

# FY3/05 Financial Results

May 11, 2005



— 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.

**URL**

**<http://www.ir-aiful.com>**



**[ir@aiful.co.jp](mailto:ir@aiful.co.jp)**

# Contents

---

- 1. Financial Results**
- 2. Business Environment**
- 3. Business Strategy**
- 4. Financial Results of LIFE**
- 5. Explanation of Figures**
- ★ Appendix**

---

# 1. Financial Results

### Consolidated subsidiaries



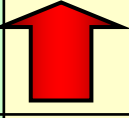
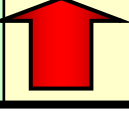
- LIFE Co., Ltd.
- WIDE CORPORATION (\*1)
- TRYTO CORPORATION
- Businext Corporation
- City's Corporation
- TCM Co., Ltd. (\*1)
- AsTry Loan Services Corporation
- New Frontier Partners Co., Ltd. (\*1)
- Marutoh K.K.
- City Green Corporation (\*3)

**Note 1: Changed to consolidated subsidiary in year ended March 2005.**

**Note 2: Passkey Co., Ltd., became a subsidiary of AIFUL Co., Ltd., on March 31, 2005, and will fall within the scope of consolidation from the year ending March 2006.**

**Note 3: City Green Corporation is the holding company for City's Corporation and does not conduct business operations.**

## Financial Results - Consolidated vs. Parent Forecasts for the Top Four Firms (Mar-05)

Mar-05 (¥ billion)	AIFUL	TAKEFUJI	ACOM	PROMISE
<b>Operating Revenue (Consolidated)</b>	518.4	360.1	433.9	369.8
yoy%	 +9.5	▲6.3	▲0.2	▲5.4
<b>Operating Revenue (Non-Consolidated)</b>	340.6	356.8	402.7	313.0
yoy%	 +1.7(*)	▲6.4	▲2.2	▲2.8
<b>Ordinary Income (Consolidated)</b>	135.2	119.2	143.3	130.8
yoy%	 +20.3	▲14.0	+20.7	+45.6
<b>Ordinary Income (Non-Consolidated)</b>	112.5	117.7	141.6	118.1
yoy%	 +13.7	▲14.4	+20.3	+40.0

\* Breakdown of 1.7% increase in operating revenue = AIFUL secured and small business loan interest +0.7%, guarantee charges earned +0.4%, unsecured loan interest +0.3, other +0.3% → result of product diversification

## Financial Results - Interim Results (Consolidated)

(¥ billion)	Mar-04	Mar-05	YoY	Mar-06(E)	YoY
Total Outstanding (Managed)	2,298.4	2,522.5	+9.8%	2,701.9	+7.1%
Loans (Managed)	1,907.6	2,095.2	+9.8%	2,242.6	+7.0%
Loans outstanding of AIFUL	1,451.6	1,471.7	+1.4%	1,523.8	+3.5%
Shopping Receivables	256.7	285.8	+11.3%	304.1	+6.4%
Number of Loan Customer Accounts (Thousands)	3,520	3,796	+7.8%	—	—
Number of Credit Card Holders (Thousands)	11,051	11,967	+8.3%	12,932	+8.1%
Number of New Loan Customers (Thousands)	461	526	+14.1%	568	+7.8%
Operating Revenue	473.4	518.4	+9.5%	555.0	+7.1%
Operating Income	112.5	134.7	+19.7%	154.8	+14.9%
Ordinary Income	112.4	135.2	+20.3%	155.0	+14.6%
Net Income	62.5	75.7	+21.1%	91.7	+21.2%

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

## Financial Results - BS / PL Mar-05

(¥ billion)	AIFUL	LIFE* <sup>1</sup>	BUSINEXT	CITY'S	WIDE* <sup>1</sup>	TRYTO	Consolidated
Business	Consumer Finance	Credit Card	SME Loan	SME Loan	Consumer Finance	Consumer Finance	-
Operating Revenue	340.6	123.8	5.4	9.5	23.8	14.5	518.4
Operating Expenses	233.0	107.4	4.8	6.9	22.1	11.7	383.7
Operating Income	107.5	16.4	0.6	2.5	1.6	2.7	134.7
Ordinary Income	112.5	16.5	0.6	2.5	1.6	2.8	135.2
Net Income	67.3	10.6	0.6	1.4	0.3	1.4	75.7

In the black for all group companies

(¥ billion)	AIFUL	LIFE* <sup>2</sup>	BUSINEXT	CITY'S	WIDE* <sup>2</sup>	TRYTO	Consolidated
Receivables Outstanding	1,471.7	751.5	47.6	45.6	95.3	58.1	2,522.5
Asset	2,033.5	644.1	46.4	47.5	85.0	56.1	2,574.2
Liability	1,449.2	526.9	45.1	30.1	72.1	48.6	1,951.5
Shareholder's Equity	584.3	117.1	1.2	17.4	12.8	7.5	617.3

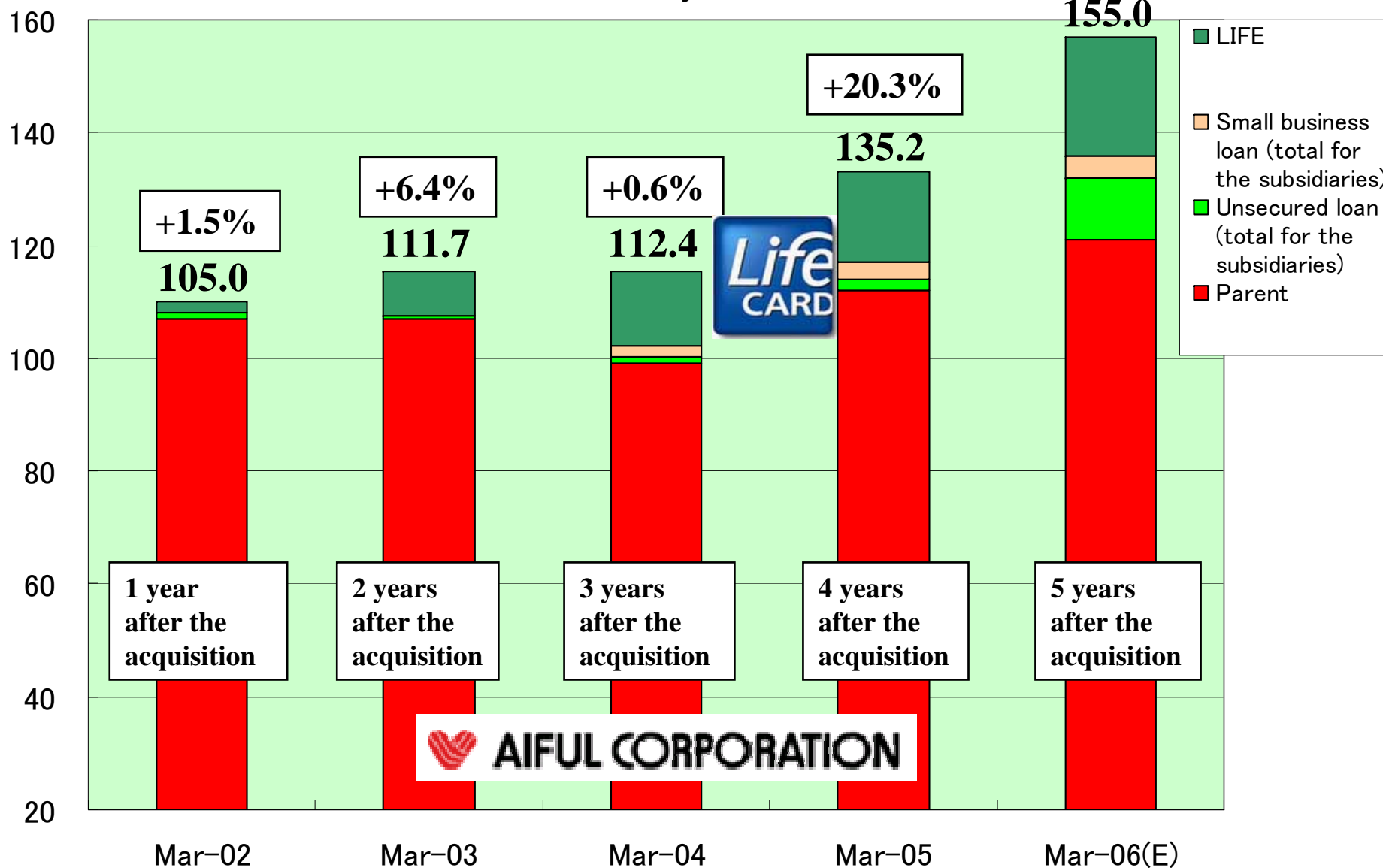
\*1 Managed Asset Basis

\*2 Receivables outstanding includes off-balance-sheet receivables.

# Financial Results - Change of Ordinary Income

(¥ billion)

## Ordinary Income





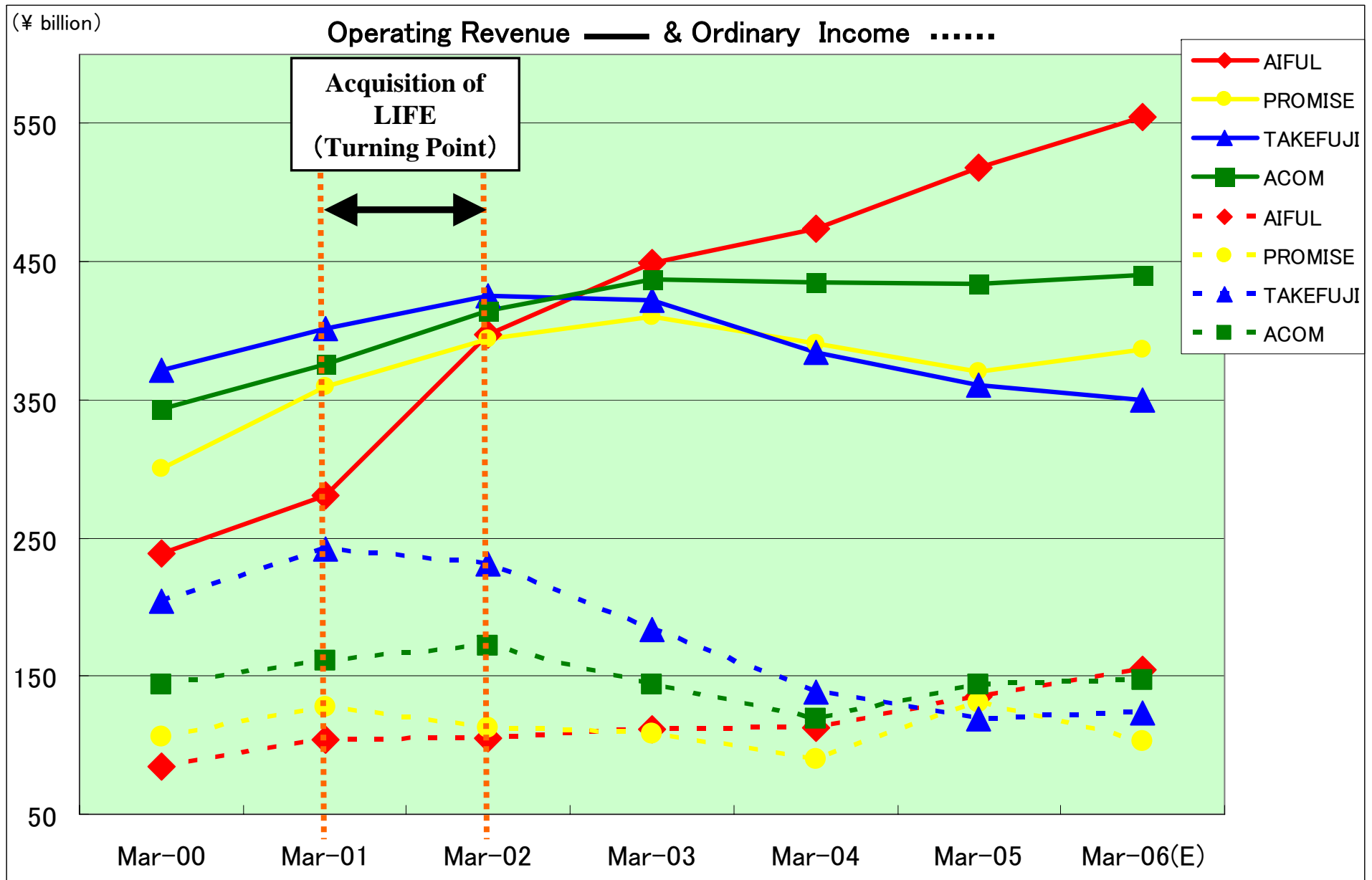
## Financial Results - PL Mar-06(E)

(¥ billion)	AIFUL	LIFE* <sup>1</sup>	BUSINEXT	CITY'S	WIDE* <sup>1</sup>	TRYTO	Consolidated
<b>Business</b>	Consumer Finance	Credit Card	SME Loan	SME Loan	Consumer Finance	Consumer Finance	-
<b>Receivables</b>	1,523.8	799.5	69.5	70.0	102.6	64.9	2,701.9
yoy	+3.5%	+6.4%	+46.0%	+53.3%	+7.7%	+11.7%	+7.1%
<b>Operating Revenue</b>	349.5	135.4	8.5	14.7	25.7	16.2	555.0
yoy	+2.6%	+9.3%	+56.4%	+53.6%	+10.6%	+11.7%	+7.1%
<b>Operating Income</b>	113.7	20.9	1.3	3.0	7.2	3.5	154.8
Yoy	+5.7%	+27.4%	+118.1%	+17.5%	+330.2%	+26.7%	+14.9%
<b>Ordinary Income</b>	121.0	21.0	1.3	3.0	7.1	3.5	155.0
yoy	+7.5%	+27.1%	+116.7%	+18.0%	+325.4%	+26.4%	+14.6%
<b>Ordinary Income</b>	74.3	12.2	1.3	1.6	4.0	2.0	91.7
yoy	+10.5%	+14.9%	+126.8%	+13.7%	+1,031.3%	+43.9%	+21.2%


\*1 Managed Asset Basis

\*2 Receivables outstanding includes off-balance-sheet receivables.

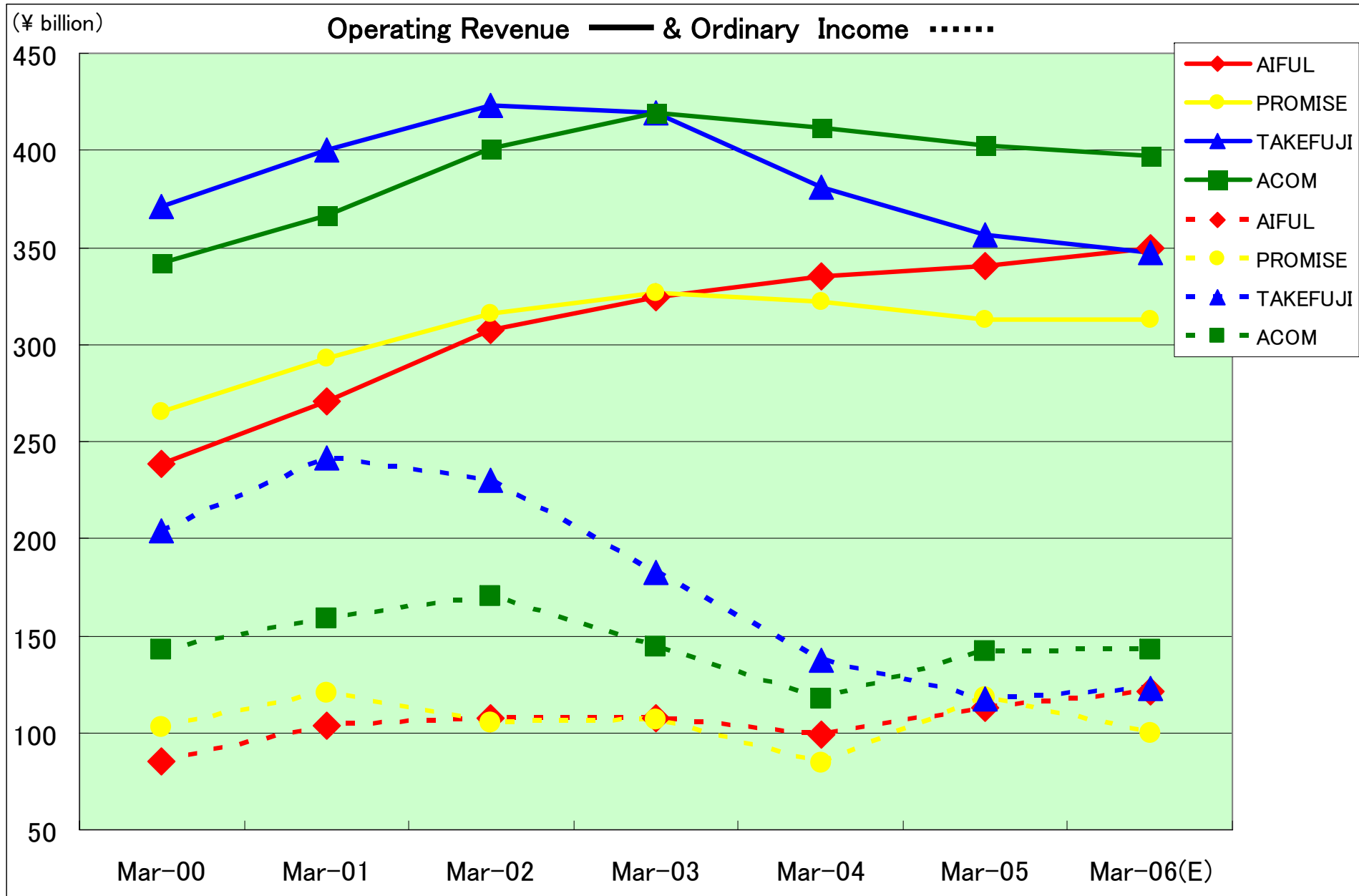
# Financial Results - Trend of Operating Revenue & Ordinary Income (Consolidated)



## Financial Results - Interim Results (AIFUL) “Revenue and Profit Growth: Record High Profit”

(¥ billion)	Mar-04	Mar-05	YoY	Mar-06(E)	YoY
 <b>AIFUL CORPORATION</b>					
<b>Loans Outstanding</b>	1,451.6	1,471.7	+1.4%	1,523.8	+3.5%
<b>Unsecured</b>	1,081.0	1,093.6	+1.2%	1,133.0	+3.6%
<b>Home Equity Loan</b>	342.6	345.1	+0.7%	348.1	+0.9%
<b>Small Business Loan</b>	27.9	32.9	+17.8%	42.7	+29.7%
<b>Number of Accounts (Thousands)</b>	2,246	2,214	-1.4%	2,221	+0.3%
<b>Number of New Loan Customers (Thousands)</b>	355	343	-3.4%	364	+6.1%
<b>Number of Branches</b>	1,563	1,572	—	1,610	—
<b>Operating Revenue</b>	334.9	340.6	+1.7%	349.5	+2.6%
<b>Operating Income</b>	95.2	107.5	+13.0%	113.7	+5.7%
<b>Recurring Income</b>	98.9	112.5	+13.7%	121.0	+7.5%
<b>Net Income</b>	53.0	67.3	+26.8%	74.3	+10.5%
<b>EPS</b>	560.82	710.94	+26.8%	525.04	-26.1%(*1)
<b>Cash Dividends per Share</b>	60.00	60.00	0.0%	60.00	0.0%(*2)


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




## Financial Results - Consolidated vs. Parent Forecasts for the Top Four Firms (Mar-06(E))


Mar-06(E)	(¥ billion)	AIFUL	TAKEFUJI	ACOM	PROMISE
Operating Revenue (Con)	(A)	555.0	349.8	440.9	386.8
Operating Revenue (Non-Con)	(B)	349.5	347.7	397.0	312.7
(A) – (B)		205.4	2.1	43.9	74.0
(A) / (B)		1.59	1.01	1.11	1.24
Ordinary Income (Con)	(C)	155.0	123.5	146.7	103.0
Ordinary Income (Non-Con)	(D)	121.0	122.7	142.4	100.0
(C) – (D)		340.0	0.8	4.3	3.0
(C) / (D)		1.28	1.01	1.03	1.03
Net Income (Con)	(E)	91.7	57.6	86.3	63.0
Net Income (Non-Con)	(F)	74.3	54.4	84.7	62.5
(E) – (F)		17.4	3.2	1.6	0.5
(E) / (F)		1.23	1.06	1.02	1.01

## Financial Results – Steady Growth of Credit Card Subsidiary “LIFE”

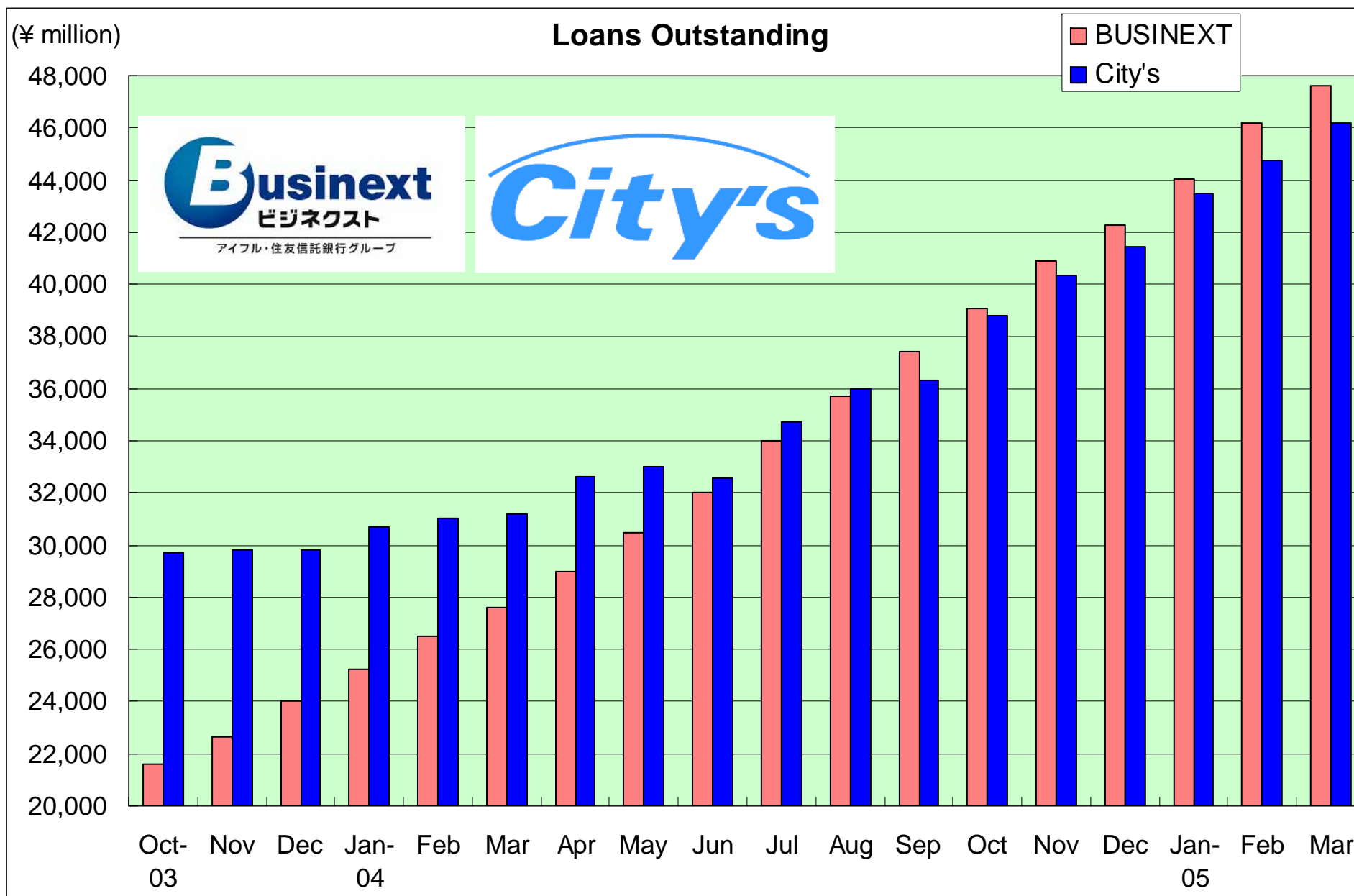
 (¥ billion)	Mar-04	Mar-05	YoY	Mar-06(E)	YoY
Transaction Volume	661.6	732.9	+10.8%	801.6	+9.4%
Credit card purchases	318.1	373.1	+17.3%	419.6	+12.5%
Receivable Outstanding (Managed)	702.2	751.5	+7.0%	799.5	+6.4%
Credit card purchases	71.5	79.6	+11.3%	83.5	+4.9%
Installment finance	185.2	206.2	+11.3%	220.6	+7.0%
Credit card-cash advance	202.8	209.3	+3.2%	224.7	+7.4%
LIFE Cash Plaza	135.5	157.6	+16.3%	176.7	+12.1%
Guarantee	106.2	98.2	-7.6%	93.4	-4.8%
Number of Card Holders (Thousands)	11,032	11,916	+8.0%	12,844	+7.8%
Operating Revenue	111.5	121.9	+9.3%	133.6	+9.5%
Operating Income	11.7	16.4	+39.7%	20.9	+27.4%
Ordinary Income	12.0	16.5	+36.8%	21.0	+27.1%
Net Income	16.1	10.6	-33.8%	12.2	+14.9%

## Financial Results – SME Loan Subsidiaries “BUSINEXT” and “City’s”

 (¥ billion)	Mar-04	Mar-05	YoY	Mar-06(E)	YoY
Loans Outstanding	27.5	47.6	+72.6%	69.5	+46.0%
Number of Accounts (Thousands)	22	32	+42.7%	43	+34.4%
Number of New Loan Customers (Thousands)	12	13	+6.8%	15	+15.4%
Operating Revenue	3.0	5.4	+80.6%	8.5	+56.4%
Recurring Income	-0.1	0.6	+161.5%	1.3	+116.7%
Net Income	-0.1	0.6	+158.0%	1.3	+126.8%


 (¥ billion)	Mar-04	Mar-05	YoY	Mar-06(E)	YoY
Loans Outstanding	31.2	45.6	+46.3%	70.0	+53.3%
Number of Accounts (Thousands)	15	21	+36.2%	31	+47.6%
Number of New Loan Customers (Thousands)	4	9	+107.7%	15	+66.7%
Operating Revenue	7.4	9.5	+29.2%	14.7	+53.6%
Recurring Income	3.0	2.5	-15.2%	3.0	+18.0%
Net Income	1.5	1.4	-2.7%	1.6	+13.7%


# Financial Results – SME Loan Subsidiaries “BUSINEXT” and “City’s”





## Financial Results - Consumer Finance Subsidiaries “WIDE” and “TRYTO”

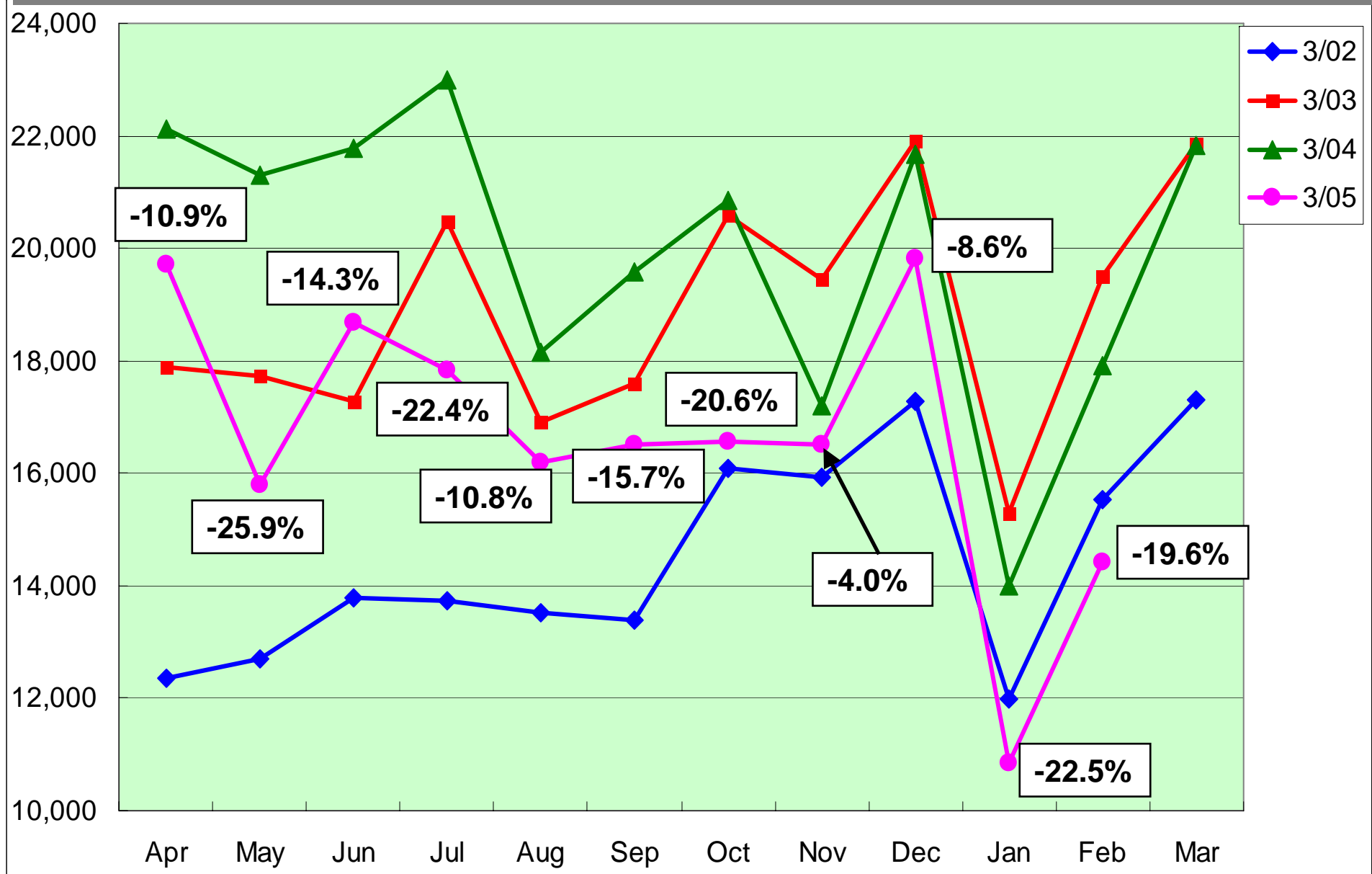
 (¥ billion)	Mar-04	Mar-05	YoY	Mar-06(E)	YoY
Loans Outstanding	N.A.	95.3	—	102.6	+7.7%
Number of Accounts (Thousands)	N.A.	204	—	231	+13.2%
Number of New Loan Customers (Thousands)	N.A.	52	—	67	+28.8%
Operating Revenue	N.A.	23.3	—	25.5	+9.7%
Recurring Income	N.A.	1.6	—	7.1	+325.4%
Net Income	N.A.	0.3	—	4.0	+1,031.3%

 (¥ billion)	Mar-04	Mar-05	YoY	Mar-06(E)	YoY
Loans Outstanding	58.3	58.1	-0.4%	64.9	+11.7%
Number of Accounts (Thousands)	175	165	-5.7%	173	+4.8%
Number of New Loan Customers (Thousands)	23	35	+52.2%	40	+16.4%
Operating Revenue	15.6	14.5	-7.2%	16.2	+11.7%
Recurring Income	1.3	2.8	+103.7%	3.5	+26.4%
Net Income	0.7	1.4	+100.7%	2.0	+43.9%

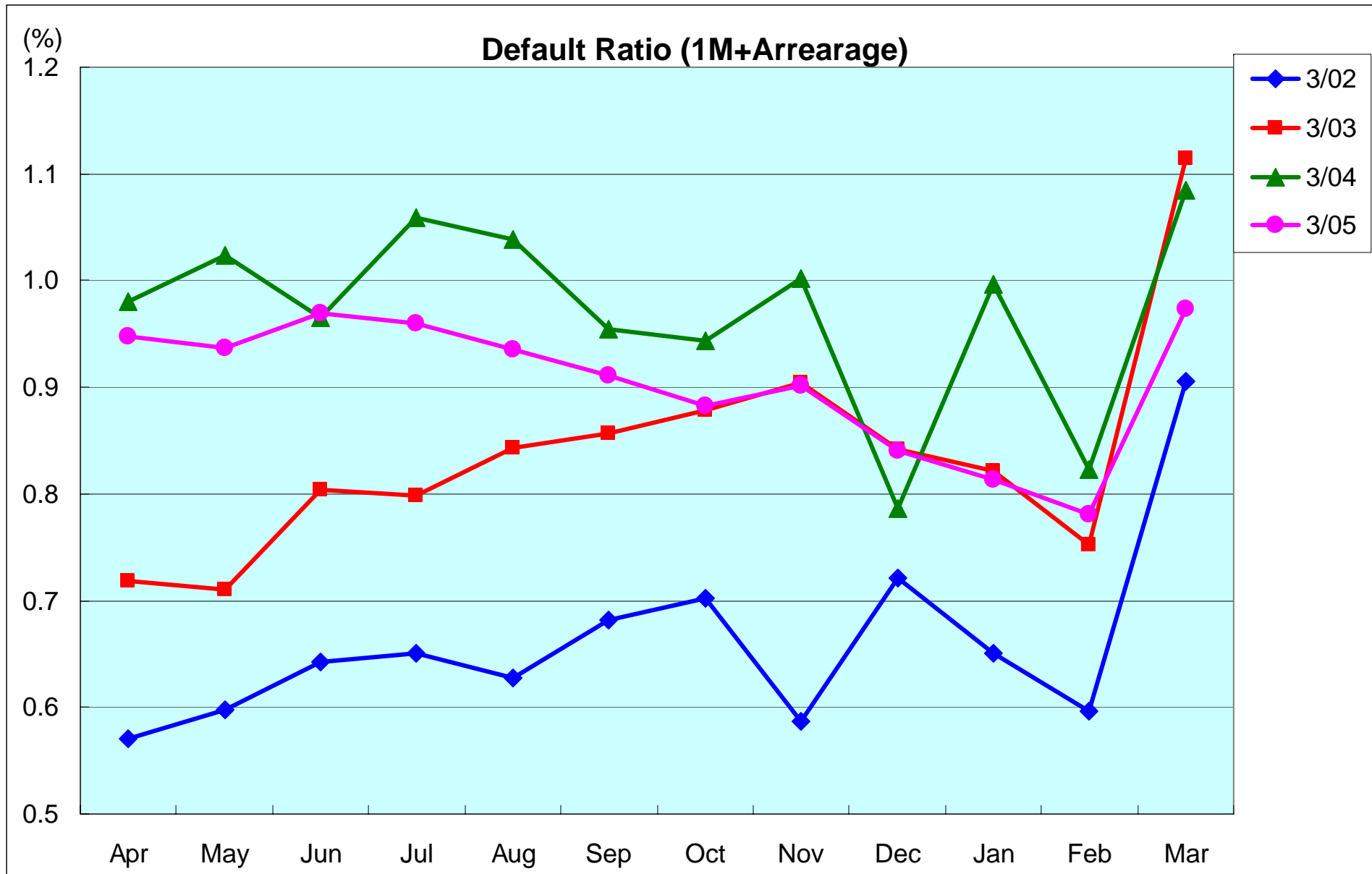
---

## **2. Business Environment**

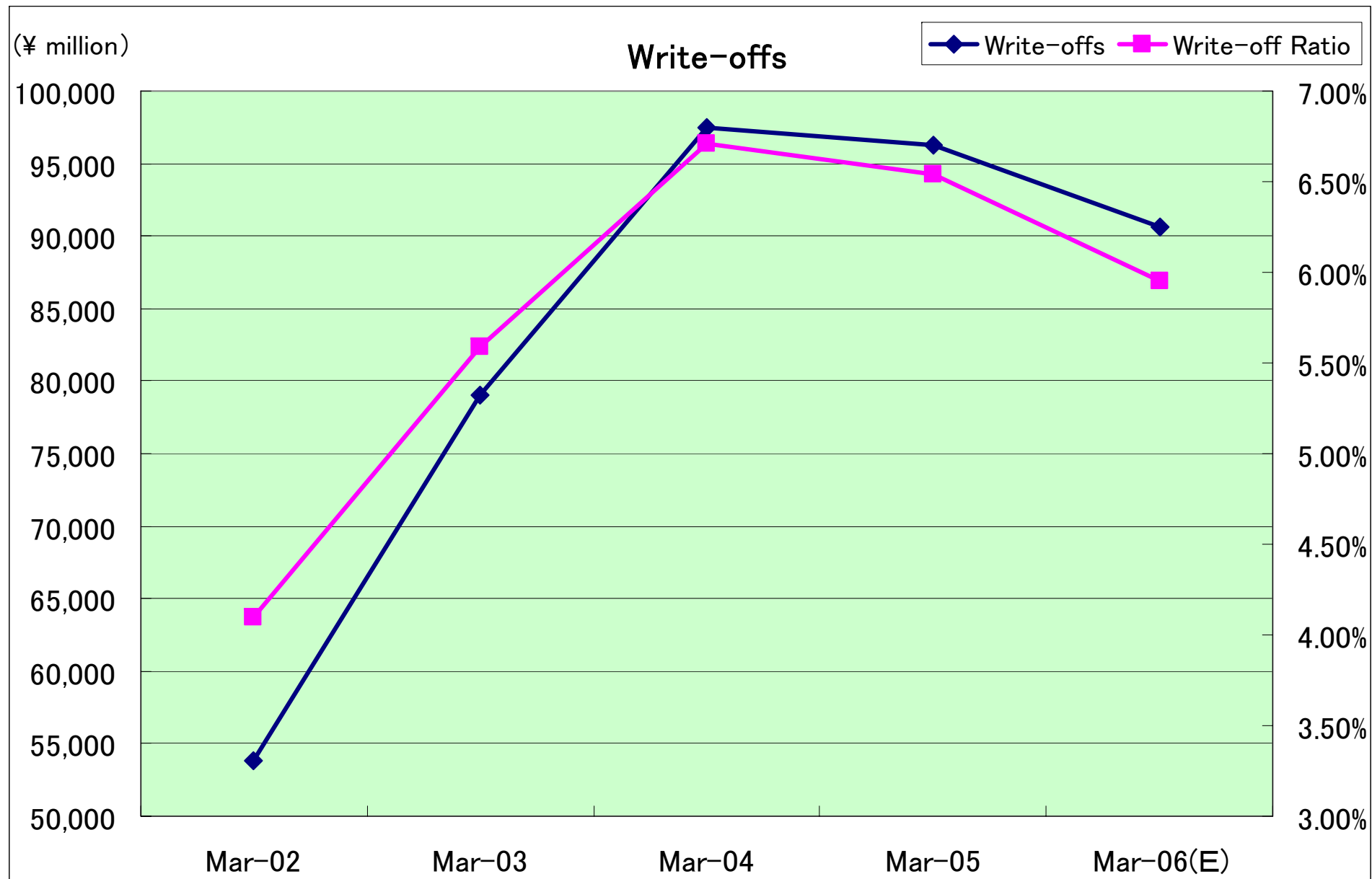
## Bad Debts - Trend of Personal Bankruptcy (Japan Supreme Court ) Negative YoY Growth for 16 Consecutive Months



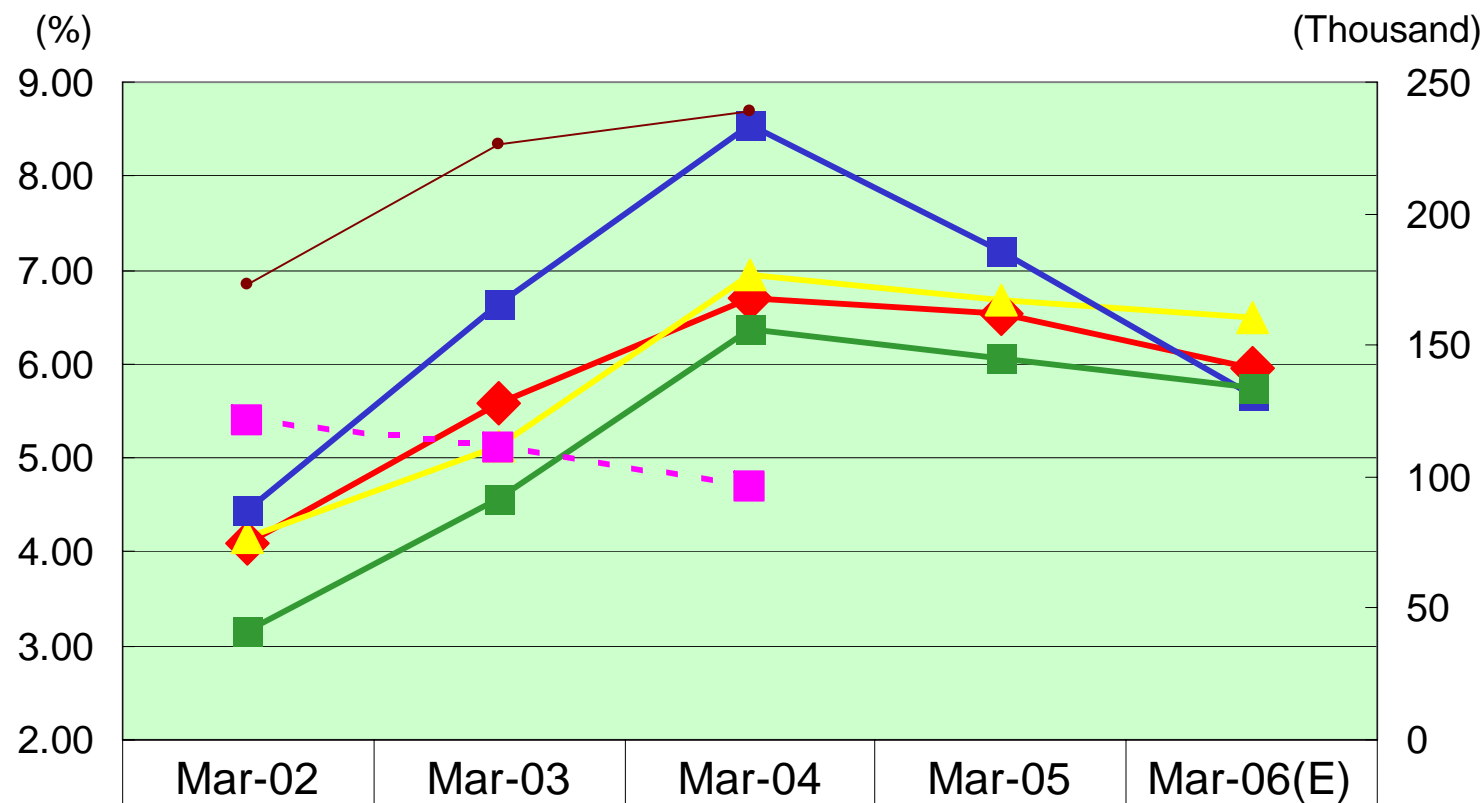
# Bad Debts - Default Ratio (AIFUL)



## Bad Debts - Write-offs & Write-off Ratio (ALL)

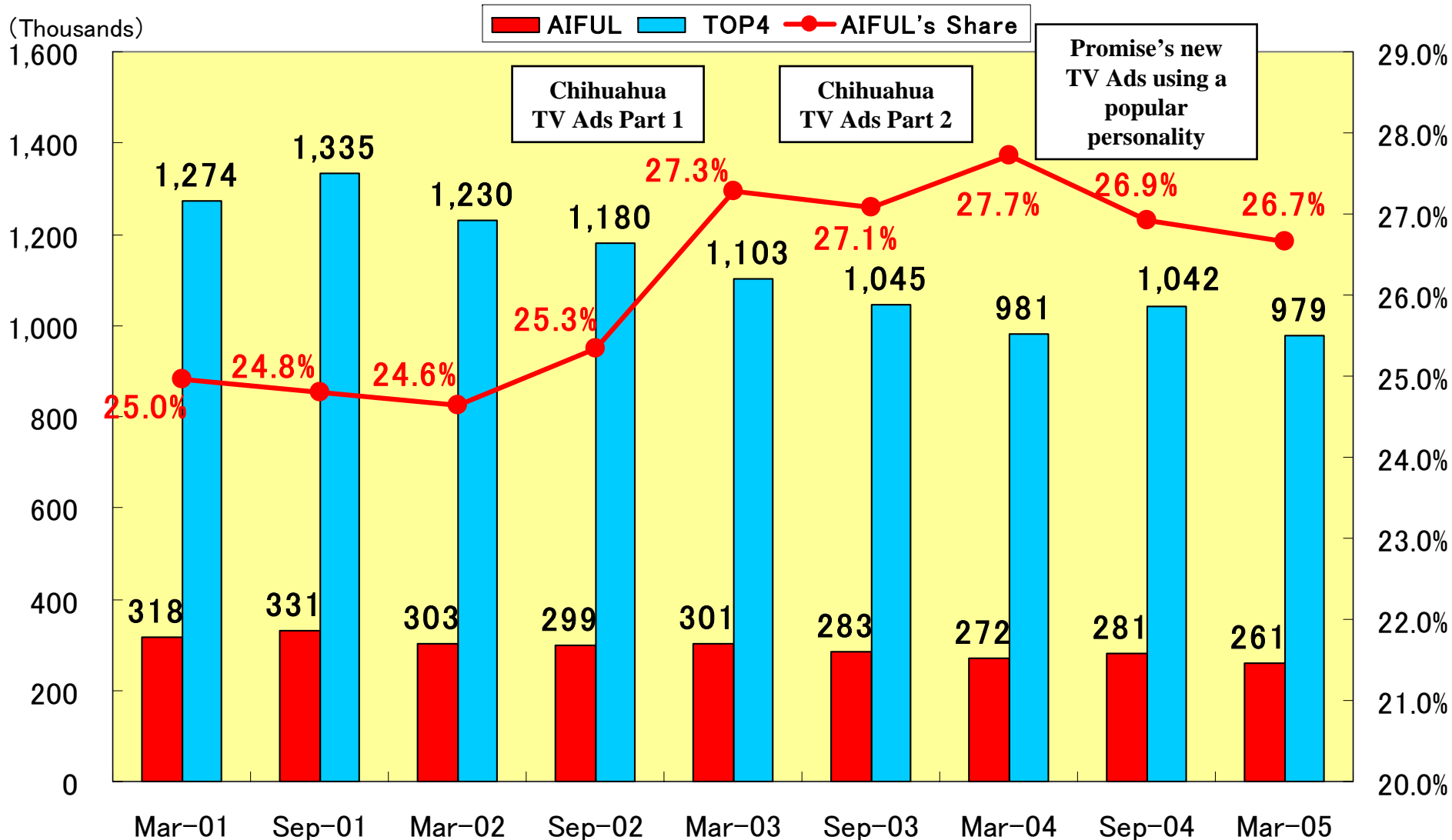


## Bad Debts - Bad Debt Write-off Ratio



◆ AIFUL	4.10	5.59	6.71	6.54	5.95
▲ PROMISE	4.16	5.12	6.95	6.68	6.49
■ TAKEFUJI	4.45	6.64	8.55	7.19	5.67
■ ACOM	3.15	4.56	6.38	6.05	5.75
-■- Unemployment rate	5.40	5.10	4.70	-	-
● Bankruptcy	173	226	239	-	-

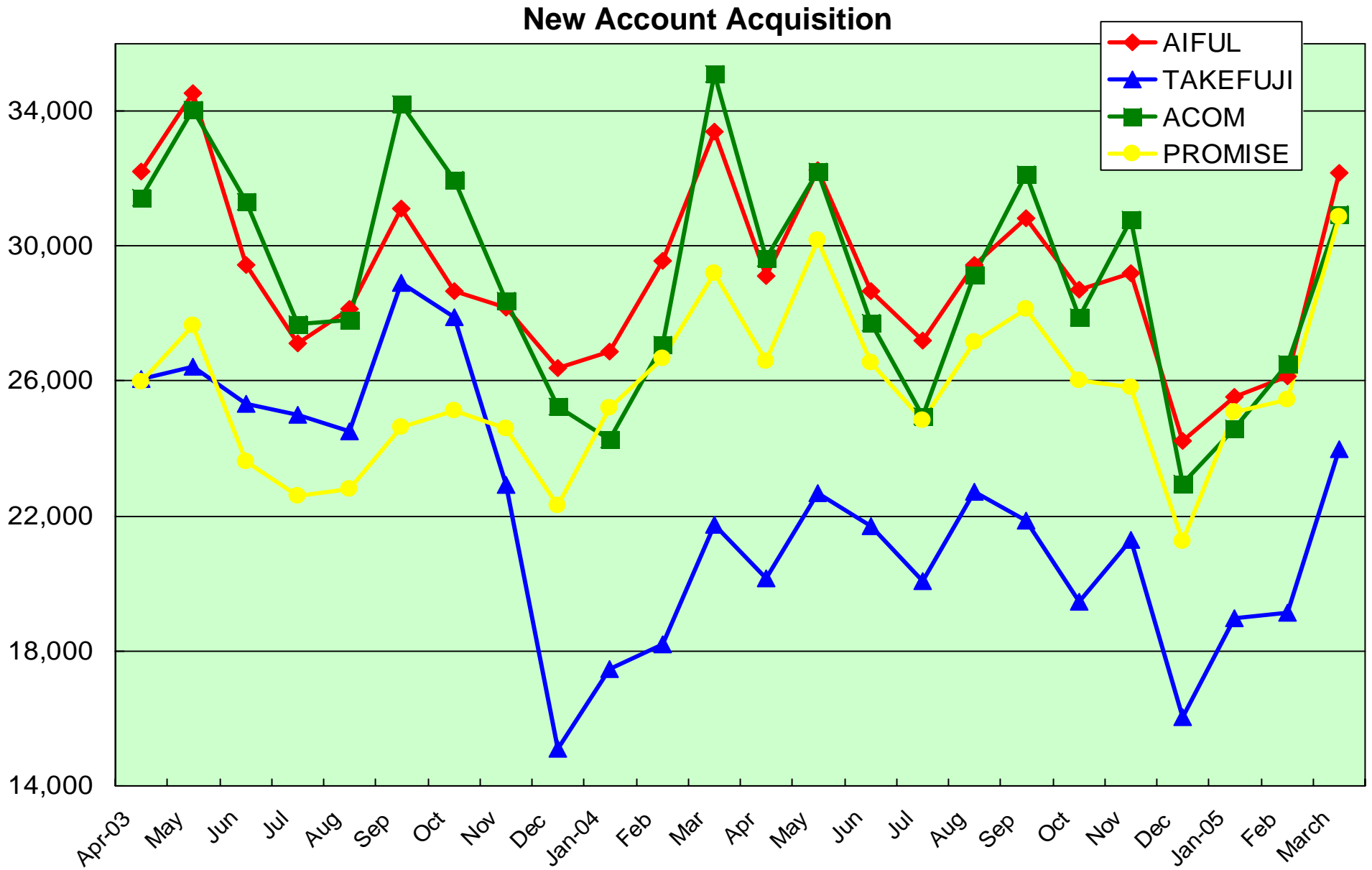
# New Accounts - New Applications for Unsecured Loans (Mar.2001-Mar.2005)



The ratio of a new customer without the debt from the other company	34.4%	35.2%	36.5%	36.3%
---------------------------------------------------------------------	-------	-------	-------	-------

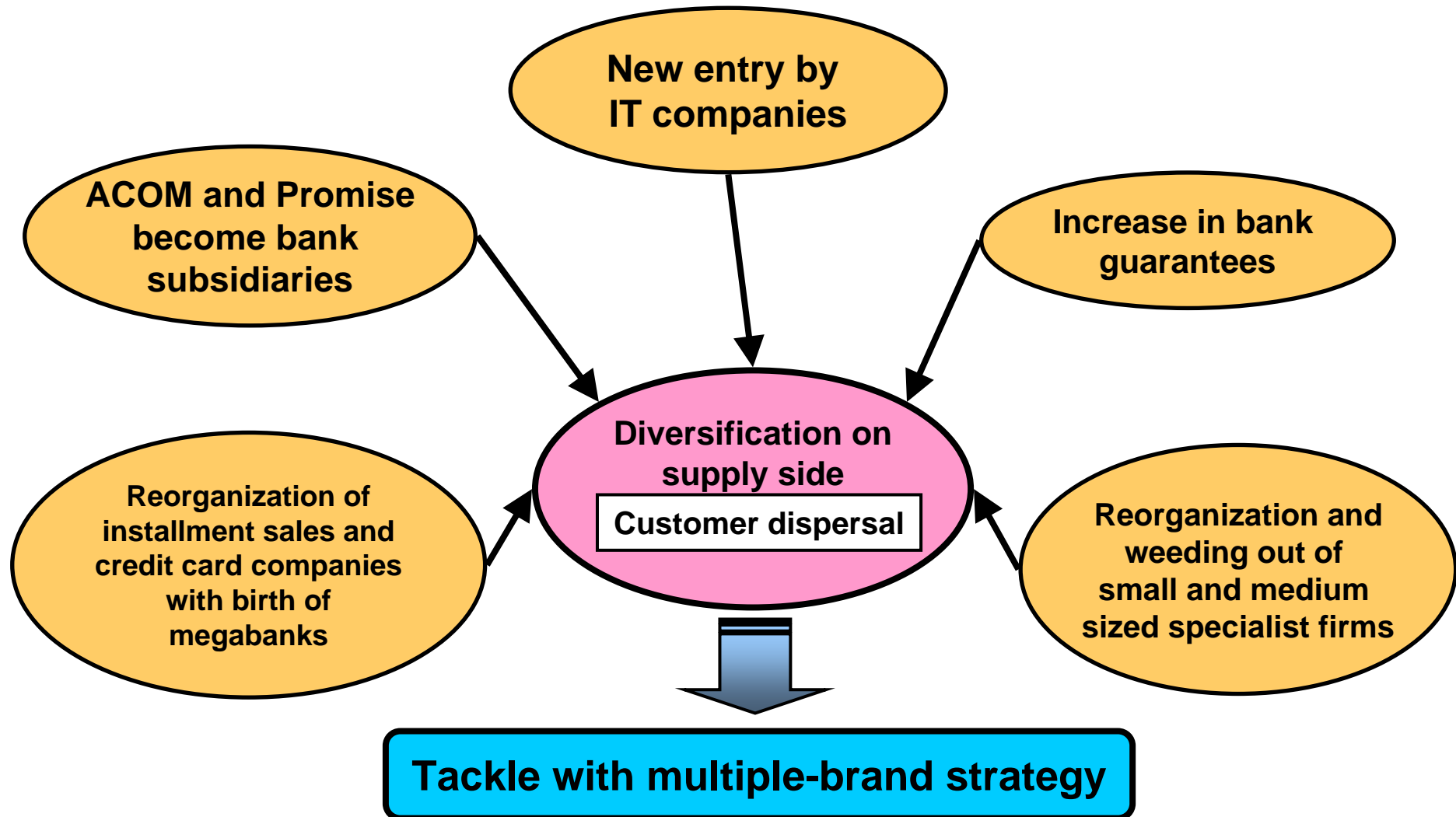
※"STARNET" has started in Mar-03

# New Accounts – New Account Acquisition for Unsecured Loans (Apr.2003 - Mar.2005)

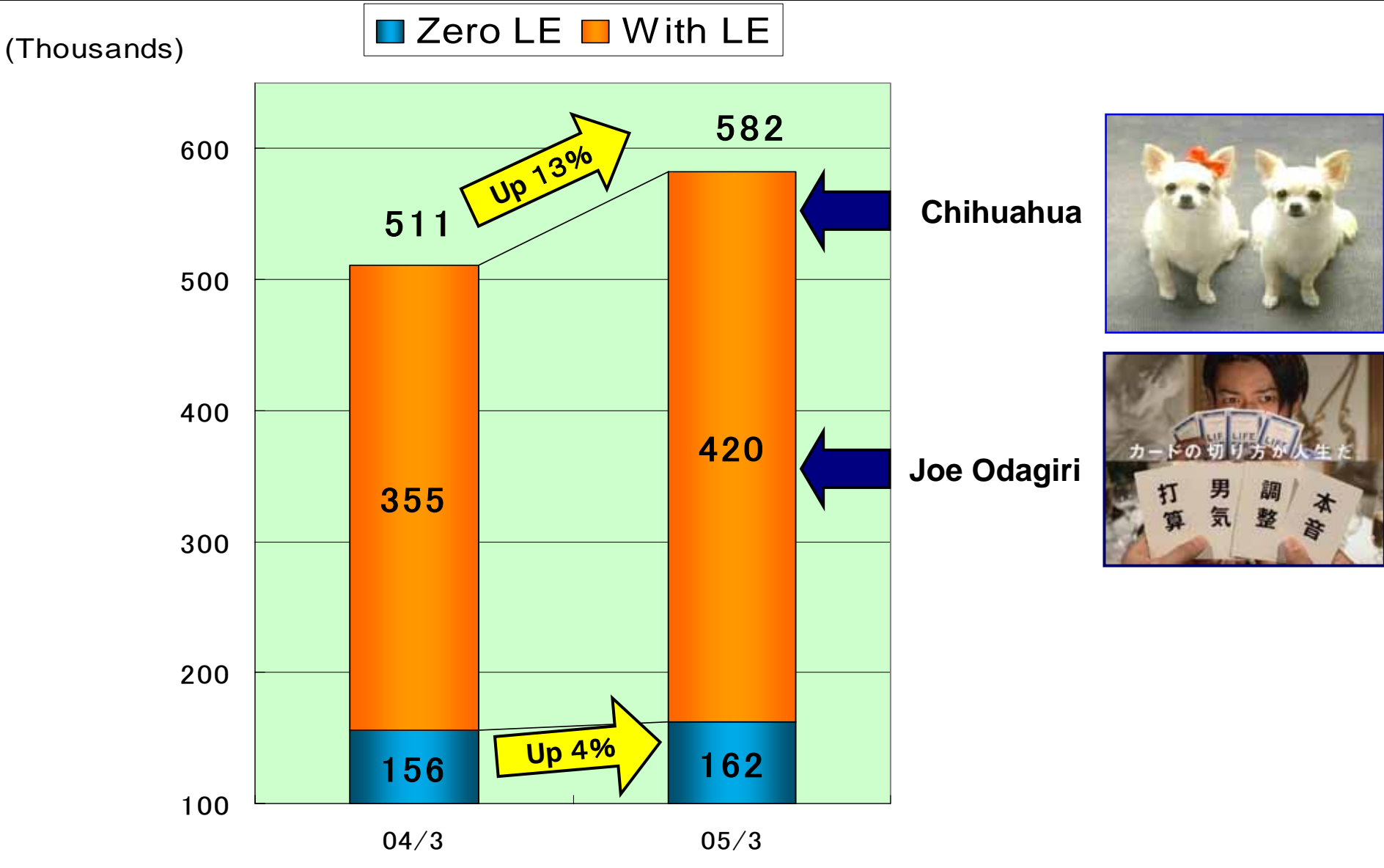




## New Accounts – “Diversification on Supply Side”



# New Accounts – “Acquisition of New Customers by Group” Multiple Brand Strategy



• Excludes new customer acquisition from Life’s credit card cash advance and guarantee businesses.

• LE = Customers with loans from other consumer finance companies as well as AIFUL. 26

## New Customers – New TV Commercials (AIFUL)

“Calligraphy” starring Misako Yasuda and “Haircut” starring Shogo Shimizu began nationwide broadcasts from October 10 and January 1 respectively



Misako Yasuda: Born 1982 and brought up in Kyoto. Selected as Miss Young Magazine 2002 (Kodansha). Appears in numerous productions including variety shows, dramas, and magazines.

Shogo Shimizu: Appears in numerous dramas including the TV series “Northern Family” (1973 NHK), “The Great White Tower” (CX), “Bright Half Moon in the Night” (CX), and “The Beauty or the Beast” (CX).

**Best 2 at the TV Commercial Film Awards 2004.**

View these commercials here: <http://www.aiful.co.jp/f/cm/PF60H010.html>

## New Customers – New TV Commercials (LIFE)

“Choice of Card Determines Life - The Clique” and “Choice of Card Determines Life - The Date,” starring Joe Odagiri, began airing nationwide on March 1 and April 7 respectively.

“The Clique”



“The Date”

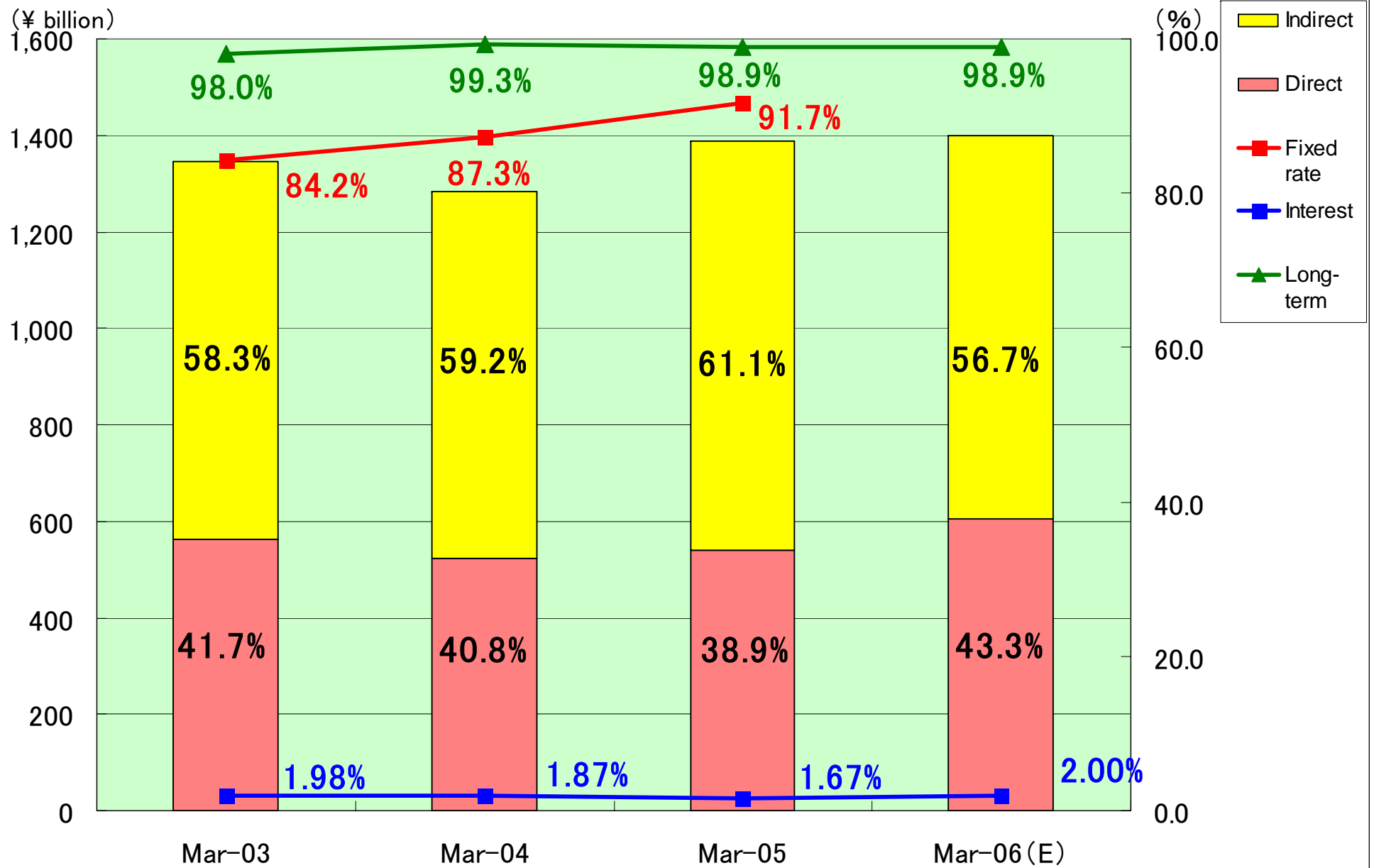


Joe Odagiri: Born in 1976 and brought up in Okayama Prefecture. First appeared in “Dream of Passion” in 1999. Won Japan Academy Best New Actor Award and Ecran d'Or Best New Actor Award for “Azumi” (2003, directed by Ryuhei Kitamura). Won Japan Academy Best Supporting Actor, Yujiro Ishihara Award for New Actors (Nikkan Sports Film Awards), Mainichi Film Awards Best Supporting Actor, Kinema-Junpo Best Supporting Actor Award, Tokyo Sports Film Best Supporting Actor Award, and Blue Ribbon Best Supporting Actor Award for “Blood and Bone” (2004, directed by Yoichi Sai). Appears in numerous films, plays, and dramas.

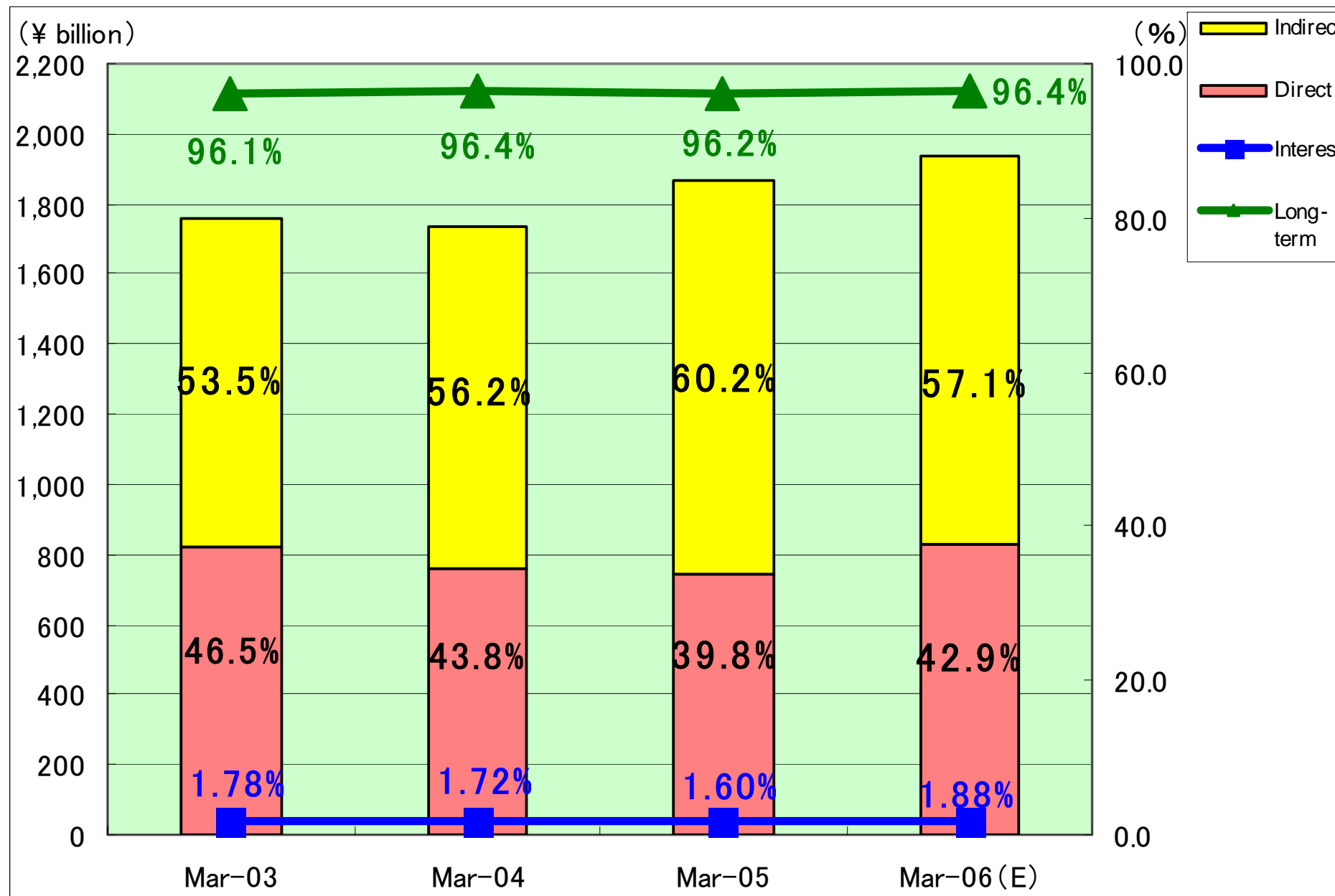
View these commercials here: <http://www.lifecard.co.jp/cm/cm1.htm>



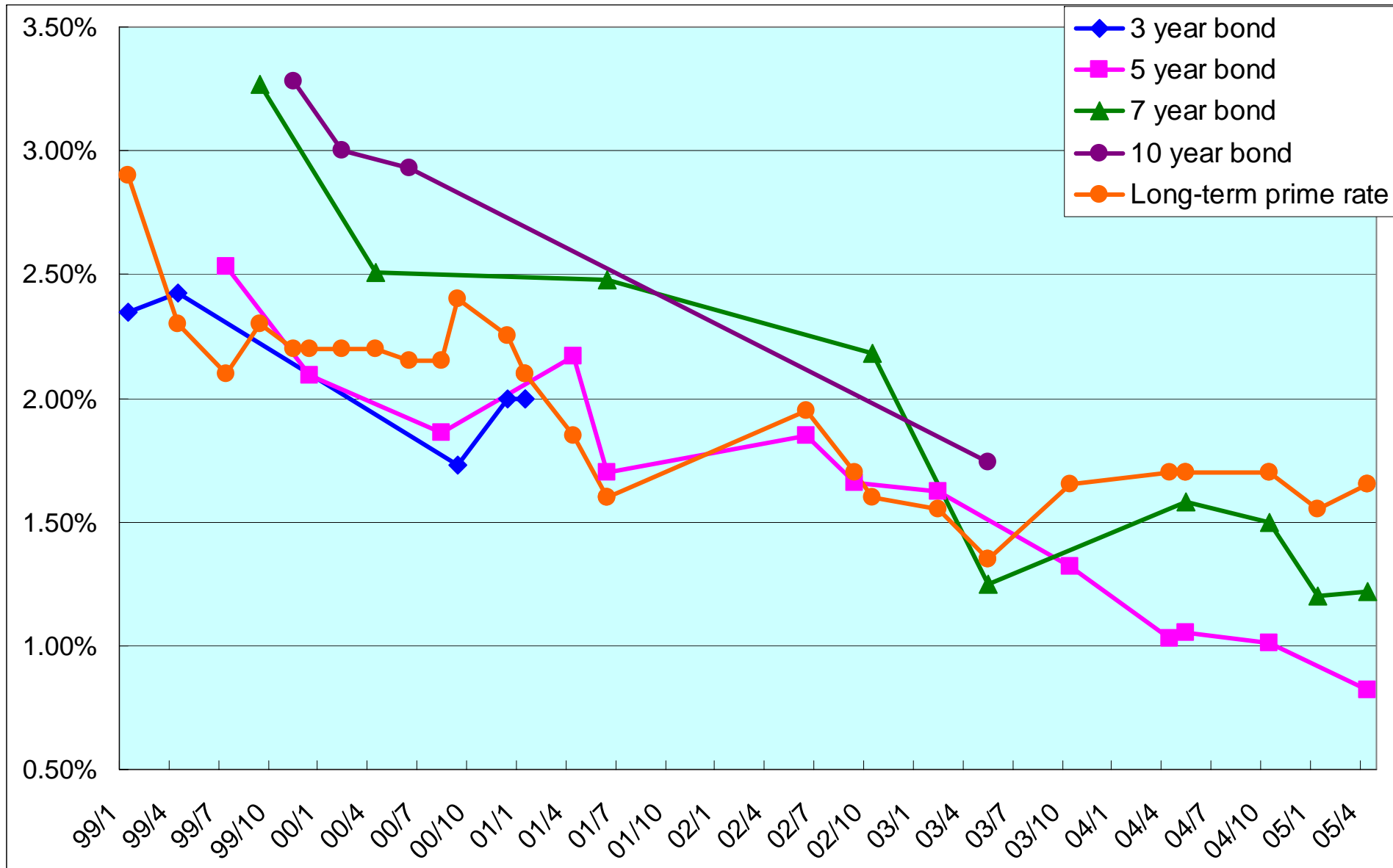
# Funding - AIFUL (Non-consolidated)



# Funding - AIFUL Group (Consolidated)



# Funding - Corporate Bond Interest Rate

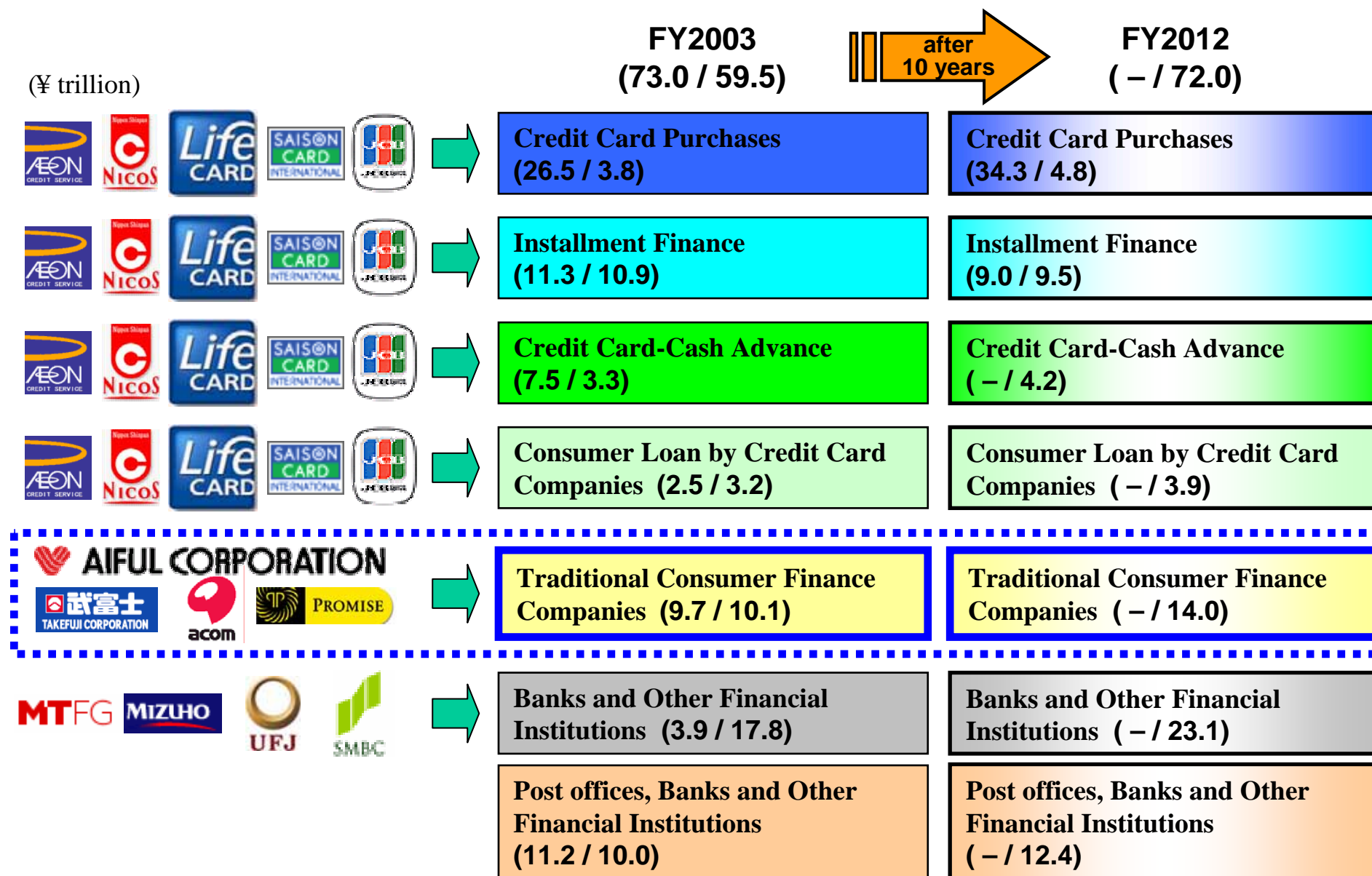


---

### **3. Business Strategy**



# Diversification Strategy - Overview of Japanese Consumer Credit Market



Source: Consumer Credit Market Statistics, Japan Consumer Credit Industry Association

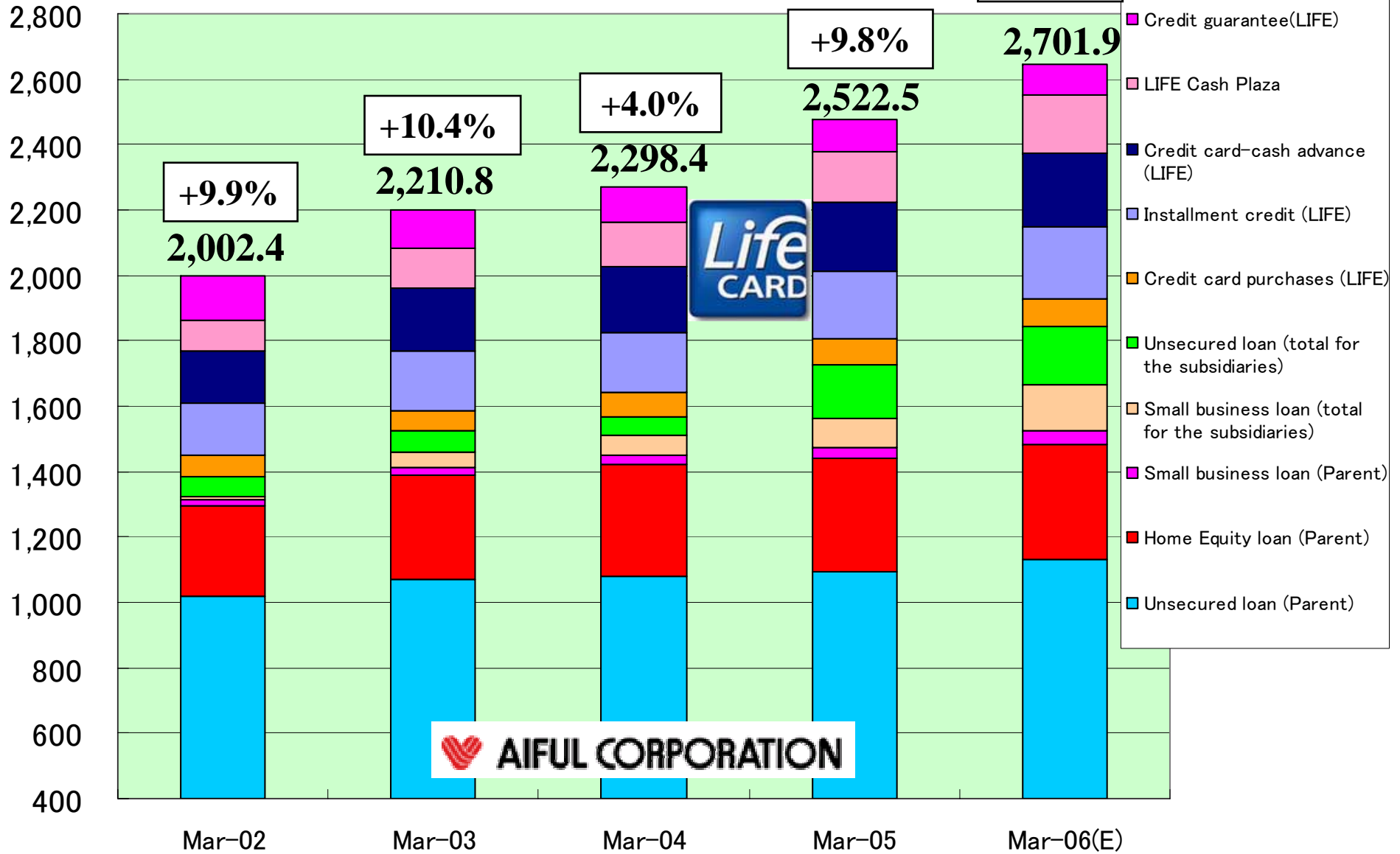
Note : (Transaction volume per annum / Credit outstanding)

# Diversification Strategy - Risk Diversification

(¥ billion)






















Break Down of Operating Assets \*

+7.1%



# Diversification Strategy - Future AIFUL Group

## Direction of Strategy in Development of Comprehensive Financial Group

M&A Strategy		Pure Investment	Strategic Investment		
		Active expansion taking profitability, stability, and growth into account			
		Sectors for Active Expansion (Large Growth Margin)			
	Risk	Consumers loans	Small Businesses loans	Credit Sales and Credit Cards	Home Equity Loans
Personal	Low		Banks		
	Middle				 
	High	   TCM	 		    TCM
Corporate	Low		Banks		
	Middle				 
	High				

---

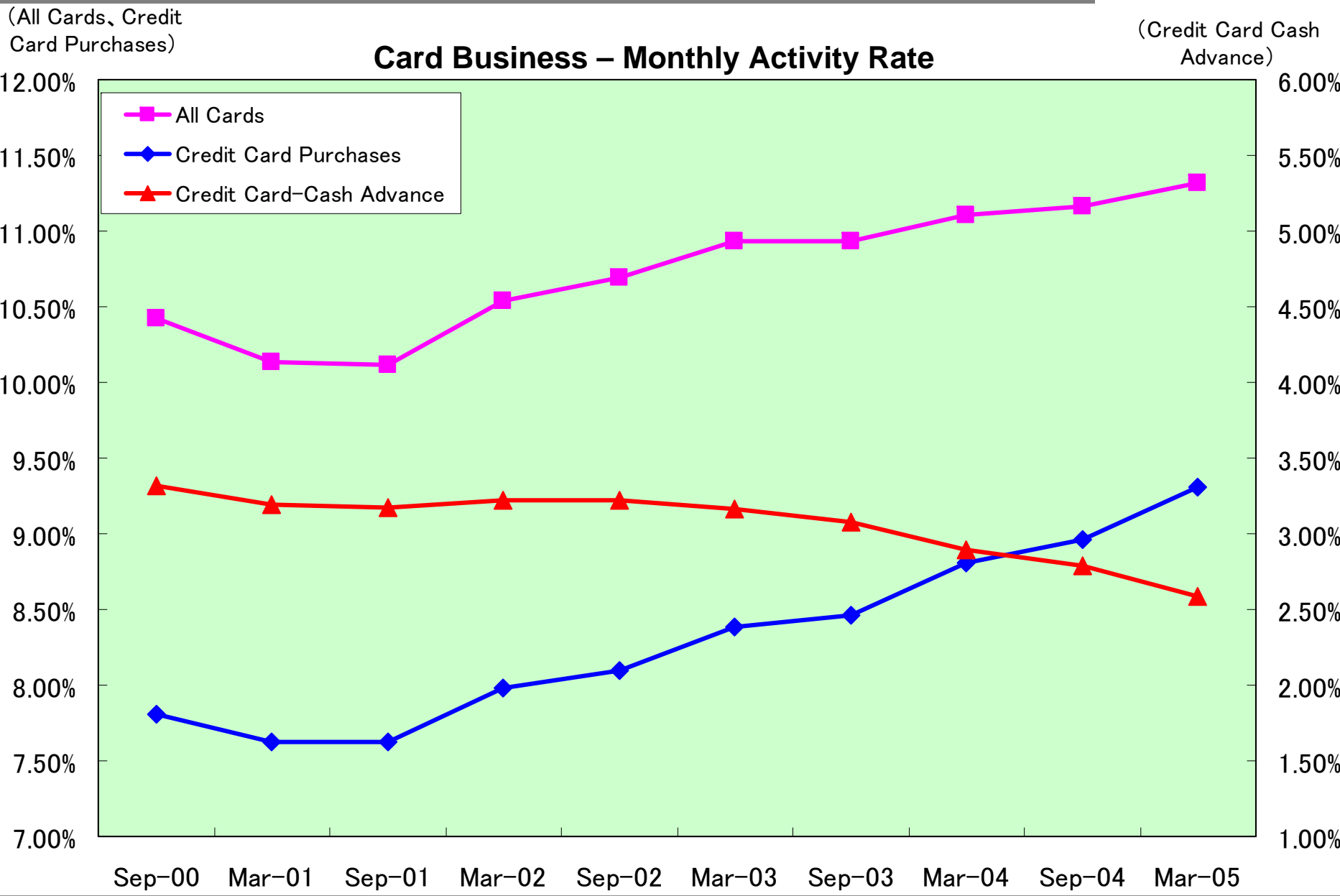
## **4. Financial Results of LIFE**

## LIFE (1)-1 - Operating Results

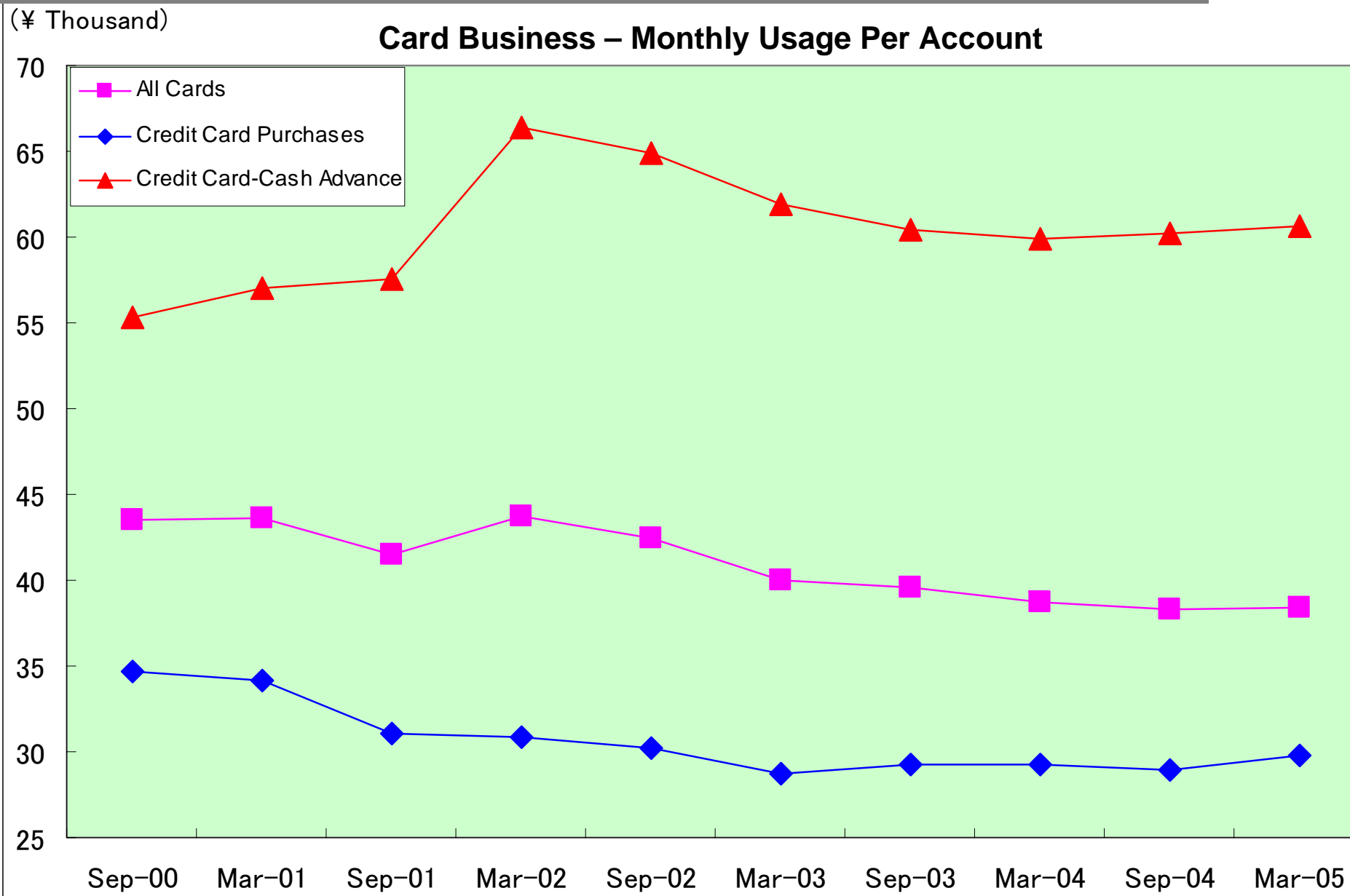
(¥ million)

	Mar-04	Mar-05		Mar-06	
			YoY	(E)	YoY
<b>Number of card holders (Thousand)</b>	11,032	11,916	+8%	12,844	+8%
<b>Proper</b>	1,625	1,710	+5%	1,817	+6%
<b>Affinity</b>	9,406	10,205	+8%	11,027	+8%
<b>Number of new issue (Thousand)</b>	2,142	2,086	-3%	2,184	+5%
<b>Proper</b>	192	207	+8%	235	+14%
<b>Affinity</b>	1,950	1,878	-4%	1,949	+4%
<b>Credit card purchase results</b>	543,507	597,314	+10%	661,739	+11%
<b>Credit card purchases</b>	318,115	373,130	+17%	419,629	+12%
<b>Credit card-cash advance</b>	225,392	224,184	-1%	242,109	+8%
<b>Installment finance purchase results</b>	118,131	135,646	+15%	139,945	+3%
<b>Merchant members</b>	90,556	95,281	+5%	100,253	+5%

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



# LIFE (1)-3 - Card Business – Monthly Usage Per Account



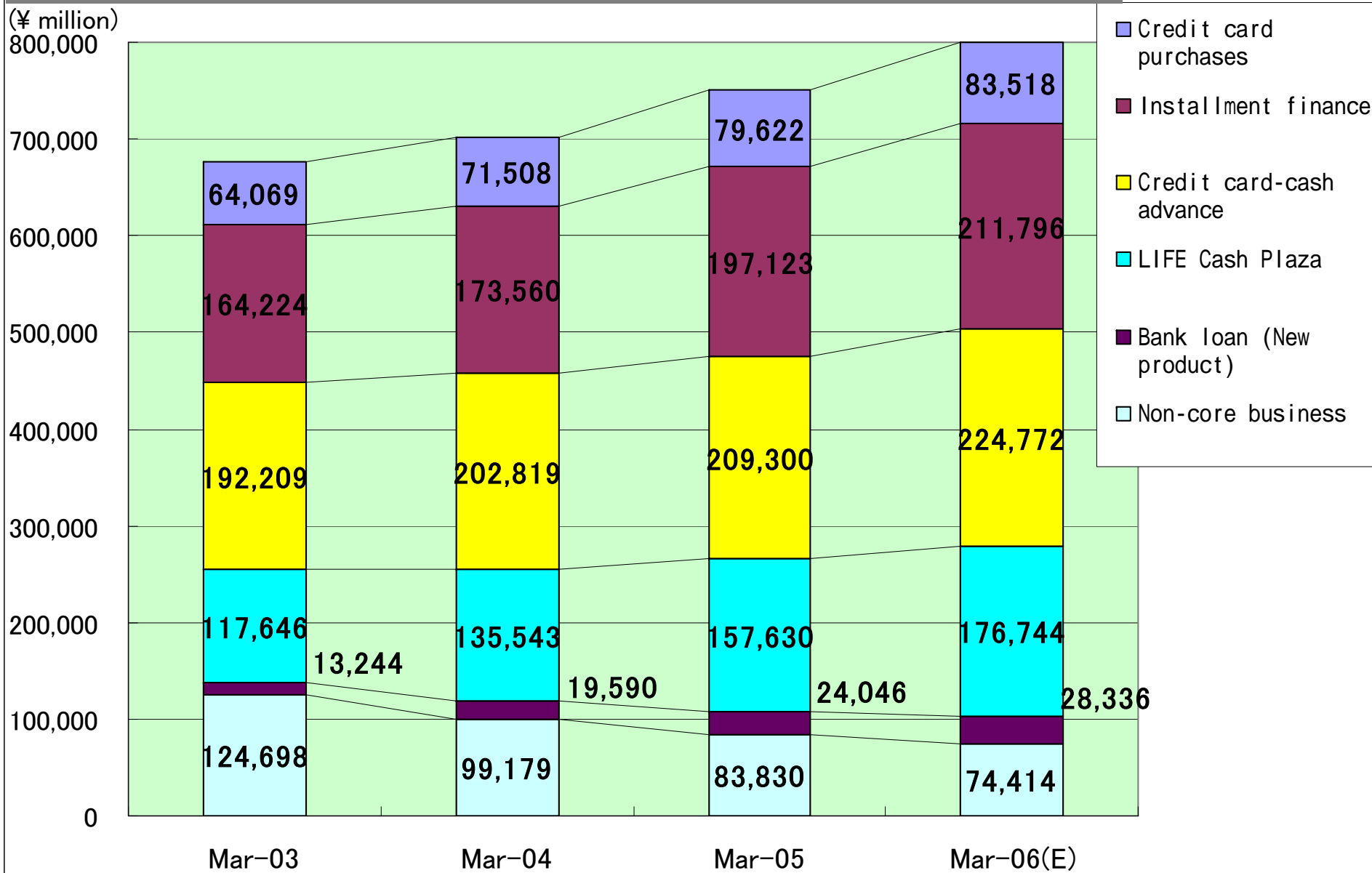
## LIFE (2) - Operating Results

(¥ million)

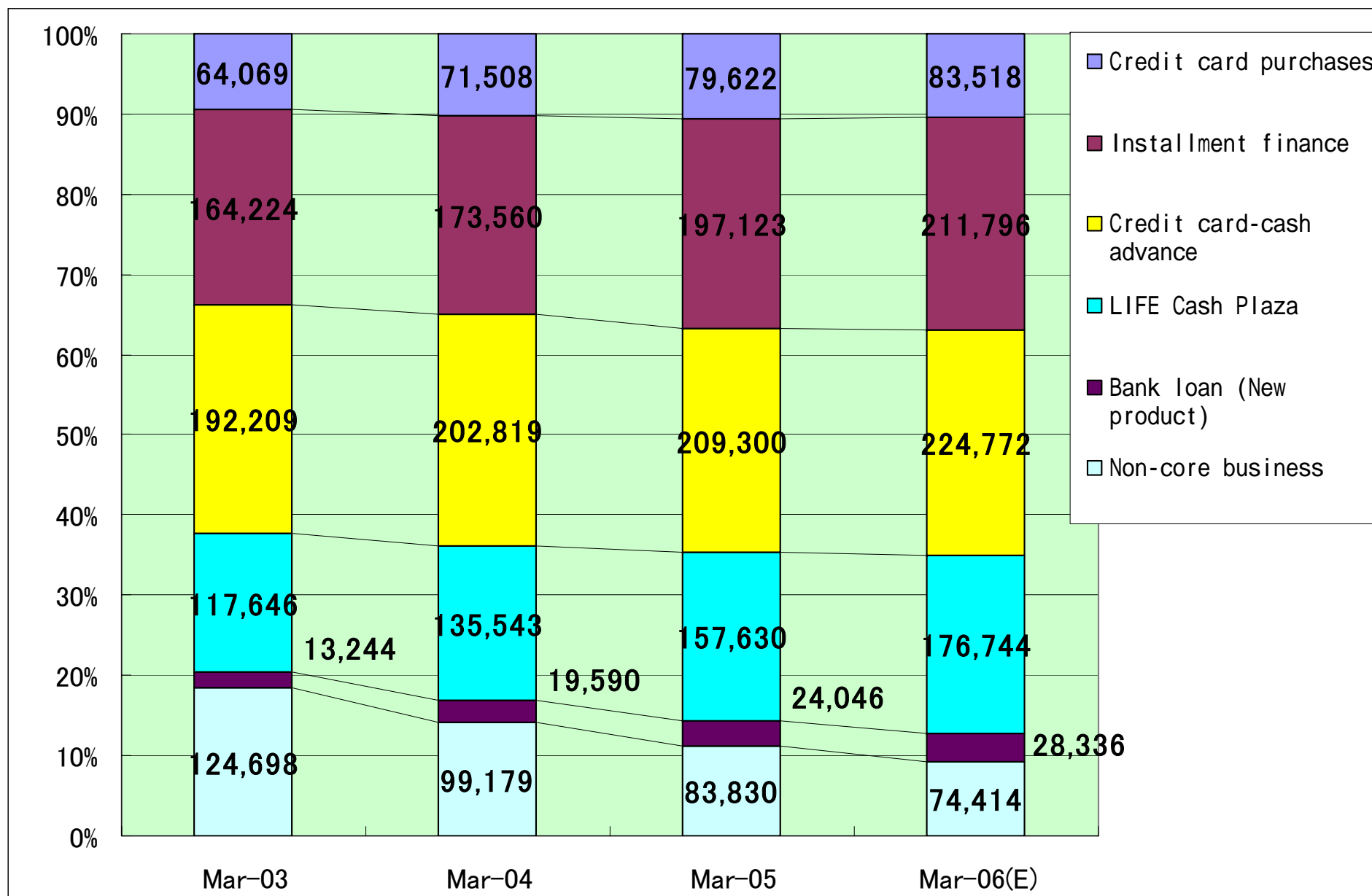
	Mar-04	Mar-05		Mar-06		
			YoY	(E)	YoY	
<b>Total</b>	702,202	751,553	+7%	799,581	+6%	
<b>Expanding businesses</b>	603,022	667,723	+11%	725,167	+9%	
Credit card purchases	71,508	79,622	+11%	83,518	+5%	
Installment finance	173,560	197,123	+14%	211,796	+7%	
Credit card-cash advance	202,819	209,300	+3%	224,772	+7%	
LIFE Cash Plaza	135,543	157,630	+16%	176,744	+12%	
Bank loan (New product)	19,590	24,046	+23%	28,336	+18%	
<b>Non-core businesses</b>	99,179	83,830	-15%	74,414	-11%	
Partner loan	2,504	1,194	-52%	655	-45%	
Home loan	35,866	31,726	-12%	28,074	-12%	
Bank loan (Old product)	48,329	41,258	-15%	36,399	-12%	
Other	12,479	9,650	-23%	9,284	-4%	
<b>Composition</b>	Expanding businesses	86%	89%	—	91%	—
	Non-core businesses	14%	11%	—	9%	—



# LIFE (3)-1 - Operating Assets



## LIFE (3)-2 - Outstanding Balance



**LIFE (4) - Comparison with Other Industry Majors**

(¥ million)

	LIFE			NICOS	Orico	JACCS
	Mar-04	Mar-05	Mar-06 (E)	Mar-04	Mar-04	Mar-04
Number of Card-holders (Thousands)	11,032	11,916	12,844	12,348	10,231	6,770
Receivables Outstanding *1	702,202	751,553	799,581	3,693,317	4,135,358	2,646,996
Installment Receivable	256,773	285,867	304,137	519,378	1,283,058	606,470
Loans (Cash Advance)	339,137	367,459	401,978	983,319	911,631	364,377
Guarantee	106,290	98,226	93,465	2,190,619	1,940,669	1,642,288
Operating Revenue	113,738	123,881	135,458	263,406	296,053	145,065
Operating Revenue Ratio *2	16.4%	16.9%	17.4%	7.1%	7.2%	5.5%
Ordinary Income	12,081	16,524	21,000	12,051	30,906	11,312

\*1: Includes liquidation of receivables (securitized assets)

\*2: Operating Revenue / Receivables Outstanding



## LIFE (5) - Profit and loss

(¥ million)

	Mar-04		Mar-05		Mar-06	
		YoY		YoY	(E)	YoY
<b>Operating Revenue</b>	113,738	+9%	123,881	+9%	135,458	+9%
Credit card purchases	8,402	+6%	9,313	+11%	10,281	+10%
Installment finance	15,901	+3%	17,501	+10%	19,327	+10%
Credit card-cash advance	46,979	+11%	48,558	+3%	51,431	+6%
LIFE Cash Plaza	31,786	+17%	36,313	+14%	41,972	+16%
Guarantee	3,842	+6%	4,044	+5%	4,403	+9%
Bad Debt Recovery	2,670	+16%	3,175	+19%	3,405	+7%
Other	4,155	-18%	4,972	+20%	4,633	-7%
<b>Operating Expenses</b>	101,943	+6%	107,401	+5%	114,466	+7%
Financial Expenses	8,588	+21%	8,806	+3%	9,952	+13%
Credit Costs	37,902	+6%	39,775	+5%	38,557	-3%
Advertising Expenses	5,054	+6%	5,464	+8%	5,934	+9%
Salaries	15,153	-1%	15,257	+1%	16,729	+10%
Other	35,243	+7%	38,096	+8%	43,292	+14%
<b>Operating Income</b>	11,795	+50%	16,480	+40%	20,992	+27%
<b>Ordinary Income</b>	12,081	+50%	16,524	+37%	21,000	+27%

**LIFE (6) - Bad debt**

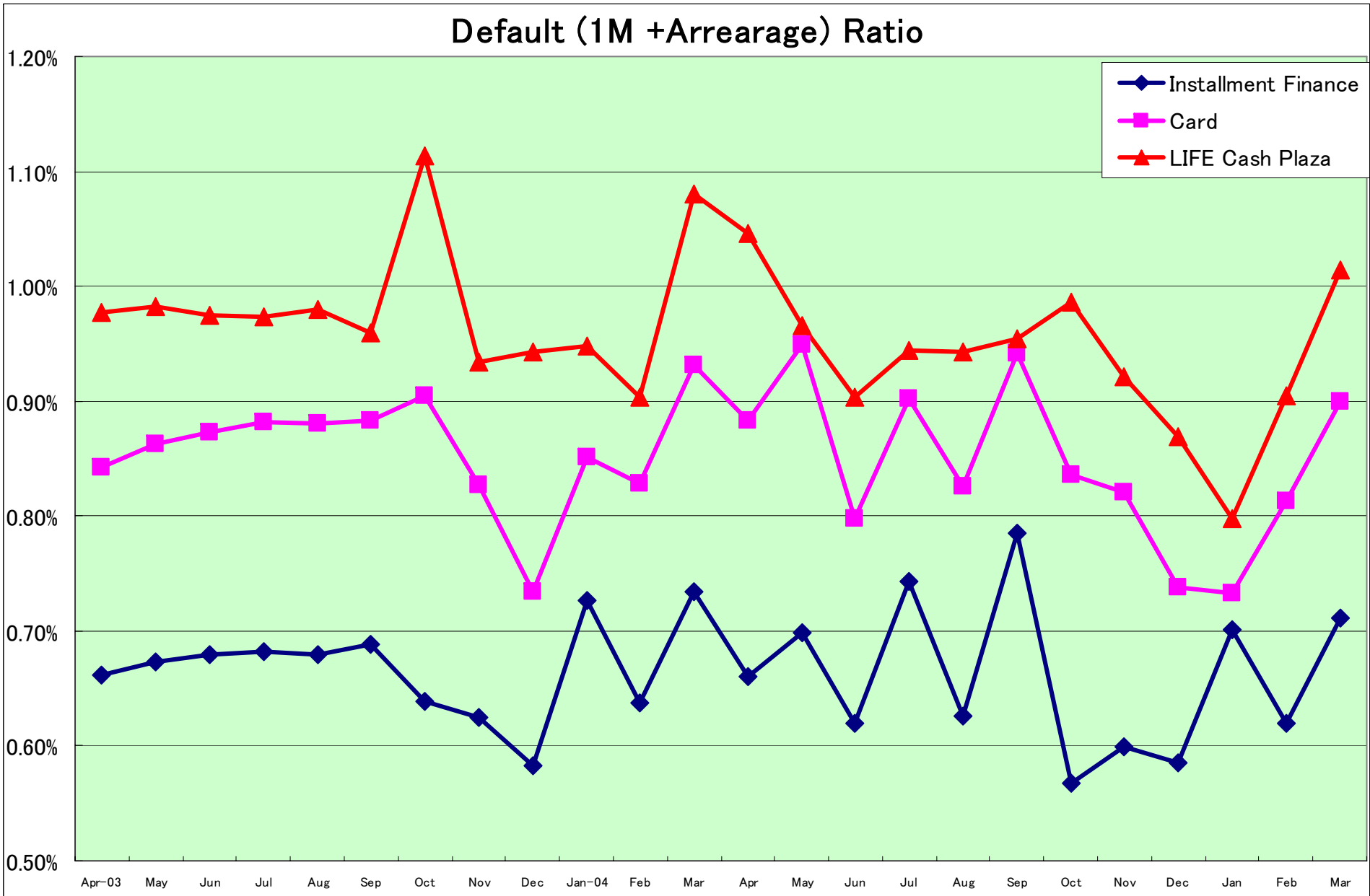
(¥ million)

	Mar-04	Mar-05	Mar-06		
			YoY	(E)	YoY
<b>Credit cost</b>	<b>37,902</b>	<b>39,775</b>	<b>+5%</b>	<b>38,558</b>	<b>-3%</b>
<b>Bad debt Write offs</b>	<b>35,566</b>	<b>36,658</b>	<b>+3%</b>	<b>38,620</b>	<b>+5%</b>
<b>Main Business *1</b>	<b>34,215</b>	<b>33,664</b>	<b>-2%</b>	<b>36,119</b>	<b>+7%</b>
<b>Other Business</b>	<b>1,351</b>	<b>2,995</b>	<b>+122%</b>	<b>2,502</b>	<b>-16%</b>
<b>Home Loan</b>	<b>522</b>	<b>1,266</b>	<b>+143%</b>	<b>846</b>	<b>-33%</b>
<b>Loss from fraudulent use of credit card</b>	<b>772</b>	<b>1,159</b>	<b>+50%</b>	<b>1,086</b>	<b>-6%</b>
<b>Loss from member merchant fraudulence</b>	<b>32</b>	<b>526</b>	<b>+1,559%</b>	<b>540</b>	<b>+3%</b>
<b>Other</b>	<b>26</b>	<b>42</b>	<b>+65%</b>	<b>28</b>	<b>-33%</b>
<b>New Provisions for bad debt</b>	<b>35,133</b>	<b>38,249</b>	<b>+9%</b>	<b>38,296</b>	<b>+0%</b>
<b>Bad debt provisions used</b>	<b>-32,796</b>	<b>-35,133</b>	<b>+7%</b>	<b>-38,359</b>	<b>+9%</b>
<b>Write off ratio</b>	<b>5.06%</b>	<b>4.88%</b>	<b>-0.19%</b>	<b>4.83%</b>	<b>-0.05%</b>
<b>Ratio of allowance for bad debt</b>	<b>5.00%</b>	<b>5.09%</b>	<b>+0.09%</b>	<b>4.79%</b>	<b>-0.30%</b>

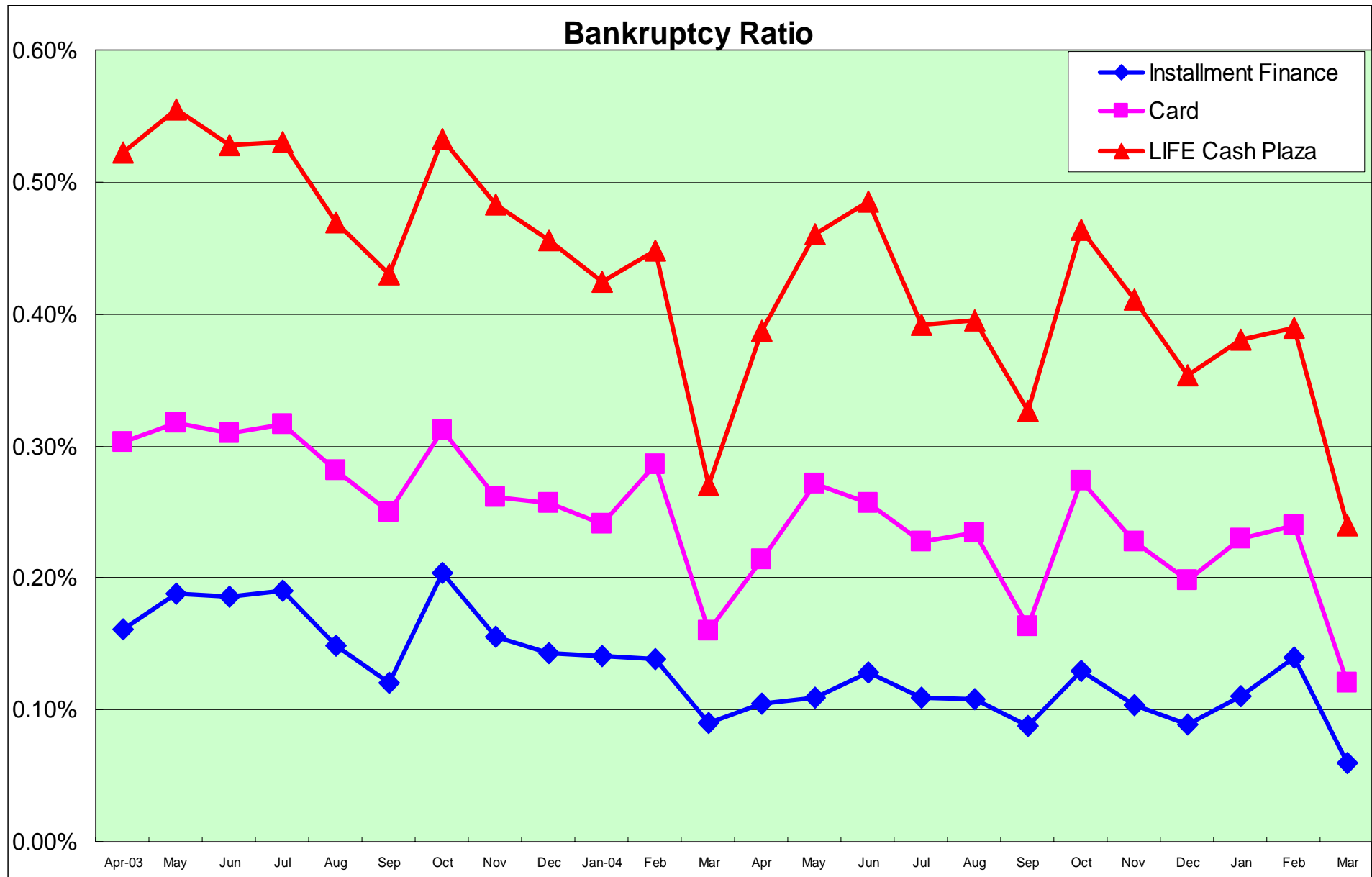
\*1: Credit card Business, Installment finance, LIFE Cash Plaza, Guarantee



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



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



---

## **5. Explanation of Figures**



## Breakdown of Consolidated Operating Revenue (Reasons for Increase)

(¥ million)

Items	3/05	yoy	yoy	3/06(E)	yoy	Description or reasons for increase/decrease
Operating Revenue	518,416	+44,939	+9.5%	555,049	+7.1%	Growth due to effects of product diversification and M&A
Interest Income	466,429	+36,917	+8.6%	498,526	+6.9%	
AIFUL	330,528	+3,550	+1.1%	339,398	+2.7%	Unsecured 2.4% (up 6.5 billion yen), secured 1.0% (up 500 million yen), small business loans 22.9% (up 1.7 billion yen) in FY3/06
LIFE	83,613	+6,728	+8.8%	92,396	+10.5%	Credit card cash advances 6.9% (up 3.3 billion yen), Cash Plaza 17% (up 6 billion yen) in FY3/06
WIDE	23,196	—	—	25,445	+9.7%	Became full subsidiary in June 2004, and made major contribution to consolidated operating income in FY3/05
TRYTO	14,255	-1,131	-7.4%	15,910	+11.6%	Merger of Happy Credit, Shinwa, and Sanyo Shinpan in April 2004
TCM	—	—	—	2,391	—	Became full subsidiary in Feb 2005, and will be covered by scope of consolidated P/L from FY3/06
City's	9,413	+2,106	+28.8%	14,502	+54.1%	53% growth in balance of loans outstanding in FY3/06 (year end balance: 45.6 billion yen → 70 billion yen); targets high-risk market
BUSINEXT	5,426	+2,424	+80.8%	8,480	+56.3%	46% growth in balance of loans outstanding in FY3/06 (Year end balance: 47.6 billion yen → 69.5 billion yen); targets medium-risk market
Credit Card Purchases	9,090	+950	+11.7%	9,808	+7.9%	11.6% growth in LIFE Card shopping volume in FY3/06
Installment Finance	17,200	+1,692	+10.9%	19,025	+10.6%	3.2% growth (last year 14.8%) in installment credit volume in FY3/06
Loan Guarantee	7,087	+1,525	+27.4%	8,648	+22.0%	Up 39.5% (1.2 billion yen) due to growth in balance of receivables at AIFUL and up 8.9% (300 million yen) due to improvement of returns at LIFE in FY3/06
Other Operating Revenue	18,462	+3,804	+26.0%	18,952	+2.7%	
Bad Debt Recovery	7,719	+941	+13.9%	8,734	+13.1%	Up 600 million yen at AIFUL and 200 million yen at LIFE in FY3/06
Sales Proceeds from Investment Securities	664	—	—	753	+13.4%	Acquisition of Kokusai Capital (now New Frontier Partners Co., Ltd.) in March 2004
Other	10,077	+2,247	+28.7%	9,464	-6.1%	
Revenue from Debt Collection	1,750	+1,099	+168.8%	3,379	+93.1%	AsTry Loan Services Corporation, a joint venture with Aozora Bank

## Breakdown of Consolidated Operating Expense

(¥ million)

Items	3/05	YoY	3/06 (E)	YoY	Description or reasons for increase/decrease
Operating Expenses	383,700	+6.3%	400,244	+4.3%	
Financial Expenses	39,682	+4.0%	42,971	+8.3%	Increase due to addition of WIDE and NFP in FY3/05; conservative planning for fund procurement interest rate in FY3/05
Cost of Sale for Investments in Marketable Securities	357	—	747	+109.2%	Tied with sale of invested marketable securities
Credit Cost	155,466	-1.2%	140,916	-9.4%	Increase due to addition of WIDE in FY04, down 7.7% excluding WIDE
Advertising Expenses	23,669	+18.6%	28,250	+19.4%	Strengthening of TV and Internet advertising
Personnel Expenses	54,712	+11.9%	60,413	+10.4%	Up 2.6 billion yen due to addition of WIDE and NFP and up 1.7 billion yen due opening of City's outlets in FY3/05; up 2 billion yen due to opening of City's outlets and increase with personnel growth at all companies in FY3/06
Amortization of Goodwill and Consolidation Differences	1,940	-5.9%	1,734	-10.6%	See data on separate page
Other	107,871	+14.3%	125,210	+16.1%	

Ordinary Income (Unit: ¥ Million)	3/05	YoY	3/06 (E)	YoY	Description or reasons for increase/decrease
Non-operating Revenue	1,493	+43.6%	501	-66.4%	Dividends received, insurance dividends, etc.
Non-operating Expenses	914	-21.2%	306	-66.5%	Miscellaneous losses
Ordinary Income	135,294	+20.3%	155,000	+14.6%	

Explanation of Figures (Consolidated) - Consolidated Operating Expenses (2)  
(Consolidation Difference = Schedule for Amortization of Goodwill)

(Time of acquisition) (¥ million) Figure = Consolidation difference at time of acquisition)	<u>Change in each year</u> Balance of consolidation difference at end of each year	3/04	3/05	3/06 (E)	3/07 (E)	3/08 (E)
TRYTO (formerly Shinwa) (June 2000) 4,347	<u>Ordinary amortization (P/L)</u>	434	434	434	434	434
	Year-end balance (B/S)	2,608	2,173	1,739	1,304	869
LIFE (March 2001) 32,861	<u>Ordinary amortization (P/L)</u>	1,371	824	824	824	824
	<u>One-off amortization (P/L)</u>	5,614	3,830	0	0	0
	<u>Total (P/L)</u>	6,985	4,654	824	824	824
	Year-end balance (B/S)	9,599	4,945	4,120	3,296	2,472
City's (Oct 2002) 2,493	<u>Ordinary amortization (P/L)</u>	249	249	249	249	249
	Year-end balance (B/S)	2,119	1,870	1,620	1,371	1,122
NFP (March 2004) -2,176	<u>Ordinary amortization (P/L)</u>	—	-217	-217	-217	-217
	Year-end balance (B/S)	—	-1,959	-1,741	-1,523	-1,306
Wide (June 2004) 4,378	<u>Ordinary amortization (P/L)</u>	—	437	437	437	437
	Year-end balance (B/S)	—	3,940	3,502	3,065	2,627
TCM (Feb 2005) 205	<u>Ordinary amortization (P/L)</u>	—	205	—	—	—
	Year-end balance (B/S)	—	0	—	—	—
Total	<u>Total amortization (P/L)</u>	<u>7,675</u>	<u>5,770</u>	<u>1,734</u>	<u>1,734</u>	<u>1,734</u>
	<u>Total year-end balance (B/S)</u>	<u>14,370</u>	<u>11,007</u>	<u>9,272</u>	<u>7,538</u>	<u>5,803</u>

“Ordinary amortization” = Straight-line amortization over ten years (fixed amount), recorded as “Operating Expenses” in consolidated P/L.

“One-off amortization” = Extraordinary amortization due to effect of LIFE’s deferred tax assets (tax effect accounting), recorded as “Extraordinary Loss” in consolidated P/L.

## Explanation of Figures (Consolidated) - Extraordinary Profit and Loss & Reasons for Changes in Net Income and Earnings per Share (EPS)

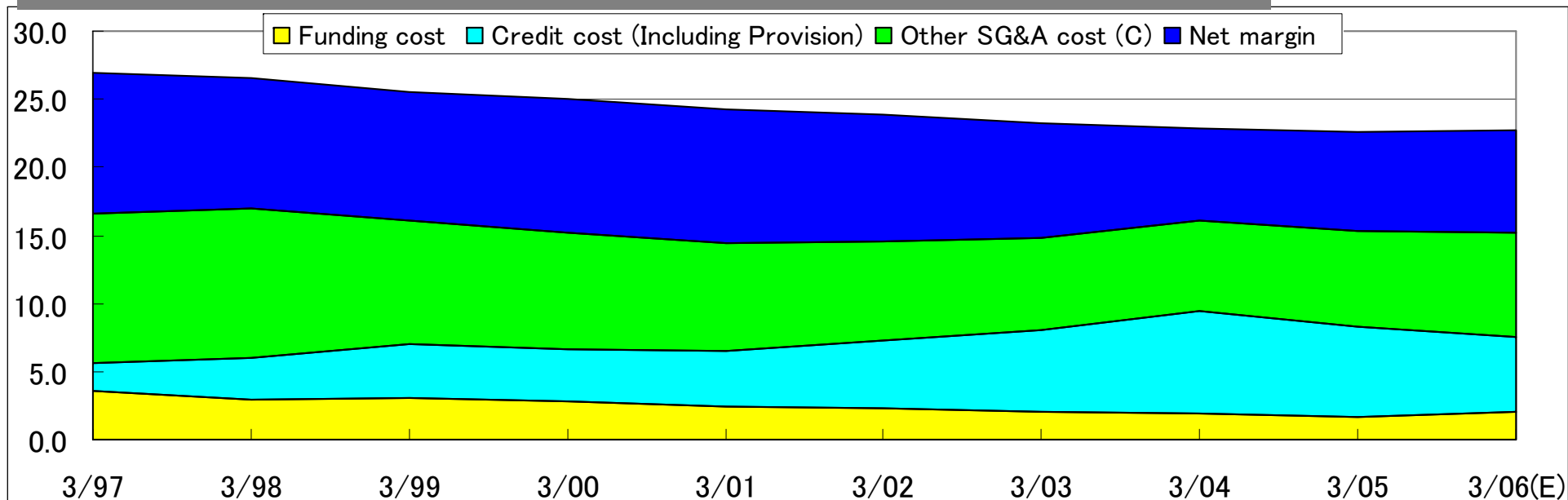
Extraordinary Profit and Loss (¥ million)	3/04	3/05	3/06 (E)	Description or reasons for increase/decrease
Extraordinary profit	4,957	1,184	120	
Gain on sale of investment securities	738	712	—	Sale of cross-shareholdings
Gain from the return of substituted portion of employees pension fund	4,025	207	—	Return of substituted portion of LIFE pension funds in FY3/04; return of substituted portion of AIFUL pension funds in FY3/05
Extraordinary loss	13,589	7,037	1,319	
Amortization of goodwill and consolidation differences	5,614	3,830	—	One-off amortization of LIFE goodwill
Loss on withdrawal from auto loan business	4,106	—	—	LIFE: One-time, early write-off of receivables in arrears with complete withdrawal from auto loan business
Pre-tax net income	103,814	129,441	153,800	
YoY	-3.4%	+24.7%	+18.8%	
Corporate income tax, inhabitant tax, enterprise tax	46,173	41,025	49,128	Cancellation of tax on retained earnings from FY3/05
Adjustment for corporate income tax, etc.	-5,157	11,990	11,806	
Effective tax rate	+39.5%	+41.0%	+39.6%	Little change as virtually offset by effect of adjustment for corporate income tax, etc., and cancellation of tax on retained earnings
Net income	62,548	75,723	91,762	
YoY	+4.4%	+21.1%	+21.2%	
Earnings per share (EPS)	660.98	800.10	648.00	1:1.5 stock split on May 23, 2005

	3/04	3/05	YoY	Description or reasons for increase/decrease
AIFUL number of outstanding shares (Year-end, 1000 shares)	94,467	94,405	▲61	Buyback of 220,000 shares in Dec 2004 (for stock option)
AIFUL number of outstanding shares (Average during year, 1000 shares)	94,467	94,453	▲14	

---

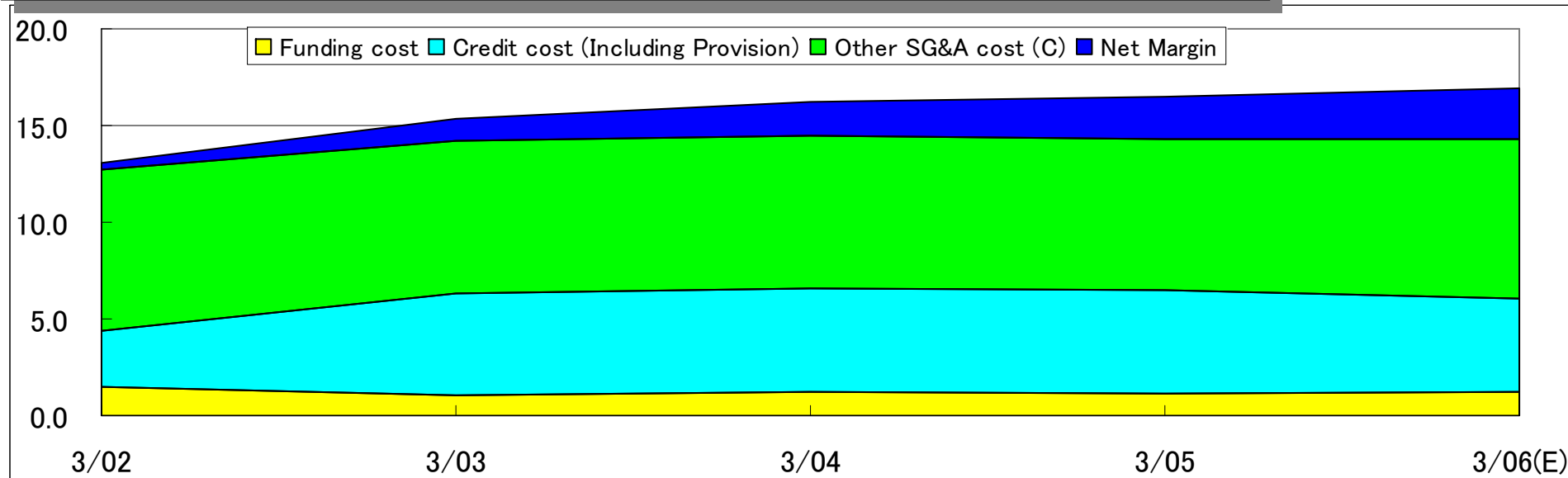
## ★ Appendix

## Appendix 1 - Net Margin – AIFUL (Parent)



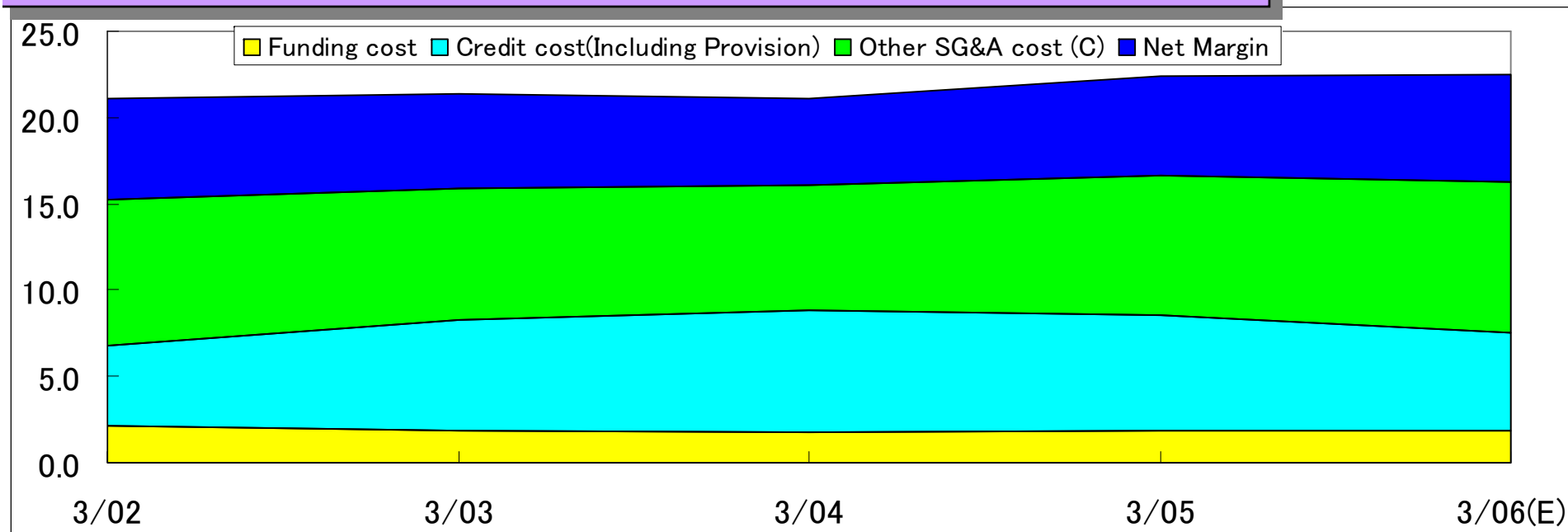
(%)	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06(E)
<b>Loan Interest Yield / Balance</b>	<b>25.0</b>	<b>24.3</b>	<b>23.9</b>	<b>23.2</b>	<b>22.8</b>	<b>22.6</b>	<b>22.7</b>
<b>Funding cost</b>	<b>2.8</b>	<b>2.5</b>	<b>2.3</b>	<b>2.0</b>	<b>1.9</b>	<b>1.7</b>	<b>2.0</b>
<b>Credit cost (Including Provision)</b>	<b>3.9</b>	<b>4.1</b>	<b>5.0</b>	<b>6.1</b>	<b>7.5</b>	<b>6.6</b>	<b>5.5</b>
<b>Other SG&amp;A cost (C)</b>	<b>8.5</b>	<b>7.9</b>	<b>7.2</b>	<b>6.8</b>	<b>6.7</b>	<b>7.0</b>	<b>7.6</b>
Salary (A)	2.5	2.2	2.0	2.1	2.0	2.0	2.0
Advertising (B)	1.3	1.5	1.5	1.1	0.9	1.0	1.2
Other (C)-((A)+(B))	4.7	4.1	3.8	3.6	3.7	3.9	4.4
<b>Net margin / Balance</b>	<b>9.8</b>	<b>9.9</b>	<b>9.4</b>	<b>8.3</b>	<b>6.7</b>	<b>7.3</b>	<b>7.6</b>

## Appendix 2 - Net Margin – LIFE



(%)	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06(E)
<b>Loan Interest Yield / Balance</b>	<b>13.0</b>	<b>15.4</b>	<b>16.2</b>	<b>16.5</b>	<b>16.9</b>
<b>Funding cost</b>	<b>1.5</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>
<b>Credit cost (Including Provision)</b>	<b>2.8</b>	<b>5.3</b>	<b>5.4</b>	<b>5.3</b>	<b>4.8</b>
<b>Other SG&amp;A cost (C)</b>	<b>8.4</b>	<b>7.9</b>	<b>7.9</b>	<b><u>7.8</u></b>	<b><u>8.2</u></b>
Salary (A)	2.4	2.3	2.2	2.0	2.1
Advertising (B)	0.7	0.7	0.7	0.7	0.7
Other (C)-((A)+(B))	5.2	4.9	5.0	5.1	5.4
<b>Net margin / Balance</b>	<b>0.3</b>	<b>1.2</b>	<b>1.7</b>	<b>2.2</b>	<b>2.6</b>

## Appendix 3 - Net Margin – Consolidated



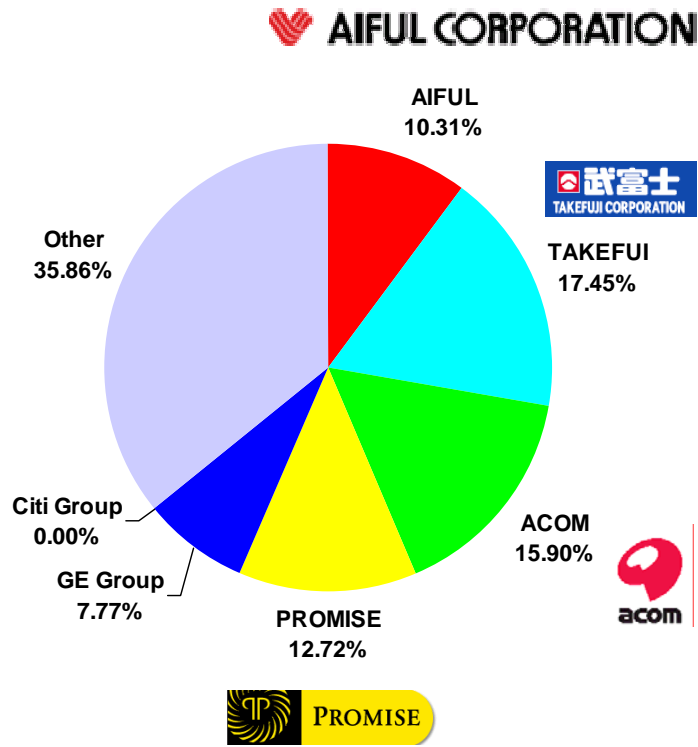
(%)	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06(E)
<b>Loan Interest Yield / Balance</b>	<b>21.1</b>	<b>21.4</b>	<b>21.1</b>	<b>22.4</b>	<b>22.5</b>
<b>Funding cost</b>	<b>2.1</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>
<b>Credit cost (Including Provision)</b>	<b>4.7</b>	<b>6.4</b>	<b>7.0</b>	<b>6.7</b>	<b>5.7</b>
<b>Other SG&amp;A cost (C)</b>	<b>8.4</b>	<b>7.6</b>	<b>7.3</b>	<b>8.1</b>	<b>8.7</b>
Salary (A)	2.3	2.3	2.2	2.4	2.4
Advertising (B)	1.4	1.0	0.9	1.0	1.1
Other (C)-((A)+(B))	4.7	4.3	4.3	4.7	5.2
<b>Net margin / Balance</b>	<b>5.8</b>	<b>5.5</b>	<b>5.0</b>	<b>5.8</b>	<b>6.2</b>



# Appendix 4 - Market Share Break Down of the Consumer Finance Industry

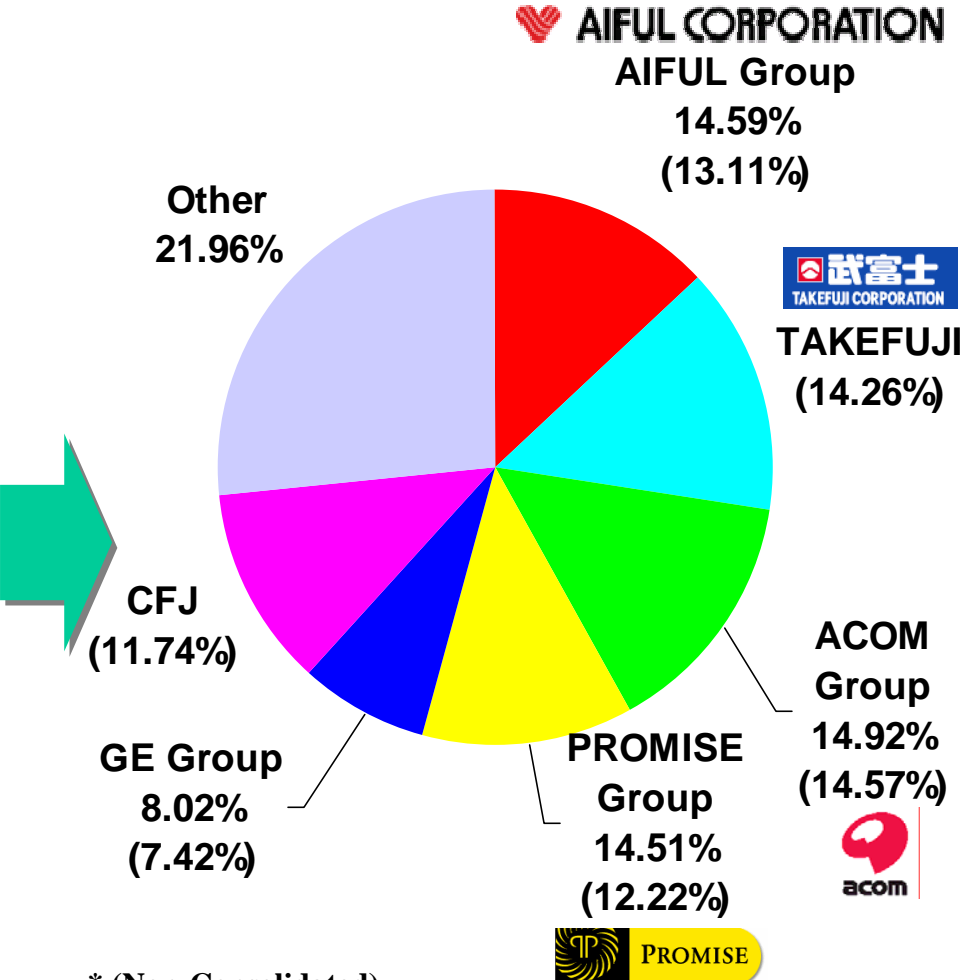
March 1998

¥7.1 trillion



March 2004

¥11.0 trillion

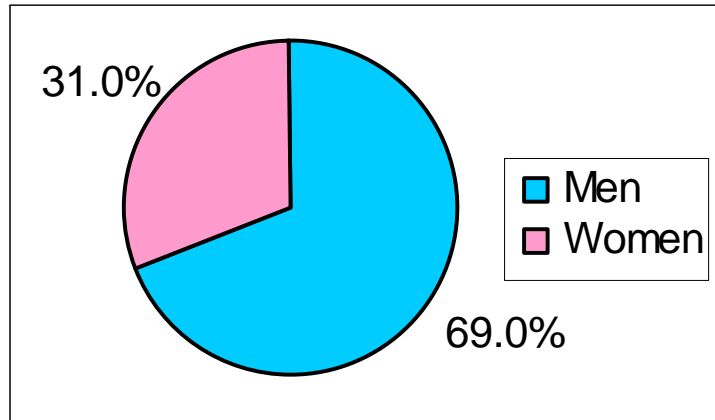


\*(Non-Consolidated)

# Appendix 5 - Diversification of Customer Profile

**AIFUL CORPORATION** (Mar-05)

Customer account: 2,232,000

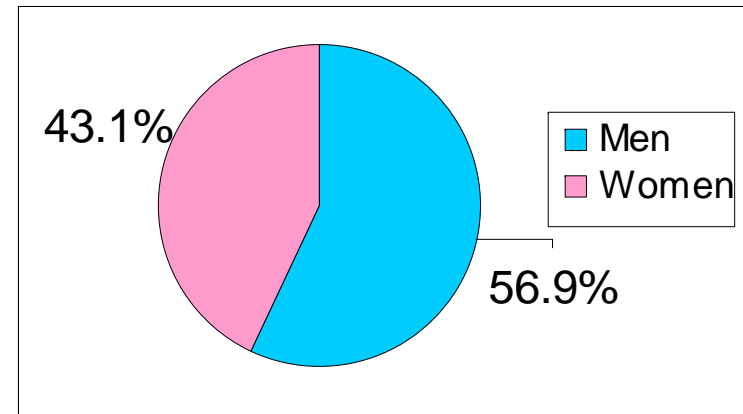


Sex

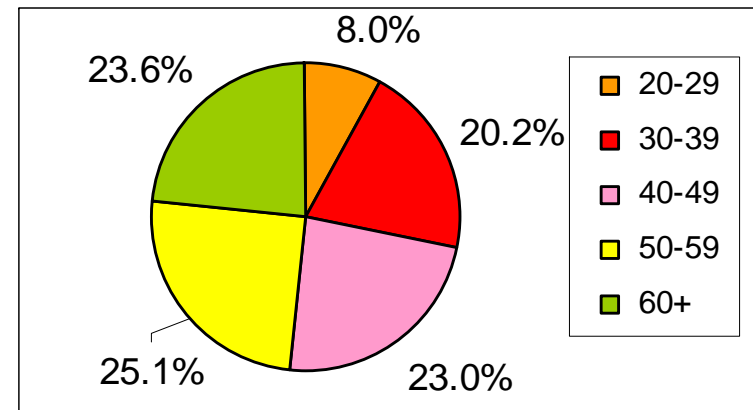
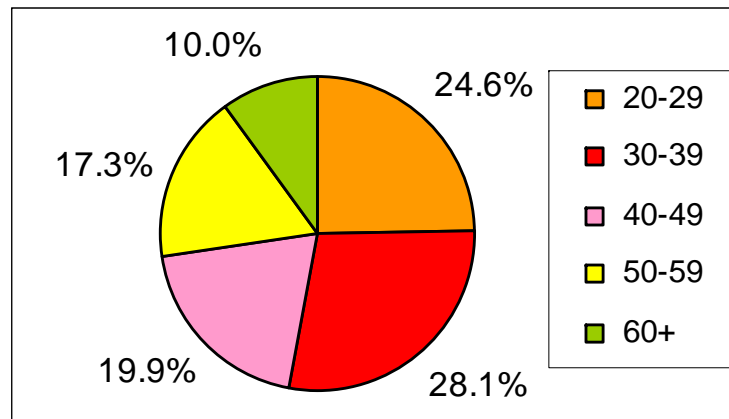


(Mar-05)

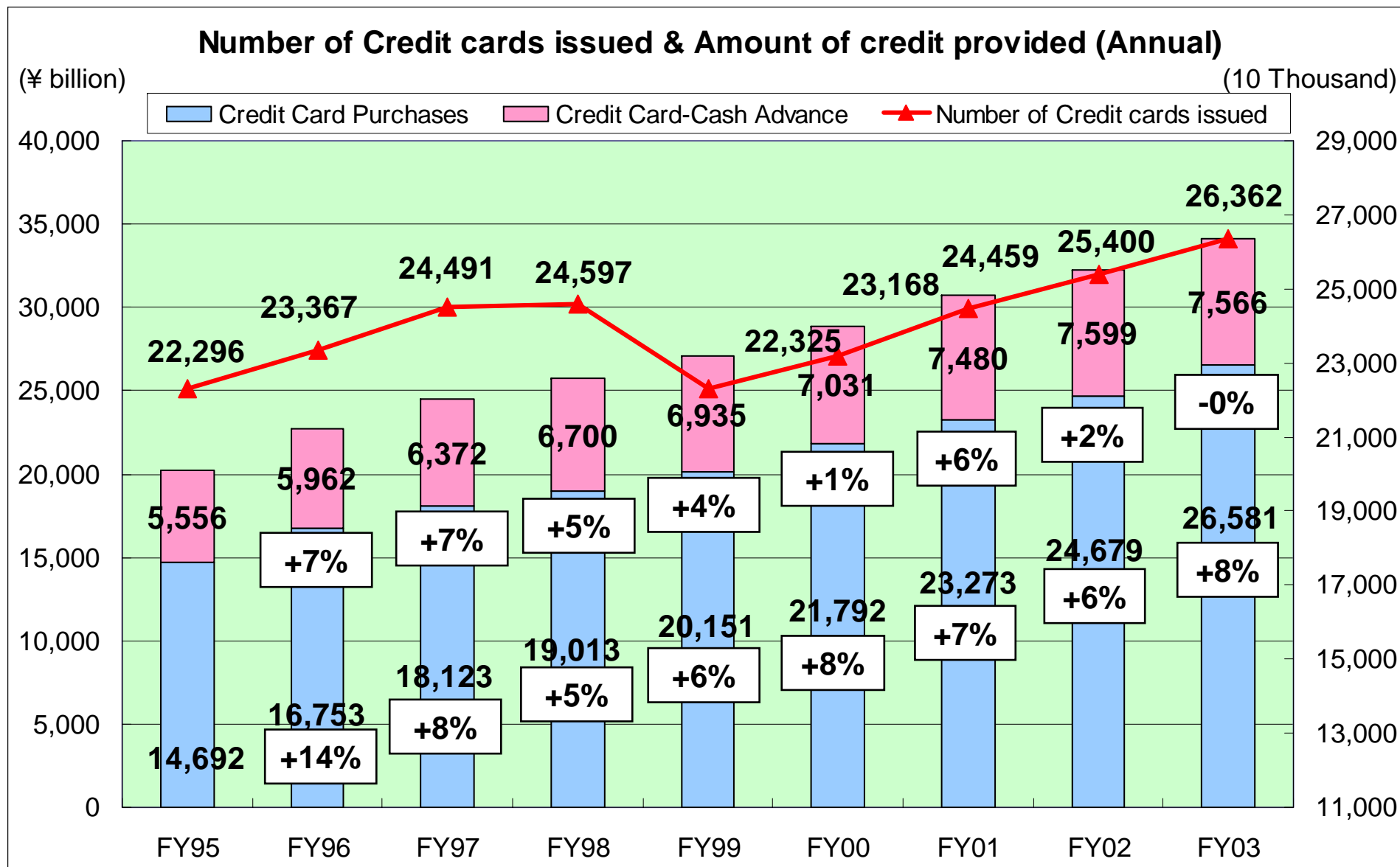
Valid card members: 11,475,000



Age

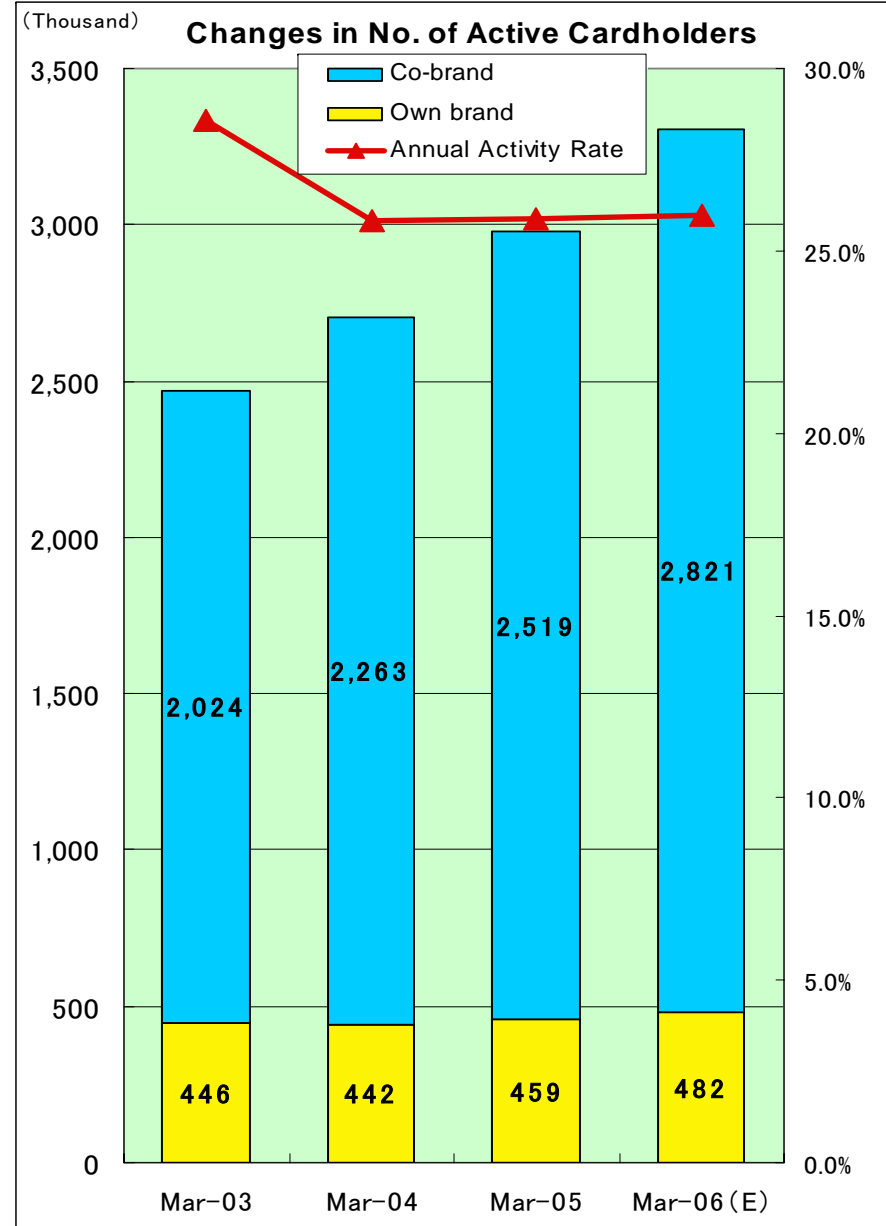
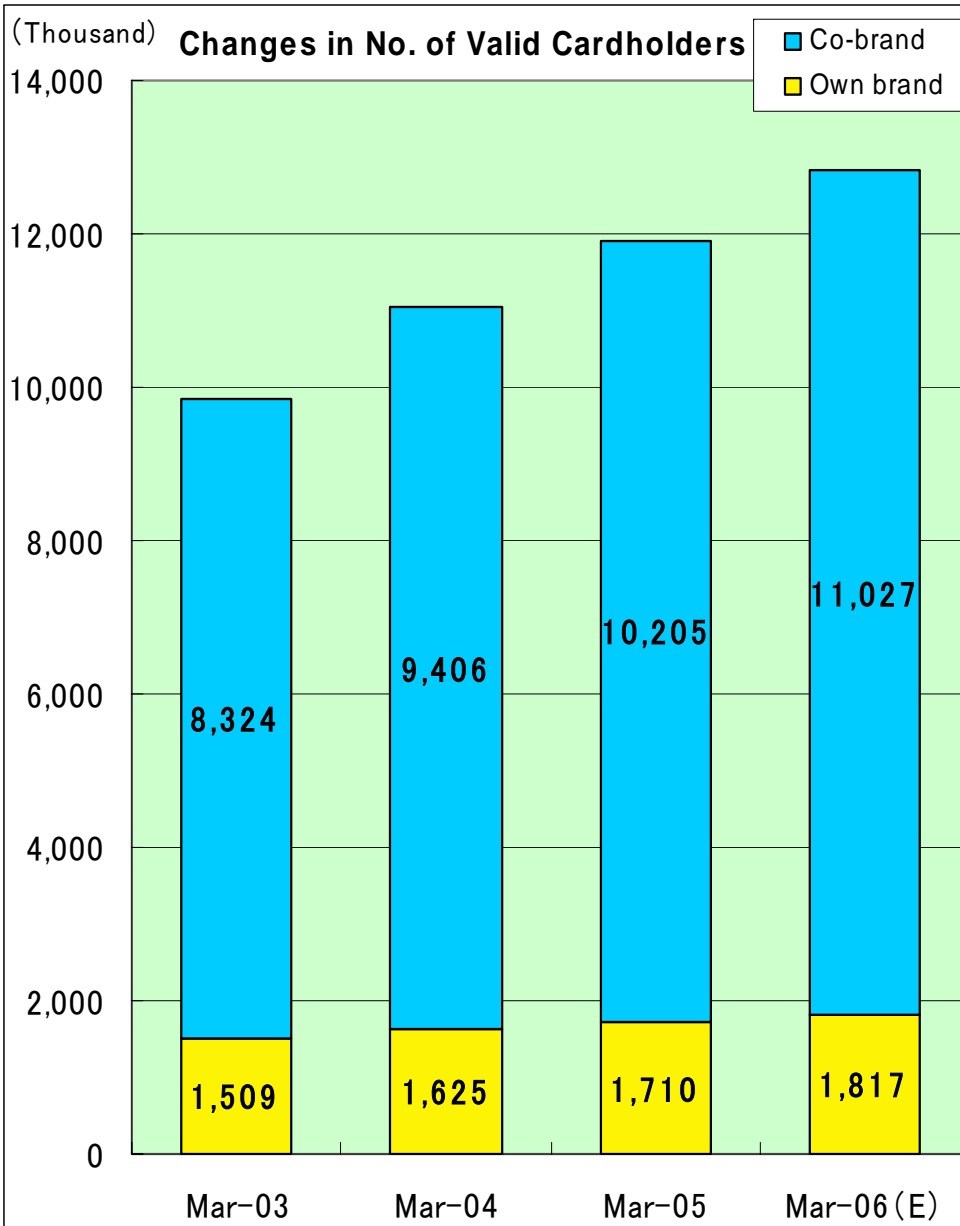


## Appendix 6 - Growth of Credit Card Market in Japan

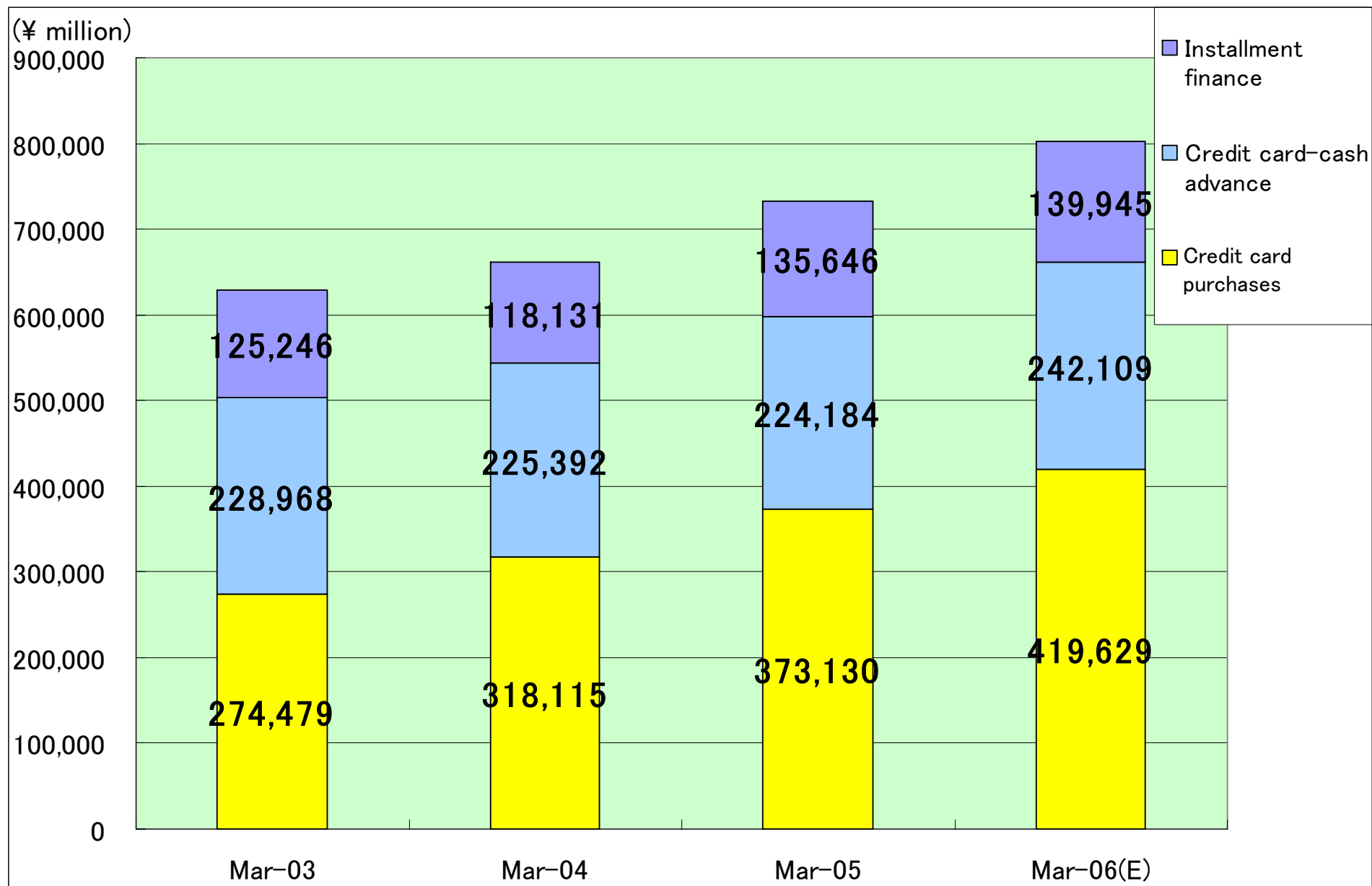


Figures for credit cards issued between 1995 and 1998 reflect total number of credit cards issued, while those from 1999 reflect only valid cards

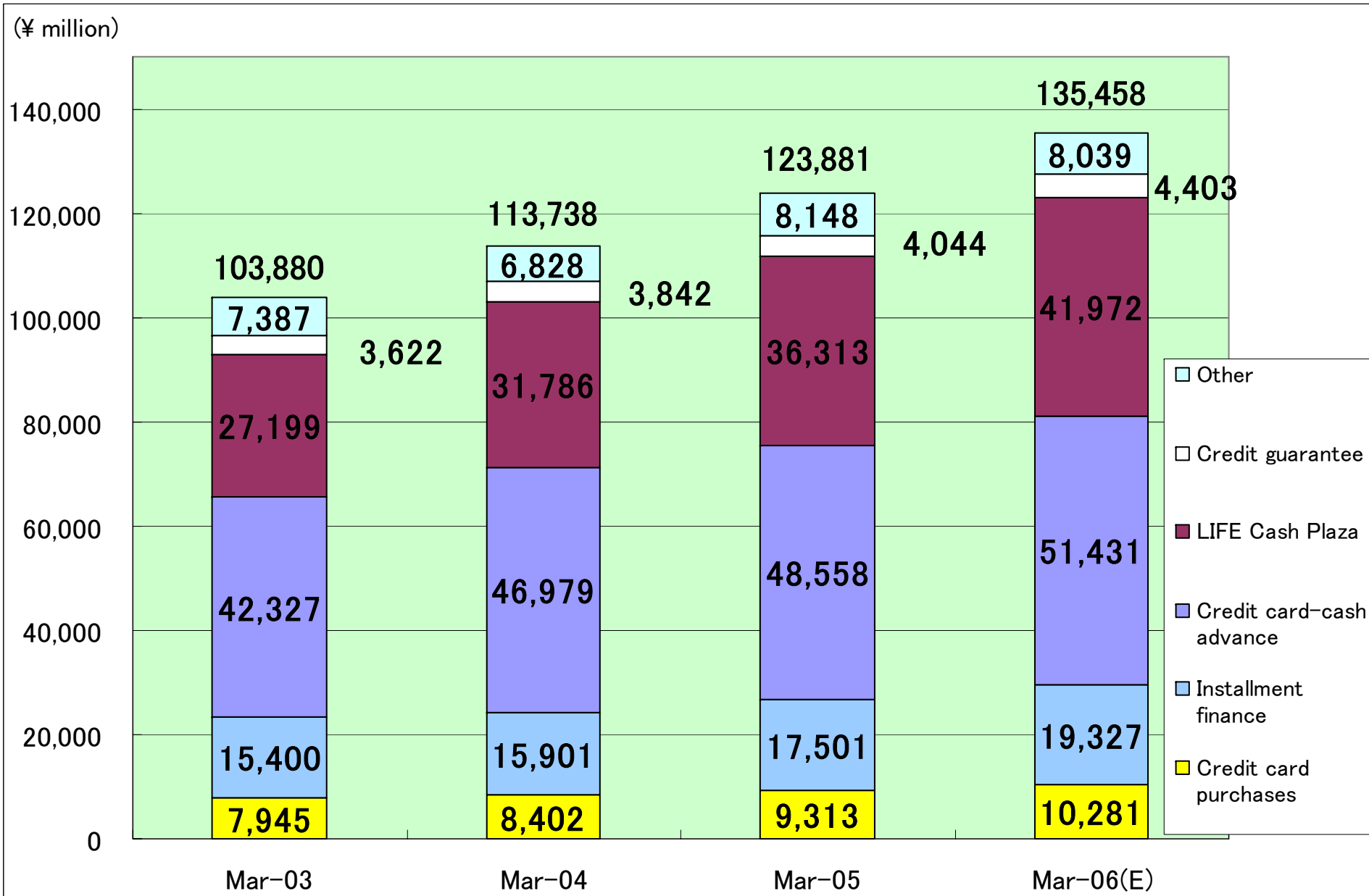
# Appendix 1 (LIFE) - Changes in No. of Valid Cardholders and No. of Active Cardholders



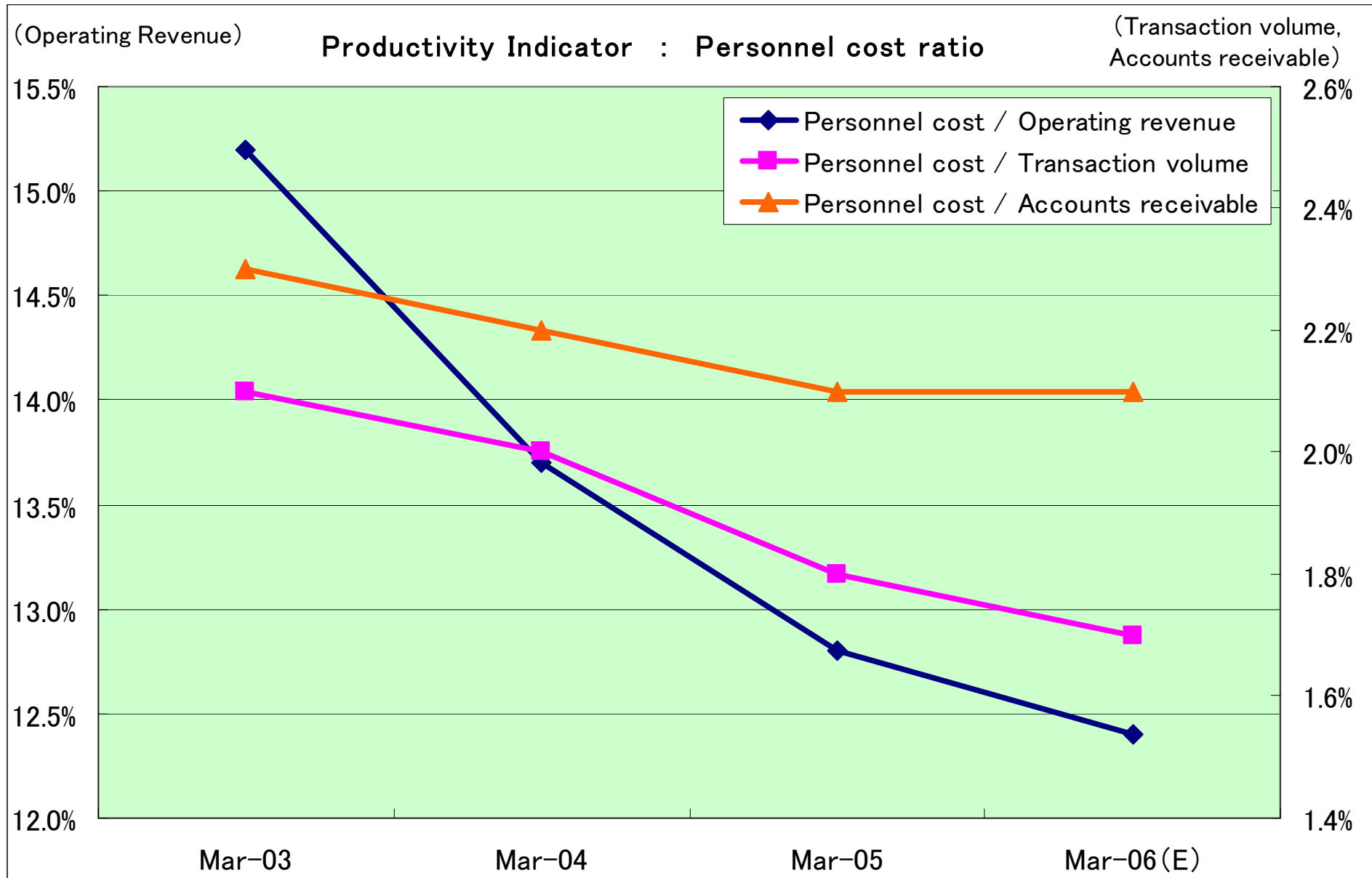
## Appendix 2 (LIFE) - Trend of Volume (purchases & cash advances)



## Appendix 3 (LIFE) - Trend of Operating Revenue



## Appendix 4 (LIFE) - Trend in Productivity



## Appendix 5 (LIFE) - Cash Advance Annual Activity Rates ad Loans Outstanding, and Shopping and Cashing

