



Financial Results for Fiscal Year 2011 (Apr, 2011 - Mar, 2012)

AIFUL CORPORATION
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1. Financial Results Summary



Financial Results (1): Consolidated Summary




(¥ million)	11/3	12/3			13/3 (E)
			YOY	YOY%	
Operating revenue	144,961	114,002	-30,959	-21.4%	-
Interest income	103,784	75,992	-27,791	-26.8%	-
Operating expenses	169,099	97,504	-71,594	-42.3%	-
Financial expenses	11,828	9,452	-2,376	-20.1%	-
Credit cost	65,040	32,880	-32,160	-49.4%	-
(Bad debt write offs)	108,803	71,557	-37,246	-34.2%	-
Expenses for Interest repayments	27,211	-	-27,211	-	-
(Interest repayment)	77,555	57,846	-19,708	-25.4%	-
Other operating expenses	65,018	55,171	-9,847	-15.1%	-
Operating income	-24,137	16,497	40,634	-	-
Ordinary income	-24,945	16,831	41,776	-	-
Extraordinary income	2,528	5,173	2,644	104.6%	-
Extraordinary losses	10,607	3,911	-6,695	-63.1%	-
Net income before taxes	-33,023	18,092	51,116	-	-
Net income	-31,935	17,391	49,326	-	-
Total Receivable outstanding *	768,341	618,219	-150,122	-19.5%	-
Loans outstanding	594,527	455,012	-139,515	-23.5%	-
Installment receivable	80,990	80,614	-376	-0.5%	-
Credit guarantee	82,133	74,147	-7,986	-9.7%	-
Customer accounts (thousands)	1,515	1,130	-384	-25.4%	-

* Managed Asset Basis

Financial Results (2): Summary of AIFUL




 (¥ million)	11/3	12/3			13/3(E)
			YOY	YOY%	
Operating revenue	86,223	72,192	-14,031	-16.3%	-
Interest income	74,020	57,657	-16,362	-22.1%	-
Operating expenses	83,197	61,910	-21,286	-25.6%	-
Financial expenses	8,137	7,417	-720	-8.9%	-
Credit cost	44,812	24,267	-20,544	-45.8%	-
(Bad debt write-offs)	78,641	64,552	-14,089	-17.9%	-
Expenses for Interest repayments	-	-	-	-	-
(Interest repayments)	63,209	52,571	-10,638	-16.8%	-
Other operating expenses	30,202	30,183	-18	-0.1%	-
Operating income	3,026	10,281	7,255	239.7%	-
Ordinary income	5,549	11,571	6,022	108.5%	-
Extraordinary income	1,937	5,705	3,767	194.4%	-
Extraordinary losses	77,493	3,838	-73,654	-95.0%	-
Net income	-70,169	13,407	83,576	-	-
Total Receivable outstanding	422,004	408,167	-13,836	-3.3%	-
Loan outstanding	381,368	344,454	-36,913	-9.7%	-
Customer accounts (thousands)	814	805	-9	-1.2%	-
Average yield	15.8%	15.9%	+0.1	-	-
Below 18% unsecured loan balance's occupancy rate	61.0%	75.8%	+14.8	-	-

Due to group reorganization on July 1, 2011, part of LIFE and City's were merged and consolidated to AIFUL

Financial Results (3): Summary of LifeCard and Businext




 (¥ million) *On-Balance	11/3	12/3			13/3(E)
			YOY	YOY%	
Operating revenue	44,144	19,581	-	-	-
Operating expenses	71,645	17,262	-	-	-
Operating income	-27,500	2,318	-	-	-
Ordinary income	-28,866	2,426	-	-	-
Net income	-31,147	2,206	-	-	-
Loans outstanding	137,023	53,167	-	-	-
Installment receivables	77,335	71,747	-	-	-

The Group reorganization was carried out in July 2011.

For the fiscal year ended March 31, 2011, results of LIFE Co., Ltd. (Former LIFE) before the Group reorganization are used.

For the fiscal year ended March 31, 2012, results of Life Card Co., Ltd. (New Life) for nine months from July 2011 to March 2012 are used.

 (¥ million)	11/3	12/3			13/3(E)
			YOY	YOY%	
Operating revenue	7,799	7,433	-365	-4.7%	-
Operating expense	6,781	6,318	-462	-6.8%	-
Operating income	1,018	1,115	97	9.5%	-
Ordinary income	1,022	1,118	96	9.5%	-
Net income	488	1,096	607	124.3%	-
Loans outstanding	59,474	57,389	-2,085	-3.5%	-
Customer accounts (thousands)	31	29	-1	-6.2%	-
Average yield (%)	13.9%	13.7%	-0.2	-	-

2. Business Environment

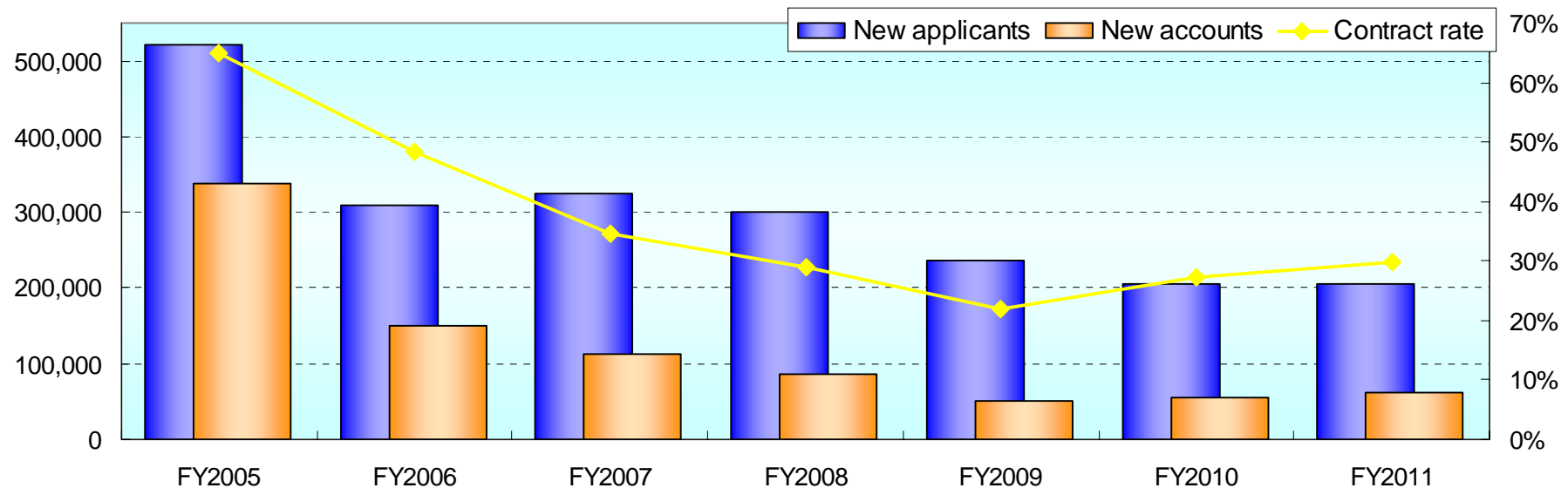




Contract rate of Unsecured loans and Non-Consolidated Loan volume

	FY2010 (12M)					FY2011 (12M)					YOY
	1Q (3M)	2Q (3M)	3Q (3M)	4Q (3M)		1Q (3M)	2Q (3M)	3Q (3M)	4Q (3M)		
New applications	57,624	48,521	46,804	52,030	204,979	52,268	51,365	47,209	55,599	206,441	0.7%
New accounts	17,951	13,076	12,319	12,640	55,986	14,399	14,203	14,992	18,140	61,734	10.3%
Contract rate	31.2%	26.9%	26.3%	24.3%	27.3%	27.5%	27.7%	31.8%	32.6%	29.9%	+2.6%
Ratio of LE0+LE1	-	-	-	-	65.3%	-	-	-	-	66.6%	+1.3%
Loan volume (¥ million)	20,226	16,634	17,028	18,741	72,629	20,568	23,022	24,181	27,901	95,673	31.7%

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



**(Consolidated) Amount of Write-offs and Write-offs Ratio for Total Receivable Outstanding**

(¥ million)	11/3	12/3	13/3(E)		
			YOY%		YOY%
(1) Write-offs	108,803	71,557	-34.2%	-	-
Waiver of principal related to Interest repayment	58,510	31,155	-46.8%	-	-
Other	50,293	40,401	-19.7%	-	-
(2) Specific allowance for doubtful accounts	6,054	11,017	82.0%	-	-
Total Write-offs (1)+(2)	114,858	82,575	-28.1%	-	-
Write-offs ratio	14.95%	13.36%	-1.59	-	-

Specific allowance for doubtful accounts increased due to the review of the bad debt write-offs criteria for claims of the former City's and personal home equity loan claims.

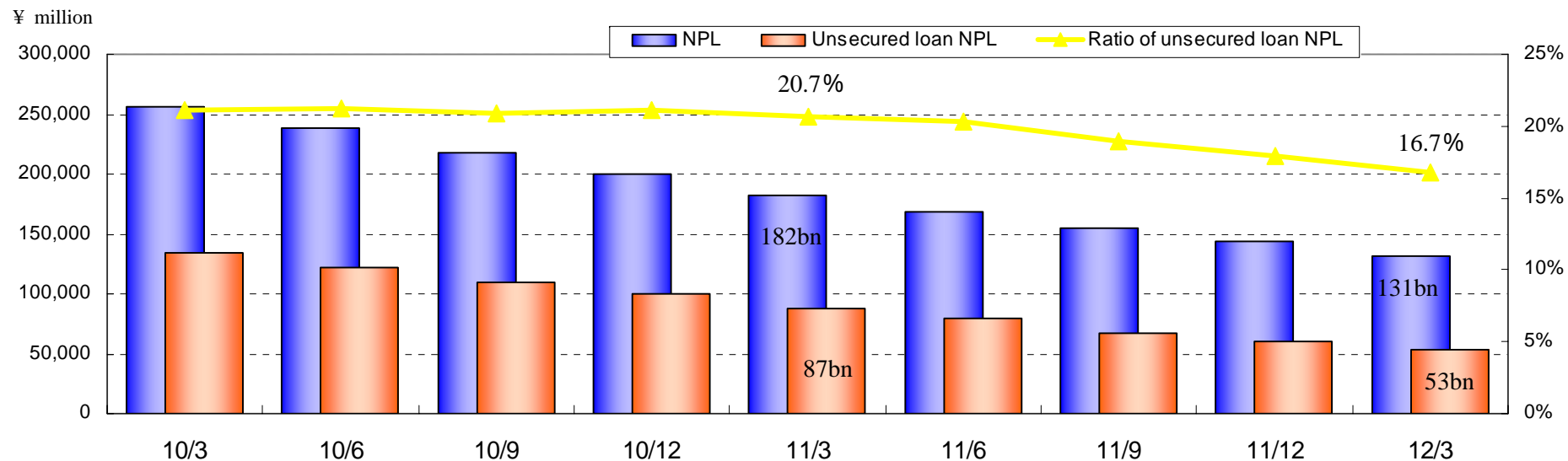
(Non-consolidated) Amount of Write-offs and Write-offs Ratio for Total Receivable Outstanding

(¥ million)	11/3	12/3	13/3(E)		
			YOY%		YOY%
(1) Write-offs	78,641	64,552	-17.9%	-	-
Waiver of principal related to Interest repayment	48,604	28,395	-41.6%	-	-
Other	30,036	36,156	20.4%	-	-
(2) Specific allowance for doubtful accounts	5,679	10,930	92.5%	-	-
Total Write-offs (1)+(2)	84,320	75,482	-10.5%	-	-
Write-offs ratio	19.98%	18.49%	-1.49	-	-

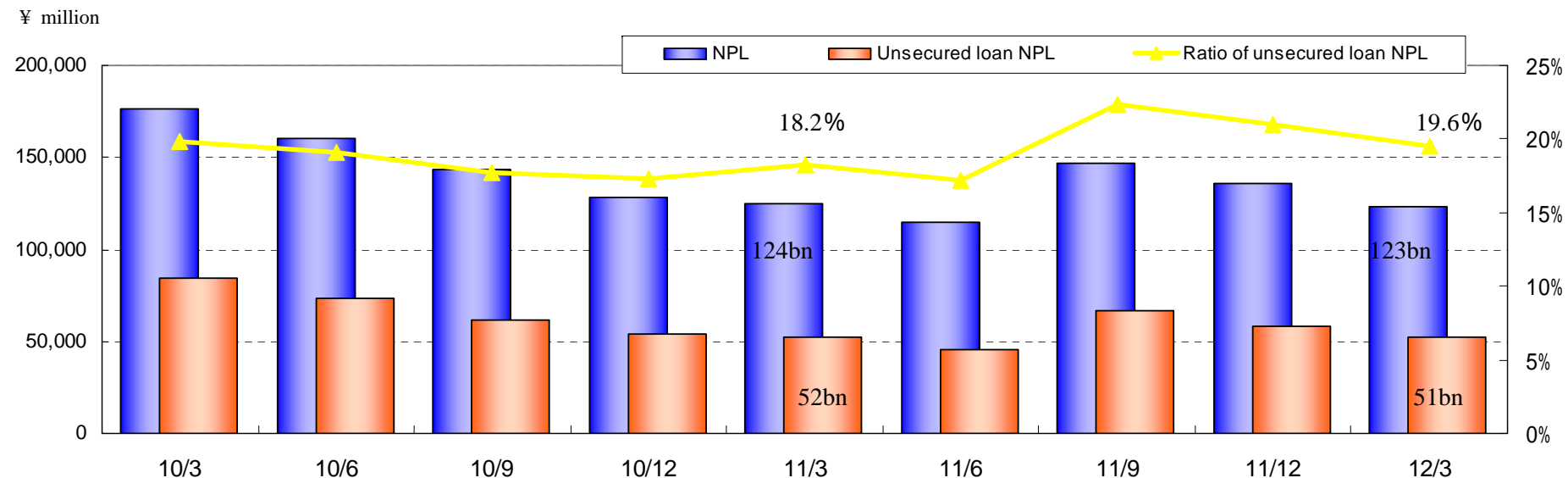
Due to group reorganization on July 1, 2011, part of LIFE and City's were merged and consolidated to AIFUL



◆ Consolidated: Trends of NPL defined by FSA



◆ Non-consolidated: Trends of NPL defined by FSA





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)	57,846	-	57,846
Reversal (Waiver of principal)	2,576	28,579	31,155
Provisions	-	-	-
Increase (decrease) due to merger	-9,679	9,679	-
Allowance at the end of FY2011	108,667	58,112	166,779

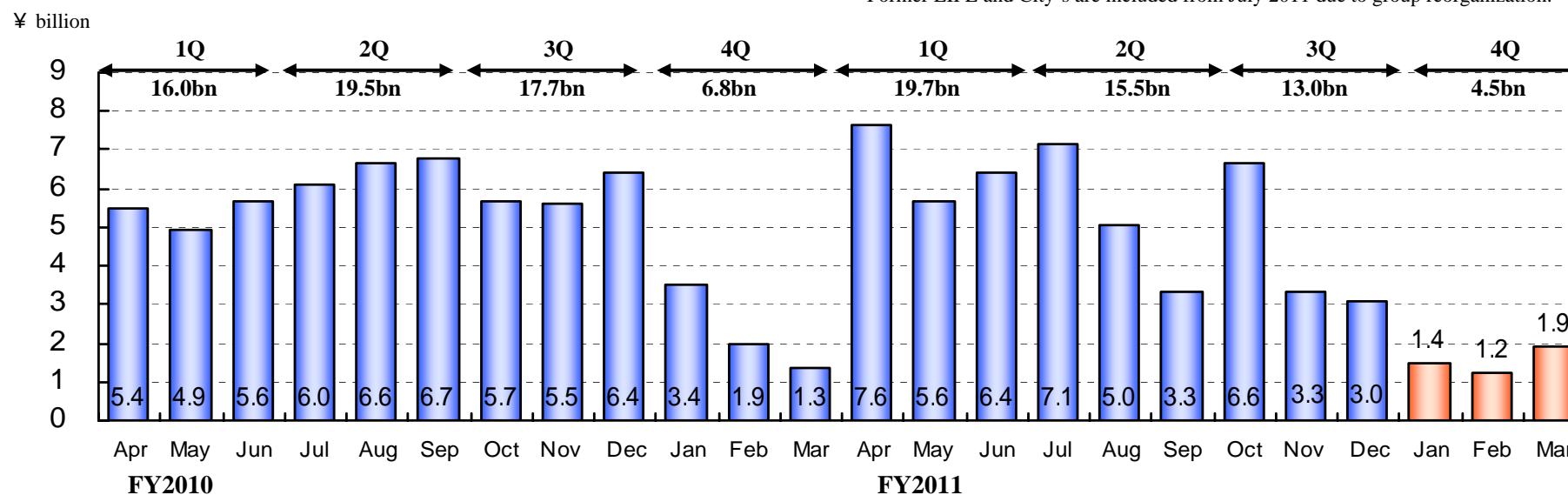
2. Non-Consolidated

Interest repayment	Waiver of principal	Total
133,951	75,227	209,178
52,571	-	52,571
-	28,395	28,395
-	-	-
21,015	11,280	32,296
102,395	58,112	160,507

*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).

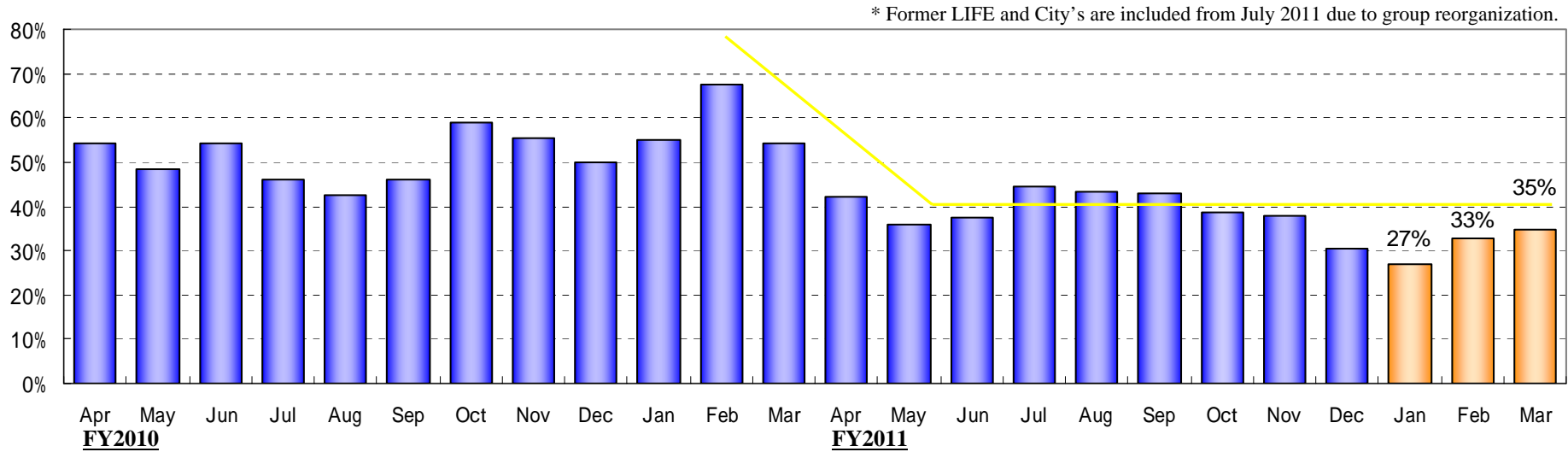
◆ Monthly Interest Repayment (Cash out basis) : Non-consolidated

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

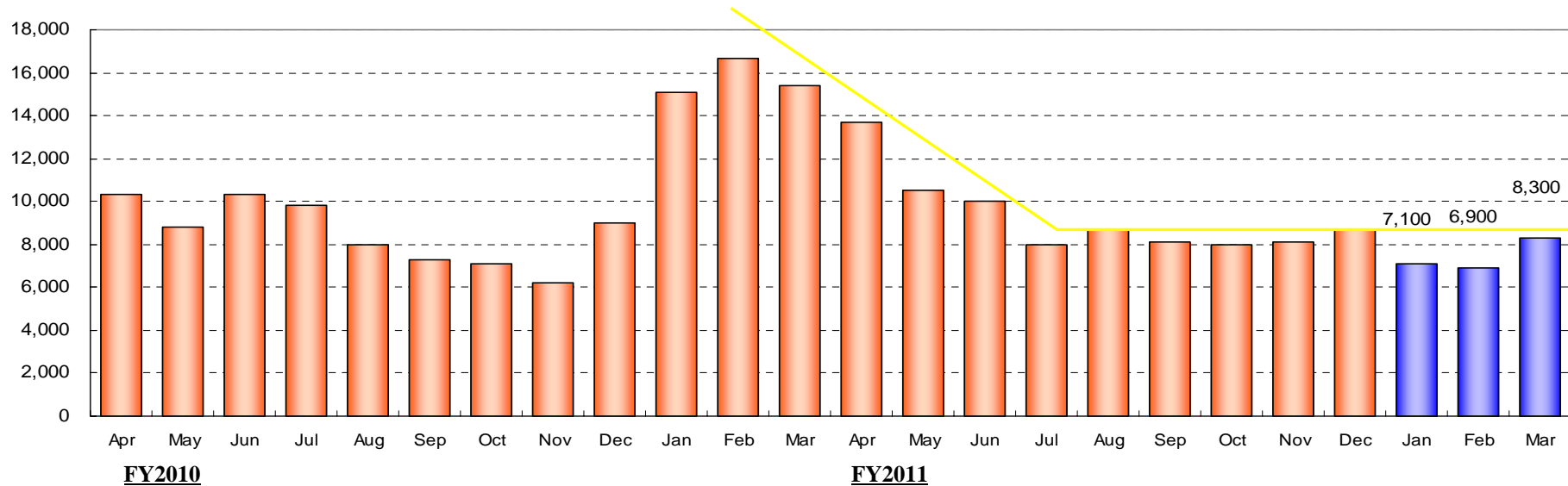




【Monthly Figure of Attorney Involvement】 * May 2007(peak) =100



【 Monthly Interest Repayment Claims】

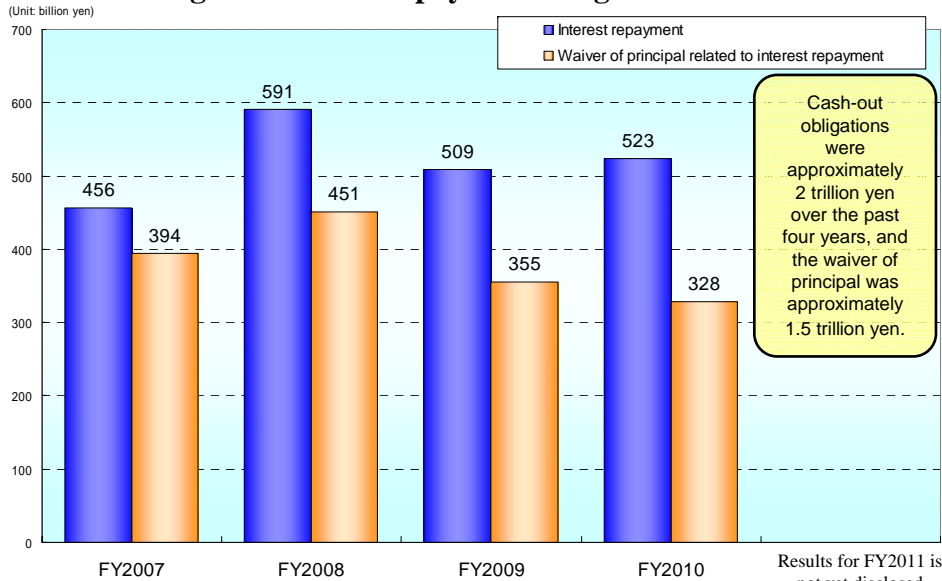


3. Business Restructuring

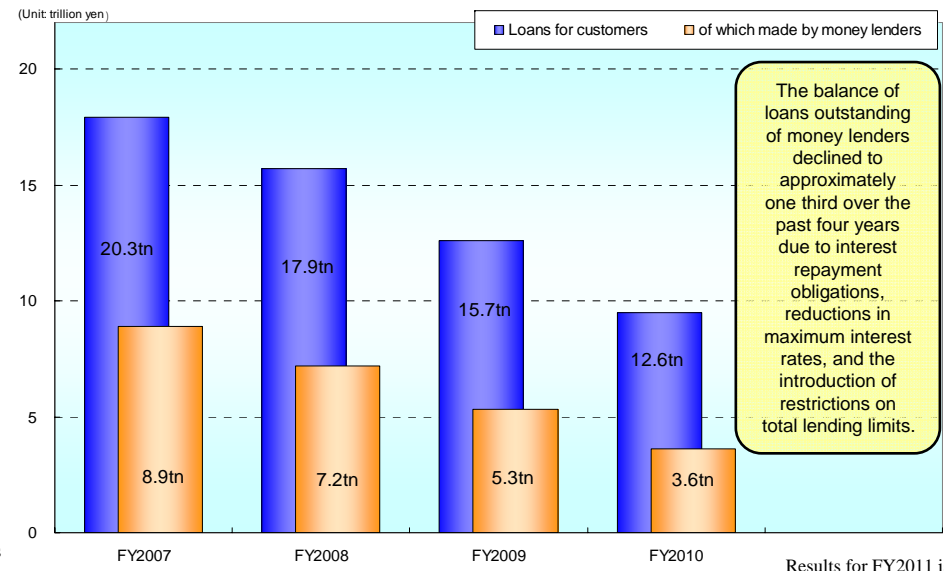




Changes in interest repayment obligations and the balance of loans outstanding of money lenders

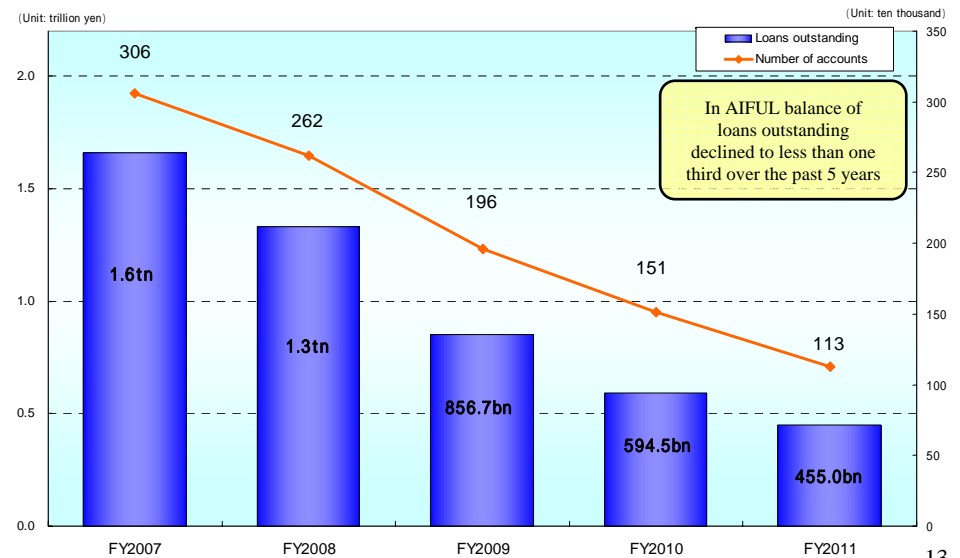
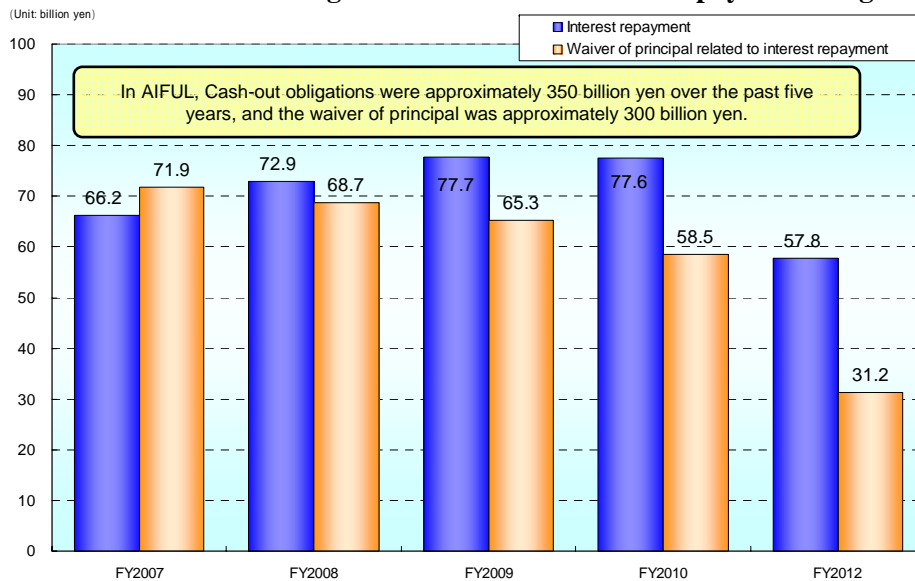


Source: Survey on Business Conditions, etc. of Money Lenders by the Japan Financial Services Association



Source: Money Lending Business Related Statistic by the Financial Services Association

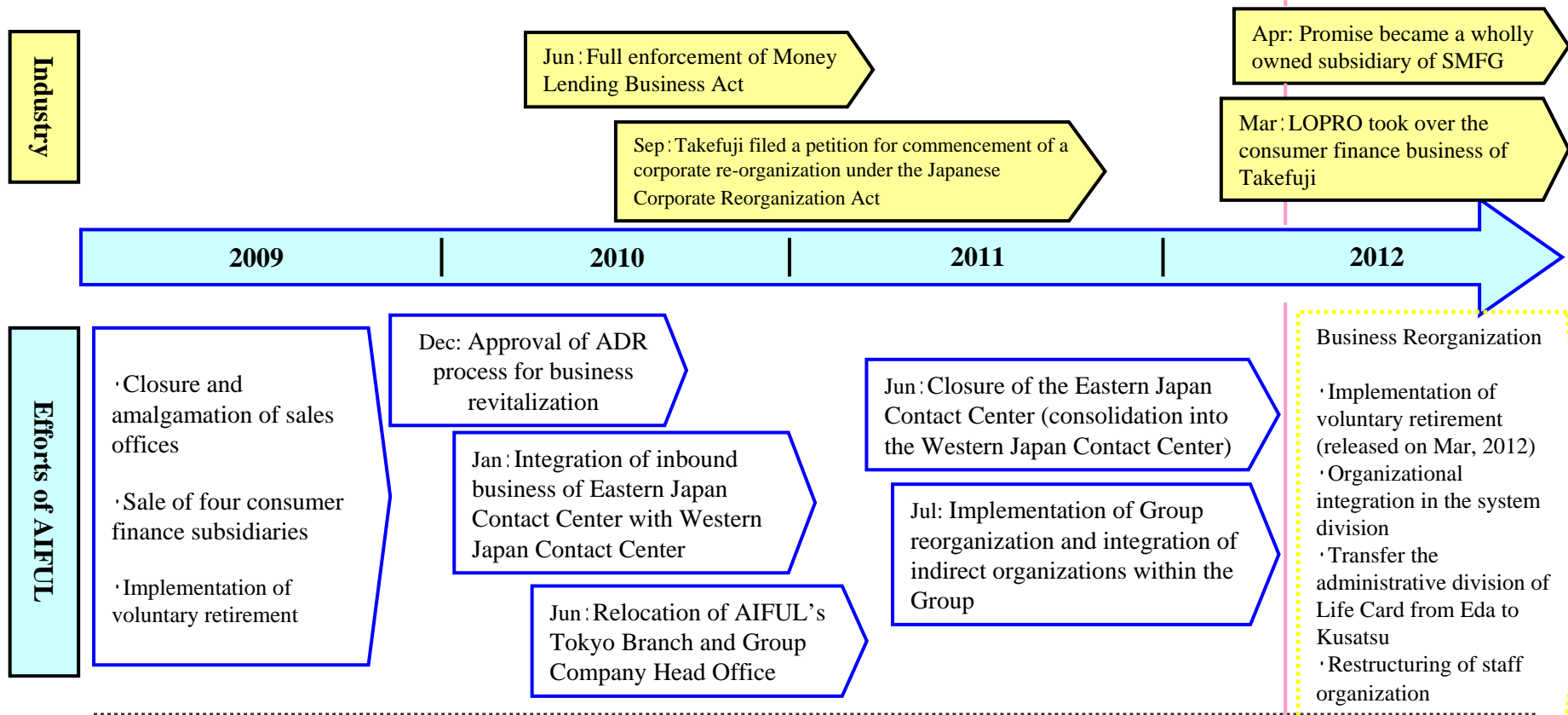
AIFUL: Changes in consolidated interest repayment obligations, the balance of loans outstanding and the number of accounts





Promotion of Business Reorganization

- ✓ Integrates the system divisions of AIFUL and Life Card
- ✓ Transfer the administrative division of Life Card (Eda) to Western Japan Contact Center (Kusatsu)
- ✓ Promote business efficiency improvement such as the restructuring of the staff organization
- ✓ Build a system to strengthen sales by establishing a streamlined organization and business structure through the promotion of rationalization and efficiency improvement





Promote rationalization and efficiency improvement in all areas including branches, organizations, personnel, and systems

【Consolidated basis】		FY2008	FY2011
Branch Structure	Number of branches	Staffed: 133 Unstaffed: 854 Total:987	Staffed: 30 Unstaffed: 595 Total:625 (-362)
	Land rent	around ¥10 billion	around ¥3 billion (-7)
Personnel Measures	Number of employee	Full-time/Permanent: 4,895 Non-permanent: 2,152 Total: 7,047	Full-time/Permanent: 1,898 Non-permanent: 794 Total: 2,692 (-4,355)
	Personnel expense	around ¥40 billion	around ¥16 billion(-24)
Other Cost Reductions	Commission	around ¥20 billion	around ¥10 billion (-10)
	Advertising expense	around ¥7 billion	around ¥2.4 billion (-4.6)
Total operating expenses		around ¥300 billion	around ¥100 billion (-200)



4. Financial results of Life Card



 (¥ million) <small>*On-balance</small>	11/3* (for reference)	12/3			13/3 (E)
			YOY	YOY%	
Operating revenue	44,144	19,581	-	-	-
Installment receivable	12,854	8,528	-	-	-
Credit card	12,328	8,436	-	-	-
Loans	19,441	6,084	-	-	-
with Credit card	10,457	5,332	-	-	-
Credit guarantee and others	11,848	4,969	-	-	-
Operating expenses	71,645	17,262	-	-	-
Financial expenses	3,829	732	-	-	-
Credit cost	13,106	2,528	-	-	-
Interest repayment	27,211	-	-	-	-
Other	27,497	14,001	-	-	-
Operating income	-27,500	2,318	-	-	-
Ordinary income	-28,866	2,426	-	-	-
Extraordinary income	491	1	-	-	-
Extraordinary loss	2,957	35	-	-	-
Net income before tax	-31,332	2,392	-	-	-
Net income	-31,147	2,206	-	-	-

The Group reorganization was carried out in July 2011.

For the fiscal year ended March 31, 2011, results of LIFE Co., Ltd. (Former LIFE) before the Group reorganization are used.

For the fiscal year ended March 31, 2012, results of Life Card Co., Ltd. (New Life) for nine months from July 2011 to March 2012 are used.

Life Card (2): Overview of Company's Operating base




 (¥ million) * On-balance	11/3 *	12/3	YOY%	13/3 (E)
	(for reference)			
Number of new issue (thousands)	1,308	368	-	-
Proper *1	923	94	-	-
Affinity	385	274	-	-
Number of card holders (thousands)	6,745	6,357	-	-
Proper	2,762	2,488	-	-
Affinity	3,983	3,868	-	-
Credit card purchase results	491,803	341,490	-	-
Shopping	446,540	310,753	-	-
Cashing	45,263	30,736	-	-
Total receivable outstanding *	266,546	150,998	-	-
Installment receivable	77,335	71,747	-	-
Loans	137,023	53,167	-	-
Credit guarantee	45,164	25,750	-	-
Other	7,023	332	-	-
Member merchant (number)	106,896	106,895	-	-

*1 The 923,000 new Proper Cards issued in FY2011/3 include 830,000 cards resulting from a switch from an affiliated card. The Group reorganization was carried out in July 2011.

For the fiscal year ended March 31, 2011, results of LIFE Co., Ltd. (Former LIFE) before the Group reorganization are used.

For the fiscal year ended March 31, 2012, results of Life Card Co., Ltd. (New Life) for nine months from July 2011 to March 2012 are used.

	11/3 *	12/3	YOY%	13/3 (E)
	(for reference)			
Bad debt write-offs (¥ million)	30,308	1,665	-	-
Credit card	16,044	1,076	-	-
Installment sales finance	1,059	22	-	-
Ratio of bad debt write-offs (%)	11.22%	1.09%	-	-
Credit card	10.10%	0.94%	-	-
Installment sales finance	16.79%	2.31%	-	-
Ratio of allowance for doubtful account	10.71%	4.46%	-	-

The Group reorganization was carried out in July 2011.

For the fiscal year ended March 31, 2011, results of LIFE Co., Ltd. (Former LIFE) before the Group reorganization are used.

For the fiscal year ended March 31, 2012, results of Life Card Co., Ltd. (New Life) for nine months from July 2011 to March 2012 are used.

5. Explanation of figures



Explanation Figures (1): Breakdown of Consolidated operating revenue



(¥ million)	12/3	YOY	YOY%	Reasons for increase/ decrease
Operating revenue	114,002	-30,959	-21.4%	
Interest income	75,992	-27,791	-26.8%	The balance of loans outstanding fell ¥139.5 billion year-on-year resulting from restrained lending in response to controls on total lending limits and waiver of principal due to interest repayment.
AIFUL	57,657	-16,362	-22.1%	Unsecured loan outstanding: ¥265.6 billion (down ¥23.7 billion) Secured loan outstanding: ¥66.6 billion (down ¥16.8billion) Small business loan outstanding: ¥12.2billion (up ¥3.6billion)
Life Card	6,084	-	-	Loan business of former LIFE was merged into AIFUL through the Group reorganization
BUSINEXT	7,371	-393	-5.1%	Balance of loans down 4%. Lending curbed in view of recent business sentiment at small and medium-size enterprises.
Revenue from credit card	11,344	-984	-8.0%	
Revenue from installment sales finance	375	-317	-45.8%	
Revenue from credit guarantee	4,797	-960	-16.7%	Credit guarantee outstanding: ¥74.1billion (down ¥8billion)
Other operating income	21,492	-905	-4.0%	
Recovery of loans previously charged off	11,431	-1,200	-9.5%	AIFUL : ¥10.5billion (up ¥2.1billion) Increased at AIFUL on a non-consolidated basis, as former LIFE and City's were merged through the Group reorganization implemented in July 2011.
Collection from purchased receivables	4,482	+730	+19.5%	Collection from purchased receivables at AsTry Loan Service

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



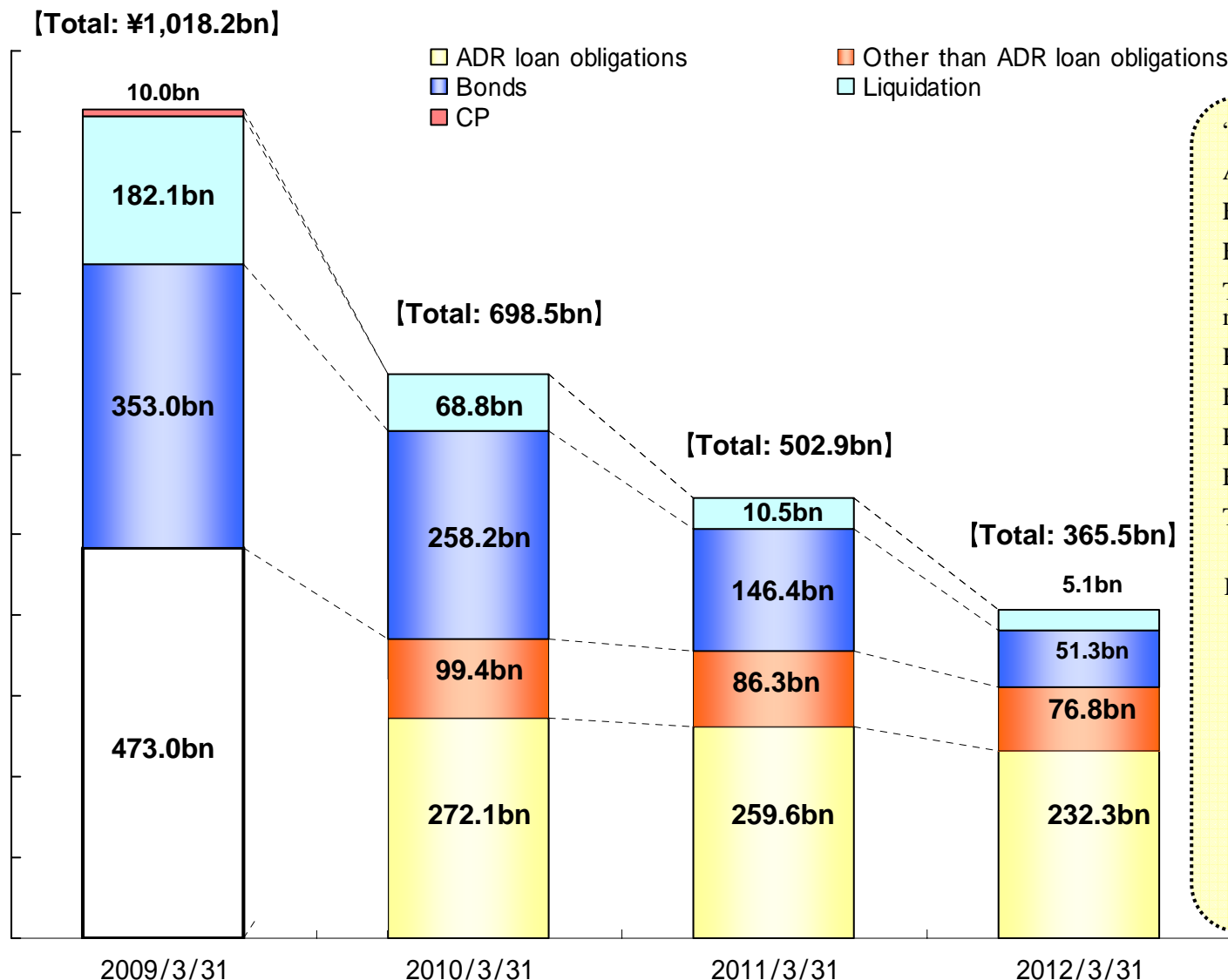
(¥ million)	12/3	YOY	YOY%	Reasons for increase/ decrease
Operating expenses	97,504	-71,594	-42.3%	
Financial expenses	9,452	-2,376	-20.1%	Decline due to fall in interest-bearing liabilities
Credit cost	32,880	-32,160	-49.4%	AIFUL: ¥24.2billion (down ¥20.5billion), Life Card: ¥2.5billion, Other: ¥6.1billion
Expenses related to interest repayment	-	-27,211	-	Expenses were not recorded, as the entire amount was drawn down from the provision for interest repayment
Advertising expenses	2,416	+696	+40.5%	TV commercials and transportation advertising, etc. resumed on June 25, 2011
Personnel expenses	15,997	-2,737	-14.6%	Increased by 100 million yen at AIFUL on a non-consolidated basis due to the organizational restructuring in Group reorganization undertaken in July 2011
Other	36,757	-7,807	-17.5%	Variable costs declined due to improved efficiency and a fall in balances thanks to the Group reorganization
Commission	9,999	-2,514	-20.1%	Due to reduction in number of accounts, branches and tie-up companies
Rental expenses & land rent	3,122	-1,107	-26.2%	Decrease in rent for branches resulting from decrease in number of branches
Supplies, repair and maintenance	3,041	-736	-19.5%	
Communications	3,460	-1,227	-26.2%	
Depreciation expenses	6,902	-905	-11.6%	
Other	10,231	-1,315	-11.4%	
Operating income	16,497	+40,635	-	



(¥ million)	12/3	YOY	YOY%	Reasons for increase/ decrease
Non-operating income	857	+40	+4.9%	
Non-operating expenses	524	-1,100	-67.7%	Net foreign exchange losses came to 300 million yen as a result of foreign exchange losses of 400 million yen at LIFE in the 1Q and foreign exchange gain of 100 million yen at Life Card in the 4Q
Ordinary income	16,831	+41,776	-	
Extraordinary income	5,173	+2,644	+104.6%	
Gain on negative goodwill	1,114	-	-	Life's negative goodwill arose associated with the Group reorganization
Gain on loan extinguishment	2,901	-	-	Gain on repurchase of ADR Loans corresponding to ADR plan
Gain on retirement of bond	814	-722	-47.0%	
Extraordinary losses	3,911	-6,695	-63.1%	
Impairment loss	322	-920	-74.1%	
Loss on sale of investment securities	1,452	+1,389	-	Loss on sale of investment securities corresponding to ADR plan
Provision for business structure improvement	2,064	+1,870	-	Payment of special retirement allowance and other expenses related to a voluntary retirement offer
Net income before taxes	18,092	+51,116	-	
Income taxes-current	240	+162	+208.4%	
Income taxes-deferred	-9	+69	-	
Minority interests in income	469	+1,557	-	
Net income	17,391	+49,326	-	



Increase/Decrease in Consolidated Interest-Bearing Liabilities



“ADR Loan Obligations”
 As of FY2012.3:
 FY2011.3: ¥12.5bn
 FY2012.3: ¥27.3bn
 Total: ¥39.8bn repayment was made.
 Hereafter repayment schedule:
 FY2013.3: ¥16.5bn+
 FY2014.3: ¥16.5bn+
 FY2015.3: ¥16.5bn+
 Total: ¥49.5bn+

For the remaining amount after the Business Revitalization Plan, we plan to receive refinancing by no later than Jul. 10, 2014 or to make a proposal to the participating creditors regarding the payment method in the period after Jul. 10, 2014, and to reach an agreement