



Second Quarter Financial Results for the Fiscal Year ending March 2011

AIFUL CORPORATION
<http://www.ir-aiful.com>

November , 2010

— 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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1. Summary of Second Quarter Financial Result



Financial Results (1): Consolidated Summary




(¥ million)	09/9	10/9			11/3(E)	YOY%
			YOY	YOY%		
Operating revenue	121,813	81,043	-40,770	-33.5%	-	-
Interest income	96,947	59,338	-37,608	-38.8%	-	-
Operating expenses	380,924	75,839	-305,085	-80.1%	-	-
Financial expenses	10,707	6,325	-4,381	-40.9%	-	-
Credit cost	128,606	26,313	-102,293	-79.5%	-	-
Expenses for Interest repayments	191,999	8,999	-183,000	-95.3%	-	-
Other operating expenses	49,610	34,200	-15,409	-31.1%	-	-
Operating income	-259,110	5,203	264,314	-	-	-
Ordinary income	-258,858	4,131	262,989	-	-	-
Extraordinary income	1,856	926	-929	-50.1%	-	-
Extraordinary losses	20,470	1,750	-18,719	-91.4%	-	-
Net income before taxes	-277,471	3,307	280,779	-	-	-
Net income	-282,318	3,400	285,719	-	-	-

(Unit: billions of yen)

Total Receivable outstanding *	1,357	916	-440	-32.5%	-	-
Loans outstanding	1,072	715	-356	-33.3%	-	-
LIFE: Installment receivable	161	98	-62	-38.9%	-	-
Credit guarantee and other	123	102	-21	-17.3%	-	-
Customer accounts (thousands)	2,222	1,730	-491	-22.1%	-	-

* Managed Asset Basis




 (¥ million)	09/9	10/9			11/3 (E)	
			YOY	YOY%		
Operating revenue	68,983	46,936	-22,046	-32.0%	-	-
Interest income	62,909	40,671	-22,237	-35.3%	-	-
Operating expenses	315,732	38,908	-276,823	-87.7%	-	-
Financial expenses	8,233	4,430	-3,802	-46.2%	-	-
Credit cost	108,584	18,489	-90,095	-83.0%	-	-
Bad debt write-offs	54,223	44,216	-10,007	-18.5%	-	-
Expenses for Interest repayments	176,866	-	-	-	-	-
Interest repayments	30,304	35,811	5,506	18.2%	-	-
Other operating expenses	22,048	15,989	-6,058	-27.5%	-	-
Operating income	-246,748	8,027	254,776	-	-	-
Ordinary income	-244,167	9,431	253,598	-	-	-
Extraordinary income	548	466	-82	-15.0%	-	-
Extraordinary losses	24,946	1,815	-23,130	-92.7%	-	-
Net income	-271,922	7,929	279,851	-	-	-

(Unit: billions of yen)


Total Receivable outstanding	751	503	-247	-33.0%	-	-
Loan outstanding	695	458	-237	-34.1%	-	-
Customer accounts (thousands)	1,202	931	-271	-22.6%	-	-
Average yield	16.3%	16.0%	-0.3%	-	-	-
Below 18% unsecured loan balance's occupancy rate	47.7%	56.3%	8.6%	-	-	-

Financial Results (3): Summary of LIFE and Businext



 (¥ million)	09/9	10/9			11/3 (E)
			YOY	YOY%	
Operating revenue	39,918	26,487	-13,431	-33.6%	-
Operating expenses	48,004	30,686	-17,318	-36.1%	-
Operating income	-8,085	-4,198	3,886	-	-
Ordinary income	-7,998	-5,529	2,468	-	-
Net income	-8,844	-5,095	3,749	-	-
Loans outstanding	240,479	162,968	-77,511	-32.2%	-
Installment receivables	142,248	90,358	-51,890	-36.5%	-
Average yield (%)	15.1	14.6	-0.5%	-	-

*On-Balance

 (¥ million)	09/9	10/9			11/3 (E)
			YOY	YOY%	
Operating revenue	4,637	4,032	-604	-13.0%	-
Operating expense	4,305	3,741	-564	-13.1%	-
Operating income	331	290	-40	-12.4%	-
Ordinary income	342	293	-48	-14.2%	-
Net income	-515	269	784	-	-
Loans outstanding	69,039	61,805	-7,233	-10.5%	-
Customer accounts (thousands)	37	33	-4	-10.9%	-
Average yield (%)	14.2	14.1	-0.1	-	-

2. Business Environment

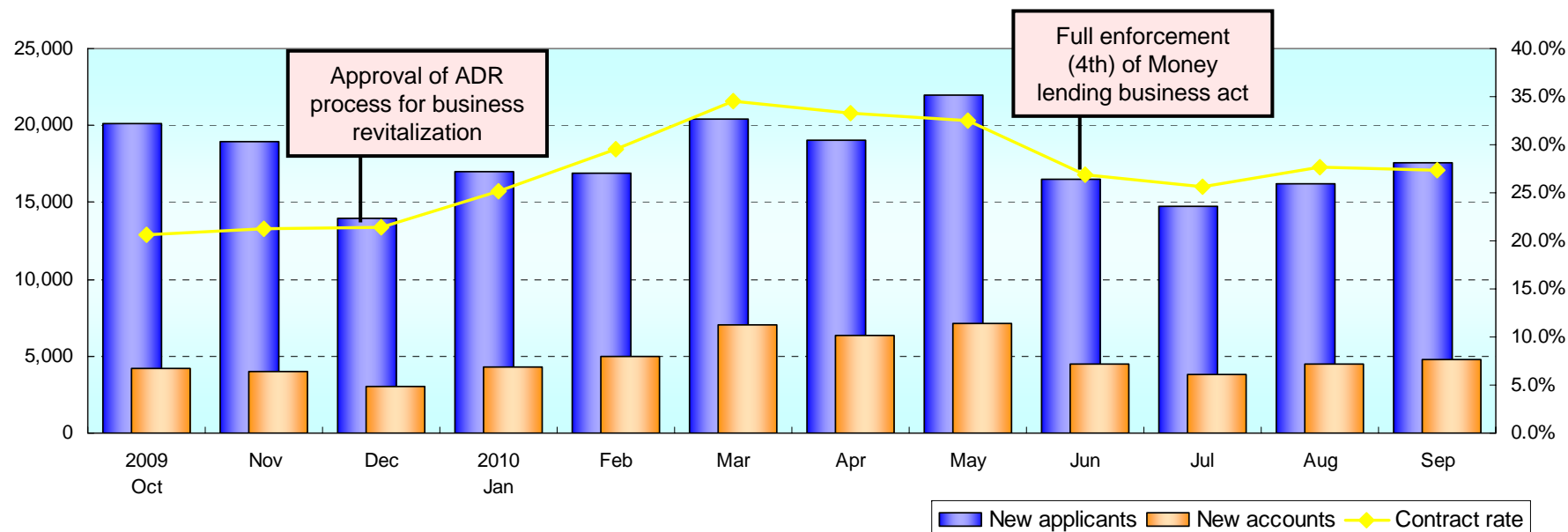




◆ Contract rate and loan volume of Unsecured loans

(number)	09/9 (6M)	10/3 (6M)	10/9 (6M)	YOY%
New applications	129,429	107,253	106,145	-18.0%
New accounts	24,289	27,468	31,027	27.7%
Contract rate	18.8%	25.6%	29.2%	+10.4%
Loans volume (¥ million)	28,543	23,136	36,860	29.1%

◆ Trends of New applications, New accounts and Contract rate of Unsecured loan

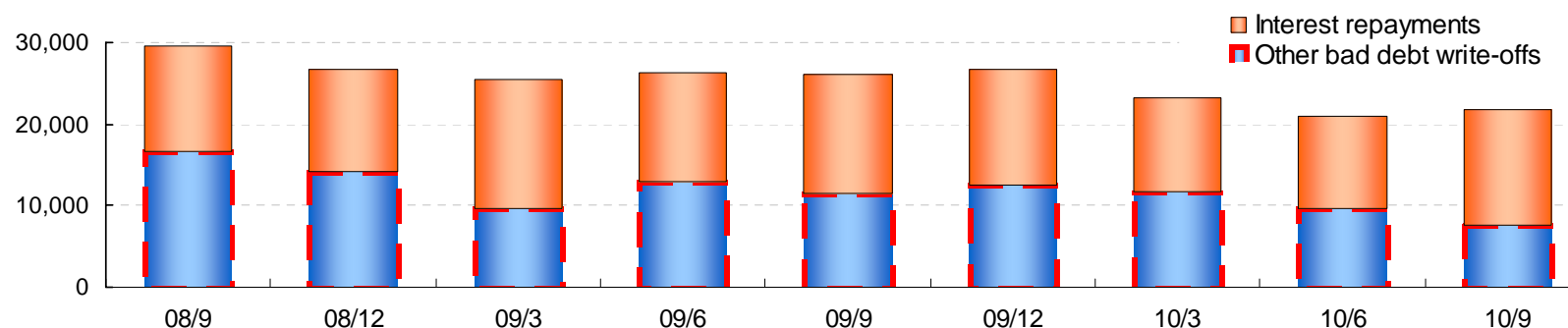




◆ Write-offs ratio and Write-offs

(%; ¥ millions)	09/9 (6M)	10/3 (12M)	10/9 (6M)	YOY	11/3(E) (12M)
Consolidated	5.03%	14.23%	5.97%	+0.94%	-
Non-consolidated	7.44%	19.10%	9.08%	+1.64%	-
Total Write-offs	55,856	115,159	45,673	-18.2%	-
Write-offs	52,424	102,383	42,781	-18.4%	-
Loans outstanding	695,822	553,476	458,704	-34.1%	-

◆ Trends of Interest repayments and other bad debt charge-offs (Quarterly Basis)

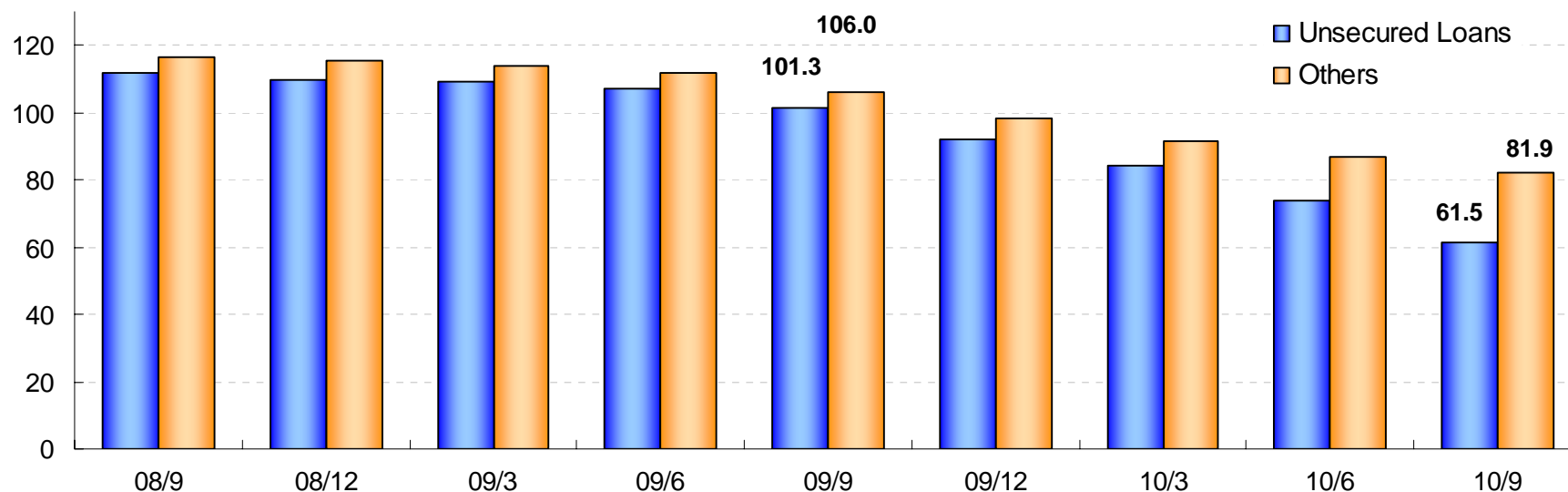


(¥ million)	09/9 (6M)	10/3 (12M)	10/9 (6M)	YOY%	11/3(E) (12M)
Waiver of principal related to Interest repayment	28,027	53,756	25,414	-9.3%	-
Other bad debt write-offs	24,397	48,627	17,367	-28.8%	-
Total	52,424	102,383	42,781	-18.4%	-



◆ Trends of NPL defined by FSA

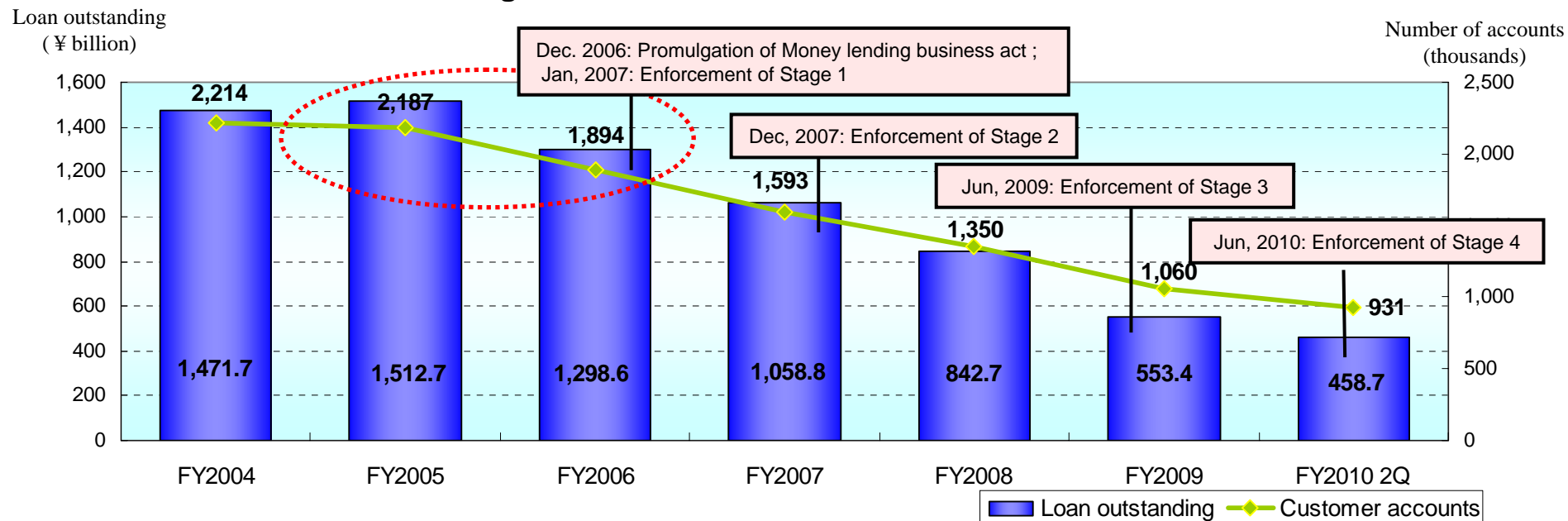
(¥ billion)



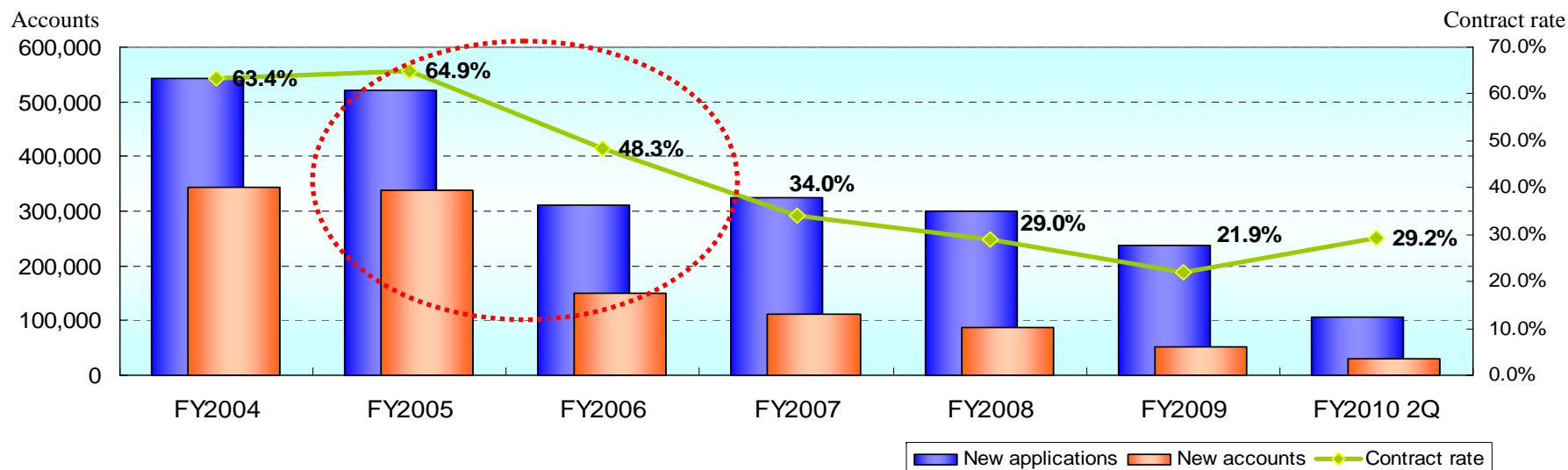
(¥ millions)	Unsecured loans			Others		
	09/9	10/9	YOY%	09/9	10/9	YOY%
Claims in Bankruptcy	1,760	1,087	-38.2%	35,412	41,072	16.0%
Loans in arrears	63,221	38,702	-38.8%	67,355	38,671	-42.6%
Loans in arrears longer than 3 months	10,203	4,802	-52.9%	2,070	1,269	-38.7%
Loans with adjusted terms	26,135	16,959	-35.1%	1,188	916	-22.9%
Total	101,321	61,552	-39.3%	106,026	81,929	-22.7%



◆ Trends of Loan outstanding and Number of accounts



◆ Trends of New applications, New accounts and Contract rate





◆ Allowance on losses for Interest repayment:

1. Consolidated

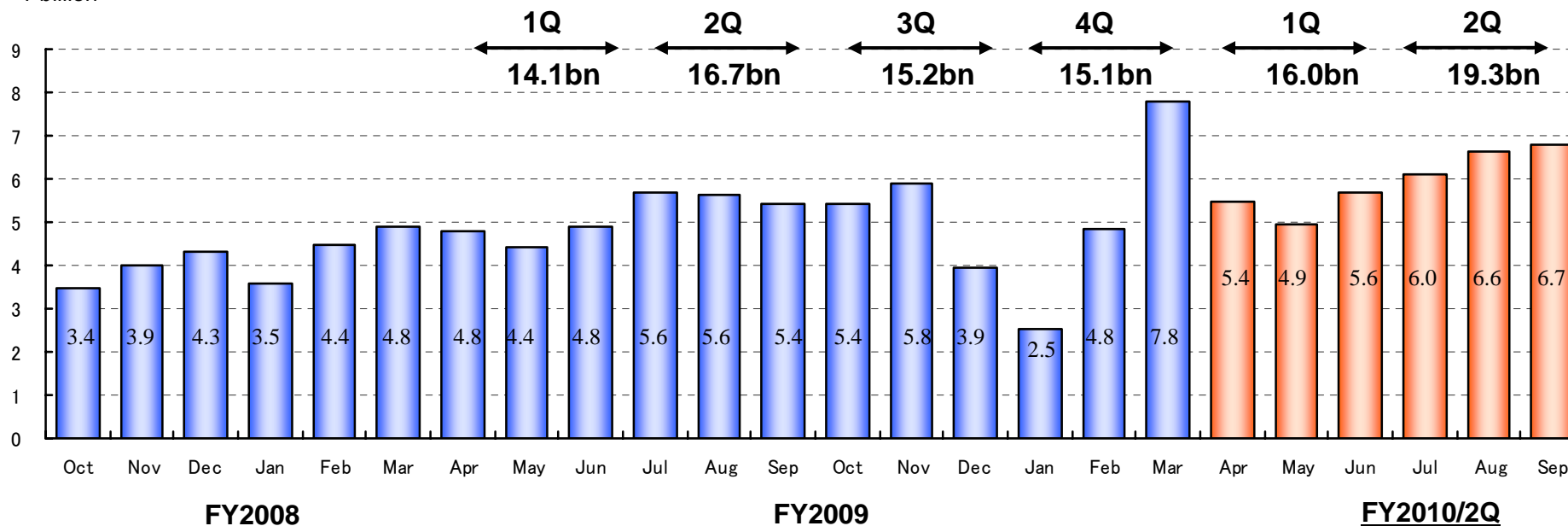
(¥ million)	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY 2010	237,909	76,990	314,899
Reversal (Interest repayment)	44,085	-	44,085
Reversal (Waiver of principal)	4,645	26,034	30,679
Provisions	8,999	14,258	23,257
Allowance at end of FY2010/2Q	198,177	65,214	263,392

2. Non-Consolidated

Interest repayment	Waiver of principal	Total
197,160	74,094	271,254
35,811	-	35,811
-	25,414	25,414
-	14,258	14,258
161,349	62,938	224,287

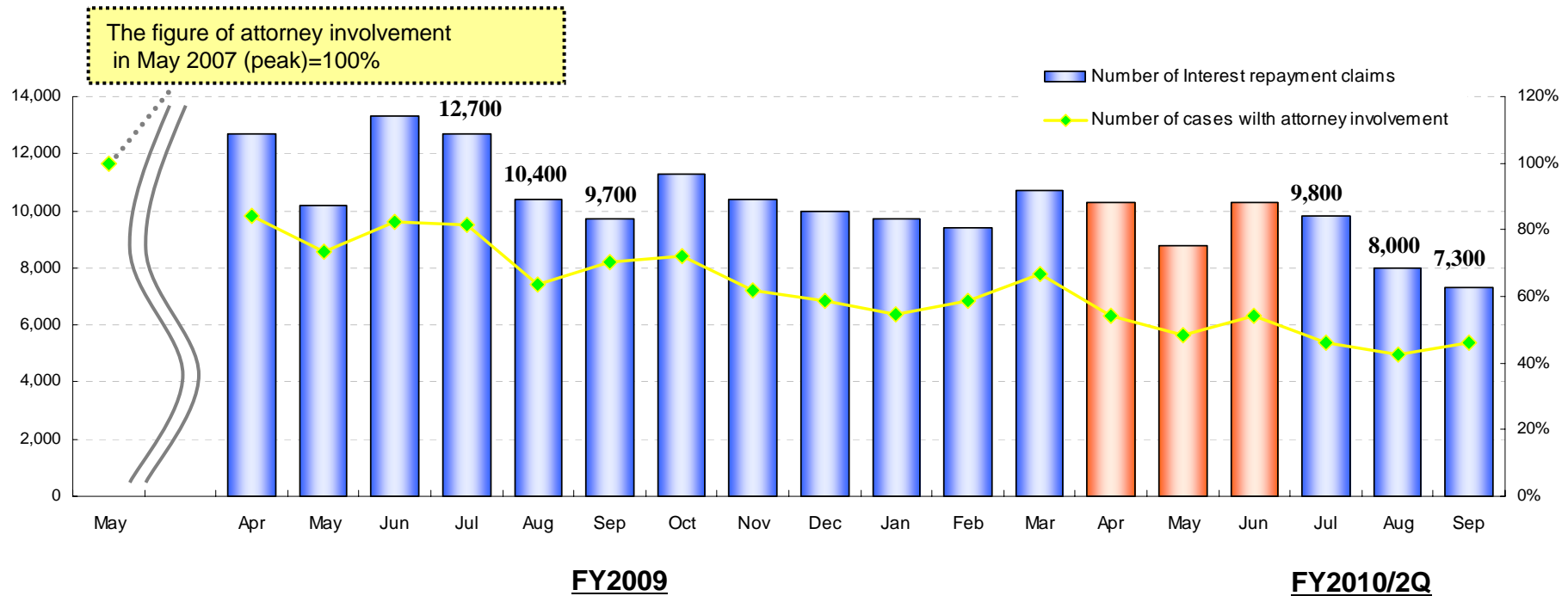
◆ Monthly Interest Repayments (Cash out basis) : Non-consolidated

¥ billion





◆ The figure of attorney involvement & Interest repayment claims: Non-consolidated

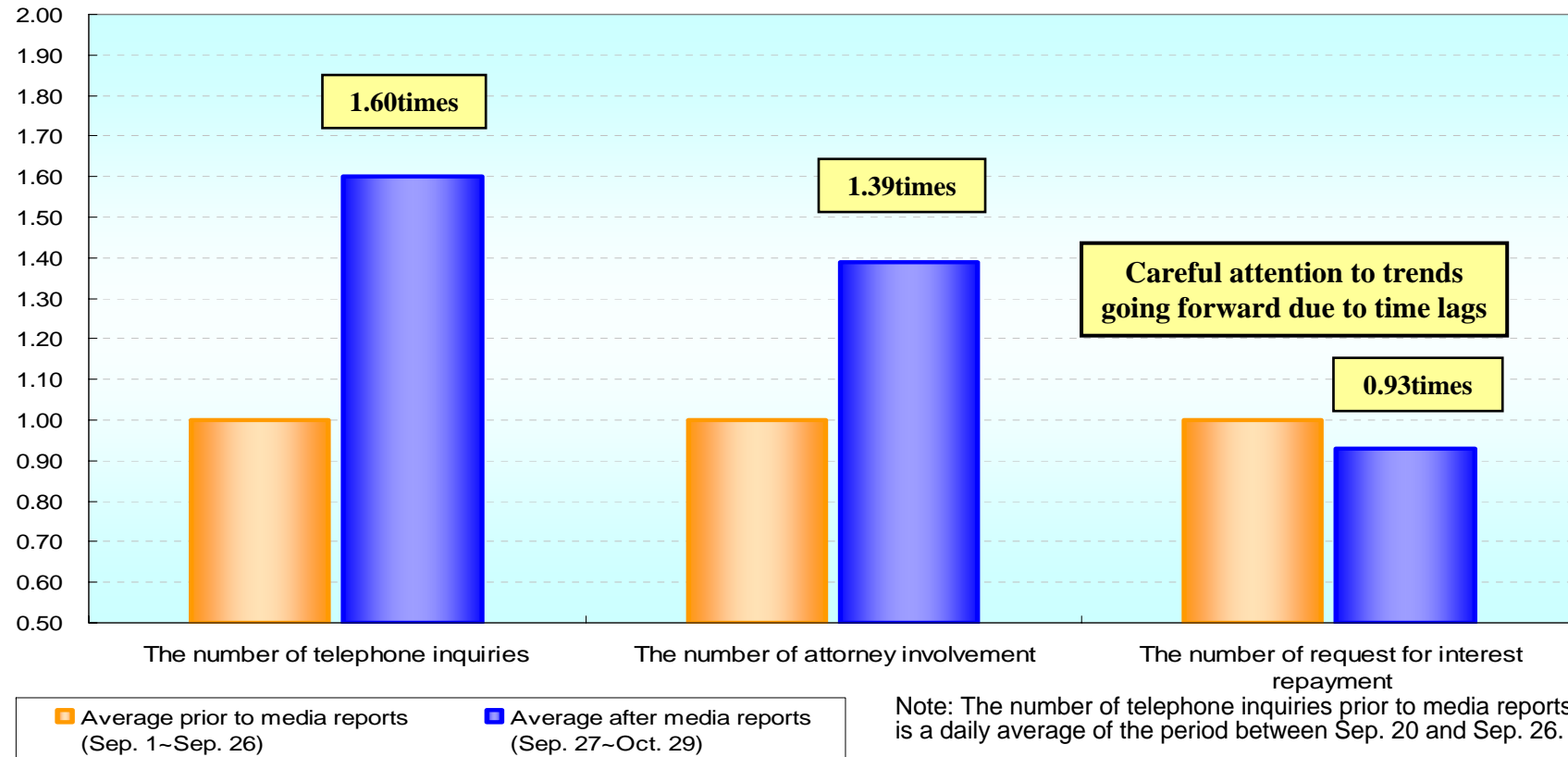


◆ The figure of attorney involvement & Interest repayments on non-consolidated basis (year-on-year)

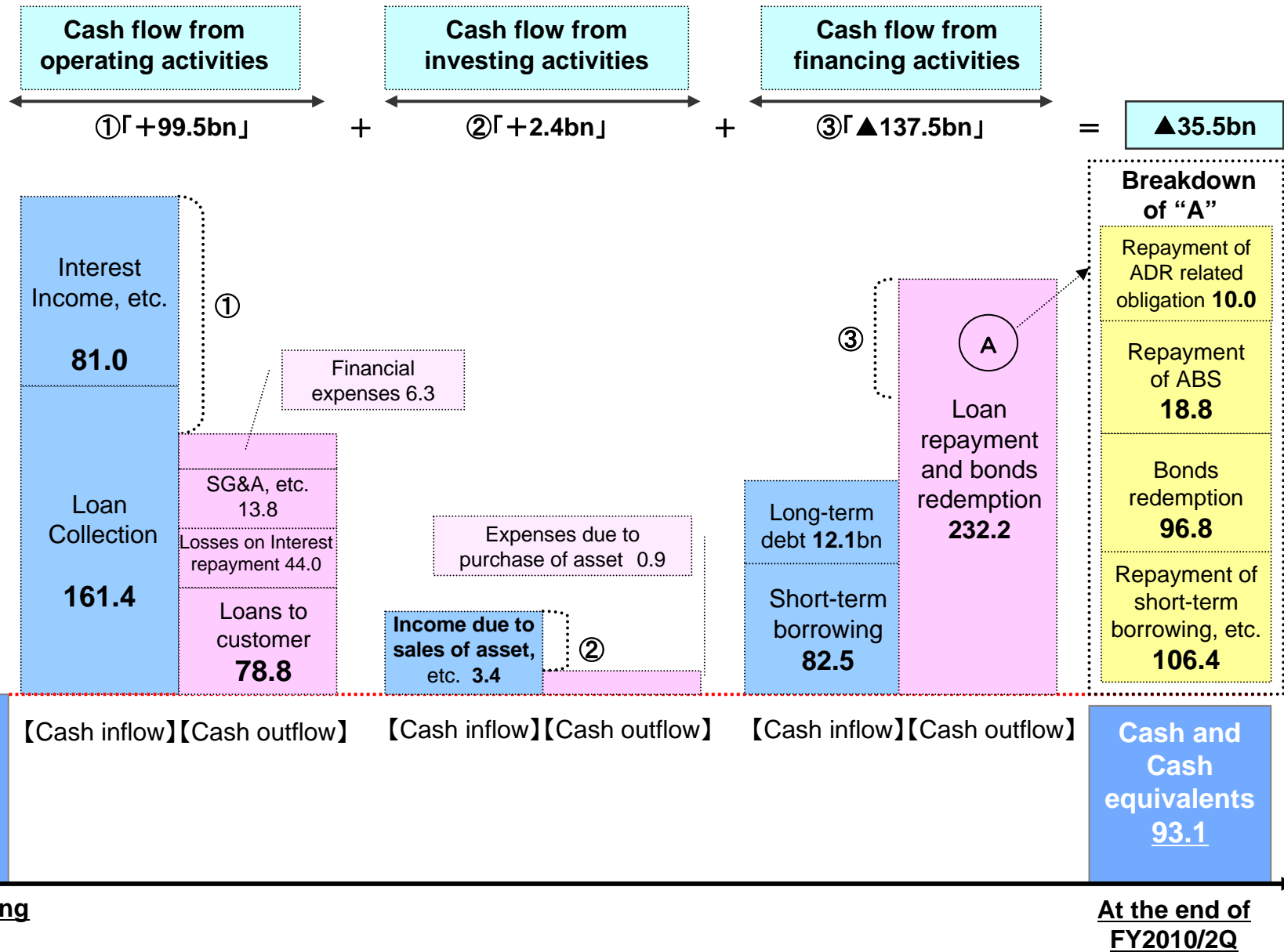
Year-earlier month (2009/ 2010)	2010						2Q (6M)
	Apr	May	Jun	Jul	Aug	Sep	
Number of attorney involvement	-35.6%	-34.4%	-34.1%	-43.5%	-33.2%	-34.2%	-36.0%
Number of Interest repayment claims	-18.9%	-13.7%	-22.6%	-22.8%	-23.1%	-24.7%	-21.0%



Comparison of the numbers of telephone inquiries, attorney involvement and request for interest repayment per day prior to and after media report



On a daily average basis prior to and after media reports, the number of telephone inquiries and attorney involvements increased 1.6 and 1.4 times, respectively. As of the date of this presentation, the number of interest repayment requests has shown no increase and stands at 0.9 times in comparison with the average prior to media reports.





**New AIFUL Corporation (merger of the former Life Co., Ltd.,
City's Corporation, City Green Corporation and Marutoh KK)
~The Consumer finance business~**

**Former
Life Co., Ltd.**

**City's Corporation
Owner of proprietor
finance business**

**City Green Corporation
City's Corporation
Holding company**

**Marutoh KK
Real estate leasing
business**

**New Life Co., Ltd.
~The Credit card business~**

**Newly established by way of
corporate split**

**Other Group Companies
(Businext Corporation,
New Frontier Partners Co., Ltd, and other)**


**Group reorganization for the perspectives of
“Focus and Selection” and “Economic efficiency”**

3. Financial results of LIFE



LIFE (1) : Summary of Financial results




 (millions of yen)	09/9	10/9			11/3 (E)	YOY
			YOY	YOY%		
Operating revenue	39,918	26,487	-13,430	-33.6%	-	-
Installment receivable	10,052	7,048	-3,004	-29.9%	-	-
Credit card	9,012	6,666	-2,346	-26.0%	-	-
Loans	23,532	13,222	-10,309	-43.8%	-	-
with Credit card	14,347	7,884	-6,463	-45.0%	-	-
with Loan card	9,113	5,266	-3,846	-42.2%	-	-
Credit guarantee and others	6,333	6,216	-116	-1.8%	-	-
Operating expenses	48,004	30,686	-17,317	-36.1%	-	-
Financial expenses	3,040	2,076	-964	-31.7%	-	-
Credit cost	12,967	5,125	-7,842	-60.5%	-	-
Interest repayment	11,039	8,999	-2,040	-18.5%	-	-
Other	20,955	14,485	-6,470	-30.9%	-	-
Operating income	-8,085	-4,198	3,886	-	-	-
Ordinary income	-7,998	-5,529	2,468	-	-	-
Extraordinary income	1,232	457	-775	-62.9%	-	-
Extraordinary loss	789	214	-574	-72.8%	-	-
Net income before tax	-7,554	-5,287	2,267	-	-	-
Net income	-8,844	-5,095	3,749	-	-	-


*On-balance

LIFE (2) : Summary of Operating Results



 (¥ million)	09/9	10/9	YOY%	11/3 (E)
Number of new issue (thousands)	569	1,056	85.4%	-
Proper	69	860	1,131.3%	-
Affinity	499	195	-60.9%	-
Number of card holders (thousands)	15,315	9,514	-37.9%	-
Proper	2,232	2,912	30.5%	-
Affinity	13,083	6,601	-49.5%	-
Credit card purchase results	451,026	277,144	-38.6%	-
Shopping	409,905	252,622	-38.4%	-
Cashing	41,121	24,521	-40.4%	-
Total receivable outstanding *	501,309	330,353	-34.1%	-
Installment receivable	161,159	98,477	-38.9%	-
Loans	271,512	174,025	-35.9%	-
Credit guarantee	59,843	49,873	-16.7%	-
Other	8,794	7,977	-9.3%	-
Member merchant (number)	107,060	106,918	-142	-

* Managed Asset Basis

 (millions of yen)	09/9	10/9	11/3		
			YOY%	(E)	YOY%
Bad debt write-offs (¥ million)	10,815	9,495	-12.2%	-	-
Main business *1	10,519	9,278	-11.8%	-	-
Credit card	5,276	4,793	-9.2%	-	-
Installment sales finance	235	190	-19.2%	-	-
LCP (unsecured consumer loans)	4,578	3,923	-14.3%	-	-
Other	295	216	-26.9%	-	-
Ratio of bad debt write-offs (%)	2.16%	2.87%	+0.71%	-	-
Credit card	1.73%	2.43%	+0.70%	-	-
Installment sales finance	1.01%	2.07%	+1.06%	-	-
LCP (unsecured consumer loans)	4.43%	6.05%	+1.62%	-	-
Ratio of allowance for doubtful account	9.15%	10.64%	+1.49%	-	-

*1 Main business: Credit card shopping, installment sales finance, LIFE Cash Plaza (LCP; unsecured consumer loans), and loan guarantees.

4. Explanation of figures



(1) Breakdown of Consolidated operating revenue



(¥ million)	10/9	YOY	YOY%	Reasons for increase/ decrease
Operating revenue	81,043	-40,770	-33.5%	
Interest income	59,338	-37,608	-38.8%	Due to restrained lending in response of “Total lending cap”, loan outstanding was decreased 356.8 billion yen compare to previous fiscal year-end
AIFUL	40,671	-22,237	-35.3%	Unsecured loan outstanding: ¥347.2 billion (down ¥179.0 billion) Secured loan outstanding: ¥103.7 billion (down ¥54.9billion) Small business loan outstanding: ¥7.7billion (down ¥3.1billion)
LIFE	13,222	-10,310	-43.8%	Credit card cash advances : ¥7.8billion (down ¥6.4billion) Loan card : ¥5.2billion (down ¥3.8billion)
BUSINEXT	4,012	-575	-12.5%	Balance of loans down 10%. Lending curbed in view of recent business sentiment at small and medium-size enterprises.
City’s	1,432	-939	-39.6%	Focusing on collection
Revenue from credit card	6,666	-2,346	-26.0%	LIFE credit card shopping purchases was down 33% as a result of the dissolution of affiliated cards
Revenue from installment sales finance	462	-654	-58.6%	Reduction due to rigorous screening of member store
Revenue from credit guarantee	3,045	-619	-16.9%	AIFUL: ¥1.7billion (down ¥0.3billion) LIFE : ¥1.2billion (down ¥0.2billion)
Other operating income	11,483	493	4.5%	
Bad-debt write-off recovery	6,722	702	11.7%	AIFUL : ¥4.3billion (up ¥0.6billion) LIFE : ¥2.3billion (up ¥0.4billion)
Collection from purchased receivable	1,866	157	9.2%	Due to increase in claims purchased at AsTry Loan Service

(2) Breakdown of Consolidated operating expense and income



(¥ million)	10/9	YOY	YOY%	Reasons for increase/ decrease
Operating expenses	75,839	-305,085	-80.1%	
Financial expenses	6,325	-4,381	-40.9%	Decline due to fall in borrowings accompanying falling balance of operating loans
Cost of claims purchasing	1,311	-124	-8.7%	Tied to AsTry Loan Service collections of claims purchased
Credit cost	26,313	-102,293	-79.5%	AIFUL: ¥18.4billion (down ¥90billion), LIFE: ¥5.3billion (down ¥10.1billion)
Expenses related to interest repayment	8,999	-183,000	-95.3%	AIFUL: ¥0billion (down ¥176.8billion), LIFE: ¥8.9billion (down ¥2billion)
Advertising expenses	942	-1,184	-55.7%	AIFUL: up ¥1billion, LIFE: down ¥5billion
Point reserves	1,175	-	-	LIFE's point reserves (which have been posted under advertising expenses)
Personnel expenses	9,676	-6,185	-39.0%	AIFUL: down ¥3.4billion, LIFE: down ¥1.7billion Due to personnel cuts
Other	21,069	-9,097	-30.2%	Due to reductions in various costs accompanying personnel cuts
Commission	6,657	-2,209	-24.9%	AIFUL: down ¥0.3billion, LIFE: down ¥1.7billion Due to reduction in number of accounts, branches and tie-up companies
Rental expenses & land rent	2,297	-1,626	-41.4%	AIFUL: down ¥0.9billion, LIFE: down ¥0.6billion Decrease in rent for branches resulting from decrease in number of branches
Supplies, repair and maintenance	2,006	-767	-27.7%	AIFUL: down ¥0.4billion, LIFE: down ¥0.3billion
Communications	2,583	-1,014	-28.2%	AIFUL: down ¥0.2billion, LIFE: down ¥0.7billion
Depreciation expenses	4,015	-620	-13.4%	AIFUL: down ¥0.5billion, Decrease resulting from elimination and sale of unnecessary assets
Operating income	5,203	264,314	-	

(3) Breakdown of Consolidated extraordinary income, extraordinary loss, and Others



(¥ million)	10/9	YOY	YOY%	Reasons for increase/ decrease
Non-operating income	405	-49	-10.9%	Amortization of Goodwill: ¥0.1billion etc.,
Non-operating expenses	1,477	1,275	629.2%	¥1.4billion loss on LIFE's foreign exchange
Ordinary income	4,131	262,989	-	
Extraordinary income	926	-929	-50.1%	¥0.5billion in gains on sales of investment securities and ¥0.1billion gains on sales of non-current assets
Extraordinary losses	1,750	-18,719	-91.4%	
Loss on retirement of assets	1,277	-	-	
Net income before taxes	3,307	280,779	-	
Income taxes-current	76	-290	-79.2%	
Income taxes-deferred	-67	-5,166	-	
Minority interests in income	-101	516	-	
Net income	3,400	285,719	-	