



**Second Quarter Financial Results
for Fiscal Year 2013 (Apr 1- Sep 30, 2013)**

AIFUL CORPORATION
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1. Financial Results Summary



Financial Results (1): Consolidated Summary




(¥ million)	12/9	13/9		
			YOY	YOY%
Operating revenue	50,686	46,586	-4,100	-8.1
Interest on loans to customers	32,054	25,843	-6,211	-19.4
Operating expenses	36,224	34,101	-2,123	-5.9
Financial expenses	3,580	3,141	-439	-12.3
Credit cost	7,453	6,599	-853	-11.5
(Bad debt write offs)	23,251	13,227	-10,023	-43.1
Expenses for Interest repayment	-	-	-	-
(Interest repayment)	17,076	14,744	-2,332	-13.7
Other operating expenses	25,190	24,359	-830	-3.3
Operating income	14,462	12,485	-1,976	-13.7
Non-operating income	389	1,023	634	162.8
Ordinary income	13,996	13,494	-502	-3.6
Extraordinary income	5,979	6,398	418	7.0
Net income before taxes	19,959	19,850	-109	-0.5
Net income	19,632	19,574	-57	-0.3
Total Receivable outstanding *	570,457	528,449	-42,008	-7.4
Loans outstanding	412,960	365,823	-47,137	-11.4
Installment receivable	77,370	79,691	2,320	3.0
Credit guarantee	72,619	75,903	3,283	4.5
Customer accounts (thousands)	989	847	-141	-14.3

* Managed Asset Bases

Financial Results (2): Summary of AIFUL



 (¥ million)	12/9	13/9	YOY	YOY%
	Operating revenue	32,477	30,497	-1,980
Interest on loans to customers	24,820	21,484	-3,336	-13.4
Operating expenses	20,755	23,319	2,564	12.4
Financial expenses	2,827	2,381	-446	-15.8
Credit cost	3,989	7,259	3,269	82.0
(Bad debt write-offs)	20,787	11,283	-9,503	-45.7
Expenses for Interest repayment	-	-	-	-
(Interest repayment)	16,538	14,079	-2,458	-14.9
Other operating expenses	13,937	13,678	-259	-1.9
Operating income	11,722	7,178	-4,544	-38.8
Non-operating income	639	1,970	1,331	208.2
Ordinary income	12,256	9,136	-3,119	-25.5
Extraordinary income	5,979	90	-5,889	-98.5
Net income	18,205	9,735	-8,470	-46.5
Total Receivable outstanding *	366,468	360,753	-5,715	-1.6
Loan outstanding	305,022	268,807	-36,215	-11.9
Customer accounts (thousands)	696	605	-90	-13.0
Average yield	15.2%	15.4%	+0.2	-
Below 18% unsecured loan balance's occupancy rate	80.3%	86.7%	+6.4	-

* Managed Asset Bases

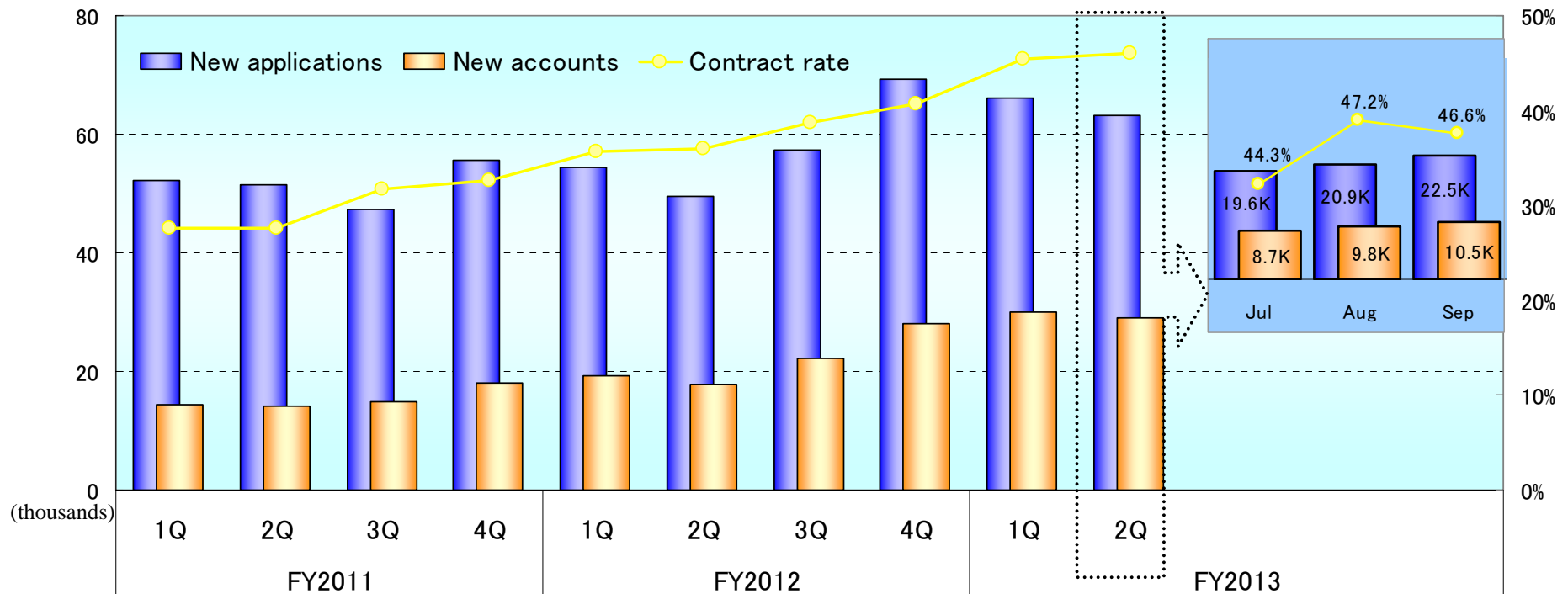
2. Business Environment





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

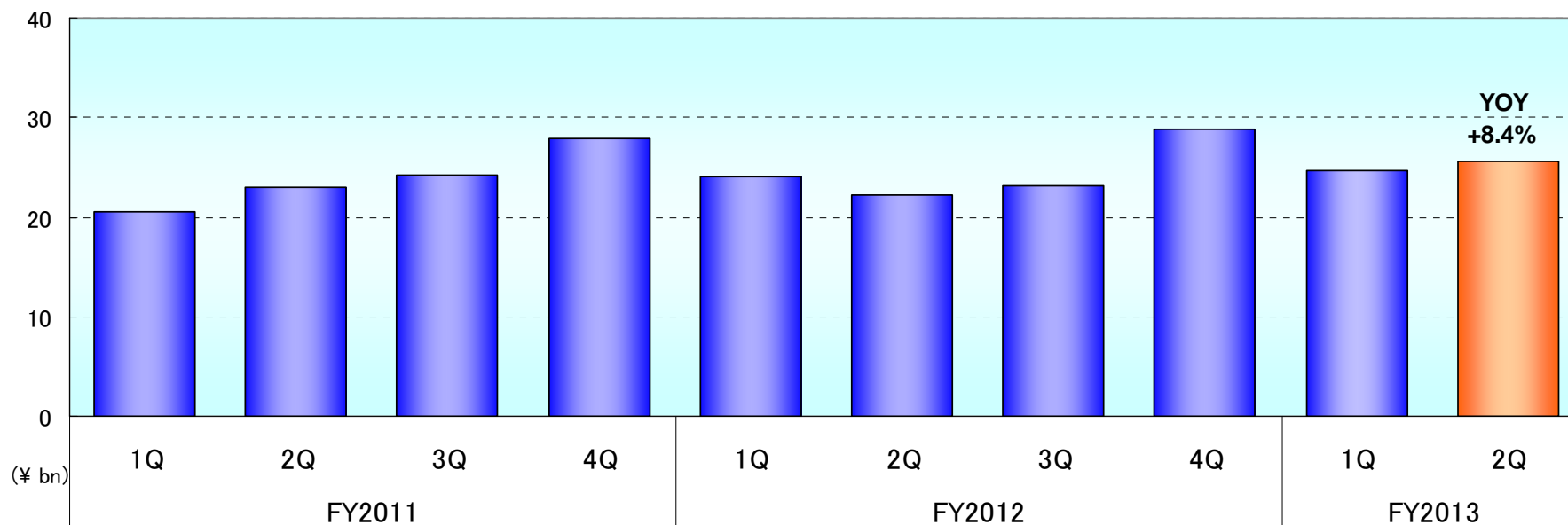
	FY2012 (6M)			FY2013 (6M)			YOY
	1Q (3M)	2Q (3M)		1Q (3M)	2Q (3M)		
New applications (num)	54,386	49,542	103,928	66,075	63,111	129,186	+24.3%
New accounts (num)	19,375	17,873	37,248	29,981	29,067	59,048	+58.5%
Contract rate (%)	35.6%	36.1%	35.8%	45.4%	46.1%	45.7%	+9.9pt





◆ Trends of Loan volume

(¥million)	FY2012 (6M)			FY2013 (6M)			YOY
	1Q (3M)	2Q (3M)		1Q (3M)	2Q (3M)		
Loan volume	24,053	22,232	46,285	24,611	25,569	50,180	+8.4%
Loans to a new accounts	2,355	2,230	4,585	3,974	4,028	8,002	+74.5%
Loans to a existing accounts	21,698	20,002	41,700	20,636	21,541	42,178	+1.1%

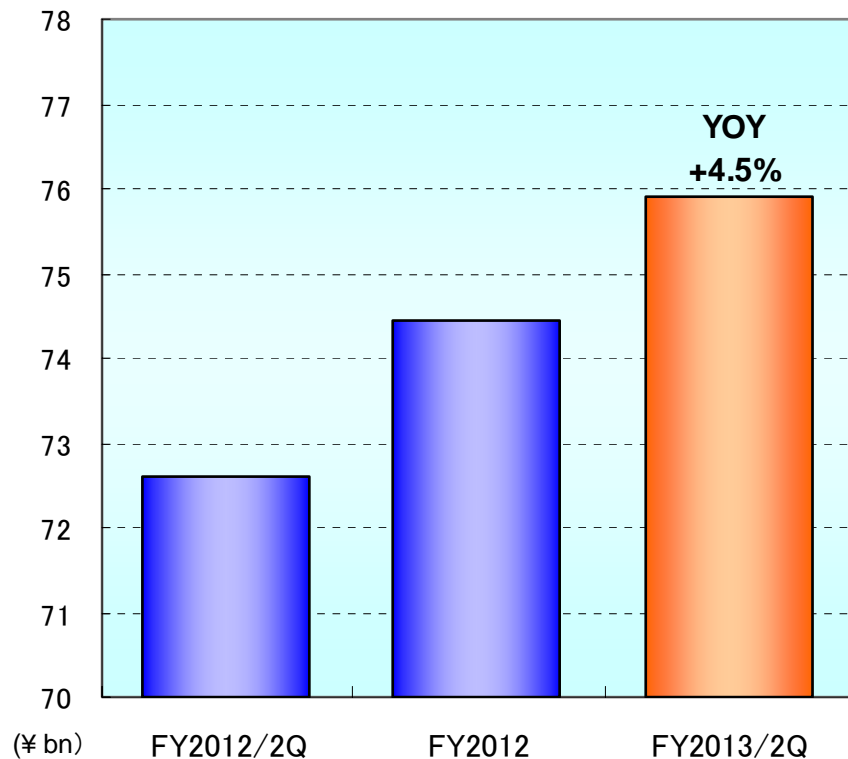




◆ Trends of Credit Guarantee outstanding

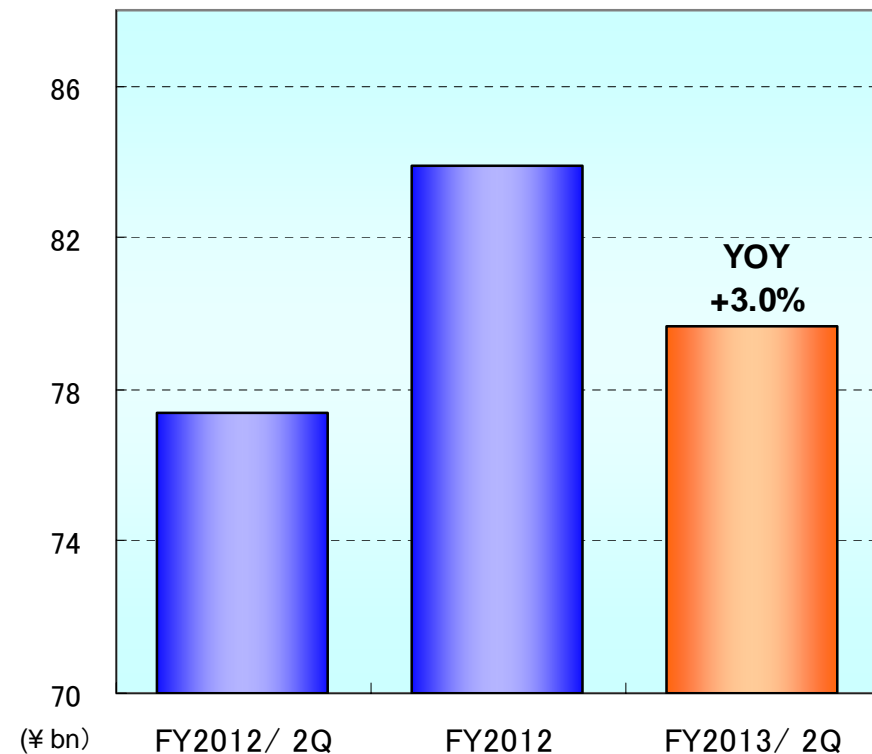
Consolidated (¥million)	12/9	13/3	13/9	YOY
	Credit guarantee*	72,619	74,440	75,903

* Managed Asset Bases



Trends of Installment Receivable outstanding

Consolidated (¥million)	12/9	13/3	13/9	YOY
	Installment Receivable*	77,370	83,885	79,961





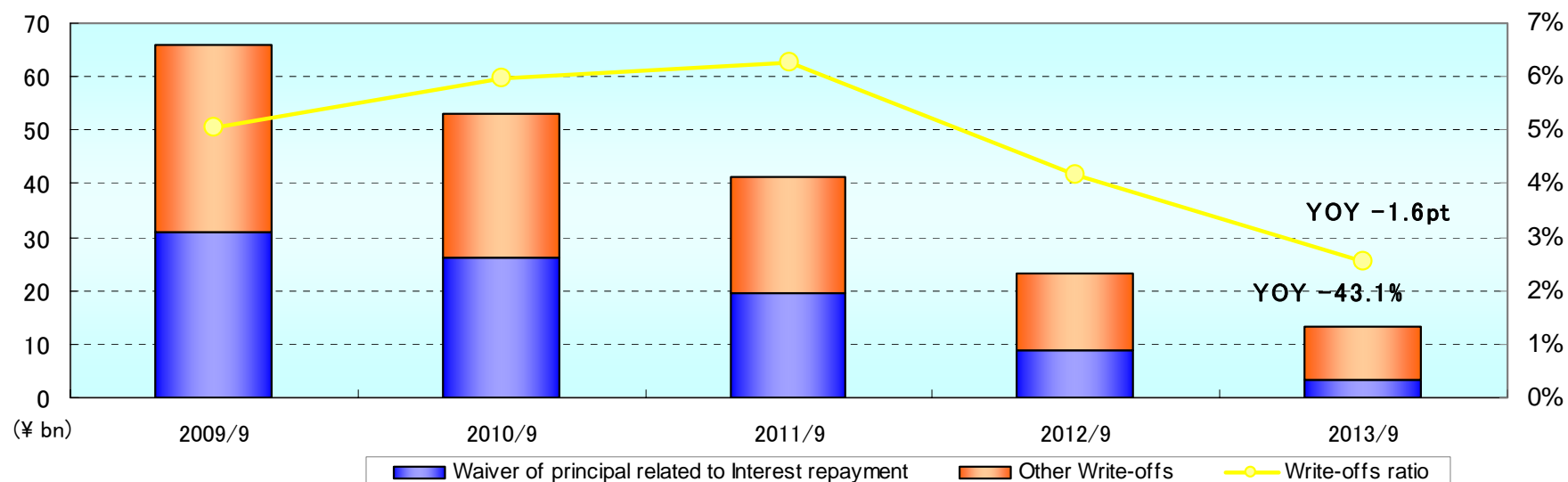
◆ Amount of Write-offs and Write-offs Ratio for Total Receivable Outstanding (Consolidated)

(¥ million)	12/9 (6M)	13/9 (6M)	YOY
(1) Write-offs	23,251	13,227	-43.1%
Waiver of principal related to Interest repayment	8,811	3,219	-63.5%
Other	14,439	10,007	-30.7%
(2) Specific allowance for doubtful accounts	482	282	-41.5%
Total Write-offs (1)+(2)	23,733	13,509	-43.1%
Write-offs ratio	4.16%	2.56%	-1.6pt

(Non-consolidated)

13/9 (6M)	YOY
11,283	-45.7%
3,219	-63.5%
8,063	-32.7%
204	-53.5%
11,487	-45.9%
3.18%	-2.6pt

(Consolidated results)





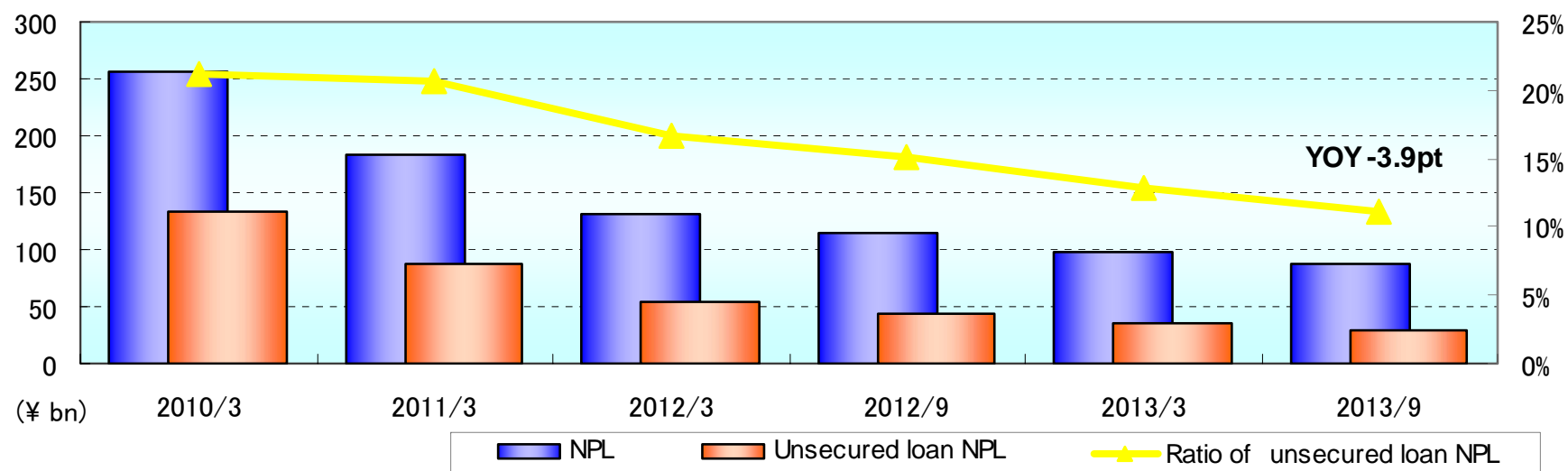
◆ Trends of NPL defined by FSA (Consolidated)

(¥ million)	12/9	13/9	YOY
Total non-performing loans	114,492	87,944	-23.2%
Loans in legal bankruptcy	40,481	36,148	-10.7%
Non-accrual loans	43,241	31,873	-26.3%
Loans past due for three months or more	3,742	2,714	-27.5%
Restructured loans	27,026	17,208	-36.3%
Ratio of operating receivables NPL	27.7%	26.1%	-1.6pt
Ratio of Unsecured loan NPL	15.1%	11.2%	-3.9pt

(Non-consolidated)

	13/9	YOY
Total non-performing loans	82,688	-23.2%
Loans in legal bankruptcy	36,086	-10.7%
Non-accrual loans	29,418	-26.0%
Loans past due for three months or more	2,146	-24.7%
Restructured loans	15,036	-39.0%
Ratio of operating receivables NPL	30.8%	-4.5pt
Ratio of Unsecured loan NPL	12.8%	-4.8pt

(Consolidated results)





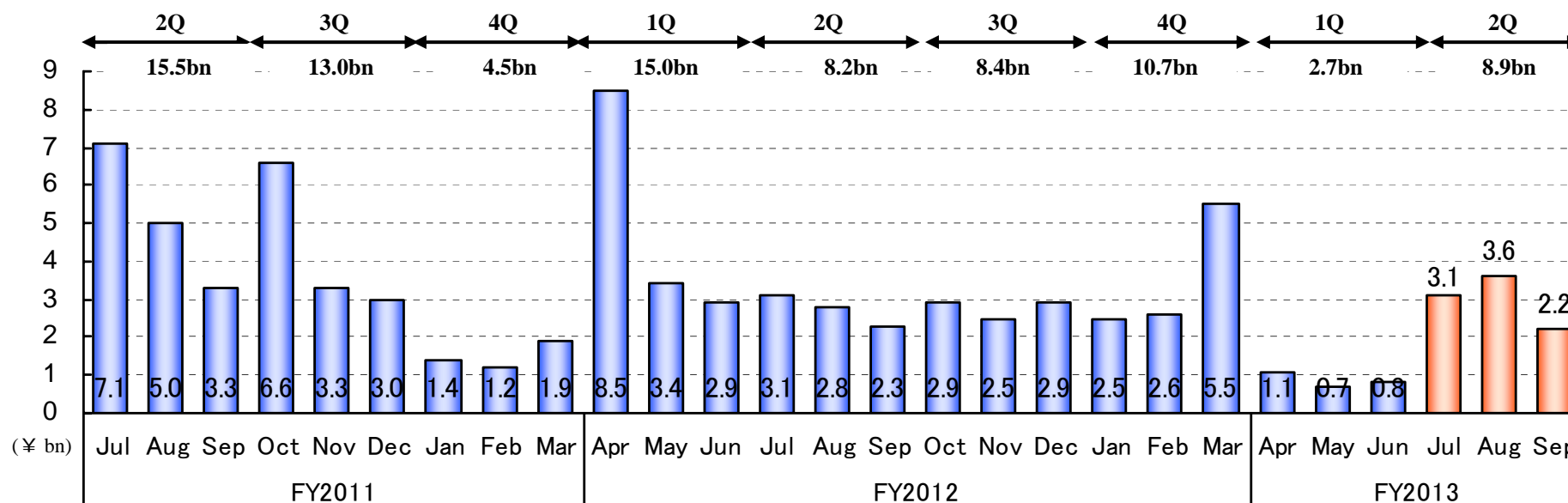
◆ Allowance for losses on Interest repayment:

(Consolidated)

(Non-consolidated)

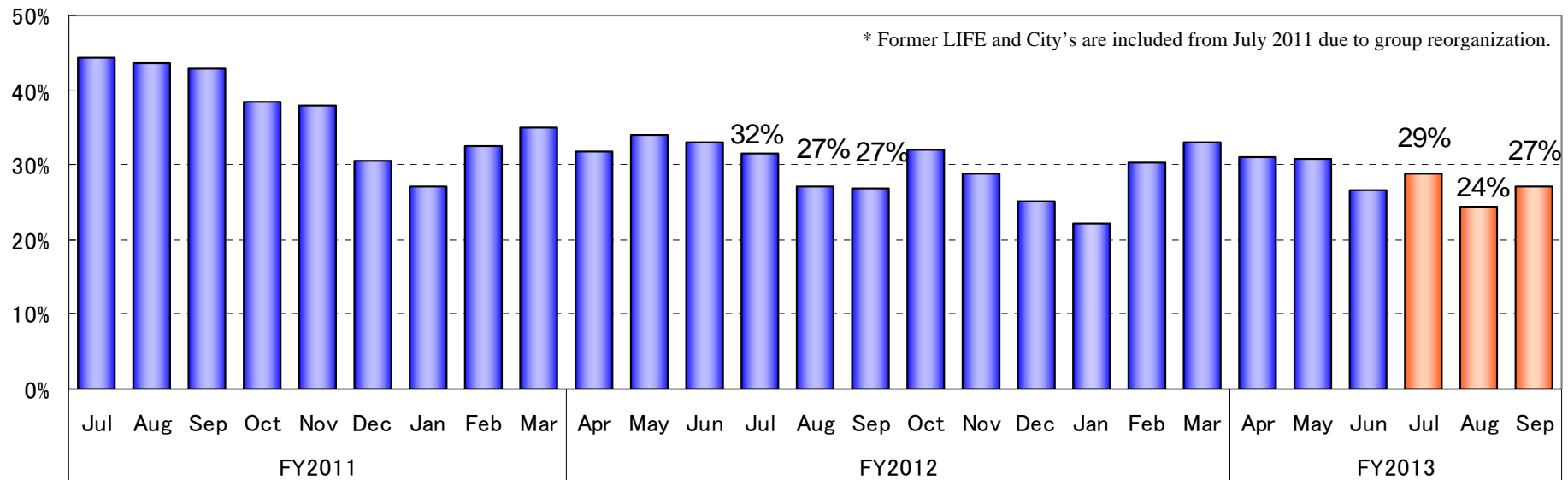
(¥ million)	Interest repayment	Waiver of principal	Total	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2013	91,421	42,825	134,247	85,565	42,825	128,390
Reversal (Interest repayment)	14,744	-	14,744	14,079	-	14,079
Reversal (Waiver of principal)	162	3,219	3,382	-	3,219	3,219
Provisions	-	-	-	-	-	-
Allowance at the end of FY2013/ 2Q	76,513	39,606	116,120	71,485	39,606	111,091

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

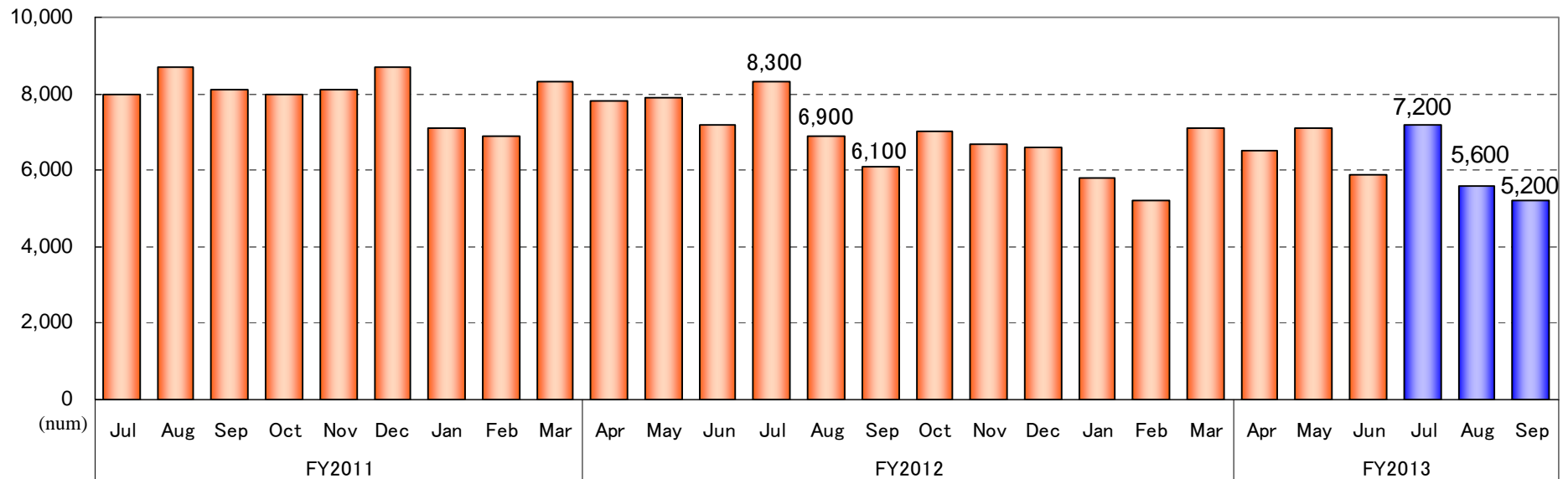




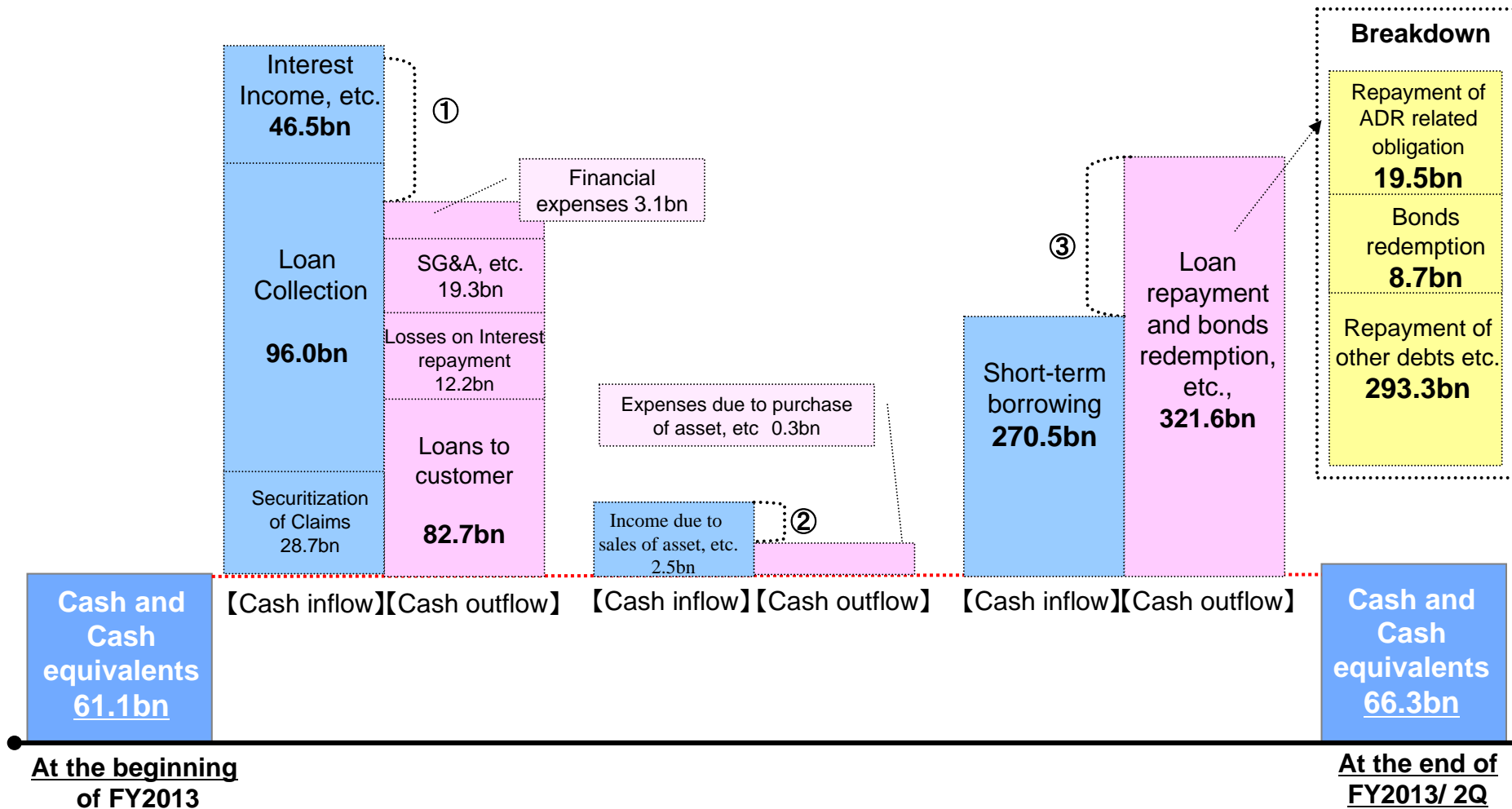
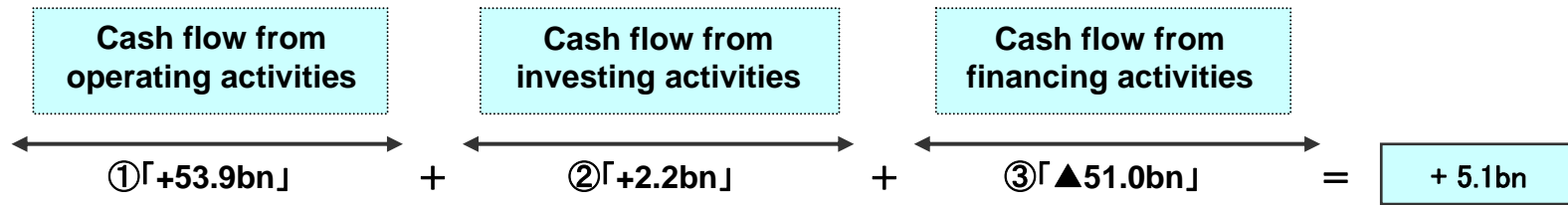
【Monthly Figure of Attorney Involvement (non-consolidated)】 * May 2007(peak) =100



【Monthly Interest Repayment Claims (non-consolidated)】





Cash Flows and Funding: Consolidated




3. Financial results of LIFECARD



 (¥ million)	12/9 (6M)	13/9 (6M)		
			YOY	YOY%
Operating revenue	12,864	13,551	687	5.3
Installment receivable	5,984	6,591	607	10.2
Credit card	5,956	6,586	630	10.6
Loans	3,571	3,190	-381	-10.7
with Credit card	2,856	2,404	-451	-15.8
Credit guarantee and others	3,308	3,769	460	13.9
Operating expenses	10,852	10,878	26	0.2
Financial expenses	476	845	368	77.4
Credit cost	1,592	868	-724	-45.5
Expenses for interest repayment	-	-	-	-
Other	8,782	9,164	381	4.3
Operating income	2,011	2,672	660	32.9
Ordinary income	1,186	3,411	2,224	187.5
Extraordinary income	-	28	28	-
Extraordinary loss	15	4	-10	-69.4
Net income before taxes	1,171	3,434	2,263	193.3
Net income	1,141	2,883	1,741	152.6

 Managed Asset Bases	12/9 (6M)	13/9 (6M)	YOY	YOY%
	Number of new issue (thousands)	235	215	-19
Proper	68	54	-13	-20.3
Affinity	167	161	-6	-3.6
Number of card holders (thousands)	6,146	5,786	-360	-5.9
Proper	2,360	1,958	-401	-17.0
Affinity	3,786	3,827	40	1.1
Credit card purchase results (¥million)	238,639	259,789	21,149	8.9
Shopping	218,034	239,439	21,405	9.8
Cashing	20,605	20,349	-255	-1.2
Total receivable outstanding (¥million)	146,522	146,161	-361	-0.2
Installment receivable	71,877	76,148	4,271	5.9
Loans	50,471	46,731	-3,740	-7.4
Credit guarantee	23,703	22,715	-987	-4.2
Other	470	565	95	20.2

 Managed Asset Bases	12/9 (6M)	13/9 (6M)	YOY	YOY%
	Bad debt write-offs (¥ million)	1,439	1,603	163
Credit card	1,245	1,251	6	0.5
Installment sales finance	5	3	-1	-37.7
Ratio of bad debt write-offs (%)	0.98%	1.10%	0.1pt	-
Credit card	1.14%	1.14%	-	-
Installment sales finance	1.01%	3.49%	2.5pt	-
Ratio of allowance for doubtful accounts (%)	4.91%	4.36%	-0.6pt	-

4.Explanation of figures



Explanation Figures (1): Breakdown of Consolidated operating revenue



(¥ million)	13/9	YOY	YOY%	Reasons for increase/ decrease
Operating revenue	46,586	-4,100	-8.1	
Interest income	25,843	-6,211	-19.4	Due to the impact of the interest repayment claims, drop in the interest rate upper limit and restrictions on total lending, loan outstanding dropped by ¥75.8 billion YOY to ¥337.0 billion
AIFUL	21,484	-3,336	-13.4	Unsecured loan outstanding:¥264.0billion (down ¥24.5billion YOY), Secured loan outstanding: ¥53.1billion (down ¥14.6billion YOY), Small business loan outstanding:¥19.8billion(down ¥36.6billion YOY).
LIFECARD	3,190	-381	-10.7	Loan outstanding:¥46.7billion (down ¥3.7billion YOY)
BUSINEXT	1,168	-2,493	-68.1	Loan outstanding dropped by ¥35.9 billion YOY to ¥21.5 billion due to the impact of the loan liquidation (¥28.7 billion)
Revenue from credit card	6,703	559	9.1	Card purchases increase as a result of the Internet campaign for existing cardholders at LIFECARD
Revenue from credit guarantee	4,147	1,870	82.2	Credit guarantee outstanding on managed asset bases:¥75.9billion (up ¥3.2billion YOY) Credit guarantee including the guarantee for BUSINEXT's securitized loan outstanding (¥28.7 billion): ¥104.6 billion (up ¥32.0 billion YOY)
Other operating revenue	9,892	-310	-3.0	
Recovery of loans previously charged off	5,144	-518	-9.2	
Collection from purchased receivables	1,292	-484	-27.3	Collection from purchased receivables at Astry Loan Service

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



(¥ million)	13/9	YOY	YOY%	Reasons for increase/ decrease
Operating expenses	34,101	-2,123	-5.9	
Financial expenses	3,141	-439	-12.3	Due to shrink in interest-bearing liabilities.
Cost of purchased receivables	879	-591	-40.2	Tied to collection from purchased receivables at AsTry Loan Service
Credit cost	6,599	-853	-11.5	No transfer was made in relation to waiver of principal associated with interest repayment. Only the so-called general transfer to the allowance for doubtful accounts was made
Expenses related to interest repayment	-	-	-	No provision was made to allowance for losses on interest repayment
Advertising expenses	1,557	180	13.1	Due to active advertisement activity such as TV commercial
Provision for credit card point redemption	1,281	326	34.2	
Personnel expenses	6,791	-158	-2.3	Due to decrease in number of employee
Other	13,853	-588	-4.1	Decline in other expenses in accordance with decreasing loan outstanding
Commission	5,167	280	5.7	
Rental expenses & land rent	1,148	-90	-7.2	
Supplies, repair and maintenance	1,210	-44	-3.6	
Communications	1,290	-125	-8.9	
Depreciation expenses	2,009	-1,152	-36.4	Due to decrease in assets
Operating income	12,485	-1,976	-13.7	

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



(¥ million)	13/9	YOY	YOY%	Reasons for increase/ decrease
Non- operating income	1,023	634	162.8	LIFECARD posted ¥0.7 billion foreign exchange gain
Non-operating expenses	14	-840	-98.3	LIFECARD posted ¥0.8 billion foreign exchange loss in the previous FY
Ordinary income	13,494	-502	-3.6	
Extraordinary income	6,398	418	7.0	
Gain on negative goodwill	2,305	2,305	-	Due to posting a gain on negative goodwill associated with the dissolution of a joint venture related to BUSINEXT
Gain on loan extinguishment	3,840	-2,108	-35.4	Due to posting a gain on loan extinguishment associated with the dissolution of a joint venture related to BUSINEXT (In the previous FY, ¥5.9 billion gain on loan extinguishment was posted due to buyback of ADR loan obligations)
Extraordinary losses	42	25	150.6	
Net income before taxes	19,850	-109	-0.5	
Income taxes-current	266	57	27.3	
Income taxes-deferred	8	-2	-21.0	
Minority interests in income	-	-106	-	
Net income	19,574	-57	-0.3	



【Increase/Decrease in ADR Loan Obligations】

“ADR Loan Obligations”

- As of Second quarter of FY2014/3: FY2011.3: ¥12.5bn , FY2012.3: ¥27.3bn , FY2013.3: ¥34.2bn , FY2014.3(1Q): ¥ 19.5bn
Total: ¥ 93.6bn repayment was made.
- Hereafter repayment schedule: FY2014.3(3Q): ¥0.2bn, FY2015.3: ¥16.5bn.
- 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.

