



Second Quarter Financial Results for Fiscal Year 2011 (Apr - Sep, 2011)

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

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Financial Results (1): Consolidated Summary




(¥ million)	10/9	11/9		
			YOY	YOY%
Operating revenue	81,043	59,102	-21,941	-27.1%
Interest income	59,338	40,468	-18,870	-31.8%
Operating expenses	75,839	49,686	-26,153	-34.5%
Financial expenses	6,325	5,144	-1,181	-18.7%
Credit cost	26,313	17,172	-9,140	-34.7%
Expenses for Interest repayments	8,999	-	-8,999	-
Other operating expenses	34,201	27,368	-6,832	-20.0%
Operating income	5,203	9,416	4,212	81.0%
Ordinary income	4,131	8,554	4,423	107.1%
Extraordinary income	926	4,800	3,873	418.0%
Extraordinary losses	1,750	1,491	-259	-14.8%
Income before taxes	3,307	11,863	8,556	258.7%
Net income	3,400	11,148	7,747	227.8%
Total Receivable outstanding *	916,882	674,901	-241,980	-26.4%
Loans outstanding	715,979	511,099	-204,879	-28.6%
Installment receivable	98,477	77,508	-20,968	-21.3%
Credit guarantee and other	102,425	86,293	-16,131	-15.7%
Customer accounts (thousands)	1,730	1,302	-428	-24.7%


* Managed Asset Basis

Financial Results (2): Summary of AIFUL




 (¥ million)	10/9	11/9		
			YOY	YOY%
Operating revenue	46,936	36,646	-10,290	-21.9%
Interest income	40,671	29,745	-10,925	-26.9%
Operating expenses	38,908	31,231	-7,677	-19.7%
Financial expenses	4,430	3,875	-554	-12.5%
Credit cost	18,489	12,444	-6,044	-32.7%
Bad debt write-offs	44,216	37,236	-6,979	-15.8%
Expenses for Interest repayments	-	-	-	-
Interest repayments	35,811	33,659	-2,151	-6.0%
Other operating expenses	15,989	14,911	-1,078	-6.7%
Operating income	8,027	5,414	-2,613	-32.6%
Ordinary income	9,431	6,475	-2,955	-31.3%
Net income	7,929	10,318	2,388	30.1%
Total Receivable outstanding	503,280	463,525	-39,754	-7.9%
Loans outstanding	458,704	395,948	-62,756	-13.7%
Unsecured	347,236	299,860	-47,376	-13.6%
Customer accounts (thousands)	931	940	8	0.9%
Unsecured	885	893	8	0.9%
Average yield(%)	16.0%	15.3%	-0.8%	-
Below 18% unsecured loan balance's occupancy rate	56.3%	70.8%	14.5%	-



 (¥ million)	11/9
Operating revenue	6,349
Operating expenses	4,562
Operating income	1,787
Ordinary income	1,054
Net income	456
Loans outstanding	57,219
Installment receivables	64,974

Life Card Co., Ltd. took over the credit sales (credit card and instalment sales finance) business as well as the previously acquired credit guarantee and insurance businesses of Life Co., Ltd. by way of a corporate spin off and merger and commenced business, effective July 1, 2011. Therefore, the business results for the first half under review are the results for the three-month period from July to September.

*On-Balance

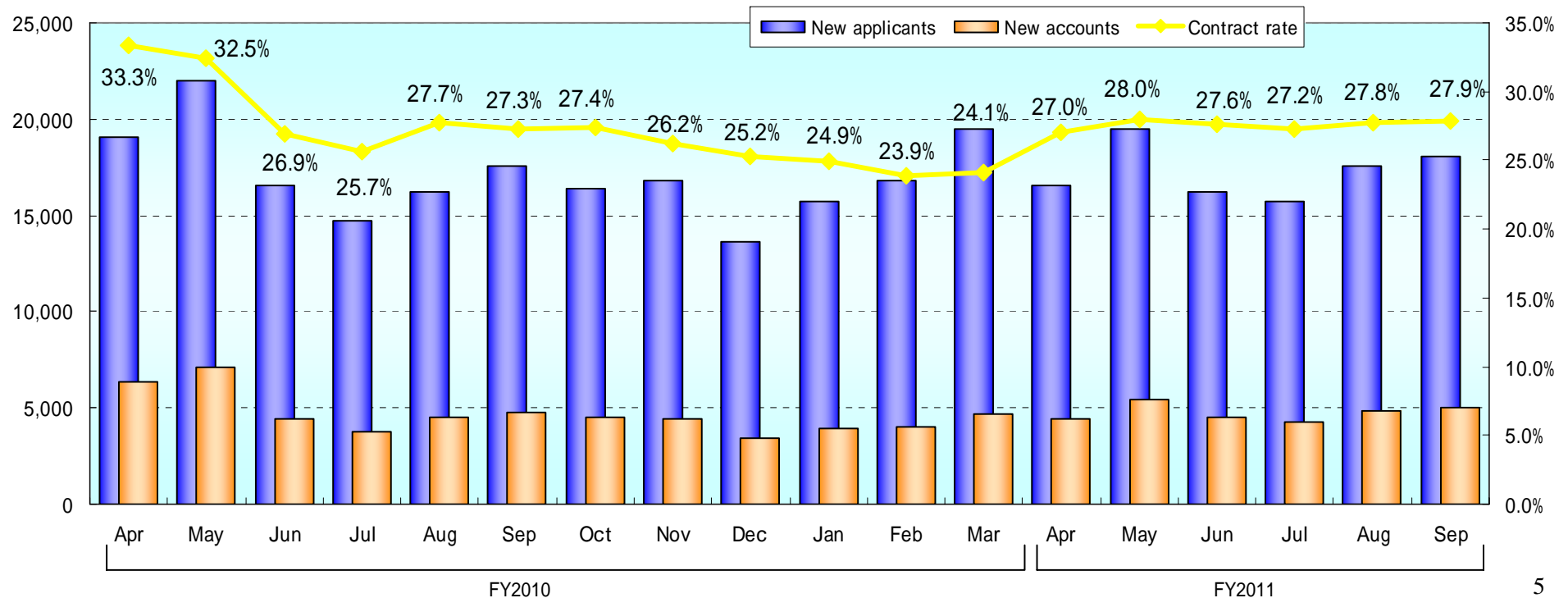
 (¥ million)	10/9	11/9	YOY	YOY(%)
Operating revenue	4,032	3,709	-323	-8.0%
Operating expenses	3,741	3,557	-184	-4.9%
Operating income	290	151	-138	-47.8%
Ordinary income	293	152	-140	-48.0%
Net income	269	148	-120	-44.8%
Loans outstanding	61,805	57,931	-3,874	-6.3%
Customer accounts (thousands)	33	30	-2	-8.1%
Average yield(%)	14.1%	13.9%	-0.2%	-



Contract rate and Loan volume of Unsecured loans

	FY2010			FY2011			YOY
	1H (6M)		1H (6M)		YOY		
	1Q (3M)	2Q (3M)	1Q (3M)	2Q (3M)			
New applications	57,624	48,521	106,145	52,268	51,365	103,633	-2.4%
New accounts	17,951	13,076	31,027	14,399	14,203	28,602	-7.8%
Contract rate	31.2%	26.9%	29.2%	27.5%	27.7%	27.6%	-1.6%

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



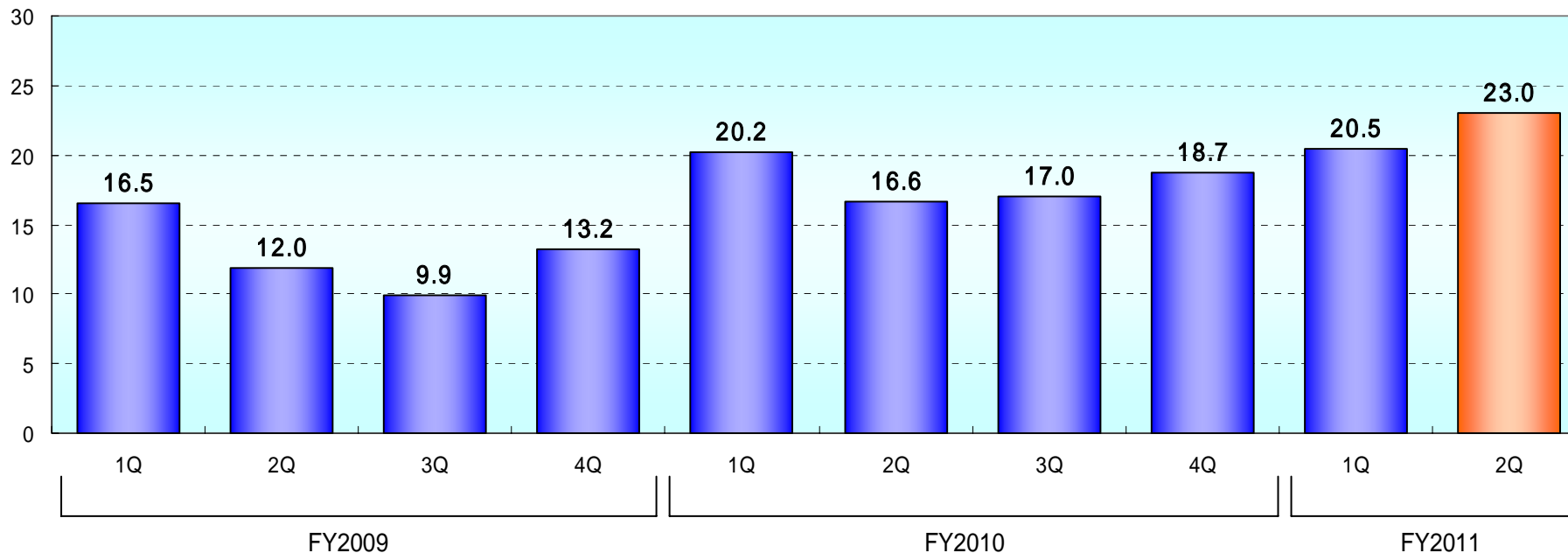


Loan volume

(¥ million)	FY2010			FY2011			YOY
	1H (6M)			1H (6M)			
	1Q (3M)	2Q (3M)		1Q (3M)	2Q (3M)		
Loan volume	20,226	16,634	36,860	20,568	23,022	43,590	18.3%
Loans to a new accounts	2,137	1,841	3,979	2,111	2,034	4,145	4.2%
Loans to a existing accounts	18,088	14,793	32,881	18,457	20,988	39,445	20.0%

Trends of Loan volume

¥ billion





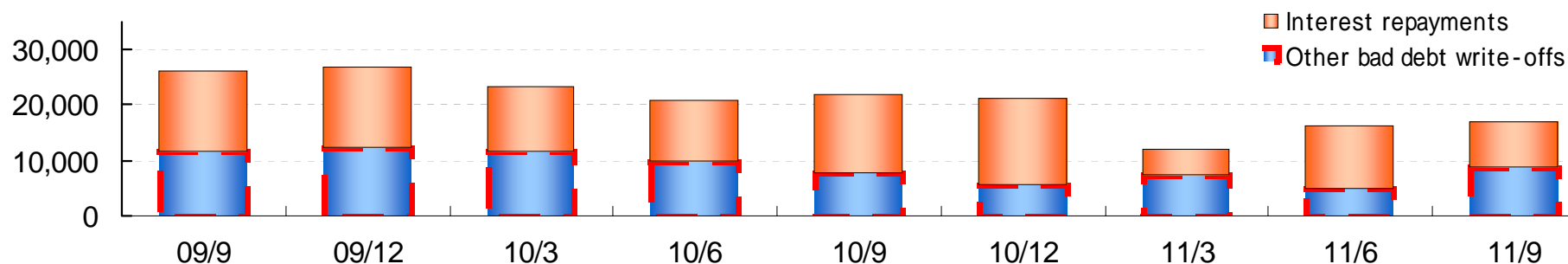
◆ Write-offs ratio and Write-offs

(%; ¥ million)	10/9 (6M)	11/9 (6M)	YOY
Consolidated	5.97%	6.26%	0.29%
Non-consolidated	9.08%	8.21%	-0.87%
Total Write-offs	45,673	38,065	-16.7%
Write-offs	42,781	33,219	-22.4%
Loans outstanding	458,704	395,948	-13.7%

* Write-offs ratio for total receivable outstanding

Trends of Interest repayment and other bad debt write-offs (Quarterly Basis)

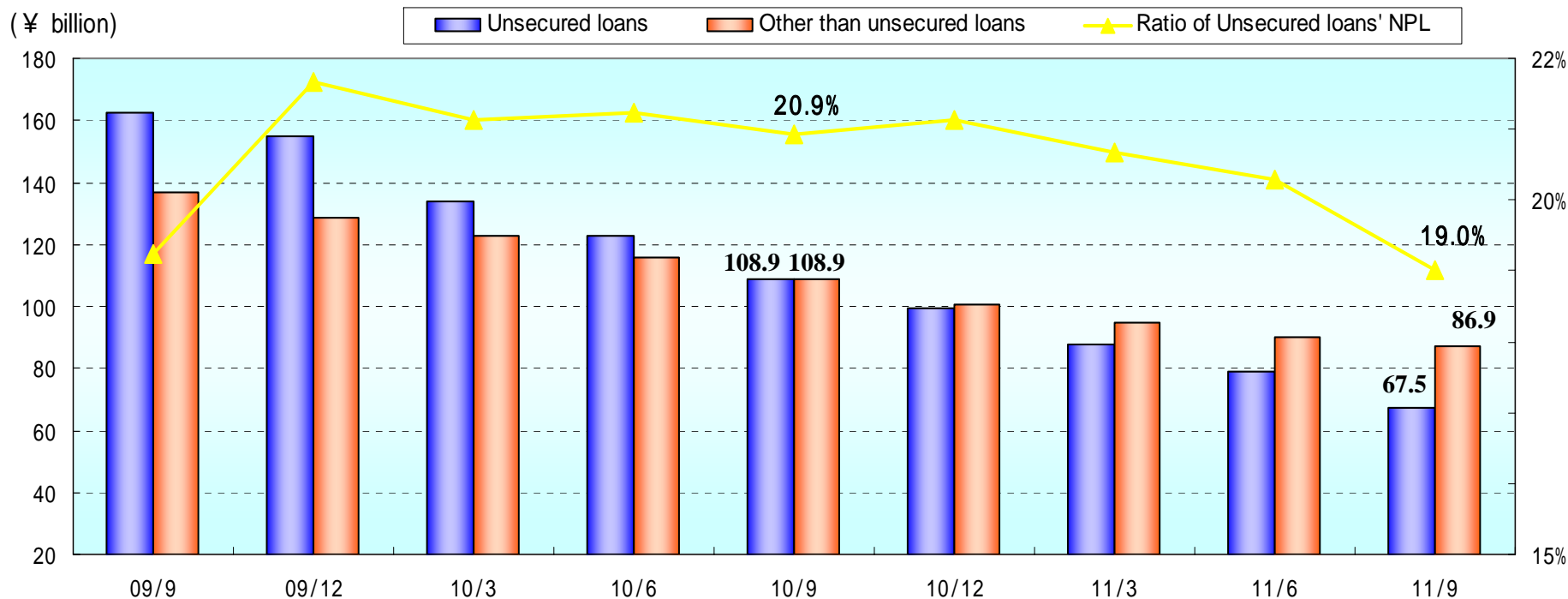
Non-Consolidated



(¥ million)	10/9 (6M)	11/9 (6M)	YOY
Waiver of principal related to Interest repayment	25,414	19,406	-23.6%
Other bad debt write-offs	17,366	13,812	-20.5%
Total	42,781	33,219	-22.4%



◆ Trends of NPL defined by FSA (Consolidated)



(¥ million)	Unsecured loans			Others		
	10/9	11/9	YOY%	10/9	11/9	YOY%
Loans in legal bankruptcy	1,317	685	-48.0%	43,089	40,574	-5.8%
Non-accrual loans	58,207	33,103	-43.1%	56,657	39,682	-30.0%
Loans past due for 3 months or more	7,968	4,961	-37.7%	3,292	2,281	-30.7%
Restructured loans	41,419	28,809	-30.4%	5,947	4,427	-25.6%
Total	108,911	67,560	-38.0%	108,987	86,965	-20.2%



Allowance for losses on Interest repayment:

1. Consolidated

(¥ million)	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2011	178,769	77,012	255,782
Reversal (Interest repayment)	38,143	-	38,143
Reversal (Waiver of principal)	2,223	19,590	21,813
Provisions	-	-	-
Increase (decrease) due to merger	-9,679	9,679	-
Allowance at the end of FY2011/ 2Q	128,723	67,101	195,824

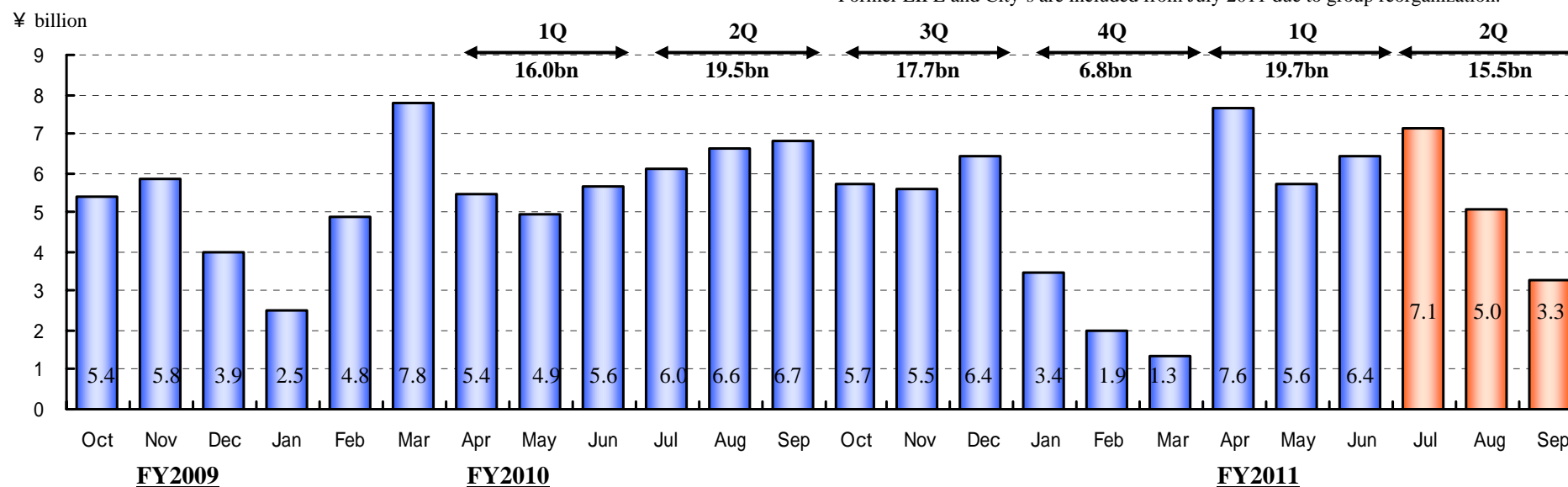
2. Non-Consolidated

Interest repayment	Waiver of principal	Total
133,951	75,227	209,178
33,659	-	33,659
-	19,406	19,406
-	-	-
21,015	11,280	32,296
121,307	67,101	188,408

*Due to group reorganization on July 1, 2011, allowances related to interest repayment of former LIFE and City's were transferred to AIFUL.
Also, part of allowance for loss on interest repayment of former LIFE is transferred to allowance related to waiver of principal (allowance for doubtful accounts).

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

* Former LIFE and City's are included from July 2011 due to group reorganization.



Trends of Interest Repayment (2)

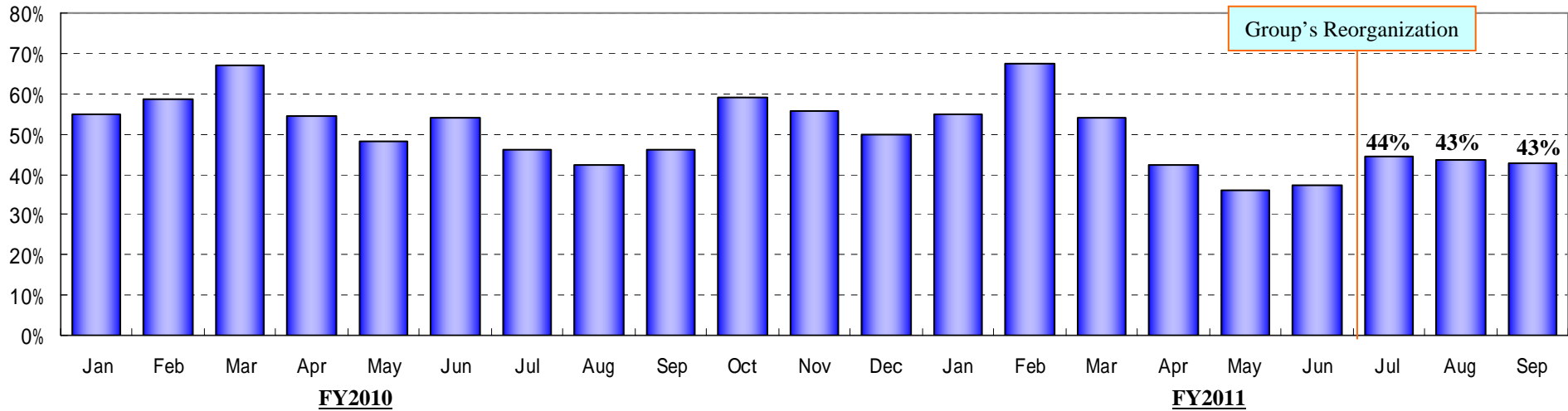


(Non-Consolidated)

【Monthly Figure of Attorney Involvement】 * May 2007(peak) =100

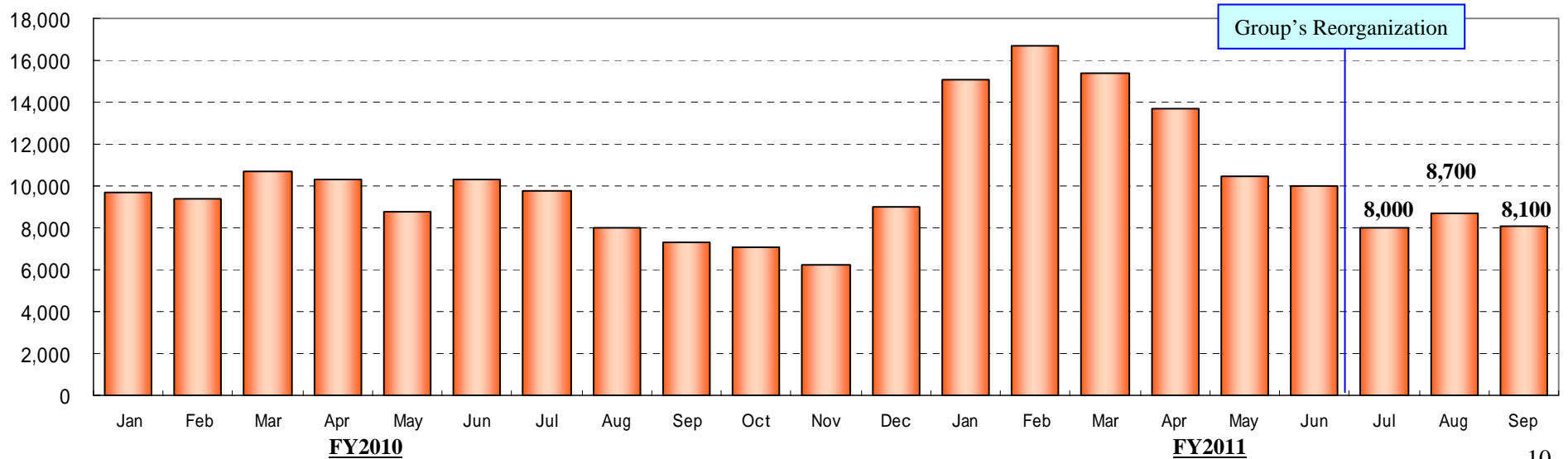
Attorney involvement

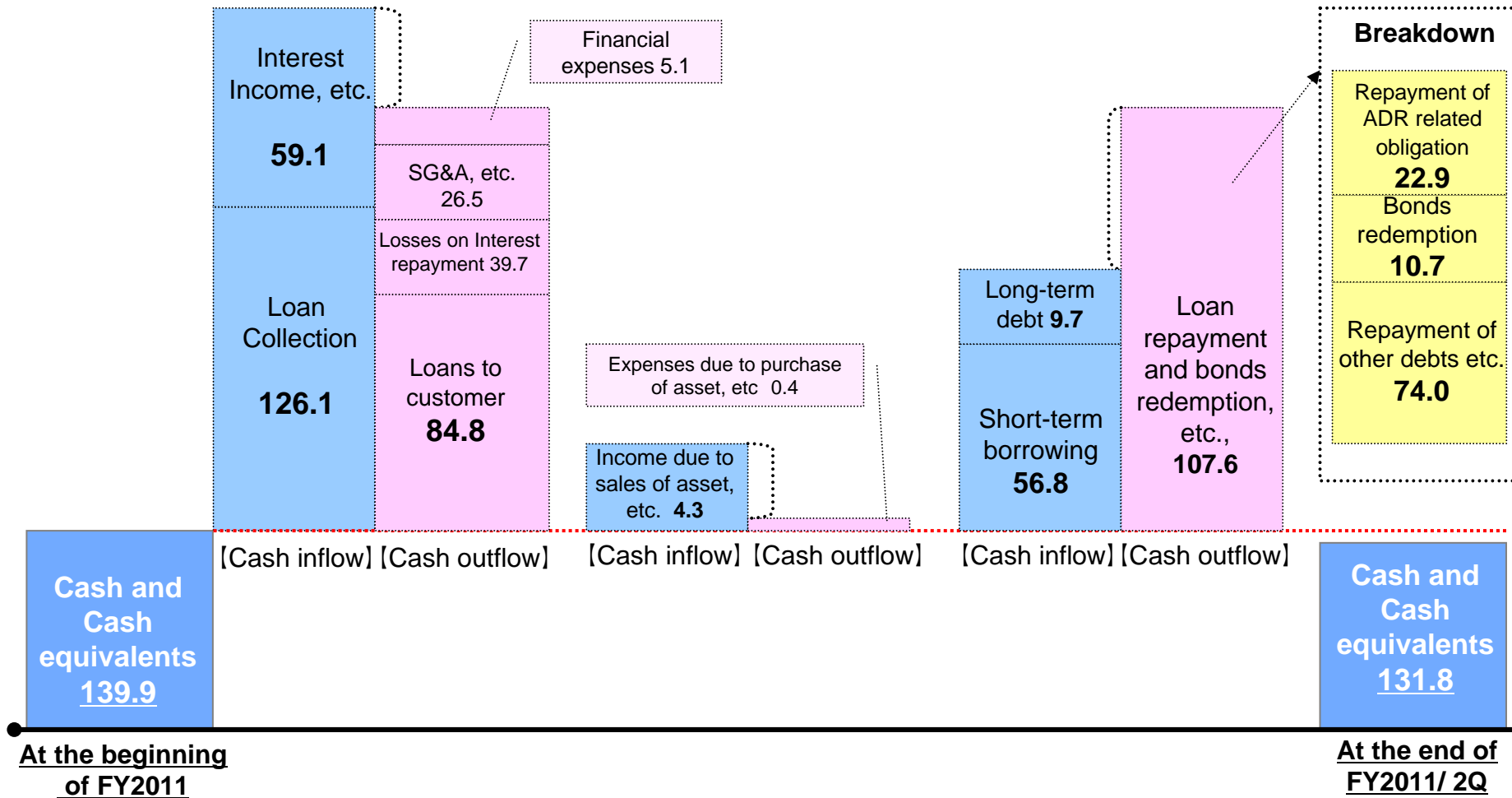
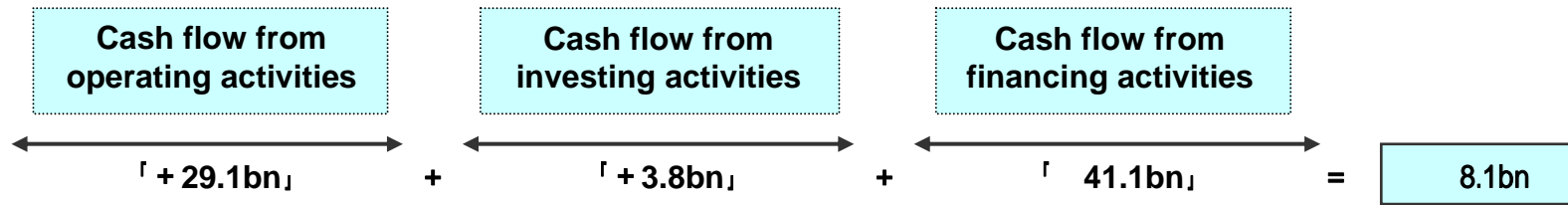
* Former LIFE and City's are included from July 2011 due to group reorganization.



【 Monthly Interest Repayment Claims 】

Interest repayment claims





Financial results of Life Card





Balance Sheets (LIFE Co.,Ltd as of June 30, 2011 and Life Card Co.,Ltd as of September 2011)

¥ million		As of Jun 30, 2011 (LIFE Co.,Ltd.)	As of Sep 30, 2011 (Life Card Co.,Ltd.)
Cash and deposits		9,171	9,961
Operating Loans		125,760	57,219
Installment receivables		87,174	65,189
Customer's liabilities for acceptances and guarantees		42,728	28,261
Other		5,798	3,590
Allowance for doubtful accounts		-30,177	-5,216
Total current assets		240,457	159,006
Tangible fixed assets		5,382	4,769
Intangible fixed assets		5,023	4,494
Investment and other fixed assets		16,450	15,426
Total fixed assets		26,856	24,690
Total assets		267,313	183,696
Acceptances and guarantees		42,728	28,261
Short-term borrowings		37,590	36,390
Allowance for credit card point redemption		1,810	1,904
Other		19,264	17,317
Total current liabilities		101,393	83,872
Long-term debt		78,356	-
Long-term loans payable to affiliated companies		18,500	6,500
Allowance for losses on interest repayments		34,765	7,416
Other		932	784
Total long-term liabilities		132,555	14,700
Total liabilities		233,948	98,573
Common stock		70,000	100
Capital surplus		262	84,568
Retained earnings		-36,902	451
Total shareholders' equity		33,360	85,120
Total valuation and translation adjustments		4	3
Total net assets		33,364	85,123
Total net assets and liabilities		267,313	183,696

[Summary of Financial results]

(¥ million)	11/9
Operating revenue	6,349
Installment receivable	2,724
Credit card shopping	2,685
Loans (Cash advance)	2,160
with Credit card	1,946
Credit guarantee and others	1,464
Operating expenses	4,562
Financial expenses	246
Credit cost	-
Interest repayment	-
Other	4,316
Operating income	1,787
Ordinary income	1,054
Extraordinary income	1
Extraordinary loss	-
Net income before tax	1,056
Net income	456

[Summary of Operating Results]

(¥ million)	11/9
Number of new issue (thousands)	102
Proper	30
Affinity	71
Number of card holders (thousands)	6,544
Proper	2,625
Affinity	3,918
Credit card purchase results	108,857
Shopping	98,572
Cashing	10,285
Total receivable outstanding	150,670
Installment receivable	64,974
Loans	57,219
Credit guarantee	28,261
Other	215
Member merchant (number)	106,798

*On-Balance

Explanation of figures



Explanation Figures (1): Breakdown of Consolidated operating revenue



(¥ million)	11/9	YOY	YOY%	Reasons for increase/ decrease
Operating revenue	59,102	-21,940	-27.1%	
Interest income	40,468	-18,870	-31.8%	The balance of loans outstanding fell ¥204.8 billion year-on-year resulting from restrained lending in response to controls on total lending limits. Average yield decrease 15.3% year-on-year.
AIFUL	29,745	-10,925	-26.9%	Unsecured loan outstanding: ¥299.8 billion (down ¥47.3 billion) Secured loan outstanding: ¥78.9 billion (down ¥24.7billion) Small business loan outstanding: ¥17.1billion (up ¥9.3billion)
Life Card	2,160	-	-	Loan business was taken over by AIFUL as a result of Group reorganization. Began business as Life Card on July 1.
BUSINEXT	3,681	-330	-8.0%	Balance of loans down 6%. Lending curbed in view of recent business sentiment at small and medium-size enterprises.
Revenue from credit card	5,487	-1,178	-17.7%	Credit card shopping purchases was down 18% as a result of the dissolution of affiliated cards until previous fiscal year
Revenue from installment sales finance	211	-250	-54.2%	Reduction due to rigorous screening of member store
Revenue from credit guarantee	2,455	-590	-19.4%	Credit guarantee outstanding : ¥76.4billion (down ¥14.1billion)
Other operating revenue	10,463	-1,019	-8.9%	
Recovery of loans previously charged-off	5,853	-869	-12.9%	Recovery of loans previously charged off recorded by AIFUL amounted to 4.9 billion yen (up ¥0.6 billion) due to AIFUL's takeover of loans previously charged off as a result of Group reorganization.
Collection from purchased receivable	1,919	52	2.8%	Due to collection of purchased receivables at AsTry Loan Service

Explanation Figures (2): Breakdown of Consolidated operating expense and income



(¥ million)	11/9	YOY	YOY%	Reasons for increase/ decrease
Operating expenses	49,686	-26,153	-34.5%	
Financial expenses	5,144	-1,181	-18.7%	Decline due to fall in interest-bearing liabilities
Cost of purchased receivables	1,379	67	5.1%	Tied to AsTry Loan Service collections of purchased receivables
Credit cost	17,172	-9,140	-34.7%	No transfer was made in relation to waiver of principal write offs associated with interest repayments. Only the usual transfer to the allowance for doubtful accounts was made.
Expenses related to interest repayment	-	-8,999	-	No transfer was made to allowance for losses on interest repayment
Advertising expenses	1,098	156	16.6%	Resumption of advertisement in AIFUL such as TV commercial
Provision for credit card point redemption	311	-863	-73.5%	Due to usage decline of points in Life Card
Personnel expenses	8,199	-1,476	-15.3%	Personnel cuts due to Group reorganization
Other	16,383	-4,686	-22.2%	Cost decline in accordance with decreasing Loan outstanding
Commission	5,137	-1,520	-22.8%	
Rent expenses & land rent	1,629	-668	-29.1%	
Supplies and Repair expenses	1,429	-577	-28.8%	
Communication expenses	1,802	-780	-30.2%	
Depreciation	3,428	-587	-14.6%	Due to decrease in assets
Operating income	9,416	4,212	81.0%	



(¥ million)	11/9	YOY	YOY%	Reasons for increase/ decrease
Non-operating income	430	25	6.2%	
Non-operating expenses	1,292	-185	-12.5%	Foreign exchange loss was 0.4billion in 1Q (LIFE Co.,Ltd) and 0.7billion in 2Q (Life Card Co.,Ltd)
Ordinary income	8,554	4,423	107.1%	
Extraordinary income	4,800	3,873	418.0%	
Gain on negative goodwill	1,114	-	-	LIFE's negative goodwill caused by group reorganization
Gain on loan extinguishment	2,901	-	-	Repurchase of ADR Loans according to ADR plan
Gain on retirement of bond	537	447	497.9%	
Extraordinary losses	1,491	-259	-14.8%	AIFUL: Loss on sales of investment securities 1.4billion
Net income before taxes	11,863	8,556	258.7%	
Income taxes-current	629	553	727.3%	
Income taxes-deferred	-4	62	-	
Minority interests in income	90	192	-	
Net income	11,148	7,747	227.8%	



AIFUL Balance Sheets as of June 30, 2011 and September 30, 2011

¥ million		As of Jun 30, 2011	As of Sep 30, 2011
Cash and deposits		109,703	120,952
Operating Loans		349,387	395,948
Installment receivables		-	9,759
Customer's liabilities for acceptances and guarantees		35,490	48,170
Other		29,209	40,594
Allowance for doubtful accounts		-107,233	-134,375
Total current assets		416,556	481,048
Tangible fixed assets		16,236	16,756
Intangible fixed assets		5,562	5,113
Investment and other fixed assets		94,660	130,334
Total fixed assets		116,459	152,204
Total deferred assets		35	15
Total assets		533,050	633,267
Acceptances and guarantees		35,490	48,170
Short-term borrowings		-	642
Current portion of long-term debt		-	18,132
Current portion of bonds		92,400	91,200
Other		3,019	15,183
Total current liabilities		140,416	173,327
Bonds		45,000	43,400
Long-term debt		161,503	215,705
Allowance for losses on interest repayments		115,851	121,307
Other		2,792	2,889
Total long-term liabilities		325,146	383,301
Total liabilities		465,563	556,629
Common stock		143,324	143,324
Total capital surplus		150,232	150,491
Total retained earnings		-222,976	-214,095
Treasury stock		-3,110	-3,110
Total shareholders' equity		67,470	76,610
Total valuation and translation adjustments		-13	-9
Total net assets		67,487	76,638
Total net assets and liabilities		533,050	633,267