



**Interim Results Information Meeting**  
**As of September 2007**

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

**November 14, 2007**

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- **Financial Results**
- **Business Environment**
- **Business Strategy**
- **Financial Results of LIFE**
- **Explanation of Figures**
- **Appendix**

- Forward Looking Statements -

The figures contained in this presentation with respect to the plans, strategies and other statements that are not historical facts of AIFUL and the AIFUL Group are forward-looking statements about the future performance of AIFUL and the AIFUL Group which are based on management's assumptions and beliefs in light of the information currently available to it and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in the market in which AIFUL and the AIFUL Group operate business, and changes in the size of the overall market for consumer loans, the rate of default by customers, and the level of interest rates charged by AIFUL and the AIFUL Group. This presentation does not constitute any offer of any securities for sale.

# 1 . Financial Results





## Consolidated Subsidiaries

- LIFE Co., Ltd.
- Businext Corporation
- City's Corporation
- AsTry Loan Services Corporation
- New Frontier Partners Co., Ltd.
- Marutoh K.K.
- City Green Corporation

*\* City Green Corporation is the holding company for City's Corporation and does not conduct business operations.*

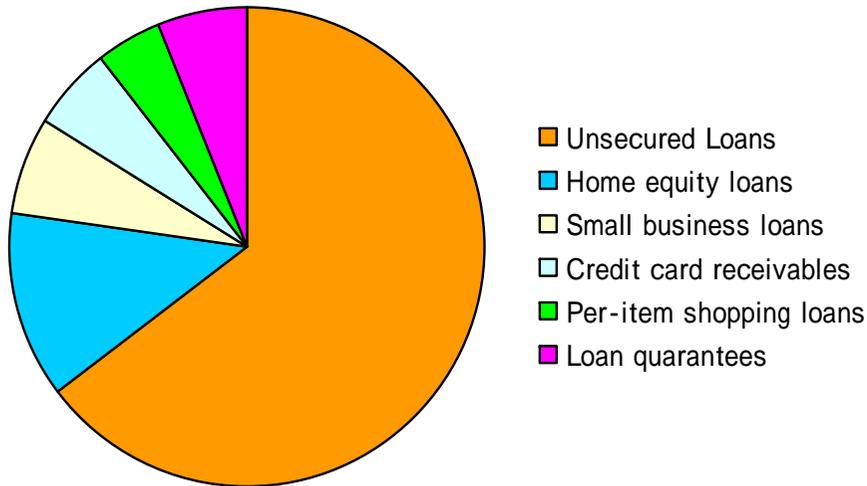
- TRYTO CORPORATION
- WIDE CORPORATION
- TCM Co., Ltd.
- Passkey Co., Ltd



Scheduled reorganization within Group.



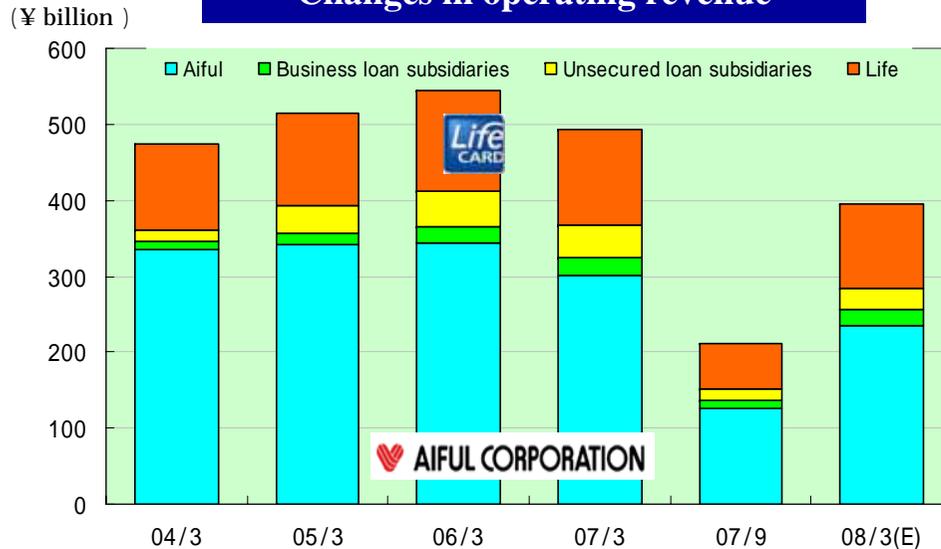
## Portfolio of loans receivable (Sep-07)



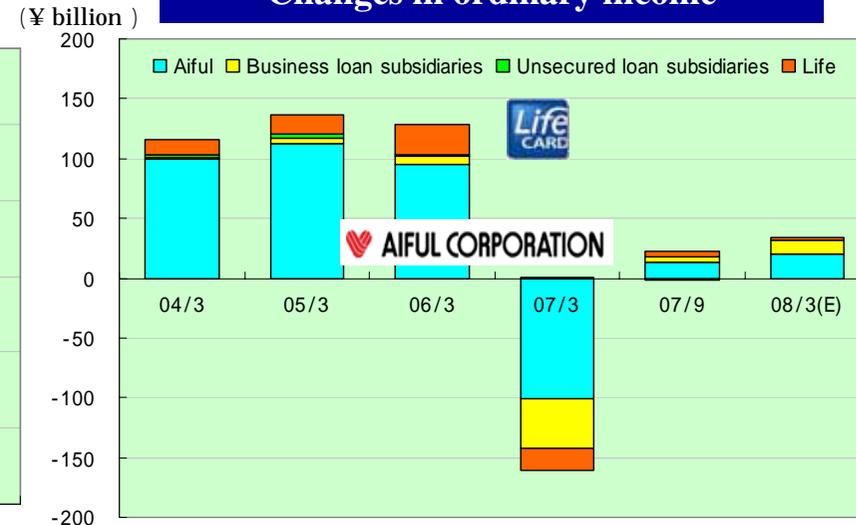
## Comprehensive financial services strategy – Future AIFUL Group

M&A Strategy		Pure Investment	Strategic Investment		
		Sectors for Active Expansion			
	Risk	Consumer Finance	Small Businesses Loans	Credit Sales & Credit Cards	Loan Guarantees
Personal	Low		Banks		
	Middle				
	High				
Corporate	Low		Banks		
	Middle				
	High				

## Changes in operating revenue



## Changes in ordinary income



# Financial Results – Results Highlights (Consolidated base)



(¥ billion)	Sep-06	Sep-07	YOY%	Mar-08 ( E )	YOY%
<b>Total outstanding *</b>	<b>2,563.5</b>	<b>2,159.9</b>	<b>-15.7 %</b>	<b>2,017.4</b>	<b>-14.9%</b>
• <b>Loans *</b>	<b>2,145.2</b>	<b>1,810.8</b>	<b>-15.6 %</b>	<b>1,674.3</b>	<b>-15.7%</b>
<b>Loans outstanding of AIFUL</b>	<b>1,425.8</b>	<b>1,166.7</b>	<b>-18.2 %</b>	<b>1,064.0</b>	<b>-18.1%</b>
• <b>Shopping receivables of LIFE</b>	<b>257.7</b>	<b>201.6</b>	<b>-21.8%</b>	<b>192.2</b>	<b>-16.3%</b>
<b>Number of loan accounts</b> <i>(Thousands)</i>	<b>3,773</b>	<b>3,291</b>	<b>-12.8%</b>	<b>-</b>	<b>-</b>
<b>Number of credit card holders</b> <i>(Thousands)</i>	<b>13,592</b>	<b>14,541</b>	<b>7.0%</b>	<b>14,712</b>	<b>4.6%</b>
<b>Number of new loan customers</b> <i>(Thousands)</i>	<b>145</b>	<b>76</b>	<b>-47.1%</b>	<b>148</b>	<b>-38.1%</b>
<b>Operating revenue</b>	<b>262.2</b>	<b>216.5</b>	<b>-17.5%</b>	<b>403.6</b>	<b>-19.1%</b>
<b>Operating income</b>	<b>27.7</b>	<b>21.0</b>	<b>-24.1%</b>	<b>31.6</b>	<b>-</b>
<b>Ordinary income</b>	<b>28.1</b>	<b>21.5</b>	<b>-23.5%</b>	<b>32.0</b>	<b>-</b>
<b>Net income</b>	<b>-179.5</b>	<b>21.4</b>	<b>-</b>	<b>32.1</b>	<b>-</b>

\* “Loan” related figures include loan provided to AIFUL, LIFE, and other subsidiaries. “Shopping Receivables” include credit card, installment finance provided by LIFE. Receivables outstanding includes off-balance-sheet receivables

# Financial Results – B/S & P/L (Consolidated base)



## < P/L > September-07

( ¥ billion )	Aiful	Life	Businext	City's	Wide	Tryto	Group
<i>Business</i>	<i>Consumer Finance</i>	<i>Credit card</i>	<i>Small Business Loan</i>	<i>Small Business Loan</i>	<i>Consumer Finance</i>	<i>Consumer Finance</i>	-
Operating revenue	125.2	61.8	5.6	5.0	8.5	5.6	216.5
Operating expenses	114.8	56.8	5.9	6.0	4.3	5.3	195.4
Operating income	10.3	5.0	-0.2	-1.0	4.2	0.3	21.0
Ordinary income	13.1	5.0	-0.2	-1.0	4.2	0.3	21.5
Net income	18.4	5.1	-0.1	-1.3	4.2	0.5	21.4

\* Managed Asset Basis

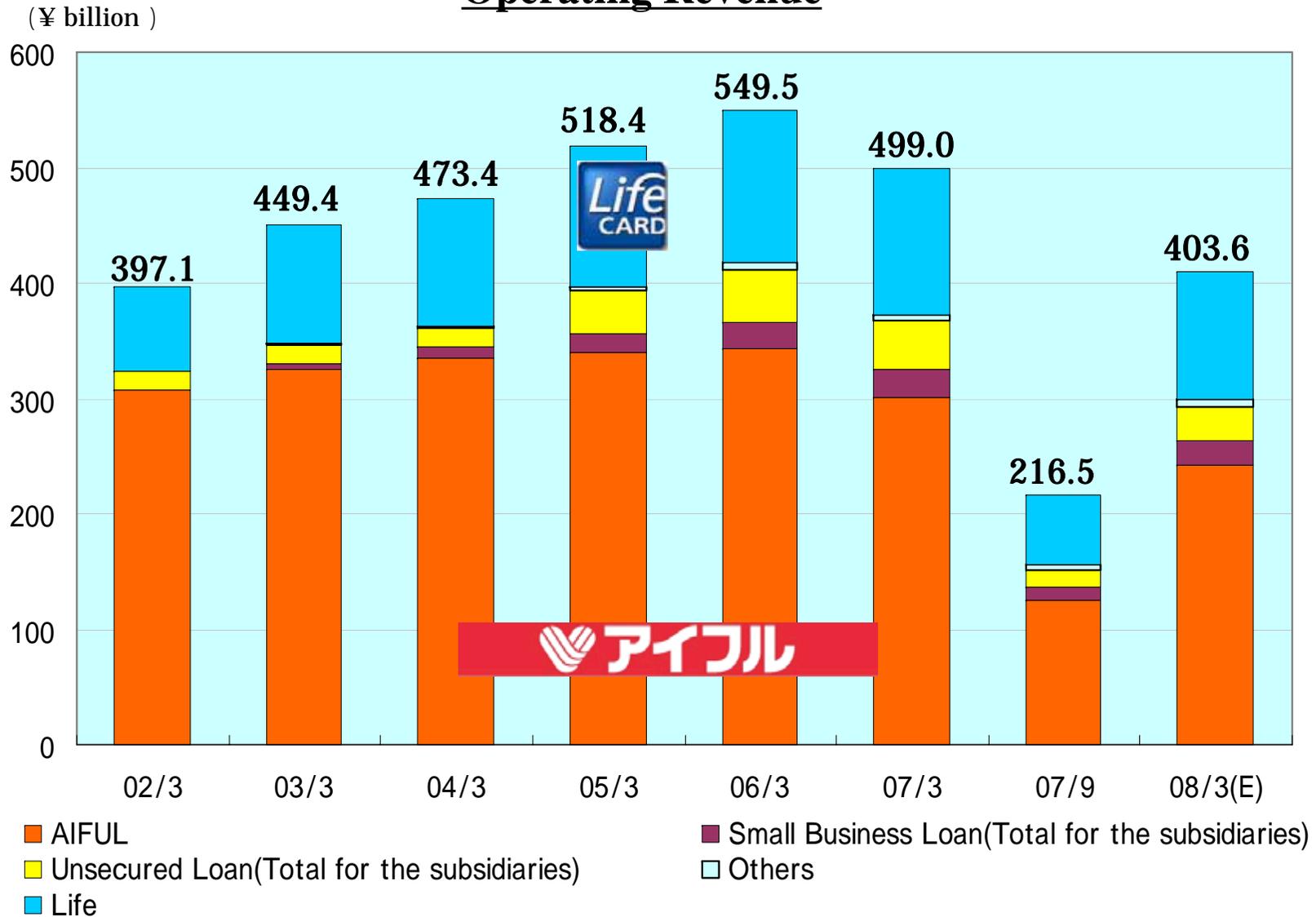
## < B / S > September-07

( ¥ billion)	Aiful	Life	Businext	City's	Wide	Tryto	Group
Receivables outstanding	1,227.7	670.8	83.0	54.8	66.2	45.6	2,159.9
Asset	1,491.2	717.9	82.4	52.4	45.3	32.1	2,016.5
Liability	1,223.6	624.8	78.2	39.5	61.4	46.7	1,743.6
Shareholder's Equity	267.5	93.1	4.1	12.9	-16.0	-14.6	272.8

\* Receivables outstanding includes off-balance-sheet receivables.



## Operating Revenue





( ¥ billion )	Aiful	Life	Businext	City's	Wide	Tryto	Group
<i>Business</i>	<i>Consumer Finance</i>	<i>Credit card</i>	<i>Small Business Loan</i>	<i>Small Business Loan</i>	<i>Consumer Finance</i>	<i>Consumer Finance</i>	-
Receivables Outstanding	1,128.4	644.2	85.8	56.4	55.6	37.2	2,017.4
YOY%	-17.1%	-10.3%	4.2%	-3.2%	-31.2%	-32.2%	-14.9%
Operating revenue	235.0	113.8	11.4	9.5	15.2	10.3	403.6
YOY%	-21.8%	-12.1%	2.8%	-29.2%	-32.5%	-31.2%	-19.1%
Operating income	14.4	4.9	0.03	-1.1	7.8	2.8	31.6
YOY%	-	-	-97.0%	-	-	-	-
Ordinary income	20.0	5.0	0.03	-1.1	7.8	2.8	32.0
YOY%	-	-	-97.0%	-	-	-	-
Net income	32.4	2.6	0.02	-1.4	7.7	2.9	32.1
YOY%	-	-	-96.5%	-	-	-	-

\* Managed Asset Basis



 <b>アイフル</b> ( ¥ billion)	Sep-06	Sep-07	YOY%	Mar-08 ( E )	YOY%
<b>Loans outstanding</b>	1,425.8	1,166.7	-18.2%	1,064.0	-18.1%
<b>Unsecured loan</b>	1,083.0	894.9	-17.4%	817.6	-17.8%
<b>Home equity loan</b>	308.4	248.2	-19.5%	225.7	-17.9%
<b>Small business loan</b>	34.3	23.5	-31.3%	20.6	-28.2%
<b>Number of accounts</b> (Thousands)	2,060	1,723	-16.3%	1,578	-16.7%
<b>Number of new loan customers</b> (Thousands)	89	59	-32.7%	119	-22.7%
<b>Number of branches</b>	1,903	1,019	-884	1,018	-787
<b>Operating revenue</b>	159.5	125.2	-21.5%	235.0	-21.8%
<b>Operating income</b>	19.4	10.3	-46.9%	14.4	-
<b>Ordinary income</b>	22.2	13.1	-40.9%	20.0	-
<b>Net income</b>	-159.6	18.4	-	32.4	-
<b>Cash dividends per share</b> (¥)	30	20	-33.3%	40	-33.3%

# Financial Results – Credit Card Subsidiary “Life”



 ( ¥ billion )	Sep-06	Sep-07	YOY%	Mar-08 ( E )	YOY%
<b>Transaction volume</b>	409.6	428.0	4.5%	878.8	6.0%
<b>Credit card purchase</b>	265.8	311.8	17.3%	647.9	15.4%
<b>Receivable outstanding (Managed)</b>	753.7	670.8	-11.0%	644.2	-10.3%
<b>Credit card purchases</b>	106.8	118.1	10.6%	127.0	8.4%
<b>Installment finance</b>	150.8	83.4	-44.7%	65.1	-42.1%
<b>Credit card-cash advance</b>	228.6	227.2	-0.6%	222.3	-3.3%
<b>LIFE Cash Plaza</b>	170.2	153.6	-9.7%	141.1	-14.4%
<b>Guarantee</b>	87.4	78.0	-10.8%	79.0	-4.7%
<b>Number of new issue</b> <i>(Thousands)</i>	1,136	995	-12.4%	1,947	-10.7%
<b>Number of card holders</b> <i>(Thousands)</i>	13,592	14,541	7.0%	14,712	4.6%
<b>Operating revenue</b>	65.3	60.9	-6.8%	112.0	-12.1%
<b>Operating income</b>	6.1	5.0	-18.3%	4.9	-
<b>Ordinary income</b>	6.2	5.0	-18.5%	5.0	-
<b>Net income</b>	1.7	5.1	196.1%	2.6	-

\* Managed Asset Basis

# Financial Results – Small Business Loan Subsidiaries “BUSINEXT” and “City’s”



Middle risk ( ¥ billion )		Sep-06	Sep-07	YOY%	Mar-08 (E)	YOY%
	Loans outstanding	80.1	83.0	3.6%	85.8	4.2%
	Number of accounts ( <i>Thousands</i> )	44	44	1.3%	43	-2.3%
	Average interest rate (%)	14.9	14.8	-0.1	14.7	-0.1
	Operating revenue	5.4	5.6	3.7%	11.4	2.8%
	Ordinary income	0.6	-0.2	-	0.03	-97.0%
	Net income	0.3	-0.1	-	0.02	-96.5%
	Small business loan guarantees 	21.0	20.4	-2.7%	22.8	10.3%
High risk ( ¥ billion)		Sep-06	Sep-07	YOY%	Mar-08 (E)	YOY%
	Loans outstanding	66.9	54.8	-18.0%	56.4	-3.2%
	Number of accounts ( <i>Thousands</i> )	32	28	-14.1%	27	-10.0%
	Average interest rate (%)	24.3	22.2	-2.1	21.9	-1.8
	Operating revenue	7.3	5.0	-32.0%	9.5	-29.2%
	Ordinary income	1.8	-1.0	-	-1.1	-
	Net income	0.5	-1.3	-	-1.4	-
	Small business loan 	34.3	23.5	-31.3%	20.6	-28.2%

# Financial Results – Consumer Finance Subsidiaries “ TRYTO ” and “ WIDE ”



 ( ¥ billion )	Sep-06	Sep-07	YOY%	Mar-08 (E)	YOY%
Loans outstanding	62.5	45.6	-27.0%	37.2	-32.2%
Number of accounts <i>(Thousands)</i>	167	122	-27.1%	97	-33.6
Operating revenue	8.1	5.6	-30.1%	10.3	-31.2%
Ordinary income	0.6	0.3	-44.9%	2.8	-
Net income	-6.6	0.5	-	2.9	-

 ( ¥ billion )	Sep-06	Sep-07	YOY%	Mar-08 (E)	YOY%
Loans outstanding*	98.7	66.2	-28.5%	55.6	-31.2%
Number of accounts <i>(Thousands)</i>	215	190	-16.0%	135	-28.8%
Operating revenue	12.0	8.5	-29.3%	15.2	-32.5%
Ordinary income	-1.2	4.2	-	7.8	-
Net income	-13.5	4.2	-	7.7	-

\*Wide's loans reflect on-balance figures only

# Financial Results – Consolidated vs. Parent Forecasts

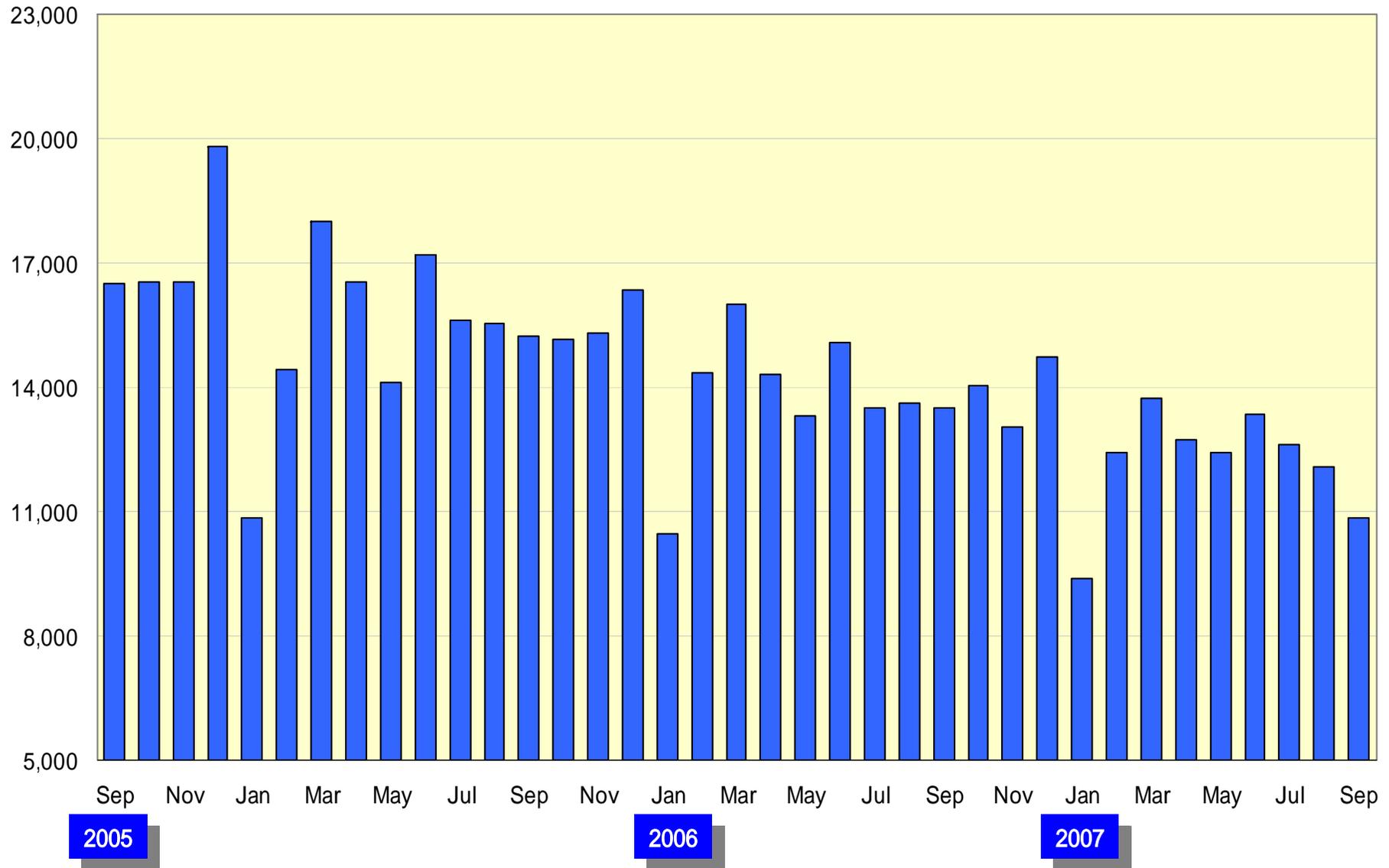


( ¥ billion )	Mar-06	Mar-07	Mar-08 (E)
Operating Revenue (Con) (A)	262.2	216.5	403.6
Operating Revenue (Non-Con) (B)	159.5	125.2	235.0
(A) – (B)	102.7	91.2	168.5
(A) / (B)	1.6	1.7	1.7
Ordinary Income (Con) (C)	28.1	21.5	32.0
Ordinary Income (Non-Con) (D)	22.2	13.1	20.0
(C) – (D)	5.8	8.3	12.0
(C) / (D)	1.3	1.6	1.6
Net Income (Con) (E)	-179.5	21.4	32.1
Net Income (Non-Con) (F)	-159.6	18.4	32.4
(E) – (F)	-19.9	3.0	-0.3
(E) / (F)	1.1	1.2	1.0

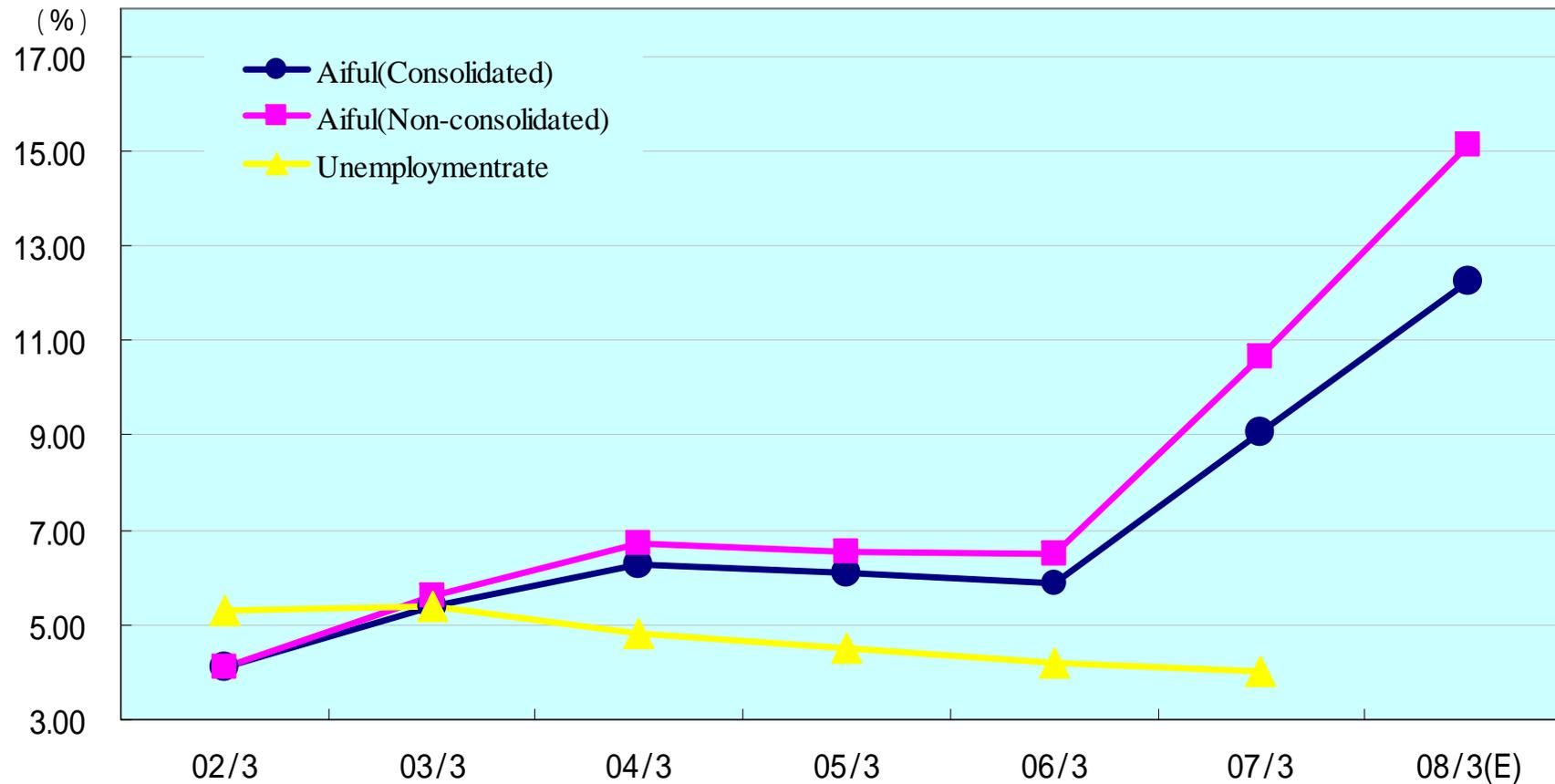
## 2 · Business Environment



# Bad Debts – Trend of Personal Bankruptcy (Japan Supreme Court) “YOY Decline for 47 Consecutive Months”



# Bad debt – Write-off Ratio “ Changes in Write-off Ratio ”



(%)	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08(E)
<b>Aiful (Consolidated)</b>	<b>5.38</b>	<b>6.26</b>	<b>6.09</b>	<b>5.89</b>	<b>9.05</b>	<b>12.26</b>
<b>Aiful (Non-consolidated)</b>	<b>5.59</b>	<b>6.71</b>	<b>6.54</b>	<b>6.50</b>	<b>10.67</b>	<b>15.13</b>
<b>Unemploymentrate</b>	<b>5.4</b>	<b>4.8</b>	<b>4.5</b>	<b>4.2</b>	<b>4.0</b>	<b>-</b>

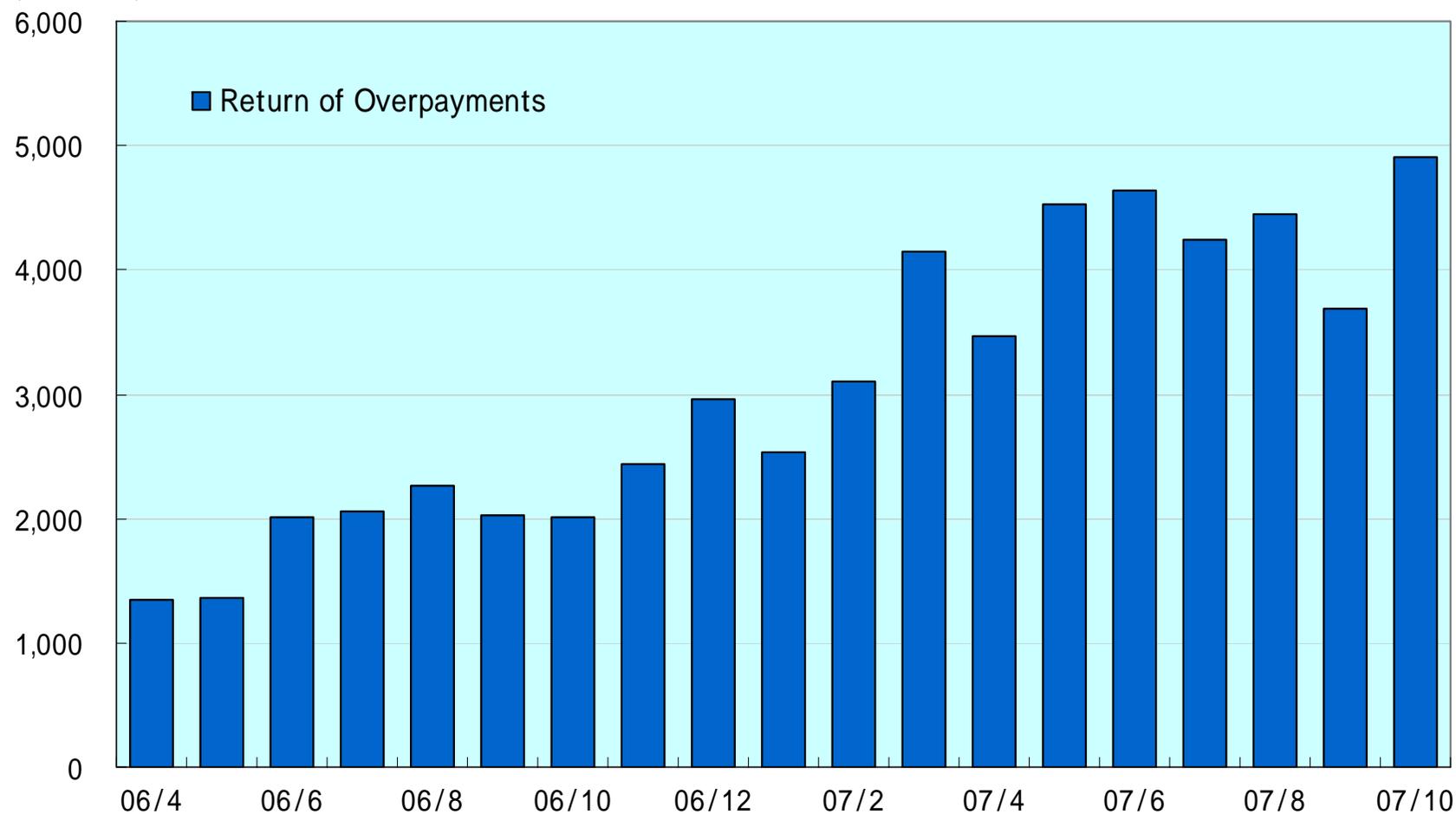
# Bad debt – Monthly Trends in Amount of Return of Overpayments



## Return of Overpayments (Non-consolidated)

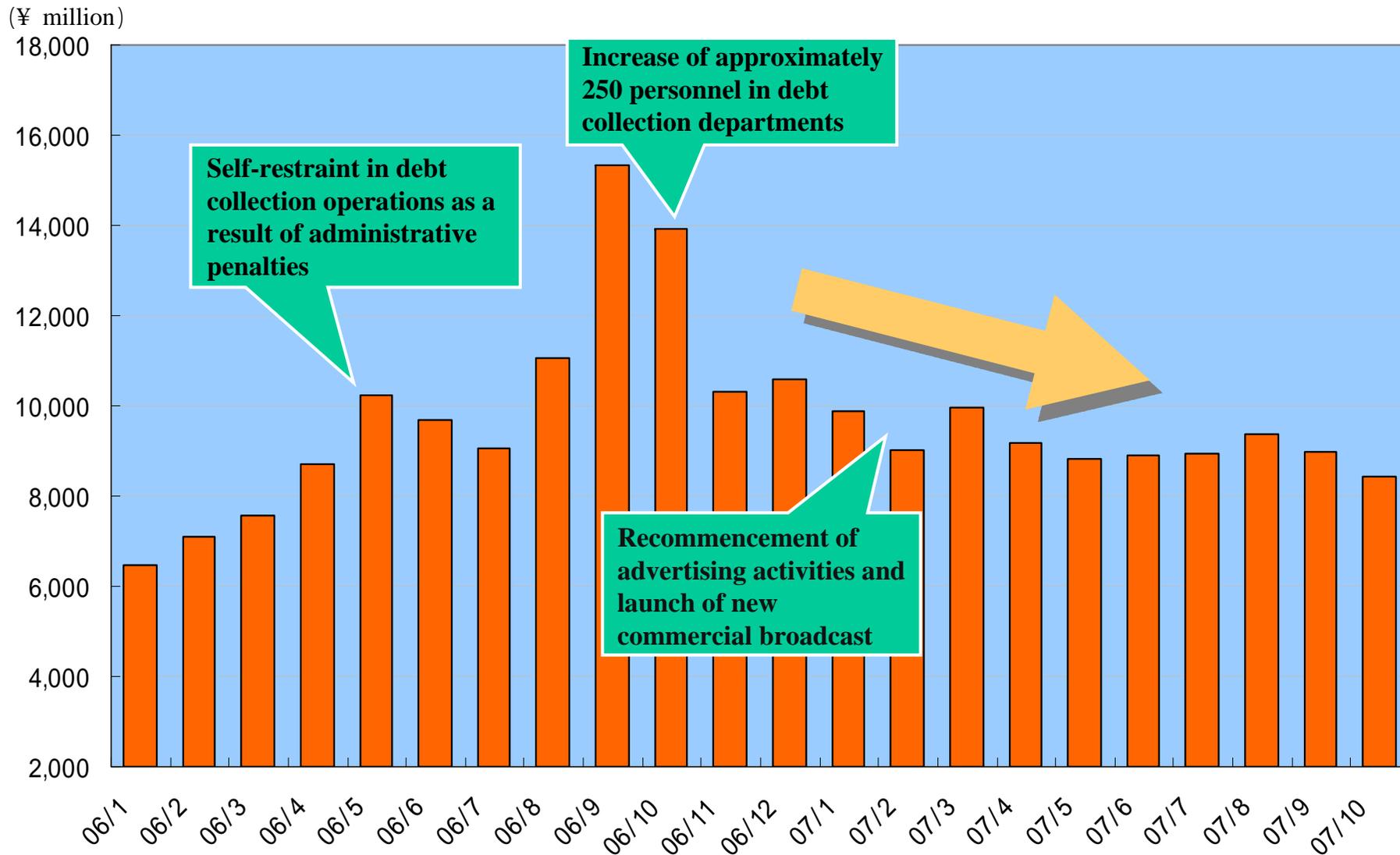
(¥ million)	06/09	06/10	06/11	06/12	07/01	07/02	07/03	07/04	07/05	07/06	07/07	07/08	07/09	07/10
<b>Return of Overpayment</b>	2,019	2,008	2,436	2,960	2,530	3,072	4,154	3,468	4,528	4,633	4,244	4,442	3,682	4,913
<b>YOY (%)</b>	194.7	83.5	100.1	116.8	211.2	168.3	195.0	157.3	232.9	131.1	106.5	95.7	82.4	144.7

(¥ million)

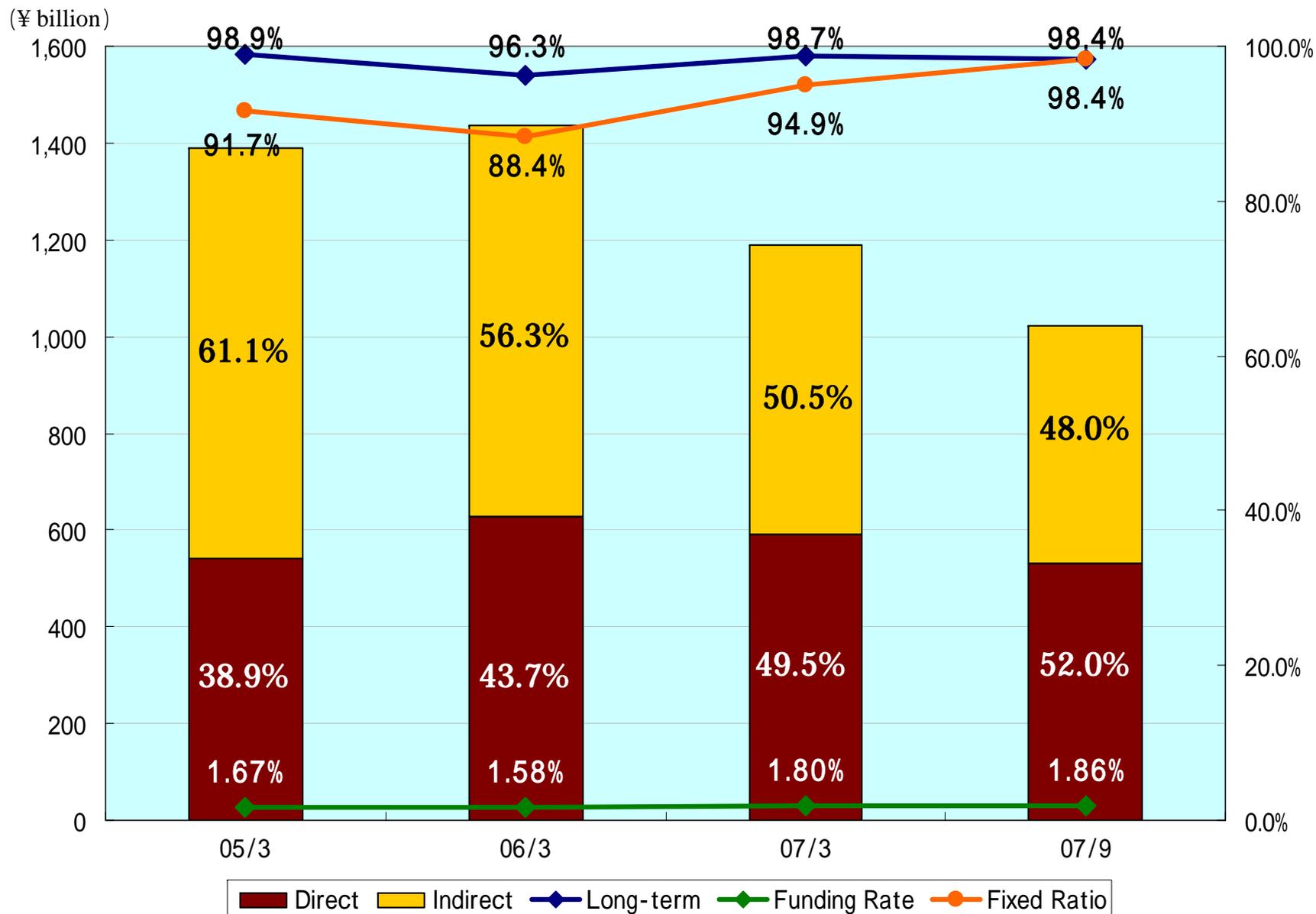




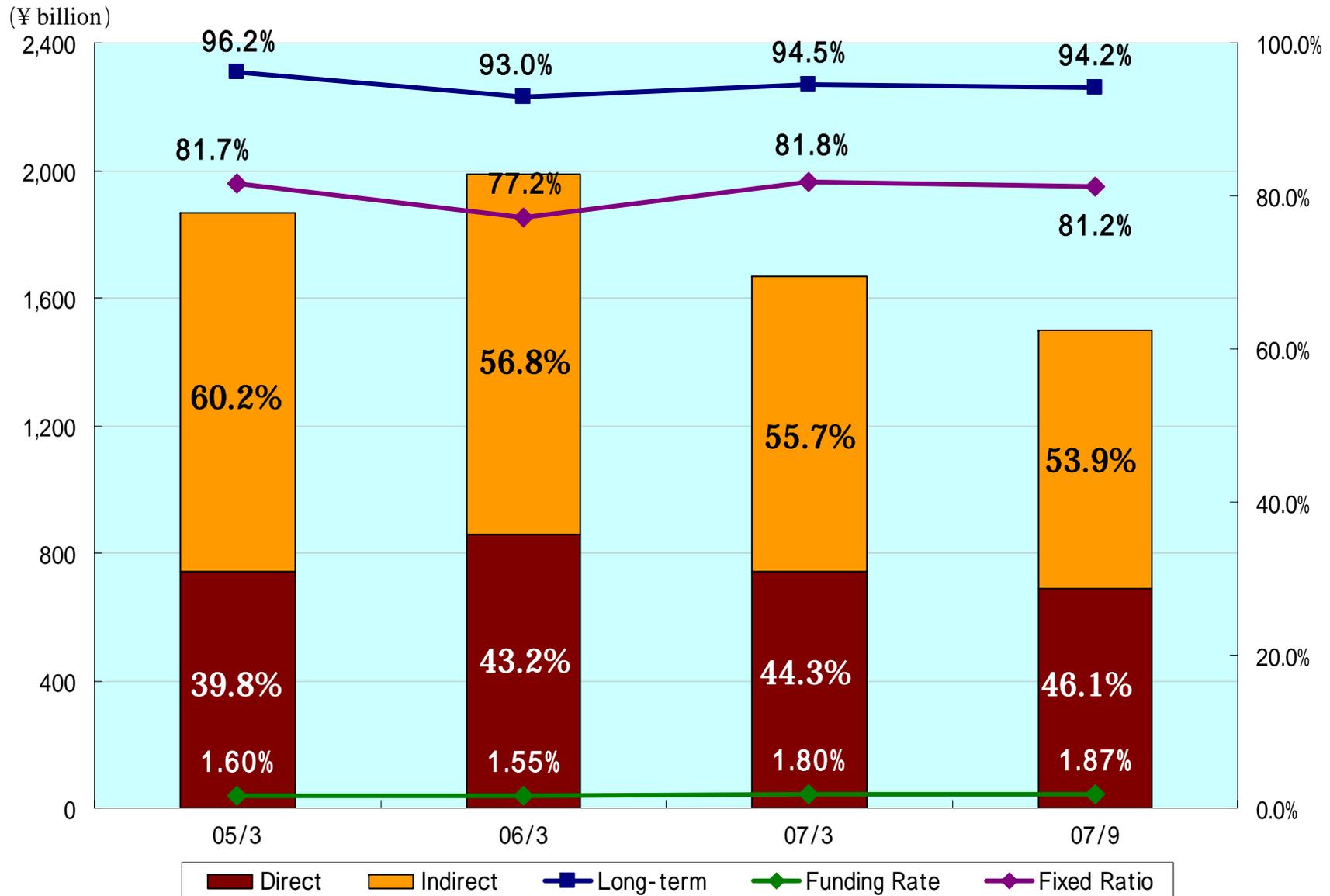
## Transfers (amounts six months in arrears)



# Funding – AIFUL ( Non-consolidated Base)



# Funding – AIFUL Group ( Consolidated Base)



## 3 · Business Strategy





## 1) Business model reform

Plan
Integration of consumer finance subsidiaries.
Drastic consolidation of the small business loan subsidiary, City s, operations.
Concentration of LIFE s credit card business in target commercial areas and reduction of number of offices.



Progress
Objective of transfer of some loan receivables to Life.
Staffed outlets : 63 (Dec.2006) → 47(Sep.2007)
Staffed outlets : 168 (Dec.2006) → 64(Sep.2007) Unstaffed outlets : 101 (Dec.2006) → 74(Sep.2007)

## 2) Cost structure reform

Plan
<b>Consolidation of outlets</b> — Group-wide reduction of outlets from 2,713 to 1,193
<b>Personnel Restructuring</b>
<b>System development and review of various expenses</b>



Progress
Group Loan Business Branches: <b>1,224</b> (Sep-30, 2007) Staffed outlets : 687 (Dec-30. 2006) → 232 (Sep-30, 2007) Unstaffed outlets : 1,942 (Dec.2006) → 992
Number of temporary employees (consolidated base): <b>7,842</b> N. of Employees (regularly payroll): 6,702 (Dec-31,2006)      5,306 (Sep-30,2007) N. of Employees (temp.): 3,275 (Dec-31,2006)      2,536 (Sep-30,2007)
Other operating expenses(exclude credit cost and return of overpayment cost) · year-on-year declined of 24.9 billion yen, or 27.3% (consolidated base) · year-on-year declined of 14.6 billion yen, or 31.7% (Non- consolidated )



· **Operating Cost Reduction:**  
**JPY 40 billion or greater**  
(Non-consolidated)

· **Optimizing the Business Resources of the Group**

· **Diversified and Efficient Earnings Model**

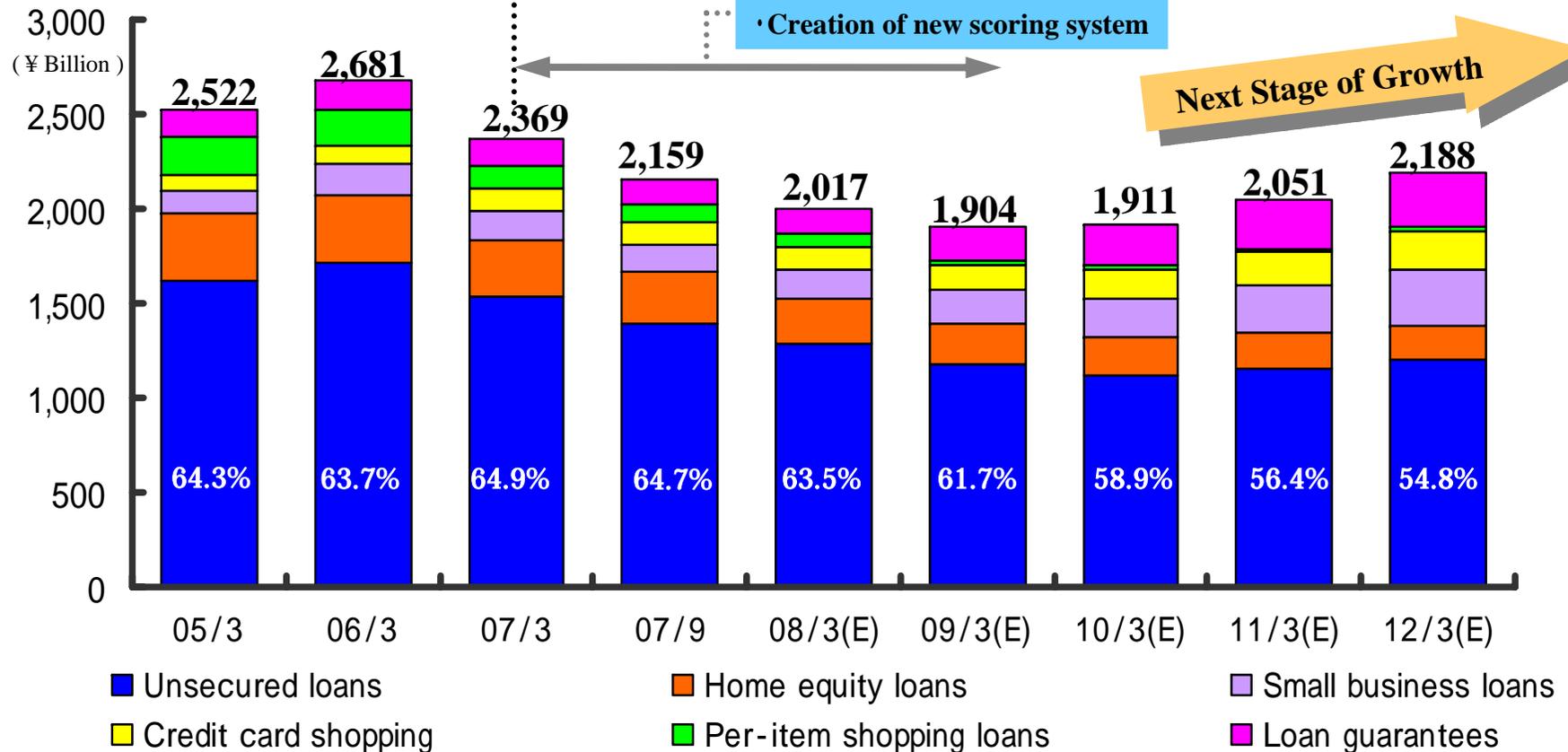
**Maintain 1.5% or greater ROA**

# Future AIFUL Group - Changes in Business Portfolio



## Total Receivables Outstanding

\* Trends in balance vary depending on regulatory and competitive environment.



· Restructuring of loan portfolio, reducing unsecured loan proportion to 50%

· Implementation of cost structure reform and group reorganization

· Reducing credit costs and securing high quality claims through tightening up on credit.

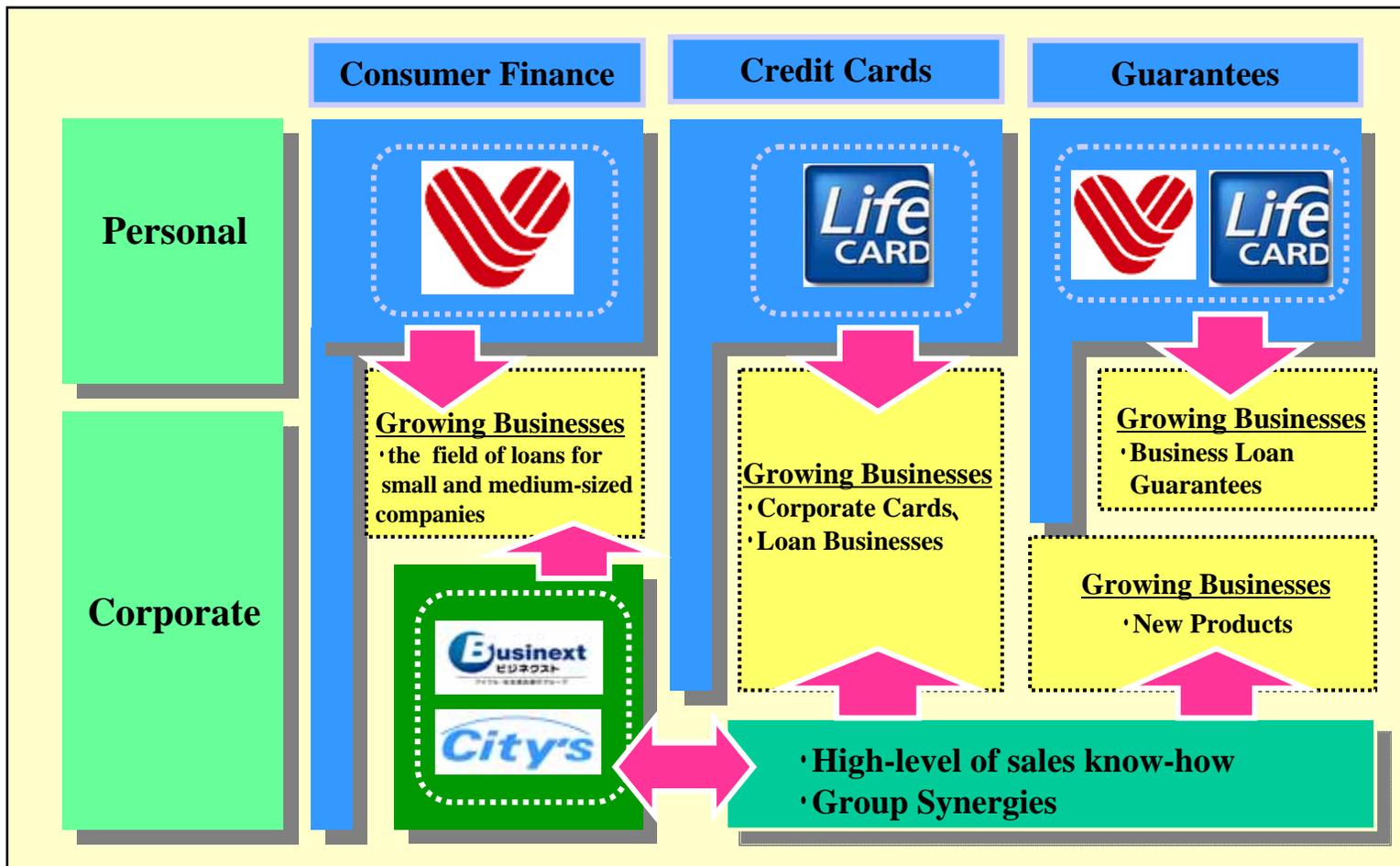
· Creation of new scoring system

Next Stage of Growth



## Group's Business Strategy

- Consumer finance business: Seek greater efficiency while emphasizing “selection and concentration”.
- Expend the small business loan and credit card business and the guarantee business segment, which are growth areas. The future growth sector among these fields will be the corporate finance segment .



## 4 · Financial Results of LIFE



# LIFE ( 1 ) – Results Highlights

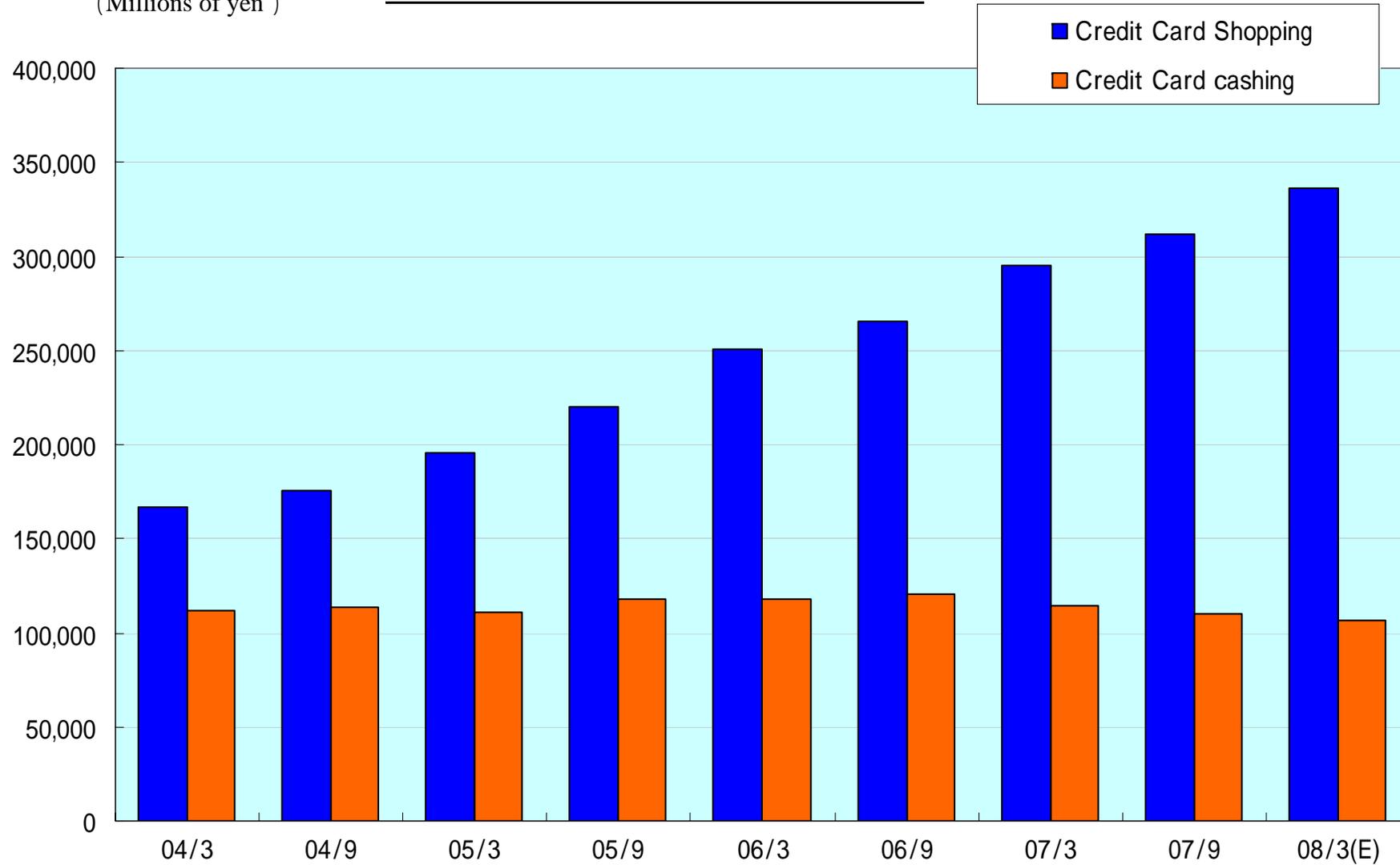


( Millions of yen )	Sep-06	Mar-07	Sep-07		Mar-08	
				YOY%	( E )	YOY%
<b>Number of cardholders</b> <i>(Thousand)</i>	<b>13,592</b>	<b>14,065</b>	<b>14,541</b>	<b>+7.0%</b>	<b>14,712</b>	<b>+4.6%</b>
<b>Life proper card</b>	<b>1,909</b>	<b>1,961</b>	<b>2,009</b>	<b>+5.2%</b>	<b>2,046</b>	<b>+4.3%</b>
<b>Affinity cards</b>	<b>11,683</b>	<b>12,103</b>	<b>12,532</b>	<b>+7.3%</b>	<b>12,666</b>	<b>+4.7%</b>
<b>Number of new issue</b> <i>(Thousand)</i>	<b>1,136</b>	<b>2,180</b>	<b>995</b>	<b>-12.4%</b>	<b>1,947</b>	<b>-10.7%</b>
<b>Life proper card</b>	<b>131</b>	<b>241</b>	<b>102</b>	<b>-22.1%</b>	<b>232</b>	<b>-3.7%</b>
<b>Affinity cards</b>	<b>1,004</b>	<b>1,938</b>	<b>892</b>	<b>-11.2%</b>	<b>1,714</b>	<b>-11.6%</b>
<b>Credit card purchase results</b>	<b>386,440</b>	<b>796,600</b>	<b>421,863</b>	<b>+9.2%</b>	<b>866,144</b>	<b>+8.7%</b>
<b>Credit card shopping</b>	<b>265,858</b>	<b>561,299</b>	<b>311,820</b>	<b>+17.3%</b>	<b>647,965</b>	<b>+15.4%</b>
<b>Credit card cashing</b>	<b>120,581</b>	<b>235,301</b>	<b>110,043</b>	<b>-8.7%</b>	<b>218,178</b>	<b>-7.3%</b>
<b>Installment finance purchase results</b>	<b>23,215</b>	<b>32,528</b>	<b>6,213</b>	<b>-73.2%</b>	<b>12,743</b>	<b>-60.8%</b>
<b>Member stores</b>	<b>99,659</b>	<b>101,575</b>	<b>103,790</b>	<b>+4.1%</b>	<b>106,053</b>	<b>+4.4%</b>



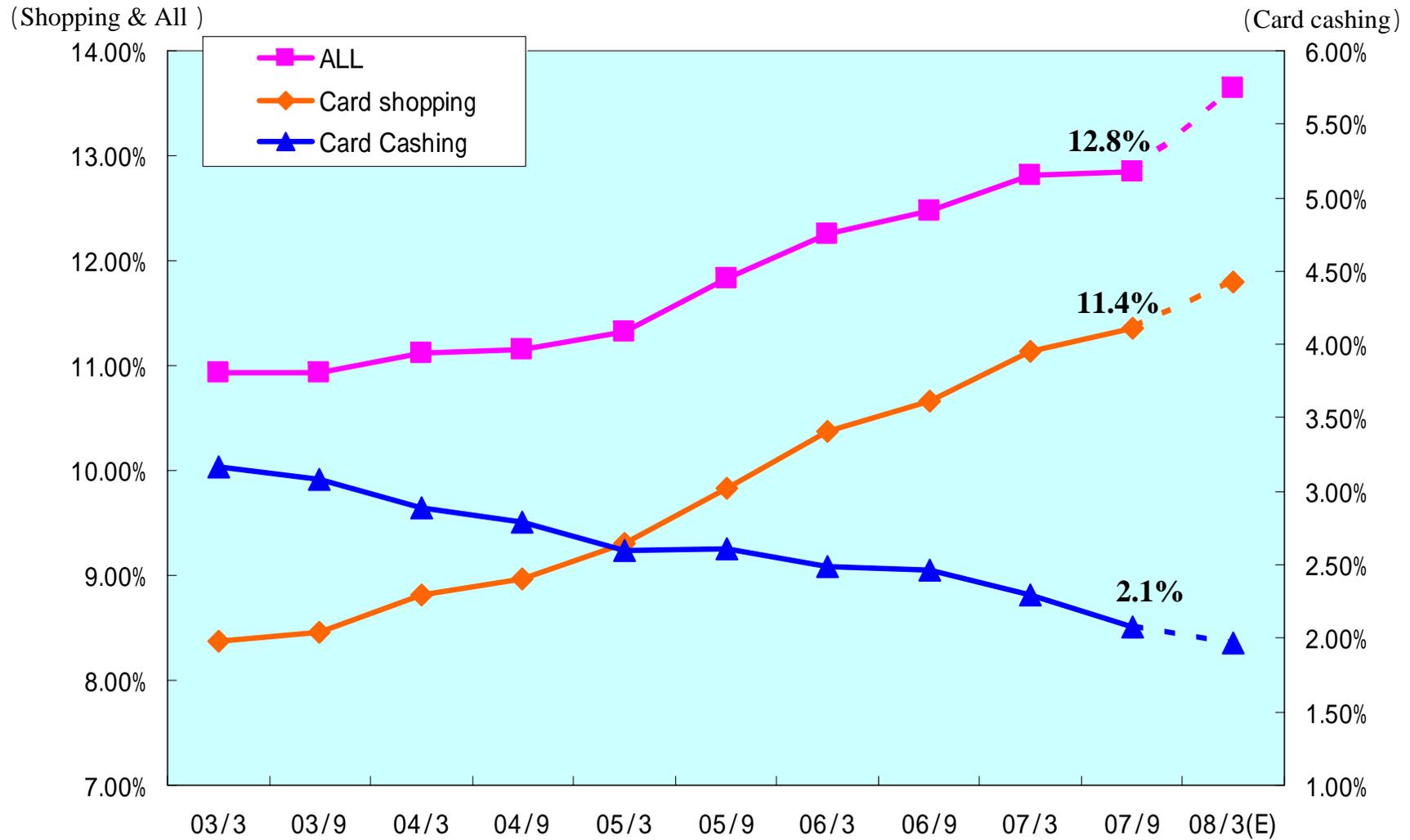
**Card Business: Purchase Results**

(Millions of yen )





## Card Business: Monthly Activity Rate



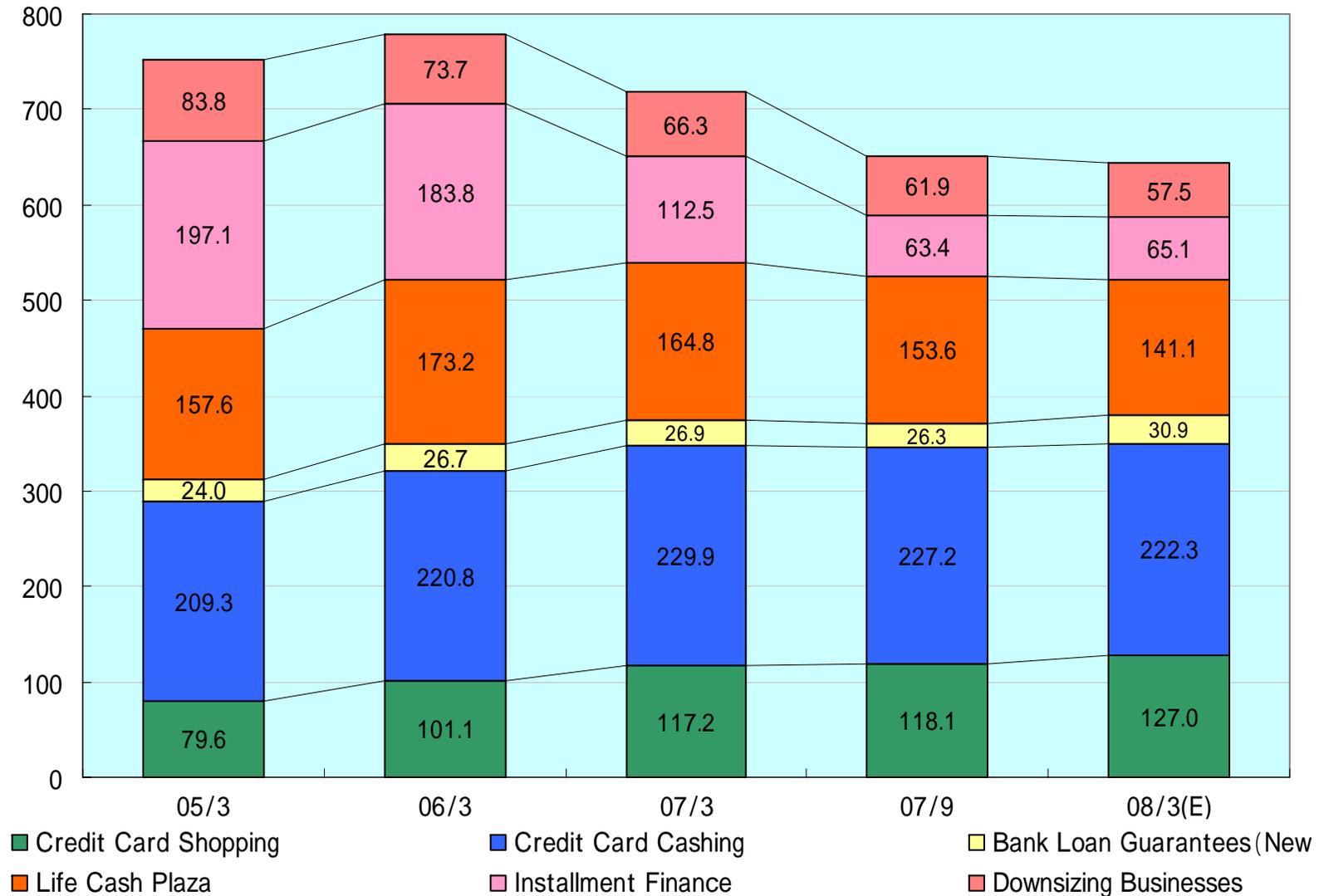
# LIFE ( 3 ) – Operating Results



( Millions of yen )	Sep-06	Mar-07	Sep-07	YOY%	Mar-08 ( E )	YOY%
<b>Total receivables outstanding</b>	753,769	717,884	670,800	-11.0%	644,238	-10.3%
<b>Growing business</b>	362,852	374,121	371,697	+2.4%	380,333	+1.7%
<b>Credit card shopping</b>	106,856	117,222	118,185	+10.6%	127,064	+8.4%
<b>Credit card cashing</b>	228,652	229,984	227,208	-0.6%	222,333	-3.3%
<b>Loan guarantees (New Products)</b>	27,343	26,914	26,304	-3.8%	30,936	+14.9%
<b>Holding business</b>	321,089	277,392	237,137	-26.1%	206,345	-25.6%
<b>Life cash plaza</b>	170,209	164,880	153,687	-9.7%	141,150	-14.4%
<b>Installment Finance</b>	150,880	112,512	83,449	-44.7%	65,194	-42.1%
<b>Downsizing business</b>	69,826	66,370	61,965	-11.3%	57,559	-13.3%
<b>Loan Guarantees</b>	60,147	56,099	51,733	-14.0%	48,161	-14.1%
<b>Others</b>	9,680	10,271	10,232	+5.7%	9,397	-8.5%
<b>Growing business</b>	48%	52%	55%	+7.3%	59%	+6.9%
<b>Holding business</b>	43%	39%	35%	-7.2%	32%	-6.6%
<b>Downsizing business</b>	9%	9%	9%	-0%	9%	-0.3%

## Life: Changes In Business Portfolio

(Billions of yen)



# LIFE ( 4 ) – Profit & loss



(Millions of yen)	Sep-06	Mar-07	Sep-07	YOY%	Mar-08 ( E )	YOY%
<b>Operating revenue</b>	66,564	129,479	61,867	-7.1%	113,820	-12.1%
Credit card shopping	6,449	13,316	7,326	+13.6%	15,117	+13.5%
Installment finance	7,659	13,289	4,011	-47.6%	7,108	-46.5%
Credit card cashing	25,976	51,615	27,031	+4.1%	49,361	-4.4%
Life Cash Plaza	20,576	39,606	17,869	-13.2%	31,049	-21.6%
Loan guarantees	2,094	4,134	1,949	-6.9%	3,844	-7.0%
Bad debt recovery	960	1,664	694	-27.7%	1,294	-22.2%
Other	2,846	5,851	2,984	+4.8%	6,044	+3.3%
<b>Operating expenses</b>	60,418	148,559	56,846	-5.9%	108,858	-26.7%
Financial expenses	4,729	9,201	4,591	-2.9%	10,102	+9.8%
Credit costs	24,599	68,944	22,959	-6.7%	39,387	-42.9%
Return of overpayment cost	965	11,435	2,142	+122.0%	5,334	-53.4%
Advertising expenses	2,927	5,587	1,023	-65.0%	1,915	-65.7%
Salaries	8,434	16,427	7,356	-12.8%	14,336	-12.7%
Other	18,761	36,963	18,771	+0.1%	37,782	+2.2%
<b>Operating income</b>	6,145	-19,079	5,021	-18.3%	4,961	-
<b>Ordinary income</b>	6,205	-18,957	5,056	-18.5%	5,000	-
<b>Net income</b>	1,751	-43,313	5,184	+196.1%	2,656	-

# LIFE ( 5 ) – Bad Debt Charge-offs



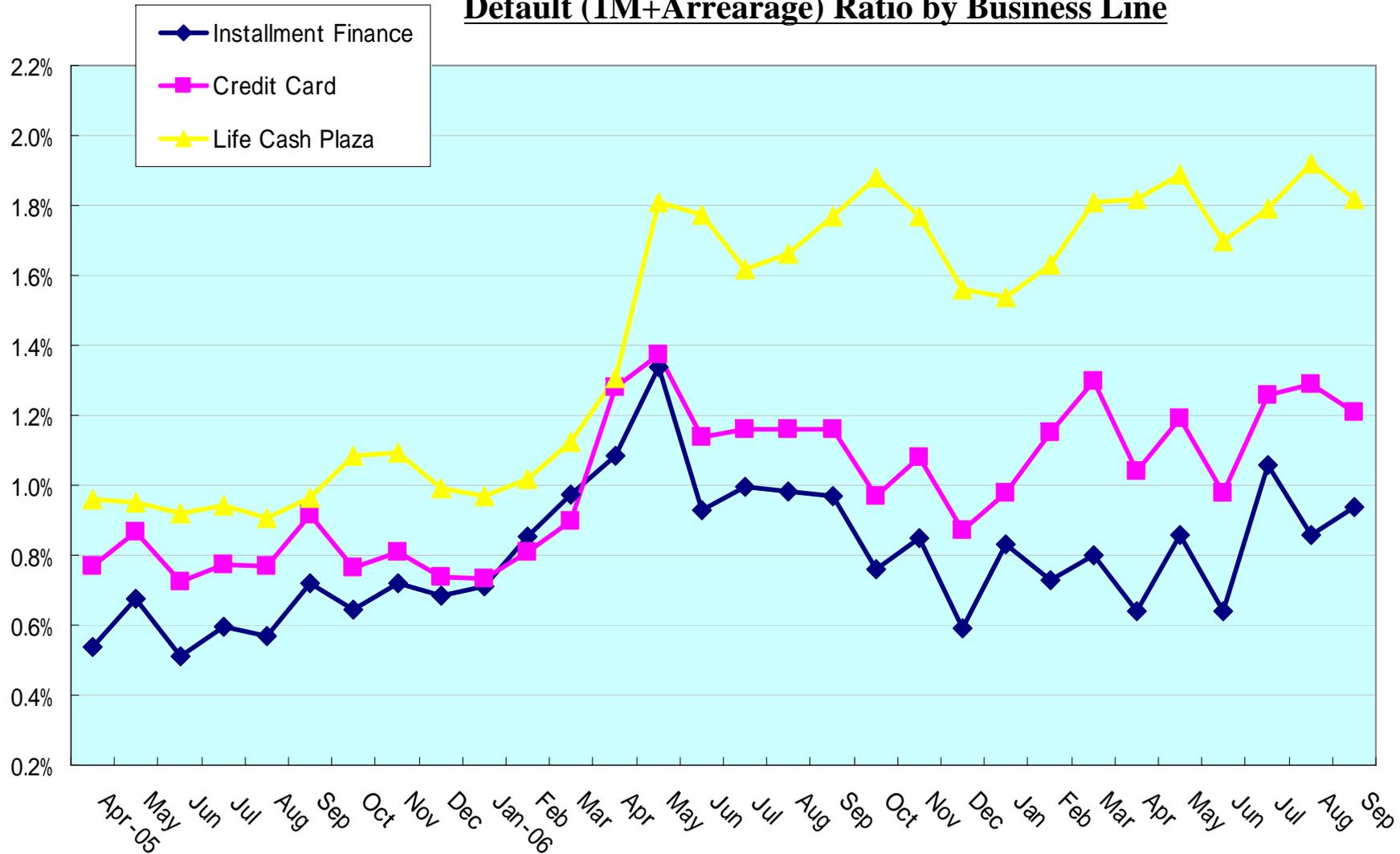
(Millions of yen)	Sep-06	Mar-07	Sep-07	Mar-08		
				( E )	YOY%	
<b>Credit Cost</b>	24,599	68,944	22,959	-6.7%	39,387	-42.9%
<b>Bad debt charge-offs</b>	20,108	44,498	28,048	+39.5%	48,139	+8.2%
<b>Main businesses</b>	19,525	41,803	27,667	+41.7%	47,231	+13.0%
<b>Other</b>	583	2,695	381	-34.6%	907	-66.3%
<b>Home loans</b>	219	478	144	-34.2%	310	-35.1%
<b>Loss from fraudulent use of credit card</b>	132	257	145	+9.8%	295	+14.8%
<b>Loss from member stores</b>	227	1,949	88	-61.2%	293	-85.0%
<b>Other</b>	4	10	3	-	8	-20.0%
<b>Ratio of bad debt charge-offs</b>	2.67%	6.20%	4.18%	1.51%	7.47%	1.27%
<b>Ratio of allowance for bad debts</b>	5.92%	7.12%	7.06%	1.14%	6.78%	-0.33%

\* Main Businesses: Credit card Shopping, Installment Finance, Loan guarantees and Life Cash Plaza ( Unsecured Consumer Loans).

# LIFE ( 6 ) – Trend of Default (1M+Arrearage) Ratio



**Default (1M+Arrearage) Ratio by Business Line**



## 5 · Explanation of Figures



# Breakdown of Consolidated Operating Revenue



Items (¥ Billions)	Sep-07	YOY	YOY%	Reasons for Increase / Decrease	Mar-08 (E)
<b>Operating Revenue</b>	<b>216.5</b>	<b>-45.7</b>	<b>-17.5%</b>	Revenue down due to decline in balance of operating receivables accompanying tightening up on credit	<b>403.6</b>
<b>Interest Income</b>	<b>191.3</b>	<b>-44.7</b>	<b>-18.9%</b>		<b>354.7</b>
• AIFUL	120.9	-34.3	-22.1%	Unsecured: ¥102.2 billion (down ¥26.2 billion), secured: ¥16.0 billion (down ¥6.3 billion), small business loans: ¥2.6 billion (down ¥1.7 billion).	226.7
• LIFE	44.3	-1.4	-3.2%	Credit card cash advances: ¥26.6 billion (up ¥1.1 billion), Cash Plaza: ¥17.6 billion (down ¥2.6 billion) .	79.2
• BUSINEXT	5.6	+0.1	+3.5%	Balance of loans up 3.6%. Lending curbed in view of recent business sentiment at small and medium-size enterprises.	11.4
• City s	4.9	-2.3	-32.3%	Balance of loans down 18%, tightening up on credit .	9.4
• WIDE	8.4	-3.5	-29.8%	Balance of loans contracting with scheduled reorganization within Group.	15.0
• TRYTO	5.5	-2.4	-30.3%	Balance of loans contracting with scheduled reorganization within Group.	10.1
• Other	1.4	-0.6	-32.2%	Balance of loans contracting with scheduled reorganization within Group.	2.6
<b>Credit Card Purchases</b>	<b>7.1</b>	<b>+0.9</b>	<b>+14.8%</b>	LIFE credit card shopping up 17%.	<b>14.8</b>
<b>Installment Finance</b>	<b>3.9</b>	<b>-3.5</b>	<b>-47.3%</b>	Ongoing implementation of tightened member store screening.	<b>6.9</b>
<b>Loan Guarantees</b>	<b>4.3</b>	<b>-0.3</b>	<b>-6.9%</b>	AIFUL: ¥2.3 billion (down 0.1 ¥ billion) ; LIFE:¥1.9 billion (down 0.1 billion).	<b>8.6</b>
<b>Other Operating Revenue</b>	<b>9.5</b>	<b>+1.6</b>	<b>+21.2%</b>		<b>18.0</b>
<b>Bad Debt Recovery</b>	<b>2.3</b>	<b>+0</b>	<b>+2.0%</b>	AIFUL: ¥1.3 billion (up 0.3 ¥ billion) ; LIFE:¥0.6 billion (down 0.2 billion).	<b>4.3</b>
<b>Revenue from Debt Collection</b>	<b>3.3</b>	<b>+1.6</b>	<b>+89.0%</b>	Collections at AsTry Loan Services Corporation (joint venture with Aozora Bank).	<b>6.3</b>

## Breakdown of Consolidated Operating Expense (3/08(E))



Items (Billions of yen)	Sep-07	YOY	YOY%	Reasons for Increase / Decrease	Mar-08(E)
<b>Operating Expenses</b>	<b>195.4</b>	<b>-39.1</b>	<b>-16.7%</b>	Reduction in amount of transfers due to review of applicability of bad debt reserve to interest repayments.	<b>371.9</b>
<b>Financial Expenses</b>	<b>16.9</b>	<b>-1.3</b>	<b>-7.3%</b>	Decline due to fall in balance of fund procurement accompanying drop in balance of operating receivables.	<b>35.3</b>
<b>Cost of Claims Purchasing</b>	<b>2.6</b>	<b>+1.2</b>	<b>+94.8%</b>	Accompanying rise in collection of purchased receivables.	<b>4.6</b>
<b>Credit Costs</b>	<b>73.1</b>	<b>-30.7</b>	<b>-29.6%</b>	AIFUL: ¥43.5 billion (down ¥19.1 billion) ; LIFE:¥21.8 billion (down ¥ 2.7 billion); WIDE: ¥1.3 billion (down ¥6.4 billion) ;Tryto:¥4 million (down ¥4.1 billion)	<b>158.6</b>
<b>Return of overpayment expenses</b>	<b>35.9</b>	<b>+16.6</b>	<b>+85.9%</b>	AIFUL: ¥26.9 billion (up ¥10.1 billion) ; LIFE:¥3.2 billion (up ¥2.1 billion); Tryto:¥3.8 billion (up ¥3.4 billion)	<b>38.0</b>
<b>Advertising Expenses</b>	<b>3.9</b>	<b>-5.1</b>	<b>-56.8%</b>	AIFUL: ¥1.9 billion (down ¥1.5 billion) ; LIFE:¥1.4 billion (down ¥1.7 billion)	<b>7.3</b>
<b>Personnel Expenses</b>	<b>22.9</b>	<b>-7.0</b>	<b>-23.5%</b>	Due to personnel cuts accompanying cost structure reforms. No. of employees Sep-30 2006: 10,316 → Sept 2007: 7,842 AIFUL: ¥12.0 billion (down ¥3.0 billion) ; City's:¥1.5 billion (down ¥1.6 billion); LIFE:¥6.7 billion (down ¥1.2 billion)	<b>45.9</b>
<b>Amortization of Goodwill and Consolidation Differences</b>	<b>0.4</b>	<b>-0.4</b>	<b>-50.7%</b>	Due to lump sum amortization of the goodwill of consumer finance subsidiaries at end of fiscal year accompanying cost structure reforms. Future forecast of 800 million per year.	<b>0.8</b>
<b>Other</b>	<b>39.2</b>	<b>-12.3</b>	<b>-23.9%</b>	Chiefly reductions in various costs accompanying progress of cost structure reforms.	<b>80.7</b>
<b>Communications</b>	<b>11.8</b>	<b>-1.2</b>	<b>-9.4%</b>	Reduction in store security, cleaning and system support costs accompanying cost structure reforms. Reduction in partner ATM service fees and lenders usage fees accompanying fall in balance of operating receivables. AIFUL: ¥4.4 billion (down ¥1.6 billion)	<b>-</b>
<b>Rental Expenses/ Land Rent</b>	<b>6.4</b>	<b>-3.7</b>	<b>-36.8%</b>	Reduction in rents and equipment lease and maintenance fees due to outlet closures accompanying cost structure reforms. AIFUL: ¥4.0 billion (down ¥2.0 billion) ; WIDE:¥0.1 billion (down ¥0.5 billion); LIFE:¥1.8 billion (down ¥0.8 billion)	<b>-</b>
<b>Supplies, Repair and Maintenance</b>	<b>3.7</b>	<b>-0.7</b>	<b>-16.4%</b>	Reduction in cost of fixtures and equipment maintenance fees due to outlet closures accompanying cost structure reforms. AIFUL: ¥1.8 billion (down ¥1.2 billion) .	<b>-</b>
<b>Insurance Premium</b>	<b>0.2</b>	<b>-2.0</b>	<b>-90.8%</b>	Decline due to abolition of group credit life insurance .AIFUL: ¥0.1 billion (down ¥2.1 billion)	<b>-</b>
<b>Depreciation</b>	<b>5.7</b>	<b>-0.7</b>	<b>-12.0%</b>	Reduction due to outlet closures accompanying cost structure reforms. AIFUL: ¥3.4 billion (down ¥0.8 billion) .	<b>-</b>

# Explanation of Figures (Consolidated) - Extraordinary Profit and Loss



Items (Billions of yen)	Sep-07	Mar-08 (E)	Reasons for Increase / Decrease
Ordinary Income	21.5	32.0	
Extraordinary Income	0.9	1.4	
Extraordinary Losses	0.7	1.8	
Pre-tax Net Income	21.7	31.5	
Corporate Income Tax, Inhabitant Tax, Enterprise Tax	4.6	4.2	
Adjustment for Corporate Income Tax, etc.	-4.5	-4.9	
Effective tax rate	0.1	0.1	
Net Income	21.4	32.1	For the reasons outlined above.

## Breakdown of Accounting Items (Consolidated) – Comparison of Initial Consolidated Targets and Adjusted Consolidated Targets (accounting base)



Items (Billions of yen)	Mar-08 Initial target	Mar-08 Adjusted target	¥ bn	Reasons for increase/decrease
<b>Operating Revenue</b>	<b>409.8</b>	<b>403.6</b>	<b>-6.2</b>	Further application of preferential interest rates and further effect of tightening up on credit expected.
<b>Interest Income</b>	<b>362.2</b>	<b>354.7</b>	<b>-7.5</b>	Adjusted target: AIFUL: ¥226.7 billion (down ¥6.1 billion) ; LIFE:¥9.2 billion; Others: ¥48.6 billion (down ¥1.3 billion)
<b>Credit Card Purchases</b>	<b>13.9</b>	<b>14.8</b>	<b>+0.9</b>	Credit card shopping to remain strong
<b>Installment Finance</b>	<b>6.5</b>	<b>6.9</b>	<b>+0.3</b>	Ongoing implementation of tightened member store screening.
<b>Loan Guarantees</b>	<b>9.2</b>	<b>8.6</b>	<b>-0.5</b>	Due to forecast decline in balance of operating receivables.
<b>Other Operating Revenue</b>	<b>17.6</b>	<b>18.0</b>	<b>+0.3</b>	
<b>Operating Expenses</b>	<b>379.8</b>	<b>371.9</b>	<b>-7.9</b>	Due to reductions in other expenses and personnel expenses accompanying progress of cost structure reforms.
<b>Financial Expenses</b>	<b>33.7</b>	<b>35.3</b>	<b>+1.6</b>	Prudent forecasts of higher interest rates for fund procurement despite expectation of reduction in balance of funds raised due to decline balance of operating receivables
<b>Other Operating Expenses</b>	<b>341.8</b>	<b>331.5</b>	<b>-10.2</b>	
<b>Credit Costs</b>	<b>147.4</b>	<b>158.6</b>	<b>+11.2</b>	More prudent provision than initial projections, taking into account ongoing increase of non-performing assets.
<b>Return of overpayment expenses</b>	<b>49.8</b>	<b>38.0</b>	<b>-11.7</b>	Maximum fixed amount as of today, calculated with plans to adjust through reversal in future. Although interest repayments are currently continuing to rise, projections revised to 64.4 billion yen on a consolidated basis, which includes 49.6 billion yen for AIFUL.
<b>Advertising Expenses</b>	<b>7.9</b>	<b>7.3</b>	<b>-0.6</b>	Reduction in lending due to tightening up on credit to result in lower advertising expenses
<b>Personnel Expenses</b>	<b>47.8</b>	<b>45.9</b>	<b>-1.8</b>	Decline accompanying personnel cuts due to reduction in hiring.
<b>Amortization of Goodwill and Consolidation Differences</b>	<b>0.8</b>	<b>0.8</b>	<b>0</b>	LIFE:0.8 billion; City's:0.2 billion; NFP:-0.2 billion
<b>Other</b>	<b>87.9</b>	<b>80.7</b>	<b>-7.1</b>	Fall in variable expenses accompanying progress of cost structure reforms and decline in balance of operating receivables.

## Breakdown of Consolidated Operating Expense (3/08(E))

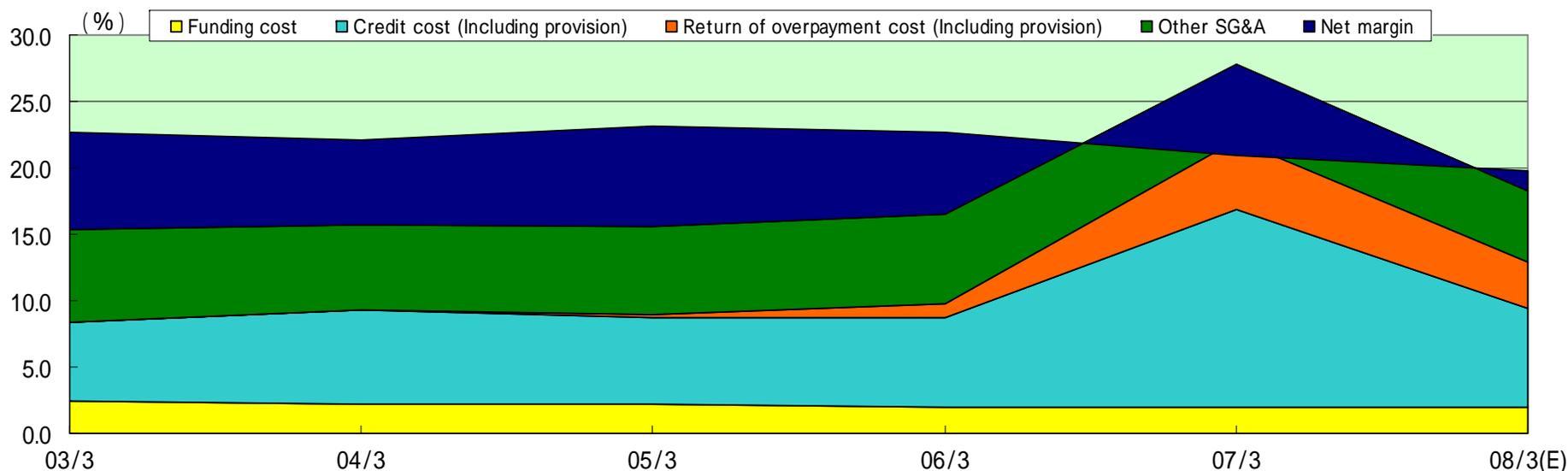


Items (Billions of yen)	Mar-08 Initial target	Mar-08 Adjusted target	¥ bn	Reasons for increase/decrease
Operating Income	29.9	31.6	+1.6	
Non-operating income	0	0.4	+0.3	
Non-operating expenses	0	0.1	± 0	
Ordinary Income	30.0	32.0	+2.0	
Extraordinary Income	0	1.4	+1.4	Due to sale of non-essential assets accompanying cost structure reforms.
Extraordinary Losses	1.1	1.8	+0.7	
Pre-tax Net Income	28.8	31.5	+2.7	
Corporate Income Tax, Inhabitant Tax, Enterprise Tax	1.8	4.2	+2.4	
Adjustment for Corporate Income Tax, etc.	-5.3	-4.9	+0.3	
Effective tax rate	32.0	32.1	+0	For the reasons outlined above.

# Appendix



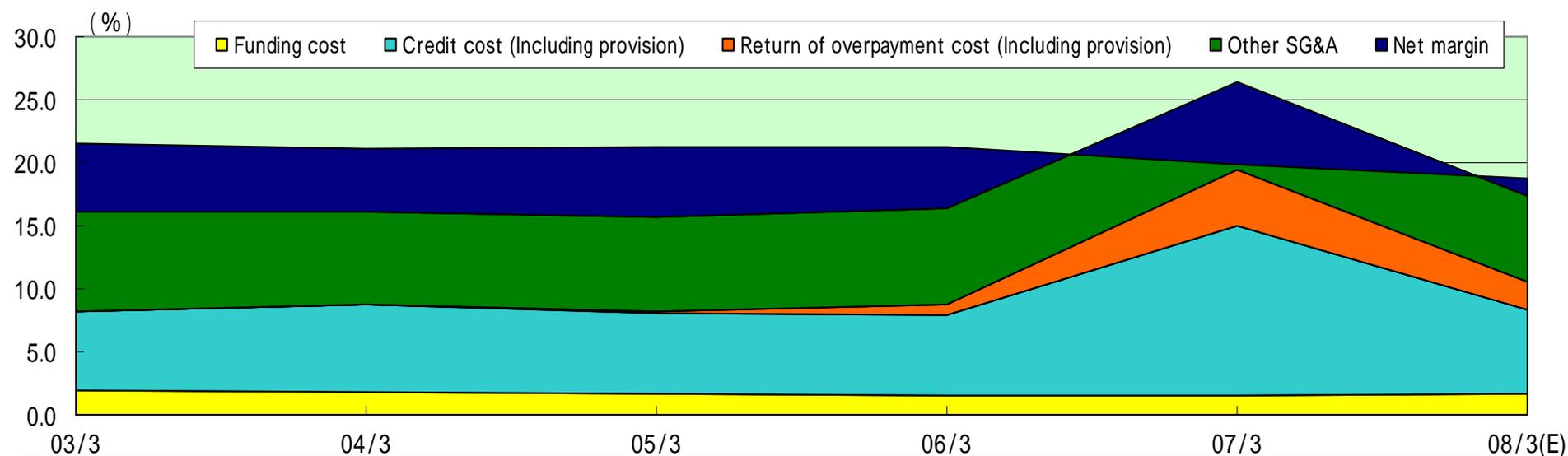
# Appendix – Net Margin ( Non-consolidated)



(%)	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08 (E)
Average Yield (Loan Business)	24.1	22.3	21.8	20.3	18.6
Average Yield (other)	0.7	0.8	0.8	0.6	0.7
Average Yield (total)	22.1	23.1	22.7	20.9	19.3
Funding cost	2.2	2.2	2.0	2.0	2.1
Credit cost (Including Provision)	7.1	6.5	6.7	14.8	8.4
Return of overpayment Cost (Including Provision)	-	0.2	1.1	5.2	2.2
Other SG&A cost (C)	6.4	6.7	6.7	5.7	5.0
Salary (A)	1.9	2.0	1.9	1.9	2.0
Advertising (B)	0.9	1.0	1.1	0.4	0.4
Other (C)-((A)+(B))	3.6	3.7	3.8	3.4	2.7
Net margin / Balance (Ordinary Income Basis)	6.4	7.5	6.1	-6.9	1.6

\* Loan Business Average Yield = (Interest Income + Loan Guarantee Fee) / Average Receivable Outstanding × 100%

# Appendix – Net Margin ( Consolidated)



(%)	03/3	04/3	05/3	06/3	07/3	08/3(E)
<b>Average Yield (Loan Business)</b>	20.5	20.4	20.4	20.4	19.2	17.6
<b>Average Yield (other)</b>	0.7	0.8	0.9	0.9	0.7	0.9
<b>Average Yield (total)</b>	21.1	21.3	21.3	21.3	19.9	18.5
<b>Funding cost</b>	1.8	1.7	1.5	1.5	1.5	1.7
<b>Credit cost (Including Provision)</b>	7.0	6.3	6.4	13.5	7.2	7.2
<b>Return of overpayment Cost (Including Provision)</b>	-	0.2	0.8	4.5	1.7	1.7
<b>Other SG&amp;A cost (C)</b>	7.4	7.5	7.7	6.9	6.4	6.4
<b>Salary (A)</b>	2.2	2.2	2.2	2.2	2.2	2.1
<b>Advertising (B)</b>	0.9	1.0	1.1	0.6	0.3	0.3
<b>Other (C)-((A)+(B))</b>	4.3	4.3	4.4	4.0	3.7	3.7
<b>Net margin / Balance (Ordinary Income Basis)</b>	5.0	5.5	4.9	-6.5	1.5	1.5

\* Loan Business Average Yield = (Interest Income + Loan Guarantee Fee) / Average Receivable Outstanding × 100%

# Appendix - Market Share Break Down of the Consumer Finance Industry

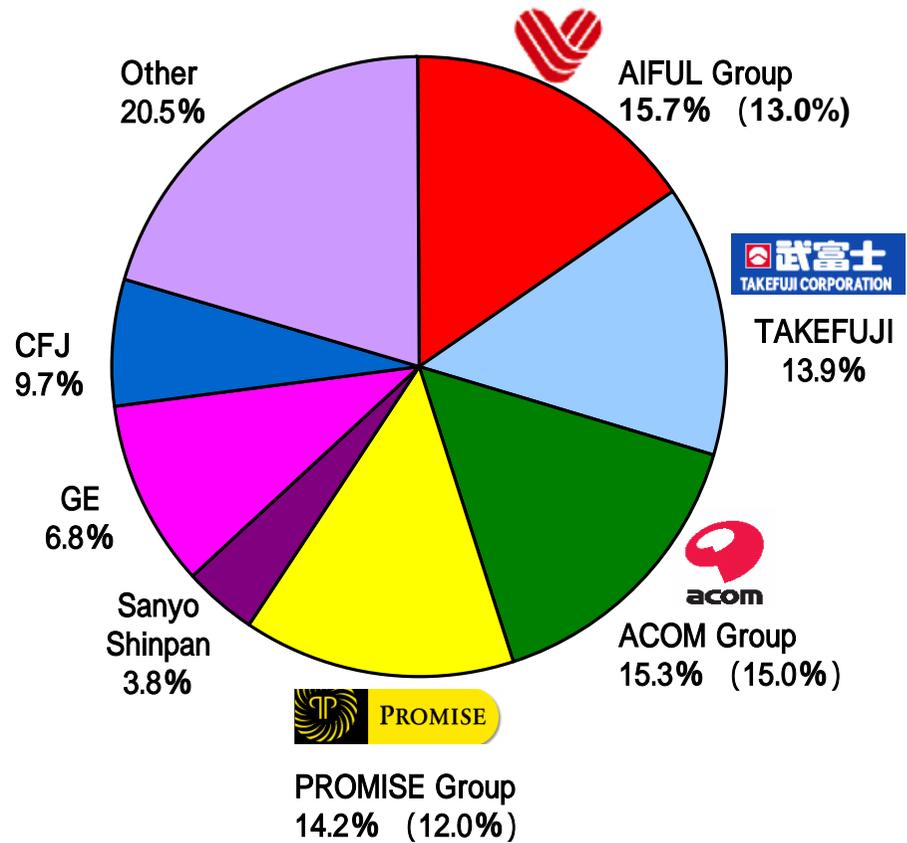
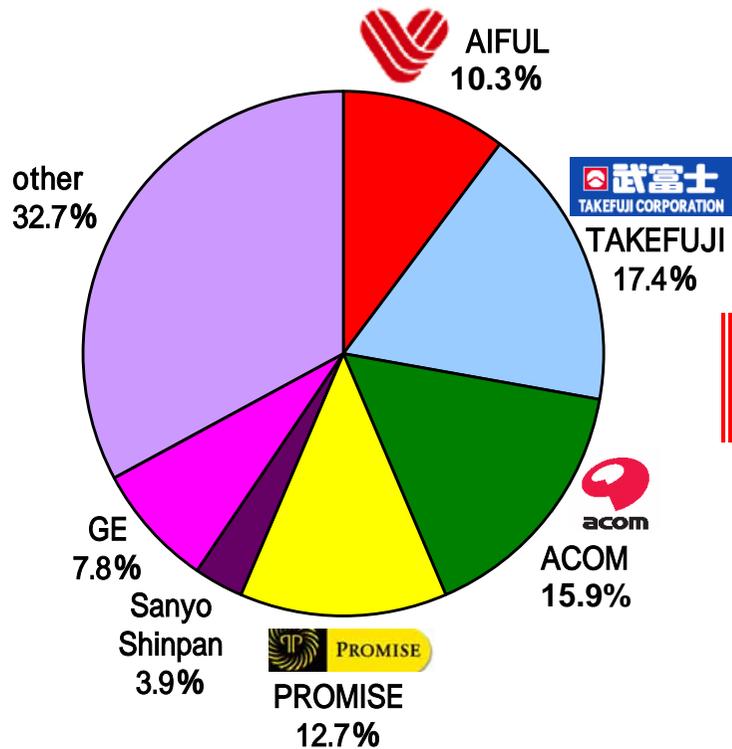


March 1998

March 2007

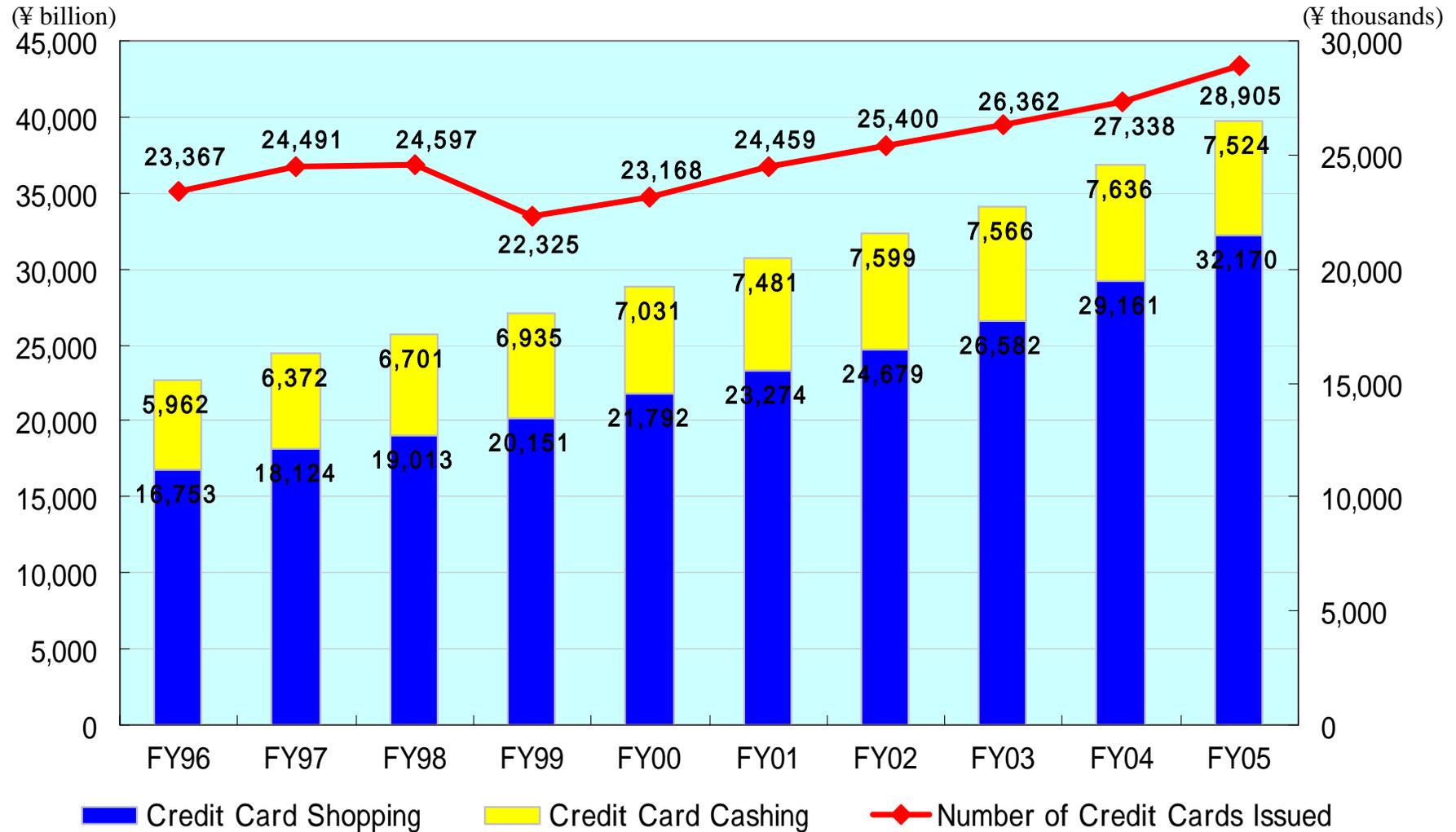
¥6.9 trillion

¥10.3 trillion



\* (Non-Consolidated)

## Number of Credit cards issued & Amount of credit provided (Annual)





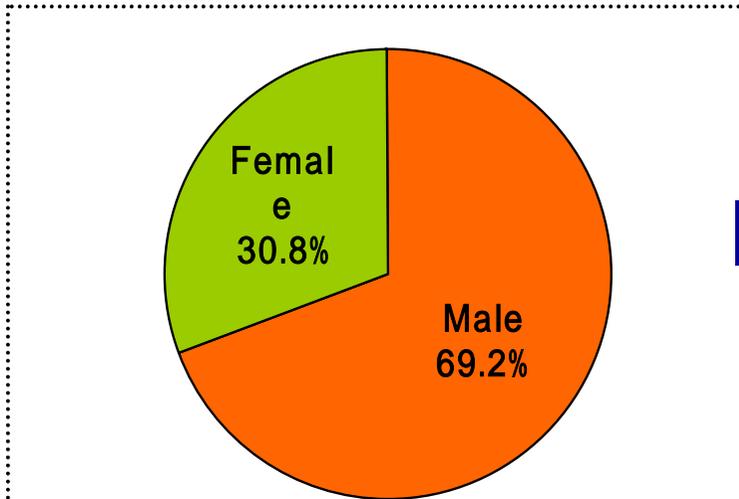
## Customer Accounts:

**1,723** (Thousand, Mar-07)

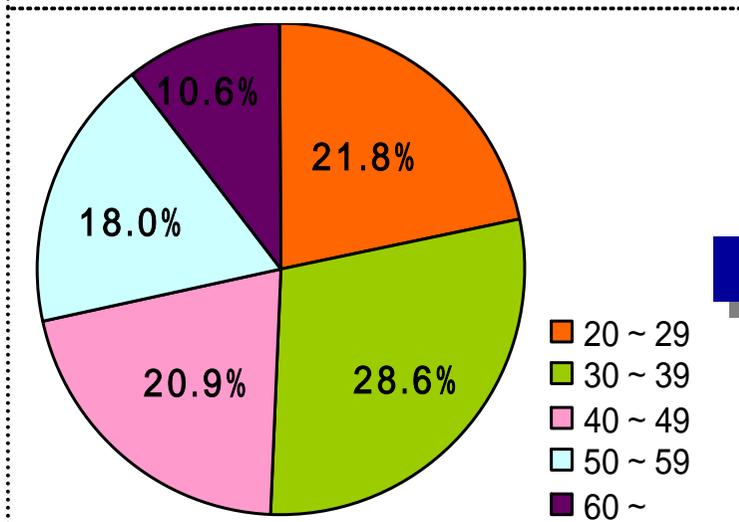
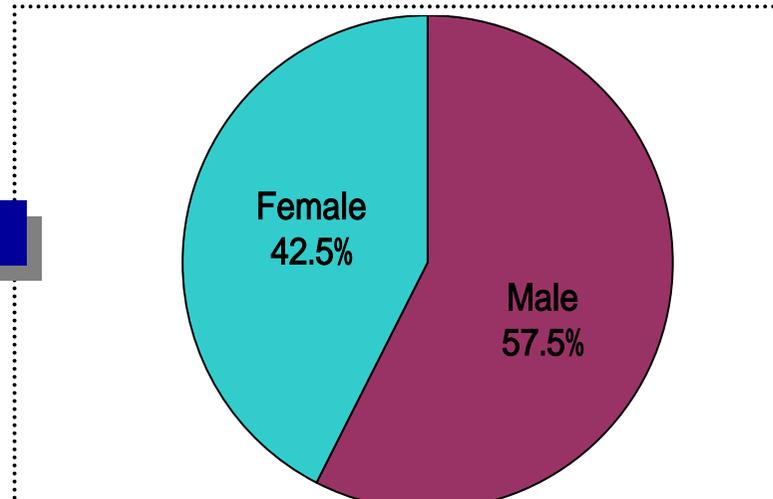


## Valid card members:

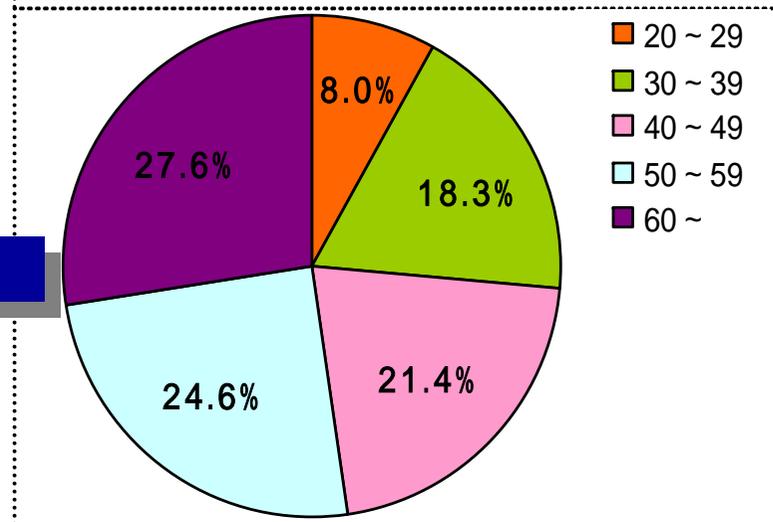
**14,541** (Thousand, Sep-07)

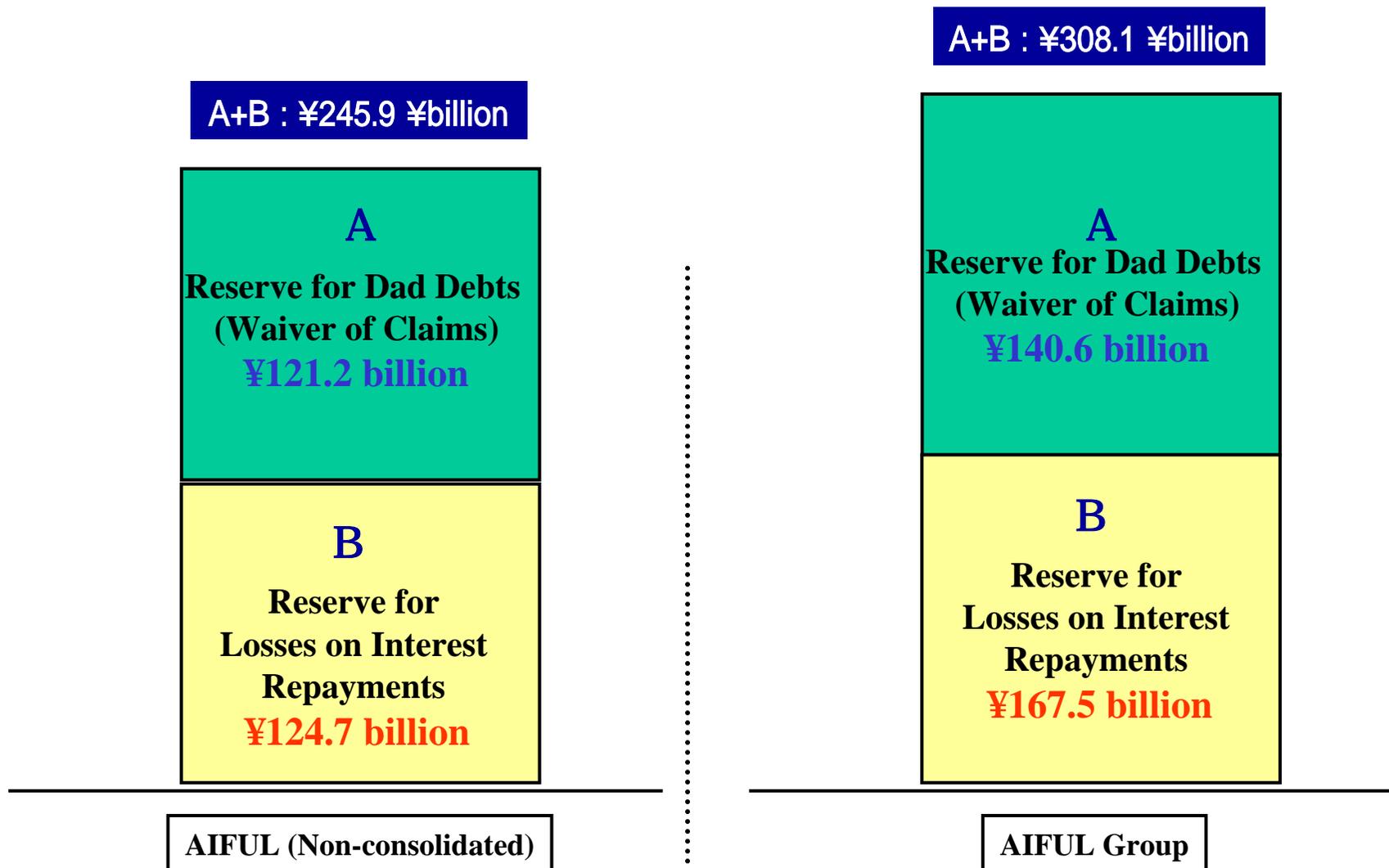


**SEX**



**AGE**



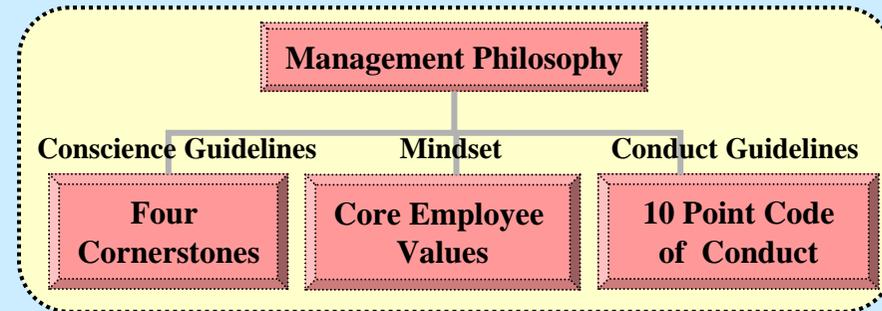




## • New Corporate Philosophy

*Earn the support of the public with sincerity and hard work.*

• AIFUL’s new corporate philosophy is comprised of four components: 1) the Management Philosophy, which is at the pinnacle and supported by the others; 2) the Four Cornerstones, which serve as guidelines for conscience; 3) 10 Point Code of Conduct, which are guidelines for conduct; 4) the Core Employee Values, which are concrete points that make up the appropriate employee mindset.



## • Project to Restore Public Trust

**STEP 1**

Investigation into root causes of legal infringements.

**STEP 2**

Unification of company-wide awareness on fundamental issues

**STEP 3**

Formulation and implementation of radical reform plan

Pillars of reform: rebuilding of management philosophy, culture reform, “organizational” rebirth, “human” rebirth, honest disclosure)

### Main Actions:

- 1) Review of in-house regulations and establishment of systems;
- 2) Thorough employee guidance and training and introduction of relevant certification system,;
- 3) Strengthening of in-house monitoring structure and review of inspection cycles and areas;
- 4) Revision of personnel evaluation system.

• Establishment of additional Risk Management Committee as a body directly under the Board of Directors