



# Financial Results for Fiscal Year 2012 (Apr, 2012 - Mar, 2013)

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

**May, 2013**

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# 1. Financial Results Summary



## Financial Results (1): Consolidated Summary




(¥ million)	12/3	13/3			14/3(E)
			YOY	YOY%	
Operating revenue	114,002	99,619	-14,383	-12.6	-
Interest income	75,992	61,607	-14,385	-18.9	-
Operating expenses	97,504	84,900	-12,604	-12.9	-
Financial expenses	9,452	6,895	-2,557	-27.1	-
Credit cost	32,880	8,136	-24,744	-75.3	-
(Bad debt write offs)	71,557	40,419	-31,137	-43.5	-
Expenses for Interest repayments	-	17,296	17,296	-	-
(Interest repayment)	57,846	34,048	-23,797	-41.1	-
Other operating expenses	55,171	52,571	-2,600	-4.7	-
Operating income	16,497	14,718	-1,779	-10.8	-
Non-operating income	857	3,026	2,168	252.8	-
Ordinary income	16,831	17,646	815	4.8	-
Extraordinary income	5,173	6,037	864	16.7	-
Net income before taxes	18,092	23,600	5,507	30.4	-
Net income	17,391	22,705	5,314	30.6	-
Total Receivable outstanding *	618,219	556,031	-62,188	-10.1	-
Loans outstanding	455,012	390,635	-64,377	-14.1	-
Installment receivable	80,614	83,885	3,271	4.1	-
Credit guarantee	74,147	74,440	292	0.4	-
Customer accounts (thousands)	1,130	887	-242	-21.5	-

\* Managed Asset Basis

## Financial Results (2): Summary of AIFUL




 ( ¥ million )	12/3	13/3			14/3(E)
			YOY	YOY%	
Operating revenue	72,192	62,310	-9,881	-13.7	-
Interest income	57,657	47,402	-10,255	-17.8	-
Operating expenses	61,910	50,747	-11,163	-18.0	-
Financial expenses	7,417	5,407	-2,009	-27.1	-
Credit cost	24,267	571	-23,696	-97.6	-
(Bad debt write-offs)	64,552	34,542	-30,010	-46.5	-
Expenses for Interest repayments	-	15,877	15,877	-	-
(Interest repayments)	52,571	32,707	-19,863	-37.8	-
Other operating expenses	30,226	28,891	-1,335	-4.4	-
Operating income	10,281	11,562	1,281	12.5	-
Ordinary income	11,571	12,095	523	4.5	-
Extraordinary income	5,705	6,004	299	5.2	-
Extraordinary losses	3,838	8,815	4,976	129.6	-
Net income	13,407	10,648	-2,758	-20.6	-
<b>Total Receivable outstanding</b>	<b>408,167</b>	<b>348,542</b>	<b>-59,814</b>	<b>-14.7</b>	<b>-</b>
Loan outstanding	344,454	286,316	-58,138	-16.9	-
Customer accounts (thousands)	805	631	-174	-21.6	-
Average yield	15.9%	15.0%	-0.9	-	-
Below 18% unsecured loan balance's occupancy rate	75.8%	84.0%	+8.2	-	-

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 ) <small>*On-Balance</small>	12/3	13/3			14/3(E)
			YOY	YOY%	
Operating revenue	19,581	26,332	-	-	-
Operating expenses	17,262	23,647	-	-	-
Operating income	2,318	2,685	-	-	-
Ordinary income	2,426	4,926	-	-	-
Net income	2,206	3,319	-	-	-
Loans outstanding	53,167	48,375	-	-	-
Installment receivables	71,747	79,452	-	-	-

The Group reorganization was carried out in July 2011.

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)	12/3	13/3			14/3(E)
			YOY	YOY%	
Operating revenue	7,433	7,391	-42	-0.6	-
Operating expense	6,318	6,109	-208	-3.3	-
Operating income	1,115	1,282	166	14.9	-
Ordinary income	1,118	1,285	166	14.9	-
Net income	1,096	1,129	32	3.0	-
Loans outstanding	57,389	55,943	-1,446	-2.5	-
Customer accounts (thousands)	29	27	-1	-5.5	-
Average yield (%)	13.7%	13.6%	-0.1	-	-

## 2. Business Environment

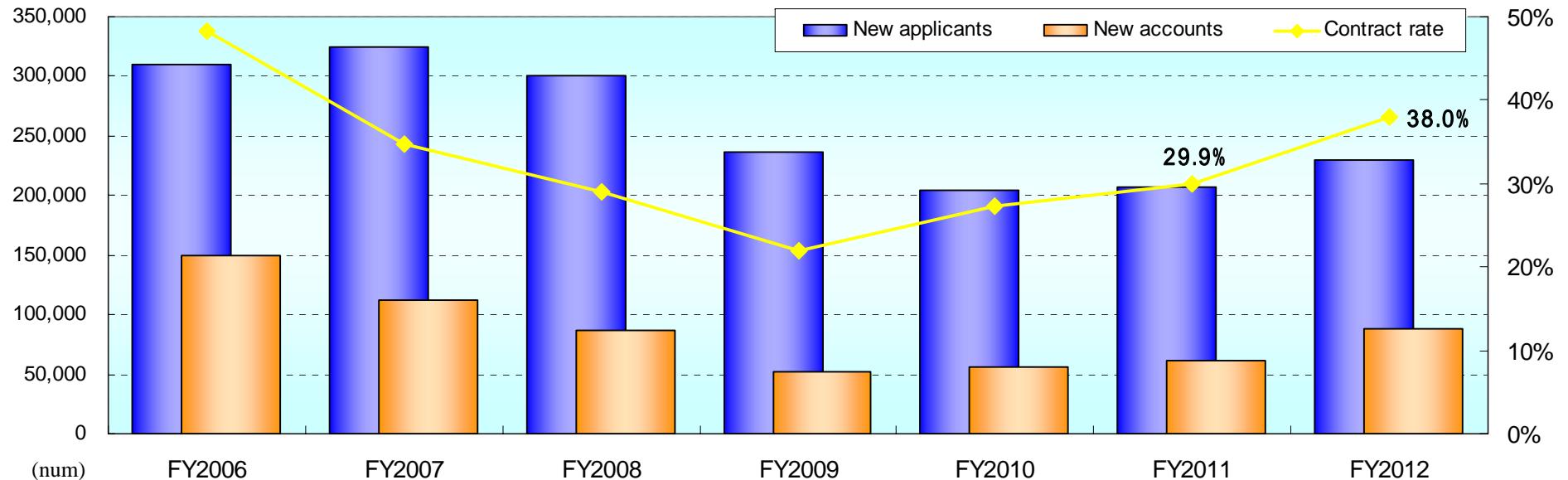




**Contract rate of Unsecured loans and Non-Consolidated Loan volume**

(¥million)	FY2011 (12M)					FY2012 (12M)					YOY
	1Q (3M)	2Q (3M)	3Q (3M)	4Q (3M)		1Q (3M)	2Q (3M)	3Q (3M)	4Q (3M)		
New applications	52,268	51,365	47,209	55,599	206,441	54,386	49,542	57,273	69,159	230,360	11.6%
New accounts	14,399	14,203	14,992	18,140	61,734	19,375	17,873	22,153	28,114	87,515	41.8%
Contract rate	27.5%	27.7%	31.8%	32.6%	29.9%	35.6%	36.1%	38.7%	40.7%	38.0%	8.1%
Ratio of LE0+LE1	-	-	-	-	66.6%	-	-	-	-	68.3%	+1.7%

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

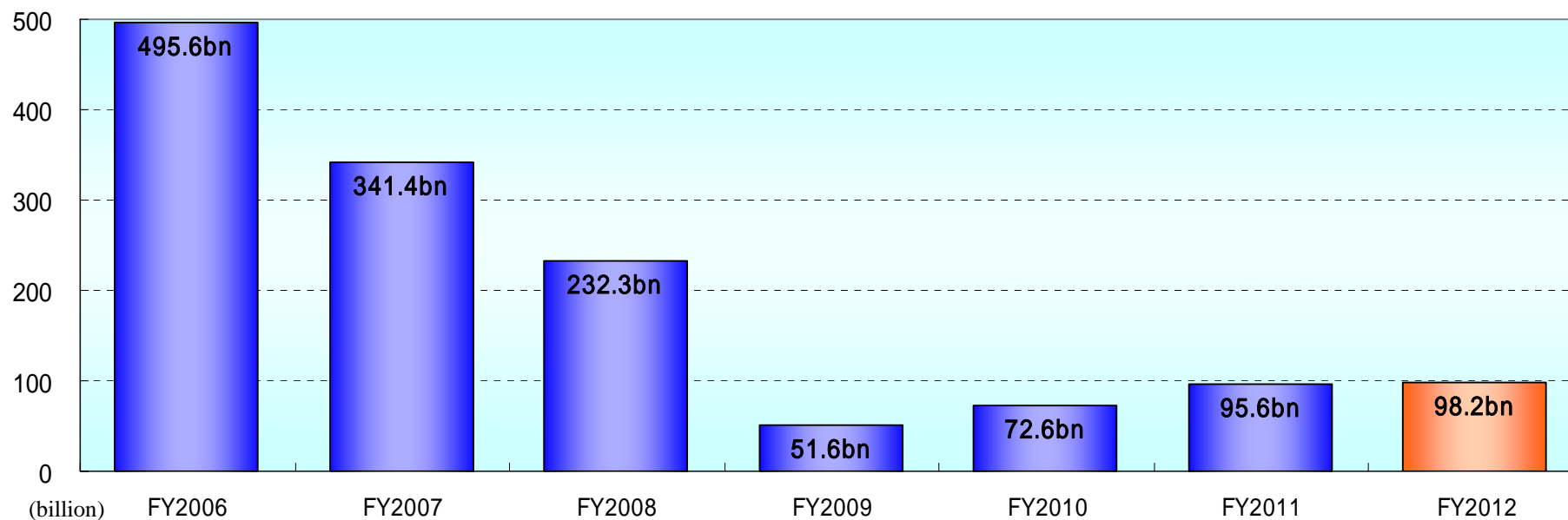




## Non-Consolidated Loan volume

(¥ million)	FY2011					FY2012					YOY%
	1Q (3M)	2Q (3M)	3Q (3M)	4Q (3M)	TOTAL	1Q (3M)	2Q (3M)	3Q(3M)	4Q (3M)	TOTAL	
Loan volume	20,568	23,022	24,181	27,902	95,673	24,053	22,232	23,156	28,848	98,289	2.7%
Loans to a new accounts	2,111	2,034	1,947	2,625	8,717	2,355	2,230	2,776	3,822	11,183	28.3%
loans to a existing accounts	18,457	20,988	22,234	25,277	86,956	21,698	20,002	20,380	25,026	87,106	0.2%

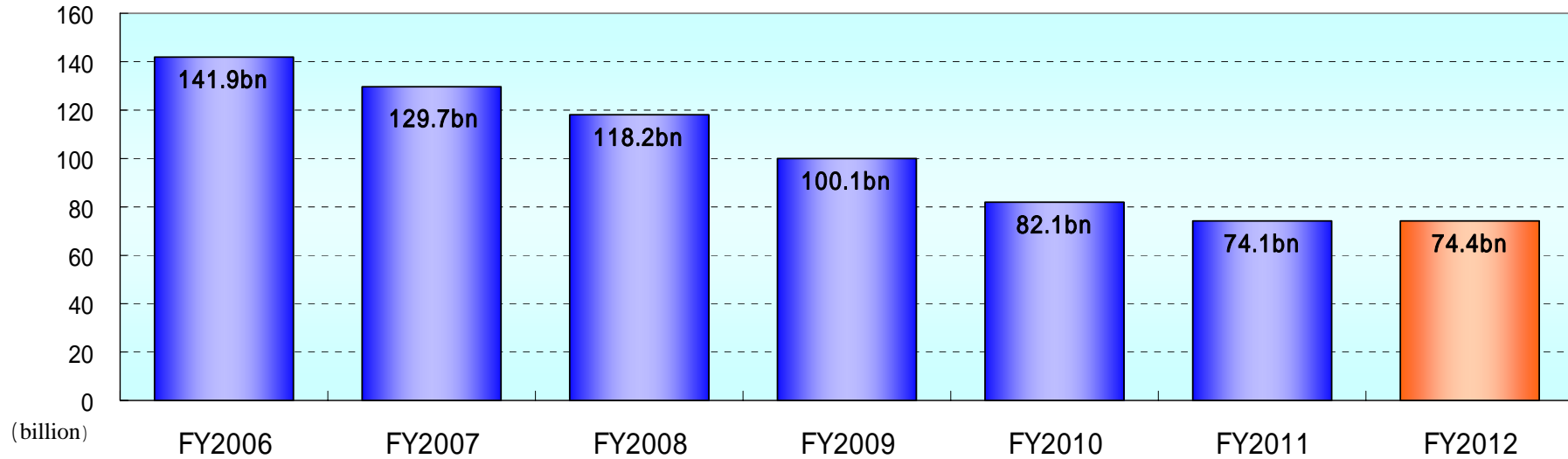
## Trends of Loan volume



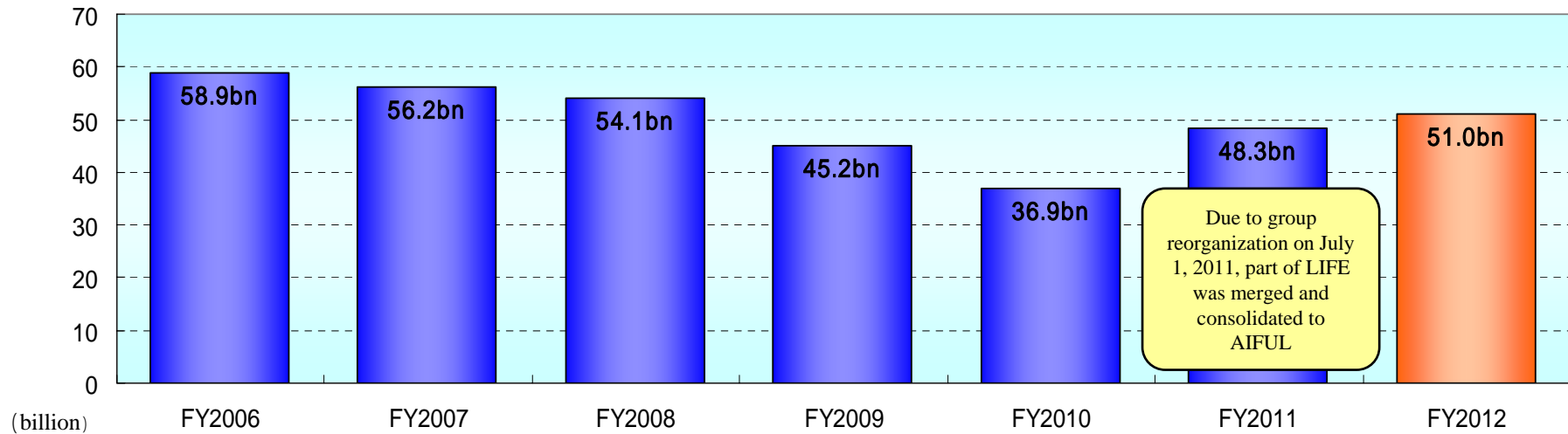




**(Consolidated) Trends of Credit Guarantee outstanding**



**(Non-Consolidated) Trends of Credit Guarantee outstanding**



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

( ¥ million )	12/3	13/3	14/3(E)		
			YOY%		YOY%
(1) Write-offs	71,557	40,419	-43.5	-	-
Waiver of principal related to Interest repayment	28,579	15,286	-46.5	-	-
Other	42,978	25,133	-41.5	-	-
(2) Specific allowance for doubtful accounts	11,017	615	-94.4	-	-
Total Write-offs (1)+(2)	82,575	41,035	-50.3	-	-
Write-offs ratio	13.36%	7.38%	-5.98	-	-

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.

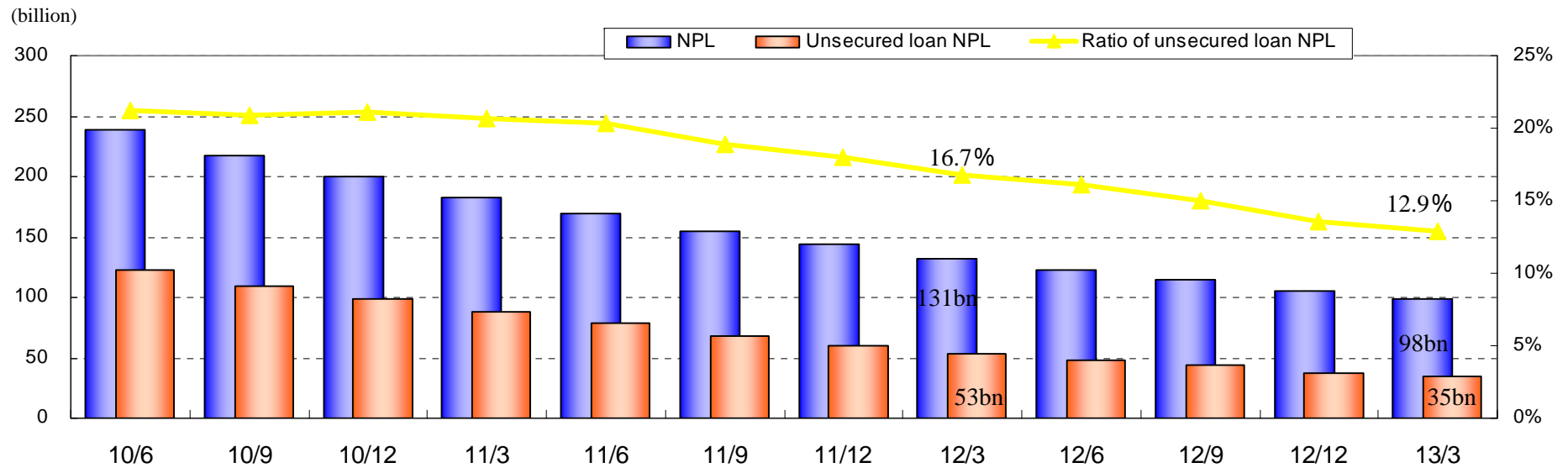
**(Non-consolidated) Amount of Write-offs and Write-offs Ratio for Total Receivable Outstanding**

( ¥ million )	12/3	13/3	14/3(E)		
			YOY%		YOY%
(1) Write-offs	64,552	34,542	-46.5	-	-
Waiver of principal related to Interest repayment	28,395	15,286	-46.2	-	-
Other	36,156	19,256	-46.7	-	-
(2) Specific allowance for doubtful accounts	10,930	479	-95.6	-	-
Total Write-offs (1)+(2)	75,482	35,021	-53.6	-	-
Write-offs ratio	18.49%	10.05%	-8.44	-	-

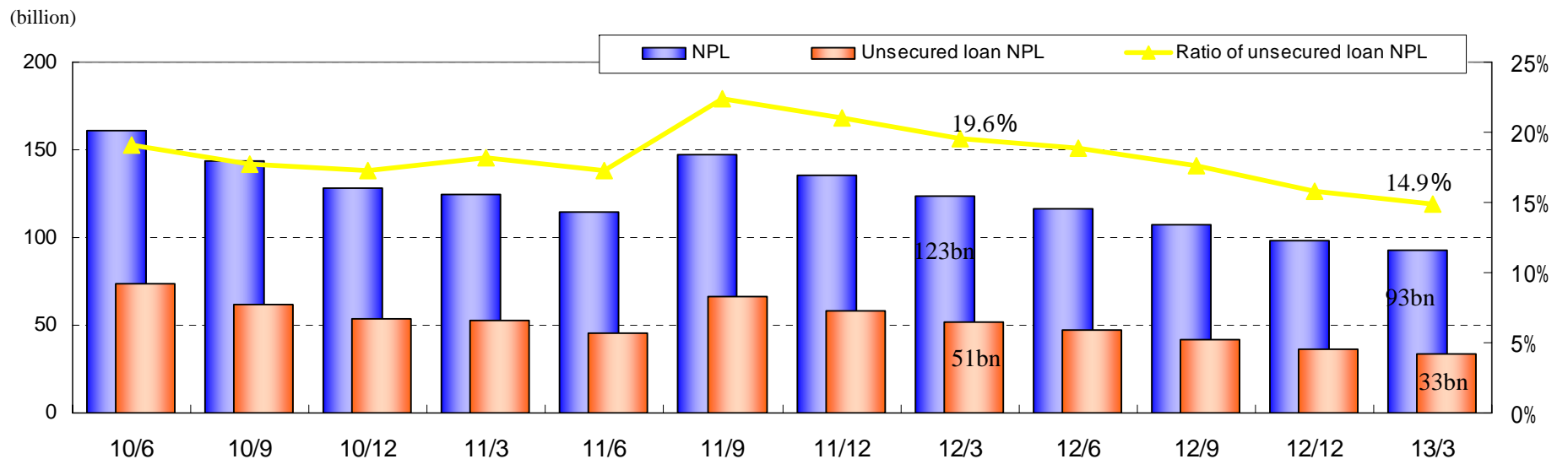
Due to group reorganization on July 1, 2011, part of LIFE and City's were merged and consolidated to AIFUL



◆ Consolidated: Trends of NPL defined by FSA



◆ Non-consolidated: Trends of NPL defined by FSA



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



## Allowance for losses on Interest repayment:

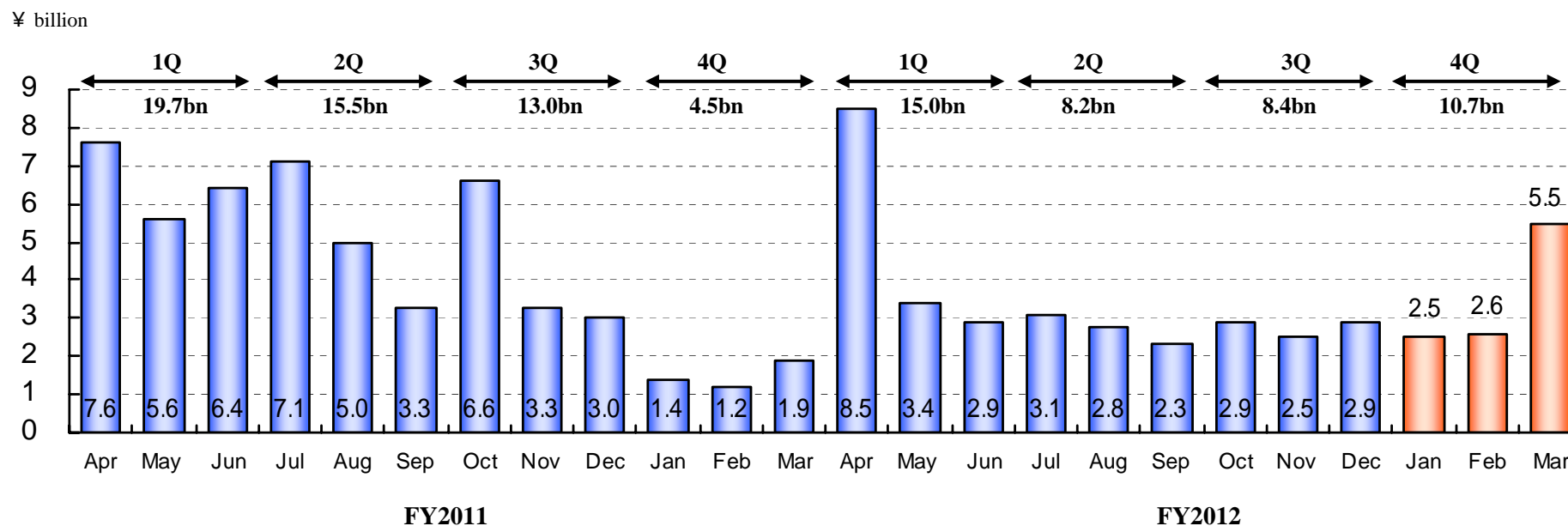
### 1. Consolidated

( ¥ million )	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2012	108,667	58,112	166,779
Reversal (Interest repayment)	34,048	-	34,048
Reversal (Waiver of principal)	494	15,286	15,780
Provisions	17,296	-	17,296
Allowance at the end of FY2012	91,421	42,825	134,247

### 2. Non-Consolidated

Interest repayment	Waiver of principal	Total
102,395	58,112	160,507
32,707	-	32,707
-	15,286	15,286
15,877	-	15,877
85,565	42,825	128,390

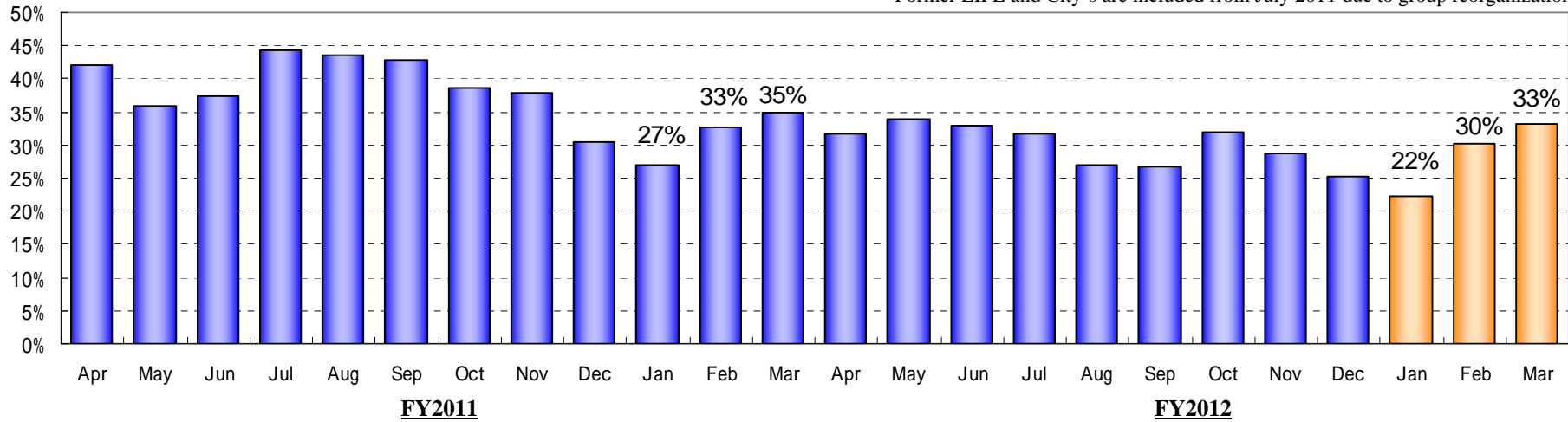
## ◆ Monthly Interest Repayment (Cash out basis) : Non-consolidated



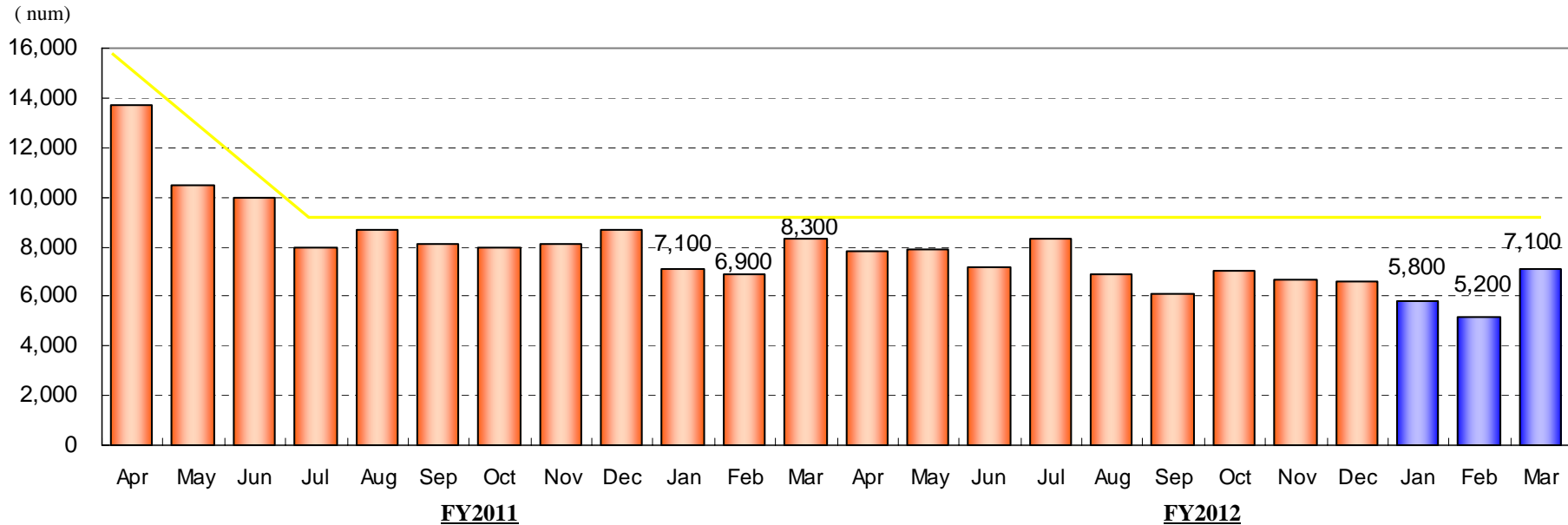


## 【Monthly Figure of Attorney Involvement】 \* May 2007(peak) =100

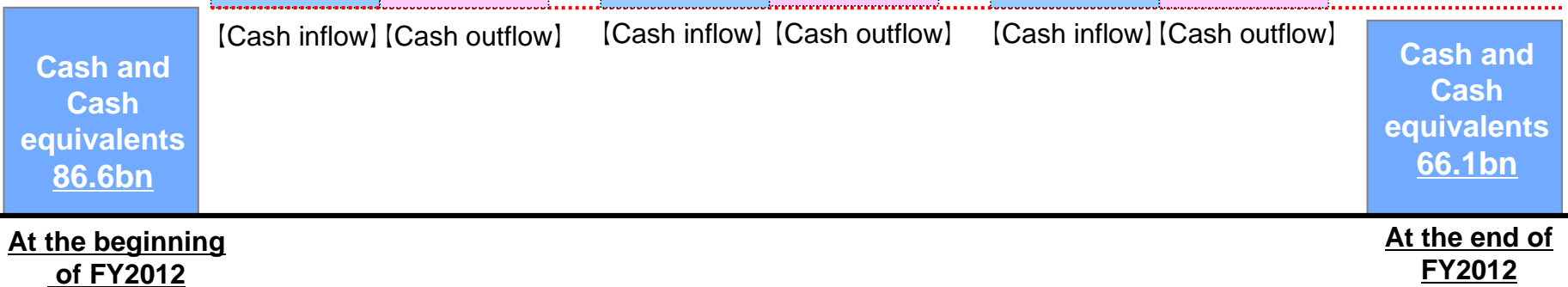
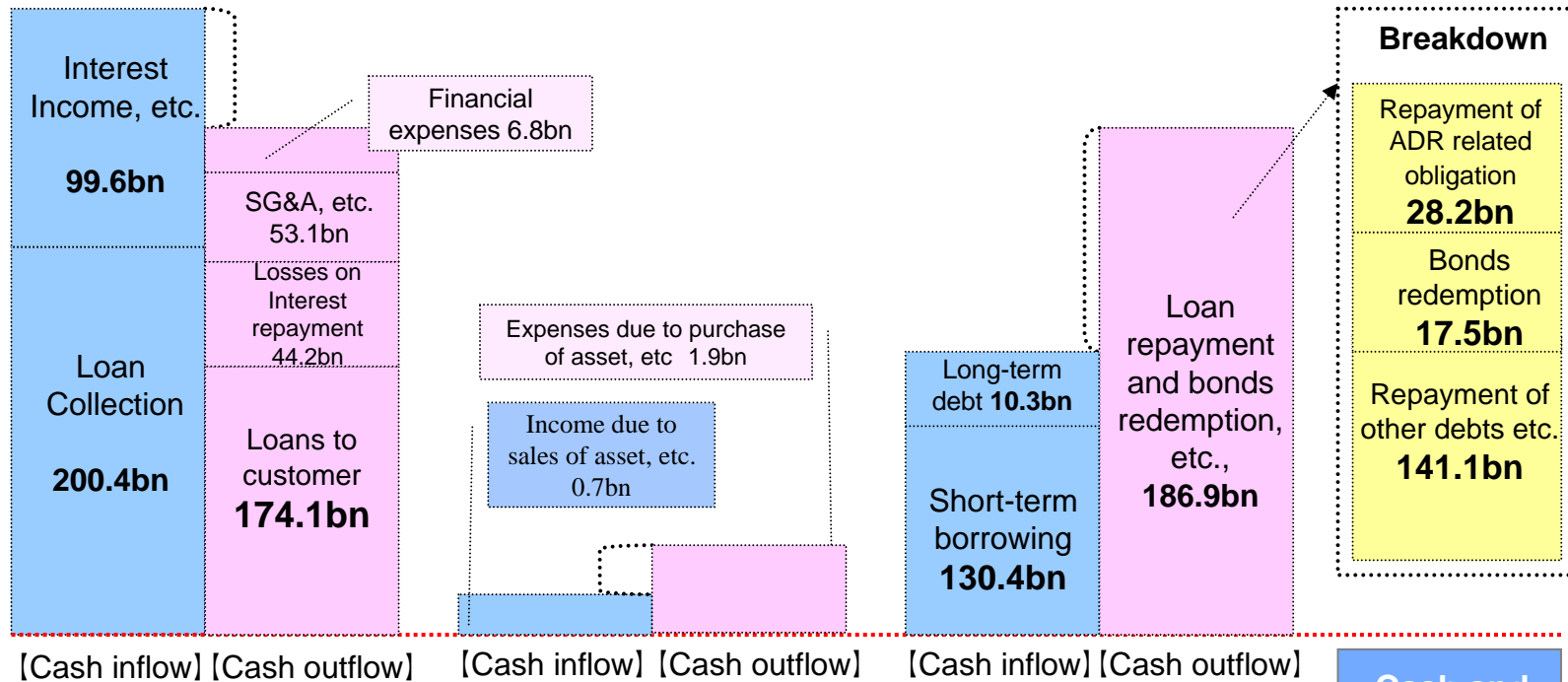
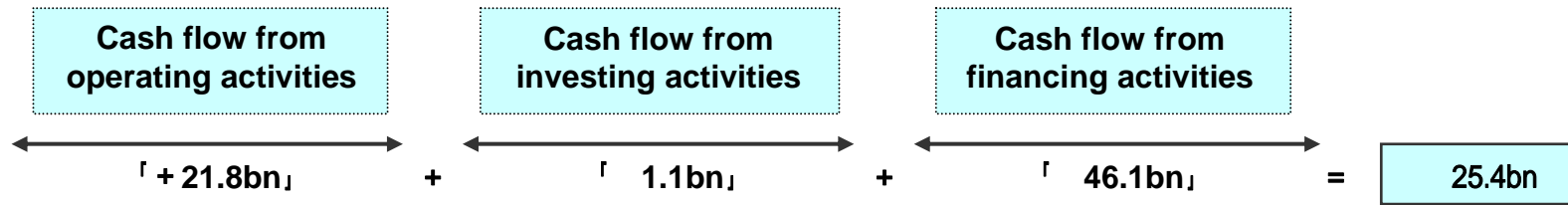
\* Former LIFE and City's are included from July 2011 due to group reorganization.



## 【 Monthly Interest Repayment Claims】



# Cash Flows and Funding: Consolidated

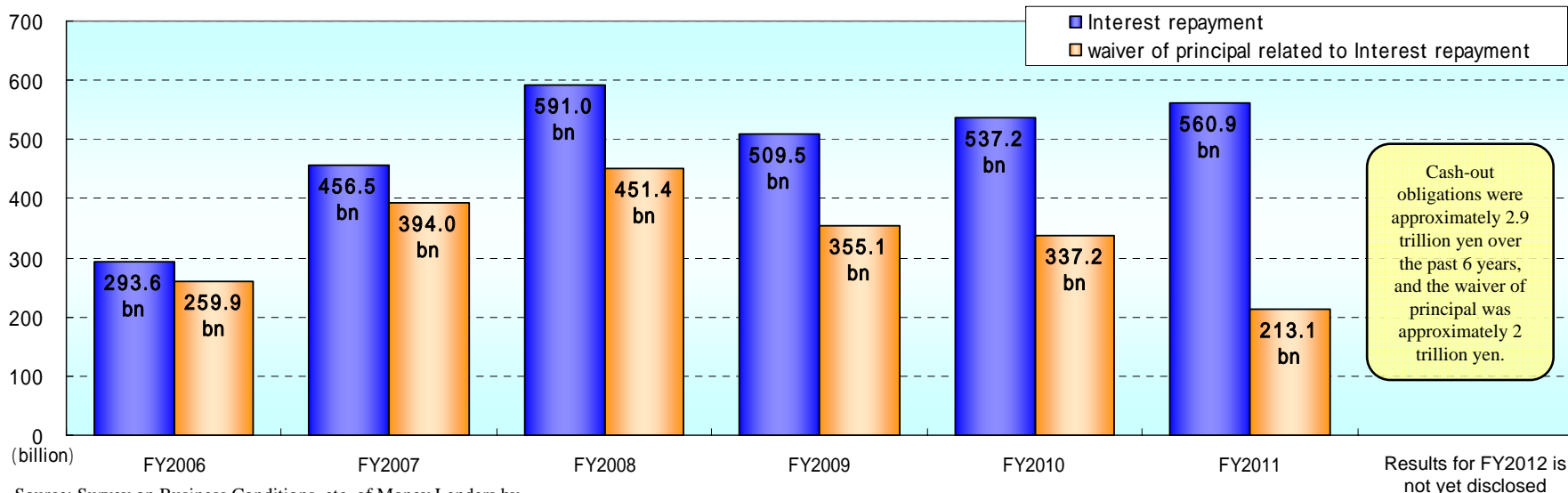


### 3. Business Restructuring



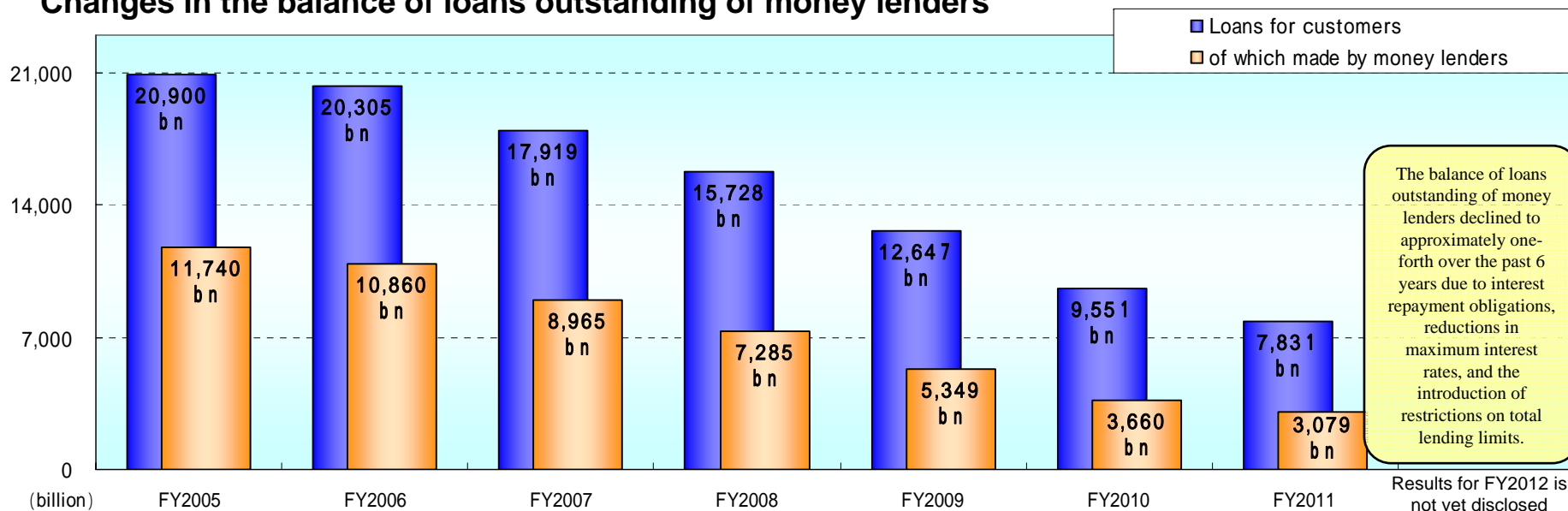


## Changes in interest repayment obligations



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

## Changes in the balance of loans outstanding of money lenders

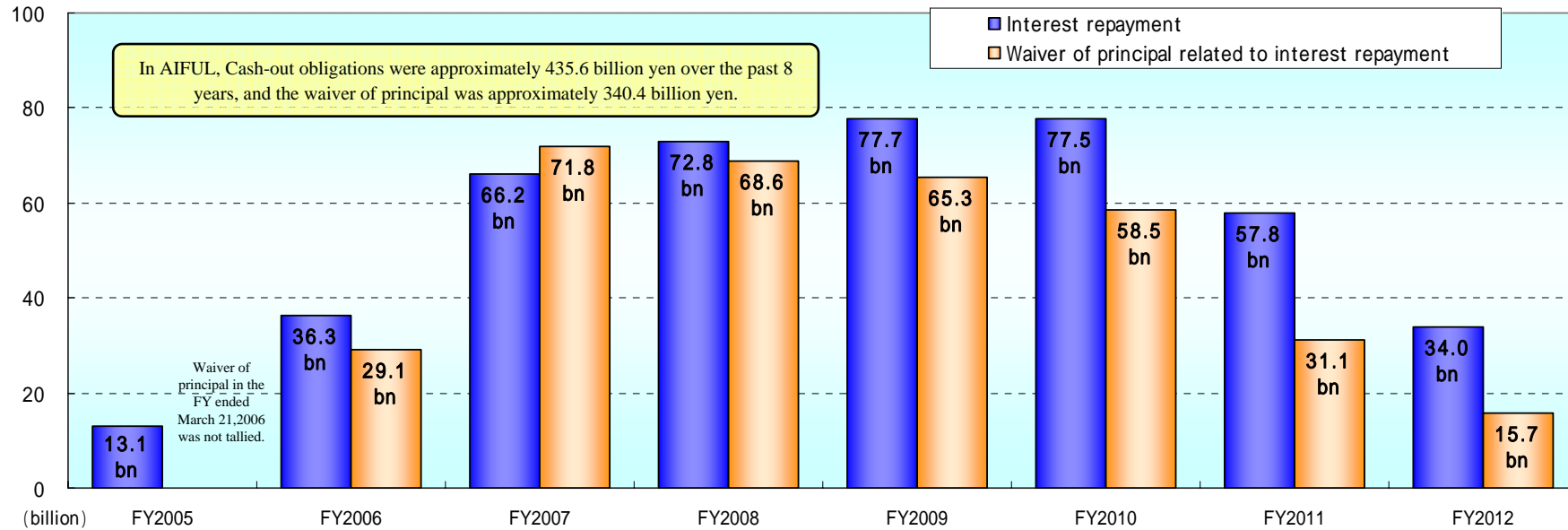


Source: Money Lending Business Related Statistic by the Financial Services Association

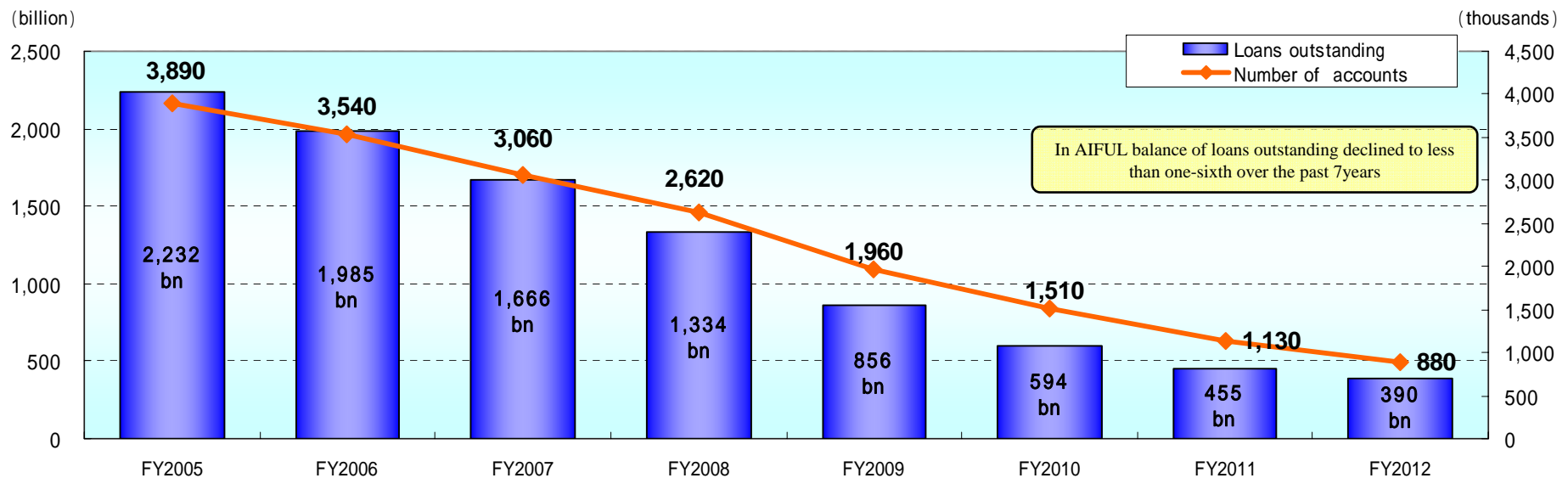




## AIFUL: Changes in consolidated interest repayment obligations



## AIFUL: Changes in consolidated the balance of loans outstanding and the number of accounts





**Thorough cost reduction through management rationalization**

		FY2005	FY2012
Branch Structure	Number of branches	Staffed:873 Unstaffed:1,849 Total:2,722	Staffed:27 Unstaffed:624 Total:651 ( 2,071)
	Land rent	¥ 21.3 billion	¥ 2.4 billion ( 18.9 billion)
Personnel Measures	Number of employee	Full-time/Permanent:6,675 Non-permanent:3,562 Total:10,237	Full-time/Permanent:1,437 Non-permanent:620 Total:2,057 ( 8,180)
	Personnel expense	¥ 58.2 billion	¥ 13.6 billion ( 44.6 billion)
Other Cost Reductions	Commission	¥ 28.4 billion	¥ 9.7 billion ( 18.7 billion)
	Advertising expense	¥ 28.0 billion	¥ 3.8 billion ( 24.2 billion)
Total operating expenses		¥ 424.4 billion	¥ 84.9 billion ( 339.5 billion)

**Burden of interest repayments and reduction of interest-bearing debt**

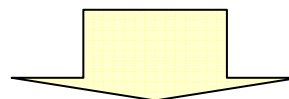
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	Total
Interest repayment (Cash out basis)	13.1bn	36.3bn	66.2bn	72.8bn	77.7bn	77.5bn	57.8bn	34.0bn	435.6bn

	FY2005	FY 2012
Interest bearing dept	¥ 1,988 billion	¥ 308 billion



## Actual Results from the FY ended March 31, 2010

(¥ billion)	FY2009	FY2010	FY2011	FY2012
Operating revenue	218.1	144.9	114.0	99.6
Operating expenses	483.3	169.0	97.5	84.9
Provision for losses on interest repayment	206.8	27.2	0	17.2
Provision for waiver of principal related to interest repayment	50.4	49.7	0	0
Operating income	-265.2	-24.1	16.4	14.7
Ordinary income	-264.1	-24.9	16.8	17.6



Provision of allowance for losses on interest repayments and the waiver of principal from claims for interest repayments are replaced with actual values arisen.


(¥ billion)	FY2009	FY2010	FY2011	TY2012
Operating revenue	218.1	144.9	114.0	99.6
Operating expenses	363.3	225.0	186.4	127.6
Interest repayment	71.9	74.4	57.8	44.2
Waiver of principal related to interest repayment	65.3	58.5	31.1	15.7
Operating income	-145.2	-80.1	-72.4	-28.0
Ordinary income	-144.1	-80.9	-72.1	-25.1

## 4. Financial results of Life Card



# Life Card (1): Financial results Summary




 (¥ million) <small>*On-balance</small>	12/3*	13/3			14/3
	(for reference)		YOY	YOY%	( E )
<b>Operating revenue</b>	<b>19,581</b>	<b>26,332</b>	-	-	-
Installment receivable	<b>8,528</b>	<b>12,440</b>	-	-	-
Credit card	<b>8,436</b>	<b>12,398</b>	-	-	-
Loans	<b>6,084</b>	<b>6,904</b>	-	-	-
with Credit card	<b>5,332</b>	<b>5,412</b>	-	-	-
Credit guarantee and others	<b>4,969</b>	<b>6,988</b>	-	-	-
<b>Operating expenses</b>	<b>17,262</b>	<b>23,647</b>	-	-	-
Financial expenses	<b>732</b>	<b>936</b>	-	-	-
Credit cost	<b>2,528</b>	<b>2,615</b>	-	-	-
Interest repayment	-	<b>1,419</b>	-	-	-
Other	<b>14,001</b>	<b>18,675</b>	-	-	-
<b>Operating income</b>	<b>2,318</b>	<b>2,685</b>	-	-	-
<b>Ordinary income</b>	<b>2,426</b>	<b>4,926</b>	-	-	-
Extraordinary income	<b>1</b>	<b>32</b>	-	-	-
Extraordinary loss	<b>35</b>	<b>27</b>	-	-	-
<b>Net income before tax</b>	<b>2,392</b>	<b>4,930</b>	-	-	-
<b>Net income</b>	<b>2,206</b>	<b>3,319</b>	-	-	-

The Group reorganization was carried out in July 2011.

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	12/3 *	13/3	YOY%	14/3 (E)
	(for reference)			
<b>Number of new issue</b> (thousands)	<b>368</b>	<b>509</b>	-	-
Proper	<b>94</b>	<b>138</b>	-	-
Affinity	<b>274</b>	<b>370</b>	-	-
<b>Number of card holders</b> (thousands)	<b>6,357</b>	<b>5,811</b>	-	-
Proper	<b>2,488</b>	<b>2,020</b>	-	-
Affinity	<b>3,868</b>	<b>3,790</b>	-	-
<b>Credit card purchase results</b>	<b>341,490</b>	<b>496,087</b>	-	-
Shopping	<b>310,753</b>	<b>455,181</b>	-	-
Cashing	<b>30,736</b>	<b>40,906</b>	-	-
<b>Total receivable outstanding *</b>	<b>150,998</b>	<b>151,735</b>	-	-
Installment receivable	<b>71,747</b>	<b>79,452</b>	-	-
Loans	<b>53,167</b>	<b>48,375</b>	-	-
Credit guarantee	<b>25,750</b>	<b>23,362</b>	-	-
Other	<b>332</b>	<b>545</b>	-	-
<b>Bad debt write-offs</b>	<b>1,665</b>	<b>2,960</b>	-	-
<b>Ratio of bad debt write-offs (%)</b>	<b>1.09%</b>	<b>1.95%</b>	-	-

The Group reorganization was carried out in July 2011.

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)	13/3	YOY	YOY%	Reasons for increase/ decrease
<b>Operating revenue</b>	<b>99,619</b>	<b>-14,383</b>	<b>-12.6</b>	
<b>Interest income</b>	<b>61,607</b>	<b>-14,385</b>	<b>-18.9</b>	The balance of loans outstanding fell ¥64.3billion 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>47,402</b>	<b>-10,255</b>	<b>-17.8</b>	Unsecured loan outstanding:¥224.6billion(down ¥40.9billion), Secured loan outstanding: ¥52.7billion(down ¥13.8billion), Small business loan outstanding:¥8.9billion(down ¥3.2billion).
<b>Life Card</b>	<b>6,904</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 2011.
<b>BUSINEXT</b>	<b>7,301</b>	<b>-70</b>	<b>-1.0</b>	Balance of loans ¥55.9billion (down ¥1.4 billion) Lending curbed in view of recent business sentiment at small and medium-size enterprises.
<b>Revenue from credit card</b>	<b>12,746</b>	<b>1,026</b>	<b>8.8</b>	The amount of card purchase is increased by the enforcement of the campaign for existing members.
<b>Revenue from credit guarantee</b>	<b>4,609</b>	<b>-188</b>	<b>-3.9</b>	Credit guarantee outstanding:¥74.4billion(up ¥2.0billion)
<b>Other operating income</b>	<b>20,656</b>	<b>-836</b>	<b>-3.9</b>	
<b>Recovery of loans previously charged off</b>	<b>10,840</b>	<b>-590</b>	<b>-5.2</b>	
<b>Collection from purchased receivables</b>	<b>3,908</b>	<b>-573</b>	<b>-12.8</b>	Collection from purchased receivables at Astry Loan Service



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



(¥ million)	13/3	YOY	YOY%	Reasons for increase/ decrease
<b>Operating expenses</b>	<b>84,900</b>	<b>-12,604</b>	<b>-12.9</b>	
Financial expenses	6,895	-2,557	-27.1	Decline due to fall in interest-bearing liabilities
Cost of purchased receivables	3,152	-190	-5.7	Tied to AsTry Loan Service collections of purchased receivables
Credit cost	8,136	-24,744	-75.3	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	17,296	17,296	-	No transfer was made to allowance for losses on interest repayment
Advertising expenses	3,813	1,397	57.9	Started new TV commercial in AIFUL from April,2012
Provision for credit card point redemption	2,347	956	68.7	
Personnel expenses	13,647	-2,350	-14.7	Decrease in personnel as a result of voluntary retirement on June, 2012
Other	29,614	-2,412	-7.5	Cost decline in accordance with decreasing Loan outstanding
Commission	9,752	-247	-2.5	
Rental expenses & land rent	2,448	-674	-21.6	
Supplies, repair and maintenance	2,653	-388	-12.8	
Communications	2,750	-710	-20.5	
Depreciation expenses	6,020	-882	-12.8	Due to decrease in assets
<b>Operating income</b>	<b>14,718</b>	<b>-1,779</b>	<b>-10.8</b>	

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



(¥ million)	13/3	YOY	YOY%	Reasons for increase/ decrease
Non- operating income	3,026	2,168	252.8	Life card Foreign exchange gain was ¥2.2 billion
Non-operating expenses	98	-425	-81.2	
Ordinary income	17,646	815	4.8	
Extraordinary	6,037	864	16.7	
Gain on loan extinguishment	5,948	3,047	105.0	Gain on repurchase of ADR Loans corresponding to ADR plan
Extraordinary losses	83	-3,828	-97.9	
Net income before taxes	23,600	5,507	30.4	
Income taxes-current	414	173	72.0	
Income taxes-deferred	28	38	-	
Minority interests in income	451	-18	-3.9	
Net income	22,705	5,314	30.6	

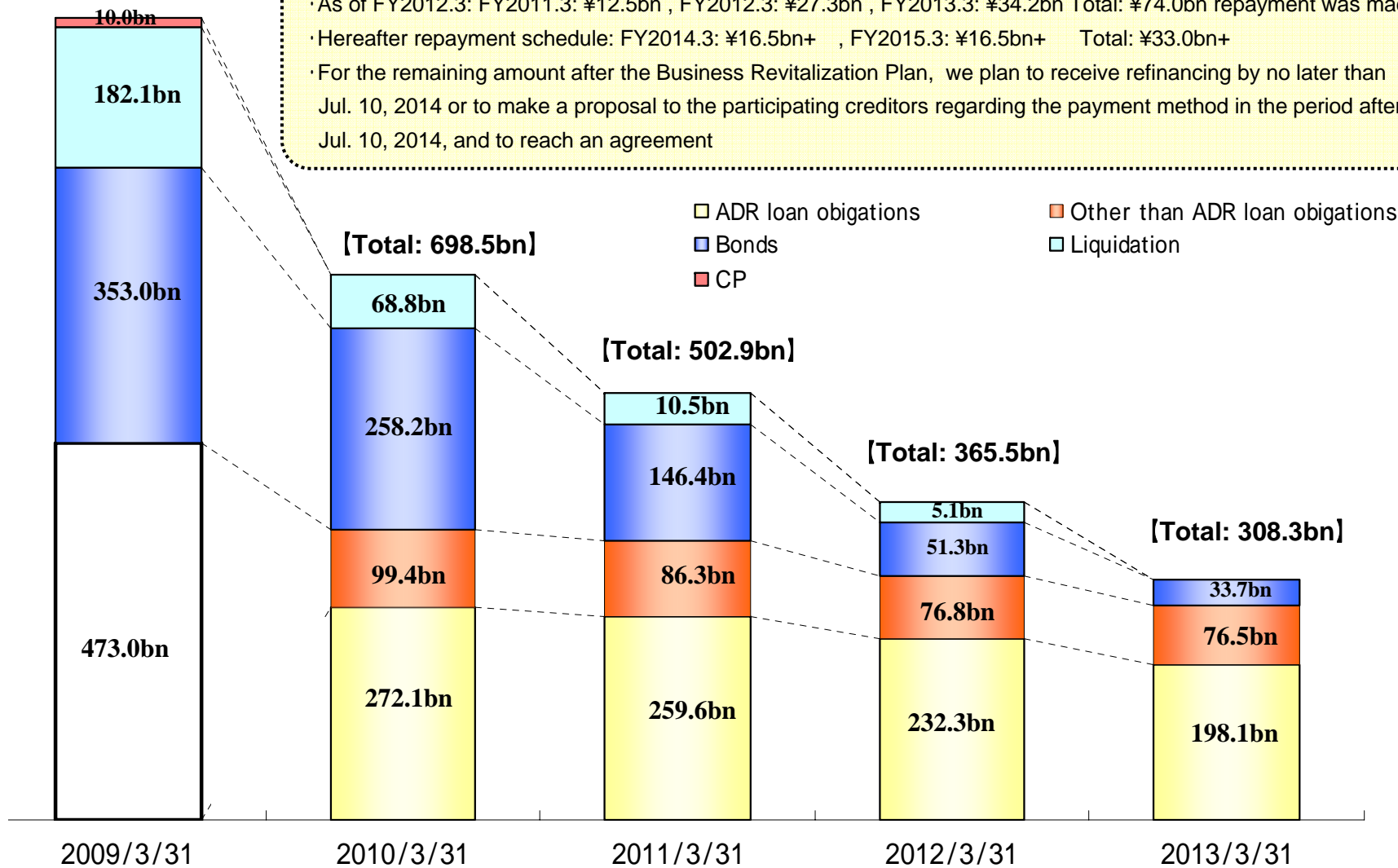


Increase/Decrease in Consolidated Interest-Bearing Liabilities

**[Total: ¥1,018.2bn]**

“ADR Loan Obligations”

- As of FY2012.3: FY2011.3: ¥12.5bn , FY2012.3: ¥27.3bn , FY2013.3: ¥34.2bn Total: ¥74.0bn repayment was made.
- Hereafter repayment schedule: FY2014.3: ¥16.5bn+ , FY2015.3: ¥16.5bn+ Total: ¥33.0bn+
- 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



## (Reference):主要項目の推移



(¥ billion)	06/3	07/3	08/3	09/3	10/3	11/3	12/3	13/3	
Loans outstanding	2,232	1,985	1,665	1,334	856	594	455	390	Declined to one-sixth
Operating revenue	549	499	405	312	218	144	114	99	Declined to one-sixth
Ordinary income	126	-163	32	8	-264	-24	16	17	-
Net income	65	-411	27	4	-295	-31	17	22	-
Bad dept write offs	149	205	227	177	151	108	71	40	Total:1,133billion
Interest repayment	13	36	66	72	77	77	57	34	Total:435billion
Cash flow during fiscal period	25	-7	130	-125	-2	11	-53	-25	-
Borrowings	1,128	930	694	473	371	346	309	274	-
Bonds	510	496	494	353	258	146	51	33	-
Other	349	243	297	192	68	10	5	0	-
Total interest bearing dept	1,988	1,670	1,486	1,018	698	502	365	308	Declined to one-sixth
Full-time/Permanent	6,675	6,477	5,138	4,895	2,514	2,073	1,898	1,437	-
Non-permanent	3,562	3,278	2,508	2,152	1,723	1,321	794	620	-
Total	10,237	9,755	7,646	7,047	4,237	3,394	2,692	2,057	Declined to one-fifth
Staffed Branches	873	364	223	133	33	30	30	27	-
Unstaffed Branches	1,849	1,943	982	854	637	601	595	624	-
Loan Business Branches	2,722	2,307	1,205	987	670	631	625	651	Declined to one-fourth