



Second Quarter Financial Results  
for Fiscal Year 2012 (Apr – Sep, 2012)

**AIFUL CORPORATION**

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


*November , 2012*

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(¥ million)	11/9	12/9		
			YOY	YOY%
Operating revenue	59,102	50,686	-8,416	-14.2%
Interest income	40,468	32,054	-8,414	-20.8%
Operating expenses	49,686	36,224	-13,462	-27.1%
Financial expenses	5,144	3,580	-1,564	-30.4%
Cost of sales	1,427	1,470	43	3.0%
Credit cost	17,172	7,453	-9,719	-56.6%
Expenses for Interest repayments	-	-	-	-
Other operating expenses	25,940	23,719	-2,221	-8.6%
Operating income	9,416	14,462	5,046	53.6%
Ordinary income	8,554	13,996	5,442	63.6%
Extraordinary income	4,800	5,979	1,179	24.6%
Extraordinary losses	1,491	16	-1,475	-98.9%
Income before taxes	11,863	19,959	8,096	68.2%
Net income	11,148	19,632	8,484	76.1%
<b>Total Receivable outstanding</b>	<b>674,901</b>	<b>570,457</b>	<b>-104,444</b>	<b>-15.5%</b>
Loans outstanding	511,099	412,960	-98,139	-19.2%
Installment receivable	77,508	77,370	-138	-0.2%
Credit guarantee	86,293	80,125	-6,168	-7.1%
Customer accounts (thousands)	1,302	989	-313	-24.0%




 (¥million)	11/9	12/9		
			YOY	YOY%
Operating revenue	36,646	32,477	-4,169	-11.4%
Interest income	29,745	24,820	-4,925	-16.6%
Operating expenses	31,231	20,755	-10,476	-33.5%
Financial expenses	3,875	2,827	-1,048	-27.0%
Credit cost	12,444	3,989	-8,455	-67.9%
(Bad debt write offs)	37,236	20,787	-16,449	-44.2%
Expenses for Interest repayments	-	-	-	-
(Interest repayment)	33,659	16,538	-17,121	-50.9%
Other operating expenses	14,911	13,937	-974	-6.3%
Operating income	5,414	11,722	6,308	116.5%
Ordinary income	6,475	12,256	5,781	89.3%
Net income	10,318	18,205	7,887	76.4%
<b>Total Receivable outstanding</b>	<b>463,525</b>	<b>366,468</b>	<b>-97,057</b>	<b>-20.9%</b>
Loans outstanding	395,948	305,022	-90,926	-23.0%
Unsecured loan	299,860	238,171	-61,689	-20.6%
Customer accounts (thousands)	940	696	-244	-25.9%
Average yield	15.3%	15.2%	-0.1%	-
Below 18% unsecured loan balance's occupancy rate	70.9%	80.3%	9.4%	-


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 Life Card and Businext



 (¥ million)	11/9	12/9		
			YOY	YOY%
Operating revenue	6,349	12,864	-	-
Operating expenses	4,562	10,852	-	-
Operating income	1,787	2,011	-	-
Ordinary income	1,054	1,186	-	-
Net income	456	1,141	-	-
Loans outstanding	57,219	50,471	-	-
Installment receivables	64,974	70,630	-	-

Life card Co.,Ltd. Commenced operations on July 1, 2011, after completion of a group restructuring, and therefore the results of September, 2011 become the 3-month results.

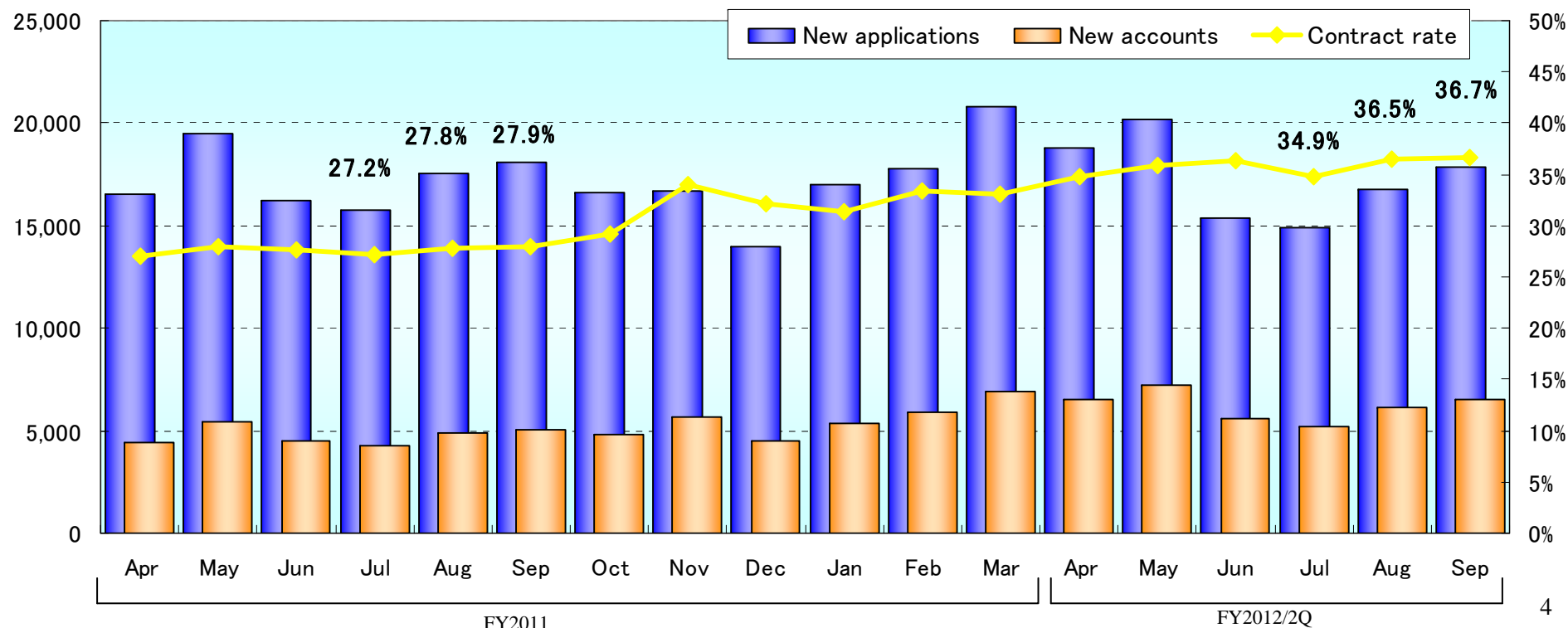
 (¥ million)	11/9	12/9		
			YOY	YOY%
Operating revenue	3,709	3,709	0	-0.0%
Operating expenses	3,557	3,285	-272	-7.7%
Operating income	151	423	272	179.1%
Ordinary income	152	427	275	179.7%
Net income	148	266	118	79.1%
Total Receivable outstanding	57,931	57,466	-465	-0.8%
Customer accounts (thousands)	30	28	-2	-4.7%
Average yield	13.9%	13.6%	-0.3%	-



## ◆ Contract rate of Unsecured loans

	FY2011			FY2012			YOY%
	1H(6M)		1H(6M)	1H(6M)		YOY%	
	1Q(3M)	2Q(3M)		1Q(3M)	2Q(3M)		
New applications (num)	52,268	51,365	103,633	54,386	49,542	103,928	0.3%
New accounts (num)	14,399	14,203	28,602	19,375	17,873	37,248	30.2%
Contract rate	27.5%	27.7%	27.6%	35.6%	36.1%	35.8%	8.2%

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

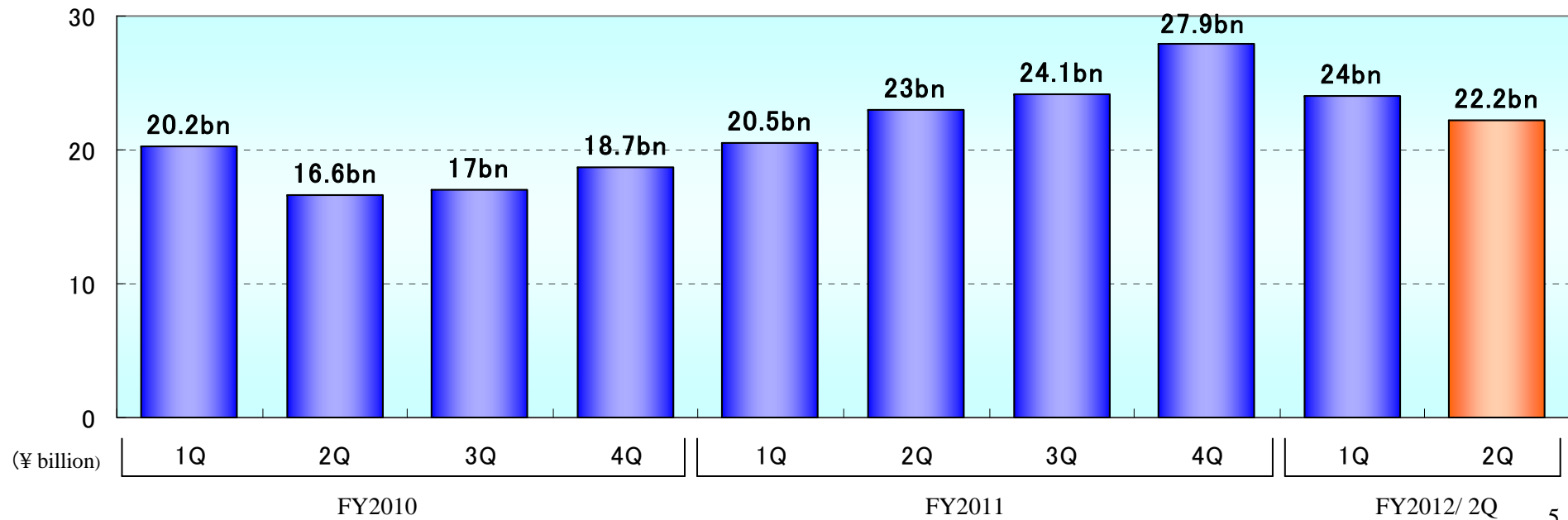




◆Non-Consolidated Loan volume

	FY2011			FY2012			YOY%
	1H(6M)		1H(6M)	1H(6M)		YOY%	
	1Q(3M)	2Q(3M)		1Q(3M)	2Q(3M)		
Loan volume (¥ million)	20,568	23,022	43,590	24,053	22,232	46,285	6.2%
Loans to a new accounts	2,111	2,034	4,145	2,355	2,230	4,585	10.6%
loans to a existing accounts	18,457	20,988	39,445	21,698	20,002	41,700	5.7%

◆Trends of Loan volume





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

(¥ million)	11/9	12/9	
			YOY%
(1) Write-offs	41,432	23,251	-43.9%
Waiver of principal related to Interest repayment	19,590	8,811	-55.0%
Other	21,842	14,440	-33.9%
(2) Specific allowance for doubtful accounts	825	482	-41.6%
Total Write-offs (1)+(2)	42,258	23,733	-43.8%
Write-offs ratio	6.26%	4.16%	-

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

(¥ million)	11/9	12/9	
			YOY%
(1) Write-offs	37,236	20,787	-44.2%
Waiver of principal related to Interest repayment	19,406	8,811	-54.6%
Other	17,830	11,976	-32.8%
(2) Specific allowance for doubtful accounts	828	438	-47.1%
Total Write-offs (1)+(2)	38,065	21,226	-44.2%
Write-offs ratio	8.21%	5.79%	-

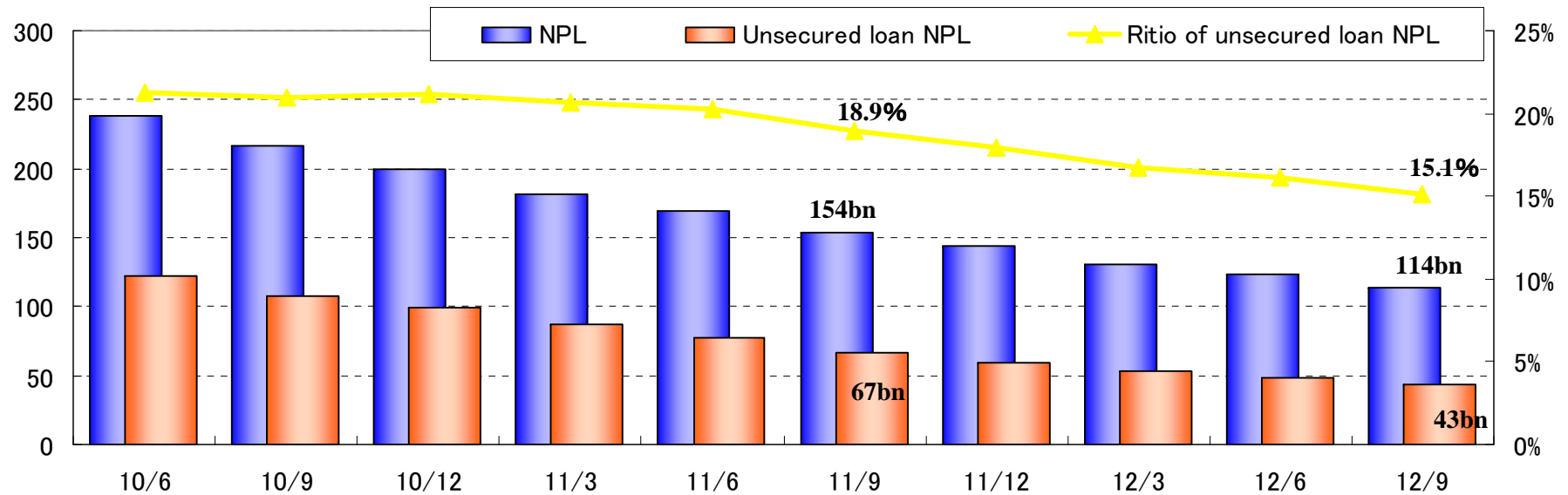
Due to group reorganization on July 1, 2011, part of LIFE and City's were merged and consolidated to AIFUL

# Trends of Non-performing loans (2) : Trends of NPL defined by FSA



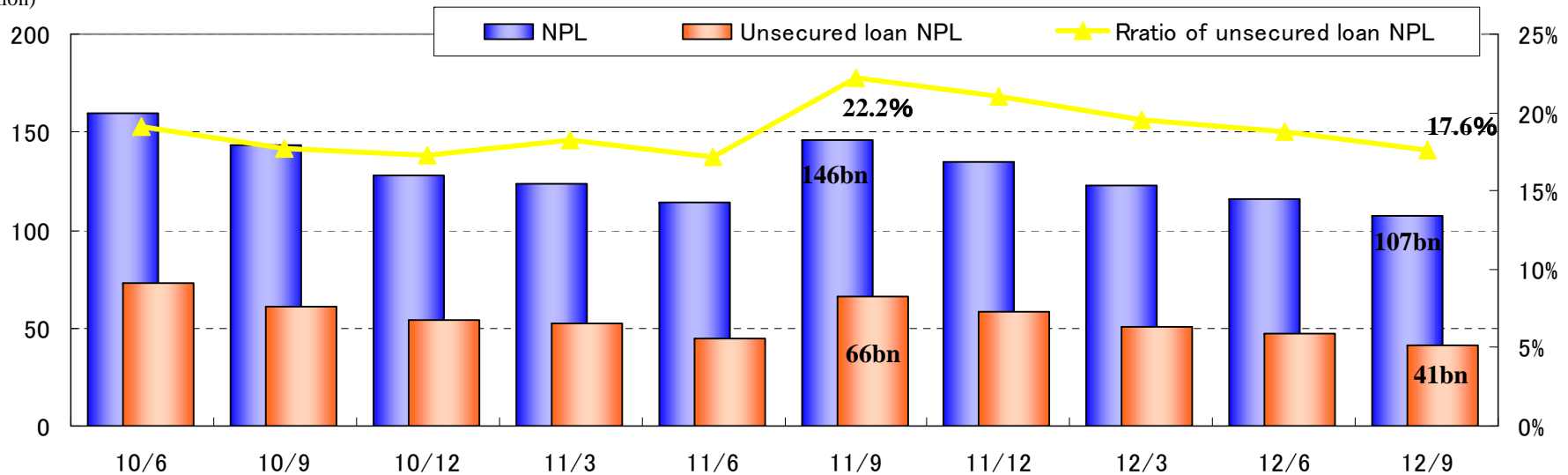
## ◆ Consolidated: Trends of NPL defined by FSA

(¥ billion)



## ◆ Non-consolidated: Trends of NPL defined by FSA

(¥ billion)



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◆ Allowance for losses on Interest repayment:  
1. Consolidated

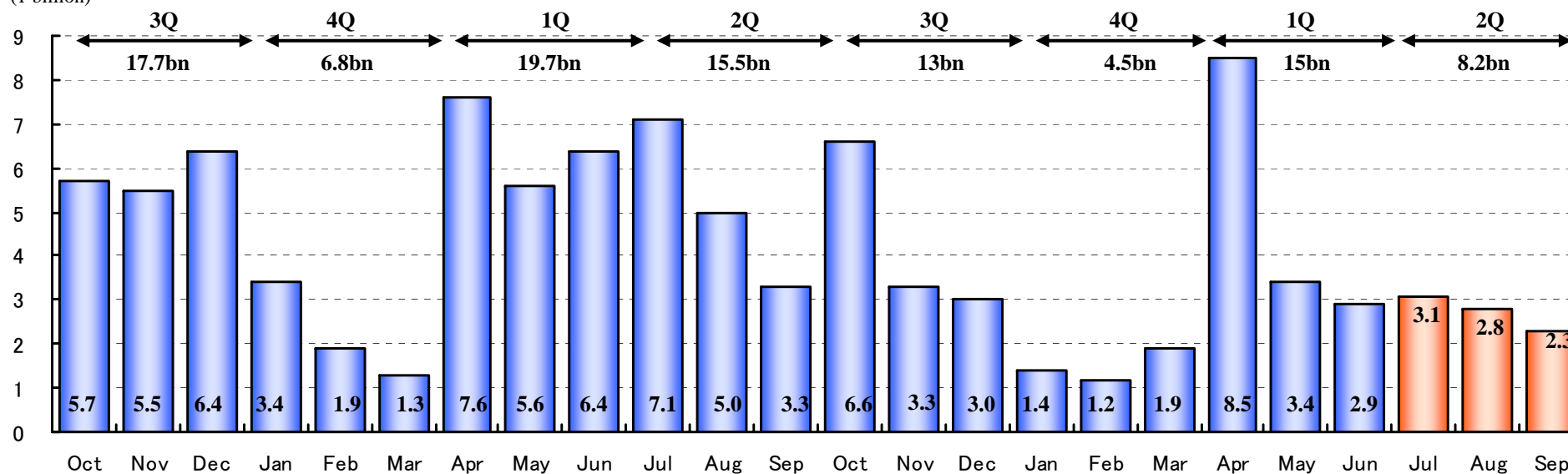
(¥ million)	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2012	108,667	58,112	166,779
Reversal (Interest repayment)	17,077	-	17,077
Reversal (Waiver of principal)	239	8,811	9,050
Provisions	-	-	-
Allowance at the end of FY2012/ 2Q	91,351	49,300	140,652

2. Non-Consolidated

Interest repayment	Waiver of principal	Total
102,395	58,112	160,507
16,538	-	16,538
-	8,811	8,811
-	-	-
85,857	49,300	135,157

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

(¥ billion)



FY2010

FY2011

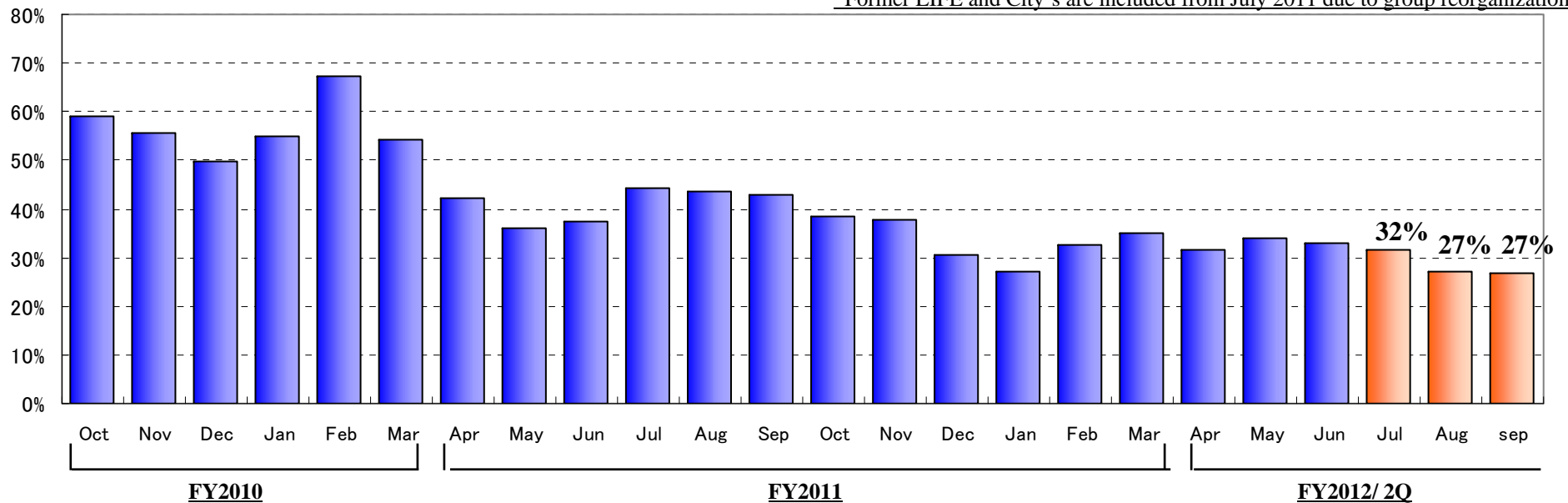
FY2012/ 2Q

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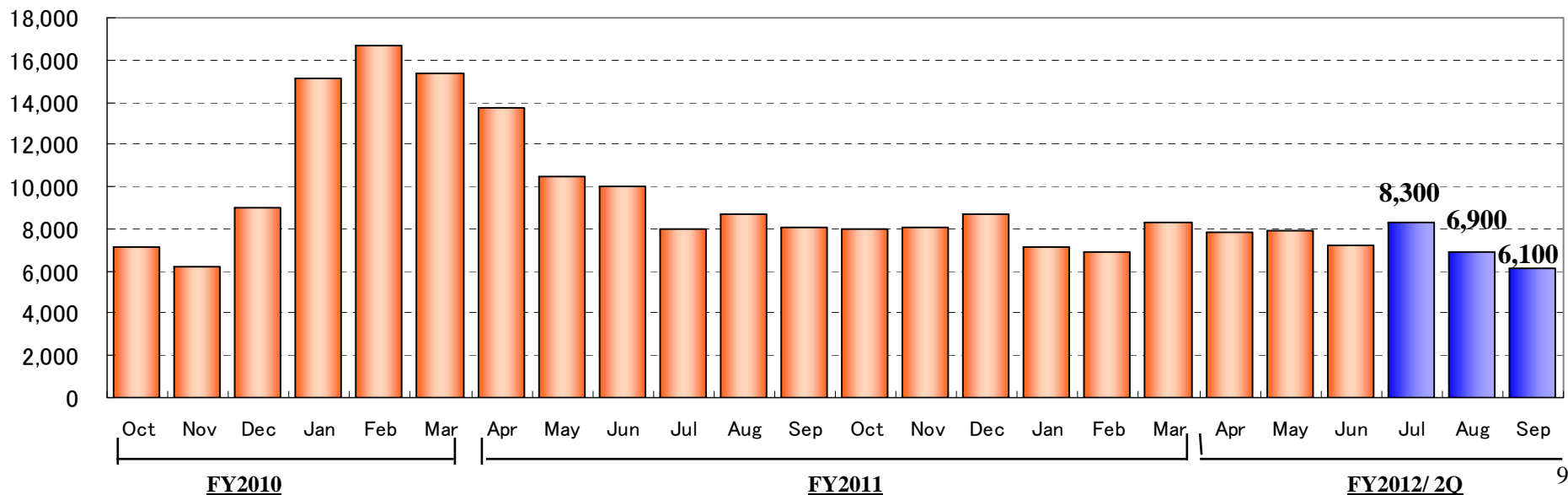


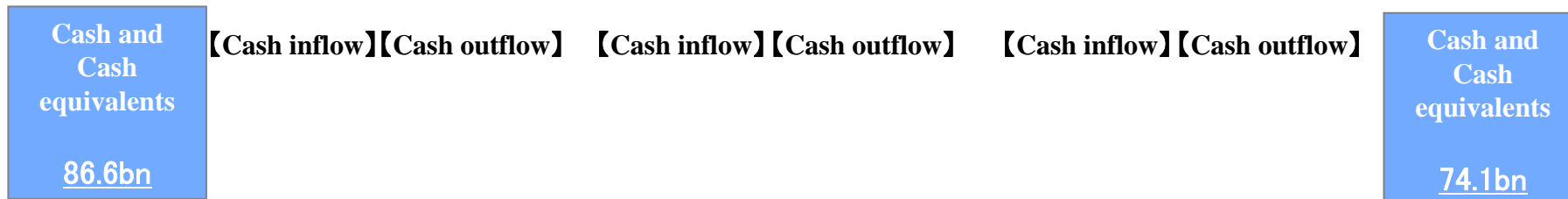
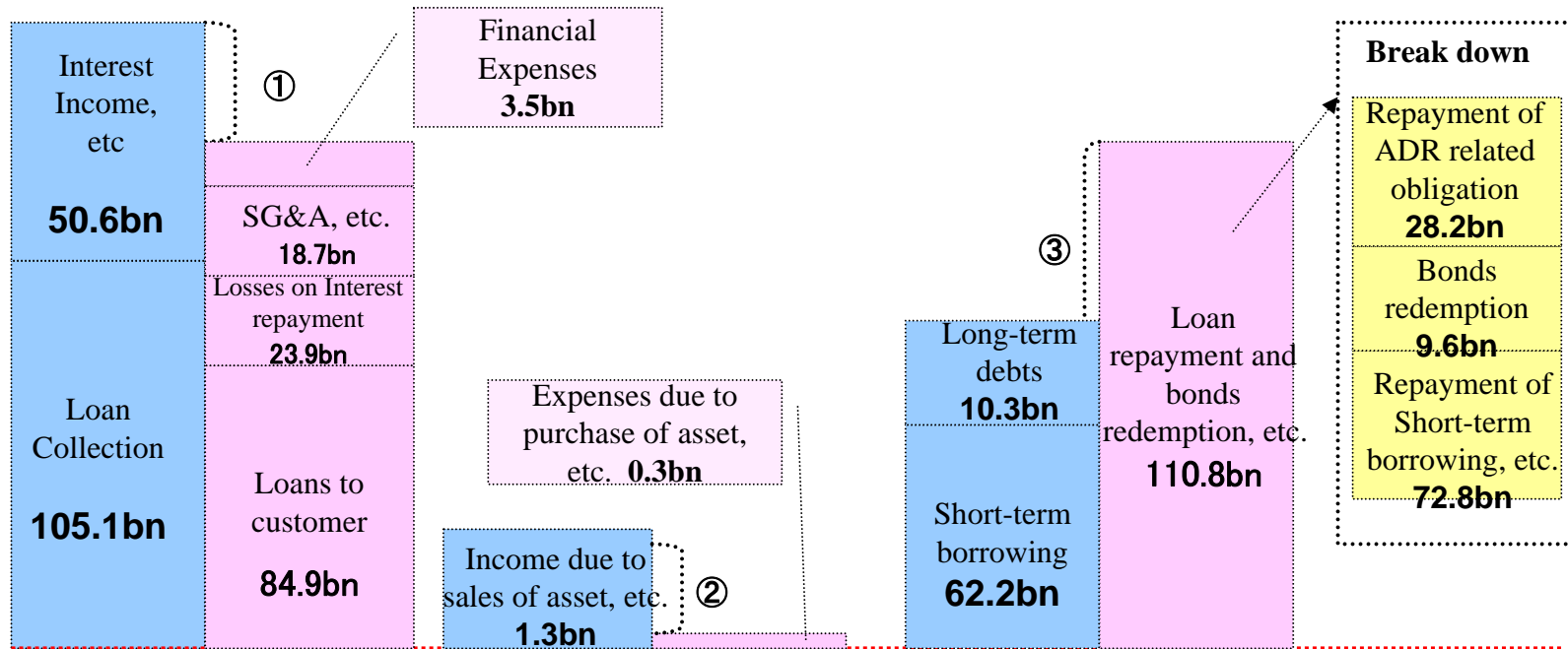
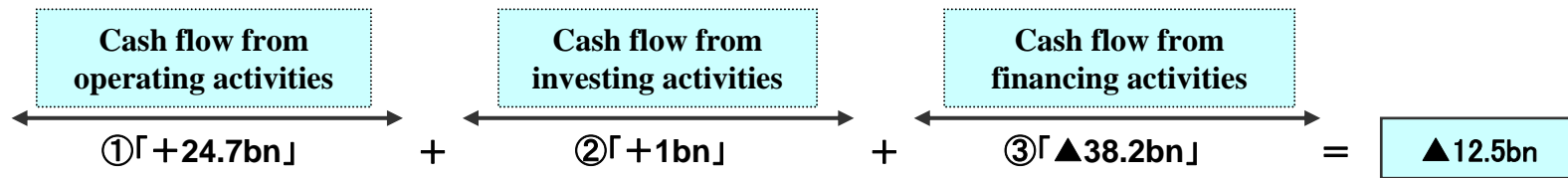
## ◆ Monthly Figure of Attorney Involvement : Non-consolidate <sup>\*May 2007(peak)=100</sup>

<sup>\*Former LIFE and City's are included from July 2011 due to group reorganization</sup>



## ◆ Monthly Interest Repayment Claims : Non-consolidate



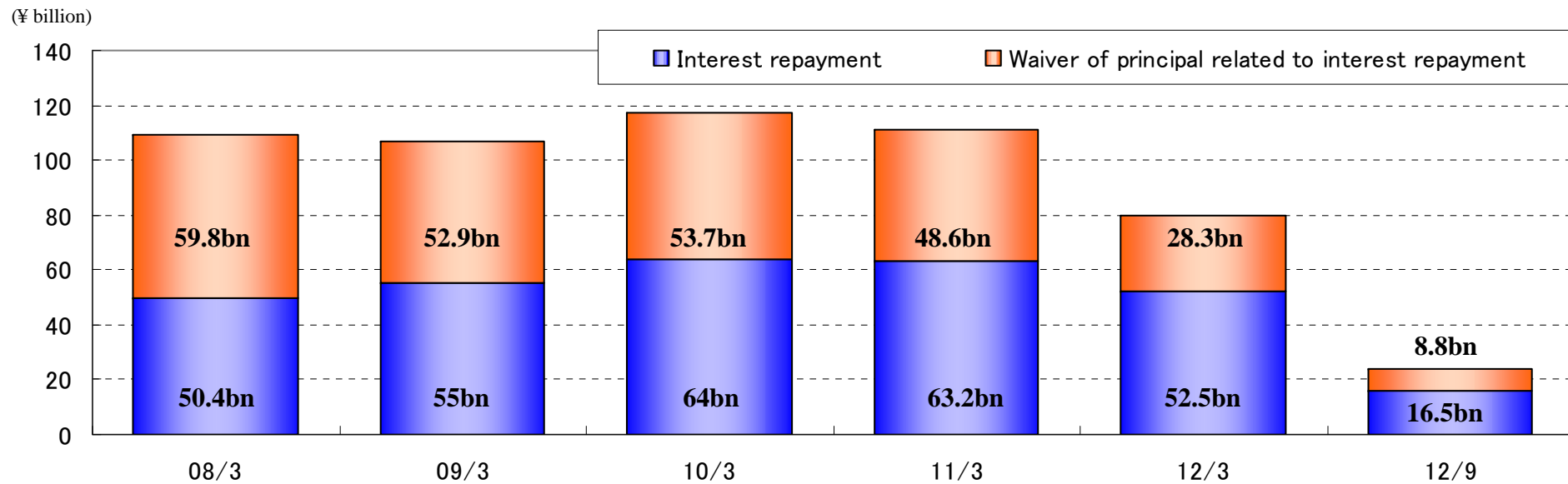


At the Beginning of FY2012

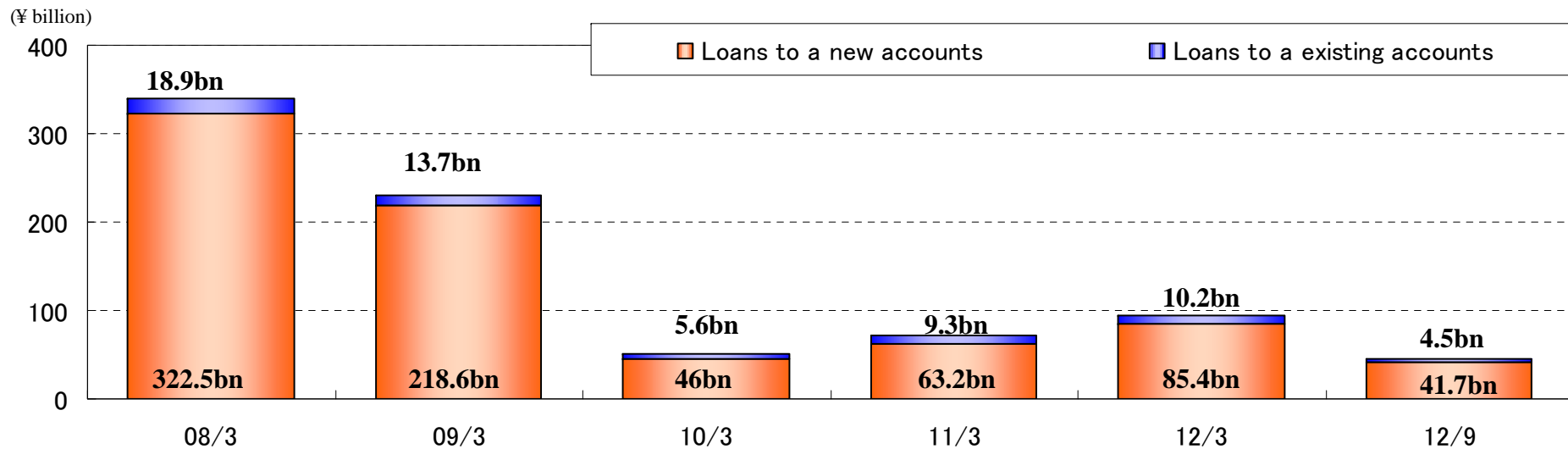
At the End of FY2012/ 2Q



◆ Trends of Interest repayment and waiver of principal related to Interest repayment : Non-consolidate




◆ Trends of Loan volume : Non-consolidate



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


## Financial results of Life Card



 (¥ million) *On-balance	11/9 ※(for reference : 3M)	11/12 ※(for reference : 6M)	12/9 (6M)
Operating revenue	6,349	13,074	12,864
Installment receivable	2,724	5,618	5,984
Credit card	2,685	5,548	5,956
Loans	2,160	4,203	3,571
with Credit card	1,946	3,738	2,856
Credit guarantee and others	1,464	3,252	3,308
Operating expenses	4,562	9,337	10,852
Financial expenses	246	497	476
Credit cost	-	-	1,592
Interest repayment	-	-	-
Other	4,316	8,840	8,782
Operating income	1,787	3,737	2,011
Ordinary income	1,054	3,212	1,186
Extraordinary income	1	1	-
Extraordinary loss	0	0	15
Net income before tax	1,056	3,214	1,171
Net income	456	1,894	1,141


\*The Group reorganization was carried out in July 2011.

The business results ended September 30 .2011 are the three-month period from July 2011 to September 2011 and the results ended December 31.2011 are the six-month period from July 2011 to December 2011.

	(¥ million) *On-balance	11/9 ※(for reference : 3M)	11/12 ※(for reference : 6M)	12/9 (6M)
Number of new issue (thousands)		102	229	235
Proper		30	60	68
Affinity		71	169	167
Number of card holders (thousands)		6,544	6,427	6,146
Proper		2,625	2,546	2,360
Affinity		3,918	3,881	3,786
Credit card purchase results (million)		108,857	223,889	238,639
Shopping		98,572	203,245	218,034
Cashing		10,285	20,643	20,605
Total receivable outstanding (million)		153,445	154,990	146,522
Installment receivable		67,749	73,556	71,877
Loans		57,219	54,341	50,471
Credit guarantee		28,261	26,735	23,703
Other		215	357	470

\*The Group reorganization was carried out in July 2011.

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		11/9 *(for reference : 3M)	11/12 *(for reference : 6M)	12/9 (6M)
Bad debt write-offs (¥ million)		<b>370</b>	<b>684</b>	<b>1,439</b>
	Credit card	<b>80</b>	<b>338</b>	<b>1,245</b>
	Installment sales finance	<b>3</b>	<b>6</b>	<b>5</b>
Ratio of bad debt write-offs (%)		<b>0.24%</b>	<b>0.44%</b>	<b>0.98%</b>
	Credit card	<b>0.07%</b>	<b>0.29%</b>	<b>1.14%</b>
	Installment sales finance	<b>0.18%</b>	<b>0.54%</b>	<b>1.01%</b>
Ratio of allowance for doubtful account (%)		<b>3.40%</b>	<b>3.24%</b>	<b>4.91%</b>

\*The Group reorganization was carried out in July 2011.

The business results ended September 30, 2011 are the three-month period from July 2011 to September 2011 and the results ended December 31, 2011 are the six-month period from July 2011 to December 2011.



## Explanation of figures



## Explanation Figures (1) : Breakdown of Consolidated operating revenue



(¥ million)	12/9	YOY	YOY%	Reasons for increase/ decrease
<b>Operating revenue</b>	<b>50,686</b>	<b>-8,416</b>	<b>-14.2%</b>	
<b>Interest income</b>	<b>32,054</b>	<b>-8,414</b>	<b>-20.8%</b>	The balance of loans outstanding fell ¥98.1billion year-on-year resulting from restrained lending in response to controls on total lending limits, reduction of the upper limit interest rate and expenses related to interest repayment.
<b>AIFUL</b>	<b>24,820</b>	<b>-4,925</b>	<b>-16.6%</b>	Unsecured loan outstanding:¥238.1billion(down ¥61.6billion), Secured loan outstanding: ¥56.4billiom(down ¥22.4billion), Small business loan outstanding:¥10.3billion(up ¥6.7billion).
<b>Life Card</b>	<b>3,571</b>	<b>-</b>	<b>-</b>	Loan business was taken over by AIFUL as a result of Group reorganization. Began business as Life Card on July 1 2012.
<b>BUSINEXT</b>	<b>3,662</b>	<b>-19</b>	<b>-0.5%</b>	Balance of loans ¥57.4billion (down ¥0.5 billion).Lending curbed in view of recent business sentiment at small and medium-size enterprises.
<b>Revenue from credit card</b>	<b>6,143</b>	<b>444</b>	<b>7.8%</b>	The amount of card purchase is increased by the enforcement of the campaign for existing members.
<b>Revenue from credit guarantee</b>	<b>2,276</b>	<b>-179</b>	<b>-7.3%</b>	Credit guarantee outstanding:¥72.6billion(down ¥3.8billion)
<b>Other operating income</b>	<b>10,203</b>	<b>-277</b>	<b>-2.6%</b>	
<b>Recovery of loans previously charged off</b>	<b>5,663</b>	<b>-190</b>	<b>-3.2%</b>	Recovery of loans previously charged off recorded by AIFUL amounted to ¥5.6 billion (up ¥0.6 billion) due to AIFUL's takeover of loans previously charged off as a result of Group reorganization on July 1, 2011.
<b>Collection from purchased receivables</b>	<b>1,777</b>	<b>-142</b>	<b>-7.4%</b>	Collection from purchased receivables at Astry Loan Service

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



(¥ million)	12/9	YOY	YOY%	Reasons for increase/ decrease
Operating expenses	36,224	-13,462	-27.1%	
Financial expenses	3,580	-1,564	-30.4%	Decline due to fall in interest-bearing liabilities
Cost of purchased receivables	1,470	91	6.6%	Tied to AsTry Loan Service collections of purchased receivables
Credit cost	7,453	-9,719	-56.6%	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	-	-	-	No transfer was made to allowance for losses on interest repayment
Advertising expenses	1,376	278	25.3%	Resumption of advertisement in AIFUL such as TV commercial.
Provision for credit card point redemption	955	-	-	
Personnel expenses	6,949	-1,250	-15.2%	Decrease in personnel as a result of voluntary retirement in the previous fiscal period
Other	14,441	-1,942	-11.9%	Cost decline in accordance with decreasing Loan outstanding
Commission	4,886	-251	-4.9%	
Rental expenses & land rent	1,238	-391	-24.0%	
Supplies, repair and maintenance	1,255	-174	-12.2%	
Communications	1,415	-387	-21.5%	
Depreciation expenses	3,161	-267	-7.8%	Due to decrease in assets
Operating income	14,462	5,046	53.6%	

## Explanation Figures (3): Breakdown of Consolidated extraordinary income/ loss, and Others



(¥ million)	12/9	YOY	YOY%	Reasons for increase/ decrease
Non- operating income	389	-41	-9.6%	
Non-operating expenses	855	-437	-33.9%	Foreign exchange loss was ¥0.8 billion (Life card Co.,Ltd)
Ordinary income	13,996	5,441	63.6%	
Extraordinary	5,979	1,179	24.6%	
Gain on loan extinguishment	5,948	3,047	105.0%	Gain on repurchase of ADR Loans corresponding to ADR plan
Extraordinary losses	16	-1,474	-98.9%	
Net income before taxes	19,959	8,096	68.2%	
Income taxes-current	209	-420	-66.7%	
Income taxes-deferred	11	16	-	
Minority interests in income	106	16	17.3%	
Net income	19,632	8,484	76.1%	