



**Second Quarter Financial Results
for Fiscal Year 2014 (Apr 1- Sep 30, 2014)**

AIFUL CORPORATION
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1. Financial Results Summary




Financial Results (1): Consolidated Summary



(¥ million)	13/9	14/9		
			YOY	YOY%
Operating revenue	46,586	42,884	-3,701	-7.9
Interest income	25,843	22,644	-3,198	-12.4
Operating expenses	34,101	36,893	2,792	8.2
Financial expenses	3,141	4,505	1,364	43.4
Cost of sales	934	664	-269	-28.9
Credit cost	6,599	7,242	642	9.7
(Bad debt write offs)	13,227	11,662	-1,565	-11.8
Expenses for Interest repayment	-	-	-	-
(Interest repayment)	14,744	14,743	-1	-0.0
Other operating expenses	23,424	24,480	1,055	4.5
Operating income	12,485	5,991	-6,494	-52.0
Non-operating income	1,023	1,589	565	55.2
Ordinary income	13,494	7,523	-5,970	-44.2
Extraordinary income	6,398	645	-5,753	-89.9
Net income	19,574	7,796	-11,778	-60.2
Total Receivable outstanding *	528,449	508,316	-20,132	-3.8
Loans outstanding	365,823	347,253	-18,569	-5.1
Installment receivable	79,691	79,723	31	0.0
Credit guarantee	75,903	74,803	-1,100	-1.4
Customer accounts (thousands)	847	818	-29	-3.5

* Managed Asset Basis



 (¥ million)	13/9	14/9		
			YOY	YOY%
Operating revenue	30,497	27,912	-2,585	-8.5
Interest income	21,484	18,841	-2,642	-12.3
Operating expenses	23,319	24,119	800	3.4
Financial expenses	2,381	4,058	1,677	70.5
Credit cost	7,259	5,585	-1,673	-23.1
(Bad debt write-offs)	11,283	9,686	-1,597	-14.2
Expenses for Interest repayment	-	-	-	-
(Interest repayment)	14,079	14,054	-25	-0.2
Other operating expenses	13,678	14,474	796	5.8
Operating income	7,178	3,792	-3,385	-47.2
Ordinary income	9,136	4,723	-4,413	-48.3
Net income	9,735	5,489	-4,246	-43.6
Total Receivable outstanding *	360,753	349,128	-11,624	-3.2
Loan outstanding	268,807	261,057	-7,749	-2.9
Customer accounts (thousands)	605	598	-7	-1.2
Yield on operating loans	15.4%	15.2%	-0.2pt	-
Below 18% unsecured loan balance's occupancy rate	86.7%	91.1%	+4.4pt	-

* Managed Asset Basis

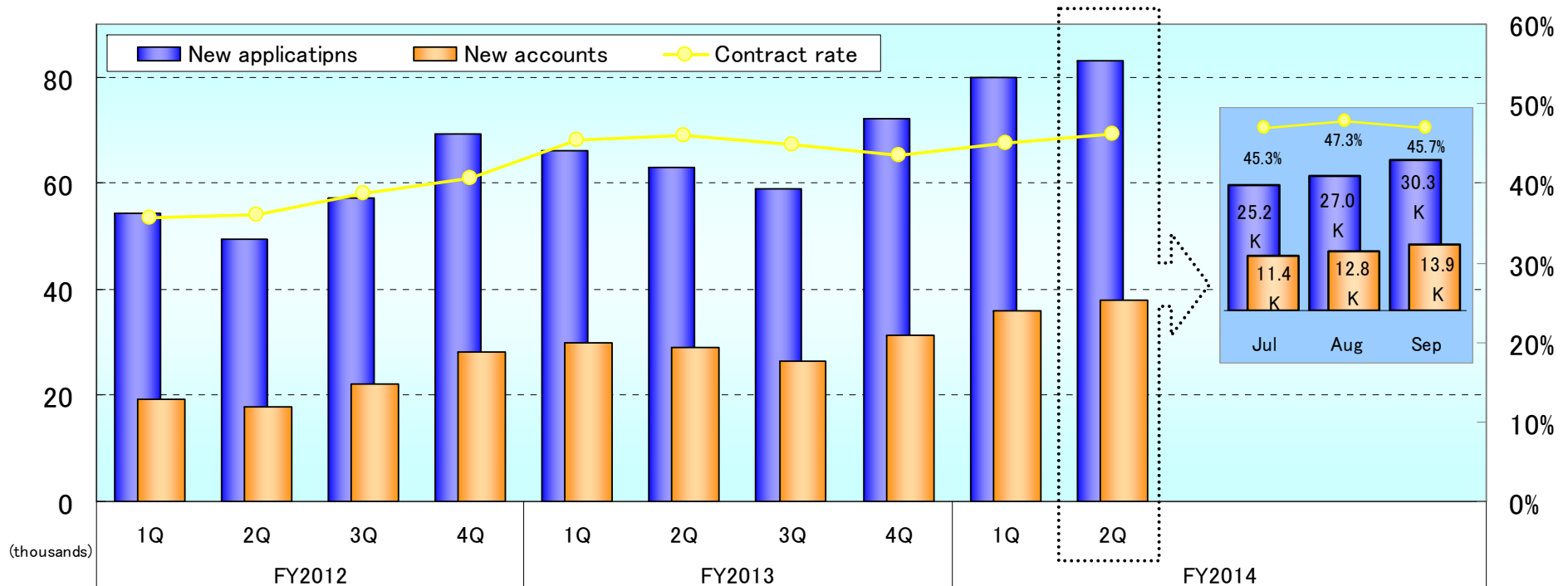
2. Business Environment





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

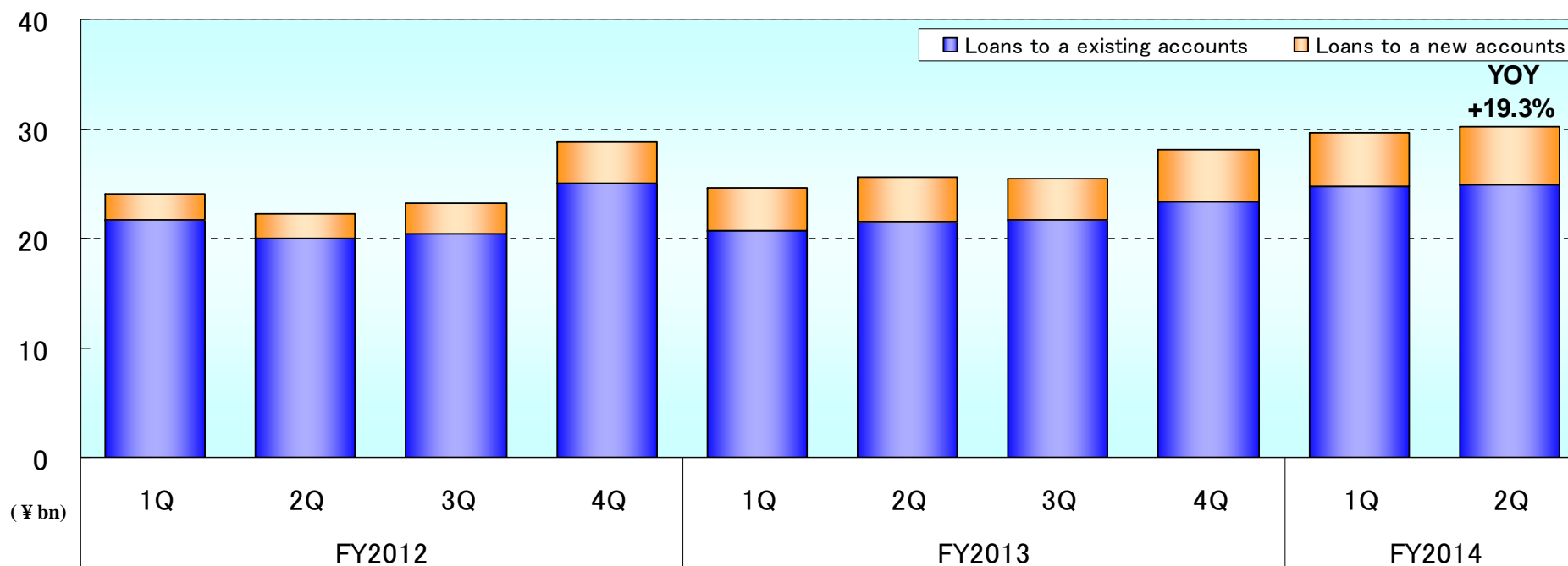
	FY2013(6M)			FY2014(6M)			YOY
	1Q (3M)	2Q (3M)		1Q (3M)	2Q (3M)		
New applications (num)	66,075	63,111	129,186	79,987	82,771	162,758	+26.0%
New accounts (num)	29,981	29,067	59,048	35,957	38,174	74,131	+25.5%
Contract rate (%)	45.4%	46.1%	45.7%	45.0%	46.1%	45.5%	-0.2pt





◆ Trends of Loan volume

(¥million)	FY2013(6M)			FY2014(6M)			YOY
	1Q(3M)	2Q(3M)		1Q(3M)	2Q(3M)		
Loan volume	24,611	25,569	50,180	29,685	30,159	59,845	+19.3%
Loans to a new accounts	3,974	4,028	8,002	4,996	5,219	10,215	+27.7%
Loans to a existing accounts	20,636	21,541	42,178	24,689	24,939	49,629	+17.7%



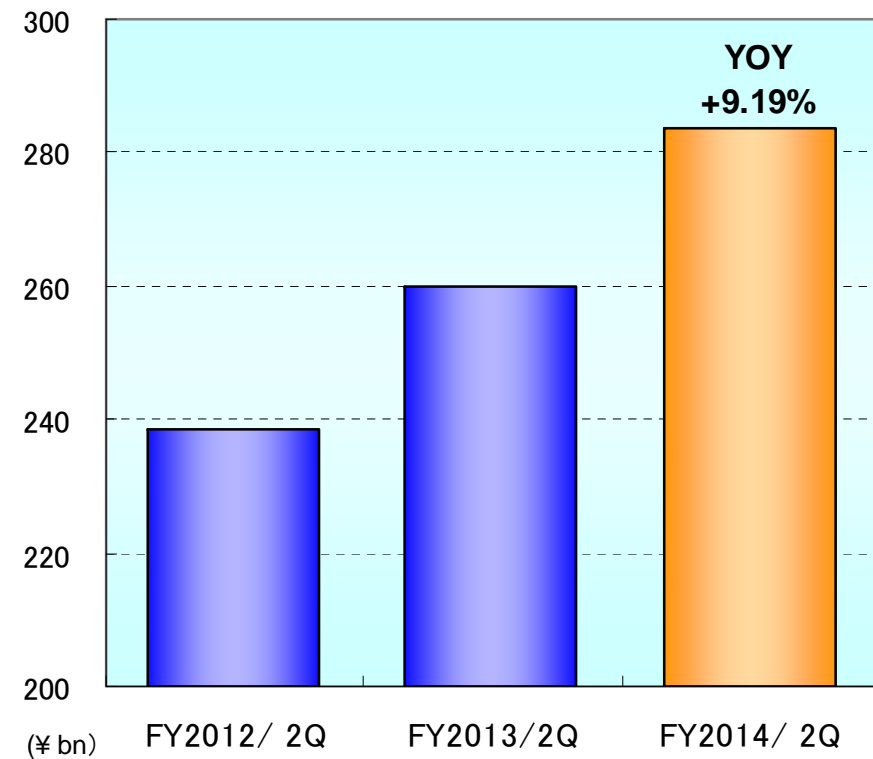
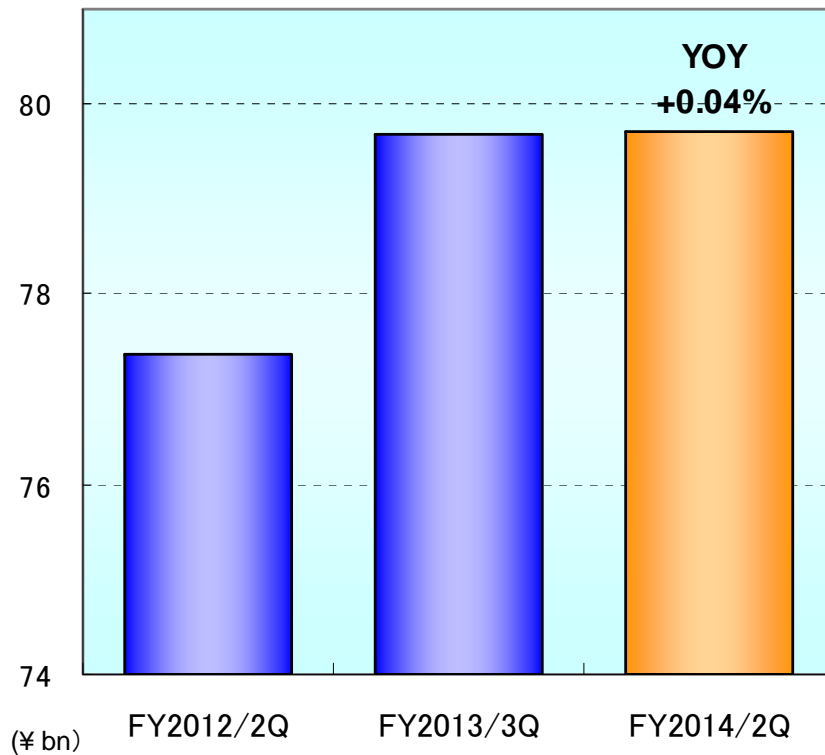


◆ Trends of Installment Receivable outstanding

Consolidated (¥million)	12/9	13/9	14/9	YOY
	Installment Receivable	77,370	79,691	79,723

◆ Trends of Purchase Results

Consolidated (¥million)	12/9	13/9	14/9	YOY
	Purchase Results	238,639	259,789	283,655



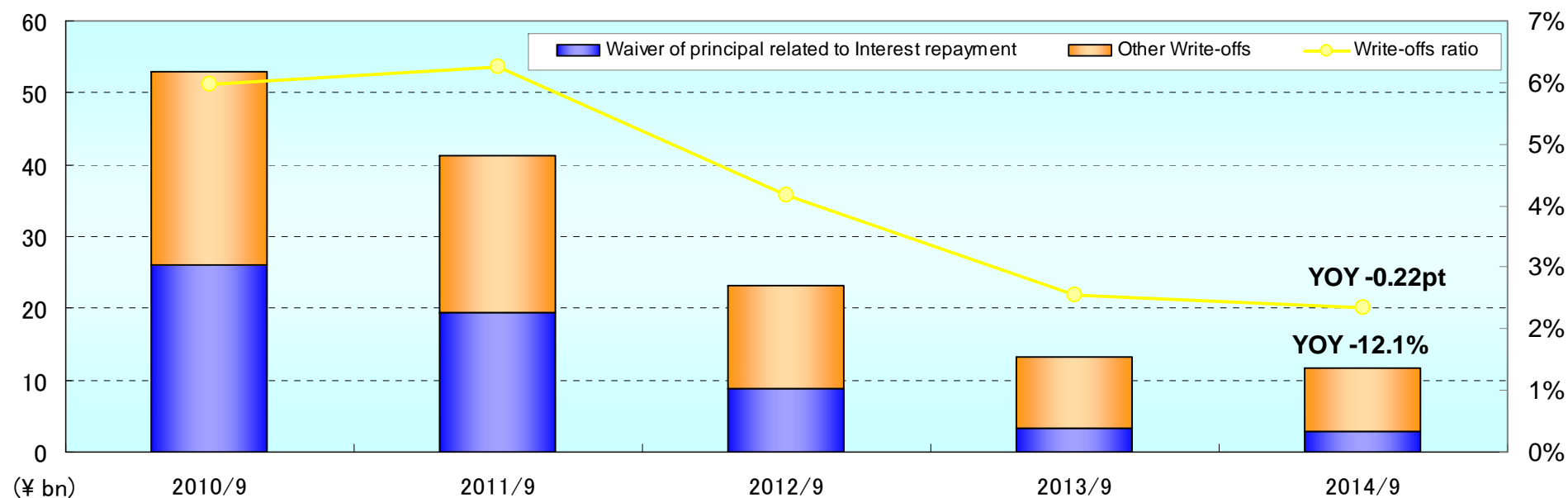


◆ Amount of Write-offs and Write-offs Ratio for Total Receivable Outstanding

(Consolidated)

(Non-consolidated)

(¥ million)	13/9	14/9	YOY	14/9	YOY
	(6M)	(6M)		(6M)	
(1) Write-offs	13,227	11,662	-11.8%	9,686	-14.2%
Waiver of principal related to Interest repayment	3,219	2,870	-10.8%	2,870	-10.8%
Other	10,007	8,791	-12.2%	6,815	-15.5%
(2) Specific allowance for doubtful accounts	282	212	-24.7%	208	1.8%
Total Write-offs (1)+(2)	13,509	11,875	-12.1%	9,894	-13.9%
Write-offs ratio	2.56%	2.34%	-0.22pt	2.83	-0.35pt





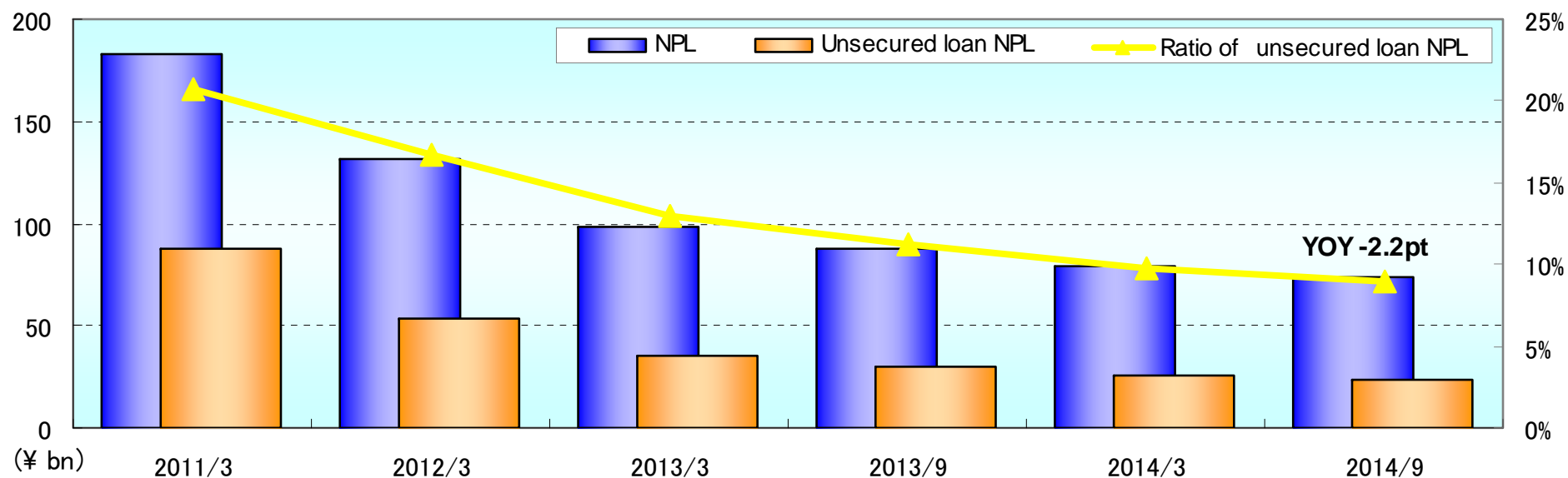
◆ Trends of NPL defined by FSA

(Consolidated)

(¥ million)	13/9	14/9	YOY
	Total non-performing loans	87,944	73,928
Loans in legal bankruptcy	36,148	34,148	-5.5%
Non-accrual loans	31,873	24,872	-22.0%
Loans past due for three months or more	2,714	3,057	12.6%
Restructured loans	17,208	11,848	-31.1%
Ratio of operating receivables NPL	26.1%	21.3%	-4.8pt
Ratio of Unsecured loan NPL	11.2%	9.0%	-2.2pt

(Non-consolidated)

14/9	YOY
69,307	-16.2%
34,117	-5.5%
22,836	-22.4%
2,745	27.9%
9,607	-36.1%
26.6%	-4.2pt
9.8%	-3.0pt





◆ Allowance for losses on Interest repayment:

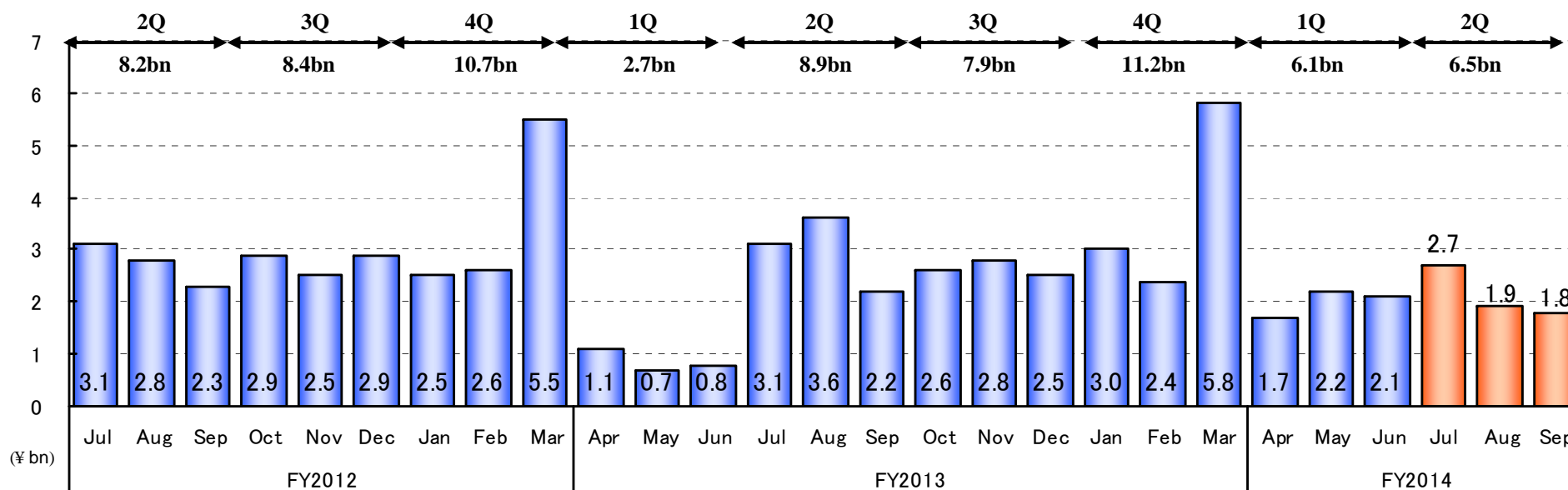
(Consolidated)

(¥ million)	Interest repayment	Waiver of principal	Total
Allowance at the beginning of FY2014	59,881	35,290	95,172
Reversal (Interest repayment)	14,743	-	14,743
Reversal (Waiver of principal)	153	2,870	3,024
Provisions	-	-	-
Allowance at the end of FY2014/ 2Q	44,984	32,419	77,404

(Non-consolidated)

Interest repayment	Waiver of principal	Total
53,879	35,290	89,170
14,054	-	14,054
-	2,870	2,870
-	-	-
39,825	32,419	72,245

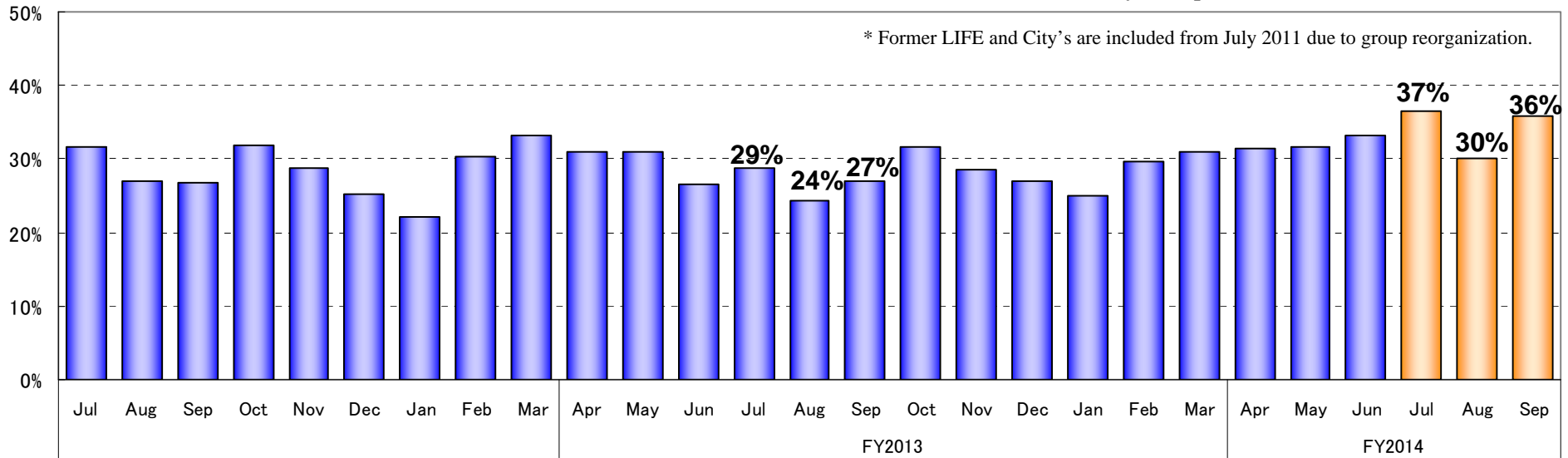
◆ Monthly Interest Repayment (Cash out basis) : Non-consolidated



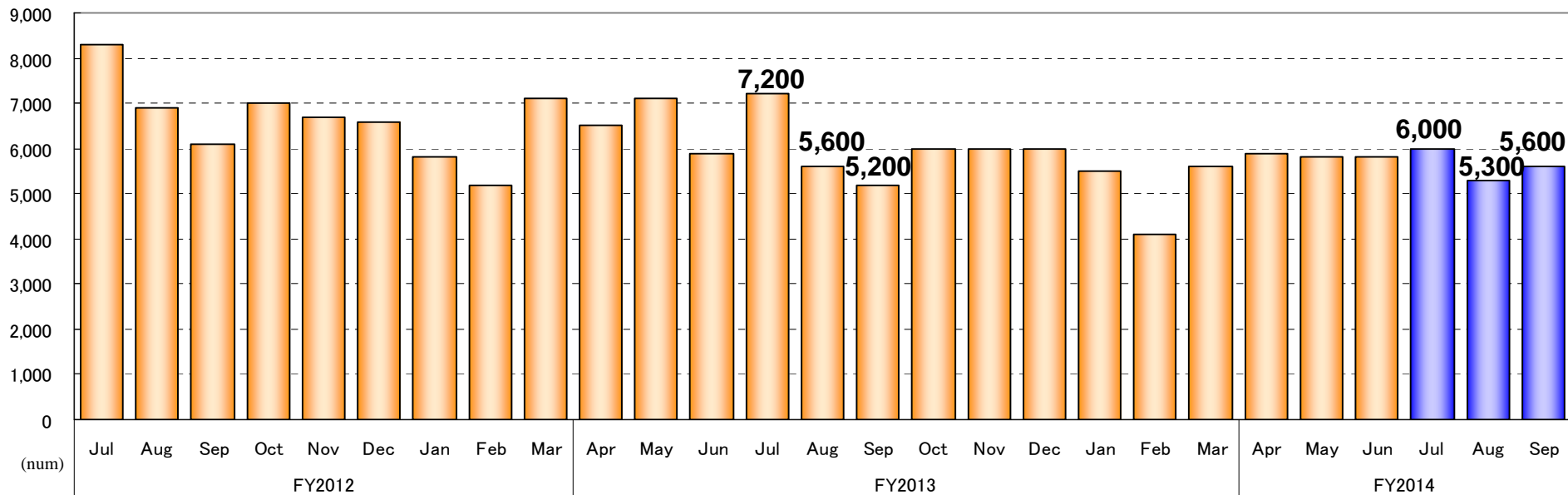


【 Monthly Figure of Attorney Involvement (non-consolidated) 】

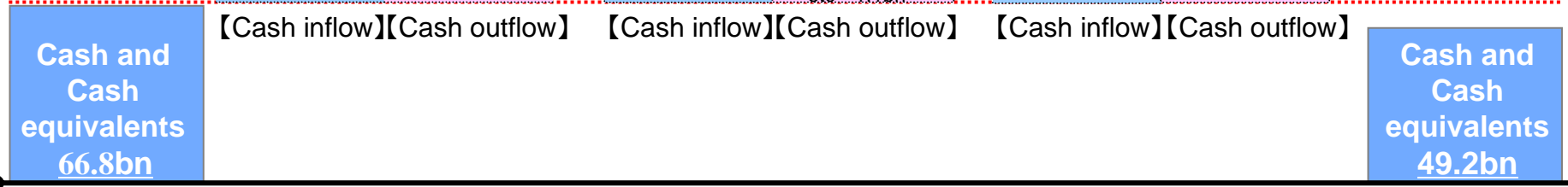
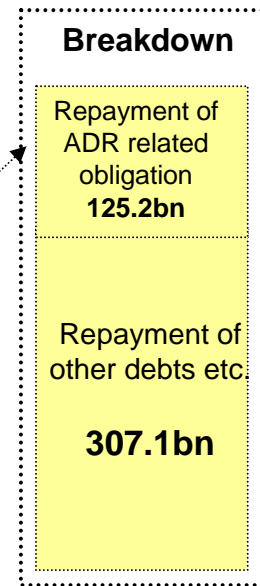
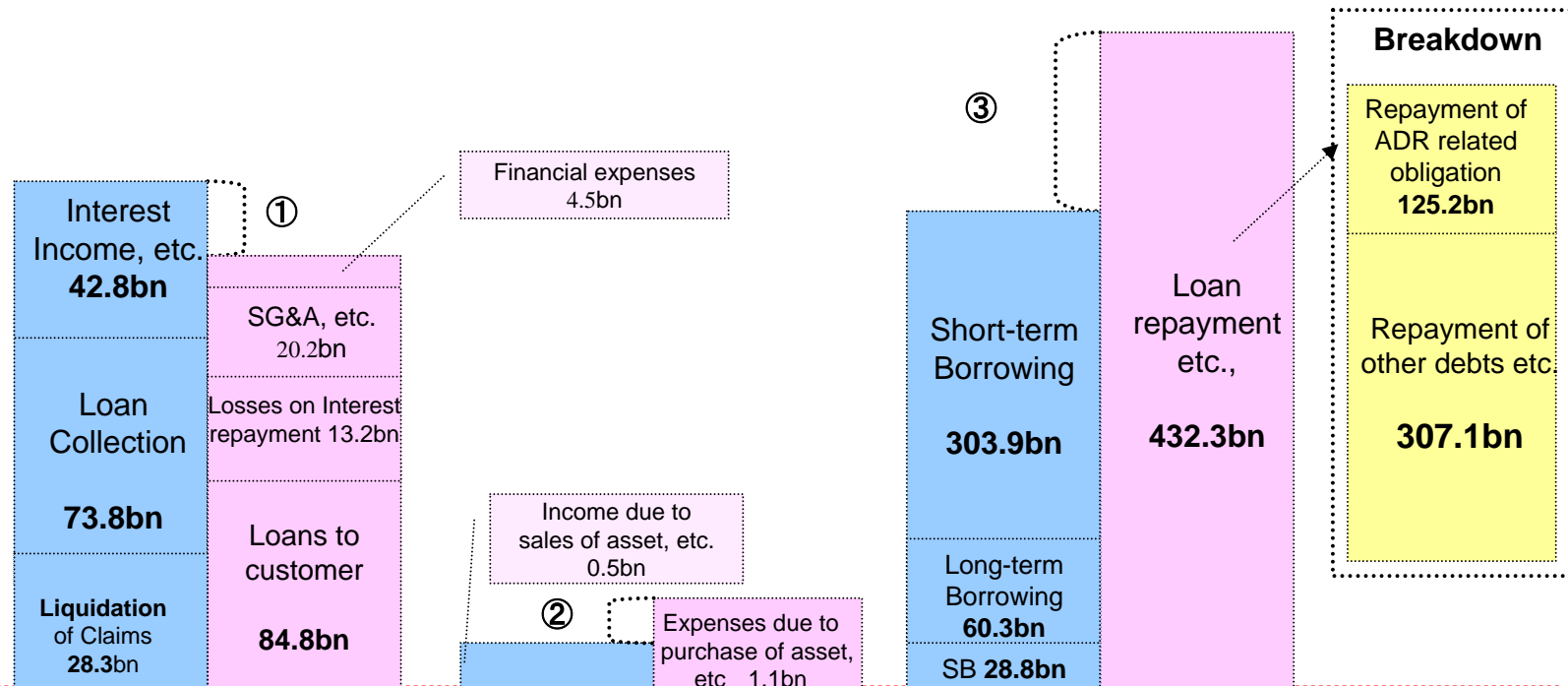
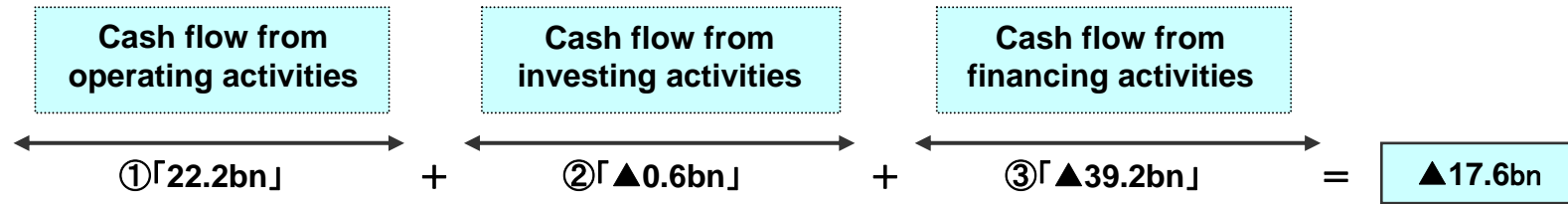
* May 2007(peak) =100



【 Monthly Interest Repayment Claims (non-consolidated) 】




Cash Flows and Funding: Consolidated




At the beginning of FY2014 **At the end of FY2014/ 2Q**

3. Financial results of LIFECARD



 (¥ million)	13/9	14/9		
			YOY	YOY%
Operating revenue	13,551	13,339	-211	-1.6
Installment receivable	6,591	6,571	-20	-0.3
Credit card	6,586	6,570	-15	-0.2
Loans	3,190	2,987	-203	-6.4
with Credit card	2,404	2,222	-182	-7.6
Credit guarantee and others	3,769	3,781	11	0.3
Operating expenses	10,878	12,206	1,327	12.2
Financial expenses	845	1,104	259	30.6
Credit cost	868	1,562	693	79.9
Expenses for interest repayment	-	-	-	-
Other	9,164	9,539	374	4.1
Operating income	2,672	1,133	-1,539	-57.6
Ordinary income	3,411	2,603	-807	-23.7
Net income before taxes	3,434	2,926	-508	-14.8
Net income	2,883	2,110	-773	-26.8

 Managed Asset Bases		13/9	14/9		
				YOY	YOY%
Number of new issue (thousands)		215	208	-7	-3.5
	Proper	54	54	0	0.0
	Affinity	161	153	-7	-4.6
Number of card holders (thousands)		5,786	5,898	112	1.9
	Proper	1,958	1,878	-80	-4.1
	Affinity	3,827	4,020	193	5.1
Credit card purchase results (¥million)		259,789	283,655	23,865	9.2
	Shopping	239,439	263,066	23,627	9.9
	Cashing	20,349	20,588	238	1.2
Total receivable outstanding (¥million)		146,161	144,236	-1,924	-1.3
	Installment receivable	76,148	77,455	1,307	1.7
	Loans	46,731	45,006	-1,725	-3.7
	Credit guarantee	22,715	21,230	-1,484	-6.5
	Other	565	543	-22	-3.9
Bad debt write-offs		1,603	1,667	63	4.0%
Ratio of bad debt write-offs (%)		1.10%	1.16%	+0.06pt	-

4.Explanation of figures



Explanation Figures (1): Breakdown of Consolidated operating revenue



(¥ million)	14/9	YOY	YOY%	Reasons for increase/ decrease
Operating revenue	42,884	-3,701	-7.9	
Interest income	22,644	-3,198	-12.4	Due to the impact of restrictions on total lending limits and claims for interest repayments and loan liquidation, among other factors, loan outstanding dropped by ¥44.4 billion YOY to ¥292.6 billion.
AIFUL	18,841	-2,642	-12.3	Mainly due to loan liquidation (off-balance), unsecured loan outstanding: ¥193.0 billion (down ¥24.3 billion YOY), Secured loan outstanding: ¥33.1 billion (down ¥10.3 billion YOY), Small business loan outstanding: ¥6.4 billion (down ¥1.4 billion YOY) according to the accounting standards.
LIFECARD	2,987	-203	-6.4	Loan outstanding:¥45.0billion (down ¥1.7billion YOY)
BUSINEXT	815	-353	-30.2	Loan outstanding:¥41.1billion (down ¥9.0billion YOY)
Revenue from credit card	6,647	-55	-0.8	
Revenue from credit guarantee	5,141	994	24.0	Credit guarantee out standing in managed asset basis:¥74.8 billion (up ¥1.1 billion). Credit guarantee including the guarantee for liquidated outstanding: ¥109.8 billion (up ¥5.2 billion YOY) according to the accounting standards.
Other operating revenue	8,450	-1,441	-14.6	
Recovery of loans previously charged off	4,092	-1,052	-20.5	
Collection from purchased receivables	925	-367	-28.4	Collection from purchased receivables at Astry Loan Service

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



(¥ million)	14/9	YOY	YOY%	Reasons for increase/ decrease
Operating expenses	36,893	2,792	8.2	
Financial expenses	4,505	1,364	43.4	Increase due to refinancing of ADR loan obligations (issue of bonds/new financing from financial institutions)
Cost of purchased receivables	631	-247	-28.1	Tied to collection from purchased receivables at AsTry Loan Service
Credit cost	7,242	642	9.7	Transfer of ¥1.5 billion, up ¥0.7 billion YOY for LIFECARD
Expenses related to interest repayment	-	-	-	No provision was made to allowance for losses on interest repayment
Advertising expenses	1,762	205	13.2	Due to active advertisement activity such as TV commercial
Provision for credit card point redemption	1,525	243	19.0	Allowance for credit card point redemption at LIFECARD
Personnel expenses	6,662	-128	-1.9	
Other	14,562	711	5.1	
Commission	5,028	-138	-2.7	
Rental expenses & land rent	1,079	-68	-6.0	
Supplies, repair and maintenance	1,032	-177	-14.7	
Communications	1,165	-124	-9.7	
Depreciation expenses	1,447	-562	-28.0	Due to decrease in assets
Operating income	5,991	-6,494	-52.0	Operating revenue: down ¥3.7 billion YOY, Operating expenses: up ¥2.7 billion. Operating income decreased by ¥6.4 billion

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



(¥ million)	14/9	YOY	YOY%	Reasons for increase/ decrease
Non- operating income	1,589	565	55.2	LIFECARD posted ¥1.4 billion foreign exchange gain
Non-operating expenses	56	41	286.1	
Ordinary income	7,523	-5,970	-44.2	
Extraordinary income	645	-5,753	-89.9	Gain on loan extinguishment due to buyback of ADR loan obligations: ¥0.3 billion, Gain on sale of securities: ¥0.3 billion. Recording of ¥6.3 billion mainly associated with the dissolution of a joint venture related to BUSINEXT for the same period of the previous year.
Net income before taxes	8,169	-11,681	-58.8	
Income taxes-current	354	87	32.9	
Income taxes-deferred	18	9	105.2	
Net income	7,796	-11,778	-60.2	Operating income: down ¥6.4 billion YOY, Extraordinary income: down ¥5.7 billion. Net income decreased by ¥11.7 billion.



◆ Increase/Decrease in Consolidated Interest – Bearing Liabilities

