



# Third Quarter 2008 Financial Results

(2007 October ~ December)

**AIFUL CORPORATION**

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- **Financial Results**
- **Business Environment**
- **Business Strategy**
- **Financial Results of LIFE**
- **Appendix**

- 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.

# 1 . Financial Results





## Consolidated Subsidiaries

- LIFE Co., Ltd.
- Businext Corporation
- City's Corporation
- AsTry Loan Services Corporation
- New Frontier Partners Co., Ltd.
- Marutoh K.K.
- City Green Corporation

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

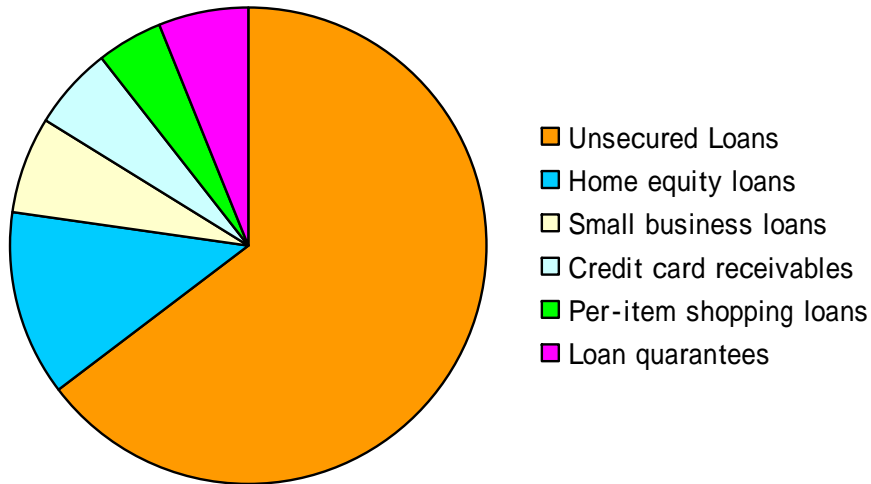
- TRYTO CORPORATION
- WIDE CORPORATION
- TCM Co., Ltd.
- Passkey Co., Ltd



Scheduled reorganization within Group.



### Portfolio of loans receivable (Dec-07)

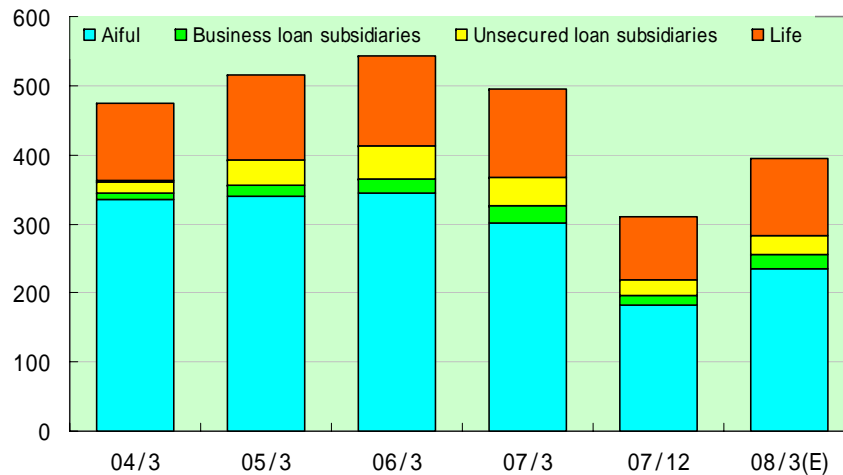


### Comprehensive financial services strategy – Future AIFUL Group

M&A Strategy		Pure Investment	Strategic Investment		
		Sectors for Active Expansion			
	Risk	Consumer Finance	Small Businesses Loans	Credit Sales & Credit Cards	Loan Guarantees
Personal	Low		Banks		
	Middle				
	High				
Corporate	Low		Banks		
	Middle				
	High				

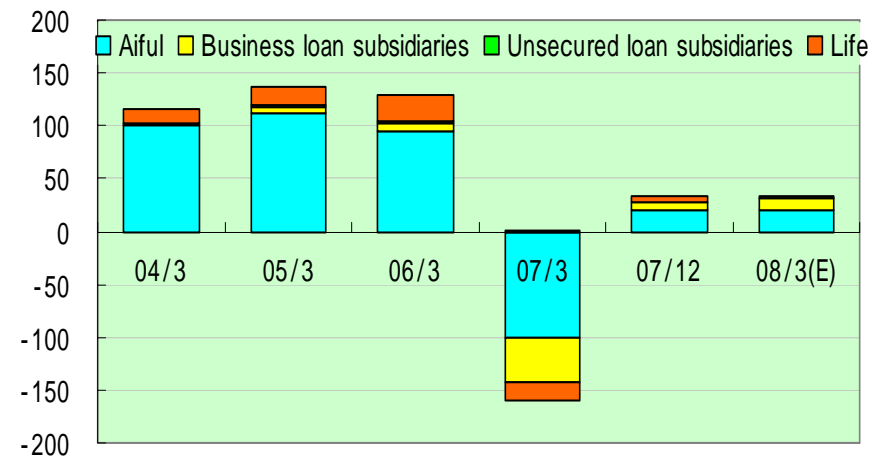
### Changes in operating revenue

(¥ billion)



### Changes in ordinary income

(¥ billion)



# Financial Results – Results Highlights (Consolidated base)



(¥ billion)	Dec-06	Dec-07	YOY%	Mar-08 ( E )	YOY%
<b>Total outstanding *</b>	<b>2,478.8</b>	<b>2,082.4</b>	<b>-16.0%</b>	<b>2,017.4</b>	<b>-14.9%</b>
• <b>Loans *</b>	<b>2,067.1</b>	<b>1,730.1</b>	<b>-16.3 %</b>	<b>1,674.3</b>	<b>-15.7%</b>
<b>Loans outstanding of AIFUL</b>	<b>1,365.1</b>	<b>1,107.8</b>	<b>-18.8 %</b>	<b>1,064.0</b>	<b>-18.1%</b>
• <b>Shopping receivables of LIFE *</b>	<b>253.9</b>	<b>206.6</b>	<b>-18.6%</b>	<b>192.2</b>	<b>-16.3%</b>
<b>Number of loan accounts</b> <i>(Thousands)</i>	<b>3,660</b>	<b>3,165</b>	<b>-13.5%</b>	<b>-</b>	<b>-</b>
<b>Number of credit card holders</b> <i>(Thousands)</i>	<b>13,860</b>	<b>14,695</b>	<b>6.0%</b>	<b>14,712</b>	<b>4.6%</b>
<b>Number of new loan customers</b> <i>(Thousands)</i>	<b>195</b>	<b>108</b>	<b>-44.8%</b>	<b>148</b>	<b>-38.1%</b>
<b>Operating revenue</b>	<b>384.8</b>	<b>314.6</b>	<b>-18.2%</b>	<b>403.6</b>	<b>-19.1%</b>
<b>Operating income</b>	<b>23.4</b>	<b>31.6</b>	<b>34.9%</b>	<b>31.6</b>	<b>-</b>
<b>Ordinary income</b>	<b>23.9</b>	<b>32.1</b>	<b>34.6%</b>	<b>32.0</b>	<b>-</b>
<b>Net income</b>	<b>-186.4</b>	<b>30.5</b>	<b>-</b>	<b>32.1</b>	<b>-</b>

\* “Loan” related figures include loan provided to AIFUL, LIFE, and other subsidiaries. “Shopping Receivables” include credit card, installment finance provided by LIFE. Receivables outstanding includes off-balance-sheet receivables

# Financial Results – P/L (Consolidated base)



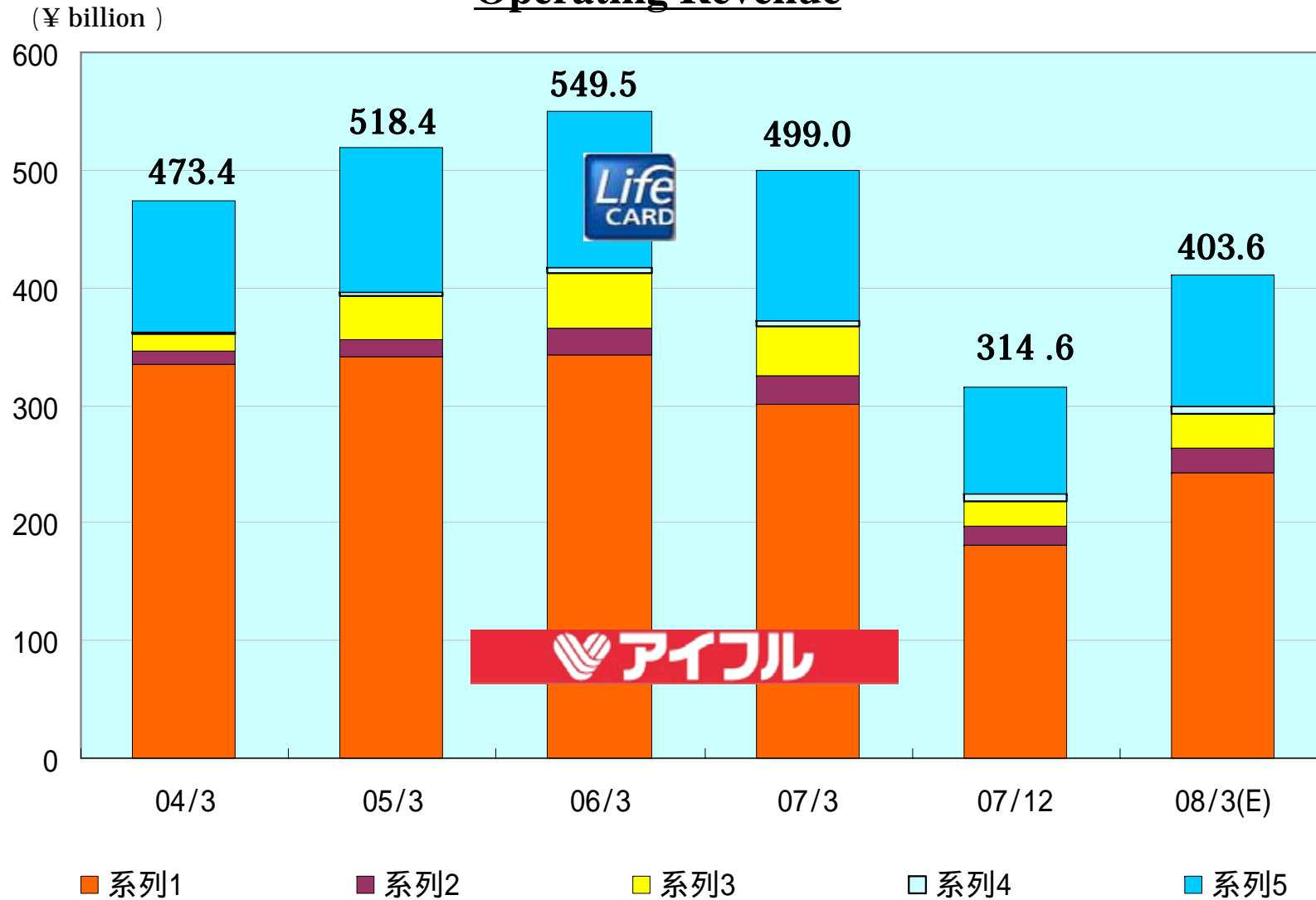
< P/L > December-07

( ¥ billion )	Aiful	Life	Businext	City's	Wide	Tryto	Group
<i>Business</i>	<i>Consumer Finance</i>	<i>Credit card</i>	<i>Small Business Loan</i>	<i>Small Business Loan</i>	<i>Consumer Finance</i>	<i>Consumer Finance</i>	-
Operating revenue	181.4	91.4	8.5	7.4	11.6	7.8	314.6
Operating expenses	166.1	86.4	8.7	7.6	4.3	7.0	283.0
Operating income	15.2	4.9	-0.1	-0.2	7.2	0.7	31.6
Ordinary income	19.5	5.0	-0.1	-0.2	7.3	0.8	32.1
Net income	28.3	3.8	-0.09	-0.4	7.2	0.9	30.5

\* Managed Asset Basis



## Operating Revenue








( ¥ billion )	Aiful	Life	Businext	City's	Wide	Tryto	Group
<i>Business</i>	<i>Consumer Finance</i>	<i>Credit card</i>	<i>Small Business Loan</i>	<i>Small Business Loan</i>	<i>Consumer Finance</i>	<i>Consumer Finance</i>	-
Receivables Outstanding	1,128.4	644.2	85.8	56.4	55.6	37.2	2,017.4
YOY%	-17.1%	-10.3%	4.2%	-3.2%	-31.2%	-32.2%	-14.9%
Operating revenue	235.0	113.8	11.4	9.5	15.2	10.3	403.6
YOY%	-21.8%	-12.1%	2.8%	-29.2%	-32.5%	-31.2%	-19.1%
Operating income	14.4	4.9	0.03	-1.1	7.8	2.8	31.6
YOY%	-	-	-97.0%	-	-	-	-
Ordinary income	20.0	5.0	0.03	-1.1	7.8	2.8	32.0
YOY%	-	-	-97.0%	-	-	-	-
Net income	32.4	2.6	0.02	-1.4	7.7	2.9	32.1
YOY%	-	-	-96.5%	-	-	-	-

\* Managed Asset Basis




 ( ¥ billion)	Dec-06	Dec-07	YOY%	Mar-08 ( E)	YOY%
Loans outstanding	1,365.1	1,107.8	-18.8%	1,064.0	-18.1%
Unsecured loan	1,040.7	850.5	-18.3%	817.6	-17.8%
Home equity loan	297.2	236.0	-19.4%	225.7	-17.9%
Small business loan	31.6	21.3	-32.8%	20.6	-28.2%
Number of accounts <i>(Thousands)</i>	1,976	1,650	-16.5%	1,578	-16.7%
Number of new loan customers <i>(Thousands)</i>	122	87	-28.5%	119	-22.7%
Number of branches	1,846	1,015	-831	1,018	-787
Operating revenue	232.9	181.4	-22.1%	235.0	-21.8%
Operating income	13.4	166.1	13.7%	14.4	-
Ordinary income	17.6	19.5	10.3%	20.0	-
Net income	-165.1	28.3	-	32.4	-
Cash dividends per share (¥)	-	-	-	40.0	-33.3%

\* Italic Font = Increase or Decrease

# Financial Results – Credit Card Subsidiary “Life”







 ( ¥ billion )	Dec-06	Dec-07	YOY%	Mar-08 ( E )	YOY%
<b>Transaction volume</b>	618.6	653.8	5.7%	878.8	6.0%
<b>Credit card purchase</b>	411.4	483.8	17.6%	647.9	15.4%
<b>Receivable outstanding (Managed)</b>	744.4	684.6	-8.0%	644.2	-10.3%
<b>Credit card purchases</b>	121.9	134.2	10.1%	127.0	8.4%
<b>Installment finance</b>	131.9	72.3	-45.1%	65.1	-42.1%
<b>Credit card-cash advance</b>	227.5	222.2	-2.3%	222.3	-3.3%
<b>LIFE Cash Plaza</b>	167.1	168.7	1.0%	141.1	-14.4%
<b>Guarantee</b>	85.7	76.5	-10.7%	79.0	-4.7%
<b>Number of new issue</b> <i>(Thousands)</i>	1,685	1,440	-14.5%	1,947	-10.7%
<b>Number of card holders</b> <i>(Thousands)</i>	13,860	14,695	6.0%	14,712	4.6%
<b>Operating revenue</b>	96.9	90.0	-7.1%	112.0	-12.1%
<b>Operating income</b>	9.2	4.9	-46.3%	4.9	-
<b>Ordinary income</b>	9.3	5.0	-45.9%	5.0	-
<b>Net income</b>	3.6	3.8	5.4%	2.6	-

\* PL: On-Balance

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



Middle risk ( ¥ billion )		Dec-06	Dec-07	YOY%	Mar-08 (E)	YOY%
	Loans outstanding	81.1	83.4	2.8%	85.8	4.2%
	Number of accounts ( <i>Thousands</i> )	44	44	0.2%	43	-2.3%
	Operating revenue	8.3	8.5	2.4%	11.4	2.8%
	Ordinary income	1.0	-0.1	-	0.03	-97.0%
	Net income	0.5	-0.09	-	0.02	-96.5%
	Small business loan guarantees 	20.7	20.8	0.1%	22.8	10.3%

High risk ( ¥ billion)		Dec-06	Dec-07	YOY%	Mar-08 (E)	YOY%
	Loans outstanding	62.8	56.4	-10.2%	56.4	-3.2%
	Number of accounts ( <i>Thousands</i> )	31	27	-13.0%	27	-10.0%
	Operating revenue	10.7	7.4	-30.8%	9.5	-29.2%
	Ordinary income	1.1	-0.2	-	-1.1	-
	Net income	0.1	-0.4	-	-1.4	-
	Small business loan 	31.6	21.3	-32.8%	20.6	-28.2%

# Financial Results – Consolidated vs. Parent Forecasts

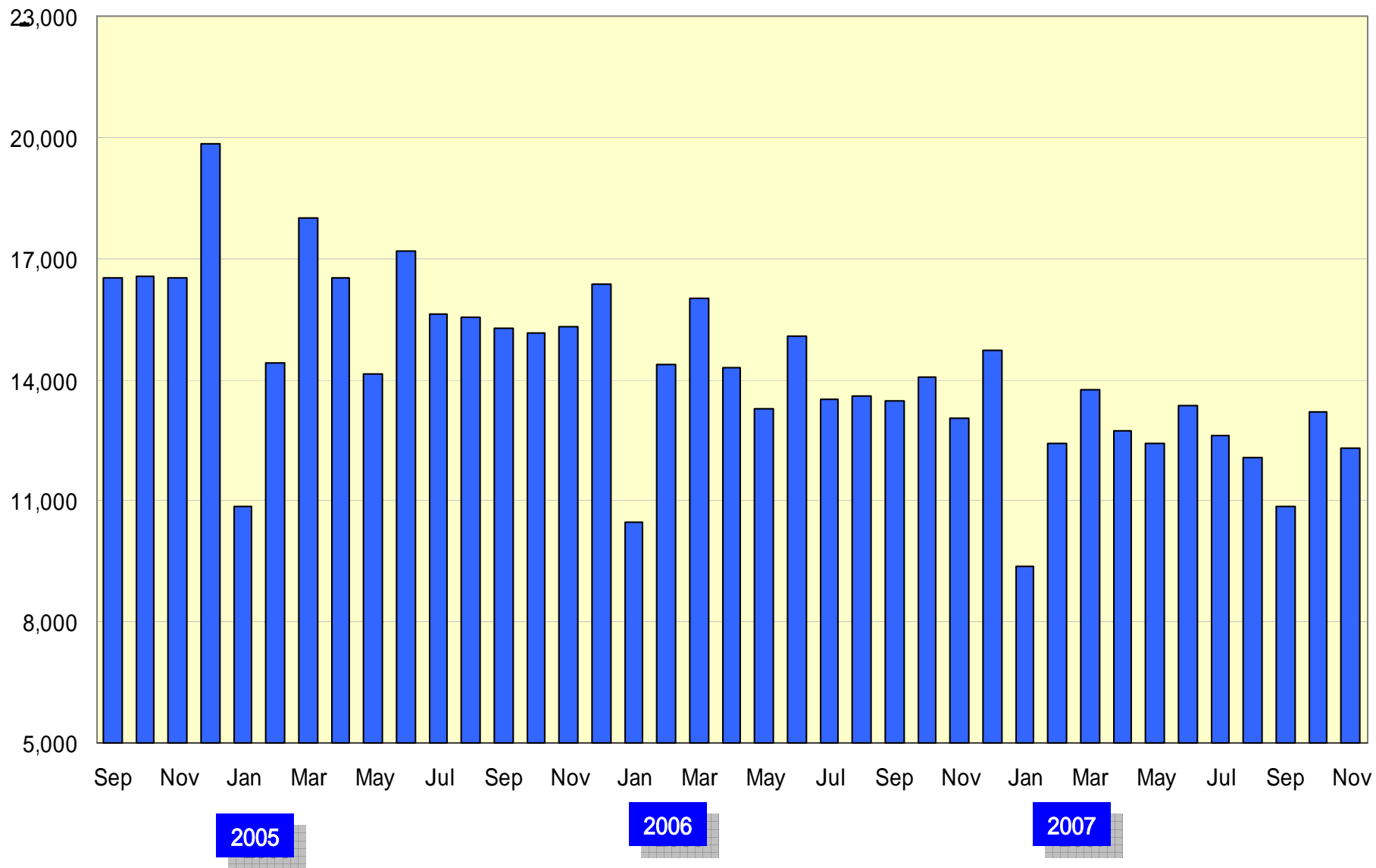


( ¥ billion )	Dec-06	Dec-07	Mar-08 (E)
Operating Revenue (Con) (A)	384.8	314.6	403.6
Operating Revenue (Non-Con) (B)	232.9	181.4	235.0
(A) – (B)	151.8	133.2	168.5
(A) / (B)	1.7	1.7	1.7
Ordinary Income (Con) (C)	23.9	32.1	32.0
Ordinary Income (Non-Con) (D)	17.6	19.5	20.0
(C) – (D)	6.2	12.6	12.0
(C) / (D)	1.4	1.6	1.6
Net Income (Con) (E)	-186.4	30.5	32.1
Net Income (Non-Con) (F)	-165.1	28.3	32.4
(E) – (F)	-21.2	22.8	-0.3
(E) / (F)	1.1	1.1	1.0

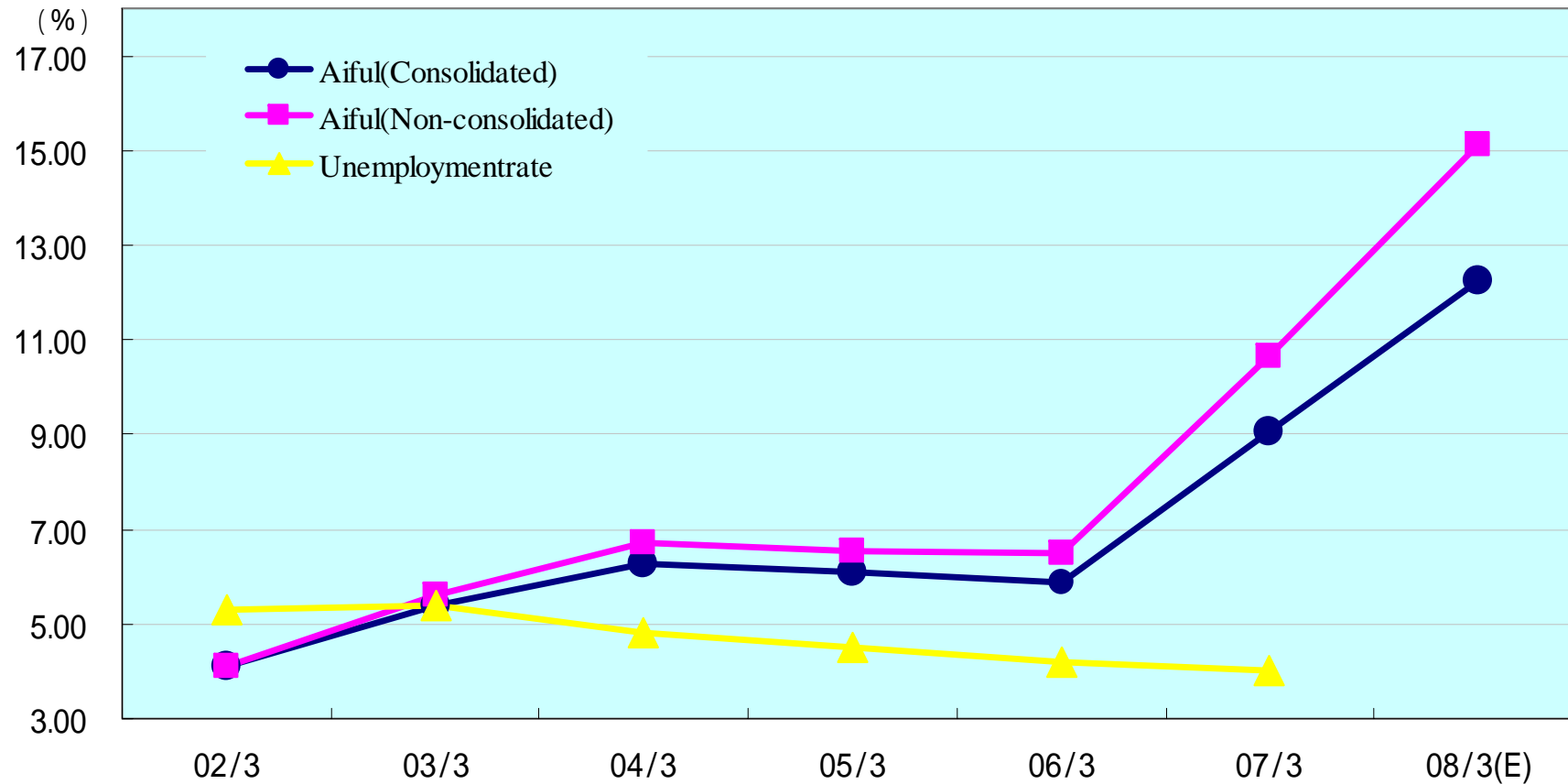
## 2 · Business Environment



# Bad Debts – Trend of Personal Bankruptcy (Japan Supreme Court) “YOY Decline for 47 Consecutive Months”



# Bad debt – Write-off Ratio “ Changes in Write-off Ratio ”



(%)	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08(E)
<b>Aiful (Consolidated)</b>	<b>5.38</b>	<b>6.26</b>	<b>6.09</b>	<b>5.89</b>	<b>9.05</b>	<b>12.26</b>
<b>Aiful (Non-consolidated)</b>	<b>5.59</b>	<b>6.71</b>	<b>6.54</b>	<b>6.50</b>	<b>10.67</b>	<b>15.13</b>
<b>Unemploymentrate</b>	<b>5.4</b>	<b>4.8</b>	<b>4.5</b>	<b>4.2</b>	<b>4.0</b>	<b>-</b>



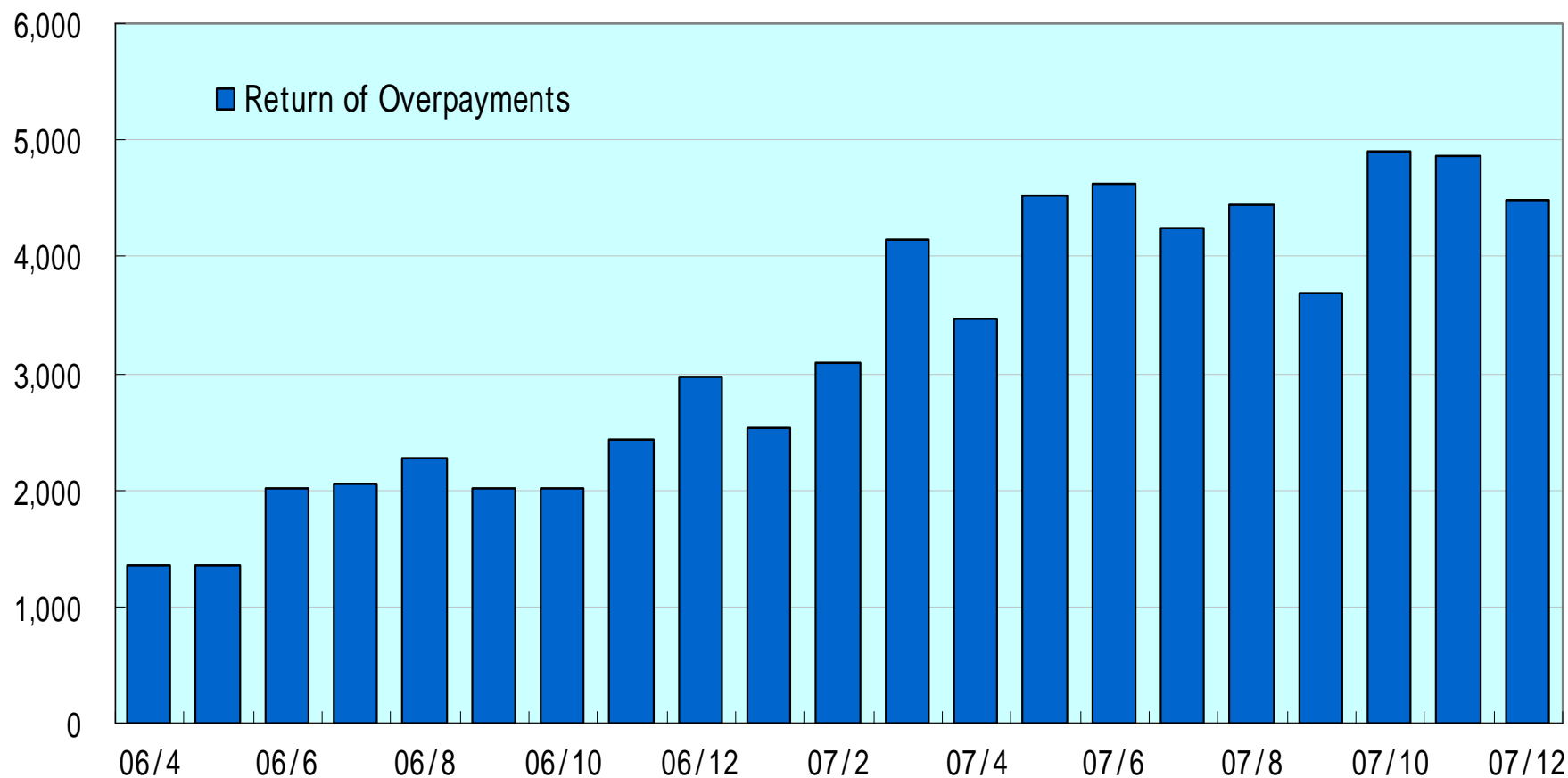
# Bad debt – Monthly Trends in Amount of Return of Overpayments



## Return of Overpayments (Non-consolidated)

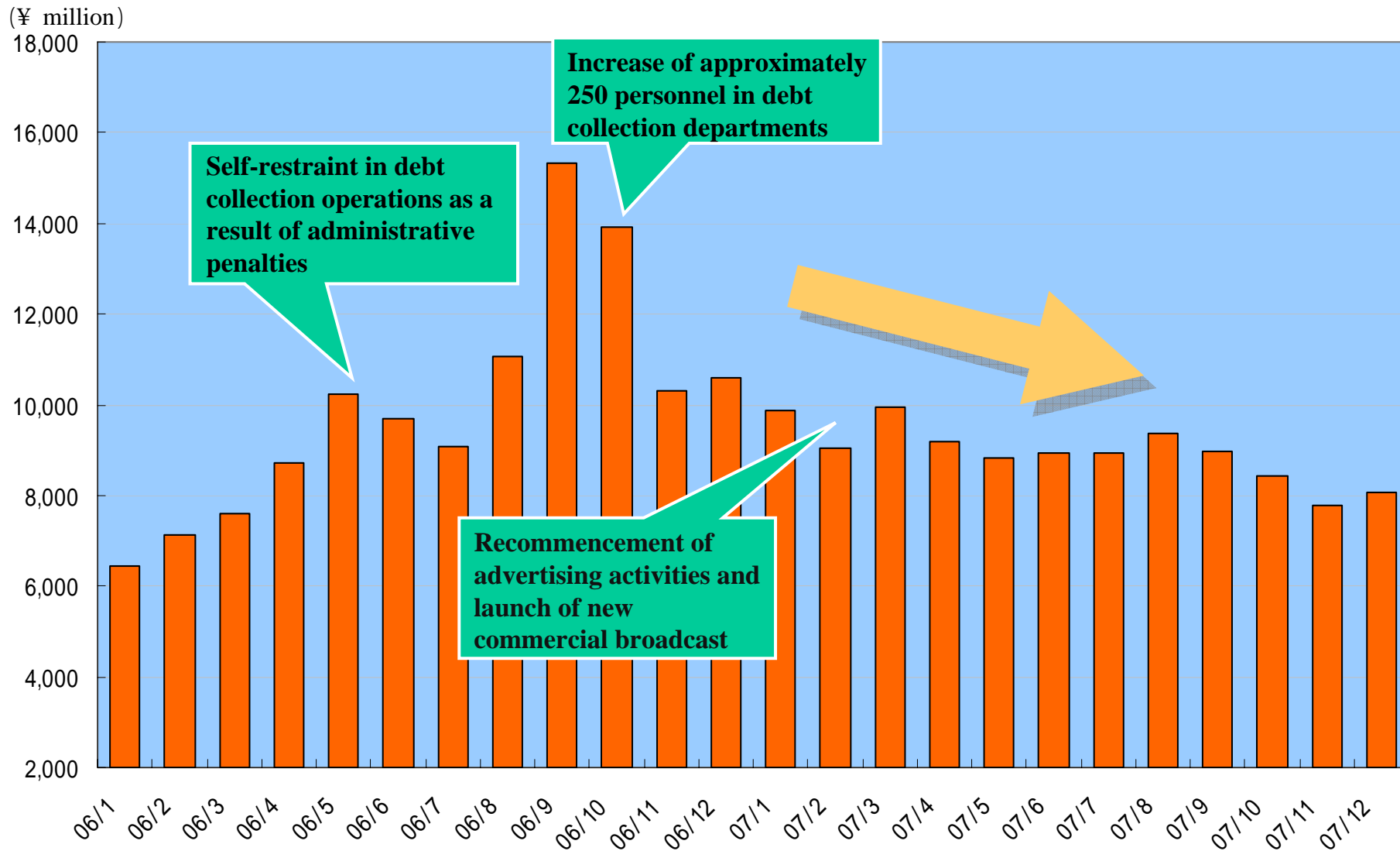
(¥ million)	06/10	06/11	06/12	07/01	07/02	07/03	07/04	07/05	07/06	07/07	07/08	07/09	07/10	07/11	07/12
Return of Overpayment	2,008	2,436	2,960	2,530	3,072	4,154	3,468	4,528	4,633	4,244	4,442	3,682	4,913	4,871	4,480
YOY (%)	83.5	100.1	116.8	211.2	168.3	195.0	157.3	232.9	131.1	106.5	95.7	82.4	144.7	100.0	51.3

(¥ million)

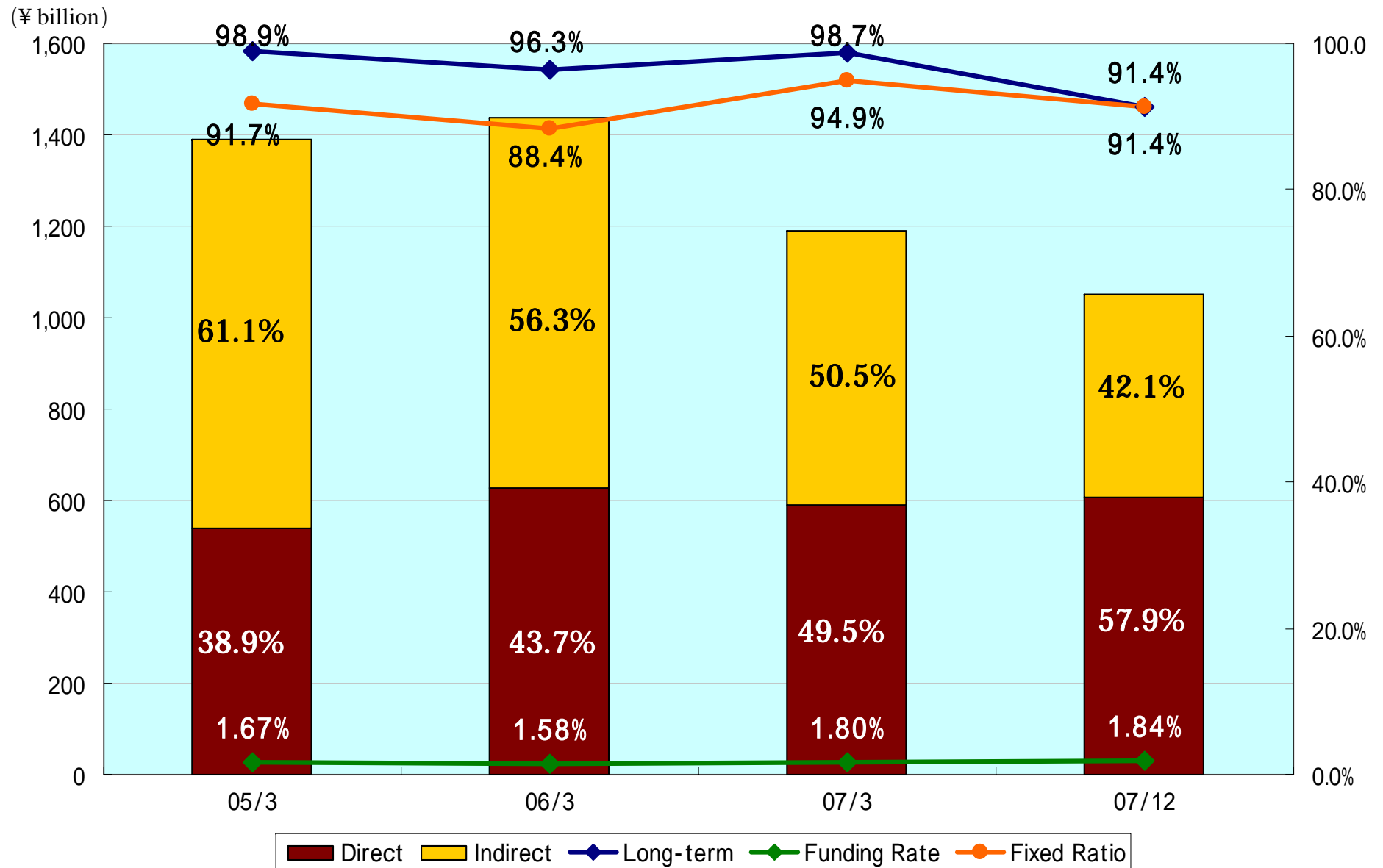




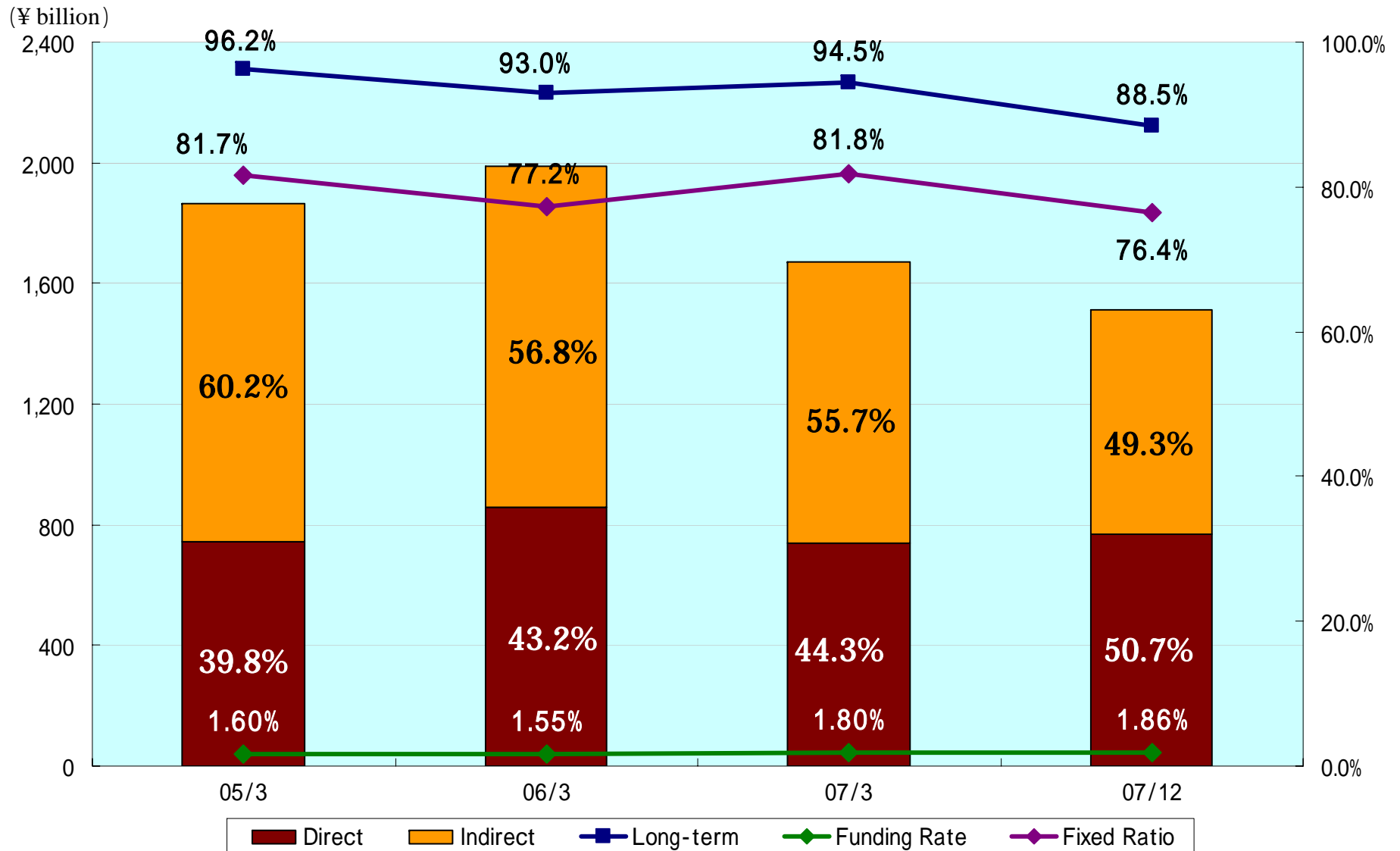
## Transfers (amounts six months in arrears)



# Funding – AIFUL ( Non-consolidated Base)



# Funding – AIFUL Group ( Consolidated Base)



## 3 · Business Strategy





## 1) Business model reform

Plan
Integration of consumer finance subsidiaries.
Drastic consolidation of the small business loan subsidiary, City s, operations.
Concentration of LIFE s credit card business in target commercial areas and reduction of number of offices.



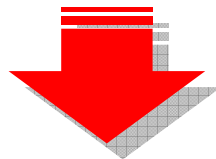
Progress
All outlets closure of Wide Co. and Tryto Co. , establishing the company's centralized management center, restricting the scheme of operating amalgamation and objective of transfer of some loan receivables to Life.
Staffed outlets : 63 (Dec.2006) → 47(Dec.2007)
Staffed outlets : 168 (Dec.2006) → 65(Dec.2007)
Unstaffed outlets : 101 → 74

## 2) Cost structure reform

Plan
<b>Consolidation of outlets</b> — Group-wide reduction of outlets from 2,713 to 1,193
<b>Personnel Restructuring</b>
<b>System development and review of various expenses</b>



Progress
Group Loan Business Branches: <b>1,217</b> (Dec-31, 2007)
Staffed outlets : 687 (Dec-31. 2006) → 229 (Dec-31, 2007)
Unstaffed outlets : 1,942 → 988
Number of temporary employees (consolidated base): <b>7,708</b>
N. of Employees (regularly payroll): 6,702 (Dec-31,2006)      5,233 (Dec-30,2007)
N. of Employees (temp.): 3,275      2,475
Other operating expenses(exclude credit cost and return of overpayment cost)
· year-on-year declined of 33.6 billion yen, or 25.6% (consolidated base)
· year-on-year declined of 19.6 billion yen, or 29.9% (Non- consolidated )



· **Operating Cost Reduction:**  
**JPY 40 billion or greater**  
(Non-consolidated)

· **Optimizing the Business Resources of the Group**

· **Diversified and Efficient Earnings Model**

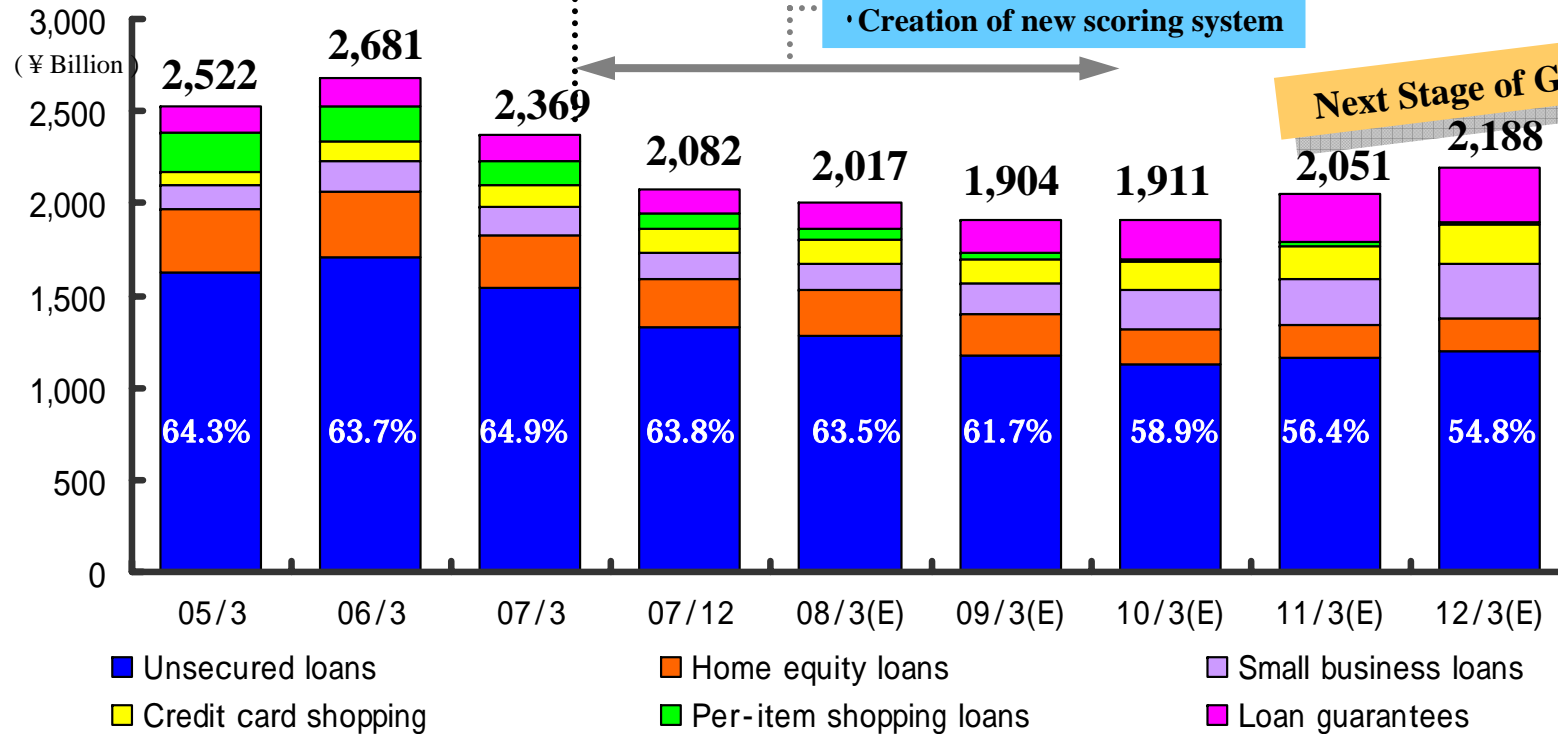
**Maintain 1.5% or greater ROA**

# Future AIFUL Group - Changes in Business Portfolio



## Total Receivables Outstanding

\* Trends in balance vary depending on regulatory and competitive environment.



· Restructuring of loan portfolio, reducing unsecured loan proportion to 50%

· Implementation of cost structure reform and group reorganization

· Reducing credit costs and securing high quality claims through tightening up on credit.

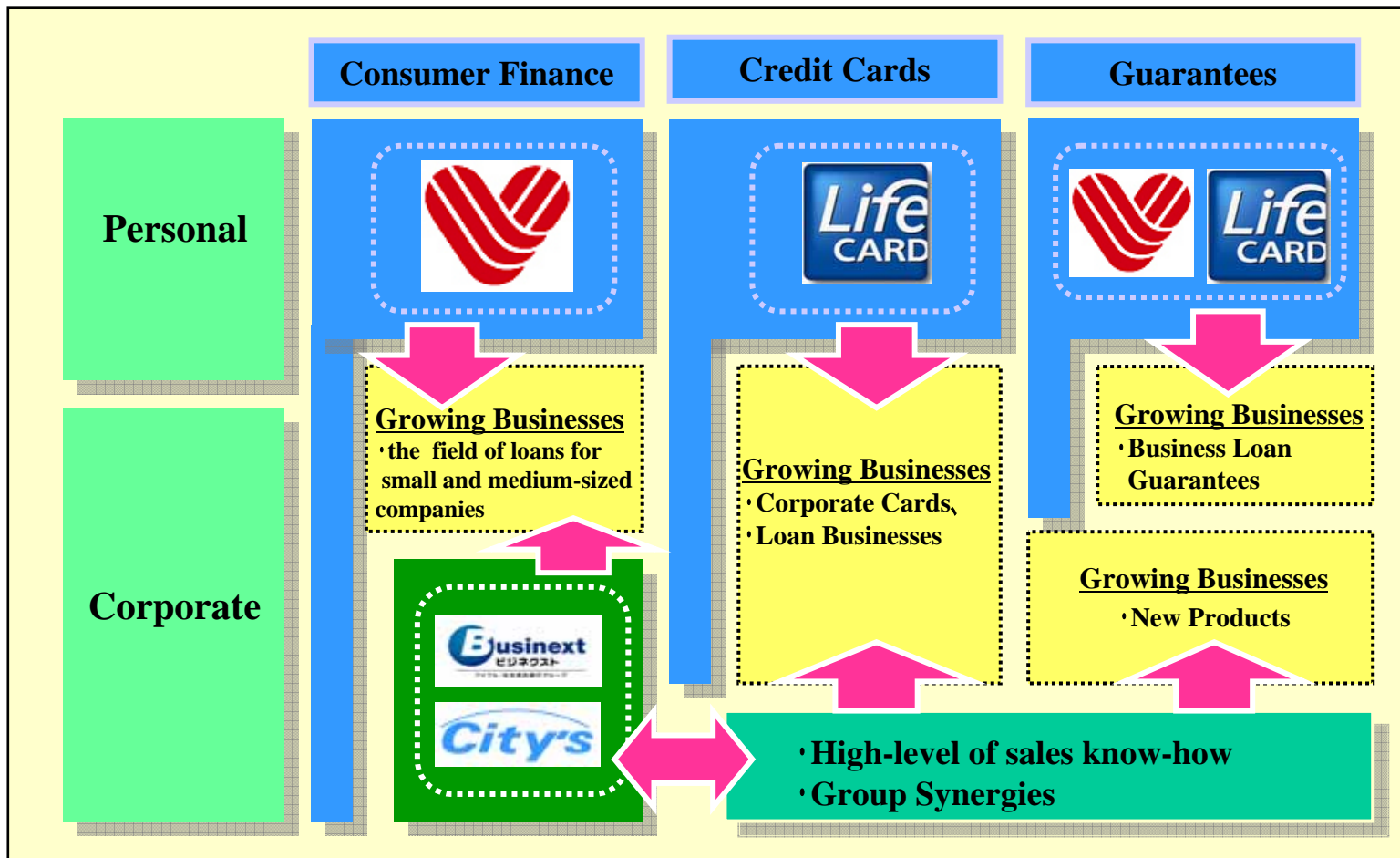
· Creation of new scoring system

Next Stage of Growth



## Group's Business Strategy

- Consumer finance business: Seek greater efficiency while emphasizing “selection and concentration”.
- Expend the small business loan and credit card business and the guarantee business segment, which are growth areas. The future growth sector among these fields will be the corporate finance segment .





## 4 • Financial Results of LIFE



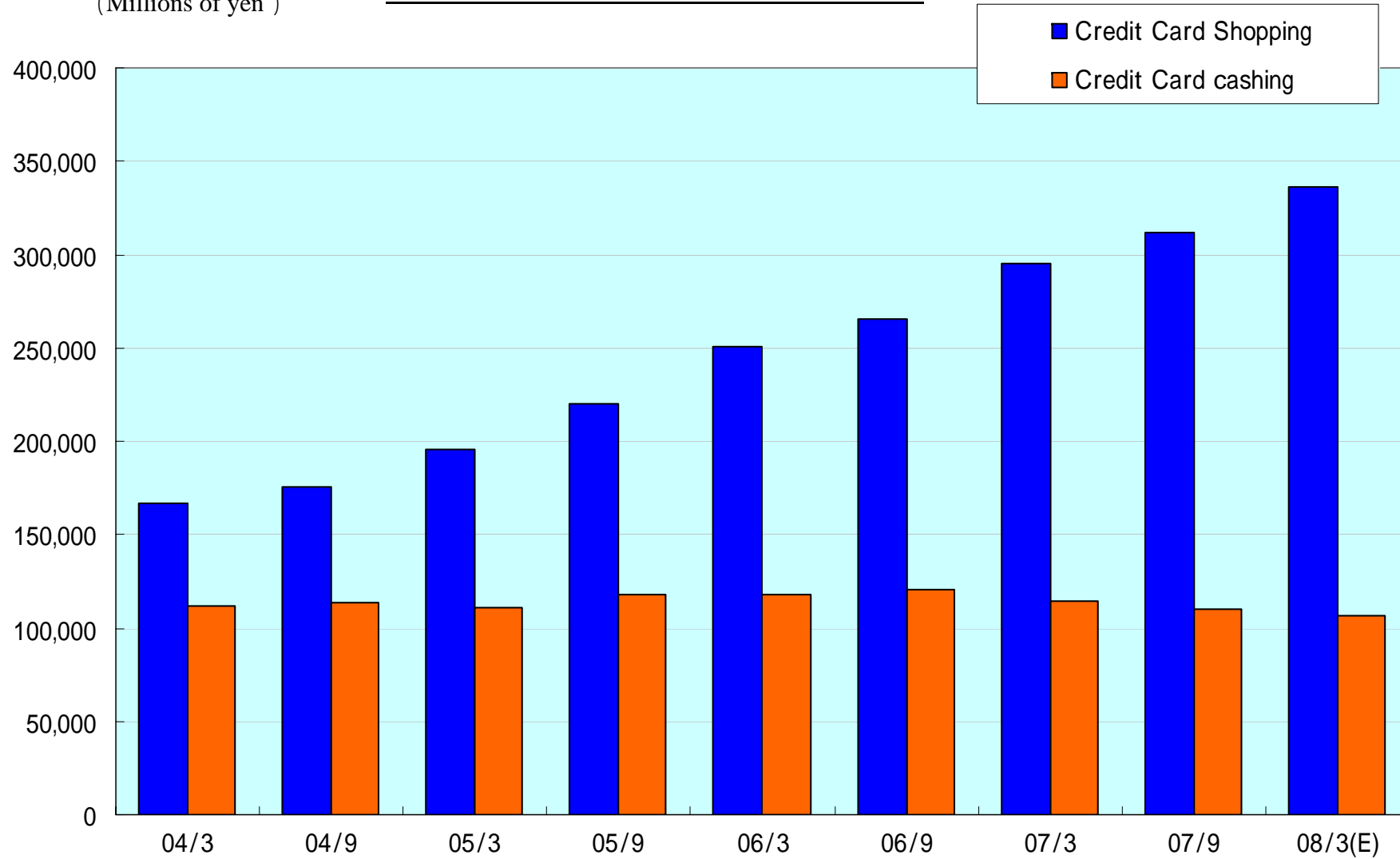
# LIFE ( 1 ) – Results Highlights



( Millions of yen )	Dec-06	Mar-07	Dec-07		Mar-08	
				YOY%	( E )	YOY%
<b>Number of cardholders</b> <i>(Thousand)</i>	<b>13,860</b>	<b>14,065</b>	<b>14,695</b>	<b>6.0%</b>	<b>14,712</b>	<b>4.6%</b>
<b>Life proper card</b>	<b>1,935</b>	<b>1,961</b>	<b>2,035</b>	<b>5.2%</b>	<b>2,046</b>	<b>4.3%</b>
<b>Affinity cards</b>	<b>11,924</b>	<b>12,103</b>	<b>12,660</b>	<b>6.2%</b>	<b>12,666</b>	<b>4.7%</b>
<b>Number of new issue</b> <i>(Thousand)</i>	<b>1,685</b>	<b>2,180</b>	<b>1,440</b>	<b>-14.5%</b>	<b>1,947</b>	<b>-10.7%</b>
<b>Life proper card</b>	<b>186</b>	<b>241</b>	<b>155</b>	<b>-16.4%</b>	<b>232</b>	<b>-3.7%</b>
<b>Affinity cards</b>	<b>1,499</b>	<b>1,938</b>	<b>1,285</b>	<b>-14.3%</b>	<b>1,714</b>	<b>-11.6%</b>
<b>Credit card purchase results</b>	<b>590,018</b>	<b>796,600</b>	<b>644,909</b>	<b>9.3%</b>	<b>866,144</b>	<b>8.7%</b>
<b>Credit card shopping</b>	<b>411,468</b>	<b>561,299</b>	<b>483,863</b>	<b>17.6%</b>	<b>647,965</b>	<b>15.4%</b>
<b>Credit card cashing</b>	<b>178,549</b>	<b>235,301</b>	<b>161,045</b>	<b>-9.8%</b>	<b>218,178</b>	<b>-7.3%</b>
<b>Installment finance purchase results</b>	<b>28,671</b>	<b>32,528</b>	<b>8,898</b>	<b>-69.0%</b>	<b>12,743</b>	<b>-60.8%</b>
<b>Member stores</b>	<b>100,109</b>	<b>101,575</b>	<b>103,793</b>	<b>3.7%</b>	<b>106,053</b>	<b>4.4%</b>

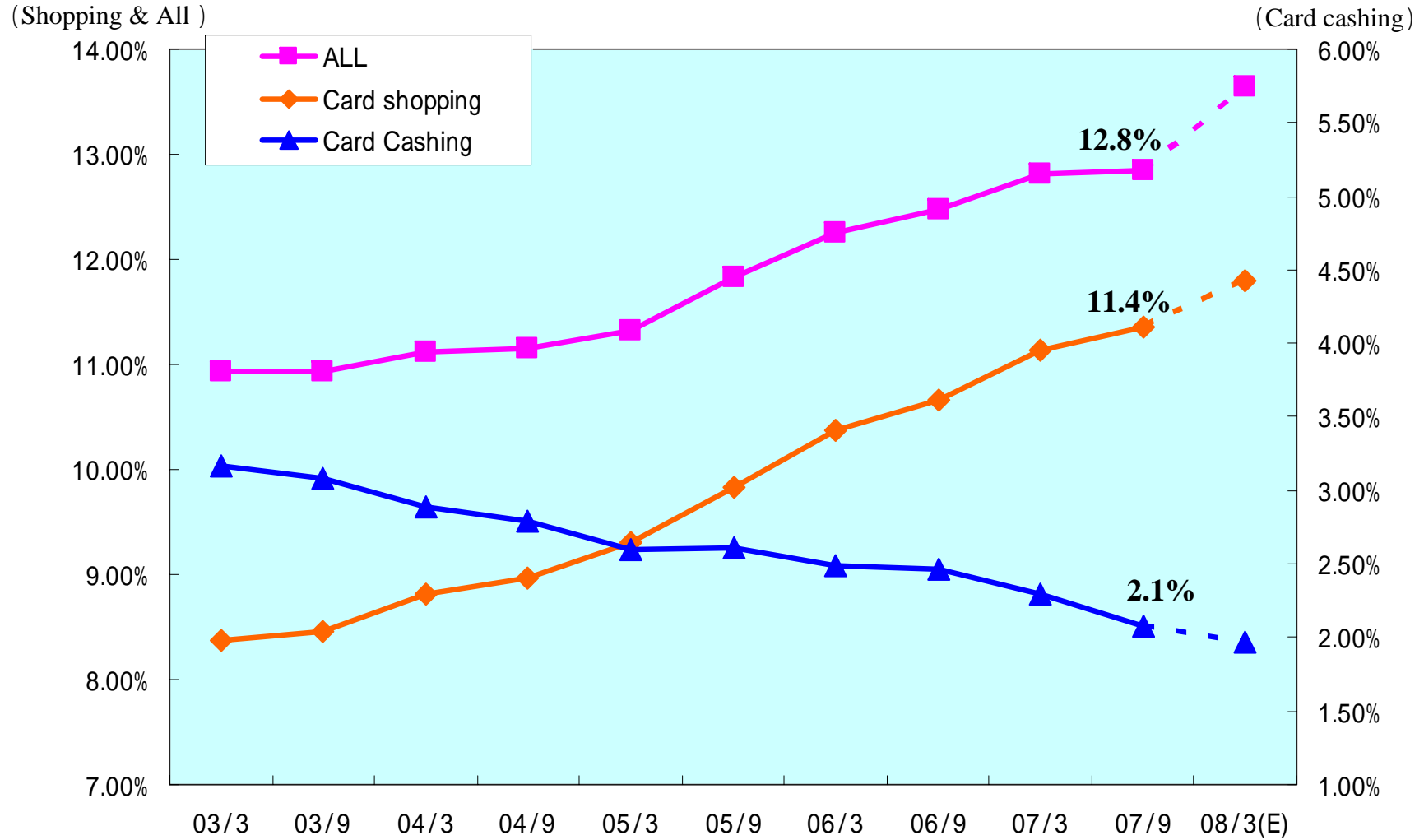
**Card Business: Purchase Results**

(Millions of yen )





## Card Business: Monthly Activity Rate



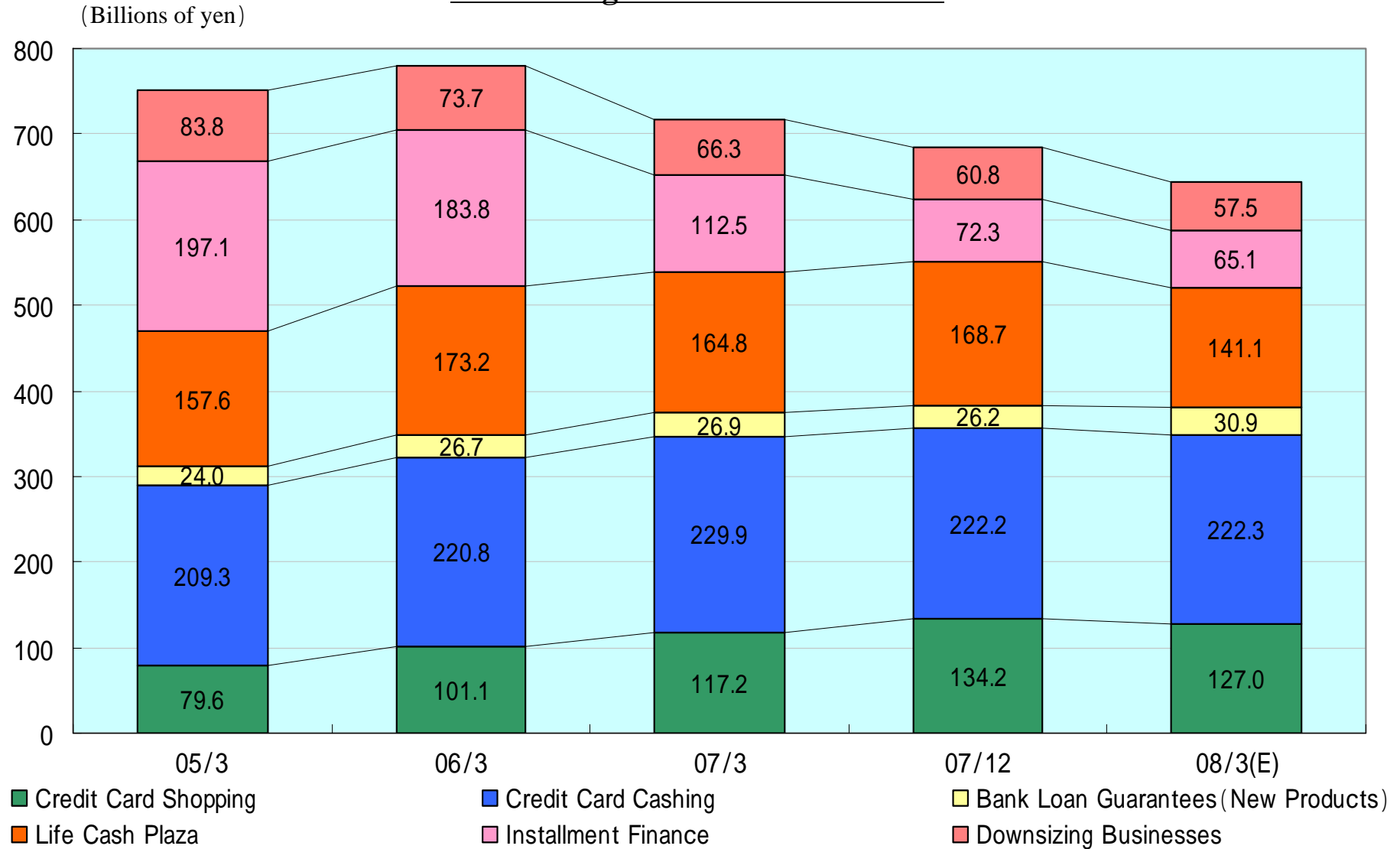
# LIFE ( 4 ) – Operating Results



( Millions of yen )	Dec-06	Mar-07	Dec-07	Mar-08		
				( E )	YOY%	
<b>Total receivables outstanding</b>	744,467	717,884	684,671	-8.0%	644,238	-10.3%
<b>Growing business</b>	377,114	374,121	382,734	1.5%	380,333	1.7%
<b>Credit card shopping</b>	121,996	117,222	134,262	10.1%	127,064	8.4%
<b>Credit card cashing</b>	227,586	229,984	222,265	-2.3%	222,333	-3.3%
<b>Loan guarantees (New Products)</b>	27,532	26,914	26,207	-4.8%	30,936	14.9%
<b>Holding business</b>	299,081	277,392	241,110	-19.4%	206,345	-25.6%
<b>Installment Finance</b>	131,934	112,512	72,375	-45.1%	65,194	-42.1%
<b>Life cash plaza</b>	167,147	164,880	168,735	1.0%	141,150	-14.4%
<b>Downsizing business</b>	68,268	66,370	60,823	-10.9%	57,559	-13.3%
<b>Loan Guarantees</b>	58,225	56,099	50,371	-13.5%	48,161	-14.1%
<b>Others</b>	10,043	10,271	10,452	4.1%	9,397	-8.5%
<b>Growing business</b>	51%	52%	56%	5.2%	59%	6.9%
<b>Holding business</b>	40%	39%	35%	-5.0%	32%	-6.6%
<b>Downsizing business</b>	9%	9%	9%	-0.3%	9%	-0.3%

\* Italic Font = Increase or Decrease

## Life: Changes In Business Portfolio



(Millions of yen)	Dec-06	Mar-07	Dec-07		Mar-08	
				YOY%	( E )	YOY%
<b>Operating revenue</b>	98,586	129,479	91,412	-7.3%	113,820	-12.1%
Credit card shopping	9,982	13,316	11,508	15.3%	15,117	13.5%
Installment finance	10,676	13,289	5,529	-48.2%	7,108	-46.5%
Credit card cashing	38,821	51,615	39,468	1.7%	49,361	-4.4%
Life Cash Plaza	30,298	39,606	26,427	-12.8%	31,049	-21.6%
Loan guarantees	3,124	4,134	2,899	-7.2%	3,844	-7.0%
Bad debt recovery	1,332	1,664	996	-25.2%	1,294	-22.2%
Other	4,203	5,851	4,328	3.0%	6,044	3.3%
<b>Operating expenses</b>	89,290	148,559	86,415	-3.2%	108,858	-26.7%
Financial expenses	7,011	9,201	6,882	-1.8%	10,102	9.8%
Credit costs	35,641	68,944	33,349	-6.4%	39,387	-42.9%
Return of overpayment cost	2,557	11,435	5,822	127.7%	5,334	-53.4%
Advertising expenses	4,196	5,587	1,267	-69.8%	1,915	-65.7%
Salaries	12,673	16,427	10,880	-14.1%	14,336	-12.7%
Other	27,210	36,963	28,213	3.7%	37,782	2.2%
<b>Operating income</b>	9,295	-19,079	4,996	-46.3%	4,961	-
<b>Ordinary income</b>	9,385	-18,957	5,078	-45.9%	5,000	-
<b>Net income</b>	3,637	-43,313	3,833	5.4%	2,656	-

(Millions of yen)	Dec-06	Mar-07	Dec-07		Mar-08	
				YOY%	( E )	YOY%
<b>Credit Cost</b>	<b>35,641</b>	<b>68,944</b>	<b>33,349</b>	<b>-6.4%</b>	<b>39,387</b>	<b>-42.9%</b>
<b>Bad debt charge-offs</b>	<b>31,016</b>	<b>44,498</b>	<b>39,210</b>	<b>26.4%</b>	<b>48,139</b>	<b>8.2%</b>
<b>Main businesses</b>	<b>30,261</b>	<b>41,803</b>	<b>38,686</b>	<b>27.8%</b>	<b>47,231</b>	<b>13.0%</b>
<b>Other</b>	<b>755</b>	<b>2,695</b>	<b>524</b>	<b>-30.6%</b>	<b>907</b>	<b>-66.3%</b>
<b>Home loans</b>	<b>324</b>	<b>478</b>	<b>172</b>	<b>-46.9%</b>	<b>310</b>	<b>-35.1%</b>
<b>Loss from fraudulent use of credit card</b>	<b>194</b>	<b>257</b>	<b>233</b>	<b>20.1%</b>	<b>295</b>	<b>14.8%</b>
<b>Loss from member stores</b>	<b>231</b>	<b>1,949</b>	<b>113</b>	<b>-51.1%</b>	<b>293</b>	<b>-85.0%</b>
<b>Other</b>	<b>6</b>	<b>10</b>	<b>5</b>	<b>-16.7%</b>	<b>8</b>	<b>-20.0%</b>
<b>Ratio of bad debt charge-offs</b>	<b>4.17%</b>	<b>6.20%</b>	<b>5.73%</b>	<b>1.56%</b>	<b>7.47%</b>	<b>1.27%</b>
<b>Ratio of allowance for bad debts</b>	<b>5.61%</b>	<b>7.12%</b>	<b>6.62%</b>	<b>1.01%</b>	<b>6.78%</b>	<b>-0.33%</b>

\* Main Businesses: Credit card Shopping, Installment Finance, Loan guarantees and Life Cash Plaza ( Unsecured Consumer Loans).

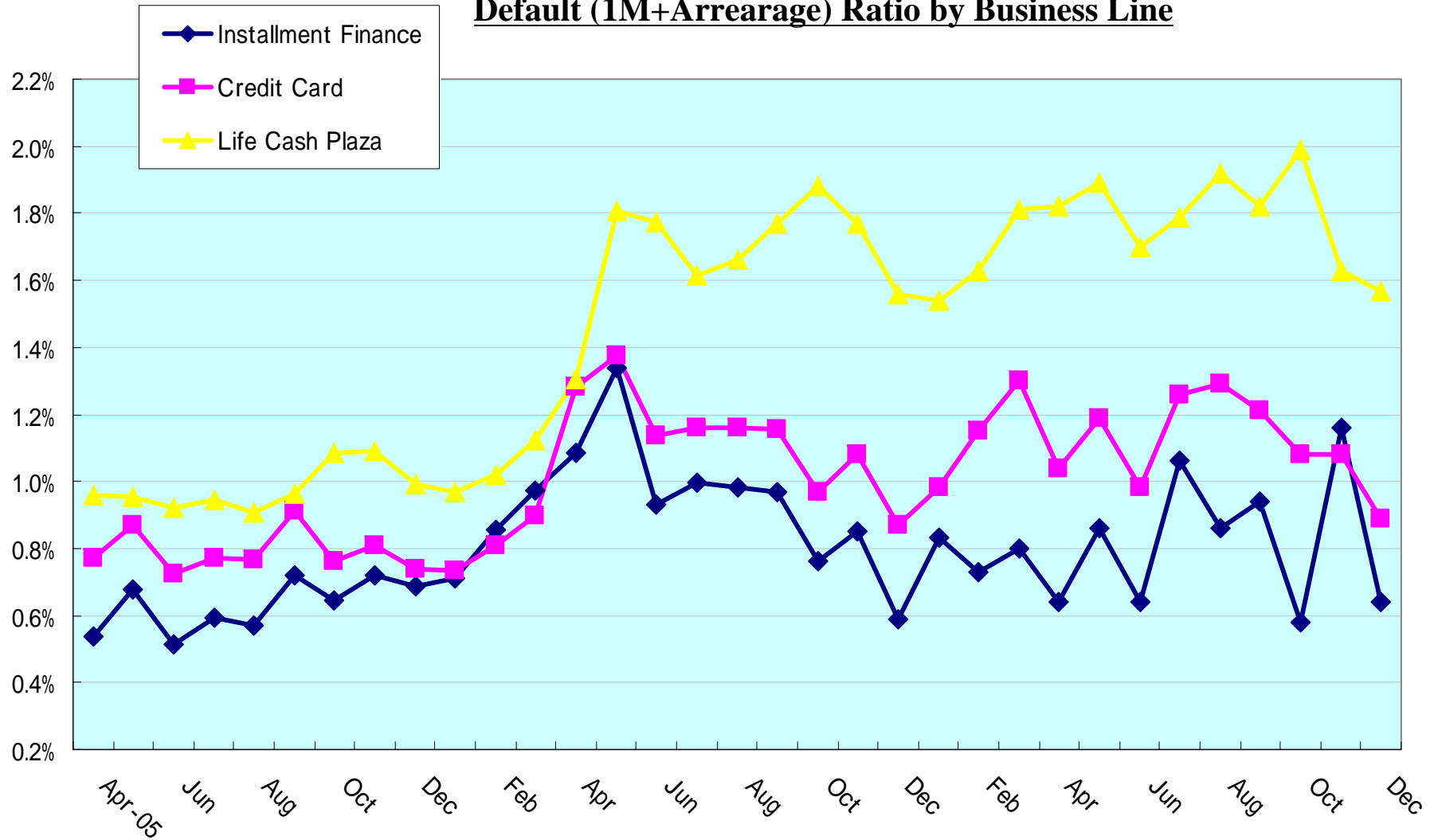
\* Italic Font: Increase or Decrease



# LIFE ( 8 ) – Trend of Default (1M+Arrearage) Ratio



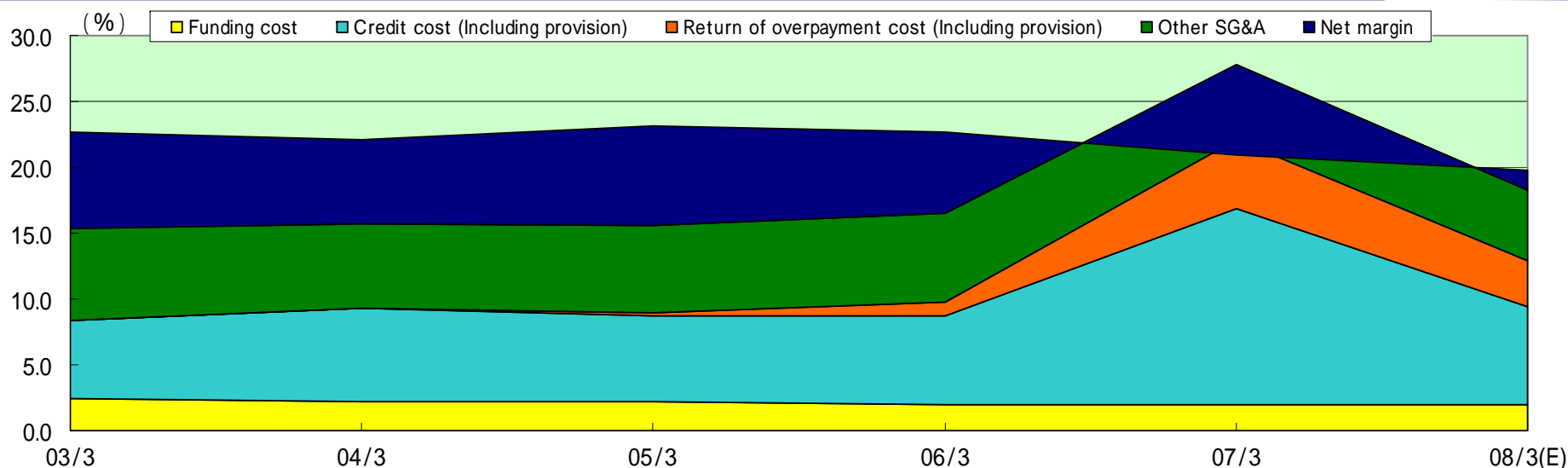
**Default (1M+Arrearage) Ratio by Business Line**



# Appendix



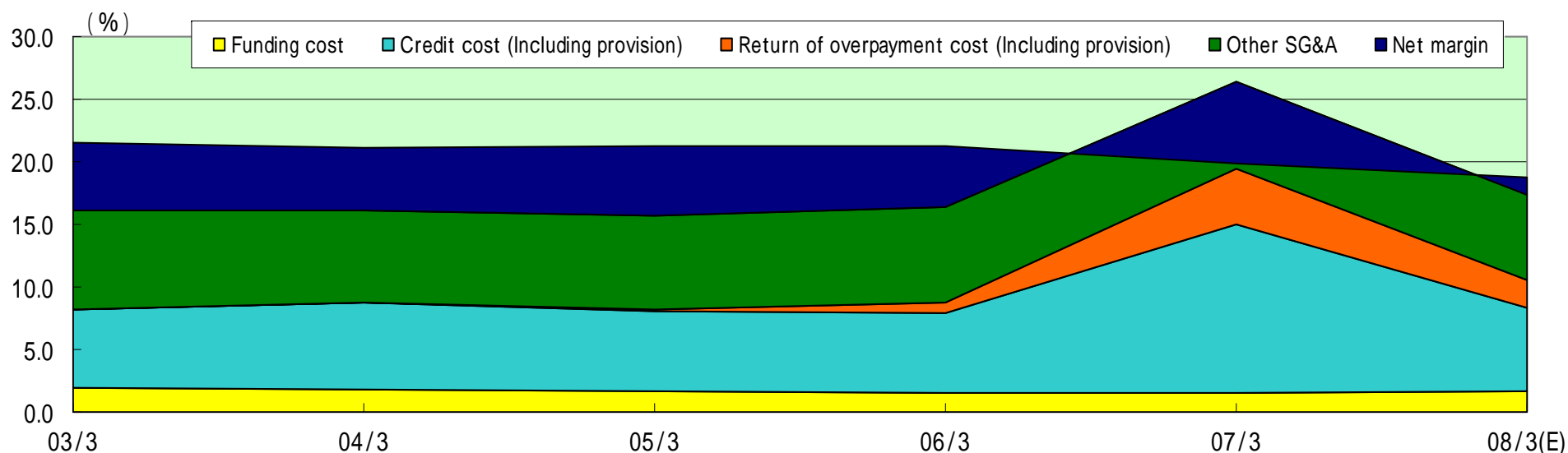
# Appendix – Net Margin ( Non-consolidated)



(%)	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08 (E)
<b>Average Yield (Loan Business)</b>	24.1	22.3	21.8	20.3	18.6
<b>Average Yield (other)</b>	0.7	0.8	0.8	0.6	0.7
<b>Average Yield (total)</b>	22.1	23.1	22.7	20.9	19.3
<b>Funding cost</b>	2.2	2.2	2.0	2.0	2.1
<b>Credit cost (Including Provision)</b>	7.1	6.5	6.7	14.8	8.4
<b>Return of overpayment Cost (Including Provision)</b>	-	0.2	1.1	5.2	2.2
<b>Other SG&amp;A cost (C)</b>	6.4	6.7	6.7	5.7	5.0
<b>Salary (A)</b>	1.9	2.0	1.9	1.9	2.0
<b>Advertising (B)</b>	0.9	1.0	1.1	0.4	0.4
<b>Other (C)-((A)+(B))</b>	3.6	3.7	3.8	3.4	2.7
<b>Net margin / Balance (Ordinary Income Basis)</b>	6.4	7.5	6.1	-6.9	1.6

\* Loan Business Average Yield = (Interest Income + Loan Guarantee Fee) / Average Receivable Outstanding × 100%

# Appendix – Net Margin ( Consolidated)



(%)	03/3	04/3	05/3	06/3	07/3	08/3(E)
(%)	Mar-04	Mar-05	Mar-06	Mar-06	Mar-07	Mar-08 (E)
<b>Average Yield (Loan Business)</b>	20.5	20.4	20.4	20.4	19.2	17.6
<b>Average Yield (other)</b>	0.7	0.8	0.9	0.9	0.7	0.9
<b>Average Yield (total)</b>	21.1	21.3	21.3	21.3	19.9	18.5
<b>Funding cost</b>	1.8	1.7	1.5	1.5	1.5	1.7
<b>Credit cost (Including Provision)</b>	7.0	6.3	6.4	6.4	13.5	7.2
<b>Return of overpayment Cost (Including Provision)</b>	-	0.2	0.8	0.8	4.5	1.7
<b>Other SG&amp;A cost (C)</b>	7.4	7.5	7.7	7.7	6.9	6.4
<b>Salary (A)</b>	2.2	2.2	2.2	2.2	2.2	2.1
<b>Advertising (B)</b>	0.9	1.0	1.1	1.1	0.6	0.3
<b>Other (C)-((A)+(B))</b>	4.3	4.3	4.4	4.4	4.0	3.7
<b>Net margin / Balance (Ordinary Income Basis)</b>	5.0	5.5	4.9	4.9	-6.5	1.5

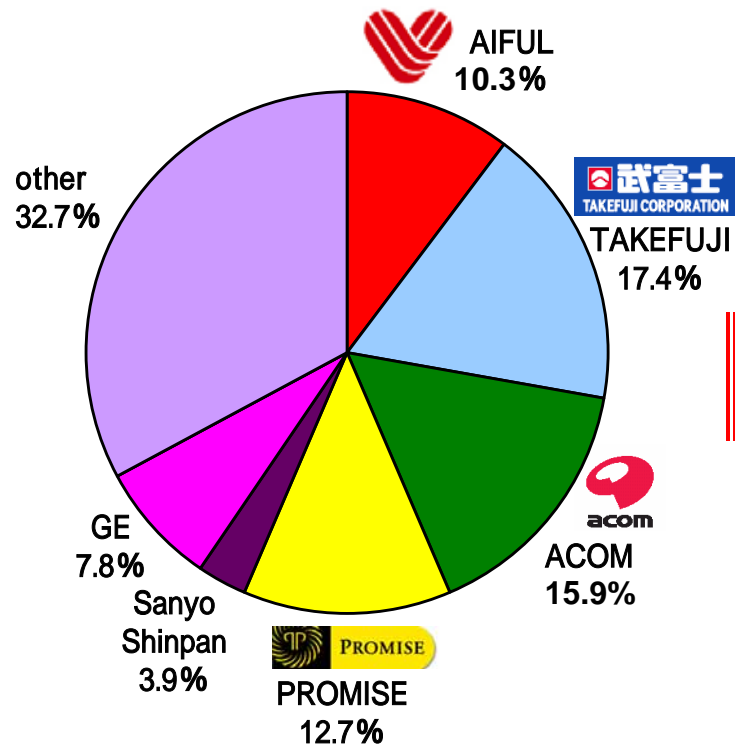
\* Loan Business Average Yield = (Interest Income + Loan Guarantee Fee) / Average Receivable Outstanding × 100%

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



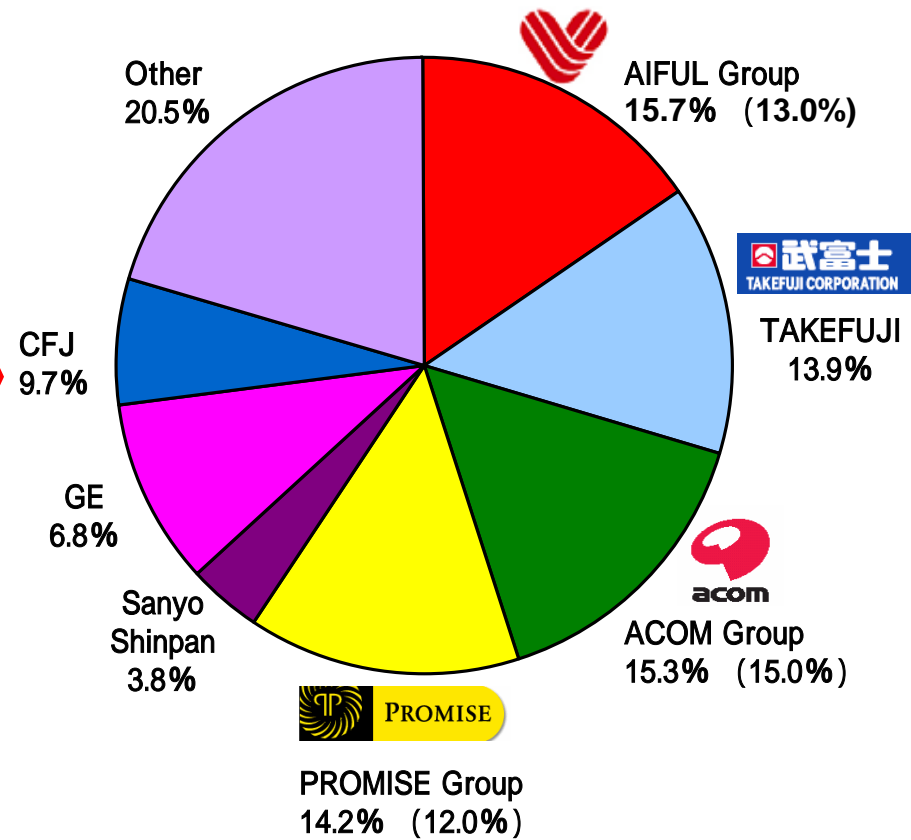
March 1998

¥6.9 trillion



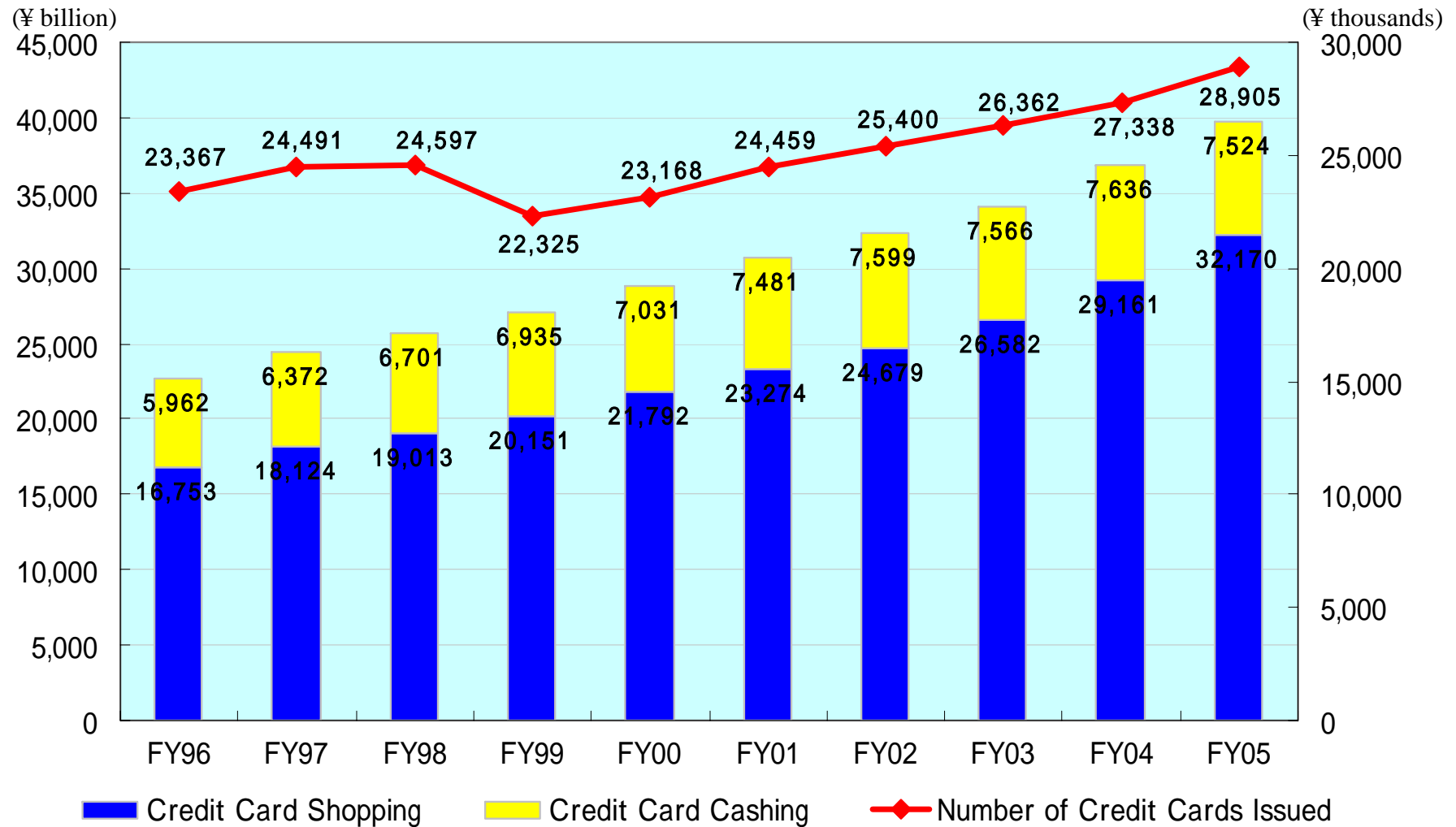
March 2007

¥10.3 trillion



\* (Non-Consolidated)

## Number of Credit cards issued & Amount of credit provided (Annual)





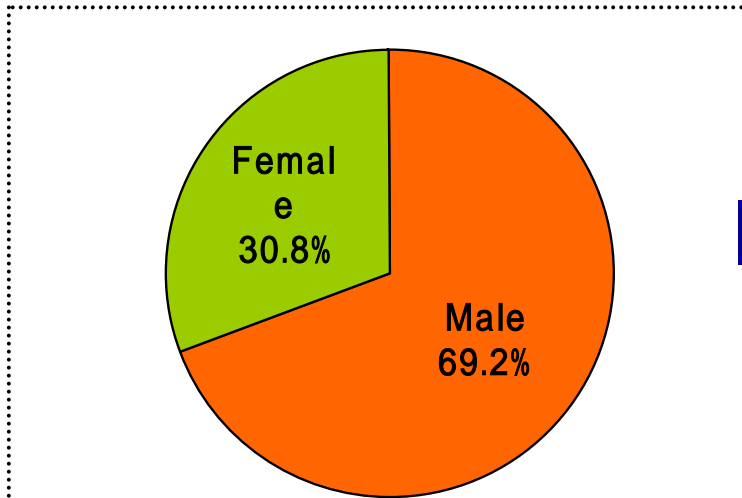
## Customer Accounts:

**1,723** (Thousand, Sep-07)

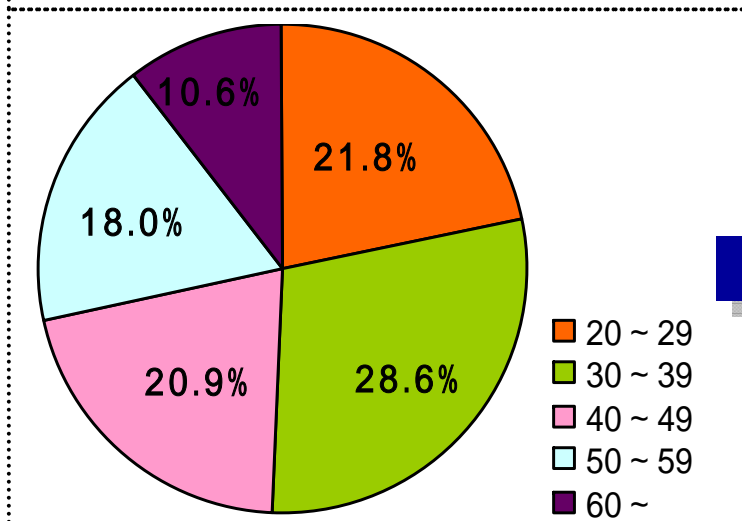
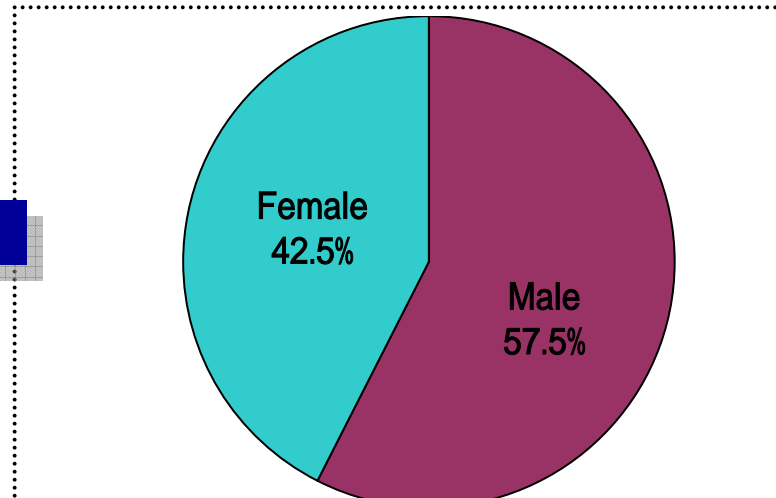


## Valid card members:

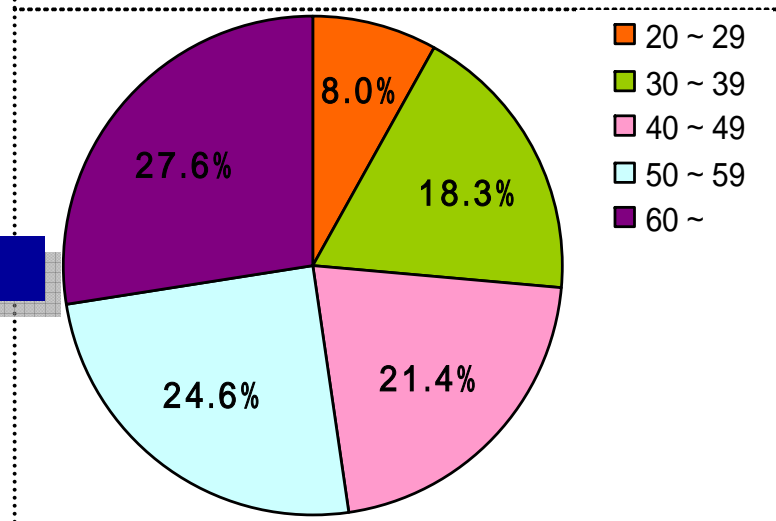
**14,541** (Thousand, Sep-07)

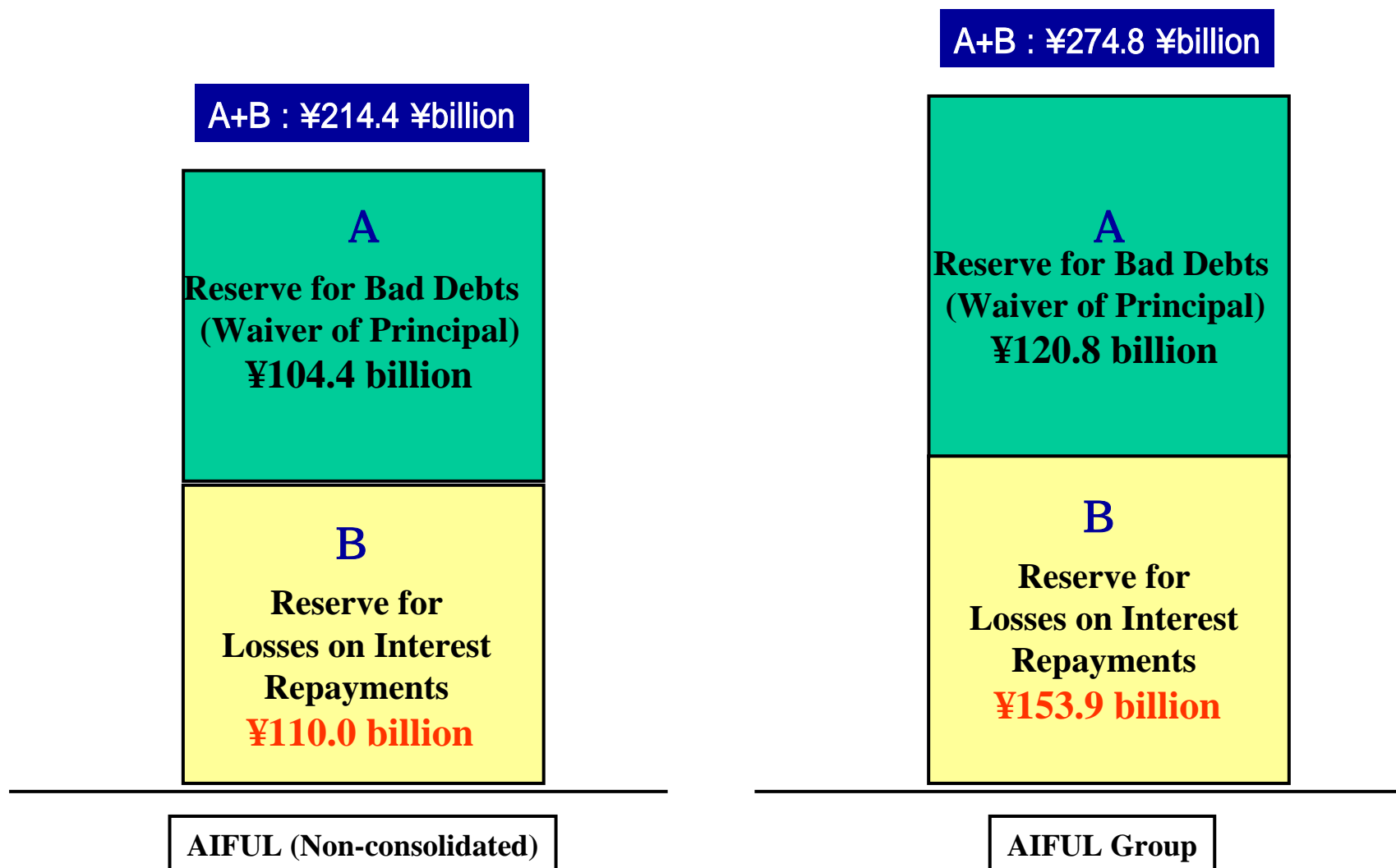


**SEX**

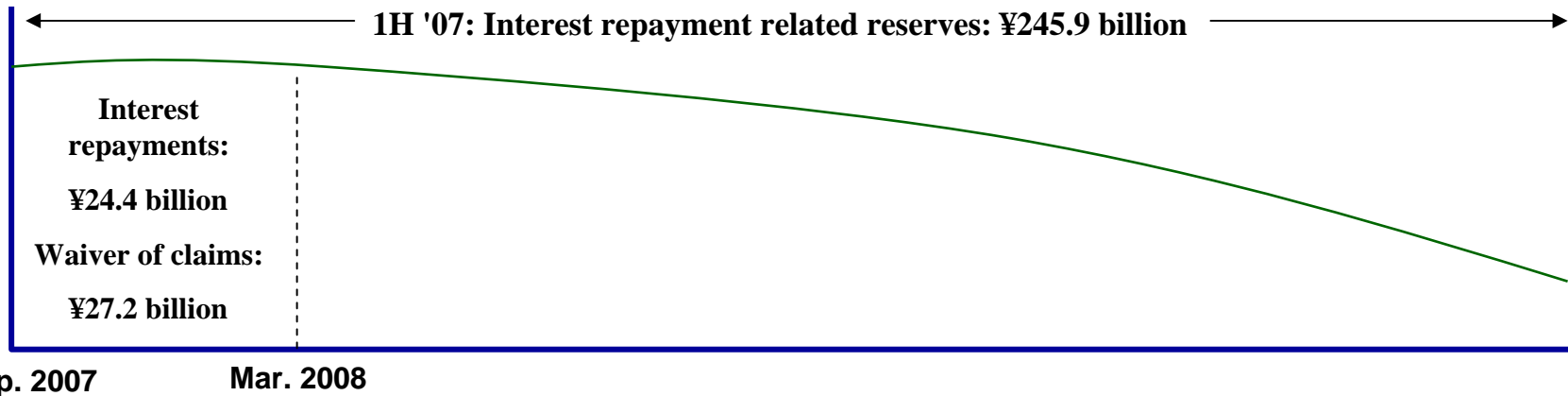


**AGE**









## Background to Revision of Computation of Interest Repayment Related Reserves in the Interim Financial Statements for Year Ending March 2008

### (1) Interest repayments level since May 2007

The Company has used an approximate compensation rate of 2.6 times in its compensation calculations under the exceptional method up to now. As a result of levelling off of interest repayments, the compensation rate could be 1 time, so the exceptional method no longer matches reality.

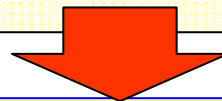
### (2) Interest on new loans a maximum 18% since August 2007

The number of accounts with excess interest exceeding the Interest Restriction Law is to decline in the future.

### (3) Mediation by attorneys and judicial scriveners on declining trend with peak in May 2007

Comparison with May 2007: October 2007: -17%, November 2007: -23%, December 2007: -34%

Future interest repayments could decline.



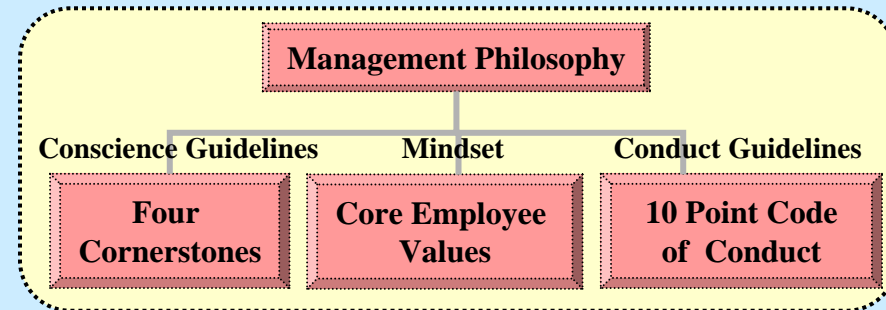
As a result of the foregoing, AIFUL has changed the computation of interest repayment related reserves from the exceptional method to the basic method. In other words, the Company has recorded as interest repayment related reserves the total amount likely to arise in the future.



## • New Corporate Philosophy

*Earn the support of the public with sincerity and hard work.*

• AIFUL’s new corporate philosophy is comprised of four components: 1) the Management Philosophy, which is at the pinnacle and supported by the others; 2) the Four Cornerstones, which serve as guidelines for conscience; 3) 10 Point Code of Conduct, which are guidelines for conduct; 4) the Core Employee Values, which are concrete points that make up the appropriate employee mindset.



## • Project to Restore Public Trust

**STEP 1**

Investigation into root causes of legal infringements.

**STEP 2**

Unification of company-wide awareness on fundamental issues

**STEP 3**

Formulation and implementation of radical reform plan

Pillars of reform: rebuilding of management philosophy, culture reform, “organizational” rebirth, “human” rebirth, honest disclosure)

### Main Actions:

- 1) Review of in-house regulations and establishment of systems;
- 2) Thorough employee guidance and training and introduction of relevant certification system,;
- 3) Strengthening of in-house monitoring structure and review of inspection cycles and areas;
- 4) Revision of personnel evaluation system.

• Establishment of additional Risk Management Committee as a body directly under the Board of Directors