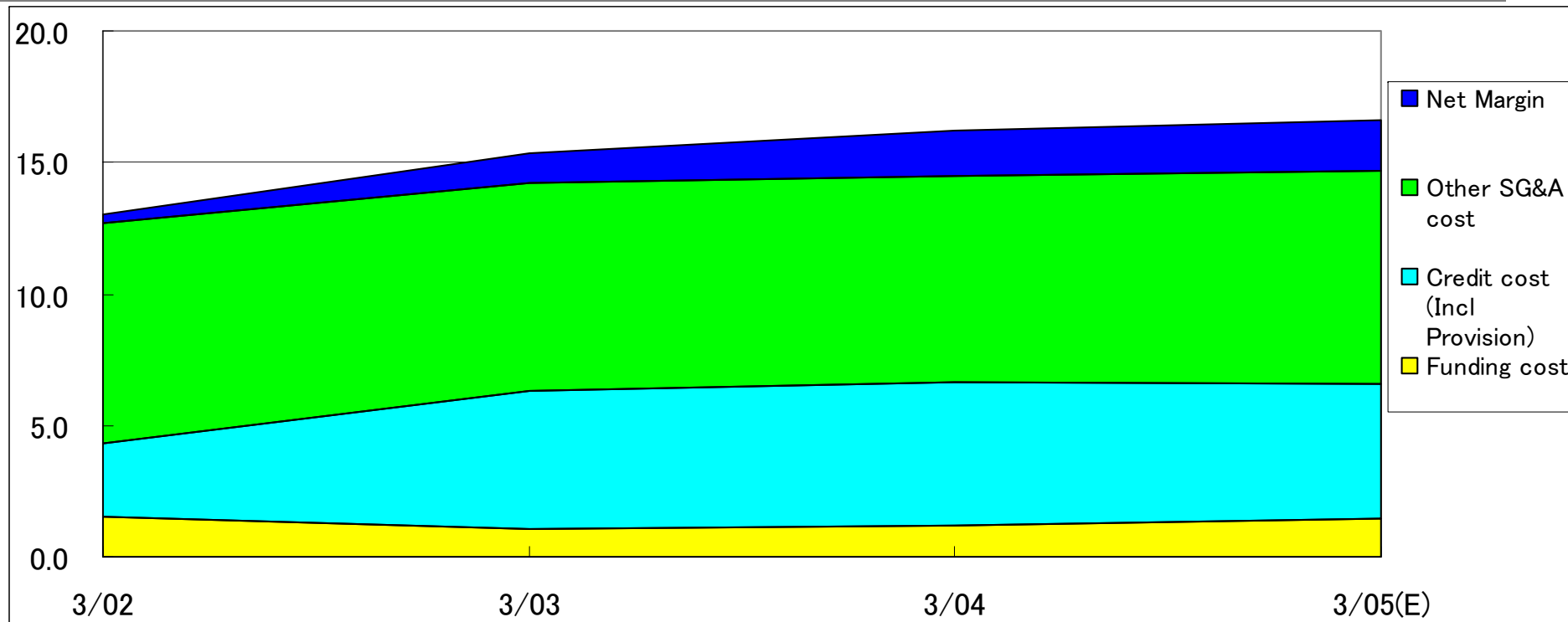


Appendix 4 - Net Margin – AIFUL (Parent)



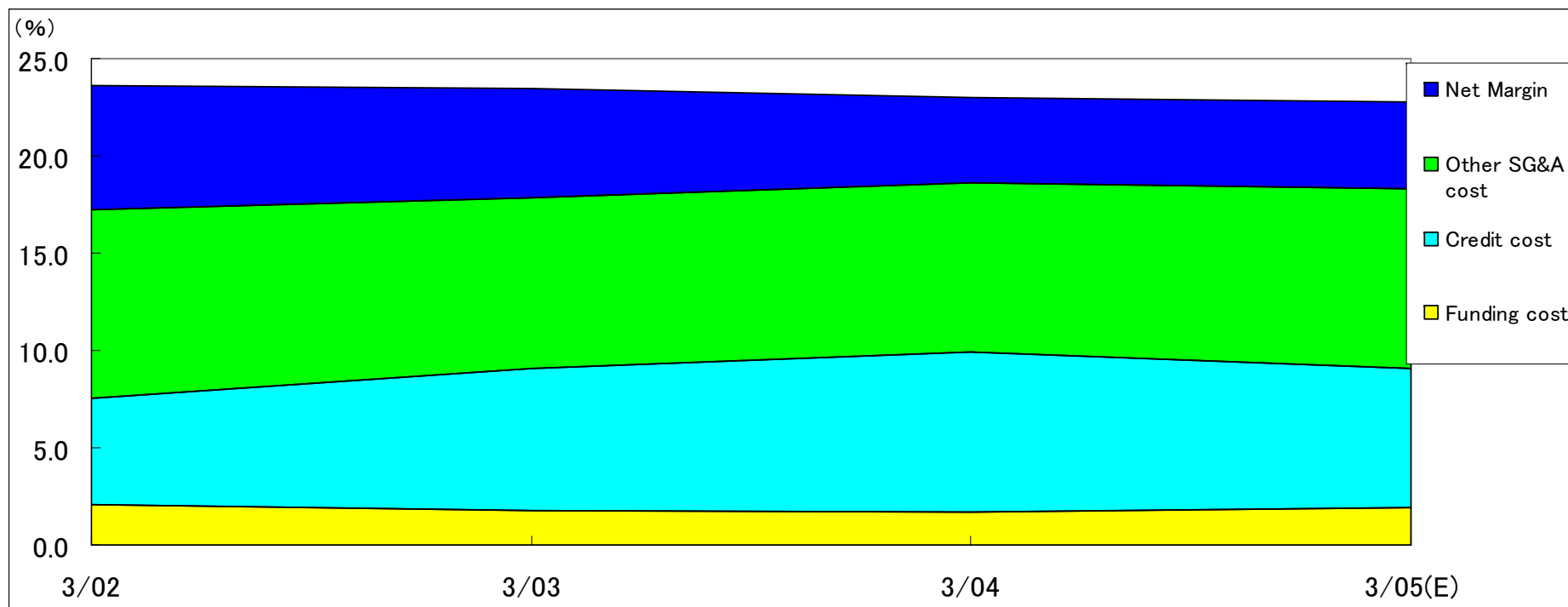
%	3/99	3/00	3/01	3/02	3/03	3/04	3/05(E)
Loan Interest Yield / Balance	25.5	25.0	24.3	23.9	23.2	22.8	22.6
Funding cost	3.0	2.8	2.5	2.3	2.0	1.9	2.0
Credit cost (Including Provision)	3.9	3.9	4.1	5.0	6.1	7.5	6.4
Other SG&A cost	9.1	8.5	7.9	7.2	6.8	6.7	7.1
Net margin / Balance	9.4	9.8	9.9	9.4	8.3	6.7	7.1

Appendix 5 - Net Margin – LIFE



(%)	3/02	3/03	3/04	3/05(E)
Loan Interest Yield / Balance	13.03	15.36	16.20	16.58
Funding cost	1.51	1.05	1.22	1.46
Credit cost (Including Provision)	2.84	5.30	5.40	5.13
Other SG&A cost	8.37	7.86	7.90	8.13
Net margin / Balance	0.32	1.16	1.68	1.87

Appendix 6 - Net Margin – Consolidated



(%)	3/02	3/03	3/04	3/05(E)
Loan Interest Yield / Balance	23.6	23.4	23.0	22.8
Funding cost	2.0	1.8	1.7	1.9
Credit cost (Including Provision	5.5	7.3	8.2	7.2
Other SG&A cost	9.7	8.7	8.7	9.2
Net margin / Balance	6.4	5.6	4.4	4.5